

04-03 draft ESRS-TNFD Interoperability mapping Part 2 SRB meeting 24 January

TNFD Pillars	Content	ESRS Paragraph number	Final comment for publication
Governance	Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.	ESRS 2 - Governance	
Governance - A	Describe the board's oversight of nature related dependencies, impacts, risks and opportunities.		
	In describing the board's oversight of nature-related dependencies, impacts, risks and opportunities, the organisation should include a discussion of:		
	<ul style="list-style-type: none"> <li>The processes and frequency by which the board and/or board committees (audit, risk or other committees) are informed about nature-related dependencies, impacts, risks and opportunities across the organisation's direct operations and upstream and downstream value chain(s);</li> </ul>	ESRS 2 GOV-2 para. 26 (a)	
	<ul style="list-style-type: none"> <li>Whether and how the board and/or board committees consider nature-related dependencies, impacts, risks and opportunities when:                             <ul style="list-style-type: none"> <li>Reviewing and guiding strategy, major plans of action, risk management policies, annual budgets and business plans;</li> </ul> </li> </ul>	ESRS 2 GOV-2 para. 26 (b)	
	<ul style="list-style-type: none"> <li>Setting the organisation's performance objectives, monitoring implementation and performance; and</li> <li>Overseeing major capital expenditures, acquisitions and divestitures</li> </ul>	ESRS 2 GOV-1 para. 22 (d) ESRS 2 GOV-2 para. 26 (b)	
	How the board monitors and oversees progress against goals and targets to address nature-related dependencies, impacts, risks and opportunities;	ESRS 2 GOV-1 para. 22 (d)	
	<ul style="list-style-type: none"> <li>The main features of board-level oversight of the sustainability reporting processes, including risk management processes and use of internal and external audit and assurance resources; and</li> </ul>	ESRS 2 GOV-5 para. 34 and para. 36  ESRS 2 GOV-1 para. AR 3 (a) (iv)	<p>36. The undertaking shall disclose the following information: [...]</p> <p>(e) a description of the periodic reporting of the findings referred to in point (d) to the administrative, management and supervisory bodies.</p> <p>See also CSRD: Art. 26a 1. Member States shall require statutory auditors and audit firms to carry out the assurance of sustainability reporting in compliance with the assurance standards adopted by the Commission in accordance with paragraph 3.</p> <p>Art. 28a 1. The statutory auditor(s) or the audit firm(s) shall present the results of the assurance of sustainability reporting in an assurance report on sustainability reporting.</p>
	Whether and how performance metrics for nature related issues are incorporated into remuneration policies	ESRS 2 GOV-3 para. 29 (c) ESRS E1 para. 13	
	The organisation should consider reporting the following indicators to support this disclosure:	ESRS 2 GOV-1 para. 22 (a) and 23 (a) (b)	
	<ul style="list-style-type: none"> <li>Number (absolute and proportion of total) of members of board with competence on nature-related issues;</li> <li>Use, if any, of external expert advisers and subject matter experts, such as scientific advisers, to</li> </ul>	ESRS 2 GOV-1 para. AR 5	
	Frequency that nature issues are discussed during board meetings.	ESRS 2 GOV-2 para. 26 (a) (c)	
Governance - B	Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.		
	In describing management's role in the assessment and management of nature-related dependencies, impacts, risks and opportunities, the organisation should include the following information:		
	<ul style="list-style-type: none"> <li>Whether and how the organisation has assigned nature-related responsibilities to management-level positions or committees, whether such management positions or committees report to the board or board committee, and whether those responsibilities include assessing and/or managing nature-related dependencies, impacts, risks and opportunities;</li> </ul>	ESRS 2 GOV-1 para. 22 (a) (b) (c)	
	The associated organisational structure(s); and	ESRS 2 GOV-1 para. 21 and para. 22; para. AR 3 and AR 4	
		ESRS 2 GOV-2 para. AR 6	
	The controls and procedures by which management is informed about and monitors nature-related	ESRS 2 GOV-1 para. AR 3 (c)	

	<p>The controls and procedures by which management is informed about and monitors nature-related dependencies, impacts, risks and opportunities</p>	<p><b>ESRS 2 IRO-1</b> para. 53 (b) (c) (d) (e) (f)</p> <p><b>ESRS 2 GOV-2</b> para.26 (a)</p> <p><b>ESRS 2 GOV-1</b> para. 22 (b)</p>	
	<p>The organisation <i>should consider</i> reporting the following indicators to support this disclosure:</p> <ul style="list-style-type: none"> <li>• Highest level of responsibility and accountability for nature policies, commitments and targets; and</li> <li>• Frequency of communication of performance and progress in priority locations to management.</li> </ul>	<p><b>ESRS 2 MDR-P</b> para. 65 (c)</p>	
<b>Governance - C</b>	<p>Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.</p>		
