



From Risk to Resilience:

The Business Imperative
of Nature Restoration

NATURE 
POSITIVE

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Contents

Executive Summary	4
Introduction	6
Nature restoration and the business sector	7
An ambitious policy for nature restoration	7
Business support for nature restoration policy	9
The climate, social and economic benefits of nature restoration	11
Business case studies	14
CEMEX – Restoration of Pastor quarry	14
EDF – River restoration in the Romanche-Gavet facility	16
Iberdrola – Ecological restoration around Nuñez de Balboa photovoltaic plant	18
Making the case for investing in nature restoration	19
Benefits and opportunities for businesses	19
Market-based opportunities	19
Operation-based opportunities	20
Job maintenance and creation	21
Supporting ecosystem services	22
Creating partnerships and enhancing reputation	22
Risk mitigation and management	23
How can a strong EU Nature Restoration Law support businesses in nature restoration?	24
Conclusions and key recommendations	25
Bibliography	27
References	28

Executive Summary

We are experiencing an unprecedented decline in nature, with all the warning signs showing a terrible situation getting increasingly worse. With more than 80 per cent of the EU's natural habitats in poor condition, there is an urgent need to act to restore what has been lost and avoid huge risks to our financial system. Healthy, functioning ecosystems are the basis of life itself. They contribute to the well-being of society and underpin our food systems and broader economy. Nature is our ally in the fight against climate change and adapting to its impacts. It is essential for our future resilience and security. As such, it is in the interests of governments, citizens and businesses to work towards the restoration of nature.

Policymakers are beginning to respond to this crisis – at the global level, 2022's Kunming-Montreal Global Biodiversity Framework (GBF) sets global targets to halt and reverse nature's decline. In the EU, the proposed Nature Restoration Law is aimed at setting the framework for the implementation and delivery of these targets.

Corporations and businesses realise their critical role in halting and reversing this unprecedented loss of nature. This briefing was written to support and encourage businesses in their nature restoration work. Many businesses are already taking action, and this briefing draws on concrete business examples from CLG Europe members who are leading the way. It highlights best practices of nature restoration that benefit both biodiversity and businesses.¹ These examples also show the business benefits of nature restoration, including innovations in business operations; resilience to climate change and development of new partnerships. We know for example that healthy ecosystem services bring enormous economic benefits: **the overall benefits from Natura 2000 land were valued at between €200 to €300 billion per year**, and this is likely a huge underestimate. We hope this will encourage more businesses to act.

The briefing also draws on discussions with business members of CLG Europe to describe some of the barriers to nature restoration projects. This analysis shows how a strong EU Nature Restoration Law can help overcome these barriers and scale up action from businesses. The following recommendations will help this to happen:

- Businesses should commit to ambitious nature action, that includes **nature restoration**, as part of a wider nature, climate and sustainability strategy. Within this strategy, assessing nature related risks will help contribute to businesses' future resilience. The business sector can **play a significant role in shaping the National Restoration Plans set by governments by engaging in the planning process**. Companies **can get actively involved in the process**, bringing their own expertise and helping to deliver the socio-economic benefits from nature restoration.
- **Businesses should engage with local and regional stakeholders** to increase public support for nature restoration, while also enhancing their own reputation. Sustained engagement and collaboration between businesses and others can help deliver the wider benefits of nature restoration.

- **Create an enabling policy framework for nature restoration** – as set out in the EU's proposed Nature Restoration Law. Providing a predictable legal environment, together with ambitious legal targets, will help businesses to engage in nature restoration.
- **Ensure the right levels of funding and investment for nature restoration.** A stable legal framework will help deliver this, with businesses playing a key role in nature investment. Companies can engage in public-private partnerships and explore blended finance for nature restoration.

Implementing the EU's nature agenda will bring benefits to both business and society. This briefing shows an emerging appetite for nature restoration from the private sector. The task now is to continue down this transformative pathway, putting in place the legal, financial and corporate factors to drive nature restoration at the pace needed.



Introduction

Nature is crucial to functioning societies and economies, providing many ecosystem services which underpin food production, water quality and quantity, climate mitigation and adaptation, and other needs. However, the 2020 *State of Nature in the EU* report found that 81 per cent of habitats are in poor conservation status, with very little improvement in the last decade.² Natural habitats are subject to continued and increasing pressures such as changes in land use and pollution, and these pressures are being further exacerbated by climate change. Habitat degradation creates negative impacts for biodiversity and threatens the ability of nature to deliver the ecosystem services on which we all ultimately rely.

The current global rate of decline in biodiversity is unprecedented in human history, and this vast deterioration of oceans, rivers, forests and other ecosystems is eroding the very foundations of our economies and society.³ We all depend on nature⁴ for our food, our health and our economies – action is therefore needed to reverse this negative trend. It is estimated that 55 per cent of global gross domestic product (GDP) (amounting to US\$58 trillion) is moderately or highly dependent on natural resources and ecosystem services. This figure was calculated by assessing the dependency of more than 160 sectors on nature⁵ and highlights the particular risks stemming from biodiversity loss for businesses in these sectors.

