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Annex 1

Sustainable Finance Principles – Easy Read

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Action required: Responses by 03 December 2024

How to use this document

This is an easy read version. The words and their meaning are easy to read and understand.

You may need support to read and understand this document. Ask someone you know to help you.

Words in **bold blue writing** may be new or difficult to understand. They have been explained at the end of the document under 'Glossary'. If the difficult word or term is used again it is in **normal blue writing**. You can check what all the words in blue mean on page 7.

Where the document says 'we', this means Welsh Government.

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The Problem

Nature is declining fast around the world. This means that there are fewer plants and animals than ever before. This is happening because of several human activities that are causing **climate change**, **pollution**, and **habitat** loss.

- **Climate change**: The burning of fossil fuels releases **greenhouse gases** like carbon dioxide into the atmosphere, trapping heat and causing the planet to warm. This warming disrupts the weather, melts glaciers and ice sheets, and raises sea levels, harming natural **habitats** and wildlife.
- **Pollution**: Air, water, and soil pollution can all harm wildlife and **ecosystems**. Pollutants can come from factories, vehicles, and farming. For example, air pollution can acidify rain, harming plants and animals that live in ponds, rivers, and the sea. Water pollution can contaminate drinking water and kill fish. Soil pollution can make it difficult for plants to grow or for plants to stay healthy.
- **Habitat** loss: Humans are destroying natural **habitats** through deforestation, expansion of towns and cities, and other land-use changes. When **habitats** are destroyed, plants and animals lose their homes and sources of food and shelter. They may struggle to survive, or even become **extinct**.

Nature's Benefits

Nature can help us in many ways. For example, nature can help us fight climate change by absorbing carbon dioxide from the air. It can also clean water by filtering out pollutants. And nature provides homes for many different plants and animals.

- **Climate Change**: Forests, oceans, and wetlands act as **carbon sinks**, absorbing **carbon dioxide** from the **atmosphere** and storing it in plants and soil. This helps to slow down global warming.
- **Clean Water**: Natural **ecosystems** like wetlands and forests act as natural filters, removing **pollutants** from water. Wetlands filter water as it flows through them, trapping **pollutants** in plants and soil. Forests also help to filter rainwater, removing **pollutants** before they reach rivers.
- **Biodiversity**: A healthy planet needs a variety of plant and animal life. **Biodiversity** is the variety of life on Earth, at all levels, from **genes** to **species** to **ecosystems**. It is essential for the health of our planet and for our own well-being. **Biodiversity** provides us with food, clean air and water, medicine, and many other benefits. When species become **extinct** or populations decline, it disrupts the delicate balance of **ecosystems** and can have cascading effects on the **environment**.

The Role of Finance

To help nature recover we need money to pay for projects. Government does not have enough money to pay for all these projects by itself. To help, we are looking for other sources money for nature – this includes from businesses and anyone else

that may want to use their money to support nature recovery. These principles are to help make sure that this new money is used in the right way.

We're trying to understand why some organisations might be hesitant to invest in nature. There could be a few reasons, such as not knowing how to get involved or not being sure of the benefits.

We're working with environmental groups, businesses, and communities to find solutions. We're also learning from other countries that have had success with using investment to protect nature.

The Future

Our goal is to create a positive impact on nature. By working together, we can find the best ways to protect our [environment](#) for future generations.

Our Goals

- Help Wales thrive for future generations.
- Protect nature and use it wisely.
- Reach our goals for nature.
- Use money wisely to help nature.

Our Principles

We want to find the best ways to invest in Wales' nature. These principles will help us make good choices. They will fit with other laws and plans.

1. **Share the benefits:** Everyone should share the good things that come from using nature.
 - Use nature in ways that help people, wildlife, and the land.
 - If you want to make money from nature, think about how it helps everyone.
 - Work with others to share the benefits.
2. **Care for people and nature:**
 - Think about how your plans will affect people and nature.
 - Make sure your plans are good for everyone and everything.
3. **Work together:**
 - Talk to people who live and work in the area, making sure everyone has a chance to be involved
 - Share information and work with others.
4. **Be honest and fair:**
 - Be clear about what you are doing to help nature.
 - Follow the rules and use good methods.
 - Don't say you are helping nature if you are not.
 - Make sure the good things you do last.

We want to make sure that money is used wisely to protect nature and help people.

Questions

1: What do you think about the new principles for [investing](#) in nature?

Think about these things:

- Will these rules help people make good choices?
- Will these rules be helpful to different groups of people?
- How can people use these rules?
- Are there things missing from these rules?
- How do these rules fit with other important plans?

2: How can we use these new principles to protect nature and create benefits for people?

Think about:

- How can these rules help us use nature to solve problems?
- What are the best ways to use these rules to protect the environment?
- How can we make sure that everyone benefits from using nature?

3: Do you think our new principles work well with other rules about protecting nature?

Think about these examples:

- Rules for investing in nature
- Rules for planting trees
- Rules for protecting peatlands
- Rules for buying and selling things that help nature
- Rules for protecting wildlife

4: What do you think about our plan to find new ways to use money to protect nature in Wales?

5: What stops people in Wales from helping to protect nature?

6: Is there anything else you want to tell us about protecting nature and using money wisely?

Glossary

Atmosphere: It is a layer of gases that protects us from the sun's harmful rays and helps keep our planet warm. It's also where we get the air we breathe.

Biodiversity: The variety of all living things on Earth.

Carbon dioxide: It is a gas that people and animals breathe out. It's also made when things burn, like wood or gasoline.

Carbon sinks: Places that store carbon dioxide naturally. They are important parts of our planet that help to slow down climate change. Forests, oceans, and soil are some of the biggest carbon sinks.

Climate change: It is our planet is getting warmer than usual. This can cause big changes, like more storms, floods, or droughts.

Ecosystem: An ecosystem is made up of all the biodiversity and non-living things in an area. This includes all the plants, animals, and other living things that make up the communities of life in an area.

Environment: This is where people live. It is the land, the sea, the air and everything that lives in and on it.

Extinct: When there are no individuals of a species left alive, that species is extinct. Extinction is permanent; when a species disappears, it is gone forever.

Greenhouse gases: Greenhouse gases are like a blanket around the house that traps heat. Too much of this blanket can make the house (Earth) too warm.

Habitat: It is a special place where plants and animals live and find everything they need to survive, like food, water, and shelter.

Investing: It is like planting a seed. You put money (the seed) into something you think will grow over time. It could be a business, a house, or even something new and exciting. With care and time, your investment can grow and be worth more than when you started.

Pollution: It is like throwing trash everywhere instead of putting it in the bin. It makes the place dirty and unhealthy for everyone who lives there, including plants, animals, and people.