



A guide to action on nature

Securing our natural world

Foreword

The role of the insurance and long-term savings industry is to protect people from the greatest risks that they face, both today and into the future. The ABI's Purpose and Strategy places protecting people and planet at the heart of our work.

With half of global GDP dependent on nature, the business case for action is clear. With nature in decline, both here in the UK and internationally, the need for that action is urgent. The unprecedented [Kunming-Montreal Global Biodiversity Framework](#), agreed by 196 UN member states in December 2022, provides us with a framework and imperative to prioritise nature.

Therefore, I am proud that this Guide to Action on Nature provides a toolkit for how we can work together as a sector to protect and enhance this vital resource.

When we launched our Climate Change Roadmap in 2021, we acknowledged the important role we have in addressing the causes of climate change and protecting people from the risks it poses. Our efforts to reduce emissions will not succeed if we do not also protect nature. Nature is already doing what we hope technology might be able to do in the future – capturing and storing carbon. It also provides our food, water, clean air and raw materials, and is proven to be essential to our health and wellbeing.

Nature is critical to our members and their customers – from the economic value it provides to our pension investments, the practical role it plays in absorbing some of the risks posed by flooding and heatwaves and the benefits it offers to human health. Everyone benefits from nature.

However, the science that we use to understand nature is often complex and can vary in different geographies. For that reason, specific action to address the risk and promote action has proven challenging for many businesses. This Guide aims to help everyone in the sector understand their own impact, manage risks and prioritise actions.



It contains an assessment of the regulatory and policy initiatives shaping this work, a toolkit of core and supporting actions, case studies of work already being undertaken by our members and – importantly – our assessment of the key actions Government can push to help us do more. With the Government's updated [Green Finance Strategy](#) including a commitment to making the economy 'nature-positive' and to driving new nature markets, this Guide places our sector at the heart of this work.

We have worked with leaders from across the ABI's member firms to develop this Guide, with many also providing the case studies we include. We have also consulted experts in the field to provide suggestions and feedback. I would like to thank the WWF, the Woodland Trust, the Cambridge Institute for Sustainability Leadership, Earthwatch and the Green Finance Institute for their time and support. I hope we will continue to work together to make the actions we recommend a reality. I also want to thank Rebecca Lea and Will McDonald for co-authoring the Guide.

I hope everyone in the sector will find this Guide useful and that it results in a step-change in how we protect and enhance the environment on which we all depend.

A handwritten signature in black ink, consisting of stylized initials and a long horizontal line extending to the right.

Hannah Gurga
ABI Director General

Executive summary

This Guide provides a framework for the insurance and long-term savings industry to consider nature-related risks and opportunities, and develop a strategy for action on nature

The case for action on nature

Nature loss and declining biodiversity represents an existential threat to life on earth. Degradation of our ‘natural capital’¹ is already harming businesses and preventing economic growth. \$44 trillion of economic value generation annually (half of the global GDP) is directly dependent on nature.²

This Guide aims to address this with a framework through which the insurance and long-term savings sector can understand the issue, consider the risks and opportunities and develop a strategy for action.

Nature provides food, water and essential raw materials. It protects us from extreme weather and heat. Less pollution will reduce disease, while more access to nature improves physical and mental wellbeing.

We know that nature is in decline – both internationally and here in the UK. This is caused by climate change, land-use change, over-exploitation, pollution and invasive species.

We are committed to protecting the environment. In 2021, ABI members developed our [Climate Change Roadmap](#), which includes short-term 2025 and 2030 milestones on the way to long-term Net zero targets. Net zero cannot be achieved with innovation and new technologies alone. We need nature to absorb carbon from the atmosphere and provide resilience.

Yet, while there are direct links to net zero and nature, there are lots of ways in which protecting nature is different. It is **location-specific**, more **complex to measure** and involves a range of **sometimes competing interests**.

For those reasons, many businesses have not found it easy to understand their reliance on nature when assessing risks or to recognise nature’s importance to their business strategies.



70% drop in global wildlife populations



85% of global wetlands have disappeared



41% of UK species have declined



84% of UK rivers are not in good ecological health



26% of UK mammals at risk of extinction

¹ A full glossary of the terminology used to describe nature and biodiversity is provided at the end of this guide.

