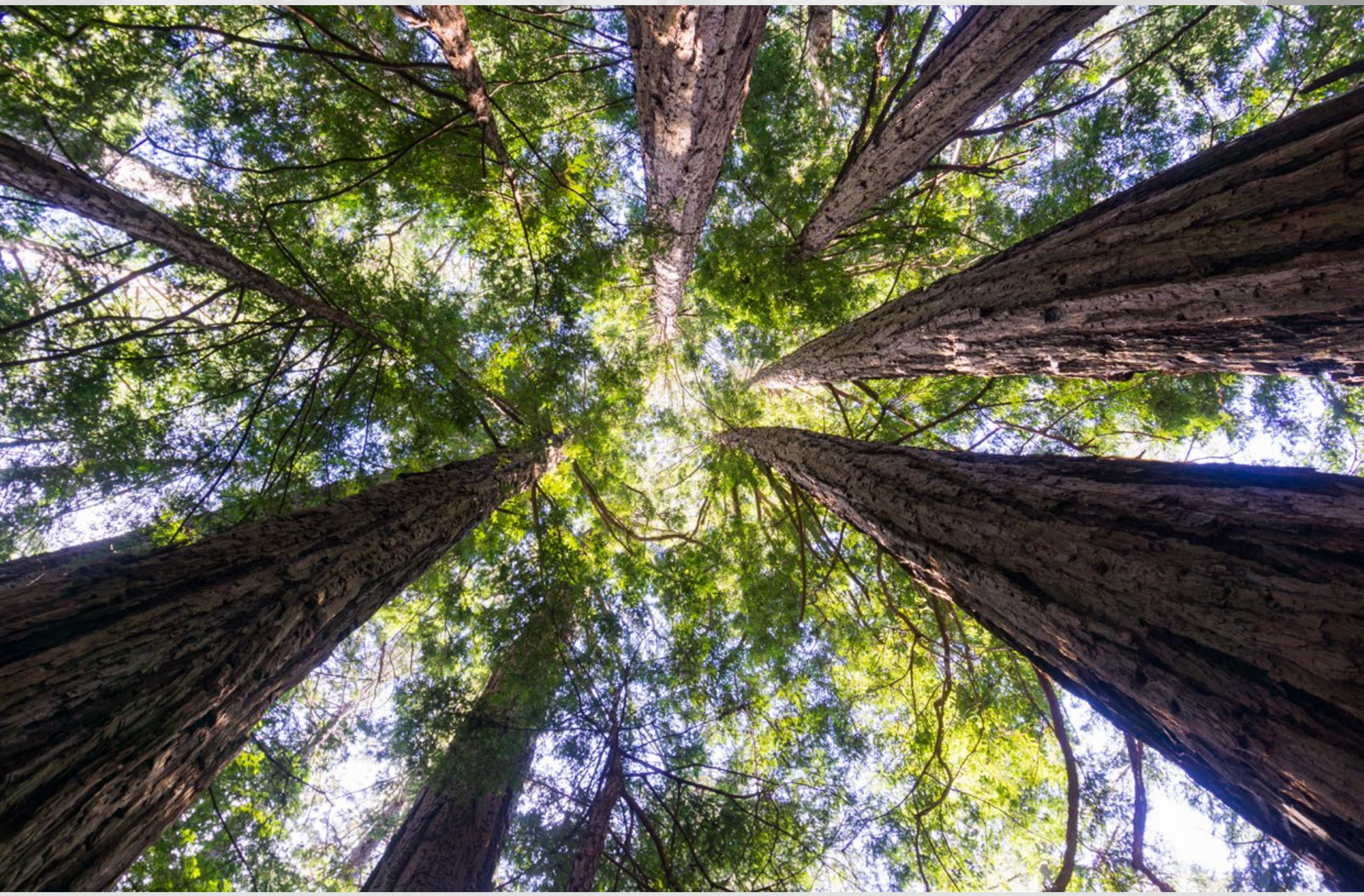
CBI Economics



The Nature of Business

Mapping business understanding of and action on biodiversity and nature loss

In collaboration with

University of Exeter

Contents

Forewords	– CBI Economics	4
	– University of Exeter	6
At a glance: key findings from the survey		8
Introduction		12
Chapters		
1. Business awareness of biodiversity/nature		14
2. Business action on biodiversity/nature		18
3. Drivers and barriers to creating a biodiversity/nature plan		28
4. Business interaction and awareness of stakeholder activity on biodiversity/nature		34
Conclusion		42
Appendix 1: Sample and Methodology		46
References		52

Foreword CBI Economics

In the past decade, a seismic shift has taken place in the global political economy. Protecting our planet has become a key priority for governments and businesses across every country and, while it can be argued that this step change has come much too late, it is nonetheless encouraging to see this issue is increasingly central to business strategy.

So far, this has primarily involved a focus on decarbonisation in line with the Paris Agreement and the 2030 net zero target for the UK, however we continue to learn more and more about the other ways we need to protect our planet.

We have all watched those nature documentaries with increasingly urgent pleas at the end regarding the loss of natural habitats and animal/plant species across the planet, but this isn't just an issue for rainforests and the Antarctic. We face the same level of natural destruction here in the UK, as elsewhere. This is partly caused by climate change and if not stemmed, can be a contributor to climate change but solving one does not fully solve the other. We need specific actions to slow and reverse nature and biodiversity loss.

The world is waking up to this message, with COP15 in December aiming to lead to global targets to reserve nature loss, and the UK government already enshrining such a target into law.

The next step is to translate these political targets into boardroom action. While regulation plays an important role, what we have learned by tackling climate change is that the most bold and decisive action happens when business leaders fully understand the problems and are bought into the need for solutions.

That is why this report, based on a survey of business leaders, was undertaken by CBI Economics on behalf of the University of Exeter – to map the current level of understanding of the issue of biodiversity loss by businesses and gauge what actions, if any, are being taken. This will inform not only the work that the University of Exeter are doing to support businesses to reduce their own impacts on nature but inform our discussions with government as the UK aims to meet nature-related targets.

The good news is that many firms are already aware of the impacts they have on nature outside of climate change and are putting in place plans to mitigate these. However, it is clear that firms face a range of barriers in doing so. Providing the right economic and financial levers, as well as further guidance, can help to get more firms taking nature-positive actions.

It is important that businesses not only see the need to protect our planet as a problem, but also as an opportunity. Being nature-positive can mean creating unique products or services that differentiate yourself in the market, it can mean increasing supply chain resilience and/or reducing costs, it can also mean visibly contributing to a higher level of wellbeing and prosperity in the UK, enhancing the firm's reputation with stakeholders as well as the UK leading in developing new solutions to tackling climate change and biodiversity loss

My experience of working with the business community on decarbonisation and a range of other issues gives me confidence that firms will want to grip this issue and drive forward nature positive solutions as the topic inevitably becomes more widely discussed and understood over the next couple of years.

With the UK government leading the way by enforcing a legal target, and with great institutions that hold real expertise on the issue of nature like the University of Exeter - we have a real opportunity to make the UK a world-leader in nature-based solutions across a range of industries. Not only will this lead to a more vibrant, diverse and healthier planet, but to greater economic and social prosperity.

Rain Newton-Smith
Chief Economist, CBI

Foreword University of Exeter

Leading meaningful progress on the environment and climate emergency is one of the core missions within the University of Exeter's 2030 strategy, but we know we cannot find solutions to this global issue by working alone.

Finding solutions to this challenge is only possible by working in partnership, which is why I am so excited about the Nature of Business report and the important new relationship we have forged with the CBI in undertaking this research.

A recent Reuters report stated that Exeter is home to the UK's top five most influential climate scientists. We have more than 1,200 researchers working on the environment, climate and sustainability, delivering interdisciplinary, system-led solutions to the complex environmental challenges we face.

Accelerating the pace of knowledge transfer from academic institutions to businesses and communities is a key commitment of our 2030 Strategy, and to achieve this we have pledged to commit our resources – intellectual, physical and human – to increase skills and do what it takes to make our region and the UK an international hub for net zero, clean growth and nature recovery.

This report, as well as our £10 million NERC-funded RENEW biodiversity renewal project with the National Trust and the CBI as key partners, are crucial steps in acknowledging the leading role businesses can play in the race to net zero and nature restoration.

Personally, I'm heartened to see the coming together of climate and nature action in this report, as so often what is the right action for our climate is positive for nature, people and our economy too. Environmentally-focused action led by business is also increasingly important in supporting a just transition and helping to tackle issues around levelling-up, the cost of living, and food and energy security. We need to work together to find 'positive tipping points', those areas where small and cost-effective changes can deliver radical change at speed.

Climate disclosure and carbon reporting are not without their challenges, but collectively we continue to make positive developments. It is very welcoming to see from this report's findings that similar measures on nature and biodiversity are increasingly on businesses' agendas. There is an important role for the research community to help to align actions on climate and nature, which would minimise the regulatory burden, provide an even playing-field and maximise the benefits from business-led environmental action. However, it is also clear from the findings that businesses need help and investment on this journey too, both from the public and private sector. The University of Exeter looks forward to working with the business community and government to help shape these solutions and interventions, regionally, nationally and globally.

The RENEW project and this joint report with the CBI provide important insights into a diverse range of impactful research at the university. Along with our partners and collaborators we are investing over £100 million in a range of projects and programmes which span areas such as nature-based solutions, circular economics, sustainable finance, ecosystem services, carbon capture and storage, food security, renewable energy, sustainability leadership and skills, responsible mining and rare earth minerals to name a few. The University of Exeter has also established the Green Futures programme to help bring together our diverse environmental work and provide a focus on solutions with our partners.

We look forward to continuing our work with the CBI and its members to drive forward meaningful action on the nature and climate emergency, and sincerely hope this report will spur more businesses to take steps to address biodiversity and nature loss and co-create solutions with us. We very much welcome readers of this report to contact the University where they can see opportunities for collaboration and working together.

Professor Lisa Roberts
Vice Chancellor and Chief Executive

At a glance: key findings from the survey

This report presents the findings of a survey of 345 UK businesses to explore their level of understanding and action on biodiversity and nature loss. The survey was conducted by the Confederation of British Industry (CBI) in June 2022 in collaboration with the University of Exeter. It considers the degree of awareness within UK companies of the dependencies and impacts on biodiversity/nature, the place of biodiversity/nature within wider business agendas, and the progress made in developing biodiversity/nature strategies. The survey also highlights the main barriers to action and by doing so can help businesses, government and other stakeholders identify new solutions to environmental problems and enable new business opportunities to be found. The key findings are as follows:

There is relatively broad awareness of the topic of biodiversity/nature across UK firms, but many business leaders would like to know more.

- One third (33%) of respondents said they had an 'expert' or 'significant' level of knowledge of the topic of biodiversity/nature, with a further third (37%) saying they "knew some, but could know more".

The majority of business leaders believe that their firm has a role to play in supporting biodiversity/nature that goes beyond legal/regulatory requirements.

- Only 14% of respondents believed that their firm has no role to play in supporting biodiversity/nature beyond its legal/regulatory requirements, while 16% pointed to a role focused on managing risks to their firm.

Half of business leaders felt a responsibility to reduce their firm's impact on biodiversity, while almost one quarter saw a role in becoming 'nature positive'.

- One quarter (24%) of firms believed their business has a role to play in reducing its direct impacts on biodiversity/nature, while a similar share (24%) believed their business should reduce both direct and indirect effects via supply chains.
- Almost one quarter (23%) of business leaders believed their firm has a role to play in becoming 'nature positive', including 13% that pointed to potential economic/financial opportunities for their business.

Business leaders recognise that their firm's activities could affect biodiversity/nature in multiple ways.

- Four out of five (79%) business leaders saw the impact of greenhouse gas emissions on biodiversity/nature as relevant for their firm, either directly (46%) or indirectly (33%) through the supply chain.
- A majority of business leaders indicated that their firm's activities could also affect biodiversity through pollution (72%), land-use change (63%) and resource extraction (61%), either directly or indirectly through the supply chain.

A majority of firms were reported to have biodiversity/nature plans, but these were somewhat less widespread and less developed than firms' Net Zero plans.

- Three quarters of firms (74%) reported having a Net Zero plan, compared with 62% that reported having a biodiversity/nature plan.
- Biodiversity/nature plans were more likely to have been developed by large firms (83%) than small and medium-sized firms (SMEs, 53%).
- Firms were less likely to be already disclosing/implementing their biodiversity/nature plan (15% of those that have plans) than their Net Zero plan (23%).

