

# UK Example TNFD Reports

## What approaches have we seen across the first set of UK reports?

As of September 2024, the UK Consultation Group (UK CG) was aware of eleven UK companies that had published material aligned to the Taskforce on Nature-related Financial Disclosure (TNFD) recommendations within their reporting. These include companies across a range of sizes and sectors including banking, asset management, utilities, pharmaceuticals, mining, real estate and consumer goods.

The GFI has analysed these eleven reports in order to celebrate these companies' progress and illustrate the range of initial reporting approaches emerging in the UK. The results demonstrate that companies are not required to report against all fourteen recommended disclosures and that the ideal starting point will vary for each company. The examples provided serve as inspiration for how companies considering TNFD-aligned reporting could approach each disclosure. The set covers a range of reporting formats from progress updates on TNFD pilots, to nature-related sections in annual reporting, to stand-alone disclosures. For this reason, amongst others, stakeholders should not look to compare reports with one another and instead, use this analysis to explore the variety of approaches that companies have taken. Several companies also have additional information outside of these reports relevant to the TNFD recommendations.

The analysis below describes the different combinations of recommended disclosures that these companies have started with and provides examples with references to specific pages in published reports.

Companies considering TNFD-aligned reporting should consult the TNFD website for a [global list of illustrative examples of reporting](#). If your company has published a TNFD-aligned report and would like it to be featured on the TNFD website, please submit it [here](#).

The TNFD UK Consultation Group commends the efforts and progress of these eleven companies (see Figure 1) and looks forward to seeing other approaches as more reports are published in the future.

Figure 1: UK companies with TNFD-aligned reports (in alphabetical order) as of September 2024



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# Overview

Figure 2 indicates (anonymously) which disclosures different companies have started with. The colour-coding indicates the level of detail provided for each disclosure.<sup>1</sup> There is no minimum or expected number of disclosures for reporting. Reporters are encouraged to choose a practical starting point and expand their breadth and depth over time, as appropriate. Variation between companies is expected and driven by differences in their sector and size among other factors. Further information about the colour-coding can be found in the Methodology section at the bottom of this page. Specific examples of disclosures with page references are provided in each of the drop-down sections below and summarised in the Summary of Example Disclosures section at the bottom of this page.

Across the reports considered, companies published information relevant to between three and fourteen of the TNFD's recommended disclosures, with an average of ten. Companies on average provide detailed responses for four disclosures. Across the pillars, companies have covered more disclosures under the Governance, Risk & Impact Management and Metrics & Targets pillars, with relatively less disclosures under the Strategy pillar.

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Figure 2: Variety of approaches across the UK for starting TNFD-aligned disclosure

	Company											Total
	1	2	3	4	5	6	7	8	9	10	11	
<b>Governance</b>												
A. Board oversight of nature-related dependencies, impacts, risks and opportunities.	Initial	Developed	Developed	Initial	Initial	Initial	Initial	Initial	Initial	Developed	Initial	10
B. Management's role in assessing / managing dependencies, impacts, risks and opportunities.	Initial	Developed	Initial	Initial	Initial	Developed	Initial	Developed	Developed	Developed	Developed	9
C. Human rights policy and engagement activities (Indigenous Peoples, Local Communities, affected stakeholders) in assessment.	Initial	Initial	Initial	Initial	Initial	Initial	Initial	Initial	Developed	Initial	Initial	8
<b>Strategy</b>												
A. Dependencies, impacts, risks and opportunities for short-, medium- and long-term.	Initial	Initial	Developed	Initial	Developed	Initial	Developed	Initial	Developed	Developed	Developed	11
B. Effect on business model, value chain, strategy, financial planning, transition plans.	Initial	Initial	Initial	Initial	Initial	Initial	Developed	Initial	Initial	Developed	Initial	8
C. Business resilience, taking into consideration scenarios.	Initial	Initial	Initial	Initial	Developed	Initial	Initial	Initial	Initial	Initial	Developed	4
D. Location of assets.	Initial	Initial	Initial	Initial	Initial	Initial	Initial	Initial	Developed	Developed	Initial	5
<b>Risk &amp; impact management</b>												
A. Process for identifying, assessing and prioritising dependencies, impacts, risks and opportunities.	Developed	Initial	Developed	Initial	Initial	Developed	Developed	Initial	Initial	Developed	Initial	10
B. Process for managing dependencies, impacts, risks and opportunities.	Initial	Developed	Developed	Initial	Initial	Initial	Developed	Developed	Developed	Developed	Initial	10
C. Integration into overall risk management.	Initial	Initial	Initial	Initial	Initial	Initial	Developed	Initial	Initial	Developed	Initial	7
<b>Metrics &amp; targets</b>												
A. Metrics used to assess and manage risks and opportunities.	Initial	Initial	Initial	Initial	Initial	Initial	Developed	Initial	Initial	Initial	Developed	6
B. Metrics used to assess and manage dependencies and impacts.	Initial	Developed	Initial	Initial	Developed	Developed	Developed	Initial	Developed	Initial	Developed	11
C. Targets and performance against them.	Initial	Initial	Initial	Initial	Initial	Initial	Developed	Initial	Initial	Initial	Developed	10
<b>Total</b>	3	8	9	10	10	10	11	11	12	13	13	

■ Developed disclosure  
■ Initial disclosure  
■ No disclosure

1. Please note that, in the Risk & Impact Management pillar section A., direct and indirect dependencies, impacts, risk and opportunities have been combined.



Within Risk & Impact Management, most companies' starting point is to perform a high-level materiality assessment to identify priority impacts, dependencies, risk and opportunities. All companies but one had discussed their processes for assessing and managing dependencies, impacts, risks and opportunities with varying detail. Many of these reports have used the TNFD's [LEAP](#) framework (Locate, Evaluate, Assess, Prepare) as a tool. Only two companies discussed in detail how they planned to integrate nature into their overall risk management framework.

Within Strategy, most reports focussed on explaining the results of their materiality assessments. A handful of reports discussed their approach to assessing and managing risks across their value chain, and very few disclosed information on either use of scenarios or location of assets.

Within Metrics & Targets, most reports focus on metrics associated with dependencies and impacts, with only a handful including metrics used associated with risks and opportunities. Where metrics are disclosed, many reports focus on a small number of core metrics, often those already being collected as part of other business processes, or accessible through online tools. Almost all reports indicate the intent to expand and deepen disclosure over time.

All except two of the reports integrate TNFD with Taskforce for Climate-related Financial Disclosure (TCFD) reporting. Many businesses house these disclosures within their annual reports. Some reports combine the Governance and Strategy pillars for TNFD and TCFD as the processes described are similar for both climate and nature.

In terms of presentation, many companies provide a correspondence table at the beginning or end of their reports indicating where in the document further detail for each disclosure can be found. Alternatively, some reports include a box in relevant sections of reports which summarises the response to each TNFD disclosure. Table 1 summarises key content and structural information about the reports.



Table 1: Summary of key elements included in disclosure reports by company

Company name / report link	Sector	Report type and structure	Materiality approach	Risk assessment process	Use of nature-related scenarios	Use of nature-related tools	Other reporting frameworks mentioned <sup>2</sup>
<a href="#">Anglo American</a>	Metals & Mining	Annual report, TNFD & TCFD integrated	Double	Principal risk and materiality assessment	-	Biodiversity Overlay Assessment Tool (own developed tool), IBAT, WWF Risk Filter, IUCN Red List	TCFD, GRI, CDP
<a href="#">BAT</a>	Consumer Goods	Annual report, TNFD & TCFD integrated	Double	Geospatial biodiversity risk assessment mapping farmers and manufacturing sites against global biodiversity indicators	-	IBAT	TCFD, GRI, SASB, SFDR
<a href="#">Climate Asset Management</a>	Asset Management	TNFD LEAP pilot update report	Double	LEAP process	-	WRI Aqueduct, IBAT, Ecoregion Intactness Index, ENCORE	-
<a href="#">Drax Group</a>	Energy	Annual report, TNFD & TCFD integrated	Double	LEAP process	-	ENCORE	TCFD
<a href="#">Federated Hermes</a>	Asset Management	Climate- and Nature-related Financial Disclosures Report	Double	Integrating into top down and asset level analysis approach taken with climate	-	ForestIQ	TCFD, SECR
<a href="#">GSK</a>	Biotechnology & Pharmaceuticals	Annual report, TNFD & TCFD integrated	Financial	LEAP process	-	Aqueduct Water Risk, IBAT	TCFD
<a href="#">Landsec</a>	Real Estate	Sustainability performance and data report	Double	Ecological baseline assessments across directly managed assets to identify places that directly interface with priority habitats and sites designated for conservation.	-	-	TCFD, GRI, CDP
<a href="#">Legal &amp; General</a>	Insurance & Asset Management	Climate and nature report, TNFD & TCFD integrated	Double	Integrating into internal and external risk management landscape approach taken with climate	Climate scenarios inc. land use modelling and Biodiversity Intactness Index (BII)	-	TCFD
<a href="#">Oxbury Bank</a>	Banking	Natural capital report, TNFD & TCFD integrated	Double	LEAP process	-	ENCORE, SBTN Materiality Screening	TCFD, GRI
<a href="#">Severn Trent</a>	Water Utilities	Annual report, TNFD & TCFD integrated	Financial	LEAP process	-	-	TCFD, EU Taxonomy, CDP
<a href="#">United Utilities</a>	Water Utilities	Annual report, TNFD & TCFD integrated	Double	Horizon scanning activities, natural capital accounting and land management plans.	Water scenarios	-	TCFD

2. Reporting acronyms: GRI: [Global Reporting Initiative](#); SASB: [Sustainability Accounting Standards Board](#); SFDR: [Sustainable Finance Disclosure Regulation](#); SECR: [Streamlined Energy and Carbon Reporting regulations](#); CDP: [Carbon Disclosure Project](#).

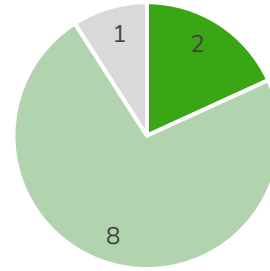
## A. Describe the Board's oversight of nature-related dependencies, impacts, risks and opportunities.

Reports contain a variety of detail on the extent of Board responsibility. Many organisations assign accountability for managing climate and nature risks to dedicated committees (most commonly sustainability committees). There is rarely a nature subject matter expert represented at Board level.

