



Asking Better Questions on Nature

For board directors



Taskforce on Nature-related
Financial Disclosures

In partnership with



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Nature as a core business issue and a director's duty

The accelerating rate of nature loss across the world is now exposing business and society to significant, and increasing, financial and operational risks.

Across sectors and regions, companies are seeing that their share price, credit ratings, and market capitalisation are coming under pressure from an array of nature-related issues, such as air pollution, freshwater shortages, deforestation and microplastics. Demand from governments, investors and consumers to halt and reverse nature loss also creates commercial opportunities.

Yet, most businesses today are inadequately accounting for these risks and opportunities in their governance, strategy, risk management and capital allocation decisions.


In short, the resilience of your business depends on the resilience of nature. For boards, it is key to understand the extent and severity of those nature-related issues for your company. This includes where they are in the business, and how they can best be managed.

How is your business exposed to nature-related risks and opportunities? In any business model, nature provides a flow of inputs – known as ecosystem services (see box, [p.4](#)) – that contribute to value-generating activities across the organisation and its value chain. Agriculture and food system businesses depend on healthy soils and on pollinators like bees to support crop production. Manufacturing of semiconductor chips depends on freshwater free from contaminants. A bank providing loans to companies across a range of industries depends on the nature these businesses rely upon.

A business can also impact on nature. For example, the semiconductor business may be extracting freshwater, depleting the groundwater. Agriculture businesses may use pesticides that contribute to the decline in the insect population. These impacts on nature create risks for the company (and reducing the impacts can create commercial opportunities).

While companies across all sectors have always depended and impacted on nature in this way, nature is deteriorating globally, with biodiversity declining faster than at any time in human history.

As a result, nature-related regulatory scrutiny, litigation risk and investor action are also growing rapidly. Nature-related issues are now a strategic business concern, as well as an operational one.



In short, the resilience of your *business* depends on the resilience of *nature*.

As a result of the increasing frequency and extent of nature-related risks and opportunities, directors' duties have been shown to encompass the identification and management of nature-related issues.³ As a board member, managing your organisation's dependencies and impacts on nature is part of your core legal duties to exercise loyalty, care and diligence. Moreover, it is part of your role of driving forward a company strategy that ensures the long-term financial viability of the organisation.

As with other complex and fast-moving issues like artificial intelligence and cybersecurity, managing nature-related issues – including but going beyond climate change – requires board members to regularly ask management for information on their approach to managing nature-related dependencies, impacts, risks and opportunities, while building their own board knowledge about nature-related issues.

Asking better questions is not only essential to identifying the nature-related issues, but can play a critical role in creating accountability across the business and help to reduce biased decision-making in the boardroom.

Defining nature



Nature consists of four realms: land, freshwater, ocean and atmosphere. Climate is a subset of nature, considered part of the atmosphere realm.¹

Ecosystem services, the contributions of ecosystems to the benefits that are used in economic and other human activity, can be divided into:

- Provisioning services (for example, water supply, genetic material and biomass provision);
- Regulating and maintenance services (like flood mitigation, pollination and global climate system regulation); and
- Cultural services (like recreational and spiritual services).²

For a primer on more nature-related definitions, explore the [TNFD recommendations](#), section 2 on Foundations for understanding nature and business.

What is the Taskforce on Nature-related Financial Disclosures (TNFD)?

TNFD is a global, market-led, science-based and government-supported initiative to help companies and financial institutions factor nature into corporate decision-making. The Taskforce consists of 40 senior executives from companies and financial institutions globally representing over USD 20 trillion in assets under management with operations and value chains in over 180 countries.

How to use this guide

This 'Asking Better Questions on Nature' guide is designed to help board members surface the decision-useful information they need to ensure that nature-related issues are being appropriately incorporated into the company's governance, strategy, risk management and capital allocation decision making.

The guide is structured around a short list of questions that you might wish to consider at board meetings and ask company executives, and the sort of information that you should expect from the corresponding answers. They have been identified by the TNFD and its partner organisations based on discussions with experienced executive and non-executive board directors of leading organisations that are already considering climate- and nature-related issues.

QUESTION 01

How and where does our business depend and impact on nature?

Why ask?



Fulfilling your director's duties to manage your organisation's nature-related issues starts with pinpointing *how* the business relies on nature's services and *how* it impacts on nature, and *where* this is happening.⁴ Identifying the geographic locations of your company's interfaces with nature, including across your value chains, is essential. Nature in one location differs from nature in another location, which means the same dependency or impact on nature in location A can create different risks and opportunities to your business than if it was occurring in location B.⁵

Guidance and tools exist to support mapping of dependencies and impacts for your company. As a starting point, the TNFD provides sector-specific guidance that sets out dependencies and impacts by sector.

