SUSTAIN | Strengthening Understanding and Strategies of Business to Assess and Integrate Nature

Changing the rules of the game

Reforming targets, regulations and incentives to promote Nature Positive outcomes.

Version	1.0
Date	29/03/2024
WP	4
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Nature^Squared
CONNECTING ECOLOGY AND ECONOMICS

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Document Information

PROJECT ACRONYM	SUSTAIN
PROJECT FULL TITLE	Strengthening Understanding and Strategies of Business
PROJECT DURATION	01.09.2022 – 30.08.2025 (36 months)
PROJECT COORDINATOR	Martine van Weelden, Capitals Coalition
CALL	HORIZON-CL6-2021-BIODIV-01
DELIVERABLE TITLE	Changing rules of the game – Reforming targets, regulations, and incentives to promote Nature Positive outcomes
DELIVERABLE NUMBER	4.2
WP RESPONSIBLE	4
NATURE OF DELIVERABLE	Thought paper
DISSEMINATION LEVEL	Public
LEAD BENEFICIARY	ShareAction
CITATION	Groot, D.J., Morrell, E. C., Lammerant, J., Dieleman, W., & Verhelst, J. (2024). SUSTAIN "Changing rules of the game – Reforming targets, regulations, and incentives to promote Nature Positive outcomes"
DUE DATE OF DELIVERABLE	31/03/2024
ACTUAL SUBMISSION DATE	29/03/2024

VERSION	DATE	MODIFIED BY	MODIFICATION REASONS
1.0 – final	29/03/2024	Daan Groot	Updated all sections after first review round
R1 – first review	15/03/2024	Daan Groot	Updated all sections
D1 – first draft	01/03/2024	Daan Groot	

Funded by the European Union. Views and opinions expressed are those of the author(s) only and do not necessarily reflect those of the European Union or the European Research Executive Agency (REA). Neither the European Union nor the granting authority can be held responsible for them.

Acknowledgements: We would like to thank everyone we interviewed for this thought paper for their valuable contributions and insights. In addition, we also thank the reviewers and participants of the Sustain Focus Group Workshop for their time, feedback, and contributions to validating our findings and strengthening the recommendations of the paper.

Cover page image: view of the Half Dome monolith in Yosemite National Park (by Johannes Andersson, Unsplash)

SUSTAIN at a glance

> Our global economy is intrinsically dependent on nature, and at the same time is playing a major role in its degradation. Recognition of this fact has grown substantially in the past decade, as evidenced by the EU Biodiversity strategy for 2030. However, transformative, system-wide changes are still needed to achieve the Nature Positive outcomes required to 'bend the curve' of biodiversity loss. While the business case for economic actors to address biodiversity is becoming clearer in some sectors, it is still lacking in others, particularly those more removed from direct interactions with nature.

SUSTAIN (Strengthening Understanding and Strategies of business To Assess and Integrate Nature) brings together a multi-stakeholder and multi-disciplinary team to strengthen understanding and awareness of how all economic partners depend upon and impact biodiversity. The project will build on existing work within the business and biodiversity space to improve, update, and validate the ENCORE tool, developed by the ENCORE Partners (Global Canopy, UNEP FI and UNEP-WCMC). The database will provide an enhanced knowledge base for businesses, financial institutions, and regulatory bodies on potential impacts and dependencies of economic activities on biodiversity and ecosystem services. Additionally, SUSTAIN will develop methods that actors can use to reduce biodiversity-related risks, and a toolbox to support their application. The consortium will drive uptake of these resources through dissemination of targeted business case materials and drawing on existing networks and expertise in communicating with businesses, financial institutions, and other key stakeholders.

The following organizations are part of the SUSTAIN consortium: Capitals Coalition, UNEP-WCMC, ETH Zurich, Fundación Biodiversidad, IUCN, IUCN Europe, PBL Netherlands Environmental Assessment Agency, ShareAction and WBCSD. The project is funded by the EU and will run for 3 years with the ambition to facilitate transformative changes within the global economy to halt and reverse biodiversity loss.

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Executive summary

In light of the adoption of the 2022 Kunming-Montreal Global Biodiversity Framework (GBF) (also known as the Biodiversity Plan - For Life on Earth), developing an ambitious and effective enabling environment for engaging business on action for nature is an essential component of achieving Nature Positive. The current 'rules of the game' must be reformed and transformed to push economic systems towards being in harmony with nature and contributing to halting of biodiversity loss. To develop a roadmap for achieving Nature Positive, we first need to understand the current state of the policy landscape before we can change the guiding rules of our systems and enable business to be a part of truly transformative change.

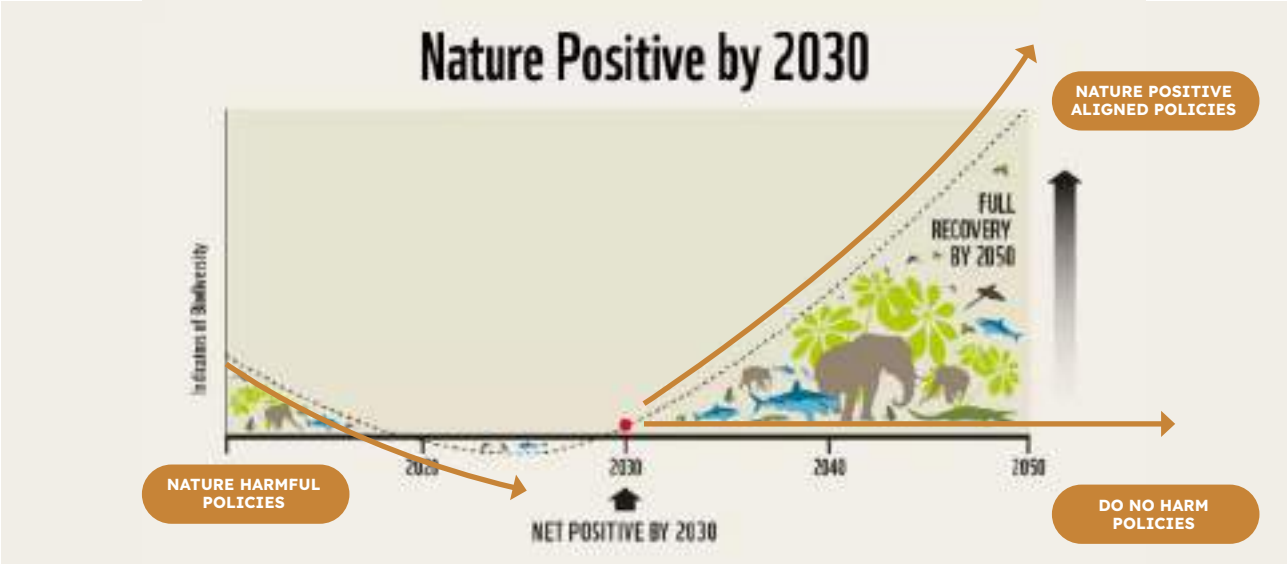


Figure 1: Policy alignment with Nature Positive by 2030
(based on: Nature Positive by 2030 - Nature Positive Initiative)

Nature Positive refers to the Global Goal for Nature – a societal target of halting and reversing nature loss by the year 2030 against a 2020 baseline, achieving a full recovery of nature by 2050. **To achieve Nature Positive, we must bend the curve of biodiversity loss, therefore going beyond Do No Harm** (**Figure 1**). As biodiversity loss is ongoing, we can conclude that the current suite of instruments is not doing enough to halt biodiversity loss and not able to bend the curve.

What is the required mix of policy instruments to deliver Nature Positive?

The central research question of this paper is: **What is the required mix of policy instruments to deliver Nature Positive?** The aim is thus to provide policymakers and businesses with an understanding of what instruments can support achieving the Global Goal, and what instruments need reforming in order to build and accelerate the transition towards an economic system aligned with Nature Positive. This paper analyses the policy landscape as a whole (**see The Policy Landscape Explained** on **page 7**) and on specific (predominantly EU-level) mechanisms to assess whether they will contribute to Nature Positive outcomes. For this assessment, we have performed desk research, developed an analytical framework based on the Nature Positive Principles (referred to as NPP 1 - 10), conducted interviews, and organized validation workshops with leading experts. From the 10 NPPs, we identified three key principles that distinguish between Nature Positive and Do No Harm aligned policy instruments:

- **Positive Outcomes** (across value chains).
- **Going Beyond** (the mitigation hierarchy).
- **Dare to Transform** (strategies and systems).

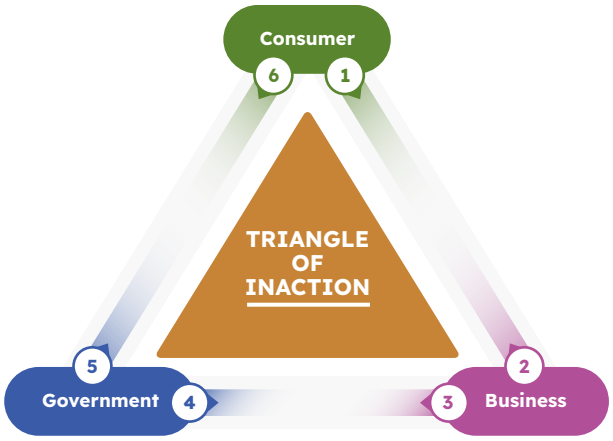
Key findings and recommendations

The key findings and recommendations of this study can be summarized as follows:

- To achieve Nature Positive, **nature harmful policies and incentives need to be eliminated or reformed**, and **a paradigm shift is needed from Do No Harm to Nature Positive**, both in policy ambition and business action.

- The business and financial communities have demonstrated proof of concept for approaches that contribute to shifting towards a Nature Positive future, **policymakers must now break the deadlock of the Triangle of Inaction** (see **Figure 2**) to shape this future by changing the rules of the game and **mainstreaming Nature Positive across policy aims**.

- The three key Nature Positive principles (**Positive Outcomes**, **Going Beyond**, and **Dare to Transform**) need to be used to evaluate existing policy instruments and should be **integrated into future policy development**.



■ **Figure 2: Triangle of Inaction** FULL VERSION >>

- A Nature Positive future can only be achieved using **a whole-of-government approach**, meaning policies and instruments across **all levels and policy areas** must be **evaluated and reformed**.

- **Policy instruments should be assessed not only by their features but also by the specific properties** thereof (such as **enforceability**, **scope**, and **rigor**), and on how they **interact with other policy instruments**.

- In addition to government, the **financial sector is a key enabler of transformative change**. By **shifting investments and risk management practices**, financial organizations have the power to accelerate Nature Positive outcomes. This can be catalysed by the financial sector itself, but even more so by financial regulators, with the right policy framework in place.

- To deliver on GBF Target 15, current **disclosure regulation** should be complemented with **mandatory requirements to develop**, **disclose**, and **implement Nature Positive transition plans**.

As this research shows, the current mix of mechanisms and policy instruments is not enough to achieve Nature Positive outcomes. We therefore need to **change the rules of the game and reform targets, regulations, and incentives to promote Nature Positive outcomes**. As a result, the answer to the research question is that there is a need for a mixture of voluntary and mandatory mechanisms, in the form of legislation, regulation, incentive frameworks, and voluntary target-setting and disclosure frameworks, to enable a Nature Positive transition. Policymakers can use the three key identified Nature Positive principles to help shift from a Do No Harm paradigm towards a Nature Positive future. When integrated into National Biodiversity Strategies and Action Plans (NBSAPs) and National Biodiversity Finance Plans (NBFPs), they can shape a Nature Positive future.

THE POLICY LANDSCAPE EXPLAINED

Key principles of Nature Positive are a strict application of the mitigation hierarchy (Do No Harm), complemented with pro-actively restoring nature across sectors, landscapes, and supply chains. This will often require transformative action. The goals of Nature Positive can be promoted by many mechanisms and instruments. This 'landscape of action' is highly diverse, not only in terms of types of instruments and enforcement but also in terms of addressed topics and the level of application.

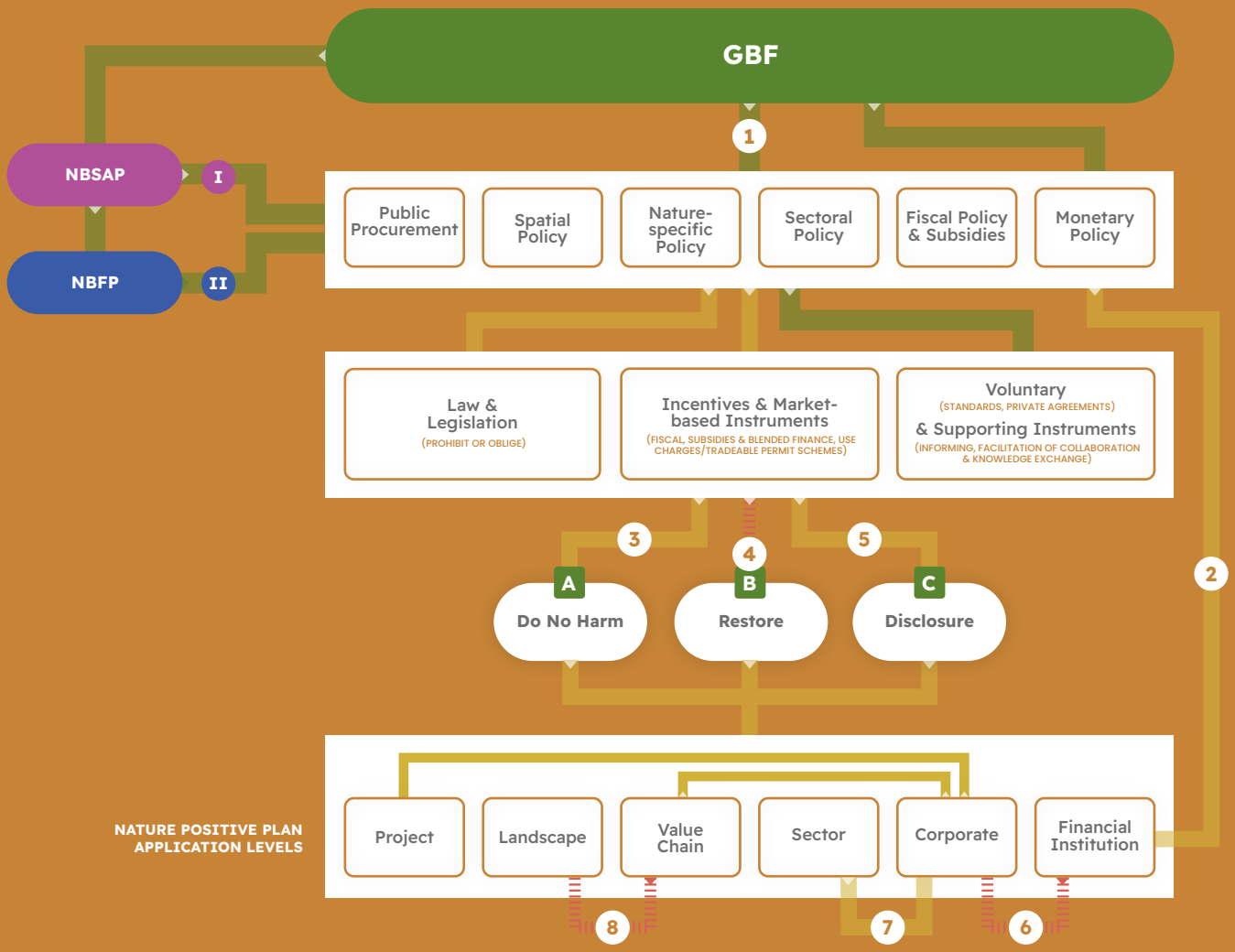
The 'landscape of Nature Positive action' diagram (see **Figure 3**) provides clarity on how these different elements can be structured and interlinked, including an indication on their suitability and effectiveness to achieve Nature Positive outcomes. The suitability and effectiveness of instruments is explained by the numbered arrows in the legend of the diagram.

The Kunming-Montreal Global Biodiversity Framework is the overarching international policy framework for the transition to a Nature Positive world. Its goals are clear and address a wide range of policy areas, not only nature-specific policies. Policies at the international and national level are translated into regulation, voluntary instruments, and a range of incentives and market-based instruments. Looking at the focus of these instruments, three main categories with relevance to Nature Positive can be distinguished: instruments aiming to achieve Do No Harm, instruments aiming to create additional nature (e.g., restoring historically degraded ecosystems), and instruments specifically focusing on disclosure of an organisation's non-financial performance. Finally, the diagram clarifies the different levels of application and how these interact. Within this landscape of instruments, two specific implementation instruments are key:

- The National Biodiversity Strategy and Action Plans (NBSAPs), supported by National Biodiversity Finance Plans (NBFPs), can directly define the Nature Positive agenda at the national level, clarify roles and responsibilities for different actors, and support Do No Harm instruments. More importantly, they can be used to increase implementation of restorative and transformative measures.