	<p>The organisation should describe its human rights policies and engagement activities related to its assessment and management of nature-related dependencies, impacts, risks and opportunities. This should cover all relevant stakeholders, with a priority on Indigenous Peoples, Local Communities and affected stakeholders. It should do so with reference to, and implementation of, the UN Declaration on the Rights of Indigenous Peoples, the UN Guiding Principles on Business and Human Rights and internationally recognised human rights as applicable to affected stakeholders.</p>	<p><b>ESRS 2 SBM-2</b> para 45</p> <p><b>ESRS 2 MDR-P</b> para. 65 (e) (f)</p> <p><b>ESRS 2 IRO-1</b> para. 53 (b)iii</p> <p><b>ESRS E2</b> para. 11(b)</p> <p><b>ESRS E3</b> para. 8(b)</p> <p><b>ESRS E4</b> para. 17(e)</p> <p><b>ESRS E4</b> E4-2 para. AR. 17 (b)</p> <p><b>ESRS S3</b> S3-1 para 16</p>	
	<p>This description should include:</p> <ul style="list-style-type: none"> <li>• A summary of the organisation's commitments regarding: <ul style="list-style-type: none"> <li>&gt; International standards of responsible business practice as set out in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct;</li> <li>&gt; Respect of the rights of Indigenous Peoples as reflected in the UN Declaration on the Rights of Indigenous Peoples, ILO Convention 169, the Convention on Biological Diversity; and</li> <li>&gt; The UN General Assembly Resolution 76/300 on rights to a healthy environment;</li> </ul> </li> </ul>	<p><b>ESRS S3</b> S3-1 para. 16</p>	
	<ul style="list-style-type: none"> <li>• A description of how human rights due diligence processes, including but not limited to those covering the rights of Indigenous Peoples and Local Communities, are embedded in an organisation's strategy, policies, codes of conduct, governance structures and best practices;</li> </ul>	<p><b>ESRS 2 SBM-3</b> para. 8-9; <b>ESRS 2 GOV-4</b>; <b>ESRS 2 GOV-2</b> para. 26</p> <p><b>ESRS 2 GOV-2</b> para. 26(a), <b>GOV-4</b></p> <p><b>ESRS S3</b> S3-1</p> <p><b>ESRS S3</b> S3-2</p> <p><b>ESRS S3</b> S3-3</p> <p><b>ESRS S3</b> S3-4</p> <p><b>ESRS S3</b> S3-5</p>	
	<ul style="list-style-type: none"> <li>• The processes adopted to enable the monitoring, management and remediation of any adverse human rights impacts caused by the organisation or to which it significantly contributes through its business activities, supply chains and business relationships, including organisational grievance mechanisms;</li> </ul>	<p><b>ESRS S3</b> S3-3 para 27; para. AR 22</p> <p><b>ESRS S3</b> S3-4 para. 32; para. AR 28</p>	
	<ul style="list-style-type: none"> <li>• A summary of the organisation's governance on nature-related advocacy and lobbying, and the organisation's approach to engagement with public authorities on nature-related initiatives, policies and/or regulation;</li> <li>• A summary of the organisation's key nature-related advocacy and lobbying priorities and positions. This should be complemented, where relevant, with a summary of the main direct advocacy and lobbying activities undertaken by the organisation associated with nature-related regulation and public policy development;</li> </ul>	<p><b>ESRS G1</b> G1-5 para. 27 and para. 29</p>	
	<ul style="list-style-type: none"> <li>• A description of the organisation's involvement in any ongoing cases, or cases concluded in the reporting year, that concern nature-related dependencies or impacts that are brought to National Contact Points under the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct;</li> </ul>	<p><b>ESRS S3</b> S3-3 para. AR20</p>	<p>ESRS address grievance mechanisms, e.g. National Contact Points, under ESRS S3-3. TNFD, in addition, recommends disclosures about cases.</p>
	<ul style="list-style-type: none"> <li>• The engagement process(es) undertaken including: <ul style="list-style-type: none"> <li>&gt; A description of the Indigenous Peoples, Local Communities and affected stakeholders engaged in the assessment and management of nature related dependencies, impacts, risks and opportunities, how they were identified, and a confirmation that this description has been agreed with</li> <li>&gt; A description of the approach to and process of engagement, whether engagement is one-off, periodic or ongoing, and whether it is through formal or informal structures;</li> </ul> </li> </ul>	<p><b>ESRS 2 SBM-2</b> para. 45 (a)</p> <p><b>ESRS S3</b> S3-2 para 21 (a)</p> <p><b>ESRS E4</b> E4-3 para. AR 20</p> <p><b>ESRS S3</b> S3-2 para.21 (a) and (b)</p>	
	<ul style="list-style-type: none"> <li>&gt; A description of whether engagement has been based on free, prior and informed consultation and participation and how Free Prior and Informed Consent (FPIC) has been obtained;</li> </ul>	<p><b>ESRS S3</b> S3-2 para. 23</p>	
	<ul style="list-style-type: none"> <li>&gt; A statement of how equitable Access and Benefit Sharing has been attained, particularly as it relates to Indigenous Peoples and Local Communities; and</li> </ul>	<p><b>ESRS E4</b> E4-2 para. AR 15 (b)</p>	

	<p>&gt; A description of the results of the engagement processes with Indigenous Peoples, Local Communities and affected stakeholders, including how these are incorporated or otherwise addressed in the organisation's materiality assessment, decision-making and responses to nature-related issues and their societal dimensions; and</p>	<p>ESRS 2 SBM-2 para. 45 (b) (d) ESRS 2 IRO-1 para 53 (b) (iii)</p>	
	<p>• A statement of whether and how senior management and the board are informed about engagement processes with Indigenous Peoples, Local Communities and affected stakeholders, and their results.</p>	<p>ESRS 2 SBM-2 para. 45 (d)</p>	
	<p>The organisation should consider reporting the following indicator to support this disclosure: • Proportion of locations identified with material nature related issues and/or in sensitive locations that have active engagement with Indigenous Peoples, Local Communities and affected stakeholders on nature related issues.</p>	<p>ESRS S3 SBM-3 para. 9 and para.10; ESRS S3 S3-2 para 21</p>	
