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# Legal Nature Risk and Opportunity: A Business Case Guide



Part of the Nature-Intelligent  
Legal Services series

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# Forewords

## Engaging with nature-related risk: becoming integral to delivering high-quality legal services

Nature-related risk is rapidly moving from the margins of business strategy to its centre. Ecosystem degradation, water stress and resource scarcity are no longer abstract environmental concerns; they are emerging as systemic risks to economies, financial systems and long-term enterprise value. As the consequences of nature loss become more visible, regulatory and market responses are accelerating. The accelerated shifts in regulatory and market responses have significant implications for corporations and for the practice of law.

Despite these shifts, practical guidance for lawyers across all disciplines is both lacking and lagging. Climate risk is now well-embedded within legal advisory frameworks, but the profession must develop an equally mature understanding of how nature-related risks affect clients – and how those risks can be identified, evaluated and addressed through legal advice.

The *Nature-Intelligent Legal Services series* is a timely contribution to this effort. It has been a privilege to support its development alongside colleagues working at the forefront of this emerging discipline. The series' distinguishing strength is its practicality: a structured approach to assessing nature-related exposures, identifying strategic priorities and translating insight into actionable legal guidance. Various sections address diverse scenarios including governance and disclosure risks to greenwashing risk and the contractual architecture of financing arrangements.

The firms that will define the next era of legal practice will be those that recognise nature-related risk not as a specialist concern, but as a mainstream determinant of commercial durability.

Lawyers create enduring value when they identify risk ahead of the curve, understand its interaction with legal frameworks and help clients respond in ways that protect value while building resilience. Nature-related risks are already influencing transactions, compliance, dispute exposure and governance expectations. Embedding these considerations into everyday legal workflows is therefore not an exercise in aspiration, but one of professional competence.

Engaging thoughtfully with nature-related risk is becoming integral to the delivery of high-quality legal services and to the development of adaptive, durable businesses. This Toolkit is both a practical resource and a signal of where the market is heading – one that will reward practitioners who are prepared to lead rather than react.

### Wangui Kaniaru

*Co-Chair, IBA Law Firm Management Committee – ESG Subcommittee / Member, IBA Nature-Intelligent Legal Services Series Working Group / Independent Consultant*

## Law firms who understand their clients' nature-related risk exposures will be better equipped to advise

All businesses – including law firms – depend on nature as a source of value, either directly or through their supply chains. It's indisputable, however, that nature is in a dramatic state of decline, threatening people, economies, livelihoods and business operations around the globe.

Over my years supporting corporate clients to embed good ESG practices, I've observed a growing interest among companies in assessing and addressing nature-related risks; and an expanding demand and need for legal expertise to help businesses respond to nature-related regulatory, litigation and other legal risks.

Naturally, law firms who take a proactive approach to understanding their clients' nature-related risk exposures will be better equipped to advise those clients on how to respond to such risks and harness related opportunities. This can create opportunities for firms to bring in new types of clients and matters, develop client loyalty, attract and retain talent and mitigate risks. At the 2025 Legal ESG Conference in The Hague, law firm leaders called for better knowledge and guidance on how to understand and address nature-related legal risks, and this has led to increasing integration of nature and biodiversity topics into conference programmes.

Against this background, I am delighted that with the *Nature-Intelligent Legal Services series*, law firms have a practical and accessible tool for assessing their clients' nature-related exposures, and using this information to add value to their legal services. The series will inspire lawyers from every area of legal practice to consider how nature-related risks are impacting their clients and how lawyers can play an important role in mitigating these risks and ultimately supporting client transitions towards resilience.

Of course, understanding client nature-related risks is just one aspect of what it means for law firms to have strong sustainability practices. I firmly believe that nature should not be considered in a silo, but alongside other sustainability risks and opportunities including climate impacts, corporate governance considerations and business human rights impacts. I am certain that this series will help to further conversations about the many ways in which law firms can support sustainability, through their client work and for their own firms.

### Pamela Cone

*Officer, IBA Law Firm Management Committee ESG Subcommittee / Practice Lead, Legal ESG, Inside Practice / Founder, Amity ESG Advisory*

# The Nature-Intelligent Legal Services series

1. **Legal Nature Risk and Opportunity: A Business Case Guide** – Why legal service providers (LSPs) should act: examining nature-related risks, opportunities and strategic benefits.
2. **Nature-Intelligent Legal Services Toolkit** – How to assess: evaluating client nature exposure and developing strategic positioning.
3. **Nature-Intelligent Legal Advisory and Clause Guide** – How to implement: embedding nature across legal advice and agreements, with practical clause templates.



This is the **Legal Nature Risk and Opportunity: A Business Case Guide**.

The full series is available at [www.ibanet.org/IBA-Nature-Intelligent-Legal-Services-Series](http://www.ibanet.org/IBA-Nature-Intelligent-Legal-Services-Series)



# Purpose of this guide

**Nature intelligence** refers to the knowledge and insights about how organisations depend on and impact nature, and how these interactions create risks and opportunities.

**Nature-intelligent services** integrate this understanding into legal practice to support clients' nature-related decision-making and transitions.

This guide accompanies a toolkit (the Nature-Intelligent Legal Services Toolkit, hereafter called 'the Toolkit') that is designed to help **legal service providers (LSPs)**, including lawyers and law firms, understand and begin engaging with their client-linked nature exposure, embed nature intelligence into their client services, and create value by enabling their clients' nature-positive transition. Accompanying the Toolkit is the Nature-Intelligent Legal Advisory and Clause Guide, which supports LSPs in embedding nature solutions into their work.

**Client-linked nature exposure** is an umbrella term for the nature-related risks and opportunities that an LSP encounters through its client work and client relationships. This encompasses both how clients and legal services provided to clients **depend** on and **impact** nature, and the resulting risks and opportunities that these dependencies and impacts present for both the client and the LSP.

**Impacts on nature** are positive or negative changes in the state of nature's quality or quantity that may affect nature's capacity to function. They can be the result of human activities and can be direct, indirect or cumulative.

**Dependencies on nature** are aspects of ecosystem services that humans and organisations rely on to function. Businesses depend on ecosystem services such as water flow and quality, pollination, and flood protection.<sup>1</sup>

Note: While LSPs may be more inclined to focus on clients' nature impacts, nature dependencies also drive material business risks and opportunities and so should be considered in any assessment of nature exposure.

**Practical, flexible design:** While this guide explains in depth the business imperative for the Toolkit, the Toolkit itself explains how it serves that need. The Toolkit is a **business development, risk mitigation and strategy resource that will assist firms to provide value to their clients, attract and maintain talent.** It uses a practical, high-level approach that allows LSPs to begin engaging with nature considerations without requiring extensive technical expertise or data. The Toolkit is not a compliance tool, disclosure framework or third-party assurance tool and there is no expectation that LSPs will refuse clients based on Toolkit findings.

The evidence supporting the business case for LSPs to engage with their client-linked nature exposure is comprehensive. This guide serves those requiring a more robust analysis. It can be used as a learning resource to upskill LSP staff and to support use of the Toolkit and Clause Guide. It is structured in two parts:

- an introduction to **nature risks and opportunities for business clients and the financial sector;** and
- an explanation of how this **translates to legal practice and why LSPs need the Toolkit.**

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<sup>1</sup> See further: Legal Nature Risk and Opportunity: A Business Case Guide p10.

