

Sustainability Practice

Where the world's largest companies stand on nature

While Global 500 companies increasingly recognize the importance of nature, few companies have established nature-related commitments outside of carbon.

This article is a collaborative effort by Julien Claes, Ivo Erben, Duko Hopman, Kartik Jayaram, Joshua Katz, and Tucker Van Aken, representing views from McKinsey's Sustainability Practice.



Nature's health, like climate change, is now recognized as an urgent global risk.¹ In purely economic terms, half of all economic activity is moderately or highly dependent on natural capital—the world's stock of natural assets.² Governments and intergovernmental organizations are increasingly calling attention to the nature crisis,³ while a growing number of businesses are making pledges related to biodiversity or becoming “nature positive.”⁴ Industry-led organizations, such as the Taskforce on Nature-related Financial Disclosures (TNFD), are setting the framework for how businesses report and act on nature-related risks and opportunities.⁵

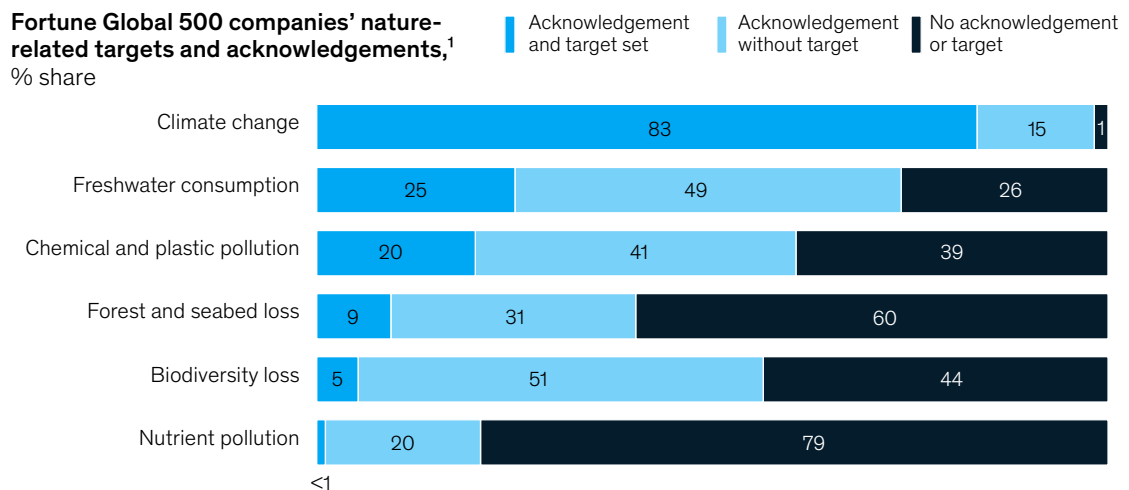
Nature-related commitments remain low

Companies are in the early stages of committing to a broad set of nature-related goals (Exhibit 1). A high-level review of the Fortune Global 500 companies shows that most companies have climate-related targets (83 percent) or at least acknowledge climate change (an additional 15 percent).⁶ Across other dimensions of nature, however, targets and acknowledgements are far lower (see sidebar, “Our methodology”).

For instance, although 51 percent of companies acknowledge biodiversity loss in some way, only 5 percent have set quantified targets in addition to

Exhibit 1

Corporate targets are common for climate change but far less common for other dimensions of nature.



¹Includes 460 of the Fortune Global 500 companies.
Source: Company websites; press search

¹ *The global risks report 2022, 17th edition*, World Economic Forum, January 11, 2022.

² *Nature risk rising: Why the crisis engulfing nature matters for business and the economy*, World Economic Forum, January 19, 2020.

³ “Nature positive” language was included during the most recent G7 and G20 meetings, at the 2021 United Nations Climate Change Conference (COP26), and by the Network for Greening the Financial System (NGFS), representing 114 central banks and financial supervisors.

⁴ Under the Finance for Biodiversity Pledge, 103 financial institutions have committed to set targets on their impacts on nature and periodically report on progress. At the same time as COP26, nearly 100 high-profile UK companies committed to becoming “nature positive,” joining companies such as GSK and Holcim. See also, “A Global Goal for Nature: Nature Positive by 2030,” Nature Positive, accessed August 2022.

