

WHY NATURE MATTERS FOR BUSINESS

DECEMBER 2024

Executive summary

Nature is vital to the economy, with 55% of global GDP moderately or highly dependent on it.¹ However, successive UK governments have struggled to meet environmental goals, prompting an urgent need for action to reverse nature's decline. Businesses play a crucial role in addressing this crisis, providing investment and innovative solutions while benefiting from enhanced resilience, economic growth, and new market opportunities.

Nature loss presents systemic risks to businesses and the financial system, from disrupted supply chains to diminished economic growth. In contrast, investing in nature recovery offers significant opportunities in sustainability-linked markets and nature-based solutions. Businesses, increasingly motivated by regulation, customer demand, and economic risks, can lead the way in restoring biodiversity, improving resilience and capitalising on new markets, such as carbon credits and ecosystem services.

The UK's 2021 Environment Act and commitments such as the "30x30" target provide a legislative foundation for environmental action. However, policy uncertainty hampers business engagement. Clear, actionable frameworks are required to align environmental goals with business operations, ensuring a level playing field and robust compliance mechanisms.

The UK stands at a pivotal moment for nature recovery. By aligning policy, regulation, and business action, the government can unlock the economic and ecological potential of a nature-positive economy. This requires bold leadership, clear frameworks and collaborative efforts to transition from ambition to tangible delivery. Businesses are ready to invest in solutions that protect nature while driving growth, innovation, and resilience.

Key Recommendations

01

Use the Environmental Improvement Plan to create an effective framework for delivery and launch the development of sector nature-positive pathways.

02

Set out a roadmap for implementing mandatory Taskforce on Nature-related Financial Disclosures (TNFD) reporting to increase awareness of businesses' nature dependencies and impacts.

03

Use the Land Use Framework to give businesses confidence on what actions to take for nature recovery and nature-based climate change adaptation and mitigation, where and how.

04

Develop a delivery plan to meet the target to protect at least 30% of land and sea for nature by 2030.

05

Support the development of nature markets to scale with confidence and leverage private investment for nature where appropriate.

06

Increase the ambition of Biodiversity Net Gain and progress next steps towards Environmental Net Gain or Environmental Benefit for Nature.

07

Set up a taskforce and sandbox to accelerate the design of creative and effective environmental regulation to encourage innovation and partnerships in the private sector.

08

Efficiently resource regulators and local authorities to play their critical role supporting delivery, monitoring and enforcing regulation to build private sector confidence to invest.



Introduction

The natural environment is 'critical infrastructure' for a resilient economy. 55% of global GDP is moderately or highly dependent on nature.² Clean air, clean water, flood mitigation, pollination, the provision of food and materials, and nutrient cycling are among the foundations of a habitable planet and are directly or indirectly essential to all businesses. Nature also has huge value in its beauty and benefits to human health and wellbeing, and to that of other species.

Successive UK governments have recognised the crisis facing nature, putting legislation and legally binding targets in place to improve the quality of the UK's natural environment. However, delivery has been a struggle, and the Office for Environmental Protection found in 2023 that the UK is largely off track to meet its environmental ambitions. Practical action and delivery on the ground are urgently needed to reverse the UK's poor track record on nature and grasp opportunities to drive nature restoration and biodiversity increase. Importantly, this will also generate new jobs and improve the UK's climate, economic and supply chain resilience.

The new government has brought renewed vitality to nature policy. Since taking office, the Secretary of State for Environment, Food and Rural Affairs has launched a rapid review of the Environmental Improvement Plan (EIP), to be published in spring 2025, and has set out his five priorities for the department.³ These are: cleaning up Britain's rivers, lakes and seas; working towards a zero-waste economy; supporting farmers to strengthen food security; accelerating nature recovery; and speeding up the construction of flood defences. The government is also committed to achieving net zero by 2050, with an important role for nature-based solutions for long-term carbon sequestration and adaptation to increasing extreme weather.⁴

The Aldersgate Group is a politically impartial alliance of businesses, academic and civil society organisations that champions action for climate and nature. Our corporate members agree that ambitious environmental policies make clear economic sense for the UK. The private sector will play a vital role in ensuring targets are met and nature is restored, and will provide a significant proportion of the necessary investment and implementation. Given the right conditions, this can be deliverable. This briefing therefore sets out why businesses care about nature, and makes recommendations on the policy and regulatory framework needed to enable businesses to contribute to the protection and restoration of the natural environment.