# Nature risks and opportunities for business and the financial sector

## Key terms

**Biodiversity** is the **variability of living things**, among living organisms from all sources and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

**Biodiversity is the living and renewable part of nature. Biodiversity underpins healthy ecosystems.**

An **ecosystem** is a dynamic complex of plant, animal and microorganism communities and the non-living environment, interacting as a functional unit.

**Ecosystem services** are the direct and indirect contributions of ecosystems to the benefits that are used in economic and other human activity (eg, replenishing resources, pollination and water purification).

**Nature** means the natural world, with an emphasis on the diversity of living organisms and their interactions among themselves and with their environment. It includes living (biotic) and non-living (abiotic) elements and their interactions, systems and processes.

*Terms adapted from: Convention on Biological Diversity [Article 2](#) (1992); Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services, [Global Assessment Report on Biodiversity and Ecosystem Services](#) (2019), Taskforce on Nature-related Financial Disclosures, [Glossary](#) (2025), United Nations, [System of Environmental-Economic Accounting – Ecosystem Accounting](#) (2021).*

## Who says nature is important for business?

- **The Taskforce on Nature-related Financial Disclosures (TNFD)** is a market-led and science-based initiative supported by national governments, businesses and financial institutions worldwide. It consists of 40 individual taskforce members representing financial institutions, corporates and market service providers with over US\$20tn in assets.<sup>2</sup> The TNFD has developed a set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities.<sup>3</sup>
- **By November 2025, over 733 organisations from across 56 countries or areas and US\$20tn in assets under management** had publicly committed to getting started with nature-related reporting aligned to the TNFD recommendations. There was evidence of over 500 first- and second-generation TNFD reports published by the time of the first TNFD status report in September 2025 and 64 per cent of companies and financial institutions surveyed believed their nature-related issues were as significant, or more significant, than climate-related issues to the future prospects of their business.<sup>4</sup>
- **Financial institutions and regulators are increasingly integrating these risks into their assessments**, recognising that ecosystem degradation can have systemic impacts on markets and the broader economy.<sup>5</sup> There is international consensus that biodiversity loss represents a critical financial

2 TNFD, [TNFD Adopters](#). Accessed 21 November 2025.

3 TNFD, [Recommendations of the Taskforce on Nature-related Financial Disclosures](#) (September 2023). Accessed 17 November 2025.

4 TNFD, [TNFD 2025 Status Report Knowledge Hub > Example TNFD reporting](#) (as at September 2025). (See the TNFD website for up-to-date adoption statistics (TNFD, [Engage > TNFD Adopters](#)) and sample reports (TNFD, [Knowledge Hub > Example TNFD reporting](#)). Accessed 17 November 2025.

5 BloombergNEF, [When the Bee Stings: Counting the Cost of Nature-Related Risks](#) (2023). Accessed 17 November 2025.

risk to the entire economic system.<sup>6</sup> Organisations such as UNEP FI and the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), are developing approaches to help banks set impact targets for nature (aiming to achieve an improvement in the state of nature through a set reduction of pressures across a bank's lending, investing, and underwriting activities).<sup>7</sup> **Seventy-seven per cent of investors surveyed by Responsible Investor indicated that they would like to see specific nature-related standards** building on the TNFD and 81 per cent said that they were engaging with corporates better to understand nature-related risks, impacts, and dependencies.<sup>8</sup>

- **Studies in the Netherlands, Malaysia, France, Brazil and the European Union** found high levels of exposure of their national financial sector to companies that were highly or very highly dependent on ecosystem services, with high/very high dependencies ranging from 36 per cent to 75 per cent of credit portfolios.<sup>9</sup> The **United Kingdom financial sector** shows ten per cent direct exposure and 56 per cent upstream exposure to high or very high nature dependencies, alongside 72 per cent of FTSE 100 sectors.<sup>10</sup> This consistent pattern across diverse jurisdictions demonstrates that financial institutions globally face substantial exposure to ecosystem service dependencies, making this a systemic concern.
- **The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines)** recognise that conservation of biodiversity and sustainable management and use of natural resources and ecosystems is highly important to human health and livelihoods, species survival and climate mitigation and adaptation.<sup>11</sup> They call for enterprises to contribute to the conservation and sustainable use of biological diversity, and avoid and address land, marine and freshwater degradation.<sup>12</sup> According to the OECD Guidelines, enterprises should always first seek to avoid causing damage to biodiversity; second, reduce or minimise such damage where complete avoidance is not possible; and third, use offsets and restoration as a last resort for adverse impacts that cannot be avoided.<sup>13</sup>
- **Nature-related financial risks have already materialised in measurable losses.** Case studies show that these risks have resulted in billions of dollars in direct financial losses across sectors. Acute events include water pollution leading to multibillion-dollar legal settlements and fines, disease outbreaks linked

6 TNFD, [Executive summary of the recommendations of the TNFD](#) (2023); Network for Greening the Financial System, [Central banking and supervision in the biosphere](#) (2022); World Bank Group, [The Economic Case for Nature](#) (2021); Ben Allen and Paul Chandler, UN Principles for Responsible Investment, [Engagement on nature and biodiversity: The imperative for investors](#) (6 November 2024); World Economic Forum, [Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy](#) (January 2020); Organisation for Economic Co-operation and Development, [Biodiversity: Finance and the Economic and Business Case for Action](#) (2019). All accessed 17 November 2025.

7 UN Environment Programme Finance Initiative and UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), [Nature Impact Target Setting for Banks](#) (2025). Accessed 17 November 2025.

8 Responsible Investor, [RI Nature and Investors Survey 2025: Results](#) (September 2025). Accessed 17 November 2025.

9 Thirty-six per cent of the portfolio of Dutch financial institutions examined; 54 per cent of the Malaysian banks' commercial lending portfolio; 42 per cent of the market value of securities held by French financial institutions; 46 per cent of Brazilian banks' non-financial corporate loan portfolio and 75 per cent of corporate bank loans in the euro area. De Nederlandsche Bank, [Indebted to nature – Exploring biodiversity risks for the Dutch financial sector](#) (2020); Bank of Malaysia and the World Bank, [An Exploration of Nature-Related Financial Risks in Malaysia](#) (2022); Banque de France, [A 'Silent Spring' for the Financial System? Exploring Biodiversity-Related Financial Risks in France](#) (2021); Pietro Calice, Federico Diaz Kalan and Faruk Miguel, [Nature-Related Financial Risks in Brazil](#) (2021); ECB, Occasional Paper Series 333, [Living in a world of disappearing nature: physical risk and the implications for financial stability](#) (2023) and ECB, Occasional Paper Series 335, [The impact of the euro area economy and banks on biodiversity](#) (2023). All accessed 17 November 2025.

10 Green Finance Institute, [Assessing the Materiality of Nature-Related Financial Risks for the UK](#) (April 2024); Global Canopy, [Groundbreaking new tool enables financial institutions to see their exposure to natural capital risk](#) (2018). Natural Capital Finance Alliance, [Exploring Natural Capital Opportunities, Risks and Exposure: A practical guide for financial institutions](#) (2018). All accessed 17 November 2025.

11 OECD (2023), OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, OECD Publishing, Paris, <https://doi.org/10.1787/81f92357-en>, Commentary on Chapter VI: Environment, para 80.

