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Notice of Filing of Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies

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Topline: We support the listing of Natural Asset Companies under the New York Stock Exchange as it could provide an additional source of much-needed finance to the conservation, restoration, and sustainable management of natural landscapes. We have noted our specific comments below.

Natural Asset Companies (NACs) represent a much-needed market innovation, offering the potential to catalyse capital market investments for climate change at a much greater scale than currently exists. This new tool could offer a direct and holistic pathway for investing in nature-based solutions, natural infrastructure, and climate, easing corporate decision-making in support of environmental goals.

The proposed revisions to Section 102 of the NYSE Listed Company Manual have the potential to unlock substantial private sector financing for nature conservation, contributing to narrowing the current $830 billion funding deficit by 2030. The regulatory oversight for disclosures and reporting afforded by the Exchange offers an opportunity to enhance legitimacy for Natural Asset Companies and increase the transparency of their operations and impact, a characteristic that is notably absent in current market-based tools for nature. These requirements can not only instil confidence among investors, consumers, and other stakeholders, but also ensure that investments align with both financial and environmental objectives, creating a paradigm shift in sustainable finance. Moreover, this mechanism can play a pivotal role in boosting the economic incentives for companies to advance their commitment to environmental conservation in ways where public policy can fall short (due to the global nature of supply chains, the reluctance of nations to act, and the varying effectiveness of policy implementation across different countries, etc.). Finally, these proposed changes have the potential to attract investment from a broader spectrum of stakeholders, including national governments and international investors, who may not have previously prioritized conservation efforts.

As the regulation of Natural Asset Companies develops, we'd like to highlight a few additional considerations:

1. Prioritize conservation projects: In general, the need for accelerating conservation activities (relative to efforts toward sustainable management of ecosystems) is becoming more urgent, as exemplified by the Nature 30x30 goals. Nevertheless, performance evaluations and disclosures based heavily on revenue generation can inadvertently overemphasise the economic value of projects, potentially prioritizing projects that yield greater revenue, while undermining projects and ecosystems that may be of higher biological and social importance. To mitigate this potential imbalance, it is crucial to implement safeguards and incentives such as High Conservation Value (HCV) areas, High Carbon Stock Approach (HCSA), and the UNFCCC Cancun Safeguards on REDD (2020).
2. Double down on local communities: Social or 'human' considerations, alongside economic and environmental considerations is an important third pillar of sustainable development. While the proposed text appears to adequately address the economic and environmental considerations through the Ecological Performance Reporting Framework, there is a need to provide equal focus on the social component. The Equitable Benefit Sharing Policy mandated for NACs

represents an important step, but a more robust mechanism to increase accountability toward local communities is needed, through specific indicators in the Ecological Performance Reporting Framework. Relatedly, this consideration becomes pertinent in the context of ecological land rights, as defined in the proposed text, particularly in areas with unclear land rights and weak governance, where there is a high prevalence of land conflict and current benefit sharing policies inadequately address local communities' inclusion.

3. Include non-carbon climate benefits within the Ecological Performance Report (EPR): A growing body of research reveals that forests and other landscapes interact with the atmosphere in many ways other than through the global carbon cycle, affecting rainfall and temperature from local to global scales. These processes, including albedo, evapotranspiration, surface roughness and aerosols, all affect the climate in different ways impacting food and water security, human health, and the world's ability to adapt to a warming planet. The EPRs should seek to incorporate these processes in order to fully quantify the ecosystem services managed by a NAC.
4. Incorporate jurisdictional approaches to ensure environmental integrity and deliver impact as scale: Larger-scale programs can be better positioned to mitigate risks of leakage and non-permanence leading to improved environmental performance. And for companies looking to improve the sustainability of their supply chains, jurisdictional approaches will help with the implementation of sustainable practices by rooting them in governance systems more expansive than a company's individual supply chain.