

Institute Disclosure Briefing Series

# Prepare to LEAP:

Updates to the TNFD framework  
and planning for the future





# Contents

Executive Summary	page 3
<hr/>	
1. Introduction	page 6
1.1 What is TNFD?	6
<hr/>	
2. TNFD connects government policy and private sector nature action	page 7
2.1 TNFD and the Global Biodiversity Framework are joined at the hip	7
2.2 Regulators and ESG standards are integrating TNFD content	7
2.3 TNFD will boost nature-positive investment flows and influence future ESG reporting	8
<hr/>	
3. What's new in TNFD v0.4?	page 9
3.1 Key updates in v0.4	10
3.2 Key updates expected in v1.0	15
<hr/>	
4. How to prepare for the final release of TNFD	page 16
<hr/>	
5. Planning for the long-term: Evolve and iterate	page 18
<hr/>	
Endnotes	page 18
<hr/>	
About and Acknowledgements	page 19
<hr/>	

# Executive Summary

Is your organization ready for the big bang in corporate-level nature-related risk management and disclosure arriving this year? The numbers say most companies are not; according to the 2022 Nature Benchmark, just 14 percent of companies disclose which of their business locations operate near sensitive ecosystems and only seven percent reveal where their operations interface with species close to extinction.<sup>1</sup> Consequently, the level of nature-related risks or opportunities companies face, let alone their operations' impact on natural surroundings, are mostly unknown. This report explores the nature-related landscape with a focus on the TNFD; and it is the first in the Institute's briefing series with briefings on the CSRD and SEC to follow.

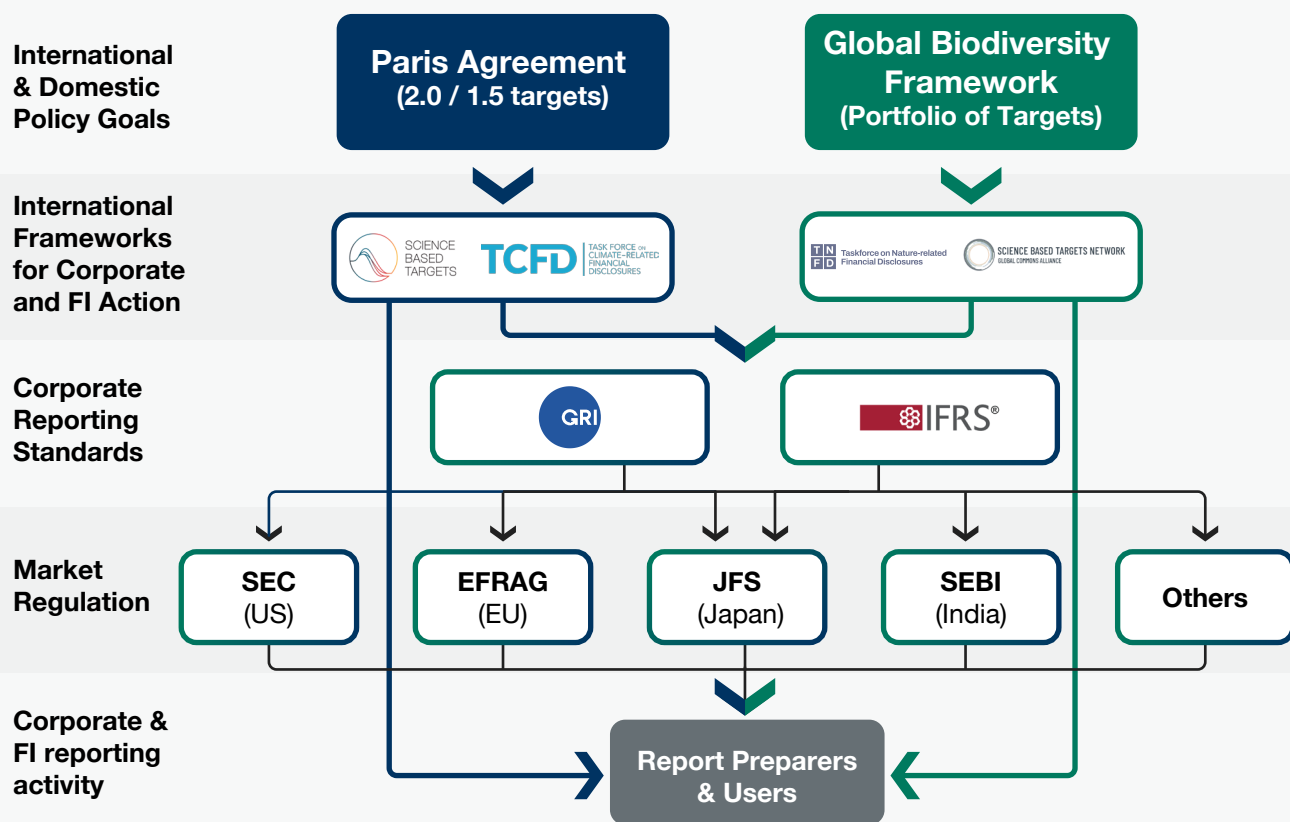
This is likely to drastically change as the Taskforce on Nature-related Financial Disclosures (TNFD) continues to develop its framework for final release in September. The TNFD framework is expected to become the gold standard for risk management and reporting on the financial consequences of companies' impacts and dependencies on nature, just like its cousin, the Task Force on Climate-Related Financial Disclosures (TCFD), has done for climate. It is also already being integrated into broad international ESG standards, like GRI and ISSB, which in turn are shaping the wave of mandatory ESG disclosures regulators worldwide plan to roll out this year.

