



Australian Sustainable Finance Institute

Stakeholder Engagement Plan for the Australian Sustainable Finance Taxonomy Project

Project name	Australian Taxonomy Project
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1 – Introduction

- ASFI and the Australian Government have commenced a joint initiative to develop the initial phases of an Australian sustainable finance taxonomy, comprising climate mitigation criteria for up to six priority sectors and associated technical products, including a methodology for classifying transition criteria, a ‘Do No Significant Harm’ (DNSH) framework and minimum social safeguards (MSS).
- The six priority sectors for development under the taxonomy are electricity and energy; Resources (minerals, mining and metals); construction and the built environment; Industry (manufacturing); agriculture; and transport.
- As part of its leadership role, the Australian Government is providing funding for and strategic oversight of the Australian Taxonomy’s initial development phase through the Council of Financial Regulators’ Climate Working Group (CWG).
- As part of its delivery role, ASFI is required to establish, convene and manage a Taxonomy Technical Expert Group (TTEG), which will provide input into and endorsement of key Australian Taxonomy deliverables. ASFI’s role also includes managing all stakeholder engagement and consultation for the Australian Taxonomy.

2 – Purpose and scope of engagement

- The purpose of engaging with stakeholders on the Australian Taxonomy’s design and development is to:
 - seek diverse and informed input, including technical input, to optimise taxonomy outputs;
 - ensure stakeholders affected by the taxonomy are properly consulted and given the opportunity to provide input on matters of relevance to them; and
 - socialise the taxonomy with a diversity of stakeholder groups and foster understanding and alignment in relation to its use and objectives.
- ASFI will engage with all identified stakeholder groups – set out below – over the course of the taxonomy’s development in a targeted manner consistent with the key principles for engagement outlined in Section 3 of this Stakeholder Engagement Plan and the Australian Taxonomy principles of usability, interoperability, credibility and prioritisation for impact.

3 – Key principles for engagement

- ASFI’s approach to stakeholder engagement will be informed by the below principles.

- **Inclusivity**: Identifying stakeholders across the financial services sector, non-government organisations (NGOs), academia, the real economy and the public at large; identifying the optimal format and forum to engage with different stakeholders; ensuring accessibility by identifying appropriate structures and mechanisms so that all stakeholders can have their say.
- **Timeliness**: Ensuring early, ongoing and timely engagement with stakeholders.
- **Transparency**: Committing to publicly disclose who is consulted, who is providing input, what the nature of the input is and how that input is or is not being considered.
- **Respect**: Ensuring optimal engagement settings so stakeholder engagement is enhanced and participants feel heard and respected.

4 – Key stakeholder groups

- Council of Financial Regulators' Climate Working Group (CWG)
- Taxonomy Technical Expert Group (TTEG)
- Federal Government departments and agencies
- State treasuries and other government agencies
- Financial sector participants (including from wholesale, retail and investment banking, asset owners and asset managers, insurance, private equity, reporting and assurance, credit rating agencies, ESG data providers and finance sector peak bodies)
- Real economy participants from all sectors covered under the taxonomy, and industry peak bodies
- Non-government organisations, including environmental NGOs
- Scientific and technical experts, including from universities and thinktanks

5 – Stakeholder engagement approach

Council of Financial Regulators' Climate Working Group

- The CWG will oversee the development of the Australian Taxonomy. Led by the Department of Treasury, the CWG will consider products endorsed by the TTEG and may provide feedback through ASFI to facilitate alignment with the Government's key sustainable finance policy objectives and wider market and regulatory developments in sustainable finance.
- ASFI will meet with the CWG approximately every eight weeks to provide taxonomy updates and seek feedback on decisions of the TTEG.
- More information on the engagement approach between ASFI and the CWG is set out in its [Terms of Reference](#).

