

NATURE WORKING GROUP



Responsible Investment
Association Australasia



Nature Working Group Minutes - Meeting #2

Meeting: Via Zoom – Tuesday 12 October 2021, 12.00pm to 1.30pm (AEDT) 2.00pm to 3.30pm (NZDT)

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Attendees

	First Name	Last Name	Company
1	Thomas	Abbott	Platypus Asset Management
2	Harry	Agnew	Perpetual Asset Management Australia
3	Zsuzsa	Banhalmi Zakar	RIAA
4	Alex	Banks	EY
5	Sarah	Barker	Minter Ellison
6	Will	Bartlett	First Sentier
7	Lloyd	Beale	ISS ESG Australia
8	Pablo	Berrutti	Stewart Investors
9	Alpa	Bhattacharjee	HSBC
10	Julia	Bilyanska	KPMG
11	Rosemary	Bissett	National Australia Bank
12	Craig	Blundell	
13	Nicolette	Boele	RIAA
14	Katie	Braid	RIAA
15	Bláthnaid	Byrne	CBA

16	Kaitlin	Callaghan	First Sentier Investors
17	Michelle	Cameron	Refinitiv Australia Pty Ltd
18	Annabell	Chartres	PwC
19	Liz	Claridge	EY
20	Madeline	Combe	Altiolem
21	Ryan	Cook	RIAA
22	Max	Court	Deloitte
23	Alan	Dayeh	Point Advisory
24	Sophie	Deane	Minter Ellison
25	Jan	Dekker	Allegra Wealth
26	Lisa	Domagala	Solaris Investment Management
27	Briony	Doyle Galovic	RIAA
28	Trea	Duffy	MFS Investment Management
29	Maddy	Dwyer	Paradice Investment Management
30	Terri	Eggleton	BayTrust
31	Rachel	Etherington	Crestone Wealth Management
32	Megan	Evans	UNSW
33	James	Fleiter	BNP Paribas Asset Management
34	Ivor	Gibbons	Perpetual Limited
35	Januka	Gunasena	ISS ESG Australia
36	Claire	Hanratty	
37	Emma	Herd	EY
38	Jane	Hutchinson	Pollination
39	Ayako	Kageyama	FIL International
40	Kutlu	Karayol	
41	Tim	King	Melior Investment Management
42	Lucie	Knorr	PwC
43	Carolin	Leeshaa	KPMG
44	Shara	Lohrasb	Clean Energy Finance Corporation
45	Bonnie	Lord	ISS ESG Australia
46	Holly	Marshall	Kiwi Invest
47	Rebecca	Mather	Mercer
48	Bridgette	Mcdonald	
49	Mitch	Mcnae	ANZ New Zealand Investments Limited
50	Karen	Mcwilliams	Chartered Accountants Australia and New Zealand
51	Scott	Mesley	KPMG
52	John	Moutsopoulos	KPMG
53	Greg	Munford	NZ Superfund
54	Gael	Ogilvie	
55	Bianca	Olguin Malavisi	RIAA
56	Estelle	Parker	RIAA
57	Hanna	Ranstrand	Stewart Investors Sustainable Funds Group
58	Ella	Reilly	Schroders
59	Paul	Richardson	Carina Capital Limited
60	Amanda	Richman	Australian Ethical Investment
61	Linda	Romanovska	PwC
62	Jo	Saleeba	
63	Andrew	Saunders	QIC

64	Stacey	Sellwood	Rest
65	Antony	Sprigg	NSW DPIE EES
66	Stephanie	Strange	Mercer
67	Jennifer	Surjadi	State Super
68	Joshua	Thunig	Sandhurst Trustees
69	Dragana	Timotijevic	AMP - Platforms
70	Mark	Tindale	Ord Minnett
71	Charlotte	Turner	Minter Ellison
72	Jorge	Waayman	Harbour Asset Management
73	Marayka	Ward	QIC
74	Laura	Waterford	Pollination
75	Kate	Webster	Aware Super
76	Stephie	Werner	Minter Ellison
77	Guy	Williams	Deloitte
78	Eva	Willmann De Donlea	Artemas Wealth Management Pty Limited
79	David	Woods	NZ NAB
80	Jane	Wu	HESTA
81	Suzy	Yoon	JANA

Minutes

Item	Action required	Delegation
Welcome - Co-Chairs Shara Lohrasb (CEFC) and Guy Williams (Deloitte) Acknowledgement of Country Principles of participation – please see attachment 1 Chatham House rule Motion to adopt the minutes from last meeting: <ul style="list-style-type: none"> Moved by Jane Hutchinson (Pollination) Seconded by Gael Ogilvie (Individual) Motion carried 		
Update on TNFD – Scott Mesley (KPMG) – recording available here . Scott Mesley (KPMG) is one of 33 members of the Taskforce Nature-related Financial Disclosure (TNFD). TNFD aims to set up a robust framework for disclosure for organisations on nature related risks. TNFD will be comprised of three foundational work streams: 1) nature related risks, 2) data availability and 3) standards and metrics. Three hubs will be established: 1) knowledge, 2) standards and 3) development finance hub. TNFD Forum – a platform which RIAA member organisations could engage in. Those who are interested in joining can find more information here . The Nature WG meetings will provide regular updates on the progress of TNFD.	Members who are interested in TNFD please get in touch with Guy Williams (Deloitte) or Scott Mesley (KPMG)	All
Update from the Australian Government – Antony Sprigg (NSW DPIE) Recording can be viewed here and presentation slides can be found in attachment 4.		