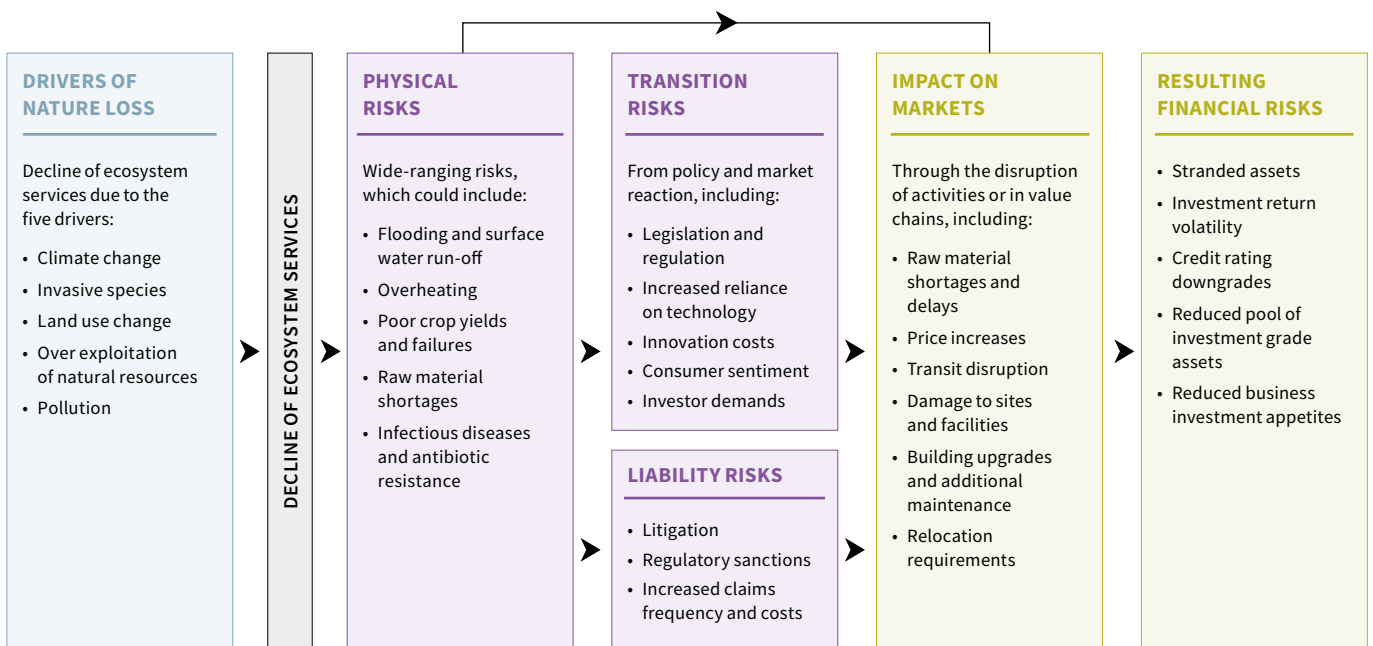
² Research by the World Economic Forum, based on 2019 World Bank Data – WEF, [New Nature Rising: Why The Crisis Engulfing Nature Matters For Business and the Economy](#), January 2020, p.13

Understanding nature risks

Nature loss exposes the homes and businesses that ABI members protect across the UK to a wide range of risks, which in turn will impact markets and financial performance, as the figure³ below sets out.

Figure 2: How do the drivers of nature loss lead to financial risks?

Information based on the Cambridge Institute for Sustainability Leadership Handbook for Nature-related Financial Risks



With an annual \$200 billion nature funding gap⁴ to be filled and demand for new ways to protect natural capital, risks can create opportunity for innovative insurance and long-term savings providers.

