

# Model Guidance on Nature-related Financial Disclosures

A template for stock exchanges

Version 2025.A



With support from:



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# Foreword: The Taskforce on Nature-related Financial Disclosures (TNFD)

Nature is the foundation of the global economy and yet we are operating outside seven of nine planetary boundaries. The acceleration of nature loss undermines the resilience of business everywhere, posing material risks to companies and investors. Nevertheless, most companies today have a poor understanding of the full scope of their dependencies on nature and the corresponding risks to their organisation. There are also tremendous opportunities ahead for business and finance in the necessary transition to a net-zero, nature-positive future.

As of 31 July 2025, over 1,800 organisations have signalled their engagement on nature-related issues by joining the TNFD Forum, while 620 organisations representing over USD 20 trillion in assets under management and over USD 7 trillion in market capitalisation have voluntarily committed to making TNFD-aligned disclosures. In addition, over 500 first-generation TNFD-aligned reports have already been published, and this number continues to grow. As such, there is significant demand for practical skills and capacity-building support across markets and sectors around the world.

Sitting at the intersection of companies, investors and regulators, stock exchanges have a key role to play in educating markets and facilitating capital flows for a more sustainable future. Equipped with the right resources, exchanges can prepare their markets by providing training, guidance and toolkits for companies and investors to understand and integrate nature-related considerations beyond climate change into their operations and investment strategies.

This Model Guidance on nature-related financial disclosures, produced with the UN Sustainable Stock Exchanges (SSE), provides a practical starting point for exchanges to support issuers in understanding and disclosing nature-related issues. Serving as a foundation for exchanges to adapt to their local market context, it is designed to help issuers respond to growing demand from investors and companies for information on nature-related issues.

The UN SSE is uniquely positioned to accelerate stock exchange action and assist exchanges with building capacity in their markets, and this guidance builds on the UN SSE's established series of sustainability guidance documents. It is our shared hope that this Model Guidance supports exchanges as they guide their markets on integrating nature into financial decision-making.



Mr. David Craig

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Taskforce on Nature-related  
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## A note to exchanges

This section provides context for stock exchanges that wish to utilise this Model Guidance as a template for guidance for their market. Tips for exchanges to adapt this guidance for their market are also provided at the end of each chapter. **This Note to Exchanges and the tips throughout the document, are not intended to be copy/pasted into a stock exchange's bespoke market guidance.**

### Why provide guidance on nature-related financial disclosure?

Nature is the foundation of the global economy.<sup>1</sup> Its accelerating degradation poses material risks<sup>2</sup> to businesses, investors, and financial institutions, as well as affecting financial stability.<sup>3</sup> Clear, consistent, and science-based guidance on nature-related financial disclosure enables organisations to identify, assess, disclose and respond to their dependencies and impacts on nature. This, in turn, strengthens risk management, improves transparency, drives accountability, and helps direct capital towards nature-positive outcomes, building resilience and long-term value.

Stock exchanges are beginning to integrate nature into their ESG and sustainability disclosure guidance, creating useful precedents for other exchanges to follow. As noted in a 2025 paper by the World Federation of Exchanges (WFE),<sup>4</sup> now is the time for exchanges to act on nature. The WFE highlights key opportunities that exchanges can capitalise on by acting on nature, as well as activities that some exchanges are already implementing to do so.

***“Is now the right time to prioritise nature alongside climate issues? Our answer is unequivocal - nature cannot wait.”***

**- World Federation of Exchanges (2025)**

Stock exchanges play an important role in preparing their markets for developing and disclosing nature-related information through, for example:

- I. providing guidance aimed at supporting their issuers' nature-related disclosures, nature targets and transition plans;
- II. promoting green and nature finance, including the integration of nature-related considerations into mainstream finance;
- III. supporting infrastructure that allows for transparency on nature-related issues;
- IV. educating capital market participants on key nature-related issues; and
- V. working with regulatory authorities to identify market advancements and readiness for voluntary or mandatory disclosure rules.

<sup>1</sup> WEF's [New Nature Economy Report](#) (2020) states that more than half of global GDP is moderately or highly dependent on nature and its services. Also see the [Dasgupta Review on the Economics of Biodiversity](#) - HM Treasury (February 2021)

<sup>2</sup> [Evidence review on financial effects of nature-related risks](#) - TNFD, University of Oxford and Global Canopy (June 2025)

<sup>3</sup> NGFS finds that on a macro level, nature-related physical and transition risks may have implications for prices, productivity, investment, socio-economic changes, fiscal balances and trade and capital flow, in particular affecting information and gross domestic product (GDP). See [Nature-related Financial Risks: a Conceptual Framework to guide Action by Central Banks and Supervisors](#), NGFS (July 2024) for further detail.

<sup>4</sup> [Amplifying Climate Action and the Power of Nature](#) - The World Federation of Exchanges (September 2025)



This Model Guidance provides exchanges with a template handbook on nature-related disclosures, drawing primarily from the extensive guidance of the Taskforce on Nature-related Financial Disclosures (TNFD). As of 31 July 2025, over 620 organisations from over 50 jurisdictions have committed to nature-related reporting - including asset managers overseeing USD 20 trillion in assets under management. While TNFD is increasingly being used by the market to guide nature-related financial disclosures,<sup>5</sup> it is a set of recommendations and guidance, and is not a standard.

This Model Guidance does not introduce a new standard for nature-related disclosures. Instead, it summarises and collates existing resources, recommendations, practices, and examples, drawing primarily on the TNFD as a global framework. The intention is to provide exchanges with a consistent base from which to develop their own locally customised guidance. This, in turn, helps issuers respond to stakeholder demands — including those from investors, regulators, employees, and suppliers — on nature-related issues.

This document is designed to serve as a template for stock exchanges. It is written in the voice of an exchange addressing its issuers, making the case for businesses to act on nature. It also explains how organisations can better understand and manage their nature-related dependencies, impacts, risks, and opportunities, and how to prepare related disclosures. The text in this Model Guidance is intended as a starting point, which exchanges are encouraged to adapt to their local context and the needs of their issuers and investors. At the same time, local adaptation should be balanced with a consistent approach to nature-related disclosures.

The process of creating customised guidance can take many forms including consultations with companies, investors, priority stakeholders, and subject matter experts. It may also include research to understand the challenges for issuers and the needs of users of nature-related disclosures in each jurisdiction. In the context of nature-related disclosures, exchanges might consider customising the Model Guidance text by adding details on key industries considered to have a high exposure to nature-related issues in their markets. Exchanges may also consider adding details on key biome types present in the region or country. The tips at the end of each chapter can be used to further identify how exchanges can begin to adapt this model for their markets.

## Building on the SSE Model Guidance series

This Model Guidance builds on the SSE Model Guidance series that provides stock exchanges with templates for voluntary guidelines on topics such as [ESG Disclosure](#) (2015), [Climate Disclosures](#) (2021), [Sustainability-related Financial Disclosures](#) (2024), [SMEs](#) (2025) and [Climate Transition Plans](#) (2025). The Model Guidance series of guidance templates aims to ensure consistency across markets by providing stock exchanges with the building blocks for guidance and education on specific topics pertinent to their domestic markets.

This guidance follows the UN SSE structure for guidance, with four chapters walking companies through the disclosure process (Figure 1). In the SSE's other Model Guidance publications chapter 1 is referred to as "Prepare", however the name of the chapter has been

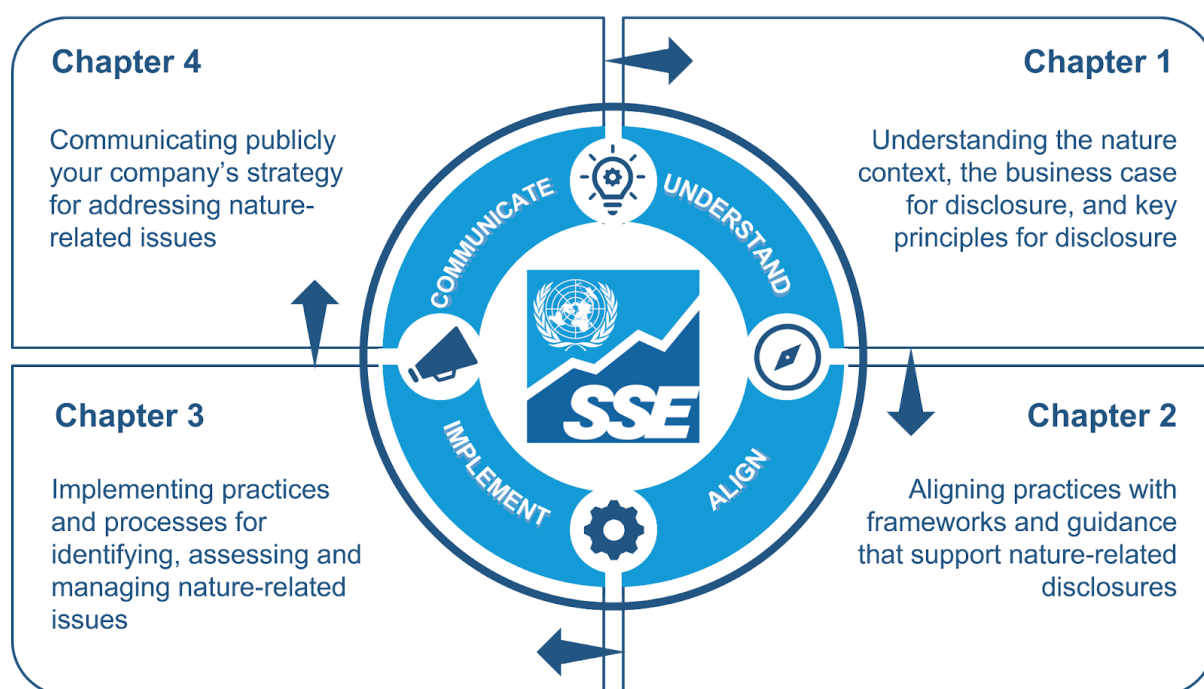
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<sup>5</sup> [TNFD 2025 Status Report](#) - TNFD (September 2025)

changed to “Understand” for this guidance, simply to avoid confusion with the “Prepare” phase of the TNFD’s approach for identification and assessment of nature-related issues, known as the LEAP approach.

Exchanges can decide whether to integrate this guidance into existing documents on non-financial disclosures, or to develop a standalone publication. For example, companies will likely note that climate and nature-related dependencies, impacts, risks, and opportunities are inextricably connected, with climate change being one of the five drivers of nature change. Therefore, the content of each chapter in this Model Guidance is designed to fit together with the same chapter or topic of discussion in previous UN SSE publications.

Figure 1: The structure of this Model Guidance



Source: UN SSE

The remainder of this guidance is a template that stock exchanges can copy/paste and adapt, as explained in the Note to Exchanges. The materials provided in this Model Guidance are also designed to be helpful for participants of training workshops conducted by the UN SSE Academy.

# Model Guidance on nature-related financial disclosures

## Introduction to the guidance on nature

The accelerating decline of nature presents growing risks to business operations, supply chains, and long-term profitability. All economic activity ultimately depends on nature; for example, over 75% of global food crop types - including vital cash crops like coffee, cocoa, and almonds - depend on animal pollination.<sup>6</sup> Our activities are increasingly breaching planetary boundaries (the environmental thresholds we shouldn't cross if we want the planet to stay stable and healthy), driving widespread degradation of ecosystems and species.<sup>7</sup> The loss of 73% of vertebrate wildlife populations<sup>8</sup>, together with severe alterations to three-quarters of ice-free land and two-thirds of marine environments<sup>9</sup>, threatens the integrity and resilience of nature itself. These cascading impacts not only erode biodiversity and ecosystem health but also undermine the services that societies and businesses depend on, creating costly — and sometimes irreversible — challenges.

Despite being critical to business success, nature often does not benefit from the attention, strategic focus, and understanding required.<sup>10</sup> However, investors are increasingly viewing nature loss as a material financial risk and are demanding greater transparency and action. For instance, a 2025 evidence review of 600 studies and interviews demonstrated how dependencies and impacts on ecosystems directly impact cash flow, cost of capital, and capital access, and notes that investors now expect disclosure of those risks.<sup>11</sup> This expectation is based on the premise that the resilience of business depends on the resilience of nature. To build this resilience, organisations can start by identifying, assessing and managing their nature-related dependencies, impacts, risks, and opportunities.

Today's nature-related disclosure landscape builds on a growing body of work and approaches to support assessing and reporting on nature.<sup>12</sup> The main components of nature-related management practice and disclosure requirements described in this guidance are based on the Taskforce on Nature-related Financial Disclosures (TNFD)'s recommendations and guidance, given its widespread endorsement globally.<sup>13</sup> The process to establish the TNFD began in 2020, driven by multiple developments as investors became increasingly aware of the risks related to businesses' dependencies and impacts on nature. For example, in 2019 the WWF and AXA submitted a report to the G7 Environment

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<sup>6</sup> [Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services](#) - IPBES (2019)

<sup>7</sup> [The Planetary Health Check Report](#) - Potsdam Institute for Climate Impact Research (2025) found that seven of nine planetary boundaries have already been breached.

<sup>8</sup> [Living Planet Report](#) - WWF (2024)

<sup>9</sup> [Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy](#) - World Economic Forum (2020)

<sup>10</sup> [Ten tests for nature strategy](#) - McKinsey (2025)

<sup>11</sup> [Evidence review on the financial effects of nature-related risks](#) - TNFD (2025)

<sup>12</sup> [Accountability for Nature: Comparison of Nature-related Assessment and Disclosure Frameworks and Standards](#) - UNEP-FI (Feb 2025)

<sup>13</sup> With support from its founders which include UNDP, UNEP-FI, WWF and Global Canopy, the TNFD was launched in July 2020 receiving global endorsement from the G7, G20 and other influential leaders. [Find out more about the history of the TNFD here.](#)

Ministers, calling for the establishment of a taskforce to measure financial risks from biodiversity loss.<sup>14</sup> This culminated in the recommendation to formally establish the TNFD in 2021.<sup>15</sup>

Within the wider corporate reporting landscape, the TNFD recommendations were developed to help standardise nature-related disclosures and build consensus on decision-useful reporting to investors.<sup>16</sup> Their development reflects growing regulatory requirements, especially as countries act on Target 15 of the Kunming-Montreal Global Biodiversity Framework.<sup>17</sup> This target calls on governments to require large companies and financial institutions to assess and disclose their biodiversity-related risks, dependencies, and impacts. A report by UNEP FI from 2024 found that at least 29 jurisdictions totalling more than USD 77 trillion of banking assets have started to consider nature risk in their prudential frameworks.<sup>18</sup>

As of 31 July 2025, over 1,800 organisations have signalled their engagement on nature-related issues by joining the TNFD Forum; 620 organisations representing over USD 20 trillion in AUM and over USD 7 trillion in market capitalisation have voluntarily committed to making TNFD-aligned disclosures; and over 500 first- and second-generation TNFD-aligned reports have already been published.<sup>19</sup> These organisations have signalled their intention to begin adopting the TNFD recommendations and publishing TNFD-aligned disclosures as part of their annual corporate reporting.

The TNFD's recommendations and guidance are comprehensive and technically robust. They are intended to be applied iteratively, starting with a smaller scope, and building the depth and breadth of the assessment and disclosures over time. This document is intended to supplement the TNFD recommendations and guidance, offering stock market participants a high-level overview of this space, to support meaningful early action towards the first steps of nature-related financial disclosures.

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<sup>14</sup> [Into the Wild: integrating nature into investment strategies](#) - WWF and AXA (2019)

<sup>15</sup> [Nature in scope](#), Informal Working Group of the TNFD (June 2021)

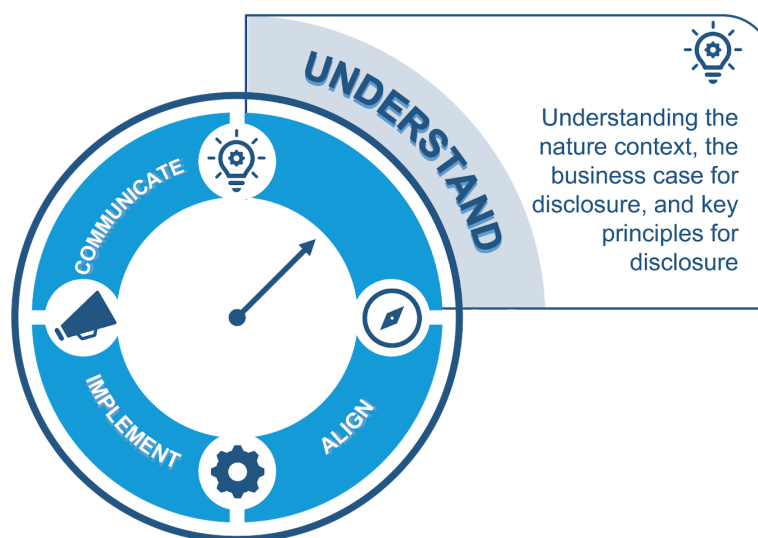
<sup>16</sup> [Recommendations of the Taskforce on Nature-related Financial Disclosures](#) - TNFD (2023)

<sup>17</sup> [Target 15 of the Global Biodiversity Framework](#) (CBD, 2022) requires large businesses and financial institutions to disclose their biodiversity-related risks, dependencies, and impacts. Frameworks such as TNFD, ESRS, IFRS, and GRI support or align with this requirement.

