CATALYSING CHANGE: THE URGENT NEED FOR NATURE TRANSITION PLANS

DECEMBER 2024

WWF

WWF is one of the world's largest and most experienced independent conservation organizations, with over 5 million supporters and a global network active in more than 100 countries. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.

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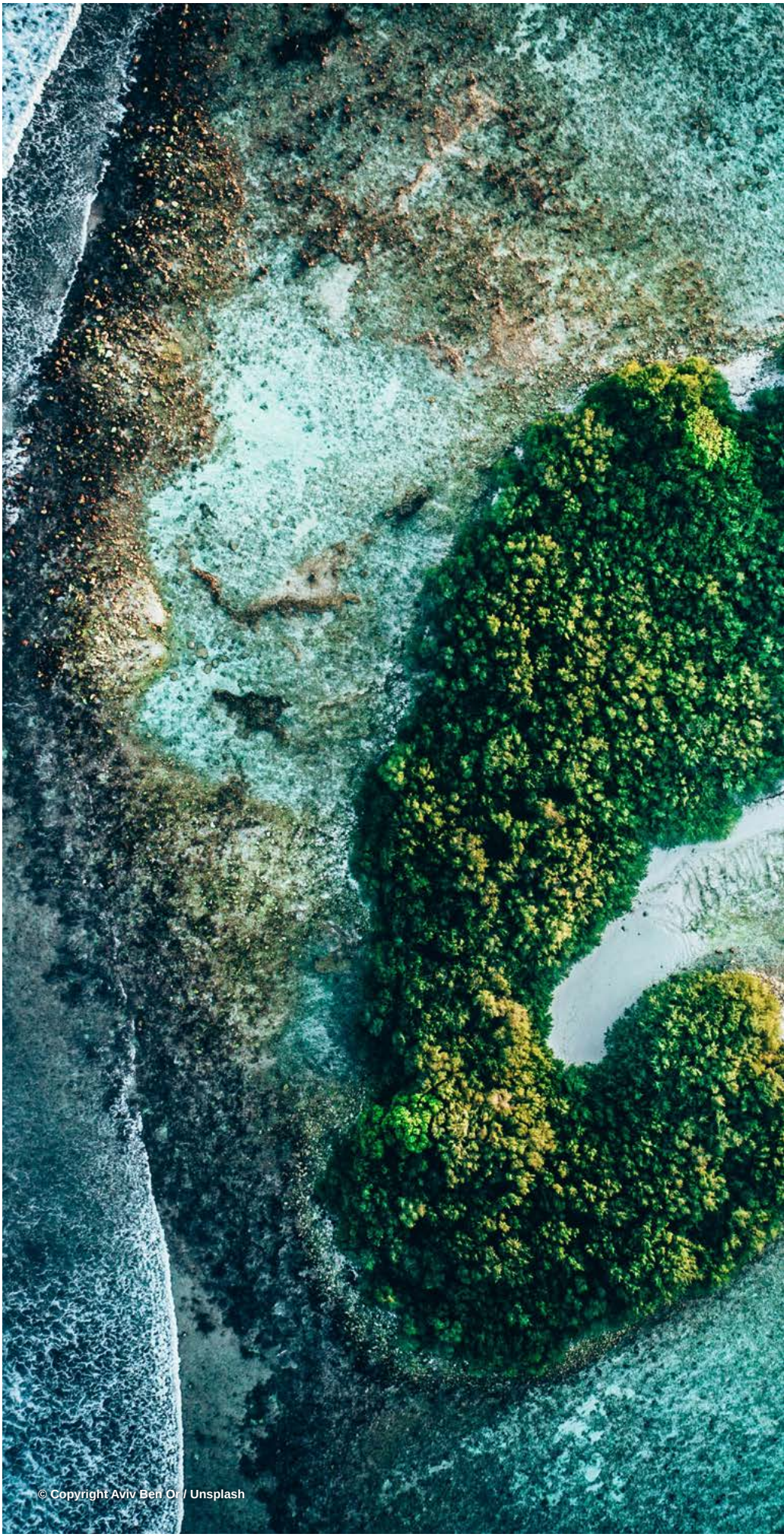

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EXECUTIVE SUMMARY

The unsustainable climate and nature trends of our global economy pose a direct threat to human well-being, and urgent action is needed as never before. **We are in the most critical decade for environmental action.**

> The latest scientific information is unanimous on the **unprecedented decline in biodiversity and its associated ecosystems**, and on the **role and responsibility of human activities in this decline**.

WWF's latest Living Planet Report (2024) shows an average 73% decline in the relative abundance of monitored wildlife populations around the world between 1970 and 2020. Freshwater populations have suffered the heaviest declines, falling by 85%, followed by terrestrial (69%) and marine populations (56%)[1].

Moreover, **as acknowledged during COP-16, nature and the climate crisis are not just a value-driven imperative but the main business risks for the global economy**. Losses of 2.7 trillion USD from global GDP annually are predicted by 2030 due to nature loss, with over half of global economic output moderately or highly dependent on nature[2].

Despite progress through historic pledges and commitments by non-state actors and governments it is crucial to accelerate the transition to a 1.5°C global economy while halting and reversing nature loss by 2030.

For the private sector, these commitments mean a shift in how businesses operate across the economy, from financial institutions to real-economy entities.

1 WWF (2024) Living Planet Report 2024 – A System in Peril. WWF, Gland, Switzerland.
2 https://www.weforum.org/stories/2024/01/nature-forward-global-economy-instability-inequality/#:~:text=Biodiversity%20loss%20and%20ecosystem%20collapse,%242.7%20trillion%20annually%20by%202030.

There is a pressing need to define credible Nature Transition Plans (NTPs), supported by science-based targets and collective actions aligned with global environmental goals as set by the **Kunming-Montreal Global Biodiversity Framework**[3] (GBF) and IPBES' reports[4].

While significant strides have been made in addressing climate change with credible guidance for transition plans, the equally critical issue of **nature loss remains under-prioritised**. The two crises are deeply interlinked, making it increasingly clear that a nature transition plan is essential, alongside or integrated with a climate one, to safeguard the Earth's natural and climate systems that underpin our economies and societies.

These nature transition plans should complement, rather than compete with, existing climate transition plans. By taking a dual approach — one that addresses both climate change and nature loss in parallel — organisations ensure that their actions are holistic and effectively reflect their environmental commitments and tackle those crises. **WWF urges entities to strengthen and leverage their existing resources and investments to address climate issues and tackle their material nature impacts.** By doing so, entities can implement credible actions enforcing the climate/nature synergies and manage trade-offs, to advance on their nature transition plans.

A nature transition plan is a set of goals, targets, actions, accountability mechanisms and intended resources to respond and contribute to the transition implied by the Global Biodiversity Framework where biodiversity loss is halted and reversed by 2030 to put nature on a path to recovery by 2050, while respecting planetary boundaries. The plan should outline how the entity will pivot its business operations and entire business model to ensure that it will meet its objectives and align with local, domestic, and international environmental targets, and the best environmental scientific knowledge.

In this report, WWF states that resources are available to implement nature transition plan and provides support to businesses on the existing nature guidance, tools and expert insights.

All the following recommendations should be mobilised simultaneously by entities in order to set up a credible nature transition plan:

- Carry out **credible double materiality assessment**, based on robust methodologies
- Integrate international goals (e.g. GBF and Paris agreements) in the entity's strategic ambition, to **make profound changes to business models** in order to halt and reverse the erosion of biodiversity and tackle climate change in a **holistic way**.
- Set **local targets based on science**, adapted to the specific challenges of ecosystems and **in consultation with local populations and authorities**.
- Combine a **clear action plan with appropriate financial planning:** no real change can take place without solid funding to back it up.
- Set up **engagement activities with relevant stakeholders to foster impact** (i.e. indigenous people, local communities, entities from the upstream and downstream supply chain, industry peers, customers and local authorities)
- **Establish responsible and committed governance:** the ecological transition is no longer just a matter for Corporate Social Responsibility. To ensure their viability, companies need to unite all their teams and departments around this shared mission.
- Set up a **precise system for Monitoring, Reporting and Verification of the transition plan**, in order to adjust the entity's trajectory with regard to environmental issues.

It is also equally crucial that public authorities at all levels, customers and shareholders of an entity consider an ambitious and credible transition plan (which includes the different elements presented in this report) as one of the main criteria for analysing the entity's long-term sustainability, both from a financial and extra-financial perspective.

WWF urges these plans to be made mandatory to align public and private ambition and to put all firmly on the pathway towards achieving global 2030 and 2050 climate and biodiversity objectives.

3 https://www.cbd.int/gbf
4 https://www.ipbes.net/assessing-knowledge

CALL TO ACTION

OBJECTIVES OF THE REPORT

This report represents WWF's advocacy for nature transition plan[G], with the primary aim of creating an enabling environment for entities (i.e. real-economy corporates and financial institutions) to begin their transition plan[G] journey towards a business model[G] compatible with planetary boundaries[G]. By laying out this report, WWF seeks to help entities understand the importance of integrating nature into their transition strategies from the outset, and importantly, **to put in place the necessary human and financial resources to transform their business model to integrate it within the strict limits of the planet.**

WWF decidedly calls upon real-economy entities and financial institutions to develop nature transition plans with the short-term objective to merge it with climate transition plans.

The overarching goal of the report presented here is to facilitate the development of credible nature transition plans and ensure a coherent action-based approach for entities moving forward, allowing entities to begin taking actions immediately, using the resources and capabilities they have at their disposal (with the aim of strengthen them to align with the 2030 international objectives).

The specific objectives of the report are three-fold:

1. **Propose recommendations for nature transition plans:** Outline the essential elements that should be an integral part of credible nature transition plans, their interactions and highlight methodologies, tools and best practices that can support this.

2. **Advocate for the development, implementation and mandatory disclosure of nature transition plans:** Urge high-impact sectors[5] to implement and publicly disclose their plan for transitioning to be aligned with the international goals of the GBF (with a push for mandatory implementation and disclosure at international level).

3. **Provide use cases:** Illustrate practical examples of how entities can initiate and execute nature transition plans.

Credible approaches to transition planning will evolve over time as more information and resources become available. This report serves as a starting point, emphazing the urgency to begin this fully integrated nature and climate transition journey now.

5 Metals and mining, Electric utilities and power generators, Chemicals, Food and agriculture, Oil and gas, Forestry and paper

"The time for decisive leadership in addressing nature transition is now. Transition plans are not just another compliance exercise — they are the compass guiding us toward an economy that respects planetary boundaries while ensuring resilience and sustainability. Nature transition plans offer a framework to integrate biodiversity and climate considerations into corporate strategies, ensuring businesses not only adapt but lead in a world undergoing transformation.

This report calls on governments, businesses, and financial institutions to demonstrate bold leadership by embracing and implementing credible nature transition plans. Such plans are essential to aligning with global goals, addressing the urgent decline in biodiversity, and safeguarding ecosystems that underpin our economies. A delay in action is a failure of vision and responsibility. In this critical decade for environmental action, let us lead with purpose and clarity, leveraging nature transition plans as the foundation for transformative change. Together, we can create an economy that values both nature and humanity."

***Alexandra Palt**, Présidente du WWF*

ALIGNMENT OF THE REPORT WITH EXISTING NATURE INITIATIVES

This report consolidates state-of-art knowledge and WWF's expertise, aiming to complement and build upon existing frameworks and guidance. It contributes to the broader effort of integrating nature considerations into business models and strategies. Notably, this includes the work that Business for Nature has informed through its High-level Business Actions on Nature ACT-D[6], the various guidance recommendations on disclosures[7] from the Taskforce on Nature-related Financial Disclosures (TNFD), the work of the Science Based Targets Network (SBTN) on detailed target setting guidance and implementation, as well as sector guidance from GFANZ, UNEP-FI and WEF for financial institutions[8]. WWF is also working on the ongoing ACT Biodiversity project[9] (founded by ADEME), a methodology for assessing the credibility of entities nature transitions.

The EU's sustainability reporting standard ESRS under the Corporate Sustainability Reporting Directive (CSRD) has also been a reference for the development of these recommendations.

In addition, and complementary to what WWF considers best practice, the report was informed by existing and tested structures in the field regarding climate transition plans (ESRS E1[10], TPT[11], GFANZ[12], ATP-COL[13]) to draw inspiration for nature.

The final recommendations presented in this report are the culmination of a series of consultations and feedback sessions with the key nature initiatives and stakeholders[G] presented below.

WWF has also made a concerted effort to align our work with emerging guidance on nature transition plans, hoping that the insights provided will contribute to further developments in the entity/nature areas and foster meaningful discussions and concrete actions by real-economy entities and financial institutions.

Our goal is to ensure a coherent approach to nature transition plans that can effectively guide entities.

POLICY RECOMMENDATIONS

Transition plans are vital tools that allow real-economy entities and financial institutions to set out clear and actionable steps to achieving science-based climate and nature targets[G], in line with the global goals[G] and governments' commitments, enabling a "just environmental transition[14]" across the whole economy. The elaboration of the elements of a transition plan which ensure its credibility will help alleviate concerns of greenwashing and provide forward looking information to a range of stakeholders including governments, clients, financial institutions, regulators and civil society.

Additionally, while the EU has referenced Biodiversity Transition Plans within the Corporate Sustainability Reporting Directive (CSRD) under ESRS E4, WWF considers that the standard still requires further guidance and details to align with climate maturity. The transformation needed in our economy will only happen if governments urgently adopt, implement and enforce the policies, legislation, regulations and incentives needed for businesses to effectively support the implementation of the Biodiversity Plan (GBF) by 2030[15].

6 High-level business actions on nature (Business for Nature)
7 Recommendations of the Taskforce on Nature-related Financial Disclosures September 2023.pdf (tnfd.global)
8 During COP16 Biodiversity, these organisations spoke with one voice on the need to establish nature transition plans in the following document: 'What are nature strategies and nature transition plans?'
9 https://actinitiative.org/fr/act-biodiversity/ (in French)
10 https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e10096-3-1
11 https://transitiontaskforce.net/wp-content/uploads/2023/10/TPT_Disclosure-framework-2023.pdf
12 https://www.gfanzero.com/our-work/financial-institution-net-zero-transition-plans/
13 https://www.worldbenchmarkingalliance.org/research/assessing-the-credibility-of-a-companys-transition-plan-framework-and-guidance/
14 i.e. combining climate and nature issues with societal and social aspect in line with the just transition concept
15 Business for Nature(2024), Recommendations to governments: The policies, legislation, regulation and incentives needed to create a nature-positive economy

Policy makers and regulators should consider the following recommendations:

1. By 2025[16], introduce targeted and coherent policy measures to help facilitate near term phase-out of high nature impact activities and foster an enabling nature transition environment (as mentioned by WWF and Business for Nature).

2. By 2027[17], require entities to implement legally binding science-based nature targets[G][18] (or based on science evidence), translated into publicly available sector-specific transition pathways.

3. By 2027[19], require large and listed real-economy entities and financial institutions to develop and disclose credible nature transition plans verified by external experts.

Supervisors and standards setters should consider the following recommendations:

4. Establish knowledge-based on nature tools and data (e.g., TNFD Nature Data Public Facility[20]) to assist entities, to develop SMEs dedicated standards, in transitioning toward full disclosure requirements[21].

5. On an additional topic, central banks, financial regulators and supervisors should utilise future published nature transition plans to assess the material economic and financial risks stemming from dependencies and impacts on nature and their nexus with climate change.

A recent report put forward by CDP and WWF recommends the following approach to address the integration of nature-related risks[G] into relevant frameworks for Globally and Domestically Systematically Important Banks[22].

Integration of nature-related risks into relevant frameworks:

- Mandate Globally Systemically Important Banks, or G-SIBs, and Domestic Systemically Important Banks, or D-SIBs to incorporate nature-related risks within their overall risk management strategies.
- Require G-SIBs and D-SIBs to perform rigorous nature-related financial risk assessments and stress tests.

Capital and liquidity adjustments:

- Adjust capital buffer calculations for G-SIBs and D-SIBs to include provisions for nature-related risks.
- Implement systemic risk buffers specifically tailored to address nature-related risks.

Supervisory and assessment methodologies:

- Update the Financial Stability Board (FSB) and Basel Committee on Banking Supervision (BCBS) frameworks to include annual assessments that track and publish metrics on G-SIBs' environmental risk exposures and management practices.
- Modify G-SIBs' bucket allocation criteria to incorporate the systemic impact of environmental risks.

Enhanced coordination and regulatory consistency:

- Promote a unified approach to supervising G-SIBs across different jurisdictions.

Monitoring and disclosure:

- Provide incentives for G-SIBs to enhance their risk management and disclosure practices concerning nature-related risks.

International standards and cooperation:

- Engage international forums and conventions such as the G20, CBD COP, and UNFCCC COP to direct and support the integration of nature-related risks into the frameworks of G-SIBs.

Finally, WWF calls by 2025, all major voluntary nature standard-setters and framework initiatives to include the disclosure of nature transition plans in their guidance and push for their implementation. To avoid fragmentation, increase impactful reporting, and prevent regulatory confusion, standard-setters and framework initiatives should take steps to ensure alignment across their recommendations and implementation guidance (align with climate topics development). This would help ensure alignment across jurisdictional requirements for disclosure of nature transition plan and facilitate the global comparability of the data available.

A first step was taken in this direction at COP16, as several organisations have signalled their commitment to work together to encourage businesses and financial institutions to get started now and actively respond and contribute to this urgent global transition[23].

16 WWF has revealed that EU Member States are channelling between €34 billion and €48 billion of European subsidies annually into activities that harm nature that need to be stopped immediately. See more in the following report "Can your money do better"
17 All Science-based target network methodological guides should be published by 2025. This date, 2027, corresponds to the timeframe needed to make them operational, and to provide sufficient feedback to make their implementation accessible.
18 https://www.wwf.eu/?15391416/Nature-at-the-core-of-business-New-WWF-report-addresses-credibility-of-corporate-nature-targets
19 This date, 2027, corresponds to the third year, at EU level, of the CSRD reporting to implement a credible nature transition plan.
20 https://tnfd.global/wp-content/uploads/2024/10/Discussion-paper_Roadmap-for-enhancing-market-access-to-nature-data.pdf?v=1730281144
21 Smart Implementation of the European Green Deal: https://wwfeu.awsassets.panda.org/downloads/briefing-note-on-smart-implementation_1.pdf
22 https://wwfint.awsassets.panda.org/downloads/addressing-the-giants-october-2024_1.pdf
23 https://cdn.cdp.net/cdp-production/cms/reports/documents/000/007/941/original/CDP_Nature_Transition_Plans.pdf?1730192306

THE CLIMATE-NATURE NEXUS IN TRANSITION PLANNING

The connections between nature and climate are well understood from a scientific perspective[24]. Nature has slowed the process of global warming not only through carbon sequestration but also its general ability to cool terrestrial surface areas, ultimately having absorbed around 54% of human related carbon emissions over the past 10 years[25]. This relationship therefore ultimately manifests in rising temperatures, sea level and atmospheric CO2 contributing to biodiversity loss, and on the other hand in the increasing release of greenhouse gases from degraded ecosystems – a continuous negative feedback loop[26]. The intersection and relationship between nature and climate is often referred to as the **climate-nature nexus** (see Box 1).

BOX 1

DEFINING THE CLIMATE-NATURE NEXUS

The climate-nature nexus refers to the intricate and interdependent relationship between climate and nature, encompassing ecosystems and biodiversity. This nexus highlights how changes in climate affect natural systems and how these natural systems, in turn, influence climate dynamics. Understanding the climate-nature nexus is critical for the real economy as it influences resource availability, risk management, and long-term sustainability. For entities to take account of this nexus in transition planning helps mitigate impact[G], dependencies[G], risks, seize new opportunities, and meet regulatory requirements. It ensures that strategies for reducing carbon footprints also enhance ecosystem resilience, supporting a holistic approach to sustainability.

Examples include:

Forestry: Forests act as carbon sinks, absorbing CO2 and mitigating climate change. Stocks of carbon in terrestrial ecosystems are about 3,500 billion tonnes of carbon in vegetation, permafrost, and soils, over four times the carbon currently in the atmosphere[27], while deforestation releases stored carbon, exacerbating greenhouse gas emissions. In addition, forests act as natural micro-climate regulators by keeping surrounding areas cool through processes such as transpiration, where trees release water vapor into the air, and by providing shade, which reduces the temperature of the forest floor and the immediate environment.

Marine: Marine ecosystems and the ocean sequester carbon and reduce the atmospheric concentrations otherwise contributing to climate change. The carbon stored in coastal ecosystems (e.g. wetlands, seagrass and mangroves) is known as blue carbon. These ecosystems are able to store twice as much carbon than terrestrial vegetation per area[28]. Coastal ecosystems can reduce storm waves and absorb excess rainwater, thus reducing flood risks.

In addition, the ocean itself plays a critical role in the global carbon cycle: through physical and biological processes the ocean has absorbed 30% of atmospheric CO2[29]. Climate change-induced extreme weather as well as increasing sea levels and water temperatures can degrade coastal ecosystems diminishing their protective capacity. Meanwhile, increasing atmospheric CO2 also causes more uptake by ocean systems which are gradually leading to ocean acidification.

24 See for example here: IPCC & IPBES (2021). Biodiversity and climate change – Workshop report
25 WWF (2022). Our climate's secret ally: uncovering the story of nature in the IPCC Sixth Assessment Report.
26 IPCC & IPBES (2021). Biodiversity and climate change – Workshop report
27 WWF (2022). Our climate's secret ally: uncovering the story of nature in the IPCC Sixth Assessment Report.
28 Macreadie, P.I., M.D.P. Costa, T.B. Atwood, D.A. Friess, J.J. Kelleway, H. Kennedy, C.E. Lovelock, O. Serrano, and C.M. Duarte, 2021: Blue carbon as a natural climate solution. Nature Reviews Earth & Environment, 2 (12), 826–839. https://doi.org/10.1038/s43017-021-00224-1
29 Wang, Long, Li (2014). Responses of the ocean carbon cycle to climate change: Results from an earth system climate model simulation. Advances in Climate Change Research; 5 (3).

Agro-ecosystem: Healthy soils are a vital component of terrestrial carbon sequestration. These soils not only play a crucial role in supporting crop yields but also enhance biodiversity and water retention in agricultural landscapes. Agricultural practices such as crop rotation, cover cropping, and reduced tillage can enhance soil health and its capacity for carbon storage. However, climate change presents significant risks to soil health. Rising temperatures, altered precipitation patterns, and extreme weather events can lead to soil degradation, erosion, and a decline in organic matter, compromising both agricultural productivity and the soil's ability to sequester carbon. Furthermore, pollinators, such as bees and other insects, are essential for the pollination of many crop species that are critical to global food systems. However, climate change disrupts pollinator habitats and life cycles, through shifts in temperature, rainfall, and seasonal changes. This can cause a breakdown of relationship between plants and pollinators, reducing pollination efficiency and, consequently, affecting crop yields.

In all instances, anthropogenic climate change is significantly contributing to the degradation and reduced resilience of these ecosystems, thus further exacerbating their decline.

The climate-nature nexus is composed of several synergies and trade-offs, which in a climate-centric approach are often overlooked or integrated to a limited extent. Understanding the interaction of climate actions (e.g. reducing greenhouse gas emissions) and nature actions (e.g. halt and reverse nature loss) is crucial in order to realise these substantial benefits while identifying potential trade-offs.

For example, achieving the 1.5°C target and meeting the Global Biodiversity Framework goals will be impossible without halting all land conversion and significantly enhancing carbon sequestration in oceans, in degraded and working lands such as cropland and forest plantations.

Understanding these interrelations can help entities foster solutions that can co-benefit nature into their climate strategies and better monitor the broader environmental impacts of their climate action.

CONSIDERING NATURE AND CLIMATE TOGETHER

Historically, climate issues have received more attention than those related to nature loss and degradation. Indeed, many of the initiatives targeting corporate environmental impact focus on a climate-centric view with yet limited explicit considerations for all nature issues. The integral role of nature in climate change, in enabling societal and economic prosperity as well as in adaptation measures has been overlooked.

However, improvements are made as we can see in the increasing collaboration between both nature-dedicated and climate-dedicated organizations, like the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES)[30] as well as the substantial increase in literature and discussion at an international stage[31].

On transition planning, as mentioned, **few frameworks and guidance publications directly consider nature when discussing the development and practical implementation of transition plans**. For instance, the World Benchmarking Alliance[32] in its collective working group, finds nature to be included in some climate transition plans (CTPs) as a voluntary and aspirational practice, rather than a normalized practice. At this stage, due to several methodological limitations (e.g. lack of pathways, agreement on baselines etc.) nature is described as a potential aspect to consider in CTP's overall vision and goals but is not practically integrated into these and no minimum requirements for its inclusion are provided. Other frameworks and initiatives take a similar approach to nature in CTPs, including the Transition Plan Taskforce (TPT) and Climate Bonds Initiative (CBI) that consider the integration of nature in climate transition plans as a high-level broader practice[33].

30 See for example here: IPCC & IPBES (2021). Biodiversity and climate change – Workshop report
31 https://www.cbd.int/doc/c/0e90/5901/8f0161248348f0f8de760f20/cop-16-l-24-en.pdf
32 World Benchmarking Alliance (2024). Assessing the credibility of a entity's transition plan: framework and guidance
33 Climate Bonds Initiative (2023). Guidance to assess transition plans

WWF has previously demonstrated how nature transition planning is compatible and should be integrated with climate transition plans, to provide a holistic approach to transition planning[34].

Indeed, the structure of climate plans, for the most part is aligned with the existing nature transition plan guidance[35]. Alignment in structure, terminology and language of climate and nature transition plans ensures convergence of relevant frameworks and initiatives that ultimately allow for interoperability. **Certain high-level initiatives such as the Taskforce on Nature-related Financial Disclosures (TNFD), and the Glasgow Financial Alliance for Net Zero (GFANZ) have begun to set principles for considering the topics of nature and climate jointly.** These initiatives promote integrated reporting and strategic planning that recognize the connections between climate impacts, risks and their nature counterparts, encouraging businesses and financial institutions to **adopt holistic approaches that support both climate resilience and biodiversity preservation**. The latter approach will ensure that nature receives the dedicated means tailored to entities specific impacts while enabling holistic climate and nature transition planning.

Moreover, all of this will facilitate the development and **convergence of criteria** between nature and climate to assess the credibility of those transition plans. Credibility criteria for transition planning refer to the standards and benchmarks used to assess the authenticity and reliability of an entity's plan to transition towards a future sustainable state, i.e., net-zero emissions. Robust criteria ensure that plans are ambitious, actionable, and aligned with environmental science recommendations. The development of credibility criteria for CTPs has been ongoing for almost a decade[36]. Several assessment frameworks and methodologies have been developed over this period, including ACT[37], TPI[38], ATP Col[39] and CDP[40] among others. Despite some differences, mapping and investigations into the existing frameworks reveals clear consistencies across elements[41]. Across multiple initiatives there is a clear understanding of what a CTP is and what it should contain to be credible. This convergence of credibility criteria of climate transition plans can enable the extrapolation and application of credibility criteria into emerging nature transition planning.

Transition plans have emerged as crucial new tools to work toward achieving the international climate and nature objectives. **Hence, transition plans provide a unique opportunity** to better integrate nature and climate action into the strategies of real-economy entities and financial institutions. **Developing climate and nature transition plans that reflect this integrated approach is essential for achieving comprehensive and sustainable outcomes**[42].

The recommendation on nature transition planning proposed in this report, as well as other initiatives and guidance working in that direction takes the climate-nature nexus into consideration and aims to support alignment between these, bringing existing and emerging approaches together.

34 WWF (2023). Nature in Transition Plans: Why and How? How companies can consider climate and nature together in current transition planning. https://www.wwf.org.uk/sites/default/files/2023-02/WWF_Nature_In_Transition_Plans_Feb23.pdf
35 WWF (2022). Recommendations for a consistent EU regulatory framework on corporate sustainability targets and transition plans
36 Formation of the ACT initiative in 2015; About us – actiniative (actinitiative.org)
37 https://actinitiative.org/about-us/
38 https://www.transitionpathwayinitiative.org/
39 https://www.worldbenchmarkingalliance.org/news/assessing-entities-transition-plans-collective-atp-col/
40 https://www.cdp.net/en/guidance/guidance-for-entities/climate-transition-plans
41 CDP (2024). The State of Play: 2023 Climate Transition Plan Disclosure
42 See for instance WWF (2023). Aligning transition planning & Nature related disclosures;
WWF (2023). Nature in transition plans: why and how?;
WBCSD (2023). Roadmaps to Nature Positive

RECOMMENDATIONS ON NATURE TRANSITION PLAN

WWF FRANCE 2024

This chapter constitutes the core part of the WWF report containing the recommendations towards a credible nature transition plan alongside the essential features and requirements that WWF considers fundamental to assess the credibility of a nature transition plan.

The WWF's nature transition plan recommendations are **sector-agnostic** for all essential sections of a nature transition plan, to facilitate the spread of **good practices across sectors** and simplifies the assessment of transition plans by **auditors and supervisors**. WWF acknowledges the importance of sector-specific view and provides some external sectorial guidance in this effort. This report can also be used by financial institutions alike for their own transition plan and to assess the credibility of their investments and portfolio underlying. In addition, it contains a dedicated part for the financial sector which includes specific features to be put in place for their use (see Appendix n°1).

This report **builds upon existing climate transition plan structures** such as the ones developed in the European Sustainability Reporting Standards E1 (ESRS), the TCFD, the Transition Plan Taskforce (TPT), Glasgow Financial Alliance for Net Zero (GFANZ) and CDP frameworks. This approach reflects WWF's broader perspective linked to the interconnectedness of climate and nature, as outlined in the **climate-nature nexus** chapter. Unquestionably, the nature transition plan elements should be **aligned to the largest extent possible with key nature initiatives**, so that entities can use those resources to foster their integration on nature issues and better understand the interoperability between these initiatives and voluntary/ mandatory disclosures.

This report provides detailed recommendations on incorporating nature issues and impacts into an entity's strategies and actions, as well as comprehensive information to initiate and disclose a robust transition plan[G].

HOW TO NAVIGATE THE CHAPTERS AND RECOMMENDATIONS

This chapter brings together all **six connected elements** that are relevant for transition plans: their foundations, metrics and targets, implementation strategy, engagement strategy, governance and monitoring, reporting and verification. Each element section of this chapter is introduced by a short narrative, highlights relevant sub-elements and outline key steering actions and recommendations that should be followed in the implementation of NTPs.

These element sections will help transition plan developers to scope their actions, determine the subjects to be covered, tools to foster implementation or identify resources in existing documents, such as for example nature initiatives on nature disclosures or materiality assessment, which can provide a more detailed vision for the entity on what concrete and credible steps are needed to transform its business model to make it compatible with the goal of halting the erosion of biodiversity.

The plan elements are supported by **a Glossary section and a Tools section** in the Appendix. The Glossary introduces definitions for the most critical terms to facilitate a common understanding. Definitions draw for the most part on existing resources. Whenever a term that is contained in the Glossary appears for the first time in the text, it is marked with a [G].

The tools section draws on the wide array of tools that already exist that can support transition plan developers in collecting and presenting relevant data and information for each of the chapters. Examples of high-value tools with their descriptions and access links are included in the Appendix to the plan. Whenever a reference is made to the tools section in the appendix, this is marked with a [T].

LINKS WITH THE ESRS, TNFD, SBTN, GFANZ, BUSINESS FOR NATURE FRAMEWORKS

As highlighted previously, the nature transition plan elements should be **aligned to the largest extent possible with key nature initiatives**, so that entities can use these resources to foster their integration on nature issues and better understand the interoperability between these initiatives and voluntary/ mandatory disclosures. Each section provides a table of correspondence to assist entities with the interlinkages between existing voluntary initiatives and the ESRS requirements.

GUIDING PRINCIPLES FOR A NATURE TRANSITION PLAN

A credible **nature transition plan** is based on principles set out by the Transition Plan Taskforce[43]. WWF has adapted those to apply to nature transition planning as well as to the climate-nature nexus.

1 - AMBITION

A nature transition plan should demonstrate the urgency to act and reflect the necessary efforts needed to meet expectations of national and international commitments such as those defined by the Kunming-Montreal Global Biodiversity Framework[44]. It should be sensitive to the concept of planetary boundaries[45] and to the interconnectivity with climate commitments such as those defined by Nationally Determined Contributions (NDC) in the Paris Agreement.

Entities should strive for their NTP to address their unique dependencies and impacts on nature. A nature transition plan should be science-based. Where appropriate methodologies are not available the transition plan should reflect the urgency to act in the short- and medium-term[46].

The ambition of a nature transition plan should notably not be hindered by the lack of science-based pathways, and instead, reflect an entity's strategic approach to mitigate impacts and risk, and to realise opportunities.

For this reason, **WWF expects entities to conduct a double materiality[G] assessment, in line with the requirements of the EU Corporate Sustainability Reporting Directive**. This involves assessing dependencies and impacts, risks and opportunities to establish its multiple levers to transition, linking to specific business units and implement the actions to reduce its overall nature impact in the short- and medium-term specifically.

As guidance on transition planning for entities on nature is still in development, the maturity and ambition of a nature transition plan should increase over time.

2 - ACTION

A nature transition plan should translate ambition into concrete, prioritised steps that will be taken over the short-, medium- and long-term. The plan should outline what actions are to be taken over these different time horizons, with clear indication of how it will add up to achieve the overall transition plan ambition. A nature transition plan's actions aim to avoid then reduce negative impact on nature within the entity, throughout the rest of value chain[G] and in the systems the entity has influence on.

A nature transition plan should take a multiple-level perspective, whereby entities consider the layers of action that a plan can have, from its direct operations to land-/seascape or jurisdictional approaches, to action linked to the different national or more global contexts it operates and to action with stakeholders living within specific biomes.

A credible nature transition plan should also consider trade-offs and synergies with climate and ensure where possible that the reduction of negative impact on nature is achieved in combination with the reduction of emissions emitted by an entity.

It is crucial that a nature transition plan and the actions outlined within it embed a participatory and just approach to the transition (in line with the following WWF and ILO views). A nature transition plan should take a gender- and rights-based approach where social due diligence processes and safeguards are immersed within the plan itself.

Entities should also seek to mitigate risks and realise opportunities through their planned actions and make clear how it intends to resource the plan. Plans for action and financial planning must go hand in hand to enable a robust transition plan to be successfully implemented.

3 - ACCOUNTABILITY

A nature transition plan must be fully embedded within an overall business model and strategy. The plan should cover the entirety of business operations and the full value chain, involving external stakeholders and in particular indigenous peoples and local communities at the core of the process from a gender- and rights-perspective. This includes ensuring that there are rigorous governance and accountability mechanisms in place, as well as public disclosure of the plan and annual progress reports against it.

Reporting against a transition plan should include any material information about the plan, including the public disclosure of timebound metrics and targets. This report seeks to base its recommendations on general sustainability disclosures such as those required by the ESRS. Entities therefore should base their disclosure on their regulatory requirements, while also disclosing any additional data that will support the credibility assessment of a nature transition plan.

43 See: Transition Plan Taskforce | Setting a gold standard (transitiontaskforce.net)
44 With due account of the UN Sustainable Development Goals as well as the scientific concept of the nine planetary boundaries
45 To learn more about planetary boundaries visit: https://www.stockholmresilience.org/research/planetary-boundaries.html
46 For example: In the case that current methodologies are available through the Science-based Targets Network. (For more information, please refer to the 'Targets Hierarchy' section of this report.

To support accountability entities should commit to developing a robust monitoring, reporting and verification structure (MRV). An MRV will (1) enable to show progress at internal level, to enhance the understanding of the global strategy and actions the entity needs to address, support laggard business units or stakeholders, (2) enhance comparability for external stakeholders of the data disclosed across the transition plans of different entities, allowing for investors to compare investment opportunities in different entities that possess a transition plan, and (3) to enhance consistency of the data disclosed by one entity across the different reporting standards and regulations that it applies.

A nature transition plan should be responsive to a changing environment. This responsiveness should be reflected within the strategic ambition of a nature transition plan and throughout the plan itself. The plan should be reviewed regularly and updated when changes to science or material changes to an entity occur.

ELEMENTS OF THE NATURE TRANSITION PLAN

The graph below outlines the core elements of the nature transition plan and their synergistic nature.

The **Foundations** and **Governance elements provide** the structure and ownership to shape the entity towards its transition. Building on those, the three elements' **Metrics & Targets, Implementation** and **Engagement Strategies**, should interconnect and mutually reinforce one another to create a credible transition plan. Finally, the **Monitoring, Reporting and Verification structure** (MRV) relates to all elements enabling an entity to provide the relevant internal/ external control and report on its transition plan's challenges and successes.

WWF considers that the entity should begin its transition journey through its materiality assessment (include in Foundations) while defining a structured governance (at its every level and department) to launch the definition of nature targets and strategic ambition (which should be carried out jointly) and thus enforce its actionable part through implementation and engagement actions. Finally, the MRV section would improve the whole process of nature transition plan improving the maturity and impact of the NTP through time.

These elements are interconnected and influence each other in various ways (e.g., the Dependencies, Impacts, Risks and Opportunities analysis will have an impact on the action plan, as well as on the governance element, governance will).

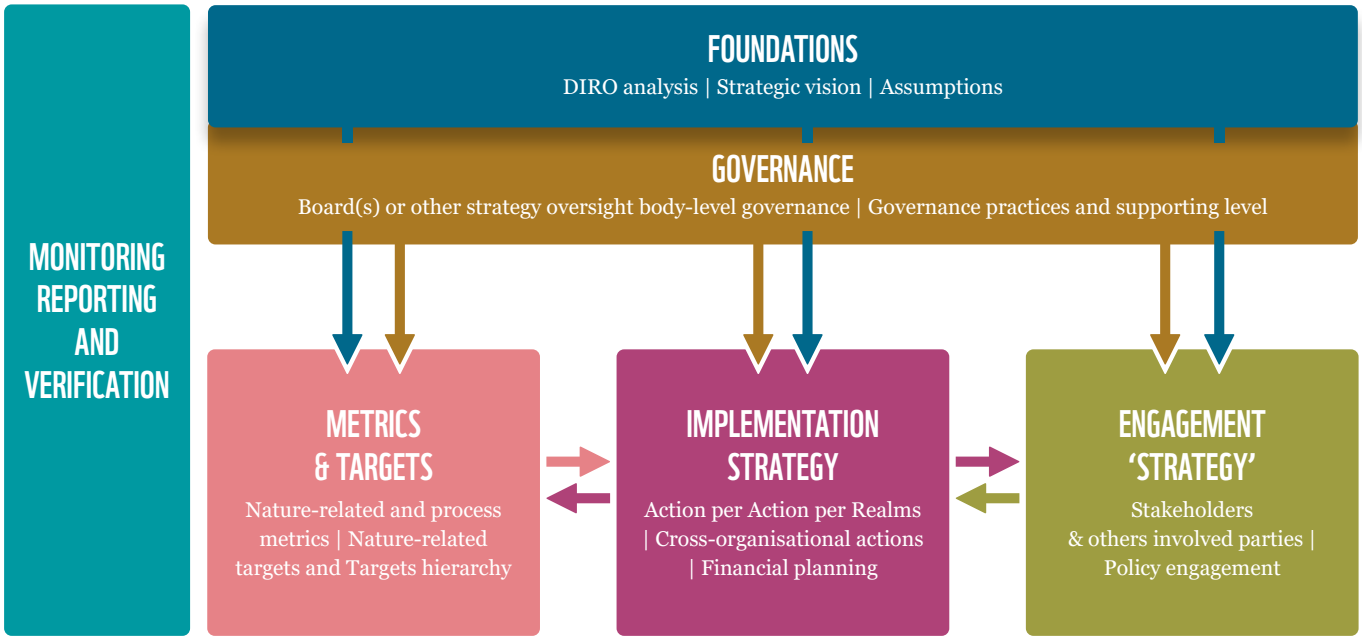
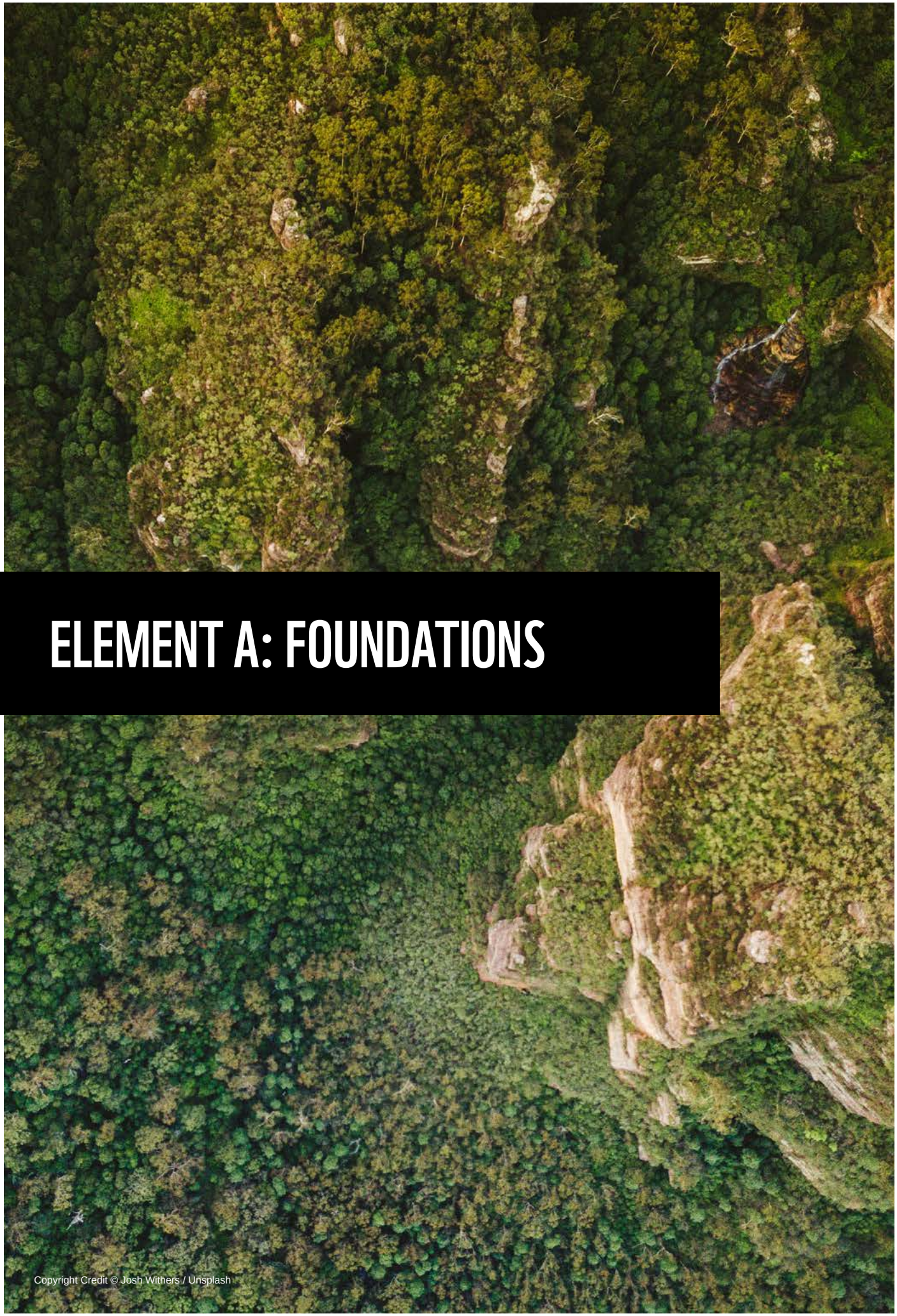


Figure 1. Elements of the nature transition plan

See Appendix 'Nature Transition Plan - detailed view' to have a complete overview on the different elements of the nature transition plan.