- Nature Positive roadmaps (or Nature Positive transition plans) at different levels of application:
  - **Corporate-level roadmaps** should describe a company's actions and provide guidance for how to contribute to Nature Positive outcomes at landscape and sector level.
  - **Sector-level roadmaps** should support the development of corporate Nature Positive roadmaps by providing direction in terms of target setting, actions, and metrics.
  - **Roadmaps for Financial Institutions** should include measures to promote the development of their clients' Nature Positive roadmaps.

Implementation of roadmaps needs to be facilitated by creating the right constellation of enabling instruments. These can be regulatory (e.g., imposed in regulatory disclosure standards), incentivizing (e.g., subsidies, fiscal benefits), or voluntary (e.g., standards, private agreements, or commitments) and supporting (e.g., facilitation of knowledge exchange and collaboration) instruments.



1. GBF targets are clear and integrated in both mandatory as well as voluntary policies and frameworks.
2. Current monetary policy and regulation does not sufficiently promote the development of nature positive roadmaps by financial institutions.
3. Do No Harm measures are generally well integrated into policies although important shortcomings remain (e.g., harmful subsidies) and the focus is mainly on 'avoid and minimize', not on achieving 'No Net Loss'.
4. Restorative measures are either not sufficiently included in policies or are not implemented and monitored sufficiently.
5. Disclosure is increasingly becoming mandatory, although regulatory disclosure is not sufficiently ambitious (e.g., transition plans are not mandatory).
6. Access to finance/financial support mechanisms should become more dependent on Nature Positive criteria. This could mean e.g., imposing Nature Positive plans.
7. Nature Positive roadmaps (e.g., WBCSD/WEF/BfN roadmaps) provide good basis but currently lack specification on target-setting and metrics.
8. Biodiversity loss occurs at landscape level. Many landscapes are under pressure via value chains that do not adequately safeguard biodiversity. Even most sustainability certification schemes are not aligned with Nature Positive but operate from the Do No Harm paradigm.

GBF targets associated with nature action levels

- A GBF target 1, 3-10, 14, 18
- B GBF target 2, 4, 11-12, 14
- C GBF target 14-15, 21

See GBF website for target descriptions: WEBSITE >>

- I Renewal of NBSAPs is the go-to mechanism to adapt and adjust national and local policies, incentivizing processes and tools, enforcement approaches, etc.[1]
- II As part of the NBSAPs, NBFPs will be developed, which include the execution of a Policy and Institutional Review, a Biodiversity Expenditures Review and a Financial Needs Assessment. This wil lead to additional changes in policy.[2]

NP is integrated well

NP integration can be improved

NP integration is not sufficient

Figure 3: The landscape of Nature Positive action

1 NBSAPs are national strategies, plans or programmes that each Party to the CBD must develop that lay out the domestic roadmap for the conservation and sustainable use of biological diversity that is aligned with the goals and targets set out in the GBF.

2 An NBFP is intended to outline financing options for implementing NBSAPs.

Introduction

In the lead up to the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF) (also known as the Biodiversity Plan - For Life on Earth) at the close of 2022 in Montreal, Canada, actors from across the economy, including businesses, policymakers, and financial institutions, pushed for an ambitious set of targets for nature. Both policymakers and frontrunning businesses ardently led calls for a rigorous framework that enables transformation of economic and political systems towards a more Nature Positive future. As biodiversity and nature underpin all aspects of human life, addressing the global biodiversity crisis is essential for safeguarding social and economic wellbeing. The interplay of policy, including legislation, regulation and incentives, with voluntary mechanisms and frameworks across sectors and systems is key to aligning business action with Nature Positive[3] outcomes.

Context and background

While the whole of our global economy is inherently dependent on nature, recent estimates have shown that at least 50% of global GDP is moderately to highly dependent on ecosystem services. Failing to address both impacts and dependencies on nature will be disastrous for livelihoods and future economic stability. Dependencies on biodiversity and ecosystem services leave companies and institutions exposed to physical, transition, and reputational risks[4]. Momentum from the private sector is growing, with stakeholders calling for governments to create an enabling environment to achieve the GBF's targets and goals. Business for Nature's Call to Action[5] – signed by over 1,400 companies representing over US $7 trillion in revenue – called on governments around the world to lead the way in adopting formidable nature policy that can halt nature loss by 2030. The Finance for Biodiversity (FfB) Pledge calls on finance leaders to act on nature loss now has 163 signatories from financial institutions, representing a combined US $21.7 trillion in assets under management[6].

The role of government is key; policymakers, legislators, and regulators need to reform and improve the existing rules and mechanisms that are creating or enabling harm to biodiversity and create and implement policies that are Nature Positive aligned. Without identifying and reforming harmful subsidies, it will be impossible for us to successfully create Net Gains for biodiversity. In 2022 alone, governments provided over US $350 billion in environmentally harmful agricultural support and US $1.16 trillion in fossil fuel subsidies to consumers[7].

3 A nature positive world is one where there is more biodiversity globally in 2030 than there was in 2020, where nature conservation, restoration, and recovery are on-going and accelerating, where the future state of nature (e.g., biodiversity, ecosystem services and natural capital) is greater than the current state. European Business and Biodiversity Platform (2022). Nature Positive in a business context: current working definition.
4 Financial institutions are exposed to physical risks where ecosystem services that they depend on are in decline – this can threaten production processes in for example agricultural food chains, where loss of pollination services or healthy soils can cause a decline in crop production, threatening business models. Financing businesses that have negative impacts on biodiversity and ecosystem services creates reputational risks due to changing consumer preferences and increased awareness of biodiversity loss. Finally, transition risks surface when companies must adapt to a new reality due to changing government regulation or technological developments, which may restrict activities that harm nature. DNB (2020) Indebted to nature: Exploring biodiversity risks for the Dutch financial sector.
5 Business for Nature (2022). Call to Action.
6 Finance for Biodiversity (FfB) (2023). Celebrating 10 new finance for biodiversity pledge signatories on the one-year anniversary of the GBF.
7 UNEP (2023). State of Finance for Nature 2023: The Big Nature Turnaround. Repurposing $7 trillion to combat nature loss.

At the same time **business must continue to demand that policymakers provide clear guidance and frameworks** to help them reach this goal. Strong regulation is needed to create policies that support businesses to transform their actions and be held accountable. Many companies have already indicated that they will use voluntary guidance on reporting and target setting – such as those published by the Taskforce on Nature-related Financial Disclosures (TNFD) framework and the Science Based Targets Network (SBTN). Businesses do not need to wait for governments to make the first move, they can already begin to identify and address impacts and dependencies on nature and create biodiversity transition plans. However, **voluntary mechanisms will not be enough**. Nature-related reporting continues to lag behind climate[8]; action will accelerate if governments provide the right enabling environment for change. This joint action will lead to a positive feedback loop to transform the economy to value nature and align with Nature Positive[9], as identified by the Business for Nature campaign and illustrated in **Figure 4**.

Figure 4: Creating a Positive Feedback Loop (Business for Nature)

Aim

The central research question of this paper is: What is the required mix of policy instruments to deliver Nature Positive? The aim is to provide policymakers and businesses with essential steps to building and accelerating action to transition towards a Nature Positive aligned economic system. To create this transformation, policymakers will need to look at what instruments need reforming and adopting to create a suite of policies and instruments that align us with Nature Positive goals. This suite includes regulation and legislation, incentives and taxes, and voluntary approaches and supporting instruments.

In the context of the overall aim of the SUSTAIN project[10], this thought paper focuses on instruments that have an influence on corporate behaviour. Thus, this paper provides insight into:

- Where existing instruments fall short for creating a Nature Positive aligned enabling environment and what reforms are needed to make them capable of aligning business action with Nature Positive goals.
- The required suite of instruments to influence and align business action with Nature Positive goals.
- Recommendations for policymakers and businesses on leveraging these learnings to reform existing instruments and develop new instruments that deliver Nature Positive outcomes.

8 CDP (2022). Make it Mandatory: the case for mandatory corporate assessment and disclosure on nature.
9 Business for Nature's Positive Feedback Loop poses that the adoption of ambitious nature policy can encourage businesses to do more, leading to a positive feedback loop between policy and business.
10 Improving understanding and strategies of business to assess and integrate nature.

Scope

This paper focuses on instruments that can be used to influence and guide business action on nature. As such, our understanding of instruments includes a range of different elements:

- **Policy**, including mandatory instruments like **legislation and regulation** that prescribe business actions, provide boundaries for what is and isn't allowed, and **disclosure** and **reporting** requirements, as well as **plans**, **sector strategies**, and **incentives and subsidies** that influence business action.
- **Targets**, including those in the GBF that are to be translated to the **national level** by governments; **voluntary target setting guidance;** as well as **target setting and transition planning at the individual company level** that can support the transformation towards Nature Positive.
- **Voluntary mechanisms**, including **standards** and **frameworks** for supporting disclosure and assessment, and **certification systems** that provide guidance on best practices. While not mandatory, these instruments are key for guiding business action and can ultimately help with regulatory compliance and transition planning. Governments can play a role in accelerating the development and uptake of such approaches and facilitate exchanges of knowledge and experience.

In this paper, we focus on instruments that are **'overarching'** – that guide business action across multiple systems and sectors – and on instruments across **three key 'systems'**[11] that have a large impact and are highly dependent upon nature:

Agri-food systems

Built environment systems

Energy systems

Furthermore, instruments that cover **cross-cutting systemic issues that affect business across all systems and areas of the economy** have been analysed – this includes **the role of the financial sector and of disclosure regulation**. The financial sector controls large amounts of assets that are both highly dependent, and create large impacts, on biodiversity, whilst disclosure regulation has the potential to hold businesses accountable for their impacts and the credibility of their transition plans. The focus of the analysis has predominantly been EU-level, however examples from other parts of the world – such as the UK and Australia – have also been covered where potential 'good examples' were identified. An overview of these instruments[12] can be seen in **Table 1**:

LEVEL OF APPLICATION	SELECTED INSTRUMENTS AND MECHANISMS
Overarching	EU Nature Restoration Law, EU Deforestation Regulation, EU Soil Monitoring Law, EU Forest Monitoring Law, SBTN – Guidance for Nature, National Biodiversity Strategy and Action Plans (NBSAPs), UK Biodiversity Net Gain regulation, and the Australian Nature Positive Plan.
Agri-food systems	EU Common Agricultural Policy (CAP), German CAP, and EU Farm to Fork Strategy.
Built environment systems	EU Green Public Procurement (GPP): Office Construction and BREEAM.
Energy systems	Offshore Wind Energy Procurement (BOEM) and EPC Energy Labelling.
Financial sector	EU Taxonomy and French Article 29.
Disclosure	EU Corporate Sustainability Reporting Directive (CSRD) and TNFD.

Table 1: Policy instruments analysed in this study

11 Systems refer to key market systems that each encompass a number of important economic sectors that fall under the same 'system' umbrella. Agri-food systems include the agricultural, forest, and fishery sectors, food producers and distributors, amongst others. Energy systems include coal and consumable fuels, integrated oil and gas, renewable energy, energy producers and traders, amongst others. The built environment system includes construction and engineering, building products, industrial and heavy construction machinery, real estate activities, and construction materials, amongst others. These systems are also a key focus across a range of activities in the wider SUSTAIN project, thus this research provides further insight into relevant policy and frameworks that affect business action across these systems.
12 The analysed (policy) instruments only represent a small selection of all existing relevant policies and policy instruments. Selection of instruments for analysis has been done based on a scoping session to determine the leading cross-sectoral or sectoral instruments and on input from interviews and a validation workshop.

Methodology

To analyse the alignment of identified instruments with Nature Positive, desk research and expert interviews were conducted. Firstly, desk research and previous research informed the identification of instruments that influence positive business action in relation to biodiversity. Interviews with 12 experts were conducted to validate the instruments identified as 'good examples' and to identify additional instruments. These interviews were also used to understand whether instruments aligned with Nature Positive, why and how these instruments may or may not help us to achieve Nature Positive goals, and challenges and obstacles to adopting more ambitious instruments. Furthermore, the ideal suite of instruments for transitioning to Nature Positive was discussed with interviewees to gain insight into what mixture of instruments is needed to create a strong enabling environment for business action.

After establishing a short list of instruments for analysis, the criteria for assessing instruments were defined. The key criteria were adapted from the 10 Nature Positive Principles developed by the Business & Biodiversity Platform[13], which are further elaborated upon in Chapter 2. Scoring criteria for the evaluation of instruments were defined and used to assess whether these instruments fully satisfied each of the Nature Positive principles (NPP). Instruments were scored on whether they would enable Nature Positive alignment of business action (Green), had room for improvement to fully align with Nature Positive (Yellow), or do not currently align with the principles and will not achieve Nature Positive outcomes (Red). A full breakdown of the scoring criteria can be found in Annex 1. This analysis was used to inform the recommendations for policymakers and businesses on reforming and transforming the current instrument mix to create a better enabling environment for aligning with Nature Positive. After the analysis was completed, additional interviews and a workshop were organized to validate the key findings. Finally, a draft of this paper was shared for review. The timeframe of the research covered the period from November 2023 to March 2024.

Reading guide

This paper consists of the following sections:

Chapter 2: Nature Positive

In Chapter 2 we unpack the **meaning of Nature Positive** and what this entails in the context of this paper– **highlighting the Nature Positive principles used to assess the instruments**.

CHAPTER 2 >>

Chapter 3: The Landscape of Action

In Chapter 3 we introduce our understanding of the **landscape of action** – highlighting the different **levels of policy**, the **roles of different actors**, and the **role of regulation** in establishing a Nature Positive path.

CHAPTER 3 >>

Chapter 4: Key Findings & Recommendations

Chapter 4 breaks down our **key findings and recommendations** on how these tools can be reformed and adjusted to better enable the transition to Nature Positive and create the right enabling environment.

CHAPTER 4 >>

Chapter 5: Analysis of Policy Instruments

Finally, in Chapter 5 the **results of the analysis** are presented, highlighting the key findings **per system and for the overarching instruments**.

CHAPTER 5 >>

13 European Business and Biodiversity Platform (2022). Nature Positive in a business context: current working definition.

Nature Positive

Bending the curve of biodiversity loss

The concept of Nature Positive revolves around the idea that we should bend the curve of biodiversity loss and effectively improve the state of biodiversity and nature, rather than just striving to decrease negative impacts on biodiversity. A Nature Positive world is a world where "nature conservation, restoration, and recovery are ongoing"[14]. The Nature Positive Initiative, a consortium of conservation organizations, institutions, and business and finance coalitions, has set an ambitious goal with a specific timeline on Nature Positive by calling for a Global Goal for Nature[15]: **a societal target of halting and reversing nature loss by 2030 against a 2020 baseline, achieving full recovery of nature by 2050**[16]. This entails arriving at a net Nature Positive world by 2030 through conserving and restoring species and ecosystems at every scale - global, national, and landscape.

> **"Nature Positive means that by 2030 there should be more nature in the world than we have today."**

In concrete terms, this means that by 2030 there should be more nature in the world than we have today, and after 2030 nature should further recover and increase. This recovery of nature means improvement in the health, abundance, diversity, integrity, and resilience of species and ecosystems, in line with the GBF 2050 mission: **by 2050, nature must recover so that thriving ecosystems and nature-based solutions continue to support future generations, the diversity of life on earth, and play a critical role in halting runaway climate change**[17]. To achieve the Global Goal for Nature within the set timeframe, urgent action is needed, without which Nature Positive will not be achieved at all.

Shifting paradigms: from Do No Harm to Nature Positive

As biodiversity loss is ongoing, we can conclude that the current suite of instruments is not doing enough to halt biodiversity loss and is de facto harmful to nature. Although new and more ambitious instruments are being implemented across various jurisdictions, the question remains whether they will suffice to align society and economy with Nature Positive. The analysis conducted as part of this thought paper reflects on this across a variety of existing instruments and mechanisms. Before coming to this assessment, however, **it is first important to acknowledge that contributing to and achieving Nature Positive requires a paradigm shift. Reducing biodiversity loss is not enough, and phasing out harmful policies will at best flatten the curve towards** - but never quite reach - **No Net Loss (NNL)**. Many existing environmental policies are aimed at Do No Harm or Do No Significant Harm[18], which are important for halting biodiversity loss, but in themselves will not deliver Nature Positive outcomes.

