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ALIGNING TRANSITION PLANNING & NATURE RELATED DISCLOSURES

DISCLOSING ACHIEVABLE STEPS FOR DELIVERING
A NATURE POSITIVE WORLD

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INTRODUCTION

Last year, the historic Kunming-Montreal Global Biodiversity Framework (GBF), which aims to halt and reverse biodiversity loss, was signed by 200 governments.



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As preparations for fulfilling commitments get underway, countries must identify how to implement the targets. This includes aligning financial flows with the targets and objectives of the agreement (target 14), and ensuring disclosure of impacts, dependencies and risks (target 15). These targets highlight an increasing understanding that solving the dual nature and climate crisis will require transforming economic activities, and, at the same time, that business continuity and financial stability can only be assured if economic sectors prepare for, and respond to, increasing nature-related risks.

The launch of the Taskforce on Nature Related Financial Disclosures (TNFD) framework, initiated by WWF and partners, helps deliver on these targets. It provides a comprehensive framework for companies and financial institutions to understand, and disclose on, their interaction with nature, which is critical to inform positive business action. Its new framework can form the foundation for a nature-related disclosure landscape, while there is a sustained need for continued development of its technical guidance, based on the latest scientific insights. One area of disclosure that should be more comprehensively addressed is transition planning.

Transition plans should set out clear and actionable steps to achieving science-based nature targets, and aligning these with climate targets to ensure mutual trade-offs are well considered. To date, available frameworks and guidance focuses largely on climate. To meet the goals of the Kunming-Montreal GBF, transition plans will need to cover nature explicitly. The existence of credible transition plans will help alleviate concerns of greenwashing and provide forward-looking information to a range of stakeholders including investors, governments, clients and portfolio companies, regulators and civil society. It is therefore critical that nature-related disclosures, and guiding frameworks and standard setters, also explicitly cover transition planning guidelines.

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FOUR REASONS FOR TRANSITION PLANNING

Disclosure of coherent, comprehensive and ambitious transition plans are critical for companies to demonstrate:

The adoption of an integrated systemic approach, addressing nature, climate and a just transition

A long-term sustainability commitment to stakeholders, which is adequate, realistic, ambitious, inclusive, and financially viable

Adequate identification and management of long-term risks across plans, strategies, metrics and governance structures

Progress made and needs for adaptive management in delivering set long-term objectives

THIS BRIEF

This brief addresses the need for explicit coverage of transition planning in nature-related disclosures, and lays out, on a high-level, how the TNFD framework already encompasses parts of the transition planning architecture. It aims to support a better understanding of what gaps still exist for disclosure entities, framework developers and standard setters, and where to get started in addressing these.



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BUILDING ON CLIMATE DISCLOSURE PRACTICES

The need for companies to engage in long-term transformations to contribute to the global 1.5C temperature goal has led to frameworks which go beyond defining disclosure of GHG emissions and climate risk exposures. Frameworks and guidance around climate transition planning, and the preparation of the plans themselves, provide a useful template for how companies can develop and disclose their long-term transition plans, for all kinds of global environmental goals.

TRANSITION PLANNING IN THE CLIMATE DISCLOSURE LANDSCAPE

Frameworks on climate transition planning:

UK Transition Plan Taskforce Framework

CDP Transition Planning guidance

We Mean Business Climate Transition Action Plan framework

IIGCC Investor Expectations on Climate Transition Plans

Taskforce on Climate-related Financial Disclosure (TCFD)

GFANZ (Glasgow Financial Alliance for Net Zero)

Standards and regulations referring to climate transition action planning:

EU ESRS E1

EU SFDR S2

A high-level review was conducted to understand how TNFD recommendations support credible nature transition plan disclosures¹. Key transition planning elements were reviewed, such as the coverage of GBF-aligned objectives, targets setting, business plans, nature assessment, governance, external engagement, location specific approaches, levers for positive nature impact, nature positive pathways, alignment with climate transition plans, and enhancing transparency. A summary of these findings is discussed in this section.

THE TNFD DISCLOSURES COVER THE FOUNDATIONS OF TRANSITION PLANNING

The TNFD guides comprehensive disclosures of the response to nature-related dependencies, impacts, risks and opportunities, both in terms of risk and opportunity management actions, and changes to the business. The framework references “changes to business practices, investments in new technology or research and development, decisions about the location of business operations, and collaboration with other partners and stakeholders”. With the “Prepare” aspect of the LEAP framework, TNFD guidance prompts companies to start responding to nature-related challenges. Under TNFD, companies disclose whether and how targets are aligned with Kunming-Montreal GBF, and which metrics and targets will monitor and track responses to nature-related risks and opportunities, including business response. It specifically indicates the board should have competencies on nature-related issues, which should also be included in nature transition planning guidance.

