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Sustainable Finance Unit
Climate and Energy Division
The Treasury
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Via email: SustainableFinanceConsultation@treasury.gov.au

Sustainable Finance Strategy – Consultation Paper

First Sentier Investors (FSI) is a global asset manager, managing AU$213.5 billion (as at 30 September 2023) on behalf of our clients, with experience and expertise across a broad range of asset classes and specialist investment sectors. We are stewards of assets managed on behalf of institutional investors, pension funds, wholesale distributors, investment platforms, financial advisers and their clients worldwide. We are a stand-alone asset management business and the home of investment teams FSSA Investment Managers, Igneo Infrastructure Partners, Realindex Investments and Stewart Investors.

We welcome the Government's release of a consultation paper on Australia's Sustainable Finance Strategy. The world faces a number of significant systemic issues that are impacting the global economy, environment and society. We recognise that the individual and collective decisions we make as investors have far-reaching implications for whether these challenges can be resolved successfully, and that navigating them requires a deliberate and long-term investment focus.

Our business aims to protect and enhance the value of our clients' assets. We are aware that this requires us to acknowledge a wider set of responsibilities, such as upholding the quality and integrity of the financial markets we invest in, and allocating capital to investments that contribute to a sustainable economy and society. We believe that an emphasis on stewardship underpins the quality of our investment process, is in our clients' best interests, and is part of our broader social licence to operate.

Different investment teams across our business have different investment strategies, styles and risk appetites, which provide different levels of opportunity for, and barriers to, investing sustainably. See Appendix 1 for details of our different investment teams and asset classes. We would welcome the chance to consult further with Treasury on the nuances of these opportunities and barriers during ongoing policy development.

At a high level, we would like to note that:

- As stewards of our clients' assets, we are responsible for investing in a way that meets their risk and return objectives. We welcome Treasury's consideration of the broader policy settings including Your Future Your Super benchmarks (see submission relating to priority 8 below), clarity on the interplay between sustainable finance and fiduciary duty (see submission relating to priority 8 below), as well as the real economy policy settings required to enable the flow of capital to sustainable outcomes.
- In practice, we have seen requirements - across many jurisdictions globally - for sustainable-labelled funds, or any funds making sustainability claims, to provide increased disclosures and transparency. Whilst we welcome these developments insofar as they provide better sustainability information to consumers, we are concerned that by creating additional hurdles for sustainable investment, this could work against the broader objective of the strategy, which is to mobilise private sector investment needed to support the net zero transition and other sustainability goals. As such, we advocate for increased transparency *__across the market__*, not just in relation to sustainable investment (see submission relating to priority 4 below).
- The Government can support those opportunities that do exist for investors to invest sustainably, by mandating quality disclosure of consistent information from investee companies (see submissions

relating to priorities 1 and 11 below), and by helping to support the development of new industries (see submission relating to priority 12 below).

We hold a strong view that education and capacity building for financial market actors, businesses and government, including at different levels (for example, company directors), is essential for delivering sustainable finance objectives (see submission relating to priority 1 below).

Finally, we would like to recognise the interconnectedness of sustainability issues and to encourage the Government to take a holistic approach to its sustainable finance strategy. As investors, we seek to identify all material sustainability-related risks and opportunities of each investment. For example, when we are considering the risks and opportunities connected with the transition to a low carbon economy, we also seek to understand and address any unintended consequences of addressing those risks and opportunities, such as increases in inequality[1], heightened risks of modern slavery[2], and loss of First Nations People's rights[3]. If we worsen those issues as part of the transition, they will be more difficult to address later. As global asset managers (see Appendix 1 for details of the asset classes and regions we invest across), we see value in interoperability with other standards and strategies globally (see submissions relating to priorities 1, 2 and 11 below).

