

## **Australian Sustainable Finance Roadmap:**

A plan for aligning Australia's financial system  
with a sustainable, resilient and prosperous future  
for all Australians

**ACTION PLAN**



## 8. Action plan

### The Action Plan includes:

- actions that will only need to be undertaken once (e.g. establishment of ASFI as a permanent body) to establish or embed the necessary change; and
- actions that will need to be undertaken on an ongoing or regular basis (e.g. stress testing). The timeframes in the Action Plan refer to the timeframe within which it is recommended that the action is first implemented.

In many cases, action to enable implementation should begin immediately.

### Key for timeframes

|                       |  |
|-----------------------|--|
| Short-term 2021–2022  |  |
| Medium-term 2023–2025 |  |
| Long-term 2026–2030   |  |

Where action is required by multiple financial system participants, the recommended lead is highlighted in **blue**. For actions where it is proposed that ASFI would lead, ASFI is **bolded**.

| Recommendation   | Action required by: | Financial institutions | Financial regulators | Government | Others   | Short-term | Medium-term | Long-term |
|--|---------------------|------------------------|----------------------|------------|--|------------|-------------|-----------|
| <b>EMBEDDING SUSTAINABILITY IN LEADERSHIP</b>  |                     |                        |                      |            |  |            |             |           |
| <b>1</b> Lead accountability for sustainability from board level   |                     | ■                      |                      |            |  |            |             |           |
| Integrate sustainability into purpose, corporate strategy, risk management frameworks, remuneration structures and organisational culture  |                     | ■                      |                      |            |  |            |             |           |
| Manage and measure impact of activities on others  |                     | ■                      |                      |            |  |            |             |           |
| <b>2</b> Build the necessary skills and capabilities by:   |                     |                        |                      |            |  |            |             |           |
| <ul style="list-style-type: none"> <li>working with existing industry training organisations to deliver new skills and training in sustainable finance across all levels of an organisation</li> </ul> |                     | ■                      | ●                    | ◆          | i. Industry Training Organisations<br>ii. Industry bodies<br>iii. Accounting and Auditing bodies |            |             |           |
| <ul style="list-style-type: none"> <li>supporting the establishment of university-hosted centres for sustainable finance</li> </ul>  |                     | ■                      |                      |            | Universities   |            |             |           |
| <ul style="list-style-type: none"> <li>working with the Australian university sector to ensure that core curriculum for all finance and related discipline degrees includes sustainability</li> </ul>  |                     | ■                      |                      |            | Universities   |            |             |           |
| <ul style="list-style-type: none"> <li>developing strategic skills partnerships with experts outside of financial institutions to build mutual understanding</li> </ul>                                |                     | ■                      |                      |            | i. Research organisations<br>ii. Universities  |            |             |           |
| <b>3</b> Build inclusive corporate cultures that facilitate and protect employees to speak up  |                     | ■                      |                      |            |  |            |             |           |
| Support industry-funded employee codes   |                     | ■                      |                      |            | Industry bodies  |            |             |           |

| Recommendation                           | Action required by:  | Financial institutions | Financial regulators | Government                   | Others   | Short-term | Medium-term | Long-term |
|--|--|------------------------|----------------------|------------------------------|--|------------|-------------|-----------|
|  |  |                        |                      |                              |  | →          | →           | →         |
| 4  | Align remuneration structures with sustainable long-term value creation  | ■                      |                      |                              |  | →          | →           |           |
|  | Consider embedding sustainability targets into remuneration and incentive practices, and rewarding for sustainability performance and leadership   | ■                      |                      |                              |  | →          | →           |           |
| 5  | Establish the Australian Sustainable Finance Initiative as a permanent body  | ■                      | ●                    | ◆                            | i. Industry bodies<br>ii. Civil society representatives<br>iii. Other relevant initiatives (e.g. CMSI)       | →          |             |           |
|  | Establish special projects and forums consistently with legal obligations of all participants (including competition laws) as a mechanism to provide guidance on implementation of the Roadmap |                        |                      |                              | ASFI   | →          | →           |           |
| 6  | Establish a First Peoples Financial Services Office led by an Aboriginal or Torres Strait Islander person  | ■                      |                      |                              | i. ASFI<br>ii. Indigenous representative organisations   | →          | →           |           |
| 7  | Work to codify the principle of free, prior and informed consent in decisions made by financial institutions   | ■                      |                      |                              | ASFI   | →          | →           |           |
| 8  | Establish international partnerships to support the implementation of the Australian Sustainable Finance Roadmap   | ■                      | ●                    | ◆                            | i. ASFI<br>ii. Relevant international initiatives  | →          | →           |           |
| INTEGRATING SUSTAINABILITY INTO PRACTICE |  |                        |                      |                              |  |            |             |           |
| 9  | Establish a key project to explore the implementation of a sustainable finance taxonomy in Australia   | ■                      | ●                    | ◆                            | i. ASFI<br>ii. Legal experts<br>iii. Industry experts<br>iv. Technology experts<br>v. Sustainability experts | →          | →           |           |
| 10                                       | Join the International Platform on Sustainable Finance   |                        |                      | ◆<br>(Australian Government) |  | →          | →           |           |
| 11                                       | Financial institutions with annual consolidated revenue of more than \$100m report according to TCFD recommendations by 2023 on an 'if not, why not' basis                                     | ■                      | ●                    |                              |  | →          | →           |           |
| 12                                       | All ASX-listed companies, beginning with the ASX 300, report according to TCFD recommendations by 2023 on an 'if not, why not' basis   | ■                      | ●                    |                              | i. ASX<br>ii. ASX300 companies   | →          | →           |           |
|  | Develop guidance to support TCFD-aligned reporting by ASX-listed entities.   |                        | ●                    |                              | i. ASX   | →          | →           |           |
| 13                                       | Develop guidance to support TCFD-aligned reporting by financial institutions   | ■                      |                      |                              | i. ASFI<br>ii. CMSI<br>iii. Other relevant stakeholders  | →          | →           |           |
| 14                                       | Play a leadership role in the development of the TNFD by:  |                        |                      |                              |  |            |             |           |
|  | • funding research that supports TNFD's working groups.  | ■                      |                      | ◆                            |  | →          | →           |           |
|  | • engaging in the process to develop the TNFD reporting framework  | ■                      |                      |                              |  | →          | →           |           |

