

FEEDBACK ON ADDITIONAL GUIDANCE FOR FINANCIAL INSTITUTIONS

Indications: the first part of the comments is visible once you open this sheet, the comments on the metrics follow below.

Link of the additional guidance for financial institutions: https://mfnd.global/wp-content/uploads/2023/08/Guidance_for_Financial_Institutions_v1.pdf?v=1695215983

Number of FI that submitted comments	4
Number of NGOs and FI associations that submitted comments	2
Number of comments	106

GENERAL COMMENTS ON THE DISCUSSION DOCUMENT:

	Topic	QUESTIONS	RESPONSE
1	About Pillars of Disclosure	Does the form and structure of this guide support your understanding of how the LEAP approach applies in your sector?	This guide provides valuable, structured, important and useful information to understand how to consider nature-related impacts and dependencies in financial activities. Additionally, it provides tools and methodologies such as the use of heat maps and biodiversity risk filters, which can be useful to begin analyzing nature-related risks and opportunities. The guide complements the LEAP approach by providing examples of impact metrics, allowing for further drill-down and scoping to assess risks and opportunities. However: *It is essential to review this information in conjunction with the LEAP guidance guide to fully understand the specific scope for financial institutions. *There is a lack of conceptual consensus on what nature risks and opportunities are, that is, the nature risk approach is: how nature can affect the company's activities or how the company can affect nature. *Banks cannot access information on their clients' value chains. *They do not go into depth like other guides that have information on how the LEAP methodology should be structured and executed. That is to say, this guide must be complemented with others that have been generated by the TCFD.
		Do you agree with the additional guidance provided by the guide for pillar "Governance C"? Are they enough? If you have comments on this, please post them.	The additional guidance provided in the guide is considered sufficient within its scope. The scope of the guide is to present what financial institutions should do. However, it could be specified how to ensure that clients carry out outreach activities and engage indigenous peoples, local communities and stakeholders (examples). It could also be interesting if in the guidance boxes there could be some related documents that facilitate the understanding of governance. Something like guides or guidelines. It is necessary to specify that financial institutions can define the scope according to their needs and evaluation. Insurers could generate inputs to analyze nature risks, but if the scope and definition of nature risks and the role of each type of actor (customers, companies, suppliers, insurers, investors, etc.) are not clear, the disclosure generated at this stage will not be clear.
		Do you agree with the additional guidance offered by the guide for the "Strategy B" pillar? Are they enough? If you have comments on this, please post them.	The guidelines allow us to recognize the importance of establishing the impacts, risks and opportunities from the management of nature dependencies immersed in the value chain and the different financed sectors. Nevertheless. *It could be specified whether the description of standards and policies should be for all sectors, the examples mentioned or those that are prioritized after analysis and evaluation. *Some entities do additional due diligence for those cases in which there is greater materiality. It is not clear if this is possible at the biome level. *Metrics could be generated to evaluate the effectiveness of the strategies implemented by the company related to nature. For example, evaluate the efficiency of managing or disclosing nature-related risks and opportunities in your operational activities. *Revelation of assets is difficult due to data privacy.
		Do you agree with the additional guidance offered by the guide for the "Strategy C" pillar? Are they enough? If you have comments on this, please post them.	*For banks it can be a challenge to establish a scenario analysis in line with risk management and financed activities. *The scenarios expected to be used are not clear. The scenarios could be adjusted to the sectors in which you plan to invest.
		Do you agree with the additional guidance offered by the guide for pillar "Strategy D"? Are they enough? If you have comments on this, please post them.	*It is appropriate that investments are also included. *For data privacy, the exact location of the assets should not be given. *Some banks have already implemented actions related to the locations of operations, however the challenge is to be able to have more detailed and precise analyses, because even if the information related to the geolocation of clients in conservation areas is crossed, it is necessary to have maps on the same scale to be able to have greater detail of the information in the field, the flora and fauna of each area and other species that make up the strategic ecosystems, and how the financial entity responds to the needs to positively impact nature.
		Do you agree with the additional guidance provided in the guide for pillar "Risk and impact management A(B)"? Are they enough? If you have comments on this, please post them.	The information is relevant, it has a lot to do with what is required in the strategies for the analysis of the value chain and the banks' processes.
		Do you agree with the additional guidance provided by the guide for pillar "Risk and Impact Management C"? Are they enough? If you have comments on this, please post them.	It is complete and important because it allows us to take into account how the processes are integrated and what management is done from the risk area to manage them. Although before moving on to business risks, it is key to first identify physical risks, transition risks, etc. In addition, it would be interesting if in the guidance boxes there could be some related documents that facilitate the description (guides or guidelines).
		Do you agree with the additional guidance provided by the guide for the "Metrics and Objectives A" pillar? Are they enough? If you have comments on this, please post them.	*It would be interesting to have additional guidance for financial institutions such as development banks. *There are several metrics that do not apply to all investments. For example, there are only those that have environmental licensing information.
2	Metrics	Would you expect to see other disclosure metrics for financial institutions? If so, which ones and for what purpose?	*No, its implementation should be progressive. *In addition to the metrics mentioned, it would be beneficial to have additional metrics that help to have a more complete view of institutions' exposure and performance in relation to nature. *Metrics that contribute to the energy efficiency of investments, the impact of banking activities on biodiversity or the contribution to sustainable development goals. *It would be important to have a metric for the estimation of both fauna and flora species that provide ecosystem services and with this to be able to have more precise data on the possible impacts in a certain sensitive area. *It is important to take into account the social aspect that is linked to the risks of nature and therefore how investments can contribute to care and conservation per capita or, on the contrary, the effects on ecosystems from the activities carried out by clients.
		Are you planning to source data from third-party vendors to meet these metrics?	*For the insurance industry, this type of metrics is very useful to analyze with Brokers and reinsurers. *It is necessary. Especially to determine sensitive locations. *The idea is to have official information from organizations specialized in environmental and social monitoring. *The use of external bases has been contemplated by different financial institutions. *It is a necessity to have traceability of both negative and positive impacts of interested parties, which include suppliers. This is why some banks have developed supplier monitoring tables to prioritize those that can be evaluated as critical given the activities they carry out and the services they provide to the bank, how they manage the use of natural resources and whether they have certifications that validate the environmental and sustainable management within their organizations. The long-term intention is to be able to have specific data on the dependencies by sector that each supplier has and estimate the management that each supplier must have to improve the percentages that may arise in terms of negative impacts for subsequent dissemination.
		Do you consider the metrics presented in the guide to be a useful tool to perform an initial evaluation of your portfolios and guide subsequent analysis and further strategic thinking?	*There are several for which the information will not be available. It is information that clients do not reveal. *It is not within the bank's scope to measure them directly because they depend on the information provided and published by clients. *They are a great starting point to understand financial exposure. *What are the sensitive areas impacted positively and negatively, for prioritization, evaluation and risk management, including local communities, indigenous people, Afro-descendants among other ethnic groups of cultural interest. This way, areas of improvement can be identified and more in-depth and strategic analyzes can be guided. This allows not only to comply with disclosure requirements, but also to move towards more sustainable and responsible management of financial activities.

