

From Risk and Resource Dependency to Resilience

How nature related risks can affect business, economy and society

Why focus on nature-related risks?

All businesses depend on nature and the services it provides either, directly or indirectly. For a long time, companies have been able to build their operations on the assumption of relatively predictable environmental and climate conditions. This stability has also provided an important foundation for global supply and value chains.

These conditions are now deteriorating. More frequent storms, droughts, floods and landslides can have a significant impact on business, as they risk making access to raw materials less predictable, disrupting production and supply chains and obstructing the transport of goods. These disruptions can occur anywhere in the world and affect companies' ability to deliver products and services.

For businesses, these risks increase vulnerability, which in turn can affect long-term growth and financial returns. The conditions for businesses to grow and remain competitive in the long term are becoming more challenging.

Estimates show that around 75 per cent of companies in Europe depend directly or indirectly on nature, its ecosystems and services. More than half of the global GDP is directly linked to nature. If nature and its services weaken, or even collapse, this affects not only nature but also the ability of the economy and society to function.

Against this background, issues relating to nature, biodiversity and ecosystems have received increasing attention in international analyses and risk assessments. In risk management there is fundamentally no difference depending on where a risk originates, whether in financial markets, supply chains or natural systems. What was previously often viewed as a stand-alone environmental issue is increasingly recognised as a matter of business risk, resilience and future competitiveness. This represents a shift from a reactive approach to risk towards a more proactive and strategic one. It involves identifying solutions that reduce vulnerability, diversify risk and strengthen value chains, while also creating new opportunities for innovation, competitiveness and long-term value creation.

The Confederation of Swedish Enterprise has produced this report to contribute to a better understanding of how businesses' dependence on nature, the risks arising from changing natural conditions and the need for greater resilience are connected.

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Nature as an economic factor

According to the World Economic Forum's Global Risks Report 2026, four of the ten greatest risks to the global economy over the next ten years are environmental. Extreme weather events rank first, while biodiversity loss and ecosystem collapse rank second. The World Bank estimates that a partial collapse of ecosystems could reduce global GDP by 2.3 per cent as early as 2030. This would exceed the decline recorded during the 2008 financial crisis.

The insurance market is affected

Insurance enables individuals and businesses to manage risk responsibly, supporting economic stability, investment and growth. However, in regions with high exposure to environmental risks, rising premiums may make certain forms of insurance unaffordable or unavailable. If access to adequate insurance is reduced, the resulting financial and social impacts on businesses, households and society as a whole could be significant.

EIOPA estimates that around 30 per cent of insurers' investments are critically dependent on nature.

On average, 26 per cent of the equity portfolios of Europe's ten largest banks are exposed to activities highly dependent on ecosystem services. Approximately 75 per cent of loans granted by banks are directed to companies that depend on natural resources. The Institute and Faculty of Actuaries (IFoA) in the UK notes that traditional risk assessments are linear, while natural systems behave exponentially. Its conclusion is that climate and nature-related risks have so far been severely underestimated.

Investors are exposed as well

A 2023 analysis by PwC and the World Economic Forum estimates that USD 58 trillion in economic value generation, equivalent to approximately half of global GDP, is moderately or highly dependent on nature. This dependency extends to investors and shareholders through their exposure to companies that depend on nature. PwC's assessment of 19 major stock exchanges found that more than half of the market value of listed companies is exposed to environmental risk. On 10 of the 19 exchanges assessed, more than half of listed company value has a moderate or high dependency on nature.

High 23%	Medium 27%	Low risk 49%
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Nature-related risk to the market value of listed companies across 19 major stock exchanges. Source: PwC.

Nature loss becomes a security issue

NATO identifies nature-related factors as a source of significant economic and social risk. Biodiversity loss increases these risks by undermining food production, water security and the capacity of ecosystems to provide essential services. Food and water shortages may lead to large scale population displacement. According to NATO's analysis, the combined effects could place considerable strain on societies and countries worldwide and may contribute to the collapse of more vulnerable states.

In January 2026, the UK Government presented a strategic analysis that used military intelligence methods to assess the risks of the nature crisis. It concludes that biodiversity loss threatens national security and prosperity, as it undermines ecosystem services that societies rely on, including water, food, clean air and critical resources. The consequences are assessed to range from crop failure and intensified natural disasters to conflict and political instability.

