Aldersgate Group response: Call for Evidence: Expanding the role of the private sector in nature recovery

August 2025

Introduction

The Aldersgate Group is an alliance of major businesses, academic institutions and civil society organisations, which drives action for a competitive and environmentally sustainable UK economy.[1] Our corporate members represent all major sectors of the economy, and include Associated British Ports, Aviva Investors, BT, CEMEX, the John Lewis Partnership, National Grid, The Crown Estate, Nestlé, Siemens, SUEZ, Tesco, and Willmott Dixon. Aldersgate Group members believe that ambitious environmental policies make clear economic sense for the UK, and we work closely with members when developing our independent policy positions.

The government is right to recognise the urgent need to reverse nature loss and the critical role businesses can play in this effort. The UK stands at a pivotal moment for nature recovery. By aligning policy, regulation, and business action, the government can unlock the economic and ecological potential of a nature-positive economy. Bold leadership, clear frameworks and collaboration will be needed to support a transition from ambition to tangible delivery. Businesses are ready to invest in solutions that protect nature while driving growth, innovation and resilience.

This document sets out the Aldersgate Group's response to the Department for Environment, Food and Rural Affairs' Call for Evidence: Expanding the role of the private sector in nature recovery.

Q1. Do you agree with the four intended objectives for policy (economic growth, business certainty, innovation, fair and proportionate burden sharing) to increase investment in nature set out above?

- **Do you agree with each of the four objectives?**

We broadly agree with the four objectives to shape policy design aimed at increasing private investment in nature. However, as currently proposed the objectives are not sufficient to guide the development of effective policy. Gaps to be addressed are described in the following answer.

Economic Growth

Nature recovery presents commercial opportunities, just as nature degradation presents a risk to growth[2]. Customers are increasingly nature conscious, demanding products and services with robust environmental and social credentials.[3] Business opportunities also exist in nature markets, including carbon markets, insurance, sustainability-linked bonds, payments for ecosystem services, and environmental credit markets.[4] These markets are

[1] Individual recommendations cannot be attributed to any single member and the Aldersgate Group takes full responsibility for the views expressed.
[2] Green Finance Institute (2024) Assessing the Materiality of Nature-Related Financial Risks for the UK
[3] McKinsey and NielsenIQ (2023), Consumers care about sustainability – and back it up with their wallets.
[4] Taskforce on Nature Markets (2022), Global nature markets landscaping study.

valued at $98 billion annually. They are growing and have significant potential to help achieve nature-positive outcomes and generate returns for businesses and investors.

We encourage the government to emphasise 'resilience' as part of this objective. Nature underpins long-term economic resilience and growth, with 55% of global GDP moderately or highly dependent on nature.[5] Nature's decline poses a direct risk to business revenues, operations, supply chains and overall resilience to shocks and changes, whether economic, social or environmental, as a result of economic or environmental change pressures, the passing of ecological tipping points or demographic trends. Nature loss is also seen by financial institutions and investors as a system risk that could threaten the growth and stability of the financial system[6].

When considering this objective, the government must ensure that a holistic assessment is undertaken, identifying growth opportunities but also the risks to growth that must be mitigated, recognising the cost of inaction or insufficient action.

It is also important to remember that the natural environment has societal, non-commercial and indirect commercial value, which can be enriched or, at the very least protected, through regulation. The government must tread with caution and ensure that an economic growth objective does not introduce unintended consequences or perverse incentives which could undermine the wider benefits nature provides to society. A full assessment of socio-economic costs and benefits, drawing on quantitative and qualitative evidence from other disciplines (biology, chemistry, ecology, economics, engineering and health), is essential.

Business Certainty

The government is right to recognise the importance of long-term certainty for businesses. Businesses need a clear sense of direction, practical guidance on best practices, visibility of future policy changes, and realistic timelines to prepare for compliance. Consistent, coordinated policy across government is also essential to support nature-positive business decisions. An effective policy framework must also remain agile, able to adapt, learn from experience, and embed good practice to ensure it delivers the intended outcomes.

Decision-making across government and industry must be informed by high-quality data on natural capital. This would help significantly scale up investment in nature, by providing frameworks for informed decision-making and a tangible, recognisable return on investment. It would also clearly acknowledge the biodiversity uplift paid for by firms.

Innovation

Innovation will be crucial to identifying solutions and achieving progress for nature recovery, from novel technologies such as AI and remote sensing to innovative approaches to governance and regulation. The Aldersgate Group has recommended setting up a taskforce and sandbox to accelerate the development of environmental regulation to encourage innovation and partnerships in the private sector.[7]

In some cases, targeting outputs will be appropriate; but the government must recognise the value of outcomes-based policies and regulation to drive innovation, cost-effectiveness and

[5] PwC (2023), Managing nature risks: from understanding to action.
[6] FSB (2024) Stocktake on Nature-related Risks
[7] Aldersgate Group (2024) Why Nature Matters for Business

collaboration. The added value of non-prescriptive approaches to business policy is that it supports the emergence of innovative solutions to tackling environmental issues.

