TIME TO SUCCEED

IT'S NOT ENOUGH TO KNOW WHAT NEEDS TO BE DONE: WE ALSO NEED TO UNDERSTAND HOW TO DO IT.

The transformation of systems does not take place in silos, within individual companies or even single industries. It is the result of actions taken across industries and societies. It is catalyzed by macrotrends and innovations, and enabled by factors ranging from mindsets to regulations.

Ultimately, transformation will be influenced by, and rely on, the aspirations and actions of us all. Business no longer has time to wait for the stars to align – for the right regulations, the right market conditions, the right innovations to fall into place. Achieving Vision 2050 demands that business understands how systems transform, and what it can do to unlock the transformations that are required.

WE CANNOT TRANSFORM OUR BUSINESSES, ECONOMIES AND SOCIETIES TO ACHIEVE VISION 2050 WITHOUT UNDERSTANDING WHAT TRANSFORMATION TRULY MEANS: ROOT CAUSE-LEVEL CHANGE THAT DELIVERS FUNDAMENTALLY NEW OUTCOMES.

THE NEED FOR SYSTEMS THINKING

UNDERSTANDING SYSTEMS TRANSFORMATION

We cannot transform our businesses, economies and societies to achieve Vision 2050 without understanding what transformation truly means: root cause-level change that delivers fundamentally new outcomes.

For all the talk of transformation, there is relatively little clarity about what it means, let alone how it happens or the role companies can play to actually support it.

In recent years, more and more stakeholders have begun to use the terms "transformation" and "systems transformation" to describe what is needed to achieve sustainable development. These stakeholders include government policymakers, international organizations, civil society groups, academics, companies and their associations. All are realizing that our sustainable development challenges are complex, highly interconnected and systemic; no one actor or even group of actors, can address these challenges on their own. Many now recognize the extent of change required to achieve a truly sustainable future and that transformation will come with some initial costs.

WBCSD defines transformation as profound change in the systems that have created the social and environmental challenges we face – change that generates dramatically different, and more positive, outcomes and impacts for people and planet. Transformation tackles problems at the root cause level with completely new ways of thinking and acting, based on fundamentally new premises and sources of value.

Transformation stands in contrast to more ordinary, incremental change. Incremental change can occur more easily because it builds upon familiar concepts and doesn't threaten vested interests too much. Incremental change has a role to play in enabling transformation – for example, by creating new business models without cannibalizing current ones. But it can also serve to protect the status quo by giving the impression that sufficient progress is being made.[45]

Three common factors drive and shape systems transformation: macrotrends, innovations and enablers.[46] An overview of each follows.

MACROTRENDS

All systems operate in a broader context, and are subject to external pressures that can encourage change over time. Macrotrends are changes that are significant and sustained enough to have far-reaching impacts, such as aging populations, climate change, the rise of automation, a shift in the global economic center of gravity or retreat into more local trading blocks.


INNOVATIONS

As actors within a system react to the way the context is evolving, they develop innovations they believe will offer better performance or new possibilities. These include new technologies, business models and ways of fulfilling social functions – for instance, the internet, the circular economy, a universal basic income. Very often, transformations occur when multiple innovations combine to offer something completely new.
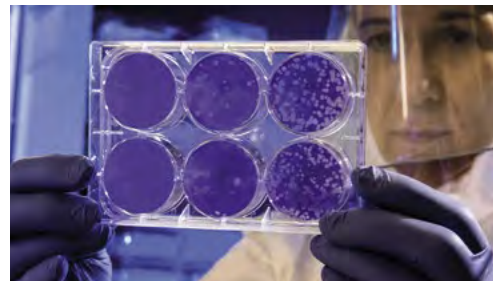
ENABLERS

Ultimately, a set of enablers react to trends and innovations, helping to change the way a system works. Enablers are forces that shape the incentives, power dynamics and capabilities of different actors in a system at scale – such as individual norms, values and behaviors, policy and regulation, information flows, financial flows and technology. Enablers propel change into the mainstream, thus transforming the system.

FIG. 12: MACROTRENDS, INNOVATIONS AND ENABLERS COMBINE TO BRING ABOUT TRANSFORMATION OF SYSTEMS
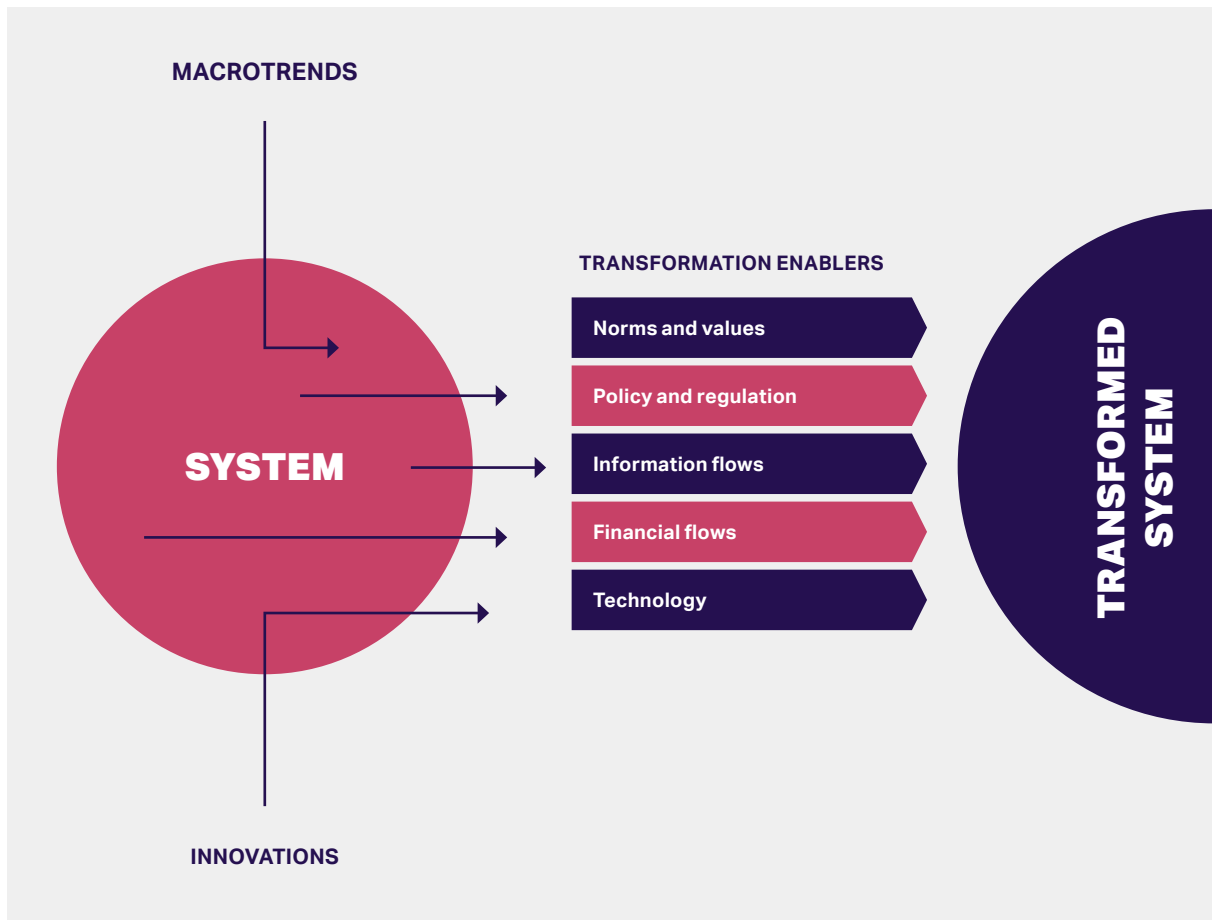
While this theory may be simple enough, the reality of systems transformation is complex, messy and unpredictable.

