

# GEO for Business: Executive Summary

## Adapt to Thrive: What transformational change means for business

### Executive Summary

**Coordinating Lead Authors:** Derk Loorbach (The Dutch Research Institute for Transitions), Ben Tuxworth (Anthesis Group)

**Lead Authors:** Denise Delaney (SustainAbility, an ERM group company), Theresia Ott (Rio Tinto), Aris Vrettos (Cambridge Institute for Sustainability Leadership)

## Greetings, a postcard from 2030

We entered 2020 with high hopes. We had ten years to achieve the Sustainable Development Goals (SDGs), with the business-redefining approaches of the [‘green swans’](#), the new [Global Deal for Nature](#) and the [Paris Agreement](#) to address escalating biodiversity loss and the climate crisis together. Instead, we were confined to our homes as COVID-19<sup>1</sup> threatened our health and choked our economies.

The pandemic showed us how quickly and dramatically our lives could change and how little resilience was built into systems we relied upon, including food, health and markets.

The lucky few rediscovered local economies and businesses, the joy of spending more time with family and in the neighborhood and the merits of working online. But many were left without livelihoods, as communities around the world were hit by economic slowdown, unemployment, food shortages, social and political conflicts and deep uncertainties.

We faced a choice: rebuild our economy in the same old way or find ways to build back better?

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<sup>1</sup> likely amplified through a combination of agricultural intensification, land use change, habitat loss, increased use of wildlife, and accelerated climate change, among others

# The scale and pace of environmental change is unprecedented

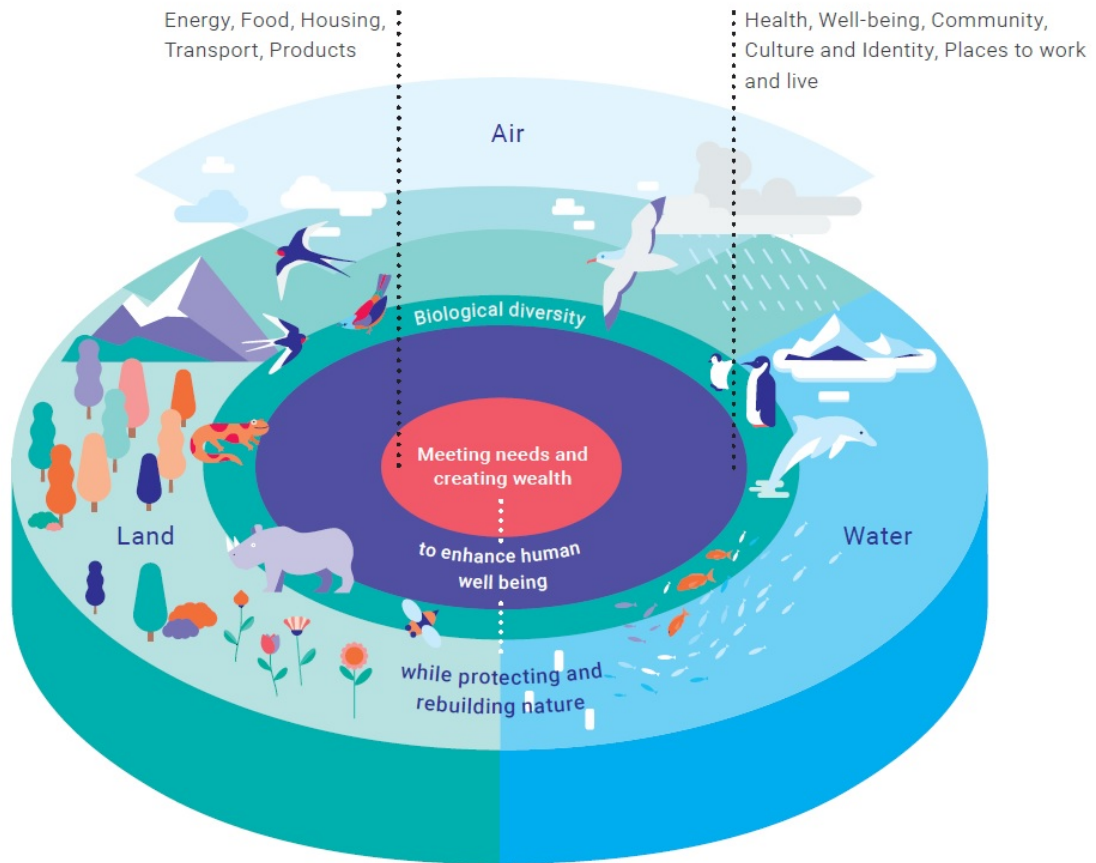
Business leaders recognize that economic activity relies on healthy individuals, resilient societies, productive ecosystems and a stable climate.