<b>Strategy</b>	<p>Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.</p>	<p><b>ESRS 2 - Strategy</b></p>	
<b>Strategy- A</b>	<p>Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.</p> <p><i>Dependencies and impacts</i> The organisation should describe the material nature related dependencies and impacts the organisation has identified in its direct operations and upstream and downstream value chain(s). The organisation should disclose the following information for material impacts and dependencies:</p> <p>• A description of the material impact on nature, including:</p>		
	<p>• The location of the impact with reference to the location(s) identified in Strategy D and whether the impact relates to the organisation's direct operations, or upstream or downstream value chain(s);</p>	<p>ESRS 2 SBM-3 para. 48 (a) ESRS 2 SBM-3 para. 48 (a); para. AR 17 ESRS E4 para. 16 (a) (a)ii ESRS E4 para. AR 7</p>	
	<p>• The impact pathway(s), including: &gt; The organisation's impact driver(s) and any external factors that are affecting the state of nature; &gt; How these impact drivers and external trends lead to changes in the state of nature in these</p>	<p>ESRS E4 para. AR 4 (a)(b)(c)(d) ESRS 2 SBM-3 para. 48 (c) ESRS E4 para. AR 4 (d)</p>	
	<p>• A description of the material dependency on nature, including:</p>	<p>ESRS E2 para. AR 6 ESRS E3 para. AR 8 ESRS E4 para. AR 8 (d) ESRS E5 para. AR 1 (b)</p>	<p>The disclosure of dependencies in alignment with ESRS E2, E3 and E5 is made as part of Phase 2 of the LEAP assessment, which organisations may consider for their materiality assessment.</p>
	<p>• The location of the dependency, with reference to the locations identified in Strategy D and whether the dependency relates to the organisation's direct operations, or upstream or downstream value chain(s);</p>	<p>ESRS E4 para.16 (a) (a)ii ESRS E2 para. AR 6 ESRS E3 para. AR 8</p>	<p>The disclosure of the locations of the dependencies as part of ESRS E2 and E3 is made as part of Phase 2 of the LEAP assessment, which organisations may consider for their materiality assessment. For E4, the breakdown of sites according to impacts and dependencies is mentioned in ESRS 2 SBM-3 (E4). See also ESRS 1 para. 54 (b) on disaggregation of the reported information by sites.</p>
	<p>• The dependency pathway, including: &gt; The environmental asset(s) and ecosystem service(s) the organisation depends on; and</p>	<p>ESRS E4 para. AR 4 ESRS E3 para. AR 13 (a)i ESRS E3 para. AR 8 ESRS E5 para. AR 1</p>	

	<p>&gt; The associated impact driver(s) and external factors that are affecting the state of nature and availability of ecosystem services; and</p>	<p>ESRS E4 para. AR 4 (a)</p>	
	<p>• Reference to the relevant metrics disclosed in Metrics and Targets B; and</p>	<p>ESRS E4 para. AR 8 (d)</p>	
	<p>• A description of any interconnections between the organisation's dependencies and impacts.</p>	<p>ESRS 2 IRO-1 para. 53 (c)</p>	
	<p>The disclosures should distinguish between dependencies and impacts in the organisation's direct operations and upstream and downstream value chain(s).</p>	<p>ESRS E4 para. AR 6 ESRS E5 para. AR 1 ESRS E3 para. AR 13 (a)  ESRS 2 SBM-3 para. 48 a)</p>	
	<p><i>Risks and opportunities</i> An organisation should describe the material risks and opportunities it has identified that could affect its business model, value chain, strategy and financial position and how these arise from its dependencies and impacts on nature. The organisation should disclose the following information:</p>		
	<p>• A description of each nature-related risk and opportunity identified by the organisation across each time horizon (short, medium and long term), with reference to the relevant metrics disclosed in Metrics and Targets A; and • The TNFD risk and opportunity category to which the risk or opportunity belongs, including whether a risk is a physical or transition risk.</p>	<p>ESRS 2 SBM-3 para. 48 a) b) ESRS E1 para. 18 ESRS E2 para. 7 a) b) ESRS E3 para. 13 a) b) ESRS E4 para. AR 9 (a)(b)(c) ESRS E5 para. 5 a) b)</p>	<p>In ESRS, for definition of time horizons, see ESRS 1 Chapter 6.</p>
<b>Strategy - B</b>	<p>Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.</p> <p><i>Business model, value chain and strategy</i> The organisation should describe the current and anticipated effects of the identified risks and opportunities on its business model and value chain and where these risks and opportunities are located in its business model and value chain. The organisation should describe the processes and actions it has put in place to respond to the material dependencies, impacts, risks and opportunities it has identified, including:</p>		
	<p>• How the organisation makes and implements decisions to avoid and reduce negative impacts on nature, regenerate and restore ecosystems and transform business practices, following the mitigation hierarchy and principles of extended producer responsibility</p>	<p>ESRS 2 MDR-A para. 67 ESRS E1 E1-3 para. 28 ESRS E2 E2-2 para. 19 ESRS E3 E3-2 para. 17 ESRS E4 E4-3 para. 27 ESRS E4 E4-3 para. 28 (a) ESRS E5 E5-2 para. 20 (f)</p>	
	<p>• Current and anticipated changes to business practices, investments in new technologies or research and development, decisions about the location of business operations, and collaboration with other partners and stakeholders;</p>	<p>ESRS 2 SBM-3 para. 48 (b)</p>	
