

# ESG Materiality Assessment

New Sydney Waterfront Company

22 April 2024



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## Executive summary

The New Sydney Waterfront Company (NSWCo) is Australia's first Business Improvement District (BID), an internationally proven partnership model that uses collective private investment to add to or accelerate the improvement of a Precinct or area. NSWCo aspires to develop the "World's Best Waterfront" in Sydney's Western Harbour, emphasising community contribution and sustainability. To achieve this vision, NSWCo recognises the need for a comprehensive Environmental, Social, and Governance (ESG) strategy.

Amidst the diverse and complex dynamics of the precinct, NSWCo seeks to have a comprehensive understanding of the prevailing ESG landscape. This will assist NSWCo to prioritise initiatives and projects that effectively address the most pressing sustainability issues and capitalise on opportunities for impactful change.

NSWCo engaged BDO to investigate ***where NSWCo can make the biggest impact on both society and the environment.***

Through an extensive ESG materiality assessment and stakeholder engagement process, seven key ESG material topics were identified:

- Energy consumption/Energy mix
- Waste management
- Reconciliation (First Nations)
- Accessible and inclusive infrastructure
- Economic development/Local business support
- Active advocacy
- Stakeholder engagement

For each of these topics, key issues and opportunities have also been identified. Potential projects to drive sustainable development within the precinct have also been outlined.

The recommendations for the next phase of the project include bringing projects to life which support NSWCo's long term ESG strategy. Potential projects have been identified at a high-level, but will require further prioritisation, design, and piloting through a collaborative approach. Guiding principles for this process has been suggested. Through the piloting of projects, learnings and results should be captured in a structured manner, to further inform the long-term ESG strategy for NSWCo. These recommendations aim to assist NSWCo align its actions with the expectations of its stakeholders, work towards realising its vision of creating the "World's Best Waterfront" and promote sustainability and community well-being.

# 1. Introduction

## 1.1 About New Sydney Waterfront Company

The New Sydney Waterfront Company (NSWCo) is Australia's first Business Improvement District (BID), a not-for-profit, internationally proven partnership model that uses collective private investment to add to or accelerate the improvement of a Precinct or area. BIDs are funded, managed, and coordinated by local business organisations in their designated area. Although they work effectively with government agencies and business chambers, their organisational structure and purpose differ greatly.

There are over 2,000 BIDs globally and the objective of each BID depends on the needs of local businesses and areas. It is an effective governance model that is used around the world to connect precincts, create sustainable destinations, attract consumers, and drive investment. The value of the model is derived from its capacity to leverage aligned effort across a large volume of local business participants, to deliver outcomes otherwise unavailable for a place and its stakeholders.

NSWCo is currently operating as a voluntary business partnership, relying on the foresight and commitment of several local partners. The long-term goal is to work with members and partners to deliver the "World's Best Waterfront", a world-class precinct within Sydney's Western Harbour. To do this, NSWCo must fulfil its ambition to drive the current partnership model into a formalised, independent organisation with a 5-year mandate; endorsed and funded by the local business community, in accordance with State legislation.

## 1.2 Project scope

A long-term strategy is needed to deliver NSWCo's vision for Sydney's Western Harbour. Key to this strategy is the identification of delivery areas within the Precinct that would benefit from genuine improvement. This could be in spaces where initiatives are not currently being delivered or where the initiatives of local organisations might be supported to deliver more robust outcomes. One of the key areas of focus is *Collaboration through Environment, Social and Governance (ESG)*. If done effectively, delivering ESG programs within the Precinct will be financially beneficial to Sydney's businesses and tangibly beneficial for its residents, employees, and tourists of today and the future.

The purpose of this engagement is to undertake an Environmental, Social and Governance (ESG) analysis and materiality assessment, to explore the possibility of creating a collective ESG strategy for the Sydney Waterfront community and precincts. The key question for this project was to determine ***where NSWCo can make the biggest impact on the society and environment.***

The deliverable for this engagement is a report, including a materiality matrix indicating the most material topics for NSWCo, and recommendations for potential projects and pathways forward to inform the next phase of the project.

### 1.3 Method and approach

An ESG materiality assessment is a method of determining which ESG issues are most important to internal and external stakeholders of an organisation, and where the organisation can make an impact on society and the environment. The engagement approach involved several key steps as described in the model below.

