



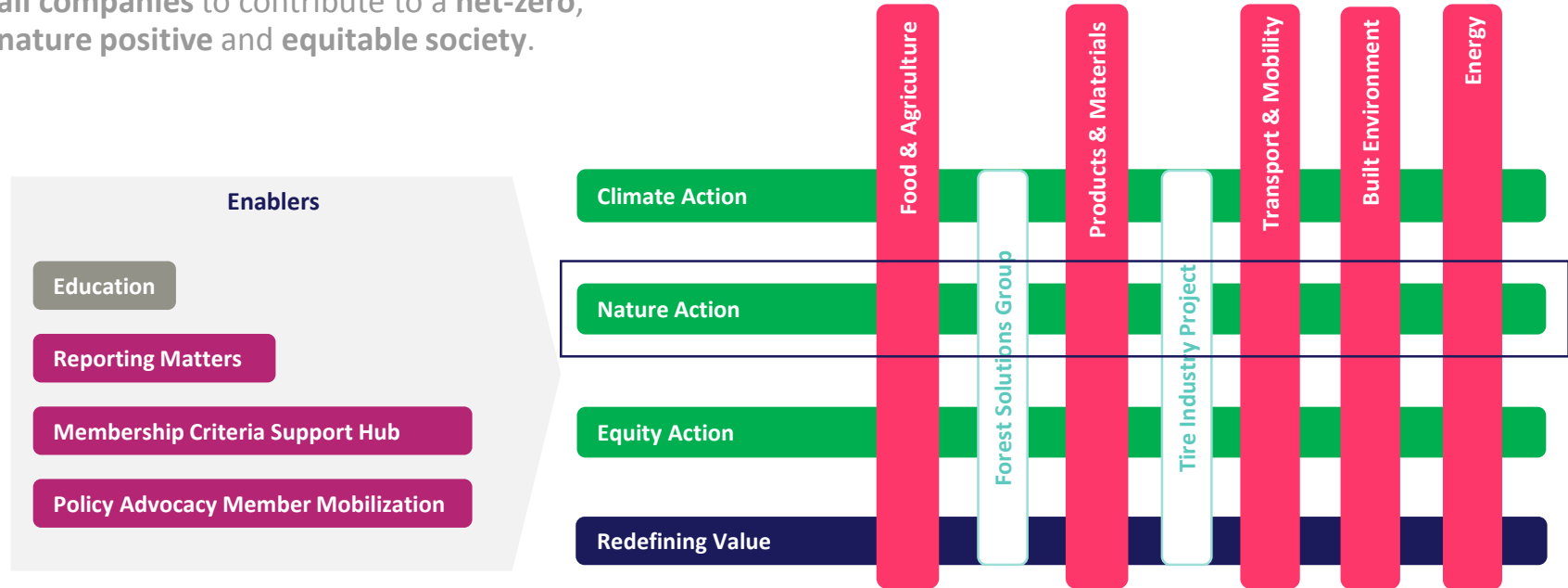
Nature Risk Rising – Why This Matters for Business and the Economy

Building Bridges

5 October 2022

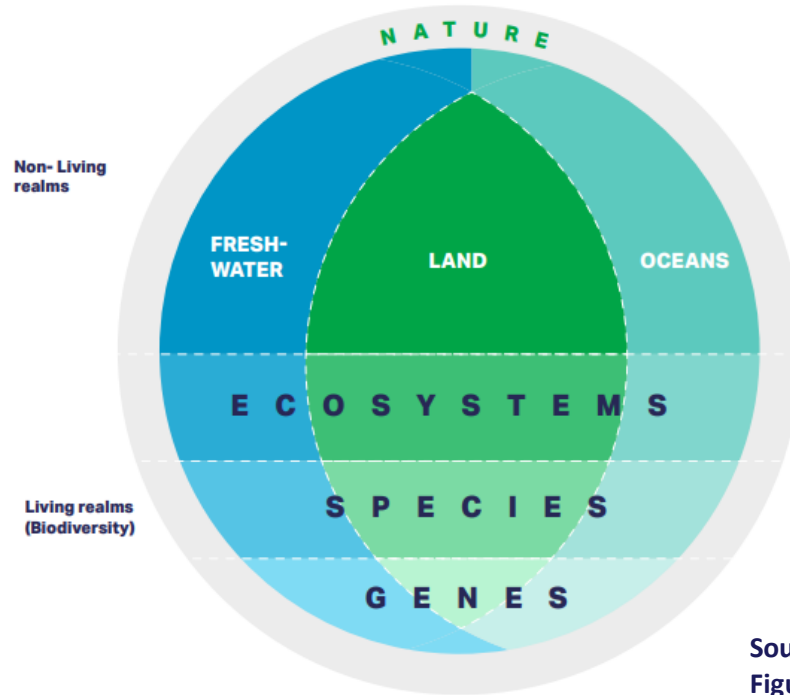
WBCSD Transformation Matrix

Leveraging collective action in value-chains to drive the systems transformations needed for **all companies** to contribute to a **net-zero**, **nature positive** and **equitable society**.