	<p>• Current and anticipated changes to upstream sourcing practices and interactions with downstream entities, such as the adoption of improved tracing, certification practices, collaboration with suppliers, customers and other stakeholders, or extended producer responsibility schemes;</p>	<p>ESRS 2 SBM-3 para. 48 (b) ESRS G1-2 para. 15</p>	
	<p>• Current and anticipated changes to the organisation's engagement through multi-stakeholder planning processes, such as landscape approaches, watershed management and marine and coastal spatial planning; and</p>	<p>ESRS S3 S3-4 para. AR 29</p>	<p>Addressed through current or planned actions (such as S3 AR para. 29) linked to material sustainability matters on nature, but not explicitly required by ESRS</p>
	<p>• Any other current and anticipated policies or efforts to mitigate nature-related risks, manage nature-related issues and/or contribute towards the goals and targets in the GBF.</p>	<p>ESRS 2 MDR-P para. 63 ESRS E4 E4-1 para. 20 ESRS E1 E1-2 para. 24 ESRS E2 E2-1 para. 14 ESRS E3 E3-1 para. 11 ESRS E5 E5-1 para. 14 ESRS E4 E4-2 para. 15 ESRS E4 E4-2 para. AR 14</p>	

	<p><i>Financial position and performance</i> The organisation should describe the current and anticipated effects of nature-related risks and opportunities on its financial position, performance and cashflow, including:</p> <ul style="list-style-type: none"> <li>• How the nature-related risks and opportunities have affected the financial position of the organisation in the reporting period;</li> <li>• The anticipated effects on revenues, expenses, cashflows, asset and liability values and funding sources over the short, medium and long term;</li> <li>• Whether the organisation anticipates any significant investments or asset disposals as a result of the nature-related risks and opportunities identified; and</li> </ul>	<p>ESRS 2 SBM-3 para. 48 (d) (e)</p>	
	<ul style="list-style-type: none"> <li>• How nature-related risks and opportunities serve as an input to their financial planning processes.</li> </ul>	<p>ESRS 2 SBM-3 para. 48(e)(i) and (ii)</p>	
	<p><i>Target setting and transition plans</i></p> <p>Organisations that have made nature-related commitments, set nature-related targets and/or made nature transition plans to address nature-related dependencies, impacts, risks and opportunities should describe their commitments, how they will achieve them and how they are aligned to GBF goals and targets. A non-exhaustive list of indicators and metrics that demonstrate the response of organisations to nature related dependencies, impacts, risks and opportunities is provided in Annex 2.</p>	<p>ESRS 2 MDR-T para. 80 ESRS E1 E1-4 para. 30 ESRS E1 E1-1 para. 14 ESRS E2 E2-3 para. 20 ESRS E3 E3-3 para. 20 ESRS E4 E4-1 para. 15 ESRS E4 E4-1 para. AR 1(a) ESRS E4 E4-4 para. 32 ESRS E5 E5-3 para. 21</p>	
<p><b>Strategy - C</b></p>	<p>Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.</p> <p>The organisation should disclose information on the resilience of its strategy, business model and value chain to nature-related changes, developments and uncertainties, taking into consideration the organisation's nature-related risks and opportunities identified in Strategy A. The organisation should use nature-related scenario analysis to assess its strategy resilience, using an approach that is commensurate with the organisation's circumstances. The organisation should describe:</p>		
	<ul style="list-style-type: none"> <li>• The ways in which it believes its strategy, business model and value chain may be affected over the short, medium and long term by key trends and critical uncertainties regarding physical risks associated with nature loss and possible tipping points in locations material to its business model and value chain</li> <li>• How its strategies might change to address such potential trends and uncertainties, including a description of how the organisation took into consideration location specificity;</li> </ul>	<p>ESRS 2 SMB-3 para. 48 (f) ESRS E1 para. 18 and 19 ESRS E4 E4-1 para. 13 ESRS 2 SBM-3 para. 48 (b) (f)</p>	
	<ul style="list-style-type: none"> <li>• The potential effects, if assessed, of an increased level and/or increased rate of change of nature-related risks and opportunities on financial performance (i.e. revenues and expenses) and financial position (i.e. assets and liabilities) over the short, medium and long term;</li> </ul>	<p>ESRS E2 E2-6 para. 44 ESRS E3 E3-5 para. 32 (a) ESRS E4 E4-6 para. 44 (a) (b) ESRS E5 E5-6 para. 42 (a)</p>	
	<ul style="list-style-type: none"> <li>• The resources and capacity the organisation has, or plans to put in place, to adapt and make identified changes to its strategy to address future changes in the potential effects of nature-related risks and opportunities; and</li> </ul>	<p>ESRS 2 MDR-A para. 69 ESRS E1 E1-3 para. 28 ESRS E1 E1-3 para. AR 20 ESRS E2 E2-2 para. 18 and para. 19 ESRS E3 E3-2 para. 17 ESRS E4 E4-3 para. AR 18 ESRS E5 5-2 para. 19</p>	
	<ul style="list-style-type: none"> <li>• Its use of scenario tools and methodologies, if any, to inform its thinking about the resilience of its strategy, including a brief description of the scenario narratives used, the time horizons considered and the key insights gained.</li> </ul>	<p>ESRS 2 SBM-3 para. 48 (f) ESRS E1 para. AR 7 and AR 8 ESRS 2 IRO-1 para. 18 ESRS E4 E4-1 para. 13 and para. 14</p>	

