

Nature-related risks & opportunities – The TNFD recommendations

Tony Goldner, Executive Director, TNFD

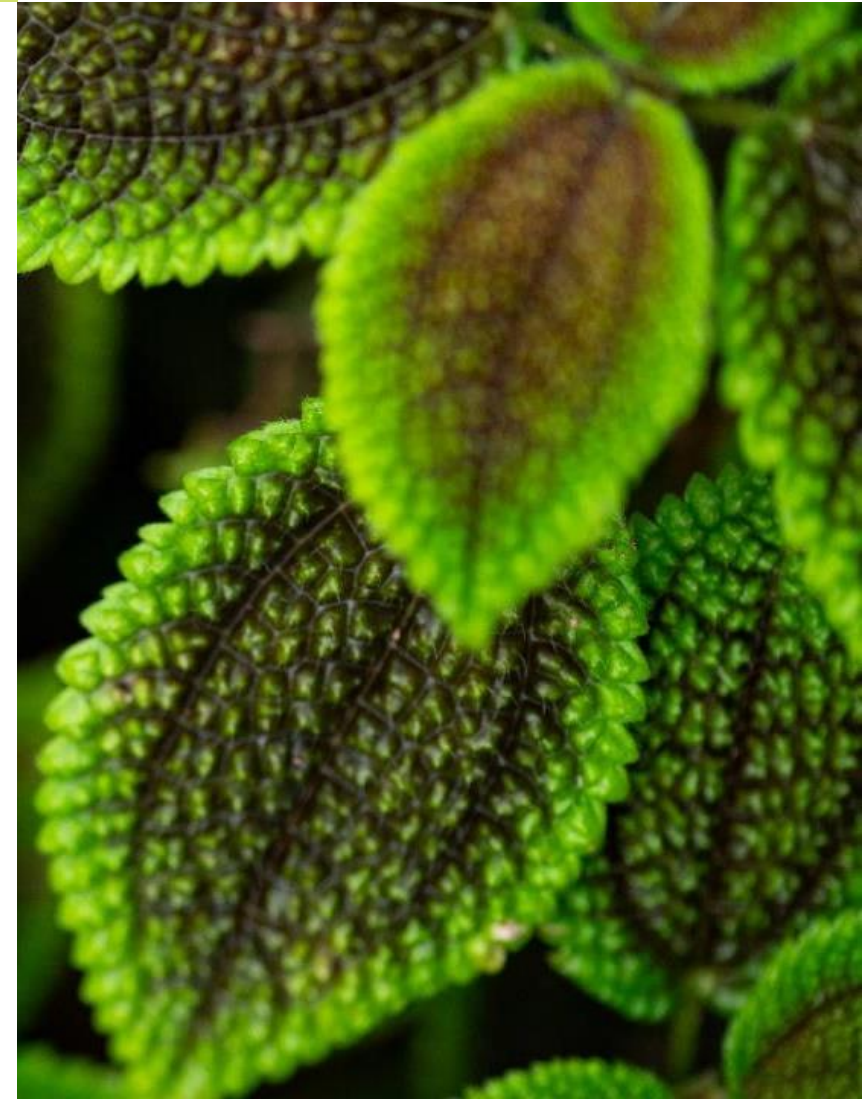
Emily McKenzie, Technical Director, TNFD

ISSB Board meeting – February 2025



Agenda

- The investor relevance of nature-related issues
- Overview of the TNFD and its recommendations and additional guidance
- The TNFD's work on interoperability and alignment

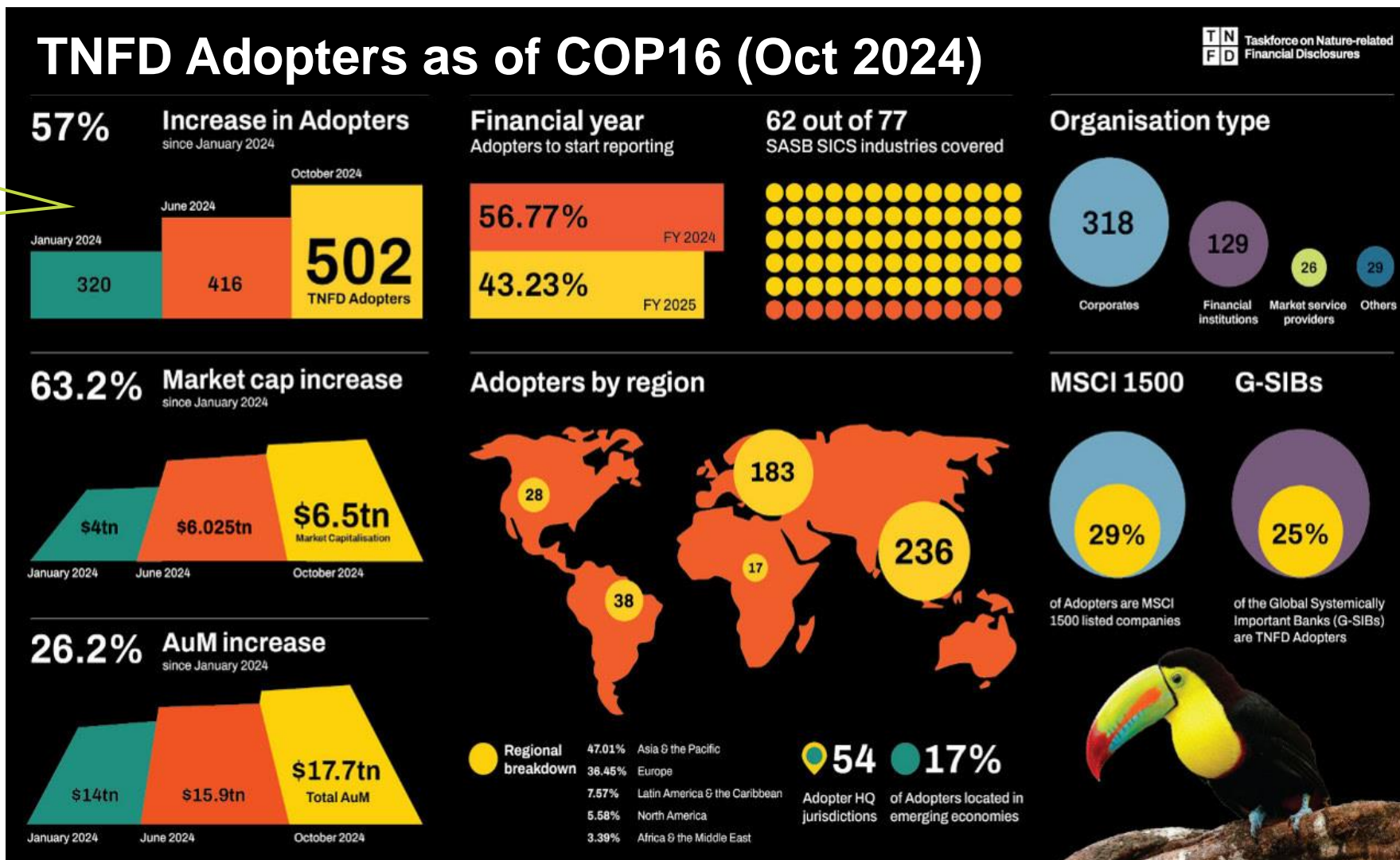


The investor relevance of nature-related issues

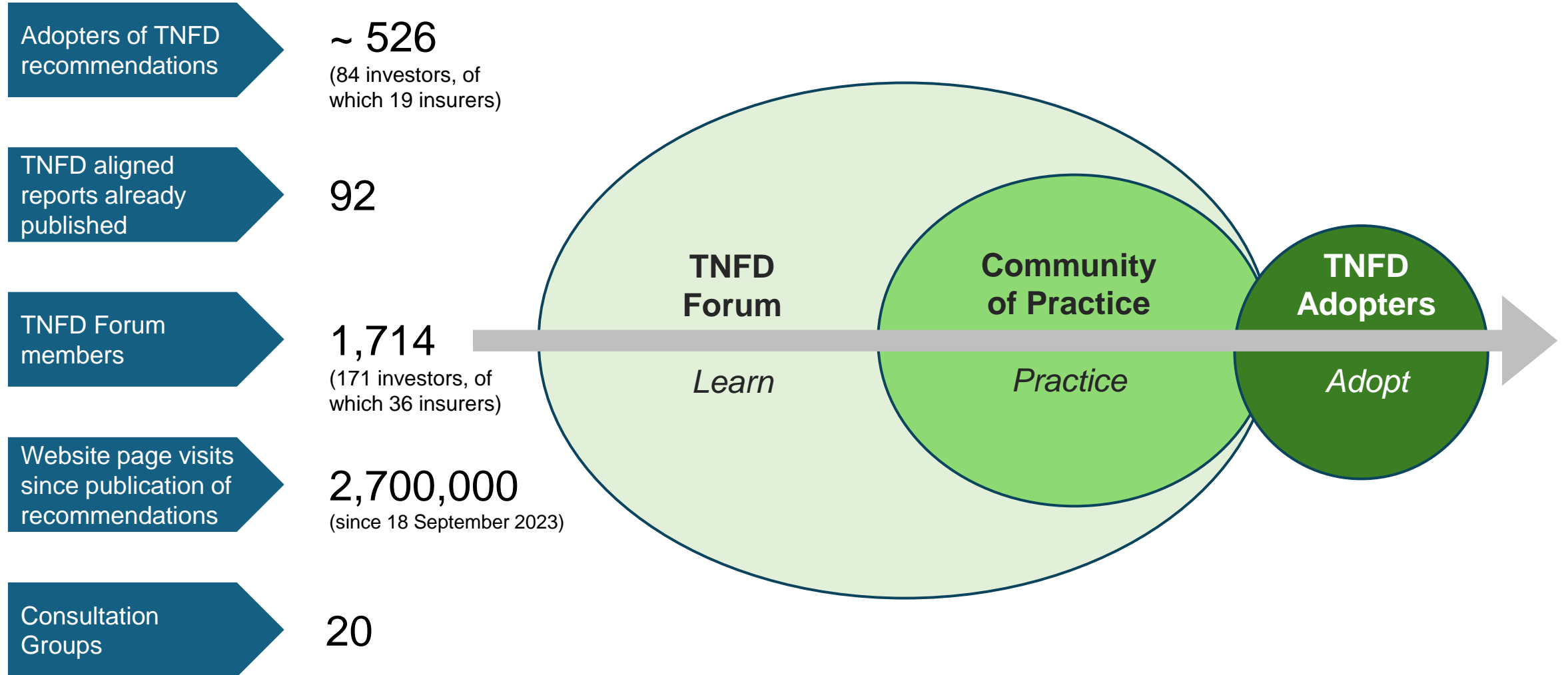


Investor interest is reflected in uptake of the TNFD recommendations

As of 31 January, there are now 526 adopters of which 84 are investors



Progress on TNFD market engagement (as of January 2025)

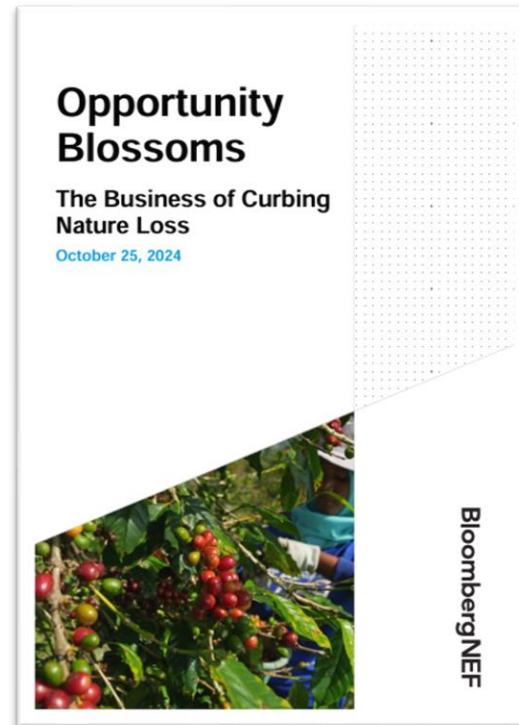
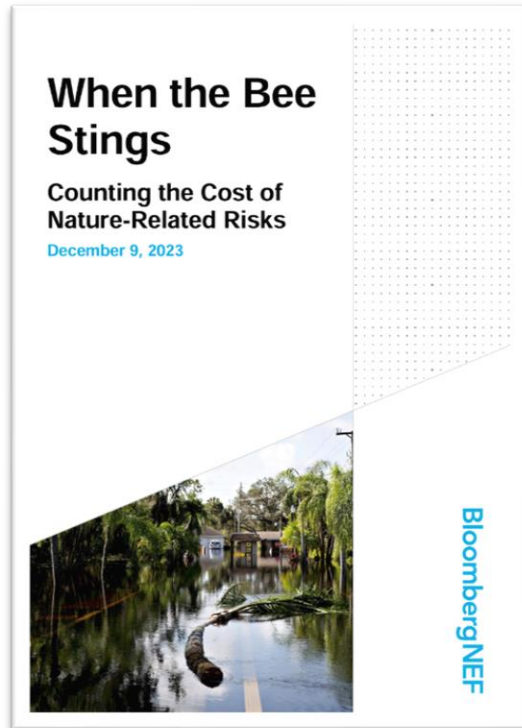


Investor interest in nature-related risks and opportunities is growing

Corporates are experiencing financial consequences of mismanaging nature-related risks

Investors are seizing opportunities to improve nature outcomes and business performance

Global investor groups are calling for action on nature to protect their long-term interests



Investors are actively seeking information on nature from investees

“

We are encouraging these exchanges (Stock Exchange of Hong Kong (HKEX), Singapore Stock Exchange (SGX), Bursa Malaysia and Stock Exchange of Thailand (SET)) to align with the targets and goals of the Kunming-Montreal Global Biodiversity Framework and to set clear recommendations within disclosure expectations and listing rules during 2025.



