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**Transition Strategies toward Nature Positive Economy**  
**- Creating Corporate Value Based on Natural Capital -**

**March 2024**

Ministry of the Environment  
Ministry of Agriculture, Forestry and Fisheries  
Ministry of Economy, Trade and Industry  
Ministry of Land, Infrastructure, Transport and Tourism

23 **Transition Strategies toward Nature Positive Economy**  
24 **- Creating Corporate Value Based on Natural Capital -**

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26 Ministry of the Environment  
27 Ministry of Agriculture, Forestry and Fisheries  
28 Ministry of Economy, Trade and Industry  
29 Ministry of Land, Infrastructure, Transport and Tourism  
30

31 Introduction

- 32
- 33 ○ The "Kunming-Montreal Global Biodiversity Framework (GBF)" adopted during  
34 the COP15 of Convention on Biological Diversity set forth a vision for 2050 of "a  
35 world in harmony with nature" and a mission for 2030, an intermediate goal, of  
36 "taking urgent action to halt and reverse the loss of biodiversity to put nature on a  
37 recovery path". The 2030 mission is the same concept as the "Nature Positive" agreed  
38 upon at the G7 meeting in June 2021.
  - 39 ○ To achieve this new international commitment, the "National Biodiversity Strategy  
40 2023-2030" (hereinafter referred to as the "National Biodiversity Strategy") was  
41 adopted by the Cabinet in March 2023. In March 2023, the Cabinet approved "the  
42 National Biodiversity Strategy 2023-2030" (hereinafter referred to as "National  
43 Biodiversity Strategy"). The National Biodiversity Strategy sets forth "five basic  
44 strategies" for achieving the 2030 Mission, and "realization of a nature positive  
45 economy" is positioned as Basic Strategy 3.
  - 46 ○ The Nature Positive Economy Transition Strategy is positioned as one of the priority  
47 measures in Basic Strategy 3<sup>1</sup>, and has been discussed in the Nature Positive  
48 Economy Study Group established by the Ministry of the Environment since March  
49 2022.
  - 50 ○ A "Nature Positive Economy" is one that contributes to halting and reversing the loss  
51 of biodiversity to put nature on a path to recovery, as defined in the National  
52 Biodiversity Strategy. It also refers to an economy in which the flow of funds or others  
53 has been transformed by individual companies<sup>2</sup> incorporation of the concept of

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<sup>1</sup> National Biodiversity Strategy 2023-2030 (Cabinet Decision on March 31, 2023) (Extract)  
3-1-2 Nature Positive Economy Study Group

Through the Nature Positive Economy Study Group launched in March 2022, analyze the international and domestic situation of nature positivity and business, and formulate a vision and strategy for Japan based on this analysis, in order to promote efforts by the private sector for the conservation and sustainable use of biodiversity and natural capital. (Target) Develop a Nature Positive Economy Transition Strategy (tentative name) by the end of FY2023, which presents a vision and a roadmap toward the realization of a nature-positive economy.

<sup>2</sup> Companies in this strategy refer to entities that engage in economic activities, including individual agricultural enterprises.

54 nature conservation<sup>3</sup> as a materiality in their value creation process (Nature Positive  
 55 Management<sup>4</sup>), minimizing the burden in their value chains and maximizing their  
 56 contribution to nature through their products and services, with consideration and  
 57 evaluation of nature are incorporated through a change to a society in which  
 58 consumers, markets, etc. evaluate the efforts of such companies, and with the  
 59 combined efforts of diverse actors, including governments and citizens.

60 ○ As indicated in the International Integrated Reporting Framework (IIRC) Value  
 61 Creation Framework, companies have six types of capital. Natural capital<sup>5,6</sup> is one of  
 62 these capitals, and a company's management depends on it and can also take  
 63 advantage of new value creation opportunities through its utilization and other  
 64 means.

65 ○ In order for individual companies to shift to this kind of nature positive management,  
 66 it is necessary to consider natural capital as materiality in terms of both risks and  
 67 opportunities for business activities, and to recognize that investors and the market  
 68 will evaluate whether the company is appropriately interacting with natural capital  
 69 (facing risks, seizing opportunities, etc.). Based on this recognition, it is necessary to  
 70 position the concept of natural capital conservation as a materiality in the corporate  
 71 value creation process.

72 ○ To this end, this strategy presents the following three points:

73 ① **Specific examples of corporate value creation processes and business  
 74 opportunities**

75 This strategy shows how efforts to conserve and sustainably use natural capital  
 76 can lead to the creation of corporate value through the improvement of resilience  
 77 and sustainability of businesses and organizations. We will also present examples  
 78 of business opportunities that have been created through appropriate responses to  
 79 risks and the development of new businesses that utilize technologies that  
 80 contribute to the conservation and sustainable use of natural capital, as well as  
 81 the estimated market size for such businesses.

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<sup>3</sup>The term "conservation of natural capital" in this Strategy shall include the restoration and sustainable use of natural capital, and shall be written simply as "conservation" unless specifically quoted from another document or unless it is necessary to specify a particular meaning.

<sup>4</sup>Since we aim to realize nature positivity including natural resilience, as described in Item 3 of 2., nature positive management here is not management that has realized nature positivity, but management that aims for nature positivity.

<sup>5</sup>The meanings of biodiversity, ecosystem services, and natural capital are as follows, but within this Strategy, from the perspective of clarifying the relationship with corporate value, we will simply refer to "natural capital" unless otherwise quoted from other documents or it is necessary to specify.

Biodiversity: The differences among all living things on Earth, from animals such as humans to microorganisms such as plants and fungi. The richer the biodiversity, the more resilient the Earth is, similar to how diversity in a portfolio decreases risk and uncertainty and increases resilience in business activities.

Ecosystem services: the benefits that ecosystems provide to nature. Flows generated from natural capital.

<sup>6</sup>While there are various definitions of natural capital, IIRC defines natural capital as "all renewable and non-renewable environmental resources and processes that provide goods and services on which the past, present, and future success of an organization is based. Natural capital includes Biodiversity and ecosystem health. Source: International Integrated Reporting Framework (January 2021)

82 ② Factors that companies should keep in mind when transitioning to nature positive  
83 management

84 By listing the elements that must be met in order to make the transition, this  
85 strategy provides guidelines for actions to be taken by companies (e.g., what the  
86 goal is, what to keep in mind, etc.).

87 ③ Backup through national policies

88 Support for the integration of the concept of natural capital conservation into the  
89 corporate value creation process through collaboration among relevant ministries  
90 and agencies will be presented, along with examples of specific measures in each  
91 step of the value creation process.

92 ○ The individual processes (creation of internal structure, plan-making, etc.) for  
93 companies to promote nature positive management are described in the Guidelines  
94 for Private Sector Engagement in Biodiversity (issued in April 2023, 3rd edition),  
95 and this Strategy, so to speak, connects the National Biodiversity Strategy and the  
96 said Guidelines.

97

98

99 **1. Necessity of Transition to Nature Positive Management: Breaking Free from**  
 100 **Socioeconomic Disruption Risks and Creating Corporate Value**

101

102 **(Analysis of current situation and need for transition)**

- 103 ○ Natural capital supported by rich biodiversity is the foundation of a prosperous  
 104 society, as it contributes to the stable supply of safe water and food essential for  
 105 human survival, supports the safety and security of people's lives through disaster  
 106 prevention and disaster mitigation, and provides the foundation for the development  
 107 of unique regional cultures.
- 108 ○ On the other hand, it has been reported that many economic activities depend on  
 109 natural capital and that natural capital is continuously being degraded.
- 110 ○ For example, the World Economic Forum (WEF) estimates, published in 2020, that  
 111 at least US\$44 trillion of the world's gross added value (half of the world's total GDP)  
 112 is strongly dependent on natural capital<sup>7</sup>, which indicates that natural capital  
 113 degradation is a clear risk to socioeconomic sustainability.
- 114 ○ As for the state of degradation of natural capital, for example, estimates using the  
 115 Living Planet Index (LPI), an index of biodiversity, show that as of 2018, it is 69%  
 116 degraded compared to 1970.<sup>8,9</sup>
- 117 ○ Specific examples of risks to economies due to dependence on and loss of natural  
 118 capital include the inability to procure raw materials, the impact on pollen-carrying  
 119 insects such as honeybees<sup>10</sup>, and increased economic costs due to invasive alien  
 120 species<sup>11</sup>. In the world, failure to properly address nature-related risks can affect a  
 121 company's finances, external reputation, and even result in economic losses.<sup>12</sup>
- 122 ○ Therefore, in order to make socioeconomic activities sustainable, it is necessary to  
 123 shift to nature positive management (management that incorporates the concept of  
 124 natural capital conservation), and companies and countries around the world are  
 125 already making significant moves toward this as a necessary part of the  
 126 transformation to a sustainable society along with climate change.
- 127

<sup>7</sup> SOURCE: [Increasing Nature-Related Risks: Why Crises Around Nature Matter for Business and the Economy](#) (2020, World Economic Forum)

It is clear that more than half of the world's total GDP, or US\$44 trillion, depends to a moderate to high degree on nature for its economic value creation, and is therefore at risk of natural disappearance."

