

# Nature-related risks and opportunities for your business

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### In 2022 we saw the destruction of nature join climate change as a global issue at the highest level of priority.

A major focus of the COP26 summit in Glasgow was elevating the nature crisis to the same priority as the climate; A year on, the UN biodiversity summit, COP15, was held in Montreal. COP15 sought to agree a global biodiversity [framework](#), a suite of targets including an agreement to protect 30% of the earth’s land and sea by 2030. In the [UK](#), the goal is to halt nature decline (including biodiversity loss) by 2030 and work towards recovering nature by 2050.

Achieving these goals is necessary because global production and consumption has pushed us outside of planetary boundaries. Ecosystem processes such as biochemical flows, soils, fresh water provision and biodiversity underpin [at least 55%](#) of global GDP. The accumulated pressures on the natural environment put ecosystems at risk of collapse. These global-level projections can feel irrelevant—What will the effects be on UK food and drink businesses? What can these businesses do to help?

### Food & drink businesses at risk

All of humanity will be affected by these outcomes, but food and drink businesses will be some of the first to feel the negative consequences of nature degradation: Agriculture has been highlighted as both a [central contributor](#) to these pressures, as well as a sector uniquely exposed to risks of the [impacts](#) of compromised biodiversity and ecosystem services. Agriculture’s potential impacts (including water use, nutrient runoff, direct emissions, and diffuse pollution) require significant investment to mitigate against. On the other hand, agriculture and other land-based businesses can also play an essential, positive role in mitigation, adaption and supporting recovery. Given that nature-related risks are expected to range from severe to existential (e.g. pollinator and keystone species collapse), the entire food supply chain can and must help to incentivise and enable farming practices which mitigate and reverse these detriments. Many progressive businesses are now going [beyond](#) compliance to ask not just ‘what must I do,’ but ‘what can I do?’

### Getting started

Many businesses ‘don’t know what they don’t know’ when it comes to nature-related risks and opportunities. Businesses should seek to navigate this process through following the steps: Assess, Commit, Measure, Act, and Transform. These [steps](#) will look different for each business and sector, however Table 1 gives an overview of each.

### Getting started

### Working towards...

Assess	Undertaking high-level screening to identify priority impacts on nature; Follow up with a materiality assessment measures these impacts and dependencies.	In-depth valuation of all priority impacts, dependencies and trade-offs, including both pressures and benefits to nature in discrete biomes and/ or catchment areas.
Commit	Setting business-wide ambition and starting to develop measurable, time-fixed goals (SMART) that avoid and reduce negative impacts.	Documenting and otherwise integrating measurable targets for specific locations, fixed to timelines, to restore and regenerate nature.
Measure	Collecting all available data, perhaps starting with sectoral averages, secondary data and/ or modelling; Identifying and prioritising data gaps; Reaching out to value chain actors	Moving towards significant primary data collection from business operations, expanding to include upstream and downstream (Scope 3) value chain.
Act	Business-specific but likely to include engagement with supply chain actors, updating company policies, investing in new data collection, and disclosing findings and actions.	Monitor outcomes of these changes, underpinned by third party assurance against commitments; Robust reporting including lessons learned.
Transform	Driving nature-positive alignment through business strategy, policy, advocacy, investment, and reward.	Full traceability mechanisms for full life cycle of priority products; Engagement of suppliers and customers to enable culture shift.

Table 1: Examples of actions for each step in starting a nature-positive journey. Adapted from [WBCSD \(2022\) Roadmaps to nature positive: Guidelines to accelerate business accountability, ambition and action for a nature-positive future.](#)

The 'Transform' step describes how businesses can make changes to leverage their employees, value chain, customers, policymakers, and society at large to shift towards nature-positive practices and outcomes. This step emphasises the potential magnitude of the scale of knock-on effects these changes can have for the nature crisis and the natural world we rely on.

Challenges facing businesses starting this journey include sourcing the required data: 79% of food businesses indicated that data is the biggest challenge they face in measuring their

environmental performance. However, even given this data bottleneck, this sample also indicated that it is highly feasible for them to report their environmental performance in greater detail than that required to be compliant to regulations. Lack of data was cited as a problem for all business sizes, but quantifying their supply chain (Scope 3) emissions was particularly difficult for SMEs. Data availability improves all the time, but nonetheless represents a known challenge in this space—Businesses should meet this head-on and prioritise data among their first steps.