COMMENTS ON THE PROPOSED METRICS IN THE DISCUSSION DOCUMENT (Pages 14 and 16):

Core metrics for Financial Institutions

Questions asked:

- Is the metric useful for reporting and management?
- Is the metric useful for the business model, improving its corporate strategy, its value proposition, or can it guide the development of innovative projects?
- Is it within the FI's capabilities to measure it?

Metric	Explanation	Response
1	<p>Metric 1 - Exposure to sectors</p> <p>The TNFD has identified a set of sectors that should be considered for this disclosure (see Annex 1). This is based on input from knowledge partners and standard industry sector classification codes. The specification of a set of sectors for this metric aligns with the initial approach of the TCFD, which defined carbon-related assets as exposures to sectors for which the TCFD provided additional guidance.</p>	<p>Financial institutions should disclose a metric that represents the financial exposure to a defined set of sectors considered to have material nature-related dependencies and impacts.</p> <ul style="list-style-type: none"> • For banks: absolute amount or percentage of lending volume. • For asset owners and managers: absolute amount or percentage of invested or owned assets. • For insurers: absolute amount or percentage of net premiums written or total sums insured. <p>It is currently not within the ability of insurers to measure it.</p> <p>General response from banks: yes.</p> <p>This metric is important based on knowledge about amounts and volume of loans; portfolios possibly exposed to natural risks can be prioritized and from there to appropriate management.</p>

<p>Metric 2 – Exposure to sensitive locations</p>	<p>Financial institutions should disclose a metric that represents the financial exposure to companies with activities in sensitive locations.</p> <ul style="list-style-type: none"> For banks: absolute amount or percentage of lending volume. For asset owners and managers: absolute amount or percentage of invested or owned assets. For insurers: absolute amount or percentage of net premiums written or total sums insured. <p>Sensitive locations are locations where the assets and/or activities in an organisation's direct operations – and, where possible, upstream and downstream value chain(s) – interface with nature in:</p> <ul style="list-style-type: none"> Areas important for biodiversity, and/or Areas of high ecosystem integrity, and/or Areas of rapid decline in ecosystem integrity, and/or Areas of high physical water risks, and/or Areas of importance for ecosystem service provision, including benefits to Indigenous Peoples, Local Communities and affected stakeholders. <p>Further guidance on the definition of sensitive locations, and tools and data to identify and assess those locations, is provided in the Guidance on the identification and assessment of nature-related issues: The LEAP approach see component L4.</p>	<p>It is currently not within the ability of insurers to measure it.</p> <p>General response from banks: yes.</p> <p>This issue is the most complex because there are clients who are not going to provide information on the location of their supply chains. Only information would be available on the location of the clients/investments' operations.</p> <p>It is limited to the public availability of information from sensitive areas in Colombia and information published by clients.</p>
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Additional disclosure indicators and metrics proposed for the sector