Some companies integrate TCFD and TNFD Governance sections, as Board members often focus on climate and nature-related issues together. Organisational approaches to climate and nature are typically presented in the form of an overall environment or sustainability strategy, policy or programme which is reviewed by the Board annually. Reports indicate that, for many companies, there are more frequent updates through sustainability senior management or committees.

The reports analysed generally include diagrams of Board structure and tables indicating individual or committee level responsibility for a variety of sustainability topics, many of which have relevance to nature.

For example, Legal & General delegate accountability for environmental risks to the Group Environment Committee. The report outlines their key decisions and discussions throughout the year (Figure 4). Oxbury Bank's Board responsibilities for nature-related matters are described in detail in Figure 5.



- Developed disclosure
- Initial disclosure
- No disclosure

Figure 3: Count of disclosures, Governance A.

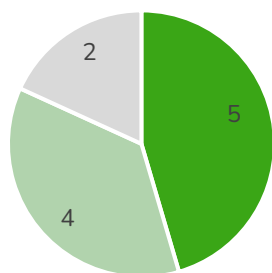
GEC key decisions and discussions during 2023	
Metrics and targets	<ul style="list-style-type: none"> <li>Approved the approach to setting the Group's scope 3 category 1 (purchased goods and services) SBT.</li> <li>Reviewed progress of commitments made against SBTs.</li> <li>Received detailed analysis of the carbon footprint of our business travel, to support identification of ways to reduce the carbon associated with how we travel for business purposes.</li> <li>Oversight of the progress of NZAOA target-setting.</li> </ul>
Assessing our exposure	<ul style="list-style-type: none"> <li>Reviewed our risk exposure to incorporate an assessment of nature-related risks, impacts and dependencies, in line with emerging market frameworks.</li> <li>Reviewed climate collaboration/ membership commitments.</li> <li>Consideration of a near-term scenario analysis that we modelled.</li> </ul>
Risk appetite	<ul style="list-style-type: none"> <li>Approved enhancements to our climate-related risk appetite and the supporting metrics and tolerances for our activity to deliver on our climate commitments.</li> <li>Reviewed and approved updates to the controls in place to manage our exposure to climate and nature-based risks.</li> </ul>
Setting our strategy	<ul style="list-style-type: none"> <li>Set climate expectations within the strategic planning process.</li> <li>Completed a series of deep dives into how our divisions are delivering on their transition plans.</li> <li>Approved and oversaw our first Climate transition plan.</li> </ul>
Oversight	<ul style="list-style-type: none"> <li>Regularly monitored the Group's progress against our environmental commitments.</li> <li>Monitored the Group's progress in responding to the emerging risks of climate change.</li> <li>Oversaw the audit of our emissions reporting for scope 1, 2 and 3 carbon emissions.</li> </ul>

Figure 4: Legal & General climate and nature report, 2023, pg. 28

Committee	Responsibilities for natural capital-related dependencies, impacts, risks and opportunities	Specific actions during the reporting period
Oxbury Board met 10 times in 2023 and received Natural Capital related information at all meetings	<ul style="list-style-type: none"> <li>Approve our approach to natural capital risk</li> <li>Approve the Natural Capital Risk Policy</li> <li>Consider climate and biodiversity risk impacts when assessing credit applications</li> <li>Approve our risk appetite including limits for natural capital risk</li> <li>Approve metrics and indicators to monitor climate risk performance and monitor ongoing progress</li> <li>Approve the TCFD and TNFD statement</li> <li>Consider the climate report and recommend appropriate actions to management</li> <li>Oversees the identification and setting of metrics and targets related to natural capital-related risks and opportunities and ongoing monitoring of progress</li> </ul>	<ul style="list-style-type: none"> <li>Approved Responsible Impact policy</li> <li>Approved Natural Capital Risk Policy</li> <li>Ensured natural capital matters were addressed in credit applications approved by Board</li> <li>Received and reviewed monthly and quarterly natural capital reports from management</li> <li>Approved inclusion of natural capital and environmental risk in Risk Management Framework</li> <li>Approved Natural Capital Risk Appetite statements and metrics</li> </ul>
Board Audit Committee met 7 times in 2023 where Responsible Impact including Natural Capital is a standing item on the agenda	<ul style="list-style-type: none"> <li>Review and recommend TCFD and TNFD disclosures to Board for approval</li> <li>Review SECR disclosures in Annual Report and Accounts</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed financial statements</li> <li>Engaged with internal and external auditors including on matters related to natural capital risks</li> </ul>
Board Risk Committee meets quarterly and consider natural capital as part of credit applications (weekly meetings) as well as quarterly risk updates	<ul style="list-style-type: none"> <li>Approve various credit policies which includes criteria for assessment of and portfolio management of climate and biodiversity risk</li> <li>Consider climate and biodiversity risk impacts when assessing credit applications</li> <li>Consider proposals in respect of the risk appetite including limits for natural capital risks</li> <li>Consider and provide oversight of natural capital risk within the risk management framework</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed and approved the Credit Lending and Underwriting policy including updated guidance related to natural capital risks</li> <li>Reviewed ICAAP to ensure natural capital risks included, as relevant</li> <li>Ensured natural capital matters were addressed in credit application approved by Risk Committee</li> </ul>

Figure 5: Oxbury Bank natural capital report, 2023, pg. 29-31

**B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.**



- Developed disclosure
- Initial disclosure
- No disclosure

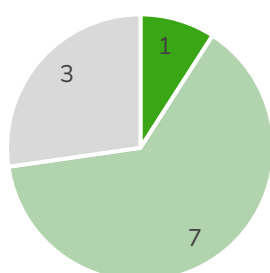
*Figure 6: Count of disclosures, Governance B.*

There is a large variation in management responsibility for nature-related issues. Many organisations have established multiple working groups of senior management, each with responsibility for different aspects of nature. These groups can contain chief risk or regulatory officers, financial officers, impact and sustainability officers who are responsible for both climate and nature. Some organisations have biodiversity groups or 'centres of excellence'.

Assessment and management responsibility for nature-related matters is often split - with risk, sustainability and regulatory managers assessing and monitoring risks, and divisional leaders managing and incorporating risk factors into their relevant business units. Most reports include specific examples of management roles and their relevant nature-related responsibilities.

For example, United Utilities has a Director of Better Rivers Programme with responsibility to reduce the impact of storm overflow and improve river water quality (pg. 49 of United Utilities report). More broadly, United Utilities embeds nature within existing governance and regulatory structures, with nature accountability sitting with the CEO. Similarly, Anglo American incorporates progress against the group's biodiversity management programme into a CEO scorecard on a quarterly basis (pg. 58 of Anglo American report). Two reports indicate that responsibility for sustainability (and by extension nature) is within a vertical of the business - one of which is the President of Supply Chain (GSK, pg. 62) and the other the Chief Sustainability Officer (Drax, pg. 57).

**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.**



- Developed disclosure
- Initial disclosure
- No disclosure

*Figure 7: Count of disclosures, Governance C.*

Almost all of the reports flag human rights policies or statements, and some report on customer or local community surveys and workshops. None of the reports contain consultation results from Indigenous Peoples, and few reports provide detail on the Board's oversight of the output from stakeholder engagement activities.

The reports containing engagement activities tabulate stakeholders and detail outcomes from engagement processes (often surveys, workshops and conferences). Some reports contain case studies with specific examples of engagement activities.

For example, Severn Trent publish a five-year business plan (including a nature strategy) and disclose the impact that the business plan will have on different stakeholder groups based on engagements, and how these factors influence decision-making (Figure 8). Oxbury Bank disclose engagements with stakeholders across their value chain on natural capital to identify areas of collaboration (Figure 9).

**Severn Trent PR24 Business Plan**

**Context**

On 2 October 2023, we submitted our AMP8 Business Plan for 2025-30, setting out the progress we will make over the next five years towards the 2050 aims set out in our Long-Term Delivery Strategy.

The Board invested a significant amount of time preparing for PR24, including understanding the way in which the Company can deliver positive customer outcomes and greater environmental and social value, drive improvements through efficiency and innovation, and increase focus on the long term.

To inform this activity, individual Directors, and the Board as a whole, determined that the Board should spend time engaging with customers to understand their views and priorities, and inform the development of the Business Plan. This should be facilitated by the Company, the Board as a whole and individual Directors spending time engaging with all of its stakeholders, including customers, shareholders, Ofwat, CCW and local communities to listen to and understand their views and potential impacts of the Company's Business Plan on them. The Company's Business Plan was then developed in full consideration of these discussions.

**Consideration of s.172 impacts by the Board in its decision making**

**Customers:** Potential impacts on customers were central to Board discussions in view of its existing commitment to keep bills affordable for all customers whilst also delivering improved resilience, sustainability and enhanced customer outcomes. To inform Board discussions, individual Directors, and the Board as a whole, spent time engaging with customers, attending community events – including affordability workshops – and having discussions with the Chair of the Expert Challenge Panel, Bernard Crump. The views of over 68,000 customers were factored into the Plan's development. Insights gathered from customer feedback were considered to produce a plan that the Board is confident will deliver the outcomes our customers want, both now and over time.

**Communities:** With the potential to create 7,000 jobs in our region, the Board is confident that our investment will have an important regional impact over the next decade, helping a much more diverse range of people benefit from these opportunities. To inform Board discussions, individual Directors spent time engaging with customers at community events. For example, Sharmila Nebhrājani provided an overview of her observations from the PR24 Affordability Workshop in Ward End, noting that the session had brought to life the difficulties faced by those in poverty and the way in which the Company's approach would improve the life experiences of communities.