1. Breaking down the complexity of nature (the what and the why)

The scope of nature and its related terms

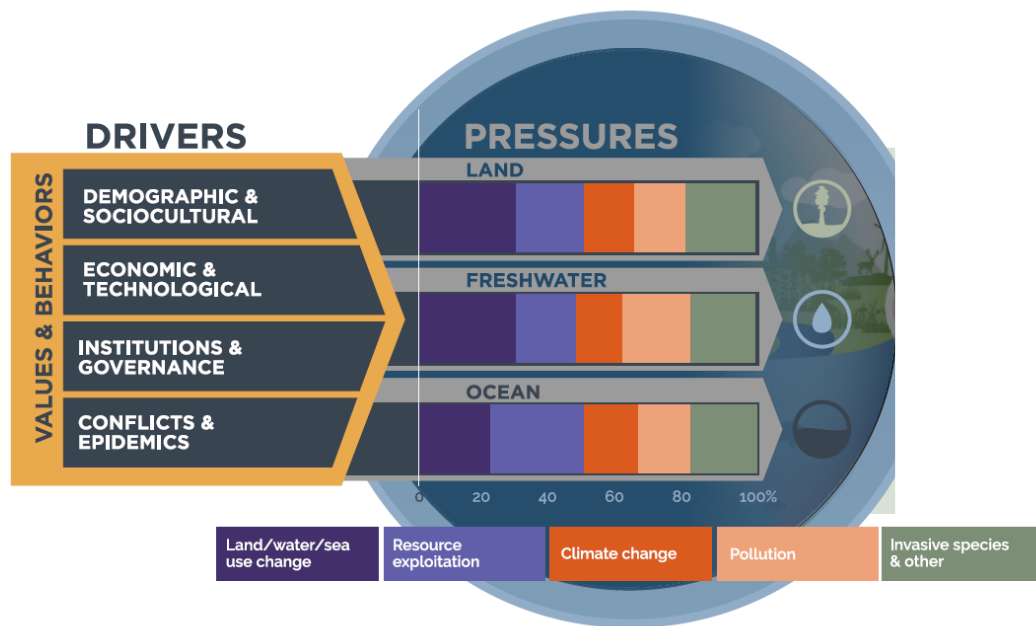


- Nature comprises **all living entities (which means biodiversity)** and their **interactions** with other **living** or **non-living physical entities (which are the realms of nature)** and **processes**.
- Biodiversity is a characteristic of healthy environment.

Source: *Practitioners Guide – What does nature-positive mean for business?*

Figure 6: Breaking down “nature” and related terms

All businesses **impact** on nature



SBTN Initial Guidance for Business (2020)

Human activities contribute to 5 main impact **drivers/ pressures** on nature...

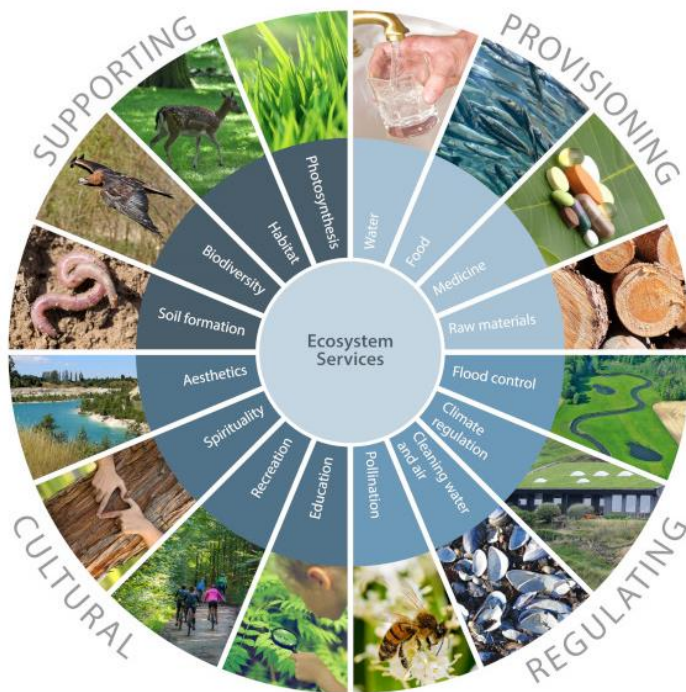
- Land-/sea use change
- Direct resource use
- Climate change
- Pollution
- Invasive alien species and others

... which are changing the **state** of nature.

