



**BUSINESS
IN THE
COMMUNITY**

BRIEFING

THE ECONOMIC CASE FOR NATURE

Understand your relationship with nature,
collaborate and invest to future-proof your
business.

Introduction

Nature loss is a growing economic risk as well as an environmental issue. The IPBES Business and Biodiversity assessment showed that every business depends on nature, and that urgent action is needed as ecosystem services weaken.ⁱ The Planetary Solvency report showed that without urgent action to restore Earth's life support systems, global GDP could at least halve, and 4 billion people could die by 2090 if we do not find our balance with nature.ⁱⁱ

For business, this means nature is not a peripheral sustainability topic. Healthy ecosystems underpin supply chains, food systems, water security, climate adaptation, employee and community wellbeing, and the long-term conditions for growth. When nature is degraded, businesses can face higher costs, disruption to supplies, weaker productivity, reputational risk, and lower confidence from investors, customers and communities.

Business in the Community (BITC)'s Creating a Future Ready Economy report, published in October 2025, argues that tackling social and environmental challenges can create opportunities to drive economic growth in ways that build resilient, shared prosperity.ⁱⁱⁱ Its five core messages are to:

- Embed action for a future-ready economy in your core strategy.
- Co-create transition plans with stakeholders.
- Invest in building resilience with the communities you serve.
- Partner with government in blended finance pilots.
- Lead with courage and transparency.

This briefing sets out the economic case for investing in nature stewardship. It explains why nature matters to business resilience and competitiveness, how policy and market expectations are changing, and how businesses can start to understand their relationship with nature, collaborate with others, create a strategy and invest in practical action.

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The policy and market context for nature

Nature stewardship sits across several Sustainable Development Goals, including good health and wellbeing, clean water and sanitation, responsible consumption and production, life below water and life on land.^{iv} Awareness of nature's societal and economic benefits is also growing across the business community. At Biodiversity COP17 in Armenia, governments are expected to take stock of progress against the 23 targets in the Kunming-Montreal Global Biodiversity Framework, which set out the global action needed by 2030 to halt and reverse nature loss. The targets include protecting 30% of land and sea, restoring degraded ecosystems, reducing pollution, mobilising finance for nature, and encouraging businesses to assess and disclose their nature-related risks, dependencies and impacts. This matters for business because those targets are shaping the policy, reporting and investment landscape for biodiversity and ecosystem recovery.

In the UK, the Environmental Improvement Plan (EIP) 2025 sets out how government will work alongside individuals, communities and businesses to achieve the nation's nature ambitions.^v The EIP focuses on actions to:

- Enhance the quantity and state of critical natural capital assets.
- Capture more of the benefits from natural assets.
- Reduce pressures on natural capital assets from direct use and respond to external threats.

Across the UK, nature is also increasingly connected to wider questions of long-term wellbeing and prosperity. The Well-being of

Future Generations (Wales) Act 2015 requires public bodies in Wales to improve social, economic, environmental and cultural wellbeing with a long-term sustainable focus, including ensuring that decisions today do not compromise the ability of future generations to meet their needs.^{vi}

The Scottish Government defines a wellbeing economy as one that goes beyond traditional GDP measures and focuses on long-term societal wellbeing and fairness as well as sustainability. This includes supporting the economic and societal transformations needed to thrive within environmentally sustainable limits, including climate and nature targets.^{vii} Similarly, the Office for National Statistics (ONS) reports on quality of life beyond GDP, including measures such as life satisfaction, trust and self-reported health.^{viii} Connected to this work, ONS also provides an annual review of the UK's progress from an environmental, climate and nature perspective, which found that 17% of businesses had reported concern about the impact of nature or biodiversity risks on their business.^{ix}

Taken together, these developments show that nature is becoming a more important part of the policy, reporting and investment environment in which businesses operate. Businesses will increasingly be expected to understand how they depend on and affect nature, and to show how they are managing related risks and opportunities. **This makes nature stewardship not only an environmental responsibility, but a practical part of building long-term resilience, competitiveness and trust.**



The economic case for nature

The World Economic Forum's latest Global Risks Report ranks extreme weather, biodiversity loss, ecosystem collapse, and climate impacts as the top three risks over the next decade.^x At the same time, current finance flows are not aligned with the scale of the challenge. The United Nations Environment Programme found that US\$7.3 trillion in finance flows harmed nature. Meanwhile, only US\$220 billion supported nature-based solutions, with private finance contributing just US\$23 billion.^{xi} This gap creates risk, but it also points to a significant opportunity for businesses, investors and government to redirect capital towards resilience, restoration and long-term value.