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14 European Business and Biodiversity Platform (2022). Nature Positive in a business context: current working definition.
15 The Global Goal for Nature is consistent with the Kunming-Montreal Global Biodiversity Framework (GBF). It aligns with the GBF mission that "by 2050, biodiversity is valued, conserved, restored and widely used" and the 2030 vision "to take urgent action to halt and reverse biodiversity loss to put nature on a path to recovery for the benefit of people and planet by conserving and sustainably using biodiversity" – CBD/UNEP (2022). Decision Adopted by the Conference of the Parties to the Convention on Biological Diversity: Kunming-Montreal Global Biodiversity Framework.
16 The definition stems from the Nature Positive Initiative.
17 The Nature Positive goal complements and can be considered the equivalent of the agreed global climate target of net zero emissions by 2050. To be able to deliver the Paris Agreement (limiting global warming to a threshold of 1.5°C) science shows there is a need to simultaneously cut emissions, safeguard natural carbon sinks, and transform sectors such as agriculture from being a source of greenhouse gas emissions to implementing practises that push them towards being carbon storage sinks instead – UNFCCC (n.d.). Key aspects of the Paris Agreement.
18 Do No Significant Harm entails not supporting or implementing economic activities that are harmful towards any environmental objective. European Commission (2021).

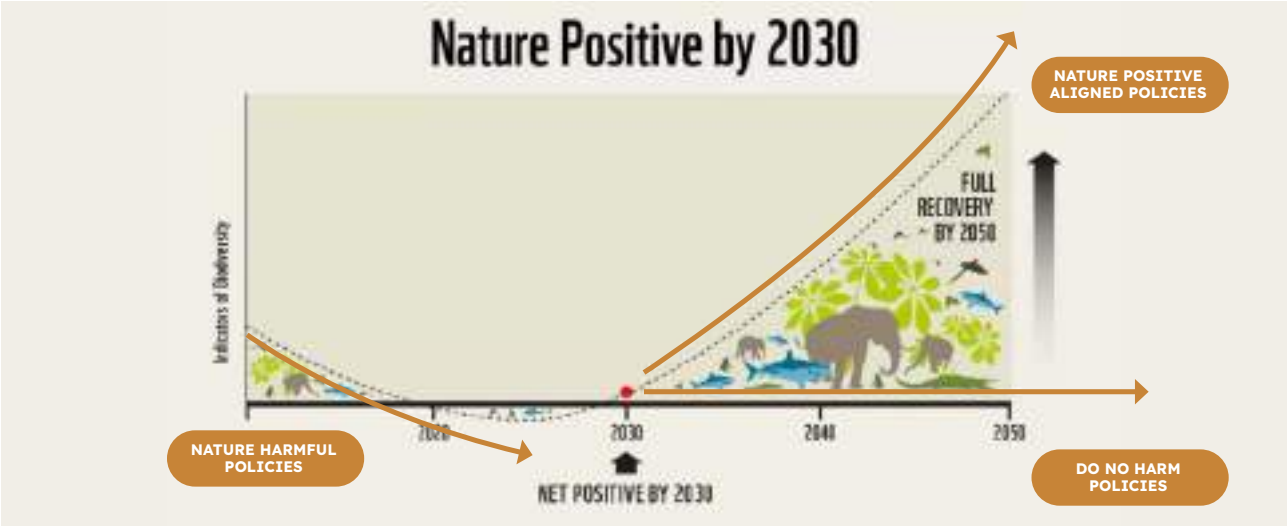

Figure 5: Policy alignment with Nature Positive by 2030
(based on: Nature Positive by 2030 - Nature Positive Initiative)

To truly bend the curve, Nature Positive policies must go beyond reducing negative impacts to delivering Net Gains for biodiversity (Figure 5). This understanding forms the basis of this thought paper: existing policies built on the Do No Harm principle, or the mitigation hierarchy, will need to be transformed and pushed a step further towards achieving Net Gains in order to deliver on Nature Positive. The current paradigm can be observed in the wording of policy as well. Any policy aimed at 'reducing impacts', especially against a specific percentage, is an example of Do No (Significant) Harm thinking. Although preventing further biodiversity loss is the foundation of this approach, it is simply not enough for achieving Nature Positive. The same can be said for policies aimed at reducing impact drivers, but not at halting and restoring biodiversity loss altogether.

Policies that prevent further biodiversity loss will be a necessary part of the suite of policy instruments needed for achieving Nature Positive. However, it is important to recognize that some policy instruments aiming to reduce biodiversity loss are actually prolonging the business-as-usual scenario, rather than driving transformational change. Examples of such instruments are policies focusing on subsidising good practices without (over time) banning bad practices. Although such policies may be part of the transition from towards No Net Loss, they are not part of a suite of policy instruments to bring us from flattening the curve towards Nature Positive. **Somewhere in the transition between No Net Loss and Nature Positive, such instruments lose their value, and they should be phased out at the appropriate moment in time**.

Nature Positive and the Mitigation Hierarchy

In order to reach Nature Positive, we need to first design and follow strategies focused on preventing further biodiversity loss, minimizing harm to biodiversity, and restoring degraded ecosystems that were damaged due to unavoidable impacts. Any residual negative impacts after implementation of the other mitigation hierarchy[19] steps, should be compensated by means of offsets. From this, in line with the conservation hierarchy[20], we can then build towards a 'net positive' world – one in which any losses to biodiversity are systematically addressed and compensated for in-kind, whilst positive additional outcomes and improvements for biodiversity are also created[21]. No Net Loss can be achieved when these gains for biodiversity have been created through actions to avoid, mitigate, restore, and offset harms to nature. To move from No Net Loss to Nature Positive outcomes, actions must go beyond this to where gains for biodiversity exceed previous losses[22]. Some biodiversity loss will be unavoidable with most activities - implementing the mitigation hierarchy and striving to 'go beyond' thus entails creating additional positive impacts for biodiversity to arrive at a Net Gain in nature by 2030 against a 2020 baseline. **True Nature Positive alignment can only be achieved when combining actions and projects across all elements of the mitigation hierarchy and across multiple scales – for example project, landscape, and national**.

19 The mitigation hierarchy refers to a set of four sequential steps to reduce harm to nature: avoidance (aversion of creating negative impacts from project outset); minimization (taking measures to reduce impacts that cannot be avoided); restoration (improving degraded ecosystems that were damaged by unavoidable impacts); and offset (compensating for any residual negative impacts after implementation of other mitigation hierarchy steps). The Biodiversity Conservancy (n.d.).
20 The conservation hierarchy builds on the mitigation hierarchy to proactively create additional conservation outcomes, rather than just reactively respond to negative biodiversity impacts as the mitigation hierarchy does.
21 Nature Positive Initiative (2020). Apex Goal Task force on Target 1: "no net loss/net gain" meaning and principles.
22 Fauna & Flora International (2015). The Mitigation Hierarchy: No Net Loss and Net Positive Impact.

Nature Positive Principles

In order for businesses to contribute to the Global Goal for Nature, a clear set of principles is needed to translate this goal into business action, whilst avoiding greenwashing. The European Business and Biodiversity Platform developed 10 principles of Nature Positive in their Thematic Report of 2022[23]. We have used these same principles as the basis for our assessment of mechanisms and policy instruments, with some adaptations[24] (see **Table 2**).

During the assessment it became clear that **three of these principles are key in differentiating Nature Positive-oriented instruments from instruments that are more in line with the Do No Harm paradigm**:

- **Nature Positive Principle 4: Positive Outcomes** (across value chains).
- **Nature Positive Principle 6: Going Beyond** (the mitigation hierarchy).
- **Nature Positive Principle 8: Dare to Transform** (strategies and systems).

These principles therefore were given extra focus during the analysis:

NATURE POSITIVE PRINCIPLE (NPP)		DESCRIPTION
1	Collective effort	Nature Positive is a collective effort; it requires collaboration with other actors.
2	Nature is more than Biodiversity	The full scope of nature needs to be covered; including land, freshwater, oceans, and atmosphere; biodiversity is therefore a 'subset' of nature – Nature Positive goes beyond biodiversity positive.
3	Material impacts in all parts of the value chain	As Nature Positive applies to the whole value chain, companies cannot limit efforts to operational sites only.
4	**Positive outcomes**	Positive impacts need to outweigh negative impacts in each part of the value chain with material impacts; the net balance needs to be positive at all parts of the value chain.
5	Mitigation hierarchy	Nature Positive needs to be implemented in full compliance with the mitigation hierarchy.
6	**Going beyond**	To achieve full nature recovery by 2050, the mitigation hierarchy needs to be complemented with additional conservation and restoration measures. This means going beyond the mitigation hierarchy.
7	Targets and metrics	Targets and actions should be ambitious, science-based, integrated, address both the state of nature and impact drivers, and be underpinned by a clear measurement framework.
8	**Dare to transform**	Every company engaging in creating a Nature Positive future will be able to identify opportunities for transformation. Nature Positive implies a decoupling of business activity from natural resource use, requiring an absolute reduction in material consumption and production.
9	Nature Positive is urgent	Nature Positive requires immediate actions; it is highly recommended to follow the timeline of the Global Goal for Nature and the GBF.
10	Credible communication	Companies that adopt a Nature Positive strategy need to communicate transparently about the Nature Positive baseline, targets and actions, progress towards targets, as well as challenges preventing them from going a step further.

Table 2: Principles of Nature Positive, adapted from the 2022 B&B Platform Thematic Report. The key principles for assessing instruments are highlighted in orange.

23 European Business and Biodiversity Platform (2022). Nature Positive in a business context: current working definition.
24 The principle on endorsement of the whole organisation (originally principle 10) was not retained in the analysis of the different initiatives as the focus of the analysis was not on disclosure for a specific company. Furthermore, the going beyond the mitigation hierarchy principle was separated in two so we could differentiate between instruments that focused more on the application of the mitigation hierarchy (principle 5), and thus were more Do No Harm focused, and those truly pushing for 'going beyond' this to create net positive outcomes for nature (principle 6).

The Landscape of Action

In this chapter, our understanding of the current 'landscape for action' for Nature Positive is laid out – this landscape refers to the mixture of policy instruments and mechanisms, the levels at which they are applied (project, site, landscape, sector, national, supranational, global), and the actors involved in the application of these policy instruments and mechanisms to steer action in the private domain. It is visualized in **Figure 3: The landscape of Nature Positive action** on **page 7**.

Levels of policy and action: from global to local

The Nature Positive principles are trickling down from the global framework into high-level supranational (e.g., EU-level) and national nature policy. However, they ultimately need to be applied at the landscape level, across various scales and at appropriate policy levels: EU, national, regional, and local levels. In addition to the various levels of policy implementation, it is important to note that Nature Positive outcomes will not be achieved through targeted nature policies alone; many other types of policy and instruments also affect and create negative or positive outcomes.

Nature Positive ambitions can be applied at different levels. In a business context (the focus of this paper), the following applications seem most obvious:

- **National level -** NBSAPs can be used to define the Nature Positive agenda at the national level, clarify roles and responsibilities for different actors, and adopt instruments that support Do No Harm and Nature Positive measures, thus improving inclusion and implementation of these principles at lower levels of policy and regulation.
- **Sector level -** Sectoral Nature Positive roadmaps can support the development of corporate Nature Positive roadmaps.
- **Financial sector -** Nature Positive roadmaps and transition plans of financial institutions (FIs) can include measures to promote the development Nature Positive roadmaps to their clients.
- **Corporate level -** Nature Positive actions applied at project/site level and at the value chain level can contribute to Nature Positive outcomes at landscape level.

Nature Positive roadmaps, or transition plans, at the corporate level are a key instrument for guiding and encouraging action[25]. Adopting the right constellation of enabling instruments can support roadmap development. This includes using a mixture of hard and soft tools; **regulatory** (laws and legislation), **incentivizing** (subsidies, fiscal benefits) or **voluntary** (standards, private agreements, or commitments) and **supportive** (capacity building and facilitating of collaboration and knowledge exchange) instruments.

25 The Now for Nature campaign has developed the Nature Strategy Handbook, a practical guide to support businesses in developing a nature strategy.

Integrating restoration and transformation

Improvement of mandatory requirements on nature restoration and effective monitoring of progress is needed. For example, most current disclosure policies do not require Nature Positive transition plans, nor do they require full value chain disclosure. More importantly, increasing restorative and transformative measures is essential. Other (non-nature) policy can influence the implementation of Nature Positive plans. **Figure 3** shows how these different types and levels of policy instruments interact and influence one another. As can be seen in the figure, both the GBF and NBSAPs should organize and maintain active exchange with the non-nature policy landscape ('mainstreaming') to develop synergies and understand limitations and opportunities. These interactions with the policy landscape trickle down across different instruments and mechanisms, and impact business practices across all levels within which business operates.

Many current instruments focus mainly on Do No Harm. Mandatory requirements with a focus on nature restoration are emerging but face resistance from specific stakeholder groups – as demonstrated by recent farmers protests[26]. Therefore, instruments that reward those who invest in nature restoration are vital. This includes businesses and FIs leading the transition to a Nature Positive economy by transforming their business models and investment strategies. Establishing clear targets and metrics to evaluate performance will be key to facilitating awarding stimuli to corporates. Some voluntary frameworks actively propose restoration and transformation of business models and offer best practice guidelines. Building on experiences with voluntary target-setting and disclosure frameworks can support the development of sector-specific regulations or instruments.

A range of public actors

For instruments across these different levels to form a comprehensive suite of tools, actors across these levels will need to play an active role. Whilst policy needs to be reformed and enacted across multiple levels of government and economic sectors, policymakers and government are only one set of actors that have the responsibility to act. Aligning with Nature Positive is an exercise that must include all actors – public and private – at all levels, from project to global.

Relevant actors in the public domain span from central to local government; from ministries (of finance, agriculture, nature, and others); to central banks and financial regulators; to public and multilateral development banks. These actors have a plethora of instruments at their disposal, ranging from hard law to soft mechanisms. Central governments, who have the power to bring in hard regulation and set requirements of actors across systems, have two roles: they are agenda setters that must create a roadmap for Nature Positive alignment of the economy, and they are regulators and enforcers of these Nature Positive roadmaps. The CSRD is one example of how governments can mandate and enforce regulation targeting nature-related corporate disclosures – in France, for example, non-compliance or obstruction of auditing is punishable by a financial fine and imprisonment.

Aligning policy

Going forwards, governments need to engage in comprehensive and integrated development of policy and frameworks across ministries and sectors, including agriculture, finance, and energy, to name but a few. Misalignment across government ministries impedes the effectiveness of actions that aim to create Nature Positive outcomes. When policies are developed and implemented by one ministry in isolation there is a risk that actions and policies implemented by other ministries may counteract or obstruct this policy. Policy development needs to be developed with an eye to how this policy will potentially affect or interact with other sectors and systems in order to maximize benefits, whilst reducing risk of negative impacts or obstructions. This tension can often be observed between ministries concerned with economic development or agriculture and ministries of nature. Often, ministries of economic development and agriculture are focused on driving on economic growth which may work against the aims and impacts of policies of ministries of nature and the environment.

26 Protests took place in Belgium, The Netherlands, Poland, Germany, France.

Power imbalances between agencies also influence the effectiveness of Nature Positive aligned policies. Penalties for non-compliance with nature regulations may be imposed, but if the agency responsible for leveraging these penalties is not powerful or well financed enough to prevent non-compliance in the first place, non-compliance cannot be effectively punished. Governments need to remedy the imbalance between, and alignment of, goals across ministries to anticipate and avoid clashes in policy objectives and outcomes. Intergovernmental collaboration in policy design and reform of existing harmful instruments will be key to arriving at, and moving beyond, No Net Loss.

Reforming regulations and incentives that work against Nature Positive

As previously mentioned, an indispensable component of creating Nature Positive aligned policy and enabling frameworks will be assessing existing policy across all government ministries. As part of the development of NBSAPs and National Biodiversity Finance Plans (NBFPs), countries will have to identify harmful policies and financial mechanisms that incentivize business-as-usual and harmful practices. Reforming these existing instruments is the first essential step governments should take to move towards No Net Loss, before they are able to 'go beyond' and create Net Gains. Subsidy reform will be a key area of reform to realign finance from encouraging harmful activities to channelling it towards Nature Positive actions. Environmentally harmful subsidies reached US $1.7 trillion globally in 2023 alone, a 55% increase from 2021[27]. Without addressing harmful activities to achieve No Net Loss first, and creating incentives to promote Nature Positive actions, it will be impossible to move towards Nature Positive.

