

2025 Global Survey of Nature Risk Management at Financial Firms

AN EMERGING DISCIPLINE

By Jo Paisley, President, and Maxine Nelson, Senior Vice President





CONTENTS

- 2** Introduction
- 6** Key Takeaways
- 8** Governance
- 12** Strategy
- 17** Risk Management
- 23** Metrics, Targets, and Limits
- 27** Scenario Analysis
- 30** Disclosures
- 31** Maturity Model Scores for Nature Risk Management
- 34** Conclusions



INTRODUCTION

Nature underpins both our economies and livelihoods. Indeed, the entirety of our economy depends in some way on nature, for example through its provision of ecosystem services, such as clean water, raw materials and medicine.

The less resilient nature is, the more likely that we will suffer economic and financial losses, leading to negative impacts on the real economy and financial firms. Cognizant of the critical importance of nature, an increasing number of policy makers and financial regulators have established formal nature or environmental-related expectations of firms.

Against this backdrop, GARP has undertaken global surveys of nature risk management over the past two years. What changes have we seen? Where has progress been made and in which areas are improvements necessary?

Certainly, there have been advancements in nature risk management over the past 12 months. More boards are engaging and meeting more frequently to address this issue; more metrics and more products are being developed; and more risks are being disclosed. But nature risk still lags climate risk, and the availability of data and the reliability of models remain top concerns.

We'll explore these findings, and many more, in-depth shortly — but first, a bit of background.

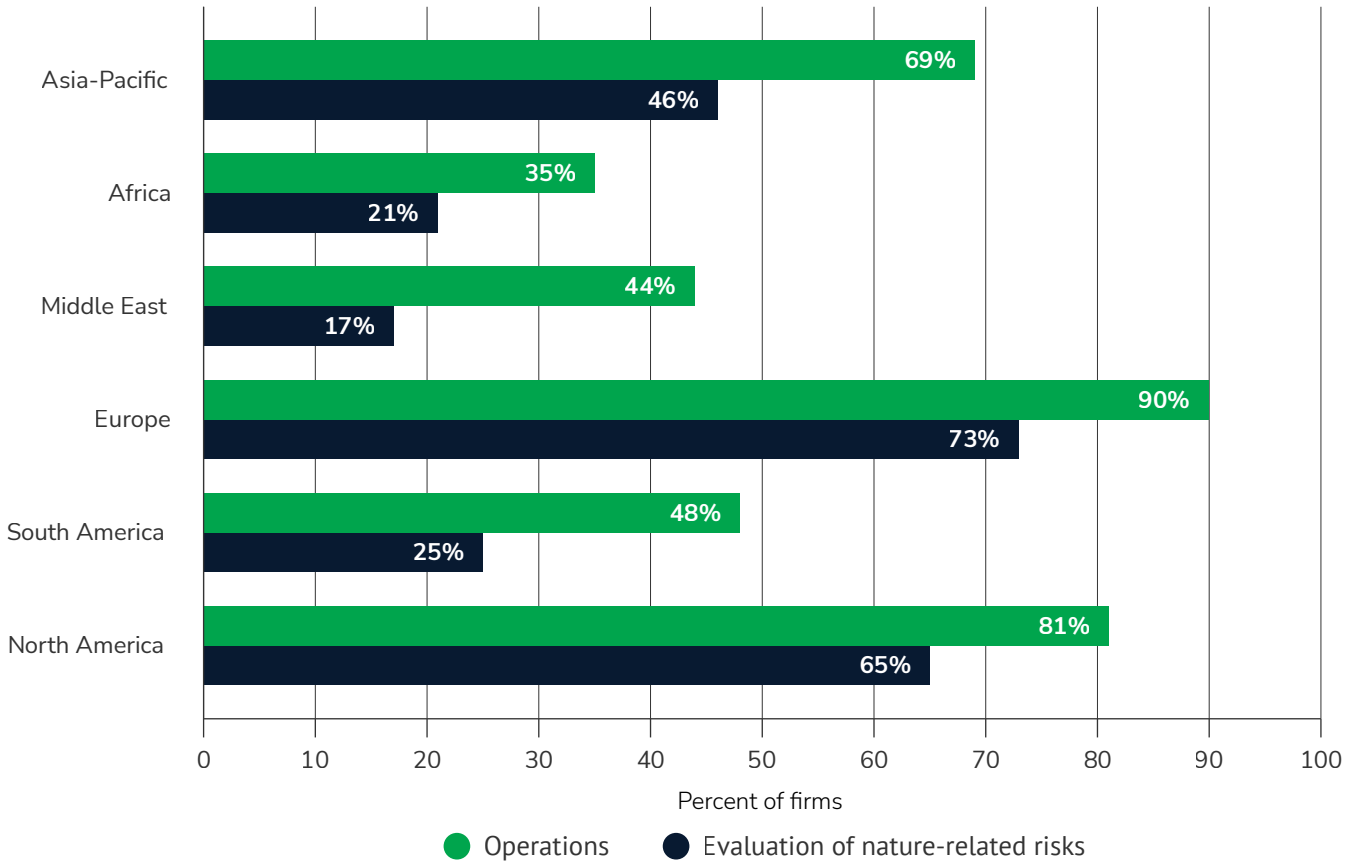
GARP published its first [global survey of nature risk management](#) across financial firms in 2024, following four years of assessing firms' climate risk management capabilities. We found that levels of maturity were considerably lower for nature than for those in climate risk management.

In subsequent work, we analyzed the [differences between climate and nature risk](#) management, and found that the even the leading nature firms in 2024 scored lower than the leading firms in climate in 2019. So, there is a way to go for nature risk capabilities to catch up.

Our 2025 global survey of nature risk management comprised 48 firms: 29 banks, 11 asset managers, and eight insurers. Collectively, these firms have around USD 31 trillion of assets on their balance sheets, manage assets of close to USD 20 trillion, and account for about USD 2.5 trillion in market capitalization.

The 2025 survey has a similar geographic reach to previous climate and nature risk management surveys, with participating firms operating across all regions of the world (Figure 1).

Figure 1 Regional Spread of Firms' Operations and Evaluation of Nature-Related Risks

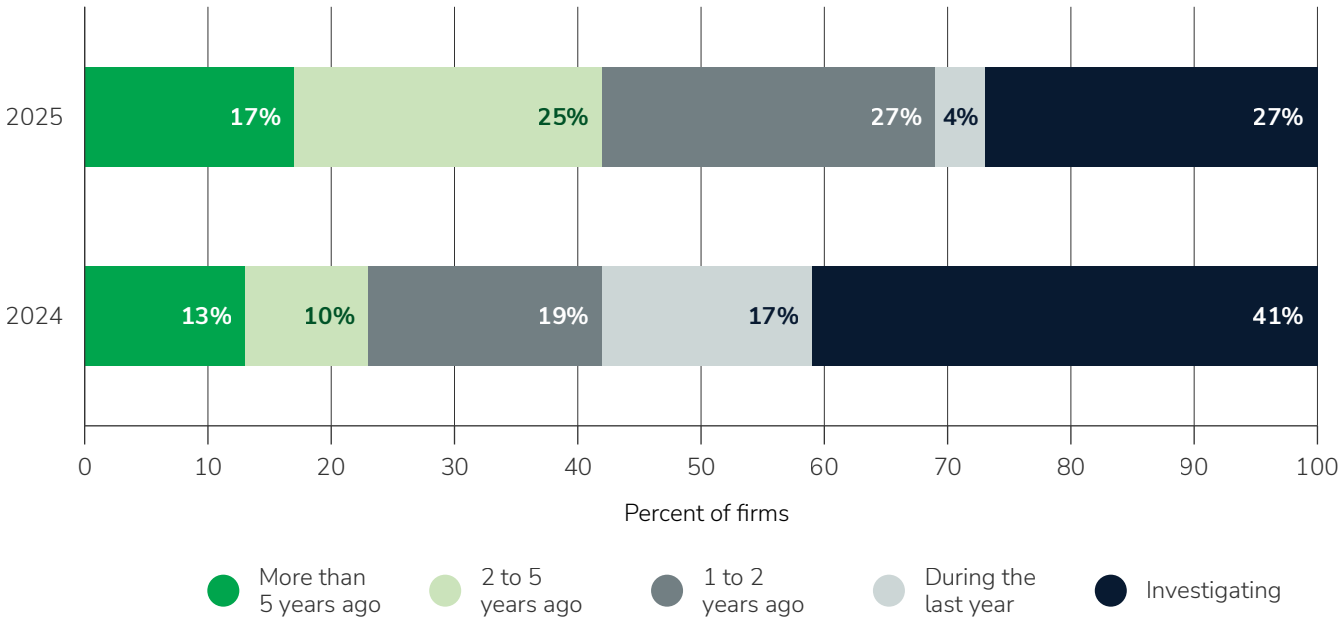


As before, we have used a maturity model to score and rank the participating firms on their current nature risk management capabilities across six dimensions: (1) governance; (2) strategy; (3) risk management; (4) metrics, targets, and limits; (5) scenario analysis; and (6) disclosures. This model provides a useful snapshot of current nature risk management practices across the financial services industry, helping firms prioritize areas to improve upon and guiding less experienced firms on their nature risk journey.

With two years of nature survey data, we can start to look at how practices are changing over time. However, care is needed when assessing year-on-year trends, as these comparisons will reflect a mixture of both evolving practices at firms and changes in the population of participating firms. Around 70% (33) of the 48 firms that participated in the 2023 survey also participated in the 2024 one. The composition of this year's survey is slightly different, with fewer banks and more asset managers and insurers.

Relative to last year's survey, we also have a slightly more experienced set of firms. This can be seen in Figure 2, which shows when a firm first introduced nature risk.

Figure 2 When Was Nature Risk First Introduced?



Seventy-three percent of firms are treating nature loss as a risk, an increase from the 59% that were doing so in the previous survey. However, that still leaves 27% of firms that aren't yet treating it as a risk and are investigating whether to do so — down from 41% last year. This higher level of experience means that firms' maturity scores tend to be somewhat higher than last year's, all else being equal. (See the "Maturity Model Scores for Nature Risk Management" section for more information.)

Nature: Complexities and Financial Relevance

Nature refers to the natural world, and is made up of four realms: [land](#), [ocean](#), [freshwater](#), and [atmosphere](#).

Biodiversity is a characteristic of the natural world, referring to the degree of variety of life within species, between species, and of ecosystems. The more biodiversity, the healthier and more resilient nature is. But over recent decades, we have seen alarming destruction of nature and declines in biodiversity, indicating an increasingly fragile natural world.

From a financial perspective, the resilience of nature matters. Firstly, all life and much of our economy depend on it, as we derive many so-called ecosystem services from nature, such as clean water, raw materials, and medicine. Secondly, nature is also fundamental to our ability to mitigate and adapt to climate change — for example, through the provision of carbon sinks, natural sea defenses, and the availability of fresh water. If nature's ability to provide these services is impaired, there will likely be financial repercussions.

Given that this is a new area for many financial firms, we have made some allowances when scoring them. For example, firms can get a modest score if they intend to work on a particular area (e.g., to develop nature-related metrics, targets, or limits).

We also recognize that the interrelationship between climate change and nature creates potential confusion. Climate change is one of the drivers of nature-related risks, together with four other commonly accepted drivers: land/freshwater/ocean use change, resource exploitation, pollution, and invasive species (Figure 3).

Figure 3 Drivers of Nature Change



Source: [Taskforce on Nature-related Financial Disclosures \(TNFD\) Recommendations](#)

Many firms in our sample have achieved quite mature levels of climate risk management capabilities. Consistent with our first nature survey, however, we did not want to give credit for climate-related work unless it was directly related to the impact that climate change has on nature loss. So, a firm that includes climate change in its risk management only scores if it is being examined as a driver of nature risks. In other words, this survey measures and ranks what firms are doing specifically for nature-related risks and opportunities.

For more information about nature definitions, please refer to the box on [page 35](#).



KEY TAKEAWAYS

Board oversight of nature risk is increasing, but more documentation is needed. Half of all firms in the 2025 survey have board oversight of nature-related risks, up from 46% in the 2024 survey, with meetings held more frequently to discuss nature-related issues. Worryingly, 17% of boards with this responsibility still have not been presented with any papers.

Insufficient data and fallible models present the biggest challenges. The availability of data and reliable models dominate firms' highest priority concerns in both the near and longer term, much as they did with climate risk.

Risk identification is on the rise. Forty-two percent of firms reported that they have identified nature-related risks or opportunities, up from 25% in 2024. Moreover, the percentage of firms reviewing nature-related risks and opportunities across their risk management and strategy functions has doubled.

Risks currently outweigh opportunities from a strategic perspective. Firms now see a relatively greater impact on strategy from nature-related risks than opportunities beyond the next five years, which might reflect an improved understanding of the risks. Despite this, most firms report that they do not know whether their strategies would be resilient to nature-related risks.

Regulation remains largely the same, though increased supervision seems to be on the horizon.

There was little change this year in the number of firms facing regulators that had published formal nature risk regulatory expectations (around 30%), but we did see that more firms are expecting their regulators to introduce guidelines (25%, up from 13%).

The number of firms embedding nature risk into standard risk types, such as credit, reputational, and traded risk, has increased markedly. However, 25% of firms have not yet considered it within their risk management framework.

Climate and nature risk alignment is much more advanced at some firms than others. A third of firms have aligned their climate and nature risk strategy; 35% consider nature risk in conjunction with climate risk; 15% have already aligned their climate and nature-related measures; and 21% have the same person responsible for climate and nature risk.

Counterparty risk assessment has increased significantly. Forty-six percent of firms are assessing their counterparties' impacts on nature (up from 27% last year) in their due diligence. Firms that are measuring the nature-related risks of their counterparties are also taking action in response — most commonly in the form of increasing engagement and enhancing their due diligence.

Staffing is still an obstacle. Nature risk teams remain quite small (typically fewer than five employees), but 63% of firms expect to slightly increase the number of staff working on nature-related risk in the next two years, with a few expecting significant increases.

Training has been widely adopted. Nearly 60% of firms have provided training for staff around nature-related risks, perhaps reflecting a lack of qualified team members across financial institutions.

The use or intention to use metrics, targets, or limits has risen modestly. Twenty-one percent of firms are already using them to manage nature-related risks, but 62% are either working on this or intend to do so.

While relatively few firms are conducting scenario analysis, there is an expectation that many will use this in the future. Just 21% of firms are now using nature scenario analysis, but a further 52% plan on doing so.

