

## Introduction

In both 2022 and 2023 The Pentland Centre for Sustainability in Business at Lancaster University published a Navigation Guide on Reporting on Nature. Each Guide examined a number of high-profile companies across all the major corporate sectors that are dependent upon, or impact, nature and biodiversity. The intent was to help guide corporate executives actively working on the topic, by signposting best practice as well as issues for further development. In 2024 we are once again issuing a new Navigation Guide, intended to highlight new high-level themes that need to be addressed. The intent is not to set a new standard expectation of reporting, nor to 'grade' the quality of the reports reviewed. It is rather to help understand, through the lens of reporting, how companies are approaching nature and biodiversity in terms of their understanding, their activities and their impact.

In 2023 we highlighted a disconnect between the expression of overall approaches (via policies, programmes, commitments and explanations), and the formal reporting. Whilst plenty of companies committed to projects and action, it was not always clear how they were connected to the business dependencies or impacts or the described overall strategy.

There was, in general, a poor discussion on dependency, and none of the companies reviewed referenced national biodiversity action plans in relation to their projects and interventions on the ground, nor their policy work. It was not clear therefore whether their actions are aligned with government priorities or not.

Our recommendations for business in 2023 were:

1. Make clearer, better-quality links between the statements of ambition on biodiversity and details of actions, to allow an understanding of the importance of nature, intended nature outcomes and business relevance.
2. Provide more disclosure on sourcing locations in terms of: their ecological status; biodiversity risks; dependencies and operational impacts.
3. Develop more sophisticated relevant measures of global progress beyond the current limited proxy indicators. These are likely to be company-specific yet with enough detail to allow external scrutiny.

In the last 12 months the reporting landscape has been changing rapidly with regulatory requirements being driven by the EU, and the first significant wave of reporting to the Taskforce on Nature-related Financial Disclosures (TNFD) framework (at the time of writing 416 companies committed to reporting, and 73 - and counting - reports are available in the English language). Early 2024 saw the release of a new Global Reporting Initiative (GRI) standard for biodiversity, though this is too late to influence the results and insights discussed here, it will increasingly guide actions for biodiversity management and reporting on this activity. Academic articles (for example this [piece on whether investors care about biodiversity](#), and this one on [pricing firms' biodiversity risk exposure](#)) are also beginning to confirm that investors and auditors are starting to price in biodiversity risks especially due to uncertainty about future biodiversity regulation.

Alongside better ESG (outside-in) related reporting, the last 12 months have also seen a small but increasing number of companies release comprehensive standalone nature or biodiversity strategies which provide a complementary level of sustainability (inside-out) reporting.

For this Navigation Guide, our choice of companies to review takes as its starting point best practice examples from the previous year. It is also informed by several academic studies and in-house research undertaken by the Pentland Centre during the past year. We reviewed information provided in annual corporate reports, TNFD reports, and separate biodiversity/nature strategies.

There is also a wealth of other academic articles that have provided important insights into best practices on reporting. We draw attention in particular to two papers on an increasingly important element of biodiversity ambition and actions: restoration and regeneration. [One analysis](#) of 100 transnational companies (TNCs) ‘reveals the extent to which TNCs are claiming to contribute to—but failing to report on—ecosystem restoration’. The [second study](#) provides a publicly available database of (initially) 84 business employing regenerative practices. Over 70% of the companies are privately owned, family owned or cooperatives. This provides an important addition to our review of publicly listed companies.

We provide a list of companies in the Appendix. We are always keen to hear of examples of best practice that we may have missed.

## The Review

We focussed upon those industry sectors with the largest dependency and impact upon nature. These are mining, oil and gas, food, clothing, household and beauty, forest products, and utilities. We surveyed their 2023 annual financial and sustainability reports (sometimes combined), TNFD reports, nature strategies as well as websites for discussion and disclosure on nature and biodiversity. Based upon insights from previous years we have removed some topics where consensus on reporting has emerged. Based upon our work over the year, and the results from other academic articles we have added some new focus areas. We looked specifically at:

- Ambition and commitments on nature
- Dependencies: the maturity of understanding and discussion on resilience
- Impacts: analysis of impacts by and upon the company, and the use of the [IPBES 5 drivers](#)
- Risks and Opportunities: the maturity of discussion and quantification as well as the consistency with corporate risk report
- Activities: landscape, site, context specific. Value chain & beyond value chain
- Monitoring and proof of impact

There is currently (September 2024) an active public debate about the evolution of sustainability reporting towards being a compliance exercise. It is our view that reporting should not be seen as an end point. Rather reporting should be driven by actual activities and a desire to communicate how companies are responding to the topic of biodiversity. So whilst communication about nature and biodiversity is important in itself, so is the need to demonstrate activities that are coherent with the scale of the company, and its dependency and impact upon nature. Finally, companies should be able to measure their impacts.