Pillar 1: Improve transparency on climate and sustainability

Priority 1: Establish a framework for sustainability-related financial disclosures

What are the opportunities for Government, regulators and industry to support companies to develop the required skills, resources and capabilities to make climate disclosures under the proposed new obligations?

Current skills and knowledge gaps go beyond supporting disclosure requirements and extend to the effective integration of relevant information across the industry and at all organisational levels including company directors, auditors, product, investment and legal professionals, and within government and regulators.

Most finance professionals have received minimal, if any, training on the context and relevance of sustainability issues like climate change to their roles, or the methods that they can employ to address them like how to understand and interpret transition plans.[4] We believe that mandatory continuing education for finance professionals should include sustainability related competencies that are relevant to each role.

Working with the higher education and finance sectors, we encourage the government to invest in the development of minimum skill requirements for the industry broadly and in specialist knowledge domains, and to incentivise companies to invest in meeting those requirements. New disclosure requirements that are not supported by the skills and knowledge needed to interpret and act on them will likely result in poor quality outcomes and a war for talent that will be a zero-sum game.

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[1] According to Minerals Council of Australia up to 50,000 direct jobs (projected to be closer to 67,500 in 2025) and 120,000 indirect jobs are connected to the Australian coal industry. This represents less than 1% of the labour force in Australia. In regional areas such as the Hunter Valley (NSW) and Central Queensland many of the occupations at risk are very specialised within coal industries and will likely require proactive planning to training and reskilling workers if they are to find employment in the emerging industries. A just transition will require that we match the geographic spread of new opportunities with the geographic spread of the likely disruptions if we wish to be successful and avoid that certain communities are left behind in the transition process.

[2] According to research by University of Nottingham, around 40% of the global supply of polysilicon (a critical component of solar panels) comes from Xinjiang Uyghur Autonomous Region, where there are heightened risks of state-sponsored forced labour. Between 15 and 30% of the cobalt in lithium-ion batteries used to store solar energy comes from informal mines in the Democratic Republic of Congo, where forced and child labour are common.

[3] First Nations people are already being significantly impacted by the effects of climate change, which are compounded by commercial activities including mining, forestry and fishing on Country. As outlined in the State of the Environment Report 2021, changes to Country due to climate change apply multiple pressures to Indigenous people. This includes making previously habitable areas uninhabitable, degradation of the environment, and rising sea levels in the Torres Strait. It also damages culturally significant places, plants and animals.

[4] The CFA Institute Future of Sustainable Finance survey (2020) highlighted that only 6% of LinkedIn profiles indicated ESG/sustainability expertise and only 11% of surveyed analysts felt proficient at analysing ESG information. A UTS Institute for Sustainable Futures survey of sustainable finance professionals found that there is more demand than supply of opportunities for increasing skills with 70% reporting barriers and being isolated within their organisations. An article published in APO Productivity Insights draws connections between greenwashing and competence washing and the negative impacts this has on sustainable finance and ESG investing.

We see an important role for the Government and regulators to play in capacity building, and supporting companies by:

- working with and supporting established industry bodies (such as the CFA Institute) and the University sector to deliver high quality training and ongoing education;
- allowing regulatory flexibility whilst encouraging companies to report usable data as early as possible, including on how they cultivate and maintain the required competencies; and
- providing clear guidance that is linked to international reporting standards and requirements.

How should the Government, regulators and industry prepare for global developments in sustainability-related financial disclosure frameworks and standards, including the TNFD?

We support globally consistent reporting frameworks aligned with the work of the ISSB and the TNFD. As the Government looks to build out sustainability disclosures, deviations from the ISSB and other global standards such as the TFND should be as limited as possible, to allow for maximum interoperability and usefulness, and to reduce compliance cost for global companies.

We encourage the Government and regulators to continue to work collaboratively with industry to build capacity over time.

Priority 2: Develop a Sustainable Finance Taxonomy

What are the most important policy priorities and use cases for an Australian sustainable finance taxonomy? What are the key insights from international experience to date?