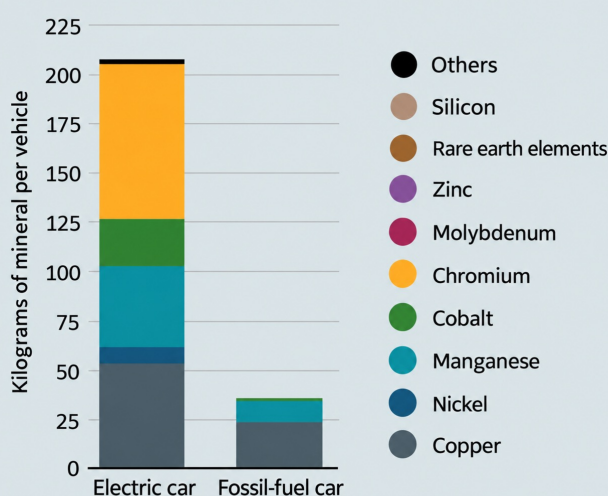
Nature Dependence as Systemic Risk

Growing Needs Increases Nature Risk

Global population growth, urbanisation and technological development are expected to increase demand for energy and materials. This will deepen the dependence of societies and businesses on natural resources and functioning ecosystem services, increasing their exposure to nature related risks. As nature's capacity to provide water, raw materials, land and essential regulatory functions declines, disruptions to energy and material supply may affect production, trade, economic stability and the long-term resilience of societies.

Energy depends on water

Around 90 per cent of global electricity generation depends on water. In many countries, cooling power plants accounts for up to 50 per cent of total water use. Water scarcity, declining water quality and degraded ecosystems increase the risk of disruptions to energy production and distribution. The loss of natural water regulation, erosion control, flood protection and soil stability further weakens energy infrastructure. Climate change intensifies these risks, but the underlying vulnerability is largely driven by nature loss and declining ecosystem services.



The chart shows the increased and new demand for minerals in the production of electric cars.

Water Disruption Triggers Cascading Effects

Deforestation has damaged the Amazon's water cycle. This has led to water shortages for irrigation and loss of soil moisture, affecting the agricultural sector, which accounts for around 30 per cent of Brazil's GDP. Less water reaches hydropower plants and industries compete for limited electricity. Combined with increasing dependence on energy, this contributes to rising electricity prices for businesses and households. As Brazil is one of the world's leading exporters of agricultural commodities such as soy, these price increases can have global macroeconomic effects.

Forests bring rain to other countries

Forests, wetlands and soils affect how rain is absorbed into the ground, how water is stored and how quickly it runs off. This can reduce the risk of both drought and flooding. Forests provide 75 per cent of the water supply to cities and agriculture.

Agricultural areas in 155 countries depend on forests in other countries for up to 40 per cent of their annual rainfall. Moisture recycled through forests contributes to around 18 per cent of global crop production and 30 per cent of world agricultural crop exports. Moisture from one country's forests thus supports crop production in a second country, which in turn exports food to a third.

Species loss is an underestimated risk

Attention often focuses on the broad functions of ecosystems, such as water regulation and soil fertility. Species diversity itself is also central to how risks arise, intensify or are dampened. From a risk perspective it works as diversification: just as a pension fund does not build its portfolio around a single share, nature reduces its vulnerability through variation. As species diversity declines, ecosystems become more vulnerable to disturbance, disease and changing conditions, and the capacity to adapt weakens.

Building stronger resilience

Resilience is about strengthening the capacity to handle uncertainty, adapt to change and keep functioning when conditions shift.

Resilience through resource efficiency

When materials and products are used for longer, reused and recycled, the need for new raw material extraction and the pressure on nature decrease. This strengthens resilience in value chains and reduces vulnerability to resource scarcity and price volatility. A market-driven circular economy thus becomes a strategic part of building long-term resilience and competitiveness.

Collaboration beyond the factory gate

Many risks lie outside a company's own site, in surrounding infrastructure and far out in global value chains, where individual companies often have limited influence. A first step can be to identify where the most critical dependencies and risks lie. Collaboration between companies, municipalities, regions, organisations and academia makes it possible to carry out measures that no single actor could manage alone.

Species diversity as a safeguard

Around 70 per cent of cancer medicines are inspired by nature, yet only about 15 per cent of the world's estimated 300,000 plant species have had their pharmacological potential assessed. The rediscovered coffee species in Sierra Leone, thrives at temperatures 6 to 7 °C higher than *Coffea arabica*, potentially making our morning coffee more resilient to a warming climate.

Genetic diversity works as a combination of insurance and a platform for innovation. It reduces vulnerability in today's systems and creates the conditions for meeting future demands.

To read the full report in Swedish and access all references, scan the QR code.



The Confederation of Swedish Enterprise recommends following:

1

Continuous and structured business participation.

The Confederation of Swedish Enterprise welcomes close cooperation and constructive dialogue with the business community on these issues. To ensure that this engagement is effective, business representatives should be involved through a continuous and structured process from an early stage.

2

A shared picture of society's vulnerability.

Governments should consider conducting national vulnerability assessments to build a shared understanding of how societies and economies depend on nature.

3

An integrated approach based on a shared vision.

Meeting complex and interconnected challenges requires a way of working that goes beyond silos. Nature, climate and the circular economy need to be addressed together and linked to other policy areas such as finance and civil preparedness.