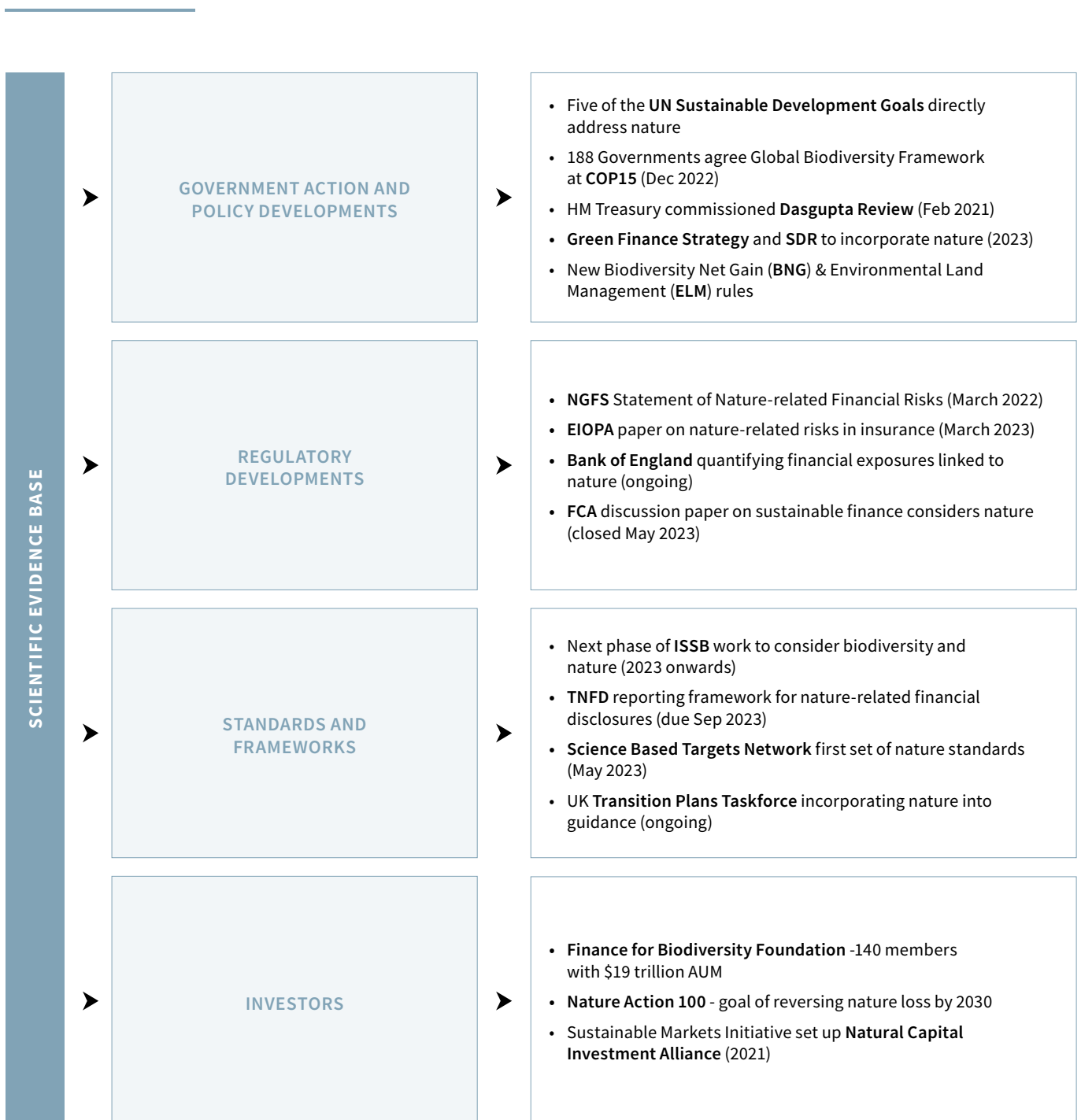
Combined with evidence that UK citizens want to see more done to protect nature in their areas, growing demands from employees that their work matches their values and the need to protect human health, that creates a compelling case for us to act.

³ Figure 2: How do the drivers of nature loss lead to financial risks? Analysis based on the [Cambridge Institute for Sustainability Leadership Handbook for Nature-related Financial Risks](#).

⁴ The Global Biodiversity Framework agreed at COP15 calls for the mobilisation of at least US\$200bn per year by 2030.

The drivers of change: External factors shaping the nature agenda

As awareness of the scale of the nature crisis we face grows, we are seeing these issues adopted into the legislative and regulatory frameworks used to address climate change, both internationally and in the UK. **There are four main drivers of change**, which are both increasing the pressure on our members to act, while also making it easier for them to do so.



