

# FEEDBACK STATEMENT

“Application guidance on running climate change materiality assessment and using climate change scenarios in the ORSA”

EIOPA-22-646  
02 August 2022



**eiopa**

European Insurance and  
Occupational Pensions Authority

## **FEEDBACK STATEMENT on comments received on the consultation paper “Application guidance on running climate change materiality assessment and using climate change scenarios in the ORSA”**

### **Introduction**

EIOPA conducted a public consultation on the paper “Application guidance on running climate change materiality assessment and using climate change scenarios in the ORSA”, which ran from 10 December 2021 until 10 February 2022. EIOPA received 22 stakeholder responses to the public consultation, of which 17 were public and 5 confidential responses. EIOPA would like to thank all stakeholders for their responses to the public consultation. The input received provided important guidance for EIOPA to finalise the application guidance. All comments submitted were given careful consideration by EIOPA. This feedback statement summarises the main comments received and how EIOPA addressed them. The non-confidential individual responses received and EIOPA’s feedback to these responses are published in a separate document.

### **Objectives**

The application guidance is a document supporting the EIOPA opinion<sup>1</sup> by giving practical and concrete examples to support the inclusion of climate change in the ORSA, with a particular focus on SMEs with limited resources. However, the application guidance does not aim to be an EIOPA supervisory convergence tool.

### **Main responses received to the consultation paper and how EIOPA addressed them**

#### **Time horizon**

EIOPA received several comments on the time horizon, particularly on the mismatch between the required quantitative long term scenario and the business plan time horizon (3-5 years). Some respondents highlighted that this would jeopardise the effectiveness of the scenario and its usability for steering management decisions. Another concern was that it would not find application in the action plans / objectives of the undertakings, that are set for the short term.

---

<sup>1</sup> [EIOPA issues Opinion on the supervision of the use of climate change risk scenarios in ORSA | Eiopa \(europa.eu\)](https://www.eiopa.europa.eu/eiopa-issues-opinion-on-the-supervision-of-the-use-of-climate-change-risk-scenarios-in-orsa)

EIOPA's view is that the time horizon of climate change is considerably longer than the one usually used in the ORSA, considerably shorter. The challenge is to reconcile the very long-term dynamics of climate change with the operational ability to assess the impact of related risks based on the company's current business model. In order to achieve this, a new approach in the ORSA might be needed for the analysis of climate change risks.

#### **Creation of a de facto standard**

Several comments expressed concerns over the application of the guidance by the market. In particular, some respondents pointed out that the market could consider the guidance binding and blindly apply the approaches proposed, without additional considerations on their specific risk profile.

EIOPA agrees with the importance of diversity across approaches and models used for climate change reporting. In this early stage, flexibility will be a key principle to foster the development of new and more effective models. This key concept is highlighted in several sections of the guidance. We encourage undertakings to choose the approach that would better represent their business and risk profile.

#### **Data availability**

Some respondents expressed concerns over the current availability and quality of data which is essential to define the main features of the model and its calibration.

EIOPA recognizes that data availability and data quality might be an issue, particularly when combined with the uncertainty of climate change and unpredictability of events. In addition, collecting relevant climate-related data might be a complicated issue. For this reason, EIOPA supports a high level of flexibility in the choice of the input sources.

**EIOPA**

Westhafen Tower, Westhafenplatz 1

60327 Frankfurt – Germany

Tel. + 49 69-951119-20

[info@eiopa.europa.eu](mailto:info@eiopa.europa.eu)

<https://www.eiopa.europa.eu>