

NATURE WORKING GROUP



Responsible Investment
Association Australasia



Meeting #3 2023 Post Meeting Papers

Via Zoom – 21 September 2023, 9:00am to 10:00am AEST / 11:00am to 12:00pm NZST

Contents

Meeting minutes

Action Register

Attendees

Attachments

- 1) Meeting Slide Deck
- 2) StockWatch Report

Minutes

Item	Action required
1. Welcome – Claire Molinari (Co-Chair, CareSuper) <ul style="list-style-type: none">Acknowledgement of CountryPrinciples of Participation in Working GroupsLast Minutes approved	To note any amendments to the Minutes, contact Antonia Bowlen (RIAA)
2. Special Presentation and Q&A: A deep dive into the Taskforce on Nature-related Financial Disclosures framework Guy Williams, Former Taskforce Member and Executive Director at Pollination <ul style="list-style-type: none">The TNFD recommendations and guidance will enable businesses and finance to integrate nature into decision-making processes, ultimately supporting a shift in global financial flows away from nature-negative outcomes and towards nature-positive outcomes.The final TNFD recommendations have been published and the TNFD is confident that this guidance is specifically responding to where there was most momentum on issues through that feedback process.The TNFD's approach is aligned with other reporting standards and frameworks, such as the Global Biodiversity Framework. Open consultations have ensured this strong alignment.The final TNFD recommendations include 14 recommended disclosures, have the same structure, language and approach as the TCFD, and are organised	For more information, please contact Guy Williams (Pollination)

<p>around four pillars: governance, strategy, risk and impact, management, metrics and targets.</p> <ul style="list-style-type: none"> • All 11 TCFD recommended disclosures have been carried over, with the addition of three further disclosures related to engagement, sensitive locations, and value chains. • There is additional guidance around metrics. Through the work of the TNFD, over 3,000 nature-related metrics have been identified. It is recommended that metrics are grouped by indicators (what is being measured). • See here for more information on biome guidance, scenario analysis guidance, target setting and engagement with Indigenous Peoples, Local communities and affected stakeholders. • For more information on getting started with the TNFD, see here and for guidance on the LEAP approach, see here. 	
<p>3. Industry Updates</p> <p>StockWatch Report (Jono Broome, Morningstar Sustainalytics)</p> <ul style="list-style-type: none"> • The StockWatch report provides an update on the recent nature related controversies. • <u>Alcoa Corp</u>: Ongoing fluorosis in animals due to exposure to fluoride emissions from Alcoa's Portland Smelter in Victoria. The management of the issue is considered inadequate and has been known since 2005. • <u>Alumina</u>: WA's Department of Biodiversity, Conservation, and Attractions (DBCA) has found that Alcoa Australia failed to rehabilitate 27,860 hectares of jarrah forest cleared by the company throughout 60 years of mining. • Although Alcoa reports successful rehabilitation of more than 75% of the areas, DBCA indicates that none of the rehabilitated areas met the government's rehabilitation completion criteria. • <u>Rio Tinto</u>: In February 2020, the decision for Rio Tinto to not clean up waste from the Tiwai aluminium smelter signals a lack of responsibility and exposes the company to negative reputational attention. • <u>BHP Group and Vale SA</u>: In November 2018, dissatisfied with the redress available in Brazil, a group comprising of individuals, businesses, churches, municipalities and utility companies who had suffered loss from the 2015 Mariana/ Fundão dam disaster brought an action in England against BHP group. BHP contended that the remedies available in Brazil provided satisfactory means of redress however, in June 2023, the Supreme Court refused BHP's application for permission to appeal. • For more information, read the full StockWatch Report attached. <p>Aotearoa New Zealand Update (Gael Ogilvie, Tread Lightly Advisory)</p> <ul style="list-style-type: none"> • In New Zealand, there is a strong focus on addressing nature, climate, and equity concerns in adaptation strategies, with particular attention to Te Ao Māori perspectives. • The RIAA Aotearoa Conference featured sessions on nature, emphasising responsibility for nature at the board level, governance for environmental stewardship, and advancing radical transparency in environmental matter. • The NZ government is actively involved in the development of a biodiversity credit scheme. • Leader of NZ Green Party, James Shaw proposes to extend NZ ETS to include any technically robust nature sequestration, potentially providing a source of ETS revenue for pest control, wetland, restoration, blue carbon, as well as native planting. 	<p>For more information, please contact Jono Broome (Morningstar Sustainalytics)</p> <p>For more information, please contact Gael Ogilvie (Tread Lightly Advisory)</p>

