



# 2023 Mid-Year Report

Australian Sustainable Finance Institute | July 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.



# 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.**

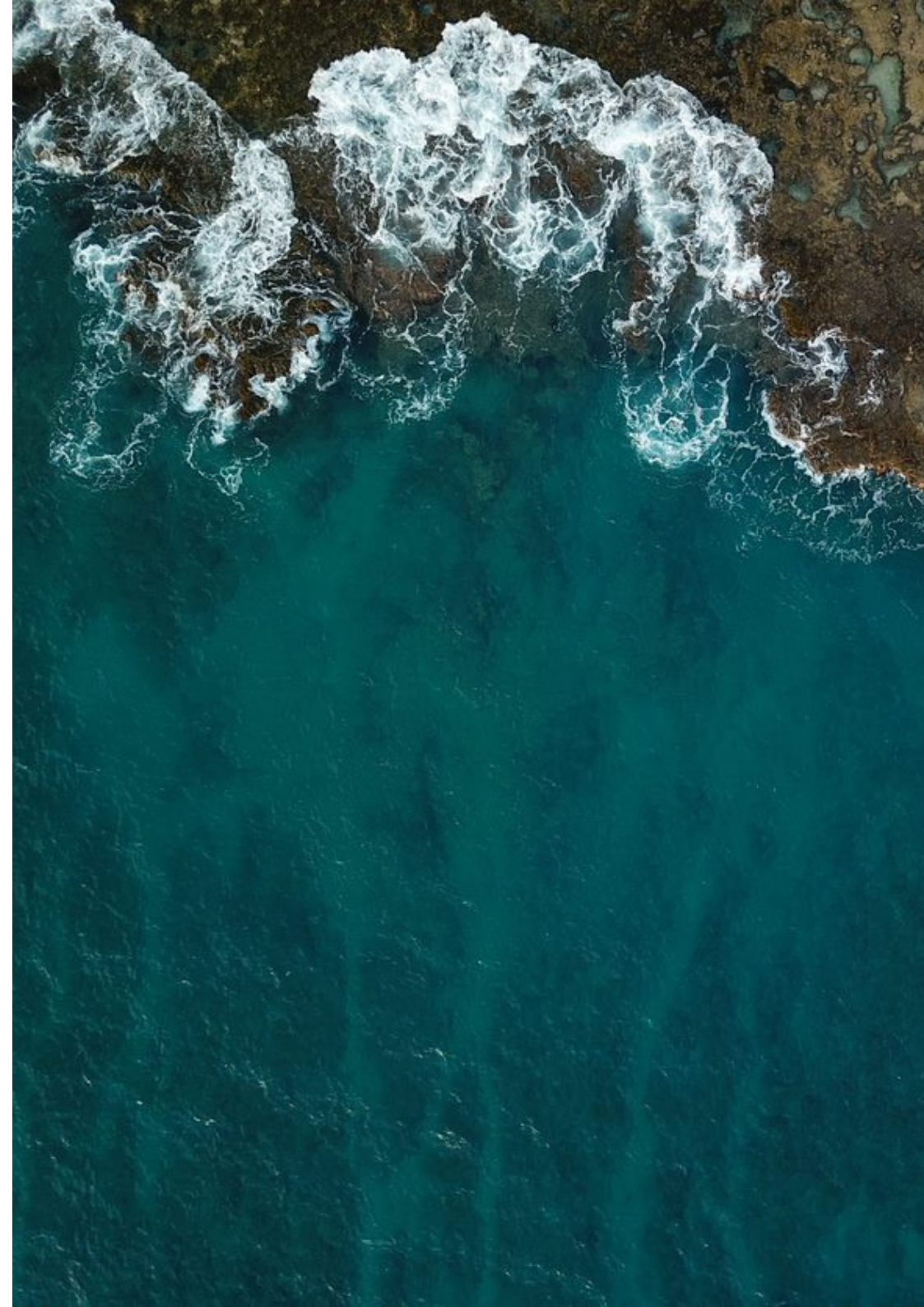
ASFI's creation followed an unprecedented collaborative effort by 140 representatives from across the Australian finance sector, civil society, academia, financial regulators and government to create the Australian Sustainable Finance Roadmap.

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.

