

SPP Event: Understanding Nature-related Risk and its Impact on Pensions

Reference guide:

The table below includes a list of useful publications and potential uses for financial institutions.

Publisher	Document	Summary and Overview of Key Uses
IPBES	The global assessment report on biodiversity and ecosystem services	Provides insight into international regulatory progress on nature, including likelihood of meeting established target deadlines. This paper also supplies detailed insight into scenarios and pathways to achieve SDGs utilising nexus thinking (combining climate and nature), providing context for incorporation into nature risk mitigation procedures and transition planning.
CBD	Kunming-Montreal Global Biodiversity Framework	Provides four overarching goals and 23 targets to be achieved by 2030, which can inform and supply best practice (and SDG-aligned) nature-related targets to incorporate into overarching business goals.

NGFS	<u>Nature-related Financial Risks: a Conceptual Framework to guide Action by Central Banks and Supervisors</u>	<p>Provides deep insight into banking specific risks resulting from impacts to nature, including information on the climate-nature nexus, and both micro and macro effects to business. This guidance is specifically helpful to design nature-related risk assessments through the identification of physical, transitional, and economic-specific risks at the organisational level and within the financial system.</p>
NGFS	<u>Recommendations toward the development of scenarios for assessing nature-related economic and financial risks</u>	<p>Provides key guidance on challenges in developing integrated climate and nature scenarios, highlighting multiple nature-related scenarios and modelling frameworks being piloted today for both physical and transition nature risks. This paper also includes guidance on cascading risks, and how these can propagate throughout value chains. Overall, this paper provides insights into the state of maturity of nature-related scenario analysis, with abundant guidance on development to assess an organisation's nature (and climate) risk.</p>
NGFS	<u>The Green Scorpion: the Macro-Criticality of Nature</u>	<p>NGFS occasional paper providing further guidance on foundations for scenario-based analysis of complex and cascading physical</p>

		nature-related financial risks.
CISL	Handbook for nature-related risks	Provides a succinct introduction to nature related risk for financial institutions, and supplies a framework for identification of nature risks, aligned with and incorporating NGFS guidance. Includes high level case studies (such as agriculture) and details the process to incorporate first-order and second-order effects. This paper provides deep dives into a wide range of nature-related risks financial institutions may find within their value chain and can be utilised as a reference when developing nature-related risk assessments.
GARP	Biodiversity Loss: An Introduction for Risk Professionals	Provides a detailed introduction to biodiversity and biodiversity-related risks aimed at financial institutions. This paper provides additional insight into biodiversity-specific measurement and disclosure frameworks and can be utilised as a reference when developing nature-related risk assessments.
TNFD	V1.0 Recommendations	The updated Key Recommendations from the TNFD were published in September of 2023. This guidance provides insight into disclosure

		<p>requirements aligned to the TCFD's four pillars (Governance, Strategy, Risk & Impact Management, and Metrics & Targets). This can be used to develop business' approach to nature-related risk assessments and scenario analysis.</p>
TNFD	<p>Additional guidance for financial institutions</p>	<p>Guidance to be used in conjunction with the TNFD V1.0 Recommendations (<i>above</i>) providing more context for financial institutions on TNFD recommendations, metrics and additional resources and references.</p>
GFI	<p>Assessing the Materiality of Nature-Related Financial Risks for the UK</p>	<p>This report quantifies the significant economic risks that nature degradation and loss of ecosystem services pose to the UK economy and financial sector, through chronic risks like biodiversity loss as well as acute shocks like wildfires or disease outbreaks. As these nature-related risks are currently unaccounted for in prudential policies or risk management, the report highlights the need to assess and mitigate these material economic threats.</p>
OECD	<p>Supervisory framework for assessing nature-related financial risks</p>	<p>Provides a methodological framework aimed at financial institutions to assess nature and biodiversity-related risks,</p>

		including impacts and dependencies, and highlighting physical and transition risk transmission channels.
A4S	<u>Managing Nature Risks and Investing in the Opportunities</u>	Provides guidance aimed at pension fund chairs and trustees to help manage nature-related risks and invest in nature-related opportunities. This paper provides helpful examples of nature-related risks and how these can both produce investment-related risks and potential investment opportunities that could be useful for pension funds.
ABI	<u>Guide to action on nature</u>	Provides guidance and a framework aimed at the insurance and the long-term savings industry to assess nature-related risks and approaches to identifying nature-related opportunities. Additionally, there are detailed 'drivers of change' covering regulatory, policy and framework developments that could be useful for the insurance industry.
CGFI	<u>Enabling data-driven investment in adaptation and nature: introducing the resilient planet data hub</u>	Launched at COP28, the Resilient Planet Data Hub provides global open access risk and resilience data for both nature and climate, aimed at increasing the quality of public data and subsequent action and finance for assessing and mitigating nature-related

		<p>risk. Financial institutions can utilise this resource to begin building nature-related data capabilities and develop an understanding to assess nature-related risks, including the use of scenario analysis.</p>
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