<ul style="list-style-type: none"> The Sustainable Business Network's Nature Systems Challenge Project addresses systemic barriers to incentive investment required to halt biodiversity loss. This includes collaboration between the private/public sector, community, iwi, hapū and landowners to accelerate capability, investment, and action for nature. The Aotearoa Circle Initiative has organised TNFD bootcamps. These have been valuable for companies to identify gaps in data and capabilities and identify ways to build natural capital into risks, opportunities, strategies and governance. 	
4. Wrap-up and Close – Claire Molinari (Co-Chair, CareSuper) Next Meeting – 30 November – register here	Register

Action Register

Ref	Action	Delegation	Status
New			
24-23	Register for Nature Working Group Meeting #4 here	All	Pending
23-23	For more information on nature in Aotearoa New Zealand, please contact Gael Ogilvie (Tread Lightly Advisory)	All	Pending
22-23	For more information on the Morningstar Sustainalytics StockWatch report, please contact Iono Broome (Morningstar Sustainalytics)	All	Pending
21-23	For more information on the Taskforce on Nature-related Financial Disclosures, please contact Guy Williams (Pollination)	All	Pending
20-23	To note any amendments to the Minutes, please contact Antonia Bowlen (RIAA)	All	Pending
Previous			
19-23	Register for Nature Working Group Meeting #3 here	All	Complete
18-23	To express interest in the Leaders Group, please contact Antonia Bowlen (RIAA)	All	Ongoing
17-23	To become involved with a Nature Toolkit, please contact Antonia Bowlen (RIAA)	All	Ongoing
16-23	For more information about the RIAA Conference Aotearoa New Zealand 2023, please contact Antonia Bowlen (RIAA)	All	Ongoing
15-23	For more information on nature in Aotearoa New Zealand, please contact Greg Munford (NZ Super)	All	Ongoing
14-23	For more information on Australian Directors' Duties, please contact Laura Waterford (Pollination)	All	Ongoing
13-23	For more information on Directors' Duties and Nature-related Risk, please contact Nicola Swan (Chapman Tripp)	All	Ongoing
12-23	Register for Nature Working Group Meeting #2 20 July 2023 here	All	Complete
11-23	To participate in External Reference Group, please contact Jane Hutchinson (Pollination) or Blathnaid Byrne (CBA)	All	Ongoing

10-23	To participate in Subgroup 3, please contact Carly Hammond (New Forests)	All	Complete
9-23	Engage with the nature-related opportunities case study, email Antonia Bowlen (RIAA) for template	All	Ongoing
8-23	To participate in Subgroup 2, please contact Claire Molinari (Care Super)	All	Complete
7-23	To participate in Subgroup 1, please contact Emily Davies (EY) or Madeline Combe (Altioem)	All	Complete
6-23	To express interest in sponsorship of Nature Working Group in 2023, please contact Min Wah Voon (RIAA)	All	Complete
5-23	For more information on Nature in NZ, please contact Greg Munford (NZ Super)	All	Ongoing
4-23	For more information, please contact Iono Broome (Sustainalytics)	All	Ongoing
3-23	For more information on Altioem's report please contact Madeline Combe (Altioem) and Audrey van Herwaarden (ACF)	All	Ongoing
2-23	Engage with the Indigenous Carbon Industry Network here	All	Ongoing
1-23	View the Chubb Review here	All	Ongoing

