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Advancing G20 Commitments to Integrate the Value Provided by Nature and People into Decision-Making

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Accelerating Climate Action and the Just Energy Transition



Abstract

In 2023, G20 India's T20 engagement group recommended an enabling ecosystem for wider adoption of 'natural capital valuation' to mobilise investments while delivering sustainable outcomes for people and nature. Subsequently, the T20 engagement group of G20 Brazil (2024) asserted that a holistic and just (net-zero) transition cannot be achieved without embedding human capital considerations, especially inclusivity and fairness (leading to just transition).

Based on evidence collected from a diverse set of countries, this policy brief will present options for the G20 to build trust in valuation and drive investments and innovations that advance the biodiversity–climate–development nexus while keeping an eye on driving equality. It will demonstrate how investors, financial institutions and governments could collaborate to mainstream valuation of natural, social, human and produced capital in business/economic decision-making. For example, the Dutch Central Bank found that Dutch financial institutions worldwide have EUR 510 billion in exposure to companies with high or very high dependencies on one or more ecosystem services.

Biodiversity loss, extreme weather events, natural resource shortage and societal polarisation have been predicted as 'top risks in the future' by successive WEF Global Risk Reports, including the 2025 edition. Businesses leaders are being forced to consider various options for future-proofing operations, including along their supply chains.

Businesses are realising that a strategy designed to achieve economic growth without compromising on climate and biodiversity impacts, will attract the attention of buyers, investors, financiers and politicians. The 'capitals valuation' approach involves mapping businesses' dependencies and impacts on natural, human, social and produced capital and building trust in how these impacts and dependencies are valued. This approach ensures fit-for-purpose information for decision-making, that is accepted, legitimised, quantified, objectified and codified, to inform pathways for transformation.

Investors, financial Institutions, regulators and governments across and beyond the G20 will need to collaborate to build trust in capitals valuation for decision-making, as observed by two subsequent G20 T20s. This policy brief will encourage business leaders to undertake comprehensive capitals valuation to inform business decisions, to support sustainable business transformation. This will also help businesses demonstrate their contribution towards implementing the CBD Global Biodiversity Framework.

Keywords: Value, Valuation, Nature, People, Capitals, Global Biodiversity Framework

Diagnosis

Biodiversity loss, extreme weather events, natural resource shortage and societal polarisation have been predicted as top risks in the future by recent WEF Global Risk Reports¹. To address these challenges, this paper urges the G20 to promote the capitals approach² not only to drive nature-positive policymaking, but also to ensure community benefits, improved livelihoods, de-risked value chains and increased resilience and competitiveness.

For businesses to future-proof their operations, they need to understand their complex relationships with people, nature and society. The capitals approach, that can be applied to any sector, provides a framework for measuring and valuing these relationships across four categories of capitals, viz. natural, human, social, and produced.

Valuation, expressed in qualitative, quantitative and monetary terms is key to the capitals approach. It involves the process of estimating the relative importance, worth, or usefulness of (natural, human, social, and produced) capitals to people or businesses, in a particular context. Organisations typically conduct valuations to assess their impacts and dependencies on these capitals. This helps them understand related risks and opportunities and thereby inform organisational strategies and/or operational decision-making. The importance of valuation of the capitals has also been recognised by the Think-20 engagement groups of G20 India and G20 Brazil Presidencies. The G20 Think-20 (2023) communique recommended, “The G20 should provide impetus and develop approaches to natural capital valuation (such as nature markets, and payment for ecosystem

¹ World Economic Forum, 2025, *Global Risk Report 2025*, refer to <https://www.weforum.org/publications/global-risks-report-2025/>

² For definitions of the 'capitals', refer to <https://capitalscoalition.org/capitals-approach/>. Many international organizations, including World Bank and OECD, use these four capitals

services) in an effort to address global environmental challenges, mobilise investments, create new opportunities and deliver sustainable livelihoods³.” Although this brief mostly focuses on the natural capital, social, human and produced capital specific impacts and dependencies should also be considered to achieve comprehensive and balanced decision-making by businesses.

