Sustainable Finance Action Plan

2025-2027



Australian Sustainable Finance Institute

March 2025



The Australian Sustainable Finance Institute acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection and responsibility to land, water, species and culture. We acknowledge their ongoing status as the First Peoples of Australia and pay our respects to their Ancestors and Elders past and present.

Artwork story

"Unity in Diversity" stands as a testament to ASFI's commitment to reconciliation and collaboration. It inspires and invites viewers to recognise the beauty and strength that emerge when we acknowledge and embrace our differences, fostering a future of inclusivity, respect, and harmony.

Through this artwork, we are reminded that by taking that first step together, we have the power to create a ripple effect that extends far beyond our immediate circle, inspiring others to join us on the journey towards a better future and further improve outcomes for First Nations people.

Artist: Tarni Jane Designs

About ASFI

The Australian Sustainable Finance Institute (ASFI) is a not-for-profit organisation working to align the Australian financial system with a sustainable, resilient, and inclusive Australia.

Our members are 41 of Australia's leading financial institutions – including major banks, superannuation funds, insurers, asset managers, and financial services firms. ASFI members collectively hold over AU$37 trillion in assets under management and are committed to allocating capital in a way that creates positive social and environmental outcomes.





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Context and Process



Context

The Australian Sustainable Finance Roadmap

The Australian Sustainable Finance Roadmap, released in 2020, lays out a bold plan to reshape Australia's financial system to support a more prosperous, resilient, sustainable and inclusive Australia. It includes 37 recommendations for creating a sustainable financial system: one that meets the needs of the present without compromising the ability of future generations to meet their needs, and that can deliver improved social and environmental outcomes for Australia, including supporting job creation, more resilient communities, a cleaner, healthier environment, and climate risk mitigation and adaptation.

The Australian Sustainable Finance Institute (ASFI) was established in 2021 to drive and coordinate delivery of the Roadmap by working with financial institution members, government, regulators and partners across the sustainable finance ecosystem. It has also reported on collective progress towards the Roadmap on an annual basis.



1. Embedding sustainability into leadership
2. Integrating sustainability into practice
3. Enabling resilience for all Australians
4. Building sustainable finance markets

Context

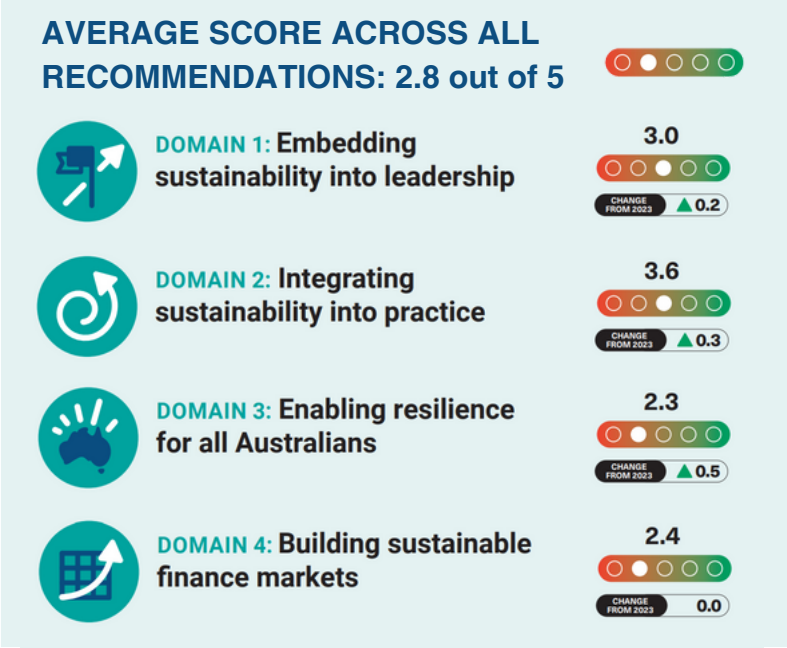
Progress to date achieving the Australian Sustainable Finance Roadmap

In the last few years, Australia has moved rapidly from laggard to early follower and leader (in some domains) on sustainable finance.

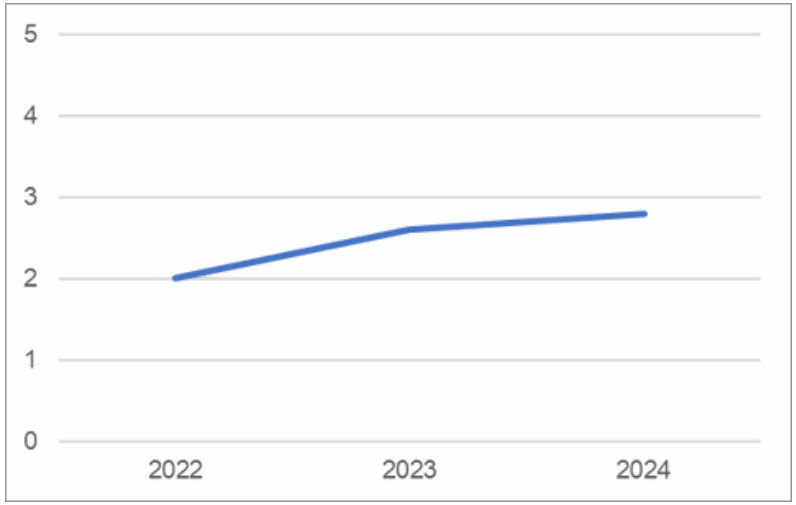
Much of the momentum behind Australia's sustainable finance agenda in the last few years has come from aligned support and ambition across Government and the finance sector. This has enabled relatively rapid shifts in policy and regulatory settings related to sustainable finance (including through the Government's own Sustainable Finance Roadmap) as well as action within financial institutions to integrate sustainability considerations.