Defra has pioneered novel regulation; this should be celebrated and efforts accelerated. With a dedicated taskforce, Defra could accelerate the development of creative and effective environmental regulation. Well-designed, implemented and enforced regulation can be a powerful policy tool to accelerate the protection and restoration of nature, while also driving economic growth, supporting new jobs and incentivising innovation.

The specific characteristics of the natural environment call for new and creative approaches to regulations.[8] A regulatory sandbox would help test how a regulation would work on the ground before it comes into force, providing the opportunity to develop innovative regulation and get ahead of issues that may arise once implemented.

Fair and proportionate burden sharing

Fairness is critical to the legitimacy of nature recovery policy. Fairness requires strong frameworks, transparency, and protections for vulnerable communities and businesses, especially SMEs, often less well placed to absorb regulatory burden.[9] Well-designed regulation ensures all actors can contribute meaningfully without being unfairly disadvantaged. It creates a level playing field, incentivising ambition rather than placing ambitious companies at a competitive disadvantage.

The Aldersgate Group supports the polluter pays principle, with regulation focused on outcomes to allow for innovation and continuous improvement of good practice.

- **Any further comments including other factors the government should consider?**

In addition to the objectives set out in this call for evidence, the government must embed into the objectives or add the following objectives:

1. **A nature and climate improvement test**

The government must not lose sight of the main outcomes we are aiming to achieve with policy, namely environmental improvement and climate change mitigation. The objectives proposed are currently incomplete without a commitment to ensure that policies contribute positively towards nature and climate goals.

2. **Level the playing field for ambition**

The government must use policy to create an upwards ambition race. Some businesses are going beyond compliance and pushing forward with action. However, voluntary action faces limits. The government has an important role to play in scaling action on nature restoration and establishing a policy environment that ensures that businesses going beyond compliance are not placed at a competitive disadvantage.

This requires an adequately and efficiently resourced governance ecosystem, ensuring that regulators and local authorities are well-equipped to play their role and work together to ensure regulation is applied consistently. Regulation is meaningless without enforcement.

[8] Aldersgate Group (2024) The Role of Regulation in Restoring Nature and Delivering Net Zero
[9] Aldersgate Group (2024), The Role of Regulation in Restoring Nature and Delivering Net Zero

3. **Cross-sectoral coordination**

The Aldersgate Group has consistently advocated for the need for greater collaboration between departments of government in the administration and enforcement of policy and regulation. Currently, policy and regulation are fragmented. A systemic approach is required to progress with nature recovery. The fact that environmental responsibilities are split across many bodies make it even more important to ensure that regulation takes a broad perspective, matched by greater comprehensive oversight.

For example, multiple sectors impact water quality, so greater cross-sector collaboration and coordination is needed to achieve a step change in progress towards cleaner water. We examine the different sectors that are beneficiaries of clean and plentiful water in our response to question 3, exploring mechanisms for greater collaboration over water management.

Q2. Is there evidence from existing domestic or international policies which the government can learn from regarding:

- **the benefits of policy action to increase private sector investment in nature?**

Policy action can support demand for ecosystem services and nature markets and create robust frameworks and standards to strengthen confidence to invest, ultimately contributing towards nature recovery. Examples are:

Woodland and Peatland Carbon Codes (WCC, PCC)

These voluntary standards have created credible, investable markets for carbon sequestration through woodland creation and peatland restoration. Their success lies in clearly defined methodologies, long-term monitoring requirements, and third-party verification, giving buyers confidence in the permanence and integrity of carbon outcomes.

With government backing and alignment with UK net zero targets, the Codes have attracted corporate buyers seeking high-quality offsets and nature-positive investments. Importantly, they demonstrate how standardisation, regulatory recognition, and consistent data frameworks can increase confidence in nature investments and scale private finance into nature restoration.

In 2023, Triodos Bank UK was able to provide a £20.55 million loan facility to Oxygen Conservation for the acquisition of land in Scotland. Oxygen Conservation works to protect and improve natural assets, including species reintroduction, landscape connectivity, regenerative agriculture, woodland creation, renewable energy generation, sustainable housing, and eco-tourism and carbon sequestration through woodland and peatland restoration.

Under this scheme, loan repayments will be based on the sale of carbon credits, including Pending Issuance Units and verified Woodland and Peatland Carbon Units.[10,11] At the time of competition in April 2023, this was believed to be the largest conservation-focused commercial debt package in the UK. This demonstrates the confidence that these codes have created for private investment.

Novel regulation, such as Biodiversity Net Gain (BNG)

[10] Triodos Bank (2024) Stories of Transformative Impact: Oxygen Conservation
[11] Aldersgate Group (2025), Futureproofing growth through the Modern Industrial Strategy.

