

## MEDIA RELEASE

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### **Bold plan to reshape Australia's financial system** *Australian Sustainable Finance Initiative releases new Roadmap*

Australia's financial services sector has come together in an unprecedented coalition to promote a transformation of the country's financial system to prioritise prosperity for all, meet 21<sup>st</sup> century sustainability challenges, and position Australia more competitively within international markets.

The [Australian Sustainable Finance Initiative](#) (ASFI) – comprising 80 organisations across major banks, insurers, super funds, civil society, and stakeholders – has today released its Roadmap that sets out a bold plan to align Australia's financial system to support a thriving Australian society, a healthy environment and a strong and prosperous economy.

The Roadmap calls for financial system participants to embed sustainability into their organisation's purpose, strategy and leadership, and to support the transition of the economy to net zero emissions by 2050, consistent with international conventions including the Paris Agreement and the UN Sustainable Development Goals.

The Roadmap makes 37 recommendations that will enable the financial services sector, together with regulators and governments, to strengthen Australia's financial system with the aim of recovering from the impacts of COVID-19 and delivering a transition to a net zero, resource-efficient and inclusive economy.

ASFI Co-chair Jacki Johnson said "The Roadmap signifies a step change in how the finance sector does business. It provides a path towards a financial system that is better prepared to face future risks and shocks, such as a changing climate; to meet the current needs of Australians while delivering on long-term needs for a sustainable future; to enhance financial inclusion and well-being of all Australians, including our most vulnerable; and to direct capital to where it is most needed."

"Many of the challenges that Australia faces are global in nature and, beyond our borders, a major international shift is underway shaping capital flows. There is an urgent imperative for Australia's financial services sector to act to remain globally competitive in a world increasingly prioritising a sustainable economy."

"We are seeking to re-orient capital – where capital is lent, what it insures and where it is invested – to supporting and building value today while strengthening the economic, natural and social assets that underpin our long term prosperity" said Johnson.

ASFI Co-chair Simon O'Connor, said "As governments across Australia – federal, state and local – set a direction for a stronger and more sustainable nation, this Roadmap is the financial services sector's contribution to ensuring our sector is aligned with this future. As an industry, we are ready to lead and play our part".

"Recent events, such as bushfires, floods and drought, as well as COVID-19, have highlighted how locally and globally connected our economy, society and environment are."

“The financial services sector recognises the critical role it needs to play for Australia to recover from the pandemic and to prepare for our future challenges. We need to mobilise now to enable a prosperous and thriving economy, which can only be delivered while investing in a sustainable and resilient society, and healthy environment” O’Connor added.

The Roadmap’s 37 recommendations are focused on:

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

The Roadmap has been developed collaboratively by more than 140 participants from over 80 organisations spanning Australia’s financial system, including financial institutions, civil society, academia, regulators and government. This has been done under the guidance of a Steering Committee comprising major banks, insurers, investors, and civil society representatives supported by financial regulators, APRA and ASIC, in observer roles. Delivery of the roadmap will be driven by a permanent sustainable finance body, to be established in 2021.

The Australian Sustainable Finance Roadmap report can be found here:

<https://www.sustainablefinance.org.au/roadmap>

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**About the [Australian Sustainable Finance Initiative](#):**

The Australian Sustainable Finance Roadmap (Roadmap) is a plan for aligning Australia’s financial system with a sustainable, resilient and prosperous future for all Australians. It represents the collective output of more than 140 participants from over 80 organisations across Australia’s financial system, including financial institutions from banking, superannuation, asset management and insurance, regulators and government, together with civil society and academia, who came together to form the Australian Sustainable Finance Initiative (ASFI).

ASFI developed its recommendations through an inclusive and collaborative process, which included contributions from, and consultation with, academia, government, financial institutions, industry bodies, regulators and civil society. The process was governed by ASFI’s Steering Committee, whose 18 members hold senior executive positions in banks, insurance and investment organisations, universities and civil society organisations. APRA and ASIC executives are observers to the ASFI Steering Committee.

ASFI established four technical working groups and a coordinating working group that were focused on different elements of the financial system. Each technical working group had up to 20 members who were selected using an expression of interest process. Members were selected based on their skills and experience with the objective of ensuring that each working group had a balance of sector, gender, age and professional skill sets. The Roadmap represents the collective output of ASFI participants.

