



4 November 2021

Investors welcome new international standards board to deliver global climate disclosure standard

4 November 2021 - The formation of the International Sustainability Standards Board (ISSB) during COP26 is a welcome development for investors towards achieving an international baseline for climate risk reporting.

Reaching requirements for globally consistent, comparable, and decision-useful public disclosures is a critical priority for investors. This was one of the five key actions to all governments outlined in the recent [Global Investor Statement](#), the strongest and largest ever call from global investors to governments on climate change.

In June, IGCC along with investor groups representing the majority of Australian and global AUM released a [plan for mandatory disclosure requirements aligned to the Task Force for Climate Disclosure](#) (TCFD) in Australia.

An international approach and commitments from countries to integrate and build on international baseline standards in domestic legal frameworks is important to address systemic climate risk and promote international alignment and the flow of global capital.

Completion of ISSB standards will move quickly. Many countries including New Zealand, the United Kingdom, Japan, Hong Kong and Singapore are already establishing their domestic mandatory disclosure frameworks. The United States has also indicated a move towards mandatory disclosure is imminent.

Australia needs to actively consider its approach to integrating new global disclosure standards and additional requirements and guidance into existing legal frameworks ahead of time to ensure efficient and timely adoption.

“International baselines are critical for investors and having them integrating into our local markets as quickly as possible is important. Many countries are also extending beyond minimum baselines. We need to make sure we understand this and focus on getting the best possible disclosure standards domestically, not just the minimum standards” said Erwin Jackson, director of policy at IGCC.

The Reserve Bank of Australia’s Deputy Governor, Guy Debelle recently discussed these disclosure trends, saying the decision to disclose has already been answered and now the conversation has moved on to what needs to be disclosed and ensuring consistency. Investors are looking to manage risk and deploy funds towards solutions, which requires commonality in disclosures.



In a [letter](#) to Australia's Treasurer and Reserve Bank Governor, IGCC together with international investor groups, urged the Australian government to commit to [phase in](#) an internationally consistent mandatory task force for climate-related financial disclosure (TCFD) economy-wide framework and a pathway to do so.

"Integrating the ISSB standards under development and related disclosure requirements is a natural evolution of Australia's existing legal framework, considering market developments and industry expectations," said Amy Quinton, Policy Manager at IGCC.

"A commitment and roadmap for domestic climate risk disclosure requirements will send an important market signal to prepare companies and financial institutions."

Australian financial regulators have done a lot of work to build awareness of climate risks in Australia and must continue to keep across developments and review expectations and guidance.

"APRA will finalise its prudential guidance on climate risk shortly. It would be timely and prudent for ASIC to also review and update its guidance and expectations for corporate disclosures in light of rapidly evolving climate risk disclosure practice." Quinton said.

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About IGCC

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focused on the impact that climate change has on the financial value of investments and the opportunities created by the transition to net zero emissions. IGCC represents institutional investors with total funds under management of over \$2 trillion, and others in the investment community interested in the impact of climate change. IGCC members cover over 7.5 million people in Australia and New Zealand.