Target 14 of the Kunming Montreal Global Biodiversity Framework (KMGBF),⁴ underlines that biodiversity needs to be fully integrated into decision-making by 2030. To support this, it is crucial that different actors (business, finance, policy) collaborate by conducting assessments, committing to targets, transforming the system and disclosing information (a framing referred to as: ACT-D).⁵ To showcase how these actors rely on others actions and how the flow of information moves across these actors towards a nature-positive economy, the Capitals Coalition has developed a Transformation Loop (see Figure 1).⁶

³ <https://t20ind.org/research/think20-communique-2023/>

⁴ Convention on Biological Diversity (CBD), 2022, *Kunming Montreal Global Biodiversity Framework*, refer to <https://www.cbd.int/gbf/targets>

⁵ <https://capitalscoalition.org/high-level-business-actions-on-nature-launched-at-davos-by-capitals-coalition-partners/>

⁶ <https://capitalscoalition.org/business-actions-on-nature/>

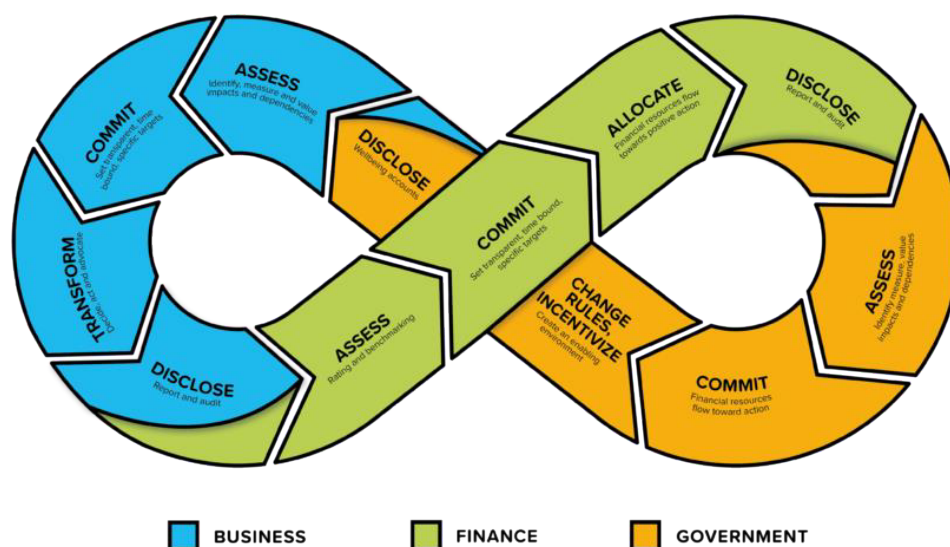


Figure 1 Capitals Coalition Transformation Loop

Due to the high impact and dependency of the Agri-food system on biodiversity, this policy brief uses examples from, and provides recommendations for, this sector. Since 2017, The Economics of Ecosystems and Biodiversity initiative of the UN Environment Programme (UNEP TEEB)⁷ has implemented the TEEB Agrifood initiative across several countries, resulting in the incorporation of capitals approach in national policy and business⁸ processes in G20 members like China, Brazil, and India. Examples are provided in the following section that demonstrate how value chain actors could benefit from adoption of the capitals approach, starting from the bottom up.

⁷ For details of the UNEP TEEB initiative, refer to <https://www.unep.org/topics/teeb/about-teeb>

⁸ Capitals Coalition, 2023, *TEEB for Agriculture and food: operational guidelines for business* (<https://capitalscoalition.org/publication/teebagrifood-operational-guidelines-for-business/>)

A capitals approach can be tailored for application to corporates and financial organisations as well as small and medium enterprises (SMEs) and smallholder producers. Smallholder producers are crucial to global food production, yet remain vulnerable due to unpredictable finance, markets, climate, conflict related factors. Applying the capitals approach will help them identify risks and opportunities, as they endeavour to scale up.

A report titled 'Natural Farming Through a Wide-Angle Lens' measured the natural, economic, social and health impacts of community-managed natural farming practices (driven by smallholder producers) in Andhra Pradesh, India across nearly a million smallholder farmers. The findings based on the capitals approach demonstrated multiple benefits for smallholders, from the adoption of natural farming. Within two years (2020 to 2022), net incomes rose by 49%, usage of chemical inputs reduced by 56–73%, while average yields were 11% higher.

As part of the TEEB for Business project, a dairy business from China⁹, assessed that the incorporation of biodiversity in decision-making led to strengthening their ESG performance. Consequently, they secured a RMB 100 million green loan from the Bank of China to transform their business further. This loan is notably the first nature-positive loan in China, setting a pioneering example.

