

UNDP BIOFIN – TNFD Training

The TNFD Recommendations

June 2025

Climate Risk Services

UNDP

BIOFIN
The Biodiversity Finance Initiative

Meet the team

- Climate Risk Services' CEO **Gerhard** has a wealth of experience in the climate and nature field, previously working for consultancies, banks, governments, and the IUCN. He also holds an MBA from the University of Oxford.

- As a senior analyst at Climate Risk Services, **Ben** specialises in nature-related risk for financial institutions and corporates. Ben holds a Masters degree from Imperial College London in Environmental Technology (environmental economics and policy).



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In this video…

1. Introduction to the TNFD Recommendations
2. Recommended disclosures
3. The LEAP approach

Key Objectives

- Understand an overview of the LEAP approach, what its purpose is and how to undertake it.
- Understand which insights from the LEAP approach should be used in disclosures.

Introduction to the TNFD Recommendations

An introduction to the TNFD Recommendations

How do the TNFD recommendations provide a framework for executive-level action

There are 4 pillars to the TNFD recommendations: **Governance, Strategy, Risk Management, Metrics & Targets**

The recommendations are designed to allow you to integrate nature into financial and business decisions, they can help you understand:

- How your client's nature impacts/dependencies can drive material financial risks
- Where nature positive opportunities can be leveraged for your financial institution

This information can inform your **internal risk management** and **ESG teams**, allow you to make **informed strategic decisions and planning** around the nature topic, and helps your financial institution prepare for regulatory and investor disclosure expectations.

Recommended disclosures

Recommended disclosures

Which LEAP outputs should be disclosed – 14 recommended disclosures + 6 general requirements

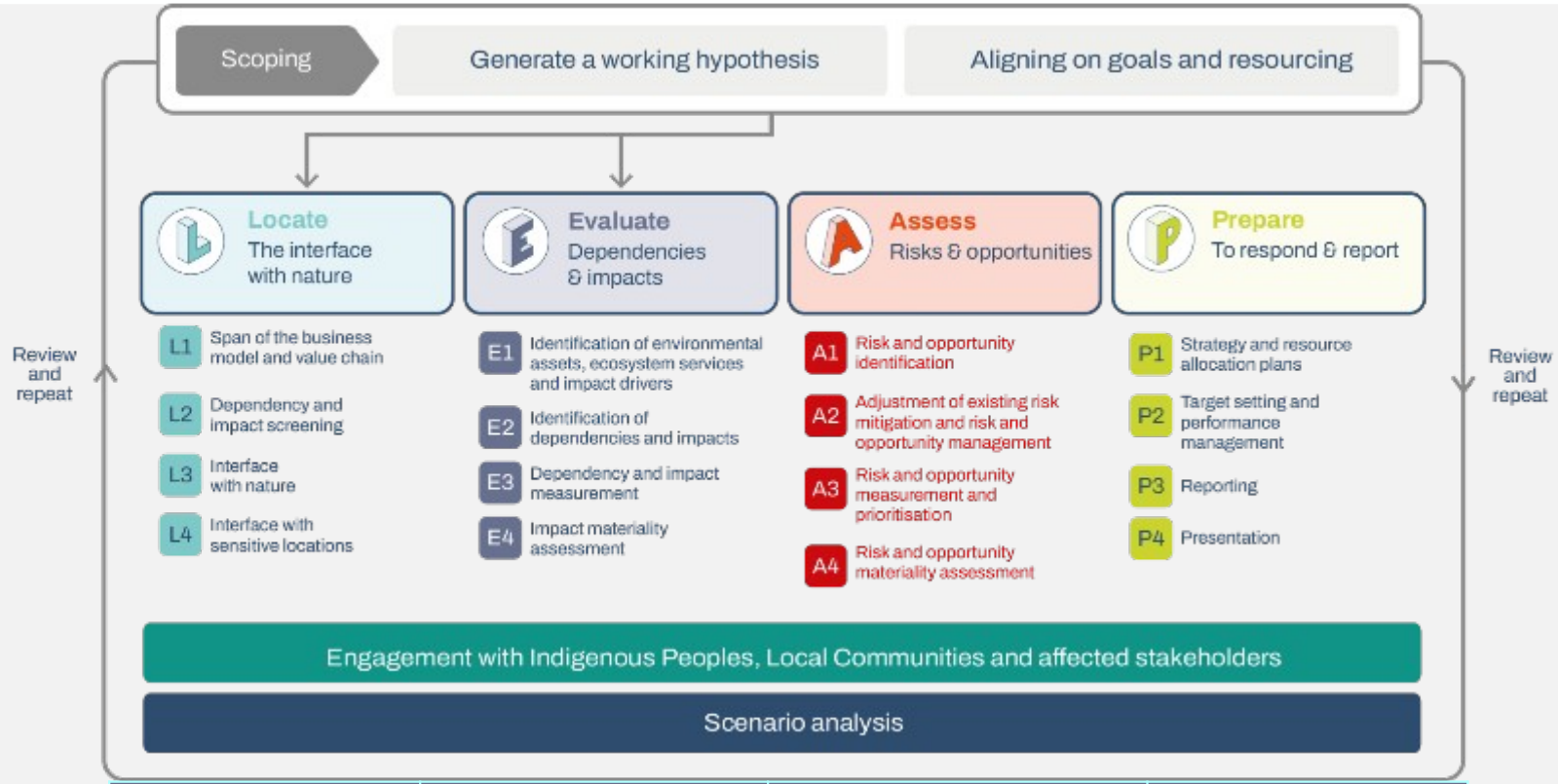
TNFD recommended disclosures

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

Source: TNFD (2023) Recommendations of the Taskforce on Nature-related Financial Disclosures

The TNFD recommended disclosures and LEAP

The TNFD recommended disclosures are supported by different phases of the LEAP approach



The TNFD's recommended disclosures and how they relate to each phase of the LEAP approach

Strategy D	Strategy A Strategy D Risk and Impact Management A Risk and Impact Management B Metrics and Targets	Strategy A Strategy C Strategy D Risk and Impact Management A Risk & Impact Management B Risk and Impact Management C Metrics and Target A Metrics and Targets B	Governance A Governance B Governance C Strategy B Strategy C Metrics and Targets C

Source: TNFD (2023) Guidance on the identification and assessment of nature-related issues: the LEAP approach

The TNFD general requirements

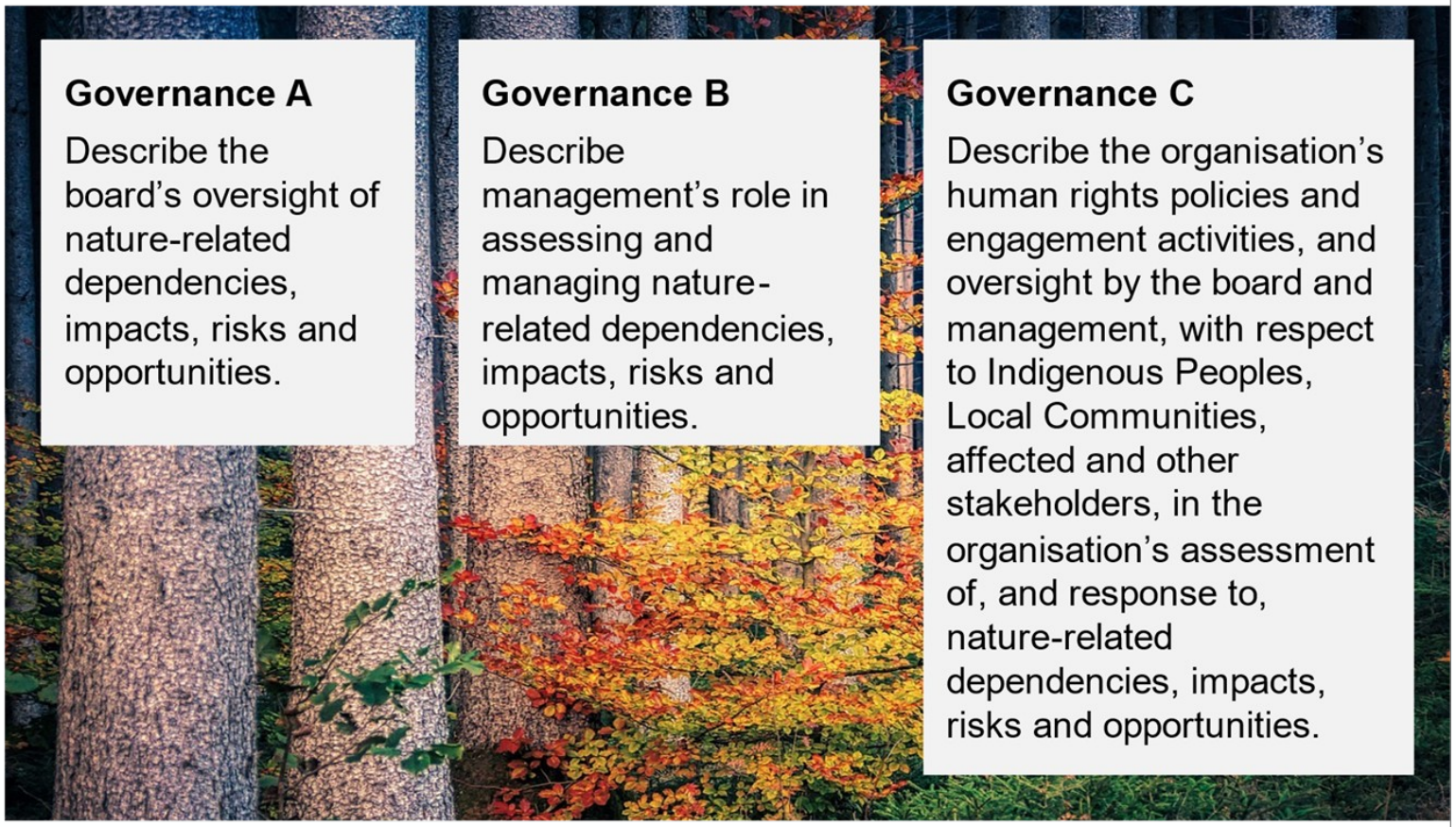
There are six general requirements in addition to the 14 recommended disclosures



