

Rewiring the Economy

Ten tasks, ten years

The University of Cambridge Institute for Sustainability Leadership

For 800 years, the University of Cambridge has fostered leadership, ideas and innovations that have benefited and transformed societies. The University now has a critical role to play to help the world respond to a singular challenge: how to provide for as many as nine billion people by 2050 within a finite envelope of land, water and natural resources, whilst adapting to a warmer, less predictable climate.

The University of Cambridge Institute for Sustainability Leadership (CISL) empowers business and policy leaders to make the necessary adjustments to their organisations, industries and economic systems in light of this challenge.

By bringing together multidisciplinary researchers with influential business and policy practitioners across the globe, we foster an exchange of ideas across traditional boundaries to generate new, solutions-oriented thinking.

A particular strength of CISL is its ability to engage actors across business, government and finance. With deep policy connections across the EU and internationally, dedicated platforms for the banking, investment and insurance industries, and executive development programmes for senior decision-makers, it is well-placed to support leadership in both the real and financial economies.

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Reference

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Copies

This full document can be downloaded from CISL's website: www.cisl.cam.ac.uk/about/rewiring-the-economy

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Executive summary

Global economic development has enhanced the quality of life and wellbeing of billions of people. However, inequality is rising, conflict and insecurity are a constant concern, ecosystems are being degraded, resources depleted and greenhouse gas levels are climbing. These trends are detrimental to communities, environments, businesses and long-term economic prospects.

If some simple measures are taken to align the economy with sustainable development it need not be this way.

Rewiring the Economy is CISL's ten-year plan to lay the foundations for a sustainable economy.¹ It is built on ten interconnected tasks, delivered by leaders across business, government and finance. These tasks (see below) are not unique to the plan. Rather, *Rewiring the Economy* shows how they can be tackled co-operatively to build an economy that encourages sustainable business practices, delivering the social and environmental progress demanded by the UN Sustainable Development Goals (SDGs) (see Figure 2).

It is our ambition for the plan to become a strategic compass bearing for business, government and finance leaders around the world. Clearly its tasks will need to be grounded in different institutional and geographic contexts to make an impact. With this in mind we hope the plan will inspire new collaborations and enable a fundamental change in how the global economy is harnessed for the public good.

Ten tasks for economic leaders

Government

1: Measure the right things, set the right targets

Governments can set bold targets for social and environmental progress, and adopt new measures to track how well the economy is delivering them.

2: Align incentives to support better outcomes

Governments can use regulation and fiscal policy to pursue environmental and social goals and support sustainable business models.

3: Drive socially-useful innovation

Governments can use every opportunity to create drivers and incentives for innovation aligned with core sustainability goals, and should exemplify and enable sustainable business.

Finance

4: Ensure capital acts for the long term

Investors of capital can demand more from their money, using their influence to drive long-term, socially-useful value creation in the economy in the interests of their beneficiaries.

5: Price capital according to the true costs of business activities

Capital providers, and those who regulate them, can jointly consider how to reflect social and environmental risk factors in the cost of capital.

6: Innovate financial structures to better serve sustainable business

Financial intermediaries in particular can apply their influence and creativity to increasing the flow of capital into business models that serve society's interests.

Business

7: Align organisational purpose, strategy and business models

Within a commercial context businesses can explicitly set out to improve people's lives whilst operating within the natural boundaries set by the planet.

8: Set evidence-based targets, measure and be transparent

Businesses can contribute to a sustainable future by setting bold evidence-based targets, measuring the right things and reporting progress.

9: Embed sustainability in practices and decisions

Businesses can embed new ways of thinking in their operational practices and decision making.

10: Engage, collaborate and advocate change

Businesses can use their influence to engage communities, and build public and government appetite for sustainable business.

¹ An economy that does not undermine its own capacity to continue through loss of social and environmental value.

Background

Recent years have seen the convergence of a number of important international agreements on sustainable development, culminating in the UN Sustainable Development Goals and the Paris Agreement on climate change. The commitments which emerged are intended to shape economic development long into the future to secure the wellbeing of people across the world.

In this new era, business leaders have an opportunity to work with peers, politicians and policymakers to make significant advances in driving sustainability practices. While many are already doing just this, and despite the extraordinary efforts of pioneers, inequality is rising, conflict and insecurity are a constant concern, ecosystems are being degraded, resources depleted and greenhouse gas levels are still climbing. The 'Great Acceleration' (see Figure 1) that began in the 1950s remains at full pace, driven by an economy that has proved its ability to innovate and yet which is, in fundamental respects, unsustainable, with necessary reforms discussed but not delivered.²

The current economy shows no sign of maintaining global temperature rise well below 2°C, nor addressing key challenges like inequality or natural resource degradation. This reveals a monumental market failure, with current policies and behaviours changing too slowly to transform the economy, despite the evident costs to society arising from business as usual. Thoughtful companies can mitigate their impacts to a certain degree but, in a competitive market, investment in 'public goods' has obvious limits. To go further, business needs to compete on a more enlightened playing field.

To respond to this need, in 2015 we decided to harness the insights we have gathered over a quarter of a century of working with business, government and finance leaders, along with the wealth of experience in our network, in the development of a new ten-year plan to 'rewire' the global economy.

We set out to find and exploit the key leverage points for positive change – those places where relatively modest effort could produce a new paradigm. Two such points are public policy and financial services, both with universal influence over business. Together they offer the alluring and achievable prospect of capital seeking social and environmental outcomes alongside financial returns.

This is not to say that policy and finance are the only such influences over business: we recognise that movements in civil society and cultural change in organisations are critical drivers of change, as are the efforts of extraordinary individuals. However, this plan concerns the three dominant actors in the economy: business, government and finance.

