January 31, 2025

Re: IIF's Public Comment Letter on Issues pertaining to Nature-related Transition Planning (TNFD Discussion paper on nature transition plans, GFANZ Supplemental guidance - Nature in Net-zero Transition Plans)

The Institute of International Finance (IIF) and its members, which broadly represent the global financial services industry, are pleased to provide industry perspectives on proposed approaches for nature-related transition planning and related disclosures, including the Taskforce on Nature-related Financial Disclosures (TNFD) consultation on its **Discussion Paper on Nature Transition Plans** (hereafter "the TNFD consultation"), and the Glasgow Financial Alliance for Net Zero (GFANZ) consultation on its **Supplemental guidance - Nature in Net-zero Transition Plans** (hereafter "the GFANZ Consultation").

The IIF is the global association of the financial industry, with around 400 members from more than 60 countries, including commercial and investment banks, asset managers, insurance companies, rating agencies, market infrastructure providers, and professional services firms. The IIF has developed this response through engagement with its IIF Sustainable Finance Nature Expert Group, and Sustainable Finance Policy Expert Group, which bring together experts from across our global membership. Drawing on industry positions developed in 2024, including thought leadership on the role of the private financial sector in the net zero transition,[1] and emerging issues in the field of nature-related finance,[2] this letter sets out views on current proposals on nature-related transition planning, and the consideration of nature in the context of climate transition plans.

The IIF and its members are concerned that current proposals relating to nature-related transition planning may not be able to achieve their intended objectives. This is due to conceptual, methodological, and practical issues which are described in **section one** of this letter, including:

- **The core role of financial institutions as enablers, not drivers, of economic transition**, and the need for government policies which enable nature-related real economy activity to be economically viable;
- **The suitability of the goals and targets of the Kunming-Montreal Global Biodiversity Framework (GBF) as a basis for private sector strategies**; and

[1] IIF (2024) Resetting The Debate on The Role of Private Finance in The Net-Zero Transition
[2] IIF (2024) IIF Discussion Paper on Nature Related Finance: Responding to Nature-related Risks and Opportunities

- **Conceptual differences affecting the transferability of a climate-based transition planning approach to the nature sphere,** and the potential feasibility—and market acceptance—of a pathway-based approach in the nature sphere.

Current discussion on how private sector actors could support nature-related goals reflects debate in the climate transition sphere – and there are similar challenges arising, e.g. misaligned expectations regarding the role of public and private actors, and the limits of financial sector influence on real economy decision-making. Significant focus has been placed on scaling up financial flows, with less focus on the underlying economics of transition-related investments in the real economy. To ensure a common understanding of the role of private financial institutions in supporting nature-related priorities, it is critical to recognize the vital role of government policy in making it economically viable to reduce negative impacts on natural capital. Strong policy frameworks are also needed to conserve and restore nature, through providing the long-term goals, and incentives needed to re-orient the economy.

Beyond these foundational issues, other strategic challenges affect the suitability of guidance proposed in the two consultation documents. While the initial efforts from both TNFD and GFANZ provide a helpful starting point for this discussion, and are welcomed as voluntary resources where relevant, these challenges should be considered before expectations are advanced regarding implementation. Commentary and suggestions on specific issues relevant to the two consultations are provided in **section two** of this letter.

Recognizing these challenges, **we believe the core near-term focus for corporates and financial institutions should be to strengthen understanding of nature-related risks and opportunities that may be relevant to their business strategies, identifying key issues in different thematic areas.** At the same time, governments, regulators, and policymakers must recognize that the potential impact of the private sector on nature-related goals remains largely contingent on the implementation of government policies, which are currently inadequate to achieve the goals of the GBF.

With many elements of enabling architecture for nature finance still lacking (such as policies, incentives, technologies and consumer demand) **expectations for the development and disclosure of formal, mandatory nature transition plans, or mandatory integrated plans, are premature at this stage.**[3] It is important for GFANZ and the TNFD to recognize[4] the current impediments to the development nature transition plans or integrated climate-nature transition plans, but also their suitability to drive progress on the intended objectives.