As Nature Positive is a collaborative effort, ODA needs reform as well

Ensuring that international aid that governments provide – including Overseas Development Assistance (ODA) – is aligned with Nature Positive objectives will be important for achieving goals and targets. Considering the collaborative effort required for achieving Nature Positive, efforts must surpass the EU jurisdiction. Governments will need to assess their current aid budgets and how these affect nature, identifying where ODA budgets are going towards potentially harmful activities overseas to understand when this aid may be working against nature. Governments need to ensure that aid budgets are funding activities that have adequate monitoring and auditing to ensure the intended outcomes of these activities are in fact benefitting nature. Currently, systems for tracking nature-related aid are focused on tracking the intended aims of projects, but there is a lack of focused mechanisms for analysing the actual effect of this finance. ODA can be a powerful tool for governments to help receiving countries transition to being more Nature Positive aligned and ensuring they have the capacities needed to do so, if directed correctly.

Textbox 1: Going beyond the EU borders

27 UNEP (2023). State of Finance for Nature 2023: The Big Nature Turnaround. Repurposing $7 trillion to combat nature loss.

Governments as the driving force

Although the need for better policies to achieve Nature Positive is clear, governments are often not rising to the occasion. The 'Triangle of Inaction'[28] (**Figure 6**) helps us understand the gridlock in addressing nature loss: each group of actors is waiting for the other to define the agenda and take responsibility for driving forward action on Nature Positive.

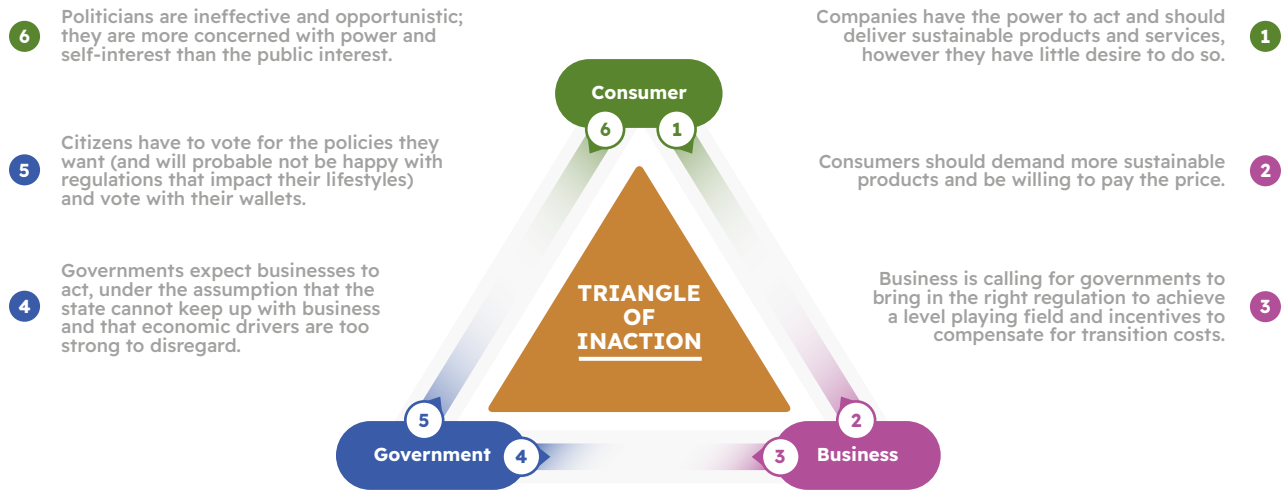

Figure 6: The Triangle of Inaction (with explanation)

Both business and government have a responsibility, and the capacity, to act – and both can do so now. Business can push the agenda forwards by adopting voluntary standards and utilising frontrunning frameworks for disclosing nature-related activities and creating Nature Positive roadmaps whilst governments catch up. However, to drive truly transformational change it is essential that governments and policymakers step up and create strong enabling environments that mandate some of these frameworks already being adopted by the private sector. As voluntary approaches adopted by frontrunning companies have demonstrated the feasibility of these frameworks and the appetite for action from business, governments must now take the next step of mainstreaming and creating an enabling environment for Nature Positive.

Obstacles for implementation of the right policy mix

There are a large number of possible suites of policy instruments and other mechanisms that can work towards Nature Positive, some are perhaps more effective than others. **However, even if the ideal policy mix to reach Nature Positive outcomes could be established objectively, this would not mean that this suite of instruments would be adopted in practice**. The actual suite of policy instruments chosen is very much a political choice underpinned by political beliefs and priorities, for example between carrots and sticks, and on what the respective role of the private and public sectors should be.

The recent backlash against more ambitious Nature Positive policies[29] is, at first glance, representative of the short-term political cycle versus long-term goals required for reversing biodiversity loss, and the absence of alignment between policy departments – positioning nature as a zero-sum game of Nature Positive versus economic growth. Underlying these challenges is the feeling amongst key stakeholders and the general public that Nature Positive is threatening rather than a pre-condition for a desirable

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28 The concept of the Triangle of Inaction was originally developed by Pierre Peyretou in the context of climate action, and can be similarly applied to nature action.
29 Although this question can be raised in any policy context, within this thought paper we try to answer it for ambitious Nature Positive policy.

future. This is partly due to **a false narrative fed by opposing interest groups[30], but also demonstrates that the real significance of Nature Positive and the costs of inaction remain too abstract and intangible for the general public.** Moreover, the costs and benefits are not shared equally, meaning **there is a lot to lose for some key stakeholder groups.**

To overcome this obstacle, the narrative around Nature Positive must be positioned better, **moving from doom and gloom to a more inviting vision of the future, and we must make sure that Nature Positive works for the people and organisations it affects.** This can be done through providing guidance and sharing best practices on the one hand, but also by making sure there are feasible transition paths for sectors where transformational change is necessary, on the other. **Without presenting a new and realistic perspective for the agri-food system – underpinned by feasible business models – there will be resistance against transformational change.** The same goes for other systems where change is needed the most, such as the built environment and energy systems. There must be more of an emphasis on creating a just transition and people must feel that they will not be left behind. The recent farmers protests in Europe have highlighted that the need for a just transition has not been sufficiently integrated into environmental regulation so far. The same goes for other systems where change is needed the most, such as the built environment and energy systems.

■ **Textbox 2: Obstacles for implementation of the right policy mix**

The role of the financial sector

The GBF provides a broad framework for the financial sector to address the nature crisis by reducing negative and increasing positive impacts of financial activities on nature, whilst addressing sustainable development needs and supporting a just ecological transition. This includes mainstreaming nature in decision-making; assessing and disclosing nature-related risks, dependencies, and impacts of businesses and financial institutions (FIs); scaling-up resources targeting biodiversity conservation, restoration, and sustainable use; and realigning harmful financial flows.

The objectives of the GBF need to be implemented by three groups of actors:

- **Government policymakers** (in particular finance ministries and treasuries) have the mandate to implement financial and economic policies and regulations that create an enabling environment for mainstreaming biodiversity within all decision-making and aligning financial flows with Nature Positive.
- **Financial supervisory entities** and **central banks** have a duty[31] to support implementation of financial policies and regulations and set prudential requirements and guidelines that catalyse the assessment and management of nature-related risks, dependencies, and impacts by financial organisations.
- **Public and private FIs**, as well as **corporate investors**, whose asset allocation decisions ultimately impact, or contribute to, the protection, restoration, and/or sustainable use of nature.
- **Consumers/the public**, who play a role as purchasers of products and services, can influence corporate behaviour. However, the right conditions must be put in place to enable them to contribute to sustainable production and consumption.

30 For example, within The Netherlands the EU Nature Restoration Law is framed as damaging to the economy, although research commissioned by the Dutch government demonstrates that the benefits (€129 billion) outweigh the costs (€76 billion).
31 DNB (2024). Lessons from Mount Everest: acting now to curb nature-related financial risks.

Central banks and Nature Positive

Central Banks can influence the reform of regulatory and fiscal policies to create an enabling environment for the transformation of financial systems[32]. They can incentivise Nature Positive investment by elevating the importance of Nature Positive to being on par with carbon neutrality. Incentivizing, or even mandating, the development and disclosure of Nature Positive roadmaps for companies, financial institutions, and the governments in their jurisdiction within their own portfolios can stimulate action from corporates to identify and act on nature-related impacts, dependencies, and risks. By coordinating with central governments, Central Banks can enhance identification of actions that may be causing harm to biodiversity and nature and use this to inform lending criteria **The Network for Greening the Financial System's (NGFS)** work is an interesting example of this.

Central Banks and financial supervisors/regulators will need to build capacities for understanding and assessing nature-related risks and frameworks for redirecting existing, and mobilizing additional, finance for Nature Positive actions. At the same time, ministries of finance need to play a role in creating the correct incentive framework for Nature Positive alignment. These ministries can develop targeted policies on disclosure of nature-related risks and Nature Positive transition plans, as well as conduct assessments of existing policies on alignment with biodiversity objectives. Nature Positive financial planning should then be integrated across all systems and sectors to increase nature integration.

Other actors and Nature Positive

Other actors in the financial sector – including Public Development Banks (PDBs) and Multilateral Development Banks (MDBs) – have a substantial role to play. These institutions can adopt principles and approaches for tracking nature-related investments to identify both potentially harmful activities and activities that work towards No Net Loss and Net Gain objectives. Adopting common principles for assessing and tagging Nature Positive finance and developing targeted instruments for financing Nature Positive actions will enable finance to be geared towards both climate and nature objectives.

The private sector must lobby for more ambitious and definitive financial policies and frameworks from governments, rather than against this, to ensure there is not a race to the bottom in regulation for nature. Where government does not act fast enough, the private sector does not need to wait. It can adopt targets in line with the SBTN, commit to adopting the TNFD recommendations for disclosures, and engage in consortiums and working groups with peers to lead concerted calls for action.

32 The Network for Greening the Financial System is an interesting example where central banks and supervisors are working together to share best practices on mainstreaming the financial sector to support the transition towards a sustainable economy. The Dutch Central Bank, the French Central bank and the European Central bank have performed relevant studies on biodiversity risk exposure of financial institutions and economies:

- DNB (2020). Indebted to Nature - Exploring Biodiversity Risks for the Dutch Financial Sector.
- Banque de France (2021). A "Silent Spring" for the Financial System? Exploring Biodiversity-Related Financial Risks in France.
- ECB (2023). The economy and banks need nature to survive.

Actions for Nature Positive

Some examples of how financial sector actors can act to align with Nature Positive are presented below:

Government policymakers, in particular financial ministries and treasuries, should:

- Update NBSAPs to ensure that nature is mainstreamed across policy and decision making within finance and economic ministries (in coordination with environment ministries) to ensure the effective integration of biodiversity, as per Target 14 of the GBF[33].
- Embed regulatory requirements for disclosing on nature-related risks, dependencies, and impacts within the scope of mandatory disclosures for large and transnational companies and FIs.
- Reduce, eliminate, and repurpose public incentives that are harmful to biodiversity, including regulatory, fiscal, and trade incentives, directing incentives instead towards activities that contribute to Nature Positive.

Financial and supervisory entities and central banks should:

- Establish prudential and reporting requirements for financial organizations on their exposure to, and management of, nature-related risks, impacts, and dependencies, and facilitate the implementation of these requirements, including through disclosure requirements.

Private financial institutions should:

- Develop and promote financial mechanisms for activities supporting positive outcomes for nature, including nature-based solutions for combined action on nature and climate mitigation and adaptation. Work towards scaling these activities, making the use of public-private blended finance approaches and other innovate finance mechanisms.

Textbox 3: Actions for Nature Positive for the financial sector[34], adapted from the High-Level Roadmap Report[35]

33 Mainstreaming biodiversity within policies, strategies, and decision-making processes, progressively aligning all relevant public and private activities, and fiscal and financial flows with the goals and targets of the GBF.
34 The roadmap is for actors within the whole of the financial sector, including private and public financial institutions, supervisory entities, and policymakers. The roadmap indirectly refers to opportunities for improving the set of instruments within the financial system currently at their disposal.
35 UNEP FI, CBD, UNDP, World Bank, Finance for Biodiversity Foundation, and Finance Montreal (2023). High-level roadmap: Aligning finance with the Kunming-Montreal Global Biodiversity Framework.

Key Findings and Recommendations

01

To achieve Nature Positive, **nature harmful policies and instruments need to be eliminated or reformed, and a paradigm shift is needed from Do No Harm to Nature Positive**, both in policy ambition and business action.

Currently, most policy instruments targeting nature are designed to reduce or avoid harm and are part of the Do No Harm paradigm. Moreover, the current suite of regulation allows for many harmful activities to continue. Therefore, the current policy mix will not achieve Nature Positive outcomes.

Many policies actively support harmful activities, including through continuing the provision of environmentally harmful subsidies, which by and large outweigh Nature Positive subsidies[36]. In built environment systems, many local policies prescribe the use of new building materials in construction projects, while it is well known that a major proportion of construction project impacts on nature are linked to raw material extraction and production. In other words, we are trying to mop the floors dry with the faucet still running. Such policy instruments must be phased out as soon as possible, and harmful subsidies must be repurposed to achieve Nature Positive outcomes.

It goes without saying that halting further biodiversity loss underpins Nature Positive action and that Do No Harm policies must continue to exist. Such regulations must, however, be adapted and transformed to align with Nature Positive. Implementing Do No Harm as a governing policy principle in full will not lead to Nature Positive outcomes. At best it will shift us toward No Net Loss. Achieving Nature Positive requires a paradigm shift from Do No Harm thinking – with No Net Loss as the endpoint – to Nature Positive with a full and ongoing recovery of nature as our guiding goal.

"Transformational change is needed: Not only do we need to phase out policies that support harmful activities, but we need to shift the policy paradigm from Do No Harm to Nature Positive."

36 UNEP (2023). State of Finance for Nature 2023: The Big Nature Turnaround. Repurposing $7 trillion to combat nature loss.

Implementing Do No Harm as a bottom-line policy principle

In the agri-food system, even the most ambitious EU policy instruments are not fully aligned with Nature Positive, and harmful subsidies continue to far outweigh Nature Positive incentives. Similarly, in the energy system harmful subsidies (for fossil fuels) outweigh Nature Positive instruments. The EU Environmental Impact Assessment (EIA) legislation does not demand biodiversity No Net Loss. In fact, biodiversity No Net Loss is not a minimum standard across the landscape of EU policies. During the timeframe of this study, some of the most ambitious elements of the Farm to Fork strategy have been culled and the Nature Restoration Law has been put in the waiting room, indicating a lack of political will to fully implement Nature Positive aligned policies.

None of the analysed instruments within the agri-food system in their current forms create an enabling environment that pushes businesses to create positive outcomes for nature and contribute to a full recovery of nature by 2050. The CAP measures targeting biodiversity outcomes remain voluntary, and do not include any requirements to restore nature. The focus of the CAP remains on topics such as pesticide and fertilizer reduction, clearly falling in line with avoiding harm, rather than creating Nature Positive outcomes. This shows that there remains a way to go for even Do No Harm to be mainstreamed across instruments, making it impossible for us to reach Nature Positive when maintaining this status quo. To at least arrive at No Net Loss, it will be important to identify and reform harmful instruments and incentives that actively obstruct efforts to work towards Nature Positive.

For the built environment and other infrastructure projects, the UK biodiversity Net Gain regulation could represent an example of how positive outcomes can be made mandatory at the site level. In general, however, policies and instruments should be combined at different levels to focus more on nature-related impact across the value chain and stimulate positive action where it matters most. The EU Taxonomy seeks to escape current (unsustainable) “lock-ins” (e.g., through Do No Harm policies), or foster new alternative solutions and practices working in harmony with nature. For example, while renovation can be considered Taxonomy-aligned, new constructions comply with the Do No Harm criteria of the EU Taxonomy only if they are not built on arable land and crop land, greenfield land, and forests. Nevertheless, the Do No Harm aspect of a policy like the EU Taxonomy needs to be complemented with policy incentives focused on new and alternative solutions and practices targeting restoring nature.

Nature Positive as a governing policy principle

Only after preventing further harm, achieving Nature Positive becomes possible. There is a huge opportunity to develop a Nature Positive agri-food system in Europe by repurposing CAP subsidies and by setting new norms and underpinning them with strong regulation. The key factor is to develop Nature Positive policies that work for farmers and their communities, rather than threaten the future of farmers.

Using Nature Positive principles in procurement tenders similarly offers opportunities to promote Nature Positive projects, a practice being implemented already (to a limited extent) in the built environment and energy systems. One example of this in the energy system is offshore wind procurement in the US (BOEM). Changing permit requirements to align with Nature Positive is another example for the built environment system. Currently, permits are regularly approved for projects that are located in natural flood areas. In a Nature Positive scenario, the permitting process could be used to prohibit such projects and instead promote restoration of natural flood plains and support implementation of flood risk mitigation projects.