The transition to a sustainable economy is a complex and urgent undertaking requiring creativity and a systems perspective to achieve shared goals. We support the concept of a taxonomy as we believe that it will provide a common language across the economy on what constitutes a sustainable economic activity. However, when misapplied, overly technical taxonomies risk undermining the ability of financial market actors to support the transition by instead directing capital to the changes that are easiest to measure rather than those that are most impactful, particularly at the local level.

Taxonomies risk focusing the market solely on outcomes that get measured, and losing focus on those that are hard to measure (and potentially solve). Being specific on the objective of the taxonomy and ensuring it has the right level of granularity for a given application is critical. Our observation of international efforts to establish taxonomies is that the intended applications are too broad.

For example, our experience with the EU Taxonomy is that the criteria are so narrow, it is challenging to use as intended. This is because any portfolio, particularly in global equity markets, which might look to use the taxonomy as a credible standard for measuring sustainable activities/objectives, is likely to have low levels of taxonomy alignment (whether it has a sustainability objective or not). Another challenge is that countries outside of the EU generally do not publish EU Taxonomy alignment data, which is why alignment across taxonomies globally is so important. For example, for FSI portfolios, of the 4,900 securities we invest in across listed equity and debt, only 37.5% had data available, and of the covered securities currently only 17% of companies have reported data and 83% of companies were assessed based on estimated data according to our research provider, Sustainalytics. This is difficult to address given that each country has different sustainable development challenges. An option for addressing this is to use taxonomies at asset level (for example, for unlisted property and infrastructure investors) and by banks for project financing and green bonds.

If a broader use case is employed, we recommend the Government considers the EU Platform on Sustainable Finance's 'Data and Usability Report'[5], published in late 2022, which includes a set of recommendations to the EU Commission on the EU Taxonomy, when designing an Australian Taxonomy - with particular focus on defining the use of estimates or 'equivalent information' where corporate reported data might be lacking.

Finally, we note that there seems to be a lack of understanding across the industry in Australia of the difference between the taxonomy, labelling, and disclosure regimes. We recommend that the Government clarifies the purpose of each of these three tools and the role that they have to play within the broader strategy.

[5] https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-usability_en_1.pdf

What are priorities for expanding taxonomy coverage after the initial focus on climate mitigation objectives in key sectors?

Social investment is needed in order to manage risks and support environmental objectives, including for a just transition, improving community resilience and closing the gap between Indigenous and non-Indigenous Australians. Given the strong focus on environmental objectives globally, in order to be additive and foster the Government's goal of leadership in this area, the Government should consider prioritising social objectives.

What are appropriate long-term governance arrangements to ensure that the taxonomy is effectively embedded in Australia's financial and regulatory architecture?

Any taxonomy will require ongoing review and updating and must be resourced accordingly. An independent body should review the effectiveness of the taxonomy, including any unintended consequences, and be given responsibility for its upkeep. This need not be a government department and should include appropriate experts to test the scientific (e.g. for climate change) and legal (e.g. for human rights) merits of the taxonomy (along with other relevant considerations).

Priority 3: Support credible net zero transition planning

What are key gaps in Australian capability and practice, including relative to 'gold standard' approaches to transition planning developed through the TPT and other frameworks?

To what extent will ISSB-aligned corporate disclosure requirements improve the transparency and credibility of corporate transition planning? What additional transition disclosure requirements or guidance would be most useful in the medium-term?

In order to design credible transition plans, companies need a level of policy certainty regarding the transition pathway of their industry. Our experience with investee companies is that they are reluctant to set science-based targets given that the policy environment does not require them to. Sectoral decarbonisation plans and other signals like the removal of fossil fuel subsidies and consistency with net zero goals when considering project approvals, should help provide this framework for transition. Government can further support quality transition planning by endorsing transition roadmap guidelines for industries, to support regional and industry transition and investment plans. Strong policy signals that we as investors can hold companies accountable to can help close the gap we see between company transition plans and what is required for net zero alignment.

