Australian Government
Australian Reinsurance Pool Corporation

OFFICIAL

ARPC Commonwealth Climate Disclosure (CCD) Statement

September 2026

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Australian Reinsurance Pool Corporation

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Commonwealth Climate Disclosure 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.

ARPC is a Tranche 2 entity under the Commonwealth Climate Disclosure Policy and is required to include climate disclosures in its 2025–26 Annual Report. This statement has been prepared in accordance with the Year 1 Reporting Provisions for Tranche 2 entities and is proportionate to ARPC's scale and operations.

ARPC's most material climate-related risks and opportunities arise through the Cyclone Reinsurance Pool, with more limited exposure through its office-based operations. ARPC's approach will continue to mature over time.

Governance

ARPC manages climate-related risks and opportunities through its governance and enterprise risk management framework, established in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and aligned to the Commonwealth Risk Management Policy. Climate-related risks are incorporated into ARPC's broader risk taxonomy, including Environmental, Social and Governance (ESG) risks, and are managed through consistent risk processes across the organisation.

Board oversight Under the PGPA Act, the ARPC Board is the accountable authority and is responsible for oversight of risk management, including climate-related risks and opportunities. The Board is supported by the Board Risk and Compliance Committee (BRCC) and the Board Audit Committee (BAC)

The Board and its committees receive regular reporting on ARPC's risk profile, including emerging risks, risk exposures relative to appetite and mitigation actions, supported by the Executive Risk Management Committee (ERMC) and the Chief Financial Officer (CFO).

Refer to ARPC Risk Governance Structure within the Annual Report.

Roles, responsibilities and controls

ARPC applies a three lines model, with business divisions responsible for managing risks, the risk and compliance function providing oversight and challenge, and internal audit providing independent assurance. Risk management is supported by risk registers, structured risk assessments and control testing integrated with broader organisational processes. Climate-related risks and opportunities are considered in strategic planning, major projects, procurement and annual business planning, with risks assessed relative to ARPC's risk appetite to inform prioritisation and resource allocation.

The Board oversees the setting and monitoring of relevant risk metrics and targets. Management is responsible for developing proposed metrics and targets, implementing

monitoring processes, and reporting on performance through ARPC's enterprise risk management and governance framework.

The Board satisfies itself that appropriate climate-related skills and competencies are available through oversight of ARPC's capability framework, regular reporting from management, and consideration of specialist expertise where required. ARPC maintains risk management capability through its capability framework, training programs and risk maturity assessments. ARPC has regard to the Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024–2026, the Commonwealth Climate Disclosure Policy, the Net Zero in Government Operations Strategy and Australian Sustainability Reporting Standards.

Strategy

Purpose and scope

ARPC's purpose is, through reinsurance, to improve the accessibility and affordability of insurance for the Australian community for terrorism and cyclone risk. ARPC's climate-related risks and opportunities are primarily associated with the Cyclone Reinsurance Pool and, to a lesser extent, ARPC's own operational footprint.

As a public reinsurer, ARPC's exposure to climate-related matters is most significant where changes in cyclone hazard, rainfall intensity and loss variability may affect claims outcomes, pricing adequacy, affordability outcomes and the long-term sustainability of the Cyclone Reinsurance Pool. These matters are considered through its existing governance, enterprise risk management, pricing, actuarial, financial outlook and strategic planning processes.

ARPC has applied a materiality-based approach to this disclosure. Climate-related risks and opportunities are considered material where they have, or may have, a significant impact on ARPC's operations, its ability to deliver its legislative objectives, or its financial position. As this is ARPC's first year of reporting under the Commonwealth Climate Disclosure framework, this disclosure focuses on the matters currently assessed as most relevant to ARPC's business model and operating context.

Climate-related risks and opportunities

ARPC has identified the following material climate-related risks and opportunities for our operational model as well as for the cyclone reinsurance pool program Year 1 disclosure.