Rates of disclosure across firms have risen. Around 40% of firms are disclosing information about either their nature-related governance or risk management, and 25% report disclosing on their strategy.

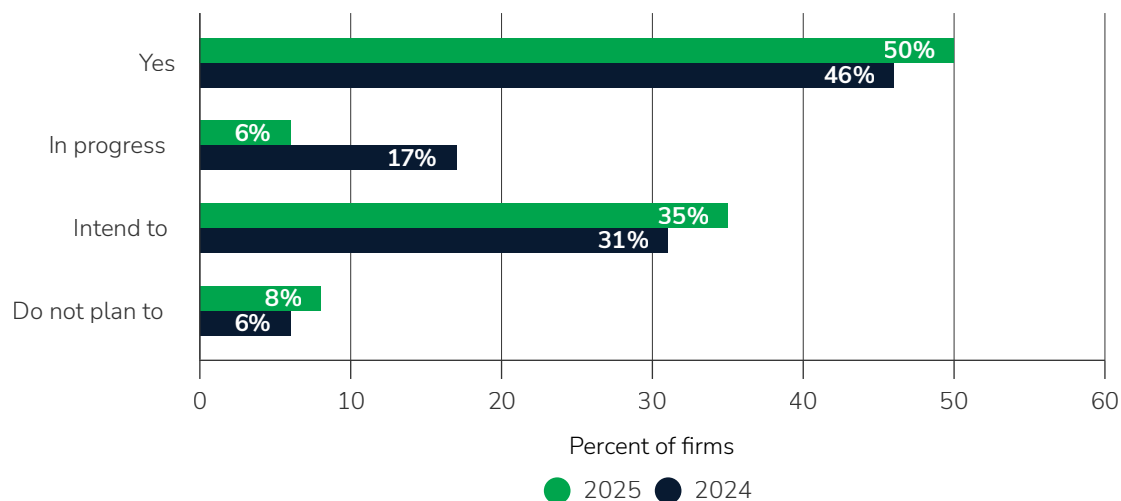


GOVERNANCE

The board and senior management are fundamental to the effectiveness of a firm's risk management. Assessing an organization's maturity in managing its nature-related risks and opportunities is therefore vital, but far from simple. It requires understanding the role the board plays in overseeing these issues, as well as how senior management measures and manages them.

Fifty percent of firms in the 2025 survey report board oversight of nature-related risks, up from 46% in the 2024 survey (Figure 4). There were marginally more firms this year (35%, up from 31%) that plan to introduce board oversight. However, this seems to reflect the greater number of asset managers in the survey, where board oversight is less common than in banks or insurers.

Figure 4 Does the Board Have Oversight of Nature-Related Risks and Opportunities?



In this year’s survey, firms’ boards are meeting more frequently to discuss nature-related issues than they did in the last survey. Most commonly, firms are meeting either twice or four or more times annually (Figure 5). It is concerning, however, that 17% of boards with this responsibility still have not been presented with any papers — a situation echoing what we saw in our first climate survey in 2019, but a practice that soon disappeared for climate risk (especially after supervisory interest increased).

Figure 5 Frequency of Board Engagement Over the Past Year

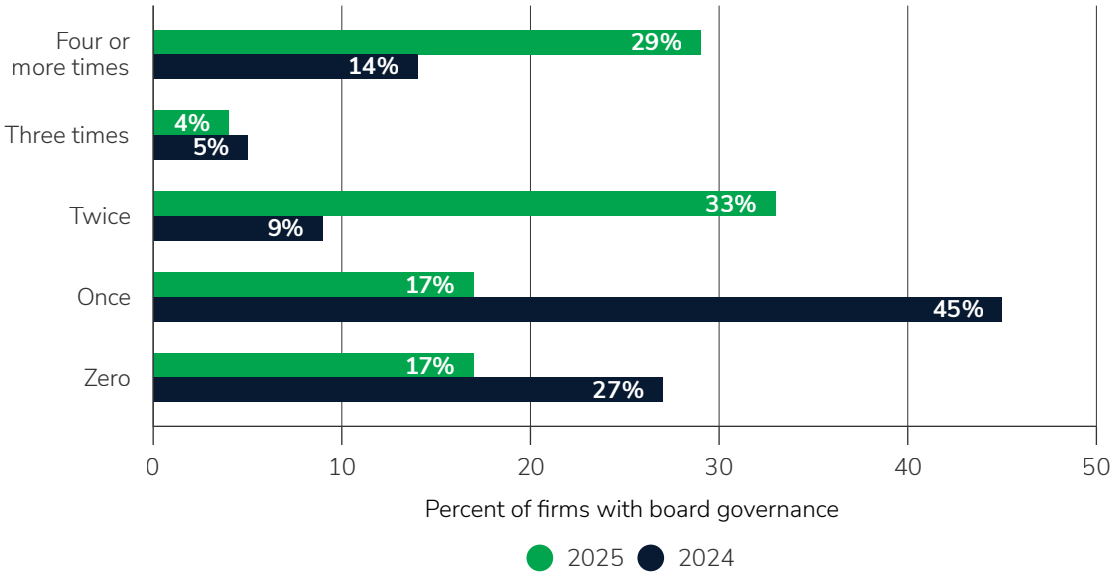
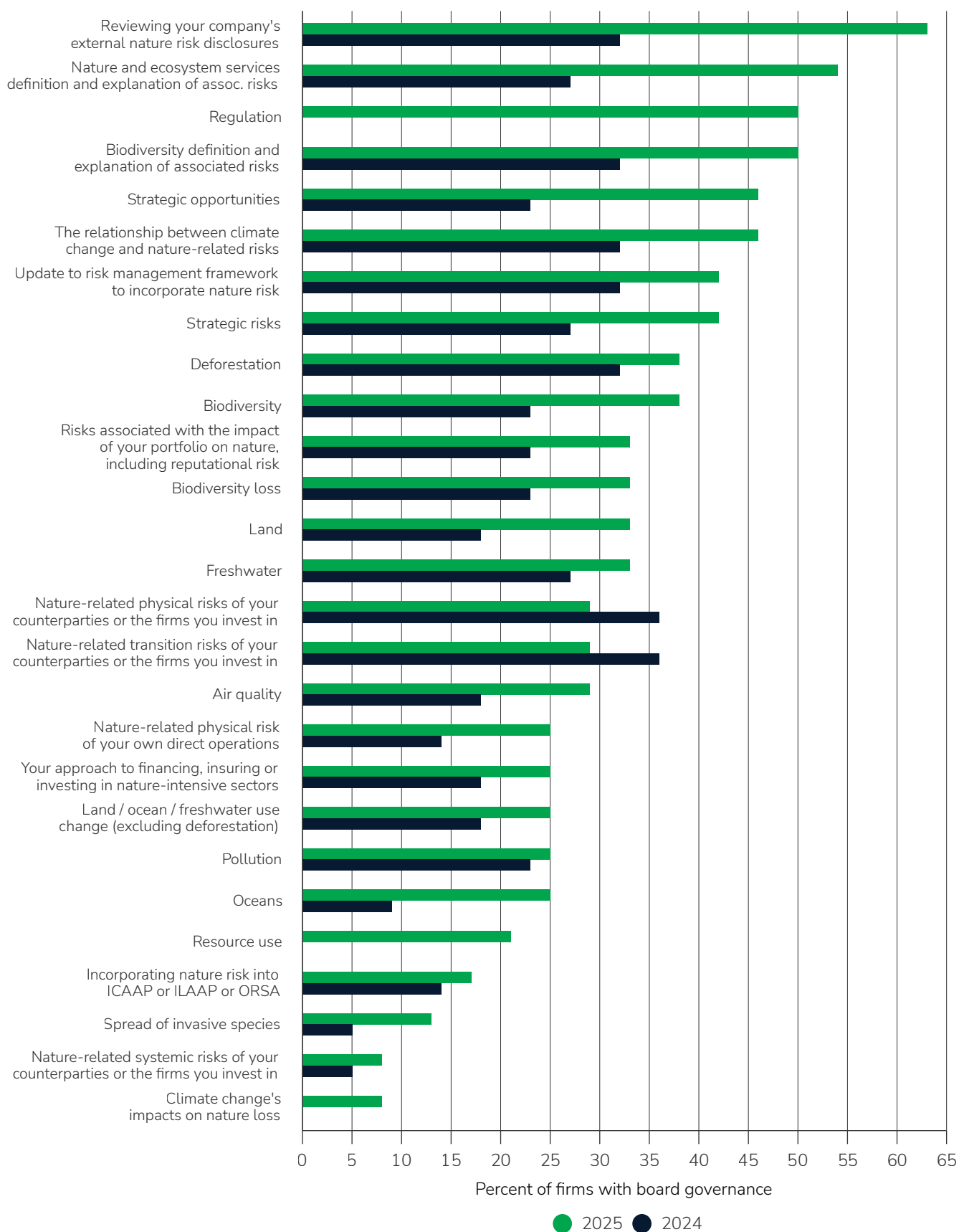


Figure 6 shows that the topics most discussed by boards relate to their external obligations — namely, external disclosures and regulation. Many boards are also educating themselves about nature, ecosystem services, biodiversity, and the relationship between climate change and nature-related risks. These topics are closely followed by discussions on strategic risks and opportunities, as well as conversations about updating their risk management frameworks to incorporate nature risk.

Figure 6 Topics Discussed by Boards

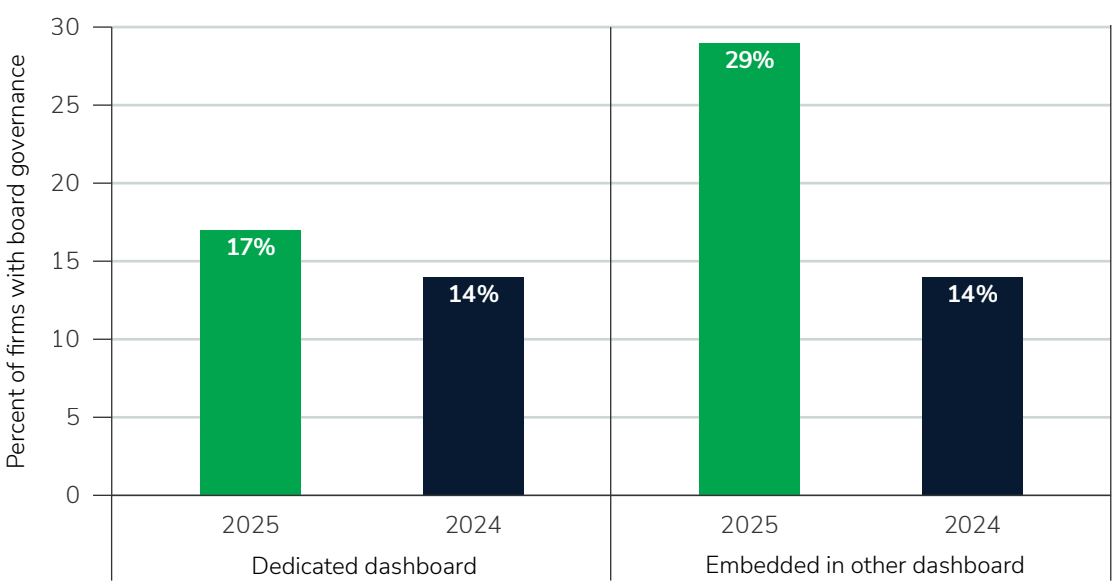


Relative to climate risk, it is more likely that responsibility for nature risk will be delegated to more junior levels. For example, in our climate risk survey in 2022, only 2% of firms delegated climate risk responsibility below the C-level; in this survey, the equivalent figure for nature risk was 40%.

Chief risk officers and heads of sustainability, however, remain the positions most commonly responsible for nature risk assessments — with one person responsible for overseeing both nature and climate risk at 21% of firms (up from 15% last year).

As boards deal with a wide range of sustainability-related issues, many have developed dashboards to bring together decision-useful information. These can be either standalone (dedicated exclusively to nature issues) or embedded in other dashboards (e.g., for credit risk). As Figure 7 shows, the use of dashboards is becoming more popular, with a sharper rise in embedding this information in other dashboards than in using dedicated ones.

Figure 7 Use of Board-Level Dashboards



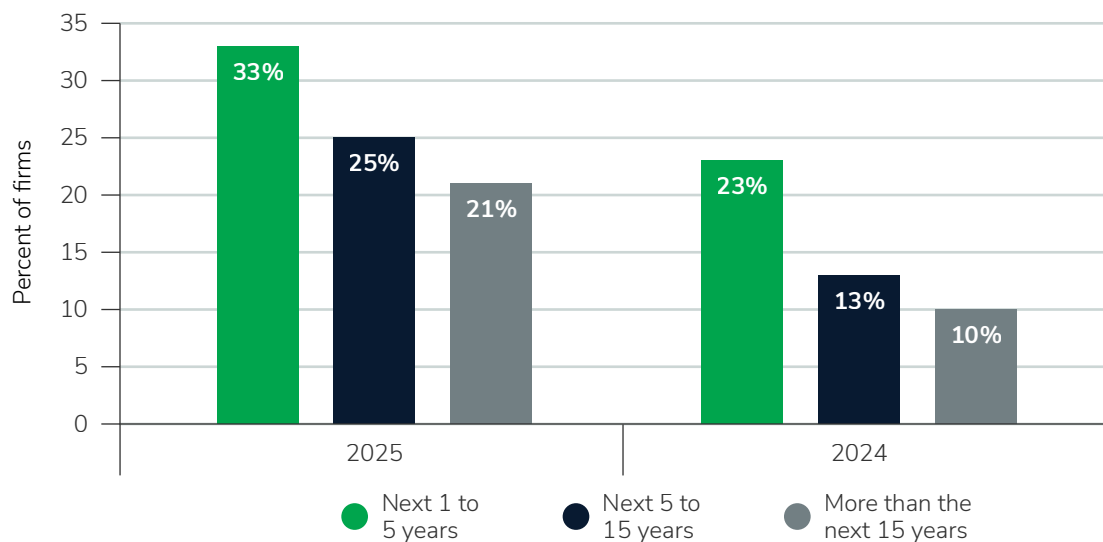
The majority of firms that haven't yet shown their board a nature-related dashboard intend to create one.