**ASFI Steering Committee Quotes:**

*The following quotes are provided by ASFI Steering Committee members and observers or their organisations in support of the launch of the Australian Sustainable Finance Roadmap:*

**Kristian Fok, Chief Investment Officer, Cbus**, “Cbus is proud to have played a part in the development of the ASFI roadmap through our participation on the steering committee and working groups. ASFI will provide strong benefits in relation to creating common frameworks and taxonomies that can be applied across the financial services sectors, including alignment with global initiatives. Most importantly implementation of the roadmap will help support better outcomes for our members as we transition to a more sustainable future.”

**Charles Davis, Head of Sustainable Finance and ESG, Institutional Banking & Markets, Commonwealth Bank of Australia, and Steering Committee member**, “There is a rapidly increasing focus from all stakeholders on the environmental and social impacts of doing business, and in particular the role that financial institutions are playing. CBA is therefore pleased to work in collaboration with the broader financial services sector on this important ASFI initiative.”

**Damien Walsh, Bank Australia Managing Director and Steering Committee member**, “Financial institutions can play a huge role in addressing challenges like the climate crisis and COVID-19 recovery. The ASFI Roadmap sets out options for how we can collectively raise the bar for sustainability in the Australian finance sector, and in doing so respond to the needs of our customers and their communities.”

**Anna Skarbek, CEO, ClimateWorks and Steering Committee member,** “The Australian finance sector has come together in the creation of this roadmap. I’m proud to be part of the steering committee and to see this process come to life with contributions coming from hundreds of finance sector executives. Together we have identified best practice improvements that will bring our finance system in line with international trends and help ensure finance becomes more sustainable into the future – in every sense of the word, which is needed for our people, places and planet.”

**Eric Usher, Head of the UN Environment Program Finance Initiative, Economy Division, UN Environment and Steering Committee observer,** “The Australian Sustainable Finance Roadmap represents another step towards creating the global financial system that more effectively finances the development of an inclusive, green economy. Australia now joins the growing number of regions and countries globally that have developed Sustainable Finance Roadmaps to increase the resilience and sustainability of their financial systems to environmental and social shocks and stresses. Congratulations to the over 140 individuals, and 80 organisations, that have contributed to the development of the Roadmap. UNEPFI looks forward to working with Australia’s financial system participants to support implementation of the Roadmap’s recommendations.”

**Emma Herd, Chief Executive Officer of the Investor Group on Climate Change and Steering Committee member,** “We are witnessing an unprecedented global capital shift from the old economy to the new net zero emissions of the 21st century. The recommendations of the Australian Sustainable Finance Initiative provide a clear pathway for the finance industry to ensure it is keeping pace with this global shift and is well positioned for what will be one of the biggest investment opportunities in history.”

**Phil Vernon, Board Director, Beyond Zero Emissions and Steering Committee member,** “The financial services sector plays a critical and fundamental role in shaping and impacting our society, our economy and the planet. This important initiative paints a vision for our future and provides a framework for mobilising and directing capital to the clean economy and to build the healthy and resilient communities we all want and need”.

**Fiona Reynolds, CEO, Principles for Responsible Investment,** “Australia is already well known on the global stage for its dynamic financial services sector and for having the world’s fourth largest pool of superannuation assets – assets that must be invested and managed over decades for the benefit of current and future generations. However, as the findings of the 2019 Royal Commission and other recent events have shown, our financial system must evolve before it can claim to function with the best interests of its customers and society more broadly at its heart. The recommendations outlined in the AFSI Roadmap will help position Australia as a global leader in sustainable finance and ensure the country can fulfil its commitments under the Paris Agreement and the Sustainable Development Goals. The PRI encourages all of its Australian signatories to work with ASFI over the coming years to implement the recommendations in full.”

**Dr John Hewson AM, Chairman, Business Council for Sustainable Development Australia and Steering Committee member,** “The finance sector has a unique opportunity and responsibility to drive the effective and fair transition to at least a net zero and a sustainable society by mid-century. It is better able to identify, assess, and manage the risks; better able to measure the full economic, social, and environmental costs and benefits of alternative pathways, actions and inaction; while providing the most innovative and affordable finance and insurance cover essential to the various sectoral transitions.”