Attendees (49)

	First Name	Last Name	Company
1	Abby	Bloom	Uethical
2	Alan	Dayeh	Point Advisory Pty Ltd
3	Alex	Debney	Conscious Investment Management
4	Amelia	Slaytor	Liverpool Partners
5	Antonia	Bowlen	Responsible Investment Association Australasia
6	Briony	Doyle Galovic	Responsible Investment Association Australasia
7	Camille	Cole	Cba
8	Charlotte	Turner	MinterEllison
9	Christina	Hughes	H.R.L Morrison & Co
10	Christine	Laban	KPMG New Zealand
11	Claire	Molinari	CareSuper
12	Elyse	Weatherby	Future Super
13	Emerson	Brown	MSCI
14	Emily	Davies	EY
15	Emma	Pringle	Maple-Brown Abbott Limited
16	Fiona	Harding-Jones	Colonial First State
17	Gabrielle	Emerick	Macquarie
18	Gael	Ogilvie	Tread Lightly Advisory
19	Grace	Gow	Macquarie Asset Management
20	Greg	Liddell	Betashares
21	Guy	Williams	Deloitte
22	Harry	Agnew	Perpetual
23	Indy	Sukma	PwC Australia
24	Isabella	Marotta	Responsible Investment Association Australasia
25	Jo Lyn	Tan	CBA

26	Johannah	Dods	Acc
27	John	Moutsopoulos	KPMG Australia
28	JoJo	Zheng	RIAA
29	Jono	Broome	Sustainalytics, a Morningstar Company
30	Kaitlin	Priestley	Pinnacle Investment Management
31	Kana	Thorpe	Straight Up
32	Karen	McWilliams	Chartered Accountants Australia and New Zealand
33	Linda	Romanovska	PwC Australia
34	Marcus	Haas	PwC Australia
35	Mark	Tindale	Self
36	Michaela	Jamison	Jarden Group
37	Milica	Duric	Minderoo Foundation - Fire & Flood Resilience Initiative
38	Oliver	Doraisamy	Deloitte
39	Page	Perry	Pollination
40	Rena	Zhu	EY
41	Rena	Pulido	IFM Investors
42	Saksham	Malhotra	HESTA
43	Sarah	Magnus	Commonwealth Bank of Australia
44	Soumya	Munagala	ISS ESG
45	Stephanie	Hukins	Schroders
46	Stuart	Barry	Tas Ethical
47	Tim	King	Melior Investment Management
48	Tom	Lambert	Frontier Advisors
49	Vanya	Sturm	Platypus Asset Management

RIAA's Nature Working Group

Meeting #3 - Thursday 21 September



Responsible Investment
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Co-Chairs of RIAA's Nature Working Group



Guy Williams, Taskforce on Nature-related Financial Disclosures – former Taskforce Member and Executive Director at Pollination Capital Partners Pty Limited



Claire Molinari, Head of ESG at CareSuper

Principles of Participation

- Confidentiality - Chatham House Rule
- No self-promotion
- Declaration of conflicts of interest
- Representation
- Collaboration between members
- Positive change in practice/policy
- Not to engage in or discuss competitively sensitive information
- Apolitical

Special presentation and Q&A: A deep dive into the TNFD framework



Guy Williams, Taskforce on Nature-related Financial Disclosures – former Taskforce Member and Executive Director at Pollination Capital Partners Pty Limited



Special presentation and Q&A: A deep dive into the TNFD framework



Guy Williams, Taskforce on Nature-related Financial Disclosures – former Taskforce Member and Executive Director at Pollination Capital Partners Pty Limited

Industry Updates

- StockWatch Report (Jono Broome, Sustainalytics)
- Aotearoa New Zealand update (Gael Ogilvie, Tread Lightly Advisory)

