



<b>Committee</b>	Parliamentary Joint Committee on Corporations and Financial Services
<b>Inquiry</b>	Oversight of ASIC, the Takeovers Panel and the Corporations Legislation No.1 of the 46th Parliament
<b>Question No.</b>	18
<b>Topic</b>	Greenwashing
<b>Reference</b>	Written, 20 December 2022
<b>Committee member</b>	Senator Deborah O'Neill

### Question 1

Are the current policy settings, legislation and regulations appropriate and effective for greenwashing in Australia?

- If not, what reforms may be needed?
- Are there reforms overseas that are relevant to Australia?

### Question 2

In relation to the ASX's work on greenwashing to date:

- How effective is the ASX's work on greenwashing to date and do you have any suggestions for changes?
- Are there approaches that the ASX's peer organisations overseas are taking that the ASX should consider?

### Question 3

Australia has three statutory financial reporting bodies:

- the Financial Reporting Council (FRC);
- the Australian Accounting Standards Board (AASB); and
- the Australian Auditing and Assurance Standards Board (AUASB).

How effective is their work to date on greenwashing and are there any approaches being undertaken by their peer organisations overseas that should be considered in Australia?

### Answer – Questions 1-3

The legislative and policy settings relating to greenwashing in Australia is a matter for Treasury and the Government.

The Government has announced proposed reforms for the design and implementation of standardised, internationally-aligned requirements for disclosure of climate-related financial risks and opportunities in Australia: [More transparency and more investment in cleaner and cheaper energy | Treasury Ministers](#) and [Climate-related financial disclosure | Treasury.gov.au](#). The Government has indicated that an Australian climate risk disclosure framework will align with the standards being developed by the International Sustainability Standards Board. The Government has also tasked Treasury with developing a comprehensive sustainable finance strategy.

As a member of the Council of Financial Regulators' Working Group on Climate Risk, ASIC has been strongly encouraging entities to adopt actions to address climate-related risks for a number of years:

[Council of Financial Regulators Climate Change Activity Stocktake 2022 – Council of Financial Regulators \(cfr.gov.au\)](#)

ASIC has not undertaken any detailed analysis on the effectiveness of the ASX's work to date on greenwashing.

ASIC has observed varied approaches of market operators in other jurisdictions based on whether the climate-risk disclosure framework is led by the government or market operator.

The question of how effective the work of FRC, AASB and AUASB has been in respect of greenwashing should be directed to these statutory reporting bodies.

The Government has also announced proposed reforms to empower the AASB to deliver sustainability standards: [Empowering the AASB to deliver sustainability standards | Treasury.gov.au](#)

#### **Question 4**

Are there differences in how greenwashing compliance and enforcement is handled for different types of financial products, such as super, managed funds, ETFs, shares and bonds?

#### **Answer – Question 4**

ASIC [Information Sheet 271](#) (INFO 271) provides ASIC's regulated populations with information to assist them in complying with Australia's existing laws and avoiding misrepresenting the extent to which a financial product or investment strategy is environmentally friendly, sustainable or ethical. The principles in INFO 271 apply to responsible entities of managed funds, corporate directors of corporate collective investment vehicles (CCIVs), and trustees of registrable superannuation entities. The principles also apply to listed issuers of debt and equity.

ASIC has set up a sustainable finance hub to ensure a consistent and co-ordinated approach to consideration of greenwashing by our regulated populations.