

Meeting Minutes

Taxonomy Technical Expert Group Meeting Minutes

Date: Tuesday 5 December 2023, 4:00-6:00 pm (AEDT)

Attendees:

<i>TTEG Members</i>		<i>ASFI Taxonomy Team</i>
Alix Pearce	Emma Garlett	Nicole Yazbek-Martin
Anna Skarbek	Kate Griffiths	Grace Soutter
Bronwyn Kitchen	Kim Farrant	Jessica Blake
Charles Davis	Richard Lovell	
Emma Herd (TTEG co-chair)	Robert White	<i>Climate Bonds Initiative and</i>
Emma Penzo	Sarah Barker	<i>Technical Partners</i>
Guy Debelle (TTEG co-chair)	Steven Wright	Matteo Bigoni
Karin Kobelentz	Zachary May	Bridget Boulle
Lauren Zanetti	Sue Lyn Stubbs (elected observer for Daniela Jaramillo)	Prateek Kumar
Libby Pinkard		
Rick Walters	Karen Ho (elected observer for Nadia Humphreys)	
Saphira Rekker		

Apologies: Tennant Reed; Emma Penzo; Benson Saulo; Nadia Humphreys; Daniela Jaramillo; James Tilbury

Record of Meeting:**Open Meeting**

- 1.1. The Taxonomy Technical Expert Group (TTEG) co-chairs opened the meeting at 4:05pm with an Acknowledgement of Country.
- 1.2. The TTEG co-chairs introduced the two elected observers, who were participating on behalf of absent TTEG members in accordance with the TTEG Charter.
- 1.3. The minutes of the 15 October 2023 meeting were approved.
- 1.4. No changes were made to the TTEG Register of Interests or Stakeholder Engagement Register. Members were reminded that they can direct stakeholders to ASFI's official stakeholder engagement channels, including recorded information sessions made available via ASFI's taxonomy webpages, to support the provision of consistent and timely information.
- 1.5. ASFI outlined the bespoke stakeholder engagement it has undertaken to date in relation to the taxonomy's development. ASFI noted that bespoke engagements, including a presentation to the Financial Services Council Board and meetings with interested organisations, are focused on effectively socialising the taxonomy and do not go beyond the provision of publicly available information.
- 1.6. The TTEG co-chairs confirmed that the taxonomy methodological design reports were released earlier that day at the Treasurer's Investor Roundtable on the Net Zero Transformation. TTEG members who attended the event provided a brief overview of the discussion and outcomes of relevance to the taxonomy, including the Treasurer's announcement of additional funding to finish its development for the priority sectors.

Taxonomy Expansion Proposal

- 2.1. ASFI introduced the draft taxonomy expansion proposal, explaining that its primary purpose is to provide advice to Government on sequenced pathways to expand the taxonomy's substantive criteria beyond climate mitigation to other sustainability objectives. ASFI noted the proposal was prepared in accordance with the requirements set out in the Grant Agreement between the Australian Government and ASFI for the taxonomy's initial development phase.
- 2.2. ASFI outlined the proposal's draft recommendations, and reiterated that these recommendations were being put forward for the TTEG's consideration and endorsement. Once the recommendations were finalised and endorsed, ASFI would work with the TTEG out-of-session to finalise the proposal for publication.
- 2.3. TTEG members discussed the proposal and agreed that, while alignment with current public policy priorities is valuable, the taxonomy is a tool for the private sector and should foremost seek to address private sector needs. Members also agreed that the proposal should emphasise the intrinsic interconnectedness of the taxonomy's sustainability objectives. ASFI noted there is broad consensus between the public and private sectors on addressing environmental issues in a more holistic manner, particularly in relation to land management.

2.4. Regarding the proposed approach to developing a social taxonomy in the future, members emphasised the importance of placing social objectives under the banner of ‘sustainability objectives’, rather than referring to ‘sustainability’ and ‘environmental’ objectives interchangeably. Members also agreed that the proposal presented an important opportunity to recommend prework to inform a social taxonomy for Australia—with a focus on First Nations Peoples—as an ongoing priority. Finally, members suggested interim steps be included in the proposed timeline for the development of social taxonomy and circular economy objectives, given their relative complexity.