Figure 8: Severn Trent annual report, 2024, pg. 123

Responsible Impact Pillar Stakeholder	People		Principle			Pillar	
	Customers	Employees	Suppliers	Investors	Regulators	Business Enablers	Society
Who they are	<p>More than 90% of lending customers are SMEs in the agricultural sector</p> <p>In 2023, financing was approved to 19 NewGen customers with average age of 31 years, of whom 3 are female</p>	<p>42% of employees are 30 years or younger of age (2022: 38%)</p> <p>80% of placements and graduates since inception of the programmes remain employed at Oxbury.</p>	<p>Suppliers provide:</p> <ul style="list-style-type: none"> <li>• Goods and services that enable Oxbury to operate including office and IT equipment, marketing merchandise, etc.</li> <li>• Professional services such as legal advice and auditing, IT software and risk services</li> </ul>	<p>Shareholders comprise a mix of farming interests, distributors, private equity, family offices and asset managers, Oxbury management and employees.</p>	<ul style="list-style-type: none"> <li>• Prudential Regulation Authority</li> <li>• Financial Conduct Authority</li> <li>• Information Commissioner's Office</li> <li>• Health and Safety Executive</li> <li>• Advertising Standards Authority</li> </ul>	<ul style="list-style-type: none"> <li>• Distributors allows Oxbury to provide supply chain finance through 19 distribution partners where customers are able to use Oxbury financial products to buy inputs or livestock from these partners with invoices supporting loan disbursements in line with expenditure.</li> <li>• British Business Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural sector organisations including farmer clusters and associations.</li> <li>• Carbon Literacy Trust</li> <li>• Future Food Movement</li> <li>• Bankers for Net Zero.</li> <li>• Forest Carbon</li> <li>• Transition Plan Taskforce</li> <li>• Innovate Finance Net Zero Working Group</li> <li>• Natural Environment Investment Readiness Fund (NEIRF)</li> <li>• The Country Trust</li> </ul>

Responsible Impact Pillar Stakeholder	People		Principle			Pillar	
	Customers	Employees	Suppliers	Investors	Regulators	Business Enablers	Society
Why they are important	<p>Customers are central to Oxbury's strategy. Depositors enable us to provide financing to farmers and other participants in the rural economy. The produce of our lending customers feed the world.</p>	<p>The skills, experience, diversity and productivity of our employees enable Oxbury to meet its strategic objectives and deliver value to stakeholders</p>	<p>The goods and services provided by suppliers enable our operational activities across all functions.</p>	<p>Investors enable Oxbury to raise the capital required to meet regulatory requirements and operate as a licensed Bank.</p>	<p>Regulators ensure that trust is maintained in the financial sector on behalf of customers and therefore create the legal framework for Oxbury to operate as a licensed bank.</p>	<p>Providing finance within supply-chains reduces credit risk to Oxbury as the loans are used for a specific purpose. Distribution partners provide access to new customers.</p>	<p>The food sector and rural economy depends on partnerships and operates within a wider community context.</p>
Our objective in terms of natural capital	<p>Develop long-term relationships by understanding customer expectations to provide appropriate savings and lending products with high service levels by deploying our bespoke technology and deep sector understanding including natural capital risks and opportunities faced by customers</p>	<p>Provide an employee value proposition that attracts and retains top-class talent and skills by acting as a responsible corporate entity and embedding our approach to natural capital in our own operations</p>	<p>Obtain and maintain a quality and timeless supply of goods and services from suppliers who are aligned to our approach to natural capital and net zero aspirations.</p>	<p>Build trusted relationships based on sustained value creation for shareholders and investors taking into consideration investor expectations regarding emissions management and transition finance</p>	<p>Maintain a transparent, effective relationship and ensure compliance with all legal and regulatory requirements</p>	<p>Develop long-term relationships with distributions partners to offer finance to our shared customers to reduce emissions within the value chains.</p>	<p>Build trusted relationships and ensure Oxbury is able to share knowledge and experience on natural capital with a wider community</p>

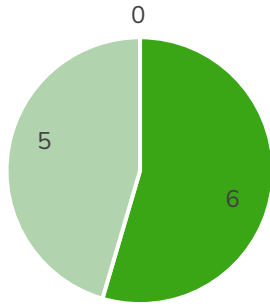
Responsible Impact Pillar Stakeholder	People		Principle			Pillar	
	Customers	Employees	Suppliers	Investors	Regulators	Business Enablers	Society
Outcomes for stakeholders	<p>28% (2022: 22%) of term loan book allocated for transition finance aligned to the NFU Net Zero climate pillars</p> <p>On-farm carbon footprints completed in partnership with SAC for 10 pilot projects to allow for comparison between modelled and on-farm emissions and identify further actions</p>	<p>158 employees received peer-delivered training in Natural Capital literacy based on an in-house curriculum accredited by the Carbon Literacy Standard</p> <p>In response to our annual colleague survey, we enabled 9 employees to benefit from the Bike2Work scheme</p>	<p>All material suppliers have been reviewed in past year.</p> <p>Reviewed our supplier onboarding templates to increase scrutiny of ESG risks including natural capital</p>	<p>£93 million of share capital raised as at 31 December 2023.</p>	<p>No fines were received from regulators.</p> <p>Regular interaction by the Board and Executive Management with the Prudential Authority on climate-risk related matters</p> <p>Publication of inaugural Natural Capital Report</p>	<p>£100 million ENABLE Guarantee agreed with British Business Bank to support SMEs in the agricultural sector</p>	<p>Engagement with farmers at industry events, shows, and through an on-farm demonstration at our CCRO's home farm on the importance of natural capital and the transition.</p>

Figure 9: Oxbury Bank natural capital report, 2023, pg. 34-36



# Strategy

A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.



- Developed disclosure
- Initial disclosure
- No disclosure

Figure 10: Count of disclosures, Strategy A.

Reports tend to have more detail on dependencies and impacts versus risks and opportunities. Nature-related dependencies, impacts, risks and opportunities can be organised in different ways including by biome (GSK, United Utilities e.g. water, land, ocean), country (GSK) and sector (Federated Hermes, especially relevant for the banks and asset managers who have considerations across sectors). Climate Asset Management group dependencies by the high-level benefit delivered to the business (Figure 11).

While some reports disclose at site level, the majority of reports do not allocate disclosures to particular locations, instead citing dependencies, impacts, risks and opportunities at an organisational level.

Where disclosed, dependencies, impacts, risks and opportunities are tabulated. Some disclosures integrate nature- with climate-related considerations (see Figure 13 – Legal & General) whereas others keep climate and nature separate (see Figure 12 – Federated Hermes). Legal & General considers timeframes associated with risks and opportunities (see Figure 13).

Ecosystem service		Agriculture	Forestry
Direct	Fibres and other materials	M	VH
	Genetic materials	M	N/A
	Ground water	VH	VH
	Surface water	H	VH
Enabling	Pollination	H	H
	Soil Quality	H	H
	Ventilation	L	N/A
	Water flow maintenance	H	H
Mitigating	Water quality	H	N/A
	Bioremediation	M	M
	Dilution by atmosphere and ecosystems	M	N/A
Protecting	Filtration	M	VL
	Buffering and attenuation of mass flows	H	N/A
	Climate regulation	H	VH
	Disease control	H	H
	Flood and storm protection	VH	VH
	Mass stabilisation and erosion control	VH	VH
	Pest control	H	H

Figure 11: Climate Asset Management, TNFD LEAP pilot update, 2023, pg. 4

Sector	Key impacts and dependencies on biodiversity and ecosystem services
<b>Consumer goods and retail (including food, beverages, tobacco, household products, cosmetics and fashion)</b>	<ul style="list-style-type: none"> <li>- High dependence on ecosystem services such as pollination, soil quality and water flow to maintain a reliable supply of agricultural products and other nature-based inputs</li> <li>- High impact on biodiversity through significant land footprint, greenhouse gas emissions and the overall business model (including sourcing activities and agricultural practices)</li> </ul>
<b>Utilities</b>	<ul style="list-style-type: none"> <li>- Operational dependence on ecosystem services such as water quality and flow, climate regulation and others</li> <li>- High impact on biodiversity through significant greenhouse gas emissions and contributions to climate change, pollution of air, soil and water, land use (including potentially higher land use requirements for renewables), and disturbances to species</li> </ul>
<b>Mining and materials</b>	<ul style="list-style-type: none"> <li>- Operational dependence on ecosystem services such as water quality and flow, climate regulation and others</li> <li>- High operational impact on land and ecosystems, significant greenhouse gas emissions and contributions to climate change, pollution of air, soil and water (including one-off events such as tailings)</li> </ul>

Figure 12: Federated Hermes climate and nature-related financial disclosures report, 2023, pg. 22

Opportunities		Business area most impacted	Horizon		
Strategic pillar	Potential opportunities		Short	Med.	Long
Invest	Investing in the technology and infrastructure needed to transition away from carbon emissions, such as renewable energy sources, low-carbon properties, low-carbon heating, electrification of transport and nature-based solutions	LGR, LGIM, LGC, Retail	●	●	●
	Attracting and retaining clients by supporting their needs to decarbonise their investment portfolios, for example through net zero-aligned investment products and funds and provision of data and analytical tools		●	●	●
Influence	Managing funds that provide clients with access to financing opportunities in transition technologies and infrastructure and nature-positive outcomes	LGIM, LGC	●	●	●
	Engaging with companies and governments to encourage a fast and orderly 'just transition', enhancing trust in our brand		●	●	●
Operate	Enhanced returns from investing in homes and commercial properties by enabling them to operate with net zero carbon emissions and helping to protect and restore nature		●	●	●
	Increasing our market differentiation through reduced embodied carbon in construction	LGR, LGIM, LGC	●	●	●
	Protecting our long-term returns by developing real assets with high levels of climate resilience		●	●	●
Risks		Business area most impacted	Horizon		
Strategic pillar	Potential risks		Short	Med.	Long
Invest	Investments in sectors or companies which are adversely exposed to a transitioning economy lose value or are downgraded, and investments prove ineffective resulting in loss		●	●	●
	Disruptive technology impacting the value of investments	LGR, LGIM, LGC, Retail	●	●	●
	Increased frequency and/or severity of extreme weather events, or increased nature-loss, impacting on the value of physical assets or the value of companies with high exposures to these risks		●	●	●
Influence	Loss of market share should investment solutions be perceived as not meeting rapidly evolving client needs		●	●	●
	A breach of evolving legislative or regulatory requirements may expose us to litigation or regulatory sanction and damage our brand	LGIM, LGC	●	●	●
	Reputational risk from not meeting our own commitments, or if activities across the Group are not aligned		●	●	●

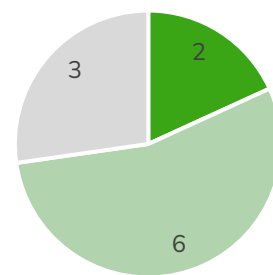
Figure 13: Legal & General climate and nature report, 2023, pg. 8

**B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation’s business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.**

Most reports contain high-level narratives on nature strategies or transition plans, often incorporated into pre-existing climate strategies or transition plans. For example, British American Tobacco's report details a 10-year strategic roadmap to promote nature-positive leadership (pg. 85).