[3] The IIF recognizes that the TNFD has provided a degree of flexibility regarding what form nature transition plans could take, either as standalone nature transition plans, or integrated nature-climate transition plans.

[4] Recognizing that there is precedent for voluntary guidance relating to sustainable finance market practice being leveraged as the basis for mandatory requirements, it is important to reinforce that the guidance is voluntary and should not be used as a template for regulation..

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Effective responses to nature-related risks and opportunities require integrated approaches – which may be difficult to appropriately reflect in an individual entity's plans. The recent IPBES reports[5,6] highlight the need for transformations across a nexus of biodiversity, water, food, health and climate change issues. These reports argue that the issues need to be looked at holistically, and the transformations needed will likely be beyond the scope of a single actor to drive. As the Transformation Report puts it, "Pathways for transformative change involve diverse actors working collectively to implement integrated and purposive actions"; similarly, the Nexus assessment emphasizes that "A road map for nexus action can be used by a wide range of actors in multiple sectors to identify problems and shared values in order to work collaboratively toward solutions". The IPBES reports note that coordinated landscape-type and system-wide collaboration will be needed among policymakers, private sector entities, local communities, and other stakeholders across multiple topics. While an individual financial institution can play an important role in supporting and facilitating these collective efforts, and may be able to convey information the actions it is taking in support of its real economy clients, individual transition plans will not capture the full breadth of activities required to effectively address nature-related issues at the landscape level.

IIF members appreciate and acknowledge the significant effort that GFANZ/TNFD have dedicated to preparing their draft guidance. However, in light of the many challenges, in particular the current lack of agreement on the feasibility of a pathway-based model of nature transition planning, we believe **there is merit in 'pausing' this guidance to enable an interval period during which the foundations for transition plans could develop further,** such as including national-level policies, location-specific nature data, including state of nature data, and methodologies, **after which the approach could be re-evaluated.**

However, acknowledging the voluntary nature of the guidance, some IIF members see value in releasing materials as 'working documents', as these could support corporates and financial institutions interested in taking exploratory action, while maintaining flexibility for further updates and alignment as foundational elements mature. Under any scenario**, it is important to recognize that implementation timelines for financial institutions may need to be longer than those of other sectors,** considering that financial institutions' own plans need to draw on those developed by their clients, counterparties, and investees.

IIF members recognize that several initiatives are undertaking work in on nature-related transition planning, and **encourage further collaboration and more effective alignment**.

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[5] IPBES, December 2024. Summary for policymakers of the thematic assessment of the underlying causes of biodiversity loss and the determinants of transformative change and options for achieving the 2050 Vision for Biodiversity (transformative change assessment).

[6] IPBES, December 2024. Summary for policymakers of the thematic assessment of the interlinkages among biodiversity, water, food and health (nexus assessment) of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

1. KEY OVERARCHING CONCERNS

The global financial sector is concerned that current proposals for nature-related transition planning, which reflect the approach developed in the climate sphere, may not be fit for purpose, and may not drive meaningful progress on the intended objectives. This is due to an array of conceptual, methodological, and practical issues, described below.

1.1 The core role of financial institutions as enablers, not drivers, of economic transition

Proposals relating to nature-related transition planning are based on a un-proven premise that private financial institutions can directly and materially influence nature-positive economic outcomes, which misrepresents how financial institutions engage across the economy to support their clients.[7]

The core role of financial institutions is to enable and support their real economy clients, rather than to drive real economy activity in line with government policy goals. The success of private sector efforts to support nature-related objectives hinges on there being economically viable opportunities for such actions to take place, which financial institutions can then support – provided there is genuine demand for such financing and investment.