Businesses depend on ecosystem services

The economy is nested within society, which is in turn nested within planetary systems. Healthy ecosystems provide the foundations businesses rely on: clean air and water, raw materials, food production, flood protection, cooling, carbon storage, soil health and places that support wellbeing. These ecosystem services are often grouped into provisioning, regulating, cultural and supporting services.^{xii} BITC explored these categorisations and definitions in its [Nature and Resilience Factsheet](#), published in 2024.

Because these services are often taken for granted, many businesses do not yet fully understand their dependency on nature. The Cambridge Institute for Sustainability Leadership (CISL) has emphasised that a credible business case for nature should include a risk-based rationale that makes clear the financial value at risk from nature degradation.^{xiii} Oxford Economics has similarly argued that every business depends on nature, while very few

disclose this relationship.^{xiv}

These dependencies are visible across sectors. Businesses depend on critical raw minerals for technology, energy systems that rely on natural resources, transport systems affected by air, land and water pollution, and supply chains that rely on healthy soils, water and stable ecosystems. Nature risk is therefore not only relevant to sectors such as agriculture, food or land management. It can affect offices, retailers, manufacturers, professional services, infrastructure, finance and digital businesses through sites, energy use, products, services, employees and suppliers.

Nature loss increases operational, financial and geopolitical risk

Soil is one example of how nature connects directly to economic resilience. Healthy soil regulates water, supports food production, stores carbon and helps reduce flood risk. Habitat loss and the decline of plants and trees can worsen soil degradation, reduce water storage and decrease the number of vital pollinators such as bees.

The importance of soil and food security has been recognised for many years. 'Nine Meals from Anarchy' examined how climate change, competition for resources, declining oil production and the international food crisis could contribute to systems collapse with impacts far greater than the economic crisis.^{xv} Although this was published almost two decades ago, the underlying point remains relevant: fragile natural and resource systems can quickly become business and social risks.

Recent geopolitical pressures show how these risks can compound. The National Farmers Union has highlighted how the Iran War and closure of the Strait of Hormuz put fertiliser and food security back in the spotlight. The Strait is a key shipping lane that carries one-fifth of the world's ammonia and urea supplies. The UK imports 60% of nitrogen, and since the closure of the country's last ammonia plant in 2022, the UK has relied on imported ammonia feedstock to produce fertilisers at home.^{xvi} This illustrates how geopolitical disruption, food systems, natural resources and business resilience are connected.

Climate and nature risks also affect profitability. The World Economic Forum has highlighted that the threat to profitability from climate hazards is particularly steep in some industries, with utilities, telecommunications, travel, retail and agribusiness among the top five exposed sectors.^{xvii} Protecting natural capital can therefore help businesses reduce exposure to disruption, strengthen supply chain resilience and improve confidence in long-term business continuity.

Nature stewardship can strengthen competitiveness and productivity

Sustainability and productivity are not mutually exclusive. The Business, Purpose & Productivity report published in 2025 by the Scotland Productivity Forum and The Productivity Institute found that purpose-oriented business models,

including circular economy models, are not just a moral or branding exercise. They can be a driver of productivity and long-term commercial success.^{xviii} The International Organisation for Standardisation is also developing a standard for purpose-driven businesses, anticipated to launch in 2027 and building on previous guidance published in 2022.^{xix}

More environmentally sustainable business can also support global competitiveness. E3G found that over half of European business leaders, 55%, believe that becoming more environmentally sustainable is important for their company's competitiveness, while 21% think it is unimportant.^{xx} Leading businesses can use nature stewardship to build resilience, differentiate their brand, strengthen investor confidence and improve relationships with customers, suppliers and communities.

The retail sector shows the scale of the opportunity as well as the gap. The British Retail Consortium's Planning for Nature report found that three-quarters (76%) of retailers have no targets for protecting nature.^{xxi} Retailers and other sectors that depend on complex supply chains risk jeopardising resilience if they do not address accelerating nature and biodiversity loss.



Business model innovation can support nature and resilience

Business transformation can place new pressures on nature, but it can also create new tools for resilience. The rise of AI and data centres, for example, has increased scrutiny of how digital transformation affects energy, water, land and wider environmental impacts. The International Energy Agency found that data centres accounted for around 1.5% of the world's electricity consumption in 2024, with the US accounting for the largest share of global data centre electricity consumption at 45%.^{xxii} BITC's [Responsible AI Framework](#) offers recommendations on how to use technological advancement while limiting its impact on the environment.

