

Disclosure of climate-related financial risks not enough to drive action

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A new Griffith University study cautions over-reliance on a financial disclosure framework for driving climate action.

Published in *Nature Climate Change*, the study highlights that while important, financial disclosure frameworks do not themselves drive market change. It recommends the positive global response to the Task Force on Climate-related Financial Disclosure (TCFD) framework be tempered with the reality of its limitations to drive [climate](#) action.

Since its establishment by the G20's Financial Stability Board in 2015, the TCFD recommendations have received support by over 800 private entities world-wide, and is now being up-taken by the [public sector](#).

"The TCFD [framework](#) asserts that a more thorough disclosure of climate-related financial risks will promote better informed decision-making, risk-management and pricing of risk by market participants," said lead author, Ian Edwards from Griffith University.

"While risk disclosure can support a market-driven transition towards a more sustainable financial system, it is only one part of the puzzle. To ensure its success the TCFD Framework should be updated to incorporate consideration of other crucial factors."

The study identified that in addition to [disclosure](#), it is equally important to ensure the appropriate incentives to disclose, the mechanisms to enable market discipline and supply chain compliance.

This is the first of many practice-focused studies now underway at the new Griffith Climate Action Beacon, launched in March 2020, said co-author and Head of Practice for the beacon Sam Mackay.

"A limited timeframe to act on climate change means we need more applied studies to ensure societal practices are evolving to meet the challenges ahead. We cannot assume our knowledge will naturally translate into good practice and in turn deliver effective climate action."

This realization has led to the Griffith Climate Action Beacon establishing the Climate Ready Initiative, a partnership based social impact initiative to help drive societal [climate action](#).

"With a renewed focus on practice and society, it is our hope the Climate Ready initiat

More information: Ian Edwards et al. Climate-related financial disclosures in the public sector, *Nature Climate Change* (2020). [DOI: 10.1038/s41558-020-0785-1](#)

Provided by Griffith University

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