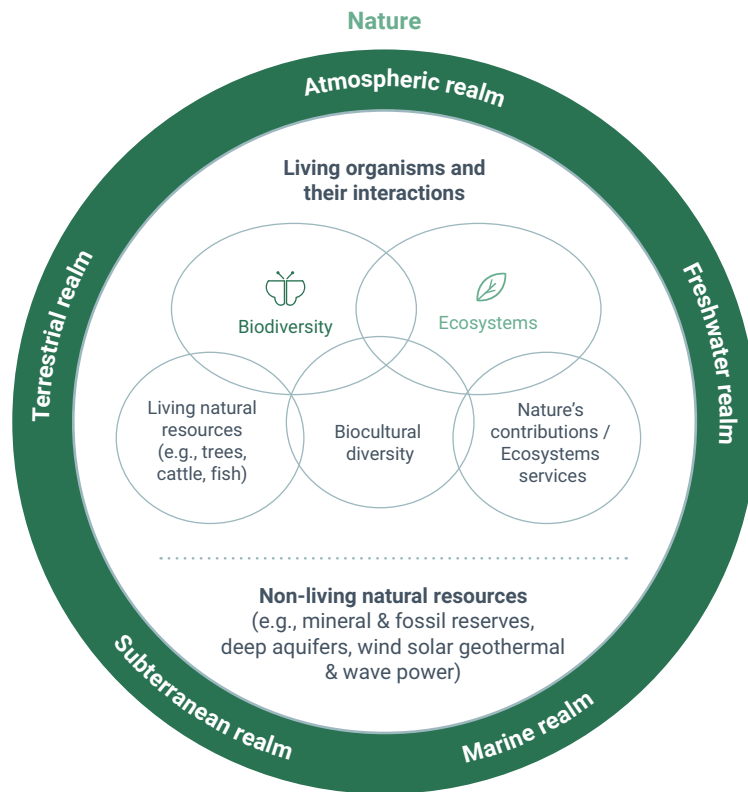


What is nature?

the natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment. (IPBES, 2015).



Biodiversity



The diversity of life in all its forms. The diversity of species, of genetic variations within one species, and of ecosystems.

Ecosystems

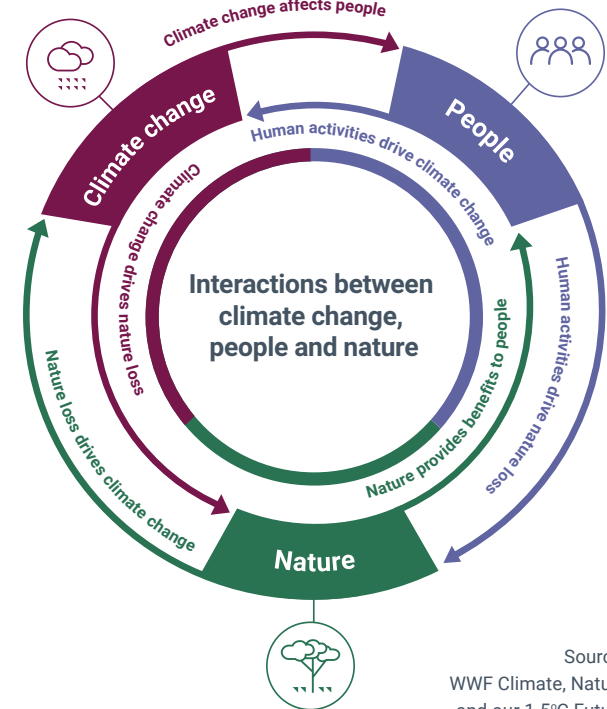


Self-regulating communities of plants and animals interacting with each other and with their non-living environment.

Interactions between climate change, nature, and people

Climate and nature are intrinsically linked: there will be no 1.5° without action on nature

Climate change is recognised as one of the most significant drivers of biodiversity losses, creating **negative feedback loops**. Damage and destruction of **ecosystems** form a significant proportion of global GHG emissions.



Source: WWF Climate, Nature and our 1.5°C Future

- ▶ **Mitigation:** conservation and restoration of ecosystems reduce emissions and sequesters significant levels of GHGs
- ▶ **Resilience:** **ecosystems** and the services they provide play a significant role in climate proofing, e.g., wetlands role in reducing coastal flood risk
- ▶ **Adaptation:** **ecosystems** and the services they generate play a significant role in preparing the planet for warmer temperatures e.g., forests play a significant role in reducing local temperatures and increasing local rainfall
- ▶ **Biodiversity** increases the potential of **ecosystems** to play each of the roles described above.

Why does nature matter for businesses?

Dependencies

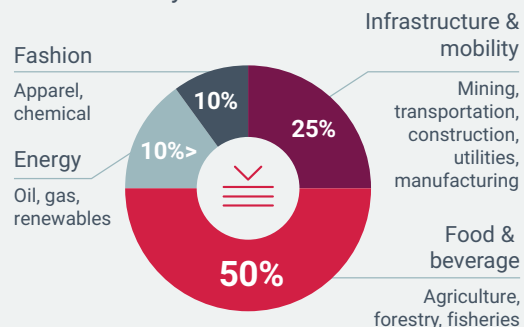
\$44 trillion of economic value generation is moderately or highly dependent on nature and its services and any value chain is dependent on ecosystem services.

Examples are:

- Food/ fibre sectors (agriculture, forestry - soil, pollination)
- Real estate (drought resilience and flood protection)
- Extractives (access to freshwater, fish, timber, metals and mining)

Impacts*

4 value chains account for 90% pressure on biodiversity¹



Risks

- Physical (e.g., natural disasters)
- Transitional (e.g., changes in policy, market, consumer behaviour)
- Systemic (abrupt, irreversible, and self-perpetuating changes in entire systems – e.g., sea level rise)

Opportunities

- New markets
- Improved value proposition & brand
- Access to capital & operational synergies
- Nature-based solutions

Why does nature matter to financial institutions?

Portfolios and products can generate major risks and opportunities.

- Physical risks:** stranded assets and financial solvency
- Transition risks:** reputational impacts from investments
- Systemic risks:** financial system instability (e.g., Amazon rainforest dieback, Antarctic ice sheet collapse)
- Sector commitments:** e.g., Nature Positive, Global Biodiversity Framework and GFANZ
- Reporting:** sustainable finance and due diligence regulations
- Financial opportunities:** net-zero nature positive economy

Benefits of addressing nature-related impacts

- Resilient value chain and reduced risk
- Investor confidence
- Prepared for policy and/or regulation changes
- Improved bottom line

Pledges



*IPBES global assessment report

Find out more about the current development of key climate and environmental legislation in our [CDP Policy Briefings](#)

TNFD and SBTN alignment on target-setting for nature

The TNFD (Taskforce on Nature-related Financial Disclosures) has developed a set of disclosure recommendations and **guidance for organisations to report and act** on evolving nature-related dependencies, impacts, risks and opportunities; supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes.

The SBTN (Science Based Targets Network) equips companies and cities with the **guidance to set science-based targets** for all of Earth's systems. This helps companies define a clear pathway to ensure they are doing enough across their value chain to address their impacts and dependencies on nature.



*There are 8 common outputs from the TNFD LEAP approach and SBTN methods. An organisation using either one of the approaches would produce these 8 common outputs. They are not the only outputs an organisation requires to report against TNFD recommendations or to use the SBTN methods.