If the operating conditions for business were to change – the policy environment, accounting practices, cost of capital and business norms of particular industries – so too would the economics of sustainable business. We are confident that this prospect, combined with the dynamism and innovation that is typical of business leaders (including many in our network), could unlock huge benefits for present and future generations.

Changing the operating conditions for business will demand a new quality of dialogue between business, government and finance. Many business leaders are anxious to see this. An agenda that was in the past driven by civil society is now widely embraced by companies seeking to build trust with society, while addressing a panoply of business risks.

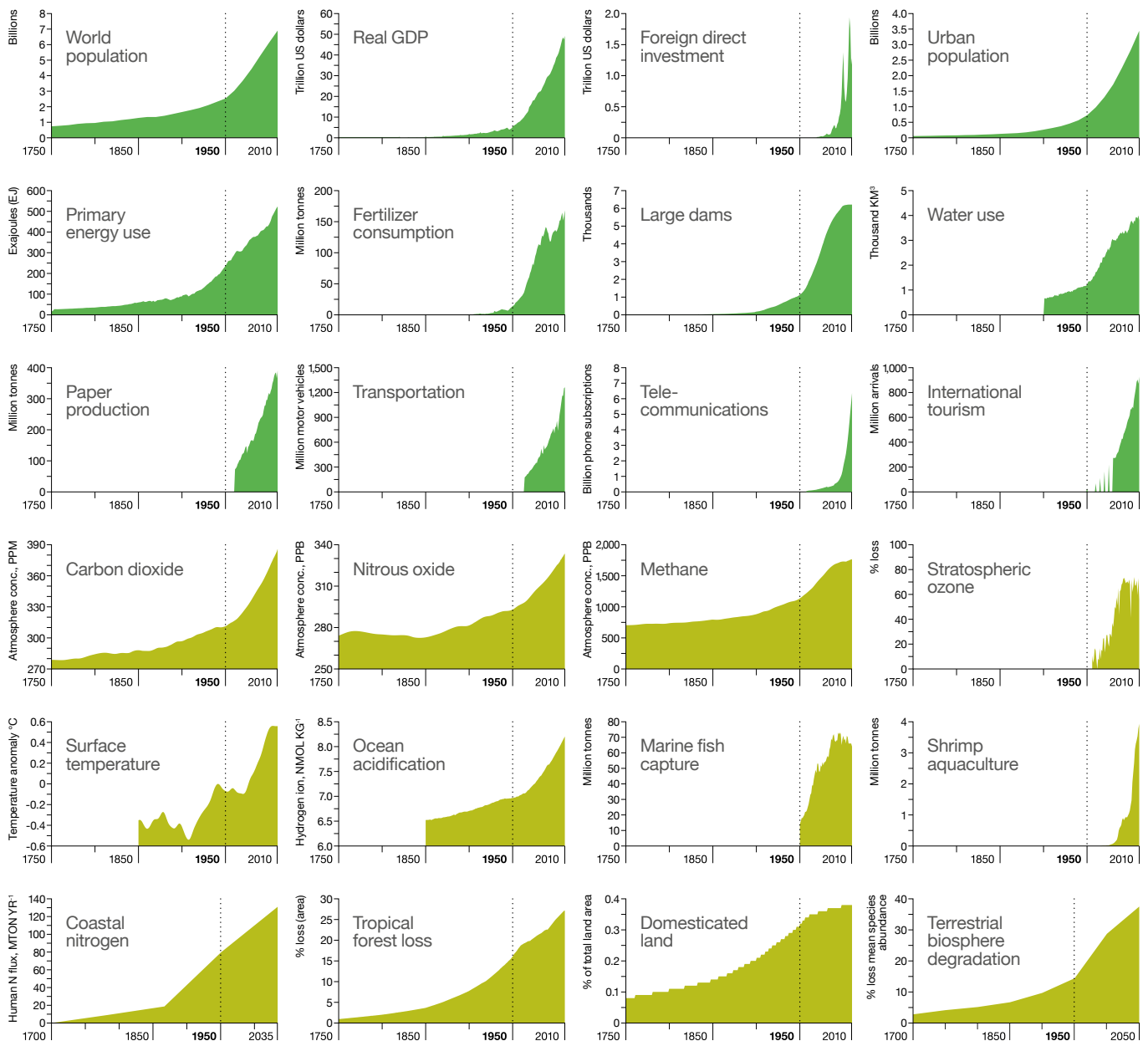
Some business leaders believe that 'bads' such as pollution and the unwanted impacts of goods and services (carbon, obesity, scarcity) should be taxed more aggressively than 'goods' like labour and profit. Others favour regulatory responses or pricing mechanisms to control resource use, waste, inequality, discrimination, and so on. They want to raise the bar on business practices by 'tilting' the incentive structure towards social and environmental innovation. Others see transparency as key, and want governments to mandate disclosure of social and environmental performance to allow stakeholders to make up their own minds about business behaviour.

² Steffen, W., Broadgate, W., Deutsch, L., Gaffney, O. and Ludwig, C. (2014). The trajectory of the Anthropocene: The Great Acceleration, *The Anthropocene Review*, 1–18, January 2015.

³ *ibid*, map and design: Félix Pharand-Deschênes/Globaia.

Figure 1: The 'Great Acceleration'³

■ Socio-economic trends
 ■ Earth system trends



The 'Great Acceleration' that began in the 1950s remains at full pace.

Business needs to compete on a more enlightened playing field.

A new quality of dialogue is needed between business, government and finance.

What should the economy be delivering?

Today, business is regarded by governments primarily as an engine of economic growth. While private enterprise can excel at delivering that growth, there is a problem.