What to look for in management's response

Location-specificity

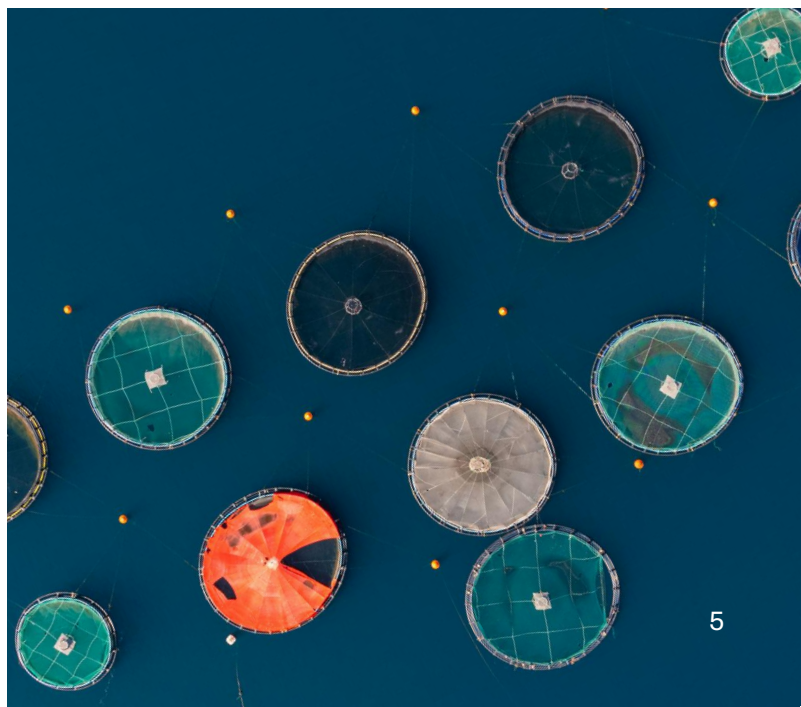
Consider whether management provides information about the location of the company's nature-related dependencies and impacts, including insights about any particular concentration in a specific location. This information is typically most useful as a map, leveraging geospatial data. In some cases, your nature-related issues will cover multiple ecosystems and locations, as both nature and impact drivers can be mobile – for example, in the case of migratory species or the spread of pollutants.⁶

Interactions over time

A robust mapping should consider both current and potential future dependencies and impacts. Dependencies and impacts can interact and compound over time, as negative impacts undermine the availability of ecosystem services on which organisations may also depend (and conversely, positive impacts may improve ecosystem functioning and reduce the organisation's own dependencies in that location).⁷ Consider whether your organisation's analysis looks across time horizons and considers the dynamic interaction between dependencies and impacts.

Negative and positive impacts

Impacts on nature can be both negative (degradation) and positive (enhancement). Look for insights about both negative and positive impacts your organisation could be having on nature in specific locations of interest.



QUESTION 02

How do our dependencies and impacts on nature give rise to potential financial and non-financial risks?

The TNFD's LEAP assessment guidance can help organisations and boards work through a stepwise process to identify potential risks.



Why ask?



Dependencies and impacts on nature from your organisation's current and future operations both pose sources of risk for your business, your shareholders and stakeholders. For example, a mining company highly dependent on purified freshwater is exposed to financial risks if the supply of water becomes diminished or disrupted. An aquaculture company that has a negative impact on the marine ecosystem by releasing waste, chemicals or medicines is exposed to reputational risk, which can materialise through channels such as adverse media, consumer product boycotts, loss of brand loyalty, regulatory action and increased risk of litigation.

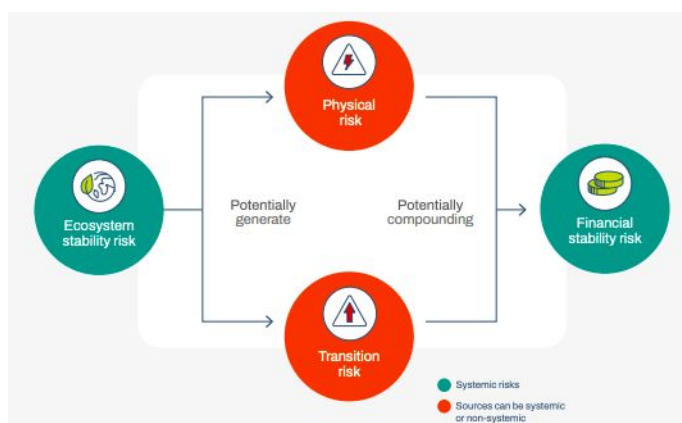
Considering potential risks arising in the medium and long term is essential. However, already in the near-term time horizon nature-related risks can lead to material adverse impacts on the organisation's current and future financial prospects.

What to look for in management's response

Types of risk

Nature-related risks can be divided into physical risk, transition risk and systemic risk.⁸ Boards should be equipped with a list of these three types of potential nature-related risks to the organisation, and a proposed incorporation of these into the organisation's risk matrix.

Figure: Types of nature-related risks and their interplay



Concentrations of potential risks

Consider whether management provides insights about any particularly significant risks, or areas of risk concentration within specific business operations and assets, geographies, revenue lines and cashflow, and capital expenditure.

Prioritisation criteria

Your organisation will likely already have criteria for assessment and prioritisation of potential risks. As your organisation begins to incorporate nature into its existing enterprise risk management processes (or portfolio risk management frameworks in the case of financial institutions), look for evidence that management has considered the following prioritisation criteria: magnitude of risks and opportunities, likelihood of risks and opportunities, vulnerability, speed of onset, severity of impacts on nature (including scale and scope for positive impacts), implications for society of those nature impacts.⁹ Consider regular stress-testing or scenario-testing of these prioritisation criteria, given that nature-related risks are fast-evolving.

QUESTION 03

How do our dependencies and impacts on nature generate potential opportunities for the organisation?

Why ask?



Every business should consider efforts to improve the resilience of nature, particularly in the locations where it has key dependencies and impacts on nature. Increasing the resilience of nature, and therefore your organisation's future business resilience, should include both reducing negative impacts on nature and contributing positively to nature's restoration through activities such as conservation and regeneration. Avoiding or reducing negative impacts on nature, or contributing to the regeneration of nature through business innovation, may present commercial opportunities.

It is equally important that directors consider nature-related commercial opportunities as well as risks.¹⁰

What to look for in management's response

Types of opportunities

Nature-related opportunities can be divided into two main categories:

- i) Avoiding, reducing, mitigating or managing nature-related risks. For example, a chemicals company may implement production processes that use less water.
- ii) Strategic transformation of business models, products, services, markets and investments that actively work to halt or reverse the loss of nature. For example, the same chemicals company can develop sustainable agrochemical innovations for fertilisers that results in access to new markets and increased revenues. Look for identification and evaluation of both types of nature-related opportunities.

Integration with existing business processes

As with nature-related risks, potential nature-related opportunities should be integrated into existing business processes for identifying and evaluating commercial opportunities. Look for evidence that management is considering nature-related opportunities at the heart of the business and its core processes rather than seeing these as corporate social responsibility initiatives.