Because systems are made up of so many diverse, yet interconnected and interdependent actors, the process of systems transformation is distributed and adaptive. This means it is the product of many different actors experimenting, learning and adapting within parameters that are always changing as a result of one another's efforts. Over time, they develop new products, technologies, services, business models, public service delivery models, policy and regulatory innovations, voluntary standards, and cultural norms and behaviors, that together deliver new results. There is usually stiff resistance from groups with vested interests in the status quo. Systems transformation is organic and non-linear.[47] The process often defies advance planning and can be very hard to predict.

Nevertheless, a clear view of the macrotrends and innovations that can catalyze transformation, and the enablers that drive the process to fruition, helps business understand how, where, and when it can act to support change. Forward-looking businesses must collaborate, using insights, innovations and influence to steer the critical transformations outlined in the pathways toward Vision 2050.

UNDERSTANDING THE MACROTRENDS, INNOVATIONS AND ENABLERS THAT TOGETHER CATALYZE TRANSFORMATION, HELPS BUSINESS UNDERSTAND HOW, WHERE AND WHEN IT CAN ACT TO SUPPORT CHANGE AND PLAY A LEADERSHIP ROLE.

PAST BARRIERS TO SYSTEMS TRANSFORMATION

Our original Vision 2050 projected that 2011-2020 would be the turbulent teens. Indeed, they were. Many of the "must-haves" we set out were not achieved. Not enough of the progress that we said would set us up for the transformation times, was made. To succeed in our efforts to realize transformation in the decade ahead we must consider why.

Will a better understanding of how systems transform help us see why transformation has eluded us? Can we look at the last ten years and pinpoint the past failures that have prevented societies from building on the foundations that we have been able to put in place, such as the SDGs and the Paris Agreement? Does increased clarity of these barriers to transformation provide us with insights and lessons that we can apply to similar obstacles that we may well face over the next decade? We can't afford to lose another 10 years.

As part of our efforts to revisit Vision 2050 we have engaged members of the global business community to identify what they perceived as the most significant barriers to transformation over course of the last decade. Our review revealed a broad range of barriers spanning from policies, to innovation costs and consumer habits. A selection of these barriers are laid out in Fig. 13 below:

WHAT WERE THE MOST SIGNIFICANT CROSS-CUTTING BARRIERS TO TRANSFORMATION?

Short-termism

A line could be drawn from a majority of the barriers identified back to the dominant norms and values that guide our decision-making – in business, in politics, in society – amplified by the specific circumstances of the last decade. An already-entrenched short-termism, on the part of companies, investors, policymakers and individuals, exacerbated by the need to recover from the 2008 financial crisis and return to the status quo, was (and likely still is) the primary barrier to transformation.

Alignment and ambition

In addition to the constraints that short-termism imposes, our collective mindsets weren't yet sufficiently aligned on the need for action. Absent a critical mass of public and institutional opinion in support of action, policy efforts such as the push for an effective price on carbon, or a shift in our measures (and timeframes) of success, were unable to advance, stalled by the supposed safety of status quo.

Transition costs

We have not been sufficiently transparent about the costs of transition or its likely effects on a range of different stakeholders. Amongst both policymakers and the business community, short-termism has also affected the way we have

FIG.13 BARRIERS TO TRANSFORMATION

NORMS AND VALUES
- The dominant model of capitalism and short-term self-interest
- Those creating the challenges are least likely to be affected by them
- Lack of global vision, leadership, consensus, momentum, trust and commitment.

POLICY AND REGULATION
- Lack of regulatory consistency and stability
- Incomplete, poorly funded and/or weakly-regulated policies
- Defensive corporate approach to policy and regulation.

INFORMATION FLOWS
- Cost of inaction not effectively communicated or understood
- A lack of understanding of sustainability issues and their systemic nature
- Not enough relevant information collected and shared with decision-makers.

FINANCIAL FLOWS
- Failure to account for true social and environmental costs and benefits
- Misaligned incentives preventing investment in transformation
- No agreement on how to handle the transition or transformation costs.

TECHNOLOGY
- Lack of systemic approaches linking behavior, infrastructure and technology
- Lack of public and private investment in transformational technologies
- Lack of incentives and investment in technology-driven efficiency improvements.

been thinking about unlocking transformation. The dominant entry point for addressing sustainable development challenges is the (financial or growth) opportunities that will flow from taking action. Yet the transition costs of the transformations we seek will be significant – enormous in fact – as will the costs of inaction. New infrastructure and networks need to be built, business models need to be reinvented, and whole industries (and the jobs that they provide) need to be reimagined and repurposed to serve society more sustainably. Acknowledging the true transition costs is an essential part of planning how we will approach transformation, and critical to working transparently and effectively with the strongest supporters of the status quo so that we can reverse their opposition to the progress our vision demands.

LESSONS WE CAN LEARN FROM THE LAST DECADE

Perhaps the most important lesson from the last 10 years is that how we respond to a crisis has profound effects on how we recover from it in the long term. The priorities embedded within the response determine the outcomes of the recovery. It is encouraging that, in the wake of the COVID-19 pandemic, so many governments around the world are talking in terms of "building back better, aligning rescue and recovery packages with a broader agenda of transformational goals.

However, just pumping money into the existing system, albeit toward societally positive purposes, will not be enough. Short-termism is an inevitable outcome of our current organizing models: without changes to our political and economic incentives, we will continue to face crippling tension between long-term requirements and short-term gains. A reinvention of capitalism, by both forward-looking business and policy leaders, will have the most tangible impact on shifting the rules of the game and overcoming one of the most significant barriers to change.

Any change to the policy landscape needs to reach beyond a single country or regional block in order for it to have truly transformational effect. Yet over the last 10 years we have seen international cooperation repeatedly attacked and sometimes subverted. Business has looked on as multilateralism has broken down, despite the negative effects this has had on investment opportunities, stability and security, as well as on the spread of innovation and the alignment of the global regulatory environment. As the world has retreated into more regional spheres of interest and influence, the incentives for more short-term zero-sum gain approaches increase. We must reverse these trends. None are beneficial to the future success of multinational corporations. Business cannot take national and international political stability for granted and must work to defend and promote it wherever it can.