<p>Questions asked:</p>	<ul style="list-style-type: none"> Is the metric useful for reporting and management? Is the metric useful for the business model, improving its corporate strategy, its value proposition, or can it guide the development of innovative projects? Is it within the FI's capabilities to measure it?
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Driver of nature change	Indicator	Additional disclosure metric for financial institutions	Core global metric	Response
Climate change	GHG emissions	GHG Emissions (Scope 1, 2, 3) (Core PAI 1)	Refer to IFRS-S2 Climate-related Disclosure Standard.	<p>The metric is useful for operating and managing and is also useful for the business model.</p> <p>Regarding capabilities to measure it:</p> <ul style="list-style-type: none"> There are insurers that measure the 3 scopes. Capacities are being strengthened. Financial Institutions are measuring it.
Land/ freshwater/ ocean use change	Extent of land/ freshwater/ ocean-use change	Share of investments in investee companies that engage in activities that cause land degradation, desertification or soil sealing (Additional PAI 10) Share of investments in companies without a policy to address deforestation (Additional PAI 15)	<p>Extent of land/freshwater/ocean ecosystem use change (km2) by:</p> <ul style="list-style-type: none"> Type of ecosystem; and Type of business activity. <p>Extent of land/freshwater/ocean ecosystem conserved or restored (km2), split into:</p> <ul style="list-style-type: none"> Voluntary; and Required by statutes or regulations. <p>Extent of land/freshwater/ocean ecosystem that is sustainably managed (km2) by:</p> <ul style="list-style-type: none"> Type of ecosystem; and Type of business activity. 	<p>The metric is useful for operating and managing and is also useful for the business model.</p> <p>Regarding capabilities to measure it:</p> <ul style="list-style-type: none"> It is currently not within the ability of insurers to measure it. The objective is that with the implementation of these metrics, the impacts on these resources can be quantified from the funded activities and with this, banks can begin to formulate improvement plans and projects for the recovery and restoration of these ecosystems. It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly.
Pollution/ pollution removal	Pollutants released to soil split by type	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average (Additional PAI 1)	Pollutants released to soil (tonnes) by type, referring to sector-specific guidance on types of pollutants.	<p>The metric is useful for operating and managing and is also useful for the business model.</p> <p>Regarding capabilities to measure it:</p> <ul style="list-style-type: none"> Currently it is not within the ability of insurers to measure it. This would only apply to those projects with environmental licensing, or if the company has environmental management plans. From SARAS some financial institutions carry out controls, however this metric will allow quantifying the quantities of pollutants that are financed by type of sector and from this, solutions based on nature must be proposed. It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly.
	Wastewater discharged	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average (Core PAI 8)	<p>Volume of water discharged (m3), split into:</p> <ul style="list-style-type: none"> Total; Freshwater; and Other. <p>Including:</p> <ul style="list-style-type: none"> Concentrations of key pollutants in the wastewater discharged, by type of pollutant, referring to sector-specific guidance for types of pollutants; and Temperature of water discharged, where relevant. 	<p>The metric is useful for operating and managing and is also useful for the business model.</p> <p>Regarding capabilities to measure it:</p> <ul style="list-style-type: none"> Currently it is not within the ability of insurers to measure it. This would only apply to those projects with environmental licensing, or if the company has environmental management plans. This metric is very useful, many financed activities discharge wastewater, in some cases treated and in others not, the importance of implementing this metric allows us to consider which are the most efficient controls to reduce the amount of water served with concentrations of contaminants. It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly.
Waste generation and disposal	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average (Core PAI 9)	Weight of hazardous and non-hazardous waste generated by type (tonnes), referring to sectorspecific guidance for types of waste.	Weight of hazardous and non-hazardous waste generated by type (tonnes), referring to sectorspecific guidance for types of waste.	<p>The metric is useful for operating and managing and is also useful for the business model.</p> <p>Regarding capabilities to measure it:</p> <ul style="list-style-type: none"> This would only apply to those projects with environmental licensing, or if the company has environmental management plans. It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly.