- The COVID-19 pandemic has added a new dimension. Now more than ever we must assess our response and recovery to the crisis, how businesses can take transformative action to invest in nature and build a better future. We need to leap-frog to green investments that create green jobs and facilitate the transition to a carbon neutral future.
- COVID-19 has given us the chance to rethink how nature and humanity interact. The world is growing increasingly disruptive and unstable and this will force change one way or another. This could be a time for a nature positive change. These disruptive changes can create space for alternative pathways and for transformative approaches to achieve changes previously thought unimaginable.
- We face a choice: rebuild our economy in the same old way or find ways to build a positive future. If we want to achieve the goal to build a better future, the strategies of businesses need to fundamentally align with a nature positive mission: fully renewable, zero emissions and creating positive value for nature and society.
- For businesses that fail to adapt, survival is at stake. Failing to create a transformative pathway is risking your business: there is no long-term basis for business at the expense of nature and people.

## Nature Positive Economy

A Nature Positive Economy is one that is not dependent upon fossil fuels for energy or extracting resources to create value, but is positive for nature and people, supports human health, well-being, employment and a social economy that is rooted in communities and the links to their natural environments. This is the future we must explore: by adopting goals and targets, knowing what our environmental dependencies and impacts are while developing new business and economic opportunity in emerging nature positive markets.

## NATURE POSITIVE ECONOMY



- We now have a once in a lifetime chance to support the shift towards a Nature Positive Economy. To undertake this endeavor requires entrepreneurship and innovation: we have the compass but must navigate through turbulent times.
- A transformative business not only is more resilient to systemic risk and change but continues to explore nature positive futures that can help them thrive when disruption happens. To make transformative change possible, we need an aspirational global goal to guide our efforts.
- We need a Nature Positive Economy in which energy, resources, food, water, transportation, healthcare, housing and jobs are provided in a way that is good for nature and provides basic needs for all.
- A Nature Positive Economy is one that is not dependent upon fossil fuels for energy but is positive for nature and people. A Nature Positive Economy can foster new environmentally

sustainable technologies, business models and markets that are much more rooted in communities, regions and local contexts.

## Supporting the transformation to a Nature Positive Economy

Because of the scale of the challenge we face, we simply can't afford to lose another decade just talking about the importance of an economy that creates value for business, nature and people. We must seize this moment of transformative change and take the Nature Positive Economy as a starting point for all decisions and changes we are making now. This means we need concerted action from policy makers, businesses, and consumers.

- The transformation towards a Nature Positive Economy has already started, to some extent. New technologies and entrepreneurial drive have brought solar power, bio-based materials and electric mobility to maturity and pushed the global conversation from cleaning up environmental pollution to addressing systemic risks and fostering transformative change. Across the world, we see a new entrepreneurship for nature positive economies in energy, food, materials, forestry, mining, fisheries, housing and transportation.

Business has a critical role to play in shaping the Nature Positive Economy. Now is a unique stock taking period for business to propose and support the kinds of transformative changes that will provide the incentives and the confidence to prioritize circular, restorative and inclusive business models which are aligned with strategies for the future. These could include:

- Investors and financial markets must start rewarding companies that shift from short-term, financial-only metrics to those that measure the quality and the sustainability of business growth<sup>2</sup>.
- Tax and royalty transparency by companies and governments that can encourage better governance and outcomes for communities.
- Governments price (tax) on labour and resources that can incentivize higher employment and lower resource use and consumption.
- Public procurement that incentivizes bids that deliver on climate, nature benefits and decent job creation goals, along with least cost.
- Social and environment impact accounting by businesses across their entire value chains.

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<sup>2</sup> <https://www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group/measuring-investment-impacts>

- Research and innovation funding steered toward critical environmental priorities and investments by governments that can improve traceability in supply chains, as well as monitor biodiversity loss.

Whether we succeed or not will determine whether we are able to deal with climate breakdown and ecological collapse in the longer term, which may continue to drive disruption and ultimately threaten human health and prosperity on earth. Our future can be made through collaborative transformation by discovering a shared future for survival and building businesses that will thrive.

## How can business thrive? The commercial implications are hard to ignore

The impacts of this transformation on individual businesses are increasingly significant in scale. **Failing to create your own transformative pathway is risking your business: there is no long-term basis for business at the expense of nature and people.**

### **A no risk recipe for transformation?**

With a future so uncertain and full of risk and opportunity, survival is all about increasing an organization's capacity to adapt and transform towards a Nature Positive Economy.