SUSTAINALYTICS

Nature Related Controversies Monitoring

March 2023

Jono Broome – Associate Director, Client Relations

Jono.broome@morningstar.com



Sustainalytics Controversies Monitoring

1 Low 2 Moderate 3 Significant 4 High 5 Severe

Alcoa Corp. – Aluminium – United States

Category 3 – Portland smelter: Ongoing fluorosis in animals due to exposure to fluoride emissions from Alcoa's Portland smelter in Victoria. Approx. 200 koalas euthanised during 2022/2023. Research has showed 90% of kangaroos living near the smelter impacted.



Outlook: Neutral. The company's management of the fluorosis issue is considered inadequate. Issue known since 2005, management programme has focused on kangaroos, not addressing impact on other animals in local ecosystem.

» Study reveals fluoride emissions from Portland Aluminium impact koalas
[ABC Online - 8 Jun 2022](#)

Alcoa Corp. / Alumina Ltd – Aluminium – United States/Australia

Category 3 – Western Australia's Department of Biodiversity, Conservation and Attractions (DBCA), has found that Alcoa Australia failed to rehabilitate 27,860 hectares of jarrah forest cleared by the company through 60 years of strip mining. According to the DBCA, none of the rehabilitated areas met the government's rehabilitation completion criteria, despite the company stating it has rehabilitated 75% of the area



Outlook: Neutral. 80% of plants and animals in jarrah forests are not found in other parts of the world. Although Alcoa reports successful rehabilitation, DBCA indicates that none of the rehabilitation is complete. Meanwhile, Alcoa's 60% subsidiary, Alcoa World Alumina and Chemicals is seeking an expansion to its mining of jarrah forests.

» Australian regulator finds company failed to rehabilitate forests
[Sydney Morning Herald - 14 Mar 2023](#)

Rio Tinto Ltd. – Diversified Metals Mining – Australia

Category 3 – Following flip-flopping on toxic waste cleanup at Tiwai Point aluminium smelter, project commenced in Feb 2022, however Southland Regional Council has estimated that cleanup costs could be more than double what Rio Tinto has made provision for, and has criticized weaknesses and data gaps in monitoring and research into the contamination and cleanup.



Outlook: Neutral. Changing positions/ commitments regarding the clean up over time concerning and signal a lack of responsibility from Rio Tinto, while potential under allocation of capital for cleanup and poor monitoring exposes the company to negative reputational attention and further community protests.

» 'Potentially a billion dollars' to clean up Tiwai Point
[RNZ - 15 Sept 2022](#)



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Industry Updates

- StockWatch Report (Jono Broome, Sustainalytics)
- Aotearoa New Zealand update (Gael Ogilvie, Tread Lightly Advisory)

Working Group Member Portal

All Working Group meeting minutes and recordings are uploaded to the RIAA Member Portal.

Access the portal using your Glue Up credentials here:



Next Round of Working Group Meetings

First Nations Peoples' Rights Working Group, Tuesday 2 November - 12pm – 1.30pm AEDT / 2pm – 3.30pm NZDT

Human Rights Working Group, Thurs 16 November - 12pm – 1.30pm AEDT / 2pm – 3.30pm NZDT

Nature Working Group, Thurs 30 November- 12pm – 1.30pm AEDT / 2pm – 3.30pm NZDT

View full list of [RIAA's events here](#).



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Monitoring Nature Related Controversies

- September 2023

Alcoa Corp.

Category 3 – Land Use and Biodiversity

Summary

Alcoa's operations in Australia have had significant impacts on biodiversity. In 2023, 152 koalas were euthanized because they were suffering from fluorosis due to exposure to fluoride emissions from Alcoa's Portland smelter in Victoria. Forty koalas were euthanized in 2022. Fluorosis was first detected in kangaroos living near the smelter in as early as 2005. Research in 2010 showed that 90% of kangaroos living with near the smelter had fluorosis. Animals with fluorosis suffer pain, malnutrition, tooth and jaw deformities and weakened bones. Separately, Alcoa has received criticism for its inadequate rehabilitation of 27,860 hectares of jarrah forest in Western Australia that it has strip-mined for its bauxite mining operations for 60 years.