LGIM Q2 2024 Quarterly engagement report

“

...We encourage companies with a material impact and reliance on biodiversity and natural capital more globally to put in place effective mitigation strategies within relevant timelines. For these companies, insufficient improvements in terms of disclosure of biodiversity-related strategy and risk management may lead to a dissenting vote cast against the Management (including by supporting biodiversity-related shareholder resolutions) or the Board.



AXA Investment Managers Corporate Governance & Voting Policy, February 2024

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Accordingly, we expect all companies to begin reporting within a reasonable timeframe against the Taskforce on Nature-related Financial Disclosures (TNFD) framework, finalised in 2023. In preparation for reporting against the framework, companies should undertake the TNFD recommended business model assessment process, referred to as LEAP...



Global Voting Policy 2024, Aviva Investors

“

Depending on the level of biodiversity incorporation we would expect and recommend the investee companies which we engage to demonstrate... Transparent disclosure - reporting regularly on biodiversity and, endorsing the Taskforce on Nature-related Financial Disclosures (TNFD).



Allianz Global Investors Biodiversity Policy Statement 2023

“

Given the growing awareness of the materiality of these issues for certain businesses, enhanced reporting on a company's natural capital dependencies and impacts would aid investors' understanding. In our view, the final recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) may prove useful to some companies.



BlackRock Investment Stewardship Global Principles for Benchmark Policies January 2025

“

Companies should disclose whether and how biodiversity and ecosystems form part of their strategies, policies and commitments. Where applicable, this should include goals, targets, performance against these, and action plans. Companies should align their disclosures with applicable reporting standards, and can consider the emerging recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) to guide their risk management and reporting efforts.



Norges Bank Investment Management, Biodiversity and ecosystems: Expectations of companies

TNFD is seeing growing investor engagement on nature

Allianz Global Investors	Biodiversity Policy Statement (Sep 2023)	Policy statement
Asset Management Association Switzerland	Engagement Letter for companies located in Switzerland (Dec 2024)	Engagement letter
Aviva Investors	Global Voting Policy 2024	Voting policy
AXA	Axa IM Stewardship Report 2023 Corporate Governance & Voting Policy (Feb 2024)	Stewardship report Governance & Voting Policy
Blackrock	Investment perspectives - Capital at risk: nature through an investment lens (Aug 2024) Investment stewardship: Our approach to engagement on natural capital (Jan 2025) Investment Stewardship: Global Principles for Benchmark Policies (Jan 2025)	Investment perspectives Stewardship policy
As You Sow: BNP Paribas	BNP Paribas resolution on biodiversity at McDonald's	Shareholder resolution
Federated Hermes	Tipping point: UK Nature Strategy (May 2024) 2024 outlook - Natural capital: the call of the wild (Dec 2023)	Investment perspectives
First Sentier Investors	'Investors Can Assess Nature Now' - Nature and biodiversity toolkit (Sep 2023)	Investment perspectives
LGIM	LGIM's nature framework (Feb 2024) Quarterly engagement report Q2 2024	Investment stewardship approach
NBIM	Biodiversity and ecosystems: Expectations of companies	Expectations for companies
Robeco	Stewardship report 2023: Accelerating positive change in companies for economy, environment and society	Stewardship report
Schroders	Our plan for nature (Schroders HK) Schroders Group Nature and Biodiversity Position Statement (Jul 2023)	Strategic plan Position statement
UBS Asset Management	Natural Capital Approach (Dec 2024)	Expectations for companies
Finance for Biodiversity Foundation	Signatories - Finance for Biodiversity Pledge	

Overview of the TNFD & our approach



Modelled on its predecessor TCFD, TNFD is a market-led, science-based and government backed initiative



Mission

The TNFD has developed a set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities.

Our aim is to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes, aligned with the Global Biodiversity Framework.



Approach

Market-led:

40 Taskforce Members & 1700+ institutional supporters in the Forum

Science-based:

20 of the world's leading scientific and standards bodies as partners

Government-supported:

G7 & G20 support



The Taskforce

Financial Institutions

AP7, AXA, Bank of America, Bank of China, Banorte, BlackRock, BNP Paribas, FirstRand, HSBC, Macquarie, MS&AD insurance Group Holdings, Mirova, Norges Bank Investment Management (NBIM), Norinchukin Bank, Rabobank, SwissRe, UBS

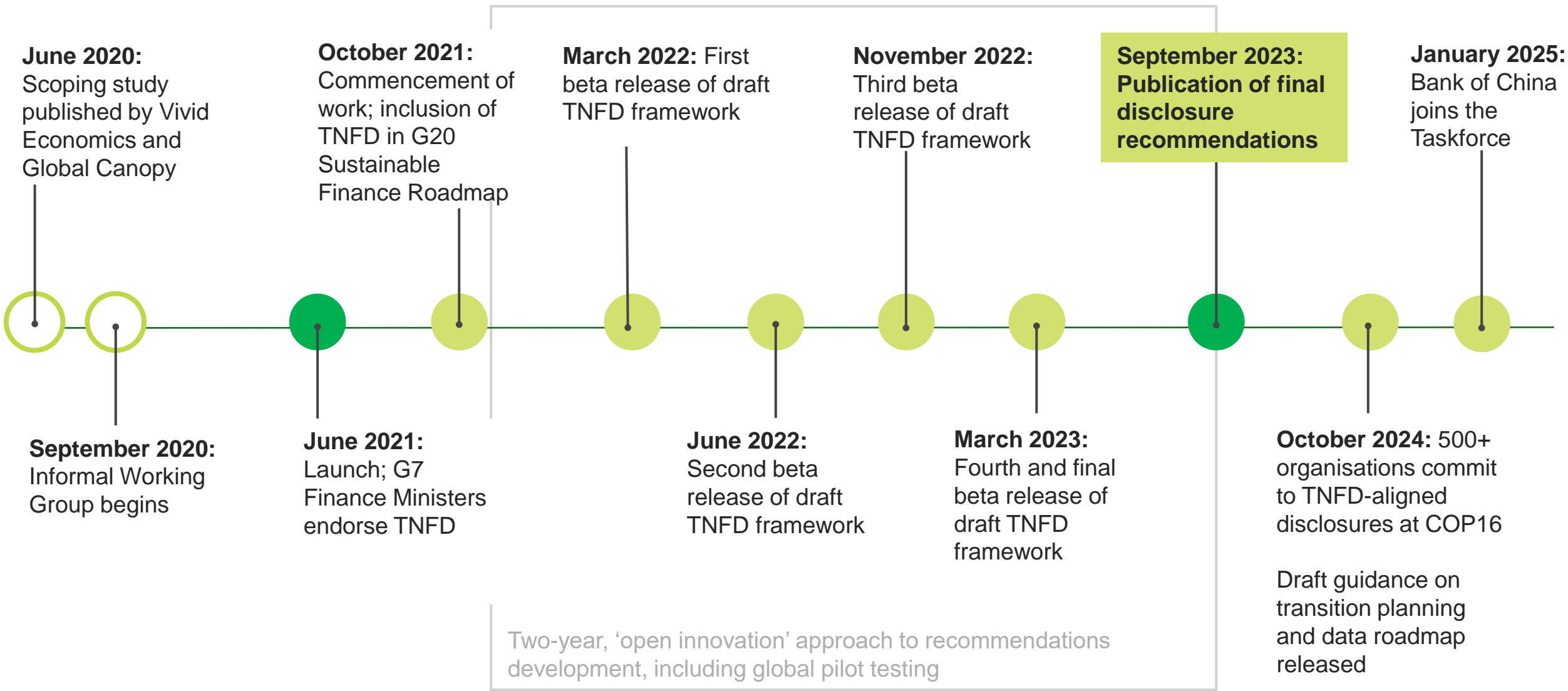
Corporates

AB InBev, Acciona, Anglo American, Bayer, Bunge, City Developments Limited, Dow, EcoPetrol, GSK, Grieg Seafoods, Holcim, LVMH, Natura & Co, Reckitt, Suzano, Swire Properties, Tata Steel

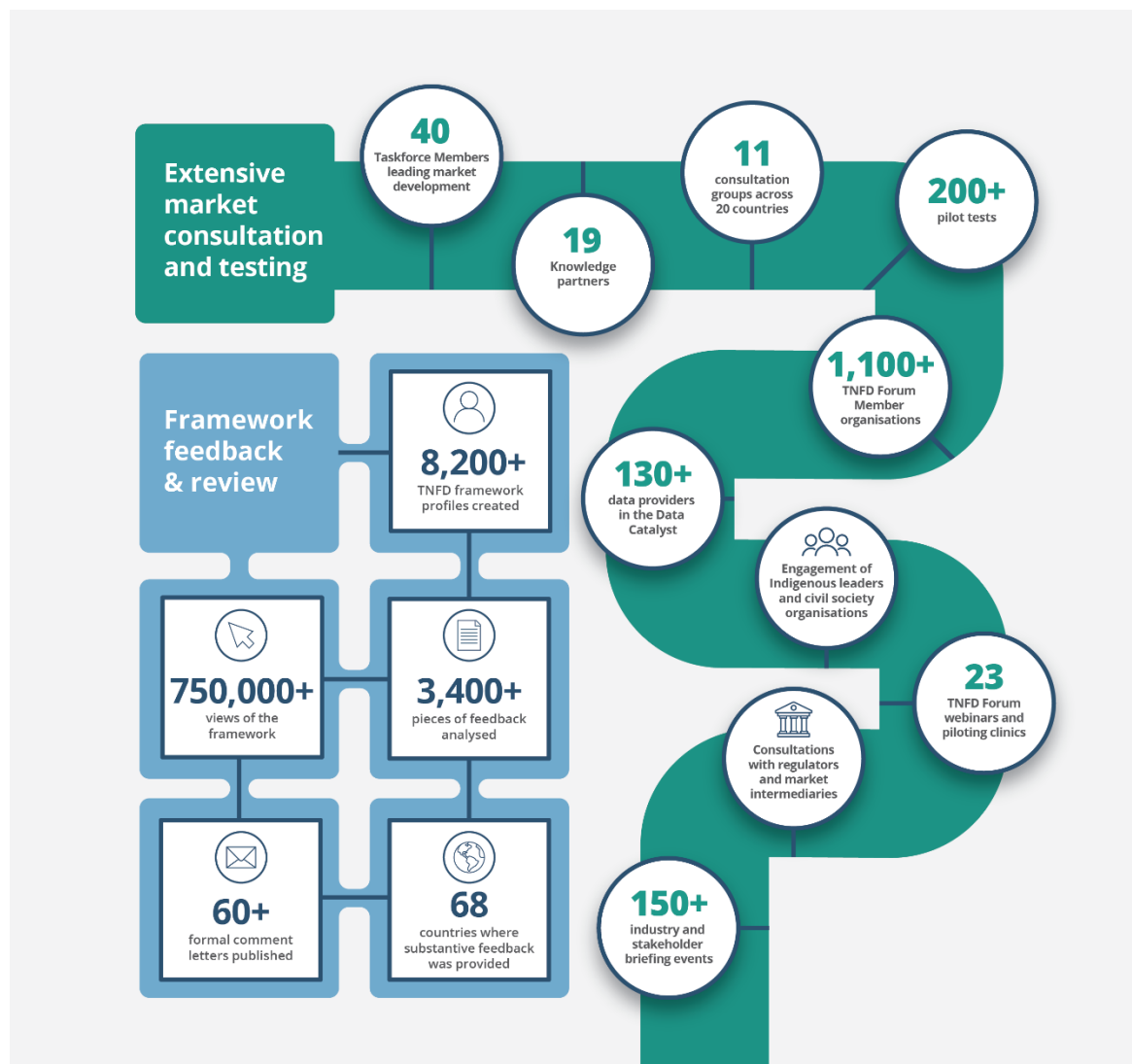
Service Providers

Deloitte, EY, KPMG, Moody's, PwC, S&P Global

The Taskforce has moved quickly to build global engagement in the development of its recommendations and guidance



Through an ‘open innovation’ approach, hundreds of organisations across all continents and sectors have been engaged, including through 200 pilot tests