Table 1.1: Climate-related risks and opportunities

Risk / Opportunity	Category	Description	Time Horizon
Acute operational physical risk	Physical risk	Disruption to operations from extreme weather events, including impacts to office access, staff safety and business continuity.	Short term
Acute operational physical risk	Opportunity	Opportunity to reduce operational emissions and exposure to energy-related transition risks through renewable electricity procurement.	Medium term
Cyclone pool financial sustainability risk	Physical risk	Uncertainty in climate-related hazard and loss modelling, including limitations in data and assumptions, affecting pricing, risk assessment and decision-making.	Medium term
Cyclone pool financial sustainability risk	Physical risk	Changes in cyclone intensity, rainfall and loss variability impacting claims costs, pricing assumptions and the sustainability of the Cyclone Reinsurance Pool.	Long term
Cyclone pool financial sustainability risk	Opportunity	Opportunity for ARPC, through pricing, data and risk insights, to contribute to broader understanding of cyclone risk and insurance affordability issues over time.	Long term

ARPC considers its material climate-related risks in Year 1 to be predominantly physical in nature, reflecting its primary exposure through the Cyclone Reinsurance Pool. These risks arise from both potential changes in cyclone hazard and increased variability in outcomes, rather than a single directional change in risk.

Climate change is contributing to a changing risk environment, including warmer oceans and a warmer atmosphere. These conditions may influence cyclone intensity, rainfall patterns, loss variability and the geographic distribution of impacts over time Transition risks are not assessed as a primary material driver for ARPC in Year 1. Limited transition-related considerations arise in relation to electricity use, emissions reporting and broader government policy settings.

Time horizons

ARPC applies the following time horizons in assessing climate-related risks and opportunities:

- Short term: 1–3 years
- Medium term: 3–10 years
- Long term: 10+ years

ARPC considers these time horizons appropriate to the nature of its operations and decision-making processes. Unlike some entities with long-life infrastructure or economy-wide decarbonisation mandates that commonly apply 2030 or 2050 climate horizons, ARPC's most material climate-related exposures are linked to the ongoing operation, pricing and sustainability of the Cyclone Reinsurance Pool, which are assessed through regular repricing cycles, financial outlook assessments and model reviews. Long-term climate considerations

remain relevant but are primarily considered through their potential impacts on future cyclone risk, claims costs and insurance affordability over time.

Current and anticipated effects on ARPC's operational model

ARPC's current and anticipated climate-related effects are concentrated primarily in its cyclone pool operational model, including pricing, actuarial, modelling, financial outlook and claims-related processes.

For the Cyclone Reinsurance Pool, physical climate risks may contribute to increased claims volatility, greater uncertainty in loss modelling, and potential impacts on pricing adequacy, affordability and the long-term sustainability of the pool. ARPC manages these risks through regular repricing, the use of catastrophe models, engagement with scientific and industry experts, and governance processes that review assumptions and respond to emerging evidence. These effects are concentrated in ARPC's pricing, claims, risk assessment and financial analysis functions. As ARPC operates as a reinsurer to insurers under legislation, it does not directly control retail insurance pricing, land-use planning, building standards or broader climate adaptation settings. Premium rates are designed to cover expected annual average claim costs and cyclone pool operating expenses only, with no profit or uncertainty margin included in pricing.

For corporate operations, extreme weather events may disrupt business continuity, including access to leased office premises, staff availability and supporting business systems. These effects are more limited in scale and are concentrated in ARPC's office-based operations.

ARPC's climate-related opportunities relate to its core activities in the Cyclone Reinsurance Pool and its corporate operations. Through pricing and data sharing, ARPC may support broader risk mitigation discussions and inform broader understanding of cyclone risk and insurance affordability issues over time. ARPC also has an opportunity to reduce operational emissions through renewable electricity procurement and practical efficiency measures where feasible, cost-effective and consistent with procurement requirements.

Risk Management

ARPC identifies, assesses, prioritises, manages and monitors climate-related risks and opportunities through its enterprise risk management framework which includes its Risk Management Strategy, Risk Appetite Statement and Risk Management Procedure. Together, these define how risks are identified, assessed, managed and reported across the organisation.

Climate-related risks are not managed through a standalone climate framework. They are integrated into existing enterprise risk management processes, strategic and business planning, financial and pricing analysis, business continuity arrangements and relevant operational decision-making.

Assessment and approach

In preparing this disclosure, ARPC had regard to the Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024–2026, including the Climate Risk and Opportunity Management Program.

ARPC has not applied the Climate Risk and Opportunity Management Program methodology in full for Year 1, reflecting the scale and nature of its operations compared with larger entities; and the use of existing risk processes. Instead, ARPC has applied its enterprise risk management framework to identify and assess climate-related risks, supported by pricing, actuarial, modelling and operational analysis relevant to the Cyclone Reinsurance Pool and ARPC's operations. ARPC considers this approach to be proportionate to its circumstances and a robust and defensible basis for Year 1 disclosure.

