



WWF GEF
Project Document
Cover Page

Project Title:	Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)
GEF Project ID:	
WWF-US Project ID:	G0034
Countries:	Global
Project Duration:	42 months
Project Type:	Medium-sized Project one-step
GEF Trust Fund(s):	GEFTF
GEF Focal Area(s):	Biodiversity
GEF Focal Area Objective(s):	BD 1-1: Mainstream biodiversity across sectors as well as landscapes and seascapes through biodiversity mainstreaming in priority sectors
Implementing Agency:	World Wildlife Fund, Inc.
Lead Executing Agency:	United Nations Environment Programme Finance Initiative (UNEP FI)

GEF Project Cost:	USD \$1,698,829
GEF Agency Fee:	USD \$152,895
Project Co-financing:	USD \$4,312,858
Total Project Cost:	USD \$6,164,582

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ACRONYMS AND ABBREVIATIONS

AWP	Annual Work Plans
AWPB	Annual Work Plans and Budget
BIM	Biodiversity Impact Measurement (BIM) Tool
BIOFIN	The Biodiversity Finance Initiative
CB	Central Bank
CBD	Convention on Biological Diversity
CDSB	Climate Disclosure Standards Board
CEBDS	Brazilian Business Council for Sustainable Development
CGIAR	Formerly the Consultative Group for International Agricultural Research
CISL	Cambridge Institute for Sustainability Leadership
CNBV	Comisión Nacional Bancaria y de Valores
COP	Conference of the Parties
CPIC	Coalition for Private Investment in Conservation
CSO	Civil Society Organizations
EA	Executing Agency
EF	Environmental Finance
EIB	European Investment Bank
ESG	Environmental, social and corporate governance
ESSF	Environmental and Social Safeguards Framework
EU	European Union
FIs	Financial Institutions
FTE	Full Time Equivalent
FTSE	Financial Times Stock Exchange
GCP	Global Canopy Programme
GDP	Gross Domestic Product
GEB	Global Environmental Benefit
GEF	Global Environment Facility
GEFTF	GEF Trust Fund
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HR	Human resources
IA	Implementing Agency
IAIS	International Association of Insurance Supervisors
ICAEW	Institute of Chartered Accountants in England and Wales
IFC	International Finance Corporation
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
IPSF	International Platform on Sustainable Finance

IUCN	International Union for Conservation of Nature
IWG	Informal Working Group
KPIs	Key Performance Indicators
MDB	Multilateral Development Bank
NBSAP	National Biodiversity Strategy Action Plans
NCC	Natural Capital Coalition
NCFA	Natural Capital Finance Alliance
NCP	Natural Capital Protocol
NDC	Nationally Determined Contributions (a UNFCCC mechanism)
NFRD	Non-financial reporting directive
NGFS	Network for Greening the Financial System
NGO	Non-governmental organizations
OECD	Organization for Economic Co-operation and Development
PBL	Netherlands Environmental Assessment Agency
PCO	Project Complaints Officer
PIF	Project Identification Form
PIR	Project Implementation Reports
PM	Project Manager
PMU	Project Management Unit
PPRs	Project Progress Reports
PRI	Principles for Responsible Investment
PSC	Project Steering Committee
PSES	Private Sector Engagement Strategy
RF	Results Framework
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goals
SEI	Stockholm Environment Institute
SEP	Stakeholder Engagement Plan
SIF	Sustainable Insurance Forum
SIPP	Environmental and Social Safeguards Integrated Policies and Procedures
STAR	Species Threat Abatement and Recovery (Tool)
TCFD	Taskforce on Climate-related Financial Disclosure
TEG	Technical Expert Group
TNC	The Nature Conservancy
TNFD	Taskforce on Nature-related Financial Disclosure
UN	United Nations
UNCBD	United Nations Convention on Biological Diversity
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme

UNEP	United Nations Environment Programme
UNEP FI	United Nations Environment Programme Finance Initiative
UNFCCC	United Nations Framework Convention on Climate Change
WBCSD	World Business Council for Sustainable Development
WEF	World Economic Forum
WS	Informal Working Group Workstreams
WWF	World Wide Fund for Nature

EXECUTIVE SUMMARY

1. Project Scope and Environmental Significance

The Task Force on Nature-related Financial Disclosure (TNFD) will address threats to the health and value of natural capital derived from the conduct of corporate activities that do not adequately consider the financial materiality and impacts of biodiversity loss. TNFD will enable governments to better integrate knowledge on harmful financial flows within their national policies and make the relevant strategic plans more effective.

While the market is currently failing to incorporate these impacts, the financial sector can address this as an “asset management problem”, which was proposed in the 2020 interim report of the Dasgupta Review on the Economics of Biodiversity. This approach has also been adopted by the Task Force on Climate-related Financial Disclosures (TCFD), which is providing market signals on the risks from both physical liability from adverse climate impacts and exposure to the necessary transition to a carbon-constrained global economy. However, despite the benefits derived from nature by companies and the financial sector, progress is lacking towards requiring companies and financial regulators to report on the impacts of biodiversity loss on financial returns. For example, ShareAction carried out an assessment of 75 of the world’s largest asset managers who collectively manage over US\$56 trillion in assets. None of the 75 asset managers has a dedicated policy on biodiversity, demonstrating a lack of awareness of the systemic risks related to and from nature and biodiversity loss¹.

A common, credible, and widely supported TNFD recommendations framework for reporting on nature-related risks and impacts can pave the way for companies and Financial Institutions (FIs) to better identify and address them in their supply chains and portfolios. Following the logic of the TCFD, the increased transparency and information provided by such a framework will aid companies to incorporate nature-related risks and impacts into their risk management and strategic planning processes. As this occurs, companies’ and FI’s understanding of the financial implications associated with nature impact will grow, encouraging the markets to channel investment to nature positive activities and business models².

It is expected that that the long term impact of this project (both beyond the proposed project period and scope), once the Framework is taken up and used by FIs and companies, is to redirect around EUR 16 trillion (by 2030). In line with the uptake of TCFD reporting by asset managers (source: TCFD 2020 status report) signatories’ reporting to PRI as a proxy for asset managers’ and asset owners’ TCFD-aligned reporting has increased since the launch of the TCFD framework from 338 to 443 (30%) over the course of 3 reporting years. Based on these numbers it is expected that the estimated launch (June/July 2023) and uptake of TNFD by companies and asset managers will trigger a transformative change, whereby in 2030 at least 30% of these assets and 75 of the world’s largest asset managers would comply with TNFD principles. This number does not attribute other developments that could impact the biodiversity policy of asset managers such as NGO campaigning and/or government legislation. Combined with positive

¹ Share Action (2020). *Banking Report 2020*. Available online: <https://shareaction.org/wp-content/uploads/2020/04/ShareAction-Banking-Report-2020.pdf>

² TCFD website: <https://www.fsb-tcfid.org/about/>

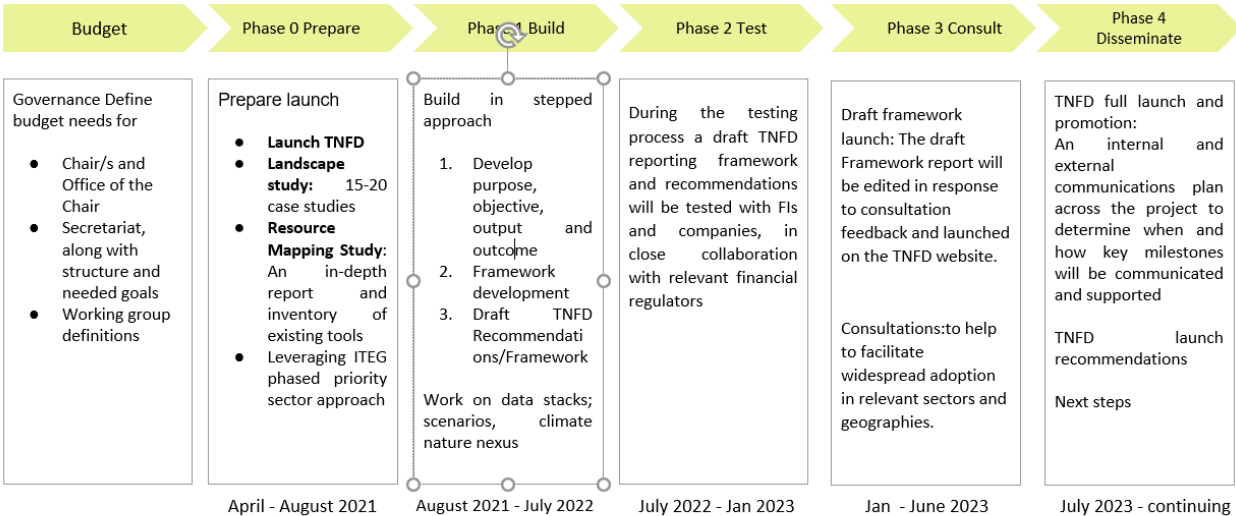
engagement from the other parts of the financial sector targeted by the TNFD, the environmental significance of this project could be truly global in scale.

2. Project execution strategy

The overall TNFD goal is to support a shift away from nature-negative impacts and toward nature-positive global financial flows, by providing a framework for organizations to report and act on nature-related risks, including impacts and dependencies."

The GEF project objective is to support the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.

The Theory of Change (see Section 2.1) builds on the existing situation: that the TCFD is already in place and provides a useful model for the TNFD, an Informal Working Group (IWG) for the TNFD has been established (supported with in-kind / volunteer resourcing only), and there is growing demand for a global framework to assess and disclose nature-based risks from companies and FIs, but no framework in place yet. It is informed by the assumption that financial disclosures eventually lead to action: two major assumptions are that existing data and methodologies will allow for delivery of this project’s outcomes, and that disclosures around negative and positive impact on nature will eventually direct capital towards more sustainable outcomes. The TNFD is needed to visibly and credibly lead the process, ensuring buy-in and ownership from the private financial and corporate actors leading in the market. Figure 1 below shows the phases of development of the Framework with Informal Working Group (IWG) deliverables to enable the full TNFD. The phases are stated here to show how the GEF-financed components align to the overall work of the IWG.



TNFD Workstream 2 goal: Written TNFD work plan and budget for development of the TNFD framework approved by the IWG, including phase 1-4, along with communication budget, and staffing budget of the governance structure.

Figure 1 Development process of TNFD

Phase 0: Prepare (Component 1 of GEF Project)

Component 1 (Phase 0: Prepare) of the project will focus on setting up and launching the TNFD (Outcome 1.1). With the TNFD established, additional partners will then have the incentive to engage with the TNFD and influence its development. The market support for the initiative will grow, and this larger group will add further momentum behind the initiative. The prepare phase of TNFD is expected to commence in May of 2021 and is expected to run until the end of August of 2021. This phase consists of 3 elements: the formal Launch of TNFD in 2021, resource mapping study and the scoping study existing initiatives. The results of this phase will be used for the next phases– build and testing– where for example the outcomes of the pilot approach feed into the work of the testing phase.

Phase 1: Build (Component 2 of GEF Project)

With this in place, work will begin to build (Phase 1: Build) a standardized global ‘Framework’ and set of recommendations (from here on referred to as ‘The Framework’) (Component 2). The build phase of TNFD is expected to commence in August 2021 and is expected to last for twelve months. During this phase, the TNFD members will work to define and produce a workable framework for the TNFD that should be ready for testing and consultation during the next phase, the testing phase. Participation from TNFD members in this process will increase their understanding of and ability to identify dependencies and impacts on nature (Outcome 2.1).

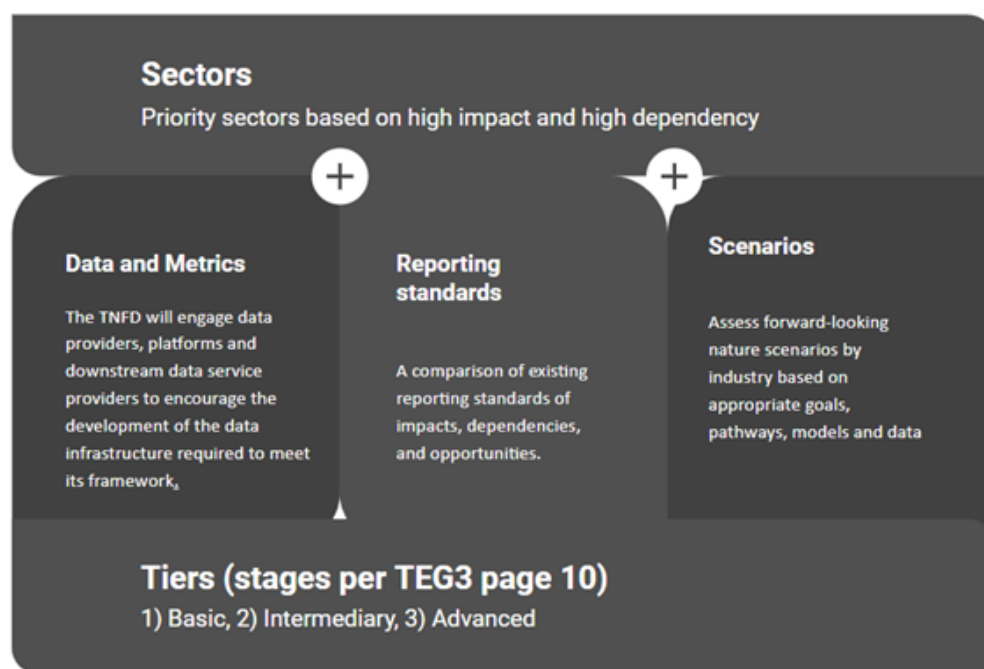


Figure 2 An overview of the TNFD framework elements

The TNFD framework will adopt a four-pillar approach, structured around how organizations operate: governance, strategy, risk management, metrics and targets. This aligns with the structure of the Taskforce on Climate-related Financial Disclosures’ (TCFD) framework. The TNFD will also incorporate the

principle of “double materiality³” into each pillar. The TNFD framework will provide a structure for organizations to report against these four pillars. The framework will be supported by guidance on how non-financial companies and financial institutions can align their business practices and financing respectively to manage their impacts and dependencies on nature. As part of the development phase the classifications of definitions is a key step. During step 2 of the ‘Build’ phase, a division should be made in double materiality, thereby making sure that each element of the process looks at both impact and dependency, for example in metrics.

The framework development process consists of the following steps:



Figure 3 Overview of the building phase

The building phase of the TNFD development will be market led -- by corporates, financial institutions -- and supported by other relevant stakeholders such as International Standards Organizations, regulators, platform and data providers, consultancies, NGOs, academic and research organizations to help inform building elements of the draft framework. The building stage includes developing a draft disclosure framework (or elements of a framework that could be adopted by other frameworks - the term ‘reporting framework’ should be read from this definition) and recommendations on steps for consultation and user surveys for feedback.

This will be based on the outcomes of the work of the Technical Expert Group under the IWG and the TEG Scoping Paper (TEG4/5), and the mapping study and landscape study developed in Phase 0. A user survey will be undertaken among TNFD members to better understand the needs of the market, gaps and identify areas that will require support to enhance uptake. The results of these activities will then inform the drafting of a draft disclosure framework for companies and FIs on nature-related financial risks, dependencies and impacts, alongside opportunities to disclose finance activity with a positive impact. It

³ The European Commission introduced the “double materiality perspective” in its Guidelines on non-financial reporting: supplement on reporting climate related information: [Communication from the Commission — Guidelines on non-financial reporting: Supplement on reporting climate-related information \(europa.eu\)](https://ec.europa.eu/economy_finance/communication-guidelines-non-financial-reporting-supplement-reporting-climate-related-information_en).

should consider voluntary, regional and national initiatives already underway and aim to harmonize with them as feasible.

Phase 2: Test (Component 2 of the GEF project)

The Framework will then be drafted and tested with selected institutions to demonstrate its effectiveness and improve it in response to the testing process (Outcome 2.2). The testing of the framework is expected to commence in July 2022 following the build phase and will be carried out by a series of pilot tests with two key stakeholder groups: data developers (corporates), and data users (financial institutions). During the testing phase balanced representation from both banks, investors, insurers, public finance institutions and corporates from both high impact/dependency and other sectors will be sought. The draft TNFD Framework will be revised in response to the testing process, with an accompanying report sent to those engaged in the testing summarizing the changes made as a result of this process. (Note that the outcomes of the mini-pilot in phase 0 may alter and further refine this process).

Phase 3: Consult (Component 3 of the GEF Project)

The consultation of the TNFD Framework is expected to commence in January 2023. The TNFD Secretariat will develop and conduct a consultation the second draft of the framework containing the Framework as updated following the piloting experiences in Phase 2. This will also include recommendations on tools, measurement systems and reporting protocols to help raise awareness among FIs, corporates and public authorities of how they can assess and disclose nature-related risks. It will also include guidance on how companies and FIs can translate these measurements into risk assessments within their Financial Information Systems (Outcomes 3.1 and 3.2.).

Phase 4: Disseminate (Component 3 of the GEF project)

The TNFD framework dissemination and initial uptake is expected to commence in July 2023 and will continue after the end of the 2-year TNFD development phase with continued TNFD uptake. During the first phase, the final comments from the consultation phase will feed into the third draft of the TNFD framework. After this the final TNFD framework will be launched before July 2023, with support during and after, is needed to increase awareness of the TNFD and provide support for application and wide uptake (Component 3, Outcome 3.1). This process will further raise awareness of nature-related risks amongst a broader community of FIs and companies, along with providing feedback for the finalization of the Framework.

Expected project impact

The combination of these awareness raising efforts and the presence of the TNFD Framework will mean that FIs and companies are better able to assess, disclose and act on their exposure to nature-based risk, including reflecting these risk assessments within their Financial Information Systems (FIS). It will also provide government regulators with a common framework and evidence base to further advance

regulation relating to nature-risk disclosure, which will further incentivize companies and FIs to engage in the TNFD process and use the Framework.

Strong monitoring & evaluation processes for the project will help ensure adaptive management is applied and the impact of the activities described above is enhanced (Outcome 4.2). An important external factor, beyond the direct control of this project, will also be pressure applied on the finance and corporate sector by civil society, NGOs, the public and government to disclose nature-related risk in their portfolios and supply chains. This will be further enabled by the presence of the TNFD Framework, though not driven directly by it.

Overall, this will result in a greater number of FIs, companies and regulators integrating nature-based risk into their existing disclosure and reporting frameworks. Greater disclosure and understanding of FIs' exposure to activities which harm nature, in combination with a greater understanding of the materiality of these risks should encourage them to redirect finance away from harmful activities and towards activities with minimal or positive impacts on nature.

Over time (beyond the project lifespan) this will lead to a reduction in market-driven pressures on global biodiversity and natural resources, helping to ensure critical ecosystem services for human society are secured. A secondary result of this process will be reduced nature-based risk in the financial system and increased security of natural capital and ecosystem services that underpin the global economy.

3. Project components and expected outcomes (Table B)

The activities to deliver the anticipated outcomes of the GEF Project will be closely guided by the decisions made by the four Workstreams (WS) of the TNFD's Informal Working Group (IWG), which was launched in September 2020 – WS1: Governance, WS2: Workplan and Budget, WS3: Resource Mobilization and WS4: Communications. The IWG is supported by an Informal Technical Expert Group (TEG) which will provide guidance for the detailed scope of the TNFD, which will also inform the activities delivered under each component. Activities under at least Output 1.1.1 will be implemented whilst the IWG is still operational.

Table B below summarizes the project components and expected outcomes, with associated budgets against each outcome:

WWF GEF TNFD Project: Table B

Project Components	Project Outcomes	Project Outputs	(in USD)	
			GEF Project Financing	Co-financing
Component 1: Setting up and launching the Taskforce	Outcome 1.1. A plan for the TNFD is supported by the IWG and funded and	1.1.1: Taskforce partners (industry representatives and experts: financial institutions, corporations, academia, think tanks, central banks) are mobilized, through: - confirmed support for the TNFD Informal Working Group (IWG); - organizational chart agreed;	168,533	427,859

	the TNFD is established.	<p>- written commitments to participate to the Task Force from institutions and individuals secured; an - two-year strategic work plan and the ToR of the TNFD fully developed and agreed on by the working group partners.</p> <p>1.1.2: Key governments and financial regulators convened and requested to provide official mandate to the TNFD (virtual/in-person workshops, both dedicated and at global events)</p> <p>1.1.3: Institutional and financial sustainability plans developed for TNFD, and financial commitments secured for the long-term running of the TNFD (beyond the project period).</p> <p>1.1.4: TNFD Secretariat set-up and operations supported</p> <p>1.1.5: TNFD launched at a public event and with targeted communication activities</p>		
Component 2: Build and Test a TNFD Framework	<p>Outcome 2.1. Increased understanding in the financial and corporate sector of nature-related risk and how to identify impacts and dependencies on nature.</p> <p>Outcome 2.2. A draft framework for companies to report to investors on their nature related risks, to improve and standardize reporting in the sector</p>	<p>2.1.1: Report on existing tools (including data, taxonomies and stock exchange indices), methodologies and existing and upcoming regulatory frameworks around the world, to identify, measure and report on nature-related impacts (positive and negative) and to identify and mitigate financial risks from nature loss</p> <p>2.1.2: Synthesis of evidence base produced for the materiality of nature-related financial risks and impacts and practical recommendations on how financial institutions and corporations can translate nature loss into quantified financial risks</p> <p>2.2.1: Draft 1 of the TNFD reporting framework developed.</p> <p>2.2.2: Draft 1 of the TNFD reporting framework tested with FIs and companies, in close collaboration with relevant financial regulators.</p> <p>2.2.3: Draft 2 of the TNFD reporting framework revised based on input from the testing phase.</p>	829,612	2,106,156

<p>Component 3:</p> <p>Consultation on and dissemination of TNFD Framework recommendations</p>	<p>Outcome 3.1. Verification and broad support for the TNFD framework from FIs, companies, regulators and their stakeholders.</p> <p>Outcome 3.2. Increased awareness of nature-related impacts and financial risks among financial institutions and companies.</p>	<p>3.1.1: A report on draft 2 of the TNFD reporting framework developed and publicly consulted with representatives from both Northern and Southern countries.</p> <p>3.1.2: Final report on TNFD framework produced after public consultation, including guidelines to companies, financial institutions, and regulators on nature-related impacts and financial risks, including outlined guidance on where the opportunities are at a policy level, and disseminated through public in-person or virtual events</p> <p>3.1.3: Active dissemination of the TNFD Framework report via social media, industry and mainstream media engagement, conference and webinar presentations and the hosting of five regional launch events to raise awareness globally of the TNFD Framework.</p> <p>3.2.1: Online resource hub established with guidelines and Q&As for companies, financial institutions and governments, and a repository for commitments by companies and financial institutions who endorse and implement the TNFD framework.</p> <p>3.2.2: Monitoring and evaluation protocol designed to assess awareness and behavior change through FI and company implementation of TNFD guidance and reporting frameworks in key jurisdictions over the longer term (not to be implemented during project period).</p>	<p>476,700</p>	<p>1,210,210</p>
<p>Component 4:</p> <p>Knowledge Management, M&E</p>	<p>Outcome 4.1: Increased uptake of TNFD knowledge and communication amongst stakeholders</p> <p>Outcome 4.2: Monitoring and evaluation system in place with active</p>	<p>4.1.1: Knowledge management and communications products developed and widely disseminated</p> <p>4.2.1: Monitoring and Evaluation reports (including project progress reports, annual adaptive management meetings, midterm evaluation, terminal evaluation)</p>	<p>118,500</p>	<p>300,838</p>

	adaptive management in place			
Subtotal			1,593,345	4,045,063
Project Management Cost (PMC)			105,484	267,795
Total Project Cost			1,698,829	4,312,858

4. Institutional arrangements

The Executing Agency

The United Nations Environment Programme Finance Initiative (UNEP FI, unepfi.org) has been identified as the Executing Agency (EA) for this project. The role of the EA is to:

- Lead the GEF Project Execution in close coordination with members of the IWG, some of whom may be contracted as Executing Partners by the EA for specific deliverables;
- Lead the reporting process and budget management;
- Lead the engagement of stakeholders throughout the project via the Stakeholder Engagement Plan (SEP); and
- Lead the implementation of the Gender Action Plan (GAP).

Day-to-day management of the GEF project will be delivered through a Project Management Unit (PMU), to be housed within the EA. The relationship between the EA and the TNFD Secretariat when it is formed is to be further defined during the initial stages of the project, building on the outputs of the IWG Governance Workstream 1 (who finish their work in Q2 2021).

GEF Agency Oversight

WWF-US, through its WWF GEF Agency will: (i) provide consistent and regular project oversight to ensure the achievement of project objectives; (ii) liaise between the project and the GEF Secretariat; (iii) ensure that both GEF and WWF policy requirements and standards are applied and met (i.e. reporting obligations, technical, fiduciary, M&E); (iv) approve budget revisions, certify fund availability and transfer funds; (v) organize the mid-term and final evaluation and review project audits; and (vi) certify project operational and financial completion.

The Project Steering Committee

The EA will work under the guidance of the Project Steering Committee (PSC) which serves as the project oversight, advisory and support body for the project. The final composition of the PSC will be determined in advance of the Project Inception Workshop. Until the launch and operationalization of the TNFD, the PSC will likely include the IWG Co-Chairs, IWG Workstream Leads and GEF Project co-financiers. Once the TNFD is set up, the GEF PSC will likely transition to the Stewardship Group (made up of Partner Group and donors) and the Executive Director of the TNFD Secretariat.

The PSC will be active throughout the project period and its composition will be adapted according to the established TNFD governance in such a way that it ensures the GEF support remains aligned with the decision making process for the TNFD's development, as well as with GEF eligibility criteria, until the GEF project closure (42 Months from the execution starting date). An overview of the GEF Project Governance is provided below:

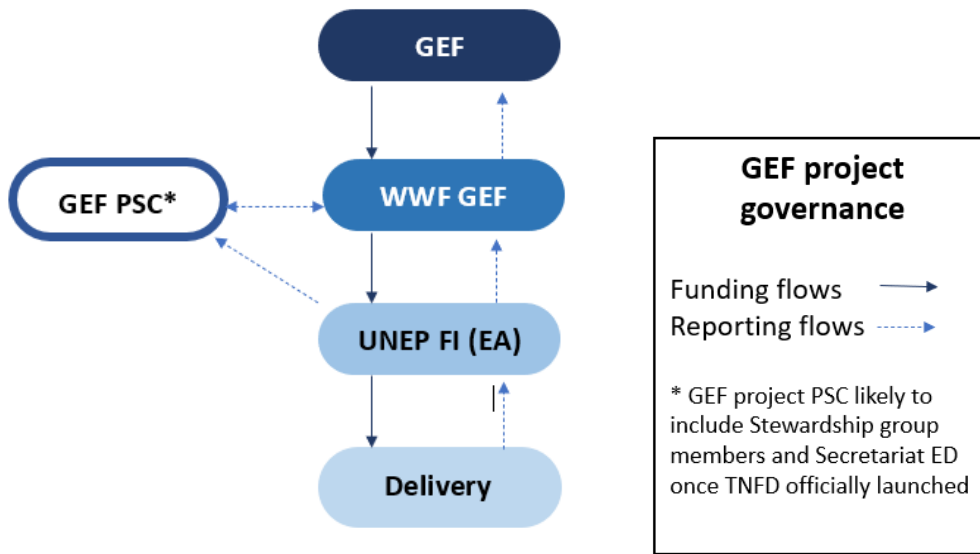


Figure 4 GEF Project governance structure

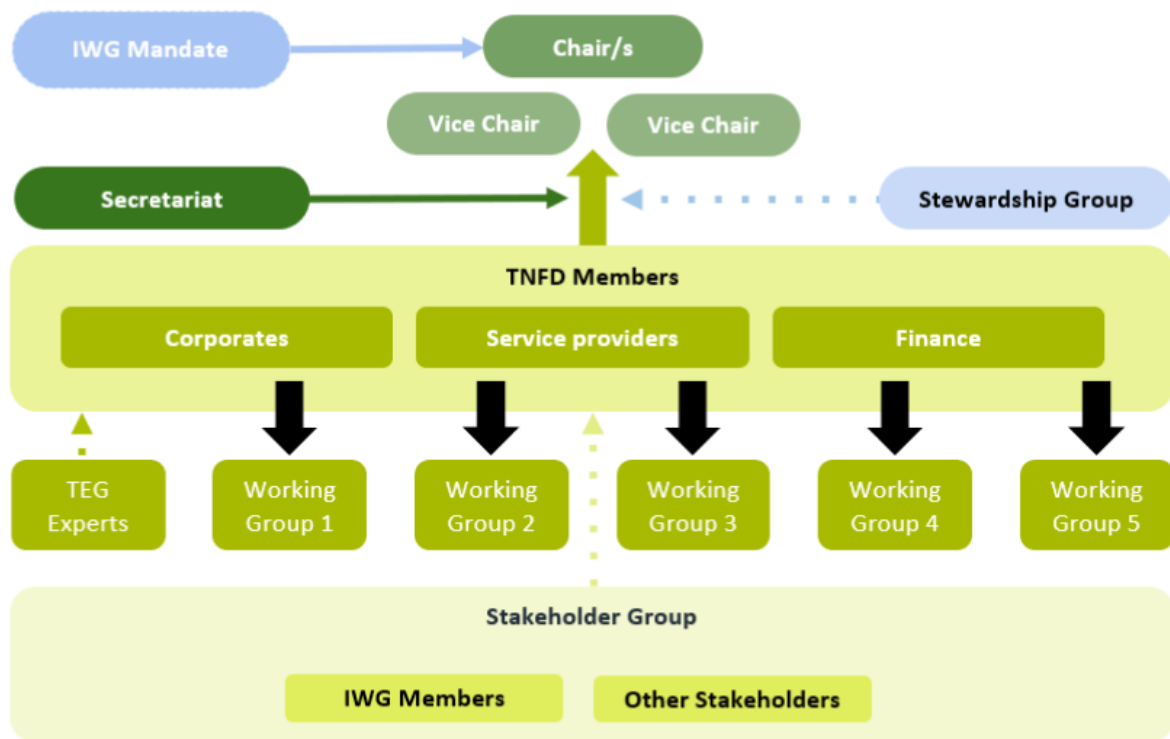


Figure 5 proposed TNFD governance structure.

SECTION 1: PROJECT BACKGROUND AND SITUATION ANALYSIS

1.1 Project Scope and Environmental Significance

The release of the first UN Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) report in April 2019 made clear that the world's natural capital is in sharp decline – especially in inter-tropical areas – and that without rapid and systemic change, biodiversity loss, deforestation and land degradation will severely disrupt ecosystems, social stability and the world economy.

Humanity has already wiped out 83% of wild mammals and half of all plants and severely altered three-quarters of ice-free land and two thirds of marine environments (World Economic Forum, 2020). Right now, the COVID19 pandemic, which has been linked to illegal wildlife trade, environmental degradation, and poverty, is demonstrating the huge impact of un-recognized biodiversity related risk, to both the economy and humanity.

A key driver of that situation is the financing flowing to economic activities that harm natural capital with no market recognition of the costs to ecosystems and decline in global environmental benefits.

Initiatives such as TNFD will enable governments to better integrate knowledge on nature risk of those financial flows within their national policies and respond more effectively to emerging country priorities as included in NDCs, NBSAPs, NAPs, NIPs and MIAs. TNFD will enable companies to manage climate risks through nature-based solutions and report progress towards nature and climate related targets.

More precisely, the TNFD aims to address two threats to the health and value of natural capital from current corporate activities that do not adequately consider impacts on biodiversity and the financial materiality of biodiversity loss:

i) Economic activities that directly impact natural capital, especially commercial agriculture, with more than a third of the world's land now used for crop and livestock production, largely at the expense of natural forests, wetlands and grasslands⁴. The impact of infrastructure on the natural environment is also growing at unprecedented levels with 25 million km of new paved roads expected to be built by 2050 and 90% of this construction in least developed and developing countries⁵. Large-scale mining uses less than 1% of the world's land but was responsible for 10% of all Amazon deforestation between 2005-2015⁶. Industrial fisheries have increased exponentially and in 2015, 55% of the ocean area was covered by industrial fishing with one third of all marine fish stocks being harvested at unsustainable levels⁷.

ii) Economic activities that indirectly impact natural capital through supply-chain investments. For example, the fashion industry is projected to require the use of 35% more land for fiber production by 2030—an extra 115 million hectares of land⁸. The food industry has had an extensive impact on biodiversity

⁴IPBES (2019): Summary for policymakers – Global Assessment. Available online: https://ipbes.net/sites/default/files/2020-02/ipbes_global_assessment_report_summary_for_policymakers_en.pdf

⁵ Ibid.

⁶ Sonter et al (2017): Mining drives extensive deforestation in the Brazilian Amazon. Available online: <https://www.nature.com/articles/s41467-017-00557-w>

⁷ IPBES (2019): Summary for policymakers – Global Assessment. Available online: https://ipbes.net/sites/default/files/2020-02/ipbes_global_assessment_report_summary_for_policymakers_en.pdf

⁸ Global Fashion Agenda & The Boston Consulting Group (2017): Pulse of the Fashion Industry. Available online: https://globalfashionagenda.com/wp-content/uploads/2017/05/Pulse-of-the-Fashion-Industry_2017.pdf

through its supply chains, mainly through the expansion of land required for cattle products, timber, soy and palm oil which is the most significant driver of deforestation in tropical and subtropical countries, accounting for 80% of deforestation from 2000-2010.⁹ Global tourism has grown threefold over the last 20 years and consumes 138 km³ of freshwater, 6.2 million hectares of land, and 39.4 million tonnes of food.¹⁰

While the market is currently failing to incorporate these impacts, the financial sector can address this as an “asset management problem”¹¹, which was proposed in the 2020 interim report of the Dasgupta Review on the Economics of Biodiversity¹². This has also been adopted by the Task Force on Climate-related Financial Disclosure (TCFD) as an approach to incorporating within market signals the risks from both physical liability from adverse climate impacts and the necessary transition to a carbon-constrained global economy.¹³ However, despite the benefits derived from nature by companies and the financial sector, progress is lacking towards requiring companies and financial regulators to report on the impacts of biodiversity loss on financial returns. For example, ShareAction carried out an assessment of 75 of the world’s largest asset managers who collectively manage over US\$56 trillion in assets. None of the 75 asset managers has a dedicated policy on biodiversity, demonstrating a lack of awareness of the systemic risks related to nature and biodiversity loss¹⁴.

If companies and FIs are equipped to identify and address the materiality of nature-related risks, there will be strong incentives for them to account for and address these risks – especially if there is a common, credible and agreed upon framework and recommendations for reporting for nature-related risk and impacts. This will facilitate significant progress in addressing the environmental problems identified above. For example, if just a fraction of the asset managers identified by ShareAction engage with and positively respond to TNFD recommendations this could help divert hundreds of billions of dollars away from economic activity that negatively impacts natural capital.

1.2 Environmental Problem(s), Threats and Root Causes

In acknowledgement of this gap in market information, some Financial Institutions (FIs) have started to assess the impact of their portfolios on biodiversity. ASN Bank for example measured its impact on biodiversity across its portfolio and concluded that it was impacting biodiversity on 71,947 hectares in its current portfolio of local government investments in 2019. This corresponds to a biodiversity loss of about 0.05 m2 per euro invested¹⁵. A joint study by De Nederlandsche Bank (DNB) and PBL Netherlands Environmental Assessment Agency found that Dutch FIs have contributed EUR 97 billion in finance to

⁹ Global Forest Atlas (n.d): Industrial Agriculture. Retrieved from :<https://globalforestatlas.yale.edu/land-use/industrial-agriculture> (Accessed July 2020).

¹⁰ IPBES (2019): Chapter 2. Status and trends; indirect and direct drivers of change. Available online:

https://ipbes.net/sites/default/files/ipbes_global_assessment_chapter_2_1_drivers_unedited_31may.pdf

¹¹ Shareaction (2020): Point of No Returns Part IV – Biodiversity. Available online: <https://shareaction.org/wp-content/uploads/2020/06/ShareAction-Biodiversity-Report-Final.pdf>

¹² The Dasgupta Review (2020): Independent Review on the Economics of Biodiversity – Interim Report. Available online:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/882222/The_Economics_of_Biodiversity_The_Dasgupta_Review_Interim_Report.pdf

¹³ <https://www.fsb-tcfd.org/>

¹⁴ Shareaction (2020): Point of No Returns Part IV – Biodiversity. Available online: <https://shareaction.org/wp-content/uploads/2020/06/ShareAction-Biodiversity-Report-Final.pdf>

¹⁵ CREM, PRé Consultants & ASN Bank (2019): Towards ASN Bank’s Biodiversity footprint A pilot project. Available online: <https://crem.nl/wp-content/uploads/2019/01/Towards-asn-banks-biodiversity-footprint-pilot-project.pdf>

companies involved in deforestation¹⁶. Research from the Rainforest Action Network found that in the last 5 years more than US\$48 billion in loans and underwriting was provided to over 100 companies directly linked to deforestation in Southeast Asia¹⁷. These examples demonstrate the large-scale impacts that a financial institution can have on biodiversity.

Many responsible companies have also begun to make commitments to sustainable supply chains, often tied to reducing their carbon footprints, and often with robust reporting protocols. Some have focused on decoupling production of vital inputs from deforestation, with obvious biodiversity conservation benefits. Others have focused more on sound land and water management.¹⁸ The materiality of nature-related risk can be hard to determine, with some of the costs borne by society as they are external to the market under current regulatory systems¹⁹. As in so many other areas, the Covid-19 pandemic – linked to the illegal wildlife trade, environmental degradation and poverty – is highlighting previously under-appreciated human-environment dependencies, demonstrating the enormous potential impact of pandemics from nature-related risks on the economy and society. The crisis has been described as “a symptom of a US\$ trillion-dollar trade in environmental degradation and wildlife crime”²⁰. While companies and the financial sector are beginning to assess the materiality of climate change and carbon constraints, the Covid-19 crisis and increasing biodiversity loss demonstrates that it is time to also incorporate nature-related impacts and dependencies²¹ into financial risk assessments.

Analysis carried out by the Natural Capital Finance Alliance found that 13 of the 18 sectors represented in the UK FTSE 100, totaling US\$1.6 trillion in net market capitalization are associated with production processes that have high or very high material dependence on nature²². The World Economic Forum (WEF) estimates that US\$44tn of economic value generation, more than 50% of global GDP, is moderately or highly dependent on nature. WEF’s Nature Risk Rising²³ and Global Risks Report 2020²⁴ have highlighted the increasing scale of nature-based risk. On the other hand, the nature-related opportunities are equally

¹⁶ De Nederlandsche Bank (DNB) & PBL Netherlands Environmental Assessment Agency (2020): Indebted to nature- Exploring biodiversity risks for the Dutch financial sector. Available online: <https://www.dnb.nl/en/news/news-and-archive/dnbulletin-2020/dnb389169.jsp>

¹⁷ Rainforest Action Network (2020): Keep Forests Standing - Exposing Brands and Banks Driving Deforestation. Available online: https://www.ran.org/wp-content/uploads/2020/03/RAN_Keep_Forests_Standing_vWEB.pdf

¹⁸ <https://www.foodandlandusecoalition.org/>

¹⁹ NCFA, WWF, Global Canopy & UNDP (2020): Business Case & Informal Working Group for Launching a Taskforce on Nature Related Financial Risk and Disclosure (TNFD).

²⁰ Mitchell (2020): COVID-19: Nature’s \$10 Trillion Dollar Wake Up Call to the Finance Sector. Available online: <https://www.ecosystemmarketplace.com/articles/covid-19-natures-10-trillion-dollar-wake-up-call-to-the-finance-sector/>

²¹ The TNFD will look at “nature-related risks” to refer collectively to impacts on nature, dependencies on nature, and financial risks resulting from these impacts and dependencies, and follows the Science-based Target Network’s (SBTN) definitions. Impacts: positive or negative contributions of a company or other actor toward the state of nature, including pollution of air, water, soil; fragmentation or disruption of ecosystems and habitats for non-human species; alteration of ecosystem regimes.” For a financial institution, this refers to the impact of the business operations that it finances. Dependencies: “aspects of nature’s contributions to people [ecosystem services] that a person or organization relies on to function, including water flow and quality regulation; regulation of hazards like fires and floods; pollination; carbon sequestration.” This includes dependence on both consumptive ecosystem services, the supply of which declines as it is used, and non-consumptive ecosystem services, the supply of which is unaffected by its use. Note that the impacts of one business or sector on nature can generate significant financial risk for other businesses or sectors through their dependencies on nature.

