



8 March 2018

Government confirms no barriers to carbon risk disclosure for Australian companies

The Investor Group on Climate Change (IGCC) notes the release of the Australian Government response to the *Senate Economics Reference Committee report: Carbon risk: a burning issue*.

In its response to the Inquiry's final report, the Federal Government has confirmed that there are no legislative barriers to the full adoption of the recommendations of the Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) in corporate reporting.

"While disappointed that the response did not go further, the Government has confirmed that under the current corporate disclosure regime there is now nothing stopping companies from fully adopting the TCFD framework and reporting their climate risks to the market" IGCC CEO Emma Herd said.

"Investors are already calling on companies to report their climate change exposure with Board directors under pressure to demonstrate they are managing climate impacts. APRA has stated they see climate change as a financial risk. Today's response from Government puts to rest any remaining arguments that Australian companies don't have obligations under the existing corporate disclosure regime to report their climate change exposure."

"Government should now work with Australia's financial regulators to make carbon risk disclosure standard practice and strengthen industry reporting".

In its submission to the Inquiry, the IGCC stressed the need for strengthened emissions and financial reporting frameworks to provide confidence to investors that companies are taking adequate action to understand and manage carbon risk.

"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 that all major financial risks are disclosed in company reports". IGCC CEO Emma Herd said.

Having acknowledged there are no regulatory barriers, IGCC calls on the Australian Government to work with, and encourage, companies to actively assess and report their relevant carbon risk exposures under the *Corporations Act 2001* and through a revised *ASX Corporate Governance Principles and Recommendations* framework.

This must include industry regulators developing an effective and coordinated approach to defining, measuring and reporting exposure to the physical risks associated with climate change, alongside regulatory and market risks.

Adoption of the recommendations of the Task Force on Climate-related Financial Disclosures would ensure that Australia remains in line with other countries when it comes to corporate disclosure practices of carbon risk.

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The Senate Economics Reference Committee report: Carbon risk: a burning issue is available [here](#).

The Government response is [here](#).

IGCC's submission to the Senate Inquiry is available [here](#).

About IGCC

The Investor Group on Climate Change (IGCC) represents Australian and New Zealand institutional investors with over \$2 trillion of funds under management, along with members of the investment community focused on the impacts of climate and energy issues.

IGCC members are invested across the Australian economy and are part owners of most of Australia's large companies. As managers of retirement savings and pooled investments we are concerned with the evident and increasing impacts of climate change on the global and Australian economies and the flow through impacts for investment returns.

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