ELEMENT A: FOUNDATIONS



Detailed view of the 'Foundations' chapter

ELEMENT	SUB-ELEMENT	RELATED ITEMS
FOUNDATIONS	Dependencies and Impacts, Risks and Opportunities (DIRO) analysis	Impact materiality analysis (DI)
		Financial materiality (RO)
		Organisational uptake and stakeholder validation of double materiality assessment
	Strategic Ambition	Objectives and strategic goals
		Prioritization of double materiality results
	Assumptions	Nature Scenarios and Pathways
		External factors & macroeconomic scenario

With the Foundations' element, an entity articulates its overall approach and structures its nature transition plan. The element brings together information and insights from its double materiality assessment, establishes the strategic ambition for the way ahead, sets the level of commitment, and discloses any assumptions and analysis of an entity's business environment which might impact its transition plan structure. Through strong priority-setting and increased coordination, decision-making will be facilitated and can lead to effective action and credible change.

The Foundations element is composed of three sub-elements:

1. The assessment of:
   - an entity's **dependencies** and **impacts** on nature;
   - its **nature-related risks** and **opportunities**;
2. The integration of nature issues into an entity's strategic ambition;
3. The transparent presentation of any assumptions that an entity should make in relation to its business and any of the elements of its nature transition plan.

Once the entity has successfully conducted its materiality assessment and integrated it into its corporate strategic ambition, the three sub-elements presented above should be endorsed by the entity's governance system and supported by credible nature and operational targets, which should inform robust action plans and engage a multitude of stakeholders. This approach aims to steer the entity's business model towards a trajectory aligned with the goals of avoiding and reducing negative environmental impacts and restoring ecosystems.

DEPENDENCIES, IMPACTS, RISKS AND OPPORTUNITIES (DIRO)

An entity's double materiality assessment serves as the basis for understanding its interaction with nature and as the starting point for developing a credible transition plan.

The assessment of double materiality is crucial and enables an entity to understand its interactions with the wider world by characterising how its activities affect the environment (i.e. 'impact materiality'[G]) and how the environment in turn affects the entity's bottom line (i.e. 'financial materiality'[G]).

In the context of this report, "DIRO analysis" thus is meant to stand for the analytical tool required to carry out the assessment of double materiality. The use of the double materiality concept within this report is aligned with the vision promulgated by EFRAG, the body responsible for producing CSRD-ESRSs where **double materiality** has two dimensions as described in the figure below: **impact materiality** and **financial materiality**.

A sustainability matter meets the criteria of double materiality if it is material from the impact perspective or the financial perspective or from both[47].

Based on the **identification** and **analysis** of its dependencies, impacts, risks, and opportunities the entity can then **build its overall strategy**: defining nature policies, targets – in a science-based approach – actions to be taken and relevant stakeholders to engage with.

Beyond a simple disclosure exercise, the objective is to transform the **entity's business model** to make it sustainable. Hence, this double materiality assessment should lead the entity to build a transition plan that **includes all relevant internal and external stakeholders**, as well as the environmental and societal issues identified as **material**.

47 It should be noted that there are also risks and opportunities that may not be directly related to the impacts identified

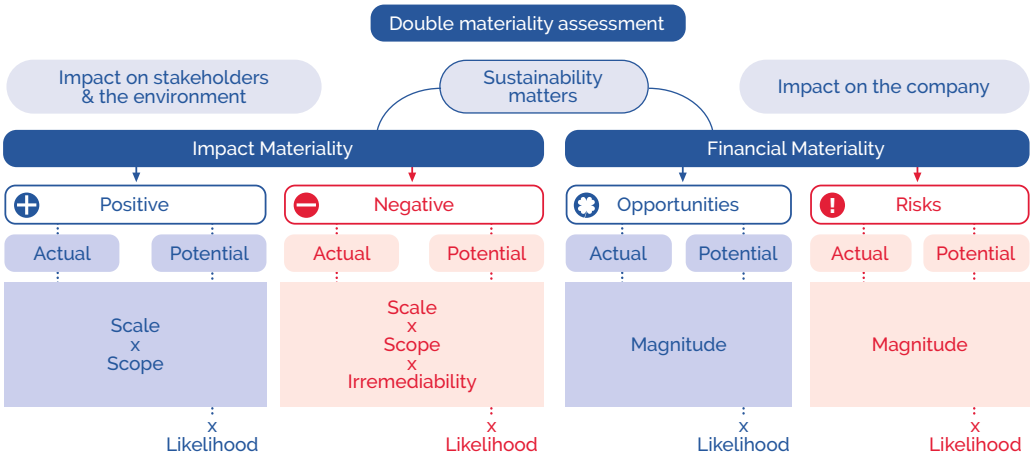


Figure 2. Structural elements relevant for a nature-related double materiality assessment
Source: A. Gilbert-d'Halluin, CSRD Essentials, 2024

Recommendations

- The assessment of double materiality should be carried out across the **entire value chain of the entity**, i.e. on its direct operations, but also upstream and downstream to cover all its activities that currently or potentially impact nature as well as the risks and opportunities that may arise from them.
- **Nature-related issues are closely linked to locality**. The DIRO analysis therefore should be carried out at **different scales (level of disaggregation)** from a country level to more detailed geographical analyses down to more specific sites (e.g. basins at a local-level, significant industrial assets), depending on the activity and the ability to obtain information at sufficient granularity. Taking into account the specificity of a location, for example by considering the state of nature, enables an entity to adapt its activity to the reality of the affected environment[48].
- **The DIRO analysis should be carried out in a precise order** to attest its credibility. It is essential that the **impact materiality analysis serve as the starting point for the financial materiality analysis**, since impacts and dependencies are often sources of significant risks and opportunities with financial consequences. This is why this notion of 'double' materiality is mentioned, as the analysis of these two aspects is **interconnected**.
- **The double materiality assessment should be based on robust methodologies**. At the time of publication, the following methodologies are recommended in combination with other procedures such as tailor-made surveys and internal meetings:
  - **For impact materiality analysis the SBTN methodology**[49] as the most rigorous method to date for leading an entity towards a sustainability trajectory that addresses environmental issues and is consistent with international goals.
  - **For financial materiality analysis** the **TNFD framework**[50] and its 'Assess' component within the LEAP approach to deal with this specific aspect of financial materiality in a completer and more effective manner.

IMPACT MATERIALITY ANALYSIS (DI)

For impact materiality also known as 'environmental and social materiality', the negative or positive (actual or potential) impacts and dependencies of the entity on its economic, social and natural environment have to be assessed. This enables the characterisation of information relating to the materiality of an entity with respect to nature[6]: an 'inside-out' perspective.

For actual negative impacts, materiality is based on the severity of the impact, while for potential negative impacts it is based on the severity and likelihood of the impact. Severity is based on the following factors[51]:

- **Scale**: how grave is the negative impact or how beneficial is the positive impact for people or the environment;

48 The ecological integrity of an area depends heavily on its location. A Spanish watershed, though less utilised than a Swedish one (e.g. through the company's water consumption), may be more vulnerable due to water stress situation. Even minimal activity in such a sensitive area could trigger an ecological disaster, known as 'tipping point'. The entity will therefore not be able to overshadow the impact it has on the Spanish watershed, even if its activity in fact is low, as the integrity of the ecosystem is particularly sensitive.
49 https://sciencebasedtargetsnetwork.org/companies/take-action/
50 https://tnfd.global/tnfd-publications/ Note that the GRI standards and the TNFD also require an impact materiality analysis to be carried out. The aim here is to recommend the approach that we consider to be the most robust for supporting the entity in defining the best materiality analysis.
51 From the EFRAG standards: https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e40105-3-1

- **Scope**: how widespread are the negative or positive impacts. In the case of environmental impacts, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be understood as the number of people adversely affected; and
- **Irremediability**: whether and to what extent the negative impacts could be remediated, i.e., restoring the environment or affected people to their prior state.

In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.

For positive impacts, materiality is based on:

- The scale and scope of the impact for actual impacts; and
- The scale, scope and likelihood of the impact for potential impacts.

The analysis of the materiality of impact also includes the assessment of the entity's dependence on nature[G].

Recommendations

The following recommendations apply to the four stages of analysis: identification of material issues, in-depth analysis of material issues, characterisation of pressures[G] and the state of nature[G] and identification of dependencies.

IDENTIFICATION OF MATERIAL ISSUES

To gain an initial overview and understanding of the material issues surrounding the various environmental pressures, the entity should use certain tools or databases (e.g. Materiality Screening Tool[T]) to **screen their materiality in relation to the entity's activities throughout its value chain**. This initial materiality screening will enable the entity to **identify which of its activities are likely to have a significant environmental impact** and undertake a more detailed characterisation of these activities.

The severity factor as well as the likelihood of an impact is decisive for this process. Entities should base the assessment on three dimensions – scale (gravity vs benefit), scope (both in terms of geography and extent of damage), and irremediability (remediation potential[52]). In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood. Identifying material issues across the value chain can be complex. It is nevertheless essential to evaluate all aspects and use a broad scope beyond the organisation.

An example presented below, of a potential unfocused material issue, includes for instance the impacts that stem from financial service suppliers.

BOX 2

IMPACTS AND FINANCIAL SERVICE SUPPLIERS

Traditionally, entities have not considered banking and investment activities to have an impact on the climate or nature. However, a recent report by Topofinance[53] highlighted that entities' financial management can significantly contribute to their indirect emissions and act as a powerful tool for climate action. Indeed, the financial sector plays a critical role in shaping the economy by providing loans, investments, and asset management across various industries, often funding carbon-intensive activities and businesses that could harm the environment (e.g. fossil fuels energy, mining, construction, etc.).

In other words, financial institutions can enable and facilitate the business continuity of harmful activities. As a result, as clients, entities' cash deposits with banks[54] or investments with asset managers indirectly impact the environment and should be factored into materiality assessments.

IN-DEPTH ANALYSIS OF MATERIAL ISSUES

Once the material issues have been identified, their implications need to be understood in order to take action. This involves identifying the **relevant stakeholders across the value chain**, as well as the **geographical locations** and **activities** that are the source of these impacts.

A range of data will need to be collected during this phase: data on the volume of raw materials purchased and the associated suppliers, together with the geography of suppliers, the breakdown of the entity's various business units and the associated economic activities, etc.

Entities should map the relevant stakeholders and locations of activities along its entire entity's value chain is fundamental. Nature impacts and action are closely linked to location, which is why a precise spatial resolution is required. Poor location data does not accurately capture impacts.

52 Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 Supplementing Directive 2013/34/EU of the European Parliament and of the Council as Regards Sustainability Reporting Standards. 2023; http://data.europa.eu/eli/reg_del/2023/2772/oj/eng
53 https://www.topofinance.org/carbon-bankroll-2
54 Greening cash Action guide

Data granularity can vary along the value chain, in line with the entity's ability to collect data, which can be difficult to identify for upstream stakeholders removed from its direct activities.

Entities should, at a minimum, analyse locations at the following granularity generally in line with the SBTN methodology:

- **For direct operations**, entities should identify and describe all sites and off-sites activities within their direct operation and provide at least subnational locations for all activities.
- **For upstream,** entities should attempt to collect or model location data to at least subnational level. Entities may only use data at country level or coarser when locations cannot be refined past a geographic region or set of possible countries of origin.
- **For downstream,** (*not covered by the SBTN methodology*) entities should base their analysis on the same recommendations as for upstream activities. The ability to obtain data on activities downstream of the entity's value chain may be similarly complex and the use of qualitative data and modelling will be more appropriate for most entities. Entities are encouraged to develop these elements further and to improve the quality of this data collection system.

CHARACTERISATION OF PRESSURES AND THE STATE OF NATURE

Environmental pressures

BOX 3

IPBES PRESSURE CATEGORIES

IPBES categorises 5 types of major pressure, commonly accepted within the various environmental initiatives:

- Ecosystem use and use change (terrestrial, freshwater and marine)
- Resource exploitation
- Climate change
- Pollution
- Invasives and others

For more information on these pressures, please see: Models of drives of biodiversity and ecosystem change (IPBES)

Beyond the location, an **entity should characterise the assessment of the environmental pressures** as material during the initial screening, throughout its value chain.

The use of primary data[G] (e.g. data collected in the field by the entity or available in public databases) is strongly recommended but is sometimes unavailable and the entity may choose to use modelled data in these specific cases.

The entity may also be unable to characterise its environmental impacts due to a lack of information on an activity (e.g. complexity of the value chain preventing access to a type of supplier) that appears to be material. The analysis therefore cannot be carried out on this specific activity, and the entity may exclude it with appropriate justification, provided that it discloses an action plan enabling it to achieve the data collection objectives (e.g. by strengthening traceability and involving the stakeholders concerned).

Entities should perform **their assessments to a sufficient level of detail** to allow necessary analysis and its credibility:

- **For direct operations** entities should assess **100% of direct operations locations** (i.e., locations of sites and off-site activities[55]) for each of their material pressures.
- **For upstream,** entities should demonstrate that they have estimated the pressures associated with **at least 67% of all production volumes** (incl. the high-impact commodities) and at least **90% of the sourced high-impact commodity[56] volumes** for each pressure category, including **100% of volumes associated with EUDR commodities[57]**.
- **For downstream,** (*not covered by the SBTN methodology*) the ability to obtain data on activities downstream of the entity's value chain may be similarly complex and the use of qualitative data and modelling will be more appropriate for most entities.

Entities are encouraged to develop these elements further and to improve the quality of this data through collective action and specific (using "mitigation hierarchy" principles - more information in the implementation strategy section).

State of Nature

The entity should carry out an **analysis of the state of nature** throughout its value chain and in line with its prioritisation approach (see below dedicated metrics section).

55 ESRS do not define an undertaking's 'own operations.' In ESRS paragraph 62 states that: 'The sustainability statement shall be for the same reporting undertaking as the financial statements. For example, if the reporting undertaking is a parent company required to prepare consolidated financial statements, the sustainability statement will be for the group.

56 Refer to a list of most common environmental impacts associated with the production of major commodities (see. High Impact Commodity List)

57 palm oil, cattle, soy, coffee, cocoa, timber and rubber as well as derived products (such as beef, furniture, or chocolate)

Location data of an impact is necessary to understand the relative importance of a given pressure. Pressures of the same magnitude occurring in different geographical locations will have different significance, depending on factors such as the sensitivity of the local ecosystem to further change or the presence of threatened species. The selection of locations at which to conduct these should be in line with the objectives and focus of the assessment, determined at the scoping step of materiality assessments[58], noting however that sensitive locations should have a priority. Therefore, to understand the contextual significance of an entity's pressures, spatial indicators of the state of nature are needed.

In line with the SBTN methodology, two types of **indicators**[G] are recommended in this report:

- The entity should use **pressure-sensitive state of nature indicators**[G] to characterise the more direct impacts that a given pressure may have on nature (an activity linked to a catchment area under water stress).
- The entity should use **biodiversity state of nature indicators** to capture additional dimensions of nature (e.g. species and/or ecosystem indicator) in addition to the analysis of pressures and pressure-sensitivity indicators.

On this last subject in particular, an international initiative has been launched by Nature Positive to define a common framework for building consensus on state-of-nature metrics [59].

IDENTIFICATION OF DEPENDENCIES

Alongside impacts an entity should assess **its dependencies on nature** for its activities (T). Identifying the entity's dependence on nature is a key factor in understanding its interactions and its interdependence with the living and non-living natural world.

Making nature visible through the characterisation of dependencies is a powerful tool for influencing its preservation. Every business model is linked to the integrity of the ecosystems it depends on, and each impact alters this integrity potentially threatening nature as well as the stakeholders and activities that depend on it.

Describing its dependencies will also enable the entity to **identify the hidden risks behind its interaction and interrelation with ecosystem services**[G]. Entities may be highly dependent on these ecosystem services, without realising it because they are not currently accounted for. This dependence, when the integrity of ecosystem services is altered by the activities of the entity or any other stakeholder, can lead to profound **physical risks**[G] for the entity. This is why the identification of these dependencies results in a strategy of prevention and awareness for the entity to preserve the environments in which they operate and beyond.

BOX 4

ASSESSING FINANCIAL MATERIALITY: LINKING RISK EVALUATION TO STRATEGIC COHERENCE AND OPPORTUNITY IDENTIFICATION

These insights and data are used in a final step to determine the materiality of a risk and determining its financial magnitude, and to identify an entity's opportunities either through mitigating activities or through transforming its business model (outside-in perspective). Considering financial materiality is therefore an essential link to ensure strategic coherence and internal commitment within an entity.

For further information[60]: Step 1: Assess (Version 1.1). Science Based Targets Network (SBTN). 2024.

FINANCIAL MATERIALITY ANALYSIS (R0)

Financial materiality only considers the positive impacts (opportunities) and negative impacts (risks) generated by the economic, social and natural environment on the entity's development, performance and results.

In line with the CSRD-ESRS, a sustainability matter is material from a financial perspective if it generates risks or opportunities that affect (or could reasonably be expected to affect) the undertaking's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term[61].

It is important to note that most of the risks and opportunities associated with nature for the entity arise from identified dependencies and impacts on nature.

58 E.g. TNFD's Scoping Step in the LEAP approach or Natural Capital Coalitions Scoping Stage (Step 02 and 03)
59 https://www.naturepositive.org/metrics/
60 Note that the GRI standards and the TNFD also require an impact materiality analysis to be carried out. The aim here is to recommend the approach that we consider to be the most robust for supporting the entity in defining the best materiality analysis.
61 ESRS – Glossary of Terms (2024)

Recommendations

IDENTIFICATION OF RISKS AND OPPORTUNITIES AND INTEGRATION INTO THE ENTITY'S PROCESS

Nature-related risks[G] can be broken down into the following categories: *physical risks*[G] *and transition risks*[G] *(policy & legal, market*[G]*, technology, reputation*[G]*), systemic risks*[G].

Nature-related opportunities[G] can be broken down into the following categories: *Business performance (markets, capital flow and financing, products and services, resource efficiency, reputational capital) and sustainability performance (Sustainable use of natural resources, Ecosystem protection, restoration and regeneration).*

The identification of these risks and opportunities should build on two factors:

One, the characteristics of the locations of an entity's operations or value chain

Two, an entity's dependencies and impacts on nature (the robustness of the impact materiality analysis as highlighted above enables the entity to assess the risks and opportunities).

BOX 5

NATURE-RELATED RISKS AND OPPORTUNITIES, ILLUSTRATED EXAMPLES

Nature-related risks. An entity's activities can have an impact on a basin through excessive water consumption (pressure) in a water-stressed location (state of nature). This will give rise to significant risks for the entity, which may go as far as the ceasing of its activities and consequent financial losses affecting the long-term viability of its business model. The ceasing of its activity can also generate reputational risks[G]: by the community present on the site confronting the entity with its responsibilities in the water shortage; by the employees themselves in a situation of potential job loss.

Nature-related opportunities. An entity in the agricultural sector can implement a transition in its business model, favouring the introduction of agro-ecological practices that will generate opportunities for its business and the surrounding community. Placing a more sustainable business model at the core of its activities will favour the state of nature (restoration of biodiversity, improvement of quality of soil that was previously lost through harmful activities), its relation with the community and revitalise the local economy (development of a range of organic and local products).

In line with the LEAP approach, **five key principles for integrating nature-related risks and opportunities into existing risk and opportunity management processes should be considered:**

- **Location-based:** Nature-related risks and opportunities should be analysed based on an assessment of nature-related dependencies and impacts that considers location specifics.
- **Interconnections:** Integrating nature-related risks and opportunities into existing risk and opportunity management requires analysis and collaboration across the entity. The principle of interconnections means all relevant functions, departments and experts are involved in the integration of nature-related risks and opportunities into the entity's risk and opportunity management processes and in the ongoing management of nature-related risks and opportunities.
- **Temporal orientation:** Nature-related physical, transition and systemic risks and nature-related opportunities should be analysed across short, medium and long-term time frames and should consider natural variabilities across time horizons (e.g. seasonality) for operational and strategic planning.
- **Proportionality:** The integration of nature-related risks and opportunities into existing risk management processes should be proportionate in the context of the entity's other risks, the materiality of its exposure to nature-related risks, and the imperfections for the entity's strategy.
- **Consistency:** The methodology used to integrate nature-related risks should be used consistently within an entity's risk management processes to support clarity on analysis and developments and drivers of change over time.

The actual analysis of risks and opportunities requires **the use of appropriate metrics**. These can be implemented at **different levels** within the entity: site-level, project-level, product/service-level or location-specific.

An entity should take into account two main types of metrics[62]:

- **One, nature-related metrics** based on nature-related dependencies and impacts; and
- **Two, process metrics** used to assess the financial implications to the organisation of nature-related risks and opportunities. As far as possible, magnitude metrics should quantify the financial value of nature-related risks and opportunities for the organisation.

By implementing these important steps concluding the financial materiality analysis, the entity should be able to understand and demonstrate:

- A description of each identified nature-related risk and opportunity and whether they are likely to materialise in the short, medium and long term.
- The category of risk and opportunity to which the risk or opportunity belongs.
- Effects on the entity's business model, value chain and strategy, and therefore on its financial position and viability

For further information: Guidance on the identification and assessment of nature-related issue: The LEAP approach, 2023 (p.100-137)

ORGANISATIONAL UPTAKE AND STAKEHOLDER VALIDATION OF DOUBLE MATERIALITY ASSESSMENT

While all entities have different resources and structures, there are high-level, critically important, **best practices** that can be put in place to ensure that the double materiality analysis is performed in a credible manner and with the **inclusion of a range of internal and external stakeholders**.

It is likely that **many entities do not yet take this notion of 'external' stakeholders into account in their materiality analysis**. For the double materiality assessment, this consultation is a fundamental criterion for having sufficient understanding of its activity and its impacts throughout its value chain. For example, if an entity assumes the impacts of its activities on nature without considering its stakeholders, this should raise concerns for the independent assurance organisations verifying these assessments.

The selection of stakeholders should be precise, providing transparent and comprehensible information to ensure engagement on relevant material topics. An entity should therefore seek a balanced representation and inclusion of stakeholders (see engagement section) as follows:

Interdisciplinary integration of internal stakeholders:

- Entities should set up an **inclusive steering committee** in charge of the double materiality assessment, with people qualified to identify and understand the issues arising from the DIRO analysis. In that particular case, the concept of "silent stakeholders" as highlighted in the ESRS is key to take into account in this process.
- One or more people from the **Executive Committee** (with the associated level of expertise, please see. Governance - Sub-element: Competencies and expertise) **should be included** in this steering committee so that these issues, which are of prime importance for the entity as a whole, do not remain an isolated subject and that strategic decisions are taken by people with the appropriate level of responsibility.

Integration of external stakeholders from a gender- and human rights-perspective:

- Entities should include a **heterogeneous set of external stakeholders** from the conception of its double materiality analysis and transition plan to gather information from the **people directly concerned by the existing impacts on a territory** (e.g. local communities, NGO and local authorities). Those stakeholders should be able to provide input on that process and be remunerated for their work (with the inclusion of documentation on those stakeholders inputs, feedback mechanisms during the whole process).
- Entities should solicit the expertise of external stakeholders **on the different parts of its value chain**: for upstream activities (e.g. Indigenous Peoples and other local communities, smallholders, farmers, producers) as well as for downstream activities (e.g. consumers).

The integration of specific expertise and additional knowledge to provide a robust understanding of the issues:

- The entity should seek to solicit the right degree of knowledge and expertise. The study of environmental dynamics can be complex and require the use of **specific expertise**: scientific experts, researchers from academia, and non-governmental organisations (NGOs). These stakeholders need to be brought into close contact with other stakeholders, particularly **local communities** who are the most qualified to hold the **multiple forms of knowledge** relating to location (ancestral, traditional, cultural, etc.).

62 Please refer to the 'Metrics' section of this report for more information, and to the LEAP Table 16 'Illustrative examples of the quantification of risks' et 17 'Illustrative examples of the quantification of opportunities' for additional metrics illustrations.

STRATEGIC AMBITION
OBJECTIVES AND STRATEGIC GOALS

An entity should develop and articulate its ambition and actions regarding nature-related goals (e.g. KM-GBF). This includes outlining how the entity intends to transform its business activities and communicate its commitment to addressing both nature and climate challenges, in alignment with its DIRO analysis.

Recommendations

To provide clarity and context to an entity's transition journey, the following recommended steps should assist in determining strategic ambition.

- **Identify and align with global frameworks and objectives:** The entity should assess and describe how its ambition contributes to the goals agreed in the Kunming-Montreal Global Biodiversity Framework (to halt and reverse biodiversity loss by 2030), the Paris Agreement and other related science-based goals (for example the nine planetary boundaries as mentioned in this report).
- **Use DIRO analysis to inform the strategy:** The entity should describe its general business activities, how it addresses the existing impacts, future ambitions, dependencies, risks and opportunities identified in the double materiality assessment.
- **Incorporate nature and climate into business strategy:** An entity should be transparent on its business outlook and strategy as well as describe what would be their expected future estimated impacts on nature/ climate (e.g. from an increase in sales, product shifting, new product process). Moreover, the entity should demonstrate the alignment and feasibility of its nature-related strategic ambitions with its business strategy and overall integration with entity objectives.
    - **Adopt integrated approaches.** Entity could choose to include other factors that shape its transition journey, i.e. to reduce financial and nature risks, compliance with regulatory requirements (or investors disclosure needs), strategic shifts linked to consumer expectations.
    - An entity's strategic ambition should adopt an integrated approach to address nature, climate and other dimensions of sustainability (like social and societal issues).

BOX 6

TOWARDS A NEAR-TERM HOLISTIC TRANSITION PLAN

WWF acknowledged that initially asking entities to create a single, comprehensive 'Holistic Transition Plan' addressing their overall strategy on nature, climate, social, and financial challenges might be difficult. Nevertheless, these interconnection aspects should be central to initial considerations, as compartmentalised approach would have clear limits at medium to long term[63], with the goal to address these interlinked issues through the implementation of a **unified holistic environmental plan**.

- **Transparent time horizons:** This strategic ambition could be disaggregated through different time-horizons, for example, in relation with the maturity of the entity on nature issues. However, the entity should be transparent on any strategic changes, notably for sectors in which it would significantly impact their business activities.

Based on the strategic ambition, an entity will be able to lay down, as a subsequent step, targets that are more concrete and actions that will guide the plan.

PRIORITISATION OF DOUBLE MATERIALITY RESULTS

Realistically, defining strategic ambition will also require a prioritisation of issues to be undertaken. As not all issues can be tackled in the same timeframe and with the same level of urgency, it is strongly recommended that the entity prioritise the most significant issues from the point of view of the environmental impact of its activities.

Importantly, a prioritisation exercise should only be carried out once the double materiality assessment has been completed. A subjective prioritisation without appropriate analysis would greatly **reduce the overall credibility of the approach** and, for all the reasons mentioned above (including consultation of heterogeneous stakeholders, development of a cross-functional internal dynamic), **it would mean failing to identify and assess many of the entity's impacts, thereby threatening its own viability.**

63 https://wwf.panda.org/discover/our_focus/climate_and_energy_practice/climate_nature_future_report/

Recommendations

DEFINING PRIORITY ISSUES

The most material issues emerging from the DIRO analysis need to be identified and associated with a level of spatial resolution that enables a science-based target to be set. An actionable transition plan requires the various environmental issues to be dealt with individually, without siloing them. An effective transition plan requires a clear understanding of the issues at a precise geographical scale, as is highlighted throughout all elements.

In line with the SBTN methodology, entities should:

- establish their **priorities for each of the nature-related issues identified as material** during the impact materiality analysis and should not aggregate them into a single metric.
- **separate** the prioritisation subjects for the **different parts of the value chain**: a separate prioritisation ranking for upstream, direct operations and downstream.

To define priority areas, the SBTN's **target boundary concept**[G] (see Figure 3) serves as a useful delineation for determining science-based targets, defining the sum of activities within a given value chain segment, the locations of the activities and categories them according to the associated pressures on the environment[64].

On this basis, priorities of entities should:

- **For direct operations, include** all its direct material activities at a precise local (e.g. GPS site location), or at least at subnational (target boundary A within SBTN) level of geography.
- **For upstream**, include material activities at an appropriate local level of geography (e.g. basin at a local level), or at least at sub-national level. Alternatively, the national level may be permissible if the entity can obtain more certain information (subnational) through appropriate modelling (Target boundary A within SBTN).
    - **For downstream** (*outside the SBTN scope*): The ability to obtain data on activities downstream of the entity's value chain may be similarly complex and the use of qualitative data and modelling will be more appropriate for most entities. Entities are encouraged to develop these elements further and to improve the quality of these data from an annual basis.
    - When the location levels are not yet certain enough (national to broader, referring to target boundary B for SBTN), **entities should put in place a time-bound plan for achieving the desired level of geographical granularity on its material activities** to improve prioritisation over time. For this purpose, the following best practices are recommended:
        - **Entities should put in place a consultation of its stakeholders** likely to acquire sufficient information to increase the level of information relating to activities whose localities are not sufficiently precise.
        - Entities that are not in a position to set science-based targets **should turn to the Targets Hierarchy** (see in the Targets element section) and start to set targets at a higher level in parallel with stakeholder engagement in order to minimise the negative impacts caused by this activity.
        - **Entities should put in place a robust data collection system** to acquire a finer traceability of their value chain (see DIRO above) and disclose this information within their annual sustainability report in order to **demonstrate its evolution over time**.

RANKING OF PRIORITY ISSUES

A number of more technical sub-steps can then be used to harmonise the data and make it comparable so that the priority issues can be ranked from an impact materiality perspective. This may involve grouping together several activities in a similar geographical location.

This stage also requires the establishment of two separate rankings: one relating to the indicators of pressures on the state of nature, and another relating to the state of nature capturing the other dimensions of biodiversity (see Impact Materiality sub-element section). Moreover, entity should also integrate other levers in its priorization steps, like for example its level of influence on other stakeholders (see land/seascape engagement sub-element section), the social and financial implications (i.e. means of action), the ease of success and the impact on the entity risk/opportunity (from a financial materiality perspective).

By comparing these two rankings and additional variables, it is then possible to establish the priorities that the entity will give itself within its transition plan and the targets and actions that it will define within the latter[65].

Note: The technical stages are detailed on pages 32-42 of the SBTN Step 2 Guidance.

64 Step 2: Interpret & Prioritize (Version 1.1). Science Based Targets Network (SBTN). 2024.
65 Inspiring case studies can be found in the following publication: Integrating companies within planetary boundaries (WWF, 2024)

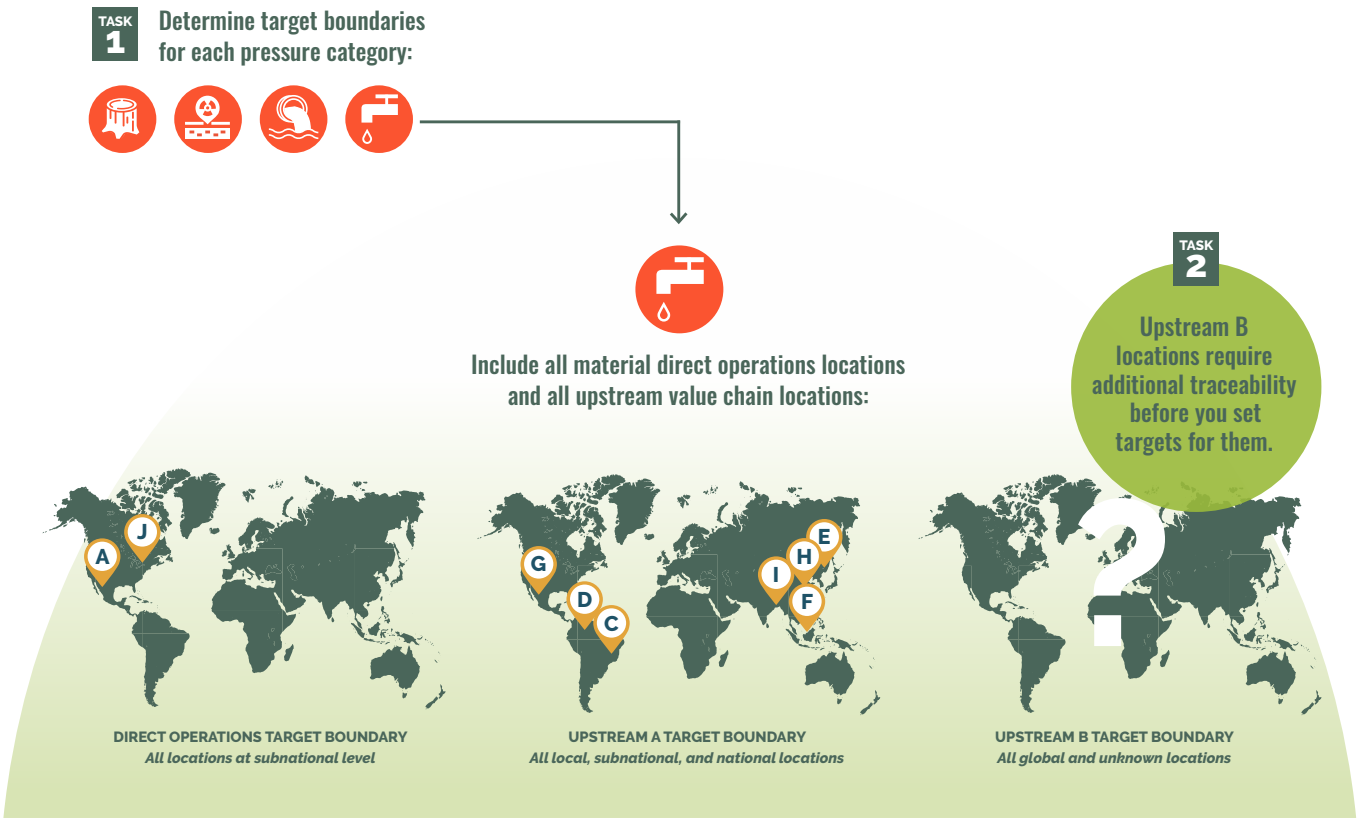


Figure 3. Target Boundary Delineation
Source: Science Based Targets Network

MAKING THE RANKING HOLISTIC

This prioritisation ranking can also be compared with other elements to give additional value to the transition plan and overall consistency with the entity's business strategy.

Following these best practices can be added to the analysis:

- **If the entity has a materiality analysis of its climate issues** or a climate transition plan, it is strongly recommended that these elements be compared with the ranking to identify potential co-benefits or trade-offs.
- As the entity has carried out a **mapping of its stakeholders**, it should also communicate this ranking widely so that it can be discussed with them and initiate discussion on the next steps in the process of defining the transition plan. It is important to note that for all stages of the planning and implementation process stakeholder engagement is essential and required within the ESRS. In particular, it is essential to talk to the local communities (see Engagement section) present in the area to gain their perception (with Free, Prior and Informed Consent[66]) of these results and to compare them with the contextual feasibility and the entity's involvement at local level.
- This prioritization should be scrutinized through the lens of the entity's sphere of influence, on its relevant stakeholders and across its entire value chain (entity's leverage in encouraging sustainable practices among suppliers, partners, customers, and even competitors). To amplify this influence, it is crucial to foster cooperation and collective actions to pool resources, share best practices, and amplify their voices to advocate for systemic changes. Furthermore, the entity should consider how it can empower stakeholders to become active participants in the nature transition (e.g, capacity-building initiatives, knowledge-sharing platforms, or incentive structures that reward sustainable actions).
- The various items of information that emerge from the financial materiality analysis as well as the entity's financial position should also be used to add relevant elements for consideration (cost-benefit of certain actions, internal and external financing facility, ...). Financial materiality information should be used.

Prioritisation of issues need to look at impacts irrespective of their financial materiality, as an entity should not lower the level of environmental priority (link to its impact materiality assessment) **of more impactful activity for financial reasons.**

66 https://www.sirgecoalition.org/fpic-guide

ASSUMPTIONS

In the context of transition plans, assumptions are understood as fundamental analysis or conditions expected to influence and impact the development and implementation of the plan over a specific timeframe. They are often made to address uncertainties and implementation challenges of TPs, thus influencing the direction and outcomes of transition efforts[67].

Therefore, being aware and transparent (such as, identifying, registering, justifying, and monitoring) about these assumptions is critical to ensuring the feasibility and credibility of NTPs. These can be identified at the various stages of the transition plan development.

By carefully examining and validating these assumptions, entities can better answer to uncertainties, anticipate potential challenges, and provide a solid basis for decisions made at the different stages of transition plan development.

NATURE SCENARIOS AND PATHWAYS

Nature scenarios and pathways are critical. Nature scenarios explore a range of possible future outcomes for ecosystems, biodiversity, and natural resources, depending on variables such as policy decisions, climate change, or land use. In contrast, nature pathways define actionable steps or roadmaps to achieve specific environmental goals, such as conserving biodiversity or limiting deforestation, aligning with long-term targets like the Paris Agreement or the GBF. Both present useful tools for entities to explore a range of possible outcomes, providing essential information to assess and understand the risks associated with each potential future.

Now, nature scenarios have still not been as widely developed as climate ones. Indeed, as nature is location-based, and given these specificities, complexities, and non-linearities of natural systems, aggregate measures (the equivalent of CO2-equivalent for climate change) for determining on ecosystems and the extent of damage are inevitably incomplete[68].

Moreover, narratives of scenario assessments should treat different planetary boundaries – such as those related to climate, land use and biodiversity integrity – as interdependent processes with both positive and negative synergies. An entity should develop an exploratory approach which can start and be orientated using the existing resources of the GBF and/or combine with the research provided from IPBES[69].

Moreover, an entity could combine their existing climate scenarios (e.g., provided by NGFS[70]) works with the known insights[71] on impacts to the nature (ecosystem service degradation, physical risks…) to construct a scenario matrix as proposed in the TNFD guidance on scenarios analysis[72] (as well as the other scenario tools provided).

Nature scenario analysis should be conducted in parallel with the DIRO analysis as a source of additional information to embrace a forward-looking vision.

In case the entity does not currently use nature scenario planning, it should at least disclose any assumptions included in its transition plan whenever coming from external issues or other types of scenario analysis[73].

EXTERNAL FACTORS & MACROECONOMIC SCENARIO (EXAMPLE OF ASSUMPTIONS)

1 **Regarding the identification of assumptions**, the entity should ensure that all critical assumptions underlying the different areas of the NTP are explicitly identified. More concretely entities should:

- ***For Dependencies, Impacts, Risks and opportunities:*** specify which scenarios (climate, forest, water, transition) were used to identify the impacts, dependencies, risks, and opportunities of the TP[74], in line for example with IPBES Nature Futures Framework[75].

67 European Commission (2023). European Sustainability Reporting Standards
68 https://www.ngfs.net/sites/default/files/medias/documents/ngfs_nature_scenarios_recommendations.pdf
69 https://www.zotero.org/groups/4937409/nature_futures_framework/items/ZCZSDI9C/item-list
70 https://www.ngfs.net/ngfs-scenarios-portal/
71 https://www.ipbes.net/events/ipbes-ipcc-co-sponsored-workshop-biodiversity-and-climate-change; & https://www.naturefinance.net/wp-content/uploads/2024/02/InterimReport2024-6.pdf
72 https://tnfd.global/wp-content/uploads/2023/09/Guidance_on_scenario_analysis_V1.pdf?v=1695138235
73 TNFD Guidance on Scenario Analysis
74 TNFD Guidance on Scenario Analysis
75 https://www.ipbes.net/scenarios-models

- ***For Targets:*** specify assumptions about baseline conditions of ecosystems or biomes, such as biodiversity levels and existing environmental stress factors, which were considered when defining targets. They should also identify assumptions concerning the evolution of data accessibility and quality (also relevant to metrics). Additionally, when establishing targets, entities should disclose how these align with international environmental agreements like the Kunming–Montreal Global Biodiversity Framework (GBF) or are based on benchmarks from reference scenarios[76].
- ***For Implementation Strategy:*** describe any relevant assumptions that may include details on which business areas are impacted and how this is assumed to affect the NTP implementation scenarios; expected regulatory, technology and market changes; macroeconomic and macroeconomic trends (e.g. labour availability, cost of borrowing etc.); and microeconomic and financial factors (e.g. availability of finance, relative prices).
    - The entity's projected growth trajectory scenarios, which should be analyzed in conjunction with its nature transition plan. By comparing these trajectories, the entity can assess whether its projected growth trajectories are consistent with its environmental impact reduction objectives, or not. More specifically, the entity should evaluate if its projected growth in different scenarios (e.g., business-as-usual, slower growth, degrowth) can be achieved while still meeting its nature transition plan. **If the growth trajectories and sustainability trajectories diverge significantly, the entity should re-evaluate its business strategies and prioritize actions that reduce its impacts.**
- ***For Stakeholder & other involved parties:*** formulate any assumptions regarding how affected Indigenous Peoples and Local Communities will potentially respond to specific actions, including any positive or negative trade-offs resulting from interconnection of ecosystems and other environmental goals (e. g. climate). Furthermore, the evolution of the behaviour and priorities of key stakeholders, including customers, suppliers, and partners, should be clearly articulated. This may include any assumptions about the level and quality of stakeholder involvement link to the entity implementation of the NTP (e.g., customer reactions, supplier buy-in).
- ***For Action per realm/biomes:*** elaborate expected effects of entity actions on the realm/biomes-level and on its interaction with it. Furthermore, entities may explain more about the expected effectiveness, feasibility and methodologies chosen to implement the actions.

2 **Regarding documenting assumptions**, the entity should justify all assumptions and systematically document the related information, including any implications for achieving the Strategic Ambition of its transition plan[77]. This may involve recording each assumption in a structured format within the NTP documentation for each TP section, including elements such as:

- rationale of the assumption based on current knowledge, literature, historical data, or forecasts, citing sources where possible;
- timeframes over when key assumptions and external factors are expected to occur;
- assessment of the sensitivity of the TP plan to changes in key assumptions and external factors on which it depends;
- disclosure of whether and how each assumption is reflected in the entity's financial statements.