However, simply protecting species and habitats is no longer sufficient to halt biodiversity loss. While preserving existing biodiversity is important, we need to restore nature and reverse the degradation and loss that has already occurred to bring our ecosystems back into good condition. Both protection and restoration are urgently needed to ensure that ecosystems continue to deliver environmental, social and economic benefits.⁶



Nature restoration and the business sector

An ambitious policy for nature restoration

The European Green Deal (EGD) is a package of policy initiatives that aims to set the EU on the path to a green transition, with the ultimate goal of reaching climate neutrality by 2050.⁷ The package includes initiatives covering climate, the environment, energy, transport, industry, agriculture and sustainable finance – all of which are strongly interlinked. While the climate focus of the Green Deal is obvious, there is also an important nature pillar to the package. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and the Intergovernmental Panel on Climate Change (IPCC) have stressed the interconnectivity of the climate and biodiversity crises and the importance of tackling the two together.⁸

The nature pillar of the Green Deal is embodied in the proposal for a **Nature Restoration Law (NRL)**, published by the Commission in June 2022 as a response to the EU Biodiversity Strategy to 2030's commitment to adopt legally binding targets for nature restoration.⁹ It is the first time EU-level binding nature restoration targets have been set in a legislative instrument. The law introduces binding targets and obligations across a broad range of ecosystems on land and at sea. It sets an EU-level objective to have nature restoration measures in place on at least 20 per cent of EU land and sea by 2030 and on all ecosystems in need of restoration by 2050, as well as ecosystem-specific targets for agricultural, forest and urban ecosystems.



The table below highlights the **key features of the proposed Nature Restoration Law**.

Title	EU Nature Restoration Law (NRL)
Important dates	<p>The European Commission published its proposal for an EU Nature Restoration regulation in June 2022.</p> <p>The Council of the Environment adopted its position on the proposal on 22 June 2023.¹⁰</p> <p>The European Parliament voted on its position on the proposal on 12 July 2023.</p> <p>At the time of publication (September 2023) the proposal is in trilogue negotiations between the European Council, the European Parliament and the Commission, under the management of the Spanish Presidency of the European Council,¹¹ which aims to reach agreement by the end of 2023.</p>
Objective	<p>The overarching objective of the Nature Restoration Law is to establish a framework within which Member States shall put in place restoration measures which cover at least 20 per cent of the Union’s land and sea areas by 2030 and all ecosystems in need of restoration by 2050. It also creates obligations for Member States to restore specific ecosystems, such as terrestrial, coastal and freshwater, marine, urban, etc. The law represents the nature pillar of the European Green Deal and is essential for, first, reversing biodiversity decline, but also mitigating climate change by restoring the capacity of ecosystems to sequester and store carbon, and adapting to climate change by improving their resilience to extreme natural events.</p>
Key obligations	<p>Under the law, Member States would have two years following its entry into force to adopt National Restoration Plans. These Plans will lay out the country’s strategy to meet the targets and obligations set out in Articles 4–10. The law proposes a set of overarching targets for all ecosystems as well as individual restoration targets for specific ecosystems. Concretely, there are targets based on existing legislation (for wetlands, forests, grasslands, rivers and lakes, heath and scrub, rocky habitats and dunes), targets for pollinating insects, for forest ecosystems, for urban ecosystems, for agricultural ecosystems as well as marine ecosystems and river connectivity – identifying and removing barriers that prevent the connectivity of surface waters.</p>

At the global level, 196 countries agreed the Kunming-Montreal Global Biodiversity Framework (GBF) in December 2022, which includes a series of global targets. The GBF includes a target to ensure that at least 30 per cent of degraded terrestrial, inland water, and marine and coastal ecosystems are under effective restoration by 2030 (Target 2). While this target is not binding, it commits the EU and its Member States to adopting ambitious restoration strategies which will contribute to this global objective. The proposed EU Nature Restoration Law will contribute to implementing several of these global targets, including Target 2 on the restoration of degraded ecosystems, Target 7 on addressing pollution (including from pesticides) and Target 10 on sustainable land use. A failure to adopt an ambitious law would impede the EU implementation of the GBF and harm the EU’s position as a global environmental leader.

Business support for nature restoration policy

Large corporations and businesses understand the business rationale for solving the nature crisis as well as their own critical role in halting and reversing biodiversity loss. Prior to the Convention on Biological Diversity Conference of the Parties (COP15) in December 2022, more than 330 businesses urged world leaders to adopt Target 15, which encourages all large businesses and financial institutions to assess and disclose their impacts and dependencies on nature by 2030.¹² In January 2023, the **EU Corporate Sustainability Reporting Directive (CSRD)** entered into force. This EU law requires all large companies to disclose information on what they see as the risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment.

The business sector has been one of the key stakeholder groups calling for strong nature restoration targets and speaking out with others against claims that the new law would threaten food security in Europe. Agriculture in the EU is heavily dependent on healthy ecosystems, and the “real threats to food security are climate change and biodiversity collapse”.¹³ Companies like IKEA, H&M, Iberdrola, Unilever, Nestlé and Danone all emphasise that nature restoration is perfectly compatible with human activity, and essential to ensure the viability of European soils and sustainability of European agriculture.¹⁴

Companies themselves have become increasingly **aware of the risks and costs associated with inaction on nature restoration**. It is now recognised that nature-related loss could also drive second-order effects and even threaten the broader stability of financial systems.¹⁵ It is also very likely that various nature-related losses and impacts will increasingly happen simultaneously and cumulatively, rather than occurring as isolated risks.¹⁶

Since the publication of the EU proposal, businesses have publicly expressed their support for a strong Nature Restoration Law and have stressed the importance of nature restoration for climate and economic resilience:

- In a letter to the European Parliament’s Environment, Agriculture and Fisheries Committees, **over 15 business and investor networks urged the European Parliament to support the Nature Restoration Law** and highlighted the benefits of restoration for businesses, such as increased resilience against extreme weather events, job creation and the creation of new markets.¹⁷
- In July 2023, **CEOs and executives from more than 80 companies urged the EU to adopt regulations that promote nature protection, restoration and the sustainable use of natural resources**. In doing so, the EU would “create a level playing field for all businesses in Europe, by providing regulatory certainty and enabling conditions to foster innovation, transform business practices and business models, and ensure forward-thinking companies are rewarded for their actions to halt and reverse loss. The EU would become a more competitive, resilient and sustainable economy”.^{18,19}

