wbcsd

Business readiness to step up action on nature – trends & insights on corporate reporting

Contents

Executive summary

2022 is set to be a critical year for determining our course to nature positive and catalyzing collective business action. The post-2020 Global Biodiversity Framework (GBF) will be adopted by member states and we have clear direction from the Global Goal for Nature to halt nature loss by 2030, and get to full recovery by 2050. While the Global Goal sets the direction of travel at a systems-level, we still need to unpack how that translates for the actors that have a role to play, including business. WBCSD has been working closely with members and partners to break down what "Nature-Positive" means for business, building on existing and emerging frameworks and methodologies, such as the Science Based Targets for Nature (SBTN) and the Taskforce for Nature-related Financial Disclosures (TNFD), making sure we get the private sector on the right track.

To inform business next steps and actions, **WBCSD undertook a baseline analysis of public disclosures on nature to understand business readiness to contribute to the Global Goal for Nature**. This work provides insights into how a subset of 55 members who are already active with respect to nature are currently performing related to the nature-positive "building blocks" and identifies best practice examples that help guide businesses as they identify next steps on their nature-positive journey.

Our key findings validate that nature is indeed emerging as a key priority for business. Nevertheless, we found an evident lack of standardization in assessing nature-related topics as material. There is also growing momentum related to target-setting and commitments, yet business need to further develop its ambitions to introduce more measurable, timebound targets. Businesses are acting to both halt and reverse nature loss, however there is still a focus on actions to reduce, and fewer business are first considering how to avoid. Finally, while half of businesses assessed have strategies in place for nature and biodiversity, reporting on nature is in general overly focused on stand-alone projects or actions.

These trends & insights help business and stakeholders working with business to better understand and identify shared challenges, as well as potential areas for future collaboration to accelerate the transition to nature-positive value chains as part of a net-zero emissions, nature-positive and equitable world.

As we approach the adoption of the post-2020 Global Biodiversity Framework, this information is critical to inform discussions on the role of business contributions to the GBF targets, and further informs the development and engagement of business in upcoming frameworks and methodologies that will help business halt and reverse nature loss, such as the SBTN and the TNFD.

1. Introduction

This white paper focuses on business readiness to contribute to the Global Goal for Nature. WBCSD undertook a baseline analysis with the aim of providing insights into how a subset of 55 members who are already active with respect to nature are currently performing related to the nature-positive "building blocks". Real examples also serve to guide other businesses as they identify and take the next steps on their nature-positive journey.

The objectives of the white paper are:

- Assess the **performance of business disclosures on nature.**
- Set a baseline of **members readiness level for nature action.**
- Provide insights to members with a **gap analysis** and **inform next topics of focus.**
- Identify key **trends & insights in reporting.**

2. How ready is business to step up action on nature?

Readiness assessment

To help business understand their readiness levels, WBCSD developed a methodology for analyzing performance and set up a dashboard in checklist format to easily apply to understand their performance on the nature agenda, and therefore understand their "readiness level". These levels are simply informative and are aimed at helping business understand where they are in their nature journey and how they make progress.

Table 1: Readiness levels

Started the journey	Developing	Advanced	Leading
The company identifies **nature-related issues** and/or presents **stand-alone actions** for nature.	The company assesses its **impacts** and/or has set a **high-level ambition** or targets for nature.	The company integrates nature into **strategy**, **sets measurable commitments** for nature and implements strategic actions.	The company **assesses impacts and dependencies** for all potentially relevant realms, **redefines industry business models** and **drives value chain mobilization**.

The methodology for this analysis draws on existing guidance and frameworks. The structure of the assessment follows the nature-positive building blocks. It focuses on the nature-related issues that businesses identify in their materiality assessment as well as other nature-related issues covered in their publicly available resources. Each material issue is categorized under the realms used by the Science-Based Targets Network Initial Guidance: biodiversity, freshwater, land, and oceans. Please note that climate was excluded from the analysis to allow for an initial emphasis on nature readiness.