<p><b>Strategy-D</b></p>	<p>Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations</p> <p>As illustrated in Figure 21, priority locations are locations that are:</p> <ul style="list-style-type: none"> <li>• Material locations: Locations where an organisation has identified material nature-related dependencies, impacts, risks and opportunities in its direct operations and upstream and downstream value chain(s); and/or</li> <li>• Sensitive locations: Locations where the assets and/or activities in its direct operations – and, where possible, upstream and downstream value chain(s) – interface with nature in: <ul style="list-style-type: none"> <li>• Areas important for biodiversity; and/or</li> <li>• Areas of high ecosystem integrity; and/or</li> <li>• Areas of rapid decline in ecosystem integrity; and/or</li> <li>• Areas of high physical water risks; and/or</li> <li>• Areas of importance for ecosystem service provision, including benefits to Indigenous Peoples, Local Communities and stakeholders.</li> </ul> </li> </ul>	<p><b>ESRS E4 para 16 (a)</b></p> <p><b>ESRS E4 para. 17; para. AR 7(a)</b></p> <p><b>ESRS E2 para. 11; para. AR 5</b></p> <p><b>ESRS E3 para. AR 5</b></p>	<p>The TNFD uses the definition of 'priority' locations which includes both material and sensitive locations. Also ESRs asks to disclose 'material' sites or locations, including sensitive locations as a sub-set of this list. See also ESR 1 para. 54 (b) on disaggregation of the reported information by sites.</p>
<p><b>Risk and impact management</b></p>	<p>Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.</p>	<p><b>ESRS 2 - impact, risk and opportunity management</b></p>	
<p><b>Risk and impact management- A(i)</b></p>	<p>Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations. The organisation should describe its processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations. The description should include:</p> <ul style="list-style-type: none"> <li>• How the organisation identifies existing and emerging nature-related dependencies, impacts, risks and opportunities that may be material to the organisation, including factors such as: <ul style="list-style-type: none"> <li>&gt; The materiality definitions and application guidance used with respect to the organisation's materiality assessment;</li> </ul> </li> <li>&gt;The degree of location-specificity used (e.g. site specific, local, sub-national), taking into account the differences in dependencies, impacts, risks and opportunities across locations;</li> <li>&gt; The timescales considered;</li> <li>&gt; Whether and how ecological thresholds and tipping points were considered; and</li> <li>&gt; The frequency of assessment; and</li> <li>&gt; Whether and how existing and emerging policy changes and regulatory requirements related to climate change and nature loss were considered (e.g. restrictions on water or land use).</li> <li>• How the organisation assesses nature-related risks and opportunities for the magnitude of potential effects on the organisation, including processes for assessing the potential size and scope of identified nature-related risks and opportunities and the likelihood of the effects of those risks, based on its understanding of how nature-related risks and opportunities originate from the identified dependencies and impacts.</li> <li>• How the organisation determines the relative significance of nature-related risks and opportunities in relation to other risks and opportunities and prioritises risks and opportunities to inform risk and opportunity responses and risk and opportunity management decision-making.</li> </ul>	<p><b>ESRS 2 IRO-1 para. 51</b></p> <p><b>ESRS E1 para. 20</b></p> <p><b>ESRS E2 para. 11</b></p> <p><b>ESRS E3 para. 8</b></p> <p><b>ESRS E4 para. 17 (a), (b)</b></p> <p><b>ESRS E5 para. 11</b></p>	<p>ESRS requires the disclosure of location-specific information when considered material (see also ESR 1 para. 54), TNFD recommends that the degree of location-specificity used is always disclosed.</p> <p>In ESRs, for definition of time horizons, see ESR 1 Chapter 6.</p>
		<p><b>ESRS E4 para. AR 9 (c) i</b></p> <p><b>ESRS E2 E2-3 para. 24</b></p> <p><b>ESRS E3 E3-3 para. 24</b></p> <p><b>ESRS E5 E5-3 para. 26</b></p>	
		<p><b>ESRS E2 para. AR 7 (a)j</b></p> <p><b>ESRS E3 para. AR 13 (a)j</b></p> <p><b>ESRS E4 para. AR 9 (b)j</b></p> <p><b>ESRS E5 para. 5 (c)</b></p>	
		<p><b>ESRS 2 IRO-1 para. 53 (c)</b></p>	
		<p><b>ESRS 2 IRO-1 para. 53 (c) iii</b></p>	

	<p>The organisation should disclose:</p> <ul style="list-style-type: none"> <li>An assessment of the quality of the data used and the implications for the analysis;</li> <li>A description of any improvements made to data quality since the previous disclosure period and plans to improve data quality over time;</li> <li>The methodology and information sources used for key data not obtained directly from the organisation's operations; and</li> <li>Definitions of the risk terminology used, or references to existing risk classification frameworks used.</li> </ul>	<p>ESRS E4 E4-5 para. AR 27</p> <p>ESRS E2 E2-2 para. 30</p> <p>ESRS E5 E5-3 para. 32</p>	