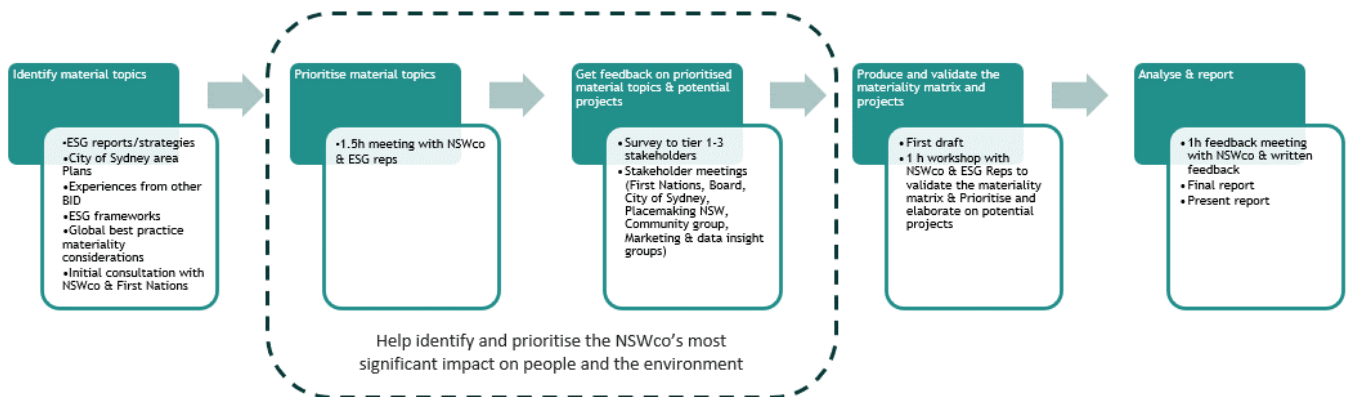


Figure 1: Overview of the project approach

To understand the existing ESG landscape, an assessment of the City of Sydney area plans, First Nations engagement and review of current ESG activities across various businesses within the precinct was conducted through a review of their sustainability reports and publicly available information. Additionally, preliminary research was conducted on global sustainability trends, ESG initiatives in similar precincts worldwide, and of relevant ESG frameworks. This was followed by the development and application of a materiality assessment framework, based on experiences from other global BIDs, recognised ESG frameworks and global best practice materiality considerations that include materiality both in terms of importance and impacts. Based on this initial process, a list of circa 150 specific sustainability topics were identified and classified into 30 subcategories which were themed within Environmental, Social and Governance. The breakdown of topics included subtopic granularity to better understand the distinct challenges and opportunities within each area. This granularity enables more targeted strategies and actions, facilitating more effective resource allocation and management.

To prioritise these topics and determine the most relevant sub themes for NSWCo and the BID, a workshop with NSWCo and ESG representatives from the NSWCo Board was conducted. Within this workshop, the 30 topics were further defined, and 15 topics were identified as key topics (five per E-S-G category).

In parallel with this, a stakeholder engagement approach for NSWCo's key stakeholders was established (see Appendix A: Stakeholder Engagement). A survey assessing the 30 topics was sent out to NSWCo's stakeholders, while workshops and meetings with stakeholders were conducted to discuss the 15 identified topics in further detail, and pinpoint key focus areas. Potential areas for further projects for NSWCo and the BID were also identified.

Based on this stakeholder engagement a materiality matrix showcasing the impact and importance of the 30 identified topics was produced. The matrix also narrowed it down to seven key material topics, being the ones deemed to be of highest importance and highest impact.

Finally, the matrix and all information collected was consolidated into a draft report. The draft report was circulated before being presented and discussed in a meeting with ESG representatives from the NSWCo

Board and a meeting with NSWCo. Based on the feedback meetings and additional written feedback from NSWCo, a final report was produced and presented to the board.

## 1.4 Limitations

This engagement was conducted under the provision of independent advisory services, and therefore is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board. This report has been carefully prepared but is general commentary only. This report should not be relied upon as legal or financial advice. We give no assurance or warranty that the information in this report is current when read.

## 2. Assessment Results

The assessment results are derived from stakeholder input, encompassing a range of perspectives from stakeholders of varying sizes, sectors, and complexity. It’s imperative to recognize that the diversity in stakeholders include variations in the understanding and familiarity with the subject matter. This could potentially result in varied impact on materiality determination, and inconsistencies in ambition levels due to differing stakeholder knowledge and expertise. Further, the number of stakeholders engaged may also impact results and may not reflect the full picture of stakeholders’ perspectives as to where NSWCo and the BID can make the most impact.

### 2.1 The material topics for the NSWCo

Through preliminary desktop research and workshop with ESG representatives, the following 30 topics were identified as material for NSWCo, and included in the stakeholder survey:

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Net Zero</li> <li>• Circular economy</li> <li>• Climate strategy/Emission management (reduction, scenario planning, climate positive initiatives)</li> <li>• Energy consumption and energy mix</li> <li>• Waste management (reduction, recycling)</li> <li>• Water management (water stewardship, efficiency, consumption)</li> <li>• Food waste</li> </ul>	<ul style="list-style-type: none"> <li>• Reconciliation (First Nations)</li> <li>• Accessible and inclusive infrastructure (universal design, connectivity, public facilities)</li> <li>• Health and safety (for employees, customers and public)</li> <li>• Diversity, equality, and inclusion (for employees, customers and public)</li> <li>• Education and awareness (for employees, customers and public)</li> <li>• Community engagement (investment, social impact, volunteering, engage with</li> </ul>	<ul style="list-style-type: none"> <li>• Legal and regulatory compliance</li> <li>• Reporting and communication (transparency, accountability, and integrity)</li> <li>• Sustainability as a part of decision-making</li> <li>• Risk management</li> <li>• Cyber security (safe collection, storage, and use of data)</li> <li>• Stakeholder engagement (such as investors, employees, customers, suppliers, local communities, and NGOs)</li> <li>• Active advocacy with legislative and regulatory</li> </ul>

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>Green buildings (including certifications, efficient management, design)</li> <li>Biodiversity (green roof planting, regenerative actions, wildlife)</li> <li>Marine protection</li> </ul>	<ul style="list-style-type: none"> <li>local residents, businesses, and community organisations)</li> <li>Ethical supply chain (modern slavery, human rights, sustainable sourcing)</li> <li>Economic Development and Local Business Support (supporting local businesses, entrepreneurs)</li> <li>Creative industries and innovation</li> <li>Upskilling and employment opportunities for disadvantaged groups</li> </ul>	<ul style="list-style-type: none"> <li>authorities for positive social and environmental change in the waterfront precinct</li> <li>Resilient business model (ability to manage risks and opportunities associated with the transition to a low carbon and climate-constrained economy/sustainability)</li> <li>Innovation (solutions, projects, product/service development)</li> <li>Social Responsibility/sustainable events (one-off or casual use of public space)</li> </ul>

**Table 1: Overview of topics identified through initial desktop research.**

Out of the 30 topics, the ESG representatives identified the following 15 topics as especially important. These topics were brought forward for more in-depth discussion through stakeholder meetings:

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>Net Zero</li> <li>Circular economy</li> <li>Waste management</li> <li>Water management</li> <li>Green buildings</li> </ul>	<ul style="list-style-type: none"> <li>Reconciliation (First Nations)</li> <li>Accessible infrastructure</li> <li>Employee engagement</li> <li>Community engagement</li> <li>Support local business</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder engagement</li> <li>Regulatory compliance</li> <li>Responsible business practice</li> <li>Transparency</li> <li>Accountability</li> </ul>

**Table 2: Overview of topics addressed in stakeholder meetings.**

## 2.2 Importance of and perceived impact on the material topics

In the survey, respondents were asked how important they found different topics, and which impact they believed the NSWCo and BID as a collective could have on the topics. Their responses were given by assessing each topic on a scale from 1 to 5, one being little importance/impact and 5 high importance/impact. The table below indicates the top three within the categories of Environment, Social and Governance.