“The TNFD’s LEAP methodology allows for a deep dive into a detailed analysis of the risks and opportunities of the impact of investments on biodiversity. The analysis of socio-environmental risks of assets ensures compliance with environmental laws, such as the Brazilian Forest Code and land regulations, overlays with indigenous lands and traditional communities, protected areas, deforestation fronts, water-stressed regions, biodiversity hotspots, and other material aspects for nature”. *Head of Sustainable Investment and Engagement of JGP (Brazilian-based organisation, Asset Management and Custody Activities)*

Companies and financial institutions, including investors, are using the TNFD's integrated approach for identification, assessment and reporting

Over 90 TNFD reports already published, with [examples](#) available on the TNFD website



Lessons learned from adopters

- Companies and financial institutions using TCFD have found an integrated approach easier
- Many that assessed physical climate risk have already done location-based analysis
- Financial institutions are encouraging clients and portfolio companies to start, with careful prioritisation using the LEAP approach

Company	Type of Report	Year Published	SASB Sector	Organisation Type	HQ Country or Area	Report Download
E SUN BANK	Integrated TCFD + TNFD report	2024	Consumer Finance	Financial Institution or Services	Taiwan, Province of China	View Report
Bank Australia	Mainstream annual report / Financial filings e.g. CSRD	2024	Mortgage Finance	Financial Institution or Services	Australia	View Report
Tokyu Fudosan Holdings Corp.	Nature/TNFD report	2024	Real Estate	Corporate	Japan	View Report

Filter results ⋮

Company name

Type of report

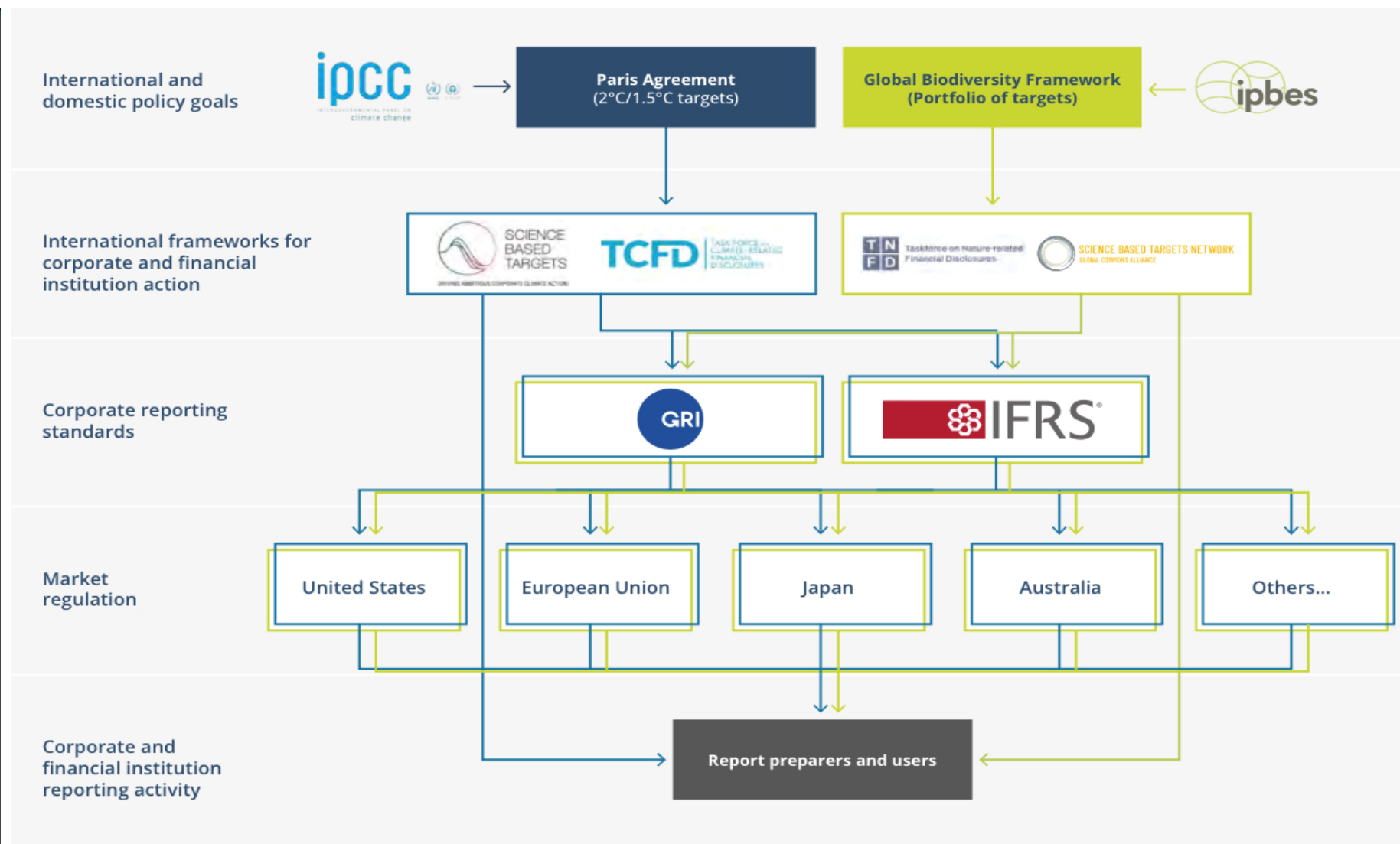
All Items ▾

Year published

We have advocated for aligning to the emerging global architecture for action and incorporated existing frameworks, tools and standards, including IFRS S1 & S2

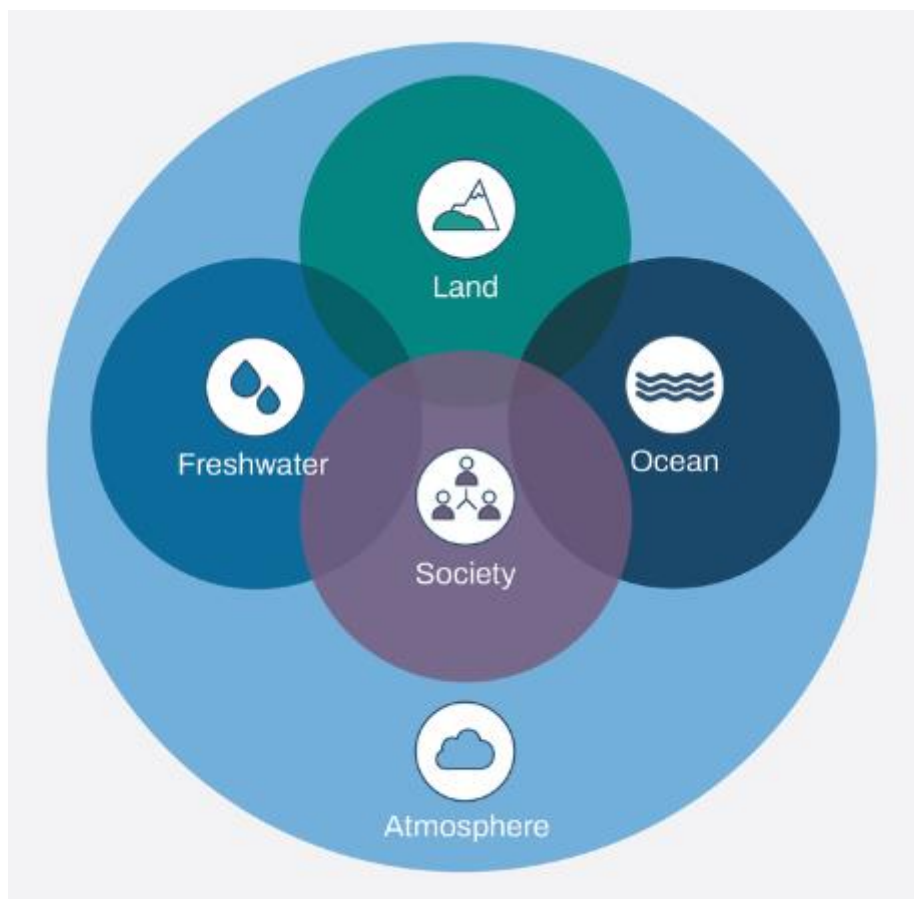
Pathways to adoption

- 1 Companies start adopting on a voluntary basis while nature-disclosure standards develop further
- 2 TNFD recommendations inform further standards development
- 3 TNFD recommendations inform regulatory developments



At the core of our integrated approach is a holistic view of nature and consistency with the language, structure and approach of TCFD and use by ISSB

Four nature realms combining nature and climate with society



Built on the TCFD recommendations

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization's governance around climate-related risks and opportunities.</p> <p>Recommended Disclosures</p> <p>a) Describe the board's oversight of climate-related risks and opportunities.</p> <p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p> <p>Recommended Disclosures</p> <p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> <p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p> <p>Recommended Disclosures</p> <p>a) Describe the organization's processes for identifying, assessing, and managing climate-related risks.</p> <p>b) Describe the organization's processes for managing climate-related risks.</p> <p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's risk management.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p> <p>Recommended Disclosures</p> <p>A. Describe the metrics used to assess and manage material climate-related risks and opportunities.</p> <p>B. Describe the metrics used by the organization to assess and manage dependencies and impacts on nature.</p> <p>C. Describe the targets and goals used by the organization to manage climate-related risks and opportunities in line with its strategy and risk management process.</p>
TNFD recommended disclosures			
Governance	Strategy	Risk & impact management	Metrics & targets
<p>Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities.</p> <p>Recommended disclosures</p> <p>A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.</p> <p>B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.</p> <p>C. Describe the organization's human rights policies and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.</p>	<p>Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organization's business model, strategy and financial planning where such information is material.</p> <p>Recommended disclosures</p> <p>A. Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term.</p> <p>B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organization's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.</p> <p>C. Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios.</p> <p>D. Describe the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.</p>	<p>Describe the processes used by the organization to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.</p> <p>Recommended disclosures</p> <p>A(i) Describe the organization's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.</p> <p>A(ii) Describe the organization's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).</p> <p>B. Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities.</p> <p>C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes.</p>	<p>Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.</p> <p>Recommended disclosures</p> <p>A. Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.</p> <p>B. Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature.</p> <p>C. Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>

Our integrated approach to nature is grounded in the science of five drivers of nature change

- The IPBES have identified five drivers of impact on nature by corporates and financial institutions.
- These drivers of change can inform business action.

The five main drivers of nature change



Climate change



Land/ freshwater/
ocean use change



Resource use/
replenishment

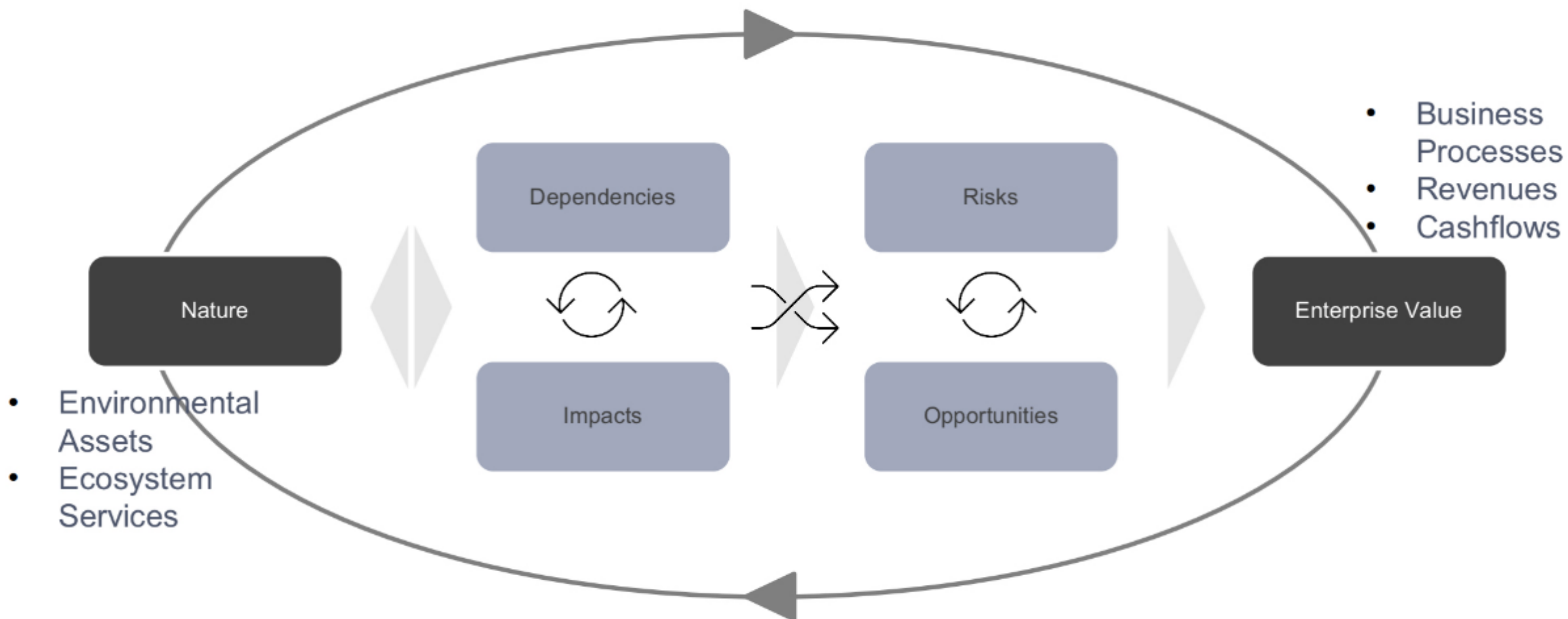


Pollution/
pollution removal



Invasive alien
species introduction/
removal

Reflecting both the science and the approach of standards setters, we encourage all organisations to consider dependencies, impacts, risks & opportunities (DIROs)



In September 2023, the TNFD released its 14 recommended disclosures

- Building on **TCFD**: all 11 TCFD disclosures carried over
- Consistent with language and approach of **IFRS S1**
- Aligned with **Global Biodiversity Framework** (Target 15)
- 3 additional recommended disclosures:
 - Engagement with IPLCs and affected stakeholders
 - Interface with priority locations
 - Value chains

TNFD recommended disclosures

Governance

Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.

