



**A4S**

ACCOUNTING FOR  
SUSTAINABILITY



# NATURE GUIDANCE

## TOOL 3

Incorporating nature and climate  
into key financial activities –  
questions for finance teams

# Incorporating nature and climate change into key financial activities – questions for finance teams

We have developed this tool to help finance teams incorporate climate and nature into key financial activities. You should use it alongside our full guide, *The Links between Nature and Climate Change*. For many finance teams, your current work on climate should provide a good foundation for building your work on nature. For those yet to start on climate, it can be beneficial to consider both together from the start. Where relevant, the first guiding question assumes that your organization has started work on integrating climate considerations. If this is not the case, a follow-up question guides you to consider both climate and nature together.

## Purpose

To help you explore the integration of climate- and nature-related considerations into key financial activities, such as risk management, strategic planning, scenario analysis, transition planning, capital investment, asset valuation and reporting.

## How to use this tool

1. Go through the guiding questions for each key financial activity
2. Consider how these questions apply to your organization
3. Work with other teams to answer the questions and gather the relevant information

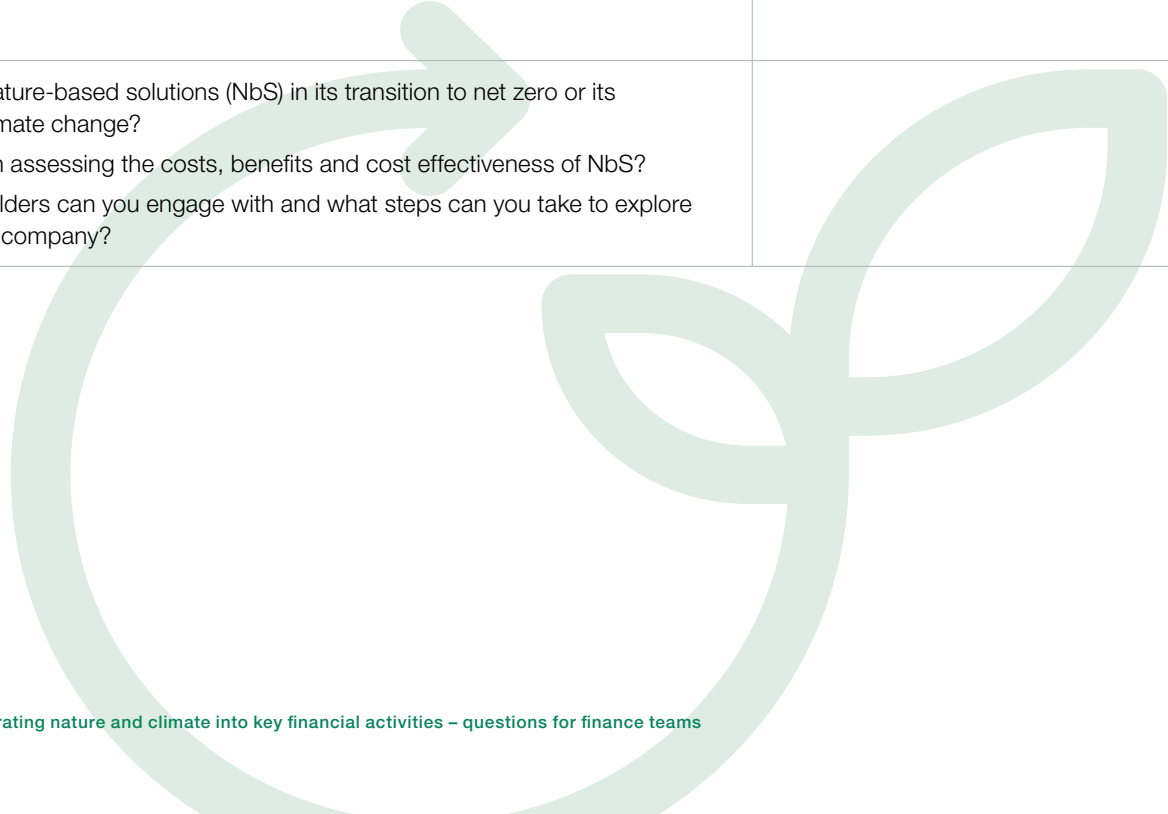


## Risk assessment

Guiding questions	How this applies to your organization
<p><b>1.</b> Has your company already adopted a climate risk assessment approach?</p> <ul style="list-style-type: none"> <li>a. If so, what processes and policies can you leverage, and which teams can you engage with, to identify and assess nature-related risks?</li> <li>b. If not, which internal stakeholders can you engage with, and what steps can you take to start incorporating both climate and nature into your risk assessment?</li> </ul>	
<p><b>2.</b> Are investors, customers and other stakeholders asking questions about your company's resilience to climate and nature risks?</p> <ul style="list-style-type: none"> <li>a. If so, what kind of information do they expect you to provide?</li> <li>b. If not, what kind of information on climate and nature risks do you anticipate your key stakeholders will request?</li> <li>c. How are you preparing to provide this information?</li> </ul>	
<p><b>3.</b> Does your company fully recognize the financial implications of mismanaging climate and nature risks, eg legal, reputational or supply chain issues?</p> <ul style="list-style-type: none"> <li>a. If so, how are you managing these risks? What is the interplay between climate and nature risks and the potential financial impacts?</li> <li>b. If not, how can you start identifying the potential financial impacts of your company's climate and nature risks and their interplay? <i>Use Tool 2: Potential Financial Impacts associated with Nature-Related Risks and Opportunities</i> to help you.</li> </ul>	
<p><b>4.</b> How could climate change and nature loss pose risks for your business model and value chains?</p>	
<p><b>5.</b> What are the potential synergies and trade-offs between and within climate and nature, based on your organizational activities? Use <i>Tool 2: Potential Financial Impacts associated with Nature-Related Risks and Opportunities</i> to help you.</p>	
<p><b>6.</b> How does/will your current approach to climate and nature risks affect your access to capital, cost of capital and relationship with investors?</p>	

