

NATURE'S CAPITAL

Biodiversity as a business imperative



INTRODUCTION

Nature is no longer a backdrop to business: it's on the balance sheet. It shapes every product we craft and every story we tell. From the fertile soils that grow our fibres to the clear waters that refine our gems, luxury lives or dies by the health of the planet.

Our planet's health is measured by Planetary Boundaries – a framework of nine 'boundaries' developed to articulate safe limits of human activities that maintain a stable, safe and habitable earth. Yet six out of nine boundaries have already been breached, pushing nature – and therefore business – into the danger zone. Any company that treats nature as expendable is risking more than just reputation: it's risking its future.

The brands that map their dependencies on ecosystems, set nature-positive targets, and invest in restoration will secure and future-proof their supply chains. They'll earn the loyalty of a generation that measures value not just by what something costs, but by what it gives back.

This report lays out seven actions to embed nature into strategy, design, sourcing and innovation. These are not suggestions, they are baseline requirements for resilience. Let's not wait for disruption. Let's lead the transformation.



**“LET’S NOT WAIT FOR DISRUPTION.
LET’S LEAD THE TRANSFORMATION.”**

Csenge Gulyban & Emilija Zagere
Sustainability Consultants, Positive Luxury

INTRODUCING PLANETARY BOUNDARIES

The Planetary Boundaries framework identifies nine essential earth system processes that are fundamental to maintaining the planet's stability and its ability to support life. **Six of the nine boundaries have already been crossed**, risking irreversible damage and undermining Earth's resilience, along with societal wellbeing and stability. This calls for a new, science-based strategy that aligns economic and social development with the long-term stability of natural systems. Once limited to scientific

and policy contexts, the Planetary Boundaries framework is now gaining traction in corporate strategy amid growing concerns over climate change and biodiversity loss. The earth system processes function as an integrated whole, where breaching one boundary will likely affect others and amplify risk across the entire system. For example, deforestation and habitat destruction (land-system change) will reduce biodiversity (biosphere integrity), degrade ecosystems, and decrease carbon sequestration (climate change).

Climate change

Greenhouse gas concentrations and energy imbalance on the earth's surface

Biosphere integrity

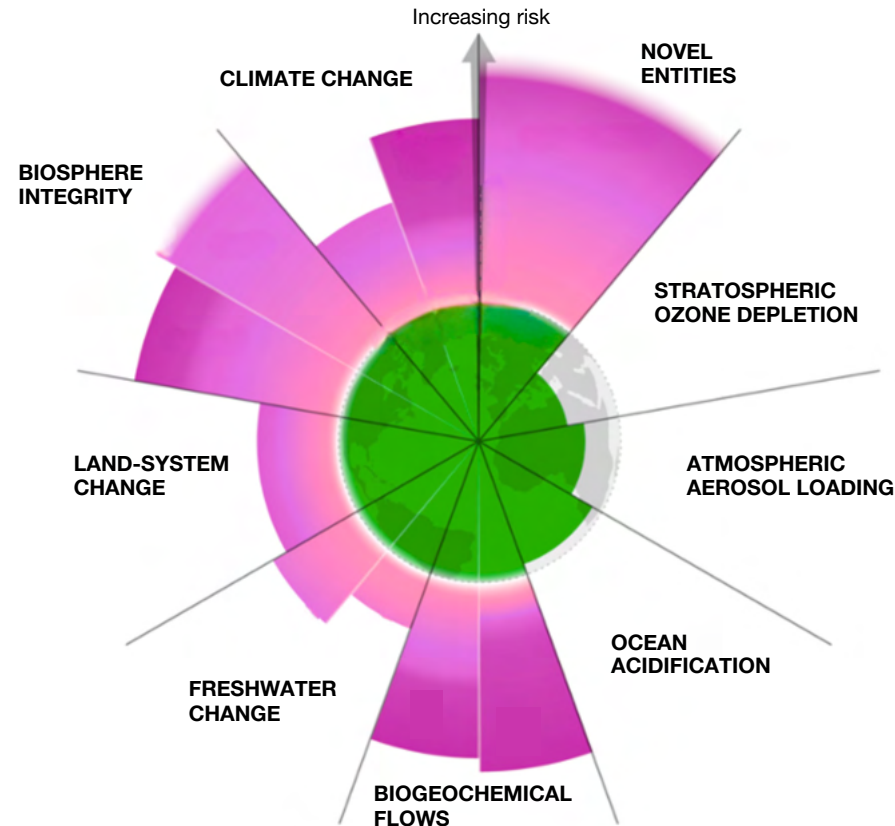
Biodiversity loss and disruption

Land-system change

Conversion of ecosystems like forests into agricultural and urban use

Freshwater change

Consumption and alteration of freshwater systems



Novel entities

Chemical pollution from plastics, synthetic chemicals, radioactive materials

Stratospheric ozone depletion

Reduction of ozone in the upper atmosphere, which protects against harmful UV radiation

