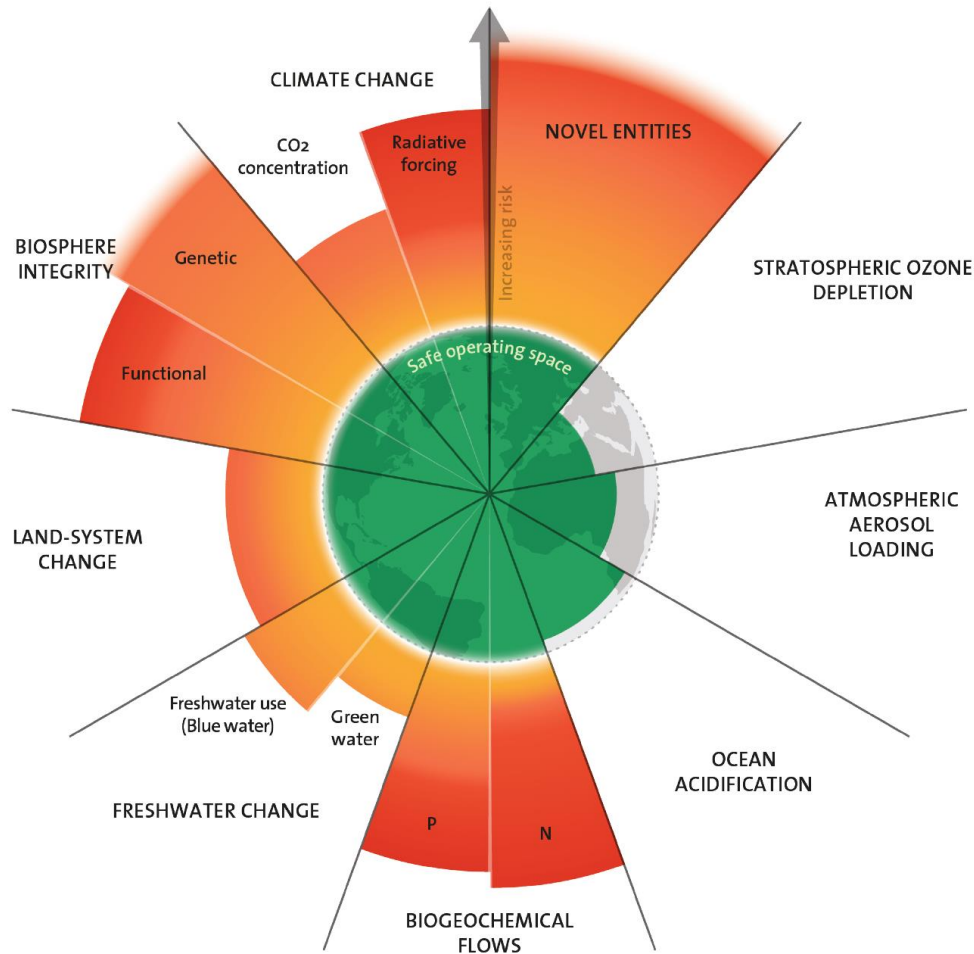


TNFD and private sector perspectives

James d'Ath
Athens, May 2024



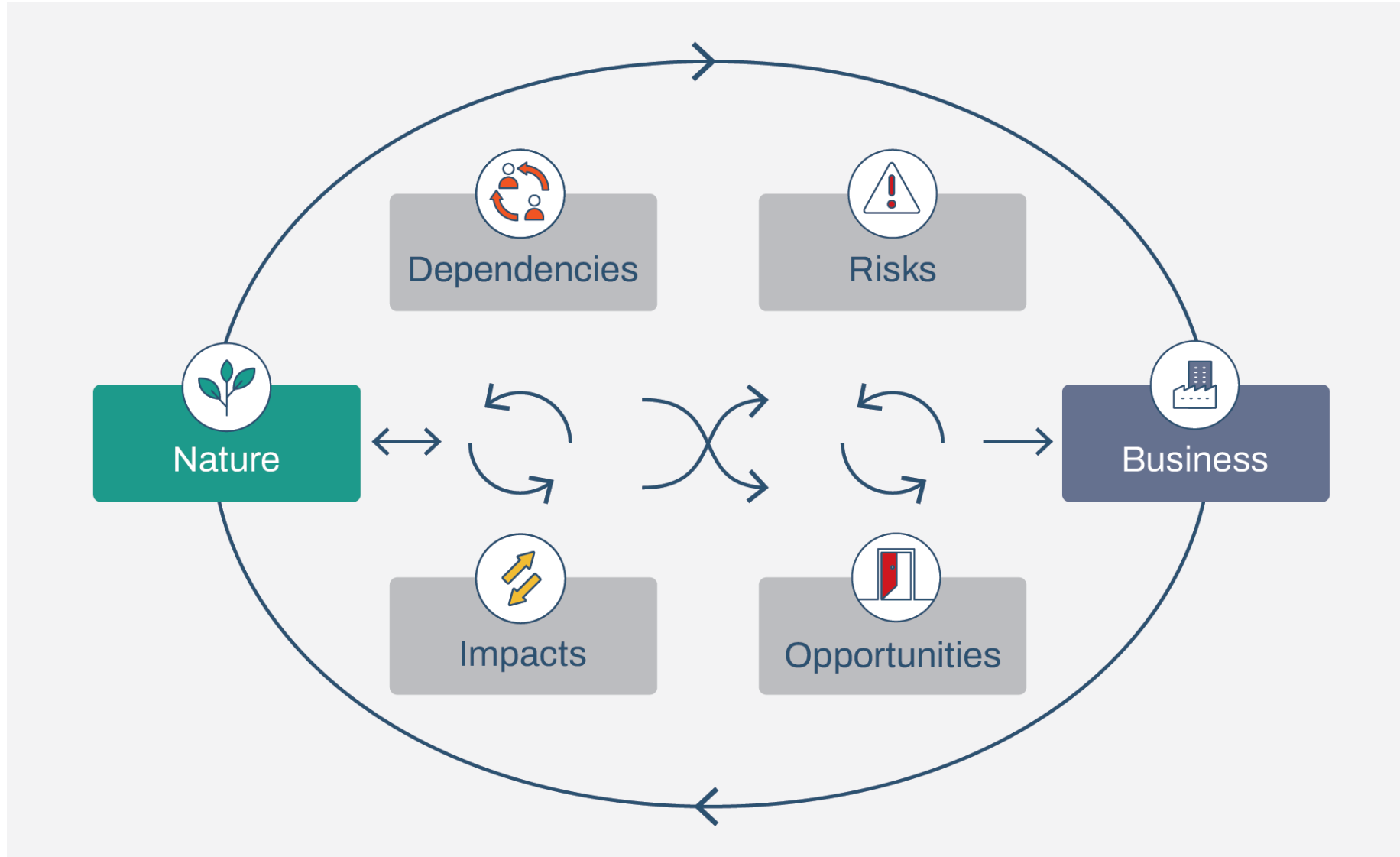
Nature: From CSR to core risk management



