



Taskforce on Nature-related
Financial Disclosures

Capability Building Skills Assessment for Nature-related Risk Management

6 March 2023

Input for the G20 Sustainable Finance Working Group

Priority 3: Capacity building of the ecosystem for financing toward sustainable development

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Survey Scope of Capability Assessment

Members of the TNFD Forum and their networks were invited to undertake a rapid cycle Survey on nature-related skills and knowledge in February 2023.



Note:

- In addition to 7 questions on nature and climate-related capabilities, 3 questions build on the 2022 survey by Financial Centres for Sustainability (FC4S) on sustainable finance skills: urgency, challenges and government regulation.
- There may be a self-reporting bias, as the survey was sent to members of the TNFD Forum and their networks, who are actively engaged to inform, shape and action their nature-related journeys.

Survey Scope of Capability Assessment

Responses were received from 129 companies across 22 countries and 5 continents. However, these companies have operations in over 190 countries. The responses spotlight the current level of knowledge and awareness of nature-related issues, capability gaps and upskilling priorities.



- Africa & the Middle East
- Asia & the Pacific
- Europe
- Latin America & the Caribbean

22 Company HQs: Operating in 190+ countries

- | | | | |
|-----------|-------------|--------------|----------------|
| Australia | France | Norway | Switzerland |
| Brazil | Germany | Philippines | Thailand |
| Canada | India | Singapore | United Kingdom |
| China | Japan | South Africa | United States |
| Colombia | Mexico | Spain | |
| Finland | Netherlands | Sweden | |

Key Take-aways for Capability Development

- ✓ **Urgency of skills:** While many large and transnational corporates and financial institutions are now building capabilities for identification, assessment and disclosure (where relevant) of climate-related risks, similar capabilities for nature-related risk assessment and reporting are largely absent today.
 - **99% of companies** consider it **urgent** to develop nature-related financial skills and talent with their organization. In short, the skills needs are immediate.
 - **63% of companies** consider it both **urgent and important** for their organization.
 - Only 1% of companies do not consider nature-related financial skills and talent within their organizations important, despite 7-8% not having nature or climate on their reporting horizon.

- ✓ **Nature Journey: 40% of companies, across all geographies, are making good progress** in assessing nature-related risks and opportunities from their supply chain and portfolio to begin disclosing as part of regular reporting. However only 6% indicated that nature-related assessments are informing corporate or investment decision making. Advances in European regulation have resulted in more developed capabilities for assessing nature and biodiversity related impacts and risks among European companies and financial institutions.

Key Take-aways for Capability Development

- ✓ **Lean Teams:** 57% of companies, across all geographies, have the same internal team to assess climate and nature-related assessments. 67% of companies have teams of 3 people or less.
- ✓ **Building up teams and capacity:** Over a quarter of companies in Asia Pacific & Latin American rely on external support for nature-related assessments and reporting, given operations in biodiversity hotspots; and another 25% corporates across all geographies are building out separate nature teams.
- ✓ **Top challenges** for companies on nature-related capability development are: **(1) competing priorities, (2) lack of appropriate training courses in the market, and (3) inadequate training budget.**
 - **Prioritizing:** Companies note that government regulation will help unlock their industry's response and resources for nature-related financial capability building
 - **Market-relevant fit-for-purpose training:** Asia, European and Latin American companies in particular are keen on more context-specific training, supported in more languages to accelerate practical climate-nature nexus capability building, analysis and reporting.

Key Take-aways for Capability Development

- ✓ **Easy-to-access nature capability programs that should be prioritized in the next 2-3 years are:**
 - **For Corporates:** In-person corporate training programs for junior and mid-level executives and line managers.
 - **For Financial Institutions:** Comprehensive knowledge hub of self-help, self-guided learning materials and applied tools/templates to adapt as they see fit.
 - **For Market Service Providers:** Board and executive-level short courses, followed by Certified professional development programs for specific job functions

- ✓ **Spearheading next generation skills:** The top 3 groups prioritized by companies for upskilling -- **Sustainability Team, Board and Executive Committees to accelerate** institutional decision making and uptake on nature-related issues.