The same is true of the information landscape. The last 10 years have seen a fragmentation of people's information ecosystems, with polarization and insulation providing fertile ground for dangerous misinformation to spread unchecked. The difficulty some governments have had in public acceptance of measures taken to control the COVID-19 pandemic demonstrates the real danger that fractured information realities pose. The erosion of a common set of societal facts is threatening the positive shifts that have occurred toward greater public understanding and support for action on sustainable development challenges. Efforts to improve public trust in the media, experts and institutions will be central to societally-supported transformations. At the same time, we must acknowledge that the appetite for misinformation is in part driven by the difficulties and discontent felt by many around the world, and addressing the ever-increasing levels of global inequality are central to efforts to improve the public's trust.

WHAT CAN WE DO DIFFERENTLY?

In this report, WBCSD has proposed three strategic business mindset shifts that we believe are precursors to the business community collaborating to overcome these kinds of barriers in the next 10 years. These mindset shifts lie at the heart of how business will make decisions. A model of capitalism that rewards true value generation in the long term will demand a change to the rules of the game, moving us away from short-term decision-making. A better understanding of true resilience will drive companies to more broadly consider the different factors that their long-term success depends on, and push them to address societal trends, developments and behaviors that threaten their long-term success. A more regenerative approach to business will shift the way in which companies value and nurture the ecosystems and communities that their success and stability depend on. These mindset shifts are what will move companies to take action in support of real transformation.

The rest of this chapter is dedicated to outlining what it takes to succeed once companies have decided to act. We show how exploring macrotrends, potential disruptions and maturing innovations help us to understand the world we will be taking action in. And we provide an overview of the various different factors that determine whether or not actions are able to succeed and scale – the key enablers of transformation that business must interact with more effectively going forward: innovation, investment, individuals and policy.

The biggest change in approach has already happened. The zeitgeist has finally caught up with the urgency of the challenges that we face. And while not everyone is aligned on the need for transformation, those who are not find themselves in a weaker position every day. Business can shift its approach and embrace these enablers of transformation, driving for wider collaboration, greater ambition and faster action in its efforts to build a better world.

UNLOCKING SYSTEMS TRANSFORMATION

Business has a crucial role to play in systems transformation. Our understanding of the way systems transformation happens, depicted in Fig. 12, offers a guide to where action is needed, revealing opportunities for business to drive transformations more deliberately and effectively in support of Vision 2050.

First, companies can ground their efforts to support sustainable development in a solid understanding of the way the world is changing and could change further. Exploring key macrotrends, plausible disruptions and emerging innovations allows companies to anticipate where their efforts could face headwinds or tailwinds, where better investments could be made, and where risks might need to be more carefully managed.

Second, companies can use their core competencies and influence with other stakeholders to leverage key internal and external enablers of transformation. These include innovation and technology, finance and investment, individuals and consumption, and policy and regulation.

If the last 10 years have taught us anything, it is that the world is becoming increasingly volatile, and that corporate, government or public ambition on sustainability challenges cannot unlock transformation on their own. Progress demands shared facts that drive the combined and aligned will and actions of all three groups.

GROUNDING OUR TRANSFORMATION EFFORTS IN REALITY

The world is always changing. To succeed as businesses seeking to make the world a more sustainable place, we must understand the forces driving these changes and the effects that we should expect to result from them. For our transformation strategies and solutions to succeed, we must ground them in the technological, economic, political and cultural realities that will influence their implementation – and progress toward Vision 2050.

Even at the best of times, we cannot predict the future. But even in today's more volatile world, we can identify the forces that are shaping our communities, cultures, economies and societies, and anticipate how they may act as

headwinds or tailwinds to our efforts to realize Vision 2050. Transformation will depend on us finding ways of countering the headwinds and leveraging the tailwinds to drive progress.

Taking a clear-eyed view of how the 2020s might evolve is central to our ability to develop effective strategies over the coming decade. Part of companies' future resilience will depend on their skill in anticipating potential changes in the business landscape and adapting to them, while also incorporating them into their risk management, R&D and strategy processes.

To support members' efforts to plan for an uncertain and unfolding future, this Vision 2050 update includes an investigation into the most powerful political, environmental, social, technological, economic and regulatory forces that could influence the next 10 years and that business will need to take into account.

MACROTRENDS & DISRUPTIONS

As per our understanding of systems transformation, two of the strongest pressures exerted on systems are macrotrends and innovations. Macrotrends can be further divided into two categories: macrotrends (trends that are already unfolding and can be foreseen with a relatively high degree of certainty, even if their implications are more ambiguous); and disruptions (events that are less certain to occur, but that would have significant impacts if they do e.g. pandemics, popular revolts, transformative technologies).

Some macrotrends, such as demographic change, are locked into our future already today. Others, for instance societal reactions to ongoing or increasing inequality, are less certain and can be influenced by powerful societal actors including governments and business. It is critical that business sees itself as an influential and active actor, with both agency and interest in future outcomes, not a passenger whose role is simply to react and adapt to events. This is also true of disruptions, the impacts of which can be mitigated.

Not all shocks are Black Swans – some can be predicted, including for instance a pandemic, or climate breakdown. In these cases, careful advance planning can greatly diminish the impact that a disruption might cause. Other disruptions, such as transformational technologies or game-changing legislation, can be actively pursued by business.

Through our investigations, we identified 12 macrotrends that most likely will, and 10 plausible disruptions that could, determine the global operating environment for business over the next decade. COVID-19 powerfully demonstrated that wildcard disruptions do happen – and have profound and likely long-lasting consequences, interacting with (and often accelerating) existing trends.

Our work on macrotrends, disruptions and the long-term impacts of COVID-19 can be explored in detail in two Vision 2050 issue briefs, issued in May 2020: Macrotrends & Disruptions Shaping 2020-2030 (and its supporting research document) and The Consequences of COVID-19 for the Decade Ahead. The 12 macrotrends and 10 disruptions identified are summarized in Figs. 14 and 15.

FIG. 14 MACROTRENDS EMERGING OVER THE NEXT DECADE

DEMOGRAPHICS

GENERATIONAL HANDOVER
Political, economic, cultural and innovation power will shift from the Boomers to Generations X, Y and Z.

POPULATION GROWTH IN ASIA & AFRICA
Sustaining rising prosperity and huge megacities will strain scarce resources. Migration will create political challenges.

ENVIRONMENT

WORSENING CLIMATE IMPACTS
More frequent and more severe weather does more damge to more people and becomes harder to ignore.

LOCAL POLLUTION, ENVIRONMENTAL DEGRADATION & SCARCITY CREATE IMPETUS FOR INNOVATION
People will suffer losses, instability and even displacement, driving innovation.

ECONOMY

SHORT-TERM CRISIS, LONG-TERM SLOWDOWN
Prior under-investment, weak demand, low productivity, and now COVID-19, will shape a shakey global economy.

PEAK GLOBALIZATION & THE RISE OF ASIA
Rival blocs and resource nationalism build as demand and power pivots east.

