Aligning climate, nature, and markets

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Executive Summary

Key Takeaways

> Short-term financial bias and climate-dominant approaches to sustainability keep senior business leaders from recognizing increasing corporate exposure to climate- and nature-related risks and cause them to miss commercial opportunities.

> Integrated transition planning is the best way for companies to gain a complete picture of material climate- and nature-related issues and quantify opportunities for value protection and creation. The rewards for first movers could be vast.

> Global climate- and nature-related goals must be translated into national, regional, and site-specific targets to succeed. However, tailoring local solutions depends heavily on the expertise and innovation capacity found at the corporate center.

> Senior corporate leaders need to invest in building a supportive external environment for their climate- and nature-related ambitions. Sector and cross-sector coalitions, as well as investor and policymaker engagement, are essential for enabling and spurring internal action.

Part I: The case for business leadership on climate and nature

Today's business leaders operate in an economic context that prioritizes short-term results over long-term resilience. However, it's dangerous for companies to delay embedding climate and nature strategies into their operations—doing so may leave businesses exposed to costly and destabilizing climate- and nature-related shocks. It also limits companies' access to the value-creating power associated with addressing climate and nature issues in ways aligned with business objectives, such as enhancing operations and expanding into new products and markets.

The cost of inaction

Quantifying the costs of inaction is complex. To illustrate the potential implications, we examine a couple of examples of the economic and social costs of inaction on climate and nature issues below:

- **Global GDP**: Over the past five years, globally insured losses from natural catastrophes exceeded USD 100 billion annually, with 2024 nearly reaching USD 140 billion. Research suggests that climate-related impacts could reduce total global income by 19 percent by 2050, while the erosion of ecosystem services already threatens to impact trillions of dollars in revenue by 2030.
- **Private sector impacts**: The current economic system struggles to value ecosystem services that businesses depend on, assuming they will be available and free in perpetuity. This blind spot is costly. For example, the global pollination crisis has already eroded global annual crop yields for vegetables, fruit, and nuts by three to five percent. Varying by sector and geography, five to 25 percent of global private sector EBITDA in 2050 is at risk from physical climate-related impacts.

Part II: From ambition to action

The real differentiator in terms of climate- and nature-related performance is how companies translate high-level ambitions into measurable outcomes. These three actions are key to success.

1 **Identify and quantify impacts, risks, and opportunities**. A fully integrated transition plan can serve as a crucial bridge between setting net-zero, nature-positive, and transition goals and achieving them. CFO-grade quantification of transition plan priorities helps unearth the most promising business cases for value protection and creation as well as gain access to capital.

2 **Prioritize local action informed by global goals**. It's crucial to translate global ambitions into regional, national, and site-specific targets supported by robust local data. However, many solutions will require the specialist knowledge and innovation capability that only the corporate center can provide.

3 **Complement internal action with external momentum building**. No company can capture the full value of integrated climate and nature strategies on its own. It takes three parallel efforts: acting collectively, educating investors, and shaping policy.

3a | Act collectively. Forging partnerships and coalitions is essential to amplifying impact, reducing systemic risks, and unlocking new sources of value across entire value chains and sectors. These actions also open the door to scaling solutions, development of common standards and tools, and advocacy alignment.

3b | Educate investors. Many investors underestimate the materiality of climate- and nature-related risks and opportunities. They need to learn how to evaluate integrated transition plans and how they can drive innovation, resilience, and long-term value creation.

3c | Engage policymakers. Companies cannot simply wait for policy to catch up—they need to help shape the policy environment in ways that give their investments and innovations the best chance to deliver maximum value.

Conclusion

As the climate and ecosystems deteriorate, only integrated strategies will let senior leaders see the full suite of climate-and nature-related risks and opportunities. Successful execution depends on moving beyond internal silos, integrated transition planning and quantification, and translating global ambitions into calibrated local action. It takes far-sighted business leaders to put this machinery in motion, but the potential rewards for leaders will be vast.

Part I – Why

The case for business leadership on climate and nature

Introduction

The challenge facing companies

Today's business leaders operate in an economic context that prioritizes short-term results while also demanding that they demonstrate they can predict future market conditions. The pressures created leave many companies struggling to balance short-term financial performance with long-term resilience, and the need to generate results today usually wins out.

Short-term bias has contributed to C-suites underestimating the climate- and nature-related impacts, risks, and opportunities that companies face over every time horizon—from this quarter to the next decade. This results in underinvestment, exposing companies to potentially costly and destabilizing climate- and nature-related shocks, and leaving them ill-equipped to capitalize on the potential to create commercial value by enhancing operations, product offerings, and competitive positioning in ways that address climate and nature challenges.

The impact on corporate performance

While business leaders' understanding of climate- and nature-related issues has been slow to develop, climate and nature impacts are accelerating faster than previously predicted. Companies are feeling the effects, from supply chain disruptions, productivity losses, and rising costs to market share losses and insurability issues. These impacts underscore the urgent need for companies to recognize and address climate- and nature-related risks as core business issues affecting performance and resilience.