It is not difficult to imagine actions for business, government and finance leaders to address this, but one first needs to ask what economic activity is designed to achieve. There are many answers to that question, most based in the betterment of people's lives, with a healthy environment implicit in that objective. Global frameworks such as the UN Sustainable Development Goals (SDGs or 'Global Goals')⁴ break this down in more detail: ending poverty; education and health for all; dealing with climate change; and so on.

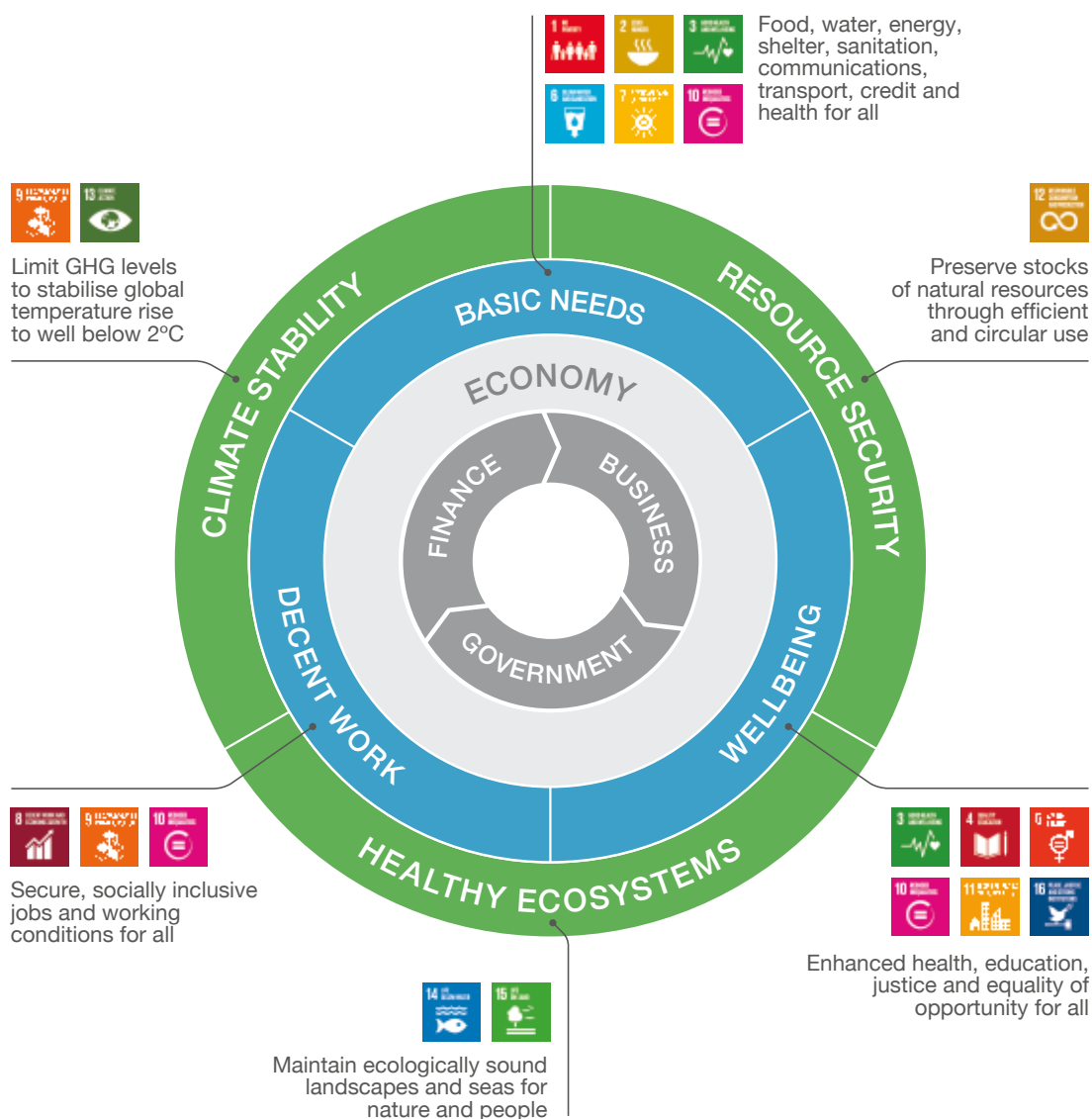
It is notable that the success of economies is generally measured in terms of growth rather than positive outcomes for people, such as those embodied in the SDGs. Clearly some growth will contribute to some of the SDGs, some of the time, but there are no guarantees. We also know that much economic activity does not contribute to the SDGs, and may in fact undermine them. There seems to be a strategic chasm between where the world agrees it should be headed (the SDGs) and the direction of the economy. The sooner the economy is harnessed for social and environmental gain, the sooner that chasm can be bridged.

The SDGs are designed as national ambitions and require careful thought to translate into business strategy. Moreover, they overlap to a certain degree, and cannot be delivered in isolation. For example, it would be unrealistic to 'end poverty in all its forms everywhere' without concurrent delivery of the education, health, energy, water and climate goals. With the help of our network, we have therefore condensed the SDGs into six broad areas of ambition which we hope will resonate with business (see Figure 2).

Governments have cited the central role of business in delivering the SDGs, but should not assume this will happen without necessary incentives and ground rules. The dynamic between business, government and the finance system therefore lies at the core of this plan. We believe that in an appropriately guided economy, business can be an engine of sustainable development, not just economic growth, dealing with challenges such as inequality and climate change as a function of doing business.

Much economic activity does not contribute to the SDGs, and may in fact undermine them.