These developments are reflected in the incremental improvements towards delivering the Roadmap (see following page for more), from an overall score of 2 out of 5 across all 37 recommendations in 2022, to a score of 2.8 in 2024.

2024 Progress Tracker



2022-2024



Context

Progress to date achieving the Australian Sustainable Finance Roadmap

The 2024 Progress Tracker demonstrated good progress in some areas and a need for further attention in others.

Key findings are set out below:

Areas with strong progress in 2024

- Establishment of Australia's mandatory climate-related disclosure regime
- Continued development of an Australian sustainable finance taxonomy for climate mitigation
- Issuance of Australia's first sovereign green bond

Areas with moderate progress in 2024

- Steps to align regulatory settings with sustainability objectives (e.g. competition law and the annual superannuation performance test)
- Growing focus on the need to build internal capability on climate and sustainability
- Engagement and partnerships internationally on sustainability finance – by both Government and industry
- Growing efforts to elevate First Nations voices and perspectives within the financial system and embed First Nations considerations in policy reform processes

Areas with limited progress in 2024

- Valuation and integration of social and environmental externalities within financial processes and decision making
- Development of community and place-based finance mechanisms
- Alignment of national and entity-level net zero goals with science-based targets, supported by credible plans
- Allocation of capital to support climate adaptation and resilience
- Development of an industry-wide stewardship code

Context

The need for a Sustainable Finance Action Plan 2025-2027

While there has been some encouraging progress in the last few years, there is still much to be done to support the growth and credibility of sustainable finance in Australia.

Additionally, to achieve the vision and ambition of ASFI's Roadmap, and given shifting local and global industry context, there is a need for leaders within the finance sector to collectively take stock and identify what else needs to happen by the end of 2027. This recognises the role of finance as a critical enabler of a more prosperous, resilient, sustainable and inclusive Australia.

The outcome of this process is the Action Plan in the following pages, which will support alignment and coordination of industry and broader financial system participants' efforts to support to growth and credibility of sustainable finance and deliver on the overall vision of the Roadmap.

Note: the Action Plan is not intended to replace the Roadmap, but to sharpen focus on the most important actions necessary in 2025 – 2027 to deliver the overall vision and ambition in the Roadmap. The Action Plan is intended to be delivered collectively by financial system participants.

Key principles informing development of the Action Plan 2025-2027

- The original ASFI Roadmap as a 'north star'
- Recognition of changed context, including work by Australian Government on sustainable finance
- Recognition of interconnections across issues, domains and actions
- The need for prioritisation and staging of actions
- Collaboration and stakeholder engagement across the financial system and with other key partners

Process

Action Plan Development - Summary

Nov ‘20	‘21- ’23	Jun ‘24	Jun ‘24	Aug ‘24	Sep ‘24	Oct ‘24	Oct-Nov ‘24	Nov-Dec ‘24	Q1 ‘25
Launch of Australian Sustainable Finance Roadmap	ASFI reports annually on collective progress to implement the Roadmap through the Progress Tracker	Release of Australian Government Sustainable Finance Roadmap	Survey and interviews for 2024 Progress Tracker	Workshop with ASFI First Nations Reference Group	Release of 2024 ASFI Progress Tracker	Sustainable Finance Action Plan survey released publicly	Working sessions with ASFI members, partners, FNRG, NGOs, academia, Summit attendees Discussion and advice on the draft Action Plan by ASFI Advisory Committee	Feedback sought from members and partners on draft Action Plan Action Plan finalized	Launch of Sustainable Finance Action Plan (2025-2027)

Analysis and Stakeholder Input



Analysis and Stakeholder Input

Surveys and Interviews

Key insights from surveys and interviews with Australia's financial system participants are set out below.

"There's a need for better integration of sustainable finance priorities – both within financial institutions and across Government"

"There is a lot to be done – it will be important to focus on where the most impact is needed and can be achieved in the next few years"

"There is increasing Board-level focus on sustainability, driven by mandatory disclosures and regulatory scrutiny. This heightened scrutiny is leading some to be more cautious and compliance-focused"

"There is a danger that 'climate first' becomes 'climate only'"

"We need to better think through trade-offs across sustainability issues"

"While finance has an important role in addressing social and environmental challenges, real economy players needs to be moving in the right direction too"

"More is needed from Government (through policy signalling and funding) to accelerate finance needed for the transition"

"Financial institutions shouldn't just wait for Government action – the private sector needs to continue to demonstrate leadership, including on emerging priorities such as nature and social issues"