Governance Disclosures

The three recommended disclosures under the governance pillar

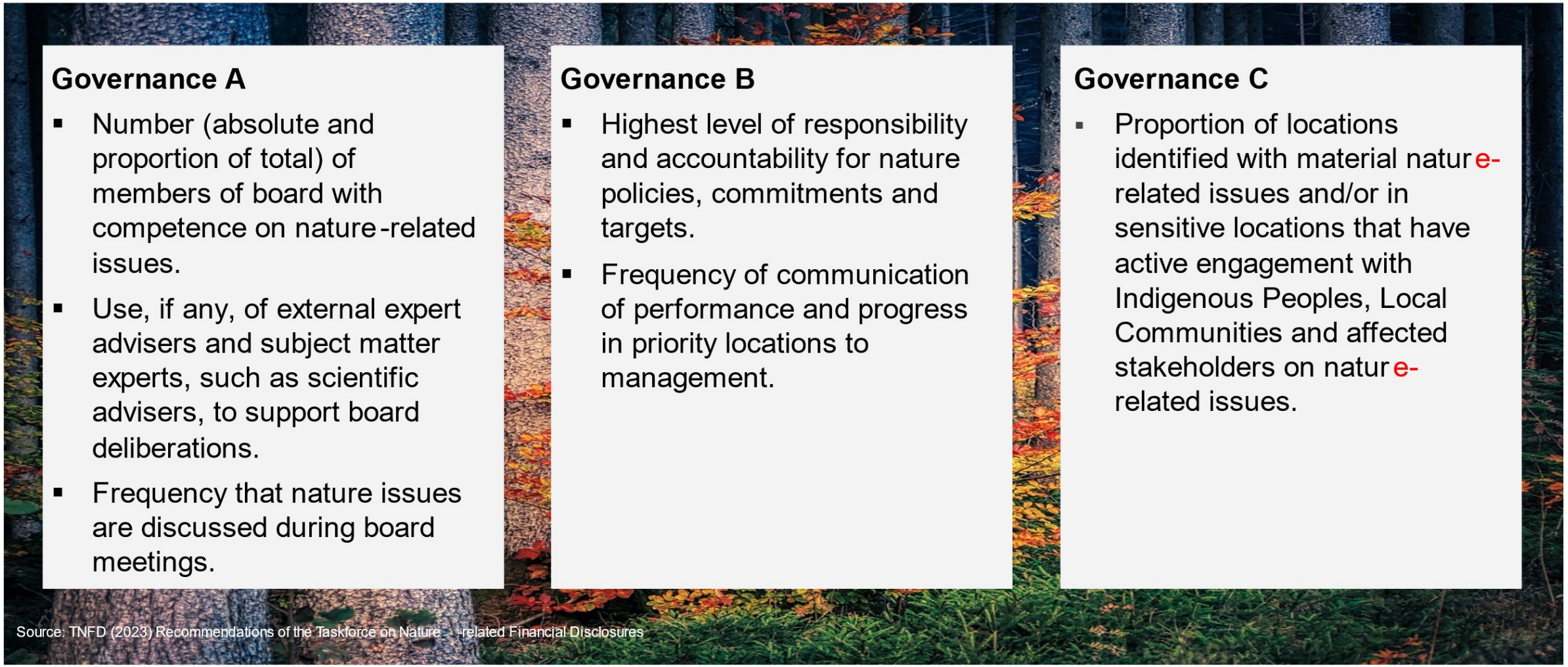
Investors, lenders, insurance underwriters and other users of nature-related financial disclosures are interested in understanding the governance processes, controls and procedures that organisations use to monitor and manage nature-related issues. They are specifically interested in understanding the role an organisation's board plays in overseeing nature-related issues, as well as management's role in assessing and managing those issues.



Source: TNFD (2023) Recommendations of the Taskforce on Nature -related Financial Disclosures

Examples of indicators to support disclosures

Disclosing your governance of nature-related dependencies, impacts, risks and opportunities



Governance A

- Number (absolute and proportion of total) of members of board with competence on nature-related issues.
- Use, if any, of external expert advisers and subject matter experts, such as scientific advisers, to support board deliberations.
- Frequency that nature issues are discussed during board meetings.

Governance B

- Highest level of responsibility and accountability for nature policies, commitments and targets.
- Frequency of communication of performance and progress in priority locations to management.

Governance C

- Proportion of locations identified with material nature-related issues and/or in sensitive locations that have active engagement with Indigenous Peoples, Local Communities and affected stakeholders on nature-related issues.

Source: TNFD (2023) Recommendations of the Taskforce on Nature-related Financial Disclosures

Disclosures Case Study – Manulife Investment Management

An example of TNFD aligned disclosures from an asset manager – Governance

Governance A

Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.

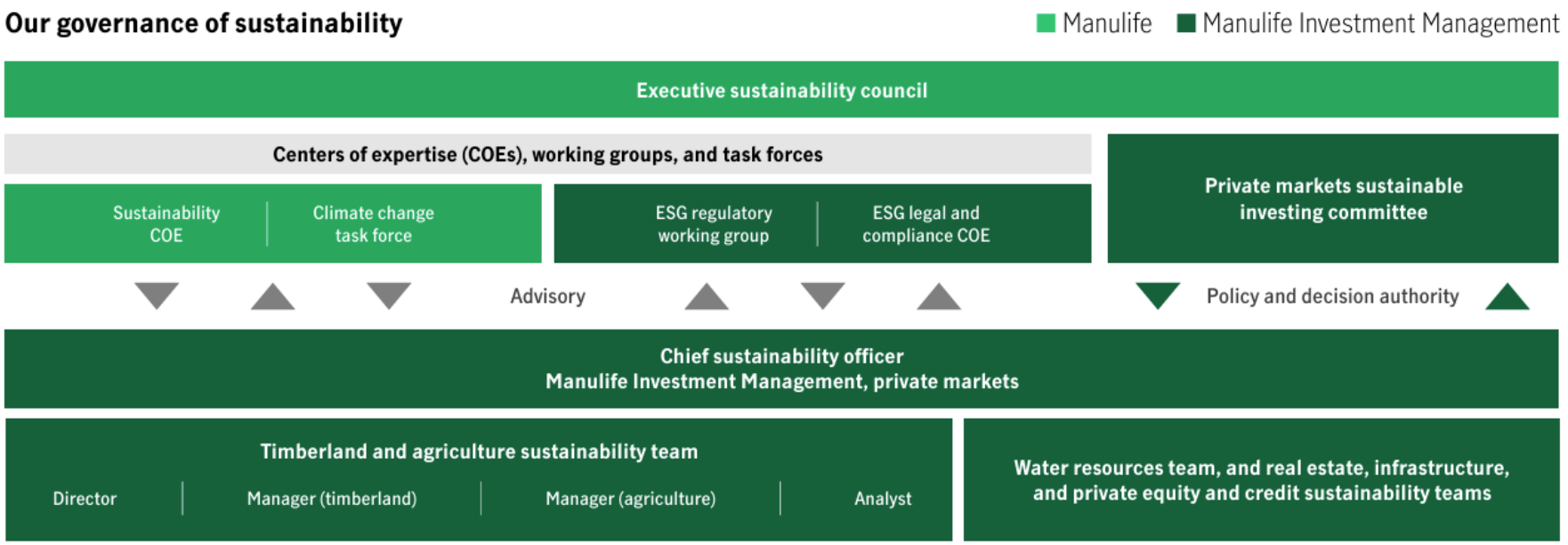
Governance B

Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.

Governance disclosures A and B

The structure of sustainability governance for our timberland and agriculture businesses shows how it fits under the broader umbrellas of Manulife Investment Management and Manulife Financial Corporation sustainability governance. An explanation detailing our sustainability governance structure can be found on pages 6 and 7 of our timberland and agriculture 2022 sustainable investing reports. This structure and the governance responsibilities of management are the same for all relevant sustainability issues, including nature, climate, and people.

Our governance of sustainability



Strategy disclosures

The four recommended disclosures under the strategy pillar

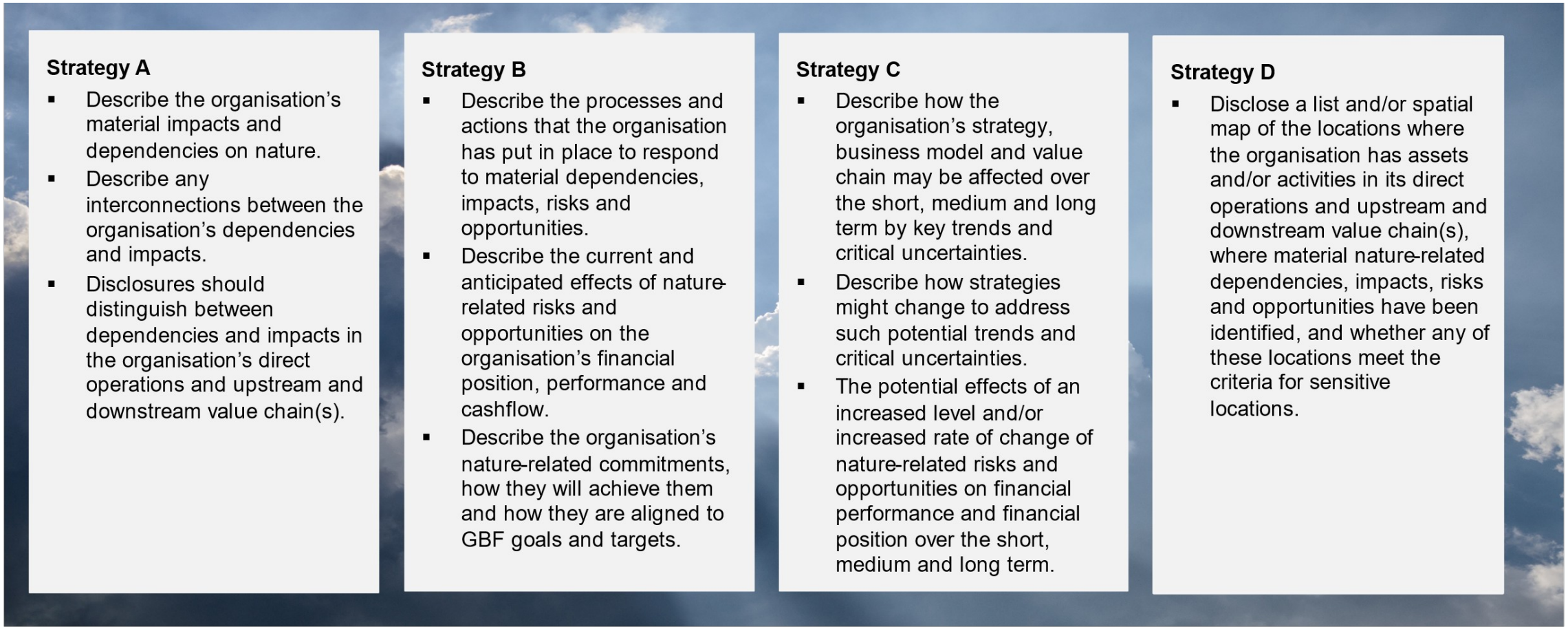
Investors and other stakeholders are interested in understanding the approach the organisation uses to manage nature-related issues and how nature-related issues may affect an organisation's business model, strategy and financial planning over the short, medium and long term. Such information is used to inform expectations about the future performance of an organisation.