TECHNOLOGY

AUTOMATION IMPACTS EVERY INDUSTRY & COUNTRY
Automation will change lives, industries, economies: growth and disruption await.

DATAFICATION, FOR BETTER & WORSE
We will be smarter, more efficient and more surveilled. Datafication's efficiency and productivity gains come at a price.

POLITICS

POLARIZATION & RADICALISM ON THE RISE
High dissatisfaction feeds appetite for radical alternatives, serving up more nationalism but also Green New Dealism.

GEOPOLITICAL INSTABILITY
Weakened multilateralism and nations in decline contribute to the ongoing erosion of incentives for stability.

CULTURE

POST-MATERIALISM: ATTITUDES AND LIFESTYLES DIVERGE
Changing aspirations and habits born in the pandemic help on-demand service models to spread globally.

CULTURE WARS ESCALATE
Cultural clashes (young-old, rural-urban, rich-poor) contribute to polarization and in turn feed off it.

FIG. 15 POTENTIAL 'WILDCARD' DISRUPTIONS

FINANCIAL CRISIS

How much will COVID-19 cost... can we recover wisely... how will we pay when the next crisis comes?

GLOBAL PANDEMIC

Health systems are not prepared to handle a pandemic, and it seems neither are most economies.

MAJOR CONFLICT

Serious conflict is still a threat. Cyber-attacks e.g. on infrastructure would touch ordinary citizens in a conflict.

AN ECONOMIC 'SINGULARITY'

What happens when new jobs cannot be created in the same places where jobs have been destroyed?

SOCIETAL 'TECH LASH'

Society sours on the real costs of free tech, while treasuries tire of lost taxes and a lack of competition.

POPULAR REVOLTS & REGIME CHANGE

Inequality continues to rise, making more frequent and severe protests likely. How effective will they be?

A CLIMATE 'MINSKY MOMENT'

Climate risks, costs, disclosures and social pressures all combine to reorient financial flows – but how fast?

ENERGY TRANSITION TIPPING POINT

Will market forces lead to fossil fuel demand peaking and a marked acceleration in the energy transition?

BIOTECH BOOM

Disruption comes to food, medicine and materials as synthetic biology's massive potential emerges.

GLOBAL GREEN (NEW) DEAL

Momentum builds as citizens demand we seize this chance to rebuild economies and ecosystems, climate and communities.

INNOVATIONS

Innovations are an important source of pressure capable of initiating systems transformation – and a essential one too. This is highlighted in our Vision 2050 pathways, with progress in each dependent on transformational innovations.

Beyond the crucial importance of innovations to progress within our transformation pathways, innovations, just like macrotrends and disruptions, will shape the wider systems in which we have to work toward Vision 2050. Innovation is taking place all around the world every day. Today, there are a number of innovations that have reached a level of maturity that suggest they will almost certainly shape the next decade.

We have explored these influential innovations in our Vision 2050 issue brief Innovations That Could Shape and Transform 2020-2030, highlighting 25 innovations in three categories: technological innovations; business model innovations; and social innovations.

Transformation is rarely the result of a single innovation. More often, it happens when multiple innovations align and combine with social conditions to change the way we live. In this way, innovations have cascading effects that are hard to imagine when they are first introduced. Not all of these innovations are directed toward solving sustainability challenges. In fact, at this stage, many could have positive or negative impacts on our efforts to realize Vision 2050. Furthermore, they do not cover all the innovation gaps that exist within our transformation pathways. Nonetheless, identifying the innovations that are reaching maturity is critical to exploring the combinations that might be possible and the previously unsolvable challenges that they could help us to address.

FACTORING MACROTRENDS, DISRUPTIONS AND INNOVATIONS INTO OUR STRATEGIES

Progress within our Vision 2050 transformation pathways will depend on multiple different systems inputs. The macrotrends, disruptions and innovations investigated in our Vision 2050 issue briefs provide business and WBCSD with an overview of some of the most systemically significant pressures that will shape how the next 10 years unfold. We have taken these into account when defining our new Vision 2050 pathways; however regular reviews of how these and other macrotrends and innovations are evolving within society are essential if we are to keep our efforts to progress the pathways on track.

Forward-scanning is an increasingly important part of companies' ability to generate long-term value. For instance, taking a view of the effect of outside factors on business goals and offerings is a critical activity in support of corporate resilience, helping to improve risk management processes, leveraging scenario planning and strengthening materiality assessments. However, forward-scanning also helps to reveal what role business can play in supporting societally positive trends, opposing those that stand in the way of our vision and directing collaboration and investment toward the innovations that our Vision requires.

ENABLING TRANSFORMATION

Vision 2050's transformation pathways identify critical action areas for business that will support the transformations we need over the course of the next decade in order to achieve our vision. While some actions represent commitments business can make to change processes and policies within their own organizations, others are more focused on influencing a broader set of external factors that will enable transformation.

Building on our understanding of transformation and its enablers, we identify four important areas of interaction between business and the outside world: areas where business influence can help to create and shape markets, drive behavioral shifts and realize systemic change.

THESE AREAS ARE:

INNOVATION & TECHNOLOGY

FINANCE & INVESTMENT

INDIVIDUALS & CONSUMPTION

POLICY & REGULATION

Historically, business has treated these enablers as areas it is influenced by, rather than acknowledging extensive – and often active – interdependence. Business can choose which technologies to unleash or embrace. Business influences demand just as much as demand influences business. Business can be more actively invested in creating new markets. And business has long sought to influence the policy environment it operates within. It is time to stop thinking about the way these areas constrain business, and instead focus on the influence that business can bring to bear on these enablers in support of transformation.

The transitions and actions within our nine pathways will only be achieved if business uses its assets, capabilities, creativity, reach and voice to influence these four enabling areas in support of Vision 2050. This section provides a cross-cutting perspective on the importance of innovation and technology, finance and investment, individuals and consumption, and policies and regulations – and describes how business can approach these enablers of transformation to more effectively bring about progress and change at the rate and scale required to achieve our Vision 2050.

INNOVATION & TECHNOLOGY

WHY DOES IT MATTER?

Our transformation pathways to Vision 2050 lay out a range of grand challenges; innovation and technology will be central to solving many of these.

Innovation – the implementing of new ideas to create value – is vital to the achievement of Vision 2050, not only across products, but also across processes, management and business models, and in finance, policy and society as a whole. Technology is often the output of innovation, but also a means by which innovation can be accelerated. "Technology" refers to tools, machines or processes that create value or solve problems.

The pace of innovation today is unprecedented, even referred to as the "Fourth Industrial Revolution". Previous periods of significant innovation have brought massive impact, for better and for worse. While industrial revolutions of the past have delivered impressive gains in human progress and net prosperity, they have often come with social and environmental costs. How do we make sure that we do not make similar mistakes going forward? How can we use innovation to solve the grand challenges at the heart of Vision 2050, while avoiding the negative outcomes that often derive from new technologies?