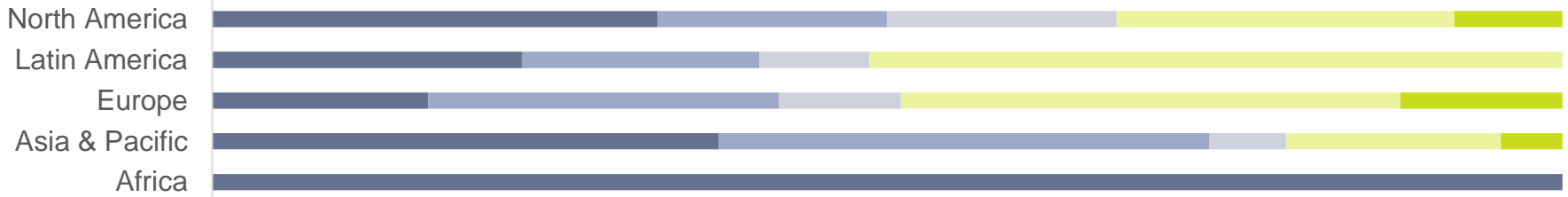


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Survey Analytics

Nature Journey of Companies

6% of companies assess and disclose nature-related risks & opportunities as part of regular reporting and plan to align with TNFD recommendations (4% Asia-Pacific, 8% Nth America & 12% in Europe)



Capabilities to Assess Climate

Over a quarter of companies in Asia Pacific & Latin American rely on external support for climate-related assessments and reporting

74%

Companies have **internal** teams dedicated to the assessment of **climate**-related risks & financial disclosures

92% North American companies
84% European companies

19%

Companies rely on **external** support to assess **climate**-related risks & financial disclosures

27% Asia Pacific
25% Latin American companies

7%

Companies **don't yet consider** climate issues

20% Market Service Providers



Capabilities to Assess Nature

Most companies in Africa, Europe and North America will harness the same internal climate team for nature-related assessments and reporting



Companies have/will have the **same internal teams for nature and climate**-related risks & financial disclosures

79% financial institutions

92% of North American & 72% European companies

Companies have/will create a **separate team** specifically for nature-related issues

25% corporates

31% of Latin American companies

Companies rely on **external** to assess **nature**-related issues

21% corporates

25% Asia-Pacific

25% Latin American companies

Companies **do not yet consider nature**

25% Latin American companies



Capabilities to Assess Nature

67% of companies across all geographies have teams of 3 full time people or less in their organizations that assesses nature-related risks, opportunities, dependences and impacts

67%

Companies have teams of **3 full time people or less**, to assess nature-related issues

27%

Companies have teams of **4-10 full time people**, for nature

7%

Companies have teams **over 10 people**, for nature

31% Asian-Pacific companies

22% Latin American companies



Urgency of nature-related financial capabilities

99% of companies consider nature-related financial skills and talent within their organizations an urgent need. Only 1% of companies do not consider it urgent or important, despite 7-8% not having nature or climate on their reporting horizon..