The business case for environmental action is often based around legislation and compliance with regulation, alongside corporate targets and social responsibility. New regulations such as BNG and the EU deforestation-free regulation (EU DR) show the power and potential for rapid impact, raising voluntary ambitions by providing a level playing field and levers which strengthen purchasing power across supply chains. BNG successfully catalysed new private markets in habitat creation and ecological consulting services. It has been noted that developers were incorporating BNG into land valuation and decision making, demonstrating the flexibility of businesses when it comes to environmental regulations.

The implementation of BNG and EU DR may have both faced challenges or teething issues, but both have reset expectations of business and allowed companies to plan for the future. This highlighting the importance of two factors to be balanced: the importance of introducing and maintaining clear requirements over a sensible period without moving the policy goalposts, while also future proofing policy by allowing for some level of flexibility and making room to increase scope and standards over time. A year into BNG, the government should support the policy overall and not send mixed signals to the marketplace. Simultaneously, it should continue to evaluate the implementation of the policy to resolve issues, increase market certainty and grow its ambition.

Section 106 in Planning

Section 106 agreements, also known as planning obligations, have demonstrated success in requiring developers to mitigate the environmental impact of their projects and contribute to biodiversity protection for the first time. These agreements have been used to secure commitments to public parks, affordable housing, and are also increasingly being used to secure BNG commitments off-site. Their strength lies in the fact that they are legally binding and enforceable by the Local Planning Authority.

- **the policy actions that are most effective and efficient at increasing private sector investment in nature?**

To unlock private investment at scale, government must focus on incentivising and de-risking investment, as well as strengthening demand for nature-positive products, services and markets.

The Aldersgate Group makes the following recommendations to government to enable business action for the natural environment, drawing on the insights of businesses and lessons from policy development to date to ensure proposals are effective and efficient at increasing private sector investment in nature.[12]

1. Use the Environmental Improvement Plan to create an effective framework for delivery and launch the development of sector nature-positive pathways.
2. Set out a roadmap for implementing mandatory Taskforce on Nature-related Financial Disclosures (TNFD) reporting to increase awareness of businesses' nature dependencies and impacts.
3. Use the Land Use Framework to give businesses confidence on what actions to take for nature recovery and nature-based climate change adaptation and mitigation, where and how.
4. Develop a delivery plan to meet the target to protect at least 30% of land and sea for nature by 2030.

[12] Aldersgate Group (2024) Why Nature Matters for Business

5. Support the development of nature markets to scale with confidence and leverage private investment for nature where appropriate.
6. Increase the ambition of Biodiversity Net Gain.
7. Set up a taskforce and sandbox to accelerate the design of creative and effective environmental regulation to encourage innovation and partnerships in the private sector.
8. Efficiently resource regulators and local authorities to play their critical role supporting delivery, monitoring and enforcing regulation to build private sector confidence to invest.

To maximise opportunities to leverage private sector investment, the government should focus on nature recovery projects that support multiple outcomes and co-benefits for businesses, including carbon sequestration, nature recovery and ecosystem resilience, as well as delivery of environmental commitments and targets in a way that businesses can track and account for.

The government should also explore the role of blended finance to de-risk private investment. Public capital should be used strategically to de-risk emerging markets, addressing barriers currently limiting private investment such as long-term or uncertain returns.

The UK Nature Impact Fund is a positive step forward. The government should consider opportunities for scaling and the role of the fund, alongside other public and private investment, to meet the UK's £56bn funding gap for environmental targets. Efficiency will depend on designing finance vehicles that enable project aggregation, reducing transaction costs and allowing smaller, distributed projects (e.g. on-farm biodiversity, catchment management) to access capital markets, alongside a wider enabling framework including robust standards.

- **the risks of policy action to increase private sector investment in nature?**

The government must ensure that policy is well-designed by identifying and mitigating the risk of unintended negative consequences or perverse incentives. For example, poorly designed regulation can introduce an overly onerous burden for businesses, lack join-up and consistency with other policies or fail to recognise the complexities of the environment by addressing interconnected issues in isolation, achieving poor outcomes for people, businesses and the environment.

Outcome 1: Clean and plentiful water – cleaning up rivers, lakes and seas

Q3. Which sectors could and should contribute as part of a catchment-based approach to water management for nature recovery?

A catchment-based approach is a proven method for managing water holistically, considerate of quality, quantity and resilience, with potential to deliver integrated nature recovery. Collaboration between sectors with a stake in water use, land management and environmental outcomes is essential, underpinned by the polluter pays principles and a fair, proportionate balance of responsibility.

To maximise nature recovery through catchment-based approaches, the government must incentivise engagement beyond traditional water and land sectors. A wide range of industries depend on healthy water systems and should be empowered and incentivised to contribute. Strong frameworks, local community coordination and shared accountability will deliver greater environmental and economic benefits than isolated efforts.

