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SS5/25 Climate Risk Assessment: Defensibility & Validation

10 priority actions to help make your climate risk assessment robust, credible and board-ready

SS5/25 is not just another ESG compliance requirement. It signals a clear shift: climate risk now needs to be embedded into core financial decision-making, risk management and long-term business resilience.

For insurers, banks and building societies, the question is no longer simply: "Have we completed a climate risk assessment?" It is: "Can we evidence that our assessment is financially material, properly governed, consistently applied and capable of standing up to regulatory scrutiny?"

To help you see where your current approach may need strengthening, Weightmans has set out 10 practical priority actions for defensibility and validation.

1 Confirm clear board governance and Senior Manager accountability

Your climate risk assessment should have visible ownership at the right level.

Make sure there is clear Senior Manager responsibility for climate-related risks, supported by regular board review. Climate risk should be reflected in risk appetite statements, business decisions and competency development across the organisation.

Ask yourself: Can we show who owns climate risk, how the board reviews it, and how it informs decisions?

2 Revisit materiality and risk assessment

A defensible climate risk assessment starts with robust financial materiality.

Your assessment should be board-approved and should cover the key categories of climate-related risk, including physical risk, transition risk and litigation risk.

Ask yourself: Have we clearly evidenced which climate risks are financially material to our business, and why?

3 Embed climate risk into your core risk framework

Climate risk should not sit in a standalone ESG framework.

It needs to be integrated into the existing risk management framework, including underwriting, reserving, operational risk and capital or ORSA processes.

Ask yourself: Can we evidence that climate risk is part of our core risk framework, not treated as a separate exercise?

4 Translate climate risk into appetite, controls and decisions

Risk assessments only become meaningful when they shape action.

Climate risk should be translated into practical limits, tolerances and trigger points, and should inform underwriting, pricing, financial planning and business strategy.

Ask yourself: Are our climate risk insights influencing real commercial and operational decisions?

5 Strengthen climate scenario analysis capability

Scenario analysis needs to be forward-looking and financially relevant.

Consider whether your scenarios cover multiple time horizons and whether the outputs connect clearly to insurance or financial losses, capital requirements and valuation assumptions.

Ask yourself: Do our scenarios show how climate risk could affect our financial position over time?

6 Address data gaps and improve data quality

Defensibility depends on the quality of the data behind your assessment.

Identify key gaps, particularly around physical risk and transition metrics. Where possible, move towards more granular exposure data and forward-looking indicators.

Ask yourself: Do we understand the limitations in our data, and do we have a plan to improve them?

7 Build decision-useful management information

Management information should help boards and executives take informed action.

Regular reporting should cover risk exposure, scenario outputs and progress against agreed remediation plans.

Ask yourself: Does our MI help leaders understand climate risk clearly enough to act?

8 Check disclosure consistency

Regulatory disclosures should tell a consistent story.

Align climate-related information across existing reporting and relevant frameworks, including SFCR or Solvency disclosures, TCFD, ISSB and UK SRS.

Ask yourself: Are our internal assessments and external disclosures consistent, transparent and supportable?

9 Link climate risk to strategy and product design

A defensible approach should show strategic response, not just risk management.

Consider how climate risk informs portfolio strategy, underwriting appetite and product innovation. This is where climate risk assessment can become a driver of better business decisions.

Ask yourself: Can we show how climate risk is shaping future strategy and opportunity?

10 Create a credible, deliverable remediation plan

Your "Day 2" plan is essential.

Set out a prioritised roadmap with clear timelines, ownership, resources and evidence of execution. Regulators will expect to see not just intent, but demonstrable progress.

Ask yourself: Do we have a realistic plan, with owners, timelines and evidence of delivery?

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SS5/25 creates new expectations, but also an opportunity to strengthen resilience, improve decision-making and build confidence with regulators, boards and stakeholders.

Weightmans can help you assess where your current climate risk approach stands, identify defensibility gaps and prioritise the actions that matter most.

Is your Climate Risk Assessment robust? Let us advise you
Simply email: abhay.srivastava@weightmans.com and we'll set up a free, no obligation advisory call.

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