



**Taskforce on Nature-related  
Financial Disclosures**

**The TNFD Nature-related  
Risk and Opportunity  
Management and  
Disclosure Framework**

**Beta v0.4 Annex 4.11**

**Additional draft guidance  
on location prioritisation**

**Locate phase of the LEAP approach  
(L3) and recommended  
disclosure Strategy D**

**March 2023**

# Location prioritisation

This document provides guidance on how to identify priority locations as part of the TNFD framework. Location prioritisation appears in two places in the framework, shown in Table 1.

**Table 1: Location prioritisation in the TNFD framework**

Component of the TNFD framework	Detail
L3 component of the TNFD LEAP approach for nature-related risk and opportunity assessment	The L3 component of the Locate phase of LEAP aims to help an organisation identify priority locations for further analysis.
Recommended disclosure Strategy D	Recommended disclosure Strategy D asks organisations to disclose the locations where there are assets and/or activities in the organisation's direct operations, and upstream and/or downstream and/or financed by the organisation, that meet certain criteria.

The first version of this guidance was included in the v0.2 beta release in June 2022. The document has been updated based on feedback from TNFD pilots and knowledge partners. It will continue to be refined after the v0.4 beta release.

These recommendations are based on the premise that organisations are more likely to face material nature-related dependencies, impacts, risks and opportunities in locations with certain characteristics. An organisation using the LEAP approach should bear in mind that this prioritisation is part of an iterative process, with location prioritisation guiding the evaluation of dependencies and impacts and vice versa.

## Understanding your business footprint (LEAP component L1)

The TNFD recommends that an organisation seeks to understand its areas of influence around the locations where it has operations, assets or investments when assessing its business footprint (Component L1 – Business Footprint).<sup>1</sup> The total area of influence of a site may vary, depending on the nature of the assets and operations, and is often larger than the footprint of the site itself. It includes areas in which nature is subject to direct and indirect impacts that may be positive or negative, depending on the site activity. When an organisation's area of influence overlaps with those of other organisations, cumulative impacts should also be considered.

A comprehensive approach to outlining a project's area of influence is included in several good practice guidelines, such as IFC Performance Standard 6 and the Good Practices for the Collection of Biodiversity Baseline Data.<sup>2</sup>

## Defining priority locations

The TNFD recommends that an organisation discloses and prioritises for assessment locations where there are assets and/or activities in the organisation's direct operations, and upstream and/or downstream and/or in financed activities, in:

- High integrity ecosystems; and/or
- Areas of rapid decline in integrity; and/or
- Areas of high biodiversity importance; and/or
- Areas of water stress; and/or
- Areas where the organisation is likely to have significant potential dependencies and/or impacts.

The recommended criteria for these categories are outlined in Table 2. If any one of the criteria is met, the location should be considered a priority for assessment and disclosure.

<sup>1</sup> SBTN. 2020. Science-Based Targets for Nature: Initial Guidance for Business.

<https://sciencebasedtargetsnetwork.org/wp-content/uploads/2020/09/SBTN-initial-guidance-for-business.pdf>.

<sup>2</sup> Gullison, R.E., Hardner, J., Anstee, S. and Meyer, M. 2015. Good Practices for the Collection of Biodiversity Baseline Data.

<https://publications.iadb.org/en/good-practices-collection-biodiversity-baseline-data> ;

IFC. 2012. Performance Standard 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources.

International Finance Corporation. [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/performance-standards/ps6](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps6).



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**Table 2: Criteria for Priority Location Identification (Component L3 of the LEAP Approach and recommended disclosure Strategy D)**