02

As the business and financial communities have demonstrated proof of concept for approaches that contribute to shifting towards a Nature Positive future, **policymakers must now break the deadlock of the Triangle of Inaction** to shape this future through changing the rules of the game and **mainstreaming Nature Positive across policy aims**.

Although policymakers may be hesitant to act on their abilities to shape market outcomes and doubt whether business is ready to step up to and accept new norms, they hold the key to break the deadlock of the Triangle of Inaction. Business-led pilots, often in collaboration with NGOs, voluntary approaches, and an array of frameworks and standards have been developed, tested, and have matured that are now available for mainstreaming. This should give policymakers the confidence that mandating and mainstreaming these approaches is now feasible. Moreover, mainstreaming is needed sooner rather than later considering the timeline associated with the GBF, and this will further encourage the development of voluntary approaches and sectoral and company specific guidance and tools.

> **"Now is the time for policymakers to take the next step to steer business toward mainstreaming Nature Positive outcomes."**

03

The three key Nature Positive principles (**Positive Outcomes**, **Going Beyond**, and **Dare to Transform**) need to be used to evaluate existing policy instruments and should be **integrated into future policy development**.

At the onset of this work, our analysis of instruments focused on all ten Nature Positive principles. We identified three key principles as being instrumental to differentiating between the Nature Positive principles that determine if an instrument will contribute to creating an enabling environment which can move us towards Nature Positive. These **three key principles** give substance to Nature Positive as a governing principle:

- **Nature Positive Principle 4: Positive Outcomes** (across value chains).
- **Nature Positive Principle 6: Going Beyond** (the mitigation hierarchy).
- **Nature Positive Principle 8: Dare to Transform** (strategies and systems).

Integrating requirements and incentives for creating net positive outcomes for nature and implementing pro-active restoration efforts with an eye towards achieving the full recovery of nature by 2050 are essential for halting and reversing biodiversity loss. **Without these elements, instruments risk not encouraging actors to go further than the Do No Harm principle.**

"Nature Positive policy instruments can be distinguished by three key Nature Positive criteria."

Furthermore, transformational change is needed across sectors to shift us onto the path to Nature Positive alignment. Without integrating the ambition to contribute to transformational change into instruments that guide business action and decision making, it will be difficult to achieve this transformation at a higher level.

A key finding was that these same three key principles stand out as being the criteria most difficult to meet across most instruments. For the other principles, most instruments align at least partly. Changing the policy landscape (and the Rules of the Game) will thus necessitate a focus on integrating these three key principles into existing and new instruments. Outlier instruments that scored well on the **NPP4: Positive Outcomes** and **NPP6: Going Beyond** principles included the UK Biodiversity Net Gain regulation and EU Nature Restoration Law – both of which include requirements to create gains in biodiversity via active restoration efforts. Following the example of these instruments and integrating a minimum percentage of Net Gain/restoration of biodiversity can be a powerful tool for creating Nature Positive aligned policy and guiding businesses to take concrete steps to contribute to conservation and restoration.

Although this study has only assessed a limited set of policy instruments, these three criteria can (and should) be used to evaluate other policy instruments as well. As countries are developing their NBSAPs and NBFPs, they can employ these criteria to critically evaluate policies across all levels and systems to align their policy mix with Nature Positive outcomes.

04

A Nature Positive future can only be achieved using a **whole-of-government approach**, meaning policies and instruments across **all levels and policy areas** must be **evaluated and adapted**.

Biodiversity loss stems from many direct and indirect drivers and therefore a whole-of-government and whole-of-society approach is needed to achieve Nature Positive outcomes. This also means that a broad suite of instruments is needed. Nature-specific policies combined with overarching and system-specific policies must function across the various application levels of application to realize Nature Positive: project level, company level, sector level, value chain level, and ultimately the landscape level.

Following the adoption of the GBF, countries are developing NBSAPs and NBFPs. Included in NBFP development are the Policy and Institutional Review (PIR) and the Biodiversity Expenditure Review (BER) processes. A number of countries have already begun following the Biodiversity Finance Initiative (BIOFIN) process to undertake these reviews – including Colombia, Uganda, and Ireland. **It is critical that countries going through this process take a wide enough scope – not only looking at nature policy, but the full policy mix – and undertake reforms based on these reviews against a target that aligns with Nature Positive goals, and not with a Do No Harm mindset.** Approaching the review of financial flows that harm or benefit nature needs to be done across ministries and sectors, as neglecting

> **"Nature Positive outcomes can only be achieved through a suite of instruments."**

to analyse one may lead to oversight of policies and expenditures in need of reform. If incentives and expenditures for activities beneficial to biodiversity are outweighed by harmful incentives and policies, the overall outcome for nature is unlikely to be net positive. Identifying and repurposing instruments and financial flows that obstruct and work against Nature Positive goals will be essential for us to arrive at No Net Loss, a prerequisite for arriving at Net Gain.

Many recent policies and instruments already have more ambitious targets but rely on open-ended and non-committal targets. Although voluntary approaches can be effective – and where they are, they should be made part of the policy mix – in general, policy is either not ambitious enough or lacking in hardness and enforceability. More ambitious targets seen in voluntary approaches may thus need to be gradually integrated into hard regulation, although this is not yet visible in practice. For example, although the EU Nature Restoration Law strives to be ambitious on restoration and regeneration of nature, it was weakened – with flexibility and exemptions introduced for measures relating to peatlands and forest ecosystems. Even though it has passed in the European Parliament, it is yet to be approved by the European Council and is currently not on the Council's agenda.

05

Policy instruments should be assessed not only by their features but also by the specific properties thereof (such as **enforceability**, **scope** and **rigor**), and on how they **interact with other policy instruments**.

Whether a policy instrument will achieve Nature Positive outcomes relies not only on the type of instrument chosen but also in how the instrument is applied – or combined with others. Whether a suite of instruments will achieve Nature Positive outcomes is both dependent on the set of instruments and the scope and stringency they are applied with.

> **"It's all in the way the instruments are applied."**

Examples of this can be found in our analysis of instruments, where many policy instruments receive positive scores (Green) for referring to and promoting collaboration with other actors. While this aligns with the collective effort principle (**NPP1: Collective effort**), justifying the positive evaluation of the policy instrument, this doesn't mean businesses are effectively taking action. Enforcement of taking collective action therefore seems relevant to support the collective transformation we need.

Similarly, NBSAPs have a crucial role in the translation of Nature Positive goals of the GBF at the national level. However, it all depends on the ambition levels of the goals set in the NBSAP by countries themselves (e.g., how prominently is the mitigation hierarchy referenced, how ambitious are their restoration goals). **How countries translate the GBF into their NBSAPs, and in turn how they enforce these plans, will determine the level of Nature Positive alignment they can achieve.**

06

In addition to government, **the financial sector is a key enabler of transformative change. By shifting investments and risk management practices**, financial organizations have the power to accelerate Nature Positive outcomes. This can be leveraged both by the financial sector itself, but even more so by financial regulators, with the right enabling environment in place.

Throughout all interviews, the TNFD was universally acknowledged as a very powerful instrument, although it is not yet mandatory and not part of the oversight mandates of regulators. A shortcut to giving it more weight, without a need for complex regulation, is to adopt it as the thematic standard on biodiversity of ISSB, thereby becoming de facto part of the regulatory framework. For this route to operate effectively, ISSB should also embrace the concept of double materiality.

The EU Taxonomy can be another powerful instrument, but again is not mandatory. Furthermore, **there is need for refinement over time to align it with Nature Positive investments,** while phasing out investments that are deemed as 'green' because they aim to reduce impacts – and as such are clearly part of the Do No Harm paradigm. Such investments may have a role in the transition phase, but ultimately will not realize Nature Positive outcomes.

Ambitious policies with a clear and predictable timeline enable the business and financial communities to take up their respective roles. Whilst there is pushback from different stakeholders on the details and ambitions of these instruments, businesses can utilise existing guidance (e.g., from the TNFD and SBTN) to take matters into their own hands and show governments that the motivation is there from the private sector to heighten the level of action.

> **"The financial sector should leverage its role to promote Nature Positive action and transformation more actively."**

07

To deliver on GBF Target 15, **current disclosure regulation should be complemented with mandatory requirements to develop, disclose, and implement Nature Positive transition plans**.

The CSRD currently does not mandate development and disclosure of transition plans for biodiversity, nor does it strictly demand reporting on positive outcomes. It does require reporting on opportunities, thus opening the door for investment in nature restoration. In contrast, the TNFD framework more clearly underpins disclosure with an analysis of opportunities. At this point in time, the GRI (which was not analysed in this research) is the only (voluntary) disclosure framework that uses Nature Positive as a term (although as an optional element). This shows that how high the bar is set differs between voluntary frameworks and mandatory frameworks.

“Disclosure alone will not deliver the transformation we need – it must be a stepping stone to action-based regulation.”

The implementation of mandatory disclosure regulations – such as the CSRD – is a huge step forward and very much aligned with the GBF. However, it ultimately relies on a theory of change whereby disclosure leads to transformation. To guarantee transformational change, disclosure should be strengthened and accompanied by policies that also encourage and enforce change itself based on these disclosures, rather than using disclosure as a standalone tool. Mandatory Nature Positive transition plans are a way to effectively implement this. This would help bring us into alignment with Target 15[37] of the GBF.

37 Target 15 of the GBF is: Businesses Assess, Disclose and Reduce Biodiversity-Related Risks and Negative Impacts.

Analysis of policy instruments

In this chapter, the findings of the analysis are summarized per group of instruments. Each category (overarching, system specific, financial, and disclosure) first provides a breakdown of the key findings for the instruments covered, along with the more in-depth analysis of the instruments themselves. Text boxes of every instrument analysed are provided to give specific insights into the context and scoring of the instruments.

NATURE POSITIVE PRINCIPLE (NPP)			1	2	3	4	5	6	7	8	9	10
LVL	NAME	Hardness of instrument	Collective effort	Nature > Biodiversity	Material impacts, whole velue chain	**Positive outcomes**	Mitigatioin hierarchy	**Going beyond**	Targets and metrics are central	**Dare to transform**	Nature Positive is urgent	Credible communication
OVERARCHING	EU Nature Restoration Law	MA	◑	●	◑	●	●	●	●	◑	●	●
	EU Deforestation Regulation	MA	●	◑	◑	○	●	◑		◑		●
	EU Soil Monitoring Law	MA	●	◑	◑	◑	◑	○	◑	○	◑	●
	EU Forest Monitoring Law	MA	●	◑	◑	○	○	○	◑	○	○	◑
	NBSAPs	MA	●	●	◑	●	●	●	●	●	●	●
	SBTN	VOL	●	●	●	●	●	●	●	◑	●	●
	UK Biodiversity Net Gain	MA	●	◑	○	●	●	●	◑	◑		●
	Nature Positive Plan Australia	M/V	●	◑	○	◑	◑	◑	◑	◑	◑	◑
SYSTEM-SPECIFIC	EU Farm to Fork Strategy	M/V	●	●	●	◑	◑	○	◑	●	◑	◑
	EU Common Agricultural Policy (CAP)	MA	◑	●	◑	◑	○	○	◑	○	◑	◑
	German CAP	MA	◑	●	◑	◑	○	○	◑	○	◑	◑
	EU Green Public Procurement (GPP): Office construction	VOL	◑	◑	○	◑	●	○	◑	◑		●
	BREEAM (Construction regulation)	VOL	●	●	○	◑	●	○	●	◑	○	●
	Energy Labelling (EPC label for buildings)	VOL	◑		○	○		○	●	●	○	●
	Procurement Offshore Wind Energy (BOEM)	VOL	◑	○	○	◑	●	◑	○	◑		◑
FINANCIAL	EU Taxonomy	MA	●	●	◑	◑	●	◑	●	◑	●	●
	Article 29 France	MA	◑	●	◑	◑	●	○		◑	●	●
DISCLOSURE	CSRD	MA	●	●	◑	◑	●	◑	●	◑	◑	●
	TNFD	VOL	●	●	●	◑	●	●	●	◑	◑	●

● Aligned with NPP
◑ Somewhat aligned with NPP
○ Not aligned with NPP

MA: Mandatory
VOL: Voluntary
M/V: Mandatory & Voluntary

■ **Figure 7 - Scoring of Policy Instruments**

Overall, the analysis of the identified instruments using the adapted Nature Positive principles shows a **mixed picture when it comes to alignment of existing instruments with Nature Positive goals, which leads us to conclude that there is currently not an enabling environment in place to achieve Nature Positive.**

The key findings from the overall analysis of all instruments are:

- There are low scores across the board (mostly Red and Yellow) on the three key Nature Positive principles: **NPP4: Positive outcomes** (3 Red, 12 yellow), **NPP6: Going beyond** (9 Red, 6 Yellow), and **NPP8: Dare to transform** (4 Red, 12 Yellow).
- As **NPP5: Mitigation hierarchy** scores well (12 of the 19 instruments score Green), in contrast to **NPP6: Going beyond** (15 of 19 score Red or Yellow) this shows that **many instruments are still stuck in the Do No Harm paradigm – focusing more on achieving No Net Loss than on Nature Positive**.
- As **NPP6: Going beyond** scores lowest across all instruments, this indicates that **the creation of Net Gains for biodiversity and engaging in active restoration to work towards a full recovery of nature by 2050 cannot be achieved with the current instrument mix**.
- This indicates that **most existing instruments do not currently have the capacity to align us with the goals of Nature Positive**. Many of the instruments show some progress for **NPP4: Positive outcomes** and **NPP8: Dare to transform**, however their Yellow scores indicate that they are in need of improvement, strengthening, and reform in order to be truly transformational and Nature Positive aligned.

Overall, the analysis shows that **there are a number of instruments already in place that can begin the transition to Nature Positive alignment, however there is ample room for improvement**. With the ongoing predisposition towards Do No Harm instruments, we need definitive action to reform these instruments to push for mandating No Net Loss and integrating Net Gain into their approaches. Whilst most of the instruments do integrate **NPP5: Mitigation hierarchy** in their design, there are few that push for going beyond avoid, minimize, restore, and offset. Creating **NPP6: Positive outcomes** is widely recognized across instruments – but many still only entail at best a No Net Loss ambition or focus on a narrow scope for creating positive outcomes. Moreover, there is a whole suite of non-nature focused policy instruments that could be utilized for truly transformational change, such as fiscal reforms, repurposing of harmful subsidies, and pricing of externalities. The scope of this study does not allow for the assessment every policy instrument; however, these non-nature focused instruments remain key elements of any Nature Positive roadmap. NBSAPs and NBFPs will need to assess and reform these kinds of instruments across ministries and sectors.

Overarching instruments

The analysis of overarching instruments (8) revealed a number of commonalities and key take-aways. The instruments included in this section of analysis were the EU Nature Restoration Law, EU Deforestation Regulation (EUDR), EU Soil Monitoring Law, EU Forest Monitoring Law, NBSAPs, SBTN – Guidance for Nature, the UK Biodiversity Net Gain regulation, and the Australian Nature Positive Plan. These are presented in short below, with a focus on the three key Nature Positive principles and are followed with the in-depth details of the analysis.

- The two principles routinely scored highest amongst these instruments were **NPP1: Collective effort** (7 of 8 score Green) and **NPP10: Credible communication** (6 of 8 score Green). However, instruments may score higher on **NPP1: Collective effort** as they are more 'overarching', thus more likely to refer to a broader set of stakeholders and sectors than, for example, sector-specific instruments.
- Whilst the majority of instruments (5 of 8 score Green) do satisfy **NPP5: Mitigation hierarchy**, half of the instruments fail to go beyond this – meaning they remain in Do No Significant Harm territory.

- For key principles **NPP4: Positive outcomes**, **NPP6: Going beyond**, and **NPP8: Dare to transform**, results are mixed. There are some good examples that score highly in these categories including the EU Nature Restoration Law, NBSAPs, and the UK Biodiversity Net Gain regulation.
- The **NPP8: Dare to transform** scores the lowest amongst this group of instruments, with 7 of 8 instruments scoring Yellow or Red.

Do No Harm versus Going Beyond and Positive Outcomes

Across these instruments, there is a trend to push towards the 'halt biodiversity loss' element of the GBF. Only 4 of the 8 instruments in this category score Green on **NPP4: Positive outcomes** and **NPP6: Going beyond**.

