



Taskforce on Nature-related
Financial Disclosures

Introducing the TNFD framework

Emily McKenzie, TNFD Technical Director
Coalition of Finance Ministers for Climate Action, July 2023



Introduction to TNFD



About TNFD

To develop and deliver a **risk management and disclosure framework** for organisations to report and act on evolving nature-related risks and opportunities, with the aim of supporting a **shift in global financial flows** away from nature-negative outcomes and toward nature-positive outcomes.

Financial Institutions

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

Corporates

- AB InBev
- Acciona
- Anglo American
- Bayer
- Bunge
- Dow
- EcoPetrol
- GlaxoSmithKline
- Greig Seafoods
- Holcim
- LVMH
- Natura & Co
- Nestle
- Reckitt
- Suzano
- Swire Properties
- Tata Steel

Service Providers

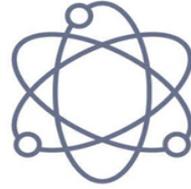
- Deloitte
- EY
- KPMG
- Moody's
- PwC
- S&P Global
- Singapore Exchange

- **Market-led** – 40 Taskforce Members & 1000+ institutional supporters
- **Government-supported** – G7 & G20 support
- **Science-based** – World's leading scientific and standards bodies as partners

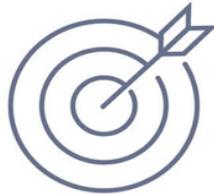
TNFD The TNFD principles



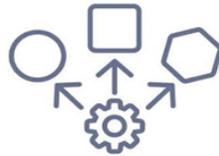
Market Usability



Science-based



Purpose-driven



Integrated & Adaptive



Climate-Nature Nexus



Nature-related Risks



Globally Inclusive

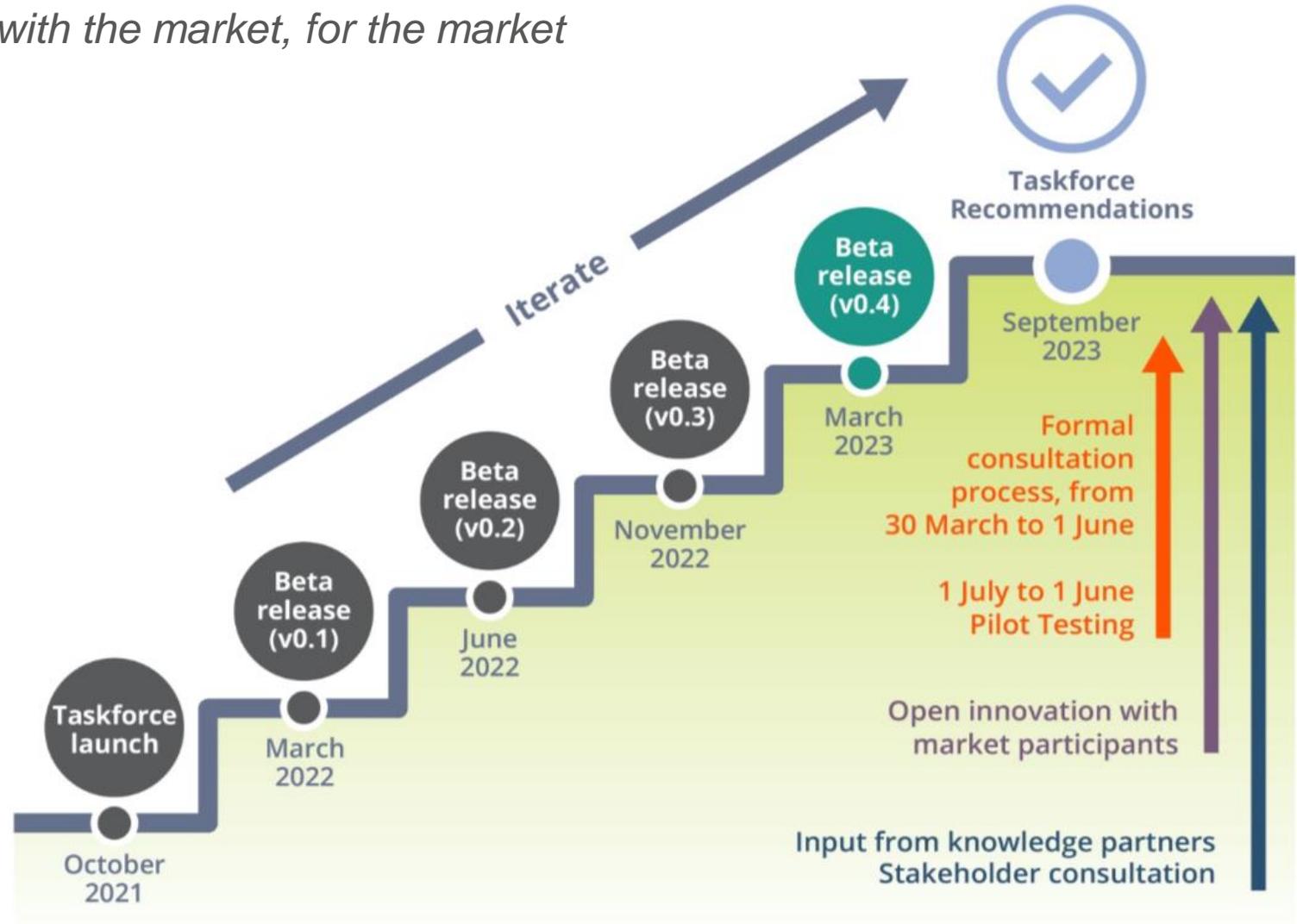


On track for Publication in September 2023

Rapid prototyping and feedback with the market, for the market



Feedback & Pilot Testing
<https://framework.tnfd.global>



1,100+
Forum
Members

18
Core
knowledge
partners

750k+
Online
views of the
framework

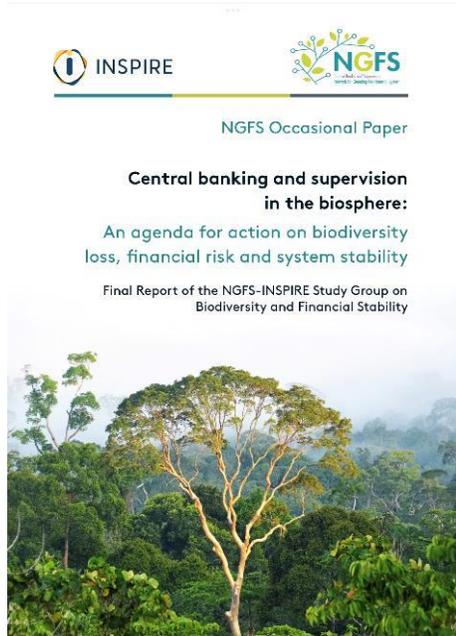
3,400+
Pieces of
feedback
analysed

40,000+
LinkedIn
followers

130+
Companies
participating
in the Data
Catalyst

200+
Pilot testing
institutions

TNFD in the wider context