Experience in the net zero climate transition has shown us that the real economy responds to incentives which must themselves be aligned with the relevant goals, and that financial institutions can then support that real economy activity – this is especially acute in the nature sphere, considering that some actions to halt and reverse nature loss are not economically viable independent of government support. Government policies must not only set out clear expectations for actions to halt and reserve nature loss across geographies and economic sectors (including through policies that directly influence the geographic distribution of economic activities, so as to avoid impacts on areas of higher biodiversity value or sensitive ecosystems), but also provide incentives that enable these actions to be economically viable – especially, in sectors with high levels of impact and dependency. Targeted policy support will be required to enable conservation and restoration activities that may otherwise not have a clear investment return profile.

Creation of market demand for financial products and services is impacted by a variety of exogenous factors beyond the control of financial institutions (e.g., regulation, real economy policies and incentives, consumer preferences, technological changes, macroeconomic conditions). Disclosing information on these factors in a transition plan, or setting out financing goals or targets, does not on its own stimulate real economy demand for finance or enable financial institutions to deliver on targets or goals.

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[7] This premise reflects the 'finance-centric' theory of change advanced in the net zero transition sphere, which rests on a number of assumptions which do not fully withstand analytical scrutiny, and may require further research or reconsideration. For further information, please refer to IIF (2024) [Resetting The Debate on The Role of Private Finance in The Net-Zero Transition.]

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As such, while the private sector has a role to play, looking to financial institutions to 'drive' progress nature and biodiversity will ultimately be insufficient. Robust market signals arising from genuine demand across the real economy are crucial to enable financial institutions to take action to scale up capital in support of nature financing opportunities.

1.2 The suitability of the goals and targets of the GBF as a basis for private sector strategies

It is unclear how private sector actors can meaningfully align business strategies with high-level global goals and targets, without either: i) governments first setting national-level policies to achieve these goals, and ii) the development of an information architecture that could enable private sector actions to be assessed in the context of such goals. The proposed TNFD guidance orients around governments' GBF goals and targets and individual government's suite of national policies and measures (including NBSAPs); however, as the IIF has described, it is currently extremely challenging to see how these could serve as a suitable basis for reorienting private sector strategies in a granular manner – for instance, through the development of time-bound quantitative targets.

While the GBF provides a global-level umbrella to signal support for nature conservation and restoration, it is evident that the coordination of private sector action in support of nature-related goals is fundamentally upon national-level policy implementation and the creation of the enabling conditions for such action. As such, while many banks are already starting to understand the impacts and risks of their portfolios on nature, follow-through on national policy implementation will be required to support and enhance this work. It is important to note, however, that there are still significant implications for achieving a global view of progress. The diverse nature of the goals and targets of the GBF – in terms of focus areas, scope, structure, and indicators – affect the degree to which different national-level policies can be aggregated or judged as aligned with global goals. In response to this significant impediment, the proposed guidance calls for each company to define the transition they are responding to, which implies that different firms may be working towards unique and subjective goals and priorities. **As such, it is not clear that the resulting disclosures would be useful in assessing collective progress towards GBF goals** or with regards to comparability. Additionally, the fact that the US has not ratified the GBF may pose strategic questions for financial institutions domiciled or active in the US.[8]

1.3 Conceptual differences affecting the transferability of a climate-based transition planning approach in the nature sphere

Applying a transition plan template developed for climate and net zero transition issues to the nature sphere may not be appropriate, for a variety of reasons. Key conceptual differences mean that efforts to assess actions by the private sector to reduce impacts on nature, and reverse nature loss, may need to differ significantly from such efforts in the climate space. In

[8] While it has not ratified the treaty, the US does have policies in place which may be relevant to the goals of the GBF, including conservation and nature restoration.

the context of climate change, private sector actors can anchor their efforts to the common, global, economy-wide objectives of reducing of greenhouse gas (GHG) emissions towards time-bound goals. These strategies are often globally scalable across geographies with comparatively minimal adaptation, allowing corporates to develop uniform approaches that align with their global operations. However, it is important to note that climate transition planning is still at an early stage across the global economy, and it is too early to judge the effectiveness of climate transition plans as a tool to support decarbonization goals. Further, there are several key conceptual and scientific characteristics relating to nature loss that differ from climate change, as described below, which complicate taking the same approach and create significant conceptual challenges in evaluating how the activities of corporates and financial institutions 'contribute to' or 'align with' global goals.