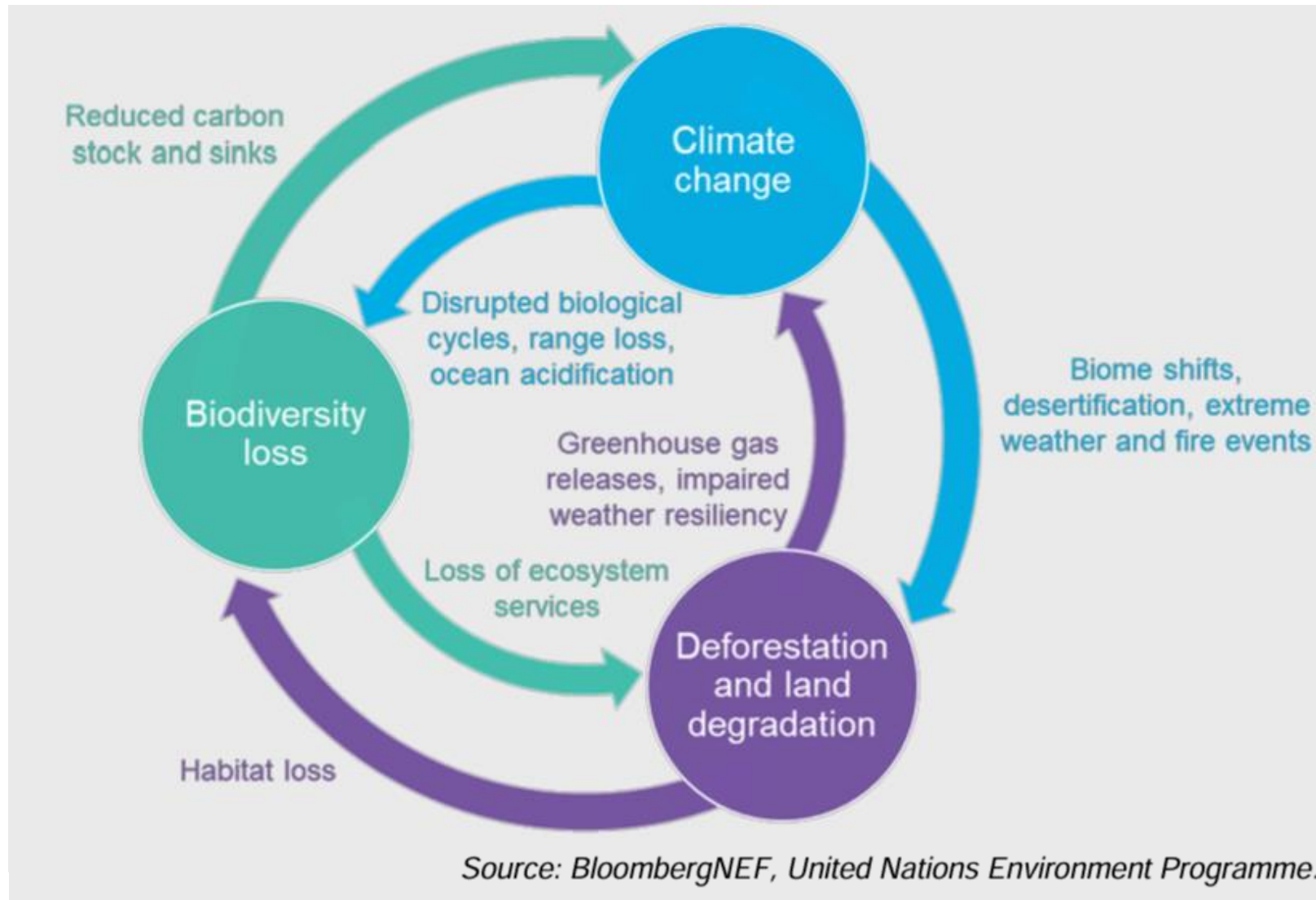
10 years

- 1st Extreme weather events
- 2nd Critical change to Earth systems
- 3rd Biodiversity loss and ecosystem collapse
- 4th Natural resource shortages
- 5th Misinformation and disinformation
- 6th Adverse outcomes of AI technologies
- 7th Involuntary migration
- 8th Cyber insecurity
- 9th Societal polarization
- 10th Pollution

Key building blocks aligned with emerging requirements



Nature and climate risks are two sides of the same coin



Overview of the TNFD



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.



Approach

Market-led:

40 Taskforce Members & 1500+ 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, Banorte, BlackRock, BNP Paribas, FirstRand, HSBC, Macquarie, MS&AD insurance Group Holdings, Mirova, Norges Bank Investment Management (NBIM), Norinchukin Bank, Rabobank, Singapore Exchange, SwissRe, UBS