For businesses, this means being adaptive and having transformative capacities, which can be built through processes such as:

- Reflecting upon the business' path-dependencies, the historical position, internal culture and existing skills and capacities in the face of transformative change;
- Taking a systemic outside-in view of the potential for and emerging societal transitions that might affect and disrupt the business-as-usual;
- Creative exploration of a desired future (using back-casting, what-if scenarios and exploring possible strategies with transformative actors outside regular networks).

### **Reposition your business**

The shift to a nature-positive business model is rarely straightforward for an established company. Business leaders need to ask new, difficult questions about the impact, the role and the future of their organizations, and the relationship between the short- and the long-term.

### **Set a nature positive purpose and strategy**

To be successful, an organization's purpose must be at the heart of the business transformation for the Nature Positive Economy. Business leaders need to review their core business assumptions, ask whether

the natural and social systems upon which raw materials, talent and capital rely upon are healthy and resilient, and consider what role they need to play to strengthen them.

### **Formulate nature positive goals and pathways**

Setting course for nature positive futures rooted in wellbeing is ambitious; needing evidence-based targets and goals to create a trajectory aligned with the scientific evidence, assuming the systemic risks and opportunities of external societal transitions. This speaks to the company's commitment to all stakeholders and helps set expectations, build trust and create potential for collaboration and innovation.

### **Disrupt from within**

Businesses that have recognized the need to proactively engage with alternative and transformative futures and plan to transition out of activities and practices that are not aligned with a nature positive economy are benefiting from positive reputational and investor attention.

## Conclusions

- ✓ **There is no incentive like survival:** Businesses profiting from transformative change are either proactively engaging with the fundamental changes in the way they conduct business, or are younger businesses already designed for transformation.
- ✓ **Bigger is not always better:** Smaller companies are often the source of innovative models, but large companies help to evolve and scale them. The future is likely to include businesses that have many small economic units deeply connected to local markets, resources, value chains and stakeholders.
- ✓ **More is not always profitable, more of the same is risky:** Previously profitable activities no longer aligned with a Nature Positive Economy - from single use plastics, fossil fuel-based energy and deforestation to low or unequal pay - are also at risk from customer shifts, regulatory and market pressures.
- ✓ **A new social contract for business:** Being in tune with broader societal expectations and engaging with a broad range of stakeholders, rather than only shareholders, helps to create a predictable license to operate as well as broad basis of support for business to thrive. This will ensure that the goods and services that customers want will generate wider environmental and social benefits.
- ✓ **Policy:** can help create an enabling environment for society and business together to start to imagine and build a better world on the other side of the COVID pandemic.

# GEO for Business

Welcome to the first edition of the [GEO for Business briefs](#). The United Nations Environment Programme [UNEP] and its global partners are proud to be able to bring this new 'how-to' publication to explain the environmental challenges and business opportunities that have spurred the need for transformational change at a global scale.

[GEO for Business](#) will appear about every two months, providing real-world how-to guidance on issues relevant to the future of business in a nature positive world. Future issues will deal with subjects such as deep decarbonization, transformation of our food systems, building environmentally sustainable and resilient infrastructure, the role of business in circular economies and the changing role of finance.

UNEP is also proud to have convened a broad group of expert authors with business-relevant voices to communicate these extremely timely and important messages. These authors are supported by a broad coalition of business and environmental organizations<sup>3</sup> who are on the GEO for Business journey as well.

## **What does the sixth Global Environment Outlook say and what does it mean for Business?**

For nearly 50 years UNEP has been working to improve our environment for current and future generations. As part of this work, UNEP regularly asks the expert community to assess the current state of the environment, how effective our policy response has been and what the future holds either if we stay on the path we are on or, if we wish, change this path to one that is more environmentally sustainable. The most recent edition of this Global Environment Outlook, our sixth, subtitled [Healthy Planet, Healthy People](#), presents a very daunting picture, but also many opportunities for hope.

While [GEO-6](#) assesses the broad trends that we are seeing and proposes new environmentally sustainable pathways, it typically cannot foresee shocks to the system such as COVID-19. Even if similar shocks to these systems have happened in the past, the broad trends of more resource extraction, environmental degradation and pollution have tended to continue. However, COVID-19 may be different, offering us a time to take stock to rethink how nature and humanity interact. In crafting this first GEO for Business brief, we thought it was important to look at possible futures to explain how we might choose one path over the other and the role of business in achieving the best and more positive future for us all.