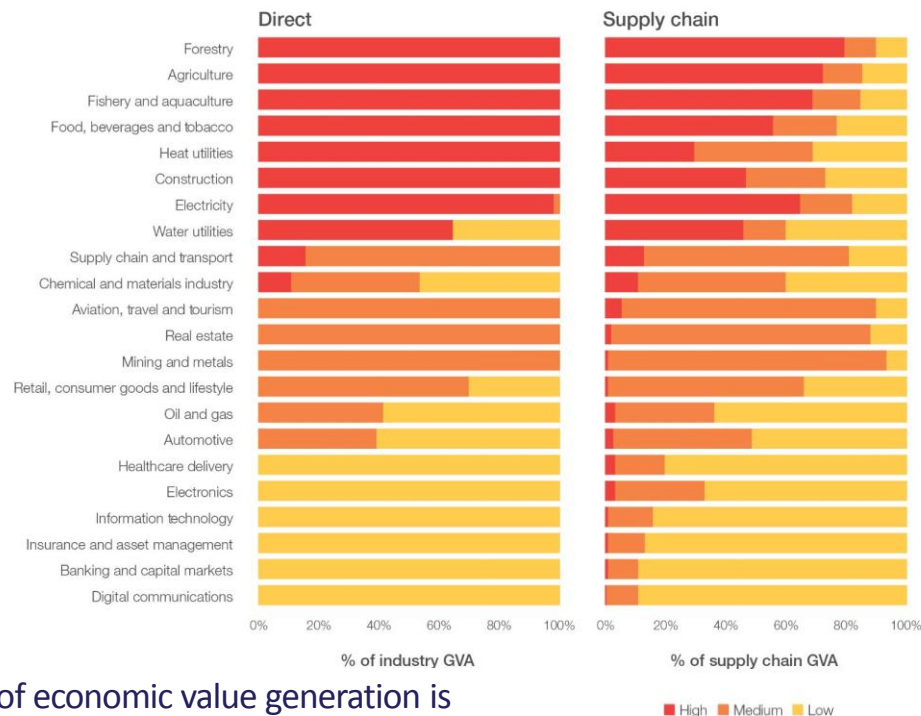
Why does this loss of nature represent a **risk** to our economies?

All businesses **depend** on nature

Aarhus University (2022)



Percentage of direct and supply chain GVA with high, medium and low nature dependency, by industry



\$44 trillion (around half the global GDP) of economic value generation is **moderately or highly dependent** on nature and its services (WEF, 2020)

Major reports sound the alarm for urgent action

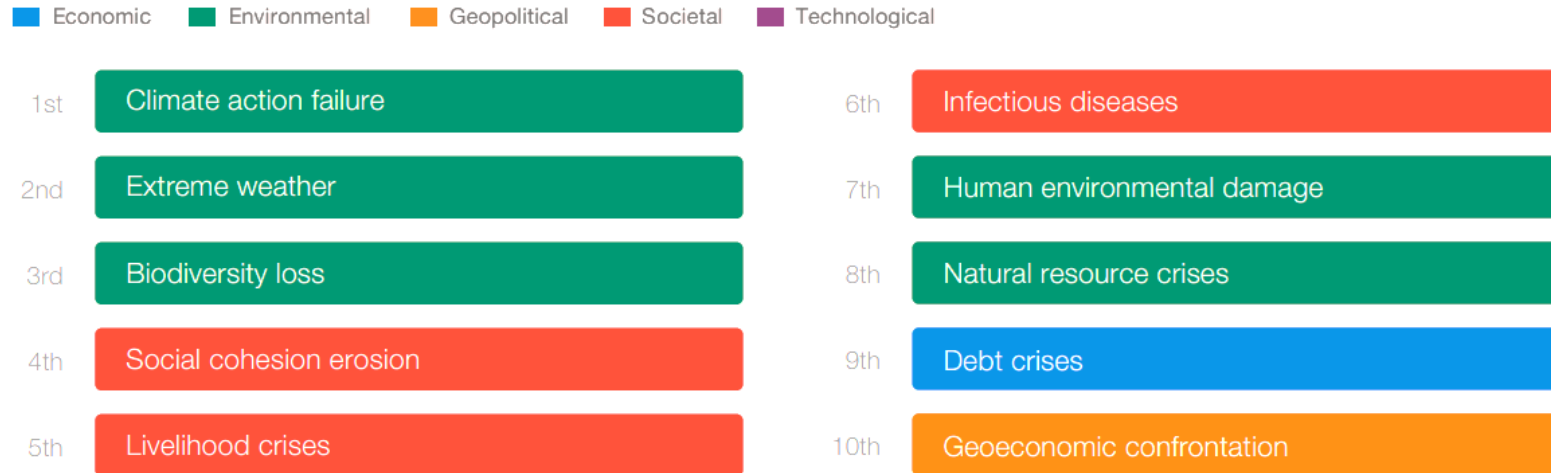
Why do we urgently need to scale up action on nature?

