



# TNFD REPORTING

A FUTUREPLUS GUIDE



## + INTRODUCTION

Nature provides people, society and businesses with fundamental resources such as water, forests and grasslands. With the increasing loss of biodiversity and ecosystems around the globe, nature loss is becoming a risk to businesses and wider society. Alongside climate change, biodiversity is now recognised by Governments and global institutions as a systemic risk, with over 190 countries now signed up to the Global Biodiversity Framework to reverse nature loss.

The [Taskforce for Nature-Related Financial Disclosures \(TNFD\)](#) aims to help organisations of all sizes, sectors and geographies manage these risks and achieve positive outcomes for nature. The TNFD launched in September 2023 and its main goal is to support a shift in global capital flows away from nature-negative outcomes towards nature-positive outcomes. At this stage, the TNFD will not be a legislative or regulatory requirement for organisations, but is intended to be a voluntary and market-led initiative.

Building on the Taskforce on Climate-Related Financial Disclosures (TCFD), the TNFD provides a disclosure framework on how organisations can address environmental risks and opportunities related to biodiversity loss and ecosystem degradation. Through improved [data collection and information](#), organisations will be able to integrate nature-related risks into decision-making processes. The TNFD proposal outlines:

- Six general requirements.
- 14 recommended disclosures that are grouped by: Governance, Strategy, Risk and Impact Measurement, and Metrics and Targets.
- A range of guidance to assess and manage nature-related risks,

The Taskforce is cross-sectoral, led by 40 senior executives from across corporations and financial institutions and supported by the G7 and other international bodies.

While the TNFD is currently intended to be a voluntary framework, there have been calls to make reporting mandatory. Public commentary suggests that in the future, the TNFD will eventually become a legislative or regulatory requirement as with the TCFD.



## + THE FOUR NATURE-RELATED ISSUES

The term 'nature-related issues' refers to four core concepts for understanding interactions between businesses and nature, and is used as a collective term throughout this document:

- **Risks:** potential threats to an organisation based on dependencies/impacts on nature.
- **Opportunities:** strategic transformation to create opportunities to reverse nature-loss.
- **Dependencies:** aspects of nature that an organisation relies on to function.
- **Impacts:** changes to nature (can be positive or negative).

## + THE CORE ELEMENTS

The TNFD disclosure recommendations mirror the TCFD, structured around the same four thematic areas that represent core elements of how companies operate:



### **Governance**

An organisation's governance around nature-related risks, opportunities, dependencies and impacts.

### **Strategy**

The actual and potential impacts of nature-related risks and opportunities on an organisation's businesses, strategy and financial planning.

### **Risk and Impact Management**

The processes that outline how an organisation identifies, assesses and manages nature-related risks and opportunities.

### **Metrics & Targets**

The metrics and targets used to assess and manage relevant nature-related risks and opportunities.

The four core elements of the TNFD are supported by:

- Six general requirements that cut across the core elements of: Governance, Strategy, Risk and Impact Measurement, and Metrics and Targets (the same core elements of the TCFD).
- 14 recommended disclosures that are also grouped by the four core elements: Governance, Strategy, Risk and Impact Measurement, and Metrics and Targets.

The six general requirements and 14 recommended disclosures currently represent the information that organisations should include in financial and other reports, to provide decision-useful information to investors and others on the nature-related impacts of organisations.



## **+** SIX GENERAL REQUIREMENTS

The TNFD requires participating organisations to report risks and opportunities from biodiversity loss and ecosystem degradation. There are currently six proposed general requirements that are designed to ensure expectations are aligned for all users and those preparing reports for organisations:

- 1. Approach to materiality:** Your organisation should set out its approach to materiality (the approach to the issues of most impact and significance and that influence the decisions of stakeholders). This should align with external standards or regulatory requirements, where appropriate.
- 2. Scope of disclosures:** Your organisation should describe the scope of its disclosures, including the coverage of the business and value chain and any future changes to scope.
- 3. Location:** Your organisation should consider the specific locations where it interfaces and interacts with nature.
- 4. Time horizons considered:** Your organisation should describe what it considers to be the relevant short, medium and long term time horizons, considering the useful life of assets or infrastructure and the fact that nature-related issues often manifest themselves over the medium and long term.
- 5. Integration with other sustainability issues:** TNFD's should consider and be integrated with other sustainability-related disclosures, where appropriate (such as with the TCFD). Organisations should take alignment, contributions and trade-offs into consideration when integrating with other disclosures.
- 6. Stakeholder engagement:** Your organisation should consider stakeholder engagement, particularly with local communities and indigenous peoples, across the TNFD disclosures.