12 *Ibid.*

13 See n 11 above.



to ecosystem disruption causing supply chain interruptions and increased operational costs, and wildfire liabilities resulting in drastic share price declines for utility companies. Chronic declines in ecosystem services – such as sustained reductions in water availability or pollinator populations – can gradually erode business productivity, increase operating costs, and diminish asset values, posing significant long-term risks to business models and investor returns.<sup>14</sup>

- **An escalating global risk.** The World Economic Forum's 2025 and 2026 Global Risks Reports found biodiversity loss and ecosystem collapse to be the second greatest global risk over the next ten years; with the greatest such risk being extreme weather events.<sup>15</sup>
- **Evidence of financial effects.** Recent academic analysis of US equity markets demonstrates that post-2015, companies' climate risk exposure increasingly reflects their dependencies on water-related ecosystem services, indicating that markets are beginning to price the climate-nature nexus. However, the study also found that nature-specific pricing remains incomplete and inconsistent, with markets showing stronger responsiveness to climate-related channels than to pure biodiversity risks. This suggests nature-related financial risk pricing is at an emerging stage, where the mechanisms exist but are still developing.<sup>16</sup>
- **The materiality perception gap.** Despite this evidence, a 2025 TNFD review examining multiple empirical studies found that 'nature is often not deemed material in corporate reports – especially from a single materiality perspective – even where materiality would be expected'. The review examined multiple studies demonstrating measurable financial effects, including:

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14 The total financial impact on ten profiled firms exceeded US\$80bn, with individual cases involving settlements as high as US\$10.5bn and share price drops of over 90 per cent: BloombergNEF, [When the Bee Stings: Counting the Cost of Nature-Related Risks](#) (2023). Accessed 17 November 2025.

15 World Economic Forum, [Global Risks Report](#) (2025). Accessed 17 November 2025; World Economic Forum, [Global Risks Report](#) (2026). Accessed 12 February 2026.

16 Colesanti Senni, Goel and Leppard, HKU Jockey Club Enterprise Sustainability Global Research Institute Paper No 2025/067, [Nature and Climate Risk in Asset Prices](#) (2025). Accessed 17 November 2025.

- stock value losses for high-biodiversity-impact companies following major policy announcements;
- 93 basis point improvements in refinancing costs for firms effectively managing biodiversity risks;
- investor surveys showing 70 per cent consider biodiversity risks financially material to portfolio returns; and
- corporate surveys showing 44 per cent recognise nature-related physical risks have financial effects ‘already today’ (from impacts on products, operations, supply chains, investor demand and reputation).<sup>17</sup>

Yet the TNFD review concluded that **‘dependencies on nature remain poorly understood and typically underexplored’** in corporate reporting.

This **emerging evidence of financial materiality** – combined with the gap between market pricing and corporate recognition – creates a strategic window of competitive advantage for LSPs who help clients bridge this perception gap. As disclosure standards improve and data quality increases, market pricing of nature risks will strengthen, and corporate accountability will intensify. LSPs who develop nature intelligence now can help clients identify and manage these risks before they crystallise into losses, positioning both client and advisor ahead of competitors who wait for pricing mechanisms to fully mature.<sup>18</sup>

## What do we mean by nature-related risk?

*Nature-related impacts and dependencies lead to physical and transition risks and opportunities for companies and their value chain partners, including LSPs.*

- **All businesses (including LSPs) rely directly or indirectly on ecosystem services\* as sources of value** (\*see Key terms above). Services such as water provision, pollination, climate regulation and raw materials are fundamental inputs across all sectors. **Even companies with no direct environmental dependencies rely on upstream and downstream value chains that depend on these services**, creating indirect but material exposure throughout the economy.<sup>19</sup> Over half of global GDP depends moderately or highly on nature.<sup>20</sup>
- **Business activities contribute to the five anthropogenic drivers of biodiversity loss:** change in land and sea use; direct exploitation of organisms; climate change; air, land and water pollution; and the invasion of alien species.
- **These impacts and dependencies on nature lead to physical and transition risks for companies and their value chain.** Nature-related physical risks are risks to organisations resulting from the physical degradation of nature and loss of ecosystem services, while nature-related transition risks are the legal, reputational, market and other risks linked to changes in regulation, policy, and consumer and investor preferences (among other things), as the economy transitions to be more aligned with nature protection

<sup>17</sup> The review synthesises multiple studies including Garel et al (2024), Hoepner et al (2023), Giglio et al (2024), Gjerde et al (2025).

<sup>18</sup> TNFD, [Evidence Review on the Financial Effects of Nature-related Risks](#) (June 2025). Accessed 17 November 2025.

<sup>19</sup> BloombergNEF, [When the Bee Stings: Counting the Cost of Nature-Related Risks](#) (2023); Capitals Coalition, [Natural Capital Protocol](#) (2021). Accessed 17 November 2025.

<sup>20</sup> [Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy](#) (January 2020) p 8. Accessed 17 November 2025.

and restoration (see TNFD for more detailed definitions). For example, loss of ecosystem services can affect business operations. A company's impacts on ecosystem services that others rely on can create reputational/legal risks. LSPs play a particularly important role in advising on transition legal/liability risks.

- **Biodiversity/nature risks are strongly connected to climate risk.** Since climate is one of the five main drivers of nature degradation, climate risks are a subset of nature risks.<sup>21</sup> There is broad recognition that the global biodiversity crisis is inextricably linked with the climate crisis: just as climate change is a driver of nature loss, so the destruction of nature exacerbates the impacts of climate change.<sup>22</sup>
- **Nature-related risks are drivers of traditional financial risk categories,** that is:
  - credit risk (when the availability of finance for borrowers who are dependent on ecosystem services is disrupted);
  - market risk (when asset values or demand for products or services reflect nature-related physical and transition risks); and
  - operational risk (when organisations' own processes are disrupted).<sup>23</sup>
- **These nature-related dependencies and impacts also present significant value creation opportunities.** Companies can access new revenue streams through products or services that support ecosystem restoration and regenerative agriculture, enhance supply chain resilience by investing in sustainable sourcing or innovative technologies, reduce costs and strengthen stakeholder relationships.<sup>24</sup>

To find out more about nature-related dependencies, impacts, risks and opportunities, see:

- The TNFD – [Knowledge Hub](#) and [Learning Lab](#);
- Business for Nature – [Why Nature Matters](#) and [Make the Business Case for Nature](#);
- It's Now for Nature – [Nature Strategy Handbook](#); and
- Global Accounting Alliance – [Why nature matters to accountants](#).

