



TNFD Releases Final Recommendations On Nature-Related Risk Management And Disclosures

September 26, 2023 | [Environmental, Enforcement, Environmental News](#)



Bruce White
Partner

One of the more highly anticipated announcements that drew substantial attention during [Climate Week NYC](#) was the Taskforce on Nature-related Financial Disclosures' (TNFD) release of its [final recommendations for a nature-related risk management and disclosure framework](#) on Sept. 18. The recommendations are intended to facilitate worldwide achievement of the nature-related disclosure targets set forth in the December 2022 [Kunming-Montreal Global Biodiversity Framework](#), which was approved by nearly 200 countries. They are modeled after and build on the work of the [Task Force on Climate-Related Financial Disclosures](#) (TCFD).

According to the press release, "The TNFD Recommendations are a key milestone in the relationship between nature, business and financial capital, positioning nature risk alongside financial, operational and climate risk and helping to shift capital flows to nature-positive outcomes." The TNFD, based in London, is a market-led and government-supported global initiative.

The recommendations are science-based and voluntary, and are consistent with the GRI reporting standards and the final disclosure standards for investor focused sustainability standards that were recently [released by the International Sustainability Standards Board \(ISSB\)](#) and endorsed by the International Organization of Securities Commissions (IOSCO). Most recently, the [ISSB announced](#) that the TNFD recommendations will inform its future standard setting and related work.

RELATED PRACTICE AREAS

Climate Change
Compliance and Monitorships
Environmental
Environmental, Social and Governance

RELATED INDUSTRIES

Energy and Utilities
Federal Government Relations and Lobbying
Government Services
Renewable Energy

RELATED TOPICS

Climate Change
Environmental Social and Governance (ESG)
Disclosure Requirements

The United Nations Environment Program-Finance Initiative, which was instrumental in developing this tool, lauded the release of the final recommendations as a [historic moment](#):

The groundbreaking framework enables companies to assess, disclose and manage nature-related risks and impacts which will lead to consistent and comparable reporting on nature-related risks and impacts by businesses and financial institutions worldwide.

The TNFD recommends 14 disclosures “to promote the provision of clear, comparable and consistent information by companies to investors and other providers of capital.” The disclosures are organized based on the same four pillars used by the TCFD: governance, strategy, risk and impact management, and metrics and targets.

The recommendations also include a proposed set of metrics to support the disclosures, along with draft sector metrics, and plans to develop additional priority sector metrics in 2024. In addition, TNFD provided “getting started” guidance and several business sector-specific guidance documents. It has also developed guidance on particular subject matters, including biomes, nature scenarios, and engagement with Indigenous Peoples and local communities, and has produced a discussion paper on a proposed approach to upstream and downstream value chains.

With the release of these recommendations, the TNFD is shifting its focus to “encouraging market adoption, supporting knowledge and capacity building efforts across the market, and working with standard-setting partners as they look to develop nature related disclosure standards that draw from the TNFD recommendations.”

Alongside the TNFD release, a group of 190 institutional investors representing \$23.6 trillion in assets under management, recently launched the [Nature Action 100 to catalyze greater action on nature loss](#). On Sept. 26, that group announced an investor engagement initiative urging 100 companies worth more than \$9 trillion to take “timely and necessary corporate actions that will protect and restore nature and ecosystems.” It is anticipated that the TNFD final recommendations will provide the framework to measure progress.