<p>Recognising Natural Capital Program (ReNCaP) aims to determine from a methodological perspective how investors, banks, asset owners and government can value their natural capital. The following characteristics need to be developed in a parallel manner: Data acquisition, methods/standards, standardised metrics and language, skills and training, and financial structures/frameworks.</p> <p>Natural Capital Working Group (NCWG) – the aim of this group is to bring together peak bodies and different jurisdictions and align approaches. This project works parallel to the TNFD and will contribute to that framework. RIAA and the Australian Sustainable Finance Initiative are members. Pollination is an observer.</p>		
<p>Subgroup Updates</p> <p>Our leadership group and subgroups are welcome to all. Members are encouraged to drop in on a meeting and see how they might become involved.</p> <p><u>Subgroup 1 – Awareness and Education for Investors</u> Lead: Alex Banks (EY) - Please see slides in attachment 4</p> <p><u>Subgroup 2 – Risks and Exposures</u> Lead: Tim King (Melior Asset Management)</p> <p>Objectives are still being developed. We will seek to not reinvent the wheel and identify existing frameworks. Issues are more localised than for emission reduction, so we will seek insight into the local concerns facing Australia and New Zealand. We'd like to apply the taxonomy and test out the risks and exposure in different sectors.</p> <p><u>Subgroup 3 – Activating Investment Opportunities</u> Leads: Linda Romanovska (PwC Aus) and Annabell Chartres (PwC NZ) – please see attachment 4</p> <p><u>Subgroup 4 – Strategy and Systems</u> Leads: Michelle Cameron (Refinitiv) and Gael Ogilvie (Individual). Please see attachment 4.</p>	<p>Please contact the Co-Chairs, Bianca (RIAA) and/or the subgroup leads directly to join a subgroup and/or leadership group meeting.</p>	<p>All</p>
<p>Breakout Session – breakout rooms were divided based on subgroup themes.</p>		
<p>Report back from break out room session – breakout room leads</p> <p>Subgroup 1: Awareness and Education for Investors</p> <p>Feedback on outputs proposed:</p> <ul style="list-style-type: none"> Proposed outputs should have accessible language Terminology should cater to the different demographics: long term investors, private advisers, private investors. Begin with core concepts and build up. Science and Finance speak different languages – find a balance <p>Which outputs should be a priority?</p> <ul style="list-style-type: none"> Output 1 and 2 will be combined – creating a shared logic for making a case All members are interested in having a business case <p>What areas of awareness and education do members want?</p>		

