

# ORRAA Policy Brief: The Ocean and the Taskforce on Nature- related Financial Disclosures

Update Q4 2024

## Introduction

In 2020, the Taskforce on Nature-related Financial Disclosures (TNFD) was set up with the goal of supporting a shift in global financial flows away from harming nature and towards nature-positive outcomes. As a complement to the Taskforce on Climate-related Financial Disclosures (TCFD), the TNFD is a market-led initiative with the mission to develop and deliver a risk management and disclosure framework for businesses and financial institutions to report and act on nature-related risks and opportunities.

The World Economic Forum estimates that more than half of global GDP – USD\$44 trillion of economic value – is moderately or highly dependent on nature, and therefore exposed to financial risks from biodiversity loss.<sup>1</sup> Yet USD\$7 trillion in public and private capital flows into nature-negative activities each year, with just USD\$200 billion per year invested into nature-based solutions (NbS) that promote a stable climate and healthy planet.<sup>2</sup>

Recognising the critical importance of shifting finance flows towards regenerative and sustainable ocean action, ORRAA and many of its members supported the development and beta review of the TNFD to ensure that the framework is relevant to ocean-related risk and opportunity disclosures.

The final recommendations of the TNFD were formally launched in September 2023. A year later, at the 16<sup>th</sup> Conference of the Parties to the Convention on Biological Diversity (CBD), 502 organisations from over 54 jurisdictions (including 25 emerging markets) had committed to be early adopters and start making nature-related disclosures. Among these are publicly-listed companies representing over USD\$6.5 trillion in market capitalisation, and 129 financial institutions representing USD\$17.7 trillion in assets under management.<sup>3</sup> The TNFD Secretariat released additional draft guidance for market consultation, including a "Roadmap for upgrading market access to decision-useful nature-related data", and a discussion paper for nature transition planning aligned with nature-related goals as outlined in the CBD's Kunming-Montreal Global Biodiversity Framework (GBF). As adoption increases, the TNFD is constantly evolving its guidance to improve implementation.

<sup>1</sup> <https://www.weforum.org/agenda/2023/01/davos23-nature-loss-is-an-economic-crisis-innovation-is-needed-now/>

<sup>2</sup> <https://www.unep.org/resources/state-finance-nature-2023>

<sup>3</sup> <https://tnfd.global/over-500-organisations-and-17-7-trillion-aum-now-committed-to-tnfd-aligned-risk-management-and-corporate-reporting/>

## Why is this important?

Initial participation in the TNFD is voluntary, but the tides are shifting. Over 400 business and finance institutions from 53 countries with total revenues of USD\$2 trillion have signed a declaration calling for countries to make TNFD reporting mandatory by 2030.<sup>4</sup> Several countries, such as France and India, are introducing nature-related disclosures regulations to guide corporate action on biodiversity. It is anticipated that TNFD-aligned reporting will become mandatory in numerous jurisdictions in the near future.

More transparent corporate disclosures can build momentum towards nature and ocean-positive finance action, allowing investors to make informed decisions and prioritise sustainable investments. So, when it comes to the Ocean, the TNFD is a critical development in building private sector awareness of ocean-related risks and opportunities, and an important step in the direction of shifting global financial flows away from investments into activities that harm it, and towards more sustainable, ocean-positive ones.

By adopting the TNFD Framework, the private sector will be better equipped to respond to emerging biodiversity-related disclosure requirements. Investors will be able to more accurately assess their exposure to nature-related risks and inform decision-making.

The TNFD is establishing the enabling conditions for a new era of corporate transparency and accountability by aligning its assessment and disclosure framework with the CBD's GBF. It operationalises Target 15 (a), calling on governments and regulators to implement legal and policy changes to encourage businesses, private entities, and financial institutions to monitor, assess, and disclose biodiversity risks, dependencies, and impacts in their operations.

## Recommendations

ORRAA recommends a **6-point TNFD action plan** to our members:

1. **Implement.** To support the implementation of the TNFD, organisations must increase awareness about nature-related issues in their sector, improve ocean literacy and build an understanding of ocean-related biodiversity impacts. "TNFD in a Box" is a capacity-building tool for workshop-style presentations to raise awareness of nature as a strategic risk management issue.
2. **Share.** For organisations building or maintaining datasets about the Ocean, ensure data is widely available and accessible so companies can utilise it to report on TNFD. ORRAA has shared its co-developed tools, the Coastal Risk Index (CRI) and the Vessel Viewer, to be part of the TNFD Tools Catalogue.
3. **Engage.** ORRAA members can support further development of the TNFD framework on new and forthcoming ocean-specific guidance and metrics (e.g. fishing, ports, shipping), provide feedback on TNFD publications on cross-cutting issues (e.g. Roadmap for enhancing market access to nature data), as well as encourage its mandatory application by 2030.