	Importance for stakeholders	Perceived impact for NSWCo
Environmental	<ol style="list-style-type: none"> <li>1. Energy consumption/Energy Mix</li> <li>2. Waste Management</li> <li>3. Climate strategy / Emission Management</li> </ol>	<ol style="list-style-type: none"> <li>1. Marine Protection</li> <li>2. Waste Management/Biodiversity*</li> <li>3. Energy consumption /Water management*</li> </ol>
Social	<ol style="list-style-type: none"> <li>1. Health and safety for employees, customers and public</li> <li>2. Diversity. Equality and inclusion for employees, customers and public</li> <li>3. Ethical Supply Chain</li> </ol>	<ol style="list-style-type: none"> <li>1. Economic development and local businesses</li> <li>2. Community engagement</li> <li>3. Accessible infrastructure</li> </ol>
Governance	<ol style="list-style-type: none"> <li>1. Risk management</li> <li>2. Legal and regulatory compliance</li> <li>3. Reporting &amp; Communication / Sustainability as part of decision making / Cyber security*</li> </ol>	<ol style="list-style-type: none"> <li>1. Stakeholder Engagement</li> <li>2. Active advocacy with legislative and regulatory authorities for positive social and environmental change in the waterfront precinct</li> <li>3. Socially responsible and sustainable events</li> </ol>
*Topics with equal results		

**Table 3: Overview of survey results regarding important topics and topics where NSWCo has perceived impact.**

## 2.3 Barriers and levers for the precinct's ability to address sustainability

The survey required respondents to identify which barriers they believed are currently constraining the ability of the precinct to address sustainability issues. Twelve barriers were proposed, with respondents having the ability to select multiple barriers, where necessary. Respondents were given the opportunity to identify any 'Other' additional barriers, however none were identified within this sample.

Overall, a wide range of factors were identified as constraining the ability of the precinct to address key sustainability issues, to varying degrees. The primary barrier associated with addressing sustainability issues was identified as the availability of budget and resources, along with a perceived high cost associated with implementing sustainability initiatives.

Other barriers identified by a significant number of stakeholders (>30%) included limited collaboration amongst business owners regarding sustainability, limited risk appetite and absence of a cohesive sustainability strategy. For businesses to contribute to the overarching vision of NSWCo in expanding its community and sustainability footprint, stakeholders have indicated that greater investment or facilitation of opportunities for collective action may be required.

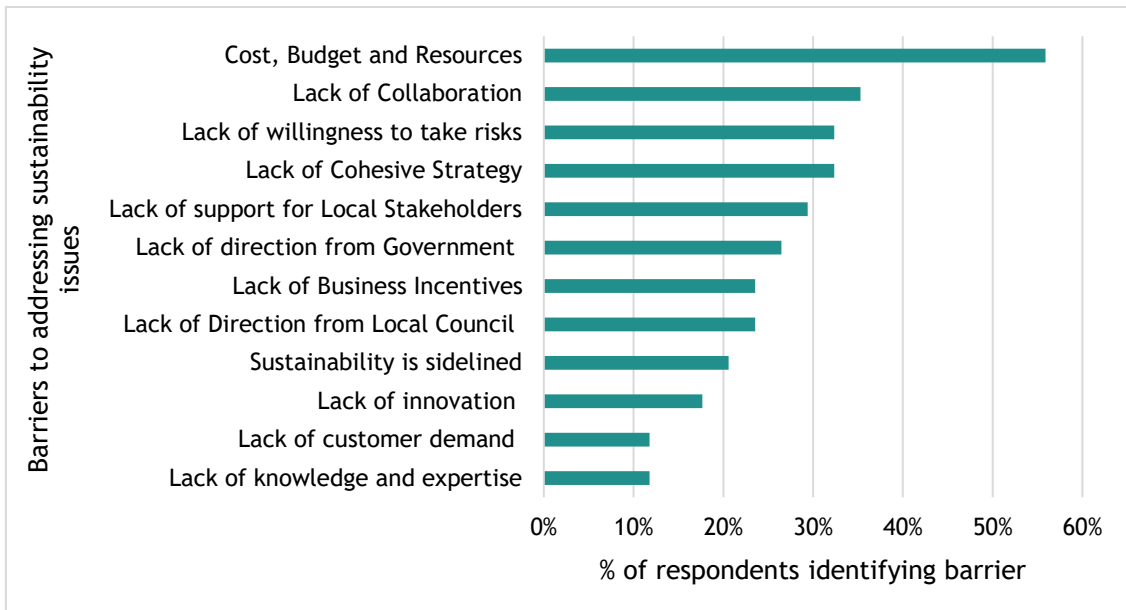


Figure 2: Overview of barriers respondents believe are constraining the precincts' ability to address key sustainability issues.



Figure 3: Overview of which levers respondents believe will be most effective in helping to address key sustainability issues.