<ul style="list-style-type: none"> • Want to see a case study of a business across the value chain – to understand. Fictional company – tier 1 impact. • What are the main pillars of biodiversity – forests, grasslands and savannas, inland waterways and marine environments • What does great reporting look like • Nature Capital is very broad – will need some topic specific education (e.g. water) <p>Any other feedback?</p> <ul style="list-style-type: none"> • People are just wrapping their heads around TCFD – members should be aware that this can be overwhelming for those are not surrounded by this information • Different ways of framing the case will resonate for different audiences. Not just focusing on cost replacement or things that are fungible with money. • Interest in exploring system level opportunities, not just immediate/one off opportunities • Make a connection to impact measurement in this space <p>Subgroup 2: Risks and Exposures</p> <ul style="list-style-type: none"> • We need to first define nature/biodiversity. This will define the baseline and allow risks to be measured, goals to be set and measurement. • Climate change and nature loss are seen as part of the same conversation – need to value nature differently, but there is an overlap and intersection of the systems. • As part of mandatory reporting, the concept of scenarios based on IPCC report. Are there similar reference points for different aspects of nature – Can the taxonomy help with this? <ul style="list-style-type: none"> ○ Need to have a broad framework to dip into and adapt for specific needs ○ Needs to be country specific • Should it be state by state – or based on catchments? Biomes? • Data <ul style="list-style-type: none"> ○ How do we convert data available to be useful for private-sector (is it too granular in scientific reports) ○ What is the level of granularity needed? – no perfect answer ○ Need to use big data; metrics / data must be comparable ○ Need understanding of key factors for measurement – soil as a proxy? <p>Members express an interest in scientific reports published and how they feed into economic complications and systemic risks. Members would also like to understand the political discourse is around these topics.</p> <p>There is interest in having summaries of the different frameworks available and understanding how nature risk plays out specific in the Australian geography.</p> <p>Subgroup 3: Activating Investment Opportunities</p> <p>Opportunities:</p> <ul style="list-style-type: none"> • Natural Capital as an emerging asset class for investment • Specific sector opportunities - agriculture, forestry, tourism, fisheries (those reliant on natural capital) 		
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<ul style="list-style-type: none"> • Long-term sustainability of a business model • ESG credentials, green reputation, social licence, not being seen as doing harm • Market creation opportunities, including secondary markets • Opportunity for a greater collaboration on a global problem • Combining traditional/indigenous knowledge and scientific data • Removal of policy impediments <p>Examples of projects (potential to leverage as good practice examples for SG3 outputs):</p> <ul style="list-style-type: none"> • New Forests - Forico: natural capital accounting project. Valuation as an asset (on the balance sheet). • BNPParibas - green lending linking with SDGs and IUCN guidelines • CBA sustainability-linked loans, derivatives (less contribution) • HSBC - Pollination Climate Asset Management Fund (Carbon, Nature and Tech funds) • Marketplace for Nature and case studies e.g. Regen Farmers Mutual, Health Country Credits, EcoAustralia Credits <p>What are some barriers?</p> <ul style="list-style-type: none"> • Measurability (also lack of consistent standards and measures), lack of trust in current methods of measuring • Scalability • Investability and revenue generation • Education/awareness • Lack of diversity and supply of investment products / investable entities which benefit natural capital • Conflict with fiduciary duties • Ignoring what has been learned in the past in the context of nature conservation, climate change, etc. • Lack of clear definitions for natural capital, nature-based solutions • Lack of clear definition of what is a legitimate investment in natural capital • Lack of clear understanding of the various environmental risks and their interactions - e.g. climate change and natural capital risks <p>How could RIAA NWG help reduce barriers?</p> <ul style="list-style-type: none"> • Demonstrate working products projects (In AU/NZ, or abroad where there are no local examples) • Link and move from the theoretical to the real • Identify where government intervention is needed (with examples of successful interventions in AU/NZ or abroad where there are no local examples) • Create an overview of, but also connect and coordinate with other initiatives/frameworks (e.g, FSC and ASFA) <p>Subgroup 4: Strategy and Systems</p> <p>In relation to Nature related investment practices, what are 'strategy and systems'?</p> <ul style="list-style-type: none"> • Support for current interpretation – interconnectness between the component parts of the overall nature/finance system. Including financial sector, indigenous people, businesses, rural landowners, government at all levels, conservation groups, scientific community. Would also like to add retailers, insurance companies and land clearance operators 		
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<ul style="list-style-type: none"> Regulation - How can regulation reinforce the work and how can the Nature WG be part of this? How can we tap into existing and planned regulation to benefit the group Government Superfund 'strategy and systems' challenges in New Zealand Aotearoa are very bespoke. How do we consider balance between public and private? Framework needs to recognize and consider both. Should review and utilize overseas frameworks. <p>Aside from TNFD what other mandates should we consider?</p> <ul style="list-style-type: none"> Business for Nature People Indigenous Carbon Markets (USA) SDG's Paris Agreement aligned TCFD British Standard on Natural Accounting, ISO and other British standards Review COP15 new developments – they will be broad but some nature related targets may be available <p>What are the biggest challenges to shifting from nature negative to nature positive?</p> <ul style="list-style-type: none"> Current mindsets/Perceptions of tradeoff – i.e. financial gain vs nature-positive practices Availability of data and reliable metrics Uptake of flawed non-rigorous biodiversity offsetting schemes Capacity with knowledge and experience The nuance of biodiversity and nature challenges specific to the Pacific region Bandwidth – drive to address risk Identification of the top risks, specific to unique geographies. 		
<p>Close</p> <p>Members who are interested in partnering with RIAA for the Nature WG please get in touch with Min Wah Voon.</p> <p>Register and attend Pollination Natural Capital and Nature Risk 'Lunch and Learn' Series, in collaboration with RIAA and IUCN. Webinar 4, on 27 October, will address: the “Next Steps” on natural capital and natural risk.</p> <p>Our next meeting will be on the 7th of December – you can register here</p>	<p>Sponsors, please get in touch with Min Wah</p> <p>Register for Pollination event</p> <p>Register for next meeting</p>	<p>All</p> <p>All</p> <p>All</p>

Action Register

Number	Action	Delegation	Status
New			
16-21	Our next meeting will be on the 7 th of December – you can register here	All	Pending
15-21	Register and attend Pollination Natural Capital and Nature Risk 'Lunch and Learn' Series, in collaboration with RIAA and IUCN . Webinar 4, on 27 October, will address: the “Next Steps” on natural capital and natural risk.	All	Pending
14-21	Members who are interested in partnering with RIAA for the Nature WG please get in touch with Min Wah Voon .	All	Pending

13-21	Please contact the Co-Chairs, Bianca (RIAA) and/or the subgroup leads directly to join a subgroup and/or leadership group meeting.	All	Pending
12-21	Members who are interested in TNFD please get in touch with Guy Williams or Scott Mesley	All	Pending
Previous			
11-21	Co-develop workplan at the next Leadership group meeting on Thursday 2 September	Leadership Members	In progress
10-21	Organise the selection of two Co-Chairs at the next Leadership group meeting on Thursday 2 September (Min Wah).	RIAA	Completed
9-21	Attend Pollination Natural Capital and Nature Risk 'Lunch and Learn' Series, in collaboration with RIAA and IUCN	All	
8-21	Contact Min Wah (RIAA) with any ideas and suggestions.	All	Ongoing
7-21	Send Min Wah your breakout room discussion points.	All	Completed
6-21	If you would like to nominate to be a Co-Chair, please email Min Wah an email with 300 word (max) statement on why you (as an individual) and your organization should be considered for the role by Monday 30 August.	All	Completed
5-21	If your organisation may be interested to become a Principal Partner, Group Sponsor and/or Leadership Member of the Nature Working Group, please contact Min Wah (RIAA)	All	Ongoing
4-21	Contact Greg Munford at NZ Super who will facilitate an initial discussion to complement this working group.	Aotearoa NZ members	Pending
3-21	Consider joining the TNFD Stakeholder Group and/or becoming involved in a Technical Working Group (see instructions in notes).	All	Ongoing
2-21	Review and consider recommended next steps shared by: i) Andrew Mitchell, ii) Carolin Leesha	All	Ongoing
1-21	Register for next two meetings	All	

Attachment 1 - RIAA Working Groups - Terms of Reference

Purpose of RIAA working groups

RIAA hosts a number of member working groups as important communities of practice for members to collaborate and share leading practices and knowledge, as a means of building the capacity of members to be more effective in their work in areas consistent with the RIAA mission:

“The Responsible Investment Association Australasia (RIAA) works to promote, advocate for, and support approaches to responsible investment that align capital with achieving a healthy and sustainable society, environment and economy.”