<sup>18</sup> [Navigating Nature-related Regulations for Banks: Mapping the Policy Landscape](#) - UNEP FI (Dec 2024)

<sup>19</sup> [TNFD 2025 Status Report](#) - TNFD (September 2025)

# Chapter 1: Understand

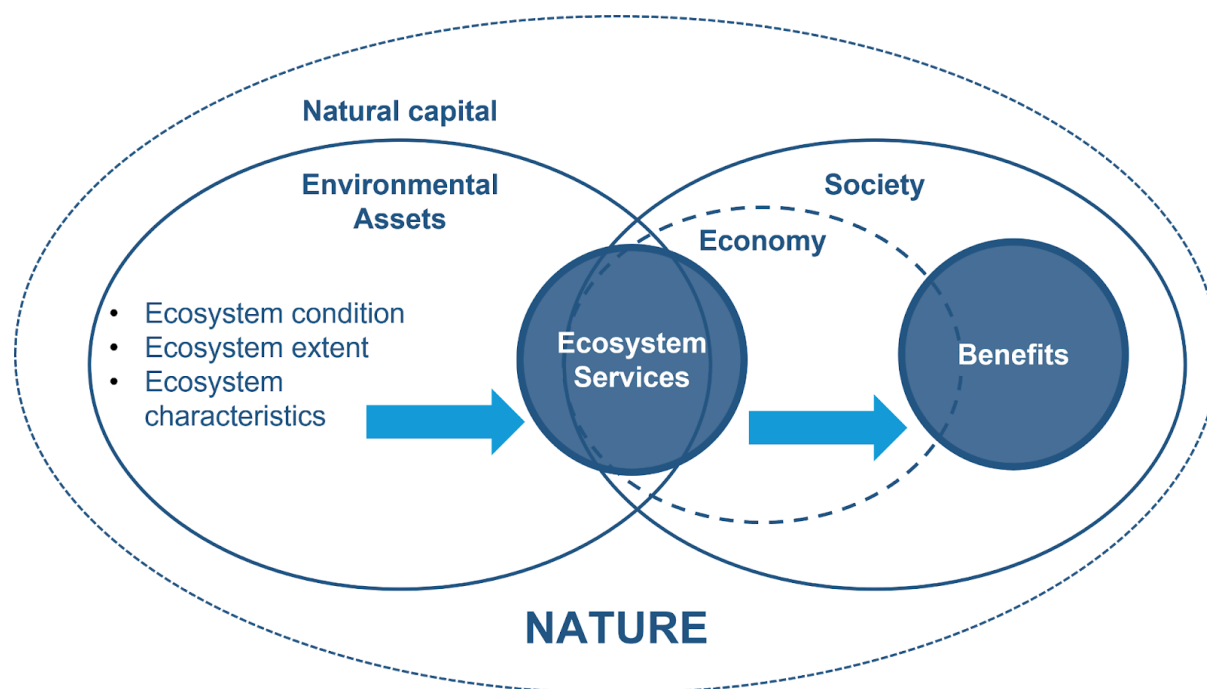


Chapter 1 introduces the foundations of nature-related financial disclosure. It explains why nature is critical to the global economy, how its rapid degradation creates material risks for business and finance, and how its conservation and restoration can generate opportunities that benefit both nature and business. The chapter also examines the current state of nature and the essential ecosystem services — such as water, soil, and pollination — on which companies depend. It highlights how the decline of these services leads to operational, regulatory, reputational, and systemic risks.

The chapter presents nature's critical links to the economy, financial system and business (see Figure 1.1). It sets out the business case for integrating nature into strategy and financial decision-making, while also outlining the global policy and investor momentum driving assessment and disclosure. These efforts are placed within the wider context of international initiatives to halt and reverse nature loss.

This section also introduces the Taskforce on Nature-related Financial Disclosures (TNFD), explaining its origins, how the framework aligns with existing reporting standards, and the structured approach it offers for identifying, assessing, managing and disclosing nature-related dependencies, impacts, risks, and opportunities (DIROs). To support adoption, the chapter concludes with key definitions and core concepts that underpin effective nature-related risk and impact management.

Figure 1.1: Nature, business and society interconnection



Source: UN SSE, adapted from TNFD

## 1.1 Understanding nature

Nature-related disclosures can be seen as differing from traditional financial disclosures and even sometimes non-financial disclosures. Unlike financial disclosures, which track flows of capital, or climate disclosures, which in some instances focus on a single, measurable driver (such as greenhouse gas emissions), nature is multidimensional, location-specific, and highly interconnected. Degradation of the land, ocean, freshwater and atmosphere directly threatens supply chains, market values, and credit ratings, which can affect a company's operating costs, revenues, and ability to raise capital.<sup>20</sup> Healthy ecosystems underpin the 'services' that businesses and societies rely on — from water security to soil fertility, climate regulation and pollination. Yet, these services are deteriorating globally at unprecedented rates.<sup>21</sup>

Many companies and financial institutions that have not yet begun to integrate nature-related information into their public disclosures, may be unaware of their deep reliance on nature.<sup>22</sup> They may also lack a full understanding of their impacts on nature, or how nature loss affects the services that their business model and value chains depend on. To assess nature-related dependencies, impacts, risks, and opportunities, companies often need a stronger foundation in the basics of nature. When getting started, they may find it useful to build familiarity with key components such as realms, biomes, environmental assets, and

<sup>20</sup> Evidence review on financial effects of nature-related risks - TNFD, University of Oxford and Global Canopy (June 2025)

<sup>21</sup> Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services - IPBES (2019)

<sup>22</sup> National readiness for nature-related disclosures in emerging markets - UNDP (May 2022)



ecosystem services. With this grounding, companies are better placed to see why stakeholders want clarity on how they identify, assess, and manage nature-related issues.

In order to facilitate a clear understanding of this guidance, Table 1 provides readers with certain core concepts and definitions that are important to understand in order to get the full benefits from this guidance. This is not intended to be an exhaustive list of terms, with a fuller list of nature-related terms and their definitions available in the TNFD glossary.<sup>23</sup> The definitions presented here are drawn from the TNFD glossary and are informed by a wide range of authoritative sources.

Table 1: Nature-related terms needed to understand this guidance

Term	Definition
<b>Biodiversity</b>	The variability among living organisms from all sources, including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.
<b>Biome</b>	Global-scale zones, generally defined by the type of plant life that they support in response to average rainfall and temperature patterns. Examples of biomes include tropical forests, marine shelf.
<b>DIROs</b>	<p>DIROs is an acronym that stands for:</p> <ul style="list-style-type: none"> <li>■ <b>Dependencies – What your business needs from nature:</b> Dependencies are aspects of environmental assets and ecosystem services that a person or an organisation relies on to function.</li> <li>■ <b>Impacts – How your business affects nature:</b> Changes in the state of nature (quality or quantity), which may result in changes to the capacity of nature to provide social and economic functions.</li> <li>■ <b>Risks – What could go wrong if nature is degraded:</b> potential threats (effects of uncertainty) posed to an organisation that arise from its and wider society's dependencies and impacts on nature.</li> <li>■ <b>Opportunities – What could go right if you act to support nature:</b> Activities that create positive outcomes for organisations and nature by creating positive impacts on nature or mitigating negative impacts on nature.</li> </ul> <p>DIROs are the thread connecting nature and business — forming the foundation of your disclosures.</p>
<b>Ecosystem</b>	A dynamic complex of plant, animal and microorganism communities and the non-living environment, interacting as a functional unit.
<b>Ecosystem services</b>	The contributions of ecosystems to the benefits that are used in economic and other human activity.
<b>Environmental assets</b>	The naturally occurring living and non-living components of the Earth, together constituting the biophysical environment, which may provide benefits to humanity.

<sup>23</sup> TNFD Glossary - TNFD (2025)

Term	Definition
<b>Realm</b>	Major components of the living, natural world that differ fundamentally in ecosystem organisation and function: terrestrial (land), freshwater, marine (ocean), subterranean and atmospheric. The TNFD's framework is based on four realms - land, freshwater, ocean and atmosphere. The subterranean realm is included within the land, freshwater and ocean realms.
<b>Nature</b>	The natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment. Nature includes four realms: <b>Land, Ocean, Freshwater, and Atmosphere</b> .

Source: UN SSE, Adapted from TNFD<sup>24</sup>

## Nature and business

The success of businesses depends on healthy ecosystems that deliver clean water, fertile soils, raw materials, pollination, climate regulation, and more. Yet nature is in crisis: biodiversity is declining, ecosystems are degrading, and vital services are eroding. As a result, companies and investors face growing financial, operational, regulatory and reputational risks — already visible in water-stressed supply chains, soil-depleted farmlands, and damaged brand reputations.

Despite this intensifying crisis, the current economic model often ignores nature's true value, with most goods and services priced without accounting for the environmental costs of their production. This leads to unsustainable use of natural resources and increases exposure to systemic risks that can cascade across value chains, reduce productivity, and erode investor confidence. Left unmanaged, nature loss poses physical, transition, and systemic risks for both companies and the financial system.

Better management of nature-related issues also creates significant opportunities. Companies that conserve, restore, and regenerate ecosystems; reduce harmful impacts; manage their dependencies sustainably; or develop nature-positive products and services can unlock new markets, build resilience, and strengthen long-term competitiveness (see Table 2 for an overview of nature-related risks and opportunities).

As investor scrutiny increases, businesses must disclose not only their impacts and dependencies on nature, but also how nature-related risks and opportunities shape the resilience of their strategy, operations and value chains. Understanding these dynamics is critical. Acting early helps companies mitigate risks, seize opportunities, align with evolving regulation, and build investor confidence.

<sup>24</sup> TNFD Glossary - TNFD (2025)

Table 2: Nature-related risk and opportunity categories

Category	Explanation
<b>PHYSICAL RISKS</b>	
<b>Acute risks</b>	Occurrence of short term, specific events that change the state of nature. For example, oil spills, forest fires, or pests affecting a harvest.
<b>Chronic risks</b>	Risks emerging from gradual changes to the state of nature (degradation of nature and consequential loss of ecosystem services). For example, pollution stemming from pesticide use or climate change.
<b>TRANSITION RISKS</b>	
<b>Policy risks</b>	Changes in the policy context due to new (or enforcement of existing) policies to create positive impacts on nature or mitigate negative impacts on nature.
<b>Market risks</b>	Changing dynamics in overall markets, including changes in consumer preferences, which arise from changing physical, regulatory, technological and reputational conditions and stakeholder dynamics. For example, the market value of a company is affected by assets that have decreased in value because there is insufficient freshwater for the production process, or the value of the business' production process is reduced by the emergence of new technologies that require less water to operate.
<b>Technology risks</b>	Substitution of products or services with a reduced impact on nature and/or reduced dependency on nature. For example, the replacement of plastics with biodegradable containers.
<b>Reputational risks</b>	Changes in perception concerning an organisation's actual or perceived nature impacts, including at the local, economic and societal level. This can result from direct company impacts, industry impacts and/or impacts of activities upstream and/or downstream in a value chain.
<b>Liability risks</b>	Liability risks that arise directly or indirectly from legal claims. As laws, regulations and case law related to an organisation's preparedness for nature action evolves, the incident or probability of contingent liabilities arising from an organisation may increase.
<b>BUSINESS PERFORMANCE OPPORTUNITIES</b>	
<b>Markets</b>	Changing dynamics in overall markets, such as access to new markets or locations, that arise from other opportunity categories as a result of changing conditions, including consumer demands, consumer and investor sentiment and stakeholder dynamics.
<b>Resource efficiency</b>	Actions an organisation can take within its own operations or value chain in order to avoid or reduce impacts and dependencies on nature (for example, by using less

	natural resources), while achieving co-benefits such as improved operational efficiency or reduced costs (for example, micro-irrigation, which maximises plant health, reduces water use and reduces costs).
<b>Product and services</b>	Value proposition related to the creation or delivery of products and services that protect, manage or restore nature, including technological innovations.
<b>Capital flow and financing</b>	Access to capital markets, improved financing terms or financial products connected to positive nature impacts or the mitigation of negative impacts.
<b>Reputational capital</b>	Changes in perception concerning a company's actual or perceived nature impacts, including the consequent impacts on society and engagement of stakeholders.
<b>SUSTAINABILITY PERFORMANCE OPPORTUNITIES</b>	
<b>Sustainable use of natural resources</b>	Substitution of natural resources by recycled, regenerative, renewable and /or ethically responsibly sourced organic inputs.
<b>Ecosystem protection, restoration and regeneration</b>	Activities that support the protection, regeneration or restoration of habitats and ecosystems, including areas both within and outside the organisation's direct control.

Source: UN SSE, Adapted from TNFD

## Location and sector

Nature-related dependencies, impacts, risks, and opportunities are highly location and context-dependent, shaped by both the sector in which a business operates and its geographic footprint. Different industries interact with nature in distinct ways, and the level of exposure to physical, transition, and systemic risks varies significantly depending on local environmental and social conditions and regulatory frameworks.

There are certain sectors<sup>25</sup> that are more commonly associated with the dependence and impact on nature. For example, agriculture<sup>26</sup> is inherently dependent on water flow regulation, soil quality regulation, and pollination. Disruptions to these services from nature — for example, declining biodiversity or land degradation — can severely affect crop yields and farm productivity, leading to financial instability. Conversely, sustainable land management and the protection of pollinator habitats can present opportunities for resilience and long-term value creation.

As a further example, mining<sup>27</sup> and construction<sup>28</sup> companies often operate in or near ecologically sensitive areas. This exposes them to heightened regulatory and reputational risks, especially when projects overlap with protected areas or Indigenous Peoples' lands. Environmental impact assessments, permitting processes, and growing stakeholder scrutiny

<sup>25</sup> The TNFD has a growing library of sector guidance developed with key sector stakeholders to reflect the unique challenges and relationships with nature of that sector. Sector guidelines are supplemental to the TNFD's Guidance on assessment of nature-related issues - the LEAP approach - and should be read in conjunction with that guidance. Find all sector guidelines on the [TNFD Publications](#) page.

<sup>26</sup> For more guidance see the [Additional sector guidance – Food and agriculture](#), TNFD (April 2025)

<sup>27</sup> For more guidance see the [Additional sector guidance – Metals and mining](#), TNFD (April 2025)

<sup>28</sup> For more guidance see the [Additional sector guidance – Construction materials](#), TNFD (January 2025)

can delay or even halt operations. At the same time, adopting practices that contribute to nature positive-outcomes and engaging with local communities can improve social license to operate and reduce future liabilities.

Companies outside of those sectors commonly associated with high dependence and/or impacts on nature may assume that this guidance is less relevant for them, however, it's unlikely that this is the case. At the time of publication, TNFD adopters covered 62 of the 77 SASB SICs industries.<sup>29</sup> For example, the household and personal care sector depends heavily on natural feedstocks and raw materials, such as palm oil, plant extracts, and freshwater. The sector withdraws and consumes large volumes of water across its value chain, and many companies rely on hundreds of plant species for fragrances, soaps, and cosmetics. These dependencies and impacts expose the sector to supply chain risks and water scarcity challenges.<sup>30</sup>

Similarly, financial institutions are exposed to nature-related risks through their lending, investment, and insurance portfolios. Their clients operate in sectors that are likely to depend on or impact nature, meaning that banks, insurers, and asset managers inherit the associated risks in their portfolios. The TNFD highlights in its financial institutions sector guidance<sup>31</sup> that they should assess their exposure to sensitive sectors and geographies, since nature loss can translate into credit, market, and operational risks.

Additionally, businesses operating in regions with a high exposure to natural hazards (such as droughts, floods or landslides), or that are highly environmentally degraded, face elevated risks associated with physical changes to the environment.<sup>32</sup> Water scarcity, land-use conflicts, and the loss of critical ecosystems can disrupt supply chains, raise operational costs, and erode stakeholder trust. However, companies that proactively assess their dependencies and impacts on nature, avoid and reduce harmful impacts, and invest in conserving, regenerating and restoring nature, may gain a competitive advantage, particularly as markets, regulators, and investors increasingly reward sustainability performance.

In sum, understanding the sector and location-specific character<sup>33</sup> of dependencies, impacts, risks, and opportunities is essential for effective nature-related risk and opportunity management and disclosure. Tailoring strategies to the local context enables companies to identify material issues, manage exposure, and unlock value through responsible and forward-looking practices.

## 1.2 Stakeholder expectations

When preparing nature-related disclosures, report preparers need to consider the expectations of a diverse set of stakeholders. Regulators and policymakers are important stakeholders for all disclosures, especially as nature-related reporting receives more regulatory attention due to international agreements and domestic regulation. Investors and

<sup>29</sup> Refer to [TNFD Adopters](#) for the latest list of companies.

<sup>30</sup> [Nature Positive: Role of the Household and Personal Care Products Sector](#) - WEF (September 2023)

<sup>31</sup> For more guidance see the [Additional guidance for financial institutions](#) - TNFD (April 2025)

<sup>32</sup> For more guidance on specific locations, see the [TNFD Guidance on Biomes](#) (September 2023)

<sup>33</sup> While discussed later in this guidance, companies should be aware that the TNFD has developed guidance on sectors and biomes that can help companies identify the specific nuances of location and sector for assessment.

other financial institutions are another central audience, since they require reliable information to assess how nature-related risks and opportunities affect enterprise value, portfolios, and long-term resilience. At the same time, because nature is a shared resource, other stakeholders such as local communities, Indigenous Peoples, and civil society may influence the quality, credibility, and reception of disclosures. To determine expectations, companies can monitor regulatory developments, engage proactively with investors, and consider the wider stakeholder context in which they operate.

## Public policy and international agreements

Governments play a central role in driving global action on nature. The Kunming-Montreal Global Biodiversity Framework (GBF),<sup>34</sup> agreed by 196 UN member states, provides a global mandate for nature-related action. Notably, Target 15 of the GBF urges countries to adopt legal, administrative, or policy measures requiring large companies and financial institutions to monitor, assess, and disclose their biodiversity-related risks, dependencies, and impacts across their operations and value chains. This creates a clear signal for aligning business practices with global biodiversity goals.

In addition to the GBF, several global initiatives are reinforcing the need for nature-related disclosures. These include the G7 and G20 commitments to align financial flows with nature-positive outcomes, the UN Sustainable Development Goals<sup>35</sup> (notably Goals 14 and 15 on life below water and life on land). Additionally, the IFRS Foundation's International Sustainability Standards Board (ISSB) is exploring the development of requirements and guidance on nature.<sup>36</sup> There are also emerging regional and national regulations such as the EU Corporate Sustainability Reporting Directive (CSRD)<sup>37</sup> and the Indian Business Responsibility and Sustainability Reporting (BRSR)<sup>38</sup> that already consider nature and have been mapped to the TNFD.<sup>39</sup> Together, these mandates are shaping a more coherent international policy landscape that increasingly expects businesses and financial institutions to integrate nature into risk management and disclosure practices.