Atmospheric aerosol loading

Airborne particles from human activities (e.g., pollution)

Ocean acidification

Increased CO₂ absorbed by oceans

Biogeochemical flows

Disruption of nitrogen and phosphorus cycles, mainly from agriculture and wastewater

Figure 1. Planetary Boundaries

THE BUSINESS PARADIGM

THE RISKS

Many luxury businesses and organisations are key contributors to environmental change through their use of natural resources, emissions and overall ecological footprint. This places them directly within the scope of the **Planetary Boundaries** framework.

Failing to operate within these boundaries exposes companies to a range of material risks – such as reputational damage, operational disruptions from climate-related events, supply chain instability and increasingly stringent regulatory requirements.

THE OPPORTUNITY FOR LUXURY

In contrast, businesses that proactively integrate the Planetary Boundaries into their strategy can drive innovation, enhance operational resilience, meet rising stakeholder demands and position themselves for long-term, sustainable growth.

For the luxury sector, embracing this systems-based approach is no longer just about resilience and responsibility—it's becoming a competitive advantage. It is clear today's luxury consumers are increasingly sustainability-conscious. And now, they not only see sustainability as a value-set, but as a tangible value – equal in importance to material quality. For luxury brands, often relying heavily on brand image and trust, there is real value in demonstrating positive action to consumers.

NATURAL CAPITAL & ECOSYSTEM SERVICES

“NATURE IS THE
FOUNDATION OF
LUXURY'S
ECONOMIC AND
CULTURAL VALUE
CREATION.”

Nature is not just a backdrop, it is the foundation of economic and cultural value creation.

According to the World Economic Forum, more than **50% of global GDP**, equivalent to US \$44 trillion, is moderately or **highly dependent on nature** and its services.

This includes raw material provision, climate regulation, water purification and more. As biodiversity declines, the resilience of these services – and the business models that depend on them – is increasingly at risk.

Businesses are often aware of their direct environmental impacts, such as land use or emissions. However, dependencies on nature are frequently hidden, embedded upstream in supply chains. This disconnection can lead to unsustainable overexploitation of natural resources, threatening long-term business continuity.

Figure 2 (right) illustrates the wide range of services that nature provides to society and business, known as ecosystem services. These are grouped into four categories.