**Nick Hawkins, Managing Director and CEO, IAG,** “IAG is proud to have been part of the development of the Australian Sustainable Finance Initiative roadmap.

“As Australia and New Zealand’s largest general insurer, we have a role to play in creating a more resilient and sustainable economy for all Australians. We also see first-hand the impacts that a changing climate has on our customers and communities during major weather events including storms, floods and bushfires.

“It is imperative that the Australian finance sector, government and communities continue to work together to find solutions that ensure a prosperous economy while also delivering a sustainable future for our communities and the environment.

“The roadmap provides practical recommendations to help guide how all Australian financial institutions can contribute to a more sustainable economy and future for everyone.”

**Geoff Summerhayes, Executive Board Member, Australian Prudential Regulation Authority, and Steering Committee observer,** “The global economy is on the edge of the next industrial revolution to a more sustainable low carbon future. ASFI recognises the immense risk and opportunity that this transition presents for the Australian financial system and the global economy. APRA welcomes ASFI’s leadership, diligence and commitment to this thoughtful and important report.”

“A number of the recommendations are directed at APRA and our regulatory peers. While there is a degree of alignment between the recommendations and APRA’s strategy, we are committed to carefully considering the ASFI Report”.

**Connie Sokaris, Executive, Corporate Finance National Australia Bank and Steering Committee member,** “NAB is pleased to have played an active role in establishing ASFI and in the collaborative effort to develop the ASFI Roadmap. We have been involved through the Steering Group, Coordinating Working Group and Technical Working Group. The Roadmap recommendations set out a series of actions that the financial services sector can take to contribute to a more sustainable future, and this includes banks, insurers, investors and regulators. We recognise the important leadership role we play in both supporting customers through the low carbon transition and helping address society’s biggest challenges, as represented by the Sustainable Development Goals, the Paris Agreement and the Sendai Agreement on Disaster Risk Reduction.”

**Mark Senkevics, Head P&C Underwriting Asia & Australia and New Zealand, Swiss Re and Steering Committee member,** "From bushfires to pandemic, 2020 is a timely reminder of why we need to focus on boosting societal resilience. Insurance plays a crucial role in this – it frees up capital, mitigates against financial loss, provides long term financial stability and can be a substitute for government programs. This Roadmap could not come at a more pertinent time in shaping a sustainable future for Australia. It is a pleasure to be part of such an initiative."

**Robynne Quiggin, Professor, University of Technology Sydney, Business School and Steering Committee member,** "The Australian Sustainable Finance Roadmap has been an extraordinary collaboration of industry expertise which supports principled and effective engagement with First Peoples based on international human rights standards, particularly Free Prior and Informed Consent (FPIC) and self-determination. Fresh in our minds are the images of sacred places destroyed by extractive industries ignoring the First Peoples who held responsibility and care for their place for thousands of generations and into the future. This is an important moment for our nation. The choices we make about financing projects, the treatment of consumers, informing investors, partnering with Indigenous businesses and critically about engaging, respecting and partnering with traditional owners shape our wellbeing as a nation. The Australian Sustainable Finance Roadmap provides guidance to a healthier, more respectful, more prosperous and more equitable economy and community."

**Didier Van Not, General Manager Corporate and Institutional Banking, Westpac Banking Corporation and Steering Committee member,** "The challenging events of this year have underscored the importance of a sustainable and resilient financial system."

"As Australia's first bank and oldest company, we recognise that delivering a transition to a net zero, inclusive, and thriving economy is critically important for how we create value over the long term."

"Westpac is proud to have participated in this unprecedented collaboration across the financial sector to develop a roadmap for a more sustainable financial system."

**Christina Tonkin, Managing Director, Corporate Finance, Australia and New Zealand Banking Group Limited,** "ASFI is a timely platform to help ensure Australia's financial system plays its role in supporting customers, communities and government efforts to manage the environmental impacts of climate change and its potential social costs. We understand the impact the financial sector has – both positive and negative – on transitioning to a net zero carbon, more sustainable economy. That's why ANZ is pleased to have participated in the Report issued today, which sets out a wide-ranging blueprint for Australian financial institutions to help deliver on the Paris Agreement and the Sustainable Development Goals."