TandemGlobal

Executive Roundtable Summary

Nature Strategies: Advancing the Integration of Water, Biodiversity, Climate and Circularity Strategies

London, May 7-8, 2025

Background

In November 2024, the Convention on Biological Diversity (CBD), which oversees the Global Biodiversity Framework (GBF), sent a message to the United Nations Framework Convention on Climate Change (UNFCCC), emphasizing that biodiversity conservation and climate action must move *in tandem* to achieve meaningful progress.

While many corporations have developed ambitious climate, water, and land management goals aligned with their business strategies, most companies do not have a complete understanding of their impacts on various dimensions of nature, nor of their dependencies.

Effective strategies recognize nature — encompassing the atmosphere, land, ocean, and fresh water — as a critical asset and strategic pillar for ensuring long-term business sustainability and resilience. An important step in developing nature strategies is understanding the intersections of biodiversity, climate, land use, water use, and circular approaches. This Roundtable provided the opportunity to openly discuss approaches and best practices in nature strategy development under the Chatham House Rule. Tandem Global thanks Karen Westley and Shell for sponsoring the event.

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Sponsor

Shell

Moderators

BBOWT: Prue Addison
ERM: Matt Haddon
Ramboll: Lis Castillo Nelis
Tandem Global: Margaret O'Gorman
ZSO: Mirjam Hazenbosch
Independent advisor: Ramona Liberoff

Speakers

AECOM: Alex Brearley
Air France KLM: Victoria Williams
Amazon: Phil Birch
bp: Mark Johnston
CRH: Benjamin Davies
Environment Bank: Emma Toovey
ERM: Matt Haddon
ICMM: Hayley Zipp
Leeds University: Dominick Spracklen
Lloyds Banking: Emily Martin
Nature Metrics: Pippa Howard
Nestlé: Emma Keller
Shell: Emma Fitzgerald, Karen Westley
The Biodiversity Consultancy: Malcolm Starkey
WBCSD: Dominic Waughray

Key Points

1. **Despite global clarity on the climate emergency, nature in crisis, and mounting inequality, and even with the recognition of urgent need to act on nature and climate change by science and the private sector - business is not on track.** To date, only three companies have publicly adopted a validated science-based target for nature, and only 17 out of 160 companies who engage in SBTN are currently engaged in pilot programs to test and submit targets.

   While significant progress has been made in the last decade in positioning nature as a strategic pillar and a critical asset for business and the economy, and in emphasizing that climate and nature represent two sides of the same physical risk (and opportunity) for business, much progress is not being made. Fifty percent of the global GDP is moderately or highly dependent on nature with industry sectors highly dependent on nature contributing 15% to the global GDP. Physical business risks such as pollination loss and soil degradation are increasing, yet shareholders are not putting pressure on companies to adopt net positive impact goals.

   There is no good reason for inaction. Tools such as nature positive roadmaps and support from a growing ecosystem of consultants offer practical guidance to help businesses understand their impacts and dependencies on nature. Metrics and science-based targets for nature are being developed by several organizations and are involving business. However, progress is slow and often lacks a coordinated agenda.

   In parallel, the financial community (central bankers, financial officers and regulators) is integrating TNFD recommendations into global sustainability reporting standards. This includes 25% of the world's globally important banks and 35 jurisdictions representing 57% of the global GDP. Notably, China has announced plans to align with those goals by 2027. These financial actors are aware of risks and are working towards aligning a complex system of initiatives and ecosystems. The key driver is the need for common approaches to account for nature-related data.

2. **TNFD and ISSB are building the key pieces of disclosure architecture for nature, much like TCFD and ISSB have done for climate.** As with climate, a shift is taking place from leading businesses making individual (nature-positive) corporate commitments to seeking impact through more system-wide or scaled implementation. One example is the development of a nature-related "Corporate Performance And Accountability System (CPAS)" that engages business functions beyond CSOs and the capital markets. From a systems perspective, building a nature-related CPAS will be critical for leading businesses to embed nature as a strategic pillar and core business asset, especially in times when sustainability is being challenged politically.

