



# Annual Report July 2021 - December 2022

Australian Sustainable Finance Institute | February 2023





# Acknowledgement of Country

The Australian Sustainable Finance Institute acknowledges that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, the oldest continuing culture in human history.

We pay respect to Elders past and present, and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

There is no meaningful conversation about sustainability, including sustainable finance, without proper recognition and understanding of the people who lived so carefully, consciously and abundantly, in relationship to these places. There is no 'just transition' without Indigenous peoples at its heart.

We reflect on the continuing impact of ASFI and our community, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families, and communities, towards improved economic, social and cultural outcomes.

# Welcome

## From the Chair

No individual organisation or sector can make the system-wide changes required to create a sustainable financial system alone.

This is one reason I am incredibly proud to be the inaugural Chair of ASFI, and to be able to support ASFI's work to shift the financial system so that it supports a more sustainable, resilient and inclusive Australia. Our work, done in partnership with financial institutions, industry organisations, think tanks, government, financial regulators and universities has shown the benefits of collaboration to achieve systems level change on sustainability issues. The critical role of the finance sector in achieving Australia's climate, environmental and social goals has never been more apparent.

ASFI has received tremendous support for its mission and approach, from its members and from leading industry bodies, policy organisations, regulators and government, both State and Federal. In just over 12 months, we have established strong partnerships and delivered key projects on an Australian Sustainable Finance Taxonomy, nature-related disclosures and taken stock of progress against the implementation of the Australian Sustainable Finance Roadmap.

*While it's clear much work remains, there has been very promising progress on sustainable finance in Australia over the last 12 months, and ASFI has played a critical role in that.*

*I look forward to continuing to work with others across the financial system to achieve ASFI's vision for a sustainable, resilient, and inclusive Australian financial system for the benefit of all Australians.*



**Kristian Fok**  
ASFI Chair



## From the CEO

The establishment of ASFI as a permanent organisation to drive implementation of the Australian Sustainable Finance Roadmap could not have happened at a more opportune time. Against a backdrop of significant and growing commitments by Australian financial institutions to net zero, increasing awareness of nature-related risks and opportunities and international developments on sustainable finance and policy accelerating rapidly, 2022 was a year of significant progress on the sustainable finance agenda in Australia.

Established by 21 founding members from across investment, banking, insurance and financial services, ASFI has grown to 30 members with many other financial services organisations involved in our work. ASFI also enjoyed strong support and partnership from other industry organisations, financial regulators, universities and government, with our Advisory Committee demonstrating the value of bringing together a whole of finance sector perspective to accelerate the growth and credibility of sustainable finance in Australia.

By bringing the perspective of large financial institutions, who are committed to doing more on sustainable finance into policy discussions, and helping financial institutions to navigate the rapidly changing policy and regulatory environment in this area, ASFI has started to bridge the gap between policy and finance.

During 2022, ASFI worked with a range of organisations and built strong working relationships with equivalent organisations internationally, including the NZ Centre for Sustainable Finance, the Canadian Sustainable Finance Action Council, the Sustainable Finance Institute Asia and the UK Green Finance Institute. These partnerships have been invaluable to our work, ensuring we're learning the lessons from other jurisdictions that are further along on sustainable finance, and enabling interoperability of the rapidly evolving policy and regulatory architecture.

Our work program during 2022 was intentionally targeted as we continued to build out our team, established strong organisational partnerships and focused on projects that would move the dial on the sustainable finance agenda.

There were significant opportunities that emerged during the course of the year, and our government engagement and policy work expanded significantly during the course of 2022, culminating in an ASFI hosted event, where we heard the announcement by the Treasurer, the Hon. Jim Chalmers MP, that the Australian Government would develop an Australian Sustainable Finance Strategy, including an enhanced climate disclosure regime and an Australian Sustainable Finance Taxonomy. This was strongly welcomed by 18 ASFI members, and 4 additional industry organisations through a Joint Statement on Accelerating Sustainable Finance.

*Our work on the Australian Sustainable Finance Taxonomy project was also a standout, with broadly supported recommendations for the framework, process and governance for an Australian Taxonomy being released at the end of 2022. This work is shaping Australian Government thinking on how to develop and implement a Taxonomy in Australia, something the Treasurer committed to in December, and exemplifies how government can work in partnership with the finance sector on this agenda.*

Our inaugural Australian Sustainable Finance Summit was another success, bringing together participants from right across the finance sector to connect, learn and engage on the sustainable finance agenda. The launch of the annual Progress Tracker report at the Summit highlighted that while momentum is building, there remains significant work to do across financial institutions, government, regulators and the system to achieve the ambitions of the Roadmap.

2023 will be a year to transform momentum into progress, with strong government engagement providing tailwinds to the work that the finance sector has already started. However, the actions and activities of Australian financial institutions will significantly determine Australia's ability to meet our climate goals, regenerate our natural capital, and sustain a healthy, prosperous, and inclusive society.

As ASFI gears up to capitalize on the opportunities of 2023, I look forward to seeing progress on sustainable finance that will unlock outcomes on critical issues like climate and biodiversity, but also a broadening of the sustainable finance agenda to include First Nations rights, perspectives and outcomes and social impact.