---

<sup>4</sup> <https://www.businessfornature.org/make-it-mandatory-campaign>

4. **Disclose.** Private sector and financial institutions should align internal policies and operations to ESG objectives, including the exclusion of activities that are climate-harmful and biodiversity-negative, and voluntarily monitor, assess, and disclose biodiversity risks, dependencies, and impacts in their operations, adhering to both the TNFD and the TCFD.
5. **Promote.** To increase adoption, TNFD early adopters should share and promote case studies, knowledge, tools, and resources of their experience with an ocean lens.
6. **Shift.** Financial institutions should utilise the TNFD as a mechanism to shift investments from those that harm nature to nature-positive, sustainable blue solutions. This includes driving investment into coastal and marine nature to halt biodiversity loss, build resilience and sustain livelihoods.

## A Deeper Dive

### Ocean Investment Risk and Opportunity

The ocean economy is conservatively estimated to be worth USD\$24 trillion, with annual benefits of around USD \$2.5 trillion a year.<sup>5</sup> This places the ocean as the world's seventh-largest economy when ranked with national GDPs. In addition:

- It is estimated that two in every three publicly traded companies are exposed to and, to some degree, dependent on a healthy ocean.<sup>6</sup>
- Trillions of dollars are invested in the blue economy today. Research shows that a business-as-usual approach will result in great risk to our economies, with a cost potentially reaching up to USD\$8.4 trillion over the next 15 years.<sup>7</sup>
- The IPCC Special Report on the Ocean and Cryosphere in a Changing Climate found that unmitigated climate-induced declines in ocean health will cost the global economy USD\$428 billion/annum by 2050 and USD\$1.98 trillion/annum by 2100.<sup>8</sup>
- Infrastructure damage from coastal flooding alone will cost the world USD\$14.2 trillion by the end of the century - threatening assets worth up to 20% of global GDP and affecting more than 280 million people.<sup>9</sup>
- ORRAA's Coastal Risk Index (CRI) has found that USD\$363 billion worth of coastal assets would be at risk of flooding without the protective benefits of coastal ecosystems.<sup>10</sup>

Yet, SDG14: Life Below Water is the least invested in of the SDGs, with just 3.5% of total SDG funding going to it, while only 0.01% of climate finance is invested into coastal and ocean NbS.

---

<sup>5</sup> [https://wwf.panda.org/discover/our\\_focus/oceans\\_practice/reviving\\_the\\_ocean\\_economy/](https://wwf.panda.org/discover/our_focus/oceans_practice/reviving_the_ocean_economy/)

<sup>6</sup> *ibid.*

<sup>7</sup> <https://value-at-risk.panda.org/> - intro

<sup>8</sup> <https://www.ipcc.ch/srocc/>

<sup>9</sup> <https://www.nature.com/articles/s41598-020-67736-6>

<sup>10</sup> <https://coastalriskindex.com>

## Closing the Biodiversity Finance Gap: Aligning Investment with Global Standards and Policy Goals

Fully funding the GBF has been estimated to cost ~USD\$800 billion/annum, yet current annual global spending on biodiversity is estimated at just ~USD\$100 billion/annum. This indicates a biodiversity funding gap of approximately USD\$700 billion/annum<sup>11</sup>.

In Targets 18 and 19, the CBD's GBF outlines two fundamental pathways to address this biodiversity financing gap<sup>12</sup>:

1. Phasing out and reorienting USD\$500 billion in subsidies that harm biodiversity (in particular, fishery, forestry, and agricultural subsidies), and
2. Channelling USD\$200 billion in financial resources for biodiversity, including through leveraging private and blended finance and innovative finance schemes from payments for ecosystem services, green and blue bonds, offsets, credits, and others.