STRATEGY

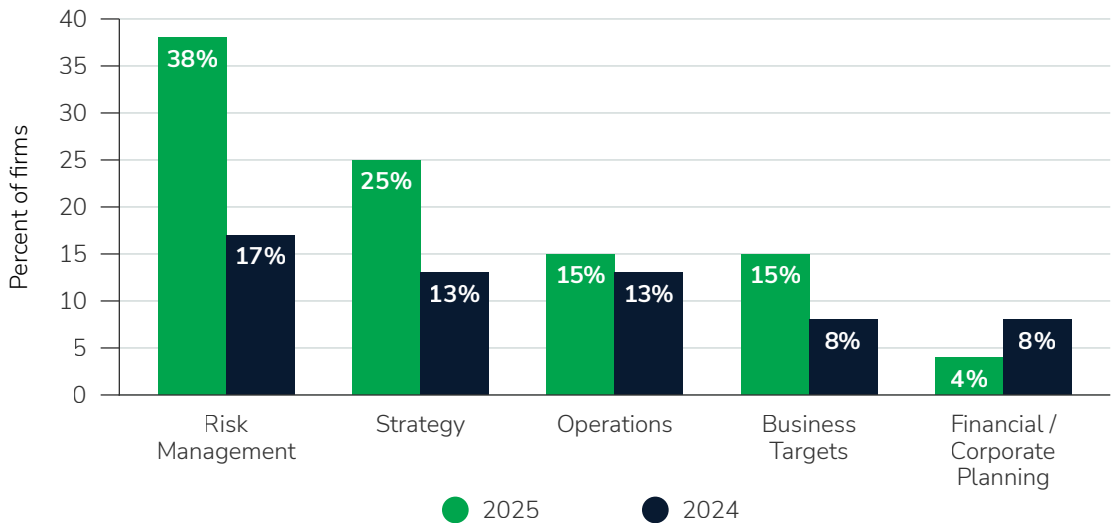
Effective risk management not only requires strong governance but also clarity around strategy. This year, 42% of firms reported that they have identified nature-related risks or opportunities (compared with 25% in 2024). As Figure 8 shows, these opportunities and risks have been identified across short, medium, and longer-term horizons.

Figure 8 Time Horizons Where Risks or Opportunities Have Been Identified



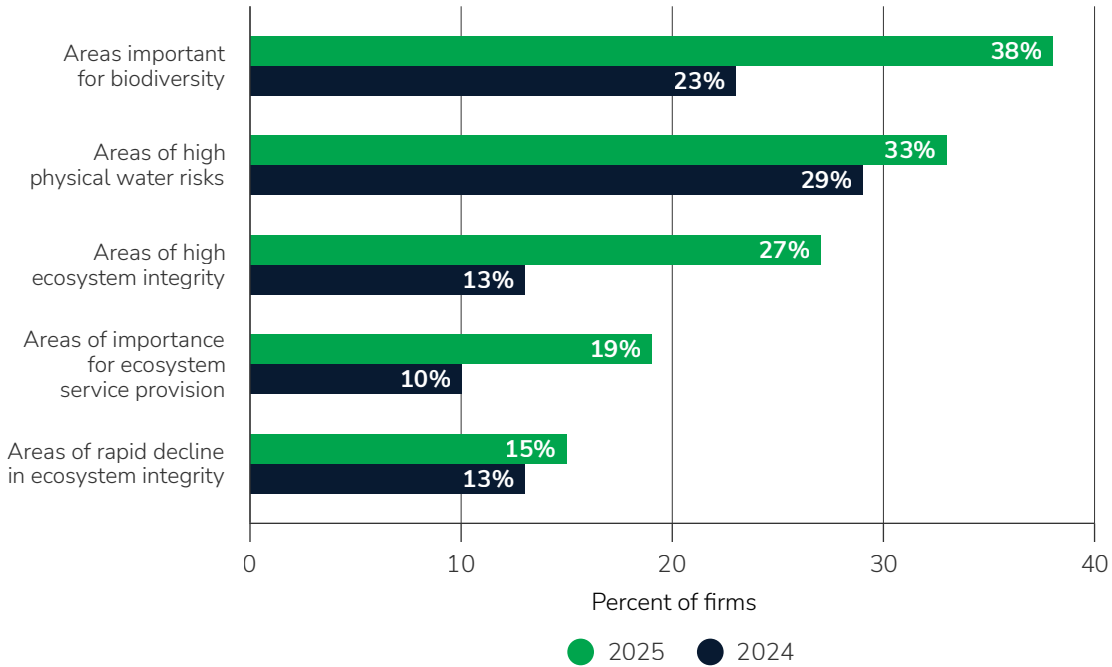
One way to spot these risks or opportunities is to systematically review how different parts of the business are likely to be impacted by nature risks and opportunities. As can be seen in Figure 9, 38% of surveyed firms have reviewed their risk management and 25% have reviewed their strategy. This is double the percentage in the previous survey, indicating that nature risk is moving up the agenda for many firms.

Figure 9 Aspects of Business Reviewed for Nature Risks and Opportunities



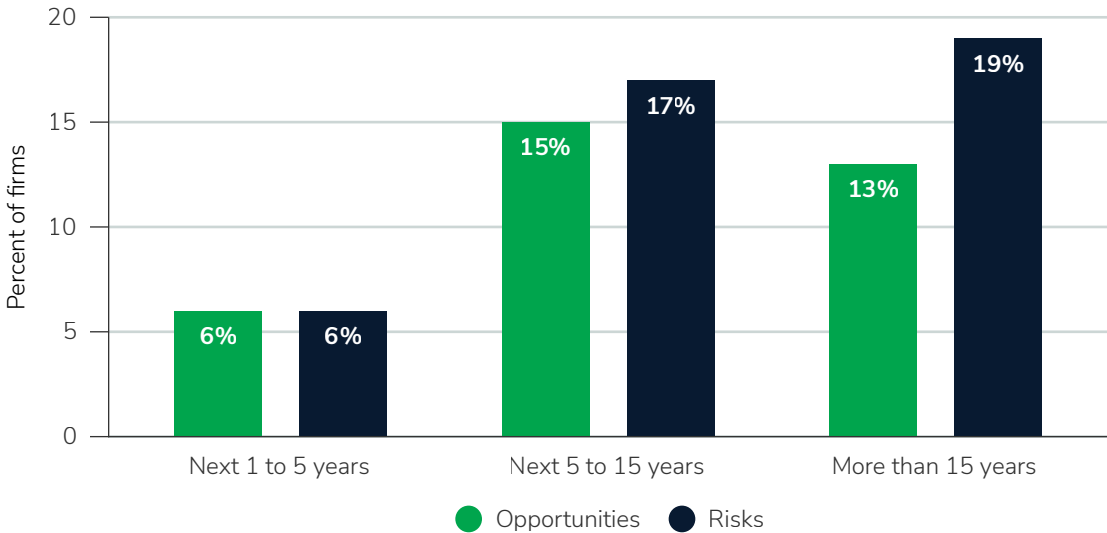
The Taskforce on Nature-related Financial Disclosures (TNFD) recommends that businesses understand their impacts and dependencies in sensitive locations, which comprise the five categories shown in Figure 10. Most firms have prioritized multiple areas with the most popular being areas important for biodiversity and those facing high physical water risks.

Figure 10 Areas That Have Been Prioritized



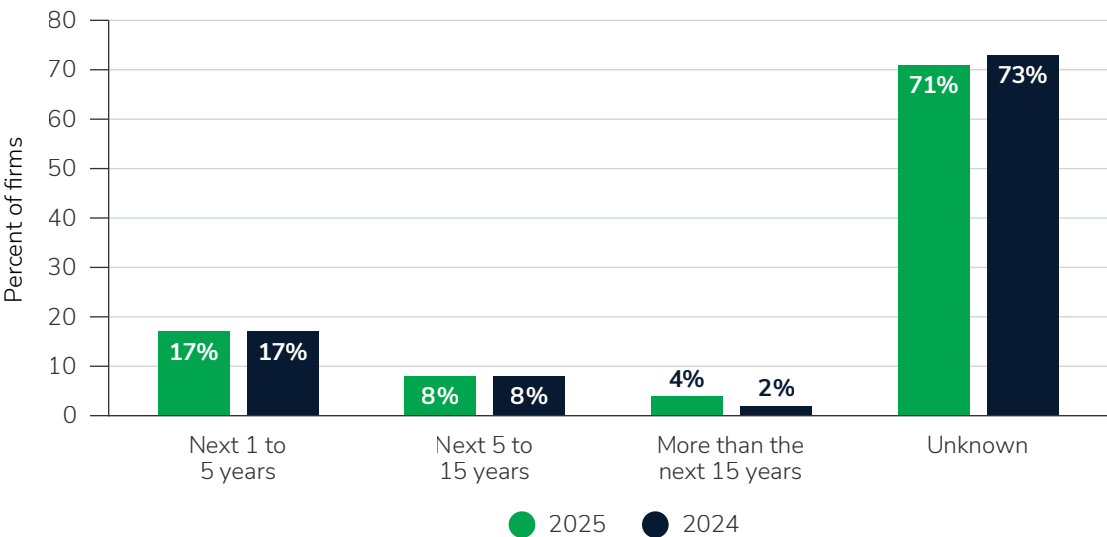
Overall, beyond the next five years, nature-related risks are expected to have a more significant impact on firms' strategy than nature-related opportunities (Figure 11). In our last survey, perceptions about risks and opportunities were fairly well balanced, so it is interesting that risks are ranked moderately higher this year. This may reflect a better understanding of what nature risks entail as firms complete more assessments.

Figure 11 Do You Expect a Significant Impact on Strategy From Nature-Related Risks or Opportunities?



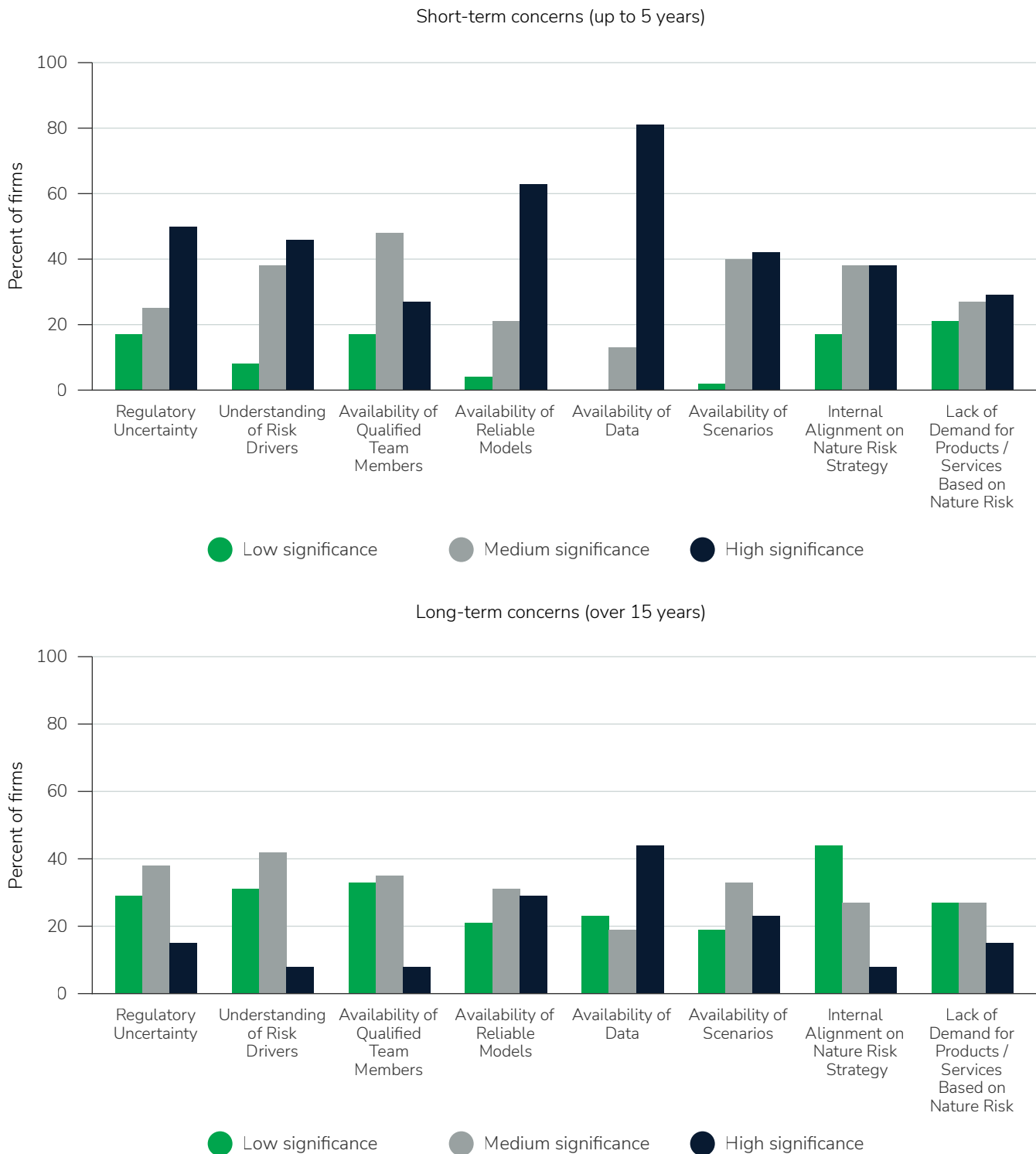
Despite this increase in the perception of risk, there was little change in firms' opinions about how resilient they felt their strategy was to nature risks, across various time horizons. As Figure 12 indicates, only a minority of firms have actually assessed whether their current strategy is resilient to nature risks, with most firms reporting that they did not know.

Figure 12: Strategic Resilience to Nature Risks



As we reported in our previous survey, nature risk is still in its infancy, with firms facing several challenges and barriers to establish sound nature risk management. As Figure 13 shows, the availability of data and reliable models dominate firms' highest priority concerns in both the near and longer term. In the short term, regulatory uncertainty and understanding nature risk drivers are the third and fourth most significant concerns, respectively. These do become less worrying in the longer term, when the availability of scenarios is expected to become a relatively more significant challenge.

