# Example Risk Management Disclosure

Small Specialist Investment Vehicle

## Introduction

This document has been prepared as a hypothetical example of disclosing the Risk management criteria in an entity’s Annual Report. This example has been prepared by the Department of Finance's Climate Action in Government Operations Unit to support Commonwealth entities participating in Tranche 1 of the [Commonwealth Climate Disclosure (CCD) Initiative](https://www.finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-policy) in FY2024-25. The example disclosure can also be used by other entities opting into Tranche 1.

The example disclosure has been prepared for **a fictional Commonwealth entity**, the Bushfire Recovery Investment Corporation (BRIC), which is presented as a small corporate Commonwealth entity (CCE) and Specialist Investment Vehicle governed by an independent board. This document demonstrates a possible approach entities could take when preparing their climate disclosure, and is tailored for entities at the start of their climate risk maturity journey.

This example Risk management climate disclosure should be considered in conjunction with the [CCD Year 1 Requirements](https://www.finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-requirements) and Resource Management Guide (RMG) [136](https://www.finance.gov.au/government/managing-commonwealth-resources/annual-reports-corporate-commonwealth-entities-rmg-136) when preparing an entity’s FY2024-25 Annual Report.

Note: Commonwealth entities are encouraged to disclose more detail and progress than outlined in this example climate disclosure where they have the opportunity to do so.

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| **Note:** The example below has assumed the Bushfire Recovery Investment Corporation has voluntarily opted to use the Commonwealth Risk and Opportunity Management Program (CROMP) assessment framework. Where it is not practical for an entity to use CROMP, you should disclose your reasoning for deviating from CROMP within your entity’s disclosure. |

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| **Tip:** Guidance on how to use this example is identified throughout in these boxes.  The following section provides an example of the risk management component of a climate disclosure by the fictional entity, the Bushfire Recovery Investment Corporation. The disclosure is included as an Appendix in the entity’s Annual Report (refer to the example Contents section on page 6, which shows how this would fit in the annual report structure.)  This example demonstrates how to leverage information which would be within the body of an annual report and how to cross-reference information, including:   * information contained within the body of the annual report (example extracts of the annual report are included from page 5 onwards of this report) * externally available information (this uses real documents from Commonwealth entities which have been identified through footnotes, such as Department of Finance’s Corporate Plan).   An index is recommended when cross-referencing information outside of the climate disclosure to enable readers to connect to all relevant information. |

# Appendix F: Climate Statement

## Commonwealth Climate Disclosure

Commonwealth Climate Disclosure is the Government’s policy for Commonwealth entities to publicly disclose their exposure to climate-related risks and opportunities, as well as their actions to manage them, delivering transparent and consistent climate disclosures to the Australian public.

As the Bushfire Recovery Investment Corporation (BRIC) meets the thresholds of Tranche 1 in the [CCD Policy Architecture](https://www.finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-policy), we are required to start including climate disclosures in our Annual Report from FY2024-25. This climate statement has been prepared in accordance with the [Year 1 Reporting Provisions](https://www.finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-requirements) for Tranche 1 entities.

## Risk Management

We started work on our first climate risk and opportunity assessment this year under [The Australian Government’s Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026](https://www.dcceew.gov.au/sites/default/files/documents/climate-risk-management.pdf), in line with the Climate Risk and Opportunity Management Program’s (CROMP) [Organisation Application Guide](https://www.dcceew.gov.au/climate-change/publications/climate-risk-opportunity-management-program-resources).

Supporting grass roots climate-related opportunities is at the heart of our organisation, which we deliver by investing in local businesses impacted by bushfires. We provide a critical role in supporting bushfire mitigation and adaptation through concessional loans, focusing on community resilience and recovery.

Our risk management process is outlined in [Approach to risk, fraud and corruption](#_Approach_to_Risk,). Climate risks are currently managed using our existing governance structure and risk systems, policies and tools. We will review and refine this process next year as we continue our work under CROMP. The process for identifying, assessing, prioritising, managing and monitoring climate-related opportunities build on those for identifying climate-related risks. Climate-related opportunities are prioritised alongside climate-related risks using BRIC’s pre-existing risk management framework processes.