Financial institutions are also becoming increasingly aware of risks emanating from inaction on biodiversity issues material to their business. In its 'Banking on Nature' Natural Capital Report in 2023, a bank based in Trinidad & Tobago was able to identify that natural capital related issues posed highest levels of risk exposure. This understanding was central to their Natural Capital Risk Assessment Framework and has become part of their business strategy.¹⁰

⁹ UNCCD, 2024, *China Shengmu Diversity and Diversified Capital Accounting Report*, refer to https://mp.weixin.qq.com/s/s5CemDF5plTFfCrNvd_lvw

¹⁰ https://capitalscoalition.org/impact/case-studies/?fwp_filter_tabs=case_study&fwp_search=ansa

Regulators too are becoming aware of the risks and opportunities associated with their portfolios. For example, the Dutch Central Bank underlines that Dutch financial institutions worldwide have EUR 510 billion in exposure to companies with high or very high dependencies on one or more natural capitals.¹¹ Recently the European Central Bank has published a paper¹² revealing that 'almost 75% of corporate bank loans in the euro area are granted to non-financial corporations with a high dependency on at least one ecosystem service. These dependencies could result in significant losses for banks, specifically if shocks are amplified by the large number of relevant ecosystem services'.

Recommendations

For the system to transform and enable long-term sustainable outcomes, policies that change incentives for business and finance are needed. Emerging evidence from the Agri-food sector underlines the benefits of the capitals approach – demonstrating how it makes the value for nature and people, better visible in business and society. By applying this approach across sectors, governments can demonstrate their commitment to using evidence to inform policy scenarios, enabling them to formulate and implement effective nature positive solutions.

The G20 should play a leading role in promoting this approach by supporting economic actors and civil society organisations to apply the capitals approach, and by calling the G20 Members and other countries to follow this example to support the transition towards a nature positive economy. In addition, the paper recommends that the G20 commissions studies that further underline the benefits

¹¹ SUSTAIN, 2024, *Integrating nature risks into decision-making: the study of the Dutch Central Bank*, refer to https://capitalscoalition.org/wp-content/uploads/2024/09/SUSTAIN_Report_DNB_2024.pdf

¹² Occasional Paper Series, *Living in a world of disappearing nature: physical risks and the implications for financial stability* <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op333~1b97e436be.en.pdf>, doi:10.2866/670314

from application of the capitals approach for business and economic decision-making.

Finally, this policy brief provides specific recommendations to three G20 Working Groups, especially to demonstrate and encourage private sector's contribution to the KMGBF. These recommendations should be considered as potential options for taking the G20 Think-20 (2023) recommendations on capitals valuation, forward.

- To support effective implementation of GBF target 15, the G20 Agriculture Working Group (AWG) should review existing evidence of the application of the capitals approach,¹³ and further test, amplify and promote the framework in agri-food sector across countries. This aligns with the G20 vision of sustainable, resilient and inclusive supply chains, and aligns with recommendations of the FAO 2024 'State of the Food' report.
- Global supply chains are becoming increasingly vulnerable to risks pertaining to biodiversity loss, climate change, and inequity. To foster possible adoption of the capitals approach, the G20 South Africa Business-20 (B20) Task Force on 'Sustainable Food Systems and Agriculture'¹⁴ should convene discussions involving leaders from business and the financial sector.¹⁵
- G20 South Africa Sustainable Finance Working Group (SFWG)¹⁶ has tasked upon itself to explore funding instruments for nature-based solutions within the agri-food sector and beyond. To adopt effective instruments that support nature-based solutions, capital valuation could be integrated,

¹³ Also referred to as True Cost Accounting, <https://tcaaccelerator.org/what-is-tca/>

¹⁴ G20 South Africa, B20 South Africa Task Force, 2025, refer to <https://www.b20southafrica.org/task-forces/>

¹⁵ FAO. 2023, *The State of Food Security and Nutrition in the World 2023*, refer to <https://openknowledge.fao.org/items/445c9d27-b396-4126-96c9-50b335364d01> and FAO. 2024. *The State of Food and Agriculture 2024 – Value-driven transformation of agrifood systems*. Rome. <https://doi.org/10.4060/cd2616en>

¹⁶ G20 South Africa, 2025, *Sustainable Finance Working Group: 2025 Presidency and Co-chairs Note on Agenda Priorities*, refer to <https://g20sfgw.org/wp-content/uploads/2025/02/2025-G20-SFWG-Note-on-Agenda-Priorities-rev.pdf>

providing a wide-angle lens on value and move beyond GDP measures. Under the G20 Finance Track, the G20 South Africa SFWG should discuss the imperatives of including the value of all capitals to transform financial decision-making. Discussions with international organisations including the World Bank, the Coalition of Finance Ministers for Climate Action¹⁷ and the OECD should also be held.

¹⁷ The Coalition of Finance Ministers for Climate Action, refer to www.financeministersforclimate.org



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