The business case for nature protection and restoration

Nature's decline poses a direct risk to business revenues, operations, supply chains and overall resilience.⁵ Acting on nature is in the interest of businesses across all sectors. The built environment sector is increasingly concerned with risks such as flooding or heatwaves, and recognises the potential to increase resilience with nature-based solutions. In agriculture, a failure to address soil degradation, reduced numbers of beneficial invertebrates, and extreme weather events can reduce farm yields and disrupt the supply of all agricultural products to clients such as supermarkets and other grocery retailers. For example, UK supermarkets reported a shortage of salad staples in early 2023 because of record-breaking drought conditions in Spain.⁶ The tight supply of this produce contributed to year-on-year UK grocery price inflation of 17.5%.⁷ High yield farms are also particularly vulnerable to inflation due to their higher reliance on fertilisers, pesticides and fuel compared to regenerative farms. In the pharmaceuticals sector, natural products provided by fungi, plants and other organisms have played a key role in drug discovery.⁸ Between 1981 and 2019, over 1,800 drugs produced or derived from natural products received regulatory approval.⁹ However, nature loss and degradation threaten the discovery of new natural products.¹⁰ When species go extinct, the possibility of new drugs is lost forever.

Nature loss is seen by financial institutions and investors as a systemic risk that could threaten the growth and stability of the financial system.¹¹

For example, the Dutch Central Bank found that €510 billion of investments by Dutch financial institutions would suffer financial losses from disruption of the services nature provides.¹² Capital at risk from the disappearance of animal pollination alone was estimated at €28 billion. Meanwhile, the soil and nutrient depletion of croplands in Africa results in an annual 3% GDP loss.¹³ In the UK, research suggests that deterioration of the UK's natural environment could slow economic growth, resulting in the UK economy being 6% to 12% smaller than it otherwise might have been by the 2030s.¹⁴ These systemic risks translate to impacts at the individual company level, with a Bloomberg NEF study identifying \$83.2 billion of financial impacts from nature-related risks across just ten businesses.¹⁵

Beyond addressing these risks, nature recovery presents commercial opportunities. Customers are increasingly nature conscious, demanding products and services with robust environmental and social credentials.¹⁶ Business opportunities also exist in 'nature' markets including carbon markets, insurance, sustainability-linked bonds, payments for ecosystem services and environmental credit markets. These markets are valued at \$98 billion annually.¹⁷ They are growing and have significant potential to help achieve nature-positive outcomes and generate returns for businesses and investors.

The natural environment has societal and non-commercial value which is protected by regulation; compliance is a primary concern for businesses. Such regulation includes Biodiversity Net Gain (BNG), which aims to achieve nature-positive outcomes. In other cases, nature provides solutions to help companies in complying with regulation. For example, water companies must deliver a vast programme of investment to secure environmental improvement. While much of this will require new or upgraded infrastructure, some can most effectively be delivered through catchment- and nature-based solutions. Companies have collaborated across river catchments with farmers, landowners, local authorities and other businesses to address diffuse sources of water pollution such as phosphorus. By planting hedges and vegetation buffer strips which trap sediments, these companies have reduced pollution levels across catchments, reduced the need for expensive upgrades to wastewater treatment works (by virtue of decreased pollution levels and minimising impact on customer bills), and delivered other ecological benefits such as soil quality improvements.¹⁸

