

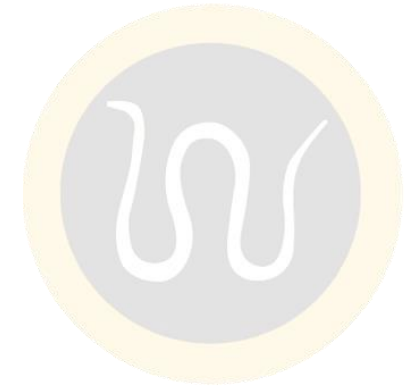
At a Glance

01	<u>Context Overview</u>	3
02	<u>ECB Guide: Scope and Application</u>	6
03	<u>ECB Guide: Definitions and Concepts</u>	8
04	<u>Supervisory Expectations</u>	13
05	<u>Final Remarks</u>	29



01

Context Overview



European Green Deal

The **European Green Deal** established the objective of making Europe the **first climate-neutral continent by 2050**. To accomplish this, corporates are expected to reduce carbon footprints and transition into a more circular economy.

EC Action Plan

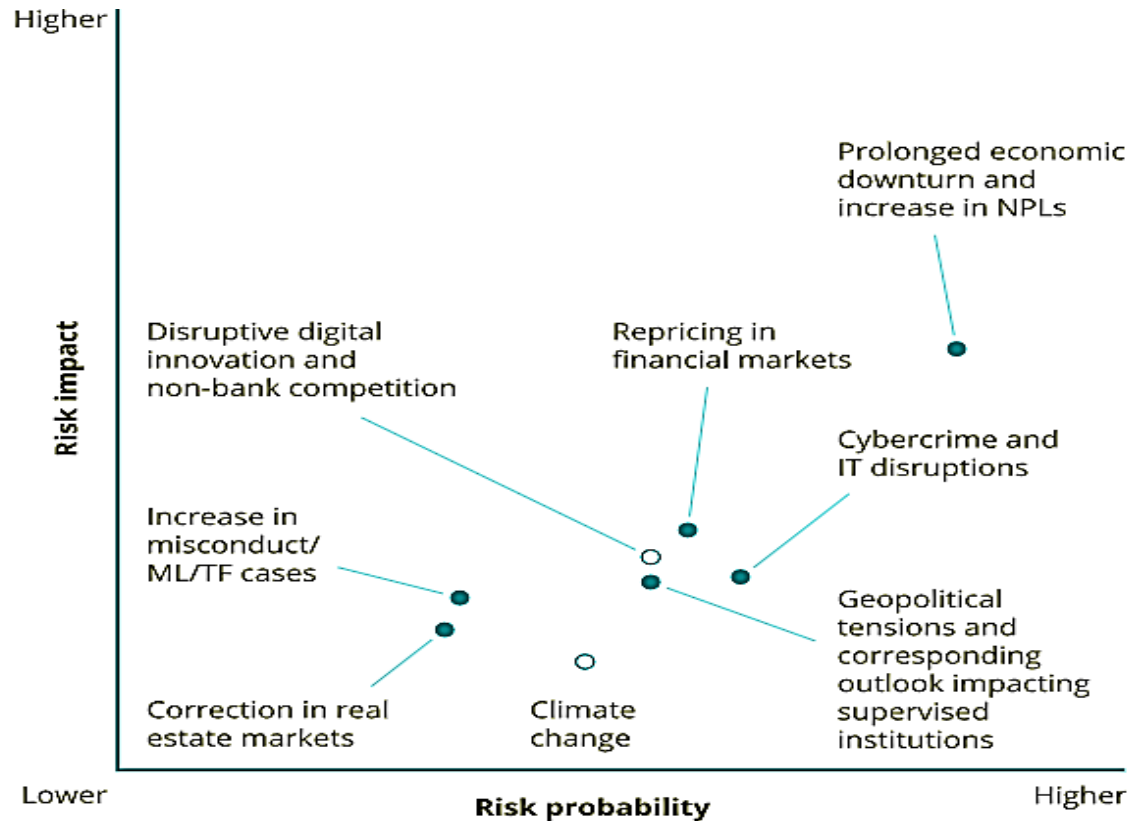
In particular, the **financial sector** will play a key role in funding sustainable growth, as enshrined in the **Commission Action Plan on Financing Sustainable Growth**.