Our assessed scope included our staff, assets and operations. We have utilised internal data sources, including our enterprise risk management framework, incident registers, insurance claims and our Emissions Reduction Plan (ERP) to support our risk management activities. Input from staff helped us to identify assets, infrastructure and staff that may be at risk from climate change. External data sources included the IPCC Sixth Assessment Report (2021), Climate Change in Australia, the State of Climate 2024 report and the climate scenario and transition summaries in the CROMP Organisation Application Guide’s Appendix were used to inform our organisational climate-related risks.

Commonwealth Climate Disclosure Index

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| **Tip:** Where information is provided across different sections of an annual report and/or external publications, it is recommended that an index is used to ensure readers to see that all requirements have been addressed. The index can also be used to respond to any disclosure gaps within the annual report. | | |
| Criteria | Requirement Summary | Response and Cross Reference |
| R1(a) | Processes and related policies | Appendix F, Risk management, page X |
| R1(a)i | The inputs and parameters used, including uncertainties. | Appendix F, Risk management, page X  Data uncertainty in climate projections have been managed by using multiple reputable sources. We also aim to improve our internal data reporting systems and processes as we expand into Year 2 and 3 CCD requirements.  Uncertainties in how risk profiles will change in future under different climate scenarios have been managed by assessing risks across two distinct climate scenarios (one low and one high) to compare projected changes and understand the range of plausible outcomes. |
| R1(a)ii | How the nature, likelihood and magnitude of climate-related risk are assessed. | They are assessed through the Climate Risk and Opportunity Management Program, in conjunction with BRIC’s Enterprise Risk Management Framework. |
| R1(a)iii | How climate-related risks are prioritised in relation to other types of risk. | All risks to our organisation, including climate-related risks, were prioritised based on their residual risk rating against our Risk Appetite and Tolerance Statements, in accordance with the [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management/commonwealth-risk-management-policy). The effects of our identified climate-related risks were assessed using the likelihood, consequence and severity criteria from our existing enterprise risk management framework. |
| R1(a)iv | How the entity manages climate-related risks. | Appendix F, Risk Management, page X; Introduction, Approach to Risk, page X |
| R1(a)v | How the entity monitors climate-related risks. | Appendix F, Risk Management, page X |
| R1(a)vi | If (and if so, how) the entity has changed its processes related to climate-related risks. | This is the inaugural report on BRIC’s climate-related risks and opportunity.  Information on what processes are being used is in Appendix F, Risk Management, page X |
| R1(b) | The process used to identify, assess, prioritise, manage and monitor climate-related opportunities. | See Appendix F, Risk Management, page X |
| R1(c) | How the processes for identifying climate-related risks and opportunities inform the entity’s overall risk management process. | Risks and opportunities are reported quarterly to the executive board, with additional briefings to be provided as the need presents itself. Climate-related and non-climate-related risks and opportunities are considered in entirety to inform BRIC’s overall risk management. |
| R2(a) | Whether (and how) the entity implements CROMP processes. | See Appendix F, Risk management, page X |

**Annual Report**

2024-25 Financial Year

Bushire Recovery Investment Corporation

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| **Note:** This example annual report has been developed to demonstrate how to cross reference standard annual report content to avoid duplication and length within a climate disclosure. It also showcases where a climate disclosure could fit within the annual report. |

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| **Tip:** This contents page is included to demonstrate how existing information within the body of your annual report can be leveraged when producing a climate disclosure. The sections that address the Risk management criteria are identified in yellow and included below. Criteria addressed by cross-referencing the body of the annual report or an external publication are summarised in an index. This ensure readers can easily access relevant information and see that all criteria have been addressed. |

# Introduction

## Agency Overview

The Bushfire Recovery Investment Corporation (BRIC) was established on 1 July 2019 and operates under the *Bushfire Recovery Investment Corporation* *Act 2020* (Cth) (BRIC Act) and the Bushfire Recovery Investment Corporation Operating Mandate Direction 2020. The BRIC is governed by an independent board appointed by, and accountable to, two responsible Ministers. In FY2024-25, the responsible Ministers were Senator the Hon. Swanson, Minister for the Environment and Senator the Hon. Knope, Minister for Finance.

