

Nature-related risks for finance professionals



IBF STS Accredited: [Natural Capital Management TSC](#) | Proficiency level 3 | 2 CPD hours

Course Description: While momentum to address the climate crisis has grown rapidly over the past decade, the evidence is increasingly clear that we face a double, interlinked emergency - [nature loss](#). In just the past 50 years, global wildlife populations have plummeted by 69%, and increasing demand for energy, food and other materials has led to large-scale ecosystem degradation. While more than half of the world's economic output – [US\\$58tn](#) of economic value generation – is moderately or highly dependent on nature, companies, investors and lenders are still not adequately accounting for nature-related risks and opportunities in their decisions.

Many hope that the new [Global Biodiversity Framework](#) adopted at the CBD COP 15 in December 2022 - which establishes new targets to reverse biodiversity loss by 2030 - will provide an impetus for action on nature akin to the Paris Agreement's 1.5C target for global warming. Without addressing nature-related risks, our progress on climate and other global sustainability goals such as the SDGs, is likely to fall short.

Fortunately, there is evidence that the private sector is beginning to pay more attention to nature-related risks. The WEF has highlighted biodiversity loss and ecosystem collapse as critical risks over the next decade, and the [Taskforce on Nature-related Financial Disclosures](#) (TNFD) has introduced a framework to help businesses and financial institutions understand both how nature may impact their immediate financial performance, and the longer-term financial risks that may arise from how they impact nature.

Some financial institutions have begun assessing investments with an eye toward [biodiversity impacts and dependencies](#), and new [guidance and tools](#) from NGOs are emerging with increasing frequency. However, many challenges remain as banks and investors strive to develop, and meet, commitments to integrate nature-risk assessment into their capital allocation requirements and support the transition to more sustainable development.

This course aims to equip bankers and investors with answers to key questions, such as:

- “Why should finance professionals care about the health and integrity of nature?”
- “How might issues like species & habitat loss and ecosystem degradation impact my clients and my organisation?”
- “What are the first steps I should take to begin managing nature-related risks to my portfolio?”

**Note: This course serves as an introduction to understanding and assessing nature-related risks. Further topics, such as step-by-step guidance on how to conduct a nature-risk assessment, will be covered in separate courses.*

Target audience: Financial professionals across banking, asset management, risk, credit, product, compliance, and ESG/sustainability teams.

Learning outcomes: After completing this course you will:

- Understand why nature loss matters to financial institutions.
- Have a basic understanding of *environmental science* concepts relating to nature loss, such as natural capital, ecosystem services, and biodiversity, and their relevance to social, economic, and financial stability and well-being.
- Understand how companies, particularly in key sectors, both depend on, and impact nature, and how nature-related risks are subsequently transmitted to financial institutions.
- Be aware of recent international agreements, frameworks, principles, and accounting methodologies related to nature, in particular the work of the [Taskforce on Nature-related Financial Disclosures \(TNFD\)](#) and how this is incorporated into national and global frameworks and standards.
- Understand the practical first steps for assessing nature-related risks.

Duration: Self-guided, approximately one and 1/2 (1.5) hours, plus 30 minutes for assessment.

Assessment: 10-question assessment consisting of multiple choice, matching, fill in the blank, and true false questions. 80% score is required to pass. Assessment can be taken up to three times.

IBF Accreditation: This programme has been accredited under the IBF Standards and is eligible for funding under the IBF Standards Training Scheme (IBF-STS), subject to all eligibility criteria being met.

IBF Certification: This course addresses the following Technical Skills and Competencies (TSCs) and proficiency level: Natural Capital Management, proficiency level 3.

Participants are encouraged to access the [IBF MySkills Portfolio](#) to track their training progress and skills acquisition against the Skills Framework for Financial Services. You can apply for IBF Certification after fulfilling the required number of Technical Skills and Competencies (TSCs) for the selected job role. Find out more about IBF certification and the application process [here](#).

Price: Gross retail price: SG \$200 (individual purchase). Net price available for purchase via the [Association of Banks in Singapore \(ABS\) e-learning portal](#) and [IMAS ILearn](#). **Wholesale:** Discounts available. Please email klaya@wwf.sg for more information.