Sustainalytics assesses this controversy as a Category 3 due to the extended time frame that animals have been severely impacted by Alcoa's Portland smelter, indicating inadequate management of the issue as well as the importance of jarrah forest as a biodiversity hotspot. The impacted koalas and kangaroos got fluorosis by eating plants that were exposed to fluoride emissions from the smelter. When fluorosis was first discovered in the kangaroos more than a decade ago, a management plan for the kangaroos was implemented. However, it was already understood then that fluoride emissions could impact other animals and the impacts on koalas indicate that the company did not proactively manage this until it implemented a plan in 2023.

Outlook

Our outlook is neutral over the next 12 months.

The company's management of the fluorosis issue is considered inadequate. Alcoa now has a plan to encourage koalas to move further from the smelter. However, the issue of animals being impacted by Alcoa's fluoride emissions has continued since 2005 when fluorosis was first detected in kangaroos living near the smelter. The company did manage the issue of fluorosis in kangaroos but apparently did not take steps to prevent fluorosis in other animals living near the smelter.

The jarrah forest is rich in unique biodiversity. Eighty percent of plants and animals in jarrah forests are not found in other parts of the world. Although the company reports on rehabilitation of forests, reporting indicates that none of the rehabilitation is completed. Alcoa's 60% subsidiary, Alcoa World Alumina and Chemicals is seeking an expansion to its mining of jarrah forests to provide it with the bauxite it needs to supply its operations. Concerns over the company's track record of rehabilitation could slow down or jeopardize these plans.

We will consider upgrading our assessment if the company effectively manages the fluorosis problem at its Portland smelter and if it is able to show that its rehabilitation of the jarrah forest meets both government and public expectations.

Media Reports

[Company euthanises koalas affected by emissions from Portland Aluminium](#)
[Yahoo! News Australia - 9 May 2023](#)

[Study reveals fluoride emissions from Portland Aluminium impact koalas](#)
[ABC Online - 8 Jun 2022](#)

[Australian regulator finds company failed to rehabilitate forests](#)
[Sydney Morning Herald - 14 Mar 2023](#)

Alumina Ltd

Category 2 – Land Use and Biodiversity

Summary

Alumina Ltd is a forwarding office for Alcoa World Alumina and Chemicals' distributions.

According to Western Australia's Department of Biodiversity, Conservation and Attractions (DBCA), Alcoa Australia failed to rehabilitate any of the 27,860 hectares of jarrah forest cleared by the company throughout 60 years of mining. According to the DBCA, none of the rehabilitated areas met the government's rehabilitation completion criteria, despite the company stating that it rehabilitated more than 75% of the area. According to media sources, in 2005 and 2007, the company returned to the Australian government 1355 hectares of rehabilitated forest in Jarrahdale that also failed to meet the completion criteria. According to Professor Kingsley Dixon, director of the ARC Centre for Mine Site Restoration at Curtin University, Alcoa's definition of "rehabilitated" was correct among experts in the field but inconsistent with the understanding of the term by the general public. An Alcoa spokesperson said rehabilitation was slowed by major moves of large mining infrastructure and the need to leave some areas fallow for some years to contain the plant disease dieback. Alcoa Australia is 60% owned by Alcoa Corp. and 40% owned by Alumina Ltd.

Media Reports

[Australian regulator finds company failed to rehabilitate forests](#)
[Sydney Morning Herald - 14 Mar 2023](#)

Rio Tinto Ltd.