![wbcsd logo]

The checklist format helps businesses understand what steps they have already been taken[1]. While this first version of the nature readiness assessment does not assess the ambition or quality of the steps, they will be considered for future iterations, as we plan to update and improve the methodology to repeat the assessment in 2023.
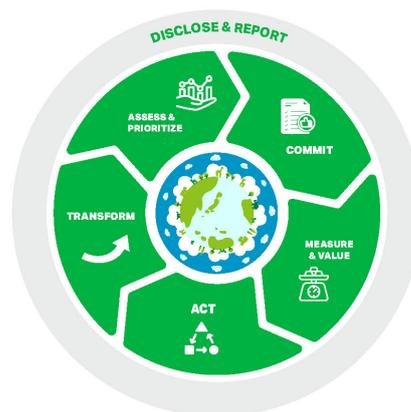
As the dashboard is based on publicly available information, it naturally does not reflect all the work each company is doing on nature. Rather, it offers an overview of the company's perceived performance right now, highlighting strengths as well as areas for improvement. Businesses can use such an assessment to:

- Communicate internally on the company's progress on nature;
- Share insights with top management;
- Understand how they are communicating with external stakeholders;
- Help to identify gaps where on-going actions on nature that are not reflected in public; disclosures to address in future reporting;
- Inform and help drive focus of the business future work and next steps in the nature agenda.

Figure 1: The building blocks for nature-positive business contributions

Source: WBCSD (2021) [What does nature-positive mean for business?](#)

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[1] WBCSD (2021) Example of the dashboard used to assess businesses' public disclosures, as well as more information on the analysis and methodology. Available at https://www.wbcsd.org/download/file/13343

Approach

In 2020, WBCSD raised the bar for business commitment to sustainability through a set of new criteria put forward as part of our membership conditions. One of the five new criteria focuses on business ambitions to address nature loss, in line with the Global Goal for Nature:

- **Set ambitious, science-informed, short- and medium-term environmental goals** that contribute to nature/biodiversity recovery by 2050.

To help mobilize and inform action, we undertook an internal analysis of businesses public disclosures to understand how many members have started to integrate nature into their reporting. **More than three-quarters of WBCSD's members have started their nature journey, identifying at least one aspect related to nature as material to their business.** With many businesses in the early stages of their journey, we will leverage the experience of leading members to inspire, encourage and guide other members to speed up action on nature.

Following the high-level analysis of all members, we analyzed the performance of a subset of members, using their disclosures related to nature to assess their readiness level. The scope of this analysis focused on 55 businesses that have already made progress on their nature journey and are actively engaging in our projects, including: Nature & Nature-based Solutions, Scaling Positive Agriculture, the Forest Solutions Group and Transforming the Built Environment.

3. Trends and insights: Understanding nature readiness in leading members

Assess & prioritize

Assess & prioritize	Standard materiality assessment
	Sector-level materiality assessment
	Company-level refinement
	Value-chain hotspot assessment

Nature is emerging as a key priority for businesses, reflecting stakeholder expectations and growing public concerns about the extent to which business is responsible for nature loss. Businesses commonly identify freshwater as a material issue, followed by biodiversity and land. They rarely identify oceans as a material issue. Only 5% of businesses comprehensively assessed their impacts and dependencies for all realms of nature.

Nature-related topics are material (for at least one realm) for **87%** of businesses. Of these, **72%** identified biodiversity as material (e.g., biodiversity protection, ecosystem conservation), **94%** identified freshwater (e.g., water use and quality), **69%** land (e.g., responsible forestry, soil health and degradation) and only **6%** oceans (e.g., preventing ocean plastic pollution, responsible use of marine resources). While **33%** of assessed companies identified three realms, only **5%** identified all four realms (biodiversity, land, freshwater, oceans).
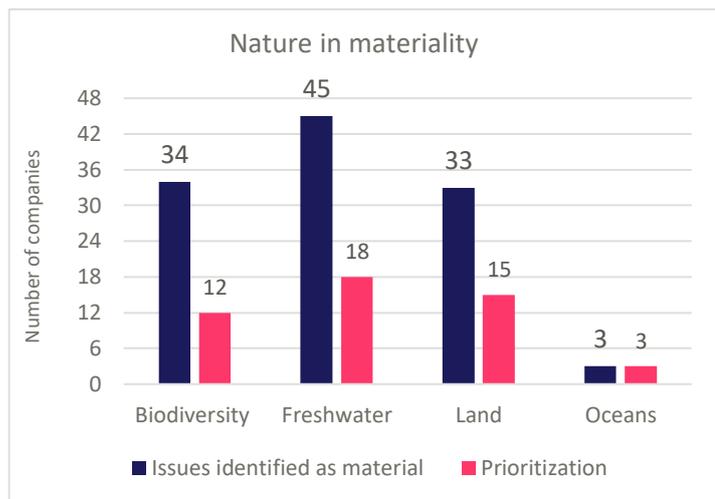