Some reports incorporate details on funding which will be allocated to nature restoration projects. For example, United Utilities’ report highlight its AMP8 business plan (Figure 15) with multiple nature-related funding targets.

Some organisations provide more detail on the effect of nature on their business model which then informs elements of their strategy. For example, Oxbury Bank maps dependencies and impacts to loan book products, whereas Federated Hermes discloses the effect of nature-related dependencies, impacts, risks and opportunities on product development, financial planning and alignment across the business with third party suppliers (Figure 16) and has report headings aligned to disclosure recommendations.



■ Developed disclosure  
■ Initial disclosure  
■ No disclosure

Figure 14: Count of disclosures, Strategy B

AMP8 business plan highlights	Long-term ambitions
<ul style="list-style-type: none"> <li>Proposing to invest £3.1 billion to reduce spills from over 400 overflows, driving 60 per cent reduction in decade to 2030</li> <li>Targeting 25 per cent reduction in pollution incidents</li> <li>£200 million net zero investment programme to enable more than two million tonnes GHG emissions benefit by 2055</li> </ul>	<ul style="list-style-type: none"> <li>Reduce to no more than ten spills per overflow on average by 2050</li> <li>Net zero across all three emissions scopes by 2050 and activities to avoid or reduce GHG emissions or remove and store GHG from the atmosphere</li> </ul>

Figure 15: United Utilities integrated annual report, 2024, pg. 17

**Impacts of risks and opportunities on our financial planning**

Aside from the significance for our investment approach, and the products and services we provide to our clients, all of the above has implications for our financial planning. For example, climate-related risks and opportunities impact budget allocation, such as offsetting costs, climate data procurement and tool development and engagement headcount to support our net zero commitments. It also informs our product development and ongoing product governance, for example ensuring that FHL is able to meet growing client interest in products that deliver a positive impact on the environment. Given the nature of our business, this is important for the financial performance and sustainability of our business as a whole, as well as the performance of individual products. We assess material risks – including any related to climate – and their potential financial impact to the company as part of our internal capital and risk assessment (“ICARA”) process, which is undertaken at least annually. Senior management also receives monthly updates on our corporate travel emissions as part of management information updates to ensure they are aware of emissions trends. FHL’s annual report and financial statements include our Streamlined Energy and Carbon Reporting statement, describing our energy consumption and greenhouse gas emissions for the UK.

**Alignment across our business and with our third-party suppliers**

Our governance structure has a role in ensuring that the individual legal entities that are subsidiaries of FHL, the governance bodies that it delegates to, and relevant teams, as well as the third parties that we outsource to, or that provide products or other services to Federated Hermes, are all aligned with respect to climate- and nature-related issues.

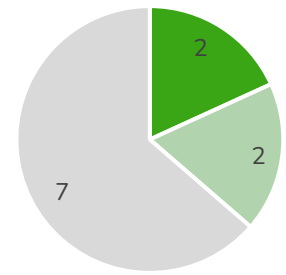
A particular area of focus is how we select the third parties we work with at Federated Hermes. From 2022, enhancements to our responsible supplier management process have been embedded, including a revised Supplier Code of Conduct which better considers the ESG credentials of our third-party suppliers and integrates environmental and social considerations within the supplier due diligence process. Our Supplier Code of Conduct contains the following expectations:

Figure 16: Federated Hermes climate and nature-related financial disclosures, 2023, pg. 26

**C. Describe the resilience of the organisation’s strategy to nature-related risks and opportunities, taking into consideration different scenarios.**

Most reports contain climate scenario analysis in line with TCFD reporting requirements. Two organisations (Legal & General, United Utilities) discuss nature-related aspects or outcomes of their scenario analysis. Some reports contain a statement indicating the intention to explore scenarios in future disclosures. Legal & General’s climate modelling incorporates explicit land use modelling and examines the impact of climate scenarios on nature-related variables such as the Biodiversity Intactness Index as seen in Figure 18. United Utilities integrates scenario across multiple factors including climate and water availability, with an adaptation plan as seen in Figure 19.

Some reports also mention that evolving risk management processes will contribute towards business resilience. Oxbury Bank discusses some of the drivers of the resilience of their business including diversification across commodities and locations within their lending portfolio.



- Developed disclosure
- Initial disclosure
- No disclosure

Figure 17: Count of disclosures, Strategy C.

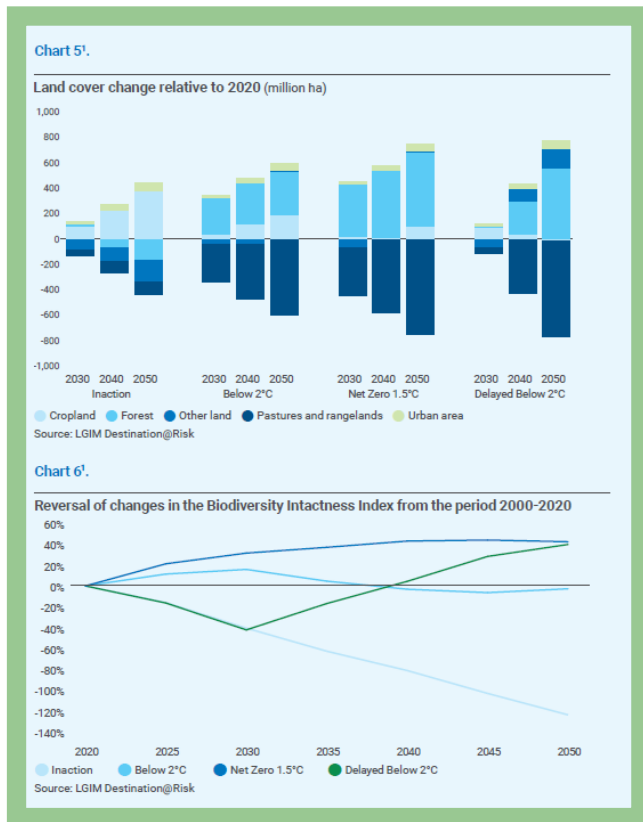


Figure 18: Legal & General climate and nature report, 2023, pg. 22

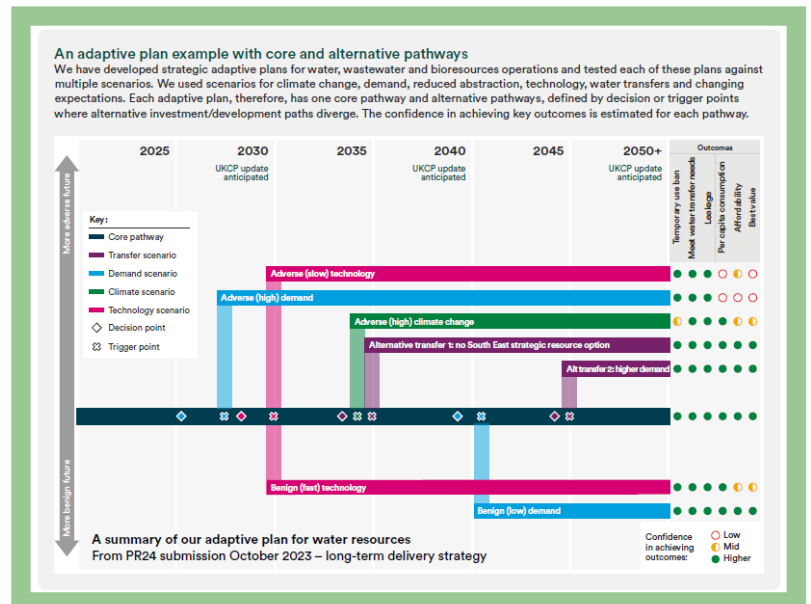


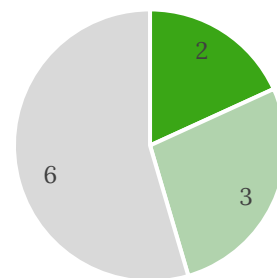
Figure 19: United Utilities integrated annual report, 2024, pg. 36



**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.**

Few organisations disclose asset locations in their reports. Those that do range from site-specific locations to country-level disclosures. For example, Oxbury Bank showcases their long-term loan exposure throughout the UK, by commodity and location (Figure 22). Anglo American showcases their long-term loan exposure throughout the UK, by commodity and location (Figure 22). Anglo American indicates site country, and in some cases city (Figure 21). GSK mentions the country of their manufacturing sites (pg. 71).

If locations are disclosed, reports typically use maps to visualise these locations. In other cases, countries are listed within a narrative.



- Developed disclosure
- Initial disclosure
- No disclosure

Figure 20: Count of disclosures, Strategy D.



Figure 21: Anglo American sustainability report, 2023, pg. 4

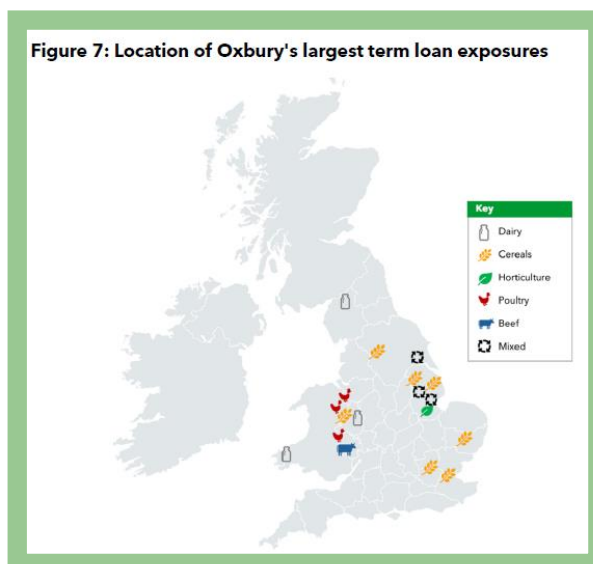
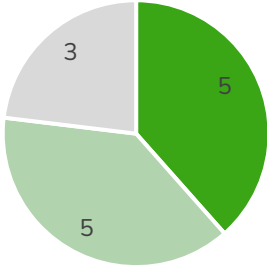


Figure 22: Oxbury Bank natural capital report, 2023, pg. 26

# Risk & Impact Management

A(i) Describe the organisation’s processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.

(ii) Describe the organisation’s processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).



- Developed disclosure
- Initial disclosure
- No disclosure

Figure 23: Count of disclosures, Risk & Impact Management A.