Technologies are not inherently good or bad – their impact on society and the environment is a combination of the applications they are put toward, the way they are used, and any subsequent unintended consequences. Even where intentions are good, negative impacts often go hand-in-hand with positive ones. For example, artificial intelligence can amplify racial and gender biases.[48] Data-hungry digital technologies require significant amounts of energy.[49] And automation could potentially eliminate many jobs and livelihoods as it increases productivity.[50]

Despite the risk of negative outcomes, innovative ideas and technologies are desperately needed to tackle some of our trickiest problems. How do we decarbonize our society? How can we manage and prevent illness equitably? How do we handle unintended consequences that have already arisen, such as the spread of misinformation?

HOW CAN BUSINESS ENGAGE MOST EFFECTIVELY?

Innovation processes that set goals around social and environmental impact and anticipate and avoid negative unintended consequences will not only be good for society, but will lead to more resilient and sustainable business models. So how can companies harness this type of innovation?

Even in companies with world-famous innovation processes and multi-billion-dollar R&D budgets, there is value in examining the extent to which the innovation pipeline can contribute to society's future resilience. Below are some of the main ways in which companies can ensure they are innovating to unlock transformation toward Vision 2050, while taking extra care to avoid exacerbating existing problems or create new ones.

KEEPING SOCIAL AND ENVIRONMENTAL GOALS AND OUTCOMES TOP-OF-MIND THROUGHOUT THE INNOVATION PROCESS

From the outset of the innovation journey, companies should set innovation goals focused on solving social or environmental problems, and should anticipate and address the full range of impacts that new technologies, products, services and business models can create. Innovation projects should have to meet ambitious social and environmental targets as well as financial ones. Companies can begin by setting clear goals for the innovation process that are linked to corporate purpose, factoring in social and environmental impacts, and then conducting due diligence to predict and mitigate potential unintended consequences, considering the full product life cycle over the long term. Companies also need to get more comfortable with failure, and be ready to halt and rethink ideas that are found to have significant negative impacts.

Adopting a human-centric approach to design can help define the problem to be solved more holistically, broadening the focus from cost and quality to paint a fuller picture of what successful innovation looks like. Consultation and engagement with relevant stakeholders in the innovation process – including underrepresented groups – can enable companies to understand and address potential issues early on.

OPENING INNOVATION UP TO MAKE ENTIRE SUPPLY CHAINS, INDUSTRIES AND SYSTEMS MORE SUSTAINABLE AND RESILIENT

Collaboration and sharing across companies, value chains, industries, countries and sectors of society – with partners including customers, suppliers, start-ups and civil society groups – can help companies identify opportunities for innovation; develop and test solutions; scale them up; and nudge them into the mainstream. Bringing suppliers and customers along on the innovation journey will also help ensure that technologies can be resilient, sustainable or even regenerative along the entire value chain. Governments have always played a critical role in leading and funding the most ambitious innovation. Greater collaboration between business and governments on a range of innovation challenges, large and small, will help to set and align on mutually necessary, societally positive innovation agendas.

ESTABLISHING EFFECTIVE TECHNOLOGY GOVERNANCE MECHANISMS

To build trust and fulfill technology's potential, companies must not only identify expected impacts and potential unintended consequences in the design phase, but also monitor and address actual impacts in the implementation phase. Companies are going to have to establish (and join) industry-wide efforts to set guidelines around new technologies, understand what is happening in real time, and course-correct as needed – all in consultation with a full range of stakeholders. By leading on and contributing to governance efforts, businesses have the opportunity to pre-empt future risks and challenges, build strong stakeholder relationships and open doors to new collaborations.

GETTING PEOPLE READY TO WORK WITH NEW TECHNOLOGIES

Upskilling people to work with new technologies is essential to ensure equitable outcomes of current and future technological disruption. Businesses are uniquely placed to provide a large part of the new skills and training that society needs. Companies must invest in giving their managers, workers and customers the knowledge and skills to apply new technologies in ways that unleash the benefits while avoiding risks and harms. Externally, for example, companies can help governments and school systems identify priority new skills and develop new models of teaching them. Internally, companies need to engage with and empower their workforces to benefit from technology. Not just by providing them with training and support – it is equally important to communicate openly with employees, being transparent about the anticipated impacts, challenges and opportunities linked with new technologies, and helping users to envision the new roles that will be made possible.

BRINGING SUPPLIERS AND CUSTOMERS ALONG ON THE INNOVATION JOURNEY WILL HELP ENSURE THAT TECHNOLOGIES CAN BE RESILIENT, SUSTAINABLE, AND EVEN REGENERATIVE ALONG THE ENTIRE VALUE CHAIN.

FINANCE & INVESTMENT

WHY DOES IT MATTER?
Making progress along our Vision 2050 transformation pathways will require significant levels of investment: for instance, building infrastructure, scaling new business models and developing essential technologies.

The global financial system is more than adequately positioned to finance all of the changes needed,[51] but we need a fundamental shift away from financing activities that do not contribute to a sustainable and equitable future and toward those that do.[52]

There is a significant gap in finance for sustainable development, particularly in the developing world.[53] Currently, many sustainable investment opportunities are seen as difficult to finance for a range of reasons, including: that they are more likely to involve unproven technologies; that they take place in riskier geographies; that they have less scalability; and that they have longer payback periods.

Even though government-led policy and incentives can play a significant role, there are important actions that businesses can take to facilitate more sustainable finance, with or without government support. There is increasing awareness and willingness in the financial system to act upon the opportunity (and responsibility) presented by sustainable financing, and to put new incentives in place to facilitate financial flows. Momentum is gathering and can be seen for example in the growth of green, social and sustainability bonds, the increasing use of ESG criteria and the establishment of reporting frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD).

HOW CAN BUSINESS ENGAGE MOST EFFECTIVELY?

Finding ways for companies to direct investment toward socially, environmentally and financially sustainable outcomes will be essential to achieving Vision 2050. What can companies do differently in the way they approach finance and investment?

The entrenched values and rules of the financial system currently fail to account for externalities, and therefore tend to incentivize short-term profit over long-term resilience and returns – value extraction, over true value generation. If this does not change, we will not be able to finance the innovation and infrastructure needed to achieve Vision 2050. Below are some of the main ways in which businesses in all sectors can help to change the priorities of the financial system. These are closely linked to our recommended business actions (and supporting policy positions) that will transform and reinvent capitalism more broadly.[54]

UNDERSTANDING, DEVELOPING, AND UTILIZING SUSTAINABLE FUNDING OPPORTUNITIES

Businesses should seek out suitable sustainable financial instruments to fund their ambitions and objectives. Existing products include green, social and SDG bonds, transition bonds, and revolving loan/credit facilities that tie borrowing terms to environmental outcomes or provide tax incentives for verified green projects. Where existing offerings do not meet needs, businesses can engage with capital providers and collaborate with different organizations to create new sustainability-linked offerings. Often, public-private collaboration can be a useful route to support socially beneficial outcomes and it comes at a lower risk for private investors, for example through blended finance mechanisms.

