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MAKING PEACE WITH NATURE - IMPLICATIONS OF A RECENT UNITED NATIONS REPORT ON CANADIAN BUSINESSES, COMMUNITIES, AND ESG

06 April 2021

Articles

On February 18, 2021, United Nations Secretary-General António Guterres and UN Environment Programme (UNEP) Executive Director Inger Andersen released "[Making Peace with Nature: A scientific blueprint to tackle the climate, biodiversity and pollution emergencies](#)". Guided by the 2030 Sustainable Development Agenda, this UNEP Report sets out a framework to tackle three interconnected global emergencies: climate change, biodiversity loss, and pollution.

In this article, we summarize the UNEP Report findings to help Canadian businesses and communities understand the paradigm shift described by UNEP, and what changes UNEP expects.





A global emergency

The UNEP Report stresses that society is not on course to fulfill the 2015 Paris Agreement climate targets, biodiversity targets, or land and ocean degradation goals. Accordingly the Report expects the coming decade is likely to be crucial and delay will be life-threatening and costly. The Report notes that failure to change course will lock in more than 3°C of global warming, as well as cause a 15% to 25% reduction in per capita output and estimated damages of over US\$69 trillion.

The Report documents that environmental changes are already undermining development gains and impacting key economic sectors like tourism, energy, and transportation. For example, in 2018, damages from climate-related natural disasters cost approximately US\$155 billion. Pollinator loss threatens annual global crop output worth between US\$235 and US\$577 billion.

COVID-19 and a paradigm shift

"Only a system-wide transformation will achieve well-being for all within Earth's capacity to support life, provide resources and absorb waste. This transformation will involve a fundamental change in the technological, economic and social organization of society, including world views, norms, values and governance." (UNEP Report, at p. 15)

The UNEP Report suggests that we need a "clean break" with current trends of environmental decline and a shift away from decades of failed incremental efforts. The COVID-19 pandemic offers such a turning point. The pandemic has highlighted the link between the environment and human health, along with the connections between climate change, biodiversity loss, land degradation, and pollution. The UNEP Report treats COVID-19 as a trigger that exposes the vulnerability of human systems, drawing links between land degradation and unsustainable consumption patterns that cause zoonotic spillover (i.e., transmission of a pathogen from a vertebrate animal to a human) and other compounding effects on human health and the environment.

What change is coming?

The UNEP Report calls for wide-ranging action in both the public and private sectors.

For example, the UNEP Report recommends that governments incentivize conservation, encourage meaningful participation from Indigenous peoples in decision-making, and develop strong and enforceable environmental laws. Immediate action items include putting a price on carbon and developing energy efficiency regulations and renewable energy targets. Local governments, including municipalities, are also called on to expand green space, retrofit infrastructure, and invest in multi-modal low-carbon transport. Several of these actions have already been embraced by governments in Canada, as we have discussed in previous articles (see e.g. [Canada's \\$15B decarbonisation plan](#), [Clean Fuel Standards](#), [carbon pricing regulations](#) and [EV incentives](#)).

The UNEP Report also explains that a transformation in economic, financial, and productive systems is required. It emphasizes that conventional metrics, such as gross domestic product, overstate progress because they fail to adequately capture the costs of environmental degradation. Instead, UNEP stresses that financial organizations should consider the inherent value of nature and incorporate natural capital accounting into their decision-making. Other specific action items include aligning lending to the global net-zero carbon emissions objective, promoting innovative financing for conservation and sustainable agriculture, eliminating environmentally harmful subsidies, and facilitating carbon trading.

Businesses also have a role to play in this transformation. UNEP calls on them to align their business models with the net-zero

carbon emissions objective and to help develop and comply with strong environmental legislation. The UNEP Report also lists other action items for the private sector, including developing sustainable supply chains, reducing waste, promoting recyclable and reusable packaging, engaging in carbon trading, and developing public-private partnerships for conservation and restoration.

Businesses & communities can ease the transition through proactive and concrete ESG action

If Canada takes up the UNEP's plea, we can expect even more ambitious environmental and climate policy and laws in the future. Businesses and communities that take a proactive approach to making change stand to benefit from being on the cutting edge of fundamental shifts in the economy.

The UNEP Report highlights the potential gap between goals, such as the Paris Accord, and the achievement of those goals. The Canadian government and many Canadian companies have made net zero commitments in recent years. Such lofty environmental goals will need to be accompanied by concrete actions in the near term.

Finally, climate and environmental risks have already been recognized as material risks to Canadian businesses. However, the UNEP Report has emphasized that we are facing interconnected environmental emergencies. Accordingly, when companies are considering their risk exposure and how to address ESG, they should avoid piecemealing issues and instead undertake coordinated ESG action.

Gowling WLG is here to help

Gowling WLG's wide array of ESG experts in environmental, energy, corporate governance and indigenous law are ready to advise your board, business or municipality on a comprehensive range of ESG issues, risks and opportunities that arise out of the UNEP report.

We have also published widely on this topic, and have a number of ESG articles and webinars available for viewing, including:

- [Changing climate, changing duties: Shifting board liability and disclosure issues around climate change](#)
- [Environmental Law Year in Review 2020: Current trends in climate change regulation and mitigation](#)
- [Environmental Law Year in Review 2020: Hot Topics](#)
- [A time for action? COP25 negotiations prove anticlimactic, while businesses take the lead](#)
- [ThinkHouse Unlocked: Climate change litigation](#)
- [Net zero and the Dasgupta review - making the case for biodiversity](#)
- [The developing regulatory approach to climate change and the importance for financial services](#)
- [Starting your ESG journey: an introduction to the requirements and issues](#)
- [Greening your supply chain – how to embed sustainability measures for the long-term](#)
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