

Proteus Partnership: TNFD Workshop

Summary Meeting Report

Objective of the workshop

The Proteus Partnership works with industry-leading private sector organisations, including those in the mining and energy sectors. The Partnership provides companies with biodiversity information for better informed decision-making, and supports the development, improvement, and dissemination of global biodiversity data (including on protected areas, threatened species, critical biodiversity areas and marine and coastal ecosystems). On 10th May 2023, UNEP-WCMC hosted a workshop to provide Proteus Partners with an overview of the TNFD Beta v0.4 Framework, including updates on disclosure recommendations, sector and biome specific guidance, the LEAP approach, scenario analysis and metrics. Following a presentation of the latest updates by UNEP-WCMC experts, workshop participants had the opportunity to exchange initial thoughts and reflect on TNFD v0.4. The key points raised during the discussion are summarised in this report. The report will be shared with the TNFD to support the finalisation of the framework by September 2023.

Format of the workshop

This interactive virtual workshop was held on 10th May 2023 in two sessions (morning and afternoon GMT), both of which were divided into two parts. The first part focussed on the general updates and additions included in the v0.4 TNFD release. After a brief presentation from UNEP-WCMC, participants shared their reflections through an interactive online quiz and a facilitated discussion. The second part focussed on TNFD's approach to metrics, including the core global disclosure metrics proposed in v0.4. Following a short presentation, the participants discussed the approach and its implications for their businesses in groups.

Overview of the TNFD Beta Framework v0.4

Summary of the presentation

UNEP-WCMC expert Alena Cierna presented the key aspects of the v0.4 TNFD release. As part of the v0.4 release, TNFD provided additional details on the disclosure recommendations and guidance on how companies should disclose. This includes six general requirements that companies should cover in their disclosure reports. It also includes updates to the disclosure recommendations divided into the four pillars (Governance, Strategy, Risk & Impact Management and Metrics & Targets). Minor changes have been introduced to the LEAP approach – notably the new Locate phase guidance on which UNEP-WCMC provided support to the TNFD. New additions to the framework also include sector-specific and biome-specific guidance, with disclosure metrics published for the Food & Agriculture sector and Tropical Forest biome. The sector-specific and biome-specific guidance are available on TNFD's online dashboard.

Summary of the online quiz and discussion

The discussion in the first part of the workshop centred around questions in the interactive online quiz.

Piloting and implementing the TNFD framework

Seven (out of fourteen) of the participants indicated that their company was piloting the TNFD framework, either as an official pilot or on their own. Some of the represented companies are planning to report in line with TNFD recommendations already in their 2024 annual reports. Some of the key drivers for company interest in aligning with the TNFD recommendations include: need for understanding nature's contribution to business, need for alignment with main stakeholders/investor needs, and an opportunity to improve environmental performance and preparedness to cope with dynamic regulatory and physical environments and stakeholders' (e.g. investors, shareholders, clients/consumers, insurers, business partners, NGOs) expectations.

All workshop participants have indicated that their companies already collect data that can be relevant for disclosure reporting, or plan to do so in the future. Several participants acknowledged that some of the data necessary for TNFD aligned disclosures is being collected irrespective of the TNFD requirements. For example, the land/freshwater/ocean-use change and pollution/pollution removal core disclosure metrics. However, participants also mentioned they see a potential future challenge in having to hire specialists to conduct some of the assessments on ecosystem service dependencies as this will require more resources.

Most participants acknowledged that TNFD Metrics & Targets disclosures may be the most difficult to align with. Some participants expressed it could be difficult to collect data on the financial value of revenue or assets associated with nature-related risks needs. Participants also mentioned commercial sensitivity as a barrier, whereby some of the information requires disclosure of confidential data. Several participants also mentioned they anticipate challenges in consolidating data on nature-related risks across their value chains.

Finally, participants were asked how their company might narrow down the scope of TNFD disclosures in the first few years of TNFD-aligned reporting, where most participants responded "Do not know". Others indicated they expect they may have to exclude value chain data as the information from upstream and downstream partners may not be available. More examples in the TNFD guidance on how the LEAP approach and TNFD disclosure recommendations should be applied for a large multinational company and/or complex value chains would be welcome.