The fourth draft version of the TNFD (TNFD v0.4) released in March 2023 provides a completed draft of the risk management and disclosure framework. Feedback from market participants has supported the three proposed core elements of the framework, namely:

- The core concepts and definitions of nature.
- The risk and opportunity assessment approach (LEAP).
- The disclosure recommendations.



**Figure 1:**  
Current Ecosystem of ESG Standards<sup>2</sup>



Source: Taskforce on Nature-related Financial Disclosures

**The key updates within v0.4 that are explored in this briefing are as follows:**

- Clear and complete draft recommended disclosures and six general disclosure requirements.
- Updates to guidance for LEAP (nature risk assessment) approach for corporate scoping, locate phases, stakeholder engagement, and risk assessment methods.
- Updates to the core concepts and definitions.
- Updates to guidance on target setting in line with the Science Based Targets Network (SBTN).
- Additional guidance on assessment and disclosure metrics to include “core” and “additional” metrics.
- Introduction of a nature-related scenario analysis toolkit for business strategy and financial planning.
- Additional guidance on specific biomes and sectors.

## How to prepare for the final release of TNFD

The current avalanche of reporting and disclosure demands may seem overwhelming, and few organizations have reporting systems designed to meet the nature-related disclosure requirements that are now rapidly approaching. There is still time to prepare, but organizations must start now. Below are a few steps organizations should take to prepare for TNFD's launch in September:

### 1 Build nature literacy among executive leadership

Executive leadership must understand nature and its role in business so that it can embed nature into their organization's purpose, strategy, and decision-making. Essential to this understanding is a comprehension of core nature-related terms and concepts as they relate to impacts, dependencies, risks, and opportunities.

### 2 Take stock of existing nature-related business activities

Businesses should review their existing nature-related policies, strategies, and public pledges to take stock of how achievable these plans are, how well they align with the Global Biodiversity Framework, and where there are win-win-win opportunities for nature, climate, and wider sustainability topics.

### 3 Utilize LEAP and contribute toward nature positive

Nature positive, or a future state of nature that is greater than the current state, is a concept viewed as the nature-equivalent of net zero emissions. Businesses can prepare to contribute toward nature positive by using the LEAP approach to identify material nature issues and prioritize the direction of their nature positive strategy.

### 4 Establish governance

Businesses should map existing governance structures surrounding sustainability issues such as climate at both the management- and board-level and leverage these structures as a starting point for nature-related risk and opportunity management. Integrated climate and nature governance will be essential for an informed enterprise risk management approach and wider board-level decision making.

### 5 Collaborate

Collaboration across industry peers, supply chain partners, local communities (including rights holders), and NGOs will be critical for understanding a company's nature-related risks and opportunities and designing effective management practices. Many material nature risks lie within supply chains; as such, engagement with supply chain partners will be key for heightened traceability and enhanced visibility of risks. Collaboration with local communities and Indigenous people will also be imperative for delivering multidimensional positive impacts for climate, nature, and society.

# 1. Introduction



If your organization interacts with nature, global supply chains, and the global financial system, then the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) will likely apply to you as of September 2023.

Organizations of all sizes should start to prepare for the ramifications of the TNFD framework as soon as possible if they have not already. This briefing explains what TNFD is and why it is significant, what contents can be expected in its final draft release, and what companies should do now to prepare for its launch in September. Also, it is the first in the Institute’s briefing series with briefings on the CSRD and SEC to follow.

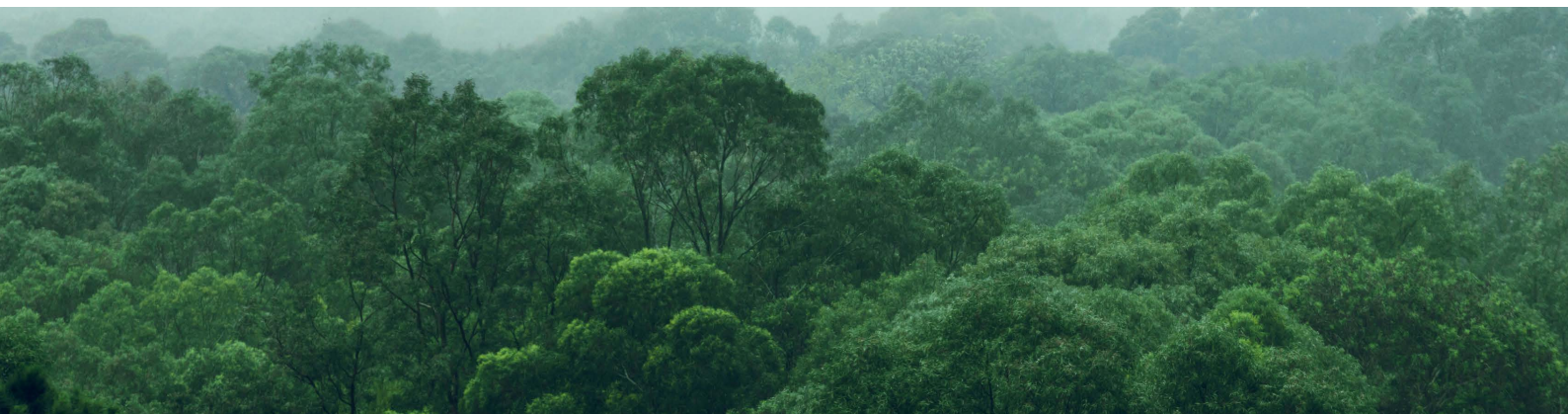
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## 1.1 What is TNFD?

