



22 April 2021

IGCC response to APRA's Prudential Practice Guide on Climate Change Financial Risks

In response to the [release of the Australian Prudential Regulation Authority's \(APRA\) draft Prudential Practice Guide on Climate Change Financial Risk](#), Chief Executive Officer of the Investor Group on Climate Change (IGCC), Emma Herd, said:

"This is critical work from APRA that will go a long way to consolidating accelerating action across the financial sector to address the systemic financial risks created by climate change.

"The draft APRA guidance sends a clear message to directors and trustees that climate risk is financial risk. It means assessment, disclosure and management of an organisation's climate risk exposure is clearly identified as being consistent with proper risk management practices and regulator expectations.

"We note that the guidance has been developed in consultation with other Australian financial regulators through the Council of Financial Regulators and APRA's international peers, which should give it further authority in the market.

"Voluntary climate risk disclosure has made some good progress on addressing climate risk to date. However, [Australian investors have warned](#) it is not delivering the rigour and consistency from company disclosure that is needed by financial markets to fully assess and address climate risk.

"Other markets are moving to mandatory climate risk disclosure regimes, including New Zealand, the United Kingdom, Hong Kong and potentially the United States. The draft APRA guidance serves as a good basis to begin moving towards a similar mandatory regime in Australia."

---ENDS---

For further enquiries contact:

Tom Arup

+61 402482910

tom.arup@igcc.org.au

Visit IGCC at www.igcc.org.au