

Biodiversity and sustainability management
TNFD's recommended disclosures v1.0

Counsellor on Global Strategy, The Norinchukin Bank
TNFD Task Force Member
Hirotaka Hideshima

This presentation is prepared based on information publicly available as of September 2023.

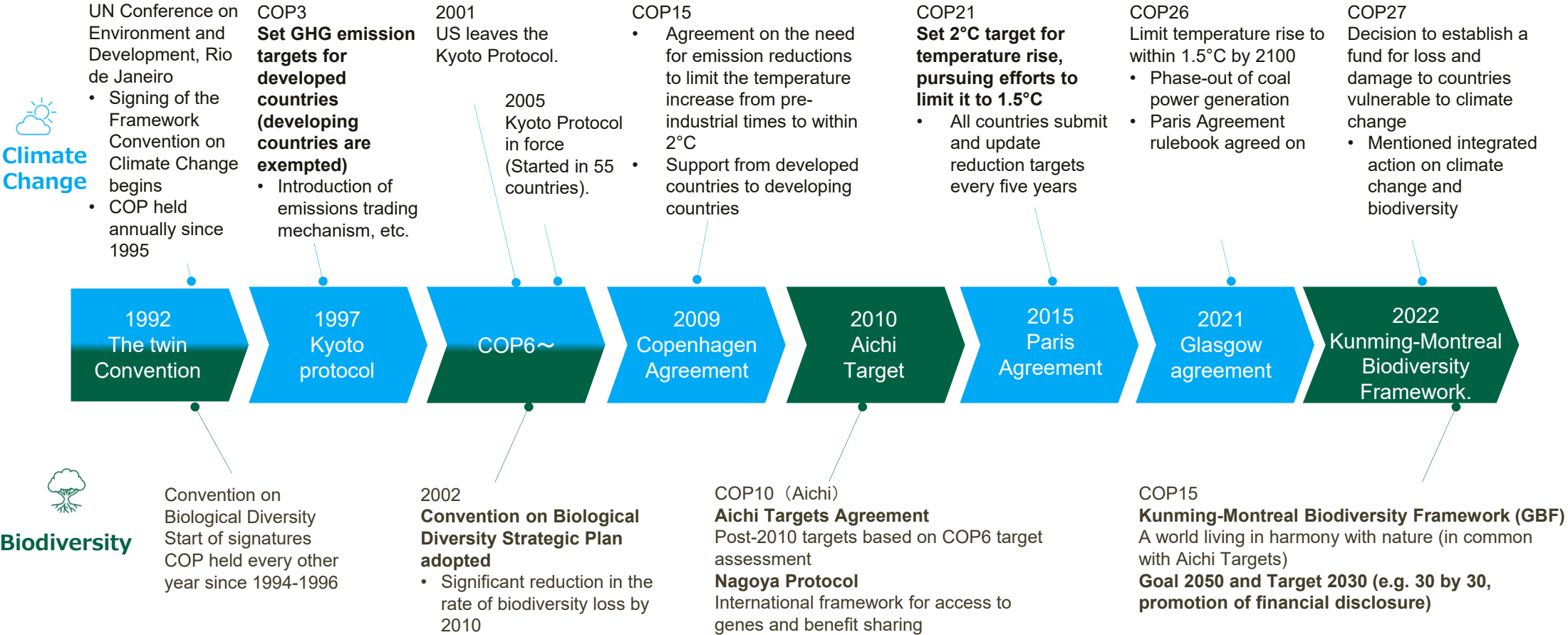
**1. Trends of natural capital and biodiversity -
Why is natural capital and biodiversity getting more attention?**

2. Commentary on TNFD's recommended disclosures v1.0

Background to the COP (Conference of Parties) on climate change and biodiversity

In the Kunming-Montreal Biological Framework (GBF) signed in 2022, parties developed a 2050 goal and a 2030 target towards nature positivity; nature-related information disclosure by companies and others was added as a target in the GBF

Since the signing of the 'twin conventions' began in 1992, climate change has taken the lead in the debate, and major achievements such as the Paris Agreement



出所：環境省資料より作成

KUNMING-MONTREAL GLOBAL BIODIVERSITY FRAMEWORK (GBF)

GBF target 15 mentioned that take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and **financial institutions disclose their risks, dependencies and impacts on biodiversity**

The Kunming-Montreal GBF has 23 action-oriented global targets for urgent action over the decade to 2030

Overall view of GBF

2050 Vision
world of living in
harmony with nature

2050 Goal

- A The integrity, connectivity and resilience
- B Biodiversity is sustainably used and managed
- C Shared fairly and equitably ABS
- D Implementation, including financial resources

2030 Mission To take urgent action to halt and reverse biodiversity loss

2030 target

(1) Reducing threats to biodiversity

- 1 空間計画
- 2 自然再生
- 3 30by30
- 4 種・遺伝子の保全
- 5 生物採取
- 6 外来種対策
- 7 汚染
- 8 気候変動

(2) Meeting people's needs through sustainable use and benefit-sharing

- 9 野生種の利用
- 10 農林漁業
- 11 自然の調整機能
- 12 緑地親水空間
- 13 遺伝資源へのアクセスと利益配分

(3) Tools and solutions for implementation and mainstreaming

- 14 生物多様性の主流化
- 15 Business**
- 16 持続可能な消費
- 17 バイオセーフティー
- 18 有害補助金
- 19 資金
- 20 能力構築、技術移転
- 21 知識へのアクセス
- 22 先住民、女性及び若者
- 23 ジェンダー

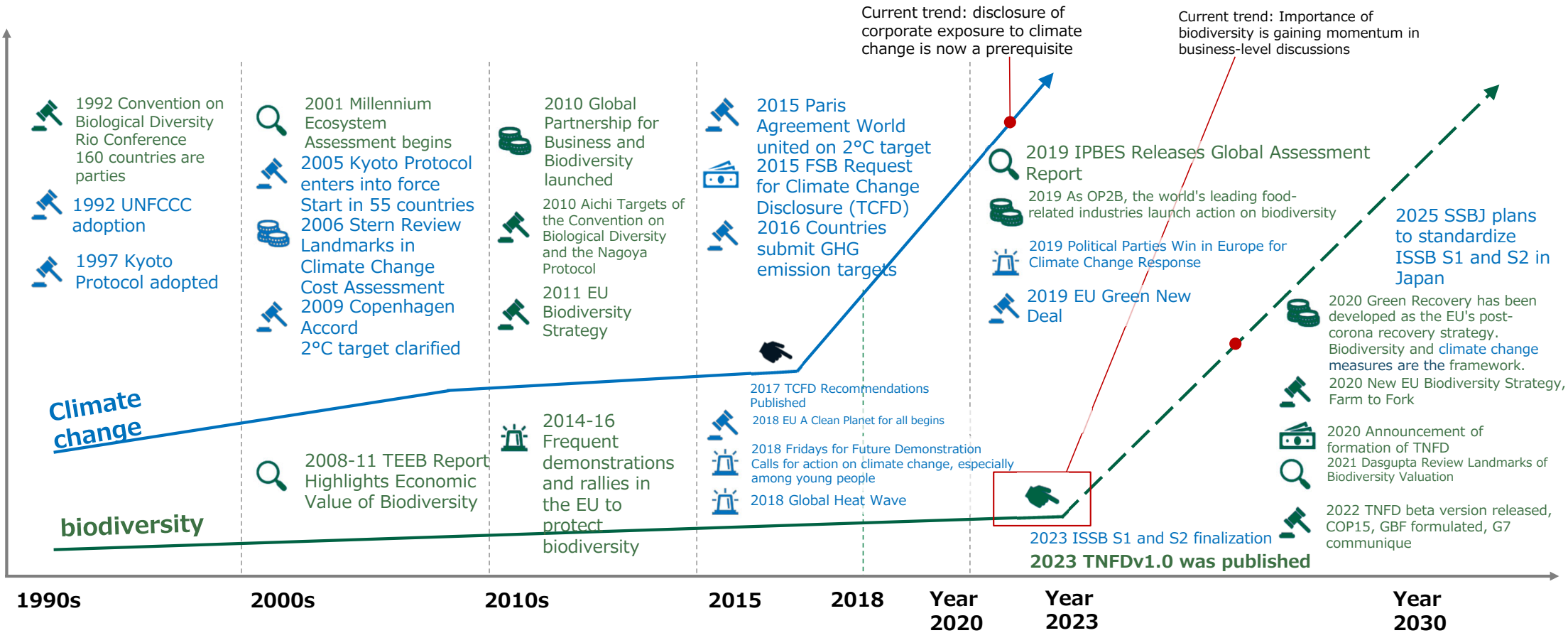
Target 15. Businesses assess and disclose biodiversity dependencies, impacts and risks, and reduce negative impacts

- a. Regularly monitor, assess and transparently disclose their risks, dependencies and impacts on biodiversity, including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains, and portfolios;
- b. Provide information needed to consumers to promote sustainable consumption patterns;
- c. Report on compliance with access and benefit-sharing regulations and measures, as applicable;

Global response history and trends to climate change and biodiversity

Growing pressure to address natural capital and biodiversity is following a very similar path to climate change responses
 As the 2015 Paris Agreement was a turning point in the climate change response, the GBF could be a catalyst for biodiversity action

As the TCFD recommendations became the basis for the content of the ISSB, the TNFD recommendations could become a global standard, such as the ISSB

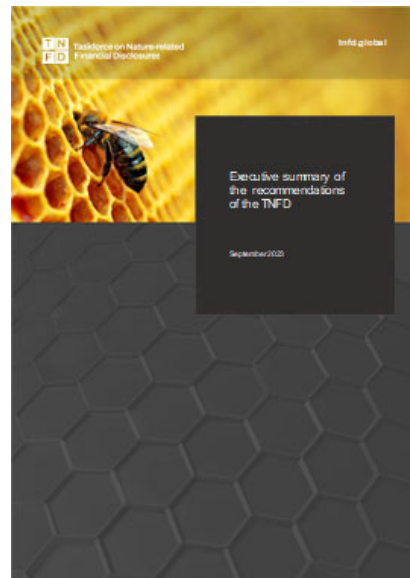


Treaties and Policies
 science
 business
 community
 Initiatives by Financial Institutions
 turning point

Source: UN and CDP

1. Trends regarding natural capital and biodiversity - Why is natural capital and biodiversity getting more attention

2. Commentary on TNFD's recommended disclosures v1.0



TNFD Task Force launches v1.0 with reference to existing framework and indicators

The TNFD, consisting of 40 Task Force members, **released the Disclosure Recommendations v1.0** with the advice of 19 knowledge partner organizations, including the TCFD as well as initiatives such as PBAF and CAPITALS COALITION