ENGAGING WITH INVESTORS AND PROVIDING THEM WITH THE DATA THEY NEED TO MAKE INFORMED DECISIONS

Our markets do not currently connect risk, returns and sustainable development. Communication and alignment between business and investors must be strengthened in order to finance, resource and scale solutions. To address this challenge, businesses can provide insight for investors on how they approach and manage sustainability – and how they expect this to shape their long-term success. This should be presented in a standardized way and should include perspectives on companies' strategic resilience; differentiation; development and planning; risk management and response; governance processes and practices; performance metrics and measures – including financial disclosures associated with sustainable products and services (e.g. CapEx, OpEx, R&D, return on sales, growth potential).

THE ENTRENCHED VALUES AND RULES OF THE FINANCIAL SYSTEM CURRENTLY FAIL TO ACCOUNT FOR EXTERNALITIES, AND THEREFORE TEND TO INCENTIVIZE SHORT-TERM PROFIT OVER LONG-TERM RESILIENCE AND RETURNS.

ADVOCATING CHANGES TO THE RULES OF THE FINANCIAL SYSTEM

Businesses should work with policymakers, regulators and broader industry groups to advocate policies that will level the playing field in favor of sustainable investments, such as carbon pricing schemes, standardized ESG disclosure requirements, reconsideration of incentives and subsidies, and updated approaches to (or interpretations of) fiduciary duty that mandate the consideration of all stakeholders. Businesses also need to support and advocate for changes to accounting rules that help them to assess the net present value and risk profile of sustainable projects more fairly, placing more importance on long-term viability and resilience.

REDIRECTING INTERNAL CASH FLOWS TO MORE SUSTAINABLE OUTCOMES

Companies should look at how they use cash. Internal allocation of capital expenditures and R&D investments should be considered using detailed information on social and environmental costs, benefits, risks and opportunities. For example, an internal carbon price can be used to ensure that climate impact is considered in cost-benefit analyses of project options. Companies should use similar criteria to assess their financial assets, investments and acquisitions, ensuring that invested money is utilized to advance sustainable transformation, through sustainable products and services or supporting infrastructure.

INDIVIDUALS & CONSUMPTION

WHY DOES IT MATTER?
Ultimately, creating a world in which 9+ billion people can live well, within planetary boundaries, will depend on the choices that are available to people, the options that they choose, and the way they are used. Each of us can, and will, contribute to transformation.

Individuals' values and behaviors matter – individuals are the ultimate implementers of many of the solutions that will progress the transformations that Vision 2050 requires. As consumers, individuals can help unlock transformation or block it, for instance through where they choose to live, what they eat, what they buy, how they dispose of waste, and how they move around. As citizens, individuals can embrace or reject new ideas, get involved in their local communities, support or resist equitable and progressive legislation. As workers, individuals make myriad decisions in their day-to-day roles and can influence their employers to make organization-wide changes. If they have capital, individuals can choose consciously where to invest it. However, we must also acknowledge huge inequality in people's impacts and their access to choices. Around half of lifestyle greenhouse gas emissions can be attributed to the richest 10% of people.[53] And the richer people get, the more their environmental footprint grows,[54] even as they become more environmentally conscious,[55] meaning that those people most capable of embracing transformation toward more sustainable lifestyles and choices are also those likely to be living most unsustainably.

All things being equal, most people around the world want to live sustainable lifestyles.[57] Concern about the environment[58] and interest in health, wellness, quality of life, and self-improvement are on the rise. Despite this, many systemic factors stand in the way of people choosing a more sustainable lifestyle – basic needs are still out of reach for millions of people, and these will always be the first priority.

Even for those with more time and resources, a lack of sustainable options and trustworthy information can make a truly sustainable lifestyle difficult to achieve.

Addressing the impacts of people's consumption choices is challenging because in the short-term, business success is often intimately tied to increasing consumption, whereas the simplest way of reducing environmental and social impact is by reducing the amount of materials that we consume. Furthermore, impacts stem from both offerings and their use, meaning that even sustainable products can be consumed unsustainably. Over the longer term however, these incentives should align. Business cannot survive in a world that has over-consumed its natural, human and social capital. The challenge is to find new business models that can decouple growth from environmental and social impact, and new ways of interacting with customers that offer more collaborative and ongoing relationships.

HOW CAN BUSINESS ENGAGE MOST EFFECTIVELY?
Giving people the options and incentives they need to make more sustainable choices will help accelerate transformation while opening new possibilities for more resilient business models. What can companies do differently to encourage and support better choices?

Offering more sustainable versions of products and services to those consumers informed and interested enough to choose them will not be enough to unlock transformation. Business has a role to play in enabling individuals to be agents of positive change – not only as consumers, but also as citizens, workers, and investors. Below are some of the main ways in which businesses can influence individuals in support of transformation toward Vision 2050.

SHAPING CULTURAL NORMS AND ASPIRATIONS ABOUT SUSTAINABILITY

To act sustainably, individuals first need to be aware of the issues and have relevant information that they can use to make informed decisions. Companies need to provide information in a clear and honest way, and remove greenwashing. Today's volatile information environment makes this particularly challenging and companies will ultimately need to support efforts to rebuild shared societal facts so that they can engage meaningfully with their customers. Communicating honestly will help brands build more trusting and loyal relationships. Companies will have to collaborate to ensure that information is provided in a consistent way, so that people can understand their footprint as a whole, the relative impacts of their choices, and the ways in which their own actions can drive change.

Information by itself is not enough though – sustainable living needs to be aspirational. Companies have a long history of shaping cultural norms and aspirations through advertising. Now, companies must use these skills to create demand for sustainable lifestyles – nudging people toward new patterns of consumption, peer influence and political engagement.[59] For example, sustainability can be more appealing when it is linked to widely-held values such as family, community and security,[60] and when people can see a diverse range of advocates from across political and social groups.[61] Psychological research has shown that social and moral rewards are more effective at changing behavior than financial incentives.[62]

MAKING ALL CHOICES GOOD CHOICES

When asked what business actions are most helpful to enable healthy and sustainable living, first and foremost people want businesses to provide affordable products and services that have lower negative impacts on the environment and society.[63] People don't want to be burdened with making the "right" choice – and why should they? Companies can access new groups of customers by working to create products and services that always meet people's needs and wants in sustainable ways, and that are affordable and accessible. Inherently unsustainable choices need to be discontinued if better alternatives are available to meet the same needs. It may be necessary to return to first principles, asking why customers value a company's products and services, and whether there are creative alternatives that could deliver that value more sustainably. Exploring alternatives to long-standing business models that rely on unsustainable material consumption will be necessary to ensure competitiveness as societal rules and norms transform to increasingly favor more sustainable models.
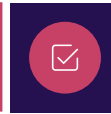

SUPPORTING REDUCED WASTE AND INCREASED CIRCULARITY

As well as increasing the proportion of recycled materials used in products, companies can also improve longevity, design for durability, and support people's ability to repair and reuse products. With "right to repair" regulation agreed in the EU and being considered in the US, this may soon become a necessity. Circular business models can offer new ways of engaging and building relationships with customers that have the potential to generate ongoing value and returns. Taking responsibility for what happens at the end of a product's life will require new relationships and collaborations, such as improving waste infrastructure, which can be inadequate in both rich and poor countries.

