



Nature Action 100

[Date] 2023

Investor Expectations for Companies on nature-related risks

Dear [COMPANY]

We are writing to you as a group of institutional investors to introduce the Investor Expectations for Companies of Nature Action 100—a new initiative designed to increase corporate ambition and action to combat nature loss.

Overview

In December 2022, governments around the world agreed to a global set of targets and goals to halt and reverse nature loss by 2030. Set forth in the Global Biodiversity Framework, a key pillar is to shift finances away from environmentally harmful investments towards sustainable ones. Recognizing the financial risk posed by nature and biodiversity loss, investors have come together as participants in the Nature Action 100 initiative as part of our efforts to drive companies in taking steps to reverse nature loss and help achieve the goals of the Global Biodiversity Framework.

The unprecedented levels of nature and biodiversity loss pose a systemic risk to companies. Businesses rely on ecosystems in myriad ways, from the raw materials they provide to enhancing resilience to physical climate risk. Deteriorating ecosystems are already impacting business operations, supply chains, and financial returns. Failure to mitigate nature-related risks will exacerbate impacts on businesses, which could impact long-term shareholder value and lead to macroeconomic instability

Furthermore, averting the catastrophic impacts of climate change will not be possible unless key drivers of biodiversity loss are also addressed. This is particularly true for land use change, which today represents 10% of annual CO₂ emissions or four gigatonnes of CO₂ per year. Protecting and regenerating biodiverse ecosystems is thus crucial to mitigate carbon emissions and adapt to a warming planet. It is therefore increasingly important to embed considerations on nature into business models, strategies, and climate transition plans.

Investor expectations of companies

For the reasons above, we are seeking to engage with companies on their preparedness to mitigate nature-related risks.

To date, 190 investors with \$23.6 trillion in asset under management or advice are participating in Nature Action 100. We are seeking reassurance from the companies we invest in that action will be taken to align their business model with the targets and goals of the Global Biodiversity Framework.

To achieve these aims, companies are encouraged to undertake the following:

Ambition: Publicly commit to minimize contributions to key drivers of nature loss and to conserve and restore ecosystems at the operational level and throughout value chains by 2030.

Assessment: Assess and publicly disclose nature-related dependencies, impacts, risks, and opportunities at the operational level and throughout value chains.



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Targets: Set time-bound, context-specific, science-based targets informed by risk assessments on nature-related dependencies, impacts, risks, and opportunities. Disclose annual progress against targets.

Implementation: Develop a company-wide plan on how to achieve targets. The design and implementation of the plan should prioritize rights-based approaches and be developed in collaboration with Indigenous Peoples and local communities when they are affected. Disclose annual progress against the plan.

Governance: Establish Board oversight and disclose management's role in assessing and managing nature-related risks, impacts, dependencies, and opportunities.

Engagement: Engage with external parties including actors throughout value chains, trade associations, policy makers, and other stakeholders to create an enabling environment for implementing the plan and achieving targets.

We recognize that achieving these expectations will require significant support and capacity building; that organizations have different starting points, strategies and aims; and that jurisdictions, regulations, and best practices will determine the approach that a company can pursue. While there is a growing body of knowledge, frameworks, and tools to enable companies to address nature-related issues, this is still a developing field, and most companies are at the beginning of their journey. However, given the magnitude of the challenge and the potential impact to your Company, we believe a sense of urgency is also required.

Next steps

As a first step, we are writing to encourage your Company to take urgent action to address the six expectations.

We would welcome confirmation of receipt of this letter as well as an initial overview of how [COMPANY] is working to address these expectations. Please respond by [DATE].

The initiative will use third party data sources to track company responses to this letter and progress to meet the expectations. An annual benchmark will be published in 2024 on the actions taken by companies covered under the Nature Action 100 initiative.

Please send your responses and any queries to: [natureaction100@ceres.org]. Responses and queries will be passed on to signatories to the letter as appropriate. Please be aware your contact details will be shared with network partners and investors for the purpose of further engagement. Once reviewed, one or more investors will carry out follow up engagement during 2023 and 2024.

Yours faithfully,

[INVESTOR SIGNATORIES]