

MEDIA RELEASE
21 APRIL 2023

Government to back ASFI-led Australian Sustainable Finance Taxonomy

The Australian Sustainable Finance Institute (ASFI) welcomes the Government's decision to co-fund ASFI to lead the development of an Australian sustainable finance taxonomy. The taxonomy will provide a common standard for 'sustainable' finance, channelling more capital to support Australia's climate transition and achieve Australia's emissions targets.

The announcement follows the release of ASFI's paper last month "[Designing Australia's sustainable finance taxonomy](#)" which established broad consensus for a science-based, useable and internationally inter-operable taxonomy. ASFI has worked with members and stakeholders across the finance industry, who have made significant contributions to this project since its inception in May 2022.

ASFI CEO Kristy Graham says:

"ASFI welcomes the Government's commitment to support the development of an Australian sustainable finance taxonomy that builds on the work and progress that ASFI, with the expertise and backing of the finance sector, has led to date."

"The absence of a sustainable finance taxonomy in Australia has been a significant barrier to investment in climate solutions, including clean energy, in Australia. We're pleased to be working closely with government to start the development of an Australian taxonomy which will help to channel additional capital towards the climate transition. The Treasurer's announcement today is a significant step forward, and an example of how government-industry collaboration can support a stronger, more prosperous and more sustainable Australia."

Further details on the next phase of the taxonomy project are available on ASFI's website (<https://www.asfi.org.au/taxonomy>).

Federal Treasurer Jim Chalmers made this announcement at the Treasurer's Investor Roundtable today, which brought together CEOs from Australia's leading banks, superannuation funds and global asset managers to discuss barriers and opportunities for investing in clean energy.

ASFI also welcomes complementary announcements on sustainable finance from the Treasurer's Roundtable including the introduction of a Sovereign Green Bonds program and the expansion of the Nationwide House Energy Rating Scheme to existing homes, including the work with banks to pilot a number of programs that will support homeowners to upgrade the energy performance of their homes.

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Kristy Graham said “The Government’s announcement on their Sovereign Green Bonds program will no doubt be warmly welcomed by the market and demonstrates government commitment to supporting the growth and integrity of green capital markets in Australia”

And regarding the residential energy performance announcements “The Government’s announcements today are a good first step to unlocking finance for home upgrades – reducing emissions and energy bills” said Kristy Graham.

We look forward to continuing to work with the Government as it continues to develop its broader sustainable finance agenda over coming months.

Industry quotes:

Kristian Fok, Acting CEO, Cbus

“A sustainable finance taxonomy will help investors to allocate more capital to the climate transition in Australia. Increasing investment in clean energy is a critical component of Australia’s energy transition, but transition is broader than the energy sector. An Australian Sustainable Finance Taxonomy that has broad sectoral coverage and draws on the expertise across the finance sector, climate science, government and indigenous perspectives as outlined by government today will help to unlock significant additional capital and we look forward to continuing to support ASFI in its work with government on this”.

Deanne Stewart, CEO, Aware Super

“We’re pleased to see the Government supporting development of a sustainable finance taxonomy. This is an important step toward creating the common standards and certainty that are required to scale up institutional investment in the energy transition”.

Mark Whelan, Group Executive, Institutional, ANZ

“We welcome today’s announcements, particularly around plans for sovereign green bond issuance, which will help drive further development of green, social and sustainable lending and bond markets in Australia. This will also better align us with overseas markets, giving certainty to onshore and offshore borrowers and investors while unlocking much-needed capital for green and social initiatives.”

Charles Davis, Managing Director Sustainable Finance and ESG, Commonwealth Bank

“CBA welcomes the announcement today that Government will work through ASFI with the finance sector on the rapid development of the Australian sustainable finance taxonomy, building on the work ASFI has done to date. We look forward to the development and implementation of a credible, useable and internationally inter-operable taxonomy with broader sectoral coverage and see this as an important tool to mobilise finance for Australia’s transition.”

Sonya Sawtell-Rickson, HESTA CIO

The Government’s support for the development of this taxonomy will help unlock the vital investor capital necessary to support Australia’s low-carbon transition. Establishing a sustainable finance taxonomy can support long-term investors like super funds better price risk and identify opportunities to invest more in Australia’s transition. That’s going to help us to continue to deliver strong, long-term returns for members, while creating jobs and economic growth from the transition to a low carbon future.

Explainer: What is a taxonomy

A sustainable finance taxonomy is a set of definitions of activities or assets that are considered sustainable, and which can be used to define sustainable investments credibly and transparently. Taxonomies help to make it easier to identify opportunities, to create sustainable assets and activities and guide capital to support the achievement of Australia’s climate, environmental and social objectives. They also provide the finance sector with confidence and assurance of

sustainability claims, enabling comparability between investment products and portfolios and reducing transaction costs.

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