EMPOWERING PEOPLE

To fulfill their potential as agents of positive change (as consumers, employees, citizens and investors) individuals need time, resources and standing in their communities and societies. Companies must consider the roles they play in providing these things through employment, government relations and procurement practices. For example, companies can help by committing to living wages and good working conditions, including for contractors, gig workers and those in the supply chain, giving people the time and financial freedom to positively shape their lifestyles without worrying about how they will meet their most basic needs. Employers can also directly encourage and harness interest in sustainable living while engaging their employee base, e.g. by promoting more sustainable commuting practices, providing healthier (sustainable) catering options, recognizing green champions, holding sustainability-themed social events, and inviting ideas for green initiatives. Employees believe what they see – if they can see their company treating sustainability as important in the workplace, it gives them permission to make sustainable decisions and changes in their job.

POLICY & REGULATION

At the same time, however, policy and regulation can – and often do – drive behavior in unsustainable directions. Examples include ongoing fossil fuel subsidies, biofuel mandates that drive deforestation and biodiversity loss, petrol and diesel taxes that deepen economic inequality. Some policies have been deliberately designed to drive unsustainable activities. But many well-meaning policies have also fallen short of their goals for reasons such as a lack of funding or enforcement capacity.

Today, many governments are rising to the challenge of sustainable development, heightening their social and environmental ambitions, and strengthening their approaches. But recent years have seen governments rolling back environmental protections, and populism and authoritarianism continue to pose a threat to global approaches to global challenges. Few countries seem to have public budgets that are adequate for the task of governing today's complex societies. Business can, and must, better support governments in the creation of policy environments that can intelligently incentivize, finance and accelerate transformation.

WHY DOES IT MATTER?
Policy and regulation must be at the heart of any serious effort to achieve Vision 2050; markets cannot, and should not, deliver transformation on their own.

Policy and regulation can help to drive and unlock transformation in several ways: by preventing unsustainable practices, such as the use of toxic substances; by setting minimum standards, for example on health and safety; by incentivizing innovation through carrots and sticks such as subsidies and taxes; and by guiding investment in public goods that business growth and sustainable development depend on – from basic research, to transport infrastructure and education. Often, policy and regulation will help to accelerate other enablers of transformation, such as by changing investment rules, setting innovation targets or providing incentives to consumers.

HOW CAN BUSINESS ENGAGE MOST EFFECTIVELY?
Policy and regulation are powerful tools to incentivize sustainable transformation. But what can business do to advance a more supportive policy environment?

While regulation can hurt companies' short-term interests, well thought-through, evidence-based regulation can also create the stable, predictable and level playing fields that companies depend on to invest, compete and thrive. While policies can only be developed and implemented by government, business must acknowledge that it profoundly influences the process and the outcomes.

In addition to complying with the law (in both letter and spirit), below are some of the main ways in which companies can go further to help shape policy and regulation that unlocks transformation toward Vision 2050.

EXCEEDING MINIMUM STANDARDS

Companies can use minimum standards or targets as an opportunity to demonstrate – to policymakers, and to their peers – that more is possible. By pushing past compliance, companies can show which regulations could be strengthened without putting undue pressure on business. Where regulatory standards do not exist, companies have worked together (in collaboration with nationally-backed standards organizations, NGOs and other third parties) to create their own market-based protocols, standards and regulations, such as the GHG Protocol, ISO14001, the Forest Stewardship Council and the Marine Stewardship Council.

While voluntary measures can never fix all market failures, in the absence of a sufficiently ambitious policy environment, "private regulation" and voluntary standards (through which companies can be held to account by NGOs for instance) can demonstrate responsibility, get ahead of slow regulation, convince regulators to push for accelerated agreement from government, so as to then be used as the basis for lifting standards through regulation.

ALIGNING ALL POLICY INFLUENCE ACTIVITIES TO CORPORATE PURPOSE STATEMENTS AND SUSTAINABILITY GOALS

Companies must review all of their efforts to influence policy, including lobbying; campaigns for or against policy proposals; political contributions and funding for industry associations; research studies; and think tanks. They must end activities that are not aligned with their own corporate purpose statements and sustainability goals and be transparent about the positions they support, and how these contribute to the transformations required by Vision 2050. Where industry associations are lobbying in ways that undermine sustainable transformation, companies will need to decide whether they are able to use their membership to influence the lobbying priorities in a positive direction, or if they would be better off cutting ties with the association.

BECOMING STRATEGIC PARTNERS IN THE POLICYMAKING PROCESS

To accelerate progress toward Vision 2050, companies must change the nature of the business-government relationship. The relationship must become strategic, focused on how to align and fulfill business' interests with those of society. For example, companies can develop policy advocacy partnerships with civil society organizations, community groups, international institutions and foundations, building capacity to bring societally-positive and publicly-appealing advocacy positions to policymakers. Rather than engage behind closed doors, companies should advocate for all relevant stakeholders to have seats at the table, in order to provide input at all stages of the policymaking process.

Measures such as these can encourage policymakers to set their sights high enough to match the scale and urgency of the challenges we face. These measures can also help supply the information and evidence policymakers need to craft effective policies and build the buy-in they need to develop and implement ambitious new initiatives.

USING THE INNOVATIVE CAPACITY OF BUSINESS TO GENERATE NEW POLICY IDEAS

Businesses are experts in their own industries and will often have access to unique expertise, ideas and data that can be useful inputs to the policymaking process. Businesses can contribute by sharing their experience with existing policies and the lessons they have learned, for instance in exceeding minimum standards and targets. They can also opt to create public forums to explore new ideas, undertake trials which could help to demonstrate the potential impact of a new policy, and assess impacts after a policy is implemented to its determine efficacy.

RATHER THAN ENGAGE BEHIND CLOSED DOORS, COMPANIES SHOULD ADVOCATE FOR ALL RELEVANT STAKEHOLDERS TO HAVE SEATS AT THE TABLE, TO PROVIDE INPUT AT ALL STAGES OF THE POLICYMAKING PROCESS.

POLICY POSITIONS THAT SUPPORT TRANSFORMATION

A stable, reliable and fair regulatory environment is absolutely essential to business operations and resilience. Furthermore, efforts by business to drive ambitious action on pressing global challenges, such as climate change, nature loss and inequality, will only achieve the necessary scale if policymakers level the playing field through legislation that mandates (corporate) behavior in support of sustainable development. At the same time, multinational corporations have unique capability and reach when it comes to policy: policy positions that support transformation, particularly when they are aligned across multiple industries and sectors, can represent an important driver for regulatory change.