The government should consider how greater collaboration and participation of other sectors would work most effectively to support catchment-based approaches. Sectors, which may be beneficial to consider due to their interest in water quality and/or environmental impact, include:

- **Water sector:** Already central in catchment partnerships, water companies manage infrastructure, invest in water supply and quality, and are increasingly regulated to use nature-based solutions to deliver their targets (e.g. for storm overflows and nutrient neutrality).
- **Farming sector and landowners:** Manage most of the land area in catchments and influence water quality, soil health, and flood risk to varying degrees. Incentives, support and regulation exist for this sector on water but scale up of adoption of nature-friendly practices is required. Unmonitored over-abstraction contributes to poor quality.
- **Food and drinks sector:** Rely on water quality and supply. These companies have a vested interest in long-term water resilience and often fund landscape-scale water stewardship schemes.[13,14]
- **Chemicals, cosmetics, and pharmaceuticals sectors:** These sectors influence water quality through effluents and can support innovation in treatment and pollution prevention.
- **Construction sector:** Can be impacted by and have an impact on flood risk and water infrastructure through land use change. Incorporating Sustainable Urban Drainage Systems (SUDS)[15] and green infrastructure can improve water outcomes and biodiversity. New housing must mitigate its impacts on nutrient pollution.
- **Insurance:** Increasingly exposed to flood and drought risk. They can support nature-based interventions that reduce risk exposure and improve the long-term resilience of their customers and business models.
- **Fisheries and recreation:** These water sectors are dependent on heathy aquatic ecosystems and can benefit from improved biodiversity, water quality, and access.
- **Institutional investors:** Large investors with social and environmental commitments and long investment horizons are well-placed to contribute to resilience and wider societal benefits through investment in water and nature. Market frameworks and scale are required to make catchment projects attractive to them.

Cross-sectoral involvement is key to improving water outcomes. Bringing the above sectors together has the potential to create a more effective, efficient, and equitable system of water management with shared risks and benefits, place-based and system level solutions, greater efficiency and reduced unintended consequences.

Q4. What are the barriers to incentivising sectors that depend on the water system to invest in water outcomes? What actions are needed by government to address these barriers?

The main barriers to incentivising sectors to investment in water outcomes are:

- **Lack of ambitious and misaligned regulation and incentives**: the regulatory environment is not currently designed as a whole-system and outcomes-based approach to deliver water outcomes. Some sectors face prescriptive regulation,

[13] John Lewis Partnership (2025) Responsible Water Stewardship in our Supply Chains
[14] Mars (2025) Practicing Water Stewardship
[15] Willmott Dixon (2025) Water Management

limiting the ability to innovate or in some cases contributing to unintended consequences (e.g. limiting deployment of nature-based solutions), whilst other sectors lack regulation and incentives. Increasing initiatives across government, including plans for new homes and the Land Use Framework, must also be aligned with water sector investment and development plans to meet demand and manage environmental impacts.

- **Lack of market frameworks and aggregation of small projects into investable portfolios.** Institutional investors tend to only consider projects of a certain size and with specific risk profiles.

The government must take actions to address these barriers. The findings of the Cunliffe Review are welcome, and government must take the opportunity to improve regulatory frameworks and embed a more holistic and cross-sector approach to achieve water outcomes.

- **For the water sector**: the government must set out a long-term regulatory framework that incentivises nature-based solutions where appropriate; focuses on outcomes rather than outputs, rewarding delivery of environmental good and services; enables agility and adaptive management to best address issues as they arise and embed lessons learned.
- **For the land use sector**: The upcoming Land Use Framework, next iteration of farming subsidies (such as Environmental Land Management Schemes) and upcoming farming roadmap, provide an opportunity for the government to incentivise and activate the farming and land use sector in better contributing towards water outcomes. This includes clear and consistent rules on pollution with effective enforcement, improved advice and support for sustainable nutrient management from farms, and a stronger role for catchment-sensitive farming initiatives and peer-to-peer learning.
- **For the construction sector**: The development of the Nature Restoration Fund, proposed in the Planning and Infrastructure Bill, must also consider how to best embed catchment-based approaches where appropriate.
- **For other sectors**: there is currently a lack of infrastructure, data, and policy frameworks for the private sector to invest at scale in water outcomes. Lessons from pilot projects highlight issues to resolve including information on how be best engage with catchment-level plans, difficulties measuring return on investments or water quality improvements from nature-based solutions, and lack of knowledge on how to quantify benefits via credits or mitigation certificates. The government must support the development of frameworks, regulation where appropriate, and investment pathways for water dependent sectors that do not currently contribute to water management in ways that boost their operational resilience and deliver for water quality and nature.
- **Catchment-based partnerships** Catchment-based partnerships are not currently well equipped or set up to attract private investment. There are also missed opportunities to learn and share good practice, with lack of reporting and knowledge sharing structures[16].
- **Regulators** must be effectively resourced to ensure regulation is complied with, protecting a level playing field by resolving current lack of enforcement and situations with regulation in name only. They also need support and access to data and

[16] CaBA (2025) CaBA Monitoring & Evaluation 2023/24

frameworks to help embed innovation and novel solutions, including nature-based solutions.