Area	Criteria
Ecosystem integrity	<p>Ecosystem integrity refers to the extent to which the composition, structure and function of an ecosystem falls within the natural range of variation.</p> <ul style="list-style-type: none"> <li>• <b>High integrity locations</b> (both at global scale, and relative to the integrity in the surrounding landscape) are those that may contain large opportunities for safeguarding stocks of environmental assets and maintaining ecosystem service provision, both locally and globally</li> <li>• <b>Areas of rapid decline</b> in integrity represent areas with declining ecosystem service provision and high exposure to an organisation's dependency-related risks</li> </ul>
Biodiversity importance	<p>Areas of biodiversity importance include, but are not limited to, protected areas or otherwise internationally recognised areas. Criteria could include:</p> <ul style="list-style-type: none"> <li>• The location is legally protected, or through Other Effective Conservation Measures (OECMs), according to local, national and/or international conventions and/or with World Heritage site status;<sup>3</sup></li> <li>• The location includes likely or potential Critical Habitats, as defined by the International Finance Corporation's Performance Standard 6;<sup>4</sup></li> <li>• The ecosystems/habitats within the location are rare or very localised (e.g. seamounts or coastal upwellings) or highly threatened, as identified in the Red List of Ecosystems, for example. This list is still under development;<sup>5</sup></li> <li>• The location includes threatened species, such as species listed as Critically Endangered, Endangered and Vulnerable on the IUCN Red List of Threatened Species, that have been identified as having a high extinction risk. This can be defined using a minimum threshold for the Species Threat Abatement and Restoration (STAR) metric, for example;<sup>6</sup></li> </ul>

3 UNESCO. n.d. World Heritage List by category Natural Properties, Mixed Properties. UNESCO. <https://whc.unesco.org/en/list/?search=&type=natural&type=mixed&order=country>.

4 IFC. 2012. Performance Standard 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources. International Finance Corporation. [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/performance-standards/ps6](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps6).

5 IUCN. Red List of Ecosystems. <https://iucnrl.org/>.

6 IUCN. 2022. The IUCN Red List of Threatened Species. <https://www.iucnredlist.org/>. Mair, L., Bennun, L.A., Brooks, T.M. et al. 2021. 'A metric for spatially explicit contributions to science-based species targets', *Nat Ecol Evol*, 5(6), pp. 836-844. <https://doi.org/10.1038/s41559-021-01432-0>.

Area	Criteria
Biodiversity importance	<ul style="list-style-type: none"> <li>• The location is identified as, or meets the criteria to be considered, a Key Biodiversity Area;<sup>7</sup> and</li> <li>• The ecosystem provides significant cultural or economic benefits for stakeholders. – by providing water, recreational or eco-tourism sites, for example.<sup>8</sup></li> </ul>
Water stress	<ul style="list-style-type: none"> <li>• The location is an area of known water stress, where the quality and/or quantity of available water is deteriorating.</li> </ul>
Potential significant dependencies or impacts	<ul style="list-style-type: none"> <li>• The organisation is likely to have significant dependencies and impacts in the location. This could initially be based on the scoping phase of LEAP, considering potential impact drivers and dependencies typical to each sector, sub-industry or business process, and reviewed following the fuller analysis of dependencies and impacts in the Evaluate phase. This may include the potential for positive impacts, where restoring nature could create opportunities for the organisation.</li> </ul>

An organisation should assess all locations identified in the scoping phase against the criteria outlined in Table 2. To be considered a priority location, the location needs to meet one or more of the criteria. For example, any location that is identified to be a Key Biodiversity Area would be a priority location, regardless of how it compares against other criteria in Table 2.

The TNFD disclosure guidance recommends that an organisation discloses the full list of priority locations (i.e. a list of all locations that meet at least one of the criteria outlined in Table 2) under recommended disclosure Strategy D. This applies even if organisations choose to apply further prioritisation criteria to narrow down their focus in the Evaluate phase.

The ecosystem integrity and biodiversity importance in the location should be characterised at a landscape scale, using an appropriate area of assessment such as an ecoregion. Water stress should be evaluated at a relevant water basin scale.

7 Key Biodiversity Areas. 2023. KBA Data. <https://www.keybiodiversityareas.org/kba-data>.

8 An organisation may wish to refer to the TNFD Guidance on engagement with affected stakeholders in identifying such sites.