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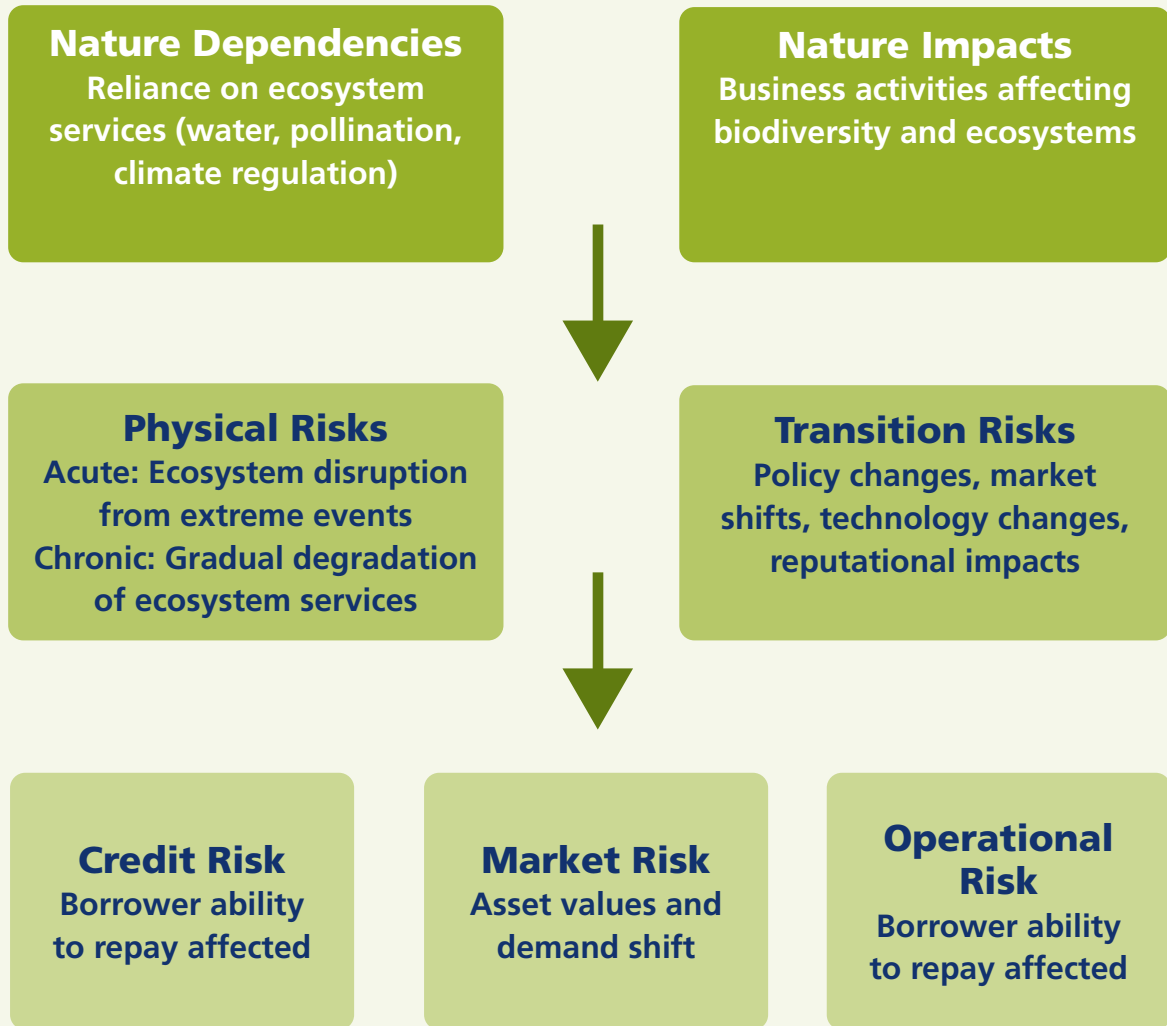
21 Network for Greening the Financial System, [Nature-related Financial Risks: a Conceptual Framework to guide Action by Central Banks and Supervisors](#) (2023) pp 12, 16. Accessed 17 November 2025.

22 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services and Intergovernmental Panel on Climate Change, IPBES-IPCC Co-sponsored Workshop, [Biodiversity and Climate Change – Workshop Report](#) (2021). Accessed 17 November 2025.

23 Financial Stability Board, [Stocktake on Nature-related Risks](#) (2024) p 8; European Central Bank, [Keynote speech by Frank Elderson, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, at the ESCB Legal Conference](#) (2024). All accessed 17 November 2025.

24 Business for Nature, [The Business Case for Nature](#); CGI and CCLI, [Biodiversity as a material financial risk: What board directors need to know](#) (2023). Accessed 17 November 2025.

## How Nature-Related Risks Translate to Financial Risks



*Adapted from TNFD (2023), NGFS (2022), Financial Stability Board (2024)*

# Nature risks and opportunities for LSPs: why do LSPs need the Toolkit?

As set out above, nature-related impacts and dependencies create risks and opportunities for businesses. Law firms are also exposed to these risks and opportunities, both as businesses themselves and as parts of their clients' value chains. Consequently, firms and their individual lawyers (together, LSPs) need to understand nature-related risks and opportunities, both to assess their own exposures and to recognise where they can add value to their legal services.

This part sets out compelling reasons why the Toolkit should become an integral part of LSPs' strategic governance and sustainability/responsible business strategy. The Toolkit is a firm-wide cross-practice tool that is relevant in all practice areas. Use of the Toolkit may **create opportunities** to bring in new types of clients, matters and markets, develop client loyalty, attract and retain talent and **mitigate risks**. In addition to reputation and regulatory risks, nature-related risks are increasingly being considered within the realm of governance duties and professional duties. The case study of PwCs' TNFD disclosures (below) demonstrates the business relevance of client-related nature-related risks and opportunities to LSPs. The Global Accounting Alliance's guidance also provides evidence of the business case for nature from the perspective of professional service providers.<sup>25</sup>

## Business development

The £10tn nature economy transition is **creating new advisory opportunities for LSPs**.<sup>26</sup> Like cybersecurity and the energy transition, nature risk presents a critical inflection point. Clients require strategic legal advice, but they also expect their lawyers to demonstrate similar ESG commitments to their own. Early movers can become market leaders, meeting the growing client demand for nature intelligence and positioning themselves as strategic advisors for the nature economy.

Nature-related risks and opportunities affect a vast array of practice areas and there are many opportunities for lawyers and their firms to build capacity and expand service offering. For example:

- **Financial institutions**, including asset managers,<sup>27</sup> are integrating nature-related risks into lending and investment decisions, impacting clients' financing costs and access to capital.<sup>28</sup>
- It is likely that **companies investigating or disclosing their own nature-related exposure** will start asking suppliers, including advisory firms, for nature-related data to map their value chain.
- **High-impact sectors** need most support to transition, creating opportunities to have deeper client engagements for their advisors.

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25 See Global Accounting Alliance, [Why Nature Matters to Accountants](#) (March 2025) for further evidence of the business case for nature from the perspective of professional service providers. Accessed 17 November 2025.

26 World Economic Forum, [395 Million New Jobs by 2030 if Businesses Prioritize Nature](#) (July 2020). Accessed 17 November 2025.

27 For example, see [Impax's Approach to Nature, Biodiversity, and Deforestation](#) (2025). Accessed 17 November 2025.

28 200 financial institutions with €23tn Assets Under Management (AUM) have signed the Finance for Biodiversity pledge. Finance for Biodiversity at [www.financeforbiodiversity.org](http://www.financeforbiodiversity.org). Accessed 12 February 2026.

- **Many human rights are undermined by biodiversity and habitat loss**, including the rights to life, food, water and sanitation, health, culture, and to a safe, clean, healthy and sustainable environment.<sup>29</sup> Biodiversity loss also threatens many of the rights of indigenous peoples recognised under the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), including rights to the conservation and protection of the environment and their lands, territories and resources; rights to traditional medicines and medicinal plants and animals; and rights to a spiritual relationship with lands, territories, waters and coastal seas (among others).<sup>30</sup> Lawyers have a role to play in upholding strong corporate human rights practice.<sup>31</sup> This is about not just regulatory compliance, but about supporting businesses to align with the UN Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines, and avoid reputational and legal (including litigation) risks stemming from adverse nature impacts.
- **Nature is itself increasingly recognised as a holder of rights** by courts, and national and subnational constitutions and legislation.<sup>32</sup> This movement signals a shift in focus from simply avoiding harm to nature, to enabling it to flourish, and also signals stronger legal tools for those who seek to protect nature and its components.

