

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Carbon Risk Disclosure public hearing

2016 - 2017

Department/Agency: ASIC

Question: Questions not numbered – page 39 of transcript

Topic: Carbon Risk Disclosure public hearing

Reference: Written – 23 March 2017

Senator: Senator McAllister

Question:

What are the connections between ASIC and the Financial Services Board?

Answer:

The principal recent connections between ASIC and FSB have been:

(a) As Chair of the Board of IOSCO (2013 - 2016), ASIC Chairman Greg Medcraft represented IOSCO on the Financial Stability Board. This position involved Mr Medcraft attending meetings of the FSB Steering and Plenary Committees. As the representative of IOSCO on the FSB, Mr Medcraft contributed to FSB deliberations that related to the objectives and work of IOSCO.

(b) Gerard Fitzpatrick, the Senior Executive Leader of ASIC's Investment Managers and Superannuation team, is a member of an FSB working group on liquidity which is part of a FSB project reviewing structural vulnerabilities from asset management activities.

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Department/Agency: ASIC**Question: Questions not numbered – page 41 of transcript****Topic: Carbon Risk Disclosure public hearing****Reference: Written – 23 March 2017****Senator: Senator McAllister****Question:**

CPA Australia has suggested that ASIC ought to reconsider the guidance provided to directors about impairment of non-financial assets, in particular in relation to the evolving asset management implications of carbon risk.

Answer:

ASIC has highlighted the need to consider disclosure of environmental risks impacting on the future prospects of a business in the context of the operating and financial review that accompanies the financial report through ASIC Regulatory Guide 247 *Effective disclosure in an operating and financial review*. We will also amend our Information Sheet 203 *Impairment of non-financial assets: Materials for directors* to specifically highlight future climate change as a factor that might affect the values of the assets of some companies.

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2016 - 2017

Department/Agency: ASIC

Question: Questions not numbered – page 43 of transcript

Topic: Carbon Risk Disclosure public hearing

Reference: Written – 23 March 2017

Senator: Senator Whish-Wilson

Question:

Has ASIC talked to the SEC about what the SEC is doing in relation to climate risk disclosure?

Answer:

As far as can be established, there have been no formal discussions between ASIC and the SEC on climate risk disclosure. There may have been informal conversations between ASIC and SEC officials at, for example, international meetings or other fora. For example, the IOSCO Board meeting in Hong Kong in October 2016 included an item on the task force on climate-related financial disclosures. However, we have no records of any such discussions.

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2016 - 2017

Department/Agency: ASIC

Question: Questions not numbered – page 44 of transcript

Topic: Carbon Risk Disclosure public hearing

Reference: Written – 23 March 2017

Senator: Senator Whish-Wilson

Question:

Has anyone made a complaint to ASIC that a company has not disclosed a climate-related risk and the impact on their business within a reasonable time and it has ended up having a material impact on their earnings and their business?

Answer:

From our review of our databases, ASIC is aware of one continuous disclosure complaint relating to climate related disclosure. This particular complaint was the one described by ASIC in the hearing (see top of page 44 in the transcript) and related to Whitehaven Coal Limited.

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Department/Agency: ASIC

Question: Questions not numbered – page 45 of transcript

Topic: Carbon Risk Disclosure public hearing

Reference: Written – 23 March 2017

Senator: Senator McAllister

Question:

Has ASIC been asked to contribute to an Australian government position in relation to any G20 recommendations in relation to the Taskforce on Climate-related Financial Disclosures?

Answer:

ASIC has not been asked to participate in the development of any government policy in response to the G20's work on climate risk disclosure.