

**Answer to question on notice:**

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE ASIC ANNUAL REPORT (SECOND REPORT) 2019**

**QoN:** ASIC37QON

**Question:**

**Ms MURPHY:** ... Is the commission seeing any trends in company disclosure? Are companies doing what they need to do in monitoring climate risks or accounting, I should say, for climate risks?

**Mr Yanco:** We're seeing a trend towards more companies taking this into account. However, we have identified some companies that need to do more work in this area. Generally the trend is upward but there are companies that need to do more work. As Commissioner Armour said, we're reviewing that fairly regularly.

**Ms MURPHY:** Is there a particular industry where you see the companies that need to do more work? You can take that on notice if you need to.

**Ms Armour:** Perhaps we should take that on notice, if that's okay. We are also starting to have a little bit a look to see whether or not there are any issues with what's called greenwashing in relation to the sale or promotion of financial products. So we are conscious that could be a potential issue as well that we need to look at.

**Answer:**

Prior to the onset of the COVID-19 Pandemic we looked at a selection of listed companies to assess how they were managing and disclosing climate-related risk. We focussed on reporting by companies under the framework established by the FSB's Taskforce for Climate-related Financial Disclosures (known as TCFD).

Relative to the findings of our surveillance program in 2017–18, we saw a material increase in the quantity of climate-related disclosure produced by listed companies in the ASX 100. We also saw evidence of Board oversight across all of the surveillance targets.

The quality of disclosure varied significantly both within and across industry sectors.

As part of our review we looked at the practices of a sample of companies in the Energy Sector. Given the industry's exposure to climate risk we also wrote to several companies that were lagging behind their peers within that sector.