The business opportunity

Companies can limit negative performance impacts and unlock new sources of value by developing integrated transition plans that identify the material climate and nature issues influencing their operations and value chains, quantifying impacts, risks, and opportunities, and working with governments to create a supportive policy environment.

Companies will benefit if the private sector can help reduce the pace at which climate and nature risks are growing and seize climate- and nature-related opportunities that create measurable business value. Given limited C-suite understanding of how much business depends on nature, and low awareness of how to manage interrelated climate and nature impacts, first movers have an opportunity.

Seizing first mover advantage

Delaying action on climate and nature increases risks and diminishes benefits. Forward-thinking business leaders are acting now, embracing the innovative thinking required to develop and execute climate and nature strategies that build resilience and support value creation over time while delivering the financial results expected today.

Adopting integrated climate and nature strategies in a timely manner can create a competitive advantage, and integrated approaches can generate more value than climate-only plans. Climate action is needed to meet stated decarbonization goals, respond to customer, investor, and regulator data demands, support adaptation measures that protect assets, and maintain insurability. Actions related to nature support decarbonization and generate tangible benefits that resonate with communities and customers—the direct ways people experience nature make corporate action on nature a powerful lever to enhance reputation and drive growth.

Approaches vary by company, sector, and geography, but best practices are emerging. Companies leading on climate and nature integration consistently invest in developing board and C-suite understanding and awareness, expect senior leaders to model best practice approaches and mentor others on how to apply them, and work actively to break down internal siloes.

Building on those foundations, businesses in the leadership vanguard are using integrated transition plans to identify and quantify the most material climate- and nature-related impacts, risks, and opportunities. These companies set clear global goals, but carefully tailor investments and actions to different local contexts. Additionally, they recognize that it is in their interest to help create a supportive operating environment by collaborating with other companies, engaging investors, and advocating for policies that incentivize and reward climate- and nature-positive action. We explore these practices in more depth in Part II of this paper, *From ambition to action.*

The cost of inaction

Not addressing climate and nature risks is an increasingly expensive gamble. While quantifying these costs is complex, a growing body of work reveals the scale of climate- and nature-related risks to the economy, people, and the environment. The latest report from the widely respected Planetary Boundaries Science project [see Box 1] shows how rapidly planetary ecosystems are degrading and what could result.

To illustrate possible implications, this section briefly looks at potential economic and social costs of inaction on climate and nature through three lenses:

Global GDP

Private sector impacts

Industries at risk

Global GDP

Over the past five years, globally insured losses from natural catastrophes exceeded USD 100 billion annually, with 2024 nearly reaching USD 140 billion. According to the Potsdam Institute, climate-related impacts could reduce total global income by 19 percent over the next 25 years, amounting to as much as USD 38 trillion in annual losses by 2050 if unchecked.

The World Bank estimates that erosion of ecosystem services could reduce global GDP by about USD 2.7 trillion annually by 2030, with the most significant blows predicted in the agriculture, forestry, mining, and technology sectors. Similarly, the 2025 Ceres report, *Nature's Price Tag*, estimates that unchecked ecosystem decline could cost up to USD 2.15 trillion over the next five years, particularly affecting food, forestry, and mining.

Private sector impacts

The current economic system struggles to measure, price, and value climate- and nature-related impacts, risks, and opportunities. This leads to misallocation of capital, poor policy, and limited scaling of the solutions needed to mitigate the consequences. The system especially struggles to value the ecosystem services that businesses and markets depend on, largely assuming they will be available and free in perpetuity.

For example, pollination supports an estimated USD 235–577 billion in global crop value each year. While rarely showing up on corporate balance sheets, losses due to the bee crisis in many regions do sting. According to Harvard research, global annual crop yields for fruit, vegetables, and nuts are already three to five percent lower due to this issue.

Insufficiently valuing nature and climate capital is costly for companies and will become more so. While varying by sector and geography, the World Economic Forum and Boston Consulting Group say five to 25 percent of global private sector EBITDA in 2050 is at risk from unaddressed physical climate-related impacts alone.

Corporate failure to account for climate- and nature-related impacts is also costly for society. S&P Global Sustainable1 and the Capitals Coalition estimate that companies in the S&P Global Broad Market Index generated USD 3.71 trillion in unpriced environmental costs in 2021, equivalent to more than four percent of global GDP for that year.

Industries at risk

As climate change effects and ecological disruptions intensify, issues from extreme heat and water scarcity to food system instability and resource competition are altering the operating environment for businesses of all kinds, but some sectors including technology, agriculture, and mining are being affected more quickly and more deeply. Below are a couple of examples of why and how these industries are feeling the pain more acutely—perhaps foreshadowing what's coming for other sectors in the not-too-distant future.

Food systems under stress:

Over half of global agricultural production occurs in ecologically high-risk regions, including parts of China, Brazil, India, and Southeast Asia, where climate-related impacts are undermining productivity. Under a high-emission scenario, global crop yields for maize, wheat, and soy may drop by 22 percent, 14 percent, and 14 percent respectively by 2100. In West Africa's cocoa belt, successive heat waves and extreme rainfall caused cocoa prices to surge by 136 percent between 2022 and 2024, while the retail price of chocolate tripled over the same period, illustrating how disruptions can ripple across global supply chains.