Businesses tend to see biodiversity/nature plans and Net Zero plans as complementary, and a majority believe that achieving Net Zero would play a large role in slowing/reversing biodiversity/nature loss.

- Among firms that had both a biodiversity/nature plan and a Net Zero plan, 20% reported that they were fully integrated, with a further 55% saying these plans were linked. One quarter (25%) reported that these plans were separate.
- One in ten business leaders (10%) believed that achieving net zero would be sufficient for slowing/reversing biodiversity/nature loss, with half (51%) believing that achieving net zero would play a large role.

Biodiversity/nature plans are generally discussed in the boardroom, but relatively few business leaders reported that biodiversity/nature impacts played a significant role in investment decisions.

- Almost three quarters (71%) of business leaders reported that their biodiversity/nature plans are discussed at board level.
- A majority of business leaders said biodiversity/nature impacts were considered to some extent in investment plans, but only 18% said this was to a significant degree.

Action to support biodiversity/nature can deliver reputational benefits for firms. Resource efficiency and new products and services also represent significant opportunities for businesses.

- Half of business leaders (52%) saw positive stakeholder relations as an important opportunity for their business arising from action to support biodiversity/nature.
- Promoting resource efficiency (40%) and the potential for new products/services (35%) were also seen as important business opportunities resulting from action to support biodiversity/nature.

The most common barriers to developing biodiversity/nature plans are the complexity and lack of understanding of the issues. More guidance and sharing of best practice would help, but economic and regulatory incentives are also important.

- Around one third of business leaders believed that the complexity of the issue (35%) or a lack of understanding of the issue (34%) were significant barriers to developing a biodiversity/nature plan.
- A lack of guidance/best practice sharing (29%) was also seen as a significant barrier to developing a biodiversity plan.
- Sizeable shares of business leaders saw a lack of economic incentives for actions to support biodiversity/nature (27%) and a lack of government regulation around reporting (24%) as significant barriers to developing biodiversity/nature strategies.

Government and businesses can work together to increase activities that support biodiversity/nature, notably by promoting funding/finance for nature-based solutions and by improving business guidance and best-practice sharing.

- Two out of five (42%) business leaders saw support for funding/finance for nature-based solutions as a key means for government to help businesses increase activities that support biodiversity/nature.
- Similar shares of business leaders believed that government could support firms by providing more business guidance/best practice sharing (41%) and more sector-specific guidance/best practice sharing (39%).

Introduction

The urgent importance of nature

It would be hard today to be unaware of the importance of nature and biodiversity. Public awareness has been built by the 'Living Planet effect' via television series on the natural world, and global ambassadors such as Sir David Attenborough. At the scientific level, recent publications such as the Global Assessment Report of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) have concluded that over a million species are under imminent threat of extinction.[1] Economically, the UK Treasury Dasgupta Review has shown the economic value of biodiversity and ecosystem services,[2] while estimates suggest that more than half of the world's GDP, some $44 trillion, is moderately or highly dependent on nature and its services.[3]

Nature is also vital to achieving climate targets, and vice versa. Given that land use and agriculture account for around 37% of global greenhouse gas emissions,[4] we will not be able to meet the 1.5^{o}C climate goal of Paris and Glasgow without nature-based solutions, and conversely, we will not stop the loss of nature without access to climate change funding. Biodiversity delivers ecosystem stability, which is essential for climate resilience, so nature loss and climate need to be addressed together if we are to deliver a net zero, nature positive and equitable future.

This year is of particular importance for the nature agenda. In December 2022, the much-delayed COP15 meeting of the UN Convention on Biological Diversity will be held in Montreal, Canada, to agree the Post 2020 Global Biodiversity Framework and targets for the decade ahead.

The importance of business

The IPBES assessment identified the five top causes of biodiversity loss globally as (1) changes in land and sea use, (2) direct exploitation of organisms, (3) climate change, (4) pollution and (5) the spread of alien invasive species.[5] Business contributes to all of these.

Businesses can have both impacts and dependencies on nature; direct or indirect ecosystem impacts from their own operations or within their supply chain, or dependencies on specific organisms or natural resources for raw materials or ecosystem services such as pollination. In some industries, such as mining, oil and gas, construction, or food and agriculture, the links can be obvious, but all sectors, including finance, will have impacts and dependencies on nature.

The importance to business

Every business relies on nature for resources and ecosystem services such as water, food, fiber, minerals, pollination of crops, water filtration and climate regulation, both in their own operations and supply chains, and for their employees and customers.

Such reliance constitutes several categories of risk. At the operational level, loss of nature and degraded ecosystems can threaten security of supply for vital raw materials, posing a business continuity risk. Along with such financial risks, increased public awareness of the issue can lead to increased reputational risk. Increasing legislation aimed at protecting and restoring nature regulation can pose legal and regulatory risk and threaten a company's license to operate.

But there are opportunities too. For some sectors, such as ecotourism, nature and biodiversity provide great value, but benefits from conserving and sustainably managing nature can be much more widespread. The Future of Nature and Business report from the World Economic Forum (2020)[6] identified 15 major transitions towards a nature positive economy, which together were estimated to create $10 trillion of business opportunities, with a possible 395 million new jobs by 2030. At the operational level, more companies are turning to nature-based solutions, such as for flood control, water purification or coastal defenses, which have societal and economic, as well as nature and often climate benefits.

Purpose of this survey

Given the importance of business to nature, and nature to business, this survey aims to assess the current understanding and action on nature and biodiversity within UK companies, and their progress along the action spectrum. This will enable hurdles to be identified and solutions and opportunities to be found. It examines awareness of the issue, how and where it is discussed within companies, large and small, and across sectors, and the vocabulary, frameworks and tools used. Of particular importance is the capability and capacity of companies to assess their impacts, dependencies and opportunities linked to nature, and their ability to develop a nature and biodiversity strategy, either alongside, or integrated with, their climate change strategy.

This survey was responded to by 345 business leaders between 15 June and 7 July 2022. Appendix 1 demonstrates the efforts that were made to ensure that the sample was representative, especially in getting business leaders of all levels of understanding of the issue of biodiversity/nature to fill out the survey. The majority of respondents represented firms in the services sector (69%), with most other respondents either coming from the manufacturing sector (17%) or construction (8%). Most respondents represented a small or medium sized enterprise (SME, 72%), with the rest from large firms. Appendix 1 provides more detail on the characteristics of the sample.

Linked in part to the Natural Environment Research Council (NERC) funded £10m 'Renewing biodiversity through a people-in-nature approach' (RENEW) project led by the University of Exeter and the National Trust, this survey will help ensure that in the UK, nature becomes everyone's business.

Business awareness of biodiversity/nature

What do we mean by biodiversity/nature?

In order to determine the level of business understanding and action around biodiversity/nature, our first step was to establish what we meant when using these terms—and what businesses mean when they use them.

According to The Convention on Biological Diversity (CBD), ‘biodiversity’ or ‘biological diversity’ means “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.” Nature on the other hand (according to the CBD), is “all the existing systems created at the same time as the Earth, all the features, forces and processes, such as the weather, the sea and mountains”.[7] In simple terms, **biodiversity is all life on Earth, and nature is biodiversity together with all the other non-living components that make up our planet.**

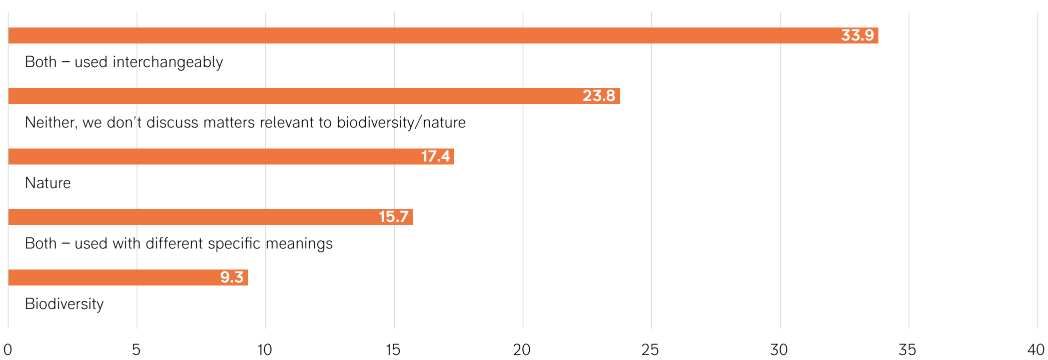
This report is primarily concerned with the falling abundance and variety of living species across the world. Although biodiversity may be the more precise term to use in this context, it might not be the most accessible term. Many of the groups and programmes that focus on supporting business action around biodiversity loss use the term ‘nature’ rather than ‘biodiversity’, as **Exhibit 15** shows in Chapter 4. For those who wish to improve business awareness and action on biodiversity/nature, the precision which these terms are used may not be deemed as important as their wider appeal.

When asked which of these two terms respondents use in their business **(Exhibit 1)**, the most popular response was that both ‘nature’ and ‘biodiversity’ are used interchangeably, with around a third of respondents providing this response. Around a quarter use one of the terms primarily, with ‘nature’ being slightly more popular than ‘biodiversity’. Only 15% used both terms with specific meanings. (Around a quarter answered that they use neither term, as they don’t discuss matters relevant to biodiversity/nature).

Similarities can be drawn with the use of the term 'decarbonisation,' which literally means the reduction of carbon, but is now a useful proxy for referring to wider efforts to slow climate change by reducing emissions of greenhouse gases, which include but are not limited to carbon dioxide. 'Decarbonisation' may not be the most precise term for describing all climate-supporting activity, but it is short and snappy, and its intended meaning is well understood across the business community.

Throughout this report we shall use the phrase 'biodiversity/nature', in line with the survey questionnaire, in order to account for the slightly inconsistent use of either term. When asked an open-text question on what respondents think about or mean when they refer to the term(s) biodiversity and nature, most provided some short description of biodiversity or at least referred to ecosystems or living animals/plants. Few made a distinction between the two terms. However, it was interesting that some respondents referred to the climate or climate change, rather than biodiversity or nature. This relates to a perceived cross-over between the two topics, which is discussed in more detail in Chapter 3.

Exhibit 1 'In your business, which term is used when discussing matters relevant to biodiversity/nature?' (% of respondents)



Most respondents believe they know something about the topic of biodiversity/nature

Respondents were asked to rate their level of knowledge on the topic of biodiversity/nature **(Exhibit 2).** Nearly one in ten (9%) said that they were experts, with around a quarter reporting that they know a significant amount. Most respondents reported that they have some knowledge or a little knowledge on the topic of biodiversity/nature, while 6% reported that they know nothing on the subject.

These results seem to be in line with the above, with the vast majority of respondents using the terms biodiversity and/or nature to some degree, which indicates some level of knowledge on the topic, but a minority using both terms with specific meanings, which potentially displays a deeper degree of expertise on the subject matter.

Exhibit 2 'How knowledgeable are you on the topic of biodiversity/nature?' (% of respondents)

Respondents who said they had a significant or expert level of knowledge were more likely to use both 'biodiversity' and 'nature' terms in their business with different specific meanings (44%) than the general sample. They were also slightly less likely to use both terms interchangeably (26%). Those respondents who reported little or no knowledge on the topic were much more likely not to discuss matters relevant to biodiversity/nature (49%).

Respondents were also asked to describe their level of understanding of the **key impacts** that businesses have on biodiversity/nature **(Exhibit 3)**, and the results were similar to their knowledge of biodiversity/nature more broadly. Just under a third reported that they know a significant amount or are an expert. Most respondents reported they have some or a little knowledge on the topic, with 6% reporting they know nothing of the matter.

Similarly, just under a third of respondents believed that they are an expert (8%) or know a significant amount (24%) of the **dependencies** that businesses or people can have on biodiversity. A majority of respondents reported they have some (37%) or a little knowledge (22%), while 9% knew nothing about the subject.

