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30 May 2023

Mr David Craig, Co-Chair  
Ms Elizabeth Mrema, Co-Chair  
Taskforce on Nature-related Financial Disclosures  
Submitted via electronic portal.

Dear Mr Craig and Ms Mrema,

## **Property Council of Australia submission to public consultation process on the Taskforce on Nature-related Financial Disclosures**

The Property Council of Australia welcomes the opportunity to respond to the formal public consultation process on the Taskforce on Nature-related Financial Disclosures (TNFD). The comments provided below are made in relation to the Version V0.4 Beta Release of the framework made available in March 2023.

### **About us**

The Property Council of Australia is the leading advocate for Australia's largest industry – real estate. Our industry represents 13% of Australia's GDP and employs 1.4 million Australians. Property Council member organisations are investors, owners and managers of real estate across all major asset classes including commercial offices, residential, industrial, hotels and more.

Australia's real estate industry leaders are world leaders in sustainability. They have consistently led global ESG indices like the Dow Jones Sustainability Index and the Global Real Estate Sustainability Benchmark, which they have topped since its inception twelve years ago. Most of our leading members have ambitious net zero targets by 2030 or earlier and are increasingly focusing initiatives on minimising their footprint on nature and transitioning to regenerative practices. Beyond their own operations, our members have a long-term stake in helping our capital and regional cities thrive and work together collaboratively to support policies for decisive action on climate mitigation and biodiversity conservation to avoid the worst projected impacts of climate change.

Many of our members report against and are supporters of the Taskforce on Climate-related Financial Disclosures (TCFD) framework. We look forward to providing the same level of engagement to the TNFD upon its completion and publication.

## General comments

Members of the Property Council strongly support the TNFD's mission to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes.

Australia's unique ecosystems are facing increasingly challenging circumstances. A recent report by the Australian Department of Climate Change, Energy, the Environment and Water found that the 'state and trend of the environment of Australia are poor and deteriorating as a result of increasing pressures from climate change, habitat loss, invasive species, pollution and resource extraction'<sup>1</sup>. Losses of nature and biodiversity pose a significant risk to our members' organisations, our natural heritage and the economy more broadly. There is an urgent need to equip business with an internationally consistent risk management and disclosure framework to engage investors and ensure that capital flows towards projects with nature-positive credentials.

The Australian Government is providing support for TNFD as a strategic funding partner, a member of the TNFD Stewardship Council, and as a participant of the TNFD Forum. Several members of the Property Council are also undertaking a piloting project in coordination with the government to provide detailed feedback on the framework.

The Property Council makes the following comments in relation to the Version V0.4 Beta Release of the TNFD framework.

## Developing an overarching target and effective strategies for delivery

The real estate industry in Australia seeks guidance on the development of an overarching nature-related goal to underpin the TNFD reporting, in the same way as there exists a global goal for reducing greenhouse gas emissions referenced in the TCFD framework. The carbon-related goal, established at COP21 in France, to keep "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels" has galvanised industry and led to coordinated efforts to achieve it. It has been incorporated into organisational strategies, government policies and regulations to deliver ambitious carbon abatement initiatives.

There is however no agreed equivalent overarching target within the nature and biodiversity conservation space. Developing one and integrating it within the TNFD framework would ensure that efforts by industry are coordinated and directed toward the achievement of a shared outcome. We encourage the TNFD to coordinate with other relevant international stakeholders to provide guidance on an overarching nature related target.

We encourage you to refer to the international consensus established at the Convention on Biological Diversity's (CBD) Fifteenth Conference of the Parties (COP 15) as a foundation for an overarching nature-based objective. COP15 delivered a global agreement to "**protect and conserve at least 30 percent of the world's land and ocean by 2030.**" This objective should be reflected within the TNFD framework.

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<sup>1</sup> [State of the Environment Report 2021](#), Department of Climate Change, Energy, the Environment and Water.

We further support the TNFD providing guidance on the definition of “nature-positive” – a term that increasingly appears in sustainability strategies and marketing communications – to avoid allegations of greenwashing.

### **Support for the LEAP approach**

As laid out in the Version V0.4 Beta Release of the framework, the LEAP approach for corporates involves four core phases of analytic activity with each phase broken down further into analytic components:

- **Locate** the organisation's interface with nature;
- **Evaluate** the organisation's dependencies and impacts;
- **Assess** the organisation's risks and opportunities; and
- **Prepare** to respond to nature-related risks and opportunities and report.

The Property Council supports this voluntary approach to establishing a corporation's analytic activity as it provides a robust framework for gathering relevant information, data and reporting publicly. We caution however that this approach may be overly complex for smaller entities without sophisticated reporting processes and resourcing in place. We encourage the TNFD to provide a streamlined, simpler version for smaller organisations to report against with a scope reduced to the impact analysis component. This simplified approach should aim to develop capacity in smaller entities by outlining a staged process leading to greater maturity over time.

### **Support alignment with TCFD**

Many members of the Property Council have several years of experience reporting against the TCFD, and some are officially supporters of the framework. We applaud the efforts made by the TNFD to align processes and recommended disclosures with those previously included in TCFD. This will enable reporting entities to leverage the experience and resourcing developed for TCFD and apply it in the context of nature-related risks, impacts and opportunities. We acknowledge the need for additional recommended disclosures to account for the additional complexity of nature.