Identification and inputs

Climate-related risks are identified through ARPC's enterprise risk assessment processes, which are undertaken regularly and in response to changes in the operating environment. These processes consider internal and external risk drivers, emerging risks and trends, and changes in regulatory, economic and operating conditions.

Inputs and parameters used to identify and assess climate-related risks and opportunities include internal operational data, risk and control information, catastrophe modelling, actuarial analysis, pricing analysis, business continuity considerations, external information sources, scientific research and expert advice. For the Cyclone Reinsurance Pool, climate-related risks are further informed by modelling of cyclone frequency, severity and loss outcomes, and by analysis supporting ARPC's Financial Outlook Report and Pricing Determination Reports. These inputs also inform judgements about the nature, likelihood and potential magnitude of climate-related effects on ARPC's operations. Key uncertainties and limitations relating to these inputs and assumptions include variability in climate and catastrophe model outputs, assumptions used in pricing and loss modelling, limited historical claims and loss data, and the developing nature of climate risk assessment methods. Year 1 assessment activities focused mainly on organisational and operational risks relevant to ARPC's functions and disclosures.

Assessment and prioritisation

Risks are prioritised through ARPC's enterprise risk management processes, considered alongside other risks and assessed against risk appetite settings. Where relevant, climate-related factors are incorporated into existing risk categories rather than treated as a standalone risk class.

Climate-related risks are managed through existing controls and mitigation actions, including pricing governance, actuarial analysis, modelling oversight, operational controls and business continuity arrangements.

Managing and monitoring

Climate-related opportunities are identified, assessed and monitored through the same processes as climate-related risks, including enterprise risk assessments and strategic planning processes.

Climate-related risks and opportunities are monitored through regular updates to risk registers, monitoring of relevant indicators and management actions, and reporting through existing governance channels to management, the Executive Risk Management Committee, the Board Risk and Compliance Committee and the Board, as appropriate.

As this is ARPC's first year of Commonwealth Climate Disclosure reporting, no material changes were made during the reporting period to ARPC's existing risk management processes specifically for climate-related risk.

Metrics and Targets

Approach

ARPC monitors climate-related performance through greenhouse gas emissions and energy consumption, consistent with Whole-of-Australian Government reporting requirements. ARPC's operational footprint is relatively small, with emissions primarily associated with electricity use.

As a Corporate Commonwealth Entity, ARPC is not required to adopt the APS Net Zero by 2030 target and has not opted in. ARPC nevertheless supports the Australian Government's net zero objective and contributes through practical operational efficiency measures appropriate to the scale and nature of its operations.

Climate-related metrics

ARPC measures and reports greenhouse gas emissions in accordance with the Australian Government's emissions reporting framework, including scope 1, scope 2 and relevant select scope 3 emissions.

Climate-related target

ARPC has adopted a voluntary, operational climate-related target focused on reducing emissions associated with its operational electricity consumption.

ARPC aims to source 100 per cent of its electricity consumption from renewable sources by FY2030, with an indicative interim milestone of 80 per cent by FY2028, subject to procurement arrangements and operational feasibility. The target applies to leased office premises under ARPC operational control, with 2025-26 as the baseline year.

Progress will be measured using:

- the proportion of electricity sourced from renewable sources; and
- scope 2 greenhouse gas emissions, expressed in tCO2-e.

This is an absolute, gross target. It applies to scope 2 greenhouse gas emissions associated with electricity consumption and was not derived using a sectoral decarbonisation approach.

The following greenhouse gas emissions are included in our target, as aligns with the Emissions Reporting Framework (ERF): carbon dioxide (CO_2); methane (CH_4); nitrous oxide (N_2O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); sulphur hexafluoride (SF_6); and nitrogen trifluoride (NF_3).

The target has been informed by the Australian Government's emissions reduction commitments, and the Net Zero in Government Operations Strategy, including Australia's Nationally Determined Contribution under the Paris Agreement. The target is intended to support emissions reduction over time while maintaining flexibility to respond to procurement arrangements and value-for-money considerations.

The target has not been externally validated. Progress against the target will be reviewed annually by the Executive Risk Management Committee and reported to the Board through ARPC's governance and annual reporting processes. Any material changes to the target, methodology or implementation approach will be disclosed in future climate disclosures. There were no changes to the target during the reporting period and there are no current plans to review this target.