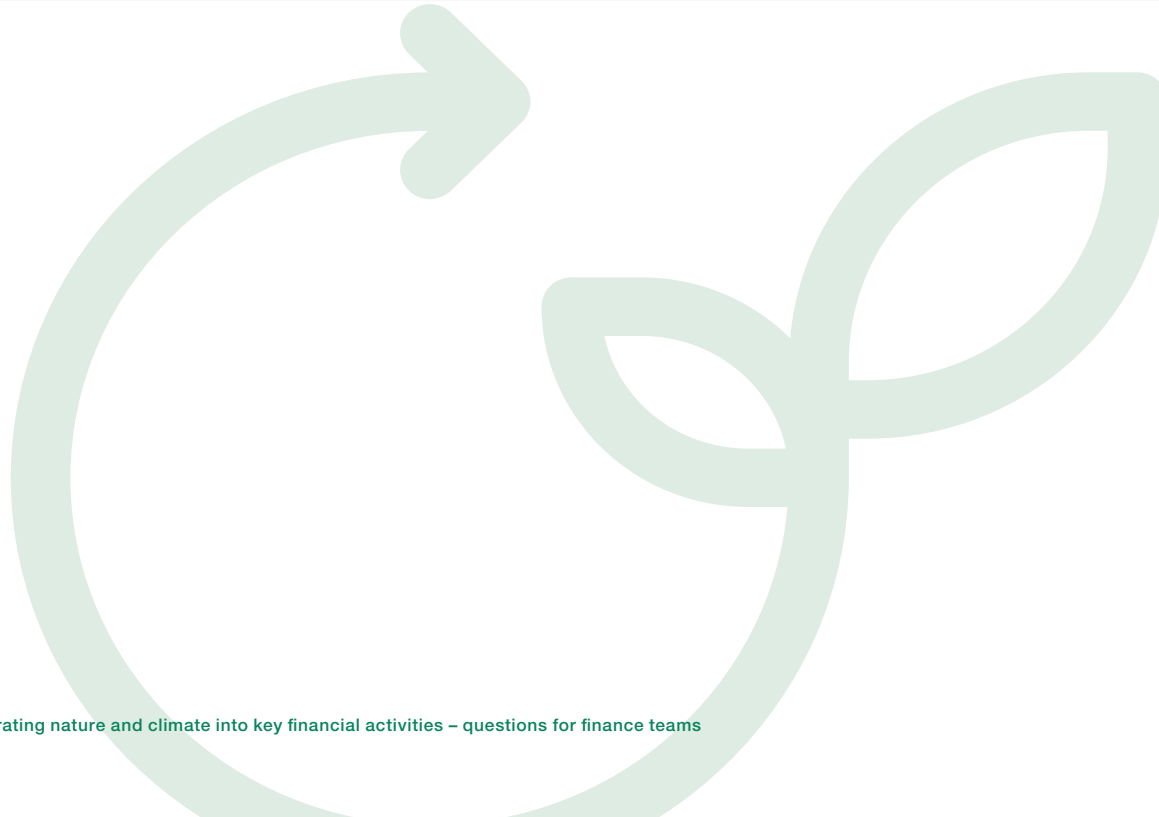
**Strategic planning and budgeting**

Guiding questions	How this applies to your organization
<p><b>1.</b> Has your company set climate/net zero targets or incorporated climate considerations into strategic planning and budgeting?</p> <p>a. If so, what processes can you leverage and which teams can you engage with to start incorporating nature considerations?</p> <p>b. If not, which internal stakeholders can you engage with and what steps can you take to incorporate both climate and nature considerations in your regular strategic planning and budgeting cycle?</p>	
<p><b>2.</b> What are the potential additional costs or revenue losses when considering your company’s exposure to the compounding effects of nature loss and climate change?</p>	
<p><b>3.</b> What are the potential opportunities for cost savings or new revenue streams for your company as a result of taking action that addresses both climate and nature?</p>	
<p><b>4.</b> Is your company considering nature-based solutions (NbS) in its transition to net zero or its adaptation to the impacts of climate change?</p> <p>a) If so, how can you support in assessing the costs, benefits and cost effectiveness of NbS?</p> <p>b) If not, which internal stakeholders can you engage with and what steps can you take to explore the potential of NbS for your company?</p>	



**Scenario analysis**

Guiding questions	How this applies to your organization
<p><b>1.</b> Has your company already conducted climate scenario analysis?</p> <ul style="list-style-type: none"> <li>a) If so, what processes can you leverage and which teams can you engage with to adapt it for nature-related considerations?</li> <li>b) If not, which internal stakeholders can you engage with and what steps can you take to explore how this could support your strategic planning?</li> </ul>	
<p><b>2.</b> What current or emerging policies and regulations on climate, biodiversity and nature loss could impact your company’s operations and need to be factored in to your scenario analysis?</p>	
<p><b>3.</b> Has your company started adopting the TCFD or TNFD recommendations?</p> <ul style="list-style-type: none"> <li>a) If so, how can you use available examples from your sector/geography to improve your analysis?</li> <li>b) If not, how can you draw on the available guidance to develop your initial analysis?</li> </ul>	

