

Nature Risk Profile

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In news— The UNEP and S&P Global recently launched the Nature Risk Profile, a new methodology for analyzing companies' impacts and dependencies on nature.

What is a Nature Risk Profile?

- The Nature Risk Profile is aimed at enabling the financial sector to measure and address nature-related risk by providing scientifically robust and actionable analytics on nature impacts and dependencies.
- **The new methodology outlines metrics and data that enable companies and investors to identify and quantify nature-related exposure.**
- It covers several key areas, including risks arising from companies' impacts on biodiversity, risks arising from companies' dependencies on biodiversity and potential risks via proximity to biodiverse areas.
- The launch of the Nature Risk Profile methodology follows on the heels of the **adoption of the Kunming-Montreal Global Biodiversity Framework, in December 2022.**
- The Global Biodiversity Framework includes a target for governments to take legal, administrative or policy measures to encourage and enable businesses to regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity.
- Governments furthermore agreed that these requirements apply to all large as well as transnational companies and financial institutions along with their operations, supply and value chains, and portfolios.
- **According to the World Economic Forum's 2023 Global Risks Report, biodiversity loss is the fourth most severe global risk over the next ten years** behind climate action failure, climate change adaptation, and

extreme weather.

- The potential impact of the Nature Risk Profile methodology is significant, transforming the parameters of financial decision-making.
- **Developed by experts from across the conservation, business, and finance communities, it aligns with the emerging approach of the Taskforce on Nature-related Financial Disclosures (TNFD) and will support the implementation of TNFD's disclosure framework.**
- **The methodology allows users to combine company-level information with best-practice nature-related data to calculate vital risk metrics.**
- It is built around using powerful, science-based impact and dependency measurement tools, including the Exploring Natural Capital Opportunities, Risks and Exposure database and the developing Ecosystem Integrity Index.
- The methodology provides a major step forward to deliver the actions required for transformative change and support the finance sector's critical contribution to delivering the ambitions of the Kunming-Montreal Global Biodiversity Framework.
- This methodology links science, policy and finance to bring nature to the heart of financial decision-making.