Firms excel at understanding clients' business needs, but by excluding consideration of nature-related risks and opportunities they may leave clients unprepared, with client and advisor both missing significant revenue opportunities. The Toolkit will support firms to embed nature-related intelligence into their work. Firms that have visibility on these matters will be those leading and succeeding in the nature-positive transition.

## Assisting clients to implement transition plans and targets

**Climate target setting and transition planning**<sup>33</sup> has emerged as a critical business practice, with corporations increasingly disclosing 1.5-aligned transition plans,<sup>34</sup> and governments mandating or strongly encouraging such planning by businesses (see eg, EU Corporate Sustainability Reporting Directive, transition planning guidance under development by the Australian<sup>35</sup> and UK governments).

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29 OHCHR and UNEP, 'Human Rights and Biodiversity: Key Messages' at [www.ohchr.org/sites/default/files/Documents/Issues/ClimateChange/materials/KMBiodiversity26febLight.pdf](http://www.ohchr.org/sites/default/files/Documents/Issues/ClimateChange/materials/KMBiodiversity26febLight.pdf). Accessed 17 November 2025.

30 UNDRIP, Art 29: see n 29 above.

31 International Bar Association, [IBA Guidance Note on Business and Human Rights: The role of lawyers in the changing landscape](#) (2023). Accessed 17 November 2025.

32 See Inter-American Court of Human Rights Advisory Opinion on Climate Crisis and Human Rights, para 286 and its citations.

33 Climate transition planning describes the ongoing strategic process for identifying and responding to climate-related risks and opportunities, including setting climate ambitions and targets, and developing implementation approaches with supporting governance and reporting arrangements. Climate transition plans are a strategic document and an output of the transition planning process, outlining an organisation's targets, actions and resources for a transition towards a lower-carbon economy. Credible and robust climate and nature transition plans can support a wide range of potential users who may rely on them to guide investment and lending decisions, and understand economy-wide transition levers and pathways.

34 CDP's report cites a 44 per cent increase in companies disclosing 1.5°C-aligned climate transition plans in 2023, with over 5,900 companies (one in four) reporting such plans, and a further 8,600 expecting to create one by 2025. CDP notes that this progress means transition planning is now critical for business credibility, access to capital, and meeting market and regulatory demands: CDP, [The State of Play: 2023 Climate Transition Plan Disclosure](#) (June 2024). Accessed 17 November 2025.

35 Government of Australia: The Treasury, [Climate-related transition planning guidance](#) – Consultation period: 15 August to 24 September 2025 (now closed).

Nature transition planning can be expected to follow a similar trajectory.<sup>36</sup> **Nature is already being integrated into climate transition plans and targets**, as businesses and regulators recognise the vital links between climate action, biodiversity, and sustainable growth,<sup>37</sup> and organisations such as TNFD and the Glasgow Financial Alliance for Net Zero (GFANZ) have developed or are developing guidance to support companies to develop nature transition plans; while in jurisdictions including Chile, Colombia, Malaysia and South Africa, governments and business groups are collaborating to develop nature action plans for business.<sup>38</sup>

**Lawyers are uniquely positioned to assist clients in setting their nature-related targets** (for example, in accordance with recognised frameworks, such as the science-based targets for nature (SBTN)), in a manner that avoids legal risks such as greenwashing, and to develop nature transition plans. Lawyers can also support implementation of those plans by integrating nature considerations into contractual arrangements and other legal elements of business operations.

### Science-based targets for nature

- The Science Based Targets Network (SBTN) framework enables companies to set science-based targets for nature across key domains such as freshwater and land, with additional guidance for ocean and biodiversity in development.<sup>39</sup>
- Validation ensures alignment with global biodiversity goals, and early corporate uptake signals that this framework will become a best practice standard for nature commitments.<sup>40</sup>
- Seventeen companies completed a target validation pilot in 2024, of which about 60 per cent obtained approval from the validation team on freshwater and/or land targets.<sup>41</sup>
- Three of these companies – GSK, Holcim and Kering – publicly adopted science-based targets for nature in October 2024.<sup>42</sup>

Setting science-based targets for nature provides a concrete mechanism for companies to implement and track the ambitions outlined in their transition plans, ensuring that commitments to nature are measurable, actionable, and aligned with emerging best practices.

36 The Australian government was at September 2025 consulting on new transition planning guidance. The draft guidance is intended to encourage businesses to take a holistic approach to transition planning that integrates climate, nature and other considerations (see n 35 above).

37 See, for example, [Vattenfall Biodiversity Transition Plan \(2025\)](#), Frasers Property's [Climate and Nature Transition Plan \(2025\)](#); HSBC's [2024 Net Zero Transition Plan](#) (section on 'Integrating nature', describing how the bank is embedding both climate and nature considerations into its operations, products, and client engagement); and use cases of Sodexo and Decathlon in WWF, [Catalysing Change, the Urgent Need for Nature in Transition Plans](#) (2024) pp 82–89. All accessed 17 November 2025.

38 TNFD, [Nature in transition plans](#); TNFD, [Guidance on nature in transition plans \(2025\)](#); GFANZ, [Nature in Net-zero Transition Plans: Workstream Consultation Paper](#) (2024). All accessed 17 November 2025.

39 The Science Based Targets Network, [What are SBTs?](#) Accessed 17 November 2025.

40 Global Commons Alliance, Accountability Accelerator, [Validation service for science-based targets for nature](#). Accessed 17 November 2025.

41 SBTN, [SBTN Validation Pilot Summary Report](#) (September 2024). Accessed 17 November 2025.

42 SBTN, [Target Tracker](#) (as of July 2024); SBTN, [SBTN announces first companies publicly adopting science-based targets for nature](#) (October 2024). Accessed 17 November 2025.

## Talent attraction and retention

**LSPs' sustainability credentials have become a crucial element in attracting, retaining and motivating talent.** Law students and junior lawyers want to know about their (potential) employer's ESG strategy, client profiles and matter types. One indicator of this growing interest among young lawyers in law firm approaches to ESG is the popularity, rapidly growing membership and active events calendar of Legal Voices for the Future, a collaborative learning forum established and run by early career practitioners and law students.<sup>43</sup> Their aim is to educate, connect and give voice to young lawyers on planetary and societal issues, including the climate and ecological crises.

There is clear evidence that **a visible and credible nature strategy can significantly improve the attraction and retention of talent**, particularly amongst Gen Z and millennial professionals. Surveys consistently reveal that younger jobseekers look for employers with tangible environmental goals, and they are more likely to apply, remain employed, and engage when they observe specific policies, such as commitments to biodiversity protection, measurable nature-positive targets, and transparent reporting, rather than broad ESG statements. For example, a 2025 global survey of Gen Z and millennials across 44 countries finds that over 70 per cent of these generations consider a company's environmental credentials or policies to be very, or somewhat, important when evaluating a potential employer; and over 45 per cent say that they and their colleagues have pressured their employers to act on protecting the environment.<sup>44</sup> These preferences vary across firms and may not always be explicitly articulated during recruitment processes or formally acknowledged to a firm's management or human resources teams. However, even when immediate financial concerns take precedence, the underlying trend is clear. Taking concrete actions – such as adopting science-based targets for nature, integrating nature-positive clauses into client work, and providing early-career opportunities in sustainability-focused projects – signals authenticity and creates meaningful career pathways. These actions make the organisation more appealing to top legal talent.<sup>45</sup>

## Governance duties

- The boards of LSPs that are legally constituted as companies will have statutory duties under national company laws. These duties are commonly framed as duties of care and diligence and to promote their company's success.<sup>46</sup> Since a company's success is contextualised according to its market, social, regulatory and legal context, these **duties require that directors consider material risks and opportunities to their company.**

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43 Legal Voices for the Future, The Law Society of England and Wales, [Legal Voices for the Future](#) (2022). Accessed 17 November 2025.