Figure 13 Future Barriers and Challenges



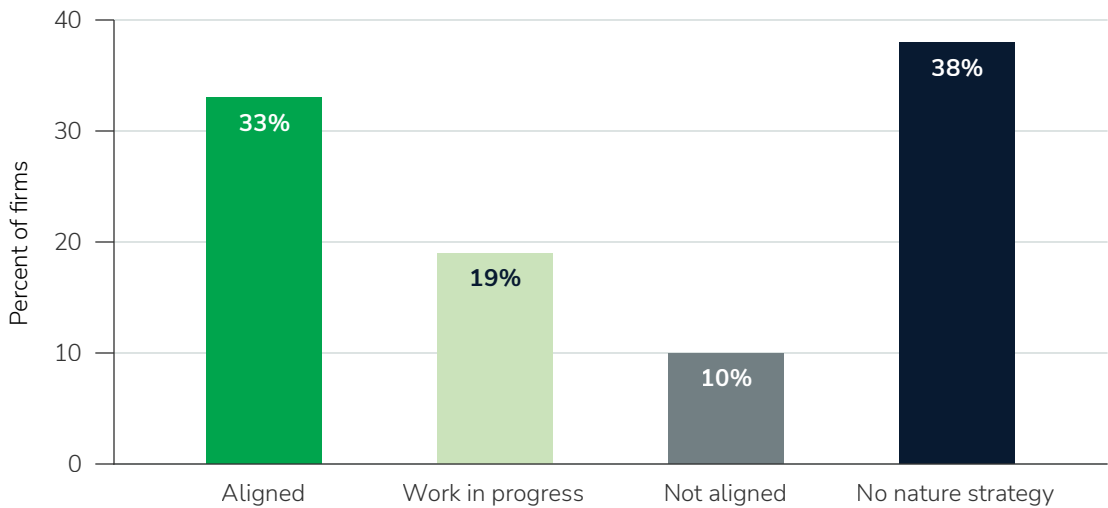
As we noted last year, nature risk is new for both the firms and their regulators, which would account for the degree of regulatory uncertainty. There was little change this year in the number of firms (about 30%) with regulators (including FINMA and the Monetary Authority of Singapore) that had published formal regulatory expectations for nature risk. We did see, however, an increase in the number of firms that are expecting their regulators to introduce guidelines (25%, up from 13%).

This year, 33% of the firms have regulators that require them to report nature-related risks — a small increase from last year’s survey. These were principally in Europe. The European Central Bank (ECB), Corporate Sustainability Reporting Directive (CSRD), and Sustainability Finance Disclosure Regulation (SFDR), for example, require nature risk be included in banks’ risk management frameworks. Moreover, Article 29 of the French Law on Energy and Climate requires non-financial reporting about biodiversity, while Malaysia’s Climate Change and Principle-based Taxonomy (CCPT) mandates regular reporting on nature-related risks.

The ECB is the only regulator cited by survey respondents that has evaluated nature-risks using its own calculations. The central bank assesses the dependencies of euro area non-financial corporations (NFCs) and banks on different ecosystem services — and has also developed a method to capture banks’ credit portfolio sensitivity to changes in ecosystem services.

Another indication of how new this is to firms is to see how coherent nature is with other aspects of their strategy. The firms in this year’s survey were almost evenly split between those that have already aligned their nature- and climate-related strategies or are working on aligning them, and those that haven’t aligned them or don’t have a strategy at all (Figure 14).

Figure 14 How Does Nature-Related Strategy Relate to the Climate Strategy?



As firms’ nature strategies become more developed, we would expect them to seize more commercial opportunities — for example, by developing more nature-related products. Sustainability linked loans and bonds are becoming more popular, though some of these may be more climate- than nature-related.

We are starting to see a few more firms offering nature-specific products such as nature-linked corporate loans and project finance, nature funds, and debt for nature swaps. Some firms are also offering their customers advice about how to minimize their impact on nature.



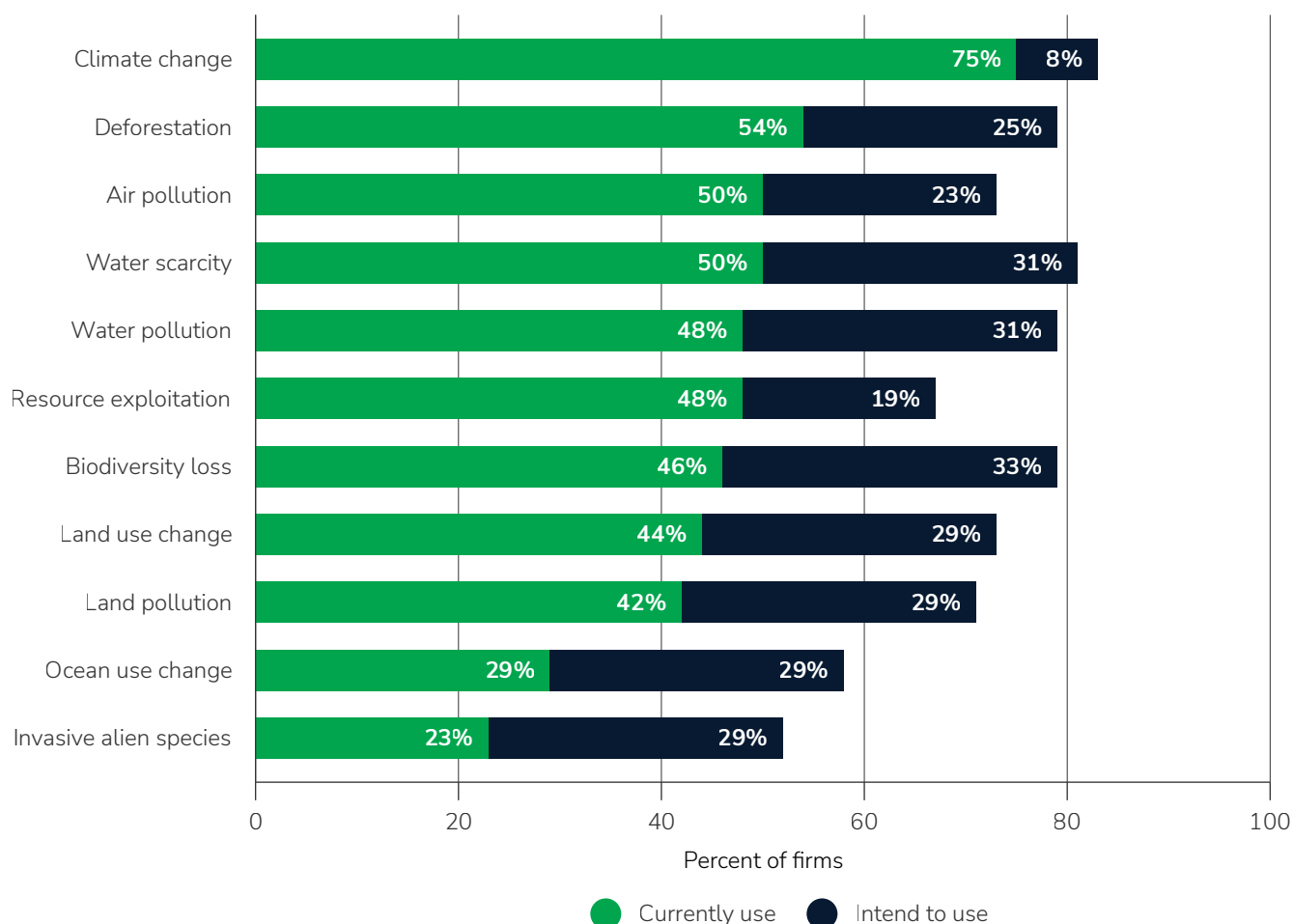
RISK MANAGEMENT

This section looks at how firms identify, assess, and manage nature risk, and how these processes are being integrated into their overall risk management framework.

As noted in Figure 2, this year's sample of firms is slightly more experienced than last year's sample, with nearly three quarters of firms treating nature loss as a risk, compared with 59% last year. This also means that fewer firms (roughly 25% this year, compared with over 40% last year) are still investigating nature loss before deciding *whether* or *how* to treat it as a loss.

With nature risk management still at an early stage, many firms are looking at which drivers of nature change might be affecting their portfolio, or that their portfolio might be impacting (Figure 15). Like last year, climate change remains the most popular driver of nature change for firms to examine, perhaps partly reflecting their recent experience of working on it. This is followed by deforestation, air and water pollution, water scarcity, resource exploitation, and biodiversity loss.

Figure 15 Which Drivers of Nature Change Does Your Organization Examine or Intend to Examine?



Once the drivers have been identified, the next stage is typically to understand the relative materiality of those factors. Forty-four percent of firms are assessing how material nature-related financial risks are, mostly after they have recognized nature as a risk. A couple of firms are undertaking the assessment before recognizing the risk, presumably to work out if it is relevant to their portfolios.

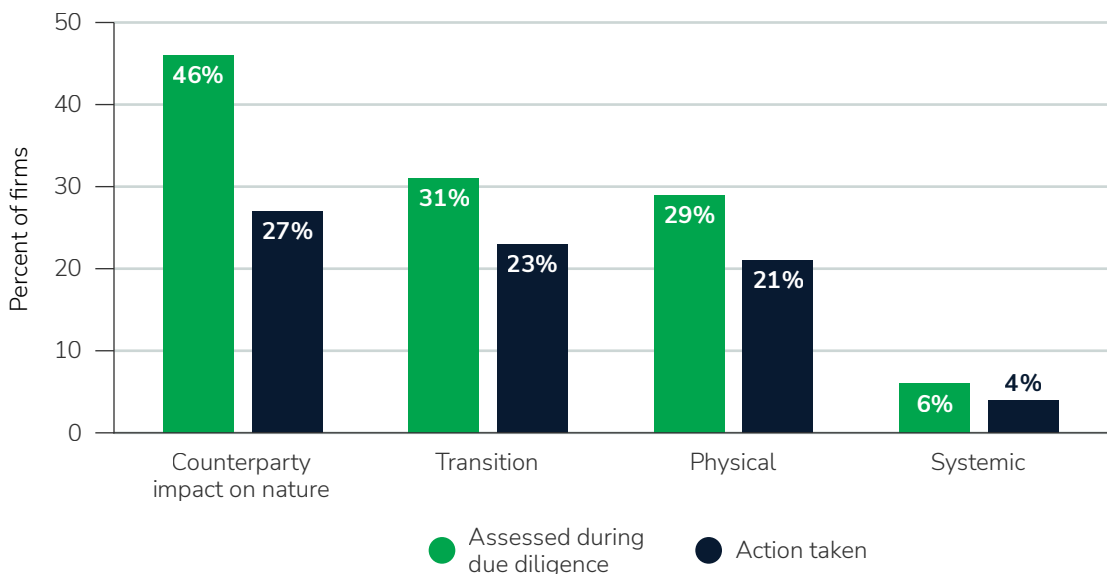
As with climate change, firms are interested in the physical and transition risks associated with these risk drivers. So, they look at the drivers through these different lenses. For example, water pollution might affect the availability of fresh water needed in a firm's production process, which is a physical risk. But they might also be concerned about breaching laws that regulate water quality, which would count as a transition risk.

Additionally, firms may be interested in the impact that their activities have on the drivers of nature change, which might reflect worries about reputational impacts or the potential for litigation if they are lending, say, to a company that is polluting water.

Firms that have conducted a materiality assessment were asked which financial risks they reviewed. In this year's survey, around a third of firms are undertaking assessments of physical risk, transition risk, and/or their portfolio's impact on nature, with 19% of firms looking at all three perspectives. The systemic risk associated with nature loss is the least popular choice, with only 13% of firms examining this perspective.

A common way to embed nature risk into day-to-day risk management is to include it in due diligence — either for counterparties that firms lend to, the companies they invest in, or those they insure. Like last year’s survey, the most common due diligence approach is to assess counterparties’ impacts on nature, which is being done by 46% of firms. Far fewer are assessing either transition risk (31%), physical risk (29%), or systemic risk (6%) (Figure 16).

Figure 16 Nature-Related Risks Assessed During Due Diligence



These assessments are done either on a purely qualitative approach or using a mixture of qualitative and quantitative approaches. Very few firms use only quantitative methods.

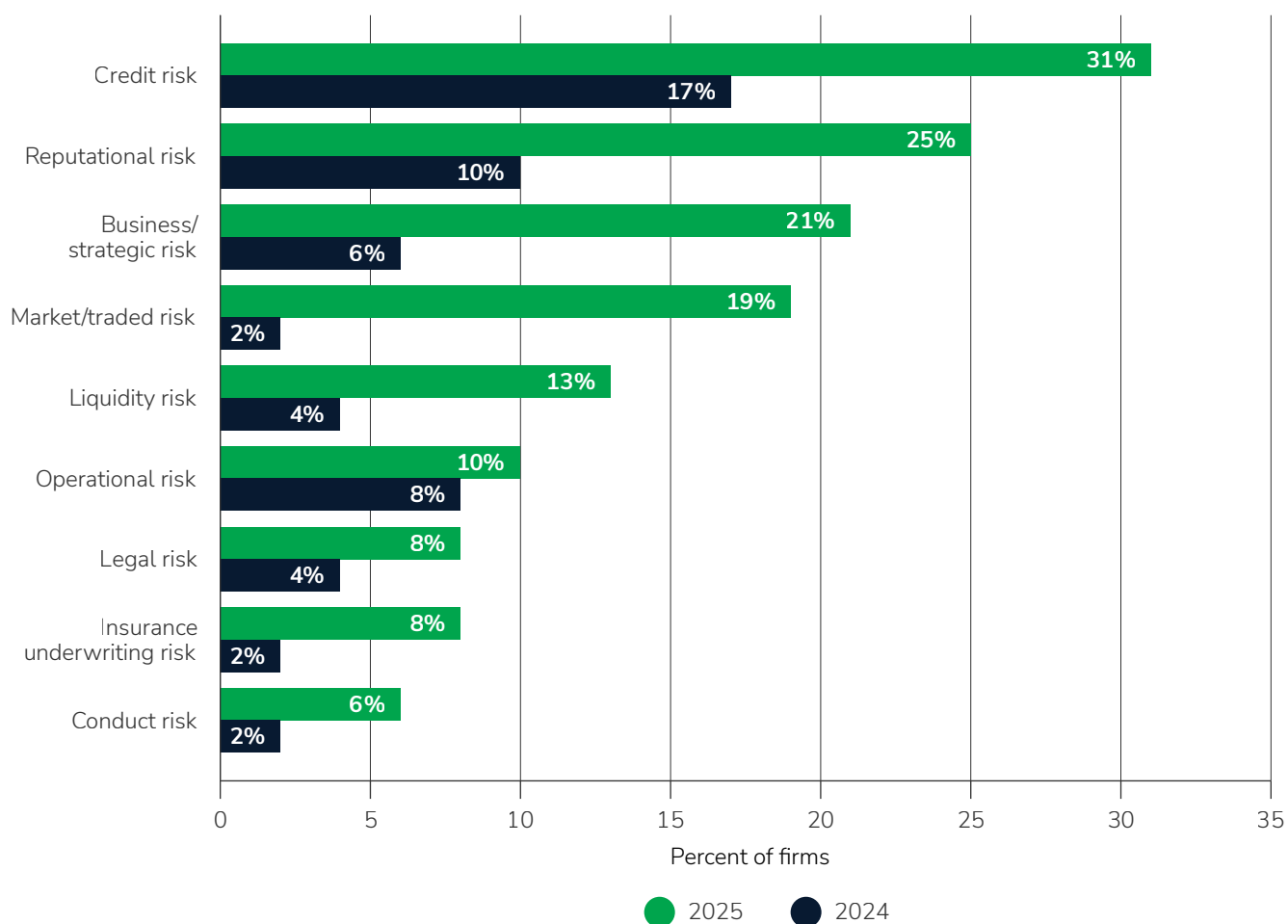
Most firms that are doing due diligence have taken action, with the most popular actions being increased engagement and enhanced due diligence.

