2025

Climate and Nature Risk Report

How have the world's largest organizations responded to climate and nature risk in the wake of global geopolitical and economic uncertainty?

September 2025

Risilience

Commissioned by Risilience. Conducted by Censuswide.

Contents

Methodology

The survey polled 513 respondents across the UK (211), USA (200), Canada (50), and Europe (52) in August 2025. Surveyed companies have an annual turnover of $700m to $50 billion+ across Fashion & Apparel, Food & Beverage, FMCG, Industrials and Healthcare and Pharmaceuticals. All respondents were senior decision makers across sustainability and/or finance, who are actively involved in climate strategy decision-making within their business.

Foreword

The transition to a low-carbon economy represents one of the most disruptive changes businesses have faced in decades. It challenges established business models and requires rethinking product design, reconfiguring supply chains, changing technology, distribution, real estate, and almost every aspect of operations and infrastructure.

It is clear from the findings of this report that senior managers are facing major challenges. There are headwinds that are changing the social consensus around the importance of sustainability issues:

- Government commitments and public sector investments in green energy are slowing
- Geopolitical tensions, tariffs and nationalism are reshaping global markets, profitability and the structure of international supply chains
- Policy-driven regulatory reporting on emissions and net-zero plans continues to ratchet up in some jurisdictions but slow down in others

However, despite the challenging business environment, this report makes clear that the large majority of multinational corporations still prioritize sustainability initiatives as a business strategy. Sustainability is increasingly seen as a strategic objective, not simply as compliance or a benevolent contribution. Organizations are recognizing the commercial opportunities that are represented by embracing sustainability and are shaping up to increase their investments in net-zero initiatives as a profitable business strategy.

The survey highlights the importance that senior managers place on identifying the return on investment from their proposed sustainability initiatives. This requires accurate and reliable financial quantification of future scenarios and outcomes for their specific business, anticipating the impact of the changing landscape of regulation and future carbon-pricing burdens as well as how their sustainability plans will mitigate the potential downsides that they could face. This evidence-based quantification is key to navigating the optimum route to sustainability for stakeholders, customers, regulators, and external parties.

Risilience works with many large corporate clients on precisely these challenges – helping them to plan, implement and report on their sustainability strategies. We also support a community of sustainability, risk and finance professionals that share the problems of managing their company's transition and navigating this period of disruptive change. This report is part of our contribution to helping our clients and similar companies understand the current state of the art of business transformation for sustainability.

Dr. Andrew Coburn
Co-founder and CEO of *Risilience*
September 2025

Executive Summary

The past year has been marked by geopolitical instability, economic volatility and regulatory confusion. Nearly all (96%) of respondents say global economic and political conditions have heightened uncertainty across their businesses. Even so, for the world's largest corporations, climate and nature risks are no longer abstract sustainability concerns: they have become strategic, financial and operational imperatives. This survey was conducted in August 2025, as the impact of tariffs, sustainability pushback and economic uncertainty were becoming apparent, and businesses are now orienting to this new landscape.

Based on a survey of senior sustainability and finance executives across six major sectors, this report analyses how corporations are responding to these challenges. It explores the maturity of their strategies, the barriers they face, and the tools they are deploying to stay competitive in the low-carbon economy. A very clear shift has emerged – climate and nature are no longer seen as peripheral sustainability issues, but as core business risks shaping strategy, capital allocation and enterprise value.

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The aim of this report is two-fold

1 To benchmark how global corporations are integrating climate and nature risk into governance, finance, and strategy

2 To highlight where capability gaps remain – and how organizations can close them to build resilience and competitive advantage

For Rislience, understanding these dynamics is critical to the work we do with business leaders navigating transition risk. We set out to conduct this research to provide an evidence base that helps organizations move beyond compliance, identify opportunities, and make informed, financially grounded decisions on their path to sustainability.

Chapter 1

Macro conditions and strategic decision-making

Climate risk within the enterprise has transitioned from a peripheral sustainability issue to a central pillar of risk management, a shift that's established it as a genuine influencer of corporate strategy.

We're witnessing a gradual maturation in how businesses perceive and respond to environmental challenges, embedding them directly into core operational and strategic decision-making. Nearly half (45%) of enterprises have successfully integrated climate-and-nature-related risks into their decision-making.

