



## Actuaries Institute welcomes APRA focus on climate-related risks

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The Actuaries Institute welcomes APRA's renewed focus on encouraging Australian financial services firms to acknowledge and manage climate-related risks.

Sharanjit Paddam, the convenor of the Climate Change Working Group at the Actuaries Institute, said Friday's speech by APRA executive board member Geoff Summerhayes is a timely reminder that climate risk should not be ignored by businesses, politicians, or the community.

Mr Paddam said the call for more sophisticated scenario-based analysis of risk and the inclusion of these risks as part of APRA's system-wide stress testing is consistent with the Actuaries Institute's policy on climate change, which is focused on an evidence-based approach and the adoption of an enterprise level risk management framework to both measure and mitigate risk exposures.

"We are pleased to see that APRA is approaching this issue pro-actively and in sync with other regulators around the world. We would encourage financial services firms and other Australian companies to apply an effective risk management approach to climate change risk," he said.

The Actuaries Institute supports and encourages:

- ongoing research into understanding and managing the financial and economic implications (risks and opportunities) of climate change, and informing the public debate;
- development of Government policy to improve resilience against natural disasters and to design funding mitigation and adaptation measures supported by comprehensive cost benefit analyses; and
- measures as per government commitments for the reduction in greenhouse gas emissions, improved energy efficiency and the development of renewable energy sources. We also support the development of policy to address the significant implications for Australian business and society from the transition to a low-greenhouse gas economy.

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### About the Actuaries Institute

As the sole professional body for Members in Australia and overseas, the Actuaries Institute represents the interests of the profession to government, business and the community. Actuaries assess risks through long-term analyses, modelling and scenario planning across a wide range of business problems. This unrivalled expertise enables the profession to comment on a range of business-related issues including enterprise risk management and prudential regulation, retirement income policy, finance and investment, general insurance, life insurance and health financing.