What will 2017 bring for sustainability and business?

In this trends briefing, you’ll find the condensed views and predictions of over ten Directors, Fellows, and Senior Associates affiliated to the University of Cambridge Institute for Sustainability Leadership (CISL).

8 sustainability trends driving business in 2017
Tech-driven innovation disrupts societies and industries
In response to sustainability challenges, we’ll see the emergence of products that accelerate more sustainable lifestyles and create sustainable infrastructure; the continued growth of renewable energy; and huge innovation in emerging or newly developed economies.

Governments look to the private sector to deliver on the Paris Agreement and SDGs
Increasing numbers of businesses will align business strategies and delivery plans with the UN’s Sustainable Development Goals, but may require trade-off decisions.

Businesses increasingly perceive sustainability as an opportunity
As sustainability moves up on the boardroom agenda, we can expect the increased integration of sustainability functions into all facets of the business and away from ‘CSR’.

Collaboration is king
New, atypical alliances (eg business, academia, NGO) will emerge, with an increased focus on working together across boundaries.
The impact of climate change goes global

Extreme global climatic events – think hottest months, wettest months, droughts, and floods – become more frequent and continue to break records. These manifestations of climate change will become ever more disruptive. This has implications for consumers, supply chains and policymakers, who will be increasingly expected to respond.

Case in point: The Paris Agreement on climate change

In December 2015, in Paris, France, at the largest ever gathering of world leaders and ministers, 195 countries agreed on a global framework for tackling manmade climate change.

The historic and ambitious Paris Agreement was a turning point in political action on climate change, with implications for the global economy and businesses everywhere. It is the first truly global and binding agreement on climate change that includes specific actions on how to deliver a zero carbon economy.

Whilst the impact of the Agreement will vary from industry to industry and across geographies, there are common themes and an overall new context for change, which apply to all businesses around the world.

CISL’s 2016 Business Briefing, A New Climate for Business, is designed to provide a stimulus and framework for understanding the likely implications as you begin to develop a strategic response to the Paris Agreement. Click the button below to download the report.

Rising social inequality and disengagement

The benefits of global economic growth and industrial innovation have not been equally shared, leading to widespread and growing inequality, social instability and the disenfranchisement of large sections of society. Without careful management, future economic shifts driven by technological advances may further exacerbate these destabilising social trends.

Increases in migration, inequality and global action on climate change are key issues. As resource scarcity and technological innovation contribute towards increasing social inequality, unrest and fear-driven responses, the burden lies with businesses and governments to address the disparities and resulting conflict. These will dominate politics and economics in 2017, and businesses and governments will have to collaborate across borders to respond.

To address these social injustices, businesses need to analyse the implications of their operations, on all stakeholder parties, and deliver better outcomes. CISL’s 2016 report on Business, justice and the new global economy offers thought leaders and change agents a framework to drive this meaningful change.

DRIVE SOCIAL JUSTICE
Increasing pressure on natural resources means raw materials’ shortages drive prices upwards and put geopolitical pressure on producers. The impacts of water scarcity on basic access to water and hygiene, and the conflict between these and the water requirements of producers, will be pronounced. Water issues also feature prominently in the follow-up meeting to Paris. The current economy shows no sign of maintaining global temperature rise under two degrees, nor addressing the key challenges like inequality or natural resource degradation.

That this is the case reveals a monumental market failure: current price signals are too weak to change economic behaviour, despite the costs that arise from business as usual.

Changing the operating conditions for business in response to this challenge will demand a new quality of relationship between business, government and finance.

In 2017, companies will increasingly recognise their dependencies upon the natural world and begin to put commercial value on things that were previously seen as ‘externalities’ – such as water, soil health and a stable climate.

The rise of the city-level state

Power will move away from central sources into cities and communities, leading to a rise in city-level bans on unsustainable products such as coffee capsules, cars and packaging.

Case in point: Four major cities move to ban diesel vehicles by 2025

Mayors of Paris, Madrid, Athens, and Mexico City declared diesel vehicles would be banned in their cities by 2025 at the C40 meeting of urban leaders in Mexico, in late 2016. Noting poor air quality, and the devastating effects of diesel vehicles, the mayors decided to use their authority to ban culprit vehicles and promote alternative, cleaner transport methods. Paris Mayor, Anne Hidalgo, cited Tokyo – which banned ‘dirty’ diesel vehicles in 2000 – as the inspiration behind the bold move.¹

The decision marks the beginning of what is expected to be a widespread trend – given the increased scrutiny on diesel vehicles and the decentralisation of power in recent years. This is evident in the mounting pressure on local governments to adopt green initiatives, following suit of more progressive cities.

Vehicle manufacturers will know that in order to survive, or to thrive, they’ll need to adapt to these growing concerns, divesting in diesel and investing in the technologies being promoted by local government bodies.

¹http://bbc.com
5 Tech-driven innovation disrupts societies and industries

Products that accelerate more sustainable lifestyles and create sustainable infrastructure will emerge. Technology-driven innovation will increasingly disrupt business and society and bring about more efficient use of resources in response to environmental challenges – probably in emerging or newly developed economies.