“Climate change and biodiversity are inextricably linked, creating the potential for risks to compound and create systemic dislocations: an integrated approach to these twin threats is essential”.

NGFS, March 2022



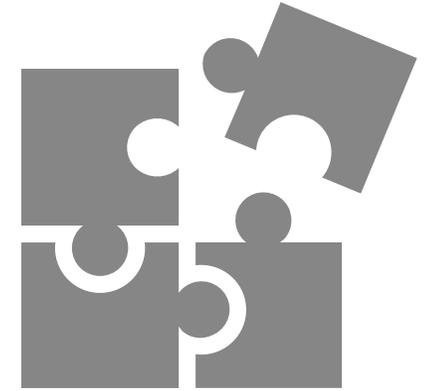
“If nature degradation continues, economic activities dependent on ecosystem services will be affected... this could ultimately lead to financial stability concerns. Our economy relies on nature. Thus, destroying nature means destroying the economy.”

European Central Bank, Executive Board, June 2023



Our Approach – Alignment & Inter-operability

- **Science interface** – IPBES, IUCN, planetary boundaries, etc.
- **Standards interface** – ISSB, GRI, CDP
- **Other frameworks inter-operability** – Capitals Coalition, SBTN, OECD, etc.
- **Policy interface** – recognised by G7 Ministers, part of G20 Sustainable Finance Working Group work agenda;
- **Global goals interface** – contributing to final discussions on Target 15 of the Kunming-Montreal Global Biodiversity Framework (CBD COP-15) and ongoing discussions about definition of ‘Nature Positive’
- **Regulatory: Micro-prudential interface** – US SEC, EU EFRAG, UK FCA, Japan FSA, IOSCO and others
- **Regulatory: Macro-prudential interface (scenarios)** – FSB, NGFS



Global Biodiversity Framework: Target 15 on disclosures

Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions:

- (a) Regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity, including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains and portfolios;**
- (b) ...**

in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to ensure sustainable patterns of production.



The Global Architecture for Corporate Reporting

International & Domestic Policy

Paris Agreement
(2.0 / 1.5 targets)

Global Biodiversity Framework
(Portfolio of Targets)

International Frameworks for Corporate and FI Action

TCFD / SBTi, others...

TNFD / SBTN, others...

Corporate Reporting Standards

GRI

ISSB
S1, S2, ...

Market Regulation

SEC (US)

EFRAG (EU)