44 Deloitte Global, [2025 Gen Z and Millennial Survey](#) (2025). See also CIPD, [Businesses seeing increased scrutiny over environmental sustainability from job candidates, report finds](#) (July 2024). All accessed 17 November 2025.

45 See generally, [Only half of workers say employer's ESG commitments match actions, survey shows](#); Deloitte Insights, [2024 Gen Z and millennial Survey](#); ESG Today, [Law Firms, Legal Departments Upskilling Lawyers to Meet Growing Demand for ESG Expertise: Wolters Kluwer Survey](#) (October 2024). All accessed 17 November 2025.

46 Commonwealth Climate and Law Initiative and Climate Governance Initiative, [Directors' Duties Navigator: Climate Risk and Sustainability Disclosures, 5th edn](#) (2026). Accessed 12 February 2026.

- Legal opinions support the proposition that **company directors in many jurisdictions including Canada, the UK, Australia, Japan and New Zealand have legal duties to consider and manage nature-related risks**, which are capable of affecting the company's short- and long-term financial success.<sup>47, 48</sup>
- Members of LSPs structured as limited liability partnerships (LLPs) or similar entities (depending on jurisdiction) do not have the same statutory duties as company directors but may owe duties of loyalty and care under their partnership agreement or under applicable common or civil law. In discharging these duties (particularly those relating to care, loyalty, and prudent risk management), members may in practice be required to consider nature-related risks relevant to the success of their business, as part of fulfilling their existing obligations.
- Directors/relevant partners of LSPs may wish to take steps to identify, assess, mitigate, disclose and document relevant material nature-related risks, in order to protect themselves from liability.<sup>49</sup> They can start with nature guidance for boards and high level business actions for nature.<sup>50</sup> Understanding their client-related exposure to nature-related risks (and professional duties) will be a critical element of this analysis.

## Professional duties

As nature-related risks continue to escalate and become better known, LSPs may increasingly find themselves advising their clients on nature-related risks as part of their professional and ethical duties, in ways not previously required. Advising on climate-related legal risks is beginning to be considered within the scope of professional duties.

**Like climate risk, nature risk can materially impact asset value, operational continuity and reputational standing** and can result in legal risks to businesses (for example, where nature-risk disclosure regulations are introduced, contract performance is disrupted by depletion of natural resources, or companies face litigation linked to their nature impacts). As these types of risk become increasingly foreseeable, quantifiable and recognised in legal and financial frameworks, in certain circumstances, LSPs may similarly have a duty to identify and communicate relevant nature-related legal risks to clients to fulfil their professional responsibilities.<sup>51</sup>

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47 Shivji KC, Stubbs KC, J Burton, K Anderson and H Sharafi, [Nature-related risks and directors' duties under the law of England and Wales](#) (March 2024); Hartford-Davis and Bush, [Nature-related risks and directors' duties](#) (October 2023); Dr Yoshihiro Yamada, Dr Janis Sarra, and Dr Masafumi Nakahigashi, [Directors' Duties Regarding Climate Change in Japan](#) (March 2025); Chapman Tripp, [New Zealand Director Duties to Manage Nature-Related Risk and Impact on Natural Capital](#) (March 2023); Lisa (Elisabeth) DeMarco, Dr DT Vollmer, Associate, [Nature-related risks and the duties of directors of Canadian corporations](#) (July 2025). All accessed 17 November 2025.

48 A separate UK legal opinion concluded that directors' statutory duties to ensure that company accounts give a 'true and fair view' of the company's assets, liabilities, financial position, and profit and loss includes consideration of relevant sustainability-related issues, which would necessitate directors having a good understanding of the financial consequences of nature-related financial risks: Bompas KC, [The True and Fair Requirement](#) (2024). Accessed 17 November 2025.

49 Chapter Zero, [UK Legal Opinion: Nature-Related Risks and Directors' Duties](#) (2024); Shivji KC et al – see n 47 above.

50 Taskforce on Nature-related Financial Disclosures, Chapter Zero, Competent Boards, Commonwealth Climate and Law Initiative, Green Finance Institute, [Asking Better Questions on Nature: For board directors](#) (2025); Taskforce on Nature-related Financial Disclosures, Green Finance Institute and Chapter Zero, [Taking TNFD to your board](#) (2024); Business for Nature, [High-level Business Actions on Nature](#). All accessed 17 November 2025.

51 Professional standards and risk management guidance in other advisory fields increasingly recognise the importance of identifying and addressing material nature-related risks and opportunities as part of good practice and client care. Global Accounting Alliance guidance says that accountants 'have a professional responsibility to ensure that nature is appropriately considered in their work, including at a strategic level as well as in risk analysis, corporate reporting and assurance work where nature related requirements are ever increasing'. Global Accounting Alliance, [Why Nature Matters to Accountants](#) (March 2025) p 17. See ICAEW's [Nature and Biodiversity Hub and Nature-related dependencies, impacts, risks and opportunities](#) (March 2025). All accessed 17 November 2025.

Many other consulting, engineering and design services already regularly involve professional consideration of environmental impacts and compliance integral to service delivery. As market standards evolve and nature-related disclosure and reporting become more widespread, it is likely that expectations for competent service will increasingly include consideration of material nature-related risks and opportunities for other professional services.

## Legal professional duties and climate risk

- The IBA **Climate Crisis Statement 2020** urges lawyers, acting in accordance with their professional conduct rules and the rule of law, to consider taking a climate conscious approach to problems encountered in daily legal practice; advising clients of the potential risks, liability and reputational damage arising from activity that negatively contributes to the climate crisis; and encouraging corporate clients to voluntarily disclose the risks posed by the climate crisis to stakeholders.<sup>52</sup> Since 2020, a range of bar associations and law societies around the globe have introduced statements encouraging lawyers to take similar actions.<sup>53</sup>
- **Multiple law associations have published guidance for solicitors on how they can take climate matters into account** in alignment with their professional duties and the administration of justice. Matters covered by such guidance includes net zero-aligned organisational management, how climate change physical risks and climate legal risks may be relevant to client advice and a detailed consideration of issues arising from the interplay of legal advice, climate change and solicitors' professional duties and the solicitor-client relationship in the context of climate change.<sup>54</sup> For example, the Law Society of NSW (Australia) practitioner guidance on climate change suggests that there is an 'evolving duty of care owed by solicitors to their clients to provide advice regarding a legal problem which meaningfully addresses any climate change issues and related consequences'. Similarly, the Law Society of England and Wales' guidance states that 'climate change may have an impact on a solicitor's duty to warn clients of the legal risks in certain contexts' and that solicitors 'may need to be able to discuss climate-related legal issues competently with your client and potentially encourage certain clients to engage with climate issues where they are relevant or material to the particular client or matter'.
- A UK legal opinion found that conveyancing solicitors have a **duty of care to advise clients about climate risk**,<sup>55</sup> and the Law Society of England and Wales has released guidance for conveyancers on how to advise on climate legal risks.<sup>56</sup>
- This growing body of work, as well as a growing number of academic papers,<sup>57</sup> indicates that lawyers in an expanding number of jurisdictions are likely to have a professional obligation to advise on relevant climate legal risks as they increasingly constitute a foreseeable and material issue for clients, particularly in sectors like property, finance and infrastructure. The legal opinion and the guidance referenced above highlight that **climate risks – such as flooding, subsidence, or sea level rise – can affect value, insurability and investment decisions**. These sources suggest that in certain circumstances, failing to consider or communicate the legal aspects of such risks may breach the general duty of a service provider to exercise reasonable care and skill as well as professional duties of care, competence and acting in clients' best interests, even where the risks may lie outside a LSP's traditional remit.<sup>58</sup>