Some businesses are going beyond compliance and pushing forward with action. Individual businesses are voluntarily setting nature-related targets, developing nature action plans and making changes to how they manage their property and other assets. For example, several UK housebuilders have jointly set a target to install bird boxes for every home built from September 2024 to at least 2030, helping to provide 300,000 nesting boxes required to support swift and other bird populations. They will also create hedgehog highways as standard on every new development.¹⁹ Other businesses have chosen to disclose information on their dependencies and impacts on nature by voluntarily adopting the Taskforce on Nature-related

Financial Disclosures' (TNFD) framework. Momentum has continued to build behind the TNFD framework, with 416 businesses adopting it by June 2024.²⁰ The UK is the country with the second highest number of voluntary TNFD adopters.²¹

However, voluntary action faces limits. The government has an important role to play in scaling action on nature restoration and establishing a level playing field that ensures that businesses going beyond compliance are not placed at a competitive disadvantage.

How can the government enable business action for the natural environment?

The 2021 Environment Act and the UK's international commitments provide clear long-term targets for improving the natural environment. How these targets will be delivered in practice is less obvious, however, and this policy uncertainty is hampering businesses' ability to act on nature, especially if they are placed at a competitive disadvantage. The priority for the new government should be to develop specific policy interventions that can increase business action on nature.

The UK's environmental targets

The 2021 Environment Act enabled the government to set statutory targets on biodiversity, air and water quality and resource use. It also provided for the publication of an Environmental Improvement Plan (EIP) that describes the steps the UK Government will take to improve the natural environment.²² At the Environment Act's heart is a legally-binding target to halt the decline in biodiversity.²³ The Act additionally allowed for the creation of other legally-binding nature targets, including some which are specific to key business sectors such as the farming sector and water industry. The UK has also made a formal commitment under the United Nations Convention on Biological Diversity to protect and conserve at least 30% of land, inland water and sea for biodiversity by 2030, a target known as '30x30'.²⁴

The first EIP was published in 2023 and is due to be reviewed by the end of 2024, with a revised plan expected in spring 2025. The 2023 EIP is structured around the apex goal of thriving plants and wildlife, with nine other goals covering specific areas including improving environmental quality, use of resources, mitigation of climate change, biosecurity and enhanced beauty, heritage and engagement with the natural environment. There is a legal requirement to review the EIP every five years.

1. Use the Environmental Improvement Plan to create an effective framework for delivery and launch the development of sector nature-positive pathways

The Environmental Improvement Plan (EIP) must provide a stable policy framework, bringing together timelines and pathways for policy delivery with targets to unlock private investment in nature and help businesses operate in a nature-sensitive way. The 2024 review of the EIP provides an opportunity to address key gaps and identify priorities.

To enable business action, the revised EIP must:

- » **Set clear, ambitious interim targets**, translated from the national to the local level and aligned with business investment and decision-making cycles. To have an impact, targets need delivery plans with set deadlines, clearly identified primary actors and access to the resources needed to meet them. Delivery pathways should also be developed for business sector specific targets, such as water pollution. Effective governance, as recommended by the Office for Environmental Protection (OEP), is essential to monitor progress.²⁵
- » **Join up nature policy across government**, including ensuring that planning, agriculture, infrastructure development, competition, trade and other business policy are aligned with nature recovery. Shared priorities between government departments would be a positive first step, such as between Defra and DESNZ for nature and net zero delivery and between Defra and MHCLG for nature-positive housebuilding.
- » **Set out next steps and engagement mechanisms to develop nature-positive sector pathways**, building on the work conducted by WWF and Aviva,²⁶ providing clarity on the role that key economic sectors can play to deliver nature recovery, with certainty on upcoming policy and regulation to drive action forward. Sectoral pathways developed by the Climate Change Committee have been critical to accelerating UK progress on climate change, and a similar approach could support the nature-positive transition. Nature-positive pathways are sets of plans or strategies which provide guidance to both policymakers and the private sector about how different economic sectors should contribute to achieving environmental targets.