<sup>8</sup> SOURCE: LIVING PLANET REPORT 2022 (2022, WWF)

<sup>9</sup> According to the Global Assessment Report on Biodiversity and Ecosystem Services published by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) in 2019, the direct drivers of biodiversity loss are reported in order of their impact to be (1) changes in land and sea use, (2) direct extraction of organisms, (3) climate change, (4) pollution, and (5) invasion of non-native species, in descending order of impact.

<sup>10</sup> SOURCE: "Economic Valuation of Pollination Services in Japanese Agriculture (2016, National Institute of Agro-Environmental Sciences)."

[https://www.naro.affrc.go.jp/archive/niaes/sinfo/result/result32/result32\\_70.html](https://www.naro.affrc.go.jp/archive/niaes/sinfo/result/result32/result32_70.html)

<sup>11</sup> SOURCE: "Thematic Assessment Report on Invasive Alien Species and their Management" (2024, IPBES)

<https://zenodo.org/records/10521002>

<sup>12</sup> SOURCE: BloombergNEF "[When the Bee Stings: Counting the Cost of Nature-Related Risks](#)"

128 **(Corporate contributions to the conservation of natural capital and value creation)**

- 129 ○ Companies have the ability to contribute to the conservation and restoration of  
130 natural capital<sup>13</sup> through the development and utilization of their technologies and  
131 the supply of products to the market, in addition to the burden they place on natural  
132 capital. Given the fact that companies have already demonstrated their technological  
133 capabilities in areas such as climate change countermeasures and reducing the  
134 environmental impact of resource use, and that this has led to the creation of  
135 corporate value, we can fully expect that the provision of corporate solutions for the  
136 conservation and restoration of natural capital will also serve as a driving force for  
137 the realization of nature positivity.
- 138 ○ In doing so, we would like to emphasize that, as described in the Global Biodiversity  
139 Outlook 5th Edition (GBO5)<sup>14</sup>, the realization of Nature Positive requires not only  
140 the conservation of the natural environment in the so-called narrow sense, such as  
141 the conservation of rare nature, but also the mobilization of all efforts to promote  
142 climate change measures, the realization of a circular economy, chemical substance  
143 measures, etc. In other words, if a company is taking these measures, it has already  
144 started up the path toward nature positivity.
- 145 ○ Depending on the method, both positive synergies and negative side effects (trade-  
146 offs) can occur between the transition to a nature-positive, carbon-neutral, circular  
147 economy. By taking this into account, it will be possible to effectively promote the  
148 transition to a nature-positive economy.
- 149 ○ It is important to note that the impacts of business activities on natural capital differ  
150 significantly from those of climate change responses, including the fact that the  
151 impacts of the same activities vary from place to place, that the natural capital of  
152 each location is unique and therefore the impacts of one location cannot be truly  
153 offset by the recovery of another location, that networking is important, and that the  
154 resiliency of nature must be taken into account.
- 155 ○ It should be noted, for example, that one of the reasons for the loss of natural capital  
156 in Japan, which differs from other countries, is that there are not enough people to  
157 manage satochi-satoyama (rural areas) due to population decline and aging, and  
158 natural capital is not adequately managed and utilized. Considering nature as a  
159 system and promoting sustainable conservation and utilization while deepening  
160 dialogue with local communities by adding value to natural capital in Japan will  
161 contribute to the conservation of Japan's unique natural capital, including secondary  
162 nature that has been maintained by human intervention, and will also help secure  
163 the basis for livelihood, culture, and national power. It can also serve as a model for  
164 nature-positive initiatives in the Asian monsoon region.

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<sup>13</sup>It refers to the restoration of lost nature through afforestation, etc., or to the exercise of nature's resilience.

<sup>14</sup> Secretariat of the Convention on Biological Diversity, September 2020

- 165 ○ Furthermore, one of the characteristics of Japan is that it relies on natural capital  
166 outside of Japan for the majority of its resources and production activities. Even  
167 companies that operates in Japan may depend on natural capital outside of Japan  
168 by importing raw materials through trading companies, etc. Therefore, it is  
169 necessary to visualize and evaluate the burden on natural capital from the  
170 perspective of the global value chain, and to promote efforts to reduce the burden.  
171  
172

173 **2. Factors to keep in mind when transitioning to nature-positive management:**  
174 **Linking the conservation of natural capital to the enhancement of corporate**  
175 **value**

176

177 **(1) Nature Positive Management and the Corporate Value Creation Process**

- 178 ○ As mentioned above, the Strategy contemplates a transition to a nature positive  
179 economy through behavioral change by individual companies (transition to nature-  
180 positive management), nature-positive initiatives by diverse actors including  
181 government and citizens, and the transformation of the flow of funds as a total result  
182 of these initiatives.
- 183 ○ Companies are already making efforts to incorporate non-financial values positioned  
184 as materiality for them into their value creation process in the context of  
185 sustainability management, ESG investment, etc. In the case of natural capital, by  
186 correctly understanding the company's dependence on and impact on natural capital  
187 and its potential for creating opportunities, and by incorporating what is positioned  
188 as materiality, social value will be created, which will again be returned to the  
189 company's six sources of capital and will have an impact on non-financial capital  
190 other than natural capital, thus creating a virtuous cycle. This is thought to lead to  
191 the creation of new corporate value by creating a virtuous cycle.
- 192 ○ In the process, measures such as ensuring traceability to understand the burden on  
193 natural capital in the value chain and avoiding loss of natural capital will improve  
194 business sustainability in terms of improving corporate resilience to procurement  
195 risk and disaster risk. Value creation stories such as new business development  
196 focused on opportunities will also appeal to investors. The experience and  
197 technologies developed in the process of responding to risks in one's own company  
198 can be transferred to the risk response of others by providing them as products and  
199 services, and this may lead to new business areas.
- 200 ○ In the world, there is a movement to reform the flow of private-sector funds through  
201 disclosure of information through the Task Force on Nature-related Financial  
202 Disclosure (TNFD), etc. If such a movement spreads globally, companies can expect  
203 to attract funds and customers through disclosure of information related to nature-  
204 positive management. In addition, through dialogue with local residents, companies  
205 can expect to realize continuous and stable business operations and market  
206 acquisition in the region.
- 207 ○ By refining the value creation story through the aforementioned disclosure and  
208 dialogue with investors and the community using this information, the non-financial  
209 activities of natural capital initiatives may also lead to improved financial  
210 performance, such as higher stock prices and better P/B ratios.



211 ○ The foundations that support the realization of this value creation process are the  
 212 progress of digital transformation (DX) backed by the government, the enhancement  
 213 of scientific knowledge, appropriate evaluation by the international community, and  
 214 the fostering and maintenance of momentum for initiatives, including among  
 215 consumers. Not only do these foundations support the realization of the value  
 216 creation process, but also the knowledge, technology, etc. generated from each step  
 217 of the process will lead to the strengthening of these foundations.

218

219 **(2) Elements to be kept in mind when implementing the value creation process (action**  
 220 **guidelines)**

221 ○ There are several elements (action guidelines) that need to be kept in mind when  
 222 implementing a corporate value creation process that incorporates the concept of  
 223 natural capital conservation. Corporate governance reforms to meet these guidelines  
 224 will make it easier for investors and others to evaluate efforts and enable effective  
 225 value creation.

226 [Item 1] Reduce the foot load first.

227 In taking action, in accordance with the concept of the so-called "Mitigation  
 228 Hierarchy<sup>15</sup>", firstly, avoidance and reduction of impacts on natural capital from  
 229 business activities should be fully considered, and in addition, actions that have a  
 230 positive impact on natural capital should be considered.

231 [Item 2] Step-by-step efforts toward overall load reduction are also encouraged.

232 Aim to understand and reduce the overall burden from the company's business  
 233 activities as a whole. At the same time, companies should be encouraged to start  
 234 with one part of their business activities, taking into account the relationship  
 235 between their business activities and natural capital.

236 [Item 3] Value in efforts to speed down losses

237 Therefore, the goal is for each company and its value chain to minimize the  
 238 impact and maximize the contribution to natural capital through its products and  
 239 services, thereby achieving nature positivity, including the resilience of nature.

240 The goal is to realize nature positivity, which includes the resilience of nature.

241 [Item 4] Creating and meeting consumer needs

242 To properly identify consumer needs and create such needs, and to provide the  
 243 market with products and services that contribute to nature positivity.

244 [Item 5] Also contributes to the enhancement of regional value

245 Nature-positive management should contribute to the conservation of  
 246 biodiversity in the region and the resolution of local issues. Especially in cases

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<sup>15</sup> Source: Communiqué of the G7 Toyama Environment Ministers' Meeting (provisional translation) (2016, Ministry of the Environment)

247 where development activities, etc. may place a burden on natural capital, the  
248 project should aim to avoid trade-offs and create synergies through careful  
249 dialogue with local residents, etc., including voluntary environmental assessments,  
250 with regard to efforts to reduce the burden, etc.

251 ○ As discussed below in section 5, even if the above elements are met, it is difficult to  
252 shift to nature-positive management solely through the efforts of individual  
253 companies. It is necessary to incorporate the concept of natural capital conservation  
254 into society as a whole through backup by national policies and the exertion of  
255 solidarity, including government and financial institutions.