Moreover entities should make those assumptions verified by external experts (see Verification section).

3 **Regarding reviewing and revising Assumptions:** Monitoring assumptions periodically is essential to ensure they remain relevant and accurate over time as external conditions and internal capabilities evolve. As such, entities should include in their Monitoring Reporting Verification (MRV) system a structured process for regularly reviewing and updating these assumptions. This may entail:

- defining a routine schedule for reviewing assumptions, and in response to significant environmental, regulatory, or market changes.
- defining a process for assessing and documenting changes in assumptions and its effects in NTP's strategic objectives and/or operational plans

TOOLS

FOUNDATIONS

See the relevant tools for this element

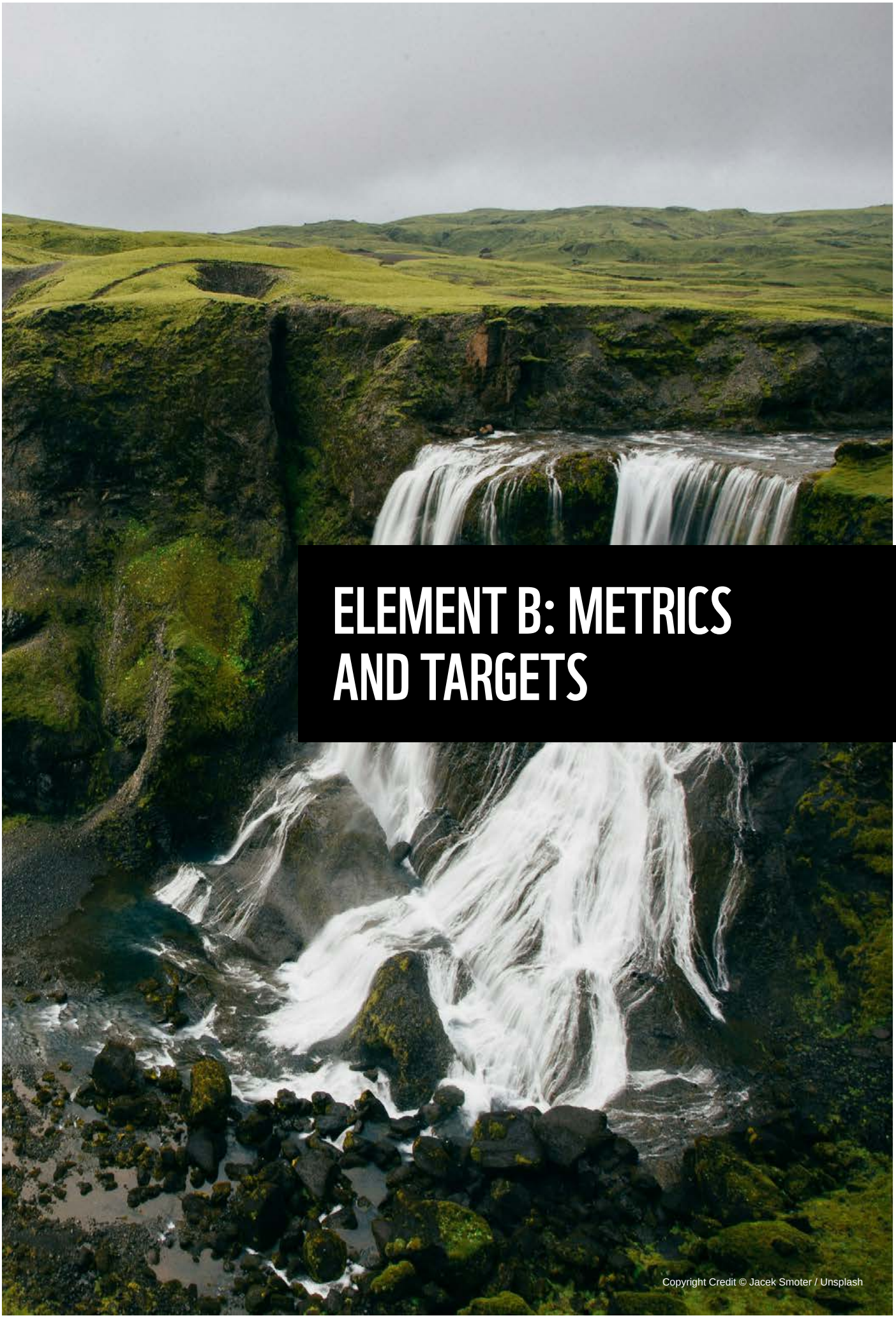
76 TPT Disclosure Framework (2023)
77 TPT Disclosure Framework (2023)

LINKS WITH ESRS AND OTHER FRAMEWORKS

NTP	CSRD & ESRS	TNFD	GFANZ	SBTN	B4N
Impact materiality analysis (DI)	ESRS 2: BP-1 – General basis for preparation of the sustainability statement ESRS 2: IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities E1: ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities E2: ESRS 2 IRO-1– Description of the processes to identify and assess material pollution-related impacts, risks and opportunities E3: ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities E4: ESRS 2 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities ESRS 2: IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities E1: ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities E2: ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities E3: ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities E4: ESRS 2 IRO-1- Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities E5:ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	TNFD LEAP approach Strategy (A/B) Dependencies and impacts TNFD discussion paper on nature transition plan: Foundations section Part 1: Transition plan framing and scope Part 2: Business model and value chains	Nature in Net-zero Transition Plans Theme: Foundations component: objectives and priorities	**STEP 1 'ASSESS'** 1A. Materiality Screening 1B. Value Chain Assessment	Assess (1) Conduct an initial materiality assessment to prioritize efforts & Measure and evaluate impacts and dependencies on nature
Financial materiality (RO)	ESRS 2: IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities	TNFD LEAP approach Strategy (A/B) Risks and opportunities TNFD discussion paper on nature transition plan: Foundations section Part 1: Transition plan framing and scope Part 2: Business model and value chains	Nature in Net-zero Transition Plans Theme: Foundations component: objectives and priorities	**STEP 2 'INTERPRET & PRIORITIZE'** 2C. Prioritization	Assess (2) Assess risks and opportunities

NTP	CSRD & ESRS	TNFD	GFANZ	SBTN	B4N
Collaboration and validation of double materiality analysis	SRS 2: SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model E1: ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model E4: SBM 3 – Material impacts, risks and opportunities and their interaction with strategy and business model	TNFD LEAP approach Risk and impact management- A(i & ii) TNFD discussion paper on natur transition plan: Foundations section Part 4: Plan priorities	N/A	**STEP 1 'ASSESS'** 1A. Materiality Screening 1B. Value Chain Assessment **STEP 2 'INTERPRET & PRIORITIZE'** 2B. Interpretation & Ranking 2C. Prioritization	Assess (1) Conduct an initial materiality assessment to prioritize efforts & Measure and evaluate impacts and dependencies on nature
Objectives and strategic goals	ESRS 2: SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model E1: ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model E4: SBM 3 – Material impacts, risks and opportunities and their interaction with strategy and business model ESRS 2: MDR-P – Policies adopted to manage material sustainability matters ESRS 2: MDR-T – Tracking effectiveness of policies and actions through targets E4: E4-4 – Targets related to biodiversity and ecosystems	Strategy (B) Target setting and transition plans Metrics and Targets(C) Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these. TNFD discussion paper on nature transition plan: Foundations section Part 1: Transition plan framing and scope Part 2: Business model and value chains	Nature in Net-zero Transition Plans Theme: Foundations component: objectives and priorities	**STEP 2 'INTERPRET & PRIORITIZE'** 2C. Prioritization	Commit (1) Define ambition and goals
Prioritization of DIRO results	ESRS 2: IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities ESRS 2: MDR-A – Actions and resources in relation to material sustainability matters ESRS 2: MDR-A – Actions and resources in relation to material sustainability matters ESRS 1: 3.6 Material impacts or risks arising from actions to address sustainability matters	TNFD LEAP approach Strategy (D) 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 TNFD discussion paper on nature transition plan: Foundations section Part 4: Plan priorities	Nature in Net-zero Transition Plans Theme: Foundations component: objectives and priorities	**STEP 2 'INTERPRET & PRIORITIZE'** 2A. Target Boundary Delineation 2B. Interpretation & Ranking 2C. Prioritization	Assess (1) Conduct an initial materiality assessment to prioritize efforts & Transform (3) Embed nature within your corporate governance
Nature related scenarios (including climate)	ESRS 2: MDR-T – Tracking effectiveness of policies and actions through targets E1: ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model E1: ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities E4: ESRS 2 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities	Strategy (C) Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios TNFD discussion paper on nature transition plan: Foundations section Part 1 : Transition plan framing and scope Part 4 : Plan priorities	Nature in Net-zero Transition Plans Ongoing consideration	N/A	N/A

ELEMENT B: METRICS AND TARGETS



Detailed view of the 'Metrics and Targets' chapter

ELEMENT	SUB-ELEMENT	RELATED ITEMS
METRICS & TARGETS	Metrics	Nature-related metrics
		Process metrics
	Targets	Setting Nature-related targets
		Targets hierarchy

Metrics can be used to continually measure the progress (and success) of the implementation of an entity's transition plan. Targets provide specific objectives with which the entity can align its strategy, business planning and financial planning to ensure the successful implementation of a nature transition plan.

A credible nature transition plan should include targets and corresponding qualitative and quantitative metrics for their measurement. Targets should be science-based, using established methodologies when possible and appropriate (see 'Targets' section for further details). Targets should also align with, support, or go beyond international environmental treaties such as the Kunming-Montreal Global Biodiversity Framework and the Paris Agreement, national policies and plans, and relevant multi-stakeholder agreements.

METRICS

Metrics[G] are essential to measure and report on progress. A multitude of metric typologies exist in the literature. For the purposes of this report, we will focus on two main categories which are essential to take into consideration when constructing and implementing a nature transition plan:

- Nature-related metrics, and
- Process metrics (including governance, financial, business and operational metrics)

NATURE-RELATED METRICS

Two distinct types of nature-related metrics are required to fully understand the dynamics of nature relevant to an entity. These are **pressure**[78] and **state-of-nature metrics**.

State of nature metrics[G] describe the conditions of nature in physical, chemical or biological terms encompassing both biotic and abiotic components. Important state of nature indicators[G] includes water availability, terrestrial ecosystem intactness, net primary productivity, soil organic carbon content, water quality, and ecosystem extent or connectivity.

State of nature indicators change in response to pressures. The change in the state of nature can be positive or negative and depends heavily on the local context. Examples of pressure metrics include the measurement of an area converted by the activity of an entity (e.g. the implementation of an agricultural activity where a primary forest historically stood), the concentration rates of pollutants in a basin (e.g. the application of pesticide in a field which then runs off into a river). The anthropogenic disturbance at the source of this change is generally referred to under three characteristics: magnitude (e.g., amounts of pollutants), spatial extent (e.g., extent of polluted area) and temporal extent (duration of persistence of pollutant). A change in the state of nature, may result in changes to the capacity of nature to provide value to business and society.

Recommendations

- An entity should measure and disclose both pressure and state of nature metrics (in line with its DIRO analysis and prioritization).
- This data will inform the entities' target setting and allow for successful measurement of the effects of its implementation and engagement strategies. Identifying relevant metrics is the first step towards defining targets for the various aspects of nature.

78 See Box 2. IPBES Pressure categories

BOX 7

ILLUSTRATIONS OF THE DIFFERENT METRICS RELATING TO ASSOCIATED TARGETS

Pressure-based metrics:

- Metrics - Land conversion rate: Hectares of intact forest converted per year in the Amazon Basin
  - Example of a target that can be linked to this metric: [Entity name] will achieve zero conversion of intact forest in the Amazon Basin by 2025, aligning with EUDR compliance goals to halt deforestation-linked imports into the EU market.

State-of-Nature metrics:

- Metrics – Species richness and abundance: Number and diversity of native flora and fauna in Mediterranean forest
  - Example of target that can be link to this metrics: [Entity name] will increase species richness and abundance by X% by 2030 in Mediterranean forests focusing on high-biodiversity zones such as the Calanques National Park.

PROCESS METRICS[79]

Process metrics are also needed to track the implementation of the entity's nature transition plan and the credibility of the plan to be assessed. The key metrics which should be included in a credible nature transition plan are metrics and indicators related to governance, financial planning and business activities and operations.

Recommendations

GOVERNANCE METRICS

Governance metrics enable an entity to track its progress of effective oversight and management of a nature transition plan. Implementing effective governance metrics to track management, implementation and reporting against progress.

Some examples of governance metrics include:

- Number (absolute and proportion of total) of members of board with competencies and expertise on nature-related issues, associated with a leadership development programme.
- Board effectiveness metrics on meeting frequencies, agenda items (relevant to the nature transition plan), and board meeting outcomes.
- Skill knowledge and culture-based metrics associated with training programmes covering the entire entity.
- The proportion of employee remuneration (board, executive, management and non-management employees) that is linked to performance metrics associated with the nature transition plan.

FINANCIAL PLANNING METRICS

Financial planning metrics support an entity in tracking and communicating the development of a nature transition plan, the potential financial impact of the plan and resources dedicated towards the achievement of the plans strategic ambition. Financial planning metrics associated with a transition plan are increasingly required by users of transition plans, such as investors or purchasers, to assess the robustness and credibility of the plan[80].

Some example of financial planning metrics include:

- CAPEX/OPEX/R&D spending (current and planned) linked to the entity's nature transition plan
- Value of operational/capital expenditure, categorised into mitigation hierarchy actions
- Revenue (current and planned) from products and services that produce positive and negative impacts on nature.

79 For information, this corresponds to the "response metrics" category within the TNFD framework.
80 https://igcc.org.au/wp-content/uploads/2022/03/IGCC-corporate-transition-plan-investor-expectations.pdf

BUSINESS AND OPERATIONAL METRICS

Business and operational metrics are used to assess the performance and efficiencies of an entity's activities. With respect to nature transition planning, these metrics support the assessment and measurement of activities that are geared toward reducing the entitles impacts and pursuit of the strategic ambition of the plan. These metrics also support internal understanding of the plan's implementation, for example they can highlight areas of poor efficiencies, and aid external credibility assessments of how the entity is executing its transition.

Some examples of business and operations metrics include:

- Resource allocation to projects, such as time and labour.
- Adoption of new technologies, or changes to sources of sustainable materials for example:
    - Proportion of sourcing/consumption that can be considered deforestation- and conversion free
    - Circular material uses rate (as percentage)
    - Rate of technology adoption
    - Sustainable product ratio
- Proportion of suppliers/customers engaged on nature-related issues, along with policies in place
- Proportion of stakeholders, including IPLCs[81], engaged through the implementation of the nature transition plan.

For each entity the metrics used to measure and track progress will vary, however, it is recommended that entities preparing and implementing a credible nature transition plan place focus on these three categories of metrics and ensure they have relevant metrics for their own operations and value chain.

Note: For more information on metrics, we recommend that you refer to Appendix 1 and 2 of the Recommendations of the TNFD (2023)[82]

TARGETS

Metrics and targets are two elements that are co-constructed together, and their subject matter relates to the same characteristics regarding a nature transition.

BOX 8

SETTING AND TRACKING FRESHWATER REDUCTION TARGET (example)

Setting a target for reducing an entity's freshwater footprint, e.g. a 30% reduction in basin A by 2029, is broken down into one or more metrics relating to freshwater, e.g. monthly withdrawal volume per source in m^3, enabling the target to be constructed and monitored over time.

The definition of the term **Target** aligns largely between SBTN, TNFD and the CSRD Directive, which is helpful to achieve cohesion. More generally, the key elements that need to be at the core of the target definition process to enable entities to make disclosures in line with European standards are as follows:

- Define specific targets for different environmental issues: targets for climate, pollution, freshwater and marine ecosystems, biodiversity and ecosystems, etc;
- Understand the logical link with the double materiality assessment and priorities carried out beforehand and how its targets help to meet these issues in line with the entity's policies and strategy;
- The involvement of internal/external stakeholders in the process of defining these targets;
- The scope (value chain and geographical boundaries) and timeframe associated with the target;
- **Ecological threshold**[G] and baseline taken in general, transparency in the constituent elements of the target (document, methodology, metrics taken into account).

81 Please refer to 'Engagement with indigenous peoples and local communities and other stakeholders' section to find more details on the identification of IPLCs.
82 Recommendations of the Taskforce on Nature-related Financial Disclosures September 2023.pdf (tnfd.global)

SETTING NATURE-RELATED TARGETS

The following elements are essential for setting nature-related targets, and are complemented by further information below in relation to the targets hierarchy:

NATURE TARGETS SHOULD FULLY COVER THE ENTITY'S MATERIAL ACTIVITIES AND VALUE CHAINS

The double materiality assessment carried out by an entity has highlighted all significant activities, both in terms of environmental impact and the risks incurred by the entity.

Through this assessment, a certain number of activities will be identified throughout the entity's value chain, for which it is necessary to set robust targets for prioritized issues (see priorisation sub-element section). Setting targets should lead the entity to deploy them on its direct operations, upstream and downstream of its value chain. It is possible an entity will find it more difficult to set targets for certain parts of its value chain with the same degree of precision as for its direct operations for a number of reasons such as:

- a lack of knowledge of the stakeholders upstream of its value chain or
- the unavailability of information relating to stakeholders downstream of its activity.

This should in no way discourage an entity from omitting this issue from its transition plan but should rather encourage entities to put in place actions that will enable it to acquire a sufficiently precise level of knowledge to commit this activity to a path of socio-environmental sustainability. Related to this, the importance of collective action cannot be overstated, as it enables the pooling of resources and expertise, allowing companies to tackle complex environmental challenges more effectively than they could individually. Since nature and value chain issues transcend individual entity boundaries, collaborative efforts can help mitigate shared risks, implement solutions at a larger scale, and share best practices.

This activity should be guided and embedded within the data organisation and structure element of its nature transition plan.

NATURE TARGETS SHOULD BE ECOSYSTEM-CENTRED AND AS CLOSE AS POSSIBLE TO LOCAL REALITIES

Targets should be linked to the entity's materiality assessment results and specific activities, which have an impact on specific geographical areas. Implementing targets relating to nature means understanding local issues with regard to the environmental areas identified: a watershed, a terrestrial area, a forest zone, a specific maritime zone (e.g. FAO Fishing Sub-areas), etc. But this does not mean that the various environmental pressures have to be dealt with in silos.

Nature encompasses many dimensions hence it is important to deal with all environmental issues in a holistic way. This means using a range of distinct metrics and targets that address multiple dimensions to be able to cover nature as a whole. Metrics and targets should be set at the level of species, habitats and/or ecosystems, and cover the interrelations between these levels. Targets should be set for all environmental realms identified as material in the materiality analysis with regard to the potential trade-offs that may exist within the complexity of the ecosystems identified.

BOX 9

NAVIGATING THROUGH THE COMPLEXITY AND CAREFUL USE OF BIODIVERSITY FOOTPRINTING TOOLS

We regularly observe a willingness on the part of the real economy to use a single metric/indicator/objective to tackle nature issues in a comprehensive way, as is the case for climate strategies and transition plans, as well as a need to make a new, complex subject like nature manageable and operational. Biodiversity footprint tools[T] can provide a simplified approach to the complex subject of nature and help to understand and identify key environmental issues across an entity's various stakeholders. However, this simplification has major limitations (oversimplification of complex ecosystems, neglect of local context and stakeholder engagement...) could make the transition plan ineffective. Hence such tools should be used with precaution and in a way that complements the holistic approach.

The entity may encounter difficulties in defining robust targets relating to a specific geography or its value chain, for instance because:

- The entity may have little control over an activity upstream of its value chain and therefore little knowledge of what is occurring in the impacted forest ecosystem (problem of an overly complex/long value chain).
- The activity highlights a problem relating to the materiality of maritime ecosystems and the entity has little knowledge of how it can set itself a robust target given its lack of expertise of the area concerned.

The geographical granularity of target setting may vary depending on the segment of the value chain concerned. Thus, the entity should set targets at the local level for its direct activities and as far as possible for the other segments of the value chain.

Setting a location-based target is the best way for the entity to act directly on the causes and consequences of its activity and to protect itself against the environmental degradation it causes. However, the fact that the entity is not in a position to be geographically precise in the first instance should not force it to abandon the idea of setting specific target for this geography on a wider scale: sub-national or even national in specific cases.

NATURE TARGETS SHOULD BE SET FOR THE SHORT TERM, MEDIUM AND LONG-TERM

Time-bound objectives ensure that targets are clearly defined to promote accountability and allow for better engagement with internal stakeholders around a common goal such as halting and reversing biodiversity loss by 2030 (GBF).

An entity should set short-, medium- and long-term targets[83] based on the results of its double materiality assessment. Short- and medium-term targets help structure the entity's action plans and prioritise immediate actions to halt and reverse nature loss. Long-term targets are important to ensure strategic coherence and align long-term business planning with the ambition of the entity's transition plan. As explained above, not all environmental issues can be dealt with in the same timeframe, and a prioritisation logic based on the degree of materiality and feasibility should be adopted.

The numerous time-bound factors and maturity issues to be taken into account when incorporating nature-related issues into corporate strategies should also foster the creation of targets that include both quantitative and qualitative indicators/ data. This can provide a more comprehensive and nuanced understanding of the entity's performance and progress. For example, an entity might use a quantitative indicator to track the number of hectares of land it has restored or conserved, and a qualitative indicator to assess the ecological health and resilience of these areas. It might also use a quantitative indicator to track the amount of money it has invested in nature-based actions/ solutions, and a qualitative indicator to evaluate the effectiveness and impact of these investments.

NATURE TARGETS SHOULD BE BASED ON THE BEST SCIENTIFIC KNOWLEDGE AND COMPATIBLE WITH THE AIMS TO HALT AND REVERSE BIODIVERSITY LOSS BY 2030

This growing evidence of environmental degradation has raised concerns that we are approaching critical thresholds, or "tipping points," in the earth system. These overshoots could result in sudden and potentially irreversible environmental changes, posing significant threats to ecosystems and human societies. The **Planetary Boundaries** concept identifies nine critical boundaries that define the safe operating space for humanity within the Earth system and found out in 2023 that six out of nine boundaries have already been crossed[84].

In line with SBTN's methodology, entities should adopt a clear, analytical approach, tested and vetted by scientific experts and end-users, for assessing and addressing their environmental impacts, and to employ rigorous and actionable methodologies set science-based targets for nature, complementing SBTi's science-based targets for climate[85].

Hence in defining these objectives the following have be taken into account:

- Organizational scope included in initial assessment;
- Baseline included;
- Baseline value for each pressure managed through targets;
- Methods used, specifying version and year;
- Suite of indicators and metrics used to set the target;
- Model used to set the targets;
- Indication of whether stakeholder consultations took place to inform targets.

However, existing science-based targets do not allow entities yet to respond to all their environmental issues[86] and productive processes. To improve this, entities need to work together by leveraging partnerships with academic institutions, government resources, collaborate with indigenous people,

83 The following (EFRAG-determined) time horizons could be adopted noting that they might vary according to methodologies used:
- for the short-term time horizon: the period adopted by the undertaking as the reporting period in its financial statements;
- for the medium-term time horizon: from the end of the short-term reporting period defined in up to 5 years; and
- for the long-term time horizon: more than 5 years.

84 Planetary boundaries - Stockholm Resilience Centre

85 Step 1: Assess (Version 1.1). Science Based Targets Network (SBTN). 2024.

86 It should be noted, however, that SBTN is currently developing guidance on the Ocean and that scientific knowledge on invasive alien species is certainly less rich than other environmental pressures, but is not marginal. See in particular: IPBES (2023). Summary for Policymakers of the Thematic Assessment Report on Invasive Alien Species and their Control of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. Roy, H. E., Pauchard, A., Stoett, P., Renard Truong, T., Bacher, S., Galil, B. S., Hulme, P. E., Ikeda, T., Sankaran, K. V., McGeoch, M. A., Meyerson, L. A., Nuñez, M. A., Ordonez, A., Rahlao, S. J., Schwindt, E., Seebens, H., Sheppard, A. W., and Vandvik, V. (eds.). IPBES secretariat, Bonn, Germany. https://doi.org/10.5281/zenodo.7430692

local population and NGOs to foster the scientific evidence and knowledge relevant to their activities and impacted biomes.

Moreover, an entity's ability to set Science-Based Targets (SBTs) for nature can be influenced by numerous factors, including (but not limited to) internal expertise, available resources, its economic size (for example having a complex multi-country value chain), existing trade-off with its economic objectives and the specific geographic contexts in which it operates.

Considering this, WWF presents a typology of targets to guide entities in making informed decisions and taking immediate action towards setting transparent and actionable targets in a process of continuous improvement.

TARGETS HIERARCHY

A credible nature transition plan should be supported by the development and implementation of a target hierarchy.

The construction of a target hierarchy (see below) is made to allow the entity to set targets that are most appropriate to the context in which its value chain operates. This hierarchy is not strictly descending, as several types of targets can and should coexist.

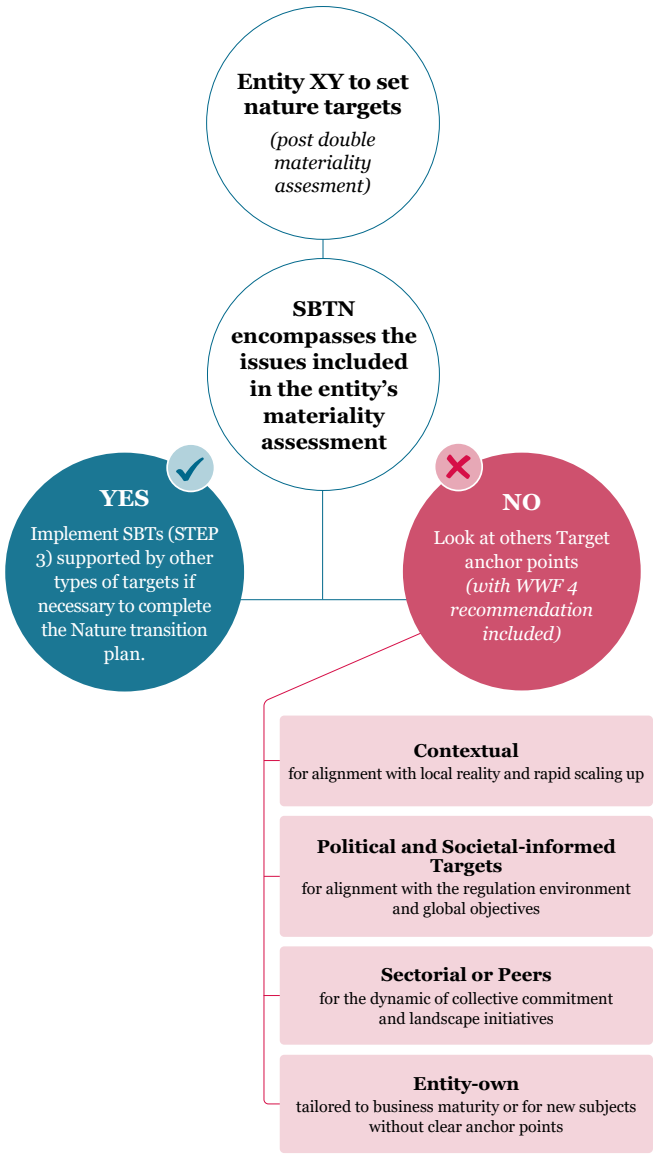


Figure 4. Target Hierarchy

The construction of a target hierarchy will allow the entity to set targets that are most appropriate to the context in which it finds itself.

The hierarchy provides a comprehensive and flexible structure to foster entity decision-making, as well as encouraging the implementation of dedicated action plans. This approach strengthens the overall robustness of the transition plan, as it will enable entity to cover more easily all their material issues and increases its level of transparency providing reasoning for its target setting process.

SCIENCE-BASED TARGETS

Science-based targets are defined as measurable, actionable, and time-bound objectives, based on the best available science, that allow actors to align with earth's limits and societal sustainability goals. As highlighted above, the SBTN methodology is to date the most robust approach to setting targets to bend the curve of biodiversity loss on a large scale[87].

The Science Based Targets Network (SBTN) provides methods to assist companies in adopting a scientific approach to understand their environmental context at the relevant geographical level. This strategy should also be executed through collaboration that extends beyond the value chain, highlighting the crucial role of collective action (such as land or seascape initiatives) in amplifying the scale and impact of activities. Such collaboration is vital for effectively mitigating risks and capitalizing on opportunities. Without enhanced cooperation, transaction costs rise, impact is diminished, and overall effectiveness is compromised.

The methodology is, however, still under development and cannot meet all needs. In terms of environmental coverage, the methodology allows for setting targets relating to freshwater, land and soon ocean realms (Step 3 Ocean: Measure, Set & Disclose. publication expected in 2025). Concerning the scope of an entity's value chain, SBTN does not allow in these first versions to set objectives relating to downstream activities. A template roster for target setting is provided in the figure below.

87 For more details on SBTN's relationships with other initiatives: Organization / Framework (sciencebasedtargetsnetwork.org)

ELEMENT B: METRICS AND TARGETS

REALM	TARGETS NAME	TEMPLATE STATEMENT FOR TARGETS SETTING
FRESHWATER GUIDANCE (2024)	Freshwater Quantity targets	When setting annual targets, the target will be stated as "Entity X will reduce its water withdrawal in the _____ basin to _____ ML/year by the year _____." When setting monthly targets, the target will be stated as "Entity X will reduce its water withdrawal in the _____ basin to _____ ML/ month for each of the following months. The reductions will occur by the year _____."
	Freshwater Quality targets	When setting targets on an annual basis, using direct or secondary measurement (with units of nutrient load), targets will be stated as "Entity X will reduce its nutrient load in the ____ basin to ____ kg P (or N)/year by the year ____." When setting targets on a seasonal basis, using direct or secondary measurements (with units of nutrient load), targets will be stated as "Entity X will reduce its nutrient load in the ____ basin to ____ kg P (or N)/month for each of the following months. The reductions will occur by the year ____." When setting targets on an annual basis, using gray-water footprint(s), targets will be stated as "Entity X will reduce its gray-water footprint in the _____ basin to ____ ML/year by the year ____."
LAND GUIDANCE (2024)	No Conversion of Natural Ecosystems	**Direct Operations** (both targets are required) [Entity name] will have zero conversion of natural ecosystems by [target year], compared with a 2020* baseline. [Entity name] will remediate all past conversion occurring between 2020* and [target year]. **Upstream** (Sourcing from producers or first point of aggregation) (both targets are required) [Entity name] will source 100% of volumes of commodities from areas known to be conversion-free from 2020.* [Entity name] will remediate all past conversion occurring between 2020* and [target year] (associated with its share of volumes sourced). **Upstream** (Sourcing from entities downstream of the first point of aggregation) [Entity name] will source 100% of volumes of commodities from areas known to be conversion-free from 2020.* * Or other earlier cutoff dates (e.g., regional or sectoral cutoff dates).
	Land Footprint Reduction	**Absolute target:** [Entity name] commits to reduce absolute agricultural land footprint, from direct operations [and upstream impacts], [percent reduction] % by [target year] from a [base year] base year. **Intensity target:** [Entity name] commits to reduce agricultural land footprint intensity, from direct operations [and upstream impacts] [reduction]% per [unit] by [target year] from a [base year] base year. This corresponds to a [% change] in absolute land footprint by [target year] from the [base year] base year."
	Landscape Engagement	[Entity name] is engaged in [initiative name] and committed to a substantial improvement in ecological and social conditions by 2030.
OCEAN ONLINE RESOURCE	Avoid and Reduce Overexploitation	**Reduction:** By [target end date], [Entity name] will reduce its sourcing of [species] from [stock name] by X% compared to a [date] baseline.
	Protect Marine Ecosystems	**Operations:** By [target end date], [Entity name] will enact standards of best practice for [fisheries/ aquaculture] at [fishery/farm location] to avoid impacts to [found habitats].
	Protect ETP Species from Fishing Impacts	**Cessation:** By [target end date], [Entity name] will cease to source seafood with material impacts on [ETP marine wildlife] in [location].

Figure 5. Science-based targets template roster

CONTEXTUAL TARGETS

Contextual targets represent a middle ground between non-contextual and SBTs and present an opportunity for entities to overcome setting targets where methodologies are not available. They are informed by the surrounding entity and realms context, and help to focus resources towards the right ecosystem-related challenges in the right places and are strategically relevant to both the target-setting user and other users in the realms (in a landscape approach view). This form of target is primarily aimed at ensuring that the coverage of ecosystem targets is aligned with the materially relevant ecosystem-related challenges at either site- or corporate-level.

These targets embrace efficiency and management concepts (traditionally non-contextual approaches) but move further by accounting for the needs of local water-related challenges. They do not, however, go so far as to tackle precise levels of performance required by an entity to contribute towards the achievement of basin-level science-based outcomes. As such, contextual targets represent a concrete starting point for entities seeking to take the first step towards SBTs[88].

This type of target overcomes some of the difficulties associated with science-based targets. The introduction of contextual targets allows greater flexibility of adaptation for the entity implementing it and is also a solution for companies that do not have sufficient resources to set SBTs (e.g. small and medium enterprises[89]). It can therefore be a transitional solution towards setting SBTs that are sufficiently robust to initiate a dynamic of change. It can also be seen as an additional solution, as the greater ease of implementation of a contextual target can enable the entity to scale up more quickly in the various locations that emerged as priorities during its materiality analysis.

It should be noted, however, that at this stage, the concept of contextual target has only been analysed from the point of view of freshwater issues. The core of this type of target is the landscape approach, and the various methodological stages involved in setting it up could be replicated in other environmental areas (land in particular).

STEP	OBJECTIVE OF STEP
1. EVALUATE	Evaluate the strategic relevance of performance monitoring for specific water-related challenges at sites within the prioritised "hot spots" of the value chain within the water strategy
2. STRUCTURE	Structure the contextual targets for each water-related challenge using levels, components, and the interim milestones to establish a suite of targets that can then be contextually assigned to individual sites within the priority value chain "hot spots"
3. VALIDATE	Validate the assigned contextual targets at a site-level using local insights and data and set site-specific performance trajectories for interim milestones – empowering sites to contribute bottom-up feedback into corporate-level target setting.
4. AGREE	Agree any changes to the assigned contextual target based on the site-level validation of the water-related challenge evaluation and/or the site performance trajectories that will contribute to the corporate interim milestones
5. ROLL UP	Roll up site-level performance trajectories into a single, simple, and clear performance metric for each interim milestone for each contextual target for each water-related challenge

Figure 6. WWF Contextual Target setting framework. Source: WWF, 2021

POLITICALLY INFORMED TARGETS

An entity looking to demonstrate the credibility of its targets may consider linking them through processes external to the organization. Those targets developed by multilateral/regional or (sub-)national organization/initiatives can serve as anchors[G] to structure the target setting of entities that operate in multiple regions or countries that may face varying regulatory frameworks and requirements.

Aligning corporate targets with international goals while ensuring compliance with local regulations can nevertheless be a complex task. Indeed, international goals are often broad and high-level, making it difficult to directly apply them to specific corporate contexts and operations.

To overcome these challenges, entities can adopt approaches such as setting global objectives with regional or local targets, engaging with stakeholders, investing in data management and monitoring systems, and fostering a culture of continuous learning and adaptation.

These targets can be useful for identifying the legislative ecosystem in which the entity operates, as they enable a direct link to be made with the regulations and policies that affect it, and therefore enable the entity to perceive the ambitions it needs to achieve. It also enables entities to monitor best practice in other countries by screening regulations implemented at national level. In addition to this, political targets can help entities structure their policy engagement and establish clear connections with engagement to the strategic ambition of their nature transition plan.

Political targets can therefore be an effective tool for structuring an internal reflection process, but its main weakness is that it is not tailored to initiate a real dynamic of change specific to the entity. They are a starting point, but they should not replace more precise target setting such as SBTs or, in their absence, contextual targets.

88 Dobson, R. and Morgan, A.J. (2021). Contextual Water Targets. WWF
89 As defined by the CSRD

BOX 10

CONVENTION ON BIOLOGICAL DIVERSITY, ONLINE REPORTING TOOL

An interesting illustration can be found in the online tool of the Convention on Biological Diversity (CBD)[90]. Since August 2024, the European Commission has integrated the EU targets for the implementation of the Kunming-Montreal Global Biodiversity Framework.

It shows how a country will approach a specific target from this agreement, for example target 15: Businesses assess and disclose biodiversity dependencies, impacts and risks, and reduce negative impacts.

The country disclosing how it intends to do so sharing its national strategy, the monitoring indicators it will put in place, and any other relevant indicators that contribute to a degree of alignment towards this target that is commensurate with the shared disclosure.

SECTORAL AND ENTITY-SPECIFIC TARGETS

The entity may also find inspiration in the targets set by other entities in its sector of activity, with the view to replicate or do better in setting targets linked to ecosystem/nature material issues. That typology could be relevant anchor points[G], if transparently and well defined.

Engagement with other entities can take a variety of forms, from taking part in pre-competitve convenings to exchange best practice to forming sectoral coalitions to move from theory to practice by committing to transformation targets at the level of a commodity-specific sector (e.g. Cocoa & Forest initiatives) or a broader transformation in the sense of support for the implementation of good practice at multi-sectoral level (e.g. The Consumer Goods Forum).

While these targets are relevant, their objective and robustness are different from the ambition set out in the SBTs. These targets are structured around performance objectives, gradual improvement, simple compliance or general ambitions at entity level, but they cannot replace the implementation of objectives that take into account, in a rigorous way, the issues linked scientifically to the state of nature, which are all too often omitted from the strategies of the entities. Moreover, engagement through common and sectoral targets is relevant, but may not be fully adapted to the entity's business model. This is why another form of target can also be the subject of an interesting additional approach, provided that it is carried out in a credible manner: entity-specific targets.

When defining its own material nature targets, an entity needs to be transparent on the methodology used that design its target settings[91]. Nature-related targets should be informed by both context and scientific evidence at the appropriate geographical scale, with companies setting individual targets as well as contributing to their development and implementation through collaboration in land/seascapes beyond the value chain.

The entity should align its targets with the stringent existing objectives of this proposed target hierarchy or explain the reason and context otherwise (with the inclusion of a progress plan to achieve these targets). This hierarchy should also evolve to integrate updated scientific assessments and methodological developments that should gradually ease the setting of science-based targets for nature, as well as develop more mature anchor points, with standards and policies improvements to ensure the entity's natural capital strategy remains credible and effective, and aligned with climate and nature global objectives.