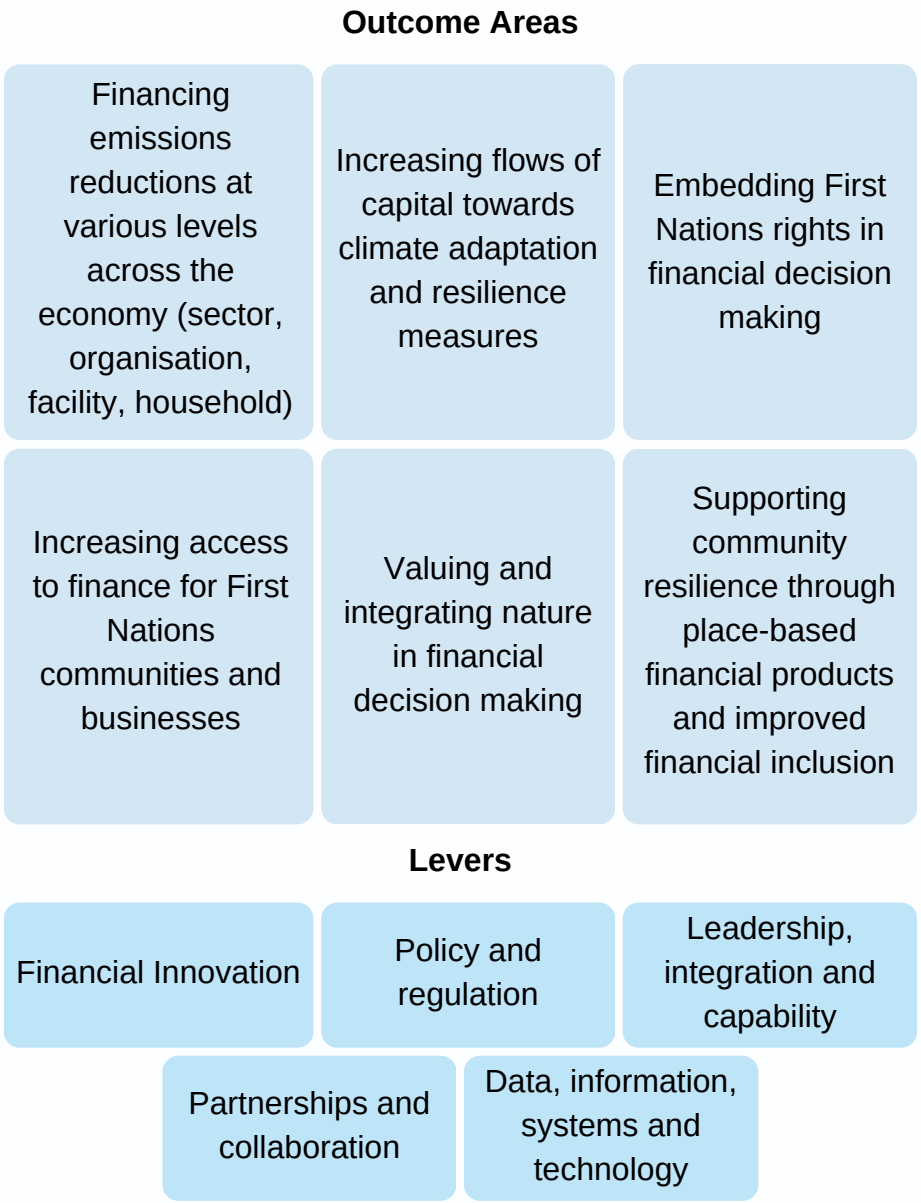
Analysis and Stakeholder Input

Initial priority outcomes and levers

Our analysis of the initial 37 Roadmap recommendations, and subsequent consultations with experts across the sector, revealed 6 initial priority outcome areas and five priority levers, with a number of cross-cutting actions sitting across these.

Whereas the original Roadmap groups recommendations into four domains, our analysis and stakeholder feedback indicated that grouping actions into outcome areas like those to the right would better reflect how financial system participants are structuring their teams and work in relation to sustainable finance (notwithstanding connections across outcome areas). These were subsequently tested with stakeholders to inform an initial longlist of actions for 2025-2027, which was then prioritised through working sessions.

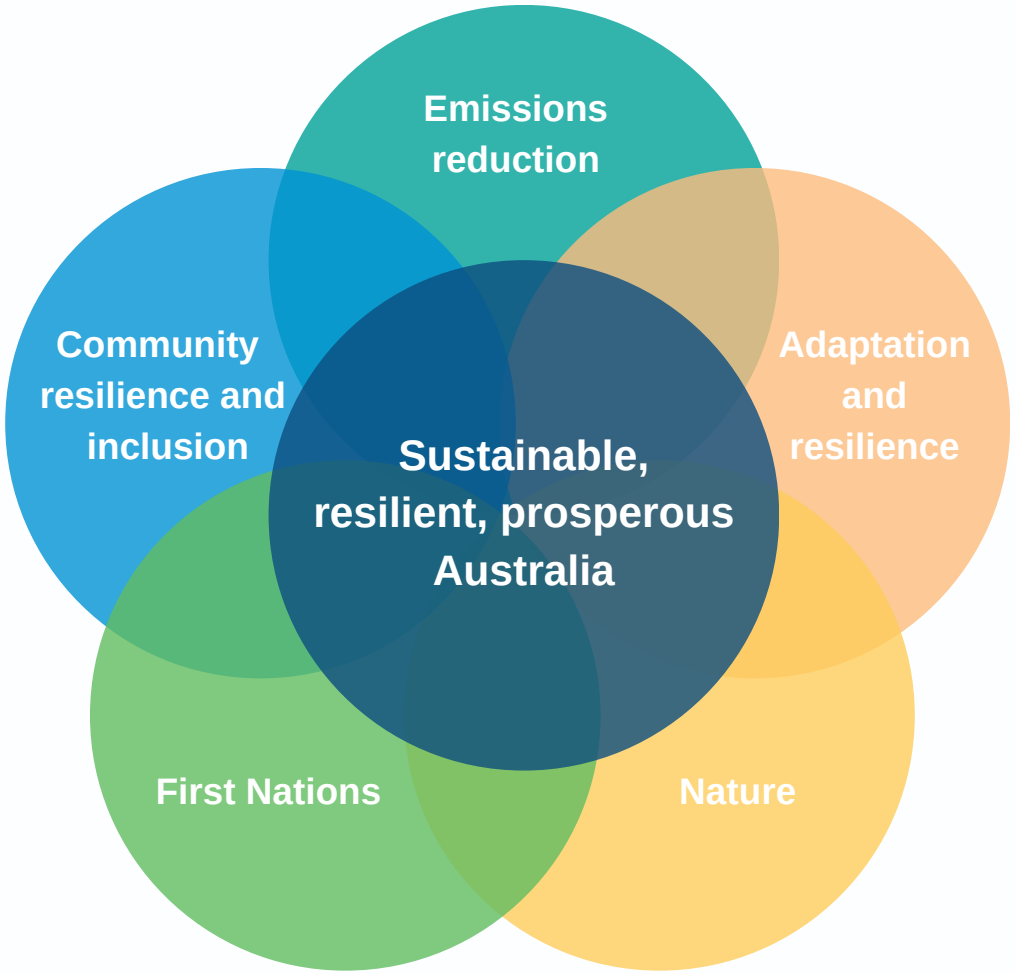
Consideration was also given to how the intended outcomes by 2027 would position the financial system to deliver on broader ambitions by 2030. See the following pages for more.