Source: TNFD (2023) Recommendations of the Taskforce on Nature -related Financial Disclosures

Examples of information that should be disclosed

Disclosing how nature-related issues impact your business model, strategy and financial planning



Strategy A

- Describe the organisation's material impacts and dependencies on nature.
- Describe any interconnections between the organisation's dependencies and impacts.
- Disclosures should distinguish between dependencies and impacts in the organisation's direct operations and upstream and downstream value chain(s).

Strategy B

- Describe the processes and actions that the organisation has put in place to respond to material dependencies, impacts, risks and opportunities.
- Describe the current and anticipated effects of nature-related risks and opportunities on the organisation's financial position, performance and cashflow.
- Describe the organisation's nature-related commitments, how they will achieve them and how they are aligned to GBF goals and targets.

Strategy C

- Describe how the organisation's strategy, business model and value chain may be affected over the short, medium and long term by key trends and critical uncertainties.
- Describe how strategies might change to address such potential trends and critical uncertainties.
- The potential effects of an increased level and/or increased rate of change of nature-related risks and opportunities on financial performance and financial position over the short, medium and long term.

Strategy D

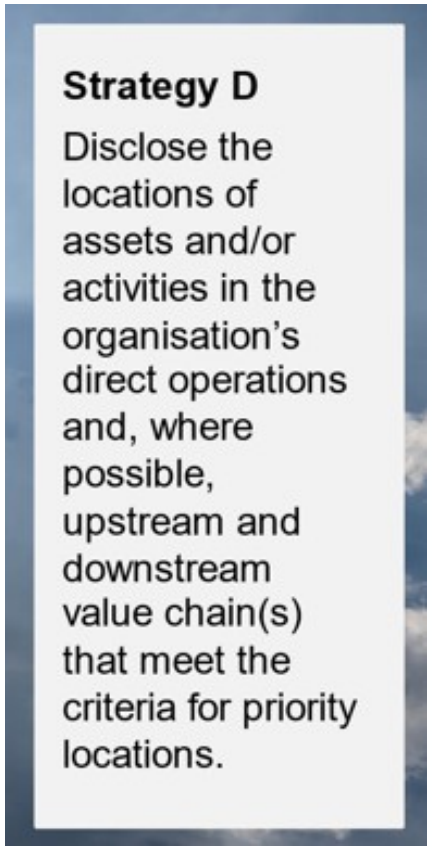
- Disclose a list and/or spatial map of the locations where the organisation has assets and/or activities in its direct operations and upstream and downstream value chain(s), where material nature-related dependencies, impacts, risks and opportunities have been identified, and whether any of these locations meet the criteria for sensitive locations.

Note: these are only a subset of examples, please refer to the recommendations for the full set of information that should be disclosed

Source: TNFD (2023) Recommendations of the Taskforce on Nature-related Financial Disclosures

Disclosures Case Study – Manulife Investment Management

An example of TNFD aligned disclosures from an asset manager – Strategy



Strategy disclosure D

As part of timberland certification processes, we've identified, mapped, and protected areas of high conservation value (FSC) and forest with exceptional conservation value (SFI). In agriculture, the Leading Harvest standard requires conservation of biodiversity and protection of geologically or culturally special sites.

Regardless of certification, we identify and look after these areas as part of our sound management practices. We're actively considering the best way to approach the disclosure of these locations. As mentioned in section 1, our operational scale means significant work is needed to centralize this information for global reporting purposes.

An incomplete disclosure – an example of the TNFD recommendation to begin with what's possible and improve over time.

Risk and impact management disclosures

The four recommended disclosures under the risk and impact management pillar

Investors and other stakeholders are interested in understanding how an organisation's nature-related dependencies, impacts, risks and opportunities are identified, assessed, prioritised and monitored, and whether those processes are integrated into existing risk management processes.

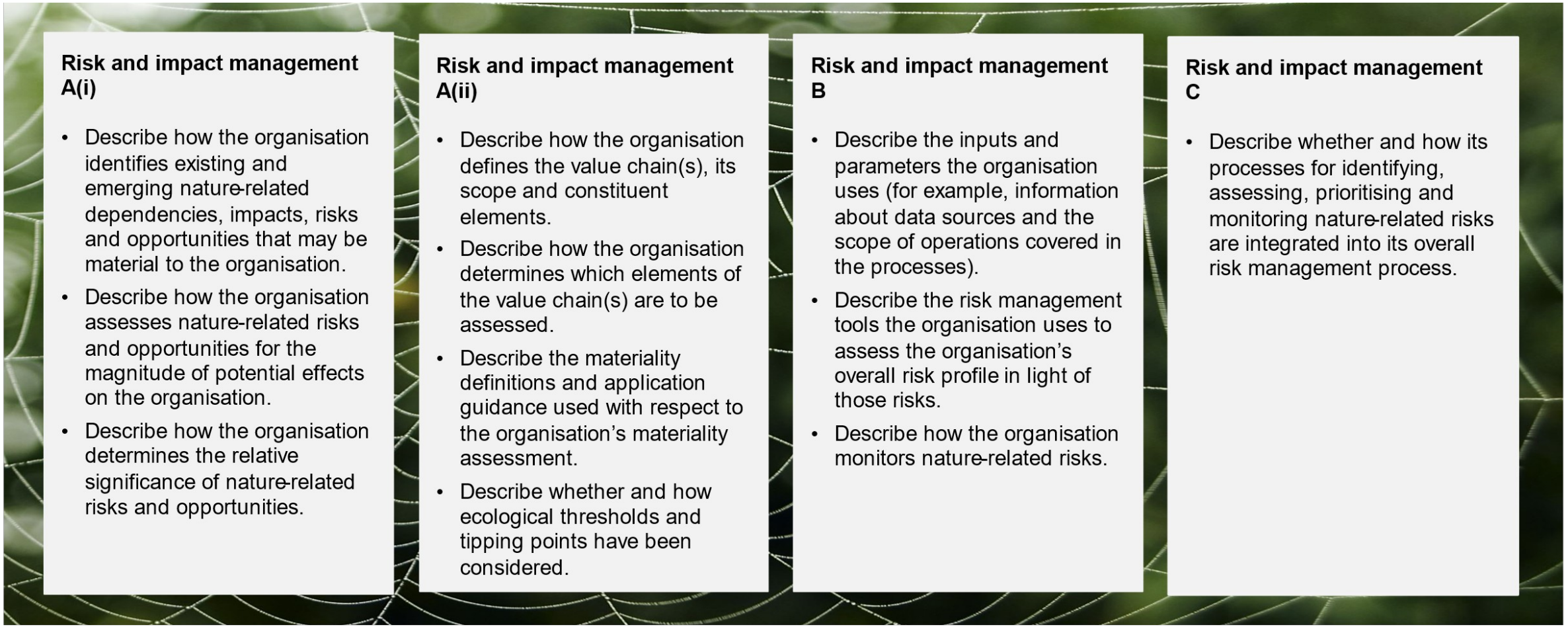
Such information helps users of nature-related financial disclosures to evaluate the organisation's overall risk processes and risk and impact management activities.



Source: TNFD (2023) Recommendations of the Taskforce on Nature-related Financial Disclosures

Examples of information that should be disclosed

Disclosing the processes used to identify, assess, prioritise and monitor nature-related issues



Risk and impact management A(i)

- Describe how the organisation identifies existing and emerging nature-related dependencies, impacts, risks and opportunities that may be material to the organisation.
- Describe how the organisation assesses nature-related risks and opportunities for the magnitude of potential effects on the organisation.
- Describe how the organisation determines the relative significance of nature-related risks and opportunities.

Risk and impact management A(ii)

- Describe how the organisation defines the value chain(s), its scope and constituent elements.
- Describe how the organisation determines which elements of the value chain(s) are to be assessed.
- Describe the materiality definitions and application guidance used with respect to the organisation's materiality assessment.
- Describe whether and how ecological thresholds and tipping points have been considered.

Risk and impact management B

- Describe the inputs and parameters the organisation uses (for example, information about data sources and the scope of operations covered in the processes).
- Describe the risk management tools the organisation uses to assess the organisation's overall risk profile in light of those risks.
- Describe how the organisation monitors nature-related risks.

Risk and impact management C

- Describe whether and how its processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into its overall risk management process.

Note: these are only a subset of examples, please refer to the recommendations for the full set of information that should be disclosed

Source: TNFD (2023) Recommendations of the Taskforce on Nature-related Financial Disclosures

Disclosures Case Study – Manulife Investment Management

An example of TNFD aligned disclosures from an asset manager – Risk and impact management & metrics and targets



Risk and impact management disclosure A and B

We identify, assess, and prioritize nature-related dependencies, outcomes, risks, and opportunities in our direct operations by:

- Evaluating new investment opportunities with our sustainability tool kit
- Applying our deforestation policy, carbon principles, and carbon tool kit
- Committing to sustainable operating principles—verified by third-party certification

We've focused the scope of our initial TNFD disclosure on assets where we have the most influence—those we directly operate—and plan to consider our upstream and downstream value chains in time.

Risk and impact management disclosure C

Our integrated asset management model means that not only are we working in and with nature, we're also continuously observing it, learning from it, and responding to changes that affect us. We strive for continuous improvement in everything we do, and our risk management processes are part of this.