| Recommendation | Action required by:   | Financial institutions           | Financial regulators | Government | Others  | Timeline   |             |           |
|----------------|---|----------------------------------|----------------------|------------|---|------------|-------------|-----------|
|                |   |                                  |                      |            |   | Short-term | Medium-term | Long-term |
|                | <ul style="list-style-type: none"> <li>establishing, through ASFI, an Australian project to develop guidance for nature-related financial disclosures aligned to Australia's biodiversity challenges</li> </ul> | ■                                |                      | ◆          | i. ASFI<br>ii. Research organisations<br>iii. Academics<br>iv. Biodiversity experts<br>v. Professional bodies | →          |             |           |
| 15             | Mandate sustainability reporting and assurance for listed entities and for unlisted assets that are wholly owned by financial institutions  |                                  | ●                    | ◆          | i. ASX<br>ii. Listed companies<br>iii. Unlisted assets (wholly owned by financial institutions)               | →          |             |           |
|                | Work to align with international developments in relation to comprehensive corporate reporting  | ■                                | ●                    | ◆          | i. Professional bodies<br>ii. Non-financial institutions  | →          |             |           |
| 16             | Undertake scenario analysis and stress test the institution's resilience to physical and transition risks from climate change   | ■                                |                      |            |   | →          |             |           |
|                | Create an industry-led stress-testing framework   | ■<br>(building off work of CMSI) |                      |            |   | →          |             |           |
|                | Expand scenario analysis and stress tests to include other sustainability-related impacts, for example, biodiversity loss   | ■                                | ●                    |            |   | →          |             |           |
|                | Develop guidance on best practice approaches to conducting stress tests that is relevant for financial institutions of different sizes  | ■                                | ●                    |            | ASFI  | →          |             |           |
| 17             | APRA expands its vulnerability assessments to include fit-for-purpose assessments for small and medium financial institutions across Australia, as well as the superannuation and insurance sectors             | ■                                | ●                    |            |   | →          |             |           |
| 18             | Value environmental and social externalities  | ■                                |                      |            |   | →          |             |           |
|                | Facilitate compilation of national- and state- level data sets by developing general principles and guidance to allow financial system participants to measure and assess multiple capitals                     | ■                                |                      | ◆          |   | →          |             |           |
| 19             | Work with Australia's financial system regulators on an ongoing basis to embed sustainability into regulatory guidance and standards to drive system-wide practice  | ■                                | ●                    |            | ASFI  | →          |             |           |
| 20             | Drive best practice for the benefit of the whole of the Australian economy and society, including by:   |                                  |                      |            |   |            |             |           |
|                | <ul style="list-style-type: none"> <li>embedding sustainability into outsourcing and procurement practices</li> </ul>   | ■                                |                      |            |   | →          |             |           |
|                | <ul style="list-style-type: none"> <li>embedding sustainability information into products and services for households and businesses</li> </ul>   | ■                                |                      |            |   | →          |             |           |
| 21             | Develop stewardship codes   | ■                                |                      |            | Industry bodies   | →          |             |           |