Currently, more than 60 per cent of investment into biodiversity is from governments.<sup>13</sup> With greater acknowledgement of the interdependencies between biodiversity and climate action, financial risks from the degradation of nature, and the investment opportunities offered in NbS, the finance and business sectors are beginning to step up and play a role in supporting this critical natural infrastructure.<sup>14,15</sup>

Implementing the TNFD gives financial institutions and businesses a pathway to signal their commitment to biodiversity-positive investments and alignment with global policy goals such as the GBF. Both G7 and G20 finance ministers have already endorsed the TNFD.

Like the TCFD, the TNFD is a voluntary framework for risk management and disclosure, not a standard. However, the TNFD is designed to inform and is already being leveraged in corporate disclosure standards, including the International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI). The ISSB will begin a two-year process of drafting, reviewing, and input to develop corporate nature-related disclosure standards, drawing on the recommendations of the TNFD. Regulators are paying more attention to the impacts of climate and nature on the financial security of the global economy. As the global regulatory landscape evolves, so will the requirements for companies to include nature-related disclosures in ESG reporting.

### Core Elements of the TNFD

The TNFD integrates both nature and climate-related risks, given their interdependencies. To support alignment on reporting, the TNFD is structured around the same four disclosure pillars as the TCFD:

- **Governance:** how the organisation's oversight and decision-making functions take nature-related risks and opportunities into account, ensuring top-level commitment.

<sup>11</sup> <https://www.paulsoninstitute.org/conservation/financing-nature-report/>

<sup>12</sup> <https://www.cbd.int/gbf/targets>

<sup>13</sup> <https://www.goldmansachs.com/intelligence/pages/gs-research/assessing-the-financial-links-to-natural-capital/report.pdf>

<sup>14</sup> <https://icg.citi.com/icghome/what-we-think/citigps/insights/sustainable-ocean-economy>

<sup>15</sup> <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/risk/ocean-financing.pdf>

- **Strategy:** integrating actual and potential effects of nature-related risks and opportunities on the organisation's business model, strategy, and financial planning, where such information is material.
- **Risk management:** how the organisation integrates its exposure to risks associated with the decline of biodiversity into its overall risk management approach. This involves identifying potential impacts on operations, supply chains, and financial performance due to nature-related factors.
- **Metrics and targets:** quantitative and qualitative performance indicators and aims related to nature-related risk and opportunities, based on material nature dependencies and impacts.

The divergence between the TCFD and the TNFD comes in the metrics, targets and indicators associated with the disclosure pillars. A complicating factor in the disclosure of nature-related risks is that they are inherently more complex and localised than climate risks, so there is no equivalent to a universal metric such as greenhouse gas emissions.

The TNFD is designed to address this through sector-specific and biome guidelines that help assess nature dependencies and impacts at a more granular level.

During the review of the four beta versions of the TNFD framework, market participants called for accessible guidance on how to build internal understanding and respond to nature-related risks and opportunities, as a complement to the core disclosure recommendations. In response, the TNFD developed an integrated assessment approach called LEAP. The LEAP approach helps companies in:

- Locating the interface with nature;
- Evaluating dependencies and impacts;
- Assessing risks and opportunities; and
- Preparing to respond to nature-related risks and opportunities, and report.

LEAP is not a mandated process under the TNFD; as such, not everything that is identified, assessed, and evaluated needs to be disclosed. Rather, it serves as an iterative process to support internal, nature-related risk and opportunity assessments.

An extended LEAP approach for financial institutions (LEAP-FI) was developed to assess nature-related risks and opportunities in relation to finance activities (e.g. debt and equity investing, trading, and insuring).

## The Ocean in the TNFD

### 1. Implementation Guidance

The TNFD maintains a [knowledge hub](#) and [tools catalogue](#) to provide case studies and resources that can support the assessment process. Currently available resources that directly relate to the Ocean include a hypothetical case study on the [aquaculture sector](#); a case study developed by [key stakeholders in the Norwegian aquaculture sector](#); and the UNEP- FI toolkit "[Diving Deep: Finance, Ocean Pollution and Coastal Resilience](#)" to support banks, insurers and investors to align decision-making with a healthy ocean and a sustainable blue economy.

In addition, after a consultation phase during Q1 2024, the TNFD published guidance for the following sectors: Oil and gas, Metals and mining, Forestry, pulp and paper, Food and agriculture, Electric utilities and power generators, Biotechnology and pharmaceuticals, and Aquaculture. Draft guidance was also released for feedback during Q3 2024 before final publication on: Fishing, Engineering, Construction and Real Estate, Construction materials, Beverages and Apparel, accessories and footwear. Many of these economic sectors directly interact with the Ocean.