The non-fungibility of impacts on nature and actions taken to address these impacts, the highly localized characteristics of nature, and the overall complexity of assessing and addressing these issues limit financial institutions' ability to take an aggregated portfolio-level approach. Given the diversity of nature across regions, nature-related impacts associated with economic activities – such as deforestation – are not fungible across regions on a like-for-like basis. For example, a tree in the Amazon Rainforest is not comparable to a tree in New York City. As a result, similar actions to reduce or mitigate the negative impacts of economic activities may have different levels of contribution (from a nature or biodiversity value perspective) in the context of global goals, depending on where they are located. This differs from climate where one ton of CO_2e has the same emissions impact, regardless of where emitted. IIF recognizes the work undertaken by TNFD to identify a suite of core global impacts and dependency metrics;. we note, however, that these metrics are more relevant for companies in the real economy compared to financial institutions, given the difficulty of identifying meaningful insights from aggregating impacts and dependencies data across financial portfolios.

Given the highly localized characteristics of nature, there is no consistent and universally applicable unit of measurement (similar to CO_2e used for GHG emissions) **to assess nature impacts and responses**. The diverse range and location-specific and context-specific (e.g., land conversion from urban to agricultural has different implications than land conversion from primary forest to agricultural) nature of the metrics needed to appropriately portray a firm's exposure to nature-related dependencies, impacts, risks, and opportunities across sectors and geographies make portfolio-level aggregation difficult and less meaningful. This variability complicates the process of analyzing portfolios to identify and assess clients' and investees' nature-related dependencies and impacts, creating significant challenges for producing timely, reliable, and comparable disclosures.

While efforts to conceptualize nature-related strategies should leverage the lessons learned from the experience with net zero transition, care needs to be taken here - especially with regards to proposals for the integration of nature-related information into formal sustainability reporting expectations or other requirements. The approach in the nature space should be more bottom-up, multi-dimensional and gradual, reflecting the complexities outlined above and in the rest of this comment letter. Considering the broad universe of nature-related issues which may affect market actors to varying degrees, it may be beneficial to focus on a specific set of priority nature-related issues which are material to high impact sectors, rather than seeking to be exhaustive at the current time.[9]

Furthermore, it is not clear that economic actors across sectors and geographies can take actions to 'transition' their business activities towards global nature-related goals in a uniform manner, similar to that which reflects the 'pathway-based' approach developed to orient, and assess, climate transition across sectors. In the climate sphere, sectoral transition pathways – which set out the range of actions required from different economic actors for sustainability-related goals to be achieved – serve a key link to connect private sector action with national policies and global goals. While these pathways may have some jurisdictional specificities, generally they apply regardless of where an organization within that sector operates – or for financial institutions, where its clients and/or investee companies are based. However, the direct transposition of a climate-based model of sectoral pathway development, aggregation, and monitoring at the global level may not be feasible or meaningful in the nature sphere. Considering that the viability of some economic activities is wholly contingent upon the use of natural capital as an economic input, firms within these sectors may face material barriers to aligning their strategies and investments with the goals of the GBF. There are indeed actions that can be taken by firms in primary sectors to transition towards less impactful activities; however, such actions may not be universally implementable across ecosystems, or in different markets and the prioritisation of transition activities should be informed by each firm's respective materiality. Achievement of GBF goals and targets may imply that some economic activities may need to be phased out or require compensatory restoration activities to be undertaken in order to be able to continue. In other cases, there may be important motivations for continuing certain types of highly impacting activities, such as mining of critical materials needed to scale up renewable energy systems, requiring trade-offs.