Nature positive: A global goal

Nature positive is a global societal goal defined as 'halt and reverse nature loss by 2030 on a 2020 baseline, and achieve full recovery by 2050'.¹¹

The goal is intended to be the nature equivalent of the global climate target of keeping global warming below 1.5°C. Originally put forward by the Nature Positive Initiative,¹² the world's governments adopted the Kunming-Montreal Global Biodiversity Framework in 2022, which aligns with this ambition by committing to halt and reverse biodiversity loss by 2030.

Nature positive is not a term that applies at the level of individual businesses, products or services. Like with the global climate target of limiting warming to 1.5°C, individual businesses can speak to 'aligning with' nature positive by demonstrating their sufficient contribution to a nature-positive outcome at a global level.

QUESTION 04

What is the interplay between our nature- and climate-related dependencies, impacts, risks and opportunities?

Why ask?



While boards have built significant competence over the last decade around the science and commercial implications of climate change, our planetary systems are deeply interconnected and require an integrated approach across all four realms of nature – atmosphere, land, oceans and freshwater. Climate change is identified by scientists as one of the five drivers of nature change, alongside land / freshwater / ocean use change, resource use / replenishment, pollution / pollution removal and invasive alien species introduction / removal. These other drivers of potential risk and opportunity to business are currently invisible to most organisations. This leaves potential risks to revenues, cashflows and balance sheets unattended to, and potential commercial opportunities not realised.

The imperative for companies now is to broaden the aperture of their understanding of climate-related risks and opportunities to incorporate nature-related issues beyond greenhouse gas emissions. Directors' duties span both climate^{13,14} and nature-related issues, and they need to be understood and managed in an integrated fashion.



What to look for in management's response

Consideration of the relevance of nature to climate risk and opportunity assessments

Look for evidence that management is reconsidering any previous assessments of your company's exposure to physical climate risk and assessing how nature loss may exacerbate this risk and, conversely, how the pursuit of nature-based solutions could help mitigate assessed physical climate risk.¹⁵ If you have not yet completed climate risk and opportunity assessments, ensure nature is integrated from the beginning.

Identification of new commercial opportunities, embracing nature as an ally

Look for evidence that management is considering new opportunities that create value both for the organisation and for nature, climate and society as a whole. This can include nature-based solutions and new technologies, like agricultural companies employing new regenerative agricultural solutions, or energy companies developing offshore wind farms with artificial reefs.¹⁶

QUESTION 05

How are we assessing and measuring our potentially material nature-related issues across different time horizons? What data are we using and generating?

Why ask?



The concept of materiality sits at the centre of your director's duty to manage nature-related issues. Different organisations take different approaches to materiality for nature-related issues based on applicable regulatory requirements, the vision and values of the organisation and the informational demands of their shareholders. Managing *material* nature-related risks and opportunities requires a robust assessment process for determining the potential financial implications of the dependencies, impacts, risks and opportunities your organisation has identified.

Identifying and measuring select qualitative and quantitative indicators over time is an essential foundational step to enable you to assess, evaluate and manage nature-related risks. Documenting this process can provide evidence that your decision-making was robust and help demonstrate that you are fulfilling your director's duties.¹⁷ The TNFD guidance provides both a recommended assessment methodology – the LEAP approach – and a recommended set of metrics for both assessment and disclosure.

While board members will typically want to see a quantification of key nature-related risks and opportunities in financial terms, methodologies for this are still under development. While some guidance is available and select large companies and financial institutions are quantifying their nature-related risks and opportunities, qualitative evaluations of financial implications – such as classifying a risk or opportunity as high, medium or low – are more feasible for most companies at this time. The Audit Committee's remit could be expanded to provide oversight of nature-related indicators and metrics.

What to look for in management's response

Assessing financial implications

Broadly, financial implications can occur through a range of channels, including: changes to revenue, expenses and capital expenditure; access to – and cost of – capital (through, for example, re-ratings of its credit risk or insurance premiums and attracting capital); and carrying amount of assets and liabilities on the balance sheet.¹⁸

Determining the financial implications of nature-related risks and opportunities generally involves an organisation assessing its i) potential for losses, costs or benefits from identified risks and opportunities; ii) planned responses; and iii) response effectiveness. Identify whether management has considered all of these aspects in their analysis – and whether they have made reasonable efforts with the data they have available or can reasonably procure to look beyond the short term and consider forward-looking scenario analysis in their assessment.¹⁹

Clear application of the organisation's approach to materiality

Look for evidence that management has considered and developed an appropriate methodology to define and assess materiality, and that the agreed approach to materiality has been clearly and consistently applied.

Irrespective of your organisation's approach to materiality, ensuring a robust understanding of dependencies and impacts on nature will be necessary to ensure an adequate understanding, management and potential disclosure of material risks and opportunities.²⁰

QUESTION 05

(Cont'd).

Leveraging existing data

When undertaking an internal assessment of nature-related issues, many organisations discover they have more environmental data of relevance than they first thought. Look for evidence that management has used data your organisation is already collecting. Data that may be particularly relevant include climate-related data, asset location data and data gathered from supply chain surveys, for example surveys to support compliance with the Modern Slavery Act or onboarding due diligence.

Selection of a manageable number of decision-useful metrics

Nature-related issues cannot be summarised in a single metric like CO₂-equivalents for greenhouse emissions in the climate space. As the board, you can play a useful role in working with management – and experts, if required – to define a small number of the most decision-useful metrics for your organisation, and identify which of these are appropriate to voluntarily disclose. The number of metrics should be sufficient to provide adequate insights for you as the board to assess and manage nature-related issues in compliance with your duties, and for the purposes of adequate disclosure to shareholders and other external stakeholders.