Of the reports that disclose against this pillar, most start with a high-level risk assessment, often using the ENCORE tool. These typically overlay data on the materiality of specific impacts and dependencies for an activity with asset locations. This is mentioned by many reports to be the 'Locate' and 'Evaluate' stage of the LEAP approach. Where used, asset location varies in granularity with some reports performing assessments at the national or regional level.

Some reports mention natural capital baseline assessments. Materiality assessments are disclosed to support prioritisation of dependencies, impacts, risks and opportunities for further analysis. Drax indicates progress against each stage of the LEAP process for their evaluated sites (Figure 24) and provides a case study on its Scottish Hydro pilot. Drax’s report also expresses intent to extend the assessments globally.

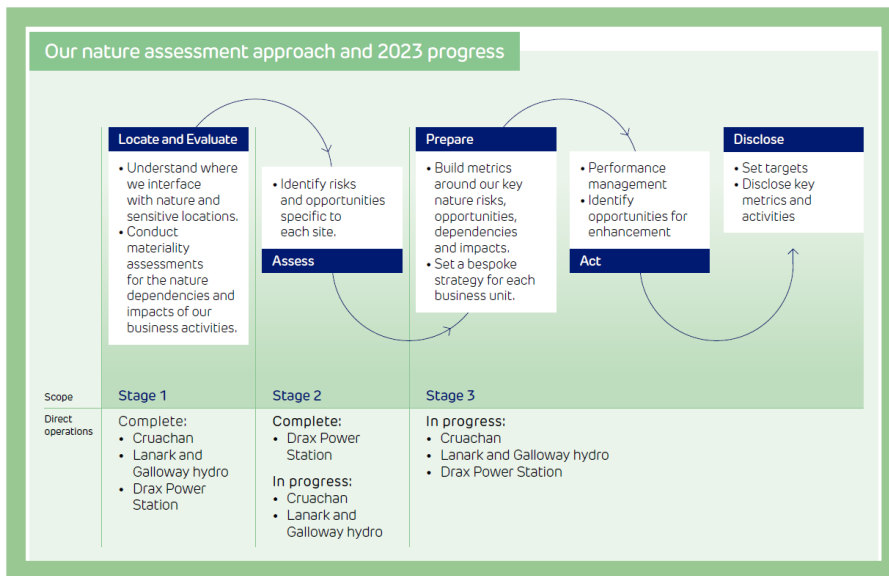


Figure 24: Drax annual report, 2023, pg. 57

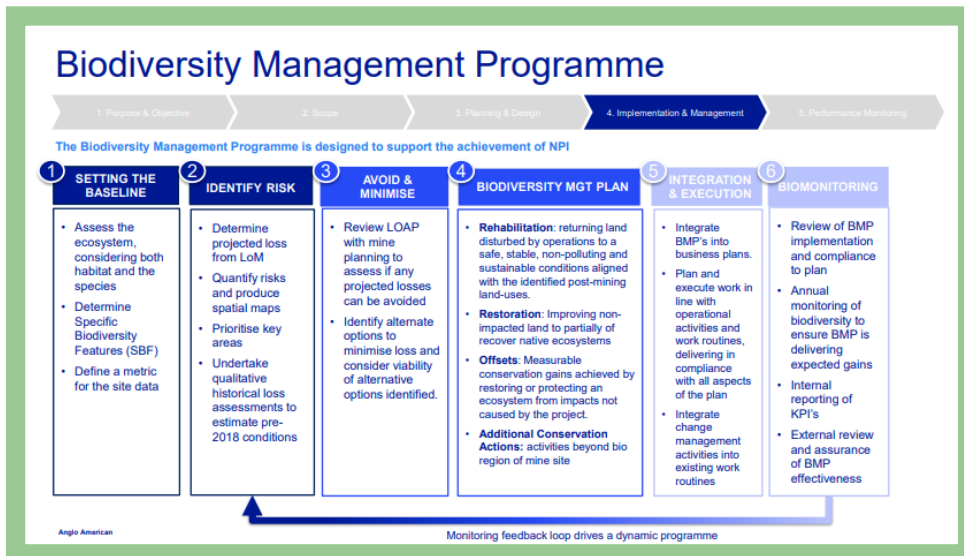
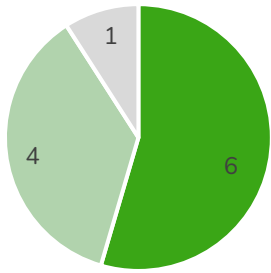


Figure 25: Anglo American Biodiversity standard, 2024, pg. 17



**B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.**



- Developed disclosure
- Initial disclosure
- No disclosure

Figure 26: Count of disclosures, Risk & Impact Management B.

Most reports describe some form of engagement process with clients, suppliers, or investees etc. As part of this engagement activity some mention site monitoring through surprise visits or provision of guidance on new expectations such as additional data, training or certification requirements.

Some companies list strategies, policies, programmes or funds (e.g. Federated Hermes, Figure 27) that are specifically allocated to nature. Similarly to Strategy disclosure pillar A, some companies map management processes to biome (e.g. GSK, Figure 28) or business area. Other reports disclose priority actions against key risks. Landsec has developed a guide for suppliers and partners that outlines core nature requirements and maps these to development stages (see Figure 29).

- **Biodiversity Equity Strategy:** The strategy aims to achieve long-term capital appreciation by investing in a concentrated portfolio of companies that are best in class and are providing solutions to avert loss or materially mitigate risk to biodiversity. The team have extensively researched the major regional and global threats to biodiversity and have defined six investable themes.<sup>46</sup> Each of these themes has multiple sub-verticals that are aligned to specific SDGs. As well as investing in companies that offer solutions to the biodiversity crisis, we also engage with transitioning companies.
- **Impact Opportunities Equity Strategy:** The strategy aims to generate long-term outperformance by investing in companies succeeding in their core purpose: to generate value by creating a positive and sustainable impact that addresses the underserved needs of society and the environment. It is driven by thematic research focused on megatrends and the team's nine impact themes,<sup>47</sup> as well as bottom-up fundamental analysis. Our thorough analysis of impact and financials ensure a high bar for positive impact alongside investment

Figure 27: Federated Hermes climate and nature-related financial disclosures report, 2023, pg. 49

**Water**  
Across all of our sites, we maintain high quality water infrastructure to ensure there is no leakage, and we reduce our overall water use through water-efficiency projects, including behaviour change programmes and introducing water-efficient cleaning procedures.

Today, all GSK sites complete a GSK water stewardship assessment, aligned to the Alliance for Water Stewardship (AWS) standard, and implement action plans to comply with our standard. For our sites located in water-stressed areas, we aim to secure certification under the AWS standard.

**Land**  
While we work on avoiding or reducing impact by assessing opportunities to improve efficiency, material changes or switching to alternatives, we have set ambitious standards for suppliers who provide us with materials that are highly dependent on nature, such as sugar, paper, palm oil, lactose, gelatine and soy.

These standards, developed in collaboration with third-party experts, aim to support these suppliers to assess, improve, and verify their approach to addressing a range of nature impacts – and associated climate and social impacts – including land use, water stewardship and biodiversity.

As a first stage, we are addressing the 12 most critical materials, including paper and palm oil. We have roadmaps in place with an aim to achieve 100% sustainable sourced paper and palm oil by 2025. We have engaged with associated suppliers to map the full supply chains involved, understand existing sustainability standards, identify gaps and establish action plans.

Figure 28: GSK annual report, 2023, pg. 72

Topic	Focus area	Process	Target		Landsec development stages						
			Commercial	Residential	Feasibility	Pre-planning	Planning	Construction	Completion	Building	
Operational energy and carbon	Reducing energy use through nature-based solutions	All new development should consider how to reduce operational energy consumption through greening (via cooling and thermoregulation) e.g. facade and rooftop greening for and/or tree planting for facade cooling; and for provide carbon sequestration and storage e.g. large green walls/roofs or tree planting.	All new development should provide at least 1 GI typology, which has 'climate mitigation' as a listed benefit.			✓	✓				
Climate change resilience	Cooling and shading through nature	Proposals should account for increased risks of extreme temperatures and the need for localised air cooling/heat stress alleviation. This could be done by incorporating planting including 3D greening/covered walkways and atronnes, green facades, tree planting and greened surfaces to provide local air cooling and shading for site users.	At least 2 GI typologies should be provided (1 of which must have 'Cooling and shading' as a listed benefit)			✓	✓	✓	✓	✓	✓
	Urban Heat Island (UHI) effect	All new development should consider the need for UHI effect reduction and incorporate greened surfaces/ features including bioactive facades and roof-based greening, ground level planting and tree canopy cover to minimise reflective, hard surfaces.	At least 2 GI typologies should be provided (1 must have 'UHI Effect' as a listed benefit). All typologies must comprise drought tolerant planting.			✓	✓	✓	✓	✓	✓
Biodiversity and ecology	Biodiversity Net Gain (BNG)	<ul style="list-style-type: none"> <li>• Appoint an ecologist at the start of pre-planning, to ensure early consideration of BNG and UGF</li> <li>• All new developments must use the latest version of the Defra Biodiversity metric and UGF methodology available at the time</li> <li>• Recommendations should be embedded into the contractor's Employer's Requirements</li> <li>• Recommendations from a Habitat Management Plan should be produced for adoption by the Facilities Management team.</li> </ul>	<ul style="list-style-type: none"> <li>• Target: For Sites with a baseline biodiversity unit value of all units target 2 biodiversity units per hectare (2 units/ha) OR</li> <li>• For sites with baseline biodiversity unit value of 1 target an uplift of 20% BNG over the pre-development baseline or exceedance of local policy targets if higher.</li> </ul>			✓	✓	✓	✓	✓	✓
	Urban Green Factor (UGF)		<ul style="list-style-type: none"> <li>• Minimum 0.3 UGF</li> <li>• Minimum 0.4 UGF</li> </ul>			✓	✓	✓			
	Habitat Creation	All new development must include provision for priority species through habitat created specifically for UK, regional or local authority Biodiversity Action Plan priority species.					✓	✓	✓		✓
Ecological Connectivity	All new development must provide new features which feed into local ecological networks surrounding green grid (ecological corridors and steppingstone habitats), where possible.		All new development should provide at least 1 GI typology, which has 'Ecological Connectivity' as a listed benefit.			✓	✓	✓	✓	✓	
Environmental Benefits of Nature	All new developments must result in an increased ecosystem service provision, measured using the current version of Natural England's Environmental Benefits of Nature (EBN) tool.		<ul style="list-style-type: none"> <li>• Sites receiving a 'D' unit baseline (baseline biodiversity unit value of less than 1), such as dense urban sites, to target 15 EBN points per hectare (15 EBN points/ha)</li> <li>• Sites with existing greening (baseline biodiversity unit value of 1 or more) to target an uplift in the EBN score of 10% over the pre-development baseline.</li> </ul>			✓	✓	✓	✓	✓	
Supply chain	Consideration should be given to biodiversity impact in the sourcing of materials. NB biodiversity impact from supply chain is covered in the materials sourcing section of the Sustainable Development toolkit (SES 6000).		<ul style="list-style-type: none"> <li>• Use local suppliers of landscaping and plant and/or those with sustainability credentials in order to reduce carbon footprint</li> <li>• Plants to be sourced and grown in UK nurseries to reduce biosecurity risk</li> </ul>							✓	

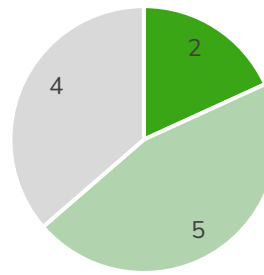
Figure 29: Landsec nature strategy report, 2024, pg. 15



**C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation’s overall risk management processes.**

Most disclosures, especially those integrated into annual reports, have a section or narrative on existing risk management processes. In some cases, integration of nature considerations is through principal risk reporting and mitigation approaches (e.g. Severn Trent, Figure 31).