Figure 2: What the economy should be delivering: six broad social and environmental ambitions



Sustainable Development Goals

In 2015, the existing global development framework, known as the **Millennium Development Goals**, was replaced by a broader and more representative set of global ambitions – the **UN Sustainable Development Goals (SDGs)**.

Condensed from the ambitions of almost 200 governments and shaped by business and civil society, the SDGs represent a once in a generation statement of direction for the whole world, guiding the global agenda for the next decade and longer.

The SDGs break down a seemingly overwhelming challenge into 17 parts, which CISL has condensed further into six themes. For business to play its full part in delivering the goals it requires concurrent action by governments and financial institutions. *Rewiring the Economy* sets out what actions all three groups need to undertake to forge a sustainable economy.

⁴ <http://sustainabledevelopment.un.org>

The plan

Business thrives on a clear long-term plan. To this end we have developed a ten-year plan to empower our network to lay the foundations for a sustainable economy – one that is capable of delivering the SDGs.⁵

The plan focuses on creating the **enabling conditions** for sustainable business: the conditions that, if present, would **encourage capital to flow into sustainable business models⁶** on the basis of their superior risk and return.

The vision of the plan is to lift and tilt the playing field for business such that, over time, the economy generates positive outcomes for people within safe environmental limits. This is an opportunity for business, government and finance leaders to work together on a common, jointly beneficial agenda.

The journey will require increased levels of ambition, new forms of collaboration and radical innovation to escape the thinking that has held us back to date. There will be few instant wins, which is why this plan is set out over ten years, embracing short, medium and longer-term actions of a fundamental nature.

The plan covers interdependent tasks, delivered by leaders in business, government and finance. These tasks are not specific to the plan – in different forms work is underway across the world to address them, though in many cases it is too fragmented or sub-scale to achieve the desired impact.

Rewiring the Economy calls for a step up in ambition. It is a catalyst for change, requiring extensive and diverse collaboration over the next decade to deliver its aims.

Clearly the tasks will need to be grounded in different institutional and geographic contexts to have an impact.

It is our ambition to work with leaders across our global network to explore and learn how to achieve this, through our focus areas on leadership, economic innovation, sustainable finance, inclusive development and natural capital. Read more about working with CISL on pages 16–17.

Beyond our network, we would like the plan to become a strategic compass bearing for business, government and finance leaders, inspiring new collaborations which enable a fundamental change in how the global economy is harnessed for the public good.

This is an opportunity for business, government and finance leaders to work together on a common, jointly beneficial agenda.

Rewiring the Economy is a catalyst for change, requiring extensive and diverse collaboration over the next decade to deliver its aims.

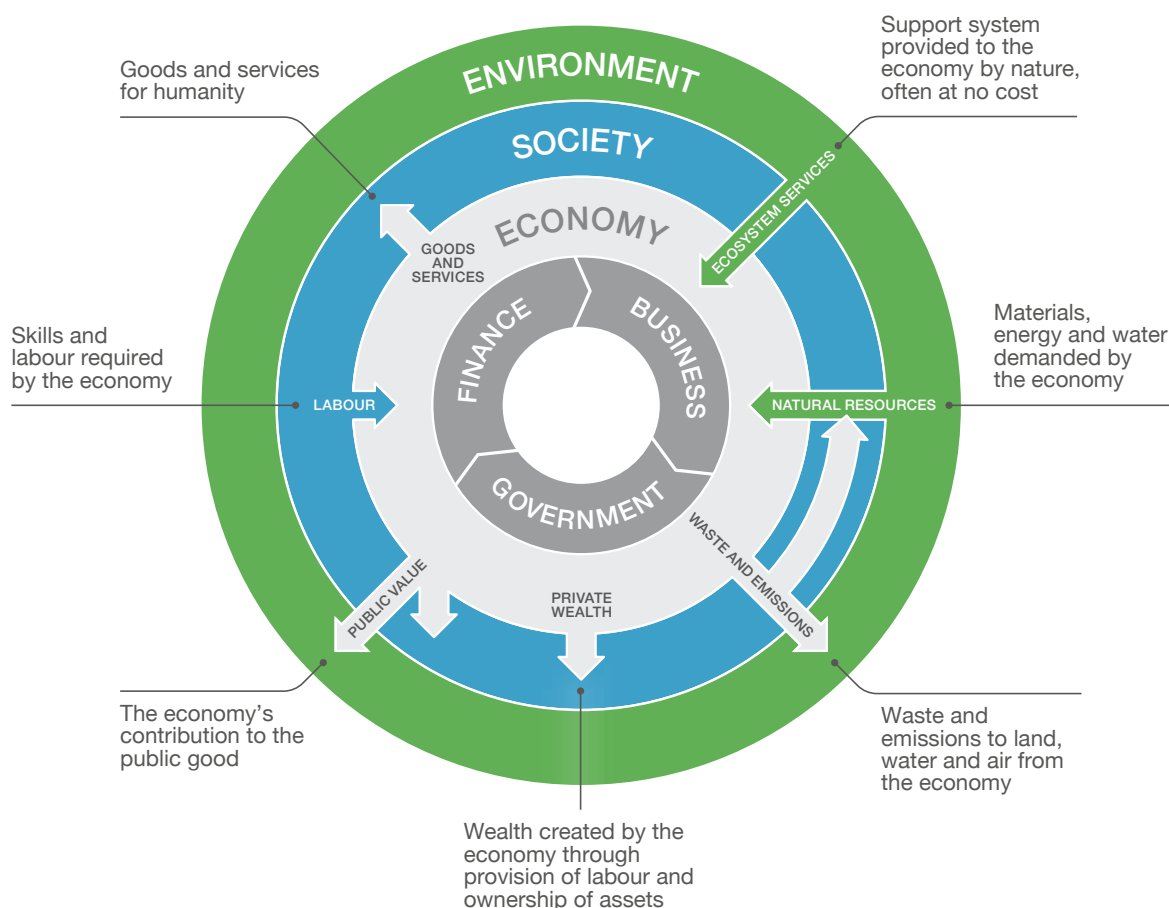
⁵ A sustainable economy does not guarantee a sustainable society – factors like basic freedoms, universal healthcare and education lie beyond the control of business.