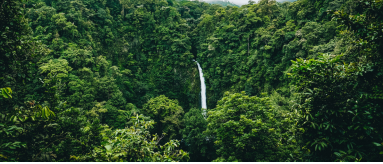




ASFI was established in July 2021 to coordinate and drive Roadmap implementation, working collaboratively across the financial sector, government, regulators, civil society and academia. Our members are banks, asset owners, asset managers, insurers and financial services companies who are committed to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



# 2023 Work Program

				
<b>Enabling Sustainable Finance</b>	<b>Finance Sector Leadership</b>	<b>Connecting, Convening, Coordinating</b>	<b>First Nations and Finance</b>	<b>Sustainable Finance Solutions</b>
<ul style="list-style-type: none"> <li>• Sustainable Finance Strategy</li> <li>• Taxonomy</li> <li>• TNFD and Natural Capital</li> <li>• Engagement in government policy processes where relevant to the Roadmap, including by amplifying and coordinating other peak bodies and industry organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Organisational transformation for sustainability ASFI member working group</li> <li>• ASFI Summit</li> <li>• Sustainable Finance Capability</li> <li>• Connecting Australian FIs with global research and best practice</li> </ul>	<ul style="list-style-type: none"> <li>• Progress Tracker</li> <li>• Industry events, media and communications around other areas of work</li> </ul>	<ul style="list-style-type: none"> <li>• Further scoping and establishing ASFI work program in this area by bringing on a First Nations person to lead the work</li> <li>• Establishing a First Nations reference group to guide the work</li> </ul>	<ul style="list-style-type: none"> <li>• Working across the public and private sectors to design blended finance solutions and public private partnerships to achieve sustainability outcomes</li> <li>• Facilitating collaborations to design financing solutions for specific sustainability challenges</li> </ul>
<b>Integrating Indigenous perspectives</b>				
<b>Providing a whole of finance sector perspective</b>				
<b>Supporting cross-sectoral collaboration between industry, government, regulators, universities and others</b>				
<b>Working in partnership</b>				
<b>Strengthening international connections</b>				



# Enabling Sustainable Finance

Building on our work from 2022, we have continued to convene strong industry and expert engagement with the Australian Government.

Our focus has included:

- Supporting development of the evolving Sustainable Finance Strategy
- Continuing to progress the Australian sustainable finance taxonomy development
- Beginning our Natural Capital work program
- Engaging in government policy processes relevant to the Roadmap

## Australian Sustainable Finance Taxonomy

In **March**, ASFI published its [final taxonomy paper](#) (for phase 1), providing recommendations on the design of an Australian sustainable finance taxonomy, and the roadmap and timeline for its development. ASFI received strong stakeholder engagement during our public consultation, which included multiple webinars and briefings, as well as 56 written survey responses from key stakeholders across the finance sector, industry, civil society, not for profit and real economy actors. ASFI's public consultation found broad consensus on the key design elements of an Australian taxonomy, including that scientific credibility should underpin the development of the taxonomy, and that the taxonomy must be usable.

In **April**, ASFI CEO Kristy Graham attended the Treasurer's Investor Roundtable on Clean Energy, where the Treasurer [announced](#) the Government's decision to [co-fund ASFI](#) to lead the development of an Australian sustainable finance taxonomy. ASFI is pleased to be working closely with government to start the development of an Australian taxonomy which will help direct capital into economic activities that substantially contribute to Australia's sustainability objectives in line with an orderly and just capital transition. The Government's announcement was a significant step forward for sustainable finance in Australia, and an example of how government-industry collaboration can support a stronger, more prosperous and more sustainable Australia.

From **July** onwards, the Taxonomy project moves into development phase, implemented through a partnership between Treasury and ASFI, which will see the development of taxonomy screening criteria for at least 3 priority sectors, and associated technical work on data requirements, methodology for incorporating transitional activities, minimum social safeguards and 'Do No Significant Harm' framework.

## Valuing Natural Capital

ASFI is continuing to engage with our members on piloting and engagement opportunities following the release of the Taskforce on Nature-related Financial Disclosures' (TNFD) [final beta framework \(v0.4\)](#) and are working through a forward workplan focused on capacity uplift, and implementation.

In **June**, ASFI and Chartered Accountants Australia and New Zealand provided feedback to the TNFD via a [joint submission](#). The feedback is focused on ensuring useability and uptake of the framework which will be critical to the TNFD achieving its objectives.

