

Taskforce for Nature-related Financial Disclosures (TNFD)  
Via online submission only  
31/01/2025

Dear Taskforce for Nature-related Financial Disclosures team,

### **BVCA feedback on the Taskforce for Nature-related Financial Disclosures' transition planning guidance**

The British Private Equity and Venture Capital Association (BVCA) is the industry body and public policy advocate for the private equity (PE) and venture capital (VC) (private capital) industry in the UK. We represent the vast majority of all UK-based private capital firms, as well as their professional advisers and a large base of UK and global investors. In 2023, a total of £59.6bn was raised by UK-managed funds to be invested globally, with £20.1bn having been invested by private capital into UK businesses in sectors across the UK economy. There are over 12,000 UK companies backed by private capital which currently employ over 2.2 million people in the UK. Approximately 58% of the businesses backed are outside of London and 90% of the businesses receiving investment are small and medium-sized enterprises (SMEs).

The UK's private capital industry has a leading role to play in the global challenge of eliminating the causes and effects of climate change and biodiversity loss. Private capital is a global industry, with our members actively investing and diversifying their portfolios worldwide. The industry stands at the unique intersection of deploying capital, investing for the long term and helping to shape the strategy of investee companies. This allows private capital to play a leading role in firms helping them to adapt to the global climate and nature crisis, embedding these considerations into businesses across the UK economy.

- The industry's "active ownership" model allows it to help its portfolio companies, across sectors, to embed climate and nature-related considerations and understand the nature-related dependencies of their operations; and
- The industry's backing of technological innovations needed to combat climate and biodiversity loss and support businesses to transition to nature-positive economy.

We are of the opinion that the consideration of nature-related risks and opportunities makes for smart business strategy and is an important tool to help create value protection and enable value creation. However, this value case, especially in the private markets space, needs to be more clearly presented and understood to enable companies (and the SME's they typically invest in) to effectively adopt and interact with nature-related disclosures on a more detailed level.

We are grateful for the opportunity to provide feedback on the TNFD's draft guidance for TNFD transition planning to enable companies to prioritise their efforts to meet the Global Biodiversity Framework (GBF) objectives agreed at COP15. As previously detailed, the UK's private capital industry is a key partner in helping to deliver these objectives as majority, or significant minority owners, principally of unlisted, fast-growing SMEs, private capital funds managed by BVCA member firms are well-placed to drive transition in areas of domestic and global economies that the public markets generally cannot reach. We are encouraged that the consultation calls for suggestions on how to ensure the transition planning guidance can best support companies and are uniquely placed to provide the private capital viewpoint to enable its adoption by this key part of the finance ecosystem.

Our feedback relates principally to the role of PE and VC (private capital) in supporting the work of the TNFD and explains our key recommendations to enable the sector to support these objectives. We have set out our overarching comments below and, where applicable, directly responded to the questions posed by the consultation. We are happy to discuss or clarify any of these points further if that would be helpful.

## Summary

Given that 90% of the investments made by our member firms are directed towards SMEs, we recognise the reporting and resource challenges these smaller companies can face. Whilst we agree with the importance of sustainability reporting of this nature, the likelihood of SMEs being able to effectively engage and adopt the reporting guidelines in its current detailed format could present a challenge. To enable adoption and engagement at this level, there is a need for concise interoperable and proportionate guidance designed not just for larger corporations, which are more likely to be better resourced have already begun understanding their nature-related dependencies, but also for fast growing SMEs which are essential for the growth of the UK economy and are likely to form the supply chain of the larger corporates. It is important that every organisation with nature-related dependencies, regardless of size, can engage with the risks and opportunities presented by the biodiversity emergency and, if material, understand what a transition plan may entail for them. We offer the following high-level recommendations that will support fast-growing SMEs bridge this gap:

- TNFD should look at ways to simplify its guidance and create practical tools (such as prescriptive templates) to assist businesses, particularly SMEs, in navigating nature-related risks and opportunities themselves. To achieve a simple yet effective guidance TNFD should proactively address common barriers faced by smaller firms and private investors, ensuring the guidance aligns with future regulations by minimising complexity and reducing reliance on costly external expertise. This will help limit resource constraints and expertise gaps while ensuring broader adoption.
- Providing guidance to illustrate the business case and added value of capturing nature-related risks—and the broader nature-reporting process—would be highly beneficial for smaller companies. This support would help them understand their risks and dependencies early, enabling informed decision-making before they reach the stage of transition planning. It is crucial that TNFD transition disclosure is positioned as uniquely valuable, rather than as an additional reporting obligation. This approach ensures it provides meaningful value to the reporting company by encouraging critical thinking about nature-related dependencies.
- Lessons learned from the TCFD should guide TNFD’s approach to transition planning. Insights from TCFD thematic reviews highlight the importance of companies disclosing the challenges associated with implementing transition plans that rely on unproven technologies. Transition plans must also be specific and avoid boilerplate language, ensuring they are consistent with other disclosed information.
- We would encourage the TNFD to consider the practical guidance released by private capital industry initiatives such as Initiative Climat International (iCI) and Private Equity Sustainable Marketing Initiative (PESMIT) ([TCFD Implementation Considerations for Private Equity](#), [PMDR/PMDR 2.0](#), [PESMIT biodiversity value case](#)) which set out guidance specific to the private market sector to assist with tailoring guidance for the private capital ecosystem.
- Guidance should focus on helping smaller firms identify manageable risks and take practical, scalable steps toward sustainability goals.

## BVCA’s Key Recommendations and Response to Questions

### Simplification and accessibility

To improve accessibility, it is recommended that TNFD simplify and tailor its guidance to include a more digestible, scalable and adaptable solution which can be used by SMEs and companies without extensive resources, reducing the need to bring in third party support which can be costly. Breaking down technical concepts into manageable steps will ensure organisations (such as SMEs) with limited resources or expertise can engage effectively with the framework. Practical tools, including templates, step-by-step guides and industry-specific case studies, could help support organisations in creating transition plans that align with their

sustainability goals. Simplification will be crucial to encouraging adoption, particularly among smaller firms and those new to nature-related disclosures.

#### Education and capacity building

Education and capacity building are vital to fostering broader engagement with TNFD principles. A phased education program—beginning with foundational awareness and progressing to advance expertise—would help equip organisations with the skills needed to assess and address nature-related risks effectively. Collaboration with industry and academia will further enhance these efforts, combining theoretical knowledge with practical insights to build a pipeline of experts who can drive the adoption of TNFD across sectors. This is important as companies still need help understanding and enacting the first step of the TNFD process (LEAP assessment) before they can begin to understand nature-related transition plans.

#### Interoperability and standardisation

Interoperability and standardisation should be at the core of TNFD’s approach. Its methodologies should strive to align with established frameworks, such as the TCFD, to minimise duplication and streamline reporting processes to limit burden. The TCFD has demonstrated success in meeting its primary objective: helping companies understand the importance and value of disclosing climate-related information and as a result the principles of it have been reasonably well accepted by private capital. By offering a structured framework, the TCFD has introduced companies to climate risk reporting and how these influence their financial performance and long-term strategies. It has further been globally accepted and is being integrated into the ISSB standards to create an interoperable framework. This approach has fostered transparency, encouraged the integration of climate considerations into decision-making and aligned business practices with the evolving expectations of investors, regulators and stakeholders. That said it is important to note that despite TCFD’s wide acceptance its implementation into the private capital model continues to be challenging for many organisations due to the complexities around certain areas such as scenario analysis. Therefore, TNFD should aim to learn from, and limit, challenges faced in implementing TCFD.

TNFD should also prioritise creating synergies between climate-related and nature-related transition planning. Leveraging existing expertise from climate disclosures will not only ease adoption for organisations already experienced in this area but also lay a robust foundation for those new to such processes. This integrated approach will help accelerate widespread adoption and ensure alignment across reporting frameworks.

Finally, it is crucial to acknowledge that guidance for TPT and GFANZ transition planning has not been widely tested and understood. It may be prudent to further understand challenges being faced through implementing these frameworks for TNFD to avoid similar challenges and improve on these models.

#### Business case and value-add for nature-related reporting and transition planning

The TNFD should aim to clearly articulate the value of reporting in line with the guidance set out for the nature-related transition plans and demonstrate how its guidance can achieve this. Additionally, relevant case studies should be identified to illustrate nature-related transition planning and highlight the long-term value a transition plan can deliver.