The TNFD task force includes members from MS&AD Holdings and The Norinchukin Bank from Japan

The Co-Chairs



David Craig
TNFD Co-Chair, TNFD



Elizabeth Maruma Mrema
TNFD Co-Chair, TNFD



Makoto Haraguchi
SVP of Sustainability Section, MS&AD Insurance Group



Mathilde Dufour
Director of Sustainability Research, Mirova



Snorre Gjerde
Head of Biodiversity, Norges Bank Investment Management



Judson Berkey
Managing Director, Chief Sustainability Officer, UBS, UBS



Hirotaka Hideshima
Counsellor on Global Strategy to President and the Board of Directors, Norinchukin Bank



Marie-Claire Franzen
Lead Nature, Rabobank



Nora Ernst
Senior Sustainability Risk Manager, Swiss Re



TNFDv1.0, published on 18 September 2023

Disclosure recommendations and additional guidance (Getting Started, LEAP approach, sector guidance, biome guidance, scenario analysis, target setting, engagement) have been published and discussion papers on sector disclosure indicators will be published in the coming months

Over 400 pages of disclosure recommendations and guidance in total

The TNFD recommendations

Use of which constitutes adoption of the TNFD recommendations



Additional guidance

Suggested by the TNFD and not required to prepare or make disclosure statements

Getting started with TNFD



Identifying and assessing nature-related issues: The LEAP approach



Sector-specific disclosure indicators Discussion paper

Sector Guidance

Biome Guidance



Further guidance has been prepared for six sectors identified as dependent or high impact and will be published in November

Scenario Analysis

Target setting

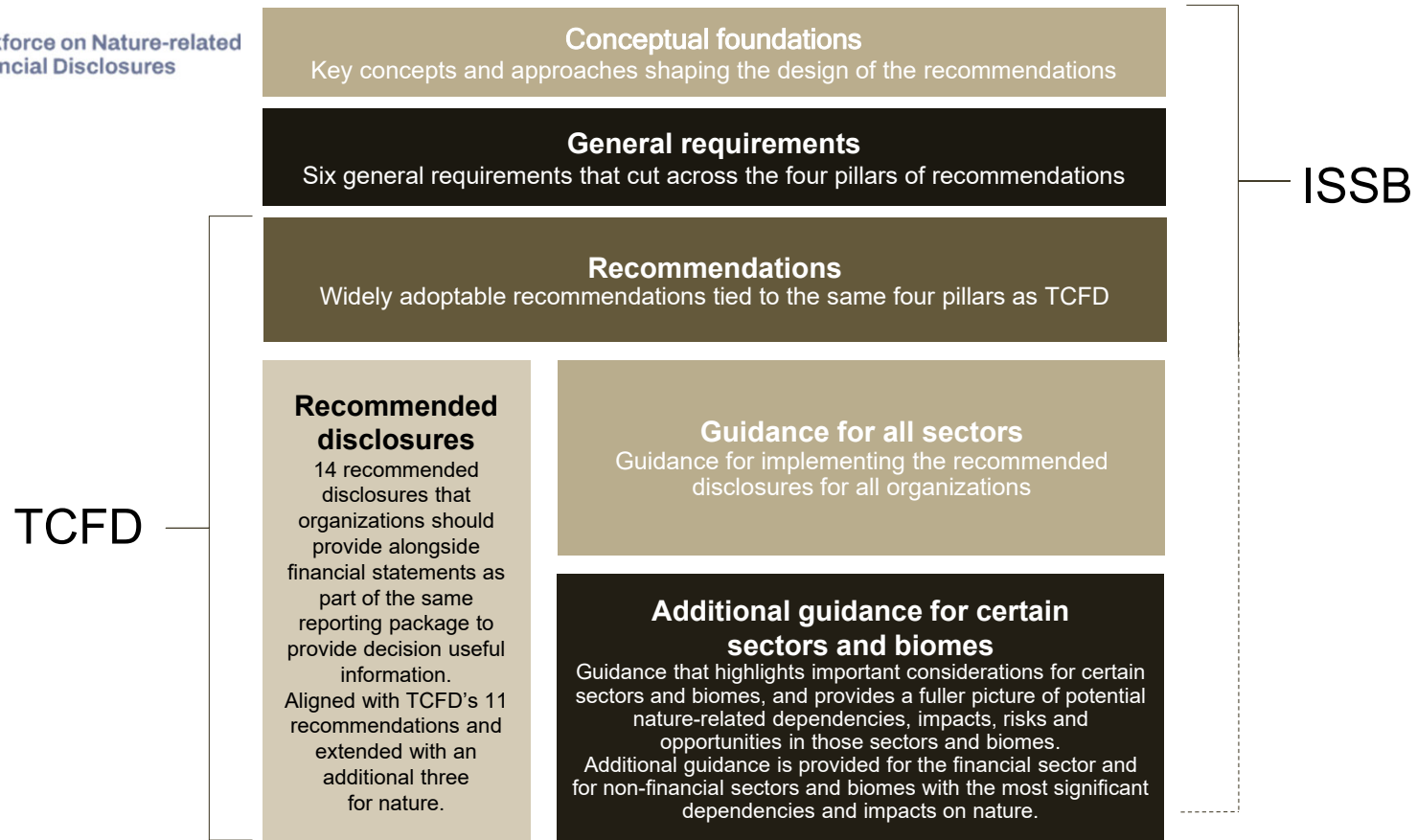
Engagement



Overview of TNFD's structure

TNFD is consistent with, the approach of TCFD and the ISSB

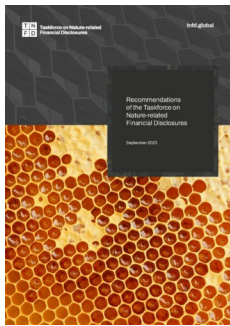
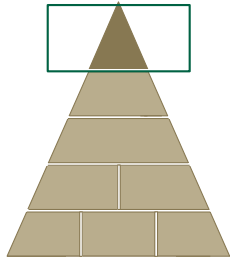
The general requirements of the TNFD are designed by the stakeholders implementing the disclosures and make it easier for users of the framework to make disclosures



The concept of materiality in the TNFD

The TNFD was designed to address both **single and double materiality**, given that different jurisdictions have different approaches to materiality

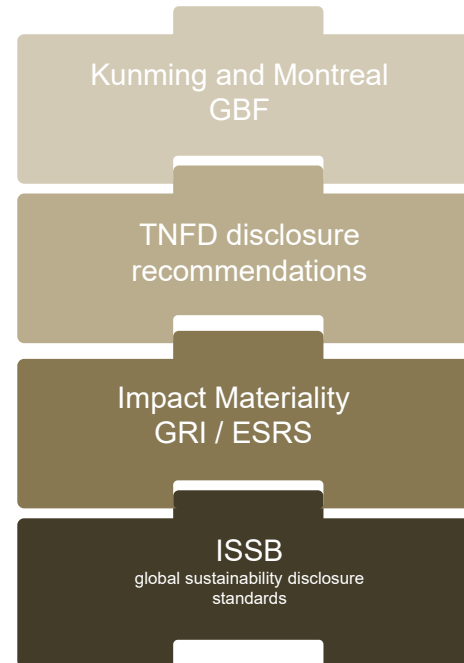
If a organization needs of stakeholders focused on impacts, aligned with a broader materiality approach, reporting against both the ISSB and the GRI standards



Financial materiality approach



Double materiality approach



Influence the voluntary standards landscape

Both the ISSB and the GRI have been knowledge partners of the TNFD over the two-year design and development phase of these recommendations. Their existing standards and market guidance have played an instrumental role in shaping the TNFD's recommendations. In turn, the TNFD hopes its recommendations will shape the further development of specific nature-related disclosure standards. The ISSB signaled in December 2022 that it intends to draw on the work of the TNFD as and when it develops specific nature-related disclosure standards following the release of its IFRS S1 General Requirements and S2 Climate-related Disclosure Standards in June 2023. The Taskforce stands ready to support the ISSB in its future efforts on nature-related disclosure standards.

TNFD general requirements

The TNFD recommendations include **six general requirements** that are additional to the general requirements and other provisions of the ISSB's IFRS-S1 Standard

The general requirements apply to all four pillars of the recommended disclosures

Conceptual foundations

Key concepts and approaches shaping the design of the recommendations

General requirements

Six general requirements that cut across the four pillars of recommendations

Recommendations

Widely adoptable recommendations tied to the same four pillars as TCFD

Recommended disclosures

14 recommended disclosures that organizations should provide alongside financial statements as part of the same reporting package to provide decision useful information. Aligned with TCFD's 11 recommendations and extended with an additional three for nature.

Guidance for all sectors

Guidance for implementing the recommended disclosures for all organizations

Additional guidance for certain sectors and biomes

Guidance that highlights important considerations for certain sectors and biomes, and provides a fuller picture of potential nature-related dependencies, impacts, risks and opportunities in those sectors and biomes. Additional guidance is provided for the financial sector and for non-financial sectors and biomes with the most significant dependencies and impacts on nature.

TNFD general requirements

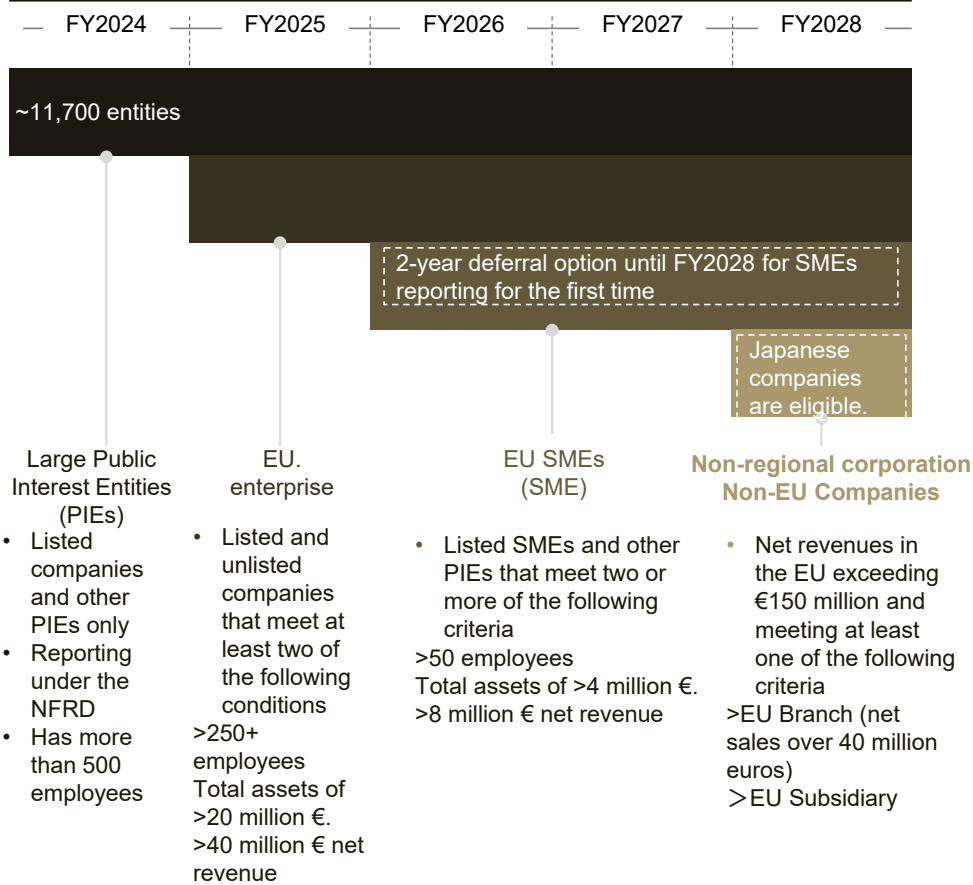
1. The application of materiality
2. The scope of disclosures
3. The location of nature-related issues
4. Integration with other sustainability-related disclosures;
5. The time horizons considered; and
6. The engagement of Indigenous Peoples, Local Communities and affected stakeholders in the identification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