The government should **publish a business-facing output presenting the revised EIP and next steps for private sector engagement**. A short accessible document that clearly communicates relevant information will help engage businesses, including those with limited capacity to access policy documents. Many businesses also operate across international jurisdictions, and the government should ensure connections to international commitments and standards are clear.

Driving demand for nature-positive action will also be important for meeting targets. The public is a key stakeholder for the improvement of the natural environment and the wider benefits it can provide, including wellbeing and access to nature. Engaging the public on the EIP and the role people can play will be important to increase awareness, nature-positive behaviours and demand for nature-positive products.

Looking beyond the EIP review, alignment across action for climate and action for nature is needed. The EIP, delivery plans for the 30x30 target, land use framework, Net Zero Strategy and other relevant policies must create a joined-up approach, acknowledging the link between the climate and nature crises to mobilise investment into solutions and align capital.

2. Set out a roadmap for implementing mandatory Taskforce on Nature-related Financial Disclosures (TNFD) reporting to increase awareness of businesses' nature dependencies and impacts

Learning from the success of mandatory climate-related financial disclosures, nature disclosure frameworks provide an effective impetus for businesses to understand dependencies and impacts on nature, including across supply chains. Disclosures are crucial to raise the issue and help C-suite leaders better understand that they need to take action. Depending on the sector, businesses' nature dependencies will predominantly lie with their supply chains; mapping these dependencies is complex and requires a mandate to incentivise supply chain engagement.

Extensive discussions with business reveal a clear consensus that TNFD-aligned reporting must be made mandatory to create a level playing field and widespread adoption.²⁷ There are also potential co-benefits, beside nature improvements, that could surface from supply chain mapping required for businesses to understand their impacts and dependencies on nature. For example, from an ethical perspective, businesses could also investigate labour conditions and standards on the farms, mines or other organisations they are sourcing from. This knowledge is unlikely to be available beyond the manufacturing stages without comprehensive supply chain mapping.

The government should use a roadmap for implementing mandatory TNFD reporting as an opportunity to develop shared metrics with businesses and relevant experts to measure and monitor impacts and dependencies on nature. In addition to raising overall awareness of nature risks, reporting can also contribute towards building the data and evidence base to inform and monitor the effectiveness of actions taken. The roadmap should include iterative processes to account for challenges businesses may face to comply with mandatory reporting, including the potential need for additional time or support from SMEs or availability of supply chain information. Alignment between TNFD, Taskforce on Climate-related

Financial Disclosures (TCFD) and climate risk management will be helpful to ease the reporting burden on businesses and incentivise a more joined-up approach.

While reporting has a vital role to play in raising understanding and awareness of nature dependencies, it will be important to incentivise action for a nature-positive transition, with science-based targets²⁸ and an enabling policy environment. The government should also consider the potential role of voluntary or mandatory disclosures of nature transition plans, building on the ongoing work of the TNFD and consultation closing in February 2024.²⁹

3. Use the Land Use Framework to give businesses confidence on what actions to take for nature recovery and nature-based climate change adaptation and mitigation, where and how

The forthcoming Land Use Framework (LUF) should help businesses by giving them certainty about investment, reducing risks, and clarifying what land use is appropriate where. To be effective, the LUF must:

- » **Tie in with Environmental Land Management Schemes (ELMS) and agricultural policy to avoid unintended consequences.** For example, coastal farmers would benefit from clarity on whether coastal spaces should continue to be used for food production or other uses. Coordination with ELMS will be essential to ensure farmers are not disadvantaged by ending their existing farming activities if other land uses are prioritised.
- » **Ensure alignment with nature markets to avoid introducing an additional layer of complexity and perverse incentives.** Consideration should be given to how different uses of land are valued and how to resolve issues, such as if the value of land is attractive for biodiversity credits but is needed for flood relief.
- » **Translate to the local level,** including alignment with Local Nature Recovery Strategies and incentives for different land uses.