⁵ Others, such as the Science Based Targets Network (SBTN), which created the gold standard for target setting for carbon, are developing guidelines to help companies set science-based targets for nature.

⁶ This review includes 460 of the Fortune Global 500 companies, as there was not sufficient public information to determine the goals of 40 companies.

Our methodology

Several studies have looked at the consistency and quality of company commitments to protect against biodiversity loss,¹ but this review sought to understand how leading companies around the world are considering nature across multiple dimensions. This review used the planetary boundaries framework, developed by the Stockholm Resilience Centre, as the basis of the dimensions of nature used.²

To identify commitments for each company, our team conducted an open-ended press search, reviewed publicly available statements, and leveraged company filings. Search terms included the words outlined in the chart above as the starting point but also included close synonyms (for example, for biodiversity loss, “habitat,” “ecosystem,” and other

terms), as well as individual judgment. For each company, we categorized each dimension of nature based on whether our review revealed the presence of a target and the company’s acknowledgment of its importance, an acknowledgement of importance alone, or no target or meaningful acknowledgment at all, as further described below. Forty companies were excluded due to a lack of data.

— **Target.** The company has set a quantified, time-bound, and outcome-oriented target across the entire organization. A commitment to spend a certain dollar amount without a target outcome and/or time period did not count as a target. The quality and materiality of the targets were outside the scope of this review.

— **Acknowledgement.** The company refers to that dimension of nature and either acknowledges its importance or reports ad hoc steps or initiatives it has taken to mitigate nature loss, without specifying a concrete goal.

— **None.** The company does not meaningfully mention the dimension at the corporate level.

This analysis should be considered directionally, as not all companies adhered to clear reporting standards, and data availability were often sparse. It is also possible that the press review missed targets or acknowledgements.

¹ *Integrating biodiversity into a risk assessment framework*, Moody’s, May 26, 2021; Prue Addison et al., “Are corporate biodiversity commitments consistent with delivering ‘nature-positive’ outcomes? A review of ‘nature-positive’ definitions, company progress and challenges,” preprint, SocArXiv, July 23, 2022.

² “For sustainable business, ‘planetary boundaries’ define the new rules,” Global Commons Alliance, November 18, 2020.

that acknowledgment. Meanwhile, some dimensions of nature, such as soil nutrient pollution, show up much less frequently in public acknowledgements. This may not be surprising—while decades of experience have helped companies understand how to address climate change, corporate understanding of nature is still nascent.

There is no standardized approach to measuring natural capital and ecosystem services,⁷ and

many companies may not know what steps to take beyond simply acknowledging the challenge. This potential explanation is echoed by our own experience working with clients globally on sustainability topics: while corporate leaders increasingly acknowledge the importance of nature, limited understanding of how to structurally and responsibly engage on the topic of nature degradation prevents many from making quantified commitments.

⁷ *The TNFD nature-related risk and opportunity management and disclosure framework: Beta v0.2*, Taskforce on Nature-related Financial Disclosures, June 2, 2022.

Among companies that have nature-related targets, most are only considering one dimension of nature—most often climate.

Considering all dimensions of nature

Another cut of the same data highlights the fact that, among companies that have nature-related targets, most are only considering one dimension of nature—most often climate (in a context of natural climate solutions). Sixteen percent of the Fortune Global 500 have set targets against three or more dimensions of nature, and no companies have targets against the six dimensions we looked at in this analysis (Exhibit 2). While one explanation for this could be that companies focus on what matters most in relation to their activities, expectations are rising: for example, the initial guidance of the Science-Based Targets for Nature (SBTN) initiative suggests that companies have “a comprehensive

understanding of [their] impacts and dependencies on nature.”⁸

Some sectors are ahead of others in setting targets

A sector-level cut of the data reveals that, as a proportion of the overall sector, transportation leads on overall target setting (Exhibit 3). This is likely due to a combination of the sector facing climate transition risks, regulatory focus on transportation sector carbon emissions,⁹ and a shift to renewable energy, among other factors. And although the sample is small, agriculture leads on setting three or more targets, likely due to increased attention to

Exhibit 2

Few Fortune Global 500 companies have quantitative targets across multiple dimensions of nature.