## Key Findings

1. Approaches to biodiversity are starting to diverge. In part this is due to a maturity in understanding (often brought on by following the TNFD guidance), but it is also dependent upon the business sector. The mining, forest products and food sectors have quite different approaches, possibly a function of the total footprint – mine sites are well defined and relatively small vs food companies with millions of hectares of land dependency. Forest products companies differ again in (typically) owning hundreds of thousands of hectares of land holdings. To some extent the location of the HQ of companies is influencing understanding and disclosure - for example Japanese companies are leading the way on TNFD disclosures due to a Japanese Government push to understand and address the risk exposure of the national economy to natural resources (often through imports).
2. There continues to be some inconsistency in how individual companies are understanding their dependency and risks associated with nature. Nature, (including biodiversity and ecosystem services) continues to appear in different positions in materiality matrices, though even that is not always followed through logically in terms of policy responses and actions. Some companies rate nature high in their materiality matrix, but then cover it superficially. Others rate nature as a medium risk but devote significant effort to reporting on it. In terms of best practice in understanding of the importance of nature, Equinor has a highly relevant explanation of its dependencies. Taiwan Cement, ENGIE, CMPC and Iberdrola use the IPBES 5 drivers to frame their understanding of the importance of nature. A variety of companies use the TNFD LEAP framework. KAO Corporation has the first company to include scenarios in their TNFD report.
3. A further high-level divergence relates to the evolution of sustainability – as a compliance exercise, and whether it is an ‘add-on’ or embedded in the business strategy.

Some companies clearly see reporting as a compliance exercise. They provide plenty of high-level text, though provide few insights of what the consequences of nature loss are for the business. They often use examples of individual activities to demonstrate compliance without being able to demonstrate that nature is embedded in their strategy. And whilst there is some new activity happening, there is also a repackaging of existing work.

On the other hand, we see other companies moving in the opposite direction, and actually ‘under-reporting’ in the annual report, whilst providing good detail elsewhere. These companies have not set a formal global commitment on nature, nor KPIs that are part of formal non-financial reporting. And yet they are simultaneously building new comprehensive approaches and strategies on nature. Kering, CMPC and Forico all have excellent comprehensive standalone nature strategy documents built upon clear, tangible and meaningful work on the ground.

Whilst there are echoes of our previous commentary in 2023 about greenhushing in this development, this may also be a foretaste of a more mature approach to sustainability in the future where companies ‘do the right thing’ but don’t feel the need to communicate and greenwash about it. One example is Mars. Mars rarely mentions nature, though it has one of the most far-reaching commitments for a food company reliant upon millions of hectares of land for its ingredients. It is aiming to ‘hold flat’ the land area associated with

its value chain. This goes far beyond the commitments of other food companies that focus on no-deforestation.

4. 'Nature Positive' continues to be a framing and ambition for many companies. How to operationalise this is becoming clearer. A [recent paper](#) that discussed what Nature Positive means in practice for companies, proposed that 'nature recovery on a global scale requires actions and outcomes both within and beyond the contemporary attributable footprint of an individual company's value chain'.

We start to see a variety of companies doing just that. Kering are aiming to restore and protect an area 6x their land footprint, including one million hectares in landscapes within which they source (constituting three times their sourcing footprint) and an additional one million hectares beyond their value chains. CMPC are aiming to connect 389,000ha of land they manage purely for conservation with a further 850,000ha of third-party land. Suzano are also aiming to create a network of corridors covering 500,000ha in the Amazon, Atlantic Forest and Cerrado.

Commitments outside value chains and company landholdings are important in that they force a rethink of the role of companies within landscapes, the need to work with neighbours for the common good, and the provision of connectivity in landscapes. Connectivity is a core concept that needs more attention to preserve biodiversity, ecosystem services and build resilience to climate change.