   The key for a nature-related CPAS is learning from progress on climate. In this context, a GHG Protocol equivalent for nature is currently the missing piece. Such a framework could become a core asset to support an emerging system of frameworks and regulations. However, its success depends on leadership from pioneering businesses over the next few years. According to Roundtable participants, these leading businesses will benefit through enhanced value creation and competitiveness. Moreover, the nature-related CPAS will move the nature and business agenda way beyond compliance.

Suggestions for a GHG Protocol Equivalent for Nature were presented and discussed. Filling that gap is considered a key in establishing nature as a strategic pillar and core asset in corporate performance. The structure below was suggested as a starting point:

- Scope 1 Equivalent: A standard to account for specific site-/place-based business unit impacts /dependency risks on nature
- Scope 2 Equivalent: A standard to account for a business unit's drawdown of nature from across wider sources within the jurisdiction or region
- Scope 3 Equivalent: A standard for calculating a company's end-to-end dependencies and impacts on nature across a global value chain.

Although participants agreed that a GHG Protocol Equivalent is needed, the discussion highlighted that nature is far more complex. Because nature is local, impacts cannot simply be aggregated, and ecosystem restoration in one location generally doesn't help another location. However, accounting methodologies like "embedded water" in products already exist. So, similarly one can consider feasibility of developing an "embedded nature impact" metric. In any case, business needs convergence across frameworks and metrics. Critical to all of this is a collaboration between science, the private sector, regulators, and central banks (the latter aim to align their policies with national plans). This process must enable companies to act and not distract them. The ultimate goal is to transform risks into opportunities, and support businesses in moving beyond isolated projects.

3. **A basic Biodiversity Accounting Framework is made up of a baseline state of an ecosystem's composition, structure, and function, pressures like loss, gains, dependencies, and management response.** Different kinds of data are needed, each of them relevant to the location and the value chain evaluated. Primary data collected on site can be supplemented with geospatial data and data collected by drones, eDNA and camera traps. Local and indigenous knowledge can add depth and context to collected data, while AI can help organize and evaluate prior to use by decision makers of all types. Collaboration, innovation and harmonization are key.

   Although the technologies and metrics used may vary between ecosystems, all should be aggregated into scores representing ecosystem composition, structure, and function. This enables consistent comparisons across ecosystems Strong data governance is extremely important to maintain integrity, trust, access, and ownership. Good data governance may not be led by the West; everybody is advised to watch China's growing role.

   Nature-based investments in Carbon and Biodiversity Offsetting can be part of the solution to combat both climate change, and possibly nature degradation. Carbon management for a global 1.5°C or 2°C pathway is not possible anymore without geological storage of CO2 and land-based sequestration. Offsetting is defined as a science-informed and by society agreed trade of rights. High integrity offsets that include all the associated costs for the environment and society can be an expensive, but necessary investment for certain industries. These costs can include securing partners who are committed to equally high standards as well as investments into projects that must be in place for several decades. Currently some of these markets are working better than others.

   Roundtable participants agreed that the British Biodiversity Net Gain Regulation (BNG) has been transformational. Under this framework, every developer in the UK must deliver a biodiversity net gain of 10%. Every stakeholder plays by the same rules and uses the same

metrics, which Roundtable participants agreed were the key factors in its success. Clear regulatory requirements, which are well communicated like in the British BNG, have created incentives for private finance. The success has inspired countries outside of the UK (e.g. Sweden) to consider similar approaches.

In less regulated environments, however, companies are advised to prioritize the social component, according to Roundtable participants. Metrics often focus on trees planted, but the investment for success is a different calculation. For trees to survive and stand for decades, local populations must have an interest in keeping them alive, e.g. by getting a portion of the carbon credit for salaries. Projects that put social acceptance into the center of their investments will be more successful. Thus, project developers are advised to treat carbon offsetting as a co-benefit, while social impact and community development as the primary goal.

4. **Strategic thinking at the intersection of nature and climate can bring about surprising solutions.** One model of reintroducing wolves to Northern Scotland holds tremendous opportunities for carbon sequestration, according to scientists. Inspired by measurements in Yellowstone National Park, scientists project that large carnivores, who limit the excessive deer populations in parts of Northern Scotland to a natural level, help young trees survive and grow to the extent that about one million tons of CO_2 can be sequestered alone in one suitable project in the Scottish Highlands. This is another example of how innovative approaches, if managed well, provide solutions that may find investors.