TOOLS AND ADDITIONAL RESOURCES

METRICS & TARGETS
See the relevant tools for this element

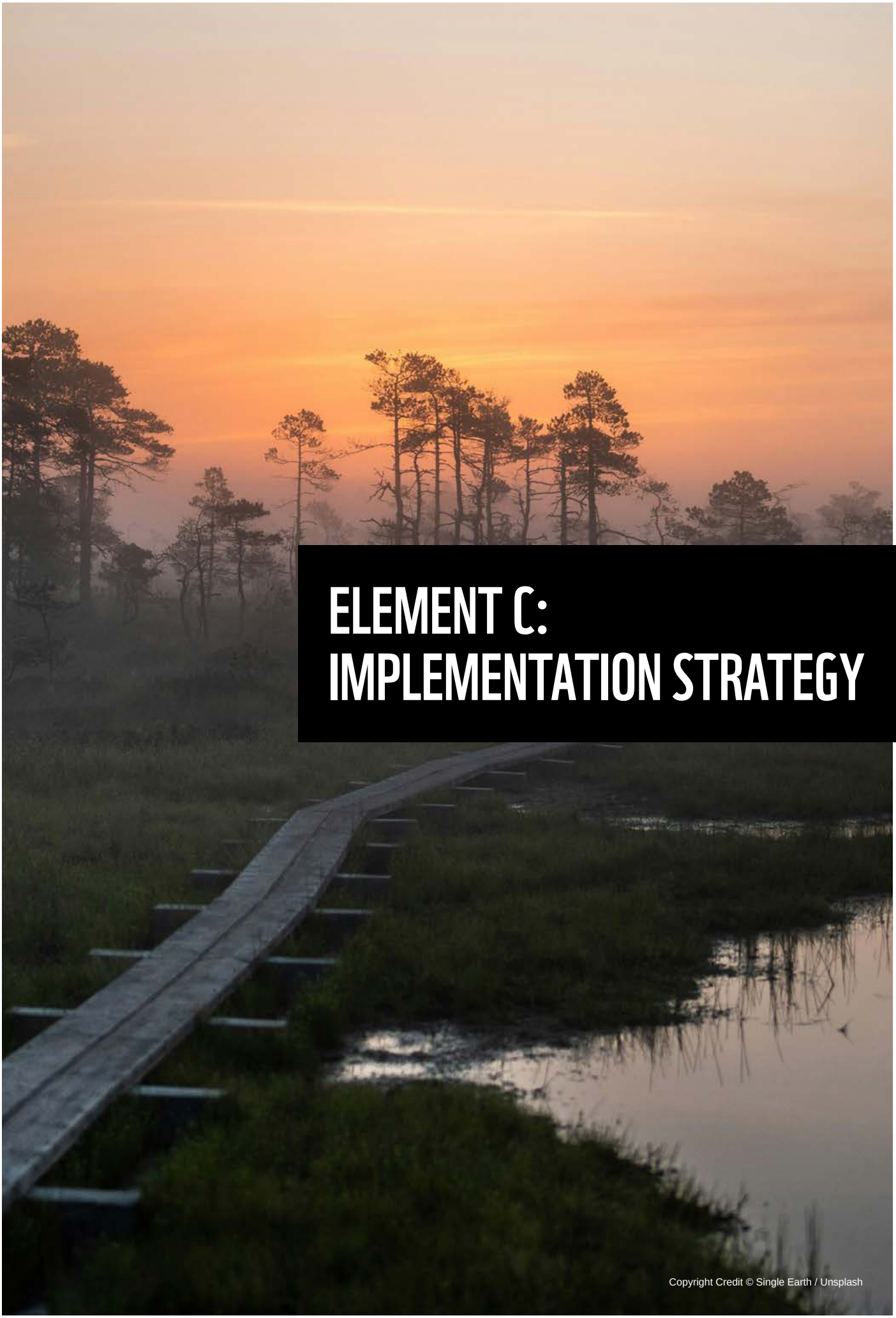
RESOURCES	DESCRIPTION	LINK
Sustainable Development Performance Indicators	Metrics to measure the sustainability performance of economic entities, including both for-profit enterprises	SDPI
Global Biodiversity Data	World Bank database to support a new era in biodiversity conservation	Global Biodiversity Data
UNEP WCMC - Global Metrics for Terrestrial Biodiversity	Examples of indicators and their uses within the state–pressure–response–benefits framework that is widely used in conservation science	Global Metrics for Terrestrial Biodiversity

90 Online Reporting Tool (cbd.int)
91 More information on this nature targets issue through WWF dedicated report

LINKS WITH ESRS AND OTHER FRAMEWORKS

NTP	CSRD & ESRS	TNFD	GFANZ	SBTN	B4N
Nature-related metrics	E1: E1-5 – Energy consumption and mix E1: E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions E2: E2-3 – Targets related to pollution E3: E3-3 – Targets related to water and marine resources E3: E3-4 – Water consumption E4: E4-4 – Targets related to biodiversity and ecosystems E4: E4-5 – Impact metrics related to biodiversity and ecosystems change E5: E5-3 – Targets related to resource use and circular economy E1: E1-5 – Energy consumption and mix E2: E2-4 – Pollution of air, water and soil E2: E2-5 – Substances of concern and substances of very high concern E3: E3-4 – Water consumption E4: E4-5 – Impact metrics related to biodiversity and ecosystems change E5: E5-4 – Resource inflows E5: E5-5 – Resource outflows	Metrics & Targets (A) 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 TNFD discussion paper on nature transition plan: Metrics and Targets section Part 1: Dependency and impact 1 metrics and targets Part 2: Transition plan delivery metrics and targets	Nature in Net-zero Transition Plans Theme: Metrics and Targets	**STEP 1 'ASSESS'** 1B. Value Chain Assessment Appendix 1. State of Nature (SoN) Biodiversity indicators **STEP 2 'INTERPRET & PRIORITIZE'** Appendix 1. Pressure and state of nature variables covered in the Step 1 & Step 2 methods Appendix 2. Pressure and state metrics	Assess (1) Measure and value impacts and dependencies on nature Assess (2) Assess risks and opportunities Transform (1) Avoid and reduce Restore and regenerate
Process metrics	Governance metrics: ESRS 2: GOV-1 – The role of the administrative, management and supervisory bodies ESRS 2: GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies ESRS 2: GOV-3 – Integration of sustainability-related performance in incentive schemes E1: ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes Business and Operational metrics: E1: E1-5 – Energy consumption and mix E2: E2-4 – Pollution of air, water and soil E2: E2-5 – Substances of concern and substances of very high concern E3: E3-4 – Water consumption E4: E4-5 – Impact metrics related to biodiversity and ecosystems change E5: E5-4 – Resource inflows E5: E5-5 – Resource outflows Financial planning metrics: ESRS 2: MDR-A – Actions and resources in relation to material sustainability matters E1: E1-3 – Actions and resources in relation to climate change policies E1: E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities E2: E2-6 – Anticipated financial effects from pollution-related, risks and opportunities E3: E3-5 – Anticipated financial effects from water and marine resources-related impacts, risks and opportunities E4: E4-6 – Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities E5: E5-6 – Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Metrics & Targets (B) Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature. TNFD discussion paper on nature transition plan: Metrics and Targets section Part 1: Dependency and impact 1 metrics and targets Part 2: Transition plan delivery metrics and targets	Nature in Net-zero Transition Plans Theme: Metrics and Targets	N/A	Assess (1) Measure and value impacts and dependencies on nature Assess (2) Assess risks and opportunities Transform (1) Avoid and reduce Restore and regenerate

NTP	CSRD & ESRS	TNFD	GFANZ	SBTN	B4N
Setting Nature-related targets	ESRS 2: MDR-T – Tracking effectiveness of policies and actions through targets E1: E1-4 – Targets related to climate change mitigation and adaptation E2: E2-3 – Targets related to pollution E3: E3-3 – Targets related to water and marine resources E4: E4-4 – Targets related to biodiversity and ecosystems E5: E5-3 – Targets related to resource use and circular economy	Strategy (B) Target setting and transition plans Metrics & Targets (C) Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these. TNFD discussion paper on nature transition plan: Metrics and Targets section Part 1: Dependency and impact 1 metrics and targets Part 2: Transition plan delivery metrics and targets	Nature in Net-zero Transition Plans Theme: Metrics and Targets	**STEP 3 'SET TARGETS'** Freshwater Land Ocean Climate (SBTi)	Commit (1) Make commitments Commit (2) Set targets Disclose (2) Report progress made towards nature positive goals and communicate findings with key stakeholders throughout the process
Targets hierarchy	ESRS 2: MDR-T – Tracking effectiveness of policies and actions through targets E1: E1-4 – Targets related to climate change mitigation and adaptation E2: E2-3 – Targets related to pollution E3: E3-3 – Targets related to water and marine resources E4: E4-4 – Targets related to biodiversity and ecosystems E5: E5-3 – Targets related to resource use and circular economy	Metrics & Targets (C) Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these. TNFD discussion paper on nature transition plan: Metrics and Targets section Part 1: Dependency and impact metrics and targets Part 2: Transition plan delivery metrics and targets	N/A	N/A	N/A



ELEMENT C: IMPLEMENTATION STRATEGY

Detailed view of the 'Implementation Strategy' chapter

ELEMENT	SUB-ELEMENT	RELATED ITEMS
IMPLEMENTATION STRATEGY	Action per Realms	Specific ecosystem actions and resources
	Cross-organisational actions	Products & Services development & Innovation / Operations and procurement policy / Marketing & Communications
	Financial planning	Alignment of financial and strategic (MI) reporting and planning

An entity's implementation strategy should serve two main purposes. First, to align its business activities with the strategic ambition as defined in the transition plan and broken-down in specific targets (and dedicated metrics). Second, in its daily business the entity should demonstrate the impact of its set actions and how they work together, providing a clear roadmap showing how the nature targets and strategic ambition will be reached through collective efforts.

The implementation strategy stems from the entity's DIRO analysis, focusing on aligning the business action plan in areas where priority measures are needed and where action will have the greatest impact. Linked to this, as an entity progresses towards its primary targets and related goals, it should steadily address less material priorities related to nature, ensuring all impacts are covered with dedicated implementation actions.

Moreover, this section also covers actions at the business model level (e.g. product development, R&D, procurement policy), at organisation level (e.g. marketing & communication) and the dedicated financial planning to make these wider transformations credible.

The components of the implementation strategy should be interlinked and combined with the engagement strategy to show a pathway to deliver the strategic priorities and associated targets. For financial institutions this section is also applicable, directly impacting their action plan but also as relevant insights for their engagement strategy with real-economy entity.

ACTION PER REALM

The first type of action to identify at the entity level includes those that directly address the targets outlined in the nature transition plan. Prioritization of location is crucial and nature-related targets should be tailored to specific sites that are most affected by the entity's activities throughout the value chain. By focusing on these critical areas, entities can develop targeted actions that effectively meet their objectives and establish mechanisms to support the restoration of ecological integrity where it is needed most. This realm-based approach ensures that efforts are both relevant and impactful, ultimately enhancing the effectiveness of environmental initiatives.

BOX 11

ILLUSTRATIVE EXAMPLE. IMPLEMENTING BASIN RESTORATION AND PROTECTION INITIATIVES

To meet their freshwater targets, an entity could implement a basin restoration program in regions where its operations significantly impact water resources. This might involve the following:

- **Reducing water withdrawals:** Establish a water-saving initiative to minimize withdrawals in stressed basins, such as investing in advanced filtration and recycling systems to reduce overall consumption.
- **Restoring riparian zones:** Work with local communities and environmental organisations to restore riparian zones by planting native vegetation. These zones act as natural buffers, improving water quality by filtering pollutants, reducing runoff, and stabilizing soil along riverbanks.
- **Supporting sustainable agriculture practices:** Collaborate with local farmers within the watershed to promote sustainable practices that reduce fertilizer and pesticide runoff into rivers and lakes, thus maintaining water quality and reducing nutrient loading.
- **Monitoring and Reporting:** Set up regular water quality and quantity monitoring stations to measure changes in water health metrics over time. This helps the entity assess its impact on freshwater resources and make data-driven adjustments to practices.

By combining these actions, an entity can help restore local basins, maintain ecosystem integrity, and meet science-based freshwater targets.

Recommendations

In this report, we propose to follow the sequence promoted within the SBTN methodology which provides entities with actionable strategies under the **AR3T framework**[92]. This framework consists of five main types of action: Avoid, Reduce, Regenerate, Restore, and Transform. Each type aims to address environmental impacts in unique ways:

- **Avoid:** Prevent impacts from occurring by eliminating harmful actions entirely.
- **Reduce:** Minimize the extent of impacts without fully eliminating them.
- **Regenerate:** Enhance ecological functions within current land use, such as through agroecological practices that boosts ecosystem productivity.
- **Restore:** Facilitate ecosystem recovery to a healthy and sustainable state, often involving active intervention.
- **Transform:** Drive systemic change beyond the entity's immediate operations, aiming for wide-reaching impacts by shifting cultural, economic, and policy frameworks that contribute to environmental degradation.

These actions are not strictly hierarchical but rather interdependent, with "Transform" acting as an overarching goal to foster long-term environmental resilience and influence entity, policy, and social systems.

Figure 7. The AR3T framework (Science-Based Targets Network)

While these different types of actions may not adhere to a strict hierarchy, it is essential to prioritize efforts focused on avoiding and reducing impacts (see priorisation sub-element section). The credibility of the transition plan hinges on the ambition behind these actions, as they are the first steps necessary for addressing the root causes of environmental degradation. By emphasizing avoidance and reduction, we lay a solid foundation for more effective and sustainable outcomes in our overall environmental nature transition plan, ensuring that we tackle the issues at their source and create meaningful change.

BOX 12

WHY DOESN'T THE 'OFFSETTING' OPTION APPEAR IN THIS SEQUENCE?

Ecological offsetting, which is sometimes included further down the mitigation hierarchy[93], is incompatible with the implementation of nature transition plans.

Ecological offsetting is sometimes proposed as an instrument to produce positive impacts on biodiversity, in compensation for negative impacts. This is based on the idea that the loss of biodiversity can be recovered through some gains. However, this is inconsistent with ecological science and ecological economics (nature values are not replaceable or substitutable) and observed to come with high uncertainty and little success.

When included in public policies and regulations for economic development, offsetting mechanisms may be used to grant derogative authorisations to damage nature. However, at the scale of an entity developing and implementing a nature transition plan - and of any private organisation - the inclusion of ecological offsetting within biodiversity strategy can never be legitimate nor efficient. Resorting to ecological offsetting as a means to reduce or repair negative impacts on nature would only be done for greenwashing purposes.

If the entity has nevertheless defined offset units within its transition plan, it must refer to the criteria predefined within the ESRS E4 (see. Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems: Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems)

92 https://sciencebasedtargetsnetwork.org/companies/take-action/act/
93 https://www.ecologybydesign.co.uk/ecology-resources/biodiversity-mitigation-hierarchy

The realm-specific actions require keeping three key elements in mind when this approach is implemented:

THE IMPORTANCE OF PREVENTION: HOW AVOIDANCE AND REDUCTION ENHANCE RESTORATION AND REGENERATION EFFORTS

An approach that emphasizes avoidance and reduction is essential for addressing the root causes of environmental degradation. By prioritizing actions that prevent harm, such as implementing sustainable land-use practices, reducing emissions, and minimizing resource extraction, we can safeguard ecosystems from initial damage. This strategy not only preserves existing habitats but also supports the natural processes essential for biodiversity and ecosystem services. Additionally, reducing current impacts like pollution and habitat destruction creates a more favorable environment for future restoration and regeneration efforts. Limiting further degradation increases the likelihood of successful recovery, as healthier ecosystems are better equipped to bounce back from disturbances. This method ensures that restoration initiatives build upon a foundation of resilience, promoting long-term ecological stability. Ultimately, addressing root causes through avoidance and reduction leads to more effective and sustainable restoration efforts, enhancing overall ecological integrity.

THE NEED FOR INTEGRATING APPROACHES

Addressing nature and diverse ecosystems in silos is ineffective because ecosystems are interconnected, meaning actions in one area can have significant repercussions in others.

- **Interconnectedness of ecosystems:** Ecosystems are inherently interconnected. Actions taken in one area (e.g., agriculture) can have cascading effects on other realms, such as freshwater systems, land, and marine environments. For instance, agricultural runoff can pollute rivers, affecting freshwater biodiversity and, ultimately, coastal ecosystems. Treating these systems in isolation ignores these vital linkages.
- **Holistic solutions:** Many environmental challenges require comprehensive solutions that consider multiple dimensions. For example, implementing a land restoration initiative without addressing water management may fail if the land remains unsustainable due to water scarcity. The AR3T framework encourages integrated strategies that address various environmental impacts simultaneously.
- **Enhanced effectiveness and resilience:** By adopting a holistic approach, organizations can identify synergies between different actions. For instance, combining land restoration with water conservation initiatives can lead to improved ecosystem health and greater resilience against climate change. This interconnected approach maximizes the benefits and minimizes the risks associated with environmental interventions.

THE NEED FOR CONTEXT-SPECIFIC ACTION PLANS ACROSS DIVERSE REALMS

The actions implemented in one region, such as Europe, may differ significantly from those required in another, like the Amazon. While both areas fall under the same terrestrial realm, the unique ecological, social, and economic contexts dictate that tailored action plans are essential. Customizing nature transition plan to local conditions allows for more effective responses to specific environmental challenges

These elements have enabled us to create several thematic briefs to assist entities in developing action plans for the following realms: **terrestrial** (including land, agroecosystems, and forests), **freshwater**, and **ocean**. By providing tailored suggestions for each realm, we aim to empower entities to implement effective and sustainable actions that address their specific environmental challenges. These briefs serve as essential tools for aligning initiatives with best practices, fostering collaboration, and ultimately promoting the health of ecosystems across various landscapes.

These thematic briefs are by no means exhaustive and should serve as a starting point for delving into specific topics. Each brief is structured into several sections to facilitate comprehensive understanding and action:

1. A narrative that outlines the essential aspects of the subject;
2. The types of targets that can be associated with this realm;
3. A selection of relevant actions that could be effectively implemented;
4. Resources for further exploration on the realm issues; and
5. Tools specifically designed for this realm.
6. This structured approach ensures that entities have the necessary information and resources to deepen their engagement with each topic, enabling them to craft tailored strategies that drive meaningful impact.

ACTION PER REALM

click to see the dedicated 'Action per Realm' factsheets prepared by WWF experts

LAND

OCEAN

FRESHWATER

FOREST

CROSS-ORGANISATIONAL ACTIONS

A nature transition plan involves coordinating efforts across various departments and entity levels to promote sustainability, biodiversity, and business environmental responsibility. Some entity's division plays a pivotal role in shaping the organisation's environmental footprint and can drive meaningful change when aligned with the nature goals and dedicated targets.

These cross-impact areas like procurement, product development (including R&D) and marketing & communication are key in achieving a credible and complete nature transition plan.

PRODUCTS & SERVICES DEVELOPMENT & INNOVATION

As mentioned in the sub-section 'effect on business model', the double materiality assessment could have a strong impact on the entity portfolio of products and services. The DIRO analysis will enable the entity to better understand whether efficiency improvements are feasible in its production process or whether, more generally, its production of goods and services requires a steady degrowth in production, or a shift in its product offering to achieve its strategic priorities.

Moreover, an entity should develop in parallel a better understanding of the markets' demands and expectations for sustainable products and services, which will impact the pace of product/service transformation offering. An entity should also develop its R&D and innovation structure, integrating nature and climate issues as key components of the products and services development.

BOX 13

SECTORAL PUBLICATIONS ON TRANSITION SOLUTIONS

SECTOR	SOURCE
Agriculture & Food	Business for Nature, Agri-food: priority actions towards a nature-positive future TNFD, sector guidance Food and agriculture (e.g. table 9) and Beverages (e.g. table 6) TNFD, sector guidance Fishing (e.g. table 11) and Aquaculture (e.g table 16)
Care products	Business for Nature, Household and personal care products: Priority actions towards a nature-positive future UEBT, Sector transitions to Nature Positive: deep dive on beauty and biodiversity
Chemicals	Business for Nature, Chemicals: Priority actions towards a nature-positive future ChemScore: Ranking on chemical footprint WBCSD: Towards planet positive chemicals TNFD, sector guidance Chemicals (e.g. table 11)
Energy	Business for Nature, Energy: Priority actions towards a nature-positive future TNFD, Electric utilities and power generators (e.g. table 10 & 11)
Fashion & Apparel	Business for Nature, Fashion & Apparel TNFD, Draft sector guidance – Apparel, accessories and footwear (e.g. table 12)
Forestry	Business for Nature, Forest products: Priority actions towards a nature-positive future TNFD, Draft sector guidance – Forestry and paper (e.g. table 10)
Infrastructure, Buildings & Real estate	Urban Land Institute, Nature positive and net zero: The ecology of real estate Business for Nature, Built environment: Priority actions towards a nature-positive future Business for Nature, Cement and concrete: Priority actions towards a nature-positive future IWA, Green infrastructure for water-wise cities TNFD, Draft sector guidance – Construction materials (e.g. table 12) and Engineering (e.g. table 11)
Travel & Tourism	Business for Nature, Travel & Tourism: Priority actions towards a nature-positive future
Waste management	Business for Nature, Waste management: Priority actions towards a nature-positive future
Water management	Business for Nature, Water utilities and services: Priority actions towards a nature-positive future IWA, Nature-based solutions for water utilities and regulators IWA, Nature-based solutions for wastewater treatment
Metals & Mining	TNFD, Draft sector guidance – Metals & Mining (e.g. table 19 & 20)

Recommendations

Practically, the entity should consider:

- **Conducting life cycle analyses** (LCA) on the main products and services that have been found impactful in the DIRO analysis. The LCA can be used to identify which aspects of the products and services development, sourcing, production, marketing, packaging and distribution should be made more efficient. Such an analysis should also consider potential trade-offs between climate and nature, to ensure that the increased efficiency in the use of natural resources does not hinder climate objectives (and vice versa).
- **Integrating circular economy principles[94] in the design of existing and new products/services.** Practically, this requires maximising the efficiency of natural resources and waste (e.g., by optimising the potential of a site and the use of water, waste, energy, etc.) and involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. This may be done by building on verified standards, certification systems linked to those principles (bioeconomy, the circular economy, the regenerative economy).
- **Ensuring that the efficiency gains do not lead to** (1) **increased consumption** in other areas of the products' and services' development, sourcing, production, marketing, packaging and distribution, **or** (2) **to increased production**. This could indeed nullify the improvements of the entity.

An organisation should manage any changes in its activities that result from its transition plan to ensure that nature in those locations is not left in a worse state. Failing to do so would not be consistent with contributing to halting and reversing nature loss. This may include a planned transition period, during which an organisation phases out its engagement with the location. During this period, the organization should work closely with local stakeholders to ensure that any remaining environmental impacts are addressed and that the local community is supported through the transition.

Moreover, entity needs also to consider how these changes would impact its workforce as with the aim of maintaining or enhancing the organisation's social viability aligning with the just transition frameworks[95].

OPERATIONS AND PROCUREMENT POLICY

Procurement policies should increasingly focus on entity's transition plan to go beyond those of traditional cost-centric models, by integrating climate and nature considerations. This is instrumental to improve the entity's supply chain impact on nature and climate in conjunction. To this end, entities may build on tools developed for public procurement entities[96] or tools developed for procurement policies sensitive to climate objectives.

Recommendations

Entities should then consider:

- **Integrating nature-related criteria and KPIs into existing climate-oriented procurement practices**, such as the sustainable procurement pathway developed by CDP[97]. Building on such frameworks will help to cover all aspects of procurement that may accommodate sustainability considerations.
- **Integrating nature considerations into procurement contracts by setting safeguards for nature.** This approach may be a first entry point before moving towards a procurement policy that reduces negative impacts on nature. It consists in reviewing clauses in procurement contracts that incur a risk for nature, to amend the clauses and/or add additional conditions that will safeguard the integrity of nature. For instance, clauses related to financial efficiency or to decarbonization may lead to negative side-effects, with suppliers making trade-offs with negative impacts on nature to minimize costs or decarbonize in the short term. In that case, entities should develop safeguard clauses that prevent significant trade-offs with the integrity of nature.
- **Integrating nature-related criteria into the procurement calls**. The box 14 below provides some examples of guidance sources for selected sectors. It also includes examples of standards that may be used to select suppliers.

94 https://www.ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview
95 https://www.lse.ac.uk/granthaminstitute/publication/moving-from-pledges-to-implementation-a-guide-for-corporate-just-transition-action/
96 See for instance the Green Public Procurement Criteria developed by the European Commission for numerous sectors
97 Described in CDP (2023). Scoping Out: Tracking Nature Across the Supply Chain

BOX 14

SECTORAL EXAMPLES FOR PROCUREMENT POLICY

SECTOR	GUIDANCE SOURCES
Construction	IISD, Handbook for implementing sustainable public procurement in Latin America and the Caribbean
Transportation	The Nature Conservancy, Example Request For Proposal for Rivian Power
Facility management services	European Commission, Making socially responsible public procurement work (case study 26)
ICT	ICLEI, How to procure fair ICT hardware
Textiles	Textile Exchange, "Leading"-rated companies in the Material Change Index
Plastic	Plastic Finder, Certified Circular Plastic
Natural climate solutions	WBCSD, A buyer's guide to natural climate solutions carbon credits

- **Support the development and use of innovative sourcing-location process**, such as scientific testing methods[98], that reinforce traceability systems and combat fraud such as tracking of transactions (i.e. recording all transactions along supply chains[99]).
- **Ensuring that nature is integrated throughout all the steps of procurement process** (from assessment to decision), such that it is addressed with equal care as other issues. Nature should notably be integrated:
  - In the governance policies supporting sustainable procurement. This may be done by providing training to procurement teams on trade-offs, complementarities between climate objectives, nature objectives and financial objectives. Entity should also increase workshops between chief procurement officers, procurement managers and nature experts to co-define procurement policy as well as future improvement areas.
  - In the monitoring practices, to track the actual impact and improvement of procurement practices. This may be done by using comparable data bases and selection criteria across operations and monitoring cycles to ensure the comparability of results. This may also be done by implementing performance-based procurement[100] to ensure the effective improvement of the supply chain's impact on nature.
  - While improving the procurement policy could lead to a switch in suppliers, entity should manage the transition responsibly to avoid passing on environmental and social impacts to entities with lower standards. Having structured value chain engagement policy including supporting actions (to), collaboration with peers and enabling transition period with those suppliers can be a way to minimise these risks.

MARKETING & COMMUNICATIONS

Marketing and communications represent both an opportunity for the entity to advertise its efforts towards nature integrity and reach more customers and a reduce the strong risk of greenwashing. It is thus important that entities address marketing and communications as part of their TP to reduce the risks and harness the opportunities.

98 MDPI studies on advanced analysis methods for food safety, authenticity and traceability assessment: https://www.mdpi.com/journal/foods/special_issues/Analysis_Food_Safety_Authenticity_Traceability
99 https://webisoft.com/articles/blockchain-for-supply-chain/
100 An overview of the steps needed to implement sustainable performance-based procurement can be found in IISD (n.d.). Implementing sustainable performance-based procurement

Recommendations

The following options are a good place to start:

- **Review public claims about nature and verify that they align with recognized standards**, such as the global principles on sustainability claims[101] developed by the World Federation of Advertisers or the Green Claims Code checklist[102] developed by the UK Competition & Markets Authority. Environmental claims entail wording related to nature and sustainability (e.g., "nature-friendly", "green") but also visual elements that lay suggest to stakeholders and consumers that the entity is sensitive to nature risks and impacts (e.g., pictures of animals, natural landscapes, green and clue colours).
- **Tailor marketing and communications to national perceptions of sustainability.** The global EcoPulse[103] survey provides examples of the differing perceptions of sustainable behaviours across continents and countries. For instance, countries that show collectivist traits tend to be more concerned about visible damages to nature and water shortages than countries that show individualistic traits - which rather tend to be concerned about inflation. This gap calls for differentiated communications across countries where the entity is active, e.g. by advertising for the benefits of nature actions to support the national cultural preferences.
- **Steer clear of greenhushing.** Greenhushing consists in entities' practicing self-censorship on sustainability targets and actions, typically to avoid backlash from imperfect actions and accusations of greenwashing. However, embracing imperfect actions by showing honest attempts to gradually improve may help garner public trust and open to more creative and ambitious initiatives.
- **Connect nature-related communications to local, traditional, and relatable narratives.** Sustainability appeals more to customers and individual stakeholders when it reflects their realities and interests. Linking the entity's nature-related actions to values, places, landscapes and animals that echo personal experiences, and national culture tends to drive sustainable behaviours more effectively than explicit or broad references to sustainability.

FINANCIAL PLANNING

A transition plan needs to be linked to a structured, time-bound financial plan for it to have tangible impact. An entity should develop a combination of financial and non-financial elements that will be the core of its business plan transition. These elements will cover some of the points structured in the guidance for climate transition plans with additional elements to tackle the specificities in nature issues (and existing challenges or maturity of some of the topics).

Recommendations

Entities that disclose their transition plans should consider financial planning as one of the safeguards against greenwashing. Financial figures such as levels of Capex (broken down at a fine level with qualitative rational associated), OPEX/R&D budget (in relation to specific targets or impact reduction levers) or revenue (linked to a green taxonomy[104]) directed towards transition efforts can provide a "proof of means" against which to compare the ambition of a given entity. It also intends to explain to external stakeholders how its transition affects its business model in financial terms.

As part of this, an entity should include:

- **Capex:** Determine Capex actual spendings and budget for the reporting periods aligned with low carbon and activities aligned with GBF-trajectory[105], broken down, if possible, per ecosystem and local level, with associated qualitative rationales, and related directly to the impact reduction levers and/or to specific sustainability target described in the entity's transition plan. Capex should also be disclosed in relation to a green taxonomy or relevant science-based evidence.

101 WFA (2022). Global Guidance on Environmental Claims
102 UK Competition & Market Authority (2021) The Green Claims Code checklist - GOV.UK (www.gov.uk)
103 ERM Shelton (2023). Cultures, Countries & Your Sustainability Story
104 WWF has developed with other organisations an Independent Science-Based Taxonomy https://science-based-taxo.org/green-taxonomy/
105 By activities aligned with GBF-trajectory, we mean that an entity directly or indirectly contribute to the GBF's goals and targets, which can include for example activities that minimize or avoid negative impacts on biodiversity and ecosystems (), support the restoration and sustainable management of ecosystems, promote the equitable sharing of benefits derived from genetic resources, and encourage the integration of biodiversity considerations into decision-making processes across sectors and society.

    - Entity should be clear on how it will gradually improve the entity's Capex in 2030 with low carbon and activities aligned with GBF-trajectory while respecting the Do No Significant Harm principle of regional Taxonomies.
- **OPEX/R&D budget:** Determine OPEX and R&D actual spendings and budget for the reporting periods aligned with low carbon and activities aligned with GBF-trajectory, broken down, if possible, per ecosystem and local level, with associated qualitative rationales, and related directly to the impact reduction levers and/or to specific sustainability target described in the entity's transition plan. Opex and R&D budget should also be disclosed in relation to a green or science-based taxonomy.
    - Entity should be transparent on how it will gradually improve the entity's Opex & R&D budget in 2030, with low carbon and activities aligned with GBF-trajectory while respecting the Do No Significant Harm principle of regional Taxonomies.
- **Revenue:** Define revenue of the reporting year aligned with low carbon and activities aligned with GBF-trajectory, if possible, per ecosystem and local level, with associated qualitative rationales, and/or to specific sustainability target described in the entity's transition plan. Revenue should also be disclosed in relation to a green taxonomy.
    - Entity should be transparent on how it will gradually improve the entity's revenue in 2030 with low carbon and activities aligned with GBF-trajectory while respecting the Do No Significant Harm principle of regional Taxonomies.
- **Financial resources:** Evaluate the financial resources required to deliver both current and planned activities as set out in the transition plan, the entity should categorise its financial resources by economic activity and strategic priority.
- **Resourcing plans:** Determine how the entity is meeting or plans to meet these resourcing requirements, categorized by economic activity and strategic priority.
- **Nature target:** Disclose how to align its financial planning to achieve the implementation of its different set nature targets and their related actions.
- **Economic impact analysis:** Disclose the entity combine financial planning with DIRO analysis to understand the economic impact of its business strategy, including commodities purchase and intermediate/final goods procurement.
- **Impact on financial position:** Define how the implementation of the transition plan is projected to affect the entity's financial position over the short, medium, and long term. This includes the entity's investment and disposal plans, such as capital expenditures, major acquisitions, divestments, joint ventures, business transformations, innovation, new business areas, R&D investments for climate solutions, and asset retirements.

On revenue alignment (as well as CAPEX/OPEX) with activities aligned with GBF-trajectory or "taxonomy nature alignment", there are some existing challenges with either nature-based solutions maturity as well as how to demonstrate investment in corporate activities reducing nature impacts or having positive impact on nature. In addition, nature taxonomies are still nascent, and criteria may not always be science-based.

Link to this, WWF calls for collaboration between industry, peers and scientific experts on doing comprehensive science-based sectorial assessment to determine those aligned activities.

In addition, this analysis can also be provided using the **mitigation hierarchy** or the **AR3T framework** (See Action per Realm sub-element section), with for example an entity analysing its implementation action aligns with a percentage of compatibility in relation with avoidance actions (x%), reduction actions (x%) and so on (except with offsetting as mentioned in Box12). This level of information not only gives an idea of the level of effort made by the entity, can foster transparency by providing precise and credible anchor points for entity financing but also enables a financial institution to monitor the level of ambition and action in its portfolio.

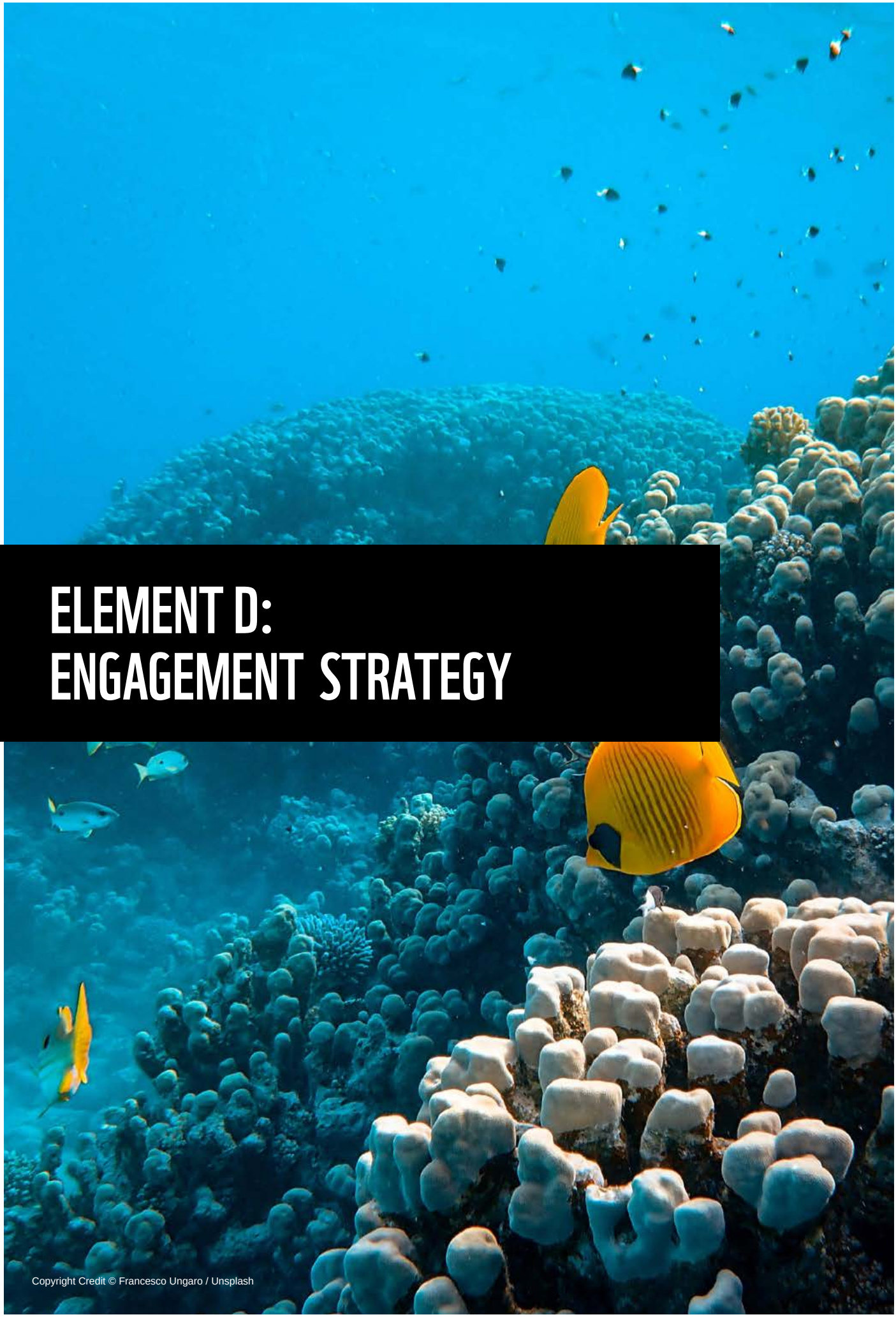
TOOLS AND ADDITIONAL RESOURCES

IMPLEMENTATION STRATEGY
See the relevant tools for this element

LINKS WITH ESRS AND OTHER FRAMEWORKS

NTP	CSRD & ESRS	TNFD	GFANZ	SBTN	B4N
Specific ecosystem actions and resources	E2: E2-2 – Actions and resources related to pollution E3: E3-2 – Actions and resources related to water and marine resources E4: E4-3 – Actions and resources related to biodiversity and ecosystems	TNFD Guidance on biomes TNFD discussion paper on nature transition plan: Implementation strategy section Part 1: Activities and decision-making Part 2: Transition plan delivery metrics and targets	Nature in Net-zero Transition Plans Theme: Implementation Strategy Components: Activities and decision-making	**STEP 4 'ACT'** (TBD. 2025) Response Options Database	Transform (1) Avoid and reduce Restore and regenerate
Products & Services development & Innovation (R&D, product efficiency ...) / Operations and procurement policy / Marketing & Communications	ESRS 2: MDR-A – Actions and resources in relation to material sustainability matters E1: E1-3 – Actions and resources in relation to climate change policies E2: E2-2 – Actions and resources related to pollution E3: E3-2 – Actions and resources related to water and marine resources E4: E4-3 – Actions and resources related to biodiversity and ecosystems E5: E5-2 – Actions and resources related to resource use and circular economy	Strategy (B) Business model, value chain and strategy TNFD discussion paper on nature transition plan: Implementation strategy section Part 2: Policies and conditions Part 3: Products and services	Nature in Net-zero Transition Plans Theme: Implementation Strategy Components: Products and Services & Components: Policies and Conditions	**STEP 4 'ACT'** (TBD. 2025)	Transform (2) Avoid and reduce Restore and regenerate
Ensuring internal financial and strategic business reporting and planning	ESRS 2: MDR-A – Actions and resources in relation to material sustainability matters ESRS 2: SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Strategy (B) Business model, value chain and strategy Strategy (B) Financial position and performance TNFD discussion paper on nature transition plan: Implementation strategy section Part 2: Policies and conditions	Nature in Net-zero Transition Plans Theme: Implementation Strategy Components: Activities and decision-making	**STEP 4 'ACT'** (TBD. 2025)	Transform (2) Avoid and reduce Restore and regenerate

ELEMENT D: ENGAGEMENT STRATEGY



Detailed view of the 'Engagement Strategy' chapter

ELEMENT	SUB-ELEMENT	RELATED ITEMS
ENGAGEMENT STRATEGY	Stakeholders & other involved parties	Engagement with the Value chain
		Engagement with Indigenous Peoples, and local communities and other stakeholders
		Land-/seascape approaches and collaborative engagement
	Policy Engagement	Engagement with public authorities and regulators/supervisors

No entity can achieve ambitious objectives, without the support and collaboration of stakeholders.

A credible nature transition plan should therefore have a robust engagement strategy in place, that covers engagement with IPLCs, the value chain, the civil society, public authorities and regulators. Such strategies define the scope of and objectives of engagement, lay down the procedures of effective engagement and any concrete commitments, joint actions or non-interference guarantees. Additionally, entities should engage in pre-competitive collective approaches including land-/seascape and jurisdictional approaches to maximise the positive impact of action at scale.

Engagement strategy also encompasses **an entity's engagement with public authorities and regulators to collaborate on and influence policy making**. Such engagement is crucial to promote the development of public policies and regulatory instruments that assist entities in developing and implementing credible nature transition plans.

ENGAGEMENT WITH STAKEHOLDERS AND OTHER INVOLVED PARTIES

Effective engagement involves bringing key stakeholders together early in the development of the nature transition plan, to incorporate their perspectives, identify opportunities for synergies, collective actions and expertise while increasing their support for/adhesion to transitioning.

Based initially on the Foundations element, entities should recognize their material issues and priority locations. They should define the levers they want to use to inform, collaborate with, and influence their stakeholders, while acknowledging any uncertainties.

This should open a dialogue and be an iterative process with the participants that will support the identification of material topics and focus engagements to achieve common and ambitious solutions.

Effective engagement involves the creation of a comprehensive and transparent strategy, outlining the approach, including messaging, channels, levers and tactics. Entities should also measure and publicly disclose the outcomes of their engagement (successes, failures, challenges, etc.). It is important for entities to remain transparent about their stakeholders' activities defining clear governance and a code of conduct link to those engagement actions[106].

The section below provides recommendation for different stakeholders that entity should be engaging with, and for the development of specific engagement plans with these key stakeholders.

ENGAGEMENT WITH THE VALUE CHAIN

Engaging with an entity's value chain (i.e. its upstream and downstream activities) plays an important role in avoiding and reducing its negative impacts on nature, mitigating its nature-related risks while influencing a more systemic economic transition change.

Value chain and portfolio engagement (in the case of FIs) also play an important role in an entity's data gathering and its actions to improve the quality of its environmental data.

106 Taken into account the stakeholder diversity and differences, goals, internal organization, imperfect information and so on

Recommendations

An entity's engagement strategy regarding its value chain should aim to integrate the whole entity's upstream and downstream activities[107]. The entity's value chain engagement strategy should consist of:

- A plan to engage with its value chain both upstream and downstream which is linked to the results of its DIRO analysis and its strategic ambition. To support this, an entity should:
  - Prioritize suppliers, for example, through conducting a supply chain mapping exercise and assessing suppliers based on their environmental impact and risks, as well as their importance to the entity's business.
  - Develop a scoring or ranking system which can help the entity identify which suppliers to prioritise and tailor its engagement strategies accordingly.
  - Establish or reinforce a code of conduct or supplier policy outlining the entity's expectations and requirements regarding nature (conservation and sustainable use).
- The entity should define and disclose its current and planned engagement actions to influence its value chain. These may include (but are not limited to) utilising levers such as education/information sharing, incentivisation, contractual instruments, collaboration and marketing. Some examples of engagement actions include:
  - Conducting a remote assessment using questionnaires, on-site/virtual audits, or third-party verification to evaluate suppliers' environmental performance.
  - Invest in supplier capabilities, to access consultants or experts who can help them identify and implement sustainability improvements, such as guiding materials, training programs, workshops or webinars.
  - Develop mutually agreed-upon sustainability roadmaps and targets with suppliers, outlining expectations and providing a clear pathway for transformation. Develop joint efforts for strategic and high-risks suppliers to protect ecosystems.
  - Establish a green finance facility (in collaboration with financial institutions) that offers suppliers (with a focus on local and small underfinance suppliers) preferential loans and grants for implementing transformative practices and technologies that support nature objectives and the ambitions of the nature transition plan. The entity could, either directly or in cooperation with financial institutions, provide banking services and facilities to finance the transition of these suppliers in line, at for example landscape level.
  - Establish accessible and confidential channels (whistleblower hotlines) for suppliers, their employees, clients, or other stakeholders to report environmental concerns, violations, or grievances.
  - Influence client demand for particular products and/or services using tools such as marketing, choice hierarchy or information sharing.
- The entity should set out a report and define metrics and KPIs to monitor the evolution of its engagement activities (and assess its potential impacts). Some KPIs that entities could utilise include:
  - Percentage of critical or high-risk suppliers engaged
  - Percentage of suppliers with science-based targets
  - Improvement in supplier sustainability performance scores, hectares of habitat restored or enhanced through supplier collaborations per year
  - Percentage of suppliers with full traceability of their supply chain to the source.
  - Level of client awareness of the nature impacts of different products and/or services

As part of the monitoring and evaluating of the engagement strategy the entity should regularly review and update activities and priorities as the entity's nature transition progresses. Additionally, the entity should publicly disclose the details of its engagement actions including reporting against the metrics and KPIs it has defined to measure progress.

All entities do not necessarily have the same influence[108] over the different parts of their value chain, which can have an impact on their ability to implement those transformative actions. Consequently, the entity should also engage other industry members (or possibly other industries) to foster value chain and portfolio engagement and agree on tailored actions, this could include:

- Create or join an industry/NGO platform[109], working group, or forum focused on sustainability and nature transition, to share best practices and identify pre-competitive collective actions
- Establish innovation labs or incubators that focus on developing circular economy solutions, wetland restoration, and agroecological practices, to enhance ecosystem services and support supplier resilience.

107 An entity must be transparent with the scope of suppliers it covers and provide through an improvement plan, how he will gradually cover its whole value chain.
108 link for example to its size (with larger companies often have more influence over their suppliers and partners), to their industry position (dominant in their industry or occupy a critical position in the value chain), dependence and contractual relationships.
109 Example in the chemistry sector and its procurement issues: https://www.tfs-initiative.com/

ENGAGEMENT WITH INDIGENOUS PEOPLES AND LOCAL COMMUNITIES AND OTHER STAKEHOLDERS

As part of an entity taking action to realise the ambition of its nature transition plan, it should engage with local stakeholders such as local government actors, civil society and rights holders with a particular focus on Indigenous Peoples and Local Communities[110] and other groups to ensure its actions are effective and equitable.

Recommendations

The starting point of any **engagement plan** is to identify an entity's engagement counterparts. Depending on the entity's operational locations counterparts can be stakeholders in a more generic understanding (for example farmers, landowners or municipalities), and stakeholders that are in fact right holders such as Indigenous Peoples and Local Communities. Hence, the first step of an engagement plan needs to be a comprehensive mapping of who is or may be affected by an entity's operations.

Once the mapping has been completed, an entity is well-positioned to embark on the second step, which is the development of the engagement plan. This plan should include clear descriptions of the engagement objectives, the engagement procedures, the governance mechanisms and any established commitments of the entity towards the stakeholder and/or rightsholder group.