These commitments are also significant for their scale compared to the land footprint of the companies. They move the discussion as to what constitutes 'net positive' beyond the traditional small-scale projects (relative to corporate footprint/turnover) that characterise most corporate reports.

5. Monitoring of progress is also evolving. Thai Union has good reporting on progress (as well as good disclosure from the WWF Biodiversity Risk Tool). However, it is the forest companies that continue to lead in this area. StoraEnso has a sophisticated company-specific (and relevant) approach. Mondi has not only a GRI compliant approach but with commentary covering both impacts and mitigation (only available for South Africa forest holdings). Forico uses a monitoring framework aligned with Government priorities. This is an important principle - companies should be aligned with and supporting government priorities.

## Discussion and Recommendations

### Companies

While reporting has a role to play in informing markets of how organisations are identifying and managing nature related risks, authenticity is important too. The best reporting reflects deeper processes taking place at the heart of companies. It is that deeper work around strategy, materiality, dependencies, future operating scenarios, and related action on the ground that is the most important work

Strategies and policies underpin action. These are complex to develop because actions have to be place-based and in accordance with local ecological conditions. Companies that own land clearly have a head start in being able to take context driven action. For those working through complex

supply chains there is, firstly, a big piece of traceability work to build an understanding of the sourcing landscapes. Then, the corporate strategies and policies need to be flexible enough to ensure that actions deliver a relevant ecological outcome. This should take precedence over a desire to set and deliver upon a global target.

As the reporting landscape evolves more towards compliance, it is important to recognise the role of reporting as an organisational learning exercise. It is a moment in the year when a company is able to demonstrate its understanding of its dependency upon nature, and the seriousness of how it is operationalising the TNFD reporting framework. The reporting cycle offers a 'pause for reflection' on both the logic that a company is following and the progress it is making. This is visibly illustrated with nature and biodiversity. Authenticity is important.

## **Academia**

'Nature positive' continues to be an overarching and aspirational narrative. There is a need to have real scientific depth behind this. Academia should be full partners in this process, drawing from ecological science and integrating this with organisational science knowledge.

There is a need to both increase ecological literacy of the academy and to support business to do the same. Bringing together business, nature and biodiversity requires whole new ways of understanding the world, especially helping business understand landscape context, and the boundary between investing in nature closely associated with existing value chains versus contributing to tackling global systemic biodiversity threats, and philanthropic approaches orientated more towards reputation management.

Our work in 2023-2024 with companies gives some insights on what is happening inside companies and contrasts with what is communicated on websites. There will always be a difference. But for academia to be relevant, getting the 'inside story' of what companies are doing is critical, not just what they report on.

## Appendix

Links are provided to the main websites for each company, from which you can navigate to their 2023 sustainability reports/biodiversity disclosures.

### Bunge

- <https://bunge.com>

### CMPC

- <https://www.cmpc.com/en/this-is-cmpc/>

### ENGIE

- <https://www.engie.co.uk>

### Equinor

- <https://www.equinor.com>

### Forico

- <https://forico.com.au>

### Hindustan Zinc

- <https://www.hzindia.com/home/>

### Holcim

- <https://www.holcim.com/>

### Iberdrola

- <https://www.iberdrola.com/home>

### KAO Corporation

- <https://www.kao.com/global/en/>

### Kering

- <https://www.kering.com/>

### Mars

- <https://www.mars.com/>

### Mondi

- <https://www.mondigroup.com/>

### National Grid

- <https://www.nationalgrid.co.uk/>

### Nestlé

- <https://www.nestle.com/>

### Orsted

- <https://orsted.com/>

### Taiwan Cement

- <https://www.tccgroup Holdings.com/en/>

### PepsiCo

- <https://www.pepsico.com/>

Rio Tinto

- <https://www.riotinto.com/>

SierraCol Energy

- <https://sierracolenergy.com/>

StoraEnso

- <https://www.storaenso.com/en>

Suzano

- <https://www.suzano.com.br/en>

Thai Union

- <https://www.thaiunion.com/en>

Unilever

- <https://www.unilever.com/>

UPM

- <https://www.upm.com/>

Vale

- <https://vale.com/>

The following are also useful resources:

- [Now for Nature](#) provides a list of nature strategies.
- [TNFD](#) provides a list of TNFD reports.

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The Pentland Centre continues to investigate this area of work. For more information, please contact:

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