To be meaningful, "pathways" in the nature sphere would need to be developed nationally, regionally, or even locally and provide an integrated view on society's dependencies and impacts on nature, bridging both geographic and economic dimensions, and linking conservation and restoration goals with economic activities to achieve them. NBSAPs could provide an important foundation for this type of assessment, but those released to date indicate that significant gaps remain. However, as noted above, clarity on national-level policy goals – while critically important – will not alone create the necessary conditions for financial institutions to align their financing, investment, and insurance activities with the goals of the GBF; governments must also provide incentives that enable economic activities which support the achievement of national goals to be economically viable.

[9] For example, Sustainability-linked Blue Bonds exist already defining an initial state and a target state with measurable change progress and incentives (or policy instruments) tied to that change.

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While nature-related data and scenarios are still in nascent stages, it is not clear that progress on this front will provide solutions, or if whether there are fundamental differences that make a pathway-based approach fundamentally unsuitable in the nature space. While individual actions to reduce GHG emissions can be directly linked to global climate goals, a firm's independent nature-related actions or portfolio targets are challenging to disentangle from collective impacts. On one hand, collective contributions to address nature and biodiversity loss will be essential for reducing negative impacts. However, it is important to recognize that the ultimate impact on a given biome or ecosystem cannot be controlled by a single firm.

As noted above, for companies' responses to nature-related risks and opportunities to be effective, they will need to consider a broad array of actions across public and private sectors – as such, it will be extremely difficult for any single entity's transition plan to fully capture the breadth and depth of transition actions at a landscape level, considering the need for coordinated actions across multiple stakeholder groups, in a localized manner. Whilst it is important to address complexities of nature transition as soon as practicable, we perceive that integrated, landscape-level policy frameworks, which are currently underdeveloped in most jurisdictions, would be the most effective tool to facilitate signals to business on the types of actions needed.

2. KEY ISSUES RELATING TO TOPICS ADDRESS IN THE CONSULTATIONS

The IIF and its members perceive that there are a number of key strategic and methodological issues, and process challenges associated with current proposals relating to nature-related transition planning.

Firstly, it is necessary to acknowledge that different jurisdictions and pursuing different approaches to nature-related priorities and are at varying degrees of maturity. Recognizing this, financial institutions may need to take a different strategic approach in the nature sphere, resulting in different disclosures, which focus more on actions taken to support companies in their efforts to reduce and build resilience to nature-related impacts – as opposed to a quantitative 'alignment' approach focused on transition pathways.

Considering that expectations on financial institutions relating to nature-related financing activities are proliferating, **it is critical that any market-based guidance developed for corporates or financial institutions appropriately considers the role of the financial sector, the necessary prerequisites to drive progress on nature-related goals, and the boundaries of disclosures and their uses**, in order to avert the risk of misaligned and counterproductive expectations which do not reflect market or policy realities.

Financial institutions face unique challenges, and many of TNFD/GFANZ's proposals are premature given the absence of a unified view on the range of actions needed to achieve coherent goals. **A more patient and measured approach to developing guidance for the financial sector may be warranted.** TNFD/GFANZ's proposed ambition and expected pace of action currently precede the data, modelling, technology, and government policy needed to support the objectives put forth and risk undermining the investment needed to achieve any material or meaningful impact.

GFANZ and TNFD should make clear that the proposed guidance is intended as a voluntary resource, and is not an appropriate template for regulation. While these may be helpful voluntary resources for some firms, there are significant conceptual and technical issues and the frameworks are not fit for purpose for regulatory requirements. Both TNFD and GFANZ should take care to frame their guidance as a voluntary resource for companies and financial institutions for which it is relevant and useful. It should not be looked to as a template for regulatory requirements given the variety of challenges as described here. There needs to be flexibility to enable financial institutions to take an approach which suits their business model, is focused on what is material to each financial institution and also reflects any disclosure requirements in their jurisdiction which are focused on specific sustainability issues (e.g., climate change), under which an approach of integrated transition plan disclosure may not be appropriate or which prevent firms from building the capacity for nature-specific approaches.

