



Taskforce on Nature-related
Financial Disclosures

The Growing Importance of Nature-related Risks

Presentation to IFC SBFN

3 October 2022

Nature is Now a Global CEO Strategic Priority

“Identify the most severe risks on a global scale over the next 10 years”

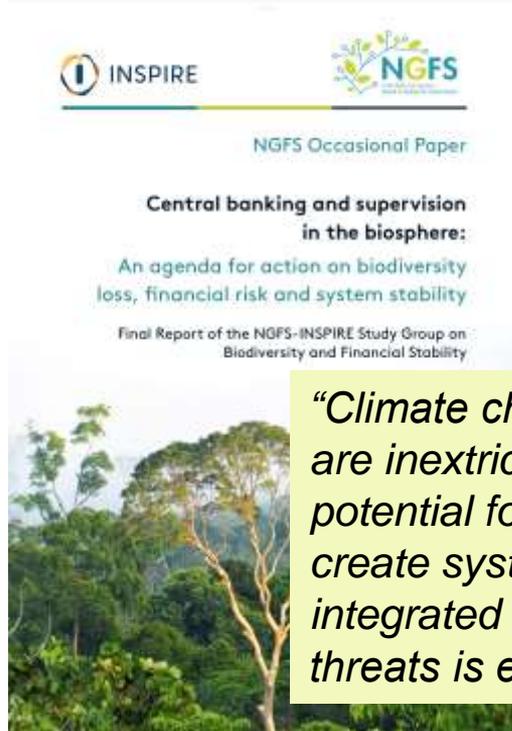
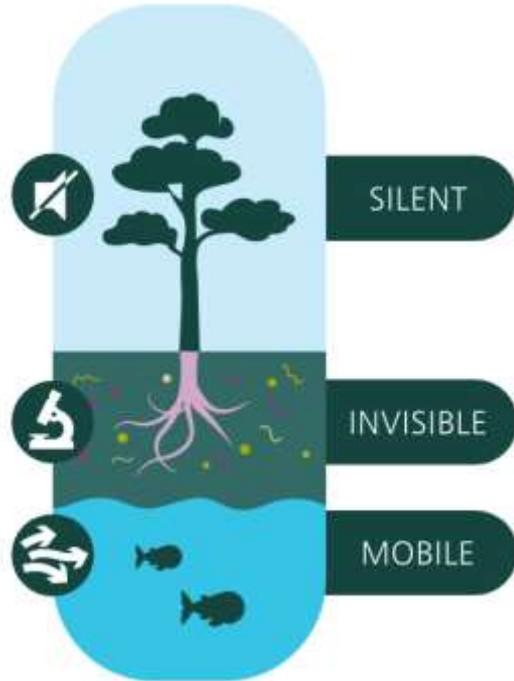
■ Economic
 ■ Environmental
 ■ Geopolitical
 ■ Societal
 ■ Technological



Source: World Economic Forum Global Risks Perception Survey 2021-2022

Recognised as a Systemic Risk by Central Banks

The features of Nature elevate the exposure of business, finance and society to hidden downside risk



“Climate change and biodiversity are inextricably linked, creating the potential for risks to compound and create systemic dislocations: an integrated approach to these twin threats is essential”.

Nature-risks – Everywhere and Increasingly Frequent



Steve Delaney/IST

Climate change [+ Add to myFT](#)

Wildfires destroy almost all forest carbon offsets in 100-year reserve, study says

Carbon released by US forests burnt in recent blazes expected to wipe out most of the buffer in Californian trading system

'We worry about it disappearing': alarm grows over Italy's drought-hit Po River

Drought blighting country's longest waterway continues as economic hub battles climate crisis.