EBA

Specifically for the banking sector, the EBA was given several mandates to assess how environmental, social and governance **(ESG) risks can be incorporated into the three pillars of prudential supervision**. Based on this, the **EBA** published an Action Plan on Sustainable Finance and a consultation draft **Discussion Paper** on the integration of ESG risks into the regulatory and supervisory framework.

Context Overview 2/2

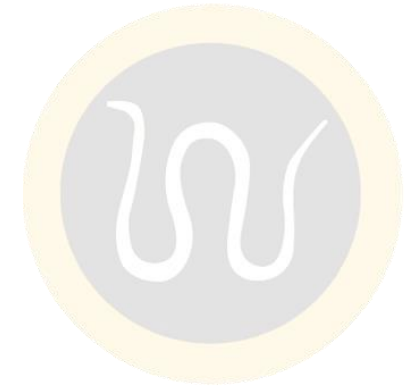
The **ECB** has identified climate-related risks as a key risk driver on the **SSM Risk Map 2021** (see graph below) for the euro area banking system, and the ECB is of the view that institutions must take a **comprehensive, forward-looking approach** to climate-related and environmental risks.



Source: ECB and national competent authorities.

02

ECB Guide: Scope and Application



ECB Guide: Scope and Application

General Scope

The ECB guide is **non-binding**, but rather serves as a **basis for supervisory dialogue via JST**; it is applicable as of its date of publication (November 2020).

Significant Institutions

This guide outlines the ECB's expectations for a Significant Institutions **must consider** the extent to which their **current management and disclosure practices for climate-related and environmental risks** are **safe and prudent within the current prudential framework**.

Significant Institutions are **expected to use the guide**, considering the **materiality** of their exposure to climate-related and environmental risks.

As part of the supervisory dialogue, in the **first half of 2021** the ECB will ask banks to **assess their practices against the supervisory expectations** set out in the Guide and to **draw up action plans** on that basis.

In **2022** the ECB will conduct a **fully-fledged supervisory assessment** of all the banks directly supervised and take concrete follow-up measures where needed.

Moreover, the **supervisory stress test in 2022 will focus on climate-related risks**.

Less Significant Institutions

Less Significant Institutions are **encouraged** to consider these guidelines in a manner that is **proportionate** to the nature, scale and complexity of the activities of the institution concerned, together with the relevant publications by their NCAs.

03

ECB Guide: Definitions and Concepts



Physical Risk

Physical risk refers to the **financial impact of climate change**, including more frequent extreme weather, gradual climatic shifts and environmental degradation.

Acute

- When it stems from **extreme events** like flooding, drought, storms, earthquakes
- **Less predictable** by nature

Chronic

- When it arises from **progressive shifts**, such as rising temperatures, a rising sea level, loss of biodiversity, land use change, habitat destruction and resource scarcity
- **Foreseeable**

Transition risk

Transition risk refers to the **financial impact**, either direct or indirect, **of shifting towards a lower carbon and more environmentally sustainable economy**. This can arise from, say, the adoption of new climate and environmental related policies, the emergence of new technological progress or from changes in market sentiment and preferences.

ECB Guide: Definitions and Concepts 2/4

Features

Climate-related and environmental risks have **unique characteristics**:

- the **far-reaching impact in breadth and magnitude**
- an **uncertain and longer-term time horizon**
- the **dependency on short-term action**

Impact Mechanism

Physical and transition risk drivers **impact economic activity, which then impacts the financial system.**

This impact can occur:

- **directly**, through for example lower corporate profitability or the devaluation of assets
- **indirectly**, through macro-financial changes

Risks involved

Climate-related and environmental risks may be **drivers of several different risk categories and sub-categories of existing risk categories simultaneously** (see next slide).

