



2 March 2022

## **TO: ALL APRA-REGULATED ENTITIES**

### **CLIMATE RISK SELF-ASSESSMENT SURVEY**

APRA will shortly commence a voluntary survey of medium-to-large APRA-regulated entities, asking them to self-assess how their current practices align to APRA's guidance on managing the financial risks of climate change.

This letter is to inform all APRA-regulated entities about the purpose and timing of the survey. Entities invited to participate in the survey will separately receive further details from APRA.

#### **Climate risk self-assessment survey**

The survey is intended to improve both APRA's and industry's understanding of the approaches being taken by APRA-regulated entities to identify, assess and manage climate-related financial risks. In particular, the survey will gather insights on how APRA-regulated entities are currently managing these risks, using [APRA's \*Prudential Practice Guide CPG 229 Climate Change Financial Risks\*](#), published on 26 November 2021, as a benchmark.

In addition to providing insights into the management of financial risks arising from climate change, the survey will help incorporate climate-related risks into APRA's supervisory assessments. It will also improve comparability and benchmarking and practices within and across industry, and potentially internationally.

Participation in the survey is voluntary. The survey format seeks to minimise regulatory burden while meeting APRA's supervisory requirements.

#### **Design of the self-assessment survey**

The survey assesses the alignment between current entity approaches to considering the financial risks of climate change, and the expectations set out in APRA's CPG 229 guidance and the Taskforce on Climate-Related Financial Disclosure (TCFD).

The survey is predominantly a multiple-choice question format, with the opportunity for entities to provide additional contextual information for specific questions. Simplifying the question and response format in this way is expected to lower the effort for entities in responding to the questionnaire, while setting the foundations for a consistent, regular assessment of approaches to addressing climate change financial risks by regulated entities in Australia.

The self-assessment survey follows a similar approach to that taken by peer regulators internationally as part of their supervisory activities in relation to the financial risks of climate change. APRA has drawn on the experiences of, similar surveys conducted by the European Central Bank (ECB), the German Federal Financial Supervisory Authority (BaFin) and the Hong Kong Monetary Authority (HKMA) in designing the survey approach and format.

## **Next steps**

The survey will be conducted across medium-to-large APRA-regulated entities, with the entities invited to complete the survey via an online questionnaire. Entities choosing to participate in the survey will have six weeks from receiving the questionnaire to provide their responses.

Once the survey has closed, APRA will provide participating entities with de-identified peer-comparison results so as to enable them to understand how their approaches and practices compare to peers as well as publish information on industry-level insights and themes from the results. APRA will also incorporate insights from the survey into its ongoing supervisory approaches to addressing the financial risks of climate change. APRA will also consider the benefit of repeating the survey, and potentially expanding the survey to all APRA regulated entities, in future years as a means of monitoring how industry approaches to managing the financial risks of climate change are evolving over time.

Should you have any questions about the climate risk self-assessment survey, please contact your responsible supervisor.

We look forward to your support for this initiative.

Yours sincerely,

**Wayne Byres**  
Chairman