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Secretariat of the Taskforce on Nature-related Financial Disclosures  
International House, 24 Holborn Viaduct,  
London, United Kingdom.



Japanese Bankers Association

## **JBA comments on the TNFD Discussion paper on nature transition plans**

Dear TNFD:

The Japanese Bankers Association<sup>1</sup> (JBA) appreciates the opportunity to provide our comments on the Taskforce on Nature-related Financial Disclosures (TNFD) *Discussion paper on nature transition plans* (the “Discussion Paper”) released on 27 October 2024.

The JBA supports the TNFD’s efforts to develop guidance on nature transition plans. As a number of our member banks are listed as TNFD early adopters, we consider nature as a key element of sustainability and recognise the need to achieve Kunming-Montreal Global Biodiversity Framework (GBF)’s goal of being nature-positive. In that context, we agree with the overall concept and approach of the Discussion Paper. However, given the challenges and difficulties we currently face such as the lack of data and global consensus on nature or the complexity and diversity of measurement and management methods compared to climate change, we call for further development and consideration, and an approach that take into account practicality.

We hope that our comments will contribute to further discussions at the TNFD.

### **Question, A**

**The TNFD draft guidance focuses on nature transition plans, separate from climate.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?**

- Although there are practical difficulties, we generally agree with the approach. We also do not disagree with the ambitious idea of creating a transition plan that takes into account synergies and trade-offs among sustainability elements, including social issues.
- However, as mentioned in the discussion paper, methods for identifying and managing nature’s synergies and trade-offs with climate change mitigation or the transition to a circular economy are often based on qualitative approaches, and even if they can be measured quantitatively, they are likely to become more complex and diverse as they cannot be measured by a single CO2e metric.

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<sup>1</sup> The Japanese Bankers Association is the leading trade association for banks, bank holding companies and bankers associations in Japan. As of 1 January, 2025, JBA has 112 Full Members (banks), 3 Bank Holding Company Members (bank holding companies), 74 Associate Members (banks & bank holding companies), 49 Special Members (regionally-based bankers associations) and one Sub-Associate Member for a total of 239 members.

- Because of such issues, discussions on setting quantitative metrics and targets related to nature, and on developing strategy based on them are still in their infancy, especially for financial institutions.
- It is necessary to present a consistent methodology with easy-to-understand examples in order to put it into practice. If it is difficult to put into practice, the recommendations will be difficult to be adopted by financial institutions and will not be widely used, even if the approach is appropriate. Even if a nature transition plan is developed, it may end up being only partial.
- Regarding these limitations, it might not be that practical to develop a nature transition plan separate from the existing climate change transition plans.

### **Question, B**

**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?**

- The overall structure is useful for nature transition plan because it uses the same framework and structure as climate change such as GFANZ and TPT and can be implemented in an integrated way with nature.
- However, we would like to mention that the description of the metrics and targets part is unclear and there are lacking specificity compared to GFANZ's climate transition plan.

### **Question, C**

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

- More descriptions and examples of metrics and targets for financial institutions should be provided.
- The examples for setting metrics in the TNFD guidance for the financial sector<sup>2</sup> are easy to understand because they are shown in anticipation of the unavailability of data on the operating companies which financial institutions invest in or lend to.

### **Question, D**

**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 consider this is appropriate, as human rights issues are also a disclosure requirement in the TNFD Disclosure Recommendations Framework.
- Should make sure that any practical approach will not be over complicated for financial institutions.

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<sup>2</sup> "A financial institution may also deploy dependency and impact metrics for sectors and asset classes where data is available. For sectors or asset classes where data is not available, financial institutions may want to focus on transition plan delivery metrics using the TNFD disclosure metrics for financial institutions, set out in the TNFD Additional guidance for financial institutions." (Discussion Paper, page 63-64)

### **Question, E**

**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?**

- Overall structure and content are appropriate. However, we would like to point out that transition plans should be consistent with the management strategy of financial institutions and are accompanied by accountability to stakeholders. We recognise that the discussion of nature-related issues is in its infancy and that the metrics and targets related to being nature positive which is globally considered as a global target are not clear.
- Therefore, we believe that the contents of the metrics and targets need to be further improved in line with the progress of international discussions.

### **Question, F**

**Are the proposed transition financing strategies, which 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?**

- As nature is highly regional and specific, it is important for financial institutions to be able to access to nature-related data relevant to the areas affected by their individual financial activities. It is different from climate change which we could make decisions on the universally recognised metric of GHG emissions.
- In addition, there is a gap in the granularity of nature-related data across different countries and jurisdictions, and there is a lack of a unified global framework for organising and utilising this data. In such circumstances, strategies are likely to remain partial.
- Also, as there is no single, unified metric and target for nature and the key issues vary, it is likely that each company, even within the same industry, will have to proceed in its own way. Although nature positive will be the common goal, the definition of nature positive is ambiguous and different targets will be set depending on the interpretation of each company, making it difficult to compare and evaluate the results of each company's disclosure side-by-side. For example, when a transition plan is implemented for a financial institution's investment and loan portfolio, it will be difficult for the financial institution to manage progress by monitoring a variety of metrics and targets for its investments and loans in an integrated manner.
- Furthermore, under this environment, the adoption of a managed phase-out approach for nature-related topics seems premature at this point.

### **Question, G**

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

- Even within the same industry, companies' disclosures are likely to be diverse and difficult to compare.
- If unified quantitative assessment methodologies are not established for the impact drivers that investors consider important and the materialities that companies consider important, the information may be positioned as a reference rather than being useful for decision making.

### **Question, I**

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

- We appreciate the significant contribution of the TNFD to the development of nature-related disclosure frameworks. As a financial institution, we hope that this approach will not be something more complicated.
- While we recognise that nature is broadly interrelated and inseparable from climate and social issues, we would like you to consider how to integrate natural elements in a simple way based on the climate transition plan.
- When adopting, publication of specific procedures in pilot programmes to provide case studies will be helpful in practice.

### **Question, J**

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

- In line with the concept of the mitigation hierarchy<sup>3</sup>, it is recognised that credits can be used when even after avoiding, minimising or restoring the impact on nature, a residual impact remains. The guidance should clarify the position on the use of credits.
- In addition, the absence of a unified metric to measure the progress of biodiversity conservation and restoration makes it difficult to assess the effectiveness of credits and making market mechanisms work. It is also necessary to develop guidance showing specific evaluation criteria.

### **Question, K**

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

- The prototype template is useful, but it would be truly helpful to have additional guidance on specific examples of descriptions, the data behind the descriptions and the evaluation methods, and more information related to these examples should be provided.

### **Other Comments**

- The Discussion Paper states<sup>4</sup> that consideration should be given to additional measures to continually support preventing and restoring natural loss at sites that are no longer part of the value chain as a result of the implementation of the Transition Plan. We understand that this means that when a site is moved, the environment of the original site should continue to be considered, but it is difficult to manage on a permanent basis for sites that are not currently owned.

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<sup>3</sup> The mitigation hierarchy is a set of actions to anticipate and avoid, minimise where avoidance is not possible, restore where impacts occur and offset where there are significant residual impacts on biodiversity-related risks and affected communities and the environment.

<sup>4</sup> “The organisation should consider the implications for the future state of nature in any locations it moves away from and acknowledge these accordingly. This is because an organisation moving its activities, for example, from a sensitive to a less sensitive location may reduce its direct connections to negative impacts on nature. However, if another organisation takes up the activity in the previous location, it may not lead to overall reductions in harm to nature.” (page 41)

- For financial institutions, there are two ways to identify nature risks and opportunities: geographical management of the investment and lending portfolio, and management across the investment and lending portfolio and across sectors, with the former being difficult in practice to manage systematically.
- With regard to the scope of the analysis, it may be carried out by prioritisation at the beginning, but there is also mention of expanding the scope of the analysis in the future. The concept of materiality should be clearly stated, as it will continue to be difficult to manage all investee and loan portfolio companies.

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We thank the TNFD again for the opportunity to comment on the Discussion Paper and hope our comments will contribute to further consideration in the TNFD.

Yours faithfully,

Japanese Bankers Association