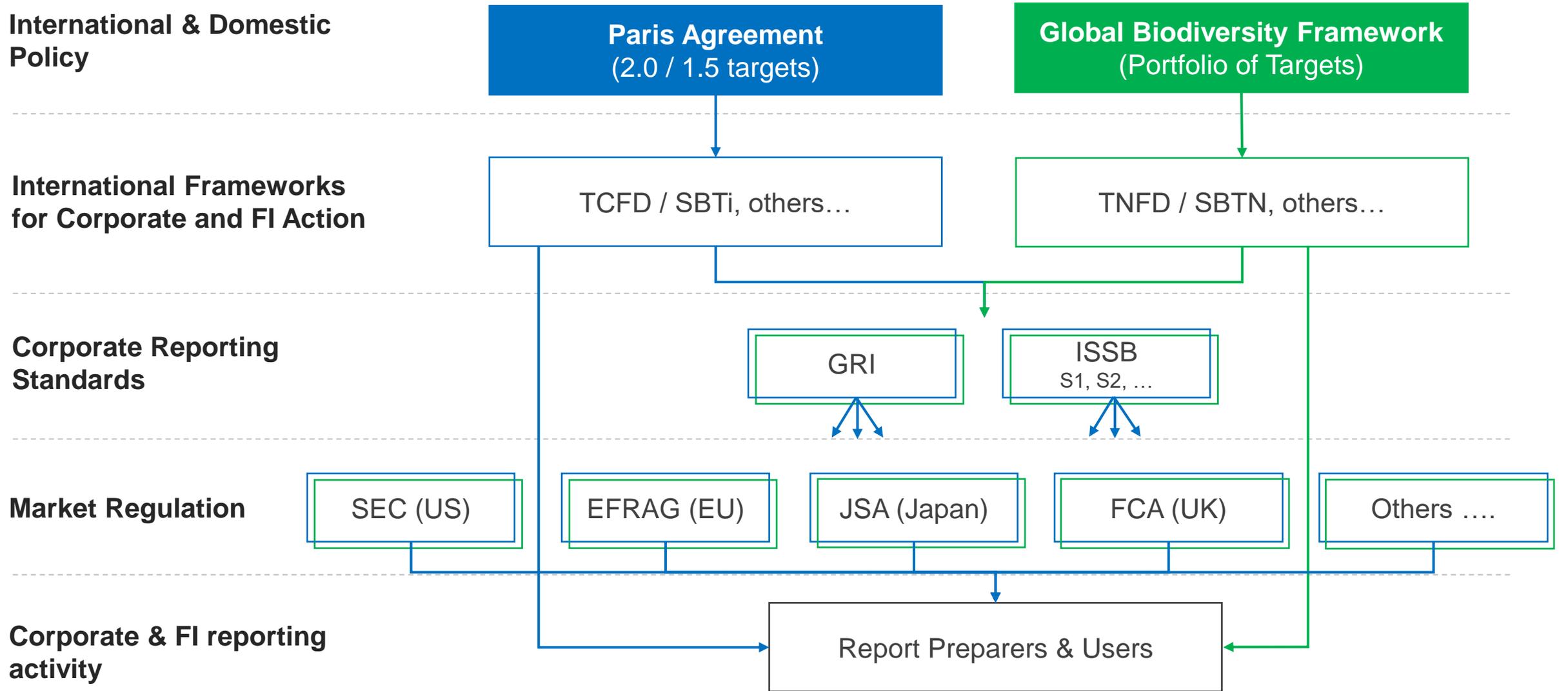
JSA (Japan)

FCA (UK)