The TNFD's recommendations on nature-related metrics

The TNFD has recommended a set of 14 'core global' indicators for all organisations to measure and disclose, supplemented with appropriate sector metrics depending on their industry.

It will be appropriate to collect data against a wider set of metrics to inform an internal assessment of nature-related issues.

When selecting metrics for your organisation, ideally choose metrics that enable comparability across time, as well as with peers in the same industry. Consider the credibility of your metrics, e.g. by using science-based frameworks.

For the metrics you will disclose externally, you should ideally be capable of securing adequate third-party assurance on an annual basis.²¹

QUESTION 06

How are we engaging with our value chain and Indigenous Peoples, Local Communities, affected and other stakeholders to understand their views with respect to our nature-related issues?

Why ask?



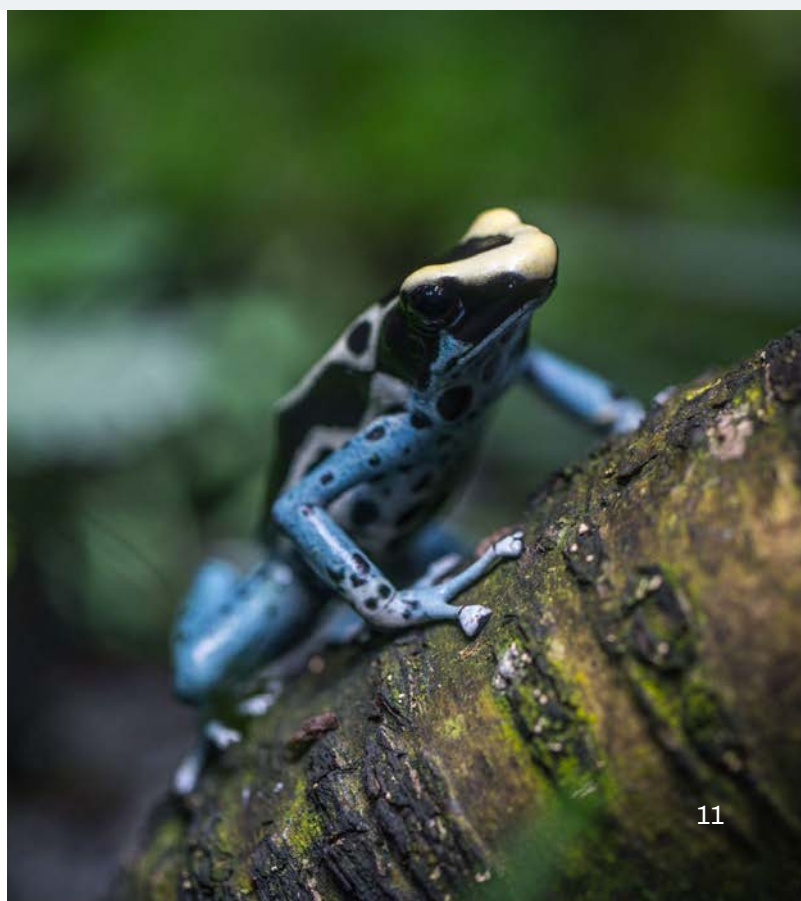
Because nature-related issues are location-specific, engaging with stakeholders in those locations is central to effectively identify, assess and manage nature-related dependencies, impacts, risks and opportunities. The quality of the company's stakeholder engagement can have a direct, and sometimes immediate, impact on the financial prospects of the organisation. Stakeholders may help identify and close blind spots in your understanding and management of nature-related issues, including opportunities for value creation, for example by benefitting from customary and traditional knowledge of ecosystems.

Given the relational nature of many stakeholder engagement processes, it is important to start with stakeholder engagement as early as possible and sustain that engagement in a meaningful and authentic way. Broad stakeholder engagement also helps organisations to meet expectations under international standards of responsible business practice and the growing range of related legislation in different jurisdictions, as well as reporting requirements and investor expectations.²²

What to look for in management's response

A broad understanding of stakeholder groups

Evaluate whether management has considered the broad array of your organisation's key stakeholders, including your financial institutions (such as investors, other capital providers and insurers), government agencies, policy makers and regulatory authorities, intergovernmental organisations, scientists, consumers, landowners, Indigenous Peoples and Local Communities (IPLCs), civil society organisations and other businesses and local communities interacting with the same ecosystems. Consider how management is proposing to prioritise stakeholder engagement efforts, and their rationale for the proposed prioritisation. Management should also have an understanding of other stakeholder groups who may become key stakeholders over time.



QUESTION 06

(Cont'd).

Particular attention to Indigenous Peoples and Local Communities

Indigenous Peoples are stewards of 80% of the world's remaining biodiversity, and together with Local Communities, they have proven highly effective in the protection of ecosystems, giving them a uniquely important role in halting and reversing nature loss which is now recognised in international law.²³ Where relevant, look for evidence that management is giving sufficient attention to engaging with IPLCs in key locations, noting that effective engagement needs to be consistent, not transactional, and with a long-term view.

Leveraging existing initiatives and supply chain relationships

As with data collection, look for evidence that management is leveraging existing stakeholder engagement initiatives, including established channels with supply chain partners.²⁴ You may want to consider opportunities to de-risk the organisation's exposure to poor practices through your supply chains and/or enhance positive engagement with your supply chain partners through collaborative initiatives with partners and credible third-party convenors.

Consider the quality of engagement by your major value chain partners as well as your direct engagement, as the quality of their engagement can create reputational risks for your organisation.



The [TNFD's guidance on Engagement with Indigenous Peoples, Local Communities and Affected Stakeholders](#) provides a comprehensive overview of expectations based on international law and established business principles.



QUESTION 07

How does management integrate nature into short- and long-term decision-making when:

- Reviewing and revising strategy and business plans, including transition plans;
- Drafting and implementing risk management policies;
- Setting company KPIs and incentive plans;
- Considering annual budgets; and
- Overseeing major capital expenditures, acquisitions and divestitures?

Why ask?



Nature, including climate change, is a strategic management issue that must be integrated in core business processes and decisions.²⁵ Nature-related risks fall within existing financial risk categories and are not new categories of risk. Nature-related opportunities can also span the full breadth of the organisation's operations, from procurement and sourcing, to product design and financing arrangements. Nature must not be considered a siloed issue that is only the purview of a sustainability or corporate reporting team.

What to look for in management's response

Interconnected governance

Consider whether management is involving all relevant functions, departments and experts in integrating nature-related risks and opportunities into business processes and decisions.

Temporal orientation

Assess whether management is giving due consideration to short-, medium- and long-term timeframes, as well as natural variability (e.g. seasonality). Note that the long-term timeframe for many business-relevant nature-related dependencies and impacts may be longer than your company's traditional planning horizons and require a mindset shift to accommodate.

Proportionality and trade-offs

Evaluate whether management is treating nature-related risks and opportunities proportionately to other types of risk and opportunity, based on their relative materiality, and anticipate potential trade-offs and conflicts.

Building on integration of climate

If you have already integrated climate into your core business processes, look for evidence that management has considered how to leverage this for nature. For example, many leading organisations are now adapting their climate governance arrangements and transition plans to include nature-related issues beyond climate change.²⁶ [The TNFD provides guidance on how to create transition plans for nature](#) that builds on best practices for climate transition plans.

QUESTION 08

How do we expect our understanding of nature-related issues to change over time in our sector, and in the markets and locations in which we operate?

Why ask?



As the consequences of climate change and nature loss escalate and the financial implications for companies and financial institutions become more evident and significant, the external market context companies operate within is changing. Regulatory requirements, consumer expectations and investor risk management requirements are shifting. The science related to how ecosystems operate is also constantly evolving. It is therefore critical that management teams and boards build their capacity for 'nature intelligence' as part of their broader business intelligence.

What to look for in management's response

Capacity for scenario thinking

Look for evidence that management has considered whether the organisation has the capacity to incorporate a wider set of nature-related considerations into its medium- and long-term strategy formulation processes by working with scenario analysis, in the same fashion that you may already be working with climate-related scenarios. Scenario analysis should be reviewed and refreshed regularly in light of the latest scientific thinking. The TNFD provides guidance on nature-related scenario analysis.

Awareness of technology innovations

Probe whether management is sufficiently aware of nature-based or nature-related technology developments to be able to seize the possible commercial opportunities. These can be as diverse as biomimicry-inspired product innovation opportunities, new bio-based and bio-produced materials capable of replacing synthetic component parts, and new green finance innovations such as parametric insurance.

Awareness of competitor and supply chain developments

The type and speed of nature-related innovation varies significantly across markets, partially driven by differences in green business and green finance incentives. Government incentives for business and consumers in China, Europe and the US, for example, have led to some rapid shifts in product innovation and consumer purchasing decisions (for example in electric vehicles). Consider whether company management have adequate business intelligence resources and networks in place to stay abreast of fast-moving dynamics in relevant markets and sectors, across both source markets for business inputs upstream and end customer markets downstream.



QUESTION 09

Are we up to date with shifting regulatory developments, both voluntary and mandatory, industry standards and investor expectations across the jurisdictions in which we operate?

Why ask?



Nature-related industry standards and regulatory requirements beyond climate are emerging quickly. Nature-related assessment and reporting has been advanced by the TNFD and is already covered in GRI impact reporting standards and in the IFRS S1 sustainability reporting standard. Even where no specific disclosure regulation for nature exists in relevant jurisdictions, directors should consider whether they need to disclose financially material nature-related risks under other applicable laws and whether to voluntarily disclose nature-related risk (in response to market or investor expectations). Investors may have additional expectations beyond current voluntary and mandatory requirements. Investor coordination initiatives on nature, such as Nature Action 100 and the PRI Spring Initiative, signal growing investor interest and sophistication on these issues.

What to look for in management's response

Capacity to anticipate and prepare for growing regulatory requirements and investor interest

Given the constantly changing landscape, look for evidence that management has an understanding of both existing and emerging frameworks, standards and regulated requirements. Look for evidence that management is looking ahead, including anticipating the growing sophistication of investors' nature-related information requests and expectations of active management of nature-related issues beyond climate change.

Internal engagement

Adequately monitoring and responding to existing and emerging standards, regulatory developments and investor expectations require broad involvement across the company. Consider to what extent management is engaging with all relevant teams to gather information and respond accordingly. Relevant teams likely include legal, risk, sustainability, investor relations and operations.

Approach to external reporting

Nature-related disclosure can be divided into what must be legally disclosed and additional voluntary reporting. When defining what must be legally disclosed, look for evidence that management is considering relevant nature-related disclosure regulations. For any additional voluntary disclosure, look for references to voluntary frameworks, in particular the TNFD's recommended disclosures, which are being drawn upon by standards organisations, such as the ISSB and GRI, and regulators to inform further standards development. Consider how voluntary disclosures can help you to achieve your strategic ambitions, such as investor confidence.



QUESTION 10

Does the board and senior management team have the requisite skills and experience to adequately manage the organisation's nature-related issues?

Why ask?



Following the precedent set by expectations of climate competence at board and management levels, organisations are increasingly expected or required to explain their governance of nature-related issues beyond climate change. This is propelled by global standards like the IFRS S1 sustainability reporting standard and select jurisdictions, like the EU with the CSRD, putting in place regulation to this extent.

More generally, as company directors, board members are permitted to delegate but must properly supervise the discharge of any delegated functions. The board and management therefore need functional fluency on nature-related issues to adequately manage nature-related risks and opportunities.²⁷ They must know what to ask their teams and independent advisors for, and understand what satisfactory responses and deliverables look like. Failure to obtain or evaluate advice on nature-related issues can be a breach of directors' duties.²⁸

Where the board and management already have a solid current understanding of nature-related issues, ongoing capacity-building initiatives remain necessary given the rapidly changing landscape of science, regulatory and voluntary frameworks, and stakeholder expectations. Building such capacity can also ensure that boards can go beyond functional fluency and use their knowledge and understanding to harness the strategic opportunities of acting on nature.

What to look for in management's response

Shared understanding of the basics on nature and business

In the same way boards and management teams have built familiarity on climate science and greenhouse gas emission scopes over the last decade, a shared understanding of the foundational concepts of nature as natural capital can provide boards and management teams with a shared vernacular for engaging productively on nature-related issues. To effectively oversee nature-related issues, management and the board should have a base-level understanding of nature itself, as well as the links between nature, climate, business and society – in particular, how nature-related issues influence a company's current or future financial position; relevant legal, regulatory and voluntary nature-related frameworks; and an understanding of stakeholders' expectations. Evaluate whether you have this in place.

Essential nature-related curriculum for board members and management

The conceptual foundations of nature provided in the [Recommendations of the Taskforce on Nature-related Financial Disclosures](#)

[TNFD in a Box: Board level overview](#)

[Taking TNFD to Your Board - Chapter Zero and GFI](#)

[Chapter Zero and Pollination Group](#)

[Biodiversity Risk: Legal Implications for Companies and their Directors - CCL](#)

QUESTION 10

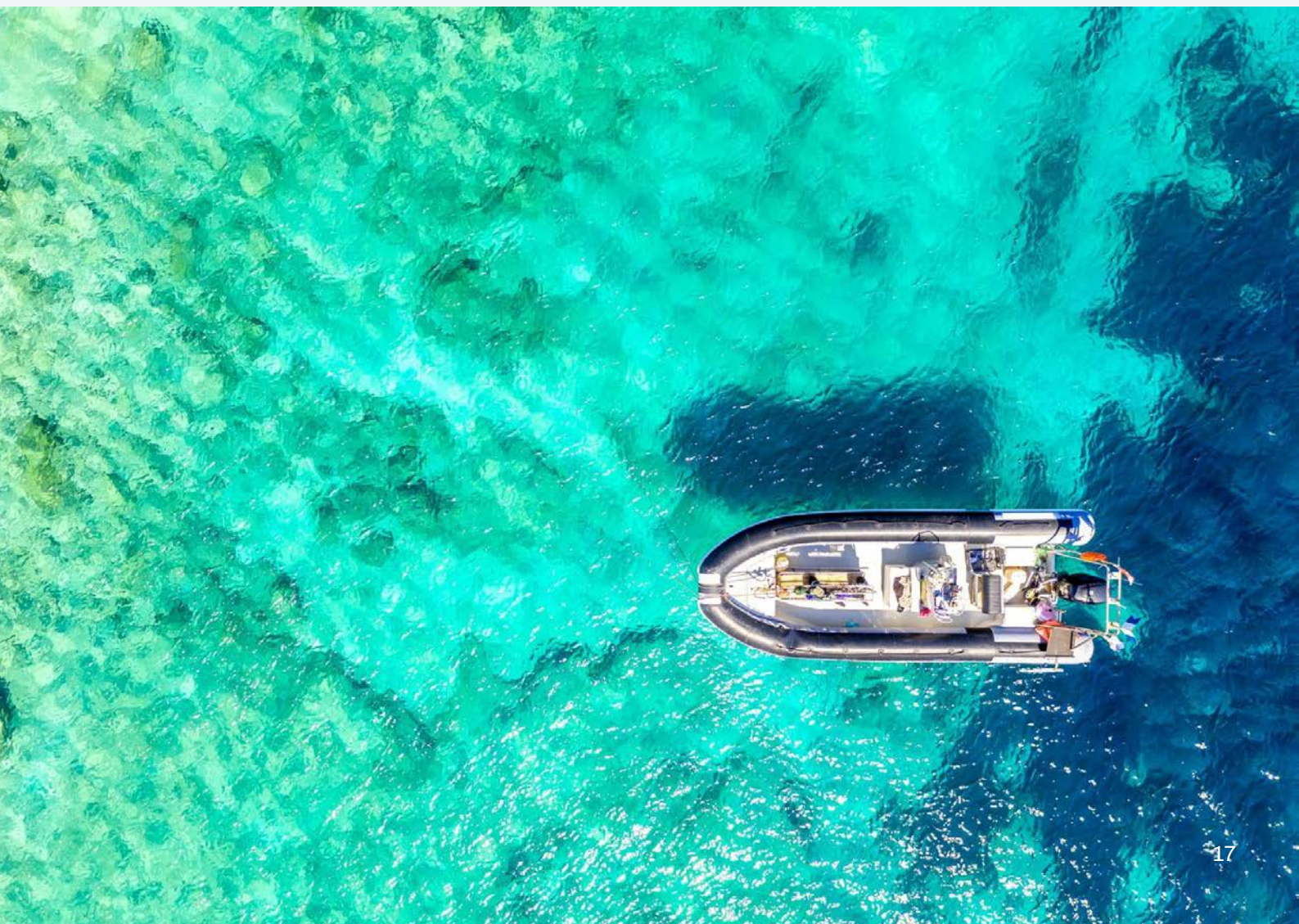
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Expert advisory support

Depending on the needs of the organisation and the level of internal expertise, independent expert advice can play an important complementary role to support board and management level assessments and discussions. External third-party expertise cannot be an alternative for board and management decision-making, and should not be seen as a substitute for internal familiarity and capacity. Consider whether management is pursuing the right balance between internal capacity building and the use of external expert advice. It is also important to consider whether management has proposed a sound process for reviewing and implementing external advice.²⁹

Learning from other competence building

While nature-related issues may be a new competence area at your company, building competence at the board and management level on emerging complex issues is not new. Consider whether you and management are incorporating learnings from previous competence-building initiatives on issues like artificial intelligence, cyber risk and climate change when developing your nature-related competence building.