<b>Risk and impact management- A(ii)</b>	<p>Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s). The organisation should describe its processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s). The description should include:</p> <ul style="list-style-type: none"> <li>How the organisation defines the value chain(s), its scope and constituent elements;</li> <li>The scope of the value chain(s) considered;</li> <li>How the organisation determines which elements of the value chain(s) are to be assessed (e.g. based on the TNFD's additional guidance; the commodities used; products, locations, processes; and/or degree of influence over the issue);</li> <li>The elements of the value chain(s) selected for assessment using this process;</li> <li>How the organisation reviews its approach to identifying elements of the value chain(s) for assessment to reflect new, emerging and changing risks and opportunities that may affect the organisation;</li> <li>How the organisation assesses dependencies, impacts, risks and opportunities associated with its value chain(s)</li> <li>The materiality definitions and application guidance used with respect to the organisation's materiality assessment;</li> <li>The timescales considered for the assessment;</li> <li>Whether and how ecological thresholds and tipping points have been considered;</li> </ul> <p>The degree of location-specificity achieved and the implications for the analysis, including:          &gt; An assessment of the quality of the data used and the implications for the analysis;</p>	<p>ESRS 1 para. 39</p> <p>ESRS 2 SMB-3 para. 48 (a)</p> <p>ESRS 2 SMB-1 para. 42</p> <p>ESRS 2 IRO-1 para. 51</p> <p>ESRS E1 para. 20</p> <p>ESRS E2 para. 11</p> <p>ESRS E3 para. 8</p> <p>ESRS E4 para. 17 (a) (b)</p> <p>ESRS E5 para. 11</p>	<p>In ESRS, see also ESRS 1 para. 63 and 66 on value chain information.</p>
<b>Risk and impact management- B</b>	<p>Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities. The organisation should describe its processes for managing nature-related dependencies, impacts, risks and opportunities. This should include information about:</p> <ul style="list-style-type: none"> <li>The inputs and parameters the organisation uses (for example, information about data sources and the scope of operations covered in the processes);</li> <li>The risk management tools the organisation uses to assess the organisation's overall risk profile in light of those risks; and</li> <li>How the organisation monitors nature-related risks.</li> </ul>	<p>ESRS 2 IRO-1 para. 53</p> <p>ESRS E1 E1-2 para. 22</p> <p>ESRS E3 E3-1 para. 9</p> <p>ESRS E5 E5-1 para. 12</p> <p>ESRS E4 E4-2 para. 20</p> <p>ESRS E2 E2-1 para. 12</p>	
<b>Risk and impact management- C</b>	<p>Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.</p> <p>The organisation should describe whether and how its processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into its overall risk management process.</p>	<p>ESRS 2 IRO-1 para. 53 (d) (e) (f)</p>	
<b>Metrics and Targets</b>	<p>Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.</p>	<p>ESRS 2 - Metrics and targets</p>	
<b>Metrics and Targets - A</b>	<p>Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.</p> <p>An organisation should disclose the indicators and metrics used to measure and manage the material nature-related risks and opportunities described in Strategy A. To achieve this, an organisation should disclose the metrics that are most relevant to and most accurately represent the nature-related risks and opportunities on which it is reporting. The metrics disclosed should include:</p> <p>The metrics disclosed should include:</p> <ul style="list-style-type: none"> <li>All core global and core sector risk and opportunity metrics listed in Annex 1 reported at the</li> </ul>	<p>ESRS 2 MDR-M para. 73; para. 74; para. 75; para. 76</p>	

	<p>organisational level; and</p> <ul style="list-style-type: none"> <li>Any other relevant metrics, drawing on the TNFD additional disclosure indicators and metrics listed in Annex 2 and the organisation's own assessment metrics as appropriate, reported at the appropriate organisational level (e.g. site, product, service, region or organisation) to reflect most accurately the magnitude of risks and opportunities described in Strategy A.</li> </ul> <p>Where possible, these should cover:</p> <ul style="list-style-type: none"> <li>Financial information about the effects of naturerelated risks and opportunities on the organisation, with reference to effects reported in Strategy B; and</li> <li>Insight into how the organisation monitors actions, policies and strategies to manage risks and opportunities, with reference to Strategy B and Risk and Impact Management B.</li> </ul> <p>Indicators and metrics should also be disclosed for historical periods, including prior year comparisons to allow for trend analysis. When appropriate, the organisation should disclose forward-looking nature-related indicators and metrics, consistent with its business or strategic planning time horizons.</p> <p>Indicators and metrics should also be disclosed for historical periods, including prior year comparisons to allow for trend analysis. When appropriate, the organisation should disclose forward-looking nature-related indicators and metrics, consistent with its business or strategic planning time horizons.</p> <p>The organisation should describe the methodologies and assumptions used to calculate or estimate nature related indicators and metrics, including any limitations. An organisation should provide a short explanation where any core metrics are not reported. A core metric may be omitted where it has:</p> <ul style="list-style-type: none"> <li>Not been identified as relevant or material to the organisation; or</li> <li>Been identified as relevant and material, but the organisation is unable to measure it due to limitations with methodologies or access to data. In this case, organisations should explain how they plan to address this in future reporting periods.</li> </ul>	<p><b>ESRS E2 E2-6</b>  <b>ESRS E3 E3-5</b>  <b>ESRS E4 E4-6</b>  <b>ESRS E5 E5-6</b></p>	<p>See separate tab for granular mapping between TNFD and ESRS metrics.</p>