Figure 2: Nature in materiality

Taking a closer look, only half have identified at least one realm as material priority. Of these, **50%** prioritized biodiversity, **75%** prioritized freshwater, **63%** prioritized land, and **13%** prioritized oceans. Businesses that identity nature as a priority have a robust foundation for effective decision-making, as reflected through clear strategy, goals and key performance indicators (KPIs) for nature.

Box 1: Smurfit Kappa

Smurfit Kappa provides a good example of assessment and prioritization of material realms: "We conducted a thorough materiality process to assess the issues, the impact we have on them, and that they have on us. The materiality process undertaken is based on the globally recognized sustainability framework, Accountability's AA1000 Principles Standard, and aligned to the Global Reporting Initiative (GRI) framework and other best practice standards, including CDP, the FTSE4Good Index, Sustainability Accounting Standards Board and the TCFD. We analyze the results to determine priority areas." The matrix shows responsible forestry, and water quality and scarcity as material aspects with high priority (see page 20 of their *Sustainable Development Report 2020*).

A lack of standardization in assessing material topics is evident. Going forward, the guidance from SBTN will provide sector-specific guidance for businesses to assess their impacts and dependencies on all realms. The next frontier will be helping companies understand how all realms and aspects of biodiversity are potentially relevant for their operations and across value chains.

Commit

Commit	High-level statement of ambition
	Specific quantitative and time-bound targets
	Science-informed targets
	Working with SBTN to develop science-based targets

Four out of five of businesses assessed have commitments for nature, but less than half of businesses have ambitious nature-related goals with measurable targets identified on a timeline. There is growing momentum aimed at targets and commitments extending beyond direct operations upstream to the source of direct impacts.

Some **33%** of businesses have disclosed high-level ambitions for nature without any measurable targets identified; **47%** of businesses have set measurable nature-related targets (for at least one realm). The majority of these targets are for freshwater, mostly related to reductions in water withdrawals or consumption. For land, targets usually focus on deforestation and minimum certification requirements. Concerningly, **20%** of businesses do not disclose any nature-related goals.

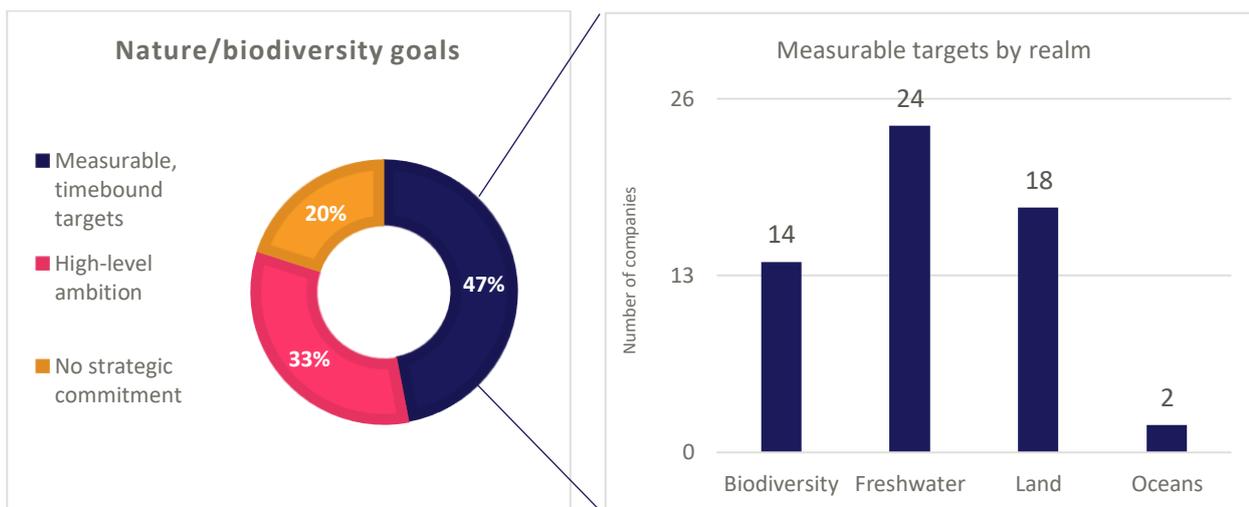*Figure 3: Nature/biodiversity goals and measurable targets by realm*

Targets are critical to delivering a strategy and monitoring progress over time. Without a clear timeline and scientific approach, business commitments will fall short and fail to reduce the risk of nature loss. Setting measurable, timebound and science-based targets will help companies take effective action and track progress.