Exhibit 3 'How would you describe your level of understanding of the key impacts that businesses across different sectors have on biodiversity/nature?' (% of respondents)

Business action on biodiversity/nature

Firms understand they have a role to play in supporting biodiversity/nature

The role of business in society continues to develop, with firms increasingly embracing their potential positively to influence environmental and social issues, while supporting their staff and local communities in ways that extend beyond their traditional role as an employer. A CBI survey from 2020 found that two-thirds of firms were expecting to increase their activities to support the net zero target in the few years beyond 2021, relative to their activities in 2019, with a similar percentage expecting to improve the diversity and inclusivity of their firm.[8]

Although there is currently no internationally agreed target for reversing biodiversity/nature loss, great strides have been made towards creating a framework in recent years, at the heart of which is an ambition to halt the decline in biodiversity by 2030, before achieving net improvements in the following 20 years, so that society is 'living in harmony with nature' by 2050.[9] This framework is set to be presented and considered at the UN's CBD COP15 meeting in Canada in December 2022, with the eventual aim of achieving an international agreement similar to that reached on climate change.[10] It is therefore possible for a business to target a reduced or neutral level of impact on biodiversity/nature, or to target a net positive impact, which is commonly referred to as being 'nature positive'.

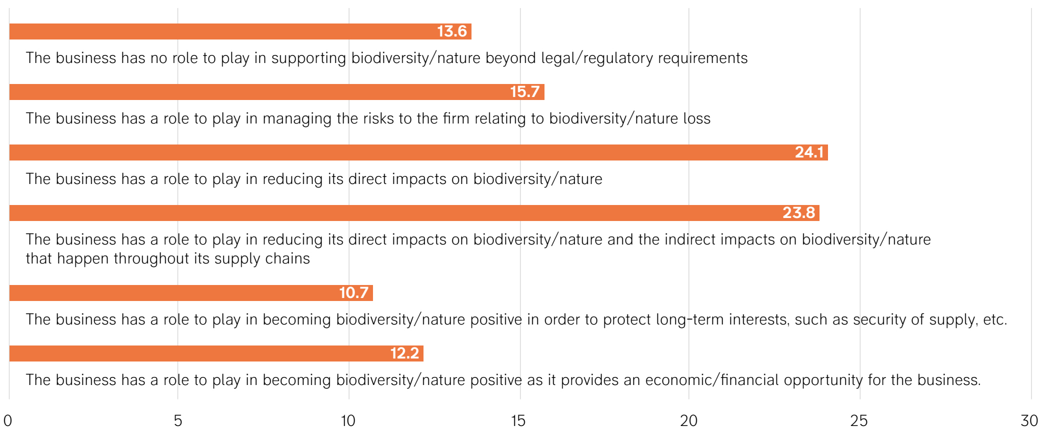
A small minority (14%) of respondents believed that their firm has no role to play in supporting biodiversity/nature beyond its legal/regulatory requirements **(Exhibit 4).** Broken down by size, respondents from SMEs were more likely than those from large firms to believe that they have no role to play in supporting biodiversity beyond legal/regulatory requirements (17% vs 9%). By sector, respondents from construction firms (22%) were most likely to say that they have no role to play in supporting biodiversity/nature beyond what is required, followed by those from services firms (15%), with those from production firms being least likely (8%).

The vast majority of respondents therefore believed that their firm had a role to play in supporting biodiversity/nature. However, the survey revealed that businesses approach the issue in several different ways. For some (16%), the business's role was primarily to manage the risks to the firm relating to biodiversity/nature loss, an option most popular with information and communications (43%) and human health (39%) firms. Others indicated a broader role to reduce the impact of their activities on biodiversity/nature. Thus, around half of respondents (48%) believed their business has a role to play in reducing its direct impacts on biodiversity/nature, within which 24% also believed the business should reduce indirect impacts that happen through supply chains.

Nearly a quarter (23%) of respondents believed their business has a role to play in becoming 'nature positive'. Just over half of those that selected this option believed that becoming nature positive was an economic/financial opportunity for the business, with the remainder seeing this as necessary to protect the firm's long-term interests.

Respondents from construction firms (15%) were less likely than those from the services (22%) or production sectors (26%) to believe their business has a role to play in becoming nature positive. Respondents from SMEs were also less likely than those from large firms (20% vs 30%) to believe their firm had a role in being nature positive.

Exhibit 4 'Which of the following statements is most relevant to your understanding of the role your business has to play in supporting biodiversity/nature globally?' (% of respondents)



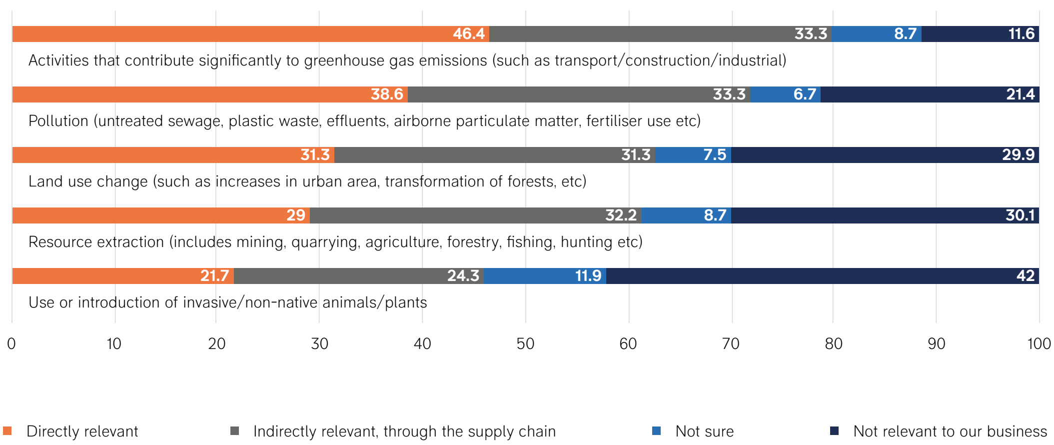
Average respondent believes their business impacts biodiversity/nature in multiple ways

Respondents were then asked to report on the relevance to their firms of a number of activities which impact biodiversity/nature **(Exhibit 5)**. Respondents on average chose 3.2 out of 5 of these options as relevant to their firms either directly, or indirectly through the supply chain, with large firms choosing more options than SMEs on average (3.9 vs 2.9).

Most respondents saw contributing to greenhouse gas emissions as an activity that was relevant for their firm, either directly or indirectly through the supply chain. Only 4% of large firms said this was not relevant to their firm (compared to 14% of SMEs). Services firms were more likely (15%) to say this was not relevant than production or construction firms (both 4%), with sub-sectors such as arts, entertainment and recreation (39%), education (29%) and professional services (22%) particularly likely to see greenhouse gas emissions as not relevant to their business.

A majority of respondents also reported pollution, land-use change and resource extraction as relevant to their business, either directly or indirectly through the supply chain. Again, SMEs were more likely than large firms to say that these activities were not relevant to their firm (an average of 34% across the three options for SMEs vs 10% large firms). Services firms (33%) were more likely than production (30%) and construction firms (11%) to say land use change was not relevant to their firm, while services firms were also significantly more likely to say that resource extraction (37%) and pollution (25%) were not relevant than construction (15% and 15%) or production firms (18% and 15%).

Exhibit 5 'Which of the following impacts of economic activity on biodiversity/nature are most relevant to the activities that your business undertakes?' (% of respondents)



The use or introduction of invasive/non-native animals or plants was seen as not relevant by the highest proportion of respondents, although this still represented less than half of the sample. This included 37% of construction firms and 43% of services firms and production firms. However, there was considerable variation within services, with a majority of financial services firms (59%), accommodation and food (57%) and information and communications (52%) firms seeing this as **relevant** to their organisation, either directly or through the supply chain.

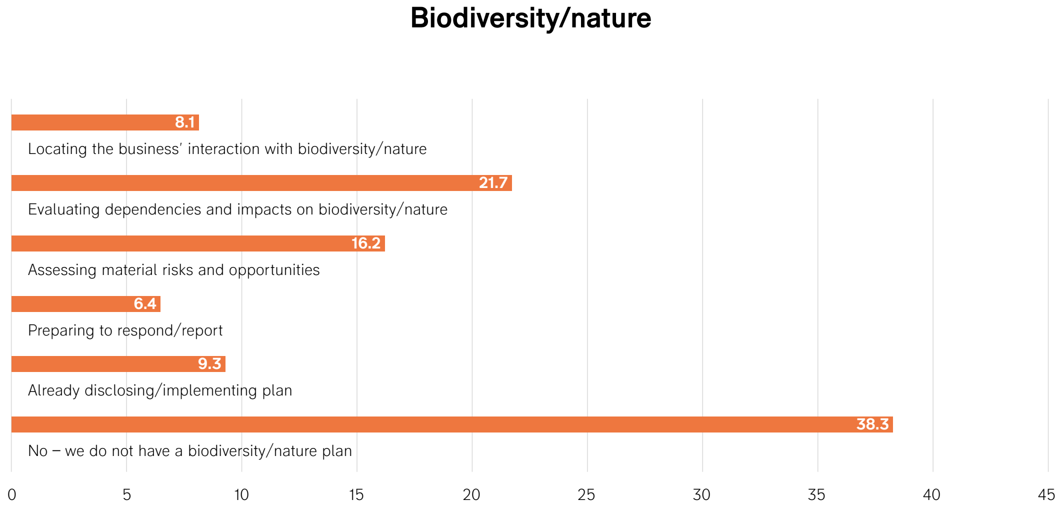
Respondents that reported a lower level of knowledge around biodiversity/nature selected more options on average as irrelevant for their business than those who reported to know a significant amount or are experts (1.9 for those who know little or nothing about biodiversity/nature vs 0.7). Unsurprisingly, these respondents were also more likely to select 'not sure'.

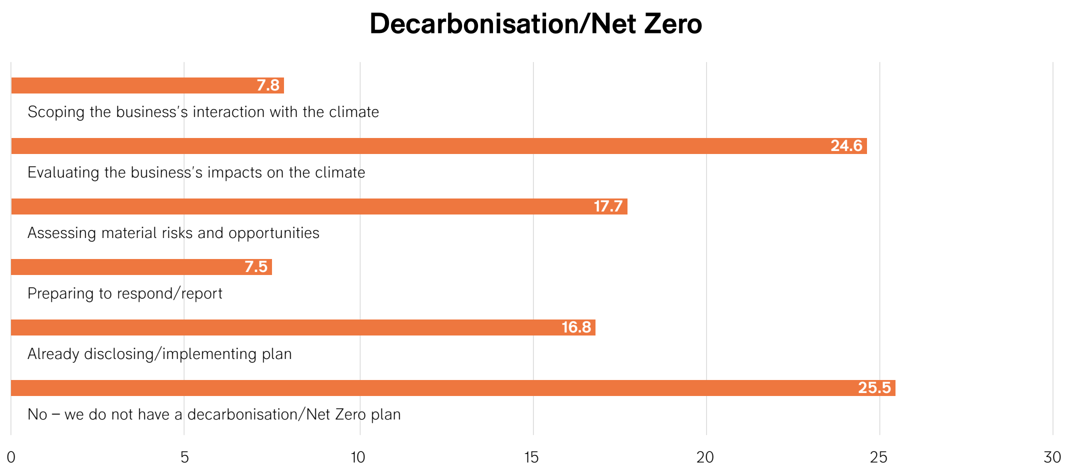
This could be driven in-part by the earlier result (in chapter 1) that respondents from large firms are more likely to report knowing at least a significant amount on biodiversity/nature. Large firms also selected fewer biodiversity/nature impacting activities as irrelevant to their business, possibly due to large firms undertaking a wider variety of activities than SMEs.

Most respondents have a biodiversity/nature plan

Respondent firms were less likely to report having a biodiversity/nature plan than a Net Zero plan, although a majority of respondents still had both. SMEs were less likely than large firms to report having a biodiversity/nature plan (53% vs 83%) and/or Net Zero plan (69% vs 90%).

Exhibit 6 'Do respondent firms have biodiversity/nature plans or Net Zero plans, and if so what stage they are at?' (% of respondents)





Services firms were less likely than firms in the production sector to report having a biodiversity/nature plan (57% vs 67%) and/or Net Zero plan (69% vs 77%), which were in turn less likely to report having a biodiversity/nature and/or Net Zero plan than construction firms (78% and 89% respectively).

For most firms, creating both their biodiversity/nature and their Net Zero plans remains a work-in-progress. Out of those that did have plans, firms were less likely to be already disclosing/implementing their biodiversity/nature plan (15%) than their Net Zero plan (23%) and were most likely to be at the evaluation stage with respect to both their biodiversity/nature plans (35%) and their Net Zero plans (33%).

