

5 February 2025

TNFD Secretariat  
By email only

Dear TNFD Secretariat

## **Taskforce on Nature-related Financial Disclosures (TNFD) – Feedback on the *Discussion paper on Nature transition plans***

Deloitte Touche Tohmatsu Limited welcomes the opportunity to provide feedback on the Taskforce on Nature-related Financial Disclosure's (TNFD) *Discussion paper on Nature transition plans*.

We recognise that nature and biodiversity are increasingly important topics for business and for society, amplified by a growing understanding of the connection between the impacts humans have on nature and biodiversity, and climate change, in particular following the agreement of the Kunming-Montreal Global Biodiversity Framework (GBF). Nature transition plans can play an important role in supporting entities in addressing nature-related matters through their strategies, in keeping with goals of sustainable development and sustainable business.

We welcome the TNFD's proposed guidance on nature transition plans which can help to enhance transparency and accountability on the strategic actions entities are taking to address their nature-related impacts, risks and opportunities. We observe that, generally, entities are at an early stage of measuring and reporting on nature-related matters. This guidance should support them in integrating these considerations into their strategies, business models and decision-making.

We have identified a number of aspects of the discussion paper where we believe there is a need for further consideration and development. These are summarised below and set out in more detail in the Appendix.

- ***Integrated transition plans:*** We support the TNFD's view that the desired end state over time is an integrated transition plan, that addresses climate, nature, and related social matters, given the close interconnection between these matters. It is particularly important that entities clearly identify and disclose synergies and trade-offs. In this

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regard, we think that the TNFD discussion paper would benefit from further practical guidance on how to develop integrated climate and nature transition plans.

- *Leveraging the structure of the Transition Plan Taskforce (TPT):* We welcome that the TNFD has closely modelled its approach on the TPT disclosure framework and guidance. This is essential to help companies adopt a consistent and integrated approach to transition planning. We strongly recommend that the guidance leverages the structure of the TPT for both the development of a transition plan and the associated disclosure because disclosure should reflect the approach taken in the business and provide a faithful representation of the transition plan. Furthermore, as the TPT material will form the basis of International Sustainability Standards Board (ISSB) guidance on climate transition plans, using the TPT structure also supports alignment with global standards.
- *Strategic Ambition:* We disagree with the exclusion of the TPT disclosure sub-element regarding the *Strategic Ambition* as a disclosure element from the TNFD guidance. We consider this element is important and essential for the desired end state – an integrated transition plan. Furthermore, while climate-related transition plans tend to focus on one over-arching commitment – to reduce an entity’s carbon footprint – nature-related commitments could be broad and multi-faceted because an entity may face many different nature-related effects over diverse spheres and locations. It is therefore important to understand the overall ambition of an entity to address its material nature-related impacts, risks and opportunities in the context of a plan that may only address one specific matter. Not including this TPT element risks users being misguided as to the extent to which an entity’s transition plan for nature addresses comprehensively its nature-related effects and its intent to do so over time. At worst, this could introduce greenwashing were an entity to disclose a transition plan relating to a non-material matter while not being transparent about its plans to address more severe and irremediable impacts or more significant risks and opportunities across its value chain. Failure to address this point may introduce management bias that would raise additional challenges for obtaining assurance. We recommend that the proposed additional disclosure elements on *Framing and scope* and *Plan priorities* would be better if incorporated within a reinstated *Strategic Ambition* section rather than included as separate elements.

We think the best path forward for the TNFD will be to continue to work closely with the ISSB with the intent to help accelerate the latter’s standards-setting work on Biodiversity, Ecosystems and Ecosystem Services (BEES). To that end, it is important that the TNFD guidance could inform the guidance the ISSB intends to develop on transition plans. We think this would best serve the purpose of supporting an integrated approach to transition planning that would also help encourage integrated thinking. We further think that this guidance should also inform any jurisdictional guidance that may be developed (e.g. in the EU, to support the European

Sustainability Reporting Standards (ESRS)) to enable consistency and comparability of disclosure. If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Kind regards

A handwritten signature in black ink, appearing to read 'V Poole', with a stylized flourish at the end.

**Veronica Poole**

Deloitte Global IFRS and Corporate Reporting Leader  
Deloitte Touche Tohmatsu Limited

## Appendix

The TNFD draft guidance focuses on nature transition plans, separate from climate. However, it recommends that organisations identify and manage synergies and trade-offs with other sustainability goals, including social issues, and with a preference for eventually creating an integrated plan. Do you agree with this approach?

