2019 EDITION

FORCE FOR GOOD FORECAST

How companies can minimize risk and maximize reward from the year’s leading social and environmental advocacy trends
Though most companies strive to be a force for good, at some point, despite their best intentions, leaders may unexpectedly find their firm in the spotlight, and on the defensive. The pressure could come from any number of places. For example:

- A watchdog group might single out your company’s practices or products with an aggressive campaign, potentially leading to significant brand damage.
- An institutional investor could signal its dissatisfaction via a shareholder resolution, or by flagging environmental, social, and governance factors that reach into areas where you might be vulnerable.
- A group of your employees might begin pressuring you to improve diversity and inclusion—or get out of a certain market. This could potentially ding morale, recruitment, and/or retention.

Today’s business and advocacy world is exceptionally challenging. The rise of populism and nationalism, combined with deepening environmental crises, is spurring new activist movements and reinvigorating older ones. And brands and businesses are often at the center of the conflict. Leaders who wish to more actively engage must stay on top of a fast-moving landscape.

That’s the realm of effective stakeholder engagement—the practice of building skills and relationships that reduce risk, increase common ground, and advance social purpose.

At Future 500, we have deep expertise in this engagement, as well as corporate sustainability, NGO advocacy, and political activism. We’re a boutique not-for-profit consultancy and we help leaders navigate these tricky waters. We tailor our approach to help organizations of all shapes and sizes cultivate their capacity to be a force for positive change. We believe in the power of sharing experiences in a trusted setting.

Each year we produce the Force for Good Forecast (formerly, the Top 10 Stakeholder Engagement Trends Report) to highlight advocacy shifts, flag potential environmental, social, and governance flashpoints, and offer strategic tips for minimizing risk and maximizing reward. From the evolution of #MeToo, to a looming CSR credibility crisis, to whack-a-mole-style labor regulation enforcement in the developing world, there’s a lot going on out there.

On behalf of our amazing team, I hope this assessment proves useful in your work.

— Erik Wohlgemuth, Chief Operating Officer, Future 500, ewohlgemuth@future500.org

P.S. We’ll be unpacking the trends in this report at the Future 500 Summit at EarthX. We host the summit each spring in Dallas, Texas at EarthX—the world’s largest environmental conference and exhibition. To find out more, visit future500.org/summit.
Future 500 is a non-profit consultancy that builds trust between companies, advocates, investors, and philanthropists to advance business as a force for good. Learn more at future500.org.
Force for Good Forecast

How companies can minimize risk and maximize reward from the year’s leading social and environmental advocacy trends
The Year We Break Our Promises
Twelve months from now, many of the world’s largest companies will have measurably helped make the world a better place. Or, not.

Change Agents Tear Down the Walls
As the Green New Deal demonstrates, activist of all stripes are breaking out of their silos and blurring the lines between social and environmental concerns. With arms linked, they’re more influential than ever.

So Long to the Quid Pro Quo
Big companies often receive tax incentives wherever they set up shop, in exchange for the promise of jobs. But some activists are questioning that bargain.

Is Your Theory of Change Broken?
Increasing prosperity in the Global South is fundamentally shifting the dynamics that underpin many advocacy campaigns and CSR efforts.

#MeToo is Just Getting Started
The movement could very well transcend gender and elevate expectations for workplace equality and corporate culture across the board.

Goodbye, Gut Check
Companies are increasingly using science- and context-based targets to ground their sustainability commitments in social needs and planetary imperatives. Here’s why stakeholders like that.

The C-Suite Steps Up
As consumers increasingly expect companies to take public stands on controversial issues, CEOs are pushing boundaries and making bold statements and commitments. But which is riskier—speaking out, or staying silent?

Plastics Get Personal
First, they came for the beach trash. Then they snapped pictures of the labels and put them on Instagram. Are you up for a big rethink?

Nothing Neutral About Revenue Neutrality
Conservatives and corporations are lining up behind a plan that could potentially turn the tide on U.S. carbon pollution. But one key constituency isn’t onboard—and its influence is growing.

The 2020 Opportunity
A string of upcoming events will bring unprecedented attention to global social and environmental challenges. It’s your move, C-Suite.
Heads up, corporate sustainability executives: A fast-approaching deadline could challenge your credibility—and that of hundreds of companies (and their suppliers) that have promised to take their commitments seriously.

The milestone in question is right around the corner: in 2020. That's the deadline hundreds of companies set for themselves to show measurable progress on workplace diversity and inclusion, human rights, water, waste, packaging, carbon, deforestation—you name it. These commitments show what is possible when industries rally around a goal; by 2020, working conditions will be more equitable and ecosystems will be healthier. The planet will be a better place.

Except it won't. Because many of these companies will fall far short of their ambitions. A good number may shuffle their 2020 targets off into a dusty corner of their website and hope nobody notices. Others will “refresh” them with carefully scripted statements citing competitiveness and challenging global economic conditions.

Every company staring down a missed deadline will need to figure out how best to break that news to their stakeholders. The tone they strike, the approach they choose, could help inform their credibility with those important partners for years to come.

The Evidence
Starting in the early years of this century, stakeholders pressured companies to commit to ambitious, time-bound targets to address things like carbon, chemicals of concern, and single-use plastics, and then follow through with strategies to deliver on them.