Lessons to learn: The government may also wish to look to internation examples for lessons and good practice. For example, in the EU, the Urban Wastewater Treatment Directive was updated in 2024 to introduce Extended Producer Responsibility for pharmaceuticals and cosmetic products, requiring suppliers to cover the majority of treatment costs to remove residues from wastewater and introduce reuse and recycling obligations for phosphorus.

Q5. What activities by water companies that support nature recovery have potential to attract additional private-sector investment?

Catchment-based approaches have the potential to be investable but require a framework to integrate regulatory spend with opportunities for credit generation. Policy frameworks, including the development of robust nature markets and synergies with corporate nature goals, could be developed to enable crowding in of private investment alongside water companies' regulated investment.

Nature-based interventions like riparian buffer planting, construction/restoration of wetlands, or river meandering can deliver improvements to water quality, carbon sequestration and riverine biodiversity. These outcomes have the potential to generate marketable credits under emerging nature and ecosystem service markets.

Blended finance models which combine regulated investment, grant funding and private capital, can support activities that would not otherwise be funded. Co-investment and coordination opportunities with landowners and food producers can also help de-risk private finance by aggregating multiple projects and benefits across a catchment.

EnTrade[17], originating from a Wessex Water trial (2015-2022), was set up to enable private investment in nature recovery at scale. Since 2018, operating at arms-length from Wessex Water, it has provided market mechanisms for delivering, accrediting and verifying ecosystem services and enabling collaboration to deliver environmental improvement. This initiative ultimately led to the high integrity Somerset[18] and Bristol Avon[19] Catchment Markets. In 2025, EnTrade was established as an independent company, highlighting the opportunities and potential to attract more private sector investment into nature recovery.

Q6. What should our priorities be when assessing the benefits of environmental enhancement measures proposed by the water sector?

Q7. How can the water sector ensure that opportunities to deliver multiple benefits are considered from the start of investment planning and decision-making?

Water companies, regulators, local authorities and other relevant stakeholders should work together to:

- Embed **multi-benefit criteria** into the planning of each project from the start. This will help align biodiversity, flood resilience and carbon goals.
- Make use of **catchment-level assessments** to identify synergies across water quality, habitat creation, flood mitigation and access to nature.

[17] EnTrade (accessed 2025) Website
[18] Somerset Catchment Market (accessed 2025) Website
[19] Bristol Avon Catchment Market (accessed 2025) Website

- Invest in **cross-sectoral governance structures** that include local authorities, landowners and environmental NGOs.
- Adopt **natural capital accounting frameworks** to evaluate and compare projects.
- Align investment plans with other **spatial and local development plans**.

Outcome 2: Nature-based carbon reductions and removals

Q8. What are the reasons why businesses fund or buy nature-based carbon through insetting agreements or markets such as the Woodland Carbon Code and Peatland Code?

Businesses fund or buy nature-based carbon for a number of reasons, principally to deliver their corporate sustainability ambitions, capture commercial opportunities in these nascent and growing markets, or to enhance their reputation with customers.

Q9. What are the barriers for businesses in buying nature-based carbon through markets such as the Woodland Carbon Code and Peatland Code?

Barriers are:

- Lack of robust market frameworks and standards. The Woodland Carbon Code and Peatland Code support market integrity with requirements for audits, technical standards and trusted methodologies. The government should consider necessary steps to develop the Soil Carbon Code and a Regenerative Agriculture Carbon Code.
- Lack of effective monitoring, reporting and verification (MRV) to build confidence in these nascent markets.
- Suitability: the current markets revolve around Pending Issuance Units, linked to carbon removals that will happen in future and therefore cannot be used to offset past emissions.
- Price: Businesses will look across carbon offsets available, including non-nature-based offsets or overseas offsets, which may be more price competitive relative to nature-based offsets in the UK.
- Lack of strong demand signals, resulting in poor confidence in long-term demand for credits. Companies do want to invest, but the costs are too high and the rules about what qualifies within different standards are too complex.
- Relatively high risk, due to the novelty of nature capital markets, concerns around quality of projects, the time needed to generate returns and uncertainty around returns. There are concerns around risk of reversal or carbon leakage (e.g. wildfires affecting forestry schemes[20] or lack of evidence to support the permanence of carbon removals and storage schemes), risk of project failure/uncertainty surrounding impact (e.g. some schemes were found to deliver little positive impact after investigation[21]), and need for guarantees that required long-term management will be delivered (e.g. for forestry schemes).
- Size of projects and lack of mechanisms to aggregate small projects into investable portfolios. This is a particular barrier for institutional investors.
- Lack of alignment with other policies, such as Environmental Land Management Schemes (ELMS). Strict additionality requirements in high-integrity nature credit

[20] Carbon Pulse (2025) Scottish Highlands are becoming wildfire-prone, threatening carbon credit delivery - study

[21] The Guardian (2023) Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows

schemes can inadvertently discourage private investment, as publicly subsidized projects may no longer qualify as additional, effectively crowding out private capital.
- Lack of relevance to business value chain activity. Some businesses are more inclined to invest in nature recovery projects which align with product sourcing, business materiality and those projects with the biggest impact. For businesses with complex, international supply chains, it can be challenging to make the business case for nature-related investments that are unable to demonstrate direct benefits or return on investment for the business.

