

# NATURE RISK IS EVERYONE'S BUSINESS

Risk management is the cornerstone of any successful business. But few businesses understand their exposure to risk from nature loss. A new assessment and disclosure tool aims to change that.

By Natasha Santos and Tony Goldner

The Taskforce on Nature-related Financial Disclosures (TNFD) helps business and finance to recognize and respond to nature-related risks while shifting efforts toward nature-positive outcomes. Additionally, the TNFD is committed to developing science-based targets for nature that will also support lower-cost implementations as metrics, data and tools improve over time.

In this Q&A, Natasha Santos of Bayer Crop Science speaks with Tony Goldner, CEO of the TNFD, about what the new tool means for the future of business and nature.



**NATASHA SANTOS**  
is VP, Head of Global Stakeholders Affairs & Strategic Partnerships at Bayer Crop Science and an industry leader transforming the future of sustainable agriculture.



**TONY GOLDNER**  
is Executive Director of the TNFD, a multi-disciplinary expert delivering innovative solutions for global development at the intersection of business, government and finance.

## What problems does the TNFD intend to solve?

The TNFD seeks to accomplish two things. The first is to help tackle the global challenge of nature loss. Nature is the foundation on which our economies are built – and if nature disappears, so does our economy. The second is to make business and finance more resilient in the face of their dependencies on nature. As nature loss accelerates, business and finance are increasingly exposed to nature-related risks.

With disclosure of these risks, investors will have more information about which companies are exposed to nature risk and be able to make better decisions around how to deploy their capital. And if we can shift the flow of capital to better outcomes for nature, we should be able to contribute to tackling nature loss.

## What steps does a business take in the TNFD process?

We're providing a set of disclosure recommendations that companies should disclose to investors. To do so means being able to identify and assess nature-related issues across four areas: their impact on nature; dependency on nature; risks to the company; and opportunities for the company.

Alongside the disclosure recommendations, we offer guidance on how to do the assessment work, which is essentially a risk management process. The goal of the TNFD is to make nature another aspect of prudent risk management by companies.

On the flip side, addressing nature can create new growth opportunities for companies through new products or services that can contribute to nature-positive outcomes.

## How does the TNFD improve our understanding of nature-related risk and help companies from all sectors make more informed decisions?

Today, business models treat nature as an endless supplier of free resources. For example, we don't price in the clean water we use that serve our agricultural systems. By getting companies to understand their dependencies on nature, we can get them to recognize related risks. And companies are very good at assessing and pricing risk. That can help companies make better decisions to manage risk, which is in the interest of investors and finance.

## Let's talk about building consensus. What does TNFD do to help align our collective interests regarding nature risk?

As we worked on the design and development of the recommendations, we recognized that the idea of nature risk is a new concept. We've had to think carefully about how we present the complexity of nature, and we think a natural capital approach is a sensible way for business and finance to relate to nature.

We've built the recommendations in an open innovation approach, with participants able to provide feedback on multiple draft versions. We've also had a lot of interest from government, civil society and Indigenous peoples and communities, all of whom have provided input into the process. It's been a huge learning experience, but a very rewarding one.

## How might an agribusiness company employ TNFD in its operations?

We had over 200 companies pilot the draft TNFD. To understand their impacts and dependencies meant collecting a range of data about the state of nature specific to their locations. A grain grower, for example, might impact a location through pesticides that can affect soil and water quality.

Our view is that impacts and dependencies are symbiotic: your impacts today can amplify your dependencies tomorrow. So, it's important that agricultural companies understand the linkages between impacts and dependencies.

## How is the TNFD modeled to account for different geographic, ecosystem and business contexts?

Nature is very location-specific, and your risks will depend on what ecosystem you're in. There are also significant differences by sector, because different business models are exposed to nature in different ways. To ensure the flexibility of the TNFD, we're publishing guidance for specific sectors and different types of ecosystems. These supplements will help adapt the TNFD to meet the needs of, say, an agribusiness company working in tropical rainforest or an energy company working in grasslands.

Of course, every business model is unique. The purpose of the guidance is to ensure companies are asking themselves the right questions about nature-related risks and how to best manage them.

## Why is the TNFD framework the right way forward for plotting sustainable outcomes at the intersection of business, agriculture and nature?

What we've tried to do in developing the TNFD is not start with a blank piece of paper: instead we build on the wealth of tools and ideas that preceded it. We've leveraged a lot of work that's already been done and synthesized it into an integrated framework. Ultimately, the flexibility of the TNFD will allow companies in all sectors to better understand and address nature-related risks, improving outcomes for business and nature.

### BAYER'S VIEW ON THE TNFD FRAMEWORK

At Bayer, we've long embraced new tools that improve outcomes for our business, people, and the planet. The TNFD helps us understand and respond to nature-related risks and opportunities across our operations, allowing us to focus sustainability investments on our most material risks. As uptake of the TNFD expands and the disclosure of non-financial data and respective metrics continues to grow, we anticipate managing this new framework in a more and more cost-effective way.