To their credit, corporations responded and, according to Pivot Goals, plenty of them made substantive commitments. The independent database tracks thousands of environmental, social, and governance targets set by the world's largest companies. A query of the database reveals 166 businesses that have collectively established just under 800 specific 2020 sustainability targets. It’s unclear how often Pivot updates the figures, but a cursory scan suggests a majority of companies are off track.

Sector-specific assessments confirm this. A decade ago, the 400 major retailers, manufacturers, and service provider members of the Consumer Goods Forum pledged to achieve net-zero deforestation by 2020. Similarly, back in 2014 some 50 leading companies signed on to the New York Declaration on Forests, and in doing so, committed to halve deforestation by 2020. Unfortunately, it’s not going to happen. According to the United Nations’ Food and Agriculture Organization, an estimated 18 million acres of forest continue to be razed each year and global tree cover loss increased by 50 per cent in 2016.

The Implications
Did your company make a genuine effort to reach its 2020 target? Odds are, your stakeholders will support you. Nature Conservancy CEO Mark Tercek recently assured corporate leaders that NGOs will not come after them on deforestation. “The 2020 goal isn't going to happen, but that's okay,” Tercek wrote on his website. “I’m here to tell companies: Don’t despair.”

Tercek’s comments echo those that we’ve heard from other watchdog groups in off-the-record conversations. The overall message is, they will praise a company that has tried and failed to meet the target, but keeps trying. Enterprises that let things slide may be in for a bumpier ride. Stakeholders will be more critical, and could call the company’s efforts half-hearted and question its motives. Ultimately, a company has two options: be passive, or get
What You Can Do Today

If your company is poised to miss some key social or environmental targets, then say so. Let your critics and employees know what went down, and why, before they bring it up first. Then, do this:

Set a new time-bound commitment, and follow up with an implementation plan.

- Consult your stakeholders, including your critics, in setting new targets, and establish an informed strategy for meeting them.

Embrace radical transparency: data collection, traceability, and reporting.

- Ensure your supply chain mapping and traceability systems are robust, and encourage others in your sector to do likewise.
- New data collection and traceability technologies enable a complex chain of custody tracking. For example, in the seafood industry, Vericatch is offering boat-to-shelf tracking. Stakeholders will increasingly expect companies to use these tools, and, indeed, are developing them to inform their own campaigns.
- Report on progress, reasons for missed goals, and outline your theory of change for taking a new tack.

Shift your approach: collaborate with others.

- When setting new targets, shift to an approach suitable for tackling the problem at scale. This often means that companies must commit to a multi-stakeholder approach that would include NGOs, local communities, producers, industry peers and perhaps governments.
- Forestry-sector actors should consider jurisdictional approaches to target corruption.

out in front. It can hope to evade attention (risky!) or it can embrace transparency. If a firm can demonstrate the seriousness of its effort and explain how it plans to close the gap, it will be less vulnerable to criticism, or worse, a damaging campaign. Intention and tone go a long way.

Could the 2020 problem undermine the very idea that business is a force for good? If anything, it may add momentum to the idea. Like people, businesses hate missing goals. Failure on a broad scale could be the catalyst companies need to engage even more in precompetitive collaboration, allowing them to share information and make progress on new and improved targets.
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Change Agents Tear Down the Walls

As the Green New Deal demonstrates, activist of all stripes are breaking out of their silos and blurring the lines between social and environmental concerns. With arms linked, they’re more influential than ever.

Have you ever been told to “stay in your lane” at the office?

If you winced at the memory, it’s because the phrase signals the kind of rigid cubicle-thinking that is falling out of favor at leading companies. Instead, today’s savvy executives talk up “silo-busting” and “cross-pollination.” Managers encourage their reports to reach out to colleagues in other disciplines and divisions, believing horizontal collaboration leads to better work and more engaged employees.

Advocates, activists, their funders and investors are embracing a similar shift by reaching out and building relationships with others operating beyond their traditional issue realm of concern. Environmental groups, social-justice campaigners, health advocates, and organizations fighting institutional sexism are dipping into, and speaking up on, causes that have historically appeared beyond their purview.

The Evidence

As we flag elsewhere in this report (see Trend #9, “Nothing Neutral About Revenue Neutrality”) the justice movement is gaining new influence and allies. But strange bedfellows of all stripes are calling on and supporting one another. They’ve concluded that the intractable problems they’ve dedicated their lives to addressing are all interconnected.

Example: Racial-justice groups such as Color of Change are increasingly prioritizing environmental issues they see as disproportionately impacting black communities. And Green For All works to build an inclusive green economy and give people of color a voice in the climate movement.

A few years back, Greenpeace executive director Annie Leonard expressly linked environmental destruction with race, class, and gender injustice. “In pushing back against the structures of racism and injustice,” she wrote, “we are inevitably pushing against the structures that deplete and degrade the Earth’s natural resources.” Similarly, in the wake of several police shootings of unarmed black citizens, Friends of the Earth expressed support for Black Lives Matter. The group challenged itself to figure out how its work might also help redress “broken economic, justice and electoral systems that neglect and actively oppress people based on the color of their skin.”

The most recent example, though, is the The Green New Deal Resolution introduced by Rep. Alexandria Ocasio-Cortez (D-NY) and Sen. Ed Markey (D-MA). It states:

“Climate change, pollution, and environmental destruction have exacerbated systemic racial, regional, social, environmental, and economic injustices … by disproportionately affecting indigenous communities, communities of color, migrant communities, deindustrialized communities, depopulated rural communities, the poor, low-income workers, women, the elderly, the unhoused, people with disabilities, and youth.”