A key point from the discussions in both morning and afternoon sessions was that the represented companies are currently focusing on the CSRD reporting, with the future goal to use TNFD as a tool to successfully meet the CSRD requirements.

Scenario analysis and LEAP approach

Most participants found scenario analysis challenging, predicting potential challenges in effectively conducting the analysis with large, complicated portfolios. Additional guidance with potential scenarios that companies could adapt to their context would be helpful.

Many companies that participated in the workshop are required to meet high biodiversity and environmental standards and comply with risk management regulations. As a result, they already have processes that cover Locate and Evaluate phases of the LEAP approach. However, processes

that identify ecosystem services dependencies were considered by most participants to be a remaining challenge.

TNFD online dashboard

Participants shared several suggestions for how the TNFD online dashboard could be improved. One idea was to have one document which includes all the core requirements and details that are necessary to be included in the reporting to be “TNFD-aligned”. More general suggestions were to clarify which guidance and concepts are still relevant from previous versions of the framework and simplify the navigation between relevant information.

Deep dive into metrics

Summary of the presentation

UNEP-WCMC expert Felix Tin presented the v0.4 updates related to the disclosure metrics. The TNFD aims to develop “a standardised and integrated approach to the measurement of nature-related dependencies, impacts, risks and opportunities” that also enables alignment with broader global public policy goals for reversing nature loss. In the v0.4 iteration, TNFD provided additional information on assessment and disclosure metrics. The disclosure metrics include core global disclosure metrics, core sector-specific disclosure metrics and additional disclosure metrics. The core global disclosure metrics are a set of 15 metrics that all companies are expected to disclose against on a comply or explain basis. The core sector-specific metrics would be required for all companies operating in each sector. The additional disclosure metrics represent a non-exhaustive list of other metrics that companies could use to disclose material nature-related dependencies, impacts, risks and opportunities, and they include sector-specific additional disclosure metrics and biome-specific additional disclosure metrics. In v0.4 TNFD published disclosure metrics for the Food and agriculture sector and for the Tropical Forest biome.

Summary of the discussion

Core Global Disclosure Metrics

During the discussion, participants noted that some of the core global disclosure metrics (e.g., on land use or freshwater use change) are already reported on in other environmental reporting. On the other hand, ecosystem services dependencies were highlighted by some participants as more challenging to disclose on. More examples of how the metrics should be reported as well as specific tools for each metric would be useful.

The following comments were shared:

- In the mining sector, it is important to consider whether waste rock should or should not be considered pollution.
- The concept of “high-risk natural commodities” should be clarified.
- It is important to clarify whether “value of assets” refers to their current value or the value of the investment.
- The metrics on the land/freshwater/ocean use change need to be clarified. Especially for the marine realm, the area that is relevant can be hard to define.

- The risk and opportunity metrics focus on the financial value. When engaging with stakeholders, it can sometimes be useful to look at value beyond the monetary terms.

Biome-specific Additional Disclosure Metrics

Participants also discussed the additional disclosure metrics for the Tropical Forest Biome that are included in the TNFD v0.4 Annex 4.3. It was highlighted that the definition of a natural forest and natural cover loss varies between methodologies and regional/state-level environmental authorities. Participants questioned whether it would be preferable to have a standardised set of metrics for each biome or to allow flexibility by way of allowing companies to decide what metrics capture their material nature-related dependencies, impacts, risks and opportunities.

Response metrics

Participants would appreciate further guidance on what information is required to disclose response metrics and how they should be implemented. Providing examples and case studies would be helpful.

Conclusion

The TNFD Proteus workshop offered a valuable platform for discussing the v0.4 TNFD release with Proteus Partners from the mining and energy sectors. Most workshop participants are following the development of the TNFD Framework, and some are even conducting pilots of the framework. We hope that this summary from the workshop is useful to TNFD in finalising the framework by September 2023, and that it can also offer relevant insights to ICMM and WBCSD who are leading on developing the sector-specific TNFD guidance for mining and energy sectors respectively. The Proteus Partnership remains available to facilitate further discussions with the Proteus Partners on the points raised in this report as well as the TNFD framework more broadly.