Joint Investor Statement
Why Climate Disclosures Matter

High-quality climate information supports better investment decisions, stronger risk management and a more resilient financial system.

The material and systemic financial risks of climate change cannot be diversified away. Managing these risks, alongside the accompanying significant opportunities for investment and growth, is central to Australia's economic resilience and long-term prosperity.

Comprehensive, transparent and comparable climate disclosures are fundamental to a well-functioning financial system and have quickly become an important pillar of Australia's finance architecture.

Institutional investors, asset managers, banks, insurers and other financial institutions use corporate climate-related disclosures to help assess physical and transition risks, understand potential financial impacts and test business resilience under different scenarios. They inform valuation, asset allocation, investment, lending and underwriting decisions, as well as stewardship and due diligence. Consistent reporting allows users to compare companies and sectors, identify concentrations of exposure across portfolios, supply chains and the broader economy, and evaluate investment and financing opportunities.

The value of this information extends beyond direct exchanges with reporting companies. It reaches users through external managers, data and index providers, ratings agencies and stewardship services, where it is combined with other information.

Consistent, comparable reporting benefits this broad range of uses: mandatory, standardised and internationally aligned reporting matters.

We recognise there has been significant effort involved in implementing AASB S2, including investment in systems, data, people and assurance. Many financial institutions are reporting entities themselves and understand these challenges. Early evidence shows mandatory reporting is already improving the availability, transparency and comparability of information. As preparers and users gain experience, we expect reporting to become more useful and efficient, supporting greater integration of climate-related risks into governance, risk management and strategic decision-making.

Maintaining a credible, proportionate and internationally aligned framework will be essential to ensuring these benefits continue to grow over time.

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Quotes

Rebecca Mikula-Wright, CEO, Investor Group on Climate Change

“Climate disclosures give investors the information they need to price risk, direct capital and support the companies who are properly managing their climate risks and opportunities.”

“The process of producing high-quality climate disclosures uncovers material financial risks and opportunities for company executives and investors alike, and that’s crucial because you can’t manage what you don’t understand.

“Disclosures will also provide a credible, reliable understanding of Australia’s real economic risks and opportunities and how companies are addressing them, helping our nation compete in global capital markets, attracting the investment needed for growth and productivity”

Louise Davidson, CEO, Australian Council of Superannuation Investors

“For long-term investors, good climate disclosure is essential, revealing the extent to which boards are engaging with material risks and opportunities, and how they are being factored into strategy, capital allocation and long-term resilience. Clear, comparable information gives investors confidence that those matters are being properly overseen and managed on the path to a net zero economy.”

Mary Delahunty, CEO, Association of Superannuation Funds Australia

“Super funds invest for Australians whose retirement may be decades away. Consistent, comparable and credible climate disclosures help funds assess risks, identify opportunities and allocate capital in members’ best financial interests. Getting the disclosure framework right will drive better investment decisions and support stronger retirement outcomes for all Australians.”

Kristy Graham, CEO, Australian Sustainable Finance Institute

“Better information means better decisions. Climate disclosures help businesses plan for the future, and banks, insurers and investors make smarter decisions about where capital goes. Australia's new reporting regime is already providing useful insights and reporting will become more efficient with experience. The priority now should be to give the regime the time, stability, and certainty needed to deliver its full benefits.”

Kar Mei Tang, Regional Head, Oceania and Asia (excl. China and Japan), Principles for Responsible Investment

“Better information builds confidence, and confidence helps capital move. Australia's commitment to internationally aligned climate reporting strengthens the information available to investors both here and across borders. As companies and investors learn what matters most, reporting can become more useful and efficient, reducing gaps that would otherwise be filled with estimates. This is an

important contribution toward enabling better decisions throughout the investment system."

Estelle Parker, Co-CEO, Responsible Investment Association Australasia

"Yes, there is a cost to climate reporting, but the cost of flying blind is far greater. Without reliable, comparable information about how companies are positioning for the climate and energy transition, the whole economy pays for mispriced risk, weaker decisions and capital flowing to the wrong places."