The Taskforce on Nature-related Financial Disclosures (TNFD) sets out how global companies should factor nature into their business and investment activities. It will drive comprehensive reporting on nature-related financial impacts, transform nature-risk management, and direct investment into the restoration of nature. It responds to the demands of both investors and society for decision-useful information on how business enterprises impact nature. Through disclosure, the full impact of an enterprise can be evaluated and compared to other businesses and sectors. The process will also provide information to inform decision-making by a company’s

management, its investors, lenders, insurers, and other stakeholders. Ultimately, the goal is to direct financial flows to activities that contribute to the protection and restoration of nature while generating economic returns.

A full draft of the framework (beta version 0.4) was released at the end of March and is undergoing a 60-day consultation until June 1, 2023. Consultation comments will be integrated into v1.0 of the framework, which will be formally launched in September 2023. The TNFD has secured a funding commitment to enable further iterations of the framework and build market capacity and skills through 2029, providing further certainty that TNFD is here to stay.



## 2. TNFD connects government policy and private sector nature action

The TNFD connects the foundations of global nature policy with private investment and action. It does so in three ways:

- Underpinning, in part, the application of the Global Biodiversity Framework to the extent that it applies to the private sector.
- Being adopted by sustainability reporting bodies as the common global architecture for nature-related disclosures.
- Being integrated into the activities of financial institutions as they anticipate the transition towards a nature-positive economy and into the ESG strategy of corporates.

### 2.1 TNFD and the Global Biodiversity Framework are joined at the hip

Last December, governmental negotiators at COP15 in Montreal reached a landmark agreement: conservation of 30 percent of earth's ecosystems by 2030. They also agreed on a Global Biodiversity Framework (GBF) with 23 more specific targets to achieve this goal. The TNFD will be instrumental in measuring progress on these targets within the private sector.

Three of the GBF's 23 targets are directly related to private sector activities:

- **Target 14** - integrate biodiversity targets into business strategy and financial flows.
- **Target 15** - encourage businesses to disclose their risks, impacts, and dependencies on biodiversity within their operations, supply and value chains, and portfolios.

- **Target 19** - leverage private finance investment in biodiversity.

While the GBF references TNFD as an indicator to measure progress on Target 15, the components of the TNFD will be crucial to the delivery of all three targets as both biodiversity targets and investment activities are within the scope of TNFD's disclosure recommendations.

### 2.2 Regulators and ESG standards are integrating TNFD content

Regarding global sustainability reporting, leading standard setters and regulators are collaborating with the TNFD to align approaches to nature-related disclosures. This sets up TNFD as the worldwide reference in the same way that TCFD is for climate-related disclosures. Global standards organizations, such as the ISSB and GRI, and regulators like EFRAG (EU) and the SEC (USA), are working to incorporate TNFD within their requirements. At the same time, TNFD is working to align with the Science Based Targets Network (SBTN) and includes the Natural Capital Protocol as part of its approach. Consequently, if you intend to assess your nature-related risks or disclose them, TNFD is the approach.

## 2.3 TNFD will boost nature-positive investment flows and influence future ESG reporting

Both investors and corporates are gravitating towards TNFD as the gold standard for nature-related reporting. The TNFD Forum, a consultation group giving feedback on drafts of the TNFD, now comprises 1,000 institutional members and includes a design team representing 70 percent of global systemically important banks. The geography of membership continues to expand, with an Association of Southeast Asian Nations (ASEAN)-focused consultation group being established this year.

Perhaps most powerfully, the investment community is showing widespread support for TNFD. Financial institutions are actively engaging with real economy companies to understand how they are aligning with the new Global Biodiversity Framework and preparing for nature-related disclosures. A case in point is Aviva Investors, which announced in February that it expects all companies to immediately start working through the framework's process and begin reporting against the TNFD framework in September.

Companies may be a bit slower to embrace TNFD, but momentum is starting to build. The WBCSD and some of its member companies are six months into piloting the TNFD framework and developing actions to help get ready for disclosure. TNFD pilots are also underway in other key industry organizations, including the International Council on Mining and Metals (ICMM), Global Canopy, the United Nations Environment Programme Finance Initiative (UNEP FI), the International Petroleum Industry Environmental Conservation Association (IPEICA), and several individual companies testing the framework of their own volition.





# 3. What's new in TNFD v0.4?

The TNFD v0.4 includes the first full representation of the framework. Feedback from market participants has largely supported the three proposed core elements of the framework, namely:

- The core concepts and definitions of nature.
- The risk and opportunity assessment approach (LEAP).
- The disclosure recommendations.

These core components and the overall structure remain consistent with previous beta releases, with additional and adapted content described in Figure 1. The updates are based on research and development by the Taskforce through working groups, knowledge partners, pilot testers, and feedback from market participants. Section 3.1 highlights and elaborates on some of the key updates described in Figure 2.