Companies’ nature-related targets,¹ % share of Fortune Global 500



¹Includes 460 of the Fortune Global 500 companies.
Source: Company websites; press search

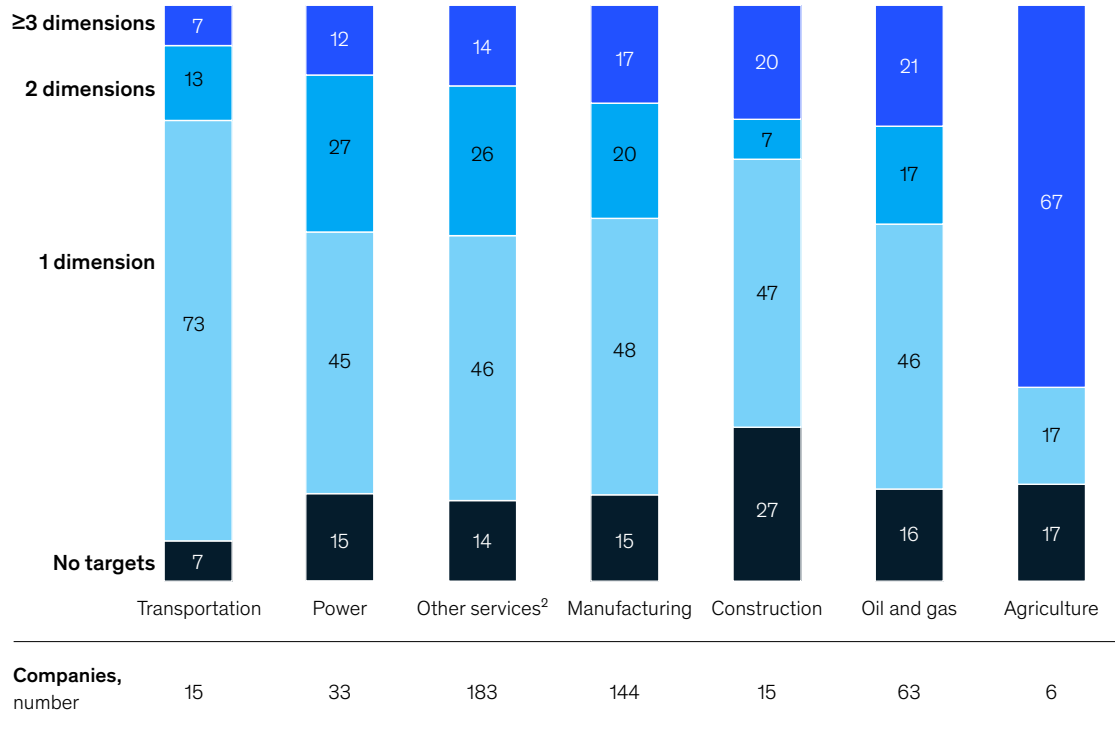
⁸ “Science-Based Targets for Nature: Initial Guidance for Business,” Science-Based Targets Network, September 2020.

⁹ For instance, 75 percent of countries that have submitted nationally determined contributions (NDCs) as part of their Paris Agreement commitments have transportation sector targets; Cornie Huizenga and Karl Peet, “Transport and climate change: How nationally determined contributions can accelerate transport decarbonization,” NDC Partnership, accessed August 2022.

Exhibit 3

Fortune Global 500 companies' nature-related targets vary by sector.

Companies' nature-related targets against six dimensions of nature,¹
 % of Fortune Global 500 companies with acknowledgement and target



¹Includes 460 of the Fortune Global 500 companies.
²Other services includes technology, finance, professional services, education, healthcare, and retail among other service-sector industries.
 Source: Company websites; press search

water and nutrient pollution concerns, in addition to climate, compared with other sectors.

shared vision of living in harmony with nature is fulfilled.”¹⁰ Now is the time to consider what will be needed to spur broad and effective nature-based action among companies. Corporate leaders will need to understand the shape of the challenge ahead, risks to their operations and opportunities for business building, what the key targets are, and what actions their companies can take.

Looking ahead to this year's UN Biodiversity Conference (COP 15), governments will agree to a new set of goals for nature to ensure that “the

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¹⁰ Biodiversity Conference (COP 15) Overview, United Nations Environment Programme, accessed August 2022.

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