Box 2: GlaxoSmithKline

GlaxoSmithKline plc (GSK) is working with the SBTN and getting ready to set science-based targets for nature as soon as they are ready: "We announced ambitious new environmental sustainability goals aiming to have a net-positive impact on nature by 2030. Our nature goal is underpinned by ambitious targets and focuses on water reduction and water stewardship compliance, adoption of biodiversity action plans and measurement of land use improved from nature-based solution program. We will align to the Science Based Targets Network approach to measure our impact on nature and will seek to accredit our target when the methodology is finalized." (See page 41 of the *GSK Annual Report 2020*; new nature action targets).

Measure & value

Measure & value	Measurement of policy implementation or actions to address nature
	Measurement of impacts and dependencies
	Measurement of changes in nature
	Valuation of impacts and dependencies

Businesses have started to implement nature or biodiversity plans to measure pressures in projects or sites, but fewer are measuring changes in the state of nature. This is a potential area for collaboration between stakeholders. Although some businesses have started to integrate the value of natural capital into investment decisions, the large majority has yet to consider this.

Nearly three-quarters (**73%**) of businesses have indicators measuring the implementation of policies or actions, for example hectares of land conserved to protect biodiversity or portion of raw materials from certified sources to address deforestation. Only **13%** are measuring the changes on the state of nature, mostly businesses from the forestry sector affected by forest fires that destroy their raw material inputs. Only **27%** of businesses value current and potential future financial consequences for business related to natural capital.
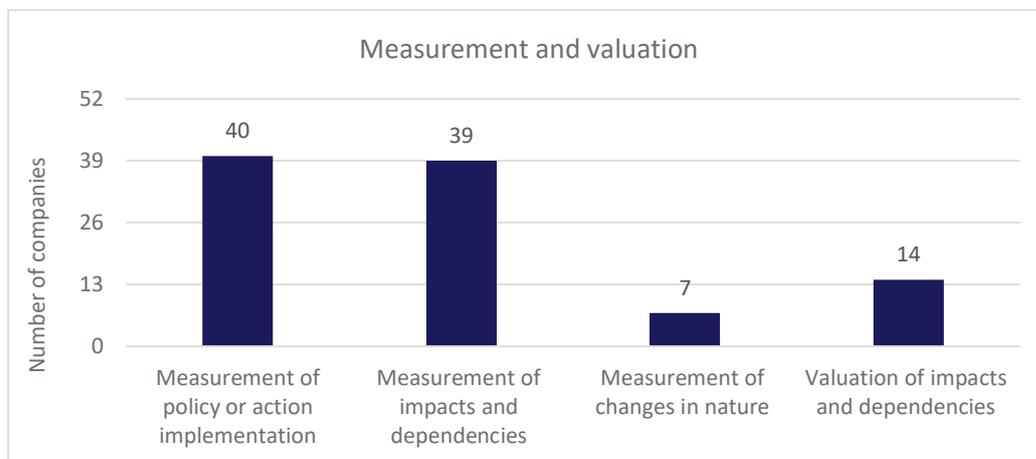

Figure 4: Measurement and valuation

Box 3: BASF

BASF measures the contribution of its activities using the Value to Society approach, including measurement and monetary valuation of its impacts on society (based on the GRI Sustainability Reporting Standards and the *Natural Capital Protocol*) as well as associated changes in the state of nature: "BASF quantifies the associated changes in ecosystem services based on the country-specific land use by analyzing the comparative biomass and species richness of the new land use relative to the natural eco-region. The respective costs to society are derived from the loss of ecosystem services due to use and conversion of land and used to estimate country-specific valuation coefficients." (See page 44 of BASF Report 2020; page 24 of Value-to-Society report).