256 ○ In addition, please refer to the Guidelines for Private Sector Engagement in  
257 Biodiversity (3rd edition) for specific details of corporate initiatives and points to  
258 keep in mind for the transition to nature-positive management.

259

260 <Column> History and prospects of discussions on evaluation indices necessary to incorporate the  
261 concept of natural capital conservation into management.

262 Various institutions, research institutes, financial institutions, and initiatives have studied and  
263 developed indicators to quantitatively evaluate the load on natural capital, and no common  
264 indicator that can be used by many businesses has yet been shared. On the other hand, several  
265 indicators have been proposed that can be used if the purpose of use is limited and clear, and the  
266 limitations are understood. In this reference collection, we have compiled a group of indicators that  
267 have been developed and are being used in some advanced fields, including footprint systems, life  
268 cycle impact assessment systems, and ecosystem condition assessment systems. While each of these  
269 has been improved, the overall trend is to assess multiple environmental and social issues in an  
270 integrated manner. Discussions on indicators for assessing and monitoring the state of biodiversity  
271 are continuing in preparation for COP16. What is most important for individual businesses is to  
272 identify these trends and the characteristics of each indicator, select the most appropriate indicator  
273 according to their business form, objectives, etc., and utilize it in load analysis and target setting.  
274 Such self-analysis is generally the source of a company's competitiveness.

275

276 **3. Picture after the transition to a nature-positive economy: A foundation for**  
 277 **prosperity beyond GDP, based on natural capital.**

- 278 ○ The following shows the state of the economy in 2030, when the transition to a  
 279 nature-positive economy has been made through the progress of the transition to  
 280 nature-positive management by individual companies based on this strategy, the  
 281 development of nature-positive initiatives by various actors including government  
 282 and citizens, and the transformation of the flow of funds as a total result of these  
 283 initiatives.
- 284 ○ In the picture after the transition to a nature-positive economy, a virtuous cycle has  
 285 been created in which the realization of the value creation process by individual  
 286 companies has resulted in their efforts being highly evaluated by investors and local  
 287 communities through information disclosure, leading to increased corporate value  
 288 and local value, and further promotion of their efforts.
- 289 ○ According to a survey by the Japan Business Federation and the Keidanren Council  
 290 for Nature Conservation, the percentage of company members that have reports or  
 291 decisions on biodiversity in their board of directors or management meetings is about  
 292 30%<sup>16</sup> in FY2022. In 2030 the concept of conservation of natural capital is now  
 293 positioned in management as a materiality with this figure will be about 50% by 2030  
 294 (estimated by Ministry of the Environment).
- 295 ○ In small and medium-sized enterprises (SMEs)<sup>17</sup>, which account for 99.7% of the  
 296 total number of enterprises in Japan (based on the number of enterprises), initiatives  
 297 will be being promoted in part by large enterprises in response to domestic and  
 298 international value chains, coupled with dialogue and encouragement from regional  
 299 financial institutions and others. Even in the case of SMEs with local roots that  
 300 originally conducted economic activities through the sustainable use of natural  
 301 capital, the concept of a regional recycling symbiosis zone will be gaining popularity,  
 302 such as the implementation of projects that simultaneously solve local economic  
 303 cycles and environmental, social, and economic issues. The creation of a social and  
 304 economic infrastructure in which these businesses can be reevaluated will be  
 305 progressing. In many cases, the direct impact of the company's own business  
 306 activities is assumed to be small, so it is effective for small and medium-sized  
 307 enterprises to find the connection between their business activities and natural  
 308 capital through external approaches from the government, financial institutions, and  
 309 business partners, as well as by setting targets for initiatives and linking them with

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<sup>16</sup> Refers to the percentage of companies that responded to a survey conducted by the Keidanren Council for Nature Conservation that "there are reports or decisions on biodiversity at board of directors meetings or management meetings. It should be noted that the response rate to this survey (in FY2022) is approximately 20% of Keidanren member companies, and the actual status of companies that have not yet responded is not known.

<sup>17</sup> In this Strategy, medium- and small-sized enterprises, excluding large enterprises, are simply referred to as "SMEs.

310 finance.<sup>18</sup>

- 311 ○ As an indication of the expansion of the base, including small and medium
- 312 enterprises, the number of organizations declaring and endorsing the Nature
- 313 Positive Declaration<sup>19</sup> will be 1,000 organizations.
- 314 ○ As a result, a wide range of companies are shifting to nature-positive management,
- 315 and consumers and markets are evaluating the efforts of these companies, creating
- 316 an economic society in which consideration and evaluation of nature and ecosystems
- 317 are incorporated and the flow of funds is reformed.
- 318 ○ The above lays the foundation for a prosperous society based on natural capital and
- 319 beyond GDP.

320

321 <Column>Goal Setting of Local Governments and Financial Institutions

322 In Kyoto Prefecture, the Kyoto Zero Carbon Framework, a sustainability-linked loan that provides  
 323 incentives such as preferential interest rates to companies that achieve the total CO2 reduction  
 324 targets set by the prefecture, was established in January 2023. In the field of nature, as well, the  
 325 Kyoto Zero Carbon Framework may lead to the promotion of initiatives throughout the value chain  
 326 through sustainable finance, depending on progress in quantitative evaluation of the impact and  
 327 effects of business activities and efforts to understand the value chain, and is expected to serve as a  
 328 driving force for initiatives, including those by small and medium-sized enterprises.

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<sup>18</sup>According to a survey conducted by the Japan Chamber of Commerce and Industry (JCCI) (FY2023), about 30% of JCCI members recognize that there is a "close relationship" between their business activities and biodiversity.

<sup>19</sup>The Japan Council for the Realization of the 2030 Biodiversity Framework (J-GBF) launched a call for action in October 2023. It is composed of organizations that can encourage behavioral change in all sectors of the public. The ministries and agencies participating include the Financial Services Agency, Consumer Affairs Agency, Ministry of Foreign Affairs, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, and Ministry of Land, Infrastructure, Transport and Tourism. The current number of declared organizations is 28 (as of March 11, 2024).

330 **4. Effects of the Transition to a Nature Positive Economy - Annual 1,372 trillion**  
 331 **yen business opportunity created worldwide**

332

- 333 ○ The transition to nature-positive management and the economy as a whole will entail  
 334 a major social and economic transformation, requiring huge investments and  
 335 creating significant business opportunities.
- 336 ○ For example, the World Economic Forum estimates for 2020 that approximately \$368  
 337 trillion in annual global investment is needed to create new opportunities through  
 338 the transition to a nature-positive economy.<sup>20</sup>
- 339 ○ Looking at the breakdown of the said estimates, "Infrastructure and built  
 340 environment systems" accounts for a large share of the absolute amount. In terms of  
 341 multipliers between the amount of investment and the amount of opportunities  
 342 created by the investment, the multipliers for "food, land, and ocean use" and "energy  
 343 and mining activities" are large.
- 344 ○ Furthermore, according to the World Economic Forum's estimate for 2020, the  
 345 transition to a nature-positive economy will increase business opportunities  
 346 worldwide by 1,372 trillion yen per year by 2030. The Ministry of the Environment  
 347 estimated that the transition to a nature-positive economy would create 47 trillion  
 348 yen in new business opportunities annually by 2030.<sup>21</sup>
- 349 ○ More than three-quarters of the estimated amount is also strongly related to carbon  
 350 neutrality (net zero) and the circular economy. In other words, it can be said that the  
 351 climate change countermeasures and promotion of resource recycling that Japanese  
 352 companies have focused on so far have all been nature-positive efforts, just as the  
 353 aforementioned GBO5 describes.
- 354 ○ There can be synergies and trade-offs between the transition to a nature-positive  
 355 economy and the transition to a carbon-neutral, circular economy, depending on the  
 356 approach, and similar considerations are needed between nature-related values and  
 357 in relation to social values such as disaster prevention/mitigation, local economic  
 358 revitalization, and health, and so on.
- 359 ○ Beyond the realization of nature positivity, carbon neutrality, and a circular economy,  
 360 the ultimate goal is the realization of sustainability in the environment, economy,  
 361 and society, and the improvement of wellbeing through such sustainability. Therefore,  
 362 in addition to companies, all stakeholders, including investors and financial  
 363 institutions that evaluate business opportunities and economic value that companies  
 364 can create, are required to have a bird's-eye view of sustainability as a whole.

<sup>20</sup> Source: [New Nature Economy Report II: The Future Of Nature And Business](#) (2020, World Economic Forum) The opportunity amounts shown in this estimate represent the difference between the BAU case and the case where the transition to a nature-positive economy takes place.