**Figure 2:**  
Summary of Key Updates to TNFD v0.4<sup>2</sup>



Source: Taskforce on Nature-related Financial Disclosures

## 3.1 Key updates in v0.4

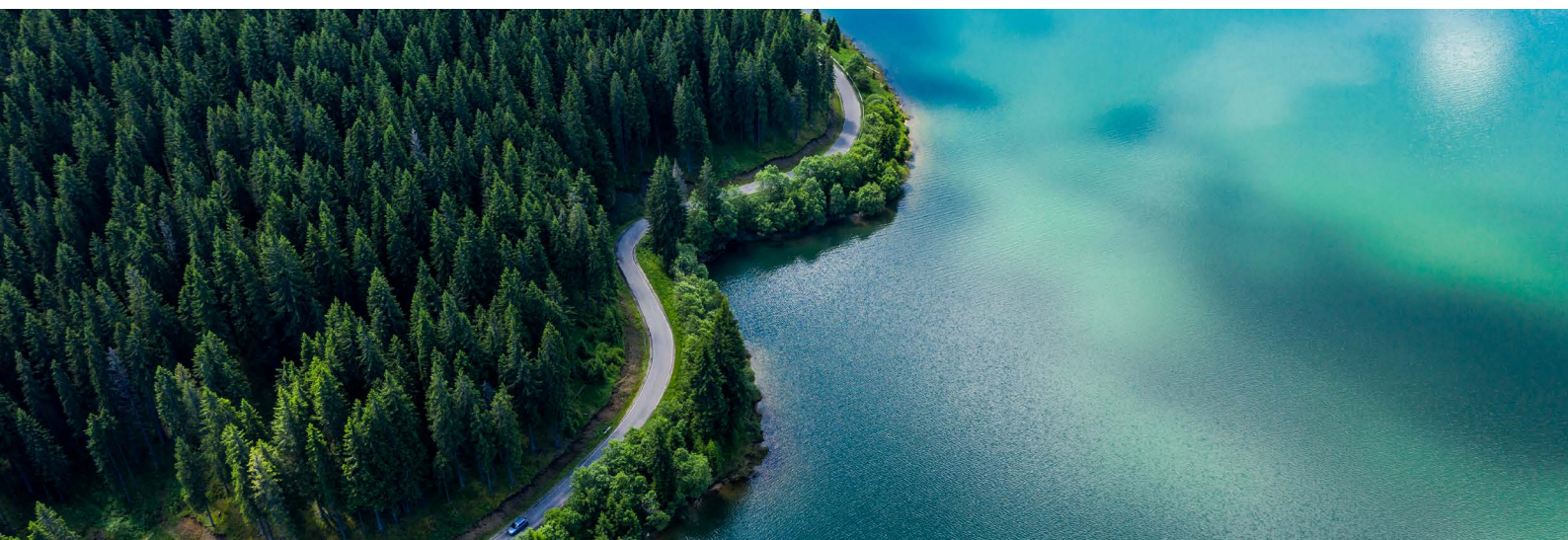
### 1. Clear and complete draft recommended disclosures and six general disclosure requirements.

**Purpose:** The TNFD's disclosure recommendations have been designed to enable integrated sustainability disclosures over time, covering both climate and nature, in line with approaching ISSB and GRI standards and government regulations.

**Disclosure recommendations:** In v0.4, the Taskforce has provided a complete draft of recommended disclosures, streamlined from the 15 in v0.3 to 14 in this final draft (Figure 3). The four pillars of TCFD recommendations (i.e., Governance, Strategy, Risk Management, and Metrics and Targets) have been maintained, with Impact Management incorporated into Risk Management. This revised language is proposed by the TNFD to enable disclosure of nature-related dependencies and impacts alongside nature-related risks and opportunities. The approach to Scope 1, 2, and 3 climate reporting has been adapted so that Scope 1 is direct operations and Scope 3 is upstream, downstream, and financed (only for financial institutions). Scope 2 was determined not applicable.

**General requirements:** To align expectations across report preparers and users on what alignment with the TNFD looks like, the Taskforce developed six general requirements within v0.4, which include:

1. Disclose its approach to materiality (aligning with external standards or regulatory requirements, where appropriate) to inform the context of the information being presented.
2. Describe the scope of disclosures, in terms of coverage of business and value chain, what elements of the framework have been disclosed against, and plans to extend this scope.
3. Identify nature-related risks and opportunities based on an assessment of impacts and dependencies on nature.
4. Consider specific locations of its interface with nature as integral to the assessment.
5. Nature-related disclosures should be integrated, where possible, with other sustainability-related disclosures, with clear identification of alignment, contributions, and potential trade-offs.
6. Take into account stakeholder engagement across disclosures.