## Investor demand for nature-related information

Investor momentum is accelerating, with initiatives like Nature Action 100<sup>40</sup> and PRI's Spring,<sup>41</sup> pressing companies to act on nature and align with clear expectations. Financial institutions face physical risks (e.g. water scarcity), transition risks (e.g. regulations), and systemic risks linked to ecosystem collapse. Central banks now warn that unchecked nature loss could threaten financial stability.<sup>42</sup> Investors are increasingly demanding nature-related information because it has become apparent that companies rely on and impact nature. This

<sup>34</sup> See [Convention on Biological Diversity](#) for further details.

<sup>35</sup> See [UN SDGs](#) for further details.

<sup>36</sup> See the ISSB's [Biodiversity, Ecosystems and Ecosystem Services Project](#) for further details.

<sup>37</sup> See [Corporate sustainability reporting](#) - European Commission for further details about the CSRD and other EU reporting requirements.

<sup>38</sup> See [BRSR](#) for further details.

<sup>39</sup> See all of the [TNFD's standards alignment and mapping](#) on its publications page.

<sup>40</sup> [Nature Action 100](#) is a collaborative engagement involving over 200 investors managing USD 28.6 trillion supporting greater corporate ambition and action on tackling nature and biodiversity loss.

<sup>41</sup> [PRI Spring](#) is a stewardship initiative for nature, addressing the systemic risks of biodiversity loss to protect the long-term interests of investors.

<sup>42</sup> For example, the [European Central Bank warns that destroying nature will destroy the economy](#) - WEF (2023) and the report "[Central banking and supervision in the biosphere: An agenda for action on biodiversity loss, financial risk and system stability](#)," - NGFS and INSPIRE (2022).



creates risks that investors are beginning to assess using tools like geospatial data, ecosystem dependency mapping, and “natural capital intensity” metrics, among other investment strategies (Figure 1.2). While methods are still evolving, investors also recognize that early action supports better disclosure and risk management.

Figure 1.2: How investors are using nature data - A sample of investor strategies

### Analyzing value chains for hidden risks

For example, identifying potentially detrimental breaks in the value chain



### Identifying sectors dependent on ecosystem services

For example, identifying industries heavily dependent on water

### Using maps and location data

For example to flag sensitive ecosystem locations or water stressed areas



### Estimating natural capital intensity

For example where land use change is expected or emissions/waste is high

Source: UN SSE

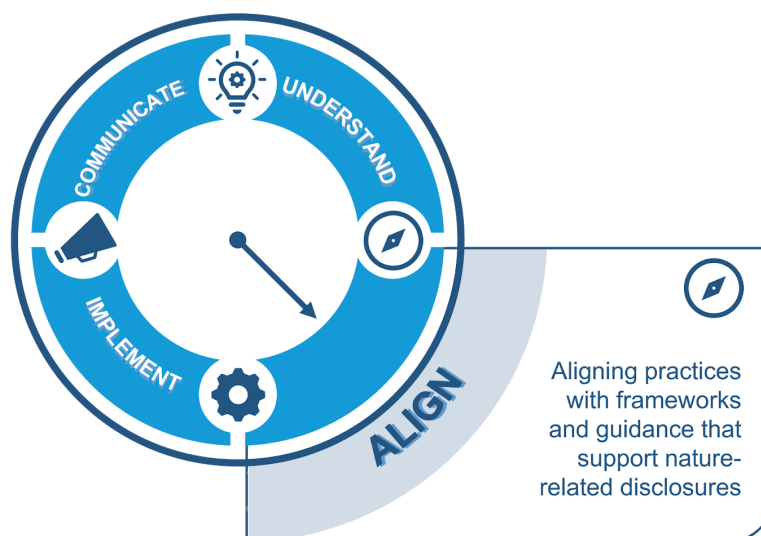


## TIPS FOR EXCHANGES - HOW TO ADAPT THIS CHAPTER FOR YOUR MARKET

- ✓ **Identify the most nature-dependent sectors and locations in your jurisdiction<sup>43</sup>** so that those companies in these sectors or locations not yet assessing their nature dependencies and impacts understand the risk they are taking.
- ✓ **Include regional case studies or data points** to highlight the state of nature and examples of nature-related DIROs in your market or region.
- ✓ **Where relevant, you may wish to include reference to key indigenous Peoples, Local Communities and affected stakeholders** present in your jurisdiction, as the TNFD defines *nature* as the natural world-including people.
- ✓ **Include examples of investors of your region**, where available, that have set expectations regarding nature-related disclosures from companies they invest in.

<sup>43</sup> A helpful tool to assist in this identification is [ENCORE](#) - UNEP (2025)

## Chapter 2: Align



This chapter introduces the landscape of nature-related disclosure frameworks and management practices, noting the contributions of a range of organisations concerned with the deterioration of nature and biodiversity. Within this landscape, the Taskforce on Nature-related Financial Disclosures (TNFD) is presented as the established global framework<sup>44</sup> for identifying, assessing, managing, and disclosing nature-related dependencies, impacts, risks, and opportunities. The chapter explains how TNFD builds on international policy goals and existing standards, and describes the structure of its recommendations: 14 disclosures organised across four pillars, supported by six general requirements and four conceptual foundations. These elements are designed to make disclosures decision-useful and consistent across jurisdictions, while progressively raising ambition in line with global biodiversity goals.

The chapter also outlines the suite of TNFD resources that help companies put the recommendations into practice, including guidance on the LEAP approach, specific sectors and biomes, metrics and targets, scenario analysis, value chains, and engagement with Indigenous Peoples, Local Communities, and affected stakeholders. Finally, noting that TNFD is a framework, not a standard, it highlights how it can be used alongside the standards of the ISSB, Global Reporting Initiative (GRI) and European Sustainability Reporting Standards (ESRS) to streamline reporting, taking advantage of published interoperability mappings between TNFD and these standards. Companies are encouraged to adopt TNFD iteratively, building on existing disclosure practices and progressively expanding their scope, in order to strengthen governance, strategy, risk and impact management, and resilience while meeting both investor and regulatory expectations.

<sup>44</sup> [TNFD 2025 Status Report](#) - TNFD (September 2025)

## 2.1 Nature-related management practice and disclosure requirements

A variety of organisations have contributed to developing nature-related management practices and disclosure requirements, motivated by concerns over biodiversity loss and its impacts on the planet, society, the economy, and the financial system (see Chapter 1). Several existing and emerging frameworks and standards on nature and climate are shaping management and reporting practices (Figure 2.1). UNEP-FI has also produced a comprehensive comparison of the main frameworks, which provides a useful overview of this landscape.<sup>45</sup>

Figure 2.1: Lines of influence of emerging reporting architecture



Source: UN SSE, adapted from TNFD

<sup>45</sup> *Accountability for Nature: Comparison of Nature-related Assessment and Disclosure Frameworks and Standards* - UNEP-FI (January 2024)

## 2.2 Introduction to the TNFD

The Taskforce on Nature-related Financial Disclosures (TNFD) offers guidance for organisations to identify, assess, manage, and disclose their dependencies and impacts on nature, along with associated risks and opportunities to organisations. The TNFD guidance includes a set of disclosure recommendations that companies can use when including nature-related information in their public disclosures. As introduced in Figure 2.1 above, the TNFD has been informed by existing international policy goals such as the Global Biodiversity Framework, and has been designed to work with other international frameworks for seamless integration into corporate reporting standards that shape national regulation and resultant reporting practices.

Before companies can disclose nature-related information, they must first systematically identify and assess their dependencies, impacts, risks, and opportunities (DIROs). The TNFD provides practical guidance for this through its LEAP approach (discussed in further detail in Chapter 3). In addition, TNFD provides guidance on engagement with Indigenous Peoples, Local Communities, and affected stakeholders to ensure diverse perspectives and traditional knowledge inform the assessment and management of nature-related issues. By following this process, companies generate a robust evidence base that not only strengthens disclosure but also supports strategic resilience, governance, and management of nature-related issues.

The TNFD has designed its disclosure recommendations and guidance to align with disclosure requirements, definitions, concepts, and approaches specified by a range of standard-setters and framework providers including the Taskforce on Climate-related Financial Disclosures (TCFD), ISSB, GRI, and ESRS.

Building on the 4-pillar structure of the TCFD, the TNFD disclosure recommendations were developed through extensive consultation with financial institutions, corporates (including input from over 1,200 companies, financial institutions and stakeholders and 240 pilot tests<sup>46</sup>), regulators, and civil society, in collaboration with knowledge partners including the IFRS Foundation, GRI, UNEP-WCMC, Capitals Coalition, and IUCN.<sup>47</sup> This collaborative, open innovation process ensures the recommendations are practical, globally applicable, and compatible with existing frameworks and standards.<sup>48</sup> For example, the TNFD builds directly upon the Natural Capital Protocol's impact and dependency pathways.<sup>49</sup>

The TNFD recommendations are voluntary and can be adapted by companies to their disclosure needs. However, it should be considered that these recommendations are expected to influence future regulatory requirements, just as the voluntary TCFD recommendations influenced regulation on climate.<sup>50</sup> The TNFD framework is underpinned

<sup>46</sup> The TNFD website offers transparency about its consultation groups in different regions and countries of the world, that help expand TNFD outreach and engagement (2025).

<sup>47</sup> See [Knowledge Partners](#) - TNFD for a full list of contributing organisations.

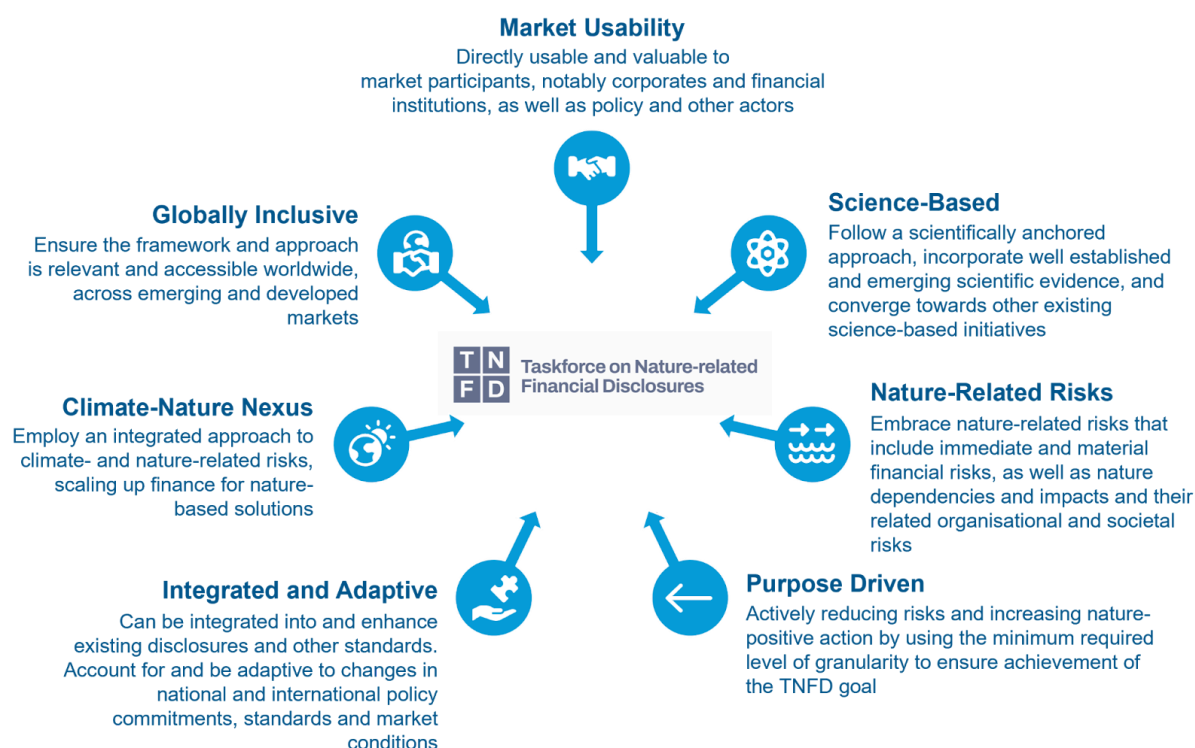
<sup>48</sup> For a full overview of the approach to developing the TNFD's recommendations and guidance, see Annex 4 of the [Recommendations of the Taskforce on Nature-related Financial Disclosures](#) (September 2024).

<sup>49</sup> [Natural Capital Protocol](#) - Capitals Coalition (2016)

<sup>50</sup> The TCFD recommendations have been adopted by a number of jurisdictional disclosure requirements despite being developed as voluntary recommendations. They were integrated into the IFRS Foundation when the International Sustainability Standards Board (ISSB) was formed. Jurisdictional sustainability consultations based on the IFRS S2 (which replaces the TCFD) can be found on the IFRS Foundation's website for [Jurisdictional sustainability consultations](#).

by seven core principles (Figure 2.2), which include market usability and global inclusivity. These principles ensure the framework is relevant across both emerging and developed markets and supports scaling up finance for nature-positive outcomes. The TNFD's work is globally recognized, endorsed by the G7, G20, and aligned with the Kunming-Montreal Global Biodiversity Framework (Target 15). The main components of nature-related management practice and disclosure requirements described in this Chapter are based on the TNFD's recommendations and guidance, given its widespread endorsement globally.

Figure 2.2: TNFD Principles



Source: UN SSE, adapted from TNFD

## TNFD resources

Companies preparing to disclose nature-related information should view the TNFD framework not only as a reporting template, but as a tool to strengthen risk and impact management, governance, and strategy. Adoption does not need to be perfect from the outset; rather, companies are encouraged to start with what they already have, and expand progressively over time. The TNFD's LEAP approach (discussed in the next chapter) offers a structured pathway for identifying, assessing, and managing nature-related issues that feed directly into the 14 recommended disclosures. Together with the suite of other guidance and resources developed by the TNFD, companies can start by ensuring they are putting in place the effective processes and practices to identify, assess, and manage nature-related issues, in alignment with the TNFD recommendations.

The TNFD's suite of recommendations and guidance documents have been developed to help organisations identify, assess, manage, and disclose their nature-related dependencies, impacts, risks, and opportunities (Figure 2.3). Together, these documents provide both a

framework for disclosure and practical implementation tools. The main guidance provided by TNFD includes:

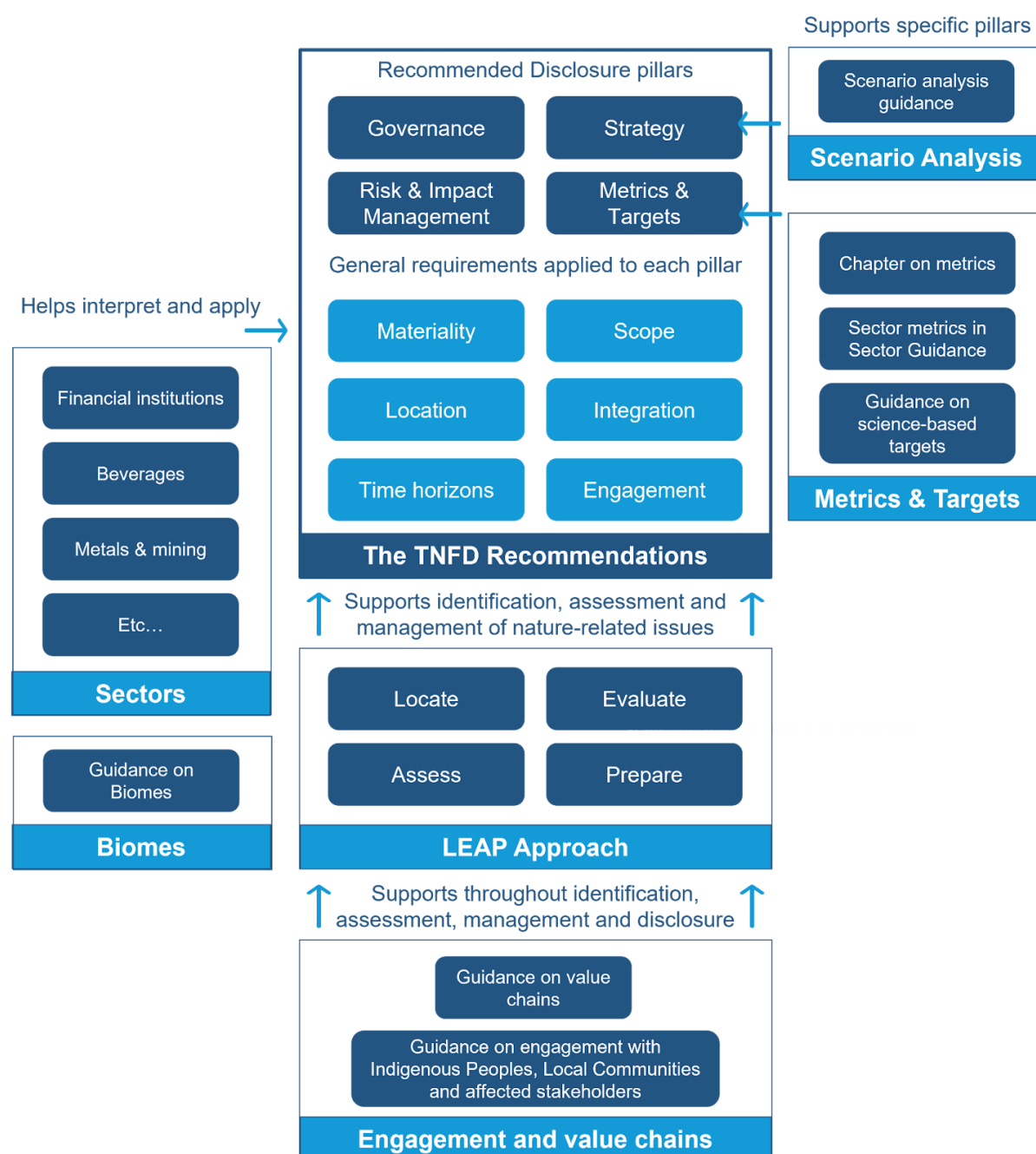
- **Disclosure recommendations** are structured around four pillars:
  - **Governance** (3 recommended disclosures);
  - **Strategy** (4 recommended disclosures);
  - **Risk & impact management** (3 recommended disclosures); and
  - **Metrics & targets** (3 recommended disclosures).