Many instruments thus do not yet fully satisfy the **NPP4: Positive outcomes** principle, often the focus remains on Do No Harm or implementing (elements of) the mitigation hierarchy. Although some policy instruments may – in text – identify the aim of creating Nature Positive outcomes, the way this should be achieved is not clarified in the instrument itself, and the roadmap to Nature Positive remains unclear. Many of the EU instruments – including the Taxonomy, Soil and Forest Monitoring Laws, and agriculture specific instruments such as the Farm to Fork strategy and CAP – do entail implementation of (elements of) the mitigation hierarchy but fail to mandate or aim for No Net Loss. Mandating Net Gain for nature is very rarely integrated in these mechanisms. Overall, there is a low representation of instruments that go beyond the mitigation hierarchy. Two positive examples are the UK Biodiversity Net Gain regulation, which mandates that biodiversity must be restored and enhanced, and the EU Nature Restoration Law, which champions active restoration based on historical degradation and damage (rather than project level or current activities). However, these examples are outliers in the instruments analysed.

Findings on Dare to transform

For principle **NPP8: Dare to transform**, there is still a way to go across the 8 overarching instruments. Our analysis shows that many instruments do not strive to create truly transformational change across systems, or that there is large room for improvement. Often, elements are included within instruments that aim to transform parts of a system or create some form of transformation. For example, the EU Nature Restoration Law calls for the establishment of an "overarching objective for ecosystem restoration to foster economic and societal transformation". However, they often do not lay out actions that can transform systems and sectors or business practices themselves. Others do strive for systems transformation in text. For example, the SBTN calls for companies to "explore system level collaboration and transformation" and to transform business models and impact and dependency assessments. Despite this, it does not mandate this or lay out a strong framework for creating this change.

When taken all together, there are no Nature Positive principles that are completely neglected across this suite of instruments, however better integration of the key principles across each individual instrument is needed. Across the three key criteria (**NPP4: Positive outcomes**, **NPP6: Going beyond**, and **NPP8: Dare to transform**), there is only one instrument that scored highly in all three: NBSAPs. This analysis applies to the general guidelines for NBSAPs, thus how specific NBSAPs developed by countries will align with the Nature Positive principles remains to be seen. Often, **NPP8: Dare to transform** scored lowest. The true challenge across these instruments is going beyond the Do No Harm approach, and reform is needed to create an enabling environment that concretely pushes business in the direction of creating net positive outcomes and transforming practices.

OVERARCHING

Instrument 1: EU Nature Restoration Law, European Union

The Nature Restoration Law focuses on restoring degraded ecosystems and increasing biodiversity, whilst contributing to the EU's climate mitigation and adaptation objectives. All Member States will be required to submit cross-sectoral National Restoration Plans with binding targets on area to be restored by 2050, and to monitor and report national progress.

The Nature Restoration Law scores Green/Yellow for the three key principles: **NPP4: Positive outcomes**, **NPP6: Going beyond**, and **NPP8: Dare to transform**. All elements of **NPP5: Mitigation hierarchy** are integrated in the law, meaning it can satisfy the minimum threshold needed to 'go beyond' and move towards creation of Nature Positive impacts. The law also includes time-based goals and targets, providing indicators for monitoring progress (**NPP7: Targets and metrics**). Furthermore, the mechanism will be legally enforceable at the national level. During the timeframe of this research, the Law was passed in the European Parliament in a weakened format following amendments made after not passing at the first vote – flexibility and exemptions have been introduced and obligations to prevent deterioration and promote restoration have been weakened. Therefore **NPP6: Going beyond** is slightly weakened. It has not been formally approved by the European Council as of yet and the decision to do so has been postponed, despite passing in the European Parliament.

OVERARCHING

Instrument 2: EU Deforestation Regulation (EUDR), European Union

The EUDR aims to reduce the impact of EU consumption and production on deforestation and forest degradation by promoting consumption of 'deforestation-free' products. Operators and traders who sell commodities on, or export from, the EU market must prove that their products do not contribute to deforestation or forest degradation[38]. The EUDR is enforced by Member States' Competent Authorities and customs authorities.

The EUDR mainly scores yellow across the Nature Positive principles. On **NPP6: Going beyond** and **NPP8: Dare to transform** it scores yellow as the regulation stimulates improvement from business-as-usual but is not strong enough on additional restoration and conservation activities or to stimulating transformative change. The regulation drives assessment and disclosure from businesses on their impact on deforestation (Green for **NPP10: Credible communication**). This transparency can help identify areas for improvement and encourage adoption of sustainable sourcing practices. However, the regulation does not set positive targets. Therefore, **NPP6: Positive outcomes** scored Red.

38 European Commission (2023). Regulation on Deforestation-free products.

OVERARCHING

Instrument 3: EU Soil Monitoring Law, European Union

The EU Soil Monitoring Law aims to reduce pollution, reverse biodiversity loss and soil degradation, restore healthy soils by 2050, and help achieve climate neutrality. Members are required to establish soil districts and monitor specific parameters, including soil type, climatic conditions, environmental zones, and land use or land cover.

This instrument scores adequately in relation to some Nature Positive principles, but low on most of the key principles. In terms of **NPP4: Positive outcomes**, it aims to promote healthy soils by 2050 thus scores Yellow. The objective is to protect and restore soils by monitoring and ensuring their sustainable management and use. However, the proposal does state that the criteria for soil regeneration and restoration is less demanding than the preferred option described in the impact assessment, undermining its ability to provide Nature Positive outcomes. While the Law does refer to some necessity to prioritise circular solutions and sustainable soil management, more ambitious goals for system transformation and restoration and regeneration of soil are not yet integrated (**NPP6: Going beyond** and **NPP8: Dare to transform**).

OVERARCHING

Instrument 4: EU Forest Monitoring Law, European Union

The EU Forest Monitoring Law provides Member States and forest owners/managers with a monitoring framework for European forests on the status and changes in forests. The aim is to enhance forest resilience to climate change, prevent biodiversity loss, and enable fast action to be taken in response to natural disasters and disturbances.

This regulation scores quite low against the Nature Positive criteria. The law does not mandate **NPP4: Positive outcomes**, as it focuses on forest resiliency and monitoring rather than generating positive outcomes. The law itself does not ensure avoidance, mitigation, or restoration, as its focus is monitoring the status of forests, thus does not score sufficiently on **NPP5: Mitigation hierarchy**, this implies that the mechanism does not score well on **NPP6: Going beyond**. The law also does not trigger transformative action within the sector in terms of decoupling business activity from natural resource use (scoring Red on **NPP8: Dare to transform**). Regrettably, the integration of long-term forest planning on the national level remains voluntary, a shortcoming of the regulation.

OVERARCHING

Instrument 5: National Biodiversity Strategy and Action Plans (NBSAPs), CBD signatories (Global)

NBSAPs translate the GBF targets and goals into national legislation. Developing NBSAPs is obligatory for all signatories of the CBD. Countries should develop new, and refine existing, strategies for the conservation, restoration, and sustainable use of biodiversity and integrate national goals and targets across all sectors, planning, and policies.

NBSAPs score highly across the Nature Positive principles as the general guidelines for NBSAPs were assessed, which are focused on translating the GBF goals and targets directly. Thus, **NPP4: Positive outcomes** should be integrated in NBSAPs and complemented with protection, restoration, and regeneration measures. Since NBSAPs are important implementation tools for the GBF, countries' plans should be in compliance with **NPP5: Mitigation hierarchy**. Some countries, such as Malta and Uganda are already incorporating the mitigation hierarchy, however, it does not seem to be a set requirement of NBSAPs and is not directly mentioned in NBSAP guidance documents. Nonetheless, with ideal enforcement, NBSAPs will aid countries in implementing the GBF and will **NPP6: Go beyond** the mitigation hierarchy to create net positive outcomes and achieve full recovery of nature by 2050. In terms of transformative actions, NBSAPs are tools to facilitate transformative action on biodiversity. NBSAPs are intended to provide integrated sectoral and cross-sectoral plans, programmes, and policies. This can in turn affect business activities and production processes, helping achieve principle **NPP8: Dare to transform**.

OVERARCHING

Instrument 6: Science Based Targets Network (SBTN) - Guidance for Nature, Global

The SBTN provides technical guidance to cities and companies on assessment of materiality and value chains, how to select, measure, set, and disclose targets employing both the mitigation and conservation hierarchies, identify baseline data for targets, and prioritise targets. As part of the target setting process, SBTN guidance on monitoring and reporting materiality and value chain assessments, target related-data, and progress towards targets.

The SBTN scores very well against the key Nature Positive principles. It highlights the AR3T (Avoid, Reform, Regenerate and Restore, and Transform) framework which includes the mitigation and conservation hierarchy (**NPP5: Mitigation hierarchy**), as well as incentivising transformative action. However, it remains voluntary thus **NPP8: Dare to transform** scores in the mid-range. Currently, the framework focuses on materiality in upstream and direct operations of value chains, whereas downstream requirements will be included in future guidance (**NPP3: Material impacts, value chains**). The SBTN framework stresses the necessity for action, and restorative and regenerative actions, thus **NPP4: Positive outcomes** and **NPP6: Going beyond** score Green.

OVERARCHING

Instrument 7: Biodiversity Net Gain regulation, UK

The Biodiversity Net Gain (BNG) regulation focuses on sustainable development and land management to ensure that development contributes to restoration and conservation. Since 2021, the BNG is a legal requirement for developers, who must submit a Biodiversity Gain Plan that lays out how they will create a BNG of 10% over a minimum of 30 years. The BNG is essential for attracting private finance for nature conservation and it links a range of social, environmental, and climate agendas.

The BNG regulation scores Green for **NPP4: Positive outcomes** and **NPP6: Going beyond** and Yellow for **NPP8: Dare to transform**. As the BNG regulation requires a net biodiversity gain of up to 10% for development projects in the UK, it scores Green colour for **NPP4: Positive outcomes**. It also includes enhancements and restoration of biodiversity on site (**NPP6: Going beyond**). **NPP8: Dare to transform** scored Yellow as the focus is site specific (big development projects). Furthermore, an adjustment by the UK government to the BNG legislation means local authorities need to justify net biodiversity gains higher than 10%. This weakens the transformational potential of the instrument and the ability of local authorities to deliver positive outcomes.

OVERARCHING

Instrument 8: Nature Positive Plan, Australia

The Nature Positive Plan is an Australian policy document that outlines planned environmental law reform and policy to improve national action on nature. The agenda outlines plans to set legally enforceable National Environmental Standards, create a Nature Repair Market to encourage investment in restoration, establish the Environment Protection Agency (EPA) as a regulator, and reform biodiversity offsetting, threatened species protections, and planning and approval processes.

The Plan strives for transformation of environmental laws via reform of existing policy, however the actions it outlines focus more on repair of nature and conservation and protection of specific systems such as Critical Protected Areas thus scores mid-to-low on **NPP2: Nature > biodiversity** and **NPP3: Material impacts, value chains**. The planned National Environmental Standards for projects have a low bar – with projects only needing to show that they are not inconsistent with these standards to a 'satisfactory' level. These standards (not yet developed) are expected to prescribe that projects should deliver net positive outcomes – but this only applies for "Matters of National Environmental Significance". Thus, this plan cannot meaningfully satisfy the criteria of **NPP4: Positive outcomes**, **NPP6: Going beyond**, and **NPP8: Dare to transform.**

The Agri-food system

Across the agri-food system, the EU Farm to Fork strategy, Common Agricultural Policy (CAP), and the specific example of the German CAP were analysed. The key findings from across these instruments are summarized below:

- Overall, these instruments **consistently show room for improvement across the key Nature Positive principles** of **NPP4: Positive outcomes**, **NPP6: Going beyond**, and **NPP8: Dare to transform** to ensure that instruments in this sector can align with Nature Positive goals and transform the system.
- For **NPP4: Positive outcomes** and **NP6: Going beyond**, all instruments scored low (all Yellow for **NPP4** and all Red for **NPP6**). Compared to other overarching and system-specific instruments assessed, **these instruments scored the worst on the key principles**. Only one instrument – Farm-to-Fork – scored well on a key principle: **NPP8: Dare to transform**.
- As a suite of instruments, there is already a lot to work with for the agri-food system. These system-specific instruments are supported by overarching instruments such as the CSRD and EU Taxonomy, which have the potential to further strengthen action. **The CSRD can push for agri-food producers and companies to report on their impacts and dependencies that are nature-related**, encouraging action to address and remediate impacts.

Findings from analysis of Agri-food instruments

When compared to the instruments across other sectors, overarching national and EU policy instruments, and voluntary instruments, those applying to the agri-food sector tend to score lower. They align with other instruments on **NPP1: Collective effort** (one Green, two Yellow) and **NPP2: Nature > biodiversity** (all scored Green). This means that the three system-specific instruments analysed do recognise the need to integrate impacts on different components of nature and the importance of inclusion of a broad scope of actors.

The Farm to Fork strategy is the only instrument to score Green on **NPP3: Material impacts, whole value chains**, as it advocates that the entirety of food value chains – "covering food production, transport, distribution, marketing and consumption" – must be neutral or positive in impact on all ecosystems. This framework is not legally binding, but more lays out the strategy for food system transition.

Positive outcomes in the Agri-food system

These policy instruments all recognise the importance of **NPP4: Positive outcomes** for nature, though do not mandate Net Gain (all score Yellow). The Farm to Fork strategy includes an aim for the agri-food system to have a "neutral or positive environmental impact" – Net Gain is not mandatory, but it strives for at least No Net Loss. Net positive is also not a mandatory part of the EU or German CAP – mentions of creating positive outcomes focus primarily on farmlands, rather than applying to all parts of the value chain. The pathway for arriving at No Net Loss and achieving Net Gain in nature is thus not strongly laid out with these instruments – there is room for them to be strengthened and for their scopes to go beyond No Net Loss and apply to different types of landscapes (e.g. forests and seascapes).

Do No Harm versus Nature Positive ambition

Of the three instruments, none entail full application of **NPP5: Mitigation hierarchy** (two score Red, one Yellow). Across the other non-system specific instruments analysed, there is a higher level of fulfilment of **NPP5**. Often, agri-food instruments focus on minimizing and avoiding harmful impacts and neglect restoration and offsetting activities – the EU and German CAP and Farm to Fork strategy focus on avoiding and minimizing impact (e.g., through reduction of use of pesticides and nutrient inputs) whilst less attention is paid to restoring biodiversity or offsetting harms. The specific wording is also demonstrative of the Do No Harm paradigm (or do less harm), as targets are based on set reduction percentages rather than to a scientifically proven acceptable threshold that stops harm and creates Net Gain. Above all, the level of ambition for avoidance and minimisation of harm in the Farm to Fork strategy and CAP was further reduced midway through the execution of this study (early 2024), as the target to reduce the use of chemical and hazardous pesticides by 50% by 2030 was reversed.

As the **NPP5: Mitigation hierarchy** is not fully applied under any of these three instruments – and where the mitigation hierarchy is applied it only touches upon specific topics such as pesticide and fertilizer use – these instruments all score Red on **NPP6: Going beyond**. As it is not possible to create Net Gain for biodiversity without first adhering to all aspects of the mitigation hierarchy, none of the agri-food instruments in their current forms can lead to net positive impact for nature. It is thus essential to reform these instruments to ensure their adherence to all parts of the mitigation hierarchy and move towards Net Gain.

Dare to transform in Agri-food systems

As no agri-food system instrument goes beyond **NPP5: Mitigation hierarchy**, nor fully meet the criteria for **NPP4: Positive outcomes** and **NPP6: Going beyond**, most are consequently lacking in **NPP8: Dare to transform**. As a result, two of the three instruments (the CAP and German CAP) do not represent transformative action and cannot lead to transformative change across the agri-food system. Although the CAP has incentivisation schemes for more sustainable practices (e.g. eco-schemes and payments for farmers), these schemes are mostly voluntary and focus on Do No Harm. This is mirrored in the German CAP, too – for example, support for improving soil and water quality is largely focused on encouraging use of biological pest management approaches rather than banning or reducing pesticide use first. The Farm to Fork strategy scores Green for **NPP8: Dare to transform** as it strives for the transformation of local production, laying out a vision that is transformative for farmers.

Above and beyond the absence of truly Nature Positive elements within the examined policy instruments, current EU agricultural subsidies, in line with global agriculture subsidies, overwhelmingly benefit harmful practices[39]. On top of this, some countries have preferential VAT rates that further incentivise fertilizer or chemical inputs[40]. Repurposing such incentives and subsidies presents an enormous opportunity for creating truly transformational Nature Positive outcomes, without requiring additional budgets.