**Figure 3:**  
Disclosure recommendations of the TNFD<sup>2</sup>

TNFD Nature-related Disclosure Recommendations (v0.4)			
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><b>Recommended Disclosures</b></p> <p><b>A.</b> Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.</p> <p><b>B.</b> Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.</p>	<p><b>Recommended Disclosures</b></p> <p><b>A.</b> Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p><b>B.</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><b>C.</b> Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.</p> <p><b>D.</b> 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 priority areas.</p>	<p><b>Recommended Disclosures</b></p> <p><b>A. (i)</b> Describe the organisation's processes for identifying and assessing nature-related dependencies, impacts, risks and opportunities in its direct operations.</p> <p><b>A. (ii)</b> 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.</p> <p><b>B.</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><b>C.</b> Describe how processes for identifying, assessing and managing nature-related risks are integrated into the organisation's overall risk management.</p> <p><b>D.</b> 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><b>Recommended Disclosures</b></p> <p><b>A.</b> 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>B.</b> Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</p> <p><b>C.</b> Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>

Source: Taskforce on Nature-related Financial Disclosures

## 2. Updated guidance for LEAP Approach for corporate scoping, locate phases, stakeholder engagement, and risk assessment methods.

**Purpose:** The LEAP (Locate, Evaluate, Assess, Prepare) approach to Risk and Opportunity Assessment is at the heart of the TNFD, providing a structured approach to manage the risks and opportunities that are presented by location-specific nature-related impacts and dependencies.

**Visualization and emphasis:** TNFD's v0.4 of the approach provides updated scoping steps for corporations alongside those for financial institutions around "Type of Organization," "Entry Points," and "Type of Analysis." The visualization of the LEAP approach has been amended to a) present stakeholder engagement above the steps of LEAP, representing its relative importance and the recognition that people are part of nature,

and to b) present Locate and Evaluate as iterative steps through arrows (Figure 4). Guidance has been developed on best practice engagement with affected stakeholders.

**LEAP steps:** Within the LEAP steps, the criteria for priority location screening under Locate have been adapted in v0.4 to incorporate considerations of where companies have potentially significant impacts and dependencies. Within Assess, the Taskforce has provided guidance on three risk assessment and quantification methods: heat mapping, asset tagging, and scenario-based risk assessment method. Figure 4 illustrates the sequential use of these methods. Under Prepare, the Taskforce has provided guidance on metrics to assess responses to nature-related dependencies, impacts, risks, and opportunities, in line with the SBTN's mitigation hierarchy framework (AR3T) to sequentially Avoid, Reduce, Restore and Regenerate, and Transform.

