PRI / UNEP FI Conference – Towards a resilient economy

Keynote 1: Update on ASFI and the NZ Sustainable Finance Forum

MELBOURNE
Australian Sustainable Finance Initiative

ASFI Progress Report Launch

Jacki Johnson, ASFI Co-Chair
Simon O’Connor, ASFI Co-Chair

www.sustainablefinance.org.au
The Different Scopes of Sustainable Finance

**Sustainable Finance**
Accessible and clearly defined sustainable finance products and services

**A sustainable financial system**
A financial system which is sustainable in itself and its interactions with its major stakeholders

**A sustainable society**
A financial system which contributes to and supports a sustainable, prosperous and resilient society
ASFI Timeline

1. Establish Steering Committee and Working Groups
2. Research, consult, identify critical challenges and draft
3. Consult and research, develop and draft recommendations for Roadmap
4. Final Report Mid 2020
   A Sustainable Finance Roadmap for Australia
5. Interim Report May 2020
   A draft Sustainable Finance Roadmap for Australia
6. Delivery and implementation
7. Progress Report Dec 2019
   Critical challenges to Sustainable Finance in Australia

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# ASFI – the Critical Challenges

<table>
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<tr>
<th>ASFI Objectives</th>
<th>Critical Challenges</th>
<th>Recommended Solutions</th>
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<tr>
<td>Meeting community and consumer expectations</td>
<td>1. Leadership, culture and institutional structures</td>
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<tr>
<td>Better informed financial decisions</td>
<td>2. Community and consumer interests and expectations</td>
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<td>Sustainable, resilient and stable financial system</td>
<td>3. Frameworks, tools and standards</td>
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<td>Mobilising Capital</td>
<td>4. Decision-making and valuation</td>
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<td>5. Unlocking sustainable finance and allocating capital to where it needs to go</td>
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<td>6. Policy, regulation and supervision</td>
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Sustainable Finance Roadmap for Australia, supporting:

Ensuring resilience, prosperity and wellbeing of Australia

www.sustainablefinance.org.au
Reshaping New Zealand’s finance system – The Sustainable Finance Forum

Matt Whineray
Presentation to PRI & UNEP FI Conference
11 December 2019
# The Sustainable Finance Forum – High Level Mandate

<table>
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<tr>
<th>Review NZ’s sustainable finance system</th>
<th>Engage with stakeholders</th>
<th>Deliver a pathway to a sustainable finance system</th>
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<tr>
<td>• Theory of Change process</td>
<td>• Consultation with stakeholders domestically and offshore</td>
<td>• Recommendation report to Ministers and private sector</td>
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<td>• Identify barriers to achieve a sustainable financial system</td>
<td>• Scope - Government, regulators, private sector and society</td>
<td>• Roadmap for implementing those recommendations</td>
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<td>• Literature review</td>
<td>• Centralise feedback into interim report</td>
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<td>• Engagement with offshore forums</td>
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<td>• Form Technical Working Groups</td>
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The New Zealand Context – Why is this so important?

Physical Risk

Real Economy
- Rising sea levels, storm tides, floods will have massive implications for costal areas
- Impact on Pacific Islands driving climate refugees
- Changes in weather/rainfall patterns have significant implications for business

Transition Risk
- High emission economy – 4th highest OECD per capita
- Impacts license to operate & viability of core exports – agri, tourism
- Long, carbon-heavy supply chains

Financial Economy
- Significant exposure of financial institutions to property collateral exposed to physical risk
- Dependence on off-shore reinsurance markets
- NZ needs international capital & needs to be able to continue to attract it
- Significant exposure to businesses exposed to policy & regulatory response to climate change

Source: (1) StatsNZ
(2) IMF data, 2019
(3) OECD, 2019

Classification: PROTECTED
A sustainable financial system considers the impact on business and the impact of business.
Priority Areas – Changing Mindset

- Changing Mindset
- Greening Finance
- Financing Green
- Long Term Purpose & Leadership
- Fiduciary Duties
- Performance Management & Remuneration
- System Architecture
Priority Areas – Greening Finance

- Changing Mindset
- Greening Finance
- Financing Green

- Sustainability Education
- Data & Reporting
- Pricing Sustainable Outcomes
- Market Stability
Priority Areas – Financing Green

- Changing Mindset
- Greening Finance
- Financing Green
- Defining Sustainability
- Scaling Positive Impact
- Inclusiveness

Classification: PROTECTED
Where to from here for the Sustainable Finance Forum?

November to February 2020
We are asking people to:
• Read the full report.
• Complete the online survey (link in the report).
• Discuss and share with trustees, asset owners, board members.

June 2020
Final report including assessment of positive impacts and risks.
Roadmap for Action.
Confirmation of timelines.
Confirmation of accountability.

https://www.theaotearoacircle.nz/sustainablefinance
Thank you