



ADDRESSING NATURE RISKS IN YOUR INVESTMENT DECISIONS

**FOUR PEER-TESTED PRACTICAL
ACTIONS TO GET STARTED**

The following insights are based on input from pension fund participants during an [A4S pension deep dive session](#) (May 2025). We recommend reading this in conjunction with A4S's [Nature Top Tips for Pension Fund Chairs and Trustees](#).

1. Deepen your, and your board's, understanding of nature-related risks

- Identify your pension fund's training needs from board-level down and understand what current expertise is offered by your service providers. For example, ask them to confirm how their resources will sufficiently support your nature-related investment beliefs and strategies.
- Leverage the wealth of guidance available such as the TNFD recommendations¹ to shape training. Use existing [webinars](#) to help increase understanding of the shared challenges.
- Ask your investment consultants to deliver training or, for smaller schemes, coordinate multi scheme training opportunities.

"Nature-based risks and investment opportunities are wide ranging. Use briefings and training sessions from advisers and asset managers to establish specific objectives and links with your other responsible investment priorities such as climate risk management."

Sally Bridgeland, Chair, Brunel Pension Partnership

2. Get started and grow through experience

- Conduct a risk mapping and exposure assessment to identify significant current and potential dependencies and impacts. Whether this is done in-house using guidance like TNFD, or using external providers, the key is to make sure the results of this exercise are used to shape the next steps.
- From the results of your mapping exercise, choose one or two focus areas to start with. For example, this could be selecting:
 - A couple of high-impact sectors like food, forestry, chemicals.
 - A couple of metrics such as water and waste, deforestation or agriculture.
 - A group of the companies identified as having the highest nature-related dependencies.
- Leverage your pension scheme's work on climate-related risks, using processes already in place for TCFD reporting. Start with areas where you have more mature data, such as water use, land use, and deforestation.
- Whichever approach you take, use the lessons learnt as you shape this approach for other parts of your portfolio, eg what metrics did you find to be the most relevant, which engagement questions were most decision useful.

"The risk mapping and exposure assessment using TNFD guidance showed us that across our portfolio, our nature-related dependencies were very high. As the risks are systemic and cannot be avoided, these must be addressed directly through company engagement and investments. Our next step was to build a strategy for active ownership and investments to tackle these nature-related issues."

Flora Gaber, Manager ESG Analysis, AP7

1. TNFD (2025), [Additional Guidance by sector](#) and TNFD (2025), [Learning Lab](#) are also available.

3. Work with the lack of universal and consistent data points

- Engage directly with companies to gain valuable insights where in-depth data is lacking. This can often lead to a clearer understanding of how nature-related risks are understood and managed on the ground, rather than just reading the reporting disclosures.
- Assess governance processes, controls and procedures that companies use to monitor and manage nature-related issues, as this is often a useful indicator of how effectively nature-related risks are integrated into the company's strategic decision-making.
- Prioritize open, two-way dialogue with your asset managers to ensure they can foster a deep understanding of nature risks beyond data collection.
- Learn as you go and value transparency over rigid data collection.
- Use narrative climate scenario models as a tool for addressing the lack of data in nature-related analysis. See A4S's '[Scenario Analysis Resources and Guidance](#)' webpage for further details.

4. Let nature considerations guide your stewardship and active ownership strategies

- Update your stewardship and active ownership strategies to ensure that they reflect the nature-related risks coming out of your risk mapping and exposure assessments.
- Engage strategically with others, making best use of your limited resources, eg joining investor engagement initiatives such as Nature Action 100.
- Explore how your fixed income options can address nature-related risks, such as bonds that fund conservation efforts or renewable energy. For example, AP7 has recently invested in a green bond issued by the International Finance Corporation, a member of the World Bank Group. The proceeds from this bond are intended to support projects that promote biodiversity and ecosystem services in emerging markets. These projects include forest restoration and conservation efforts in Latin America.²

"In implementation statements, trustees need to include what their significant votes were and how these align to their stewardship priorities. By including biodiversity in our stewardship priorities, it re-emphasises the need to embed nature considerations into the voting activity done on our behalf."

**Mark Thompson, Chair,
M&G Pension Scheme**

2. IFC (2024), [IFC issues 2 billion Swedish krona green bond to promote biodiversity finance in emerging markets](#)

FURTHER READING

A4S produced resources:

- [A4S Nature Top Tips guide](#), also in [French](#) and [German](#)
- [A4S Nature Guidance: The Business Case for Nature](#)
- [Addressing Biodiversity Risk and Opportunity at PensionDanmark](#)

External resources:

- [TNFD knowledge hub](#)
- [TNFD Asking Better Questions on Nature for board directors](#)
- [TNFD 2025 Status Report Survey](#)

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