The ISSB S2 does not prescribe the content of transition plans, just requiring disclosure of transition plans where they exist. We recommend that only companies in high impact sectors should be required to disclose transition plans. For other sectors, ISSB S1 disclosures which require a description of governance, strategy, risk management, and metrics and targets for all material sustainability issues will provide investors with more relevant information. However, we note that the ISSB's focus on single materiality risks masking company impacts on the environment and society which would be misaligned with the Sustainable Finance Strategy's objectives.

Priority 4: Develop a labelling system for investment products marketed as sustainable

What should be the key considerations for the design of a sustainable investment product labelling regime?

Given the increase in consumer demand for sustainable investment products, there is a clear need for greater clarity and consistency in the sustainable investment product labelling market. This will help investors make more informed decisions.

Key considerations include:

- There is a broad range of sustainable products in the market that apply different approaches, have different objectives and serve different needs. Whilst this creates complexity which potentially increases the risk of misleading consumers, any labelling regime should not be so narrowly focused that it stifles innovation in relation to legitimate sustainable products. Achieving sustainability goals requires a broad and innovative set of products to allocate capital to companies that are well positioned to address the range of systemic issues we are facing. As a broad rule, we submit that if the responsible or sustainable investment objective is clearly disclosed, and that the investment strategy in meeting these goals can be clearly demonstrated, then a wide spectrum of sustainable investment/responsible investment-themed products should be permitted (i.e. the onus should be on

the product provider to demonstrate the effectiveness of their approach while complying with existing provisions for misleading and deceptive conduct).
- We agree with ASIC's emphasis that all labels used must have a reasonable basis, that is, be true-to-label. There needs to be an accepted understanding of what an ESG, responsible or sustainability-themed product is, which will provide greater clarity to the market.

How can an Australian model build off existing domestic approaches and reflect key developments in other markets?

Whilst not a labelling regime, the EU Sustainable Finance Disclosure Regulation ("SFDR") has a number of characteristics that are similar to a labelling regime. SFDR allows Article 9 product providers to develop and demonstrate their own approach for selecting and maintaining sustainable investments. This is vitally important for promoting stewardship and approaches that address sustainability issues beyond climate change, or which take a more integrated approach to sustainable development (as discussed above).

Challenges implementing SFDR include that it sets standards for sustainable products but requires very little of "mainstream" financial products (article 6). The current SFDR consultation has asked for feedback on whether all financial products should disclose further information including Principal Adverse Impacts data, taxonomy alignment, engagement strategies and a description of how ESG is integrated into the investment process. We are concerned that any labelling regime that creates additional hurdles for sustainable investment could unintentionally harm the broader objective of the strategy (i.e. to mobilise private sector investment needed to support the net zero transition and other sustainability goals) by disincentivising sustainable investment. If the goal of a labelling regime is to ensure that consumers/investors are better informed, transparent disclosure rules should apply across the market, not only to sustainable funds. Another challenge in relation to SFDR is that it requires disclosure by investment product providers on portfolio level metrics (Principle Adverse Impacts) which are not a disclosure requirement for the companies these products invest in. While setting minimum disclosure requirements is reasonable, they should marry with global investee company disclosure requirements.

Whilst changes may need to be made to a labelling regime as sustainable finance evolves in the region, we would caution against iterative changes that disrupt the functioning of the regime. For instance, in the EU, investment firms have faced significant compliance and legal costs due to the staggered nature of SFDR implementation i.e iterative changes required to fund legal documents due to SFDR level 1 and level 2 requirements, and changes of fund classifications due to ongoing uncertainty with the regulation and specific definitions.