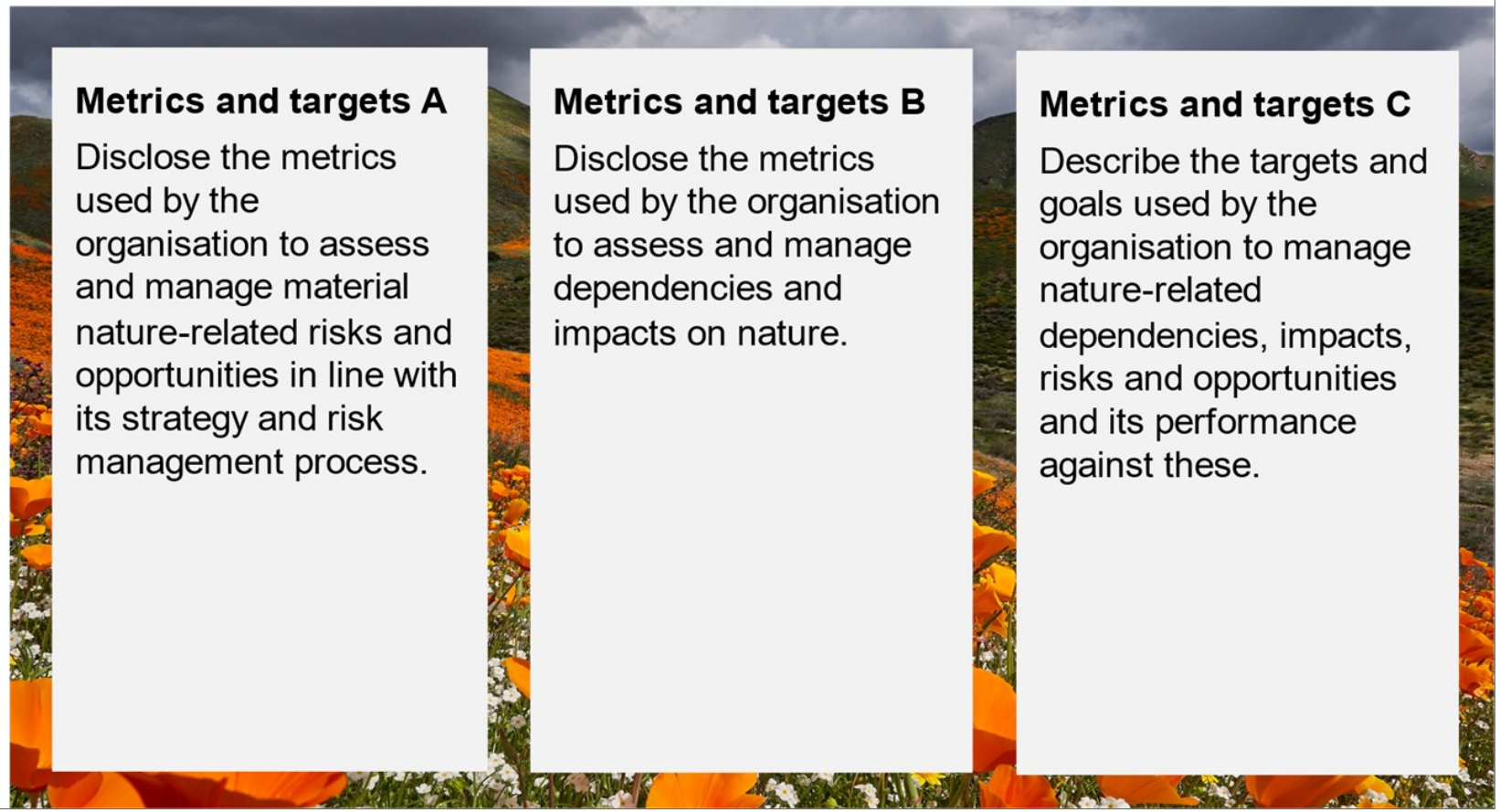
Our processes disclosed in A and B are integrated into and inform the organization's overall risk management processes as described in section 1—the application of materiality. We refine these processes in review cycles but also proactively if we notice changing trends or issues that need to be addressed.

Metrics and targets recommended disclosures

The three recommended disclosures under the metrics and targets pillar

Investors and other stakeholders are interested in understanding an organisation's performance in relation to nature-related issues, including progress towards any targets the organisation has set and how an organisation measures and monitors its nature-related dependencies, impacts, risks and opportunities.

Source: TNFD (2023) Recommendations of the Taskforce on Nature -related Financial Disclosures



Examples of information that should be disclosed

Practical tips to consider reporting when disclosing on the metrics and targets pillar.

Metrics and targets A

- Disclose all core global and core sector risk and opportunity metrics at the organisational level.
- Disclose any other relevant metrics, drawing on the TNFD additional disclosure indicators and metrics.

Metrics and targets B

- Disclose all core global and core sector metrics for dependencies and impacts.
- Disclose any other relevant metrics, drawing on the TNFD additional disclosure indicators and metrics.

Metrics and targets C

- Describe the strategy or risk management objective that each target seeks to address, including any anticipated regulatory requirements, market constraints, limitations or other contextual information relevant to understanding the target.
- Describe the metric used to quantify the target and monitor performance against a defined target value, baseline and timeframe.
- Describe the methodology used to set the target and baseline, including whether the organisation has used any external standards when setting the target and whether these use a science-based approach.

For more detail on nature-related metrics and targets refer to:

- TNFD (2023) Recommendations of the Taskforce on Nature-related Financial Disclosures, Section 4, Annex 1, Annex 2
- TNFD (2024) Additional guidance by sector
- Module 7 of the practitioner training series that explores the TNFD measurement architecture and metrics

Where organisations do not align to TNFD terminology for a disclosure metric, or where the TNFD terminology is not yet specified for a particular term used in disclosure metrics, organisations should disclose the definition used.

Source: TNFD (2023) Recommendations of the Taskforce on Nature -related Financial Disclosures

Disclosures Case Study – Manulife Investment Management

An example of TNFD aligned disclosures from an asset manager – Metrics and targets

Metrics and targets

In our reporting, we've taken a quantitative and qualitative approach to nature metrics and targets; this is to give context and examples while metrics evolve and data quality strengther Our sustainable investing reports show the progress we've already made and, as disclosed ir previous sections, we're working on developing natural capital accounts for the forests and farms we manage that will provide further insight into our contributions to nature.

For this section of the disclosure, we've taken the same quantitative and qualitative approa in a tiered format:

1 We've provided numerical answers wherever possible.
2 Where we don't have numbers, but we have qualitative commentary, we've shared it.
3 Where the metric is probably material but data isn't yet available, we've noted that.
4 Where the metric isn't applicable to our business, we've also noted that.

We've included the categories of TNFD metrics that we consider relevant to our timberland and agriculture business. These are:

- Core global disclosure metrics
- Forestry core sector disclosure indicators and metrics
- Proposed additional forestry sector disclosure indicators and metrics
- Food core sector disclosure indicators and metrics
- Proposed additional food sector disclosure indicators and metrics

Because of the volume of data, we've shared these metrics as tables and included them as appendix I.

Core global disclosure metrics

Metric no.	Core global indicator	Response—agriculture	Response—timberland
	GHG emissions[12]	• Scope 1: 33,131 tCO_2e • Scope 2: 18,935 tCO_2e • Scope 3: 193,092 tCO_2e	• Scope 1: 49,233 tCO_2e • Scope 2: 0 tCO_2e • Scope 3: 482,445 tCO_2e
C1.0	Total spatial footprint	• Total surface area managed: 622mi^2 (1,610km^2) • Total disturbed area: no data available • Total rehabilitated/restored area: no data available	• Total surface area managed: 8,441mi^2 (21,861km^2) • Total disturbed area: no data available • Total rehabilitated/restored area: no data available

C1.1	Extent of land/freshwater/ ocean-use change	• Land/freshwater/ocean-use change (farmland, agriculture): Our policy on deforestation prohibits the clearing and conversion of forests with high conservation or cultural value. Read our full policy at manulifeim.com.
		• Land/freshwater/ocean conserved or restored: no data available
		• Land/freshwater/ocean sustainably managed:
		  • sustainably managed land: 444mi^2 (1,151km^2)
		  • sustainably managed waterways: 754mi (1,213km)
			• Land/freshwater/ocean-use change (forest, forest production): Our policy on deforestation prohibits the clearing and conversion of forests with high conservation or cultural value. Read our full policy at manulifeim.com.
			• Land/freshwater/ocean conserved or restored: 1,787mi^2 (4,628km^2) of conservation area that is voluntary or required by regulation
			• Land/freshwater/ocean sustainably managed:
			  • sustainably managed land: 8,441mi^2 (21,861km^2)
			  • sustainably managed waterways: 18,444mi (29,683km)

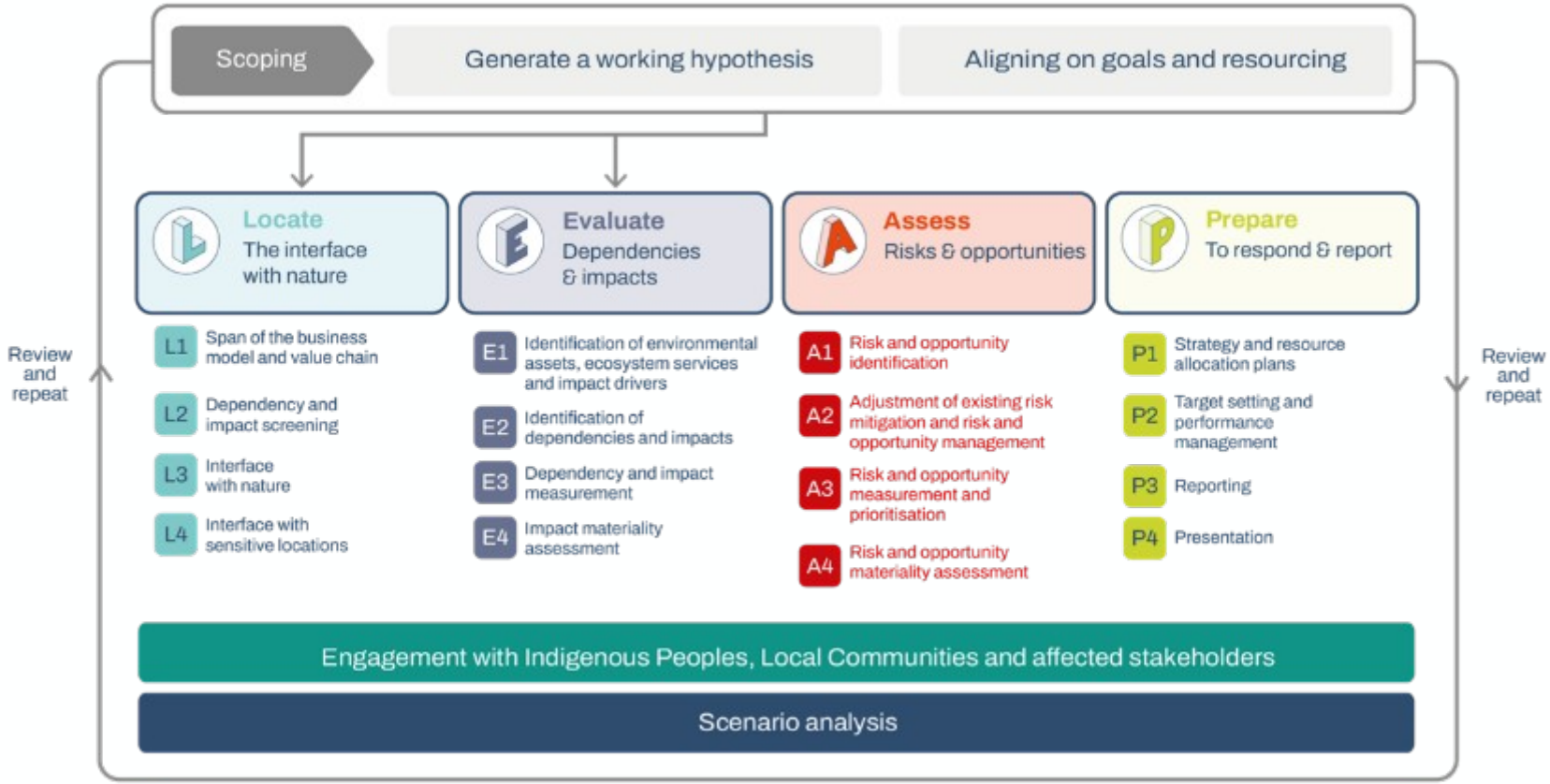
C2.0	Pollutants released to soil split by type	Crop protectants, fertilizers, and other agricultural chemicals are used responsibly and are useful tools in achieving crop health and productivity as well as environmental and financial objectives. We use integrated pest management (IPM) strategies and controls where possible and strive for minimum effective chemical use. Furthermore, we assess the risk of contamination caused by the off-target movement of agricultural chemicals transported by rain, runoff, or high winds. We conduct evaluations of vulnerable properties and formulate remedial actions such as grassed waterways and barrier hedges.	Herbicides, fertilizers, and other forest chemicals are used responsibly and are useful tools in achieving forest growth, as well as environmental and financial objectives. We strive for minimum effective chemical use. Forest chemicals are used only after evaluating other methods of achieving management objectives, such as IPM. Forest chemicals are applied using the best available technology to ensure the efficacy of the chemical without compromising personal safety or environmental health.
C2.1	Wastewater discharged	Not applicable	Not applicable
C2.2	Waste generation and disposal	Not applicable	Not applicable