Analysis and Stakeholder Input

Recognising the interconnections

Delivering on the Roadmap's vision of a more sustainable, resilient and inclusive Australia requires recognition of the interconnection across outcome areas – including trade-offs, dependencies, and co-benefits.



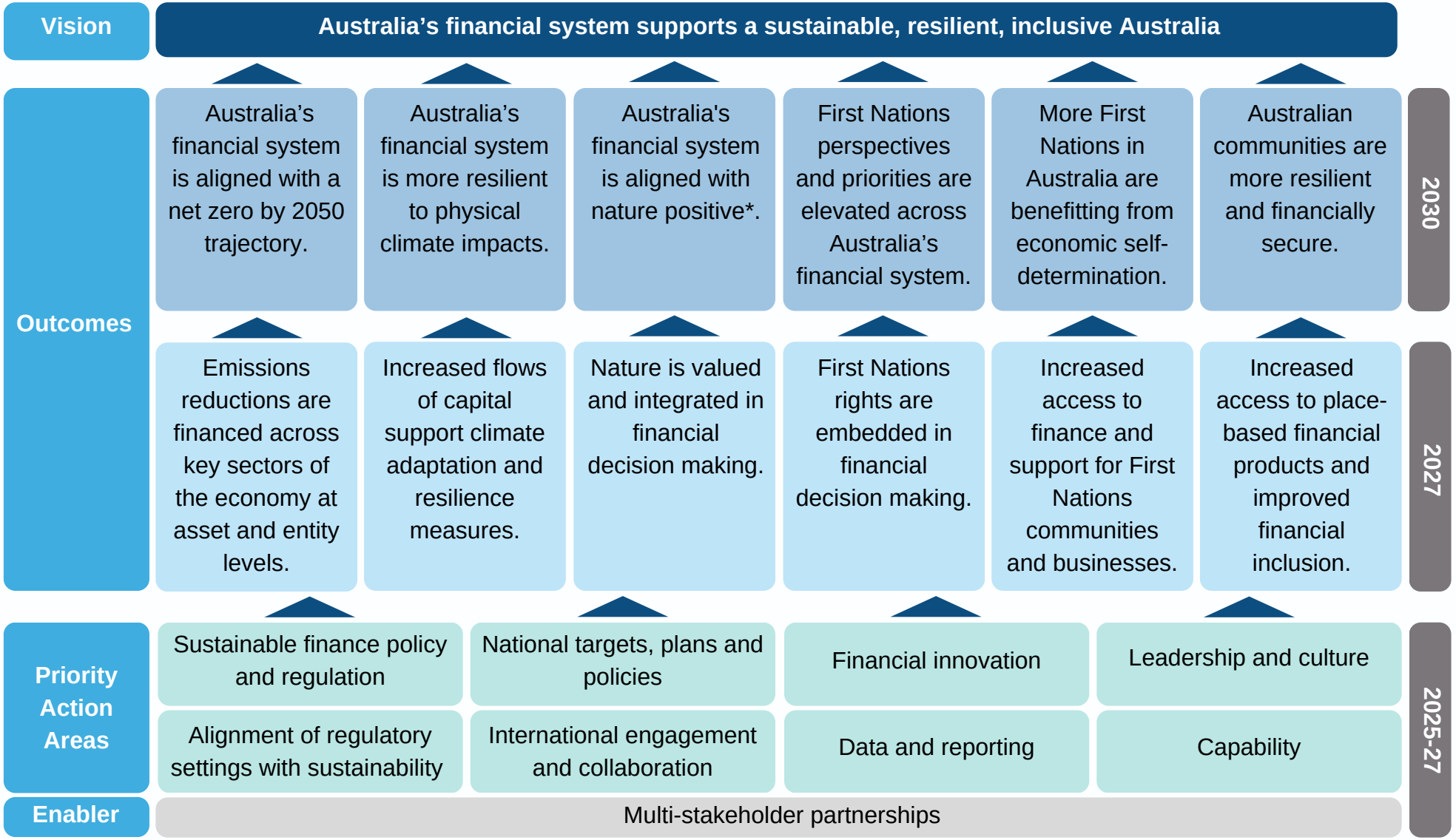
While the initial longlist of actions that was shared with stakeholders to inform the Sustainable Finance Action Plan (2025-2027) was structured according to each action's primary outcome area, we encouraged consideration of the role of each action within a broader, connected system.

