

7 August 2023

Decision Minute: CFR Taxonomy CWG Subgroup

Constitution of the Taxonomy Technical Expert Group

Date: Thursday 27 July 2023

Record of discussion:

At the inaugural meeting between ASFI and the CFR CWG Taxonomy Subgroup on 27 July 2023, the membership of the Taxonomy Technical Expert Group (TTEG) was considered.

ASFI provided an overview of the TTEG application and assessment process.

- ASFI publicly called for expressions of interest on 14 June 2023 (**Attachment A**). The application process was open for 23 days.
- Applicants were requested to state in their applications whether they wanted to be considered for the role of Chair.
- ASFI did not respond to personal enquiries about the TTEG. Instead, ASFI held a public information webinar on 23 June 2023 and made the recording available on our website together with a FAQ document.

ASFI received a total of 87 applications for the TTEG. Of the total applicants, 37 (43 per cent) were male and 50 (57 per cent) were female. There were applicants from a wide range of sectors, with a broad range of experience and expertise. Individuals were selected based on their personal skills, capabilities and expertise. They will not be representing their organisation on the TTEG.

As advertised in the public EOI, the following factors were considered in assessing TTEG applicants:

- a. ensuring the TTEG members have a balanced mix of the skills, expertise and experience identified in the TTEG terms;
- b. candidates' understanding of the global and domestic sustainable finance landscape, and how their skills and expertise will inform the development of an Australian taxonomy;
- c. candidates' ability to commit the time required to discharge the duties of the TTEG;
- d. candidates' other positions and commitments, including potential conflicts of interest;
- e. candidates' track record of achieving strong outcomes in a collaborative environment in their workplace, profession and/or field of expertise;
- f. candidates' overall commitment and willingness to positively contribute to the project;

- g. the overall diversity of the TTEG; and
- h. ensuring Indigenous perspectives, knowledge and expertise on the TTEG.

Degree of expertise and depth of experience were also factored into the assessment process.

Record of decision:

A shortlist of TTEG applicants were put to the CFR CWG Taxonomy Subgroup for consideration. In finalising and endorsing the TTEG, the CFR CWG Taxonomy Subgroup had regard to:

1. the factors considered in shortlisting applicants, as set out above and in the Call for Expressions of Interest and TTEG Terms of Reference;
2. how applicants scored against the Taxonomy Skills Matrix referred to in the Terms of Reference and other factors set out in the Call for Expressions of Interest;
3. ensuring a balanced mix of skills and perspectives, with a focus on climate mitigation given the scope of the initial phase of work; and
4. the effective management of real, potential or perceived conflict of interests.

There was discussion on how best to capture the wide range of perspectives and diverse technical expertise from across the real economy, noting it would not be possible to represent all these views in the TTEG alone. It was agreed that the perspectives of individual companies from specific economic sectors would be best sought through the sectoral advisory forums and public consultation processes. These will form part of stakeholder engagement undertaken by ASFI over the next twelve to eighteen months. The real economy representation on the TTEG would instead provide broader perspectives on whole of economy issues from peak bodies.

It was also decided that ASFI undertake an additional review of all shortlisted candidates to ensure the right mix of climate and decarbonisation skills would be represented on the TTEG, given the scope of the initial phase of work. ASFI undertook this review following the meeting and confirmed that the TTEG had an appropriate mix of climate and decarbonisation skills and expertise for this phase of the taxonomy’s development.

Following the meeting, on 31 July 2023, a final list of 25 individuals – including the selection of two cochairs – was endorsed by the CFR CWG taxonomy subgroup.

Record of attendees at inaugural ASFI/CFR CWG Taxonomy Subgroup meeting on 27 July 2023:

<i>CFR CWG Members</i>	<i>ASFI</i>	<i>Treasury Observers</i>
Warren Tease	Kristy Graham	Sam Hurley
Sean Carmody	Nicole Yazbek-Martin	Nandini Bajaj
Anna Park	Grace Soutter	Brent Rechter
Ben Phillips		Rebecca Penny

Attachment A:

Expressions of Interest for

The Australian Sustainable Finance Taxonomy Technical Expert Group

14 June 2023

We are seeking expressions of interest from senior leaders across Australia with expertise in sustainable finance, climate science, industry, policy and including Indigenous representation to join the Australian Taxonomy Technical Expert Group, which will guide the development of Australia's sustainable finance taxonomy.