Recommended disclosures

A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.

B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.

● **C.** Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.

Strategy

Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.

Recommended disclosures

A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.

B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.

C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.

● **D.** Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.

Risk & impact management

Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.

Recommended disclosures

A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.

● **A(ii)** Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).

B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.

C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.

Metrics & targets

Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.

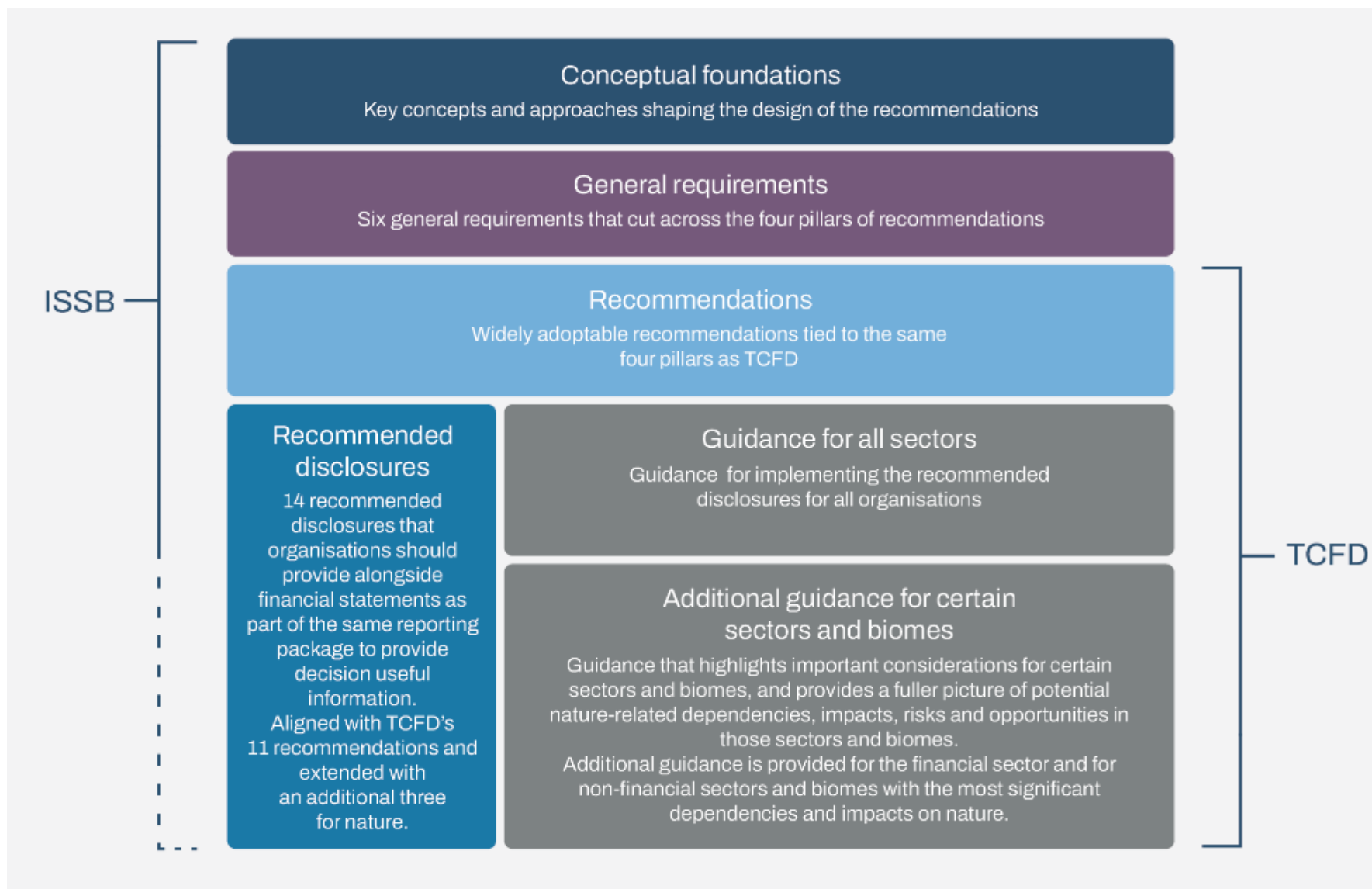
Recommended disclosures

A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.

B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.

C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.

The TNFD's structural approach is consistent with both TCFD and ISSB



The introduction of general requirements was designed to provide flexibility about scope, clarity about the approach to materiality & consistency for investors



1. Application of materiality

The organisation should clearly state the materiality approach taken.



4. Integration with other sustainability-related disclosures

Nature-related disclosures should be integrated with other business and sustainability-related disclosures whenever possible to provide report users with an integrated and holistic picture of the organisation's financial position and prospects.



2. Scope of disclosures

The organisation should describe the scope of its nature-related assessment and disclosures and the process followed in determining that scope.



5. The time horizons considered

The organisation should describe what it considers to be the relevant short, medium and long-term time horizons, considering the useful life of the organisation's assets or infrastructure and the fact that nature-related risks and opportunities often manifest themselves over the medium and long term.



3. Location of nature-related issues

Consideration of the geographic location of the organisation's interface with nature should be integral to the organisation's assessment of nature-related issues, and where material, to its disclosure statements.



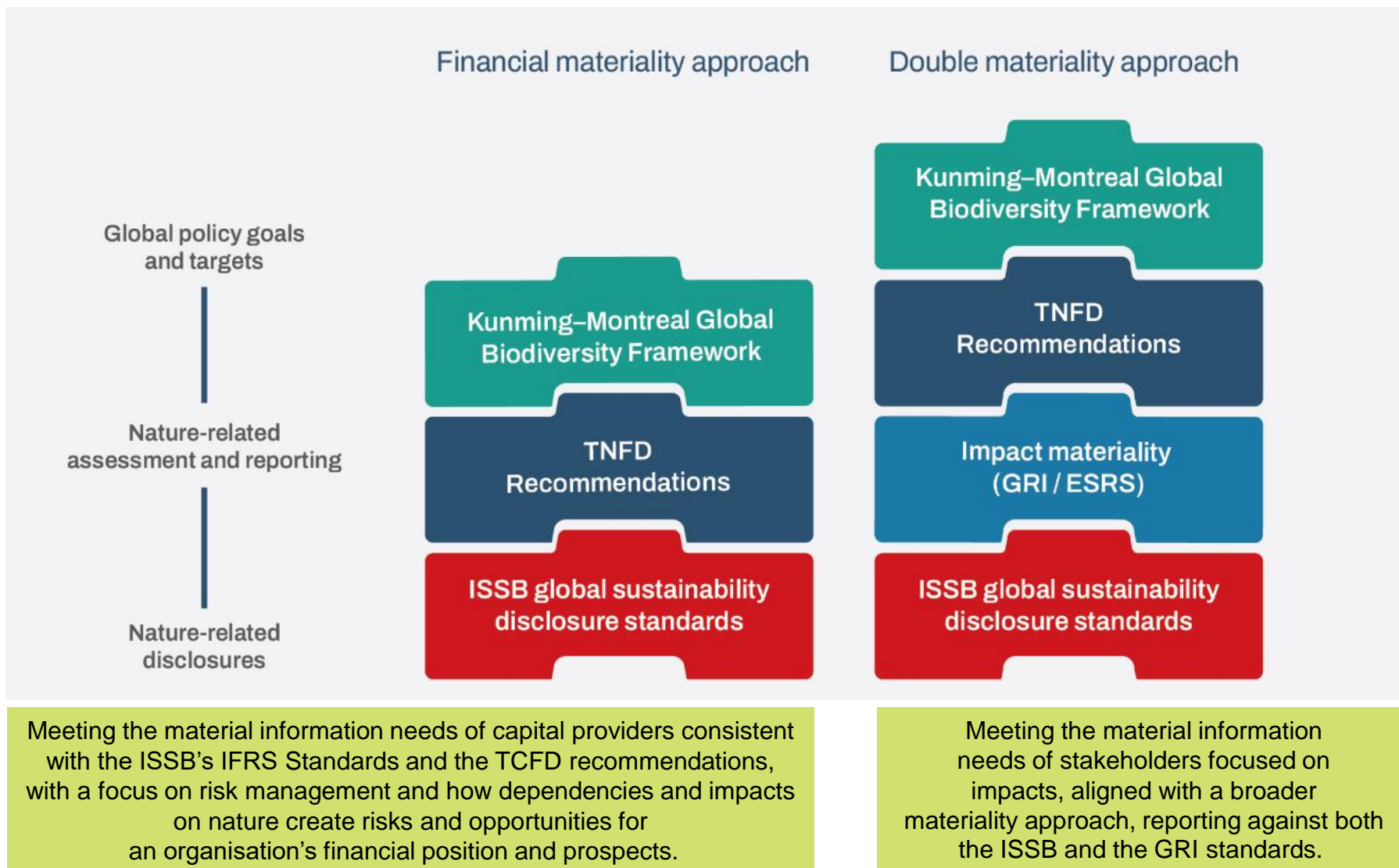
6. Engagement with Indigenous Peoples, Local Communities and affected stakeholders

The organisation should describe its process for engaging Indigenous Peoples, Local Communities and affected stakeholders about their concerns and priorities with respect to nature-related dependencies, impacts, risks and opportunities in its direct operations and value chain.

The TNFD enables the materiality approach required or preferred by the report preparer

TNFD recommends the ISSB's approach to identify information material for users of general purpose financial reports as a baseline.

Report preparers who want or need to report a different materiality approach may apply an impact materiality approach in addition to the ISSB's baseline.



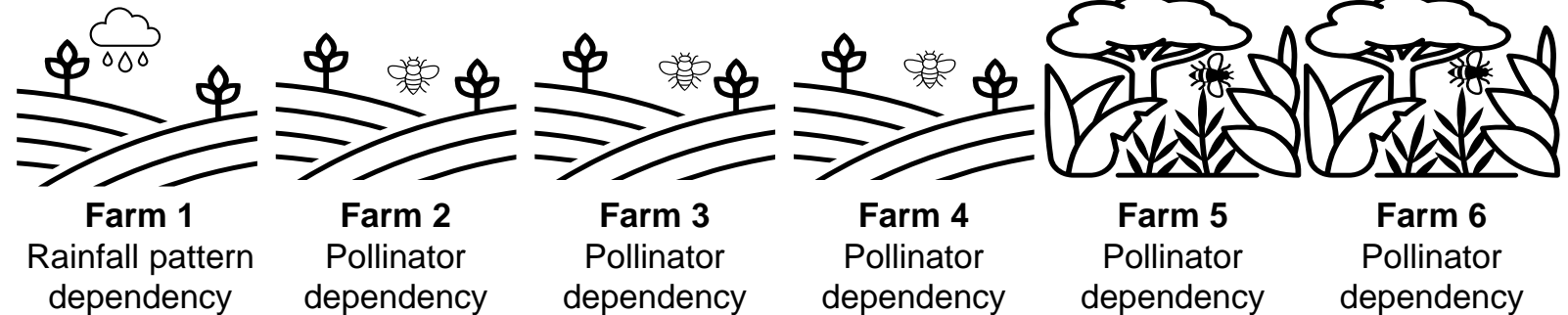
Location specificity is a central concept in nature-related reporting

The TNFD takes a proportionate approach to location reporting in line with IFRS-S1 Application Guidance (B29).

