

A global integrated approach to nature TNFD framework Beta release #2

28 June 2022

Continuation of the framework development

The Taskforce on Nature-related Financial Disclosures (TNFD) released a second beta version, building on its first release, with insights on proposed approaches for measurements and sector guidance together with guidelines for testing the TNFD. The iterative 'Open Innovation' process will run until the middle of 2023, in which **organisations are invited to test and provide feedback on the proposals**, giving them both valuable learning experience and simultaneously supporting the development of the framework.

Timeline of the TNFD Framework



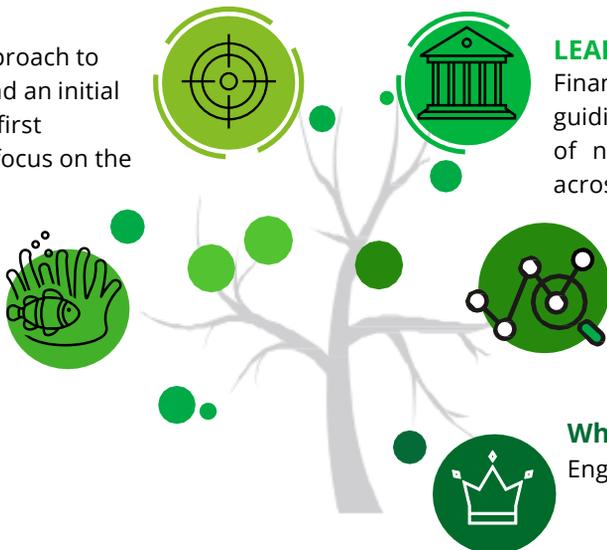
Beta v0.2

Metrics & Targets

A first overarching approach to metrics and targets and an initial set of guidance and a first illustrative list, with a focus on the assessments metrics

Specific Guidance

An initial approach to additional specific guidance through any of the three main entry points



LEAP-FI

Financial institutions can use a three-step guiding framework to scope the assessment of nature-related risks and opportunities across their portfolios

Piloting Guidance

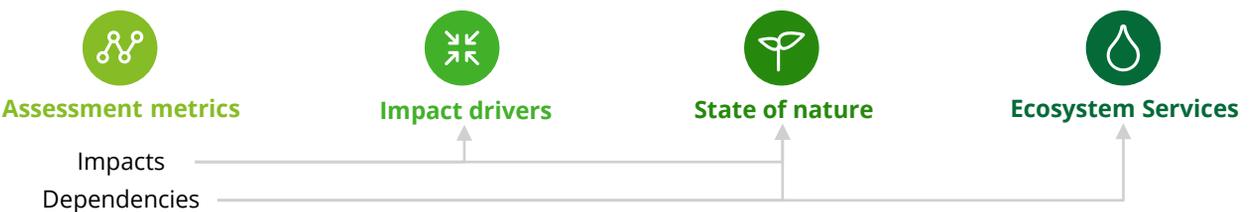
Organisations can use this guide to pilot the TNFD framework from July 2022 to May 2023

What is next?

Engage, pilot and advocate.

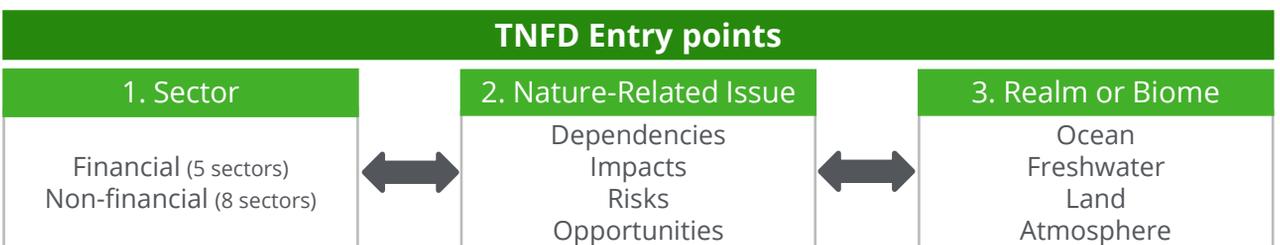
1. Metrics & Targets

The assessment metrics are used within an integrated internal assessment process for assessing nature-related risks and opportunities. This release gives illustrative examples of assessment metrics for dependencies and impacts.