Simultaneously, the proposal has raised strong fears in the farming, forestry and fisheries sectors, which are worried that the law will be a threat to the livelihoods of European farmers, foresters and fishers, and that it will decrease food production. In response to these concerns, around 6,000 scientists signed an open letter that lays out scientific evidence that counters these assumptions. It also points out that climate change is an urgent and increasingly serious threat to food production, jobs and incomes in Europe's farming, forestry and fisheries sectors, and that nature restoration is essential for maintaining sustainable production in the long term.²⁰

It is estimated that with no improvement to the current policy framework on nature and no scaling up of existing restoration efforts, the condition of Europe's nature and its ability to provide ecosystem services will significantly worsen. Society and businesses that are dependent on nature will bear the costs of inaction. **The monetary benefits of restoring the EU's priority habitats are estimated to reach around €1,860 billion, with costs estimated at around €54 billion.**²¹ The economic costs of inaction – in this case, failing to introduce environmental policies or introducing ones that are not sufficiently ambitious – include the direct financial costs that are associated with environmental degradation, such as health service costs and contaminated site remediation. Inaction also brings indirect costs that are reflected in associated markets, such as the labour market, and the loss of environmental use values (which are often difficult to monetise).²² Although it is extremely complex to evaluate the full range of costs of inaction when it comes to nature restoration, **the impact assessment of the EU Nature Restoration Law proposal estimates the cost of inaction at €1,700 billion.**



The climate, social and economic benefits of nature restoration

In the last World Economic Forum Global Risks Perception Survey from 2022, the top three risks by severity for the next 10 years were climate action failure, extreme weather events, and biodiversity loss and ecosystem collapse.²³ By implementing nature restoration measures, a range of different sectors can mitigate these risks and benefit from numerous win-win solutions for society, the economy and the environment.

Climate change is increasing the frequency and severity of extreme weather events, increasingly exposing businesses and their operations to the impacts of droughts, floods, forest fires and heatwaves. These physical risks impact all sectors, such as water scarcity creating supply shortages and floods increasing insurance risk. Businesses will have to adapt to climate change, and to mitigation and adaptation policies, and will likely face increased business costs as a result.²⁴

Nature restoration is a **key ally in the fight against climate change**. There is also a growing recognition that there are complex interconnections between climate change and nature loss, meaning that a systemic approach is needed to understand their social and economic implications.²⁵ It will be of critical importance to include nature restoration in national climate transition plans prepared by businesses.

“Nature is becoming a priority for companies, including for comprehensive climate action. Restoration is a key pillar of Salesforce’s Nature Positive Strategy, which supports and accelerates the climate commitments we’ve made as a business. Nature and climate are interdependent and we can’t address one without the other – we welcome that more businesses and governments are making commitments and investments with this in mind.”

Tim Christophersen, VP Climate Action, Salesforce





Climate mitigation

Nature restoration plays a critical role in reaching the EU's carbon neutrality target by 2050. It contributes to climate change **mitigation** as it reduces and avoids emissions from land, enhancing ecosystems' capacity to capture and sequester carbon in natural sinks and helping prevent future emissions by increasing ecosystem resilience.²⁶ Without significant scaling up of restoration in the EU, the overall level of net removals will decrease, and will make it unlikely that the bloc will achieve its carbon neutrality target.²⁷ Specifically, **restoring peatlands, agroecosystems and forests holds great potential**. Peatlands store nearly 30 per cent of global soil carbon, and rewetting 35 per cent of the total area of agriculturally used peatlands in the EU under the Nature Restoration Law's proposed target would reduce their total emissions by 25 per cent (around 45 Mt CO₂ eq).²⁸ It is important to bear in mind that nature restoration should go hand in hand with strong decarbonisation efforts in all relevant sectors, and should in no way be used as an alternative to emissions reductions.

Climate adaptation



Climate change is exacerbating the frequency and intensity of climate-related extremes such as floods, forest fires and droughts. Nature restoration plays a **key role in adapting** to climate change, as it can reduce human exposure to these hazards and the vulnerability of ecosystems and biodiversity to their impacts.²⁹ In the long term, nature restoration can be more cost effective than grey infrastructure solutions.³⁰ For example, **flood mitigation** services are currently under threat and costs to repair flood damage could increase to €32 billion a year in the EU by 2050, under a 2°C scenario. **Restoring ecosystems such as rivers, wetlands, forests and agroecosystems** increases their flood retention capacity as they absorb and retain water naturally.³¹ Enhancing the floodwater retention areas of rivers in Europe can decrease flood exposure by up to 70%.³² Restoring aquatic ecosystems can increase their water storage capacity, thereby avoiding flooding and providing fresh water in periods of **drought**. Restoring urban ecosystems helps increase **resilience to extreme heat** in urban areas as green spaces and vegetation cover and cool the land surface temperature, helping reduce the 'urban heat island' effect. Restoring coastal ecosystems contributes to reducing the risks of **terrestrial and coastal erosion**, as coastal sand dunes for example provide natural barriers against ever-increasing marine flooding, storms and erosion.



Food provision and security

Nature restoration is a critical factor in **food provision and security**, which is directly dependent on a healthy environment and coming under pressure from climate change. Food provision is underpinned by a range of ecosystem services which benefit from nature restoration, such as **pollination**. Eighty-four per cent of crops at least partially depend on pollination by insects and these pollination services are valued at €10 to €15 billion per year in the EU.³³ Reversing pollinator decline by restoring pollinator habitats and ecosystems contributes to enhanced crop productivity and quality. Action to address the risks of pollinator decline has so far been hampered by a lack of knowledge of which crops and sourcing regions are potentially vulnerable to pollinator decline and by the lack of an effective business case for action.³⁴ The proposed law can facilitate action for pollinators, as it includes an **obligation to reverse the decline of pollinators and to achieve an increasing trend of pollinator populations until satisfactory levels are reached**.