Two main approaches are being adopted to embed nature-related risk into the risk management framework: (1) to treat nature risk as a standalone (principal) risk type; or (2) to treat it as a cross-cutting (transverse) risk that should be embedded within other existing risk types.

Forty-four percent of respondents embedded nature-related risk in other risk types, while 35% have considered it in conjunction with climate risk, recognizing their interconnectivity. Twenty-five percent of firms have not yet considered nature in their risk management framework, while only three firms (6%) have considered it as a principal risk.

Since the previous survey, the number of firms embedding nature risk into standard risk types — such as credit, reputational, business/strategic, and traded risk — has increased (Figure 17).

Figure 17 Risk Types Where Nature Risk Is Embedded

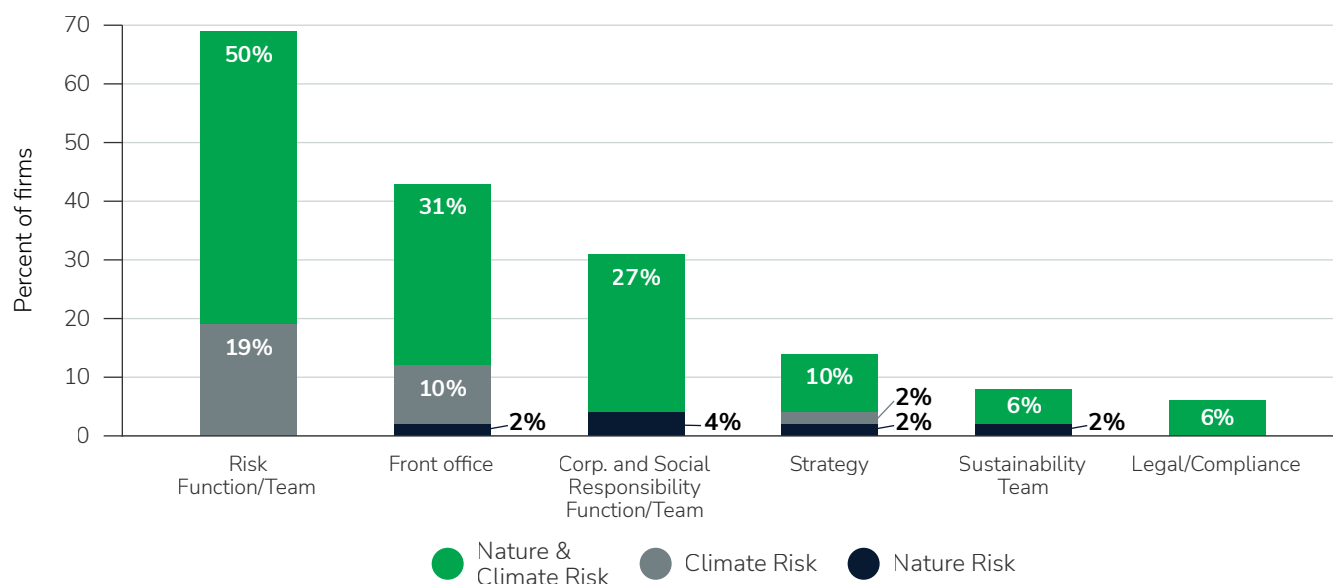


A key part of risk management is understanding the level of risk that a firm is willing to take to achieve its business objectives, which is typically articulated in a risk appetite statement (RAS). While only 6% of firms currently have a nature-related risk appetite statement, 41% plan on developing one.

Around one-third of firms thought that nature-related physical and transition risks are partially priced in. The remaining two-thirds are split between not knowing whether nature risks are priced and believing that they aren't.

Firms have a variety of operating models for their nature risk management. The risk function is most commonly responsible, followed by the front office/business teams, and the corporate and social responsibility team (Figure 18).

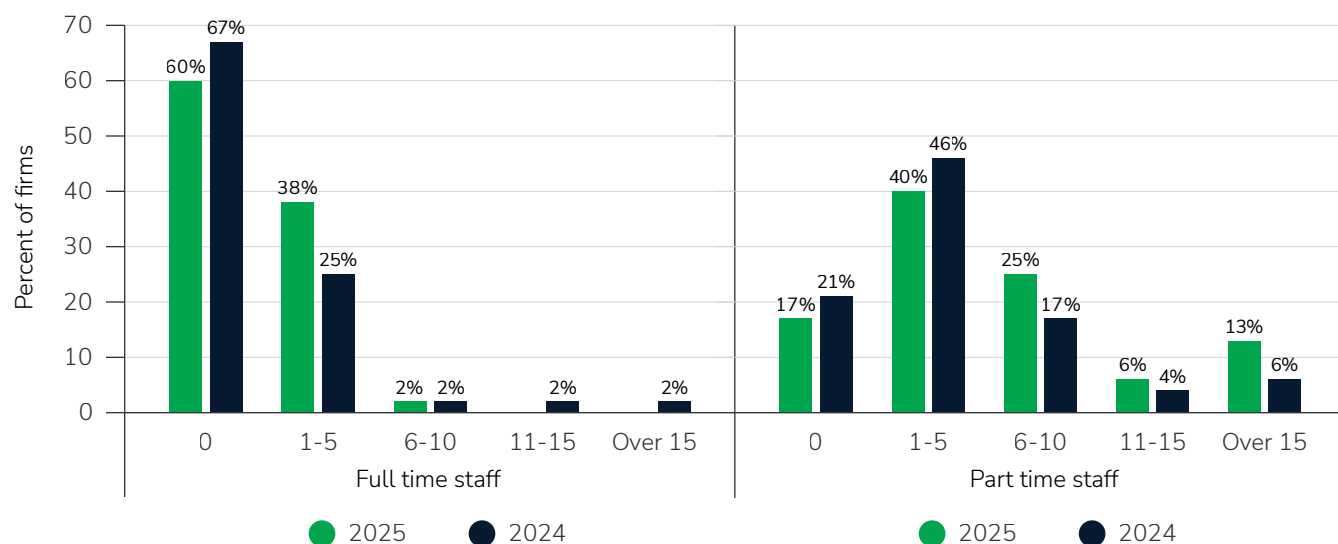
Figure 18 Which Function/Team Has Primary Responsibility for Nature- and/or Climate-Related Risk?



Interestingly, the first line is generally responsible at asset managers, whereas in banks it is more common for the second line to have responsibility.

More firms are now employing both full- and part-time staff to work on nature risk, though the most common number of full-time staff remains small (fewer than five), as shown in Figure 19.

Figure 19 Number of Staff Working on Nature Risk

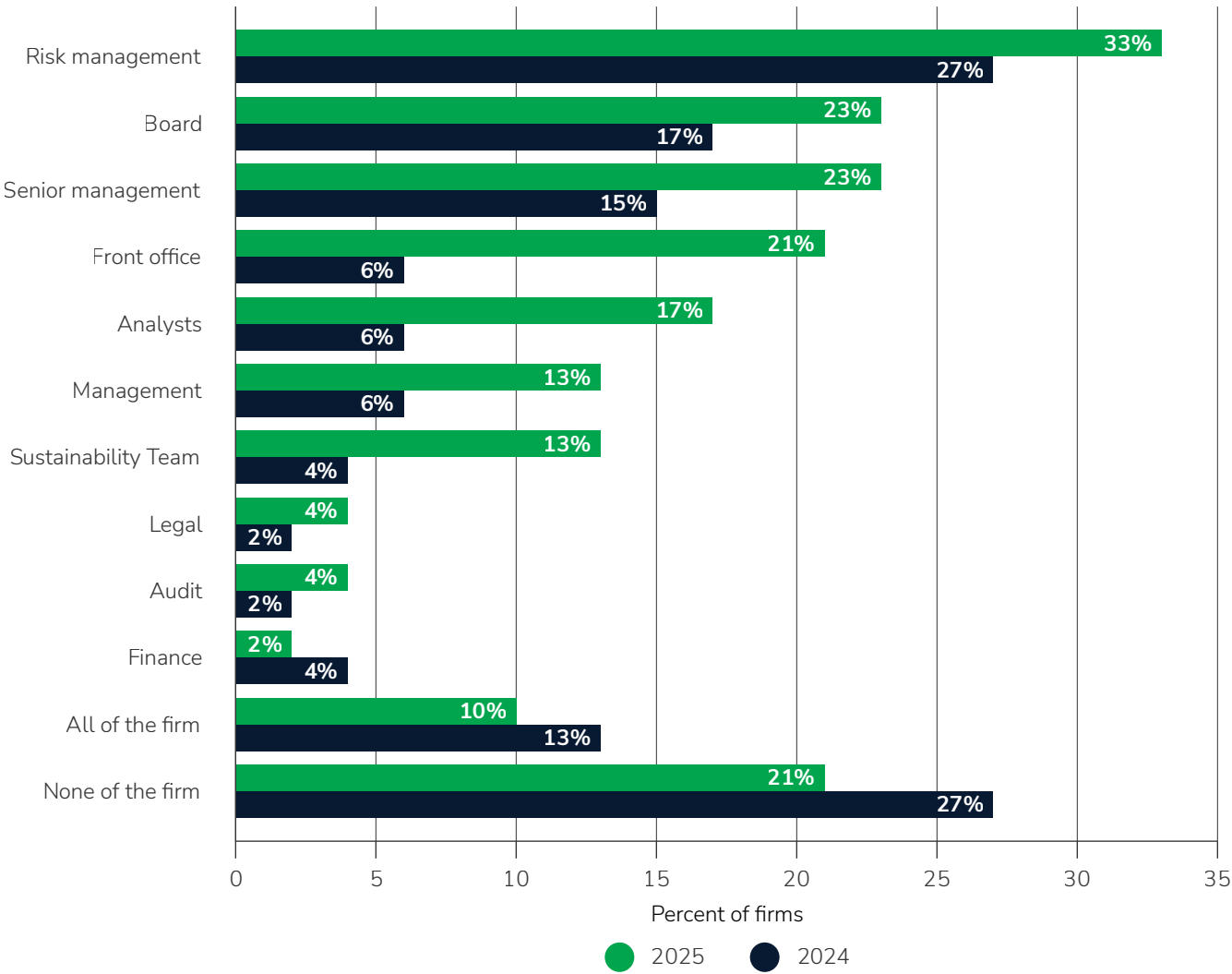


Looking ahead, 63% of firms expect the number of staff working on nature-related risk to increase slightly in the next two years, with a few expecting significant increases.

Firms are also busy building up capability within their staffing, with 58% of survey respondents training staff about nature-related risks. With the increasing focus on nature-related risks, it isn't surprising that more training is being provided; one firm commented that availability of qualified team members remains an issue across financial institutions.

Risk management continues to be the area that receives the most attention for nature training, followed by the board, senior management, front office, and analysts (Figure 20). There has been a slight decrease (from 13% to 10%) in firms providing training for their entire organization. At the other end of the spectrum, the number of firms that do not provide any training fell from 27% in 2024 to 21% this year.

Figure 20 Which Staff Are Being Offered Nature Risk Training?





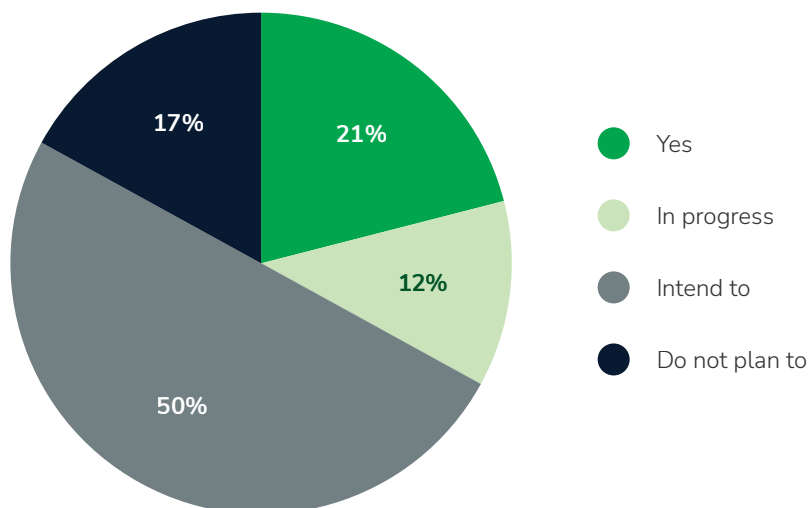
METRICS, TARGETS, AND LIMITS

A key part of effective risk management is the use of metrics, targets, and limits, which collectively help firms to assess, monitor, and manage risks — as well as to incorporate them into their risk appetite statements.

For this survey, these terms were defined as follows:

- A **metric** is a measure used to assess nature-related risks, such as the percentage of counterparties with a policy (or with a strong policy) to address deforestation.
- A **target** is the outcome an organization aims to achieve. For example, a firm could strive to have deforestation policies implemented at more than 90% of its counterparties.
- **Limits** represent the worst outcome the organization is prepared to accept without taking corrective action. A firm might state: “If less than 80% of counterparties have a policy to address deforestation, we will actively engage with and encourage those firms that do not have a policy to implement one.”