The scope of the LUF should include and clarify the use of land for:

- » Food security and agriculture
- » Nature recovery and biodiversity
- » Nature-based solutions to climate change mitigation and adaptation
- » The built environment and other infrastructure, with further information on how evolving spatial initiatives will work alongside each other including the Strategic Spatial Energy Plan, the government's housebuilding target and planning reform.

Effective coordination and joined-up policy will be crucial to ensure different sectors are able to effectively operate within the LUF and other policies. For example, the LUF, EIP, decarbonisation strategy for the agriculture sector and agricultural policy such as Environmental Land Management Schemes will need to be well aligned to provide clarity of direction, support (such as advice, training, and landscape- or catchment-level facilitation) and incentives for the rural economy and agricultural sector to succeed commercially and deliver nature, decarbonisation and food security targets.

4. Develop a delivery plan to meet the target to protect at least 30% of land and sea for nature by 2030

The government should develop a “30x30” rapid delivery programme focused on four key areas: reviewing and improving the protected site network; updating purposes, powers and funding for protected landscapes such as National Parks; introducing a Public Nature Estate obligation on public bodies; and expanding the Public Nature Estate itself.³⁰ The identification of locations to create or restore habitats outside of protected areas and landscapes is needed to ensure the target can be met.

Businesses need clarity on how achievement of the “30x30” target will shape the land market and planning system and in turn influence the delivery of energy, housing and other infrastructure. The Land Use Framework and Local Nature Recovery Strategies (LNRS) must contribute to this clarity. Developers could support the delivery of LNRSs and designation of areas of nature recovery; for example, with investment in priority improvements (e.g. buffer areas around designated sites to reduce proximity pressures such as recreation and pollution) through Section 106 agreements that unlock planning approvals nearby.

Standardised methodologies will be an essential tool to aid delivery of environmental improvement, ensuring quality and robustness of actions. Standardised methodologies could build on the natural capital approach, methods for measuring ecosystem services such as those used nationally by ONS and in Defra’s guidance on Enabling a Nature Capital Approach (ENCA)³¹, and the concept of public goods.

Farmers have a critical role to play in the delivery of environmental targets. The government should support the agricultural sector to contribute most effectively, including by increasing ease of adoption to maximise contribution. For example, the Landscape Recovery tier of Environmental Land Management Schemes (ELMS) could form part of the delivery of the 30x30 target and is a great opportunity to trial the use of revenue support mechanisms such as those that helped accelerate the development of the renewables sector (e.g. long-term off-take agreements and guarantees for environmental outcomes). Achieving further uptake of the tier by farming businesses would support progress towards delivering wildlife-rich habitat, a significant contribution to the target, as well as supporting progress towards the water pollution target. Land protection policy and

food production need to co-exist, with a joined-up approach prioritising non-productive land suitable for nature recovery alongside a focus on regenerative farming which improves soil health and nature alongside food production.

We support the recent report *Grounded in evidence: A way forward for British farms*³², published by Lloyds Banking Group, calling for the government to:

- » Back a standardised methodology for measuring farm's environmental impact.
- » Develop a decarbonisation and nature strategy for agriculture, which sets out in one place how productivity, profitability and sustainability improvements will be delivered together.
- » Collaborate with industry to overcome the barriers faced by farmers, including around the flows of finance which can help deliver changes and provide fair rewards in return.



CASE STUDY 1

Cemex UK and RSPB biodiversity partnership³³

Working in partnership for over a decade, Cemex UK and the RSPB have restored over 1,700 hectares into grassland, woodland, heathland, and wetlands across 50 UK quarry sites. As of 2023, 100% of all active Cemex quarries have a rehabilitation plan in place.

Kensworth quarry is a large chalk quarry in Southeast England. Working together, Cemex UK and RSPB developed a biodiversity plan to enhance biodiversity on the site, including the creation of chalk grassland that has the potential to support some of the UK's rarest and most endangered species. Cemex UK calculated that the restoration of the site produces a surplus of biodiversity credits which, if theoretically traded, would be worth over £1 million. This underscores how adopting a nature positive approach can add value to both a business' assets and its natural capital.