Significant changes in certain areas of the economy across the globe are likely to include:

- greater investment in new, low carbon technologies and business models – eg renewable energy, energy efficiency measures, electric vehicles
- increased application of artificial intelligent (AI) and autonomous technologies creating winners and losers in society
- changing business models in power generation with implications for energy consumers as new technologies are deployed
- increased R&D funding and incentives for the renewables, energy efficiency and clean-tech industries
- a long-term shift to ultra low carbon vehicles and alternative modes of transport
- increased incentives for resource efficiency, recycling and increased costs for inefficiencies
- increased use of carbon management as a proxy for efficiency and productivity within organisations
- increasing cost of capital for high carbon infrastructure development or projects which do not address future climate impacts
- greater attention to the risks to financial assets associated with climate impacts
- redoubled efforts to develop financial products to help manage climate impact-related risks

Case in point: Multinationals rewired for sustainability

Companies such as GE, Unilever, Nike, IKEA, Toyota and Natura are already reaping the benefits of offering ‘green’ products and services – a market which has grown to over $100 billion. Unilever’s purpose-driven brands are growing at twice the rate of the rest of their portfolio and if GE’s Ecomagination was a standalone business it would be a Fortune 100 company.
Governments look to the private sector to deliver on the Paris Agreement and SDGs

Increasing numbers of businesses will align business strategies and delivery plans with the UN's Sustainable Development Goals (SDGs), but may require trade-off decisions.

Global frameworks such as the United Nations' SDGs are, while hugely important, not immediately translatable into business action. CISL has condensed the SDGs into six broad areas of ambition that we hope will resonate with business. These six focus areas are:

- Climate stability
- Healthy ecosystems
- Resource security
- Basic needs
- Wellbeing
- Decent work

For business to become an engine for delivery of the UN's SDGs, they must be turned into a practical agenda, which is the purpose of CISL's 2016 report on *Rewiring the Economy*. Click the button below to download.

[REWIRE YOUR BUSINESS]
Businesses increasingly perceive sustainability as an opportunity

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The circular economy will remain a hot topic and more new startups in the sharing economy will emerge. Established businesses will innovate by acquiring or finding synergistic ways of working with these new progressive startups.

Case in point: The REALCAR project

To improve the environmental performance of its vehicles, Jaguar Land Rover needed to innovate and incorporate aluminium into their design and manufacture. Incorporating aluminium would lower the vehicle body mass, improve fuel efficiency and, as a result, reduce the environmental footprint and running costs for customers.

However, Jaguar Land Rover wished to mitigate the energy and cost-intensive nature of using primary (virgin) aluminium in the production process. To do this, Jaguar Land Rover worked collaboratively with its material supplier Novelis, Innovate UK, the UK’s innovation agency, and other partners.

The result was a closed-loop value chain that minimised the use of primary material and maximised the use of recycled aluminium during manufacturing. Find out which of the three key learnings from this fascinating project you could take away in this case study report.

Ian Ellison is the Sustainability Manager for Jaguar Land Rover. He’s responsible for developing and implementing a product sustainability strategy based on measuring and minimising product life cycle impacts, energy management, material efficiency, closed-loop material cycles and sustainable / lightweight design approaches. He’s also a guest lecturer on the University of Cambridge Business Sustainability Management online short course. This video is a preview of one of the online video lectures created for that course.

Collaboration is king

New atypical alliances (business, academia, NGO) will emerge with increased focus on working across boundaries. More collaborations emerge across value chains for sustainability – more collaborations with suppliers, customers and other stakeholders.

CISL’s 2015 report, Better partnerships: Understanding and increasing the impact of private sector cooperative initiatives – jointly published with leading renewable energy consultancy, Ecofys – analyses five case studies in which organisations collaborated across borders toward emission reductions.

The report examines the motivation behind each collaborative initiative, as well as the barriers and opportunities to scale and the factors contributing to its success. It concludes with a nine-point Action Plan to aid businesses in maximising the impact of cooperative climate initiatives.

DEFINE YOUR COLLABORATION STRATEGY
University of Cambridge Institute for Sustainability Leadership

**Business Sustainability Management**  
**online short course**

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 these global sustainability challenges.

We’re facing a volatile, uncertain future, and we need business leaders who take the long view.

The eight week University of Cambridge Institute for Sustainability Leadership online short course in Business Sustainability Management is designed for individuals who are ready to gain the expertise they need to become agents for positive change in their organisations. **You can expect to gain:**

1. The confidence to argue the business case for sustainability, informed by a rich understanding of the impact of current global economic, social, and environmental pressures.

2. A personalised action plan for overcoming the barriers and seizing the opportunities associated with creating a sustainable business.

3. A certificate from the University of Cambridge Institute for Sustainability Leadership.

If that sounds like the future-oriented business education you need to advance a meaningful career in sustainability, click through below to view course details and download the course prospectus.