We encourage ORRAA members and early adopters of the TNFD to share additional case studies and implementation resources with the TNFD Secretariat to build out the knowledge bank and tools catalogue with ocean-relevant guidance.

## 2. Targeted Biome-Specific Guidance

The TNFD has launched targeted guidance on six biomes to date, including the marine shelf, to help companies that produce, operate, or source in these biomes to apply the LEAP approach, using a set of specific guiding questions. The marine shelf guidance offers guidance on common nature-related risks and opportunities operating in ocean and coastal systems, together with a list of biome-specific target standards (such as the UNEP-FI Blue Economy Finance Principles, the Marine Stewardship Council Fisheries Standard, and the High-Quality Blue Carbon Principles & Guidelines).

## 3. Data Availability

Data availability across biomes is an item of continued discussion. A nature data analysis by the TNFD has concluded that while a significant number of nature-related metrics and data already exist, core challenges remain around standardisation, maintenance and connectivity, improving accessibility for data users, and comparability to assist policy-making, business strategy, and capital allocation decisions by financial markets.

TNFD partners have also concluded that demand for nature-related data is growing quickly and that a global nature-related public data facility could scale the availability, quality and maintenance of nature data with significant benefits for public, private and civil society stakeholders. As outlined in the recently launched TNFD Roadmap for enhancing market access to nature data, market participants have particular needs and concerns, including accessibility, quality, comparability, verifiability and assurability of the data they need for corporate reporting, target setting and transition planning. These concerns are shared among large corporates and financial institutions with complex global value chains but also by the small and medium-sized enterprises (SMEs) that make up the business sectors for most of our economies, employ the majority of people and face their own nature-related risks.

Among the 240 organisations that pilot-tested the LEAP approach during its design and development phase, many market participants were unable to complete the “Locate” and “Evaluate” phases of their assessment because of data-related challenges. The “Roadmap for enhancing market access to nature data” provides a path to address these challenges. The TNFD Secretariat is receiving feedback to improve the Roadmap and will host a series of webinars and focus groups during Q1 2025. Next steps include identifying a configuration for the optimum mechanism to improve the use of nature data for corporate decision-making.

Despite these data accessibility challenges, the TNFD [tools catalogue](#) offers several tools to support assessments. As of May 2024, around 10% of the currently available tools were specific to the ocean realm (e.g., [Cetus](#); [Ocean Data Platform](#)). ORRAA's co-developed tools, the [Coastal Risk Index \(CRI\)](#) and [Vessel Viewer](#), are now part of the catalogue.

## Key Resources

- Taskforce on Nature-related Financial Disclosures - <https://tnfd.global/>
  - TNFD Final Recommendations - <https://tnfd.global/publication/recommendations-of-the-taskforce-on-nature-related-financial-disclosures/>
  - Getting started with the adoption of TNFD recommendations - <https://tnfd.global/publication/getting-started-with-adoption-of-the-tnfd-recommendations/>
- Get Ready for Nature-Related Disclosures. <https://www.bcg.com/publications/2023/get-ready-for-nature-related-disclosures>
- TNFD: What the COP15 biodiversity framework means for investors. *Originally published in Environmental Finance Biodiversity Report 2023.* <https://tnfd.global/what-the-cop15-biodiversity-framework-means-for-investors/>
- The Case for a Task Force on Nature-related Financial Disclosures. <https://www.globalcanopy.org/wp-content/uploads/2020/11/Task-Force-on-Nature-related-Financial-Disclosures-Full-Report.pdf>
- 2024. TNFD. Roadmap for enhancing market access to nature data. [https://tnfd.global/wp-content/uploads/2024/10/Discussion-paper\\_Roadmap-for-enhancing-market-access-to-nature-data.pdf?v=1730281144](https://tnfd.global/wp-content/uploads/2024/10/Discussion-paper_Roadmap-for-enhancing-market-access-to-nature-data.pdf?v=1730281144)
- 2024. TNFD. Discussion paper on nature transition plans. <https://tnfd.global/wp-content/uploads/2024/10/Discussion-paper-on-nature-transition-plans.pdf?v=1729942723>
- 2024. Coastal Risk Index. <https://coastalriskindex.com/>

Learn More About ORRAA [here](#).