If nothing else, the non-binding resolution is a powerful affirmation of the big-tent movement. Activists of all kinds have found common ground, and they’re using it to build movements. And with their voices combined, they’re more influential than ever.
What You Can Do Today

Here are some steps you can take to ensure your company does not come across as tone deaf on the growing alignment between climate, pollution, and public health, and social, gender, and racial inequity.

Call a spade a spade.
- If you don’t already do so, consider formally acknowledging in your public-facing material that pollution and climate change tend to disproportionately impact marginalized communities.

Think adaptively.
- New asks from advocates beyond their traditional sphere may be hard to fulfill, but successful collaboration can lead to good standing in the community.

Diversify the field, both internally and externally.
- Get your cross-functional team together to challenge each other to think about the intersection of issues.
- Learn from and engage groups active at the intersection of environment, health, and equity to inform your thinking.
- As you get more grounded in the inter-relationships between issues, identify, and consider funding, programs that work to empower environmental justice leaders in marginalized communities.

Understand what the Green New Deal represents.
- The resolution offers a window into how change movements are rolling together climate, race, health and income inequality with other issues, including poverty and homelessness.

The Implications

If you are an executive, prepare to be challenged on your company’s activities, policies, and proposals across multiple fronts, potentially with diverse actors organizing. Don’t discount a group that approaches you with a demand that feels off-brand—it may know more about the issue and have more influence over it than you might assume.

As external advocates collaborate, their demands will impact multiple departments within corporations, including those outside traditional environmental functions.

Groups may pressure companies to take a public stand on environmental, public health, and social justice issues that are affecting any and all of the communities named in the Green New Deal. In other words, civil society organizations aren’t just “standing up for the environment” or “keeping workers safe.” Instead, they may expect you to use your influence and channels to address topics that are well beyond your issue comfort zone. And to groups who see environmental issues and social justice issues as inextricably linked, coming back with “that’s not relevant to us” simply isn’t going to resonate.
In early February, just two months after announcing it would build a new headquarters building in Long Island City, New York—in exchange for close to $3 billion worth of state and local incentives—Amazon backed out.

Though many factors were at play, the company clearly underestimated the grassroots opposition from social-justice and worker-rights organizations, such as Good Jobs First, New York Communities for Change, and ALIGN. All were less than pleased that the company was set to siphon much from the public purse just for setting up shop.

And it isn’t just Amazon. Wisconsin doled out $4.5 billion in tax breaks and other incentives to Taiwanese electronics company Foxconn in exchange for its pledge to open a plant. Under terms negotiated in part by then-Governor Scott Walker, each of the promised jobs at the factory would cost the state at least $219,000, Bloomberg Businessweek reported. Voters were underwhelmed, helping contribute to Walker’s defeat; his successor will reportedly shutter the agency that set up the deal.

The City of Anaheim is questioning the tax breaks it grants Disney to support theme park expansions. Portland voted to tax businesses to fund energy-efficiency upgrades and renewable power generation for low-income residents. The City of San Francisco recently voted to tax large companies and use the revenue to tackle the city’s homelessness challenge. (And not to pile on Amazon, but the company flattened a similar proposal in its hometown of Seattle.)

Meanwhile, it’s not helping that many businesses are pulling back on their charitable contributions.

“The funds companies have spent on philanthropy in recent years has dropped. There’s more ‘noise’ relative to action than there was 40 or 50 years ago,” says Mark Mizruchi, a professor of business at the University of Michigan and the author of The Fracturing of the American Corporate Elite.

Companies are talking a bigger game about corporate citizenship, but spending less than they used to on communities, Mizruchi says. And funders are stepping into the gap. Some, like Meyer Memorial Trust, are directing resources to underserved rural communities, seeking ways to organize communities and promote community-based economic development.

**The Implications**

For companies, the new scrutiny offers opportunities to demonstrate that they intend to direct their intellectual and financial resources towards addressing local challenges—and this must go beyond the occasional media-worthy shoreline clean-up day.
There are notable examples out there. Microsoft just pledged $500 million for affordable housing in Seattle, and Uber is partnering with transportation-focused community nonprofits. But as cities around the country face increasing affordability and infrastructure challenges, while companies log record profit, expect more proposed taxes and fees on companies and more stakeholders to challenge incentive packages.

These jurisdictions will be less willing to roll out the red carpet for any new facility or proposal that may come their way. Instead, watch for a general “raising of the bar” with respect to what a company must do—and the assurances it must provide—in the name of bettering the communities where it hopes to operate.

What You Can Do Today

Meet the neighbors.

- If your company is planning an expansion, new office, or industrial facility, connect with community stakeholders and form relationships as early as possible. Be authentic, and sustain relationships so you are viewed as an ongoing member of the community.

- Understand what communities need and what they expect from companies. This means seeking out and creating opportunities to listen to local government officials and residents.

- Join or form community partnerships, as Microsoft and Uber have done.

Look ahead and engage, engage, engage.

- If you’re not at the table, you’re more likely to be on the menu. Working out issues after they arise is often more costly and contentious, which can impact a company’s reputation.

- Anticipate the unintended impacts your company might have on a city or state. Proactively look for ways your resources can cost-effectively help alleviate stress in cities.