## + 14 RECOMMENDED DISCLOSURES

There are currently 14 recommended disclosures based on the TNFD's consultation papers and framework, with each falling under one of the four core elements. It is intended that organisations should include these disclosures in their financial filings and reporting.

### Governance

- a) Describe the board's oversight of nature-related issues.
- b) Describe management's role in assessing and managing nature-related issues.
- c) Describe your 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, nature-related issues.

### Strategy

- a) Describe the nature-related issues that your organisation has identified over the short, medium & long term.
- b) Describe the effect that nature-related issues have had on your organisation's businesses, strategy and financial planning.
- c) Describe the resilience of your organisation's strategy, to nature-related issues, taking into account different scenarios.
- d) Disclose the locations where there are assets and activities in your organisation's direct operations (upstream, downstream or financed) that are in priority areas.

### Risk and Impact Management

- a) Describe the process for identifying and assessing nature-related issues in your organisation's direct operations.
- b) Describe your organisation's processes for identifying nature-related issues in its upstream and downstream value chains, and finances activities and assets.
- c) Describe your organisation's processes for managing nature-related issues and actions taken in light of these processes.
- d) Describe how processes for identifying, assessing and managing nature-related risks are integrated into your organization's overall risk management.

### Metrics & Targets

- a) Disclose the metrics used by your organisation to assess nature-related issues and opportunities in line with your 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 used by your organisation to manage nature-related issues and performance against these targets.



## + GUIDANCE TO ASSESS AND MANAGE NATURE-RELATED ISSUES

TNFD has developed voluntary guidance to help organisations through the assessment and management of nature-related issues. LEAP provides a structured approach to identify nature-related issues, recognising that an organisation's impacts on nature are location-specific.

1. **Locate** your organisation's interface/s with nature
2. **Evaluate** your dependencies and impacts
3. **Assess** your risks and opportunities
4. **Prepare** to respond to nature-related risks and opportunities, and report.

[The LEAP approach](#) is designed to be embedded within an organisation's risk management and portfolio management processes. At this stage, LEAP is not intended to be mandated as part of the TNFD disclosures, but it provides a useful starting point to help organisations prepare for their disclosures.

A range of other guidance has also been developed by the Taskforce that provide context, considerations and suggestions for implementing the recommended disclosures. This includes sector-specific guidance such as for those organisations specifically working in aquatic or forest biomes and has been released along with the final framework in September 2023.

## + NATURE-RELATED RISKS, OPPORTUNITIES & IMPACTS

Better disclosure of the impacts of nature-related issues by organisations is a key goal of the TNFD. In order to make more informed financial and business decisions, organisations need to understand how nature-related risks and opportunities are likely to impact their future operations. The TNFD also hopes to provide a framework to increase nature-related disclosure ambition of organisations over time, improving the overall governance, risk management and strategy of organisations. Ultimately, it is hoped that the TNFD will support a global shift towards nature-positive outcomes that prevent the loss of biodiversity and ecosystems around the world.



## **+ BECOMING A TNFD ADOPTER**

TNFD Adopters are organisations who intend to start making disclosures in their corporate reporting that align with the TNFD recommendations.

Companies and financial institutions wishing to be part of the inaugural cohort of TNFD Adopters are invited to signal their intention to start adopting the recommended disclosures in one of two timeframes:

1. “Our organisation intends to publish its first TNFD-aligned disclosures alongside financial statements as part of the same reporting package for our financial year 2024 (or earlier) outcomes.”
2. “Our organisation intends to publish its first TNFD-aligned disclosures alongside financial statements as part of the same reporting package for our financial year 2025 outcomes.”

Organisations ready to start adopting the TNFD Recommendations can register as TNFD Adopters by completing this [form](#). To be included as a TNFD Early Adopter, organisations need to complete the form by 10th January 2024.

## **+ NEED MORE HELP?**

There are a number of ways in which we can help you with the TNFD following its September 2023 release, including:

- Client Advisor support to run you through how you can apply this to your business.
- TNFD workshops for the relevant stakeholders in your business.
- Creating a strategy for your business to comply and report on TNFD.

Please contact the FuturePlus team if you'd like to find out more: [team@future-plus.co.uk](mailto:team@future-plus.co.uk)