Thematic Group Business and Ecosystem Management

From profit maximisation to multiple returns - concept activity plan 2017-2020

Scaling up ecosystem management with business

There has been a lot of attention for business risks and impacts in the last decade and now the focus is shifting towards business opportunities and dependencies from an (eco) system's viewpoint taking into account planetary boundaries and sustainable development goals (SDGs). There is general consensus that in order to scale-up and accelerate sustainable solutions the private sector needs to be engaged as well.

Clearly, business organizations and ecosystems are interconnected with mutual impacts and dependencies. This interconnectedness of businesses and ecosystems creates both business risks and opportunities that need to be addressed on a strategic and operational level. To do so, it is important that companies take a system's perspective and position business activities in a more holistic way of thinking. This includes the biophysical foundations and environment of their company operations. Business can become part of the solution by developing business cases and new business models based on sustainable ecosystem management. Sustainable businesses can contribute to finding solutions and drive positive change in a great way. The business community not only has much to bring but also has much to win. Companies must transform business models and operations in a strategic and sustainable way if they are to avoid major economic losses caused by the current degradation of ecosystems and the vital services they provide. This goes beyond corporate responsibility and certification tools as we know it now. It relates to strategic goal setting, societal leadership, business ethics, purpose, and first of all to the continuity of company operations in the long term. A long term perspective is required. To counter short-termism, executive and investor horizons should be aligned on the long term that is a future generation. From this perspective we are observing a transformation, thanks to social media, from a shareholder ownership to a more inclusiveness stakeholder participatory process.

Sustaining and restoring the health and productivity of ecosystems represents opportunities for a broad range of companies and sectors that have understood the importance and value of ecosystems to their business, although not being business as usual. Taking action may achieve better and more productive solutions. In this way, ecosystem management offers large untapped opportunities for sustainable economic development in which social, natural and financial capital are all being equally valued.

Catalyse business and ecosystem sustainability

Corporates should strive for long-term value creation for the common good (i.e. what is shared and beneficial for all or most members of a given community). To become a force towards long-term value creation, long-term (institutional) investors should build investor coalitions to cooperate on engagement with corporates on social and environmental issues. This will catalyse business and ecosystem sustainability.

The current linear production and consumption system is based on extraction of raw materials (take), processing into products (make), consumption (use) and disposal (waste). Traditional business models centred on a linear system assume the ongoing availability of unlimited and cheap natural resources. This is increasingly risky with non-renewable resources, like fossil fuels, minerals and metals increasingly under pressure, while potentially renewable resources, like water, forests and fisheries, are declining in their extent and regenerative capacity.

Meeting long-term economic, environmental and social goals increasingly depends on understanding and accounting for the impact of ecosystem management decisions on a larger scale. A more holistic form of natural resource management can be achieved by looking at the landscape as the appropriate scale of action. Landscapes can be characterized by the combined interactions between (natural and agro-) ecosystems and (human) communities Although ecosystems are scientifically the best way to address our work, we prefer to use 'landscapes' instead as it is no jargon and thus unites people on the land with experts, business, decision makers and other stakeholders. When business challenges require that a company reaches beyond their own operations and even beyond their own supply chains, we call that a landscape approach for business. This landscape approach extends to the physical landscape and stakeholders impacted by the supply chain in which a company operates. Moving to a landscape approach can help to connect multiple stakeholders that together reap multiple values. Broadening the perspective from natural resources and value chains to ecosystems on the landscape level will help business professionals to think and act in terms of multiple returns on investment: return of inspiration and hope and returns of social, natural and financial capital. While it is tempting to start working on partial solutions at each level, the environmental, societal and economic challenges are interlinked. It is important to embrace an integrated social-ecological system perspective.