## Bringing nature in-house

Once a business has appreciated their exposure to nature-related risks and planned to address their remaining impacts, they can begin to look ahead to the wealth of opportunities inherent in a shift towards becoming a nature-positive business. Businesses are being encouraged to assess their impacts on the world, as well as the world's impact on the business. Next, to consider their core [competency](#): What can the business uniquely provide? Through bringing these two together, businesses can unite their commercial and sustainability strategies to deliver their product or service in a sustainable way, which will highlight adjacent business opportunities.

Food and drink businesses have a huge opportunity to turn their nature dependencies into business wins. Consumers are switched onto food's footprint and are increasingly using food as a [conduit](#) to engage with their environments. Provenance, or connecting your product back to its dependencies on the environment, is a strategy being used by many Scottish food and drink businesses already, as they place the landscapes that produce their raw materials

front-and-centre in their [brand](#) and story. Embracing the triple bottom line of people, planet and profit will allow businesses to rise to the top within an environmentally conscious marketplace. [Kantar](#) identifies 'eco-active' consumers (those highly concerned about the environment) and eco-considerer consumers (those worried about the environment), with eco-actives representing 24% of GB shoppers and eco-considerers 41% of the FMCG (fast-moving consumer goods) market, respectively. While several economic factors have meant eco-actives in Scotland have declined in the last year, Scotland is still ahead of the global trend and this group of consumers represents 23% of Scottish households and spends £2.7bn on FMCG in Scotland.



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## Head-start advantage

Telling the story on its own will no longer be enough, however: Good intentions should be followed up with commitments and action. To differentiate themselves and pull away from their competitors, businesses should seek to adhere to frameworks and metrics which rigorously benchmark environmental performance. While uncertainty has been the norm in this space to this point, standards for nature reporting are evolving and are increasingly aligned, making it an optimal time for businesses to start this journey. Examples and options are given at the end of this article.

Going to the length of rigorous benchmarking comes with its own suite of business opportunities. Gaining certifications and credentials constitute new value propositions and will grant access to new market segments. Aligning your business with the global direction of travel will help you to retain employees and partners, as well as anticipate ratcheting regulations. Appealing to investors is of primary importance for SMEs and entrepreneurial ventures: Absence of nature-related targets and disclosures makes your business a riskier investment with potential hidden liabilities, while a transparent, nature-positive value chain can be seamlessly integrated into an impact investment portfolio or merged into a larger corporation. Understanding and expressing your product's provenance in these science-based terms could manoeuvre your business or product to become the flagship of someone else's sustainability strategy. Implementing these changes as soon as possible represents a distinct competitive advantage for businesses of all sizes as nature-positive closes the gap on net zero as a sweeping transformation of the economic landscape.

## Key takeaways



Food and drink businesses are especially exposed to the risks associated with ecosystem collapse due to their reliance on agricultural systems. Conversely, these businesses are well-placed to drive positive practices up and down their supply chains.



The journey towards becoming a nature-positive business is summarised in the steps Assess, Commit, Measure, Act, and Transform.



Working to understand how your product interfaces with land use and the environment represents a significant business opportunity, beginning with brand and provenance. Investing in rigorous benchmarking of your business and the life cycle of your product will pay dividends and will likely become mandatory in the near term.

## Resources & further reading

[Food and Enterprise at SAC Consulting](#)

[NatureScot \(2022\) Scotland's Nature blog: The Business of Scotland's Natural Larder.](#)

[TNFD Nature-Related Risk & Opportunity Management and Disclosure Framework](#)

[University of Cambridge Institute for Sustainability Leadership \(CISL\) \(2022\) Decision Making in a Nature-Positive World: Nature-based Solutions for the Food and Beverage Sector](#)

[World Business Council For Sustainable Development \(WBCSD\) \(2022\) Roadmaps to nature positive: Guidelines to accelerate business accountability, ambition and action for a nature-positive future.](#)

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