	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract (Additional PAI 20)	Weight of hazardous and non-hazardous waste (tonnes) diverted from landfill, split into waste: <ul style="list-style-type: none"> Reused; Recycled; and Other recovery operations. 	Weight of hazardous and non-hazardous waste (tonnes) disposed of, split into: <ul style="list-style-type: none"> Waste incinerated (with and without energy recovery); Waste sent to landfill; and Other disposal methods. 	<p>The metric is useful for operating and managing and is also useful for the business model.</p> <p>Regarding capabilities to measure it:</p> <ul style="list-style-type: none"> This would only apply to those projects with environmental licensing, or if the company has environmental management plans. It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly. From SARAS some financial institutions carry out controls, however this metric will allow us to quantify the amounts of waste that are generated by type of sector and from this, solutions based on nature must be proposed.
Non-GHG air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average (Additional PAI 2)	Non-GHG air pollutants (tonnes) by type: <ul style="list-style-type: none"> Particulate matter (PM2.5 and/or PM10); Nitrogen oxides (NO2, NO and NO3); Volatle organic compounds (VOC or NMVOC); Sulphur oxides (SO2, SO, SO3, SOX); and Ammonia (NH3). 	Non-GHG air pollutants (tonnes) by type: <ul style="list-style-type: none"> Particulate matter (PM2.5 and/or PM10); Nitrogen oxides (NO2, NO and NO3); Volatle organic compounds (VOC or NMVOC); Sulphur oxides (SO2, SO, SO3, SOX); and Ammonia (NH3). 	<p>The metric is useful for operating and managing and is also useful for the business model.</p> <p>Regarding capabilities to measure it:</p> <ul style="list-style-type: none"> This would only apply to those projects with environmental licensing, or if the company has environmental management plans. Currently it is not within the ability of insurers to measure it. It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly. From SARAS some financial institutions carry out controls, however this metric will allow us to quantify the amount of emissions that are generated by type of sector and from this, solutions based on nature must be proposed.
	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average (Additional PAI 3)	Average amount of water consumed by the investee companies (m3) per million EUR of revenue of investee companies (Additional PAI 6)	Share of investments in investee companies without water management policies (Additional PAI 7)	<p>The metric is useful for operating and managing and is also useful for the business model.</p> <p>Regarding capabilities to measure it:</p> <ul style="list-style-type: none"> It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly. This would only apply to those projects with environmental licensing, or if the company has environmental management plans. This metric is of great interest, the estimation of water consumed by financed companies and sectors is a challenge, however it is the management that must be carried out so that positive impact solutions are projected with the data obtained.
Resource use/ replenishment	Share of investments in investee companies with sites located in areas of high water stress without a water management policy (Additional PAI 8)	Water withdrawal and consumption8 (m3) from areas of water scarcity, including identification of water source.	Quantity of high-risk natural commodities (tonnes) sourced from land/ocean/freshwater, split into types, including proportion of total natural commodities.	<p>The metric is useful for operating and managing and is also useful for the business model.</p> <p>Regarding capabilities to measure it:</p> <ul style="list-style-type: none"> Currently it is not within the ability of insurers to measure it. It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly. This would only apply to those projects with environmental licensing, or if the company has environmental management plans.
	Share of investments in investee companies without sustainable oceans/ seas practices or policies (Additional PAI 12)	Quantity of high-risk natural commodities (tonnes) sourced under a sustainable management plan or certification programme, including proportion of total high-risk natural commodities.	Quantity of high-risk natural commodities (tonnes) sourced from land/ocean/freshwater, split into types, including proportion of total natural commodities.	<p>The metric is useful for operating and managing and is also useful for the business model.</p> <p>Regarding capabilities to measure it:</p> <ul style="list-style-type: none"> Currently it is not within the ability of insurers to measure it. It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly. This would only apply to those projects with environmental licensing, or if the company has environmental management plans.