Others

Corporate & FI reporting activity

Report Preparers & Users

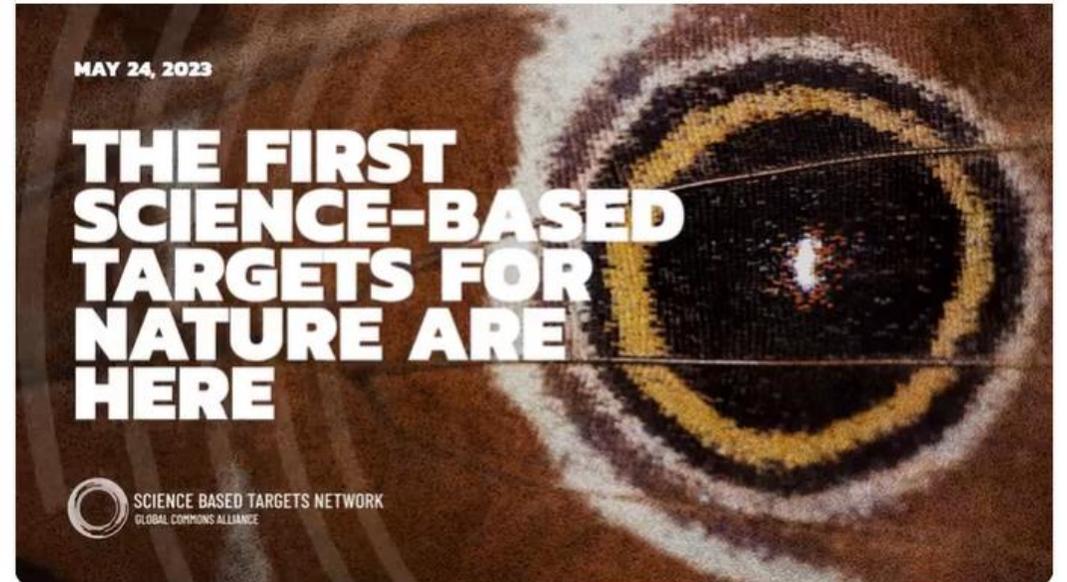


Building on existing frameworks, tools & standards



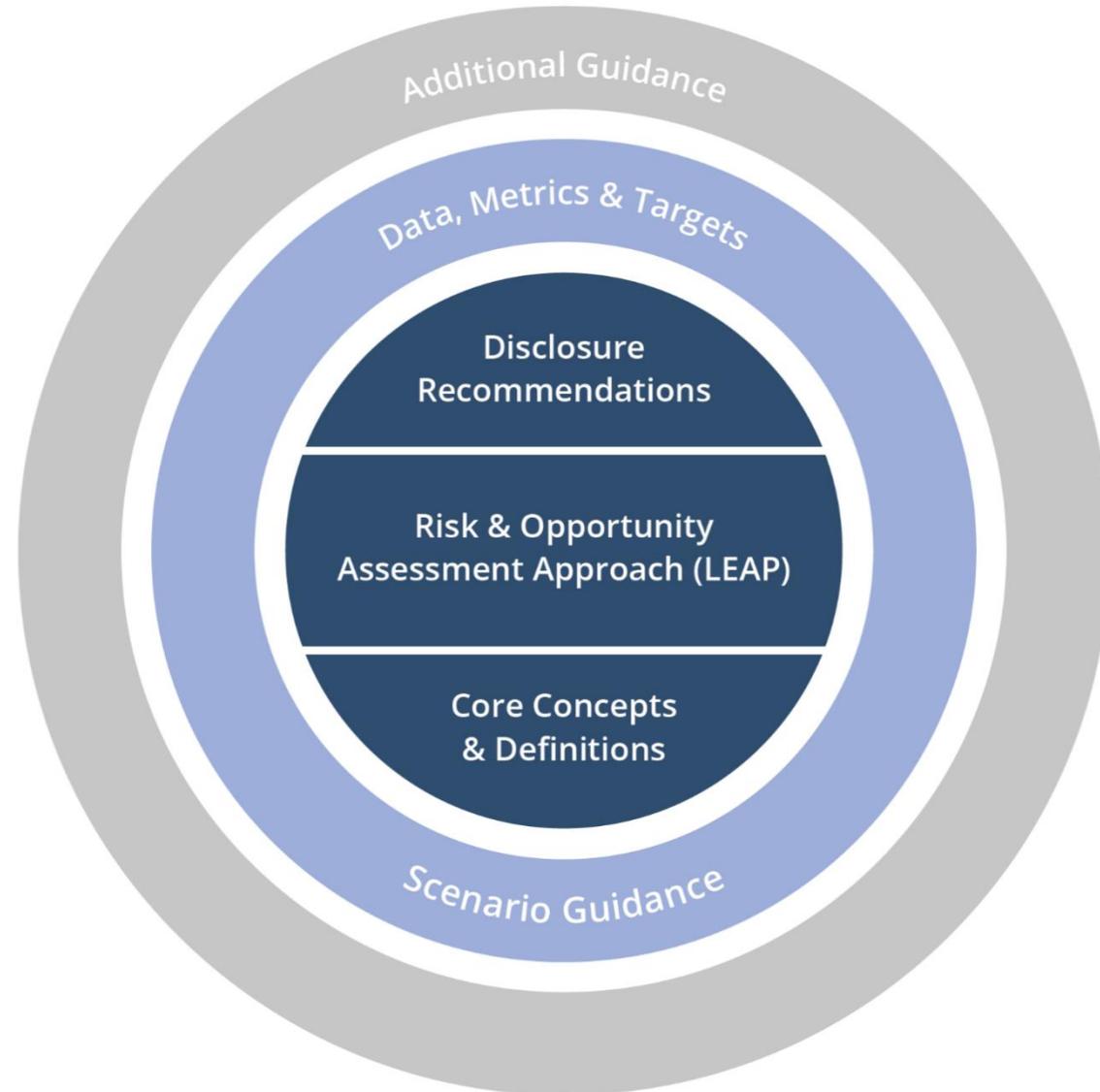
Science Based Targets Network
 21,002 followers
 1w •

We are pleased to announce the launch of the first science-based targets for nature, setting the bar for ambitious and measurable corporate action on nature. [...see more](#)



Overview of TNFD progress to date

TNFD The TNFD Framework Components



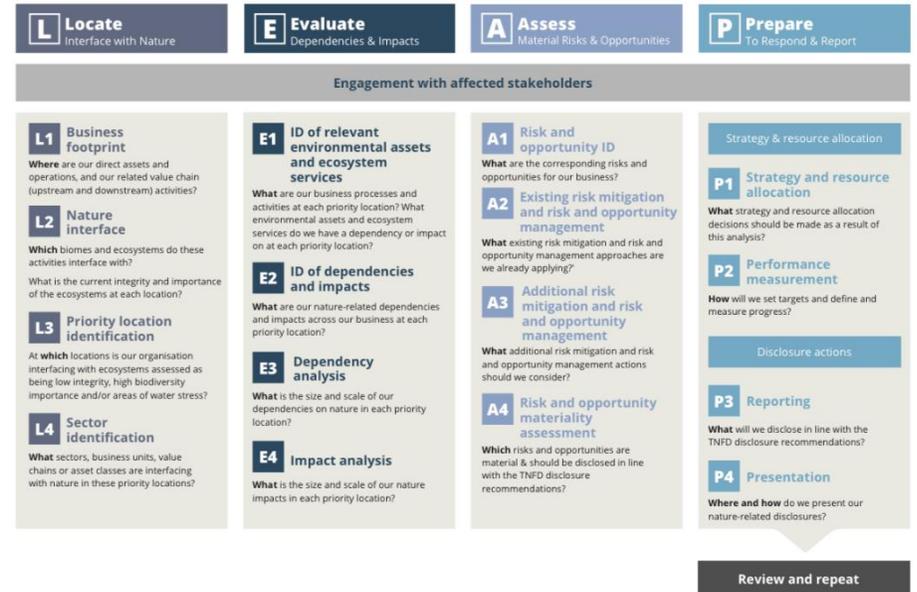
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Recommended Disclosures