The LEAP approach

How the LEAP approach is structured

The LEAP approach has four phases and 12 components

Assessment teams can work through the four phases of LEAP to identify and assess nature-related dependencies, impacts, risks and opportunities and conduct the due diligence necessary to inform disclosure statements aligned with the TNFD recommended disclosures.



Source: TNFD (2023) Guidance on the identification and assessment of nature-related issues: the LEAP approach

The future is uncertain and multiple pathways are possible

Good strategy is the art of making choices with the best available information, and scenarios can help

The LEAP approach is intended to be flexible and iterative – it is intended to support strategy formulation and decision-making.

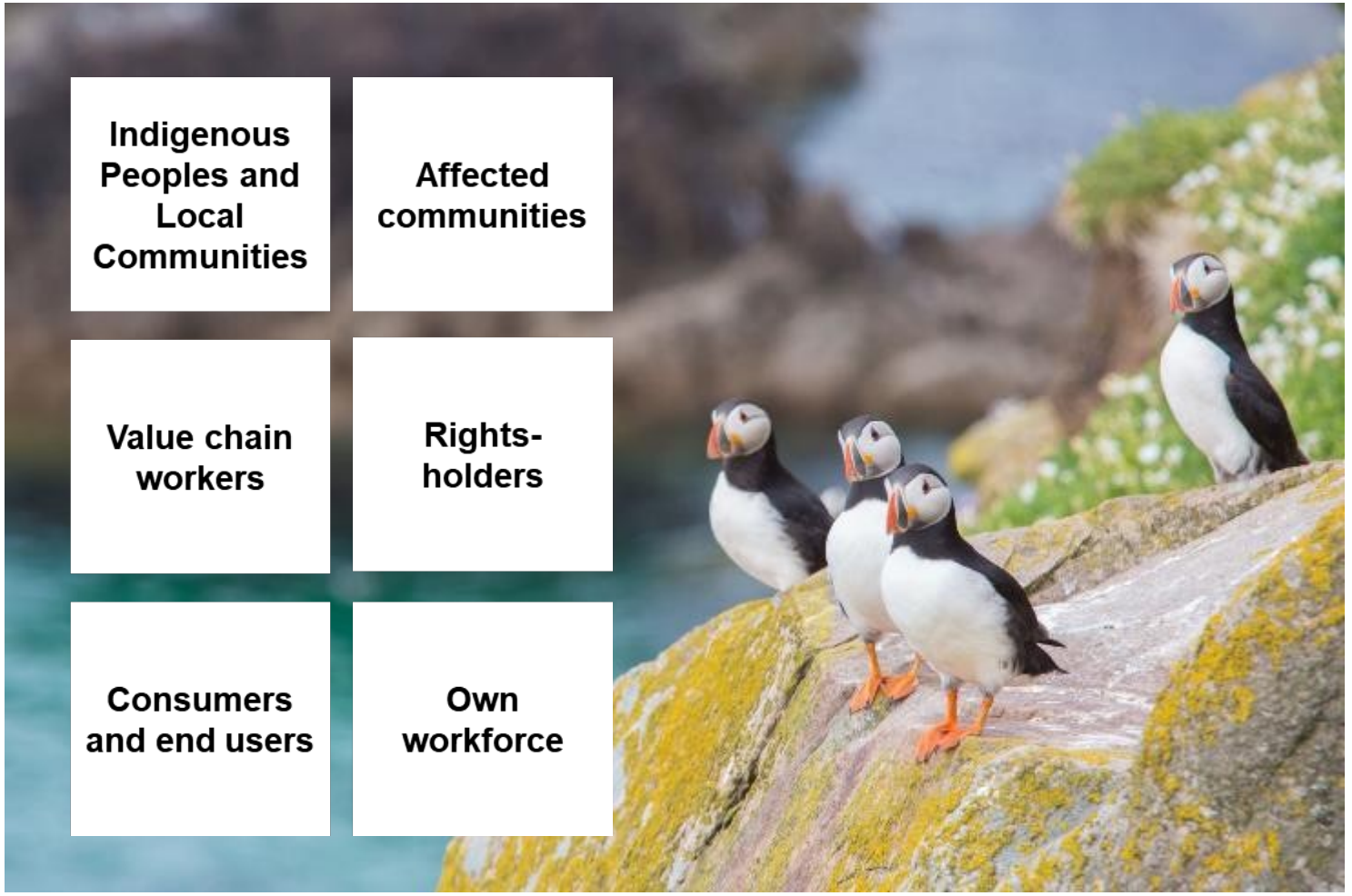
Scenario analysis underpins the LEAP approach – it is a risk-assessment tool that explores the possible consequences of nature loss and climate change, the possible responses, and in turn, the implications of these uncertainties.



Engagement underpins the LEAP approach

Assessing and managing nature-related issues requires meaningful engagement

Meaningful and respectful engagement with Indigenous Peoples and Local Communities (IPLCs) and affected stakeholders is critical to assess, manage and disclose nature-related issues.



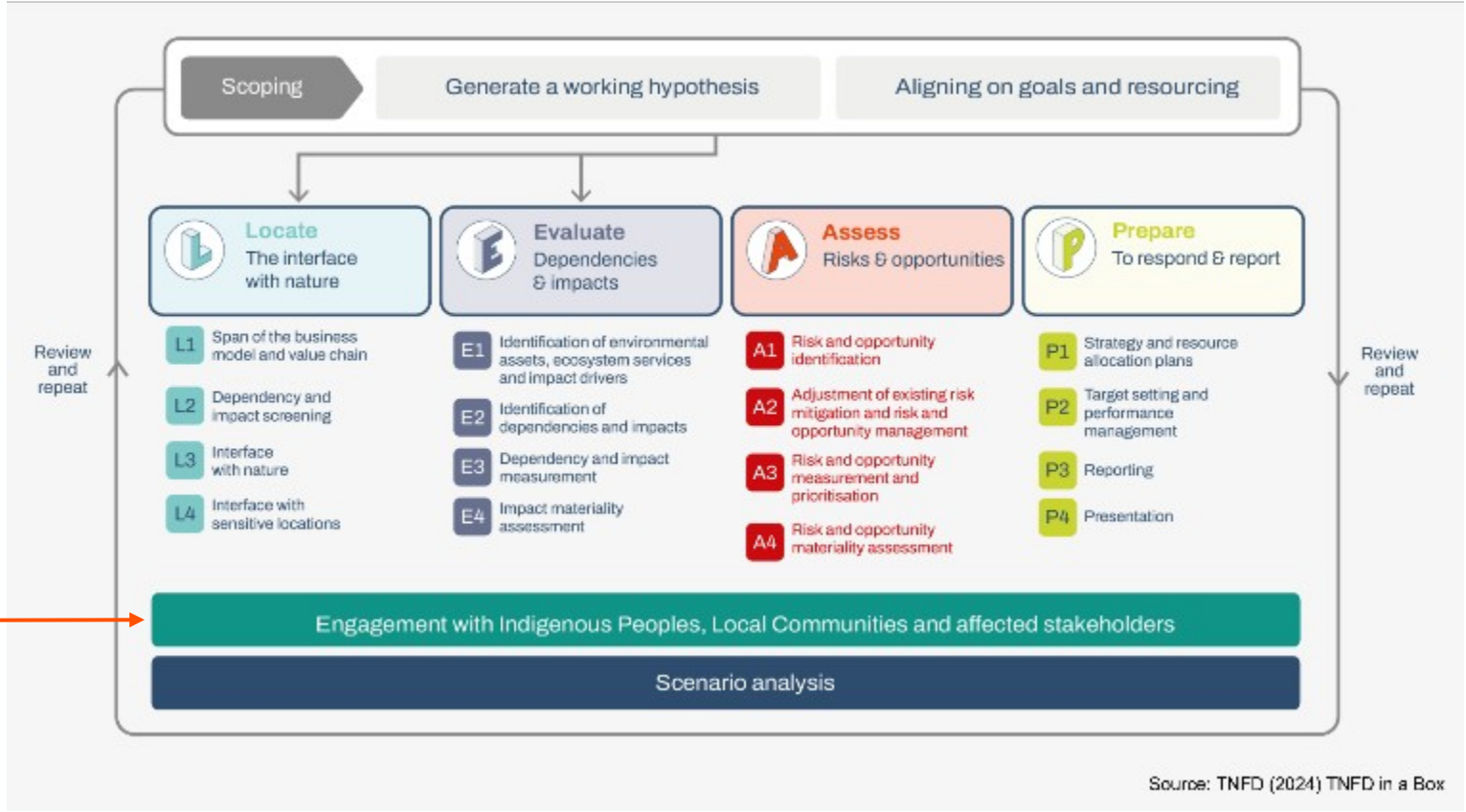
Indigenous Peoples, Local Communities and stakeholders

Meaningful engagement by companies and financial institutions is key to the LEAP approach

Meaningful engagement by companies and financial institutions with Indigenous Peoples, Local Communities, affected and other stakeholders is important for the assessment, management and disclosure of nature-related dependencies, impacts, risks and opportunities.