AGRI-FOOD

Instrument 9: EU Farm to Fork Strategy, European Union

The EU Farm-to-Fork Strategy is an important part of the European Green Deal. It focuses on accelerating the transition to sustainable food systems by guiding value chains in a more sustainable direction towards creating a neutral or positive environmental impact. The strategy emphasises reducing dependencies on pesticides and fertilizers, increasing organic farming, improving animal welfare, and reversing biodiversity loss.

Whilst the strategy highlights the necessity of food value chains having a neutral or positive environmental impact, it does not mandate this (NPP4: Positive outcomes). The strategy includes targets that focus on reducing use of harmful pesticides and fertilisers, reducing nutrient loss of the soil, and encourages the use of sustainable farming practices and integrated pest management. However, the recent decision to remove the ambitious pesticide reduction target weakens this strategy. In terms of NPP5: Mitigation hierarchy, the strategy has an ambition to reduce negative impacts, however, it does not go beyond this to achieve the recovery of nature (NPP6: Going beyond). Nevertheless, the Strategy has acknowledged the need to transform production methods, including reducing and optimising use of inputs and investing in technological solutions, for instance, energy efficient solutions. Furthermore, it sets the intention to transform production by prioritising local production, which is transformative for farmers, thus it scores Green for NPP8: Dare to transform.

39 UNEP (2023). State of Finance for Nature 2023: The Big Nature Turnaround. Repurposing $7 trillion to combat nature loss.
40 European Commission (n.d.). Phasing out Environmentally Harmful Subsidies.

AGRI-FOOD

Instrument 10: EU Common Agricultural Policy (CAP), European Union

The EU CAP is a comprehensive agricultural policy, central to the European Green Deal, Farm-to-Fork, and EU Biodiversity Strategies. The targets of the CAP are linked to common EU goals for social, environmental, and economic sustainability in the agri-food system and rural areas. The CAP is aimed at directly supporting farmers, rural areas, climate action, and preserving landscapes and biodiversity by managing natural resources.

Whilst the recent reform of the CAP is intended to reflect more stringent environmental requirements, there is room for improvement on a number of Nature Positive principles. The CAP includes aims to reward farmers for complying with a more stringent set of mandatory requirements, such as dedicating at least 3% of arable farmland to biodiversity and non-productive elements or dedicating at least a quarter of the budget for direct payments to eco-schemes. However, **NPP4: Positive outcomes** are not mandatory, leaving farmers with the choice of whether they wish to comply with the Good Agricultural and Environmental Conditions (GAEC). The CAP also includes objectives in line with avoiding, reducing, and restoring, yet the targeted actions signify more of the Do No Harm approach than Nature Positive and do not involve full implementation of the mitigation hierarchy (**NPP5: Mitigation hierarchy** and **NPP6: Going beyond**). Currently, harmful subsidies for agriculture still largely outweigh any positive subsidies, and with GAEC being voluntary, this further weakens the policy. Furthermore, it does not create transformation for the entire system, pointing to the need for improvement in **NPP8: Dare to transform**.

AGRI-FOOD

Instrument 11: German CAP, Germany

Germany's CAP Strategic Plan focuses on ensuring the protection of natural resources, climate, and biodiversity, as well as the competitiveness of farms, whilst reducing the climate and environmental footprint of the system. It provides support schemes for farmers that target various sectors including fruits and vegetables, livestock, and more. It sets a national target of ensuring that approximately 30% of agricultural land is farmed organically. The CAP will support farmers in utilising methods that enhance soil and water quality and reduce synthetic pesticide use.

The German CAP scores similarly to the general EU CAP. Farmers must comply with the mandatory climate and environmental practices to receive income support, however participation in these support schemes is voluntary. The CAP does not meet all of the **NPP5: Mitigation hierarchy** conditions, specifically restoration or offsetting, although it does have some objectives that focus on avoiding or reducing harmful inputs. However, these actions resemble the Do No Harm approach rather than promoting Nature Positive outcomes (thus it scores Red on **NPP4: Positive outcomes**). Germany is implementing some support schemes that target livestock deintensification and prevention of abandonment of production as well as implementing biological pest management techniques on around 30% of agricultural land. However, these mechanisms are largely voluntary and are not transformative, relying on existing system structures (**NPP8: Dare to transform**).

Analysis of the built environment and energy systems.

Across the built environment and energy systems, instruments analysed were energy efficiency instruments like the Energy Performance Certificate (EPC) in Flanders, Belgium, the BREEAM certification program, the office construction element of the EU Green Public Procurement policy (EU GPP), and green procurement policies in wind energy in the US (BOEM). The UK biodiversity Net Gain policy was also considered in this part of the analysis. This set of instruments includes regulatory instruments (EU GPP, UK Biodiversity Net Gain) as well as voluntary mechanisms (EPC, BREEAM, BOEM). A number of the key findings in these systems are summarized below:

- Most instruments analysed for the energy and built environment systems show room for improvement across the key principles of **NPP4: Positive outcomes** (3 of 5 scored Yellow, one scored Red), **NPP6: Going beyond** (3 scored Red, one Yellow), and **NPP8: Dare to transform** (4 of 5 scored Yellow).
- In general, these instruments tend to **focus on avoiding and reducing impact, rather than rewarding Net Gain ambitions or pro-active restoration of nature** as can be seen in **NPP5: Mitigation hierarchy** scoring (4 of 5 score Green).
- Instruments relating to the built environment and energy systems **could be better supported by complementary 'overarching' or financial and/or disclosure-based instruments**. The EU Taxonomy and CSRD can strengthen and advance instruments and ambitions in these systems.

Trends across instruments

Most instruments analysed across these two systems have a focus on individual projects (procurement or building certifications and ratings). Therefore, these kinds of instruments inherently have mid-range scores for stimulating **NPP1: Collective effort** (most scored Yellow). With regard to **NPP2: Nature > biodiversity**, instruments are often tailored to the scope desired. For the specific instruments analysed, the offshore wind energy (BOEM) example focuses specifically on biodiversity and the EPC focuses on reducing GHG emissions. In contrast, BREEAM is designed to have a broader scope and includes criteria on energy, water, materials, waste, land use and ecology, and pollution.

One of the Nature Positive principle where all instruments – without exception – have a low score is the criteria on addressing material impact across the value chain (**NPP3: Material impacts, value chains**). Here, all instruments scored Red, and each instrument focuses on a particular site or the relationship with direct suppliers using procurement policies. While BREEAM rewards the use of recycled materials in new or refurbished buildings, **none of the instruments fundamentally impose an assessment, or require management, of impact further beyond that**. In fact, in many countries, local legislation still oblige the use of only new, non-recycled materials in new buildings despite the fact that sourcing and processing of raw materials represent an enormous proportion of nature-related impacts in any sector or system. This is an example that shows the need for an overarching requirement by e.g., the CSRD on assessing and managing impacts across the value chain. Specific instruments that focus on individual stages or parts of built environment and energy infrastructure value chains, such as the procurement instruments discussed here, can be used for implementation of overarching policies.

Analysis against the key Nature Positive principles

On the key principles of **NPP4: Positive outcomes**, **NPP6: Going beyond**, and **NPP8: Dare to transform**, none of the instruments score highly across all three. These instruments score especially low on **NPP6**, where 3 of the 5 scored Red, showing there is currently little progress in aligning with Nature Positive goals and ambitions remain low on this front. Although not analysed as an instrument within the scope of this study, another example that demonstrates the limited uptake of **NPP4: Positive outcomes** and **NPP6: Going beyond** is the European Environmental Impact Assessment legislation, which does not require No Net Loss.

The UK Biodiversity Net Gain regulation is an exception to the rule in these systems, as in contrast to the other instruments it does aim for **NPP4: Positive outcomes**. The Net Gain aspect in this particular regulation is a mandatory requirement, making it unique (to date). Across the European landscape there is not even a demand for the achievement of a No Net Loss result for infrastructure projects. Another example which promotes positive impact is the use of green area indicators (GAI) in urban developments[41]. GAI systems can be designed to complement existing policies that promote conservation and restoration of urban nature by both the private and public sector. Examples include the Oslo Blue Green Factor[42] and Berlin's Biotope Area Factor[43]. These are municipal tools to support implementation of nature-based solutions at the property level in urban development for housing, commercial, or administrative purposes by real estate businesses.

Another exception to the overall results for this group of instruments are energy labelling schemes. Whereas the other instruments analysed tend to focus on the individual project or site level, the EPC in Flanders scored highly on **NPP8: Dare to transform** because it stimulates the transition to best practices in energy efficiency of buildings through market dynamics by using mandatory reporting requirements on energy ratings.

Supporting built environment and energy systems using other instruments

The energy and built environment systems are supported by financial and disclosure instruments such as the CSRD and EU Taxonomy. Whilst the CSRD can push for construction companies, energy production and transmission companies, or others to report on their impacts and dependencies that are nature-related, the EU Taxonomy specifically provides elements focused on buildings and infrastructure development.

The EU Taxonomy seeks to escape current (unsustainable) "lock-ins" (e.g., through Do No Harm policies), or foster new alternative solutions and practices working in harmony with. As an example, the Taxonomy makes an explicit differentiation between construction of new buildings and renovation of existing buildings. While renovation can be considered Taxonomy-aligned, new constructions only comply with the Do No Harm criteria of the EU Taxonomy if they are not built on arable land and crop land, greenfield land, and forests.

The Taxonomy will also provide greater incentives to encourage the maintenance of buildings, preventing the use of new resources and thus reducing the related extraction and energy use. Nevertheless, the Do No Harm aspect of a policy like the EU Taxonomy needs to be complemented by policy incentives focused on new and alternative solutions and practices targeting restoring nature. Examples include Nature Positive tax measures on buildings (e.g., real estate tax, sewage tax, and permission tax), rating and certification schemes like BREEAM, Net Gain requirements for infrastructure projects, or Nature Positive requirements in procurement policies (e.g., requiring windfarms to provide specific marine life enabling structures at the feet of new turbines).

An interesting observation from the analysis is the difference between instruments for **NPP7: Targets and metrics**. Here, rating and certification programs score better than the other instruments analysed. As private (BREEAM) and public (EPC) rating and certification programs are designed to address specific topics within a clear field of work, this may not be surprising. However, this again supports the idea that policy instruments should complement each other on defining ambition levels (e.g., EU Taxonomy) and finding ways to monitor (BREEAM) and/or enforce (EPC).

41 GAI are generally defined as the ratio of the area of biologically available surfaces (i.e., those covered by vegetation, open water, permeable paving and storm water infiltration, etc.) compared to total parcel area.
42 Interlace Hub (2023). Blue Green Factor norm.
43 Interlace Hub (2023). Biotape Area Factor – Berlin.

BUILT ENVIRONMENT

Instrument 12: Green Public Procurement (GPP): Office construction, European Union

The EU GPP criteria[44] aim at facilitating public authorities in the purchase of products, services, and works with reduced environmental impacts. The use of the criteria is voluntary and may be integrated into tender documents. The procurement of energy services is primarily focused on the provision of the supply of low or zero carbon emission energy to an office building. For the primary activities of office buildings (mainly management of the building) environmental criteria are proposed, both related to the greenhouse gas emissions (which is related to the creation of a healthy internal environment).

Across the three main Nature Positive principles, the GPP scores Red or Yellow. The GPP does not have an ambition to go beyond **NPP5: Mitigation hierarchy** and restore landscapes (**NPP4: Positive outcomes**) thus scores Yellow and Red respectively. However, integrating sustainable criteria in tender processes creates an incentive to integrate nature-based solutions and sustainable alternatives. As the EU GPP encourages businesses to adopt environmentally friendly practices and creates a market demand for nature-based solutions which can drive innovation, it scores Yellow on **NPP8: Dare to transform**.

BUILT ENVIRONMENT

Instrument 13: BREEAM, Global

The Building Research Establishment Environmental Assessment Method (BREEAM) is a sustainability assessment method for infrastructure and buildings. It aims to evaluate and certify the environmental performance of buildings, infrastructure, and planning projects. It assesses a building's environmental performance, including on energy and water use, materials selection, waste management, ecology, and pollution. The BREEAM benchmark facilitates the identification of best practices related to sustainability and encourages minimization of environmental impacts and uptake of sustainable practices in building design, operation, and construction.

BREEAM acknowledges the mitigation hierarchy (**NPP5: Mitigation hierarchy**), and it encourages selecting building sites that minimize ecological disruption. However, there are no targets for **NPP6: Going beyond**, with the exception of BREEAM assessments within the UK, where the Biodiversity Net Gain regulation applies, therefore it scores Red on **NPP6**. BREEAM does not set targets for (biodiversity) positive outcomes (**NPP4: Positive outcomes**) but it includes more ambitious sustainability criteria for the more ambitious BREEAM levels, therefore it scored Yellow. For **NPP8: Dare to transform**, BREEAM also scores Yellow as it influences the built environment system to incorporate sustainability and nature-based solutions, but does not create transformational change.

44 The criteria consider energy use, construction products, the transportation of aggregates, the lifespan of the building and its elements and a healthy and attractive working environment.

ENERGY

Instrument 14: Energy Performance Certificates (EPC) for buildings, Belgium

The Belgian EPC provides standardized energy labels to assess the energy efficiency of buildings. Labels range from A (most energy efficient) to G (least energy efficient), offering a clear indication of a building's energy performance. By using the EPC label, building owners and occupants are encouraged to make improvements that reduce energy consumption and lower carbon emissions.

The visibility of EPC labels in property transactions and rental agreements can drive a transformation in the market to prioritize energy-efficient properties, fostering a culture of sustainability and responsible resource use. Therefore **NP8: Dare to transform** scored Green. The EPC label is not designed to enhance biodiversity or stimulate going beyond the mitigation hierarchy. Therefore, key principle **NPP6: Going beyond** and **NPP4: Positive outcomes** scored Red. The white spaces in **Figure 6** indicate principles that are not applicable (energy labelling does not focus on **NPP2: Nature > biodiversity** or **NPP5: Mitigation hierarchy**).

ENERGY

Instrument 15: Procurement Offshore Wind Energy (BOEM), USA

BOEM (Bureau of Ocean Energy Management) is responsible for managing the development of renewable energy resources on the Outer Continental Shelf in the United States. BOEM promotes sustainable procurement by issuing a conservation program bidding credit, which allows bidders to receive a credit in exchange for a commitment to advance conservation for threatened and endangered species, migratory birds, or North Atlantic right whales (NARWs). To receive a credit, commitments must demonstrate contributions to (i) species conservation and/or recovery goals; and/or (ii) net positive impacts associated with habitat restoration, enhancement, or preservation for these species.

As procurement processes are linked to developments, there are often no concrete targets for biodiversity Net Gain or restoring beyond the mitigation hierarchy. However, by integrating a bidding credit for those who can demonstrate biodiversity benefits, companies are encouraged to think with a sustainable mind. Keeping the procurement context of the mechanism in mind, BOEM scored Yellow for all of the three key Nature Positive principles as it encourages a change in direction away from business-as-usual.

Financial sector instruments

Instruments analysed that apply to the financial sector include the TNFD, EU Taxonomy, and the French Article 29 (de la loi énergie-climat). Whilst they represent a mixture of voluntary frameworks and hard regulation and are applicable at different scales, they are otherwise quite similar in scoring according to this analysis. The key insights from the analysis of these instruments are:

- **The financial instruments perform positively across the majority of the Nature Positive principles** – especially **NPP2: Nature > biodiversity**, **NPP5: Mitigation hierarchy**, and **NPP10: Credible communication**, where all instruments score green for these principles.
- Similarly, the three instruments score considerably low against the key Nature Positive principles **NPP4: Positive outcomes** (all score Yellow), **NPP6: Going beyond** (one Green, one Red), and **NPP8: Dare to transform** (all score Yellow).

Comparison of instruments on the key principles

Currently, none of the analysed financial mechanisms can deliver fully on **NPP4: Positive outcomes** by mandating Net Gain for nature, and only the TNFD scored highly on **NPP6: Going beyond**. Both the EU Taxonomy and Article 29 focus in part on reducing harm to biodiversity. The Taxonomy specifically defines Do No Harm as a key criterion within its framework but does not mandate going beyond this for investments and activities to be classified as sustainable; Article 29 highlights the need to reduce biodiversity impacts but does not mandate No Net Loss or a need to create Net Gain; and TNFD has a Nature Positive ambition and advises reporting Nature Positive impacts but does not mandate creation of Net Gain in itself.