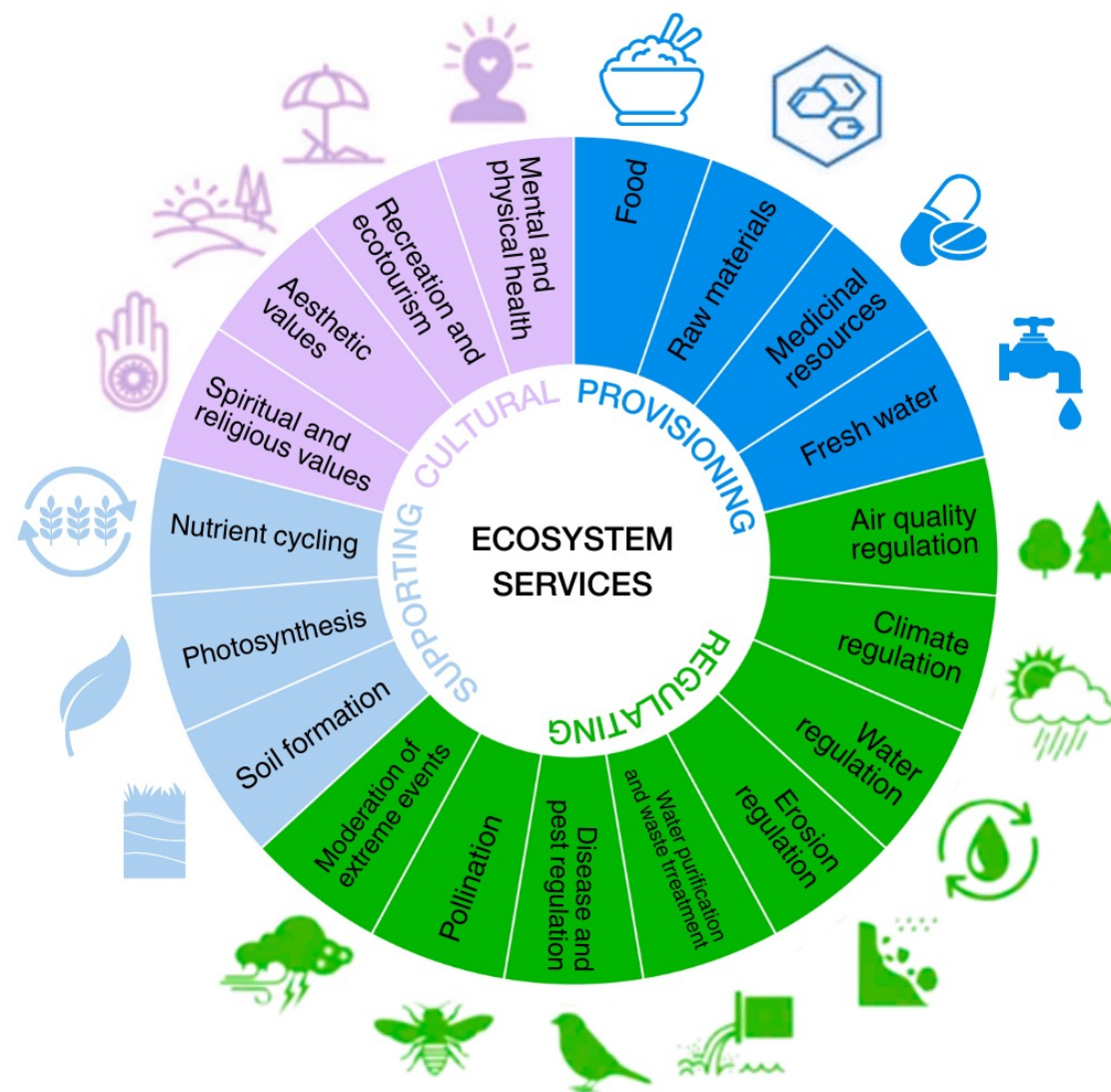


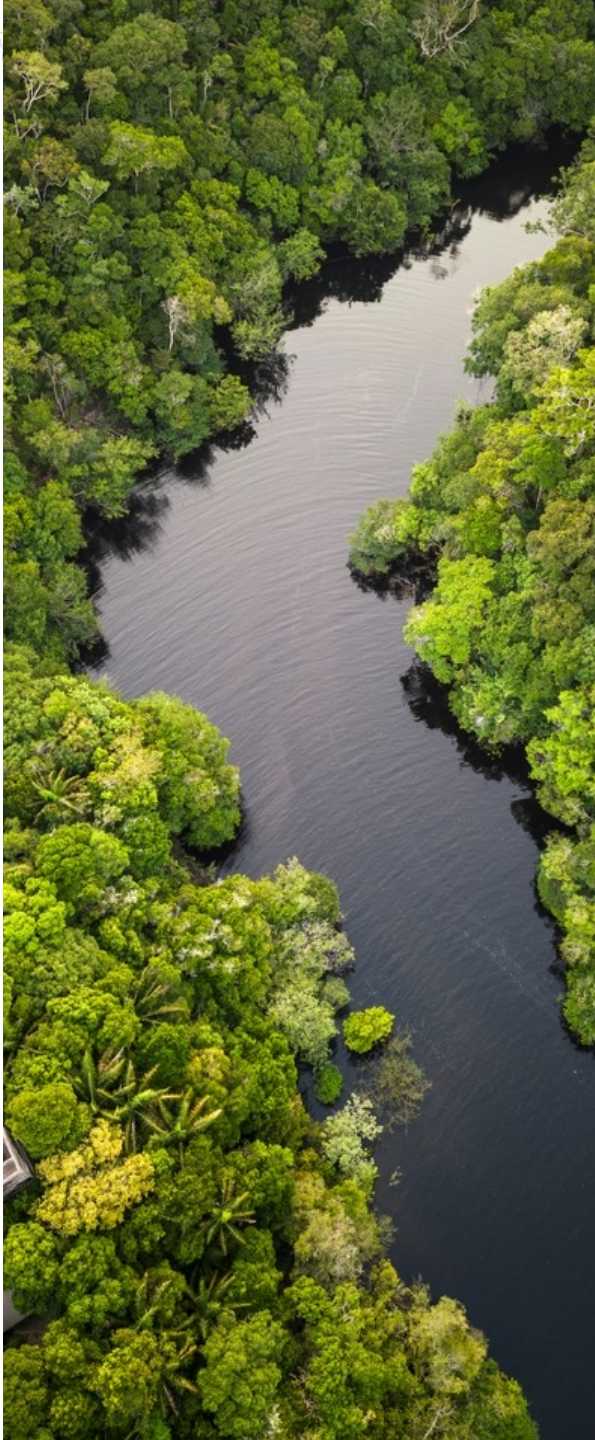
Figure 2. Ecosystem Services

NATURAL CAPITAL & ECOSYSTEM SERVICES

Together, these four categories of ecosystem services underpin global economic activity. Yet they are rarely accounted for in business planning. Understanding how value chains depend on these services is essential for building more resilient, future-fit business models.

PROVISIONING SERVICES	Such as food, raw materials, freshwater and medicinal resources, are the tangible goods we extract from nature.
REGULATING SERVICES	Include essential functions like controlling the climate, purifying air and water, and protecting against floods, droughts and pests – services that quietly maintain stability and reduce business risks.
SUPPORTING SERVICES	Are the foundations of all others – such as nutrient cycling, soil formation and pollination – that keep ecosystems productive and resilient over time.
CULTURAL SERVICES	Reflect the inspiration, recreation and wellbeing we gain from nature, which are particularly important in industries like travel, wellness – and luxury.

“DEPENDENCIES ON NATURE ARE
FREQUENTLY HIDDEN, EMBEDDED
UPSTREAM IN SUPPLY CHAINS.”



WHAT NATURE BRINGS TO LUXURY: DEPENDENCIES & IMPACTS

Nature **DEPENDENCY** refers to a business's reliance on natural systems – like water, soil, or pollination – to operate.

IMPACT is the effect the business has on those systems.

Understanding both is critical: **dependencies** expose businesses to operational risks if nature degrades, while **impacts** can lead to regulatory, reputational and legal risks. Considering both gives a full picture of exposure and informs more resilient, responsible strategies.

A CLOSER LOOK AT THE ECOSYSTEM SERVICES SHAPING LUXURY

Luxury often evokes values of craftsmanship, rarity and heritage. But beneath every creation lies a foundation of ecological functions that makes it possible. From pollination and water purification to climate regulation and fertile soils, ecosystem services are critical to maintaining both the exclusivity and resilience of luxury.