Production firms with biodiversity/nature plans were more likely to report that they are already disclosing/implementing their plan (25%) than services firms (12%) or construction firms (10%). While production firms with Net Zero plans were similarly likely to report that they are already disclosing or implementing these plans (28%), this wasn't the case for construction firms (19%), or services firms (20%), which were less likely to be disclosing or implementing their biodiversity/nature plans than their Net Zero plans.

A majority (65%) of respondents that self-reported as having little or no knowledge on the topic of biodiversity/nature also reported that their firm had no biodiversity/nature plan, compared to 13% of those who self-reported as having a significant or expert level of knowledge. This result is likely to be partially driven by the fact that large firms are much more likely to have biodiversity/nature plans and respondents from large firms are also likely to self-report as having a significant or expert level of knowledge on the topic.

It is not clear the direction of causation in this relationship, for instance it could be that those respondents who work in firms with biodiversity/nature plans pick up a degree of understanding of the issue due to the research and work that goes into the creation of that plan. However, it could also be that a lack of understanding amongst the (mostly) business leaders who responded to this survey led to a lower likelihood that they have started the process of creating a biodiversity/nature plan.

A majority of firms with no biodiversity/nature plan (76%) reported that their firm has a role to play in supporting biodiversity/nature loss beyond their legal requirements, while 80% reported at least one of the activities that impacts biodiversity/nature in **Exhibit 5** as relevant to their firm, either directly or indirectly through the supply chain. This points to a subset of respondent firms that are not engaging on the topic of biodiversity/nature despite (by their own admission) having some reason to do so.

Most respondents see a large cross-over between biodiversity/nature and Net Zero

Out of the firms that had both a biodiversity/nature plan and a Net Zero plan, a majority of respondents (55%) reported that these plans were linked, with a further 20% reporting that they were fully integrated. One quarter (25%) reported that these plans are separate.

SMEs with both plans were more likely to report that these plans are separate than large firms (29% vs 18%) and less likely to report that these plans are fully integrated (18% vs 25%). SMEs and large firms were similarly likely to report that these plans are linked (54% vs 57%).

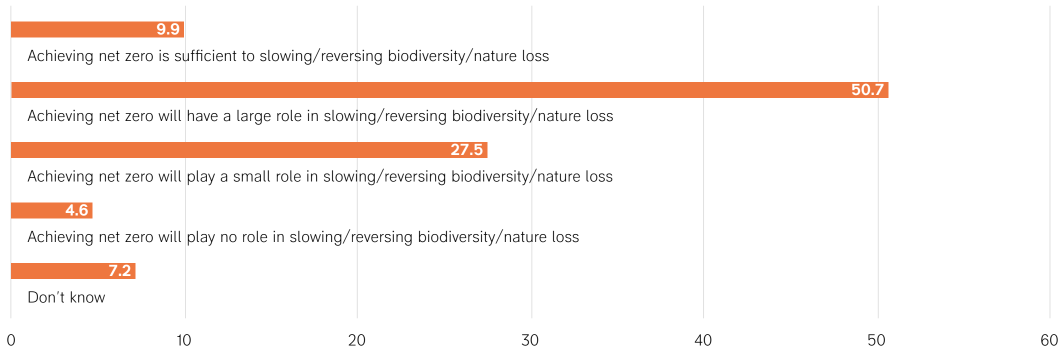
Around half of respondents believe that achieving net zero would play a large role in slowing or reversing biodiversity/nature loss **(Exhibit 7)**, with around 10% believing that achieving net zero would be sufficient in slowing/reversing biodiversity/nature loss. Only 5% believe there is no link between these two targets.

Respondents from large firms were more likely than those from SMEs to believe that achieving Net Zero would be sufficient to slow or reverse biodiversity/nature loss or have a large effect (74% vs 55%). SMEs were more likely to suggest that achieving net zero would have a small effect (31% vs 20%) or no effect (6% vs 2%) on slowing or reversing biodiversity/nature loss.

Those respondents that self-reported as having significant or expert level of knowledge on biodiversity/nature were more likely to believe that achieving Net Zero would be sufficient to slow or reverse biodiversity/nature loss or have a large effect than those with little or no knowledge of the topic (72% vs 45%).

It would be a misunderstanding, however, to believe that solving climate change will solve biodiversity/nature loss. As **Exhibit 5** above suggests, climate change is one of a number of threats to biodiversity/nature. Likewise, natural solutions (e.g. growing trees, increasing soil carbon uptake), while valuable, will not be an adequate response to climate change in isolation; dramatic reductions in emissions are still required. There are undoubted opportunities for win-wins, which provide benefits for biodiversity/nature and help to limit climate change, but business cannot rely entirely on these to deliver the necessary changes.

Exhibit 7 'How important do you think the role of decarbonisation/the Net Zero transition is to slowing or reversing biodiversity/nature loss?' (% of respondents)



Biodiversity/nature plans play a role in boardroom decisions

Around two in five (43%) respondents reported that their business's biodiversity/nature plan is discussed at board level. This represents 71% of respondents when omitting those who selected N/A (likely to be those who don't have a biodiversity plan). There were no significant size or sector differences in this result. Fewer than one in five (17%) said that this plan isn't discussed at board level (excluding N/As), with the other 12% saying they don't know.

A majority of respondents reported that biodiversity/nature impacts were considered to some degree in investment plans, although only 18% said this was to a significant degree (Exhibit 8). Large firms were more likely to say that biodiversity/nature impacts were considered to some degree than SMEs (94% vs 72%). Services firms were less likely (75%) than construction firms (85%) and production firms (84%) to consider biodiversity/nature to some extent in their investment decisions.

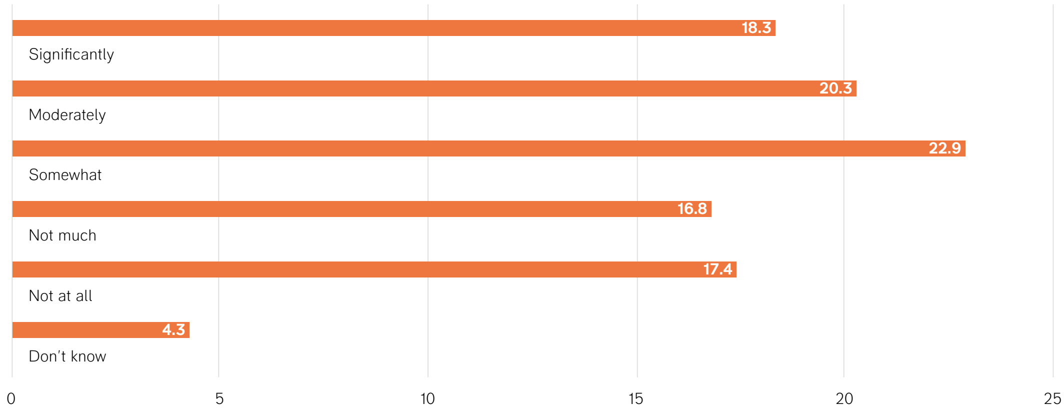
However, only 48% of those with no biodiversity/nature plans reported considering the topic to some degree in investment plans, and very few (5%) did this to a significant or moderate extent. This compares to 97% of firms with plans that used them in investment decisions to some degree, with 60% doing so to a significant or moderate extent.

While it is encouraging that so many firms are already developing plans on biodiversity/nature and using them in the boardroom, it seems that many firms are unable to develop these plans as fully as they may like.

Just under a third (30%) of respondents reported that their firm has attempted to assess the economic value of its impacts and dependencies on biodiversity/nature, with around half of these including this in decision making **(Exhibit 9)**. However, almost half believed that making such an assessment would be relevant for their firms, but that they lacked either the capacity or ability to do this.

Large firms were more likely to have made such an assessment than SMEs (43% vs 25%), with a larger proportion of SMEs believing that this is not relevant for their business (28% vs 12%). Construction and production firms (both 55%) were more likely than services firms (44%) to say that such an assessment would be relevant, but that they lacked the capacity or ability to do so.

Exhibit 8 'To what extent are biodiversity/nature impacts considered in your firm's investment plans?' (% of businesses)



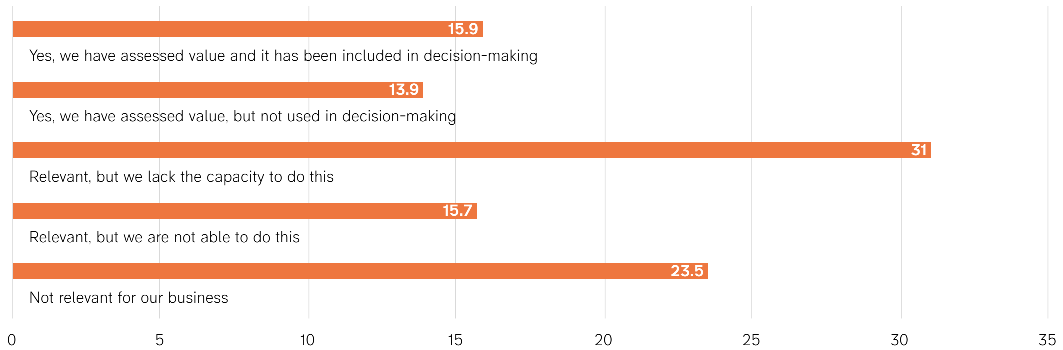
Firms with biodiversity plans were more likely to report making an assessment on the economic value of the impacts and dependencies on biodiversity/nature than those without plans (41% vs 11%) but also more likely to report that they lack the capacity or capability to do so than those with no plans (53% vs 37%).

This indicates the firms that are creating biodiversity/nature plans often cannot develop them as fully as they would like. Assessing the economic value of biodiversity/nature impacts and dependencies can be an important part of a firm's efforts to achieve their goal of offsetting (or more than offsetting) their impact on biodiversity/nature, which a majority of firms wish to do.

We asked those firms that have created such an assessment how it changed business decision making. Firms from a range of sectors mentioned that they have looked to their suppliers, either buying more locally or selecting more sustainable/nature-positive materials/goods, sometimes adjusting budgets to allow for this. Some have required the firms they invest in or work with to become more biodiversity/nature positive.

It is curious, however, that 24% of respondents believed such an assessment would not be relevant for their business. Two-thirds of those respondents that deemed an economic value assessment to be irrelevant believed that their firm had a role to play in supporting biodiversity/nature beyond their legal and regulatory requirements, while 70% of them reported at least one option from **Exhibit 5** as relevant to their firm. It may be that some respondents believe such an assessment is not necessary in order to support biodiversity/nature, however given that 52% also had no business/nature plan and 44% believed they know little or nothing about the impacts their business has on biodiversity/nature; it points to a sub-section of the sample who are not engaging with the topic despite acknowledging some reason to do so.

Exhibit 9 'Has your business attempted to assess the economic value of its impacts and dependencies on biodiversity/nature to help include these in business decision-making?' (% of respondents)



Drivers and barriers to creating a biodiversity/nature plan

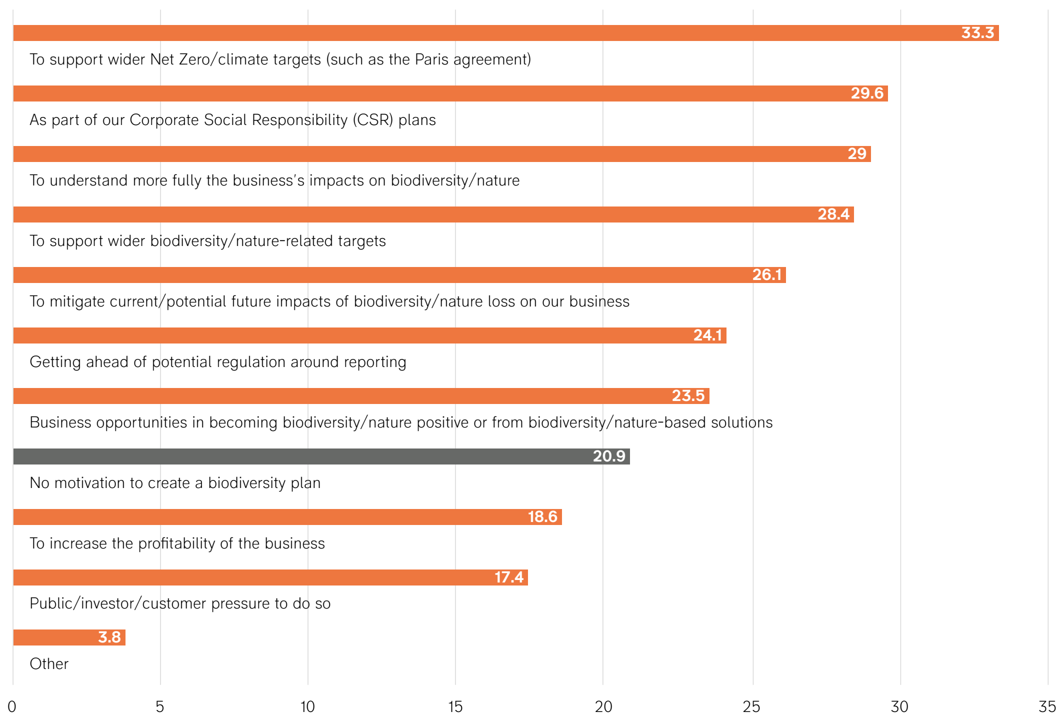
Firms are motivated in a number of ways to create a biodiversity/nature plan

This report has so far indicated that a majority of respondents understand that their business has a role to play in tackling biodiversity/nature loss, and believe their firm to be impacting biodiversity/nature in some way.