In addition, the survey required respondents to identify any levers which could be leveraged to support them in addressing key sustainability issues. Seven levers were proposed, with respondents having the ability to select multiple levers, where necessary. Respondents were given the opportunity to identify any 'Other' additional levers, however none were identified within this sample.

Overall, the importance of all proposed levers was considered by respondents as having the potential to influence and overcome sustainability issues. Significantly, majority of stakeholders (>50%) identified the value of establishing an overarching strategy, underpinned by a shared vision of the future. In addition, it was noted that the greatest impact on sustainability issues can be achieved in instances where collective agreement is reached on high priority issues such as waste collection, net zero, and climate planning. Increased collaboration between stakeholders could establish further opportunities for collective bargaining, lowering operational costs and increasing economies of scale.

## 2.4 The most important material ESG topics for the NSWCo

This Materiality Matrix provides a visual representation of the materiality of ESG topics for NSWCo. This Matrix was derived from the above unadjusted ratings through the survey, which was then adjusted based on information retrieved from desktop research and qualitative feedback from discussions in stakeholder meetings and the final feedback rounds. As no topics were rated as low, this was excluded from the below graph.

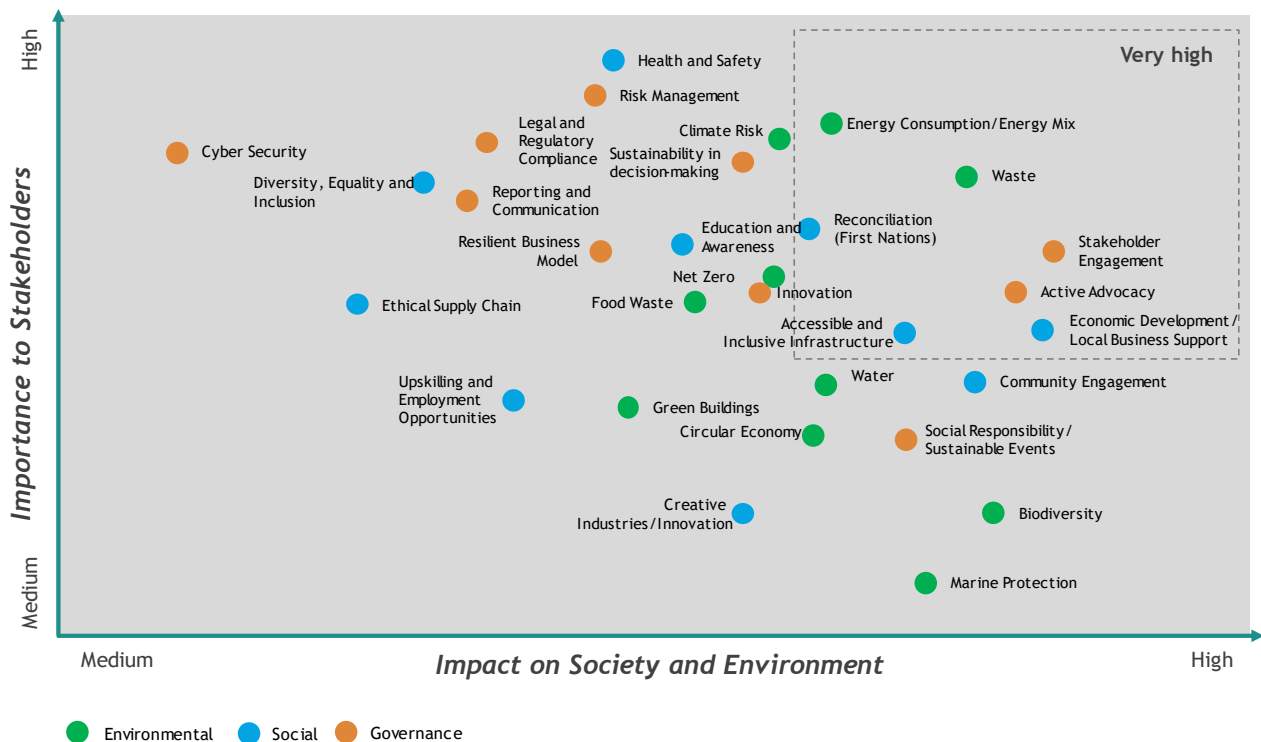


Figure 4: ESG Materiality Matrix for NSWCo

### 2.4.1 Environmental considerations

During initial research and engagement, environmental sustainability was of the utmost importance, highlighting key concerns such as achieving Net Zero emissions, promoting a circular economy, implementing green building practices, and managing waste and water efficiently. Mandatory requirements regarding Net Zero and certifications such as Green Star were identified as driving factors for environmental initiatives, underscoring the need for compliance with established standards.

Through survey and stakeholder engagement these reflections were echoed, but the importance of energy consumption and waste management including topics such as food insecurity, food waste, and promoting a circular economy were strengthened.

Energy consumption was identified as a key material area, with an emphasis on implementing measures such as building retrofits, adopting energy-efficient technologies, promoting renewable energy generation, and fostering a culture of energy conservation within the precinct. It also includes efforts to monitor energy usage, set ambitious targets for renewable energy adoption, and collaborate with stakeholders to achieve sustainable energy goals. Additionally, the need for collaboration among stakeholders was identified, particularly in efforts to measure scope 3 emissions.

Waste management was addressed as a key material topic with great potential for collaboration within the precinct. The discussions included initiatives such as waste audits, source separation programs, promoting circular economy principles, supporting local recycling infrastructure, and collaborating with stakeholders to develop comprehensive waste management plans.

Given the harbourside location of the BID, water management was addressed as a material topic. This includes measures to reduce water consumption, implement sustainable drainage systems, address stormwater runoff, and ensure water quality through proper treatment and filtration methods, all while considering the unique challenges and opportunities presented by the precinct's waterfront location.