BEAUTY & FRAGRANCE

This sector is intimately tied to biodiversity, as it relies on rare florals, resins, barks and roots. Skincare formulations often feature botanical actives, requiring clean water and specific climate conditions.

Key dependencies: Pollination, freshwater access, climate regulation and soil formation.

Potential impacts: Overharvesting of wild species, habitat degradation, and pressure on ecosystems from unsustainable sourcing.



FASHION & ACCESSORIES

From animal-based materials (leather, wool, silk) to plant-derived fibres (cotton, flax, hemp), fashion is deeply embedded in nature. These materials rely on extensive land use, fertile soils, fresh water and mild, stable climates.

Key dependencies: Soil fertility, freshwater availability, pollination and climate regulation.

Potential impacts: Overgrazing, pesticide runoff, water overuse and biodiversity loss.



JEWELLERY & WATCHES

From diamonds and gold to pearls and abalone shells, this sector is built on natural materials extracted from both land and sea. These ecosystems are increasingly affected by unsustainable mining, marine degradation and biodiversity loss.

Key dependencies: Mineral provisioning services, water regulation and biodiversity (supporting ecosystem health).

Potential impacts: Ecosystem destruction during extraction, water pollution, soil degradation, marine habitat loss, community displacement and species decline.

WHAT NATURE BRINGS TO LUXURY: DEPENDENCIES & IMPACTS



INTERIORS & LIVING

Luxury interiors embrace natural materials for both their aesthetic and environmental narratives. From rosewood panelling and silk upholstery to stoneware and natural dyes, these products draw directly from biodiverse ecosystems.

Key dependencies: Sustainable forestry (provisioning and regulating services), soil formation and water regulation, plant diversity and pollination.