Taxonomy Technical Expert Group

- The TTEG, which was approved by the CWG in August 2023, comprises 25 senior leaders with expertise in sustainable finance; whole-of-economy decarbonisation; climate and environmental science and policy; human rights; and Indigenous rights and perspectives.
- The TTEG met for the first time in August 2023 and will meet approximately every six weeks to provide strategic direction over, input into and endorsement of taxonomy outputs. TTEG meetings will be organised by the ASFI Taxonomy Team.
- The following TTEG subgroups, or committees, will be established from September-November 2023 for up to 18 month and will meet out-of-session on an ad-hoc basis. The committees are:
 - Transition Methodology Committee
 - Do No Significant Harm (DNSH) Committee
 - Minimum Social Safeguard (MSS) Committee
 - Data, Usability and Interoperability (DUI) Committee
 - Electricity Generation and Supply Committee
 - Minerals, Mining and Metals Committee
 - Built Environment Committee
 - Agriculture Committee
 - Transport Committee

- Manufacturing Committee
- TTEG members have been allocated to committees based on their experience and expertise. The TTEG committees will be expected to apply their expertise to prepare recommendations for the full TTEG membership, which will ultimately be responsible for endorsement of all outputs.
- More information on the engagement approach between ASFI and the TTEG is set out in its [Terms of Reference](#) and [Charter](#).

Taxonomy Advisory Groups

- Subject- and sector-specific taxonomy advisory groups will be established from October 2023. Taxonomy advisory groups will be constituted by ASFI and comprise a group of relevant experts, who will meet approximately three to four times over the course of the Australian Taxonomy's development.
 - In constituting the taxonomy advisory groups, ASFI will consider expressions of interest and directly approach relevant peak bodies as well as individuals with specific technical skills and perspectives to seek their involvement.
- The role of taxonomy advisory groups is to provide advice and input into technical taxonomy work prepared by ASFI's technical team, to help inform the development of technical screening criteria, DNSH criteria and MSS before that work is presented to the TTEG for consideration and endorsement.
- Taxonomy advisory groups are advisory only in nature. Decision-making power over the taxonomy's development resides with the TTEG.
- In certain instances, ASFI may work with peak body representatives through the taxonomy advisory groups to undertake targeted consultation on certain, industry-specific issues.
- The following subject-specific advisory groups will be established:
 - Taxonomy Advisory Group on DNSH
 - Taxonomy Advisory Group on MSS
- Sector-specific advisory groups:
 - Taxonomy Advisory Group on Electricity Generation and Supply
 - Taxonomy Advisory Group on Minerals, Mining and Metals
 - Taxonomy Advisory Group on Buildings and Construction
 - Taxonomy Advisory Group on Agriculture

<ul style="list-style-type: none"> ○ Taxonomy Advisory Group on Transport ○ Taxonomy Advisory Group on Manufacturing • Technical outputs for the taxonomy advisory groups' consideration will be prepared by ASFI and its technical team. • Subject-specific advisory groups will be asked to provide advice on and input into draft technical work and shortlisted taxonomy criteria, informed by international scoping work that has been locally contextualised. • Sector-specific advisory groups will be asked to provide feedback on the identification of priority activities that the taxonomy should cover for each sector, and review and provide advice on and input into a technical assessment of relevant Australian and New Zealand Standard Industrial Classification (ANZSIC) codes and other jurisdictions' approaches. • Additional taxonomy advisory groups may be established on an as-needed basis. These groups may, for example, be asked to focus on specific themes such as data, usability and interoperability. • A list of taxonomy advisory group members is available here.
<p><i>Engagement with Federal Government Departments and Agencies</i></p> <ul style="list-style-type: none"> • ASFI and its technical team are engaging directly and on an ongoing basis with the relevant policy and technical leads from key Australian Government departments and agencies, including the Department of Climate Change, Energy, the Environment and Water; the Department of Industry, Science and Resources; the Department of Foreign Affairs and Trade; the Clean Energy Regulator; the Australian Energy Market Operator; and the Climate Change Authority. • In some instances, government representatives with specific technical expertise have been asked to participate in the taxonomy's development via the relevant taxonomy advisory group. This is particularly the case for the buildings and construction sector.
<p><i>State Government Taxonomy Forum</i></p> <ul style="list-style-type: none"> • ASFI will run an engagement forum specifically for Australian state and territory governments at key intervals during the course of the Australian Taxonomy's development. • The purpose of the State Government Taxonomy Forum is to provide an update on the Australian Taxonomy's development at key points in the process, with a focus on information relevant to the policy mandates of state and territory governments. • An official from each state treasury department and relevant representatives from other departments will be invited to attend the State Government Taxonomy Forum. The Australian Treasury will also be invited to participate and contribute as appropriate.