Nature restoration can also prevent **soil degradation**, which is now costing more than €50 billion per year in the EU alone. Damaged croplands are estimated to contribute to a loss in agricultural productivity of €1.25 billion per year in the EU. Nature restoration also contributes to **pest control** and improved **water supply and availability** for crops.



Social benefits of nature restoration

Finally, it is important to highlight the **social benefits of nature restoration**, namely for **human health, well-being and quality of life**. Access to natural spaces can help promote **healthier lifestyles** by encouraging people to be more physically active, as well as acting as a preventative measure for chronic and cardiovascular diseases and diabetes, resulting in better physical, mental and social health.³⁵ Exposure to green areas contributes to improving air quality and to reducing disease and mortality linked to air pollution. It also has **mental health benefits** such as reducing stress and anxiety, depression and loneliness.³⁶ As the most recent global pandemic highlighted, people's mental health is heavily influenced by their ability to interact and connect with nature. It is a powerful means through which to combat anxiety and depression and it is therefore important that natural spaces are not only looked after but made accessible to everyone.³⁷ The improvement of physical and mental health associated with green and blue spaces reduces average health care costs for the population as a whole.³⁸

The range of benefits nature restoration provides to the economy and wider society points towards a strategic business case for investment in nature restoration – whether this is investment to secure continued supply of goods, such as business programmes to encourage pollinator-friendly farming practices, or opportunities to invest in nature restoration as part of business efforts to reach carbon neutrality, taking advantage of the co-benefits from nature restoration and decarbonisation activities. Nature-based solutions to climate change, water management or health and well-being allow businesses to support restoration projects that would otherwise not go ahead without corporate investment.³⁹

“Funding from businesses can be catalytic in scaling investment to achieve a just and sustainable 1.5°C future and natural climate solution projects are a critical component of this journey. Importantly, these projects can also support jobs and create economic opportunities for the local communities in addition to the environmental benefits.”

Erik Hansen, Senior Director, Environmental Sustainability, Workday

A strong nature restoration policy can provide a framework for businesses' investment in nature restoration, identifying and balancing the various risks and opportunities faced by individual businesses, wider society and the economy. Policy can also help to ensure that nature restoration is tackled alongside climate action, avoiding single-issue solutions, for example tree planting to offset carbon emissions that does not build in nature restoration benefits.

Business case studies

This section showcases best practice examples of nature restoration carried out by three different companies whose projects have benefitted nature and society as well as the business itself.

Cemex – Restoration of Pastor quarry

Sector	Construction, cement and concrete manufacturer
Nature restoration best practice example	Pastor quarry
Member State	Spain
Type of habitat restored	Terrestrial
Funding	EU LIFE programme (partial funding) and Cemex
Partnership/collaboration	University of Barcelona

Project description and biodiversity benefits achieved

In **Spain**, in the Pastor clay quarry, Cemex Spain collaborated with the University of Barcelona to develop a **restoration scheme designed to deliver water-based solutions**, with financial support **from the EU LIFE programme**.⁴⁰ The restoration method transformed the hard, steep clay terraces into naturally shaped landforms resembling the surrounding natural landscape.⁴¹ This has helped to retain water on site and improved the quality of the discharge offsite. If left unrestored, the hard surfaces would allow water to evaporate while the pool at the bottom of the pit would dry out. Soil degradation caused by consecutive droughts in the region had reduced water availability for native species and caused sediment flow which affected water quality in two neighbouring nature reserves.

The restoration project created many **biodiversity benefits**, through the creation of a new valley wetland. Plants and wildlife have benefitted from the restored habitats, including protected bird species such as warblers and owls.



Credit: CEMEX Pastor quarry



Credit: CEMEX Pastor quarry

The restoration work is being systematically implemented while the Cemex clay quarrying operations continue. This progressive restoration allows the natural vegetation and typical species to recolonise these areas as quarrying continues in other areas.⁴² There have been **no negative economic or operational effects** in terms of volume of clay or changes to the machinery pool and operations for the quarry operator. The project has a **high demonstration value**, showing that land-transforming activities such as quarrying are compatible with the maintenance and even improvement of ecosystem services. Since this project can serve as a model for others, the region will benefit from similar initiatives and training courses.

Link with the proposed EU Nature Restoration Law

The proposed law includes binding measures to **restore to good condition**⁴³ protected habitats under the Habitats Directive and to put in place restoration measures for the terrestrial, coastal and freshwater habitats of protected species under the Birds and Habitats Directives.

The restoration measures implemented in the Pastor quarry are aligned with the targets proposed in the law as they are contributing to restoring EU priority habitats and species that also occur in the two nearby Natura 2000 sites.⁴⁴



EDF – River restoration in the Romanche-Gavet facility

Sector	Energy, electric utility company
Nature restoration best practice example	River restoration in the Romanche-Gavet facility
Member State	France
Type of habitat restored	River
Funding	EDF, Rhône Mediterranean Corsica Water Agency
Partnership/collaboration	National Forest Office, National Alpine Botanical Conservatory

Project description and biodiversity benefits achieved

The restoration of the **Romanche-Gavet facility in France** is an example of a company going beyond regulatory obligations to **restore riverbanks with local plant species and recreate the connectivity of the river for fish along the whole river length**. The Romanche-Gavet development **replaced six power plants and five dams with a new modern and more environmentally friendly facility**. The development in the Romanche Valley started with the construction of the new facility (from 2012 to 2020) and was followed by the deconstruction of the dams and power plants (from 2021 to 2024).

The new dam has been equipped with a 60-metre-long fish pass to allow local fish species to spawn along the river upstream over 30 kilometres.⁴⁵ After the dismantling of the old dams, the fish will be able to swim up the entire length of the river. The company went beyond what is legally required since the regulations in place did not require fish and sediment continuity on this stretch of river.