- Companies that participate early and actively have the opportunity to influence policy, rather than running costly campaigns to oppose policy developed without their input.
Growing wealth in the developing world is lifting billions of people out of poverty, and along the way, spurring thousands of large home-grown companies—Jollibee Foods, anyone?—that the average American has never heard of.

While many of these new enterprises likely embrace responsible labor and environmental practices, we can safely assume many others do not. Some are state-owned companies that set their own rules. Others are private firms that operate under scant or non-existent regulations, far beyond the reach of established sustainability reporting frameworks.

NGOs have long relied on boycotts and other classic “name and shame” tactics to pressure Western companies to act responsibly overseas. Similarly, big American brands have long pushed change down their supply chains and into emerging markets. But, as new economies embrace home-grown products and services sold under obscure labels and across intertwined supply chains, it might be time to retool the business of market-based changemaking.

The Evidence

Global population will reach 8.5 billion by 2030, the United Nations projects, overwhelmingly led by growth in developing countries. As early as 2020, some 6.4 billion of the planet’s anticipated 7.5 billion people will live in the Global South. Citing population growth, increasing incomes, urbanization—and ubiquitous smartphones—the Boston Consulting Group says emerging markets will continue to outpace developed economies. McKinsey Consulting group agrees, anticipating that by 2025, almost half of the world’s largest companies will be based in emerging economies.

Of course, the thing about emerging economies is that environmental and labor regulations typically lag far behind the boom. The United States only introduced environmental regulations in the early 1970s, following decades of growth and prosperity with little regard for public health, worker safety, and ecosystems. Similarly, companies setting up shop in developing nations are often subject to far fewer, and far less stringent, regulations.

Consider palm oil. So long as Asian companies and banks continue to buy and finance the stuff, solutions will, in the words of World Wildlife Fund sustainable finance experts Jeanne Stampe and Lise Pretorius, “remain ineffective.”

And apparel? Human rights consultant Michael Hobbs wrote off boycott campaigns as a lost cause citing the intricate webs of hundreds of suppliers and manufacturers, and cursory enforcement, in 2016. In his pivotal “Myth of the Ethical Shopper” essay, he largely dismissed many of the props and much of the rhetoric in the activist handbook. “Western markets simply don’t matter as much as they used to,” he wrote.

The Implications

To be clear, activists will continue to pressure Western companies to improve their practices (see Trend #8, “Plastics Get Personal”). But this shift in the growing market power of companies in the Global South will force a corresponding shift in NGO tactics.

Expect campaigners to either praise or pillory Western companies based on the degree to which they collaborate with industry peers in the Global South on tough issues such as deforestation, safe working conditions, and human rights. If companies want to stay ahead of their critics, they’ll need to proactively
What You Can Do Today

Work pre-competitively with peers in the Global South.

- If companies are serious about tackling global social and environmental issues, they will need to look beyond their own supply chains.
- By proactively working with their peers, companies can unlock systemic changes that affect not just how one business operates, but how resources are used across an industry. (We’ve seen Western companies begin to do this with leading Asian supply chain partners.)

Embrace transparency.

- As Deborah Lapidus at Mighty Earth writes, “[A] lack of transparency leaves the public with the impression that little is being accomplished, even when companies feel they are doing a lot, and getting little credit for it.” In other words, transparency is not only a means for NGOs to hold companies accountable, but also a means for companies to demonstrate progress.

Fight corruption.

- NGOs and activist groups consistently identify this as the top systemic issue in developing economies. Any commitment to reducing pollution in your supply chain will likely ring hollow without a corresponding commitment to tackle graft.

engage across their industries. They’ll also need to work with companies that operate outside traditional accountability frameworks.

The consumer class will continue to grow in the Global South, but it’s unclear to what extent the new shoppers will pressure companies to address social and environmental practices. They may just enjoy their new toys, gadgets, and cars without regard for the consequences of manufacturing them—as postwar Americans did. That said, Greenpeace has growing support in China and other Asian and African countries, where severe air pollution is a grim daily reality. Time will tell.
The #MeToo movement swept social media in late 2017, as women around the world expressed solidarity and shared stories of sexual harassment via 19 million tweets. The movement—started a decade ago by activist Tarana Burke and catalyzed by actor Alyssa Milano—prompted the *The New York Times* to pronounce 2017 “The Year of the Reckoning” and spurred one of *The Times’* famous covers. Before #MeToo, abhorrent behavior at the office often resulted in a rap on the knuckles. Now, sexual misconduct is a fireable offence. The movement has certainly transformed how many organizations respond to sexual abuse, intimidation, and harassment, and in 2019, could elevate expectations for workplace equality and corporate culture across the board.

The Evidence

This isn't just about shifting HR practices. Mainstream institutional investors are flexing their influence muscles on gender representation. In the past year, BlackRock, Vanguard, and State Street began voting against directors on male-only boards, increasing the pressure on companies to embrace gender-balanced governance. In 2019, California will become the first state to require publicly-traded companies to have at least one female director. While board gender parity has been a more traditional facet of diversity initiatives, many stakeholders see it as too limited in scope. Expect shareholder activists to begin making the case that a boy's club culture presents real environmental, social, and governance risks.