As mentioned above, it is of critical importance that governments develop and implement suitably ambitious policies to halt and reverse nature loss, which have meaningful impacts on the economics of such activities. **In addition to clearly stating the voluntary nature of the guidance, and its unsuitability for regulatory use, we would encourage GFANZ and TNFD to call on governments to recognize that viability of financial institutions' efforts to support nature-related goals is contingent upon government policies being appropriately structured, suitability ambitious, and effectively designed.** It may be valuable for GFANZ and TNFD to direct efforts towards encouraging governments and policymakers to establish the foundational conditions needed for meaningful change and action.

2.1 Strategic and methodological issues

The proposed transition planning guidance for financial institutions ties to four categories of transition finance that are labeled as financing strategies, potentially placing greater emphasis on the financial sector's influence than is warranted and overlooking the role of broader market conditions in shaping real economy outcomes. Transition finance categories can serve as means of categorizing real economy activity being financed. By characterizing these categories as strategies and by encouraging financial institutions to determine and disclose prioritization and targets, the guidance potentially implies that financial institutions have the ability to drive this financing activity (and therefore real economy activity), including by simply stating it in a transition plan. However, classification and disclosure of financial flows will not unlock real economy activity (or finance for that real economy activity). Financial institutions finance real economy activity, and while financial institutions can, to a certain degree, influence demand through client engagement and raising awareness of available solutions, financing ultimately depends on demand from the real economy. Categorization of transition finance flows does not impact the underlying conditions that are necessary in order for companies to pursue transition-related activities (and therefore stimulate demand for finance).

The proposed application of transition financing categories (e.g., managed phase-out) may not be relevant for nature-related sectors, recognizing the significance of such sectors to national economies, and the impossibility of a full transition away from certain sectors which rely on nature as a primary source of value. While TNFD guidance focuses on addressing specific harmful activities within these sectors by implementing controls, (such as policies targeting the most damaging types of fertilizers or certain mining processes), challenges remain with the definition of the four categories of transition finance activities, including overlaps between the four categories and the need for subjective judgment when assigning activity to these classifications, which create potential issues regarding transparency, comparability, and perceived greenwashing. Actions to support nature-related priorities will differ significantly across the economy, depending on a firm's business model, local market context, and its dependencies and impacts, and such actions may have indirect impacts on nature-related goals, either at national or global levels. These actions will require different combinations of financial products and services, meaning that 'what good looks like' in terms of strategy alignment and capital allocation in support of nature will vary between financial institutions, depending on their business models and active markets. Rather than stringent classifications into defined categories, efforts to finance different types of economic activity in support of nature – from reducing impacts through restoration – should be considered as valid.

Tradeoffs between climate and nature priorities (e.g., renewable energy production and nature-related dependencies and impacts) can pose challenges for private sector action, recognizing that these objectives may be competing or contrary. Climate-positive actions are not necessarily nature-positive and can inadvertently harm nature – for example, the mining of minerals and metals necessary for clean energy technologies, such as batteries and solar panels, can lead to significant environmental degradation and biodiversity loss. Nature-based solutions can provide effective climate mitigation and adaptation benefits while also delivering co-benefits for nature conservation, yet this is not always the case. At present, there are significant gaps that affect the capacity of financial institutions to assess how nature-climate interactions may affect risk profiles or business opportunities. It is not clear how such issues could potentially be treated in the context of disclosures, either in terms of a nature transition plan, a net zero transition plan (considering nature-related issues), or an integrated plan. Companies and financial institutions will require time to better understand how these issues manifest and interact within their portfolios.