Mining hardships:

Mining operations are increasingly disrupted by wildfires, flooding, and drought-induced water scarcity. Mining companies are responding with innovative solutions, but challenges are growing. For example, in Chile's Atacama Desert, one of the driest regions on earth, lithium and copper mining have been estimated to consume over 65 percent of local water resources, straining ecosystems and community water supplies. To mitigate freshwater stress in Chile, some mining companies have turned to desalinated seawater. However, this is energy-intensive and can't restore groundwater levels or protect fragile wetlands. Physical climate risks also disrupt mining output and impact investor confidence in other regions. For example, fierce wildfires have halted mining in Canada, while flooding in Indonesia has affected nickel exports.

Delay = risk

As the impacts on GDP, the private sector, and specific industries outlined on the previous page show, delaying action on climate- and nature-related issues is increasingly costly. And the risks, from stranded assets and insurance gaps to higher capital costs, investor retreat, and reputational damage, are interconnected, making siloed approaches ineffective and limiting opportunities for innovation and growth.

Importantly, the cost of inaction is not limited to direct losses and risks—it also includes missed business opportunities. While this section focuses on the risks associated with failing to address climate and nature challenges, it is equally important to recognize that inaction can prevent companies from capturing new sources of value and competitive advantage.

All told, delay isn't a neutral act; it's a gamble. Thankfully, in addition to avoiding the costs of inaction covered above, there are compelling reasons for timely action, which we explore below.

BOX 1

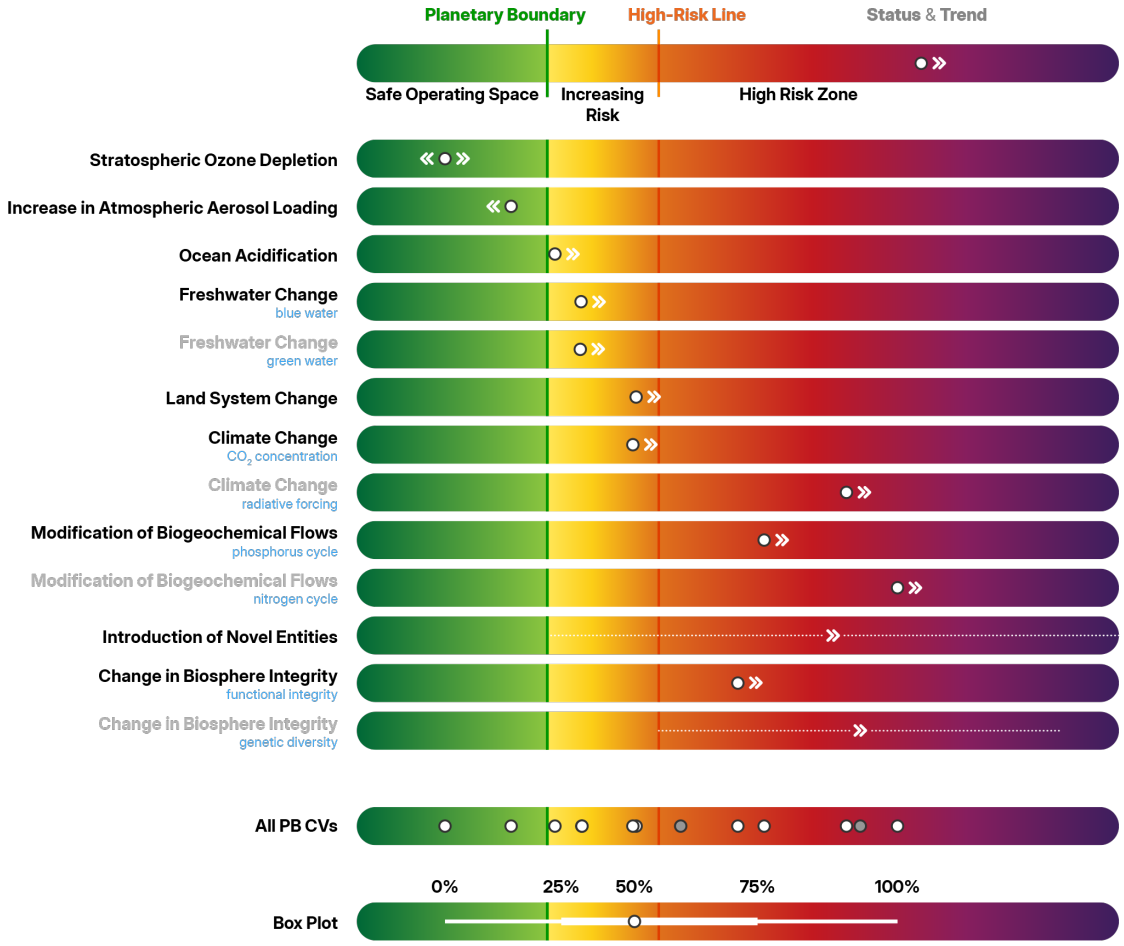
Accelerating ecological destabilization threatens society and markets

The latest Planetary Boundaries Science project report shows the global operating environment becoming more volatile and less predictable. Seven of nine planetary boundaries are now estimated to sit beyond safe limits—a signal that biophysical systems are shifting faster than institutional, financial, and governance systems are adapting.