In early 2018, Trillium Asset Management filed a proposal on sexual misconduct risk management at Nike, asking the company to consider linking executive compensation to targets on corporate culture and workforce diversity. (It later withdrew the resolution after Nike agreed to a range of related actions.) The number of shareholder class-action lawsuits based on gender issues has also grown. In 2017, 21st Century Fox reached a $90 million shareholder settlement over losses stemming from a pair of harassment scandals. Wynn Resorts lost nearly $3 billion in market capitalization after the company fired its CEO, Steve Wynn, for alleged sexual misconduct. (The stock recovered.) And in November 2018, Google agreed to end forced arbitration for sexual harassment claims after 20,000 of its employees walked off the job in protest.

The Implications

If companies hope to cultivate brand loyalty and attract first-rate talent, they should take the hint—and promote or hire more women into positions of power. They should then disclose how they are putting cracks in the glass ceiling via increasing public reporting on policies and progress towards gender equity. On the latter front, stakeholders may ask companies to report on harder-hitting metrics that are not yet widely disclosed—such as female representation in upper-management roles and pay discrepancies.

As companies go public with internal policies and practices, expect stakeholders to use the momentum to drive bigger conversations about equity, representation, accountability, and transparency.
What You Can Do Today

Harassment is often a manifestation of larger issues with equity and power in corporate culture. If companies can prove they’re thinking about these dynamics thoughtfully, #MeToo offers a real opportunity—not only to get ahead, but also to create more equitable systems in the long run.

Take a stand and tell a story about your values.
• Publicly express solidarity with the movement and your intention to support a cultural shift. Acknowledge that your organization is not immune to harassment or discrimination; misogyny transcends individual companies and spans industries.
• Identify and articulate the corporate culture you want to create, then take tangible steps to foster it. This could involve creating a task force to review policies and training curriculums.

Collect more data and use transparent reporting mechanisms.
• Survey employees about your processes, collect as much data as possible, and find out where your organization stands on the gender wage gap.
• Your employees will have the strongest insights into how your culture functions. Communicate with them throughout the process and share copies of any reports you develop.
• Disclose data with your shareholders; early and voluntary reporting on internal data and processes builds trust.

Explain your plans for concrete action.
• Don’t just hire for diversity; create the conditions that allow for women and minorities to thrive within your organization. Consider family leave policies, flex scheduling, collective bargaining agreements, and equitable promotion and retention practices.
Goodbye, Gut Check

Companies are increasingly using science- and context-based targets to ground their sustainability commitments in social needs and planetary imperatives. Here’s why stakeholders like that.

Keen readers of this report will be familiar with the shift to evidence- or context-based sustainability targets—driven in part by the 2020 Problem (see Trend #1, “The Year We Break Our Promises”). Put simply, when setting specific change goals, companies are really doing their homework. They’re carefully reconciling the science behind the required change on one hand, and the influence they wield across their full value chains on the other.

While context-based strategies have big potential to unleash business as a force for good, for many companies, they are daunting. Why? Consider greenhouse gas emissions. On this front, the Science-Based Targets initiative is the leading context-based program. Companies signing on must commit to tackling their Scope 3 emissions—which are, of course, beyond their direct control.

Still, the pressure is on. In both climate and water, external stakeholders increasingly regard context-based targets as the gold standard. Leading brands and retailers are adopting context-based strategies, and campaigners increasingly expect them. By 2020, the approach will likely become the best practice for all issue areas, including social issues such as diversity and inclusion.

The Evidence

In 2015, the WWF, UN Global Compact, World Resources Institute, and CDP teamed up to launch the Science Based Targets initiative. Close to 500 signatories—including heavy hitters such as Walmart, McDonald’s, PepsiCo, and P&G—have since committed to aligning their corporate carbon goals with a two-degrees pathway. A recent National Association of Environmental Management survey of 79 executives found that 65 percent are using science-based targets.

And what the Science Based Targets initiative has done for carbon, the Alliance for Water Stewardship and the CEO Water Mandate have done for Earth’s most precious resource. The Alliance is advancing a science-based global standard for water stewardship with the backing of Nestle, Apple, Molson Coors, General Mills, and many others. For its part, the mandate logs close to 150 corporate supporters, including Anheuser-Busch, Coca-Cola, PepsiCo, and Colgate-Palmolive.

The Implications

Corporate campaigners, in particular, have been watching the development of context-based goals with great interest. Campaigners such as Greenpeace and Stand have long challenged companies to address the upstream and downstream impacts of their business and increasingly view context-based targets as a proxy for that ambition.

But perhaps what is most interesting is the spread of context-based thinking to other issues. The Embedding Project, a Canadian public-benefit corporate responsibility research project, notes in “The Road to Context” how efforts to set contextual goals are surfacing across 12 different issues, ranging from chemicals and air quality to human rights, community resilience, and diversity and inclusion.

Context-based strategies make a great deal of sense when considering sharply defined, objectively measurable issue areas, such as carbon and water. But they start to get tricky when applied to other areas. For example, we know that two degrees is the threshold of a safe atmosphere, but what does “the highest and best state” of diversity, equity, and inclusion actually look like?

Racial-justice activists such as Color of Change and
The Action Center on Race & the Economy have some ideas, and are borrowing concepts like “Scope 3” to ask companies hard questions: Do you extend living wages and parental leave to your contract workers? Are you empowering all your employees and communities? Is your company truly inclusive of women and minorities? How can you more closely match representation in society?

If you haven’t started thinking through the implications of contextual approaches for your business, the time to start is now.

What You Can Do Today

We recommend all companies begin strategizing through context-based lenses across all issue fronts. You may find many of the considerations terra incognita, but here are some things to keep in mind:

Know your impact; show your impact.