**Figure 4:**  
v0.4 LEAP Approach<sup>2</sup>

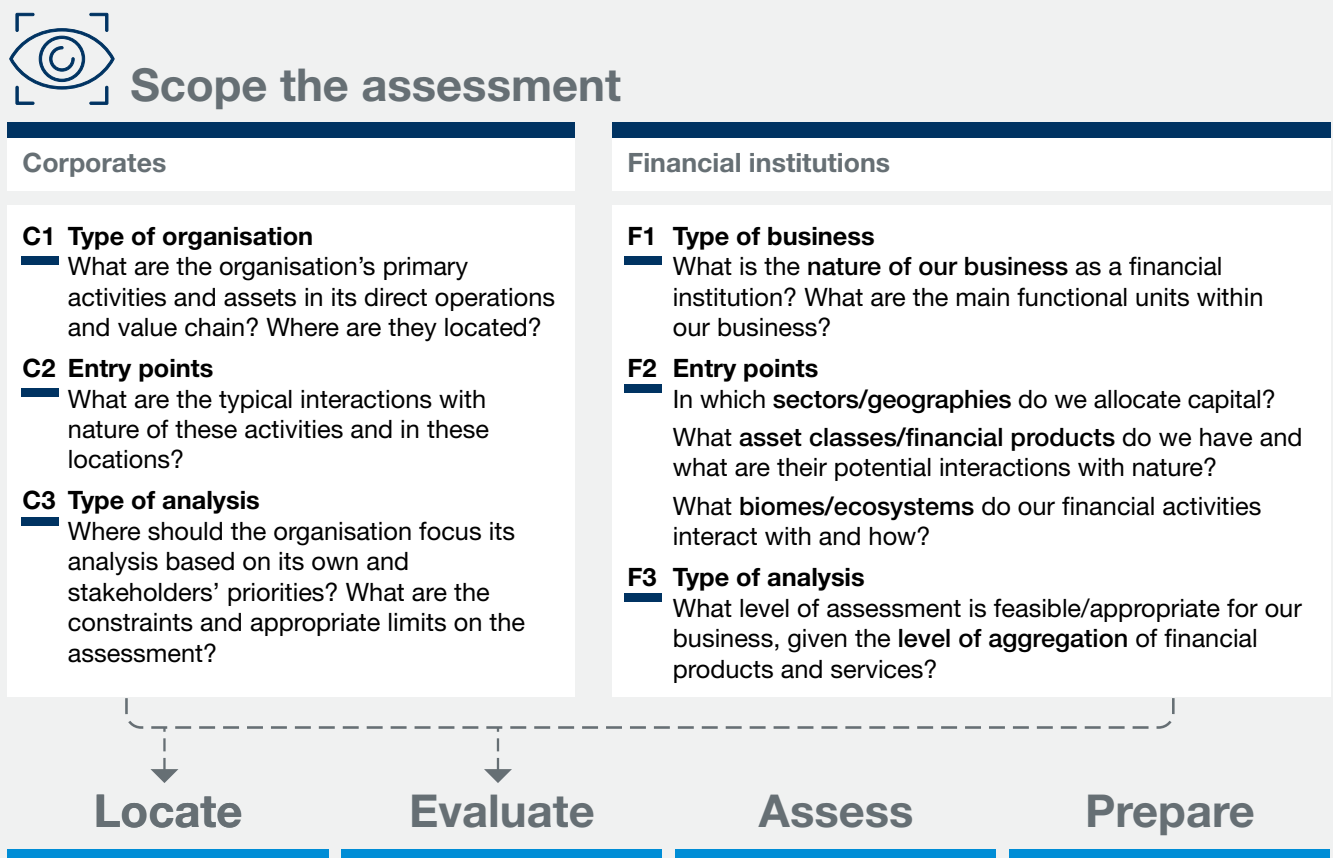
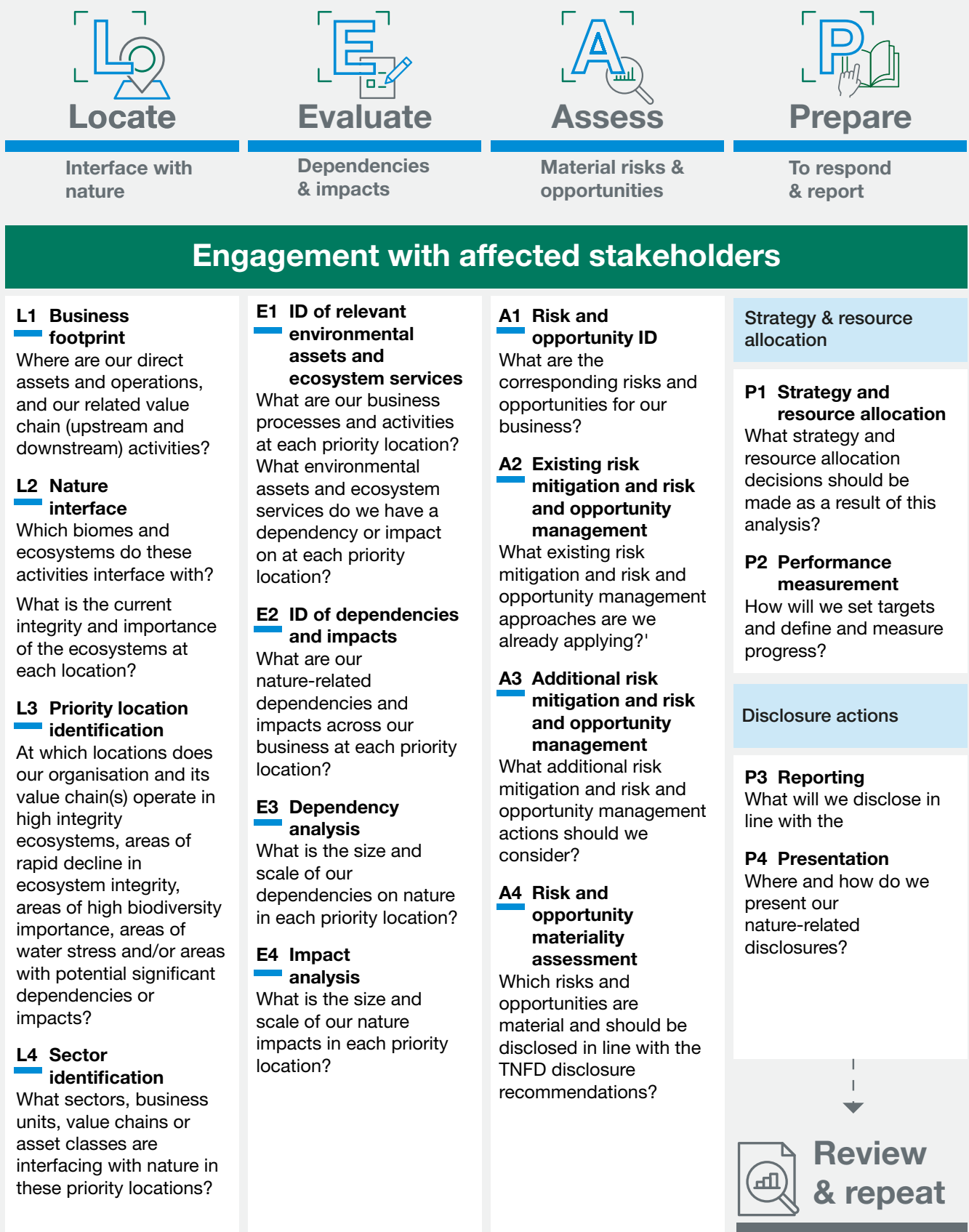


Figure 4 (continued):



Source: Taskforce on Nature-related Financial Disclosures

### 3. Core Concepts and Definitions.

**Purpose:** Noting the need to inform corporate entities with a globally standardized set of technical nature-related terms, the TNFD Framework includes a register of Core Concepts and Definitions.

**Updated concepts and definitions:** In v0.4, the Taskforce focused on developing key concepts for sector- and biome-specific additional guidance and adding and updating definitions that relate to new content in the v0.4 release, particularly disclosure metrics and sector and biome guidance.

### 4. Updated Guidance on Target Setting in line with SBTN.

**Purpose:** The Taskforce's guidance on target setting is designed to support organizations to undertake component P2 (Performance Measurement) of the LEAP approach and recommended disclosure Metrics and Target C (Targets and Goals).