Some reports include case studies to provide examples of integration and some structure discussions of risk management by business unit or area. A few reports combine climate and nature risk management processes. Drax mentions the development of a nature-related risk register (pg. 57). Oxbury Bank uses materiality of nature-related risks as a threshold for integrating risks into overall risk management processes (see Figure 32).



- Developed disclosure
- Initial disclosure
- No disclosure

Figure 30: Count of disclosures, Risk & Impact Management C.


### Climate change, environment and biodiversity

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**Principal Risk 11**  
 Severn Trent’s climate change strategy does not enable us to respond to the shifting natural climatic environment and maintain our essential services

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Strategic objectives



Stakeholders



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**Examples of risk mitigation**

- We utilise scenario planning and data modelling to understand the impact climate change could have on our essential services (see Principal Risks 2 and 3).
- Our WRMP and DWMP provide a 25-year, longer-term planning approach to address future challenges, including climate change.
- Our AMP7 and AMP8 Business Plans support increased resilience against the potential impacts of climate change through the delivery of capital schemes (see Principal Risk 5).
- We have a climate change strategy (described in more detail on pages 47 to 48, which ensures a robust response in order to protect our value chain.
- Our Triple Carbon Pledge commits us to net-zero operational emissions, 100% renewable energy and an all-electric fleet (where available) by 2030 (see page 68 for more details).
- We have committed to significantly reducing our greenhouse gas emissions by 2030 (read more on pages 68 to 75).

Figure 31: Severn Trent annual report, 2024, pg. 101

<p>We identify material exposures to natural capital risks in our loan book based on a combination of the following criteria:</p> <ul style="list-style-type: none"> <li>• Loan term;</li> <li>• Loan value;</li> <li>• Financed emissions;</li> <li>• Agricultural sub-sector;</li> <li>• Value-chain exposure to high-risk commodities; and</li> <li>• Location relative to sensitive areas including, but not limited to, water resources and environmental designations.</li> </ul>	<p>We use the materiality criteria of risk management, resilience and reporting to prioritise material natural capital related issues raised by our stakeholders and have incorporated the information to inform <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• Annual business strategy and objectives;</li> <li>• Policy development and reviews;</li> <li>• Training needs and programmes;</li> <li>• Risk assessments and processes;</li> <li>• Credit policies and procedures; and</li> <li>• Metrics and targets.</li> </ul>
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Figure 32: Oxbury Bank natural capital report, 2023, pg. 51

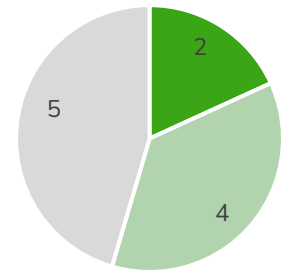


# Metrics & Targets

## 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.

The reports considered tend to disclose metrics associated with dependencies and impacts rather than risks and opportunities. Where risk and opportunity metrics are disclosed, these tend to be qualitative as opposed to presented in monetary terms.

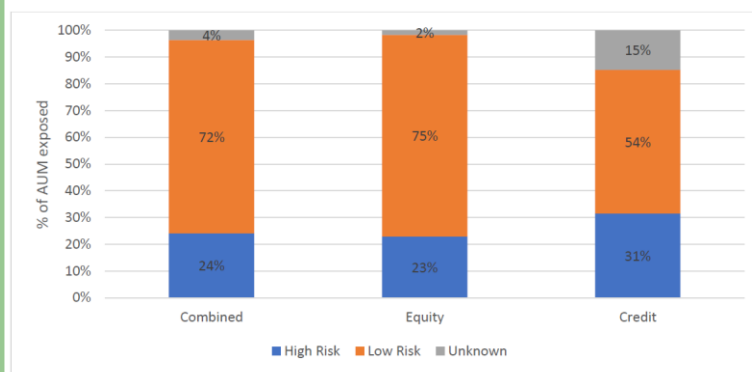
Different dependencies, impacts, risks and opportunities are material for each company and therefore, companies will naturally focus on different metrics. For example, Federated Hermes and Legal & General both use a metric linked to the share of their portfolio exposed to high deforestation risk (see Figure 34 and Figure 35). Severn Trent discloses the total investment to date in nature-related dependencies and impacts as £549m (pg. 43).



- Developed disclosure
- Initial disclosure
- No disclosure

Figure 33: Count of disclosures, Metrics & Targets A.

Figure 25a. Public markets exposure (% of AUM) to sectors at high risk of exposure to commodity-driven deforestation in FHL shareholder and participating funds (credit and equity)

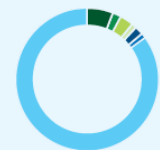


Source: Federated Hermes, Global Canopy, as at 31 December 2023.

Figure 34: Federated Hermes climate and nature-related financial disclosures report, 2023, pg. 90

Chart 11.

Exposure to issuers identified in datasets with potential deforestation risks



- Consumer, Non-cyclical
- Consumer, Cyclical
- Banks, Finance & Insurance (Debt)
- Communications & Technology
- Energy, Utilities & Commodities
- Other
- No exposure

Chart 12.

Portfolio exposure to sectors with material nature-related dependencies and impacts



- TNFD Sectors - Directly Mapped
- TNFD Sectors - Indirectly Mapped - Lower bound
- TNFD Sectors - Indirectly Mapped - Upper bound
- Non-TNFD sectors

Figure 35: Legal & General climate and nature report, 2023, pg. 25



**B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.**

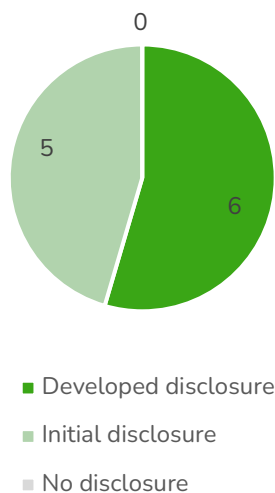


Figure 36: Count of disclosures, Metrics & Targets B.

Reports typically focus on impacts metrics over dependency metrics. They disclose nature-related impacts alongside emissions data, most commonly water and waste footprints (e.g. Federated Hermes, Figure 38; GSK, Figure 38; Drax, Figure 39; United Utilities, Figure 40). Reports include metrics such as:

- Percentage of deforestation-free wood used in supply chains;
- Soil organic matter (compared to potential);
- Animal mortality rate;
- Presence of high biodiversity areas;
- Water storage capacity percentage;
- Mean species abundance;
- Habitat change
- Pulp and paper materials sourced with low-risk deforestation, and;
- Hectares of forests planted.

Some reports also include the number of nature-specific engagements with suppliers or clients.

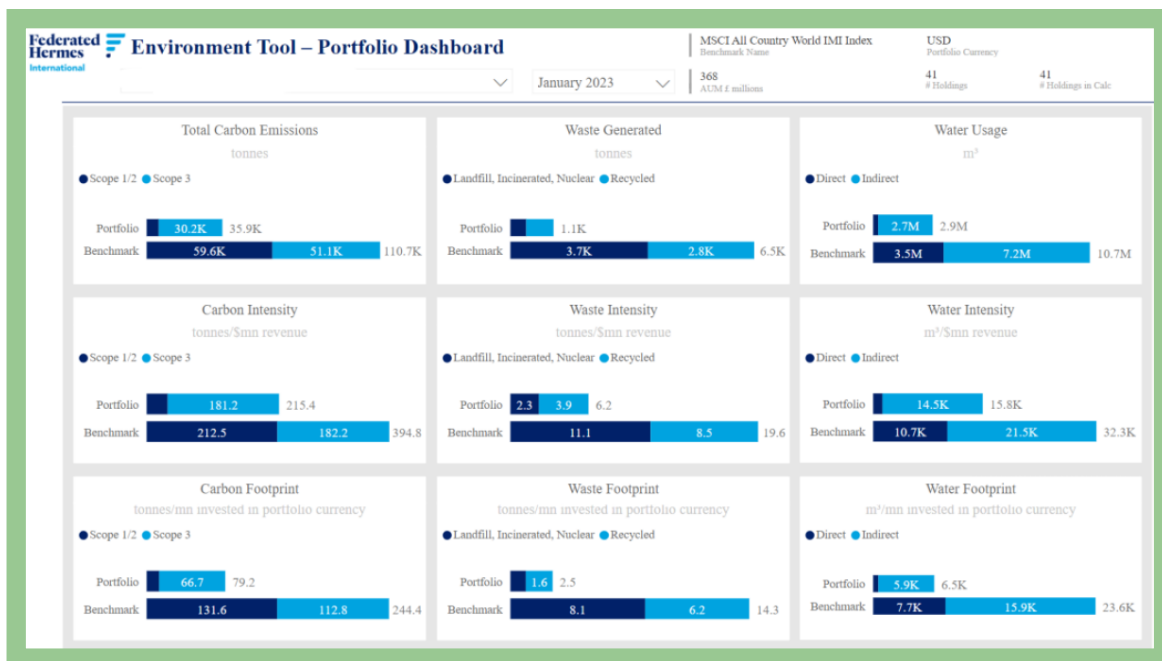


Figure 37: Federated Hermes climate and nature-related financial disclosures report, 2023, pg. 47