Course Outline:

Lesson 1: The state of nature: Environmental science for finance professionals

Key takeaway(s)

- The natural ecosystems that underpin society and the economy are complex. Having knowledge of basic environmental science is important for understanding how companies in a range of sectors depend on and impact natural systems, and how this can transmit financial risks to banks and investors.

By the end of this lesson you will:

- Have a basic understanding of the *extent* and *drivers* of nature and biodiversity loss.
- Understand how nature loss affects businesses, societies, and the economy, by learning about concepts including natural capital, ecosystem services, and biodiversity.
- Understand how companies in key sectors both impact nature and depend on nature.

Topics covered:

- *Nature in decline: The urgency in addressing nature-related risk:*
 - *Findings from the [IPBES 2019 Report on Biodiversity and Ecosystem Services](#) and the [2022 WWF/ZSL Living Planet Report](#)*
 - *Drivers of biodiversity loss*
- *Why nature-loss matters*
 - *Impacts and dependencies*
- *The key concepts that link nature and the economy*
 - *Nature as a key form of capital*
 - *Defining natural capital and ecosystem services*

Lesson 2: The nature-finance nexus: How nature-related risks impact financial institutions

Key takeaway(s)

- Nature-related risks, like biodiversity loss and habitat degradation, are material risks that companies can transmit to their lenders and investors, and the financial system at large.
- There is an emerging array of approaches that financial institutions are taking to identify, understand, and manage these risks. This is a key area for future development.
- Fully accounting for nature-related risks may also help financial institutions reveal investment opportunities.
- Financial institutions have a key role to play in funding a nature-positive future.

By the end of this lesson you will:

- Understand how nature-related impacts and dependencies lead to nature-related risks for companies and businesses and how these transmit material financial risk to financial institutions.
- Be able to identify key sources of nature risk and potential transmission channels (physical, transition, systemic) relevant to your clients and your organisation.
- Be able to explain (to clients and within your organisation) why these risks must be included as a core part of financial risk assessment.

Topics covered:

- *Nature-related risk transmission mechanisms: Case study examples*
 - *Impacts on the financial system at large*
- *FI approaches to identifying, understanding, and managing risk: Case studies: Robeco AM and Triodos Bank*
- *Opportunities for FIs to drive nature-resilience*
 - *Nature financing v. financing nature*
 - *Mitigation hierarchy*
 - *Nature-based solutions*

Lesson 3: International nature-related agreements and frameworks

Key takeaway(s)

- Addressing the nature-loss crisis requires action from all facets of society - individuals, governments, corporations, and financial institutions. While efforts to reverse nature loss have been ongoing for decades, progress has been insufficient.
- As managers and administrators of capital, **financial institutions have a fiduciary responsibility to their clients and shareholders to manage risk exposure.** Increasingly, this has begun to mean

understanding and embedding nature-related risk strategies into capital allocation and investment decisions.

- The final TNFD recommendations were issued in 2023, establishing a voluntary framework that is likely to become a global baseline for nature disclosure, just as TCFD has for corporate climate disclosure.

By the end of this lesson you will:

- Be aware of recent international agreements, frameworks, principles and accounting methodologies related to nature, in particular the work of the TNFD.
- Be able to articulate some of the key challenges that have plagued nature-risk reduction efforts to date, and how this can inform future efforts.
- Be able to explain the objectives and aims of the TNFD to clients and within your organisation.
- Understand the practical first steps for assessing nature-related risks.

Topics covered:

- *Nature-related agreements, efforts to date: Historical context and challenges*
 - *Nature-positive; [Nature-related SDGs](#) and the EU Green Deal*
 - *Science Based Targets Network (SBTN)*
 - *[Convention on Biological Diversity \(CBD\)](#): Aichi targets, Global Biodiversity Framework*
 - *[TNFD](#): Key things to know, next steps*
 - *[The LEAP nature risk assessment approach](#)*
 - *[Finance for Biodiversity Pledge](#)*
- *Key challenges impacting nature-risk reduction efforts*
 - *Complexity: lack of commonly agreed metrics*
 - *Data limitations*
 - *Investment horizon and expectations of return*
- *Natural-capital accounting*
 - *[Natural Capital Protocol](#)*
- *Ways for the financial sector to take action*