⁶ Business models that produce positive social and environmental outcomes alongside financial returns.

Figure 3: The logic of ‘rewiring’

Rewiring the Economy starts from the principle that the economy can and should be delivering the outcomes demanded by the SDGs. If it doesn’t, how else do governments expect to achieve them? The second principle is that the three chief actors in the economy – business, government and finance – have good reason, and many would argue responsibility, for ensuring this happens, and therefore in working together as partners to make sure it does. The third and final principle is that a set of ten universal tasks – proposed on the following pages – can be identified to guide the necessary structural and cultural changes in the economy.

Figure 3 shows how the economy is dependent on inputs of labour, natural resources and ecosystems to function, in turn producing goods and services, wealth, waste and emissions as outputs. Some of these inflows and outflows are accounted for financially, while others – like clean air, pollination and rainfall – sit outside public or private balance sheets and are, effectively, free. If the draw down on these resources (the ‘global commons’) is not managed carefully then economic and social progress is hampered. In essence, this is the logic of *Rewiring the Economy*: ten tasks for business, government and finance which drive up positive impacts like decent jobs and drive down negative impacts like inequality, waste and resource scarcity – in short which deliver the SDGs.



The ten tasks

Tasks for government

Governments set the rules of an economy, steering its development. Their role in building a sustainable economy is simple: provide the signals and conditions necessary to adjust economic behaviour, a responsibility that takes in government policy, regulation, spending and public service practice. Three shifts, supported by finance and business leaders, are needed to achieve this.

Task 1: Measure the right things, set the right targets

Governments can set bold targets for social and environmental progress, and adopt new measures to track how well the economy is delivering them.

Many policies are geared towards growing GDP without sufficient regard to the quality of the growth achieved. Such a limited strategy can be counterproductive in terms of meeting social and environmental goals. Governments should consider how well they are served by GDP, and whether their goals and strategies may have been distorted as a result of its ubiquitous application. New metrics that integrate changes in social and natural capital alongside economic output provide a more rounded view of economic progress.

Measurement is only one part of this story, the other being the targets that governments set on the basis of the metrics they agree. Clear, measurable commitments from governments are essential in areas such as binding carbon emissions targets, achieving or surpassing zero net waste, and rules and incentives to achieve zero net deforestation, integrated with goals relating to skills, employment and living standards.

Without clear targets, backed up by integrated measurements, legal mandates and political commitment, then other government actions – for example social and environmental policies – will continue to work against the grain of the economy rather than through it, producing mixed messages for business.

New metrics that integrate changes in social and natural capital alongside economic output provide a more rounded view of economic progress.

Task 2: Align incentives to support better outcomes

Governments can use regulation and fiscal policy to pursue environmental and social goals, and support sustainable business models.

Smart regulation can steer business and finance away from activities that will undermine the stable social and environmental context they require to prosper. Fiscal measures can ensure that the true costs of environmental and social impacts of economic activities are borne by the economy rather than being offloaded on society. This task could be tackled, for example, by restricting or banning the use of outdated, environmentally damaging products as alternatives are developed – as is happening with incandescent light bulbs and the internal combustion engine. Regulation should be smart, not heavy-handed. It may be that just ensuring clarity about business and finance impacts through disclosure requirements is sufficient to prompt change.

Another powerful way to reflect and manage true costs is to remove or redirect subsidies that otherwise make unsustainable economic activity cheaper. Governments should consider whether their current approach to tax and subsidies supports their goals or may in fact be encouraging economic activities that run counter to them. Differentially taxing business activities according to their environmental and social impacts, rewarding positive performance while discouraging bad behaviour, can prompt market change.

Are governments using regulation, tax and subsidy to encourage the market to use its innovative power to deliver socially-useful goods and services?

Governments should consider whether their current approach to subsidies may in fact be encouraging economic activities that run counter to sustainable development goals.

Task 3: Drive socially useful innovation

Governments can use every opportunity to create drivers and incentives for innovation aligned with core sustainability goals, and can exemplify and enable sustainable business.

There is a clear need for innovative approaches, technologies and systems to tackle the fundamental sustainability challenges facing the world. Government has a central role to play in driving and sustaining such innovation. There is no better way for governments to demonstrate their commitment to building a sustainable future than to use regulation, public spending and other policy instruments consistently to achieve this aim.

Public procurement, service delivery, planning policy, education, research funding, innovation support and other levers of industrial (and infrastructure) policy can all be harnessed to enhance 'public goods' such as living conditions, employment, public space and environmental quality. At a minimum, government activities should not be associated with undesirable outcomes such as low pay, excessive waste creation, or damage to important and vulnerable ecosystems, landscapes, communities and the climate. At best, government activities can be a powerful lever for change.

Are governments effective at driving innovation?
Are they aligning efforts to drive and support innovation with their sustainability goals?

Are governments aligning efforts to drive and support innovation with their sustainability goals?

The ten tasks

Tasks for finance

If governments steer the economy then finance provides its fuel. As a universal influence on business, the role of finance in rewiring an economy is simple: to steer capital towards economic activities that support the future we want, and away from activities that do not. Three collective shifts are necessary.