Potential impacts: Illegal logging, habitat degradation and overextraction of natural resources.



PREMIUM DRINKS

Wine, spirits and liqueurs reflect the land – quite literally. Grapes, agave, sugarcane, botanicals and herbs require functioning ecosystems to grow and thrive. Climate, pollination and clean water directly influence flavour, yield and brand identity.

Key dependencies: Climate regulation, pollination, soil fertility and formation, water purification and biodiversity.

Potential impacts: Water overuse, pesticide runoff and soil degradation, loss of local biodiversity due to land conversion, and increased pressure on native plant species from unsustainable harvesting.



TRAVEL & LEISURE

Luxury hospitality is often built around natural beauty – the white sand beach, the rainforest trail, the mountain view. These are not just scenic elements; they are nature's cultural and recreational services.

Key dependencies: Aesthetic value, biodiversity, climate regulation, air and water purification.

Potential impacts: Habitat degradation from resort development, freshwater depletion, pollution from tourism waste, and increased strain on ecosystems due to visitor pressure.

IDENTIFYING YOUR RISK

91%

of industrial businesses are affected by resource scarcity

86%

of consumers strive to avoid products that harm biodiversity

20%

of countries are at risk of ecosystem collapse due to biodiversity loss

Sources:
ABB
Globe Scan
Swiss Re

ECOLOGICAL CONSIDERATIONS FOR BUSINESS RESILIENCE

Businesses face increasing operational risks from collapsing ecosystems. To ensure long-term resilience, **companies must assess their dependency on natural systems, and the availability, quality and scarcity of the resources they rely on.** As critical ecosystem services decline, disruption to production and deterioration of supply chains will become inevitable.

COST, ACCESS TO CAPITAL & THE LIABILITY RISK

Capital is increasingly flowing away from stranded assets, posing significant financial risks to businesses that fail to adapt. Companies that remain reliant on depleting natural resources or contribute to environmental degradation **risk not only losing investor confidence but also facing escalating insurance premiums – or becoming uninsurable altogether.** Regulatory scrutiny and rising stakeholder expectations around nature-related disclosures are heightening liability risks for companies that fail to mitigate their environmental impact.

REGULATORY LANDSCAPE

Regulation is now catching up with science that highlights the deep reliance on nature of economies, brands and supply chains. The Taskforce on Nature-related Financial Disclosures (TNFD) is driving a global shift, guiding companies to assess and disclose nature-related risks and dependencies. In Europe, this is reinforced by the Corporate Sustainability Reporting Directive (CSRD), which requires large companies and listed SMEs to report on their impacts and dependencies on biodiversity. Whilst the EU's Omnibus Directive has delayed these requirements for some businesses, this is only a postponement, not a cancellation. And although the regulation directly targets larger entities, it creates a trickle-down effect, as these companies are expected to gather data from their suppliers and partners – often smaller businesses – to meet reporting requirements. The new EU Nature Restoration Law goes further, setting binding targets to restore 20% of EU land and sea by 2030 – reshaping land use, raw material sourcing, and supply chain planning.

EROSION OF BUSINESS' SOCIAL LICENSE

As awareness of nature's role in supporting human and economic wellbeing grows, **corporate impacts on ecosystem services will face increased public scrutiny.** Unmanaged environmental harm – especially when exposed publicly – can drive shifts in consumer preferences, erode brand value and undermine trust, posing serious reputational risks.

UNLOCKING OPPORTUNITY

Where risk exists, so does opportunity. By incorporating nature-focused factors into their decision-making, **businesses can make better-informed choices regarding investments, operations, and collaborations.** This approach can drive more sustainable and financially rewarding strategies.

Sources:
PwC
World Economic Forum
UNEP Finance Initiative

34%

of global consumers are influenced by a company's positive impact on nature when making purchasing decisions

\$10.1 TRILLION

the amount nature-positive solutions could unlock in annual business opportunities and cost savings by 2030

x11

private finance for nature has surged elevenfold since 2020

INNOVATION & NATURE-BASED SOLUTIONS

Developing and implementing solutions to restore or protect ecosystems – such as reforestation, wetland restoration and carbon capture through soil management – offer sustainable alternatives for mitigating climate change and acquiring carbon credits. Businesses can also explore opportunities to restore or provide ecosystem services like carbon capture and storage, water purification and pollination, creating new revenue streams in the process.