5. Support the development of nature markets to scale with confidence and leverage private investment for nature where appropriate

Nature markets are nascent and offer a mechanism to deliver nature targets which present commercial opportunities. However, the market needs more demand drivers and better infrastructure and integrity in order to scale, with standards and assurance to provide confidence to invest. The government should continue to support the development of nature markets, including through the work of the British Standards Institution, Green Finance Institute, expertise across the nature and finance sectors and existing work such as the Nature Markets Framework.³⁴ The government should also act as buyer of last resort where appropriate.

Robust reporting regimes will support demand for nature credits. The Land Use Framework can help provide certainty with analysis to identify what land is appropriate for which use, ensuring that nature markets are developed in symbiosis with other land uses such as food production. Lessons should be drawn from the growth of renewable energy markets and existing nature initiatives. For example, the Woodland Carbon Guarantee provides a ceiling price with the government guaranteeing a certain amount of offtake of carbon credits for woodland schemes at that price. The Woodland Carbon Code also supports market integrity, with an audit requirement and technical standards for measuring and quantifying benefits which are robust and trusted by the scientific community. The government should consider necessary next steps to develop the Soil Carbon Code (including identifying appropriate methodology), mechanisms to better reflect carbon markets in the nutrient mitigation market, as well

as other regulatory or fiscal incentives to support investment in nature-based solutions. A dedicated rating agency may also be valuable to provide confidence to investors to invest in nature capital funds.

With the novelty of nature capital markets in mind, the government should explore the potential role for a public fund to crowd in private investment. Better Society Capital (BSC), which supported the creation of a social impact investment market worth £10 billion in 2023, provides an example model the government may wish to replicate for nature markets.³⁵ A dedicated environmental impact investment would support early-stage investment funds with a specific environmental remit and help crowd in private investment. This could be delivered through the National Wealth Fund or an expansion of BSC's remit.

CASE STUDY 2

Triodos Bank UK conservation-focused debt package^{36,37}

In April 2023, Triodos Bank UK provided a £20.55 million loan to Oxygen Conservation to acquire 23,000 acres of land in Scotland (11,407 acres of Langholm Moor, known as Blackburn and Hartsgarth, and an 11,626-acre estate at Invergeldie in the Highlands). This was believed to be the largest conservation-focused commercial debt package in the UK at the time.

At both sites, Oxygen Conservation is working with local businesses and the community to create a conservation-focused masterplan to deliver landscape-level restoration of natural processes. This includes restoring significant areas of peatland and planting large areas of native broadleaf woodland, whilst developing wind turbines to generate renewable energy. Oxygen Conservation will make a positive economic return through the sale of carbon credits generated through the Peatland and Woodland Carbon Codes.

CASE STUDY 3

Ørsted's blue bond issuance³⁸

In June 2023, Ørsted became the first energy company in the world to issue blue bonds – a debt instrument used to raise capital to finance marine and ocean-based projects that have positive environmental, economic, and climate benefits.

Proceeds from the issuance of Ørsted's five-year, €100 million blue bond will finance measures to protect and restore marine and coastal biodiversity and develop green ocean fuels to help enable the decarbonisation of ocean vessels. This forms part of Ørsted's wider ambition to deliver a net-positive biodiversity impact for all new renewable energy projects commission from 2030 at the latest.

6. Increase the ambition of Biodiversity Net Gain and progress next steps towards Environmental Net Gain or Environmental Benefit for Nature

Biodiversity Net Gain (BNG) is a pioneering new policy to leverage investment into nature recovery. The current 10% net gain target, assuming it is met, is effectively preventing further biodiversity loss. The government should monitor and address any issues to maximise uptake, compliance and biodiversity outcomes of BNG. This includes appropriate resources for local authorities to participate effectively in the delivery of BNG. The government should also consider where ambitions can be raised to increase biodiversity gain, including its application to a wider range of developments such as NSIPs and increasing the net gain target.

