

Chapter 1

Introduction

1.1 On 2 February 2016, the Senate referred the matter of carbon risk disclosure to the Senate Economics References Committee for inquiry and report by 22 June 2016.

1.2 The terms of reference for the inquiry were:

Carbon risk disclosure in regard to:

- a. current and emerging international carbon risk disclosure frameworks;
- b. current carbon risk disclosure practices within corporate Australia;
- c. Australian involvement in the G20 Financial Stability Board discussions on carbon risk impacts for financial stability;
- d. current regulatory and policy oversight of carbon risk disclosure across government agencies; and
- e. any other related matters.¹

1.3 The inquiry lapsed at the end of the 44th Parliament.

1.4 On 11 October 2016, the Senate agreed to the committee's recommendation that this inquiry be re-adopted in the 45th Parliament, with a report by 31 March 2017.² On 30 March 2017, the Senate granted an extension to report by 7 April 2017.³ Subsequently, the reporting date was extended to 21 April 2017.

1.5 All evidence previously received for this inquiry has been accepted as evidence for the new inquiry.

Conduct of the inquiry

1.6 In accordance with its usual processes, the committee advertised the inquiry on its website, and wrote to relevant organisations to invite submissions. Thirty-three submissions were received in the 44th Parliament, with a further six in response to the re-adopted inquiry. A list of submissions to the inquiry is at Appendix 1.

1.7 In December 2016, that is, well after submissions to the original inquiry had been received, the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures published its recommendations. These recommendations have advanced consideration of carbon risk disclosure significantly.

1.8 The committee conducted a public hearing in Sydney on 8 March 2017. The names of witnesses who appeared at the hearing are at Appendix 2.

1 *Journals of the Senate*, No. 135, 2 February 2015, p. 3667.

2 *Journals of the Senate*, No. 9, 11 October 2016, pp. 195–197.

3 *Journals of the Senate*, No. 38, 30 March 2017, p. 1244.

Structure of this report

1.9 The report comprises four chapters, including this introductory chapter:

- Chapter 2 discusses the rationale for corporate disclosure and the need for carbon risk disclosure. It also briefly outlines Australia's exposure to carbon risk.
- Chapter 3 describes the relevant frameworks for reporting carbon risk in Australia. It summarises the relevant legislative, regulatory and voluntary reporting frameworks, and provides details of international comparators and the FSB Task Force on Climate-related Financial Disclosures.
- Chapter 4 outlines the state of carbon risk disclosure practices in Australia, and lays out options for reform.