Ecosystem Management as Core of the Business

Ecosystem management is especially relevant to businesses directly extracting or harvesting from land, like agriculture, forestry, fisheries, oil and gas, and mining. But ecosystem management is also relevant to those sectors with indirect links to ecosystems via supply or value chains like chemicals, apparel, tourism, insurance and finance. Although companies that are not in direct contact with ecosystems often do not see it as part of their "core business", we dare to state that proper ecosystem management is a critical issue for all businesses. Albeit with different risk profiles. It can directly impact a company's cost structure and profitability by affecting, for example, the availability and cost of its resources. Therefore, working towards sustainable ecosystem management is a way of ensuring an operating environment, building resilience in supply chains and securing access to raw materials

From profit maximisation to multiple returns

In conclusion, business has a responsibility, an opportunity and a role to play in delivering and scaling up solutions that will allow for both sustainable ecosystem management (incl. restoration) and sustainable business. Sustainable business requires sustainable finance, meaning the optimization of sustainable development, while observing financial viability. Sustainable finance moves from risk to opportunity. Rather than avoiding (very) unsustainable companies from a risk perspective, financial institutions invest only in sustainable companies and projects. In this approach, finance is a means to foster sustainable development, e.g. by funding healthcare, green buildings and infrastructure, nature based solutions and land-restoration projects. The starting point of is a positive selection of investment projects on their potential to generate social and environmental impact. In this way, the financial system serves the sustainable development agenda in the medium to long term. The key change is that the role of sustainable business and finance turns from primacy (profit maximisation) to serving as a means to optimise sustainable development.

What we plan to do

Our Thematic Group will focus on the question how to create *long-term* business *commitment on the ground* for ecosystem management.

Building on our experiences with business and the 4 returns framework we have learned that *creating a clear language and a framework that is understood by business* is the key to successful implementation on the ground.

Over the past 100 year, agriculture has developed as the largest impactful business on ecosystems and biodiversity. Ecosystem degradation as a result of today's unsustainable agro-food systems is the main driver behind biodiversity loss, while contributing to a quarter of greenhouse gas emissions. Restoring the ecological functions of *agro-eco systems and the surrounding natural areas* offers significant opportunities for businesses, farmers and society at large. The need for strong rural economies and local communities within resilient ecosystems is based on net positive and restorative agroforestry- and agriculture production models. Thus a long-term holistic transformational approach will be needed.

It is crucial that the next generation of business leaders will be addressed and reached. Therefore, the TG B&EM will focus on *business education on ecosystem management and restoration* as a fundamental pre-requisite to meeting the Sustainable Development Goals (SDGs). We see it as part of our aim to build the case of the Ecosystem Restoration Economy.

In order to do this well, the work of the TG B&EM needs to be fully aligned with the TG Nature Based Solutions and the other IUCN Thematic Groups, especially those of:

- Ecosystem Restoration
- Ecosystems and Disaster Risk Reduction
- Ecosystem based Adaptation Mitigation
- Ecosystem Services
- Sustainable Use and Management of Ecosystems
- Red List of Ecosystems

We will therefore look into business components within the above mentioned TGs and may start an online platform in order to avoid a silo-approach. We will mobilize CEM members, connect to members and regional offices and national IUCN committees without competing.

The TG B&EM should be the cross-cutting TG that enables a bottom up research agenda with the following goals:

- involve business managers in ecosystem management and vice versa
- better educate business professionals.

To this end, we will seek cooperation with universities, business schools, UN entities, corporates and their umbrella organizations (like BSR and the WBCSD), that we see as strategic partners. Furthermore, we aim to feed into the following activities:

- Natural Capital protocol and Social Capital protocol
- Food Reform for Sustainability and Health program (FReSH) under the leadership of the World Business Council for Sustainable Development (WBCSD) and the EAT Foundation
- the European Network for the Advancement of Business & Landscape Education (ENABLE), with Rotterdam School of Management, UNU-LRT, University of Leeds, IUCN-CEM, WBCSD, UNCCD, ELD, and others
- Landscape Academy within the Landscapes for People, Food & Nature Network (coordinated by UNEP)

- **Our proposed work plan 2017-2020**

1) **2017: Thematic orientation and priorities for applied research:**
    - Identify and prioritize main themes related to business and ecosystems (based on Monkey Survey questionnaire of members)
    - Select task team leaders related to business & thematic priorities
    - Draft a strategic research agenda with main research questions per theme

2) **2017-2020: Set up an Academy for Business and Ecosystem Management with business schools and IUCN-CEM experts**
    - Themes: landscape and ecosystem approaches, nature based solutions, financial, social and natural capital, strategic partnerships, stakeholder management, wicked problems & complexity, impact investing, blended finance, sustainable business models, etc.).

3) **2018-2020: Develop projects and raise funds**
    - To work on these applied research questions together with the private sector on fixing agro-food systems with an ecosystem approach (case development).