For private capital markets, TNFD should anticipate and address the unique reporting and capacity challenges these organisations face. Providing preparatory resources to help companies assess their nature-related risks before engaging in transition planning is essential. Additionally, the framework should remain adaptable to evolving regulatory requirements, avoiding unnecessary duplication, complexity and cost that could discourage smaller firms and private investors.

#### Metrics and targets

TNFD should design its transition metrics to deliver meaningful impact and create value. Metrics should track progress toward nature-related goals without creating unintended consequences or misaligned incentives whilst enabling comparability with other similar companies. Aligning these metrics with current and future global sustainability priorities, focusing initially on the most urgent, will ensure coherence with broader biodiversity and climate objectives, further supporting organisations in their transition efforts. It is, therefore, important that government officials remain close to the TNFD transition plans so that possible integration into regulation will seamlessly allow for alignment between government's goals and company strategies.

### Questions:

- a) **The TNFD draft guidance focuses on nature transition plans, separate from climate. However, it recommends that organisations identify and manage synergies and trade-offs with other sustainability goals, including social issues, and with a preference for eventually creating an integrated plan. Do you agree with this approach?**

While separating nature transition plans from climate may allow for more targeted strategies, in practical terms it risks creating silos and duplicative efforts, particularly for organisations with limited resources and capex to deliver on extensive separate reporting requirements. Identification and management of trade-offs is inherently challenging, as it demands companies conduct thorough assessments to evaluate the broader impacts on interconnected issues. This process is akin to adhering to the "Do No Significant Harm" clause in the EU Green Taxonomy, a requirement that many companies have found difficult to meet. The private capital industry is already experiencing difficulties collecting non-financial data to remain aligned with other similar disclosures (such as TCFD, CSRD and SECR) and there is a need to drive simplicity to be able to keep up with the pace of regulatory change, considering the limited resources. The lack of an immediate integrated approach may also delay coordinated action and reduce the effectiveness of addressing intertwined nature and climate challenges.

We believe that an integrated transition plan is ultimately important as understanding synergies and trade-offs is essential for the concept of a just transition and a fully integrated sustainable reporting environment. Separating nature transition plans from climate plans allows for greater specificity in addressing biodiversity and ecosystem health initially. This approach acknowledges that while interlinked, nature and climate have distinct challenges and solutions which companies may need to understand before these topics are integrated. An integrated plan, however, needs to ensure that complexities experienced by separate disclosure frameworks do not form a combination of more complex requirements, which is why interoperability between transition plans is important.

The TNFD underlines the need for transition plans to address societal impacts, such as equitable outcomes and stakeholder inclusivity. This is important for PE and VC firms, especially involved in emerging markets, to enhance their resilience while mitigating potential negative impacts of their investments. It is important that guidance clearly and simply lays out how companies can achieve social positivity whilst developing nature-related transition plans.

- b) **The TNFD has followed the GFANZ and TPT structures for the development and disclosure of climate transition plans for nature transition plans. Does this overall structure work well for a nature transition plan? Does it facilitate integration of nature and climate transition plans and social objectives? How could it be improved?**

It is important that TNFD transition plans leverage off already-established frameworks. However, as previously mentioned, transition plans required to be disclosed under TNFD may look significantly different to those disclosed under TCFD, which will result in difficulties integrating transition plans. Furthermore, the GFANZ and TPT structures have yet not been extensively tested in the private capital landscape, which brings into question any adoption challenges organisations may face in implementing these frameworks.

It is however, noted that the GFANZ and TPT structures provide useful frameworks for transition planning, emphasising clear targets, implementation strategies and governance. Adapting these for nature plans may be effective, as it facilitates consistency and integration with climate and social objectives. Improvements could include:

- Explicit guidance on balancing trade-offs between nature, environmental and social goals.
- More robust inclusion of stakeholder voices, especially local communities.
- Value creation by aligning more closely with iCI Private Markets Decarbonisation Roadmap to more appropriately capture the private market.
- A recognition that financial institutions, including private capital, are key stakeholders in enabling the transition. Private market roles include supporting investees in mapping dependencies and impacts on nature and incorporating nature-related risks into investment due diligence and strategy.