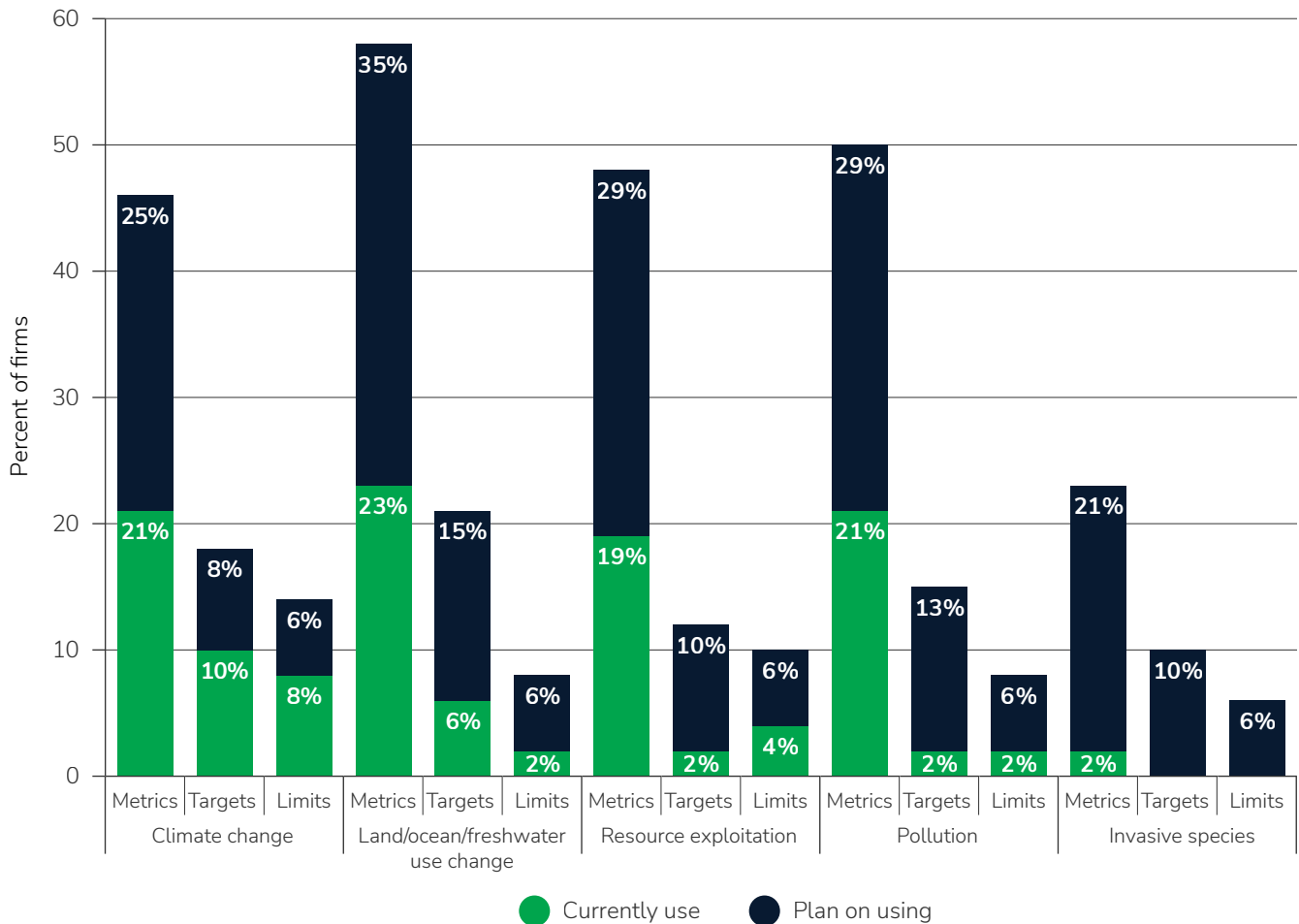
Figure 21 Use of Metrics, Targets, or Limits to Manage Nature Risk



This year we've seen a slight uptick in the use or intention to use metrics, targets, or limits. As Figure 21 shows, 21% percent of firms are already using metrics, targets, and/or limits to manage nature-related risk, marginally higher than last year (17%). A further 12% of firms are working on doing so, and another 50% intend to do so (up from 46% last year).

We asked firms the reasons behind the use of these measures. As Figure 22 shows, about 20% of firms are measuring climate change, land/ocean/freshwater use change, resource exploitation, or pollution as drivers of nature-related risk. Roughly another 30% intend to do so. Very few firms, however, are taking the next step in standard risk management: applying targets and limits.

Figure 22 Use of Metrics, Targets, or Limits for Nature Risk Drivers



A few firms have developed their own metrics or extended the available ones to do things like understand the double materiality of their portfolio, as well as to better comprehend water, deforestation, and biodiversity risks.

Figure 23 shows the frameworks that firms are currently using to assess nature-related financial risks. The most common ones are ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), heatmaps, and TNFD's LEAP approach. These were also the most common frameworks cited in the last survey — though a few more firms in 2025 are either using or intend to use them.

Figure 23 Frameworks Used for Measuring Nature Risks

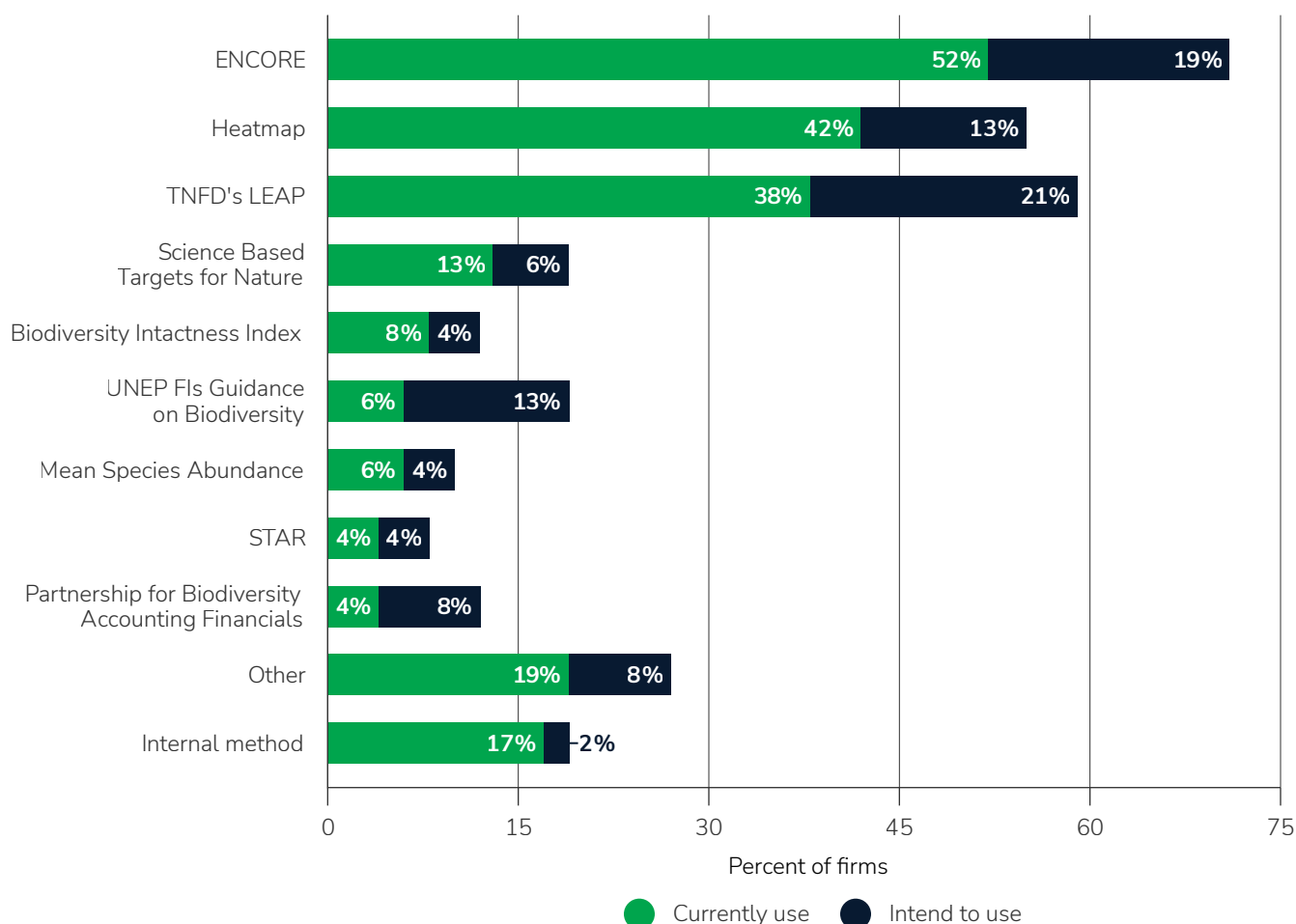
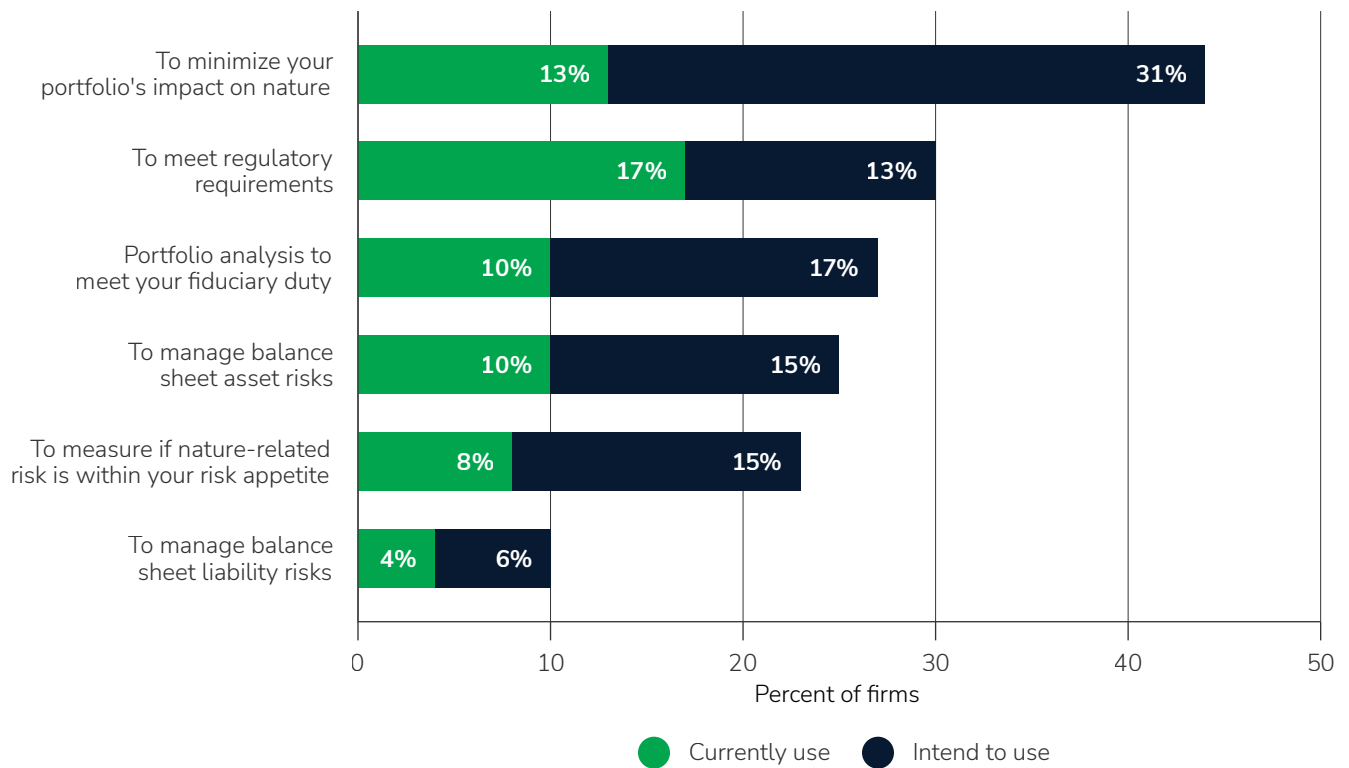


Figure 24 shows how firms are currently using and developing metrics for different purposes. The most popular reason for wanting to use measures is to minimize a portfolio's impact on nature. This is followed by meeting regulatory requirements. In contrast, last year, the most popular intention was to manage balance sheet asset risks. Measures are most commonly set at sector/industry level (38% of firms) and then organization-wide (23%), followed by geographic and counterparty level (about 15%).

Figure 24 Purpose of the Measures (Metrics, Targets, or Limits)



Some firms have made significant progress in embedding nature risk measurement in their day-to-day processes. For example, 20% of firms have aligned the measures with the strategy of their organization or have made them part of the risk management framework. Moreover, in recognizing the interactions between climate and nature, 15% have aligned their nature- and climate-related measures, while 42% are working on it.

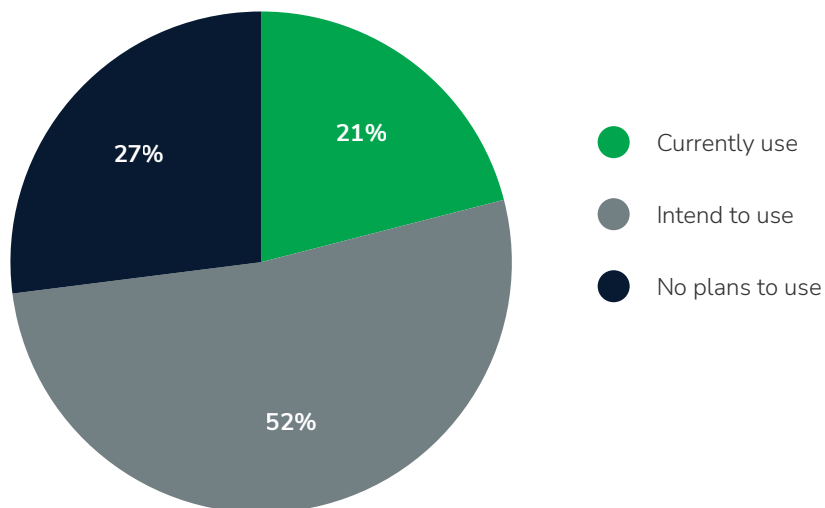


SCENARIO ANALYSIS

Scenario analysis is a tool for identifying and quantifying the potential financial risks from nature loss. However, it is still not widely used.