Engagement of Indigenous Peoples, Local Communities and affected and other stakeholders is therefore a key component of a LEAP assessment.

Source: TNFD (2023) Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders



Source: TNFD (2024) TNFD in a Box

Engagement underpins the LEAP approach

Some guiding questions for IPLC engagement – is your organisation able to answer these questions?

Scoping

- how do views, knowledge and input from Indigenous Peoples, Local Communities, affected and other stakeholders inform thinking on potentially material nature-related dependencies, impacts, risks and opportunities associated with the organisation's activities (direct operations and value chain)?

Locate

- are there Indigenous Peoples, Local Communities and affected stakeholders in the geographic locations of our direct operations?
- where are they located?
- are they typically involved in or impacted by the activities of these sectors and value chains?

Evaluate

- are there any Indigenous Peoples, Local Communities and affected stakeholders whose human rights and livelihoods depend on these environmental assets and ecosystem services?
- what are their perspectives on how they will be impacted in the immediate, short, medium and long term?

Assess

- what are the insights into the risks and opportunities for our organisation based on our engagement with Indigenous Peoples, Local Communities and affected stakeholders?

Prepare

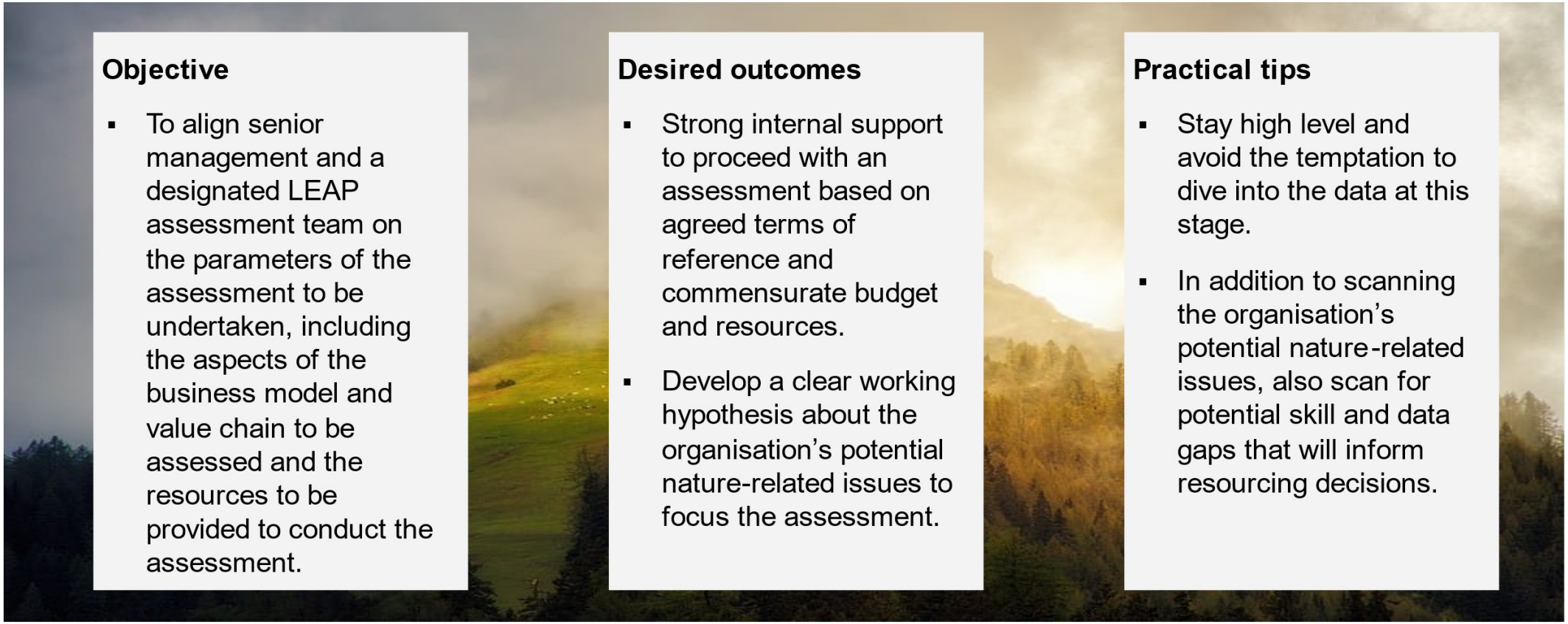
- does the resource allocation reflect identified needs for meaningful and ongoing engagement as part of mitigation and management strategies?
- what are the expectations in terms of disclosure of Indigenous Peoples, Local Communities and affected stakeholders?

TNFD (2023) Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders

*Additional questions are available in the TNFD engagement guidance

Scoping: Overview

The aim is not to invest too much time or too many resources but to define the parameters for a full assessment



Objective

- To align senior management and a designated LEAP assessment team on the parameters of the assessment to be undertaken, including the aspects of the business model and value chain to be assessed and the resources to be provided to conduct the assessment.

Desired outcomes

- Strong internal support to proceed with an assessment based on agreed terms of reference and commensurate budget and resources.
- Develop a clear working hypothesis about the organisation's potential nature-related issues to focus the assessment.

Practical tips

- Stay high level and avoid the temptation to dive into the data at this stage.
- In addition to scanning the organisation's potential nature-related issues, also scan for potential skill and data gaps that will inform resourcing decisions.

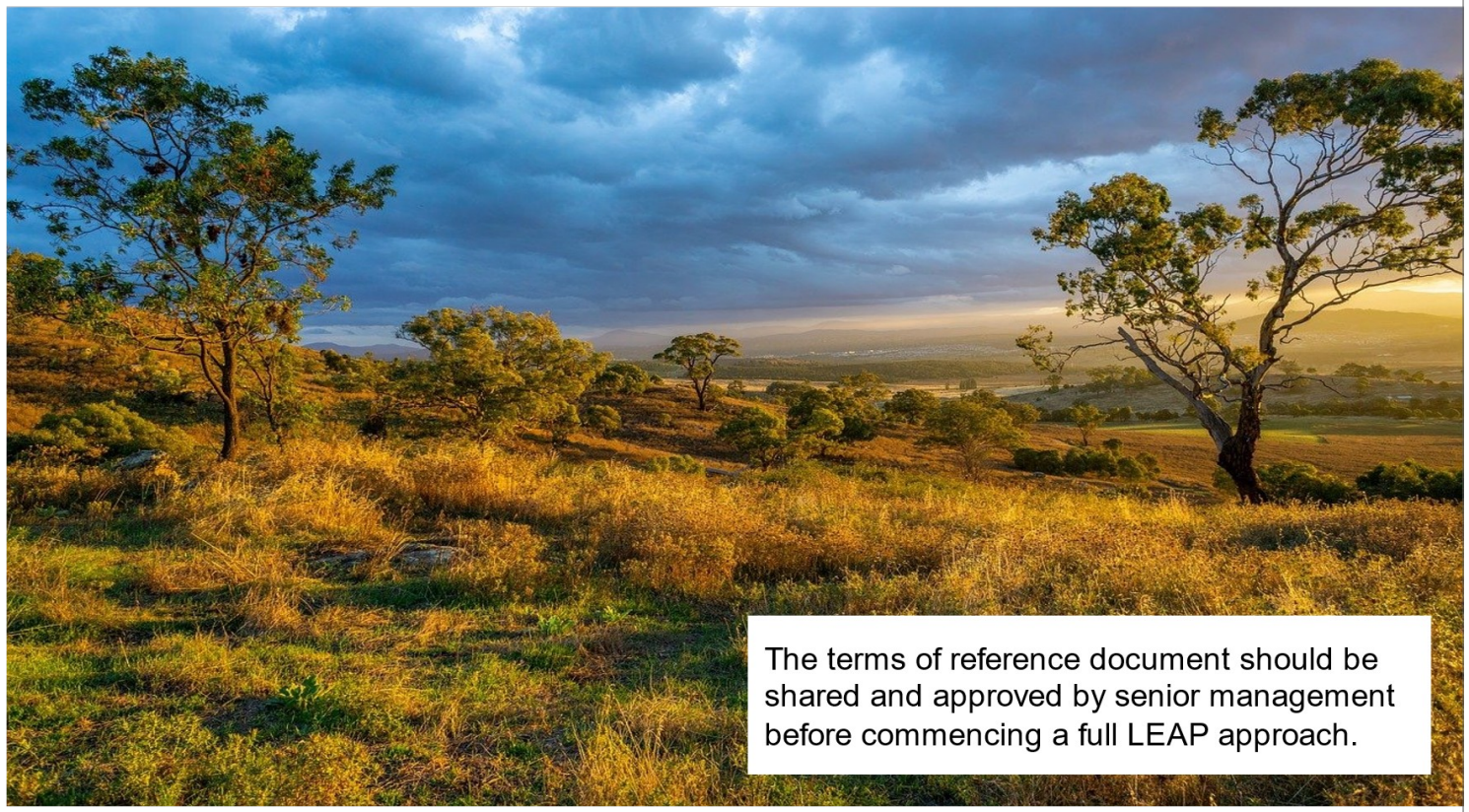
Source: TNFD (2023) Guidance on the identification and assessment of nature -related issues: the LEAP approach

Scoping: Desired outcomes

The scoping exercise should produce a terms of reference document that receives senior backing

The scoping exercise should produce a terms of reference document that includes:

- a working hypothesis statement
- the assessment timeline and milestones
- the internal and external project team
- other staff who will need to contribute
- sources of knowledge and data
- how gaps in knowledge and data will be addressed
- a budget