Sustainable Finance Action Plan 2025-27



Sustainable Finance Action Plan

Action Plan on a Page



*Consistent with Australia's commitments under the Kunming-Montreal Global Biodiversity Framework

Sustainable Finance Action Plan

Summary of Priority Actions

Sustainable finance policy and regulation

1.1 Voluntary taxonomy adoption
1.2 Expansion of taxonomy to other sustainability objectives
1.3 Integration of taxonomy in policy and regulation
1.4 Expansion of mandatory climate disclosures to sustainability
1.5 Sustainable financial product labelling

National targets, plans and policies

3.1 Ambitious 2035 NDC and supporting policies
3.2 Progress towards carbon pricing
3.3 Stronger baseline environmental protections
3.4 Industrial policy to support the transition

Alignment of corporate and financial regulatory settings with sustainability

2.1 Competition law reform
2.2 Reform of YFYS performance test and other regulation preventing capital flows to sustainability
2.3 Inclusion of sustainability in Directors' duties
2.4 Inclusion of sustainability in regulator mandates

Data and reporting

4.1 National, accessible datasets across sustainability issues
4.2 Digitisation of sustainability reporting

Financial innovation

5.1 Scale up blended finance for sustainability objectives
5.2 Development of innovative financial products focused on sustainability
5.3 Community finance vehicles

Leadership and culture

6.1 Integration of sustainability in corporate purpose statements
6.2 Sustainability-linked Executive remuneration
6.3 Organisational sustainability targets and KPIs

Capability

7.1 Sustainable finance training across public and private sectors
7.2 Multi-stakeholder uplift on partnerships and engagement
7.3 Capability building for First Nations equity partnerships

International engagement and collaboration

8.1 Interoperable sustainable finance standards and policies
8.2 Build sustainable export markets



Multi-stakeholder partnerships

(e.g. finance sector, real economy, Government, regulators, civil society, communities, First Nations groups)



Action Area 1: Sustainable finance policy and regulation

Rationale: Continued evolution of sustainable finance policy and regulation willdrive mainstreaming of sustainability across the financial system and broader economy. It provides clarity to financial system participants and the real economy on baseline requirements for integration of sustainability into business practices and ensures information used to inform financial decisions is transparent, comparable, consistent and credible. Taxonomy integration and expansion of mandatory disclosures would also be consistent with trends in key overseas jurisdictions.

	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
1.1	Voluntary taxonomy adoption by financial institutions	Following completion of development of its first iteration, the taxonomy will be available for voluntary use by financial institutions. Such adoption would help institutions to familiarise themselves with and test the taxonomy, serve as a stepping-stone to integration in policy and regulation (1.3) and mainstream sustainability objectives and criteria within financial decision making.			X				X	
1.2	Expansion of taxonomy to other sustainability objectives	Taxonomies provides a credible basis for identifying and assessing whether activities support sustainability objectives, giving financial institutions confidence to make capital allocation decisions. Broadening the scope of the taxonomy beyond climate mitigation is in line with the Australian Government's stated objective to establish a sustainable finance policy framework in a way that allows other sustainability-related issues to be incorporated or added over time.	X						X	
1.3	Integration of taxonomy in policy and regulation	Integration of elements of the taxonomy in relevant policy and regulation (e.g., as a common metric in disclosures, transition plan guidance, green bond frameworks and sustainable investment product labelling) will support widespread taxonomy adoption, enabling it to achieve its purpose of supporting increased private capital allocation towards Australia's transition.	X	X						

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	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
1.4	Expansion of mandatory climate disclosures to sustainability	The establishment of Australia's mandatory climate disclosure regime is a welcome development that will support provision of credible and comparable information across capital markets Both the legislation establishing the regime and standards released by the AASB allow for broader sustainability disclosure requirements (i.e., beyond climate) to be introduced over time. Phasing these in over time would be an important development to support deeper integration of sustainability issues (including nature, First Nations and social considerations) in corporate and financial institutions' strategy, risk management and governance.	X	X						
1.5	Sustainable financial product labelling	Australians are increasingly seeking to align their investments with sustainability objectives, but financial institutions' concerns around greenwashing risk is impeding development and expansion of products labelled as 'sustainable' or similar. A clearer articulation of requirements for product labeling – developed together by industry and Government - would clarify expectations and lift standards for sustainable financial products, while increasing consumer transparency of how sustainability is considered and managed within products.	X	X					X	

Action Area 2: Alignment of regulatory settings with sustainability

Rationale: Certain regulatory settings currently act as barriers to corporate and financial institution action on sustainability. Aligning corporate and financial sector regulation with sustainability objectives would remove the barriers that currently exist and send clear and consistent signals across government policy and regulation on the importance for corporates and financial institutions to integrate sustainability into organisational governance, strategy, targets and capability.

	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
2.1	Competition law reform	Finance sector stakeholders have called for the ACCC to more proactively support sustainability collaborations, as well as changes to competition law to better facilitate sustainability collaborations. Insights can be drawn from the EU, UK, and New Zealand where competition regulators are clarifying the application of law to sustainability-related collaboration, streamlining exemption processes, and establishing a more permissive regime for collaboration. Industry organisations have a role to play in seeking test case authorisations to enable industry collaboration and using this experience to inform regulatory reform and financial institution and regulator practice.	X	X					X	
2.2	Reform of YFYS performance test and other regulation preventing capital flows to sustainability	Some finance sector stakeholders have expressed concerns about the current design of the annual superannuation performance test acting as a barrier to integrating climate and other sustainability considerations in investment decision-making. Potential reforms, including the introduction of alternative sustainability indices that could be used as benchmarks, would increase funds' ability to make sustainability-aligned investments. Similarly, there may be equivalent regulatory settings for banks and insurers that are preventing capital flowing towards sustainability objectives. Industry and other organisations have a role to play by coordinating and aligning industry views and providing technical expertise to inform any reform.	X	X	X				X	