- The economy is **embedded in the biosphere** and is not external to it (Dasgupta Review, 2021)
- “When we **extract natural resources** and **produce waste**, we are damaging the economy and **undermining nature’s ability to support it.**”
- The **rapid decline of the natural world is a crisis even bigger than climate change** - IPBES, [Global Assessment Report on Biodiversity and Ecosystem Services](#) (2019)
- Business will not achieve climate commitments unless they address nature loss



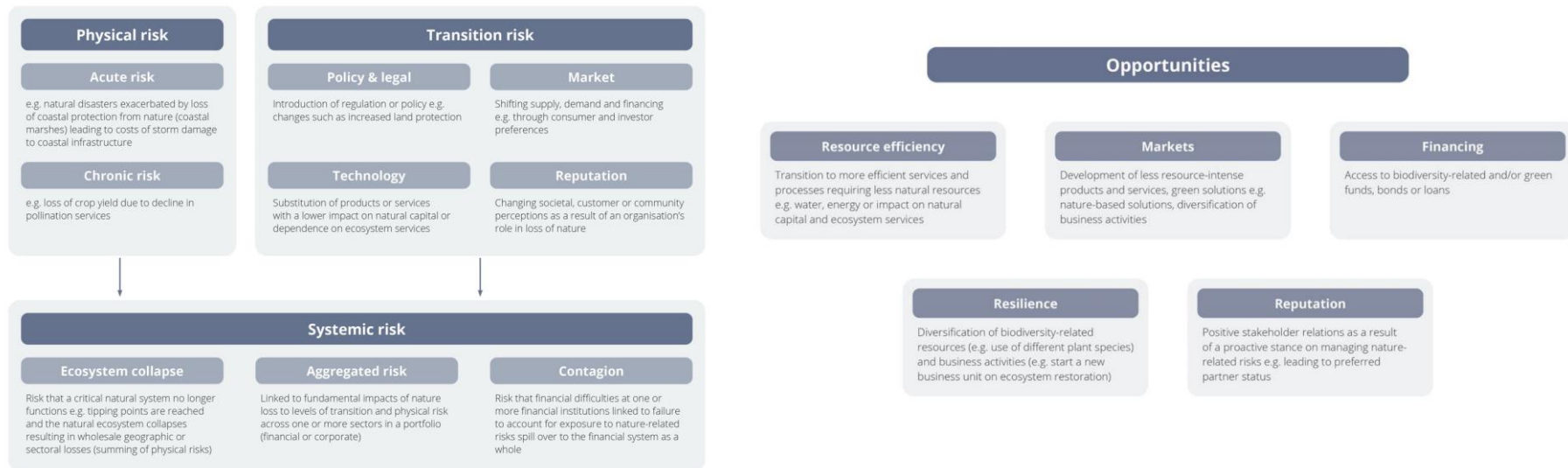
The Global Risks Report 2022

The most severe risks on a global scale over the next 10 years



Source: [World Economic Forum Global Risks Perception Survey 2021-2022](#)