Water availability and climate

Freshwater systems illustrate how quickly cascading risks emerge once boundaries are overstretched. Shifts in water availability compound with heat to dry out landscapes, trigger forest fires, fail crops, shrink rivers, and elevate emissions—creating multi-sector disruptions that are larger, more frequent, and increasingly difficult to model.

These patterns are no longer abstract. On the Mississippi River, drought-driven low water levels disrupted grain transport for the fourth straight year in 2025, pushing barge rates up to 77 percent above the three-year average and undermining U.S. export competitiveness. In Europe, overheated rivers such as the Rhône and Garonne have breached ecological discharge limits, forcing nuclear power plant operators to reduce output by up to one gigawatt, straining energy systems already under transition pressure. In Brazil, extreme rainfall driven by warmer, moisture-laden air produced catastrophic floods in 2024—drowning cropland and livestock, shutting ports and processors, and generating an estimated USD 2.2 billion in losses.



Source: *Planetary Health Check 2025*, Planetary Boundaries Science

So what? **Crossing planetary boundaries is not merely an environmental concern—it sends market signals. As ecological volatility increases, transition pathways, capital allocation decisions, and value-chain strategies built on historically more stable patterns and data are likely to underperform. Companies, investors, and policymakers that proactively plan for and invest in resilience, adaptation, and climate- and nature-positive systems will be better positioned as volatility escalates. In contrast, those who wait for certainty risk facing compounding shocks.**

The case for action

Companies that integrate climate and nature strategies are finding that these efforts deliver tangible business benefits.

The potential gains are immense. Nature and the ecosystem services it offers have an estimated economic value of at least USD 125 trillion per year. For example, ecosystem services indirectly mitigate financial losses from rising temperatures, extreme weather, and pollution by absorbing carbon, purifying water, and protecting against coastal storms and flooding.

Ecosystem services also directly contribute to corporate bottom lines, for example by providing crops, fishing stocks, and habitats that support tourism and recreation. Tourism, which is highly nature dependent, accounts for approximately 10 percent of global GDP. Across all sectors, almost 60 percent of the 1,200 largest global companies are deeply reliant on ecosystem services.

The reasons for companies to invest in integrated strategies encompass all kinds of value protection and value creation, from risk management, cost efficiency, and innovation to new revenue streams and increased market access. The following examples illustrate how leaders across industries are turning ambition into measurable outcomes.

Agriculture:

Nestlé – Scaling regenerative practices

Nestlé is embedding regenerative agriculture practices throughout its global value chain to ensure long-term resilience. Its strategy focuses on soil health, biodiversity, water security, diverse cropping systems, livestock integration, and GHG emissions reduction. Nestlé aims to source 20 percent of its ingredients from regenerative farms by 2025 and to increase this to 50 percent by 2035. Nestlé expects this approach will enhance supply chain resilience, reduce input costs, and improve ecosystem services, creating a competitive advantage for the company while safeguarding the natural capital its products rely on.

Financial services:

Rabobank – Accelerating sustainable investments

Rabobank is redesigning its agricultural lending portfolios by embedding climate- and nature-related criteria into credit risk assessments, which now include evaluating risks associated with soil health, biodiversity, and water resilience. By examining climate and nature dependencies, Rabobank is helping its portfolios remain resilient to environmental changes. This integrated approach supports sound asset quality, a crucial factor in driving performance and contributing to sustainable growth.

Forestry:

Forico – Monetizing conservation

Forico has pioneered a dual-income model in Australia that generates both timber revenue and carbon credits from forest preservation. By 2024, its nature-positive operations had produced more than 26,000 certified carbon units (ACCUs) and attracted USD 670 million in institutional investment, demonstrating that conservation can outperform extraction under the right regulatory and market conditions. By generating new revenue streams and building investor confidence, Forico is proving that nature-positive business models can be financially superior.

Manufacturing:

Goodyear – Building climate resilience

Goodyear is integrating climate adaptation and decarbonization efforts into operations through a dual-track strategy. The company embeds physical risk assessments, scenario analysis, and capital planning into its operations while also investing in R&D to find new materials that enhance product durability under climate stress. For Goodyear, this integrated approach increases long-term resilience, boosts innovation, reduces vulnerability to climate risks, and positions the company to meet future market demands and operating conditions.