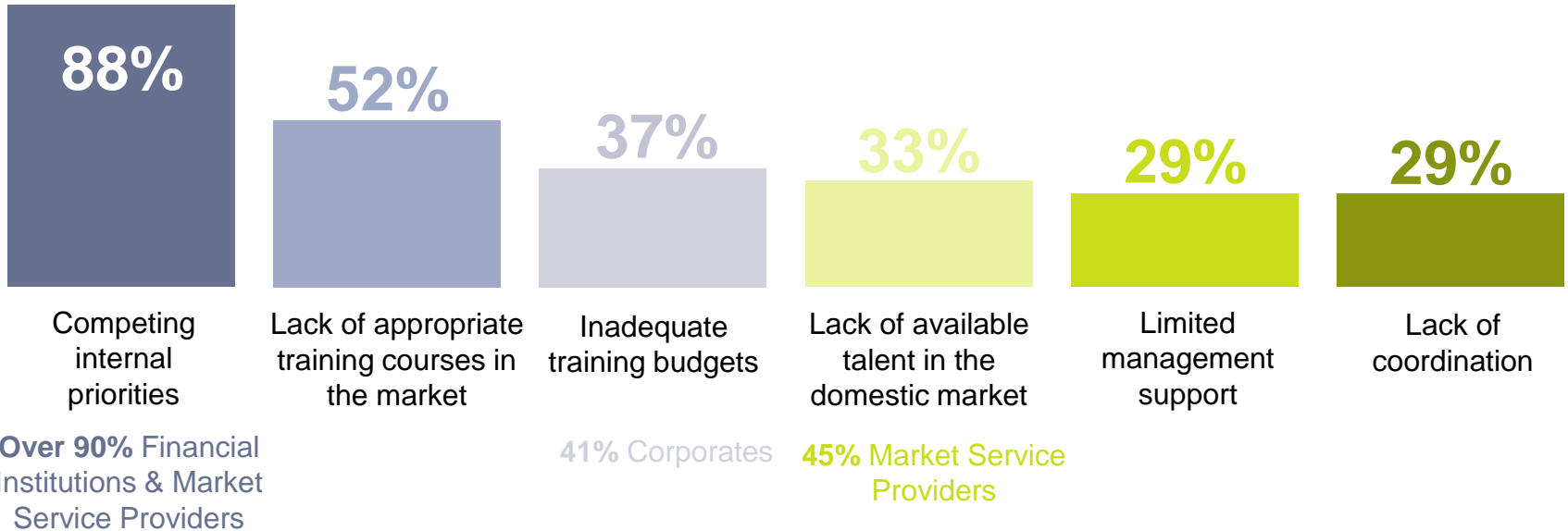


Note:

- Urgent is defined as immediately required today or past due. Not urgent is defined as within the next 5 years
- Important is defined as materially impactful to your clients/customers, your people and society

Key challenges limiting capability development

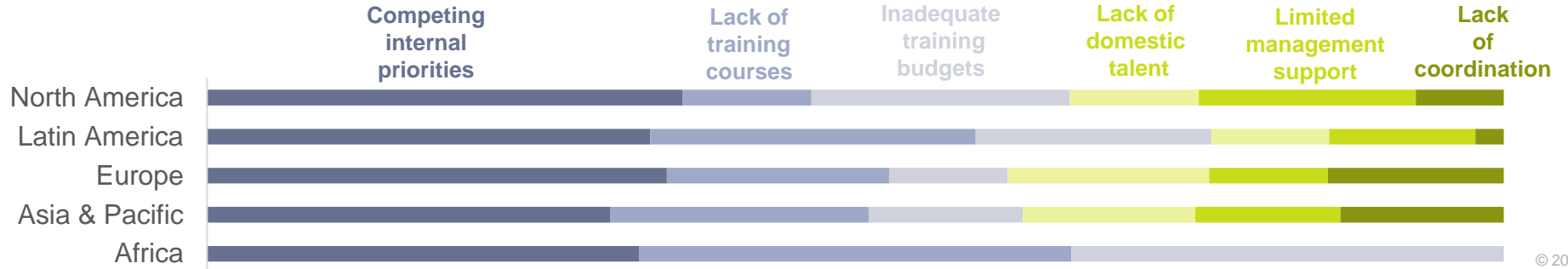
Across geographies, competing internal priorities is the critical challenge for getting started – organisations are struggling to ‘parallel process’ climate and nature risk management despite the recognition of the need to do so