Prepare for CSRD/ESRS

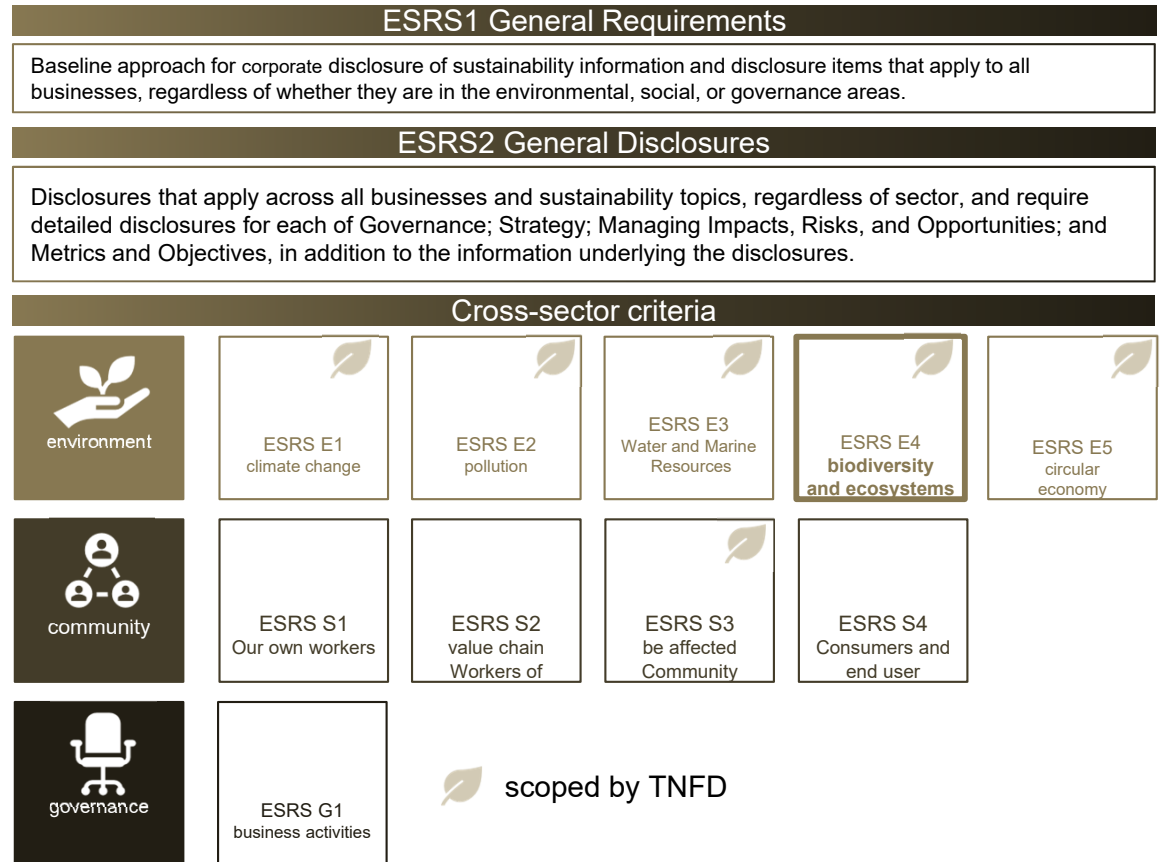
The ESRS will be implemented in multiple stages, first focusing on large utilities (listed companies and financial institutions such as banks, cooperative financial institutions and insurance companies)

Japanese companies with EU subsidiaries or large branch offices will be required to include ESRS E4 (Biodiversity and Ecosystems) from FY2028

Companies to which the ESRS is applied



Specific Disclosures in the ESRS

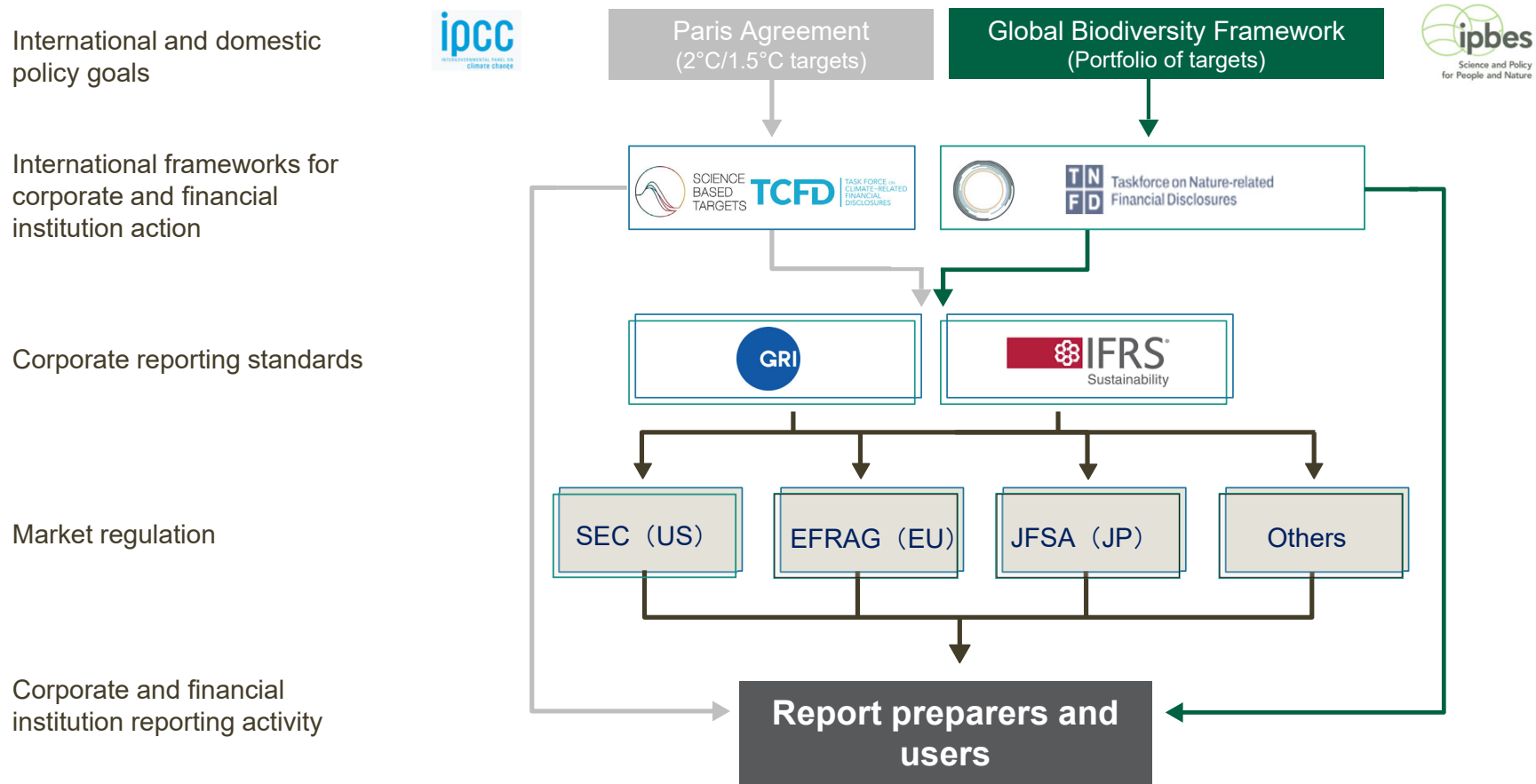


(Note: PIEs = Public Interest Entities include not only listed companies, but also banks, cooperative financial institutions such as credit unions and agricultural cooperatives, insurance companies, and other companies designated as public interest entities by national regulatory authorities.)

Emerging global architecture for nature-related corporate reporting

The TNFD emphasizes consistency and **alignment with the approach taken by the TCFD**
 In the future, the TNFD is likely to be referenced in the **ISSB's global baseline** and in the European CSRD

ISSB starts to consider biodiversity and human capital (also human rights) as the next agenda



Context for the development of the TNFD metrics architecture

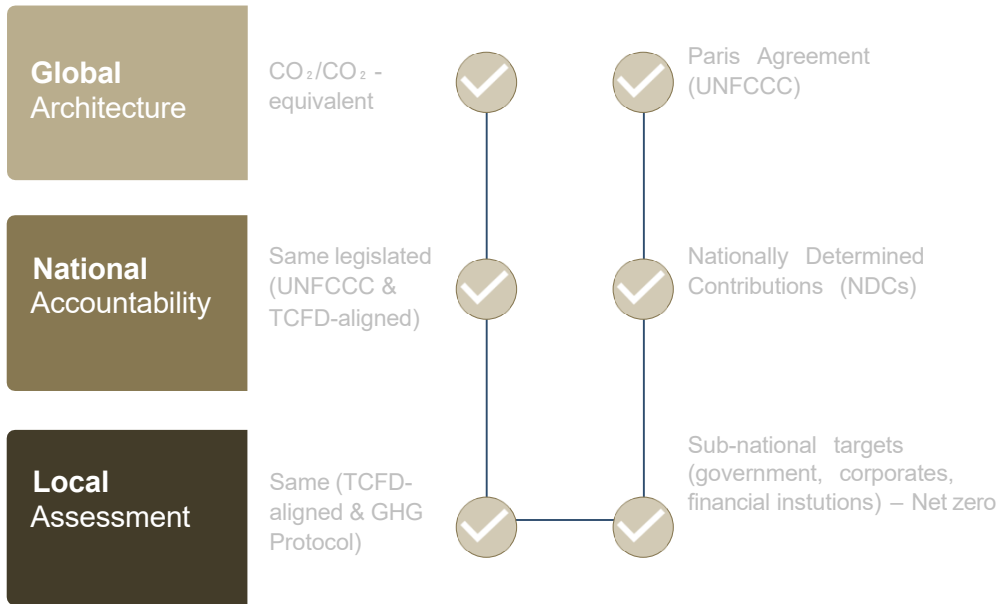
The global and corporate measurement and reporting architecture is still in development