From **July** onwards, ASFI's partnership with Farming for the Future will see ASFI help drive a program of work to deliver on the ASFI Roadmap recommendations through the holistic integration of natural capital considerations into financial decision-making of businesses and financial institutions.

## Government Engagement

2023 has seen ASFI deepen its policy capability with the recruitment of an additional member to the policy team. We have continued to engage closely with the Commonwealth Government on priority areas for unlocking private capital, including the sustainable finance agenda, climate-related disclosures, the Safeguard Mechanism reforms, and natural capital. ASFI's work in this space is closely coordinated with other peak bodies including the Investor Group on Climate Change, Australian Council of Superannuation Investors, Responsible Investment Association Australasia, and Principles for Responsible Investment. We have supported our members to engage on these issues, including through ASFI-hosted briefings and events, our monthly Policy Update emails, and our "Ask ASFI" sessions where members are invited to join ASFI's policy experts for informal discussions on topical issues.

Over the past six months, ASFI has made a number of submissions to government on its policy reform processes:

- The [National Reconstruction Fund](#).
- The Australian Government's [Nature Repair Market Bill](#).
- The Government's [Climate-related Disclosures consultation](#). ASFI was also pleased to collaborate with Chartered Accountants ANZ to lead preparation of a [joint submission](#) and 9 other peak bodies to the disclosures framework consultation with Chartered Accountants ANZ, CPA Australia, and IGCC.
- [Joint Response](#) to the UK Transition Plan Taskforce consultation on draft guidance.
- The [Safeguard Mechanism reforms](#). In March, we also released a [joint industry statement](#) with leading Australian financial institutions and finance industry peak bodies on the proposed reforms. On 28 March the Safeguard Mechanism (Crediting) Amendment Bill was passed through parliament, representing a major step forward in Australian climate policy.
- The [Climate Change Authority consultation](#) on its [Issues paper](#) "Setting, tracking and achieving Australia's emissions reduction targets".



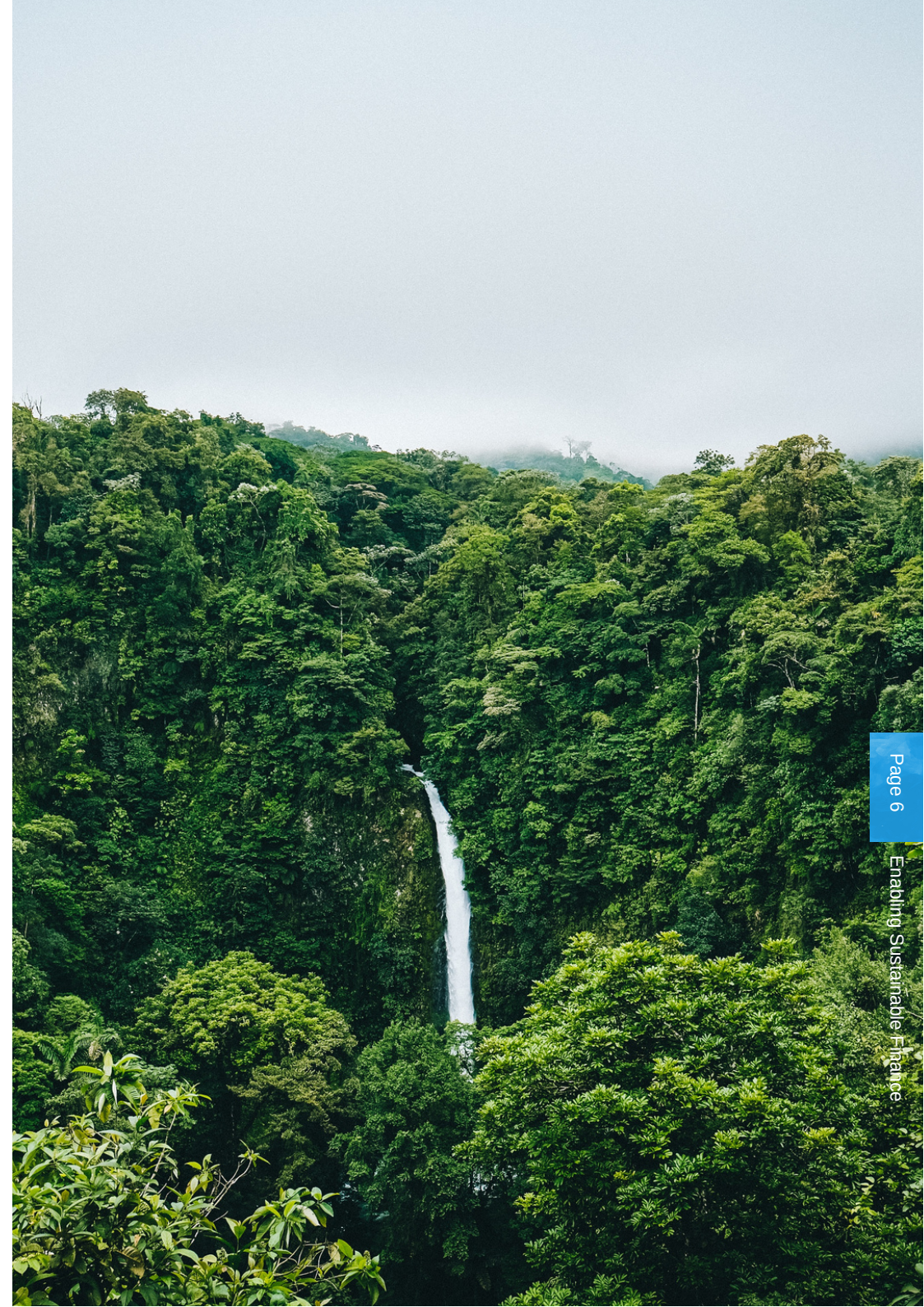
In addition, ASFI supported a private letter to the Prime Minister together with the Centre for Policy Development, IGCC, ACTU, and others encouraging the Government to develop and implement a suite of policies to support Australia's clean energy industries, in response to the United States' Inflation Reduction Act.