In terms of opportunities, innovation and raising environmental awareness was addressed as key avenues for positive impact, especially for smaller businesses who may not have those capabilities in-house.

#### **2.4.2 Social considerations**

In the social domain, the significance of fostering social cohesion and inclusivity within the precinct was acknowledged through all forms of stakeholder engagement. A key topic was reconciliation efforts with First Nations communities. The discussions around First Nation engagement emphasised the critical need for genuine, consistent, and timely involvement. Key call outs included integrating Indigenous perspectives into place-based design, incorporating cultural spaces, Indigenous language, and historical storytelling. Procurement was identified as an area for further exploration, particularly in supporting Indigenous-owned businesses.

Another key concern highlighted during the discussion was the imperative to ensure the provision of accessible, inclusive infrastructure to all members of society. This included physical accessibility for individuals with disabilities, economic accessibility to ensure that infrastructure development doesn't exclude marginalised communities, and social accessibility, which involves creating spaces where people from diverse backgrounds feel welcome and represented.

In addition to accessibility, there was a shared emphasis on creating vibrant, safe places to connect. This involves not only the physical safety of the spaces, but also fostering a sense of security and belonging for all individuals. Vibrancy implies creating dynamic environments that attract people and encourage interaction, whether through cultural events, artistic installations, or community gatherings. Safety, on the other hand, refers to both the absence of physical harm and the presence of measures that promote psychological well-being, such as adequate lighting, clear wayfinding, and community policing initiatives.

Beyond these core social issues, stakeholders noted a diverse array of social topics that held importance to both them and their respective organisations. Supporting and raising awareness among local smaller businesses and fostering volunteerism emerged as avenues for creating positive social impact within the precinct. Collaboration was underscored as essential for maximising social outcomes, emphasizing the importance of collective action and partnership.

### **2.4.3 Governance considerations**

Stakeholders emphasised the critical importance of robust governance structures and practices. Stakeholder engagement emerged as a cornerstone of effective governance, highlighting the need for transparency, accountability, and responsible business practices. Regulatory compliance was identified as fundamental, with a call to move beyond compliance towards identifying opportunities for value creation and innovation. Overall, the discourse emphasised the need for proactive and forward-thinking approaches to ESG that prioritise both risk mitigation and value creation within the precinct. Through the survey, the potential role of NSWCo in active advocacy with legislative and regulatory authorities for positive social and environmental change in the waterfront precinct rise was highlighted as a key material topic.

### **2.4.4 Interdependencies between Environmental, Social and Governance considerations**

The matrix and the discussions above address environmental, social and governance as separate topics, however, environmental, social, and governance factors are highly interdependent topics, and several interdependencies were called out during the stakeholder meetings.

Environmental considerations such as achieving Net Zero are intertwined with energy consumption reduction initiatives. Similarly, implementing green building practices and efficient waste and water management contribute to reducing environmental impact. Collaboration among stakeholders is essential, particularly in measuring and reducing scope 3 emissions, indicating a collective approach to environmental responsibility. Innovation and raising environmental awareness present opportunities for positive impact, aligning with the broader goal of fostering sustainability within the precinct.

Fostering social cohesion and inclusivity intersects with other initiatives. For instance, supporting Indigenous-owned businesses aligns with reconciliation efforts and promotes economic inclusivity. Accessible and inclusive infrastructure ensure equitable access to resources and amenities while addressing social needs. Creating vibrant, safe spaces to connect enhances social well-being while potentially encouraging community engagement in environmental and sustainability efforts. Collaboration among stakeholders is crucial for addressing diverse social issues effectively, highlighting the interconnectedness of various social factors and the need for collective action.

Robust governance structures provide clarity, transparency, and accountability, setting a foundation for effective sustainability practices. By engaging stakeholders, managing risks, and incentivizing innovation, these structures foster an environment where value creation and innovative solutions to sustainability challenges can thrive, ultimately driving long-term success and positive impact within the precinct. Advocacy for positive social and environmental change requires both efforts within the precinct and among precinct members as well as proactive engagement with legislative and regulatory authorities, highlighting the intersection between governance and advocacy efforts for broader ESG goals.

## **2.5 Value and metrics to assess impact**

Measuring the value of projects initiated by NSWCo for the BID is crucial for accountability, assessment of whether goals were achieved, and continuous improvement. Stakeholder discussions highlighted a departure from traditional notions of value to include value to the environment and social responsibility, emphasising the creation of tangible social value alongside financial indicators.

Whilst defining metrics was out of scope for this project, some high-level measures for the prioritised topics were identified:

- Customer satisfaction/ “happiness” measurement tool.
- New revenue from circular economy/ waste re-use
- Green building registrations
- Number of companies with ESG strategies and reports
- Reputation/ trust metrics
- Cost saving - water, waste, energy
- Carbon emissions reduced; energy savings; Net Zero achieved
- Reconciliation - embed First Nations stories and language
- Social value measurement of precinct initiatives
- Time spent in the precinct
- Waste reduction; water stewardship and quality

### 3. Potential collaboration projects to achieve impact and support NSWCo’s long term ESG strategy

Initiating projects to tackle issues and seize opportunities within the material topics identified will be an essential part of NSWCo’s ESG strategy in upcoming years. The survey included one free text question where respondents were asked to identify one sustainability improvement that they would like to see within the precinct in the next three years. A summary of the respondents’ answers can be found in Appendix B. Additionally, potential projects or areas for collaboration have been part of stakeholder meetings.

The table below summarises key issues and opportunities within the seven identified material topics, and the potential future projects which were discussed to address these.

