

28 July 2021

[REDACTED]
General Manager, Policy Development
Policy and Advice Division
Australian Prudential Regulation Authority

via email: policydevelopment@apra.gov.au

Dear [REDACTED]

Draft Prudential Practice Guide CPG 229 Climate Change Financial Risks

Thank you for the opportunity to provide comments on the draft Prudential Practice Guide CPG 229: Climate change financial Risks (**Practice Guide**).

The Australian Institute of Company Directors' (**AICD**) mission is to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. The AICD's membership reflects the diversity of Australia's director community, our membership of more than 46,000 is drawn from directors and leaders of not-for-profits, large and small businesses and the government sector.

We are broadly supportive of the Practice Guide.

In our view, the statements on the role of the board and risk management frameworks are generally reasonable and reflect good practice on risk management. They recognise that the treatment of climate will depend on the assessment of its materiality and that its role within risk management structures will be adjusted accordingly.

The Practice Guide also appears to recognise the distinction between the role of the board and of management.

The recognition that entities will need to scale their response to climate change risk, and particularly their use of scenario planning, according to organisational size and sector is also important.

Next steps

We hope our response will be of assistance. If you would like to discuss any aspects further, please contact [REDACTED] at [REDACTED]

Yours sincerely,

[REDACTED]
[REDACTED]
General Manager, Advocacy