Nature enters the boardroom

Findings snapshot

A joint publication

Climate Governance Initiative Australia | Australian Institute of Company Directors | The University of Sydney Business School

November 2025

Nature Enters the Boardroom examines how Australian boards are beginning to consider nature in their governance, strategy and risk oversight. Developed by the AICD and the University of Sydney Business School, the study provides new evidence on how non-executive directors and chairs are identifying and managing nature-related risks and opportunities.

Drawing on an AICD member survey (June 2025) and director consultations, the study captures responses from more than 250 chairs and non-executive directors across sectors.

Nature is emerging as a governance concern

Key findings	What this means for boards
1. **Boards recognise nature, even if they don't explicitly use that term** • 81 per cent of surveyed directors agree nature-related risks are important; 49 per cent strongly agree • Recognition is highest among directors in Primary Industries (95 per cent); it is also higher among those with humanities or STEM backgrounds • Agreement is lowest among listed director respondents, and those from small organisations (under $25 million)	**Name it and build common language.** Water, waste, land use and supply chains are core nature dependencies, not just operational details. A shared taxonomy helps boards and management link these issues to risk, resilience and strategy. **Broaden the lens.** Extend board discussions to biodiversity, ecosystems and natural capital, recognising that nature's stability underpins long-term value. **Anchor in duties.** Directors have duties of care and diligence, and to act in the best interests of the organisation. Foreseeable material nature-related risks fall within those obligations. Treating them as such helps avoid blind spots and potential liabilities.

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2. **Nature shifts from a reputational concern to a financial risk for boards** • Directors increasingly recognise nature risks as financial – driving supply chain disruption, higher costs and litigation risk • Reputation and social license remains the strongest standalone organisational driver (26 per cent) for boards engaging with nature • Four in five directors are influenced by multiple stakeholder groups in their approach to nature-related issues	**Recognise the financial shift.** Nature risks already affect costs, asset values and access to capital. Ask management to quantify these impacts and integrate them into planning and reporting. **Track stakeholder sentiment.** Investor, regulator, customer, and community expectations are rising. Boards need to anticipate these shifts and guide responses. **Consider supply chain exposures.** Even for organisations with a low direct footprint, boards must account for nature risks in their supply chains and assess how supplier practices may drive biodiversity loss or damage.
3. **Policy barriers and competing pressures hold boards back** • 51 per cent cite unclear Australian policy – especially the lack of national environmental standards – as a barrier • One third report limited financial resources as a barrier • Around a quarter note internal barriers – such as skills gaps, risk appetite and competing priorities • Younger directors are more likely to cite internal constraints as holding boards back	**Plan for uncertainty.** Act early with flexible approaches that adapt as regulations and policy evolves, rather than waiting for certainty. **Localise oversight.** Address state, sectoral and local obligations alongside national ones to avoid gaps in compliance and risk. **Link to finance.** Connect policy gaps to impacts on productivity, insurance, underwriting and access to credit.

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4. **Boards adapt climate governance practices to nature** • Among listed respondents, 24 per cent have integrated nature into climate strategy and 53 per cent plan to • 52 per cent of all respondents report their boards have updated risk frameworks to include nature-related risks • 36 per cent have consulted external experts, and 30 per cent intend to	**Leverage climate governance.** Use existing risk, disclosure and investor frameworks as entry points for nature, rather than starting from scratch. **Move beyond risk registers.** Recording risks is only the beginning. Advance to strategies, measurable targets and long-term planning that embed nature into core decision-making. **Begin with material dependencies.** Start with the most material dependency or site. Assign accountability and report outcomes, apply scenario analysis, then scale across the organisation.

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5. Oversight is varied and disclosure remains patchy • 41 per cent report oversight by the full board; 20 per cent report no oversight • 22 per cent assign oversight to committees – 88 per cent citing Audit and/or Risk Committees • 13 per cent report aligning with TNFD; seven per cent with the Corporate Sustainability Reporting Directive (CSRD) • Two thirds of study respondents engage in some nature-related disclosures; one third none	**Accountability sits with the board.** Committees such as Audit, Risk or Sustainability can provide focus, but ultimate responsibility rests with the full board. **Disclosure helps governance.** Frameworks like TNFD are not only reporting tools – they can guide decisions, improve transparency, and support access to capital. **Leverage existing data.** Boards already hold data on nature risks and dependencies. Linking it to strategy reveals both exposures and opportunities.
6. Active boards highlight how risks become opportunity • Formal, integrated oversight structures are linked to broader engagement and stronger governance measures • Around 20 per cent of boards in this study stand out as 'active' on nature governance • These boards more often request a strategy, recruit expertise, set targets and report disclosure readiness – and the most mature address climate and nature in tandem	**Formalise oversight.** Establish clear governance structures that bring nature into the board's line of sight. Strong oversight builds awareness and engagement across the organisation. **Embrace influence.** By addressing nature in the boardroom and shaping agendas, directors influence how management, investors and markets treat nature-related issues. **Seize opportunity.** Integrating nature early delivers near-term gains in resilience, efficiency, and advantage – positioning an organisation ahead of slower moving peers.

Access the full Nature Enters the Boardroom study and data pack.

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