Mining:

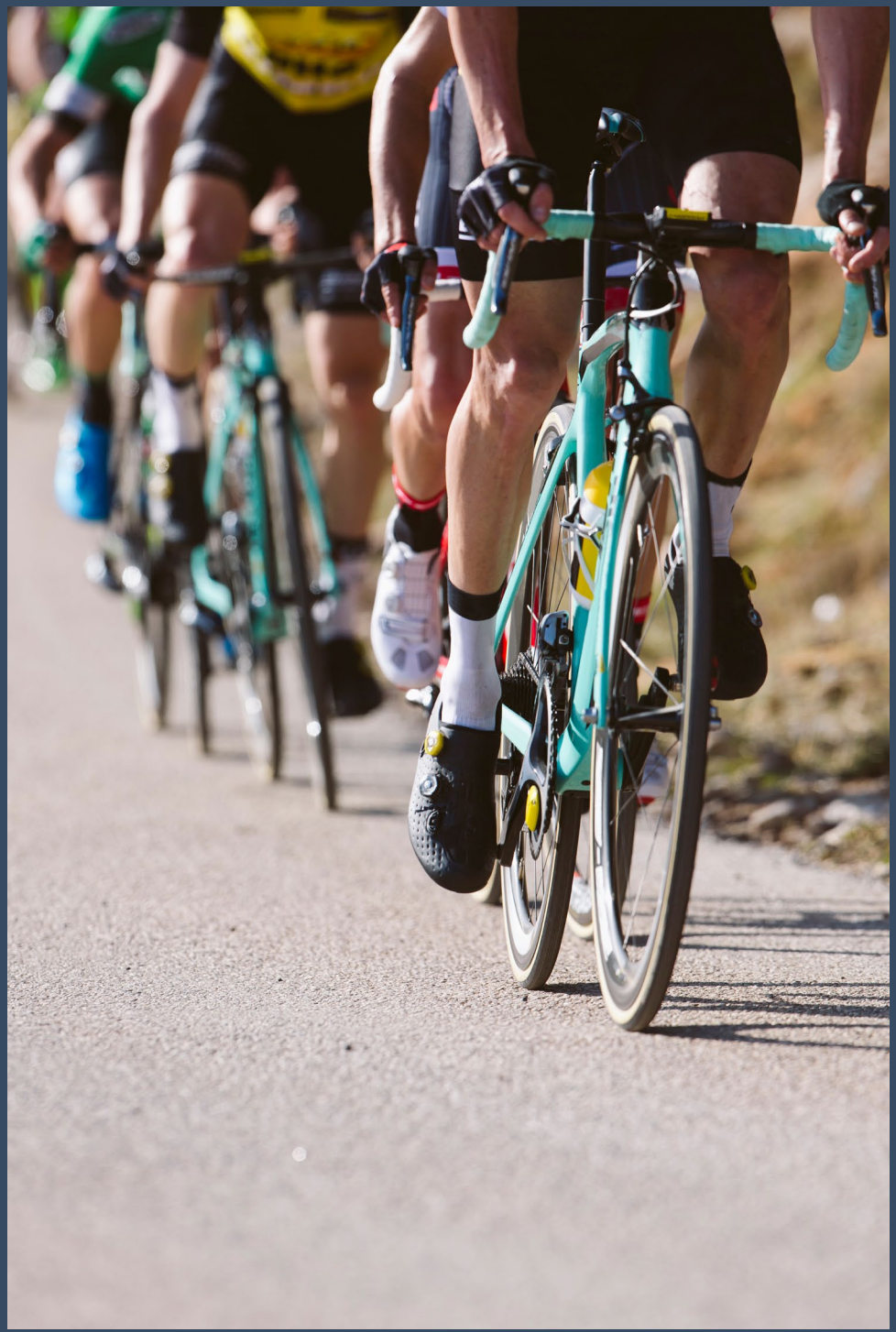
Vale – Protecting and restoring forests

Vale has committed to protect and restore a combined 500,000 hectares of forest outside its operational sites by 2030. This initiative is designed to support biodiversity recovery and carbon sequestration, improve ecosystem health, and strengthen Vale's license to operate while contributing to Vale's goal of becoming carbon neutral by 2050.

The evidence is mounting: companies that proactively integrate climate and nature into their core strategies are not only mitigating risks but also unlocking new avenues for growth, resilience, and market leadership. The examples in this section demonstrate that tangible business value emerges when ambition is matched by decisive action, whether through innovative business models, regenerative practices, or forward-thinking risk management.

Still, recognizing the potential merits of action is only the beginning. The real differentiator lies in execution—how companies move from commitment to measurable outcomes and from high-level ambition to operational reality. This requires integrated transition planning, robust quantification of material impacts, risks, and opportunities, and collaboration across value chains and sectors.

In Part II, we explore how leading businesses are turning ambition into action—translating strategic intent into integrated, locally relevant solutions that deliver value for both business and society.



Part II – How

From ambition to action

This paper highlights commonalities among approaches leading companies are taking to develop and execute integrated climate and nature strategies.

First, nearly all leading organizations emphasize senior leadership awareness, capacity building, and leading by example. They also break down internal silos and encourage cross-functional collaboration, from sustainability and strategy teams to finance and risk departments, which helps keep integration efforts from getting hamstrung by piecemeal approaches.