Key challenges limiting capability development

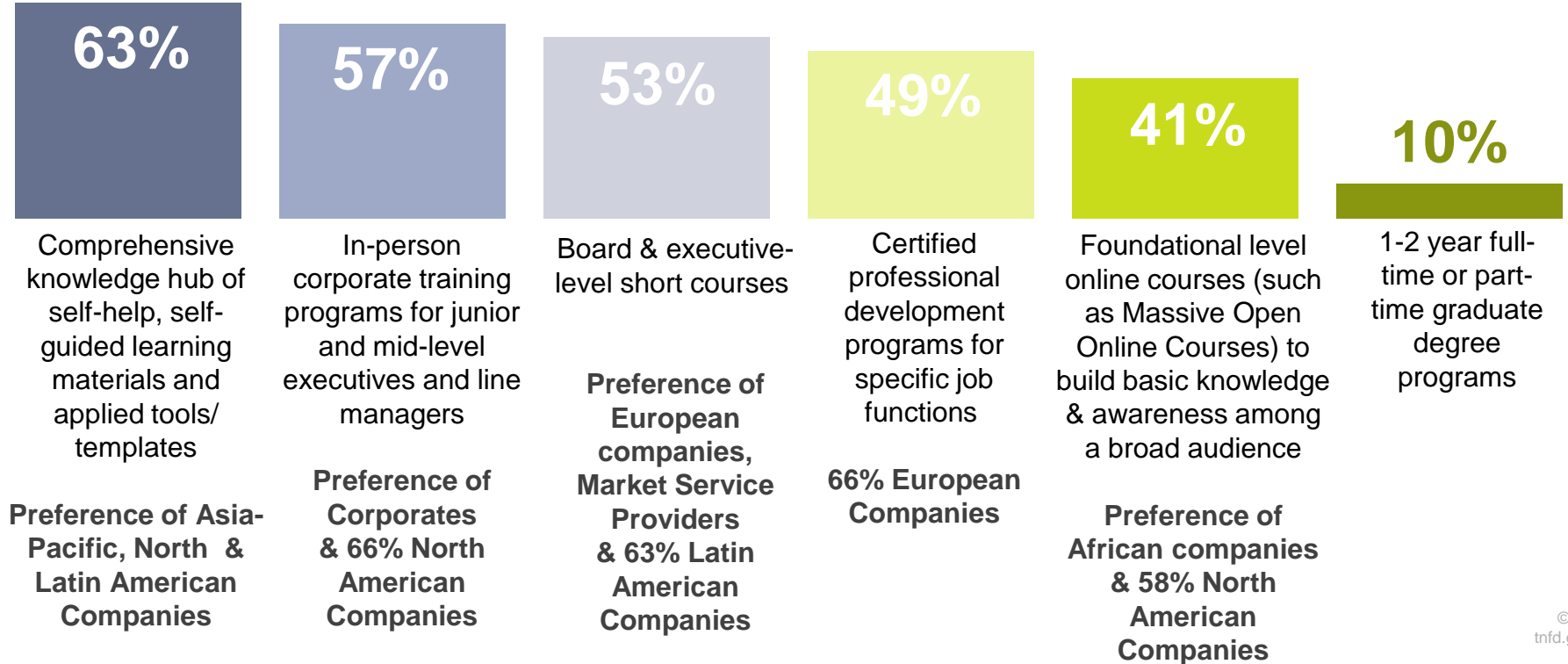
2nd Challenge

- **North American companies** find **inadequate training budgets** and **limited management support** their next concerns - less so domestic talent and availability of training courses
- **Asian-Pacific, European and Latin American companies** identify their 2nd challenge as a **lack of appropriate training courses**.
- This is linked to the need of more context-specific training in Asia and Latin American, and more language-specific training in Latin America. In Europe, it is the need to update training to keep up with regulation and accelerate practical climate-nature nexus capability building.



Priority capability programs in the next 2-3 years

Preferences for the type of capability building solution vary across geographies, suggesting a broad range of interventions will be required



Priority capability programs in the next 2-3 years

Corporates prefer:

72% In-person corporate training programs for junior and mid-level executives and line managers.

60% Comprehensive knowledge hub of self-help, self-guided learning materials and applied tools/templates to adapt as they see fit.

44% Certified professional development programs for specific job functions Foundational level online courses

41% Board and Executive-level short courses

Financial Institutions prefer:

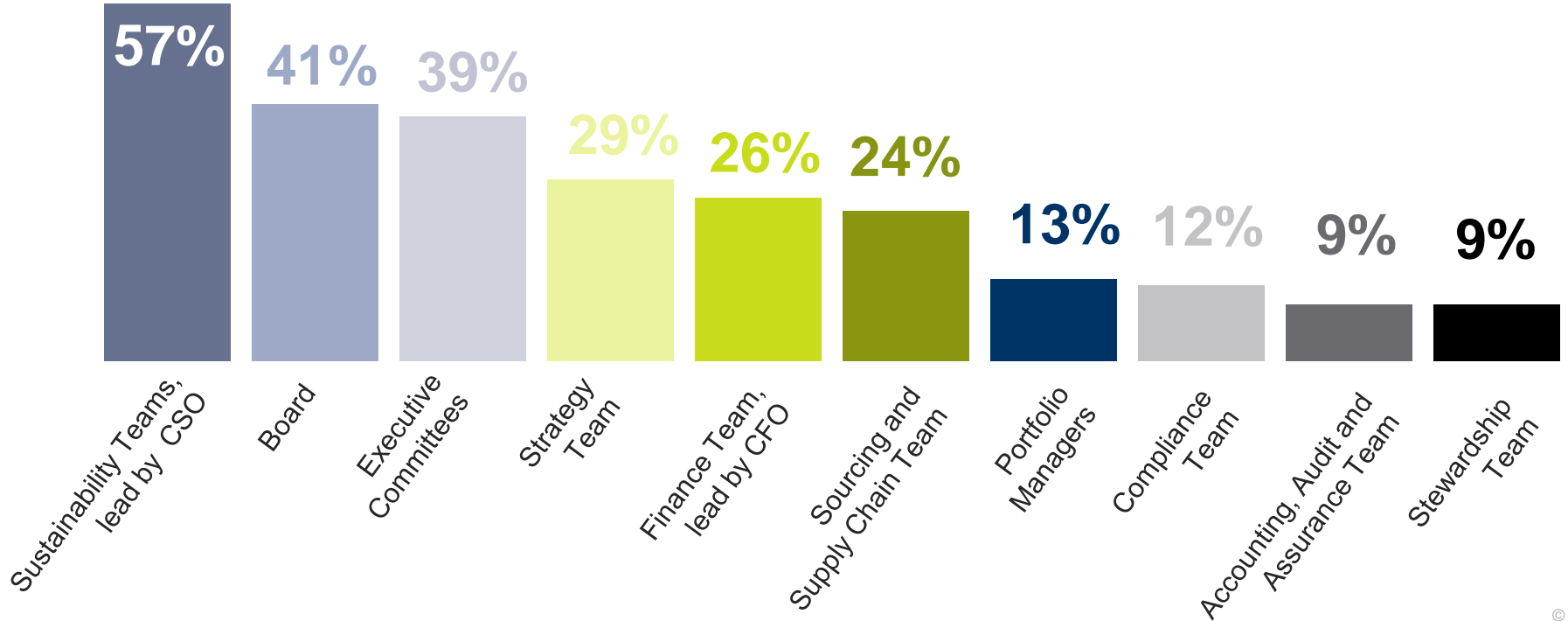
76% Comprehensive knowledge hub of self-help, self-guided learning materials and applied templates

71% Board and Executive-level short courses, preferred also by **Market Service Providers**

53% Certified professional development programs for specific job functions (like auditors, risk officers, market analysts etc), as do **Market Service Providers**.

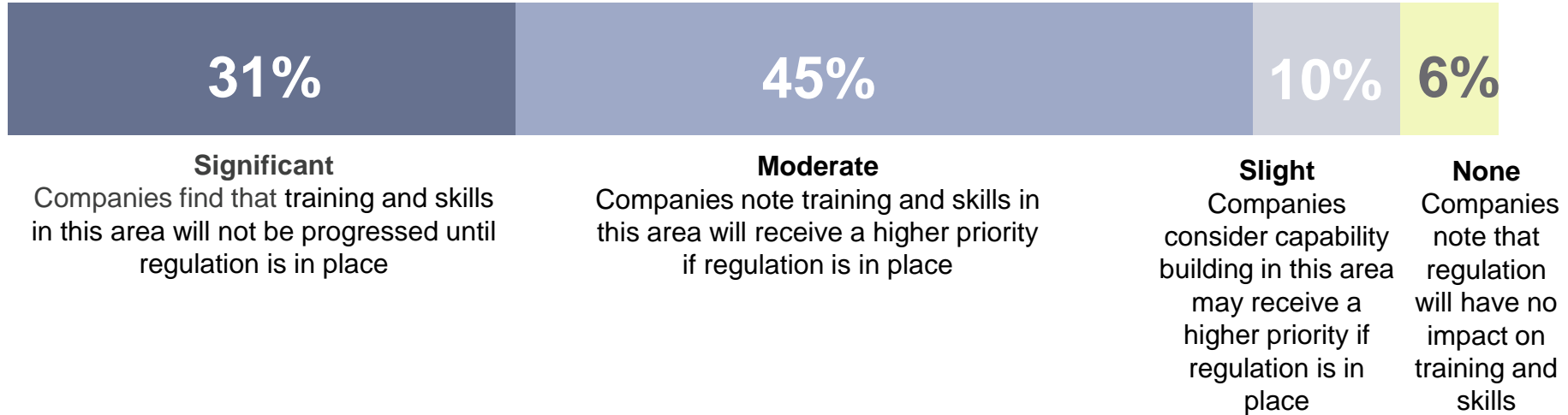
Priority teams to accelerate action on nature finance

The top 3 groups prioritized by companies for upskilling: **Sustainability Team, Board and Executive Committees** to accelerate institutional decision making and uptake on nature-related issues



Impact of government regulation

76% Companies find that government regulation will help unlock their industry's response and support for nature-related financial capability building



Next Steps for Capability Development

- ✓ **Growing priority:** Advances in regulation and companies' understanding their nature-related risk and growth opportunities is resulting in higher and more urgent demand for accelerated capability building now, instead of in 5 years. Structured learning programs should be created quickly by credible organizations, that allows for upskilling by magnitudes of scale.
- ✓ **Government regulation** will help clarify and unlock industry's response and resourcing for nature-related financial capability building.
- ✓ **Content focus:**
 - Climate-nature nexus (an integrated journey), with simple and accessible training material, context-specific sectoral case studies, that can be digested and actioned by lean teams with competing priorities.
 - Supporting companies with nature-related assessments that inform corporate or investment decision making
 - Available and accessible in languages.