2. Specific Guidance

The TNFD is developing specific guidance and recommendations to respond to different organisations' needs. Its initial structure was published in v0.2 and enables organizations to choose any of the three entry points:





1. Locate



2. Evaluate



3. Assess



4. Prepare



5. Review & repeat

3. LEAP – ‘How To’ guidance for Financial Institutions

Step-by-step approach on nature-related risk management with a voluntary roadmap for how an organisation can undertake its own nature-related risk and opportunity assessment.

Initial scoping questions for FSI's

1. Type of business

- What is the nature of our business as a financial institution? (e.g. asset management, lending, insurance activities)
- What are the main functional units within our business? (e.g. retail, commercial, and investment banking divisions)

2. Entry points

- A. Sector/geography focus:** In what sectors/geographies do we allocate capital?
- B. Product/asset class focus:** What asset classes/financial products do we have and what are their potential interactions with nature?
- C. Biome/ecosystem focus:** What biomes/ecosystems do our financial activities interact with?

3. Type of analysis

What level of assessment is feasible/appropriate given the level of aggregation of financial products and services?

STAKEHOLDER ENGAGEMENT (Government, community & indigenous groups, other businesses)

REVIEW & REPEAT



START

LOCATE Interface with nature

1. Business footprint

Where are direct assets and operations; and related **value chain**, upstream and downstream activities?

2. Nature interface

Which **biomes and ecosystems** do these activities interface with? What is the current integrity and importance of the ecosystem at each location?

3. Priority location identification

Which **locations** are interfacing with ecosystems assessed as being low integrity, high biodiversity importance and/or areas of water stress?

4. Sector identification

What **sectors**, business units, value chains or asset classes is the organization interfacing within these priority locations?



EVALUATE dependencies & impacts

5. Identify relevant assets and services

What **environmental assets and ecosystem services** have a dependency or impact at each priority location?

6. Identify dependencies and impacts

What are **nature-related dependencies and impacts** across the organisation at each priority location?

7. Dependency analysis

What is the size and scale of the **dependencies** on nature in each priority location?

8. Impact analysis

What is the size and scale of nature **impacts** in each priority location?



ASSESS material risks & opportunities

9. Risk ID & Assessment

What are the **corresponding risks** to the organisation?

10. Risk approaches

What **existing risk mitigation and management approaches** are already applied?

11. Additional Risk Mitigation & Management

What **additional** risk mitigation and management options should be considered?

12. Materiality Assessment

Which risks are **material** & should be disclosed in line with the TNFD disclosure recommendations?

13. Opportunity Identification & Assessment

What nature-related **opportunities** does this assessment present for the organisation?



PREPARE to Respond and Report

Strategy & resource allocation

14. Strategy and Resource Allocation

What **strategy and resource allocation** decisions should be made as a result of this analysis?

15. Performance Measurement

How will **targets** be set and define measure **progress**?

Disclosure actions

16. Reporting

What will be disclosed in line with the **TNFD Disclosure Recommendations**?

17. Presentation

Where and how will nature-related disclosures be presented?

Next Steps

All market participants are invited to review and pilot the beta versions, for continuous refinement of the framework. **Start engaging in the development of TNFD here.**

The feedback will strongly support further framework development, the third beta release is expected to further disclose on:

- LEAP (-FI)
- Metrics Architecture
- Sector guidance for FIs, Food and Forestry
- Scopes of disclosure recommendations
- Approach to scenarios

Deloitte can guide your organisation in starting to understand nature-related risks and prepare for the TNFD, to ensure nature positivity is incorporated into your strategic agenda and disclosures.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL", its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global" and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.nl/about to learn more. Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 264,000 people make an impact that matters at www.deloitte.nl.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2022 Deloitte The Netherlands
Designed by CoRe Creative Services. RITM0984233

Contact Us

Guy Williams

Global Nature Lead
Email: guwilliams@deloitte.com.au



Eric de Weerd

Partner | Risk Advisory | NL
Email: edeweerd@deloitte.nl



Toby Roxburgh

Director | Risk Advisory | UK
Email: troxburgh@deloitte.co.uk



Gerdie Knijp

Senior Manager | Risk Advisory | NL
Email: gknijp@deloitte.nl



Florence Arke

Sr. Consultant | Risk Advisory | NL
Email: floarke@deloitte.nl