In Australia, given that the Responsible Investment Association of Australasia ("RIAA") certification scheme is well respected and has evolved with the industry, we feel that any approach to labelling should build off this scheme. In our view, it would be more appropriate for regulators to either:
- provide some oversight or set minimum requirements (for example, independence and transparency) for the RIAA certification scheme; or
- set principles or standards in relation to labelling (for example, providing the common definitions of what an ESG, responsible or sustainability-themed product is) but allow RIAA or other market participants to deliver outcomes commensurable with the intent of the standards (or better).

In relation to providing minimum standards and/or common definitions, we would like to highlight the work of CFA Institute, the Global Sustainable Investment Alliance and Principles for Responsible Investment to bring greater understanding and consistency to terminology used in responsible investment.[6]

Pillar 2: Financial system capabilities

Priority 5: Enhancing market supervision and enforcement

Are Australia's existing corporations and financial services laws sufficiently flexible to address greenwashing? What are the priorities for addressing greenwashing?

We believe current laws around misleading and deceptive conduct provisions are adequate, and can be strengthened by greater consensus in product labelling and industry standards. Given that the environment

[6] Definitions for Responsible Investment Approaches, 1 November 2023, https://www.gsi-alliance.org/members-resources/definitions-for-responsible-investment-approaches/

and standards are evolving as data availability and investor expectations change, we think that collaboration with industry to develop a common understanding and greater capacity across multiple parts of the ecosystem should be prioritised over enforcement action. The exception would be for cases where a product was materially misrepresented. Whilst this is not the intention of the regulator, there are concerns across the industry that the fear of greenwashing may be reducing ambition across the economy at a time when we need to mobilise greater ambition.

Is there a case for regulating ESG ratings as financial services?

Given the number of priorities and subject to our comments below, in our view this should not be a priority. If the Government were to move ahead with regulatory proposals, it could consider minimum transparency, conflict of interest requirements or an industry-led code of conduct that accounts for how they are used by industry.

The majority of ESG rating providers do provide general methodologies, however, there are a range of underlying assumptions, criteria and models, raw data inputs, relative factor weightings and time horizons used which remain undisclosed to external users. A specific area where we see minimal transparency of methodology is regarding forward-looking ESG ratings such as Implied Temperature Rise (ITR), which assigns a specific temperature in degrees Celsius to show temperature alignment of a company or portfolio, or Climate Value-At-Risk (CVaR).

A regulatory regime could clearly set out expectations around transparent disclosure of information that underpins methodologies and demonstrates that these methodologies are being followed. Being able to understand the methods and assumptions is critical for the users of data. In addition, access to the underlying data and calculations are critical in understanding the key driving forces for determining a score or output. Where different views are held, users of data should be able to override and adjust accordingly.

Where ESG ratings are used as input to an investment process they are no different to other opinions and analysis that investors use making investment decisions. However, where ratings form the basis for constructing portfolios, for example, with passive ESG ETFs, the ratings provider should be regulated in the same way as the product provider, or the product provider should have to demonstrate why it is reasonable to rely on these ratings for portfolio construction purposes.

Priority 8: Ensuring fit for purpose regulatory frameworks

Do you agree that existing regulatory and governance frameworks and practices have adapted well to support better integration of sustainability-related issues in financial decision making? Are there barriers or challenges that require further consideration? This may include:

- **Corporate governance obligations, including directors' duties**
- **Prudential frameworks and oversight, including in relation to banks and insurers**
- **Regulation of the superannuation system and managed investment schemes**

We welcome Treasury's consideration of how broader policy settings support or hinder integration of sustainability-related issues in investment processes. Given the critical importance of fiduciary obligations for investors, we think it would be helpful for the Government to provide guidance on fiduciary duty and sustainable investment. We believe that incorporating ESG considerations as sources of long-term risk and opportunity into our investment approach helps us make better decisions, leading to stronger long-term investment performance for our clients. However, we are also aware that particularly in the short term and where the right policy settings aren't in place, there is the potential for trade-offs between investment and sustainability outcomes.