Governance	Strategy	Risk & Impact Management	Metrics & Targets
Disclose the organisation's governance around nature-related dependencies, impacts, risks and opportunities.	Disclose the actual and potential impacts of nature-related dependencies, impacts, risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	Disclose how the organisation identifies, assesses and manages nature-related dependencies, impacts, risks and opportunities.	Disclose the metrics and targets used to assess and manage relevant nature-related dependencies, impacts, risks and opportunities where such information is material.
<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>Recommended Disclosures</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 risks and opportunities have had and may have on the organisation's businesses, strategy, and financial planning.</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 where there are assets and/or activities in the organisation's direct operations, and upstream and/or downstream and/or financed, where relevant, that are in: high integrity ecosystems; and/or areas of rapid decline in ecosystem integrity; and/or areas of high biodiversity importance; and/or areas of water stress; and/or areas where the organisation is likely to have significant potential dependencies and/or impacts.</p>	<p>Recommended Disclosures</p> <p>A. (i) Describe the organisation's processes for identifying and assessing nature-related dependencies, impacts, risks and opportunities in its direct operations.</p> <p>A. (ii) Describe the organisation's approach to identifying nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s) and financed activities and assets for assessment.</p> <p>B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities and actions taken in light of these processes.</p> <p>C. Describe how processes for identifying, assessing and managing nature-related risks are integrated into the organisation's overall risk management.</p> <p>D. Describe how affected stakeholders are engaged by the organisation in its assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.</p>	<p>Recommended Disclosures</p> <p>A. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</p> <p>B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</p> <p>C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>

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Nature-related Issues Assessment (LEAP)



3

Additional Guidance



Recommended Disclosures – Final draft

Same structure & language as TCFD

All TCFD 11 Recommended Disclosures incorporated

3 New Disclosures that are Nature-specific

TNFD Nature-related Disclosure Recommendations (v0.4)			
Governance	Strategy	Risk & Impact Management	Metrics
Disclose the organisation's governance around nature-related dependencies, impacts, risks and opportunities.	Disclose the actual and potential impacts of nature-related dependencies, impacts, risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	Disclose how the organisation identifies, assesses and manages nature-related dependencies, impacts, risks and opportunities.	Disclose the metrics used by the organisation to assess and manage material nature-related dependencies, impacts, risks and opportunities in line with its strategy and risk management process.
<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>Recommended Disclosures</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 risks and opportunities have had and may have on the organisation's businesses, strategy, and financial planning.</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 where there are assets and/or activities in the organisation's direct operations, and upstream and/or downstream and/or financed, where relevant, that are in: high integrity ecosystems; and/or areas of rapid decline in ecosystem integrity; and/or areas of high biodiversity importance; and/or areas of water stress; and/or areas where the organisation is likely to have significant potential dependencies and/or impacts.</p>	<p>Recommended Disclosures</p> <p>A. (i) Describe the organisation's processes for identifying and assessing nature-related dependencies, impacts, risks and opportunities in its direct operations.</p> <p>A. (ii) Describe the organisation's approach to identifying nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s) and financed activities and assets for assessment.</p> <p>B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities and actions taken in light of these processes.</p> <p>C. Describe how processes for identifying, assessing and managing nature-related risks are integrated into the organisation's overall risk management.</p> <p>D. Describe how affected stakeholders are engaged by the organisation in its assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.</p>	<p>Recommended Disclosures</p> <p>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.</p> <p>B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</p> <p>C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>