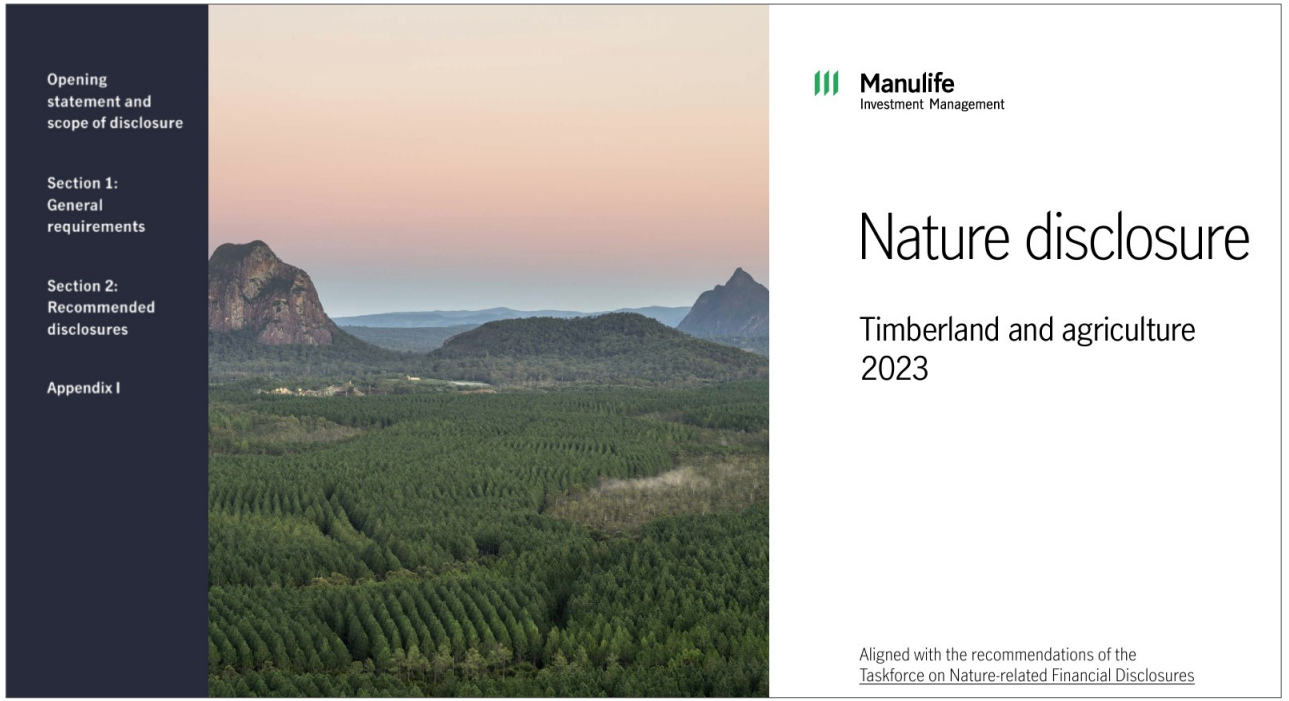
The terms of reference document should be shared and approved by senior management before commencing a full LEAP approach.

Source: TNFD (2023) Guidance on the identification and assessment of nature -related issues: the LEAP approach

Scoping Case Study - Manulife Investment Management

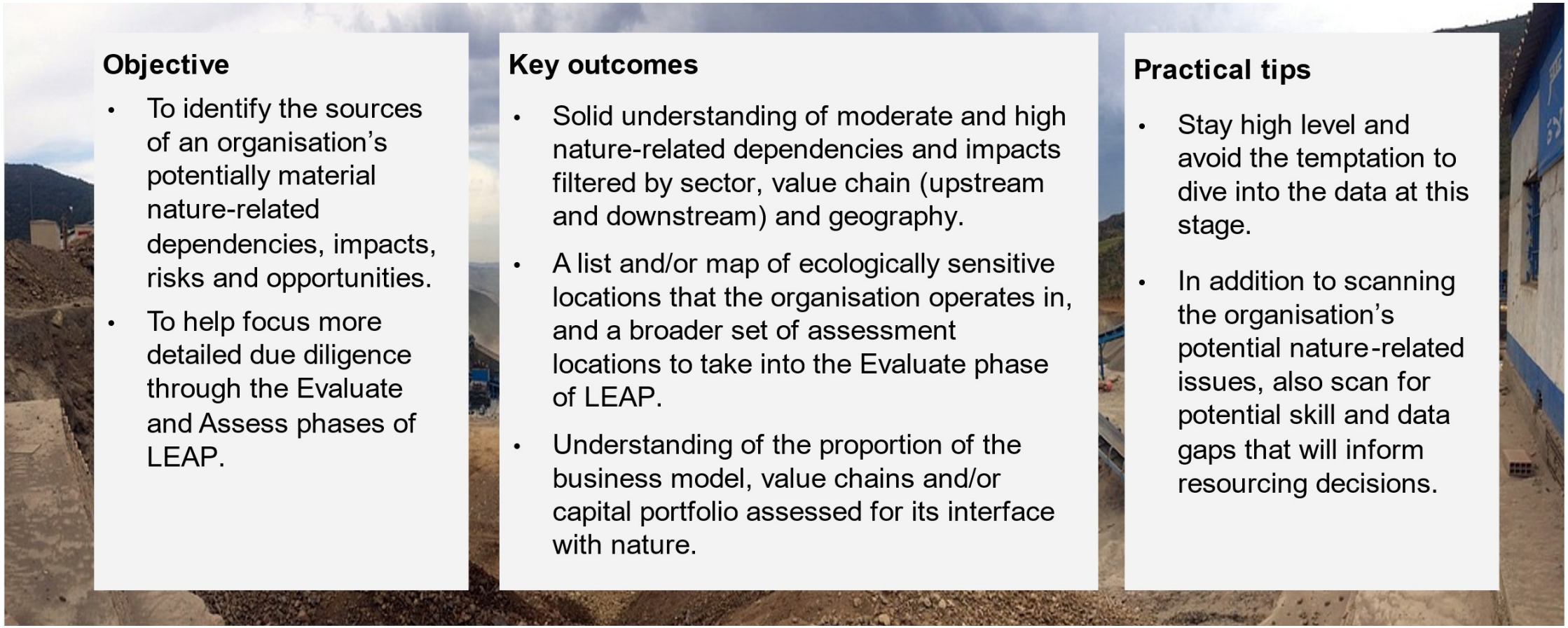
An example of LEAP scoping from an asset manager

- Manulife Investment Management has approximately $1.03 CAD trillion dollars under management.
- It has a very wide range of investments over multiple asset classes across many sectors including technology, real estate, healthcare etc.
- To make their initial TNFD LEAP process and disclosures feasible they restricted scope to the 2 sectors with likely the most impacts and dependencies: **timber production** and **agriculture**.
- Scoping to the most relevant sectors make the LEAP approach much more feasible and efficient.



Locate your interface with nature: Overview

Locating your organisation or portfolio's interface with nature is the first critical step



Objective

- To identify the sources of an organisation's potentially material nature-related dependencies, impacts, risks and opportunities.
- To help focus more detailed due diligence through the Evaluate and Assess phases of LEAP.

Key outcomes

- 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.

Practical tips

- Stay high level and avoid the temptation to dive into the data at this stage.
- In addition to scanning the organisation's potential nature-related issues, also scan for potential skill and data gaps that will inform resourcing decisions.

Source: TNFD (2023) Guidance on the identification and assessment of nature -related issues: the LEAP approach

Locate: Guiding questions for corporates and FIs

Is your organisation able to answer the questions below?

Locate your interface with nature

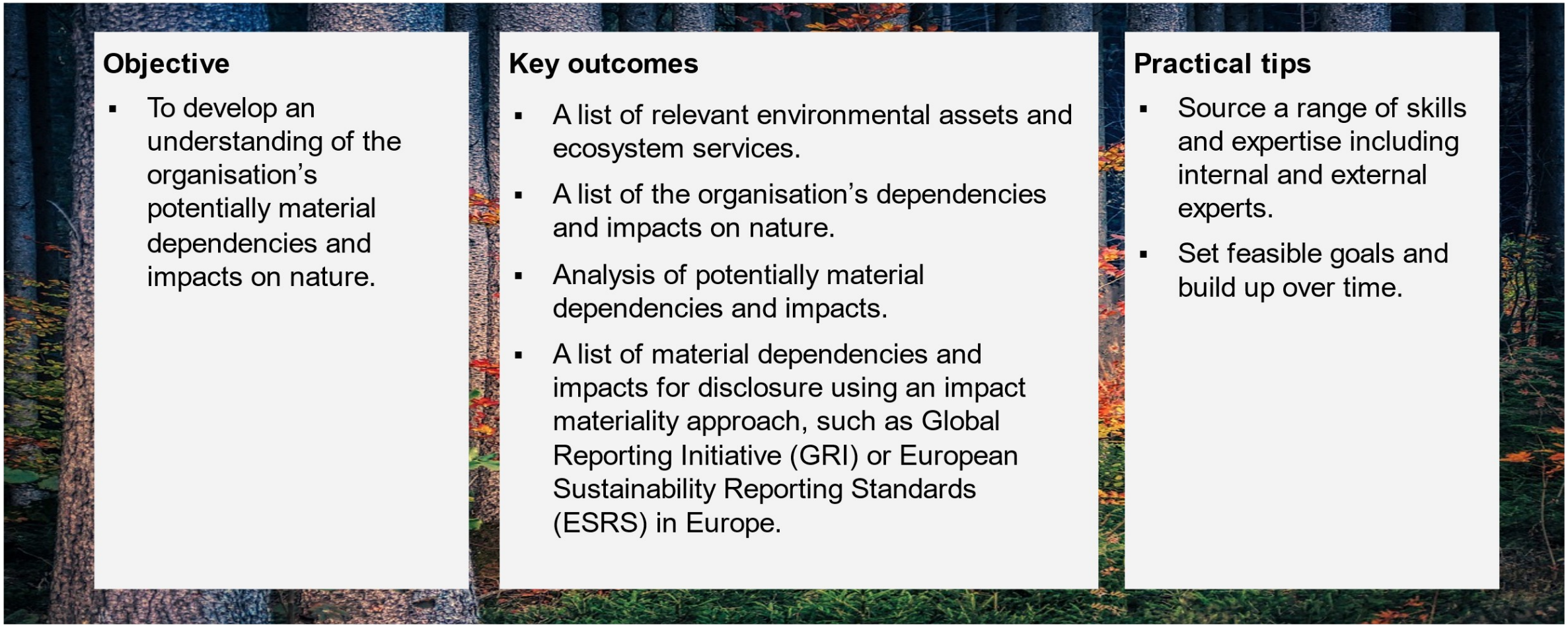
Prioritisation by sector, value chain and geography can help organisations arrive at an informed, evidence-based view of the sources of potentially material nature-related issues.

