

Sustainability beyond climate: Business imperative to include nature

Acknowledging and acting on the deep interconnectedness of climate change with nature is essential for companies' long-term resilience. **BY LAWRENCE LOH AND SABRINA SOON**

CLIMATE change has dominated the sustainability agenda for businesses across the world. This is rightly so, as the pressing need to moderate global warming has resulted in a climate-first approach. Yet, fighting climate change is only half the story.

The neglected half is about nature and biodiversity. Indeed, climate action is only the "means" and addressing nature issues is the "ends". If there is no nature, including humans, climate change is irrelevant.

There is, in fact, a deep interconnectedness of climate change with nature. For businesses, acknowledging and acting on this interrelationship is essential for sustainability and long-term resilience. For corporate regulation, there is a need to progress beyond climate action towards an even sharper focus on nature policy.

Inextricable link

Climate goals cannot be achieved without nature. Nature and biodiversity loss will exacerbate climate change.

As an example, forests, wetlands and marine ecosystems play a crucial role in regulating the earth's climate by storing carbon, controlling water cycles and protecting against extreme weather events.

When ecosystems are destroyed, the carbon stored in trees, plants and soils are released into the atmosphere, contributing to global warming. Conversely, the impacts of climate change, such as rising temperatures, changing rain and ocean acidification will place enormous stress on natural systems.

In the Asia-Pacific region, the economy's reliance on nature is even more pronounced as natural ecosystems support industries such as agriculture, fisheries, forestry and tourism, contributing significantly to regional economies.

Despite this reality, most corporate sustainability strategies continue to treat climate and nature as separate issues.

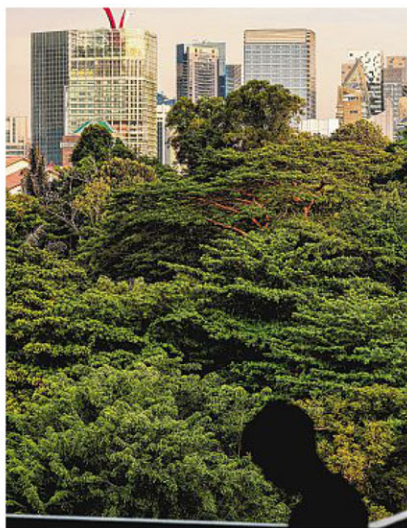
In a nature-related study released in January 2025 and conducted jointly by the Centre for Governance and Sustainability at NUS Business School and the global luxury group Kering, it was revealed that 72 per cent of the companies considered climate change as a material issue, while only less than half of that (35 per cent) deemed nature and biodiversity to be material to their business.

The study involved 700 of the largest listed companies covering 11 industries across 14 Asia-Pacific jurisdictions. When looking at the level of priority, 82 per cent of the companies that disclosed climate change as a material issue placed them as a mid to high-priority issue, while only 31 per cent of companies placed nature and biodiversity as a mid to high-priority issue.

Business case for nature-inclusive strategy

In Singapore, about four out of 10 companies recognise the material importance of nature and biodiversity to their operations, and have begun setting targets to address these issues.

Adopting nature-positive strategies opens new market opportunities and enhances brand reputation. With growing consumer and investor demand for sus-



In Singapore, about four out of 10 companies recognise the material importance of nature and biodiversity to their operations, and have begun setting targets to address these issues.
PHOTO: YEN MENG JIIN, BT

of TNFD, set targets to strengthen its nature risk assessment capabilities and develop a pilot approach on nature-related scenario analysis. It continues to be recognised as a leader among Asean banks on the World Wide Fund for Nature's Sustainable Banking Assessment.

Recommendations for nature-related actions

To future-proof operations and align with evolving global, regional and local standards for nature, businesses, including those based in Singapore, should broaden their scope from climate-only to nature-related actions.

■ **Adopt the TNFD Leap (locate, evaluate, access and prepare) approach to identify nature-related dependencies, impacts, risks and opportunities:** Start by assessing where and how the company's activities affect and depend on nature. For example, is the business dependent on water, land or raw materials from nature? What will happen if these resources became scarce or degraded? Similarly, assess material risks and opportunities for nature-based solutions, such as restoring mangroves to enhance flood resilience or investing in sustainable sourcing to secure long-term supply chains.

■ **Set science-based targets for nature:** Just as companies have adopted science-based targets for carbon emissions, similar targets should be set for nature. This may include commitments such as zero deforestation, reducing impacts on water bodies, and enhancing biodiversity in areas where the business operates. The Science Based Targets Network provides technical guidance and materials for companies to set science-based targets for nature.

■ **Engage with value chains to implement nature-based solutions:** Nature-based solutions, such as reforestation, wetland restoration or urban greening, can offer cost-effective ways to address environmental challenges while providing social and economic benefits. By collaborating with suppliers, partners and customers when integrating nature-based solutions, companies can not only mitigate environmental impacts, but also unlock avenues for partnerships and innovation.

Businesses must recognise that addressing both climate and nature is imperative for long-term success. By understanding the interconnectedness of these two pillars, identifying nature-related risks and opportunities, and learning from industry leaders who have successfully integrated biodiversity into their operations, companies can build resilient and sustainable business models.

Lawrence Loh and Sabrina Soon are director and research associate, respectively, of the Centre for Governance and Sustainability at NUS Business School, National University of Singapore

tainable and ethically sourced products, businesses that integrate nature into their value proposition can differentiate themselves and attract eco-conscious customers. This strategic focus not only drives innovation, but also positions companies as leaders in sustainability.

For instance, City Developments Ltd (CDL) recently secured a S\$400 million landmark sustainability-linked loan from DBS, due to its pioneering commitment to nature conservation and sustainable development. It is widely recognised as a sustainability champion, and leads in aligning its 2024 sustainability report with the Taskforce on Nature-related Financial Disclosures (TNFD), a pioneering global standard for organisation actions for nature.

Addressing nature-related risks such as biodiversity loss, deforestation and resource scarcities can help companies mitigate potential disruptions to their operations and supply chains.

By fostering a positive relationship with nature through responsible sourcing, ecosystem restoration and sustainable land management, companies can ensure the continued availability of essential natural resources. This, in turn, enhances their long-term viability, and strengthens their capacity to navigate future environmental and economic uncertainties.

As yet another example, CapitaLand Integrated Commercial Trust has committed to preserving biodiversity by ensuring no sites are situated within protected areas, using sustainable and certified wood materials as part of its Sustainable Building Guidelines, and ensuring wastewater is responsibly disposed to prevent water pollution.

The regulatory landscape is evolving rapidly, with governments worldwide implementing new laws and regulations to address nature-related issues.

Target 15 of the Kunming-Montreal Global Biodiversity Framework requires governments to ensure that large companies and financial institutions monitor, assess and disclose biodiversity-related risks, dependencies and impacts by 2030.

Companies that embed nature considerations into their strategies will be better positioned to comply with emerging regulations, avoiding legal risks and potential penalties.

For instance, UOB, also an early adopter