Given the evolving nature of sustainability risks and opportunities, and the impact of disclosure regimes in relation to this, we believe that an appropriate liability regime for sustainability disclosures is important. Market participants need confidence in their legal obligations, while being encouraged to improve and evolve in broader sustainability disclosure and considerations.

We are supportive of reviewing the *Your Future Your Super* performance test to ensure it is fit for purpose and to align the superannuation regulatory framework with Australia's climate change objectives. The current benchmarks are backward looking and discourage active management of emerging sustainability risks which consequently may discourage forms of impact or other ESG type investments which may carry active risk and are seeking a sustainability outcome.

What steps could the Government or regulators take to support effective investor stewardship?

The systemic issues we are currently facing cannot be diversified away from, which means that for many investors, stewardship is critical to achieving sustainability goals. Any work done by the Government on this topic should leverage the existing work of the Financial Services Council ("FSC") and the Australian Council of Superannuation Investors ("ACSI"), as these voluntary codes have been well integrated by market participants.

Pillar 3: Australian Government leadership and engagement

Priority 9: Issuing Australian sovereign green bonds

What are the key expectations of the market around issuance of, and reporting against, sovereign green bonds? What lessons can be learned from comparable schemes in other jurisdictions?

Sovereign green bonds are an important tool for the Government to mobilise capital towards sustainable projects. As large investors in Australian Government sovereign debt, we are very supportive of the development of sovereign green bonds in Australia.

For green bonds to attract funds, they must be credible, meaning there must be a clear reporting framework that fosters transparency and accountability, and shows alignment with credible environmental ambitions set out by the Government more broadly. Investors will assess the credibility of Australia's green bond issuances against the country's broader commitment to Paris Agreement goals, in addition to the use of proceeds of the bond itself. A sovereign green bond framework should be able to demonstrate how it significantly advances the country's Nationally Determined Contributions and should also demonstrate clear adherence to the International Capital Market Association's Green Bond Principles (including allocation and impact reporting requirements).

The Government should engage extensively with both banks (the structurers of such programs) and investors, should they look to establish a green bond programme, as we feel there are more unique details required for sovereign green bonds, beyond adherence to Green Bond Principles. Extensive engagement with the investment community beforehand would ensure broader investor support, and programme longevity. We would also like to stress the importance of coordination of a national level of reporting. A lot of projects underlying the green bond program would be joint funded with the states which have their own green bond programmes, so some level of coordination/clarity would be essential.

What other measures can the Government take to support the continued development of green capital markets in Australia?

See response in relation to Priority 12 below.

Priority 10: Catalysing sustainable finance flows and markets

What role can the CEFC play to support scaling up of sustainable investment in Australia, as part of a more comprehensive and ambitious sustainable finance agenda?

What are the key barriers and opportunities for the CEFC to support financing and market development in areas with significant climate co-benefits, including nature and biodiversity?

See response in relation to Priority 12 below.

Priority 11: Promoting international alignment

What are the key priorities for Australia when considering international alignment in sustainable finance?

Striking the balance between interoperability (disclosure and reporting which is aligned as closely as possible with emerging international disclosure regimes) whilst not completely replicating overseas regimes where it does not make sense will be critical. The Government should seek to build on existing standards, frameworks and market practice (for example, the RIAA certification scheme, FSC and ACSI stewardship guidance) where possible. Mandating disclosure to ISSB S1 standards, initially for larger companies, will be an important first step, however, the Government should encourage a double materiality approach which captures company impacts on the environment and society, not just how ESG and sustainability issues impact the company. Government and private companies should also be subject to these disclosures.

Priority 12: Position Australia as a global sustainability leader

What are other key near-term opportunities for Australia to position itself as a global leader in sustainable finance and global climate mitigation and adaptation?