Dimension	Topics	Key issues/opportunities	Potential projects
Environmental	Waste management	<ul style="list-style-type: none"> <li>• Waste collection is organised individually: recycling requirements and collection dates vary</li> <li>• Opportunities related to waste recycling and circular economy</li> <li>• Potential cost savings by collective bargaining</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration and collective negotiations for contracts for collection of commercial waste for the precinct with emphasis on recycling</li> </ul>
Environmental	Energy	<ul style="list-style-type: none"> <li>• Reduce reliance on fossil use and transition to renewable energy</li> <li>• Potential cost savings by collective bargaining</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration and collective negotiations for renewable energy solutions for the precinct</li> <li>• Partnering with energy providers and government agencies to explore alternative energy sources and develop sustainable</li> </ul>

Dimension	Topics	Key issues/opportunities	Potential projects
			energy solutions tailored to the precinct's unique needs.
Social	Accessible and inclusive infrastructure	<ul style="list-style-type: none"> <li>• Access is not enough; everyone should also feel safe and welcome</li> <li>• Integrating public transportation options, such as ferries, water taxis, or accessible shuttle services, to improve connectivity and mobility within the harbour precinct.</li> <li>• Make the area walkable</li> </ul>	<ul style="list-style-type: none"> <li>• Align with existing precinct projects such as Safer Public Spaces for Women and Girls</li> <li>• Support the implementation of wayfinding systems, mobile applications, and digital platforms that provide real-time information on accessible routes, services, and attractions within the harbour precinct, helping users navigate with confidence and independence.</li> <li>• Launch crowdfunding platform to fund small-scale accessibility projects proposed and led by precinct members</li> <li>• Promote accessible tourism guides, digital maps, and online platforms that highlight barrier-free destinations, accessible activities, and inclusive experiences for travellers with diverse needs and preferences.</li> </ul>
Social	Economic development/local business support	<ul style="list-style-type: none"> <li>• A primary barrier associated with addressing sustainability issues is availability of budget and resources, along with a perceived high cost associated with implementing sustainability initiatives</li> <li>• The precinct consists of businesses of all sizes and this needs to be acknowledge in projects and investments</li> <li>• Support smaller business on their ESG journey: knowledge sharing, tools, studies, showcase best practice</li> </ul>	<ul style="list-style-type: none"> <li>• Run an awareness raising program on what sustainability is and how businesses can make an ESG strategy. The program should be practical and adjusted to companies' sizes.</li> <li>• Establish a platform or forum to share learnings and experiences related to sustainability to foster greater phase of change and upskill stakeholders.</li> </ul>

Dimension	Topics	Key issues/opportunities	Potential projects
Social	Reconciliation (First Nations)	<ul style="list-style-type: none"> <li>• Engaging in meaningful consultation and collaboration with Indigenous communities to incorporate Indigenous perspectives, knowledge, and cultural values into planning and management processes - in individual companies and precinct as a whole.</li> <li>• Partnering with Indigenous-owned businesses and enterprises to promote economic opportunities, job creation, and sustainable resource management within the harbor precinct.</li> <li>• Investing in initiatives that support Indigenous cultural revitalization, language preservation, and community well-being to foster reconciliation and mutual respect among all stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Support and promote “live” and interactive maps, maritime trails, and walkways to facilitate engagement both digitally and in physical spaces.</li> <li>• Promote the use of Indigenous language and perspectives in place-based design</li> <li>• Support the establishment an indigenous culture information hub to collect and share stories from the precinct on behalf of the precinct</li> <li>• Support the Yananarula   Walking on Country initiative</li> </ul>
Governance	Stakeholder engagement	<ul style="list-style-type: none"> <li>• Lack of representation and inclusion of key stakeholders</li> <li>• Misalignment of interests and priorities among stakeholders</li> <li>• Perceived tokenism or superficial engagement efforts that fail to genuinely involve stakeholders in meaningful dialogue and decision-making</li> <li>• Stakeholder engagement fatigue <ul style="list-style-type: none"> <li>○ Many businesses have the same stakeholders so common approach could be utilised</li> </ul> </li> </ul> <p>High demand placed on First Nation groups</p>	<ul style="list-style-type: none"> <li>• Facilitate precinct wide stakeholder engagements regarding topic that include several of the businesses in the precinct</li> <li>• Addressing First Nations engagement as a precinct, leveraging existing forums and insights</li> <li>• Engage and raise awareness about sustainability in the precinct through educational campaigns about sustainability</li> </ul>

