



**Actuaries
Institute.**

28 November 2024

Australian Sustainable Finance Institute

By online survey form at: [Australian Taxonomy Public Consultation — ASFI](#)

Australian Sustainable Finance Taxonomy: Second Consultation

The Actuaries Institute ('the Institute') welcomes the opportunity to make a submission to this consultation. The Institute is the peak professional body for actuaries in Australia. Our members work in a wide range of fields including insurance, superannuation and retirement incomes, enterprise risk management, data analytics and AI, climate change impacts and government services. The Institute has a longstanding commitment to contribute to public policy discussions where our members have relevant expertise. The comments made in this submission are guided by the Institute's Public Policy Principles (available at: <https://www.actuaries.asn.au/public-policy-and-media/public-policy-approach/policy-principles>) that any policy measures or changes should promote public wellbeing, consider potential impacts on equity, be evidenced-based and support effectively regulated systems. Our comments are confined to question 34.

For consultation: Do no significant harm

34. Is there any other feedback you would like to provide on the proposed DNSH framework?

As stated in our submission to the first consultation (available at <https://actuaries.asn.au/Library/Submissions/EnergyEnvironment/2024/240628SUBFINTAX.pdf>), the Actuaries Institute is highly supportive of the inclusion of 'Climate change adaptation and resilience' as one of the six headline ambitions for the Australian sustainable finance taxonomy (the taxonomy). We are therefore supportive of this ambition being included as a DNSH criteria, through consideration of a physical climate risk assessment using at least two relevant scenarios.

We reiterate our previously expressed concerns about delaying action on developing full taxonomy criteria for 'Climate change adaptation and resilience'. As per Page 14 of the second consultation paper, there is no clear timetable for when adaptation and resilience will be considered by the taxonomy project. We believe delaying adaptation and resilience creates significant risks for: insurance affordability, the required investment and action on adaptation and resilience, and the overall costs of the net zero transition.

Furthermore, exclusion of adaptation and resilience increases the risk of maladaptation, especially in the Construction and Buildings sector. As articulated in our submission to the first consultation, buildings and infrastructure that are not resilient against climate-related disasters will need to be rebuilt if damaged or destroyed in disaster, incurring substantial carbon costs from the embedded carbon used in building materials (as well as the well documented many other direct and indirect economic and social costs). In contrast, resilient buildings and infrastructure last longer and avoid the increased carbon cost (and those other costs).

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We urge ASFI to prioritise developing taxonomy criteria for 'Climate change adaptation and resilience' and provide an indication of the timeframe for its development. We draw ASFI's attention to developments being progressed in this area by the Climate Bonds Initiative's Climate Bonds Resilience Taxonomy (available at <https://www.climatebonds.net/resilience>).