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Why biodiversity deserves a seat at the finance table

Nature is not a separate chapter in the sustainability playbook – it is the foundation on which our entire economy rests. From pollination to clean water, from resilient supply chains to raw materials, nature delivers services essential to business continuity and human wellbeing. Yet, we are witnessing its rapid decline.
The alarming loss of biodiversity is no longer an abstract concern for ecologists.
It is a material risk to global finance. As ecosystems falter, industries tied to agriculture, food, energy, textiles, and health stand exposed. For financial institutions, this creates a dual challenge: managing nature-related risks and aligning capital with nature-positive outcomes.

Nature as capital: The invisible dependency

Too often, we underestimate how deeply intertwined businesses, financial institutions, society, and nature really are. The relationships are complex: companies both depend on nature and impact it, and these dynamics ripple through to their financiers. The benefits and costs flow in all directions.
Yet, these dependencies are often invisible on a balance sheet. Water scarcity, pollinator decline, soil degradation – all translate into rising costs, operational disruptions, and eventually, financial instability. Recognizing these interconnections is the first step toward building resilience.

Biodiversity loss: More than a climate problem

When we talk about biodiversity loss, the conversation frequently centres around climate change. And rightly so, climate change accelerates nature degradation, while a weakened natural system reduces our ability to mitigate climate impacts. But the crisis is broader.
Land-use change through deforestation, pollution of air and water, overexploitation of species, invasive alien species, and even noise and light pollution are all major contributors to biodiversity decline. These drivers are often sector-specific and localised, yet their consequences are global.

Despite this, biodiversity is often ranked as low materiality in ESG risk assessments conducted by financial institutions. This may appear to suggest that biodiversity risks are negligible. However, in many cases, such conclusions are drawn from incomplete or inadequate assessments. Robust methodologies are still evolving, and the absence of standardized, forward-looking data often leads to underestimation. In short: low materiality does not necessarily mean low relevance - it may simply reflect a lack of scrutiny. This gab highlights how far we still are from achieving the ambitions of the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework. Integrating biodiversity into climate strategies is essential, but not enough. We need targeted, systemic action that accounts for the unique drivers of biodiversity loss.

Bridging the gap: How finance can respond

So how can financial institutions turn biodiversity awareness into actionable strategy? The journey begins with assessing how portfolios, loans, and underwriting activities interact with nature, both through direct dependencies and impacts. This is where structured frameworks come in. Primary among them is the Taskforce on Nature-related Financial Disclosures (TNFD).

TNFD: Bringing nature into the risk framework

Launched in 2021, the TNFD is the leading global initiative guiding organizations in identifying, assessing, and managing nature-related risks and opportunities. It mirrors the success of the TCFD but expands the lens to the natural world.

At its core, the TNFD framework introduces four pillars: 1) Governance, 2) Strategy, 3) Risk & Impact Management, and 4) Metrics & Targets, with 14 recommended disclosures. These help companies and financial institutions understand their nature-related exposures and integrate them into enterprise risk management systems.

Crucially, the TNFD does not exist in isolation. It is a globally recognised framework that is interoperable with the European Sustainability Reporting Standards (ESRS) and alignment with international frameworks such as the Global Biodiversity Framework and the CSRD. This interoperability ensures that TNFD is not an additional burden but rather a valuable tool that helps financial actors meet EU disclosure requirements in a harmonized, transparent and efficient way.

The LEAP approach: A practical entry point

Recognizing the complexity of biodiversity risks, the TNFD developed LEAP, a structured, four-step process to support nature-related assessments:

1. Locate the business interface with nature
2. Evaluate dependencies and impacts
3. Assess material risks and opportunities
4. Prepare to respond and disclose

LEAP is not just a reporting tool. It is a strategic planning method. It guides institutions in mapping their operations and portfolios against biodiversity hotspots, sensitive biomes, and nature-related risk drivers. It is designed to be repeatable, flexible, and scalable, regardless of company size or sector.

Importantly, LEAP encourages engagement with local communities, Indigenous Peoples, and affected stakeholders, recognizing that nature cannot be separated from the social fabric.

Stewardship in action: UNPRI's Spring initiative[1]

Disclosure is critical, but on its own, it is not enough. Systemic risks require systemic responses. That is why collaborative engagement platforms like Spring, the PRI's stewardship initiative for nature, are gaining traction.

Spring is supported by over 230 endorsing investors with $16 trillion AUM, and the nearly 90 participant investors collaboratively engage with companies which may have an impact on the dynamics of forest loss and land degradation in priority geographies. This includes actors across food, agriculture, banking, mining, and other forest-risk sectors. Participants benefit from knowledge sharing opportunities, research support, and a robust assessment framework which they can use to structure engagement strategies.

What makes Spring powerful is its focus not only on business operations and supply chain but also on corporate political engagement. Short term or narrow-sighted corporate political engagement, often represented by third-party organizations such as trade associations, can hinder policy action that aims to curtail biodiversity and natural capital loss. By encouraging responsible practices in corporate political engagement, Spring helps align companies' behaviour with global environmental goals, ultimately generating positive, real-world outcomes, while protecting and enhancing investment returns.

The theory of change behind Spring is both ambitious and urgent: biodiversity loss is a systemic financial risk, and addressing it requires targeted action in key geographies, aligned policies, and transparent corporate conduct.

[1]*Spring is a PRI stewardship initiative for nature, addressing the systemic risks of biodiversity loss to protect the long-term interests of investors. Through this, the initiative aims to contribute to the global goal of halting and reversing biodiversity loss by 2030. Spring seeks to enhance corporate practices, ultimately generating positive, real-world outcomes, while protecting and enhancing investment returns. In its first phase, Spring will focus on tackling forest loss and land degradation in priority geographies and encouraging responsible practices in corporate political engagement. They also seek to support the work of other stewardship initiatives on nature, as we recognize the need for multiple approaches to create a sustainable future.*

The road forward: From risk to resilience

The biodiversity crisis is a defining issue of our time, and the financial sector must be part of the solution. Aligning capital with nature-positive outcomes is not just an ethical imperative; it is a business necessity. To move from words to action, we must:

- Assess and integrate nature-related risks
- Map dependencies and impacts. Use frameworks like TNFD and LEAP to identify hotspots and design mitigation strategies.
- Commit to transparent reporting
- Align with global disclosure standards. Make biodiversity visible to investors, stakeholders, and regulators.
- Build internal capacity
- Train staff, raise awareness, and foster a culture that embeds biodiversity into strategic decision-making.
- Engage beyond the balance sheet
- Join coalitions like Spring. Influence not just companies, but the systems that shape them.

From awareness to action

We are at a crucial inflection point. Biodiversity is no longer the “forgotten pillar” of ESG, it is rising to the top of the risk agenda. Institutions that act now can not only manage emerging risks but also tap into new opportunities – from nature-based solutions to sustainable supply chains.

This transition is not about philanthropy. It is about long-term value creation. As biodiversity gains its rightful place on the financial agenda, the question is no longer if the finance sector should act, but how fast.

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