Lessons should be drawn from the growth of renewable energy markets and existing nature initiatives. For example, the Woodland Carbon Guarantee provides Woodland Carbon Code projects with long term revenue support with government guaranteeing a certain amount of offtake of carbon credits for woodland schemes at a price set via a reverse auction mechanism.

The government should explore the potential role for a public fund to crowd in private investment. Better Society Capital (BSC), which supported the creation of a social impact investment market worth £10 billion in 2023, provides an example model the government may wish to replicate for nature markets. A dedicated environmental impact investment institution would support early-stage investment funds with a specific environmental remit and help crowd in private investment. This could be delivered through an expansion of BSC's remit.

Q10. How can government ensure policies to support tree planting are also effective in unlocking private finance for woodland carbon?

The government can unlock private finance by:

- Supporting long-term stability and clarity for businesses on land use policy, including by aligning tree planting strategies with wider environmental goals and policies such as the Environmental Improvement Plan and the Land Use Framework.
- Supporting the scale up of the Woodland Carbon Code to reduce transaction costs and improve consistency across regions, without reducing the additionality testing criteria.
- Continue the work of the Nature for Climate Fund to act as a catalyst for funding in early-stage woodland projects.

Q11. Which sectors could be further incentivised to use, reuse and recycle timber as a low-carbon material?

Q12. How could businesses which emit greenhouse gases or have negative impacts on biodiversity be further incentivised to fund or buy nature-based carbon reductions and removals, in line with the polluter pays principle?

Standards and regulation can help inform businesses' approach to funding or purchasing nature-based carbon reductions and removals, as well as increasing transparency.

The UK government is currently consulting on climate-related transition plans and the UK Sustainability Reporting Standards exposure drafts. The Transition Plan Taskforce's final disclosure framework[22] recommended companies to disclose information about how it used or plans to use carbon credits to achieve the strategic ambition of its transition plan, and report on the use of carbon credits on at least an annual basis (see sub-element 4.4).

[22] IFRS (2023) Transition Pathway Taskforce Disclosure Framework

Similarly, the IFRS S2[23] encourages entities to disclose information explaining its planned use of carbon credits.

The Taskforce on Nature-related Financial Disclosures (TNFD) disclosure framework[24] also encourages entities to identify, assess, and manage their nature-related risks, impacts, dependencies, and opportunities. As Australian law firm Clayton Utz has suggested, TNFD uptake could create a "tipping point in the development of transparent and functional voluntary biodiversity credit markets" by providing baseline information that investors, issuers, and businesses need to make decisions[25]. To be effective, however, TNFD-aligned reporting needs to be placed on a mandatory footing. The Aldersgate Group[26] has previously made the case that the government should set out an iterative timeline towards mandatory TNFD adoption.

Additional policy action could help incentive businesses to fund or buy nature-based carbon reductions or removals:

- The revised Environmental Improvement Plan (EIP) and development of nature-positive sector pathways can also provide clarity on the role that businesses can play to deliver nature-positive outcomes.
- Supporting the development of robust nature markets, as discussed in previous questions, will be essential to build business confidence.
- Regulation is an effective tool to continue to raise an ambitious level playing field.

It will be crucial to ensure that businesses are first and foremost incentivised to reduce greenhouse gas emissions and mitigate environmental impacts, with offsets providing a mechanism of last resort when other solutions are not available.

Outcome 3: Access to nature – supporting tourism, recreation and wellbeing

Q13. What measures could be used to increase and diversify funding to ensure our Protected Landscapes are sustainably resourced?

Q14. Would you support greater application of the beneficiary pays principle in Protected Landscapes?

Q15. Would you support greater application of the polluter pays principle in Protected Landscapes?

Q16. What are the benefits, and barriers, to businesses investing in actions which help to contribute to 30by30?

Businesses recognise the benefits of action towards the 30 by 30 target:

- **Recognising the wider economic and resilience value of nature and importance to reverse nature decline:** Nature matters for businesses, as set out in the response to this call for evidence and the recent Aldersgate Group briefing. Investing in actions which contribute to 30 by 30 can help protect commercially valuable habitats, support supply chain and operational resilience for businesses and contribute to corporate sustainability targets and reputation.

