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Australian Securities &
Investments Commission

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18-273MR ASIC reports on climate risk disclosure by Australia's listed companies

An ASIC report on climate risk disclosure by Australia's listed companies has found more can be done to improve consistency in disclosure practices across listed companies, with very limited climate risk disclosure outside of the top-200 companies.

Report 593 *Climate risk disclosure by Australia's listed companies* (REP 593) sets out ASIC's high-level findings and recommendations for listed companies following an ASIC review of disclosure practices in the market.

The review examined climate risk disclosures:

- by 60 listed companies in the ASX 300;
- in 25 recent initial public offering (IPO) prospectuses; and
- across 15,000 annual reports.

Of the 60 listed companies in our ASX 300 sample, 17% identified climate risk as a material risk to their business. While most of the reviewed ASX 100 entities had considered climate risk to the company's business to at least some extent, disclosure practices were considerably fragmented, with information provided to the market in differing forms across a wide range of means of disclosure.

In some cases, the review found climate risk disclosures to be far too general, and of limited use to investors. Outside of companies in the ASX 200, there was very limited climate risk disclosure by listed companies.

ASIC encourages listed companies and their directors and advisors to:

- adopt a probative and proactive approach to emerging risks, including climate risk;
- develop and maintain strong and effective corporate governance which helps in identifying, assessing and managing risk;
- consider how best to comply with the law where it requires disclosure of material risks; and
- disclose meaningful and useful climate risk related information to investors – the voluntary framework developed by the Taskforce on Climate-related Financial Disclosures can assist in this regard.

ASIC commissioner John Price said:

'Climate change is a foreseeable risk facing many listed companies in the Australian market in a range of different industries. Directors and officers of listed companies need to understand and continually reassess existing and emerging risks (including climate risk) that may affect the company's business – for better or for worse.'

'Climate risk disclosure practices are still evolving, not only in Australia but also globally. We intend to monitor market practice as it continues to evolve and develop in this area.'

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