   Innovative solutions are also needed in the aviation industry. Sustainable Aviation Fuels (SAF) are a promising solution to reduce CO_2-emissions, in addition to more efficient engines in modern planes. But three challenges reduce the potential use of SAF: limited availability due to competition with food crops, high cost due to rigorous industry standards, and distrust from some passengers concerned about deforestation. As a result, the industry must not overpromise the future use of SAF, e.g. by increasing its share substantially. A discussion between roundtable participants on business communication in general revealed that all sustainability goals must be science-based, and long-term commitments must be managed to maintain trust. Especially since most airlines invest in the highest standards of SAF, they may not reach goals for an ambitious share of them (e.g. 10% blending) if the above-mentioned challenges persist. Effective partnerships in the supply chain, integrated spatial planning with suppliers, and collaborations with peers are important.

   Businesses must be braver and more responsive when their managers observe signs that current strategies are failing, according to roundtable participants. It was argued that more departments within companies (e.g. procurement) must adopt a sustainability lens to understand how climate change or nature degradation can result in lower production or increased costs. In those cases, an inevitable change in strategy is needed but not always wanted. The earlier companies respond and make brave adjustments, the better. New concepts such as regenerative agriculture have transformed some global companies' business strategies.

   However, a changed world emerged in only five years with COVID-2, war in Eastern Europe, and shifting U.S. priorities challenging sustainability progress. Some companies have chosen to "get through the storm" by pausing or scaling back their ambitious sustainability commitments for the foreseeable future. Others are adjusting their commitments according to regions and jurisdictions. It is not only regulators but also customers that are rewarding the chosen strategy. Roundtable participants made clear that companies should not pause sustainability, because its

ROI (Return on Investment) takes a long time to deliver. Encouragingly, most companies participating in the event are committed to continue their ambitious sustainability journey.

5. **The Circular Economy (CE) is an important enabler of biodiversity and nature strategies.** As defined by the Ellen Mac Arthur Foundation, the CE is "a systems solution framework that tackles global challenges like climate change, biodiversity loss, waste, and pollution. It is based on three principles, driven by design: eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature."

   Although technological solutions for materials are key to advancing Circular Economy, its full potential – and economic benefits – lies in being recognized as a business model, that incorporates a nature-oriented lens and innovative solutions. Since innovative solutions depend on imagination and collaboration, processes must be suitable to leverage local inputs and not be dictated from the top. One engineer's waste (problem) may be another engineer's resource (solution) and in collaboration with colleagues in operations, procurement, R&D, and marketing, a company may find new business opportunities.

   Examples include recent commitments by the oil & gas industry to heavily invest in the plastics value chain to satisfy customer demand for recycled plastics, or commitments by the construction industry to design bio-based materials to replace cement where possible. Other examples mentioned to lever the opportunities for circularity refer to trust, e.g. concerning old used tires: the owner of used tires must trust the recycling company or other solution provider to handle associated data with care.

   Data center's huge demand for cooling water may be another big opportunity for oil & gas companies that have no current use for the wastewater pumped as a by-product from drilling oil. There are numerous additional opportunities for the circular economy, including industrial symbiosis from the old and new industries. A good mixture of market forces and regulation is an important driver: roundtable participants said this is why there is currently slightly more progress in Europe than anywhere else.

Roundtable participants emphasized that
***- systemic change is needed**: Businesses must embed nature into their core strategy, not just within sustainability departments*
***- collaboration is essential**: Science, business, regulators, and finance must align to create actionable, harmonized frameworks*
***- opportunities await**: Companies that lead in nature-positive transformation can gain competitive advantage and unlock new value*

Related Tandem Global Executive Roundtables
-10/2024: Accelerating the Integration of Circularity into Business Practice
-01/2024: Taking Biodiversity Seriously Across Corporate Value Chains: Requirements & Standards
-11/2023: Nature-Based Solutions in Asia & the Pacific: How to Achieve Quality and Scale?

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