[23] IFRS (2023) IFRS S2 Climate-related Disclosures
[24] TNFD (2023) Recommendations on the Taskforce on Nature-related Financial Disclosures
[25] Lexology (2023) Building Biodiversity: Australian nature credit markets beyond the TNFD
[26] Aldersgate Group (2024) Redirecting Finance to Nature. The Case for Mandatory TNFD-aligned Disclosures

- **Unlocking co-benefits:** Investment in restoring or protecting nature can deliver multiple benefits beyond biodiversity. Carbon sequestration, natural flood management and improved water quality can all stem from well-designed interventions. It is however currently unclear what will count towards the 30 by 30 target.
- **Early mover advantage and regulatory preparedness:** Businesses may see an advantage for being a first mover, with innovation and new commercial opportunities in nature markets, to deliver financial returns. Similarly, some businesses aim to anticipate regulatory trends and become early adopters.

The primary barrier to businesses investing in actions contributing to the 30 by 30 target is lack of clarity on the role they can play, including clarity on what actions contribute to 30 by 30. This is compounded by the other barriers affecting investment in nature more generally, such as lack of certainty and frameworks for return on investment.

A clear delivery plan from the government would help provide clarity on activities and locations that will contribute towards meeting the target, particularly those outside of Protected Areas and Protected Landscapes. Policy must be well-aligned, for example with the Land Use Framework, Environmental Land Management Schemes and Local Nature Recovery Strategies, to create a coherent policy environment that businesses can factor into their decision making. Standardised methodologies will also be essential to aid delivery of environmental improvement, ensuring quality, robustness of actions and fairness among businesses.

Q17. In order to support access to green spaces in more urban settings, what measures could be used to increase and diversify funding for local parks and natural spaces?

Outcome 4: Flood management

Q18. Which of the beneficiary sectors of natural flood management are best placed to contribute to funding it?

Q19. What mechanisms could best enable this?

Q20. How can mechanisms such as these account for and adapt to the local nature of natural flood management?

Outcome 5: Sustainable land use and food production

Q21. What policies or financial models have been most successful in improving environmental performance and sustainability within the food and drink sector? Please provide evidence.

Subsidies, such as Environmental Land Management schemes (ELMS), are currently the primary policy vehicle to support the agriculture sector to improve sustainability within the agriculture sector. ELMS aligned with catchment-scale delivery have been a good example of improving environmental performance in the agriculture sector. Supporting multifunctional land use and linking public payments to measurable nature outcomes would improve this model.[27]

Government spending on farm environmental initiatives can set a direction for businesses, encouraging them to layer their own private investment on top of public subsidies to improve

[27] Aldersgate Group (2025) Aldersgate Group response to the Land Use Framework consultation

outcomes across their supply chains. This approach is supported by the ISEP report on stacking and bundling, which highlights key advantages of stacking, such as the ability to create multiple revenue streams for land managers and the clear identification and measurement of benefits within a stack[28].

Knowledge sharing with peer-to-peer networks, such as the Nature Friendly Farming Network, are also a valuable mechanism to accelerate the adoption of sustainable practices. Research into influencing behaviour change by farmers to improve water quality frequently referenced the importance of peer group influence on engagement with water initiatives[29]. These networks should be supported where they can demonstrate improvement in environmental outcomes.

Regulation, as described in answer to previous questions, is also an effective tool to improve environmental performance and sustainability within the food and drink sector. Looking across value chains, effective regulation can also consider where the regulatory burden is most appropriately placed to ensure that the sector is well equipped to comply.

Two regulatory policies that have driven improvements in the environmental performance of the food and drinks sector in the UK are the Packaging Waste Recovery Notes (PRNs) and the Plastic Packaging Tax (PPT). Extended Producer Responsibility (EPR) should improve upon the PRN system which led to an increase in recycling rates from 25% to ~64% between the year 1997 and 2017[30]. PPT was introduced in 2022 and led to a decrease in imported plastic packaging and a gradual increase in the volume of plastic packaging containing 30% or more recycled plastic, aligning with the aims of the policy[31]. These can both be called a success and are broadly accepted by businesses for their fair and practical approach.

Industry Initiatives have also shown promise in driving environmental improvement in the food and drinks sector. The Soil Association Exchange has provided a platform for investment in supply chain improvements for dairy and wheat farms, supported by Tesco among other UK businesses[32].

Q22. What further measures would be most effective in incentivising the food and drink sector to reduce its impact on nature and increase its investment in nature recovery?

The government must provide clarity and set out how an evolving package of policy measures will work together to incentivise nature-positive practices across the food and drinks sector. This includes strong alignment between ELMS, LNRSs and Land Use Framework, and the upcoming revised Environmental Improvement Plan and Farming Roadmap to create a coherent system of nature policies, reduce complexity and boost confidence.