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			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
2.3	Inclusion of sustainability in Directors' duties	In Australia, directors have duties under the Corporations Act 2001 (Cth) to act with reasonable care, skill and diligence, and in good faith in the best interests of the company. While climate and/or sustainability-related issues are not explicitly mentioned as required considerations, legal opinions suggest they are covered implicitly. Additional legislative and/or regulatory guidance would provide clarity and reduce market uncertainty about the relationship between directors' duties and sustainability. In the absence of regulatory change or guidance, industry organisations have a role to play in educating members on how existing legal requirements enable and encourage the consideration of sustainability.	X	X					X	
2.4	Inclusion of sustainability in regulator mandates	While there has been increased focused from regulators on sustainability (especially climate), amending the mandates of corporate and financial regulators to include an express role in managing sustainability-related risks would further support a more proactive and holistic approach on sustainability. It would also provide clarity to market participants on regulator expectations and approaches beyond their current statement of expectations and corporate plans.	X	X						

Action Area 3: National targets, plans and policies

Rationale: Ambitious and aligned policy on climate, the environment and industry sends clear signals to the finance sector both domestically and internationally about Australia's commitment to sustainability. This policy coherence allows financial institutions to allocate capital with confidence, de-risking private investment and unlocking additional capital. Policy certainty, through bipartisan commitment to these targets and plans is also important to rebuild and maintain Australia's sovereign risk rating, enhancing our reputation as an investment destination for international capital to support the transition.

	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
3.1	Ambitious 2035 NDC and supporting policies	Ambitious, credible and science-based net zero targets at both government and business levels, together with supporting plans and actions, are critical to ensuring economy-wide emissions reductions. This includes Australia's 2035 Nationally Determined Contribution (due early 2025), which will have an important signaling effect. The sector pathways of the Climate Change Authority and sector decarbonisation plans currently under development by Government are also important signals and investment frameworks for financial institutions and corporates, as well as being a basis for entities' own transition plans.	X	X						
3.2	Progress towards carbon pricing	Carbon pricing, potentially through expansion of the Safeguard Mechanism, would play an important role in incentivising the transition away from fossil fuels to net zero across the economy. Steps towards a more effective and broad carbon pricing mechanism in the next 3 years would be significant.	X	X						

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			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
3.3	Stronger baseline environmental protections	Environmental law reform, including but not limited to proposed development of National Environmental Standards, would provide a more robust and consistent approach to environmental protection. Doing so would send a strong signal to project proponents and financial institutions regarding the value of nature, and more detailed, localised information on sensitive areas will be important to enable financial institutions to integrate nature into financial decisions.	X	X						
3.4	Industrial policy to support the transition	Industrial and real economy policies such as those under the Future Made in Australia vision play an important role in complementing climate policy, environmental policy, trade policy and sustainable finance policy and regulation. Effective implementation of the Future Made in Australia vision should emphasize public-private collaboration, elevate the perspectives of First Nations communities (including embedding the principles of Free, Prior and Informed Consent) and seek to address barriers to private investment in the transition.	X	X						

Action Area 4: Data and reporting

Rationale: The availability of reliable, comparable, digitised and decision-useful sustainability-related data at various levels (e.g., customer, asset, location) allows financial institutions to make informed decisions at scale, and to manage sustainability-related risk and opportunities. Australia is significantly behind other jurisdictions in this area, particularly on the digitisation of sustainability reporting.

	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
4.1	National, accessible datasets across sustainability issues	The collection and open-source distribution of national and regional datasets covering a range of sustainability themes (including environmentally sensitive and significant areas, climate risk and resilience, First Nations and community wellbeing) would allow financial system participants to have baselines for comparing entity and asset level data across their portfolios. It would also support financial product development and innovation for sustainability.	X							
4.2	Digitisation of sustainability reporting	Broad adoption of digital reporting could significantly improve availability, accessibility and useability of sustainability-related information. This will be important for the aggregation of information by financial institutions and its integration into financial decisions. While digital reporting is currently enabled for financial reports in Australia, uptake has been limited given the absence of a mandate requiring entities to do so. Guidance can be drawn from overseas approaches such as the IFRS Foundation's Sustainability Disclosure Taxonomy and jurisdictions such as the EU, US and Singapore, have introduced mandatory digital reporting in the last two decades. Requirements to digitise sustainability-related information requirements could be phased in over time, with appropriate funding to support the upgrade of regulatory IT systems.	X	X						

Action Area 5: Financial innovation

Rationale: Existing financial products, processes, and collaborations are not resulting in allocation of capital towards sustainability objectives at the scale required. Innovative financial products and blended finance approaches focused on sustainability are needed to crowd-in different types of financial system participants tounlock capital and progress across sustainability outcomes. Financial innovation is required for products targeted in Australia and internationally, as part of Australia's international engagement in Southeast Asia and to unlock emerging market opportunities for Australian financial institutions.