Thus far in 2023, ASFI has also held the following events on sustainable finance policy:

- ASFI Member Briefing on the Sustainable Finance Strategy with the Department of Treasury.
- Safeguard Mechanism Reform Virtual Roundtable with DCCEEW.
- ASFI and IGCC Event: Safeguard Mechanism Panel Session with the Hon. Allegra Spender MP.
- 'Transition Plans: the what, why and how' with UK TPT's Jacques Morris.
- Harnessing technology for better sustainability disclosures with expert panellists from Australia, Singapore, and the European Union.

Priority areas of policy engagement for the remainder of 2023 include Treasury's Mandatory Climate-related Disclosures Position Paper (submissions due 21 **July**) and Treasury's sustainable finance strategy (consultation paper expected in **August**).

ASFI is also working with other peak bodies to response to the ISSB's consultation on its forward priorities, due in **September**. We look forward to welcoming our members to Canberra on 2 **August** for a full day program of meetings and events with government ministers and senior officials.





# Finance Sector Leadership

## Supporting Finance Sector Leadership

ASFI's member working group on 'Organisational transformation for sustainability' held its second meeting in **March**, and its first for 2023. The session focused on overcoming the capability gap, with working group members sharing experiences, challenges and lessons on how they are overcoming the capability gap within their organisations to support implementation of their sustainability commitments. We look forward to holding further sessions later in the year, which will focus on building a culture of sustainability and leading the sector.

With two further meetings scheduled for **July** and **November** this year, the working group will hold its third and fourth meetings to discuss 'building a culture of sustainability' and 'leading the sector'.

## Closing the Sustainable Finance Skills Gap

The 2022 Progress Tracker highlighted the strong demand for sustainable finance skills, the shortage of skilled professionals, and the challenges financial institutions across the sector are facing in the recruitment and retention of the staff needed to deliver on their sustainable finance commitments and ambitions.

In **July**, we announced that we would convene a group of industry and academic experts to work with ASFI to support the development of Sustainable Finance Accreditation principles, that will be used to accredit existing and future sustainable finance training.

ASFI sees significant value in working with industry training organisations, members and universities to integrate sustainability into finance industry training, and build an understanding of sustainable finance in other industries.

In working broadly with industry, education and other sectors, we will collectively unlock capability across the sector.