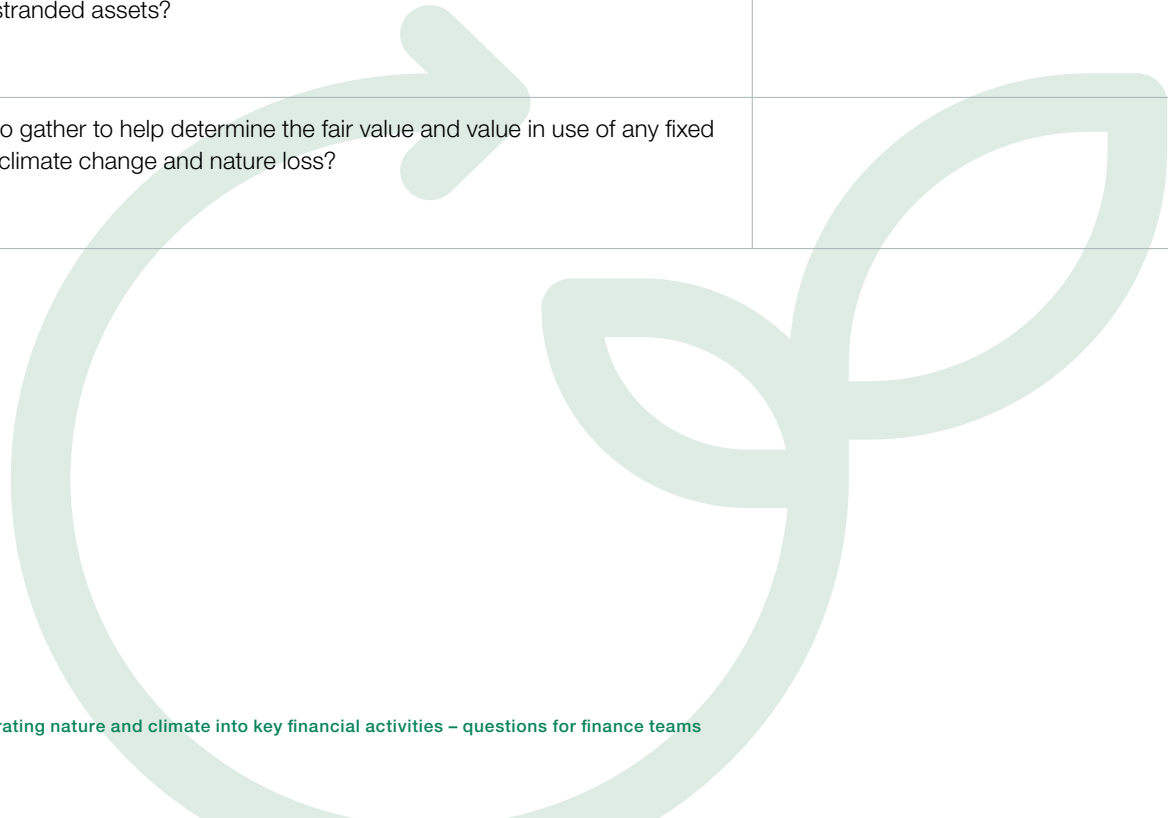


## Transition planning

Guiding questions	How this applies to your organization
<p><b>1.</b> Has your company already started developing a climate transition plan?</p> <ul style="list-style-type: none"> <li>a) If so, what existing methodology can you build on to include nature and which teams can you engage with to address nature transition?</li> <li>b) If not, which internal stakeholders can you engage with and what steps can you take to explore transition planning that considers both climate and nature?</li> </ul>	
<p><b>2.</b> What regulatory requirements, industry standards and stakeholder pressure related to the net zero, nature positive transition are affecting, or are likely to affect, your company's operations?</p>	
<p><b>3.</b> Are regulators, investors and other stakeholders asking questions about your company's climate and nature transition plans?</p> <ul style="list-style-type: none"> <li>a) If so, what information do they expect you to provide?</li> <li>b) If not, what information do you anticipate your key stakeholders will request?</li> <li>c) How are you preparing to provide this information?</li> </ul>	
<p><b>4.</b> Can you start aligning your financial planning with transition planning, eg by allocating resources, including capex, to support the transition? Use the <a href="#">Aligning Transition Planning and Financial Planning</a> guide and tools to help you.</p>	

**Capital investment and asset valuation**

Guiding questions	How this applies to your organization
<p><b>1.</b> What are the capex requirements, if any, for addressing the climate and nature risks identified for your company?</p>	
<p><b>2.</b> Does your company need to raise finance to fund the capital investment? If so, what sustainable finance instruments could you consider?</p>	
<p><b>3.</b> Does your fixed asset inventory identify where the assets are located? Are any of the locations subject to climate hazards or nature degradation that could impact your operations? Are any fixed assets located in or near ecologically sensitive areas?</p>	