While there is welcome alignment with TCFD to reduce resourcing requirements, we encourage the TNFD to provide guidance on the skills and resources that organisations would require to adequately respond. For example, the Locate phase requires staff or consultants with the ability to interpret complex biodiversity information and support on-ground data collection in certain circumstances – skills not required for TCFD reporting.

### **Ensure alignment with other international reporting frameworks**

The Property Council recommends that TNFD aligns with other international reporting frameworks, particularly the International Sustainability Standards Board (ISSB). There is a growing international consensus that the ISSB reporting standards will form the basis of reporting on sustainability related matters.

Aligning these frameworks will provide numerous benefits for both businesses and the environment. By integrating TNFD with ISSB, companies will have a comprehensive and harmonised approach to reporting their environmental impacts and risks. This alignment will enhance transparency, comparability, and consistency in disclosures, enabling investors and reporting entities to make informed decisions. It will also facilitate efficient data collection and analysis, reducing the burden on businesses while improving the quality and reliability of information. The

alignment between TNFD and ISSB will help foster global cooperation, ensure a consistent understanding of nature-related financial risks, and drive the integration of nature considerations into corporate strategies.

### **High quality input data**

Accurate and reliable data is foundational for assessing and quantifying the nature-related risks and dependencies of built environment reporting entities in a meaningful way. High-quality data will enable organisations to identify, measure, and disclose their nature-related risks, as well as set targets and develop effective strategies for mitigation and conservation.

Property Council members have raised concerns about the quality of generic datasets that can be used by default for reporting purposes. In particular, the granularity of data in some cases is insufficient to accurately determine impacts on nature through development activities. Many of our larger members are turning to sophisticated Geographic Information Systems (GIS) to collate and analyse relevant ecological data. We further support the use of on-ground verification data to ensure integrity.

This approach, however, is costly and potentially out-of-reach for smaller reporting entities. We recommend the TNFD collaborate with jurisdictional authorities to make available existing ecological datasets for use by respondents. This approach should be equipped with safeguards to ensure that jurisdictional databases meet a sufficiently high standard of environmental integrity.

### **Further consultation required for sector specific guidance**

The Property Council is strongly supportive of the development of industry specific guidance on reporting for the real estate sector. Consulting with industry during the development of this material is of paramount importance. Industry knowledge and expertise are vital in understanding the unique nature-related risks, opportunities, and challenges that different sectors face. By engaging with industry stakeholders, the TNFD can gain valuable insights into sector-specific impacts on biodiversity and ecosystems. Collaborating with industry will help ensure that the guidance aligns with existing industry practices, standards, and reporting frameworks, making it more relevant and feasible for implementation. It will also foster greater buy-in and acceptance from companies, encouraging broader adoption and participation in TNFD reporting.

Industry consultation will also allow for the identification of practical solutions, best practices, and innovative approaches to address nature-related risks, driving the adoption of sustainable practices and supporting the transition towards a nature-positive economy.

Particular areas of guidance that will be required for the real estate sector include:

- **the relevance of offsetting activities** - offsetting has been subject to criticism in recent times and its applicability to live biological populations increases the uncertainty of their environmental integrity. TNFD should make the position on offsetting activities clear for proponents to use in their reporting. This should further take into account the fact that many jurisdictions currently require offsets in certain circumstances.
- **application to supply chains** - the complexity of accounting for upstream activities through supply chains is significant. A lack of guidance will likely result in a fracturing of approaches and a reduction in the usefulness of reported outcomes.
- **baselines in greenfield vs brownfield developments** - in Australia, establishing nature-related baselines will be a complex issue. Should the baseline be established prior to

European settlement in 1788, prior to industrialisation, or is there another baseline that should be relied upon? Further, this baseline would have to be approached in a radically different manner depending on whether the development is taking place in greenfield or brownfield circumstances.

### **Facilitate incorporation with local planning instruments**

The TNFD will be deployed across a multitude of jurisdictions, each with their own approach to planning regulation and environmental approvals. It should be delivered in a way that promotes easy integration. Local planning requirements vary across jurisdictions and play a significant role in shaping land-use decisions, development projects, and environmental management practices. By designing a TNFD framework that aligns with common local planning requirements, it becomes more practical and reporting entities to incorporate nature-related risks and dependencies into their decision-making processes.

Reporting on environmental impacts should seek to align with common approaches taken by major environmental approval systems to avoid increasing the reporting burden for reporting entities. The TNFD may consider providing guidance to planning experts on incorporating TNFD requirements in local planning policies that are supported with sustainability minimum standards and a streamlined approvals system.

The Property Council would welcome further engagement on this important issue to ensure the sustainability achievements and competitiveness of our property market is recognised on a global scale. Please reach out to Tim Wheeler, National Policy Manager – Sustainability and Regulatory Affairs at [TWheeler@propertycouncil.com.au](mailto:TWheeler@propertycouncil.com.au) should you wish to discuss this submission in further detail.

Sincerely,



**Mike Zorbas**

Chief Executive  
Property Council of Australia