L1	**Span of the business model and value chain**	→ What are our organisation's activities by sector, value chain and geography? → Where are our direct operations?
L2	**Dependency and impact screening**	→ Which of these sectors, value chains and direct operations are associated with potentially moderate and high dependencies and impacts on nature?
L3	**Interface with nature**	→ Where are the sectors, value chains and direct operations with potentially moderate and high dependencies and impacts located? → Which biomes and ecosystems do our direct operations, and moderate and high dependency and impact value chains and sectors, interface with?
L4	**Interface with sensitive locations**	→ For our organisation's activities in moderate and high dependency and impact value chains and sectors, which of these are in ecologically sensitive locations? → And which of our direct operations are in sensitive locations?

Source: TNFD (2023) Guidance on the identification and assessment of nature -related issues: the LEAP approach

Evaluate dependencies and impacts: Overview

An organisation's nature-related risks and opportunities arise from its dependencies and impacts on nature



Objective

- To develop an understanding of the organisation's potentially material dependencies and impacts on nature.

Key outcomes

- 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.
- A list of material dependencies and impacts for disclosure using an impact materiality approach, such as Global Reporting Initiative (GRI) or European Sustainability Reporting Standards (ESRS) in Europe.

Practical tips

- Source a range of skills and expertise including internal and external experts.
- Set feasible goals and build up over time.

Source: TNFD (2023) Guidance on the identification and assessment of nature -related issues: the LEAP approach

Evaluate: Guiding questions for corporates

Is your organisation able to answer the questions below?

Evaluate dependencies & impacts

In this phase of the LEAP approach, an organisation moves to a more detailed evaluation of its nature-related dependencies and impacts.

E1	**Span of the business model and value chain**	→ What are the sectors, business processes or activities to be analysed? → What environmental assets, ecosystem services and impact drivers are associated with these?
E2	**Dependency and impact screening**	→ Which of these sectors, value chains and direct operations are associated with potentially moderate and high dependencies and impacts on nature?
E3	**Interface with nature**	→ What is the scale and scope of our dependencies on nature? → What is the severity of our negative impacts on nature? → What is the scale and scope of our positive impacts on nature?
E4	**Interface with sensitive locations**	→ Which of the identified impacts are material?

Source: TNFD (2023) Guidance on the identification and assessment of nature -related issues: the LEAP approach

Evaluate: Guiding questions for financial institutions

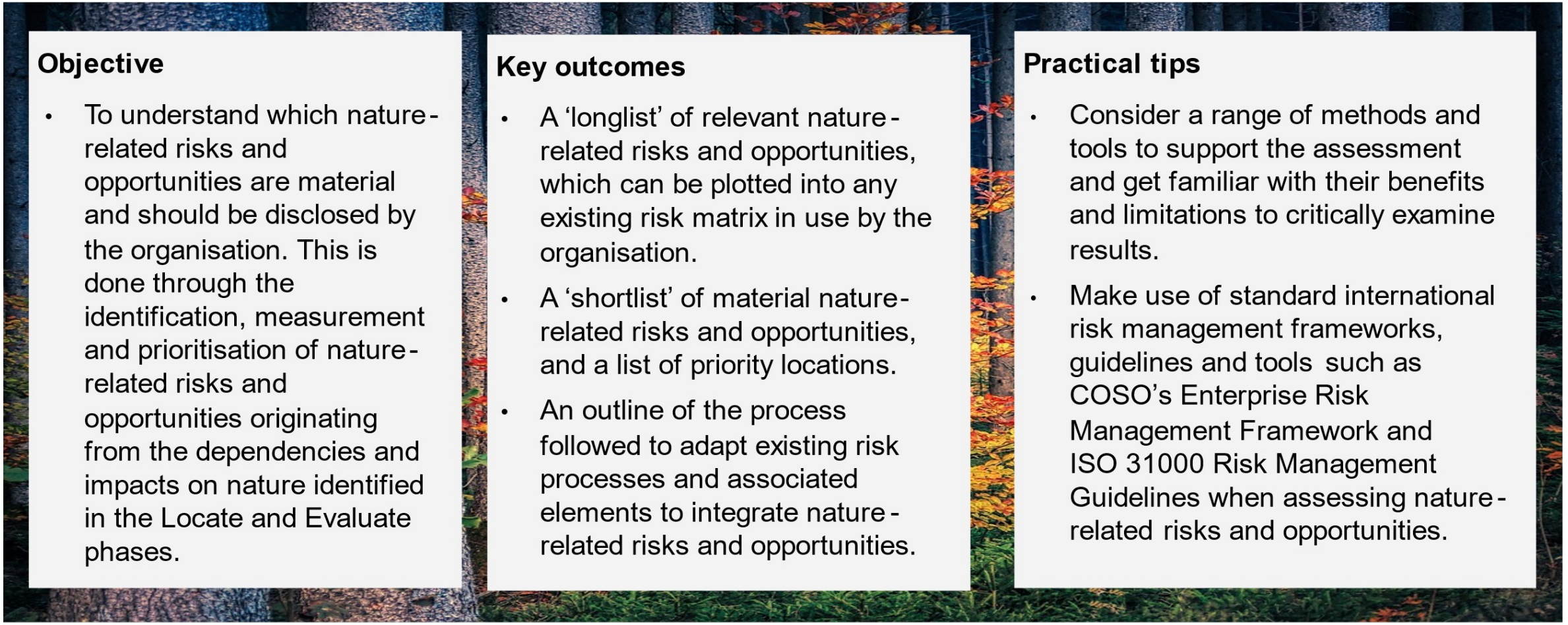
Is your organisation able to answer the questions below?

Evaluate dependencies & impacts	In this phase of the LEAP approach, an organisation moves to a more detailed evaluation of its nature-related dependencies and impacts.
E1 **ID of environmental assets, ecosystem services and impact drivers**	→ What are the companies/activities in our portfolios that are in sectors, geographies and sensitive locations identified? → What environmental assets, ecosystem services and impact drivers are associated with these?
E2 **ID of dependencies and impacts**	→ What are our dependencies and impacts on nature resulting from the dependencies and impacts of these companies in our portfolios?
E3 **Measurement of dependencies and impacts**	→ What is the scale and scope of our dependencies on nature because of the dependencies of our portfolio companies? → What is the severity of their negative impacts on nature? → What is the scale and scope of their positive impacts on nature?
E4 **Determination of impact materiality**	→ Which of the identified impacts are material?

Source: TNFD (2023) Guidance on the identification and assessment of nature -related issues: the LEAP approach

Assess nature-related risks and opportunities: Overview

This phase focuses on the identification and integration of nature-related risks and opportunities



Objective

- To understand which nature-related risks and opportunities are material and should be disclosed by the organisation. This is done through the identification, measurement and prioritisation of nature-related risks and opportunities originating from the dependencies and impacts on nature identified in the Locate and Evaluate phases.

Key outcomes

- 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.

Practical tips

- Consider a range of methods and tools to support the assessment and get familiar with their benefits and limitations to critically examine results.
- Make use of standard international risk management frameworks, guidelines and tools such as COSO's Enterprise Risk Management Framework and ISO 31000 Risk Management Guidelines when assessing nature-related risks and opportunities.

Source: TNFD (2023) Guidance on the identification and assessment of nature -related issues: the LEAP approach

Assess: Guiding questions for corporates and FIs

Is your organisation able to answer the questions below?

Assess nature-related risks and opportunities	In this phase of the LEAP approach organisations need to identify and prioritise the nature-related risks and opportunities to the organisation stemming from their identified dependencies and impacts on nature.
A1 **Risk and opportunity identification**	→ What are the corresponding risks and opportunities for our organisation?
A2 **Adjustment of existing risk mitigation and risk and opportunity management**	→ What existing risk mitigation and risk and opportunity management processes and elements are we already applying? → How can risk and opportunity management processes and associated elements (e.g. risk taxonomy, risk inventory, risk tolerance criteria) be adapted?
A3 **Risk and opportunity measurement and prioritisation**	→ Which risks and opportunities should be prioritised?
A4 **Risk and opportunity materiality assessment**	→ Which risks and opportunities are material and therefore should be disclosed in line with the TNFD recommended disclosures?

Source: TNFD (2023) Guidance on the identification and assessment of nature -related issues: the LEAP approach

Prepare how to respond

Having located, evaluated and assessed nature-related issues it is now time to respond proactively

Objective

- To decide how the organisation should respond to the material nature-related issues identified in the LEAP approach, including what to disclose and how to disclose the material issues identified.

Key outcomes

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

Practical tips

- Review and revisit previous phases of the LEAP approach if necessary to ensure you have a fully informed response.
- Reflect on the learnings from the LEAP approach about how to define and describe the scope of the disclosures the organisation might make.

Source: TNFD (2023) Guidance on the identification and assessment of nature-related issues: the LEAP approach

Prepare: Guiding questions for corporates and FIs

Is your organisation able to answer the questions below?

Prepare to respond and report		In this phase of the LEAP approach, an organisation will use its assessment to inform how the organisation responds to the issues identified and discloses in line with the TNFD recommended disclosures.
A1	**Strategy and resource allocation plans**	→ What risk management, strategy and resource allocation decisions should be made as a result of this analysis?
A2	**Target setting and performance measurement**	→ How will we set targets and define and measure progress?
A3	**Reporting**	→ What will we disclose in line with the TNFD recommended disclosures?
A4	**Presentation**	→ Where and how do we present our nature-related disclosures?

Source: TNFD (2023) Guidance on the identification and assessment of nature -related issues: the LEAP approach

LEAP

LEAP summarised in 4 sentences

Locate your business activities/loans/supply-chains near nature sensitive areas.

Evaluate the **impacts** and **dependencies** of your business activities/loans/supply-chains on nature.

Assess these impacts and dependencies as **risks** and **opportunities** for your organisation.

Prepare your strategy for these risks and opportunities and how you are going to disclose it.

Key take home messages

1

Leading practice at the nature–business interface is evolving rapidly as collaborative efforts lead to iterative learning and growing levels of market maturity.

2

Organisations all start from different points and should not let ‘perfection be the enemy of the good’ – it is important to start on the journey and iterate your approach over time as your organisation and the wider market continue to learn how best to integrate nature-related issues into financial and corporate practices.

3

Get started now and increase ambition over time, while taking advantage of the many use cases and supporting guidance and tools that are now widely available.

Climate Risk Services

Thank you!

Building a climate-smart, net zero and nature-positive future together.

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