Business model

These risks also affect the **resilience** of an **institution's business model** over the **medium to longer term**, and predominantly those institutions with business models that are **reliant on sectors and markets** which are **particularly vulnerable** to climate-related and environmental risks.

ECB Guide: Definitions and Concepts 3/4

Risk Affected	Physical Risk		Transition Risk	
	Climate-Related	Environmental	Climate-Related	Environmental
	<ul style="list-style-type: none"> Extreme weather events Chronic water patterns 	<ul style="list-style-type: none"> Water Stress Resource scarcity Biodiversity Loss Pollution 	<ul style="list-style-type: none"> Policy and regulation Technology Market sentiment 	<ul style="list-style-type: none"> Policy and regulation Technology Market sentiment
Credit risk	<p>The probabilities of default (PD) and loss given default (LGD) of exposures within sectors or geographies vulnerable to physical risk may be impacted, for example, through lower collateral valuations in real estate portfolios as a result of increased flood risk.</p>		<p>Energy efficiency standards may trigger substantial adaptation costs and lower corporate profitability, which may lead to a higher PD as well as lower collateral values.</p>	
Market Risk	<p>Severe physical events may lead to shifts in market expectations and could result in sudden repricing, higher volatility and losses in asset values on some markets.</p>		<p>Transition risk drivers may generate an abrupt repricing of securities and derivatives, for example for products associated with industries affected by asset stranding.</p>	
Operational Risk	<p>The bank's operations may be disrupted due to physical damage to its property, branches and data centers as a result of extreme weather events.</p>		<p>Changing consumer sentiment regarding climate issues can lead to reputation and liability risks for the bank as a result of scandals caused by the financing of environmentally controversial activities.</p>	
Other (Liquidity, Business Model)	<p>Liquidity risk may be affected in the event of clients withdrawing money from their accounts in order to finance damage repairs.</p>		<p>Transition risk drivers may affect the viability of some business lines and lead to strategic risk for specific business models if the necessary adaptation or diversification is not implemented. An abrupt repricing of securities, for instance due to asset stranding, may reduce the value of banks' high quality liquid assets, thereby affecting liquidity buffers.</p>	

Drivers of magnitude and distribution

The **magnitude and distribution** of physical and transition risks **depend** on the **level and timing of mitigation measures** and whether the **transition occurs in an orderly or disorderly fashion**. Potential losses generated from climate-related and environment risks depend heavily on future adoptions of climate-related and environmental policies, technological developments and changes in consumer preferences and market sentiment.

Estimates of the Magnitude

Methodologies to estimate the magnitude of climate-related risks for the financial system in general, and institutions specifically **are being developed rapidly**. **Available estimates** suggest that both physical and transition risks are likely to be **significant**.

Inter-connection

There is also evidence of an **interconnection between climate-related change and environmental risks**, resulting in combined effects capable of potentially generating even greater impacts.

04

Supervisory Expectations

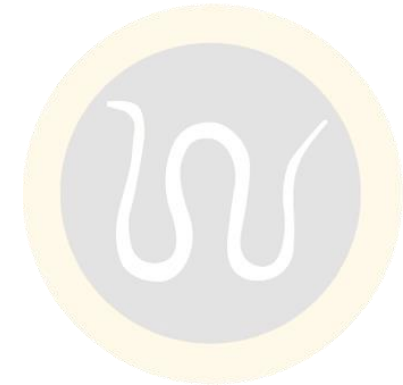
Supervisory Expectations: 4 Main Areas

Business Models and Strategy

Governance and Risk Appetite

Risk Management

Disclosures



Supervisory Expectations: 4 Main Areas



- Business environment
- Business strategy

- Management Body
- Organizational Structure and 3LoD model
- Risk Appetite Framework (RAF)
- Internal Reporting

- Risk Management Framework
- Credit Risk management
- Operational Risk management
- Market Risk management
- Scenario analysis and stress testing
- Liquidity Risk management

- Regulatory disclosures

Business Models and Strategy 1/2

Business Environment

Institutions are expected to **understand the impact of climate-related and environmental risks** on the **business environment** in which they operate, in the **short, medium and long term**, in order to be able to make informed strategic and business decisions.

