

Nature: Everyone's Business.

1. Nature is in crisis, and the economic impacts are here.

Over half of the world's GDP relies on nature.¹ This includes sectors that directly depend on natural resources, like timber and minerals for construction, as well as those that rely on ecosystem services, such as pollination and healthy soils for agriculture, or sourcing natural ingredients for food and beverages.

While this statistic highlights the economic value of nature, it understates the deeper truth: all sectors are ultimately connected to and dependent on nature. Without functioning ecosystems, the entire global economy would be at risk of collapse.

Yet, traditional economic models fail to account for the value of nature. Nature has been treated as a resource to exploit, rather than an asset that provides essential goods and services.

It's what has led to rapid nature loss: a third of our forests are gone, half our coral reefs wiped out, and the average decline of monitored wildlife populations is over 70% between 1970 and 2020.²

The economic impacts are felt today. For example - more than half of the world's food comes from three staples - rice, wheat and maize. These crops suffer annual losses of up to 16% of total production (valued at \$96 billion) due to invasive species, which thrive in degraded ecosystems.³

2. Nature risk is business risk.

Businesses increasingly feel the financial impacts of environmental degradation. Financial impacts include increased costs, reduced revenues, or direct loss.

Common drivers of business risk include:

- **Supply Chain Disruption.** Delays due to water constraints have resulted in estimated revenue losses of USD 36 billion annually for Tesla's factory in Germany.⁴
- **Price Volatility.** Climate impacts on coffee crops drive unpredictable cost spikes, disrupting planning.
- **Reputational Damage.** Nestlé faced backlash and a 4% decline in stock price after Greenpeace exposed sourcing of palm oil from deforested areas in Indonesia.⁵
- **Regulatory Pressure.** A mining company's stock fell 18% following stricter regulations, highlighting how policies can directly affect valuations.⁶

¹ World Economic Forum, 2020, Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy.

² IPBES, 2019, Global assessment report on biodiversity and ecosystem services; WWF, 2024, Living Planet Report 2024 – A System in Peril.

³ World Economic Forum, 2020, Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy.

⁴ SystemIQ and Metabolic, 2023, Nature Risk is Business Risk: The Best Companies Manage both.

⁵ IPBES, 2017, The assessment report on pollinators, pollination and food production.

⁶ World Economic Forum, 2020, Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy.

- **Stranded Assets:** The Tropical Forest Alliance (TFA) estimated that investors could experience tens of billions of dollars in stranded assets related to deforestation-linked commodities in the next 5-10 years as consumer preferences shift.

3. Nature as business opportunity.

By proactively incorporating nature into their business models, companies unlock new revenue opportunities, command price premiums for existing products, and foster stronger brand loyalty.

For example:

New revenue opportunities: The World Economic Forum estimates \$10 trillion in opportunities for nature-positive models by 2030.⁷ Nature-positive models refer to achieving a net positive impact on nature by 2030. Unilever's investment in plant-based offerings, which replace animal-derived proteins that contribute to deforestation, is projected to generate €1.5 billion in annual sales.⁸

Price premiums: Consumers are increasingly willing to pay a premium for products and services that are produced sustainably and support nature conservation. Studies indicate that 12% to 25% of customers would pay more for products with sustainability labels such as "all natural," "eco-friendly," or "sustainably produced."⁹

Brand loyalty: A commitment to nature builds trust. Companies demonstrating real environmental action stand out in competitive markets. A European dairy business witnessed a 20% increase in customer engagement by highlighting its biodiversity-oriented practices.¹⁰

4. Nature risk and opportunity is not uniform across sectors.

Some sectors have more significant risks due to their heavy reliance on natural resources and ecosystem services, while others have a greater potential to capitalize on opportunities arising from the nature-positive transition.

The sectors at the highest risk from nature-related challenges typically include extractives, food and beverage, apparel, utilities, agriculture, and chemicals. According to McKinsey's analysis of over 1,500 businesses, 180 large publicly traded companies in these industries could face profit losses exceeding 10% by 2030 if they fail to effectively manage their nature-related risks.¹¹

5. Nature-Positive: The next frontier for sustainable business.

Nature-positive businesses actively restore and regenerate ecosystems, shifting from a 'do no harm' approach to achieving a 'net positive' impact. Much like net-zero became the rallying point for climate action, nature-positive is primed to become the next frontier for sustainable business.

There are three main trends pointing to this:

⁷ World Economic Forum, 2024, How to unlock \$10.1trillion from the nature-positive transition.

⁸ Bain & Company, 2023, The Nature and Biodiversity Playbook for Business.

⁹ Jurgita Biceika and Maria Coronado Robles, 2022, "Sustainable food: Will consumers pay a premium?," Euromonitor International.

¹⁰ Natura website, cited in Bain & Company, 2023, The Nature and Biodiversity Playbook for Business.

¹¹ McKinsey, 2024, Taking action on nature webinar.

1. Emerging Nature Market Ecosystem

- Frameworks like the Taskforce on Nature-related Financial Disclosures (TNFD) are emerging to guide businesses in assessing, managing, and disclosing their nature-related risks and opportunities. The TNFD recommendations encourage businesses to extend the principles used for climate risk disclosure to encompass nature-related considerations.
- The Science Based Targets Network (SBTN) is developing methodologies to help companies set science-based targets for nature, providing a roadmap for aligning business operations with planetary boundaries.

2. Regulatory Landscape Shifting Towards Nature

- The “Corporate Sustainability Reporting Directive” (CSRD) is an example of mandatory reporting requirements emerging in various regions, pushing businesses to be more transparent about their environmental performance.

3. Growth in Voluntary Commitments

- By November 2024, more than 500 organizations, managing a combined \$17.7 trillion in assets, pledged to adopt the Taskforce on Nature-related Financial Disclosures (TNFD) framework. These organizations aim to begin reporting on nature-related risks by 2025.

But there is a long way to go.

Compared to 80% of Fortune Global 500 companies that have targets for carbon, fewer than 25% have targets for water, 15% for forests, and 5% for biodiversity, as of 2022.¹²

And the challenges are real.

- Data. Effective risk management is complicated by fragmented and inconsistent data. This is often exacerbated by limited supply chain traceability and integration hurdles.
- Metrics. The lack of standardized metrics and a focus on policies rather than outcomes make it difficult to measure tangible biodiversity improvements.
- Business case. Demonstrating the ROI of nature risk management and opportunities is complex.

The path forward is clear: businesses must act now to safeguard their future and the planet. Those who move early will not only protect against risk but also redefine what it means to lead in the 21st-century economy.

¹² McKinsey 2022, Nature-related commitments remain low.