The TNFD’s recommendations and supplemental guidance also cover other components essential to transition planning, such as the consideration of value chains, stakeholder engagement and the importance of a location-specific approach, in planning responses to emergent nature-related impacts and risks. The TNFD is developing sector-specific guidance, which will better steer companies to more informed responses. Additionally, the TNFD’s recommendations and supplemental guidance makes explicit references to the Science-based Targets Network to inform appropriate target setting.

1 This review was conducted based on the TNFD v.04

CONSIDERATIONS FOR STRENGTHENING TRANSITION PLANNING GUIDANCE

Although the foundations for transition planning are noted throughout the TNFD’s framework and guidance, there are gaps that explicit transition planning guidance should address. Such guidance ought to go beyond the current TNFD recommendations, to give a stronger steer on best practice for companies, e.g., board level governance of the transition plan, regular monitoring and review, clear lines of accountability, sufficient budgets and resourcing, and remuneration and incentives aligned with the achievement of the plan. Such guidance would reflect the long term, continuous and iterative nature of transition planning, indicating that regular updates, refreshes and revisions to the plan, and disclosure of these, are expected along the way.

Transition planning guidance should further address how plans are fully integrated in wider business strategy. This includes specified disclosure of a plan’s financial implications, such as required capital expenditures and expected new revenue streams. Furthermore, to avoid unintended conflicts or consequences, nature and climate transition plans should align and reflect each other.

The targets set by the Kunming-Montreal GBF offer a guiding light for corporate transition plans. Consistent reference to these throughout a transition plan would aid companies in demonstrating their specific approach to thriving in a nature positive world. Short, medium and long-term targets in transition planning should be aligned with milestone dates on scientific pathways. However, a common understanding of relevant sectoral pathways towards delivery on the GBF and science-based targets, is yet to be achieved.

Guidance on the identification of effective responses to long-term nature-related issues could further encompass biome-, habitat- and species-related specifics. Metrics and targets should, in turn, enable tracking of alignment with long-term objectives across business activities, business impacts through drivers of nature change, and at the state-of-nature level.



CONCLUSIONS

The only way to achieve ambitious, challenging goals effectively, such as bending the curve of biodiversity loss, is to break down the process of systemic change into smaller achievable steps. The transition planning process unlocks such transformative action, and avoids risks associated with continued degradation of nature. It does so by identifying tangible and realistic steps which, when connected together, create a larger transformation. It is therefore critical that emergent nature-related disclosures, and relevant frameworks and standards, include transition planning as a vital element in understanding reporting entities' ability to align with nature positive objectives, and address associated risks and opportunities.

THE TNFD & TRANSITION PLANNING

As has been shown, the TNFD framework already implicitly contains many of the elements that comprise the transition planning architecture. Any reporting entity following the TNFD recommendations will therefore already include many aspects of a transition plan in its disclosure.

However, nature transition planning needs to make clear how metrics and targets, strategies, risk management practices and governance are connected to a coherent and comprehensive plan, with concrete, time-bound steps, for a long-term transition. The TNFD, and other disclosure frameworks, should develop explicit guidance within their mandate to incentivise and assist companies in creating and disclosing transition plans for nature. To fully cover a robust transition planning architecture, guidance can include further recommendations on linking transition plans to board level governance, regular plan updates, financial metrics and investment, and strategy. Key building blocks for such guidance are already in place through TNFD's existing recommendation, but can be built further from climate transition planning frameworks and the guidance from the Science-based Targets Network.

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COLLABORATION & ACTION

More work is needed to develop a common understanding of how companies and sectors can act in a timely and ambitious way to achieve targets, based on scientific evidence. This includes coherent sectoral pathways to a nature positive world, at the global, regional, biome or species level, as well as a better understanding of how an integrated approach to nature and climate transition plans can be adopted. Collaboration is key in developing such knowledge: with science platforms, industry platforms, individual reporting entities, governments, and beyond.

In the absence of such explicit guidance, reporting entities can already address some of the gaps in their disclosures, by building on climate transition planning. Such case studies further support the development of disclosure guidance. Companies already preparing transition plans to respond to climate change can do so by integrating nature into climate transition plans¹.

Although there remain uncertainties, and resources for nature transition planning need to be expanded, there is no time to waste. Already, companies can and should start planning their transition, and disclosure frameworks and standards should include transition planning. Only if we start now, while collaborating to improve our knowledge, can we stand a chance of achieving a nature positive world.

² [Nature in Transition Plans Why and How \(wwf.org.uk\)](https://www.wwf.org.uk/nature-in-transition-plans)



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NATURE-RELATED DISCLOSURE MUST INCLUDE TRANSITION PLANNING FOR NATURE- POSITIVE OUTCOMES.

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