QUESTION 11

Are the organisation's skills and capabilities on nature-related issues, including assessment and learning, being institutionalised for the long term?

Why ask?



With the planet set to exceed the Paris Agreement target and nature loss accelerating at an unprecedented rate, nature-related issues, including climate, will continue to rise further up the business, finance and policy agendas. For your company to remain resilient and competitive in the long term, it is critical that efforts to assess and manage nature-related issues are institutionalised, and not overly reliant on individual champions at the management or board level. Ensuring that organisational capabilities, management decision-making systems and board competence on nature-related issues beyond climate change are built and sustained for the long term is now a core part of the fiduciary duty of company directors.

What to look for in management's response

Institutionalisation of monitoring and assessment of nature-related issues

Consider whether your organisation's capacity to assess nature-related issues, including the monitoring and reporting data systems that support risk management, have been adequately institutionalised into the organisation's enterprise and/or portfolio risk management standard operating procedures. If not, probe for management's plan to embed these capabilities and processes in the short to medium term.

Board skill development and long-term competence

Consider the board's own knowledge development requirements on nature-related issues beyond climate change, and ensure you develop processes for the selection of future board directors who are both climate and nature literate.

Schedule nature-related issues at board meetings

Consider establishing a schedule for discussing nature-related issues in the boardroom. The frequency of discussions should be determined by the materiality of nature-related risks and opportunities to your company.

Training on nature-related issues

Consider whether adequate training and capacity-building resources have been allocated to upskill current and future leaders of the organisation, including business unit leaders and site managers. Training should include nature-related issues as well as stakeholder management soft skills to appropriately manage the location-specific context of current and future nature-related issues. Training should be recurring or updated regularly, to ensure decision-makers are kept up to date in a rapidly evolving landscape of science, standards, regulations and investor expectations. The TNFD Trainer Portal includes materials for boards. Competent Boards offers learning programmes that provide board-specific education on the governance of climate and nature-related risks and opportunities and Chapter Zero's Knowledge Hub hosts a range of key resources for non-executive directors relating to nature and climate capacity building and board leadership.

QUESTION 12

Are we confident that we are fulfilling our legal duties in relation to nature across the jurisdictions in which we operate? What evidence do we have that we are doing so?

Why ask?



Directors globally should consider and manage foreseeable, material nature-related risks and opportunities in accordance with their core legal duties of exercising loyalty, care and diligence. Directors' duties are often informed by reference to the market, social and regulatory context. Given the dynamic evolution in nature-related regulations, international voluntary frameworks and standards, stakeholder expectations and an increase in nature-related litigation, directors should fulfil their duties with a forward-looking strategic lens.

Boardroom reflection

Knowledge of legal duties concerning nature-related issues

Assess your confidence that you understand your legal duties regarding nature-related issues and which issues should be disclosed.

Directors' duties concerning nature-related issues may be of higher relevance for directors in jurisdictions with clear frameworks for directors' duties more generally, and with nature-related disclosure regulations in place.³⁰

Understanding of broader nature-related context

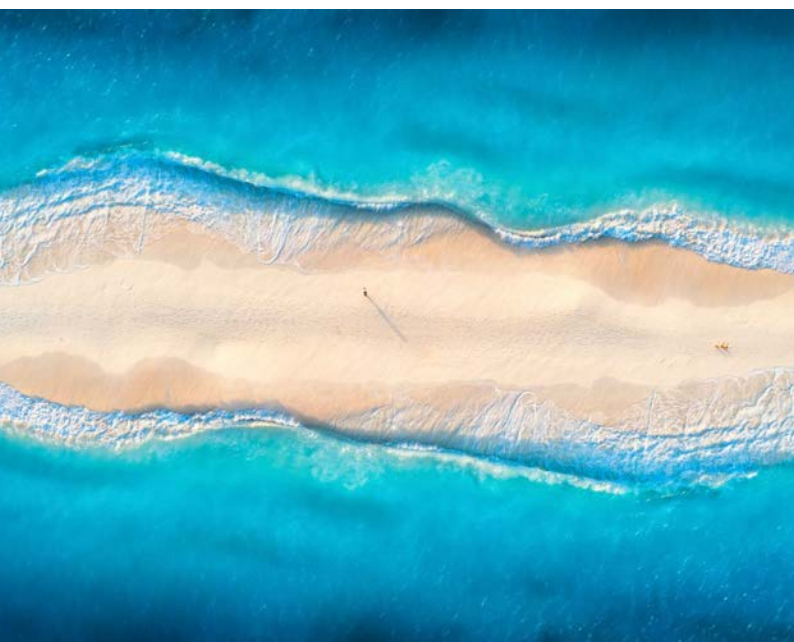
Nature-related issues may be of higher relevance for directors of businesses with significant dependencies and impacts on nature, in jurisdictions with high nature-related consumer awareness; significant nature- or climate-related litigation; or regulators or national banks actively considering nature-related risks.³¹ Consider whether these indicators are present where you operate.

Level of oversight

Consider whether the processes are in place to ensure you as board members have sufficient oversight of management in relation to nature-related issues facing the organisation.³²

Documentation

Consider whether you are recording your decision-making process to identify, assess and manage nature-related risks and opportunities, for example in board minutes, agendas, memoranda and reports.³³ Consider whether you should establish a single repository for this information.