I look forward to what promises to be an exciting year for sustainable finance in Australia, and to working in collaboration to achieve more.



**Kristy Graham**  
ASFI CEO

## About ASFI

*The Australian Sustainable Finance Institute's (ASFI) mission is to align the Australian financial system with a sustainable, resilient and inclusive Australia. We do this by coordinating, facilitating and driving implementation of the Australian Sustainable Finance Roadmap.*

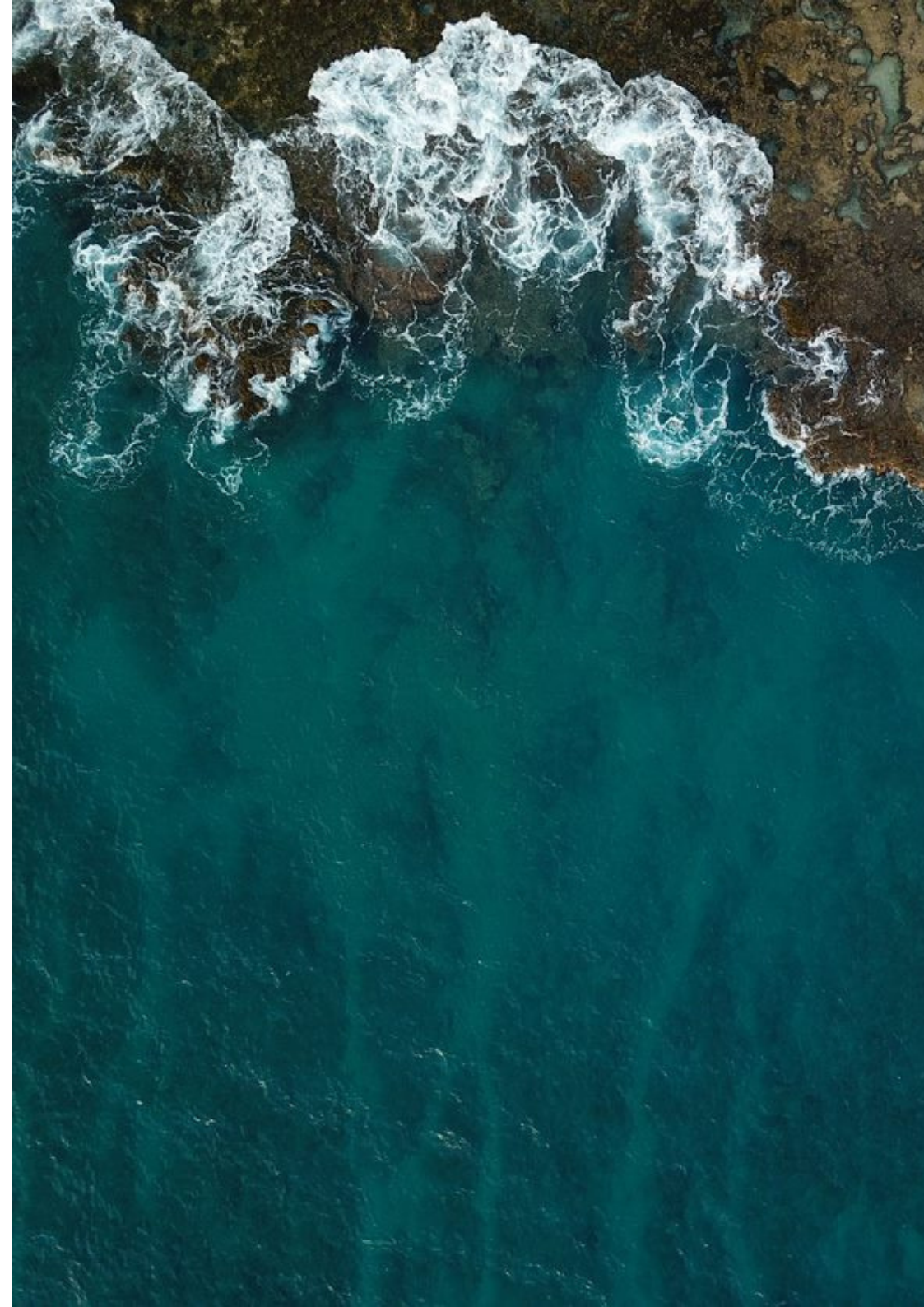
ASFI's creation followed an unprecedented collaborative effort by 140 representatives from across the Australian finance sector, civil society, academia, financial regulators and Government to create the Australian Sustainable Finance Roadmap.

Released in November 2020, the Roadmap sets out 37 recommendations to realign the Australian financial system by 2030, to support a more resilient, sustainable and prosperous future for all Australians.