Features affected

Climate-related and environment risks affect the business environment in which banks operate and affect: **macroeconomic variables, competitive landscape, policies and regulations, technology, social / demographic developments** and **geopolitical trends**.

Impact on sector, geographic areas, products and services

When scanning their business environment, institutions are expected to **identify risks** arising from climate change and environmental degradation at the level of **key sectors, geographic areas and related to products and services** they are active in or are considering becoming active in.

- Climate-related and environmental risks **may influence economic growth, employment or real estate prices**
- Institutions are expected to adopt **granular approaches to mapping impacts on their business environment**
- Institutions are expected to **document their assessments** of climate-related and environmental risks in terms of their business environment

Resilience of the business model

Environmental and climate-related risks **affect** the business environment in the **short, medium and long term**, and **strategic responses** to changes will impact the **resilience of the business model** over time.

Business Models and Strategy 2/2

Business Strategy

When determining and implementing their **business strategy**, institutions are expected to **integrate climate-related and environmental risks** that impact their business environment in the short, medium or long term.

Strategies

Climate-related and environmental risks may directly **impact the effectiveness of institutions' existing and future strategies.**

Stress-scenario analyses

Institutions are expected to determine which climate-related and environmental risks **impact their business strategy in the short, medium and long term**, for example by using (stress) scenario analyses.

- The scenarios are expected to include **qualitative and/or quantitative assumptions** regarding the impact of climate-related and environmental risks and relative time horizons
- Scenario analyses can be used to assess risks in the **short to medium term** (3-5 years) as well as in the **longer term** (> 5 years)

KPI

The business strategy and its implementation is expected to reflect climate-related and environmental risks, by **setting and monitoring key performance indicators (KPIs)** that are cascaded down to individual business lines and portfolios.

- It is necessary that institution possess the capabilities to integrate material climate-related and environmental risks into the relevant layers of its organization

Governance and Risk Appetite 1/4

Management Body

The management body is expected to consider climate-related and environmental risks when developing the institution's overall **business strategy**, **business objectives** and **risk management framework** and to exercise **effective oversight** of climate-related and environmental risks.

Roles

The management body is expected to explicitly **allocate roles and responsibilities** to its members and/or its sub-committees for **climate-related and environmental risks** and to ensure that the **reporting lines** and the **allocation of responsibilities** within an institution are **clear, well-defined, coherent, enforceable** and **duly documented**.

Knowledge Skills Experience

The management body is expected to consider the **knowledge, skills** and **experience** of its members in the area of climate-related and environmental risk in its assessment of the collective **suitability** of such members and to have an **adequate understanding of climate-related and environmental risks**.

Business strategy and risk mgmt framework

The management body is expected to ensure that the institution **adequately embeds climate-related and environmental risks in** the overall **business strategy** and **risk management framework** considering the short, medium and long-term climate-related and environmental effects on the overall business strategy and clearly embed **the relevant responsibilities in the organisational structure**.

KRI

The management body is expected to exercise **effective oversight** over the institutions' **exposures and response** to **climate-related and environmental risks** and to **set** and **monitor KPIs** and **KRIs**.

Governance and Risk Appetite 2/4

Risk Appetite Framework (RAF)

Institutions are expected to explicitly include climate-related and environmental risks in their **risk appetite framework**

Risk inventory

Institutions are expected to develop a **well-defined description of climate-related and environmental risks** in their **risk inventory** that feeds into their risk appetite statement (RAS).

KRI and limits Data and metrics

Institutions are expected to:

- **develop** appropriate **key risk indicators** and set appropriate **limits** for effectively managing climate-related and environmental risks in line with their regular monitoring and escalation arrangements
- **monitor** and **report** their **exposures** to climate-related and environmental risks on the basis of their **current data** and **forward-looking estimations**
- assign **quantitative metrics** to climate-related and environmental risks, particularly for **physical** and **transition risks***

Remuneration policy

Institutions are expected to ensure that their **remuneration policy and practices stimulate behavior consistent with their climate-related and environmental (risk) approach**, as well as with voluntarily commitments made by the institution.