52 IBA, [International Bar Association Climate Crisis Statement](#) (2020). Accessed 17 November 2025.

53 A number of these statements are captured in the IBA Climate Registry at [www.ibanet.org/IBA-Climate-Registry](http://www.ibanet.org/IBA-Climate-Registry). Accessed 17 November 2025.

54 See Law Society of England and Wales, [Climate Change Guidance](#) (April 2023) and Law Society of New South Wales, [Climate Change Practitioner Guidance](#) (2024) and [Climate Change Guidance: Advising on Climate Risk](#) (August 2025) available on the [IBA Climate Registry](#). All accessed 17 November 2025.

55 Stephen Tromans KC, [Legal Opinion: Conveyancers' Duty of Care to Advise Clients about Climate Risk](#) (July 2022). Accessed 17 November 2025.

56 Law Society of England and Wales, [Climate change and property practice note](#) (May 2025). Accessed 17 November 2025.

57 See, for example, Simon Rice, *Fearless advice in the context of climate change* (Precedent, Issue 190, September/October 2025); Dernbach, John C, Russell, Irma S and Bogoshian, Matthew, *The Lawyer's Duty of Competence in a Climate-Imperiled World* (29 February 2024). *University of Missouri-Kansas City Law Review*, Vol 92, No 4, 2023, Widener Law Commonwealth Research Paper No 24-02; Liao, Carol, *Lawyers in a Warming World* (2 July 2024). *McGill SGI Research Papers in Business, Finance, Law and Society Research Paper No 2024-18*, *Alberta Law Review* (2024).

58 Stephen Tromans KC, [Legal Opinion: Conveyancers' Duty of Care to Advise Clients about Climate Risk](#) (July 2022); Law Society of England and Wales, [Climate Change Resolution](#) (October 2021); Law Society of England and Wales, [Climate Change Guidance](#) (April 2023); Law Society of England and Wales, Law Society of New South Wales, [Climate Change Practitioner Guidance](#) (2024) and [Climate Change Guidance: Advising on Climate Risk](#) (August 2025). All accessed 17 November 2025.

## Anticipating regulatory risks

Now that biodiversity loss is widely acknowledged as a critical financial risk, governments and regulatory authorities around the world are requiring businesses (including some LSPs) to measure and disclose nature-related impacts and dependencies.<sup>59</sup>

- **Due diligence regulations** such as the EU Corporate Sustainability Due Diligence Directive (CSDDD)<sup>60</sup> set thresholds and scope that primarily cover larger organisations, with obligations framed by materiality, feasibility, and proportionality considerations. Obligations and thresholds are designed to be adaptable and may be refined or expanded in response to legislative and regulatory developments. However, it is likely that in-scope organisations will be required to consider impacts linked to their chain of activities including direct and indirect suppliers and downstream product distribution, but excluding activities like product disposal and downstream services for service providers.<sup>61</sup> Despite the thresholds excluding smaller organisations and LSPs from scope, some out-of-scope organisations may still need to provide data voluntarily to in-scope clients or within supply chain data requests.
- **Disclosure regulations** such as the EU Corporate Sustainability Reporting Directive (CSRD)<sup>62</sup> require in-scope organisations to consider impacts linked to their own operations and their entire value chain, defined as ‘the activities, resources and relationships the undertaking uses and relies on to create its products or services from conception to delivery, consumption and end-of-life’.<sup>63</sup> The obligation to disclose ‘serviced’ (sometimes alternatively referred to as ‘use-phase’, ‘downstream’ or ‘client-linked’) impacts depends on their materiality, and it remains uncertain to what extent the impacts of legal and professional services, such as client advice, fall within this scope. Depending on their size and structure, law firms may potentially fall within the scope of CSRD reporting obligations.<sup>64</sup>
- In addition to general legislative protections for consumers from misleading claims, some jurisdictions (such as the UK, California and New York) are introducing specific **anti-greenwashing** legislation, codes or rules which may increase legal risk, thereby raising expectations for companies to accurately represent the environmental merits of their products and services.
- **It is plausible that future national regulations in some jurisdictions will begin to align with TNFD Recommendations**, this including consideration of the downstream value chain, defined by the TNFD to include serviced impacts and dependencies.<sup>65</sup>

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59 There may also be indirect risks arising from regulations, such as client disclosure requests stemming from client regulatory compliance.

60 EU, [Directive \(EU\) 2025/794](#) of the European Parliament and of the Council of 15 April 2025 on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937.

61 EU, [Directive \(EU\) 2025/794](#) (April 2025); European Commission, [Delegated Regulation \(EU\) 2025/4812](#) (‘Quick Fix’ amendment regulation) (July 2025). At time of writing, the CSDDD is subject to amendment by the Omnibus I package. See Council of the EU, ‘Council and Parliament strike a deal to simplify sustainability reporting and due diligence requirements and boost EU competitiveness’ (December 2025).

62 EU, [Directive \(EU\) 2022/2464](#) of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU as regards corporate sustainability reporting.

63 ‘Impacts include those connected with the undertaking’s own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships’: EU, [Regulation \(EU\) 2023/2772](#) (July 2023), 43.

64 EC, [Delegated Regulation \(EU\) 2025/4812](#) – see n 61 above. At time of writing, the CSRD is subject to amendment by the Omnibus I package. See Council of the EU, ‘Council and Parliament strike a deal to simplify sustainability reporting and due diligence requirements and boost EU competitiveness’ (December 2025).

65 ‘Downstream: All activities that are linked to the sale of products and services produced by the company’; ‘Value Chain: The full range of interactions, resources and relationships related to a reporting entity’s business model and the external environment in which it operates’: TNFD, Glossary Version 4.0 (August 2025).

Given the dynamic nature of the regulatory environment and ongoing legislative refinements at EU level, obligations and thresholds under EU sustainability legislation may evolve over time, requiring organisations to stay attentive to updates and emerging requirements.

Regulatory risk is just one element of wider transition risks, alongside growing physical risks and the systemic threat to the whole financial system that may affect a LSP's client base.

### Case study: PwC's 2024 TNFD disclosure<sup>66</sup>

In 2024, PwC undertook a high-level evaluation of its dependencies, impacts, risks and opportunities (DIRO) for its direct operations and supply chain. Although client-linked impacts were not assessed, the risks and opportunities section of the report identified:

- A medium-term risk (five to ten years) arising from **exposure to clients with high levels of nature-related risks**, through:
  - potential **loss of revenue as clients face disruption**; and
  - reputational impact due to **association with nature-negative sectors**.
- An ongoing (current, through to 2050) **opportunity in supporting clients in addressing nature-related issues**, through:
  - market benefits from adapting and **scaling nature-based services to a wide range of clients**; and
  - reputational and talent attraction benefit of **influencing system-wide change to support nature**.