About ASFI:

The Australian Sustainable Finance Institute (ASFI) has been established to realign the Australian financial services system so that more money flows to activities that will create a sustainable, resilient, and inclusive Australia. We do this by coordinating, facilitating and driving implementation of the Australian Sustainable Finance Roadmap. Our members are Australia's largest financial institutions across superannuation, investment management, banking, insurance and financial services, all of whom are committed to our mission and to doing more on sustainable finance. We work closely with partners across government, universities, NGOs and industry organisations and collaboration is at the heart of how we work.

The Australian Sustainable Finance Taxonomy Project:

The Australian taxonomy development project is a joint industry-government initiative to develop an Australian sustainable finance taxonomy.

Building on work done on sustainable finance taxonomies internationally, this project will work with experts and stakeholders across the Australian financial system to develop an Australian sustainable finance taxonomy that is credible, usable and internationally inter-operable, while reflecting the Australian economy and context. It coordinates with the development of taxonomies in other jurisdictions, across the Asia-Pacific region, the European Union, Canada and the United Kingdom.

The taxonomy development project will develop taxonomy screening criteria for key priority sectors, and associated technical work on data requirements, methodology for incorporating transitional activities, minimum social safeguards and 'Do No Significant Harm' framework.

ASFI will convene the Taxonomy Technical Expert Group (TTEG) comprising 20-25 leading experts in sustainable finance, climate science, industry, policy and including Indigenous representation to provide input to and endorsement of technical screening criteria and other products developed by ASFI's technical team of taxonomy and sustainability specialists.

As part of this work ASFI will also undertake comprehensive stakeholder engagement across key sectors.

The Australian Council of Financial Regulators Climate Working Group (the CWG) will oversee this phase of Australia's taxonomy development, as part of its role supporting the development and implementation of the Government's Sustainable Finance Strategy.

The TTEG will be governed and operate in accordance with the Terms of Reference (TORs). The duties of the TTEG are set out in the TORs. TTEG members will not be expected to draft the technical inputs to the taxonomy however there will be an expectation for members to meet approximately every 6 weeks for the duration of the taxonomy development phase to review, provide feedback and approve the technical outputs from the taxonomy project which would then be put to the CWG for their consideration.

TEG Skills matrix

Applicants should have demonstrated leadership, skills, experience and expertise across one or more of the following:

Taxonomy Usability:

- Financial services sector users - from banking, investment, insurance and ESG and sustainability data providers.
- Sustainable finance perspectives across - capital allocation (finance and corporate sectors), benchmarking sustainability performance (finance and corporate), the development of taxonomy aligned products, the preparation, assessment and reporting of climate and sustainability related risks and opportunities.

Taxonomy Credibility:

- Climate science and policy expertise and the ability to translate that to financial systems, tools and processes
- Excellent understanding and strong linkages with science based international initiatives to drive transition
- Expertise in human rights supply-chain risk management, disclosure and reporting
- Indigenous perspectives on finance and investment, and knowledge and understanding of free, prior and informed consent in relation to Indigenous rights, heritage and participation.
- Technical knowledge and understanding of a broad range of nature, biodiversity and environmental considerations as they relate to the finance sector.

Taxonomy Inter-operability:

- Strong understanding of the development of and experience using multiple taxonomies globally.

Taxonomy prioritisation and impact:

- Climate and energy policy design, industry and energy sector dynamics, and whole of economy perspectives on driving decarbonisation.

Application and selection process:

Selection of TTEG members will be done by ASFI in consultation with the CWG. The selection process will consider the following when selecting TTEG Members:

- Ensuring the TTEG members have a balanced mix of all the skills, experience and expertise identified in the skills matrix. When assessing the skills mix, consideration will be given both to the members' skills as an individual, and the organisation they are associated/employed with.
- The candidate's understanding of the global and Australian sustainable finance landscape and how their skills and expertise will inform the Australian taxonomy development
- The candidate's ability to commit the time required to discharge the duties of the TTEG¹
- The candidate's other positions or commitments (including potential conflicts of interest)
- The candidate's track record of achieving strong outcomes in a collaborative environment in their workplace, profession and/or field of expertise.
- The candidate's commitment and willingness to positively contribute to the work of the project.
- The overall diversity of the TTEG.
- Ensuring Indigenous perspectives knowledge and expertise on the TTEG.

To be considered for the TTEG, please submit an EOI of no more than 350 words together with a 2-page CV to info@asfi.org.au by **7 July 2023**. Please include a letter of endorsement from your organisation as part of your application.

Should you wish to be considered for the role of Chair of the TTEG, please indicate this in your application with an explanation of why you would like to take on this role.

¹ If you have the skills, experience and expertise required of the TTEG but you and/or your organisation do not have the resources to enable you to discharge the specified duties set out in the TORs, we encourage you to get in touch with us.