- Survey the regional landscape to understand the social and environmental impacts that matter most to your stakeholders. Your company might call this a materiality assessment, issue prioritization, or something else.
- Link your commitments with measurable impacts. Identify issues that you don’t yet measure, and develop a plan to do so.
- Start collecting data now. Show stakeholders—internal and external—your precise impact by developing a baseline dataset.
- Implement transparent reporting from the get-go.

Remember you’re all in it together.

- Keep a close eye on your competitors. Should one behave irresponsibly, it could impact the social license of your whole sector.
- To go after systemic issues, you may need to join or form precompetitive collaborations.

Take four steps to context.

- We recommend the resources made freely available by the Embedding Project. The group’s Road to Context report offers a four-step guide to developing contextual strategies.
As consumers increasingly expect companies to take public stands on controversial issues, CEOs are pushing boundaries and making bold statements and commitments. But which is riskier—speaking out, or staying silent?

Time was, larger corporations would only act on a public issue when faced with significant public or stakeholder pressure. Recall the post-Parkland shooting campaigns, just over a year ago that forced Wyndham Hotels, First National Bank of Omaha, and Enterprise Holdings to end NRA member discounts.

But recently, increasing numbers of large companies have proactively taken public positions on a variety of contentious social and environmental issues. Multiple motivations are in play, but in each case, the firms seemed to conclude there is more opportunity in standing up and speaking out than sitting back and letting others grab the megaphone to define the narrative.

This isn’t just about Ben and Jerry’s anymore. Corporate activism has moved from boutique to big.

The Evidence
Corporate activism has been around for some time, but really took off in the wake of U.S. President Donald Trump’s election. His infamous remarks on women, people of color, and the disabled triggered new movements challenging institutional racism and misogyny—and injected fresh energy into older ones.

Similarly, the administration’s elimination of hundreds of environmental regulations spurred others to speak up on protected lands. The president’s pledge to withdraw the United States from the Paris Agreement spanned the We Are Still In corporate coalition for climate action.

Last September, Nike took the controversial position of anointing Colin Kaepernick as its public face. In January, Blackrock chief Larry Fink seemingly endorsed the rise of corporate activism in his annual open letter, when he declared purpose and profit inextricably linked. “Society is increasingly looking to companies, both public and private, to address pressing social and economic issues,” Fink wrote.

A few months later, as if on cue, Gillette challenged its customers to “man up.”

The Implications
While companies have long taken public positions on climate change and diversity and inclusion, Nike and Gillette’s recent takes on institutionalized racism and sexism point to a broader scope. Gillette didn’t just say what it thought was right—it suggested to its customers how they should behave. Given this growing trend and the success of the Nike and Gillette campaigns, we anticipate that corporate executives will tackle a wider array of social, environmental, and justice issues this year—transgender rights, homophobia, housing affordability, and more are all on the table.

We also expect consumers, employees, NGOs, and investors to increasingly expect leading companies to use their voice and clout to genuinely help make the world better in order to assure their social license. In this new paradigm, letting your competitors do the talking while your company sits on the side lines could pose a greater risk to your brand and bottom line than speaking up.
What You Can Do Today

If you wish to position your brand for leadership, consider the following approaches which other companies are pursuing successfully.

Do your homework.
- Be sure not to inadvertently alienate the grassroots supporters of the cause you hope to support. Engage deeply with employees, customers, advocacy organizations, and academics with issue expertise before taking a stand.

Put your money where your mouth is.
- If your company wants to drive change, then invest in front-line groups that have been hammering away at your issue for years. Learn from them and in turn, let them take part in your transformation.

Walk the talk.
- If your company is ready to exert its influence to drive positive change, internalize and embody that change. Otherwise, you risk an employee backlash (Google, call your office).

Come clean.
- Before your CEO or organization takes a stand, audit your company’s practices, norms, and product lines to understand how it can do better. That signals that you’re taking a stand for the right reasons. If you don’t, your stakeholders may have grounds to question your integrity and intentions.

Be Authentic.
- Your intentions are going to be questioned no matter what, so above all else, be authentic. If your company really wants to make a difference, don’t use a movement to sell products, use your platform to influence change such as several companies demonstrated in their “Make Time to Vote” campaign.

Gillette’s “We Believe” advertisement took aim at the “boys will be boys” mentality (Courtesy of P&G).
The issue of plastics in the ocean has been growing for years. But last year, campaigners successfully mainstreamed marine debris, catapulting the previously obscure single-use plastics issue to the cover of National Geographic. Celebrities #stoppedsucking, cities banned bags, investors went circular, and philanthropists ponied up.

But, plastics will get personal in 2019. Marine debris activists are coordinating actions and using data and citizen science to target specific companies. Watch for campaigners to broaden their reach and increase public pressure on the brands that they say contribute the most garbage to our planet’s oceans.

The Evidence
This past fall, the Break Free From Plastic coalition mobilized 10,000 volunteers in 42 countries to undertake what amounted to a global beach-trash census. The coalition wanted to know which 10 companies contributed the largest proportion of marine debris.

The results appear on this page ("Ocean Trash Offenders"). See a company missing from the list? Visit Instagram and search #IsThisYours.

The Break Free From Plastic Ocean Trash Offenders
Break Free from Plastic’s Global Brand Audit Report 2019 names the 10 companies that it says contribute the most single-use plastic debris to the oceans. Here’s the list, from biggest contributor to smallest: Coca-Cola, PepsiCo, Nestlé, Danone, Mondelez International, Procter & Gamble, Unilever, Perfetti van Melle, Mars Incorporated, and Colgate-Palmolive.

