



Intro to TNFD for East African Businesses

The Taskforce on Nature-related Financial Disclosures (TNFD) is the emerging global framework designed to help organizations assess, manage, and disclose their nature-related dependencies, impacts, risks, and opportunities. For East African businesses, whose profitability is intimately tied to natural capital—from agricultural land and water catchments to healthy coastal ecosystems—adopting the TNFD is the next crucial step after climate (TCFD/IFRS S2) disclosures.

This article provides an introduction to the TNFD for local businesses, focusing on the core concepts, risk pathways, and a practical **quick-start assessment**.

1. The TNFD Focus: Beyond Carbon

While climate disclosures (like IFRS S2) focus on the flow of energy and greenhouse gases, TNFD addresses the entire web of **nature**—which includes land, ocean, fresh water, biodiversity, and ecosystem services.

The core of the TNFD framework centers on two key concepts:

1. **Dependencies:** How the business *relies* on nature for its operations (e.g., relying on pollinators for crop yield, clean water for processing, or stable coastlines for ports).
2. **Impacts:** How the business *affects* nature (e.g., pollution, habitat loss from land use, water abstraction, or resource over-extraction).

In the East African context, where sectors like Agribusiness, Manufacturing, and Tourism are highly dependent on the stability of natural systems, nature risk often translates directly into **operational risk and downtime**.

2. Nature-Related Risk Pathways: The LEAP Approach

TNFD recommends the **LEAP approach** as a standardized due diligence process for assessing nature-related risks and opportunities. The process is similar to TCFD but focuses specifically on nature:

TNFD Step	Description	East African Business Example
Locate	Locate the interfaces with nature. Identify the Priority Locations where the company's assets, operations, or value chain sources are situated.	A manufacturer identifies its material sourcing is near a key biodiversity area (KBA) or its factory is in a water-stressed catchment area.
Evaluate	Evaluate dependencies and impacts at the identified locations. Use site-level screening to determine the severity and scale of impacts/dependencies.	An agribusiness evaluates its reliance on freshwater and pollinators, and its impact on local soil health.
Assess	Assess risks and opportunities that arise from the	The risk of a license to operate being revoked due to



TNFD Step	Description	East African Business Example
	dependencies and impacts. These include physical risks (e.g., drought) and transition risks (e.g., new biodiversity protection laws).	community complaints about water pollution.
Prepare	Prepare to respond and report. Develop Nature-Positive Pathways and disclose the results using the TNFD's recommended disclosures (Governance, Strategy, Risk Management, Metrics and Targets).	Developing a Nature-Positive Pathway to improve soil health or implementing catchment-level collective action.

3. Quick-Start Assessment: TNFD Orientation

For East African businesses and lenders facing capacity constraints, a full LEAP assessment can be resource-intensive. A **TNFD Orientation** offers a pragmatic quick-start:

A. Initial Screening

The first step is a **Site-Level Screening** and **Dependency & Impact Mapping**.

- **Biodiversity Screening:** Identify if assets or supply chain sources are in or near areas of high ecological importance (e.g., protected areas, critical habitats, key biodiversity areas).
- **Water Dependency Mapping:** Assess reliance on water catchments and exposure to water scarcity or flood risk.
- **Land Use Impact:** Assess the scale and rate of land conversion or degradation caused by operations or the direct supply chain.

B. Focusing on Material Pathways

Unlike climate, which focuses primarily on GHG emissions, nature requires identifying **site-specific material risk pathways**. For a Kenyan industry, these often include:

- **Water Risk:** The competition for water between the business, communities, and nature (see **Water Stewardship**).
- **Land Degradation Risk:** Erosion, loss of soil fertility, and unsustainable use of fertilizers, which directly impacts the value of agricultural collateral for lenders.

Action Point: Treat the **TNFD orientation** as an initial risk heatmap to determine where the most material **Nature-related risks and opportunities** lie, informing which sites or supply chains require a full LEAP assessment later. By integrating nature into strategy, local businesses ensure long-term resilience and enhanced reputation.