Incorporation of Impact Management with Risk Management

Supported with set of Disclosure Metrics

Additional Guidance anchored in the LEAP approach



Now being pilot tested by over 200 institutions globally

Additional guidance now in production by sector and biome

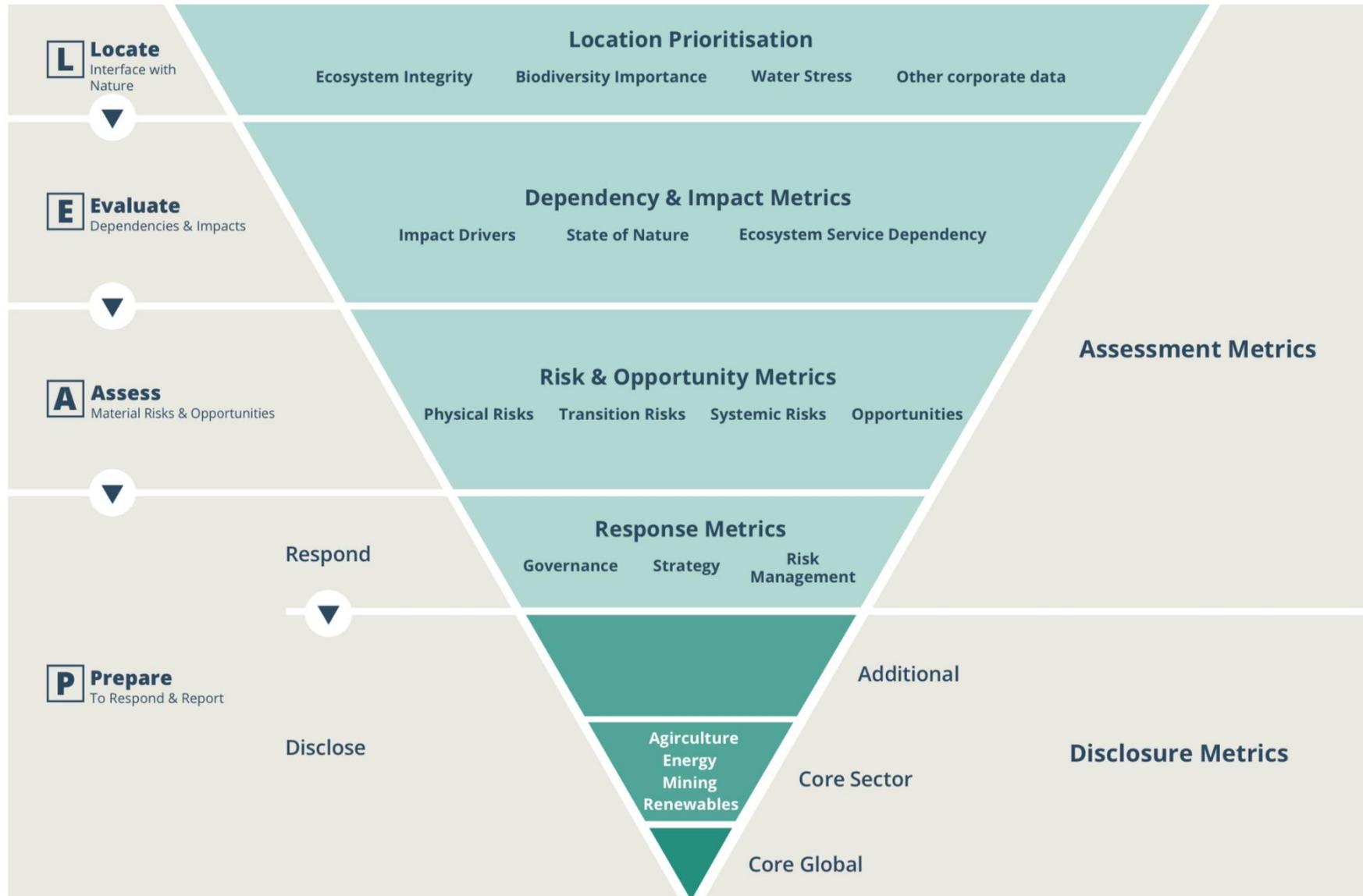


TNFD Guidance on engagement



- Focuses on engagement with **Indigenous Peoples and Local Communities and Affected Stakeholders**
- Provides guidance on the **General requirement and specific recommended disclosure** on engagement processes, human rights and environmental due diligence to help inform organisations' identification, assessment and management of nature-related dependencies, impacts, risks and opportunities
- Based on **leading and existing international standards and law with respect to human rights** including Indigenous Peoples' rights e.g., the UNGPS, OECD Guidelines, UNDRIP, CBD Voluntary Guidelines.

Metrics – Getting to a Set of Leading Indicators





Core Global Metrics [draft]

Core global metrics: Impacts and dependencies	
Climate change	Scope 1, 2 and 3 GHG emissions – refer to TCFD
Land/freshwater/ ocean use change	Extent of land/freshwater/ocean use change, by type of ecosystem and business activity
	Extent of land/freshwater/ocean use change, by type of ecosystem and business activity, for prioritised ecosystems
Pollution/pollution removal	Total pollutants released to soil split by type
	Volume of water discharged and concentrations of key pollutants in the wastewater discharged by type
	Total amount of hazardous waste generated by type
	Total non-GHG air pollutants by type
Resource use/replenishment	Total water withdrawal and consumption from areas of water stress
	Quantity of high-risk natural commodities sourced from land/ocean/freshwater split into types
	Quantity and share of natural commodities sourced from priority ecosystems split into types
Core global metrics: Risks and opportunities	
Nature-related risks	Proportion and total annual revenue exposed to 1) physical risks and 2) transition risks
	Proportion and value of assets exposed to nature-related 1) physical risks and 2) transition risks
	Proportion and value of assets/total annual revenue exposed to risks by risk rating
	Proportion and total annual revenue/value of assets with substantial dependence on ecosystem services or with a high impact on nature
Nature-related opportunities	Value of capital allocated to nature-related opportunities, by type of opportunity, with reference to a jurisdictional green taxonomy