The GBF indicator framework is in the process of finalization

Climate architecture for action

Metrics

Targets

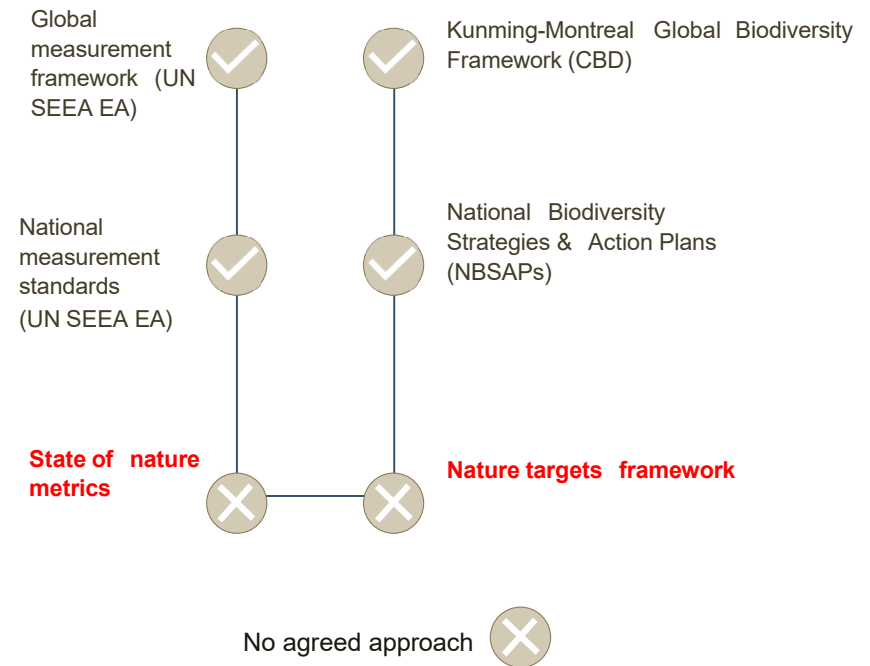


In place

Nature architecture for action

Metrics

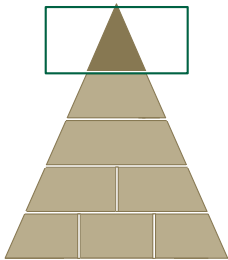
Targets



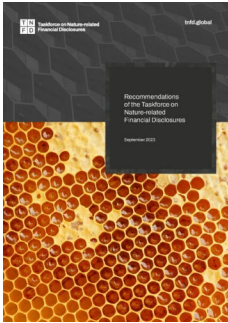
No agreed approach

Recommended disclosures and guidance for all sectors

The recommended disclosures for all sectors are structured around four pillars: **governance, strategy, risk and impact management, and metrics and targets**



TCFD's structure



TNFD's recommended disclosures

Governance

Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities.

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

Strategy

Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organization'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.
- 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.
- 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.

Risk & impact management

Describe the processes used by the organization to identify, assess, priorities 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(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).
- B.** Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.
- 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.

Metrics & targets

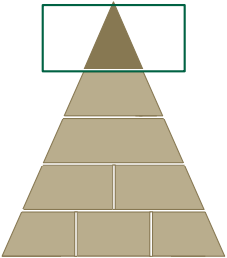
Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.

- 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.
- 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.

The recommended disclosures: Alignment with TCFD

All 11 TCFD recommended disclosures carried-over to build on existing market practice and encourage **integrated (climate + nature) reporting**

All 11 of the TCFD recommended disclosures have been carried over to TNFD, with a focus on nature



TNFD's recommended disclosures

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

- A.** Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.
- 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.** Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.
- 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.
- 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.

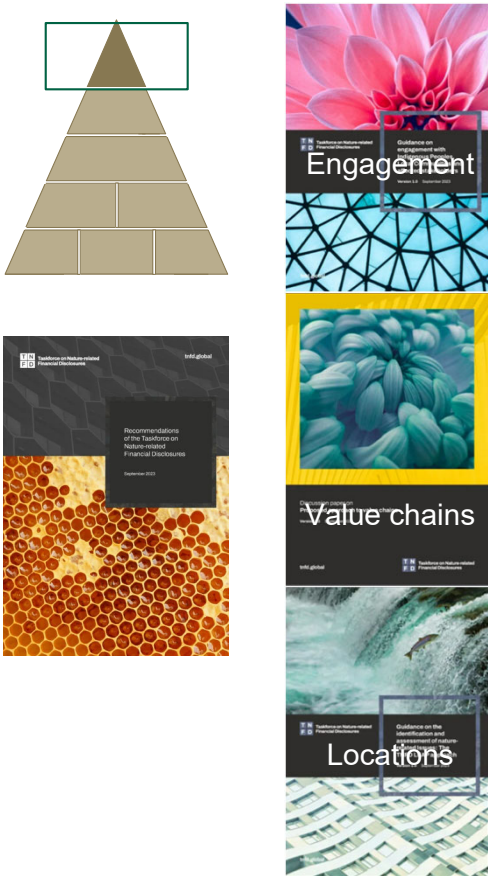
- A(i)** Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.
- A(ii)** Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).
- B.** Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.
- 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.** 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.
- 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.

The recommended disclosures: New recommended disclosures

TNFD has added **3 additional disclosures** covering **engagement** with IPLCs and affected stakeholders, **specific locations** including the interface with ecologically sensitive locations and **value chains**

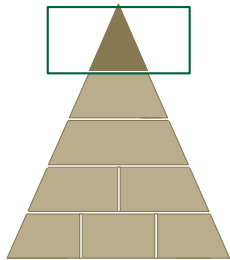
The TNFD only added additional recommended disclosures where there is a clear rationale to do so for nature



TNFD's recommended disclosures			
Governance	Strategy	Risk & impact management	Metrics & targets
<p>Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities.</p>	<p>Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organization's business model, strategy and financial planning where such information is material.</p>	<p>Describe the processes used by the organization to identify, assess, priorities and monitor nature-related dependencies, impacts, risks and opportunities.</p>	<p>Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.</p>
<p>A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.</p> <p>B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.</p> <p>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.</p>	<p>A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.</p> <p>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.</p> <p>C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.</p> <p>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.</p>	<p>A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.</p> <p>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).</p> <p>B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.</p> <p>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.</p>	<p>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.</p> <p>B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</p> <p>C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>

TNFD's recommended disclosures ① Governance

TNFD require describing its human rights policies and **engagement activities** related to its assessment and management of nature-related dependencies, impacts, risks and opportunities



Guidance on engagement

C. Describe the organization'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 organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.

TNFD's recommended disclosures

Governance

Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities.

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

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.

Strategy

Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organization'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.

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.

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.

Risk & impact management

Describe the processes used by the organization to identify, assess, priorities and monitor nature-related dependencies, impacts, risks and opportunities.

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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).

B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.

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.

Metrics & targets

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

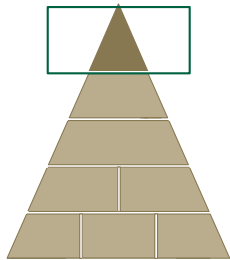
A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.

B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.

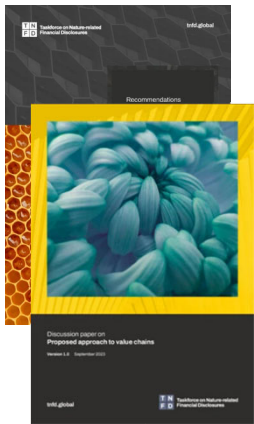
C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.

TNFD's recommended disclosures ② Strategy

TNFD require disclosing the locations of assets and/or activities in the organisation's direct operations and, where possible, **upstream and downstream value chain**



D. Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.



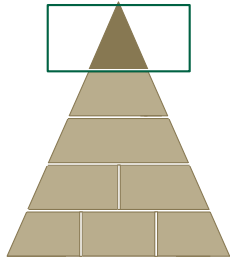
バリューチェーンに関するディスカッションペーパー

TNFD's recommended disclosures			
Governance	Strategy	Risk & impact management	Metrics & targets
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TNFD's recommended disclosures ② Strategy

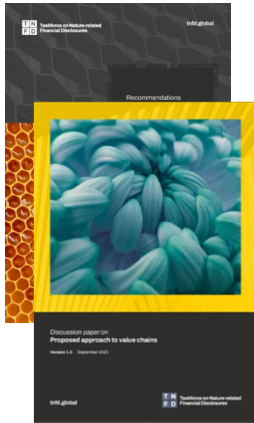
Companies are required to conduct and disclose a location assessment of their **upstream and downstream in the value chain** for priority and ecologically important areas of concern in relation to dependency and impact

Sensitive locations are in terms of their importance in biodiversity and ecosystems



Material locations

Locations where an organization has identified material nature-related dependencies, impacts, risks and opportunities in its direct operations and upstream and downstream value chain