**c) Does the discussion paper provide an appropriate balance between guidance for corporates and financial institutions?**

It is considered that the guidance does not yet fully address the unique challenges faced by SMEs or financial institutions with limited expertise in biodiversity. It risks overburdening them with requirements that are resource-intensive to implement. Financial institutions may also feel that the guidance is overly focused on corporates and lacks sufficient detail on their role as enablers of transition.

Financial institutions might benefit from additional tools to evaluate and influence the nature-related performance of their investees. Similarly, smaller companies could use more case studies illustrating successfully implemented nature transition plans. Furthermore, as previously mentioned, private capital is uniquely positioned to be able to influence younger and transitioning companies at earlier stages, in the move towards a transitioning economy. Therefore, the constraints faced by these companies should be accounted for and a simplified form of guidance may be required for smaller companies initially to assist them in preparing a foundational transition plan, which can be further progressed through the guidance as it currently stands. The guidance could further assist by urging companies to disclose the benefits the development of a nature-related transition plan has brought into the company. This value can also be brought out in a thematic review.

**d) Does the discussion paper provide an appropriate balance between addressing nature-related topics, while considering other sustainability objectives, such as consideration of just transition and human rights aspects?**

Responses to this question and interplay and integration of different topics have been covered in detail in questions A and B.

**e) Are the structure and content of the individual themes (Foundations, Implementation Strategy, Engagement Strategy, Metrics and Targets and Governance) appropriate? How can they be improved?**

It is considered that the current structure may be too prescriptive for SMEs, specifically noting that this nature-related transition guidance forms part of 1 of 14 other recommended disclosures which make up TNFD, all of which require an extensive amount of understanding by those attempting to align. Whilst the individual themes are appropriate and reflect those in other transition disclosure frameworks, there would be value in developing simplified applications under each of these themes to enable wider adoption by SMEs.

Furthermore, several of these individual themes are similar to the four pillars of TNFD (Governance, Strategy, Risk Management and Metrics and Targets). This means that further clarification will assist understanding how

the themes within the transition guidance (specifically implementation and engagement strategy, metrics and targets and governance) interact with and complement the broader TNFD disclosure pillars.

Finally, with regard to transition plans if nature-related risks are identified it is important for an organisation to have the ability to understand and disclose how much influence they realistically have over affecting that risk through transition depending on where it sits from a supply/value chain perspective.

It is recommended that easier adoption is enabled through:

- More detailed guidance on integrating nature metrics and guidance with existing climate-related guidance and frameworks and how these might eventually affect financial reporting.
  - Allowance for target flexibility for companies based on size, especially those who are gradually aligning and provide guidance on gradual pathways to alignment through targets.
  - Practical tools for stakeholder engagement, particularly for complex value chains. This includes introducing considerations within any potential templates to guide companies through engagement with value chains and help understand how these value chains may impact transition planning. This is important as many smaller companies may be required to collect data as part of other larger companies' value chains.
- f) Are the proposed transition financing strategies, which adapt GFANZ's climate transition financing strategies, appropriate for a nature transition plan? Should they be included at all? How can they be improved? How could the criteria for managed phase-out be best defined?**

Adoptability by private capital will be greater if TNFD guidance aims to be comparable with or resembles similar frameworks they are currently aligning with, such as transition plans laid out in TCFD transition guidance. TNFD's guidance is seeking to align with GFANZ – a framework which has not been widely adopted by private capital members – risking the creation of additional work and a larger education piece to bring companies up to speed. It also creates two separate guidance frameworks which will make future integrated disclosure (integration of both climate and nature) significantly more difficult to achieve.

It is also considered that transition financing strategies might disproportionately favour larger, well-resourced companies, leaving smaller businesses and startups, who are nature dependent, behind. Managed phase-out criteria could lead to unintended consequences, such as rapid divestment from industries critical for local economies, causing economic and social disruptions and serving to diminish the idea of a “just transition”. If not carefully defined, such criteria might incentivise superficial compliance rather than meaningful change.

To ensure guidance caters to private capital organisations in addition to larger organisations, it is recommended that the TNFD aim for a balance between prescriptiveness and flexibility to limit the potential for negative secondary implications.