Breaking down risk... and opportunities

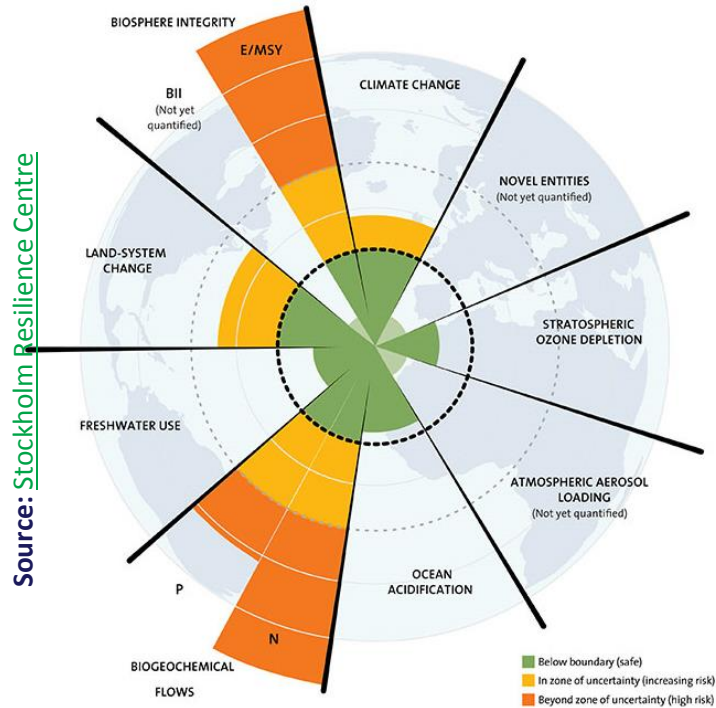


Source: Taskforce for Nature-related Financial Disclosures beta framework v0.1

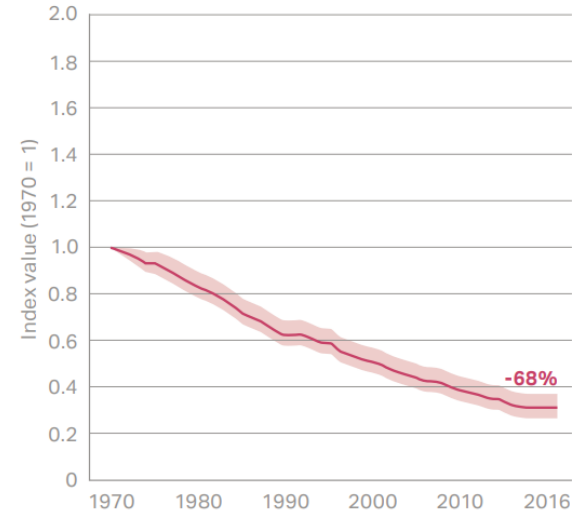
2. Taking strategically aligned action, now

Tipping points for **climate** and **nature**

PLANETARY BOUNDARIES



GLOBAL BIODIVERSITY LOSS 1970 TO 2016



KEY

Confidence limits Living Planet Index (measure of biodiversity)

Source: WWF/ ZSL, 2020

Source: [WBCSD Vision 2050 \(2021\)](#)

Global Goal for Nature

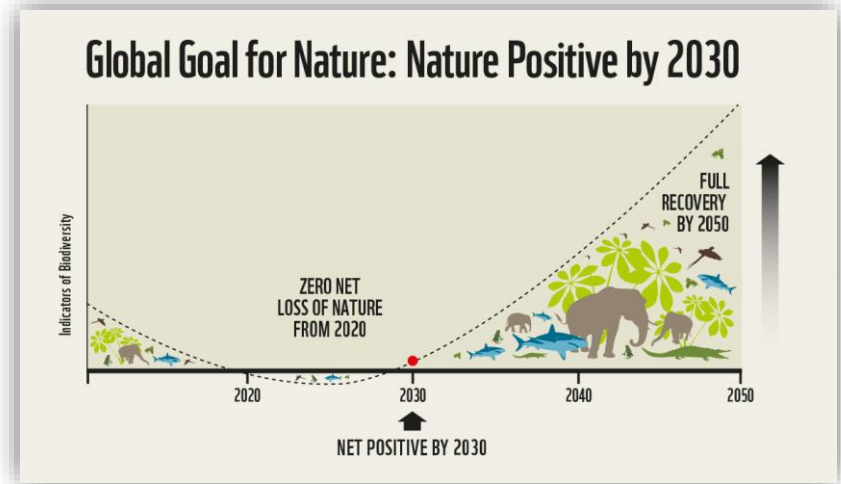
Embracing a Global Goal for Nature

launched, including WBCSD, identifying the level of ambition needed **to halt and reverse loss of nature** to achieve a nature-positive world.

Three measurable temporal objectives:

- zero net loss of nature from 2020
- net positive by 2030, and
- full recovery by 2050.