Task 4: Ensure capital acts for the long term

Investors of capital can demand more from their money, using their influence to drive long-term, socially useful value creation in the economy in the interests of their beneficiaries.

In broadening their expectations on capital, investors can reward companies for incorporating long-term risk and value creation in their business models. Expectations can be set and reinforced in numerous ways. These include the agreements established between different intermediaries in the financial value chain, shareholder votes on policies that do – or do not – align with long-term value creation (such as remuneration and environmental performance), and the tools used to translate future business opportunities into present-day value.

Extending the timeframe over which financial risks and returns are modelled, and opening the analysis to key environmental, social and governance (ESG) risk factors, will build alignment between the way capital is deployed and the interests of its ultimate beneficiaries – the public.

This big and urgent reform faces an uphill climb against a well-known culture of short-termism in the finance sector, and warrants action from governments, regulators, capital owners, financial intermediaries, consultants, risk experts and business.

What would it take to incentivise the financial value chain to seek long-term performance?

What would it take to incentivise the financial value chain to seek long-term performance?

Task 5:

Price capital according to the true costs of business activities

Capital providers, and those who regulate them, can jointly consider how to reflect social and environmental risk factors in the cost of capital.

The cost of capital is a key factor in business decision-making. It is influenced by multiple drivers that interact with one another, including the business strategies of individual capital providers and the requirements set by regulators. Ultimately, the assessment of risk and return that underpins cost of capital calculations dictates how capital is deployed and hence which business activities are able to flourish.

Today, the cost of capital rarely reflects the true costs of business activities across equity, debt and insurance. This means that one of the key drivers of business decision-making is at best sending unhelpful signals to companies, and at worst allowing important risks to society to accumulate in the longer term. This danger is already being recognised by some central banks and financial regulators, who, for example, are asking whether the by-products of unsustainable economic activity, such as climate change and income inequality, could threaten financial stability.

Some individual capital providers are identifying strategies that enable them, on a unilateral basis, to reflect more closely the true costs of business activities in their cost of capital. For example, some banks require customers to meet certain environmental, social and governance (ESG) standards as a condition of business, while some investors integrate these considerations into their asset choices. These efforts need to be brought front and centre of financial institutions' thinking, enabled as necessary by fiscal, monetary and regulatory interventions.

Though they are regarded by some to be simply good risk management, how consistently are they being applied, and how visible is this to business?

The cost of capital rarely reflects the true costs of business activities across equity, debt and insurance.

Task 6:

Innovate financial structures to better serve sustainable business

Financial intermediaries in particular can apply their influence and creativity to ramping up the flow of capital into business models that serve society's interests.

In recent decades financial intermediaries, such as banks, have demonstrated incredible creativity in extracting financial value from business and society, to the point where many stakeholders now regard them as an economy in their own right, serving their own purposes rather than the underlying needs of the 'real' economy that others inhabit.

It is critical that this same powerful instinct for innovation is now underpinned by social purpose. Business models that address society's essential needs are emerging all the time. In many instances, the companies that invent them struggle to access mainstream capital because the risks are perceived by financial intermediaries to be too high or the scale of their operation too small – take off-grid renewable energy in Africa. They find themselves reliant on government or donor capital, or turn to unconventional sources, which can make their growth more costly, slow or even not possible – yet they are almost certainly bright prospects for the future.

More work is required by institutions across the financial value chain, governments and businesses to understand how innovative financial services, including public-private financing structures, could be deployed to support and scale up sustainable business models. Patient capital, risk-sharing mechanisms, innovation support and capability building are all part of a rich picture of financial services that will fuel a new generation of businesses that contribute to global challenges such as poverty, inequality and climate change. It will also help the incumbents to grow in new, socially relevant ways.

Could an improved understanding of this transition enable financial intermediaries to better support their clients?

Businesses that address society's changing needs are almost certainly the brightest businesses of the future.

The ten tasks

Tasks for business

If finance is the fuel of an economy, then business is its engine. Any serious rewiring of an economy will therefore require active business engagement and leadership. We present four strategic tasks for business, in collaboration with governments and financial institutions.

Task 7: Align organisational purpose, strategy and business models

Within a commercial context businesses can explicitly set out to improve people's lives whilst operating within the natural boundaries set by the planet.

We know that for many businesses, the current operating model isn't going to be sustainable in the long term.

Businesses need to make a dramatic shift. Successful businesses of the future will need to find ways to create value while making a fair social contribution, with neutral or positive impacts on the natural world.

They can do this by aligning the organisation's core purpose with sustainable development such that the business exists to have a positive impact on the world, without trading the needs of one stakeholder for those of others.

New regenerative business models, which adopt circular material flows and a blend of product and service approaches, alongside sustainable production and consumption models, can improve rather than deplete natural resources. For many businesses this will mean working differently with a range of stakeholders to understand the full lifecycle of their products and services, to innovate and adapt.

For many of today's industries, this level of disruption will be challenging and lead to rebalancing of corporate portfolios, creating winners and losers. Businesses anticipating and proactively engaging with change are likely to stand the best chance of being leaders in the new economy.

Is the strategy consistent with a pathway to maintain global temperature rise under 2°C or even 1.5°C? Is there a fair distribution between tax and profit, between workers, shareholders and communities?

Businesses can use a positive vision for society and the environment to set their strategic direction.

Task 8: Set evidence-based targets, measure and be transparent

Businesses can contribute to a sustainable future by setting evidence-based targets, measuring the right things, and reporting progress.

Setting bold, ambitious targets sends a strong signal to staff, partners and other stakeholders that the leadership is committed to delivering its purpose, together with the radical innovation and new thinking required to achieve it.