At the same time, technology can help businesses prevent harm and improve environmental performance. United Utilities has mobilised a Drone Squad to help detect pollution incidents and their source, whether from United Utilities-owned assets or from external third-party sources. The drones have varying capabilities including infrared, internal pipe inspections and LIDAR surveillance.^{xxiii} This kind of innovation can help established businesses identify risks earlier, respond faster and redesign business models to be more resilient to future challenges.

Circular economy principles can also reduce pressure on nature by keeping products and materials in use for longer and reducing demand for new raw material extraction. The Ellen MacArthur Foundation describes the circular economy as a system in which materials do not become waste and nature is regenerated.^{xxiv} The Waste and Resources Action Programme (WRAP) similarly emphasises keeping products and materials in use for as long as possible, maximising their value, minimising waste and reducing reliance on virgin materials.^{xxv} For businesses, this can lower costs, reduce waste and make supply chains less exposed to material scarcity.

Natural capital creates a clearer case for investment

Leading businesses are increasingly recognising the value of nature stewardship by identifying the economic return from action. The EU Nature Restoration Law, which came into effect in August 2024, found that every €1 invested in nature restoration can generate an estimated €4 to €38 in benefits.^{xxvi}

Natural capital accounting is one way to make these benefits more visible. Natural capital considers the full range of natural assets that benefit society, from forests and urban green spaces that provide clean air, absorb carbon and provide recreation, to rivers that provide freshwater for drinking, wetlands that provide seafood and landscapes that support energy generation.^{xxvii} This process can inform government, corporate and customer decision-making relating to the use or consumption of natural resources.

Natural capital accounting can also provide a framework to measure and value environmental assets, creating a baseline for investment decisions and, where appropriate, the generation of carbon credits and other environmental markets. PwC uses carbon offsetting for any residual emissions through nature-based solutions only and has reduced the business's carbon footprint by over 80% since 2007.^{xxviii}

Collaboration can unlock landscape-level action

Many nature-related risks cannot be solved by one business acting alone. They are often shared across landscapes, supply chains, infrastructure systems and communities. Collaboration is therefore essential because the value created by nature stewardship, such as cleaner water, reduced flood risk, improved soil health or stronger local suppliers, is often shared by multiple organisations and places.

BITC supported the development of Landscape Enterprise Networks (LENS) with 3Keel and Nestle to help companies collaboratively invest in landscape-level interventions that meet multiple needs. In 2024, LENS farmers reduced and removed 49,370 tonnes of CO₂e, equivalent to 140 hectares of newly planted woodland for the next 100 years.^{xxix}

The LENS approach identifies different stakeholder needs, such as agricultural commodities for food companies, water resources for water companies and flood risk for insurers. It then identifies the locations where co-investment can help meet these needs and reduce risks. At the same time, the approach empowers farmers and small local businesses to deliver the work, helping to build more financially resilient rural communities.

Market incentives and regulation can shift investment

Collaboration helps align actors around shared risks, while market incentives and regulation help turn that alignment into investable action. Government policy, voluntary markets and regulatory mechanisms can all change how businesses account for environmental impacts and where investment flows.

The Sustainable Farming Incentive (SFI), part of the UK's Environmental Land Management Framework, allows farmers to be paid to manage land sustainably in ways that benefit the environment and support food production.^{xxx} SFI encourages environmentally friendly behaviours, including soil protection, hedgerow restoration and broader nature recovery.

Other mechanisms operate on a different principle. Extended Producer Responsibility (EPR), introduced in stages from late 2023, reflects the polluter pays principle by making producers responsible for the collection, treatment and recycling of products. Deposit return schemes, due to be introduced in October

2027, follow a similar principle. Together, these approaches show that businesses are increasingly being encouraged, or required, to account for their environmental impacts and invest in better outcomes.

Reporting and transparency are becoming part of business resilience

Investors are increasingly asking businesses to understand and disclose nature-related risks. The Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, published in 2023, provide a leading framework for nature-related reporting and are a sister framework to the Taskforce on Climate-related Financial Disclosures (TCFD).^{xxxi} Reporting against both can support more integrated carbon mitigation, climate adaptation and nature strategies.

The benefits of better nature reporting are practical as well as reputational. It can help businesses identify where they depend on nature, understand material risks in operations and value chains, prioritise investment, strengthen governance and communicate more credibly with investors and other stakeholders.

BITC held the Nature and Resilience Series in 2025 to upskill businesses on TNFD, including the need to map and measure impacts on natural capital. The [Nature and Resilience Insights](#) report, published in 2026, summarises the insights of over 80 businesses keen to integrate TNFD reporting into existing sustainability strategies.



