

## **Sustainability Reporting and The Climate Risk Management System (CRMS): Strategies for Indonesian Banks in Managing Climate Risks**

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### **Abstract**

This study investigates the implementation of the Climate Risk Management System (CRMS) and climate risk-related sustainability reporting within Indonesian banking institutions. The research aims to analyze the stages of CRMS implementation in these banks and identify the strengths and weaknesses in their climate risk reporting practices. The findings indicate that the 18 pilot banks have integrated climate risk management into their internal policies, initiated the use of scenario analysis to evaluate the impact of climate change on their portfolios, and disclosed climate risks in their sustainability reports. However, the disclosures are generally limited to broad overviews, with notable gaps in the analysis of transition risks and long-term impacts. A key challenge in improving risk assessment accuracy is the lack of relevant data. Additionally, banks in Book 1 exhibit stronger commitment and greater capacity to implement the CRMS compared to those in Books 2, 3, and 4. The study concludes that while initial steps toward CRMS implementation have been taken, further efforts are needed to strengthen long-term risk management and enhance the transparency of climate risk reporting.

**Keywords** : *climate risk management system, CRMS, sustainability reporting, climate risk, scenario analysis, transition risks.*

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