	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
5.1	Scale up blended finance for sustainability objectives	Blended finance, a financial structuring approach where public or other concessional capital is combined with commercial capital, is increasingly being used to reduce perceived or actual risk or enhance returns for commercial capital entering new sectors, markets or financial structures with social or environmental outcomes. The growth of blended finance, and increased collaboration among financial system participants is an increasing focus of Australia's finance sector, both domestically and in the southeast Asia region. Intermediaries will have an important role in facilitating co-design processes to ensure effective implementation.	X		X					Intermediaries (incl. advisory firms and industry bodies)
5.2	Development of innovative financial products focused on sustainability	There is a need for development and further uptake of financial products (across lending, investment and insurance) that embed sustainability objectives into their design. This includes products to finance climate adaptation and resilience, nature and social impact, Indigenous-designed and/or Indigenous-focused financial products, scaling up of sustainability-linked loans, and innovative insurance products. The taxonomy provides a valuable framework for structuring new products focused on climate mitigation outcomes.			X					

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	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
5.3	Community finance vehicles	Community finance is an outcome area that has not had the same level of focus as other areas of the Roadmap. Both public and private sector financial institutions should support the establishment of community finance mechanisms that can be accessed by First Nations groups, place-based groups and vulnerable customers. This should include collaboration with community partners, review of existing risk assessment processes to account for different customer circumstances, and development of products such as community bonds, loans, shared equity or other innovative products.	X	X	X		X		X	Community groups incl. First Nations

Action Area 6: Leadership and culture

Rationale: Leadership and accountability from the Board and Executive level of corporates and financial institutions is critical to embedding sustainability across the financial system and broader economy. It sharpens focus and action within organisations and across their value chains on , drives internal buy-in and a sustainability culture. through an important internal demonstration effect and across the business and finance sector.

	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
6.1	Integration of sustainability in corporate purpose statements	Corporate purpose statements articulate an organization's reason for existing and the value it seeks to deliver. Emerging research and practice emphasises the importance of integrating sustainability into purpose statements to unlock commitment at the organisational level to integrating sustainability beyond risk management. These statements flow through to organizational strategy, decision-making and investment. They also have an important role in communicating and building trust with stakeholders (both internal and external) and driving accountability.			X	X			X	
6.2	Sustainability-linked executive remuneration	In recent years there has been a slight increase in the number of Executive-level remuneration targets relating to sustainability and climate among ASX listed corporates and financial institutions. The quality and comprehensiveness of these targets remain varied. Further development of both short- and long- term incentives for Executives will help to sharpen attention on sustainability among senior leaders and flow down into organisational strategy, performance frameworks and culture. These targets should cover a range of sustainability objectives (i.e., not just climate) including nature, First Nations, and social considerations.			X	X				

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	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
6.3	Organisational sustainability targets and KPIs	While many organisations have climate-related targets in place, there is a need for further development of credible and ambitious targets on other sustainability issues, including nature, First Nations and social considerations. These targets should flow through to different portfolios, business units and individual functions below the senior executive level, and be embedded in organisations' performance frameworks			X	X				

Action Area 7: Capability

Rationale: Upskilling and reskilling across the financial system is crucial in ensuring that communities, organisations and individuals have the right skills to navigate the rapidly evolving landscape of sustainable finance, understand emerging issues, and build the partnerships that will be needed. Capability on sustainability issues across the finance sector is an important pre-condition for progress on other action areas identified, while capability on private finance and partnerships is critical to build in the public sector and for community.

	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
7.1	Sustainable finance training across public and private institutions	There is strong support for a continued focus on upskilling functions across organisations (both public and private sector) on sustainability and the role of capital in the sustainability transition. This includes development of training and resources in collaboration with academia, learning institutes and industry bodies, as well as allocation of internal resources to encourage and/or require professional development.	X		X	X		X	X	
7.2	Multi-stakeholder uplift on partnerships and engagement	Collaboration and partnerships are key to driving sustainability outcomes. In addition to development of technical knowledge, there is a need to equip a range of stakeholders to engage and partner with others. There is a role here for industry and peak bodies to connect and facilitate, as well as to develop and promote standards and guidance on engagement practices.	X		X	X	X	X	X	

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	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
7.3	Capability building for First Nations equity partnerships	Australia's transition to a more sustainable, resilient and inclusive society and economy necessitates better engagement and equitable partnerships with First Nations communities. This is particularly relevant in the context of development of major projects, which will require cooperation and partnership with Traditional Owners and local communities. There is a need to better enable First Nations groups, as well as project proponents and financial institutions, to partner with each other. This includes through access to advisory services and capital.	X		X	X				

Action Area 8: International engagement and collaboration

Rationale: Given Australia's standing as a middle power with strong links to and dependencies on regional and global markets, interoperable sustainable finance frameworks and policies are critical for continued access to capital. Additionally, Australia's trade profile and sustainable finance architecture makes it well placed to influence the development of global sustainable finance approaches, including transition finance definitions and green mining standards. This can enhance Australia's competitiveness both as an investment destination and partner.

	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
8.1	Interoperable sustainable finance standards and policies	Deeper international engagement on sustainable finance, both by Australian Government and industry partners is important to ensure interoperability of relevant policies, frameworks, standards and regulations, and further unlock capital towards sustainability objectives. Now that Australia has made significant progress on sustainable finance standards domestically, internationally engagement is also important to shape global standards and rules in line with Australian interests. This includes collaboration and representation through forums such as the G20, ASEAN, UNFCCC, international standards bodies, industry collaborations, and bilateral relationships. Australia is particularly well-positioned to play a constructive and proactive role in supporting development of a credible global approach to transition finance, and green mining standards. This in turn would support global decarbonisation efforts, while enhancing demand for Australia's emerging green export industries.	X	X	X				X	

Action Area 8: International engagement and collaboration

Rationale: Given Australia's standing as a middle power with strong links to and dependencies on regional and global markets, interoperable sustainable finance frameworks and policies are critical for continued access to capital. Additionally, Australia's trade profile and sustainable finance architecture makes it well placed to influence the development of global sustainable finance approaches, including transition finance definitions and green mining standards. This can enhance Australia's competitiveness both as an investment destination and partner.