**Targets:** As in v0.3, the Taskforce recommends that companies use the SBTN framework when setting targets within the Prepare phase of LEAP. The TNFD's updated draft guidance in v0.4 on target setting (TNFD Annex 4.8) provides:

- A discussion on considerations for target setting for nature.
- Target design features that can ensure that an organization's targets support their wider impact and risk management objectives.
- Example targets that align with TNFD metrics and the Kunming-Montreal Global Biodiversity Framework (GBF).

### 5. Updated Guidance on Assessment and Disclosure Metrics to include core and additional metrics.

**Purpose:** The Taskforce's guidance on assessment and disclosure metrics setting is designed to support organizations to undertake component P2 (Performance Measurement) of the LEAP approach and recommended disclosure Metrics and Target B (Metrics).

**Metrics:** As in v0.3, the Taskforce distinguishes between assessment metrics, used to inform the assessment (linked with phases of LEAP), and disclosure metrics, to be published on a comply or explain basis. v0.4 evolves the TNFD's disclosure metrics architecture to propose metrics for all nature-related issues (i.e., dependencies, impacts, risks, and opportunities metrics) and an organization's response to these (i.e., response metrics; TNFD Annex 4.7). These metrics are grouped under:

- A small set of "core metrics," which include "core global metrics" that cover all sectors and "core sector metrics" that are sector-specific.
- "Additional metrics" that support an organization's disclosure statement.



## 6. Introduction of a nature-related scenario analysis toolkit for business strategy and financial planning.

**Purpose:** Like the TCFD, the TNFD has adopted scenario analysis to develop and test organizational strategy under complex uncertainties. In the case of the TNFD, the critical uncertainties are around the alignment of market and non-market forces, nature loss, and our ability to adapt.

**Scenario Toolbox:** In v0.4, the Taskforce released a modular toolbox on scenario analysis that provides guidance, practical tools, templates, and methods (TNFD Annex 4.10). The Taskforce proposes constructing scenario analyses as a default around the two defined critical uncertainties, correlated with physical and transition risk and connected with climate change. The toolbox approach reflects the need for flexibility and adaptability for different organizational capacities.

## 7. Additional guidance on specific biomes and sectors.

**Purpose:** The sector-specific guidance provides considerations to be taken into account when applying the LEAP approach across all phases. The biome-specific guidance is intended for companies that produce, operate, or source in specific biomes to provide enriching detail on potential risks and opportunities for the LEAP assessment.

**Additional guidance:** Additional guidance has been provided for the application of LEAP within specific biomes (initially, tropical forests, rivers and streams, marine shelf, and intensive land use systems) and specific sectors (initially financial institutions, agriculture and food, mining and metals, and energy). In addition, two new case studies on how to apply the LEAP approach have been published in v0.4. Further guidance is also provided in the TNFD's annexes.

## 3.2 Key updates expected in v1.0

The final TNFD recommendations will be published in September 2023. We expect these to focus on:

- Additional guidance by sector and biome, including the development of core sector disclosure indicators and metrics.
- Development of case studies and use cases, including illustrative TNFD disclosures.
- Refining the beta framework based on audit and assurance considerations.
- Further development of scenario analysis guidance, particularly for its use by financial institutions.
- Determination of whether guidance is required on the design of transition plans for nature within net zero transition plans and transition plans to achieve nature positive goals and targets.
- Development of guidance on how to create nature-related disclosures that build on existing TCFD climate disclosures.

Post-publication of the final TNFD recommendations, the Taskforce has declared that it will continue to work on a number of initiatives, including:

- The scaling of voluntary market adoption of the framework.
- Engaging with government policymakers and regulators following their commitment to Target 15 of the GBF.
- Development of capability-building initiatives with partner organizations.
- Scoping the need for and the development of a global public data utility for nature-related data, to be published later in 2023.

# 4. How to prepare for the final release of TNFD

Companies are not expected to have all the answers on how to measure and manage their nature-related financial risks in line with the GBF. However, they are expected to have a plan of action. There are a number of steps that companies can take now to accelerate their contribution to nature positive once the building blocks provided by TNFD v1.0 are in place in September 2023.

## 1. Build nature literacy among executive leadership

Executive leadership has undergone a steep learning curve to understand the business risks posed by climate change. They must now pursue a similar journey with nature. Executive leadership must understand nature and its role in business in order to embed nature into their organization's purpose, strategy, and decision-making.

It is essential that executive leaders are introduced to core nature-related terms and concepts. The TNFD's definitions of nature-related impacts, dependencies, risks, and opportunities provide a comprehensive overview to enable standardized communication on nature-related topics. Leadership can then begin to set the strategy, governance, and risk processes.

## 2. Take stock of existing nature-related business activities

Businesses should review their existing nature-related policies, strategies, and public pledges to take stock of their current internal direction of travel. This is an opportunity to assess how achievable these plans are, how well they align with the GBF, and where there are win-win-win opportunities for nature, climate, and wider sustainability topics.

A strong understanding of your value chain will be essential for developing a comprehensive assessment of nature-related financial risk using the TNFD v1.0. Companies can begin developing a register of the key business activities and asset locations for their direct operations, as well as the sectors and locations of their key upstream suppliers, where possible. The more location-specific information companies have, the more accurate and informative their state of nature assessment (Locate step of the LEAP approach) and assessment of material impacts, dependencies, risks, and opportunities (Evaluate and Prepare steps of the LEAP approach) will be.