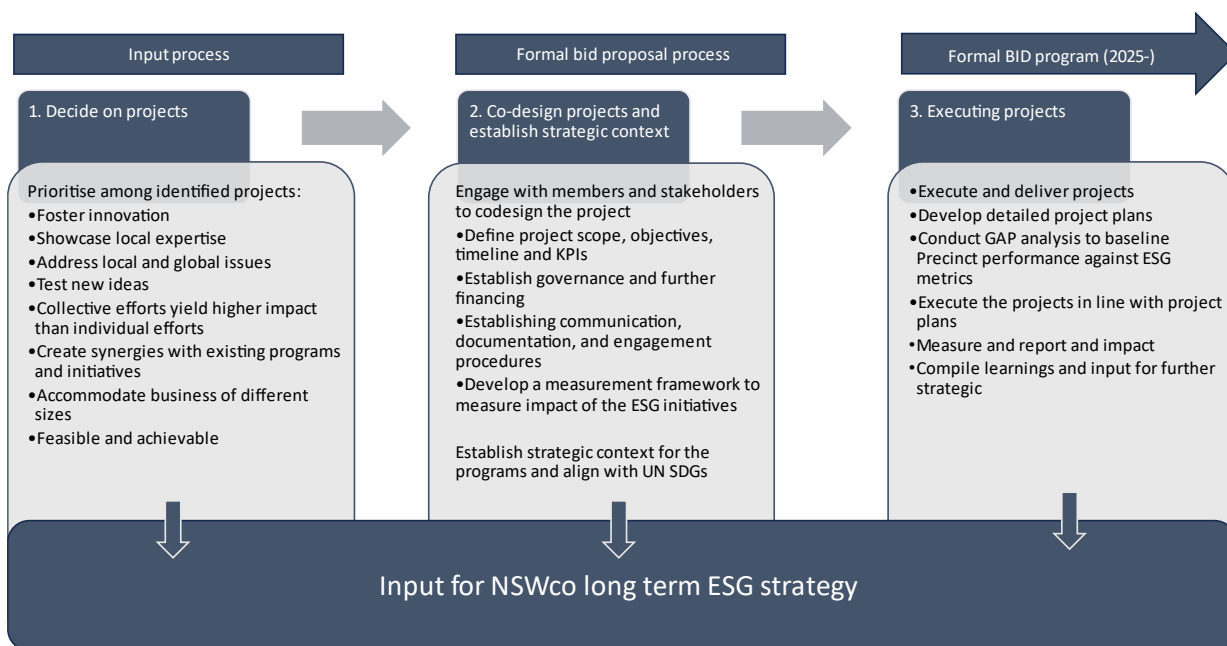
Dimension	Topics	Key issues/opportunities	Potential projects
Governance	Active advocacy	<ul style="list-style-type: none"> <li>The majority of stakeholders identified the value of establishing an overarching strategy, underpinned by a shared vision of the future for the precinct</li> <li>Engaging in proactive advocacy campaigns to promote sustainable harbour development, environmental conservation, and social equity</li> <li>Leveraging collective influence and resources to advocate for legislative changes, regulatory reforms, and funding allocations that support the long-term resilience and vitality of the harbor precinct and surrounding communities.</li> <li>Be the link between precinct and government: especially for smaller businesses with less existing partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Advocate for cohesive vision and standards for sustainability for the precinct; Establish common sustainability goals and shared metrics for NSWCo members and report on progress frequently and clearly.</li> <li>Engaging with legislative and regulatory authorities for positive change in the precinct; needs to be identified through working groups for the precinct</li> </ul>

Table 5: Overview of key issues and opportunities and potential projects per key identified material topic.

## 4. Recommendations for bringing projects to life and supporting NSWCo’s long term ESG strategy

### 4.1 Bringing projects to life

Throughout this project, an ESG materiality assessment has been developed and seven key material topics identified. For each topic, high level key issues and opportunities have been identified, and potential projects outlined. The next step is to prioritise, design and pilot some of the identified projects. The timeline below summarises the key actions for bringing projects to life over the next six months.



**Figure: 5 Plan for bringing ESG pilot projects to life and supporting long term ESG strategy.**

The first step of this process is to decide on projects to be designed and later executed. To ensure that the ESG projects will be financially beneficial to Sydney’s businesses and tangibly beneficial for its residents, employees, and tourists of today and of the future, we suggest applying the following guiding principles:

- **Impact and Value Creation:** Assess the potential impact of each project in terms of the value it can create for the precinct and its stakeholders. Prioritize projects that have the potential to generate significant added impact, value, or cost efficiencies through a collective approach. Consider the long-term sustainability impact created by each project.
- **Complementarity and Avoiding Duplication:** Evaluate whether the proposed projects duplicate or compete with existing programs in the same space. Prioritize opportunities that complement, enhance, or accelerate existing programs rather than duplicating efforts. Look for synergies between proposed projects and existing programs to maximize overall effectiveness.
- **Fostering Innovation, Testing Ideas, and Showcasing Local Expertise:** Encourage projects that foster innovation and experimentation within the precinct while showcasing local expertise. Prioritize projects that provide opportunities for testing new ideas, technologies, or approaches developed by local businesses or entrepreneurs. Support projects that promote a culture of innovation, creativity, and learning, enabling the BID to adapt and evolve in response to changing needs and opportunities, while also highlighting the talent and expertise present within the community.
- **Support for Small Businesses:** Consider the capacity of each project to provide support and capability to smaller businesses in the precinct that may not otherwise have capacity and capability to carry out ESG initiatives on their own. Prioritise projects that offer tangible support, resources, or assistance to small businesses, fostering their growth and success within the precinct.
- **Specific and Tangible:** Ensure that identified projects are specific, tangible, and actionable. Each project should have clear objectives, activities, and outcomes. Attach specific measurable targets to each initiative, allowing for effective monitoring and evaluation of progress.

- **Feasible and Achievable:** Assess the feasibility of implementing each project within the available resources, including funding, staff capacity, and expertise. Prioritize initiatives that are realistically achievable within the current capabilities and resources of the BID or in light of potential financing models e.g. whether the process and execution fully funded by NSWCo or does it include or rely on co-funding by members, participation fees or grants.
- **Stakeholder Engagement and Buy-In:** Consider the level of stakeholder engagement and buy-in for each proposed project. Prioritize projects that have the support of key stakeholders within the precinct, including businesses, property owners, residents, and local authorities.
- **Ambition and alignment with Long Term Goals:** Evaluate how well each initiative aligns with the overall objectives and purpose of a BID, as well as where the BIDs short-, medium- and long-term ambitions.

When the projects are prioritised, we recommend a co-design process with members, stakeholders and key project resources. Co-designing projects engages stakeholders and key resources to enhance understanding, foster ownership, and generate innovative solutions. It ensures relevance, trust, and collaboration, mitigates risks, and empowers participants, leading to effective, inclusive, and sustainable outcomes.

## 4.2 Establishing a long term ESG strategy

The next phase for NSWco involves formulating a long-term ESG strategy. This is integral to the process of attaining formal BID status, likely by 2025. To inform the longer term ESG strategy, the learnings and results from the pilot projects must be collected in a structured manner. This should include analysis of ESG performance metrics, stakeholder feedback, and project member observations to identify the best practices and strategies that emerged from the pilot projects, particularly those contributing to positive sustainability outcomes. Further, opportunities to scale up successful initiatives from the pilot projects should be investigated.