	Placeholder indicator: Ecosystem condition	Share of investments in investee companies with sites/operations located in or near to biodiversitysensitive areas where activities of those investee companies negatively affect those areas (Core PAI 7)	For those organisations that choose to report on state of nature metrics, the TNFD encourages them to report the following indicators, and to refer to the TNFD additional guidance on measurement of the state of nature in Annex 2 of the LEAP approach:	The metric is useful for operating and managing and is also useful for the business model. Regarding capabilities to measure it: *Currently it is not within the ability of insurers to measure it. *It has been found that it is not possible for all investments or clients, but it is possible for some material clients. *It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly.
State of nature	Placeholder indicator: Species extinction risk	Share of investments in investee companies that have operations affecting threatened species (Additional PAI 14.1) Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas (Additional PAI 14.2)	<ul style="list-style-type: none"> • Level of ecosystem condition by type of ecosystem and business activity; • Species extinction risk. <p>There are a number of different measurement options for these indicators. The TNFD does not currently specify one metric as there is no single metric that will capture all relevant dimensions of changes to the state of nature and a consensus is still developing.</p> <p>The TNFD will continue to work with knowledge partners to increase alignment.</p>	The metric is useful for operating and managing and is also useful for the business model. Regarding capabilities to measure it: *Currently it is not within the ability of insurers to measure it. *It has been found that it is not possible for all investments or clients, but it is possible for some material clients. It would be good to recognize which clients have a protection policy. *It is within the banks' capabilities to measure it based on public information from clients or from information provided by clients to the bank. However, it is highlighted that it is not within the bank's capacity to measure it directly.
ADDITIONAL CONTRIBUTIONS AND COMMENTS				
<p>*Most of the doubts will arise at the time of implementation and dissemination of financial activities related to nature.</p> <p>* Financial institutions are committed to the implementation and measurement of indicators that they are not yet able to measure.</p> <p>*It would be useful to have a roadmap that will help to gradually implement the necessary improvements to comply with what is required by the framework.</p>				