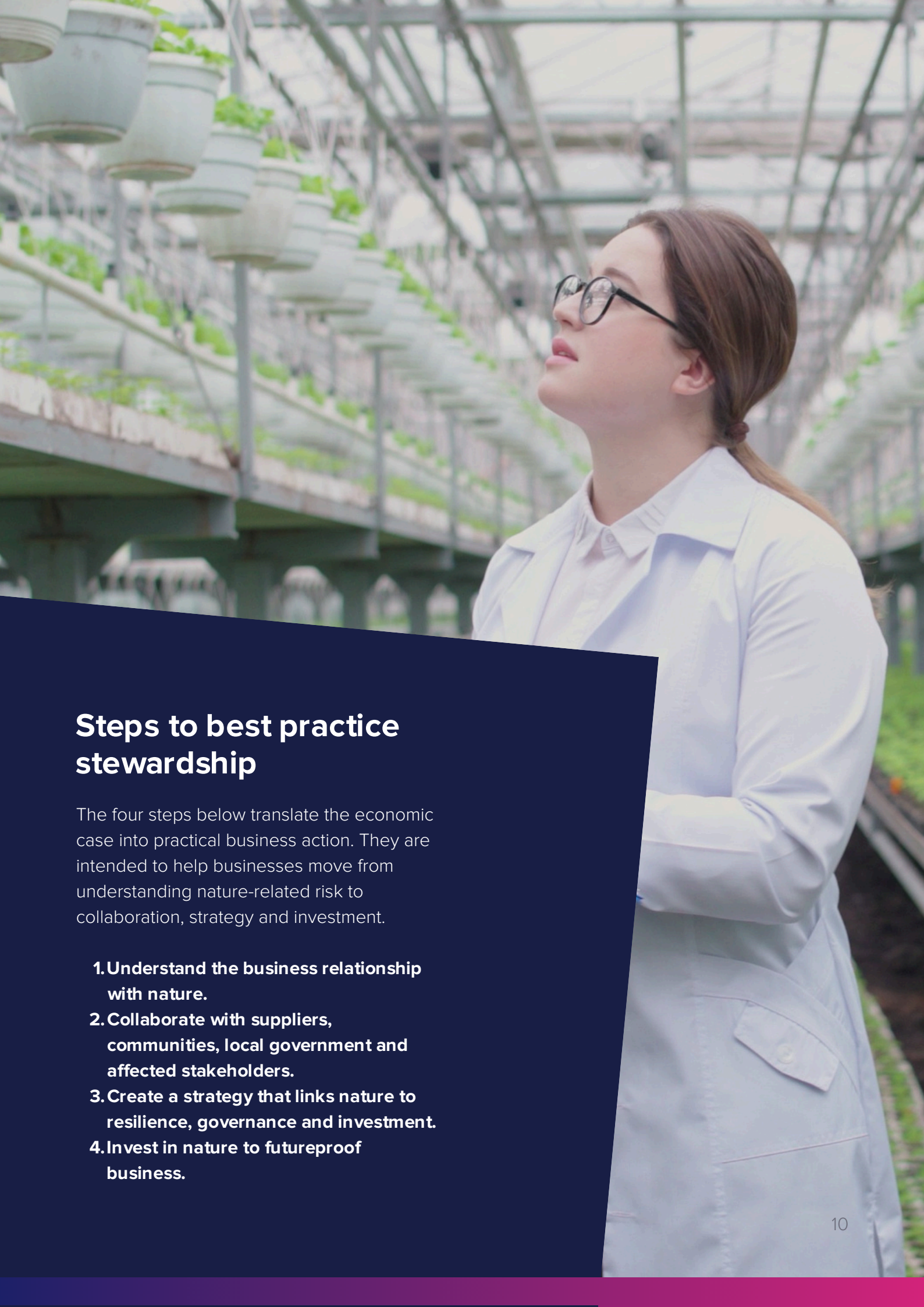
A value chain approach to nature stewardship

A value chain approach helps businesses identify where nature-related risks and opportunities sit beyond their own operations. Nature provides the raw materials, clean air and water, flood protection, cooling and healthy places that support supply chain continuity and personal wellbeing. Businesses therefore need to consider their sites, suppliers, customers, communities and the ecosystems affected by their activities.

McKinsey has highlighted how businesses are looking to future-proof operations in response to shocks such as the COVID-19 pandemic, the Ukraine War and climate-related events, with supply chain leaders spearheading the search for resilience.^{xxxii} Nature stewardship can support this by helping businesses reduce risks in supply chains and identify new ways to innovate, including enabling materials to flow in closed loops.