While businesses typically see measuring and valuing nature as the most challenging steps, technological improvements have led to great advances in monitoring. As an example, the STBN has identified potentially relevant indicators for different no-regret actions. Businesses often already gather potentially relevant data for use in understanding change in pressures on nature. They can use this data to justify increased investments in further, targeted monitoring to aid decision-making.

Act

Act	Avoid
	Reduce
	Restore
	Regenerate

More than half of businesses assessed are taking actions to both halt AND reverse nature loss. Most are implementing actions to reduce, and fewer businesses are first considering how to avoid. In addition, businesses are starting to shift their focus from operations to value chains, where the priority impacts and dependencies, as well as opportunities for restoration, are often present.

Although **64%** have businesses have actions in place to halt **and** reverse the loss of nature, **27%** have actions that *only* halt nature loss and **10%** do not disclose any actions to address nature loss. Of the businesses taking action, all have implemented activities under sustainability schemes to reduce impacts but only **33%** avoid critical landscapes, and **73%** have restoration actions in place but only **24%** have plans to regenerate nature.
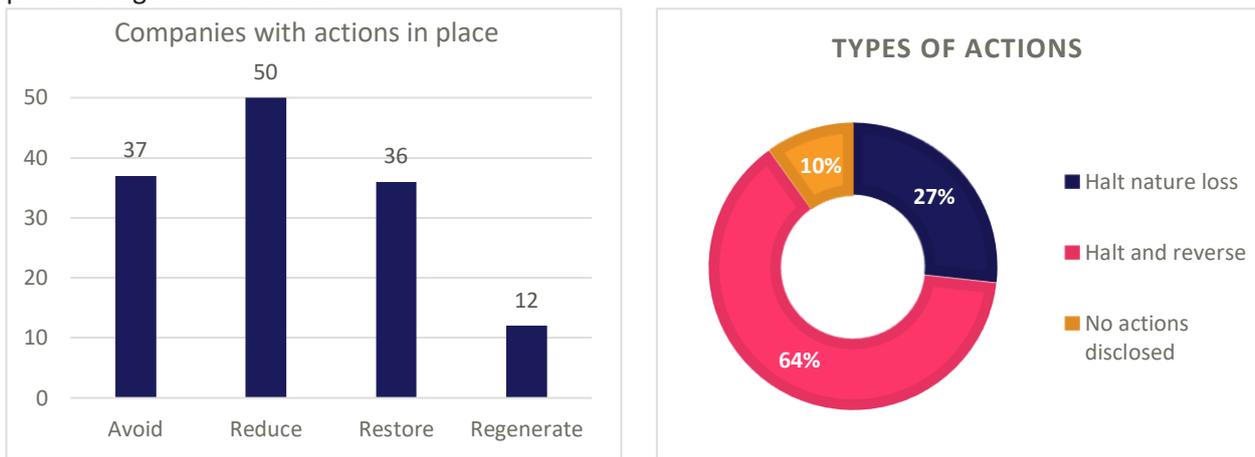

Figure 5: Companies with actions in place and types of actions

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Box 4: Holcim

Holcim has a strategic plan in place to halt and reverse nature loss, including actions to avoid, reduce, restore and compensate residual impacts: "We apply the mitigation hierarchy to prioritize and guide actions to enhance our positive biodiversity impact. We commit not to open new sites or explorations within protected areas declared under World Heritage, IUCN I and IUCN III. We minimize and reserve fragmentation of habitats, reducing damage to important habitats. We rehabilitate/restore all quarries we operate by implementing progressive, transformative actions. Where legally required or when not possible to reverse impacts locally, we may offset. Using the Biodiversity Indicator Reporting System (BIRS) tool, we will define our biodiversity level baseline and measure biodiversity improvement over the years in our sites and managed land."
(See Holcim's Biodiversity Strategy; Quarry rehabilitation and biodiversity Directive).

To both halt and reverse nature loss, businesses need to consider all steps of the mitigation hierarchy, with the aim of using sustainable practices to avoid and reduce negative impacts as well as actions to restore and regenerate nature. The cost of inaction will be far greater than the cost of preventive action now.

Transform

Transform	Engagement at company level
	Engagement along value chain
	Engagement in value chain adjacent landscapes
	Engagement in policy at national and global levels

Most businesses have started engaging beyond their direct operations, mobilizing value chain partners and empowering them to make the transition to sustainable practices.