	Title	Description	Action Required By							
			Government	Regulators	Financial Institutions	Corporates	NGOs and civil society	Academia and training institutions	Industry and peak bodies	Other
8.2	Build sustainable export markets to support investment in Australia's clean energy future	Australia has a considerable opportunity to contribute to global decarbonisation while strengthening its economy through the development of new green export industries. These will require large amounts of finance and investment over a sustained period. Strong and consistent domestic policy settings will be critical, as will shoring up demand with existing and new trade partners, particularly in the Asia-Pacific. To support finance to flow to Australia's future industries, Australia should align its international trade and climate finance strategies with its clean export agenda. Establishing a new international green bank for climate finance in Southeast Asia, as well as cooperation with international partners on policy, standards and investment settings will help to underpin future Australian prosperity.	X		X	X	X	X	X	

Appendix



Initial longlist of priority actions for 2025-2027

The following longlist formed the basis of discussions during working sessions with members and partners and was prioritized to inform the Action Plan in the previous section. While not all actions in the initial longlist are included in the final Action Plan, they nonetheless remain important.

		Outcome area					
	Outcome Area	**Cross-cutting**	**Financing emissions reductions across the economy (sector, organisation, facility, household)**	**Increasing flows of capital towards climate adaptation and resilience measures**	**Valuing and integrating nature in financial decision making**	**Embedding principles of FPIC and increasing First Nations access to finance**	**Supporting community resilience through place-based financial products and improved financial inclusion**
	Levers for action						
Levers for Action	**Policy and regulation**	• Inclusion of sustainability in Directors' Duties • YFYS reform to support sustainable investments • Sustainability collaboration and ACCC authorisation • Sustainable investment product labelling • Taxonomy integration into regulatory architecture • Alignment of regulator mandates with sustainability • Expansion of mandatory climate disclosures to sustainability disclosures	• Alignment of government policies with science-based pathways • Expanded Safeguard Mechanism and carbon pricing • Transitioning of trade relationships to build clean export markets • Streamlining of project approvals for the transition	• Identification of priority areas for investment (e.g. through National Adaptation Plan) • Reform to land use and planning • National resilience rating framework for buildings	• Sector plans for nature • Stronger baseline environmental protection (especially for major projects)	• Embed FPIC into national policies and funding mechanisms	

Initial longlist of priority actions for 2025-2027

		Outcome area					
	Outcome Area	**Cross-cutting**	**Financing emissions reductions across the economy (sector, organisation, facility, household)**	**Increasing flows of capital towards climate adaptation and resilience measures**	**Valuing and integrating nature in financial decision making**	**Embedding principles of FPIC and increasing First Nations access to finance**	**Supporting community resilience through place-based financial products and improved financial inclusion**
Levers for Action	**Levers for action**						
	Partnerships and collaboration	• Public-private collaboration on Australian co-hosted COP31 • Common ground taxonomy and global approach to transition finance • Demonstrating place-based approaches to transition and role of finance • Joint education and knowledge sharing	• Shared infrastructure e.g., renewable and industrial precincts • Managed transition of high-emitting industries	• Sector vulnerability assessments		• First Nations Major Projects Coalition • Capacity building on effective partnerships withself-determination	
	Leadership, integration and capability	• Expanded data capabilities • Sustainability training and development • Integrate sustainability into corporate and FI purpose, strategy, risk, KPIs and culture • Transition plans that cover multiple sustainability issues and are informed by scenario analysis • Consolidated voluntary stewardship code	• Credible, science-based corporate and financial institution (FI) targets supported by climate (and nature) transition plans and informed by scenario analysis	• Corporate and FI climate (and nature) transition plans informed by scenario analysis	• Nature targets and transition plans for corporates and FIs	• Increase First Nations representation in FIs • Voluntary First Nations financing targets by FIs • Promote adoption of FPIC in financial / investment processes	• Support for customer capability and literacy • Public-private dialogue on finance solutions for vulnerable communities • Flexible risk assessment processes to account for different customer circumstances

Initial longlist of priority actions for 2025-2027

	Outcome area					
	Outcome Area	**Cross-cutting**	**Financing emissions reductions across the economy (sector, organisation, facility, household)**	**Increasing flows of capital towards climate adaptation and resilience measures**	**Valuing and integrating nature in financial decision making**	**Embedding principles of FPIC and increasing First Nations access to finance**	**Supporting community resilience through place-based financial products and improved financial inclusion**
Levers for Action	**Levers for action**						
	Financial innovation	• Public green and sustainability bonds • Australian international green bank • Blended finance vehicles and pilots • Taxonomy adoption to inform products	• Subsidies, tax credits, grants and SIV funding for green projects and technologies • Tax incentives for homeowners to electrify	• Climate adaptation bonds • PPPs and/or public subsidies for investment in resilience • Innovative risk and insurance products	• Government incentives for preservation and restoration of nature (e.g. tax credits for landholders)	• First Nations venture fund • SIV mandates include First Nations outcomes • Government guarantees for private sector loans • Financial products designed by and for First Nations	• Community bonds, loans and shared equity or other innovative products
	Data, information, systems and technology	• Expand taxonomy to other sustainability objectives • Expansion of mandatory climate disclosures to sustainability disclosures • Digital reporting • National data roadmap (including making government data publicly available)	• Taxonomy adoption	• Develop taxonomy for adaptation	• Develop taxonomy for nature • Economy wide nature-related materiality assessment • Increased rates of voluntary nature disclosures • National and regional datasets covering sensitive and significant areas	• First Nations Disclosures that go beyond cultural heritage	• Voluntary adoption of social disclosures in-line with emerging frameworks (e.g. TISFD) • Collection of community resilience data

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