Environmental NGO Taxonomy Forum

- ASFI will run an engagement forum specifically for environmental non-governmental organisations at key intervals over the course of the Australian Taxonomy’s development.
- The purpose of the Environmental NGO (ENGO) Taxonomy Forum is to introduce the taxonomy project and what it means from an environmental perspective; seek strategic advice and feedback on pathways for the taxonomy’s expansion into broader sustainability objectives; and engage and consult on the development of Do No Significant Harm criteria prior to public consultation.
- Leaders from Australian and global ENGOs and related organisations will be invited to participate in the ENGO Taxonomy Forum.

General Taxonomy Forum

- The General Taxonomy Forum will be open to the public and comprise webinars at key intervals during the course of the Australian Taxonomy’s development. The General Taxonomy Forum will be designed to support understanding and awareness of the taxonomy’s purpose, use cases, and timeline for development. It will also be designed to support public consultation efforts.
- General Taxonomy Forum webinars will be advertised in advance through ASFI’s communication channels, including its general database and via LinkedIn, and recorded and published on ASFI’s website.

International Taxonomy Forum

- ASFI will engage with other jurisdictions that have developed or are developing sustainable finance taxonomies through the International Taxonomy Forum, including the United Kingdom, Canada, ASEAN, New Zealand and the European Union.
- The purpose of the International Taxonomy Forum is twofold:
 - to share information with stakeholders on the development of taxonomies in other jurisdictions and taxonomy development processes; and
 - to share information and engage with other jurisdictions directly in relation to taxonomy development and interoperability, including the United Kingdom, ASEAN, Singapore, Canada and New Zealand.
- In relation to sharing information with stakeholders on the development of other countries’ taxonomies, ASFI will arrange International Taxonomy Forum webinars and advertise these in advance. Webinars will be recorded and published on ASFI’s website.

First Nations Engagement

- The TTEG will incorporate First Nations considerations and perspectives primarily through its MSS Committee.

- Considerations related to Free, Prior and Informed Consent (FPIC) and broader First Nations priorities and voices will also be captured through the relevant taxonomy advisory groups.
- In addition, ASFI will draw on the expertise of its recently established First Nations Reference Group and other select technical experts to advise on best practice for integrating FPIC and broader Aboriginal and Torres Strait Islander considerations and perspectives into the development of technical criteria and MSS under the taxonomy.

Public Consultation

- ASFI will conduct public consultation on the Australian Taxonomy's development from March through October 2024. ASFI will go out for submissions and will publish these on its website (except where confidentiality is specifically requested by an individual or organisation).
- The purpose of the public consultation process is to seek feedback on whether the draft taxonomy criteria are aligned with the key principles of credibility, usability, interoperability and prioritisation for impact.
- Public consultation will target stakeholders directly or indirectly affected by the Australian Taxonomy who have not had an opportunity to actively engage or provide their views.
- To support public consultation, ASFI will host a General Taxonomy Forum webinar on the taxonomy's development in the same week it opens the submission process. It will also run up to three drop-in sessions on different aspects of the taxonomy's development.
- Feedback will be collated by ASFI and provided to the TTEG and CWG for consideration and, as appropriate, integration into the taxonomy's initial design.

Key stakeholder group	Key engagement purpose	Engagement technique	Engagement frequency	Commencement
Climate Working Group	Oversight	Regular meetings	Every 8 weeks	Q3, 2023
Taxonomy Technical Expert Group	Decision-making	Regular meetings	Every 6 weeks	Q3, 2023
Taxonomy advisory groups	Advice	Periodic meetings	As required during technical development	Q4, 2023
Federal Government	Information and advice	Ad hoc meetings	Periodic / ad hoc	Q4, 2023

State Government Forum	Information	Periodic meetings	Periodic / at key intervals	Q1, 2024
Environmental NGO Forum	Information and input	Periodic meetings	Periodic / at key intervals	Q4, 2023
General Taxonomy Forum	Information	Public webinars	Periodic / at key intervals	Q3, 2023
International Forum	Reciprocal information sharing	Periodic meetings and public webinars	Periodic / ad hoc	Q4, 2023
Public consultation	Information and input	Public submissions	Rolling basis	Q2, 2024
First Nations	Information and input	Various	Ongoing	Q3, 2023