Together, these 14 recommended disclosures align with the reporting architecture of the IFRS sustainability disclosure standards. They should be applied alongside TNFD's general disclosure requirements and IFRS non-financial disclosure guidelines. Companies can use the recommendations to define the objectives of their final disclosure content, while also drawing on TNFD's additional resources to support effective implementation.

- **Guidance on metrics** can be found in chapter 4 of the TNFD recommendations, with metrics recommended for disclosure in Annexes 1 and 2, and sector-specific disclosure metrics in TNFD's sector guidance. This guidance will particularly help with the metrics and targets pillar of disclosures.
- **Scenario analysis guidance** enables integrated considerations of climate and nature in scenario analysis and integrated disclosures. This guidance will particularly help with the strategy pillar of disclosures.
- **The LEAP approach**, a practical "how to" guide on identifying, assessing, managing nature-related dependencies, impacts, risks and opportunities. This approach has been designed to be used by a team of analysts in an organisation, and it builds on existing, high-quality, nature-related frameworks including the Natural Capital Protocol and the Science Based Targets Network (SBTN) methods.
- **Sector guidance and Biome guidance** help report preparers interpret and apply the TNFD disclosure recommendations and cross-sector additional guidance such as the LEAP approach. Sectors and biomes are being added on an ongoing basis.
- **Guidance on value chains** helps organisations identify and assess nature-related issues beyond direct operations, across upstream and downstream activities.
- **Guidance on engagement** with Indigenous Peoples, Local Communities and affected stakeholders supports meaningful and respectful engagement, ensuring their perspectives inform assessments, management actions, and disclosures.



Figure 2.3: Making use of the TNFD suite of resources

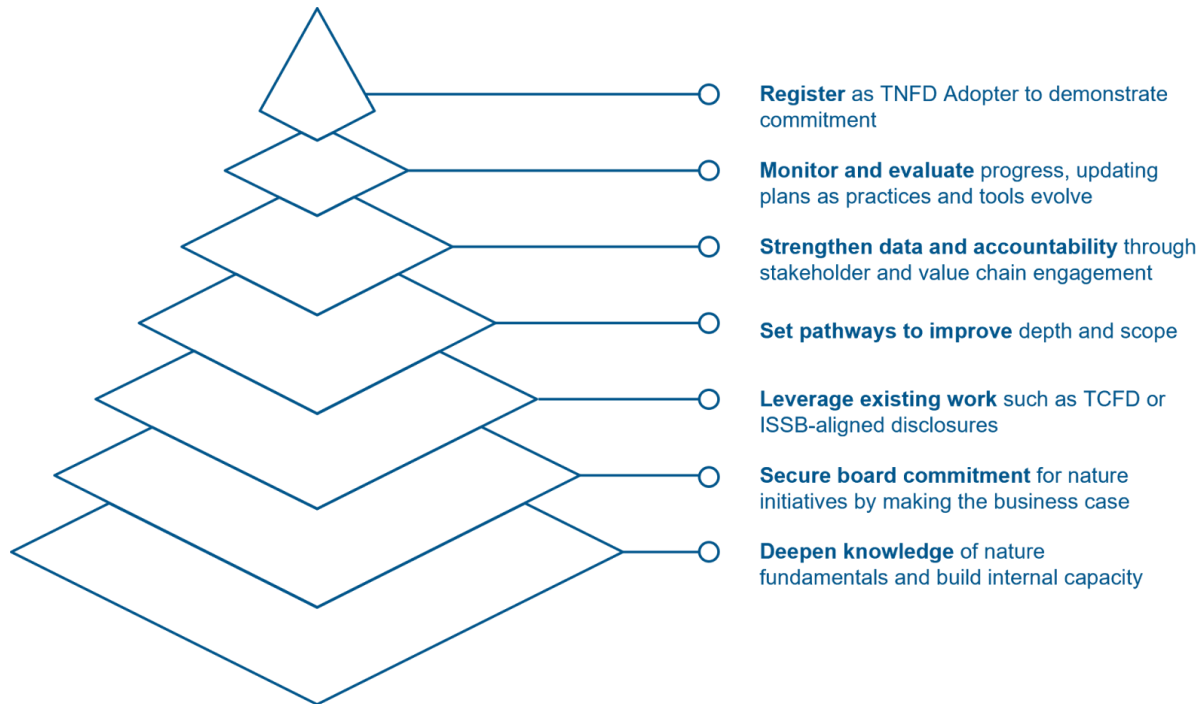


Source: UN SSE

The TNFD encourages companies to take an iterative and progressive approach to adoption, and provides a set of seven steps for implementing the TNFD's recommendations (Figure 2.4). By following these steps, companies can ensure that their disclosures are not only aligned with investor and regulatory expectations, but also strengthen long-term resilience, trust, and value creation. For more guidance on getting started with TNFD, companies are encouraged to read the publication "Getting started with adoption of the TNFD recommendations,"<sup>51</sup> which helps organisations get started with their TNFD adoption journey.

<sup>51</sup> [Getting started with adoption of the TNFD Recommendations](#) - TNFD (2023)

Figure 2.4: TNFD implementation strategy



Source: UN SSE adapted from TNFD

## 2.3 Aligning disclosures to TNFD guidance

The Taskforce on Nature-related Financial Disclosures (TNFD) builds on the structure of the TCFD and ISSB's IFRS-S1 to provide a globally consistent framework for organisations to disclose nature-related dependencies, impacts, risks, and opportunities (DIROs). Its disclosure recommendations rest on three key elements: recommended disclosures, general requirements, and conceptual foundations (Figure 2.5).

Figure 2.5: TNFD recommended disclosure components



Source: UN SSE

Report preparers may be most familiar with the format of the 14 recommendations for disclosure of the TNFD, broken into four pillars - consistent with the TCFD and ISSB. Together, these 14 recommended disclosures provide a clear picture of how an organisation integrates nature-related information into their public disclosures (Table 3). Applying to all four pillars of recommended disclosures, six general disclosure requirements ensure consistency and comparability. These **six general requirements** provide essential context for report users to interpret the recommended disclosures.

1. The application of materiality;
2. The scope of disclosures;
3. The location of nature-related issues;
4. Integration with other sustainability-related disclosures;
5. The time horizons considered; and
6. The engagement with Indigenous Peoples, Local Communities and affected stakeholders in the identification, assessment and management of the organisation's nature-related issues.

Finally, the TNFD recommendations are grounded in **four principles known as the conceptual foundations**, that clarify their purpose and ambition:

1. Organisations are expected to **increase breadth and depth of disclosure ambition over time**, consistent with the global reporting baseline of the ISSB standards and global biodiversity goals, especially Target 15 of the Global Biodiversity Framework.
2. Disclosures are expected to be **based on materiality** (whichever approach to materiality the organisation is using<sup>52</sup>), ensuring relevance to report users.
3. The framework **accommodates different approaches to materiality**: financial materiality (ISSB) as a baseline, and impact materiality (GRI/ESRS) where required or voluntarily adopted. As such, however, companies are encouraged to explain clearly which approach they have chosen to use and be consistent in the materiality approach throughout their disclosures.
4. TNFD stresses the need for **comprehensive identification and assessment of all four nature-related issues** - dependencies, impacts, risks, and opportunities — while explaining the links between them. Therefore, regardless of their materiality approach, organisations should identify and assess their DIROs for internal purposes (as further described in Chapter 3) and be consistent in the materiality approach throughout their disclosures.

These foundations situate the disclosures within the broader purpose of aligning financial and corporate decision-making with the need to halt and reverse nature loss.

<sup>52</sup> For organisations seeking to align their approach with the Global Biodiversity Framework, it should be noted that both financial and impact materiality perspectives should be disclosed.

Table 3: TNFD recommended disclosures and key TNFD resources for reference

Disclosure	Key resources for support <sup>53</sup>
<b>Governance:</b> Disclose the organisation's governance of nature-related dependencies, impacts, risks, and opportunities.	
A. Describe the board's oversight of nature-related dependencies, impacts, risks, and opportunities.	■ <a href="#">Asking Better Questions on Nature – For Board Directors</a>
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.	■ <a href="#">Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders</a>
<b>Strategy:</b> 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.	
A. Describe the nature-related dependencies, impacts, risks, and opportunities the organisation has identified over the short, medium and long term.	■ <a href="#">Guidance on the LEAP approach</a>
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.	■ <a href="#">Guidance on scenario analysis</a>
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.	■ <a href="#">Guidance on the LEAP approach</a> ■ <a href="#">Guidance on value chains</a>
<b>Risk &amp; impact management:</b> Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks, and opportunities.	
A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks, and opportunities in its direct operations.	■ <a href="#">Guidance on the LEAP approach</a>
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).	■ <a href="#">Guidance on the LEAP approach</a> ■ <a href="#">Guidance on value chains</a>
B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks, and opportunities.	■ <a href="#">Guidance on the LEAP approach</a> (in particular, Assess & Prepare phases)
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.	■ <a href="#">Guidance on the LEAP approach</a> (in particular, Assess phase) ■ <a href="#">Guidance on scenario analysis</a>

<sup>53</sup> TNFD has multiple publications that will help with all of the recommended disclosures, but we have listed here specific guidance documents that will be useful for these certain disclosures.

**Metrics & targets:** Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks, and opportunities.

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.	<ul style="list-style-type: none"> <li>■ Chapter 4 of <a href="#">TNFD recommendations</a> and Annexes 1 and 2</li> <li>■ <a href="#">TNFD Sector Guidance</a></li> </ul>
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.	<ul style="list-style-type: none"> <li>■ <a href="#">Guidance for corporates on science-based targets for nature</a></li> <li>■ <a href="#">Guidance on the LEAP approach</a> (Prepare phase)</li> </ul>

Source: UN SSE, compiled from TNFD

## 2.4 TNFD and sustainability reporting standards

To maximize relevance and efficiency for report preparers, it is important to understand how TNFD aligns, is interoperable with and complements widely used sustainability and reporting standards. The TNFD has provided a voluntary framework that includes a set of recommendations for disclosures (and additional guidance), not a disclosure standard. Therefore, the recommendations do not prescribe where or how information is disclosed (as is further discussed in Chapter 4).

The TNFD recommends that nature-related information be integrated with other sustainability-related disclosures, in particular with climate-related information. To do this, report preparers should be aware of the interconnectivity between TNFD and other mainstream reporting standards and guidance. Importantly, while the approach to materiality differs across standards - such as ISSB's financial materiality lens and GRI or ESRS's impact, or double materiality approach - the TNFD has been deliberately designed to work with either, making it flexible for use in different jurisdictions and reporting contexts. While this section provides an overview of some of the main standards companies will be using, further standards alignment and mapping can be found on the TNFD website.<sup>54</sup>

### TNFD and ISSB

The International Sustainability Standards Board (ISSB) was created under the IFRS Foundation in response to global demand from investors, companies, and policymakers, for a high-quality global baseline of sustainability disclosures for financial markets. Its standards are developed through a transparent, rigorous process to deliver decision-useful, comparable information and streamline the reporting landscape. The ISSB builds on and consolidates existing investor-focused frameworks, including Task Force on Climate-related Financial Disclosures (TCFD)<sup>55</sup>, the Climate Disclosure Standards Board (CDSB)<sup>56</sup>, the

<sup>54</sup> [Standards Alignment](#) - TNFD (2025)

<sup>55</sup> [TCFD Recommendations](#) - TCFD (2017)

<sup>56</sup> [CDSB Framework Application guidance for biodiversity-related disclosures](#) - CDSB (2021)

Integrated Reporting Framework<sup>57</sup>, SASB Standards<sup>58</sup>, and WEF Stakeholder Capitalism Metrics.<sup>59</sup>

The ISSB issued its first two standards — IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2: Climate-related Disclosures-in June 2023<sup>60</sup>. These standards establish a global baseline for sustainability-related financial disclosures, enabling investors and other capital market participants to make informed decisions.

The IFRS Foundation and the TNFD have signed a Memorandum of Understanding (MoU)<sup>61</sup> signalling both parties' commitment to build upon the TNFD recommendations in the ongoing work of the ISSB, to enable nature-related financial disclosures for use by capital markets. The ISSB is considering the relevance of the TNFD recommendations in meeting the needs of global capital markets. At the time of publication of this Model Guidance, the ISSB Biodiversity, Ecosystems and Ecosystem Services (BEES) project was still underway. This project aims to determine whether the ISSB should pursue standard-setting for disclosure requirements on nature, and is supported by TNFD.<sup>62</sup>

Both TNFD and ISSB use the same four-pillar architecture (Governance, Strategy, Risk [& impact] Management, and Metrics & Targets). The SASB industry standards are being enhanced, which includes considerations of building on the TNFD's recommended sector-specific disclosure metrics, as well as metrics of the GRI and ESRS. The TNFD's LEAP approach (Locate, Evaluate, Assess, Prepare) can also be used to support assessments as a basis for ISSB reporting.

## TNFD and the GRI

The Global Reporting Initiative (GRI) has led a global multi-stakeholder process for over 25 years to develop and refine rigorous sustainability reporting standards. GRI is seen as a leading standard for impact reporting. In addition to providing a standard for disclosure, GRI provides companies with the tools and training for managing impacts and supporting strategic decision-making for sustainable, long-term value, unlocking positive change in the world.

Since 2022, the GRI and the TNFD have worked closely together to collaborate in the development of the TNFD recommendations and guidance, and the ongoing updates to the GRI Standards. On 25 January 2024, GRI published GRI 101: Biodiversity 2024<sup>63</sup>, a major revision to its earlier Biodiversity Standard, which is highly consistent with the TNFD recommendations and additional guidance.

Responding to feedback from market participants, the TNFD and GRI have developed a guidance document and correspondence table to help GRI's 14,000 reporters globally align

<sup>57</sup> [Integrated Reporting Framework](#) - IIRC (2021)

<sup>58</sup> [SASB Standards](#) - SASB (2021)

<sup>59</sup> [Stakeholder Capitalism: Our Metrics](#) - WEF (2020)

<sup>60</sup> [IFRS Sustainability Standards Navigator](#) - IFRS Foundation (2023)

<sup>61</sup> [IFRS Foundation and TNFD formalise collaboration to provide capital markets with high-quality nature-related information](#) - IFRS Foundation & TNFD (April 2025)

<sup>62</sup> [Biodiversity, Ecosystems and Ecosystem Services](#) - IFRS Foundation (2025)

<sup>63</sup> [Topic Standard for Biodiversity](#) - GRI (2024)



with the TNFD recommendations, and assist TNFD adopters in their sustainability reporting according to GRI Standards<sup>64</sup>. The GRI & TNFD case studies report provides further practical examples of how global companies have been approaching this<sup>65</sup>.

## TNFD and ESRS

The European Sustainability Reporting Standards (ESRS)<sup>66</sup> were developed under the EU's Corporate Sustainability Reporting Directive (CSRD)<sup>67</sup> and adopted in July 2023. The CSRD requires not only EU-based companies, but also many non-EU companies with significant operations or listings in the EU, as well as companies in the supply chains of European businesses, to report in line with ESRS. The ESRS provides detailed requirements for companies within scope of the CSRD to disclose sustainability information across environmental, social, and governance topics, based on the principle of double materiality. This means companies must report both on how sustainability issues affect enterprise value and on the organisation's actual or potential impacts on people and the environment<sup>68</sup>.

EFRA, the body responsible for the development of the ESRS, and TNFD have collaborated closely to maximise the consistency between the ESRS environmental standards (beyond climate change) and the TNFD recommendations and metrics, as they were being developed in parallel. In December 2023, EFRA and TNFD signed a Memorandum of Understanding (MoU), to continue this collaboration as both organisations look to respond to the assessment and reporting guidance needs of market participants subject to the CSRD reporting requirements.

Biodiversity and ecosystems are addressed primarily through ESRS E4, which requires companies to disclose dependencies and impacts on biodiversity and ecosystems, risks and opportunities, and related policies, actions, targets, and metrics. ESRS also integrates nature-related issues across other topical standards, including pollution (ESRS E2), water and marine resources (ESRS E3), and resource use and circular economy (ESRS E5).

The TNFD has published correspondence mapping<sup>69</sup> between its recommendations and the ESRS, helping companies understand how the 14 TNFD recommended disclosures and metrics align with ESRS requirements. For companies already reporting using the ESRS, the TNFD can be used to strengthen nature-related risk assessment and strategy, while ensuring disclosures also meet European regulatory expectations.

<sup>64</sup> [Interoperability mapping between the GRI Standards and the TNFD Recommended Disclosures and metrics](#) - TNFD (July 2024)

<sup>65</sup> [GRI & TNFD Case Studies](#) - TNFD & GRI (June 2025)

<sup>66</sup> [European Sustainability Reporting Standards](#) - EFRA (2021)

<sup>67</sup> [Directive \(EU\) 2022/246](#) - European Parliament (2022)

<sup>68</sup> It should be noted that at the time of writing amendments to the CSRD and ESRS are currently under consultation in the context of the EU Omnibus, which may result in future changes to the companies in scope of the requirements, and the disclosures required.