For luxury brands, opportunities for innovation include material innovation and new approaches to product design, focusing on durability and reparability to extend a product's lifecycle.

Innovating in consumer education, through digital platforms or product labelling, can raise awareness of the environmental impacts of consumer choices.

Leveraging technology, such as AI and remote sensing, to monitor ecosystems and assess biodiversity helps businesses identify risks early and take informed actions to mitigate negative impacts on nature and prevent supply chain disruptions.

Innovation is driving nature conservation in business and should be regarded as key to unlocking access to private and public investment.

BRAND VALUE & CONSUMER LOYALTY

Brands that lead in biodiversity preservation stand out, earning trust and loyalty from consumers who prioritise environmental responsibility. Developing and marketing responsible products opens new markets and attracts environmentally conscious consumers. By actively committing to nature conservation and sustainable practices, companies enhance their reputation, build stronger stakeholder relationships, and position themselves as leaders in the shift towards nature positivity—boosting market competitiveness.

RESOURCE EFFICIENCY & COST SAVING

Businesses that proactively mitigate nature-related impacts can reduce costs and avoid financial risks, such as legal fees, penalties and lost market share due to declining consumer confidence. Embracing nature-positive practices may also make companies eligible for government incentives and subsidies. Optimising natural resource use, including water and energy conservation, leads to significant cost savings and improved profitability while reducing exposure to resource scarcity risks.

OPPORTUNITIES FOR LUXURY

- ✓ Cost savings
- ✓ Risk reduction
- ✓ Product durability
- ✓ New revenue streams
- ✓ Consumer loyalty
- ✓ Enhanced brand value
- ✓ Access to investment

7 HIGH-IMPACT STEPS TO TAKE NOW

1

MAP YOUR DEPENDENCIES & IMPACTS

Use a TNFD-aligned materiality screening approach – scaled to your business size – to pinpoint the ecosystem services that are declining, such as healthy soils, pollinators, clean water or climate regulation.

2

EVALUATE YOUR RISKS ACROSS ALL PRODUCT & SERVICE CATEGORIES

Consider direct and indirect risks, from physical resource scarcity to reputation, market shifts and increased operating costs.

3

INNOVATE TO REDUCE PRESSURE ON NATURE

Develop products, processes, and sourcing strategies that actively reduce your ecological footprint, such as bio-based materials, biotech solutions, low-impact dyes, or refillable formats.

4

EMBED NATURE INTO YOUR CORE STRATEGY

Treat ecosystems not as externalities but as part of strategic and financial planning, integrating nature into materiality assessments, sourcing frameworks and executive decision-making.

5

SET NATURE-POSITIVE TARGETS

Adopt science-based goals: zero-deforestation leather, regenerative cashmere across 100% of supply, net-gain biodiversity at hotel sites.

6

INVEST IN REGENERATION & RESTORATION

Fund landscape programmes (mangrove planting, grassland renewal, pollinator corridors) in sourcing regions to secure raw-material quality and local goodwill.

7

DISCLOSE & COMMUNICATE TRANSPARENTLY

Publish TNFD-aligned nature disclosures; share third-party verifications, geospatial maps and impact metrics to build trust with consumers, employees and investors.

NATURE IS MORE THAN A RISK TO MANAGE: IT'S A BUSINESS ASSET TO INVEST IN.

As environmental expectations rise, companies that integrate biodiversity into strategy gain tangible advantages. Caring for nature is no longer just the right thing to do – it's the smart move. The luxury brands that understand and act on their dependencies today will be the ones that stay resilient, relevant and respected tomorrow.

CONTACT US



Positive Luxury blend technical ESG expertise with luxury industry experience, empowering your business with impactful ESG solutions that help you optimise your financial and human resources to maximise value – for long-term profitability and sustainable growth.

By helping businesses meet higher and higher standards for people and nature, we are transforming luxury – for the good of all. From ESG+ assessment and carbon accounting to consultancy projects and training, our team of experts give unrivalled support to over 175 global brands, retailers and suppliers. We help you:

- Fast-track sustainability
- Prepare for legislation and reporting
- Communicate with credibility
- Future-proof your business

We created the coveted Butterfly Mark as the mark of real change, guiding luxury consumers to select verified brands meeting higher standards. Our Digital Butterfly Passport is the leading sustainability passport for luxury.

HELLO@POSITIVELUXURY.COM
WWW.POSITIVELUXURY.COM