However, this maturity varies. While the data shows progress, it also reveals a "two-speed" world where some companies are embedding risk systematically and others are experimenting. Four in 10 (40%) remain in a trial phase, and 12% are still only considering these risks without applying them to business strategy.

Despite this disparity, a strong sense of urgency is felt across the board, with nine in 10 (90%) organizations reporting a greater need to invest in climate strategies.

90% of organizations reporting a greater need to invest in climate strategies

This pivot is being enforced from the top down. Boards are now treating climate as a critical business resilience challenge, rather than a siloed ESG concern as it was previously labelled for many years. Nearly all (95%) of boards report that climate is a topic of conversation, with 63% discussing it very frequently. This is coupled with a significant rise in investment, with 88% of businesses planning to increase their spending on decarbonization initiatives.

This marks a considerable change in mindset, and one that now sees climate risk being actively integrated into enterprise risk management, finance and core strategic discussions. The integration of climate risk into strategic decision-making represents a fundamental change in how businesses ensure their long-term competitive standing.

Industries in focus

An analysis of the initiatives that are being prioritised in organization transition plans, and how strategic use of climate risk analytics varies from sector to sector.

	Priority initiatives	Use of climate analytics
Fashion & Apparel	Redesign products and services to have lower carbon footprint	Incorporated into enterprise risk management processes
Healthcare	Train executives and employees on climate strategy	Incorporated into insurance or reinsurance strategy Used to inform capital allocation or investment decisions
Food & Beverage	Implement an internal carbon price	Used to inform board-level or executive decision-making
FMCG	Redesign products and services to have lower carbon footprint	Used for regulatory disclosures (e.g., TCFD, CSRD)
Industrials	Redesign products and services to have lower carbon footprint	Incorporated into product development or innovation strategy
Pharmaceuticals	Adhere to the latest regulation	Applied in M&A or divestment considerations
Retail	Invest in energy efficiency and renewable energy	Integrated into long-term strategic planning or scenario analysis

Chapter 2

Quantifying climate impact – embedding financial metrics

While climate risk has become far more established within business strategy, the ability to quantify that risk remains the weakest link. When it comes to assessing what steps have been taken to financially quantify climate related risks and integrate them into strategic decision-making and financial planning, the reality of the situation becomes clear. Most businesses are still in qualitative phases (29%), with fewer than one in five (18%) having developed finance-grade models. This highlights a major maturity gap between recognition of risk and ability to quantify it.

At this point in time, a mere **9%** have successfully embedded risk quantification into strategic planning processes, such as scenario analysis and risk-adjusted forecasts.

Within this **9%** of businesses with embedded risk quantification, FMCG businesses are pulling ahead as the fast movers **(15%)**, closely followed by Industrials **(11%)**.

A persistent hurdle is the difficulty in translating non-financial concepts into financial metrics – it's one that mirrors the previous climate integration challenge. Over a quarter (28%) of organizations cite challenges in translating the risks and opportunities of nature into financial metrics, suggesting a complex interplay of "nature finance" will soon become the new ESG frontier.

Further analysis of these barriers to creating finance-grade models shows that the leading challenges sit at systems-level. This implies businesses are hitting technical rather than cultural walls – they want to link the two, but legacy finance systems can't accommodate it easily.

The top barriers reported by organizations include:

- Integration challenges with existing financial systems and tools **(27%)**
- Insufficient collaboration between sustainability and finance teams **(25%)**
- Lack of internal expertise in climate science or risk modelling **(23%)**

This data provides a clear to-do list for businesses: prioritize systems integration, optimize organizational design and focus on skills uplift. The ultimate goal is to report on environmental metrics in the same way organizations track and report financial metrics.

Despite these barriers, businesses are starting to experiment with new metrics and approaches, although widespread adoption has yet to be achieved. For example, 32% of companies have incorporated sustainability-linked KPIs into bonuses, another 32% are experimenting with quantifying the cost of carbon abatement, and 31% are measuring the share of capital expenditure dedicated to sustainable projects.

Despite board focus and rising spend, value storytelling remains a roadblock.

The majority of organizations **[79%]** struggle to communicate the value of long-term resilience in financial terms.