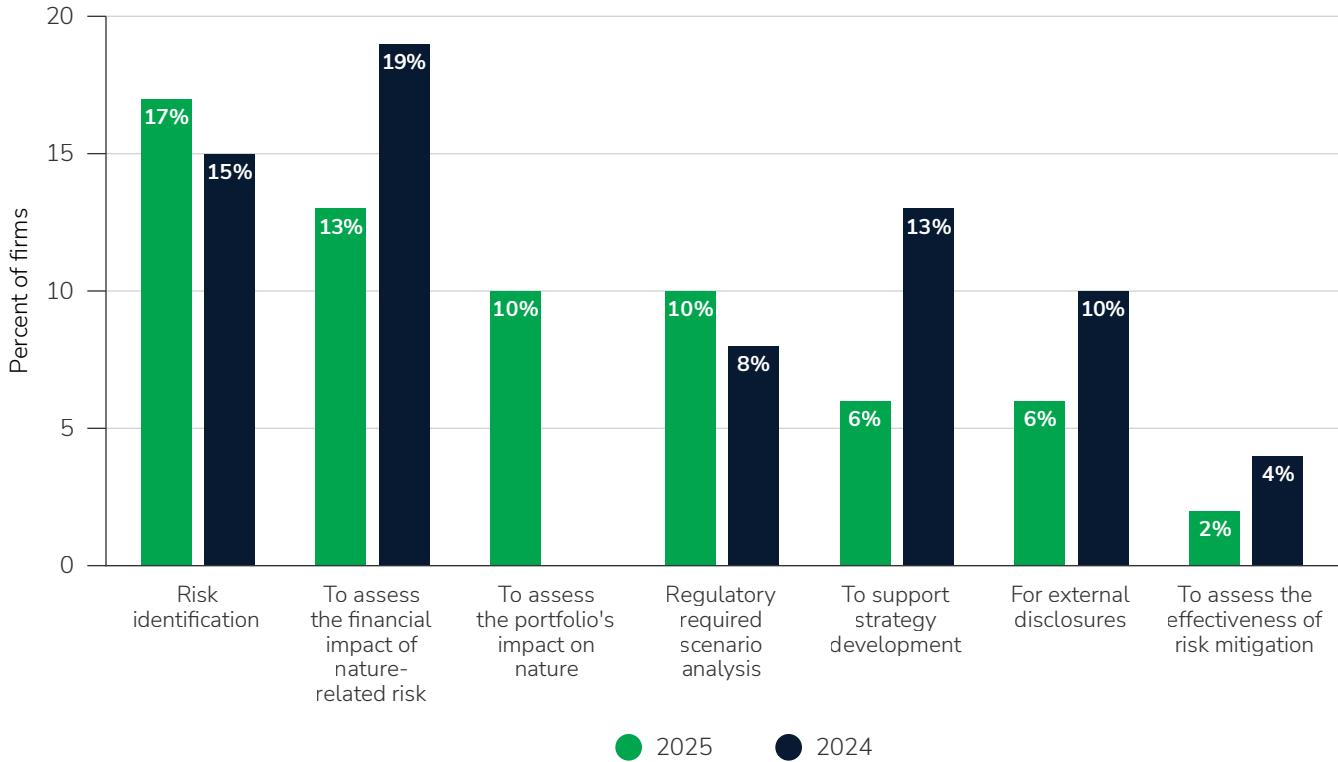
Similar to last year, 21% of firms in this year's survey stated that they are using scenario analysis to understand the impact of nature-related risk on their organization's portfolio or balance sheet (Figure 25). A further 52% of firms are planning on doing so, with half of those intending to use scenario analysis within the next two years. However, just over a quarter of firms don't yet have any plans to use nature scenario analysis.

Figure 25 Use of Scenario Analysis



Interestingly, the reasons for undertaking scenario analysis have changed somewhat this year, with risk identification being the most popular reason and more firms being asked to undertake regulatory exercises (Figure 26). Most striking is the fact that five firms (10%) used scenario analysis to assess their portfolio's impact on nature this year, whereas none did in last year's survey. It will be fascinating to see how the use cases develop over coming years.

Figure 26 Why Scenario Analysis Is Being Used

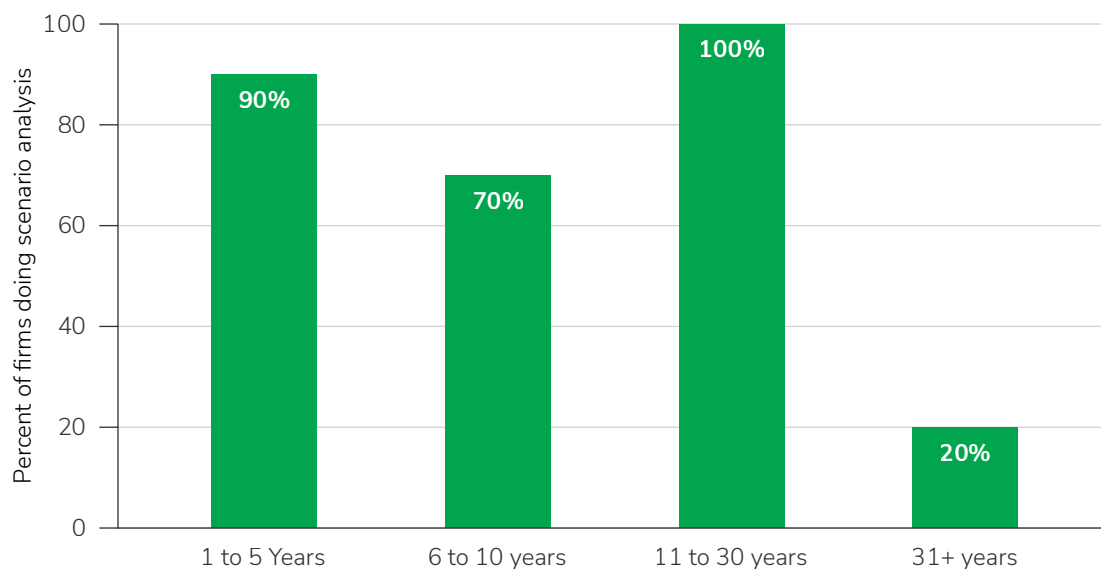


Firms are using both internal and external nature scenarios, such as the narrative by the TNFD and analysis by the World Wildlife Fund. Internal scenarios include the impact of disease on livestock sectors, the risks from drought affecting buildings' foundations, and reputational impacts from a firm's strategy on biodiversity.

The most common reason for choosing a scenario was because it best represented the risks that the firm faced.

All of the firms performing scenario analysis examined risks over an 11- to-30-year time horizon, while 90% looked over a window of one to five years (see Figure 27). This means they are trying to understand not just the longer-term risks but also those that could arise in the short term.

Figure 27 Time Horizon Used for Scenario Analysis



While most firms have yet to conduct any nature-related scenario analysis, a few firms are significantly more advanced. Those progressive firms have (1) already assessed physical and transition nature-related risks for their material exposures over time horizons from one to 30 years; (2) integrated nature into their climate scenarios; and (3) acted on the basis of scenario analysis findings, such as changing risk management, or organizational strategy.

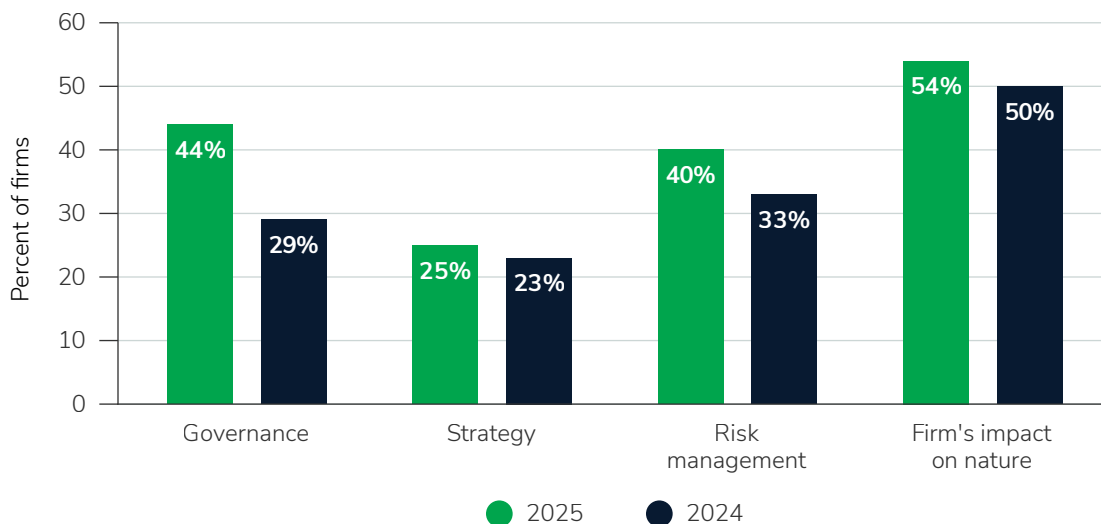


DISCLOSURES

As in last year's survey, we asked firms about any public announcements they had made in relation to their nature initiatives. Fifty-four percent of firms have made public announcements, up marginally from last year's 50%. These announcements include signing the Finance for Biodiversity Pledge; joining the Principles for Responsible Banking or Principles for Sustainable Insurance; committing to reducing their impacts on nature; ending deforestation; and/or working with TNFD.

Firms were also asked about their governance, strategy, and risk management disclosures. As Figure 28 shows, there has been an uptick in the rate of disclosure across firms, with around 40% disclosing information about either their nature-related governance or risk management, and 25% disclosing on their strategy. Disclosures about how firms are impacting nature have also risen, from 50% last year to 54% this year. Overall, we also expect disclosures to increase over time as firms establish their approach to nature.

Figure 28 External Nature-Related Disclosures





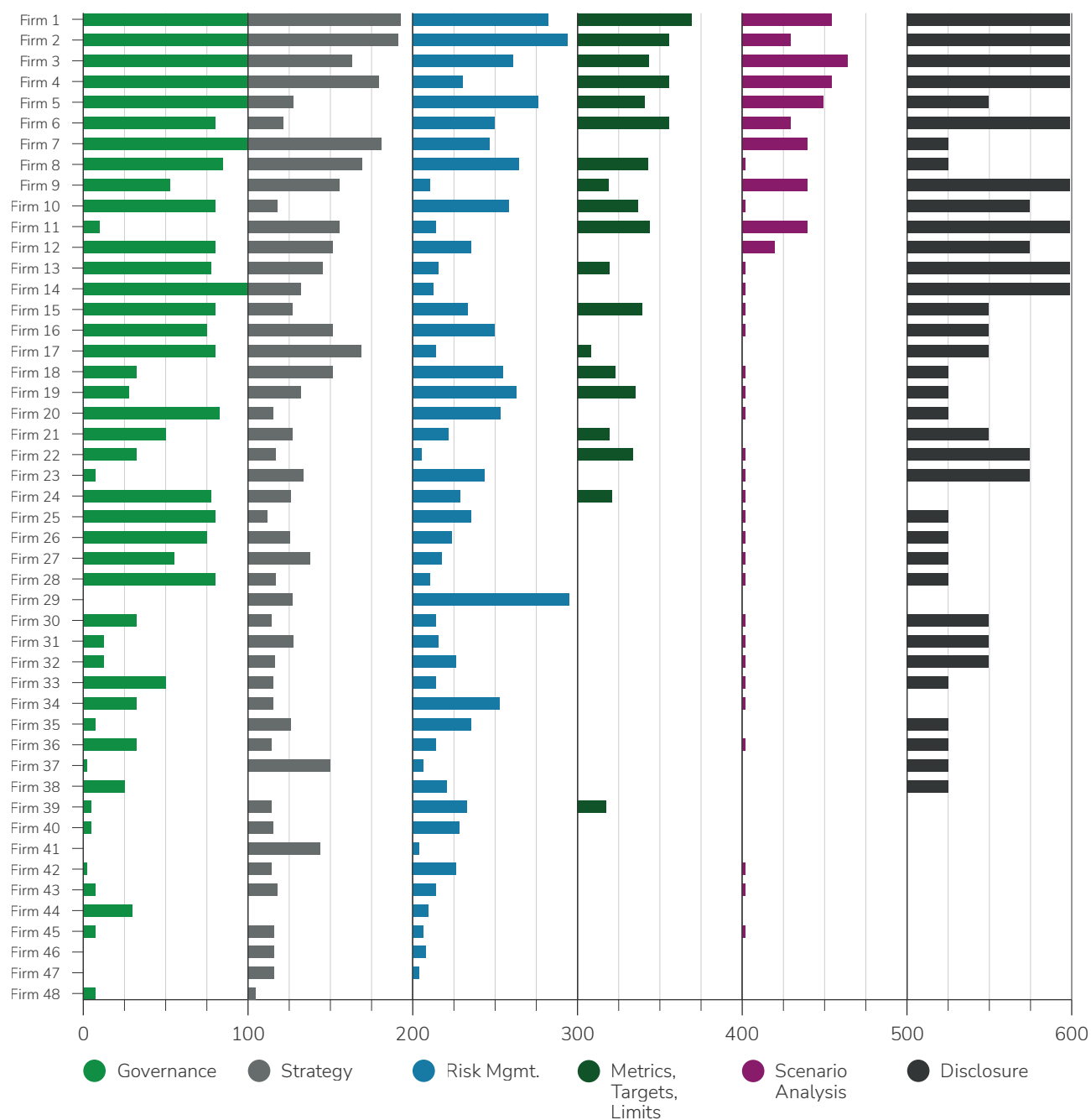
MATURITY MODEL SCORES FOR NATURE RISK MANAGEMENT

Mirroring last year, we used a maturity model to measure firms' capabilities in our 2025 survey. Participating firms were scored on each of the risk dimensions, providing both a measure of their levels of achievement but also allowing each firm to understand how it stands relative to its peers.

Last year, we cautioned that some firms appear at times to be answering the questions more from a climate risk perspective than a nature risk one. That warning, to an extent, still holds true. In this year's survey (like last year's), we awarded points only if we believed that firms have examined climate change as a driver of nature loss.

We are, therefore, a little less confident of the relative rankings than in our previous climate risk surveys. With those caveats in mind, Figure 29 shows the scores firms received for each dimension. The completeness of each color within its 100-point bar provides a snapshot of current capabilities within that dimension.