<p><b>Metrics and Targets - B</b></p>	<p>Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</p>		<p>ESRS does not allow omissions of metrics on material sustainability matters (see ESRS 1 para. 34 and 35).</p>
	<p>The organisation should disclose the indicators and metrics used to measure and manage the material. This should include, for each dependency and impact described in Strategy A:</p> <ul style="list-style-type: none"> <li>All core global and core sector metrics for dependencies and impacts listed in Annex 4 and in relevant sector guidance; and</li> <li>Any other relevant metrics, drawing on the TNFD additional disclosure indicators and metrics listed in Annex 2 and the organisation's own assessment metrics as appropriate.</li> </ul> <p>These metrics should cover the organisation's impact drivers associated with each material dependency and impact identified in Strategy A, indicating what the impact driver is (i.e. the type of pollutant emitted), the magnitude (i.e. the quantity of pollutant) and the location in which the impact driver occurs, with reference to Strategy D.</p> <p>It is also recommended that the organisation consider covering in its disclosure, for the location of each dependency and impact described in Strategy A, with reference to Strategy D:</p> <ul style="list-style-type: none"> <li>Other elements of the dependency and impact pathway (qualitatively if quantitative metrics are not yet available) including: <ul style="list-style-type: none"> <li>&gt; Changes in the state of nature (e.g. ecosystem condition and extent, and species population size and extinction risk); and</li> <li>&gt; Changes in the availability of ecosystem services;</li> </ul> </li> <li>Actions, policies and strategies to manage these impacts and dependencies, as disclosed in Strategy B; and</li> <li>Aggregated impact drivers for the organisation's direct operations, and upstream and downstream</li> </ul> <p>An organisation should provide a short explanation where any core metrics are not reported explaining whether it has:</p> <ul style="list-style-type: none"> <li>Not been identified as relevant or material to the organisation; or</li> <li>Been identified as relevant and material, but the organisation is unable to measure it due to limitations with methodologies or access to data. In this case, organisations should explain how they plan to address this in future reporting periods.</li> </ul> <p>Metrics should be reported:</p> <ul style="list-style-type: none"> <li>Against a clear and transparent baseline and/or reference condition where possible;</li> <li>Separately for negative and positive impacts, not on a net basis;</li> <li>With reference to whether they relate to the organisation's direct operations, upstream value chain(s) or downstream value chain(s);</li> <li>With an absolute figure, the rate of change, and an intensity/efficiency ratio. The TNFD disclosure metrics contained with Annexes 1 and 2 are mostly listed at the absolute level. Organisations are encouraged to use the best practice intensity/efficiency ratios for their sectors, describing the rationale for selection of ratios.</li> </ul> <p>The organisation should also disclose:</p> <ul style="list-style-type: none"> <li>If and how metrics have been aggregated, in line with general requirement 3 and including the scientific justification for aggregating metrics and/or locations (e.g. ecological equivalency or industry best practice with references), the methodologies used and any limitations or assumptions;</li> <li>A description of the methodologies, tools and data platforms used to obtain key data; the assumptions, tools and data platforms used to calculate or estimate nature-related indicators and metrics; and any limitations, including a lack of data or the use of proxy data and industry averages;</li> </ul>	<p><b>ESRS 2 MDR-M para. 73; para. 74; para. 75; para. 76</b></p> <p><b>ESRS E2 E2-4</b>  <b>ESRS E2 E2-5</b>  <b>ESRS E4 E3-4</b>  <b>ESRS E4 E4-5</b>  <b>ESRS E5 E5-4</b>  <b>ESRS E5 E5-5</b></p>	<p>TNFD recommends an organisation consider disclosing aggregated impact drivers for the organisation's direct operations, and upstream and downstream value chain(s) to the extent possible. The topical ESRS standards require to include VC data only for a few metrics. However, when the undertaking considers that a material impact, risk or opportunity in the VC is not sufficiently covered by the requirements in ESRS, it shall include additional entity-specific disclosures.</p>