Early engagement with sustainability reporting teams, site-level managers, and key supplier contacts can help to build a centralized depository of a) data collected for country-specific regulations on biodiversity, water, climate, and pollution, b) site-level biodiversity action plans, c) targets and metrics, and d) databases and tools used. This information will be important to feed into the targets and metrics that are developed in the Prepare stage of the LEAP approach to ensure that this existing information is effectively incorporated and streamlined into the nature strategy.

## 3. Utilize LEAP and contribute toward nature

Nature positive is a high-level goal and concept describing a future state of nature (e.g., biodiversity, ecosystem services, and natural capital) that is greater than the current state. The concept is viewed as the nature-equivalent of the net zero emissions target. There is much work going into defining what nature positive will look like for businesses, broadly covering key messages of: assess and prioritize, commit, measure and value, act, transform, disclose and



report.<sup>4</sup> Even without these details finalized, companies in the European Union will be required under the CSRD ESRS E4 to show that they have a transition plan to align with the GBF and nature positive.

Early piloting of the TNFD's LEAP Approach will help your company to understand what nature issues (i.e., impacts, dependencies, risks and opportunities) are material to your business and therefore need to be prioritized for efficient and effective risk management for your business and for nature. Whether your assessment starts with a high-level full value chain screening or a more focused assessment on a geography, business unit, or product line, the LEAP approach will provide direction to your nature positive strategy.

#### 4. Establish governance

Businesses need to establish a governance structure at both management- and board-level around nature-related risks and opportunities to ensure their actions are aligned across the organization. As a first step, your company should investigate and map how existing sustainability issues, such as climate, are governed. Due to the strong alignment of climate and nature (as well as that of the TNFD and TCFD), companies can leverage existing climate governance structures for the risk management of nature and identify further opportunities for integrating these issues into enterprise risk management and wider board-level decision making. The governance of opportunities for value creation may well be separate to that of risks. Ensuring an integrated climate and nature approach is essential, as nature-related risk cannot be managed in silo from your sustainability or corporate priorities. In application, organizations might consider the following questions relevant to governance:

- Which management-level positions or committees have been assigned responsibilities to assess, monitor and manage sustainability issues?

- What are the processes and frequency with which the board or board-level committees (e.g., audit, risk) are informed of sustainability issues?
- To what extent are strategic opportunities assessed with the same degree of rigor as strategic risk?
- How does the board consider sustainability issues in guiding strategy, setting performance objectives and overseeing major capital expenditures?
- How are board-level incentive structures aligned with long-term value creation?

#### 5. Collaborate

Collaboration between companies and their industry peers, supply chain partners, local communities (including rights holders), and NGOs will be critical for understanding the depth of nature-related risk and opportunities within their sphere of influence and designing effective management practices. A large proportion of material nature-related issues will occur within a company's supply chain and will therefore require significant cross-business engagement to identify actual risk levels and close collaboration to deliver positive impacts through partnerships.

Stakeholder engagement, particularly with Indigenous peoples and local communities, has been emphasized as an essential overarching component of the v0.4 LEAP approach, with specific reference to the UN Guiding Principles for Stakeholder Engagement. These communities are not only highly dependent on nature for their livelihoods, but steward much of the world's natural resources and play a vital role in safeguarding nature. Collaboration with these stakeholder groups is recognized as a key way in which the private sector can move from one dimensional to three dimensional solutions that address climate, nature, and social dimensions together.

# 5. Planning for the long-term: Evolve and iterate



Corporate nature journeys are in their infancy. At this early stage, businesses must accept that they do not have all the plans and resources they need to appropriately measure and manage their nature-related financial risks. However, infancy should not be used as an excuse to wait to act. Organizations should be prepared to establish plans to adopt the TNFD now, with the understanding that perfect cannot be the enemy of good. Nature-related financial risks, like climate-related financial risks before it, are poised to redefine how businesses approach risk management, incrementally shifting focus from narrow financial indicators to

comprehensive evaluations of systemic issues generated by global challenges beyond the remit of a single firm. As organization’s plan for this long-term shift, agility, and iteration will be key. The TNFD itself recognizes that businesses will need to expand the scope of their nature journeys over time. The steps outlined here will help firms begin this expansion and prepare for a world in which nature-related disclosure and risk management become the norm.

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## Endnotes

1 World Benchmarking Alliance. 2022. 2022 Nature Benchmark: Measuring the world’s most influential companies on their efforts to protect our environment and its biodiversity. Online posting. Accessed 19 April 2023. [Nature Benchmark | World Benchmarking Alliance](#)

2 Taskforce on Nature-related Financial Disclosures. 2023. The TNFD Nature-related Risk and Opportunity Management and Disclosure Framework Beta v0.4 – Summary. Online posting. Accessed 19 April 2023. [TNFD\\_v0.4\\_Short\\_Summary\\_v5.pdf](#)





## About The SustainAbility Institute by ERM

The SustainAbility Institute is ERM's primary platform for thought leadership on sustainability. The purpose of the Institute is to define, accelerate, and scale sustainability performance by developing actionable insight for business. We provide an independent and authoritative voice to decode complexities. The Institute identifies innovative solutions to global sustainability challenges built on ERM's experience, expertise, and commitment to transformational change.

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