Companies preparing to report on the TNFD Framework

Corporates



香港中華煤氣有限公司
The Hong Kong and China Gas Company Limited

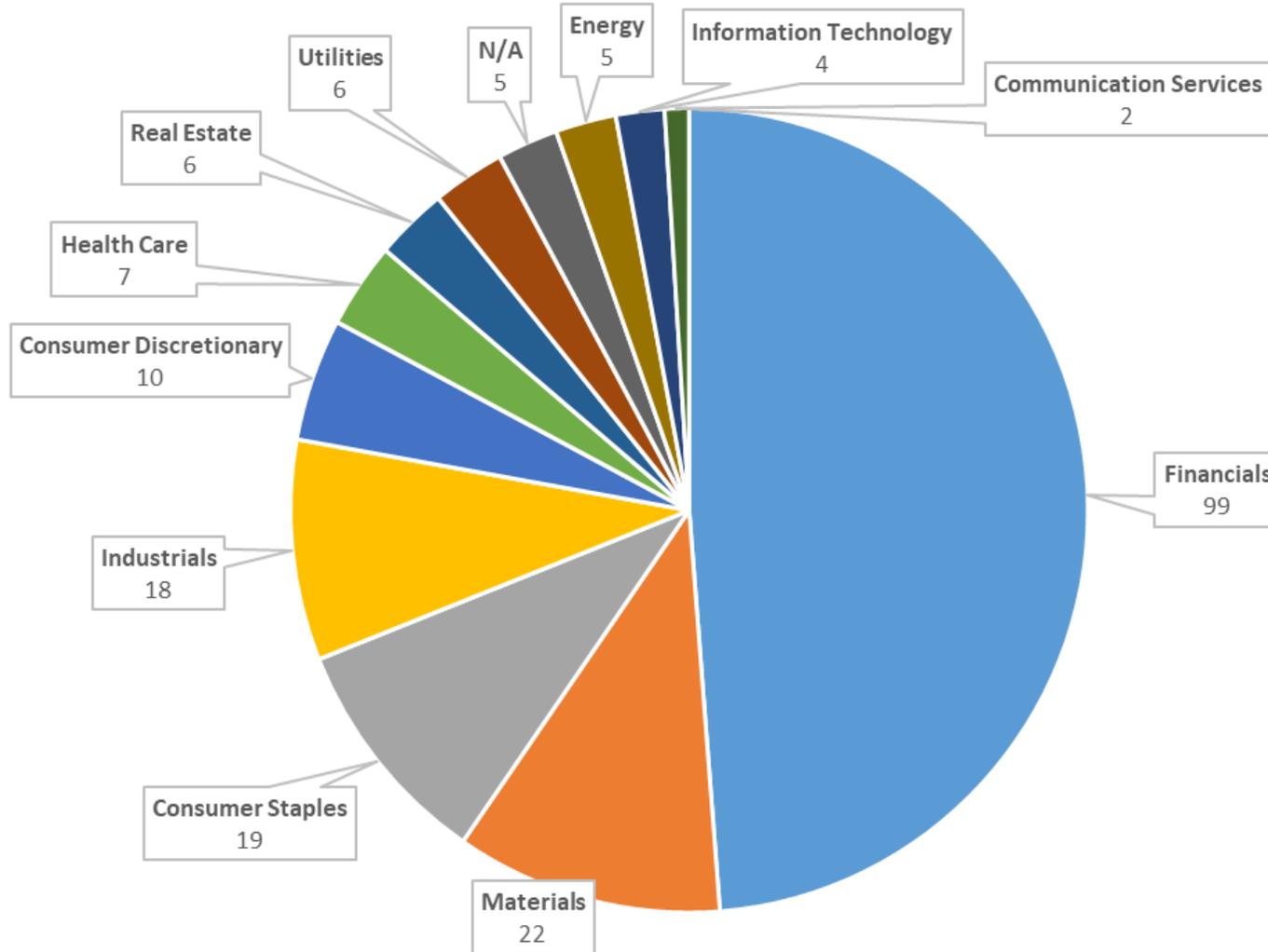


Financial Institutions





Pilots Overview by Sector



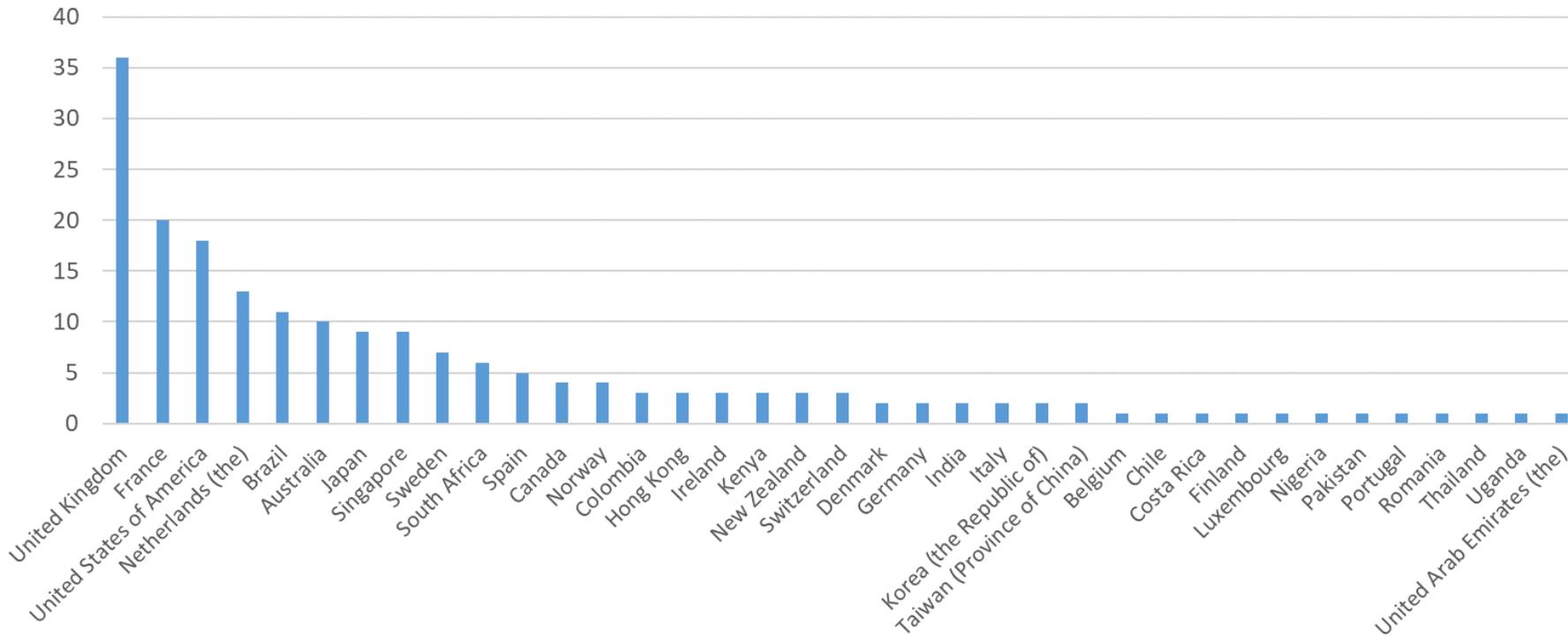
200 +

- **200 + / even split** between FIs and Corporates.
- Strong coverage **across key sectors** prioritized
- Industrials, Materials, Consumer (top in corporate)
- **Diverse levels** of maturity, scope and depth.
- **Piloting programme partners:** AFD, FSD Africa, Global Canopy, ICMM, Ipieca, Textile Exchange, UNEP FI, WBCSD