<sup>21</sup> Source: 5th Nature Positive Economy Study Group, Document 3 (2023, Ministry of the Environment)

365

366 (Reference) Examples of New Business Opportunities Created by the Transition to a  
367 Nature-Positive Economy (Reference Materials)

368

369 **5. Challenges and Responses to the Transition to a Nature Positive Economy -**  
 370 **Backed up by Measures of Relevant Ministries and Agencies**

371

- 372 ○ In order to make the value creation process incorporating the concept of natural  
 373 capital conservation a reality, it is necessary for the government to clearly express  
 374 its intention to encourage the private sector to actively engage in the process, and to  
 375 provide backup through measures that address issues in each field. This is because  
 376 issues related to the conservation and restoration of natural capital tend to lag  
 377 behind other social and environmental issues, despite the fact that damage to nature  
 378 is a risk that directly leads to business interruption, as evidenced by the fact that we  
 379 would not be able to obtain even a drop of water without the work of nature.
- 380 ○ This may be related to the fact that it is difficult to directly perceive the crisis,  
 381 especially when, as in Japan, the majority of resources and production activities  
 382 depend on natural capital outside of Japan, and some say that it is actually difficult  
 383 to understand the connection between their business activities and natural capital.<sup>22</sup>  
 384 In addition, it is also believed that, with regard to Japan, the perception that Japan  
 385 is blessed with abundant natural resources is deeply rooted, making it difficult to  
 386 feel a sense of crisis.<sup>23</sup>
- 387 ○ Despite this background, creating an environment that allows Japanese companies  
 388 to correctly recognize and respond to the risks associated with not working to  
 389 conserve and restore natural capital, and to seize the opportunities presented by such  
 390 efforts, will lead to the strengthening of the international competitiveness of  
 391 Japanese companies.
- 392 ○ Within the government, measures related to nature positivity are being actively  
 393 developed in various fields. For example, the Ministry of Agriculture, Forestry and  
 394 Fisheries (MAFF) formulated the "Green Food System Strategy" (May 2021) for the  
 395 establishment of a sustainable food system and the "Green Food System Law<sup>24</sup>," a  
 396 legal system to realize the strategy, and the "Forest and Forestry Basic Plan" (June  
 397 2021), which calls for the recycling of forest resources by "harvesting, using, planting,  
 398 and raising, the operation and revision of the "Fishery Law<sup>25</sup>," the initiatives of the  
 399 Ministry of Land, Infrastructure, Transport and Tourism's Green Infrastructure  
 400 Public-Private Partnership Platform, and the development of measures based on the  
 401 "Green Infrastructure Promotion Strategy 2023" (September 2023). This strategy is

<sup>22</sup> According to a survey conducted by the Japan Business Federation and the Keidanren Council for Nature Conservation (FY2022), when asked "What challenges do you face when working on biodiversity (including responding to the TNFD)?", 25% of corporate members who responded said that, although the percentage has decreased since the FY 2019 survey, they answered that they were unsure of the relevance to their business.

<sup>23</sup> In fact, as mentioned above, on land, nature is being degraded mainly due to underutilization caused by the concentration of population in urban areas, population decline, and the aging of the population.

<sup>24</sup> Law Concerning the Promotion of Business Activities to Reduce Environmental Impact for the Establishment of a Food System in Harmony with the Environment (Law No. 37, 2022)

<sup>25</sup> Fishery Act (Act No. 267 of 1949)

- 402 in line with these related measures and will be promoted in an integrated manner.
- 403 ○ It is also important to incorporate nature-positive elements into existing subsidies
- 404 and projects in order to reform the flow of funds. For example, the Ministry of
- 405 Agriculture, Forestry and Fisheries (MAFF) is introducing "cross-compliance" for all
- 406 subsidized projects, etc., requiring the submission of a checklist of initiatives to
- 407 reduce environmental impact at the time of project application and reporting, which
- 408 should be implemented as a minimum.<sup>26</sup>
- 409 ○ The following section outlines the direction of measures in line with the corporate
- 410 value creation process depicted in section 4, as well as specific measures that will
- 411 support the realization of each process.
- 412 ○ Through the implementation of these measures, funds from both the government and
- 413 the private sector (companies, financial institutions/investors, consumers, etc.) will
- 414 be invested in reducing negative impacts on natural capital and increasing positive
- 415 impacts, thereby enabling society as a whole to realize nature positivity.
- 416 ○ Based on the direction indicated in this Strategy, we will vigorously promote
- 417 measures in close collaboration among relevant ministries and agencies.<sup>27</sup>
- 418

## 419 ( 1 ) Recognition of risks and opportunities, identification and response to risks

### 420 <Direction of measures>

- 421 ○ Assist companies to understand the contact points and impacts of their business
- 422 activities with nature. In particular, given the fact that many industries have a
- 423 considerable degree of dependence on and impact on nature through their domestic
- 424 and international value chains, we will develop and provide support according to the
- 425 needs of companies to enable them to assess their relationship with natural capital
- 426 throughout their value chains.
- 427 ○ In promoting the assessment of the relationship with natural capital, it is effective
- 428 to strategically utilize indicators and tools for evaluating one's own efforts in
- 429 accordance with one's own business form, objectives, etc., and from the perspective
- 430 of being able to appropriately express the level of one's own environmental impact
- 431 and the amount of one's own efforts. Even without measuring biological diversity
- 432 itself, it is possible to approach the quality and quantity of water, soil, air, forests,
- 433 and other components of natural capital that are closely related to business activities,
- 434 and we support the use of<sup>28</sup> , an indicator that makes it possible to measure them,

<sup>26</sup> Trial implementation will be limited to the time of application in FY2024, with full-scale implementation targeted for FY2027.

<sup>27</sup> Climate change and biodiversity have been discussed as "twin conventions" and as separate treaties, and therefore, climate change measures (especially mitigation measures) are not included in this report. However, as mentioned above, climate change measures are also important for the realization of Nature Positive, and many mitigation measures implemented by relevant ministries and agencies contribute to the realization of Nature Positive as long as there is no trade-off with Nature Positive at the project implementation stage.

<sup>28</sup> Indicators that measure the amount of load on things closely related to one's business activities (initial indicators) include the water footprint, which is an indicator for water consumption, and the land footprint, which is an indicator for land use.



- 435 and<sup>29</sup>, an indicator that comprehensively measures the amount of impact on natural  
 436 capital.<sup>30</sup>
- 437 ○ In addition, given that the value of natural capital is tied to the region in which it  
 438 exists, measures should be taken to establish methods for assessing the value of  
 439 natural capital on a regional basis and to encourage local governments to make use  
 440 of such assessments.
  - 441 ○ Market data will be provided, etc., in order to improve the value of initiatives not  
 442 only in terms of risk response but also in terms of opportunity creation by  
 443 appropriately understanding the status of changes in consumer awareness and  
 444 behavior.
  - 445 ○ Regarding the development of a system to promote initiatives, we will promote an  
 446 integrated approach such as the use of "Nature-based Solutions (NbS)<sup>31</sup>" to  
 447 contribute climate change mitigation and adaptation, environmental values of  
 448 resource recycling, disaster prevention and mitigation, revitalization of local  
 449 economies, water and air quality conservation, maximizing synergies with social  
 450 values such as health, etc., minimizing trade-offs in order to build a comprehensive,  
 451 integrated, and efficient framework to promote sustainability, amidst the existence  
 452 of many sustainability-related issues such as climate change and human rights.

453

## 454 &lt;Specific measures&gt;

455 (Related to risk recognition and identification)

- 456 • Promotion of nature-related financial information disclosure based on TNFD, etc.  
 457 [Ministry of the Environment].
- 458 • Verification in the market on consumer behavior change and study of measures to  
 459 promote nature-positive consumption behavior [Ministry of the Environment].
- 460 • Survey of good practices in Japan and abroad for efficient and effective methods of  
 461 identifying nature-related risks in the value chain by business category or  
 462 product/service.
- 463 • Survey on the status of OECM, etc. in other countries to enable detection of raw  
 464 material procurement risks [Ministry of the Environment].
- 465 • Demonstration of carbon footprint calculation for the life cycle of processed foods

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<sup>29</sup> Typical indicators and tools for comprehensively measuring the impact of a company's business activities on nature include the Ecological Footprint, which is based on resource consumption, and the LCIA (Life Cycle Impact Assessment: a typical example in Japan is LIME), which enables assessment on a life cycle basis. The most common example in Japan is LIME (Life Cycle Impact Assessment), which enables life cycle assessment. Indicators and tools to assess the direct impact of development and mining on nature and the impact of development and mining through the value chain include the STAR based on the IUCN Red List.

<sup>30</sup> For more information on the practical application of indicators and tools related to nature in each company, as well as methodologies for target setting, disclosure, etc., please refer to the Guidelines for Private Sector Engagement in Biodiversity (3rd Edition) prepared by the Ministry of the Environment, as well as materials and videos from the "Let's Touch the Tools" meeting held by the Ministry in FY2023.

<sup>31</sup> Nature-based solutions: Efforts to solve social issues by utilizing the functions of healthy natural ecosystems.

466 [Ministry of Agriculture, Forestry and Fisheries of Japan].