* ECB acknowledges that common definitions and taxonomies in these risk areas are still under development, and that qualitative statements can be used as intermediate steps while the institution is developing appropriate quantitative metrics

Governance and Risk Appetite 3/4

Organisational Structure and 3LoD Model

Institutions are expected to assign **responsibility** for the management of climate-related and environmental risks within **the organisational structure** in accordance with the **three lines of defence model**.

Responsibilities

Institutions are expected to **explicitly assign responsibilities** for climate-related and environmental risks within their institution. These responsibilities are also expected to be **duly documented** in the relevant policies, procedures and controls.

Human and financial resources

Institutions are expected to ensure that the functions involved in managing climate-related and environmental risks have the **appropriate human and financial resources**.

1 LoD

Institutions are expected to **define the tasks and responsibilities of the first line of defence** in terms of risk-taking and risk management of climate-related and environmental risks.

Risk Management function

Institutions are expected to **define the tasks and responsibilities of the risk management function for identifying, assessing, measuring, monitoring and reporting ESG risks**.

Compliance

Compliance ensure that compliance risks stemming from climate-related and environmental risks are considered and integrated in all processes.

Internal audit

Internal audit should consider the extent to which the institution is equipped to manage these risks.

Governance and Risk Appetite 4/4

Internal Reporting

For the purposes of **internal reporting**, institutions are expected to report **aggregated risk data** that reflect their exposures to climate-related and environmental risks with a view to enabling the management body and relevant sub-committees to make informed decisions

Data governance

Institutions are expected to develop a **holistic approach to data governance** for climate-related and environmental risks. Institution should **define, document and integrate climate-related and environmental risks into the data reporting framework***.

IT systems

As climate-related and environmental risks have distinctive characteristics, institutions are expected to **consider adapting their IT systems** to systematically collect and aggregate the necessary data in order to assess their exposures to these risks.

Business model, strategy and profile

An institution's risk reports are expected to convey the **impact of climate-related and environmental risks on its business model, strategy and risk profile**.
An institution is expected to be able to generate **aggregated and up-to-date** climate-related and environmental risks data in a **timely manner**.

* ECB acknowledges that metrics and tools are evolving and that, currently, data available are incomplete. Initially, ECB expects institutions to assess their data needs to identify the gaps compared with current data and to devise a plan to overcome these gaps and tackle any insufficiencies.

Risk Management 1/6

Risk Management Framework

Institutions are expected to **incorporate climate-related and environmental risks** as **drivers of existing risk categories** into their risk management framework, with a view to **managing, monitoring and mitigating** these over a **sufficiently long-term horizon**, and to **review** their arrangements on a **regular basis**. Institutions are expected to **identify** and **quantify** these **risks within** their overall process of ensuring **capital adequacy**.

Institutions are expected to:

Well documented view	Have a holistic and well-documented view of the impact of climate-related and environmental risks on existing risk categories .
Scenario analysis	Comprehensively include climate-related and environmental risks in their assessment of materiality for all their business areas in the short, medium and long-term under various scenarios .
Quantify	Adequately quantify the climate-related and environmental risks that the institution is exposed to adopt a strategic approach to managing and/or mitigating climate-related and environmental risks in line with their business strategy and risk appetite , and to adapt policies, procedures, risk limits and risk controls accordingly.
Due diligence	Conduct a proper climate-related and environmental due diligence , both at the inception of a client relationship and on an ongoing basis .
Impact analysis	Assess the impact of climate-related and environmental risks on their capital adequacy from an economic and a normative perspective .
Periodic reviews	Evaluate the appropriateness of their identification, measurement and mitigation instruments for climate-related and environmental risks in their periodic reviews.

Risk Management 2/6

Credit Risk Management

In their credit risk management, institutions are expected to **consider climate-related and environmental risks** at all relevant stages of the **credit-granting process** and to **monitor the risks** in their portfolios.

Credit granting process

Climate-related and environmental risks are expected to be **included** in all relevant stages of the **credit-granting process** and **credit processing**.