The purpose of working groups are to:

- Provide a community of practice that will help to build the capacity of members to be more effective in their work in areas consistent with the RIAA mission.
- Build members' knowledge and understanding of important aspects of responsible investing and sustainable finance.
- Generate and encourage implementation of leading practice approaches within the industry.
- Provide an opportunity for members to link with others around important areas related to responsible investment, especially to share information, resources and activities.
- Involve members in addressing some of the challenges in the responsible investment industry and working to achieve a constructive pathway forward.

- Gain members views and opinions to aid in the development RIAA policy positions, advocacy, and research work.

Principles of RIAA working groups

As a working group participant, all members agree that they will act in the best long-term interests of the responsible investment sector and the community more broadly, and that in this role they will participate to develop the resources for the sector to develop and improve as a whole, not for individual / organisational gain.

As a result, members commit to the following principles:

Confidentiality – all discussions in the group are confidential and not to be quoted outside the group, unless approval is expressly given by members of the group. Specifically, no statements or quotes made at the working group meeting will be attributed to specific people or organisations outside of that meeting.

No self-promotion – the group (either in meetings or via electronic communication) will not be used to promote the activities, products, services or policies of an individual or organisation, unless expressly requested.

Declaration of conflicts of interest – at the start of each group members will be asked to declare their conflict of interest relating to the topic or agenda. Members will be expected to self-exclude themselves from any discussions where there are decisions or positions related to their conflict of interest. If they do not, the Chair may request that they do.

Representation – unless specifically agreed, group members are not authorised to represent the working group nor to represent RIAA. Equally, RIAA is not authorised to speak on behalf of members of the working group, nor make representations on the group's behalf unless specifically authorised by the working group, or a subset of the members of the group (in which case that representation will only be on behalf of that subset who have explicitly opted in). RIAA may however speak externally to the types of issues and views being considered by the working group, without specific attribution.

Collaboration between members – the purpose of the working group is to encourage collaboration between members to share insights and leading practices. Members should attend the working groups with the intent of collaborating, not of using material for their (or their organisation's) gain or competitive advantage, or to influence the group to advantage themselves or their organisation. Working Groups must not be used as a platform to self-promote, to criticise other members or to campaign. Members support this spirit of collaboration through constructive engagement.

Positive change in practice / policy – the working groups aim to influence a positive change in policy and practice within the industry. Members are encouraged to share their examples of policy and practice improvements. We champion RI best practice and encourage change through engagement (not calling out bad practice).

Not engage in or discuss competitively sensitive information – working groups will at times involve discussions between competitors, or potential competitors. In accordance with competition law, working group members will not discuss competitively sensitive information nor enter into anti-competitive agreements, and will not share such information, specifically that which is not publicly available information. Competitively sensitive information includes information on pricing, sensitive financial information, non-public strategic information, negotiation or tender information, and information about voting intentions (takeover provisions).

Apolitical – RIAA is an apolitical organization that builds relationships with organisations and individuals with a broad range of beliefs and value

Attachment 2 - List of Resources

- **RIAA**
Member Musing: Mirova – [A roadmap for action on biodiversity](#)
RI Australia and RI Aotearoa New Zealand Conference 2020 and 2021 – various panel session recordings available to registered conference attendees. Speakers include: Eric Usher, Head of the UN Environment Programme Finance Initiative; Nicky Chambers, co-Chair of Technical Expert Group of the TNFD; Jane

Ambachtsheer, Global Head of Sustainability at BNP Paribas Asset Management, and many more.