- To support building this plan, an entity may consider:
    - Putting in place processes to guide its engagement with rightsholders and stakeholders regarding their concerns and priorities. These processes should be co-constructed and reviewed beforehand by those local stakeholders and take into account (i.e. recognition, support and revitalization) the crucial role of Indigenous Peoples and Local Communities customary governance in these systems.
- As part of the equitable governance of the strategy the entity may consider:
    - Multi-actor dialogues in which there is a requirement to ensure full and effective participation, and transparency, information-sharing and accountability, in decision-making among the different rights holders.
    - Commitments to fair sharing of benefits in so far as access to biodiversity and/or genetic resources are concerned.
    - Collaboration agreements on sharing of costs or burdens of an action between and among different rights holders and stakeholders, where appropriate.

Well-functioning, accessible and independent grievance mechanisms to provide a channel for issues to be addressed to ensure the application of these procedures remains consistent the entity can define clear accountability for the engagement.

In light of the key role of **Indigenous Peoples and Local Communities** in biodiversity and nature conservation and their sustainable management and use, specific consideration needs to be given to existing guidance and policy and legal commitments at local, regional, national and international levels. Therefore, and in order for an entity to uphold any existing legal requirements, it should:

- Develop a comprehensive mapping to identify Indigenous Peoples and Local Communities that may be impacted or affected through the entity's operations[111].
- In the case where mapping has already taken place or where there is an open dialogue with Indigenous Peoples and Local Communities, mapping should be co-constructed or validated with these impacted stakeholders to have the right level of granularity and to enable participation, inclusion, and representation[112].
    - In parallel, the entity may build upon its DIRO analysis to undertake human rights due diligence[113], which involves an ongoing process of identifying, assessing and addressing any actual or potential adverse human rights impacts in their own activities or within their value chains.

In order to further establish an ongoing commitment to Indigenous Peoples and Local Communities' an entity may consider:

- Setting up procedures that ensure that the rights of Indigenous Peoples and Local Communities are respected[114], and that their traditional knowledge, associated with biodiversity and/or genetic resources, is only accessed and/or used with their Free, Prior and

110 (in line with Article 8(j) of the Convention on Biological Diversity)
111 An example with mineral resources: Owen, J.R., Kemp, D., Lechner, A.M. et al. Energy transition minerals and their intersection with land-connected peoples. Nat Sustain 6, 203–211 (2023). https://doi.org/10.1038/s41893-022-00994-6
112 From Agreements to Actions (forestpeoples.org)
113 Due diligence for responsible business conduct | OECD
114 https://www.sirgecoalition.org/fpic-guide

Informed Consent (FPIC[115]) and their full and effective participation is facilitated in establishing culturally appropriate benefit-sharing mechanisms. Some actions for this would be to:

- Support community enterprises, small-scale farming and fishing that are based on sustainable use of resources and directly benefits the small-scale producers.
- Support Indigenous Peoples and Local Communities, where appropriate, in the development of local supply-chains for biodiversity products and resources to retain more value locally and support local socio-economic development.

Finally, as part of this strategy the entity should use its influence towards national bodies to support national dialogues with Indigenous Peoples and Local Communities on the implementation of nature transition plans[116].

LAND-/SEASCAPE APPROACHES & COLLABORATIVE ENGAGEMENT

Using collaborative approaches at scale involves engaging with multiple stakeholder groups and leveraging the power of the collective (e.g. a broad coalition including business community groups, industry associations, public authorities, NGOs, local communities and indigenous groups etc.) to amplify an entity's own efforts and achieve increased impact.

An entity should participate in such collaborative action to achieve environmental, social and economic objectives at the scale of the socio-ecological land-/seascapes in which it operates (see Action per Realms sub-element section). Land-/seascape approaches are place-based approaches that involve collaborating with other stakeholders within a defined natural or social geography to take action at scale spanning multiple sectors[117]. Jurisdictional approaches are a type of land-/seascape approach where the boundaries are defined by the administrative boundaries of subnational or national governments and are implemented with a higher level of government involvement[118]. This approach seeks to reconcile competing social, economic, and environmental goals through "integrated landscape management" - a multi-stakeholder approach that builds consensus across different sectors with or without government entities.

Land-/seascape approaches have the potential to maximise the impact of individual actors through collaborative engagement, as siloed approaches may lead to rebound effects and impact leakage, which in some cases have very limited (or even counter effective) contribution to protecting nature.

CONCEPT	DEFINITION	EXAMPLES
Land/seascape	Landscape - Socio-ecological system, defined by a geographic area with common and interacting ecological and socioeconomic characteristics. A landscape may be delineated based on river basins, seascapes, ecosystems, jurisdictions, productive boundaries, or in other ways.	River basin Coastal area Natural ecosystems Jurisdiction
Land/seascape approach	Multi-stakeholder collaborative management to advance shared sustainability goals and build resilience at land/seascape scale.	Watershed initiative Ecosystem-based initiative Working landscape initiative Coastal initiative Biological corridor initiative
Jurisdictional approach	Is a type of landscape approach defined by administrative boundaries often with high level of government involvement.	Sub-national sustainability program Inter-municipal associations/compacts initiative Jurisdictional REDD+

115 https://inclusiveconservationinitiative.org/wp-content/uploads/2024/04/IPLC-Brief_English_.pdf
116 https://inclusiveconservationinitiative.org/wp-content/uploads/2024/04/IPLC-Brief_English_.pdf. Please review Policy engagement to find out more about how to engage with national governments.
117 Source: Science Based Targets Network (2024). Step 3: Measure, Set, & Disclose: Land (Version 1.0)
118 https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/009/545/original/Core_Criteria_for_Mature_Landscape_Initiatives_2024.pdf?1693473141&utm_source=linkedin&utm_medium=organicsocial&utm_campaign=LAJA&utm_term=paperorreport

Effective land-/seascape initiatives should fulfil the following criteria:

1. Should be taken at scale, the boundary of the initiative being defined by an area considered to be of ecological or socio-economy important of at least 10,000 Ha,
2. Should involve multiple stakeholder processes/platforms that participate in decision making,
3. The initiative's on the ground collaborative program should set common goals and take collective action and
4. Progress towards improving social, environmental, and economic land-/seascape level outcomes should be monitored and reported[119].

Recommendations

To properly deploy a collaborative engagement and/or land-/seascape approach an entity should:

- Actively engage in land-/seascape initiatives in relation to its DIRO analysis guided by a commitment to improve the ecological and social condition of local land/seascape. This may include:
  - Facilitating knowledge sharing and exchange through dialogue processes and coordination mechanisms among stakeholders to co-construction land/seascape initiatives[120].
  - Collaborating in developing a deeper understanding of land-/seascape issues, note trade-offs and synergies between different land/sea uses, and then work together toward an agreed and shared management objective. This can result in outputs such as:
  - Mapping of relevant land-/seascape, indicating the different forms of land/sea use and which stakeholders are active in each.
  - Coordinated actions to ensure the complementarity of activities and reduce transaction costs, leveraging individual efforts to make more effective and aligned progress towards defined environmental goals.
  - Designing of financing scheme (link integrated landscape finance system)[121] of specific activities, of partnerships, or of collective action plans to enhance the collective nature and impact of investments.
- Collaborate on cross-sectoral working groups to implement best practices or co-develop sectoral nature-based solutions especially when there are links to resource exploitation, extraction and transformation, agriculture and food processes both on land and in the ocean. See Action per Realm sub-element section (Land, Ocean, Freshwater and Forest) in the Appendix n°2.

Land-/seascape initiatives should be tailored to the locations for which state-of-nature and transition-relevant targets have been set and prioritise sensitive areas with high value chain relevance. Moreover, the stakeholder should commit to substantially increase ecological and social conditions at the landscape level in line with the selected landscape initiative objectives and material land/sea impacts[122].

POLICY ENGAGEMENT

ENGAGEMENT WITH PUBLIC AUTHORITIES AND REGULATORS/SUPERVISORS

For many entities, the successful implementation of its nature transition plan will depend upon a supportive policy landscape. Therefore, entities should engage with governmental authorities and regulators (at the start of its transition plan development) to use their influence to advocate for these accommodative policies/regulations and against policies/regulations that could hinder their nature transition.

Engaging with the public sector could encourage the development of regulations and supportive policy that assist in effectively implementing an entity's transition plan by establishing clear rules for businesses, their value chain and other stakeholders.

119 https://www.landscale.org/wp-content/uploads/2024/03/LIM_Joint-paper-1.pdf
120 Using Landscape Approaches in NBSAP's_Ver.2.pdf (unu.edu)
121 Integrated Landscape Finance Mechanisms - 1000 Landscapes for 1 Billion People
122 Technical-Guidance-2023-Step3-Land-v0.3.pdf (sciencebasedtargetsnetwork.org)

Recommendations

To support effective policy engagement an entity should:

- Conduct a thorough policy analysis to understand the existing and potential policies at local, national, and regional levels and how they can support the implementation of the entity's transition plan. This analysis should review current targets and policies and identify key regulatory and environmental issues at local, national, and regional levels that could either facilitate or impede the entity's transition.
    - Identify which key public authorities are responsible for biodiversity and environmental management issues (at different local levels) and administrating national biodiversity strategies.
    - Identify which key public authorities are responsible for national, regional and local economic development plans.
    - Understand the existing action or structure schemes in place (at different national and local level) for biodiversity conservation and restoration, economic
    - Develop local networking (on an on-going basis) with multiple levels of public authorities to provide information on its nature transition plan, and the multiple impacts it may have at local level.
- Publicly advocate for policies and regulation that could contribute to the achievement of its nature transition plan and/or the achievement of relevant international agreements (such as the GBF). This may include:
    - Promoting policies at a national and regional level that provide financial incentives for nature conservation and restoration, such as biodiversity certificats[123].
    - Advocate for national material footprint assessment[124] and definition by national government of National Biodiversity Strategies and Action Plans[125]
    - Advocate for the removal of harmful subsidies that contribute to biodiversity loss and environmental degradation.
    - Promoting policies that encourage integrated planning and management of landscapes and seascapes, balancing conservation, restoration, and sustainable use.
    - Develop public-private partnerships to include nature transition plan issues in the economic development at one or several local levels.
- Put in place a transparency and review process to ensure that all its engagement activities and advocacy positions are aligned with the ambition of its transition plan and comply with relevant laws, regulations, and ethical guidelines. This review process should be publicly disclosed and performed (with revisions if necessary) at least annually and include:
    - Details of the entity's engagement and lobbying efforts, including disclosing meetings with public authorities and the substance of discussions.
    - An action plan to disengage with industry associations, alliances, coalitions or thinktanks or any lobbying activities that do not align with its advocacy positions.

TOOLS AND ADDITIONAL RESOURCES

ENGAGEMENT STRATEGY
See the relevant tools for this element

123 https://www.wwf.fr/sites/default/files/doc-2024-10/Com_CreditsCertifCOP16_EN.pdf
124 WWF: Nature has limits:
https://media.wwf.no/assets/attachments/Nature-has-limits_How-to-reduce-Norways-material-footprint_EY-2024.pdf
125 WWF policy guidelines on national implementation of target 16 of the kunming-montreal global biodiversity framework
https://wwfint.awsassets.panda.org/downloads/policy-guidelines-on-national-implementation-of-target-16-of-the-kunming-montreal-global-biodiversity-framework.pdf

RESOURCES	DESCRIPTION	LINK
Forest people – report From Agreements to Actions	This guide is compiled to provide additional support and concrete examples, on how to meet this commitment to embed a human rights-based approach in the implementation and monitoring of the GBF at national and sub-national levels	From Agreements to Actions
The Securing Indigenous Peoples' Rights in the Green Economy (SIRGE) Coalition	The SIRGE) Coalition implements transformative solutions to secure the rights of Indigenous Peoples in the global transition to a green economy. Numerous report on Engagement and mis-practices by several industries having negative impact on nature and society	SIRGE Coalition
From Tokenism to Full and Effective Participation of Indigenous Peoples in Decision-Making to Halt and Reverse Biodiversity Loss	This briefing note outlines some key elements of full and effective participation in decision-making in the context of the Kunming-Montreal Global Biodiversity Framework (KMGBF).	Briefing note
InfluenceMap	An independent think tank producing data-driven analysis on how business and finance are impacting the climate/nature crisis	InfluenceMap
Landscale & Ja Hub	LandScale is a collaborative initiative dedicated to driving improvements at scale by making reliable information about landscape initiative maturity and sustainability widely available.	Landscale & Ja Hub
World Observatory on Subnational Government Finance and Investment	Platform that displays useful information on country and territory profiles especially on the main features of the multi-level governance framework, territorial organisation and Subnational government responsibilities/finance.	World Observatory on Subnational Government Finance and Investment
CDP's Supply chain program	Supply Chain Program helps entities engage suppliers, pinpoint risks, and identify opportunities. Companies can request key suppliers to report environmental data through CDP's questionnaire.	Supply chain - CDP
Business & Human Rights Resource Centre	Resource to help communities and NGOs get companies to address human rights concerns and provide companies an opportunity to present their response in full.	Business & Human Rights Resource Centre

LINKS WITH ESRS AND OTHER FRAMEWORKS

NTP	CSRD & ESRS	TNFD	GFANZ	SBTN	B4N
Value chain engagement	ESRS 2: SBM-1 – Strategy, business model and value chain ESRS 2: MDR-A – Actions and resources in relation to material sustainability matters	Strategy (A) 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 Strategy (B) Business model, value chain and strategy Strategy (C) Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios. Strategy (D) 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 Risk and Impact and Management (Aii) How the organisation defines the value chain(s), its scope and constituent elements; TNFD discussion paper on nature transition plan: Engagement strategy section Part 2: value chain engagement	Nature in Net-zero Transition Plans Theme: Engagement Strategy Components: Clients and portfolio companies	STEP 1 to 5 & Stakeholder Engagement Guidance	Transform (2) Collaborate, both along your value chain, and at a landscape seascape and river basin-level. Transform (3) Embed nature within your corporate governance
Engagement with Indigenous Peoples, local communities and impacted stakeholders	ESRS 2: SBM-2 – Interests and views of stakeholders E2: ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities E3: ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities E4: E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model E4: ESRS 2 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities E5: ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities S3: S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Governance (C) 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. TNFD discussion paper on nature transition plan: Engagement strategy section Part 1: Landscape, river and seascape engagement	Nature in Net-zero Transition Plans Theme: Engagement Strategy Box 8.	STEP 1 to 5 & Stakeholder Engagement Guidance	Transform (2) Collaborate, both along your value chain, and at a landscape seascape and river basin-level. Transform (3) Embed nature within your corporate governance

NTP	CSRD & ESRS	TNFD	GFANZ	SBTN	B4N
Land/seascape and collective approaches	ESRS 2: SBM-2 – Interests and views of stakeholders E2: ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities E3: ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities E4: E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model E4: ESRS 2 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities E5: ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Strategy (B) Business model, value chain and strategy TNFD discussion paper on nature transition plan: Engagement strategy section Part 1: Landscape, river and seascape engagement Part 3: Industry engagement	Nature in Net-zero Transition Plans Theme: Engagement Strategy Components: Industry	STEP 1 to 5 & Stakeholder Engagement Guidance	Transform (2) Collaborate, both along your value chain, and at a landscape seascape and river basin-level. Transform (3) Advocate for ambitious policies and initiatives
Engagement with public authorities and regulators	G1: G1-5 – Political influence and lobbying activities	Governance (C): 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; 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; TNFD discussion paper on nature transition plan: Engagement strategy section Part 4: Government, public sector and civil society engagement	Nature in Net-zero Transition Plans Theme: Engagement Strategy Components: Government & public sector	STEP 1 to 5 & Stakeholder Engagement Guidance	Transform (2) Collaborate, both along your value chain, and at a landscape seascape and river basin-level Transform (3) Advocate for ambitious policies and initiatives

ELEMENT E: GOVERNANCE

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Detailed view of the 'Governance' chapter

ELEMENT	SUB-ELEMENT	RELATED ITEMS
GOVERNANCE	Board-level oversight	Roles and responsibilities (accountability)
	Executive management	Roles and responsibilities (accountability)
	Other management and supporting level	Roles and responsibilities (accountability)
	Incentives and remuneration	Integration of nature TP KPI into remuneration schemes of an entity
	Competencies and expertise	Activities to foster the entity's expertise on nature issues (in the different team and at entity level, using external experts...)
	Data organisation and structuration	Data organisation and structuration

A credible nature transition plan should be supported by robust governance arrangements to ensure the plan's comprehensive approval, implementation, monitoring and management. In some cases, entities may be able to integrate and leverage existing governance arrangements already developed for existing transition plans and Corporate Social Responsibility (CSR) strategies.

Credible nature transition plan governance broadly consists of board-level oversight, executive and senior management roles and responsibilities, incentives and remuneration and competencies.

BOARD-LEVEL OVERSIGHT
ROLES AND RESPONSIBILITIES (ACCOUNTABILITY)

The board of Directors act as the strategic oversight body of an entity and should be responsible for overseeing the development and implementation of the nature transition plan and ensuring that it aligns with the entity's overall plan and business objectives. It is crucial that an entity makes efforts to thoroughly engage the board throughout the development and implementation of its transition plan.

The board should therefore have the following roles in the various stages of the transition plan development and implementation:

- **Review:** This may include reviewing the overall business strategy, plans of action, risk management policies, annual budgets and business plans to align them with the strategic ambition of the nature transition plan;
- **Oversee and approve:** This may include overseeing and approving major capital expenditures, acquisitions and divestments to provide resources for the executive management to implement the nature transition plan;
- **Monitor:** This may include organizing a monitoring structure to follow progress against goals and targets to address areas identified in the DIRO analysis and strategic ambition of the plan;
- **Accountability:** This may include providing transparency to shareholders regarding the evaluation and/or approval of the nature transition plan, as well as implementing a stakeholder/shareholder feedback mechanism for entities where plan approval is subject to a vote, for example, at an Annual General Meeting[126].

Recommendations

To establish robust governance of a nature transition plan, entities may find the following actions useful to ensure the board can effectively oversee the plan[127]:

- Establish lines of communication and interaction with internal or external experts (dedicated session with transition experts, overview of TP committees) to provide insights, and analyse transition-related activities.

126 See Say on Climate-Campaign: Say on Climate

127 The board should be aware of the sub-elemental considerations of robust governance; board-level oversight, senior management and management processes, competencies & expertise, incentives & remuneration and review & control mechanism. Awareness of these sub-elements and what practical functions they entail will provide the foundation for the board and senior management to approve, implement, monitor, and manage the nature transition plan.

- Develop and continually increase board-level competencies on nature/climate and transition-related topics. This includes an understanding of the interlinkages of climate and nature and their potential impacts on the entity. The expertise within the board should increase over time, with the aim over the next five years, to have board members which have strong competencies in nature and/or climate-related topics (i.e. academics expertise, or relevant working experience leading ESG strategy, etc.).
- Ensure that competent and expert board members are adequately informed and engaged in relevant areas of transition planning that reflect their area of knowledge.

To enable effective decision-making and ownership, it is recommended to adapt the board's organisation as follows:

- Establish a dedicated committee for the transition plan or ideally integrate the topic in an already existing CSR/non-financial committee(s). This committee or committee members can assist the board or other oversight body in considering nature aspects in strategic decision-making. It should be led by a board member (by appointing a "Nature Representative" on the board[128]) and include representatives from the different departments of an entity. The committee will be responsible for reporting implementation progress to the board.
- Ensure that the nature transition plan is a scheduled agenda item at board meetings and audit committees, particularly during the development of a transition plan, where active decision-making is foreseen.

Moreover, boards together with their Executive Management team should inform and develop shareholders engagement on the structure and definition of the nature transition plan. The following actions should be taken:

- Present the DIRO analysis to shareholders to raise awareness on the importance of taking into account the double materiality issues for the sustainability of the business model. Globally, sustained engagement with shareholders (and hence informing bondholders and banks) on the entity's transition plan is a key role of the board(s) or other strategic oversight body-level.
- Provide insights and transparency (i.e. completeness and credibility) on the entity's nature transition plan development, each year at the Annual General Meeting, with the idea to put this transition plan to a vote at these general meetings.

EXECUTIVE MANAGEMENT
ROLES AND RESPONSIBILITIES (ACCOUNTABILITY)

The executive management is responsible for leading the development and implementation of the nature transition plan across the entity's operations, strategy, and decision-making processes.

The executive management is key to implement an entity's strategic ambition, especially to ensure these ambitions are being considered in the strategic decision process. Ensuring a credible nature transition plan also facilitates the executives' role of strategic leadership and guiding the entity and its employees towards achieving its set ambitions. The main role and responsibilities of the executive management are to:

- Ensure that each business function, division and business line is appropriately, managed, and oriented toward achieving the targets and strategic ambition of a nature transition plan. This may include:
  - Setting business function, division of business line targets in line with the strategic ambition of the nature transition plan over short, medium and long-term time horizons,
  - Defining control frameworks and metrics to monitor progress and to identify challenges and barriers at the strategic and operational levels.
  - Engaging across functions internally, distributing ownership of the transition across the entity.

In addition to leading and managing the implementation of the nature transition plan, the executive management team should also be responsible for continually reporting to the board the progress towards the business transition. Establish an approach for a reporting framework which enables regular (annual) updates and progress reports to the board on the nature transition plan and any material developments related to nature-related impact, dependencies, risks and opportunities. This should include a sound monitoring and reporting on progress against these targets.

Through enacting these changes and developing a plan that embeds the executive management as a key transition plan implementer, an entity's nature transition plan will be rigorously overseen and managed.

128 https://www.unepfi.org/wordpress/wp-content/uploads/2024/10/Nature-in-the-boardroom-3.pdf

Recommendations

To establish the executive management team as responsible for the implementation of the nature transition plan the executive management team can take various actions to achieve this, which may include:

- Dedicating sufficient resources in terms of time, budget and human resources to the development of the nature transition plan. This may include overseeing a DIRO analysis as well as the prioritisation exercises[129]. This can support the overall strategic planning for the entity, as well as the setting of appropriate nature and operational targets and related metrics to track progress and report back to the board.
- In light of setting targets the executive management team can develop the operationally specific plans for achieving these that covers holistic planning of time, budget and human resources. The executive management team may consider developing plans for the following activities:
    - Developing an engagement strategy for internal stakeholders. This can be used to establish a common understanding and culture of the nature transition for the entity. A transparent communication of ongoing process, relevant to the nature transition plan, as well as illustrating related roles could increase the intake of internal stakeholders, like employees, and support the sense of ownership within the entity.
    - Developing an engagement strategy for external stakeholders[130]. This can substantiate the entity's license-to-operate, especially due to a transparent demonstration of commitment and accountability.
    - Developing a plan supporting skills development by assessing the potential lack of needed skills. This gap could be addressed by hiring additional people or providing training opportunities to the current staff.
- Following any strategic planning, the executive management team should assess the interlinkages of the nature transition plan with other goals of an entity to facilitate effective integration into the entity's business plan and strategy. This can support uncovering potential trade-offs and synergies between nature goals and other ambitions, both sustainability-related or not. Once the nature transition plan is developed, entities may consider having an in-depth workshop with the board of directors. This event would aim to ensure that the board receives a thorough understanding of the nature transition plan and its implications and offers them the possibility to provide feedback.

Another good practice is to develop an external expertise structure to collect the views and possible improvements (including from biomes-specific scientific experts, NGOs, Indigenous Peoples and local communities) of the transition/ strategic plan(s).

OTHER MANAGEMENT & SUPPORTING LEVEL
ROLES AND RESPONSIBILITIES (ACCOUNTABILITY)

Given the wide-reaching remit of a nature transition plan, governance should not stop at the board and executive level. Senior-level and other type of management bodies should also take ownership and responsibility for the different areas of the plan that are relevant to their function. This should include:

- Clear lines of responsibility and roles for business areas supported with transparent reporting lines and management oversight, including the risk and finance functions.
- Management oversight functions that address and assess any of risk of implementation at the operational level.
- Responsibility for monitoring progress at the operational level and reporting progress to the executive management team.

Recommendations

To establish and ensure the nature transition plans cascades and is informed by the people close to specific issues the entity may find it useful to develop transition-focused working groups and taskforces or committees, supported with clear nature-transition plan development or implementation objectives. Once these objectives are defined, an entity should ensure that the senior- and management-level teams are sufficiently resourced and have the authority to enact action toward achieving them.

These governance activities can be managed through a combination of specialist/operational functions governance infrastructure and regular meetings. Entities should hence clearly define, supporting governance committees or senior

129 See also Strategic Ambition Element
130 See also Engagement Strategy Element

management's forum as well as the role at regional or global functions. These committees should involve an adequate and balanced composition of persons with knowledge, skills and ideally expertise in the nature-related topic[131].

Eventually, the controls and procedures by which all the management level and board of Director is informed about should be defined and cover the complete monitoring and implementation of the nature transition plan. This process will support ownership and accountability of the plan cascading down the entity. This whole-organisation ownership will in turn support the entity's whole-organisation transition.

INCENTIVES & REMUNERATION

INTEGRATION OF NATURE TP KPI INTO REMUNERATION SCHEMES OF AN ENTITY

An organisation should incentivise conscious actions towards the commitments and implementation of the transition plan and remunerate effort at each level, using nature transition plan targeted KPIs.

Recommendations

When establishing an incentive and remuneration scheme, entities may develop weighting systems based on the extent to which certain teams, business lines and functions will directly or indirectly support the nature transition. As the nature transition plan will require many changes to most entities' operations and business models there are several areas and targets (with related metrics) with which incentives and remuneration can be linked.

These include but are not limited to:

- Environmental targets, such as short-, medium- and longer-term nature- and climate-targets related to corporate impact & dependencies reduction or efficiency improvement, including any related interim targets.
- Product portfolio targets, for example, shifting of products to circular economy products, and sustainable low-impact and low-carbon products or any innovative sectorial nature solutions.
- Financial performance targets, for example, revenue generated through taxonomy-aligned activities.
- Supply chain and stakeholder engagement targets.

In each case, an entity should define the metrics and KPIs that it uses to measure progress against these targets and be transparent about them. Each target and relevant remuneration schemes should be tied to the achievement of the ambition of the transition plan. In some cases, targets will organically flow from the objectives defined through the senior- and management-level objective setting. Incentives should also include outcomes for where KPI are met and where they are not.

It is important that the incentives and remuneration of board members, executive and senior managers, include also nature-related metrics linked to their variable remuneration schemes.

We consider that the weight of those transition plan KPI (including climate) on the total variable remuneration schemes for those top management employees should increase over time and be reviewed to ensure that they continue to align with ambition and stay relevant.

Moreover, this transition plan incentives plan should index part of the variable remuneration at each level of the entity workers (with different KPI schemes). Through aligning incentives and renumeration with the strategic ambition and the varying business functions at each level, an entity can propel the entire organisation towards a credible transition plan.

COMPETENCIES AND EXPERTISE

ACTIVITIES TO FOSTER THE ENTITY'S EXPERTISE ON NATURE ISSUES

As a nature transition will require fundamental changes across an entity, competencies and expertise, as well as the appropriate **culture**[G] will be required throughout the organisation, to support the development and implementation of the plan. This should include a cultural shift within the entity, to align with the strategic ambition of the plan. This can be achieved through embedding new entity values and purpose statements within training programs, which reflect the new trajectory of the entity.

131 Expanded on in 'Competencies and Expertise'

Entities should assess which competencies and expertise are needed to develop and implement the plan and where these competencies and expertise are needed across the organisation. Entities should also evaluate their currently existing competencies and expertise, identify gaps and formulate training and/or recruit externally to address these gaps.

Recommendations

When defining the needs for competencies and expertise that would be required by different teams, it is essential to also identify the existing competencies and expertise, in the different business lines and functions.

Entities may be supported in achieving this by developing a training program that leverages internal competencies and uses external knowledge when necessary.

A dedicated specialised team of cross-subject sustainability experts, equipped with clear roles and a strong leadership mandate, should propel the training and/or recruitment programs.

It may be useful to scope this exercise firstly within the senior and management-level processes, to develop a clear plan with the correct ownership and accountability (and broadly increase the different business lines and functions). Training should be adapted to, and differentiated based on, the specific needs of different teams and roles within the organisation.

Additional considerations for these training programs should be:

- Develop a plan to address the identified gaps (lead by HR team and internal nature expert in collaboration with department heads), such as through hiring new employees, providing training and development opportunities for existing employees,
    - This plan should cover main issues linked to the nature materiality assessment, its impact & dependencies on key commodities and key production processes (see WWF NTP Toolbox[T] for more information)
    - Training could be in the form of technical workshops, guest lectures from experts, mentoring programs with external experts, case studies, field trips to local ecosystems. This should involve access to ecologists, environmental scientists; or local expertise, such as IP&LC, landowners, farmers)
    - Key competencies to focus could be:
        - Introduction to nature transition plan
        - Sustainable resource management, biodiversity and Ecosystem Services
        - Impact Materiality assessment (SBTN, LEAP…)
        - Nature tools
        - Climate change mitigation and adaptation
    - Embedding key cultural considerations within employee training programs to support their understanding in how they can contribute toward the strategic ambition of the nature transition plan and be empowered champions of the transition[132]. This could involve:
        - Promoting awareness of key nature and transition-related issues that are material to the organisation through the development of knowledge hubs and dedicated workshops that foster sustainability behaviours.
        - Embedding key transition values throughout the entity by developing value statements and communicating purpose of the nature transition plan[133].
        - Setting key performance indicators on culture and reward effort for the progress against these.
- Where in-house technical capacity is not yet available, it can be complemented with external expertise on a permanent or an ad-hoc basis, to facilitate knowledge transfer to internal teams[134].
- Entities may find it useful to set targets and key performance indicators (KPIs) on competencies and expertise to measure the success of the training program. These KPIs will also enable the entity to review its training program and adapt to any material changes.
- Entities could foster their capacity building by establishing corporate-NGO expertise partnerships (creation of biomes lab to exchange expertise and better structure internal training programs)

132 TPT: Transition-Planning-Cycle.pdf (transitiontaskforce.net)
133 ESG goals for employees: how to successfully engage them (aworld.org)
134 See cross-organisational actions section

DATA STRUCTURE AND ORGANISATION

Access to high-quality data is crucial for all areas of cohesive and credible nature transition planning. It enables informed decision-making, robust target-setting and progress tracking, plus supports strategic management, and facilitates engagement. Insufficient data is one of the key limiting factors to the successful formulation and implementation of a nature transition plan.

A credible nature transition plan should be supported with an internal data improvement process structure and a strong governance linked to the transition plan. This data improvement should be clearly linked to the transition plan to facilitate data collection, usage for the implementation strategy of the plan, financial planning and reporting.

This internal data structure should work with the best-available data and the entity should look to increase the quality and availability of this data over time.

Recommendations

- The entity should identify gaps in its existing data through its DIRO analysis (example below) and engagements with internal and external experts (sustainability, procurement, performance etc.). Especially, the entity should look at:
  - Quality and completeness of the data (which raw data exists on the entity consumption and operational process, for what scopes of its direct activity)
  - Granularity of data on supply chain operations (minimum Tier 2 level) to have a clear view of its value chain and the nature impacts
  - Existence of specific ecosystem state of nature data (from local or government databases or through scientific studies),

One of the main pain points for an entity link to data management are the multiple external data sources (as well as their different format, level of disaggregation) that should also be consulted, for example resources from NGOs (e.g. sensitive areas screening, sector-averages), international institutions on climate change impact/risks and ecosystems, as well as experts.

The entity should formulate a **data improvement plan** which increases the depth, breadth and quality of the data it has available. The entity's data plan should be iterative (reviewed at least annually), ambitious and cover multiple years. It is crucial to ensure that the entity has sufficient capacity (in terms of funding, staffing and expertise) to implement this plan.

- The entity's data structure should include specific KPIs to improve the data availability and should be guided by the entity's materiality analysis and prioritization approach
- The data organisation could be developed in the form of a metadata repository (link to TP) to link information about data such as meaning, relationships to other data, origin, usage, and format" enabling a needed holistic vision.
- Data improvement should be embedded in the entities' governance and value chain engagement strategy to encourage local/regional business units as well as suppliers and other stakeholders to implement improved data collection processes. An entity should assign clear responsibilities for data management, including data collection, storage, quality control, and sharing.

A collective work has been launched at the TNFD level to enhance market access to decision-useful, nature-related data[135] through development of a Nature Data Public Facility.

TOOLS AND ADDITIONAL RESOURCES

GOVERNANCE
See the relevant tools for this element

135 TNFD A roadmap for upgrading market access to decision-useful nature-related data
https://tnfd.global/wp-content/uploads/2024/10/Discussion-paper_Roadmap-for-enhancing-market-access-to-nature-data.pdf?v=1730281144

LINKS WITH ESRS AND OTHER FRAMEWORKS

NTP	CSRD & ESRS	TNFD	GFANZ	SBTN	B4N
Board-level oversight (roles and responsibilities)	ESRS 2: GOV-1 – The role of the administrative, management and supervisory bodies ESRS 2: GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Governance (A): Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities TNFD discussion paper on nature transition plan: Governance section Part 1: Roles, responsibilities and remuneration	Nature in Net-zero Transition Plans Theme: Governance Components: Roles, responsibilities, and remuneration	**STEP 2 'INTERPRET & PRIORITIZE'** 2C. Prioritization Appendix 3. Corporate governance and management of traceability **STEP 4 'ACT'** (TBD, 2025) Corporate Action Plans	Transform Embed nature within your corporate governance
Executive management (roles and responsibilities)	ESRS 2: GOV-1 – The role of the administrative, management and supervisory bodies ESRS 2 MDR-P: Policies adopted to manage material sustainability matters	Governance (B): Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities. TNFD discussion paper on nature transition plan: Governance section Part 1: Roles, responsibilities and remuneration	Nature in Net-zero Transition Plans Theme: Governance Components: Roles, responsibilities, and remuneration	**STEP 2 'INTERPRET & PRIORITIZE'** 2C. Prioritization Appendix 3. Corporate governance and management of traceability **STEP 4 'ACT'** (TBD, 2025) Corporate Action Plans	Transform Embed nature within your corporate governance
Other management & supporting level (roles and responsibilities)	ESRS 2: GOV-1 – The role of the administrative, management and supervisory bodies	Governance (B): Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities. TNFD discussion paper on nature transition plan: Governance section Part 1: Roles, responsibilities and remuneration	Nature in Net-zero Transition Plans Theme: Governance Components: Roles, responsibilities, and remuneration	**STEP 2 'INTERPRET & PRIORITIZE'** 2C. Prioritization Appendix 3. Corporate governance and management of traceability **STEP 4 'ACT'** (TBD, 2025) Corporate Action Plans	Transform section: Embed nature within your corporate governance
Integration of nature TP KPI into remuneration schemes of an entity	ESRS 2: GOV-3 – Integration of sustainability-related performance in incentive schemes	Governance (A): Whether and how performance metrics for nature related issues are incorporated into remuneration policies TNFD discussion paper on nature transition plan: Governance section Part 1: Roles, responsibilities and remuneration	Nature in Net-zero Transition Plans Theme: Governance Components: Roles, responsibilities, and remuneration	**STEP 4 'ACT'** (TBD, 2025) Corporate Action Plans	Transform section: Embed nature within your corporate governance
Activities to foster the entity's expertise on nature issues	ESRS 2: GOV-1 – The role of the administrative, management and supervisory bodies	Governance (A): Number (absolute and proportion of total) of members of board with competence on nature-related issues; TNFD discussion paper on nature transition plan: Governance section Part 1: Roles, responsibilities and remuneration	Nature in Net-zero Transition Plans Theme: Governance Components: Roles, responsibilities, and remuneration	**STEP 2 'INTERPRET & PRIORITIZE'** 2C. Prioritization Appendix 3. Corporate governance and management of traceability **STEP 4 'ACT'** (TBD, 2025) Corporate Action Plans	Transform section: Collaborate, both along your value chain, and at a landscape, seascape and river basin-level

ELEMENT F: MONITORING, REPORTING AND VERIFICATION

Detailed view of the 'Monitoring, Reporting and Verification' chapter

ELEMENT	SUB-ELEMENT	RELATED ITEMS
MONITORING, REPORTING AND VERIFICATION	Monitoring	Monitoring the implementation and effect of actions
		Monitoring the Financial planning
		Nature Impacts
	Reporting	Presentation of actions to disclose transition plan implementation
	Verification	Internal verification
		External verification with third-party organization

Monitoring, reporting and verification (MRV) is an important part of the transition plan development process. It bridges the current ambition with future actions and reorientations, and it ensures a link of accountability between internal and external stakeholders. To fulfil that role, **the entity's MRV system should be transparent about its results, clear to internal and external stakeholders, and clearly linked to specific targets and actions.**

Recommendations

The report below provides recommendations for good practices to ensure an effective MRV system. It should be read with the 3 following recommendations in mind:

1. The effectiveness of the nature transition plan largely depends on internal buy- in and on its adaptation to existing MRV practices, including on the standards or disclosure regulations that the entity already applies. In other words, it is strongly encouraged to tweak the recommendations below to align it with the organisational culture, with the existing repartition of roles for MRV (i.e., beyond MRV for sustainability), such that it can be rapidly taken up and effectively used. This may typically consist in attributing responsibilities for MRV to the teams that are currently reporting under disclosure standards and regulations.
2. The report was developed with an eye for practicality. It suggests using dashboards, guiding questions and clear MRV items to ease the work of both internal stakeholders and executives, by providing them with clear parameters and visual overviews. The elements subject to MRV are equally important as the format under which they are reported, as it fosters comprehension and empathy.
3. Although the MRV may appear as the most administrative stage of the transition plan development, it may be purposely used to strengthen buy-in. Such an approach strengthens the MRV quality, but also supports broader organisational policies. Typically, MRVs provide an opportunity to ask front-office and technical teams to share their views on the efficiency of the actions to reach the targets; this may spur innovation and directly support the targets, but also enhance internal buy-in. Similarly, using reporting formats that include figures and tables and sharing them actively with the teams may strengthen employee retention of younger hires, by effectively demonstrating the importance of sustainability beyond public claims. The same should apply to external stakeholders; MRV should not be an additional administrative requirement from external stakeholders but should rather be an opportunity for them to share their views, experiences, and progress. MRV systems (and their formats, types of questions) may thus need to be tweaked to reflect the specificity of the external stakeholders.

With these principles in mind, the recommendations below revolve around monitoring, verification, and reporting.

MONITORING

Monitoring is an ongoing function whereby the entity collects data on specific indicators, allowing the assessment of the extent to which actions, progress, performance, and compliance are being carried out or achieved. For more efficiency, entities should build on their structure of data and metrics (see Metrics sub-element section).

Monitoring nature-related commitments should build on existing monitoring practices to enhance efficiency. In effect,

monitoring nature-related commitments requires to follow the same good practices as monitoring for other types of commitments; **entities should design or select tools and approaches that are recognised, credible and technically sound.**

Integrating nature into monitoring practices should be done by monitoring the implementation of nature-related actions, monitoring the impact of those actions, and monitoring the financial planning supporting the TP.

Finally, the lessons learnt from monitoring efforts should be integrated into the TP and the entity's decision-making.

MONITORING THE IMPLEMENTATION OF ACTIONS

Monitoring the implementation of targets and engagement actions is a first step that should be separate from the monitoring of outcomes. The implementation of the TP and its outcomes are indeed two different parameters, whereby one may be successful but the other less so. This is particularly the case when monitoring nature, since nature-related impacts depend on a host of variables – of which the effect of the TP implementation is but one. This section focuses on monitoring the extent to which the commitments – targets, engagement activities – have been implemented as described in the TP.

Entities should consider the following options to integrate nature into the monitoring of targets' and engagement actions' implementation, by:

- **Monitoring the implementation of actions with governance metrics, and business and operational metrics.** Governance metrics should be used to track internal engagement actions. For instance, the number of board members and the proportion of executive and managers who have trained in nature and climate matters may be monitored to depict how the ambition to increase capacity is put into practice.

  Business and operational metrics should complement this by providing a picture of external engagement actions (e.g., by tracking the proportion of suppliers/customers engaged on nature-related issues). More detail and examples for these types of metrics can be found in Metrics and Targets. Depending on their nature, targets may be monitored by business and operational metrics (for those targets focusing on actions) or by impact metrics (for those targets focusing on the impacts of the actions). The latter are addressed in more detail in the section on nature impacts below.

- **Monitoring nature-related engagements.** It may not always be possible to track engagement actions with metrics. Even where it is, the granular and multi-faceted characters of nature make it important to integrate qualitative approaches in monitoring. Practically, this means that the data monitored should be complemented and analysed with qualitative and contextual information, to ensure that entities get a complete picture of their TP implementation. This may also help entities to address social issues more systematically. For instance, they may look at:

  - The influence of salient risks to human rights and fragile contexts on the implementation of engagement actions. Were the engagement actions hindered by fragile contexts? Conversely, did they support human rights, e.g. by helping locals to rely on ecosystems for food and medicine?
  - The level of risk of, for example, misalignment with engagement actions set out in the TP. Were the engagement actions partly implemented, despite a history of non-compliance in that ecosystem or region? If yes, the entity should identify success factors that enabled this challenging implementation and check its replicability.
  - The characteristics of the nature aspects supported by the target and action. It is possible that only certain aspects of engagement actions and targets are implemented (e.g., the implementation may take place only in one area, or during one season). When analysing the monitored information, the entity should be sensitive to the commodity, geography, and production context, to pinpoint the parameters that hinder implementation and attempt to correct them.

MONITORING THE EFFECT OF THE ACTIONS IMPLEMENTED

Monitoring the impacts of the entity on nature - i.e., the outcomes of the entity's actions defined in the TP - is an essential step to show the effectiveness of TP. The impact of actions may be informed by a number of parameters - some outside the control of the entity, such as extreme weather events - and may have uneven consequences: as noted in the ESRS, "impacts can be actual or potential, negative or positive, intended or unintended, and reversible or irreversible"[136].

136 European Commission (2023): Delegated regulation - EU - 2023/2772 - EN - EUR-Lex (europa.eu)

Yet, all nature impacts are informative. Those that are in the realm of action of the entity may reveal that the TP's actions and financial planning are sufficient and well-designed, or that they require refinement. Those that are outside the realm of action of the entity, or that are irreversible, may reveal that the entity should amend its assumptions or risk analysis. In a nutshell, the monitoring of nature impacts offers a test to validate or strengthen the TP. It also offers an opportunity to encourage internal teams and key stakeholders that have been involved in the implementation of the TP. In that sense, the monitoring of nature impacts mirrors the monitoring of climate impacts. To specifically integrate nature into the monitoring of nature impacts, entities should:

ADAPT THE MONITORING METHODOLOGY

- **Select data collection methods that take account of nature.** This should entail data collection through engagement with local stakeholders, including affected communities, local workers and Indigenous Peoples. These communities hold long-standing experience to appraise nature-related impacts and risks, and they offer the right level of granularity to monitor nature-related commitments. In-person meetings in the area may be an effective way to gather data, by helping overcome selection biases that occur with online meetings with official representatives. Being inclusive to more diverse data sources ensures stronger reliability and quality of data. This may also entail geospatial or ground data collection techniques like surveys. Entities should also consider using interviews, surveys, open grievance mechanisms or other participatory monitoring techniques to gather the observations of local stakeholders
- **Collect data at a frequency that aligns with natural cycles.** By definition, nature-related data is highly dependent on the time of the year at which it is collected. This means that the frequency and intensity of data collection may strongly influence the reliability and representativity of the data. As a result, entities should consider plugging-in nature data points in their more frequent data collection processes notably during intra- and inter-annual production cycles of commodities relevant to the entity and during the most acute seasons. This should be considered separately for each of the ecosystems where the entities gather data, since the cycles, seasons and other key characteristics vary across native ecosystems.
- **Select publicly recognized and science-based methodologies to monitor nature-related actions, impacts and risks.** Given the complexity and variability of monitoring methodologies for nature, it is important that entities use replicable and publicly available methodologies. Not doing so might result in reputational and litigation risks, since the stakeholders may not verify the claims of the TP against methodologies and assumptions.
- This may typically entail reviewing the policy context (e.g., a measure may have made the action cheaper and more effective), the entity's investments (e.g., a watercourse may have become cleaner because the entity closed a nearby factory) and macroeconomic factors (e.g., larger spreads may have led to outsource certain activities, thus protecting the local biodiversity).

