

## SUMMARY

# The Case for Nature-related Financial Disclosures in Canada

## Overview

A resilient and competitive Canadian economy depends on the health of its very foundation: the natural world. Failing to account for nature's true value has created hidden vulnerabilities for businesses and the economy.

Nature-related financial disclosures (NFDs) can help address this blind spot by helping businesses assess and manage nature-related risks and seize strategic opportunities.

This research background outlines the financial and economic case for NFDs. It highlights the emergence of standardized frameworks and explores the drivers of NFD uptake. It touches upon barriers to adoption and identifies the need for in-depth research

to inform a pragmatic, phased approach to overcome NFD-related adoption constraints.

## Why this research matters to Canada

Canada's resource-intensive economy is highly exposed to nature loss. Nature's decline puts US\$259 billion of economic value potentially at risk. Despite Canada's economic exposure, few companies have adopted NFDs.

Canadian businesses that assess and report nature-related issues support Canada's long-term economic resilience and the stability of its financial system.

## What this research contributes

- Assesses the business-level and broader economic implications of nature's decline
- Explores the case for companies to implement NFDs, including the materiality of nature-related risks and the opportunities that can arise from efforts to manage these risks
- Explores key drivers compelling business adoption of NFDs, including investor demands, evolving international policy and regulations, expanding legal duties and shifting consumer preferences
- Examines the importance of standardized reporting and the emergence of globally accepted NFD frameworks
- Identifies practical barriers to NFD uptake in Canada, including policy and regulatory uncertainty, underdeveloped data and measurement infrastructure, and limited institutional capacity.

## Key takeaways

- Organizations operating without clear information on their nature-related issues face potentially significant financial consequences.
- If left unmanaged, these consequences can ripple across the economy and financial system.
- NFDs enable businesses to understand their relationship with nature and manage risks (like supply-chain disruptions).
- Beyond risk management, NFDs enable opportunities to achieve operational efficiencies, innovate, attract investment and lessen their nature-related impacts.
- Standardized NFD frameworks aim to provide reliable, apples-to-apples information that investors and other stakeholders need to account for nature in their decision-making.
- Supporting widespread uptake requires targeted research to investigate current roadblocks. Future research can build a practical, sequenced plan to support the mainstreaming of NFDs in Canada.

## Key messages for decision-makers

**Policymakers and regulators:** Clear policy signals and a thoughtfully sequenced approach are needed to address barriers to widespread adoption. This practical, sequential approach to building a durable foundation for NFDs requires targeted research to deeply investigate underlying constraints.

**Industry and businesses:** Businesses that recognize the potential materiality of their nature-related issues will be best positioned to navigate uncertainty. By assessing and disclosing their nature-related impacts, dependencies, risks and opportunities, businesses can proactively build resilience against nature-related risks, realize opportunities and secure their competitiveness. They benefit from adopting globally standardized disclosure frameworks, like the TNFD recommendations.

**Investors and financial institutions:** Financial market participants play two crucial roles: they must adopt NFD frameworks to assess and disclose their nature-related issues, while also driving broader market transparency by encouraging corporate adoption of NFDs to inform their own risk assessments and investment decision-making.

Read [\*The Case for Nature-related Financial Disclosures in Canada\*](#) to explore how understanding and disclosing nature-related impacts, dependencies, risks and opportunities can help build a more resilient and competitive Canadian economy.

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