We welcome the development of guidance for nature transition plans. We believe that the proposals offer useful content both for entities that wish to introduce a dedicated nature transition plan as well as for those that wish to integrate nature-related matters into their existing climate-focused transition plans. In this regard, we welcome that the proposals envisage that entities will have different starting points in their journeys towards developing and reporting on transition plans.

Irrespective of entities' starting point, we support the TNFD's view that the desired end state over time is an integrated transition plan, that addresses climate, nature, and related social matters, given the close interconnection between them. It is particularly important that entities clearly identify and disclose synergies and trade-offs (for example, between actions to address climate and nature-related matters and related social effects, such as a just transition).

We think that the TNFD discussion paper would benefit from further practical guidance on how to develop integrated climate and nature transition plans. The TNFD could leverage the Transition Plan Taskforce (TPT) content on synergies and trade-offs with nature or other sustainability goals that is set out in disclosure recommendation 1.1 d: *Any potential trade-offs, synergies or co-benefits identified between objectives and priorities* (for example Figure 10 *Moving from climate transition plans to integrated planning* (p21)).

The TNFD has followed the GFANZ and TPT structures for the development and disclosure of climate transition plans for nature transition plans. Does this overall structure work well for a nature transition plan? Does it facilitate integration of nature and climate transition plans and social objectives? How could it be improved?

We welcome that the TNFD has closely modelled its thinking on the TPT disclosure framework and guidance. This is essential to help companies adopt a consistent and integrated approach to transition planning. We strongly recommend that the guidance leverages the structure of the TPT for both the development of a transition plan and the associated disclosure because disclosure should reflect the approach taken in the business and provide a faithful representation of the transition plan.

Furthermore, as the TPT material will form the basis of International Sustainability Standards Board (ISSB) guidance on climate transition plans, using the TPT structure also supports alignment with global standards.

We substantially support the proposed disclosure elements (as set out in Figure 15). We have specific comments on the proposed departures from the TPT disclosure sub-elements (see our comments in the section below on structure and content).

However, we think it is inappropriate and confusing that a different structure for the sub-elements is used in section 4, *Content of a nature transition plan*, from the disclosure guidance set out in section 5. Disclosure should reflect the approach taken in the business and provide a faithful representation of the transition plan. It is, therefore, inappropriate to use one structure for the development of a transition plan and a different structure for disclosure, and strongly recommend that the whole guidance leverages only the structure of the TPT.

We further recommend that the discussion paper as drafted could usefully be separated into two documents. The primary document could set out the disclosure recommendations and an additional document the rationale for the recommendations and guidance on developing a nature transition plan. The current content in section 5 would be a helpful starting point for the primary document and section 4 would be helpful for the secondary document.

*Does the discussion paper provide an appropriate balance between guidance for corporates and financial institutions?*

We think that the discussion paper mostly provides an appropriate balance between guidance for corporates and financial institutions (FIs). However, the business model and value chain disclosure element guidance could usefully include more detailed examples relating to FIs in addition to the helpful examples for corporates provided on page 31.

We agree that corporates are likely to be able to assess priorities for nature transition planning as a result of having access to primary data sources (e.g. use of water from stressed sources within an entity's own operations). FIs are likely to have less data available from portfolio entities or investees to inform the process for setting priorities. However, we expect that data quality will improve over time as a result of sustainability disclosures by corporates, making it easier for FIs to identify priorities in this respect.

Whilst we agree that transition financing on page 32 is mostly provided by FIs the guidance should reflect scenarios in which corporates might raise finance, such as by taking equity interests in or entering into alliances with transition-aligned entities.

*Does the discussion paper provide an appropriate balance between addressing nature-related topics while considering other sustainability objectives, such as consideration of just transition and human rights aspects?*

We think it is appropriate that this discussion paper should predominantly focus on nature-related matters. However, we think it is essential that entities assess and disclose the

interconnections between nature and related climate and social matters, including the considerations that apply in relation to a particular location (effects on communities and indigenous peoples).

As a result, it is helpful for the guidance to include examples of how nature may interact with climate and social matters. The content currently included in boxes 4 and 5 on pages 23-24 on *Just transition* and *Indigenous Peoples and Local Communities* respectively provides a good starting point which could be expanded over time.

*Are the structure and content of the individual themes (Foundations, Implementation Strategy, Engagement Strategy, Metrics and Targets and Governance) appropriate? How can they be improved?*

We have specific comments on the proposed departures from the TPT disclosure sub-elements.

We disagree with the exclusion of the TPT disclosure sub-element regarding the *Strategic Ambition* as a disclosure element from the TNFD guidance. We consider this element is important and essential for the desired end state – an integrated transition plan. Furthermore, while climate-related transition plans tend to focus on one over-arching commitment – to reduce an entity’s carbon footprint – nature-related commitments could be broad and multi-faceted because an entity may face many different nature-related effects over diverse spheres and locations. It is therefore important to understand the overall ambition of an entity to address its nature-related impacts, risks and opportunities in the context of a plan that may address one specific matter. This is especially likely in the early years as entities address matters in transition plans that are easier to manage, before moving on to matters that are harder to abate.

Not including this TPT element risks users being misguided as to the extent to which an entity’s transition plan for nature addresses comprehensively its nature-related effects and its intent to do so over time. At worst, this could introduce greenwashing were an entity to disclose a transition plan relating to a non-material matter while not being transparent about its plans to address more severe and irremediable impacts or more significant risks and opportunities across its value chain. Failure to address this point may introduce management bias that would raise additional challenges for obtaining assurance.

We recommend that the proposed new disclosure elements on *Framing and scope* and *Plan priorities* would be better if incorporated within a reinstated *Strategic Ambition* section rather than included as separate elements. This would bring ambition, scope, objectives and priorities into one overall disclosure element, which would facilitate a more concise and coherent disclosure.

We recommend that reference is made to the nature-related matters and boundaries identified during the LEAP process to enable greater consistency with the process the entity undertook to identify nature-related matters across its value chain. We also recommend that the guidance states that the matters addressed in a nature transition plan should not be inconsistent with the materiality assessment conducted and disclosed by the entity.

We support the proposal to include a new TNFD element on *Engagement with the landscape, river basin and seascape* which focuses on engagement at the entity's interface with nature. We consider engagement at this level is appropriate to the localised effects that an entity would need to consider when establishing its ambition, priorities, and actions, and to inform strategic thinking based on the priorities and views of affected communities and indigenous peoples. Disclosure about that engagement process is useful to help users understand in what way engagement has been conducted and how it informed the entity's plan. However, we think this element would be more clearly understood if it was retitled to refer to *Engagement with affected communities and indigenous peoples* to depict more clearly that the engagement is with those directly related to or affected by the natural location being assessed.

We think that the TNFD disclosure element *Dependency and impact metrics and targets* would be better expressed as *Nature-related metrics and targets* and positioned in the same place as the excluded section on GHG metrics and targets. While we agree that it is important for the guidance to highlight that entities should consider relevant dependencies, impacts, risks, and opportunities when determining metrics, the use of the terms 'dependency' and 'impact' in the title detracts and introduces unnecessary complexity by implying that these are binary. It would be useful instead to reinforce that an entity's dependency on a resource or ecosystem service could also be affected by its impacts on those same resources or ecosystems.

In relation to targets, we suggest that including further guidance on how entities develop a baseline for nature-related data would be helpful given the nascency of nature data collection and how the concept of a baseline might be applicable to different nature-related locations and matters. We also think that a recommendation under the *Nature-related metrics and targets* element to disclose, when relevant, a baseline against which progress towards nature-related targets is measured, would be helpful. Since nature measurement approaches are still evolving, it may also be appropriate to include guidance for the circumstances under which baselines would need to be updated.

The transformation envisaged by a nature transition plan needs clear oversight from those charged with governance. This would include establishing management responsibilities for developing and implementing the plan, monitoring progress, overseeing relevant nature-related risks, the integration of the plan into the entity's overall strategy, and monitoring progress towards targets that are set out. Disclosure on the role of the board can enhance the confidence of users in the integrity of the plan.

*Are the proposed transition financing strategies that adapt GFANZ's climate transition financing strategies appropriate for a nature transition plan? Should they be included at all? How can they be improved? How could the criteria for managed phase-out be best defined?*

Theory and practice on transition finance in support of nature are still in the early stages. We consider it is helpful to include guidance on financing strategies, applied to nature, as a way of helping FIs to start their thinking and consider different ways in which finance might be applied in support of a nature transition. We expect the usefulness of this section overall will grow over time as more entities develop nature-related commitments and as thinking evolves, which will lead to the need for more guidance.

At this stage, we recommend that caveats should be added to this section to acknowledge the nascency of transition finance for nature. We also consider it is important that the guidance highlights that jurisdictions may put in place requirements for assessing activities that may be labelled as green – for example, through taxonomies or other forms of product classification and green labelling. FIs should consider their financing strategies in the context of such jurisdictional requirements when they are applicable.

We further recommend that the guidance should be enhanced to include examples of activities that may have unmitigable or potentially irreversible impacts, to provide practical application support to FIs.

*Does the proposed disclosure guidance elicit decision-useful information for investors and other report users? How can it be more useful?*

We believe that the information disclosed in accordance with this guidance will be most useful when used in tandem with sustainability standards such as the ISSB Standards or the European Sustainability Reporting Standards (ESRS). These standards contain a framework for disclosure of material sustainability information that includes general principles and disclosure requirements and qualitative characteristics of information. Such an approach enhances the reliability, consistency and comparability of information disclosed, as well as the ability to assure such information when prepared in accordance with criteria that meet the characteristics of suitability for purposes of assurance engagements. It also provides an essential underpinning for connected information, encouraging entities to present their transition plans as part of an integrated, connected narrative that explains how nature-related considerations are embedded in their overall governance, strategy, risk management, and metrics and targets, and how this information is connected to financial information. Given that multinational entities are likely to respond to nature-related matters through a global strategic approach, it is important that the TNFD guidance on nature transition plans can inform the future ISSB guidance on transition plans. In this regard, we think that the use of the TPT structure should facilitate this outcome.



Are there any areas where the guidance in this TNFD discussion paper could be usefully more aligned with other related initiatives and frameworks, including existing climate-related transition planning guidance from GFANZ, the TPT and others?

See our comments above in relation to TPT content in response to the question *Are the structure and content of the individual themes ... appropriate?*

How might the TNFD move forward with the work on nature transition planning to support further integration of transition planning across nature, climate, and social issues?

We think the best path forward for the TNFD will be to continue to work closely with the ISSB with the intent to help accelerate the latter's standards-setting work on Biodiversity, Ecosystems and Ecosystem Services (BEES). To that end, it is important that the TNFD guidance could inform the guidance the ISSB intends to develop on transition plans. We think this would best serve the purpose of supporting an integrated approach to transition planning that would also help encourage integrated thinking. We further think that this guidance should also inform any jurisdictional guidance that may be developed (e.g. in the EU, to support the European Sustainability Reporting Standards (ESRS)) to enable consistency and comparability of disclosure. We suggest it would be helpful for the TNFD to add to its guidance further content on how entities could integrate their climate-related and nature-related transition plans, expanding on Figure 10 in the discussion paper (page 21). Practical examples would be particularly helpful.

What guidance should be incorporated on the role of biodiversity credits in nature transition plans?

The thinking and practice in relation to biodiversity credits are nascent and we observe that there are different views on the appropriateness of using such an approach (for example, it is not clear how financing a scheme to support biodiversity in one location can be said meaningfully to offset harm an entity is responsible for (either directly or through its value chain) in another location). We expect thinking to continue to develop along with the maturity of the market itself.

For reporting purposes, we think that if an entity uses biodiversity credits that fact should be disclosed. The TNFD guidance may usefully recommend that entities that use biodiversity credits should disclose the rationale for their use and the approach taken, and whether the approach is aligned to national biodiversity targets or policies that may be in place and/or the targets set out in the Kunming-Montreal Global Biodiversity Framework (GBF). Further, and following the example of IFRS S2, we think that the entity should disclose further information on its proposed or actual use of credits and their expected quality including information about the third party used to verify or certify them, the type of biodiversity credits and methodology used and their expected permanence.

*Would a prototype template for a nature transition plan be useful additional guidance?*

We do not support the development of prototype templates, which risk encouraging ‘cut and paste’ approaches rather than an authentic, entity-specific response that illustrates how nature-related matters are addressed by a business. Such an approach would likely lead to less decision-useful information. We think that the further inclusion by the TNFD of illustrative content and examples addressing specific aspects of the guidance would be most beneficial.

We further suggest that it would be helpful to include more guidance on how to develop an integrated transition plan which includes both nature-related and other sustainability matters. We also think entities would welcome more guidance and examples as to how they can assess the resilience of ecosystem services.