## Anticipating reputational risks and avoiding greenwashing

Aside from risks stemming directly from their clients' risks, **LSPs may face reputational risks linked to the nature impacts of their operations and legal advice**. For example, prospective clients and employees may ask about their client list and the LSP's approach to nature governance; media campaigns may publicly scrutinise firms who advise companies with significant environmental impacts (see case studies in the box below); and commentators may highlight the environmental impacts of law firm operations.<sup>67</sup>

LSPs should also be aware that they may face risks of greenwashing claims if they represent their nature-related activities in a misleading way, for example, publicly highlighting nature-positive advice they have provided to some clients, whilst neglecting to mention the negative impacts on nature facilitated by their work for other clients (see case studies in the box below).

As environmental accountability expectations continue to evolve, **LSPs should expect scrutiny of the relationship between their stated environmental commitments and their client work across all sectors**. LSPs can mitigate these risks by implementing robust nature governance frameworks and ensuring transparent communication about their positive contributions and the nature-related implications of their client work.

<sup>66</sup> PwC, [PwC UK Nature disclosure](#) (October 2024). Accessed 17 November 2025. This case study is provided for illustrative purposes, and is not intended to indicate best practice.

<sup>67</sup> See, for example, in relation to climate impacts, The Lawyer, [Lawyers circled Earth 2,400 times more last year as travel bounces back](#) (October 2024). Accessed 17 November 2025.

## Greenwashing and reputational risks: lessons learned from climate legal actions

In 2022, the UK Advertising Standards Authority found a large multinational bank's advertisements to be misleading through **omitting material information when making environmental claims**. The bank had advertised their financing of tree planting but neglected to mention their financing of fossil fuel business. Although this scenario involved financed activities, it could potentially be applied to advised activities.<sup>68</sup>

In 2023, the County of Multnomah (Oregon, US) filed a lawsuit against a consulting company (in addition to fossil fuel companies, and oil and gas industry trade associations), seeking to hold them liable for **harms allegedly caused by their contributions to climate change through their consulting services**.<sup>69</sup> The case illustrates growing scrutiny of the environmental impacts of professional services.<sup>70</sup>

In 2025, environmental groups filed a complaint with the OECD's UK National Contact Point against a large global advertising company, alleging that it breached OECD Guidelines by **providing advertising services to fossil fuel, automotive and plastics industries that actively drive demand for carbon-intensive products**, contributing to its clients' adverse environmental impacts while publicly committing to sustainability goals.<sup>71</sup>

In 2025, Greenpeace issued a legal warning against a Dutch law and tax firm in the Netherlands over the firm's role in facilitating the restructuring of a Brazilian meat processing company, which was allegedly involved in **deforestation and carbon emissions**.<sup>72</sup> The press release accompanying the letter states that 'unchecked expansion of industrial meat is the biggest driver of deforestation and biodiversity loss'.<sup>73</sup>

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68 ASA, [ASA Ruling on HSBC UK Bank plc](#) (October 2022). Accessed 17 November 2025.

69 Climate Case Chart, [County of Multnomah v Exxon Mobil Corp](#) (2023). Accessed 17 November 2025.

70 Setzer J and Higham C, [Global Trends in Climate Change Litigation: 2025 Snapshot](#). London: Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science (2025). Accessed 17 November 2025.

71 Climate Case Chart, [Adfree Cities and the New Weather Institute v WPP plc](#) (OECD Complaint, United Kingdom (2025)); Doughty Street Chambers, Margherita Cornaglia and Harj Narulla instructed in landmark OECD Complaint against WPP over advertising work for polluters (February 2025). Accessed 17 November 2025.

72 Setzer J and Higham C – see n 70 above; Greenpeace, [Greenpeace challenges JBS' New York Stock Exchange listing and Netherlands move over links to corruption, deforestation and emissions](#) (February 2025). Accessed 17 November 2025.

73 *Ibid.*

# Building nature governance systems in LSPs

**The governance gap – a material risk:** Clients increasingly expect their advisors to demonstrate governance maturity in areas where they provide counsel. LSPs gain credibility through visible commitment to the standards they recommend to clients. Without internal nature governance systems, firms expose themselves to talent attrition and missed revenue opportunities.

**The legal sector is moving on sustainability governance:** 42 per cent of UK Top 100 firms now have Responsible Business Board Committees (up from 32 per cent the previous year), and 32 per cent have dedicated heads of responsible business.<sup>74</sup> As nature governance matures alongside climate governance, early movers can extend these structures to include nature considerations, recognising the opportunity to differentiate service offerings, enhance client relationships, and position themselves as trusted advisors for the nature transition. Nature governance systems translate the business case into operational reality.

**Securing senior leadership commitment** requires framing nature as a strategic business issue, not a compliance exercise. Use the data from this Business Case Guide to quantify opportunity (client demand, talent attraction, new revenue) and risk (client loss, reputational exposure, avoidable compliance costs). Assessment of where nature is touching the firm will guide whether to respond strategically or reactively.

## Core governance elements:

- Leadership oversight: Board-level or senior leadership responsibility for nature commitments.
- Strategy and targets: Firm-level strategic commitments and a roadmap for implementation.
- Accountability mechanisms: Linking performance metrics and incentives to nature outcomes.
- Capacity building: Investment in training programmes tailored to roles enables revenue generation.
- Integration with existing systems: Embedding nature considerations into established processes.

**Measuring progress and return on investment:** the Toolkit provides guidance on measuring portfolio distribution, service differentiation, revenue impact, competitive advantage and talent metrics.

**Implementation – starting simple, scaling smart:** governance systems should be implemented in stages, matching the firm's size and resources. Start with basic leadership oversight and integrate with existing sustainability structures. Gradually develop more sophisticated elements as experience grows.

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74 Lamp House, [Chambers and Partners Annual Report](#) (2025). Accessed 17 November 2025.

# Next steps

Having read this guide, LSPs should understand the business case for lawyers and law firms to take nature-related risks and opportunities into account, and the importance of creating firm-level governance structures that enable this to happen. LSPs can begin deploying the Toolkit immediately, with governance structures providing strategic direction and scale as they develop. Even if still building the internal case for action, individuals or teams can start with experimental client assessments to demonstrate value. The Toolkit offers a range of implementation options, from individual practice to firm-wide strategies.

1. Client onboarding teams can use simple tools to estimate clients' sectoral nature indicators (how much the client's sector typically depends on and impacts nature) and evaluate clients' nature governance stage.
2. Leadership and business development teams can aggregate this data to develop a strategic dashboard to prioritise client engagement and understand the overall client portfolio risks and opportunities.
3. Lawyers working with business development teams can use the client nature data and the **Nature-Intelligent Legal Advisory and Clause Guide** to identify opportunities for embedding nature considerations in legal services and adding value to clients.

The Nature-Intelligent Legal Services Toolkit and Nature-Intelligent Legal Advisory and Clause Guide are both available at: **[www.ibanet.org/IBA-Nature-Intelligent-Legal-Services-Series](http://www.ibanet.org/IBA-Nature-Intelligent-Legal-Services-Series)**





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