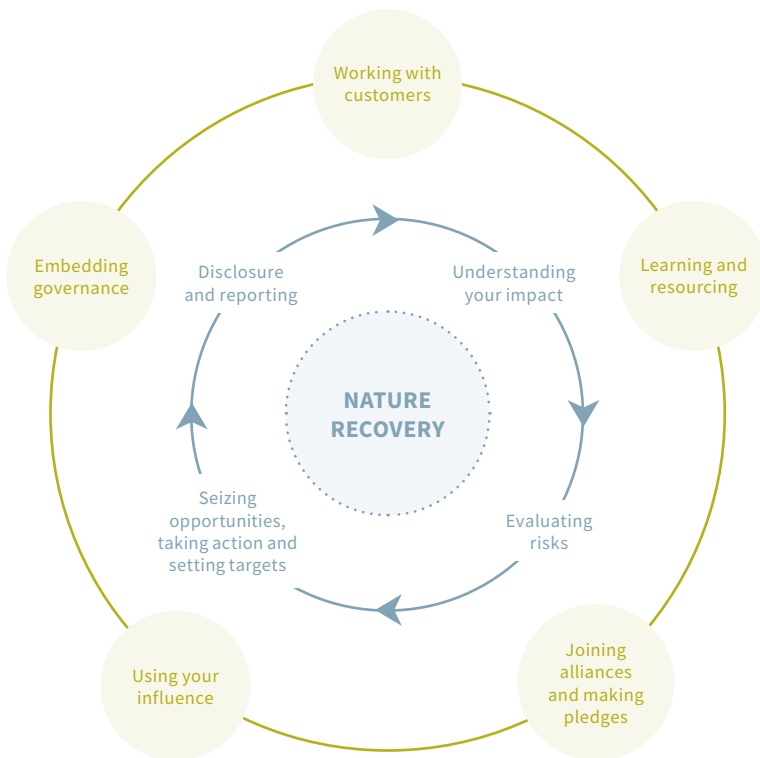
How our members can act

This Guide sets out a detailed framework for how insurance and long-term savings providers can develop their own strategies for nature.

Although there are already a range of case studies of leadership from across our members detailed in the report, we recognise that for many businesses, they need to know where to start.

Therefore, this Guide is based on **four core actions** that should be at the heart of any nature strategy, around which a number of supporting activities can help maximise your impact. (See diagram below)

Figure 6: Core actions in a virtuous circle
Core actions are represented by blue arrows and supporting actions are shown in green circles.



Common-sense starting points for businesses beginning to develop their strategy:

- 1 Identify which **external organisations** you will lean on
- 2 Design a **heatmap** as an early estimation and use this to decide your focus areas
- 3 Set up an **internal working group** from across your business
- 4 Agree your **guiding principles**, including scope, governance and accountability
- 5 Look at examples of **best practice** from 'early movers' in the sector
- 6 Identify the **tools** you will use, including risk analysis and datasets
- 7 Agree a plan for the first year and include any **knowledge, resource or data gaps** you have
- 8 Build on your heatmap by identifying **areas of highest likely impact** across your business
- 9 **Revisit plans and ambition levels** on an ongoing basis given changing landscapes

Opportunities for action

This Guide sets out steps to take across all the four core actions and supporting activities in detail. There are already a number of opportunities for our members to act, and these will expand further as this agenda becomes more mature:

APPROACH	EXAMPLE ACTIONS
<p>1. Incentivising nature-positive behaviours with clients and customers</p>	<ul style="list-style-type: none"> • Educating and incentivising insurance customers to take actions that reduce nature risk • Giving advice on adaptation resilience (such as how to protect buildings from flooding or heat waves)
<p>2. Innovating in asset protection (including insurance cover for natural infrastructure)</p>	<ul style="list-style-type: none"> • Insurance for providers and users of nature-positive credits • Innovations in ecosystem insurance (specialised cover for environmentally significant sites, reflecting associated revenue streams such as tourism and hospitality)
<p>3. Financing through capital flows and, where appropriate, carbon credits and offsetting</p>	<ul style="list-style-type: none"> • Scaling up investment in nature-positive businesses or projects, alongside targets to reduce nature-damaging activities • Underwriting or investing in sustainable or green bonds • Investing in high integrity nature-positive credits and voluntary carbon offsetting markets
<p>4. Extending net zero strategies into nature-positive strategies and actions</p>	<ul style="list-style-type: none"> • Review net zero targets and transition plans for biodiversity impact • Ensure any carbon credits have a biodiversity co-benefit • Acknowledge, communicate and address potential trade-offs and synergies between net zero and biodiversity actions
<p>5. Collaborating with governments, industry and other stakeholders</p>	<ul style="list-style-type: none"> • Work with industry peers, academic experts and other stakeholders to improve datasets, evaluate actions and share best practice • Use this enhanced evidence base to advocate for policy and regulatory change