Business leaders say they must measure what they seek to manage. They must also measure what matters. Businesses can ensure that they measure the right things in their operational practices using appropriate social, environmental and economic criteria.

They can set targets informed by evidence, whether from science or international commitments, which take into consideration the nature of the business and its position in the economy, and are not limited to current capabilities.

Businesses will need to embrace new measures to understand their full impact and dependencies on the natural world and society. Enhanced measurement can support the transition towards more sustainable business by understanding the real rate at which critical natural resources (such as soil, water, biodiversity and a stable climate) are being depleted; the risks their business is exposed to as a result; and the true impact of their business on society.

By broadening the use of environmental, social and governance (ESG) reporting, businesses can send a clear message to society, capital markets and other stakeholders that their longer term approach to value creation is aligned with a sustainable economy.

Enhanced disclosure of non-financial performance and a generally more transparent approach will facilitate a more informed dialogue with stakeholders, and greater trust in the role of business in meeting global challenges.

Businesses can demonstrate that a longer-term approach to value creation is aligned with a sustainable economy.

Task 9: Embed sustainability in practices and decisions

Businesses can embed new ways of thinking in their operational practices and decision making.

Businesses are by nature places of action. Decisions and actions taken by employees shape the activities of the company, from executives to the shop floor.

To fulfil a purpose aligned with a sustainable economy, businesses will need to act differently through their decision-making, operations, supply chains, policies, management tools and governance.

This may mean new policies and methods in sourcing and production; making bold decisions which go further than required by government policies to take voluntary action on labour rights, greenhouse gas emissions, or sustainable sourcing standards, for example.

Businesses will be required to shift activities away from those which are not aligned with a sustainable economy. They may need to forego some short-term income in unsustainable activities, whilst growing new sustainable markets. Executives must navigate the leadership dilemmas inherent in focusing on the long term whilst performing in the short term.

New opportunities will emerge from the redrawing of market boundaries, and many businesses will find themselves in very different markets from those they operate in today, with potential rewards for those which lead.

The development of organisational capability and capacity to deliver this change is a critical enabler of progress. Businesses can align staff recruitment, development and reward systems to equip employees with the insight, mindset and capabilities to drive change at the scale and pace required.

Are businesses developing and attracting talented people with the capabilities, perspectives and capacity to operate and thrive in the future?

Businesses can develop people with skills to operate in new ways consistent with sustainable business success.

The ten tasks

Tasks for business *continued*

Task 10: Engage, collaborate and advocate change

Businesses can use their influence to engage communities, and build public and government appetite for sustainable business.

Given the significant business opportunities and risks in the transition to a sustainable economy, this is no time for greenwash, complacency or 'basic compliance' approaches. Business is expected to lead. Using corporate influence for constructive community engagement, positive policy dialogue and behaviour change is an essential characteristic of a sustainable business.

Accelerating progress towards a sustainable economy will require businesses to enter new collaborations with their value chains, customers, communities, competitors and peers, to harness and deploy new innovations.

Businesses can engage external stakeholders in ways that mitigate risk and unlock opportunities for sustainable business; this includes governments and regulators, customers, communities, suppliers, investors and business associations.

A significant proportion of the information citizens receive is via communications, marketing and public relations undertaken by business. These powerful influences can promote sustainable business and consumer choices.

Businesses can work with governments and communities to minimise potential negative impacts of change, such as job losses caused by industry transitions and automation. This gives communities a voice in transition planning and provides support to access new opportunities.

Public and government affairs experts can play a vital role in engagements with policymakers to shape future markets which favour sustainable businesses over unsustainable short-term business models.

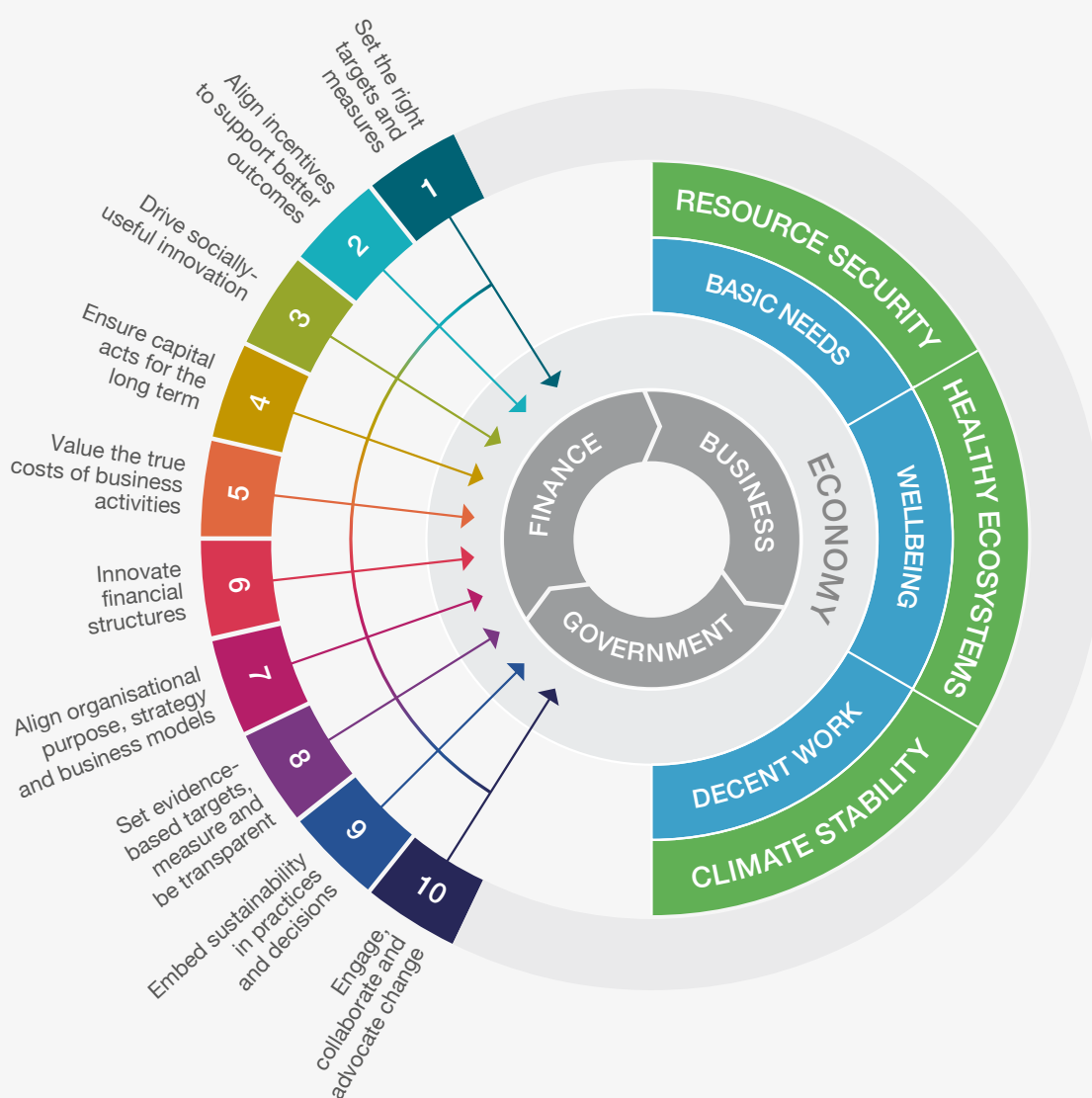
What is the quality of engagement between companies and the communities they operate within? Do the company's public policy engagement and customer communications encourage action towards a sustainable economy?