Pilots Overview by HQ Location

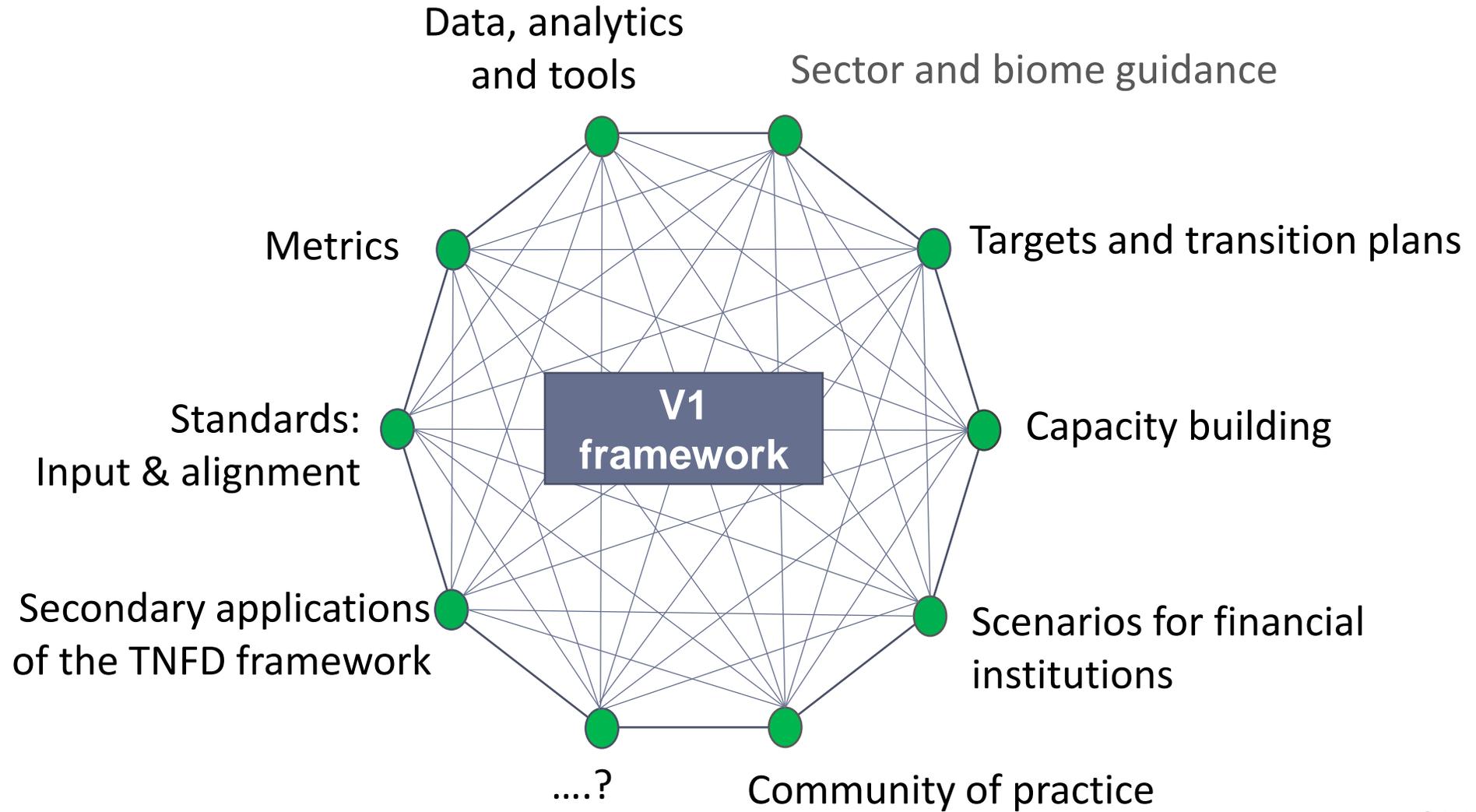
Confirmed Pilot-testing Organizations by HQ Location



- Spread geographically (Global North and South, including mega-biodiverse countries)
- Key pilots with FIs in **Africa**, Institutional Investors (**Global**), companies & scenarios (**US**), IPLCs in **New Zealand and Mexico**, and agricultural commodities in **Brazil, Malaysia, Colombia and Indonesia**.



TNFD technical priorities for next phase





How to Get Involved

- **Explore the framework:** framework.tnfd.global
- **Join the TNFD Forum:** tnfd.global/about/the-tnfd-forum/expression-of-interest/
 - Receive Forum insights newsletters, access to forum and piloting webinars, inclusion in a Consultation Group dependent on geography
- **Join the TNFD Data Catalyst:** tnfd.global/consultation-and-engagement/data-catalyst/
 - Open to providers or early-stage start-ups of data, analytics, or workflow tools
- **Pilot test the framework:** framework.tnfd.global/piloting-the-framework/
- **TNFD Consultation Groups:** tnfd.global/consultation-and-engagement/consultation-groups/
 - Regional/national groups of Forum Members, creating communities of knowledge-sharing and practice



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Financial Disclosures

Thank you

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