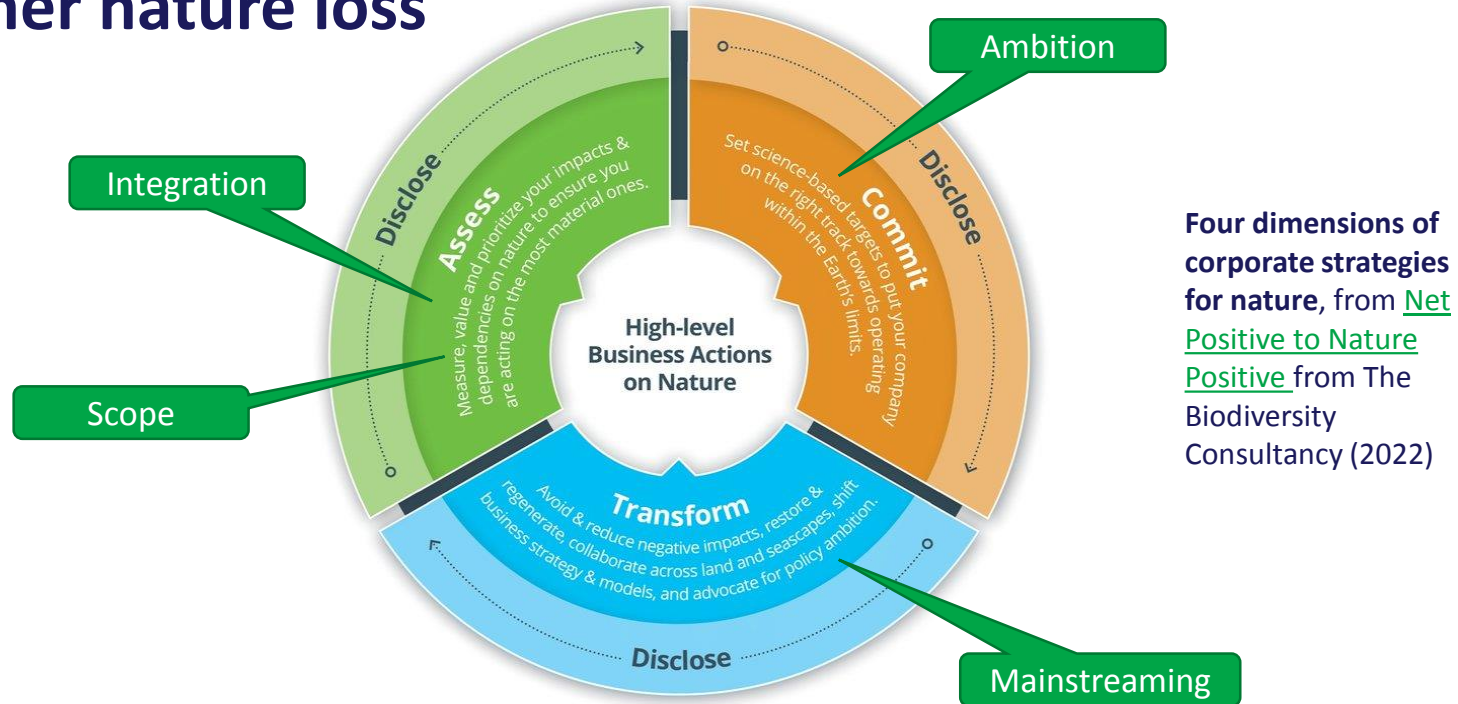
In short: **more nature by 2030 than in 2020.**



Source: <https://www.naturepositive.org/>

The Global Goal for Nature is a system-level goal for all stakeholders, with business and finance playing a role as part of the broader system.

Business must take immediate actions to prevent further nature loss



Developed in collaboration with, and supported by these organisations and more:



and more...

Screening material **impacts** and **dependencies**

Getting started

1. Understand (at a high-level) your impacts and dependencies on nature across your value-chain
2. Identify “no regret actions” and interim targets

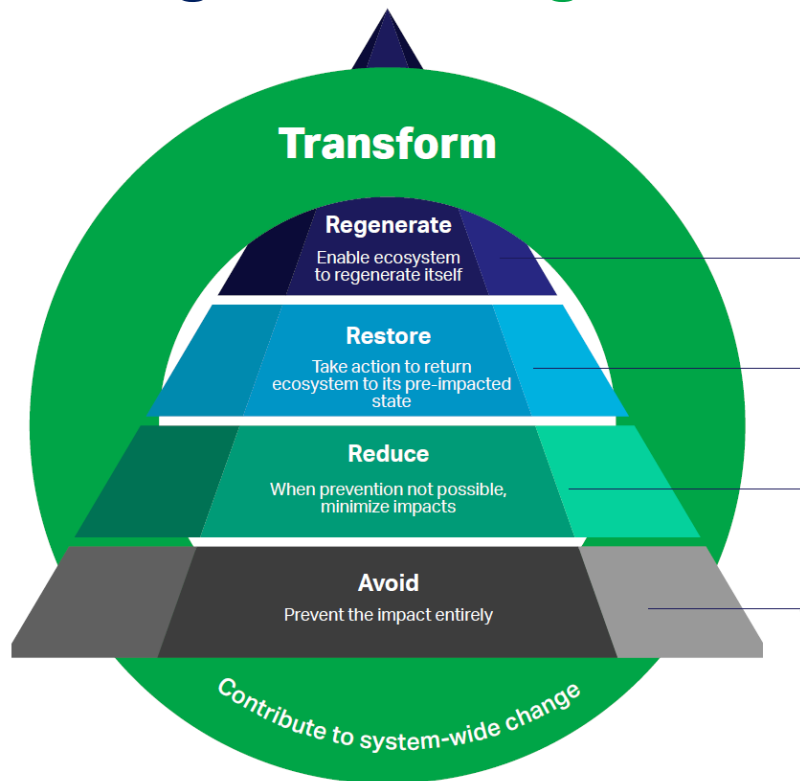
How?