COLLECT RELEVANT DATA

- **Use sampling techniques that reflect the specificities of nature impacts.** Monitoring should cover all the activities and operations of the entity and of its main suppliers. Similarly to the monitoring of climate impact, it is possible that the breadth and complexity of this scope make it impossible for the entity to monitor all activities and operations directly. Estimating impacts based on a sample may be necessary. In that case, the selection of the sample should reflect the findings from DIRO, e.g., selecting a higher proportion of activities that are based in ecosystems faced with chronic negative impacts. It is important to keep the same sample across monitoring cycles to be able to track the evolution of impacts.
- **Collect data that is sufficiently granular to reflect the specificity of nature impacts and risks.** The data monitored should be sufficiently granular to reflect any change from the baseline state and changes over time. Where it is not possible to obtain granular quantitative data, qualitative observations may be utilized. Qualitative data is particularly suited for observations that are at the crossroads of nature and social topics.
- **Collect data that reflects the specificity of local ecosystems.** This should entail types of data that have been sanctioned by local or national governments. For instance, governments may have published strategies that can help entities prioritize the type of data to be collected in a given area (e.g., national biodiversity plans may focus on biodiversity in water streams, which can be used by entities as a source of inspiration to prioritize the biodiversity data that is the most relevant in that area). Where governments have not published biodiversity plans, entities may refer to adaptation plans to clarify what aspects of nature are prioritised.

REVIEW THE EFFECTIVENESS OF THE NATURE-RELATED ACTIONS

- **Integrate nature in the verification that entities are on track with their targets.** Similar to the monitoring of climate impacts, metrics used should provide an indication of the extent to which the entity is on track to meet its targets. The rate of progress towards the targets should also be calculated with the same formula every monitoring

cycle to ensure the consistency of results. More specifically to nature impacts, it is also recommended to monitor both metrics that show shorter-term evolution and longer-term evolution. As TNFD and SBTN highlight, this will help to grasp whether progress is being made, even for nature impacts that tend to respond slowly to the TP's actions. This is important to be able to amend the TPs in time, if necessary, but also to keep momentum amongst the teams involved in the implementation of actions.

- **Analyse the context of the actions' impacts.** Alignment with targets should be analysed in light of the context in which the action was implemented. It should also account for positive unintended effects, such as support to other targets or to the entity's resilience to nature DIROs. This should be monitored in a dynamic manner, i.e. by observing whether the action's impact is stable, progressing or decreasing. This nuanced analysis will ensure that the action is amended with care, in a way that supports the targets. This will also support sound reporting, as described in the Reporting section. This may typically entail reviewing the policy context (e.g., a measure may have made the action cheaper and more effective), the entity's investments (e.g., a watercourse may have become cleaner because the entity closed a nearby factory) and macroeconomic factors (e.g., larger spreads may have led to outsource certain activities, thus protecting the local biodiversity).

MONITORING THE FINANCIAL PLANNING

Monitoring financial information ensures the sounds tracking of the funding for the TP and of the impact of the TP's implementation on financial positions. Not only is it a key linking pin between monitoring and nature-related financial risks, but it also provides critical information on the credibility of the TP; if the monitoring reveals that the TP implementation is vastly underfunded, and/or if it reveals that the TP is not sufficiently connected to the entity's broader financial risks, it may send negative messages about the credibility of the entity's transition[137]. To specifically integrate nature into the financial monitoring, entities should:

- **Track financial resources dedicated to the TP's implementation.** It is important to monitor the effective budget allocated to the different actions of the TP. Although the financial planning for implementing actions should be solid and reliable, several exogenous events may lead to amend the budgets allocated. Comparing the actual budget allocated and the success of the action will help determine whether these amendments should be compensated. This may also help identify actions that are being more efficiently conducted than planned, thus helping to reallocate budgets to more complex actions. It is strongly recommended that entities differentiate between CapEx, OpEx and R&D spending, or any other categorization set out by the green taxonomy applicable to the entity.
- **Use relevant classification scheme to monitor TP implementation.** Entities could select and monitor their financial planning information, using different relevant classification scheme:
  - Regional taxonomy or science-based taxonomy (e.g. Independent Science Based Taxonomy[138]) to characterize the entity's financed activities contribution.
  - Using the mitigation hierarchy and/or AR3T framework (see financial planning sub-element section)
  - GFANZ four transition financing strategies[139] for FI, financing or enabling of a nature-related lever (Climate Solution), incorporation (either via engagement or financing) of a nature-related lever as part of a broader financial institution net-zero strategy to support a client or portfolio entity aligning to net zero (Aligned/ Aligning), consideration of potential synergies between nature and other GHG emissions-reducing strategies (Managed Phaseout).
  - TNFD version of the above for the real-economy entities[140] (on page 33-35).
- Assess and address the sustainability of the financing dedicated to TP. A growing number of investors reviews the financial components of TPs to appraise the sustainability of the TP's implementation. Entities should thus provide an indication on the sources of funding dedicated to the TP's implementation, and to their sustainability over time. This should also be done for funding from new revenues from products related to nature and from revolving funding (e.g., revenues associated with actions strengthening nature-based services or ecosystem-services).

137 The same applies to the climate aspects of TPs.
138 https://science-based-taxo.org/green-taxonomy/
139 GFANZ - https://assets.bbhub.io/company/sites/63/2024/10/Nature-in-NZTP-October-2024.pdf
140 TNFD Discussion paper on Nature transition plans https://tnfd.global/wp-content/uploads/2024/10/Discussion-paper-on-nature-transition-plans.pdf?v=1729942723

INTEGRATING THE LESSONS LEARNT FROM MONITORING

The information gathered through monitoring activities should be used to adapt the TP, to ensure that the actions and the financial planning do support the TP targets. Entity should:

- **Regularly review and adapt the TP.** To enhance transparency and help refine the actions, it is suggested to monitor any type of challenge or setback, including unintended adverse consequences from or on nature, structural and cyclical challenges (e.g., related to seasons, extreme weather events or contextual elements), and impacts on the entity's positions. Challenges and setbacks are inevitable due to the complexity of nature impacts, and should therefore be used as lessons for improving the TP.
- **Taking account of nature when integrating lessons learnt into the review of policies.** Monitoring systems should include a clear procedure that translates monitored information into decision-making (e.g., to amend actions, to strengthen commitments, etc.). It is crucial that nature-related information is equally used to inform decision-making. For instance, nature-related information should be considered when amending decisions for climate or circular economy actions, in the selection of suppliers, in policies supporting a fair transition, in social risks faced by workers, etc.
- **Similarly, integrate the lessons learnt into the DIRO analysis, activities, and financial planning.** The credibility of the TP and of the entity financial positions is informed by the soundness of the nature-related financial risks analyses. Therefore, in case the monitoring of the actions' implementation, of the actions' effect, and/or of the financial planning reveal that DIRO has evolved, this should be used to amend the DIRO analysis, and to consolidate accordingly the actions, and/or their financing, and/or the entities' activities (e.g., selection of suppliers, underwriting of risk).
- **Regularly assessing the relevance of targets and engagements.** Entities should analyse the data collected to verify whether the targets and engagement activities are still relevant to the current context (e.g., political context, environmental context, social context). They may do so by:
  - Verifying that the data confirms the assumptions of the nature scenarios and datasets on which the actions were built (see Foundations). If it does not (for instance, if the scenario does not reflect the climate-nature pathway, or if major scientific findings have emerged), it is important to review the DIRO analysis and the relevance of the actions.
  - Verifying that the socio-economic context in which the engagement actions take place are still aligned with the observations from the section on Foundations. In case the context changed substantially, for instance if a context became fragile or the socio-economic situation of locals improved, the engagement action should change accordingly. In the former case, the engagement actions should ensure that they are conducive to the sustainability of ecosystem services used by locals for basic needs. Indeed, engagement actions derive their relevance and their effectiveness from their alignment with locals' priorities. In the latter case, the engagement actions may be amended to build on the new stability (e.g., skills, governance settings) of the area, for instance to increase their ambitions.

Linking up with operational teams to discuss how to strengthen the targets and engagement activities that are still relevant to the context (typically, by building on the lessons learned in successfully implemented actions).

REPORTING

After data is gathered and analysed, it should be reported to internal and external stakeholders. It is advised to report in an appropriate and accessible format to enhance transparency and usability for a wide range of stakeholders (operational and executive teams, investors, partners, etc.). Preparing formal documentation typically connected to desired objectives, outcomes or outputs, such as those connected to Targets.

While good practices for CTP reporting are mostly applicable to nature, entities should also specifically integrate nature into reporting by:

- **Accounting for the complexity of nature impacts and actions in the contextualization of the TP.**

  Nature impacts and actions are complex and largely dependent on their local context. This should be borne in mind at the reporting stage. In line with the TNFD recommendations, it is suggested to describe targets implementation, engagement actions, financial planning and nature impacts in a clear language that avoids jargon, with consistent labelling. Limitations should be described as such. Contextual information that is relevant to understand the information monitored (e.g., favourable weather or other exogenous factors) should be explicitly reported. Accounting for the complexity of nature impacts also calls for consistent reporting across reporting cycles. Providing readers with consistent reporting items (e.g., consistent focus on case studies, consistent breakdown of ecosystems and actions, etc.) helps mitigate the complexity of the information reported.

- **Accounting for the fact that nature actions require stakeholders' engagement.**

  As discussed in Engagement, nature actions call for close engagement with suppliers, peers, internal teams, public entities, and other relevant stakeholders. The type and objective of this engagement may be considered to select which aspects of the TP should be reported to each stakeholder, and under which format. For instance, it is important to consider reporting both positive and challenging nature impacts with stakeholders in the value chain, to help them build on good practices and buy-in for the next challenges.

- **Integrating nature through simplified and logical presentations of actions and their impact.** This format may be used to present the TP's actions within the TP, or to complement a narrative TP, e.g., as a tool to simplify communication of actions to internal and external stakeholders. As an indicative suggestion, this format may include:

  - A logical presentation of the actions to be taken by the entity in an order that reflects its priorities (e.g., in terms of resources allocated complexity, impact, etc.).

A systematic description of actions, starting with a synthetic dashboard characterising the action. An indicative dashboard is provided below:

- A dashboard of the actions developed, aggregating the information provided in the action-specific dashboards. This will help readers spot the overall approach for the actions, by identifying the overall financial investment, types of levers addressed and used, and nature of the actions. This may be done through a resilience analysis grid (RAG) system to depict the most prevalent types of actions, or by re-using the action-specific dashboard and using averages, as depicted below. It is advised to aggregate the information by providing percentages of CapEx and/or OpEx dedicated to each nature of action, lever of action, drivers of nature loss, etc.:

<table>
<tr><th colspan="4">TITLE OF THE ACTION</th></tr>
<tr><td colspan="4">LEVEL OF APPLICATION [location level, landscape level, supply chain, operations, sector, systems]</td></tr>
<tr><td rowspan="2">NATURE
☐ Risks management
☐ Impact mitigation or maximization
☐ Hybrid
☐ Other</td><td>LEVER OF ACTION
☐ Investment
☐ Engagement
☐ Governance
☐ Products and services
☐ Other (site, landscape, supply chain, corporate, industry)</td><td rowspan="2">DRIVER(S) OF BIODIVERSITY LOSS
☐ Ecosystem use and use change
☐ Resource exploitation
☐ Climate change
☐ Pollution
☐ Invasives and others</td><td>GEOGRAPHICAL AREA
Departments, Country, landscape/seascape Name</td></tr>
<tr><td>MITIGATION LEVEL
☐ Avoid
☐ Minimise
☐ Restore
☐ Regenerate
☐ Transform</td><td>FINANCIAL RESOURCES ALLOCATED
Number CapEx/OpEx</td></tr>
<tr><td>Progress towards the target</td><td colspan="3">• Sensitivity
• Amendments
• Setbacks</td></tr>
</table>

<table>
<tr><th colspan="4">OVERVIEW DASHBOARD</th></tr>
<tr>
<td>NATURE OF THE ACTIONS
[the total should equal 100%]
x% of the OpEx/CapEx dedicated to the TP manage risks
x% of the OpEx/CapEx dedicated to the TP mitigate negative impacts
x% of the OpEx/CapEx dedicated to the TP maximise positive impact
x% of the OpEx/CapEx dedicated to the TP are hybrid
x% of the OpEx/CapEx dedicated to the TP are of another nature</td>
<td>LEVERS OF ACTION USED
[the total should equal 100%]
x% of the OpEx/CapEx dedicated to the TP leverage investments
x% of the OpEx/CapEx dedicated to the TP leverage engagements
x% of the OpEx/CapEx dedicated to the TP leverage governance arrangements
x% of the OpEx/CapEx dedicated to the TP leverage new products and services</td>
<td>DRIVER(S) OF NATURE LOSS ADDRESSED
[the total should equal 100%]
x% of the OpEx/CapEx dedicated to the TP address land-use change
x% of the OpEx/CapEx dedicated to the TP address climate change
x% of the OpEx/CapEx dedicated to the TP address natural resource use and exploitation</td>
<td>AREAS COVERED[141]
[the total should equal 100%]
x% of the OpEx/CapEx dedicated to the TP are spent in area A
x% of the OpEx/CapEx dedicated to the TP are spent in area B

TOTAL FINANCIAL RESOURCES ALLOCATED
x mio EUR (incl. y in CapEx and OpEx[142] in investment)</td>
</tr>
<tr>
<td>Proportion of targets met</td>
<td>Proportion of the total number of actions supported by/faced with contextual influences</td>
<td colspan="2">Proportion of the total number of actions to be amended, number of actions abandoned/added</td>
</tr>
</table>

- External reporting should also include narratives in an accessible format to present the efforts and challenges of the entity. Integrating nature-related reporting into the entity's sustainability reporting (e.g., annual report, CDP disclosure, etc.) will support this, by ensuring that stakeholders easily access information and by providing them with a consistent picture of the entity's sustainability trajectory.
- Larger entities that combine varied activities (e.g., financial institutions) and entities that wish to enhance internal buy-in are advised to share visual narratives with their internal stakeholders to showcase their impacts. For instance, this may take shape in visuals depicting the journey of each department, and which show both past successes and next objectives for each relevant driver of nature loss.

VERIFICATION

Last, internal and external reports should be verified. This offers the opportunity to strengthen the actions and their impact, but also to enhance the completeness and credibility of the entity nature transition plan.

INTERNAL VERIFICATION

It is advised to involve internal stakeholders in an internal verification round. This may consist in allowing MRV and operational teams to provide feedback to each other on (i) the implementation of the actions by the operational teams and (ii) on the relevance of the actions analysis developed by the MRV team. In case capacity is constrained, internal verification may rather consist in a verification of the transition plan and its implementation by the teams in charge of the CSRD, CSDDD and EBA reporting.

141 Entities may decide to disclose the repartition of funding per area and/or per sensitive area.
142 Entities may decide to break down financial resources across OpEx and CapEx, or across any other metric used in the section on target and metrics.

Moreover, to foster this verification the entity can pursue a three-lines-defence model[143] to achieve its transition, by establishing a structured approach to risk management, promoting multiple levels of accountability, transparency, and resilience in the face of potential gaps and threats. In line with the board's oversight mentioned, these MRV lines should provide updates to the board at regular intervals to facilitate robust oversight.

EXTERNAL VERIFICATION WITH THIRD-PARTY ORGANIZATION

Two types of verification are suggested. First, external verifications are strongly suggested to assure the completeness and credibility of the reports. Assurance process may cover the methods used to develop the transition plan, the efforts (financial, human, etc.) dedicated to implementing the actions, and the impact of the actions. The third-party verification may also provide a verification of the baseline values of a target indicator, and the progress made toward achieving the target. They are particularly helpful in the context of nature transition plans, where the logic of interventions and the impact of actions are complex and multi-faceted. Indeed, audits or assurance process may provide an opportunity to involve external experts on specific drivers of nature loss, and to mobilize additional techniques to triangulate results about the impact of actions (e.g., remote sensing, surveys). It is also suggested that entities mobilise external experts to assess the consistency between the nature transition plan, the sustainability report, and financial reports. This process can offer a fresh view of the sensitivity of financial positions to nature-related DIROs.

TOOLS AND ADDITIONAL GUIDANCE

These tools provide insights on natural capital assets, which may help monitor and/or verify the impact of actions (by comparing them to a benchmark of estimates) and monitor the actions' actual impact against their potential impact and/or select alternative actions with higher potential impact.

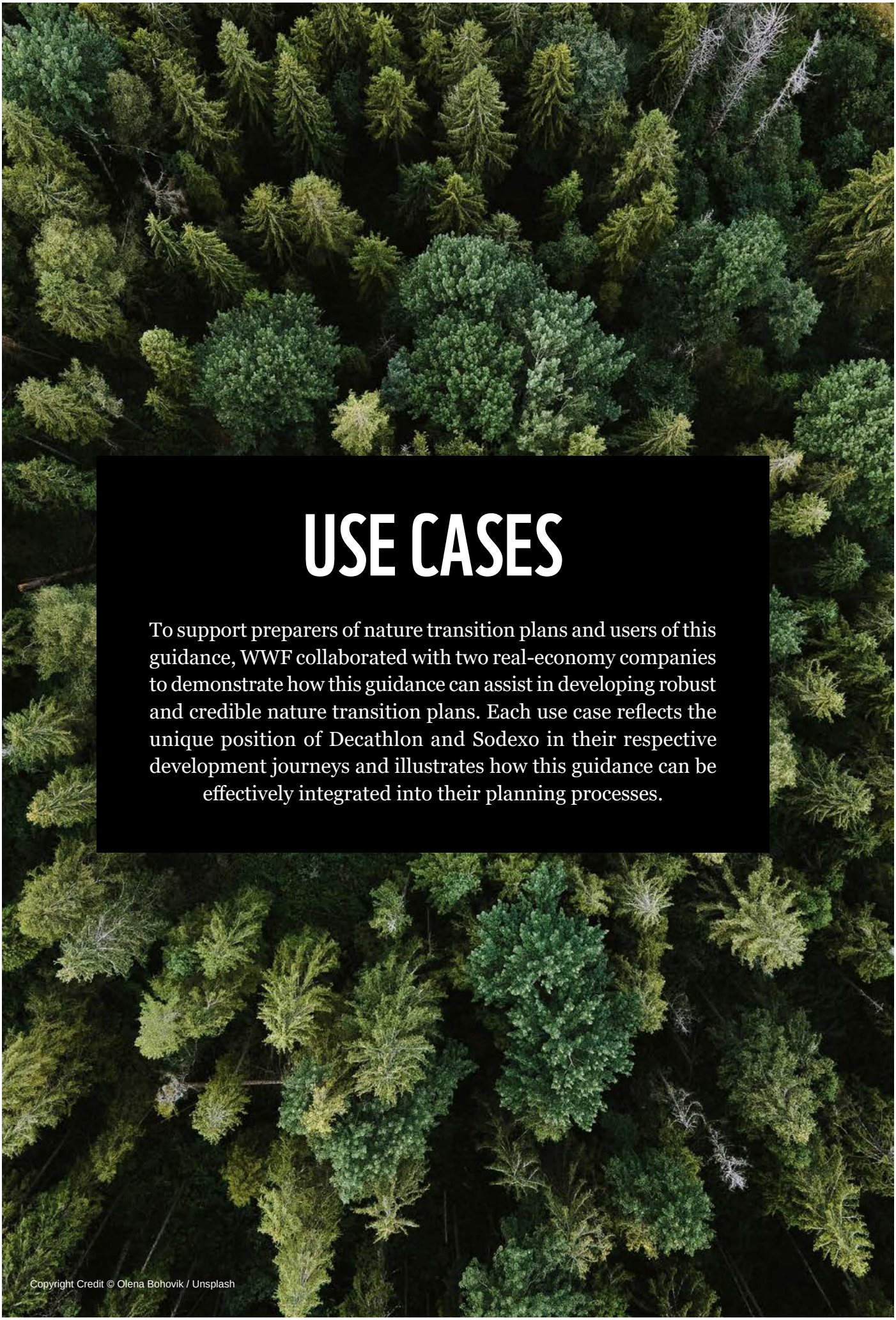
MONITORING, REPORTING & VERIFICATION
See the relevant tools for this element

143 https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf

LINKS WITH ESRS AND OTHER FRAMEWORKS

NTP	CSRD & ESRS	TNFD	GFANZ	SBTN[144]	B4N
Targets implementation and engagement actions link to strategic ambitions	ESRS 2 on General disclosures: GOV-2, 26, (a) MDR-P, 65, (e) and (f) MDR-A, 68 MDR-T	Requirement (D) on the integration with other sustainability-related disclosures TNFD discussion paper on nature transition plan: Metrics and Targets section	Nature in Net-zero Transition Plans Theme: Foundations, Component: Objectives and priorities Theme: Engagement strategy	**STEP 4 'ACT'** (TBD, 2025) Prioritization of actions & Corporate action plans, interaction with local stakeholders **STEP 5 'TRACK'** (TBD, 2025)	Commit section: Plan for monitoring progress Transform section: Monitoring and evaluating the progress of these actions
Financial planning	ESRS 2 on General disclosures: MDR-A, 69	Strategy – Point (B) on investments per action TNFD discussion paper on nature transition plan: Foundations section	Nature in Net-zero Transition Plans Theme: Metrics and Targets, Theme: Implementation strategy	**STEP 4 'ACT'** (TBD, 2025) Resourcing for implementation **STEP 5 'TRACK'** (TBD, 2025)	Transform section: Monitoring and evaluating the progress of these actions
Nature impacts	ESRS 2 on General disclosures: MDR-T, 80	Strategy - Point (A) on the entity's impact TNFD discussion paper on nature transition plan: Foundations & Implementation strategy sections	Nature in Net-zero Transition Plans Theme: Metrics and Targets,	**STEP 4 'ACT'** (TBD, 2025) Tracking and reporting KPIs **STEP 5 'TRACK'** (TBD, 2025)	Transform section: Monitoring and evaluating the progress of these actions
Reporting (Guidance on qualitative characteristics)	ESRS 1 on General requirements, Appendix B Article 29b (2) on the quality of reported information	Requirement (D) on the integration with other sustainability-related disclosures TNFD discussion paper on nature transition plan	N/A	**STEP 5 'TRACK'** (TBD, 2025)	Disclose section: Align reporting with major reporting standards
Reporting (Action reporting tables)	ESRS 2 on General disclosures: GOV-2, 26, (a) MDR-P, 65, (e) and (f) MDR-A, 68 and 69	Strategy - Point (A) on the entity's impact TNFD discussion paper on nature transition plan: Governance section	Nature in Net-zero Transition Plans Theme: Implementation strategy	**STEP 4 'ACT'** (TBD, 2025) Corporate Action Plans **STEP 5 'TRACK'** (TBD, 2025)	Disclose section: Align reporting with major reporting standards
Verification	Articles 19a (5) and 29a (6) on internal verification Article 29d (6) on external verification ESRS E4-5, AR 28	Principles for measuring nature-related dependencies, impacts, risks and opportunities Metric A22.2 TNFD discussion paper on nature transition plan: Foundations section	Nature in Net-zero Transition Plans Theme: Governance Component: Role, responsibilities and remuneration	**STEP 5 'TRACK'** (TBD, 2025)	Disclose section: Independent validation and verification

144 SBTN is currently developing guidance specific to MRV. Existing guidance on other aspects of transition planning may already be used to guide MRV.



USE CASES

To support preparers of nature transition plans and users of this guidance, WWF collaborated with two real-economy companies to demonstrate how this guidance can assist in developing robust and credible nature transition plans. Each use case reflects the unique position of Decathlon and Sodexo in their respective development journeys and illustrates how this guidance can be effectively integrated into their planning processes.

PRESENTATION

Founded in 1966, Sodexo is the global leader in sustainable food and valued experiences. Operating in 45 countries across various sectors (business & administration, education, healthcare & seniors), its 430,000 employees deliver quality and sustainable Food Services, as well as Facilities Management Services.

OPENING REMARKS

Corporate responsibility is a cornerstone of Sodexo's mission and operations, anchored in the Group's DNA since its creation.

In line with its ambition to be market leader in sustainability, Sodexo has set an industry-first **SBTi-approved Net Zero target for 2040 and has published its climate transition plan**, confirming its leadership in its sector.

Beyond climate, Sodexo has had commitments and has been acting to protect biodiversity in a measurable way since 2010, always in partnership with the World Wide Fund for Nature (WWF).

To reduce its impact, Sodexo is undertaking a gradual and structural transformation of its operations, impacting its entire value chain.

Aware that **climate change and nature loss are two sides of the same crisis**, and with nature being more and more integrated into reporting standards, Sodexo intends to develop a **holistic environmental transition plan**, including both nature and climate.

USE CASE

To achieve this, Sodexo's first step is to deepen its **understanding of nature-related dependencies, impacts and risks** by performing steps 1 and 2 of the **Science Based Targets for Nature (SBTN)**.

Nature impacts are **multidimensional and intrinsically local**. This leads to two main challenges that differ from climate:

Transparency and data quality across the supply chain

Unlike carbon, it is crucial for nature topics to know the locations of the impacts. However, due to the complexity of supply chains and global trade, the specific origin of commodities is often unknown, especially for companies operating at the end of the supply chain, such as Sodexo. While allocation models were used to address these gaps for a first global analysis, the necessity for Sustainability teams to work together with Supply Management and Data teams to increase data quality in the future is clear. Regulations and collaboration with purchasers and peers in the sector are also key areas for further exploration.

Prioritization of the impacts

While the SBTN methodology helped Sodexo prioritize the commodity-location pairs impacting nature the most, further investigations were still needed to complete the assessment and align with business and industry dimensions (ex: importance of the commodity to Sodexo's revenue, level of purchasing power to influence change…).

This highlighted the necessity for a cross-functional approach, considering market trends and constraints.

SBTN steps 1 and 2 also triggered important reflection on target setting, which our future transition plan should reflect:

- While we might be missing specific location data, **no regret actions should be taken** to address prioritised commodity-country pairs categories.
- Sodexo gained the **certainty that location-based targets should be fixed**, which would have the benefit of engaging regions, setting region appropriate and relevant targets and thus increasing operational buy-in.

BOX 1

CONTRIBUTION OF THE REPORT TO THE TOPICS RAISED

Transparency and data quality of the supply chain.

- Chapter: FOUNDATIONS | Element: DIRO | Sub-element: Impact materiality analysis
  The report outlines the recommended level of spatial detail needed to effectively assess nature-related impacts across the entire value chain.
- Chapter: IMPLEMENTATION STRATEGY | Element: Cross-organisational actions
  The report recommends activities that foster cross-functional collaboration, encouraging multiple departments to work together in responding effectively to environmental challenges with a shared commitment.
- Chapter: ENGAGEMENT STRATEGY | Elements: Engagement with stakeholders and other involved parties; Policy engagement
  This chapter of the report is focused on the importance of building close relationships with internal and external stakeholders, as well as the importance of engaging with public authorities and regulators.
- Chapter: GOVERNANCE
  This chapter of the report provides recommendations on building strong relationships with internal and external stakeholders and on effectively engaging with public authorities and regulators.

Prioritization of the impacts.

- Chapter: FOUNDATIONS | Element: Strategic ambition| Sub-element: Prioritisation of double materiality results
  This section of the report provides recommendations on prioritizing issues that most significantly impact various dimensions of nature, following a thorough double materiality assessment.

Reflection on target setting based on SBTN.

- Chapter: METRICS AND TARGETS| Element: Targets
  The section of the report offers recommendations on setting robust environmental targets and how to define targets where data is lacking, including how to leverage guidance from the SBTN.

While Sodexo has achieved a good level of maturity in the understanding its interdependency with nature, more challenges are to come, for which the nature transition plan report developed by WWF and partners would be of precious help, notably:

- Linking nature and other sustainability topics: how to articulate the risks highlighted by SBTN, double materiality assessment and climate risk assessment? While most of them are consistent, how to approach prioritization and trade-offs?
- Setting targets, metrics, KPIs: how to overcome supply data challenges? How to find the balance between a global approach and local impacts?
- Reinforcing governance: how to enhance board-level expertise and support, executive management accountability & feedback mechanisms? How to engage other departments?
- Ensuring compliance and making the links with reporting standards and frameworks (CSRD, TNFD).

BOX 2

CONTRIBUTION OF THE REPORT TO THE TOPICS RAISED

Linking nature and other sustainability topic

- Addressing the climate-nature nexus in transition planning
  WWF's report provides recommendations on integrated approaches for addressing climate and nature considerations throughout both the planning and transition phases.
- Chapter: FOUNDATIONS | Element: Strategic ambition| Sub-element: Prioritisation of double materiality results
  The strategic ambition subsection of WWF's report provides recommendations on embedding DIRO assessment results into risk functions and objective setting, with additional direction on prioritization.

Setting targets, metrics, KPIs

- Chapter: METRICS AND TARGETS
  The section of the report offers recommendations on setting robust environmental targets and how to define targets where data is lacking, including how to leverage guidance from the SBTN.

  Additionally, this section also provides guidance on the structuring of data and its collection within entities, as well as the identification of metrics.

Reinforcing the governance

- Chapter: GOVERNANCE
  This chapter focuses on various aspects of credible governance that will enable robust governance and accountability: board-level oversight, executive management, other management and supporting level, incentives and remuneration, competencies and expertise.

Ensuring compliance and making the links with reporting standards and frameworks

- Links between the Nature Transition Plan and other initiatives
  The report maps each sub-element to ESRS/BFN/TNFD/GFANZ/SBTN and therefore supports our readers with understanding compliance/interoperability.

PRESENTATION

DECATHLON is the world's largest EU-based sports retailer, with integrated end-to-end worldwide operations. DECATHLON presently operates in 72 countries with more than 1700 stores and total net sales of €15.6 billion in 2023. We are a family-owned company founded in 1976 in France. To sustainably make the pleasure and benefit of sport accessible to the many has been the company mission since 1976. As a global designer, manufacturer and retailer, DECATHLON is fully aware of its social and environmental responsibility[145].

OPENING REMARKS

We are currently living through an **unprecedented global crisis** in relation to climate change, pollution and biodiversity loss. For Decathlon, the planet is our playground and we take our responsibility to further lower the environmental footprint of our activities seriously.

Environmental issues are interlinked, and it is important for companies to have a **holistic view** of their **impacts and dependencies on nature**, to understand their **responsibilities and the risk it raises to their business**, we need to **set actions** in a way that prevents (or minimise when avoidance is not possible) trade-off effects and generates **co-benefits**. It is key to carefully choose the solutions that are the most efficient and address various environmental issues; including **prioritising actions** to tackle the **location specific** threats to biodiversity and nature loss.

Based on this understanding, companies need to **define their ambition** and **set targets** to identify the trajectory and actions needed to align with it. But we have seen that **setting targets is not enough**. Companies like us need to put in place the governance and resources that will guarantee that they deliver on their targets and **engage in a real and credible transition**.

For that, frameworks are needed, to guide this transition and ensure that plans are robust, credible and accountable.

Within Decathlon's current 2020-2026 Transition Plan[146], we commit to sustainable development objectives regarding people, nature and sustainable value issues. Decathlon embarked on a **pathway toward a sustainable future along with our suppliers and partners**. Along the way Decathlon sets and monitors its strategic and operational efforts to **track progress both inside the company and externally**. Our current plan has **provided confidence for our shareholders and partners** on Decathlon's evolving business model.

In addition to this, Decathlon continuously **adapts its business model and value chain** to ensure our **progress is on track**. Decathlon is only one actor in the economy-wide and global transition, we therefore place a strong emphasis on our **advocacy strategy to drive a sector and economy-wide transition**. Decathlon works closely with governments, standard setters and other stakeholders to **advocate for ambitious policies on nature**.

Having **clear guidance** on how to build a **clear and credible nature transition plan** can ensure comparable and robust data, as well as the **relevance and reliability of action plans**. The report developed by WWF and partners will help support companies like Decathlon in developing or updating transition plans that are aligned with **best practices** and support them to overcome some of the challenges they face to drive change.

USE CASE

Decathlon performs substantial analyses of both risks and opportunities, across three themes:

- Developing people
- Preserving nature
- Creating sustainable value

145 For more information: https://sustainability.decathlon.com/
146 https://sustainability.decathlon.com/transition-plan-2020-2026

Through this analysis, Decathlon identified biodiversity damage, pollution and waste management as the main environmental issues. The materiality assessment conducted in 2022[147] further emphasised **the importance of "Natural capital & Biodiversity" and helped us raise awareness both internally and with our partners**.

Since 2022, Decathlon has also run a yearly Biodiversity Footprint Assessment and this assessment has helped to **identify the most impactful hot spots across our value chain regarding pressures and activities**. In 2024, we conducted the biodiversity dependencies and risks assessment, all along our value chain, allowing us to set priorities. We also run deep dive analyses in our LCA methods to obtain a finer view of our impacts.

The materiality assessment clarified and reinforced the importance of the issue, the biodiversity footprint measurement enabled us to measure the impacts and the LCA analysis to understand the mechanisms of biodiversity loss within our production activities.

On biodiversity and nature topics, the **implementation of such measurements** (dependencies, impacts, risks and opportunities) has required extensive work on the **identification and evaluation of relevant methods and tools**. A global structure such as the one developed by WWF and partners, would be very helpful by highlighting existing methods and providing guidelines, aligned with inbound regulations and reporting frameworks (e.g. Corporate Sustainability Reporting Directive - CSRD and The Corporate Sustainability Due Diligence Directive - CSDDD).

BOX 1

CONTRIBUTION OF THE REPORT TO THE TOPICS RAISED

Understanding environmental impacts throughout the value chain

- Chapter: FOUNDATIONS | Element: Dependencies and Impacts Analysis, Risk & Opportunities (DIRO) | Sub-element: Impact materiality analysis

The DIRO section of WWF's report provides detailed recommendations on conducting a DIRO analysis according to the ESRS double materiality concept, including instructions for analyzing the entire value chain to better understand the location and severity of a entity's impacts.

Prioritization of DIRO results

- Chapter: FOUNDATIONS | Element: Strategic Ambition | Sub-element: Prioritization of DIRO results

The report provides extensive recommendations on how to define priority issues following a materiality assessment across a company's value chain, including in its direction operation, upstream and downstream activities.

Understand what tools to use and linkages to regulation and reporting frameworks

- Chapter: FOUNDATIONS | Section: Tools & Links with ESRS and other frameworks

At the end of each chapter, WWF recommends several tools that nature transition plan preparers can leverage to support them with specific areas of their planning. Additionally, the report maps its recommendations to the CSRD requirements and other voluntary frameworks.

These analyses reinforced **Decathlon's intention to develop a specific action plan for nature**. Our challenge will now be to measure how these actions contribute to further **reducing Decathlon's impacts, dependencies and risks concerning nature, and to identify the opportunities**.

Decathlon chose to set a first **corporate target**[148] to reduce its impacts on biodiversity in 2023. This approach is **aligned with the company's strategic pillar driving sustainable development**: *"Decathlon is a driving force and a beacon of light for a sustainable future"*[149]. However, **reducing our**

147 Decathlon. Materiality Assessment, 2022
148 To reduce our yearly impact on terrestrial ecosystems by 6% (eq. artificialized km2) in scope 1, 2, and 3 by 2026 from a 2021 base year. Scope: Decathlon Activities, excluding Alliances activities.
149 https://www.decathlon-united.media/shared/pressfiles/modules/fichiers/decathlon_2022nfrd_eng.pdf

impacts in line with science is challenging as there are no universally accepted biodiversity assessment methods, international standards or standardised metrics.

While a single score would make it easier to monitor and engage internal stakeholders on the subject of biodiversity, **we realise that this is not the right trajectory for this issue**. To enable Decathlon's progress to be truly efficient on these multiple subjects: freshwater, terrestrial ecosystem, species biodiversity, etc., it is essential to equip oneself with several tools in order to adapt to the local context and therefore to monitor credible and differentiated metrics.

Moreover, the current existing methods, which are still under development, have limitations, and Decathlon is facing **many challenges in having a detailed view on the drivers of biodiversity loss within its activities all along the value chain**. This lack of visibility limits the capacity we have to set strategic and operational KPIs to animate our teams, however, this lack of visibility is not an end in itself and should not prevent us from taking action.

By setting our first target, Decathlon has signalled to our teammates and partners that **we want to advance our work on nature**, and that these considerations must be at the core of our strategy.

BOX 2

CONTRIBUTION OF THE REPORT TO THE TOPICS RAISED

Nature and transition-related target setting

- Chapter: METRICS AND TARGETS | Element: Targets

WWF's report offers extensive recommendations on how to set science-based targets via the available methodologies of the SBTN. In the case where science-based targets cannot be set due to unavailable science-based methodologies, the report proposes a hierarchy of potential targets to be put in place such as contextual targets that are less prescriptive and data-intensive.

Setting strategic and operational KPIs and metrics

- Chapter: METRICS AND TARGETS | Element: Metrics | Sub-element(s): Nature-related metrics, Process Metrics and Data structure and organisation.

WWF's report offers extensive recommendations on the types of metrics that preparers can use for their nature transition plan, this includes suggested metrics relating to environmental pressures and the state of nature. Additionally, the report outlines operational metrics, termed 'process metrics' which cover all material areas of the company such as governance, financial planning and business and operational metrics. The report also offers guidance for preparing companies on how to develop plans to improve data quality through an internal data improvement process.

Reducing impacts in line with science or transition-pathway

- Chapter: IMPLEMENTATION STRATEGY – Element: Implementation Strategy – Sub-element: Action per realm and Cross-organisational Actions.

The implementation chapter offers extensive recommendations for entities attempting to take a proactive approach to reducing their impacts in line with science-based or other transition-related targets. In addition, the action per realm guidance supports companies in addressing impacts in priority areas that they have identified through their DIRO assessment. This section also offers guidance on how impacts can be reduced through enacting changes in an entity's products or services, operations, procurement policy, marketing and communications. By planning actions in one or several of these areas and applying a realm-based approach to actions, companies can begin reducing impacts even where data and understanding are lacking.

CONCLUSION

As highlighted by IPBES and the IPCC, **the current profit-driven economic business model, coupled with our enabling political environment, fails to account for the negative impacts of business activities on nature**. Corporate culture can favour a focus on near-term profits, leading to insufficient attention being given to broader risks and long-term societal impacts.

There is a profound misalignment between the choices made by entities, which have until now primarily focused on the perspective of financial materiality, and the decisions that must be taken regarding the impacts that the entity and its entire value chain have on nature. **Both dimensions must be considered with equal seriousness and effort; the assessment of double materiality is at the heart of the vital process of moving away from business as usual.**

It is important for entities to understand that this process, particularly promoted within the Corporate Sustainability Reporting Directive, is not merely about responding to external environmental issues. Humanity and its activities are encompassed within these challenges and are not external to them. **The instability caused by climate change and the erosion of biodiversity, along with the successive breaches of planetary boundaries, jeopardizes the viability of ecosystem functioning and, therefore, the sustainability of the business models that are closely dependent on them.**

This **WWF report set out actionable and best practices steps for structuring credible nature transition plans**, which outline how entities will pivot their business operations and entire business model to ensure that it contributes to the transition towards a 2030 where biodiversity loss is halted and reversed, and 2050 where the world is living under planetary boundaries over the long term.

Given the interlinkages between climate change and nature loss, **elements of nature transition plans should also tackle climate change and vice-versa**, driving WWF and other initiatives to urge entities to act now. The time pressures and frequency of business decision-making and reporting does not align with ecological and climate timescales necessary for biodiversity conservation or ecosystem restoration. **WWF considers that this needs to change**.

Finally, WWF urges national and regional public authorities as well as voluntary market initiatives (by improving collaborative and collective actions, fostering relevant tools and metrics) to provide the enabling environment on transition plan in order to facilitate their adoption and implementation.

We cannot achieve our 2030 or 2050 goals by acting alone. Governments, the financial system, civil society, IPLCs and others must work together - **and with businesses themselves** - to deliver the global systemic and transformative change needed to support businesses' efforts to contribute to the 2050 Vision for Biodiversity and Paris Agreement.

Our system is in peril, and we are dangerously close to the tipping point. We have five years to reverse this trend. The urgency of this moment leaves no room for inaction. We have the standards, the methodologies and the tools to achieve this. We must act now for a desirable and sustainable future.

ACTION PER REALM - LAND

SECTION 1. NARRATIVE

Land supports both human and non-human life by providing habitats and essential ecosystem services, including climate regulation, oxygen production, water filtration, as well as fiber and food production. It is one of our most valuable resources; however, increasing population and consumption are putting it under significant strain, jeopardizing planetary health. **Over the past sixty years, we have transformed nearly a third of the world's land area** for agriculture, livestock production, forestry, and other human activities such as mining and infrastructure development.

Our current land use is not only unsustainable but also inefficient and unequal. About one-third of land is degraded to varying degrees, resulting in the depletion of essential natural resources like soil fertility, water, and biodiversity. This degradation carries substantial economic consequences and threatens food security globally. The European Commission estimates that soil erosion leads to a loss of €1.25 billion in agricultural productivity and €155 million in gross domestic product (GDP) each year for European countries.

Transforming land systems is essential for tackling the climate and nature crises and achieving the GBF and Sustainable Development Goals. However, the scale of this challenge is substantial. We must halt the destruction of natural ecosystems and restore hundreds of millions of hectares of land to a natural state. At the same time, we need to meet the needs of a growing human population, particularly by ensuring access to affordable and nutritious food.