According to the coalition, the top three companies alone—Coca-Cola, PepsiCo, and Nestlé—generated 14 per cent of the identifiable plastic pollution found worldwide.

Media picked up on the campaign, adding more momentum.

A month later, the Ellen MacArthur Foundation, which has been working on the marine debris issue for some time, announced that more than 250 firms—including many on the Top 10 polluters list—had signed a Global Commitment to eliminate plastic pollution. (Coca-Cola was notably absent, but the company had made several other significant commitments.) The Global Commitment could be a gamechanger: it establishes minimum requirements, benchmarks, progress reporting, and a lot more.

But SCUBA-diving activists aren't the only ones naming names. On December 31, 2018, the newly formed Plastic Solutions Investor Alliance—a coalition of 25 institutional investors with a collective $1 trillion of assets under management—challenged PepsiCo, Procter & Gamble, Nestle SA, and Unilever to take it to the next level.

Shareholder advocacy NGO As You Sow and SRI investment firm Walden Asset Management wrote letters to nine CEOs, questioning their membership in the Plastics Industry Association, which has used state preemption laws to prevent communities from banning plastic bags.

The letters could be a signal of shareholder resolutions to come. And, as we’ve seen with a host of other issues, from climate disclosure to diversity, mainstream investors may follow suit.

The Implications
Though there hasn't been much NGO pushback to the Ellen MacArthur Global Commitment (As You Sow offered a tepid endorsement), activists will be watching companies closely to ensure they honor their commitments and don't renege on what Break Free calls “false solutions promoted by companies to greenwash their image.”
What You Can Do Today

Many corporate leaders across sectors are now proactively seeking solutions in the post-straw paradigm. Here’s some key takeaways for business that we have gleaned from various corporate efforts.

Don’t think you’re done.

- Campaigners want to see companies do more than just throw money at existing coalitions and voluntary efforts to improve recycling infrastructure.
- Unless and until companies commit to meaningful source reductions and endorse policy mechanisms—like extended producer responsibility—finger pointing will continue.

Innovate like crazy.

- Real leadership might require going beyond marine-degradable plastics, and developing reusable systems.
- Earlier this year, Nestle committed to making its packaging recyclable or reusable by 2025, and shifting to single-use paper and other alternatives. Greenpeace remained unimpressed: “We need Nestle to innovate away from the single use-model entirely,” the group said.
- Like climate change, this is a mega-challenge, and it will require nothing short of a total rethink of how companies get their products to the people who want and need them.

Be transparent.

- Veteran packaging campaigners feel they have been repeatedly let down on packaging promises (remember PLA?) and will skeptically scrutinize new commitments for substantive progress.
- Transparency and regular, measurable reporting will be crucial for companies that wish to avoid public censure.

Instead, advocates want companies to reduce single-use plastic production and usage, invest in solutions for refillable bottles and containers, and reject incineration and chemical recycling. While industry is taking steps towards collaborative solutions, advocates are sending them a clear message: limited voluntary efforts aren’t enough in the post-straw paradigm. Advocates want to see a wholesale shift in entire business models that don’t default simply to recycling or disposal.

The plastic pollution movement is riding a huge wave and public awareness is growing. The activist-consumer nexus has become a force to be reckoned with. It would be a Herculean task, but should advocates successfully remove the social license of single-use plastics, entire sectors could be compelled to transform.
Nothing Neutral about Revenue Neutrality

Conservatives and corporations are lining up behind a plan that could potentially turn the tide on U.S. carbon pollution. But one key constituency isn’t onboard—and its influence is growing.

Imagine for a moment that carbon pricing gains bipartisan Congressional backing and broad corporate support. Energy companies and other large emitters will be looking for stable, enduring legislation that provides a consistent market signal. Such a signal will give them the certainty they need to adjust their business models and invest in innovation.

But oil companies and conservative policy makers aren’t the last piece of the puzzle to fall into place. Enter environmental-justice advocates (see Trend #1, “Change Agents Tear Down Walls”). This community views carbon policy as an opportunity to fix not just the atmosphere, but also an economic system that perpetuates inequality.

And if your company is considering joining one of the business coalitions supporting carbon pricing, you need to take the environmental justice movement seriously. Because as the Green New Deal movement demonstrates, its clout is quickly growing.

The Evidence

May we direct your attention to the Climate Leadership Council? This alliance of large companies (AT&T, P&G, Unilever, and PepsiCo, for example) and Republican elder statesmen—led by heavyweights George Shultz and James Baker—is building corporate and Congressional support for a steadily escalating, revenue-neutral, federal carbon tax. Last year, it recruited both ExxonMobil and Shell.

The prospect of a federal carbon price is enough to set the average climate hawk drooling. But the so-called Baker-Shultz proposal comes with a few catches. If enacted, it would shield oil companies from potential climate-liability lawsuits, and it eradicates the Clean Power Plan. Unsurprisingly, those details concern many enviros, but a large contingent is also hung up on the one characteristic that experts have long thought would be the glue that binds together the right and left in support of carbon pricing: revenue neutrality.