Corporates

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

Service Providers

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

**Extensive
market
engagement
and input**

1,400+
Forum
Members

20
Core knowledge
partners

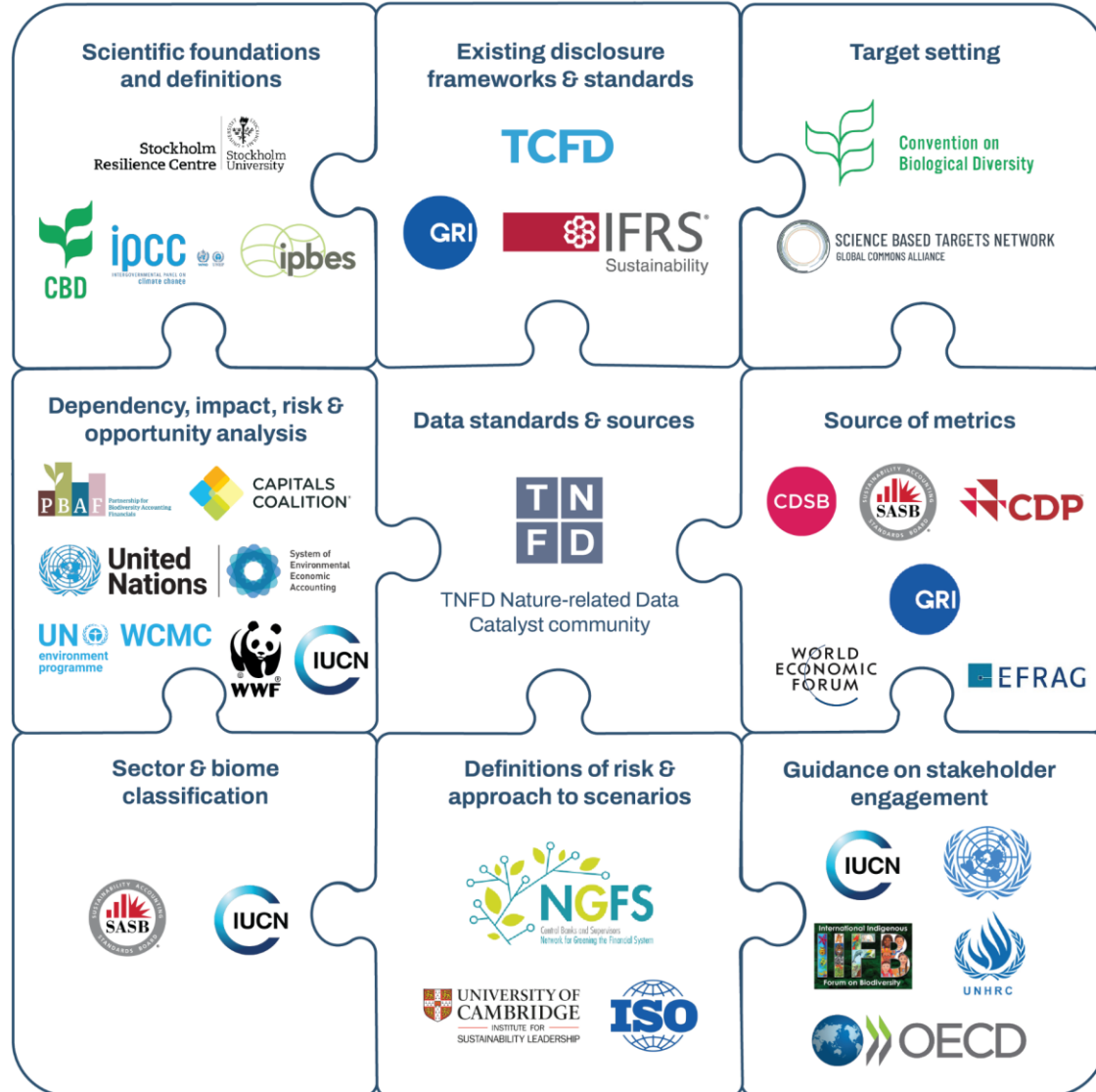
360+
TNFD
Adopters

15
Consultation
Groups

130+
Companies
participating
in the Data
Catalyst

240+
Pilot testing
institutions

Focus on interoperability and consistency



L **Locate**
The interface with nature

E **Evaluate**
Dependencies & impacts

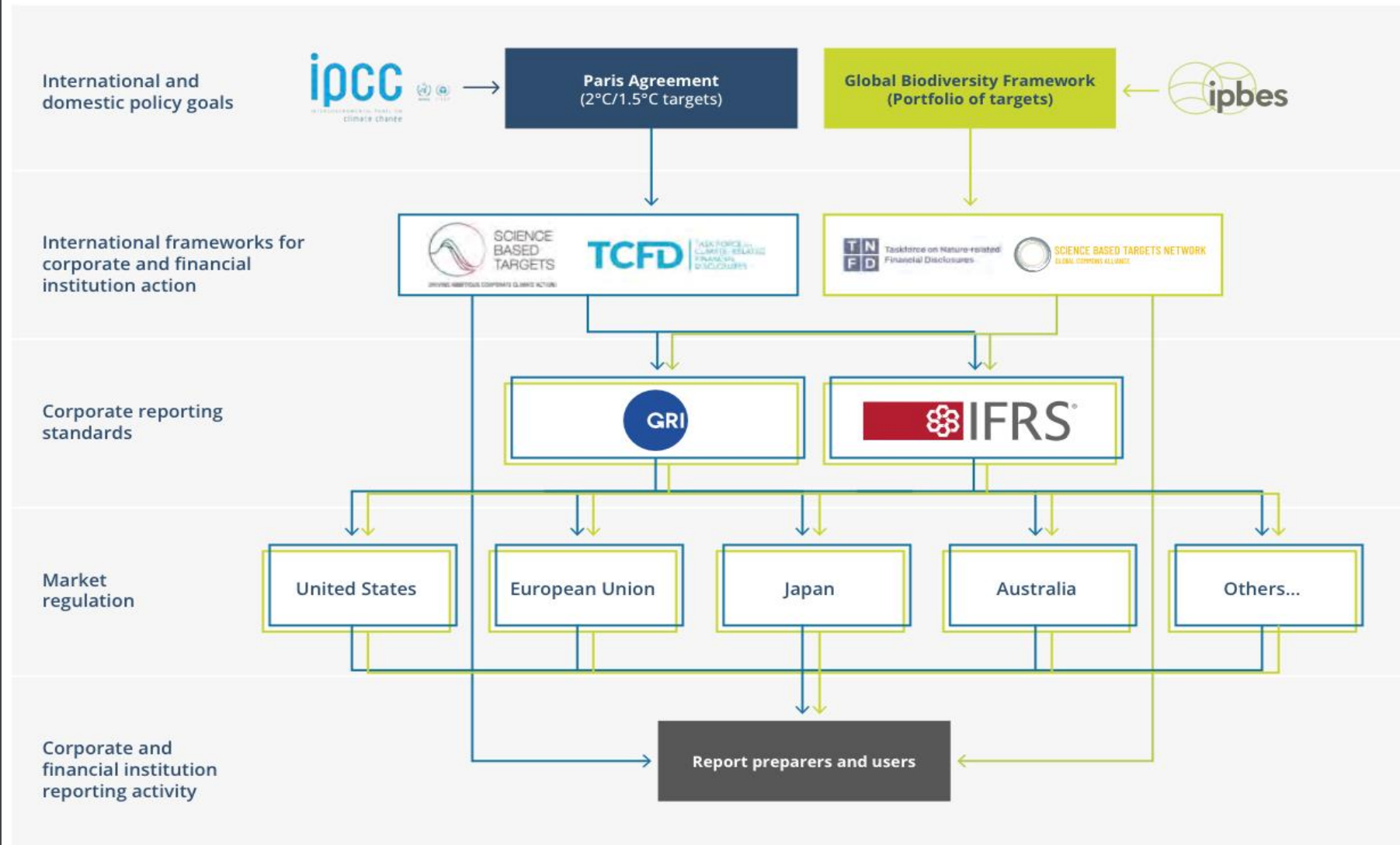
A **Assess**
Risks & opportunities

P **Prepare**
To respond & report

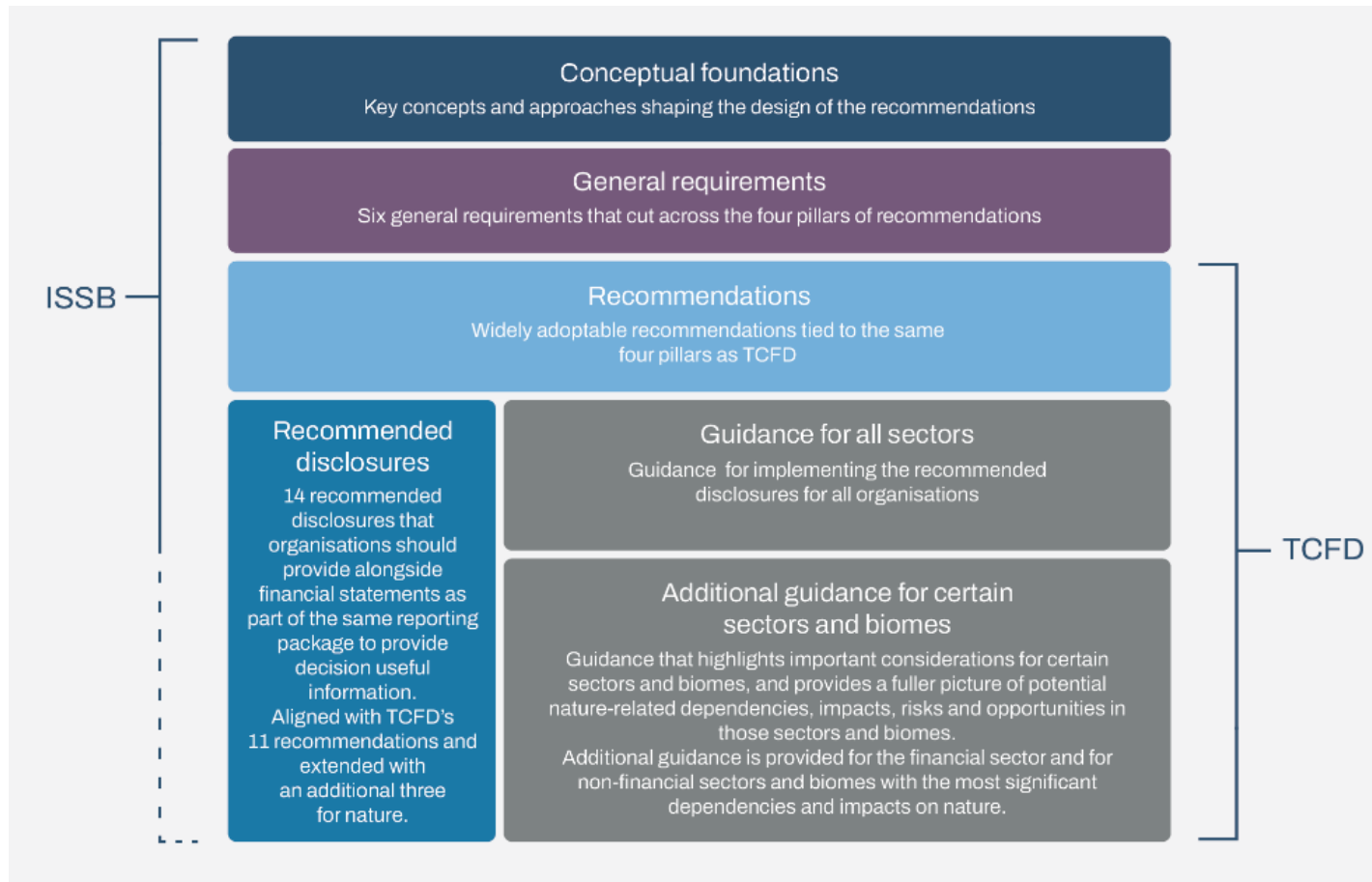
Our Approach: Align to global policy goals & emerging regulation