Where do we go from here?

Partnership with Government, regulators and the wider economy

The following actions will enable our sector to do more and support wider efforts to protect nature:

- 1 Place nature at the centre of climate adaptation** – nature is vital to making society more resilient to the impacts of climate change, and the Government’s forthcoming work on adaptation finance should include a strong focus on nature-based solutions.
- 2 Finalise the UK Green Taxonomy** – clear definitions of environmentally sustainable investments within a clear and economy-wide taxonomy will drive investment towards water management, pollution prevention and the restoration of biodiversity and ecosystems.
- 3 Introduce regulation for voluntary carbon offsetting and carbon credits** – robust and trustworthy ‘voluntary carbon markets’ can provide private finance for nature and biodiversity projects, while also allowing companies to account for the carbon emissions they have not been able to reduce.
- 4 Consult on how to adopt nature into financial reporting and disclosures** – with the Taskforce on Nature-related Financial Disclosures (TNFD) close to completing its final recommendations and the International Sustainability Standards Board (ISSB) having indicated that it will adopt this into its framework, the UK must decide how it will approach nature and biodiversity reporting to maintain its status as a leading market for sustainable finance.
- 5 Invest in skills and expertise** – this investment should include enforcing environmental laws and standards, enhancing the quality of data and evidence that investors will use to make decisions and training employees across the different sectors that can have the most impact in driving a just transition to a nature positive society.



Challenges on this scale require a new era of partnership between business and governments across the UK. We are committed to working collaboratively to tackle these challenges and make society more resilient.

ABI and Industry next steps

This Guide is designed to help our members develop their own strategies to protect nature. We will continue to help our members advance this agenda through the following four key action areas:

- 1 Collaboration and Sharing Best Practice** – with the services we provide for our members (including our committees and working groups, our programme of ‘Climate Clinics’ and disseminating information) and through our role in organisations like ClimateWise and the PRA/FCA Climate Financial Risk Forum (CFRF), we will focus on identifying the most effective targets, metrics and frameworks for our members to use to drive change and evaluate what actions have the most impact.
- 2 Engage with government on the Green Finance Strategy** – this will include a focus on unlocking members’ investment in assets which simultaneously contribute to both climate and nature-positive solutions. We will also engage with the government’s planned work on fiduciary duties as well as the next steps on the government’s Nature Markets Framework.
- 3 Consumer Advice** – we will work with members to identify where during customer journeys we can provide advice on adopting ‘nature positive’ behaviours and using nature to protect properties from extreme weather or improve health outcomes.
- 4 Environmental Crime** – we will consider where our sector’s existing expertise on tackling fraud, financial crime or conducting due diligence on supply chains for issues like modern slavery can be applied to better address illegal deforestation, pollution and other forms of environmental crime.

We will report publicly on progress on the issues outlined in this Guide and in particular on these four action areas in 12 months’ time.

ABOUT US

The Association of British Insurers (ABI) is the voice of the UK’s world-leading insurance and long-term savings industry.

A productive and inclusive sector, our industry supports towns and cities across Britain in building back a balanced and innovative economy, employing over 350,000 individuals in high-skilled, lifelong careers, two-thirds of whom are outside of London.

Our members manage investments of £1.6 trillion, pay over £17.2 billion in taxes to the Government and support communities and businesses across the UK by enabling trade, risk-taking, investment and innovation.

Our industry is also a global success story, the largest sector in Europe and the fourth largest in the world. The ABI represents over 200 member companies, including most household names and specialist providers, giving peace of mind to customers across the UK.



About us

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abi.org.uk

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