Category 3 – Emissions, Effluents and Waste

Summary

In February 2020, Rio Tinto reportedly rescinded a handshake agreement with a local government in New Zealand regarding the cleaning-up of waste from the 80% owned Tiwai Point aluminum smelter. In July 2020, NGO Environmental Defence Society filed a lawsuit requesting the company to remove the waste. In February 2022 it commenced a project to remove toxic spent cell lining material stored at its facilities near Bluff, including 100m from a beach being impacted by coastal erosion.

Internationally, the company has been criticized in the past for involvement in controversial tailings disposal methods, such as riverine disposal in the Grasberg mine (Indonesia) operated by Freeport-McMoRan) and lake disposal into Wabush lake via Iron Ore Canada (58.7% owned).

Outlook

Sustainalytics' outlook for this event is Neutral, as we do not anticipate a change in this rating assessment in the next 12-24 months for the following reasons:

The decision in February 2020 to not clean up the waste from the Tiwai aluminium smelter (80% owned) is concerning and signals a lack of responsibility from Rio Tinto. The decision also contradicts Rio Tinto's corporate responsibility commitments, and exposes the company to negative reputational attention and further community protests. Regarding the cleanup underway, a report by the Southland Regional Council has estimated that clean up costs could be more than double what Rio Tinto has made provision for and has criticized weaknesses and data gaps in monitoring and research into the contamination and cleanup.

Regarding other sites internationally, Rio Tinto's exit from the Grasberg project is a positive development. The company is still accountable for the use of the controversial riverine tailings disposal and related environmental impacts during its involvement in the project. However, the company is no longer involved in the project, therefore impacts and risks are reduced moving forward. However, Rio Tinto's 58.7% owned Iron Ore Canada continues to discharge tailings in the nearby Wabush lake, a practice which is considered controversial.

Media Reports

[Criticism of hazardous waste stockpile in New Zealand](#)

Newshub - 21 Feb 2021

[Company report reveals contamination at Tiwai Point site in New Zealand](#)

The Southland Times (New Zealand) - 15 Sep 2022

['Potentially a billion dollars' to clean up Tiwai Point](#)

RNZ – 15 Sept 2022

[Company commits to removing toxic substance stored at Tiwai Point](#)

The Southland Times (New Zealand) - 11 Oct 2021

[Allegations of toxic waste buried at Tiwai Point in New Zealand](#)

ONE News - 5 Apr 2021

[New Zealand government requests environmental commitments for waste stockpile](#)

MSN New Zealand - 9 Mar 2021

[Media reports extra 75,000 tonnes of toxic waste kept at Tiwai Point](#)

MSN New Zealand - 7 Mar 2021

BHP Group Ltd. and Vale SA

Update on Mariana dam disaster legal proceedings

In November 2018, dissatisfied with the redress available in Brazil, a group comprising individuals, businesses, churches, municipalities and utility companies who had suffered loss from the 2015 Mariana/Fundão dam disaster brought an action in England against BHP Group. This tailings dam collapse was the largest ever recorded and led to 19 deaths, destroyed villages and pollution spreading over 600km of watercourses.

Update

BHP has contended that the remedies available in Brazil provided satisfactory means of redress for the claimants and submitted the group action be struck out. However, in June 2023, the Supreme Court refused BHP's application for permission to appeal. This leaves BHP with no further recourse to appeal, allowing the largest group action in English history to proceed to trial.

In August 2023, media outlets reported that the Business Courts of England and Wales issued a ruling that made Vale a co-defendant alongside BHP in a USD 44 billion lawsuit. More than 700,000 Brazilians, alongside municipalities and indigenous groups have joined the lawsuit and the trial is expected to start in October 2024. Vale and BHP have a 50-50 joint venture stake in Samarco Mineração, the operator of the Fundão tailings dam.

Media Reports

[UK court rules Vale should join BHP in Fundão dam collapse lawsuit](#)

Mining Tech - 17 Aug 2023

[UK Court ratifies Fundão tailings dam lawsuit](#)

Stewarts Law LLP - 14 Aug 2023