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



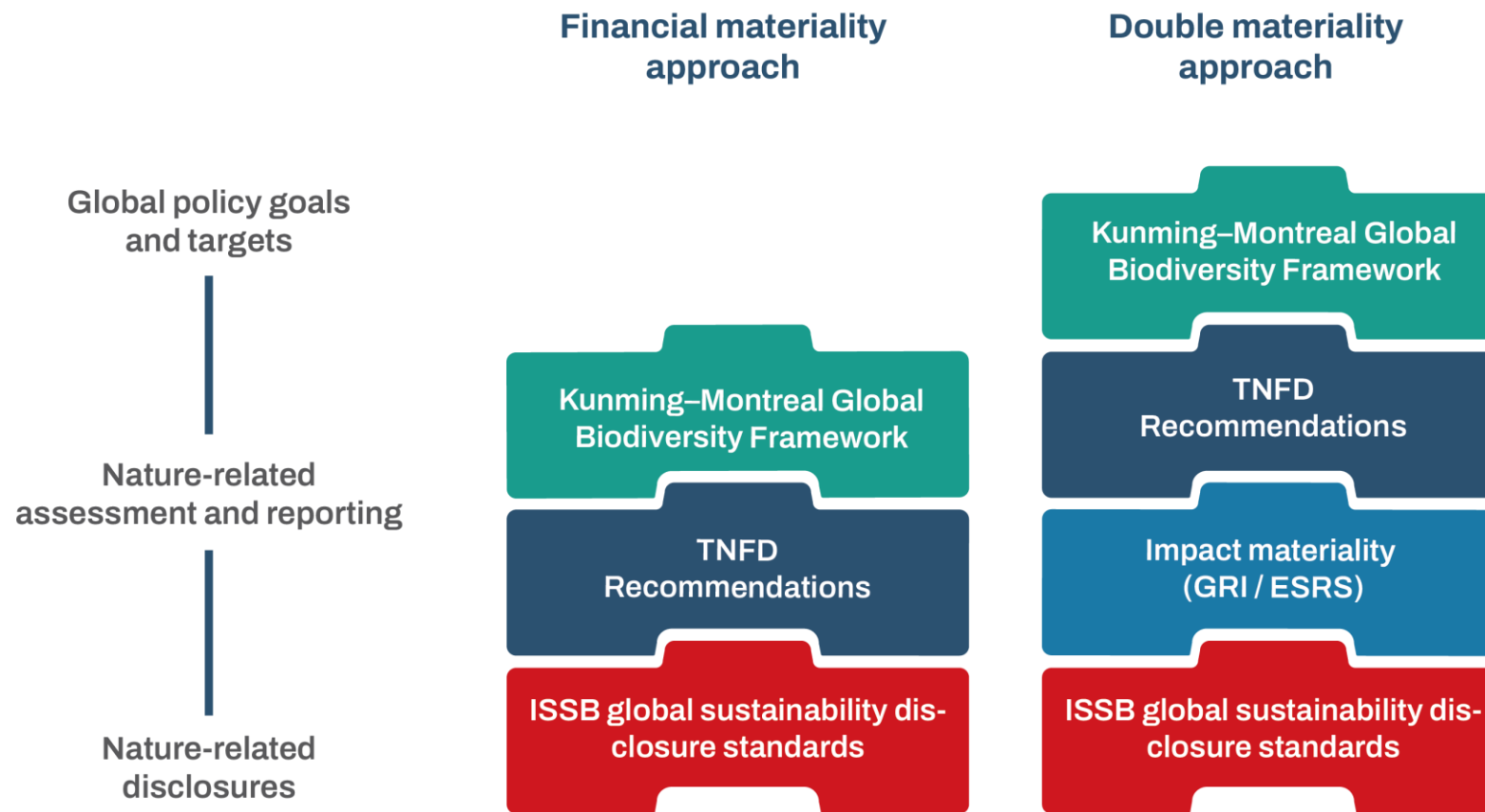
Approach to disclosure: Consistent with TCFD, ISSB & GRI



Highlights

- Same structure, language and approach as TCFD
- Consistent with ISSB's IFRS-S1 General Requirements and GRI requirements
- The TNFD's general requirements are designed to ensure consistency in the information disclosed by report preparers

Enabling the materiality preferences of preparers



Meeting the material information needs of capital providers consistent with the ISSB's IFRS Standards and the TCFD recommendations, with a focus on risk management and how dependencies and impacts on nature create risks and opportunities for an organisation's financial position and prospects.

Meeting the material information needs of stakeholders focused on impacts, aligned with a broader materiality approach, reporting against both the ISSB and the GRI standards.

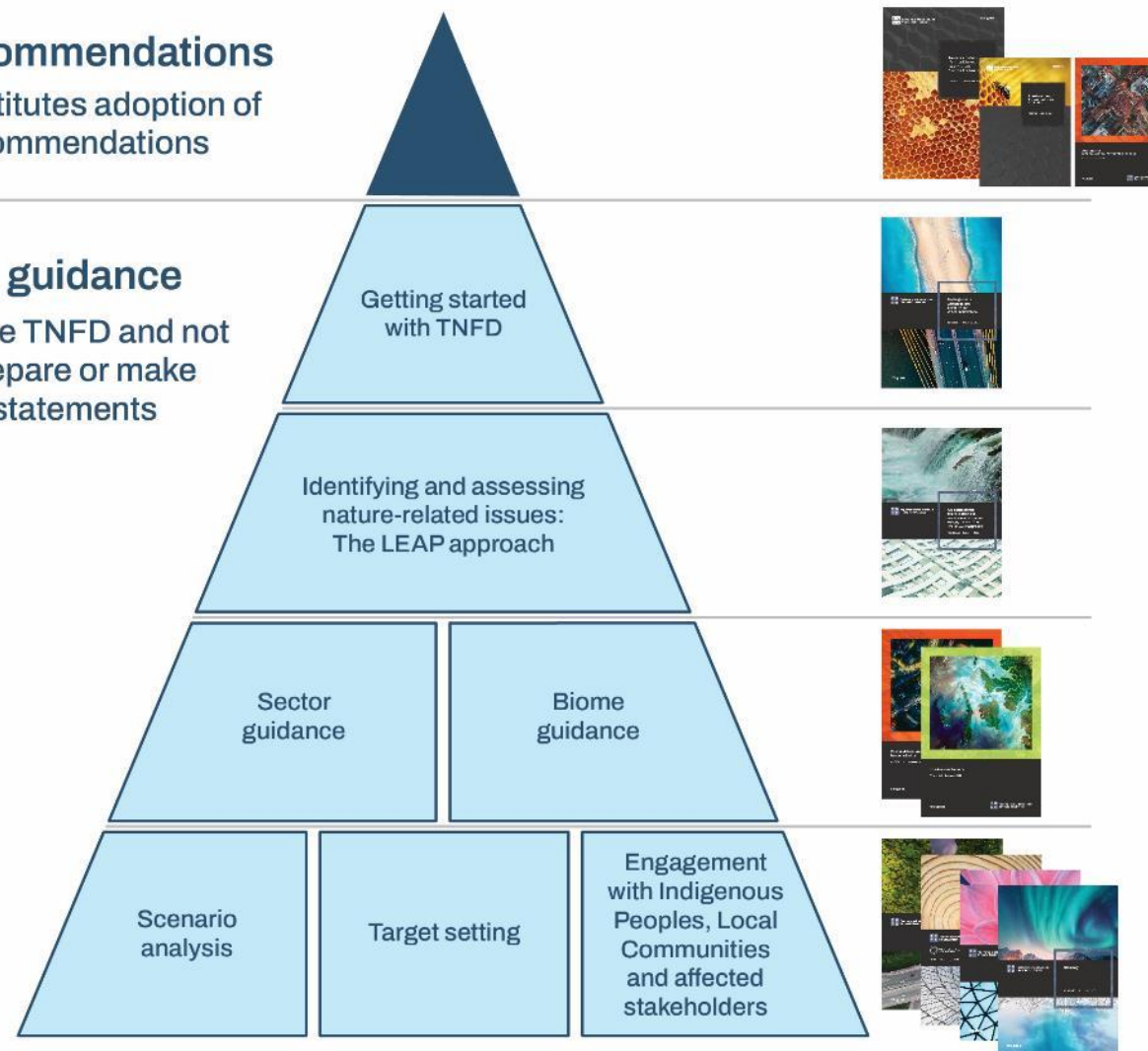
What we have published

The TNFD Recommendations

Use of which constitutes adoption of the TNFD Recommendations

Additional guidance

Suggested by the TNFD and not required to prepare or make disclosure statements



Metrics – Principles

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.