of the River Po in Bozzetto, Italy. Photograph: Piero



Housing buyback details for Northern Rivers flood zone expected in weeks

ABC North Coast / By flood recovery reporter Bruce MacKenzie

Posted Fri 15 Jul 2022 at 9:44pm



How heatwaves are creating a pollen crisis

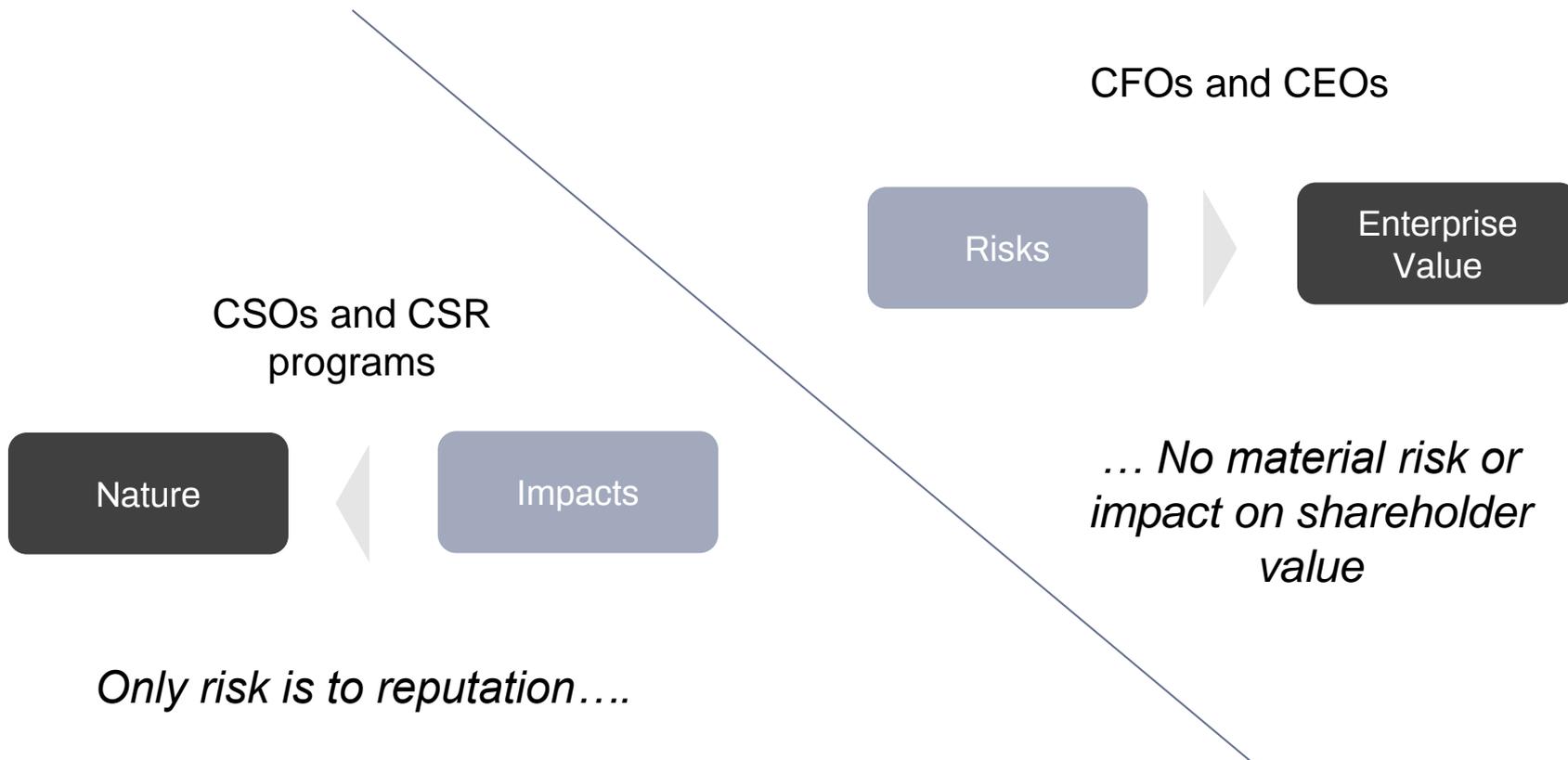
We're still trying to get on top of the climate change issues and disclosures....

We'll get to nature in a few years...

We don't have to worry about nature risk....