ENCORE identifies how business and finance across all sectors of the economy **potentially depend and impact on nature**, and how these potential dependencies and impacts might represent a business risk.

The screenshot displays the ENCORE web application interface. At the top, there is a navigation bar with the ENCORE logo and links for About, Explore, Data & Methodology, Contact, and Login/Register. Below the navigation bar, there are three dropdown menus for filtering results: 1. Sector (set to "- Enter -"), 2. Sub-industry (set to "Diversified Chemicals"), and 3. Production process (set to "- Enter -"). The main content area is divided into two tabs: "Dependencies" and "Impacts", with "Impacts" currently selected. To the right of the tabs, it says "Showing - 6". Below the tabs, there are two sub-sections: "Ecosystem services" and "Assets". Under "Ecosystem services", there are four items listed: "Direct Physical Input" (2), "Enables Production Process" (1), "Mitigates Direct Impacts" (1), and "Protection from Disruption" (2). Each item has a "+ SHOW ALL" button next to it. The bottom of the page features a footer with logos for Natural Capital Finance Alliance, MAVA, Swiss Re, UN Environment Programme, WCMC, Finance UNEP Initiative, and Global Canopy.

Reference: <https://encore.naturalcapital.finance/en>

Setting **interim targets** for the most material issues



Example interim targets

Apply regenerative design principles to infrastructure.

Increase area under restoration in all ecosystems (land, freshwater, marine) in your area of influence

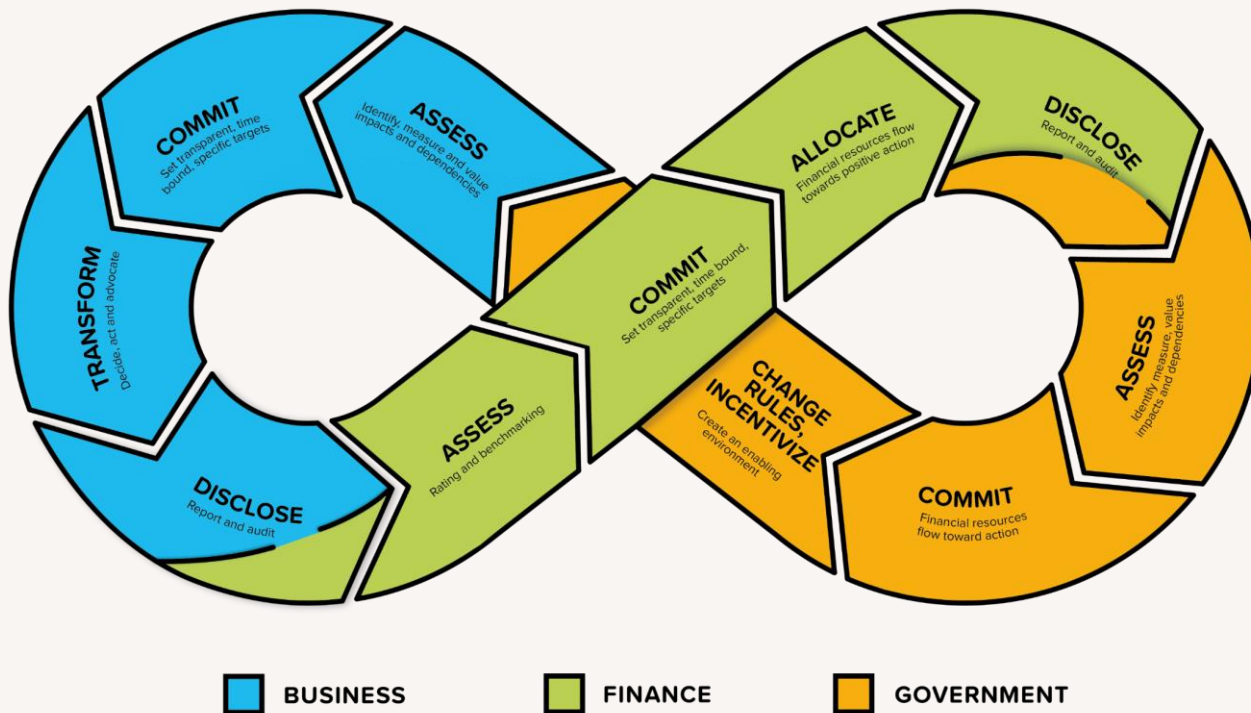
By 2030, reduce water quality pressures in high impact parts of your value chain by X% to align with good ambient water quality.