²² Natural Capital Finance (2018). Exploring natural capital opportunities, risks and exposure. A practical guide for financial institutions. Available online: https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/NCFA_Exploring-Natural-Capital-Opportunities-Risks-and-Exposure_Nov-2018.pdf

²³ WEF (2020): Nature Risk Rising. Available online: <https://www.weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy>

²⁴ WEF (2020): The Global Risks Report 2020. Available online: <https://www.weforum.org/reports/the-global-risks-report-2020>

huge. Action for a nature-positive economic transition could generate up to US\$10 trillion in annual business value and create 395 million jobs by 2030²⁵.

1.3 Barriers addressed by the project

Barriers

The barriers to redirecting global financial flows away from nature-negative outcomes to nature-positive outcomes include:

- i. **A lack of pressure on companies and FIs to account for nature-related risks and to internalize their (direct and indirect) impacts on nature** – Companies and FIs are currently focused on assessing and addressing climate risk, which benefits from less complex data requirements than nature risk (principally GHG emissions data) to analyze accurately. There are also a well-developed set of tools and supporting services to understand climate risk data and a more mature policy and regulatory framework incentivizing companies and financial institutions to take action. Government and regulator pressure on companies and the financial sector to take action on nature-based risk is at an earlier stage. Whilst these actors have produced a number of recent reports and policy recommendations on the topic, there is little in the way of enacted regulation which specifically addresses the disclosure of nature-related risks.
- ii. **Companies and FI lack a standardized approach to assess and internalize nature-related risks in a comparable manner** – There are many existing tools and methodologies but not a standardized approach to measuring nature-related risk. This has led to a lower level of disclosure, which makes it harder for FIs to compare approaches between organizations (or between the same organization over multiple years). The current dispersed approach makes it harder to create government action and reduces the materiality of the topic. No global, normative framework exists that brings together these existing dispersed approaches together – the TNFD will seek alignment between these different approaches and create a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.
- iii. **A lack of accountability and lack of a common, credible and agreed upon reporting framework and recommendations** – No global platform or comprehensive framework exists for companies and FIs to coalesce around to take responsibility for nature-based risk. So far, many voluntary frameworks have been developed but at limited scale, such as sub-national or project levels, but not at a global scale. With no clear, credible and common set of performance indicators to report against, there is a lack of transparency and traceability of the impact companies and FIs are having on nature. Without this transparency and traceability, it is difficult to apply effective pressure on these organizations to assess their nature-related risks and to act on them. As noted, much of the focus of leading companies and FIs to date has been on securing this type of common framework for climate risk under the TCFD, leaving little time and resources available to pursue a similar process for nature. Nature-related risks go beyond climate-related risks, meaning the TCFD framework itself is not suited for disclosing nature-related materiality impacts.

²⁵ WEF (2020). The Future of Nature and Business. Available online: http://www3.weforum.org/docs/WEF_The_Future_Of_Nature_And_Business_2020.pdf

Table 1 below shows how these barriers align with the proposed outcomes for this project.

Table 1 How barriers identified will be addressed by the project

Barrier	Proposed Project Response
A lack of pressure for companies/FIs to account for these risks and to internalize their (direct and indirect) impacts on nature	<p>Outcome 1.1.</p> <p>A funded plan for the TNFD is globally requested by financial regulators, governments, FIs and companies, and the TNFD is established and works to deliver a standardized global framework and set of recommendations (from here-on referred to as 'The Framework' for reporting on physical (impact and dependency) and transition (regulatory and reputational) risks for the financial sector.</p>
Companies and FI lack a standardized approach to assess and internalize nature-related risks in a comparable manner	<p>Outcome 2.1.</p> <p>Increased understanding in the financial and corporate sector of nature-related risk and how to identify impacts and dependencies on nature.</p> <p>Outcome 3.1.</p> <p>Verification and broad support for the TNFD framework from FIs, companies, regulators and their stakeholders.</p>
Lack of a common, agreed reporting framework	<p>Outcome 2.2:</p> <p>A draft framework for companies to report to investors on their nature related risks, refined and agreed upon through a testing process.</p> <p>Outcome 3.2.</p> <p>Increased awareness of nature-related risks among global and front-running financial institutions.</p>

1.4 Sectoral Context

The TNFD will be international in nature, so this section focuses on the global sectoral context within which the project will operate. This includes the Finance Sector, the Corporate Sector, Ratings Agencies and Data Providers, and Financial Regulators/Central Banks. All businesses depend on natural capital assets and ecosystem services either directly or through their supply chains. Research by the WEF shows that \$44 trillion of economic value generation – more than half of the world’s total GDP – is moderately or highly dependent on nature and its services, and therefore exposed to risks from nature loss.

Within the building phase of the TNFD, focus will be placed on the following sectors and asset classes. During the building stage special attention will be paid to ensure the framework is applicable for both high-impact/high-dependency sectors as well as sectors with a lower direct impact or dependency on nature (such as IT/services):

- Sectors: Forestry and furniture; agriculture; livestock; food manufacturing; fishing; mining and metals; infrastructure; tourism; chemicals; textiles and leather.
- Asset classes: Corporate loans; SME loans; rural loans; project finance; publicly listed equity; corporate bonds; private equity.

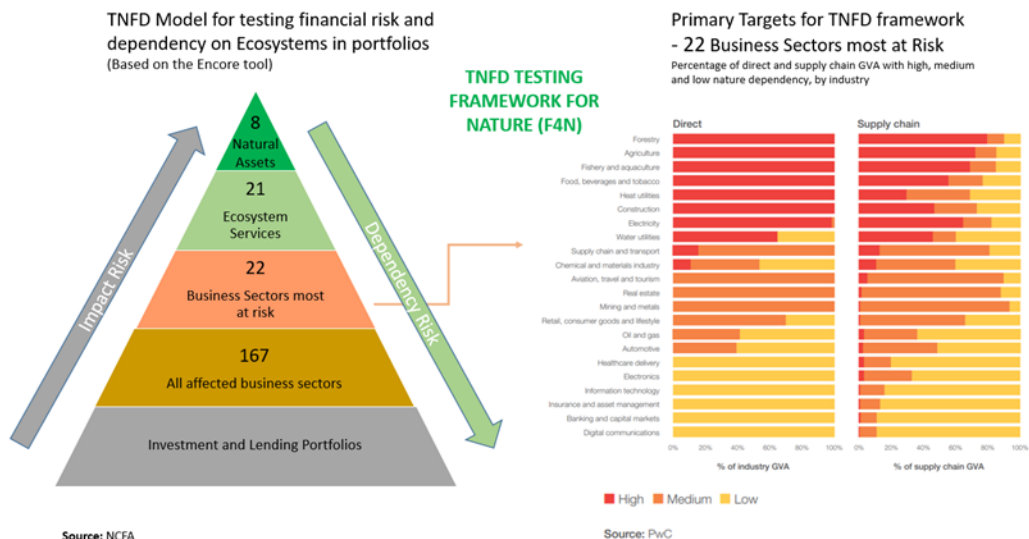


Figure 6 An example of business sectors facing high levels of nature-related physical risk

The impacts and dependencies will differ within sectors as well. For example, within agriculture the impact of the production of dairy on nature is quite different than the production of non-dairy milk, such as soy or almond milk. In this vein, TNFD will select relevant sub-sectors to build, and test the framework during its 2-year development process. TNFD will select no more than 10 sub-sectors which are a mixture of high-impact, high-dependency, and high-risk. For example, a high impact sector: soy bean farming, dairy cattle and milk production, beef cattle ranching and farming including feedlots, and pesticide, fertilizer and other agricultural chemical manufacturing. And for high dependency cotton farming' and sugarcane farming. The insights from one commodity will help to produce insights for other sensitive soft commodities to give a more holistic perspective.

The Finance Sector – in light of the net-zero GHG transition, the sector has been making recent progress in its capacity to understand and reduce exposure to climate risks. However, the current institutional infrastructure of the sector is not set up to fully comprehend nature-related risks²⁶. Whilst there are existing tools and methods that help FIs to quantify their biodiversity impact, these often rely on aggregated data and do not provide the granularity required to assess their impacts and dependencies on nature. There is currently a lack of:

- location-specific and/or company-specific data;
- comprehensive, broadly agreed metrics for impacts; and
- a single measure of 'impact on nature' or 'dependency on nature'.²⁷

The TNFD will aim to equip FIs with the resources to be able to engage with their investees and lending counterparties on governance, strategy and risk management processes for impacts and dependencies on nature.²⁸

²⁶ Global Canopy & Vivid Economics (2020). *The Case for a Task Force on Nature-Related Financial Disclosures*. Available online: https://www.globalcanopy.org/sites/default/files/documents/resources/Task-Force-on-Nature-related-Financial-Disclosures-Full-Report_1.pdf

²⁷ Ibid.

²⁸ Ibid.

The Corporate Sector – will be expected to assess and disclose their impacts on nature. However, previous attempts by companies to define and report nature-related financial risks rely on various definitions, resulting in a lack of standardized reporting²⁹.

Companies are demonstrating the importance of nature to business, with 600 companies with combined revenues of US\$ 4 trillion calling on governments to adopt policies to reverse nature loss this decade.³⁰ The TNFD will complement this call to action, providing the corporate sector with a clear framework and set of recommendations to measure nature-related risks and impacts. Like the TCFD, the TNFD will work with the corporate sector to build trust, understanding and adoption of reporting against this framework.

Ratings Agencies & Data Providers – these organizations have a strong interest in disclosure of nature-related risk and the data produced from these processes, which will feed into their own analyses and data services that are provided to investors. This interest has been demonstrated through the recent acquisitions of some of the leading ESG data providers:

- S&P's acquisition of ESG risk analysts Trucost;
- FTSE Russell acquisition of the ESG advisory firm Beyond Ratings;
- MSCI purchase of the data specialist Carbon Delta; and
- Moody's minority stake in the data and analytics firm SynTao Green Finance³¹.

Their participation in the TNFD is important to ensure that the data produced from the TNFD Framework is useful for the broader data service industry.

Financial Regulators and Central Banks - have a strong interest in managing the financial risks that biodiversity loss poses to the financial sector as part of their broader mandate (as has been the case in the TCFD) for supporting financial stability in their respective jurisdictions.

The Network for Greening the Financial System (NGFS) has coordinated much of the work and engagement from regulators in this area and have explicitly recognized that biodiversity loss is a risk to the stability of the financial system³². NGFS members can provide important insights into the impact of nature-related financial risks on the sector as a whole.

Gaining strong buy-in and ownership from financial regulators and central banks is needed to facilitate the eventual adoption of TNFD recommendations into financial regulation, as has been seen for example with the recognition of the TCFD Framework in France's Article 173.

1.5 Baseline Scenario

Five key elements of the baseline scenario are identified for this project:

- i. There are existing tools and frameworks to analyze financial risks and impacts on biodiversity stemming from unsustainable economic activities** including but not limited to: **BFFI** (ASN Bank) which

²⁹ WWF & PwC (2020). Nature is too big to fail. Available online: <https://www.panda.org/?358290/Nature-is-too-big-to-fail>

³⁰ Business for Nature, Full list of signatories: Available online: <https://www.businessfornature.org/call-to-action#CTA-signatory-list>

³¹ TNC & Environmental Finance (2019). Investing in Nature Private finance for nature-based resilience. Available online: <https://www.environmental-finance.com/assets/files/reports/tnc-investing-in-nature.pdf>

³² NGFS (2018). NGFS First Progress Report. Available online: <https://www.ngfs.net/sites/default/files/medias/documents/818366-ngfs-first-progress-report-20181011.pdf>

assesses the biodiversity footprint of banking assets; **Global Biodiversity Score**³³ (CDC Biodiversité) which assesses the biodiversity footprint of economic and financial activities but at a very high level scale and doesn't address risk issues; **STAR**³⁴ (IUCN) measures the contribution that investments can make to reducing species extinction risk; **BIM**³⁵ (CISL) compares the impacts of different commodities and supply chains on the quality and quantity of soil, water and biodiversity; **PS6**³⁶ (IFC) provides guidance on how to follow the mitigation hierarchy and introduce environmental safeguards in financial strategies (along with the UNEP-WCMC Critical Habitat Layer PS6 tool); and **ENCORE**³⁷ (NCFA, UNEP WCMC) enables users to visualize how the economy depends on nature and how environmental changes create risks for businesses. A new biodiversity module has been added to ENCORE in 2020 to understand alignment with global goals along with a natural capital hotspots map developed with PRI, based on the depletion of natural capital assets. There is also the **Global Footprint Network**³⁸, which provides environmental risk data and analysis to support investment decisions and the **Integrated Valuation of Ecosystem Services and Tradeoffs (InVEST) Natural Capital Project**³⁹ which enables users to assess trade-offs associated with alternative management choices and to identify areas for investment in natural capital. In late 2020 **Trase Finance** (Global Canopy (co-financier for this project), SEI & Neural Alpha, with financing from Moore and from the GEF through the WWF-led Demand child project of the GGP) was launched (<https://trase.finance/>). This tool draws on more than 30 disparate data sources that combine Trase's unique deforestation-risk data with data on company ownership and legal structures, tax registrations, and a wide range of capital raising mechanisms. Finally, there is also the recently launched **ALIGN initiative** led by UNEP-WCMC with more than 20 partners, which seeks to align corporate biodiversity measurement approaches to support private sector decision-making.

- ii. **There are examples of early action being taken by financial regulators on nature-related risk** – Companies and FIs are beginning to face regulatory requirements for nature-related risks. For example, Article 173 in France imposes Environment, Social, and Governance (ESG) and climate reporting requirements on asset owners and managers. This has helped demonstrate the regulatory risks that FIs can face regarding climate change⁴⁰. This pioneering legislation is being extended from 2021 and will include a requirement for the disclosure of biodiversity impacts by asset owners and managers⁴¹. Similarly, in its Green Finance Strategy that was published in 2019, the UK government has promised to build on the success of the TCFD and “work with international partners to catalyze market-led action on enhancing nature-related financial disclosures”⁴². The UK Climate Disclosure Standards Board

³³ Mission Économie de la Biodiversité (2017): Global Biodiversity Score: measuring a company's biodiversity footprint. Available online: <http://www.mission-economie-biodiversite.com/wp-content/uploads/2017/11/N11-TRAVAUX-DU-CLUB-B4B-INDICATEUR-GBS-UK-BD.pdf>

³⁴ IUCN (n.d.): Species Threat Abatement and Recovery (STAR) Metric. Available online: <https://www.iucn.org/regions/washington-dc-office/our-work/species-threat-abatement-and-recovery-star-metric>

³⁵ CISL (2018): Healthy ecosystem metric framework: biodiversity impact. Available online: https://www.cisl.cam.ac.uk/resources/publication-pdfs/healthy-ecosystem-metric-framework.pdf/at_download/file

³⁶ IFC (2012): Performance Standard 6. Available online: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps6

³⁷ NCFA (n.d.): Exploring Natural Capital Opportunities, Risks and Exposure. Available online: <https://encore.naturalcapital.finance/en>

³⁸ <https://www.footprintnetwork.org/>

³⁹ <https://ecosystemsknowledge.net/invest>

⁴⁰ WWF France & Axa (2019). Into the Wild. Available online: https://wwf.panda.org/our_work/finance/?346755/Into-the-Wild-integrating-nature-into-investment-strategies

⁴¹ Shareaction (2020): Point of No Returns Part IV – Biodiversity. Available online: <https://shareaction.org/wp-content/uploads/2020/06/ShareAction-Biodiversity-Report-Final.pdf>

⁴² BEIS (2019): Green Finance Strategy. Available online: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/820284/190716_BEIS_Green_Finance_Strategy_Accessible_Final.pdf

(CDSB) launched a public consultation and call for evidence in 2020 entitled “Advancing Nature-related Financial Disclosures”⁴³.

In 2018, the European Commission published an action plan on sustainable finance, which sets out a comprehensive strategy to further connect finance with sustainability. One of the key actions was enhancing non-financial information disclosure, which includes disclosure on any ESG criteria that could cause a negative material impact on the value of the investment. In 2020, the EU Technical Expert Group (TEG) on Sustainable Finance published a report on the new Taxonomy of Sustainable Activities with recommendations and guidance on how FIs can make disclosures using the taxonomy. Although this was predominantly focused on climate change, it applies a principle that projects should “do no significant harm”. Specifically, Objective 6 of the taxonomy includes “the protection and restoration of biodiversity and ecosystems”. Investors will be required to disclose against the taxonomy by December 2021⁴⁴. In light of the Covid-19 outbreak, the European Commission opened a public consultation on the sustainable finance strategy, seeking advice on reporting requirements on companies’ exposure to biodiversity loss and pandemic risks⁴⁵. More broadly, the EU non-financial reporting directive (NFRD) requires large public-interest companies (more than 500 employees), including listed companies, banks and insurance companies to publish reports on the policies they implement in relation to environmental protection amongst other social-focused issues⁴⁶.

The Central Bank of the Netherlands released the ‘Indebted to Nature’ report in June 2020 publishing results from its study on the impacts that nature-related financial risks have had on the Dutch financial sector. This report recommended that an international framework with indicators to measure biodiversity risks and impact is needed. Building on the initiatives in climate risk such as the TCFD, there is a “need to develop a reporting standard and ensure that companies report in accordance with this standard”⁴⁷. The report also concluded that the financial sector should measure and assess the biodiversity risks and report these risks⁴⁸.

The Network for Greening the Financial System (NGFS), a group of over 77 central banks and financial regulators, has been established to help strengthen the global response required to meet the Paris Agreement – specifically the role of the financial system in managing risks and mobilizing capital for sustainable investments. The NGFS members acknowledged that “climate-related risks are a source of financial risk” and that is within the mandate of central banks and supervisors to ensure that the financial system is resilient to these risks⁴⁹. The NGFS has also acknowledged that there are other environmental-related risks to the stability of the financial system, including biodiversity loss⁵⁰.

⁴³ CDSB (2020). Open public consultation and call for evidence: Advancing Nature-related Financial Disclosures and use of the CDSB Framework. Available online: <https://www.cdsb.net/consultation>

⁴⁴ EU Commission (2020): Sustainable finance: TEG final report on the EU taxonomy. Available online: https://ec.europa.eu/knowledge4policy/publication/sustainable-finance-teg-final-report-eu-taxonomy_en

⁴⁵ EU Commission (2020): Consultation on the renewed sustainable finance strategy. Available online: https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/2020-sustainable-finance-strategy-consultation-document_en.pdf

⁴⁶ EU Commission (2014). Non-Financial reporting. Available online: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en

⁴⁷ De Nederlandsche Bank (DNB) & PBL Netherlands Environmental Assessment Agency (2020): Indebted to nature- Exploring biodiversity risks for the Dutch financial sector. Available online: <https://www.dnb.nl/en/news/news-and-archive/dnbulletin-2020/dnb389169.jsp>

⁴⁸ Ibid

⁴⁹ NGFS (2019). A call for action Climate change as a source of financial risk. Available online: https://www.banque-france.fr/sites/default/files/media/2019/04/17/ngfs_first_comprehensive_report_-_17042019_0.pdf

⁵⁰ Ibid.

Most recently in December 2020 the Sustainable Insurance Forum (SIF), a UN convened network of insurance regulators that gathers insurance regulators from 27 countries, has announced that they will begin to study how nature degradation can pose a risk to the financial system. The SIF is in effect the sustainability group of the International Association of Insurance Supervisors (IAIS), a voluntary membership organization of insurance supervisors and regulators from more than 200 jurisdictions, constituting 97% of the world's insurance premiums. The IAIS will first issue an exploratory issues paper on nature-based risk and will then issue technical/methodological notes on risk supervision in this area.

- iii. **There is growing momentum towards a global framework and methodologies to assess nature-based risks learning from the lessons of the TCFD** – Engagement to date from FIs on climate-related risks has helped pave the way for a framework and methodology for nature-related risks. The inception of the industry-led TCFD in December 2015 set out recommendations for consistent “disclosures that will help financial market participants understand their climate-related risks”. This initiative was led by Michael Bloomberg and Mark Carney, and as of February 2020, support for the TCFD has grown to over 1,027 organizations, representing a market capitalization of over US\$12 trillion.⁵¹ Frameworks such as the TCFD have a great potential to be applied to manage nature-related risks and opportunities.⁵² Please see Section 3.7 for more information on the lessons learnt from the TCFD which will help guide the development of the TNFD.

Whilst learning from the experience of, and coordination with, the TCFD will be vital for the success of the TNFD, the TCFD Framework alone is inadequate for nature, as it excludes other very large and immediate nature-related risks. These include plastics in the oceanic food chain, loss of soil fertility and pathogens such as coronavirus. To capture these risks, and divert finance away from exacerbating them, will require a far wider approach than the physical liabilities and transition risks from climate change that is the focus of the TCFD⁵³. Nature and nature risk differs from climate and climate risk in a number of important ways. There is:

- No overarching target comparable to the 1.5°C Paris Agreement target to align portfolios against
- No single metric or harmonized set of metrics;
- Much less baseline work on reporting as compared to climate when TCFD launched;
- More dispersed nature of the threats;
- Less of a commercial service provision available to FIs and corporates around biodiversity metrics: just in infancy e.g. Iceberg Data labs and I Care & Consult efforts; and
- A process initiated without a well-known public face and resourcing, starting at a more technical level to convince practitioners in FIs and corporates.

⁵¹ TCFD Secretariat (2020). TCFD Supporters. Available online: <https://www.fsb-tcdf.org/tcdf-supporters/>

⁵² UN Environment Programme, UNEP Finance Initiative and Global Canopy (2020). Beyond ‘Business as Usual’: Biodiversity targets and finance. Managing biodiversity risks across business sectors. Available online: <https://naturalcapital.finance/wp-content/uploads/2020/06/Beyond-Business-As-Usual-Full-Report.pdf>

⁵³ TNFD website: <https://tnfd.info/>

iv. The TNFD Informal Working Group (IWG) and Informal Technical Expert Group (TEG) has been established

IWG

The IWG was announced in July 2020 and became operational in September 2020 at its first meeting⁵⁴. It will act as a temporary body (without an official government mandate) to help build momentum and support for the TNFD. It is coordinated via a collaboration of four Partner organizations, Global Canopy, UNDP, UNEP FI and WWF (here-on referred to as the ‘Partner Group’). This coordination is currently delivered using the resources of each Partner organization, without funding in place for the technical program of work for the Task Force.

The composition of the IWG includes governments, financial regulators, finance sector and corporate representatives alongside invited experts and as of the date of writing has 73 members (see <https://tnfd.info/> for the members’ list). There are three Co-Chairs of the IWG which represent financial institutions and industry bodies in the global North and South.

The objectives of the IWG are to help the TNFD: i. Better understand the material risks linked to the decline in natural capital. ii. Build a consensus around how the financial sector can and should quantify, disclose and manage these risks. iii. Identify the economic and livelihood opportunities linked to the preservation and sustainable management of nature. iv. Lay the groundwork for the TNFD to develop criteria and modalities for financial disclosure of nature-related risks. v. Lay the groundwork for the TNFD to identify opportunities to support the preservation and nurturing of natural capital as it relates to, and enhances, conventional ESG metrics that are aligned to the SDGs. vi. Ensure balanced representation and inputs from a cross-section of industry and stakeholder groups, particularly those disproportionately impacted by nature-related losses. vii. Chart a two-year program of work for the Task force to address reporting, metrics, and data needs of financial institutions that will enable them to better understand their risks, dependencies and impacts on nature. viii. Propose a modality for the delivery of the TNFD’s work, including a sustainable governance framework. It is also responsible for reviewing and commenting on draft deliverables circulated by the IWG Accelerator Team (UNDP and UNEP FI).

There are four IWG Workstreams which each have their own Chairs and every IWG member is a member of at least one of them. These include:

Workstream 1: TNFD Governance, Leadership and Membership (Chair: AXA)

Workstream 2: TNFD Work Plan, Budget & Operationalization (Chairs: Rabobank & CDSB)

Workstream 3: TNFD Resourcing (Chair: KPMG)

Workstream 4: Communications, Outreach & Knowledge Management (Chairs: WEF/Kering and E&Y)

⁵⁴ Ibid

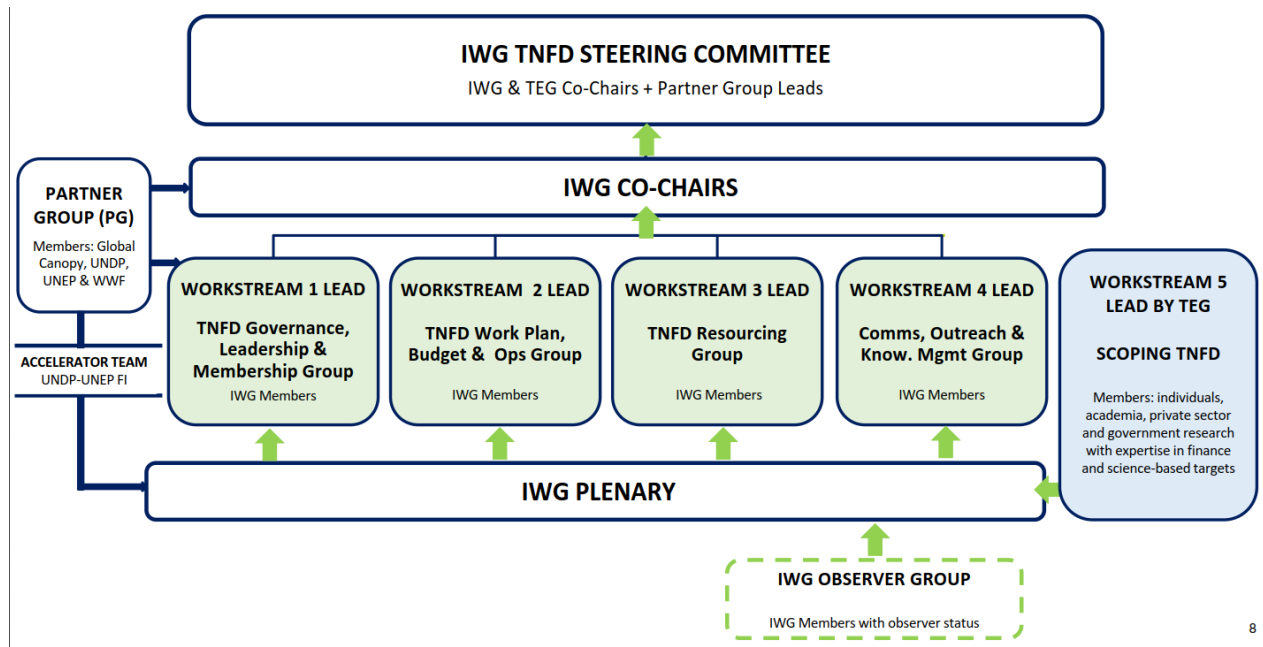


Figure 7 IWG Composition

Informal Technical Expert Group

The role of the ITEG is to help define the scope of the technical work that will need to be undertaken by the TNFD once it is established in 2021. It acts in an advisory capacity under the direction of the IWG to achieve four main objectives:

1. Serve as a reference point for the IWG by providing early-stage guidance on the scope of technical work to be undertaken by the TNFD;
2. Provide a better understanding of what it takes to incorporate nature-related risks and opportunities into financial decisions and investments;
3. Identify the process for integrating nature-related data and information into financial disclosure, and;
4. Provide coordination support, as needed/requested, to the Task Force on Climate Related Financial Disclosure (TCFD) to capture lessons learnt and best practice that will help ensure early alignment with the functions and approach of the TNFD, once it is established.

The ITEG is composed of experts from IWG member organizations and individuals recognized in their field of expertise from the public and private sectors and academia.

The work of the IWG Workstreams and the ITEG will be handed over to the TNFD Chair/Secretariat in the second half of 2021. This handover will include a 20-page document (plus annexes) that summarizes the work of the various IWG workstreams and includes, among others, a risk management and opportunity

matrix. The document will reflect the group’s latest thinking and materials developed by the IWG and TEG members. Please see figure 8 below for a comprehensive overview of the work.

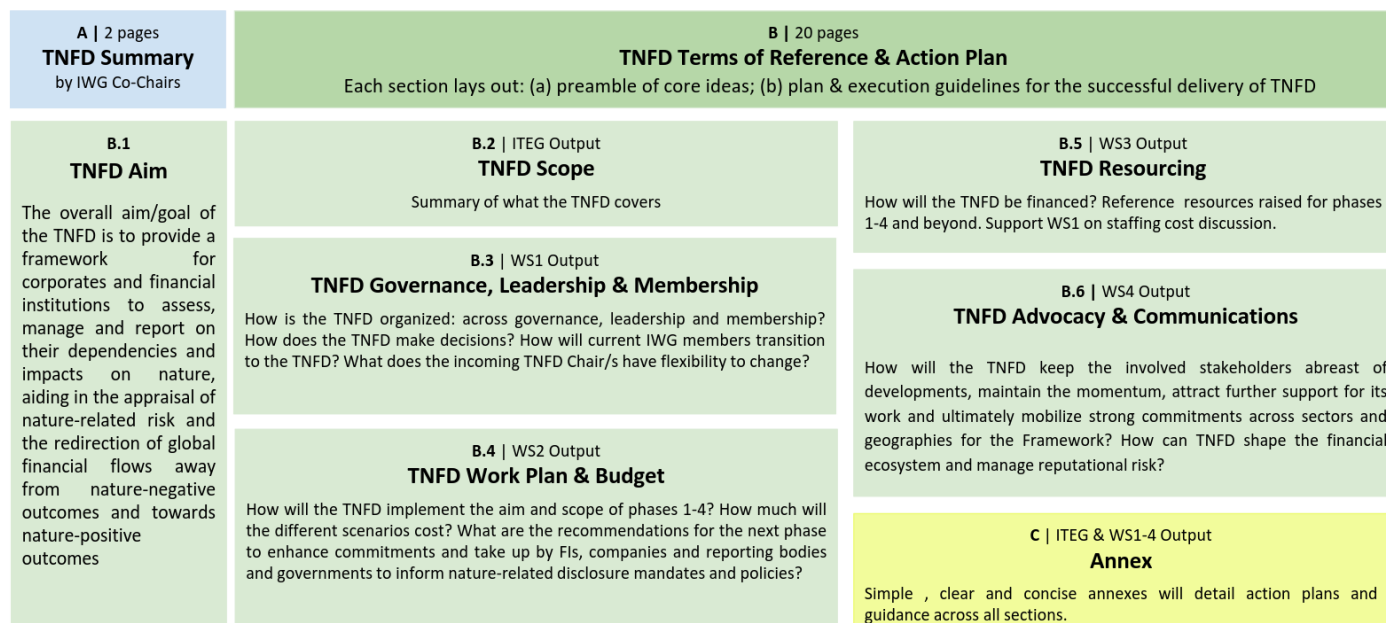


Figure 8 Outline of the final document that will be presented by the IWG to the TNFD Chair/s

The IWG will provide inputs to the TNFD, up to the point of building the reporting framework. It will provide recommended approaches that the Chair/Secretariat and full Taskforce will validate and update to begin their work. This final document will be used to further elaborate on and define plans and delivery of outputs contained under Section 2 (Project Execution Strategy).

v. There is broad support for the TNFD across a range of stakeholder groups

This is illustrated by Table 2 below.

Table 2 Examples of support for a framework on nature-related financial disclosure

Stakeholder group	Example
Financial Institutions (FIs)	At the time of writing the following financial institutions have joined the TNFD Informal Working Group (IWG) including AXA (co-financier for this project), BNP Paribas, DBS Bank Ltd, Rabobank, FirstRand Group Ltd, International Finance Corporation, Mirova, Pimco, Standard Chartered, Storebrand Asset Management, Swiss Reinsurance Company Ltd, Willis Towers Watson, Yes

Stakeholder group	Example
	<p>Bank, and the World Bank⁵⁵. A total of 38 financial institutions have joined the IWG.</p> <p>There are also a group of four investors (AXA, BNP Paribas, Mirova, Sycamore) who are calling for and supporting the development of a biodiversity measurement tool by ESG data providers, and there is a Finance for Biodiversity pledge being launched by the Finance Community of Practice of the EU Business@Biodiversity Platform, which 26 financial institutions have signed, including AXA.</p> <p>The World Bank published five “big ideas” to mobilize biodiversity funding, one of these was a call for the establishment of the TNFD⁵⁶.</p>
Corporations	<p>Groups such as the Natural Capital Coalition (NCC) are helping to advance corporate reporting on nature-related risks. This is an essential building block for FIs to fully understand their own exposure through their investments and lending. In 2018, building on from the classifications of the TCFD, a categorization of nature-related risks for FIs was established by the NCC.</p> <p>Corporations including Walmart, Unilever, Danone and Olam have also recently joined the Business for Nature initiative which calls for nature-related risks to be valued and embedded into their decision making and disclosure⁵⁷.</p> <p>42 corporations have signed up to the <u>Together with Nature initiative</u>, which also offers another engagement channel with the corporate sector on the TNFD.</p> <p>The World Business Council for Sustainable Development (WBCSD) and the World Economic Forum have both made clear to their members and cooperating corporate partners that they should expect to be required to disclose nature-related risks alongside climate risks in the future as societal expectations shift along with regulatory frameworks.</p> <p>It will be important that the corporate sector is also well represented in the IWG, the WBCSD and Brazilian Business Council for Sustainable Development (CEBDS) are members of the IWG, alongside companies including H&M, Reckitt Benckiser and Tesco.</p>
Central Banks	<p>The NGFS⁵⁸ has developed its first comprehensive report, which has called for the “development of an internationally consistent environmental disclosure</p>

⁵⁵ Ibid

⁵⁶ World Bank (2020). *Unlocking Private Finance for Nature*. Available online:

<https://www.worldbank.org/en/news/feature/2020/09/25/unlocking-private-finance-for-nature>

⁵⁷ Business for Nature (2020). Website page. Available online: <https://www.businessfornature.org/>

⁵⁸ NGFS website. Available at: <https://www.banque-france.fr/en/financial-stability/international-role/network-greening-financial-system>

Stakeholder group	Example
	<p>framework”.⁵⁹ This call to action stresses the importance of the TCFD for climate-related disclosure and recommends that policymakers and supervisors consider further actions to develop a broader framework that incorporates other environmental-related risks (including biodiversity loss)⁶⁰. The NGFS recommends that there needs to be alignment of expectations from FIs with the type of information that needs to be disclosed and the sharing of best practices with regards to disclosure.</p>
Governments	<p>The Metz Charter on Biodiversity, ratified in May 2019, by the G7 Ministers and Members of the European Commission in charge of the environment, together with Ministers of Environment in Chile, Fiji, Gabon, Mexico, Niger and Norway⁶¹. The charter has three main aims to 1) accelerate and intensify efforts to halt biodiversity loss, 2) encourage the engagement of other actors and stakeholders, and 3) support the development and implementation of a post-2020 global biodiversity framework.⁶²</p> <p>The EU International Platform on Sustainable Finance (IPSF) platform was launched on October 18th, 2019. Its members are public authorities from Argentina, Canada, Chile, China, India, Indonesia, Kenya, Morocco, Norway, Switzerland and the European Union, representing almost half of the world’s greenhouse gas emissions. The ultimate objective of the IPSF is to scale up the mobilization of private capital towards environmentally sustainable investments. They will pursue this through three aims to:</p> <ol style="list-style-type: none"> 1. Exchange and disseminate information to promote best practices in environmentally sustainable finance; 2. Identify barriers and opportunities to help scale up environmentally sustainable finance internationally; and 3. Enhance international coordination where appropriate on environmentally sustainable finance issues⁶³.
International Organizations	<p>In June 2020, the Natural Capital Finance Alliance, led by the UNEP Finance Initiative and Global Canopy published a report urging the finance sector to set evidence-based biodiversity targets. In particular, it stated that FIs should assess their exposure to priority sectors where dependencies and impacts on</p>

⁵⁹ NGFS (2019). A call for action Climate change as a source of financial risk. Available online: https://www.banque-france.fr/sites/default/files/media/2019/04/17/ngfs_first_comprehensive_report_-_17042019_0.pdf

⁶⁰ Ibid

⁶¹ French Government (2019). G7 Environment Ministers sign Biodiversity Charter. Available online: <https://www.gouvernement.fr/en/g7-environment-ministers-sign-biodiversity-charter>

⁶² Ibid

⁶³ EU Commission. Frequently asked questions: International Platform on Sustainable Finance (IPSF). Available online: https://ec.europa.eu/commission/presscorner/detail/en/QANDA_19_6116

Stakeholder group	Example
	<p>biodiversity are high⁶⁴. The report also discusses the potential of frameworks to be applied to manage biodiversity risks and opportunities.⁶⁵</p> <p>The OECD’s Finance and the Economic and Business Case for Action report calls for a common methodological framework for measuring and integrating biodiversity into investment decisions⁶⁶.</p> <p>In January 2020 the Climate Disclosure Standards Board (CDSB) launched a public consultation & call for evidence: Advancing Nature-related Financial Disclosures. The aim of the consultation is to advance the disclosure of nature-related financial information by organizations globally.</p>
<p>NGOs and Civil Society Organizations</p>	<p>WWF France and AXA published the report <i>Into the Wild</i> in 2019 which provided recommendations for the G7 Environment meeting in Metz. This is the first collaboration of its kind between a leading global institutional investor and an international environmental NGO to explore the impacts of biodiversity loss for investors and how the financial sector can help to protect and restore nature. The primary recommendation from this report is “to launch a Task Force on Nature Impacts Disclosures, to create the conditions to transition towards protection, restoration and promotion of biodiversity”.⁶⁷ WWF-Switzerland and PwC Switzerland recently launched “Too Big to Fail”, which calls for urgent attention by FIs to biodiversity loss.⁶⁸</p> <p>The NGO Global Canopy Programme is a major supporter of the TNFD concept and a core member of the TNFD Partner Group.</p> <p>The Nature Conservancy (TNC) and Environmental Finance (EF) have also published a report based on a global survey of asset owners, asset managers and financial intermediaries on private finance for nature-based resilience. Based on the survey responses, the TNC and EF “support moves to set up a Task Force on Nature-related Financial Disclosures’ to help to scale up private investments in nature-based resilience⁶⁹.</p>

⁶⁴UN Environment Programme, UNEP Finance Initiative and Global Canopy (2020). Beyond ‘Business as Usual’: Biodiversity targets and finance. Managing biodiversity risks across business sectors. Available online: <https://naturalcapital.finance/wp-content/uploads/2020/06/Beyond-Business-As-Usual-Full-Report.pdf>

⁶⁵ Ibid

⁶⁶ OECD (2019). Biodiversity: Finance and the Economic and Business Case for Action. Available online:

<https://www.oecd.org/env/resources/biodiversity/biodiversity-finance-and-the-economic-and-business-case-for-action.htm>

⁶⁷ WWF France & Axa (2019). Into the Wild. Available online: https://wwf.panda.org/our_work/finance/?346755/Into-the-Wild-integrating-nature-into-investment-strategies

⁶⁸ <https://wwf.panda.org/?358290/Nature-is-too-big-to-fail>

⁶⁹ TNC & Environmental Finance (2019). Investing in Nature Private finance for nature-based resilience. Available online: <https://www.environmental-finance.com/assets/files/reports/tnc-investing-in-nature.pdf>

1.6 Coordination with other relevant Initiatives

The TCFD

One of the most important initiatives for the project to coordinate with is the TCFD. This will help to identify areas of overlap and space for collaboration and to ensure these two initiatives are complementary.⁷⁰

To date there have been a series of informal dialogues with the TCFD which have informed early thinking on TNFD design, and the lessons learnt from TCFD identified in Section 3.7. Workstream 1 (Governance) of the IWG is currently developing a proposed formal coordination mechanism with the TCFD through the overall TNFD governance mechanism once established in 2021, and the ITEG will also be advising on this coordination approach. A first high-level call occurred in early January 2021 and TCFD offered to work closely with TNFD.

It will also be vital to coordinate regularly with other international standards organisations (financial and non-financial reporting) – such as CDSB, SASB, GRI. This is to ensure that the TNFD does not increase the reporting burden, but instead identifies and assesses existing processes that could be integrated within the TNFD Framework.⁷¹ Again IWG Workstream 1 will develop a proposed approach to this coordination in 2021.