- **Pollination lunch and learn series (in collaboration with IUCN and RIAA)**
Register and attend Pollination's [Natural Capital and Nature Risk 'Lunch and Learn'](#) series, in collaboration with RIAA and IUCN. Webinar 4, on 27 October, will address: the "Next Steps" on natural capital and natural risk.
- **ALCA PLC2021 Summit**
Australian Land Conservation Alliance (ALCA) is hosting their PLC2021 Online Summit on 20 – 21 October 2021. The focus for this summit will be "Global Trends & Policy Business & Biodiversity Hope & Optimism." Members can register for the event [here](#).
- **Dasgupta Review – resources**
Dasgupta Review Video (5 minutes): [Professor Sir Partha Dasgupta discusses his review and the Economics of Biodiversity - Bing video](#)
Dasgupta Review – Headline Messages: [The Economics of Biodiversity The Dasgupta Review: Headline Messages \(publishing.service.gov.uk\)](#)
Dasgupta Review – Abridged Version: [The Economics of Biodiversity The Dasgupta Review: Abridged Version \(publishing.service.gov.uk\)](#)
Dasgupta Review – Full Report: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962785/The Economics of Biodiversity The Dasgupta Review Full Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962785/The_Economics_of_Biodiversity_The_Dasgupta_Review_Full_Report.pdf)
- **Taskforce on Nature-related Financial Disclosures (TNFD)**
TNFD Video (1.40minutes): <https://youtu.be/IVVpcylTt7c>
Taskforce on Nature-related Financial Disclosures home page: [TNFD – Taskforce on Nature-related Financial Disclosures](#)
- **Convention on Biological Diversity (CBD)**
Video message on International Biodiversity Day, 22 May 2021 from the Executive Secretary of the Convention on Biological Diversity Elizabeth Maruma Mrema (2.16 minutes) : [Message from the Convention on Biological Diversity on Biodiversity Day 2021 - Bing video](#)
Homepage for the Convention: [Home | Convention on Biological Diversity \(cbd.int\)](http://cbd.int)
Information about the Fifteenth Meeting of the Conference of Parties (COP 15) to the CBD proposed for Kunming, China 11-24 October 2021 (Currently tentative): [Processes and Meetings \(cbd.int\)](#)
- **Australian Sustainable Finance Institute (ASFI)**
Homepage: [Australian Sustainable Finance Initiative](#)
ASFI Sustainable Finance Roadmap: [Roadmap – Australian Sustainable Finance Initiative](#)
- **The Aotearoa Circle's Sustainable Finance Forum (SFF)**
Homepage: [Centre for Sustainable Finance](#)
NZ Sustainable Finance Forum 2030 Roadmap for Action :
- **Global Assessment Report on Biodiversity and Ecosystem Services**
Homepage: IPBES.net
- **25th Europea Seminar on Extension and Education**
Homepage: [ESEE 2021](#)
- **Journal Article – Bergstrom et al (2021) - paper about ecosystem collapse in Australia**
Homepage: [Wiley Online Library](#)
- **Climate Council Report for climate impacts on species and ecosystem**
Homepage: [Climate Council](#)
- **Review of climate change impacts on NZ Biodiversity and implication for conservation**
Homepage: [ESA Journal](#)

Attachment 3 - Our Co-Chairs

We are extremely pleased to announce and welcome two Co-Chairs who bring combined expertise from finance and science. Shara Lohrasb (CEFC) and Guy Williams (Deloitte) were confirmed as Co-Chairs at our Nature Working Group Leaders meeting in September. Congratulations Shara and Guy!

Shara Lohrasb – Associate Director at CEFC



Shara is an Associate Director within Asset Management at the Clean Energy Finance Corporation and oversees the management of the organisation's debt capital markets portfolio of AUD1.3b. She has almost 20 years' experience across the financial sector, including at Westpac, ANZ and Macquarie, as well as several years' experience actively advocating positive environmental outcomes and managing ESG risk within investments. Shara also has a background in science and has contributed toward research in atmospheric and ocean systems. Drawing on her skills and experience she enjoys actively working with not-for-profits which seek to draw attention and action toward conservation and protection of natural resources and biodiversity.

Guy Williams – Director (Biodiversity and Natural capital) at Deloitte



Guy Williams is a Director in Deloitte's Risk Advisory practice supporting a global network of clients to develop science-based solutions to existing and emerging biodiversity challenges. Guy brings a unique balance and perspective to the rapidly evolving natural capital agenda, gained from over twenty years field research in landscape ecology across Asia and the Pacific, academic skills in biodiversity, anthropology, and corporate sustainability, combined with his ongoing work advising business to better manage and effectively value nature. Guy serves on the membership of the Taskforce on Nature-Related Financial Disclosure, the IUCN Commission on Ecosystem Management and Species Survival Commission and is an active supporter of the Science Based Targets Network. Guy maintains a deep and ongoing interest in community-led conservation, and the use of digital media to support effective conservation strategies.