At the next level, leading companies underpin robust climate and nature strategies with thoughtfully integrated transition plans that identify and quantify material climate- and nature-related impacts, risks, and opportunities with corporate finance-grade rigor. Critical to success is setting clear global ambitions, then tailoring them to meet different circumstances in the regions and communities where the business operates. Leading companies also invest time and effort in value chain collaboration, investor engagement, and policy advocacy as ways to influence how their operating environment incentivizes and rewards climate- and nature-positive action.

The ‘next level’ actions listed in the paragraph immediately above form the backbone of Part II, which explores how companies can move from ambition to action on this agenda.

1

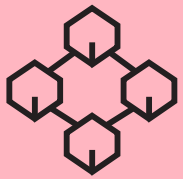
Identify and quantify impacts, risks, and opportunities

We have stated that companies can limit negative performance impacts by developing integrated transition plans that identify the material climate and nature issues influencing their operations and value chains. A well-designed corporate transition plan helps ensure climate and nature thinking is woven into everyday business operations, serving as a crucial bridge between setting net zero, nature-positive, and just transition goals and actually achieving them. Additionally, CFO-grade quantification of transition plan priorities supports development of business cases for the most promising value protection and creation opportunities and helps gain access to the capital needed to seize them.

Transition planning and quantification help link sustainability strategy and financial performance, making robust quantification of sustainability-related impacts, risks, and opportunities essential for moving from ambition to execution. Integrated transition planning helps companies to weigh both desirable and undesirable consequences of sustainability actions—for example, a decarbonization initiative that reduces emissions might also increase pressure on water resources or impact local biodiversity. Integrated assessment lets organizations assess such trade-offs and select actions that advance multiple goals simultaneously, ensuring that sustainability efforts are effective and aligned with broader business aims.

Actions businesses can take to quantify their climate- and nature-related impacts, risks, and opportunities include:

Conducting scenario analyses to evaluate business resilience under multiple environmental and policy futures.



Valuing natural capital dependencies across operations and supply chains.

Identifying which priority transition levers – such as energy use, land management, or water efficiency – might deliver the most material benefits across climate and nature aims.

Embedding climate- and nature-related metrics into enterprise risk management, governance, and capital planning systems to make sustainability integral to financial performance.

Unilever's Climate Transition Action Plan is an example of how companies can identify and quantify emissions and resource risks across their value chain, then use those results to prioritize material impacts, risks, and opportunities, highlight investment needs, and guide targeted advocacy for supportive policies. Unilever's planning efforts gave it the confidence to commit to making 50 percent of the agricultural land supplying inputs for its nutritional products regenerative by 2027. And by embedding the transition plan process into its core business decisions – from product design to procurement – Unilever ensures it stays aligned with international climate and biodiversity goals, while also improving its resilience.

True cost accounting, natural capital accounting, and nature-based metrics are core tools companies can deploy to quantify the impacts, risks, and opportunities mentioned above.

- True cost accounting can help reveal hidden environmental and social costs – such as the approximately 10 percent of global GDP in "hidden costs" embedded in agrifood systems – supporting more informed decision-making and clearer prioritization of interventions.
- Natural capital accounting enables companies to integrate the value of natural assets (for example, water, forests, and soil health) into financial planning and transition strategies, helping evaluate trade-offs such as whether a decarbonization action might inadvertently degrade biodiversity or affect communities.
- Nature-based metrics can support quantifying ecosystem impacts and dependencies when assessing impacts, risks, and opportunities across the value chain.

Applied together, these tools allow companies to identify risks, uncover value, and design transition plans that deliver positive outcomes for both nature and society.

2

Prioritize local action informed by global goals

Some climate-related and most nature-related impacts, risks, and opportunities are inherently local—shaped by geography, ecosystems, and community dynamics. As a result, global corporate ambitions on climate and nature, although essential for signaling direction and intent, risk becoming ineffective unless they are translated into regional, national, and site-specific targets underpinned by robust local data. While actions and priorities must be determined at the point of impact, many solutions will require the specialist knowledge, technological capability, and innovation that only the corporate center can provide. Effective strategies therefore pair global vision and capacity with local execution.

In today's interconnected world, climate- and nature-related risks transcend borders and propagate across ecosystems, economies, and industries. Companies should start by developing a global view of exposure and materiality, focusing on climate- and nature-related risks that significantly affect both business and the environment. A global assessment provides the strategic context needed to focus resources and determine where action will generate the greatest value.

From that foundation, companies should act locally, translating global insights into targeted, place-based investments. These investments should be prioritized where they deliver measurable value, such as safeguarding supply chains, enhancing resilience, reducing operational costs, or unlocking opportunities tied to positive climate- and nature-related outcomes. Aligning global awareness with local implementation is how companies convert risk into resilience and leverage sustainability for competitive advantage.

A practical starting point for such a 'global goals, local action' approach is to focus on tangible, measurable issues where climate and nature risks converge. These kinds of entry points make it easier to model impacts, quantify the value of interrelated climate and nature transitions, and demonstrate the amplified financial, environmental, and social benefits. Breaking down high-level ambitions into clear, local targets builds confidence among boards, investors, and regulators.