## Data availability and confidence

The TNFD recommends that ecosystems should be prioritised using i) economy-wide spatial data and ii) sector-specific data. There are a number of datasets and tools for undertaking this analysis. Many are publicly available, though a few are provided on a fee-for-service basis. These include:

### Ecosystem integrity

- Ecosystem Integrity Index;<sup>9</sup>
- Forest Structural Condition Index for tropical humid forests;<sup>10</sup>
- Free-flowing rivers;<sup>11</sup>
- High Ecoregion Intactness;<sup>12</sup>
- Intact Forest Landscapes;<sup>13</sup> and
- IUCN Red List of Ecosystems database.<sup>14</sup>

### Biodiversity importance<sup>15</sup>

- In addition to the sources attached to the criteria in Table 2, the TNFD is exploring further tools and sources that can help organisations to identify areas of biodiversity importance, including:
  - Global Biodiversity Information Facility;<sup>16</sup>
  - GLOBIO mean species abundance;<sup>17</sup>
  - WWF Biodiversity Risk Filter;<sup>18</sup>
  - World Database on Protected Areas (WDPA)<sup>19</sup> and Other Effective area-based Conservation Measures (OECMs);<sup>20</sup> and
  - WWF Priority Ecoregions.<sup>21</sup>

9 Blumetto, O. et al. 2019. Ecosystem Integrity Index, an innovative environmental evaluation tool for agricultural production systems. *Ecological Indicators* 101 pp. 725-733. <https://doi.org/10.1016/j.ecolind.2019.01.077>.

10 UN Biodiversity Lab. Forest Structural Condition Index. [https://map.unbiodiversitylab.org/earth?basemap=grayscale&coordinates=20,0,2&layers=forest-structural-condition-index-fsci-01\\_100](https://map.unbiodiversitylab.org/earth?basemap=grayscale&coordinates=20,0,2&layers=forest-structural-condition-index-fsci-01_100). Hansen, A., Barnett, K., Jantz, P. et al. 2019. Global humid tropics forest structural condition and forest structural integrity maps. *Sci Data* 6, 232. <https://doi.org/10.1038/s41597-019-0214-3>.

11 Hydrolab. Free-Flowing Rivers. <https://hydrolab.io/ffr/#3/25.90/15.79/FFR-CNT-NME-CNN-LKE>. Grill, G., Lehner, B., Thieme, M. et al. 2019. Mapping the world's free-flowing rivers. *Nature* 569, 215–221. <https://doi.org/10.1038/s41586-019-1111-9>.

12 Beyer, Hawthorne, Venter, Oscar, Grantham, Hedley, and Watson, James. 2019. Global assessment of ecoregion intactness. The University of Queensland. Data Collection. <https://doi.org/10.14264/uql.2019.773>.

Beyer, H.L., Venter, O., Grantham, H.S. & Watson, J.E.M. 2019. Substantial losses in ecoregion intactness highlights urgency of globally coordinated action. *Conservation Letters*.

13 Intact Forest Landscapes. 2006–2021. <https://intactforests.org/>.

Potapov, P., Hansen, M. C., Laestadius L., Turubanova S., Yaroshenko A., Thies C., Smith W., Zhuravleva I., Komarova A., Minnemeyer S., Esipova E. 2017. The last frontiers of wilderness: Tracking loss of intact forest landscapes from 2000 to 2013. *Science Advances*, 2017; 3:e1600821.

14 IUCN. Red List of Ecosystems. <https://iucnrl.org/>.

15 Many of these indicators are available through the Integrated Biodiversity Assessment Tool (IBAT), which also provides functionality to aid interpretation of these datasets. IBAT Alliance. 2023. Integrated Biodiversity Assessment Tool. <https://www.ibat-alliance.org/>.