Realm	Key performance indicator
Freshwater	Average of the percentage of GSK sites and suppliers compliant with wastewater active pharmaceutical ingredient limits and the percentage of suppliers that are compliant with the AMR Industry Alliance Common Antibiotic Manufacturing Framework and discharge limits
Land	The percentage of paper and palm oil that is deforestation free
Waste and materials	The reduction in routine operational hazardous and non-hazardous waste

Figure 38: GSK annual report, 2023, pg. 73

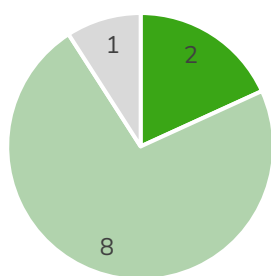
	Unit	2023	2022
<b>TNFD indicator</b>	<b>Other emissions to air</b>		
Total non-GHG air pollutants by type			
Nitrogen oxides – Generation	t	5,831	5,979
Sulphur dioxide – Generation	t	849	403
Particulates – Generation	t	313	376
Sulphur hexafluoride – Generation	t	0.1	–
Nitrogen oxides – Pellet Production	t	621	836
Volatile Organic Compounds (VOCs) – Pellet Production	t	741	854
Particulates – Pellet Production	t	1,457	1,354
Carbon monoxide – Pellet Production	t	1,128	–
<b>Water withdrawal and consumption from areas of water stress</b>	<b>Water use</b>		
Total water abstracted – Drax Power Station	m <sup>3</sup>	45,058,529 <sup>(a)</sup>	51,899,818
Total water returned – Drax Power Station	m <sup>3</sup>	41,223,516 <sup>(a)</sup>	47,187,916
Total water abstracted and returned – Hydro Generation <sup>(1)</sup>	m <sup>3</sup>	3,515,581,216 <sup>(a)</sup>	3,389,452,345
Total water abstracted from reservoir – Pumped Storage <sup>(2)</sup>	m <sup>3</sup>	465,042,239 <sup>(a)</sup>	361,145,582
Total water abstracted from Loch Awe – Pumped Storage <sup>(2)</sup>	m <sup>3</sup>	451,360,634 <sup>(a)</sup>	325,844,996
Water withdrawn/abstracted from areas of water stress <sup>(3)</sup>	m <sup>3</sup>	–	–
Water consumed from areas of water stress <sup>(3)</sup>	m <sup>3</sup>	347	–
<b>Total amount of hazardous waste generated</b>	<b>Waste</b>		
Total waste generated <sup>(4)</sup>	t	47,322	–
Total hazardous waste generated <sup>(4)</sup>	t	3,281	–
<b>Quantity of high-risk<sup>(5)</sup> natural commodities, and proportion sourced under a certification programme</b>	<b>Use of natural commodities</b>		
Total volume of woody biomass consumed at Drax Power Station (excluding non-woody agricultural residues)	Mt	5.8	6.4
Total volume of woody biomass produced – Pellet Production <sup>(6)</sup>	Mt	3.8	3.9
Proportion of woody biomass consumed at Drax Power Station with an SBP Compliant claim	%	97	97
Proportion of woody biomass pellets produced and sold with an SBP Compliant claim – Pellet Production <sup>(7)</sup>	%	95	–

Figure 39: Drax annual report, 2023, pg. 56

<b>Land use change</b>	<ul style="list-style-type: none"> <li>Extent of terrestrial and freshwater habitat change, measured by total land cover area (hectares).</li> </ul>
<b>Natural capital and biodiversity</b>	<ul style="list-style-type: none"> <li>Condition of our priority locations: Sites of Special Scientific Interest (hectares).</li> </ul>
<b>Invasive species</b>	<ul style="list-style-type: none"> <li>Record the presence of invasive plant species and monitor the number of non-native animal species on our land (number).</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>Number of pollution incidents.</li> <li>Percentage reduction in leakage.</li> <li>Number of flooding incidents.</li> </ul>
<b>Recycling biosolids</b>	<ul style="list-style-type: none"> <li>Tonnes of biosolids removed.</li> </ul>

Figure 40: United Utilities integrated annual report, 2024, pg. 66

**C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.**



- Developed disclosure
- Initial disclosure
- No disclosure

Figure 41: Count of disclosures, Metrics & Targets C.

Ten out of eleven companies have set nature-related targets within reports. Targets focus is evenly split between processes (i.e. a target to establish a nature strategy or upskill a group within the organisation) and impact or dependency metrics (i.e. to reduce nature impact). The most common nature-related targets are for water or deforestation. As to be expected, where companies have targets, the metrics underpinning those targets vary between sectors.

For example, as a tobacco company, British American Tobacco's targets (Figure 42) are supply chain commodity based, whereas United Utilities has a target focused on leakage reduction (Figure 43). United Utilities also has a natural capital performance commitment between 2020-2035, measured by demonstrating additional value created through ecosystem services for customers and the environment. Alternatively, Federated Hermes has set process targets around engagement (see Figure 44) and has committed to assess and disclose public markets, infrastructure and real estate portfolios for nature-related impacts, dependencies, risks and opportunities by 2026.

Some reports contain targets to be 'nature positive' or for their activities to result in 'biodiversity net gain'. For example, Drax defines nature positive as “going beyond avoiding or minimising impacts and finding ways to restore and enhance ecosystems” and commits to demonstrating nature positive outcomes by 2027 (pg. 56). Severn Trent has a target to deliver fifteen percent biodiversity net gain for its capital schemes (pg. 51). Landsec has set targets to achieve biodiversity net gain across its operational assets and developments, (see Figure 45) as well as setting targets for resource efficiency across water and materials.

Targets <sup>1</sup>	Metrics	2023	Status
<b>Deforestation and Conversion Free</b> tobacco supply chain by 2025 (vs 2021 baseline)	% of wood used in Thrive Supply Chain <sup>1</sup> with Deforestation and Conversion Free (DCF) status	96.5	On track
<b>Deforestation Free</b> pulp and paper supply chain by 2025	% of pulp and paper materials sourced with low risk of deforestation	69.3	On track
<b>Forest Positive</b> in our tobacco supply chain by 2025 (vs 2021 baseline)	Hectares of forests planted for conservation and for Forest Positive	68.8	On track

Figure 42: British American Tobacco annual report, 2023, pg. 84

**Status key**

- Annual performance**
  - Met expectation/target
  - Close to meeting expectation/target
  - Behind expectation/target
- Against 2025 target**
  - Confident of meeting target
  - Some work to do
  - Target unobtainable

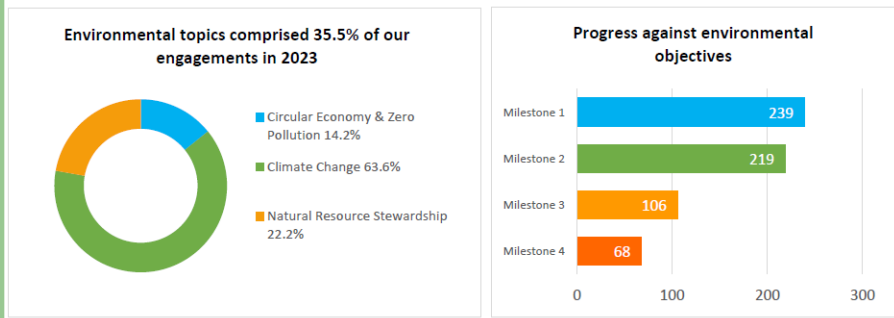
**Stakeholder key**

- Customers
- Environment
- Communities
- Colleagues
- Suppliers
- Investors

Measure	2025 target	Performance			Assurance <sup>(a)</sup>	Link to remuneration <sup>(b)</sup>	Key stakeholder	Status	
		2023/24	2022/23	2021/22				Annual performance	Against 2025 target
Pollution incidents per 10,000km sewer network <sup>(c)</sup>	19.5	27.93	16.29	17.71	RRA	LTP			
Reduction in spills per storm overflow monitored	33% sustainable reduction <sup>(d)</sup>	24%	41%	29%	IAT	Bonus			
Treatment works compliance <sup>(e)</sup>	99%	99.0%	98.5%	99.0%	RRA	LTP			
Leakage reduction <sup>(f)</sup>	15% <sup>(g)</sup>	9%	6%	8%	RRA	LTP			
Reduction in per capita consumption <sup>(h)</sup>	6.3% <sup>(i)</sup>	2.5% decrease	0.5% increase	1.5% increase	RRA	PC			
Internal flooding incidents per 10,000 sewer connections <sup>(j)</sup>	1.34	4.35	2.32	2.98	RRA	PC			
External flooding incidents <sup>(k)</sup>	5,859	7,063	5,916	6,223	RRA	PC			
Waste to beneficial use	98%	98.3	98.3%	97.8%	IAT				
Enhancing natural capital for customers <sup>(l)</sup>	£4 million	£15.777 million	£0	£3.234 million	RRA	PC			
Number of trees planted	500,000	600,466	565,733	461,240	IAT				
Carbon pledge 1: reduction of scope 1 and 2 GHG emissions	14% reduction <sup>(m)</sup> (42% by 2030)	3.4% reduction	3.7% reduction	2.2% reduction	ITV				
Carbon pledge 2: renewable electricity purchased	100% by 2023	100%	100%	96%	ITV				
Carbon pledge 3: green fleet	100% by 2028	91 vehicles	33 vehicles	27 vehicles	IAT	LTP			
Carbon pledge 4: peatland restoration	1,000 hectares (ha) by 2030	1,211 ha	585 ha	Activity underway	ITV	LTP			
Carbon pledge 5: woodland created	550 hectares (ha) by 2030	37 ha	37 ha	9 ha	ITV	LTP			

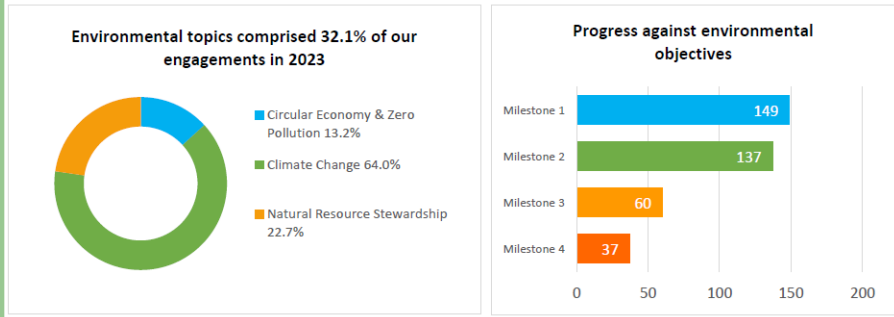
Figure 43: United Utilities integrated annual report, 2024, pg. 72

**Figure 12. EOS and Federated Hermes investment team engagers engagements on environmental topics on behalf of all clients (including our funds)**



Source: Federated Hermes and EOS data, as at 31 December 2023.