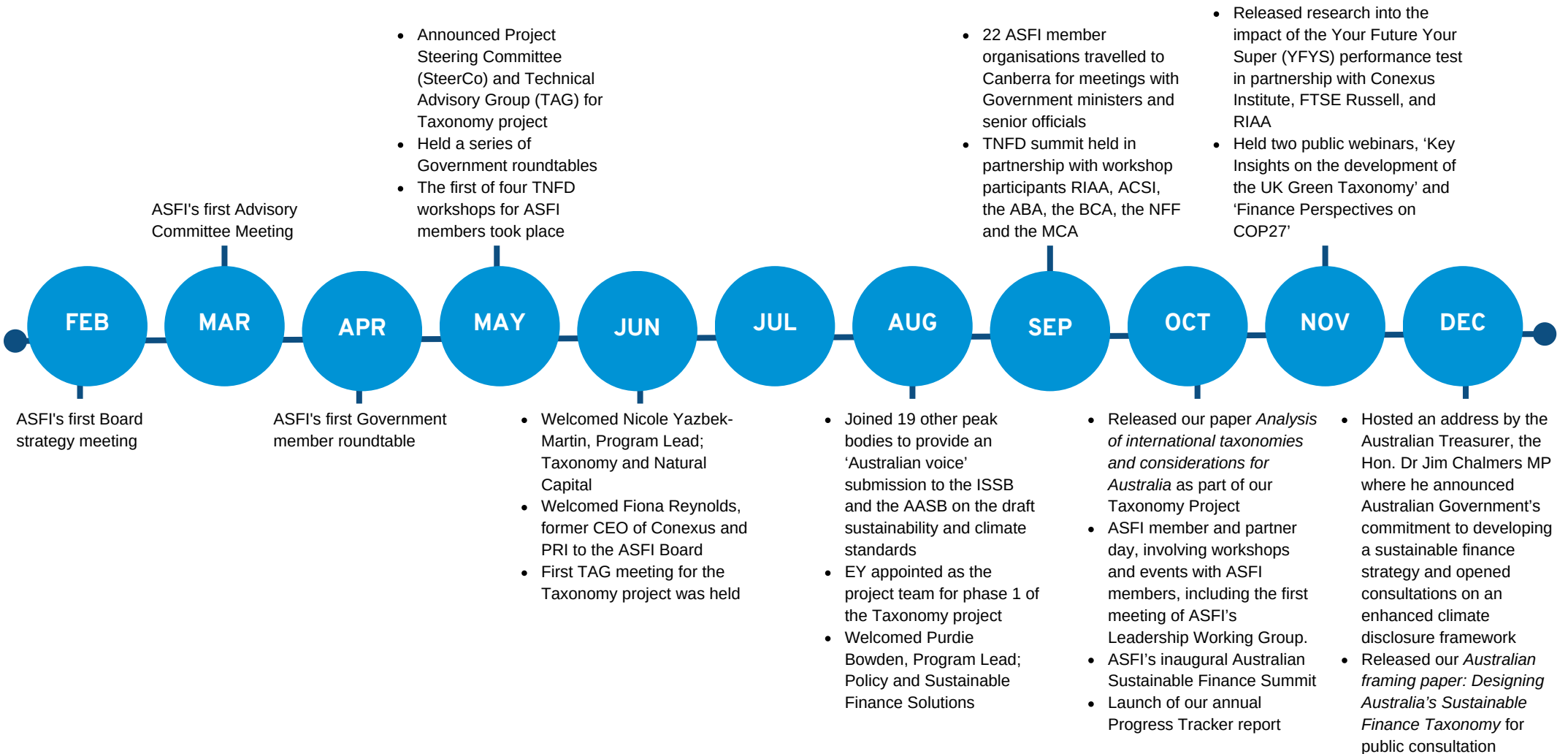
ASFI was established in July 2021 to coordinate and drive Roadmap implementation, working collaboratively across the financial sector, government, regulators, civil society and academia. Our members are Australian banks, asset owners, asset managers, insurers and financial services companies who are committed to ASFI's vision and willing to contribute to sustainable and impactful solutions.

At ASFI we:

- **Collaborate to achieve more:** We work across organisational, industry and sectoral boundaries to enable greater progress. We care about others and their success, supporting and amplifying it.
- **Know sustainable finance:** We have and continue to grow our expertise and networks in sustainable finance in Australia and globally. We take an analytical, evidence-based approach to our work, we are non-partisan and we are not a lobby group.
- **Are open and inclusive:** We value diversity in experience, perspective and background and recognise the benefits this brings for individuals, organisations and our work. We value the perspectives, expertise and knowledge of First Nations Peoples.
- **Are committed and adaptable:** Systems change is challenging, and we know there will be set backs and course corrections along the way. We are willing to roll up our sleeves and make things happen.
- **Continually improve:** We set stretch goals for ourselves, admit honestly when we make mistakes and are committed to continual improvement. We have the courage to try new things and innovate



# 2022 Year in Review



# Annual ASFI Scorecard



## 50%

growth in membership  
growing to 32  
members



## 414

media mentions with a  
reach of **224M** and over  
**46,000 page views** to  
our website

## 15

ASFI hosted member  
engagements with  
Federal Government  
regulators, think tanks  
and international and  
national pioneers in  
sustainable finance



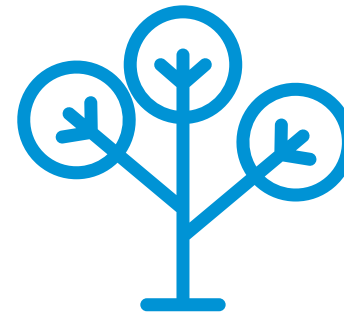
## 250

attendees at our  
inaugural  
Australian  
Sustainable  
Finance Summit



## 25

ASFI events in 2022  
and presented at 16  
more industry events



## 1st

phase of the  
Australian  
Sustainable Finance  
Taxonomy project  
near completion



Members highlighted our  
**events & government  
engagement** as providing a  
**high level of value** in 2022.