Based on these survey results the TNFD will be designing and developing a range of learning and capability building modules with industry associations and specialist training partners

Annex : List of 129 Company Responses

- A Future Worth Living In
- abrdn
- Ajinomoto Co., Inc.
- AP2
- AP7
- Article 13
- Asahi Group Holdings, Ltd.
- AXA Investment Managers
- Azentúa
- Bank of Jiujiang
- Banorte
- Bayer
- BL évolution
- Blackmores
- BMO
- BNY Mellon
- BP
- BRF S.A
- Bunge
- Capital Group
- Caramuru Alimentos S.A
- Carbon Free Consulting Corporation
- Charoen Pokphand Foods PCL
- Charoen Pokphand Group Co.
- Coca-Cola Bottlers Japan Holdings
- Companhia Brasileira de Alumínio
- CPP Investments
- Crédit Mutuel Arkéa
- CSR Design Green Investment Advisory, Co. Ltd.
- Dai-ichi Life Holdings Co., Ltd.
- Deloitte
- Diageo
- Dow
- DSM (China) Co., Ltd.
- Dunelm
- Dŵr Cymru Welsh Water
- E & E Solutions Inc.
- Earth Support Co., Ltd.
- Ecoacciones
- Ecopetrol
- ESG Book
- Ethos Foundation
- Fidelitous Sempiternal Industries
- FirstRand Group
- Folksam
- Foresight Group
- FURNAS
- Gap Inc.
- GCNJ
- Glencore Ferroalloys
- GoOn Co., Ltd.
- GreenCollar
- Grieg Investor
- Grosvenor Property UK
- Grove Collaborative
- Grupo Sabará
- HESTA
- Hindustan Zinc Limited
- Hoare Lea
- Hogan Lovells
- Holcim
- Honda Motor Co., Ltd.
- Idea Co., Ltd.
- Inner Mongolia Shengmu Hi-Tech Animal Husbandry Co., Ltd.
- Kao Corporation
- KLP
- KPMG
- KYC MACHINE INDUSTRY CO.,LTD
- Kyushu Financial Group Co., Ltd.
- La Banque Postale Asset Management
- Liberty
- MARUI GROUP CO., LTD.
- MC Digital Co., Ltd.
- Meiji Holdings Co., Ltd.
- Mengniu Group
- Metria AB
- Metrics Credit Partners
- Mitsubishi Corporation
- Mitsuichemicals,inc,
- Montpensier Finance
- Moss Earth
- MS&AD Insurance Group Holdings, Inc.
- Natura&Co
- Neoenergia
- Nestle
- Noah Wealth (Shanghai)
- Nomura Real Estate Holdings Co.
- Norte Energia S.A.
- NTTDATA Corporation
- Omega Energia
- Osaka Shoko Shinkin Bank
- Oxbury Bank Plc
- P&G
- Pacific Consultants
- Planet Labs, PBC
- PLDT Inc
- Rabobank
- SEB Investment Management
- Sekisui House, LTD.
- SEVEN & i HLDGS. Co., Ltd.
- Shell
- Shimizu Corporation
- Siemens Energy
- Sinopec
- SoftBank Corp.
- Sampo Holdings
- Suez
- Sumitomo Chemical Co., Ltd.
- Sumitomo Corporation
- Sumitomo Life Insurance Company
- Sustainable Arctic
- Suzano
- Swire Properties
- TAISEI CORPORATION
- Taylor Wimpey
- Tellery Group Pty Ltd
- tentree
- The Chiba Bank, Ltd
- TotalEnergies
- Unilever
- Vale
- Vena Energy
- Veolia
- verify.earth
- Xiaomi
- Yachiyo Engineering Co., Ltd.
- Yamaha Corporation
- Yara
- Yokohama Rubber Co., Ltd.