Four out of five businesses are engaging at business-level. There are different means of transformative engagement at corporate level with mainstreaming of training in clear evidence. The majority of

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Box 5: Philip Morris International

Philip Morris International is engaging employees and suppliers on nature action and engaging beyond the company level with partners such as IUCN: "We have set targets for our tobacco supply chain as part of our Zero Deforestation Manifesto. We engage stakeholders with training and raising awareness on monitoring activities. Contractual commitment to our Good Agricultural Practices (GAP) by all our tobacco suppliers and monitoring of their adherence to GAP through yearly self-assessments. We continued our long-standing collaborations and exchanges with the International Union for Conservation of Nature (IUCN), including the IUCN-guided Swiss Business for Nature (SB4N) initiative for Swiss-based companies. We also participated in the business consultation on the CBD Post-2020 Global Biodiversity Framework." (see page 1 of Deforestation Manifesto and Commitments; page 61 of *Integrated Report 2020*; Biodiversity progress).

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businesses are engaging with the value chain, as **76%** do so through programs to promote sustainability practices, providing technical guidance and incentives, and by engaging with partners to improve data transparency. Businesses are increasingly engaging in policy at national and/or global level through coalitions, including **58%** engaged with Business for Nature**.**

Given the scale of the challenge ahead, interventions are needed at all levels of the system – from site to global. Leading companies have the potential to be cultivators of change across all spheres of control and influence, through required transformational collaboration along value chains and between sectors. Businesses can also lend their collective voice to the more than 1,000 companies calling on governments to embrace a set of policies that can drive global systemic and transformative change.

Disclose & report

Disclose & report	Governance structure in place to address nature-related material issues
	Clear strategy for nature
	Nature integrated into enterprise risk management (ERM) processes
	Reports progress on nature, including KPIs and metrics

While half of businesses assessed have strategies in place for nature and biodiversity, reporting on nature is in general less strategic, focusing on stand-alone projects or actions. Only a quarter of businesses assessed have governance structures in place to address nature-related material risks.

Some **22%** of assessed businesses are starting to use nature-positive language; **52%** have implemented a strategic approach to nature, often integrated in the sustainability strategy but sometimes lacking clear links to the corporate model. Only **29%** have a governance structure in place defining management responsibilities and oversight for nature-related activities and performance. While **69%** of businesses report on any nature-related risks, these are mostly related to freshwater (e.g., water scarcity) and only **12%** of these disclose risks from biodiversity loss.

Box 6: Danone

Danone has integrated nature into its corporate strategy, including accountability on nature for governance and risk management approaches: "Danone's environmental strategy, including its 2030 Company Goal to 'Preserve and renew the planet's resources', are among the responsibilities of the Engagement Committee, the Executive Committee, the Nature & Water Cycle Department and other governance bodies. The reporting entities and subsidiaries apply the operational, prevention and risk management action plans. The newly created Mission Committee reviews and challenges the roadmap and progress on water, agriculture and biodiversity, among other subjects." (See pages 14 and 157 of Danone's Universal Registration Document).

The step to disclose and report is applicable across all nature-positive building blocks. A business does not need to be far along on their journey before they start disclosing on nature. Acknowledging the importance of priority aspects of nature can be one of the first and most important steps. The important point is to start somewhere – one site, one product, one value chain – and build from there.

4. Sector-level insights

The scope of this analysis focused on 55 WBCSD members that are active projects relevant to the priority sectors to address nature loss, as identified by the [WEF New Nature Economy](#) report series and BCG report [The Biodiversity Crisis Is a Business Crisis](#): land use, built environment and energy (enablers, such as finance and insurance, were grouped across the priority sectors).

The results show most advanced companies are within sectors where nature is at the core of direct operations and activities – especially in the forestry and agriculture sectors where many companies own land themselves or source directly from landowners, allowing a more direct influence (included in land use). In the land use priority sector, we found advanced companies with realm-specific strategies and governance structures in place. In addition, many have set some form of measurable commitment for nature including strategic actions to achieve them. Leading companies in the sector are even going further by fully integrating nature into their overall strategy. We also found examples of companies assessing both impacts and dependencies across their business units to inform decision-making and engage their value chain accordingly.