The lack of consistency in governments' approaches to nature-related issues, and fragmentation in policy frameworks, supervisory expectations and enforcement, can lead to **cost disadvantages for companies taking action to develop and implement transition plans**. While we recognize there is a trade-off between the short-term impacts of action and the longer-term costs of inaction, this disparity has become evident in the climate space and may be more impactful with regard to nature, where relevance and impacts are even more localized and are likely to affect certain companies more than others depending on where they operate. These trade-offs can complicate the process to develop policies. Other issues, such as considering the social impacts of action to address climate and nature priorities through a 'just transition' lens,[10] and ensuring proportionality to avoid undue impact on SMEs, should also be considered.

2.2 The feasibility of expectations regarding integrated transition planning

Expectations regarding the development of integrated climate and nature transition plans are premature. There are aspects of climate and nature that are interconnected and may be relevant as firms think about navigating risks and opportunities related to climate change and nature loss and how this informs their business strategies. An approach which assesses the implications of climate-related actions for nature-related impacts and dependencies, and vice-versa, could help inform analysis of tradeoffs between the two priorities. However, recognizing the significant conceptual and methodological differences between climate transition planning and nature, as well as the potential to integrate other sustainability issues (e.g., social issues) in a consistent manner, it is premature to create expectations regarding integration. These could risk conflating different objectives and may lead to misaligned priorities.

More broadly, IIF members are concerned that highly prescriptive requirements for both climate-related and nature-related transition planning could effectively result in expectations for financial institutions to develop similar strategic responses to these issues. Financial institutions globally operate in various geographies and complex markets, with different business models, client bases, and unique considerations. Prescriptive requirements around transition planning – in either the climate or nature sphere – fail to account for these differences, and risk constraining financial institutions' ability to support real economy activities.

The short timelines over which financial institutions may be expected to develop nature transition plans as set out by the TNFD and GFANZ are misaligned with the current state of global and government policies. The current lack of multilateral agreement within the GBF (including on topics relating to finance), may affect the speed and scale of policy development and implementation by governments, and thus restrict the usefulness of the proposed disclosures.

IIF members recognize the effort that the TNFD and GFANZ have applied in trying to provide initial perspectives on how to approach an extremely complex issue from a business perspective. These efforts are a valuable starting point and reflect a genuine commitment to help catalyze discussion on what aspects of nature-related risk and opportunity could be meaningfully explored in the context of business strategy. However, as described above, IIF members recognize that there is an array of significant challenges that complicate efforts to

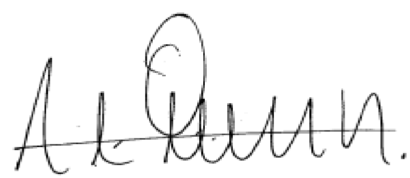
[10] It is important for governments to engage with industry groups to discuss how managing impacts and maximizing opportunities can be operationalized and delivered in practice together with consideration of nature in transition planning.

develop nature transition plans, that provide meaningful information to investors and other stakeholders, such as the need for clarity on national implementation plans and enabling incentives in order to drive progress on nature-related goals, and to appropriately characterize the role of the financial sector.

As such, we consider there may be merit in 'pausing' this guidance or releasing these voluntary guidance papers as "working documents" allowing progress to be made by other actors on fundamental elements (including national-level policies, methodologies, and data). Under any scenario**, it is important to recognize that implementation timelines for financial institutions will differ from those of other sectors,** considering that financial institutions' own plans necessarily need to draw on those developed by their clients, counterparties, and investees.

Thank you for your consideration of these comments. On behalf of the IIF membership, we hope that you will find our comments useful and constructive. If you have any questions, please feel free to contact Sonja Gibbs (sgibbs@iif.com) or Andrés Portilla (aportilla@iif.com).

Yours sincerely,



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