If we do not transform food systems it will be impossible to sustainably use our land and natural resources. Around 40% of all habitable land is used to produce food. This has come at the expense of nature, causing 80% of deforestation and 70% of biodiversity loss on land. Soil degradation has reduced the productivity of nearly a quarter of the global land surface, affected the well-being of about 3.2 billion people and cost about 10% of annual global gross domestic product in lost ecosystem services. **But food systems can be transformed from being the primary cause of degradation to the principle catalyst in restoration and recovery of our ecosystems.**

Adapted from: SBTN Land Guidance (V1) & WWF Food and Sustainable Land Use

SECTION 2. SUGGESTED TARGETS -IN A SCIENCE-BASED APPROACH-

NO CONVERSION OF NATURAL ECOSYSTEMS
Following SBTN Guidance (2024)

Rationale: This means considering the current expansion of world agriculture as an intangible historical maximum. In other words, the 40% of the world's land area currently devoted to agriculture does not become even 41%.

The objective of non-conversion of natural ecosystems therefore prohibits, for example, any turning over of a natural meadow, any clear-cutting of a forest or any destruction of a savannah in order to set up a new agricultural activity. This is why we speak of non-conversion, because it is not just a question of deforestation. Natural non-forest ecosystems are no less important, but they are generally less protected.

A commitment to non-conversion therefore requires knowledge of where production takes place.

Companies setting this target will avoid all further conversion of lands that were considered to be natural in 2020 after a target year that will vary between 2025 and 2030, depending on the context.

Note: Companies must meet the no-deforestation component of these requirements by 2025, for all stages of the value chain, for the following commodities: soy, cattle, oil palm, wood, cocoa, coffee, and rubber. This requirement is aligned with AFi, the SBTi FLAG requirements and the European Deforestation Regulation (EUDR EU 2023/1115)

LAND FOOTPRINT REDUCTION
Following SBTN Guidance (2024)

Rationale: The idea here is to ensure that the 40% of land area occupied by agriculture becomes, for example, 35%, and 35% is already included in the former 40%... The aim of reducing the terrestrial footprint is therefore to restore certain areas to their original ecological state, with the consequent disappearance of all human activity beyond preservation.

However, beware of a few contradictions if the problem is approached too superficially, as two examples show that this objective could be in contradiction with the previous objective, or others. For example, substituting rapeseed for soya in the manufacture of oilcake for livestock feed potentially reduces the pressure for further conversion of natural ecosystems, but

also potentially increases the terrestrial footprint at the level of the value chain making this decision, since rapeseed is less 'productive'. In addition, intensification of farming practices can locally reduce the land footprint but also reduce the quality of the water interacting with the area concerned.

Over and above these considerations, **a commitment to reducing the terrestrial footprint therefore requires knowledge not only of the locations but also of the production methods**.

Companies setting this target will reduce the total agricultural land footprint associated with their direct operations and upstream value chains.

This target can be set in intensity or in absolute terms, depending on the context in which the company operates. Concerning the absolute target, all companies reduce their agricultural land footprint at the same rate (determined by the global IPCC target for agricultural footprint reduction).

LANDSCAPE ENGAGEMENT
Following SBTN Guidance (2024)

To sum up: making a commitment to non-conversion and reducing our footprint requires us to identify all the production sites, to reference the production methods for each of these sites and to understand the impact of these production methods on natural ecosystems. To begin with, this means **exhaustive traceability**.

Companies setting this target will collaborate with established local partners in priority landscapes toward improving a range of ecological and social indicators defined in alignment with these partners.

Therefore, at least two approaches must coexist for a realistic commitment:

- **Investment in specifications or trust labels on the issue of production methods**, to guarantee minimum performance on a significant part of the value chain, through a sub-contracted responsibility approach: for example, organic farming or segregated soya certified as free from any conversion;
- At the same time, **investing in a landscape initiative**, which, on a smaller and therefore more accessible scale, enables people to understand, do and gradually become autonomous on the road to respecting the planeraty boundaries. And that's fundamental, because we're talking about living things here, biological processes that are largely non-predictive, and which are all about interactions, synergies, opposing effects, collective and territorial choices and dynamics.

Moreover, the Global Biodiversity Framework provide some political anchor points for targets setting with Target 1 to 3 on addressing land-use change, to improve conservation and restoration[1].

SECTION 3. SUGGESTED ACTIONS

Mitigation Hierarchy

AVOID	Commodity production **is not implemented** on newly converted natural ecosystem
	Avoid persistent organic pollutants and chemicals with demonstrated negative impacts on biodiversity including harmful chemicals and hazardous substances
	Avoid exploitation of species listed in the IUCN red list and CITES
REDUCE	**Reduce** impact through conservation-agriculture practices
	Reduce soil erosion through sustainable practices (e.g. plant vegetation buffers, conservation tillage, no-till, strip tillage, progressive or radical terraces)
RESTORE	**Restoration** of biodiversity and ecosystem conservation (e.g. protective forests, trees along roads, buffer zones, wildlife corridors)
	Protect, create, restore and reduce conversion of watersheds and coastal wetlands for habitat conservation, clean water supply and stormwater control (e.g. coastal green belt)
REGENERATE	**Switch** emphasis of food production **towards enhancing** working lands (e.g. organic agriculture, sustainable production, sustainable rate of harvest, regenerative agriculture)
	Improve ecological productivity in working lands in line with landscape scale objectives and stakeholder needs (e.g. ecological agriculture, silvopasture, agroforestry, boarder plantings, ecological corridors)
TRANSFORM	**Advocate** for integrated production systems, inter-sectoral coordination and cooperation
	Promote, implement, and improve agricultural certification schemes including organic agriculture (e.g. RTRS, RSPO, organic cotton standards)
	Support local community rights and social safeguards (e.g. collective action pathways, respect of customary land tenure, access and ownership, and/or social protection and adaptive safety nets)

1 https://www.cbd.int/gbf/targets

APPENDIX: ACTION PER REALM - LAND

Note: Here are some examples of narratives from Response Options Database. Our report is sector-agnostic at the level of the transition plan structure but for company actions some best sectorial practices are relevant. The important thing is to identify what you consider to be the fundamental actions that all companies should put in place (and add some key sectoral actions if relevant).

**The types of action illustrated above have been created to meet the scope of existing SBTN targets. While some actions may have greater synergies with other specific subjects (e.g. the mobilisation of agroecological practices will avoid the use of pesticides, an aspect not covered by the guidance at this stage), it is important to note that they are not exhaustive.*

Some specific levers relating to agro-ecosystems deserve to be detailed concerning the different pillars of the mitigation hierarchy:

AVOID
Intensification of agricultural practices

The current intensiveness of agricultural production models should be considered a historical maximum for most terrestrial ecosystems. Anything that goes in the direction of enlarging farms, increasing farm specialisation, extending monoculture or excessive and repeated ploughing, destroying habitats (which are the only non-productive element in the majority of current production systems), or their widespread pollution (through the use of systemic pesticides, via seed coating for example), and a loss of the link to the soil or to seasonality (through soilless cultivation or under greenhouses heated by fossil fuels in particular), should therefore be avoided in order to preserve terrestrial ecosystems.

Any sourcing outside of specifications or labels that allow precise knowledge of production methods should be avoided. The next step is, as far as possible, to ensure that the production methods described do not contribute to the intensification of farming practices.

REDUCE
Intensiveness of farming practices

The need to reduce economic activities that exacerbate this intensity, characterized by excessive use of chemical products, a large machinery fleet, and stressful living conditions for animals. This results in pollution of soils, air, and water, as well as health risks for humans.

Moreover, practices such as product standardization, supply imbalances, and offer imbalances contribute to this intensity. For food companies, it is crucial to reduce standardization, diversify offerings, and promote a balance between plant-based and animal products. Strict traceability of purchases is also essential to understand production methods. In summary, it is important to reduce ignorance about production methods and prioritize transparency of sources.

RESTORE
The agronomic foundations of sustainable agriculture

Modern agriculture, due to mechanisation, specialisation, and globalisation, has strayed from its agronomic foundations, leading to temporary successes such as increased yields and food self-sufficiency, but also to growing problems like stagnating yields, persistent hunger, and pollution.

To restore sustainable agriculture, it is essential to reintegrate agronomic foundations, including crop diversity, food autonomy through production diversification, grass-fed and free-range livestock farming, the de-specialization of farms, the promotion of mixed breeds, and the cultivation of legumes. These practices aim to enhance the sustainability and balance of agricultural systems while reducing environmental impact.

REGENERATE

Water, air, soil, and biodiversity: The sustained implementation of the previously listed restoration practices (in addition to adhering to the avoidance and reduction practices also mentioned) allows for the return to a good ecological state of terrestrial ecosystems, across the four commonly defined impact areas: water, air, soil, and biodiversity.

This return to a good ecological state is a prerequisite for any regeneration approach, which involves a form of circular vitality in biological processes (distinct from restoration, which is more linear and aims to "get back on track," achieving a state capable of "restarting the pump," often through human intervention). Regeneration emphasizes living organisms and ecosystems. To ensure that these living systems are maintained, certain practices are added to regeneration efforts, including: integrating animals and plants within the same system (a mature form of diversification and de-specialization that allows for a true system: "the animal nourishes the plant, the plant nourishes the animal"), minimal soil disturbance (the soil structure, the primary pillar of its fertility), maintaining maximum biodiversity (both cultivated, as discussed, and non-cultivated, such as providing trees and hedges for birds, reducing chemical treatments for pollinators, and minimizing soil disturbance for earthworms), and reducing any physical or chemical disruptions to the system as much as possible (some may call this conservation agriculture, but it's more important to think beyond concepts), with organic farming being a potential first step.

TRANSFORM
Sustainable food systems

To achieve sustainable food systems, it is essential to shift not just agricultural production, but the entire food system—from production to consumption, including processing and distribution. This adaptation should focus on creating shorter supply chains, tripartite contracts that ensure transparency and fair compensation, multi-year agreements for stability, and dedicated, traceable supply lines.

A systemic approach is necessary, incorporating all aspects of crop rotation and potentially involving multi-stakeholder territorial initiatives. Public support, such as credible ecosystem service payments, can be linked with private sector incentives to share the costs of implementing these practices.

Consumer engagement is vital for promoting ecological awareness in food choices. This can be facilitated through environmental labeling and scores, helping consumers make informed decisions based on their environmental values. However, these systems should not solely rely on life cycle analyses to avoid favoring intensive production methods over organic ones. Awareness campaigns in educational and professional settings should accompany the deployment of these labeling initiatives.

Ultimately, sustainable agriculture requires the involvement of farmers, making it crucial to reconnect society with agriculture by supporting the development of agricultural vocations and farm succession.

GUIDING QUESTIONS

- *What immediate steps should be taken to mitigate any negative impacts on the terrestrial realm?*

Immediate Direct Measures

- Inventory supplies sourced without any specifications or labels that provide precise knowledge of production methods (and gradually reduce them).
- Inventory untraceable supplies down to the place of production, meaning "down to the plot" (and gradually reduce them).
- Audit your own contribution to the standardization of agricultural and food products, as well as any internal imbalances in supply and demand.
- For livestock meat supplies, maximize the substitution animals raised in building for free-range animals (addressing issues of grass-fed farming, soil connection, food autonomy, and combating imported deforestation).

Immediate Indirect Measures

- Support, for example through sponsorship, initiatives that raise awareness about the preservation of terrestrial ecosystems and sustainable food, aid in fostering agricultural vocations and generational renewal (farm establishment and succession), combat habitat destruction, or restore these habitats, and more broadly, promote the restoration and maintenance of maximum biodiversity, including agricultural biodiversity (addressing issues like widespread pollution, agricultural chemicals, excessive and repeated plowing, and large machinery fleets).
- *Are there any quick wins or low-hanging fruits that can be easily implemented?*

Respecting Seasonality: Selling fruits and vegetables out of season is no longer acceptable today and is an ethical decision that is relatively easy to make and implement (this involves issues related to soilless cultivation and greenhouses heated with fossil fuels).

Long-term Strategies

- *What long-term strategies for companies should be adopted to ensure sustainable environmental practices?*

Developing Other Types of Commercial Relationships: Aimed at becoming the predominant models of activity: specifically, short supply chains (or at least shortened ones) and multi-year contracts (ideally with commitments on volumes).

Commit to Providing Full and Complete Information to Consumers: This includes information on nutrition, origin, and environmental performance of products.

Contribute to the De-specialization of Agricultural Models: This is against monoculture, against the specialization of livestock farming, against the expansion of farms, in favor of integrating animals and plants, and for reducing soil tillage.

- *Can you suggest any specific projects or initiatives that would benefit the ecosystem and that we can reuse?*

Any Territorial Approach or Regional Coalition: Aimed at technically and financially securing the adoption of agroecological practices (upstream) and working towards sustainable food (downstream), involving both private and public actors at each of these stages.

Promote Legumes: Both in production and consumption, as well as mixed breeds for livestock (particularly in production).

Integrate Upstream in Part of Your Activity: Increasingly expanding this part by establishing dedicated production chains that bring together the successive actors of the supply chain around a multipartite contract, a shared production specification, and a common valorization circuit.

SECTION 4. RESOURCE LIBRARY

In addition to the key actions listed above, we would also like to identify some key resources for companies to take further if necessary (report, methodology, framework, etc.).

- Living Planet Report (WWF, 2024)
- Food Loss & Waste Reduction (WWF, 2024)
- Land Technical Guidance (SBTN, 2024)
- Food Systems Transformation (WWF, 2023)
- Methods and models for biodiversity impact assessment (EIA, 2023)
- The role of regenerative agriculture to drive food systems transformation (WWF, 2023)
- Farming with biodiversity (WWF, 2021)

ADDITIONAL CROSS-FUNCTIONAL RESOURCES ON BIODIVERSITY

IPBES (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

IPBES (2024): Thematic Assessment Report on Invasive Alien Species and their Control

Conservation evidence: Action to conserve biodiversity - database

IUCN: Red List of Threatened Species

CITES: Species Appendices

SECTION 5. TOOLS

TOOL	INTENDED USE	LINK
WWF Risk Filter Suite	Screening tool for business to inform, explore, assess and respond to biodiversity and water-related risks (dependencies, impacts and risks) (open-source)	WWF Water Risk Filter WWF Biodiversity Risk Filter
SBTN High Impact Commodity List	Inform screening and prioritization of environmental impacts associated with the production of specific commodities and production processes (open-source)	High Impact Commodity List
Trends.Earth	Helps understand and track land change (e.g. for planning and monitoring of restoration efforts, or tracking urbanisation) (open-source)	Trends.Earth — Trends.Earth 2.1.8 documentation
Harmonized World Soil Database	Helps understand soil quality, potential agricultural productivity, environmental sustainability, and land management (open-source)	Harmonized world soil database v2.0 | FAO SOILS PORTAL | Food and Agriculture Organization of the United Nations
FAOStat	Offers food and agricultural data to support sustainable agricultural development and food security globally, spanning over 245 countries and territories (open-source)	FAOSTAT
B-ACT	The Business Agroecology Criteria Tool (B-ACT) assesses an enterprise's alignment with the 13 principles of agroecology. It also contains screening questions to rapidly determine whether an enterprise's business model, operations or strategy are potentially in conflict with agroecology.	B-ACT
Tool for Agroecology Performance Evaluation	Framework for consolidating global evidence on how agroecology supports the transformation to more sustainable agricultural and food systems	TAPE

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ACTION PER REALM - OCEAN

SECTION 1. NARRATIVE

The Ocean provides a vast array of ecosystem services. It provides food for billions of people, serves as a buffer against climate change, is a conduit for marine transportation and a vital part of global commerce, and is an abundant source of energy. It also significantly underpins the global economy. Research suggests a healthy Ocean is worth at least US $24T and can generate as much as US $2.5T annually in goods and services. But declining ocean health and decades of mismanagement of ocean resources threaten the future of ocean-based communities and economies. Despite the significance of these threats, ocean ecosystems have, to date, received less attention and less funding than their terrestrial counterparts, and SDG 14 remains the least funded of all of the SDGs.

This oversight stems from various challenges (lack of general awareness, the disaggregated and highly privatized nature of ocean asset data, ...) that require increased engagement from the private sector.

To support this effort, WWF has played a key role in the publication of the UNEP FI Sustainable Blue Economy Finance Principles (SBEFP) which remain the only unifying framework for developing a sustainable ocean economy. More than 80 institutions representing over USD 11 trillion have now joined the SBEFP initiative as either members or signatories.

Despite the introduction of various initiatives and guidances, such as the European Taxonomy, the Corporate Sustainability Reporting Directive (CSRD) or TNFD these existing standards and frameworks are still lacking credible implementation. with many companies still struggle to incorporate ocean health into their non-financial reporting.

This highlights how oceans remain an investors' blind spot, where companies see limited immediate benefits in investing in ocean conservation. However, neglecting the ocean poses significant risks to the global economy[1], as oceans play a crucial role in climate regulation, protein production, and global transport. Without proactive investment in ocean health, these vital services—and the stability of economies that depend on them—are at serious risk. The European Union has taken a leading role in addressing these gaps, particularly with the ESRS E3 standard, which emphasizes the sustainable use of marine resources.

- From a narrower perspective, focusing on maritime sectors, the lack of maritime policies that promote sustainable development limit the private sector's involvement to tackle ocean health recovery (Nommela, 2024). To bridge this gap, there is a need for a new narrative and broader debate to actively engage all businesses impacting and benefiting from ocean resources. The European Union offers a valuable framework for this journey by influencing the business environment and encouraging companies to participate in a sustainable blue economy. The EU's CSRD reporting standards are designed to achieve this goal through regulatory consistency and better collaboration between public and private sectors. In this context, companies are expected to demonstrate how they have incorporated relevant European and international regulations and objectives related to ocean sustainability into their practices, such as:
  - Directives 2000/60/EC and 2008/56/EC (framework directives on water and the marine environment);
  - Directive 2014/89/EU (on maritime spatial planning);
  - the United Nations Sustainable Development Goals (and in particular Goals 6 "Clean Water" and 14 "Aquatic Life");

SECTION 2. SUGGESTED TARGETS -IN A SCIENCE-BASED APPROACH-

- Regarding the oceans, the Science Based Targets Network (SBTN) is not yet fully operational, but recent advancements in the sustainable use of marine resources are paving the way for better integration of ocean-related issues into corporate reporting. Companies have the opportunity to contribute to the development of these standards by testing the initial tools available and proposing new solutions for other ocean-related activities. This proactive engagement can help shape more comprehensive and effective frameworks for ocean sustainability in the business sector.

In 2025, SBTN will release Step 3 Ocean (V1.0) containing an initial suite of three targets:

- The **Avoid and Reduce Overexploitation** target covers wild fisheries, helping companies avoid reliance on commodities derived from overexploited stocks and engage in seascapes and jurisdictions to improve fishery conditions and reduce overfishing.
- The **Protect Marine Ecosystems** target covers wild fisheries and aquaculture, helping companies avoid and reduce impacts on structural habitats in marine and transitional environments.

1 https://value-at-risk.panda.org/#intro

- **The Protect ETP Species from Fishing Impacts** target covers wild fisheries to address impacts to endangered, threatened, and protected (ETP) marine wildlife from wild capture fishing. It will likely form a foundation for future target guidance addressing impacts on all marine wildlife from a broader range of ocean industries.The development of Science-Based Targets (SBTs) hinges on the extent of companies' involvement in both their definition and implementation. Scientific targets related to the oceans are still relatively underdeveloped, with the SBTN has just released its public consultation guidance on Ocean[2].

- The UN Decade of Ocean Science (2021-2030) requires businesses to better integrate marine science to achieve Sustainable Development Goal 14. Despite CEO endorsement, adoption of the Sustainable Blue Economy Principles remains low, particularly the principle of integrating scientific conclusions. To drive effective Science-Based Targets, increased awareness and mobilization within the private sector are crucial. The Nature Transition Plan Framework report addresses this need, emphasizing the urgent role of businesses in protecting marine biodiversity and promoting a sustainable blue economy.

- When it comes to the high seas, impact assessments tend to be broad and global in scope, yet they require a nuanced, local understanding of international challenges. Various initiatives have been introduced to help quantify the ecological footprint of private sector activities. These assessments consider whether operations are within an effective Marine Protected Area (Pike, 2024), in a maritime sector governed by a maritime spatial planning scheme that adheres to the ecosystem approach (Reimer, 2023), or in a region where marine resources are sustainably managed.

Moreover, another key interconnected issue to be addressed is the net-zero artificialisation and its impact on ocean issues. To provide solutions, it requires an integrated approach that combines sustainable urban development (compact and green urban development), coastal management (Prioritize natural infrastructure solutions), pollution reduction (e.g, plastic), and conservation efforts.

SECTION 3. SUGGESTED ACTIONS

GUIDING QUESTIONS

Immediate Measures

- *What immediate steps should be taken to mitigate any negative impacts on the ecosystem?*

  Any company can contribute to the protection of marine habitats within Marine Protected and Conserved Areas (MPCAs) either by voluntarily funding conservation measures or by adopting a strict mitigation strategy in collaboration with MPA managers. For example, the PHAROS4MPAs publications[3] offer practical measures for companies operating in MPAs in the Mediterranean. More broadly, guidance is available through the Turning the Tide initiative (UNEP, 2021), which outlines detailed criteria for five blue economy sectors: seafood, ports, shipping, coastal and marine tourism, and marine renewables. This initiative provides recommended actions and guidelines, helping companies determine when to pursue and explore opportunities, when to challenge and engage based on specific indicators, and when to avoid investments due to significant environmental risks. The Sustainable Blue Economy Initiative and Sustainable Blue Finance Economy[4] also offers valuable insights and resources for companies committed to ocean conservation.

  An example: Sentier Investor, through its Institutional Investment Engagement Group, is addressing the pressing issue of microplastic pollution with a targeted initiative. Based on comprehensive technical reports on microplastic contamination in domestic and commercial washing machine's waterways, Sentier Investor advocates for the adoption of advanced filtration technology standards by encouraging washing machine manufacturers to integrate these filters into all new models produced by the end of 2023. This proactive measure aims to reduce the release of microplastics from washing machines, thereby mitigating their impact on the environment and promoting more sustainable practices within the industry. They have already convinced three influential companies to adapt their production.

- *Are there any quick wins or low-hanging fruits that can be easily implemented?*

  At a minimum, companies should disclose information about their environmental materiality (through SBTN Step 1 and 2, or TNFD complete LEAP disclosure) supply chains and sustainability goals on an annual basis, and may also choose to report on commitments and efforts via a third-party disclosure platform, such as the Ocean Disclosure Project (ODP).

  Example: Sysco France joined the ODP and pledged to ensure transparency in their seafood supply chains. Their commitments by 2025 include:

  - Source 100% of top 15 (by volume) wild-caught seafood species groups from fisheries that are certified (MSC, "sustainable fishing" or Global Sustainable Seafood Initiative certified), in good stock condition (scientifically assessed) or in a comprehensive FIP.

2 https://sciencebasedtargetsnetwork.org/companies/take-action/set-targets/ocean-targets/ocean-hub-public-consultation/
3 https://pharos4mpas.interreg-med.eu/
4 https://wwfeu.awsassets.panda.org/downloads/sbefp_declaration___6_aug_2018.pdf

- Source 100% of top five (by volume) aquaculture seafood species groups from farms that are certified [Aquaculture Stewardship Council (ASC), Global Good Agricultural Practices (GAP) or BAP 3-Star minimum] or in a comprehensive aquaculture improvement project (AIP).

Each company can contribute by:

- **Ensuring transparency in their seafood supply chains and sector peers by reporting on commitments and efforts via a third-party disclosure platform.**
- **Defining the percentage of seafood sourced from sustainable suppliers.**
- Applying ecosystem-based management (EBM) approaches in seafood commodity-producing regions to drive holistic improvements in seafood production and distribution (including to reduce waste) at relevant ecological and political scales. In particular, convening relevant government, industry, civil society and finance sector actors to participate in Jurisdictional Initiatives with the aim of collaborating to achieve positive environmental, social and economic outcomes.
- **Accounting for trade flows and interdependencies between countries along the international supply chain**, companies can connect the extraction of raw materials, inter-industry flows, trade, and final consumption. This approach allows companies to assess whether their seafood sources are being exploited in line with applicable or desired sustainability standards and objectives.
- **Seeking to publish this information in standardized metrics** as for instance by using the GDST Standard (Global Dialogue on Seafood Traceability) for Interoperable Seafood Traceability Systems , companies can help foster international collaboration and promote policies that ensure the long-term sustainability of all seafood production.
- **Exercising due diligence**, assessing and mitigating the risks posed by IUU fishing in their supply chains by using the code of practice Publicly Available Specification (PAS 1550: 2017).

Long-term Strategies

- *What long-term strategies for companies should be adopted to ensure sustainable environmental practices?*

The oceans serve as a vast receptacle for human activities, accumulating pollution from rivers, coastal establishments, outfalls, and other land-based sources. Companies can play a critical role in improving the ecological health of the oceans by actively reducing pollution inputs. Beyond implementing plastic pollution strategies—such as optimizing production and consumption, eco-design to increase recyclability, prioritizing recycled plastics, and enhancing waste collection systems—**companies should adopt a more systemic approach**. For example, microplastic pollution from water discharge is often inadequately regulated and should be proactively addressed by companies themselves.

Additionally, the alteration of coastal landscapes can exacerbate pollution, sedimentation, and disrupt water flow patterns, further degrading marine environments. **Companies must carefully consider their direct and indirect impacts on coastlines**, making sustainable development choices that reduce reliance on port storage or other facilities that necessitate shoreline construction. The **use of aggregates in concrete production**, for instance, has significant effects on deep-sea marine habitats and can contribute to the redistribution of pollutants. By adopting more sustainable practices, businesses can help mitigate these impacts and contribute to the long-term preservation of marine ecosystems.

Moreover, effective ocean protection requires a comprehensive, ecosystem-based management approach that transcends jurisdictional and ecological boundaries. This involves strategies like coastal and marine spatial planning (integrated coastal zone management) and transboundary cooperation to balance various uses of marine areas while safeguarding ecosystems. Managing large marine ecosystems (putting in place effective ocean governance), establishing marine protected area networks, and adopting seascape-scale conservation planning are also crucial for preserving biodiversity and promoting sustainable resource use.

One major obstacle lies in the limited availability of databases, with information that is often scarce and scattered. This challenge presents an opportunity for organizations to address the gaps in their sustainability reporting by explaining why certain data may be missing and outlining their plans to develop this information. For example, since many nations rely on imports to meet national seafood demands, sustainability assessments must account for both domestic production and net imports, ensuring that imported seafood comes from sustainable sources. Collecting this data remains a significant challenge for companies, especially in areas beyond national jurisdiction. However, each company can contribute to the development of a coherent system for monitoring the value chain. A long-term commitment is essential for achieving success in this endeavor.

- *Can you suggest any specific projects or initiatives that would benefit the ecosystem and that we can reuse?*
  - Novotel is supporting WWF France conservation project on safeguarding Posidonia meadows, an endemic flowering plant of the Mediterranean which plays a key role as a carbon sink – removing carbon from the atmosphere - and provides benefits to 25 different marine ecosystems.
  - The Group Carrefour has committed to ensuring that 50% of fish sold comes from sustainable fishing by the end of 2025 (Carrefour brands and national brands for fresh products).
  - The Carrefour Foundation is collaborating with WWF France on a research project focused on sharks and rays in the Mediterranean. This effort seeks to identify a key aggregation hotspot, with the goal of enhancing knowledge and aiding the future development of effective management strategies for pelagic sharks and rays.

- Bolton Food is funding WWF conservation projects safeguarding mangrove forests and supporting ancestral communities in the Gulf of Guayaquil in Ecuador. The initiative supports the renewal of land protection concessions for 6,093 hectares of mangroves, with the goal of extending this protection regime to more than 8,000 hectares.
- Sysco France supports the WWF project on protecting large cetaceans in the Mediterranean sea by helping to develop an anti-collision system preventing their collision with ships.
- Sodexo is a member of the Seafood Task Force, a global trade association where retailers, seafood brands and their seafood partners are working together to drive supply chain oversight and continuous improvement from vessel to plate.

Additional Insights

More than 90% of global goods are transported by sea, making maritime transport essential to most businesses worldwide. As a result, all companies are affected by the objectives, policies, and actions related to the energy and ecological transition of the maritime transport sector. Operational criteria are available to help companies assess whether their business operations align with sustainable transport practices. Various taxonomies provide quantifiable metrics for evaluating capital and operational expenditures, and the ISSB offers robust guidelines that serve as a critical alert for businesses. Adhering to these standards is crucial for companies to ensure their operations are in line with the global shift towards sustainability in maritime transport.

SECTION 4. RESOURCE LIBRARY

In addition to the key actions listed above, we would also like to identify some key resources for companies to take further if necessary (report, methodology, framework, etc.).

Living Planet Index Update for Migratory Freshwater Fishes (WWF, 2024)
Ritchie and Roser, 2024 "Fishing and Overfishing"
Sustainable Seafood Coalition, 2021 "Voluntary Codes of Conduct"
WWF - Seafood guides (online)
WWF Endangered Seafood Species guide. 2021.
Global Dialogue on Seafood Traceability (GDST)
WWF traceability principles for wild caught fish products. 2015.
WWF Traceability Guidance. 2022.
Publicly Available Specification (PAS) 1550:2017
UNEP - Turning the Tide: How to Finance a Sustainable Ocean Recovery (2021)
Review of nature positive approaches and coexistence in the offshore wind industry (2023)

ADDITIONAL CROSS-FUNCTIONAL RESOURCES ON BIODIVERSITY

IPBES (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

IPBES (2024): Thematic Assessment Report on Invasive Alien Species and their Control

Conservation evidence: Action to conserve biodiversity - database

IUCN: Red List of Threatened Species

CITES: Species Appendices

SECTION 5. TOOLS

Note: The aim here is to identify existing tools (which may also be databases) so that the company can take this subject into account as part of its strategy.

TOOL	INTENDED USE	LINK
WWF Risk Filter Suite	Screening tool for business to inform, explore, assess and respond to biodiversity and water-related risks (dependencies, impacts and risks) (open-source)	WWF Water Risk Filter WWF Biodiversity Risk Filter
Global plastic	Platform that maps the world's plastic pollution in near real-time	Global plastic platform
Ocean+	Online platform that provides an overview of global marine and coastal datasets of biodiversity importance. The site can be used to identify resources to support 1) assessments and monitoring of ecosystems/biodiversity within marine habitats 2) site assessments and risk prevention, 3) identification of ecosystem services and marine natural capital, 4) development of marine spatial plans/ siting of marine protected areas, 5) analyses of national and international conventions and agreements.	• Ocean+ Platform • Ocean+ Habitats • Ocean Library • Protected Planet • Ocean data viewer

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ACTION PER REALM - FRESHWATER

SECTION 1. NARRATIVE

Water, our planet's lifeblood, and the ecosystems that store and supply it — rivers, lakes, wetlands and aquifers — have been consistently undervalued. This oversight exacts a profound toll: a water crisis that corrodes human well-being and jeopardizes our planet's health. The realities are stark: hundreds of millions lack access to clean water, billions lack proper sanitation, and water-driven risks imperil food security and livelihoods. Nearly three quarters of recent disasters have been related to water. This challenge will intensify as populations and economies expand, increasing the strain on water supplies. Water serves as the primary conduit through which societies and economies bear the impact of the climate crisis — more extreme floods, droughts, shifting rainfall patterns and associated insecurity in food supplies, fluctuating river flows, wildfires, and deteriorating water quality. "We are draining humanity's lifeblood through vampiric overconsumption and unsustainable use, and evaporating it through global heating," said U.N. Secretary General Antonio Guterres. We urgently need to reverse these losses because healthy freshwater ecosystems are central to ensuring water, food, and energy security, as well as tackling the climate and nature crises. Rivers alone support a third of global food production and provide sediments that sustain mangroves and keep deltas above the rising seas. Furthermore, healthy floodplains and wetlands act as natural defenses for our cities and communities against floods, storms, and droughts. At the core of this water crisis lies the dire decline of freshwater biodiversity and ongoing degradation of our ecosystems. Over five decades, onethird of wetlands have vanished, and freshwater species populations have plummeted by 83 percent on average. These staggering figures underscore the harm inflicted upon our rivers, lakes, wetlands and aquifers.

Source:** High cost of cheap water **(WWF, 2023)

Key figures:

- Global water use **multiplied by 6** over the last century
- A projected **+30% increase** in the volume of water abstracted **by 2050**
- **3.6 billion people** in 2024 will be in potential water shortage zones for **at least 1 month a year**
- **5 billion projected** to be in these same areas in **2050**, at least once a month, **with no means of adaptation**
- **70 % water abstraction for agriculture**

SECTION 2. SUGGESTED TARGETS -IN A SCIENCE-BASED APPROACH-

- **Freshwater Quantity:** Reducing water withdrawal in a specific catchment area
  - Following SBTN guidance (2024)
- **Freshwater Quality:** Reduction of pollutant loads (nitrogen and phosphorus) within a specific catchment area
  - Following SBTN guidance (2024)
- **Freshwater Quality:** Reduction of other toxic chemicals* in the catchment areas concerned
  - Pesticides**
  - Herbicides
  - Substances of concern (see. European Chemicals Agency)
  - Substances of very high concern (see. European Chemicals Agency)

A quick look at contextual targets for freshwater

An entity's ability to set Science-Based Targets (SBTs) for nature can be influenced by numerous factors, including (but not limited to) internal expertise, available resources, its economic size (for example having a complex multi-country value chain), existing trade-off with its economic objectives and the specific geographic contexts in which it operates. Moreover, science-based targets do not yet allow entities to respond to all relevant environmental issues and productive processes***.

In this regard, we recommend mobilising other types of targets definition, and more specifically for freshwater: Contextual Water Targets.

Contextual targets represent a middle ground between non-contextual and water SBTs. They are informed by the surrounding entity and realms context, and help to focus resources towards the right ecosystem-related challenges in the right places and are strategically relevant to both the target-setting user and other users in the realms (in a landscape approach view). This form of target is primarily aimed at ensuring that the coverage of ecosystem targets is aligned with the materially relevant ecosystem-related challenges at either site- or corporate-level.

These targets embrace efficiency and management concepts (traditionally non-contextual approaches) but move further by accounting for the needs of local nature-related challenges.

*Overall, the objective here is also to align with the existing GBF-KM agreements, more specifically Target 7: Reduce Pollution to Levels That Are Not Harmful to Biodiversity

APPENDIX: ACTION PER REALM - FRESHWATER

**The aim here is to align with European 'Farm to Fork' requirements that set two key non-legally binding targets for pesticides:

- Target 1: to reduce by 50% the use and risk of chemical pesticides by 2030
- Target 2: to reduce by 50% the use of more hazardous pesticides by 2030

***Further details can be found in the 'Targets Hierarchy' section of this report.

SECTION 3. SUGGESTED ACTIONS

AVOID	**Avoid** withdrawals from sensitive ecosystems and limited sources (incl. groundwater)
	Avoid destruction or damage on natural habitats : rivers (i.e. channelisation..), wetlands (i.e drainage..), hedges...
	Avoid practices (i.e. intensive agriculture, soil artificialisation) that harmer soil health and water (i.e. drainage)
	Eliminate use of hazardous chemicals
	Avoid exploitation of species listed in the IUCN red list and CITES
REDUCE	Installation of (or upgrade to existing) wastewater treatment facilities to **reduce** pollutant loading
	Reduce use of water (i.e sensors, irrigation systems, water circularity, regenerative agriculture), fertilizers, pesticides, chemical components, energy in production (i.e production sites, suppliers, farmers...)
RESTORE	**Restoring** and managing rivers, wetlands and other aquatic habitats to improve water quality and quantity
REGENERATE	Implement **agroecological practices** to **regenerate** degraded agricultural landscapes
	Regenerate water cycle with natural water retention measures (agriculture, forest, urban and hydromorphology) that promote infiltration instead of run off (i.e planting hedges, soil cover, river restoration...)
RESTORE/ REGENERATE	**Rehabilitation** of degraded land cover in catchments, to increase infiltration (quantity) and **reduce** pollutant runoff (quality)
	Plant/restore native vegetation to **improve** water quality and quantity in watersheds or along riparian/wetland buffers
TRANSFORM	**Transform**/replace unsustainable products and practices and expand sustainable product lines
	Transform production location (i.e crops) to natural conditions and climate change
	Transform food habits for a reduction and a more local consumption of meat products.

Note: Here are some examples of narratives from Response Options Database. Our report is sector-agnostic at the level of the transition plan structure but for company actions some best sectorial practices are relevant. The important thing is to identify what you consider to be the fundamental actions that all companies should put in place (and add some key sectoral actions if relevant)*

**The types of action illustrated above have been created to meet the scope of existing SBTN targets. While some actions may have greater synergies with other specific subjects (e.g. the mobilisation of agroecological practices will avoid the use of pesticides, an aspect not covered by the guidance at this stage), it is important to note that they are not exhaustive.*

SECTION 4. RESOURCE LIBRARY

In addition to the key actions listed above, we would also like to identify some key resources for companies to take further if necessary (report, methodology, framework, etc.).

- Living Planet Index Update for Migratory Freshwater Fishes (WWF, 2024)
- Freshwater Technical Guidance (SBTN, 2024)
- Corporate water stewardship and freshwater SBTs (SBTN, 2024)
- Freshwater & Food – Factsheet (WWF, 2023)
- High cost of cheap water (WWF, 2023)
- Contextual Water Targets (WWF, 2021)
- Putting water strategy into context (WWF, 2021)

ADDITIONAL CROSS-FUNCTIONAL RESOURCES ON BIODIVERSITY

IPBES (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

IPBES (2024): Thematic Assessment Report on Invasive Alien Species and their Control

Conservation evidence: Action to conserve biodiversity - database

IUCN: Red List of Threatened Species

CITES: Species Appendices

SECTION 5. TOOLS

Note: The aim here is to identify existing tools (which may also be databases) so that the company can take this subject into account as part of its strategy.

TOOL	INTENDED USE	LINK
WWF Risk Filter Suite	Screening tool for business to inform, explore, assess and respond to biodiversity and water-related risks (dependencies, impacts and risks) (open-source)	WWF Water Risk Filter WWF Biodiversity Risk Filter
SBTN Unified State of Nature datasets for Water Availability and Water Pollution	Helps companies assessing the State of Nature for Water Availability and Water Pollution around their operations and supply chain locations (open-source)	SBTN State of Nature Water Layers (arcgis.com)
Ceres' Investor Water Toolkit	Assists investors in assessing and acting on water risks and opportunities (open-source)	Investor Water Toolkit | Ceres: Sustainability is the bottom line

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The authors would like to thank the contributors to this factsheet: Allen TOWNSEND – Senior Program Officer and SBTN Freshwater Co-lead (WWF United States), Jean ROUSSELOT - Lead Freshwater (WWF France) and Rylan DOBSON - Manager, Water Stewarship (WWF Germany)

ACTION PER REALM - FOREST

SECTION 1. NARRATIVE

Forests are critical for climate, biodiversity, economies and human health, covering about a third of Earth's land[1]. They host over half of land-based species, provide 75% of global freshwater, and support more than a billion people, including many indigenous communities. As major carbon sinks, tropical forests alone store seven times the carbon emitted annually by humans and absorb up to 1.8 gigatonnes of carbon per year.

However, forests face severe threats, emphasizing the urgent need for sustainable practices and forest management. Data shows that at a global level, we have overshot the planetary boundary for forests.

Expansion of commercial agriculture (both large and small scale) and tree plantations are by far the greatest drivers of deforestation, with land speculation playing a strong role in several local contexts. Infrastructure and extractive activities, particularly the expansion of mining, are increasingly important drivers. These drivers take different shapes across locations and change over time[2].

Different global responses have emerged over the past decades to address illegal logging and deforestation. This includes multi-stakeholder declarations and commitments, the development of voluntary certifications, international and bilateral agreements, as well as demand-side regulatory measures. Within the latter category, the recent EU Deforestation Regulation (EUDR) is spearheading a movement requiring advanced due diligence systems from private companies trading in forest risk commodities, and increased levels of visibility and information sharing across supply chains. Among other requirements, the EUDR mandates the collection and sharing of information relating to the areas of production of commodities, their legal production, and the absence of deforestation.

The recognition of Indigenous Peoples' rights and ensuring direct access to resources by Indigenous Peoples and other rights holders are crucial given their critical role in protecting forest ecosystems globally.

SECTION 2. SUGGESTED TARGETS -IN A SCIENCE-BASED APPROACH-

Scientific targets related to the forest are relatively developed, in line with regional and international goals:

- **Halt deforestation** and produce/supply products that are both deforestation and degradation-free and produced/ procured legally (link to EUDR)
- **Achieve zero** deforestation-conversion of natural lands in direct operations and supply chains
- **Build and/or improve landscape engagement** (notably forest landscape restoration, nature based solutions)
- **No violation of human rights/IPLC rights**

SECTION 3. SUGGESTED ACTIONS

GUIDING QUESTIONS

Immediate Actions

- What immediate steps should be taken to mitigate any negative impacts on the ecosystem?

Comply with the European deforestation regulation to:

- Implement measures to protect existing forests and prevent further deforestation (knowing your supply chain and investing in traceability)
- Establish a robust system to trace and control the origin of timber and other forest products. (e.g. use of digital supply chain management systems and forensic methods)

Promote mandatory transparency and reporting on forest management practices.

Adopt sustainable forestry practices and improved forest management:

Implement improved forest management, continuous cover forestry, reduce clear cuts, implement Reduced Impact Logging (RIL), etc.

1 https://www.worldwildlife.org/initiatives/forests
2 https://wwfint.awsassets.panda.org/downloads/deforestation_fronts___drivers_and_responses_in_a_changing_world___summary_english.pdf

Implement agroforestry (e.g. rainfed, cereal-dominated, hinterland, shade-grown coffee, flood plain, improved Milpa, irrigation, perennial crops with trees, quesungual system, staple grains alley farming)

Long-term Strategies

- What long-term strategies for companies should be adopted to ensure sustainable environmental practices?

Where companies are further away from the point of production, they should support the development of 'First mile" approaches to deliver incentives within the supply areas to the first major points of aggregation (and usually production) of commodities:

- Engagement with suppliers as well as supporting smallholders (supporting training on improved practices)
- Supporting producers with legal compliance and recognition of land rights / ownership
- Ensuring that Indigenous Peoples and Local Communities living within or with rights to the supply area agree to the production of the raw material based on the principle of free prior and informed consent (FPIC)
- Implementing verification and monitoring systems within the supply area technologies and mapping capabilities integrating local and traditional knowledge.
- Establishing traceability systems for raw material that is shipped from forest/farm to primary supplier with sufficient checks to ensure that no uncontrolled material contaminates controlled material.
- Paying producers a fair price for compliant commodities, particularly where supply areas are hot spots for deforestation, degradation, conversion, and/or illegality, then a well-resourced primary supplier is best positioned to exercise controls that can add up to truly effective risk mitigation. Such controls could include:
    - "Source-forward" traceability systems, e.g., government-led Timber Legality Assurance Systems (TLASs)
    - Remote monitoring (e.g., via satellite and/or drone technology)
    - Regular site & supply area audits, including but not limited to those conducted under credible certification schemes (see below)
- Mapping the supply area where raw material production takes place and support development of databases for forensic methods, etc.
- Regenerate existing plantations with sustainable practices (e.g. annual crops, agroforests, commercial trees, bamboo, enrichment strips, open field, renewal coffee, perennial crops and trees, extended rotation system, and timber outside of livestock areas)

Sustainable forest landscapes initiatives can unify those varying efforts[3], to take action at local scale, secure and connect wild areas and wildlife populations, build climate resilience, enable cross-border action and allow access to larger financing and higher levels of political commitments.