CISL identifies value chain reconfiguration as a key archetype of a nature-positive economy. Four business practices in action include sustainable supply chain management, industrial symbiosis, regionalisation and onshoring, and landscape-level approaches.^{xxxiii}

Landscape-level approaches are multi-stakeholder approaches to managing land and resources in a defined geographical area. They recognise the interconnection of ecosystems and the cascading impacts from different actors. For example, a company may work in coalition with suppliers, local government and civil society to invest in a region from which it sources commodities.



Steps to best practice stewardship

The four steps below translate the economic case into practical business action. They are intended to help businesses move from understanding nature-related risk to collaboration, strategy and investment.

- 1. Understand the business relationship with nature.**
- 2. Collaborate with suppliers, communities, local government and affected stakeholders.**
- 3. Create a strategy that links nature to resilience, governance and investment.**
- 4. Invest in nature to futureproof business.**



1

Understand the business relationship with nature

Every business has dependencies, impacts, risks and opportunities through its direct operations and extended supply chain. The TNFD's categorisation of Dependencies, Impacts, Risks and Opportunities (DIRO), also supported by organisations such as the Capitals Coalition, can help businesses define this relationship.

Businesses should start by identifying where they rely on nature and where their activities affect it. They can then prioritise the natural capital most material to resilience, cost, continuity, quality, wellbeing or community impact.



2

Collaborate

Every place is shaped by its people and environment. Businesses are strategically positioned to engage with communities, suppliers, local government and other partners to drive progress on nature. There should be particular emphasis on engagement with Indigenous Peoples, local communities and other affected stakeholders.

Collaboration should begin with practical questions: who shares the risk, who is affected by poor ecosystem health, who has knowledge of the place or supply chain, and who can help resolve the challenge? Managing risk and optimising opportunities for a future-ready economy requires businesses to move beyond business as usual and create shared prosperity for people and nature.

The Ellen MacArthur Foundation reinforces that working in a pre-competitive environment can help organisations overcome systemic barriers, remove system lock-ins and raise ambition across the board.^{xxxiv} Pre-competitive collaboration can reduce risk, share investment costs and create wider benefits such as improved air quality, flood mitigation, wellbeing and carbon reduction.

3



Create a strategy

A nature strategy should use evidence to build resilience and embed the perspectives of affected stakeholders. It should describe how nature-related dependencies, impacts, risks and opportunities affect the organisation's business model, value chain and financial planning.

Natural capital considerations should also be linked to transition planning and relevant legislation, such as Local Nature Recovery Strategies. The goal is not simply to produce a standalone nature document. It is to ensure that nature-related evidence informs governance, investment, procurement, site decisions, community partnerships and reporting.

4



Invest in nature to futureproof business

Once the business has identified its nature-related priorities, it can direct investment to the places and actions that will create the greatest resilience and value. Investment pathways can include nature-based solutions, Landscape Enterprise Networks, stewardship agreements, voluntary carbon markets that specialise in nature-based solutions, or sector-specific mechanisms such as the Sustainable Farming Incentive.

Businesses should invest where action is most needed and where benefits are clear. This could include reducing flood exposure, improving water resilience, restoring habitats, strengthening soil health, creating shade and cooling, supporting community wellbeing or making supply chains more resilient. The strongest investments will reduce business risk while also creating benefits for people, places and ecosystems.

Conclusion

Nature stewardship is no longer a peripheral sustainability issue. It is a core economic and strategic priority for business resilience, productivity and long-term value creation. Healthy ecosystems underpin supply chains, food systems, water security, climate adaptation and community wellbeing, while nature loss exposes businesses to rising operational, financial and reputational risks.

The economic case is therefore clear: investing in nature can reduce risk, strengthen competitiveness, unlock innovation and deliver wider benefits for society. Businesses do not need to solve every nature-related challenge at once. They can start by understanding where they depend on nature, working with others, creating a practical strategy and investing in actions that strengthen resilience for business, people and places.

Next steps

- Explore BITC's [Nature and Resilience Factsheet](#) to become familiar with key terminology and examples of ecosystem services.
- Read the [Nature and Resilience Insights Paper](#) to understand how businesses are approaching TNFD and nature-related risk.
- Use BITC's [Seven Steps for Futureproofing Business](#) to connect nature stewardship with wider action on resilience, value chains, skills, communities and transparent reporting.



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Business in the Community (BITC) champions responsible business as essential for long term economic growth and resilience. We convene, campaign, and consult with business to tackle society's most pressing challenges—from climate change and place-based regeneration to inequality, workplace wellbeing, and inclusive growth.

Founded by His Majesty King Charles III in 1982, BITC has over four decades of experience in engaging business and delivering measurable impact in both business and in communities through evidence-based interventions. As a trusted partner to business and government, BITC convenes leadership, influences policy, and accelerates action—helping shape a future-ready economy that works for everyone.

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