Other relevant initiatives

The Executing Agency (EA) of this GEF Project (UNEP FI) will communicate regularly with other initiatives working on the finance and corporate sectors' dependencies and impacts on nature. In addition to this, some of the members of the TNFD IWG are also active in the management of these initiatives and can help strengthen the level of awareness, coordination and potential collaboration with TNFD:

- **Natural Capital Finance Alliance** - this initiative is managed by UNEP FI and Global Canopy (with, as of January 2021, the UNEP World Conservation Monitoring Centre) who have both been central to the set up and running of the TNFD IWG, with an overlap in team members allowing for very strong coordination.
- **NGFS** - within the IWG, existing members who could assist with communication and awareness raising with this initiative include the IFC, Swiss Re, World Bank and CNBV.
- **EU Business@Biodiversity Platform Finance Community of Practice** - within the IWG, existing members who could assist with communication and awareness raising with this initiative include AXA (a co-financier for this project), EIB, Mirova, E&Y, Iberdrola, Rabobank, World Bank, CDSB and WBCSD.

⁷⁰ WWF GEF TNFD Concept Note May 29th 2020

⁷¹ Ibid.

- **Natural Capital Coalition** - within the IWG, existing members who could assist with communication and awareness raising with this initiative include EIB, E&Y, H&M, IFC, KPMG, World Bank, CEBDS, CDSB and WBCSD.
- **Business for Nature** - within the IWG, existing members who could assist with communication and awareness raising with this initiative include H&M, Iberdrola, Tesco, CEBDS, CDSB, WBCSD, and WEF.
- **Together with Nature Initiative** - within the IWG, existing members who could assist with communication and awareness raising with this initiative include WBCSD, PRI and CEBDS.

SECTION 2: PROJECT EXECUTION STRATEGY

2.1 Project Objective and Theory of Change

The overall TNFD goal is to support a shift away from nature-negative impacts and toward nature-positive global financial flows, by providing a framework for organizations to report and act on nature-related risks, including impacts and dependencies.

The GEF project objective is to support the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.

The Theory of Change (see below) builds on the existing situation: that the TCFD is already in place, an Informal Working Group (IWG) for the TNFD has been established (supported with in-kind / volunteer resourcing only), and there is growing demand for a global framework to assess and disclose nature-based risks from companies and FIs. It is informed by the assumption that financial disclosures eventually lead to action: a major assumption is that disclosures around negative and positive impact on nature will eventually direct capital towards more sustainable outcomes. The TNFD is needed to visibly and credibly lead the process, ensuring buy-in and ownership from the private financial and corporate actors leading in the market.

Within the 2-year development phase of the TNFD framework the taskforce will work to identify data based on existing frameworks and help create a normative framework that brings together existing dispersed approaches to create a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.

This project will not be delayed due to the absence of data or tools, and there are ongoing developments to which the framework development will be linked. The project will support to review and synthesize existing data and methodologies.

GEF TNFD Project Theory of Change

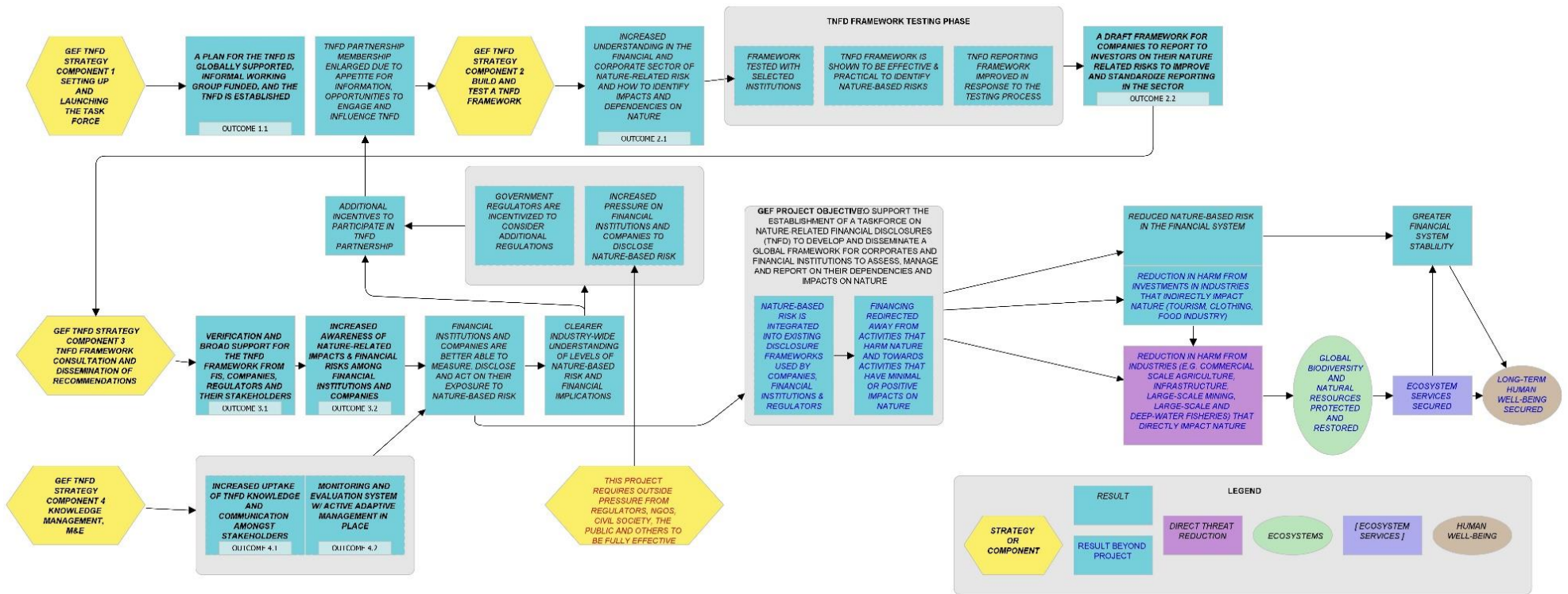


Figure 9 GEF TNFD Project Theory of Change

Component 1 of the project will focus on setting up and launching the TNFD (Outcome 1.1 – Phase 0 Prepare). With the TNFD established, additional partners will then have the incentive to engage with the TNFD and influence its development. The membership will grow, and this larger group will add further momentum behind the initiative.

With this in place, work will begin to build and test a TNFD Framework (including recommendations) (Component 2 – Phase 1 Build), beginning with an analysis of existing tools and regulatory frameworks on nature-based risk and a synthesis of evidence for the materiality of nature-related financial risks and impacts produced. There is an assumption that existing data and methodologies, or related developments funded outside of the GEF project will be sufficient to allow for delivery of the project's outcomes, in particular an effective and practical identification of nature-based risks. This will then provide the material needed to draft the TNFD Framework. Participation from TNFD members in this process will increase their ability to identify dependencies and impacts on nature, measure positive and negative financial flows to nature and eventually mitigate these risks (Outcome 2.1). The Framework will then be drafted and tested with selected institutions to demonstrate its effectiveness and improve it in response to the testing process (Outcome 2.2 – Phase 2 Test). It will then be published and consulted upon broadly (Outcomes 3.1 and 3.2 – Phase 3 Consult), accompanied by engagement events across the world, along with a targeted communication and disseminated campaign of knowledge products (Component 4, Outcomes 4.1 – Phase 4 Disseminate). This process will further raise awareness of nature-related risks amongst a broader community of FIs and companies, along with providing feedback for the finalization of the Framework.

The combination of these awareness raising efforts and the presence of the TNFD Framework will mean that FIs and companies are better able to assess, disclose and act on their exposure to nature-based risk, including reflecting these risk assessments within their Financial Information Systems (FIS). It will also provide government regulators with a common framework and evidence base to further advance regulation relating to nature-risk disclosure, which will further incentivize companies and FIs to engage in the TNFD process and use the Framework. Strong monitoring & evaluation processes for the project will help ensure adaptive management is applied and the impact of the activities described above is enhanced (Outcome 4.2). An important external factor, beyond the direct control of this project, will also be pressure applied on the finance and corporate sector by civil society, NGOs, the public and government to disclose nature-related risk in their portfolios and supply chains. This will be further enabled by the presence of the TNFD Framework, though not driven directly by it.

Overall, this will result in a greater number of FIs, companies and regulators integrating nature-based risk into their **existing disclosure and reporting frameworks**. Greater disclosure and understanding of FIs' exposure to activities which harm nature, in combination with a greater understanding of the materiality of these risks should encourage them to redirect finance away from harmful activities and towards activities with minimal or positive impacts on nature.

Over time (beyond the project lifespan) this will lead to a reduction in market-driven pressures on global biodiversity and natural resources, helping to ensure critical ecosystem services for human society are secured. A secondary result of this process will be reduced nature-based risk in the financial system and increased security of natural capital and ecosystem services that underpin the global economy.

2.2 Project Components and Expected Outcomes

The activities to deliver the GEF project component outputs will depend on recommendations made by the four IWG workstreams (Governance, Workplan and Budget, Resource Mobilization and Communications) in their final report for the TNFD, delivered during GEF project implementation. The IWG is also supported by an Informal Technical Expert Group (TEG) which will provide guidance for the detailed scope for the TNFD, which will also inform the final design of each component.

The WWF GEF Agency and UNEP FI will work in close coordination to ensure GEF project support across the TNFD phases according to IWG Workstreams and subsequent TNFD governance decisions in alignment with GEF policies and eligibility criteria.

The IWG will dissolve once the TNFD is launched and operational, with the following proposed working groups:

Proposed Working Groups for the TNFD

- Working Group 1: works on the development of the TNFD framework and is responsible for sectors, data and metrics, reporting and standards and other initiatives.
- Working Group 2: looks at innovative approaches for data collection, including spatial data, and work to prepare new methods including scenarios.
- Working Group 3: responsible for the external engagement, strategic communication and mandate of the TNFD.
- Working Group 4: looks into learning and knowledge management and supports the piloting of the framework, publications and regional outreach.
- Working Group 5: works on the climate- nature nexus and is responsible for the interactions with the TCFD.

Table 3 Relationship between GEF project components and IWG workstreams/TNFD Working Groups

GEF project components	IWG workstreams/TNFD Working Groups
Component 1. Setting up and launching the Taskforce	IWG Workstream 1 and 2.
Component 2. Build and Test a TNFD Framework.	TNFD Working group 1 and 2 and 5. Testing will be carried out with support of working group 4.
Component 3. Consultation on and dissemination of TNFD Framework recommendations	TNFD Working group 3.
Component 4: Knowledge Management & M&E	All TNFD working groups support planning for this. The project monitoring and evaluation plan has been developed in coordination between the WWF

	GEF Agency and UNEP FI.
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The project will be implemented through four main components as described below:

Component 1. Setting up and launching the Taskforce

This component will include the development of a governance structure, budget/scaling options, and 2-year work plan for the TNFD, securing support from key markets and global banking centers for it and establishing it as an operational entity. This will be defined by the WS1 on Governance and WS2 on workplan, agreed by IWG and delivered through the Executing Agency (EA) which will implement the following activities with the partner group (UNDP, UNEP FI, WWF⁷², Global Canopy) and the IWG over a 6-10-month period:

- **Promoting the Business Case for the TNFD among financial and corporate sector**, including articulating the rationale for enhanced disclosures of nature-related risk in public and closed-door fora and official communications.
- **Scoping, planning and gaining IWG approval of the TNFD two-year work plan and KPIs / expected outcomes**, to achieve the TNFD’s objectives. This will also include a full scoping exercise through the Technical Expert Group (TEG) to determine the scope of the Taskforce for Nature-related Financial Disclosures (TNFD).
- **Securing the required team and resources to implement the plan**, including securing an official mandate identifying and securing the commitment of a host organization(s) and potential additional cash or in-kind resourcing according to the identified needs in the scoping stage.
- **Formally launching the TNFD Taskforce with its Chair(s) and Secretariat in 2021.**

Outcome 1.1 A plan for the TNFD is supported by the IWG and funded and the TNFD is established.

Output 1.1.1: Taskforce partners (industry representatives and experts: financial institutions, corporations, academia, think tanks, central banks) are mobilized through: confirmed support for the TNFD Informal Working Group (IWG); organizational chart agreed; written commitments to participate to the Taskforce from institutions and individuals secured; and two-year strategic workplan and the ToR of the TNFD fully developed and agreed on by the working group partners.

WS1 is working on the following proposal that will be proposed to the TNFD once established.

TNFD membership is open to corporates (data providers), financial institutions, such as banks, insurers, portfolio management companies, and other asset managers / owners and or regulators (data users), as well as other financial or non-financial industry-related players (rating agencies, data and methodologies providers, and reporting advisors) (data developers). Other stakeholders such as governments,

⁷² All WWF involvement is co-financed and not from GEF project funds

international organizations, research centers and networks and accountability experts are invited to register for the Stakeholder Group/General Assembly. Members commit to assist the TNFD in its activities (eg: drafting, testing, revision or consultations processes or in the project monitoring and evaluation). They will offer a principal nominee (Private Sector: a C-suite or senior executive) plus a Sherpa/deputy or relevant technical person, who will work/deputize for the principal nominee as necessary. Each organization is expected to provide no more than two representatives (principal + Sherpa). The number of members (individual organisations) should be no more than 30, with equal representation from corporates (12 individuals) and financial institutions (12 individuals) and a smaller group from non-financial industry-related players (6 individuals).

All members are encouraged to raise awareness within their own organizations and networks.

The following summarizes some of the expected roles and responsibilities:

- Provide a specific public statement, agreed in advance, welcoming the Taskforce at its launch in 2021, or for later admissions, supporting the TNFD mission.
- Invite relevant stakeholders and experts to support and engage with the Taskforce, as appropriate to fill substantive/technical gaps in representation – with a specific focus on banks, insurers and investors, plus financial sector data providers (public and private), consultancy/accounting firms, and companies.
- Support resource mobilization efforts for the two-year work program of the TNFD.
- Share insights, when consulted and participate in necessary meetings to enable the progress of the Taskforce.
- Review the links to nature-related risks and opportunities within their respective organizations and share this with the working groups, as requested.
- May opt to champion the vision of TNFD by adapting and testing (part or all) Taskforce recommendations and participate in high visibility fora to discuss progress to crowd in additional influencers to pave the way for industry-wide and sector-wide systems change and success.
- Supporting various advocacy efforts.
- Provide internal political support at Ministerial or C-Suite level for the TNFD Framework.
- More generally, core members are expected to dedicate significant time to the project and provide significant input. Passive / dormant core members will not be confirmed.

Governance structure will be finalized upon launch of the TNFD.

The IWG Steering committee will select and appoint the new members and validate their representatives.

The number of core members should be kept at 30 individuals.

To select core members among all eligible entities, the following criteria will be applied:

1. Expertise and leadership
2. Regional balance
3. Sector representation. The following groups must be represented at all times: financial sector, corporate sector, governments, international organizations and NGOs, research institutions.
4. Appropriate representation of affected stakeholders

In addition, the Taskforce encourages members to respect gender balance when providing their representatives.

Eligible stakeholders will be approached and invited to submit their interest.

The two-year strategic work plan and the ToR of the TNFD will be fully developed and agreed on by the Steering Committee on behalf of the IWG. This will also involve refining the scope and definition of the TNFD building from the previous work of the IWG. The work plan should also include a project risk assessment to ensure that any project risks are identified early and managed throughout the two-year process. This would build from the risks identified in the ProDoc Risks Section. The final TNFD launch plan will undergo a 'market readiness assessment' by IWG WS 2 to ensure that the scope and plans proposed are strategic in the current market and make best use of potential mainstreaming entry points in existing frameworks and regulatory developments e.g. the EU Non-Financial Reporting Directive.

Output 1.1.2: Key governments and financial regulators convened and requested to endorse the TNFD. This will be carried out via virtual/in-person workshops, both dedicated and at global events.

Output 1.1.3: Institutional and financial sustainability plans developed for TNFD, and financial commitments secured for the scaling and long-term running of TNFD (beyond the project period). These will be defined by the IWG WS 3 on Resource Mobilization, agreed by the IWG and delivered by the EA in close coordination with the TNFD Steering Committee Chairs.

Output 1.1.4: TNFD Secretariat set-up and initial/start-up operations supported.

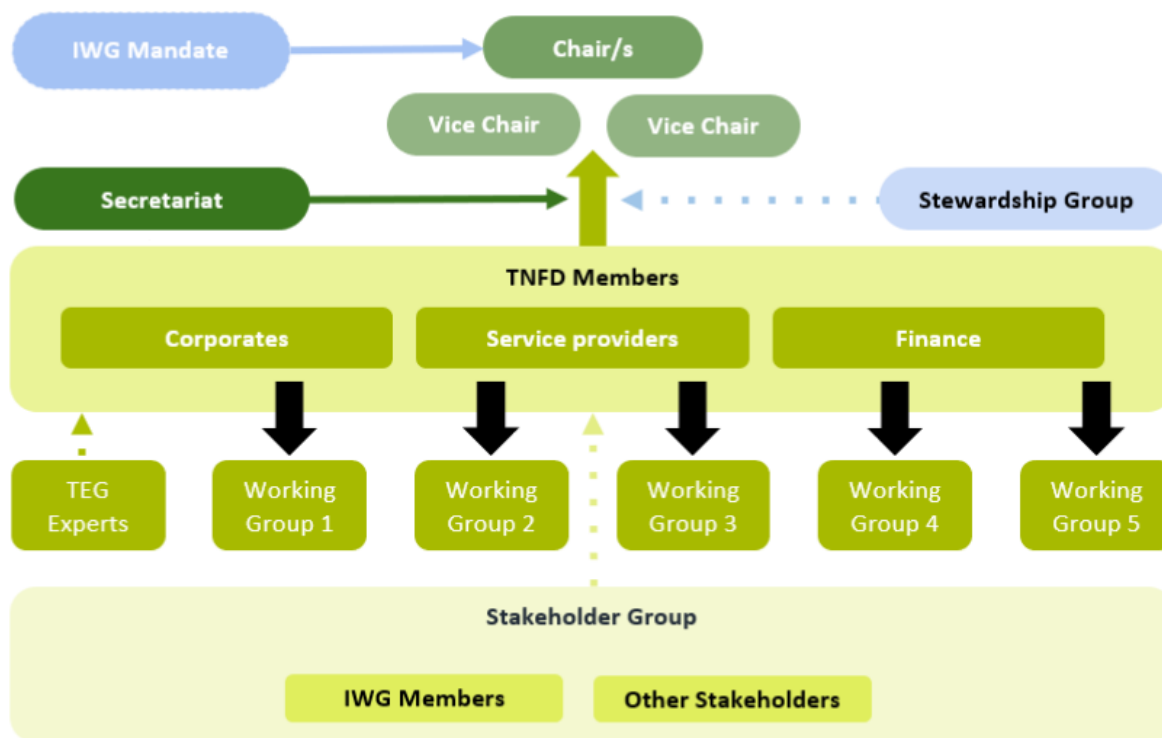


Figure 10 Proposed TNFD Governance chart

The proposed ToR outlines the details for the Secretariat in the execution of the TNFD project.

Main Objectives and Functions for the Secretariat

The TNFD secretariat will support the Chair/s in the execution of the TNFD project according to the workplan and technical scope agreed by the IWG and approved by the Chair/s. The role of the secretariat is to:

- Initiate, coordinate and facilitate contributions from TNFD Members, the Strategic Advisory Group and external experts.
- Ensure timely delivery of TNFD milestones, notably testing of the TNFD Framework and consultations before its launch.
- Prepare reporting of the Chair/s to the funders of the TNFD.
- Represent the TNFD at external events, as well as plan and support communications and events according to the communications plan agreed by the IWG.

The Secretariat may be hosted where the host will manage the appointment or secondment of other roles indicatively, consulting with the Director as feasible in the timeframe to launch.

Governance, Leadership and Staffing of the Secretariat

The hosting organization will submit a proposal for how it will lead and staff the TNFD Secretariat. Tentatively, the Secretariat will consist of 6 full-time positions:

- Director: responsible for the day-to-day operations of the TNFD. To ensure: under supervision of the Chair develop the strategic direction of the TNFD through a close working relationship with the other governance bodies, and team. The Director will help coordinate and plan the organization's strategic activities and programming. The Director will be the lead representative of the society, if the Chair is not available. Provide high profile, internationally regarded, action-oriented thought leadership on TNFD including connections to public policy. And supervise TNFD secretariat team
- Operations Manager: responsible for the effective running and coordination of the secretariat. The hiring of staff and running of the various working groups.
- Finance and reporting officer: responsible for timely financial reporting and other reports by the TNFD.
- Technical manager: responsible for technical oversight of the TNFD framework development, responsible for technical development of the framework and coordination of the technical staff under the various development phases.
- Engagement manager: responsible for engagement of the TNFD framework, under the testing and consult phase of the framework, responsible for effective outreach, and coordination of engagement staff under the various development phases.
- Communications coordinator: responsible for all communications about the TNFD, such as media relations and corporate communications strategies; PR campaigns, press release creation and distribution, setting up interviews, and media events.

The Secretariat will work closely with the chair(s) and members and coordinate the contributions of Work Stream leads (tbd) and external experts (tbd) who are contracted for the TNFD development.

Selection and Contracting of the Secretariat

A host organization will be contracted to run the TNFD Secretariat based on their ability to fulfill the following criteria:

- a. Strong organizational and diplomacy (vis à vis all TNFD members) skills;
- b. Good knowledge of natural capital / biodiversity issues;
- c. Acceptability to TNFD key stakeholders (financial institutions, companies, governments and relevant organizations);
- d. Competence, capacity and experience in facilitating projects such as the TNFD, and from delivering on similar programs;
- e. Acceptability to Developing Nations with high Natural Capital;
- f. Global North/South reach;
- g. Organizational scope and mandate in relation to the TNFD project
- h. Ability to organize TNFD work under COVID 19 restrictions;
- i. Ability to provide co-financing to the project.

Output 1.1.5: TNFD launched at a public (virtual) event and with targeted communication activities.

The expected launch of TNFD in 2021 is proposed based on the following assumptions. Firstly, TCFD is already in place and available to build from. Secondly, an Informal Working Group (IWG) for the TNFD is close to delivering its final recommendations, and there is a growing demand for a global framework to assess and disclose nature-based risks from companies and Fis. The TNFD launch is planned and expected to visibly and credibly lead the process, ensuring buy-in and ownership from the private financial and corporate actors leading in the market. (Note: Based on the requirements of the Chair(s), major donors, or mandate the scope of the work plan and budget may be updated or changed.) This will involve a series of meetings or virtual webinars to introduce relevant stakeholders to the goals of the TNFD, its structure, governance, and details on how to apply to be involved in different workstreams. The design of this launch process will be informed by the outputs of IWG WS4.

Component 2. Build and Test a TNFD Framework.

The TNFD Secretariat, hosting organization and TNFD will convene the necessary skills and capacities via a Technical Expert Group and a series of sector-specific working groups to embark on the 'build'. International Standards Organizations, Platform and Data Providers, Consultancies, NGOs, Academic and Research organizations will also be engaged to help inform building elements of the draft framework.

The framework development process consists of the following steps:

Step 1: Develop purpose, objective, output & outcome, including classification of definitions

Step 2: Framework development, consisting of:

- Categorize risk and opportunity
- Sector/industry prioritization

- Data & Metrics
- Reporting Standards
- Scenarios

Step 3: Drafting recommendations/framework

The building stage includes developing a draft disclosure framework (or elements of a framework that could be adopted by other frameworks – the term ‘reporting framework’ should be read from this definition) and recommendations on steps for consultation and user surveys for feedback. This will begin with a detailed stocktaking of existing tools and methodologies and data (building from the IWG TEG baseline work) to inform the Framework development process under phase 0 – prepare. Although there are gaps in the existing data and tools, and the project will undertake a review and synthesis of these, the project will not directly contribute to addressing their gaps, and it is an explicit assumption of the project that the existing methodologies and approaches (including those funded outside this GEF project) are sufficient for delivery of the project’s outcomes. A user survey will be undertaken with those who will be expected to work with/apply the TNFD to understand the needs of the market, gaps and identify areas that will require support to enhance uptake. The results of these activities will then inform the drafting of a draft disclosure framework for companies and FIs on nature related financial risks, dependencies and impacts. It should consider voluntary, regional and national initiatives already underway and aim to harmonize with them as feasible.

Informed by a draft framework for companies to report to investors on their nature-related risks, refined and agreed upon through a testing process a draft TNFD reporting framework and recommendations will be tested with FIs and companies, in close collaboration with relevant financial regulators. This will be a balanced mixture of jurisdictions and organisations, the listed examples are mentioned as a reference point only and may be changed during the testing phase of the framework. The testing will be coordinated by UNEP FI, the testing by data developers will be coordinated by a business platform organization, such as WBCSD. Other important stakeholders to engage in this process include:

- International standards organisations (financial and non-financial reporting) –such as CDSB, SASB, GRI.
- Platform & Data Providers - rating agencies, reporting, accounting firms and other data providers, as well as key audit/consultancy firms
- Consultancies, NGOs, academic and research institutions –to help deliver various components of the proposed work packages through specific contracts or other forms of support. Including key ESG Investor membership networks, and other initiatives that could scale up specific instruments linked to biodiversity-related expenses and reporting.

Once the draft Framework has been developed tests will be undertaken with those who will either use and apply the framework for external reporting purposes (data users), those who provide information to enable disclosures as part of framework application (data preparers) and stakeholders that may use the disclosed information for business or regulatory purposes, e.g. government regulators and Central Banks (data users external).

To target relevant groups, a prioritized list of sectors will be used and testers selected based on those exposed to high or moderate nature-based risks across geographies.

Key deliverables from this process will include:

- Shortlist of list of financial institutions and companies (testers) across high and moderate risk sectors and geographies that have committed to piloting and providing feedback via surveys and webinars.
- Secretariat support: enabling access to technical experts in the form of regular check-in calls to answer questions about the application of the framework and any issues during pilots.
- Initial guidance document: for framework testers as well as structured surveys and scheduled workshops to gain feedback.
- Pilot test report: a report setting out the results of the testing phase and identifying those areas to be updated within the draft TNFD before consultation launch.

The draft TNFD Framework will be revised in response to the testing process, with an accompanying report sent to those engaged in the testing summarizing the changes made as a result of this process. This relates to both the negative (impact/dependency side) and the positive side (opportunity).

Outcome 2.1. Increased understanding in the financial and corporate sector of nature-related risk and how to identify impacts and dependencies on nature.

The framework will be co-created with the financial and corporate sectors such that FIs advise on how to make it feasible enough to eventually report on. The objective is wide initial uptake of the Framework and then refinement over time, rather than a technically perfect framework. The framework itself is a tool but not the end-point of the process.

Output 2.1.1: In-depth report and inventory of existing tools (including data, taxonomies and stock exchange indices), methodologies and existing and upcoming regulatory frameworks around the world, including non-English language jurisdictions, to identify and measure nature-related impacts (positive and negative) and identify risks.

This will be composed of two components:

i) Tools and methodologies review – this review will identify and categorize the range of existing tools and methodologies for measuring and assessing nature-based risk and analyze how they could be used for disclosure against the TNFD Framework. The resulting report will be used to inform the development of the Framework and will eventually be launched alongside the Framework to provide further guidance to data providers and users (see lessons learnt from the TCFD in Section 3.7). Note that Output 1.1.1 will determine the criteria for data, methodology and tool review as driven by the final TNFD scope.

ii) Framework/disclosure standards review: This will involve a review of relevant formal and voluntary financial and non-financial frameworks for environmental disclosure, to determine where nature is currently considered and where there are gaps. This will also take into account the Framework review undertaken by the TCFD in 2016.

Output 2.1.2: Synthesis report of the evidence base for the materiality of nature-related financial risk & impacts so as to identify where are the main areas of risks (in which assets) and which areas are the greatest impacts (in which geographical regions). It will also include an analysis of current availability and usefulness

of data across different natural capital assets to aid those who prepare data for application for the TNFD framework and its recommendations.

The report will then include practical recommendations on how financial institutions and corporations can translate nature loss into quantified financial risks in their risk management systems, drawing from the findings of Output 2.1.1

Outcome 2.2. A draft framework for companies to report to investors on their nature related risks, refined and agreed upon through a testing process.

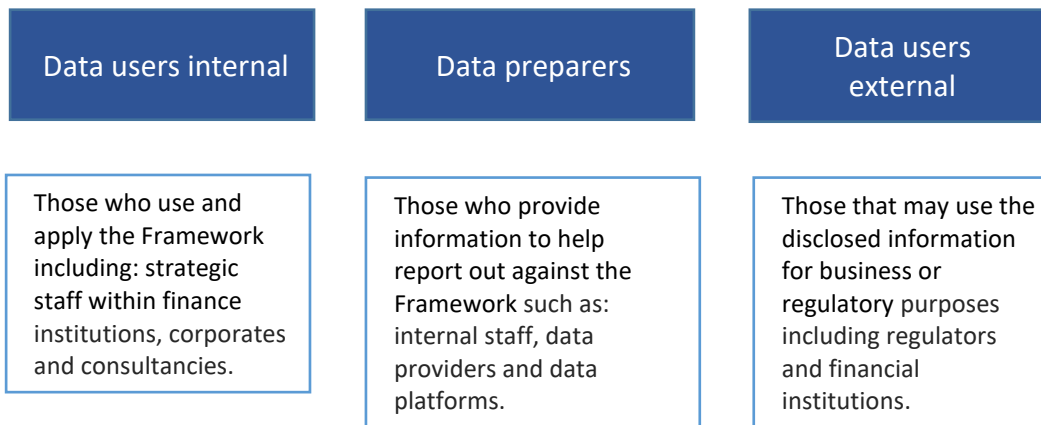
Output 2.2.1: Draft 1 of the TNFD reporting framework developed, including a proposed common indicator framework to measure nature-related risks and impacts from corporate and FI activities.

Informed by Outputs 2.1.1 and Output 2.1.2 the project team and partner organizations will work together to develop a draft TNFD reporting framework. Other stakeholders to engage in this process include:

- International standards organizations (financial and non-financial reporting) -CDSB, SASB, GRI
- Platform & Data Providers - rating agencies, reporting, accounting firms and other data providers, as well as key audit/consultancy firms
- Consultancies, NGOs, academic and research institutions –to help deliver various components of the proposed work packages through specific contracts or other forms of support. Including key ESG Investor membership networks, and other initiatives that could scale up specific instruments linked to biodiversity-related expenses and reporting.

Output 2.2.2: Draft 1 of the TNFD reporting framework tested with FIs and companies, in close collaboration with relevant financial regulators.

Once the draft Framework has been developed, tests will be undertaken with those who will either use and apply the framework for external reporting purposes (**data users**), those who provide information to enable disclosures as part of framework application (**data preparers**) and stakeholders that may use the disclosed information for business or regulatory purposes, e.g. government regulators and Central Banks (data users external). Figure 11 below provides an overview of different organizations that may test these different parts of the draft TNFD Framework (based on learning from the Natural Capital Protocol (NCP) and TCFD), with more details provided below).



Source: Global Canopy

Figure 11 Draft overview of different organizations that may test the draft TNFD Framework

Specific considerations for these groups might include:

- Whether potential outputs of the TNFD deliver usable information on nature-related risk; and
- How the information could be used to inform decision-making, or any areas in which the additional information is not useful and will not lead to change.

Key stakeholders for the testing process include:

- **Financial Supervisors/Central Banks**, for example the Monetary Authority of Singapore who have already offered to support testing of the Framework in SE Asia region, financial institutions are one of the main audiences for the output of the TNFD so the testing of the Framework with this groups is extremely important.
- **Private sector supporters**, such as multinational companies and financial institutions, that wish to trial the Framework and recommendations in advance of its release.
- **International standards organizations, multilateral organizations, and industry associations** such as the World Business Council for Sustainable Development (WBCSD), Capitals Coalition, CDSB, UN-supported PRI, and Big 4 consultancies (PwC, KPMG, Deloitte and E&Y) with links to different corporate sectors and both data users and preparers, to aid acceptance of any finalized framework.

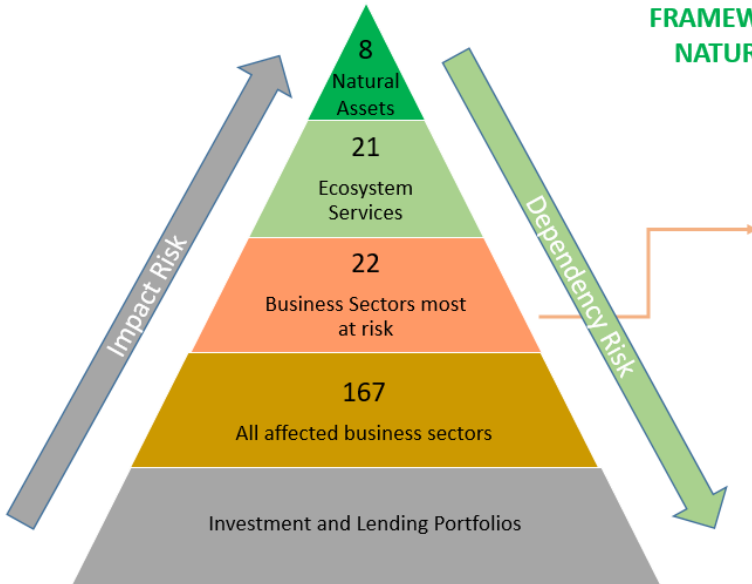
To target relevant groups, a prioritized list of sectors will be used and testers selected based on those exposed to high or moderate nature-based risks across geographies.

Figure 12 below shows the breakdown across sectors for physical risk. It will be critical to ensure that the number of testing organizations is both manageable and representative across the following:

- Testing the relevant elements of the Framework (physical) and/or (transition) risks.
- Across the three user groups: data users (internal/external); preparers.

- Across the scope of ecosystem services identified within scope for the TNFD

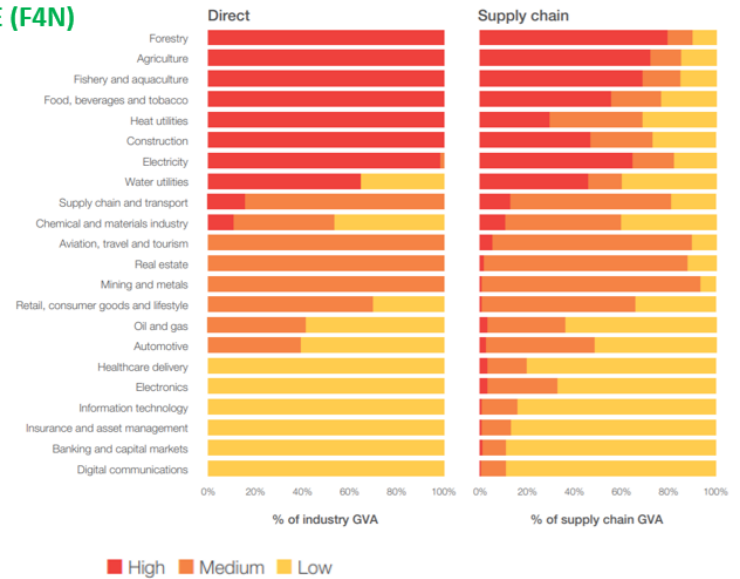
TNFD Model for testing financial risk and dependency on Ecosystems in portfolios
(Based on the Encore tool)



Source: NCFE

Primary Targets for TNFD framework
- 22 Business Sectors most at Risk

Percentage of direct and supply chain GVA with high, medium and low nature dependency, by industry



Source: PwC

Figure 12 An example of business sectors facing high levels of physical risk

Testing the draft framework: To ensure that the testing phase progresses, it is anticipated that testers are supported by several check-ins with the secretariat and given appropriately 6-months to undertake the work. This is suggested to enable testers to be given structured support. For example, in some cases, this may include access to technical experts and a set amount of consulting time. All testing organizations will be asked for structured feedback through feedback webinars and online surveys.

Key deliverables from this process will include:

- **Tester shortlist:** a list of financial institutions and companies across high and moderate risk sectors and geographies that have committed to piloting and providing feedback via surveys and webinars.
- **Secretariat support:** enabling access to technical experts in the form of regular check-in calls to answer questions about application of the Framework and any issues during pilots.
- **Initial guidance document:** for framework testers as well as structured surveys and scheduled workshops to gain feedback; and
- **Pilot test report:** a report setting out the results of the testing phase and clearly identifying those areas to be updated within the draft TNFD before consultation launch.

- **With further co-financing:** potential to develop a tool or other resource for use beyond the piloting phase. To be further defined.

Output 2.2.3: Draft 2 of the **TNFD reporting framework revised based on input from the testing phase.**

The draft TNFD Framework will be revised in response to the testing process, with an accompanying report sent to those engaged in the testing summarizing the changes made as a result of this process.

Component 3. Consultation on and dissemination of TNFD Framework recommendations

The TNFD will develop and conduct a consultation on a report containing the Framework produced in Component 2. This will also include recommendations on tools, measurement systems and reporting protocols to help raise awareness among FIs, corporates and public authorities of how they can assess and disclose nature-related risks. It will also include guidance on how companies and FIs can translate these measurements into risk assessments within their Financial Information Systems.

The consultation phase is undertaken to help to facilitate widespread adoption in relevant sectors and geographies, even beyond those represented in the testing phase. Based on the various consultations, a consultation report will be delivered showing a summary of the main feedback points and how these have been addressed in updates to the draft TNFD framework and recommendations.

Who	What	Where	How	Timeline
Public consultation:	The draft TNFD framework will be launched and available in the draft form online and via www.tnfd.info for a 60-day public consultation. This will include a consultation survey to collect overarching responses to the framework developed across the main stakeholders, i.e., data preparers, data users (internal/external). It is suggested that the consultation runs for 60 days to ensure wide participation and that a series of consultation events/webinars are used to advertise the consultation	Online	Feedback via draft form	60 days
Data Users/Data Developers	Specific webinars/events aimed at getting feedback from those who will use and apply the TNFD including corporates and financial institutions. This will include specified webinars and consultations for specific groups, such as asset owners, public finance institutions and others The consultation by data users will be coordinated by UNEP FI, the consultation by data developers will be coordinate by a business platform organization, such as WBCSD.	Online Webinars Consultations	Feedback via consultations	4 months

Who	What	Where	How	Timeline
Data developers (Internal)	Consultation with data preparers: Specific webinars aimed to obtain feedback from those preparing information for use within the framework including corporates and financial institutions, data platforms, internal corporate finance teams, etc.	Webinar	Feedback via webinar	4 months /ongoing
Financial regulators	Specific webinars/events aimed at getting feedback from financial regulator, via for example the NGFS, to ensure the guidance supports their work on nature risk.	Webinar	Feedback via webinar	4 months/ ongoing

Outcome 3.1. Verification and broad support for the TNFD framework from FIs, companies, regulators and their stakeholders.

Following the initial drafting of the TNFD framework it is important to ensure that a consultation phase is undertaken to help to facilitate widespread adoption in relevant sectors and geographies.

Output 3.1.1: A report on draft 2 of the TNFD reporting framework developed and publicly consulted with representatives from both Northern and Southern countries.

Output 3.1.2: Final report on TNFD framework produced after public consultation

The draft Framework report will be edited in response to consultation feedback, and launched on the TNFD website.

Output 3.1.3: Active dissemination of the TNFD Framework report via social media, industry and mainstream media engagement, conference and webinar presentations and the hosting of five regional launch events to raise awareness globally of the TNFD Framework.

To ensure that the TNFD is received well by its potential users and across different stakeholders it will be important to have an internal and external communications plan during the project. This will need to begin by introducing the need for the TNFD, publicizing the achievement of milestones, e.g. videos, reports and events. In addition, a launch date with support during and after it is needed to increase awareness of the TNFD and provide support for application and wide uptake.

Communications plan: An internal and external communications plan across the TNFD initiative to determine when and how key milestones will be communicated and supported. The plan will also be used to identify specific audiences for the progress and outputs of the TNFD, the focus for each of these audiences and channels to use helping ensure that communications outputs are tailored and disseminated to relevant stakeholders and across geographies.

Identify supporters throughout the project: Build on the supporter network in the TCFD, engaging organizations and influencers to help promote awareness and commitment to the TNFD in advance of launch.

TNFD framework and recommendations launch: launch to take place across different geographies through events/webinars. This will include the need for support from key governments and financial regulators based on the TNFD's mandate.

Pilot case studies: To show what various illustrative testing organizations found when they applied the draft TNFD framework, and in aggregate on particular themes.

Further resources and guidance: Setting up an online knowledge repository/hub, which is a searchable go-to space to find biodiversity financial tools, reports, data relevant for financial institutions, corporates and governments. This should link in with the current hub for the TCFD to ensure consistency between processes.

Series of outreach events after launch day: For different stakeholder groups and geographies. A series of online events could be used to link with relevant stakeholder groups to disseminate information and the main recommendations of the TNFD.

- Other stakeholders to engage and the benefits of their engagement:
 - Multilateral organizations, industry groups and membership groups, e.g., WEF, WBCSD, We Value Nature, UN PRI, CDSB, NGFS, etc. to help publicize and promote the TNFD.
 - International standards organizations (financial and non-financial reporting) - CDSB, SASB, GRI, etc. to help publicize the TNFD and promote take up.
 - Government Ministries and financial regulators to help provide the mandate for the TNFD throughout its development and the dissemination of results.
- **Communications plan for promoting the TNFD throughout the project.** Planning and execution of launch events, introductory webinars to help promote the TNFD, designing of branding of TNFD including logo and graphics, sector-specific videos that are relevant for potential users of the TNFD framework, social media campaigns and influencer strategies across geographies .
- **Finalized guidance documents** and summary information for the TNFD.

Outcome 3.2. Increased awareness of nature-related impacts & financial risks among financial institutions.

Output 3.2.1: Online knowledge repository/resource hub established with guidelines and Q&As for financial institutions and governments, and repository for commitments by companies and financial institutions who endorse and implement the TNFD framework.

Output 3.2.2: Monitoring and evaluation protocol designed to assess awareness and behavior change through FI and company implementation of TNFD tools, metrics and reporting framework in key jurisdictions over the longer term (not to be implemented during project period).

Next steps post-project

The development and launch of the TNFD framework in 2-years under the GEF funding will be the first step in the development of the TNFD. It is expected that more detailed guidance will follow after the two years, for example on risk management or scenarios through learning by doing. Besides, it is expected that activities to create understanding and uptake of the framework will continue after these two years. Also, it is expected that an annual status report, that provides an overview of the uptake of the framework will be created and shared. Plans for the next phases of the process will commence after the build phase has ended.

Component 4: Knowledge Management & M&E

Knowledge Management within this project will focus on the dissemination of knowledge and communications products with the intended outcome that this will lead to increased understanding of nature-based risk, dependencies and impacts across the finance and corporate sectors.

The Executing Agency, UNEP FI (See Proposed Project Implementation Arrangements for more information), will be responsible for project monitoring and evaluation, and will submit Project Progress Reports (PPRs) to the WWF GEF Agency on a semi-annual basis in order to:

- Track project progress against the results framework and work plans;
- Ensure implementation of environmental and social safeguards;
- Indicate where backstopping and troubleshooting/support is needed; and
- Provide the information needed for the WWF GEF Agency to complete annual Project Implementation Reports (PIRs), which are submitted to the GEF Sec.

On an annual basis, the Executing Agency will also be required to self-assess its performance against its annual work plan and targets, and to provide a risk mitigation plan for redressing areas of underachievement.

The PPR will also contain the following supporting documentation:

- Project Results Framework (for annual reports).
- Annual Work Plan Tracking Document (for annual reports).
- Weblink to relevant documents (as applicable).
- Summary of annual adaptive management meetings.

Outcome 4.1. Increased uptake of TNFD knowledge and communication amongst stakeholders

Output 4.1.1: Knowledge management and communications products developed and widely disseminated. Project-specific KM products will be developed (in alignment with the TNFD Communications Plan) and disseminated via the TNFD website. Please see KM Annex for more information.

Outcome 4.2. Monitoring and evaluation system in place with active adaptive management in place

Output 4.2.1: Monitoring and evaluation reports (including project progress reports, annual adaptive management meetings, midterm evaluation, terminal evaluation). See Monitoring and Evaluation section for more detailed information.

2.3 Institutional Arrangements

Overview of Implementation Arrangements

The proposed implementation arrangement for the GEF project (Figure 13) includes WWF as the GEF Agency, and UNEP FI as the Executing Agency to provide day-to-day project management. UNEP FI will sub-grant to project delivery partners which may include Global Canopy, WBCSD, the TNFD Secretariat (once established), amongst others (to be agreed with PSC). A GEF Project Steering Committee (PSC) which serves as the project oversight, advisory and support body will provisionally include the IWG Co-Chairs, IWG Workstream Leads and GEF Project co-financiers until the launch and operationalization of the TNFD. Once the TNFD is set up, the GEF PSC will likely transition to the Stewardship Group (made up of Partner Group and donors, UNEP FI recused as EA) and the Executive Director of the TNFD Secretariat (see Figure 14 below for proposed TNFD governance).

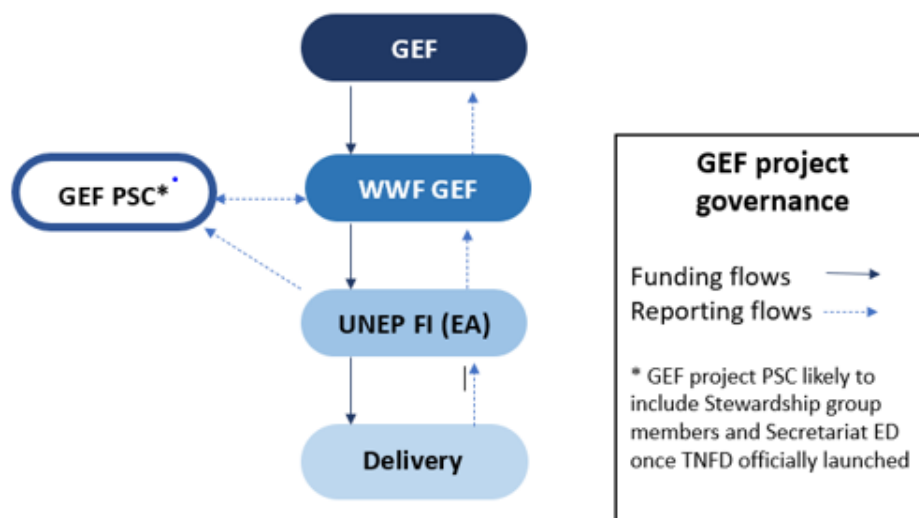


Figure 13 GEF project governance structure

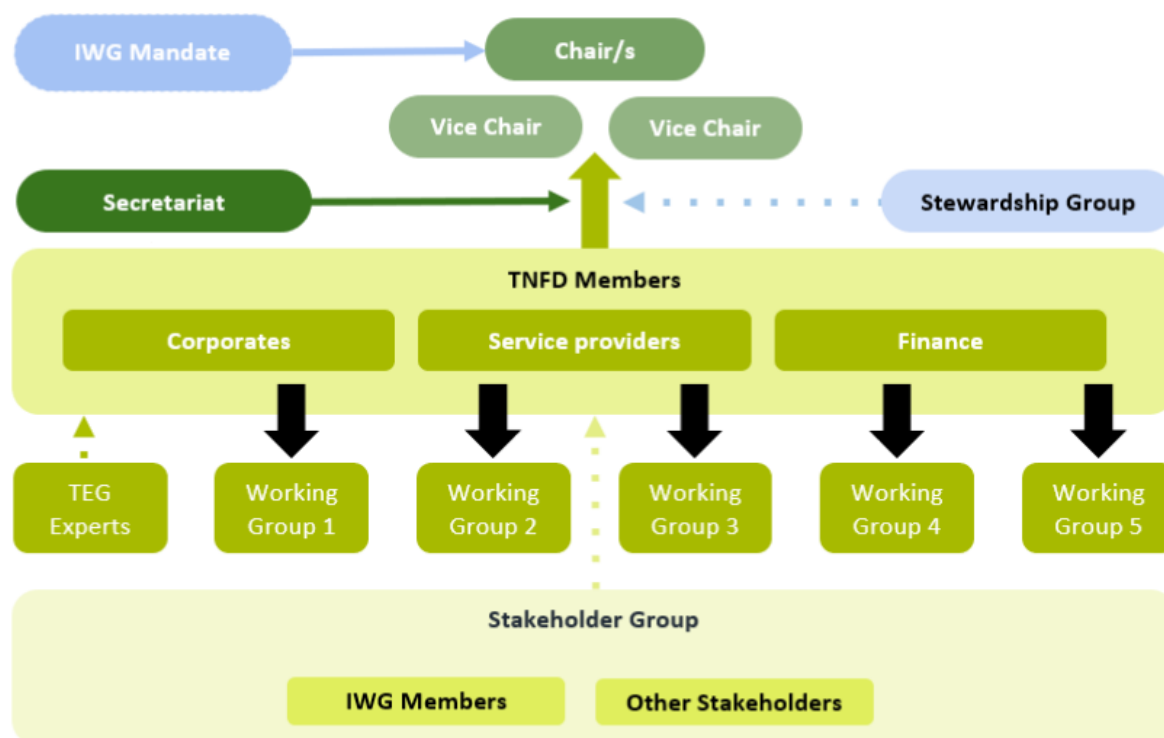


Figure 14 Proposed TNFD governance Structure

Identification of the EA (UNEP FI)

The WWF GEF Agency has worked with the Partner Group to establish criteria for the selection of the Executing Agency, namely that it is an international organization with a recognized role in supporting the financial industry to enhance its environmental sustainability and whose constituencies reflect a significant spectrum of the stakeholders targeted by the project.

The specific criteria for this selection included:

- i) Acceptability to FIs across sectors;
- ii) Acceptability to the GEF;
- iii) Acceptability to Developing Nations with high Natural Capital;
- iv) Global North/South Reach;
- v) Organizational scope and mandate aligned with TNFD goals;
- vi) Sufficient capacity available to deliver the project;
- vii) Experience in delivering similar programs;
- viii) Ability to organize TNFD work under COVID 19 restrictions;
- ix) Ability to deliver the Secretariat role for TNFD if required over the long term; and
- x) Ability to provide co-financing to the project.

Several organizations have been assessed and approached regarding the EA role. As a result of this process, and with the support of the TNFD IWG Steering Committee, UNEP FI has been selected as the EA for this GEF project.

UNEP FI's dedicated ecosystems workstream facilitates members and partners to embed biodiversity and nature into mainstream finance. It provides technical research and guidance, working with the financial community on cutting-edge innovations and frameworks, and developing industry-wide tools linking science, policy, economics and finance, bringing nature to the heart of financial decision-making. UNEP FI notably co-convenes the Natural Capital Finance Alliance and its Exploring natural capital opportunities, risks and exposure (ENCORE) tool including a forthcoming biodiversity module, for example, as well as biome-specific initiatives such as the Sustainable Blue Economy Finance Principles and Initiative. In 2020, UNEP FI has been working with banks, asset owners and asset managers to set biodiversity targets to align their portfolios with SDGs 14 and 15 and the forthcoming Global Biodiversity Framework, and in 2021 it is delivering guidance and supporting the advancement of metrics for this purpose. The combination of its member networks and technical workstreams are ideally placed to enable UNEP FI to accelerate the TNFD implementation.

UNEP FI has been a core member of the partner group setting up the TNFD initiative via the IWG, and half of the 'accelerator team' with UNDP. The selection of UNEP FI as EA will allow UNEP to demonstrate transformative change at a systemic level in the field of sustainable finance, and replication in the broader GEF portfolio. It will involve considerable testing and mainstreaming the concept through the financial sector and with policy-makers from developed and emerging markets, over many years ahead.

The project is a major opportunity for UNEP in shifting financial flows away from nature-negative and towards nature-positive activities, contributing to the overall UNEP Programme of Work.

There is no other partner at the level of the TNFD partnership able to take up the execution.

Role of the EA

The EA will:

- Lead the GEF Project Execution in close coordination with members of the IWG, some of whom may be contracted as Executing Partners by the EA for specific deliverables; and
- Lead the reporting process and budget management;
- Lead the implementation of the Gender Action Plan (GAP).
- Lead the engagement of stakeholders throughout the project via the Stakeholder Engagement Plan (SEP).

Day-to-day management of the GEF project will be delivered through a Project Management Unit (PMU), to be housed within the EA. The main function of the PMU will be to ensure high-quality project implementation as well as overall reporting, monitoring and evaluation functions. The EA will appoint a Project Manager (PM) to provide strategic oversight, overall administration and supervision of the PMU, and guidance for project implementation. The PM will be responsible for: (i) preparing the overall project

workplan; (ii) preparing annual budgets and work plans; (iii) managing project expenditure in line with outputs and activities; (iv) ensuring technical quality of products, outputs and deliverables; (v) producing quarterly expenditure and cash advance requests from project partners; (vi) reporting to the project Steering Committee and the WWF GEF Agency on project delivery and impact via six-month and yearly Progress Reports.

The relationship between the EA and the TNFD Secretariat when it is formed is to be further defined during the initial stages of the project, building on the outputs of the IWG Governance Workstream 1 (who finish their work in Q2 2021).

GEF Project Steering Committee and Relationship to overall TNFD governance

A Project Steering Committee will be constituted to serve as the project oversight, advisory and support body for the project. The EA will work under the guidance of the Project Steering Committee (PSC) which serves as the project oversight, advisory and support body for the project. The final composition of the PSC will be determined in advance of the Project Inception Workshop. Until the launch and operationalization of the TNFD, the PSC will include the IWG Co-Chairs, IWG Workstream Leads and GEF Project co-financiers. Once the TNFD is set up (and the IWG ceases to exist), these roles on the GEF PSC will likely transition to selected representatives of the Stewardship Group (made up of Partner Group and donors) and the Executive Director of the TNFD Secretariat (see Figure 14 for proposed TNFD Governance structure Diagram). This will be further elaborated through the work of the IWG Workstream 1 (Governance) to determine how to best represent the overall leadership of the TNFD on the GEF PSC.

The GEF PSC will not hold decision-making authority with regards to the overall TNFD governance.

The PSC will be active throughout the project period and its composition will be adapted according to the established TNFD governance in such a way that it ensures the GEF support remains aligned with the decision making process for the TNFD's development, as well as with GEF eligibility criteria, until the GEF project closure (42 Months from the execution starting date).

The main functions of the GEF PSC will include:

- a) Members will represent their institutions and the work led by their institutions that falls under the Project. They will remain up-to-date on progress, results and challenges encountered by the executing team, as well as other related work that could influence the Project;
- b) advise the EA for a successful project execution and in particular regarding the project work planning, Annual Work Plans and Budget (AWPBs), review project reports and key project outputs when relevant;
- c) Hold virtual meetings on a yearly basis, timed to approve AWPB;

d) Prior to the 12-month Project Progress Report (PPR) and the creation of a new annual work plan, the PSC will annually reflect on the theory of change and the evolution of the TNFD and assess whether or not changes are needed to the Project's strategies or activities;

e) Discuss opportunities for adaptive management in the Project, based on the PPRs. Decisions about Adaptive Management will be made by the PSC; and

g) Appoint a Chair.

The PSC will ensure that the project remains on course to deliver the desired outcomes with the required quality. It will also provide overall guidance and strategic direction to the implementation of the project and its long-term sustainability. The PSC will also play a critical role in project monitoring and evaluation by providing quality assurance of project processes and products. The GEF and/or the WWF GEF Agency will be represented on the PSC to ensure alignment with GEF guidelines during implementation.

GEF Agency Oversight

WWF-US, through its WWF GEF Agency will: (i) provide consistent and regular project oversight to ensure the achievement of project objectives; (ii) liaise between the project and the GEF Secretariat; (iii) ensure that both GEF and WWF policy requirements and standards are applied and met (i.e. reporting obligations, technical, fiduciary, M&E); (iv) approve budget revisions, certify fund availability and transfer funds; (v) organize the mid-term and final evaluation and review project audits; and (vi) certify project operational and financial completion.

2.4 Stakeholder Engagement

2.4.1 Stakeholder engagement during project development

The project development team (WWF and UNEP FI through their role as members of the Partner Group) has engaged in a series of engagements throughout the project development phase with a range of stakeholders from both GEF donor and recipient countries,⁷³ from Financial Institutions, NGOs, national and sub-national level forums, networks, international bodies, private sector, and research institutions. The process of stakeholder engagement for the TNFD Initiative began in January 2019. It has been structured through the development and establishment of the TNFD Informal Working Group (IWG), the Informal Technical Expert Group (TEG), the TNFD Partner group and with a broad range of other stakeholder groups, such as the Finance Sector, Corporate Sector, Ratings Agencies & Data Providers and International Initiatives.

⁷³The full list of current IWG members can be found in the TNFD website: <https://tnfd.info/who-we-are/>

The TNFD Informal Working Group (IWG)

The main vehicle for structured stakeholder engagement has been the Informal Working Group of the TNFD, which was officially launched in September 2020 and is further described in Section 1.5. The IWG, chaired by representatives from Banorte, the Green Finance Institute and BNP Paribas, includes governments from both GEF donor and recipient countries (such as United Kingdom, Netherlands, Switzerland, France, Peru and Kenya), financial regulators, the finance sector, and corporate representatives from developed and developing countries alongside invited experts and, as of today, has **73 members**). This group acts as a temporary body to help build momentum and support for the TNFD. It is coordinated via a collaboration of the Partner Group: Global Canopy, UNDP, UNEP FI, and WWF. The overall role of the IWG members is to promote the business case for the TNFD to their broader peer networks and provide guidance on the development of the TNFD Work Plan, membership strategy, resourcing, and preparation for TNFD launch. The IWG is also responsible for reviewing and commenting on draft deliverables of the TEG and Workstreams. The IWG has been engaged in the project development process in the following ways:

- Provision of review and commentary on contents of the ProDoc. A table summarizing key feedback points from IWG review of summaries of this document is provided in Appendix E;
- Verbal feedback provided during monthly IWG teleconferences on key aspects of TNFD project design; and
- Participation and input into the virtual ProDoc Validation Meeting.

The Informal Technical Expert Group (TEG)

The TEG has been engaged in the project development process in the following ways:

- Provision of review and commentary on contents of the ProDoc; and
- Participation and input into the virtual ProDoc Validation Meeting.

The TNFD Partner Group

Since 2019, the TNFD concept has been further developed through a partnership between Global Canopy, the UNDP, UNEP FI, and WWF.

This group have met and consulted with the TCFD to understand more about the lessons learnt from the Taskforce during its set-up, budgeting and ongoing operations, to incorporate these lessons into the design of the TNFD. Other initiatives that the TNFD partners are engaging with include the NGFS, the OECD and its proposed Multi Stakeholder Group on Business, Finance and Biodiversity, the Natural Capital Coalition, and the WBCSD's Business 4 Nature initiative⁷⁴. UNDP have also hosted a virtual meeting on finance and nature on 7th July 2020. A public announcement of the TNFD initiative took place at the Finance for Nature Virtual Global Series on 21st July 2020⁷⁵, and key stakeholders were invited to participate in the IWG to support the establishment of the formal TNFD. In addition to preparing original business case and concepts

⁷⁴ Ibid.

⁷⁵ UNDP (2020). *Finance for Nature Virtual Global Series*. Available online: <https://www.learningfornature.org/en/finance-for-nature-series/>

for the TNFD and coordinating the work of the IWG, the Partner Group has participated in GEF Project development by:

- Direct provision of content for the initial project concept and Project Document;
- Co-authorship of sections for the initial project concept and Project Document;
- Verbal and written feedback to initial project concept and Project Document;
- Participation in and input to the GEF TNFD Project Validation Workshop (Dec. 2020).

The Validation Workshop

On 15th December 2020 a virtual Project Validation Workshop was held with participants from the IWG Co-Chairs and Workstream Leads, co-financiers, the GEF, WWF GEF Agency, Partner Group and the EA. Table 4 below provides a summary of the main feedback points and how they have been addressed in the ProDoc:

Table 4 Validation Workshop Feedback

Feedback point	How this will be addressed in the ProDoc
<p>More clarity needed on the role of the GEF PSC in relation to the eventual Steering Committee of the TNFD</p>	<p>Section 2.3 of the ProDoc previously stated: The final composition of the PSC will be determined in advance of the Project Inception Workshop. It will likely include the IWG Co-Chairs, IWG Workstream Leads and GEF Project co-financiers with other complementary organizations added. Once the TNFD is fully launched and the IWG ceases to exist these roles will be replaced on the GEF PSC by selected representatives of the overall TNFD Steering Committee.</p> <p>The PSC will be active throughout the project period and its composition will be adapted according to the established TNFD governance in such a way that it ensures the GEF support remains aligned with the decision-making process for the TNFD’s development, as well as with GEF eligibility criteria, until the GEF project closure (36 Months from the execution starting date).</p> <p>Proposed change and additions to this text:</p> <ul style="list-style-type: none"> • The GEF PSC will not hold decision-making authority in regards to overall TNFD governance. • The relationship of the GEF PSC to the overall TNFD governance structure will be further elaborated through the work of the IWG Workstream 1 (Governance) to determine how best to represent the TNFD SC on the GEF PSC (for

Feedback point	How this will be addressed in the ProDoc
	example via a TNFD SC Sub-committee, full representation of the TNFD governance on the GEF PSC or through other means).
<p>Clarity should be provided that parts of the Framework will be tested with different types of organisations, rather than the whole Framework</p>	<p>Clarify within the narrative under Output 2.2.2 that different sections of the Framework will be tested with different organisation types according to their roles as data preparers or users, and exposure to relevant elements of the Framework across physical and transition risks.</p>
<p>Would like to rephrase the GEF project objective to be more specific on ‘Nature Positive’, and to address potential confusion arising from combining the words ‘financing’ and ‘investment’.</p>	<p>Propose to edit the objective accordingly: The overall TNFD goal is to support a shift away from nature-negative impacts and toward nature-positive global financial flows, by providing a framework for organizations to report and act on nature-related risks, including impacts and dependencies.</p> <p>provide a framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature, aiding the redirection of global financial flows away from nature-negative outcomes and towards nature-positive outcomes.</p> <p>The GEF project objective is to support the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.</p>
<p>Request for clarification regarding the staffing of the GEF EA team vis a vis the eventual TNFD Secretariat Team</p>	<p>The ProDoc states that ‘The relationship between the EA and the TNFD Secretariat when it is formed is to be further defined during the initial stages of the project, building on the outputs of the IWG Governance Workstream 1 (who finish their work in Q2 2021).</p>
<p>Request to change indicator 3 to “two year strategic work plan and ToR Recommendations for the TNFD fully developed and endorsed by the IWG.</p>	<p>This change will be made to the ProDoc and its Results Framework.</p>
<p>Request for clarification on Indicator 5. # of FIs and companies reporting</p>	<p>This indicator relates to the use of the technical reports published under Output 2.1.1 (Report and inventory of existing tools) and Output 2.1.2 (Synthesis report of the evidence based for the</p>

Feedback point	How this will be addressed in the ProDoc
<p>increased understanding of nature-related risk and how to identify impacts and dependencies on nature.</p>	<p>materiality of nature-related financial risk & impacts), and does not require 'sign up' to the TNFD – just use and feedback on these knowledge products by FIs and companies.</p> <p>Indicator 9 - # of public expressions of support for the TNFD provided by FIs, companies, regulators and their stakeholders (Target 100) captures the level of sector support for the Framework itself.</p>

2.4.2 Stakeholder engagement during project execution

Stakeholder engagement during the project execution period will follow a Stakeholder Engagement Plan (SEP) that was developed per GEF, WWF and UNEP FI policies and guidelines (see Appendix B). This plan includes a summary of the stakeholder engagement process in from project development stage and a description of the stakeholder engagement process for the implementation period.

Stakeholder Engagement is a key and mandatory process for all the GEF projects, and it is a crucial element for the TNFD project through its four components from setting up and launching the Taskforce (Component 1), building and testing the Framework (Component 2), consultation (Component 3) to knowledge management (Component 4). As the GEF project builds on the work of the Partner Group, TEG and IWG workstreams, stakeholder engagement for this Project is part of the overall engagement with IWG members at large which includes monthly IWG meetings since September 2020, weekly meetings of the IWG workstreams since November 2020, and through review, verbal and written feedback to TEG papers and IWG deliverables led by the IWG Co-chairs and workstream leads with support from the Partner Group.⁷⁶

The Stakeholder Engagement Plan (SEP) is a participatory tool designed to guide the Project Management Unit (PMU) involved in the GEF TNFD project implementation stage to engage and maintain a responsive and transparent communication line with their stakeholders. The SEP is integral to the overall project goal because it provides guidelines for stakeholder engagement during the preparation and implementation of the Project, and it guides the disclosure process for the entire Project.

It is important to understand the SEP as a living document that will be updated throughout the project lifecycle. Although this initial SEP has been developed based on information and documentation from the Partner Group, TEG, IWG and Workstream meetings, overall stakeholder engagement will be carried out by the Executing Agency (EA), and subsequent activities would be captured to update the draft at a strategic level, by the Project Management Unit.

The Executing Agency (EA) – UNEP FI - will ensure that stakeholders' views and inputs will be taken into consideration as early as possible and throughout project implementation. The consultation processes will be continued throughout the Project as required by the IWG and eventually the TNFD Secretariat once it is set up, ensuring the steady growing interest of beneficiaries and TNFD members and maintaining inclusive and diverse representation, including among women and men. Geographic balance (North/South) has been envisioned since the inception of the IWG, given that the TNFD framework will be global in scope. Membership to the IWG (as with the eventual TNFD) is voluntary, but there have been targeted outreach efforts to ensure participation, buy-in and eventually testing of the framework by representatives from both Northern and Southern countries. The EA, Partner Group and IWG will seek to ensure geographical balance during project implementation (by, for example, seeking a balanced membership from the global South, via the involvement of local stock exchanges, Development Banks and regulators; involving representatives of the global South in all stages of the TNFD framework development including building,

⁷⁶ See section 3.1 of this document for more information on working groups.

testing and consultation phases; targeted events in the global South to increase understanding and awareness of the TNFD framework; and targeted research on how to enhance the update and inclusion of the global South in the TNFD work plan) and actively engage with GEF-eligible countries and anywhere else where balancing may be required. The EA will ensure that the information disclosed, the format, language, and the methods used to communicate the information will be tailored to each stakeholder group.

The Stakeholder Engagement Plan also anticipates that there will be numerous ongoing activities to raise awareness of the Project as part of the larger TNFD initiative among potential beneficiaries and TNFD members, and to collect sex-disaggregated data on experiences among women and men, to assess the possible scale of support required and ensure its dissemination is gender-equitable. The project stakeholder engagement plan will be aligned with the gender analysis and gender action plan and will ensure that women and other relevant marginalized groups' views will be appropriately considered.

Table 5 Key stakeholder groups and how they will be engaged

STAKEHOLDER GROUPS ⁷⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ⁷⁸
<p>FINANCIAL INSTITUTIONS (FIS)</p>	<p>One of the success factors of the TCFD was that it was an FI-led initiative and was developed “by the market, for the market”. Similar levels of participation from FIs in the TNFD will be central to the success of this project.</p> <p>FIs will be key to shaping the TNFD framework and recommendations, ensuring they are designed in a way that can be widely adopted and incorporated into existing risk management systems across the diversity of banks, insurers, investors and other FIs. These institutions will likely have an interest in influencing the direction the Framework takes and engage accordingly.</p> <p>The involvement and support of the finance sector in the Project are critical to driving the broader business sector adoption and implementing the recommendations that come out of the TNFD.</p>	<p>As an industry-led initiative FIs are engaged throughout the TNFD development process:</p> <p>Phase 0 Prepare: During this phase the TNFD will lay the groundwork for the TNFD to build upon: securing a chair, mandate, chair, and secretariat & pilot approach. FIs form the majority of the organizations who have joined the IWG to date (48 institutions) and a number have publicly announced their support for the TNFD. Through their membership of the IWG they will advise on the design of the TNFD and the resulting framework.</p> <p>In the prepare phase a limited number of FI’s will be involved in the mini-pilot on food distribution systems.</p> <p>Phase 1 Build: To embark on the ‘build’, the intended users of the framework together with other relevant stakeholder such as, International Standards Organizations, Platform and Data Providers, Consultancies, NGOs, Academic and Research organizations will be engaged to help inform building elements of the draft framework. The building stage includes developing a draft disclosure framework (or elements of a framework that could be adopted by other frameworks In the build phase FI’s will be involved as part developing a draft disclosure framework (or elements of a framework that could be adopted by other frameworks.</p> <p>Phase 2: ‘Testing’: of the framework will be carried out by a series of pilot tests with three different stakeholder groups: 1) data preparers, and data users – both 2) internal and 3) external – including banks, investors, insurers and corporates, including both private and public institutions. In this phase FIs will be invited to test the framework. It is expected that the framework should be co-created with the financial</p>

⁷⁷ For the full list of IWG members please see the TNFD website: <https://tnfd.info/who-we-are/>.

⁷⁸ The SEP is a living document. Timing and frequency of engagement with stakeholders will be updated early in project implementation according to the workplan delivered by Workstream 2.

STAKEHOLDER GROUPS ⁷⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ⁷⁸
		<p>and corporate sectors such that FIs advise on how to make it feasible enough to eventually report on.</p> <p>Phase 3: Consult: The TNFD Secretariat will develop and conduct a consultation on a report containing the Framework as updated following the piloting experiences in Phase 2, and will upon the basis of the input received develop the 2nd draft of the framework. It is expected that FIs as data user will Specific webinars/events aimed to get feedback from those who will use and apply the TNFD including corporates and financial institutions.</p> <p>Phase 4: Disseminate: A launch date, with support during and after, is needed to increase awareness of the TNFD and provide support for application and wide uptake. In this phase a broader group of FI's will be introduced to the TNFD framework. Build on the supporter network in the TCFD, engaging organisations and influencers to help promote awareness and commitment to the TNFD in advance of launch.</p>
CORPORATIONS	<p>Corporations are central to the TNFD and should have a strong interest in it, as corporate risk reporting could be significantly impacted by the framework adopted by the TNFD and used by their investors, lenders, and insurers.</p> <p>They will be able to provide guidance on current corporate policies and reporting practices and the areas where they can be strengthened and supported by the TNFD.</p> <p>It will be important for corporates to be vocal supporters of the TNFD to help it gain broad support, and to indicate to FIs that the TNFD's framework and recommendations are realistic and achievable for the sector.</p>	<p>Phase 0: WBCSD and CBDES are members of the IWG alongside individual 12 corporate members and will continue to be consulted closely in the development of the TNFD and the Framework via the testing and feedback process.</p> <p>Phase 1: In the build phase corporates will be involved as part developing a draft disclosure framework (or elements of a framework that could be adopted by other frameworks.</p> <p>Phase 2: Corporates are part of the 3 key groups testing the framework.</p> <p>Phase 3: During phase 3 corporates – will be involved as data preparers in specific webinars aimed to obtain feedback from those preparing information for use within the framework.</p> <p>Phase 4: In this phase a broader group of corporates s will be introduced to the TNFD framework. The contacts with multilateral organisations, industry groups and membership groups, e.g., WEF, WBCSD, We Value Nature, UN PRI, CDSB, NGFS, etc. will be used to help publicise and promote the TNFD.</p>
	Some of the world's largest ratings agencies such as S&P have stated that TCFD recommendations could make the further incorporation of climate	

STAKEHOLDER GROUPS ⁷⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ⁷⁸
RATING AGENCIES & DATA PROVIDERS	<p>and environmental disclosures and their associated risks into credit ratings more consistent and transparency, which the TNFD will help to do for disclosures specific to nature. Having rating agencies participate in the development of the TNFD Framework will be important to ensure that the data produced will be useful for the ratings process.</p> <p>Market and financial data providers also have a strong interest in disclosing nature-related risk and the data produced from these disclosures, which will feed into their analyses and data services. Their participation in the TNFD is important to ensure that the data produced from the TNFD Framework is useful for the broader data service industry.</p>	<p>Phase 0: As part of the market relevance testing feedback from rating agencies and data providers will be sought via targeted efforts to ensure they are updated and consulted on the progress of the TNFD, including potential involvement in the Framework testing process.</p> <p>Phase 1: In this phase rating agencies and data providers will be invited to support the development and implementation of data stacks. The TNFD will produce broader guidance on how to construct data stacks as well as how to implement its broader set of recommendations.</p> <p>Phase 2: In phase 2 platform & data providers - examples include MSCI, S&P Trucost, Refinitv and Bloomberg as this group can help input into the data stocktake by identifying what is available.</p> <p>Phase 3: Specific webinars aimed to obtain feedback from those developing reporting information for use within the framework.</p> <p>Phase 4: Data providers and data agencies are expected to support the uptake and implementation of TNFD.</p>
GOVERNMENT	<p>Strong government engagement is vital to help translate the TNFD framework and recommendations into public policy development. This will help replicate the success of the TCFD in being adopted under national regulations such as the TCFD reporting requirements mandated under France's Article 173.</p> <p>The UN Biodiversity Conference in Kunming, China, offers governments a unique opportunity to send a strong signal to the financial system to bring financial flows in line with the need for biodiversity conservation and restoration. If TNFD progress can be reported to governments and incorporated into their policy messaging in the run up to this event this will help raise its profile.</p> <p>Government donor agencies are also an essential partner in the development and resourcing of the TNFD project. Via the G20's Sustainable Finance Working Group (Led by the US and China) and the FSB the TNFD will work to obtain a wider political mandate to strengthen its uptake. This work is led by UNDP.</p>	<p>Phase 0: The Governments of the United Kingdom, Netherlands Switzerland, France, Peru and Kenya are members of the IWG and will continue to be consulted closely on the development of the TNFD and the Framework.</p> <p>Phase 1&2: During these phases government actors will not be actively involved in the building and testing of the framework. The TNFD Secretariat will work to obtain a political mandate via the G20 or the GSO, with support of UNDP. Government actors are encouraged to continue their role to support and develop the TNFD.</p> <p>Phase 3: Government actors are invited to give feedback to the 1st draft TNFD framework in draft form online and via www.tnfd.info for a 60-day public consultation. In addition, specific outreach will be made to government actors to be involved in the consultation process.</p> <p>Phase 4: launch to take place across different geographies through</p>

STAKEHOLDER GROUPS ⁷⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ⁷⁸
	<p>Further to the support and engagement with governments in the phases of the TNFD development special attention will be given to the role of governments under scenario development. It is expected that the Leaders' Pledge for Nature goal of "reversing biodiversity loss by 2030" or the Global Biodiversity Framework (GBF) and Science Based Targets Network (SBTN) goals/targets of "no net loss by 2030 and net gain by 2050" will be used for scenario planning. The TNFD will seek alignment with existing initiatives working on scenarios. On the basis of their work, the TNFD will link to the use of and provide guidance on scenario analysis. This in addition will allow for alignment with national reporting of Parties as required under the United Nations Convention on Biological Diversity (UN CBD).</p>	<p>events/webinars. Government Ministries and financial regulators to help provide the mandate for the TNFD throughout its development and the dissemination of results.</p>
<p>FINANCIAL REGULATORS/CENTRAL BANKS</p>	<p>Financial regulators and central banks have a strong interest in managing the financial risks that biodiversity loss poses to the financial sector as part of their broader mandate (as has been the case in the TCFD). The Network for Greening the Financial System (NGFS) and its members can provide important insights into the impact of nature-related financial risks on the sector as a whole based on the work they have done to date. Gaining strong buy-in and ownership from financial regulators and central banks is needed to facilitate the adoption of TNFD recommendations into financial regulation.</p>	<p>The Banking and Securities Commission of Mexico, the Federal Council of the Environment of Argentina, and the Retirement Benefits Authority of Kenya are members of the IWG with a range of additional authorities being engaged by the partner group. They will continue to be consulted closely on the development of the TNFD and the Framework.</p> <p>Phase 1: During this phase no specific attention to financial regulators and central banks will be given, but they are invited to continue their role to support and develop the TNFD.</p> <p>Phase 2: Special attention during this phase will be given to Supervisors/Central Banks, for example the Monetary Authority of Singapore, and DNB.</p> <p>Phase 3: Supervisors/Central Banks are invited to give feedback to the 1st draft TNFD framework in draft form online and via www.tnfd.info for a 60-day public consultation.</p> <p>Phase 4: launch to take place across different geographies through events/webinars. This will include the need for support from key Supervisors/Central Banks based on the TNFD's mandate.</p>
<p>INTERNATIONAL</p>	<p>International organizations can provide support, expertise, and knowledge</p>	

STAKEHOLDER GROUPS ⁷⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ⁷⁸
ORGANIZATIONS	<p>on assessing nature-based risks in the financial system.</p> <p>There are several business and biodiversity initiatives run by international organizations that have helped lay the groundwork for the TNFD including the Natural Capital Finance Alliance and Natural Capital Coalition amongst others. They will have a strong interest in ensuring the TNFD succeeds in its goals.</p> <p>International standards organizations (financial and non-financial) such as ICAEW, CDSB, SASB, GRI can help determine gaps in current reporting and identify where the TNFD can help to further the consideration of natural capital risk.</p>	<p>Phase 0: Ten international organizations are members of the IWG and will provide active input into the design of the TNFD and the Framework. There are also active conversations with other organizations to join the group.</p> <p>Phase 0: As part of the market relevance testing feedback from international organizations will be sought.</p> <p>Phase 1: In this phase rating international organizations will be invited to support the development of TNFD.</p> <p>Phase 2: In phase 2 international standards organizations (financial and non-financial reporting) - EU non-financial reporting, ICAEW, CDSB, SASB, GRI to help determine gaps in current reporting and where the TNFD can help to further the consideration of natural capital risk.</p> <p>Phase 3: Specific webinars aimed to obtain feedback from those international organizations' information for use within the framework.</p> <p>Phase 4: International standards organizations (financial and non-financial reporting) - EU NFR, ICAEW, CDSB, SASB, GRI, etc. to help publicize the TNFD and promote take up.</p>
NGOS & CSOS	<p>NGOs and CSOs have helped to create a range of tools, reporting frameworks, standards, and methodologies on nature-related risks that will inform the TNFD project. This has included tools such as ENCORE and Impact360.</p> <p>To promote comparability, cooperation and strengthen the legitimacy of the TNFD, it is important to promote alignment across the various NGO-led disclosure regimes, frameworks, standards, and initiatives on nature-related risk and natural capital.</p>	<p>Phase 0: WWF and the Global Canopy Programme have played a central role in advancing the plans for a TNFD, alongside their partners. TNC and Environmental Finance have publicly stated their support for the establishment of a TNFD. These organizations and further NGOs/CSOs will be consulted with during the development of the Framework</p>
ACADEMIA	<p>Academic institutions have also led a range of important research initiatives, frameworks, and tool development that will inform the TNFD framework and recommendations, for example, the Biodiversity Impact Measurement (BIM) Tool developed by the Cambridge Institute for Sustainability Leadership (CISL). These institutions have a strong incentive to engage with the TNFD to support the uptake of their research outputs</p>	<p>Research institutions and academia were invited to the IWG, though official membership has not yet been confirmed. Academic institutions will be consulted and updated throughout the TNFD process to ensure scientific credibility of the recommendations</p>

STAKEHOLDER GROUPS ⁷⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ⁷⁸
	<p>and tools and to demonstrate their policy impact.</p> <p>Engagement and buy-in from academic institutions is key to ensure the TNFD process maintains scientific credibility and uses the best available science to inform its recommendations.</p>	

Grievance Handling Mechanism

Project stakeholders can submit any grievances to the project to the WWF GEF agency mechanism. Instructions are provided on WWF website (as below) with contact detailed and procedures.

All grievances will be reviewed and responded to in writing within 10 working days of receipt. Both complaints and responses will be recorded into the project monitoring. If the claimant is not satisfied with the response, the grievance may be submitted directly to the WWF US - GEF project agency.

A grievance can be filed with the Project Complaints Officer (PCO), a WWF staff member fully independent from the Project Team, who is responsible for the WWF Accountability and Grievance Mechanism and who can be reached at:

Email: [**SafeguardsComplaint@wwfus.org**](mailto:SafeguardsComplaint@wwfus.org)

Mailing address:

Project Complaints Officer
Safeguards Complaints,
World Wildlife Fund
1250 24th Street NW
Washington, DC 20037

The PCO will respond within 10 business days of receipt, and claims will be filed and included in project monitoring.

Stakeholders may also submit a complaint online or over the phone through an independent third-party platform at [**https://secure.ethicspoint.com/domain/media/en/gui/59041/index.html**](https://secure.ethicspoint.com/domain/media/en/gui/59041/index.html)

2.5 Gender

2.5.1 Gender assessment (summary)

The detailed gender assessment is provided in appendix C. Key gender dimensions relevant to the project are highlighted here along with actions to address them:

i) Under-representation of women in senior and decision-making roles in the finance and corporate sectors

Women make up just 20% of executive committees within financial services⁷⁹ and 29% of senior positions across the corporate sector⁸⁰. The IWG and eventual TNFD membership will be largely composed of senior management representatives from these industries and there is a risk of under-representation of women within them. This relates to one of the three most common project gaps identified within the GEF Guidelines on Gender Equality (SD/GN/O2): '*Unbalanced participation and decision making in environmental planning and governance at all levels*'. The Guidelines highlight the need to address gender gaps related to participation and leadership in decision-making processes from the local to global levels, to make institutions and policies more representative, and to help women better engage in decisions that shape environmental planning and policy making.

How will this issue be addressed during project execution?

The WWF GEF Agency and the Executing Agency will promote gender training to the GEF project PMU and offer training to the TNFD Secretariat, to promote gender equality in TNFD. This will help ensure that women are adequately represented in the Taskforce and have equal opportunities to participate in decision-making processes.

ii) Gender equality within the operations of the TNFD Secretariat

It is also important that gender equality is reflected within the set-up and operations of the TNFD Secretariat.

Any organizational policies developed by the Secretariat would be aligned to the GEF Policy on Gender Equality and WWF's Gender Policy, specifically regarding organizational culture and work environment where⁸¹:

1. Employment decisions about recruiting, hiring, responsibilities, training and professional development, promotion, transferring compensation and termination are uniformly based on qualifications, including skills, abilities, knowledge, and experience and, actively pursues gender balance at all levels of the organization;
2. Staff can work in an environment of inclusion, civility, and respect for the rights of each individual and where all employees share key organizational values focused on equal opportunity, good governance, accountability and transparency;
3. Benefit policies are gender sensitive and equitable (to the extent possible under applicable national laws) and appropriately respond to local staff needs for balancing work, family, and civic life;

⁷⁹ Oliver Wyman (2019). Woman in Financial Services 2020. Available online: <https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2019/November/Women-In-Financial-Services-2020.pdf>

⁸⁰ Grant Thornton (2019) Women in Business: building a blueprint for action. Available online: https://www.grantthornton.global/globalassets/global-insights---do-not-edit/2019/women-in-business/gtil-wib-report_grant-thornton-spreads-low-res.pdf

⁸¹ WWF Gender Policy (2011). Available online: <https://www.worldwildlife.org/publications/wwf-gender-policy>

4. Secretariat management and other staff are aware of what constitutes discrimination and respect diversity in work and management styles and prevent discriminatory practices including stereotyping and sexual harassment;
5. Sex-disaggregated data are analyzed periodically with regards to global, national and project staffing and advancement patterns at different levels to identify areas for improvement; and
6. There is a minimum Secretariat HR anti-discrimination and harassment policy with provision for reporting, investigation and sanctions for employment-related discrimination and/or harassment.

iii) Gender equality during stakeholder engagement

A central element of the IWG, EA and Secretariat's role in this project is to engage the stakeholder community. A large proportion of these stakeholders will be senior personnel from the finance and corporate sectors where, as described above, there is generally lower representation from women. This poses the risk that stakeholder analysis and consultation predominantly captures the views of men and under-represents the opinions of women. The project team undertaking stakeholder consultations will be provided with the training support and tools to ensure that these consultations are conducted with a gender sensitive lens throughout the project life cycle.

How will this issue be addressed during project execution?

Stakeholder identification and consultation will be conducted in alignment with GEF's guidance to advance gender equality⁸² in a gender sensitive manner, using participatory consultation methods that help ensure women and men's knowledge and expertise are heard and that they are provided equal opportunity for participation.

2.5.2 Gender action plan for project execution (summary)

The objective of the Gender Action Plan (GAP) (See Appendix C) for the GEF TNFD project is to provide a gender framework for the Project Management Unit (PMU) to ensure women and men will be equally involved in the Project and receive equitable benefits. The gender action plan was developed following the UNEP FI gender policies,⁸³ GEF 2020 Strategy, GEF Policy on Gender Mainstreaming (2017), the GEF's Gender Equality Action Plan (2014), GEF policy on Environmental and Social Safeguards (2015), GEF Policy on Public Involvement in GEF Projects (2012) the WWF Gender Policy (2011)⁸⁴ and Guidelines for the Implementation of the Public Involvement Policy (2014).

⁸² GEF (2018). Guidance to Advance Gender Equality. Available online: <https://www.thegef.org/sites/default/files/publications/GEF%20Guidance%20on%20Gender.pdf>

⁸³ [Gender Equality and the environment Policy and Strategy.](#)

⁸⁴ WWF Gender Policy, 2011

The gender action plan was developed based upon the information, documentation, meetings and events organized during the project design phase, and led by the Informal Working Group (IWG) and its Workstreams, the Informal Technical Expert Group (TEG), and the Partner Group with several other stakeholders (Financial Institutions, Corporations, Central Banks, Governments, International Organizations, NGOs, Civil Society Organizations and other Initiatives). The plan's overall strategy is to ensure the equal participation of and benefits for women during project implementation of GEF-funded activities, with the support of gender specialists and the collection of detailed sex-disaggregated data on project participants and beneficiaries and monitoring of progress on gender-specific indicators.

The Gender Action Plan sets out specific activities designed to ensure the mainstreaming of gender into project outputs and activities, including key actions to maximize equal participation in and benefits from the project, with the following as some of the most relevant activities:

- a) Access gender expertise from partner institutions to advise and support the implementation of the gender action plan;
- b) Active participation of women in the strategy development, monitoring and sharing of lessons learned;
- c) Awareness of the TNFD, IWG, TEG, partners, and other stakeholders on gender issues and social concerns in the Project; and
- d) Sharing of gender-sensitive best practices for knowledge management purposes.

Monitoring and evaluation of gender-responsive activities

The requirements of the WWF Gender Policy and the GEF Policy on Gender Equality will be applied for project design, implementation, monitoring and evaluation, and reporting. Gender disaggregated data will be collected for participation in the IWG, TNFD, and stakeholder consultations and events. The extent to which gender equality is achieved in each project activity will be qualitatively assessed and incorporated into the monitoring process. Gender has been mainstreamed into the results framework with outcome-level indicators sex-disaggregated where appropriate. The GAP (see Appendix C) shows how outputs will be made gender-responsive and provide indicators and targets accordingly.

The Project Management Unit will oversee all gender monitoring activities. Reflecting the integral nature of the GAP with project implementation, the Project Manager will take responsibility for oversight, supported by the Research and M&E Coordinator who will lead on data collection, analysis, and adaptive management. Progress with the GAP will be reported to the Project Steering Committee and WWF GEF Agency as part of the six-month and yearly Project Progress Reports.

2.6 Safeguards

The project will comply with WWF's Environmental and Social Safeguards Framework (ESSF) as outlined in the Environmental and Social Safeguards Integrated Policies and Procedures (SIPP). As the scope of the project is focused on technical assistance and there are no on-the-ground field activities, it has been classified as category "C", low risk.

There are no anticipated negative environmental or social impacts from the project's low-risk activities. On the contrary, long-term positive impacts are expected from the project outcomes - the establishment of a TNFD and the participatory development and testing of a reporting framework will increase members' awareness of nature-related risks and their ability to identify dependencies and impacts on nature, measure positive and negative financial flows to nature and to mitigate these risks. FIs and companies will be able to better assess, disclose and act on their exposure to these risks and government regulators will have a common framework and evidence base to advance regulation on nature-risk disclosure. Overall, a greater number of FIs, companies and regulators will integrate nature-based risks to their existing reporting frameworks. FIs' increased disclosure, understanding of their exposure to harmful activities and of the materiality of these risks should incentivize the redirection of finance away from nature-negative activities towards activities with minimal or positive impacts on nature. In the long-term, market-driven pressures on global biodiversity and natural resources will decrease as a result of reduced nature-based risk in the financial sector, leading to increased security of natural capital and ecosystem services for human society and the global economy.

2.7 Monitoring & Evaluation

The project monitoring and evaluation plan has been developed in coordination between the WWF GEF Agency and UNEP FI. USD 92,000 has been budgeted for M&E (see Component 4 budget).

The Project will be monitored through the Results Framework (see Appendix A). The Results Framework includes 1-3 indicators per Outcome. The baseline has been completed for each indicator along with feasible targets, set annually where relevant. A methodology for measuring indicator targets is provided. Indicator targets are Specific, Measurable, Achievable, Relevant, and Time-bound (SMART), and disaggregated by sex where applicable. Component 4 of the Results Framework is dedicated to M&E, knowledge sharing and coordination.

Core Indicator 11 has been included at the objective level to provide a portfolio level understanding of progress toward the GEF Global Environmental Benefits (GEBs).

An M&E coordinator will be responsible for gathering M&E data for the annual results framework tracking, and providing suggestions to the PMU Project Manager to improve the results, efficiency and management of the project.

The following is a summary of project reports:

M&E/ Reporting Document	How the document will be used	Timeframe	Responsible
Inception Report	<ul style="list-style-type: none"> Summarize decisions made during the inception workshop, including changes to project design, budget, Results Framework, etc. 	Within three months of inception workshop	PMU Project Manager and Research and M&E Coordinator
Quarterly Financial Reports	<ul style="list-style-type: none"> Assess financial progress and management. 	Every three months	PMU Finance Associate
WWF Project Progress Report (PPR) with RF and workplan tracking.	<ul style="list-style-type: none"> Inform management decisions and drafting of annual workplan and budget; Share lessons internally and externally; Report to the PSC and GEF Agency on the project progress. 	Every six months	PMU Project Manager and Research and M&E Coordinator
Mid-term Evaluation	<ul style="list-style-type: none"> Validate project theory of change and results; Ensure compliance with GEF and GEF Agency policies and procedures; Provide recommendations to improve current and future project performance. 	At Project midterm (Y2)	An independent evaluator will be selected and contracted by the WWF GEF Agency with input from UNEP FI
Terminal Project Evaluation Report	<ul style="list-style-type: none"> External summative evaluation of the overall project; Recommendations for GEF and those designing related projects. 	Before project completion	An independent evaluator will be selected and contracted by the WWF GEF Agency with input from UNEP FI

The independent mid-term and terminal evaluations have been budgeted by the project and will adhere to WWF and GEF guidelines and policies.

An annual reflection workshop will be held by the PMU and Project Steering Committee to review project progress and challenges to date, taking into account results framework tracking, work plan tracking, stakeholder feedback and quarterly field reports to review project strategies, risks and the theory of change (ToC). The results of this workshop will inform project decision making (i.e., refining the ToC, informing PPRs and AWP&Bs).

2.8 Budget

2.8.1 GEF Project Budget Overview

The total cost of the project is USD 6,011,687 for three and a half years from 2021-2024. This is financed through a GEF grant of USD 1,698,829 and USD 4,312,858 in other co-financing. The actual realization of project co-financing will be monitored during the project implementation and the terminal evaluation process and will be reported to the GEF.

The budget is sufficient to undertake initial assessments and to develop an initial framework to be developed, vetted by the IWG and tested by financial institutions and companies. The Resourcing Workstream of the IWG is developing the long-term resourcing plan for implementation of the initial 2-year TNFD Workplan and longer-term financial sustainability of TNFD.

Table 6 Project Budget Summary Per Component

Components	GEF	Co-Financing	Totals
COMPONENT 1 - Setting up and launching the Taskforce	168,533	427,859	596,392
COMPONENT 2 Build and Test a TNFD Framework	829,612	2,106,156	2,935,768
COMPONENT 3 - TNFD Framework consultation and dissemination of recommendations	476,700	1,210,210	1,686,810
COMPONENT 4 - Knowledge Management, M&E	118,500	300,838	419,338
PMC	105,484	267,795	373,279
TOTALS	1,698,829	4,312,858	6,011,687

2.8.2 Project Budget Notes

2.8.2.1 Staffing

The project management activities including procurement and financial management will be carried out by UNEP FI as EA, with a proportion of their time financed with the GEF grant, and the shortfall covered by co-financing. The PMC consists of a Project Manager and Finance Associate; the project is also

institutionally supported within UNEP FI by a Technical Manager role (part-time of the GEF Project Manager and part-time of the ecosystems team lead and other key technical staff where relevant; UNEP management time is provided in-kind). Coordination of technical activities will be backstopped by the Technical Manager and led by the project consultants who will be part of the 6-person full-time TNFD Secretariat team including a Technical Director, Research and M&E Coordinator and Engagement and Technical Associate (titles and ToRs may change). The precise constellation of roles is being finalized within the IWG and may also be adjusted with the oversight of the PSC where roles in addition to the core team are required for example in particular phases, as the work plan crystalizes.

Table 7 Project management staff

Position Title	Summary of responsibilities	Average Annual % time	Average annual Budget	Total Project Budget
Project Management Costs (PMC)				
Project Manager/ Coordinator	Project management, agreement monitoring, procurement, and reporting	50% with co-financing	15,450	46,350
Finance Associate	Project finance management and reporting	30% with co-financing	13,333	40,000
TOTAL PROJECT MANAGEMENT COSTS (PMC)				86,350

2.8.2.2 Third Party Fees and Expenses

Activities for outputs in the technical components of the project will be coordinated by the Project Manager / Technical Manager with the TNFD Secretariat especially Technical Director who will ensure technical direction and quality of project activities and outputs in line with the final scope and work plan agreed by the IWG.

Table 8 Project staff

Consultant Expertise	Summary of responsibilities	Project Year/s	Average annual Budget	Total Project Budget
Component 1				
TNFD Secretariat: Research and M&E Coordinator	Coordination of technical outputs and activities, and project progress/quality monitoring and evaluation	1	60,000	60,000
TNFD Secretariat: Engagement / Technical Associate	Support stakeholder engagement and technical work	1	60,000	60,000
TOTAL COMPONENT 1			120,000	120,000
Component 2				
TNFD Secretariat: Technical Director	Ensure technical quality of the project activities and outputs as well as playing a central role in production of defined set of	2 Budgeted across component 2 & 3.		130,000

Consultant Expertise	Summary of responsibilities	Project Year/s	Average annual Budget	Total Project Budget
	the technical outputs working with the short-term technical consultants/ subcontractors			
TNFD Secretariat: Research and M&E Coordinator	Coordination of technical outputs and activities, and project progress/quality monitoring and evaluation.	2 Budgeted across components 1,2 & 4		60,000
TNFD Secretariat: Engagement and Technical Associate	Provide support for stakeholder engagement and technical work	2 Budgeted across components 1,2 &4		20,000
Consultant: Legal Support	Provide due diligence to support framework components to meet regulatory criteria	2	n/a	12,000
Design and Proofreading Consultant (could be consultant or staff time if available)	Review for any errors and format draft framework and related documents	2	n/a	4,500
Website & Social Media Support	Upgrade and maintain TNFD website and disseminate framework related materials through social media	2	n/a	7,000
Translation Services	Pages of translation (4 languages x 100 pages of consultation and testing documents)	2	n/a	15,000
TOTAL COMPONENT 2				248,500
COMPONENT 3				
TNFD Secretariat: Technical Director	Ensure technical quality of the project activities and outputs as well as playing a central role in production of defined set of the technical outputs working with the short-term technical consultants/ subcontractors	3 Budgeted across component 2&3.	100,000	100,000
TOTAL COMPONENT 3				100,000
COMPONENT 4				
TNFD Secretariat: Research and M&E Coordinator	Coordination of technical outputs and activities, and project progress/quality monitoring and evaluation.	4 Budgeted across components 1, 2 &4	8,333	25,000
TNFD Secretariat: Engagement & Technical Associate	Provide support for stakeholder engagement and technical work	4 Budgeted across components 1, 2 &4	3,333	10,000
TOTAL COMPONENT 4				35,000

Below is a brief description of the roles for the Technical Manager and the Project Manager, and a table showing their respective responsibilities and outputs.

The Technical Manager oversees delivery of the technical components as required; its time commitment is driven around the needs of the delivery of the components, not an end-to-end role. He or she will work closely with the GEF Project Manager but is limited to the component delivery, not to the overall management needs of the project.

Overall responsibilities of the Technical Manager:

- To provide technical oversight within the GEF project in support of the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.
- To oversee the sound technical delivery of the technical components of the GEF project 'Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)'.

Specific outputs:

- The Technical Manager is responsible for the technical oversight of the TNFD GEF project. Within the overall TNFD governance, he/she will be responsible for:
 - Coordinate and/or oversee, depending on the final governance arrangements, the development of the draft TNFD Framework (output 2.2.1), together with the Taskforce itself, the potential technical expert group and/or other commissioned entities, under the build phase.
 - Oversee the testing of the draft TNFD Framework (output 2.2.2), which will be carried out by UNEP FI (for FIs) and WBCSD (Business) and other relevant parties, as agreed in the final governance arrangements, under the testing phase.
 - Consolidate the outcomes of the testing phase particularly in the context of the GEF project (output 2.2.3).
 - Oversee the draft framework launch with scientific and technical partners as relevant.
 - Convene, support and/or oversee the consultation of the draft TNFD framework (output 3.1.1), per the final agreed governance, with key scientific and technical stakeholder groups such as data users, data developers, financial regulators and government agencies, with the Taskforce, TEG and/or other entities as per the finally agreed governance.
 - Consolidate the outcomes of the consultation phase particularly in the context of the GEF project.
 - Oversee the launch of the TNFD framework (output 3.1.2), and support uptake among key stakeholder groups such as multilateral organisations, international standards organisations and governments (output 3.1.2, and 3.1.3).
 - Convene an online resource hub established with guidelines and Q&As for companies, financial institutions and governments, and a repository for commitments by companies and financial institutions who endorse and implement the TNFD framework (output 3.2.1)
 - Represent the technical work of TNFD externally if needed.
 - Coordinate with the GEF Project Manager in the preparation of the overall project workplan, supporting reporting as required to the project Steering Committee and the WWF GEF Agency on technical matters in the project.

Role/Outputs	Technical manager	GEF project manager
Overall output	<ol style="list-style-type: none"> To provide technical oversight within the GEF project in support of the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature. To oversee the sound technical delivery of the technical components of the GEF project 'Establishing the Taskforce on 	<ol style="list-style-type: none"> Prepare the overall project workplan; Prepare annual budgets and work plans; Manage project expenditure in line with outputs and activities; Produce quarterly expenditure and cash advance requests from project partners Report to the project Steering Committee and the WWF GEF Agency on project delivering and

	Nature-related Financial Disclosures (TNFD)'. impact via six-month and yearly Progress Reports.
Specific output – as per output	<p>The Technical Manager is responsible for the technical oversight of the TNFD GEF project. Within the overall TNFD governance, he/she will be responsible for the following outputs:</p> <ul style="list-style-type: none"> • 2.2.1 • 2.2.2 • 2.2.3 • 3.1.1 • 3.1.2 • 3.1.3 • 3.2.1 <p>The GEF Project Manager is responsible for the overall oversight of the TNFD GEF project. Within the overall TNFD governance, he/she will be responsible for the following outputs:</p> <ul style="list-style-type: none"> • 1.1.4 • 1.1.5 • 3.2.2 • 4.2.1 • 4.2.2

2.8.2.3. Grants and Agreements

Component 1, preparing to set up and launch the Taskforce, will be delivered almost exclusively through UNEP FI and the existing partnership members especially Global Canopy, given these organizations are already engaged in the task underway. Part of Components 2 and 3 (approximately \$546,112 or 43% of the GEF grant) will likely be delivered through grants with partner organizations, depending on the final arrangement of the TNFD. Any agreements or sub-grants put in place will be supervised by the interim Steering Committee and then final governance arrangements of the TNFD, which are being put in place through Component 1 of the project. The GEF Secretariat has visibility over these arrangements as one of the members of the IWG.

The indicative detail of the scope of the work for partners is outlined below. This is to be refined in light of the final work plan agreed by IWG WS2 responsible for final work planning and in discussion with the resourcing Work Stream when nearing the launch of the TNFD, as well as IWG WS1, which is responsible for TNFD governance planning.

Table 9 Sub recipient summary

Sub-recipients	Total sub-recipient Budget
To be agreed with PSC, potentially Global Canopy	528,612
To be agreed with PSC, potentially WBCSD and/or Global Canopy	175,000
Sub Total Sub Grants	546,112

The selected partner organizations will execute activities under the project components, as described in Table 10 below. The costs included in Table 10 are fully inclusive of all costs including, staff, travel and workshops.

Table 10 Grants

Name of Partner – all to be confirmed by final TNFD governance structure as defined above	Purpose	Location	Total
Component 2			
Likely Global Canopy with sub-contracted experts	Synthesis of evidence based on the materiality of nature-related financial risks and impacts and development of TNFD reporting framework	Oxford / Global	80,000
Likely Global Canopy with sub-contracted experts and partners	Development of TNFD reporting framework	Oxford / Global	130,112
Global Canopy	Market assessments and communication	Oxford / Global	96,000
UNEP FI for financial institutions (budgeted as personnel); WBCSD and/or Global Canopy for corporates	Management of draft Framework testing process	Geneva and Oxford / Global	85,000
TOTAL COMPONENT 2			391,112
COMPONENT 3			
Same arrangements as testing: UNEP FI for financial institutions (budgeted as personnel); WBCSD and/or Global Canopy for corporates	Write up report on the TNFD Framework, consultation and dissemination	-	90,000
UNEP FI to lead for banking and insurance audiences (budgeted as personnel); Global Canopy, WBCSD and/or other	Develop sector implementation guidance for Framework and communication support for creating awareness about TNFD and mobilizing interest		45,000

partners with sub-contracted experts as applicable to lead for investment and corporate audiences			
TOTAL COMPONENT 3			135,000

2.8.2.4. Travel

A limited amount of travel cost is budgeted. Much of travel is expected be covered with co-financing and from the participants' own budgets.

Table 11 Travel Costs

International or Local (state the Destination if known)	Purpose of Travel	Total number of Trips	Total Project Costs
Project Management Costs (PMC)			
Project management related travel	Project management related trips (Project Manager, Finance Associate)	2	6,634
TOTAL PROJECT MANAGEMENT COSTS (PMC)			6,634
Component 3			
Consultation & Outreach events (Draft Framework Consultation & Dissemination seminars / meetings)	Assumes each technical team member (Technical Director, Technical Manager, M&E) makes circa 1 trip per year (from GEF budget; other travel covered by co-finance). Average 3-day trip cost (mix of long and short haul) of USD 1600 per person	9	9,700
TOTAL COMPONENT 3			9,700

2.8.2.5. Workshops and meetings

A limited amount of workshop and meeting cost is budgeted. Much of the cost is expected be covered with co-financing and from the participants' own budgets.

Table 12 Workshops and Meetings

Location	Describe who will be participating and the estimated number of participants.	Purpose of workshop (include number of workshops planned)	Total Project Costs
Component 2			

Global and/or regional - TBD	TNFD Informal Working Group members – circa 200 participants total	One or more members meeting or launch events, globally and/or in regions - North America, Latin America, Europe, Africa, Asia Pacific (to be co-financed) Assumes TNFD Secretariat staff engage in average 3-day trip cost (mix of long and short haul) of USD 2000 per person); plus 1 member meeting to discuss draft of reporting framework and review feedback from FI and corporates that are members	52,000
TOTAL COMPONENT 2			52,000

2.8.2.6 Equipment

N/A Equipment such as computers, phones, etc. would be provided in-kind and via co-financing. UNEP FI office equipment is identified in the co-financing.

2.8.2.7. Other Direct Costs

N/A Other direct costs would be provided in-kind and via co-financing. UNEP FI direct costs including office telephone and internet is identified in the co-financing.

2.8.3 Project Management Costs (PMC)

Table 13 PMC Summary budget

<i>Line item</i>	Total
Salaries and Benefits	86,350
Travel	6,634
Audit costs	12,500
TOTAL PMC	105,484
TOTAL PROJECT BUDGET	1,698,829
% PMC OF TOTAL PROJECT BUDGET	6.6% (of sub-total)

2.8.4 Monitoring and Evaluation

Table 14 M&E Summary budget

<i>Line item</i>	Total
Sub-grants (website tracking/analytics)	3,500
Consultants (Research & ME, MTR and TE)	72,500
Personnel (Technical Manager, gender advisory support)	16,000
TOTAL M&E	92,000
TOTAL PROJECT BUDGET	1,698,829
% M&E OF TOTAL PROJECT BUDGET	5.4%

Budget Summary by Outcome and output

Component 1. Setting up and launching the Taskforce		\$	168,533.00
TOTAL OUTCOME 1.1	A plan for the TNFD is globally supported and funded and the TNFD is established	\$	168,533.00
Output 1.1.1. Taskforce partners (industry representatives and experts: financial institutions, corporations, academia, think tanks, central banks) are mobilized,		\$	22,000.00
Output 1.1.2 . Key governments and financial regulators convened and requested to provide official mandate to the TNFD		\$	22,000.00
Output 1.1.3 Institutional and financial sustainability plans developed for TNFD, and financial commitments secured for the long-term running of the TNFD		\$	22,000.00
Output 1.1.4 TNFD Secretariat set-up and operations supported		\$	30,000.00
Output 1.1.5 TNFD launched at a public event and with targeted communication activities		\$	72,533.00
Component 2: Build and Test a TNFD Framework		\$	829,612.00
TOTAL OUTCOME 2.1	Increased ability in the financial sector to identify impacts on and dependencies of corporations on nature, to measure positive and negative financial flows to nature, and to mitigate nature-related risks	\$	224,000.00
Output 2.1.1 Report on existing tools, methodologies and existing and upcoming regulatory frameworks around the world, to identify, measure and report on nature-related impacts and to identify and mitigate financial risks from nature loss		\$	92,000.00
Output 2.1.2 Synthesis of evidence base produced for the materiality of nature-related financial risks and impacts and practical recommendations on how financial institutions and corporations can translate nature loss into quantified financial risks		\$	132,000.00
TOTAL OUTCOME 2.2	A draft framework for companies to report to investors on their nature related risks, refined and agreed upon through a testing process.	\$	605,612.00
Output 2.2.1 Draft 1 of the TNFD reporting framework developed		\$	250,612.00
Output 2.2.2 Draft 1 of the TNFD reporting framework tested with FIs and companies, in close collaboration with relevant financial regulators.		\$	222,500.00
Output 2.2.3 TNFD reporting framework improved in response to the testing process.		\$	132,500.00
Component 3: TNFD Framework consultation and dissemination of recommendations		\$	476,700.00
TOTAL OUTCOME 3.1	Verification and broad support for the TNFD framework from FIs, companies, regulators and their stakeholders.	\$	378,000.00

Output 3.1.1. A report on draft 2 of the TNFD reporting framework developed and publically consulted with representatives from both Northern and Southern countries	\$	90,000.00
Outcome 3.1.2 Final report on TNFD framework produced after public consultation and disseminated through public in-person or virtual events	\$	148,500.00
Output 3.1.3 Active dissemination of the TNFD Framework report	\$	139,500.00
Outcome 3.2. Increased awareness of nature-related impacts and financial risks among companies and financial institutions	\$	98,700.00
Output 3.2.1. Online resource hub established with guidelines and Q&As for companies, financial institutions and governments, and a repository for commitments by companies and financial institutions who endorse and implement the TNFD framework.	\$	44,500.00
Output 3.2.2. Monitoring and evaluation protocol designed to assess awareness and behavior change through FI and company implementation of TNFD guidance and reporting frameworks in key jurisdictions over the longer term	\$	54,200.00
Component 4: Knowledge Management, M&E	\$	118,500.00
Outcome 4.1 Increased uptake of TNFD knowledge and communication amongst stakeholders	\$	26,500.00
Output 4.1.1 Increased uptake of TNFD knowledge and communication amongst stakeholders	\$	26,500.00
Outcome 4.2 Monitoring and evaluation system in place with active adaptive management in place	\$	92,000.00
Output 4.2.1. Monitoring and Evaluation reports	\$	92,000.00
Project Management Costs	\$	105,484.00
TOTAL PROJECT COSTS	\$	1,698,829.00

Budget Summary

TOTAL PROJECT		
CATEGORY		PROJECT TOTAL
PERSONNEL	\$	542,883.00
THIRD PARTY FEES & EXPENSES	\$	529,000.00
GRANTS & AGREEMENTS	\$	546,112.00
TRAVEL, MEETINGS & WORKSHOPS	\$	68,334.00
OTHER DIRECT COSTS	\$	12,500.00
TOTAL PROJECT COSTS	\$	1,698,829.00

Component 1. Setting up and launching the Taskforce

CATEGORY	COMPONENT TOTAL
PERSONNEL	\$ 48,533.00
THIRD PARTY FEES & EXPENSES	\$ 120,000.00
TOTAL PROJECT COSTS	\$ 168,533.00

Component 2: Build and Test a TNFD Framework

CATEGORY	COMPONENT TOTAL
PERSONNEL	\$ 155,000.00
THIRD PARTY FEES & EXPENSES	\$ 226,500.00
GRANTS & AGREEMENTS	\$ 396,112.00
TRAVEL, MEETINGS & WORKSHOPS	\$ 52,000.00
TOTAL PROJECT COSTS	\$ 829,612.00

Component 3: TNFD Framework consultation and dissemination of recommendations

CATEGORY	COMPONENT TOTAL
PERSONNEL	\$ 232,000.00
THIRD PARTY FEES & EXPENSES	\$ 100,000.00
GRANTS & AGREEMENTS	\$ 135,000.00
TRAVEL, MEETING & WORKSHOPS	\$ 9,700.00
TOTAL PROJECT COSTS	\$ 476,700.00

Component 4: Knowledge Management, M&E

CATEGORY	COMPONENT TOTAL
PERSONNEL	\$ 21,000.00
THIRD PARTY FEES & EXPENSES	\$ 82,500.00
GRANTS & AGREEMENTS	\$ 15,000.00
TOTAL PROJECT COSTS	\$ 118,500.00

PMC	
CATEGORY	COMPONENT TOTAL
PERSONNEL	\$ 86,350.00
TRAVEL, MEETINGS & WORKSHOPS	\$ 6,634.00
OTHER DIRECT COSTS	\$ 12,500.00
TOTAL PROJECT COSTS	\$ 105,484.00

2.9 Private sector engagement

Private sector engagement is central to this project, and one of the defining features of the TNFD IWG is the fact that it is private sector led. The idea for a TNFD began in January 2019 at the WEF with major financial institution involvement including AXA (“Into the Wild: Integrated Nature in Investment Strategy”) and PwC (Nature is too big to fail). A further high-level roundtable was held at the WEF in 2020. As of March 24, 2021, 49 financial institutions and private firms are actively engaged in the IWG composed of 73 members.

The IWG has established four workstreams to develop the TNFD supported by a Technical Expert Group and the private sector is engaged in every workstream, as shown below:

Table 15 Private sector engagement in IWG workstreams

Workstream	Workstream Leads and Meetings	IWG Member Groupings	Partner Group Support
1) TNFD Governance, Leadership and Membership	AXA Thursdays, twice a month:	21 orgs: AXA, Banco del Progreso, BNP Paribas, BP, CNBV, COFEMA, EcoAdvisors, EIB, EBRD, FC4S, Finance for Tomorrow, Manulife Investment Management, Reckitt Benckiser, SIF, Standard Chartered Bank, Swiss Re, WBCSD, World Bank and Yes Bank. Governments: UK, French Treasury, Peru’s Ministry of Environment and Swiss Ministry of Finance.	WWF & UNDP
2) TNFD Work Plan, budget and Operationalization	2.2: Rabobank 2.1: Mondays x twice a month 2.2: Wednesdays x twice a month	21 orgs: AXA, Banco del Progreso, BNP Paribas, BP, CNBV, COFEMA, EcoAdvisors, EIB, EBRD, FC4S, Finance for Tomorrow, Manulife Investment Management, Reckitt Benckiser, SIF, Standard Chartered Bank, Swiss Re, WBCSD, World Bank and Yes Bank. Governments: UK, French Treasury, Peru’s Ministry of Environment and Swiss Ministry of Finance.	UNEP FI & UNDP with support as needed from Global Canopy and WWF
3) TNFD Resourcing	KPMG Tuesdays, twice a month	14 orgs: BNP Paribas, EBRD, GEF, KPMG, Lloyds Banking Group, Maua Capital, RBA, Raiffeisen, Robeco, Sumitomo Mitsui Trust, and the World Bank. Gov: Netherlands’ Ministry of Agriculture, Swiss Federal Office	Global Canopy & WWF

		for the Environment and UK DEFRA.	
4) Communications, Outreach and Knowledge Management	WEF EY	21 orgs: Banorte, CEBDS, CIFAL Argentina, Credit Suisse, Ecoacs, EY, FAMA Investimentos, HSBC Pollination Climate Asset Management, IIF, NatWest Group, OECD, Rio Tinto, Storebrand Bank, Sumitomo Mitsui Trust, SusCon Japan, UN PRI, Wells Fargo, WBCSD & WEF. Govs: French MoE & UK Government via SEB Bank.	Global Canopy & UNDP
5) Informal Technical Expert Group	Global Canopy and Finance for Biodiversity	TEG Membership: made up of independent experts from DNB, GRI, Institute of Public Environmental Affairs, Refinitiv, UNEP WCMC, Willis Towers Watson.	Global Canopy and Finance for Biodiversity

These Workstreams assist the IWG to decide on the governance structure including the Chair(s), members, working groups and Secretariat to be adopted by the TNFD.

IWG members are asked to engage at C-Suite level within their organizations to help raise the issue up the corporate agenda globally. IWG members will also engage the broader private sector in the following ways:

1. Inviting country-level financial institutions and corporates to engage with the TNFD process.
2. Encouraging their peer FIs and corporates at a global level to engage with the TNFD. These engagement efforts will initially be focused on banks, insurers, investors, financial sector data providers, consultancies and companies.

Since its creation in September 2020, the IWG members have met seven times to review the WS's recommendations and the technical expert group's work scoping paper developed through 14 deep-dive discussions with an average of 45 participants.

The current recommendations from the Workstream on governance are privileging a TNFD membership to primarily represent the industry globally, i.e. financial and "real economy" companies from the global North and South, with a strong emphasis on representative finance leaders. Given the focus on disclosure, rating agencies and reporting/accounting firms as well as data providers may be included as members.

The membership will be probably limited to maximum 30 entities, with a targeted distribution of 12 financial institutions, 12 companies and 6 rating agencies/reporting/accounting firms/data providers.

The private Sector is central to the project and also very inclusive of a solid partnership with civil society organizations, conservations organizations such as Business for Nature (BfN) that is supportive to the TNFD to enable governments, companies and financial organizations to take better decisions if they used information 'beyond short-term profit and GDP' that includes impacts and dependencies on nature, as well as synergies and tradeoffs informed by science and planetary boundaries.

The Private Sector has also been particularly pro-active in the cooperation with the civil society throughout the development of the project proposal. This cooperation has been formalized at the occasion of the GEF project proposal validation workshop on December 15th, 2020 in which the three co-chairs of the IWG, the Partner Group (UNDP, UNEP-FI, Global Canopy, WWF) and donors to the GEF project participated.

SECTION 3: GEF ALIGNMENT AND JUSTIFICATION

3.1 Incremental Cost Reasoning and Global Environmental Benefits

How will the baseline be leveraged and transformed by the project?

A range of financial institutions have taken actions on their exposure to nature-related risks but not yet in a coordinated manner and there is not yet a clear view across the financial sector of the systemic risks these pose. Through this GEF project, the TNFD will catalyze a more unified response to these risks, building on the example from TCFD relating to climate risk.

While considerable nature-relevant data exists, current use by FIs is typically piecemeal, disparate and inconsistent. The level of corporate nature-related disclosure is currently low and outweighed by third-party data providers and tools. Moreover, there is no aggregator platform that standardizes data in a way that is relevant for investors and streamlines access. As a result, there is not necessarily a shortfall in nature-relevant data when compared to climate-relevant data, but rather, greater challenges in accessing decision-relevant data. The TNFD will decide which metrics and data are in scope and the extent to which it articulates data quality requirements to calculate the metrics required by its framework (as taken from TEG 3).

Within the 2-year development phase of the TNFD framework, the taskforce will work to identify data based on existing frameworks and help create a normative framework that brings together existing dispersed approaches and creates a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.

This project will not be delayed due to the absence of data or tools, and there are ongoing developments to which the project development will be linked.

It will put in motion the process for identifying data to determine risks at the company and asset level across their portfolios through standardized metrics allowing Financial institutions to compare nature risk across companies. The project will also support the development of new forward-looking scenarios analysis, showing the financial exposure of companies to future ecosystem degradation. Without the project the coordination needed across Financial Institutions and Companies will not take place.

In recent months, the need for a TNFD was well-established but the mandate and legitimacy was not. By pulling together the prominent partners now forming the IWG, the partners group have made launching a TNFD a reality against the odds. Yet without the GEF project, the team lacks secured resources to carry the TNFD to fruition. This project will use GEF resources, in combination with a limited amount of baseline co-finance, to support the establishment of the TNFD, and subsequently a limited budget to operate the TNFD. GEF project resources will be used to attract both other willing donors to upscale the effort and commercial financial institutions to invest their resources for example through the TNFD piloting phase. The GEF funding and commitment that this entails will attract co-financers who might otherwise find coming in at the starting point above their risk tolerance.

The GEF project contribution to the alternative scenario is the deployment of seed funding for selected priority actions. Additional funds to be leveraged will enable the continued growth of the initiative to ever

more ambitious levels. The GEF alternative makes the TNFD a reality, uplifting it from an idea under discussion to a functional Taskforce with an unparalleled convergence of public and private sector momentum on this important topic.

Building off the baseline scenario described under Section 2 above, the GEF project funds will be leveraged to:

- **Support the transition from initial planning to TNFD development** - this will allow the IWG to move from its current preliminary planning activities to implementing the two-year work plan including a full scoping exercise to define the TNFD's boundaries and uptake targets. This will also incorporate the establishment of the Secretariat followed by the technical work needed for the TNFD to be developed, eventually followed by testing, finalization and dissemination.
- **Achieve a harmonized framework** –the TNFD development will take place in 5 working groups, and one of them will look at innovative approaches for data collection, including spatial data, and work to prepare new methods. As part of this working group, TNFD will seek alignment with initiatives to create harmonization between frameworks. Although there are an increasing number of analytical tools and frameworks available in the market, most of them are based on a focus on drivers and share similarities in structure, but they differ in practice. At this moment first steps are being taken towards harmonization, for example via the EU Align project. This plurality of tools and frameworks is also challenging to navigate for FIs and corporates who already face multiple reporting requirements. The TNFD will build from these existing tools and frameworks to develop a single reporting framework that is easier to understand and navigate by these organizations. In collaboration with the corporate sector, the reporting framework will be developed and tested, before being made available worldwide⁸⁵. This project will collaborate with initiatives to seek alignment and will support to review and synthesize existing data and methodologies.
- **Broaden and deepen the engagement of financial regulators in nature-related risk** – The TNFD informal working group (IWG) will build from the existing interest and engagement of financial regulators who have made commitments related to nature-based risk, and seek to broaden this engagement geographically, as well as deepening the levels of engagement seen in this 'early adopter' group within the NGFS.
- **Build from the success and lessons of the TCFD** – The TNFD can build on the lessons from the implementation of the TCFD as described above by developing a similar approach for the disclosure of nature-related risk. In addition, if personnel engaged on climate risk within companies and FIs can extend their current work to also examine nature-based risk through the TCFD framework, this offers an advantage by keeping the costs of reporting down. See the Stakeholder Engagement section for more information on engagement with the TCFD to date.

Below we set out the incremental cost reasoning for this project in relation to the barriers described above under Section 1.

⁸⁵ TNFD website: <https://tnfd.info/>

Table 16 A summary of the project’s incremental cost reasoning

Baseline scenario	Summary of GEF Scenario	Increment and Global Environmental Benefits
<p>Barrier 1. There is a lack of pressure on companies/FIs to account for these risks and to internalize their (direct and indirect) impacts on nature. As described in the Baseline section there are some individual examples of action being taken by governments and financial regulators on nature-related risk. To date real regulatory action has largely been limited to broad ESG and climate issues (e.g. Article 173, EU non-financial reporting initiative), whilst developments related specifically to nature still at the ‘policy recommendation’ stage (e.g. Central Bank of Netherlands - Indebted to Nature report, UK Government Green Finance Strategy, NGFS first report etc.).</p>	<p>The TNFD IWG includes representatives from government financial supervisory bodies and central banks, which will help ensure that the Framework the TNFD develops and its recommendations maximize the likelihood that it will influence future government policy and regulatory development. The IWG will also adopt the lessons from the TCFD which have led to its success in influencing the policy landscape.</p> <p>The TNFD will also build awareness across the financial sector of the dependencies and impacts that different business sectors have on nature and increase recognition within the financial sector of new nature-positive investment and lending opportunities, as they emerge.</p>	<p>The TNFD IWG will build from the existing interest and engagement of financial regulators who have made commitments related to nature-based risk, and seek to broaden this engagement geographically, as well as deepening the levels of engagement seen in this ‘early adopter’ group within the NGFS. This will increase regulator awareness of these risks and encourage them to take regulatory action in the future on this issue.</p>
<p>Barrier 2. Companies and FI lack a standardized approach to assess and internalize nature-related risks in a comparable manner - There are a number of tools that have been developed to assist FIs identify and address the materiality of nature-related risks. As described further in the Baseline section these include (but are not limited to) BFFI (ASN Bank), GBS (CDC Biodiversité), STAR (IUCN), BIM (CISL), PS6 (IFC) and ENCORE (NCFA, UNEP WCMC).⁸⁶ However they are not yet widely adopted across FIs as it</p>	<p>The IWG and eventually the TNFD will explore the data gathering and analysis approaches used by a wide variety of biodiversity and ecosystem services metric systems. This will build from the tools and metrics identified under the Baseline scenario.</p> <p>The TNFD is intended to bring together existing dispersed data and approaches to create a global framework that provides a practical approach for FIs and corporates to access and use the data available to understand and disclose nature-related risk.</p>	<p>This project will seek alignment between tools through existing initiatives to promote alignment and will not provide additional analysis and guidance to FIs and companies on practical methods to assess nature-related risk in their institutions and use resulting data for decision-making and disclosure purposes.</p>

⁸⁶ Government of the Netherlands (2019). Positive impacts of Financial Institutions on Biodiversity. Available online: <https://www.government.nl/documents/reports/2019/09/25/report-positive-impacts-in-the-biodiversity-footprint-financial-institutions>

Baseline scenario	Summary of GEF Scenario	Increment and Global Environmental Benefits
<p>is challenging for non-technical staff within these organizations to navigate and understand which tools to use for what purpose. The TNFD will be market-led, tested with FIs and companies, and targeted for use by the financial sector to aid in decision-making.</p>		
<p>Barrier 3. A lack of a common, credible and agreed upon framework for nature-related risk. There is not yet a widely accepted framework for assessing nature-related risk, though the development of the TCFD since 2015 has set out a strong model for how this could be developed via the TNFD. As described in the Barriers section there is broad support for such a Framework across Financial Institutions, Corporations, Central Banks, Governments, International Organizations and NGOs/CSOs.</p>	<p>The design of the TNFD’s proposed framework will seek to consolidate the initiatives mentioned above, building on the work of the TCFD and closely aligning with the work of the EU High Level Expert Group on Sustainable Finance and the emerging work of the Network for Greening the Financial System (NGFS)⁸⁷.</p>	<p>This project will produce a widely agreed upon and harmonized framework that is easier to use by FIs and companies and produces ‘decision grade’ data and analysis.</p>

Global Environmental Benefits

On the basis of the rationale provided in Sections 1.1 and 1.2, the GEF Global Environmental Benefits that will be impacted by this project include:

Biodiversity

- Conservation of globally significant biodiversity;
- Sustainable use of the components of globally significant biodiversity;

Land Degradation

⁸⁷ European Forest Institute (2020). Tender Specifications: Task-force for Nature related Financial Disclosures (TNFD).

- Improved provision of agro-ecosystem and forest ecosystem goods and services;
- Conservation and sustainable use of biodiversity in productive landscapes;

Sustainable Forest Management/REDD+

- Reduction in forest loss and forest degradation;
- Maintenance of the range of environmental services and products derived from forests; and
- Enhanced sustainable livelihoods for local communities and forest-dependent peoples.

Core Indicators

This project seeks to achieve global environmental and social impact indirectly by engaging the finance and corporate sectors to improve risk disclosure and reporting and the use of this information for decision making based on the nature-related impacts of corporate activities – with special attention to reducing impacts in GEF recipient countries. Because of the indirect and systemic nature of the project, it is not possible to develop specific, meaningful targets against the majority of GEF-7 Core Indicators. However, as described under Sections 1 and 6, the project has the potential to help divert hundreds of billions of dollars away from economic activities that negatively impact natural capital over the long term. As an example of the impact this could have, 30% of global species threats have been linked directly to the international commodity trade⁸⁸ which is dependent on financing from banks and investors. Directing financing away from commodity production driving these threats would have a major global impact on species and habitat protection.

A figure of 543 can however be provided against Core Indicator 11 (Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment). This is based on an estimate that at least 137 organizations from across the global North and South will directly benefit from the delivery of the Framework, its guidance and knowledge products or have formally expressed support for the TNFD Framework at its launch in the final year of the project⁸⁹. The indicative breakdown per stakeholder group is:

Financial institutions: 50 / 250 individuals
 Corporations: 45/125 individuals
 Rating agencies and data providers: 3/12 individuals
 Governments: 12/60 individuals
 Financial Regulators/Central banks: 8/30 individuals
 International Organizations: 8/30 individuals
 NGOs and CSOs: 8/30 individuals
 Academia: 3/6 individuals

⁸⁸ Lenzen et al (2012). *International trade drives biodiversity threats in developing nations*. <https://www.nature.com/articles/nature11145>. This included an analysis of 15,000 commodities in 187 countries.

⁸⁹ For reference at the launch of the TCFD, 101 companies and FIs expressed formal support for its recommendations. Given the greater degree of complexity associated with nature-related risk disclosure, lower lead time and less baseline awareness at the point of launch, we believe a target of 137 companies and FIs is realistic for the TNFD at the point of Report launch. TCFD Press Release, December 12, 2017 available online: https://www.fsb-tcdf.org/wp-content/uploads/2017/12/TCFD-Press-Release-One-Planet-Summit-12-Dec-2017_FINAL.pdf

This will lay the groundwork for significant uptake and use of the TNFD Framework by companies, though the majority of which will take place after the end of the project period, and hence no target is provided against this. In Component 1 of the project a Scoping Exercise will be undertaken to formulate targets for uptake of the TNFD Framework over the longer term beyond the GEF project period.

3.2 Alignment with GEF Focal Area and/or Impact Program Strategies

The proposed project is funded under the Biodiversity Focal area and the project's objective contributes to the GEF-7 Biodiversity Focal Area Strategy⁹⁰ goal to "maintain globally significant biodiversity in landscapes and seascapes".

More specifically, the proposed project is aligned to the biodiversity focal area objective 1-1: "Mainstream biodiversity across sectors as well as landscapes and seascapes through biodiversity mainstreaming in priority sectors". The TNFD seeks to address economic activities that directly and indirectly impact natural capital based on business decisions and supported by FIs through lending, investment, projects and insurance. These include commercial agriculture, forestry, infrastructure, large-scale mining, industrial fisheries (direct) and supply chain investments (indirect) such as in the food, fiber, fashion and tourism industries. Many of these activities are at the expense of global natural capital, including forests, wetlands, grasslands, oceans and other biomes. Under the current regulatory system, the economy considers nature-related costs as externalities due to the lack of materiality of these risks⁹¹.

Although some FIs have begun to assess the impact of their portfolios on biodiversity and companies are beginning to assess the bottom line impacts of nature loss, the integration of biodiversity considerations into investment decisions by the business and financial sectors is lagging – despite clear dependencies and impacts on nature. Biodiversity mainstreaming is defined by the GEF as "the process of embedding biodiversity considerations in policies, strategies and practices of key public and private actors that impact or rely on biodiversity, so that it is conserved and sustainably used both locally and globally"⁹². The goal of the TNFD is to build a standardized global framework that will enable and improve the ability of the financial sector to identify impacts and dependencies on nature, measure positive and negative financial flows to nature and mitigate nature-related risks. The aim is that through the incorporation of nature-related impacts and dependencies into both corporate and FI risk assessments facilitated by the Framework, financing will be redirected toward sustainable investments and market-driven pressure on global biodiversity and natural resources will be reduced. This is directly aligned with the GEF focus on supporting activities including the development of "policy and regulatory frameworks that remove perverse subsidies and provide incentives for biodiversity-positive land and resource use that remains productive but that does not degrade biodiversity"⁹³ under the BD 1-1 objective.

This project also aligns with the objectives of the GEF Private Sector Engagement Strategy (PSES) in that it supports the GEF objective to mobilize the private sector in transforming the markets and economic systems required to tackle the key drivers of environmental degradation and to reverse unsustainable

⁹⁰ Global Environment Facility (2018): GEF-7 Biodiversity Strategy, pg. 1.

https://www.thegef.org/sites/default/files/publications/GEF_Biodiversity_Strategy_2018_v2.pdf

⁹¹ NCFA, WWF, Global Canopy & UNDP (2020): Business Case & Informal Working Group for Launching a Taskforce on Nature Related Financial Risk and Disclosure (TNFD).

⁹² Global Environment Facility (2018): GEF-7 Biodiversity Strategy, pg. 5.

https://www.thegef.org/sites/default/files/publications/GEF_Biodiversity_Strategy_2018_v2.pdf.

⁹³ Ibid, pg. 6.

global trends. By addressing the systemic deficiency of the finance sector to appropriately value and take into account both the positive and negative impacts of their activities on biodiversity and ecosystem services, the TNFD will influence economic activity across a number of productive sectors, enabling transformative change. It also directly supports core element (a) of the PSES, working strategically with multi stakeholder platforms to achieve scale and impact.

3.3 Socioeconomic Benefits

The consequences of the continued degradation of nature is being felt across the global economy, and in light of COVID the evidence of the materiality of nature in the global economy is increasing⁹⁴.

The TNFD will help shift financial flows from nature-negative to nature-positive investments and helping transition to a nature-positive economy⁹⁵. It will do this by seeking to address economic activities that directly and indirectly deplete natural capital through lending, investment, projects and insurance (as described in Section 1). The World Economic Forum estimated that this transition to a nature-positive economy could generate up to US\$10 trillion in annual business value and create 395 million jobs by 2030. This equates to approximately 20% of the total projected increase in the global labor force between now and 2030⁹⁶. In the food and use sector alone, it is estimated that there will be an annual business opportunity of \$4.5 trillion by 2030 associated with transitions towards a nature-positive economy⁹⁷. If the TNFD succeeds in supporting this transition this will represent additional jobs and livelihoods opportunities for millions of households globally, and in particular in the global south where much of the world’s most valuable natural capital is located⁹⁸.

3.4 Risks and proposed Mitigation Measures

Table 17 below provides a summary of the general risks and proposed mitigation measures for this project.

Table 17 Project risk identification and mitigation

Risk description	Risk level	Mitigation
i) Lack of stakeholder support for a framework on nature-related risks	Low	There already exists a high level of support for the TNFD as described under ‘Sustainability’ and the IWG is already established. The TNFD framework and the tools/indicators

⁹⁴ Global Canopy & Vivid Economics (2020). *The Case for a Task Force on Nature-Related Financial Disclosures*. Available online: https://www.globalcanopy.org/sites/default/files/documents/resources/Task-Force-on-Nature-related-Financial-Disclosures-Full-Report_1.pdf

⁹⁵ Ibid.

⁹⁶ Ibid.

⁹⁷ WEF (2020): Nature Risk Rising. Available online: <https://www.weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy>

⁹⁸ UNEP WCMC (2014). *Towards a global map of natural capital: key ecosystem assets*. Available online: https://www.unep-wcmc.org/system/dataset_file_fields/files/000/000/232/original/NCR-LR_Mixed.pdf?1408446708

Risk description	Risk level	Mitigation
<p>and the measurement tools and indicators needed for corporates and FIs to implement it</p>		<p>needed to report against it will be identified and tested in close collaboration with financial institutions and companies who make up a significant proportion of the IWG. This will help ensure they are feasible and supported by a broad range of the financial and corporate sectors.</p> <p>There are also excellent opportunities for strengthening government and broader stakeholder engagement in the TNFD in the run up to the Convention on Biological Diversity (CBD) COP 15 in 2021, where the post-2020 global biodiversity framework will be discussed.</p>
<p>ii) Lack of alignment with existing initiatives and a perceived additional reporting burden</p>	<p>Medium</p>	<p>The TNFD framework will be built and tested in close collaboration with financial institutions and companies who make up a significant proportion of the IWG. This will include the analysis of existing tools, methodologies and regulatory frameworks. This collaborative and industry-led approach will help to avoid duplication and ensure that the Framework builds from and helps standardize existing tools, measurement systems and reporting protocols. Through working with the TCFD and FSB from the inception of the project, the Framework will be designed so it is complementary to existing work under the TCFD.</p>
<p>iii) Lack of awareness and behavior change from financial institutions and companies as a result of the TNFD's work</p>	<p>High</p>	<p>The presence of at least two financial regulators/central banks within the IWG will help to demonstrate to the broader finance and corporate sectors that the TNFD has the backing of public authorities and will influence regulatory action in the future, in a similar manner to the TCFD.</p> <p>The TNFD Secretariat and IWG will consult broadly across the finance and corporate sectors to develop the draft reporting framework. They will engage individual companies, along with prominent business groups and coalitions such as the NCC, WBCSD, WEF, the Sustainable Banking Network, Business for Nature, CDSB, NGFS, PRI, CPIC, the Science Based Targets Network, and the EU Business & Biodiversity Platform.</p> <p>Output 3.2.1 includes the development of an online resource hub with guidelines and Q&As for financial institutions, along with a record of organizations endorsing the TNFD framework. This will help FIs and corporates not directly engaged by the IWG and Secretariat to understand the key messages of the TNFD and the</p>

Risk description	Risk level	Mitigation
		<p>significance of nature-based risk in the finance sector.</p> <p>To help ensure that TNFD progress is widely broadcast and recognized, Component 4 of the project (Knowledge Management & M&E) includes a specific output 4.1.1 focused on the wide dissemination of knowledge management and communications products. Each of the project partners, including WWF, have substantial communications capacity, including dedicated communications and public relations teams who can amplify TNFD's progress in the industry and wider press, and through their social media presence.</p>
<p>vi) Lack of adequate or available data</p>	<p>Medium</p>	<p>A variety of nature/biodiversity-related datasets exist but no single authoritative product delivers these fully-tailored to the needs of the financial sector and corporate data reporters on this topic. A number of products exist or are in development that provide partial solutions: commercially-protected ESG products, IBAT, ENCORE and its new biodiversity module, TRASE Finance, and a WWF-CH Biodiversity Portfolio tool in development. Each product relies to varying degrees on major datasets such as the IUCN Red List, World Database on Protected Areas, GBIF, Global Forest Watch and others which in turn are expensive to maintain and contain shortcomings of various types that can limit their usefulness, and often have difficulty in interfacing with asset-level data which is important to FIs. The TNFD data working group will examine what are the future solutions that will complement existing datasets and provide, for example, external validation of biodiversity datasets, lower costs and improve accuracy. Many of these options are on the verge of breakthroughs that will revolutionise the Big Data for Biodiversity capabilities, and the TNFD will keep abreast of the latest developments to position for example 'Environmental DNA' (eDNA) where data can be faster and more efficient.</p>
<p>v) Lack of adequate tools, methodologies, standards (beyond scope of this project) can limit uptake of framework from FIs/corporates</p>	<p>Medium</p>	<p>At this moment there is no equivalent of 1.5 degree climate target for nature and a post-2020 Global Biodiversity Framework may not provide the level of specificity or granularity to translate into industry-focused guidance. A number of tools, methodologies are in development. In the absence of one standardized approach or framework, corporate and uptake by FIs can be limited. The TNFD framework will support the transition to one agreed approach tools, methodologies and standards and will address this by:</p>

Risk description	Risk level	Mitigation
		<p>1. Engaging with relevant tools developers from the initial stages of TNFD development, and 2. Engaging with standard setting bodies to ensure that the TNFD framework is compatible. It will take account of the wide variety of proposed approaches, to an authoritative industry-wide approach.</p>

Table 18 COVID-19 Risk analysis

Risk category	Potential Risk	Mitigations and Plans
<p>i) Availability of technical expertise and capacity and changes in timelines</p>	<p>Continued or renewed efforts in COVID-19 containment measures (such as travel and meeting restrictions) are likely over the course of project development and possibly into implementation.</p>	<p>The successful implementation of this project does not rely on in-person meetings or travel to take place. All stakeholders involved in the establishment of the TNFD Interim Working Group (IWG) to date have done so remotely since the start of the COVID-19 pandemic. The required activities to implement the project successfully can all be executed remotely, if needed.</p>
	<p>Capacity and experience for remote work and online interactions as well as limited remote data and information access and processing capacities that projects will need to strengthen.</p>	<p>The Executing Agency (EA), UNEP FI, IWG members and most TNFD stakeholders have significant experience coordinating remotely, and have done so routinely for many years before the advent of COVID 19, due to the need for frequent international collaboration in their activities. They are typically based in locations with strong internet connectivity and will be able to continue working remotely without significant issues.</p>

Risk category	Potential Risk	Mitigations and Plans
	Changes in project implementation timelines.	No changes in project implementation timelines are anticipated as they have already been designed to take into account the effects of the COVID 19 pandemic.
	Changes in baseline and potential co-financing sources identified in the PIF may change due to changed government/project partner priorities for existing funding, reduced funding availability or due to delays until implementation.	Fortunately, the co-finance identified for this project is stable and committed. Some baseline and co-finance may be adjusted during project development, and if so, the team will identify new co-finance sources.
ii) Stakeholder Engagement Process	Mobility and stakeholder engagement, including where necessary risk mitigation measures for both project staff and stakeholders.	The range of stakeholders for the TNFD are based in parts of the world with good connectivity and will be able to engage effectively in consultations for the project remotely via videoconferencing, webinars and document sharing, as they have done throughout the process of establishing and participation in the IWG.
iii) Enabling Environment	Government focus on environment during crisis	The TNFD IWG currently contains government representation from France, Peru, Switzerland, the United Kingdom and Argentina, demonstrating strong support for the TNFD. The COVID-19 crises may divert political attention away from nature for some other government targets, however on the basis of progress to date there is overall confidence of sufficient government support for the TNFD, especially in the run up to CBD COP 15 in 2021 where nature will be higher on governments' agendas than in a typical year.

Risk category	Potential Risk	Mitigations and Plans
iv) Financing	Co-financing availability (co-financing from the private sector and governments, loan-based projects with MDBs)	The required co-financing for the project has already been committed by partners, after the advent of the COVID 19 crisis. It is highly unlikely co-financing commitments would be reneged but if this does occur, the project team is confident that this co-financing would be substituted by alternative sources within the project period.

Climate Change Risk Screen

STAP guidance⁹⁹ notes that an effective climate risk screening covers four main elements: 1) identify the hazards; 2) assess vulnerability and exposure; 3) rate the risk; and 4) identify measures to manage the risk. The WWF Climate Change Risk Screening Tool, developed based on the STAP guidance, is difficult to apply for a project such as this, which is technical support in nature with no touch down at country level. It is not possible to provide relevant climate projections for the country or regions, potential hazards, and current and projected exposure, vulnerability and adaptive capacity for this project, which is developing a reporting framework and a taskforce. As such, a qualitative assessment is provided here as an analysis of potential risks to the project from climate change.

The proposed project recognizes that natural capital provides the world's population with critical ecosystem services and underpins the world's economy. Climate change accelerates the depletion of natural capital and ecosystem services as it alters primary geophysical conditions too quickly for natural systems to adapt.¹⁰⁰

Climate change itself poses significant financial challenges and opportunities for investors, now and in the future. The expected transition to a lower-carbon economy is estimated to require around \$1 trillion of investments a year for the foreseeable future, generating new investment opportunities.¹⁰¹ Simultaneously, the risk-return profile of organizations exposed to climate-related risks may change significantly as such organizations may be more affected by the physical impacts of climate change, climate policy, and new technologies. A 2015 study estimated the value at risk, as a result of climate change, to the total global stock of manageable assets ranging from \$4.2 trillion to \$43 trillion between now and the end of the century.¹⁰² The need for better information to support informed investment, lending, and

⁹⁹ <https://stapgef.org/sites/default/files/publications/Climate%20Risk%20Screening%20web%20posting.pdf>

¹⁰⁰ <https://www.mckinsey.com/business-functions/sustainability/our-insights/reduced-dividends-on-natural-capital#>

¹⁰¹ International Energy Agency, World Energy Outlook Special Briefing for COP21, 2015.

¹⁰² The Economist Intelligence Unit, "The Cost of Inaction: Recognizing the Value at Risk from Climate Change," 2015. Value at risk measures the loss a portfolio may experience, within a given time horizon, at a certain probability. The stock of manageable assets is defined as the total stock of assets held by non-bank financial institutions. Bank assets were excluded as banks themselves primarily manage them.

insurance underwriting decisions and improve understanding and analysis of climate-related risks and opportunities has been addressed through creation Task Force on Climate-related Financial Disclosure (TCFD). Better data will also investors engage with companies on the resilience of their strategies and capital spending, which should help promote a smooth rather than an abrupt transition to a lower-carbon economy.¹⁰³ The proposed TNFD GEF project builds on the TCFD, and will integrate with TCFD such that investors will have the tools available to understand both climate and nature related risks. TNFD is aligned with the Task Force on Climate-related Financial Disclosure (TCFD) objectives, and its approach to incorporating within market signals the risks from both physical liability from adverse climate impacts and the necessary transition to a carbon-constrained global economy.¹⁰⁴

The TNFD will build on the essential developments achieved by the TCFD, which has secured over 1,000 organizations supporting its recommendations in the past five years, signaling a market-wide shift in recognizing climate change as a significant financial risk. Part of this model's success is that it has global membership across various organizations and is hosted by the Financial Stability Board (the FSB chair at the time was the Bank of England Governor Mark Carney), with the Taskforce chaired by Michael Bloomberg and the Secretariat located within Bloomberg. A similar approach to gaining multi-stakeholder support and establishing a Secretariat will be developed for the TNFD. There is already high-level support for the TNFD from the TCFD Secretariat, the World Bank, AXA, BNP Paribas, Rabobank, Standard Chartered, Storebrand, Yes Bank¹⁰⁵, IFC, the Dutch central bank, the Bank of France, the Swiss government, the UK government, and the NGFS.

The main avenue for the GEF TNFD project to identify and mitigate climate risk is through collaboration with TCFD. Some opportunities are highlighted below:

Output 1.1.1. The Taskforce partners includes members from the TCFD taskforce

Outcome 2.1. Improved financial sector methods to identify dependencies on nature, measure positive and negative financial flows to nature, and mitigate nature-related risks include interdependence of nature-related risks with climate change risk.

Output 2.2.1. Draft TNFD reporting framework includes necessary data and tools from the TCFD including tools, data, taxonomies etc.

Outputs 3.2.1. Online resource hub to be established will include necessary linkages to the TCFD.

¹⁰³ <https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf>

¹⁰⁴ <https://www.fsb-tcfid.org/>

¹⁰⁵ Business Green (2020). UK and banking giants spearhead the drive to combat nature-related financial risks. Available online: <https://www.businessgreen.com/news/4018059/uk-banking-giants-spearhead-drive-combat-nature-related-financial-risks>

3.5 Consistency with National Priorities or Plans

This project is global scope, consistent with the multi-stakeholder approach of the Global Framework involved with the BD COPs to strengthen effective engagement with the private sector, making visible how targets and indicators used by governments could be aligned with those that are used by business.

Initiatives such as TNFD will enable governments to better integrate knowledge on nature-related risk of those financial flows within their national policies and respond more effectively to emerging country priorities.

Governments, companies and financial organizations would take better decisions if they used information that includes impacts and dependencies on nature, as well as synergies and tradeoffs informed by science and planetary boundaries.

The project is consistent in following national strategies and plans, relating to global conventions and agreements including the UNCBD, UNFCCC, UNCCD, The 2030 Agenda for Sustainable Development amongst others. In particular it will directly support the implementation of the targets set out in the post-2020 Biodiversity Framework.

i) National Biodiversity Strategy Action Plans (NBSAP) – These typically include plans and indicators related to reducing private sector driven impacts on ecosystems and biodiversity such as agricultural expansion, fisheries depletion and unsustainable forest conversion amongst others¹⁰⁶. The TNFD will help divert financing from these activities, and towards activities with minimal or positive impact on biodiversity, supporting NBSAP goals in the process.

ii) CBD National Reports - the outcomes of the TNFD's work will support the national targets within CBD National Reports, taking an example of Brazil's National Report, the most relevant targets include:

- Sustainable production and consumption to mitigate or prevent negative impacts from the use of natural resources;
- Sustainable management and harvesting of fisheries; and
- Reducing pollution and excess nutrients detrimental to ecosystem function and biodiversity.

iii) UNFCCC National Determined Contributions (NDCs) – analysis from the CGIAR's Climate Change, Agriculture and Food Security program show that out of 162 NDCs, 104 include actions to reduce emissions from agriculture and 127 list agriculture as a priority for adaptation¹⁰⁷. IUCN and the University of Oxford also found that 70% of NDCs contain references to the forest sector, though only 20% of these include quantifiable targets relating to emissions reductions from the sector¹⁰⁸. Emissions reductions and

¹⁰⁶ India's NBSAP provides an example of this: <https://www.cbd.int/doc/world/in/in-nbsap-v3-en.pdf>

¹⁰⁷ CGIAR CCAFS (2015). Agriculture's prominence in the INDCs. Available from: https://cgspace.cgiar.org/bitstream/handle/10568/68990/CCAFS_Agriculture_INDCs_COP21.pdf

¹⁰⁸ IUCN and University of Oxford (2020). Nature-based solutions in Nationally Determined Contributions. Available online: <https://portals.iucn.org/library/sites/library/files/documents/2019-030-En.pdf>

adaptation activities in these sectors relies on the reduction of financing for activities leading to natural forest conversion and unsustainable land management, which the TNFD will help to achieve.

iv) UNCCD– it is clear that directing financing flows away from economic activities which exacerbate land degradation and towards activities that support land restoration would align with the objectives of the UNCCD and national actions aligned with the Convention.

Implementation of this project will also support the objectives of ASGM National Action Plans relating to Mercury Pollution and Stockholm National Implementation Plans on Organic Pollutants, by diverting private finance away from activities that produce excessive pollutants covered by these agreements.

3.6 Innovativeness, Sustainability & Potential for Scaling up

Innovation

The project will demonstrate innovation in the following ways:

- *Initiating a finance-sector and corporate-led initiative on nature-based risk* – This project will be the first example of a global collaborative approach to nature-based risk **led by private financial institutions and the corporate sector, along with strong participation from central banks and regulators**. To date efforts in this area have been led by multilateral organizations, NGOs or in some cases central banks (such as NGFS). Securing this private-sector leadership will be an important milestone in advancing disclosure on nature-based risk.
- *Achieving a harmonized framework for assessing nature-based risk* – As highlighted in the Barriers section above, whilst a range of frameworks exist in this area, they vary in significant ways and their use is inconsistent across the corporate and finance sectors. A key outcome of this project will be the first harmonized and agreed upon framework for reporting on nature-based risk that can then be used sector-wide.
- *Adapting the TCFD model for nature-based risk disclosure* – Adapting the TCFD approach to nature-based risk disclosure will require progressing from reporting on a relatively simple metric (i.e. GHG emissions) to a wider variety of metrics, including spatial data. This will require innovation to develop a reporting approach to this more complex topic that is feasible for companies and FIs to integrate into internal systems and adopt at a global scale.

Sustainability

The TNFD will build on the important developments achieved by the TCFD, which has secured over 1,000 organizations supporting its recommendations in the past five years, signaling a market-wide shift in the recognition of climate change as a significant financial risk. Part of the success of this model is that it has global membership across various organizations and is hosted by the Financial Stability Board (the FSB chair at the time was the Bank of England Governor Mark Carney), with the Taskforce chaired by Michael Bloomberg and the Secretariat located within Bloomberg. A similar approach to gaining multi-stakeholder support and establishing a Secretariat will be developed for the TNFD, and there is already high-level support for the TNFD from the likes of the TCFD secretariat, the World Bank, AXA, BNP Paribas, Rabobank,

Standard Chartered, Storebrand, Yes Bank¹⁰⁹, IFC, the Dutch central bank, the Bank of France, the Swiss government, the UK government and the NGFS.

As mentioned under the ‘Proposed Project Implementation Arrangements’ different options regarding the hosting entity for the secretariat of the TNFD are currently being explored. Following bilateral discussions, WWF has sent a formal request to the Central Bank (CB) chairpersons of France and the Netherlands to set up a cluster of CBs to host the TNFD (including potentially the CBs of Costa Rica, Chile, France, Mexico, the Netherlands and Singapore). There are also ongoing discussions with the IFC-World Bank, UNDP/UNEP-FI, PRI, WEF, NGFS and the OECD amongst others ¹¹⁰.

Key to the longevity and sustainability of the TNFD is that the Framework will be complementary to the TCFD. The IWG and Secretariat will seek alignment with TCFD processes wherever possible and eventually the TNFD may seek integration with the TCFD in the future to create a comprehensive framework for environmental risk disclosure in the finance and corporate sectors.

As part of Component 1, Workstream 3 of the IWG will focus on a long-term plan for TNFD fundraising ahead of its launch to help secure the implementation of its 2-year Workplan.

Potential for scaling up

Building on and learning lessons from the TCFD, the TNFD has the potential to hugely impact the finance and corporate sectors. As mentioned in the Baseline section there are 1,000+ supporters of the TCFD, located across 55 countries and 472 are FIs, responsible for assets of US \$138.8 trillion. Supporters also include national governments (Belgium, Canada, Chile, France, Japan, Sweden and the UK), corporations, government ministries, regulators, stock exchanges and credit rating agencies. The TCFD’s most recent survey of 1,100 annual reports found that there was a 15% increase in companies disclosing climate risk over a two year period since its establishment and that many investors have seen this work pay off in the form of increases in the availability and quality of disclosure. However much work is still needed and it should be noted that the TCFD was “*concerned that not enough companies are disclosing decision-useful climate-related financial information*”.¹¹¹ Regardless, the progress made by TCFD demonstrates the potential scale the TNFD could achieve.

If the TNFD is successful in engaging the regulatory authorities who have been most responsive to the TCFD to date (and have indicated support for enhanced nature-based risk disclosure), for example the Dutch Central Bank and Banks of France and England, it would have a considerable impact on the understanding and reporting of private sector dependencies and impacts on nature. As an example in France, Article 173 which requires asset managers to take ESG criteria into account with their risk management and lending policies, covers French financial institutions representing €5.5 trillion euros (\$6.8tn) in assets under management¹¹². Whilst the UK government, which is set to make the TCFD mandatory by 2022¹¹³, has an

¹⁰⁹ Business Green (2020). UK and banking giants spearhead drive to combat nature-related financial risks. Available online: <https://www.businessgreen.com/news/4018059/uk-banking-giants-spearhead-drive-combat-nature-related-financial-risks>

¹¹⁰ WWF GEF TNFD Concept Note May 8 2020

¹¹¹ <https://www.lexology.com/library/detail.aspx?g=1875019e-6f42-45fa-a7d9-9f72ddb90559>

¹¹² Borgeaud (2019). Article 173: Lessons Learned from 2018 Climate Risk Disclosures in France. Available online: <http://427mt.com/2019/04/30/article-173-lessons-learned-from-2018-climate-risk-disclosures-in-france/>

¹¹³ BEIS (2019): Green Finance Strategy. Available online:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/820284/190716_BEIS_Green_Finance_Strategy_Accessible_Final.pdf

asset management sector managing £9.1 trillion of assets¹¹⁴. Both the French and UK governments have signaled their intentions to enhance nature-related financial disclosures (see paragraph under ‘The Baseline Scenario’ for more details). The TNFD can build on this initial interest from key jurisdictions to target other areas around the world, achieving global level impact in the process.

3.7 Lessons learned during project preparation and from other relevant projects

Lessons learned during project preparation

Lessons from IWG input

- **There are a range of multi-stakeholder initiatives which have important lessons for how the TNFD is governed** - The IWG’s Workstream 1 has identified key governance features from a series of organizations including the TCFD, UN PRI, WEF, Net-Zero Asset Owner Alliance and Climate Action 100+, which will be useful to consider further under Output 1.1.1 as the governance of the TNFD is established following the Workstream 1 recommendations.

Varying interpretations of TNFD scope - there is a broad diversity of views on what the exact scope of the TNFD should be across the IWG. This underlines the importance of investing time and resources in defining the final Terms of Reference of the TNFD in detail within Output 1.1.1.

- **Value of surveying companies and FIs to identify guidance and information needs** - there is also broad variation in the ‘readiness’ of companies and FIs within the IWG to use a TNFD Framework, with varying guidance and knowledge needs. This has highlighted the need to include a survey of a representative sample of companies and FIs on these needs before defining the exact scope of the development work for the Framework and its associated knowledge products.

Lessons from the TCFD

The TCFD is the most relevant other initiative for this project, and is hence the focus of this sub-section.

Some of the key lessons learnt from the TCFD which will help guide the development of the TNFD include the following:

- **Private sector and regulator leadership has been vital** – all members of the TCFD Taskforce come from either the private sector or a national regulatory authority. This has sent a strong message to the broader corporate and financial sector that the TCFD will be widely adopted and will influence regulatory activity in the future. This has been the driving force behind over 1000 organizations supporting the TCFD across 55 countries, with 472 being FIs responsible for assets of US\$138.8 trillion.
- **An active, organized and professional secretariat** – the TCFD is staffed by 4-5 Full Time Equivalent (FTE) staff, hosted and fully funded by Bloomberg. They have carried out the bulk of the work in

¹¹⁴ The Investment Association (2018). Asset Management in the UK 2017-2018. Available online: <https://www.theia.org/sites/default/files/2019-04/20180913-fullsummary.pdf>

running the Taskforce and helping to deliver the Framework and its associated knowledge products and communications successfully.

- **The need for guidance on existing tools available for assessing nature-related risk during launch of the Framework** – consultations with the TCFD secretariat indicated that during launch additional guidance as to the methods available in the current market would have helped companies that were new to the consideration of climate risk. This has been reflected in the inclusion of a review of existing tools and methodologies to accompany the launch of the TNFD Framework.
- **A well-structured consultation process to ensure credibility and buy-in to the Framework and recommendations** – the TCFD draft recommendations report released in December 2016 underwent a formal public consultation before the final version of the recommendations report were published in June 2017. This helped broaden engagement in the TCFD process and allowed for feedback and concerns from the TCFD’s stakeholders to be reflected in the final Framework and recommendations¹¹⁵. The Framework has also been widely tested in partnership with organizations such as UNEP FI¹¹⁶ to help participating FIs move towards making TCFD compliant disclosures.
- **Partnerships and cooperation with other organizations has played a substantial role in the outreach process** – there has been strong engagement and coordination with a set of strategically selected organizations to help broaden the TCFD’s message and dissemination around the world. As one illustration, strategic coordination with Japan’s Government Pension Investment Fund has been critical to encouraging participation from private corporations in supporting and implementing TCFD recommendations.
- **Lessons from WBCSD and UNEP FI - run TCFD pilot projects** - to assist preparers, banks, insurers and investors in implementing the TCFD framework and issuing meaningful climate disclosures. Participants in these pilots explored physical and transition risks (and litigation risks for insurers) and also developed practical approaches for evaluating these risks using climate scenario analyses. Almost 100 financial institutions (banks, investors, and insurers) from all around the world have participated in these pilots. Lessons from this process that will be useful for the design of the testing of the TNFD Framework include:
 - *Group diversity* - both the WBCSD and UNEP FI piloting processes benefited from having participants who operated in a variety of sectors and regions. The different risk and disclosure challenges faced by participants helped provide a more comprehensive view of climate risks and disclosure practices.
 - *Expert support* - in the UNEP FI program, outside experts such as Oliver Wyman and Acclimatise played an important role in helping to develop the methodologies implemented by the participants. These experts also were crucial to the execution and facilitation of the program.
 - *Stakeholder connections* - for both programs, engagement with other stakeholders in the climate risk ecosystem enriched the experience of participants. For WBCSD, their forums were

¹¹⁵ TCFD website (2017). <https://www.fsb-tcdf.org/publications/recommendations-report/>

¹¹⁶ UNEP FI (2020). Pilot Projects on Implementing the TCFD Recommendations for Banks. Available online: <https://www.unepfi.org/banking/tcdf/>

convened with involvement from the TCFD secretariat, while the UNEP FI pilot featured ongoing dialogues with regulators, climate modelers, and other stakeholders.

- *Peer dialogue* - WBCSD and UNEP FI pilots featured ample opportunities for participants to share perspectives on climate risk and disclosure practices with their peers. Feedback from participants suggested these knowledge exchanges were of significant benefit.
- *Facilitation and engagement* - program managers and participants in both pilots believe that the efforts required to coordinate and facilitate meaningful interactions among participants should not be underrated. Ensuring participant engagement and progress towards agreed objectives requires significant time and planning on the part of the secretariat.

A briefing paper and resources such as case studies of lessons from TCFD piloting for TNFD piloting is available from IWG WS 2.

SECTION 4: TECHNICAL APPENDICES:

Appendix A: GEF Results Framework

Appendix B: Stakeholder Engagement Plan

Appendix C: Gender Action Plan

Appendix D: Knowledge Management and Communications

Appendix E: IWG feedback and responses from reviews of PIF/ProDoc content

Appendix F: Draft Project Steering Committee TORs

Appendix A: GEF Results Framework

Indicator / unit	Definition (note if cumulative)	Method/ source	Frequency	Who	Disaggregation	Baseline	YR1	YR2	YR3	Notes/ Assumptions
Project Objective: To support the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.										
1. The TNFD is fully operational	<p>Fully operational: The TNFD is fully delivering against its Terms of Reference and the TNFD governance structure is in place, with meetings occurring regularly.</p> <p>Progress will be measured using a Scorecard approach (see Scorecard section below).</p>	Review of annual reports produced by the Secretariat of the TNFD	Annual	PMU	N/A	No TNFD exists	TNFD governance and hosting arrangements agreed	TNFD is operational with fully staffed secretariat and regular meetings and progress against the 2-year workplan recorded	TNFD is fully operational with the 2-year workplan largely completed and long-term financial and institutional sustainability assured	
2. # beneficiaries (GEF Core Indicator 11)	<p>Beneficiary: numbers of staff of each financial institution or company that are involved directly in the implementation of the TNFD framework (direct benefits) and those that benefits from the delivery of the Framework, guidance and knowledge products (indirect benefits). Where possible numbers will be aggregated on gender.</p>	Online survey of organizations consulted on the draft Framework rating it as 'useful' or 'very useful' for their analysis and reporting of nature-related impacts and risks. Consultee organizations also asked during this survey to indicated number and sex of team members who have been engaged in the consultation process.	Once (Year 3)	PMU	Disaggregated by sex	No beneficiaries			543 beneficiaries	It is expected that a total of 137 organizations will directly benefit from the delivery of the Framework, guidance and knowledge products by end of project. The indicative breakdown per stakeholder group is: Financial institutions: 50 / 250 individuals Corporations: 45/125 individuals Rating agencies and data providers: 3/12 individuals Governments: 12/60 individuals Financial Regulators/Central banks: 8/30 individuals International Organizations: 8/30 individuals NGOs and CSOs: 8/30 individuals

										Academia: 3/6 individuals
3. Resources leveraged for TNFD (USD)	Resources leveraged: financing mobilized during GEF project lifetime toward overall \$13 million envelope for TNFD.	Review of Workstream 3 (TNFD Resourcing) progress and financial commitments	Annual	PMU	Disaggregated by type of FI and company	\$3,721,520 (GEF project funding and associated cash co-finance)	-	-	\$9,278,480	The partners will aim for the majority of \$9.27 million to be secured as cash co-financing, however some is expected to be in-kind co-financing.
Component 1 Setting up and launching the Taskforce										
Outcome 1.1 A plan for the TNFD is globally supported, informal working group funded, and the TNFD is established										
4. Two-year strategic work plan and ToR recommendations for the TNFD fully developed and agreed on by the IWG	IWG: Informal Working Group of the TNFD Progress will be measured using a Scorecard approach (see Scorecard section below)	Review of strategic work plan and ToR recommendations, and record of acceptance by the IWG.	Once (Year 1)	PMU	-	IWG WS 2 has developed a draft Workplan	Two-year strategic work plan and the ToR recommendations of the TNFD fully developed and agreed on by the IWG	-	-	
5. TNFD Secretariat operational	Operational: Contractors and employees of the Secretariat are in post and active, delivering against their job descriptions. The Secretariat as a whole is fulfilling its Terms of Reference on a continuous basis. Progress will be measured using a Scorecard approach (see Scorecard section below).	Review of annual report, which will include section on Secretariat operations	Annual (From Year 2)	PMU	-	No official TNFD Secretariat in place		TNFD Secretariat operational	TNFD Secretariat remains operational	
Component 2. Build and Test a TNFD Framework										
Outcome 2.1 Increased understanding in the financial and corporate sector of nature-related risk and how to identify impacts and dependencies on nature.										
6. # of FIs and companies reporting increased understanding of nature-	-	Survey of readers of the reports published under Output 2.1.1 (Report and inventory of existing tools) and Output 2.1.2 (Synthesis report of the	Once (Year 2)	PMU	Disaggregated by type of FI and company	No companies reporting increased understanding of nature-		150 FIs and companies reporting increased understanding of nature-	-	

related risk and how to identify impacts and dependencies on nature.		evidence based for the materiality of nature-related financial risk & impacts) who respond saying that the reports have 'significantly' or 'very significantly' increased their understanding of nature-related risk and how to identify impacts and dependencies on nature.				related risk and how to identify impacts and dependencies on nature.		related risk and how to identify impacts and dependencies on nature.		
Outcome 2.2 A draft framework for companies to report to investors on their nature related risks, refined and agreed upon through a testing process.										
7. # of FIs and companies testing the draft TNFD Framework and providing feedback	Testing: participation by companies (Data preparers) and FIs (Data users) in the testing of the draft Framework and recommendations, to provide feedback on adjustments and improvements needed.	Review of reporting provided by the PMU on the testing process	Once (Year 2)	PMU	Disaggregated by type of FI and company	No companies have tested a draft TNFD Framework	-	95 organizations (50 FIs and 45 companies) have tested the draft TNFD Framework and provided feedback	-	Target number of FIs and companies to test draft Framework to be confirmed based on the TNFD workplan produced by IWG WS2.
Component 3: TNFD Framework consultation and dissemination of recommendations										
Outcome 3.1 Verification and broad support for the TNFD framework from FIs, companies, regulators and their stakeholders.										
8. Draft TNFD Framework and recommendations report published and disseminated for public consultation	Disseminated: The framework and report is distributed via social media and partner websites alongside consultation launch events	Review of dissemination statistics and launch event reports.	Once (Year 3)	PMU	-	No draft TNFD Framework and recommendations report in place	-	-	Draft TNFD Framework and recommendations report published and disseminated for public consultation	
9. Final TNFD Framework and recommendations report published and disseminated		Review of dissemination statistics and launch event reports.	Once (Year 3)	PMU	-	No final TNFD Framework and recommendations report in place	-	-	Final TNFD Framework and recommendations report published and disseminated	
10. # of public expressions of support for the TNFD provided by FIs,	Public expressions of support: Organizations making publicly available expressions of support either through submitting	Review of expressions of support submitted either directly to the TNFD Secretariat or published on organization websites	Once (Year 3)	PMU	Disaggregated by organization type	No public expressions of support for the TNFD provided by	-	-	200 public expressions of support for the TNFD provided by FIs	

companies, regulators and their stakeholders.	directly to the TNFD for publication (as done by the TCFD here) or through their own website and press communications.	or in media communications				FIs, companies, regulators and their stakeholders			companies, regulators and their stakeholders	
Outcome 3.2 Increased awareness of nature-related impacts and financial risks among companies and financial institutions										
11. # of companies and FIs reporting increased awareness of nature-related impacts and financial risks		Survey of companies and FIs on the Framework and recommendations report to identify those reporting 'significant' or 'very significant' increases in their awareness of nature-related impacts and risks after using materials contained in the TNFD online knowledge hub.	Once (Year 3)	PMU	Disaggregated by type of company and FI	No companies reporting increased awareness of nature-related impacts and financial risks	-	-	200 companies and FIs reporting increased awareness of nature-related impacts and financial risks	
Component 4: Knowledge management and M&E										
Outcome 4.1 Increased uptake of TNFD knowledge and communication amongst stakeholders										
12. # of KM products developed and disseminated by the project	Knowledge and communication products: (Op-eds, reports and other publications). Cumulative	Dissemination via PMU and through TNFD Online resource hub	Annual	PMU	Disaggregated by knowledge and communication product type	0	1 publication	2 publications	3 publications	At least 1 publication will be produced annually and disseminated widely through the TNFD online resource hub.
Outcome 4.2: Monitoring and evaluation system in place to aid with adaptive management										
13. # of Executing Agency (EA) planning meetings or workshops held where M&E data (including RF indicators) was discussed and used for adapting the annual workplan and budget	Non-cumulative	Summaries of EA planning meetings and workshops and adapted workplans and budgets sent to the PSC	Annual	PMU	-	No planning meetings or workshops held	1 EA planning meeting/workshop where M&E data was discussed and used for adapting annual workplan and budget	1 EA planning meeting/workshop where M&E data was discussed and used for adapting annual workplan and budget	1 EA planning meeting/workshop where M&E data was discussed and used for adapting annual workplan and budget	

Indicator Scorecards

For a selection of indicators, a scorecard approach is proposed to help track progress against them. Below are scorecards for Indicator 1,3 and 4.

Indicator 1 (years 2 and 3)	
The TNFD is fully operational	
100	TNFD is fully delivering against its terms of reference and the TNFD governance structure is in place with meetings occurring regularly as planned
75	TNFD is mostly delivering against its terms of reference and/or the governance structure is mostly in place with meetings occurring regularly as planned.
50	TNFD is somewhat delivering against its terms of reference and/or the governance structure is somewhat in place with meetings not occurring regularly.
25	TNFD is poorly delivering against its terms of reference and/or the governance structure is poorly in place with meetings not occurring regularly.
0	The TNFD is not delivering against its terms of reference and the governance structure is not in place.

Indicator 4	
Two-year strategic workplan and the ToR of the TNFD fully developed and agreed on by the IWG	
100	Both the two-year strategic work plan AND ToR of the TNFD are fully developed AND both have agreement from the IWG
75	Both the two-year strategic work plan AND ToR of the TNFD are fully developed but the agreement/endorsement has yet to happen.

50	Either the two-year strategic workplan is developed OR the ToR is developed.
25	Neither the two-year strategic workplan or the ToR are fully developed, but they are underway and expected within the next semester.
0	Neither the workplan or the ToR are developed and it will be longer than a semester for them to be completed.

Indicator 5 (years 2 and 3)	
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TNFD Secretariat operational	
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100	Contractors and employees of the Secretariat are in post and active, delivering against their job descriptions AND the Secretariat as a whole is fulfilling its Terms of Reference on a continuous basis	Note: All conditions need to apply to be 100
75	Contractors and employees of the Secretariat are in post and are mostly delivering against their job descriptions and/or the Secretariat as a whole is mostly fulfilling its Terms of Reference on a continuous basis.	Note: If any of these conditions apply, it would be 75
50	Contractors and employees of the Secretariat are mostly in post and are somewhat delivering against their job descriptions and/or the Secretariat as a whole is somewhat fulfilling its Terms of Reference on a continuous basis.	Note: if any of these conditions apply, it would be 50
25	Contractors and employees of the Secretariat are mostly NOT in post and/or are poorly delivering against their job descriptions and/or the Secretariat as a whole is poorly fulfilling its Terms of Reference on a continuous basis.	Note: if any of these conditions apply, the score would be 25
0	Contractors and employees of the Secretariat are NOT in post and/or the Secretariat as a whole is not fulfilling any aspect of the Terms of Reference.	

Appendix B: Stakeholder Engagement Plan

1. INTRODUCTION

Currently, the TNFD is being catalyzed through a partnership between Global Canopy, the United Nations Development Programme (UNDP), the United Nations Environment Programme Finance Initiative (UNEP FI), and the World Wildlife Fund (WWF). An essential feature of this initiative is that the TNFD does not focus on a specific country; it is a global program that operates with different sectors around the world, such as the Finance Sector, Corporate Sector, Rating Agencies, and Data Providers, Financial Regulators, Central Banks, and International Initiatives.

Three bodies have been established to accompany the development of the TNFD: the Informal Working Group (IWG), Informal Technical Expert Group (TEG), and the TNFD Partner Group. The IWG is currently supported with in-kind and volunteer resourcing and acts as a temporary body to build momentum towards the establishment of the TNFD. The TEG focuses on defining the technical scope of work that will need to be undertaken during the TNFD's implementation. Finally, the Partner group is focused on coordinating the work of the four IWG workstreams (Governance, Budget and Workplan, Resourcing and Communications and Knowledge Management) which are paving the way for the establishment of the TNFD, taking into account relevant lessons learned from the Taskforce on Climate-related Financial Disclosures (TCFD).

Stakeholder Engagement is a key and mandatory process for all the GEF projects, and it is a crucial element for the TNFD project through its four components from setting up and launching the Taskforce (Component 1), building and testing the framework (Component 2), consultation (Component 3) to knowledge management (Component 4). As the GEF project builds on the work of the Partner Group, TEG, and IWG workstreams, stakeholder engagement for this Project is part of the overall engagement with IWG members at large which includes monthly IWG meetings since September 2020, weekly meetings of the IWG Workstreams (since November of 2020) and through review and written feedback to TEG papers and IWG deliverables led by the IWG Co-Chairs and workstream leads with support from the Partner Group¹¹⁷.

The present document focuses on giving an overview on (i) the regulations and requirements for stakeholder engagement following the GEF, WWF, and UNEP-FI policies, (ii) a summary of previous stakeholder engagement actions, (iii) the Stakeholder Engagement Plan that will guide all the activities of the Project related to engagement, (iv) Resources and Responsibilities, (v) the Grievance Mechanism and (vi) Monitoring and Reporting.

¹¹⁷ See section 3.1 of this document for more information on working groups.

The Stakeholder Engagement Plan (SEP) is a participatory tool designed to guide the Project Management Unit (PMU) involved in the GEF TNFD project implementation stage to engage and maintain a responsive and transparent communication line with their stakeholders. The SEP is integral to the overall project goal because it provides guidelines for stakeholder engagement during the preparation and implementation of the Project, and it guides the disclosure process for the entire Project.

It is fundamental to understand the SEP as a living document that can be updated throughout the project lifecycle. Although this initial SEP has been developed based on information and documentation from the Partner Group, TEG, IWG and Workstream meetings, overall stakeholder engagement will be carried out by the Executing Agency (EA), and subsequent activities would be captured to update the draft at a strategic level, by the Project Management Unit.

2. REGULATIONS AND REQUIREMENTS

The content presented here for the stakeholder engagement plan has been prepared for the *Establishing the Taskforce on Nature-related Financial Disclosures (TNFD) project* to guide stakeholder engagement during development, design, planning, implementation, and project closure. In this regard, the Plan lays out standards, guidelines, and concrete activities for the Project to ensure transparency, inclusion, accountability, integrity, and effective participation of all affected parties. The development and implementation of this stakeholder engagement plan is guided by WWF-US policy (as the GEF Agency) and the GEF requirements, including engagement with recipient countries. The principal requirements in this regard are summarized below.

a. WWF REQUIREMENTS

The Environmental and Social Safeguards Framework (ESSF) and Environmental and Social Safeguards Integrated Policies and Procedures (SIPP) require all WWF-supported projects to commit to consult and engage potentially affected stakeholders (or parties) and to disclose information related to the Project in a transparent manner. This commitment extends the Project's requirement to have grievance mechanisms for stakeholders to lodge concerns and receive feedback. Specifically relevant for the Stakeholder Engagement Plan is the Standard on Stakeholder Engagement and the associated Procedures for Implementation of the Standard on Stakeholder Engagement.

b. UNEP FI REQUIREMENTS¹¹⁸

The United Nations Environment Programme (UNEP) strives to ensure an effective, broad and balanced participation of Major Groups and Stakeholders as they play a central role in providing expertise and scientific knowledge, informing governments of local needs and opinions, as well as identifying the "on the ground" realities of policy decisions. Furthermore, stakeholder participation adds legitimacy to decisions taken at UNEP.

¹¹⁸ [UNEP Environmental, Social and Economic Sustainability Framework. 2015.](#)

The Policy Framework for Environmental, Social, and Economic Sustainability (ESES) is a direct response to the UN system-wide effort to advance environmental and social sustainability principles under the guidance of the Chief Executive Board (CEB). The UNEP ESES Framework responds fully to relevant policies of the Global Environment Facility (GEF) specifically the "Gender Equality Action Plan"¹¹⁹ and the "GEF Policy for Agency Minimum Standards on Environmental and Social Safeguards".¹²⁰ Modalities for engaging Major Groups and Stakeholders in UN Environment's work at policy and programmatic level build on Rule 70 of the Rules and Procedures of the United Nations Environment Assembly and are reflected in UN Environment's Stakeholder Engagement Handbook.¹²¹

UNEP Guiding principles for engagement

1. Acknowledgment of UN Environment processes' intergovernmental nature: decision-making within UNEP remains the prerogative of Member States.
2. Participation in decision-making processes: In line with the Rules of Procedures, UNEP will grant participation and access privileges to all accredited stakeholders.
3. Access to information: acknowledging the critical importance of disseminating and making accessible information concerning UNEP's work or information generated through its program as widely as possible, in line with its Access to Information Policy.
4. Transparency and accountability for mutual benefit: engagement with Major Groups and Stakeholders is based on the premise of mutual trust and benefit, transparency, responsibility, and accountability.
5. Respect for diversity of views and self-organization: UNEP acknowledges the diversity of views among its stakeholders and, in striving for greater openness and to embrace the full spectrum of civil society actors, will ensure that those different voices are heard, including those outside the nine Major Groups.
6. Improvements to current engagement practices: UNEP will promote continuous improvement of its current practices.

3. SUMMARY OF STAKEHOLDER ENGAGEMENT PROCESS IN PROJECT DEVELOPMENT

The project development team (WWF and UNEP FI through their role as members of the Partner Group) has engaged in a series of engagements throughout the project development phase with a range of stakeholders from both GEF donor and recipient countries,¹²² from Financial Institutions, NGOs, national and sub-national level forums, networks, international bodies, private sector, and research institutions.

¹¹⁹ [GEF Policy on Gender Equality](#).

¹²⁰ [GEF Policy on Environmental and Social Safeguards](#).

¹²¹ [Handbook for stakeholder engagement at the united nations environment programme \(UNEP\)](#).

¹²²The full list of current IWG members can be found in the TNFD website: <https://tnfd.info/who-we-are/>

The process of stakeholder engagement for the TNFD Initiative began in January 2019. It has been structured through the development and establishment of the TNFD Informal Working Group (IWG), the Informal Technical Expert Group (TEG), the TNFD Partner group and with a broad range of other stakeholder groups, such as the Finance Sector, Corporate Sector, Ratings Agencies & Data Providers and International Initiatives.

a. WORKING GROUPS:

The TNFD Informal Working Group (IWG): This group acts as a temporary body to help build momentum and support for the TNFD. It is coordinated via a collaboration of the Partner Group: Global Canopy, UNDP, UNEP FI, and WWF. The IWG, chaired by representatives from Banorte, the Green Finance Institute and BNP Paribas, includes governments from both GEF donor and recipient countries (such as United Kingdom, Netherlands, Switzerland, France, Peru and Kenya), financial regulators, the finance sector, and corporate representatives from developed and developing countries alongside invited experts and, as of today, has **74 members**. The overall role of the IWG members is to promote the business case for the TNFD to their broader peer networks and provide guidance on the development of the TNFD Work Plan, membership strategy, resourcing, and preparation for TNFD launch. The IWG is also responsible for reviewing and commenting on draft deliverables of the TEG and Workstreams.

In addition, the IWG has four workstreams; each has its own Chair(s), and every IWG member participates in at least one of them. As of today, each workstream has 15-20 IWG members.

Workstream 1: TNFD Governance, Leadership and Membership (Chair: AXA)

Workstream 2: TNFD Work Plan, Budget & Operationalization (Chairs: Rabobank & CDSB)

Workstream 3: TNFD Resourcing (Chair: KPMG)

Workstream 4: Communications, Outreach & Knowledge Management (Chairs: WEF/Kering and E&Y)

The IWG have been engaged in the GEF project development process in the following ways:

- Review and feedback of initial project concept, including Table B and theory of change;

Represented by the Workstream leads:

- Participation in the ProDoc Validation Workshop (December 2020);
- Input (including written feedback) to the Project Document, project objective and Project Steering Committee TORs.

The TNFD Informal Working Group Observers: The IWG Observer Members do not actively participate in IWG meetings but receive progress updates as relevant. As of today, this Observer group has **52 members**.

Technical Expert Group (TEG): This group acts in an advisory capacity under the direction of the IWG to achieve four main objectives: i) serve as a reference point, ii) provide a guide on how to incorporate nature-related risk and opportunities into financial decisions and investments, iii) identify the process for integrating nature-related data, and iv) ensure early alignment with the functions and approach of the

TCFD. The TEG is composed of experts from IWG member organizations and individuals recognized in their field of expertise.

TNFD Partner Group: Since 2019, the TNFD has been developed through a partnership between Global Canopy, the UNDP, UNEP FI, and WWF. This group has met and consulted with the TCFD to understand more about the lessons learned from the Taskforce during its set-up, budgeting, and ongoing operations, to incorporate these lessons into the design of the TNFD. Other initiatives that the TNFD partners are engaging with include the NGFS, the OECD, and its proposed Multi-Stakeholder Group on Business, Finance and Biodiversity, the Natural Capital Coalition, and the WBCSD's Business 4 Nature initiative.¹²³ UNDP also hosted a virtual meeting on Finance and Nature on 7 July 2020. A public announcement of the TNFD initiative took place at the Finance for Nature Virtual Global Series on 21 July 2020,¹²⁴ and key stakeholders were invited to participate in the IWG to support the establishment of the formal TNFD. In addition to preparing original business case and concepts for the TNFD and coordinating the work of the IWG, the Partner Group has participated in GEF Project development by:

- Direct provision of content for the initial project concept and Project Document;
- Co-authorship of sections for the initial project concept and Project Document;
- Verbal and written feedback to initial project concept and Project Document;
- Participation in and input to the GEF TNFD Project Validation Workshop (Dec. 2020).

b. PREVIOUS STAKEHOLDER ENGAGEMENTS ACTIONS & STRATEGIES:

The TNFD Partner group (Global Canopy, the UNDP, UNEP FI, and WWF) has developed different strategies to attract members and observers to be part of the TNFD; some of the essential strategies for stakeholder engagement are listed below:

- **Informal meetings:** The partner group has developed a set of informal meetings with different actors to share the objective and importance of the TNFD.
- **Website:** A website was developed for the TNFD. The website focuses on providing an overview of why the Taskforce is needed, who the current members are, how it will work, recent news, tools, resources, and how to get involved. **Website:** <https://tnfd.info/>
- **Newsletters:** A monthly electronic report was designed with news on the progress of the TNFD. At the time of writing, four newsletters have been developed and published on October 6, November 3, December 10, 2020 and January 12, 2021: <https://tnfd.info/news/>.
- **Thematic conference:** The partner group has developed and participated in conferences, tables, and congresses related to the goal of the TNFD and presenting the task force.
- **IWG kick-off meeting:** On 10 September 2020, the IWG had a successful inaugural meeting where they discussed the group's high-level work plan.

¹²³ To be confirmed at project start.

¹²⁴ UNDP (2020). Finance for Nature Virtual Global Series. Available online: <https://www.learningfornature.org/en/finance-for-nature-series/>

- **TNFD IWG Monthly Meetings:** The working group has been meeting monthly virtually (September 10, October 8, November 12, and December 10, 2020, January 14, and February 11, 2021 to date), and this will continue until the launch of the Task Force itself, which is expected in Q1-Q2 of 2021.
- **Discussion Sessions:** The IWG and the TEG have held six discussion sessions on the scope of the TNFD across six areas: nature, finance, risks, data, standards, and scenarios. Each session has produced a report and summary of the information shared; full reports can be found on the UNDP SparkBlue website.
- **Workstream Meetings:** Each workstream of IWG developed Terms of Reference and expected deliverables for each group and has been holding weekly virtual meetings since November 2020.
- **Online discussion space for the IWG on SparkBlue:**¹²⁵ SparkBlue is UNDP's digital platform for online engagement allowing its staff to collaborate across the international development landscape. This is a one-stop-shop for the IWG to engage in Work Stream discussions actively, co-edit and shape Work Stream deliverables and IWG documents, and review the archive of IWG materials.
- **Documents & Reports:** The working group members developed knowledge documents and share tools to boost engagement between prospective members. When this report was authored, over 27 reports and publications related to the TNFD objectives had been published.
- **Media Engagement:** The IWG has promoted the work and the importance of the TNFD to the traditional and non-traditional media to reach prospective members. Over 16 publications have been published in diverse types of media. Read the complete list of publications in Annex 04.

c. STAKEHOLDER GROUPS AND PREVIOUS ENGAGEMENT:

The above-mentioned groups have developed different engagement strategies with varying types of stakeholder groups, between the most relevant are the Financial Institutions (FIs), Corporations, Rating Agencies & Data Providers, Government, Financial Regulators & Central Banks, International Organizations, NGOs & CSOs, International Initiatives, and Academia. The following table has been designed to show the stakeholder groups and interests and how they have been engaged to date

¹²⁵ <https://www.sparkblue.org/>

Table 1. Stakeholder consultations during project development

STAKEHOLDER GROUP	INTEREST AND INFLUENCE ON THE PROJECT	STATUS OF ENGAGEMENT	HOW HAVE THEY BEEN ENGAGED TO DATE?
<p>Initiatives (TCFD, CDBS, GRI)</p>	<ul style="list-style-type: none"> One of the most critical initiatives for the Project to coordinate with is the TCFD. This will help identify areas of overlap and space for collaboration and ensure these two initiatives are complementary. 	<p>To date, there have been a series of informal dialogues with the TCFD and other initiatives such as the CDBS and GRI, which have informed early thinking on TNFD design.</p>	<p>IWG kick-off meeting TNFD IWG Virtual Meetings Discussion Sessions Workstream Meetings Private discussion space on SparkBlue Newsletter Documents & Reports</p>
<p>FINANCIAL INSTITUTIONS (FIS) & PRIVATE FIRMS</p>	<ul style="list-style-type: none"> FIs will be vital to shaping the TNFD framework and recommendations, ensuring they are designed in a way that can be widely adopted and incorporated into existing risk management systems across the diversity of banks, insurers, investors, and other FIs. These institutions will likely have an interest in influencing the direction the framework takes and engage accordingly. The involvement and support of the finance sector in the Project are critical to driving the broader business sector adoption and implementing the recommendations that come out of the TNFD. 	<p>FIs are the largest group of organizations that have joined the IWG to date (38 institutions); some have publicly announced their support for TNFD. Through their membership in the IWG, they will advise on the design of the TNFD and the resulting framework.</p>	<p>IWG kick-off meeting TNFD IWG Virtual Meetings Discussion Sessions Workstream Meetings Private discussion space on SparkBlue Newsletter Documents & Reports</p>
	<ul style="list-style-type: none"> Corporations are central to the TNFD and should have a strong interest in it, as corporate risk reporting could be significantly impacted by the 		<p>IWG kick-off meeting</p>

STAKEHOLDER GROUP	INTEREST AND INFLUENCE ON THE PROJECT	STATUS OF ENGAGEMENT	HOW HAVE THEY BEEN ENGAGED TO DATE?
CORPORATIONS	<p>framework adopted by the TNFD and used by their investors, lenders, and insurers.</p> <ul style="list-style-type: none"> • They will guide current corporate policies and reporting practices and the areas where they can be strengthened and supported by the TNFD. • It will be necessary for corporates to be vocal supporters of the TNFD to help it gain broad support and to indicate to FIs that the TNFD's framework and recommendations are realistic and achievable for the sector. • WBCSD and CEBDS are members of the IWG when writing alongside other corporates and business-led organizations. 	<p>WBCSD and CBDES are members of the IWG alongside individual corporations, including H&M, Reckitt Benckiser, and Tesco.</p>	<p>TNFD IWG Virtual Meetings</p> <p>Discussion Sessions</p> <p>Workstream Meetings</p> <p>Private discussion space on SparkBlue</p> <p>Newsletter</p> <p>Documents & Reports</p>
RATING AGENCIES & DATA PROVIDERS	<ul style="list-style-type: none"> • Some of the world's largest rating agencies, such as S&P, have stated that TCFD recommendations could further incorporate environmental disclosures and their associated risks into credit ratings. Having rating agencies participate in developing the TNFD Framework will be essential to ensure that the data produced will be useful for the rating process. • Market and financial data providers also have a strong interest in disclosing nature-related risk and the data produced from these disclosures, which will feed into their analyses and data services. Their participation in the TNFD is essential to ensure that the TNFD Framework's data is useful for the broader data service industry. 	<p>Ratings Agencies and Data Providers were not engaged during project design, but they will be engaged during implementation</p>	<p>WG kick-off meeting</p> <p>TNFD IWG Virtual Meetings</p> <p>Newsletter</p> <p>Documents & Reports</p>
GOVERNMENTS & REGULATORY BODIES	<ul style="list-style-type: none"> • Strong government engagement is vital to help translate the TNFD framework and recommendations into public policy development. This will help replicate the success of the TCFD in being adopted under national regulations such as the TCFD reporting requirements mandated under France's Article 173. • The UN Biodiversity Conference in Kunming, China, offers governments a unique opportunity to send a strong signal to the financial system to bring financial flows in line with the need for biodiversity conservation and restoration. If TNFD progress can be reported to governments and 	<p>The Governments of the United Kingdom, Netherlands, Switzerland, France, and Peru are members of the IWG.</p>	<p>IWG kick-off meeting</p> <p>TNFD IWG Virtual Meetings</p> <p>Discussion Sessions</p> <p>Workstream Meetings</p> <p>Private discussion space on SparkBlue</p> <p>Newsletter</p>

STAKEHOLDER GROUP	INTEREST AND INFLUENCE ON THE PROJECT	STATUS OF ENGAGEMENT	HOW HAVE THEY BEEN ENGAGED TO DATE?
	<p>incorporated into their policy messaging in the run-up to this event, this will help raise its profile.</p> <ul style="list-style-type: none"> Government donor agencies are also an essential partner in the development and resourcing of the TNFD project. 		<p>Documents & Reports</p>
<p>FINANCIAL REGULATORS/CENTRAL BANKS</p>	<ul style="list-style-type: none"> Financial regulators and central banks have a strong interest in managing the financial risks that biodiversity loss poses to the financial sector as part of their broader mandate (as has been the case in the TCFD). The Network for Greening the Financial System (NGFS) and its members can provide important insights into the impact of nature-related financial risks on the sector as a whole based on the work they have done to date. Gaining strong buy-in and ownership from financial regulators and central banks is needed to facilitate the adoption of TNFD recommendations into financial regulation. 	<p>The Banking and Securities Commission of Mexico is a member of the IWG, and the Central Bank of Nigeria has expressed strong support for the TNFD.</p>	<p>IWG kick-off meeting TNFD IWG Virtual Meetings Discussion Sessions Workstream Meetings Private discussion space on SparkBlue Newsletter Documents & Reports</p>
<p>INTERNATIONAL ORGANIZATIONS</p>	<ul style="list-style-type: none"> International organizations can provide support, expertise, and knowledge on assessing nature-based risks in the financial system. Several business and biodiversity initiatives run by international organizations have helped lay the groundwork for the TNFD, including the <u>Natural Capital Finance Alliance</u> and <u>Natural Capital Coalition</u>, amongst others. They will have a strong interest in ensuring the TNFD succeeds in its objectives. International standards organizations (financial and non-financial) such as ICAEW, CDSB, SASB, and GRI can help determine gaps in current reporting and identify where the TNFD can further consider natural capital risk. 	<p>Several international organizations are members of the IWG and will provide active input into the design of the TNFD. There are also active conversations with other organizations to join the group.</p>	<p>IWG kick-off meeting TNFD IWG Virtual Meetings Discussion Sessions Workstream Meetings Private discussion space on SparkBlue Newsletter Documents & Reports</p>
<p>NGOs & CSOs</p>	<ul style="list-style-type: none"> NGOs and CSOs have helped to create a range of tools, reporting frameworks, standards, and methodologies on nature-related risks that will 	<p>WWF and the Global Canopy Programme have played a</p>	<p>IWG kick-off meeting TNFD IWG Virtual Meetings</p>

STAKEHOLDER GROUP	INTEREST AND INFLUENCE ON THE PROJECT	STATUS OF ENGAGEMENT	HOW HAVE THEY BEEN ENGAGED TO DATE?
	<p>inform the TNFD project. This has included tools such as <u>ENCORE</u> and <u>Impact360</u>.</p> <ul style="list-style-type: none"> To promote comparability, cooperation and strengthen the legitimacy of the TNFD, it is crucial to promote alignment across the various NGO-led disclosure regimes, frameworks, standards, and initiatives on nature-related risk and natural capital. 	<p>central role in advancing the plans for a TNFD, alongside their partners. In addition, TNC and Environmental Finance have publicly stated their support for the establishment of a TNFD.</p>	<p>Discussion Sessions</p> <p>Workstream Meetings</p> <p>Private discussion space on SparkBlue</p> <p>Newsletter</p> <p>Documents & Reports</p>
<p>ACADEMIA</p>	<ul style="list-style-type: none"> Academic institutions have also led a range of important research initiatives, frameworks, and tool development that will inform the TNFD framework and recommendations, for example, the <u>Biodiversity Impact Measurement (BIM) Tool</u> developed by the Cambridge Institute for Sustainability Leadership (CISL). These institutions have a strong incentive to engage with the TNFD to support the uptake of their research outputs and tools and to demonstrate their policy impact. Engagement and buy-in from academic institutions are essential to ensure the TNFD process maintains scientific credibility and uses the best available science to inform its recommendations. 	<p>Research institutions and academia were invited to the IWG, though official membership has not yet been confirmed. Academic institutions will be consulted and updated throughout the TNFD process to ensure the recommendations' scientific credibility.</p>	<p>IWG kick-off meeting</p> <p>TNFD IWG Virtual Meetings</p> <p>Discussion Sessions</p> <p>Workstream Meetings</p> <p>Private discussion space on SparkBlue</p> <p>Newsletter</p> <p>Documents & Reports</p>

4. STAKEHOLDER ENGAGEMENT PLAN

The purpose of the Plan is to ensure appropriate and consistent involvement of an inclusive range of diverse stakeholders in project implementation, supporting effective communication and working relationships. The Executing Agency (EA) – UNEP FI - will ensure that stakeholders' views and inputs will be taken into consideration as early as possible and throughout project implementation. The consultation processes will be continued throughout the Project as required by the IWG and eventually the TNFD Secretariat once it is set up, ensuring the steady growing interest of beneficiaries and TNFD members and maintaining inclusive and diverse representation, including among women and men. The EA will ensure that the information disclosed, the format, language, and the methods used to communicate the information will be tailored to each stakeholder group.

The Plan also anticipates that there will be numerous ongoing activities to raise awareness of the Project as part of the larger TNFD initiative among potential beneficiaries and TNFD members, and to collect sex-disaggregated data on experiences among women and men, to assess the possible scale of support required and ensure its dissemination is gender-equitable. The project stakeholder engagement plan will be aligned with the gender analysis and gender action plan and will ensure that women and other relevant marginalized groups' views will be appropriately considered.

The Project has categorized its stakeholder engagement strategies into three types of engagement, as described below, aligned with the four components of the Project (Component 1. Setting up and launching the Taskforce, Component 2. Build and Test a TNFD Framework, Component 3. Consultation on and dissemination of TNFD Framework recommendations, and Component 4: Knowledge Management & M&E). All previous and ongoing engagement with IWG members during project development has been conducted seamlessly in virtual format, and stakeholder engagement during project implementation is expected to continue to be carried out virtually during the COVID19 pandemic. No changes to project implementation timelines are anticipated as they have already been designed to take into account the effects of the COVID19 pandemic.

a. Engagement via the Governance Structure:

Project governance encompasses the reporting and financial arrangements, management, and decision-making structure between the GEF Agency, the Project Management Unit, the Executing Agency, the Project Steering Committee (PSC), and any subgrantees receiving GEF funds. For this Project, the GEF Project Steering Committee will include representatives from the IWG Co-Chairs and Workstream Leads and GEF Project co-financiers while the IWG is still in operation. It is anticipated that a Secretariat and a governance body (such as a TNFD Steering Committee and a Chair) will be established for the TNFD. For the GEF project duration, a GEF Project Steering Committee will provide the typical PSC role for the GEF-funded project, and if/when a TNFD-wide governance structure is established, may be subsumed by that structure. Some key actors of the governance structure and their functions are described below:

- **Project Steering Committee** - The main functions of the PSC will include:

- Members will represent their institutions and the work led by their institutions that falls under the Project.
- The PSC will advise the EA for a successful project execution and in particular regarding the project work planning, Annual Work Plans and Budget (AWPBs), review project reports and key project outputs when relevant
- Hold virtual meetings on a yearly¹²⁶ basis
- The PSC will discuss opportunities for adaptive management in the Project, based on the PPRs. Recommendations about Adaptive Management will be made by the PSC;
- Appoint a Chair of the GEF PSC;
- The Chair will coordinate with the EA the date of meetings, agenda and invite to the members of the PSC
- **Executing Agency Role (EA):** UNEP FI leads the GEF Project Execution in close coordination with members of the Partner Group, some of whom may be contracted as Executing Partners by the EA for specific deliverables; and Lead the engagement of stakeholders throughout the Project via the Stakeholder Engagement Plan (SEP).
- **Project Manager:** The EA will appoint a Project Manager (PM) to provide strategic oversight, overall administration, and supervision of the PMU, and guidance for project implementation. The PM will be responsible for: (i) preparing the comprehensive project work plan; (ii) preparing annual budgets and work plans; (iii) managing project expenditure in line with outputs and activities; (iv) ensuring the technical quality of products, outputs and deliverables; (v) producing quarterly expenditure and cash advance requests from project partners; (vi) reporting to the Project Steering Committee and the WWF GEF Agency on project delivery and impact via six-month and yearly Progress Reports.
- **Project Management Unit:** Day-to-day management of the GEF project will be delivered through a Project Management Unit (PMU), to be housed within the EA. The primary function of the PMU will be to ensure high-quality project implementation and comprehensive reporting, monitoring, and evaluation functions.

COVID-19 related measures: The Executing Agency (EA), UNEP FI, IWG members and most TNFD stakeholders have significant experience coordinating remotely and have done so routinely for many years before the advent of COVID 19, due to the need for frequent international collaboration in their activities. They are typically based in locations with strong internet connectivity and will be able to continue working remotely without significant issues.

b. Engagement via TNFD Framework Testing:

The TNFD Secretariat, hosting organization, and TNFD will convene the necessary skills and capacities via a Technical Expert Group and a series of sector-specific working groups to embark on the development of the TNFD framework. International Standards Organizations, Platform and Data Providers, Consultancies,

¹²⁶ To be confirmed at project start.

NGOs, Academic and Research organizations will also be engaged to help inform building elements of the draft framework. The building stage includes developing a draft disclosure framework (or aspects of a framework that could be adopted by other frameworks - the term 'reporting framework' should be read from this definition) and recommendations on steps for consultation and user surveys for feedback. This will begin with a detailed stocktaking of existing tools and methodologies, and data (building from the IWG TEG baseline work) to inform the framework development process. A user survey will be undertaken with those who will be expected to work with/apply the TNFD to understand the needs of the market, gaps, and identify areas that will require support to enhance uptake. At all stages, efforts will be made to meaningfully engage and consult with stakeholders from GEF Recipient countries, with the aim of geographical balance, particularly for LDCs and SIDS (by, for example, seeking a balanced membership from the global South, via the involvement of local stock exchanges, Development Banks and regulators; involving representatives of the global South in all stages of the TNFD framework development including building, testing and consultation phases; targeted events in the global South to increase understanding and awareness of the TNFD framework; and targeted research on how to enhance the uptake and inclusion of the global South in the TNFD work plan). These activities will then inform the development of a draft disclosure framework for companies and FIs on nature-related financial risks, dependencies, and impacts. It should consider voluntary, regional, and national initiatives already underway and aim to harmonize with them as feasible.

COVID-19 related measures: The range of stakeholders for the TNFD are based in parts of the world with good connectivity and will be able to engage effectively in consultations for the project remotely via videoconferencing, webinars and document sharing, as they have done throughout the process of establishing and participation in the IWG.

c. Engagement via broader Consultation and Outreach:

The IWG/TNFD Secretariat will develop and conduct a consultation on a report containing the framework produced in Component 2. This will also include recommendations on tools, measurement systems, and reporting protocols to help raise awareness among FIs, corporates, and public authorities of how they can assess and disclose nature-related risks. It will also include guidance on how companies and FIs can translate these measurements into risk assessments within their Financial Information Systems. Some of the main activities of the consultation and outreach are described below:

- **Public consultation:** The draft TNFD framework will be launched and available in a draft form online and via www.tnfd.info for a 60-day public consultation. This will include a consultation survey to collect overarching responses to the framework developed, across the main stakeholders, i.e., data preparers, data users (internal/external). It is suggested that the consultation runs for 60 days to ensure broad participation and that a series of consultation events/webinars are used for advertising the consultation.

- **Following the example set by the Taskforce on Climate-related Financial Disclosure (TCFD)**, a 60-day public consultation period following the initial draft framework and recommendations report release is suggested. The public consultation is seen as a critical way to get feedback on the Task Force's draft framework and recommendations.
- **Consultation with data preparers:** Specific webinars aimed to obtain feedback from those preparing information for use within the framework including corporates and financial institutions, data platforms, internal corporate finance teams, etc.
- **Consultation with data users (internal and external):** Specific webinars/events aimed to get feedback from those who will use and apply the TNFD, including corporates and financial institutions.
- **Consultation report:** Showing a summary of the main feedback points and how these have been addressed in updates to the draft TNFD framework and recommendations.
- **Series of outreach events after launch day:** For different stakeholder groups and geographies. A series of online events could be used to link with relevant stakeholder groups to disseminate information and the main recommendations of the TNFD.

COVID-19 related measures: The range of stakeholders for the TNFD are based in parts of the world with good connectivity and will be able to engage effectively in consultations for the project remotely via videoconferencing, webinars and document sharing, as they have done throughout the process of establishing and participation in the IWG.

Table 2. Key Stakeholder Groups and Engagement Strategy in Project Implementation

STAKEHOLDER GROUPS ¹²⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ¹²⁸
<p>FINANCIAL INSTITUTIONS (FIS)</p>	<p>One of the success factors of the TCFD was that it was an FI-led initiative and was developed “by the market, for the market”. Similar levels of participation from FIS in the TNFD will be central to the success of this project.</p> <p>FIs will be key to shaping the TNFD framework and recommendations, ensuring they are designed in a way that can be widely adopted and incorporated into existing risk management systems across the diversity of banks, insurers, investors and other FIs. These institutions will likely have an interest in influencing the direction the Framework takes and engage accordingly.</p> <p>The involvement and support of the finance sector in the Project are critical to driving the broader business sector adoption and implementing the recommendations that come out of the TNFD.</p>	<p>As an industry-led initiative FI’s are engaged throughout the TNFD development process:</p> <p>Phase 0 Prepare: During this phase the TNFD will lay the groundwork for the TNFD to build upon: securing a chair, mandate, chair, and secretariat & pilot approach. FIs form the majority of the organizations who have joined the IWG to date (48 institutions) and a number have publicly announced their support for the TNFD. Through their membership of the IWG they will advise on the design of the TNFD and the resulting framework.</p> <p>In the prepare phase a limited number of FI’s will be involved in the mini-pilot on food distribution systems.</p> <p>Phase 1 Build: To embark on the ‘build’, the intended users of the framework together with other relevant stakeholder such as, International Standards Organizations, Platform and Data Providers, Consultancies, NGOs, Academic and Research organizations will be engaged to help inform building elements of the draft framework. The building stage includes developing a draft disclosure framework (or elements of a framework that could be adopted by other frameworks In the build phase FI’s will be involved as part developing a draft disclosure framework (or elements of a framework that could be adopted by other frameworks.</p> <p>Phase 2: ‘Testing’: of the framework will be carried out by a series of pilot tests with three different stakeholder groups: 1) data preparers, and data users – both 2) internal and 3) external – including banks,</p>

¹²⁷ For the full list of IWG members please see the TNFD website: <https://tnfd.info/who-we-are/>.