Panel address with the  
Hon. Dr Jim Chalmers MP,  
Treasurer of Australia  
Accelerating sustainable finance

## ASFI CEO event with the Australian Treasurer

*In December 2022, ASFI hosted the Australian Treasurer, the Hon. Dr Jim Chalmers MP, at a CEO-level event, where he announced that the Australian Government will strengthen climate risk reporting and develop a sustainable finance strategy.*

*ASFI Members from across the banking, asset owner, asset manager and insurance sectors issued a joint statement on Accelerating Sustainable Finance. The statement endorsed the Treasurer's announcements and affirmed their own commitment to supporting sustainable finance in Australia.*

*These outcomes were the culmination of ASFI's close and consistent engagement with Government throughout 2022.*



# 2022 Key Priorities

Australian Sustainable Finance Taxonomy



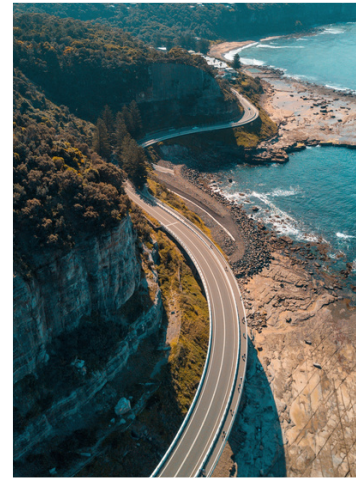
Natural Capital and Nature-related Disclosures



Leadership



Annual Roadmap Implementation Report (Progress Tracker)



Government Engagement



# Australian Sustainable Finance Taxonomy

## Key Achievements

- The establishment of ASFI's Project Steering Committee (SteerCo), to provide strategic guidance for the project.
- The establishment of the Technical Advisory Group (TAG), which has provided technical advice on the development of a Taxonomy.
- Developed strong working relationships with our international counterparts, regulators and governments in Canada, the EU, Singapore, ASEAN, UK and NZ.
- Partnered with the European Union, through the EU Climate Dialogue to deliver a series of four engagements on taxonomies and sustainable finance regulation, two of which were delivered in 2022.
- Hosted 2 public webinars showcasing international taxonomy development in the UK and ASEAN to build Australian capability on international taxonomies.
- The release of ASFI's first Sustainable Finance Taxonomy paper *Scoping of International Taxonomies*.
- Australian Government announcement of support and leadership in the development of an Australian Sustainable Finance Taxonomy.
- The release of our paper *Australian framing paper: Designing Australia's Sustainable Finance*

ASFI's key priority for 2022 has been to work towards the development of an Australian Sustainable Finance Taxonomy. Both solutions and capital are required to support the transition to a net zero economy. Sustainable finance taxonomies are a set of common definitions for sustainable economic activities. These can then be used to define sustainable investments credibly and transparently.

In 2022, building on work done on sustainable finance taxonomies internationally, including by the EU, the Common Ground Taxonomy, Japan and in Singapore, this project has worked with experts and stakeholders across the Australian financial system to determine what a sustainable finance taxonomy should look like in Australia to ensure international credibility and inter-operability while reflecting the Australian economy and context.

It has sought to coordinate with the development of taxonomies in other jurisdictions, for example New Zealand and Canada. In addition to industry support, this work has had strong support from Treasury and the Council of Financial Regulators (CFR 2021), recognising the risks to Australia and our financial system if we are not actively shaping emerging international norms in this area to suit Australia's interests.

## Scoping of International Taxonomies paper

This paper compares taxonomy frameworks used in 13 jurisdictions internationally with similar needs and economic composition to Australia and draws out lessons to inform the development of an Australian taxonomy. At the time of writing this report, 12 taxonomies were in place, and 15 were under development globally – collectively representing more than 55 per cent of global GDP.

Key findings from the report include:

- Several jurisdictions are actively seeking to use taxonomies to facilitate an orderly and just transition to a sustainable economy and track progress through reporting and disclosure.
- The need for guidance to allocate capital to credible transition activities is emerging as a key driver in the development of taxonomies internationally and in Australia.
- All jurisdictions consulted have emphasised the need to ensure the taxonomy is science-based and credible.
- International interoperability can be achieved while accounting for Australia's unique economic circumstances and starting position.

You can find the report [here](#).

## Australian Framing Paper: Designing Australia's Sustainable Finance Taxonomy

This paper provides recommendations on the design of an Australian sustainable finance taxonomy, and the roadmap and timeline for its immediate development. The paper is informed by stakeholder consultation, the Australian economic and environmental context and insights gained through the development of the taxonomy project's Scoping paper of international taxonomies.

The key recommendations include:

- The development and implementation of an Australian taxonomy should be guided by the core principles of credibility, usability, interoperability, prioritisation, and impact.
- The taxonomy should be underpinned by internationally recognised, credible, science-based technical screening criteria.
- Australia should include a transition category based on a transparent methodology and adopt a traffic-light colour coding framework to communicate and distinguish between green activities, transition activities and excluded activities.
- Australia should develop "do no significant harm" criteria that meets our unique needs, including standards for respecting Indigenous rights and heritage.
- A robust, transparent governance model should be adopted for the development of the taxonomy with joint leadership and commitment from Government and the financial sector to safeguard and prioritise scientific integrity and ensure market credibility and usability.
- To assist with addressing greenwashing, reporting on taxonomy alignment should be mandatory where users are seeking to make claims around the sustainability objectives covered by the Taxonomy.
- Australia should cover all key sustainability objectives. However, recognising that climate change mitigation is the most urgent priority and should be prioritised first, with the view to incorporating the other environmental and social criteria over time in accordance with the core design principles.

This paper was published as a draft for public consultation until 17 February 2023. You can find the full report and further information about the consultation process on our [website](#).

## International Taxonomy Engagement

### *EU and Australian Sustainable Finance Taxonomy Dialogue*

ASFI and Climate KIC partnered with the support of the European Union Climate Dialogue to present the European Union-Australia Sustainable Finance Dialogue, a series of technical workshops for the Australian finance and regulatory community to share expertise and experiences on the development and implementation of sustainable finance policy, including the EU taxonomy.

The first technical workshop, open to ASFI members, was held in November 2022.

The ASFI Taxonomy Technical Advisory Group (TAG) had the opportunity to hear from Nadia Humphrys, who was the EU Platform for Sustainable Finance Data and Usability Sub-Group Co-Rapporteur, and Ali Erbilgiç, a Senior Policy Expert at the European Banking Authority. A summary of the webinar is available [here](#).

Further workshops in the series will be held in 2023.

### *International Taxonomy Public Webinar Series*

In 2022, ASFI had the pleasure of hosting two public webinars on international taxonomies:

- **'Key insights into the ASEAN sustainable finance taxonomy'**: Participants had the opportunity to hear from Eugene Wong, Chief Executive Officer at Sustainable Finance Institute Asia Limited, which hosts the ASEAN Taxonomy Board. Eugene provided an overview of the ASEAN taxonomy process and deep dive into key elements of the taxonomy.
- **'Key insights on the development of the UK Green Taxonomy'**: Attendees heard from the Green Finance Institute, which hosts the UK Green Technical Advisory Group (GTAG), who are advising the UK Treasury on the development of a UK Green Taxonomy. The GTAG have recently released their much anticipated advice to the UK Treasury on the design and implementation of a UK Taxonomy.




## Analysis of international taxonomies and considerations for Australia

Australian Sustainable Finance Institute Taxonomy Project | October 2022



### **Paper 1: Scoping of International Taxonomies**

This paper compares taxonomy frameworks used in 13 jurisdictions internationally with similar needs and economic composition to Australia and draws out lessons to inform the development of an Australian taxonomy. At the time of writing this report, 12 taxonomies were in place, and 15 were under development globally – collectively representing more than 55 per cent of global GDP.



## Designing Australia's sustainable finance taxonomy

Australian Sustainable Finance Institute Taxonomy Project | December 2022



### **Paper 2: Australian framing paper: Designing Australia's Sustainable Finance Taxonomy**

This paper provides recommendations on the design of an Australian sustainable finance taxonomy, and the roadmap and timeline for its immediate development. The paper is informed by stakeholder consultation, the Australian economic and environmental context and insights gained through the development of the taxonomy project's Scoping paper of international taxonomies.

# Natural Capital and Nature-related Disclosures

## Key Achievements

- In April 2022, we partnered with RIAA and Deloitte to hold a TNFD briefing with Tony Goldner, the Executive Director of the TNFD Secretariat. The session provided an overview of the TNFD beta framework and highlighted how TNFD is driving interest nature related risks and opportunities; the capability that needs to be built in this area; and the importance of collaboration.
- ASFI provided access to three workshops throughout the year to provide support, inform and educate ASFI members interested in trialling or engaging with the TNFD beta framework.
- ASFI became a member of the Taskforce on Nature-related Financial Disclosures Forum.
- ASFI convened a members and partners event co-hosted with KPMG to talk through “what’s next” in the piloting of the TNFD beta framework and how the partners could collaborate to support members.
- ASFI engaged with the Minister for Environment, the Hon. Tanya Plibersek MP, at two roundtables on private capital for biodiversity, including biodiversity and nature repair markets, and TNFD.

Natural capital and nature related risk and disclosure is an emerging issue in sustainable finance, and one which will affect Australian companies and financial institutions. More than half the world’s economic output is moderately or highly dependent on nature (TNFD 2022) and nature is declining at unprecedented rates, largely due to human activities (OECD 2019). Financial institutions and companies don’t currently have the information they need to understand how nature impacts the financial performance of their organisation, in the short or longer-term, or the longer-term financial risks that might arise from how an organisation impacts nature, either positively or negatively.

The Taskforce on Nature-related Disclosures (TNFD) was established to develop a global, nature-related risk management and disclosure framework. The intention is that this framework will support a shift in global financial flows away from nature-negative outcomes towards nature-positive outcomes.

This year, ASFI has worked with the Responsible Investor Association of Australasia (RIAA) and the Australian Government Department of Climate Change, Energy, the Environment and Water (DCCEEW) to support and ensure a strong, well-coordinated Australian voice in the development of the work of the TNFD. This has included coordinated, regular engagement with TNFD and supporting ASFI members to better understand and engagement with the beta-framework during 2022. This work will also help to inform and shape how TNFD recommendations will be adopted in Australia.

## TNFD Workshop Series

The TNFD Workshop Series took the form of three deep-dive workshops focused on the key themes:

- definitions;
- the climate-nature risk nexus and alignment with the TCFD; and
- data and metrics.

The workshops provided support, informed, and educated ASFI members interested in trialling or engaging with the TNFD beta framework and gathered feedback from across the Australian finance sector to determine industry readiness and where further support might be helpful. The feedback also provided a picture of the Australian experience of testing the TNFD beta framework, which will influence further iterations of the framework and its implementation in Australia.

## ASFI Member and Partner Day

As part of a number of workshops ASFI held in October, ASFI members and partners including from RIAA, ACSI, IGCC and the Australian Government, came together in person and virtually to talk through “what’s next” in the piloting of the TNFD beta framework. This included a teaser of the third beta version of the TNFD framework, which has since been released.

## Key Achievements

- Established ASFI's leadership working group, with 10 ASFI member organisations represented.
- Held more than 22 ASFI events during 2022 which brought together the financial institutions, government, regulators, universities, and NGOs to collaborate and connect on sustainable finance. This included the launch of our inaugural Australian Sustainable Finance Summit, with over 250 attendees.

Leadership within organisations, and across the finance sector and financial system more broadly, will be critical to achieving the ambition of the Roadmap. ASFI's Leadership work was established as a mechanism to foster and develop this leadership, drive forward implementation of the 'Embedding sustainability into leadership' recommendations and build and strengthen cross-sectoral collaboration in support of the Roadmap.

ASFI's work on leadership was established to form a strong community of sustainable finance leaders from across the sector who can share experiences, build knowledge, and collaborate to drive the change within their organisations and sphere of influence to deliver the Roadmap and transform the financial system.

A core part of our work on leadership this year was the launch of our inaugural Australian Sustainable Finance Summit, which brought together leaders from across the finance sector to discuss developments and opportunities for progress in sustainable finance.

## ASFI Leadership Working Group – Organisational Transformation for Sustainability

ASFI held the first meeting of our leadership working group on Thursday 27th October with 10 ASFI member organisations participating.

This working group provides the opportunity for ASFI members to share their experiences, challenges, and successful strategies for transforming their organisations to implement their sustainability commitments and continue to raise ambition in this area.

We look forward to holding further working group meetings in the year ahead.

## Australian Sustainable Finance Summit

On Friday October 28th, 2022, we were thrilled to see over 250 attendees come together at the Sheraton Grand to join us at our inaugural Australian Sustainable Finance Summit.

The all-day event included keynote speeches, Q&As and panel sessions with leaders from across the public, private and not-for-profit sectors, including the Hon. Stephen Jones MP, Assistant Treasurer and Minister for Financial Services, Dr Darian McBain, Senior Advisor to the Monetary Authority of Singapore (MAS), and Helen Rowell, Deputy Chair of APRA.

The Summit provided an opportunity for individuals from across the sector to network, and to learn and discuss where sustainable finance markets, policy and regulation and best practice for financial institutions is heading.



# Sustainable Finance Progress Tracker

## Key Achievements

- Developed a methodology for the progress tracker with increased rigour and coverage that we will continue to build on in future years.
- Released ASFI's second Sustainable Finance Progress Tracker report

Development of the Australian Sustainable Finance Roadmap marked an unprecedented collaboration across 140 representatives from finance sector organisations, civil society, academia, government, and regulators. Its 37 recommendations set out a plan to align the Australian financial system with a sustainable, resilient, and inclusive Australia.

One of the drivers for establishing ASFI as a permanent body was for an institution to own and report annually on Roadmap implementation, providing an evidence base to inform what more is needed to support the growth and impact of the sustainable finance market in Australia.

The first progress tracker report was produced in mid-2021 that provided case study-based information on how different parts of the finance sector were using the Roadmap.

In 2022, ASFI released our second Progress Tracker report on the implementation of the Roadmap.

## 2022 Sustainable Finance Progress Tracker Report

In the two years since the Roadmap's publication, we have seen a marked shift across the finance landscape. The concept of 'sustainable finance' is moving from the margins into the spotlight of global attention and into the mainstreams of leading financial institutions, government treasuries and financial regulators.

The second Sustainable Finance Progress Tracker report showed that progress has been made against a broad range of Roadmap recommendations, with some standout achievements including the establishment in 2021 of the Australian Sustainable Finance Institute (ASFI) as a permanent body to coordinate and drive Roadmap implementation.



The Progress Tracker also highlighted some important gaps and opportunities for focus in 2023 and beyond. The modest score across all recommendations of 2 out of 5 underscored the substantial effort required to translate recent momentum into real world impacts to create a safe climate, restore Australia's natural capital, and support a thriving society.

We need to accelerate progress to match the urgency of the challenge before us. This will require an unprecedented level of action and collaboration across the entire financial system including financial institutions, government, regulators, industry bodies and academia.

You can find the full report [here](#).



# Government Engagement

A core aspect of ASFI's work is collaborating and convening with Government to drive progress on Australian sustainable finance. In 2022, ASFI facilitated 15 member events with the Federal Government, regulators, think tanks and international and national pioneers in sustainable finance, and contributing to many more. This included a number of ASFI member roundtable discussions with Government ministers and senior officials from Treasury, PM&C, DFAT and DCCEEW, among others.

ASFI also engaged in preparing submissions to Government on Australian policy development, as well as delivering research on the affects of the current Australian policy and regulatory space on sustainable finance initiatives.

## Accelerating Sustainable Finance with the Australian Treasurer

To conclude ASFI's government engagements for the year, Australia's Treasurer, the Hon. Dr Jim Chalmers MP, and CEOs and other senior executives from Australian financial institutions, financial services firms, and industry peak bodies met at an ASFI organised event hosted by ASFI member NAB.

Attendees at the event heard the Treasurer announce that the Australian Government will strengthen climate risk reporting and develop a sustainable finance strategy. These measures will support the growth and credibility of sustainable finance and investment, ensuring we act faster to meet our climate change commitments and develop a sustainable finance system that benefits all Australians.

In a demonstration of the Treasurer and finance sector's willingness to work together to enable the finance sector to better support the climate, environment and social objectives of Australia, industry participants at the event issued a Joint Statement on Accelerating Sustainable Finance.

The Statement endorses the Treasurer's announcements on sustainable finance and outlines the actions that the finance sector will continue to take to support better climate, environmental and social outcomes.

You can find the Joint Statement [here](#).

## ASFI Member Canberra Visit

Representatives from 22 ASFI member organisations travelled to Canberra on Monday 5 September 2022 for a day of meetings and events with Government Ministers and senior officials. Assistant Treasurer and Minister for Financial Services, Stephen Jones, and Assistant Minister for Climate Change and Energy, Jenny McAllister, both acknowledged the critical role of the finance sector in achieving many of the Government's ambitions and expressed strong support for collaborating on the sustainable finance agenda.

The Canberra visit culminated in a Sustainable Finance @ The House cocktail event attended by parliamentarians, political advisors, and members of the policy community. Senator the Hon. Jenny McAllister MP gave remarks at the event, signaling the Government's willingness to work with the finance sector and others to accelerate the flow of capital to activities aligned with a sustainable, resilient, and inclusive Australia.

Some highlights from the Assistant Minister's speech:

- 'There has been a Commonwealth Government sized hole in Australia's climate change policy for the past decade.'
- 'The investment decisions of the past have been partly responsible for much of the historic carbon emissions. Future investment decisions must help define and drive the path to net-zero.'
- 'There is so much opportunity here – and so much capacity to harness the power of finance to drive good, green outcomes for Australia.'

# Research and submissions

## **Your Future Your Super (YFYS) Performance Test**

ASFI collaborated with The Conexus Institute, FTSE Russell, An LSEG Business and Responsible Investment Association Australasia (RIAA) on a research paper released in November, which demonstrates that the Your Future, Your Super (YFYS) performance test constrains the ESG, sustainability and carbon transition activities of super funds.

The paper provides quantitative evidence to support anecdotal reports from industry that the YFYS is producing unintended consequences. Trustees are faced with a difficult decision between living with a heightened likelihood of failing the YFYS performance test at some point or having to pare back the degree to which they engage in activities related to sustainability, ESG and carbon transition.

The research underscores the need to ensure that financial policy and regulation in Australia does not inadvertently hinder the pursuit of broader goals. This includes the development of a financial system that appropriately addresses and accounts for long term risks and opportunities related to climate change and sustainability.

## **ASFI Submission to the National Housing Finance and Investment Corp mandate**

In November, we supported the proposal to expand the NHIF mandate and made suggestions for how public funds can be used to better mobilise institutional finance and investment into social and affordable housing. You can view the submission [here](#).

## **ASFI Submission to the Development Finance Review**

In September, ASFI was pleased to make a [submission](#) to the Australian Government's Review of Development Finance. The submission recommends that the Australian Government develop a dedicated international blended finance capability.

"Blended finance" is the use of public money to increase private sector finance and investment in sustainable development. A new blended finance capability focused on the Asia-Pacific would enhance the Australian Government's ability to mobilise private finance and investment into activities, companies and infrastructure that provide jobs and improve livelihoods in our region.

This would amplify the impact of Australia's aid program, helping countries to meet their development and climate goals and positioning Australia as a "partner of choice" in our region.



# 2023 work program



## Enabling Sustainable Finance

- Sustainable Finance Strategy Taxonomy
- TNFD and natural capital
- Engagement in government policy processes where relevant to the Roadmap, including by amplifying and coordinating other peak bodies and industry organisations



## Finance Sector Leadership

- Organisational transformation for sustainability ASFI member working group
- ASFI Summit
- Capability partnership\*
- Connecting Australian FIs with global research and best practice\*



## Connecting, Convening, Coordinating

- Progress Tracker
- Industry events, media and comms around other areas of work



## First Nations and Finance

- Further scoping and establishing ASFI work program in this area by bringing on a First Nations person to lead the work and establishing a First Nations reference group to guide the work\*



## Sustainable Finance Solutions

- Working across the public and private sectors to design blended finance solutions and public private partnerships to achieve sustainability outcomes\*
- Facilitating collaborations to design financing solutions for specific sustainability challenges\*

# Priorities for 2023

## Enabling Sustainable Finance

A supportive policy and regulatory environment is an essential foundation for the growth and credibility of sustainable finance. Tools and frameworks that are applicable industry-wide to guide capital to opportunities that will achieve sustainable outcomes, as well as supportive policy and regulation, were identified in the Roadmap as critical enablers for sustainable finance in Australia.

This pillar of ASFI's work includes the continuation and evolution of a number of 2022 priorities such as the Australian Sustainable Finance Taxonomy project, natural capital and nature-related disclosures and engagement in climate, environment and social policy as they relate to the sustainable finance agenda.

All this work is centered around convening strong industry and expert engagement with the Australian Government on the development and implementation of their Sustainable Finance Strategy.

## Finance Sector Leadership

The Roadmap highlights the critical role of leadership from the finance sector to unlock progress towards Australia's climate, environment and social inclusion ambitions.

This pillar of work supports and encourages stronger leadership from financial institutions and seeks to overcome some of the systemic challenges that prevent the finance sector making more progress towards Roadmap implementation.

This work includes ASFI's leadership working group, our work on sustainable finance capability, and connecting into international research and best practice.

## Connecting, Convening, Coordinating

ASFI was established with the purpose of convening, connecting and coordinating activity around sustainable finance in Australia, and significant resources have been put into these functions during 2022.

This pillar of ASFI's work is considered a core function of ASFI and includes the Australian Sustainable Finance Summit, the annual Progress Tracker and our media, communications and participation in industry events.

## First Nations and Finance

The Roadmap includes a number of recommendations to support meaningful engagement between financial system participants and Indigenous Peoples, support self-determination, particularly by implementing free, prior and informed consent and improving financial outcomes for Indigenous Australians.

The finance sector can play an influential role in supporting First Nations self-determination, as financing and investment underpin all corporate and business activities, and the right kind of financial products can unlock and accelerate the opportunities of an Indigenous economy.

In 2022, ASFI hosted a members and partners workshop in Sydney on integrating First Nations people, perspectives, and outcomes into finance.

In 2023, ASFI will look to further this work through establishing a new area of work to deliver on areas of the Roadmap relating to self-determination and reshaping the financial system to better serve First Nations clients and communities.

During 2023 and beyond, ASFI will also focus on stronger integration of First Nations people and perspectives into all areas of ASFI's work to ensure these perspectives, knowledge and expertise are shaping the development of sustainable finance in Australia.

## Sustainable Finance Solutions

Building sustainable finance markets requires a supportive policy and regulatory environment, however the growth and credibility of markets and the deployment of capital towards solutions can be accelerated through the development of new structures, products and market infrastructure, as highlighted in the Roadmap.

This area of work seeks to rapidly accelerate capital flow towards sustainability solutions, achieving sustainable outcomes and demonstrating the commercial value of these approaches.

# ASFI Members



# ASFI Advisory Committee



# Annual Financial Report

ASFI's early focus has been on establishing the financial position of the organisation to support our ability to adequately resource the organisation to deliver on our constituted mission.

ASFI was able to hold its inaugural Sustainable Finance Summit and continued to grow its revenues from membership and project funding through our first reporting period, whilst growing the team and building its financial reserves, with the period ending in a surplus of \$135,559.

For full financial reporting, please refer to our audited financial statements.

## Balance Sheet as at 31 December 2022

	2022 \$
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	1,045,206
Trade and other receivables	22,000
Other current assets	12,219
<b>TOTAL CURRENT ASSETS</b>	<b>1,079,425</b>
<b>TOTAL ASSETS</b>	<b>1,079,425</b>
<b>CURRENT LIABILITIES</b>	
Trade and other payables	89,768
Income received in advance	714,360
Tax liabilities	58,057
Other liabilities	76,477
<b>TOTAL CURRENT LIABILITIES</b>	<b>938,662</b>
<b>NON-CURRENT LIABILITIES</b>	
Provisions	5,204
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,204</b>
<b>TOTAL LIABILITIES</b>	<b>943,866</b>
<b>NET ASSETS</b>	<b>135,559</b>
<b>EQUITY</b>	
Retained surplus	135,559
<b>TOTAL EQUITY</b>	<b>135,559</b>

## Income Statement as at 31 December 2022

	2022 \$
Revenue	1,149,257
Other income	7,329
Administration expenses	(91,189)
Advertising and promotion expenses	(8,560)
Member services expenses	(13,096)
Taxonomy expenses	(367,350)
Summit expenses	(109,416)
Employee benefit expenses	(431,416)
<b>Net current year surplus</b>	<b>135,559</b>