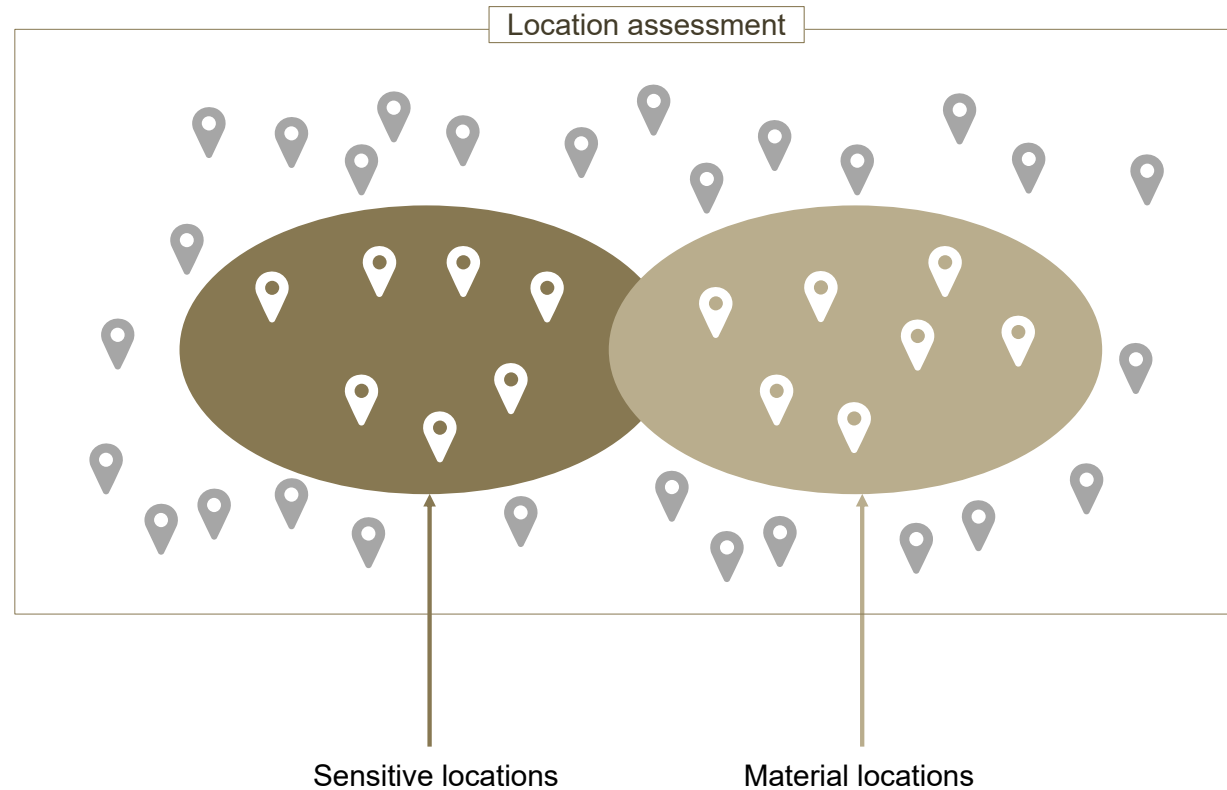


Discussion paper on value chain

Sensitive locations

Locations where the assets and/or activities in its direct operations – and, where possible, upstream and downstream value chain(s) – interface with nature in

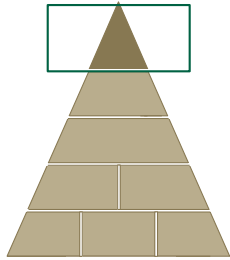
- Areas important for biodiversity; and/or
- Areas of high ecosystem integrity; and/or
- Areas of rapid decline in ecosystem integrity; and/or
- Areas of high physical water risks; and/or
- Areas of importance for ecosystem service provision, including benefits to Indigenous Peoples, Local Communities and stakeholders



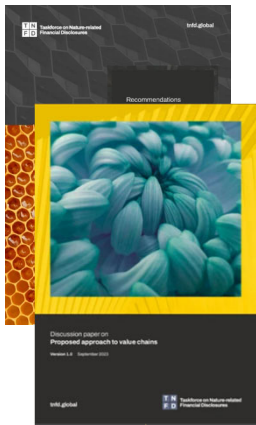
TNFD's recommended disclosures ③ Risk & Impact management

TNFD publishes discussion paper on value chain, because many of organization's dependencies, impacts, risks and opportunities may arise in the organisation's upstream and downstream value chains

For financial institutions, most of their significant and potentially material nature-related issues will be upstream and downstream and not in their direct operations



A(ii) Describe the organisation's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain



Discussion paper on value chain

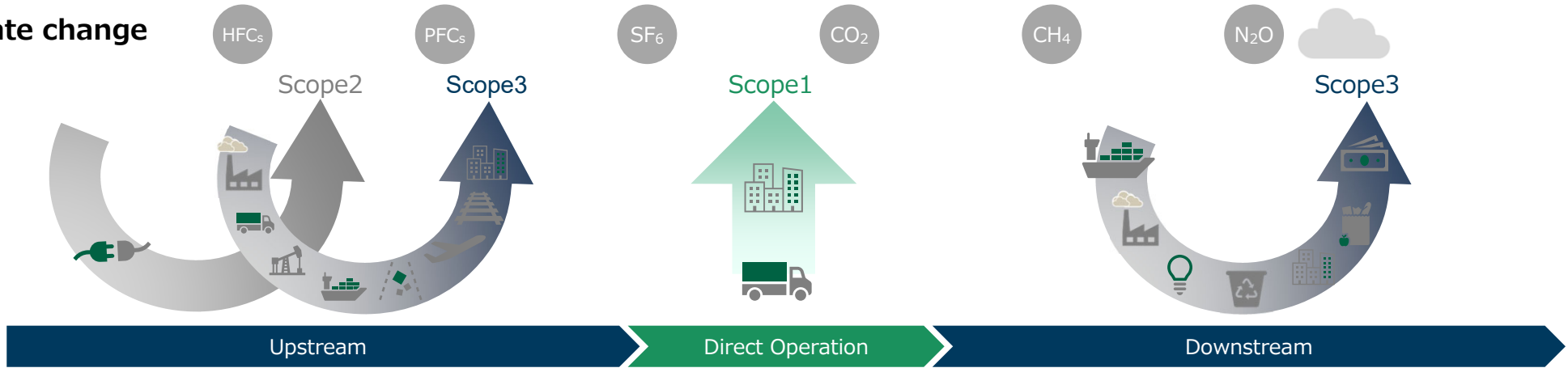
TNFD's recommended disclosures			
Governance	Strategy	Risk & impact management	Metrics & targets
<p>Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities.</p> <p>A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.</p> <p>B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.</p> <p>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.</p>	<p>Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organization's business model, strategy and financial planning where such information is material.</p> <p>A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.</p> <p>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.</p> <p>C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.</p> <p>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.</p>	<p>Describe the processes used by the organization to identify, assess, priorities and monitor nature-related dependencies, impacts, risks and opportunities.</p> <p>A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.</p> <p>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).</p> <p>B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.</p> <p>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.</p>	<p>Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.</p> <p>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.</p> <p>B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</p> <p>C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>

Value chain concept

TNFDv1.0 points out the importance of considering factors such as dependency and impact and location for upstream and downstream of the value chain

Climate change can aggregate impacts from the value chain as GHGs, but Nature has a wide range of natural capital and biodiversity with related dependency and impact

Climate change



Nature



Importance and challenges of the value chain

TNFD released a discussion paper on the value chain, pointing out the importance of dependency and impact on the value chain, but recognising that it is also difficult to analyze and understand

TNFD assumes that the required disclosure content is complex, and many companies are not sure where to start, so it sets out the conditions necessary to start the disclosure process



Importance of Value Chain

- An organisation’s nature-related dependencies, impacts, risks and opportunities can occur anywhere in its value chains.
- These value chain dependencies and impacts can create both physical and transition risks for the organization. They can also be the source of new approaches, in collaboration with value chain partners, improving nature, reducing risks and creating new commercial opportunities

Features of value chain

Long supply chains

Large numbers of suppliers and customers

Large numbers of locations per supplier or customer

Large numbers of products and end uses

Difficult points

The presence of multiple actors along the value chain increases the complexity of tracing products to their ultimate origin, as the products change hands many times before reaching the report preparing organization.

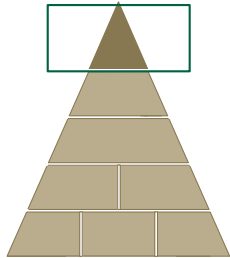
The larger the number of suppliers and customers, the greater the number of locations that need to be identified for prioritization and analysis.

Individual suppliers and customers may operate across large numbers of locations – such as a mining company with many mines all over the world – increasing the number that need to be identified for prioritization and analysis.

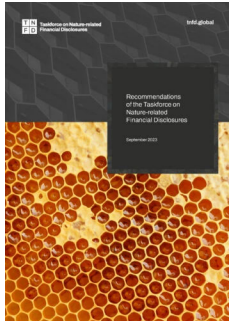
An individual company may have many products, each with many different potential uses, increasing the number of potential impacts and dependencies and the uncertainty around these. For example, an upstream manufacturer producing tens of thousands of products, each with hundreds of uses would have a very large number of potential downstream locations to analyze.¥

The challenges of measuring nature-related issues

The TNFD framework aims to help organizations assess and disclose their nature-related dependencies, impacts

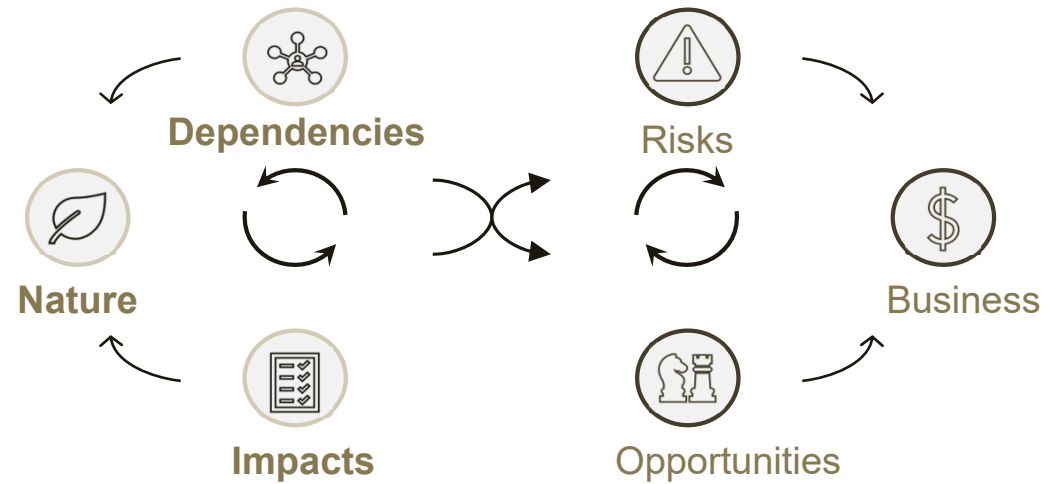


Metrics & targets
 Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.



- 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.
- 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.