By 2030, reduce value chain GHG emissions by 50%, and by 90-95% further by 2050, in accordance with sectoral ambitions*.

Zero deforestation and conversion from 2020 in all corporate supply chains.

Recycling of x % of materials to avoid extraction.

Aligning financial flows in the system



Guide on engagement with companies

Biodiversity-oriented engagement: Scope & approaches (chapter 1)

Why engage and where to start?

- Biodiversity loss, drivers and implications
- Bringing core concepts together: From challenges to origins
- How to get started: Why?What?How?-Matrix

See [Finance for Biodiversity: Guide on engagement with companies](#) (2022)

Level 1

Why? Biodiversity challenge

- ① Key biome
- ② Geographic area
- ③ Challenge: driver or ecosystem service

Level 2

What? Strategy

- ④ Overall goal
 - mitigate negative impacts
 - manage risks
 - adapt to dependencies
 - promote positive solutions
 - drive systemic change
- ⑤ Scope

Level 3

How? Engagement approach

- ⑥ Select issuers
(incl. based on financial exposure)
- ⑦ Define engagement requests
(incl. based on issuers' maturity)
- ⑧ Define metrics and KPIs
to measure progress



Key takeaways

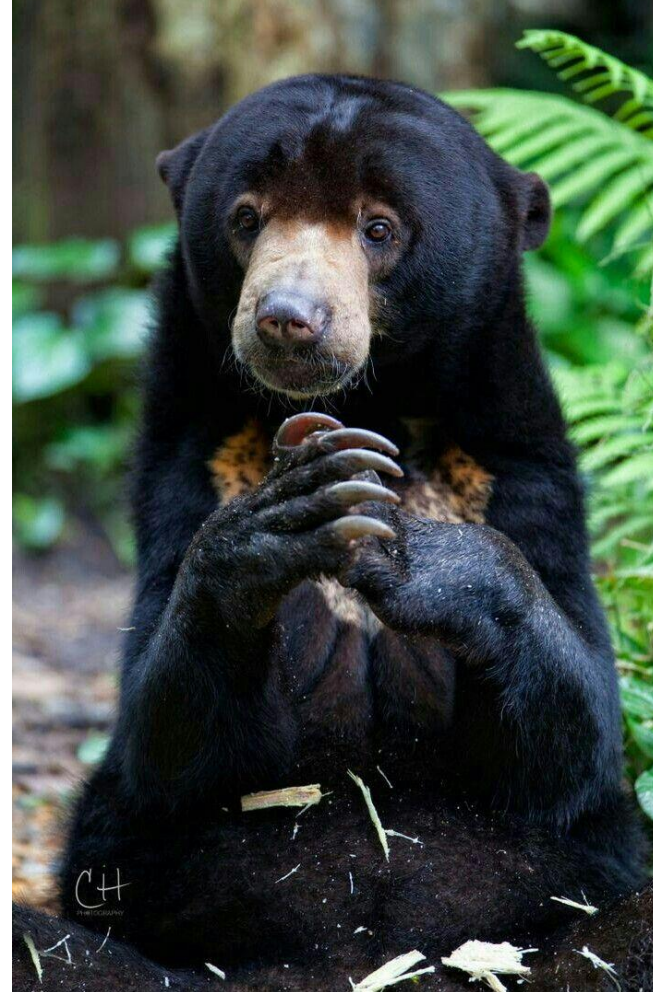
To address the scale and urgency of **nature loss and climate change...**

- All parts of society have a role to play
- **Address climate & nature together with Net Zero, Nature Positive** action, guided by reinforcing science-based targets for priority impacts and dependencies.
- Conventional and sustainable approaches only get us so far. **Restorative and regenerative approaches are required for full recovery.**
- **Embed the value of nature in decision-making**, redirecting financial flows away from nature-negative outcomes.
- **Expand action beyond site-level** to identify pressures across consumption and production value chains – uncover impacts and dependencies you are not considering yet.
- Don't wait for perfect – **start now**, be a leader, and put in place “no regret actions”.

Thank you very much for listening!

Any questions or comments?

Contact: Nadine McCormick
Nadine.mccormick@wbcasd.org.



Time to Transform.



Geneva, Amsterdam, Beijing, Delhi, London, New York, Singapore