| Recommendation | Action required by:  | Financial institutions                  | Financial regulators | Government                   | Others  | Short-term | Medium-term | Long-term |
|----------------|--|---|----------------------|------------------------------|---|------------|-------------|-----------|
|                |  | ENABLING RESILIENCE FOR ALL AUSTRALIANS |                      |                              |   |            |             |           |
| 22             | Support the establishment of community finance that can be accessed by place-based groups as part of a place-based community resilience strategy   | ■                                       |                      | ◆<br>(Local government)      | i. Community organisations<br>ii. Social enterprises and intermediaries | →          | →           | →         |
| 23             | Develop income and revenue contingent loans  |   |                      | ◆<br>(All levels)            |   | →          | →           | →         |
| 24             | Establish Financial Inclusions Action Plans  | ■                                       |                      |                              |   | →          | →           | →         |
|                | Review current practices and design of products and services to embed financial inclusion  | ■                                       |                      |                              |   | →          | →           | →         |
| 25             | Consistent with applicable laws and regulations, measure and report on:  | ■                                       |                      |                              |   |            |             |           |
|                | • financial distress for households  | ■                                       |                      |                              |   | →          | →           | →         |
|                | • financial outcomes for Indigenous customers  | ■                                       |                      |                              |   | →          | →           | →         |
| 26             | Collaborate to support networks, programs and initiatives that build individual and community financial capability   | ■                                       | ●                    | ◆                            | i. Industry bodies<br>ii. Relevant civil society organisations          | →          | →           | →         |
| 27             | Support the development of labelling standards that provide consumers with access to consistent labelling and disclosure of the sustainability of products to provide clarity on quality of products and how sustainability is considered and managed within products              | ■                                       |                      |                              |   | →          | →           | →         |
| 28             | Enable Australians to make financial decisions based on their values and sustainability preferences, including:  |   |                      |                              |   |            |             |           |
|                | • ensuring financial advisers (human and robot), superannuation funds, accountants and platforms consider the sustainability preferences of consumers, including through use of a standard set of sustainability preference questions  | ■                                       |                      |                              | Relevant standards bodies   | →          | →           | →         |
|                | • for ASIC to consider strengthening its Regulatory Guide 65 to facilitate meaningful disclosures on the extent to which product issuers disclose whether and how labour standards, environmental, social or ethical considerations are taken into account for investment products |   | ●                    |                              |   | →          | →           | →         |
|                | • for trustees of registrable superannuation entities and responsible entities of other publicly available funds to voluntarily disclose their portfolio holdings within 90 days of each half year   | ■                                       |                      |                              |   | →          | →           | →         |
|                | • collaborating to develop best practice guidelines for the disclosure of portfolio holdings by superannuation entities and other publicly available funds   | ■                                       |                      |                              |   | →          | →           | →         |
|                | • passing regulations to prescribe the content and format of disclosure of portfolio holdings by superannuation entities   |   |                      | ◆<br>(Australian Government) |   | →          | →           | →         |
| 29             | Develop best practice principles to guide product design, delivery and disclosure to drive sustainable and community-focused outcomes  | ■                                       |                      |                              | ASFI  | →          | →           | →         |
| 30             | Support the development and implementation of an Australian-focused well-being framework   |   |                      | ◆                            |   | →          | →           | →         |