In the energy sector, we found that most companies are mainly in the developing phase, meaning they are largely assessing only impacts (there is a clear gap in assessing dependencies for this sector), and companies are starting to set a high-level ambition for nature, with few companies going further to set measurable and time-bound targets.

With some exceptions, companies in the built environment are now starting the journey, and increasingly business from this sector are showing interest to better understand its part in the nature-positive journey. The companies have started to identify nature-related topics as material, and some already present some level of stand-alone actions to address nature, however this is not yet integrated in the sustainability strategies, and we found a lack of assessments and tracking of progress.

Next actions for business to consider

To help companies make the most of this analysis and the information provided, here are a few next actions after analyzing their individual dashboard:

- Encourage a discussion between the team responsible for biodiversity/nature performance and the reporting team to identify current activities that are not adequately reported on (and provide some useful resources for that discussion).
- Prioritize short-, mid- and long-term actions to improve nature readiness.
- Present the dashboard to corporate leadership to discuss and inform areas of focus and next steps for the company.

Business Roadmap for Nature-Positive Action

The nature readiness assessment work can help individual businesses understand where they are on their respective nature-positive journeys and help identify next actions to frame their respective roadmap and pathways.

Taken collectively, this analysis provides valuable insights into the performance of a group of WBCSD members, identifying common challenges and potential areas for future collaboration to accelerate the transition to nature-positive value chains as part of a net-zero emissions, nature-positive and equitable world.

Annexes

Annex I – Assessment example (dummy dashboard)
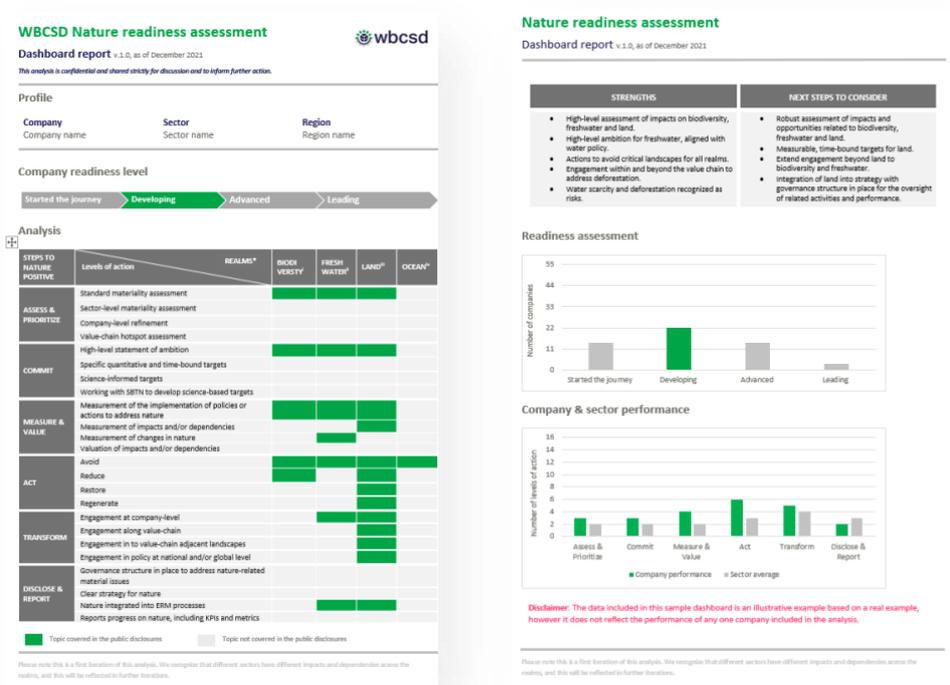
Annex II – Detailed methodology

Scope: We review information from publicly available sources, namely sustainability or integrated reports, corporate website, CDP (when available), press releases from the last 12 months, and other relevant information (e.g., presentations, case studies).

Sectors: Following the WEF New Nature Economy report series and BCG report The Biodiversity Crisis Is a Business Crisis, we have grouped companies into key priority sectors, namely: land use, built environment and energy. Companies in the enablers sector (i.e. finance and insurance) were grouped across the priority sectors.

Sample: The analysis includes 55 member companies across Built Environment, Forest Solutions Group, Nature Action and Scaling Positive Agriculture.