Water scarcity and quality are good examples of such cross-sectoral pressure points, affecting agriculture, technology, consumer goods, and more. Water stress illustrates how climate and nature interlink—altering hydrological cycles, raising the risk of water shortages and wildfires during heatwaves, reducing vegetation's effectiveness as a carbon sink, and heightening community health risks. A company like Microsoft faces these risks across many locations, which raises operational costs. In response, Microsoft has committed to becoming water positive by 2030, aiming to replenish more water than it consumes across its global operations. The company is focusing on about 40 stressed water basins worldwide where withdrawals exceed 40 percent of the renewable supply. Projects include wetland restoration, rainwater harvesting, and the removal of impervious surfaces to improve groundwater recharge.

Forests and natural landscapes offer another strategic entry point. Forests and landscapes underpin carbon cycles, biodiversity regulation, and ecosystem services, making them central to the resilience of agriculture, forestry, mining, and other sectors. For example, the Intrinsic Exchange Group, working with the New York Stock Exchange, has developed Natural Asset Companies (NACs)—new corporate structures designed to restore and grow the value of natural assets such as forests, wetlands, and watersheds. Each NAC issues equity backed by ecosystem performance, enabling investors to finance conservation and ecosystem restoration. Pilots include a ranchland NAC that converts farmland to regenerative agriculture and a water utility NAC that secures watershed resilience.

Taken together, these examples show how pairing global strategy with local action – supported by metrics, data, and innovative financial mechanisms – enables companies to deliver meaningful, measurable progress for climate, nature, and business performance.

3

Act collectively, educate investors, and engage policymakers

Addressing climate- and nature-related impacts, risks, and opportunities is something companies can start individually, but no company can capture the full value – or meaningfully influence system-level outcomes – without collective action, aligned investors, and supportive policy environments. Leadership requires three parallel efforts: building alliances and sectoral coalitions, educating investors, and shaping policy.

3a | Act collectively

The greatest opportunities appear when businesses act collectively, forging partnerships and coalitions that amplify impact, reduce systemic risks, and unlock new sources of value across entire value chains and sectors.

By joining or leading cross-sector alliances, companies can more effectively:

- **Build common standards and tools:** Shared frameworks and metrics enable consistent valuation of climate and nature impacts, making it easier to identify, measure, and monetize positive outcomes. Consistency strengthens investor confidence and facilitates capital flow toward high-impact solutions.
- **Create market signals and incentives:** Collective action sends clear signals to investors, regulators, and peers, which can accelerate the adoption of climate- and nature-positive practices. Coordinated efforts can help shape market incentives – such as premium pricing, access to new markets, or preferential financing – that reward leadership and innovation.
- **Scale solutions and share risk:** System-level collaborations allow companies to pool resources, share data, and de-risk investments in new technologies or business models. This not only lowers the cost of action but also ensures that value creation is distributed more equitably across the ecosystem.
- **Drive policy alignment:** Unified business voices are more effective in advocating for enabling policies that support long-term value creation. By engaging with policymakers together, companies influence the design of regulatory environments that reward sustainable innovation and ensure a level playing field.

A growing number of business, finance, and policy platforms are paving the way for system-oriented value creation, including:

- **The World Economic Forum's Nature Action Agenda (NAA)** works with leaders across business, finance, and policy to embed nature in decision-making and advance an equitable, net-zero, nature-positive future. The NAA has released a series of sector-specific reports that identify approximately USD 1.4 trillion in nature-positive opportunities across four global sectors: offshore wind, mining and metals, ports, and automotive—showing that preserving nature is not simply an environmental imperative but a business opportunity.
- The Taskforce on Nature-related Financial Disclosures **(TNFD)** has attracted over about 730 adopters across more than 50 jurisdictions. This includes publicly listed companies with a combined market capitalization exceeding USD 9.4 trillion. Additionally, 179 financial institutions managing USD 22.4 trillion in assets have signed on, representing 25 percent of the world's systemically important banks. Voluntary market adoption over the past year, following the release of the latest TNFD recommendations, has been rapid. This suggests increasing recognition among companies and financial institutions that nature represents a material risk issue for their business as well as being a source of opportunity and potential competitive advantage.
- In the forestry sector, the **International Sustainable Forestry Coalition (ISFC)** and **Biomas** stand out for driving large-scale restoration. ISFC comprises over 20 forest sector companies managing more than 31 million hectares in 38 countries on all six forest-growing continents which are working to align the industry around shared standards to build investor trust and enhance company valuation. The ISFC's approach supports both financial performance and resource security. By working together, member companies help safeguard the forests they depend on, ensuring stable supply chains and long-term business viability, while also meeting rising expectations from investors, customers, and communities. Meanwhile, Biomas is helping transform Brazil's nature-based economy through large-scale ecological

restoration, carbon market innovation, and social development partnerships. Biomas was founded in 2022 as a joint venture between Suzano, Vale, Itaú Unibanco, Santander, Marfrig, and Rabobank to restore, conserve, and preserve up to four million hectares of native forest across the Amazon, Atlantic Forest, and Cerrado biomes. Biomas aims to plant about two billion native trees and protect another two million hectares through long-term conservation efforts that will be financed through the sale of carbon credits generated from verified ecosystem restoration projects.