Risk classification

Institutions are expected to **adjust risk classification procedures** in order to identify and evaluate, at least qualitatively, climate-related and environmental risks.

Collateral valuations

Institutions are expected to consider climate-related and environmental risks in their **collateral valuations**.

Monitor and manage credit risks

Institutions are expected to **monitor and manage credit risks** in their portfolios, in particular through sectoral/geographic/single-name concentration analysis, **including credit risk concentrations** stemming from **climate-related and environmental risks**, and using **exposure limits** or **deleveraging strategies**.

Loan pricing frameworks

Institutions' **loan pricing frameworks** are expected to reflect their **credit risk appetite and business strategy** with regard to **climate-related and environmental risks**.

Loan pricing frameworks

Institutions' **loan pricing** is expected to reflect the **different costs driven by climate-related and environmental risks**.

Risk Management 3/6

Operational Risk Management

Institutions are expected to **consider** how climate-related and environmental events could have an **adverse impact on business continuity** and the **extent** to which the **nature of their activities** could **increase reputational and/or liability risks**

Impact of physical risks

Institutions are expected to assess the **impact of physical risks** on their operations in general, including the ability to **quickly recover their capacity to continue providing services**.

Reputational damage, liability and litigation

Institutions are expected to evaluate the extent to which the nature of the activities in which they are involved increases **the risk of a negative financial impact arising from future reputational damage, liability and/or litigation**.

- To avoid **reputational or litigation risks** arising from controversy in connection with their products, institutions are also expected to consider evaluating the compliance of their investment products with international or EU best practices, such as the EU Green Bond Standard
- Institutions may consider **periodically screening counterparties for controversial activities**, conducting environmental foot printing and/or damage cost exercises to identify potential pockets of risk, and should reflect the outcomes of such screening exercises in the relevant risk reports

Risk Management 4/6

Market Risk Management

Institutions are expected to **monitor** on an **ongoing basis** the **effect** of climate-related and environmental factors **on their current market risk positions and future investments**, and to **develop stress tests** that incorporate climate-related and environmental risks

Impact on financial instruments, products and services

Institutions are expected to consider that environmental and climate-related risks could lead to **potential shifts in supply and demand for financial instruments, products and services**, with a consequent impact on their values.

- Institutions are expected to assess risks arising from debt, equity and equity-related financial instruments in the regulatory **trading book**, as well as foreign exchange positions and commodities risk positions assigned to both the **trading and banking book**
- The assessment is also expected to consider the banking book, and in particular **credit spread risk** arising from positions measured at fair value and at **cost and risk arising from equity exposures**

Monitoring

The value of equity exposures should be **monitored on an ongoing basis** to assess whether their value has been negatively affected by **a change in the perception of the issuer's riskiness**.

It would be advisable for institutions to **monitor how the governments to which institutions are exposed via sovereign holdings may be affected by transition and physical risks**.

Risk Management 5/6

Scenario Analysis and Stress Testing

Institutions with **material** climate-related and environmental risks are expected to **evaluate the appropriateness of their stress testing**, with a view to **incorporating** them into their baseline and adverse scenarios.

Overview

Institutions are expected to conduct a **tailored** and in-depth review of their vulnerabilities through **stress testing**, considering **scenarios** that are in line with **scientific climate change pathways and their own risk profile and individual specifications**.

Physical and transitional risk

Specifically for **transition risk**, institutions are expected to use scenarios that, for different policy outcomes (e.g. early or late transition), embed plausible considerations for the related **physical outcome**.

Aspects to be considered

At least the following aspects are expected to be considered:

- how the institution might be affected by **physical risk and transition risk**
- how climate-related and environmental risks **might evolve under various scenarios**, taking into account that these risks may not be fully reflected in historical data
- how climate-related and environmental risks might materialise in the **short, medium and long term** depending on the scenarios considered

Medium long term

Institutions are expected to consider adopting a longer **time horizon** for climate-related and environmental risks given the likelihood that they will mostly materialise in the medium to long term.