Today, the COVID-19 pandemic is dominating policy discourse. It is also bringing companies and policymakers together more regularly and constructively than ever, as they work together to manage responses to the public health and economic crises affecting countries, communities and companies globally. Many countries are seeking to incorporate transformative change in their rescue and recovery packages, directing stimulus to economic activity in line with societal and environmental goals. This presents an incredible opportunity landscape for business to align on policy positions that support policymakers' ambitions, confident that other like-minded leading businesses are calling for the same policy progress, all around the world.

Achieving the transitions outlined in our transformation pathways, and entrenching the strategic mindset shifts we are calling for, will depend on a supportive global policy environment. Here we provide examples of the kinds of shared policy positions that WBCSD is already working to align companies on. We provide examples from five of the most critical challenge areas that we face: climate change, protecting nature, transitioning toward a circular economy, tackling inequality and reinventing capitalism.

POLICIES THAT BUSINESS SHOULD ALIGN ON

CLIMATE CHANGE

We must do more to address the climate emergency. Our highest priority is supporting countries to urgently increase their national commitments to bring them in line with the Paris Agreement, and adopt strong national plans and policies for implementing them.

In addition, leading multinational business should align on the need for:

- Clear and consistent long-term carbon pricing policies within a robust global carbon pricing framework, that ensure a just energy transition.

- Market signals and incentives that drive finance and investment toward low-carbon solutions including the resulting job creation.
- Incentives to build resilience to climate impacts, including strengthening collaborations with the private sector to work toward enhanced adaptation and increased resilience to current and future climate impacts.

Business has a track record of emissions-reducing initiatives and so it is able to demonstrate commitment to policymakers through the increasingly ambitious climate actions it is taking. These include efforts to set science-based corporate emissions strategies in line with a 1.5ºC scenario; widespread engagement with the recommendations of the Task Force on Climate-related Financial Disclosures; and support for a shift to low-carbon energy through procurement initiatives such as RE100.

PROTECTING NATURE

Over half of the world's GDP, $44 trillion of economic value, is at moderate or severe risk due to nature loss. Nature is of existential importance to society and business. WBCSD follows the Business for Nature policy recommendations, the most important of which calls on governments to provide direction and ambition by adopting global targets, informed by science, to reverse nature loss by 2030.

In addition, leading multinational business should align on the need to:

- Halt forest loss by 2030.
- Significantly increase incentives for and investment in Natural Climate solutions, which currently attract only 2 to 3% of public climate finance globally.
- Repurpose agricultural subsidies to encourage regenerative agricultural practices that will reduce GHG emissions from land and restore carbon sinks.

Business has done a lot of work over the last 10 years to create the necessary for a dialogue that is leading to increased ambition and action today (e.g. The Tropical Forest Alliance, the Food and Land Use Coalition,the Roundtable on Sustainable Palm Oil). These efforts have helped drive companies toward the setting of targets for nature in collaboration with organisations such as the Science Based Targets Network. The next level of corporate action will be innovation of nature-based solutions that link to climate targets and the reversal of nature loss, and scaling up investment in regenerative agricultural practices, in support of healthier soils, farmers and local communities.

TRANSITIONING TOWARD A CIRCULAR ECONOMY

The transition toward a circular economy is central to efforts to adopt more regenerative approaches to business activity. The circular economy has matured rapidly in recent years and is now well placed to support action on several business and sustainable development

challenges. As a priority, circular economy strategies should be incorporated into national commitments in order to contribute to urgent emission reductions, address ever-increasing levels of global waste, protect precious resources, create new jobs and accelerate the transition toward a circular economy.

In addition, leading multinational business should align on the need for:

- Harmonized definitions, standards, criteria, processes and language across jurisdictions that enable an efficient, safe, sustainable and responsible flow of secondary resources globally.

- Increased focus on leveraging public procurement rules and targets to drive demand for circular materials, components, products and services.

- More material collection and recovery capacity, including both infrastructure and incentives that support the collection of used products, materials and packaging, and their reintroduction into the manufacturing cycle.

Many companies around the world are already committed to and driving the transition to a circular economy. They have long been working to achieve zero waste in their operations; they are measuring and seeking to continuously improve their circular performance; and they are increasingly linking their circular strategies with their emissions reductions plans. Beyond the technical and policy challenges of bringing more secondary and bio-based materials into their products, the next stage in corporate action is to embed circular principles into core business strategies in order to fully capitalize on the opportunity.

TACKLING INEQUALITY

Inequality is eroding trust in our key institutions and represents an increasingly significant threat to the continued license to operate of both business and democracy itself. COVID-19 has brought inequality further into the spotlight, feeding on it, fueling it, and making it impossible to ignore. Business depends and thrives on social cohesion and stability, which relies on respecting human rights, advancing dignity, equality, economic inclusion and opportunity. As a priority, we need to tackle inequality of income and opportunity, unleashing productivity, innovation and growth, and improving social outcomes.

In addition, leading multinational business should align on the need for:

- The protection of human rights to ensure the participation and representation of those with less influence.

- A dynamic labor market that reduces fragility for workers, ensuring that every job is decent and protects and respects dignity and that all workers and businesses are empowered to benefit from emerging technologies as well as novel, flexible or non-traditional working arrangements.

- Investment in resilient infrastructure and social safety nets that ensure people have access to the foundations of a healthy and productive 21st century life.

- Minimum living wages based on evidence of the cost of living.

- The empowerment of women and girls and the removal of barriers to equal access to education, enhancing livelihoods and employment opportunities.

The global business community continues to pursue the operationalization of the UN Guiding Principles on Business and Human Rights. WBCSD and other like-minded organizations are working with business to create strategies and business models that enable an equitable, diverse, inclusive and empowering future of work – contributing to future-fit businesses, labor markets and social security mechanisms, that have people at their center.

REINVENTING CAPITALISM

In our earlier section examining past barriers to transformation, the most significant barriers all stemmed from the dominant mindsets, norms and values that guide our decision-making – in business, in politics, in society. WBCSD aligns with the OECD's prioritized building blocks of policy development for sustainable development and calls on governments to define, implement and communicate a coordinated long-term vision on sustainable development. Businesses and other financial actors can only succeed in driving a transformation agenda around capitalism if there are clear policy signals about regulatory commitment to long-term resilience and sustainability.

In addition, leading multinational business should align on the following most immediately impactful steps that governments can take to help reinvent capitalism so that it rewards true (long-term) value creation:

- Make disclosure of ESG risks and impacts mandatory and standardized.

- Revise fiduciary duties of company directors and investors to incorporate ESG risks and impacts.

- Shift the burden of taxation from "goods" to "bads" and ensure a level playing field globally.

For each of these policy asks, WBCSD has proposed directly linked actions that business can take at the same time. These are: to rigorously account for and report on ESG risks and impacts; to incorporate multi-stakeholder considerations into governance models, decision-making and incentives; and to pay taxes in a fair and transparent way. Furthermore, the level of ambition and action in this area has increased significantly in recent years, with companies driving progress in collaboration with regulators and standard setters, in particular on the convergence and standardization of mandatory reporting.