The majority of firms have a biodiversity/nature plan, although relatively few are at the stage of disclosing or implementing these plans. Many of these plans are already discussed in boardrooms and are already considered in investment plans. However, most firms lack the capacity or ability to assess the economic value of their impacts and dependencies on biodiversity/nature.

Exhibit 10 below explores respondent firm's motivations for creating a biodiversity/nature plan in more depth. The most cited motivation was to support wider Net Zero/climate targets (such as the Paris agreement). This was a slightly more popular motivation than supporting wider biodiversity/nature-related targets.

Exhibit 10 'If your business has a biodiversity/nature plan, or is considering creating one, what are significant motivations for doing so?'
(% of respondents)



This result is perhaps unsurprising, given that a majority of firms with biodiversity/nature plans have linked them to their Net Zero plans, and a majority of respondents separately reported that they believe achieving Net Zero will play a large role or be sufficient in slowing or reversing biodiversity/nature loss **(Exhibit 7)**.

However, this result also likely reflects that wider climate change target(s) are well established and known across the relevant stakeholders, while a clear internationally agreed target for biodiversity/nature has not yet been agreed (as noted in Chapter 2).

Just under a third (29%) of respondent firms were motivated by a desire to better understand their business's impacts on biodiversity/nature, while a similar proportion (30%) of respondent firms were motivated to create a biodiversity/nature plan as part of Corporate Social Responsibility plans, with 17% citing external pressure from the public, investors or their customers. This is in keeping with the comments noted above that some firms are looking to improvements within their supply chain as a part of their economic value assessments of biodiversity/nature impacts and dependencies.

Around a quarter (26%) of respondent firms reported that their motivation for having or considering developing a biodiversity/nature plan was to mitigate current/potential future impacts of biodiversity/nature loss on their business. A similar share (24%) said they were motivated by business opportunities in becoming biodiversity/nature positive or from biodiversity/nature based solutions, while 19% pointed to the potential to increase profitability.

Construction firms were more likely to cite business opportunities (33%) or increasing profitability (26%) as motivations to create biodiversity/nature plans than production firms (23% and 14% respectively) and services firms (22% and 18% respectively).

Around one in five had no motivation to create a biodiversity/nature plan, with SMEs more likely than large firms to answer in this way (24% vs 13%). Services firms (24%) were more likely than production firms (15%) and construction firms (11%) to have no motivation to create a biodiversity plan.

The respondents who answered in this way were more likely to know little or nothing about biodiversity/nature than the general sample (50% vs 30%). Two-thirds (67%) of respondents with no motivation to create a biodiversity/nature plan believed their firm had a role to play beyond what is legally required in supporting biodiversity/nature, while 69% of them believed that their business was impacting biodiversity/nature in some way.

A small share of the sample (4%) believed that their firm doesn't impact biodiversity/nature directly or indirectly through the channels laid out in **Exhibit 5**, didn't believe their firm has any role to play in supporting biodiversity/nature beyond what is legally required and had no motivation to create a biodiversity/nature plan. The majority of this sub-sample were in the services sector.

However, a larger proportion of the sample (18%) either believed their firm has some role to play in supporting biodiversity/nature and/or saw their firm as impacting biodiversity/nature in some way but saw no motivation for creating a biodiversity/nature plan.

Firms see supporting biodiversity/nature as delivering reputational and other business opportunities

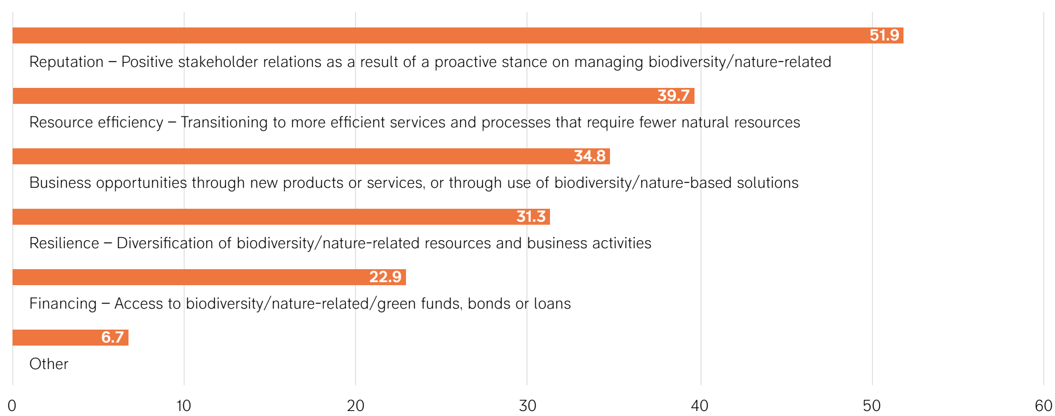
Despite only 17% of respondents citing stakeholder pressure as a motivation to creating a biodiversity/nature plan, a majority of respondents (52%) saw positive stakeholder relations as a main opportunity for their business in taking action to support biodiversity/nature.

Respondents selected an average of 1.9 out of the six options (shown in **Exhibit 11**), suggesting that many saw multiple opportunities for their business from taking action to support biodiversity/nature. Large firms on average selected more options than SMEs (2.3 vs 1.7) and were particularly more likely to select financing as a main opportunity than SMEs (38% vs 17%).

Production firms (2.1) selected more options on average than services firms (1.8) or construction firms (1.7). Production firms were particularly more likely to select resource efficiency (52%) as a main opportunity than services or construction firms (38% and 30% respectively).

Respondents that self-reported as having a significant or expert level of knowledge on the topic of biodiversity/nature selected more opportunities from taking action to support biodiversity/nature than those who reported having little or no knowledge (2.1 vs 1.4).

Exhibit 11 'What do you see as the main opportunities for your business in taking action to support biodiversity/nature?' (% of respondents)

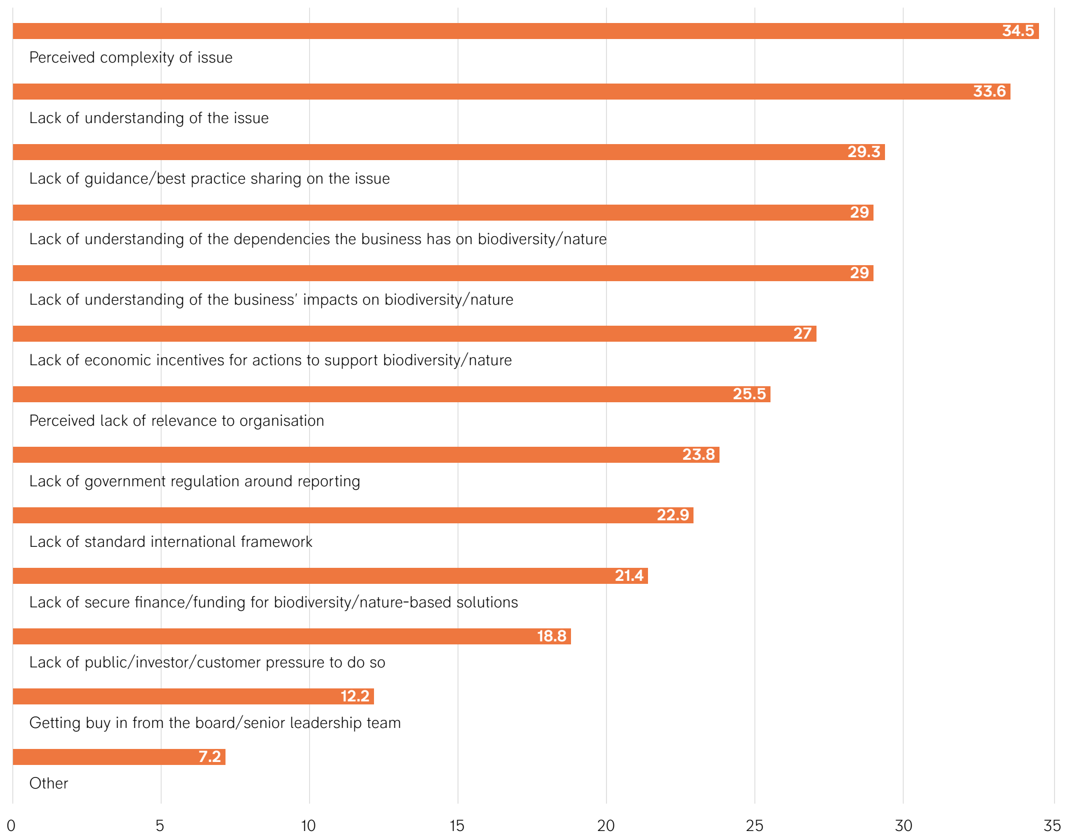


Complexity and lack of understanding of issues are the biggest barriers to developing biodiversity/nature plans

Overall, respondents were most likely to point to issues around the complexity and understanding of the issue of biodiversity/nature as significant barriers to developing a plan **(Exhibit 12).** Around three in ten (29%) respondents pointed to a lack of understanding around business dependencies in particular as a barrier to developing a plan, with 29% pointing to a lack of understanding around the business impacts.

The most cited 'external' barrier to developing a biodiversity/nature plan was a lack of guidance/best practice sharing (29%), followed closely by a lack of economic incentives for actions to support biodiversity/nature.

Exhibit 12 'Which of the following are significant (perceived) barriers to developing a biodiversity/nature plan?' (% of respondents)



Large firms selected a greater number of significant barriers than SMEs (3.6 vs 2.8) and were more likely to view a lack of understanding of the business's impacts (34% vs 27%) and dependencies (35% vs 27%) as barriers than SMEs, while SMEs were more likely to point to a lack of understanding with the topic generally (35% vs 30%). Large firms were also more likely to select a range of 'external' barriers than SMEs, such as lack of government regulation, economic incentives and guidance/best practice sharing.

Firms with biodiversity/nature plans selected almost as many options on average as those without plans (3.1 vs 3.2). Those with plans were more likely to point to a a lack of: government regulation (27% vs 19%), a standard international framework (26% vs 18%), economic incentives (31% vs 21%) or secure finance/funding for biodiversity/nature-based solutions (24% vs 17%) as barriers.

Firms with no biodiversity/nature plan were more likely to perceive a lack of relevance of the issue to their firm as a barrier compared to those with plans (37% vs 18%), as well as a lack of understanding of the issue (46% vs 25%).

Production firms (3.7) selected more barriers than services (3.0) or construction firms (3.0) and were particularly more likely to point to a perceived lack of relevance (36% vs 22% and 26% respectively) and perceived complexity (45% vs 31% and 33% respectively). Interestingly, production firms were also more likely to point to a lack of understanding of the dependencies their business has on biodiversity/nature in particular than either services or construction firms (40% vs 27% and 22%).

Business interaction and awareness of stakeholder activity on biodiversity/nature

Firms are generally aware of policy activity in the area of biodiversity/nature

The final part of the UN Biodiversity Conference known as COP15 will take place in Montreal, Canada in December 2022, over two years and 7,000 miles away from the originally intended time and host venue (Kunming, China in October 2020), reflecting various COVID-19-related postponements.