The government has previously committed to embedding 'environmental net gain' (ENG), going beyond biodiversity and considering the environment more broadly.^{39,40} Increasing ambition is crucial to ensure the current trend of nature loss is not just slowed down but reversed. As Marine Net Gain develops and is implemented, the government should ensure lessons are continuously learnt and feed into the development of ENG. Significant work is required to develop metrics and ensure that ENG can be deployed alongside or incorporating the benefits of BNG, rather than risk crowding out BNG.

7. Set up a taskforce and sandbox to accelerate the design of creative and effective environmental regulation to encourage innovation and partnerships in the private sector

The business case for environmental action is often based around legislation and compliance with regulation, alongside corporate targets and social responsibility. Defra has pioneered novel regulation – this should be celebrated and efforts accelerated. New regulations such as BNG and the EU deforestation-free regulation (EU DR) show the power and potential for rapid impact, raising voluntary ambitions by providing a level playing field and levers which strengthen purchasing power across supply chains. The implementation of BNG and EU DR have both faced challenges or teething

issues, stressing the importance of introducing ambitious but feasible legislation, for example increasing stringency over time for successful implementation.

With a dedicated taskforce, Defra could accelerate the development of creative and effective environmental regulation. Well-designed, implemented and enforced regulation can be a powerful policy tool to accelerate the protection and restoration of nature, while also driving economic growth, supporting new jobs and incentivising innovation.⁴¹ The specific characteristics of the natural environment call for new and creative approaches to regulations. A regulatory sandbox would help test how a regulation would work on the ground before it comes into force, providing the opportunity to develop innovative regulation and get ahead of issues that may arise once implemented.

For example, in the water sector, different sectors contribute to the problems around river catchments, and in some places, regulation of those sectors is acting as a barrier to action and innovation. There is broad consensus in favour of a catchment-based approach to regulating the water industry (as illustrated with Sustainable Solutions for Water and Nature⁴² and CIWEM's 'A Freshwater Future'⁴³). However, significant work is needed to translate national targets to catchment-scale targets, apportion source pollution to all sectors and incentivise investment in solutions across sectors.

When designing effective regulation for the environment, it will be important to target outcomes and associated output indicators not actions, and to recognise the full societal costs and benefits⁴⁴ as well as the cost of inaction or insufficient action, including irreversibility. Nature does not know sector or jurisdictional boundaries, so cross-sector collaboration will be essential to success, and regulation should also be designed with this characteristic in mind, for example applying across global supply chains and not just in the UK. The default for regulation should continue to be that it follows the five environmental principles, and it will be important to understand where regulatory pressure can most effectively be applied across supply chains and sectors to help proportionately manage the regulatory burden on businesses.

8. Efficiently resource regulators and local authorities to play their critical role supporting delivery, monitoring and enforcing regulation to build private sector confidence to invest

Regulation is meaningless without enforcement. Regulators must be well-equipped to play their role effectively and work together to ensure regulation is applied consistently. Regulators have increasing duties, but this has not come with additional resources. They must be resourced efficiently to fulfil their role and ensure regulation is upheld on the ground or there is a risk that regulation becomes 'in name only', undermining the level

playing for those businesses seeking to go further for nature.

Local councils also have a crucial role to play, from the development of LNRSs to the delivery of BNG, but they face significant resourcing pressures. Availability of ecology and planning skills are of particular concern, with demand and competition increasing for ecologists following the introduction of BNG. Support should be provided to local authorities to ensure that they have access to resources and expertise to best fulfil their role in the implementation of BNG. Potential solutions that may provide more immediate relief and efficient use of public funding to address skills and capacity challenges include access to centralised or regional hubs and relevant expertise.

Alongside appropriate resourcing for public sector bodies, the government should consider the growing need for nature-related skills and address current challenges with shortages and the wider skills pipeline.

Looking to delivery

This is just the beginning. As the government moves from ambition to delivery, it will be essential to engage businesses to nurture an enabling policy framework that incentivises business action and delivers real improvements for the natural environment.



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