Risk Management 6/6

Liquidity Risk Management

Institutions are expected to assess whether material climate-related and environmental risks could cause **net cash outflows or depletion of liquidity buffers** and, if so, incorporate these factors into their **liquidity risk management and liquidity buffer calibration**.

Direct or indirect impacts

To ensure robust liquidity risk management, institutions are expected to consider the **direct or indirect impacts** of climate-related and environmental risks on their liquidity position. Institutions are encouraged to include such considerations in their **ILAAP**, considering climate-related and environmental risks under both the economic and the normative perspective.

Impact on mgmt and buffers

Institutions are expected to assess whether climate-related and environmental risks could have a **material impact on net cash outflows or liquidity buffers**. If this is deemed to be the case, institutions should incorporate this into their liquidity risk management and liquidity buffer calibration.

Business strategy and pricing

Institutions are expected to link their **business strategy** with the allocation of liquidity resources. To this end, institutions are reminded to take into account in their **internal pricing process** the specific marginal cost of funding of sustainable refinancing instruments, including, where relevant, the liquidity cost or benefit compared to ordinary refinancing instruments.

Disclosures 1/2

Regulatory Disclosures 1/2

For the purposes of their **regulatory disclosures**, institutions are expected to publish **meaningful information** and **key metrics** on climate-related and environmental risks that they deem to be **material**, with due regard to the **European Commission's Guidelines on non-financial reporting: Supplement on reporting climate-related information**.

Disclosure policies

Institutions shall specify in their **disclosure policies**:

- key considerations that inform their **assessment of the materiality** of climate-related and environmental risks
- the **frequency and means of disclosures**

Immaterial risk

In case an institution deems climate-related risks to be **immaterial**, the institution is expected to **document this judgement with the available qualitative and quantitative information** underpinning its assessment.

Material risk

When institutions disclose figures, metrics and targets as **material**, they are expected to **disclose or reference the methodologies, definitions and criteria** associated with them.

Disclosures 2/2

Regulatory Disclosures 2/2

For the purposes of their **regulatory disclosures**, institutions are expected to publish **meaningful information** and **key metrics** on climate-related and environmental risks that they deem to be **material**, with due regard to the **European Commission's Guidelines on non-financial reporting: Supplement on reporting climate-related information**.

EC GL on non-financial reporting

Institutions are expected to disclose climate-related risks that are material with due regard to the "European Commission's Guidelines on non-financial reporting: Supplement on reporting climate-related information", that revolve around five key aspects: **business model, policies and due diligence processes, outcomes, risks and risk management and KPIs**.

Disclosure of GHG emissions

Institutions are expected to disclose the **institution's financed Scope 3 Greenhouse Gases (GHG) emissions*** for the whole group. Disclosure shall contain:

- the amount or percentage of carbon-related assets
- the weighted average carbon intensity for each portfolio
- the volume of exposure by sector
- credit risk exposure and volumes of collateral by geography

KPIs and KRIs

Institutions are expected to **disclose the KPIs and KRIs used for the purposes of their strategy-setting and risk management**, as well as their current performance against these metrics.

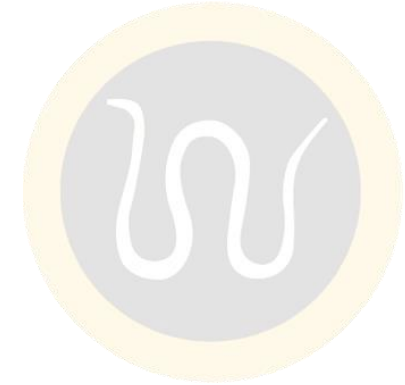
Other risks

Institutions are expected to **evaluate any further environmental risk-related information needed to comprehensively convey their risk profile**.

*The ECB understands Scope 3 emissions as including the emissions of an institution's assets (financed emissions).