The aim of the conference (as explored in Chapter 2) is to agree a new set of goals for nature restoration over the next decade[11] towards the eventual aim of 'living in harmony with nature' by 2050.[12]

The first draft of the post-2020 global biodiversity framework, which was published in July 2021 after various negotiations as part of an Open-Ended Working Group, is set to be agreed at COP15.[13] The draft currently contains a target for "all businesses (regardless of size) to assess and report on their dependencies and impacts on biodiversity, from local to global, and progressively reduce negative impacts, by at least half and increase positive impacts, reducing biodiversity-related risks to businesses and moving towards the full sustainability of extraction and production practices, sourcing and supply chains, and use and disposal".[14]

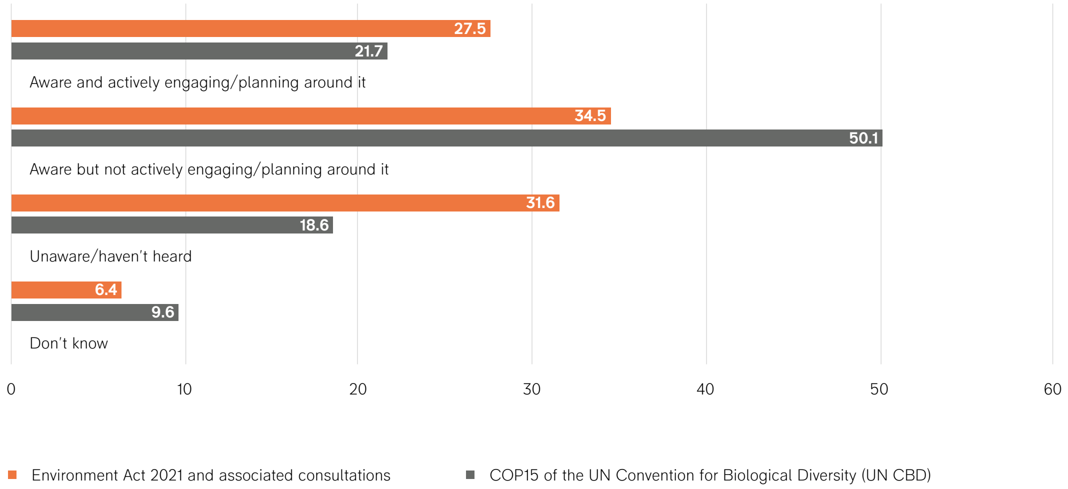
COP15, therefore, is likely to lead to an international agreement that will have far-reaching implications for business operations in a manner similar to the COP21 UN climate change conference in Paris in 2015.

A majority of respondents to the survey reported that there was awareness of COP15 within their business. Around half of firms said they were aware but were not currently engaging or planning around COP15 activity, while 22% said they were aware and actively planning or engaging around COP15 activity. It is worth noting, however, that the revised date for the COP15 conference had yet to be announced at the time the survey was carried out, which may have affected the number of firms that were actively engaging or planning around the conference.

Large firms were more likely than SMEs to be aware of COP15 (89% vs 66%) while construction firms (81%) were more likely to be aware of COP15 than production and services firms (both 71%) and were more likely to be activity planning or engaging around COP15 (33% vs 22 and 20% respectively).

Respondents with significant or expert levels of knowledge were more likely to be aware of COP15 than those who reported having little or no understanding of biodiversity/nature (84% vs 52%), while respondent firms with biodiversity/nature plans were more likely to be aware of COP15 than those without plans (85% vs 51%).

Exhibit 13 Awareness of domestic and international policy activity around biodiversity/nature (% of respondents)



Rather than wait for this international framework to be signed off, however, the UK government has already passed legislation that looks to protect and enhance the environment through the Environment Act, which became law in 2021. While the passing of the bill was necessitated by the need to replace EU targets and legislative framework following Brexit, the Act showed real ambition in this area and pre-dated some similar policy developments from the EU.

For instance, the Environment Act enshrines into law a target to halt species decline by 2030[15] (in line with the post-2020 global biodiversity framework), the first such legal target in the world - alongside a range of other nature-positive actions.

This Act has led to a raft of consultations regarding potential new policies to take advantage of the new powers that the Department of Agriculture, Environment and Rural Affairs (DEFRA) has been granted. This includes proposals for the introduction of mandatory digital waste tracking,[16] environmental targets[17] and the implementation of due diligence on forest risk commodities.[18]

Despite the potentially far-reaching implications of the Environment Act 2021 on UK businesses of all sectors and sizes, around a third of respondents were not aware of the Act or associated consultations. Awareness of the Act was therefore lower than for COP15 despite the former being at the stage where businesses can formally engage and shape policy.

A majority (62%) of respondents were nonetheless aware of the Act, with over a quarter actively engaging with or planning around it. SMEs were much more likely to say that they're unaware of UK government activity in the area of biodiversity/nature than large firms (41% vs 7%), while construction firms (37%) were more likely than production or services firms (both 26%) to be planning or engaging around government policy activity.

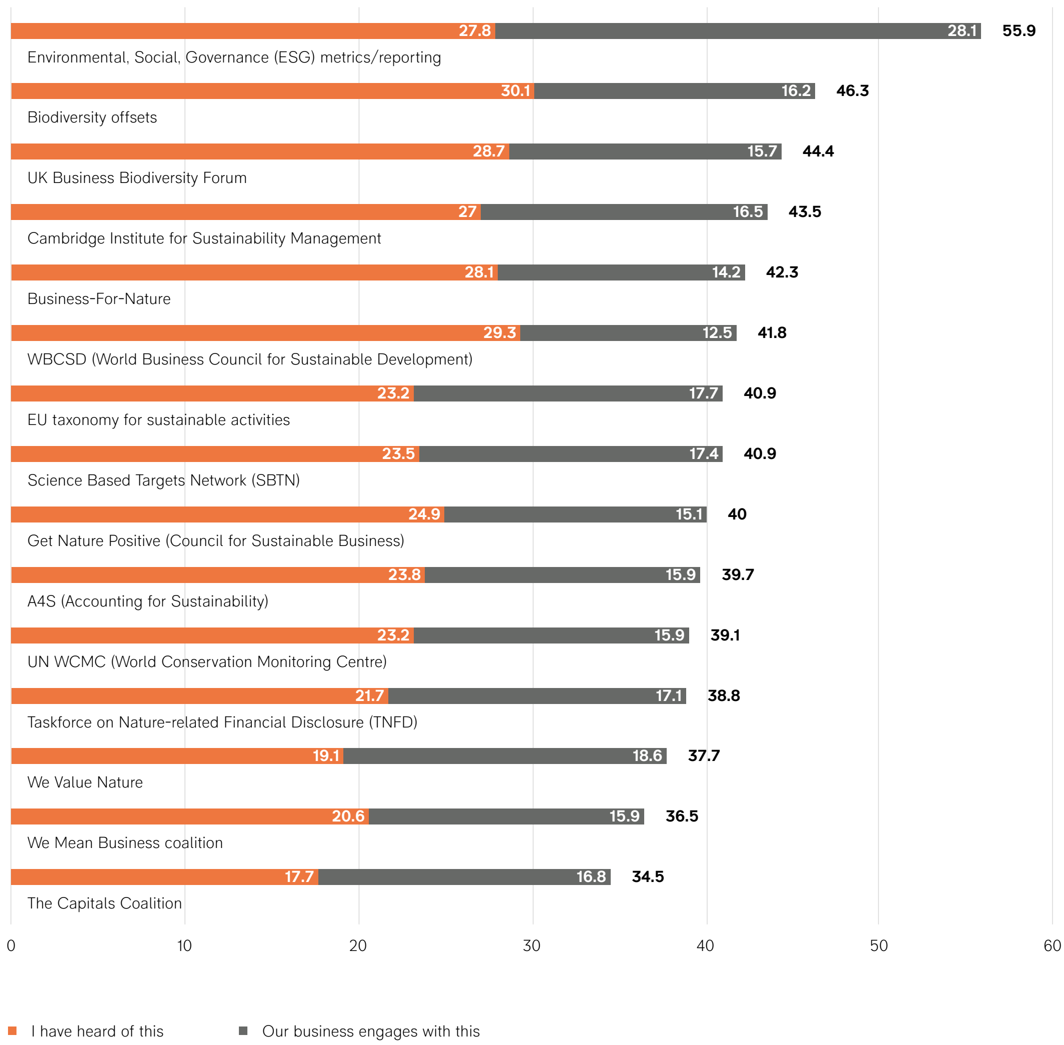
Only 24% of firms with no biodiversity/nature plan were aware of the Environment Act 2021, with 3% actively engaging/planning around it. This compared to 85% and 43% respectively for those with biodiversity/nature plans.

Similarly, only 36% of respondents that reported knowing little or nothing about biodiversity/nature reported being aware of the Environment Act 2021, compared to 84% of those with a significant or expert level of knowledge.

SMEs lack awareness of key biodiversity/nature groups and programmes

When asked if respondents had heard or engaged with a list of biodiversity/nature related groups or programmes, at least a third responded affirmatively to each **(Exhibit 14).** However, the average level of awareness of these groups/programmes was much lower for SMEs (32% on average) than for large firms (64%). Production firms generally had a lower degree of awareness (36%) of the listed groups/programmes than services firms (41%) or construction firms (51%).

Exhibit 14 'Which of the following groups/programmes have you heard of and with which of these groups/programmes is your business engaging?' (% of respondents)



Respondent firms with no biodiversity/nature plan had a much lower degree of awareness (15% on average) compared to those with plans (58%). Similarly, those that reported they had little or no knowledge on the topic of biodiversity/nature had a lower degree of awareness (20% on average) than those with significant or expert levels of knowledge (67%).

The option with the highest degree of awareness by respondent firms was 'ESG metrics/reporting', with 56% having heard of this and 28% engaging with it. However, a majority of SMEs had not heard of ESG metrics/reporting (55% vs 15% for large firms).

Given that some large firms are now required to disclose against the recommendations of the TCFD,[19] it is unsurprising that most large firms have heard of, or are engaging with ESG metrics/reporting. However, it is likely that more and more firms will be drawn in to reporting their climate impact and risks as those large firms that are required to or volunteer to disclose expand the scope of their disclosure to Scope 3 emissions, which will include their supply chain.[20] Therefore, those firms that are unaware of the metrics or reporting methods might find themselves having to get up to speed very quickly.

Around a quarter of respondents hadn't heard of any of the listed programmes or groups. The majority of these (56%) had little or no understanding of biodiversity by their own admission and had no biodiversity/nature plan (80%).

Guidance and economic support needed to boost biodiversity/nature-positive activities

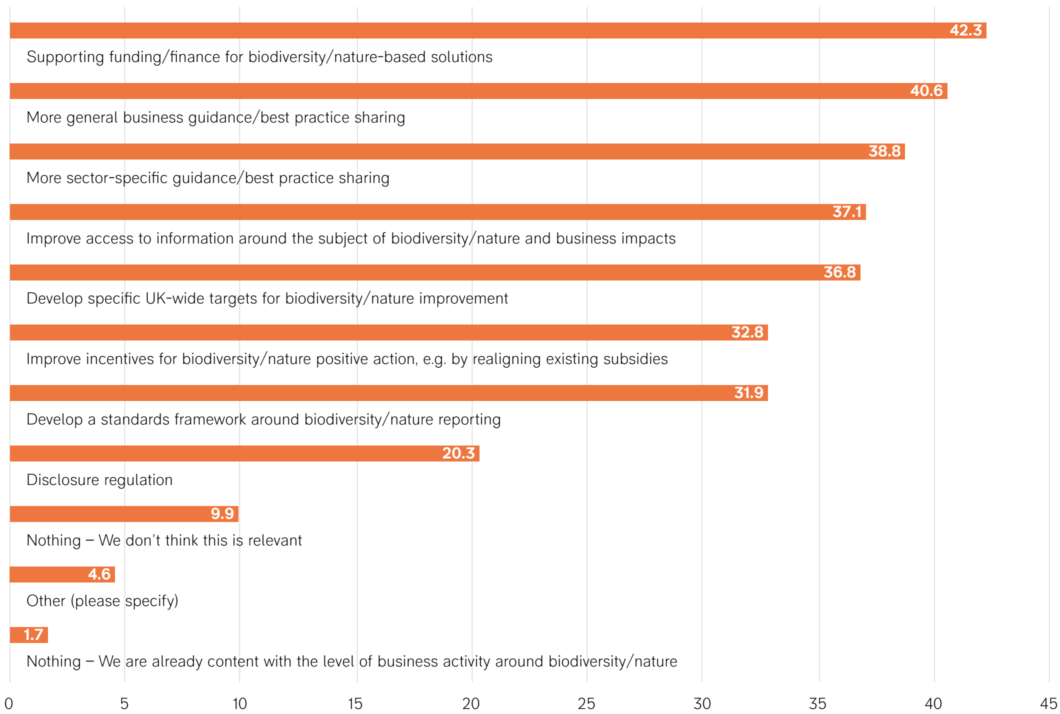
When asked how government could best support their business to increase its activities which support biodiversity/nature, respondents were most likely to call for funding/finance for biodiversity/nature-based solutions, followed by more general business guidance/best practice sharing and more sector-specific guidance **(Exhibit 15).**

The latter of these is in line with the biggest perceived barriers to creating a biodiversity/nature plan **(Exhibit 12)**, which were largely around the complexity of the issue and a lack of understanding/guidance around it. A lack of funding/finance for biodiversity/nature-based solutions was a less common perceived barrier, which may indicate that firms see the provision of such support as an opportunity to induce further action in this area as opposed to a necessity to any such activity going ahead.