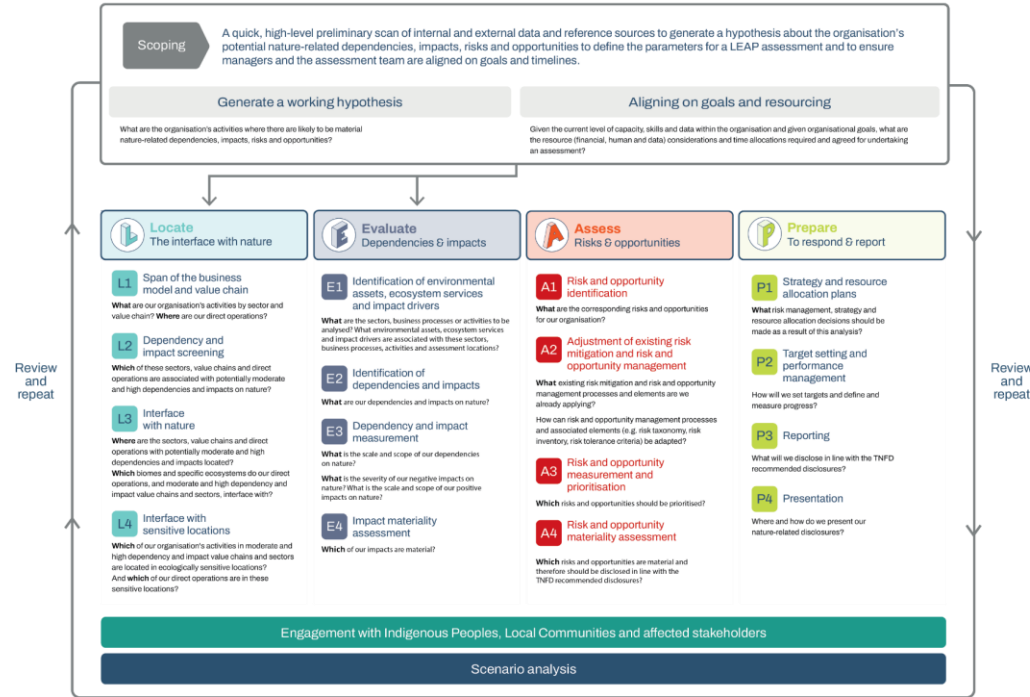
Metrics & targets

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.

Our approach: Assessment metrics & disclosure metrics



Supports preparation of the following TNFD recommended disclosures

Strategy D	Strategy A Strategy D Risk and Impact Management A (i and ii) Risk and Impact Management B Metrics and Targets B	Strategy A Strategy C Strategy D Risk and Impact Management A (i and ii) Risk and Impact Management B Risk and Impact Management C Metrics and Target A Metrics and Targets B	Governance A Governance B Governance C Strategy B Strategy C Metrics and Targets C
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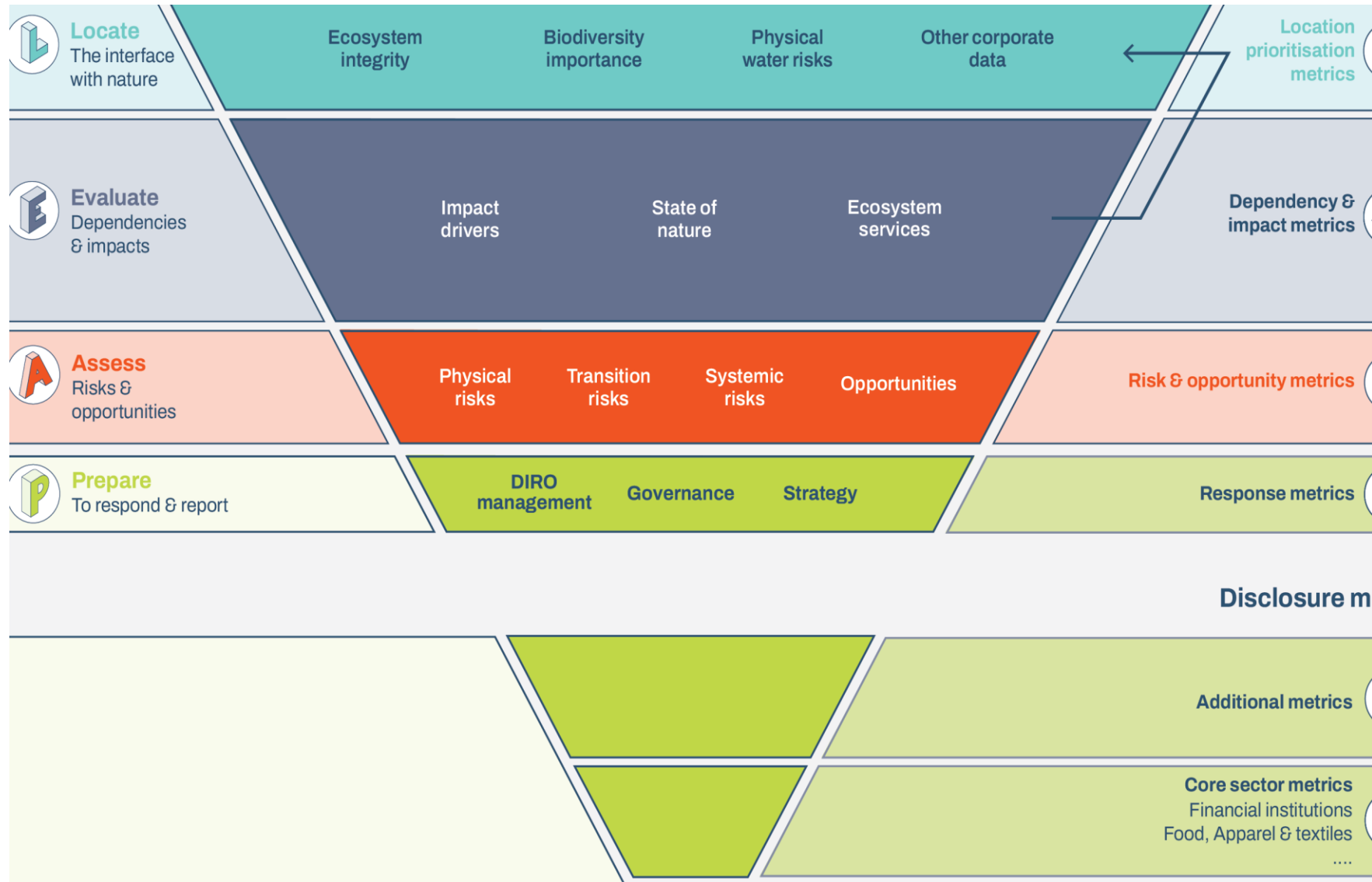
Metrics for internal assessment

TNFD recommended disclosures

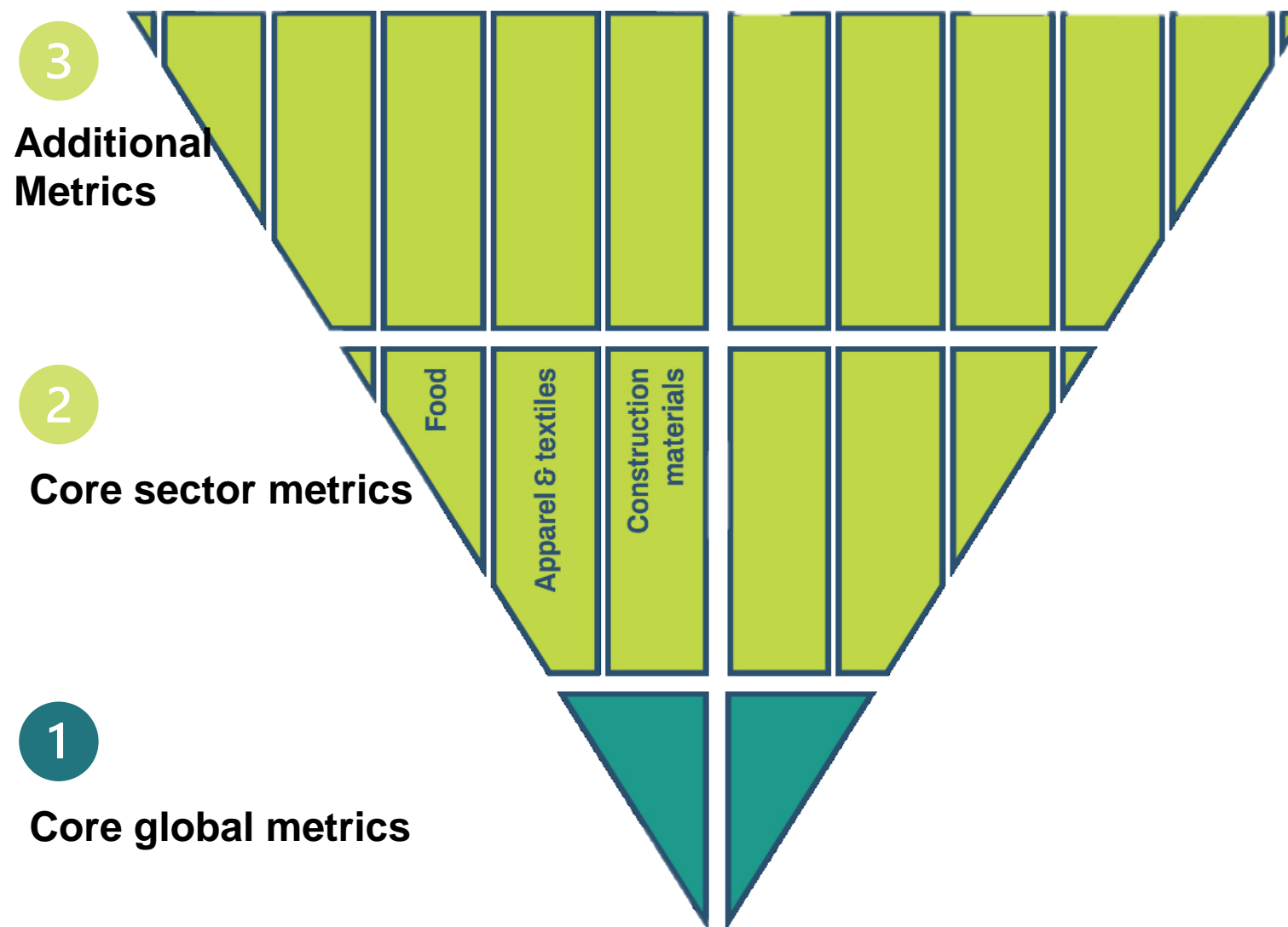
Governance	Strategy	Risk & impact management	Metrics & targets
Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.	Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.	Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.	Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
<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 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.</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>	<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>	<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>

Metrics for external disclosure

Providing a focused & flexible set of ‘leading indicators’



What should be disclosed?



Recommended disclosures – Core sector metrics

2

Core sector metrics

Strong recommended

Comply or explain, once final



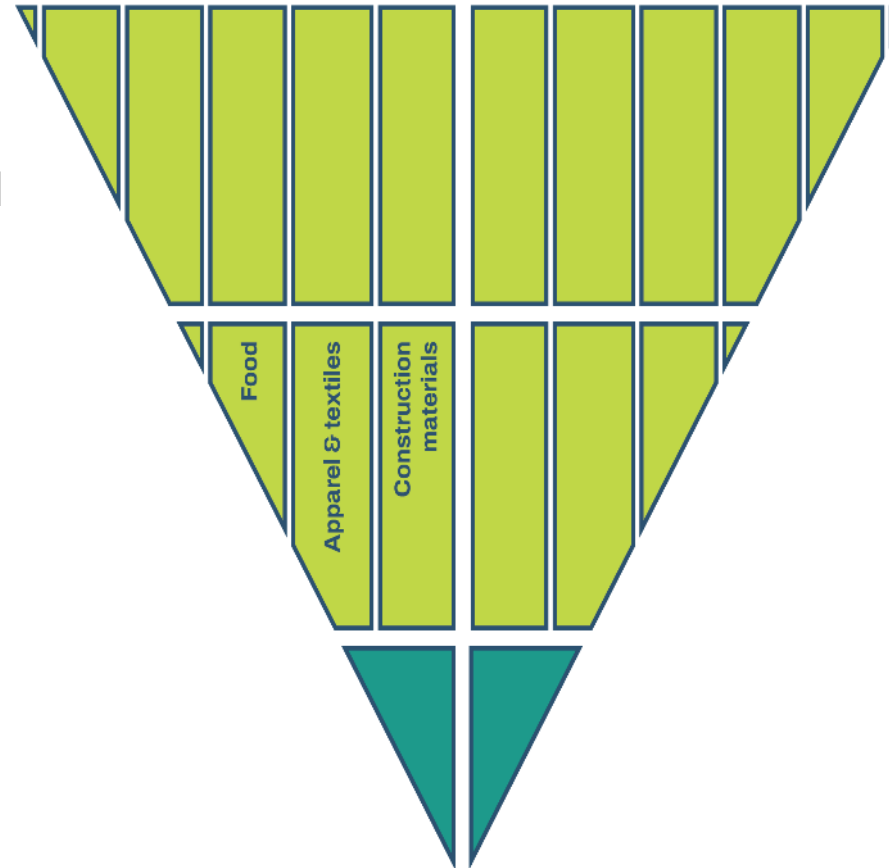
Sector guidance

Metrics issued in draft
for consultation until
29 March

Recommended disclosures – Additional disclosure metrics

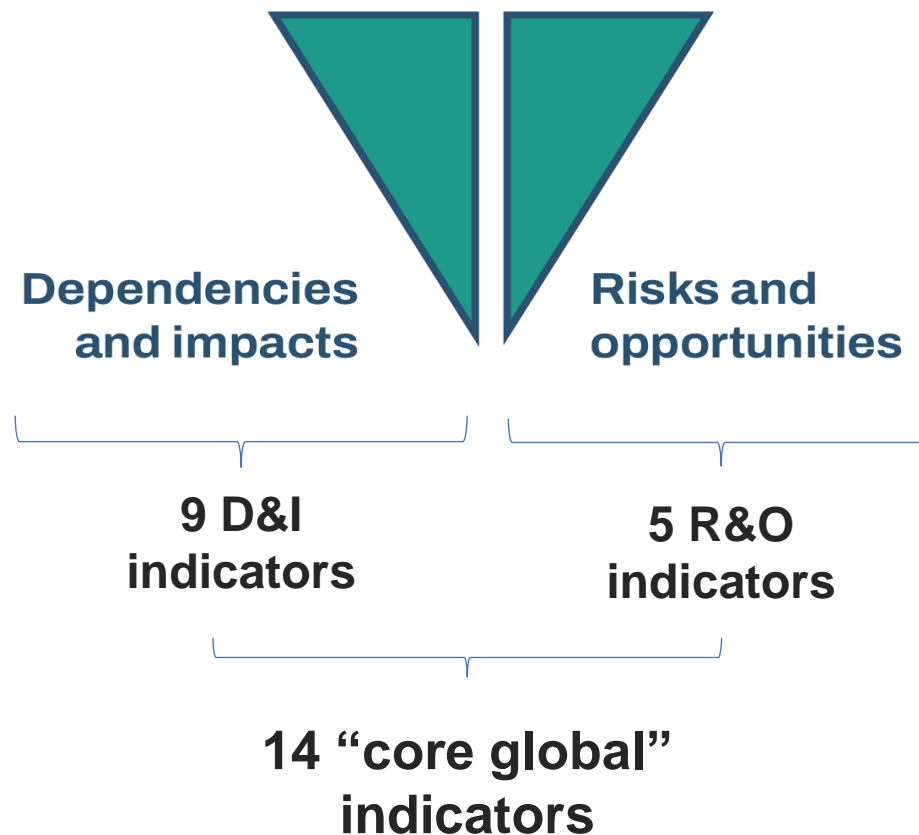
3

Additional Metrics

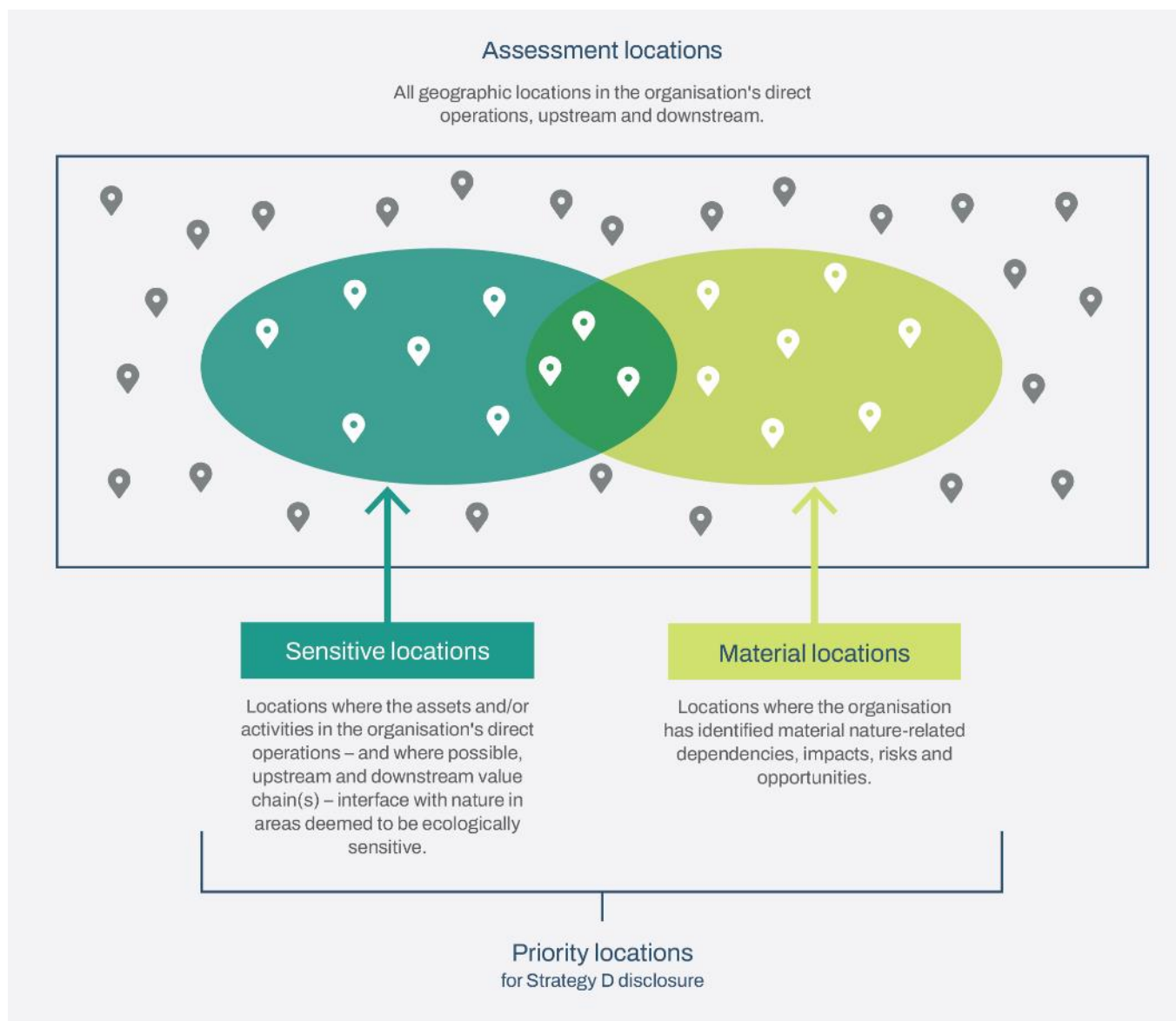


Recommended disclosures – Core global metrics

1 Core global metrics



Criteria for priority locations disclosure



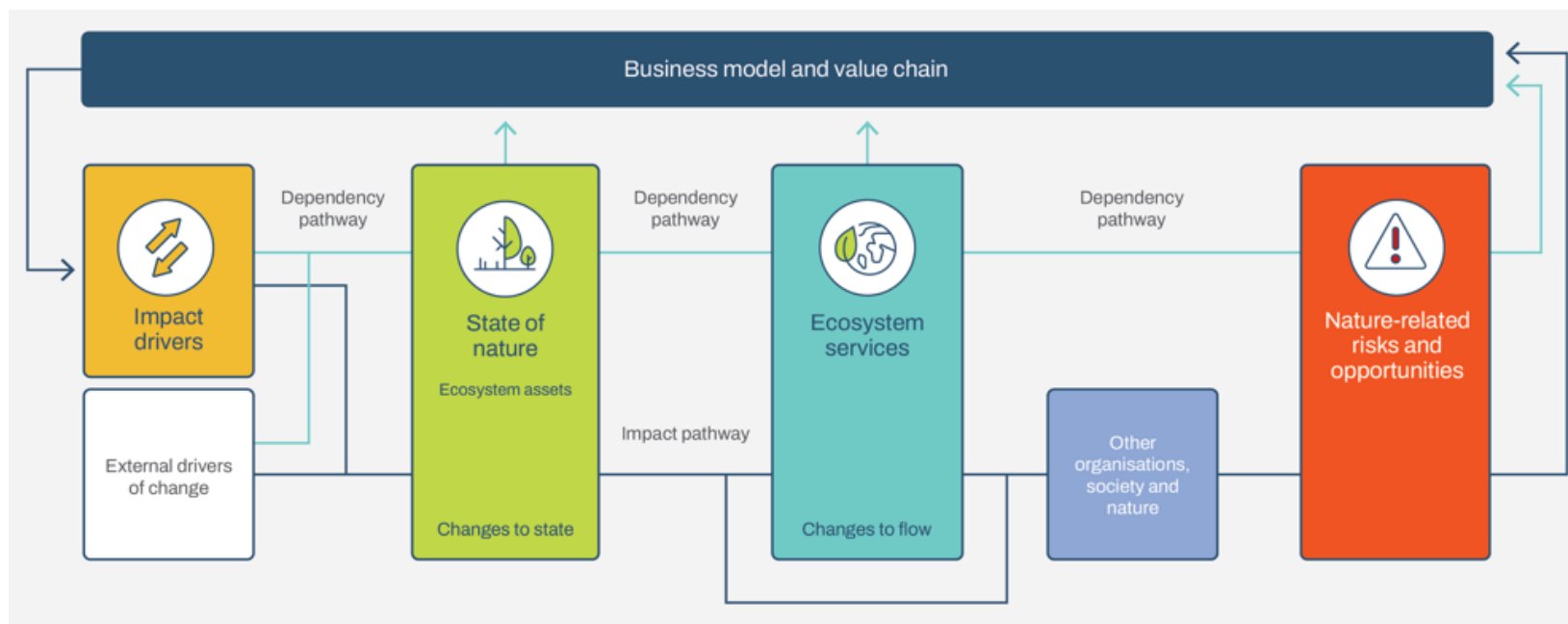
Criteria for sensitive locations:

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

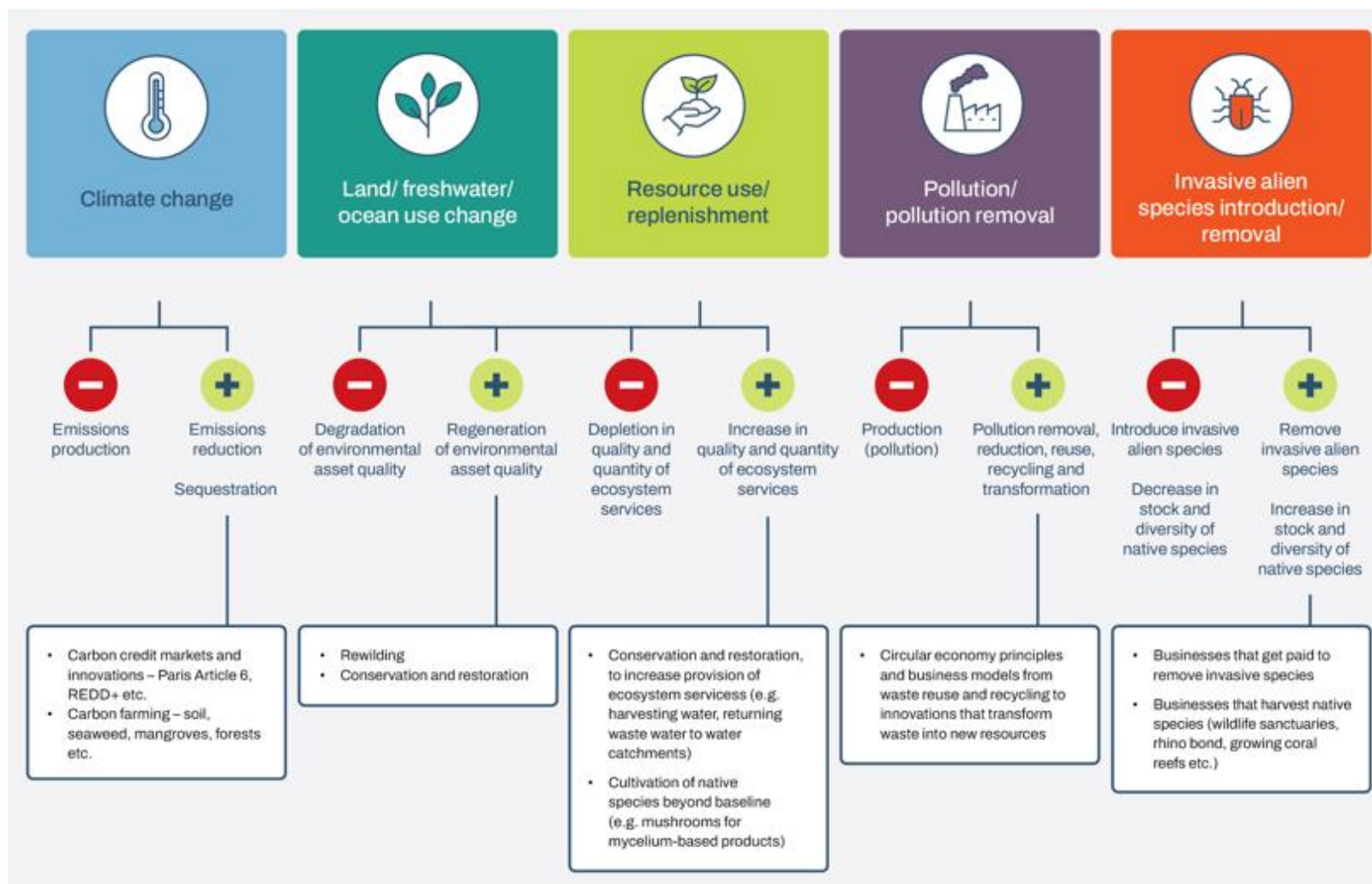
Core global metrics – Impacts and dependencies

Driver of nature change	Indicator
Land/freshwater/ ocean-use change	1. Spatial footprint 2. Extent of land/freshwater/ocean-use change
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
Climate change	GHG emissions
Placeholder: Invasive alien species and other	Measures against unintentional introduction of invasive alien species
Placeholder: State of nature	Ecosystem condition Species extinction risk

Our approach: Focused on identified drivers of change



Our approach: Acknowledging both negative and positive impacts



Core global metrics – risks and opportunities

Risk/Opportunity	Metric
Risk	1. Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks (total and proportion of total)
	2. Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related physical risks (total and proportion of total)
	3. Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts
Opportunity	4. 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
	5. Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts

Recommended disclosures – Core global metrics for FIs

Additional Guidance for Financial Institutions

- 2 core global metrics for financial institutions, recognising data issues and to provide a place to start
- Expectation FIs will report on the 5 core global risk and opportunity metrics
- Expectation FIs will report on the other D&I metrics over time as data is available from investees, clients and customers



Metric

Financial exposure to a **defined set of sectors** considered to have material nature-related dependencies and impacts

For banks: Absolute amount or percentage of lending volume.

For asset owners and managers: Absolute amount or percentage of invested or owned assets.

For insurers: Absolute amount or percentage of net premiums written or total sums insured.

Financial exposure to companies with **activities in sensitive locations**

For banks: Absolute amount or percentage of lending volume.

For asset owners and managers: Absolute amount or percentage of invested or owned assets.

For insurers: Absolute amount or percentage of net premiums written or total sums insured.

Market momentum building:

Early Adopters of the TNFD



320

Companies, financial institutions and market service providers signal their intent to start to adopt the TNFD Recommendations

- 33%** Financial institutions
- 56%** Companies
- 5.5%** Market service providers
- 5.5%** Other



25%

Of the world's **Global Systemically Important Banks** signed up

31%

Of all early adopters are **MSCI 1500 companies**

Emerging economies represented

14%

of all institutions registered

58 of 77

SASB Sectors (SICS) represented by TNFD Early Adopters



46
Countries with TNFD Early Adopters

5
Continents covered

- 43%** - Europe
- 42%** - Asia and the Pacific
- 6%** - Latin America and the Caribbean
- 6%** - North America
- 3%** - Africa and the Middle East

Over

\$4tn

Estimated **Market Capitalisation** of companies

Over

\$14tn

Estimated **AuM** of financial institutions

Insights from piloting

Take an iterative approach as you scope your assessment

Don't get overwhelmed by the initial scoping phase. Reassess and revise your scope as you learn through the LEAP phases what is material or possible now vs in the future

Source diverse expertise

Diverse range of skills and expertise can help improve the quality of identification and assessment of nature-related issues

Internal engagement and cross-checks are key

Engage with multiple internal teams (e.g. sustainability, procurement and risk) to gain better understanding of available information and data

The importance of dialogue

Strengthen engagement with stakeholders in a value chain to support robust assessments of nature-related issues

The benefits of multiple sources

Using multiple datasets on the state of nature lead to a more comprehensive understanding of impacts and dependencies

The importance of considering value creation and strategy in tandem

It is integral to incorporate nature considerations into the organisation's overall business strategy, rather than treating them as separate endeavours

What's next for TNFD

- Expanded global engagement
- Capacity building initiatives
- Sector guidance
- Additional guidance – value chains & transition planning
- Blueprint for a global nature public data facility



Data & analytics access & innovation

Nature-related Data Catalyst

Home » Guidance >

Tools Catalogue

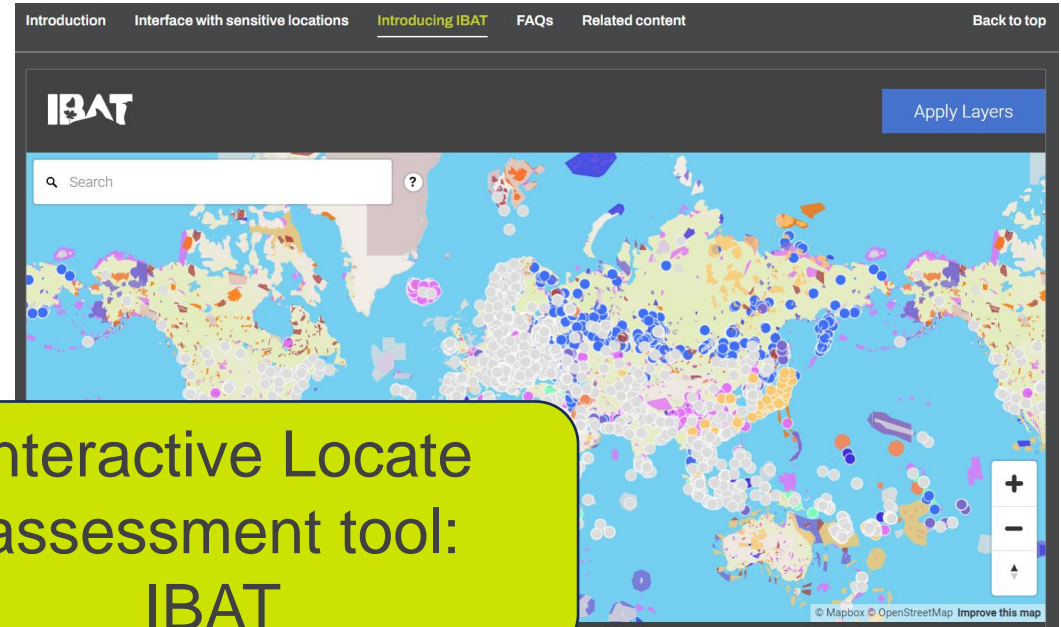
Nature-related data tools to help assess nature-related issues and aligned with the TNFD's LEAP approach

Tools catalogue (mapped to LEAP)

The TNFD Tools Catalogue provides an overview of the nature-related data tools available today.

Use the new filter function to search through the catalogue by LEAP phase, disclosure recommendations and other useful features.

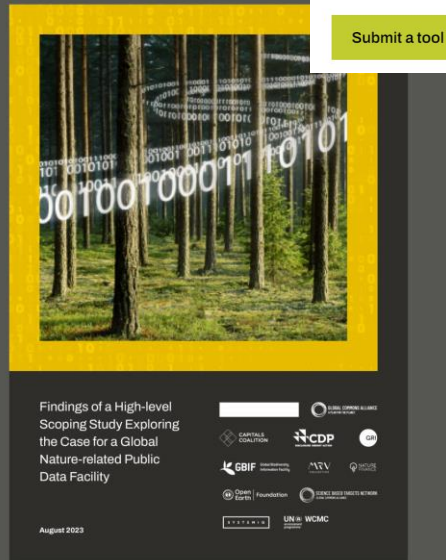
Submit a tool



Interactive Locate assessment tool: IBAT

New paper published: Findings of a High-level Scoping Study Exploring the Case for a Global Nature-related Public Data Facility

Global nature-related data facility



Thank you

Explore the TNFD Recommendations
and guidance:

