

JBA comments on the TNFD Nature-related Risk & Opportunity Management and Disclosure Framework Beta v0.2

Questions	Comments
General	
Please provide your feedback	<p>Efforts that are related to natural capital are important for global sustainability. We welcome the progress of consideration through open innovation, as in beta v0.2 many parts have been made easier to understand, such as improvements in LEAP-FI.</p> <p>On the other hand, although the concept is organized, there are still issues for which specific guidance, metrics and targets are yet to be provided. It is necessary to establish methodologies and ensure comparability, and to ensure feasibility in disclosure.</p> <p>In addition, financial institutions' approach to natural capital is mostly through their clients. It is necessary for financial institutions to consider disclosure by an investee/borrower in order to understand the risks and opportunities related to the impact that their clients' corporate activities will have on nature.</p> <p>As the sectors and areas are wide-ranging, we believe that an approach from material sectors would be more effective than a stacked approach from locations. We look forward to sector-specific guidance, including for the non-financial sector.</p>
How might we improve the TNFD Understanding Nature component?	-
How might we improve the TNFD Draft Disclosure Recommendations?	We understand that in beta v0.2, consideration of disclosure standards has progressed to a certain extent. On the other hand, there are many issues that are currently not clear, such as the development of comparable indicators and the measurement methodology of the indicators, and we hope that the forthcoming recommendations will take practical aspects into consideration.
How might we improve the TNFD LEAP Approach?	The phases of the LEAP approach are too fragmented and not practical. In addition, there appears to be some overlap in work between phases, so we would like to see a more sophisticated and concise approach.
How might we improve the TNFD draft approach to Metrics and Targets?	-
How might we improve the TNFD approach to specific guidance?	-
Which additional guidance would be valuable to you?	-
How willing are you (from 1-10) to recommend the TNFD Disclosure Recommendations to others.	4
How willing are you (from 1-10) to recommend the TNFD LEAP Approach - to others.	7
What other recommendations / learnings / insights do you have for TNFD?	-
Understanding Nature	
The scope for what constitutes 'nature' is clear.	Neutral
Comments	Although the broad nature realms such as "land," "ocean," "freshwater," and "atmosphere " are shown, it is difficult for companies to incorporate them into specific actions because they do not deeply refer to the diverse elements that make up each of these realms. Henceforth, it is necessary to indicate the priority of the elements in each realm.

Questions	Comments
The definition of nature-related impacts is clear.	Neutral
Comments	-
The definition of nature-related dependencies is clear.	Neutral
Comments	We understand the definition of "dependency" to a certain extent, because many tools related to "dependency" have been introduced. But, we believe that the quantitative criteria for judging the degree of dependence are still not clear.
The definition of nature-related risks is clear.	Neutral
Comments	Although we now have a better understanding of the concept of the three risks of "physical risk", "transition risk", and "systemic risk" to a certain extent, it is not clear what kind of "physical risk", "migration risk" and "systemic risk" exist in which areas of nature, and which risks should be given priority. It is a situation in which the risk cannot be analyzed according to the indicated definition. Henceforth, it is necessary to develop guidance that comprehensively presents definitions with more specific indicators, such as the materiality and measurement methods of each risk in each nature realm.
The definition of nature-related opportunities is clear.	Disagree
Comments	We believe that the definition of "activities that create positive outcomes for organisations and nature by avoiding or reducing impact on nature, or contributing to its restoration" is too vague to incorporate into a company's business strategy.
The definitions provided support for your evaluation of nature-related impacts and dependencies.	Disagree
Comments	More specific and integrated guidance is needed to assess the impact and dependencies of natural capital.
The definitions provided support your assessment of nature-related risks and opportunities.	Neutral
Comments	At this point, the indicators for evaluating "risks" and "opportunities" are not clear, and it is difficult to conduct evaluations.
The structure provided is useful to organize your thinking around nature.	Agree
Comments	-
What additional concepts - definitions could support your assessment of nature-related risks and opportunities?	It is necessary to set quantitative targets and metrics for risks and opportunities for specific natural capital, such as water and forests.
The relationship between 'climate' and nature across the framework is clear and coherent.	Disagree
Comments	As for the relationship, it is not clear where exactly it is linked, or which item of "nature" the risk of "climate" affects. We cannot say that it is consistent.

Questions	Comments
TNFD Disclosure Recommendations	
Overall, the disclosure recommendations are clear and coherent.	Neutral
Comments	-
The disclosure recommendations for the Governance pillar are clear and coherent.	Neutral
Comments	-
The disclosure recommendations for the Strategy pillar are clear and coherent.	Neutral
Comments	-
The disclosure recommendations for the Risk Management pillar are clear and coherent.	Neutral
Comments	-
The disclosure recommendations for the Metrics & Targets pillar are clear and coherent.	Neutral
Comments	-
The disclosure recommendations are relevant to our business model.	Disagree
Comments	It is very difficult for financial institutions to identify risks and opportunities concretely by distinguishing between individual ecosystems, biomes, regions, and natural capital. In addition, since the risks and opportunities for clients also differ from company to company, it is difficult to compare the risks and opportunities for companies with disclosure in accordance with the recommendations. It is difficult for financial institutions to find the significance of disclosure. Guidance should be given to identify natural capital that requires urgent attention and to disclose it in line with the same indicators.
The disclosure recommendations are relevant to our current management maturity level in relation to nature-related risks and opportunities.	Neutral
Comments	At this point, we have not yet been able to identify and manage risks and opportunities related to nature, and it is necessary to further develop a management system for disclosure in accordance with the recommendations.
The disclosure recommendations fit well with our current disclosures on GHG and sustainability overall.	Disagree

Questions	Comments
Comments	Unlike climate change, it is difficult to cover the "metrics and targets" of disclosure recommendations for natural capital and biodiversity with a single indicator such as GHG emissions, and it is difficult to disclose them in the same way as climate change. Since the risks associated with natural capital and biodiversity vary greatly depending on the business and region, further consideration should be given to how to define "metrics and targets" if disclosure is recommended in line with the "four pillars" similar to the TCFD.
The level of resources required for implementation is appropriate.	Disagree
Comments	Currently, the tools and practical operations are not clear, and the level of resources required for implementation is also unclear.
The level of time commitment required for implementation is appropriate.	Disagree
Comments	Currently, the tools and practical operations are not clear, and the timeline required for implementation is also unclear.
Is your organisation currently using any of the following management frameworks?	-
The disclosure recommendations links well to my organisation's current reporting practices and approach.	Neutral
Comments	-
Should the disclosure recommendations provide linkages to additional disclosure standards used by your organization?	-
Comments	-
The linkages provided to existing standards / metrics are relevant and useful.	Neutral
TNFD LEAP Approach – a management framework for nature-related risks and opportunities	
The LEAP Approach was applicable and useful to our business.	Neutral
Comments	The LEAP approach for financial institutions is useful, as it allows for asset class-specific analysis. On the other hand, it is hoped that specific guidance will be developed in the future on how financial institutions should assess nature-related risks and opportunities and how to develop strategies.
The LEAP Approach is relevant to our business model.	Agree
Comments	-
The LEAP Approach is relevant to our current management maturity level in relation to nature-related risks and opportunities.	Neutral

Questions	Comments
Comments	At this point, we have not yet been able to identify and manage nature-related risks and opportunities, and it is necessary to further develop a management system in order to achieve disclosure in accordance with the recommendations. However, in order to establish a management system, it is necessary to present examples of specific indicators and targets for financial institutions under LEAP-FI.
The disclosure recommendations link well to my organisation's current reporting practices and approach.	Neutral
Comments	Unlike climate change, it is difficult to cover the "metrics and targets" of disclosure recommendations for natural capital and biodiversity with a single indicator such as GHG emissions, and it is difficult to disclose them in the same way as climate change. Since the risks associated with natural capital and biodiversity vary greatly depending on the business and region, the reporting practices of "metrics and targets" are very different from those of the TCFD, and it is difficult to link them with current reporting practices and approaches.
Is your organisation currently using any of the following management frameworks?	-
The LEAP Approach is applicable based on the level of aggregation required for my organization.	Neutral
Comments	-
Should the disclosure recommendations provide linkages to additional disclosure standards used by your organization?	-
If Yes (which?)	-
The linkages provided to existing approaches / management frameworks are relevant and useful.	-
Comments	-
The level of resources required for implementation is appropriate.	Neutral
Comments	The amount of resources required for implementation is not clear. In addition, the scope of data and analysis of dependencies/impacts, risks and opportunities in the location may vary depending on the biome and ecosystem.
The level of time commitment required for implementation is appropriate.	Neutral
Comments	The level of time commitment required for implementation is not clear.
The guidance supported us in scoping our assessment.	Disagree

Questions	Comments
Comments	For financial institutions, it is difficult to determine the scope of assessment using this guidance, because their respective business activities contain a complex range of nature-related risks from various clients.
The guidance supported for the Locate phase is relevant and appropriate.	Neutral
Comments	While we believe that the guidance is relevant and appropriate, it is difficult to select a tool that is suitable for each company, because the guidance only gives us a list of some analysis tools.
The guidance helped us better understand and evaluate impacts.	Neutral
Comments	-
The guidance helped us better understand and evaluate dependencies.	Neutral
Comments	It is necessary to develop guidance for measuring dependencies qualitatively in the future.
The supported us to prioritize impacts.	Disagree
Comments	In order to prioritize, it is necessary to develop a method to measure impacts qualitatively.
The supported us to prioritize dependencies.	Disagree
Comments	In order to prioritize, it is necessary to develop a method to measure dependencies quantitatively.
The guidance supported us to better understand and integrate data on the state of nature / pressures on nature (thresholds & allocations)	Neutral
Comments	-
The guidance supported us to better define and prioritize nature-related risks and opportunities.	Disagree
Comments	Since the nature-related risks and opportunities cover a very wide area and specific indicators for each risk and opportunity are not clear, it is not possible to compare different types of nature with the same indicators, and it is difficult to prioritize them.
The guidance enhanced our capacity to translate nature-related risks into financial risks.	Disagree
Comments	In order to reach the stage where it can be quantified, it is necessary to develop indicators for each nature-related risk and opportunity.
The guidance supported us in identifying new nature-related risks.	Yes

Questions	Comments
Comments	The presentation on the definition of nature of interest and the risk identification tool for each definition helped to some extent in identifying nature-related risks.
The guidance supported us in identifying new nature-related opportunities.	No
Comments	The identification of opportunities also needs to be more sophisticated hereafter.
The guidance enhanced our capacity to act on nature-related opportunities.	Neutral
Comments	-
The guidance supported in evolving our business model and strategic thinking, away from nature negative outcomes and towards nature positive ones.	Neutral
Comments	We would like to see examples of qualitative or quantitative indicators for measuring what makes a cashflow nature positive. We also believe that consistency with the Global Biodiversity Framework is needed.
The guidance supported in shifting resource allocation.	Disagree
Comments	-
The guidance supported us in preparing for disclosures.	Neutral
Comments	With regard to the disclosure of natural capital and biodiversity, it seems that a certain sense of direction has been indicated.
The guidance supported us to better engage with key stakeholders around nature-related issues.	Neutral
Comments	-
The guidance supported in evolving our collaboration with peers and unlikely allies, around attaining nature positive outcomes.	Neutral
Comments	-
Metrics	
The framework integrates well with metrics that are currently being used by my organisation	Neutral
Comments	-

Questions	Comments
Metrics included are clear, relevant and applicable	Neutral
Comments	The fact that assessment metrics have been provided is useful for future analysis. However, as the indicators that ought to be applied differ depending on the client's business model, no metrics have been established to show nature-related risks and opportunities in an integrated manner for financial institutions. In addition, the relationship between each assessment metric and the metrics that can be analysed by ENCORE and other tools is not always clear, and it is hoped that this relationship will be made clear in the future.
The metrics provided help us enhance our management approach	Neutral
Comments	-
Are there any specific metrics or metric sets (i.e. standards) that should be included?	No
Comments	-
Targets	
The framework integrates well with targets that are currently being used by my organisation.	Neutral
Comments	-
Metrics included are clear, relevant and applicable.	Neutral
Comments	To apply metrics included to financial institutions, the establishment of tools and guidance for integrating client data is required.
The metrics provided help us enhance our management approach.	Neutral
Comments	In order for financial institutions to manage nature-related risks and opportunities, it is necessary to establish tools and metrics for managing each indicator uniformly.
Are there any specific metrics or metric sets (i.e. standards) that should be included?	Yes
Comments	In order for financial institutions to manage nature-related risks and opportunities, it is necessary to examine indicators that integrate various risks.
Use Cases	
Use cases provided are useful for my organisation to identify, prioritize and manage nature-related risks and opportunities.	Neutral
Comments	-

Questions	Comments
Data on nature	
The guidance provided on data sources is useful for my organisation in the assessment and prioritization of nature-related risks	Agree
Comments	The presentation of data sources on nature-related risks by region and industry will likely be useful to some extent in assessing and prioritizing nature-related risks.
The guidance provided on data sources allowed us to better understand the current state of and pressures on natural capital.	Agree
Comments	-
Data on the state of nature and pressures on nature was available to perform the assessment.	Neutral
Comments	<p>In the current absence of a global standard for confirming the changes in the State of Nature, we would like to see a future presentation that is based on scientific data and that will allow comparison.</p> <p>It is unclear whether it is possible to assess pressure on nature through loans by financial institutions.</p>
Tools	
Tools referred are useful for my organisation in the assessment and management of nature-related risks and opportunities.	Neutral
Comments	<p>The introduction of multiple tools seems to clarify the image of embarking on the assessment and management of nature-related risks and opportunities to a certain extent. On the other hand, it would be helpful for financial institutions to have specific guidance in the future on how they should prioritise the use of each tool for analysis.</p> <p>Regarding ENCORE, which is a tool used for the E (Evaluation) of the LEAP process, since financial institutions are involved in many projects across multiple industries, we would appreciate it if we could extract various types of information in Excel based on the classification of the level of risk (Very High, High, Medium) instead of by industry. We would also appreciate it if the level of risk (Very High, High, Medium) for each region could be similarly extracted using Excel.</p>
Discussion Paper	
How useful was this information?	Fairly useful
Please provide your feedback on the discussion paper(Required)	-