Former site of Rioupéroux dam and water intake
Credit: EDF



Romanche-Gavet, largest hydroelectric project in France
Credit: EDF

EDF is carrying out restoration work along the river stretches of the former power stations, removing artificial bank structures and river channels and restoring 4 hectares of riverbank and 1 hectare of river habitat.⁴⁶ EDF has partnered with the National Forest Office to collect seeds and local plants, which were harvested in the natural environment within a maximum radius of 25 km. This was in accordance with the 'local plant' label created by the French Biodiversity Office and the National Alpine Botanical Conservatory, the latter providing technical support. Local regulations requested the company to restore the area to its 'initial state', but it did not specify that it had to be done with local species. Early results have shown positive **biodiversity benefits** since the plants have adapted well and there have been fewer invasive alien species on the sites.⁴⁷ This initiative will also ensure ecosystem stability and promote biodiversity, particularly for pollinating insects.

Link with the proposed EU Nature Restoration Law

Under the proposed law, Member States will have to make an inventory of barriers to the longitudinal and lateral connectivity of surface waters, and identify those that can be removed to contribute to the restoration of freshwater habitats and species.⁴⁸ Restoring rivers to a free-flowing state also **contributes to the achievement of Article 4 of the Water Framework Directive**.⁴⁹

The Romanche-Gavet development shows how companies can achieve nature restoration alongside business operations, removing barriers as well as adapting them to allow fish and sediment continuity.



Iberdrola – Ecological restoration around Nuñez de Balboa Photovoltaic plant

Sector	Energy, electric utility company
Nature restoration best practice example	Conservation of endemic flora, provision of habitat for local fauna
Member State	Spain
Type of habitat restored	Agricultural land
Funding	Iberdrola
Partnership/collaboration	Local community

Iberdrola performed an integrated ecological restoration of an agricultural land as part of the Nuñez de Balboa Photovoltaic plant. The goal of the ecological restoration is to create a positive impact on biodiversity focusing on conservation of endemic flora, provision of connectivity, shelter and food for local fauna and provision of social and economic benefits through the promotion of ecosystem services. Studies and stakeholders’ consultations were carried out to define the conservation objectives of the 1000 ha of land, of which only around 400 ha are occupied by the photovoltaic infrastructures.

Actions included the creation of 7 ha of endemic flora as a genetic reserve of orchids and other endemic flora, the restoration of riparian vegetation, the plantation of tree and shrub vegetation as mosaic in 4 areas of the plant covering a total of 1.5 ha for shelter of fauna, the protection of steppe bird through land stewardship agreements and cropland management for this purpose. The control of vegetation growth is managed with sheep rather than herbicides to improve soil structure and seed dissemination. Native aromatic species are used to improve pollinators and “*ecological solar honey*” is produced from beehives placed at the solar plants. The project also contributes to conservation of species with monitoring programs. The biodiversity assessments show that, despite the short time passed since all these actions were implemented, the plant already performs better in terms of biodiversity richness and population numbers than the control areas outside its boundaries.



Nuñez de Balboa photovoltaic plan
Credit: Iberdrola



Nuñez de Balboa photovoltaic plan
Credit: Iberdrola

Making the case for investing in nature restoration

This section highlights specific benefits and opportunities for companies engaging in nature restoration, and the risks associated with inaction. It also addresses some of the legislative and financial barriers most frequently mentioned by businesses, and proposes practical policy solutions to tackle them.

Benefits and opportunities for businesses

Restoring nature is crucial for continued business operations but also creates many opportunities. These are described in detail below together with examples from specific companies.



Market-based opportunities

Market-based opportunities arise when companies develop biodiversity-positive or nature-friendly products and services that result in new revenue streams. Nature restoration can also stimulate and create incentives for new entrepreneurial opportunities by attracting new investment. For example, new eco-friendly business models can be developed by providing products and services that help transform existing value chains to make them eco-efficient and circular. Other examples include resource-efficient consumer offerings such as Software-as-a-Service models, meat alternatives, and business products such as energy-efficient production systems. Companies can also develop product and service innovations that serve as enablers of biodiversity-safe business, for example precision farming tools that help reduce the biodiversity impact of other sectors.

Business examples:

- **Iberdrola's** reforestation in the Cortes de Pallás forest adjacent to their Cortes-La Muela Hydroelectric Plant was innovative in nature since pioneering techniques were used to spread seeds with drones and conserve existing vegetation.
- **Cemex Spain** collaborated with the University of Barcelona in the Pastor quarry to develop an innovative restoration technique designed to deliver water-based solutions in former quarries.



Operation-based opportunities

Operation-based opportunities arise when companies use nature restoration to improve their internal practices and create co-benefits, such as reducing production costs by improving natural resource use. For example, integrating eco-efficient and circular production systems (such as integrated pest management practices) will lead to significant improvements in natural resource use, emissions, pollution and waste for existing products, effectively reducing production costs.⁵⁰ The company may address its own impacts on nature and identify how reducing them creates benefits, for example, investing in freshwater restoration to reduce water treatment costs.

Business example:

- **Coca-Cola Europacific Partners** aims to replenish 100 per cent of the water used in its finished beverages to protect and reinstate watersheds in its operating and sourcing regions that foster biodiversity and contribute towards secure access to water. In addition to this, it has a target to achieve 100 per cent regenerative water use by 2030 in watersheds which face increased levels of shared water challenges. This means it aims to replenish all of the water that it uses at production facilities through the beneficial use of wastewater and replenish projects in the minor river basin of these sites.