Key concept of D&I



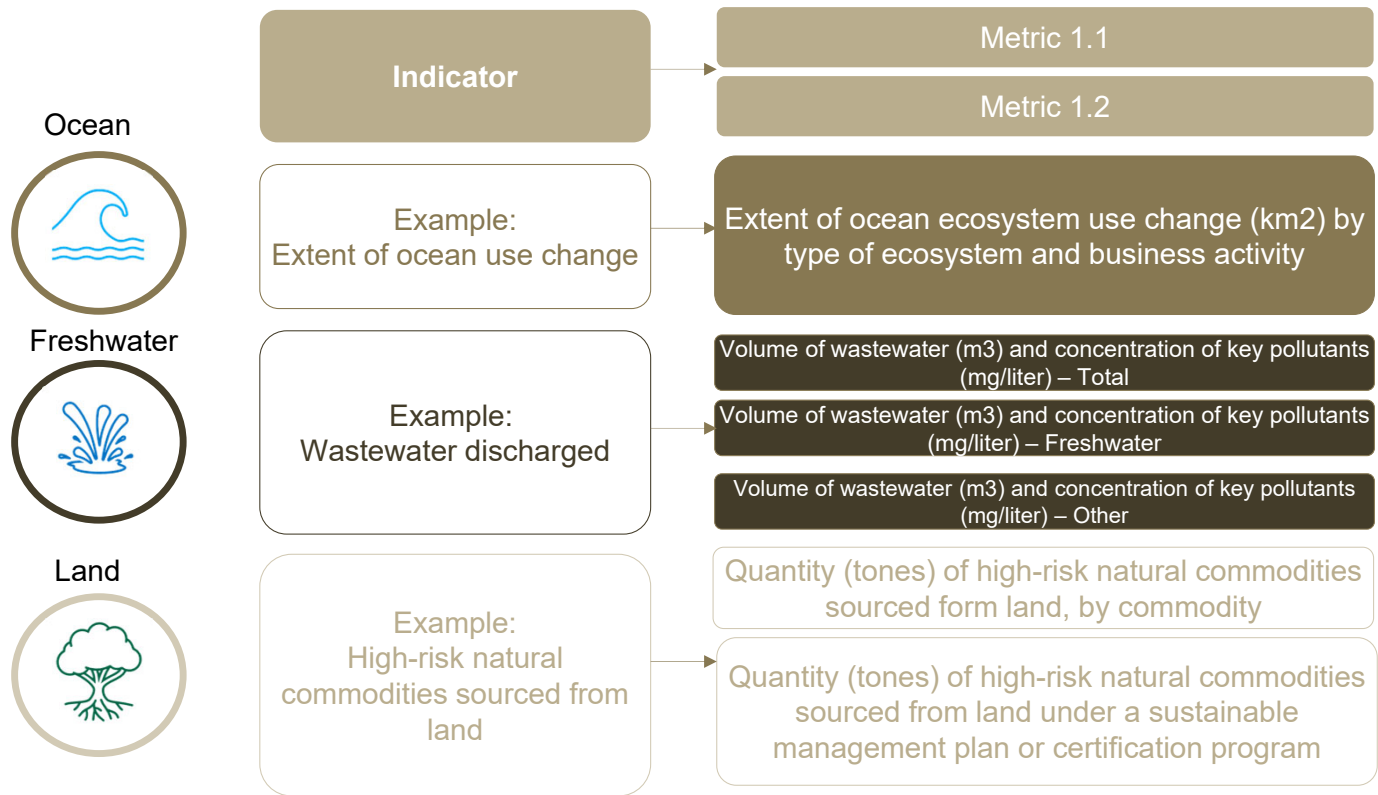
Dependencies Dependencies are aspects of environmental assets and ecosystem services that a person or an organization relies on to function

Impacts 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

Definitions of indicators and metrics

Indicators and metrics can be measured for different parts of the value chain, i.e. direct operations, upstream and downstream

Indicators and metrics can also be measured for different levels of the organization



Indicator

A quantitative or qualitative factor or variable that provides a simple and reliable means to measure performance. An indicator can be measured through one or multiple metrics

metric

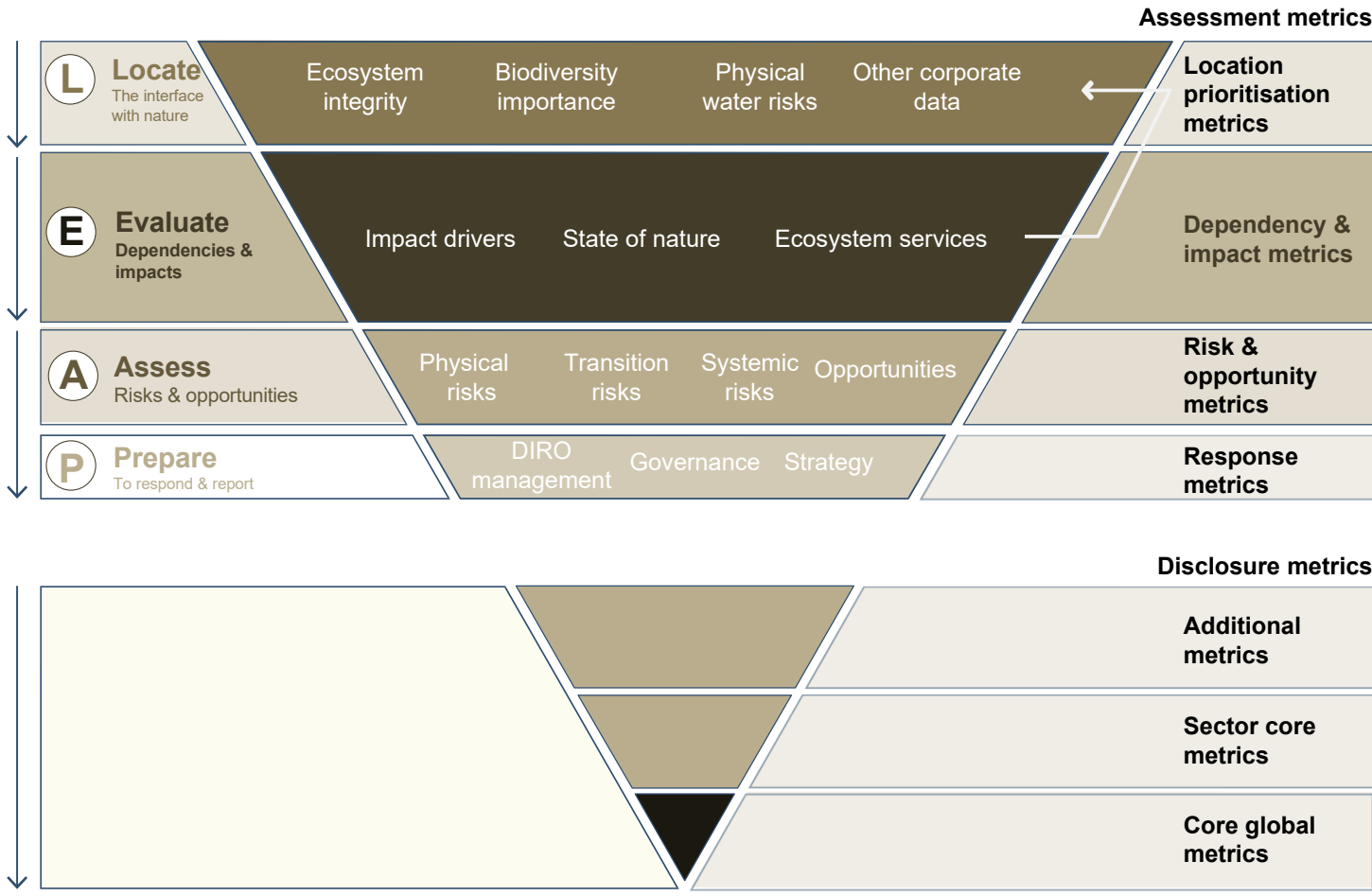
System or standard of measurement

Metrics for each category should correspond to related indicators to create a suite of related indicators across all metrics categories.

Metrics for disclosure

TNFD's metrics approach includes different categories of metrics a small set of core metrics and a larger set of additional metrics

Market user concerns about metrics in use today – time lags, consistency and comparability



Three-tiered approach to provide comparability (for report users) and flexibility (for report preparers)

A small set of core metrics – ‘**core global metrics**’ that apply to all sectors and ‘**core sector metrics**’ for each sector – to be disclosed on a comply or explain basis

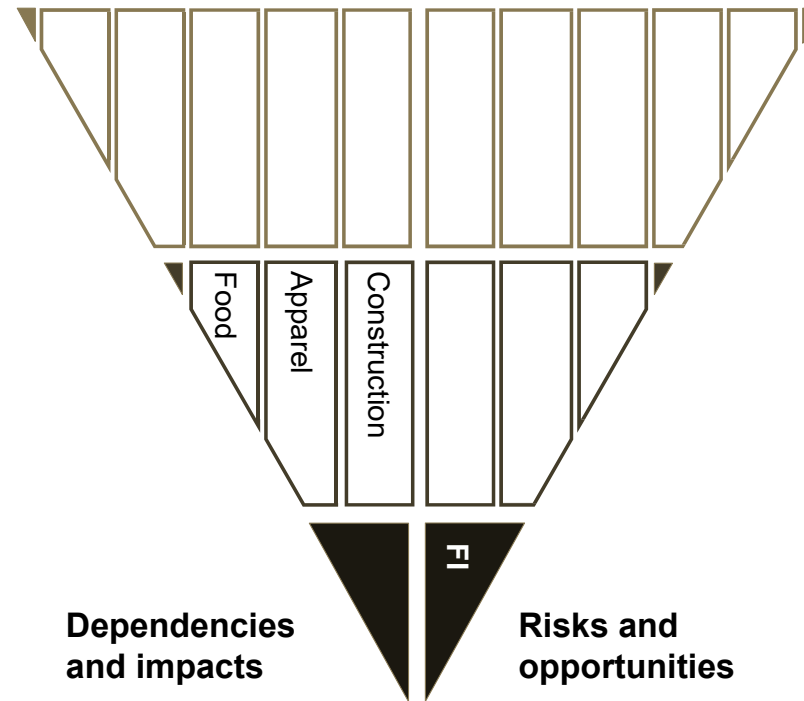
Core Global metrics – for cross-sector comparability

1 Additional metrics
Recommended for disclosure, where relevant, to best represent an organisation’s material nature-related issues, based on their specific circumstances

2 Core sector metrics
Strongly recommended Comply or explain, once final



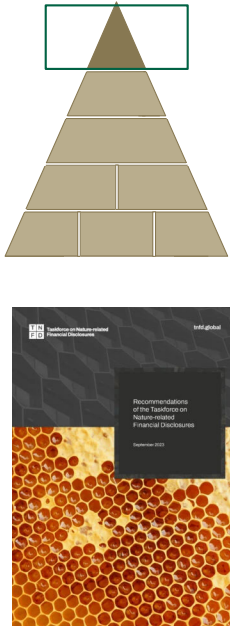
3 Core global metrics
Comply or explain



Recommended disclosures – Core global metrics

14 Core Global Indicators and specific metrics for each
 Chosen because they apply to most business models across most sectors (like GHG emissions for climate reporting)