- g) Does the proposed disclosure guidance elicit decision-useful information for investors and other report users? How can it be more useful?**

It is considered that the proposed disclosure guidance could overwhelm stakeholders with complex information/guidance, diluting the focus from the material issues and potentially creating difficulty in developing a transition plan if the stakeholder does not have a deep knowledge of nature-related reporting.

Furthermore, excessive information may create difficulty in gauging the credibility and quality of a transition plan for SMEs. The complexity of nature-related metrics might deter SMEs from disclosing, leading to inconsistent adoption. It could also increase the compliance burden without guaranteeing actionable insights for decision-making.

It is welcome that the guidance elicits decision-useful information by aligning with emerging standards like IFRS S2 as this will create interoperability and create additional value by gradually developing an integrated reporting approach. However, to improve the following considerations could help:

- Inclusion of higher-level guidance for ease of use by smaller companies who may not have the resources to understand and implement the guidance but still want to develop nature-related transition plans.
- The addition of templates which allow for flexibility of transition planning based on a company's objectives, size and maturity.
- Ensure comparability across industries through standardised metrics.

**h) Are there any areas where the guidance in this TNFD discussion paper could be usefully more aligned with other related initiatives and frameworks, including existing climate-related transition planning guidance from GFANZ, the TPT and others?**

To enable easier adoption, it would be useful for private capital companies to have nature-related transition guidance which follows climate-related transition formats or that closely aligns to frameworks that companies are already reporting against. To assist with this, the following should be considered:

- A greater understanding of what an integrated transition plan may look like in the future to prepare SMEs for nature-related transition plans.
- Ability to perform a prioritisation assessment of issues faced between nature, climate and social and determine which require the most urgent transitions. This can be done through a "materiality-of-issues" mapping exercise.
- Joint guidance on cross-cutting issues, such as the financial materiality of certain nature-related risks to SMEs.
- Common language and metrics for interdependence between climate and nature for ease of understanding by companies embarking on their nature reporting journeys.
- Ensure transition plans occur within the confines of existing geography taxonomies and do not work against any taxonomy principles.

**i) How might the TNFD take the work on nature transition planning forward to support further integration of transition planning across nature, climate and social issues?**

Please refer to our response on questions A and B.

**j) What guidance should be incorporated on the role of biodiversity credits in nature transition plans?**

Overemphasis on biodiversity credits could encourage companies to use them as a substitute for direct action, creating a "pay-to-pollute" dynamic. The current lack of standardised criteria for biodiversity credits might lead to concerns regarding claims of greenwashing, undermining the credibility of nature transition efforts. Additionally, reliance on credits could shift the focus away from more impactful systemic changes. Measures to avoid the pitfalls and misuse of credits/offsets need to be well considered before these are introduced as a strategy. It is recommended that the business case and guidance for the appropriate use of biodiversity credits should be provided to enable effective use and prevent unintended miss use.

The [ICI's private market guidance on the Voluntary Carbon Market](#) is a good example of guidance launched by the private market industry to consider the best practice application of carbon credits and could be good source of reference in this context.

**k) Would a prototype template for a nature transition plan be useful additional guidance?**

We are of the opinion that a template will be a positive first point of reference for companies to understand the nature-related transition planning. A prototype template would provide actionable guidance, especially for organisations new to nature-related planning. A template could include:

- Sections on each core theme (Foundations, Implementation, etc.).
- Example metrics and targets.
- Illustrative disclosure formats, fostering consistency across sectors and being sector flexible.
- Be scalable based on the size of the company disclosing

Templates need to be adaptable for smaller organisations or companies in unique industries who might struggle to adapt the template, leading to less effective transition planning. Templates might also oversimplify the complexities of nature-related impacts and dependencies. Templates could further be consulted on to ensure that they are appropriately catering to all types of organisations.

It is, therefore, important that templates appropriately tailor to companies of all sizes and resources capacities.

If you have any questions or points it would be helpful to discuss further, please contact Chris Khoury [ckhoury@bvca.co.uk](mailto:ckhoury@bvca.co.uk) or Harriet Assem [hassem@bvca.co.uk](mailto:hassem@bvca.co.uk).

Yours faithfully,



Lucie Mills

**Chair – BVCA Responsible Investment Advisory Group (RIAG)**