**Figure 13. EOS and Federated Hermes investment team engagers engagements on environmental topics on behalf of our funds only**



Source: Federated Hermes and EOS data, as at 31 December 2023.

*Figure 44: Federated Hermes climate and nature-related financial disclosures report, 2023, pg. 55*

METRIC	OPERATIONAL ASSETS TARGET	DEVELOPMENTS TARGET	
		SITES WITH EXISTING GREENING	SITES WITH NO GREENING <sup>1</sup>
<p><b>BIODIVERSITY NET GAIN (BNG)</b></p> <p>Biodiversity Net Gain is a way of quantifying the extent to which habitats have been created or enhanced. It's measured using the Defra Biodiversity Metric which measures the changes in biodiversity through Biodiversity units assigned to each habitat within a development area. A trained ecologist awards these points based on habitat size; condition; distinctiveness; and location.</p>	10% increase in BNG by 2030 from 2023/24 baseline	20% BNG from the pre-development baseline	2 biodiversity units per hectare (2 unit/ha)
<p><b>ENVIRONMENTAL BENEFITS FROM NATURE (EBN)</b></p> <p>This metric was created by Natural England and the University of Oxford to measure the wider benefits for people and nature from improving nature. The tool focuses on the service that nature can provide such as flood protection, recreation and improved water and air quality.</p>	5% increase in EBN by 2030 from 2023/24 baseline	EBN score of 10% over the pre-development baseline	10 EBN points per hectare (10 EBN points/ha)
<p><b>URBAN GREENING FACTOR (UGF)</b></p> <p>Urban greening factor is an absolute measure of green space within the urban environment. Surface covering types (Hard standing, grassland open water, green roofs etc) are assigned different factors depending on their ecological importance. These areas are multiplied by their factors added together and divided by their total site area. The higher the score the better the site is at providing ecosystem services such as permeability, cooling, air purification.</p>	Average UGF score of 0.15 by 2030	Minimum 0.3 UGF for commercial Minimum 0.4 UGF for residential	

*Figure 45: Landsec sustainability performance report, 2024, pg. 33*

# Example disclosures

Table 2: Full list of example disclosures.

Pillar	Disclosure	Example disclosures
Governance	A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	<a href="#">Legal &amp; General</a> , pg. 28 <a href="#">Oxbury Bank</a> , pg. 29-31
	B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	<a href="#">United Utilities</a> , pg. 49 <a href="#">Anglo American</a> , pg. 58 <a href="#">GSK</a> , pg. 62 <a href="#">Drax Group</a> , pg. 57
	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.	<a href="#">Severn Trent</a> , pg. 123 <a href="#">Oxbury Bank</a> , pg. 34-36
Strategy	A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	<a href="#">Climate Asset Management</a> , pg. 4 <a href="#">Legal &amp; General</a> , pg. 8 <a href="#">Federated Hermes</a> , pg. 22
	B. Describe the effect nature related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	<a href="#">United Utilities</a> , pg. 17 <a href="#">Federated Hermes</a> , pg. 26
	C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	<a href="#">Legal &amp; General</a> , 2023, pg. 22 <a href="#">United Utilities</a> , 2024, pg. 36
	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.	<a href="#">Anglo American</a> , pg. 4 <a href="#">Oxbury Bank</a> , pg. 26
Risk & impact management	A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations. A(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	<a href="#">Drax Group</a> , pg. 57 <a href="#">Anglo American</a> , pg. 14
	B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	<a href="#">Federated Hermes</a> , pg. 49 <a href="#">GSK</a> , pg. 72 <a href="#">Landsec</a> , pg. 15
	C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	<a href="#">Severn Trent</a> , pg. 101 <a href="#">Oxbury Bank</a> , pg. 51
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.	<a href="#">Federated Hermes</a> , pg. 90 <a href="#">Legal &amp; General</a> , pg. 25
	B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	<a href="#">Federated Hermes</a> , pg. 47 <a href="#">GSK</a> , pg. 73 <a href="#">Drax Group</a> , pg. 56
	C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	<a href="#">BAT</a> , pg. 84 <a href="#">United Utilities</a> , pg. 72 <a href="#">Federated Hermes</a> , pg. 55 <a href="#">Landsec</a> , pg. 33

# Methodology

Companies are labelled as using ‘double materiality’ if either ‘double materiality’ or ‘impact materiality’ are mentioned in their report. Companies are labelled as ‘financial materiality’ if there is no mention of either ‘double materiality’ or ‘impact materiality’ and where financial materiality assessment is clearly detailed.

Reports were categorised as including either an ‘initial disclosure’ or ‘developed disclosure’ against each recommended disclosure based on the following objective criteria.

*Table 3: Justification of categorisation for each disclosure pillar*

High-level pillar	Disclosure	Initial disclosure assignment	Developed disclosure assignment
Governance	A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	Descriptions include board oversight of at least one nature dependency, impact, risk or opportunity, or there is high-level mention of nature and/or biodiversity in the board review.	Detail on board oversight (e.g. number of times nature matters are discussed) of at least three material dependencies, impacts, risks and opportunities.
	B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	High-level indication of sustainability risk management, some mention of nature.	Specific accountability mentioned, with detail on team/committee responsible for nature impacts, dependencies, risks and opportunities.
	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.	High-level stakeholder engagement strategy, with some detail.	Stakeholder engagement across all groups, including Indigenous Peoples and Local Communities where relevant. Specific groups and methods of engagement are defined.
Strategy	A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	Describes at least one nature dependency, impact, risk or opportunity.	Describes multiple nature dependencies, impacts, risks or opportunities with timeframe considerations included.
	B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	Describes effects of nature issues on business model, value chain, strategy or financial planning.	Describes effects of nature issues on business model, value chain, strategy and financial planning, with elements of resulting transition plans or resulting strategy.
	C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	Describes business resilience to risks or opportunities.	Describes business resilience to risks and opportunities, with scenario analysis.
	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.	High-level discussion of direct and/or indirect operation locations and supply chain locations.	Published data and/or maps detailing locations.

High-level pillar	Disclosure	Initial disclosure assignment	Developed disclosure assignment
Risk & Impact Management	A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	High-level description of method for identifying, analysing or processing nature matters. Note - A(i) and A(ii) combined.	Detailed description of method for identifying, analysing and processing nature matters. Explanation of process and calculations followed, datasets used, and assumptions made where relevant. Note - A(i) and A(ii) combined.
	A(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	High-level description of method for identifying, analysing or processing nature matters. Note - A(i) and A(ii) combined.	Detailed description of method for identifying, analysing and processing nature matters. Explanation of process and calculations followed, datasets used, and assumptions made where relevant. Note - A(i) and A(ii) combined.
	B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	High-level overview of management approach to nature-related dependencies, impacts, risks and opportunities, or an example instance of a specific action taken for one key risk.	Detailed process of managing nature-related dependencies, impacts, risks and opportunities, including specific processes taken when risks flagged, engagement activities with clients, suppliers, other stakeholders, specific to business units and/or risk type.
	C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	Mentions that nature is integrated into risk management process.	Indicates how nature risks interface with broader risk register considered across the organisation, and the method by which risks are chosen to be integrated into broader processes where applicable.
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.	Discloses at least one nature risk or opportunity metric used.	Discloses 5 or more nature risk and opportunity metrics used, with indication of integration with strategy and risk management approaches.
	B. Disclose the metrics used by the organisation to assess and manage nature dependencies and impacts on nature.	Discloses at least one nature dependency or impact metric used.	Discloses 5 or more nature dependency and impact metrics used.
	C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	Describes targets related to nature-related dependencies, impacts, risks or opportunities. Note could be pinned to metrics or processes.	Describes targets related to nature-related dependencies, impacts, risks or opportunities. Disclosure of performance against these.



TNFD UK Consultation  
Group, convened by the  
Green Finance Institute (GFI)

The [Green Finance Institute \(GFI\)](#) was established with support from the UK Government and the City of London in 2019 to partner on unlocking private sector finance to meet net zero and nature targets. The organisation works across multiple sectors, convening key stakeholders to identify barriers and develop solutions. Most recently, GFI CEO, Dr Rhian Mari Thomas OBE, acted as chair of the independent taskforce established to advise on the National Wealth Fund.

Specific to nature investment and environmental business resilience, the GFI hosts the Secretariat for the TNFD and the UK National Consultation Group of over 600 companies, funded by Defra. The broader nature team ([GFI Hive](#)) has advised and assessed on all three rounds of Defra's Natural Environment Investment Readiness Funds (NEIRF) working with financial institutions, farmers, UK eNGOs and companies to support the UK to develop the supply, demand and enabling policy environment to unlock private sector investment in nature.

The GFI also leads work on GBF Target 19 with UNEP FI and UNDP Biofin, supporting signatories on developing models and markets that unlock private sector finance for nature restoration and conservation.

In addition to hosting the Secretariat for the TNFD, the Green Finance Institute is the convenor of the [TNFD UK Consultation Group \(UK CG\)](#) of over 1,300 members and 600 companies. The UK CG is one of seventeen consultation groups that work to expand outreach on nature and the TNFD recommendations and guidance.

The UK CG acts as a central hub of support to UK companies as they seek to understand, engage with, pilot and adopt the TNFD recommendations and guidance.

We host events to build public awareness, provide targeted advice on piloting and adoption, and gather feedback on the recommendations and guidance.

As part of the UK CG, you will be kept up to date via email of upcoming events (which occur four to five times a year) and materials. You are also invited to contact the CG if you are looking to host your own events or are looking for any information on nature-related risks or the TNFD. To join the UK Consultation Group, please enter your details to [this form](#).