Reported on a comply or explain basis



1 Core global metrics

Dependencies and impacts



9 D&I indicators

Risks and opportunities



5 R&O indicators

14 “core global” indicators

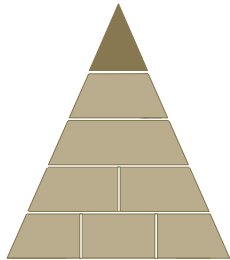
9 D&I core global indicators

Climate change	GHG emissions
Land/freshwater/ocean-use change	1 Spatial footprint
	2 Extent of land/freshwater/ocean-use change
	3 Pollutants released to soil split by type
Pollution/pollution removal	4 Wastewater discharged
	5 Waste generation and disposal
	6 Plastic pollution
Resource use/replenishment	7 Non-GHG air pollutants
	8 Water withdrawal and consumption from areas of water scarcity
	9 Quantity of high-risk natural commodities sourced from land/ocean/freshwater
Placeholder: Invasive alien species	Measures against unintentional introduction of invasive alien species
Placeholder: State of nature	Ecosystem condition Species extinction risk

Core global metrics – risks and opportunities and For FIs

2 core global metrics for financial institutions, recognising data dependency issues and to provide a place to start
Expectation FIs will report on the 5 core global risk and opportunity metrics

Expectation FIs will report on the other D&I metrics over time as data is available from investees, clients and customers



Five risks and opportunities Metrics

RO

Metrics

1. Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks (total and proportion of total)

2. Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related physical risks (total and proportion of total)

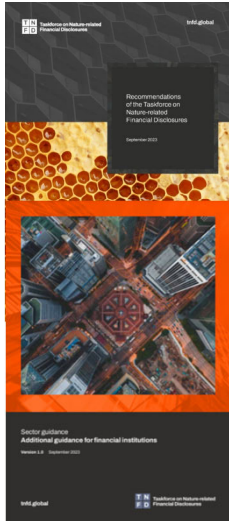
3. Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts

4. Amount of capital expenditure, financing or investment deployed towards nature-related opportunities, by type of opportunity, with reference to a government or regulator green investment taxonomy or third-party industry or NGO taxonomy, where relevant

5. Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts

Risk

Opportunity



Metrics For FIs

Financial exposure to a defined set of sectors



Banks

Absolute amount or percentage of lending volume

considered to have material nature-related dependencies and impacts



AM, AO

Absolute amount or percentage of invested or owned assets



Insurers

Absolute amount or percentage of net premiums written or total sums insured

Financial exposure to companies with activities in sensitive locations



Banks

Absolute amount or percentage of lending volume



AM, AO

Absolute amount or percentage of invested or owned assets



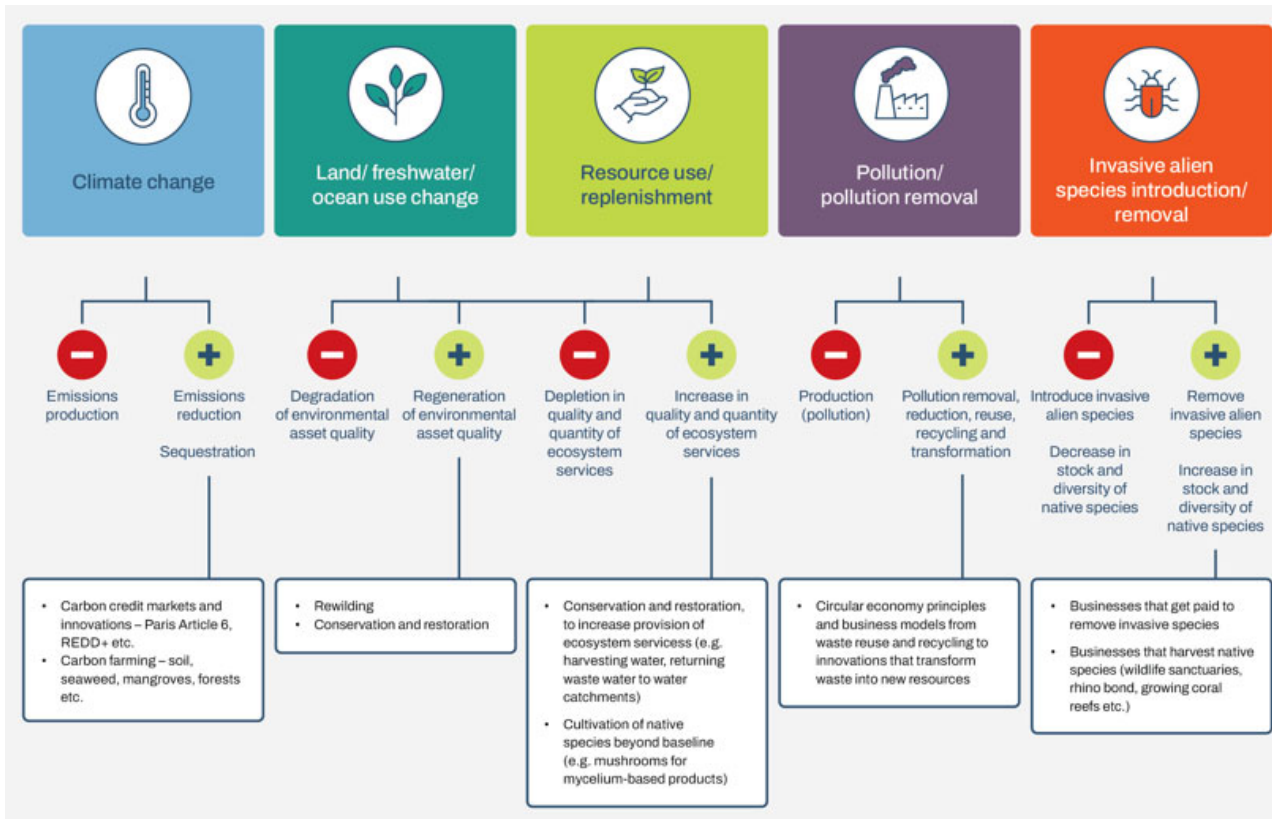
Insurers

Absolute amount or percentage of net premiums written or total sums insured

Metrics for disclosure

The TNFD's metrics enable assessment and disclosure of positive as well as negative impacts

Drivers of nature change – reflecting both negative and positive impacts

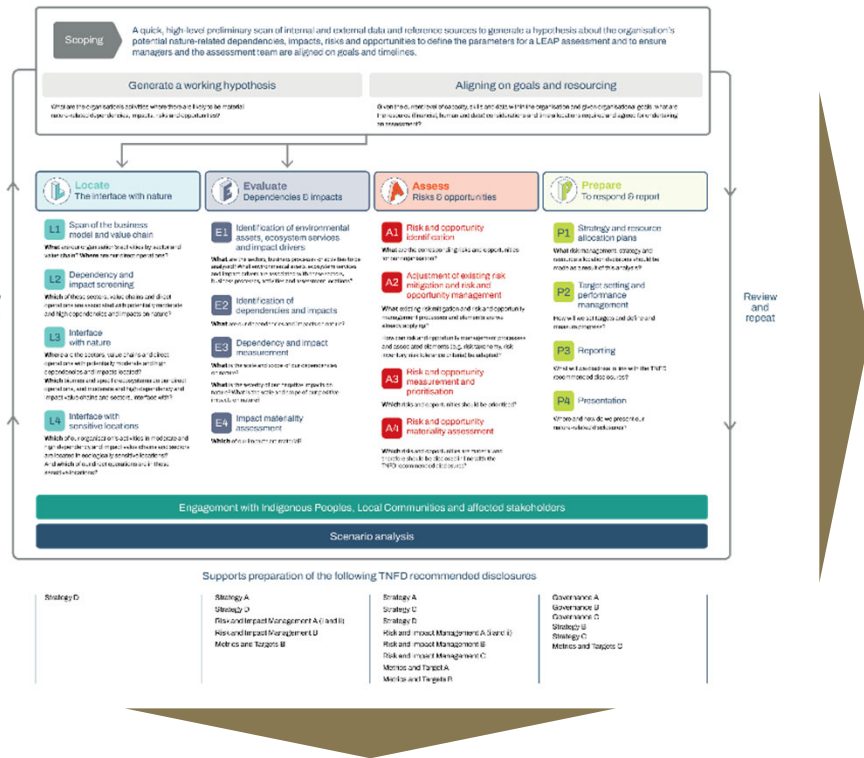


Acknowledging both negative and positive impacts

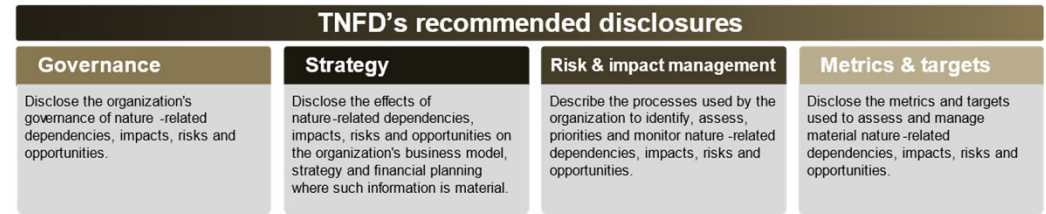
- Distinction between mitigating negative impacts... and contributing to positive impacts on nature
- Separate reporting of negatives and positives (no net reporting)
- Recognize new products and business models and contributions to nature positive outcomes

Assessment metrics & disclosure metrics

Assessment metrics, such as the LEAP approach, are designed for internal use for understanding and analysis, disclosure metrics are available for external disclosure



Metrics for internal assessment



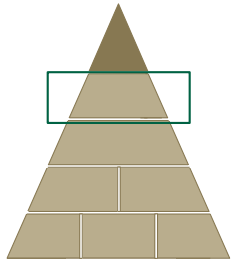
- A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.**
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- A. Describe the nature-related dependencies impacts, risks and opportunities the organisation has identified over the short, medium and long term.**
- 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.**
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- 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.**
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- C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.**

Metrics for external disclosure

Concept of Getting Started

TNFD Task Force has organized the ideas for getting started with TNFD disclosure and published “Getting started with adoption of the TNFD recommendations”

TNFD assumes that the content of disclosure is complex, and many companies are at a loss to decide where to start, so it provides the criteria for starting the disclosure process



key steps to get started and increase TNFD disclosure ambition over time

1. Make the business case for nature, and gain buy-in from the board and management
2. Start with what you have, leveraging other work
3. Plan for progression over time, and communicate your plans and approach
4. Monitor and evaluate your own adoption progress
5. Register your adoption intent with the TNFD

And.....

