

Nature Risk Pilot Reporting Framework

As of today, there is no standard for how to define and report on nature-related risks, and corporate disclosure on impacts and dependencies on nature is limited. Several international initiatives are trying to fill this gap. While waiting for tools and methodologies to be further developed, a Norway-based group consisting of a financial institution, Storebrand Asset Management, an aquaculture company, Grieg Seafood, an environmental organization, World Wildlife Fund, and a research institution, the Norwegian Institute for Nature Research (NINA), decided to launch a pilot project to demonstrate how a real-economy company can start reporting in a more structured way on nature-related risks and identify areas for improvement, as well as to discuss how a financial institution can use this type of disclosure for active and informed engagement with a portfolio company in the pursuit of risk identification and reduction.

Key facts:

- **Blue economy sectors targeted:** Seafood
- **Project:** Nature Risk Pilot Reporting Framework
- **Timeline of the project:** April 2021-January 2022
- **Geography:** Norway, with global applicability
- **Key words:** reporting; alignment; risks and opportunities

Based on a real-world exercise, this project aimed to improve and guide the development of relevant international initiatives, in particular the new [Taskforce on Nature-related Financial Disclosures](#) (TNFD), which is developing a framework that will support businesses in assessing their nature-related risks and opportunities.

The project is also contributing to the [UNEP FI Sustainable Blue Finance Initiative](#) and acting as a case study on how to use the recent guidance for financial institutions, [Turning the Tide](#) (Guidance), on how to finance a sustainable blue economy across five sectors, including seafood.

Who?

Storebrand Asset Management; Grieg Seafood; Norwegian Institute for Nature Research (NINA), and World Wildlife Fund (WWF) Norway.

What?

The challenge that the project aims to address is the lack of corporate reporting on nature-related risk. The TNFD was launched in 2021 with the aim to deliver a framework by 2023 for companies and financial institutions to report and act on nature-related risks. A variety of tools and methodologies for businesses and financial institutions are under development, and companies can already start to increase their understanding of their nature-related risks, and report on the most important risks for their business. Given the urgency to stop degradation of our planet, we need companies and finance sector to start acting now.

The purpose of this pilot is to test how a reporting framework for nature-related risks could be implemented, how the framework can be improved and made easier for companies to report on, and how it can be used by financial institutions and other stakeholders. At the present time, to Storebrand's knowledge, no such thorough reporting exists that specifically relates to risk. The expectation is that the most progressive companies already disclose some level of information in their publicly available reporting (annual and sustainability reports). However, it is most often the case that this information is not adequate for financial institutions to assess the level of risk that a company might represent, nor is it reported in a standardised way that enables corporate comparisons across sectors (within industry).

Potential benefits of the project are to improve understanding of the impacts and dependencies of aquaculture companies on nature, and to contribute to generate better data on the ESG impacts of companies, which is beneficial to both companies and investors.

How?

A project group was formed with the participation of Storebrand Asset Management, Grieg Seafood, WWF and the Norwegian Institute for Nature Research (NINA). The group considered a number of frameworks and tools, including the [ENCORE](#) tool and an adapted TCFD-framework. In the end the group decided to attempt to adapt a framework developed by the United Nations Environment Programme - Finance Initiative (UNEP FI) to provide sector-specific, decision-useful information to banks, investors and insurers on how to avoid and mitigate environmental and social risks and impacts, as well as make the most of opportunities, when providing capital to companies or projects within the blue economy. The Guidance was published in March 2021 and provides a useful framework to identify key impacts and risks to and from nature, specific to aquaculture. However, the Guidance was not designed to be a reporting framework, so part of the purpose of this pilot is to make certain modifications to adapt it for this purpose, without changing the basic content and information presented.

The Guidance was adapted for a reporting framework by clustering indicators together under each criteria and providing suggested metrics for the company to report against. The intention was to provide investors with the information required to assess the company's exposure to and management of nature risk, and to inform further engagement with the company. Grieg Seafood then proceeded to report according to the modified framework, and the results were discussed by the project group, making further adjustments to the framework based on the reporting experience and results. At the end of the pilot exercise, a report was produced in which all the project participants

provided their assessment of the experience and results, as seen from their perspective.

The project demonstrates that it is already possible for a company to report thoroughly on a variety of factors that might constitute a nature-related risk for the company itself and its financiers. This exercise aims to contribute to the ongoing development of international standards, such as the TNFD, and constitute a concrete example of how a reporting framework could be designed. This particular project concludes with the publication of the final report.

Looking back...

“The project shows that open collaboration involving different perspectives from the industry, finance sector, research institutions and civil society is an effective way to progress on the road to a more holistic understanding of how the economy is dependent on Nature for its well-functioning.

“Nature, as well as companies’ impacts and dependencies, is complex, but at the same time there is nothing preventing companies from starting to do something already today, such as report on their impacts on nature. It is very likely that companies of all type and sectors will increasingly be pressured, by financial and other institutions, to do this kind of assessment in details, and publicly report on it. We believe that companies that are starting to develop internal capacity and knowledge to do so will likely have a competitive advantage.”

- Vemund Olsen (Storebrand Asset Management)