“We rely on nature for the water we use and our ingredients and we understand that the restoration of natural ecosystems is key to the long-term viability of our business, the economy and society. We are taking action through our supplier guidelines which drive the sustainable sourcing of our agricultural ingredients, our water stewardship activities which aim to improve watershed health and by reducing our absolute GHG [greenhouse gas] emissions across our value chain to achieve net zero by 2040.”

Joe Franes, Vice President, Sustainability, Coca-Cola Europacific Partners



Camargue, France
Credit: CCEP



Job maintenance and creation

Nature restoration also leads to **job maintenance and creation**. The proposed Nature Restoration Law will require preparation of **national restoration programmes, which will create employment and income opportunities** for ecosystem managers and local communities as well as for restoration and remediation businesses. This will benefit society, the economy as a whole and sectors which rely on particular ecosystem services.⁵¹

In the EU, around **4.4 million jobs are directly dependent on healthy ecosystems**, and a significant proportion of these are situated within the Natura 2000 network, a network of protected areas covering Europe's most valuable and threatened species and habitats. The investment needs of the network are expected to support as many as 500,000 additional jobs.⁵² This covers jobs in conservation management, but also in urban, rural and coastal development and sustainable production of fisheries, crops, timber and so on. Since restoration can also be undertaken outside of protected areas, this figure is likely an underestimate.

Moreover, nature restoration increases ecosystem resilience, and can therefore **sustain and create jobs in sectors that depend on the natural environment**, such as farming, fishing and forestry, as well as tourism, cultural heritage and recreation.⁵³ Furthermore, there is an as yet unknown potential for scientific breakthroughs linked to research into the planet's genetic heritage, our "living library", which can act as a catalyst for creating skilled jobs.⁵⁴

Business example:

- **EDF's** restoration of the Romanche river valley is bringing many benefits for businesses and the region. This deconstruction and restoration project is mobilising nearly 20 EDF employees and around 20 contractors, all of whom are based in the Auvergne-Rhône-Alpes region, thereby promoting economic dynamism and employment in the region.⁵⁵ At least 5 per cent of the workforce will be employed under a social inclusion clause that returns long-term unemployed people to work.
- In 2022 and 2023, **Workday** supported the funding of 165,000 mangroves planted in Mexico, and 35,000 in Kenya. On top of the environmental benefits, these projects also helped provide jobs to those local communities. In Mexico, 30 full-time employees and hundreds of seasonal workers planted mangrove seedlings, creating new jobs and economic opportunities.



Supporting ecosystem services

Nature restoration sustains a range of **ecosystem services which businesses depend on**. Healthy ecosystem services bring enormous economic benefits: the **overall benefits from Natura 2000 land were valued at between €200 to €300 billion per year**, a large underestimate since this excludes marine protected sites and further extension of the network since its creation.⁵⁶ These ecosystem services are threatened by the combined pressures mentioned above and are therefore losing their provisioning and regulating functions. These losses would cost significantly more than the cost of restoring nature before it is too late.⁵⁷ Companies which undertake restoration measures therefore **address the physical risks of biodiversity loss by strengthening ecosystem resilience**, targeting specific benefits and co-benefits.

Business example:

- The **Cemex** restoration in the Pastor quarry supports the provision of ecosystem services and helps tackle the region's water scarcity problems.⁵⁸ The area is starting to provide additional ecosystem services such as carbon sequestration and cleaner air. Restored ecosystem services, such as flood control, climate change regulation, pollination and enjoyment of the landscape also bring benefits to society and the economy. The restoration measures allow the regulation of swells generated by the canyon, which have sometimes caused flooding on the nearby highway. Flood protection benefits society by avoiding possibly fatal accidents, and benefits the economy by preventing potentially very high costs to repair the damage caused by the floods.



Creating partnerships and enhancing reputation

Nature restoration creates business **opportunities to build partnerships with both national and local stakeholders, including civil society organisations, which in turn helps to enhance a company's reputation and acceptance by the public**. This acceptance can also lead to wider dissemination of the benefits achieved. Collaboration in general is key to managing limited natural assets in a way that benefits nature while continuing to meet people's needs into the future. **Indigenous knowledge and the need to engage stakeholders** including local communities in discussions around natural asset management is thus critical.

Company example:

- **EDF** partnered with the French National Forest Office to collect seeds and plants from the local area. EDF's initiative to request inclusion of local plant species in the technical specifications of the projects aims at encouraging local contractors to be aware of the local plants suitable for this type of habitat and have them readily available for similar projects in the future.⁵⁹ This has a potential to bring socio-economic benefits to the region as the local companies will have this know-how advantage compared to other companies. This initiative will also ensure ecosystem stability and promote biodiversity, particularly for pollinating insects.

The EU Nature Restoration Law will create more large-scale nature restoration projects with the potential to generate biodiversity or carbon credits that companies can purchase to meet their **corporate sustainability governance targets**. Companies will be able to invest in nature restoration projects to show their environmental responsibility and commitment.

Business example:

- **Salesforce** has published a Nature Positive Strategy, outlining its vision and a set of actions the company will take to contribute towards a nature-positive future. A key pillar of this strategy is leading on nature restoration at scale, which includes making investments and forging partnerships to protect and restore nature. Salesforce is focusing its efforts on forest ecosystems through its commitment to 1t.org, which it co-founded to help protect and restore 1 trillion trees by 2030; on supporting innovations that restore ecosystems while also strengthening livelihoods and communities through its US\$100 million Ecosystem Restoration and Climate Justice Fund; on oceans through its goal to purchase 1 million tons of high-quality blue carbon credits by the end of 2025; and on nature at large through its investments in nature-based solutions as part of the company's commitment to net zero residual emissions.
- **Workday's** investment provides carbon finance as a catalyst to scale up carbon removal projects that can help improve water quality and fisheries, and build coastal resilience to withstand hurricanes and floods. On top of the environmental benefits, these projects also help provide jobs to local communities.