**About our organisation**

BRIC is a corporate Commonwealth entity and a [specialist investment vehicle](https://www.finance.gov.au/government/commonwealth-investment-framework) within the Commonwealth Investment Framework that delivers Government policy through concessional loans.

We support bushfire-affected areas during times of disaster and business disruption and invest in recovery for a stronger and more resilient future. We specialise in concessional loans to businesses in areas impacted by bushfires with a focus on community rebuilding and recovery. We work alongside commercial lenders to offer these loans, and in recognition of the ecological damage caused by fires, we also offer loans to support recovery actions for native species, ecological communities, and natural assets. We manage the return of loan funds back to the Australian Government on a cost-neutral basis, an investment that benefits the Government, industry, regional communities, and borrowers.

Our customers are small businesses who are in financial need post-disaster, but viable in the long term. Concessional loans support customers by freeing up their cashflow to invest in rebuilding businesses, manage cost pressures while recovering, and increase spending into their local markets.

A diagram of a company

AI-generated content may be incorrect.

*Figure 2 BRIC Organisational Chart*

## Governance

Our governance framework provides the context in which the BRIC operates to achieve its objectives and effectively manage risk and key stakeholder relationships. It includes:

* the legislative foundation provided by the BRIC Act and Operating Mandate, various subordinate instruments, and relevant sections of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act)
* two responsible Ministers
* an independent Board that has an established induction program, annual training program, and conducts annual reviews of its performance
* an Audit and Risk Committee that ensures the Board receives appropriate advice and assurance on financial and performance reporting, systems of risk oversight and management, and systems of internal control
* a Board-endorsed and owned Policy Framework that demonstrates coverage, application and integration of BRIC policies within an overarching framework, and outlines ownership and accountability for the artefacts within the framework.

### Our Board

The BRIC Board is the Accountable Authority as defined under section 12 of the PGPA Act. The Board decides BRIC’s objectives, strategic direction and ensures that it fulfils its statutory functions. In accordance with the BRIC Act and the Board’s Charter, the Board must meet at least 4 times per year. In the reporting period FY2024-25 it met on 4 occasions and attended to 7 matters out of session. The Board provided leadership across several areas including:

* BRIC’s performance against its plans and objectives
* oversight of the direction, budget, and delivery of the insourced operating model
* the strategic direction and approval of BRIC’s submission to the Statutory Review of the BRIC Act
* oversight of credit risk in the loan portfolio
* approval of Board policy frameworks
* interest rate reviews
* Board governance matters including the annual review of the Board’s Charter, skills matrix and Board performance
* working closely with the Audit and Risk Committee on its advice and assurance in relation to financial and performance reporting, risk including climate-related risk, and internal controls.

## Approach to risk, fraud and corruption

As the Accountable Authority, the Board has put in place a system of risk management and oversight which includes the determination of risk appetite and tolerance. The Board also takes all reasonable measures to prevent, detect and respond to fraud and corruption. We have an Audit and Risk Committee that proactively manages risk, fraud and corruption and ensures our controls are aligned with industry standards and government policies, including the:

* 2021 industry standard AS8001: Fraud and Corruption Control
* Commonwealth Risk Management Policy 2023
* Australian Government Investigation Standards 2022
* Commonwealth Fraud and Corruption Control Framework (2024).

The Committee met three times during the year, attended to one matter out of session, and oversaw BRIC’s financial and performance reporting, its systems of risk oversight and management, and systems of internal control. Appendix 2 provides further details of the Audit and Risk Committee membership.

The evolution of risk management practices has seen the BRIC shift from reactive risk management practices to an integrated and customised process of continual review, evaluation and environmental scanning. This approach means we take reasonable steps to ensure we are managing potential enterprise risks through regular reviews of our risk management practices. During the year we undertook a full review of the enterprise risk management framework to ensure that it continues to be fit for purpose, including the incorporation of components of Climate Risk and Opportunity Management Program (where applicable in the assessment of climate-related risks and opportunities).

## Document control

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| Version number | Date of issue | Brief description of change |
| 1 | 21/03/2025 | Initial publication |