

Over 320 Organizations Commit to Nature-related Financial Disclosures with TNFD Recommendations

On January 16, 2024, the Taskforce on Nature-related Financial Disclosures (TNFD) [announced](#) at the Annual Meeting of the World Economic Forum that 320 organizations from over 46 countries committed to making nature-related disclosures based on the TNFD Recommendations.

These commitments are a clear signal of the increasing recognition by investors, lenders, insurers and companies of the importance of addressing both nature and climate as risks and opportunities. The TNFD corporate reporting recommendations on nature-related issues were released in September 2023 and consist of 14 recommended disclosures following the Taskforce on Climate-related Financial Disclosures Structure. The recommended disclosures align with global biodiversity goals outlined in the Kunming-Montreal Global Biodiversity Framework and are consistent with the new IFRS S1 and S2 sustainability reporting standards, along with other existing nature and biodiversity impact reporting standards from the GRI.

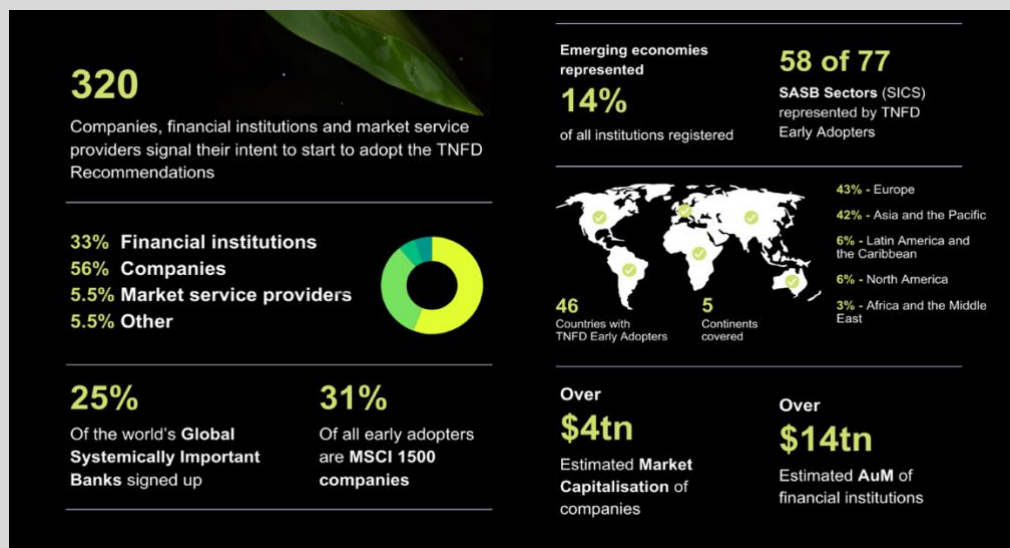


Figure 1: TNFD Early Adopters Statistics

Sustainability Competence Gap: Only 2% of Fortune 500 Companies Can be Deemed as Sustainability Leaders

Concerningly few boards have been found to have sustainability-related experience, according to a [review](#) conducted by [Competent Boards](#) and the [Copenhagen Business School](#) of US and European Fortune 500 companies. Only 2% of these businesses were evaluated as "beacons of progress" due to their boards' outstanding sustainability competency. More than 4% of boards evaluated show no sign of proficiency or competence in this critical area. The study surprisingly shows that US boards are slightly better prepared to tackle sustainability challenges compared to their European peers.



Figure 2: Key Findings from the Assessment

FRC Unveils Updates to UK Corporate Governance Code

On January 22, 2024, the [Financial Reporting Council](#) (FRC) [announced](#) key revisions to the [UK Corporate Governance Code](#). These changes are explicitly intended to elevate the transparency and accountability of UK companies. A central focus of the changes is on internal controls, with boards required to monitor the company's risk management and internal control framework and provide related declarations in the annual report. A second change is its removal of the list of specific diversity characteristics, leaving it to companies to compose their own 'wide-ranging' diversity policies specific to their own unique organizational needs. New provisions require directors' contracts to include malus and clawback, and companies must describe these provisions in the annual report. The revised code will come into effect on January 1, 2025, with board declarations on internal controls starting from January 1, 2026. To guide companies through this update, the FRC will publish a digitally accessible guideline on January 29 and lead a [webinar](#) on internal controls on January 30.