The government should also explore the suitability (or lack thereof) of private sector stacking on top of government subsidies and opportunities to crowd-in private sector investment

[28] ISEP (2023) Stacking and bundling in the finance of nature markets
[29] Blackstock et al. (2010) Understanding and influencing behaviour change by farmers to improve water quality
[30] Hazel 4D (2024) Extended Producer Responsibility
[31] Pinsent Masons (2024) UK plastic packaging tax data shows environmental and economic impact
[32] Soil Association Exchange (2025) "Carbon insetting not offsetting": new £1m Exchange Market fund to reward farmers for reducing emissions.

around regulated spend. This includes potential solutions and structures to support the aggregation and bundling of nature projects into more investable portfolios.

Q23. How can measures best be designed to ensure fair distribution of costs and accountability across the food and drink supply chain, and to avoid putting domestic farmers at a disadvantage?

Funding and risks must be balanced through well-designed policies. The government should consider where regularly burden can be best absorbed and what support is needed for uptake and compliance. For example, a phase-in period and guidance or skills support can ease initial implementation of new policies. Similarly, a supply-chain approach can also be helpful, leaning on larger businesses, who have higher capacity to upskill and adopt new practices, to work with their wider supply chains, in particular small businesses who have more limited resources to absorb new regulation.

Finally, the government must ensure a good understanding of risks when introducing new measures, to ensure a level playing field is maintained and unintended consequences are avoided or mitigated.

Q24. How can measures recognise and mitigate the impacts of the wider bioeconomy on land (for example, the use of natural fibres, timber, paper and pulp)? Which sectors are most important?

The Land Use Framework and accompanying data could be a valuable vehicle to measure and mitigate the impacts of a changing bioeconomy on land. Demand for pulp, fibres, packaging and timber will place changing pressures on land in the future, in response to a shift away from fossil fuel-based products in packaging, fashion and construction.

Ensuring land use is appropriately balanced, considering demand for food, carbon, nature and other infrastructure, will be essential. Alignment of land use goals with other policies relevant to the bioeconomy is also important.

Q25. What measures could be used to increase investment in sustainable timber production and processing, and timber reuse and recycling?

Outcome 6: International nature finance and access and benefit sharing

Q26. Are you aware of your international nature-related risks, dependencies and impacts, for example, through using frameworks such as the TNFD? If so, how do you manage and address them?

Aldersgate Group members include early adopters of TNFD and have highlighted increased awareness of international nature-related risks, dependencies and impacts, with regards to supply chains. Mapping these dependencies in complex and will require a mandate to incentivise wider supply chain engagement. Once equipped with this knowledge, businesses are in a better position to address nature-related risks. However, businesses also describe lack of clarity on good practice and nature-positive transitions, which can introduce barriers and real or perceived risks (e.g. accusations of greenwashing) if high quality information is not available to act upon.

Given the sector-specific nature of nature-related risks and dependencies, the Aldersgate Group has supported calls to develop sectoral pathways for nature[33]. These pathways would align with the UK's commitments under the Global Biodiversity Framework. The UK's Carbon

[33] WWF (2024) National Nature-Positive Pathways to Guide Policy and Private Actor Action

Budgets, developed by the Climate Change Committee[34], have demonstrated the effectiveness of sectoral assessments in defining each sector's role in achieving emissions reductions, offering a model that could be replicated for nature.

Other international initiatives are useful to businesses to understand and address their nature dependencies. One example is the Co-operative Group's partnership with Fairtrade on the FACSCA programme for coffee, tea and flowers, and the Productivity Improvement Programme for bananas and cocoa[35]. These established supplier relationships are valuable when it comes to reporting through new frameworks for understanding nature dependencies and impacts.

Q27. What role is global nature playing in your investment strategy? For example, are you exploring investing in international ecosystem services, including biodiversity credit markets, or avoiding certain types of investments due to their impacts on nature? What would help you better integrate nature into investment decisions?

Nature loss is seen by financial institutions and investors as a systemic risk that could threaten the growth and stability of the financial system. International ecosystems are increasingly being recognised for what they are: essential natural capital assets. Investors with a good understanding of nature are exploring international investments and nature risks to wider investment decisions.

Better understanding of nature risks from adoption of TNFD and high-quality decision-useful data will be essential to better integrate nature into investment decisions. The development of sector nature-positive pathways could provide sets of plans or strategies with guidance for both policymakers and the private sector about how different economic sectors should contribute to achieving environmental practice, supporting credible assessments for investments.

Q28. How can the UK help ensure that biodiversity co-benefits are integrated into international carbon markets, and vice-versa? How has your experience with carbon markets influenced your approach to nature markets?

Q29. Does the concept of access and benefit sharing apply to your organisation or sector? If so, how do you incorporate benefit-sharing into your business model?

Q30. What are the key challenges to investing in nature-based opportunities in biodiversity-rich countries? What can policy makers and market enablers do to help scale international nature investment and better connect supply with demand?

[34] Climate Change Committee (2025) The Seventh Carbon Budget – Advice for the UK Government
[35] Co-op (2022) Co-op Fairtrade Programmes 2022. Case studies of Co-op Future of Food Sourcing Programmes with Fairtrade producer communities in 2022