## Connecting, Convening, Coordinating

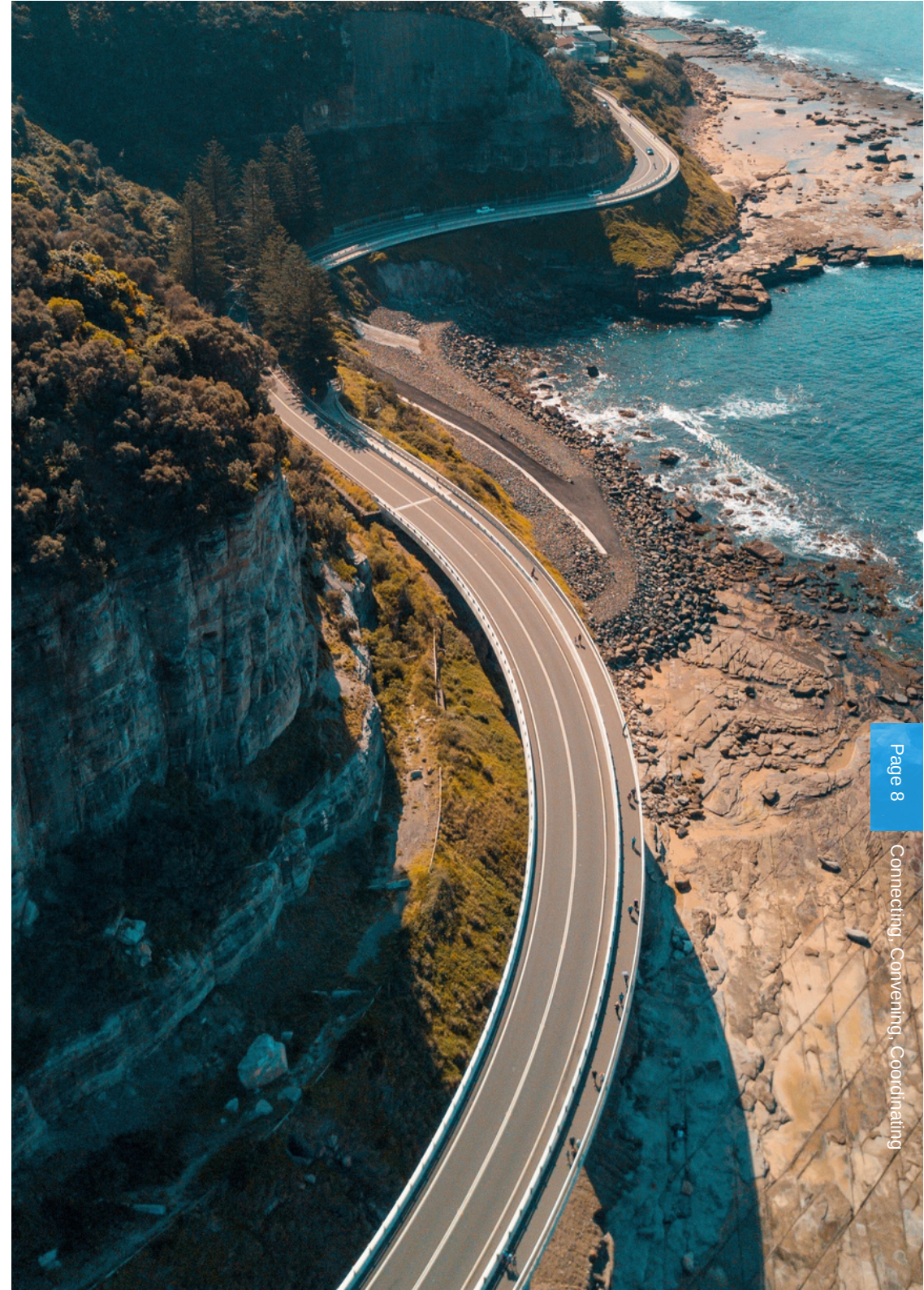
ASFI continues to convene, connect and coordinate activity around sustainable finance in Australia, with significant resources having been put into these functions during the first half of 2023.

A new addition to this work in 2023 is our [Sustainable Finance Jobs Board](#); a centralised channel for sustainable finance practitioners to access the latest jobs and opportunities in the Australian sustainable finance market.

This year, we have also launched our [Sustainable Finance Events Calendar](#) with the aim of providing a space for sustainable finance practitioners and industry organisations to access important upcoming events.