The Global Commons are the resources we all need to survive, thrive, and prosper, otherwise known as realms:

- **Biodiversity:** Prevent further loss of species and ecosystems, protect nature and harness new opportunities.
- **Freshwater:** Help create sustainable freshwater systems while enabling sustainable growth.

- **Land:** Harness the opportunities of a future where land is used sustainably to support nature, and to sequester carbon for the wellbeing of all.
- **Oceans:** Help cut ocean pollution, restore ocean habitats and ecosystems to generate sustainable business opportunities.
- **Climate:** Note that climate has been excluded from the analysis to allow for an initial emphasis on nature readiness. However, as climate and nature are intertwined, all aspects of nature will be integrated in further iterations.

Dashboard explained:

READINESS LEVELS			
Started the journey	**Developing**	**Advanced**	**Leading**
The company identifies **nature-related issues** and/or presents **stand-alone actions** for nature.	The company assesses its **impacts** and/or has set a **high-level ambition** or targets for nature.	The company integrates nature into **strategy**, **sets measurable commitments** for nature and implements strategic actions.	The company **assesses impacts and dependencies** for all potentially relevant realms, **redefines industry business models** and **drives value chain mobilization**.

Please note these levels are simply informative and serve to help WBCSD tailor communications and guidance for members according to the needs and challenges of each company.

DASHBOARD CATEGORIES	WHAT ARE WE ASSESSING?	REFERENCES
REALMS	What are the key nature-related issues/topics that companies are identifying in their public disclosures?	Following the materials developed by SBTN Initial Guidance, Natural Capital Protocol and the ENCORE tool to better understand, assess and integrate natural capital risks
ASSESS & PRIORITIZE	What steps are companies taking to assess their impacts and dependencies on nature?	Following the guidance provided by Business for Nature Steps to Nature Positive and SBTN Initial Guidance
COMMIT	What nature-related commitments are companies disclosing?	Following SBTN Initiative Guidance step 1.4 Scope of SBTs for Nature, in line with the new WBCSD membership criteria for nature, and Global Goal for Nature Group as key reference
MEASURE & VALUE	What indicators have companies developed to measure nature outcomes that inform decision-making?	Following the Natural Capital Protocol steps 4 to 7 to inform decision-making, and IUCN Guidelines for planning and monitoring corporate biodiversity performance
ACT	What actions are companies taking within and beyond corporate operations to reduce pressures and have positive contributions?	Building on SBTN Initial Guidance AR^{3}T Action Framework and WBCSD Vision 2050 Evolving Toward a regenerative mindset (p.86)
TRANSFORM	How are companies engaging at multistakeholder-level to speed up further business action, and contributing to system-wide change?	Inspired by Business for Nature Steps to Nature Positive and SBTN Initial Guidance
DISCLOSE & REPORT	How are companies operating at the highest level of transparency?	Based on WBCSD ESG Disclosure Handbook, GRI, TCFD, and emerging guidance for nature such as CDSB and TNFD

Acknowledgements

The data in this document was gathered through the analysis of publicly available sources, in particular the sustainability or integrated reports of 55 member companies. The analysis took place between April and October 2021.

About the Nature & Nature-based Solutions project

The Nature & Nature-based Solutions project drives action that enables business to meet their nature-positive and net-zero commitments, including through Nature-based Solutions. WBCSD members collaborate through and between value-chains to leverage and build on existing knowledge and guidance to accelerate and scale business contributions to a net-zero, nature-positive and equitable world.

About the World Business Council for Sustainable Development (WBCSD)

WBCSD is the premier global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature-positive, and more equitable future.

We do this by engaging executives and sustainability leaders from business and elsewhere to share practical insights on the obstacles and opportunities we currently face in tackling the integrated climate, nature and inequality sustainability challenge; by co-developing "how-to" CEO-guides from these insights; by providing science-based target guidance including standards and protocols; and by developing tools and platforms to help leading businesses in sustainability drive integrated actions to tackle climate, nature and inequality challenges across sectors and geographical regions.

Our member businesses come from all business sectors and all major economies, representing a combined revenue of more than USD $8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. Since 1995, WBCSD has been uniquely positioned to work with member businesses along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability, united by our vision of a world where 9+ billion people are living well, within planetary boundaries, by mid-century.

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