RIAA's Nature Working Group

Tuesday 12 October 2021



Responsible Investment
Association Australasia



Co-Chairs of RIAA's Nature Working Group



Shara Lohrasb, Associate Director at the Clean Energy Finance Corporation



Guy Williams, Director (Biodiversity and Natural Capital) at Deloitte

Principles of Participation

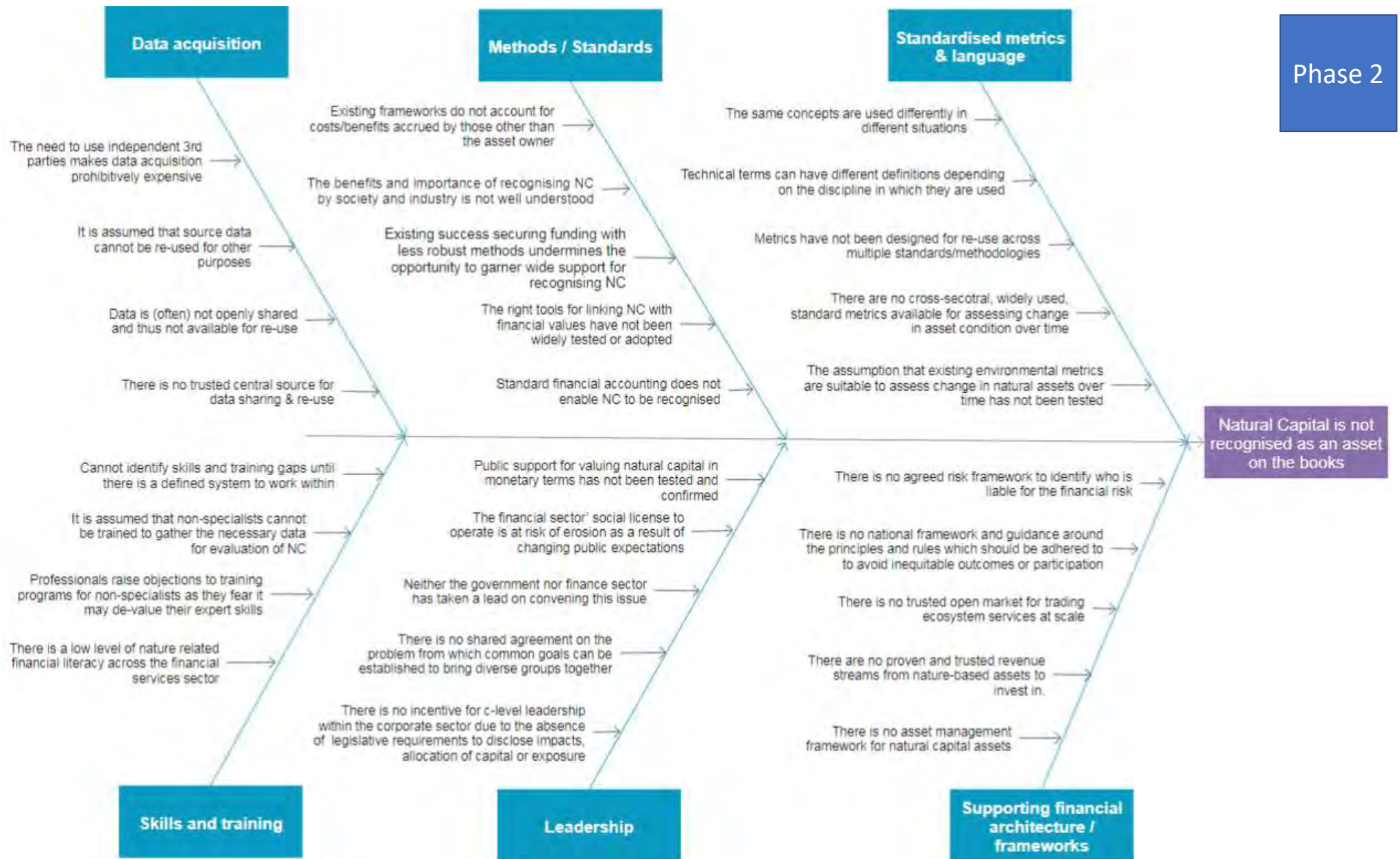
- Confidentiality - Chatham House Rule
- No self-promotion
- Declaration of conflicts of interest
- Representation
- Collaboration between members
- Positive change in practice/policy
- Not to engage in or discuss competitively sensitive information
- Apolitical



Scott Mesley, Partner and National Leader at KPMG
IMPACT

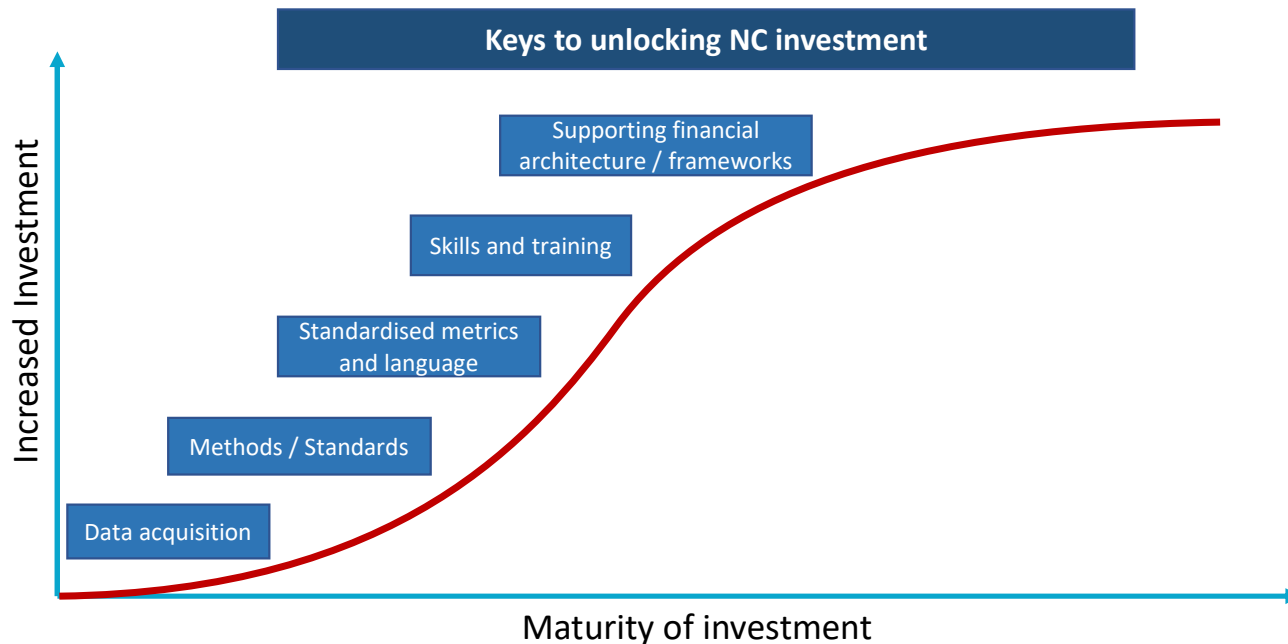


Antony Sprigg, Sustainable Finance Specialist at the NSW
Department of Planning, Industry and Environment