On the third key principle, **NPP8: Dare to transform**, these instruments also currently do not trigger transformation of their whole sectors or systems of focus. Article 29 and TNFD show most promise in this regard as they are a strong starting point for financial institutions to transform – they provide a framework for disclosing on nature-related risks and dependencies, a prerequisite for taking action. To properly propel transformative action on nature, all three represent potentially powerful instruments for initiating transformation, but need some level of reform for them to reach their full potential. Both the Taxonomy and TNFD are not mandatory. There is scope for adopting TNFD within the ISSB biodiversity standard. This would require the ISSB to embrace double materiality to become truly effective. The Taxonomy has room for refining positive biodiversity-specific investments and phasing out (less) harmful investments if used as a mandatory instrument. Article 29 specifically mandates financial institutions should disclose their strategies for reducing negative impacts on biodiversity – a key element that could be applied to strengthen the TNFD and CSRD. Taking this a step further and mandating that companies and institutions also need to disclose roadmaps or transition plans for aligning with Nature Positive goals and targets could bring these instruments closer to being tools for creating transformation for the financial sector.

FINANCE

Instrument 16: EU Taxonomy

The EU Taxonomy is a cornerstone of the EU's sustainable finance framework and an important market transparency tool. Its aim is to establish a robust and science-based classification system that creates a common definition for sustainability. The Taxonomy Regulation sets out four overarching conditions that an economic activity must meet in order to qualify as environmentally sustainable: 1) substantially contribute to at least one of the environmental objectives, 2) Do No Significant Harm to any of the other environmental objectives[45], (3) comply with minimum social safeguards such as human rights and labour standards, and (4) comply with the technical screening criteria set out in the delegated acts.

The EU Taxonomy scores Yellow for the three key indicators (**NPP4: Positive outcomes**, **NPP6: Going beyond**, and **NPP8: Dare to transform**). It scores Green against the majority of other Nature Positive principles. The EU Taxonomy has an explicit condition to Do No Significant Harm on the environmental objectives. The condition to 'substantially contribute' to the environmental objectives, is in line with **NPP6: Going beyond**. However, it scored Yellow as it states this contribution can be made to only one of the environmental objectives. Strengthening the future ambitions of the Taxonomy and shifting from the Do No Significant Harm goal of towards a Nature Positive goal could improve the scoring for **NPP4: Positive outcomes** and **NPP8: Dare to transform**.

FINANCE

Instrument 17: Article 29 of Energy and Climate Law (LEC 29), France

The Article 29 of the French Law on Energy and Climate (LEC29) is a regulatory mechanism that requires French companies to report on their non-financial practices with specific consideration of climate and biodiversity risks to enhance transparency. Financial institutions need to publish information on the portion of their assets complying with the environmental criteria set out in the EU Taxonomy.

As LEC29 is in alignment with the EU Taxonomy, it scores similar on the Nature Positive Principles. It scores Yellow for **NPP4: Positive outcomes.** It requires financial institutions to disclosure their assets complying with the EU Taxonomy criteria and measure their impacts on biodiversity, which prompts change in investment strategies to reduce these impacts. However, it does not require additional positive outcomes. Within the financial sector, it provides a boost for transformation. As the scope is large financial institutions within France, it received the colour Yellow for **NPP8: Dare to transform.** On **NPP6: Going beyond**, it scores Red as action on additional conservation or restoration of biodiversity is not required.

45 These objectives include climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention, control and protection; restoration of biodiversity and ecosystems.

Disclosure instruments

The CSRD and the TNFD were both analysed, representing a mixture of voluntary and mandatory instruments. The TNFD was looked at both in the context of the financial sector and disclosure instruments. The key findings are summarized below:

- On the additional criteria of **hardness of the instrument,** TNFD differs in that it is non-mandatory – as previously mentioned, there is a pathway forward for TNFD to become embedded in regulation. Whilst being voluntary, the TNFD is also a very promising framework for encouraging company disclosure on nature.
- Both TNFD and CSRD score well against **NPP1: Collective effort** and **NPP2: Nature > biodiversity** and provide a framework for disclosing transition plans (mandatory for climate, voluntary for biodiversity in the case of CSRD). Similarly, on **NPP5: Mitigation hierarchy**, **NPP7: Targets and metrics**, and **NPP10: Credible communication**, both frameworks score green.
- The TNFD scores well on **NPP6: Going beyond** (Green) and moderately on the **NPP4: Positive outcomes** and **NPP8: Dare to transform** principles (Yellow). The TNFD is a strong framework that appears more ambitious than the CSRD (which scores Yellow on all three key principles). **Disclosure instruments in general can be strengthened through mandating transition planning, thus moving us closer towards achieving Target 15 of the GBF.**

Analysis against the key Nature Positive principles

The TNFD differs from CSRD on criteria **NPP4: Positive outcomes** in that the TNFD specifically encourages companies to report on and quantify not only their negative impacts on nature, but also their positive impacts. Neither the CSRD nor TNFD mandate positive impact reporting, however the both do encourage identification and reporting on nature-related risks and opportunities. Moreover, voluntary approaches can in fact prove to be beneficial additions to a policy mix. More ambitious companies can already pave the way for others by committing to implementing the recommendations of the TNFD, this is an example of how business can also push forward the Nature Positive agenda without waiting for government action.

In their current format, only the TNFD scores well on **NPP6: Going beyond**, and both score moderately (Yellow) on **NPP8: Dare to transform**. **Mandating transition planning for nature would be in line with Target 15 of the GBF and would be key to strengthening the impact of these disclosure frameworks, as it would push companies to develop Nature Positive roadmaps, identify actions for transitioning to Nature Positive alignment, and monitor progress towards goals and targets**. Whilst mandating disclosure regulation alone cannot ensure that companies are aligning themselves with Nature Positive outcomes, it can at least provide an incentive for them to begin thinking about Nature Positive alignment and what transition plans for this entail. Disclosure frameworks are an important element of monitoring companies' actions on nature and should play a role in the overall landscape of instruments for moving towards Nature Positive, however they do not in themselves drive action on Nature Positive[46]. To fully achieve Target 15, we need both assessment and disclosure, as assessment can lead to gathering of insights that can trigger action within a company, and disclosure will create pressure from stakeholders to hold companies to account.

46 The Theory of Change behind disclosure regulation follows that by having to disclose what companies' impacts, dependencies risks and opportunities related to nature are, this will drive them to take action on improving the state of nature, reducing negative impacts, and creating strategies that clearly lay out how they aim to achieve positive impacts on nature. Disclosure frameworks thus intend to motivate companies to develop plans of action for nature and to improve their harmful practices. However, current disclosure frameworks focus on disclosure of where companies currently are in relation to biodiversity – this does not mean that companies have to take steps to improve their impacts.

Moving beyond voluntary disclosure

Current frameworks are also somewhat lacking in terms of their push for companies to develop actionable transition plans: under the CSRD, nature-related transition plans remain voluntary as developing transition plans represents a large burden on companies – many do not yet have the capacity to develop targets and goals for such transition plans and need guidance. This means the CSRD in its current form is not enough for achieving Target 15. Above the costs and capacities required for developing transition plans, such plans require companies to critically assess how their operations can be aligned with the global goal for nature and how to transform their business models and decision-making processes.

At this stage, CSRD requires companies to report on environmental data points relating to different aspects of nature and biodiversity but remains predominantly an instrument for promoting transparency. Companies must of course report on their impacts on nature – but they do not have to report on their behaviour, thus there is no concrete mechanism for making companies change their actions that negatively impact nature. Despite this, the CSRD represents a progressive piece of legislation and a transformational step in terms of mainstreaming disclosure.

DISCLOSURE

Instrument 18: Corporate Sustainability Reporting Directive (CSRD), European Union

The CSRD came into force in 2023 and requires businesses within the EU to report on environmental and social impacts, risks, and opportunities of their business activities on issues linked to climate, biodiversity, and water, expanding the quality and scope of corporate reporting. ESRS E4 is the topical standard on Biodiversity and Ecosystems.

Although the CSRD and ESRS are mandatory, not all disclosure requirements are obligatory, thus though it shows promise it currently scores Yellow across the three key principles. In relation to the achievement of **NPP4: Positive outcomes**, ESRS E4 refers to the need to align with the GBF. The organisation should therefore assess the resilience of its current business model and strategy for nature-related risks and adapt its business model by means of a transition plan. The disclosure of the transition plan is not mandatory, which is a weakness from the perspective of getting a Nature Positive set of instruments in place (**NPP6: Going beyond**). This is different from TNFD, where the disclosure of how business plans and strategies are adapted is a key recommendation. Also, in contrast to TNFD, ESRS do not refer to 'transformative action' explicitly (**NPP8: Dare to transform**), instead it is very much focused on **NPP5: Mitigation hierarchy**.

DISCLOSURE

Instrument 19: Taskforce on Nature-related Financial Disclosures (TNFD), Global

The TNFD developed a set of disclosure recommendations designed to meet corporate reporting requirements across jurisdictions that encourage and enable businesses and financial institutions to manage and disclose their nature-related risks and opportunities. It has recommended 14 disclosures across the categories of Governance, Strategy, Risk and Impact Management, and Metrics and Targets, and has sector-specific guidance (e.g., for the Forest Sector).

The TNFD scores Green across a number of the Nature Positive principles, including on **NPP3: Material impacts, value chains**, **NPP7: Targets and metrics**, and **NPP10: Credible communication** (as it is a disclosure framework). In regard to **NPP8: Dare to transform**, rather than mandating specific transformative processes, it focuses on providing recommendations for how to assess, manage, and disclose nature-related risks and opportunities – though the framework does recognize the importance of transforming systems at multiple levels to contribute to Nature Positive goals. On **NPP6: Going beyond** it scores Green as it is aligned with global policy goals and encourages identification of both nature-related risks and opportunities.

Annex 1: Scoring criteria of Nature Positive principles

NR	NPP	DESCRIPTION	SCORING CRITERIA
1	**COLLECTIVE EFFORT**	Nature Positive is a **collective effort**; it requires collaboration with other actors.	🟢 A broad scope of actors or sectors is mentioned or there is mention of the importance of the large scope. If the instrument is sector specific, it still acknowledges the importance of other sectors or a broader view to be able to achieve Nature Positive (i.e., acknowledgement of the importance of collaboration with other sector(s), or all relevant actors or stakeholders are included from a specific sector). 🟡 Improvement is possible if more actors would be included. There is little mention of cross-sectoral collaboration or integration. 🔴 There is a very narrow scope – e.g., only project developers or producers are mentioned.
2	**NATURE > BIODIVERSITY**	The **full scope of nature** needs to be covered; 'nature' includes land, freshwater, oceans, and atmosphere with biodiversity representing the living part of it; biodiversity is therefore a 'subset' of nature – hence Nature Positive goes beyond biodiversity positive.	🟢 Full scope is covered (integration of climate and nature, and scope of nature includes topics beyond biodiversity - e.g., water and land degradation). 🟡 Several elements of nature covered, with some missing/ not covered. 🔴 Focus on one specific part of nature only (e.g., only focus on land).
3	**MATERIAL IMPACTS IN ALL OF VALUE CHAIN (MATERIAL IMPACTS, VALUE CHAIN)**	Material impacts in **all parts of the value chain** and **within spheres of influence** need to be covered.	🟢 All parts of the value chain and sphere of influence are included or will be integrated in the future. 🟡 The instrument makes covering the full value chain optional or it only covers downstream or upstream. 🔴 The instrument only covers direct operations or the project level.
4	**POSITIVE OUTCOMES**	Positive outcomes need to outweigh negative impacts in each part of the value chain with material impacts; the **net balance needs to be positive at all parts of the value chain**.	🟢 A Net Gain or net positive outcome is mandatory. 🟡 There is a No Net Loss ambition, with at least a focus on mitigating and reducing. This score also applies if the focus for creating positive outcomes is only on one scope, such as only on land or only on one habitat. 🔴 There is no minimum aim for achieving No Net Loss.

NR	NPP	DESCRIPTION	SCORING CRITERIA
5	MITIGATION HIERARCHY	Nature Positive needs to be implemented in full compliance with the **mitigation hierarchy** and complemented with **additional conservation/ restoration measures** which will contribute to achieving full nature recovery by 2050.	🟢 Full compliance with the mitigation hierarchy is needed to reduce pressures on nature as part of the instrument. 🟡 It applies or focuses on some or most parts of the mitigation hierarchy, but may focus more on certain elements, such as only minimising impact or avoiding harm and no efforts for compensation or offsets. 🔴 The mitigation hierarchy is not fully implemented, with no elements incorporated or with a focus on only one element, for example only avoidance or compensation for done damage.
6	GOING BEYOND	Full implementation of the mitigation hierarchy needs to be **complemented with additional conservation/ restoration measures** which will contribute to achieving full nature recovery by 2050.	🟢 Nature positive can only be achieved after full compliance with the mitigation hierarchy, with actions taken for restoration and have a clear reference to creating net positive or Net Gain outcomes in line with full nature recovery by 2050. 🟡 There is an incentive for restoration or conservation actions, but it is not ambitious enough to achieve the recovery of nature. 🔴 There is a neutrality or No Net Loss ambition, but the mechanism is not going beyond and does not implement all aspects of the mitigation hierarchy.
7	TARGETS AND METRICS ARE CENTRAL	**Targets and metrics** should be ambitious, science-based, and integrated and underpinned by a clear measurement framework.	🟢 Clear guidance is provided on how to measure, which metrics to use and which targets to reach. Targets should also include the state of nature, not only impact drivers, and should be integrated with all nature components. 🟡 There is reference to or suggestions for targets and actions, but they are too broad or high level. Improvement is possible when integrating all nature components. For example, this could look like net positive for one component but negative on another. 🔴 The mechanism does not describe how to measure targets and actions. The state of nature is not addressed, or the targets only focus on impact drivers. Nature components are seen in isolation from one another.
8	DARE TO TRANSFORM	Contributing to Nature Positive will require a drastic **transformation** of production processes or business models, as Nature Positive implies a decoupling of business activity from natural resource use, including through the circular economy. Achieving this decoupling will require an **absolute reduction in material consumption and production.**	🟢 The mechanism triggers transformation in the whole system, aiming for system change both on reducing pressures and on the conservation or restoration of nature. 🟡 The instrument aims for transformational change but is not fully transformational due to the focus on one element, for example on conservation or on pressure reduction via reducing consumption or production, or it applies to only a subset of a system, and therefore, cannot trigger systems change. 🔴 It does not aim to, or mention an aim to, trigger transformative action.

NR	NPP	DESCRIPTION	SCORING CRITERIA
9	**NATURE POSITIVE IS URGENT**	Nature Positive requires **immediate actions**; it is highly recommended to follow the timeline of the **Global Goal for Nature and the GBF**, i.e. net positive to be achieved by 2030 against a 2020 baseline, and conservation/ restoration from 2030 to achieve a full recovery by 2050 – although some flexibility is acceptable.	● The mechanism is in line with the GBF, aiming to achieve net positive by 2030 and restoration by 2050. ● There is some reference or linkage to the GBF targets, but there is a level of flexibility in the mechanisms' actions or timelines ● There is no clear urgent action required or only a need for disclosure, even if the message is 'we are not there', but there is no incentive for change.
10	**CREDIBLE COMMU-NICATION**	Companies having adopted a Nature Positive strategy need to **communicate** in full transparency about the Nature Positive baseline, Nature Positive targets and actions, progress towards targets, as well as the challenges preventing them from going a step further.	● There is a disclose and explain principle in place, with clear guidance on what and how things should be disclosed. ● Not all elements (mentioned in the description of the principle) must be disclosed or there is leniency in the need to explain disclosures (or lack of) and a lack of clear direction on what and how to disclose. ● No disclosure is required by the instrument; any disclosures are voluntary.

SUSTAIN

Strengthening Understanding and Strategies of Business to Assess and Integrate Nature

Our global economy is intrinsically dependent on nature, and at the same time is playing a major role in its degradation. Recognition of this fact has grown substantially in the past decade, as evidenced by the EU Biodiversity strategy for 2030. However, transformative, system-wide changes are still needed to achieve the Nature Positive outcomes required to 'bend the curve' of biodiversity loss. While the business case for economic actors to address biodiversity is becoming clearer in some sectors, it is still lacking in others, particularly those more removed from direct interactions with nature.

Funded by the European Union

SUSTAIN receives funding from the European Union's Horizon Europe research and innovation programme under grant agreement No 101060320. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Research Executive Agency (REA). Neither the European Union nor the granting authority can be held responsible for them.

The project is funded by the EU and will run for three years, with the ambition to facilitate transformative changes within the global economy to halt and reverse biodiversity loss. The project partner consortium is made up of the Capitals Coalition, UNEP-WCMC, ETH Zürich, Fundación Biodiversidad, IUCN, IUCN Europe, PBL Netherlands Environmental Assessment Agency, ShareAction and WBCSD.