Decision

2.5. Members endorsed the taxonomy expansion proposal’s draft recommendations, subject to ASFI reframing the recommendation related to the development of a social taxonomy to more clearly acknowledge the need to prioritise prework exploring the role of a taxonomy in driving social outcomes, particularly for First Nations Peoples.

Draft Headline Ambitions for Environmental Objectives

3.1. ASFI’s consortium of taxonomy technical experts (technical team), introduced the working draft headline ambitions for each of the taxonomy’s six environmental objectives. The technical team explained that the draft language reflects input from the DNSH Taxonomy Advisory Group (TAG) and initial feedback from the TTEG Do No Significant Harm (DNSH) Committee. ASFI added that full TTEG endorsement of the headline ambition language will not be sought until March or April 2024, prior to which there would be further refinements and opportunities for TAG, TTEG members and others to provide additional feedback.

3.2. Members provided early feedback on the draft headline ambition language for the technical team to incorporate. From a broad usability perspective, TTEG members raised the need to ensure the taxonomy’s headline environmental ambitions are relevant to the capability of the finance sector. Members agreed it would be important to clearly communicate the purpose of setting headline ambitions for the taxonomy’s environmental objectives, noting that finance is only one of the many levers required to achieve them.

3.3. In relation to the draft headline ambition for climate change mitigation, members discussed whether to include numerical interim targets and references to a clear, science-aligned carbon budget with a base year.

3.4. Regarding the draft headline ambition for biodiversity and ecosystem protection, members discussed whether Australia’s “30 by 30” target is sufficient to ensure Australia’s biodiversity is “maintained or improved”. ASFI raised the emergence of differing perspectives between DNSH TTEG Committee and TAG members on whether to explicitly recognise Traditional Knowledge in the headline ambition language. ASFI recommended referring the issue to its Indigenous Reference Group, following which it would report back to the TTEG and DNSH TAG. Members were supportive of this approach.

Draft Social Objectives and Core Pillars

4.1. The technical team provided an overview of the working draft social objectives and core social pillars for the Australian taxonomy, which incorporate early feedback from the TTEG Minimum

Social Safeguards (MSS) Committee and input from the MSS TAG. Consistent with the approach to finalising headline ambitions for the taxonomy’s environmental objectives, ASFI explained that full TTEG endorsement of the social objectives and core social pillars will not be sought until March or April 2024, prior to which there would be further refinements and opportunities for TAG and TTEG members to provide additional feedback.

4.2. Members provided early feedback on the draft social objectives and core pillars. The technical team was directed to ensure the Planetary Boundaries and Doughnut framework (Raworth) was considered in the MSS core pillars scoping work. Members also discussed the challenges associated with measuring good corporate governance for taxonomy purposes, and where ‘community relations’ should be positioned given its importance to local and regional communities in Australia.

4.3. Members spoke about how the taxonomy should treat breaches of the law in areas that fall outside the taxonomy’s remit. The technical team explained they are in the process of developing a ruleset around legal noncompliance for the Australian taxonomy and that this would be raised again for discussion and decision in due course. Members also raised the design-level scope of DNSH and MSS criteria and the need to carefully consider how activities will be measured and assessed in this context.

Progress Update: First Three Priority Sectors

5.1. The technical team introduced the work currently underway to identify which economic activities in the energy; minerals, mining and metals; and built environment sectors (first three priority sectors) should be considered for taxonomy development and eligible for inclusion as either ‘green’ or ‘transition’. The technical team explained that the work to date was preliminary and being informed by initial feedback from the TTEG Transition Committee and the sector-specific TAGs.

5.2. ASFI provided an update on next steps, noting that the TTEG Transition Committee will meet again in late December 2023 to finalise its discussions on determining eligibility for green and transition categorisation. Following this, TTEG Transition Committee members will be reallocated to sector-based TTEG committees for the first three priority sectors. These TTEG committees and the sector-based TAGs will continue to provide technical input and feedback over the next three months. The full TTEG will then reconvene in April or May 2024 to finalise and endorse decisions relating to the first three priority sectors, prior to public consultation.

Forward Workplan

6.1. ASFI briefly outlined the remaining taxonomy workplan for 2023, and confirmed it would shortly provide dates for all TTEG meetings to be held in the first quarter of 2024.

Meeting Close

7.1. The TTEG co-chairs closed the meeting at 6:08 pm.