Natural capital investment roadmap (ReNCaP)

- Private finance sector and government asset-owner stakeholders identified barriers to natural capital investment: core barrier is that *Natural Capital is not recognised as an asset on the books*
- Root cause analysis by stakeholders identified *critical keys* to unlocking investment in natural capital



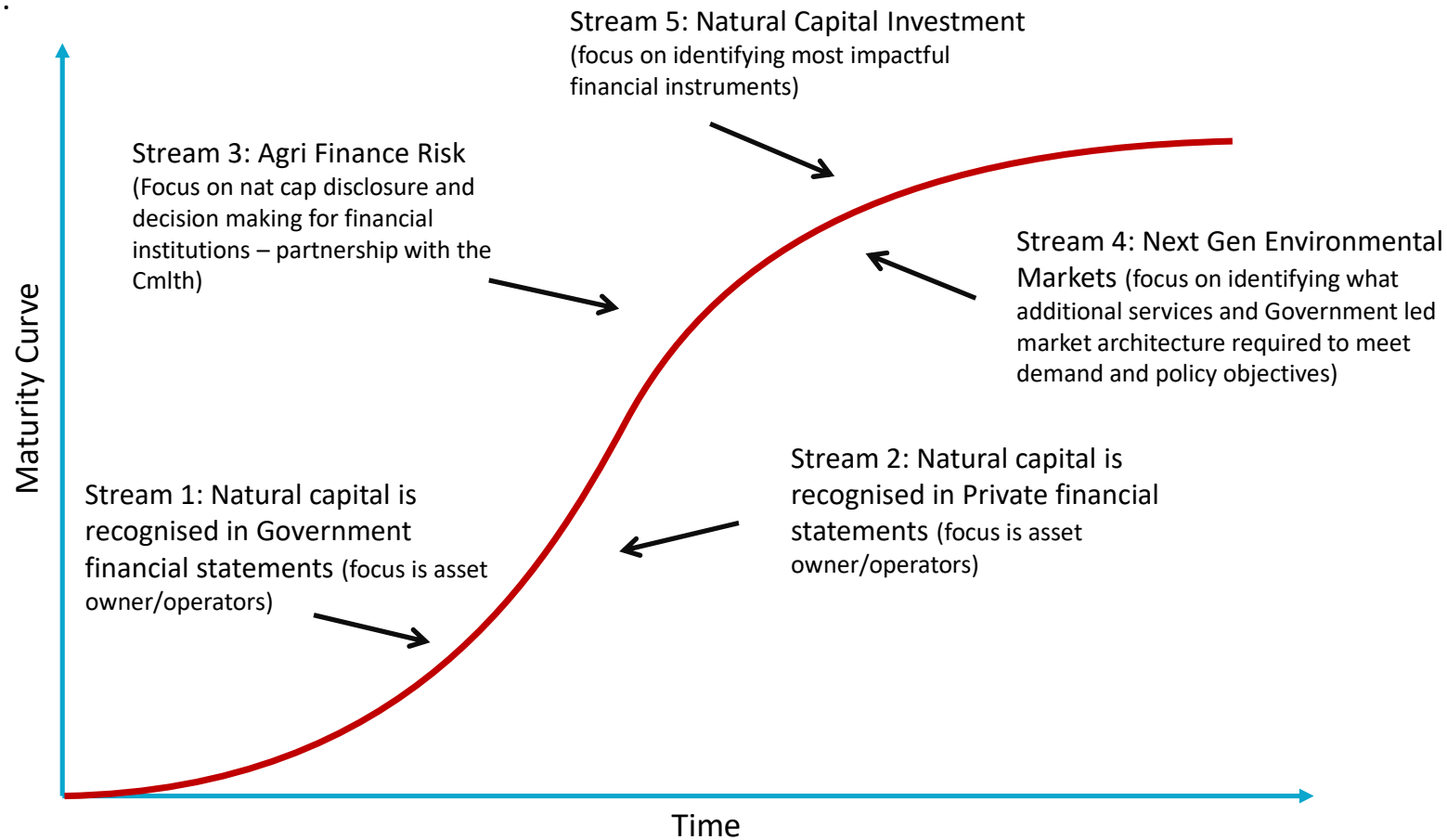
Key 1: Leadership

There is strong stakeholder demand for government leadership:

- to act as a central source of data, methods and standards
- to be a trusted facilitator driving the natural capital agenda
- to put in place the 'rules of natural capital investing' – giving the market confidence to invest

Recognising Natural Capital Program (ReNCaP)

NSW DPIE's ReNCaP is partnering with Australian jurisdictions and finance sector stakeholders to come up with solutions to identified barriers. A number of work streams have been identified and commenced, to help create a market maturity ecosystem.



Natural Capital Working Group (NCWG)

Intention

The NCWG has been established to support cross-sectoral exchange and collaboration to progress the incorporation of natural capital considerations into commercial decision making, and the development of natural capital markets.