Risk mitigation and management

Companies not engaging in nature restoration face several risks to their businesses. The decline of ecosystem services in the EU generates **physical risks** for companies that directly depend on biodiversity. These may translate into reduced productivity and disruption of operations. In addition, when a company's activities have impacts on biodiversity, this may translate into **regulatory risk**, if new environmental legislation enters into force and puts the company at risk of non-compliance.

In addition, biodiversity impacts can result in **reputational risks** for companies, presented by the reputational damage caused by negative environmental impacts of their activities on both the environment and society. Again, companies can choose to publicise their actions, such as implementing restoration measures on their locations to generate positive publicity. Finally, **market risks** may arise from all these categories, as a result of changing dynamics in markets, such as sourcing restrictions due to resource scarcity for example. These risks may appear as input price increases or changes in the competitive landscape that influence brand value.⁶⁰

How can a strong EU Nature Restoration Law support businesses in nature restoration?

A coherent EU legal framework for nature restoration will create greater opportunities for businesses to invest in nature restoration.

In discussions with businesses to prepare this briefing, one of the most frequently mentioned barriers was the **lack of a comprehensive EU legal framework** driving large-scale nature restoration. The absence of legal targets to restore nature means there are no national strategies and no spatial planning in place, and hence it is more difficult to find opportunities to invest. There is simply no driver to push for more nature restoration as legal ‘hooks’ are lacking.

The law will oblige national governments to take action and put measures in place to achieve the overall goals and targets set out in the legislation. Member States will be obliged to prepare **National Restoration Plans** clearly describing how they intend to achieve their specific objectives.

Many businesses are already subject to restoration rules and many actions are already legal requirements, eg river connectivity (under the Water Framework Directive) and protection of EU priority habitats and species (under the Habitats Directive) within Natura 2000 sites. The proposed EU law will bring all of these **obligations on nature restoration together in a single legislative instrument**, making business compliance with restoration rules more coherent and giving businesses more security and larger perspectives.

Companies can play a significant role in national restoration processes supporting delivery of countries’ National Restoration Plans, which will bring more opportunities to engage in the restoration actions. Leading companies such as those profiled in this briefing are already going beyond legal obligations. However, an EU legal framework would incentivise them to go even further, making their actions more coherent and aligned with national biodiversity needs.

Proactive companies can use the Nature Restoration Law as an opportunity by putting in place restoration measures which can contribute to their Member State’s National Restoration Plan. There are likely to be many more opportunities for businesses and, once restoration is underway, further avenues for action could open up, supported by secondary legislation at the national level.

Lack of financing is another frequently highlighted barrier preventing companies from carrying out restoration, and there is indeed a significant funding gap for nature restoration. While private investment is one solution to bridging this gap, not all companies have the resources (and capacity) to develop strategies and restoration measures. Businesses stress the need for a viable financing framework with dedicated funds which will be essential to drive the realisation of projects. Once this framework is in place, the motivation and willingness to invest in nature restoration at scale will grow significantly. In this regard, **blended finance can be a solution**: restoration projects bring benefits for society at the local and regional level, especially for climate adaptation and water. Collaboration between the public and private sector on nature restoration projects, including sharing investment, can deliver benefits to both groups, including a return on investment for investors from restoration projects.

According to the Nature Restoration Law proposal agreed by the European Council, that still needs to be negotiated with the European Parliament before becoming binding, the European Commission would be obliged, within a year of the new regulation coming into force, to **publish an overview of financial resources available at the EU level** for the purpose of implementing the regulation, together with an assessment of the funding needs to implement the regulation, including any identified funding gaps. Subsequently, the Commission would be obliged to include proposals for adequate measures, including financial measures to address the gaps identified, such as the establishment of dedicated funding. National governments would also need to identify their funding sources for nature restoration in their National Restoration Plans. Governments would therefore need to create a framework for ambitious action and align fiscal incentives for investments into projects. They would also need to create opportunities for critical public–private partnerships to be built.

