

EXECUTIVE SUMMARY

ICDM BOARD SUSTAINABILITY COMMITTEE DIALOGUE & ROUNDTABLE

“How Resilient Is Your Business to Nature & Biodiversity Loss?”

14 May 2024



The launch of the Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations in September 2023 marked a significant milestone in equipping companies with a structured approach to identify, assess, manage and disclose nature and biodiversity related risks. This framework is set to drive corporate action and shape strategies towards more a comprehensive risk management practice. The critical question now is - Are Malaysian organisations ready for TNFD? Our [BSC Dialogue](#) shared some insights into how companies can start their journey in managing their nature-related risks.

Key takeaways on initiating the TNFD reporting journey in your company

- 1 Understanding the dependencies and impacts:** Companies need to comprehend their dependencies and impacts on nature as well as the associated risks. Integrating biodiversity considerations into decision-making processes can enhance their business resilience and sustainability. Assessment tool like the [WWF Biodiversity Risk Filter](#) (BRF) is recommended to perform comprehensive risk analysis across operations, value chains and investments.
- 2 Framework alignment:** The TNFD is closely aligned with the TCFD and ISSB’s standards to facilitate integration of nature-related risks and opportunities into strategic and capital allocation decision making. It mirrors the four pillars structure of the Task Force on Climate-related Financial Disclosures (TCFD): Governance, Strategy, Risk & Impact Management and Metrics & Targets. This is to harness risk management and disclosure to help channel capital toward sustainable outcomes.
- 3 Organisational Capacity and Capability in Pushing for Biodiversity:** Companies must assess and define leadership roles for biodiversity and TNFD reporting progress. It is important to determine if the board and executives have the appropriate skills and information and to identify training needs to build capacity. Shareholders also play a crucial role in advocating for biodiversity initiatives within companies. They can leverage their influence to push for greater transparency and accountability regarding corporate actions related to biodiversity.
- 4 Global Inclusivity:** The TNFD's framework is designed to be applicable across different geographic regions and economic contexts, including emerging economies. This global perspective is essential for addressing biodiversity loss, as it recognises that nature-related risks and opportunities are not confined to specific regions but are interconnected on a global scale.

Key questions to consider

1. How well does your company understand nature-related risks and their impact on operations? How do these risks intersect with other emerging risks such as climate change and supply chain disruptions?
2. How is your company integrating nature-related risks into existing risk management frameworks as well as the broader business models and strategies?
3. How does your company assess the financial impacts of nature-related risks in both short and long term?
4. What specific measures are your company taking to align with the TNFD framework to ensure transparent reporting of nature-related risks?
5. How does the company engage with stakeholders such as investors, regulators and local communities with regards to nature-related risks and mitigation efforts?

WWF-Malaysia has conducted a study to assess the exposure of Malaysian corporates to nature-related risks and their readiness to mitigate them as well as building on existing initiatives for enhancing business resilience. To understand, assess and respond to your biodiversity risks for enhancing resilience using the WWF's Biodiversity Risk Filter, click [here](#).

For any enquiries on corporate governance, board leadership and director development, please contact us at advocacy@icdm.com.my

Special thanks to the WWF team for the presentations and the panellists for this dialogue and roundtable session:

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