United Kingdomⁱⁱ

March 2024

An England and Wales legal opinion published in March 2024 confirmed that directors who fail to give consideration to relevant non-trivial nature-related risks, and take appropriate steps to mitigate them, may be exposed to claims that they have acted in breach of duty. It further noted that it is easy to envisage circumstances where the short- or long-term success and best interests of a company can be affected by nature-related dependencies or impacts to which the company is exposed.

ii: [Company Directors Should Consider Company's Nature-Related Risks \(Including Climate Risks\): Landmark English Law Legal Opinion](#)

Japanⁱ

March 2025

A Japan legal report published in March 2025 noted that global developments such as the TNFD and ISSB's announcement to commence work on disclosure requirements relating to risk and opportunities associated with biodiversity, ecosystems and ecosystem services are relevant to directors' duties. It confirmed that management of nature-related risks are highly intertwined with climate-related risks, and that nature risks may constitute material financial risks that directors have a duty to oversee.

i: [Directors duties and climate change in Japan: 2025](#)

Australiaⁱⁱⁱ

October 2023

An Australian legal opinion published in October 2023 confirmed that nature-related risks are within the scope of directors' duties to act with care and diligence under Australian corporations law. Further, given the large amount of information already available about economic dependency on nature and the rate at which it is being degraded in Australia and globally, nature-related risks would likely be regarded by the court as foreseeable now. Directors of Australian companies need to identify their company's dependencies and impacts on nature and consider potential risks these pose to the company. Failure on the part of a director to identify, manage and disclose material nature-related risks may lead to increased shareholder pressure and even litigation against personal assets of directors.

iii: [Australian Company Directors Exposed to Nature-Related Risk: New Legal Opinion](#)

New Zealand^{iv}

March 2023

A New Zealand legal opinion confirmed that company directors have a duty to ensure that their businesses are identifying foreseeable and material nature-related risks and to take such risks into account in decision making. The main risk to directors of businesses dependent on nature-based services (particularly in the primary, tourism and manufacturing sectors) is to underestimate the potential impact of nature-related risks (whether or not the business contributes to or has control over the risk). Directors will increasingly be expected to ensure processes are in place to: identify their businesses' dependencies on nature; assess their businesses' exposure to material nature-related risks; and manage financially material nature-related risks, as they would any other serious business risk.

iv: [New Zealand director duties to manage nature-related risk and impact on natural capital](#)

- 1: The TNFD (2023) [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).
- 2: The TNFD (2023) [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).
- 3: Directors' duties have been shown to encompass overseeing nature-related issues in three common law jurisdiction (Australia, New Zealand, UK) and it is expected that these findings can be applied to other jurisdictions where there are significant legal commonalities. CCLI and Pollination (2023) [Australian company directors exposed to nature-related risk](#); CCLI and Pollination (2024) [Nature-related risks and directors' duties under the law of England and Wales](#). The Aotearoa Circle (2023) [Legal Opinion 2023: NZ Director duties to manage nature-related risk and impact on natural capital](#).
- 4: The TNFD (2023) [Recommendations of the Taskforce on Nature-related Financial Disclosures](#); legal opinions in [England and Wales](#) (2024), [Australia](#) (2023), [New Zealand](#) (2023).
- 5: The TNFD (2023) [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).
- 6: The TNFD (2023) [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).
- 7: The TNFD (2023) [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).
- 8: The TNFD (2023) [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).
- 9: The TNFD (2024) [TNFD in a Box: TNFD LEAP approach](#).
- 10: CGI and CCLI (2023) [Biodiversity as a material financial risk: What board directors need to know](#).
- 11: Nature Positive Initiative (2024) [The Definition of Nature Positive](#).
- 12: Nature Positive Initiative (2024) [About](#).
- 13: CCLI [Across the Globe](#).
- 14: CGI [Directors' Duties Navigator: Climate Risk and Sustainability Disclosures](#).
- 15: GFI and Chapter Zero (2024) [Taking TNFD to your board](#).
- 16: Finance for Biodiversity Initiative (2022) [The Climate-Nature Nexus Implications for the Financial Sector](#).
- 17: CCLI and Pollination (2024) [Nature-related risks and directors' duties under the law of England and Wales](#).
- 18: The TNFD (2024) [TNFD in a Box for Boards](#).
- 19: The TNFD (2024) [TNFD in a Box: TNFD LEAP approach](#).
- 20: The TNFD recommends that organisations apply the ISSB's approach to identifying information that is material for users of general purpose financial reports as a baseline. Report preparers who want or need to report to a different materiality approach may apply an impact materiality approach to identify information in addition to the ISSB's baseline. The TNFD (2023) [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).
- 21: The TNFD recommends adopting a small set of core metrics that apply to all sectors, as well as 'core sector metrics' for each sector. In addition, your business may select additional metrics. The TNFD (2023) [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).
- 22: The TNFD (2023) [Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders](#).
- 23: The TNFD (2023) [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).
- 24: The TNFD (2024) [TNFD in a Box: TNFD LEAP approach](#).
- 25: The TNFD (2024) [TNFD in a Box: The Nature-Business Nexus](#).
- 26: GFI and Chapter Zero (2024) [Taking TNFD to your board](#).
- 27: The TNFD (2024) [Boards and nature – the evolving landscape for directors' duties](#).
- 28: CCLI and Pollination (2024) [Nature-related risks and directors' duties under the law of England and Wales](#) para 76; CGI and CCLI (2023) [Biodiversity as a material financial risk: What board directors need to know](#).
- 29: CGI and CCLI (2023) [Biodiversity as a material financial risk: What board directors need to know](#).
- 30: CGI and CCLI (2023) [Biodiversity as a material financial risk: What board directors need to know](#).
- 31: CGI and CCLI (2023) [Biodiversity as a material financial risk: What board directors need to know](#).
- 32: Asking the questions in this document to management will help you demonstrate oversight of nature-related issues within your company.
- 33: CCLI (2024) [Nature-related risks and Duties of Company Directors](#).

Asking Better Questions on Nature

For board directors

If you have any questions about this document, please feel free to get in touch with the TNFD.

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This guidance was produced by the TNFD in collaboration with Chapter Zero, Competent Boards, Commonwealth Climate and Law Initiative and Green Finance Institute.



**Taskforce on Nature-related
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