Businesses can use their influence to mobilise communities, customers, investors and policymakers behind their sustainable business practices.

Figure 4: Ten tasks for business, government and finance to lay the foundations for a sustainable economy

This report has introduced the idea of *Rewiring the Economy*. We've explained that the economy should and can be set up to deliver the SDGs, and that this will require significant co-operation among business, government and finance. Furthermore we have attempted to sketch out – through the ten tasks that form the centrepiece

of this report – how these critical partners in the economy can concentrate their energies around this aim. Figure 4 below captures the key elements of this project in a single graphic. We hope you will identify your own place in it and the role you might play in advancing its objectives.



Laying the foundations for a sustainable economy will require widespread and long-term commitment to collaborative action

Making progress on sustainability over the next decade will require the creativity and determination of business, government and finance leaders, all working together. Adapting and implementing the tasks within *Rewiring the Economy* will be challenging for any organisation, regardless of its scale or the scope of its sustainability ambition.

The University of Cambridge Institute for Sustainability Leadership is committed to working with leaders from business, government and finance to achieve the innovation and organisational transformation needed to rewire the economy.

Rewiring the Economy provides a framework to guide CISL's work, and that of our network, towards a sustainable economy.

This work includes:

- **Bringing together organisations and leaders from across business, policy and finance to tackle problems they can't solve alone.** Our Business and Policy Leaders Groups offer a collective voice that can influence policy and practice around problems of shared interest and, with our help, identify solutions and advocate change. For example: The Prince of Wales's Corporate Leaders Group brings together a select group of European business leaders to advocate solutions on climate change to policymakers and business peers.
- **Providing leaders with insight into innovative, commercially-relevant ways to address global trends.** Our executive education and graduate programmes enhance the ability of leaders to develop responses to sustainability challenges; building their capacity to translate new knowledge and awareness into practice. For example: The Prince of Wales's Business & Sustainability Programme seminars, held around the world, have become a global benchmark for sustainability leadership education.

Each residential seminar encourages immersion through a combination of lectures, case study presentations, group discussions and individual reflections – giving delegates concrete ideas to take back to the workplace.

- **Helping companies find solutions to sustainability challenges that deliver impact and long-term value.** Businesses are operating in an increasingly volatile and uncertain context, one that is affected by social, environmental and economic change. CISL's customised programmes and advisory services help organisations anticipate and respond to these changes, finding ways to benefit society and the environment while building commercial value.

CISL's work towards a sustainable economy is underpinned by world-class research that offers a rich picture of current sustainability challenges, drawing on multidisciplinary thinking and grounded in practitioner insights. It is shaped by the constant enquiry as to what kind of leadership is needed – and how we can foster it – to transform the way we run our economies and societies within the limits of the natural world.

Over to you

We are looking to our extensive and diverse network of leaders to take action and share their insights into the challenges and opportunities they encounter along the way, and wherever possible to collaborate with us over the next decade to deliver this plan.

We invite you to look at your own organisation, and at your own niche in the economic system, and consider what it would take for you and your peers to play a part in delivering against these ten tasks. Above all we are looking for you to take action.

**We are committed to joining
you on that journey.**

Cambridge insight, policy influence, business impact

The University of Cambridge Institute for Sustainability Leadership (CISL) brings together business, government and academia to find solutions to critical sustainability challenges.

Capitalising on the world-class, multidisciplinary strengths of the University of Cambridge, CISL deepens leaders' insight and understanding through its executive programmes; builds deep, strategic engagement with leadership companies; and creates opportunities for collaborative enquiry and action through its business platforms.

Over 25 years, we have developed a leadership network with more than 7,000 alumni from leading global organisations and an expert team of Fellows, Senior Associates and staff. HRH The Prince of Wales is the Patron of CISL and has inspired and supported many of our initiatives.

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