	<p>An organisation should provide a short explanation where any core metrics are not reported explaining whether it has:</p> <ul style="list-style-type: none"> <li>Not been identified as relevant or material to the organisation; or</li> <li>Been identified as relevant and material, but the organisation is unable to measure it due to limitations with methodologies or access to data. In this case, organisations should explain how they plan to address this in future reporting periods.</li> </ul> <p>Metrics should be reported:</p> <ul style="list-style-type: none"> <li>Against a clear and transparent baseline and/or reference condition where possible;</li> <li>Separately for negative and positive impacts, not on a net basis;</li> <li>With reference to whether they relate to the organisation's direct operations, upstream value chain(s) or downstream value chain(s);</li> <li>With an absolute figure, the rate of change, and an intensity/efficiency ratio. The TNFD disclosure metrics contained with Annexes 1 and 2 are mostly listed at the absolute level. Organisations are encouraged to use the best practice intensity/efficiency ratios for their sectors, describing the rationale for selection of ratios.</li> </ul> <p>The organisation should also disclose:</p> <ul style="list-style-type: none"> <li>If and how metrics have been aggregated, in line with general requirement 3 and including the scientific justification for aggregating metrics and/or locations (e.g. ecological equivalency or industry best practice with references), the methodologies used and any limitations or assumptions;</li> <li>A description of the methodologies, tools and data platforms used to obtain key data; the assumptions, tools and data platforms used to calculate or estimate nature-related indicators and metrics; and any limitations, including a lack of data or the use of proxy data and industry averages;</li> </ul>	<p><b>ESRS 2 MDR-M para. 73; para. 74; para. 75; para. 76</b>  <b>ESRS E2 E2-4 para. 30; para. AR 23;</b>  <b>ESRS E3 E3-4 para. 28</b></p>	<p>ESRS does not allow omissions of metrics on material sustainability matters (see ESRS 1 para. 34 and 35).</p> <p>Requirements on metrics and targets are provided by ESRS through various standards.</p>



<b>Metrics and Targets - C</b>	<p>Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p> <p>The organisation should describe the targets and goals it has established to manage its nature-related dependencies, impacts, risks and opportunities, and disclose performance against these targets and goals.</p>		
		<p><b>ESRS 2</b> MDR-T para.79</p> <p><b>ESRS E2</b> E2-3  <b>ESRS E3</b> E3-3  <b>ESRS E4</b> E4-4  <b>ESRS E5</b> E5-3</p>	
	<p>Disclosures for each target should include:</p> <ul style="list-style-type: none"> <li>• The strategy or risk management objective the target seeks to address, including any anticipated regulatory requirements, market constraints, limitations or other contextual information relevant to understanding the target;</li> <li>• The metric used to quantify the target and monitor performance;</li> <li>• The targeted value of the metric;</li> <li>• The baseline year and level of the metric;</li> <li>• The timeframe for achieving the target;</li> <li>• Short and medium term interim targets or target trajectory for the metric;</li> <li>• The methodology used to set the target and baseline, including whether the organisation has used any external standards when setting the target and whether these use a science-based approach;</li> <li>• Performance against the target relative to the baseline or reference condition on a historical and current year basis, updated annually, and expected performance against targets for the following year, where appropriate;</li> </ul>	<p><b>ESRS 2</b> MDR-T para.79 and para. 80</p>	
	<ul style="list-style-type: none"> <li>• Whether and how the target aligns with or supports the targets and goals of the Kunming–Montreal Global Biodiversity Framework, the Paris Agreement on climate change, the Sustainable Development Goals, Planetary Boundaries and other global reference environmental treaties, policy goals and system-wide initiatives</li> </ul>	<p><b>ESRS E4</b> E4-4 para. 32 (b)</p>	
	<ul style="list-style-type: none"> <li>• If the organisation exceeded or fell short of the target trajectory or is projected to do so, an explanation of the reasons and disclosure of any resulting adjustment or resetting of targets from the prior period; and</li> </ul> <p>Targets in scope include:</p> <ul style="list-style-type: none"> <li>• Targets for changes to impact drivers;</li> <li>• Targets to improve or maintain the flow of ecosystem services;</li> <li>• Targets to halt and reverse nature loss and improve or maintain the state of nature;</li> <li>• Targets for changes to business activities and processes correlated with dependencies and impacts;</li> <li>• Enterprise-level targets directly or indirectly affecting nature-related dependencies, impacts, risks and opportunities. For example, direct operations changes that increase the circularity of the business or the traceable or certified share of the supply chain; and</li> <li>• Other targets to address nature-related dependencies, impacts, risks or opportunities.</li> </ul> <p>In all cases, targets should be specific and time bound, quantified with metrics that can be suitably measured and are relevant to the organisation’s strategy or risk management plans, including the pursuit of opportunities.</p> <p>Organisations should consider reporting the:</p> <ul style="list-style-type: none"> <li>• Proportion of targets that address short term, medium term and long term risks and opportunities;</li> <li>• Proportion of targets that are time-bound and quantifiable; and</li> <li>• Proportion of geographical sites/priority locations that are covered by targets.</li> </ul>	<p><b>ESRS 2</b> MDR-T para. 80(j)</p> <p><b>ESRS E2</b> E2-3  <b>ESRS E3</b> E3-3  <b>ESRS E4</b> E4-4  <b>ESRS E5</b> E5-3</p>	<p>Requirements on metrics and targets are provided by ESRS through various standards.</p>