

Nature is the new net zero: Why your business should value nature in decision-making

It is becoming business as usual to consider the material and financial risks of climate change to business and plan to reduce greenhouse gas emissions to achieve net zero. In addition to this, there is a growing worldwide commitment to go beyond net zero and reverse the decline in nature.

Previous approaches to how nations, businesses, investors and consumers view nature has been: to do less harm, and to reduce impact. But now there is a new worldview gathering momentum: "nature positive." This requires actions to go beyond limiting damage and minimising impact and instead reverse nature loss, so the net benefit of these actions is positive and outweighs the negative impacts on nature (Nature positive).

International commitments are driving a paradigm shift in how organisations value nature, and how nature-related risks should be managed. In June 2021, G7 leaders agreed to create a greener, more prosperous future and signed the 2030 Nature compact to halt and reverse biodiversity loss by 2030. In December 2022, 196 countries signed up to Kunming-Montreal Global Biodiversity Framework (GBF) with its 2030 mission to halt and reverse biodiversity loss (<https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222>).

To understand why nature and biodiversity should be integral considerations for your business, you can start with these questions.

1. How dependent is your business on nature?

A 2020 report by the World Economic Forum revealed that over \$44 trillion of global businesses directly rely on nature or have supply chains that are dependent on nature (<https://www.weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy/#:~:text=Our%20research%20shows%20that%20%2444,the%20power%20to%20change%20this.>). Consequently, businesses are increasingly determining their dependence on nature and taking proactive steps to protect it. As with climate-related risks, a framework to identify, assess, respond and disclose nature-related financial risks (TNFD) to a business will be released in September this year (<https://framework.tnfd.global/introduction-to-the-framework/executive-summary/v04-beta-release/>).

2. What are the expectations of your bank?

Australian financial institutions have initiated comprehensive analyses of their lending portfolios to assess the nature-related risks and opportunities associated with the businesses they support. In their 2022 annual report, Westpac ranked sectors based on their dependency on nature and their impact on nature

(https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/ic/WBC_2022_Annual_Report.pdf). This move signifies a growing awareness within the banking sector regarding the significance of nature-positive practices and their potential implications for business viability.

3. What are the expectations of your investors?

Investor demands reflect a shift towards responsible and sustainable practices that prioritise the protection and enhancement of biodiversity. For example, the Norge Bank Investment Management Fund, with over \$1.3 trillion under-investment, has published its expectations for companies concerning biodiversity and ecosystems and is expecting them to integrate relevant nature-related considerations into their corporate strategy, risk management and reporting (<https://www.nbim.no/en/responsible-investment/our-expectations/climate-and-environment/biodiversity-and-ecosystems/>).

4. What is the Government's expectation?

Australia was one of the 196 countries that signed up to the Global Biodiversity Framework and committed to achieving 23 targets (<https://www.cbd.int/article/cop15-cbd-press-release-final-19dec2022>). This includes reversing biodiversity loss by 2030, phasing out or reforming incentives (including subsidies) harmful for biodiversity. This is likely to result in emerging policies and regulations that may affect businesses. For example, disclosing climate-related financial risk will be required for some organisations from next financial year (https://treasury.gov.au/sites/default/files/2022-12/c2022-314397_0.pdf) and with the development of nature-related financial risks, these are likely to follow. Adapting to these evolving expectations will be crucial for long-term success and compliance.

5. What are the competitive opportunities for your business?

Embracing nature-positive strategies can provide a competitive advantage for businesses. Being early adopters of sustainable practices and integrating nature conservation into operations can create opportunities for innovation, market differentiation, and enhanced stakeholder engagement.

But where to start?

A good place to start is understanding how your business impacts on nature and how directly or indirectly dependent it is on nature. The LEAP approach (below) provides a helpful guide to frame the questions (<https://framework.tnfd.global/introduction-to-the-framework/executive-summary/v04-beta-release/>):

1. Locate your interface with nature;
2. Evaluate your dependencies and impacts;

3. Assess your risks and opportunities; and
4. Prepare to respond to nature-related risks and opportunities and report.

If you are ready to act, Queensland Trust for Nature can help deliver nature-positive services such as habitat restoration, replanting and management. As an independent, not-for-profit, our role is to help deliver an increase in nature protection and restoration efforts in Queensland. We also want to support the transformative change that will come from evolving our production and consumption systems to incorporate nature positively into planning and design.

For close to ten years, Queensland Trust for Nature has been using environmental markets to help fund nature restoration works. Most recently this includes delivering a Nature Stewardship project as part of a six-star, Greenstar accreditation (<https://new.gbca.org.au/news/gbca-news/what-does-new-4-5-and-6-star-green-star-building-look/>).

Biodiversity is our business and we want to help make it part of yours. Reach out to us at info@qtn.org.au or call Sarah direct on 0437 591 033

Dr Liz O'Brien, CEO QTFN



Aroona Station: QTFN's 200-hectare property which is delivering impact offsets as well as nature-positive restoration for property development.