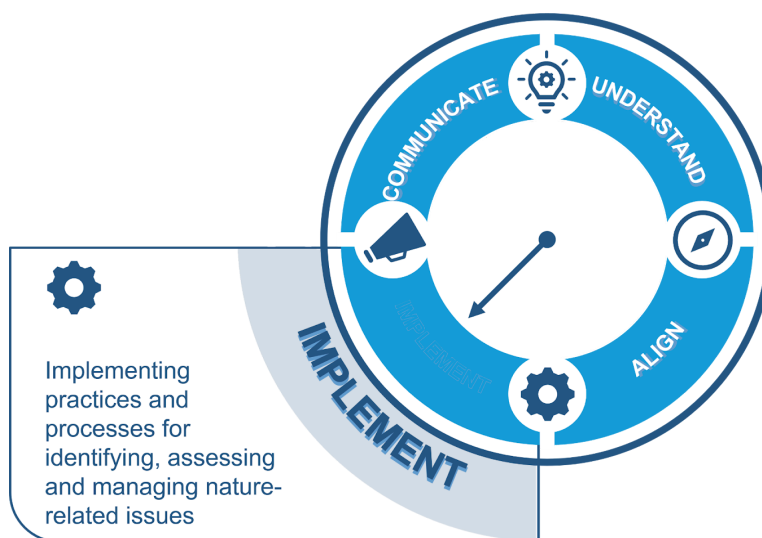
<sup>69</sup> [TNFD-ESRS Correspondence Mapping](#) - EFRA and TNFD (June 2024)



## TIPS FOR EXCHANGES - HOW TO ADAPT THIS CHAPTER FOR YOUR MARKET

- ✓ **Highlight the key standards and frameworks in your market** that companies will use together with TNFD - making sure it emphasises any regulatory requirements that will impact how companies make use of the TNFD recommendations.
- ✓ **Include case studies about companies in your region** that have started the process towards understanding and disclosing their nature-related risks, to illustrate what the disclosures look like in practice.
- ✓ **Depending on the level of adoption in your region, encourage companies to start with "basic alignment"**, such as disclosing high-level governance and strategy, and gradually advancing to full disclosures.
- ✓ **Encourage companies to align their location-specific disclosures** with national and local data, such as biodiversity data or protected area maps.

## Chapter 3. Implement



Chapter 3 provides guidance on how organisations can implement the necessary processes internally to develop their understanding of nature-related issues and build preparedness for disclosing nature-related issues. To get started on nature-related financial disclosures, companies need to first identify and assess the specific nature-related dependencies, impacts, risks, and opportunities they face, and how they can be managed. The TNFD recommends the use of the LEAP approach to build this understanding, using an iterative and flexible approach that can be adapted and developed over time. This chapter therefore focuses on providing an overview of the phases and components of LEAP and signposts further resources to support organisations in undertaking the assessment.

Once an initial LEAP assessment has been undertaken, this will inform the identification and implementation of a variety of other activities to progress the assessment, management and disclosure of the nature-related issues identified through the process. The chapter finishes by highlighting a number of key areas that organisations are likely to need to consider next, and signposting relevant resources and guidance for further reading on these topics. These activities may include establishing or strengthening internal governance, building out more detailed assessment of value chain phases, biomes and sectors, and the use of scenario analysis.

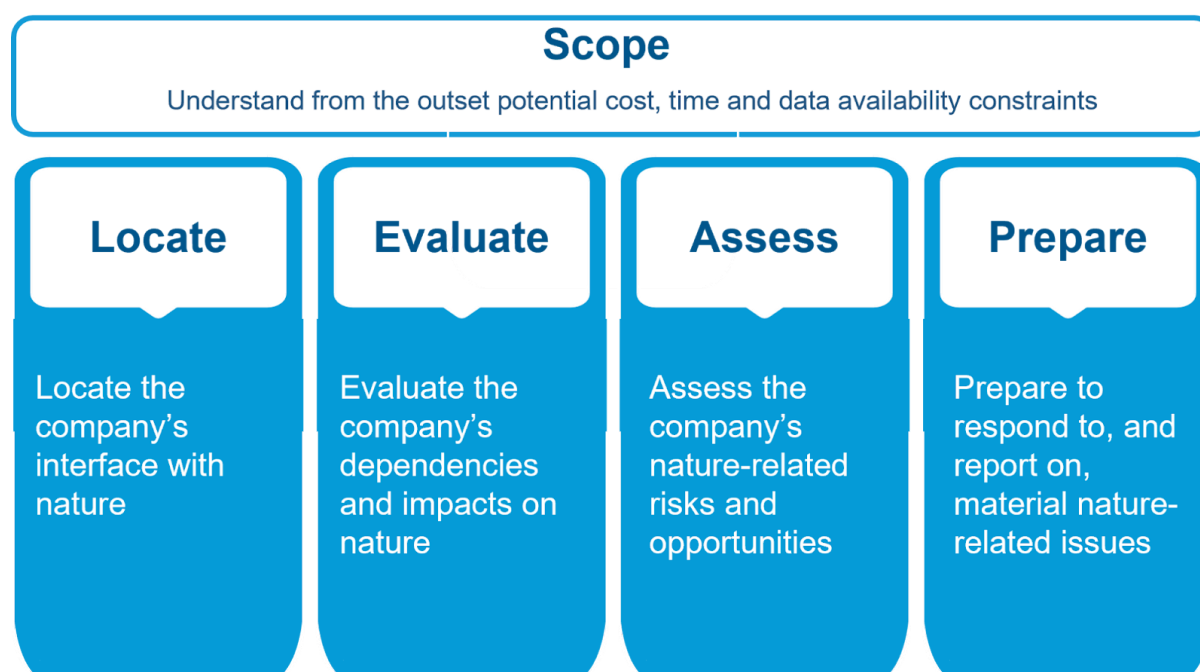
### 3.1 Introducing the TNFD LEAP approach

#### What is LEAP?

The TNFD developed LEAP (Locate, Evaluate, Assess and Prepare) to provide an integrated approach for the identification and assessment of nature-related issues. It is designed for use by organisations of all sizes and across all sectors and geographies. The LEAP approach complements the TNFD recommended disclosures, is designed to be used by internal project teams and involves four phases,<sup>70</sup> as summarised in Figure 3.1 below.

<sup>70</sup> Each phase also comprises four subsidiary 'components'. A more detailed diagram outlining these can be found on Page 4 of the TNFD's [Guidance on the identification and assessment of nature-related issues: The LEAP approach](#) (2023).

Figure 3.1: The LEAP approach



Source: UN SSE, Adapted from TNFD

LEAP is intended to be flexible and iterative in its application. Different phases and components can be revisited as data, priorities or context evolve. LEAP can be applied flexibly depending on the sector and jurisdiction in which the organisation operates and its organisational arrangements. The TNFD describes LEAP as an 'approach' with assessment 'components' not as a 'process' with 'steps' that must be followed in a strict order. This flexibility provides for the differing ways in which financial institutions might use LEAP as compared to corporates. It is not necessary to use the LEAP phases, or their subsidiary components, in a strictly sequential order.

### Why undertake a LEAP assessment?

LEAP is a voluntary internal due diligence process designed for use by an internal 'LEAP assessment team' within an organisation seeking to understand its nature-related issues across its operations and value chain. Ideally the dedicated LEAP assessment team will be supported by senior management to champion their work and align with management's objectives. LEAP provides a structured, yet adaptable, foundation to better understand nature-related issues and move toward meaningful, credible disclosure (Figure 3.2).

Figure 3.2: Key outcomes of LEAP



Source: UN SSE

## Resources to support LEAP

This chapter provides a high-level introduction to the LEAP approach, intended to build understanding of the process and why it's recommended by the TNFD. Key tools applicable to each phase are identified in the relevant sections to help signpost the best options for getting started, however organisations wishing to conduct a LEAP assessment are encouraged to consult the additional resources developed by the TNFD and others on this topic including:

- **The TNFD's Guidance on the LEAP approach**<sup>71</sup>, which provides comprehensive guidance to inform the full application of the approach, including a summary of resources and case studies applicable to each phase of the approach.
- **The TNFD case study library**<sup>72</sup> also provides a filterable selection of LEAP use cases, demonstrating how a range of financial institutions and companies across different sectors have utilised the approach.
- **The TNFD Tools Catalogue**<sup>73</sup> provides a directory of nature-related data and analytics tools, which are applicable to the specific assessment of different nature-related issues and realms, filterable by sector, biome, LEAP approach component and TNFD recommended disclosures.
- **The SUSTAIN Nature Tools Compass**<sup>74</sup>, a toolbox of resources to support users to measure, assess, act upon and monitor their dependencies and impacts on nature.


<sup>71</sup> [Guidance on the identification and assessment of nature-related issues: The LEAP approach](#) - TNFD (2023)

<sup>72</sup> [Case study library](#) - TNFD (2025)

<sup>73</sup> [Tools Catalogue](#) - TNFD (2025)

<sup>74</sup> Toolbox published in November 2025, see [SUSTAIN Deliverable 3.1: Scoping report of existing tools](#) - SUSTAIN (July 2025) for an overview.

## 3.2 Scoping the assessment

	<b>IN BRIEF</b> <b>SCOPE</b>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>■ Generate working hypothesis</li> <li>■ Align on goals and resources</li> </ul>
<b>Purpose</b> Prepare the teams and resources needed for an effective assessment		
<b>Key Outputs</b> <ul style="list-style-type: none"> <li>■ A working hypothesis statement</li> <li>■ Agreed parameters for the organisation's LEAP assessment</li> </ul>		<b>Tools for getting started</b> <ul style="list-style-type: none"> <li>■ SICS</li> <li>■ SBTN Materiality Screening Tool</li> <li>■ Allianz sectoral analysis of natural capital risks</li> </ul>

### Why it matters

Internal due diligence processes like LEAP require the support of an internal senior management champion (a committee or individual) and a dedicated project team. Early alignment between management and the LEAP assessment team on the scope and resources to be committed for the LEAP assessment is vital before any in-depth analytical work commences.

### Key activities

#### 1. Generate the working hypothesis

The scoping phase of LEAP begins with generating a working hypothesis to identify where an organisation's activities may create material nature-related dependencies, impacts, risks, and opportunities. The purpose is to develop a shared internal understanding of objectives, requirements, and stakeholder expectations, while prioritising resources effectively.

Organisations are first recommended to map their direct operations and value chains (upstream and downstream), since nature-related issues may appear throughout a business model, outside of core operations or asset classes. Corporates may begin by assessing by business unit, product line, or activity, using internal or due diligence data, while financial institutions may wish to consider financed, facilitated, invested, or insured activities by sector, geography, and asset class. Whilst the availability of asset-level data across supply chains may limit the depth of assessment, organisations should focus on gaining an initial high level understanding during the scoping assessment, using the data they have available to them. To support prioritisation, three filters can be applied during the scoping phase (Figure 3.3). This is not intended to be a deep analysis, but rather a way to guide priorities before detailed assessment in the Locate phase.



## 2. Align on goals and resources

During the scoping assessment, organisations should aim to establish what they hope to achieve, considering factors such as goals, materiality, resource considerations, and stakeholder needs. Possible goals could include informing corporate strategy and internal decision-making, aligning with global biodiversity targets (e.g., Kunming-Montreal Global Biodiversity Framework<sup>75</sup>), supporting voluntary or regulated reporting requirements, or addressing investor information needs.

For organisations using LEAP to inform their corporate reporting, materiality is likely to be a key consideration during the scoping assessment. The TNFD recommends that report preparers clearly state their approach to materiality and apply it consistently across all disclosures. Therefore if the materiality approach is yet to be defined, it should be clearly established.

The TNFD asks report preparers to describe how they define short, medium, and long-term dependencies, impacts, risks, and opportunities. Since these time horizons will play an important role in informing the LEAP assessment, the time horizons to be used should be clearly defined during scoping. While time horizons will vary between entities, relevant factors to consider may include cash flow, investment and business cycles, the planning horizons used for strategic decision-making and capital allocation plans, and the time horizons over which users of general purpose financial reports conduct their assessments of entities in that industry.<sup>76</sup> The TNFD guidance on scenario analysis<sup>77</sup> also provides further information on time horizons for risk assessment. A baseline year for the assessment should also be defined and justified, considering when relevant activities began, how risks may have evolved and historical impacts.

Finally, organisations are encouraged to consider knowledge, capacity, data, and cost constraints associated with the assessment. While external experts and third-party data can fill gaps, they add costs. Trade-offs should be documented in the terms of reference agreed between senior sponsors and the LEAP team, to support clarity and transparency.

### Key outputs

- **A working hypothesis:** What the organisation's business processes and activities are and where there are likely to be material nature-related dependencies, impacts, risks, and opportunities across the sectors, value chain stages and geographies, relevant to its business model.
- **Alignment on goals and resources:** A set of agreed parameters for the assessment, including timelines, internal and external resourcing requirements, sources of knowledge and data and budget.

At the end of the LEAP assessment, the TNFD recommends that the LEAP assessment team reviews its scoping exercise to reflect on whether its original working hypothesis was robust and whether there are any learnings that should be incorporated into the next LEAP assessment for the following reporting cycle.


<sup>75</sup> Kunming-Montreal Global Biodiversity Framework - Convention on Biological Diversity (2024)

<sup>76</sup> IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information - IFRS Foundation (2023)

<sup>77</sup> Guidance on scenario analysis - TNFD (2025)

**Key tools to support this phase:** Sustainable Industry Classification System (SICS)<sup>78</sup>, Science Based Targets Network Materiality Screening Tool<sup>79</sup>, Allianz sectoral analysis of natural capital risk<sup>80</sup> (see section 3.5 of the LEAP guidance<sup>81</sup> for further scoping resources).

### 3.3 Locate the interface with nature

	<b>IN BRIEF</b> <b>LOCATE</b>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>■ Understand business model &amp; value chain</li> <li>■ Screen dependencies and impacts</li> <li>■ Assess interface with nature</li> <li>■ Assess interface with sensitive locations</li> </ul>
<b>Purpose</b> Filter and prioritise potential nature-related issues		
<b>Key Outputs</b> <ul style="list-style-type: none"> <li>■ Understanding of dependencies and impacts</li> <li>■ List/map of locations to consider in evaluation</li> <li>■ Understanding of proportion of business to be assessed</li> </ul>		<b>Tools for getting started</b> <ul style="list-style-type: none"> <li>■ ENCORE</li> <li>■ SBTN High Impact Commodity List</li> <li>■ SBTN Materiality Screening Tool</li> <li>■ IBAT</li> <li>■ WWF Risk Filters</li> </ul>

### Why it matters

Nature-related issues are location-specific, therefore location matters greatly for the identification, assessment and management of DIROs. It's not feasible or proportionate for organisations (particularly financial institutions) to obtain data for all locations and issues, so interfaces need to be filtered and prioritised. The 'Locate' phase supports that prioritisation, by filtering and prioritising nature-related issues using three filters: sector, value chain and geography. For geography, organisations are asked to pay particular attention to any ecologically sensitive locations where their business model or value chain may have an impact or dependency on nature.

### Key activities

Organisations should start with the working hypothesis developed during the scoping exercise, to now conduct more detailed analysis and identify with greater precision the sectors, value chains and geographic locations. During 'Locate', sector, value chain and location are applied as prioritisation filters to arrive at an informed, evidence-based view on sources of potentially material nature-related DIROs (Figure 3.3).

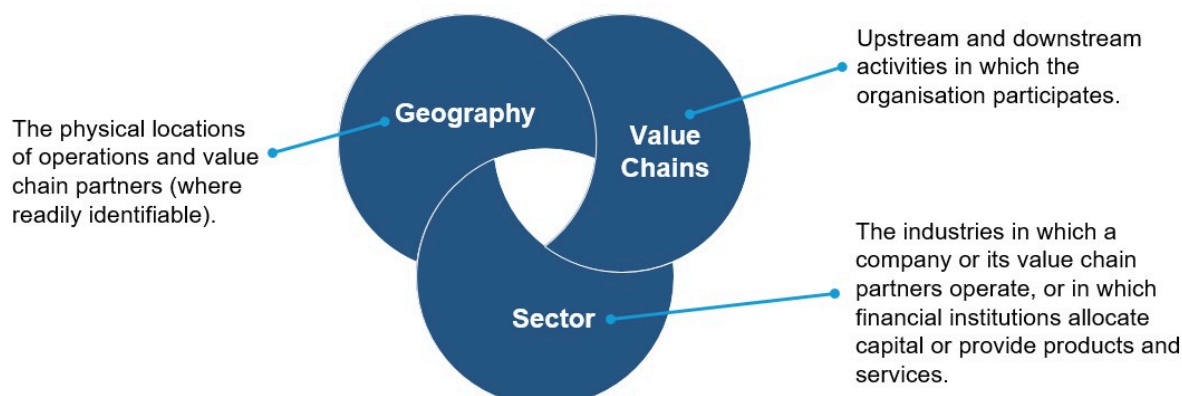
<sup>78</sup> [The Sustainable Industry Classification System](#) - IFRS Foundation (2025)

<sup>79</sup> [SBTN's Materiality Screening Tool](#) - Science Based Targets Network (2025)

<sup>80</sup> [Measuring and management environmental exposure: A business sector analysis of natural capital risk](#) - Allianz (2018)

<sup>81</sup> [Guidance on the identification and assessment of nature-related issues: The TNFD LEAP approach](#) - TNFD (2023)

Figure 3.3: Three lenses to support prioritisation during the scoping phase of LEAP



Source: UN SSE

The 'Locate' phase consists of four components as follows:

### **L1. Understand the span of the business model and value chain**

Develop a picture of the organisation's activities by sector, value chain and geography, including identifying the location of direct operations.

### **L2. Screen dependencies and impacts**

Determine whether any of these sectors, value chains and direct operations are associated with potentially moderate and high dependencies and impacts on nature.

### **L3. Assess the interface with nature**

Further consider the location of the sectors, value chains and direct operations with potentially moderate and high dependencies and impacts, to identify which biomes and specific ecosystems these interface with.

### **L4. Assess the interface with sensitive locations<sup>82</sup>**

Evaluate which of the organisation's activities in high dependency and impact value chains and sectors are in ecologically sensitive locations, and which direct operations are in these sensitive locations.