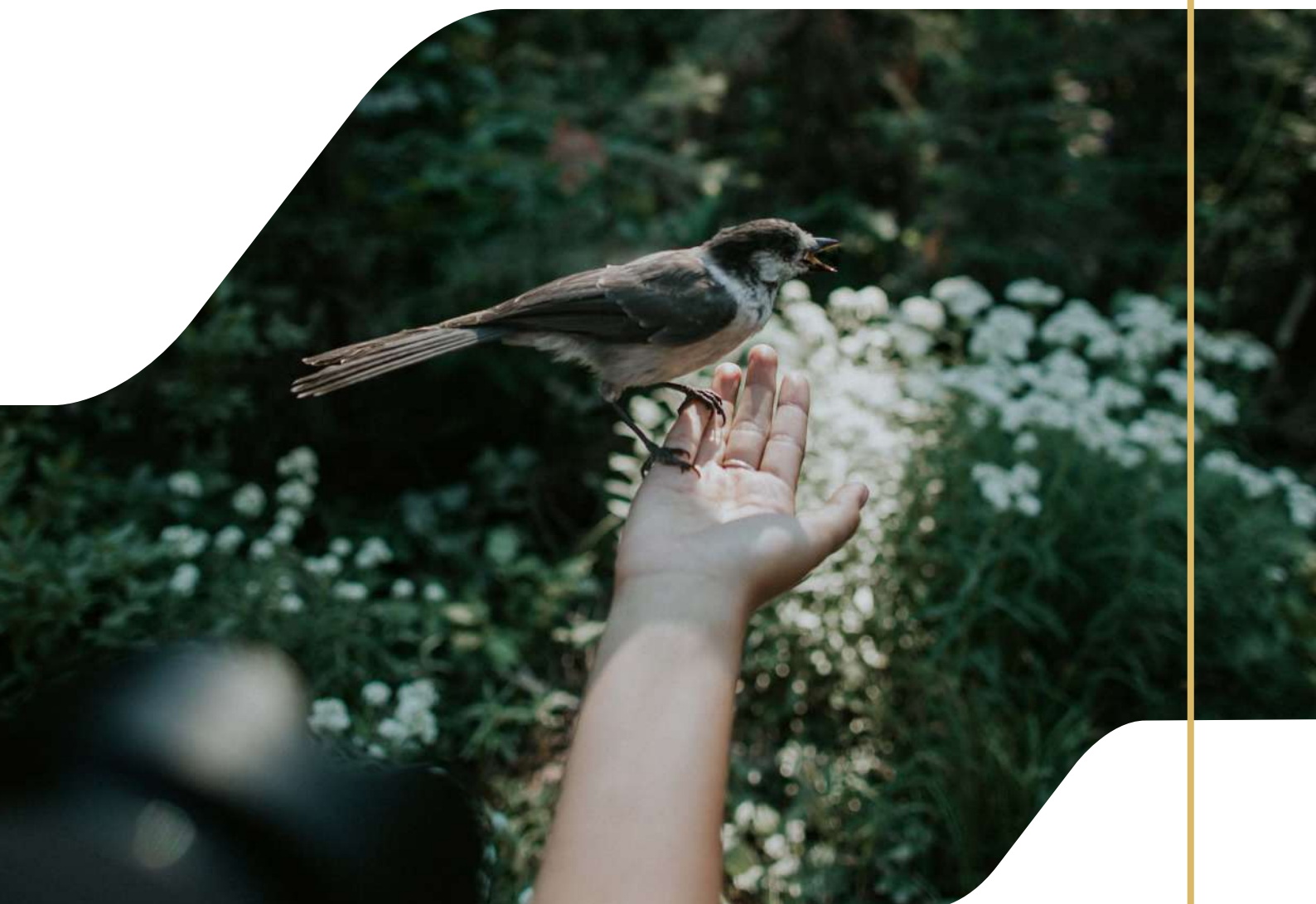
Conclusions and key recommendations

Given the unprecedented biodiversity crisis humanity is facing, restoring nature is essential. This is not something that should cause apprehension in the business sector, given the many benefits and opportunities nature restoration can deliver. This briefing has summarised these and provided practical real-life examples showcasing concrete benefits achieved by companies. They include market-based and operational-based opportunities together with creating jobs, new partnerships and supporting local ecosystem services.

There are several enabling factors when it comes to scaling up nature restoration efforts by the business sector. They include policy, financial, as well as social aspects of the process. Some are applicable to EU policymakers and some to the businesses themselves. Below we list the most important recommendations based on our analysis.

- Businesses should commit to ambitious nature action, that includes **nature restoration** as part of a wider nature, climate and sustainability strategy. Within this strategy, assessing nature related risks will help contribute to businesses' future resilience.
- The business sector can **play a significant role in shaping the National Restoration Plans set by governments by engaging in the planning process**. The plans will create employment and income opportunities for ecosystem managers and local communities as well as for restoration and remediation businesses. Companies **should get actively involved in the process**, for example by bringing their expertise in nature restoration into the planning of restoration measures that are compatible with socio-economic goals.
- **Businesses should engage with local and regional stakeholders** to increase public support and reputation. This should ideally have long-term impacts and should not be limited to a single project. Engaging civil society and academia will also **enable businesses to use local knowledge as well as increase the company's reputation**. Businesses should strive for broad collaboration efforts whenever possible, developing local plans for both business and nature restoration in the regions where they are active.
- The proposed EU law **creates an enabling policy framework for nature restoration** in which businesses can engage – the EU should adopt **ambitious targets for restoration of all ecosystems**. This will enable the business sector to operate in a predictable legal environment with guaranteed legal 'hooks'.
- The stable and predictable legal environment will in turn create opportunities for access to **funding and investment** – businesses have a key role to play as a mix of financial sources is needed to ensure restoration at scale. According to the legal proposal, the EU must ensure that EU funding is available for nature restoration, supported by the allocation of resources at the national level. Companies can engage in public–private partnerships and explore blended finance opportunities.

There is now global recognition of the need to protect nature through the **Kunming-Montreal Global Biodiversity Framework, as well as the need for clear information and disclosure frameworks for business and investors in the TNFD**. The proposal for a Nature Restoration Law, published by the Commission in June 2022, introduces for the first time EU-level binding nature restoration targets in a single legislative instrument. The proposed law sets an EU-level objective to have nature restoration measures in place on at least 20 per cent of EU land and sea by 2030 and all ecosystems in need of restoration by 2050, as well as ecosystem-specific targets for agricultural, forest and urban ecosystems. It also addresses barriers currently faced by the business sector and opens up significant opportunities to engage. The business sector has been one of the key stakeholder groups which has expressed its commitment to strong nature restoration targets from the start, clearly realising the risk of inaction. The EU should not delay in agreeing and implementing this law, and ensure that its negotiations result in an effective and robust framework.



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The University of Cambridge Institute for Sustainability Leadership (CISL) brings together business, government and academia to find solutions to critical sustainability challenges. Capitalising on the world-class, multidisciplinary strengths of the University of Cambridge, CISL deepens leaders' insight and understanding through its executive programmes; builds deep, strategic engagement with leadership companies; and creates opportunities for collaborative enquiry and action through its leadership groups. Over the past 30 years we have built up a leadership network of over 16,000 senior leaders and practitioners from business, government and civil society, who have an impact in every sector and on every continent. Their experience and insights shape our work, which is further underpinned by multidisciplinary academic research. HRH The Prince of Wales is the Royal Founding Patron of CISL and has inspired and supported many of our initiatives.

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