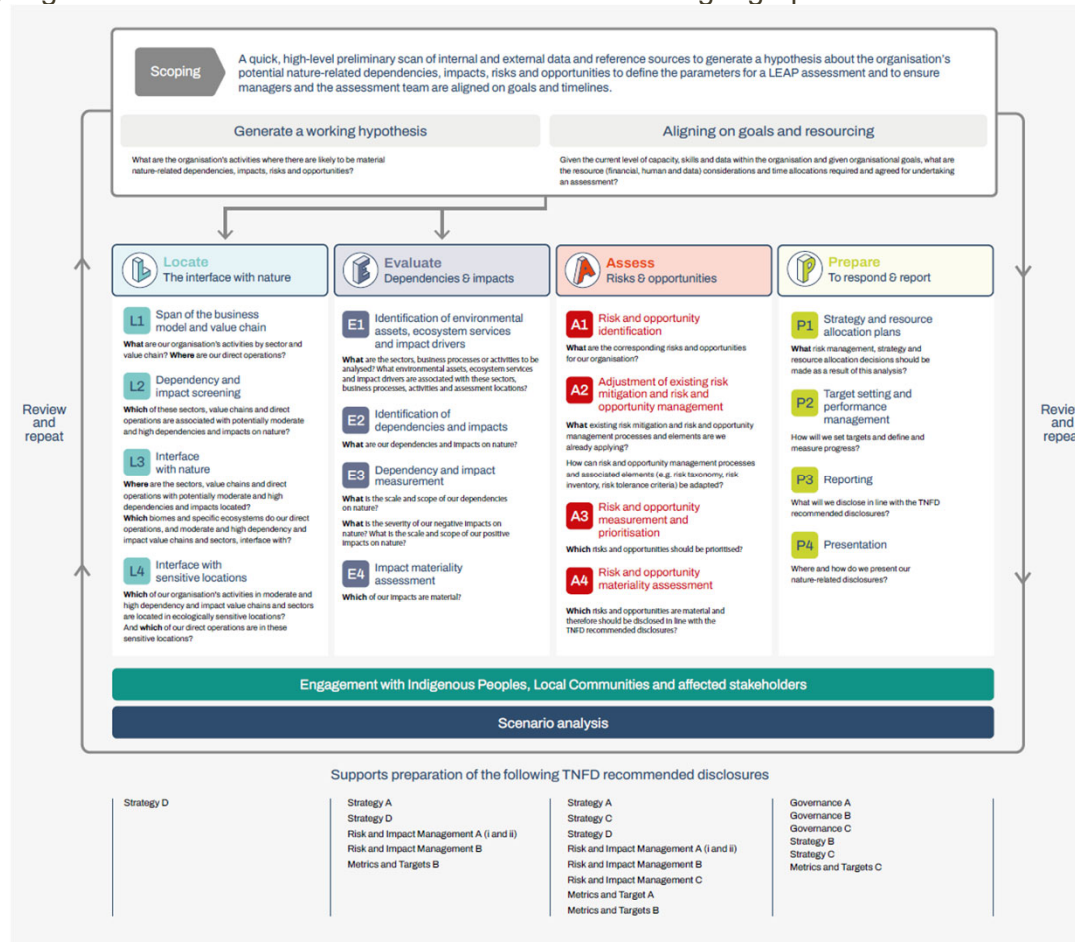
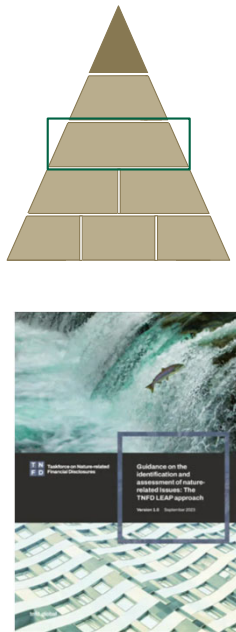
Deepen your understanding of the fundamentals of nature
Encourage collective progress through engagement



The LEAP approach - Changes since beta v0.4

LEAP is designed to be used by an internal project team in organization and involves four phases, Location, Evaluate, Assess, Prepare

It is designed for use by organizations of all sizes and across all sectors and geographies



Update V0.4 → V1.0

- Simplified & more focused 'scoping' guidance
- Filters for sectors, value chains and specific geographic locations, to make subsequent detailed assessment manageable
- Alignment to requirements of new standards – ISSB and CSRD in Europe
- Indication of which components support which disclosures

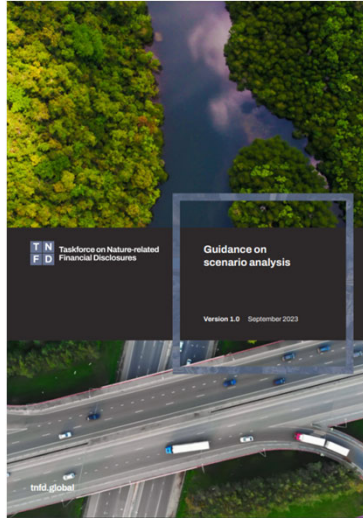
Coverage of the TNFD sector guidance, based on SASB's SICS classification

 Sectors with proposed metrics in this discussion paper
 See TNFD Additional Guidance for Financial Institutions
 Other TNFD priority sectors for 2024

Consumer goods	Extractives & minerals processing	Financials	Food & beverage	Health & Care	Infrastructure	Renewable resources & alternative energy	Resource transformation	Services	Technology & communications	Transportation
Apparel & textiles	Coal	Capital markets	Food	Biotechnology & pharmaceuticals	Utilities	Alternative energy	Industrials	Media	Technology	Air transportation
Apparel, accessories & footwear	Coal operations	Asset management & custody activities	Agricultural products*	Biotechnology & pharmaceuticals	Electric utilities & power generators	Biofuels	Aerospace & defence	Advertising & marketing	Electronic manufacturing services & original design manufacturing	Airlines
Consumer discretionary products	Construction materials	Investment banking & brokerage	Meat, poultry & dairy	Health care retail	Gas utilities & distributors	Fuel cells & industrial batteries	Containers & packaging	Media & entertainment	Hardware	Air freight & logistics
Appliance manufacturing	Construction materials	Security & commodity exchanges	Processed foods	Drug retailers	Water utilities & services	Solar technology & project developers	Electrical & electronic equipment	Hospitality & recreation	Software & IT services	Automobiles
Building products & furnishings	Metals & mining	Corporate & retail banking	Beverages	Health care providers	Infrastructure	Wind technology & project developers	Industrial machinery & goods	Casinos & gaming	Internet media & services	Automobiles
Household & personal products	Iron & steel producers	Commercial banks	Alcoholic beverages	Health care delivery	Engineering & construction services	Forestry & paper	Chemicals	Hotels & lodging	Internet media & services	Auto parts
Toys & sporting goods	Metals & mining	Consumer finance	Nonalcoholic beverages	Health care distributors	Real estate	Forestry management	Chemicals	Leisure facilities	Semiconductors	Car rental & leasing
Consumer goods retail	Oil & gas	Mortgage finance	Food & beverage retail	Managed care	Home builders	Pulp & paper products		Consumer services	Semiconductors	Marine transportation
Multiline and speciality retailers & distributors	Oil & gas exploration & production	Insurance	Food retailers & distributors	Medical technology	Real estate			Education	Telecommunications	Cruise lines
E-commerce	Oil & gas midstream	Insurance	Restaurants	Medical equipment & supplies	Real estate services			Professional & commercial services	Telecommunication services	Marine transportation
	Oil & gas refining and marketing		Restaurants		Waste management					Land transportation
	Oil & gas services		Tobacco		Waste management					Rail transportation
			Tobacco							

Guidance of Scenario Analysis, Target setting, Engagement

Scenario Analysis



Target setting



Engagement



Biome



4 Pillars

Strategy

Risk and Impact management

Metrics and Goals

Governance

LEAP

A Assess

P Prepare

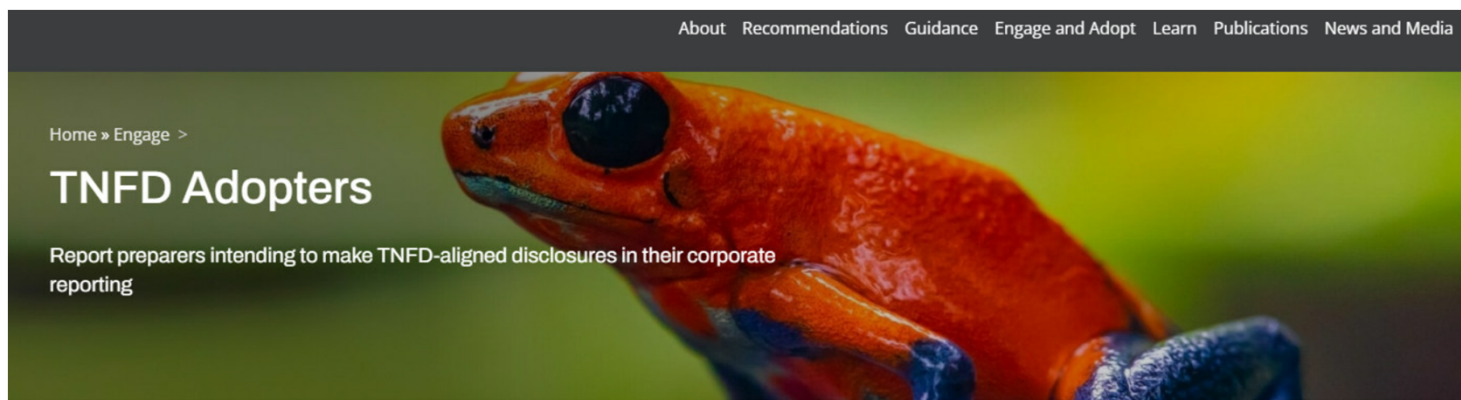
P Prepare

L Locate

E Evaluate

TNFD Adopters

Organizations who register as inaugural TNFD Adopters will be contacted by the TNFD prior to January 2024 to determine if they agree for their name to be included in a public announcement of inaugural adopters at the WEF Annual Meeting at Davos in January 2024



[Overview](#) [Register as a TNFD Adopter](#) [FAQs](#)

Overview

TNFD Adopters are organisations (report preparers) who intend to start making disclosures aligned with the TNFD Recommendations in their corporate reporting.

Whether companies or financial institutions, TNFD Adopters should have reporting requirements to outside capital providers and other stakeholders, including organisations with public debt or equity and asset managers and owners.

A global survey conducted by the TNFD in the summer of 2023 indicated that out of 239 organisations – headquartered in 36 countries and covering 11 sectors – 70% said they plan to start disclosing aligned with the TNFD Recommendations by their financial year 2025 or earlier.

Become an inaugural TNFD Adopter

Companies and financial institutions wishing to be part of the inaugural cohort of TNFD Adopters are invited to signal their intention to start adopting the recommended disclosures in one of two timeframes:

1. “Our organisation intends to publish its first TNFD-aligned disclosures alongside financial statements as part of the same reporting package for our financial year 2024 outcomes.”
2. “Our organisation intends to publish its first TNFD-aligned disclosures alongside financial statements as part of the same reporting package for our financial year 2025 outcomes.”

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