## **Key outputs**


- Solid understanding of moderate and high nature-related dependencies and impacts filtered by sector, value chain (upstream and downstream) and geography.
- A list and/or map of ecologically sensitive locations that the organisation operates in, and a broader set of assessment locations to take into the Evaluate phase of LEAP.
- Understanding of the proportion of the business model, value chains and/or capital portfolio assessed for its interface with nature.

<sup>82</sup> Sensitive locations are defined by the TNFD as locations where the organisation's assets or activities interface with nature in areas important for biodiversity, of high ecosystem integrity, rapid decline in ecosystem integrity, high physical water risks and/or areas of importance for ecosystem service provision.

**Connection to the TNFD recommended disclosures:** Directly supports preparation of recommended disclosure Strategy D: “*Disclose the locations of assets and/or activities in the organisation’s direct operations and, where possible, upstream and downstream value chains that meet the criteria for priority locations.*”

**Tools to support this phase:** ENCORE<sup>83</sup>, SBTN High Impact Commodity List and Materiality Screening Tool<sup>84</sup>, Integrated Biodiversity Assessment Tool (IBAT)<sup>85</sup>, WWF Biodiversity and Water Risk Filters<sup>86</sup> (see section 4.9 of the TNFD LEAP guidance<sup>87</sup> for further ‘Locate’ resources).

### 3.4 Evaluate dependencies and impacts on nature

	<p>IN BRIEF</p> <h1>EVALUATE</h1>	<p><b>Key Activities</b></p> <ul style="list-style-type: none"> <li>■ Identify assets services and drivers</li> <li>■ Identify dependencies and impacts on nature</li> <li>■ Measure dependencies and impacts</li> <li>■ Determine impact materiality</li> </ul>
<p><b>Purpose</b></p> <p>Understand potentially material dependencies and impacts</p>		
<p><b>Key Outputs</b></p> <ul style="list-style-type: none"> <li>■ List of environmental assets and ecosystem services</li> <li>■ List of dependencies and impacts on nature</li> <li>■ Analysis of dependencies and impacts</li> <li>■ List of material dependencies and impacts</li> </ul>		<p><b>Tools for getting started</b></p> <ul style="list-style-type: none"> <li>■ Natural Capital Protocol</li> <li>■ TEEB</li> <li>■ ENCORE</li> <li>■ UNEP and S&amp;P Nature risk profile methodology</li> </ul>

#### Why it matters

Nature-related dependencies and impacts are what give rise to an organisation’s nature-related risks and opportunities. Therefore, analysis of these dependencies and impacts is an essential step in identifying and understanding these. Organisations’ cash flows are underpinned by the reliable and cost-effective provision of ecosystem services, with nature loss potentially undermining the delivery of these services. The impacts, both positive and negative, an organisation has on nature can also create nature-related risks and opportunities. The ‘Evaluate’ phase aims to develop an understanding of material dependencies and impacts.

<sup>83</sup> ENCORE - Global Canopy, UNEP FI and UNEP-WCMC (2025)

<sup>84</sup> Both tools available from: [Resources](#) - SBTN (2025)

<sup>85</sup> IBAT - The IBAT Alliance (2025)

<sup>86</sup> WWF Risk Filter Suite - WWF (2025)

<sup>87</sup> [Guidance on the identification and assessment of nature-related issues: The TNFD LEAP approach](#) - TNFD (2023)

## Key activities

Drawing from the approach set out in the Natural Capital Protocol<sup>88</sup>, 'Evaluate' involves the LEAP assessment team moving from the sectors, value chains and locations associated with potentially material dependencies and impacts and sensitive locations (as identified during 'Locate'), to a more detailed description and evaluation of these issues. The 'Evaluate' phase consists of four components as follows:

### E1. Identify environmental assets, ecosystem services and impact drivers

Consider the sectors, business processes, activities and assessment locations to be analysed, and the environmental assets, ecosystem services and impact drivers associated with these. Financial institutions should consider the same points for the companies and activities in their portfolios. The TNFD recommends that the LEAP assessment team starts qualitatively in identifying the main impact drivers that they, or the entities in their value chain, are responsible for (corporates), or that are commonly associated with the sectors and their typical business activities and processes (financial institutions). See Table 4 for an indicative list of possible impact drivers.

Table 4: Impact drivers, by driver of nature change

Driver of nature change	Impact drivers
Land/freshwater/ocean-use change	<ul style="list-style-type: none"> <li>■ Land use change</li> <li>■ Freshwater-use change</li> <li>■ Ocean-use change</li> </ul>
Climate change	<ul style="list-style-type: none"> <li>■ Greenhouse gas emissions</li> </ul>
Resource use/replenishment	<ul style="list-style-type: none"> <li>■ Water use</li> <li>■ Other resource use</li> </ul>
Pollution/pollution removal	<ul style="list-style-type: none"> <li>■ Non-GHG air pollution</li> <li>■ Water pollution</li> <li>■ Soil pollution</li> <li>■ Waste</li> <li>■ Disturbances</li> </ul>
Invasive species and other	<ul style="list-style-type: none"> <li>■ Biological alterations</li> </ul>

Source: TNFD<sup>89</sup>

### E2. Identify dependencies and impacts

Assess the dependencies and impacts on nature for the organisation, or companies in its portfolios. Here, organisations should consider the external factors affecting their business processes and activities, the ecosystem services they depend on, the changes in the state of nature their impact drivers are contributing to (and external factors may be affecting), the dependencies and impacts associated with each assessment location, and how these fit together to form dependency and impact pathways. To prioritise dependencies and impacts, the LEAP team could consider making a probability-weighted estimate of changes in nature

<sup>88</sup> [Natural Capital Protocol](#) - Capitals Coalition (2016)

<sup>89</sup> [Guidance on the identification and assessment of nature-related issues: The TNFD LEAP approach](#) - TNFD (2023)

and ecosystem services, using either qualitative or quantitative methods depending on available data and capacity. This assessment can help to classify each dependency and impact as having high, medium, or low potential materiality for each assessment location.

### E3. Measure dependences and impacts

Measure the scale and scope of dependencies on nature. Measure the severity of negative impacts on nature, and the scale and scope of positive impacts. The Taskforce recognises that it can be difficult to quantify all identified dependencies and impacts due to data limitations, particularly around traceability through value chains. This tracing will take time, and organisations should start with a small number of highly material issues and expand the scope of disclosures across all material issues. Measurement can be qualitative (e.g. high, medium or low rates of pollution), or quantitative (e.g. tonnes of different pollutants emitted). To choose indicators and metrics to undertake this measurement, the LEAP assessment team should refer to the recommended assessment metrics provided by the TNFD.<sup>90</sup>

### E4. Determine impact materiality

Once dependencies and impacts have been identified and measured, the final component of 'Evaluate' is to identify which impacts are material. This is applicable to organisations intending to disclose their impacts on nature and society aligned with an impact materiality lens; organisations not taking this approach may move straight to the 'Assess' phase. Organisations are advised to use the guidance associated with the reporting framework or requirement (e.g. GRI, or ESRS) they are seeking to meet to inform this determination. It is likely to include consideration of the likelihood and significance of potential impacts.

## Key outputs

- A list of relevant environmental assets and ecosystem services.
- A list of the organisation's dependencies and impacts on nature.
- Analysis of potentially material dependencies and impacts on nature.
- A list of material dependencies and impacts (for disclosure using an impact materiality approach, such as GRI and incorporated into the ESRS in Europe).

**Connection to the TNFD recommended disclosures:** Organisations using an impact materiality lens (e.g. using GRI Standards or ESRS) will need to use this phase to identify impacts for disclosure. The 'Evaluate' phase provides the due diligence and evidence base for disclosures, and underpins the risk and opportunity assessment in the 'Assess' phase.

**Tools to support this phase:** Natural Capital Protocol<sup>91</sup>, including sector guidance and supplements, Global Forest Watch<sup>92</sup>, Forest IQ<sup>93</sup>, The Economics of Ecosystems and Biodiversity (TEEB)<sup>94</sup>, ENCORE<sup>95</sup>, UNEP and S&P's Nature risk profile methodology<sup>96</sup> (see section 5.8 of the TNFD LEAP guidance<sup>97</sup> for further 'Evaluate' resources).

<sup>90</sup> [Guidance on the identification and assessment of nature-related issues: The TNFD LEAP approach](#) - TNFD (2023)

<sup>91</sup> [The Natural Capital Protocol](#) - Capitals Coalition (2016)

<sup>92</sup> [Global Forest Watch](#)

<sup>93</sup> [Forest IQ](#)

<sup>94</sup> [TEEB in Business and Enterprise](#) - IUCN and PwC (2012)

<sup>95</sup> [ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure](#) - Global Canopy & UNEP (2023)

<sup>96</sup> [Nature Risk Profile: A methodology for profiling nature-related dependencies and impacts](#) - UNEP & S&P Global (2022)

<sup>97</sup> [Guidance on the identification and assessment of nature-related issues: The TNFD LEAP approach](#) - TNFD (2023)



### 3.5 Assess nature-related risks and opportunities

	<b>IN BRIEF</b> <b>ASSESS</b>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>■ Identify risks and opportunities</li> <li>■ Adjust existing risk management</li> <li>■ Prioritise and measure risks and opportunities</li> <li>■ Assess the materiality of risks and opportunities</li> </ul>
<b>Purpose</b> Identify material risks and opportunities to manage and disclose		
<b>Key Outputs</b> <ul style="list-style-type: none"> <li>■ Longlist of relevant risks and opportunities</li> <li>■ Shortlist of material risks and opportunities</li> <li>■ Outline of adaptations to risks processes</li> </ul>		<b>Tools for getting started</b> <ul style="list-style-type: none"> <li>■ TNFD assessment metrics for risks and opportunities</li> <li>■ TNFD summary of risk assessment methods</li> <li>■ TNFD Scenario Analysis guidance</li> </ul>

#### Why it matters

A LEAP assessment team needs to identify and prioritise the nature-related risks and opportunities to the organisation stemming from their identified dependencies and impacts on nature. The identification of these risks and opportunities requires the adaptation of existing risk management processes to ensure these new risks are fully integrated. To do so, risk management processes will need to be adjusted in the way they measure risks, possibly using and developing new methods to prioritise nature-related risks and opportunities, and estimate the financial effects of these for the organisation to understand which could be disclosed as part of the materiality assessment. The 'Assess' phase is key to understanding the financial and strategic implications of nature-related issues for your organisation.

#### Key activities

The 'Assess' phase involves creating a prioritised list of material nature-related risks and opportunities to inform both the integration of these issues into the organisation's enterprise or portfolio risk management processes, and the preparation of public disclosures. The 'Assess' phase consists of four components as follows:

##### A1. Identify risks and opportunities

The list of potentially material dependencies and impacts developed during the 'Evaluate' phase should now be used to identify associated nature-related risks and opportunities. Organisations should consider how each dependency or impact could give rise to nature-related physical, transition or systemic risks, or nature-related opportunities, considering the detailed risk and opportunity types outlined in the LEAP approach, which build upon the categories developed by the TCFD for climate risk.<sup>98</sup> Once nature-related

<sup>98</sup> [Climate-Related Risks, Opportunities and Financial Impacts](#) [Extract from the Final Recommendations Report] - TCFD (2017)

risks and opportunities have been characterised, the organisation should consider the financial implications connected to these issues, which may include impacts on its resilience, strategic planning and risk management, and business performance. As one of the five main drivers of nature change, climate change, and climate-related risks, are closely connected with nature-related risks. If the organisation has previously assessed climate-related risks and opportunities, this information could be used as a starting point to assess risks in an integrated manner. This 'climate-nature nexus' is further expanded in TNFD's guidance on the LEAP approach<sup>99</sup>.

## **A2. Adjust existing risk mitigation and risk and opportunity management**

The focus of this component is to identify adjustments and improvements that should be made to risk mitigation and risk and opportunity management processes, informed by the previous LEAP phases and the unique characteristics of nature-related risks and opportunities. Key principles to inform the integration of nature-related risks and opportunities into organisational processes and frameworks include the need for location-specific approaches, consideration of the interconnectedness of nature-related issues across the organisation, analysis of risks and opportunities over short, medium, and long-term time horizons, application of a proportionate approach to nature risks and opportunities in the context of other risk types and consistency in the approach used to integrate nature-related risks across management processes and over time.

## **A3. Prioritise and measure risks and opportunities**

To prioritise risks and opportunities, organisations should assess and measure their severity, typically considered as a function of their magnitude and likelihood. This assessment will then need to be considered in the context of the organisation's risk appetite and risk tolerance criteria. This component aligns to and draws from the IFRS S1 Standard<sup>100</sup> and ESRS General Disclosure requirements<sup>101</sup>, whilst the TNFD also suggests two further criteria to support prioritisation: the severity of impacts on nature, and the severity of implications for society from those nature impacts.

## **A4. Assess the materiality of risks and opportunities**

The final component of 'Assess' aims to help assess which risks and opportunities are material and should be disclosed in line with the TNFD recommended disclosures. This should be informed by an understanding of the current and anticipated effects of nature-related risks and opportunities on the organisation's financial position, financial performance, and cash flows. This will involve assessment of potential damages, or benefits from nature-related risks and opportunities, planned responses and the effectiveness of these responses, which may also be informed by scenario analysis (see Section 3.7 for further detail).

<sup>99</sup> See section 6.4.2 Links between climate and nature-related risks in [Guidance on the identification and assessment of nature-related issues: The TNFD LEAP approach](#) - TNFD (2023)

<sup>100</sup> [IFRS S1: General Disclosure Requirements for Disclosure of Sustainability-related Financial Information](#) - IFRS Foundation (2023)

<sup>101</sup> [ESRS 1 General Requirements and ESRS 2 General Disclosures](#) - EFRAG (Updated July 2025)

## Key outputs

- A 'longlist' of relevant nature-related risks and opportunities, which can be plotted into any existing risk matrix in use by the organisation.
- A 'shortlist' of material nature-related risks and opportunities, and a list of priority locations.
- An outline of the process followed to adapt existing risk processes and associated elements to integrate nature-related risks and opportunities.

**Connection to the TNFD recommended disclosures:** The process to identify, prioritise and assess the materiality of the organisation's nature-related risks and opportunities will give rise to the list of risks and opportunities to be included in the TNFD-aligned disclosure. This content will cut across the recommended disclosures, including in particular the content to inform the Strategy and Metrics & Targets pillars.

**Tools to support this phase:** TNFD's suggested assessment metrics for nature-related risks and opportunities,<sup>102</sup> TNFD's summary of Risk assessment methods<sup>103</sup>, TNFD Guidance on Scenario Analysis<sup>104</sup> (see section 6.9 of the TNFD LEAP guidance<sup>105</sup> for further 'Assess' resources).

## 3.6 Prepare to respond

	<b>IN BRIEF</b> <b>PREPARE</b>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>■ Develop strategy and resource allocation plans</li> <li>■ Set targets and define performance management</li> <li>■ Report in line with the TNFD recommendations</li> <li>■ Determine how and where to disclose</li> </ul>
<b>Purpose</b> Decide how to respond to issues and disclose publicly		
<b>Key Outputs</b> <ul style="list-style-type: none"> <li>■ Agreement on response to nature-related issues</li> <li>■ A discussion on adapting risk management processes</li> <li>■ Nature-related targets and goals set</li> <li>■ Publication of TNFD-aligned disclosures</li> </ul>		<b>Tools for getting started</b> <ul style="list-style-type: none"> <li>■ TNFD Metrics Architecture</li> <li>■ TNFD Sector Guidance</li> <li>■ TNFD Scenario Analysis Guidance</li> <li>■ IFRS S1 Standard</li> <li>■ GRI Standards</li> </ul>

<sup>102</sup> Available in Annex 1.2: Assess - Risk and opportunity metrics in [Guidance on the identification and assessment of nature-related issues: The TNFD LEAP approach](#) - TNFD (2023)

<sup>103</sup> Available in Annex 4: Risk assessment methods in the TNFD LEAP approach guidance (as referenced above)

<sup>104</sup> [Guidance on scenario analysis](#) - TNFD (2025)

<sup>105</sup> [Guidance on the identification and assessment of nature-related issues: The TNFD LEAP approach](#) - TNFD (2023)

## Why it matters

Having completed the Locate, Evaluate and Assess phases of the LEAP approach, a project team will be equipped with an assessment of material nature-related DIROs for the organisation. The project team will need to use this assessment to inform a discussion with internal stakeholders on how the organisation should respond to the issues identified, and what it will disclose.

## Key activities

The final phase of LEAP focuses on considering how to respond to the results of the assessment. Once the response has been discussed and developed internally, the organisation will then need to decide what to disclose on this in alignment with the TNFD recommended disclosures and nature-related standards. The 'Prepare' phase consists of four components as follows:

### **P1. Develop strategy and resource allocation plans**

The LEAP assessment team is recommended to present their assessment to senior management and discuss the implications for risk management, strategy and resource allocation. This may include implications for the organisation's governance, strategy, and risk and impact management processes, investor preferences and attitudes, the connection to current and potential future government and financial regulatory policies and stakeholder engagement. When determining their responses to nature-related issues, organisations may wish to apply the SBTN's Action Framework<sup>106</sup> to help them sequentially 'avoid, reduce, regenerate, restore and transform'.

### **P2. Set targets and define performance management**

In order to measure progress against the response plan, the organisation will want to identify suitable metrics and consider setting targets. Response metrics can be developed to measure progress against the organisation's actions and policies to respond to nature-related issues.<sup>107</sup> Targets are specific, quantitative, and time-bound objectives, and help to support action, display commitments and communicate the organisation's strategy. The TNFD strongly recommends that targets are aligned with the Kunming-Montreal Global Biodiversity Framework and that they are based on the best available science.

