



# Nature-Related Financial Disclosures

What must we learn from our Climate Response?

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# Redefining the business-nature relationship

The launch of the **Taskforce on Nature-related Financial Disclosures Recommendations** marks a significant milestone in the redefinition of business' role and responsibilities in addressing our global nature and biodiversity challenge. But what lessons must we learn from our climate response to ensure we see action emerge from our intent?

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

The TNFD was established in 2021 in response to a growing awareness that both nature-dependencies, and impacts on nature, need to be better integrated into financial and business decisions. The TNFD is modelled on the Taskforce on Climate-related Financial Disclosures (TCFD) in recognition of the role TCFD has played in escalating climate risks and opportunities on business and boardroom agenda.

The TNFD's mission is to *“develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks and opportunities, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes”*.

The release of the TNFD Recommendations marks the completion of this framework. For more details on the TNFD and the TNFD Recommendations, head to [www.tnfd.global](http://www.tnfd.global).

## Why is this relevant to Aotearoa New Zealand?

The TNFD Recommendations and the disclosure framework that underpins them are primarily voluntary guidelines. However, the signal they send about investors' interest in nature dependencies and impacts, as well as the mandatory regimes they have already and will continue to spark, are important considerations for all businesses, including here in Aotearoa New Zealand.

A 2023 [legal opinion](#) from Chapman Tripp commissioned by the Aotearoa Circle on New Zealand director duties to manage nature-related risk and impact on natural capital advised that *“prudent directors and businesses should be starting on the path to identify, assess and manage nature-related risks, particularly if they depend on the environment for their business model”*. This opinion also noted that the TNFD framework *“can be expected to influence expectations of corporate best practice”*.

Further reinforcing these insights are several other nature-related considerations for businesses, including:

- the exposure of many businesses in Aotearoa New Zealand to the global markets that are driving this focus on nature dependencies and impacts – both directly and through value chains;
- the heavy reliance of many businesses in Aotearoa New Zealand on natural capital – from the more obviously dependent agriculture, tourism and food retail sectors, to broader areas such as energy generation and water supply; and
- nature-focussed regulatory change, such as the [National Policy Statement on Indigenous Biodiversity](#), proposed [revisions to the Wildlife Act](#) and a [biodiversity credit system](#).

Taken together, there is a compelling need for businesses to ensure preparedness for the inevitable interest in nature disclosure sits alongside the current focus on meeting climate disclosure requirements.

# Learning from our climate response

## What must we learn from our climate response?

The long-awaited release of the TNFD Recommendations also provides a useful milestone for reflection – an opportunity to look at what has been achieved through the climate disclosures experience and build upon the strengths of this disclosure-led approach, whilst also addressing some of the limitations that have been recognised along the way.

Whilst the TNFD Recommendations come at the end of a lengthy development process, we remain early in the adoption and implementation journey. This allows us to think carefully about our local response to the TNFD and how we can ensure business' role in addressing our nature and biodiversity crisis more generally recognises and reflects the unique context and strengths of Aotearoa New Zealand.

With this in mind, there are three particularly pertinent insights that we need to draw upon as we shape Aotearoa New Zealand's business response to the TNFD, and the nature and biodiversity loss we are seeing here and now:

1. The unknown is more familiar than you might think;
2. Disclosures will only meaningfully support our climate and nature response if they enable and elicit tangible, transformative action; and
3. We must embrace an Aotearoa New Zealand centred response.

## Climate and nature: two sides of the same coin

The linkage between climate and nature, and the similarity of approach being used to drive business action, are not merely simple coincidences. The two go hand-in-hand, with the climate challenge we see today being simply a visible expression of our historically extractive relationship with nature. We cannot hope to solve these interconnected issues in isolation. It is time to think more broadly and substantively about how we respond to the systemic issues that sit at the core of both.

The widely recognised mandate to respond to climate change should be seen as a mandate to explore our nature and biodiversity crisis. Considering the relationships between an organisation and nature is a natural extension of the climate response, integrating externalities into our economic and capital allocation structures, and understanding the wider implications of our consumptive economy.

Organisations that are already heading down the path of climate-related disclosures, will be familiar with many concepts set out within the TNFD, as well as the need to critically analyse operating models and value chains. These developments are not to be feared, but rather to be embraced and welcomed.



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# Our nature-positive transition

## Disclosure must enable tangible and transformative action

Leading with a disclosure lens has been useful in bringing climate considerations strongly to the fore. Climate-related disclosures have forced organisations, both directly and through their value chains, to consider exposures, risks and opportunities, and to draw linkages to investment, access to capital and organisational strategy. The disclosure focus has captured the attention of directors and senior executives, placing a clear onus of responsibility on organisational decision makers.

However, it is important to remember that disclosures will only drive a response that is sufficient to meet the scale of the challenge we face if they lead to tangible action and transformations that tackle the root causes of our risk exposures – root causes that most likely sit within business and operating models, as well as strategic intent and directions. Simply doing the same with fewer impacts is no longer sufficient to address the scale of our climate, nature and biodiversity challenges.

As the Financial Markets Authority noted in its recent [information sheet](#) on scenario analysis for climate-related disclosures: *“if your scenario analysis doesn’t lead you to question BAU, then you probably haven’t done it correctly”*.

## Our unique cultural lens is our ultimate strength

For Aotearoa New Zealand, the opportunity is for any response to our nature and biodiversity crisis to be rooted within a Māori worldview as it is likely incomplete without this insight. It has been acknowledged that a key limitation of the TNFD is its belated engagement with indigenous world views. It is important that our response in Aotearoa New Zealand doesn’t follow the same path with Māori values as a bolt-on. Instead, the response here needs to take the overarching objectives of the TNFD and rebuild them with a base inclusive of Māori knowledge and values.

Getting this right isn’t simply about doing the right thing from a cultural standpoint. Getting this right presents an opportunity for Aotearoa New Zealand to lead the world in delivering a more holistic, integrated and systems-redefining response to both nature and climate. Bringing two knowledge systems together is not always easy, but as demonstrated in examples like the application of legal personhood to culturally significant natural features such as the Whanganui River, Te Urewera and Taranaki Maunga, we can find solutions to these challenges.

## In conclusion

Businesses and organisations across the world are starting to think seriously about the part they will play in the nature-positive transition, as well as the realities of our planetary boundaries. This transition is particularly important for Aotearoa New Zealand’s heavily nature-reliant economy and the natural environment that underpins our wider social and cultural context.

Nature degradation in Aotearoa New Zealand is real and is happening in our backyards, with many of us personally affected by the worsening state of ecosystems we used to enjoy when we were growing up. The future, where nature and people thrive, where regenerative practice is part of how our businesses operate is the future that we want for us and our tamariki.

Nature disclosures are one part of the system-wide shifts that need to enable this future. We need to learn from our climate response if we are to expedite the transformation.

# Contact Us

We are a multi-disciplinary team drawn from across KPMG, united by our mission, and offering a unique range of complementary skills.



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“Rapid and widespread progress in how we give effect to the principles of the TNFD has the potential to accelerate our ability to unlock the two of the most significant opportunities for sustainable economic development in Aotearoa New Zealand – the blue economy and circular bioeconomy – both of which are dependent on us having a more mature understanding and relationship with nature.”