



## **New report on climate disclosure will change financial reporting**

The Investor Group on Climate Change (IGCC) welcomes the release of the global Taskforce on Climate-related Financial Disclosure, and strongly encourages Australian government and business to adopt the recommendations.

“It’s hard to understate just how influential these recommendations will be”, said Emma Herd, Chief Executive of the Investor Group on Climate Change (IGCC).

“What this report says is that past performance is no indication of future returns in a carbon constrained economy”.

“With the finalisation of the Paris Agreement in December last year, it is more important than ever that financial markets have the information they need to accurately assess carbon risk.”

“The response to climate change is already creating major technological and market shifts in our economy”.

“Investors want companies to improve their reporting on climate change impacts for their business and are already demanding greater corporate disclosure. Companies are looking for guidance on how to incorporate climate change into their financial reporting. Regulators need to understand the systemic financial implications of climate change for the economy”.

“This report recognises that all climate change risks and opportunities have a related financial impact. These impacts need to be disclosed to the market with same level of rigour as all major financial risks are disclosed in company reports”.

“The promotion of forward looking Climate Scenario Analysis is particularly important. Investors are increasingly calling on companies to implement 2°C stress tests, to review their business strategy against climate change scenarios. This guidance will help accelerate that process”.

“As a member of the G20 FSB Committee which commissioned the Taskforce, Australia now has an obligation to review current reporting frameworks and move to plug the gaps by applying the Taskforce recommendations”.

IGCC has made several contributions to the work of the global taskforce over the year, both directly and through global [investor](#) networks. IGCC has provided a detailed [submission](#) to the Australian Senate Inquiry into Carbon Risk Disclosure, setting out the issues for Australian corporate reporting.

We look forward to contributing further feedback on the TCFD recommendations.

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