Unfortunately, we have recently witnessed governments in certain regions backtracking on vital climate policy measures. In particular, the UK Government has diluted climate ambition and relaxed targets in key areas. To allocate private capital to support net zero targets, global investors require consistency and clarity on climate policymaking.[7] Additionally, we have seen delays to the finalization and/or implementation of sustainable finance initiatives such as green taxonomies. As a result, Australia has an opportunity to lead from the front and provide the clarity and certainty global investors expect to drive capital to innovative Australian companies.

What are some longer-term international sustainability goals for Australia where sustainable finance can play a role?

What are the key market, regulatory and institutional barriers to increasing private sector engagement in blended financing opportunities? How can these barriers be overcome?

What are other means to mobilise private sector finance toward sustainability solutions in the Indo-Pacific region?

The companies we invest in are impacted by real economic policy that can either incentivise or disincentivise emission reductions. Policymakers can create opportunities for further investment by creating a supportive disclosure environment and providing funding that de-risks innovative sustainable solutions.

Many of the investments needed to achieve the Government's sustainability objectives have inferior absolute and risk adjusted prospective returns, when compared against other possible investments. While Australia's superannuation and managed funds system has a deep capital base, there is importantly a primary fiduciary duty to members. Government incentives that result in superior prospective returns would see the capital flow to where society needs it to go to mitigate the existential risks posed by climate change and environmental degradation. Such interventions should result in a lower cost to the taxpayer than servicing the interest cost if the Government were to self-fund through green bond issuance.

Some ways Government can help to directly enhance real economy transition, and de-risk investments to incentivise private capital, include:

- Regulatory settings to drive the transition to a more circular economy, such as stewardship obligations and extended producer responsibility requirements on manufacturers and/or importers.
- Incentivising behaviour change through a combination of long-term rule implementation combined with short-term monetary incentives (e.g. a long-term rule that bans gas connections in new-build homes from 2033 onward, combined with short-term cash rebates for households who switch incumbent gas-powered appliances to electric versions).
- Procurement models of early private sector engagement on project design, government-owned construction and delivery, followed by capital recycling from a sell-down to the private sector (e.g. NSW Government and the WestConnex road).
- Using well established funding models such as PPPs to de-risk projects.
- Robust whole-of-economy Government targets with supportive policies.
- Ongoing support of research and development in early or pre-commercial stage science and technology to support innovation and de-risk innovative technologies needed to shorten transition timelines for key industries. For instance, with aviation, sustainable aviation fuel is practically years away from viability. Government assistance can help de-risk this early-stage technology and shorten transition times.
- Related to the above point, commercialisation of no-carbon alternatives to high-carbon activities (eg cement, steel etc).

[7] https://uksif.org/wp-content/uploads/2023/08/Letter-to-PM-on-NZ-commitment-Aug23-UPDATED.pdf

- Improve building standards to ensure the built environment is electrified, efficient and healthy in a warmer climate.
- Support training in trades and professions that enable and facilitate climate mitigation and adaptation.
- Proceed in a way that is simple, consistent and not reliant on expensive subsidies.

Appendix 1: List of FSI investment teams and details of their approach to ESG

Investment team	AUM (AUD as at 30 September 2023)	Asset class
Asia Fixed Income	5.2 billion	Fixed Income
Australian Emerging Companies	0.7 billion	Australian Equities
Australian Equities Growth	14.4 billion	Australian Equities
Australian Equity Income	0.5 billion	Australian Equities
Australian Small and Mid-Cap Companies	4.3 billion	Australian Equities
Fixed Income, Short Term Investments and Global Credit	53.4 billion	Fixed Income
Global Listed Infrastructure	10.1 billion	Listed infrastructure
Global Property Securities	1.7 billion	Listed Property
FSSA Investment Managers	41 billion	Global Listed Equities
Igneo Infrastructure Partners	27.8 billion	Direct infrastructure
Realindex Investments	27.5 billion	Systematic Equities
Stewart Investors	27.1 billion	Global Listed Equities