467

468 (related to risk response)

- 469 • Support for corporate goal-setting through the use of nature-related data and the  
470 sharing of case studies [Ministry of the Environment].
- 471 • Collaboration on selection of procurement sources and duplication (Sustainable  
472 Management Promotion Platform (tentative name)) [Ministry of the Environment].
- 473 • Encouraging Corporate Practices Based on Guidance on Environmental Due  
474 Diligence, etc. [Ministry of the Environment].
- 475 • Promote substitution of parts and materials procurement with recycled materials  
476 and renewable resources such as wood, etc. [Ministry of the Environment, Ministry  
477 of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry].
- 478 • Promotion of dialogue and action toward circular economy transition in the private  
479 sector based on the "Circular Economy and Resource Efficiency Principles  
480 (CEREP<sup>32</sup>)" adopted at the G7 Sapporo Ministerial Conference on Climate, Energy  
481 and Environment in April 2023, etc. [Ministry of the Environment, Ministry of  
482 Economy, Trade and Industry].
- 483 • Promotion of reduction of marine litter generated from business activities and  
484 reduction of use and discharge of microplastics based on the Law for Promotion of  
485 Shoreline Debris Disposal, etc. [Ministry of the Environment].
- 486 • Promote an environmental impact assessment system that ensures appropriate  
487 environmental considerations in the implementation of projects and contributes to  
488 the preservation of the natural environment.
- 489 • Promotion of geothermal utilization in symbiosis with local communities through the  
490 establishment of a continuous hot spring monitoring system using the IoT [Ministry  
491 of the Environment].
- 492 • Promotion of surveys, etc. to prevent resource depletion due to the expanding use of  
493 hot springs and disasters caused by combustible natural gas [Ministry of the  
494 Environment].
- 495 • Ensuring sustainability in the fisheries industry [Ministry of Agriculture, Forestry  
496 and Fisheries].
- 497 • Promotion of measures against invasive alien species based on the Action Plan for  
498 the Prevention of Invasive Species Damage (reviewed in FY2024) to reduce business  
499 risks in the value chain caused by the unintentional introduction of alien species  
500 [Ministry of the Environment].
- 501 • Promote initiatives that contribute to regional economic development, climate  
502 change adaptation and ecosystem maintenance through Nature based Solutions

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<sup>32</sup> Circular Economy and Resource Efficiency Principles. International guidelines for promoting private sector action on circular economy and resource efficiency.

503 (NbS) such as green infrastructure [Ministry of the Environment, Ministry of Land,  
504 Infrastructure, Transport and Tourism, Ministry of Agriculture, Forestry and  
505 Fisheries].

506

## 507 (2) Identifying and creating opportunities

508 <Direction of measures>

509 ○ Support the creation of new industries that contribute to the realization of nature  
510 positivity through business matching and technological development support.

511 ○ In Japan, in light of the negative impact on natural capital caused by the reduction  
512 or withdrawal of human influence, in order to actively utilize natural capital in the  
513 countryside and other regions in a sustainable manner while also utilizing  
514 traditional culture and local and traditional knowledge, the conversion to biomass  
515 fuels, etc. and appropriate management of forests and forest resources which leads  
516 to solve social issues in the region and realize Nature Positive through the  
517 sustainable use of forest resources. As mentioned above, in nature-positive  
518 management, not only the conservation of natural capital but also its sustainable use  
519 will lead to value creation. The agriculture, forestry, and fisheries industries are  
520 businesses that utilize natural capital, and the sustainable promotion of the  
521 agriculture, forestry, and fisheries industries is directly linked to the increase of  
522 natural capital. Therefore, we will also work to improve the productivity of  
523 agriculture, forestry, and fisheries, including the restoration of wetlands and  
524 seagrass beds, and the management of forests.

525 ○ In addition, nature-symbiosis sites that contribute to the "30by30 target," which is  
526 one of the global targets for 2030 set in the Kunming-Montreal Biodiversity  
527 Framework further develop the efforts to contribute to the enhancement of corporate  
528 and regional values, the "Law on Promotion of Activities for Enhancing Biodiversity  
529 in Local Communities," which will include efforts to restore degraded land and create  
530 places that nurture biodiversity, as targets for promotion, and a certificate of support  
531 will be established to promote efforts that contribute to nature positivity in various  
532 ways, including indirect support.

533

534 <Specific measures>

535 (Common to all sectors: creation of new industries)

536 • Matching and information dissemination to promote the use of technologies that  
537 contribute to nature positivity held by start-up companies, etc. [Ministry of the  
538 Environment].

539 • Promote management of hazardous substances that damage nature by preventing  
540 their leakage into the environment, etc., and promote development of alternative

- 541 substances with low environmental impact [Ministry of the Environment, Ministry  
542 of Economy, Trade and Industry].
- 543 • Addition of requirements for Nature Positive in the adoption of subsidies and grants  
544 for projects that have synergy with Nature Positive, etc. [Ministry of the  
545 Environment, etc.
- 546
- 547 (Food, agriculture, forestry, and fisheries sectors: Balance of improving productivity and  
548 sustainability of the food, agriculture, forestry, and fisheries industries)
- 549 • Support for the creation of model advanced districts for reducing environmental  
550 impact and sustainable development on a regional basis, from procurement of  
551 materials and energy to production, processing, distribution, and consumption of  
552 agricultural, forestry, and fishery products [Ministry of Agriculture, Forestry, and  
553 Fisheries of Japan].
- 554 • Support for municipalities that are working to create organic villages (production  
555 areas where the entire community is involved in organic farming) [Ministry of  
556 Agriculture, Forestry and Fisheries of Japan].
- 557 • Promotion of "visualization" of reduction of environmental burden through efforts to  
558 reduce greenhouse gas emissions and conserve biodiversity at the production stage  
559 of agricultural products [Ministry of Agriculture, Forestry and Fisheries of Japan].
- 560 • Sustainable development of food, agriculture, forestry, and fishery industries rooted  
561 in the unique regional climate, including Geographical Indications (GI) products, and  
562 promotion of cooperation with the tourism sector, etc. [Ministry of Agriculture,  
563 Forestry and Fisheries of Japan].
- 564 • Forest development to fulfill multifunctional roles of forests such as water source  
565 recharge and disaster prevention [Ministry of Agriculture, Forestry and Fisheries of  
566 Japan].
- 567 • Study to promote forest management that contributes to biodiversity conservation  
568 [Ministry of Agriculture, Forestry and Fisheries of Japan].
- 569 • Recognition of corporate activities that maximize carbon sequestration and  
570 contribute to biodiversity conservation through the recycling of forest resources  
571 [Ministry of Agriculture, Forestry and Fisheries of Japan].
- 572 • Promoting the use of wood in urban areas, etc., where carbon storage effects are  
573 expected [Ministry of Agriculture, Forestry and Fisheries of Japan].
- 574 • Environmental improvement to promote the use of wood produced through  
575 sustainable forest management [Ministry of Agriculture, Forestry and Fisheries of  
576 Japan].
- 577 • Introduction of "Cross Compliance", which requires all subsidized projects of the  
578 Ministry of Agriculture, Forestry and Fisheries, that mandates the implementation

- 579 of environmental impact reduction initiatives which should be done by minimum  
 580 [Ministry of Agriculture, Forestry and Fisheries of Japan].
- 581 • Study on the addition of specific methodologies to promote further expansion of J-  
 582 credits in the agricultural sector, etc. [Ministry of Agriculture, Forestry and Fisheries  
 583 of Japan].
  - 584 • Promoting further creation and utilization of forest-based J-credits based on their  
 585 contribution to biodiversity conservation and prevention of natural disasters in  
 586 addition to carbon neutrality [Ministry of Agriculture, Forestry and Fisheries of  
 587 Japan].
  - 588 • Promotion of forestation activities by private companies in national forests through  
 589 conclusion of agreements, etc. [Ministry of Agriculture, Forestry and Fisheries of  
 590 Japan].
  - 591 • Environmental improvement for promotion of forestry projects by Japanese  
 592 operators under JCM [Ministry of Agriculture, Forestry and Fisheries, Ministry of  
 593 the Environment].
  - 594 • Based on the ASEAN-Japan Midori Cooperation Plan, formation of concrete projects  
 595 by setting up public-private councils for decarbonization in the ASEAN region and  
 596 creation of JCM (Bilateral Reduction Mechanism under the Paris Agreement)  
 597 projects in the agricultural sector [Ministry of Agriculture, Forestry and Fisheries,  
 598 Ministry of the Environment].

599  
 600 (Construction and infrastructure sector: Green infrastructure initiatives that utilize the  
 601 diverse functions of the nature in social capital development, land use, etc.)

- 602 • Study to establish a practical evaluation method for green infrastructure and to  
 603 reflect the economic value of green infrastructure in the market and to promote  
 604 investment [Ministry of Land, Infrastructure, Transport and Tourism].
- 605 • Promotion of urban development GX, including the establishment of a certification  
 606 system for efforts to secure green space by the private sector, etc. [Ministry of Land,  
 607 Infrastructure, Transport and Tourism].
- 608 • Promotion of technological development and regional introduction of green  
 609 infrastructure planning, development, maintenance, etc. [Ministry of Land,  
 610 Infrastructure, Transport and Tourism].
- 611 • Promoting efforts to create multi-nature rivers that contribute to the conservation  
 612 and creation of river environments through technological development [Ministry of  
 613 Land, Infrastructure, Transport and Tourism].
- 614 • Conservation, restoration, and creation of blue infrastructure (seaweed beds, tidal  
 615 flats, etc. and biologically symbiotic port structures) through effective use of dredged  
 616 sediments generated by port construction, etc. [Ministry of Land, Infrastructure,

617 Transport and Tourism].

618

619 (Regional and financial sectors: Measures to make nature-positive initiatives a solution  
620 to issues and business opportunities in the region)

- 621 • Promotion of visualization of corporate contributions to nature, creation of  
622 environmental value, and reduction of burdens in business operations in the region  
623 through consideration of the draft law on promotion of activities to enhance  
624 biodiversity in the region and certificates of support to further develop initiatives for  
625 nature-symbiosis sites [Ministry of the Environment, Ministry of Agriculture,  
626 Forestry and Fisheries, Ministry of Land, Infrastructure, Transport and Tourism].
- 627 • Creation of business models that contribute to nature-positive regional management  
628 (including tourism using nature close at hand) through the positioning of local nature  
629 value assessment in regional biodiversity strategies, etc. [Ministry of the  
630 Environment].
- 631 • Promotion of tourism that contributes to nature positivity (nature positive tourism),  
632 including the realization of a virtuous cycle of protection and utilization in national  
633 parks [Ministry of the Environment].
- 634 • Promotion of "New Touji (spa-treatment)," a new way of spending time in hot spring  
635 resorts, in which one actively enjoys the surrounding nature, history, culture, food,  
636 and other local resources in addition to bathing in the hot springs [Ministry of the  
637 Environment].
- 638 • Support for the creation of a regional recycling and symbiosis zone (project creation  
639 and dispatch of human resources) [Ministry of the Environment].
- 640 • Creation of a model that brings tangible benefits to the region, such as improving the  
641 well-being of the people and the attractiveness of the region, tourism, etc., through  
642 the complementary promotion of the use of OECM and the creation of a favorable  
643 environment [Ministry of the Environment].
- 644 • Establishment of "regional circulation models (location of circular economy  
645 industries and wide-area resource circulation networks)" according to the  
646 characteristics of regional economic zones, preparation of guidance for realization of  
647 circular economy in the region, and support for development of expert personnel (P)  
648 [Ministry of the Environment, Ministry of Economy, Trade and Industry].
- 649 • Promotion of value assessment of corporate efforts to contribute to nature-positive  
650 activities based on the draft law on promotion of activities to enhance biodiversity in  
651 the region to further develop efforts for nature-symbiosis sites [Ministry of the  
652 Environment, Ministry of Agriculture, Forestry and Fisheries, Ministry of Land,  
653 Infrastructure, Transport and Tourism].
- 654 • Promotion of proper fertilization and effective use of livestock manure and sewage

655 sludge resources, etc. for local environmental conservation, such as creating a clean  
 656 and rich ocean through proper nutrient management, addressing water quality  
 657 deterioration due to eutrophication in lakes and marshes, and preventing pollution  
 658 of water sources with nitrate nitrogen, etc. [Ministry of the Environment, Ministry  
 659 of Agriculture, Forestry and Fisheries, Ministry of Land, Infrastructure, Transport  
 660 and Tourism].

- 661 • Promotion of initiatives related to the utilization of blue carbon and other resources,  
 662 including the "Expansion of Blue Infrastructure in Minato that Nurtures Life"  
 663 project, which contributes to the enhancement of forest sink functions and  
 664 biodiversity conservation [Ministry of the Environment, Ministry of Land,  
 665 Infrastructure, Transport and Tourism, Ministry of Agriculture, Forestry and  
 666 Fisheries, and Ministry of Economy, Trade and Industry].
- 667 • Promotion of utilization of "J Blue Credit", a carbon credit system derived from blue  
 668 carbon [Ministry of Land, Infrastructure, Transport and Tourism].
- 669 • Promotion of satoumi development to create a virtuous cycle between the  
 670 conservation, restoration, and creation of seaweed beds and tidal flats with  
 671 multifaceted functions and their utilization as local resources [Ministry of the  
 672 Environment, Ministry of Agriculture, Forestry and Fisheries].
- 673 • Promotion of a mechanism to evaluate and support efforts to conserve and create a  
 674 favorable river environment [Ministry of Land, Infrastructure, Transport and  
 675 Tourism].
- 676 • Promotion of river town planning that contributes to biodiversity conservation  
 677 [Ministry of Land, Infrastructure, Transport and Tourism].
- 678 • Support for creating demand for products and services that utilize carbon footprints,  
 679 etc. [Ministry of the Environment].
- 680 • Creation of green finance projects that contribute to nature positivity in the region  
 681 [Ministry of the Environment].
- 682 • Survey and information on trends surrounding nature positives in domestic and  
 683 foreign financial institutions [Ministry of the Environment].

684

685 **(3) Attract funds through disclosure and dialogue, search for risks and opportunities**  
 686 **through ongoing dialogue**

687 <Direction of measures

- 688 ○ From the viewpoint of encouraging companies that are proactively and positively  
 689 working toward nature positivity, the project will enable stakeholders such as  
 690 investors, financial institutions, consumers, and local residents to evaluate  
 691 companies' efforts toward nature positivity by understanding and disclosing the  
 692 impact and burden on natural capital by the companies. To this end, a mechanism

693 for recognizing the value of initiatives that contribute to nature positivity and an  
694 environment that encourages financing will be developed.

- 695 ○ In this context, scientific research, analysis, and evaluation of natural capital,  
696 dialogue with local stakeholders, and contribution to the enhancement of local values  
697 are key to the sustainable development of the project, and the regional biodiversity  
698 strategy based on the Basic Act on Biodiversity may serve as a communication tool  
699 and contribute to the establishment of a collaborative framework among companies,  
700 governments, citizens, research institutions, and others. Therefore, the project will  
701 provide support for the creation of case studies that will lead to the utilization and  
702 improvement of the quality of the regional biodiversity strategies.
- 703 ○ In addition, no matter how much scientific knowledge and technological progress is  
704 made in understanding and monitoring the dependence on and impact of nature,  
705 there is uncertainty about the dynamics and impact of natural capital, and humans  
706 are not capable of sequentially and precisely understanding and predicting all of  
707 nature's conditions. For a company to demonstrate such a humble attitude toward  
708 nature will also demonstrate that it is appropriately facing risks in its disclosure and  
709 dialogue.
- 710 ○ Furthermore, given the network nature of nature, investors have pointed out that it  
711 is effective for companies to position their initiatives in regional plans (such as  
712 regional biodiversity strategies and comprehensive plans of local governments)  
713 because the value of their initiatives can be enhanced by clarifying the significance  
714 of their independent initiatives in the regional ecosystem network.<sup>33</sup>

715

716 <Specific measures>

- 717 • Support for the creation of a mechanism for intra-regional collaboration among  
718 stakeholders regarding the conservation and utilization of nature [Ministry of the  
719 Environment, Ministry of Agriculture, Forestry and Fisheries, Ministry of Land,  
720 Infrastructure, Transport and Tourism].
- 721 • Support for formulation of regional biodiversity strategies [Ministry of the  
722 Environment].
- 723 • Promotion of visualization of corporate contributions to nature and load reduction in  
724 business in the region through consideration of nature symbiosis sites and  
725 certificates of support [Ministry of the Environment, Ministry of Land,  
726 Infrastructure, Transport and Tourism] (reiterated)
- 727 • Quantify natural capital and ecosystem services in the region and promote measures  
728 to utilize them for local development and solving regional issues in cooperation with  
729 local governments, etc. [Ministry of the Environment].

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<sup>33</sup> Source: FY2023 3rd Study Group on Economic Incentives for 30by30 (March 21, 2024)



730

731 **(4) Infrastructure Development**

732 (DX related)

733 &lt;Direction of measures&gt;

734 ○ Advancing DX is key throughout the value creation process. For example, a database  
735 of primary information necessary for location-based analysis is necessary to  
736 recognize and identify risks, while ensuring traceability using digital technology is  
737 effective in understanding the value chain. Monitoring, simulation, and other  
738 technologies are effective in visualizing the effects of initiatives. In particular,  
739 detailed data collection, including citizen participation, is necessary for effective  
740 initiatives at the regional and production site levels. Furthermore, the development  
741 of alternative technologies and smart agriculture and other smart business areas can  
742 not only reduce the load on natural capital, but also address issues such as resource  
743 constraints, declining and aging populations, and other challenges.

744 Therefore, we will develop basic data and systems so that the necessary funds and  
745 capital can be invested in initiatives that can be carried out efficiently and effectively  
746 with the advancement of DX.

747 ○ However, it has been pointed out that the progress of DX involves environmental  
748 burdens such as water consumption associated with semiconductor manufacturing,  
749 etc. and electricity consumption associated with the use of digital technology.  
750 Therefore, in parallel with the development of DX, it is necessary to address the  
751 effective use of water resources associated with business activities and expand  
752 decarbonized power sources such as renewable energy.

753

754 &lt;Specific measures

755 • Development of a domestic data base on nature and utilization of corporate  
756 technologies, etc., that will contribute to visualization of the effects of corporate  
757 initiatives [Ministry of the Environment].

758 • Promoting the development of an information infrastructure to promote the effective  
759 and efficient use of the results of periodic surveys of flora and fauna in rivers  
760 [Ministry of Land, Infrastructure, Transport and Tourism].

761 • Promotion of business utilizing data such as nature-related information using remote  
762 sensing and AI technologies [Ministry of the Environment, Ministry of Agriculture,  
763 Forestry and Fisheries].

764 • Development and utilization of data infrastructure related to nature-related  
765 information and green infrastructure on national land [Ministry of Land,  
766 Infrastructure, Transport and Tourism].

767

768 (Support for research and development and technology demonstration)

769 <Direction of measures

- 770 ○ Enhanced scientific knowledge is also needed at each stage of the value creation  
 771 process. For example, progress in the development of indicators and evaluation  
 772 methods that can be used for corporate risk analysis needs to be made from the  
 773 perspective of balancing the accuracy of reflecting primary information tied to  
 774 location with usability and making the effects of initiatives measurable. It is also  
 775 important to work simultaneously on international standardization and rulemaking  
 776 to ensure that these scientific findings are evaluated as appropriate and utilized  
 777 internationally.
- 778 ○ Research and development of alternative technologies that reduce the load on  
 779 natural capital is also essential. Furthermore, given that climate change  
 780 countermeasures and circular economy are included in the initiatives necessary for  
 781 nature positivity as described in the Global Biodiversity Outlook 5th edition (GBO5).  
 782 The gradual promotion of research that clarifies the synergies and trade-offs between  
 783 these efforts to conserve and restore natural capital, and the dissemination of  
 784 research results in a form that is easily accessible to companies, will contribute to  
 785 making it easier for companies to consider each effort and to clarify the type, amount,  
 786 and priority of efforts that should be undertaken.
- 787 ○ Therefore, we will promote the creation of various innovations by developing  
 788 technologies that contribute to understanding and reducing the burden on natural  
 789 capital, and by promoting research that contributes to an effective transition to a  
 790 nature-positive economy, including consideration of integrating natural capital into  
 791 the national accounts.

792

793 <Specific measures>

- 794 • Development of technologies and creation of new business opportunities to promote  
 795 bioeconomy utilizing biotechnology and renewable biological resources, etc. [Ministry  
 796 of the Environment, Ministry of Agriculture, Forestry and Fisheries, Ministry of  
 797 Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and  
 798 Tourism].
- 799 • Creation of business opportunities through the realization of a circular economy,  
 800 including technological development of alternative materials and advancement of  
 801 recycling systems [Ministry of the Environment, Ministry of Agriculture, Forestry  
 802 and Fisheries, Ministry of Economy, Trade and Industry].
- 803 • Promotion of social implementation of evaluation and investigation methods for the  
 804 natural environment, including soil and water, from the viewpoint of nature  
 805 positivity. [Ministry of the Environment, Ministry of Agriculture, Forestry and

806 Fisheries]

- 807 • Promote innovation through research and technology demonstrations related to
- 808 "approaches to learning from nature and living organisms (biomimicry)," a type of
- 809 biodiversity benefit, with a view to applying it to "sustainable manufacturing" and
- 810 "designing social systems and institutions" [Ministry of the Environment].
- 811 • Promotion of problem solving through analysis of individual cases and scientific and
- 812 technological innovation, etc., regarding avoidance and minimization of trade-offs
- 813 with climate change countermeasures for the introduction of renewable energy
- 814 generation facilities [Ministry of the Environment].
- 815 • Promotion of research contributing to an effective transition to a nature-positive
- 816 economy including through the Comprehensive Fund for the Promotion of
- 817 Environmental Research [Ministry of the Environment].

818

819 (participation in international frameworks, etc.)

820 <Direction of measures

- 821 ○ It is extremely important that corporate initiatives receive appropriate recognition
- 822 in the international community from the perspective of attracting funds through
- 823 disclosure and dialogue. For example, by utilizing information networks (e.g., G7
- 824 Nature Positive Economy Alliance) that enable analysis of the business
- 825 environment, including international trends, it is possible to continuously verify
- 826 risks and search for opportunities, while taking actions based on international
- 827 trends. It is also possible to increase the value of initiatives by enhancing their
- 828 presence through international dissemination of their initiatives, and to deepen
- 829 their initiatives by obtaining feedback from domestic and international sources.
- 830 Furthermore, by participating in public and private initiatives (e.g., WBCSD
- 831 (World Business Council for Sustainable Development), TNFD Forum, etc.) and
- 832 contributing to the formulation of various frameworks and rulemaking based on
- 833 their own practical experience, they can exert their influence.
- 834 ○ By participating in international frameworks, etc., Japanese companies will enhance
- 835 their presence and contribute to the achievement of the international goal of Nature
- 836 Positive by 2030, and will also contribute to rulemaking, standards development, and
- 837 market creation (including infrastructure exports, etc.) so that Japanese companies
- 838 that are advanced in their efforts will be duly recognized by the international
- 839 community and contribute to economic growth.
- 840 ○ In addition, from the perspective of science diplomacy and strengthening industrial
- 841 competitiveness, we will contribute to the formation of international rules from the
- 842 Asian monsoon region, including Japan, while forming a network pertaining to
- 843 international data on nature, which will contribute to effective and efficient

844 information disclosure.

845

846 <Specific measures>

- 847 • Promotion of participation of Japanese experts in scientific assessments, including  
848 the "Methodological Assessment of the Impact and Dependence of Business on the  
849 Contribution of Biodiversity and Nature" by the Intergovernmental Science-Policy  
850 Platform on Biodiversity and Ecosystem Services (IPBES), and support for such  
851 activities [Ministry of the Environment, Japan Ministry of the Environment]
- 852 • Contribution to industrial competitiveness of Japanese companies through  
853 international rule formation and market creation from the Asian monsoon region,  
854 including Japan, while forming an international data network for the international  
855 standardization and dissemination of nature-related assessment tools, including  
856 national drought risk, etc. [Ministry of the Environment].
- 857 • Information dissemination (including SMEs), knowledge sharing and information  
858 networking on nature positive economy in the G7 Alliance for Nature Positive  
859 Economy (G7ANPE), etc. established at the G7 Sapporo Ministerial Conference on  
860 Climate, Energy and Environment in April 2023 [Ministry of the Environment].
- 861 • Promotion of the Japan-ASEAN Green Cooperation Plan, which aims to build a  
862 robust and sustainable agriculture and food system in the Asian Monsoon Region,  
863 taking into account the special characteristics of natural conditions, etc., and  
864 international dissemination of the Japanese version of OECM, which is maintained  
865 through agricultural management, etc. [Ministry of Agriculture, Forestry and  
866 Fisheries, Ministry of the Environment].
- 867 • Support for companies and industry associations that participate in the development  
868 of ISO standards on biodiversity and make new proposals [Ministry of the  
869 Environment, etc.

870

871 (building momentum, networking)

872 <Direction of measures>

- 873 ○ Fostering and maintaining momentum among consumers, industry peers, and other  
874 industries is important not only for capturing markets through risk response and  
875 opportunity creation, but also from the perspective of building a system that enables  
876 the realization of value creation processes and governance. For example,  
877 collaboration in responding to risks and developing new businesses will create a  
878 network among companies and human resources, which will lead to the  
879 demonstration of solidarity and further human resource development, thereby  
880 enabling continuous efforts.
- 881 ○ Therefore, in order to create a virtuous cycle in which companies that are actively

882 working toward nature positivity are recognized in the marketplace and further  
883 promote their efforts, we will promote the creation of a mechanism that encourages  
884 behavioral change among a wide range of stakeholders, including investors,  
885 consumers, and local residents, through various networks, to create demand and  
886 gather active support for companies and products.

887 ○ In the nature area in particular, there are fewer companies involved than in climate  
888 change, as evidenced by the difference in the number of companies supporting the  
889 TCFD (Task Force on Climate-related Financial Disclosure) and the TNFD, for  
890 example, which means there is wide room for utilization and application of existing  
891 technologies, and synergies can easily be generated through collaboration between  
892 different industries. Therefore, we will operate a platform where companies can  
893 search for partners.

894

895 <Specific measures>

- 896 • Steady implementation of the J-GBF (Japan Conference on 2030 Biodiversity  
897 Framework) Action Plan, promotion of collaboration and partnership [Ministry of the  
898 Environment, J-GBF member ministries].
- 899 • J-GBF calls for expansion of Nature Positive Declaration registration [Ministry of  
900 the Environment, J-GBF member ministries].
- 901 • Promotion of mutual aid and collaboration among companies (including SMEs)  
902 through the Sustainable Management Promotion Platform (tentative name)  
903 [Ministry of the Environment, reiterated].
- 904 • Promoting Sustainable Production and Consumption through the "Awu-no-Wa 2030"  
905 Project [Ministry of Agriculture, Forestry and Fisheries of Japan].
- 906 • Deepening Initiatives in the Green Infrastructure Public-Private Partnership  
907 Platform [Ministry of Land, Infrastructure, Transport and Tourism].
- 908 • Promotion of basin flood control that also contributes to the formation of ecosystem  
909 networks that utilize the functions of the natural environment in cooperation with  
910 all stakeholders in the basin [Ministry of Land, Infrastructure, Transport and  
911 Tourism].
- 912 • Formation of a network that also contributes to the promotion of information  
913 disclosure by companies working on sustainable use of water resources and response  
914 to water risks by spreading the concept of "Water Positive" [Ministry of the  
915 Environment].
- 916 • Promote basin management and other initiatives to maintain or restore a healthy  
917 water cycle, build and share best practices for dealing with water risks through  
918 model projects to promote the conservation and utilization of a good water cycle and  
919 water environment, and evaluate companies that take actions that contribute to a

920 healthy water cycle [Cabinet Secretariat, Ministry of the Environment].  
921

922 **6. Future Initiatives - Toward the Realization of a World in Harmony with**  
 923 **Nature**

924

925 **(1) Future Issues**

926 ○ This Strategy embodies the elements that companies should keep in mind and the  
 927 national policies that support them with regard to Basic Strategy 3 "Realization of  
 928 Nature Positive Economy" of the National Biodiversity Strategy with the target year  
 929 of 2030. The vision for 2050 in the Kunming-Montreal Biodiversity Framework is "a  
 930 world in harmony with nature," and it may be necessary to further deepen the  
 931 measures while observing the progress of the results.

932 ○ The Nature Positive Economy Study Group, which has been discussing the  
 933 formulation of this Strategy, has discussed various issues from this perspective. The  
 934 following is a summary of some of the discussions that have not yet taken place, but  
 935 that should be continued in the future, taking into account international trends. The  
 936 relevant ministries and agencies, led by the Ministry of the Environment, will  
 937 continue to study these issues over the medium term, including the pros and cons of  
 938 their implementation.

939

940 **① Economic instruments such as credits, offsets, etc. related to natural capital and**  
 941 **biodiversity**

942 While carbon credit initiatives in Japan and abroad are taking the lead, there  
 943 are requests to realize credits and offsets related to natural capital and  
 944 biodiversity, mainly from industries that deal with resources extracted outside of  
 945 Japan. Credits could be utilized when companies set a goal of restoring natural  
 946 capital (i.e., creating positive effects). The BBOP<sup>34</sup> standard, a democratically-led  
 947 global standard for offsets, was published in 2012, and the United Kingdom and  
 948 France have recently established an international panel on credits (<sup>35</sup>), in which  
 949 Japan is also participating by soliciting opinions and other means. In light of  
 950 these developments, we will discuss the role of a crediting or offsetting system in  
 951 Japan, paying attention to the uniqueness of the Japanese ecosystem (a diverse  
 952 ecosystem on a small area of land, underuse rather than overuse of terrestrial  
 953 areas is generally analyzed as a problem<sup>36</sup>) and the relationship with carbon  
 954 credits. In parallel, it is necessary to examine the ideal crediting or offsetting  
 955 system in Japan, while at the same time promoting information dissemination to

<sup>34</sup> Business and Biodiversity Offset Programme

<sup>35</sup> International Advisory Panel on Biodiversity Credits

<sup>36</sup>Comprehensive Assessment of Biodiversity and Ecosystem Services 2021 (JBO3) (Study Group on Comprehensive Assessment of Biodiversity and Ecosystem Services, 2021)

956 increase literacy<sup>37</sup> related to offsetting and credits, so that Japanese companies  
957 that wish to use foreign or global offsetting schemes can do so appropriately.

958

959 **② Utilization of natural capital valuation in various national and local government**  
960 **projects, etc.**

961 In order to encourage the spread and expansion of products and services with low  
962 impact on natural capital, it is conceivable to utilize natural capital value  
963 assessment in various projects of the national and local governments. Various  
964 certified products are already included in the evaluation of the value of natural  
965 capital, and it would be effective to consider the use of these certified products in  
966 public procurement. On the other hand, the cost of certification is high due to the  
967 need to conduct rigorous screening at the very upstream of the production site,  
968 and in some cases, the products and services themselves are also expensive,  
969 which poses a hurdle to market diffusion. The costs required to trace back to the  
970 upstream of the value chain to understand the impacts on natural capital and  
971 local communities are essentially necessary costs and should be internalized into  
972 the prices of products and services through behavior change of each actor in the  
973 value chain by making the effects visible, promoting information disclosure, and  
974 so on. On the other hand, it would be possible to efficiently incorporate the  
975 valuation of natural capital into the value assessment, in combination with  
976 ensuring traceability and improving monitoring technology.

977

978 **③ Grand designs for the conservation, restoration, and rehabilitation of nature in**  
979 **land use and land use**

980 The "Sixth National Land Use Plan (National Plan)<sup>38</sup>" states that the issues  
981 surrounding national land use include the deterioration of the land management  
982 level due to population decline and aging, and the deterioration of the natural  
983 environment and landscape. The basic policy of national land use includes  
984 "optimal use and management of national land for the benefit of the entire  
985 region" and "use and management of national land that leads to the preservation  
986 of a healthy ecosystem. In the appropriate use of national land, not only by the  
987 government but also by various entities, including companies that use Japan's  
988 national land, will enhance the predictability of the companies themselves  
989 regarding the sustainable use and conservation of natural capital.

990

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<sup>37</sup> Unlike carbon dioxide, there can be no true offsetting of ecosystems in terms of compatibility and irreversibility, and offsets should be limited to offsetting impacts related to the mitigation hierarchy, i.e., impacts that remain after reducing the impacts of business activities to the greatest extent possible. Offsetting should be limited to the mitigation of impacts that remain after reducing the impacts of business activities to the greatest extent possible.

<sup>38</sup> Cabinet decision in July 2023



991     **(2) Deepening Policies**

- 992     ○ This Strategy is a concrete implementation of the Basic Strategy 3 of the National  
 993 Biodiversity Strategy, and progress toward the realization of Nature Positive as a  
 994 whole<sup>39</sup> will be confirmed through the "Liaison Conference of Relevant Ministries  
 995 and Agencies of the National Biodiversity Strategy", a forum for collaboration among  
 996 relevant ministries and agencies related to the overall National Biodiversity Strategy,  
 997 including ministries other than those that formulated this Strategy, as part of follow-  
 998 up to the National Biodiversity Strategy.
- 999     ○ On the other hand, since the domestic and international trends in this field are  
 1000 rapidly changing and related measures are widely developed, the Ministry of the  
 1001 Environment, in close cooperation with related ministries and agencies, will actively  
 1002 promote further concretization and brushing up of measures and consideration and  
 1003 deepening of additional measures as needed.
- 1004     ○ Note that some members of the Nature Positive Economy Study Group and some  
 1005 members of the Core Member Council established under it cited the need for  
 1006 "appropriate regulations" regarding land use, information disclosure, and other  
 1007 issues. In a parallel questionnaire survey, about half of the respondents also cited  
 1008 "appropriate regulation" as one of their expectations of the government.<sup>40</sup> In the field  
 1009 of nature, especially since COP10<sup>41</sup>, companies have been making voluntary efforts  
 1010 based on various public and private or private initiatives.<sup>42</sup> It is important to reward  
 1011 these early adopters and maintain and improve the international competitiveness of  
 1012 Japan as a whole through initiatives that contribute to nature positivity. While  
 1013 developing measures to expand the number of early adopters (initial few adopters)  
 1014 to the early majority (initial many adopters) in accordance with the transition  
 1015 management approach<sup>43</sup>, we will deepen the measures, including appropriate

<sup>39</sup> Reference: Action goals in the National Biodiversity Strategy 2023-2030 [Action Target].

3-1 Promote quantitative assessment of dependence and impact on biodiversity by companies, analysis of current status, science-based target setting, and information disclosure, as well as develop a foundation to promote investment and financing by financial institutions and investors and promote activities to conserve and restore biodiversity from the perspective of investment and financing.

3-2 Promote support for technologies and services that contribute to biodiversity conservation.

3-3 Implement ABS associated with the use of genetic resources.

3-4 Expand sustainable, environmentally friendly agriculture, forestry, and fisheries, including reduction of chemical pesticide use (risk conversion) and chemical fertilizer use and promotion of organic farming, as stated in the Green Food System Strategy

<sup>40</sup> According to a biodiversity awareness survey conducted by the Ministry of the Environment in FY2023, 49.8% of respondents answered, "appropriate regulations" to the question, "What do you expect from national policies for biodiversity conservation?"

<sup>41</sup> Held in Nagoya in 2010.

<sup>42</sup> One testament to this is the fact that the number of Japanese companies that have committed to early disclosure as early adopters of TNFD (announced in January 2024) is the 80th largest in the world.

<sup>43</sup> The idea is to identify technological niches that contribute to a sustainable society, and by trying them out on a small scale in the field, to confront the technological niches with the conventional socioeconomic structure to reveal contradictions, and to bring about recursion (a state in which the socioeconomic structure can be easily changed by the stimulus of stakeholders who have pioneeringly changed their awareness and behavior) in the socioeconomic structure that dominates stakeholders. The idea is to bring about recursion (a state in which the socioeconomic structure is more easily transformed by the stimulus of the stakeholders who have pioneeringly transformed their awareness and behavior), ultimately leading to a sustainable society in which

1016 regulations as necessary, after assessing the effects of the progress of the measures  
1017 and taking into account the impact on economic activities.

1018

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1020

(Fin.)

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the technological niche becomes the "norm". In other words, the idea is not to seek consensus on the transformation of the socioeconomic structure of the stakeholders who have played a central role under the conventional socioeconomic structure from the stage of starting the transition, but to build consensus under the situation where the new normal has become more widespread in society. (Ministry of the Environment summary from the website of Professor Masahiro Matsuura, Full-time Professor, Meiji University: <https://www.mmatsuura.com/research/transition/>)