### **P3. Report in line with the TNFD recommended disclosures**

Organisations should provide transparency of information through their disclosures to facilitate better risk and capital allocation decisions by investors and lenders, a key premise that informed the development of the TNFD recommendations. Using the results of their LEAP assessment as a foundation, organisations should prepare the contents of their disclosure. This will include consideration of the TNFD recommended disclosures and may also include consideration of the ISSB standards (for disclosure to the primary users of general purpose financial reports), and the GRI standards (for disclosure of impacts on the environment or society), as well as any relevant jurisdictional disclosure regulations. Refer to Chapter 4 for further details on how to prepare reporting.

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<sup>106</sup> [Overview: Act - SBTN \(2025\)](#)

<sup>107</sup> [Metrics: An introduction to the TNFD's metrics architecture - TNFD \(2025\)](#)

#### P4. Determine how and where disclosures will be presented

The final component of 'Prepare' focuses on the format of disclosures, including how and where they are presented. Refer to Chapter 4 for further details on this topic.

#### Key outputs

- Agreement on how the organisation will respond to the nature-related issues identified in the LEAP approach, including through setting effective goals and targets.
- A discussion within the organisation of its governance and risk management processes in light of its nature-related assessment.
- The setting of nature-related targets and goals by the organisation in light of its nature-related assessment.
- The production and publication of a set of TNFD-aligned disclosures.

**Connection to the TNFD recommended disclosures:** 'Prepare' includes identification of the actions to respond to nature-related issues and the determination of what and how to disclose in line with the TNFD recommended disclosures. This should be informed by the list of material nature-related issues developed through the LEAP approach, as well as relevant voluntary disclosure standards, such as those provided by the ISSB and GRI, and with regulatory requirements.

**Tools to support this phase:** TNFD's Metrics Architecture<sup>108</sup>, TNFD Additional Guidance by sector<sup>109</sup>, TNFD Target Setting Guidance<sup>110</sup>, TNFD's Scenario Analysis Guidance<sup>111</sup>, the IFRS S1 Standard<sup>112</sup>, the GRI Standards<sup>113</sup> (see section 7.9 of the TNFD LEAP guidance<sup>114</sup> for further 'Prepare' resources).

### 3.7 Beyond LEAP: Complementary activities to advance the management of nature-related issues.

As established at the outset of this chapter, it's recommended that organisations commence their efforts to identify, assess, manage and disclose nature-related issues by conducting a LEAP assessment. LEAP supports improved internal understanding of nature-related dependencies, impacts, risks, and opportunities, and provides the basis for public disclosure of information aligned to the TNFD's recommended disclosures. It is for this reason that the 'Implement' section of this guidance focuses on LEAP. However, in parallel to, and as part of the LEAP approach, there are many complementary activities an organisation is likely to wish to progress to inform its implementation of the TNFD recommendations and guidance. A brief summary of some of the key additional considerations, and associated guidance available to support these, is provided here.

<sup>108</sup> Refer to [Metrics](#) - TNFD (2025) for an introduction to the TNFD's Metrics Architecture.

<sup>109</sup> [Additional Guidance by Sector](#) - TNFD (2025)

<sup>110</sup> [Guidance on Target Setting](#) - TNFD (2024)

<sup>111</sup> [Guidance on scenario analysis](#) - TNFD (2023)

<sup>112</sup> [IFRS S1 IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information](#) - IFRS Foundation (2023)

<sup>113</sup> [Standards](#) - GRI (2025)

<sup>114</sup> [Guidance on the identification and assessment of nature-related issues: The TNFD LEAP approach](#) - TNFD (2023)

## Establishing nature governance

It's important to establish the foundations for nature governance in your organisation. This supports the right input, resource allocation and oversight for the LEAP process, builds organisational readiness for embedding the results of the assessment into organisational processes, and also contributes to recommended disclosures aligned to the TNFD's 'Governance' pillar. Many organisations may not currently consider nature-related issues as part of their formal governance structures and processes today, and these will need to be established to ensure that nature-related issues have sufficient oversight and are being appropriately managed.

Your organisation might be able to get started with the governance coverage of nature-related issues by identifying specific criteria in the role descriptions of sustainability officers and directors. These individuals may already be responsible for your organisation's oversight and management of other sustainability issues, such as climate. However, when getting started, creating a clear approach to upskill your board on the relevance of nature-related issues will ensure that these are integrated into all key decision-making processes and can benefit your organisation. This could include providing internal briefings, setting up dialogues with relevant internal teams, and consulting external experts to provide training on nature-related topics. Utilising the TNFD's guidance for boards on providing oversight for nature may also be helpful.<sup>115</sup> Your organisation can also benefit by identifying early on how it plans to engage with Indigenous Peoples, Local Communities and affected stakeholders.

## Understanding the value chain

The TNFD recommendations call on organisations to identify, assess, and disclose material nature-related issues across their entire value chain - both upstream (e.g. suppliers) and downstream (e.g. consumers, waste) - as data and capacity allow. An organisation's nature-related dependencies, impacts, risks, and opportunities can occur anywhere in its value chains. For example, a semiconductor manufacturer depends on the supply of water to the local water utility to be able to maintain a consistent flow of high-quality water into the manufacturing facility. The recommendation that organisations undertake analysis of their value chains upstream and downstream is therefore embedded throughout the TNFD framework. This includes analysis and qualitative disclosure of material dependencies, impacts, risks, and opportunities; and disclosure of metrics, quantifying the reported material dependencies, impacts, risks, and opportunities.

The TNFD recognises that both qualitative and quantitative analysis of value chains can pose challenges for organisations, and its guidance sets out approaches that can be taken to overcome these challenges, for example commencing with a 'deep and narrow' approach, focusing on a small number of highly material issues in the early years of disclosure, before aiming to broaden the scope of their analysis over time. For complex value chains - like those in mining or financial services - prioritisation is key. The broader and more fragmented the chain, the more targeted your assessment must be. While location-specific analysis is encouraged, tracing ultimate upstream or downstream impacts is not always feasible. The TNFD acknowledges this complexity and recommends proportional approaches, following

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<sup>115</sup> [Asking Better Questions on Nature - For board directors](#) - TNFD (Last updated May 2025)



the needs of internal and external stakeholders. Refer to the TNFD's value chain guidance for further support on this topic.<sup>116</sup>

## Focusing on specific biomes

The TNFD biome guidance<sup>117</sup> can help you identify your organisation's dependencies and impacts in specific biomes. Featuring metrics and examples for each biome, the biome guidance supports contextual accuracy in dependencies and impact assessment and allows for greater relevance of disclosure for ecosystem-dependent activities.

The TNFD provides tailored biome-specific guidance designed to help organisations assess and disclose nature-related dependencies, impacts, risks, and opportunities (DIROs) in particular ecosystem types. This guidance builds on the LEAP approach, supporting more context-specific assessments. This additional guidance provides an introduction to the biome, a mapping of sectors and business activities to ecosystem services, illustrative examples, recommended assessment metrics and reference to industry standards. The guidance includes specifications for five biomes:

- Tropical and sub-tropical forests;
- Savannas and grasslands;
- Intensive land-use systems (including urban and industrial ecosystems);
- Rivers and streams; and
- Marine shelf.

## Assessing resilience using scenario analysis

Scenario analysis is a key method supported by TNFD to test organisational resilience under future nature-related uncertainties.<sup>118</sup> It involves crafting plausible narratives - such as ecosystem degradation trajectories or regulatory shifts - to explore how risks and opportunities may evolve and influence business performance over time.<sup>119</sup> Scenario analysis is a risk assessment tool that sits in the 'Assess' phase of LEAP, but can inform all components of the LEAP approach.

Scenarios are a set of plausible descriptions or narratives about how the future may develop based on a coherent and internally consistent set of assumptions about key driving forces and critical uncertainties. They are used to provide a view of the implications of developments external to the organisation and inform actions by the organisation.<sup>120</sup>

Scenarios allow for more detailed risk and opportunity analysis: They can help quantify how nature-related risks, like a rapid decline in pollination services or tightening biodiversity regulation, may impact asset portfolios and credit exposure. They also support

<sup>116</sup> [Guidance on value chains](#) - TNFD (2024)

<sup>117</sup> [Guidance on biomes](#) - TNFD (2023)

<sup>118</sup> [Guidance on scenario analysis](#) - TNFD 2023)

<sup>119</sup> [Taskforce on Nature-related Financial Disclosures \(TNFD\) publishes its final framework](#) - Grant Thornton (2023)

<sup>120</sup> [Guidance on Scenario Analysis for Non-Financial Companies](#) - TCFD (2020)

forward-looking financial planning. Organisations can compare scenario outcomes (e.g., different cost curves or revenue shifts) against a baseline to inform capital allocation and stress testing.<sup>121</sup>

TNFD provides guidance, tools, templates, and workshop frameworks for conducting scenario analysis, helping firms stretch strategic thinking around nature-related futures.<sup>122</sup> The TNFD scenario guidance enables management to assess a range of outcomes — such as high ecosystem degradation versus strong institutional action — and develop strategic responses accordingly.



## TIPS FOR EXCHANGES - HOW TO ADAPT THIS CHAPTER FOR YOUR MARKET

- ✓ **Highlight the TNFD sector and biome guidance**<sup>123</sup> applicable to key industry sectors and biomes present in your market.
- ✓ **Include further detail on the applicable materiality lens(es)** that should be applied to LEAP assessments, according to the regulations and standards in use in your market.
- ✓ **Tailor recommended tools to include any region-specific resources**, drawing from the TNFD Tools Catalogue.<sup>124</sup>
- ✓ **Consider inclusion of a LEAP adoption case study** from a company in your region or operating in a key sector for your market, drawing from the TNFD case study library.<sup>125</sup>
- ✓ **Review alignment of the complementary activities** highlighted in Section 3.7 to the requirements applicable to national or regional regulations or reporting requirements.

<sup>121</sup> [Guidance on Scenario Analysis for Non-Financial Companies](#) - TCFD (2020)

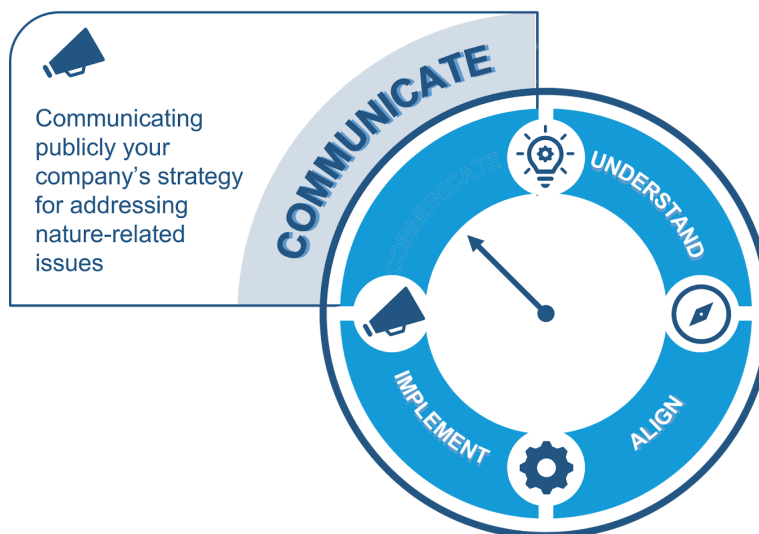
<sup>122</sup> [TNFD Scenario Toolkit](#) - TNFD (2023)

<sup>123</sup> [Assessment guidance](#) - TNFD (2025)

<sup>124</sup> [TNFD Tools Catalogue](#) - TNFD (2025)

<sup>125</sup> [Case Study Library](#) - TNFD (2025)

## Chapter 4. Communicate



This chapter explains how companies can communicate nature-related information to investors and other stakeholders. TNFD does not prescribe a single reporting format, allowing companies to integrate nature into existing sustainability reports or issue stand-alone reports. Investors increasingly seek such information due to its links to financial performance and systemic risk. Companies that align disclosures with TNFD's requirements, focus on strategy, metrics, and transparency, and draw from the Knowledge Hub are better positioned to show value creation and resilience.

Beyond investors, the chapter highlights the importance of engaging Indigenous Peoples, Local Communities, and other stakeholders. Engagement should be meaningful, respectful, and ongoing, applied across the LEAP approach (Locate, Evaluate, Assess, Prepare), and supported by TNFD's guidance on questions and culturally appropriate reporting.

### 4.1 Investor-focused disclosures

For public disclosures on nature targeting investors, the TNFD recommendations are not prescriptive on the location or format of disclosure on nature. For detailed disclosure requirements, the TNFD refers report preparers to the IFRS International Sustainability Standard Board (ISSB), which provides a global reporting baseline for corporate sustainability reporting, and the GRI, which provides impact-focused disclosure standards for those organisations that need or want to disclose their impacts on the environment and society.<sup>126</sup>

This presents opportunities for companies to integrate nature into existing disclosures, or to create stand-alone nature-related disclosures. To ensure the effectiveness and efficiency of disclosures, companies may want to first identify internally their main objectives in disclosing nature-related information, to ensure that their disclosure plans meet those objectives. For

<sup>126</sup> [Guidance on the identification and assessment of nature-related issues: The TNFD LEAP approach - TNFD \(2023\)](#)

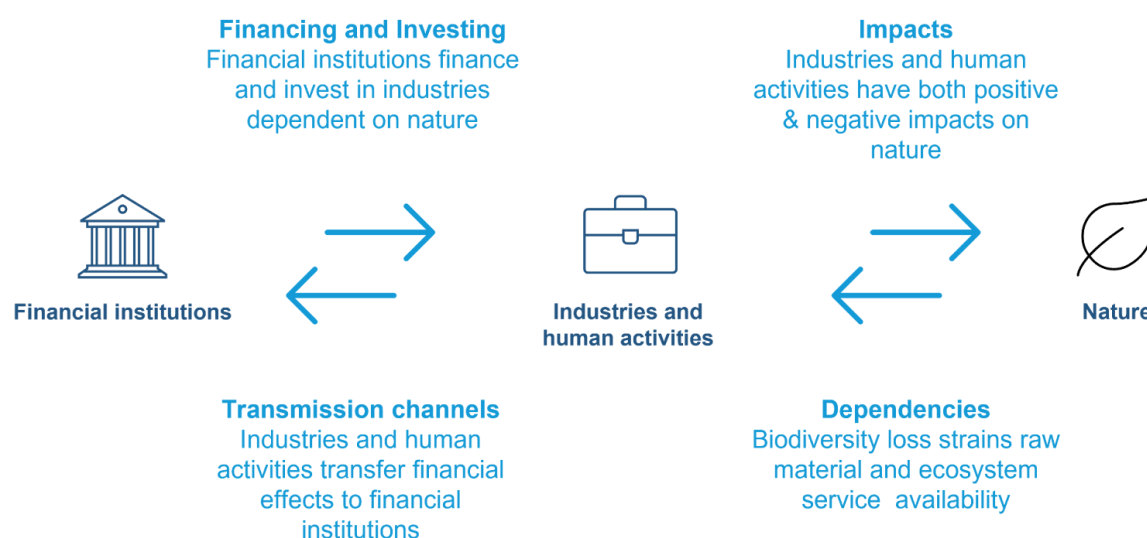
example, some objectives of disclosure may be to access financing, to build confidence with investors, to meet regulatory requirements, and/or to prevent reputational damage.

### Why investors want information on nature

Public disclosures are a primary source of information for the investor community. As such, it's important to recognize that investors will be a primary user of any public disclosures made by listed companies. Nature has not only been demonstrated to have significant financial effects on business operations, but also to affect the financial system as a whole. There are growing examples demonstrating a clear link between nature and financial risks.<sup>127</sup> All economic activities are dependent on nature to some degree, while simultaneously contributing to rapid decline of nature and biodiversity. As a result, investors around the world are calling for action on nature.<sup>128</sup>

The financial industry is both dependent on nature and a driver of its degradation. By financing and investing in certain activities, it can contribute to biodiversity loss, which in turn reduces the value of natural resources and ecosystem services that many industries — and the financial sector itself — rely on (Figure 4.1). Closing this cycle of degradation requires addressing the significant investment gap in nature.<sup>129</sup> To do so, investors need better data from companies and projects on their nature-related impacts and dependencies.

Figure 4.1: The financial industry and nature - a vicious cycle



Source: UN SSE

<sup>127</sup> For example, see [Evidence review on financial effects of nature-related risks](#), TNFD, University of Oxford and Global Canopy (June 2025), BloombergNEF (2023) [When the Bee Stings - Counting the Cost of Nature-Related Risks](#) and WEF (2020) [Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy](#).

