MEDIA RELEASE

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ASFI sets out role for Australian Taxonomy in scaling investment in adaptation and resilience

The Australian Sustainable Finance Institute (ASFI) has released a new report that outlines how expanding the Australian Sustainable Finance Taxonomy to adaptation and resilience can help mobilise investment to build a more climate-resilient Australia.

ASFI, the peak body for Australia's sustainable finance sector, today released ***Investing in a Climate Resilient Australia: The Role of the Australian Sustainable Finance Taxonomy*****,** which sets out how a shared framework for defining adaptation and resilience could help direct investment towards projects that strengthen Australia's resilience to physical climate hazards.

The report finds that while Australia is developing a clearer picture of the physical climate risks it needs to address, there is still **no consistent way to translate those risks or associated adaptation priorities into activity-level definitions that can support investment**.

Drawing on engagement with financial institutions, government and technical experts, the report explores how expanding the Australian Taxonomy could provide a **shared framework for identifying investments that make a credible contribution to Australia's broader adaptation objectives**.

The report identifies practical applications for the taxonomy across the economy, including:

- **Banks,** through lending, portfolio management and sustainable finance frameworks.
- **Businesses**, through capital planning, asset management and climate-related reporting.
- **Insurers**, through underwriting, insurance products and claims processes.
- **Institutional investors**, through fixed income, stewardship and portfolio resilience assessments.
- **Governments**, through public expenditure, concessional finance and labelled bond issuances.

These applications can help scale capital investment in resilience, reduce systemic risk and deliver broader economic benefits for businesses, households and communities.

Nicole Yazbek-Martin, ASFI Executive Manager, Standards and Practice, said that expanding the Australian Taxonomy is an important first step in building the market infrastructure needed to mobilise capital for resilience in line with Australia's national adaptation priorities.

"Expanding the Australian Taxonomy to adaptation and resilience would give actors across the economy a common basis for identifying investments that make a credible contribution to Australia's national adaptation priorities.

An expanded taxonomy would also help align actors across lending, investment, insurance and public financing, turning individual resilience actions into a more coordinated response at scale."

This report forms part of ASFI's Adaptation & Resilience Taxonomy Scoping Project. The project is overseen by a Steering Committee comprising representatives from banking, insurance, investment and public finance, alongside government and regulatory observers. The project is also informed by a cross-sector Technical Advisory Group.

Steering Committee members include representatives from Allianz Australia, Bank Australia, the Clean Energy Finance Corporation, IAG, IFM Investors, NAB, and Rabobank, with Moody's Ratings, the Australian Prudential Regulation Authority and the Department of Climate Change, Energy, the Environment and Water participating as observers.

Next step: Building the blueprint

This report will be used to inform the next phase of the Adaptation & Resilience Taxonomy Scoping Project: a **blueprint for expanding the Australian Taxonomy** to adaptation and resilience, expected in **Q1 2027**.

The blueprint will recommend priority sectors, themes and activities and set out a methodology for developing taxonomy technical screening criteria that are credible, usable and aligned with existing standards, frameworks and tools.

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Assets

PDF Report: Investing in a Climate Resilient Australia: The Role of the Australian Sustainable Finance Taxonomy - Australian Sustainable Finance Institute (ASFI) (https://www.asfi.org.au/publication/investing-in-a-climate-resilient-australia/)

ASFI Scoping Project Webpage: Taxonomy Expansion - Australian Sustainable Finance Institute (ASFI)

Media Contact

Grace Soutter
+61 437 510 943
grace.soutter@asfi.org.au

About the Australian Sustainable Finance Institute (ASFI)

Established in 2021, the Australian Sustainable Finance Institute (ASFI) is the peak body for the Australian sustainable finance sector. ASFI is a not-for-profit organisation committed to mobilising capital for climate, nature and social impact. ASFI's members are large Australian financial institutions – including major banks, superannuation funds, insurers, asset managers, and financial services firms – that collectively hold over AU$18.9 trillion in assets. ASFI and its members are committed to allocating capital in ways that create positive social and environmental outcomes to secure future prosperity and sustainable economic growth for Australia.