The learnings and results would provide good input for the ESG strategy. However, given that the current ESG assessment which the projects are based on constitutes a summary of the reflections and level of ambition from a variety of stakeholders, the ESG strategy may include more ambitious medium- and longer-term goals to reflect the NSWCo's aspirations for environmental and social impact. Furthermore, to align the BID's efforts with global sustainability objectives NSWco may consider framing its sustainability strategy with the UN's Sustainability goals (SDGs). Aligning with the SDGs demonstrates commitment to international sustainability objectives, enhances credibility, and facilitates measurement, reporting, and collaboration on a broader scale. When ambition level and goals are identified they should provide the basis for a roadmap for progress and guiding the selection and implementation of future project initiatives.

## Appendices

### Appendix A: Stakeholder Engagement

#### Survey

To get quantifiable information about stakeholders' expectations a survey was distributed. Description of tiers, weight and response can be found in the table below.

	Description of tier	Weight	Number of recipients	Number of responses
<b>TIER 1</b>	Stakeholders who directly impact NSWCo's sustainability journey	50%	205	13
<b>TIER 2</b>	Stakeholders whose opinion and guidance are highly influential to NSWCo's sustainability journey	30%	196	10
<b>TIER 3</b>	Stakeholders whose input to NSWCo's sustainability journey would be supplementary	20%	99	11
		100 %	500	34

All recipients got an email from NSWCo about the survey one week before it was sent out through the digital tool Checkbox. The survey was live in 2,5 week and reminders were sent every other day. Reminders was also sent in separate emails from NSWCo.

The survey was sent to 500 individuals representing 130 different organisations. Several organisations requested that the survey be sent to one person in organisation to answer on behalf the organisation. Eleven organisations had over 10 individual recipients receive the survey. Four of which had over individual recipients.

Additionally, around 40 emails were bounce backs meaning the email was no longer in use or the person out of office. Around 5 people reported back that they could not access or did not have the time to answer the survey.

Given these circumstances and that the survey was not the only means of stakeholder engagement the survey results are included in the report.

## Stakeholder meetings

The table below shows the stakeholder meetings and who attended.

What	Who
Initial meeting to identify potential material ESG topics	City of Sydney & NSWCo
Workshop to further prioritise material ESG topics and to gain insights and considerations for the ESG assessment itself	ESG representatives from the NSWCo board members & NSWCo
Meeting to discuss preliminary findings and further prioritise and define the material ESG topics	Multi stakeholder meetings <ul style="list-style-type: none"><li>• City of Sydney</li><li>• Data insight working group</li><li>• NSWCo Board</li><li>• Placemaking New South Wales</li><li>• Precinct liaison working group</li><li>• Precinct performance and strategy working group</li></ul>
Meeting to give feedback on report draft	<ul style="list-style-type: none"><li>• ESG representatives from the board members</li><li>• NSWCo and Chairman of the board</li></ul>

## First Nations Engagement

First Nations engagement has been of high importance for NSWCo during this project. Desktop research of the City of Sydney's existing reports and consultations with First Nations regarding the harbour area was conducted as part of the initial phase. One representative from one First Nation groups was engaged as members of the Precinct liaison working group. Several attempts were made by NSWCo in the period from October 2023 to March 2024 to engage additional First Nation representatives, however these attempts were not successful.

## Appendix B: Summary of proposed precinct initiatives

The survey included one free text question where respondents were asked to identify one sustainability improvement that they would like to be see made within the precinct in the next three years. The list below is a categorisation and summary of the respondents' answers.

### Energy Efficiency and Renewable Energy:

- Set ambitious targets for renewable energy use.
- Implement renewable energy solutions in strata developments.
- Advocate for renewable energy adoption and facilitate EV charging infrastructure.

### Waste Management and Reduction:

- Implement waste management and recycling initiatives to reduce environmental footprint.
- Work towards achieving zero waste and zero food waste to landfill.
- Encourage retail food outlets to reduce single-use plastics.
- Develop a collective commercial waste strategy or bulk buying renewable energy.
- Implement public waste management systems and signage to prevent waste from entering the harbor.
- Conducting waste audits and assessments.
- Designing and implementing recycling infrastructure.
- Educating stakeholders on proper waste disposal and recycling.

### Transportation and Accessibility:

- Improve public transport, pedestrian, and cycling infrastructure to reduce vehicle traffic.
- Establish ferry links to connect different areas.
- Advocate for ferries servicing suburbs in the Western Harbour.
- Ensuring accessibility for all, including individuals with disabilities.

### Community Inclusion and Social Equity:

- Provide affordable employment space for startups and cultural organizations.
- Include socially disadvantaged groups through shared strategies.
- Collaborating with preferred suppliers for sustainable practices.
- Creating vibrant and inclusive public spaces.
- Addressing social issues such as food insecurity and disability access.

### First Nations

- Adopt a First Nations first approach and incorporate indigenous sustainability knowledge.
- Embedding Indigenous initiatives and storytelling throughout the precinct.

- Prioritizing a First Nations approach to sustainability.

Communication and community engagement:

- Communicate sustainability goals and progress frequently and clearly.
- Share learnings and experiences to foster greater change and upskill stakeholders.
- Engaging stakeholders through educational campaigns and partnerships.

Innovation and Technology:

- Incorporate innovative solutions such as using drones for entertainment and laser shows.
- Ease regulations for solar panel usage and promote solar energy adoption.

Advocacy and Standards:

- Advocate for cohesive vision and standards in sustainability for the precinct.
- Engaging with legislative and regulatory authorities for positive change.

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