The question of what to do with the revenue raised from a national carbon tax is dividing environmentalists. Some feel that, politically, only a revenue-neutral approach would fly. Under this model, proven in Canada’s British Columbia, the government returns revenue to citizens in the form of tax cuts or dividends. But environmental justice activists want governments to put that money to work funding a just energy transition—one that accounts for marginalized communities, long burdened by pollution yet often most reliant on jobs in carbon-intensive industries. And this group’s influence—and funding—is only growing.

The Implications

They’re huge. Shareholders are increasingly expecting companies to disclose their carbon risk. Industry groups pushing a climate-denial agenda are steadily shedding members. And corporate support for carbon pricing is growing. Significant obstacles remain, of course, but some key pieces of a viable carbon pricing coalition may be falling into place.

But all the hard-fought progress could amount to naught unless industry coalitions and individual companies engage authentically with the climate justice community, the plan’s staunchest opponents on the left. This would leave industry with a dog’s
If your company is a member of a business coalition advocating for carbon pricing or another climate policy—or considering joining one—connect with key climate justice leaders to help ensure it has the best chance of success.

Understand the pros and cons.

- Get up-to-speed on the various carbon-pricing mechanisms and proposals. If you demonstrate that you have a good handle on the nuances, you’ll start out from a place of credibility.
- Know what’s in it for you. There are measurable economic, business, and climate protection reasons for your company to support carbon pricing. The options are overwhelming, but don’t prevent your company from reaping the myriad potential benefits.
- Take equal measures to understand the limitations; no plan is without its legitimate critiques. Even if you know which option you support, don’t step into the ring without mulling over the pros and cons for different groups.
- Be honest about when a carbon tax can address environmental justice concerns—and when it can’t. A $2,000 per year carbon dividend would provide real help to struggling families. However, it will do little to directly promote green jobs or address local air quality concerns in impoverished communities.

Get to know a climate-justice activist.

- Engage with and listen to these campaigners. Though you may not agree with them, the point is to gain a deeper understanding of where they are coming from and why. In the coming years, justice-based challenges will only grow—in climate and every other issue your company faces.
We kicked off this report by flagging a trend that could potentially unspool a crisis of confidence in corporate sustainability. But the flip side of what Greenpeace and others have termed the “2020 problem” is what we are calling the 2020 Opportunity.

In the next 18 months, three global-scale events will direct unprecedented attention on social and environmental challenges—and the role that business can play in tackling them.

The Evidence
In the lead-up to April 22, 2020, expect cities, industries, and leading civil society organizations to come together in a global celebration of leadership and potential. The occasion? The 50th anniversary of Earth Day. Many of the world’s largest companies will use the symbolic milestone, and the attention it will inevitably attract, to announce commitments and investments that go way beyond turning off the lights.

Next up, the 2020 Tokyo Summer Olympic Games will spotlight sustainability as a core theme. The Games never fail to capture the attention of the world, and as with past iterations, activists will likely seek to leverage the buzz to raise awareness of issues and pressure corporate sponsors and suppliers.

A few months later, climate change will, for the first time, emerge as a top wedge issue exciting voter passions in the lead up to the 2020 U.S. presidential election. Activist frustration, particularly on climate, is rising. The leaders of 350.org and Extinction Rebellion are among those calling their followers to engage in mass civil disobedience.

The Implications
Earth Day 50 will be an opportunity to recognize progress on the biggest solutions of the past half century—think acid rain, the gradual ongoing recovery of the ozone hole, and humanity’s first tentative steps towards a circular economy. But activists will also use it to highlight work still to be done. Examples: The huge gap in emissions cuts still needed to deliver on the Paris Agreement, accelerating tropical deforestation, and destructive practices associated with rare-earth mineral mining.

To activist and advocacy organizations, the events of 2020 represent an opportunity as well. Some will undoubtedly pull out the stops to target companies and industries they view as complicit in the politics of climate-obstruction. Ditto for ocean stewardship, chemicals of concern, Indigenous and human rights, and diversity and inclusion.

And they’ll have money to spend. Foundations and individual donors have committed an estimated $4 billion to address climate change in the coming five years. With pressure on the private sector, and politicians likely digging in at extreme ends of the spectrum, business has a strong opportunity to proactively lead and earn broad stakeholder support.

This, then, is the 2020 opportunity: Through thoughtful engagement, which should begin now, companies can position themselves for leadership on the most pressing social and environmental issues of our time. Here’s to opportunity!
What You Can Do Today

Ask where you are needed.

- Engage all your stakeholders—NGOs, funders, strategists, investors, employees—to understand where and how your company could make the biggest impact in 2020.
- Kick off a materiality assessment to identify priorities, or gather stakeholders for a round table to hear what they have to say.

If you haven’t already, start with the basics.

- Develop a climate action plan and set ambitious 2030 goals that are realistic.
- Join one of the coalitions working to drive change: We Mean Business Coalition, American Sustainable Business Council, World Business Council for Sustainable Development, or The Consumer Goods Forum, to name just a few.
- Align your corporate philanthropy program, and your entire CSR strategy for that matter, with your purpose. Assess your company’s capacity—both your leadership’s comfort level and resources—to drive change.

If you’re ready for the next step, be bold.

- Team up pre-competitively: Wrangle your corporate peers and competitors for collective action. By acting together you will get more accomplished, speak with a more powerful voice, and more effectively mitigate risk.
- Set science-based targets. Don’t stop at your own operations; set goals for your suppliers, too.
- Lobby state and federal leaders for meaningful climate action, especially in the lead-up to the 2020 election.