| Recommendation                       | Action required by:  | Financial institutions | Financial regulators | Government   | Others  | Short-term | Medium-term | Long-term |
|--------------------------------------|--|------------------------|----------------------|--|---|------------|-------------|-----------|
| BUILDING SUSTAINABLE FINANCE MARKETS |  |                        |                      |  |   |            |             |           |
| 31                                   | Establish interim science-based targets and trajectories that will support individual financial institutions to make net-zero-aligned decisions  | ■                      |                      |  | i. ASFI<br>ii. Climate experts<br>iii. Academia | →          |             |           |
| 32                                   | Work collaboratively to support development of a sustainable capital market by:  |                        | ●                    |  |   |            |             |           |
|                                      | • working with financial system regulators to develop guidance for financial institutions on treatment of green and resilience or sustainable assets related to risk weightings and capital treatment of such assets | ■                      | ●                    |  |   | →          |             |           |
|                                      | • removing roadblocks to commercialising impactful technologies and developing investment models that align with liquidity requirements of financial system participants   | ■                      |                      | ◆  |   | →          |             |           |
|                                      | • working with financial system regulators in developing guidance on sustainable benchmarks and indices  | ■                      | ●                    |  |   | →          |             |           |
|                                      | • supporting sustainability-focused businesses across the Asia-Pacific region to raise capital and issue bonds through Australia's capital markets   | ■                      |                      | ◆  | ASX   | →          |             |           |
|                                      | • supporting sustainability-focused Asia-Pacific businesses to list on ASX or other Australian stock exchanges   | ■                      |                      | ◆  | ASX   | →          |             |           |
| 33                                   | Produce a regular report that considers whether Australia's sustainable finance markets are functioning efficiently to support the delivery of net zero emissions by 2050, consistent with science-based targets     | ■                      |                      |  | ASFI  | →          |             |           |
| 34                                   | Work collaboratively to promote climate risk mitigation efforts and to ensure buildings are disaster resilient by:   |                        |                      |  |   |            |             |           |
|                                      | • implementing a framework for assessing the cost of mitigation investment that factors in the broader social costs and benefits   | ■                      |                      | ◆  | Relevant industry bodies                        | →          |             |           |
|                                      | • supporting, through credit guarantees and other measures, banks/lenders to lend for mitigation retrofits through issuance of resilience bonds  | ■                      |                      |  |   | →          |             |           |
|                                      | • supporting household-level risk mitigation for owners and renters through education and incentives for those who cannot afford to implement retrofitting   | ■                      |                      | ◆  | Relevant industry bodies                        | →          |             |           |
| 35                                   | Work collaboratively to support development of sustainability impact and resilience markets including natural capital, carbon, impact investment and climate mitigation and adaptation, with a focus on:             |                        |                      |  |   |            |             |           |
|                                      | • building market architecture through the establishment of common platforms for information disclosure, trading and intermediary services with strong governance rules and enforcement                              | ■                      |                      | ◆<br>(Australian, State and Territory governments) |   | →          |             |           |
|                                      | • development of standardised documentation and support for credit guarantees and other measures that reduce the risk of financing and investing   | ■                      |                      |  | Foundations / philanthropists                   | →          |             |           |
|                                      | • developing social enterprises and impact investments that focus on Asia-Pacific countries  | ■                      |                      | ◆  | Foundations / philanthropists                   | →          |             |           |

| Recommendation | Action required by:  | Financial institutions | Financial regulators | Government                 | Others  | Short-term | Medium-term | Long-term |
|----------------|--|------------------------|----------------------|----------------------------|---|------------|-------------|-----------|
|                |  |                        |                      |                            |   |            |             |           |
| <b>36</b>      | Support the formation of an independent Social Impact Investment wholesaler for Australia  | ■                      |                      | ◆                          |   |            | →           |           |
| <b>37</b>      | Finance the development and regeneration of real assets, including infrastructure and property (housing, industrial and commercial) through:   |                        |                      |                            |   |            |             |           |
|                | • aligning Australia's Infrastructure Priority List produced by Infrastructure Australia with the objective of achieving net zero emissions by 2050  |                        |                      |                            | Infrastructure Australia                                      |            | →           |           |
|                | • efficient and streamlined regulatory requirements for investment into essential assets   |                        |                      | ◆                          | Relevant regulators   |            | →           |           |
|                | • working with AEMO, AEMC, AER, ESB and the COAG Energy Council to expedite an actionable Integrated System Plan   | ■                      |                      | ◆<br>(COAG Energy Council) | AEMO, AEMC, AER, ESB  |            | →           |           |
|                | • developing infrastructure investment across the Asia-Pacific region that is focused on delivering social and environmental outcomes  | ■                      |                      | ◆                          |   |            | →           |           |
|                | • integrating ESG into the investment decision-making process for new infrastructure projects, and for expansions to existing assets, using broadly accepted standards and frameworks relevant to the specific category of infrastructure assets   | ■                      |                      | ◆                          |   |            | →           |           |
|                | • using a national rating scheme for the energy performance of homes, such as NatHERS, and establishing mandatory disclosure of performance at the point of sale and lease   | ■                      |                      | ◆                          | Relevant industry bodies                                      |            | →           |           |
|                | • supporting an industry approach to adopt the three major rating tools (NABERS, Green Star and ISCA's Infrastructure Sustainability rating scheme) as measurement benchmarks and minimum standards for new and existing assets to become more climate change resilient and socially responsible | ■                      |                      |                            | Relevant industry bodies                                      |            | →           |           |
|                | • integrating built environment ratings into consumer and business lending and investment valuations, including infrastructure projects  | ■                      |                      | ◆                          | Relevant industry bodies                                      |            | →           |           |
|                | • working with stakeholders to update the National Construction Code so that future residential properties are built to be resilient to climate change and broader climate and geological risks and ensure energy efficiency as well as use of sustainable materials                             | ■                      |                      | ◆                          | i. Australian Building Codes Board<br>ii. Construction sector |            | →           |           |



**Read the full report at  
[sustainablefinance.org.au/roadmap](https://sustainablefinance.org.au/roadmap)**

*Please refer to full report for Disclaimer.*

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