We are not in Agriculture, Forestry or Fishing

The Old Conversation About Nature and Business



What Happens When Nature-risks Materialise

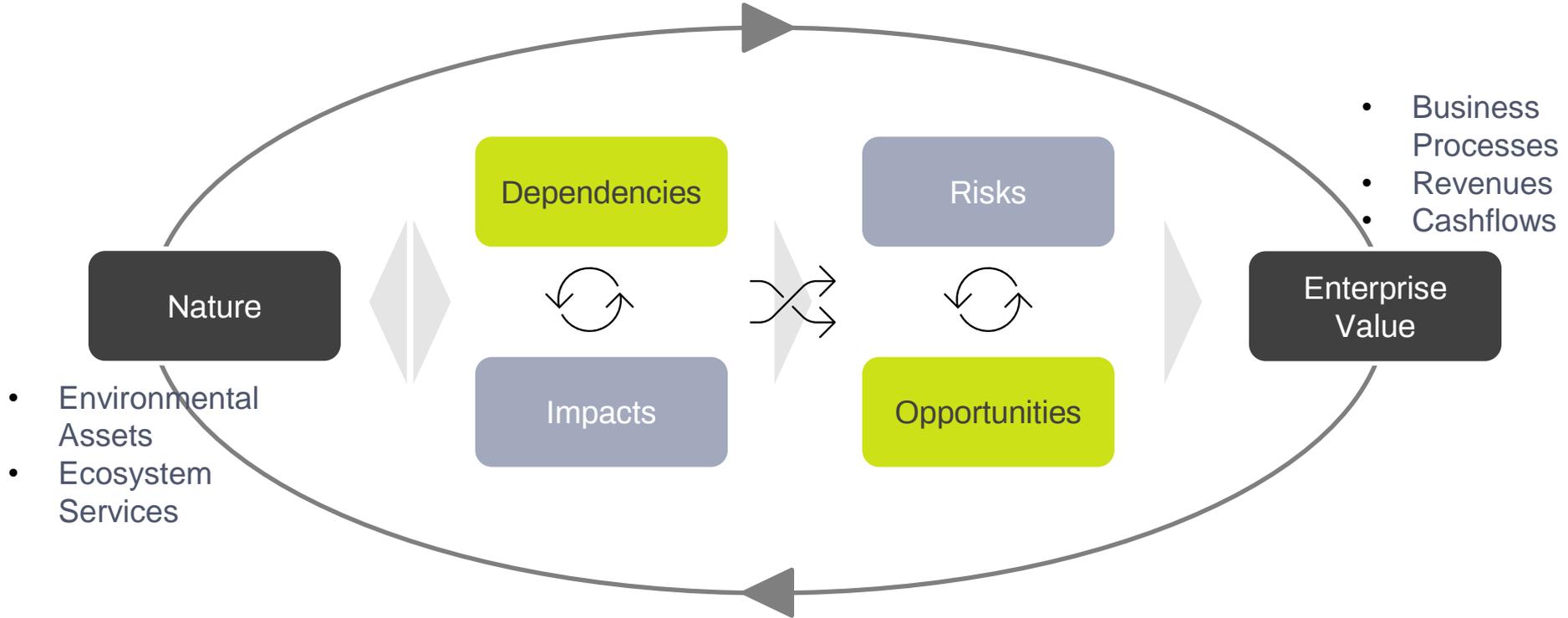
Pacific Gas & Electricity Corp. (PCE)

The biggest utility in the biggest state of the USA



- ✓ Dependence on Nature
- ✓ Physical Risk
- ✓ Transition & Regulatory Risk.
- ✓ Systemic Risk
- ✓ Consequences:
 - Biggest utility Chapter 11
 - Guilty plea / \$13.5bn settlement
 - Share price
 - Credit rating
 - ~ \$40bn abatement/mitigation capex
 - CEO tenure

The New Conversation We Should be Having



NET ZERO + NATURE POSITIVE

- Nature-risk is Now - physical, transition and systemic risk
- Momentum behind integrated (climate+nature) disclosure is moving quickly
- Nature as our best ally – biggest contributor to the Net Zero transition
- Invest in Nature like Infrastructure
- Data & Metrics are a Challenge – but not an obstacle or barrier to action



About TNFD

To develop and deliver a **risk management and disclosure framework** for organisations to report and act on evolving nature-related risks and opportunities, with the aim of supporting **a shift in global financial flows** away from nature-negative outcomes and toward nature-positive outcomes.

- **Market-led**
- **Open Innovation approach**
- **Government-supported** – G7 & G20 support
- **Science-based**
- **Integrative framework** - not a specific disclosure standard
- **Voluntary market adoption**



A Global, Market-led Initiative

34

**Taskforce
Members**

Representing over
US\$19 trillion AUM globally
and across sectors

650+

**TNFD Forum
Institutions**

Representing global, national
and local expertise across
40 countries & territories

16

**Knowledge
Partners**

The world's leading science,
policy & standards-setting
institutions

30,000

**Views of the Draft
Framework**

From interested stakeholder
in 70+ countries & territories
across 5 continents

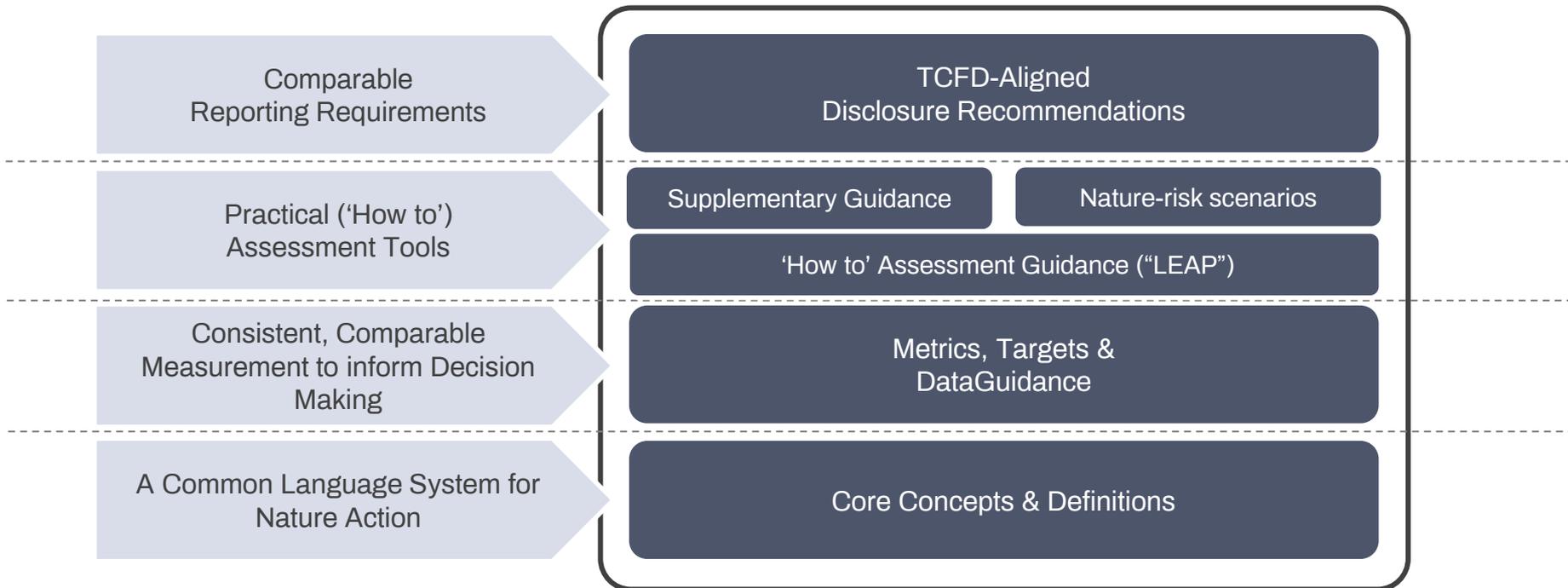
22K

**LinkedIn
Followers**

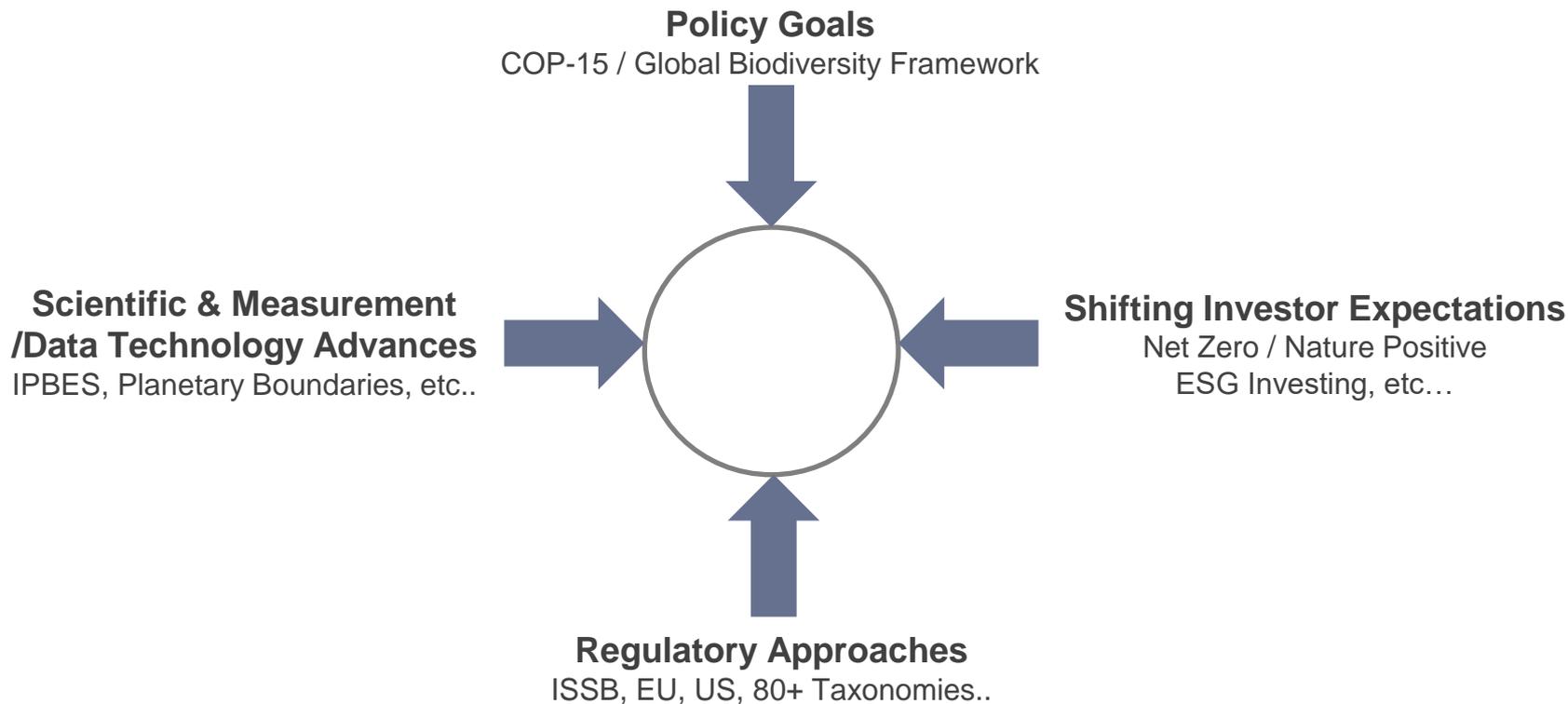
Compared to 23k
TCFD LinkedIn
followers



What is the TNFD Framework?



Rapid Development in a Dynamic Environment



The Metrics Challenge – Tensions to Manage

Complexity of
the science



Market need for
clarity, simplicity
& comparability

Flexibility to
accommodate
different jurisdictional
approaches
(ISSB, EU, US, etc...)



Prescriptiveness
of metrics and
guidance

TNFD Priorities Ahead

- Pilot Testing, including with DFIs globally
- Metrics - Assessment and Disclosure
- Scenarios
- Value at Risk
- Additional guidance – sector & biome considerations