Only 2% of firms were content with the level of business activity around biodiversity/nature, while 10% thought it wasn't relevant to their business. Large firms chose more options on average than SMEs (3.3 vs 2.7) and were more likely to call for regulation (29% vs 17%) and a standards framework around biodiversity/nature reporting (41% vs 29%).

Construction firms were more likely than production and services firms to call for improved access to information around the topic of biodiversity/nature and business impacts (56% vs and 32% and 36% respectively). Both construction and production firms were more likely than services firms to call for sector-specific guidance (48% and 47% vs 36% respectively).

Exhibit 15 'How could government support your business to increase its activities which support biodiversity/nature?' (% of respondents)



Firms with no biodiversity/nature plan were more likely to say that government could not support their business to increase its activities to support biodiversity/nature as it is not relevant (22% vs 2% for those with plans). When excluding those who thought it was irrelevant, those without plans were more likely to call for general business (51% vs 42%) and sector-specific (52% vs 38%) guidance compared to those with plans. They were also slightly more likely to call for funding or finance for biodiversity/nature-based solutions (51% vs 45%).

Respondent firms with plans were more likely to call for a standards framework (38% vs 30%), disclosure regulation (26% vs 16%) and improved incentives (41% vs 26%).

We also asked an open-ended question around the one thing that could be done by any stakeholder to drive the greatest increase in activity around biodiversity/nature in their business. There were a range of answers, many of which were linked to the options shown in **Exhibit 15**.

However, **Exhibit 16** below provides a clear indication of what the most common response was – regulation. For some it was more about the standard framework for biodiversity/nature disclosures, for others it was the requirement to do so. The second most popular group of answers were related to advice, communication and guidance – which also relates closely to the findings of the quantitative version of this question.

Exhibit 16 'What is the one action that could be taken by any stakeholder (government/UN/business leader/insurer etc.) that would drive the greatest increase in activity around biodiversity/nature in your business?'

Conclusion

Many firms have already started a journey towards supporting biodiversity/nature, but further action required

This report has found that a majority of respondents have some understanding of the topic of biodiversity/nature and their firm's impacts and dependencies. Most respondents see their business impacting biodiversity/nature in some way and believe their firm has some role to play beyond what is legally required. Most respondent firms already have biodiversity/nature plans, and these tend to be discussed at board level and used to influence investment decisions to some degree.

While it is positive that a majority of firms understand that they need to reduce their impacts on biodiversity/nature, the aim of domestic and international policy ambitions in this area is not only to stabilise biodiversity/nature abundance but to restore it. Right now, only a quarter of firms see their role as being 'biodiversity/nature positive'.

Being biodiversity/nature positive can bring benefits for businesses, with a third seeing the creation of nature-positive goods or services as a business opportunity and around one in five believing a biodiversity/nature plan can boost profitability. Those businesses that undertake economic value assessments tend to see more business opportunities from supporting biodiversity/nature, however only a minority of firms feel equipped to do so. Supporting further funding or finance, or economic incentives would also allow many firms to increase their biodiversity/nature positive activities.

Roughly a third of respondents believed they have a significant or expert level of knowledge on the topic of biodiversity/nature. These respondents were more likely to believe their firm should aim to be nature-positive and identified a greater number of ways in which their activities can affect biodiversity/nature, on average, than the general sample. These respondents were also more aware of the policy action and relevant groups/programmes, although they were more likely to believe that solving Net Zero will go a long way to slow or reverse biodiversity loss.

Those respondents who knew little or nothing about the topic of biodiversity/nature were less likely to report their firm had a biodiversity/nature plan and were more likely to report that firm had no motivation to create one. These respondents were less aware of ongoing policy action and relevant groups/programmes.

It is perhaps understandable that few respondents reported knowing a significant amount about the topic, as the perceived complexity of the issue was the most cited barrier to creating a biodiversity/nature plan. Unsurprisingly therefore, many firms call for more guidance and best practice sharing.

The perceived complexity and the lack of understanding around the issue may ease as policy frameworks are put in place. Indeed, a significant number of respondent firms pointed to the lack of such frameworks as specific barriers to creating a biodiversity/nature plan. Most respondent firms were at least aware of the policy activity happening at both a domestic and international level, although awareness regarding relevant groups and programmes is patchier.

There is a large overlap between the Net Zero agenda and biodiversity/nature improvement agenda. Indeed, greenhouse gas emissions were the most commonly cited biodiversity/nature-impacting activity from our respondents, while a majority of firms with biodiversity/nature plans linked them to their Net Zero plans. A majority of respondents believe that achieving Net Zero will go a long way to slowing or reversing biodiversity/nature loss, while supporting targets that achieve the former was a more common motivator for biodiversity plans than supporting targets towards the latter.

Not all types of firms were as far along their biodiversity/nature journey as others. Respondents from SMEs tended to know less about the topic, were less likely to report having a biodiversity/nature plan and were less likely to be motivated to create one.

There was also a sub-set of respondents who, despite most of them believing their firm had a role to play in supporting biodiversity and seeing their firm as impacting biodiversity/nature in some way, did not have plans and were not motivated to create one.

The action that business can take

Business has increasingly become involved in the nature agenda through global coalitions such as Business for Nature, and UK focused activities such as the UK Business and Biodiversity Forum. Globally, over 1,100 companies, with revenue of over $5 trillion, have signed a call to action calling on governments to adopt policies to reverse nature loss by 2030.[21]

To start to take nature into account in decision-making, companies have been encouraged to **Locate, evaluate, assess and prepare**[22] :-

- **Locate** where assets, operations and related value chains are and which ecosystems these interface with.
- **Evaluate** dependencies and impact on environmental assets and ecosystem services, including the scope and scale of them.
- **Assess** material risks to organisation, what mitigating actions should be considered and what nature-related opportunities exist.
- **Prepare** to respond and report, by creating a strategy and corresponding targets and deciding what will be disclosed.

Firms don't need to tackle this issue alone. Various frameworks have been created to support firms through their journey, such as the Taskforce on Nature-related Financial Disclosures, Climate Disclosure Standards Board's reporting framework and the European Financial Reporting Advisory Group's Global Reporting Initiative. Organisations such as the UK Business & Biodiversity Forum and Get Nature Positive provide guidance through best practice sharing and toolkits, while the RENEW project will be developing new tools and standards for embedding biodiversity renewal in finance and business activities.

Together, we can make the business of nature, everyone's business.

The RENEW Project

Renewing biodiversity through a people-in-nature approach (RENEW) is a five-year partnership programme to develop solutions for the renewal of biodiversity.

Funded by the Natural Environment Research Council (NERC), the programme is a collaboration between the University of Exeter and the National Trust, and has been co-designed and developed with partners from a diverse range of sectors. RENEW is led by Professors Neil Gow, Kevin Gaston, and Catriona Mckinnon from the University of Exeter, and Professor Rosie Hails from the National Trust.

We are in a biodiversity crisis. A million species of plants and animals are threatened with global extinction, and wildlife populations across much of the planet have been dramatically reduced. This is of profound concern because biodiversity underpins human existence. RENEW is working to reshape understanding and action on biodiversity renewal across scales, creating knowledge, and influencing national institutions, communities and individuals. The focus is on a 'people-in-nature' approach, reflecting the two-way, dynamic relations between people and nature and the need to develop a relational approach to renew our life-support systems

RENEW is focussed on a set of key challenges: how popular support for biodiversity renewal can be harnessed; how populations that are disengaged, disadvantaged, or disconnected from nature can benefit from inclusion in solutions development; how renewal activities can be designed and delivered by diverse sets of land-managers and interest groups; and how biodiversity renewal can most effectively be embedded in finance and business activities.

In addition to working to renew biodiversity to produce healthy resilient ecosystems that underpin human heath, wellbeing, and the economy, RENEW is seeking a number of long-term outcomes:

- More effective engagement with partners and communities
- Better biodiversity decision making
- More equitable and inclusive distribution of renewal benefits
- Better investment decisions and economic prosperity
- Developing the next generation of interdisciplinary research leaders
- Positioning the UK as an international leader on biodiversity decision making

For more information, contact greenfuturesolutions@exeter.ac.uk, or visit **https://greenfutures.exeter.ac.uk/renew/**

Appendix 1 – Sample and Methodology

Survey methodology

This report is based on the findings of a CBI Economics survey, commissioned by the University of Exeter, which was responded to by 345 business leaders between 15 June and 7 July 2022.

Usually in a business survey of this type, respondents are treated as representatives of their business and can be referred to as a 'respondent firm' as they are providing answers on business conditions, performance etc., so any respondent from that firm should theoretically provide the same answers to a survey. This remains true for a large portion of this survey.

However, some questions within this survey aim to gauge understanding or perceptions regarding the topic of biodiversity/nature and are directed at the individual respondent, as this cannot reliably be captured at a business-wide level. Therefore, respondents are assuming a dual role as an individual employee of a firm but also as a representative of their firm, depending on the question that is asked. In the former case, we refer to 'respondents', in the latter case we refer to 'respondent firms' or similar.

A key objective of this survey was to map the level of understanding and action across the business population as a whole in relation to biodiversity/nature, which required a sample that is as representative of the business population as possible. The survey was therefore sent to business leaders from firms of all sectors, sizes and regions of the UK, and included both CBI members and non-members.

One perceived barrier to achieving a representative sample was a potential response bias, due to the subject matter possibly seeming irrelevant for those firms/respondents that don't understand or engage with it. If this bias was present in the survey results, it would likely lead to an over-estimation of the degree to which firms understand the topic of biodiversity/nature and the degree to which they take action to reduce or mitigate the impacts of biodiversity/nature loss.

CBI Economics looked to avoid this bias with careful wording of the communications sent to the mailing list of survey respondents, highlighting the need for responses from all firms regardless of the relevance of the topic to their firm. While success is not easily measured in this regard, key differences in responses between SME and large firms are highlighted throughout the report, as they are for sectoral differences. Despite the aforementioned efforts, it is possible that some response bias remains.

Respondent characteristics

Exhibit A.1 below shows the primary sector of operations for our 345 respondent firms. The majority (69%) reported as operating primarily in the services sector, with the largest represented sub-sector being 'other service activities', followed by professional, scientific and technical activities and wholesale and retail trades. Just under a quarter (21%) of respondent firms operated primarily in production, with the majority of these operating in manufacturing. The remaining 10% of respondent firms were either operating in construction or agriculture, forestry and fishing. This compares to business population estimates for 2021[23] that 76% of firms (with at least one employee) are services firms, while 13% are construction and 6% are manufacturers.

