

Why are carbon asset stranding risks invisible in corporate reports? Please discuss.

As part of the revisions to its Framework the Climate Disclosure Standards Board (CDSB) identifies options for addressing carbon asset stranding risks in mainstream corporate reports and invites comments.

CDSB has published a discussion paper that investigates why Carbon Asset Stranding Risks (CASRs) are almost invisible in corporate reports and proposes both amendments to existing legislation and new requirements to reporting laws, standards and practices. These changes are designed to encourage companies to account for and report in a way that enables investors and other users of mainstream corporate reports to identify, assess and respond to CASRs.

Notwithstanding the absence of relevant information, there are [clear signals](#) that investors are starting to recognize CASRs through divestment practice. The financial crisis of the 2000's has been partly attributed to off-balance sheet items and lack of transparency. Preserving the status quo whereby fossil fuel energy resources are sought, invested in, valued and listed on stock exchanges threatens not just environmental, but financial disaster.

Lois Guthrie, Executive Director of CDSB said:

“Given that the objective of financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors and that annual reports must be fair, balanced and understandable, it is time for reporting standards to be updated to require disclosures relating to the potential risks from carbon assets becoming stranded.

Mardi McBrien, Managing Director of CDSB said:

“We note the growing interest from policymakers on the carbon bubble, in the context of the build up to international climate change negotiations towards COP21 in Paris. This is matched by concern among investors that their portfolios may include stranded assets which are not being recognised under the current reporting regime. Our work is aimed at greater transparency and clarity in this area which will enable more informed investment decisions.”

CDSB works closely with the [Carbon Tracker Initiative](#) who made carbon risk issues real in capital markets.

The discussion paper is available at cdsb.net/CASR for public consultation from 29 April until 28 May 2014. CDSB welcomes all comments and input into the implementation of reporting CASRs in mainstream corporate reports.

Notes to editors

About CDSB

The Climate Disclosure Standards Board (CDSB) is a consortium of business and environmental organizations formed at the World Economic Forum's annual meeting in 2007. Its purpose is to jointly develop and advocate an international reporting framework for the integration of climate change and environmental information into mainstream corporate reports. The CDSB Secretariat is managed as a project of CDP (formerly the Carbon Disclosure Project) on behalf of the consortium of international business and environmental NGO's on CDSB's Board. For more information visit www.cdsb.net and follow us on twitter [@CDSBGlobal](https://twitter.com/CDSBGlobal).

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