- Can you suggest any specific projects or initiatives that would benefit the ecosystem and that we can reuse?

  Forests Forward is a WWF corporate program that engages companies around the world to help them reduce their forest footprint and support other on-the-ground actions—like forest restoration—to keep forests thriving for people, nature, and climate.

  Trillion Trees is restoring forests all over the world for the benefit of people, nature and the climate.
  Trillion Trees works with conservation partnerships to restore natural forest landscapes, while at the same time incorporating and supporting activities that bring benefits back to the landscape.

SECTION 4. RESOURCE LIBRARY

In addition to the key actions listed above, we would also like to identify some key resources for companies to take further if necessary (report, methodology, framework, etc.).

- Deforestation Fronts (WWF, 2021)
- WWF's deforestation and conversion free supply chains asks
- https://wwfint.awsassets.panda.org/downloads/dcf_supply_chains___vision_principles_asks.pdf
- EUDR – Step-by-Step Guide for Business (WWF, 2024)
- Forest Pathways Report (WWF, 2023)
- Unseen Foresters report provides some ideas for wider recognition of forest management by local communities
  https://wwfint.awsassets.panda.org/downloads/report_wwf_iied_unseen_foresters_2020_1.pdf
- Targeting Natural Resource Corruption ressources on illegal logging
- Extracted forests (on mining and deforestation - 2023)
- Everything from wood (WWF, 2022)
- Deforestation and conversion "(for central bankers, financial regulators and supervisors - 2024)

3 https://www.iufro.org/uploads/media/human-dimensions-of-forest-landscape-restoration.pdf

- Everything from wood (when considering transitioning to biomaterials, especially wood, companies should take into account that supplies of wood are not endlessly sustainable, even if they are renewable)

ADDITIONAL CROSS-FUNCTIONAL RESOURCES ON BIODIVERSITY

IPBES (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

IPBES (2024): Thematic Assessment Report on Invasive Alien Species and their Control

Conservation evidence: Action to conserve biodiversity - database

IUCN: Red List of Threatened Species

CITES: Species Appendices

SECTION 5. TOOLS

Note: The aim here is to identify existing tools (which may also be databases) so that the company can take this subject into account as part of its strategy

TOOL	INTENDED USE	LINK
WWF Wood Risk Tool	Tackling illegal and unsustainable logging and trade by helping companies to assess, understand, and manage wood risk.	WWF Wood Risk Tool
SBTN High Impact Commodity List	Inform screening and prioritization of environmental impacts associated with the production of specific commodities and production processes (open-source)	High Impact Commodity List
Trase	Follows trade flows and maps companies in supply chains linked to deforestation; linking countries, traders and production places (open-source)	Trase - Insights and analysis on commodity trade sustainability - Trase
Global Forest Watch Map	Helps understand soil quality, potential agricultural productivity, environmental sustainability, and land management (open-source)	Interactive World Forest Map & Tree Cover Change Data | GFW (globalforestwatch.org)
World Forest ID	Forensic testing to determine species & origin and validate claims	World Forest ID
DCF implementation toolkit	Concrete actions towards deforestation and conversion free commitments for companies and financial institutions	DCF implementation toolkit
ZSL (SPOTT)	SPOTT supports the financial sector and supply chain stakeholders to manage ESG risk through its assessment of the public disclosure and reporting of soft commodity companies.	SPOTT
CDP Forest	CDP has used its disclosure framework to track progress on avoidance of destruction of all natural ecosystems (Deforestation and Conversion Free, or DCF).	CDP
Preferred by Nature Sourcing Hub	Country risk profiles for cattle, palm, soy and timber. Detailed information on legality requirements for timber by country to support sourcing of legal supplies.	Preferred by Nature Sourcing Hub
Chocolate Institute traceability tools benchmark	Benchmark of traceability and EUDR compliance solutions for cocoa, which can be useful for other commodities	Chocolate Institute benchmark

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WWF NATURE TRANSITION PLAN TOOLS

Legend:

- Tool was created to support key objectives of the TP element
- Tool provides relevant insights for the TP element
- Tool has perceived limited to no utility for the TP element

Analysis heavily reliant on the tools' own claims

NAME	ORGANIZATION	INTENDED USE	INPUTS NEEDED	OUTPUTS	COVERAGE OF ECOSYSTEMS	CONNECTION WITH OTHER NTP FRAMEWORKS AND TOOLS	GRANULAR GEOSPATIAL DATA	OPEN RESOURCE?	FOUNDATIONS	METRICS & TARGETS	IMPLEMENTATION	ENGAGEMENT	GOVERNANCE	MRV
CORE TOOLS														
ENCORE	ENCORE Partnership	Explore industry-based dependencies and impacts on natural capital (i. e. physical risks)	Industry / sector; Production processes	Impacts and dependencies insights and ratings; Geospatial datasets on natural capital assets; Drivers of environmental change;	Comprehensive	SBTN, TNFD, GRI Standards	Regional to local level	Yes						
Materiality Screening Tool (MST)	SBTN	Quick screening of all environmental issues covered by SBTN using global sector-level data for companies' direct operations and upstream	Industry / sector (ISIC classification)	First screening of the types of environmental impact potentially materially relevant to the direct and upstream operations of the company's sector	Comprehensive	ENCORE, SBTN, HICL, EXIOBASE	-	Yes						
WWF Risk Filter Suite (Water, Biodiversity)	WWF	Explore and assess industry-based biodiversity risks, dependencies and impacts, including business risks	Industry / sector; Geography / Location;	Impacts and dependencies insights and scores; Integrated risk assessment; Geospatial datasets; Country profiles	Water, Biodiversity	ENCORE, TNFD, SBTN	Regional to local level	Yes						

NAME	ORGANIZATION	INTENDED USE	INPUTS NEEDED	OUTPUTS	COVERAGE OF ECOSYSTEMS	CONNECTION WITH OTHER NTP FRAMEWORKS AND TOOLS	GRANULAR GEOSPATIAL DATA	OPEN RESOURCE?	F	M&G	I	E	G	MRV
WWF Wood Risk Tool	WWF	Assess and manage risks associated with wood logging and trade	Species; Geography / Location	Wood risk scores and assessments; Insights & resources for producer countries; Tree species abundance insights	Forest	CITES; IUCN Red List	Country-level	Yes						
Global Forest Watch (GFW)	GFW	Monitor and manage forests, spot illegal deforestation and fires, identify unsustainable activities and sustainably source commodities, and conduct research at the forefront of conservation.	Geography / Location; Time period;	Risks and opportunity identification; Spatial data on forest cover, deforestation alerts, fire alerts, biodiversity hotspots, carbon stocks, and land use; Species Threat Abatement and Restoration Metric scores; Statistical reports, charts and graphs; Deforestation and fire alerts	Forest	SBTN, TNFD	<5km	Yes						
SBTN Unified State of Nature datasets for Water Availability and Water Pollution	SBTN	Assess water availability and water pollution hotspots to support interpretation and prioritization of risks for own operations and supply chains	Geography / Location	Water availability and water pollution scales	Freshwater	SBTN, WWF, WRI	Local-level (watershed)	Yes						
High Impact Commodity List (HICL)	SBTN	Inform screening and prioritization of environmental impacts associated with the production of specific commodities and production processes	Product/ commodity	Impacts and dependencies; Material pressures from ENCORE and SBTN	Comprehen-sive	TNFD	-	Yes						
Biodiversity Intactness Index	Natural History Museum UK	Understand past, current and future biodiversity changes to estimate how much of an area's natural biodiversity remains and what are future scenarios.	Geography / location; Time period; Projected scenario; Type of land use	Biodiversity Intactness Index (%) Opportunity identification; Scenarios; Geospatial and Ecological Data /maps;	-	SBTN	<1km	Yes						

NAME	ORGANIZATION	INTENDED USE	INPUTS NEEDED	OUTPUTS	COVERAGE OF ECOSYSTEMS	CONNECTION WITH OTHER NTP FRAMEWORKS AND TOOLS	GRANULAR GEOSPATIAL DATA	OPEN RESOURCE?	F	M&G	I	E	G	MRV
Integrated Biodiversity Assessment Tool (IBAT)	BirdLife International, Conservation International, IUCN and UNEP-WCMC	Get authoritative geographic information about global biodiversity. Layers include: • Species Threat Abatement and Restoration metric (STAR); • IUCN Red List of Threatened Species; • Key biodiversity area	Geography / Location	Insights on risks and opportunities; Impacts and dependencies Geospatial and ecological data /maps; STAR Metric score; IUCN Red List indicators;	Comprehensive	SBTN, TNFD	<5km	Partially						
Species Threat Abatement and Restoration (STAR) metric - IBAT	IUCN	Identify actions that have the potential to bring benefits for threatened species, and it supports the establishment of science-based targets	Geography/ Location;	Species Threat Abatement and Restoration Metric score; Risk maps; Opportunity identification	Forests, land	SBTN, TNFD	<5km	Partially						
Trase	Stockholm Environment Institute; Global Canopy	Map forest- risk supply chains linking consumer countries and traders with places of production. Allows greater visibility of the countries, regions and companies that have higher rates of deforestation.	Producer country; Importer country; Commodity	Company's deforestation exposure; Spatial data for asset risk mapping;	Forests, land	SBTN, TNFD	National, subnational	Partially						
BIODIVERSITY FOOTPRINT TOOLS (Disclaimer: about the use of these footprint tools, please refer to the note for attention on p. 35)														
Corporate Biodiversity Footprint (CBF)	Iceberg Data Lab	Measure the extent of a company's impact on biodiversity in both absolute – km2.MSA – and relative terms – km2.MSA/Financial or km2.MSA/physical KPI.	Comprehensive company/ portfolio data	Corporate biodiversity footprint metric; Dependency score; Biodiversity avoided Impact Score; Biodiversity positive and negative contribution insights; Identification of industry leaders for benchmarking Geospatial data	Comprehensive	SBTN, TNFD	-	No						

NAME	ORGANIZATION	INTENDED USE	INPUTS NEEDED	OUTPUTS	COVERAGE OF ECOSYSTEMS	CONNECTION WITH OTHER NTP FRAMEWORKS AND TOOLS	GRANULAR GEOSPATIAL DATA	OPEN RESOURCE?	F	M&G	I	E	G	MRV
Global Biodiversity Score - Open Source (GBS-Open)	CDC Biodiversité	Aims at quantifying all the impacts of a company - across its value chain - or an investment portfolio on biodiversity, through the use of a common unit (the MSA or “mean species abundance”).	Comprehensive company/ portfolio data	Impacts on biodiversity and dependencies on ecosystem services; Value chain assessment	Comprehen-sive	TNFD, ENCORE	-	Yes						
DATABASES														
EXIOBASE (LCA database)	Exiobase Consortium	Examine trade flows among sectors and investigation of nature dependencies in sector supply chains	Industry / sector; Geography / location; Product information; Production processes details; etc	Impact and dependencies; Environmentally extended input output analysis; Insights into the economic interactions; Resource use and extractions; Emission Inventories;	-	TNFD, SBTN, IUCN	-	Yes						
ECOINVENT (EEIOA database)	EcoInvent	Gain a deeper understanding of the environmental impacts of specific products and services throughout the supply chain	Industry / sector; Geography / location; Product information; Production processes details; etc	Impacts and dependencies; LCI results; Impact assessment	-	SBTN, TNFD	-	No						
Agrifootprint (LCI database)	Mérieux NutriSciences	Get access to life cycle inventory (LCI) database, covering data on food, feed and agricultural intermediate products.	Agri product information; Production processes details; Resource consumptions;	Environmental Impact assessment; LCI results; Various metrics and indicators	-	SBTN	-	No						
Agribalyse (LCA database)	French Agency for Ecological Transition (ADEME)	Get access to a database with the environmental impacts of agricultural and food products built according to the Life Cycle Analysis (LCA) methodology	Agri product information; Geography / location;	Environmental Impact Assessment; LCI results; Various metrics and indicators	-		-	Yes						

FOCUS ON FINANCIAL INSTITUTIONS AND NATURE TRANSITION PLAN

As providers of capital, shareholders of companies or risk absorbers, financial institutions (FI) including commercial banks, insurers, financial services, asset managers and asset owners support the real economy. Financial institutions should encourage companies and projects they invest in or support to contribute to nature-positive by incorporating climate and nature considerations into their decision-making processes. FI should do this through implementing risk assessments, fostering global disclosure, transitions planning, setting targets, and developing financial products and services that contribute to a nature-positive, net zero and resilient economy.

Financial institutions are also uniquely positioned to significantly influence other stakeholders, such as consumers, governments, regulators and policy makers **through their financing decisions, investment strategies, and engagement efforts**. While private finance organizations have made progress in integrating ESG considerations into their strategies, investment and lending decisions, many banks still do not adequately address the climate, nature crisis. They continue to finance harmful activities, contributing to the five direct drivers of nature loss.

WWF acknowledges that FI materiality on nature is primarily linked to their financial service activities, requiring a detailed and aggregated analysis of their clients or portfolio entities' nature dependencies, impacts, risks, and opportunities. Therefore, FI should support standardized mandatory or voluntary disclosures schemes, as critical assets for them to be able to do their own DIRO assessments and prepare their own transition plans.

The WWF nature transition plan report is mainly aimed at real-economy entities, yet some sub-sections should be used by FI directly, as being also corporates, to develop their own nature transition plan. FI should also use this report to:

- understand the completeness and credibility of their clients/ portfolio entities toward nature integration and transition (aanalyse their clients/portfolio entities transition plan)
- enable them to better understand and manage their exposure to nature-related impacts and risks at both their portfolio and product levels,
- develop mitigation strategies, nature positive contribution opportunities and provide the financial scheme for real-economy transition financing.

This appendix is designed to provide resources for financial institutions on how they should apply the principles and recommendations outlined in the main NTP report to their own nature of transition planning (with focus on key guidelines, considerations and actions).

GENERAL RECOMMENDATIONS FOR FINANCIAL INSTITUTIONS

1. FOUNDATIONS

Financial institutions should refer to the Foundations section of the Nature Transition Plan (NTP) to grasp the core principles that guide real-economy entities (i.e. FI's clients and investees) as well as their own nature transition plan.

FI should assess nature-related DIRO within their activities, by evaluating their exposure to specific sectors or activity linked to the five major drivers of biodiversity loss or to sensitive locations, using information from their clients, through third-party data, or through other tools (like biodiversity footprints, geographic information systems etc.).

Other useful resources for FI to develop their own NTP Foundations element (i.e. sector-specific resources):

- TNFD Additional guidance for financial institutions (recommendation disclosures to assess exposure to sectors heavily reliant on natural capital).
- Finance for biodiversity guide on biodiversity measurement Approaches (review paper on tools to undertake materiality assessments)
- WWF's Biodiversity Risk Filter (tool to undertake materiality assessments)
- WWF - Underwriting our planet (guide for insurance companies to understand the impacts of their underwriting business on climate and biodiversity)
- UNEP-FI Nature-Positive Insurance (guide for insurers on how to support the goals of the GBF)
- TNFD - Tools Catalogues (to undertake materiality assessments, and also providing FI and real economy entities numerous nature-related tools/solutions for transition plan)
- Global resources by UN-PRI (various resources on all the different sections of nature transition plan)

APPENDIX: FOCUS ON FINANCIAL INSTITUTIONS AND NATURE TRANSITION PLAN

- GFANZ Supplemental Guidance on Nature in Net-Zero Transition Plans (FI paper on how to integrate nature in support of net-zero transition planning)
- French environmental agency - Building a biodiversity approach for FI
- NatureAlign by Nature Finance

2. METRICS AND TARGETS

FI should use the resources of the nature transition plan report, as anchor points to structure their own internal metrics organization & targets settings. Financial institutions are mostly relying on their clients, their portfolio entities' information (i.e. data about sensitive locations and local state of nature, production process and value chain activities, third party data) to assess and tackle their own nature-related impacts and risks.

Moreover, some useful resources for FI to develop their own NTP Metrics and targets element (i.e. sector-specific resources) are presented below:

- UNEP FI nature target setting (Target guidance recommendation for Banks)
- UNEP FI Target setting in the Sustainable Blue Economy
- Finance for biodiversity target setting framework (Target guidance recommendation for Asset Managers & Asset Owner)
- SBTI consultation paper on climate target settings for Financial institutions
- TNFD Additional guidance for financial institutions
- Finance for Biodiversity : Guide on biodiversity measurement approaches
- WWF Risk Filter suite
- Global resources by UN-PRI (on all the different sections of nature transition plan)
- WEF - Financing the Nature-Positive Transition
- GFANZ Supplemental Guidance on Nature in Net-Zero Transition Plans (FI paper on how to integrate nature in support of net-zero transition planning)
- IFC - Biodiversity Finance Metrics for Impact Reporting

FI should as well require/encourage clients and investees to set nature targets through their FI policies, engagement and stewardship activities as well as product / service criteria or conditions, ensuring such targets are fully integrated into client and investee transition plan. The **nature target hierarchy** developed in the Nature Transition Plan (NTP) report is useful to assess the clients/portfolio entities' maturity. FI should call for, when relevant, their client to follow **Science-Based Targets for Nature guidance** (SBTN initial guidance on how FI can use existing guidance is still pending), which provides a clear framework for setting measurable, science-based nature targets.

3. IMPLEMENTATION STRATEGY

Financial institutions should leverage on collaborative initiatives and sector-specific practices to implement effective nature action plan, with the development of specific sustainable financial products and services (examples below) tailored to foster their nature transition plan. Indeed, FI should integrate nature-related considerations and criteria into loan processing and procedure (including decision-making, approval processes), investments products especially for sectors with high-level nature risks, like climate loans and ESG/climate investment vehicles.

FI should use the following resources to structure their own NTP Implementation action element:

- GFANZ Supplemental Guidance on Nature in Net-Zero Transition Plans (FI paper on how to integrate nature in NTZP)
- FI and deforestation (FI actions on deforestation from the Paris financial market)
- Deforestation Free guidance (actions for financial institutions to eliminate commodity-driven deforestation)
- Global Canopy tools (to identify, monitor and manage environmental risks in their portfolios)
- UNEP WCMC & Share Action: Risk management in protected areas
- WWF - Underwriting our planet
- UNEP-FI Nature-Positive Insurance
- On landscape and jurisdictional approach (high-level overview of what landscape and jurisdictional approaches are and why they are important for financial institutions)
- Financial Sector Water Knowledge Hub (hub focuses on water disclosure)
- Global resources by UN-PRI (on all the different sections of nature transition plan)
- Recommendations of Reclaim Finance (sector policies and FI actions)
- WEF - Financing the Nature-Positive Transition

A financial institution should consider the products and services to deliver the changes set out in its own business planning and operations transition plan, in line with the prioritized GFANZ "transition finance strategies", and the extent to which these needs are met by existing products and services (below some examples of action)

Example of Financial services:

- Banks could develop financial products like credible **sustainability-linked loans** that link interest rates directly to the achievement of specific and credible Nature Transition Plan dedicated actions/metrics. These might include critical nature-related objectives such as deforestation reduction, water conservation, and biodiversity restoration.
- **Nature bonds:** Similar to green bonds, nature bonds can be issued to finance projects focused on entity nature transition plan transformation (develop clear projects structured by a NTP). WWF for example has provided in its NTP report, some "Actions per realms" that could provide suggested options for real-economy and FI to settle those nature bonds.
- **Nature related policies:** FI should develop related nature policies linked to their most material nature issues, or internal policies which specify the minimum requirements for lending and investing services. FIs should also align their policies with national objectives relating to nature. This will be essential in order for FI's to reduce their nature-related transition risks as governments will increasingly take legislative actions at national and international scale to meet targets of the Global Biodiversity Framework (GBF).

Non-exhaustive examples of nature policies or criteria that could be included in financial product and services:

ENERGY TOPICS

- Exclude coverage for coal mines without a clear, specific, and fair decommissioning plan for 2030 in OECD and 2040 Rest of the World, same applies for companies running coal mines
- Exclusion for unconventional oil and gas extraction projects (for companies with limited threshold and phase-out until 2030)
- Exclusion of activities involving arctic drilling, or tar sands.
- Phase-out of oil and gas extraction according to IAE NZ2050 scenario
- Phase-out of fossil fuel power generation according to SBTi pathway (1.5°)
- Exclude underwriting/financing of projects to build new/enlarge existing capacities for oil/gas/extraction, transport infrastructure, refineries etc.

DEFORESTATION AND LAND CONVERSION

- Deforestation and conversion free policies, aligned with the Deforestation Free Finance.
- Expect most relevant portfolio companies to set SBTN land targets.

FRESHWATER

- Require most relevant companies to set SBTN and contextual targets with regards to freshwater quantities and quality.

OCEAN

- Exclude underwriting/financing of deep-sea mining
- Sea food policy that requires traceability, by-catch prevention and labels and excludes IUU fishing, fishing of overfished populations and bottom trawling within vulnerable, sensitive or fragile marine habitats
- Policies covering process and expectations related to marine renewable energy, coastal infrastructure, and vessels.
- Policies covering process and expectations related to plastic pollution

OTHER

- Policies that expect disclosure of financed/underwritten entities aligned to the TCFD and TNFD framework (with the use of TNFD compliance score to evaluate the credible disclosure), including disclosure of locations of assets that interface with sensitive areas.
- Policies that expect financed/underwritten entities to engage in collective and multi-stakeholder action.
- Policies that expect financed/underwritten entities to follow the mitigation hierarchy.
- Policies that expect financed/underwritten entities to follow internally recognized human-right standards and FPIC process when dealing with indigenous communities.
- Exclude underwriting/financing of entities producing or using Persistent Organic Pollutants.
- Policies that aim to phase-out other "always harmful activities", as identified by WWFs GFRi initiative

Those policies could be used, as criterias, by FI to develop nature integrated products and services, like for example funds focused on nature solutions and thematics (such as those targeting reforestation projects, sustainable agriculture, or ocean conservation).

4. ENGAGEMENT STRATEGY

FI should engage with clients and investee entities to gather their nature-related disclosures and insights, to understand financial and ESG risks. Indeed, FI should actively engage with clients and investees to encourage them toward nature-related disclosures and transition plan. Standardized disclosures and the data that results are critical to enabling FI to understand

and assess their potential DIROs. In addition, the obtained data enables an understanding of entity DIROs and actions on nature that inform more specific engagement efforts by FI.

FI should also engage with clients and investee companies to ensure nature is incorporated into their business operations, strategies and activities (including the key aspects of value chain transparency and influence for change).

Financial institutions should prioritize engagement with companies in sectors with high nature impacts (requiring them to develop and implement nature transition plans).

Moreover, similar to some FI which engage on climate resolutions, FI should push for the development of nature related resolutions in AGM or in specific investors meeting, to foster commitments to protect ecosystems, or integrate nature-related risks into business strategies, policies, or through addressing the absence of credible nature transition plan by voting against the board/executives, their remunerations or financial statements.

Using the acquired understanding of their nature risk exposure landscape, FI have an opportunity to participate in collaborative initiatives and engage in their unique position with public authorities or regulators to develop and advocate ambitious frameworks and policies. FI should mostly use the resource of the nature transition plan report, to structure their own NTP Engagement element (using guidance for engagement with local communities, Indigenous Peoples and other stakeholders) with useful resources (i.e. sector-specific resources) including:

- FfB Foundation's engagement with companies guide (guidance on engagement activities by FI)
- FfB Foundation engagement on Textile Industry's Impact on Nature
- UN-PRI key initiatives (initiatives to support investor engagement activities on nature)
- GFANZ Supplemental Guidance on Nature in Net-Zero Transition Plans (FI paper on how to integrate nature in NTZP)
- NA100 and Ceres's Exploring Nature Impacts and Dependencies: A Field Guide to Eight Key Sectors (insights on how businesses across eight sectors, impact and depend on nature)
- Guidance on engagement in the context of a climate transition plan in GFANZ's guidance on Financial Institution Net-zero Transition Plans;
- Global resources by UN-PRI (on all the different sections of nature transition plan)
- CDP Non-Disclosure Campaign (CDP disclosure for FI)
- UNEP-FI Sector Action Guidance for Nature: Getting Started in the Agricultural, Forestry and Mining Sectors

5. GOVERNANCE

FI should use the resource of the nature transition plan main report to develop their own NTP Governance element, as the section is mostly sector-agnostic and then be enhanced with specific actions (on culture and training for example).

Moreover, below WWF add useful resources for FI (i.e. sector-specific resources) with some sector-specific resources including:

- GFANZ Supplemental Guidance on Nature in Net-Zero Transition Plans (FI paper on how to integrate nature in support of net-zero transition planning)
- UNEP-FI Nature in Boardroom
- UNEP FI Nature Trainings (website on existing UNEP-FI climate and nature training for FI)
- WWF-ASFI training resource (resource hub for FI to incorporate material ESG risks and opportunities)
- WEF - Financing the Nature-Positive Transition
- Global resources by UN-PRI (various resources on all the different sections of nature transition plan)
- Sustainable Finance MOOC

NATURE TRANSITION PLAN - DETAILED VIEW

ELEMENT	SUB-ELEMENT	RELATED ITEMS
FOUNDATIONS	Dependencies and Impacts, Risks and Opportunities (DIRO) analysis	Impact materiality analysis (DI)
		Financial materiality (RO)
		Organisational uptake and stakeholder validation of double materiality assessment
	Strategic Ambition	Objectives and strategic goals
		Prioritization of double materiality results
	Assumptions	Nature Scenarios and Pathways
		External factors & macroeconomic scenario
METRICS & TARGETS	Metrics	Nature-related metrics
		Process metrics
	Targets	Setting Nature-related targets
		Targets hierarchy
IMPLEMENTATION STRATEGY	Action per Realms	Specific ecosystem actions and resources
	Cross-organisational actions	Products & Services development & Innovation / Operations and procurement policy / Marketing & Communications
	Financial planning	Alignment of financial and strategic (MI) reporting and planning
ENGAGEMENT STRATEGY	Stakeholders & other involved parties	Engagement with the Value chain
		Engagement with Indigenous Peoples, and local communities and other stakeholders
		Land-/seascape approaches and collaborative engagement
	Policy Engagement	Engagement with public authorities and regulators/supervisors
GOVERNANCE	Board-level oversight	Roles and responsibilities (accountability)
	Executive management	Roles and responsibilities (accountability)
	Other management and supporting level	Roles and responsibilities (accountability)
	Incentives and remuneration	Integration of nature TP KPI into remuneration schemes of an entity
	Competencies and expertise	Activities to foster the entity's expertise on nature issues (in the different team and at entity level, using external experts...)
	Data organisation and structuration	Data organisation and structuration
MONITORING, REPORTING AND VERIFICATION	Monitoring	Monitoring the implementation and effect of actions
		Monitoring the Financial planning
		Nature Impacts
	Reporting	Presentation of actions to disclose transition plan implementation
	Verification	Internal verification
		External verification with third-party organization

GLOSSARY

Anchor points

Anchor points reflect an aspired level for an activity, impact driver, state of nature or ecosystem services, in reference to a geographical and temporal scale, compared to a baseline. This could include, for example, the goals and targets described in the GBF, national public policy with stated targets for a relevant location, and science-based reference conditions for the state of nature and ecosystem service provision in a relevant location.

Source: TNFD - Discussion paper on nature transition plans (2024)

Business model

The undertaking's[1] system of transforming inputs through its activities into outputs and outcomes that aims to fulfil the undertaking's strategic purposes and create value over the short-, medium- and long-term.

Source: ESRS – Glossary of Terms (2024)

Culture

(in the case of an entity)

Corporate culture refers to the values, beliefs, and behaviours that are common or understood at a company. These determine how an entity's employees and management interact, perform, and handle business transactions. Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people that the entity hires.

Source: WWF-defined for the purpose of this report

Data types

Different levels of data precision exist, enabling an entity to collect data that can sometimes be complex to quantify on its own. The lower the level of precision, the greater the uncertainty.

- **Primary data**
  Data collected for the assessment being undertaken and collected to measure a specific impact driver, ecosystem service or change in the state of nature.
- **Secondary data**
  Data generated by an entity other than the data users that may include modelled or third-party data.
- **Proxy data**
  (a type of secondary data)
  Data collected for an alternative purpose to its specific use case.

Source: Guidance on the identification and assessment of nature-related Issues: The TNFD LEAP approach (2023)

Dependencies

Aspects of nature's contributions to people[G] that a person or organization relies on to function, including water flow and quality regulation; regulation of hazards like fires and floods; pollination; carbon sequestration.

Source: Science Based Targets Network - Glossary of Terms (2023)

Double materiality

Double materiality has two dimensions: impact materiality and financial materiality. A sustainability matter meets the criterion of double materiality if it is material from the impact perspective or the financial perspective or both.

- **Impact materiality**
  A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- and long-term. A material sustainability matter from an impact perspective includes impacts connected with the undertaking's own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships.
- **Financial materiality**
  A sustainability matter is material from a financial perspective if it generates risks or opportunities that affect (or could reasonably be expected to affect) the undertaking's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term.

Source: ESRS – Glossary of Terms (2024)

DPSIR Causal Framework

Describes causal relationships in social-ecological systems between driver (D), pressure (P), state (S), impact (I) and response (R) indicators.

Source: Science Based Targets Network - Glossary of Terms (2023)

Ecological threshold

The point at which a relatively small change in external conditions causes a rapid change in an ecosystem. When an ecological threshold has been passed, the ecosystem may no longer be able to return to its state by means of its inherent resilience.

Source: ESRS – Glossary of Terms (2024)

Ecosystem services

The contributions of ecosystems to the benefits that are used in economic and other human activity, respectively the benefits people obtain from ecosystems. In the Millennium Ecosystem Assessment, ecosystem services can be divided into supporting, regulating, provisioning and cultural.

Source: ESRS – Glossary of Terms (2024)

1 The term "undertaking" mentioned by EFRAG refers to what is meant by "entity" in this report.

Goal
(in sustainability)

A global ambition resulting from a collective decision to alter the disturbances caused by human activities towards nature and people. This perspective is at a high level, but it should provide a time horizon and a defined purpose.

Example: A total of 196 governments agreed to the Kunming-Montreal Global Biodiversity Framework (GBF) and committed to address the ongoing loss of terrestrial and marine biodiversity by 2030 or 2050.

Source: WWF-defined for the purpose of this report

Indicators

A quantitative or qualitative factor or variable that provides a simple, measurable and quantifiable characteristic or attribute responding in a known and communicable way to a changing environmental condition, to a changing ecological process or function, or to a changing element of biodiversity.

Source: Glossary of the Global assessment report on biodiversity and ecosystem services of the IPBES (2020)

Impacts

The effect the undertaking – or other actor – has or could have on the environment and people, including effects on their human rights, connected with its own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships. The impacts can be actual or potential, negative or positive, intended or unintended, and reversible or irreversible. They can arise over the short-, medium-, or long-term. Impacts indicate the undertaking's contribution, negative or positive, to sustainable development.

Source: adapted from ESRS – Glossary of Terms (2024)

Impact Materiality

'A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- and long-term. A material sustainability matter from an impact perspective includes impacts connected with the undertaking's own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships' .

Source: ESRS – Glossary of Terms (2024)

Management Information System

A system that integrates and supports the financial operations, decision-making, and strategic planning of an organization. It provides managers (at each level of the organisation) with timely and accurate information necessary for efficient financial management, budgeting, forecasting, risk management, and regulatory compliance.

Source: WWF-defined for the purpose of this report

Metrics

Qualitative and quantitative indicators that the undertaking uses to measure and report on the effectiveness of the delivery of its sustainability-related policies and against its targets over time. Metrics also support the measurement of the undertaking's results in respect of affected people, the environment and the undertaking.

Source: ESRS – Glossary of Terms (2024)

Nature

It refers to the nonhuman world, including coproduced features, with particular emphasis on living organisms, their diversity, their interactions among themselves and with their abiotic environment.

Within the framing of the natural sciences, nature include e.g., all dimensions of biodiversity, species, genotypes, populations, ecosystems, communities, biomes, Earth life support's systems, and their associated ecological, evolutionary and biogeochemical processes.

Within the framework of economics, it includes categories such as biotic natural resources, natural capital and natural assets.

Within a wider context of social sciences and humanities and interdisciplinary environmental sciences, it is referred to with categories such as natural heritage, living environment, or the nonhuman.

Source: Glossary of the Global assessment report on biodiversity and ecosystem services of the IPBES (2020)

Nature's contributions to people

Nature's contributions to people (a concept similar to and inclusive of ecosystem services) refers to all the contributions from biodiversity to people's well-being or quality of life. They include (a) material contributions, such as the production of food, feed, fibre, medicines and energy, (b) regulating services, such as the regulation of air and water quality, climate regulation, pollination, regulation of pests and diseases and provision of habitat, and (c) other non-material contributions, such as learning, inspiration, health, physical, psychological, spiritual well-being and experiences and supporting identities and culture, as well as maintaining options for future generations.

Source: Convention on Biological Diversity (2021)

Nature-related opportunities

Uncertain environmental, social or governance events or conditions that, if they occur, could cause a potential material positive effect on the undertaking's business model, or strategy on its capability to achieve its goals and targets and to create value, and therefore may influence its decisions and those of its business relationship partners with regard to sustainability matters. Like any other opportunity, sustainability-related opportunities are measured as a combination of an impact's magnitude and the probability of occurrence.

Source: adapted from ESRS – Glossary of Terms (2024)

APPENDIX: GLOSSARY

Nature-related risks

Uncertain environmental, social or governance events or conditions that, if they occur, could cause a potential material negative effect on the undertaking's business model or strategy and on its capability to achieve its goals and targets and to create value, and therefore may influence its decisions and those of its business relationships with regard to sustainability matters. Like any other risks, sustainability-related risks are the combination of an impact's magnitude and the probability of occurrence.

Source: adapted from ESRS – Glossary of Terms (2024)

Several types of risk can be found in the literature (see the most common below):

- **Market risks**
  Changing dynamics in overall markets, including changes in consumer preferences, which arise from other risk categories as a result of changing physical, regulatory, technological and reputational conditions and stakeholder dynamics.

  Source: TNFD – Glossary of Terms (2024)

- **Physical risks**
  All global economic enterprise depends on the functioning of earth systems, such as a stable climate and on ecosystem services, such as the provision of biomass (raw materials). Nature-related physical risks are a direct result of an organisation's dependence on nature. Physical risks arise when natural systems are compromised, due to the impact of climatic events (e.g., extremes of weather such as a drought), geologic events (e.g., seismic events such as an earthquake) events or changes in ecosystem equilibria, such as soil quality or marine ecology, which affect the ecosystem services organisations depend on. These can be acute, chronic, or both. Nature-related physical risks arise as a result of changes in the biotic (living) and abiotic (non-living) conditions that support healthy, functioning ecosystems. Physical risks are usually location specific.

  Source: ESRS – Glossary of Terms (2024)

- **Reputational risks**
  Reputational risks can result from a company's actual or perceived negative impacts on biodiversity and people. Reputational risk represents stakeholders' and local communities' perceptions of whether companies conduct business sustainably or responsibly with respect to biodiversity and can ultimately affect brand value and market share, among other factors. Adverse effects on business could emerge from, for example, damages to the corporate brand and thus declining sales, or greater investor scrutiny and thus declining share price.

  Source: WWF Biodiversity Risk Filter Methodology Documentation (2023)

- **Systemic risks**
  Risks arising from the breakdown of the entire system, rather than the failure of individual parts. They are characterised by modest tipping points combining indirectly to produce large failures with cascading of interactions of physical and transition risks (contagion), as one loss triggers a chain of others, and with systems unable to recover equilibrium after a shock.

  Example: the loss of a keystone species, such as sea otters, which have a critical role in ecosystem community structure. When sea otters were hunted to near extinction in the 1900s, the coastal ecosystems flipped and biomass production was greatly reduced.

  Source: ESRS – Glossary of Terms (2024)

- **Transition risks**
  Risks that result from a misalignment between an organisation's or investor's strategy and management and the changing regulatory, policy or societal landscape in which it operates. Developments aimed at halting or reversing damage to the climate or to nature, such as government measures, technological breakthroughs, market changes, litigation and changing consumer preferences can all create or change transition risks.

  Source: ESRS – Glossary of Terms (2024)

Nature Transition Plan

A nature transition plan is a set of goals, targets, actions, accountability mechanisms and intended resources to respond and contribute to the transition implied by the Global Biodiversity Framework where biodiversity loss is halted and reversed by 2030 to put nature on a path to recovery by 2050, while respecting planetary boundaries. The plan should outline how the entity will pivot its business operations and entire business model to ensure that it will meet its objectives and align with local, domestic, and international environmental targets, and the best environmental scientific knowledge.

Source: WWF-defined for the purpose of this report

Planetary boundaries

The planetary boundaries concept presents a set of nine planetary boundaries within which humanity can continue to develop and thrive for generations to come: climate change; ocean acidification; stratospheric ozone; biogeochemical nitrogen (N) cycle and phosphorus (P) cycle; global freshwater use; land system; the rate at which biological diversity is lost; chemical pollution and atmospheric aerosol loading.

Six boundaries are now transgressed, and pressure is increasing on all boundary processes except ozone depletion.

Source: Stockholm Resilience Centre, Stockholm University. Based on Richardson et al. 2023, Steffen et al. 2015, and Rockström et al. 2009

Pressures

Anthropogenic activities that change the state of the environment and ecosystem, including the addition or removal of substances or organisms to the environment, or direct changes to the structure, function, or composition of ecosystems.

Source: Science Based Targets Network - Glossary of Terms (2023)

Stakeholders

Those who can affect or be affected by the undertaking. There are two main groups of stakeholders:

1. Affected stakeholders: individuals or groups whose interests are affected or could be affected – positively or negatively – by the undertaking's activities and its direct and indirect business relationships across its value chain; and
2. Users of sustainability statements: primary users of general purpose financial reporting (existing and potential investors, lenders and other creditors including asset managers, credit institutions, insurance undertakings), as well as other users, including the undertaking's business partners, trade unions and social partners, civil society and non-governmental organisations, governments, analysts and academics.

Some, but not all, stakeholders may belong to the two groups.

Source: ESRS – Glossary of Terms (2024)

State of nature

The quality of the environment in relation to the functions that it fulfils. State of nature typically refers to three key categories: species (abundance and extinction risk), ecosystems (extent, integrity, and connectivity), and nature's contributions to people.

Source: adapted from Science Based Targets Network - Glossary of Terms (2023)

State of nature metrics/indicators

Indicators that describe the general conditions of nature in physical, chemical, or biological terms. These state of nature indicators change in response to pressures.

Source: adapted from Science Based Targets Network - Glossary of Terms (2023)

Targets

In global (e.g., UN) sustainability framings, a more specific quantitative objective, usually nested under a goal, with defined measurement and an associated indicator.

Example: By 2020, pollution, including from excess nutrients, has been brought to levels that are not detrimental to ecosystem function and biodiversity (Aichi Target 8).

- **Site-level targets, value chain-level targets, corporate-level targets**
  Different commonly defined boundaries for SBTs, representing different types of sites within or beyond a value chain. Site-level targets occur at a specific site. Value chain-level targets occur throughout the company's entire value chain. Corporate-level targets can be a mix of site-level, value chain-level, or other levels (e.g., systems- and/or scape-level); this depends on the specific methodology/issue area.
- **Science-based targets**
  Measurable, actionable, and time-bound objectives, based on the best available science, that allow actors to align with Earth's limits and societal sustainability goals.

Source: Science Based Targets Network - Glossary of Terms (2023)

Target boundaries

A target boundary is the set of company activities in a given value chain segment, the locations where they take place, and their associated pressures on the environment, that should be covered by science-based targets. Target boundaries are defined based on the environmental materiality of the activity, hence they are specific to each pressure category. They are delineated separately for direct operations and upstream activities.

Source: Step 2: Interpret & Prioritize (Version 1.1). Science Based Targets Network (SBTN). 2024.

Transition plan

A specific type of action plan that is adopted by the undertaking in relation to a strategic decision and that addresses:

1. a public policy objective; and/or
2. an entity-specific action plan organised as a structured set of targets and actions, associated with a key strategic decision, a major change in business model, and/or particularly important actions and allocated resources.

Source: ESRS – Glossary of Terms (2024)

Value Chain

Production of 'economic value' along a series of activities, sites, and entities. The value chain can be divided into three 'segments' upstream, direct operations and downstream. Each of these segments involve places where economic activities managed or relied upon by the company occur. Most value chain frameworks cover a suite of activities starting with the raw materials and extending through end-of-life management, that (a) supply or add value to raw materials and intermediate products to produce final products for the marketplace and (b) are involved in the use and end-of-life management of these products.

- **Upstream**
  All activities associated with suppliers, e.g., production or cultivation, sourcing of commodities of goods, as well as transportation of commodities to manufacturing facilities.
- **Direct operation**
  All activities and sites (e.g., buildings, farms, mines, retail stores) over which the enterprise has operational or financial control. This includes majority-owned subsidiaries.
- **Downstream**
  All activities that are linked to the sale of products and services produced by the company setting targets. This includes the use and re-use of the product and its end of life, including recovery, recycling, and final disposal.

Source: Science Based Targets Network - Glossary of Terms (2023)

ACRONYMS

AR³T	Avoid future impacts, Reduce current impacts, Regenerate and Restore ecosystems, and Transform the systems in which companies are embedded
CapEX	Capital Expenditure
CBD	Convention on Biological Diversity
COP	Conference of the Parties
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DIRO	Dependencies and impacts, risks and opportunities
DPSIR	Driver (D), pressure (P), state (S), impact (I) and response (R) indicators
EBA	European Banking Authority
EFRAG	European Financial Reporting Advisory Group
ESRS	European Sustainability Reporting Standards
ETP	Endangered, Threatened and Protected Species
EU	European Union
EUDR	EU Deforestation Regulation
GBF	Kunming-Montreal Global Biodiversity Framework
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IPCC	Intergovernmental Panel on Climate Change
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
ISSB	International Sustainability Standards Board
IUCN	International Union for Conservation of Nature
LEAP	Locate Evaluate Assess Prepare
NBSAPs	National Biodiversity Strategies and Action Plans
NCP	Nature's contributions to people
NTP	Nature Transition Plan
OpEX	Operating Expenditure
SBTi	Science Based Targets Initiative
SBTN	Science Based Targets Network
SBTs	Science Based Targets
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
TPT	Transition Plan Taskforce
WWF	World Wide Fund for Nature

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