05

Final Remarks



Final Remarks 1/2

Here below some challenging expectations for the financial institution:

<p>Overview</p>	<p>Institutions need to provide appropriate “tone from the top” and risk culture; update risk appetite frameworks and policies; establish a uniform risk taxonomy and risk categories; review remuneration policies and incentive structures; ensure staff are appropriately trained and reskilled; provide accurate, balanced and decision useful disclosures.</p>
<p>Methodology</p>	<p>A full and complete integration of a forward-looking approach to climate-related and environmental risks into institution risk management framework will need robust quantification methodologies, typically not yet used in banks' risk management.</p>
<p>Data strategy</p>	<p>One of the biggest challenges in developing the climate change risk management framework relates to data: available, reliable and standardized new data are a pre-requisite for the development of quantification methodologies. Data strategy is particularly important given the unique nature of the data required and the fact that there will almost definitely be significant gaps to fulfilling regulatory and disclosure requirements.</p>
<p>KPI/KRI and IT system</p>	<p>Institutions should develop relevant common KPI and KRI, eventually for some of them shared with the non-financial industry to ensure comparability in disclosures and cascaded down to individual business lines and portfolios. Clarity on KRIs and KPIs is important in order for any institution to assess the state of their IT systems to capture and store the required granular data points needed to derive each KPI/KRI.</p>
<p>Scenario analysis</p>	<p>There should be clarity around a response to climate-related financial risk informed by scenario analysis. A longer-term view than the typical horizon of 3-5 years is expected, while short- and medium-term risks, in particular stemming from the transition, also need to be considered. Extending the scenario horizon >5 years require dynamic balance sheet modelling and an overhaul of many firms' scenario capabilities and infrastructure.</p>

Final Remarks 2/2

Credit Risk

Integrating climate-related and environmental risks into **credit risk management** requires:

- that environmental and climatic risks are included in **all relevant phases of the credit process: granting, classification, monitoring, pricing and valuation of collateral**
- a change in **loan pricing frameworks** which must reflect both the business strategy about climate and environmental risks and the different costs caused by environmental and climate-related risks

Operational Risk

Integrating climate-related and environmental risks into **operational risk management** requires that institutions evaluate the extent to which the **nature of the activities in which they are involved** increases the risk of a negative financial impact arising from future reputational damage, liability and/or litigation. Furthermore, they should evaluate the **compliance of their investment products to avoid reputational risks or litigation** arising from disputes in relation to their products.

Market Risk

Integrating climate-related and environmental risks into **market risk management** requires that institutions **assess risks arising from debt, equity and equity-related financial instruments** in the regulatory trading book, as well as foreign exchange positions and commodities risk positions assigned to both the trading and banking book, taking into account impacts of climate-related and environmental risks.

Liquidity Risk

Integrating climate-related and environmental risks into **liquidity risk management** requires that institutions consider the **direct or indirect impacts** of climate-related and environmental risks on their liquidity position and include such considerations in their ILAAP.

Other Risks

Integrating climate-related and environmental risks **into other risks** requires changes along **many tools, methodologies and the underlying data**.

Company Profile

Iason is an international firm that consults Financial Institutions on Risk Management. Iason integrates deep industry knowledge with specialised expertise in Market, Liquidity, Funding, Credit and Counterparty Risk, in Organisational Set-Up and in Strategic Planning.

Dario Esposito
Senior Manager



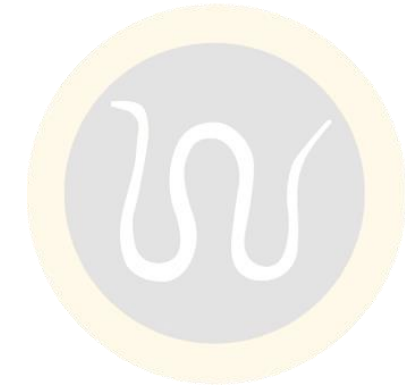
Marco Carminati
Manager



Fausto Bonacina
Senior Consultant



Matteo Cecchin
Business Analyst



This is an Iason creation.

The ideas and the model frameworks described in this presentation are the fruit of the intellectual efforts and of the skills of the people working in Iason. You may not reproduce or transmit any part of this document in any form or by any means, electronic or mechanical, including photocopying and recording, for any purpose without the express written permission of **Iason Consulting Ltd.**

www.iasonltd.com