3b | Educate investors: Strengthen market understanding and demand

Investors increasingly recognize nature and climate as material risks – and potential sources of competitive advantage – but understanding remains uneven. Many investors need education around:

- **How climate change directly affects markets and portfolios:** Many investors underestimate how physical, regulatory, and market climate- and nature-related risks will affect the sectors and companies they invest in. Education is needed on the materiality of climate- and nature-related impacts, risks, and opportunities in the transition to a net-zero and nature-positive economy.
- **The value and business case for decarbonization and nature-positive business models:** Investors need to understand how credible, integrated climate and nature strategies can drive innovation, resilience, and long-term value. They should see climate- and nature-related investments as a way to de-risk portfolios and capture new market opportunities.
- **Evaluating integrated transition plans:** There is little consensus on how to assess the robustness of corporate transition plans. Investors need education on what makes a plan credible, how to compare plans across sectors, and which metrics matter most.
- **The importance of long-term thinking:** Investors often focus on short-term returns due to incentive structures. Education is needed on the benefits of long-term perspectives and how climate action today can future-proof investments.

Companies can leverage climate- and nature-related metrics, natural capital accounting, and true cost accounting not only to inform internal decision-making but also to communicate transparently with investors. By sharing quantified data on material risks, opportunities, and the value of natural assets, companies help investors better understand the business case for climate and nature action, assess the credibility of transition plans, and make informed capital allocation decisions

3c | Engage policymakers: Shape supportive and competitive policy environments

Governments play a critical role in shaping markets, incentives, and the pace of innovation. For business leaders, proactive engagement is a strategic lever to accelerate climate- and nature-positive action, reduce risk, and unlock new growth opportunities. However, companies cannot simply wait for policy to catch up—leading companies help shape the enabling environment to give their investments and innovations the best chance to deliver maximum value.

To influence the enabling environment, strategic advocacy should target areas where policy can accelerate innovation, lower costs, and create demand for climate and nature solutions, including:

- Incentives, subsidies, and tax structures that lower the cost of early-stage innovation and encourage investment.
- Regulations that reward leadership and ensure a level playing field.
- Sectoral pathways that clarify future expectations, reduce transition uncertainty, and support long-term planning.
- Mechanisms that stimulate demand for climate- and nature-positive goods and services.

Around the world, governments and companies are piloting new models of structured engagement that move beyond ad-hoc policy engagement to formal partnerships that enable the co-design of transition pathways and unlock shared value:

- Denmark has created 14 sector-specific climate partnerships that bring public and private sector partners together to co-develop recommendations and sectoral transition roadmaps. These roadmaps have directly informed the government's national climate strategy, making the partnerships a formal mechanism for designing the country's green transition.
- In South Africa, the Presidential Climate Commission provides a statutory platform for government, business, labor, and communities to co-design the country's just transition. Through extensive consultations and thematic dialogues (including on the coal value chain and employment), the Commission developed a Just Transition Framework that sets out sectoral shifts, investment priorities, and social protection measures jointly endorsed by government and social partners.
- Indonesia's Just Energy Transition Partnership has created a country platform around a Comprehensive Investment and Policy Plan for the power sector. Developed with Indonesian ministries, the state utility, and international partners – and opened for public comment – it functions as a joint roadmap for phasing down coal and scaling clean power, with institutionalized spaces for stakeholder input.
- In India, the Roadmap on Low Carbon and Sustainable Mobility offers a transport-sector example: it was built through bottom-up, industry-led consultation combined with structured interface with government and other stakeholders, producing a phased policy roadmap for decarbonizing transport to 2050.

Collectively, these initiatives show that formalized company-policymaker engagement on climate and nature is accelerating, with countries creating structured arenas for negotiation, technical input, and shared ownership of transition pathways. What we can take away is that policy engagement is not a side activity, but rather a source of competitive advantage. Companies that help shape supportive and ambitious policy environments position themselves to lead, innovate, and capture new markets as the global transition accelerates.

Conclusion

As the climate and ecosystems deteriorate, the urgency to integrate climate and nature into business strategies soars. Only integrated approaches will let senior leaders see the full suite of nature and climate-related risks their companies face. From a commercial perspective, such approaches will help companies seize climate- and nature-related opportunities with measurable business value that they would otherwise miss.

Successfully integrating climate and nature action depends on moving beyond silos to embrace cross-functional collaboration, integrated transition planning and quantification, translating global ambitions into calibrated local action, cooperation across sectors, and adopting a targeted policy advocacy approach.

It takes far-sighted business leaders to put this machinery in motion. However, in most boardrooms, awareness of the degree of nature dependency of business and how to manage interrelated climate- and nature-related impacts is still low. This gives first movers the advantage, enabling them to protect the value of their current operations while simultaneously creating new markets that will ensure their commercial future.

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