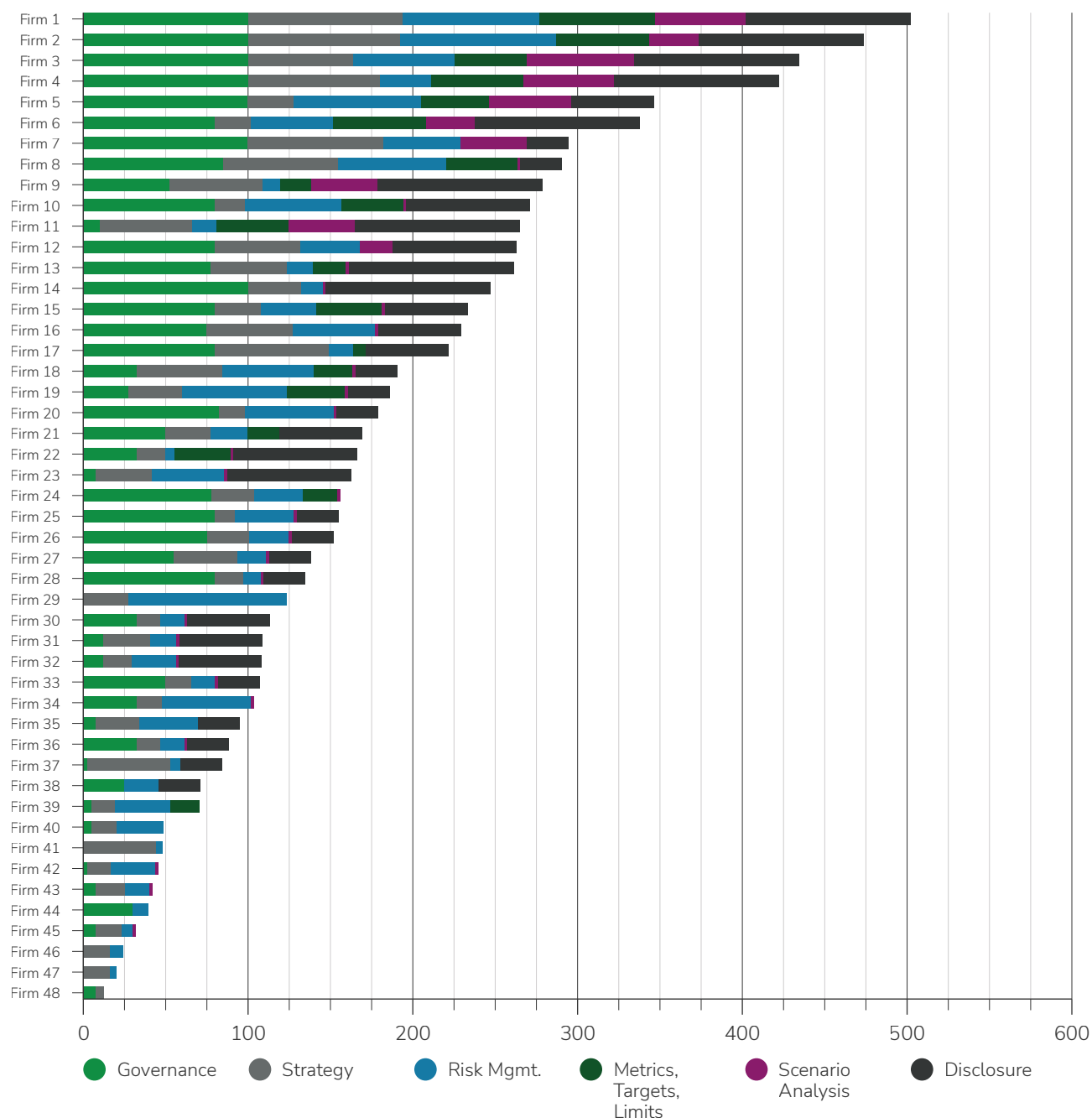
Figure 29 Maturity Model of Nature Risk Management



Firms 1 to 4, for example, score very well on governance and disclosure, less well for strategy and risk management, and reasonably well for metrics, targets and limits, as well as scenario analysis. The firms at the other end of the spectrum scored poorly — if at all — across all dimensions.

Figure 30 provides the same information, but as a cumulative total for each firm. This provides a better indication of the range of practice between firms. We see a wide dispersion of maturity levels in nature risk management, with a few firms having advanced capabilities and others only just getting started.

Figure 30 Range of Practice Across Firms



The average score across all firms has increased by 22 (around 15%) since the last survey, driven most by improvements in strategy and disclosures but also by some enhancements in governance and risk management scores. Perhaps not surprisingly, the scores of the top quartile of firms improved more than the others, increasing by 31%.

The overall distribution has shifted toward higher scoring this year relative to last year's survey. This year, 65% of respondents scored below 200 — in contrast to the 70% of firms that scored below that mark in last year's survey. To put this into perspective, only around 20% scored that low (below 200) in our first climate survey in 2019. This is yet another indicator of just how far firms must go to put nature risk on an equal footing with climate risk.



CONCLUSIONS

Our second Nature Risk Survey suggests a slight increase in firms' nature risk management maturity levels, with modestly higher scores on average across the industry.

Certainly, the results continue to reinforce the findings last year about how far nature risk lags climate risk. But several elements in the survey are edging up. More boards are engaged and are meeting more frequently; firms are reviewing more aspects of business for impacts; products are being developed; metrics are being developed; and more is being disclosed.

It is still early days, but things are moving forward. Firms can and should build upon their experiences of establishing good climate risk management to assist them with their journey on nature risk. Nature risk, after all, faces similar challenges and barriers as climate — most notably, poor availability of data and models, but also regulatory uncertainty and availability of staff.

As we've witnessed with climate risk, these problems, in the early days, can seem insurmountable. But firms do expect these concerns to ease over coming years, partly because of the strong progress they have made in their climate risk capabilities. The question for many firms is how much supervisory interest will increase and intensify.

Another positive in this year's survey is that fewer firms were confused by the interconnections between climate change and nature, indicating that there is a growing comprehension of the terms and concepts. As understanding increases about the critical role that nature plays in underpinning our economies, so too will an appreciation of the risks and opportunities that nature brings. Indeed, we expect that nature risks are likely to become an increasingly important area of focus for regulators, investors, and civil society.

GARP is committed to raising the standards of risk management globally, and we are therefore pleased that so many firms want to learn from one another in benchmarking exercises such as these. It is helpful for both participating firms and the wider financial system to see the progress that has been achieved and the areas that still need improvement.

Nature-related Risk Definitions

The definitions in this section are from the recommendations of the [Taskforce on Nature-related Financial Disclosures \(TNFD\)](#).

Natural capital is the stock of renewable and non-renewable natural resources — such as plants, animals, air, water, soils, and minerals — that combine to yield a flow of benefits to people. The environmental assets that are natural capital underpin our economy and society.

Ecosystem services are the flow of benefits from natural capital to people and the economy.

Nature-related physical risks are risks to an organization that result from the degradation of nature and the consequential loss of ecosystem services. These risks can be acute or chronic (Table 1). They arise as a result of changes in the biotic (living) and abiotic (non-living) conditions that support healthy, functioning ecosystems, and are usually location specific.

Table 1 Categories of Nature-Related Physical Risks

Acute	Chronic
Short-term, specific events that change the state of nature.	Gradual changes in the state of nature.
Impacts can be direct or indirect. Examples:	
<ul style="list-style-type: none"> Oil spills, forest fires, or pests affecting a harvest. These impact not just the grower but also food producers that rely on the harvested product. Drought affecting a semiconductor manufacturer's water supply for manufacturing processes. This will also affect users of the semiconductors. 	<ul style="list-style-type: none"> Pollution stemming from pesticide use. This could affect not just fish in a river but also people who rely on the fish for food. Climate change causing crops to not grow due to changes in rainfall patterns, which affects producers, retailers and consumers.

Source: [Taskforce on Nature-related Financial Disclosures Recommendations, Getting started with adoption of the TNFD recommendations](#)

Nature-related transition risks are risks to an organization that result from a misalignment of economic actors with actions aimed at protecting, restoring, and/or reducing negative impacts on nature. The same sub-categories that are used for climate risk are also used for nature risk — namely, policy, market, technology, reputational, and legal risks. Examples are shown in Table 2.

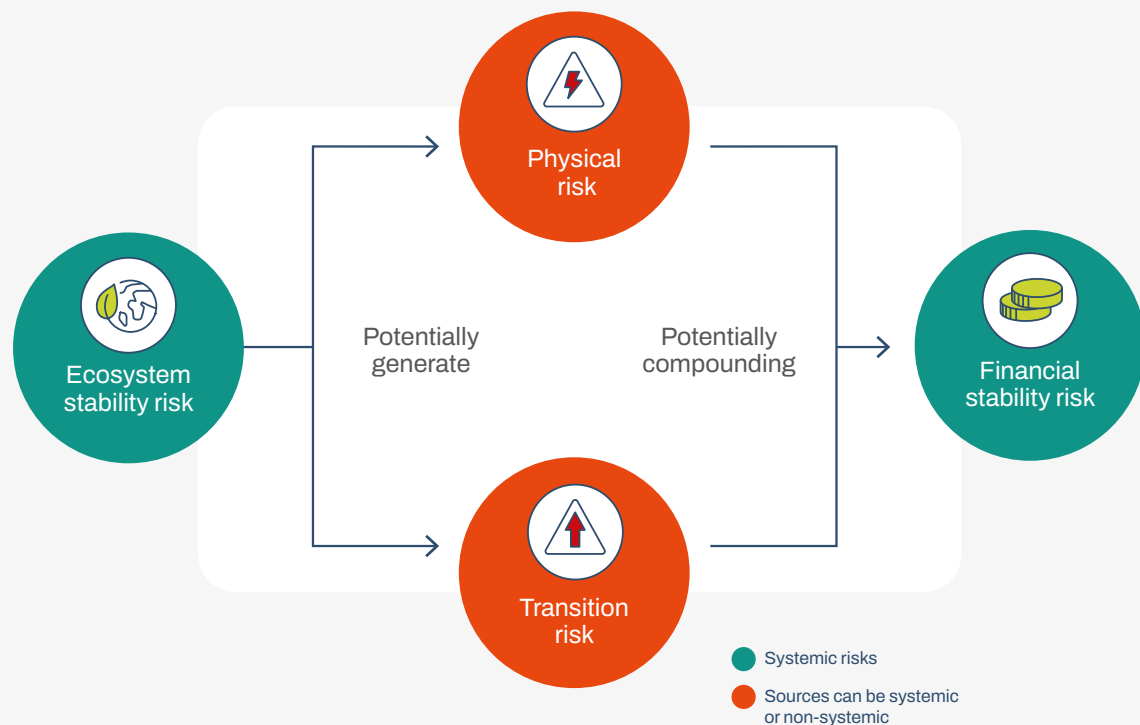
Table 2 Categories of Nature-Related Transition Risks

Policy	Liability	Market	Reputational	Technology
Regulation to create positive or mitigate negative impacts; enforcement of existing regulation.	Directly or indirectly from legal claims.	Changes to market dynamics, not only from shifting supply and business processes but also from demand — including changes in consumer preferences.	Damage to brand value. Loss of customer or investor base from changes in perception about a firm's actual or perceived nature impacts.	Substitution of products or services that have a smaller impact and/or dependency on nature.
Impacts can be direct or indirect. Examples:				
<ul style="list-style-type: none"> • Policies to reduce deforestation can increase costs. • Requirements to limit amount of water used can impact production. 	<ul style="list-style-type: none"> • Using water where it is restricted gives rise to legal claims. • Producers' supply chains have inputs from areas of high ecosystem integrity. 	Value of company affected by: <ul style="list-style-type: none"> • Insufficient freshwater, causing production to decline. • New technologies that use less water. 	<ul style="list-style-type: none"> • Stigmatization of nature-depletive industries, resulting in fewer customers. • Investors divest from companies that deforest, reducing available capital. 	<ul style="list-style-type: none"> • Plastic containers replaced with biodegradable ones. • Vertical farming instead of land-based farming.

Source: [Taskforce on Nature-related Financial Disclosures Recommendations](#), GARP

Nature-related systemic risks are risks to an organization that arise from the breakdown of the entire system, rather than the failure of individual parts. These risks are characterized by modest tipping points combining indirectly to produce large failures, where one loss triggers a chain of others, preventing the system from reverting to its prior equilibrium (see Figure 31).

Figure 31 Relationship Between Nature-Related Risk Types



There are two categories of nature-related systemic risk:

- **Ecosystem stability risk:** Risk of the destabilization of a critical natural system, so it can no longer provide ecosystem services in the same manner as before. For example, tipping points are reached, and regime shifts and/or ecosystem collapses occur that generate forms of physical and/or transition risk.
- **Financial stability risk:** Risk that a materialization and compounding of physical and/or transition risks leads to the destabilization of an entire financial system.

Systemic risks are of significant interest to policy makers and market regulators because of their potential to cause sudden disruption to societies, economies, and the functioning of financial markets. But they also need to be considered by businesses and financial institutions, given the potential for them to have unforeseen and significant financial implications.



About the Authors

Jo Paisley, President, GARP Risk Institute, has worked on a variety of risk areas at GARP Risk Institute, including stress testing, operational resilience, and model risk management. Her main focus is now climate and environmental financial risk management. She hosts the GARP Climate Risk podcast. Her career prior to joining GARP spanned public and private sectors, including working as the Director of the Supervisory Risk Specialist Division within the Prudential Regulation Authority and as Global Head of Stress Testing at HSBC.

Maxine Nelson, Senior Vice President, GARP Risk Institute, currently focuses on management of the financial risks from climate change and other environmental risks. She has extensive experience in risk, capital, and regulation gained from a wide-ranging variety of roles prior to joining GARP. Nelson's previous experience includes Global Head of Wholesale Risk Analytics and Head of Capital Planning at HSBC; manager of counterparty credit risk at the UK Financial Services Authority (during the last financial crisis); leader of the credit risk team at KPMG London; and manager of global operational risk modeling at National Australia Bank. She has a Ph.D in engineering that examined how best to apply probability theory to real-world problems.



garp.org

ABOUT GARP | The Global Association of Risk Professionals is a non-partisan, not-for-profit membership organization focused on elevating the practice of risk management. GARP offers the leading global certification for risk managers in the Financial Risk Manager (FRM®), as well as the Sustainability and Climate Risk (SCR®) Certificate, Risk and AI (RAI™) Certificate, and ongoing educational opportunities through Continuing Professional Development. Through the GARP Benchmarking Initiative (GBI)® and GARP Risk Institute, GARP sponsors research in risk management and promotes collaboration among practitioners, academics, and regulators.

Founded in 1996 and governed by a Board of Trustees, GARP is headquartered in Jersey City, N.J., with offices in London and Hong Kong.

For more information, visit garp.org or follow GARP on LinkedIn, Facebook, and X.

© 2025 Global Association of Risk Professionals. All rights reserved. (04.25)

HEADQUARTERS

111 Town Square Place
14th Floor
Jersey City, New Jersey
07310 USA
+1 (201) 719.7210

LONDON

17 Devonshire Square
4th Floor
London, EC2M 4SQ UK
+44 (0) 20 7397.9630

HONG KONG

The Center
99 Queen's Road Central
Office No. 5510
55th Floor
Central, Hong Kong SAR,
China
+852 3168.1532