¹²⁸ The SEP is a living document. Timing and frequency of engagement with stakeholders will be updated early in project implementation according to the workplan delivered by Workstream 2.

STAKEHOLDER GROUPS ¹²⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ¹²⁸
		<p>investors, insurers and corporates, including both private and public institutions. In this phase FIs will be invited to test the framework. It is expected that the framework should be co-created with the financial and corporate sectors such that FIs advise on how to make it feasible enough to eventually report on.</p> <p>Phase 3: Consult: The TNFD Secretariat will develop and conduct a consultation on a report containing the Framework as updated following the piloting experiences in Phase 2, and will upon the basis of the input received develop the 2nd draft of the framework. It is expected that FIs as data user will Specific webinars/events aimed to get feedback from those who will use and apply the TNFD including corporates and financial institutions.</p> <p>Phase 4: Disseminate: A launch date, with support during and after, is needed to increase awareness of the TNFD and provide support for application and wide uptake. In this phase a broader group of FI's will be introduced to the TNFD framework. Build on the supporter network in the TCFD, engaging organisations and influencers to help promote awareness and commitment to the TNFD in advance of launch.</p>
<p>CORPORATIONS</p>	<p>Corporations are central to the TNFD and should have a strong interest in it, as corporate risk reporting could be significantly impacted by the framework adopted by the TNFD and used by their investors, lenders, and insurers.</p> <p>They will be able to provide guidance on current corporate policies and reporting practices and the areas where they can be strengthened and supported by the TNFD.</p> <p>It will be important for corporates to be vocal supporters of the TNFD to help it gain broad support, and to indicate to FIs that the TNFD's framework and recommendations are realistic and achievable for the sector.</p>	<p>Phase 0: WBCSD and CBDES are members of the IWG alongside individual 12 corporate members and will continue to be consulted closely in the development of the TNFD and the Framework via the testing and feedback process.</p> <p>Phase 1: In the build phase corporates will be involved in developing a draft disclosure framework (or elements of a framework that could be adopted by other frameworks).</p> <p>Phase 2: Corporates are part of the 3 key groups testing the framework.</p> <p>Phase 3: During phase 3 corporates – will be involved as data preparers in specific webinars aimed to obtain feedback from those preparing</p>

STAKEHOLDER GROUPS ¹²⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ¹²⁸
		<p>information for use within the framework.</p> <p>Phase 4: In this phase a broader group of corporates will be introduced to the TNFD framework. The contacts with multilateral organisations, industry groups and membership groups, e.g., WEF, WBCSD, We Value Nature, UN PRI, CDSB, NGFS, etc. will be used to help publicise and promote the TNFD.</p>
<p>RATING AGENCIES & DATA PROVIDERS</p>	<p>Some of the world’s largest ratings agencies such as S&P have stated that TCFD recommendations could make the further incorporation of climate and environmental disclosures and their associated risks into credit ratings more consistent and transparency, which the TNFD will help to do for disclosures specific to nature. Having rating agencies participate in the development of the TNFD Framework will be important to ensure that the data produced will be useful for the ratings process.</p> <p>Market and financial data providers also have a strong interest in disclosing nature-related risk and the data produced from these disclosures, which will feed into their analyses and data services. Their participation in the TNFD is important to ensure that the data produced from the TNFD Framework is useful for the broader data service industry.</p>	<p>Phase 0: As part of the market relevance testing feedback from rating agencies and data providers will be sought via targeted efforts to ensure they are updated and consulted on the progress of the TNFD, including potential involvement in the Framework testing process.</p> <p>Phase 1: In this phase rating agencies and data providers will be invited to support the development and implementation of data stacks. The TNFD will produce broader guidance on how to construct data stacks as well as how to implement its broader set of recommendations.</p> <p>Phase 2: In phase 2 platform & data providers - examples include MSCI, S&P Trucost, Refinitiv and Bloomberg as this group can help input into the data stocktake by identifying what is available.</p> <p>Phase 3: Specific webinars aimed to obtain feedback from those developing reporting information for use within the framework.</p> <p>Phase 4: Data providers and data agencies are expected to support the uptake and implementation of TNFD.</p>
	<p>Strong government engagement is vital to help translate the TNFD framework and recommendations into public policy development. This will help replicate the success of the TCFD in being adopted under national regulations such as the TCFD reporting</p>	<p>Phase 0: The Governments of the United Kingdom, Netherlands Switzerland, France, Peru and Kenya are members of the IWG and will continue to be consulted closely on the development of the TNFD and</p>

STAKEHOLDER GROUPS ¹²⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ¹²⁸
<p>GOVERNMENT</p>	<p>requirements mandated under France's Article 173.</p> <p>The UN Biodiversity Conference in Kunming, China, offers governments a unique opportunity to send a strong signal to the financial system to bring financial flows in line with the need for biodiversity conservation and restoration. If TNFD progress can be reported to governments and incorporated into their policy messaging in the run up to this event this will help raise its profile.</p> <p>Government donor agencies are also an essential partner in the development and resourcing of the TNFD project. Via the G20's Sustainable Finance Working Group (Led by the US and China) and the FSB the TNFD will work to obtain a wider political mandate to strengthen its uptake. This work is led by UNDP.</p> <p>Further to the support and engagement with governments in the phases of the TNFD development special attention will be given to the role of governments under scenario development. It is expected that the Leaders' Pledge for Nature goal of "reversing biodiversity loss by 2030" or the Global Biodiversity Framework (GBF) and Science Based Targets Network (SBTN) goals/targets of "no net loss by 2030 and net gain by 2050" will be used for scenario planning. The TNFD will seek alignment with existing initiatives working on scenarios. On the basis of their work, the TNFD will link to the use of and provide guidance on scenario analysis. This in addition will allow for alignment with national reporting of Parties as required under the United Nations Convention on Biological Diversity (UN CBD).</p>	<p>the Framework.</p> <p>Phase 1&2: During these phases, government actors will not be actively involved in the building and testing of the framework. The TNFD Secretariat will work to obtain a political mandate via the G20 or the GSO, with support of UNDP. Government actors are encouraged to continue their role to support and develop the TNFD.</p> <p>Phase 3: Government actors are invited to give feedback t the 1st draft TNFD framework a in draft form online and via www.tnfd.info for a 60-day public consultation. In addition, specific outreach will be made to government actors to be involved in the consultation process.</p> <p>Phase 4: launch to take place across different geographies through events/webinars. Government Ministries and financial regulators to help provide the mandate for the TNFD throughout its development and the dissemination of results.</p>
<p>FINANCIAL REGULATORS/CENTRAL</p>	<p>Financial regulators and central banks have a strong interest in managing the financial risks that biodiversity loss poses to the financial sector as part of their broader mandate (as has been the</p>	<p>The Banking and Securities Commission of Mexico, the Federal Council of the Environment of Argentina, and the Retirement Benefits Authority of Kenya are members of the IWG with a range of additional authorities</p>

STAKEHOLDER GROUPS ¹²⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ¹²⁸
BANKS	<p>case in the TCFD).</p> <p>The Network for Greening the Financial System (NGFS) and its members can provide important insights into the impact of nature-related financial risks on the sector as a whole based on the work they have done to date.</p> <p>Gaining strong buy-in and ownership from financial regulators and central banks is needed to facilitate the adoption of TNFD recommendations into financial regulation.</p>	<p>being engaged by the partner group. They will continue to be consulted closely on the development of the TNFD and the Framework.</p> <p>Phase 1: During this phase no specific attention to financial regulators and central banks will be given, but they are invited to continue their role to support and develop the TNFD.</p> <p>Phase 2: Special attention during this phase will be given to Supervisors/Central Banks, for example the Monetary Authority of Singapore, and DNB.</p> <p>Phase 3: Supervisors/Central Banks are invited to give feedback to the 1st draft TNFD framework in draft form online and via www.tnfd.info for a 60-day public consultation.</p> <p>Phase 4: launch to take place across different geographies through events/webinars. This will include the need for support from key Supervisors/Central Banks based on the TNFD's mandate.</p>
INTERNATIONAL ORGANIZATIONS	<p>International organizations can provide support, expertise, and knowledge on assessing nature-based risks in the financial system.</p> <p>There are several business and biodiversity initiatives run by international organizations that have helped lay the groundwork for the TNFD including the Natural Capital Finance Alliance and Natural Capital Coalition amongst others. They will have a strong interest in ensuring the TNFD succeeds in its goals.</p> <p>International standards organizations (financial and non-financial) such as ICAEW, CDSB, SASB, GRI can help determine gaps in current reporting and identify where the TNFD can help to further the consideration of natural capital risk.</p>	<p>Phase 0: Ten international organizations are members of the IWG and will provide active input into the design of the TNFD and the Framework. There are also active conversations with other organizations to join the group.</p> <p>Phase 0: As part of the market relevance testing feedback from international organizations will be sought.</p> <p>Phase 1: In this phase rating international organizations will be invited to support the development of TNFD.</p> <p>Phase 2: In phase 2 international standards organizations (financial and non-financial reporting) - EU non-financial reporting, ICAEW, CDSB, SASB, GRI to help determine gaps in current reporting and where the TNFD can help to further the consideration of natural capital risk.</p>

STAKEHOLDER GROUPS ¹²⁷	INTEREST IN THE PROJECT	TIMING AND ENGAGEMENT STRATEGY ¹²⁸
		<p>Phase 3: Specific webinars aimed to obtain feedback from those international organizations' information for use within the framework.</p> <p>Phase 4: International standards organizations (financial and non-financial reporting) - EU NFR, ICAEW, CDSB, SASB, GRI, etc. to help publicize the TNFD and promote take up.</p>
NGOS & CSOS	<p>NGOs and CSOs have helped to create a range of tools, reporting frameworks, standards, and methodologies on nature-related risks that will inform the TNFD project. This has included tools such as <u>ENCORE</u> and <u>Impact360</u>.</p> <p>To promote comparability, cooperation and strengthen the legitimacy of the TNFD, it is important to promote alignment across the various NGO-led disclosure regimes, frameworks, standards, and initiatives on nature-related risk and natural capital.</p>	<p>Phase 0: WWF and the Global Canopy Programme have played a central role in advancing the plans for a TNFD, alongside their partners. TNC and Environmental Finance have publicly stated their support for the establishment of a TNFD. These organizations and further NGOs/CSOs will be consulted with during the development of the Framework</p>
ACADEMIA	<p>Academic institutions have also led a range of important research initiatives, frameworks, and tool development that will inform the TNFD framework and recommendations, for example, the <u>Biodiversity Impact Measurement (BIM) Tool</u> developed by the Cambridge Institute for Sustainability Leadership (CISL). These institutions have a strong incentive to engage with the TNFD to support the uptake of their research outputs and tools and to demonstrate their policy impact.</p> <p>Engagement and buy-in from academic institutions is key to ensure the TNFD process maintains scientific credibility and uses the best available science to inform its recommendations.</p>	<p>Research institutions and academia were invited to the IWG, though official membership has not yet been confirmed. Academic institutions will be consulted and updated throughout the TNFD process to ensure scientific credibility of the recommendations</p>

5. TIMETABLE

The schedule of interaction with various stakeholders in the table above will be duly filled out once the dates by which the activities will be undertaken are collaboratively decided with project partners at project inception. As outlined before, stakeholder engagement began prior to and has continued throughout the project development phase to ensure ownership, confidence, and reflection of priorities over time. Stakeholder engagement will continue throughout project implementation, including identifying members and observers (including women and other relevant groups) and during periodic monitoring to reflect the progress and adaptive management as needed.

6. RESOURCES AND RESPONSIBILITIES

The EA will lead stakeholders' engagement throughout the Project via the Stakeholder Engagement Plan (SEP). A Project Steering Committee (PSC) will serve as the project oversight, advisory, and support body. The PSC will ensure that the Project remains on course to deliver the required quality outcomes. The PSC will play a critical role in project monitoring and evaluation by assuring the project processes and products. It also advises on any conflicts within the Project or any problems with external bodies.

7. GRIEVANCES MECHANISM

Project stakeholders can submit any grievances to the project to the WWF GEF Agency mechanism. Instructions are provided on WWF website (as below) with contact details and procedures. All grievances will be reviewed and responded to in writing within 10 working days of receipt. Both complaints and responses will be recorded into the project monitoring. If the claimant is not satisfied with the response, the grievance may be submitted directly to the WWF US - GEF project agency.

A grievance can be filed with the Project Complaints Officer (PCO), a WWF staff member fully independent from the Project Team, who is responsible for the WWF Accountability and Grievance Mechanism and who can be reached at:

Email: [**SafeguardsComplaint@wwfus.org**](mailto:SafeguardsComplaint@wwfus.org)

Mailing address:

Project Complaints Officer

Safeguards Complaints,

World Wildlife Fund

1250 24th Street NW
Washington, DC 20037

The PCO will respond within 10 business days of receipt, and claims will be filed and included in project monitoring.

Stakeholders may also submit a complaint online or over the phone through an independent third-party platform at <https://secure.ethicspoint.com/domain/media/en/gui/59041/index.html>

8. MONITORING AND REPORTING

Knowledge Management within this Project will focus on disseminating knowledge and communications products with the intended outcome that will lead to increased understanding of nature-based risk, dependencies, and impacts across the finance and corporate sectors. Given this, the process to monitor and report on the stakeholder engagement progress will include and involve actors throughout the project cycle.

Throughout the Project, the following will be involved in monitoring:

- Activities related to stakeholder engagement will be documented and reported by the EA on a half-yearly basis (as part of regular reporting), with sex-disaggregated data where possible. The monitoring visits and meetings will be documented, and feedback reported back to the local communities and stakeholders with concerns or interest in the site or activity.
- Independent third parties may be invited to confirm the implementation of this stakeholder engagement plan and other project targets. This will enable transparency, build confidence, and encourage open opinions.
- WWF GEF Agency and the project PSC will also monitor to support the Project and support on issues affecting timely and quality project implementation.

The Executing Agency, UNEP FI, will be responsible for project monitoring and evaluation and will submit Project Progress Reports (PPRs) to the WWF GEF Agency on a semi-annual basis. On an annual basis, the Executing Agency will also be required to self-assess its performance against its yearly work plan and targets and provide a risk mitigation plan for redressing underachievement areas.

Appendix C: Gender Action Plan

Gender Action Plan

A gender action plan is a management tool that will allow the project to mainstream and adequately incorporate the gender approach throughout project implementation. The objective of this plan is to identify the challenges and opportunities of men and women that have been identified in the design and for the execution of the project through the Gender Analysis, so that they are integrated into the implementation of the activities and so that men and women can access the benefits without adverse effects.

The Gender Action Plan sets out specific activities designed to ensure the mainstreaming of gender considerations into project outputs and activities, including critical actions to maximize equal participation in and benefits from the project. The project design reflects the project's intention to guide the implementation team to achieve the set objectives. The following action plan details activities to be implemented through the "*Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)*" project toward mainstreaming gender in outputs, outcomes, and articulates how progress will be tracked.

It is essential to highlight that the Gender Action Plan scope covers only the GEF-funded TNFD activities. Therefore, the gender approach is scaled to the nature of the project accordingly.

Gender Analysis Summary:

The GEF TNFD project recognizes the importance of women's contributions across sectors and, at all levels, consideration of their perspectives can lead to successful, long-term solutions. Gender roles of women and men include different labor responsibilities, priorities, decision-making power, and knowledge. The gender analysis highlights that, despite the latest international conventions aiming to achieve gender equality and having national and international policy frameworks in place, gender inequalities persist, especially if we take into account the data from women's participations in the finance sector.¹²⁹ This is not a challenge that the project alone can tackle, but it can make tangible contribution and exemplify the global shift toward gender equality, in line with the SDGs, UN guidelines and evolving norms.

The gender analysis and gender action plan for the present GEF project were developed based on the information, and events organized and led by the TNFD Partner Group (Global Canopy, UNDP, UNEP FI and WWF) and Accelerator Team (UNEP FI and UNDP),¹³⁰ the Informal Working Group (IWG) and its Workstreams, and the Informal Technical Expert Group (TEG), and with several other stakeholders

¹²⁹ <http://genderandenvironment.org/egi/>

¹³⁰ Read the full list of TNFD-led events and meetings within the Project Stakeholder Engagement Plan.

(Financial Institutions, Corporations, Central Banks, Governments, International Organizations, NGOs, Civil Society Organizations and other Initiatives) during the project design phase. The plan's overall strategy is to ensure the equal participation of and benefits for women during project implementation of GEF-funded activities, with the support of the gender specialists and the collection of detailed sex-disaggregated data on project participants and beneficiaries and monitoring of progress on gender-specific indicators.

Four specific gender considerations have been identified with relation to the proposed GEF project: (i) Underrepresentation of women in senior and decision-making roles in the finance and corporate sectors, (ii) Gender equality within the operations of the TNFD Secretariat, (iii) Gender equality during stakeholder engagement and (iv) collection of data on women's inclusion in the financial sector. The Gender Action Plan sets out specific activities within the GEF-funded TNFD, designed to ensure the mainstreaming of gender into project outputs and activities, including key actions to maximize equal participation in and benefits with the following as some of the most relevant activities:

- e) Access gender expertise from partner institutions to advise and support the implementation of the gender action plan;
- f) Active participation of women in the strategy development, monitoring and sharing of lessons learned on specific GEF-funded activities;
- g) Awareness of the TNFD, IWG, TEG, partners, and other stakeholders on gender issues and social concerns in the GEF Project;
- h) Sharing of gender-sensitive best practices for knowledge management purposes.

The project is largely normative for biodiversity measurement and disclosure, with limited impacts on vulnerable livelihoods. Nevertheless, in a professional context gender is an important issue for the finance sector, and the project aims to make a contribution in line with this transformative shift.

Methodology:

The methodology for the development of the Gender Action Plan was carried out in three phases: **The first phase** focused on the in-depth review of the Project planning documents developed to date: results framework, project profile, budget. This exercise made it possible to define the scope and identify opportunities for mainstreaming the gender approach. In this phase, consultations and meetings were also held with the WWF gender specialist and and UNEP FI, with whom it was established that the Gender Plan would be "gender responsive."

The second phase consisted of compiling the results of the gender analysis and establishing direct links where the identified needs and gender gaps evidenced for the project can be addressed concerning the

project's framework. **The third phase** is the analysis of the information and the generation of the Gender Action Plan. This process was carried out based on the gender analysis document, and the gender evaluation carried out on the project, its stakeholder consultations, its results, and activities. The analysis identified gender gaps and opportunities to improve the structural and inequitable dynamics that affect women in the project context.

Output	Gender-specific action	Responsible	Performance Indicator	Timeline	Budget
Component 1: Setting up and launching the Taskforce					
Outcome 1.1 A plan for the TNFD is globally supported and funded, and the TNFD is established.					
Output 1.1.1: Taskforce partners (industry representatives and experts: FIs, corporations, academia, think tanks, central banks) are mobilized.	a) Promote equal participation of women and men in the mobilization of Taskforce partners.	PMU	a) <u>Indicator:</u> Proportion of women/men represented in Taskforce membership.	Year 1	No additional budget required – In-kind/within core duties of TNFD accelerator team
Output 1.1.2: Key governments and financial regulators convened and requested to endorse the TNFD. This will be carried out via virtual/in-person workshops, both dedicated and at global events.	a) Promote equal participation of women and men in the virtual/in-person workshops; b) Support equal representation of women and men from governments/financial regulators endorsing the TNFD; c) Promote gender balance among participants at global events.	PMU	a) <u>Indicator:</u> Proportion of women/men who participated in engagement, meetings, workshops, etc. b) <u>Indicator:</u> Proportion of women/men from government/financial regulators endorsing TNFD	Year 1	No additional budget required - In-kind/within core duties of TNFD accelerator team
Output 1.1.3: Institutional and financial sustainability plans developed for TNFD, and financial commitments secured for the scaling and long-term running of TNFD (beyond the project period). These will be pre-defined by the WS 3 on Resource Mobilizations, agreed by the IWG, and delivered by the EA in close coordination with the TNFD Steering Committee Chairs.	a) Ensure institutional and financial sustainability plans developed for TNFD are gender-sensitive.	UNEP gender advisor	a) <u>Indicator:</u> TNFD Institutional and financial sustainability plans developed incorporating gender-sensitive aspects	Year 1	No additional budget required - In-kind/within core duties of TNFD accelerator team

Output	Gender-specific action	Responsible	Performance Indicator	Timeline	Budget
Output 1.1.4: TNFD Secretariat set-up and initial/start-up operations supported.	<ul style="list-style-type: none"> a) Promote equal participation of women and men in the Secretariat; b) Provide training to project staff on gender and gender-sensitive methods for data collection; c) Advise TNFD Chair/Steering Committee to have a gender policy. 	UNEP gender advisor	<ul style="list-style-type: none"> a) <u>Indicator:</u> Proportion of men/women in TNFD Secretariat b) <u>Indicator:</u> Number of TNFD Secretariat staff receiving gender training 	Year 1	\$1,000 for online training delivered via webinar
Output 1.1.5: TNFD launched at a public (virtual) event and with targeted communication activities.	<ul style="list-style-type: none"> a) Promote gender balance among participants at global events. 	PMU	<ul style="list-style-type: none"> a) <u>Indicator:</u> Proportion of women/men who participated in launch event 	Year 1	No additional budget required - In-kind/within core duties of TNFD accelerator team
Component 2. Build and Test a TNFD Framework.					
Outcome 2.1. The financial sector's increased ability to identify dependencies on nature, measure positive and negative financial flows to nature, and mitigate nature-related risks.					
Output 2.1.1: In-depth report and inventory of existing tools (including data, taxonomies, and stock exchange indices), methodologies, and existing and upcoming regulatory frameworks around the world, including non-English language jurisdictions, to identify and measure nature-related impacts (positive and negative) and identify and mitigate risks.	<ul style="list-style-type: none"> a) Promote the development of information on gender and natural capital risk; b) Ensure inventory exercise includes analysis of gaps/best practices related to gender inclusivity in natural capital risk; c) Based on assessment findings, ensure best practices on gender dimensions related to natural capital risk are incorporated in the development of the TNFD framework; d) Develop an Op-Ed on role of gender in Natural Capital risk as a project KM deliverable. 	PMU	<ul style="list-style-type: none"> a) <u>Indicator:</u> Project KM product on role of gender in Natural Capital risk developed. 	Year 1	Via co-financing from a Taskforce members supported by the Secretariat comms manager.

Output	Gender-specific action	Responsible	Performance Indicator	Timeline	Budget
Outcome 2.2. A draft framework for companies to report to investors on their nature-related risks, refined and agreed upon through a testing process.					
Output 2.2.1: Draft 1 of the TNFD reporting framework developed, including a proposed common indicator framework to measure nature-related risks and impacts from corporate and FI activities.	a) Draft TNFD reporting framework using a gender-responsive approach (i.e. gaps found in the synthesis report and includes best practices found in the analysis under 2.1.1, if any).	PMU with UNEP in-house gender advisor	a) <u>Indicator:</u> The TNFD reporting framework presents data disaggregated by sex and promotes the importance of gender equity, including where possible report on gender-specific indicators.	Year 1	As required based on findings, supported by UNEP gender advisor
Output 2.2.2: Draft 1 of the TNFD reporting framework tested with FIs and companies, in close collaboration with relevant financial regulators.	a) Promote equal participation of women and men in the TNFD reporting framework testing process, as far as feasible.	PMU	a) <u>Indicator:</u> Proportion of women/men who participated in the testing of the TNFD framework.	Year 2	No additional budget required - In-kind/within core duties of TNFD Secretariat, other personnel and in agreements
Output 2.2.3: Draft 2 of the TNFD reporting framework revised based on inputs from the testing phase.	n/a				n/a
Component 3. Consultation on and dissemination of TNFD Framework recommendations					
Outcome 3.1. Verification and broad support for the TNFD framework from FIs, companies, regulators, and their stakeholders.					
Output 3.1.1: A report on Draft 2 of the TNFD reporting framework developed and publicly consulted with representatives from both Northern and Southern countries	a) Encourage equal participation of women and men in the TNFD reporting framework consultation, as far as feasible.	PMU	a) <u>Indicator:</u> Proportion of women/men who participated in the public consultation of the TNFD framework.	Year 2	No additional budget required - In-kind/within core duties of relevant personnel and agreements TBC

Output	Gender-specific action	Responsible	Performance Indicator	Timeline	Budget
Output 3.1.2: Final report on TNFD framework produced after public consultation, including guidelines to financial institutions, companies, and regulators on nature-related impacts & financial risk, including identifying the opportunities to integrate the framework at a policy level, and disseminated through launch events and roadshows.	<ul style="list-style-type: none"> a) Ensure the final report is gender-responsive as relevant; b) Ensure women and men have equal access to framework in dissemination process. 	PMU	<ul style="list-style-type: none"> a) <u>Indicator:</u> The TNFD final reporting presents data disaggregated by sex and promotes the importance of gender equity. b) <u>Indicator:</u> Proportion of women/men who participated in the final report on TNFD. 	Year 3	No additional budget required - In-kind/within core duties of TNFD Secretariat TBC
Output 3.1.3: Active dissemination of the TNFD Framework report via social media, industry and mainstream media engagement, conference and webinar presentations, and <u>the hosting of five regional launch events to raise awareness globally</u> of the TNFD Framework.	<ul style="list-style-type: none"> a) Promote equal participation of women and men in global and regional launch events. b) Display gender balance among leading TNFD participants at global events such as webinar panels. 	PMU	<ul style="list-style-type: none"> a) <u>Indicator:</u> Proportion of women/men who participated in launch events, etc. 	Year 3	No additional budget required
Outcome 3. 2. Verification and broad support for the TNFD framework from FIs, companies, regulators, and their stakeholders.					
Output 3.2.1: Online knowledge repository/resource hub established with guidelines and Q&As for financial institutions and governments, and repository for commitments by companies and financial institutions who endorse and implement the TNFD framework.	<ul style="list-style-type: none"> a) Promote equal marketing and access to the knowledge/resource hub, taking into account differences in marketing approaches and access for men and women wherever feasible. 	PMU	<ul style="list-style-type: none"> a) <u>Indicator:</u> Proportion of women/men who use the online knowledge resource hub; b) <u>Indicator:</u> Market assessment carried out to illuminate differences in marketing financial products such as the TNFD framework 	Year 2-3	No additional budget required - In-kind/within core duties of TNFD Secretariat TBC and relevant agreements

Output	Gender-specific action	Responsible	Performance Indicator	Timeline	Budget
Output 3.2.2: Monitoring and evaluation protocol designed to assess awareness and behavior change through FI and company implementation of TNFD tools, metrics, and reporting frameworks in key jurisdictions over the longer term (not to be implemented during project period).	a) Promote inclusion of sex-disaggregated indicators to monitor proportion of men/women reporting awareness and behavior change in implementation of TNFD tools, metrics and reporting frameworks, wherever relevant.	PMU	a) <u>Indicator:</u> Monitoring and evaluation protocol includes sex-disaggregated indicators	Year 2-3	No additional budget required - In-kind/within core duties of TNFD Secretariat TBC.
Component 4: Knowledge Management & M&E					
Outcome 4.1. Increased uptake of TNFD knowledge and communication amongst stakeholders					
Output 4.1.1: Knowledge management and communications products developed and widely disseminated.	a) Promote the development of information on gender and natural capital within the financial sector, as relevant; b) Information on gender and natural capital/financial sector is highlighted by project including specific examples, such as KM products, where feasible.	PMU	a) <u>Indicator:</u> All KM products highlight gender differences in impacts and provide gender-responsive recommendations; b) <u>Indicator:</u> number of gender-related KM products developed.	Year 1-3	No additional budget required - In-kind/within core duties of TNFD Secretariat TBC and in relevant agreements
Outcome 4.2. Monitoring and evaluation system in place with active adaptive management in place					
Output 4.2.1: Monitoring and evaluation reports (including project progress reports, annual adaptive management meetings, midterm evaluation, terminal evaluation).	a) Encourage gender balance at project annual adaptive management meetings. b) Information on lessons learned regarding gender and best practices in nature-related financial tools and their marketing is highlighted.	PMU	a) <u>Indicator:</u> All KM products highlight gender differences in impacts and provide gender-responsive recommendations.	Year 1-3	No additional budget required - In-kind/within core duties of TNFD Secretariat TBC

Annex D: Knowledge Management and Communications

Utilizing available knowledge to apply best practices and lessons learned is important during both project design and implementation to achieving greater, more efficient, and sustainable conservation results. Sharing this information is then useful to other projects and initiatives to increase effectiveness, efficiency, and impact among the conservation community. Knowledge exchange is tracked and budgeted in Component 4 of the Results Framework.

Prior to finalizing the project design, existing lessons and best practices were gathered from the IWG and its Workstreams and the TCFD (the most relevant initiative for this project) and incorporated into the project design. Please reference Section 3.7 of the Project Document to review the lessons and understand how they were utilized.

During project implementation and before the end of each project year, knowledge produced by or available to the Project will be consolidated from project stakeholders and exchanged with TNFD and TCFD members and more broadly across the finance and corporate sectors via the EA's existing processes and platforms (such as the Principles for Responsible Banking, Principles for Sustainable Insurance, etc) by the project management unit (PMU). This collected knowledge will be analyzed alongside project monitoring and evaluation data at the annual Adaptive Management meeting. It is at this meeting that the theory of change will be reviewed, and modifications to the annual work plan and budget will be drafted. Making adjustments based on what works and what does not work should improve project results.

Lessons learned and best practices from the Project will be captured from outputs 2.1.1 report on existing tools, methodologies and existing and upcoming regulatory frameworks, 2.1.2 synthesis of evidence base for the materiality of nature-related financial risks, output 2.2.2 testing of the draft TNFD reporting framework with FIs and companies, and 3.1.2 final report on the TNFD framework following public consultation and from stakeholders at the annual Adaptive Management meeting. Mid-term and terminal evaluations will also provide lessons and recommendations. These available lessons and best practices will then be documented in the semi-annual project progress reports (PPR) (with best practices annexed to the report).

The PMU Project Manager will ensure that the GEF Project Steering Committee, project partners, TNFD members and other relevant stakeholders are informed of (and where applicable invited to) the Adaptive Management meeting, formal evaluations, and any documentation on lessons and best practices. These partners will receive all related documents, such as Evaluation Reports, Op-Eds, case studies, etc. to ensure the sharing of important knowledge products.

Communications products based on the knowledge and best practices assembled from the project will be aligned with the TNFD Communications Plan developed by the IWG Workstream 4. This will include the following knowledge and communication products, for example:

- Minimum 2 public webinars per year, either presented by TNFD or presenting TNFD on other appropriate platforms;
- Report: Synthesis of evidence based on the materiality of nature-related financial risks
- Report: Based on in-depth report and inventory of existing tools, methodologies and existing and upcoming regulatory frameworks around the world (Output 2.1.1)
- Report: TNFD testing / piloting outcomes and learnings
- Report: results of market survey
- Report: sector implementation guidance and learnings
- Report:
- Op-Ed will be developed on the role of gender in Natural Capital Risk
- Reporting requirements of the WWF GEF Agency, producing the following reports: Inception Workshop report, bi-annual Project Progress Reports (PPR), Mid-term Evaluation (MTE), Terminal Evaluation (TE)

All knowledge and communication products produced by the Project will be shared on a project-specific website, hosted by Global Canopy at <https://tnfd.info/>. This will allow a wider audience to gain knowledge from the Project. In addition, the Project Manager will share these documents with stakeholders more directly through tnfd@globalcanopy.org or other appropriate email to be established. Project-specific KM and comms products would also be posted on UNEP FI website within the nature-theme and/or on a dedicated TNFD project page.

The Project has budgeted travel to key workshops, such as the UNEP FI Global and Regional Roundtables with the financial sector to share best practices and lessons learned from the Project and to learn from practitioners in the same field to strengthen the Project. This are still to be determined with the PSC given that many in-person events are only coming online in a hybrid model from late 2021 onwards: a major allocation has been made for a single Member Meeting, hoping that this is feasible to undertake at a key milestone of the project.

Appendix E: IWG feedback and responses from reviews of ProDoc content

Review Response Table

The table below is a summary response to key comments received on the key ProDoc content from the IWG:

Comment	How it is addressed
<p>1. Technical work</p> <ul style="list-style-type: none"> • Building and testing a TNFD Framework should address how to translate nature loss into financial risks and how to go from the corporation level to the financial portfolio level. • The lack of accountability and lack of common, credible and agreed indicators are recognized as major barriers, with data produced from existing tools not yet being ‘decision’ grade for financial sector use and greater technical challenges than the ones the TCFD faced. What analytical work/ methodology development is planned for indicators? • TNFD success relies on corporates’ ability to measure their impact with credible measurement tools and indicators and then translating those measurements into risk considerations for FIs. 	<ul style="list-style-type: none"> • This question will be addressed by the IWG Work Stream (WS) 2 Workplan. • The synthesis of evidence report under Component 2 will include practical recommendations on how financial institutions and corporations can translate nature loss into quantified financial risks in their risk management systems, drawing from the findings of report on existing tools, methodologies and regulatory frameworks. • The reporting framework will include a proposed common indicator framework based on the TEG inputs to measure nature-related risks and impacts from corporate and FI activities. • The Theory of Change narrative shows that the TNFD Framework will help FIs and companies to assess, disclose and act on their exposure to nature-based risk, including reflecting these risk assessments within their Financial Information Systems (FIS).
<p>2. Lessons learned from TCFD and potential coordination</p> <ul style="list-style-type: none"> • How have these lessons been integrated in TNFD design? • How is considered the option of having TNFD and TCFD being integrated? 	<ul style="list-style-type: none"> • A new sub-section has been added which elaborates further on the key lessons from the TCFD relevant for the TNFD design (Baseline section). • The option of eventually the TNFD may seek integration with the TCFD in the future to create a comprehensive framework for environmental

Comment	How it is addressed
	<p>risk disclosure in the finance and corporate sectors will be reviewed in the IWG WS 2 (workplan).</p>
<p>3. Cost</p> <ul style="list-style-type: none"> Justification of the overall TNFD cost and the GEF funding incremental cost reasoning 	<ul style="list-style-type: none"> The TNFD financial sustainability (long-term financial of the TNFD beyond the GEF project period) plan will be addressed throughout the IWG WS2 with clarification of GEF funding incremental reasoning.
<p>4. Governance</p> <ul style="list-style-type: none"> How does the TNFD, “TNFD Secretariat”, IWG, and the EA and steering committee of the GEF project relate? Clarification on Implementation arrangements and Selection of executing agency for the GEF project? Role of WWF and other Partners Group entities once the TNFD is formally set up? 	<ul style="list-style-type: none"> The IWG WS1 on Governance will clarify relationship between these entities and the TNFD Secretariat when it is formed. The EA has been identified, along with the key EA criteria and rationale for selection. WWF as IA will ensure oversight (according to GEF policies) of the project execution managed by UNDP Financial Sector Hub. WWF and other Partner Group entities will provide specific expertise for TNFD development.
<p>5. Framework testing</p> <p>How to ensure a significant number of companies, rating agencies/data provider and financial institutions that will road test the draft framework, differentiating by categories of actors (corporates, FIs, rating agencies?)</p>	<ul style="list-style-type: none"> The feasibility of targets will be addressed by the IWG WS 2 focusing on Components 2 to 4 – testing, consultation and dissemination and marketing of the Framework. During project development this target will be further disaggregated according to different organization types.

Appendix F: Draft Project Steering Committee TORs

Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)

GEF Project

GEF Project Steering Committee Terms of Reference

Draft March 24, 2021 (Pending Finalization by the IWG)

1. Background and Context

The TNFD Partner Group composed of UNDP, UNEP Finance Initiative, Global Canopy and WWF has submitted a Project Document for endorsement to the Global Environment Facility to support the Informal Working Group (IWG) ongoing work in the setting up of the TNFD and in the operationalisation of its workplan for the next three years.

GEF projects typically have a Project Steering Committee (PSC) that provides overall strategic and management direction for a GEF-funded project, advises on and helps resolve any internal project conflicts, and reviews and approves project planning and execution undertaken by the Project Management Unit (PMU) and project partners. This role can be fulfilled by an existing governance structure or sub-group of such structure. It is anticipated that a Secretariat and a governance body (such as a TNFD Steering Committee and a Chair) will be established for the TNFD. For the GEF project duration, a GEF Project Steering Committee will provide the typical PSC role for the GEF-funded project, and if/when a TNFD-wide governance structure is established, may be subsumed by that structure.

The GEF Project Steering Committee will be composed of parties directly involved in the process of establishing the TNFD (see proposed composition below) and will oversee the GEF-project implementation and that results reflect the recommendations from the IWG through the operations of the Executing Agency and its PMU. The GEF Project Steering Committee has no execution responsibilities. The GEF Project Steering Committee, with the membership and roles detailed below, has no oversight on the non-GEF funded elements of the IWG and the eventual TNFD governance structure.

2. Main Objectives and Functions for the GEF TNFD Project Steering Committee (PSC)

The PSC is active throughout the project period (36 months) and its composition will be adapted according to the established TNFD governance in such a way that it ensures the GEF support remains aligned with the decision-making process for the TNFD's development, as well as with GEF eligibility criteria, until the GEF project closure. IWG recommendations for the establishment of the TNFD will include proposals regarding this transition.

- a) PSC members will represent their institutions and the work led by their institutions that falls under the Project. They will remain up to date on progress, results and challenges encountered by the executing team, as well as other related work that could influence the Project;
- b) The PSC will advise the EA for a successful project execution and in particular regarding the project work planning, Annual Work Plans and Budget (AWPBs), review project reports and key project outputs when relevant;
- c) The PSC will have virtual meetings on a yearly basis, timed to approve AWPB (TBC);
- d) The PSC will discuss opportunities for adaptive management in the Project, based on the PPRs. Recommendations about Adaptive Management will be made by the PSC;
- e) Appoint a Chair of the GEF PSC;
- f) The Chair will coordinate with the EA the date of meetings, agenda and invite to the members of the PSC

3. Proposed Composition of the GEF TNFD Project Steering Committee

The GEF TNFD PSC will be composed of the current IWG Co-chairs (Banorte, Green Finance Institute, BNP Paribas), the IWG Workstream leads (AXA, Rabobank and KPMG) and GEF project co-financiers (AFD, GCP, UNDP, UNEP FI and WWF). Once the IWG is dissolved and TNFD governance is in place, composition of the PSC may be adapted according to recommendations from Workstream 1 on Governance and Workstream 3 on Resource mobilisation and endorsed by the IWG members, and will likely include selected representatives from the Stewardship Group and TNFD Secretariat Executive Director.

Proposed Composition of the PSC

PSC Role	Organization	Represented by
Chair	Banorte	Mariuz Calvet Roquero, Director of Sustainability and Responsible Investment
Member	Green Finance Institute	Dr Rhian-Mari Thomas OBE, Chief Executive
Member	BNP Paribas	Antoine Sire, Director of Company Engagement and Member of the Group Executive Committee
Member	AXA	Sylvain Vanston, Climate and Biodiversity
Member	Rabobank	Bas Ruter, Global Head Sustainability and Climate
Member	KPMG Australia	Scott Mesley, National Leader Debt Advisory Services & IMPACT
Member	Agence Française du Développement (AFD)	Gilles Kleitz, Director, Ecological Transition and Natural Resources
Member	Global Canopy	Andrew Mitchell, Founder and Senior Adviser
Member	UNEP FI	Jessica Smith, Lead, Ecosystems
Member	UNDP	Midori Paxton, Head, Ecosystems and Biodiversity
Member	WWF International (Finance Practice)	Margaret Kuhlow, Global Finance Practice Leader
Resource	WWF (US) GEF Agency	Herve Lefevre, Senior Director

4. Meeting frequency for the PSC

It is proposed that the PSC will have 2 meetings the first year (TBC) and once a year for the two subsequent years.

The meetings will be scheduled and facilitated by the Executing Agency and the WWF GEF Agency.

Contact information

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