In 2026, ARPC obtained a NABERS Energy rating of 5.0 stars for its leased office premises. This rating provides an independent measure of the operational energy efficiency of the premise, based on verified energy use and benchmarked against comparable buildings.

The rating supports ARPC's broader operational emissions reduction approach, including its target to source 100 per cent renewable electricity by FY2030. Energy efficiency and renewable electricity procurement are complementary measures: improved energy efficiency can reduce electricity consumption, while renewable electricity sourcing can reduce the emissions intensity associated with that consumption.

Greenhouse gas emissions

As part of the Net Zero in Government Operations Strategy, and the reporting requirements under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*, all Commonwealth entities and Commonwealth companies are required to report on their operational greenhouse gas emissions.

Figure 1.1. details ARPC's greenhouse gas emissions in 2025-26. The Greenhouse Gas Emissions Inventory and Electricity Greenhouse Gas Emissions tables present greenhouse gas emissions over the 2025-26 financial year. The greenhouse gas emissions reported are calculated as Carbon Dioxide Equivalents (CO_2-e) and in line with the 2025-26 Emissions Reporting Framework. This is consistent with a Whole-of-Australian Government approach, outlined in the Net Zero in Government Operations Strategy and Commonwealth Climate Disclosure requirements.

Not all data sources were available at the time of the report and amendments to data may be required in future reports.

- ARPC's domestic commercial flights/domestic travel are managed through the Department of Treasury (Treasury) under a shared services agreement. Flights, hire car and accommodation data was unable to be separated from Treasury's data and has been included in Treasury's annual report. ARPC will work with Treasury to report flight, hire car and accommodation emissions separately in future years. ARPC

will work with Treasury and relevant shared service providers to implement separate attribution and reporting arrangements for flights, hire cars and accommodation emissions for future reporting periods. ARPC intends to progress this work during 2026–27.

- Due to the billing cycles not aligning with the end of the financial year, some electricity data was not available during the initial collection process in July –August 2026. Adjustments to the data may be required in future reports.

Figure 1.1

2025-26 GREENHOUSE GAS EMISSIONS INVENTORY – LOCATION-BASED METHOD

Emission Source	Scope 1 t CO_2-e	Scope 2 t CO_2-e	Scope 3 t CO_2-e	Total t CO_2-e
Electricity (Location-Based Approach)	n/a	37.86	1.78	39.64
Natural Gas	0.00	n/a	0.00	0.00
Solid Waste	0.00	n/a	1.06	1.06
Refrigerants*	0.00	n/a	n/a	0.00
Fleet and Other Vehicles	0.00	n/a	0.00	0.00
Domestic Commercial Flights	n/a	n/a	0.00	0.00
Domestic Hire Car	n/a	n/a	0.00	0.00
Domestic Travel Accommodation	n/a	n/a	0.00	0.00
Other Energy	0.00	n/a	0.00	0.00
Total t CO_2-e	**0.00**	**37.86**	**2.84**	**40.70**

Note: The table above presents emissions related to electricity usage using the location-based accounting method. CO_2-e = Carbon Dioxide Equivalent.

2025-26 ELECTRICITY GREENHOUSE GAS EMISSIONS

Emission Source	Scope 2 t CO_2-e	Scope 3 t CO_2-e	Total t CO_2-e	Electricity kWh
Location-based electricity emissions	37.85	1.78	39.63	59,141.05
Market-based electricity emissions	39.63	5.39	45.01	48,915.56
Total renewable electricity[1]	n/a	n/a	n/a	10,225.49
Renewable Power Percentage[2]	n/a	n/a	n/a	10,225.49
Jurisdictional Renewable Power Percentage[3]	n/a	n/a	n/a	0.00
GreenPower	n/a	n/a	n/a	0.00
Large-scale generation certificates	n/a	n/a	n/a	0.00

Note: The table above presents emissions related to electricity usage using both the location-based and the market-based accounting methods. CO_2-e = Carbon Dioxide Equivalent. Electricity usage is measured in kilowatt hours (kWh).

[1] Excludes behind-the-meter solar other than generation used to create large-scale generation certificates (LGCs).

[2] The renewable power percentage (RPP) accounts for the portion of electricity used, from the grid, that falls within the Renewable Energy Target (RET).

[3] The Australian Capital Territory is currently the only state with a jurisdictional renewable power percentage (JRPP).