<p><b>4.</b> Are there any climate- or nature-related regulatory and market pressures that could expose your fixed assets to the risk of becoming stranded assets?</p>	
<p><b>5.</b> What information do you need to gather to help determine the fair value and value in use of any fixed assets that may be affected by climate change and nature loss?</p>	



**Reporting**

Guiding questions	How this applies to your organization
<p><b>1.</b> Is your company already doing climate-related reporting (eg aligning with TCFD/IFRS S2)?</p> <ul style="list-style-type: none"> <li>a) If so, what processes can you leverage and which teams can you engage with to integrate nature-related reporting (eg aligning with TNFD)?</li> <li>b) If not, which internal stakeholders can you engage with and what steps can you take to develop integrated reporting that covers both climate and nature?</li> </ul>	
<p><b>2.</b> Are regulators, investors, customers and other stakeholders asking questions about your company's climate- and nature-related reporting?</p> <ul style="list-style-type: none"> <li>a) If so, what information do they expect you to provide, and by when?</li> <li>b) If not, what information do you anticipate your key stakeholders will request?</li> <li>c) How are you preparing to provide this information?</li> </ul>	
<p><b>3.</b> Is climate- and nature-related reporting already mandatory for your organization? If not, is it likely to become mandatory in the next three years in the jurisdictions where your company operates? How prepared are you for this?</p>	
<p><b>4.</b> What governance measures do you need to put in place to establish clear roles and responsibilities for the integrated reporting process?</p>	
<p><b>5.</b> What climate-related data (including TCFD-related metrics) are you already reporting on, and how can this be built on to capture nature-related data?</p>	