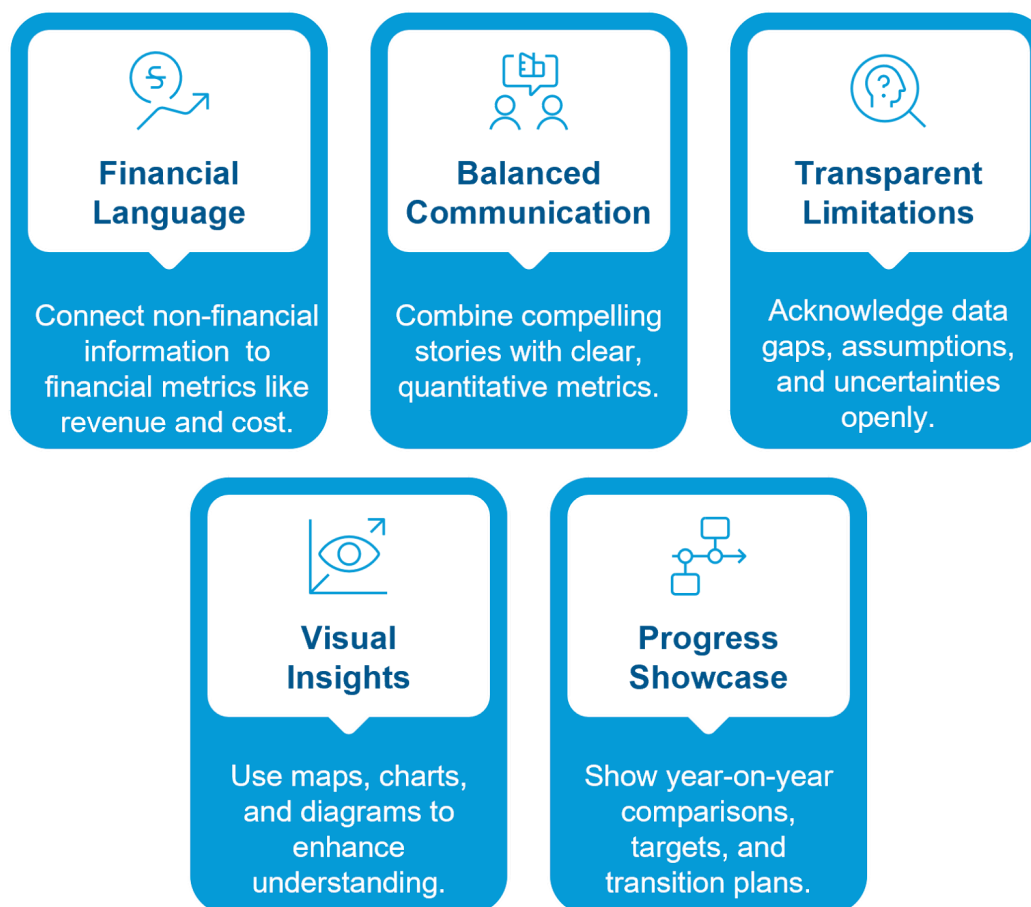
<sup>128</sup> Over 200 institutional investors, representing over USD 28 trillion in AUM are driving coordinated engagement through groups such as Nature Action 100 and the PRI Spring Initiative.

<sup>129</sup> Current financing flows to nature-based solutions of USD 200 billion are only a third of the levels needed to reach climate, biodiversity and land degradation targets by 2030, according to UNEP's [State of Finance for Nature](#) (2023).

## Presenting investor-focused information

When companies tell a clear story-grounded in metrics, integrated into strategy, and honest about limitations-they strengthen long-term value creation and support investors in using this data. Generally, to achieve the desired impact with public disclosures, companies can work on communicating with clarity and credibility. By making use of communication principles such as those in Figure 4.2, companies can enhance the impact of their disclosure.

Figure 4.2 Five tips for effective communication



Source: UN SSE

When disclosing nature-related information specifically, companies may wish to keep top of mind the TNFD general requirements,<sup>130</sup> which build on the ISSB's general requirements,<sup>131</sup> for a comprehensive guideline to disclosure of nature-related information (Figure 4.3). These general requirements can help guide companies as they determine how best to communicate in a way that investors can best use the information being provided by companies. To see how other companies are disclosing information on nature, companies can make use of examples of TNFD reporting on the TNFD Knowledge Hub.<sup>132</sup> Companies

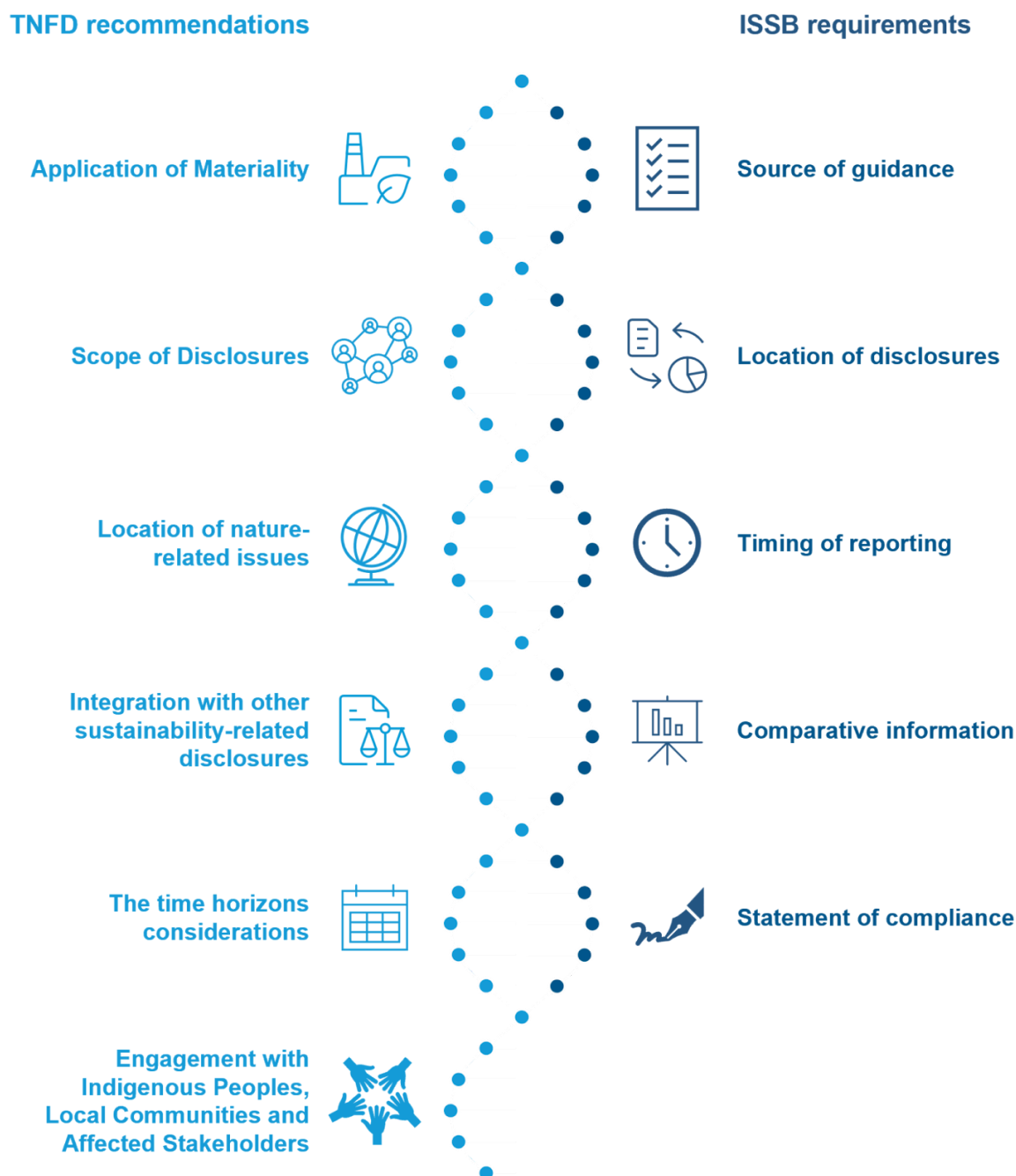
<sup>130</sup> The TNFD general requirements can be found on page 43-45 of the [Recommendations of the Taskforce on Nature-related Financial Disclosures](#) - TNFD (September 2023).

<sup>131</sup> The ISSB general requirements can be found in the [IFRS Sustainability Standards Navigator](#).

<sup>132</sup> The TNFD Knowledge Hub includes a [searchable database of examples of TNFD reporting](#). This database does not indicate whether the examples are "good" or "bad" but can help companies to learn from the experience of their peers and to understand current practices available for disclosure.

may also refer to Annex 1, for the UN SSE's Nature Disclosures Checklist, developed to support organisations in preparing clear, credible, and comparable communication that balances the needs of corporate objectives, national or regional requirements, and global expectations.

Figure 4.3 General requirements for nature-related disclosures



Source: UN SSE

## 4.2 Communication with other important groups

In addition to framing disclosures for investors, companies may also consider how to communicate the results of their analysis with other important groups connected to the organisation and/or its impacts and dependencies. TNFD places particular emphasis on Indigenous Peoples, Local Communities, and affected stakeholders, underscoring the need for meaningful, respectful, and ongoing dialogue with these groups to properly assess and manage nature-related dependencies. Beyond these groups, companies may also engage a wider set of stakeholders identified by the IFC as “external” to core operations. These include affected communities, local government authorities, NGOs, civil society organisations, local institutions, and other interested or affected parties.<sup>133</sup> Communication with both sets of stakeholders should go beyond one-way disclosure to foster two-way dialogue, incorporate diverse perspectives, and integrate feedback into decision-making. Public disclosures, therefore, should be designed with not only investors but also these broader stakeholder groups in mind (see Figure 4.4).

Figure 4.4 Tips for communications with important groups



Source: UN SSE and IFC<sup>134</sup>

<sup>133</sup> Handbook for Stakeholder Engagement - IFC (2021)

<sup>134</sup> Tips based on IFC's Handbook for Stakeholder Engagement



### 4.2.1 Indigenous Peoples and Local Communities, and affected stakeholders

While TNFD builds on the IFRS S1 and S2 Standards, one notable difference is its focus on the importance of engagement with Indigenous Peoples and Local Communities, and affected stakeholders. Indigenous Peoples and Local Communities play a uniquely important role in nature-related disclosures because their lands host the majority of the world's remaining biodiversity, and their traditional knowledge and stewardship practices are proven to slow or reverse nature loss.<sup>135</sup> The TNFD emphasizes that engaging Indigenous Peoples and Local Communities is not only a matter of respecting internationally recognized rights, such as Free, Prior and Informed Consent (FPIC), but also essential for identifying and managing nature-related dependencies, impacts, risks, and opportunities. Meaningful, respectful, and ongoing dialogue with these groups ensures that companies' assessments and disclosures are grounded in local realities, incorporate diverse knowledge systems, and help avoid social and reputational risks. This makes Indigenous Peoples and Local Communities engagement central to credible, decision-useful nature disclosures.

TNFD emphasizes that engagement is a cross-cutting component of the LEAP approach (see Chapter 3). Engagement ensures that Indigenous Peoples, Local Communities, affected stakeholders, and other interested parties are heard and that their knowledge informs materiality assessments, risk identification, and strategy development.

Table 1 of the TNFD guidance provides specific questions for engagement at each LEAP phase. Companies should use these questions directly in their processes. By systematically applying these questions, companies not only align with TNFD General Requirement 6 and Governance C, but also build stronger trust and long-term relationships with Indigenous Peoples and Local Communities, and with stakeholders. Collectively the questions proposed by TNFD will help companies meet a number of objectives of stakeholder engagement, some of which are shown in Figure 4.5.

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<sup>135</sup> [Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders](#) - TNFD (2023)

Figure 4.5 Engagement objectives throughout the LEAP process



Source: UN SSE adapted from TNFD

### 4.2.3 Reporting to stakeholders

Once engagement has taken place, companies will want to close the loop by reporting back. TNFD emphasizes that transparent reporting is essential to accountability, credibility, and trust-building. While public disclosures are often made with investors as the main audience in mind, it's important to recognize that this public information can also impact relationships with a company's key stakeholders, including Indigenous Peoples and affected populations. TNFD indicates that disclosures should be made available, accessible, and culturally appropriate for Indigenous Peoples, Local Communities, and affected stakeholders.

Companies can make use of the IFC's handbook on stakeholder engagement when drafting their disclosures and ensuring that they are framed both for investors as well as other key stakeholders. The IFC Handbook highlights that stakeholders want to know which of their concerns have been addressed, what mitigation measures will be put in place, and how monitoring is conducted. Based on the key stakeholders identified for engagement, IFC recommends that companies determine what to report, maintain a commitment register, disclose monitoring results, report on the process itself and ensure accessibility (refer back to Figure 4.4).



## TIPS FOR EXCHANGES - HOW TO ADAPT THIS CHAPTER FOR YOUR MARKET

- ✓ **Material nature-related risks should be reflected in corporate reporting.** Where possible, reference examples of companies in your region that have integrated nature-related topics into their financial reports to illustrate good practice. Utilise the TNFD example reporting compilation<sup>136</sup> and case study library<sup>137</sup> to select relevant examples by region, industrial sector or biome, according to your market.
- ✓ **Help companies identify and engage with Indigenous Peoples and Local Communities.** Exchanges may wish to map the Indigenous Peoples and Local Communities in the country including key data such as languages, nature dependencies and engagement tips.
- ✓ **Alignment with global standards ensures consistency and comparability.** You may add details about the regulatory requirements and key voluntary frameworks in your jurisdiction.

<sup>136</sup> [Example TNFD Reporting](#) - TNFD (2025)

<sup>137</sup> [TNFD Case Study Library](#) - TNFD (2025)

# Annex 1: UN SSE nature disclosures checklist

Clear, credible, and comparable communication is essential when preparing TNFD-aligned disclosures for public reporting. Investors are increasingly seeking integrated information that connects nature-related risks and opportunities with climate, social, and governance performance. The goal is to present a coherent, decision-useful narrative that meets both TNFD guidance and the reporting requirements of the jurisdiction where your company is registered.

The TNFD recommends integrating nature with other business and sustainability-related disclosures where possible, and highlights particularly the importance of integrating nature with climate. However, it is up to each company to present this information in a way that makes the most sense for investors and key stakeholders. This checklist, developed by UN SSE, can be used to ensure disclosures are meeting corporate objectives, national or regional requirements, and global expectations.

## 1. Speak the language of investors - with a nature lens

- ❑ **Link DIROs to enterprise value:** Show how dependencies on ecosystem services (e.g. pollination, freshwater availability), impacts on nature, and nature-related risks and opportunities could affect enterprise value, e.g. through changes in revenue, cost structure, capital access, and brand value.
- ❑ **Quantify DIROs:** Use credible, consistent metrics (e.g., total disturbed area (km<sup>2</sup>); water withdrawal and consumption (m<sup>3</sup>) from areas of water scarcity; value of assets, liabilities, revenue, and expenses that are assessed as vulnerable to nature-related physical risks), and explain methodologies. Where possible, align with TNFD-recommended indicators and metrics.
- ❑ **Demonstrate resilience and strategy:** Show how your business is adapting to emerging nature-related DIROs with credible data and evidence. For example, explain how the business adapts to ecosystem degradation, regulatory shifts (e.g., biodiversity credits), or supply chain vulnerabilities, and how opportunities (e.g., nature-based solutions) strengthen long-term value creation.

## 2. Integrate nature into climate and broader ESG narratives

- ❑ **Show interlinkages:** Investors increasingly understand how climate, nature, and social dimensions interact with each other. Aim to show how these external factors, and their interconnectedness, impact your value chain and operations. For example, demonstrate how nature loss compounds climate risk (e.g., reduced carbon sequestration from deforestation), and how social dimensions (e.g., Indigenous rights) affect your nature-related dependencies and impacts.
- ❑ **Reference frameworks used for nature-related practices and disclosure:** If using ISSB, GRI, ESRS, or other frameworks for disclosure, indicate explicitly how TNFD

content is being integrated. You may find the standards alignment and mapping<sup>138</sup> developed by TNFD with various frameworks and requirements useful.

- ❑ **Streamline reporting:** Where possible, integrate climate and nature disclosures in a single sustainability narrative. Companies can consider presenting one integrated sustainability narrative rather than separate “climate” and “nature” reports, unless jurisdictional rules require otherwise, or it is deemed relevant for key stakeholders to provide detailed thematic reports. If reports are developed, consider an integrated summary.

### 3. Tailor to jurisdictional requirements

- ❑ **Know your legal context:** Requirements may vary significantly between, for example, the EU ESRS, UK SDR, India BRSR, or US SEC proposals.
- ❑ **Map disclosures:** In addition to showing how your TNFD disclosures align with global standards or frameworks, consider also indicating how it meets local legal obligations.

### 4. Build trust through transparency and stakeholder reporting

- ❑ **Disclose limitations and uncertainties:** Be upfront about data gaps (e.g., lack of biodiversity baselines), uncertainties in modelling, or evolving methodologies.
- ❑ **Show progress over time:** Show year-on-year progress toward TNFD adoption and disclose roadmaps for full alignment.
- ❑ **Close the loop with Indigenous Peoples and Local Communities, and stakeholders:** Beyond investor disclosure, report back to Indigenous Peoples, Local Communities, and affected stakeholders in accessible, culturally appropriate formats. Highlight how their feedback informed risk assessments, materiality, and strategy.

### 5. Use data-driven narratives not storytelling

- ❑ **Frame the business case in ecosystem terms:** Show how nature-positive actions (e.g., watershed restoration, regenerative agriculture) enhance resilience and unlock new opportunities.
- ❑ **Use visuals tied to ecosystems:** Maps of sensitive areas, diagrams of supply chain dependencies on ecosystem services, and impact pathways make disclosures more useful for decision-making.
- ❑ **Balance qualitative and quantitative:** Pair narratives (e.g., co-creation with local communities) with performance indicators (e.g., % of sites with Free, Prior and Informed Consent agreements).

<sup>138</sup> [Publications: Standards alignment and mapping - TNFD \(2025\)](#)

## About UN SSE

The SSE initiative is a UN Partnership Programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI. The SSE's mission is to provide a global platform for exploring how exchanges, in collaboration with investors, companies (issuers), regulators, policy makers and relevant international organisations can enhance performance on environmental, social and corporate governance issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals. The SSE seeks to achieve this mission through an integrated programme of conducting evidence-based policy analysis, facilitating a network and forum for multi-stakeholder consensus-building, and providing technical guidelines, advisory services and training.

## About TNFD

The Taskforce on Nature-related Financial Disclosures (TNFD) was launched in 2021 with the support of the G20. They provide recommendations and guidance for market participants and other stakeholders about how nature beyond climate should be assessed, managed and reported. The TNFD recommendations build on the previous approach and recommendation of the Task Force on Climate-related Financial Disclosures (TCFD) and are aligned with the impact standards of the GRI, the European Union's Corporate Sustainability Reporting Directive (CSRD) and the sustainability reporting standards of the International Sustainability Standards Board (ISSB).

## Note

Published in 2025, this paper is for learning purposes only. It does not reflect UN views on legal status or boundaries of countries, territories or authorities, nor imply endorsement of companies or organisations mentioned. Material may be quoted or reprinted with acknowledgement; please send copies to [info@SSEinitiative.org](mailto:info@SSEinitiative.org)

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