General requirement 3

- Disaggregate by location to the extent possible
- Do not aggregate or disaggregate by location where doing so would obscure material information
- Only aggregate information with shared characteristics
- Do not aggregate across locations with different relevant natural characteristics
- An organisation may aggregate locations in a similar geographic area and with similar nature-related issues, if disaggregated location-based reporting does not provide additional material information

Example: A company with 6 farms in its supply chain



Report separately if material

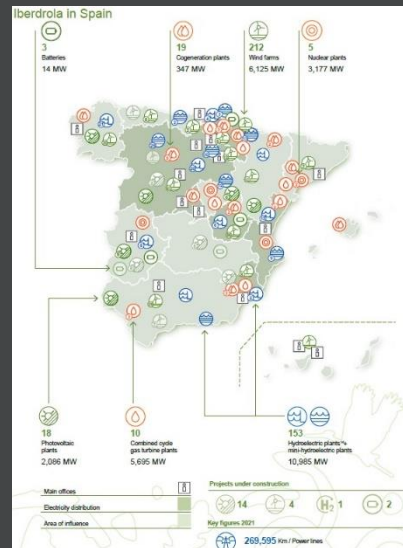
Aggregate
Similar dependency and ecosystem

Aggregate
Similar dependency and ecosystem

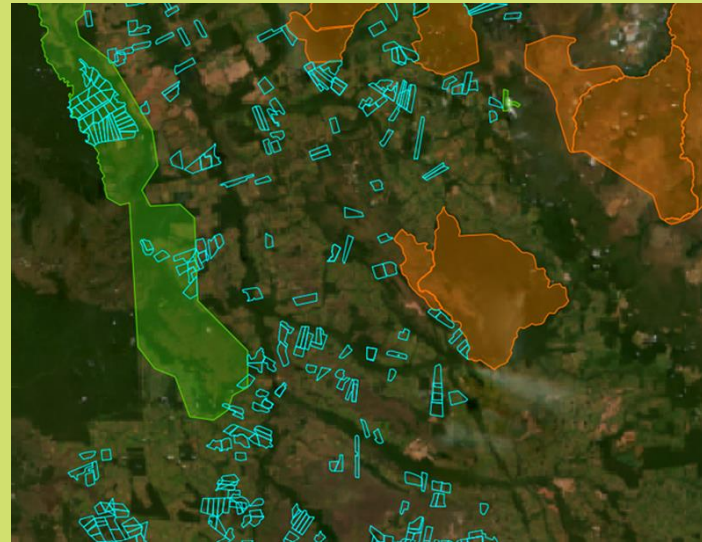
Do not aggregate
Different dependency

Do not aggregate
Different ecosystem

Corporates and financial institutions are already identifying and disclosing locations across their value chains using publicly available data



- Iberdrola combined asset data with publicly available data sets (Ramsar Wetlands, Natura 2000 sites, IUCN Red List, WRI Aqueduct tool) and field data on the abundance of protected species
- 58% of its reservoirs' surface areas, 16.5% of onshore wind farms and 7% of power distribution lines are in protected areas



Grupo SURA used GIS software and public data to identify intersections between food and beverage value chain companies' locations (blue) and sensitive locations (green (national parks) and orange (Indigenous areas))

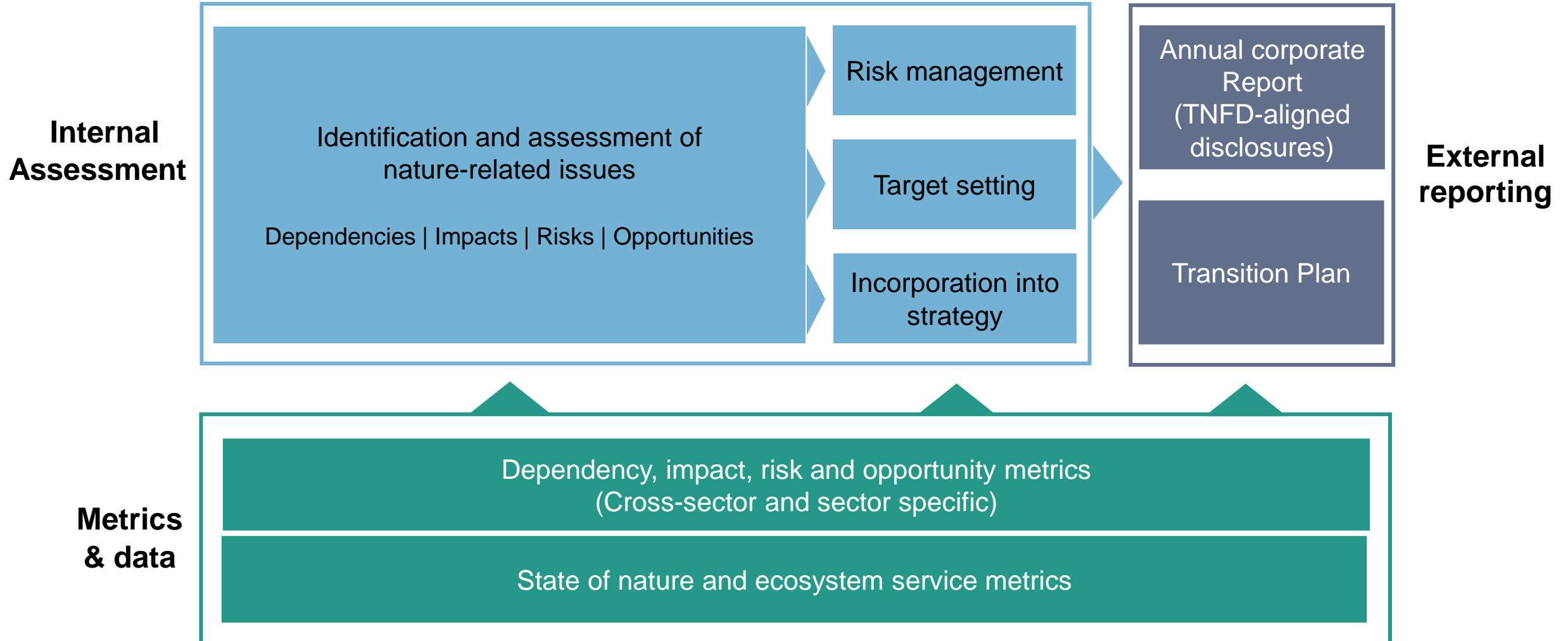


- Towngas mapped 117 project sites against three sensitive location criteria
- 11 sites were within 10km of a Key Biodiversity Area

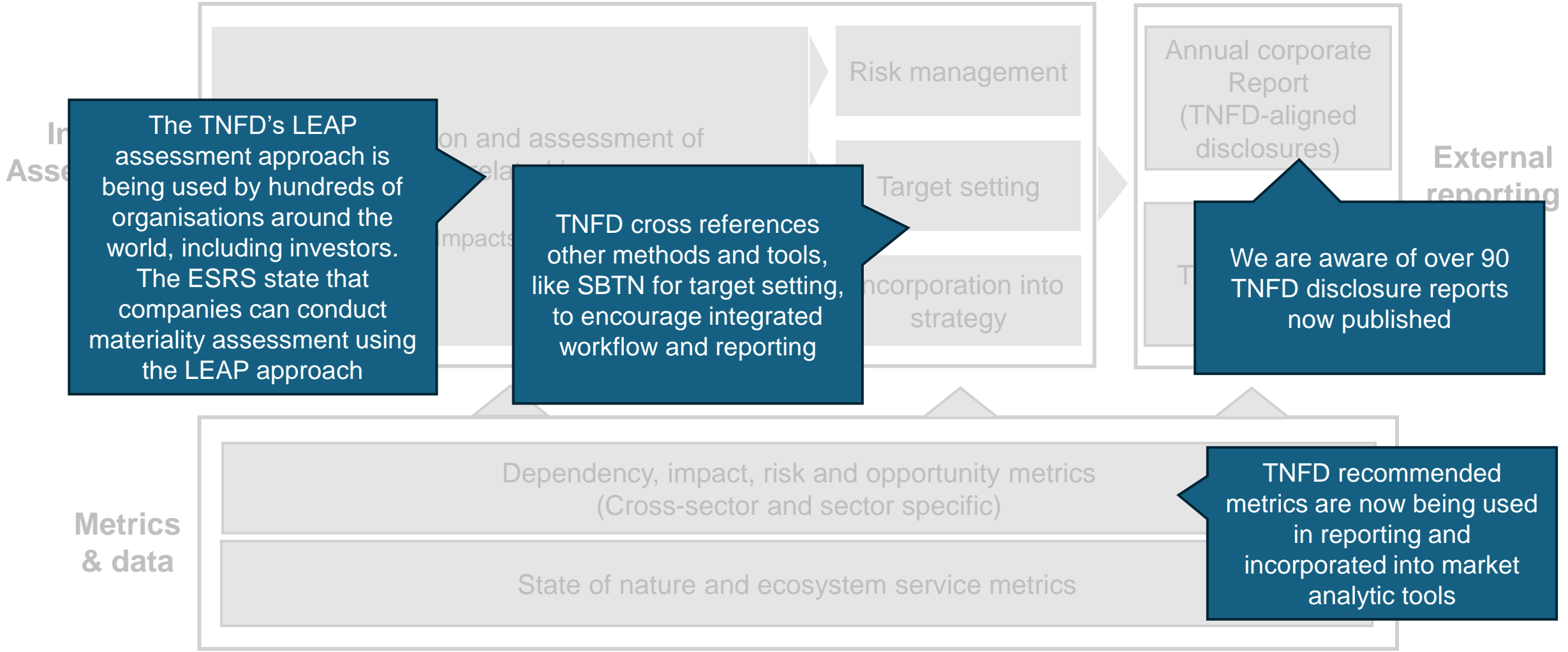
The TNFD recommendations – Concepts and application



The TNFD has provided an integrated workflow for nature-related issues – from identification and assessment to reporting



Organisations across all sectors and geographies are now assessing and reporting their nature-related issues



The TNFD's LEAP assessment approach is being used by hundreds of organisations around the world, including investors. The ESRS state that companies can conduct materiality assessment using the LEAP approach

TNFD cross references other methods and tools, like SBTN for target setting, to encourage integrated workflow and reporting

We are aware of over 90 TNFD disclosure reports now published

TNFD recommended metrics are now being used in reporting and incorporated into market analytic tools

As with TCFD, our recommendations provide a valuable input into the ISSB's ongoing BEES workstream

- Building on **TCFD**: all 11 TCFD disclosures carried over
- Consistent with language and approach of **IFRS S1**
- Aligned with **Global Biodiversity Framework** (Target 15)
- Designed in a stepwise approach:
 1. What can we carry over from TCFD?
 2. What needs to be adapted from TCFD?
 3. What, if anything, needs to be added beyond TCFD?

TNFD recommended disclosures

Governance

Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.

Recommended disclosures

A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.

B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.

C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.

Strategy

Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.

Recommended disclosures

A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.

B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.

C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.

D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.

Risk & impact management

Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.

Recommended disclosures

A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.

A(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).

B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.

C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.

Metrics & targets

Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.

Recommended disclosures

A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.

B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.

C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.

We made two general adaptations to the TCFD structure, language and approach given our approach to materiality

1. The language of each disclosure has been amended to refer to 'dependencies, impacts, risks and opportunities' or just 'risks and opportunities' as appropriate.
2. TCFD's 'risk management' pillar has been modified to 'impact & risk management' (similar to the adaptation made by EFRAG given the intent of CSRD in Europe).

TNFD recommended disclosures

Governance

Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.

Recommended disclosures

- A.** Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.
- B.** Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.
- C.** Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.

Strategy

Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.

Recommended disclosures

- A.** Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.
- B.** Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.
- C.** Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.
- D.** Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.

Risk & impact management

Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.

Recommended disclosures

- A(i)** Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.
- A(ii)** Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).
- B.** Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.
- C.** Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.

Metrics & targets

Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.

Recommended disclosures

- A.** Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.
- B.** Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.
- C.** Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.

Governance A & B remain the same as TCFD and an additional Governance disclosure is recommended on engagement

Governance			
Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.	A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.

The location specificity of nature-related issues brings the quality of engagement into focus as a driver of risk and opportunity

Governance C

Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.

TNFD recommended disclosures

Governance

Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.

Strategy

Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.

Risk & impact management

Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.

Metrics & targets

Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.

Recommended disclosure:

- A.** Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.
- B.** Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.
- C.** Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.

General requirement 6 on engagement notes that organisations should describe the process for engaging Indigenous Peoples, Local Communities and affected stakeholders about their concerns and priorities with respect to nature-related dependencies, impacts, risks and opportunities in the organisation's direct operations and value chain.

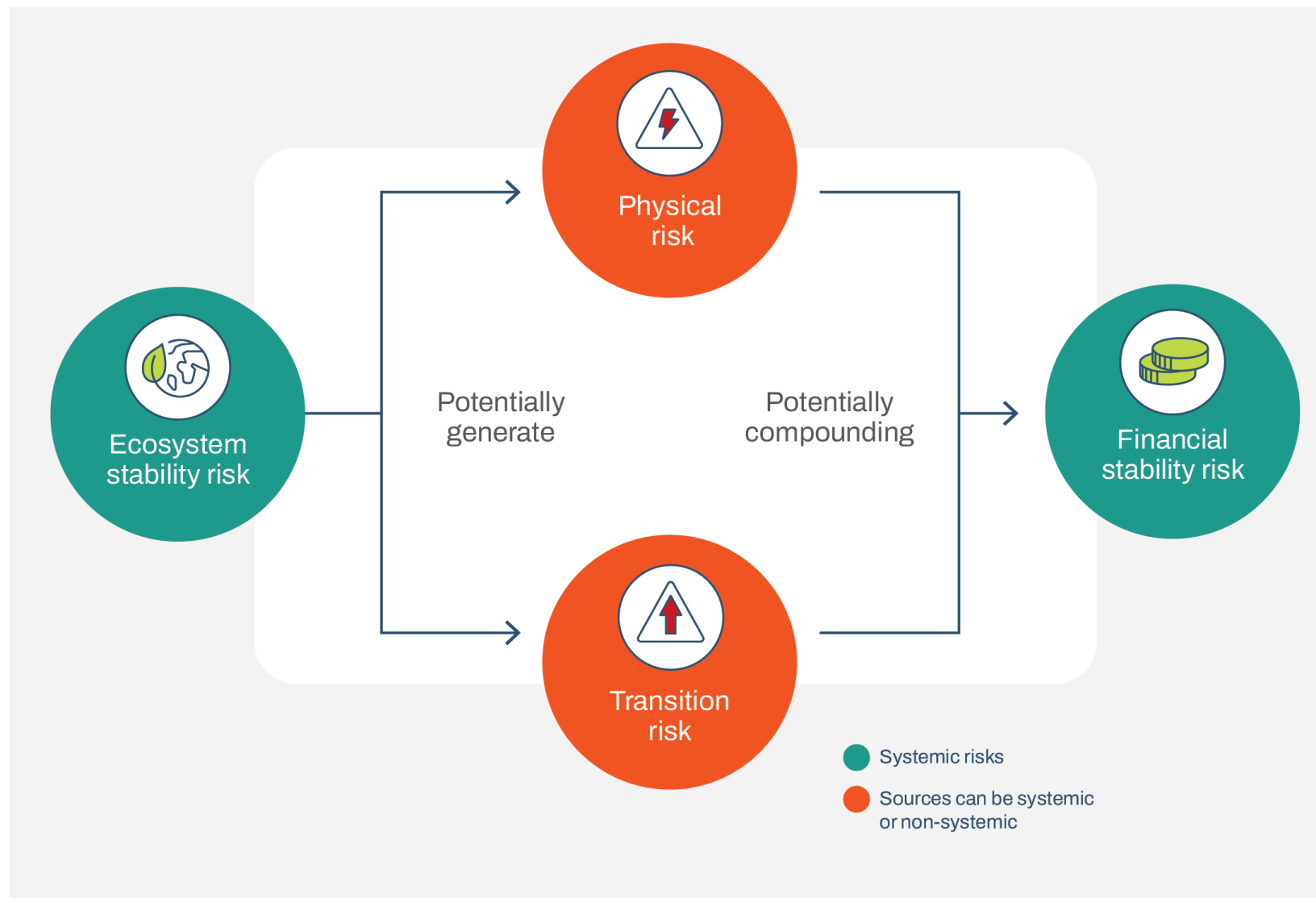
Financial institutions

should describe how they have worked with investee companies, counterparties or clients with whom they have financial relationships through advisory, investing, lending or re/insurance to help ensure they undertake outreach and engage relevant Indigenous Peoples, Local Communities and affected stakeholders in their assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.

Strategy A, B & C are adapted from TCFD for nature and an additional Strategy disclosure is recommended on priority locations

Strategy				
<p>Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.</p>	<p>A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.</p>	<p>B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.</p>	<p>C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.</p>	<p>D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.</p>

The TNFD's definitions of risk for Strategy A (risk identification) disclosure includes physical, transition and systemic risks

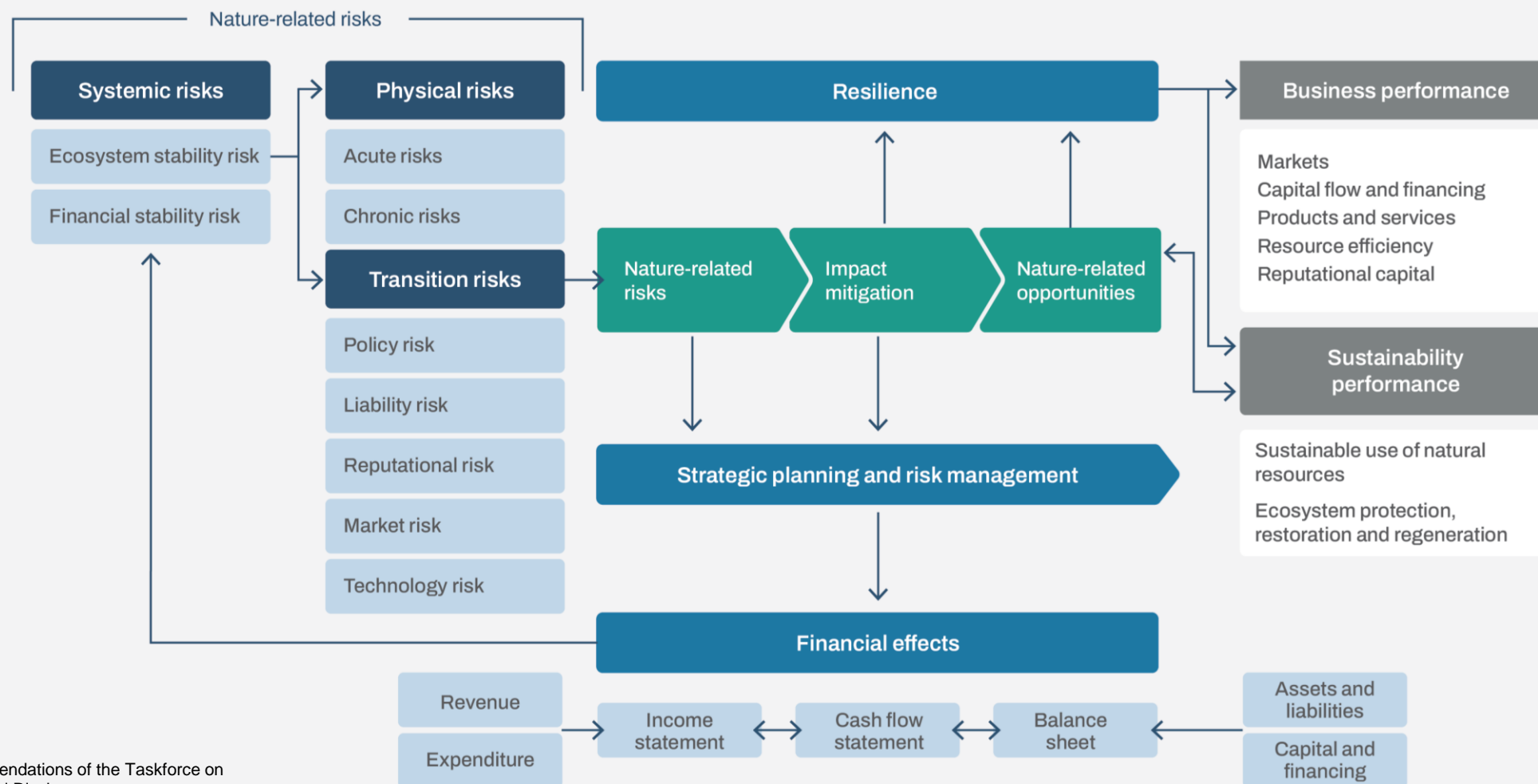


Physical risks: Risks resulting from the degradation of nature (such as changes in ecosystem equilibria, including soil quality and species composition) and consequential loss of ecosystem services that economic activity depends upon.

Transition risks: Risks to an organization that stem from a misalignment of economic actors with actions aimed at protecting, restoring, and/or reducing negative impacts on nature.

Systemic risks: Risks arising from the breakdown of the entire system, rather than the failure of individual parts.

This reflects the broader understanding that the resilience of a business depends, to some extent, on the resilience of nature



The TNFD's definition of opportunity for Strategy A disclosure covers business and sustainability performance

- **Business performance:** Opportunities directly relating to the organisation's financial and strategic performance
- **Sustainability performance:** Opportunities relating to the sustainable use of natural resources and ecosystem protection, restoration and regeneration.

Business performance categories



Markets

Changing dynamics in overall markets, such as access to new markets or locations, that arise from other opportunity categories as a result of changing conditions, including consumer demands, consumer and investor sentiment and stakeholder dynamics



Resource efficiency

Actions an organisation can take within its own operations or value chain in order to avoid or reduce impacts and dependencies on nature (for example, by using less natural resources), while achieving co-benefits such as improved operational efficiency or reduced costs (for example, micro-irrigation, which maximises plant health, reduces water use and reduces costs)



Products and services

Value proposition related to the creation or delivery of products and services that protect, manage or restore nature, including technological innovations



Capital flow and financing

Access to capital markets, improved financing terms or financial products connected to positive nature impacts or the mitigation of negative impacts



Reputational capital

Changes in perception concerning a company's actual or perceived nature impacts, including the consequent impacts on society and engagement of stakeholders

Sustainability performance



Sustainable use of natural resources

Substitution of natural resources by recycled, regenerative, renewable and /or ethically responsibly sourced organic inputs



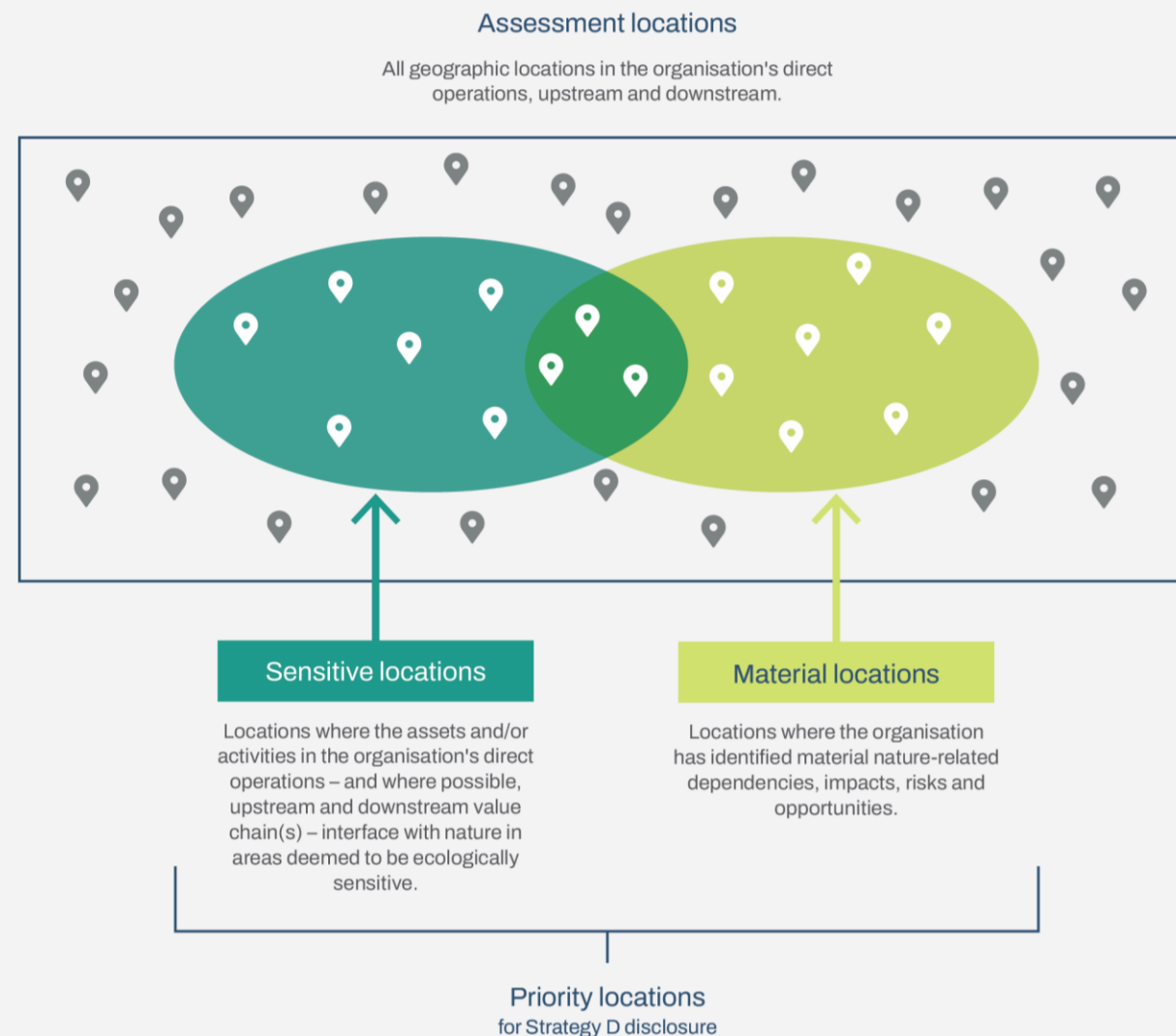
Ecosystem protection, restoration and regeneration

Activities that support the protection, regeneration or restoration of habitats and ecosystems, including areas both within and outside the organisation's direct control

A presence in sensitive locations can present elevated risks and opportunities for an organisation

Criteria for sensitive locations

- Areas important for biodiversity
- Areas of high ecosystem integrity
- Areas of rapid decline in ecosystem integrity
- Areas of high physical water risks
- Areas of importance for ecosystem service provision, including benefits to Indigenous Peoples, Local Communities and stakeholders.

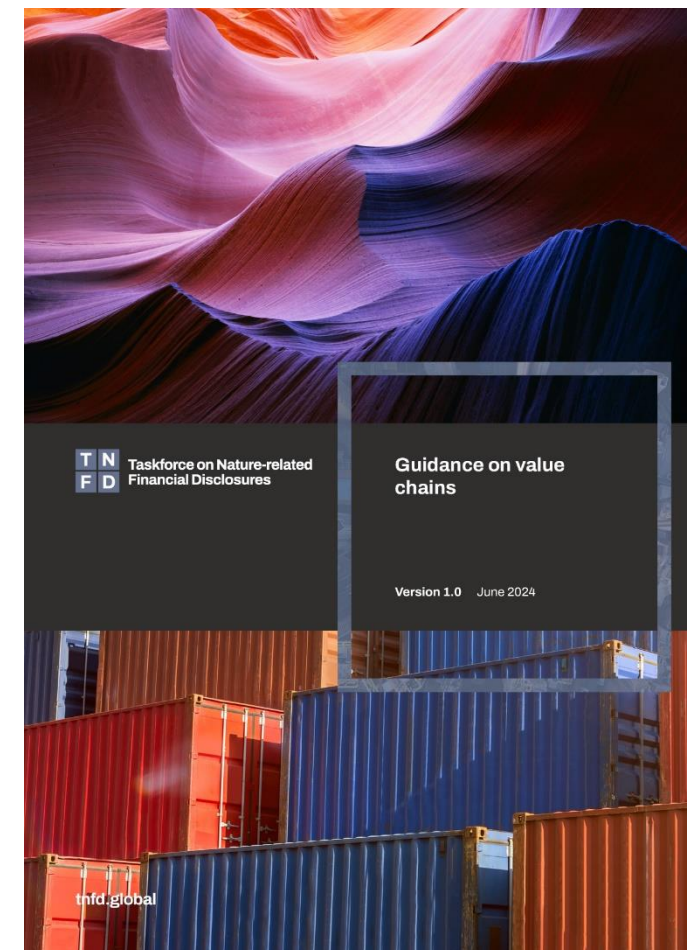


The TNFD has split TCFD Risk Management A disclosure into two, to cover separately i) direct operations and ii) upstream & downstream value chains

Risk and impact management				
<p>Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.</p>	<p>A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.</p>	<p>A(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).</p>	<p>B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.</p>	<p>C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.</p>

TNFD has simplified the concept of ‘scopes’ from climate reporting to ‘direct’, ‘upstream’ and ‘downstream’ & aligned to IFRS S1 application guidance

- **Organisations should be led by what is likely to be material** – according to the organisation's approach to materiality – in prioritising their assessment, rather than other factors such as degree of control or availability of data.
- **Organisations should be proportionate in the location-specificity of the assessment**, considering the degree of precision needed to meet report user and internal information needs and the resources available to obtain the information.
- **Quantification may depend on modelled or secondary data** in the short to medium term, while being realistic about the usefulness of the information that data is providing.
- **This approach is similar to IFRS-S1 application guidance**, paragraph B10.

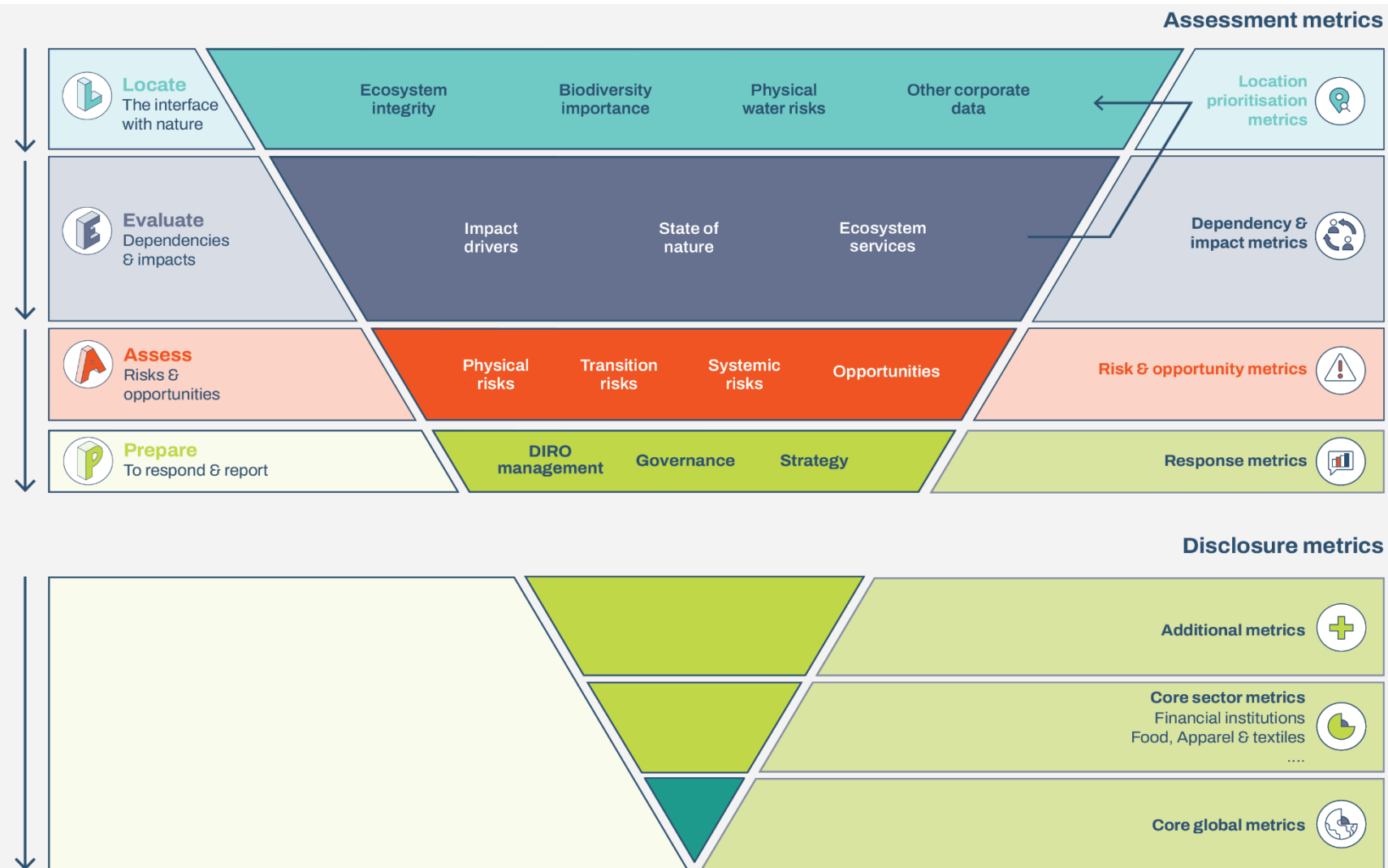


Metrics & Targets A, B and C remain the same as TCFD, with nature-specific metrics and targets implementation guidance added

Metrics and targets			
Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.	A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these

After two years of investigation, the TNFD also recommended an approach to measurement and a set of assessment and disclosure metrics

- No GHG Protocol equivalent for nature
- Market user concerns about metrics in use today – time lags, consistency and comparability
- Adopted a ‘leading indicators’ approach
- Extensive input from knowledge partners and market participants



The TNFD has recommended cross-sector and sector-specific metrics, as the ISSB has also



Climate change

- GHG emissions



Land/ freshwater/
ocean use change

1. Total spatial footprint
2. Extent of land/freshwater/ocean-use change:
 - Extent of land/freshwater/ocean ecosystem use change (km²)
 - Extent of land/freshwater/ocean ecosystem conserved or restored
 - Extent of land/freshwater/ocean ecosystem that is sustainably managed



Pollution/
pollution removal

3. Pollutants released to soil split by type
4. Wastewater discharged
5. Waste generation and disposal
6. Plastic pollution
7. Non-GHG air pollutants



Resource use/
replenishment

8. Water withdrawal and consumption from areas of water scarcity
9. Quantity of high-risk natural commodities sourced from land/ocean/freshwater



Invasive alien
species introduction/
removal

- **Placeholder:** Measures against unintentional introduction of invasive alien species (IAS)



State of
nature

- **Placeholder:** Ecosystem condition
- **Placeholder:** Species extinction risk

Placeholders: TNFD encourages organisations to consider and report against where possible. There are not yet widely accepted metrics for these indicators, but the Taskforce recognises their importance and will continue to work with knowledge partners to develop further guidance on these metrics.

Core global risk and opportunity metrics

Nature-related risks



Metrics

C7.0 Value of assets, liabilities, revenues and expenses that are assessed as **vulnerable to nature-related transition risks** (total and proportion of total).

C7.1 Value of assets, liabilities, revenue and expenses that are assessed as **vulnerable to nature-related physical risks** (total and proportion of total).

C7.2 Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts.

Nature-related opportunities



Metrics

C7.3. Amount of capital expenditure, financing or investment deployed towards nature-related opportunities, by type of opportunity, with reference to a government or regulator green investment taxonomy or third-party industry or NGO taxonomy, where relevant.

C7.4. Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature, with a description of impacts.

TNFD metrics on transition and physical risk vulnerability are consistent with the equivalent metrics in IFRS S2

The TNFD's sector guidance follows the SASB SICs industry classification

Final guidance & metrics

- Apparel, accessories & footwear
- Aquaculture
- Beverages
- Biotech & pharma
- Chemicals
- Construction materials
- Electric utilities & power generators
- Engineering, construction & real estate
- Financial institutions
- Food & agriculture
- Forestry & paper
- Metals & mining
- Oil and gas

Draft guidance & metrics

- Fishing
- Marine transportation & cruise lines
- Water utilities & services

Each includes:

- Sector-specific **disclosure metrics**
- Sector-specific **guidance for assessment** nature-related issues using the LEAP approach



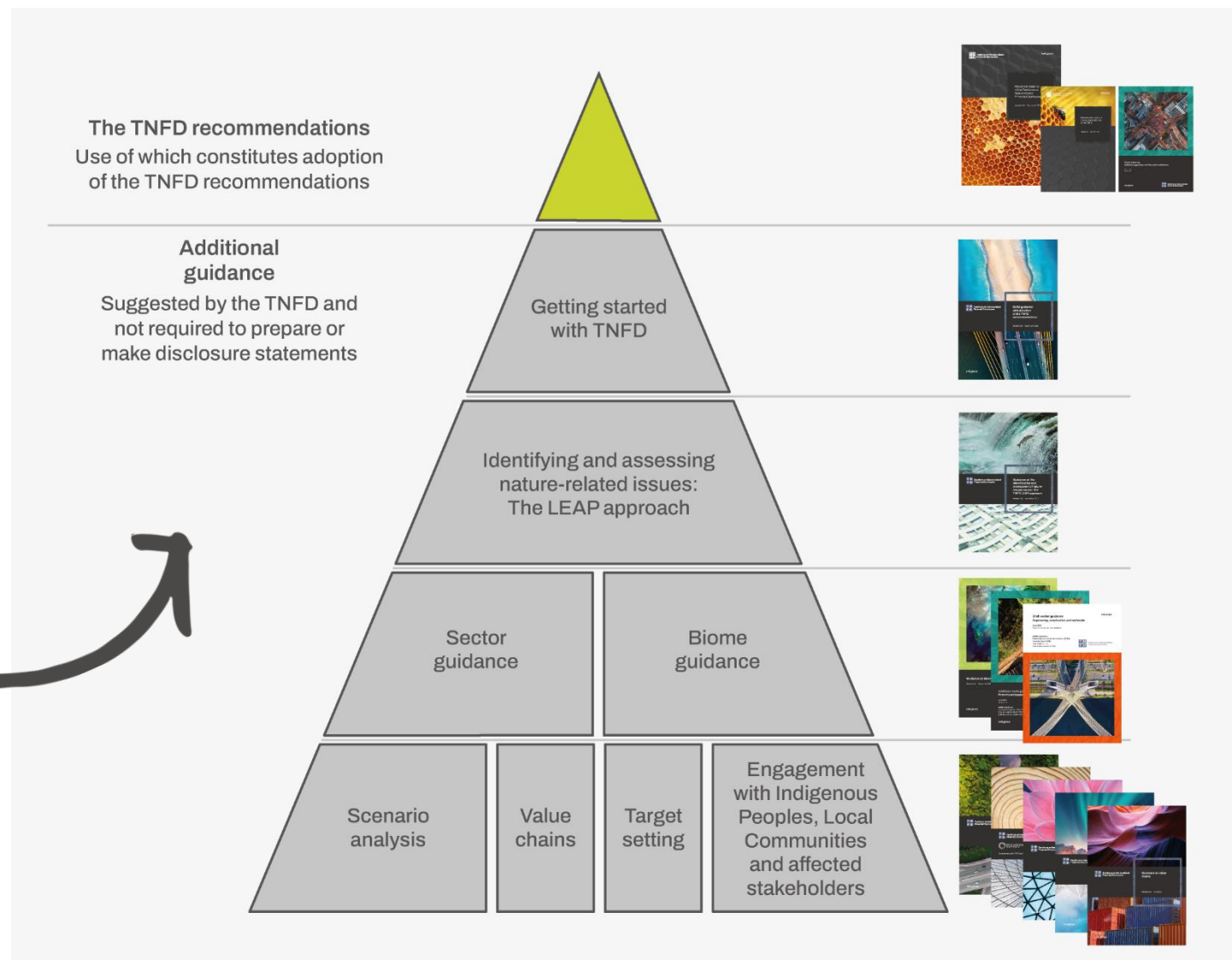
This provides a strong basis for integration into the ISSB's SASB enhancement work, based on mapping

Sector	Metric category	Metric subcategory	Indicator	Sector metric	Source
Construction materials	Impact driver	Land / freshwater / ocean-use change	Change in fragmentation due to linear infrastructure	Length (km), footprint (km ²), quantity (number) of lanes, planned traffic volume, and surface or material type of upgraded and/or new linear infrastructure (e.g. conveyors, roads, rails, powerlines, canals, pipelines, fences) built in: <ul style="list-style-type: none"> In sensitive locations, by sensitive location criteria met, stating the ecosystem type 	TNFD
Engineering, construction and real estate	Impact driver	Pollution / pollution removal	Light pollution	Contribution to light pollution, measured, for example, by: <ul style="list-style-type: none"> Number and proportion (%) of outdoor lights by backlight, uplight and glare (BUG) rating. 	IUCN (2023) Urban Nature Indexes
Food and agriculture	Impact driver	Land / freshwater/ ocean-use change	Deforestation and conversion-free products	Proportion (%) of production volume from land controlled, managed or sourced from that is determined to be deforestation- and conversion-free (DCF), by product.	AFi, CDP, CGF FPC, SCF, Soy 1.5c Roadmap
Metals and mining	Response	Dependency, impact, risk and opportunity assessment	Extent of site level ecosystem service assessments	Proportion (%) of priority sites that have conducted a site level ecosystem services assessment.	Adapted from GRI 101 Biodiversity 101-8 ; ESRS 2 IRO-1 (b)

The TNFD additional guidance



As part of its guidance support to get the market started, the Taskforce has also provided a range of additional guidance, including on scenario analysis



These materials and more available on the [TNFD website](https://www.tnfd.org/)



A comprehensive glossary of all concepts used in the TNFD, including disclosure metrics

The TNFD's LEAP assessment guidance has been effective in giving market participants, including investors, a way to get started

- Developed through an open innovation process with market participants
- Satisfied both financial and impact materiality tests
- Over 240 pilot testing organisations globally
- Now cited by European Union guidance to support CSRD reporting preparation



Impact materiality test, aligned to GRI and EU CSRD definition

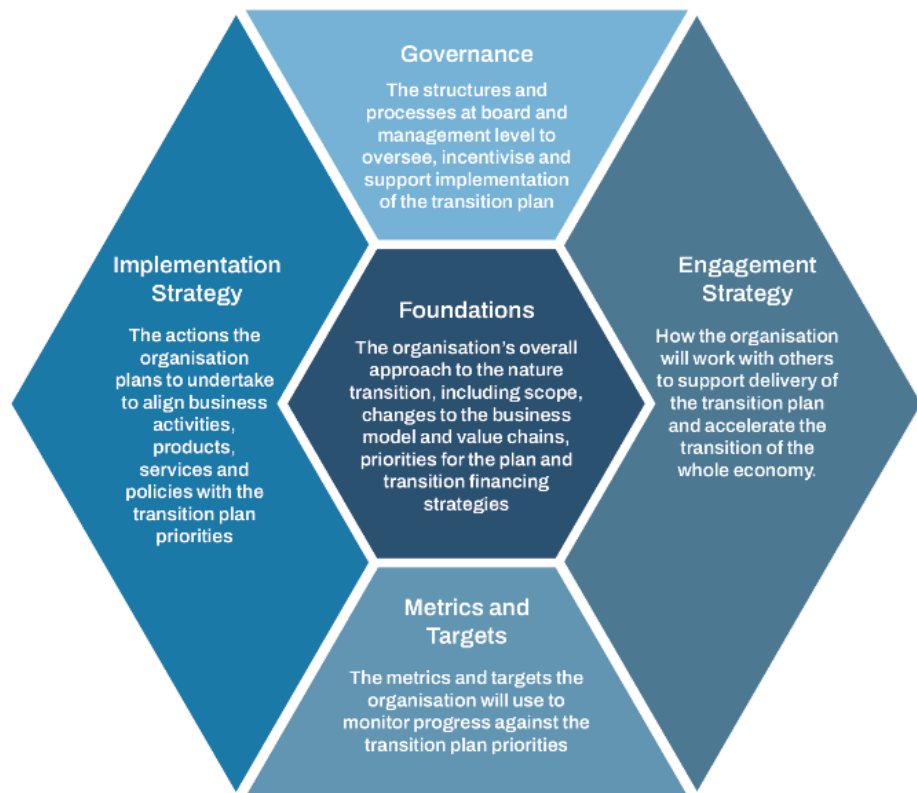


Financial materiality test, aligned to IFRS/ISSB definition

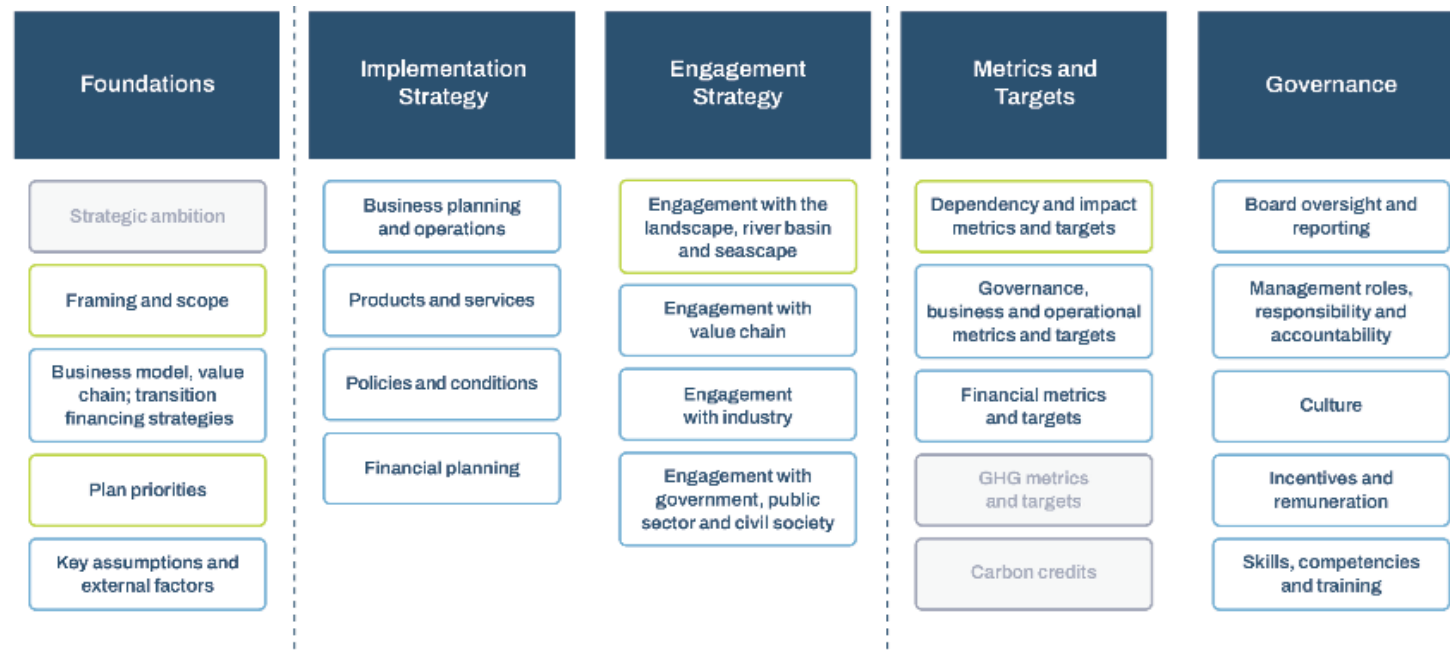


The TNFD has also published a discussion paper on nature transition plans and will be pilot testing that approach this year with market participants

Guidance on preparing a plan builds on GFANZ's guidance on climate transition planning



Guidance on disclosure builds on the work of the Transition Plan Taskforce



Not retained
 Retained
 New

Building on market momentum and demand for more assessment guidance, the Taskforce is now focused on addressing enablers for action

■ Phase 1 (published in 2023)

■ Phase 2 – IN PROGRESS (2024/5 and beyond)

Disclosure recommendations	Transition planning guidance	Market capacity building
Assessment guidance (LEAP)	Sector guidance	Support to standard setters & disclosure platforms, including ISSB, GRI & CDP
Scenario and other guidance		
Assessment and disclosure metrics	State of nature metrics	Nature data initiatives
Data and analytics tools catalogue		Risk & opportunity assessment tools & cases
Discussion papers for		market feedback

The TNFD's
work on
interoperability
and alignment



Since inception, the TNFD has biased towards leveraging what's already in place



Examples:

Two collaborative mappings that show the alignment achieved:

- **TNFD x CSRD (EU)** - developed jointly. High level of alignment. All 14 TNFD recommendations are covered by the ESRS.
- **TNFD x GRI** - developed jointly. High level of alignment. GRI Biodiversity 101 updated in 2024, reflects TNFD recommendations.

CDP: Corporate questionnaire partially aligned with the TNFD and will be fully aligned in future.

Our mapping of TNFD x ESRS with EFRAG has been well received in the market among entities reporting under the CSRD

a) Concepts and definitions

TNFD and ESRS recommend disclosure of nature-related impacts, risks and opportunities (**IROs**) and dependencies when they generate material risks (**DIROs**).

b) Approach to materiality

ESRS require disclosures to be based on a **double materiality** principle. The TNFD framework **accommodates different approaches** to materiality.

c) The LEAP approach

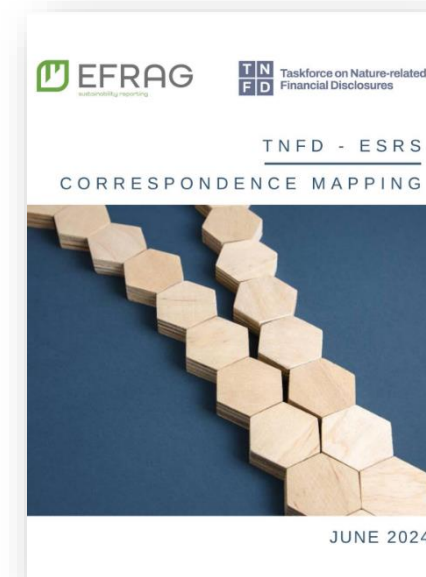
ESRS state that companies can conduct the materiality assessment for ESRS E2-E5 (env. standards beyond climate) **using the LEAP approach**.

d) Reporting pillars

Both TNFD recommended disclosures and ESRS are organised around the **four disclosure pillars of the TCFD**.

e) Recommended disclosures and metrics

All 14 TNFD disclosure recommendations are addressed in the ESRS. General consistency on coverage of metrics.



We have also mapped TNFD x GRI with the support of GRI

Key messages on alignment

Consistent nature-related **concepts and definitions** (incl. TNFD's sensitive locations)

Incorporation of GRI's **materiality approach** focusing on impacts

All GRI 101: Biodiversity 2024 disclosures reflected in the TNFD recommendations

All the TNFD recommendations are reflected in the GRI Standards

Strong consistency in **disclosure metrics**

TNFD LEAP approach sign-posted in GRI 101

Key differences in approach

Issues covered and **scope** (DIROs vs impacts)

Application of **materiality** (flexible vs impact)

Value chain (full vs more emphasis on supply chain)

Location (priority vs material)

Engagement with IPLCs (always vs when affected)

Market participants were already using cross-reference tables to find efficiencies in process and reporting outputs, which TNFD publicly supports

Corporate example: Ørsted's 2023 annual report

Datapoints that derive from other EU legislation

The table below includes all of the datapoints that derive from other EU legislation as listed in ESRS 2 appendix B, indicating where the data points can be found in our report and which data points are assessed as 'Not material'.

Disclosure requirement	Data point	Sustainability statements Appendix	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS 2 GOV-1	21 (d)	Board's gender diversity	x		x		Sustainability statements Management's review	118 52
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent			x		Sustainability statements	117
ESRS 2 GOV-4	30	Statement on due diligence	x				Sustainability statements	135
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		Sustainability statements	81

etc.

etc.

Alignment with TNFD recommendations

Theme	Recommended disclosures	Annual report section/Ørsted report	Section	Page
Governance	a) Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities	Management's review	Corporate governance	52-61
	b) Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	Management's review	Corporate governance	52-61
	c) Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	Sustainability statements Sustainability statements Sustainability statements	Interests and views of stakeholders Environment: Biodiversity and ecosystems Social: Affected communities	79 102-106 123-125

etc.

etc.

Thank you

Explore the TNFD recommendations
and guidance:

