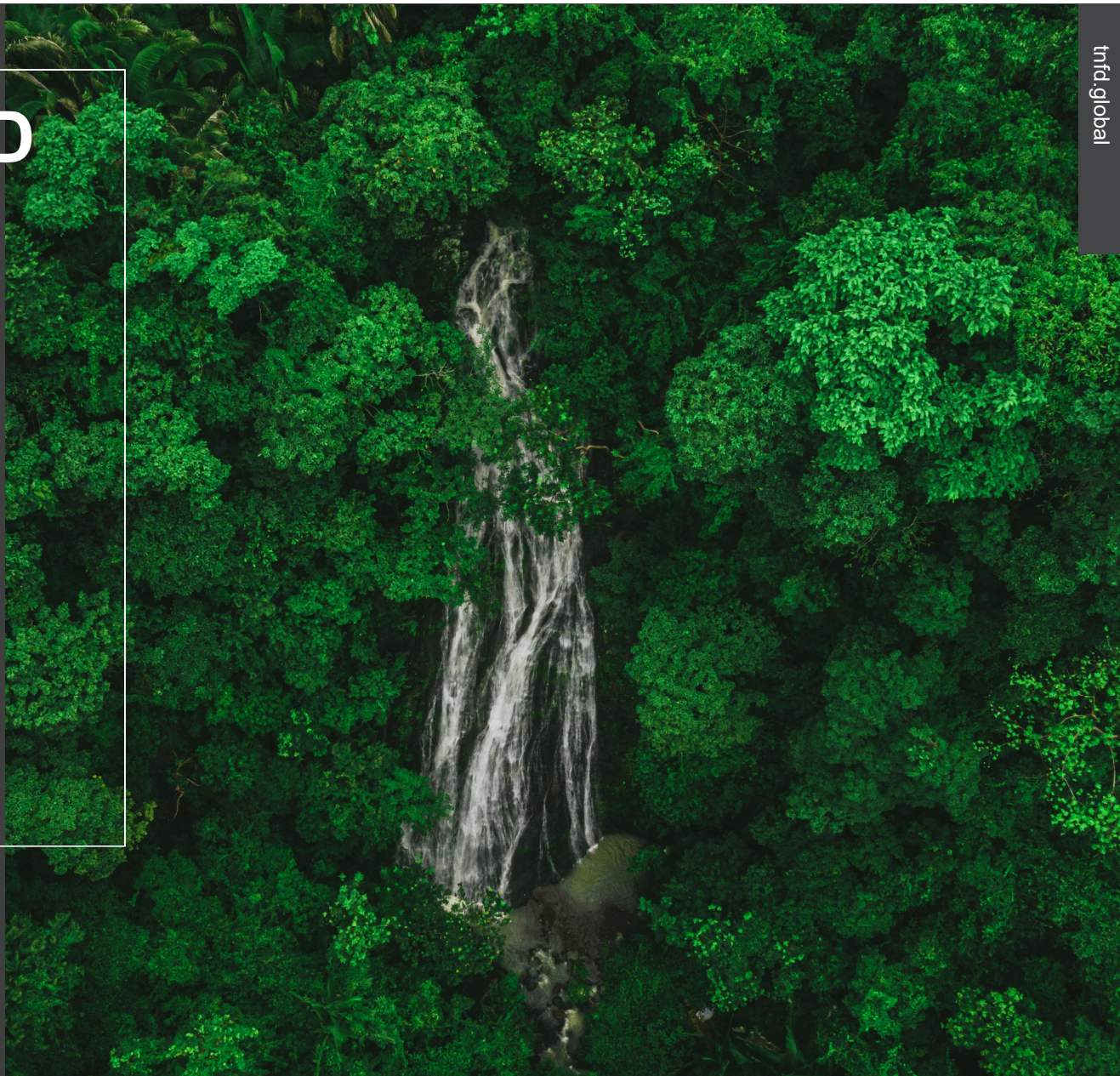


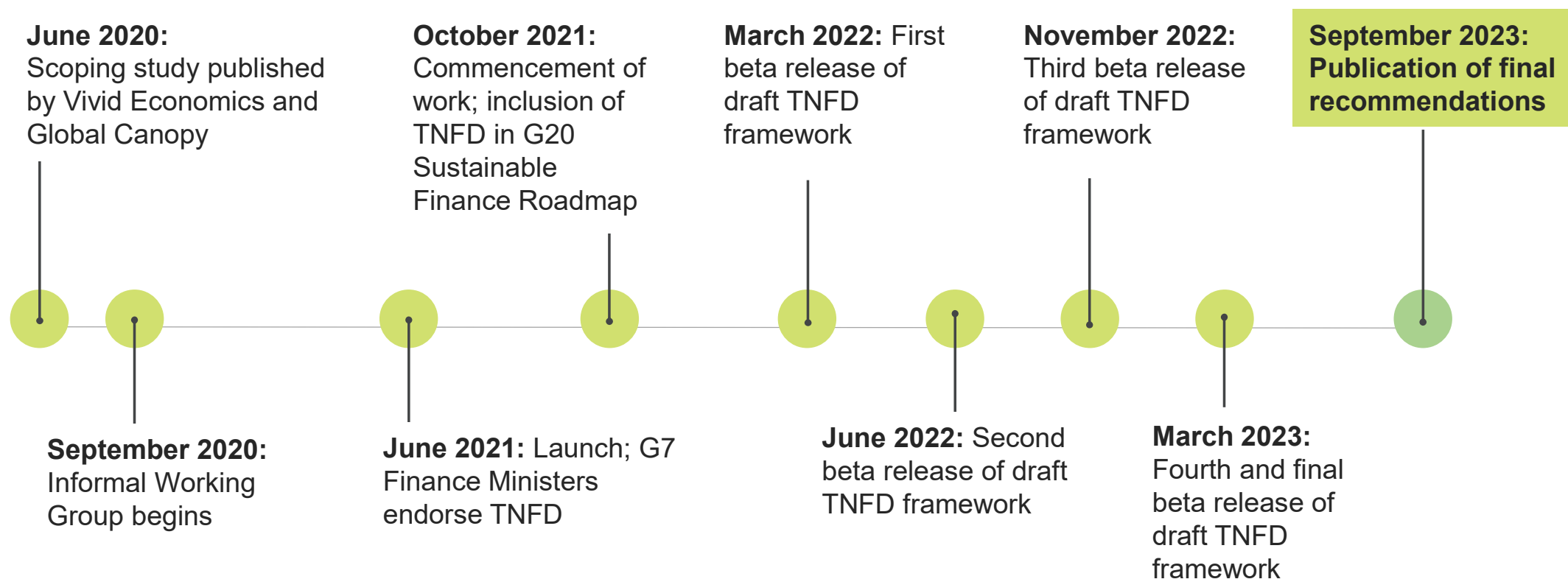
Introducing the TNFD Recommendations: Action-Orientated Insights

Candice Dott
TNFD Director of Market Engagement
8th August 2024

E-mail: candice.dott@tnfd.global



A short history of the TNFD



Principles - basis on which the TNFD was developed



Market usability

Directly usable and valuable to market participants, corporates and financial institutions



Science-based

Follows a scientifically anchored approach, incorporating well established and emerging scientific evidence



Nature-related dependency, impacts, risks and opportunities

Focus on dependencies and impacts on nature as well as risks and opportunities to organisations



Purpose-driven, with a bias towards enabling organisations to take action sooner rather than later



Integrated and adaptive

Design to work with existing risk management processes in business and finance



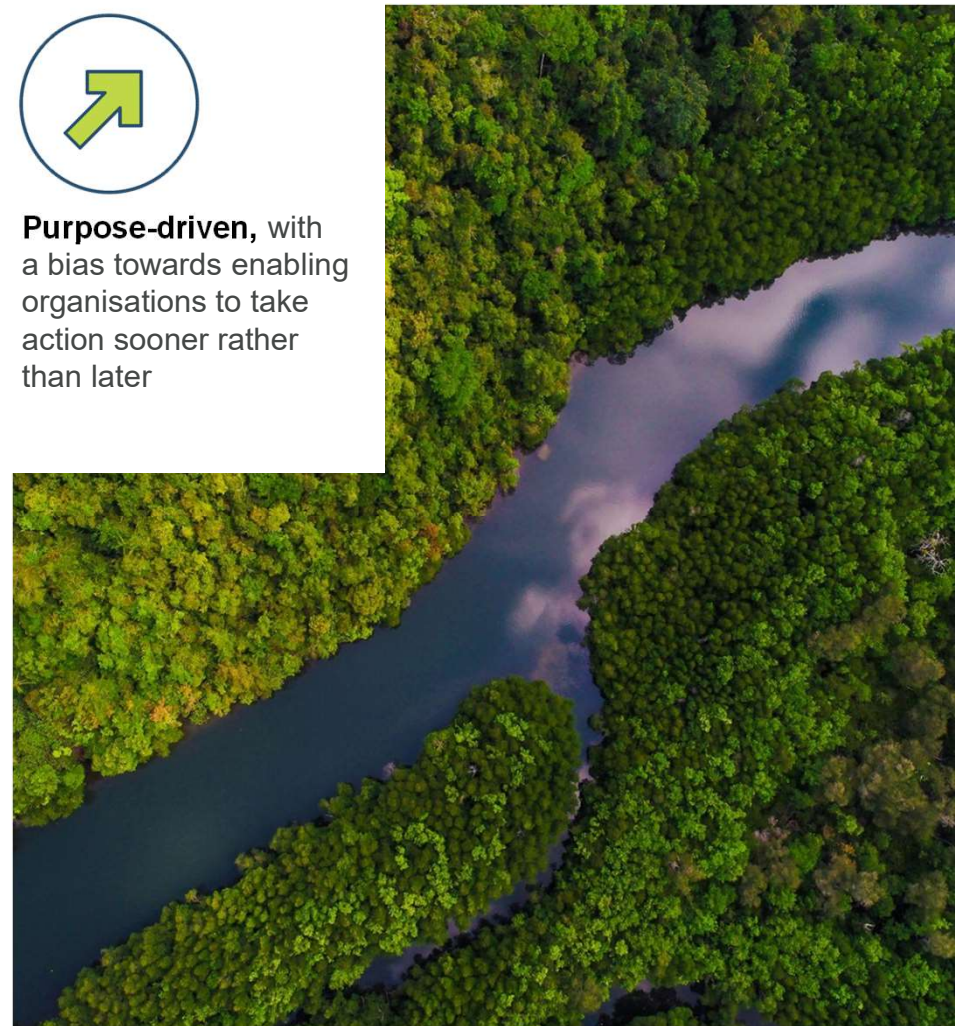
Climate-nature nexus

Reflect the inherent connectedness of climate and nature challenges and the importance of nature-based solutions



Globally inclusive

Ensure the framework and approach is relevant, just, valuable, accessible and affordable worldwide, including in emerging and developed markets



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.

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 & 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, 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, CDL

Service Providers

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

14 recommended disclosures

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

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>

The TNFD Recommendations and Additional Guidance to get started

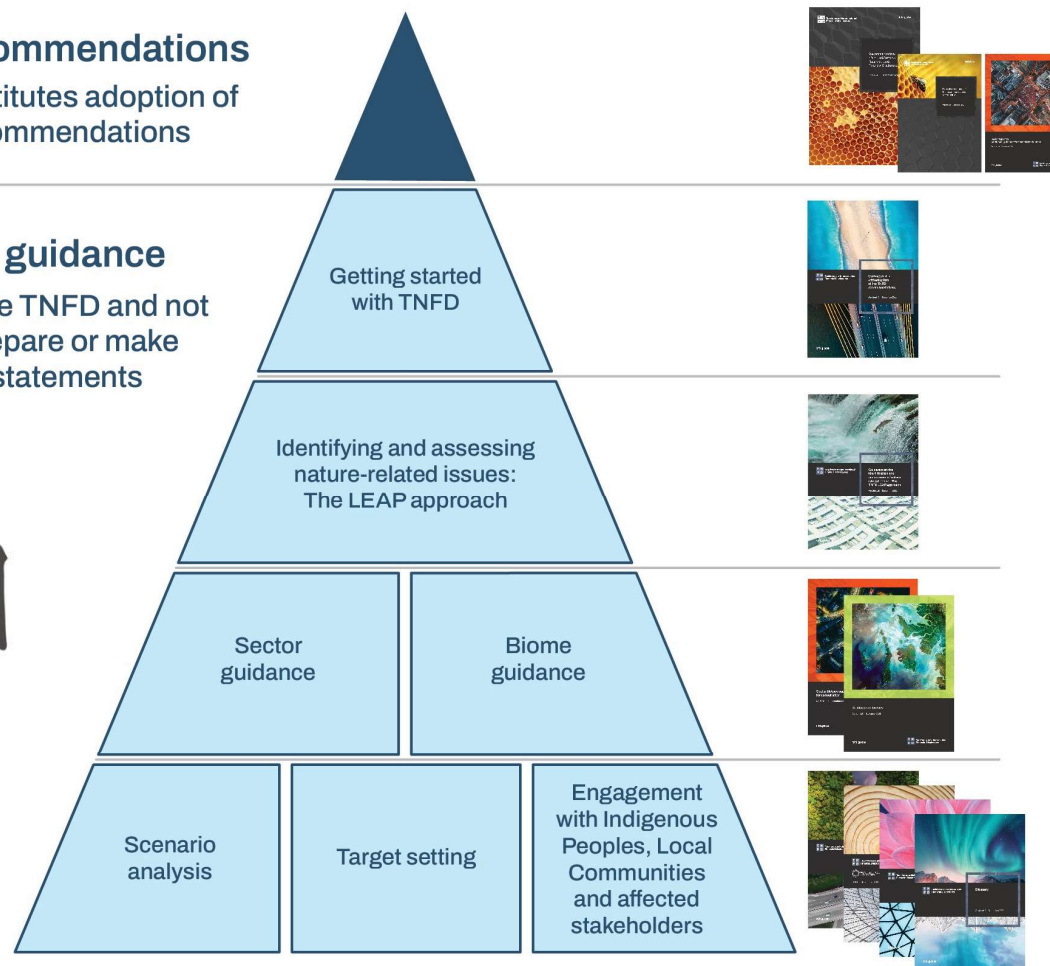
The TNFD Recommendations

Use of which constitutes adoption of the TNFD Recommendations

Additional guidance

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

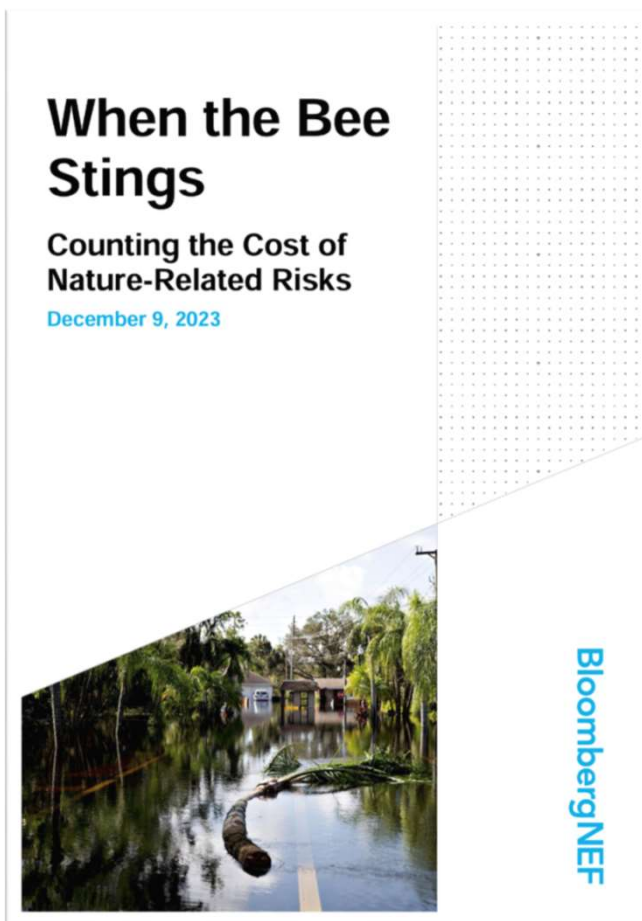
These materials and more available on the [TNFD website](https://www.tnfd.global/)



Nature risk is financial risk: Case studies & examples

“As central banks and supervisors, we have every reason to be concerned because **it’s an illusion to think we can preserve financial stability if this (nature) degradation continues.**”

*Klaas Knot, DNB and FSB Chair
7 September 2023*



10 case studies across sectors and geographies, with **US\$83.2 billion in total** financial impact

- Quantified financial risks – market cap, credit ratings, revenues, capex
- Reputation and litigation risks
- CEO tenure and director liability

Why now? Investors are seeking more information

“

As a long-term financial investor, we may be exposed to portfolio risks and lost investment opportunities as biodiversity and ecosystems becomes degraded. The fund holds a diversified portfolio across industries and markets, and over time externalities from unsustainable use of natural ecosystems may affect its long-term performance.



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

“

...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

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



Annual letter to company chairpersons
Mark Versey, CEO Aviva Investors

“

In our view, the final recommendations of the TNFD may prove useful to some companies as they build or improve their reporting over time. We also encourage companies to consider the disclosure metrics suggested in the TNFD final recommendations where possible and relevant to their business model or the location they operate in.



BlackRock Investment Stewardship
Global Principles 2024

“

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

Integrated Climate/Nature Approach

Four nature realms combining nature and climate with society

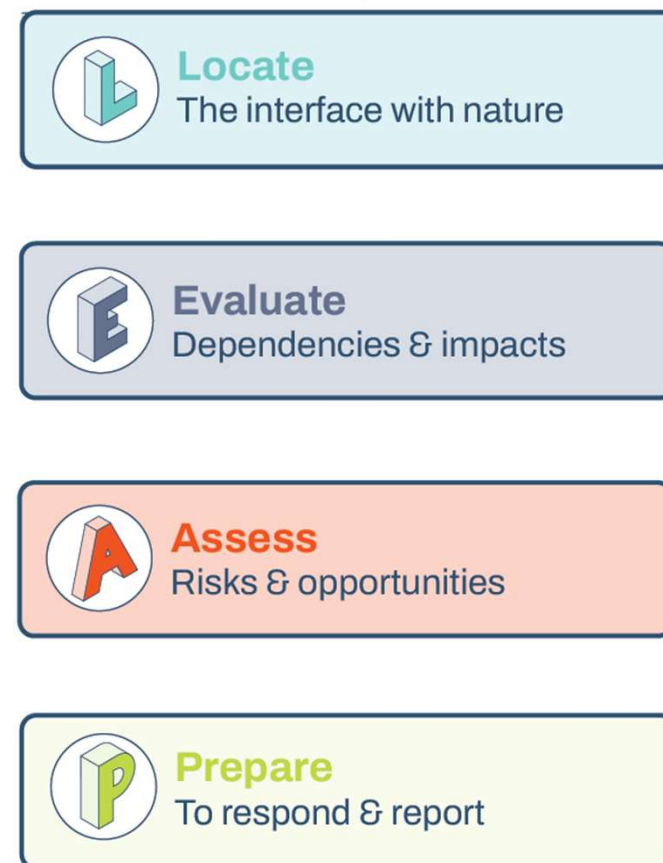
Building on the TCFD recommendations to create the final TNFD Recommendations



Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying, assessing, and managing climate-related risks.	
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	

TNFD recommended disclosures			
Governance	Strategy	Risk & Impact management	Metrics & targets
Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities.	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.	Describe the processes used by the organisation to identify, assess, prioritise and manage material 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
A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	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. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	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.	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. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.
C. Describe the organisation's human rights policies 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.	C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.
	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.	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.	

Our Approach: Building on existing frameworks, tools and metrics



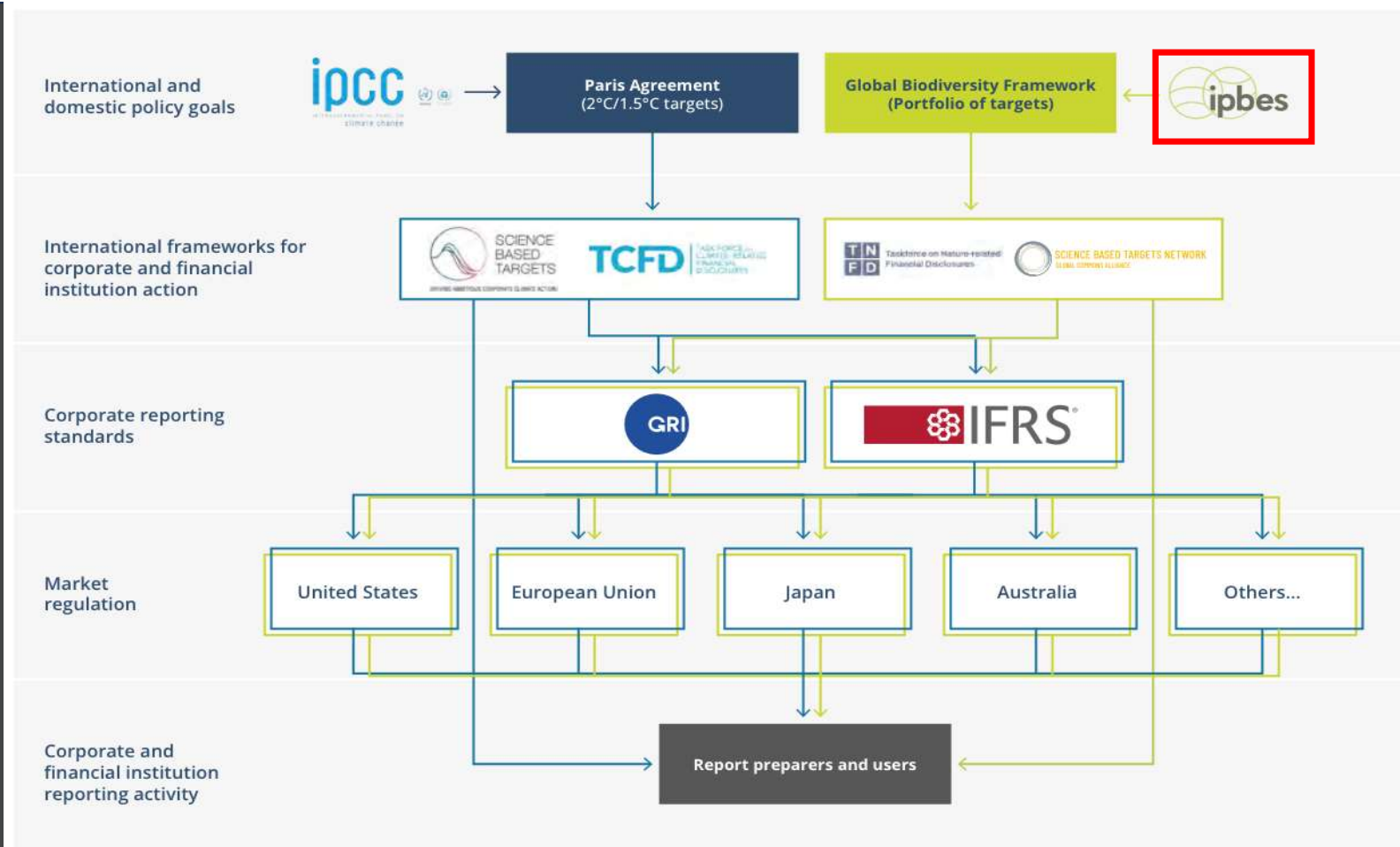
Our Approach: Aligning to global policy goals & emerging regulation

1 Companies start adopting on a voluntary basis while nature-disclosure standards develop further

2 TNFD recommendations inform further standards development and regulatory developments

3 A number of these standards/frameworks, incl. ISSB, ESRS* and TNFD ask for

*European Sustainability Reporting Standards



TNFD Adopters

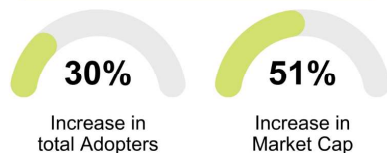
As of 30 June 2024



Total Adopters

416

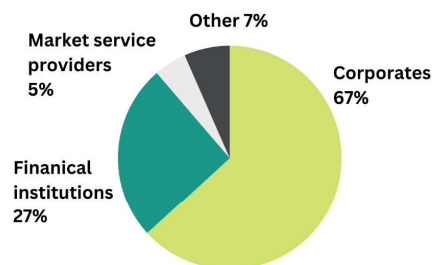
Increase since Davos



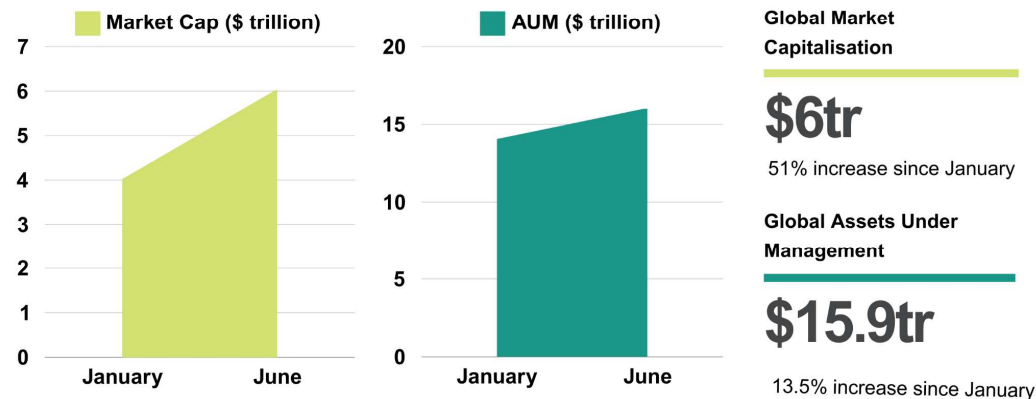
Total market breakdown



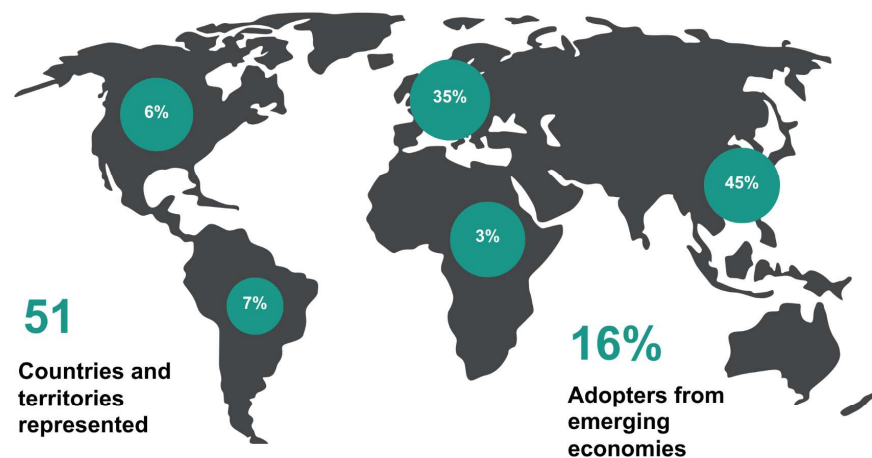
Total Adopters by organisation type



Global Market Capitalisation and Assets Under Management

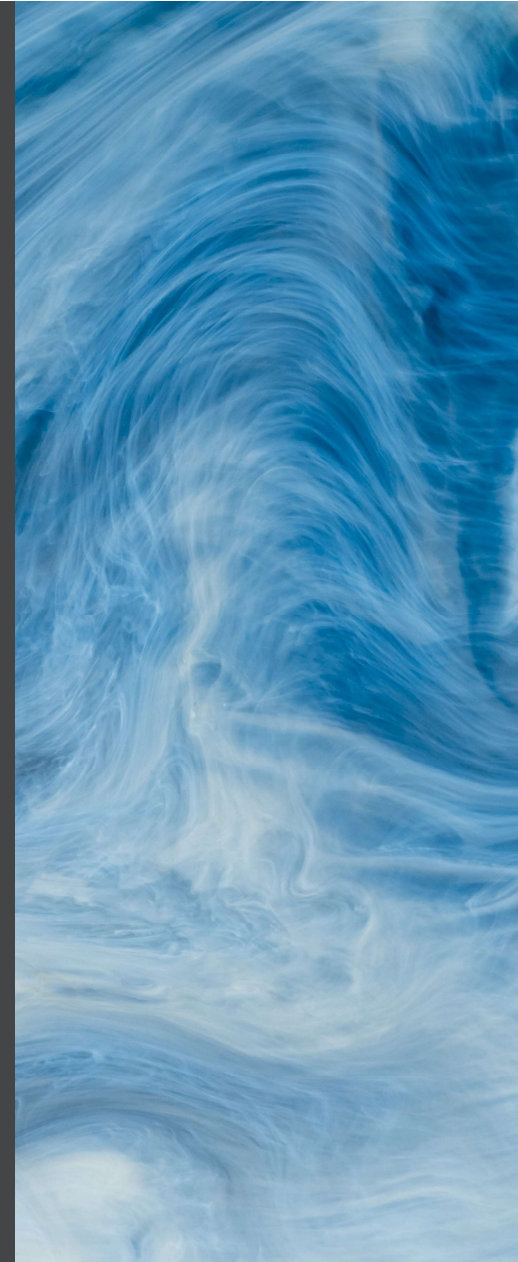


Regional breakdown



What's next for TNFD

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



The TNFD Forum

A global multi-disciplinary consultative group aligned with TNFD's mission and principles.



Keep up to date on TNFD's work: Exclusive newsletter, regular webinars



Learn and build capacity: Regular webinars with expert speakers



Contribute to further development of TNFD guidance: Input via surveys, focus groups & other activities



Signal support to the ongoing work of TNFD



Free and open to a broad range of institutional types

At a glance

[Explore all Forum Members](#)

1,517
Forum Members

69
Countries and territories represented

87
Sectors represented

<https://tnfd.global/engage/tnfd-forum/>

Watch on demand



TNFD reporting in action – Insights from Corporates.

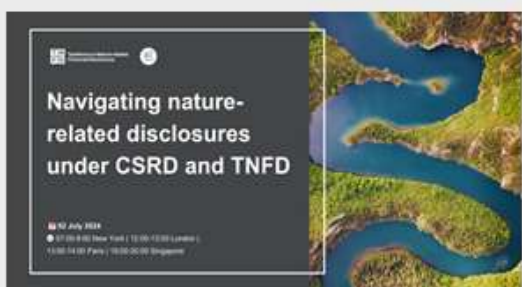
Hundreds of companies have already [become TNFD Adopters](#) with [many already publishing TNFD-aligned reports](#).

In this webinar, we are joined by organisations that have published TNFD-aligned reports to share their unique insights and experiences.



TNFD reporting in action – Insights from the Asset Management Industry

Representing four asset managers, panelists share their experiences with [publishing TNFD-aligned disclosures](#), including: practical concerns associated with nature reporting, the internal motivations and resourcing needed, insights into obstacles and how they surpassed those, and the benefits of starting now.



Navigating nature-related disclosures under CSRD and TNFD

After TNFD and EFRAG [jointly published a correspondence mapping](#) between the ESRS Standards and the TNFD Disclosure Recommendations this webinar aims to help companies preparing to report under the CSRD providing guidance on how companies can approach these mandatory reporting rules using the TNFD recommendations.

How often do we hear "there is not enough data to assess nature risk"?

**Locate**

The interface with nature

**Evaluate**

Dependencies & impacts

**Assess**

Risks & opportunities

**Prepare**

To respond & report

Thank you

Explore the TNFD Recommendations
and guidance



My contact details:

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