Following our [highly successful inaugural Summit](#) in 2022, ASFI will hold our second annual Australian Sustainable Finance Summit on **October 24** 2023. The Summit will take stock of Australia's progress on sustainable finance over the past 12 months, and explore what ambition and leadership look like across climate, nature and supporting better outcomes for First Nations Australians, and additionally see the launch of our second annual [Progress Tracker](#) report

While we're working with the Capability Reference Group to develop accreditation principles for high quality sustainable finance courses, we will also develop a directory of sustainable finance courses that will be available on ASFI's website, with the intention to help people understand the range of different courses and training options that currently exist.





## 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 improve financial outcomes for Indigenous Australians. The finance sector can play an influential role in supporting First Nations self-determination, as financing and investment underpins all corporate and business activities and the right kind of financial products can unlock and accelerate the opportunities of an Indigenous economy. In 2023, ASFI is building on work done by others to move beyond cultural heritage, and beyond investors to support the whole of finance sector.

ASFI is pleased to be making progress in developing this work program after gaining valuable input from partners, and especially our brains trust group comprised of ASFI members, First Nations organisations and other industry organisations working in this area.

In early **April**, the ASFI Board approved the concept note for this work program. ASFI's work program will focus on:

- Integrating Indigenous perspectives into sustainable finance through all of ASFI's work programs.
- A flagship project to improve disclosures of First Nations outcomes and impacts. Better disclosure will enable financial institutions to manage risks and support better outcomes for First Nations people, enabling economic self-determination through their portfolios, loan books and underwriting activities. This work would build on work underway with investors to include better standards, reporting and assurance of free, prior and informed consent, Indigenous employment, Indigenous leadership and representation, Indigenous customer outcomes and the economic, social and cultural outcomes of financial products and services for Indigenous businesses and organisations.
- Coordinator, convenor and connector of work happening across institutional finance in this area, to support development of additional flagship projects over time, for example to support Native Title holders to build and create wealth as financial services clients.
- Policy and regulator engagement to support delivery of flagship projects and implementation of Roadmap recommendations.

We have now commenced the RAP process for ASFI and are working with a consultant to lead phase 1 of our First Nations in Finance work.





# Sustainable Finance Solutions

Alongside supportive policy and regulation, the growth and credibility of sustainable finance markets can be accelerated through new structures, products and markets that directly deploy capital for solutions – including by using ‘blended finance’ models that combine private sector and government capital. The first half of 2023 has seen the launch of a Sustainable Finance Solutions work program at ASFI. This work seeks to rapidly accelerate capital flow towards sustainability solutions, achieving sustainability outcomes and demonstrating the commercial value of finance and investment in this space.

On 23 **February**, ASFI together with the Clean Energy Finance Corporation, Climate-KIC, the Energy Efficiency Council, the Green Building Council of Australia, and Race for 2030 held an invite-only industry workshop ‘Finance for Home Retrofits’. The workshop brought together experts and key stakeholders to propose actionable solutions to unlock finance for home energy efficiency and electrification. It was excellent to see the strong engagement from across the finance, industry, and policy sectors and agreement we have the tools to make this happen. You can read more in the [Workshop Report](#).

A key action identified by workshop participants was joint advocacy for the introduction of mandatory disclosure of home energy performance, and a single national home energy rating framework. In **April**, ASFI was pleased to work with major banks, insurers, and other financial institutions to release a [joint statement](#) calling for state, territory and Commonwealth Governments to progress these ‘no-regrets’ policy reforms. The Australian Government heard the call, announcing in the [federal budget](#) funding to accelerate the work program in this area, as well as a package of grants and CEFC funding to support home upgrades.

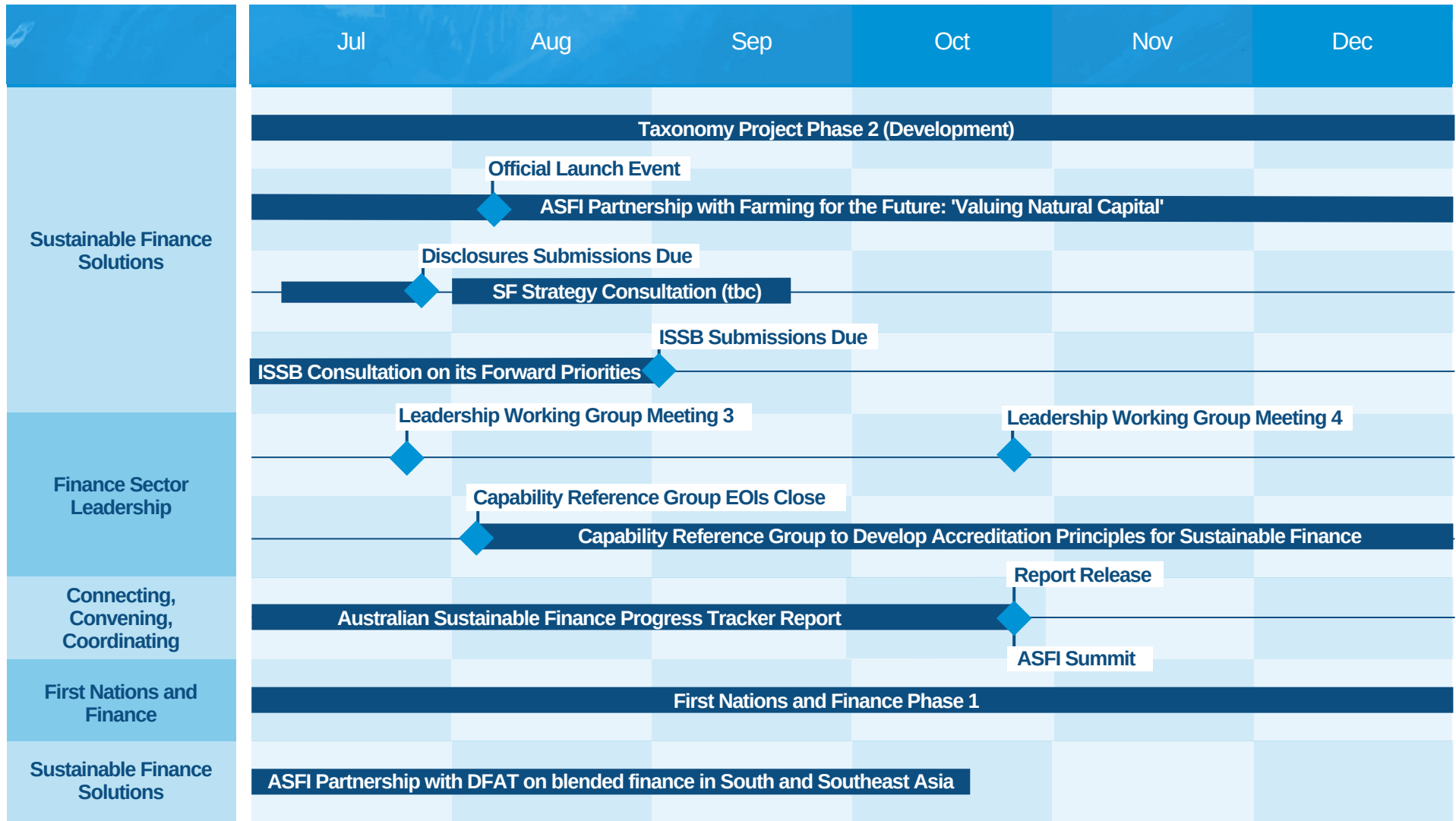
Another area of focus for ASFI’s Sustainable Finance Solutions work is accelerating finance and investment for climate and sustainable development in the Asia-Pacific region. In **May**, we had the pleasure of hearing from an expert panel of senior government officials and sustainable finance specialists on ‘Sustainable Finance in Asia-Pacific – trends and opportunities for policymakers and private capital’. The conversation covered the state of sustainable finance in the Asia-Pacific, the barriers to private capital, and the tools to unlock it.

We are pleased to partner with the Department of Foreign Affairs and Trade (DFAT) to assess Australian financial institutions’ intentions, interests and capabilities to allocate capital to climate and clean energy activities in the region. As a forward priority, this work will establish a foundation of evidence that could be drawn on by ASFI and DFAT to create fit for purpose investment structures for climate and clean energy in the region. We have been delighted by the enthusiastic response to this work by many of our members and other financial institutions involved in this work, and thank you for your engagement.





# Forward Priorities



# ASFI Members



## Associate Members



# ASFI Advisory Committee