16 Global Biodiversity Information Facility. <https://www.gbif.org/>.

17 GLOBIO. <https://www.globio.info/>.

18 WWF. <https://riskfilter.org/biodiversity/home>.

19 Protected Planet. <https://www.protectedplanet.net/en/thematic-areas/wdpa?tab=WDPA>.

20 Protected Planet. <https://www.protectedplanet.net/en/thematic-areas/oecms?tab=OECMs>.

21 WWF GLOBIL. <https://globil.panda.org/maps/wwf-priority-ecoregions/about>.

### Water stress

- WWF Water Risk Filter;<sup>22</sup> and
- Aqueduct Water Risk Atlas.<sup>23</sup>

### Potential impacts and dependencies

- ENCORE (which contains the hotspots of natural capital depletion spatial layers);<sup>24</sup>
- InVEST (quantifies, maps and values ecosystem services);<sup>25</sup>
- TESSA;<sup>26</sup>
- Trase;<sup>27</sup>
- Ocean Wealth (maps ocean ecosystem services);<sup>28</sup> and
- Critical Natural Asset layers.<sup>29</sup>

The list above is not exhaustive. Compendiums of useful data have been developed by the European Business and Biodiversity Platform,<sup>30</sup> WWF<sup>31</sup> and UNEP-WCMC and the Finance for Biodiversity Initiative.<sup>32</sup>

The TNFD recognises that data availability will vary across geographies, biomes and sectors. Organisations will need to develop criteria that reflect the data availability scenarios for their context. When using global datasets to identify priority locations, the TNFD cautions entities to be aware that datasets vary in quality and some may be out of date or represent information at an inappropriate spatial scale. Where more granular data is not available, the TNFD supports the use of high-level screening models to identify priority locations. However, the models used, their limitations and the assumptions made in the process should be made transparent.

The TNFD is continuing to evaluate the possible introduction of a confidence indicator, and/or criteria for users to assess the suitability of data in their circumstances, to assist both report preparers and users in the assessment and disclosure of nature-related dependencies, impacts, risks and opportunities.

## Next steps for the Taskforce

The location prioritisation criteria outlined in the TNFD beta framework and this draft guidance will continue to be reviewed and revised prior to the v1.0 release of the TNFD framework in September 2023, incorporating further feedback from market participants and knowledge partners.

22 WWF. Water Risk Filter. <https://riskfilter.org/water/home>.

23 Aqueduct. Water Risk Atlas. <https://www.wri.org/applications/aqueduct/water-risk-atlas>.

24 ENCORE. <https://encore.naturalcapital.finance/en>.

25 Stanford University. InVEST. <https://naturalcapitalproject.stanford.edu/software/invest>.

26 Toolkit for Ecosystem Service Site-Based Assessment. <http://tessa.tools/>.

27 Trase. <https://www.trase.earth/>.

28 The Nature Conservancy. 2022. Mapping Ocean Wealth. <https://oceanwealth.org/>.

29 Chaplin-Kramer, R. et al. 2023. Mapping the planet's critical natural assets. *Nat Ecol Evol* 7, 51–61. <https://doi.org/10.1038/s41559-022-01934-5>.

30 EU Business and Biodiversity Platform. 2022. Biodiversity measurement approaches for businesses and financial institutions. Thematic report: biodiversity data. [https://ec.europa.eu/environment/biodiversity/business/assets/pdf/2022/EU%20B@B%20platform%20Thematic%20Report%202022\\_FINAL.pdf](https://ec.europa.eu/environment/biodiversity/business/assets/pdf/2022/EU%20B@B%20platform%20Thematic%20Report%202022_FINAL.pdf).

31 WWF, World Bank Group and Global Canopy (2020) Geospatial ESG. The emerging application of geospatial data for gaining environmental insights on the asset, corporate and sovereign level. [https://www.wwf.org.uk/sites/default/files/2022-01/Geospatial\\_ESG\\_Report.pdf](https://www.wwf.org.uk/sites/default/files/2022-01/Geospatial_ESG_Report.pdf).

32 UNEP-WCMC and Finance for Biodiversity Initiative (2022) The Climate Nature Nexus. An investor guide to expanding from climate to nature data. [https://www.naturefinance.net/wp-content/uploads/2022/09/F4B-UNEP-WCMC-Climate-Nature-Nexus-Investor-Guide\\_FINAL\\_130422-1.pdf](https://www.naturefinance.net/wp-content/uploads/2022/09/F4B-UNEP-WCMC-Climate-Nature-Nexus-Investor-Guide_FINAL_130422-1.pdf).



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