However, a significant minority of businesses are making headway in linking climate action to enterprise value.

Over a third [35%] are linking climate actions to specific KPIs and targets, another 35% are quantifying the impact of climate on enterprise value, and 32% are including return on investment in business cases for climate-related initiatives.

Bridging the gap between sustainability and finance teams is critical, and the ability to integrate climate metrics into traditional financial systems will define future leadership in global markets.

Chapter 3

Budgeting for decarbonization – unlocking capital

Decarbonization is a two-pronged business strategy. While a significant amount of investment is allocated to tangible goals like energy efficiency, it is also a critical tool for future risk reduction and unlocking new opportunities.

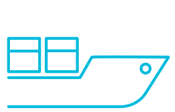
The increase in decarbonization investment is strong. However, this momentum also sets out the expectation that the ROI for these initiatives must be proven in order to keep budgets growing. As we found previously, the majority of organizations report rising investment in their decarbonization initiatives, with nearly half of them describing this growth as significant.

A key indicator that this is more than just token spending is the clear alignment of capital expenditure (CapEx) with sustainability goals. Over a third (36%) of all CapEx is now aligned with sustainability, signaling a genuine reallocation of resources towards mitigation and adaptation strategies.

On average, over a third **[36%]** of all capital expenditure is aligned with sustainability goals.

Despite this positive trend, ROI blind spots threaten to undermine future investment. While 74% of organizations claim they can quantify the ROI on their decarbonization investments, a closer look may reveal that some businesses are including physical risk mitigations, which are more commonly modeled and quantified. As the demand from Chief Financial Officers for finance-grade climate analytics intensifies, it accentuates the need to develop robust ROI metrics for decarbonization initiatives.

To unlock capital, organizations must clearly articulate how quantifying climate risk influences core business strategy. The top strategic areas most influenced by quantified physical climate risk include:



34%

Supply chain resilience

33%

Facility-level assessments

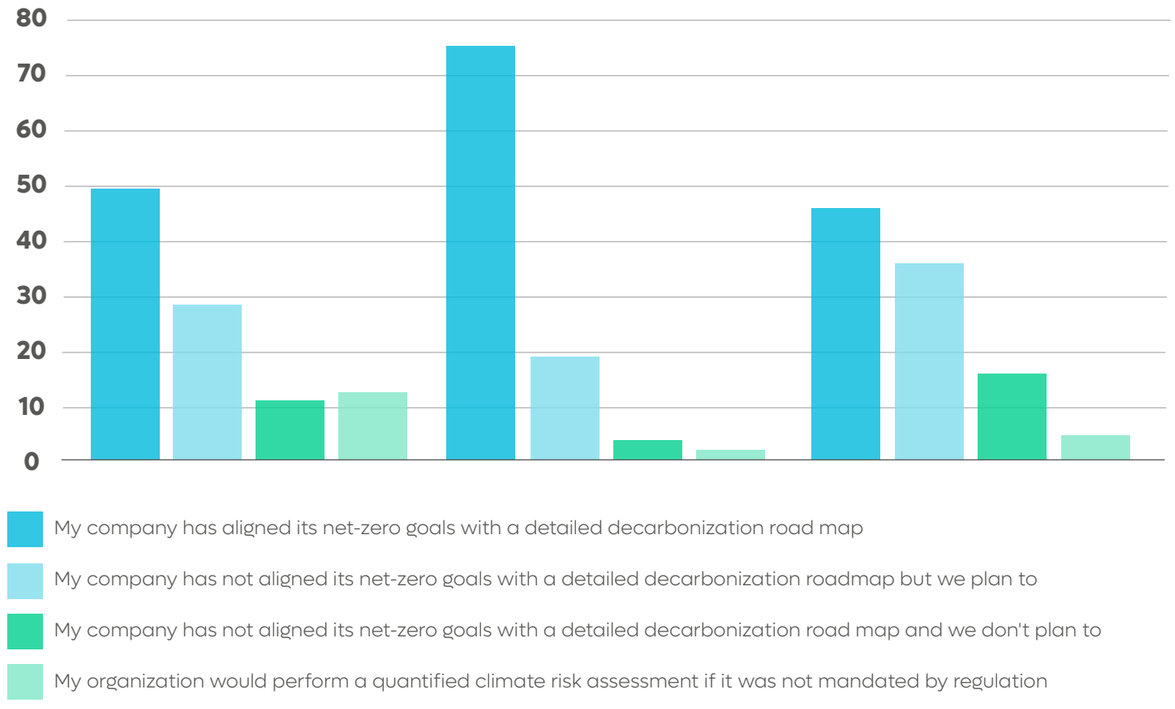
32%

Raw material sourcing

The ability to quantify the financial benefits, both from direct savings and from mitigating future risk, will define which organizations can consistently unlock the capital needed to meet their decarbonization goals.

Regions in focus

	UK	Europe	US
My company has aligned its net-zero goals with a detailed decarbonization roadmap	48%	75%	45%
My company has not aligned its net-zero goals with a detailed decarbonization roadmap but we plan to	29%	19%	35%
My company has not aligned its net-zero goals with a detailed decarbonization roadmap and we don't plan to	11%	4%	15%
My organization would perform a quantified climate risk assessment if it was not mandated by regulation	12%	2%	5%



While European countries lead the way in backing net-zero goals with specific decarbonization initiatives, the UK reports nearly three times greater proactivity with climate risk assessments, whereas Europe and the US are driven by regulation.

Chapter 4

True decarbonization – from commitment to execution

Decarbonization efforts are clearly moving from pledge to practice, as we see more and more enterprises boost their investment and increasingly deploy tools like climate analytics to develop tangible, actionable plans. While the overall maturity of these efforts is rising, progress remains uneven – there is a clear direction of travel, but many businesses are still in the strategic planning phase rather than full-scale execution. The data supports this trend, with 52% of companies reporting to have detailed decarbonization plans that are fully aligned with their corporate goals. At the same time, nearly a third (30%) are still in the process of developing theirs.

52% of respondents have detailed decarbonization plans that are aligned to overall corporate goals.

30% are still developing theirs.

One of the biggest challenges in executing effective decarbonization links to organizations' Scope 3 emissions, those generated throughout a company's supply chain. There remains complexity around managing emissions across businesses' supplier networks, and the data reveals the top challenges across the board:

- Inconsistent or poor-quality data from supply-chain partners **(27%)**
- Misaligned incentives between procurement and sustainability teams **(27%)**
- Regulatory gaps and inconsistencies across markets **(26%)**

Successfully executing decarbonization initiatives depends on two factors: having high-quality data available and making sure incentives are aligned across key functions such as procurement, supply chain and finance.

To take the leap from planning to execution, leading organizations are focusing on strategic levers to put their plans into action. The most-used preparation strategies include engaging employees and stakeholders with training and incentives to reduce their carbon emissions, reported by 35% of businesses. A third (33%) monitor and publicly disclose emissions progress annually using trusted reporting standards (e.g. TCFD, CDP, GRI), and a further 32% set science-based emissions reduction targets validated through frameworks like SBTi.

A central element of these plans is financial viability, reaffirming that decarbonization initiatives are increasingly viewed as strategic investments. The focus of these plans is three-fold:

55%
The risk it's removing

55%
The level of emissions it's cutting

43%
The costs that are avoided

This balanced approach to risk mitigation, emissions reduction and cost efficiency shows that genuine decarbonization truly does sit as a strategic pillar that delivers value across the entire business. The siloes of ESG have been disbanded.

Chapter 5

The increasing importance of nature risk

The business approach to nature-related risks is now following the same trajectory that climate change took just a few years ago. Our data shows that three-quarters (75%) of companies now have a plan in place to address nature risk, and another 22% intend to. Very few organizations (2%) dismiss it entirely.

36% of companies have a plan in place to address nature risk.

Changes in the market and the emergence of new regulations show nature risk is becoming more mainstream by the day.

Changes in the market and the emergence of new regulations show nature risk is becoming more mainstream by the day. Businesses are increasingly performing double materiality assessments and adopting the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), with 37% already doing so despite the framework's relative youth. At the same time, preparation for regulations like the Corporate Sustainability Reporting Directive (CSRD) is helping to push nature to the front of enterprise reporting.

It's clear that the motivation to address nature risk is growing, and the biggest obstacles are related to execution, not intent. The top blocker, according to 30% of respondents, is limited investor pressure, suggesting that many organizations may deprioritize nature-related initiatives without a clear market or regulatory push.

For three in 10 businesses (30%), there is still a lack of clear ownership, mirroring early climate governance challenges where sustainability teams lacked the authority to drive change across the organization. The third-ranked challenge is the inability to quantify nature-related risks in financial terms, a hurdle for 28% of businesses. While organizations recognize the importance of nature, translating its impact into finance-grade metrics remains the next frontier for businesses.

Chapter 6

Next steps for business leaders

In the next phase of progressing climate and nature initiatives from planning to execution, there are four very clear areas that organizations should prioritize:

- ☐ Embed risk into enterprise governance and finance systems
- ☐ Move from qualitative to quantitative: build finance-grade models to clearly and robustly communicate ROI and enterprise value in line with and alongside all other business considerations
- ☐ Tackle Scope 3 through aligned incentives, supplier data and procurement governance
- ☐ Recognize natural dependencies: integrate nature alongside climate in strategy and disclosure

The trajectory is clear: organizations that act now gain resilience, investor confidence and competitive advantage.

Industries in focus

Fashion & Apparel is consistently ahead in embedding strategy, maintaining transparency, keeping employees engaged and adopting digital tools. All of this is likely driven by brand exposure and product-level levers. This industry has the highest sustainable CapEx share (43%).

Food & Beverage has the strongest governance and budgets, with ERM integration standing at 93% and investments being up by 95%. For this sector, Scope 3 incentive misalignment is the standout pain point.

FMCG ranks the best at having a detailed decarbonization roadmap and ROI assessment in business cases. They emerge strong on emissions disclosure and raw-material sourcing shifts.

Retail is robust on sector-specific models and quantifying enterprise-value impact, but weaker on embedding nature risk.

Healthcare & Pharmaceuticals reports high urgency and uncertainty. Healthcare has the greatest difficulty communicating value. Pharmaceuticals scores high on "risk removed" narratives but still rely on qualitative (not quantified) assessments.

Industrials (materials, machinery, electricals) is perhaps more predominantly focused on physical risk – leading to greater investment in operational efficiency and business resilience – so making fewer steps on the decarbonisation front.

Conclusion

The Risilience perspective

This state-of-the-industry report illustrates both the significant strides taken and the systemic challenges that persist in corporate responses to climate-and-nature risk. While progress is evident in the integration of environmental risks into strategy and governance, gaps remain: many organizations continue to rely on qualitative assessments, finance and sustainability functions often operate in silos, and nature-related risks are only beginning to be systemically addressed.

Bridging these gaps requires a more rigorous, evidence-based approach. Risilience provides the tools to achieve this, by quantifying transition, physical and nature risks, enabling scenario modelling and stress-testing, and integrating risk metrics into enterprise and financial systems. Such capabilities allow organizations to translate sustainability into finance-grade metrics, strengthening governance and strategic decision-making.

The imperative for business leaders is clear. To remain competitive in a volatile global landscape, organizations must accelerate the move from ambition to execution by embedding risk into financial systems, building robust models to quantify ROI, aligning incentives to tackle Scope 3, and integrating nature alongside climate.

We hope this study will help organizations appreciate the scale of the issues facing businesses across the globe and recognize that they are not alone in grappling with the complexities. Encouragingly, businesses are rising to the challenge and developing strategies that will deliver sustainable growth in the years to come.

About Risilience

Our mission is to help global businesses transition to the net-positive economy profitably.

We achieve this through our award-winning platform, **Riise**, and advisory services that drive actionable insights, connecting climate and nature to deliver decision-useful business intelligence, robust disclosures, and transition strategies designed for commercial success.

Our heritage is rooted in science. We apply environmental frameworks developed in collaboration with the Centre for Risk Studies at the University of Cambridge Judge Business School. These frameworks, combined with advanced analytics and a multidisciplinary team of expert advisors, deliver decision-useful information, audit-ready disclosures and commercially viable transition plans that align with business strategy to provide value for all stakeholders.

Let's connect: **contact@risilience.com**

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