The NCWG comprises key industry and government stakeholders

Members

Department Agriculture Water Environment

NSW Department Planning, Industry and Environment

Queensland Department of Environment and Science

Victorian Department of Environment, Land, Water and Planning

Australian Capital Territory Environment, Planning and Sustainable Development Directorate

Australian Council of Superannuation Initiatives

Australian Land Conservation Alliance

Australian Sustainable Finance Institute

Business Council of Australia

Carbon Markets Institute

Indigenous Carbon Industry Network

National Farmers Federation

Natural Resource Management Regions

Carbon Market Institute

Responsible Investment Association of Australasia

Observers

Australian Bureau of Agricultural and Resource Economics and Sciences

Commonwealth Scientific and Industrial Research Organisation

Climate Works

Pollination Foundation

The Nature Conservancy

Nature Working Group - Leadership member organisations

- Deloitte
- Clean Energy Finance Corporation (CEFC)
- Altiorum
- Australian Super
- Aware Super
- BNP Paribas
- Commonwealth Bank
- EY
- KPMG
- Melior Investment Management
- Minter Ellison
- NAB
- NZ Superfund
- Perpetual
- Point Advisory
- Pollination
- PwC
- Queensland Investment Corporation
- Refinitiv
- Rest Super
- Tas Ethical

Subgroup updates

#1: Awareness and Education for Investors

Lead: Alexandra Banks (EY)

#2: Risks and Exposures

Lead: Tim King (Melior Investment Management)

#3: Activating Investor activity and opportunities

Lead: Linda Romanovska (PwC)

#4: Strategy and Systems

Lead: Michelle Cameron (Refinitiv) and Gael Ogilvie

Subgroup 1: Awareness and education for investors

Purpose: To support member understanding and alignment on nature related risks and opportunities for investors

- First step is to understand the gaps and needs of members – propose to do this via a member survey to capture member understanding.
- Identified that there are already needs for a *consensus on terminology and shared language* and support for members to build the business case
- We know that there is considerable overlap between the working groups – there are efficiencies to be gained by identifying key outputs/artefacts that are needed right now and focus on delivering them

Proposed outputs

Making the case for nature

Clear/concise resources for members to support internal discussions to make the case for acting now on nature loss.

Agreed terminology and shared language

Are we all speaking the same language?

Know/understand the landscape

Provide access to resources (i.e. reports, frameworks etc... with an explanation of how they are relevant to members)

Uniqueness of Australia and RIAA

Address gaps in international literature about AU/NZ biodiversity risks and opportunities for the AU/NZ investment community

Sub-group 3: Activating investment opportunities

Objective

- Activate investment and opportunities by:
 - Highlighting **good practice** and **working examples** (legitimacy, true contribution, financially viable, greenwashing elimination)
 - **Exploring existing (international) frameworks and draw lessons** for AU and NZ
 - **Identifying** supply chain (and other) **challenges**
 - Moving towards **tools and methodologies** <- as a later stage objective

Sub-group 3: Activating investment opportunities

Priority	Activities	Outputs
1. Providing examples/demonstrating business cases for natural capital	<p><i>IN COLLABORATION WITH SUB-GORUP 1:</i></p> <p>1.1 Develop an overview of existing business models/cases in the region and beyond – theoretical set-up and actual projects in local context, where available</p> <p>1.2 Undertake a survey in the market – private and public sector (also non-RIAA members):</p> <ul style="list-style-type: none"> •what is already being done in the local market •reasoning and drivers behind current action •interest level of those not engaged with nat cap yet •what support is needed •focus on opportunities <p>Notes: build on the existing RIAA benchmark market surveys - (e.g. explore the identified disconnect between consumers and investors) May have one joint survey for all sub-groups/tasks</p>	<p>1.1 Series of outputs:</p> <ul style="list-style-type: none"> •Podcasts/interviews •Webinars •Briefs? <p>1.2</p> <ul style="list-style-type: none"> - Website/slide-deck - Attendance based/event - Focus on potential locally
2. Including natural capital in sustainable finance frameworks , especially taxonomies of sustainable projects/activities	<p>2.1 Overview of the existing frameworks and taxonomies – how they currently integrate and support investment in natural capital. How to adapt the lessons to local specificities in AU and NZ</p> <p>May include: sustainable finance taxonomies, assessment and reporting frameworks, biodiversity credit schemes, etc.</p>	<p>2.1</p> <ul style="list-style-type: none"> - Report incl. Recommendations for ASFI

Strategy and systems sub-group



Red Admiral, Aotearoa



Painted Lady, Australia

Sub-group objective

Underpin the NWG work to shift investment from nature-negative to nature positive activities, with an understanding of the connectedness across “the NWG system” which includes:

- the financial sector
- Indigenous peoples
- primary sector businesses
- rural landowners
- government (at all levels)
- the scientific community and conservation groups

This objective could be extended to inter-connectedness between climate change and nature responses.

Strategy and systems sub-group



Red Admiral, Aotearoa



Painted Lady, Australia

Subgroup priorities

1. Develop an understanding of what system change looks like in Australia and Aotearoa as a basis for identifying investment sector and other stakeholder roles (schematic planned)
2. Support sub-groups 1, 2 and 3 with systems-wide input to specific tasks (for example piloting TNFD requirements in Australia and Aotearoa)

Once we have completed task 1 we envisage establishing a coalition of stakeholders to agree priorities for change and how this can be achieved – focusing on implications for investors.