Exhibit A.1 Primary sector of operation (% of respondents)

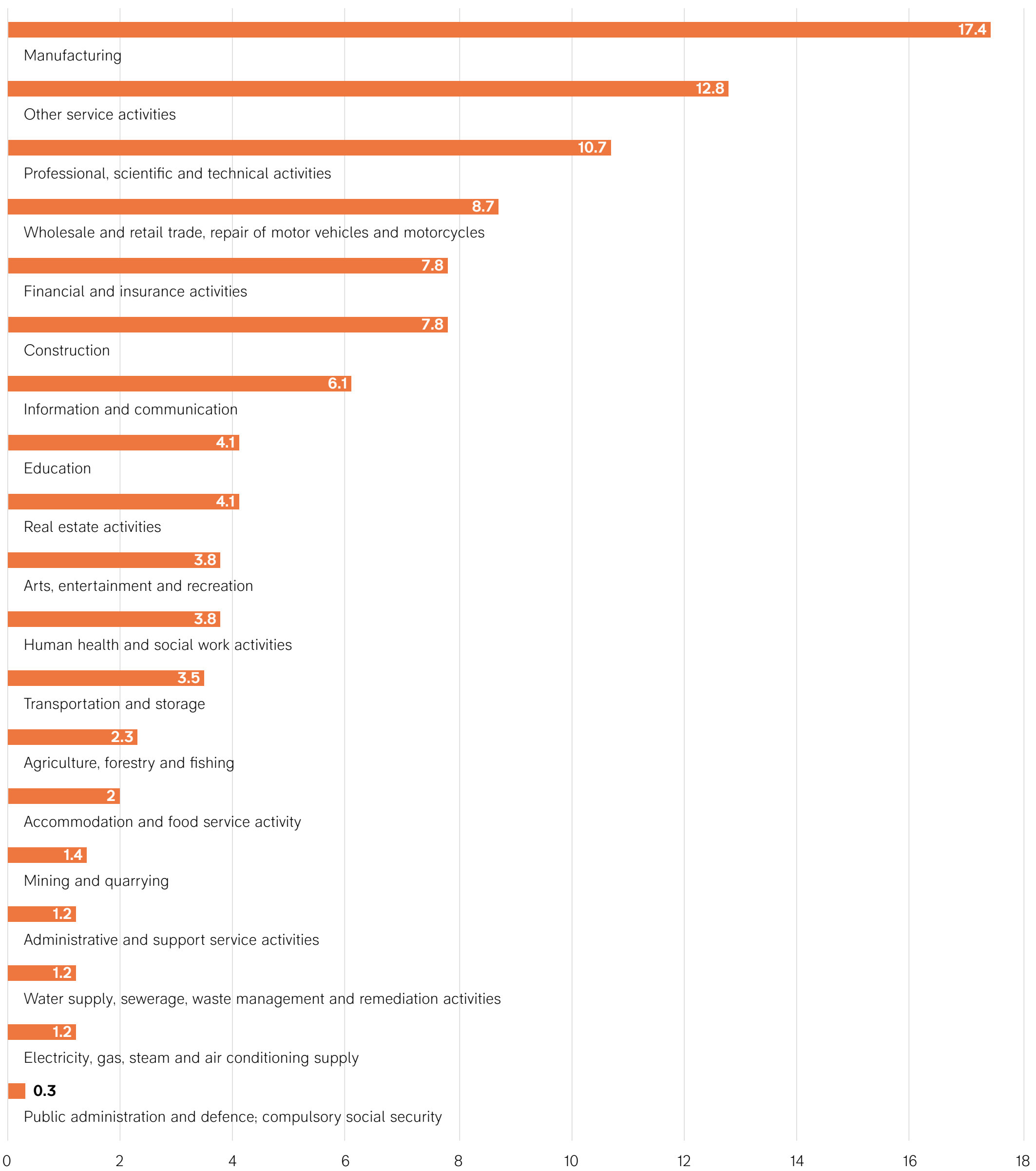
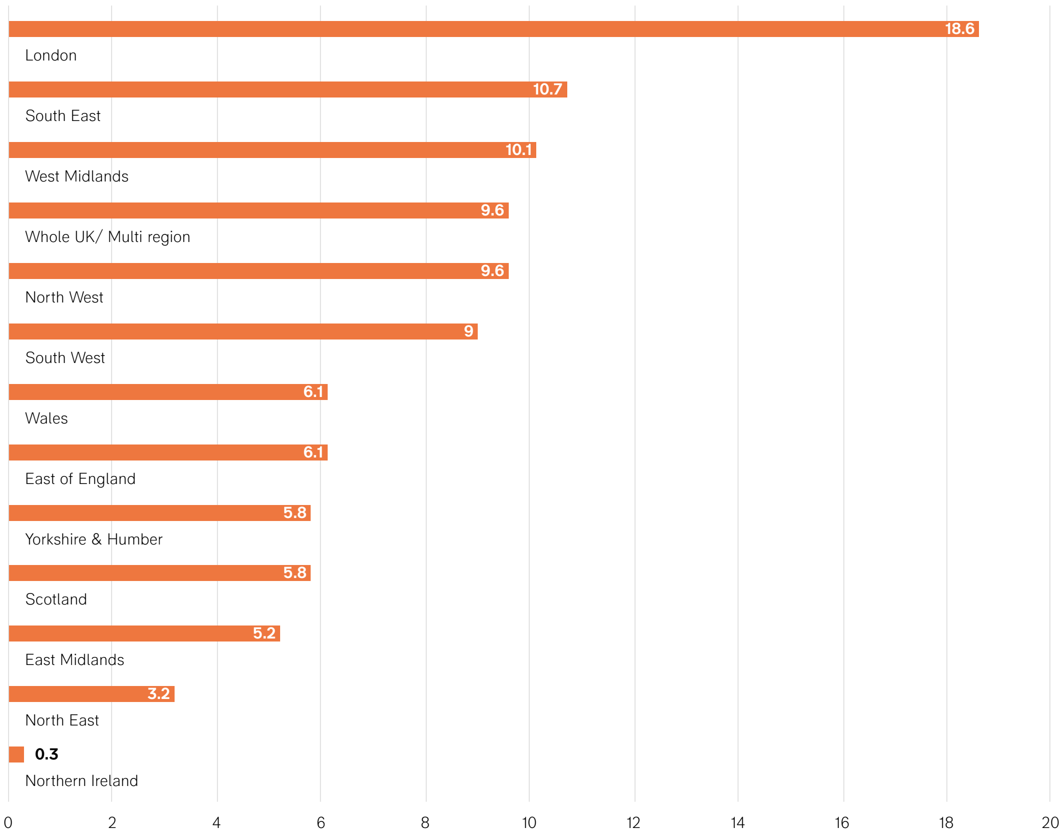


Exhibit A.2 below shows the sample of respondent firms by the primary region of operation. Four-fifths (78%) of respondent firms reported as operating primarily in England, with around 19% of these operating in the North, 21% in the Midlands or East of England and 38% operating in the South. One in ten (10%) respondent firms reported no primary region of operation in the UK, instead they operate across multiple regions across the UK.

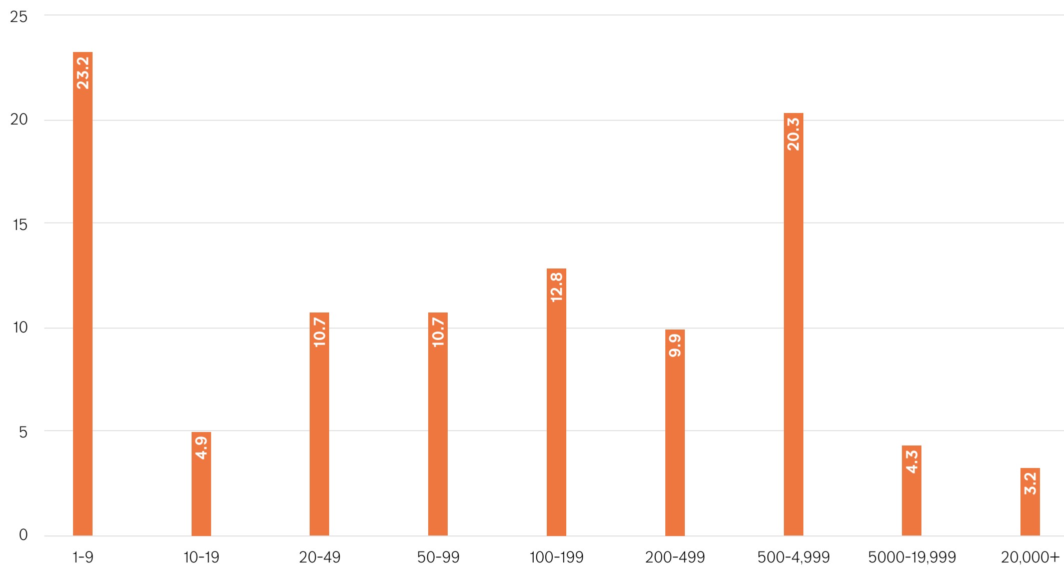
This compares to business population estimates for 2021[24] that show that around 87% of firms (with more than one employee) are based in England, with around 20% situated in the North, 25% in the Midlands or East of England and 41% in the South, while 4% are based in Wales, 7% in Scotland and 3% in Northern Ireland. These statistics do not include a 'whole UK' category, which inhibits the ability to compare against our sample somewhat.

Exhibit A.2 Primary region of operation in the UK (% of respondents)



Out of the 345 respondent firms, 72% were SMEs (1-499 employees by definition within CBI surveys), while 28% of respondent firms were large (over 500 employees) as **Exhibit A.3** shows. Business population estimates provide a much less detailed breakdown of firms by size but show that around 1% of firms have 250+ employees, even when removing those with no employees. Therefore, it is clear that this business survey (like many) is skewed towards larger firms.

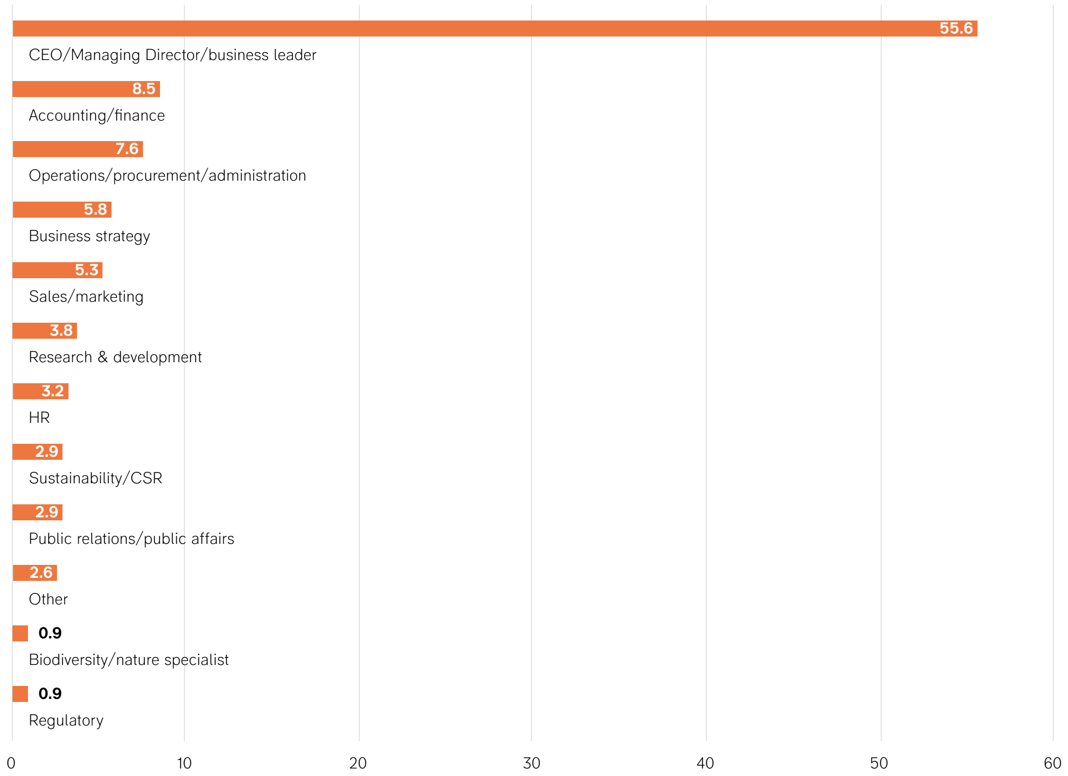
Exhibit A.3 Number of employees (% of respondents)



Three quarters of respondents (75%) were executive or senior managers at their firm. Around two-in-ten (18%) were middle managers and 6% were in roles that were technical or highly skilled. A greater percentage of respondents from large firms were middle managers (32%) or in technical/highly skilled roles (9%) than those from SME firms (13% and 4% respectively). Respondents from services (20%) or construction (26%) firms were more likely to be middle managers than those from production firms (10%).

A majority of respondents were CEOs / Managing Directors or business leaders within their organisations, as **Exhibit A.4** below shows. Respondents from large firms were less likely to be CEOs or similar than those from SMEs (32% vs 65%). Only 4% of respondents were specialists in biodiversity or nature (1%) or in wider sustainability/CSR roles (3%).

Exhibit A.4 Job functions of respondents (%)



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