



# Top 10 Stakeholder Issues 2013

*By Alok Disa, Erik Wohlgemuth, and the Future 500 team*

As a team, the Future 500 staff, board, and senior fellows believe passionately in the potential for corporations and NGOs to come together to advance systemic solutions to our most urgent sustainability challenges. Each fall, we hold a series of strategic planning meetings where we synthesize the trends we see, outlining our core issues of focus for the coming year and beyond, as well as where we see opportunities for us to cultivate alignment.

Our team identifies what we anticipate will be the Top 10 issues that will drive activism in the coming year in the U.S. and abroad that necessitate corporate-NGO engagement. These issues will impact all business sectors, but in particular Energy, Transportation, Digital Technologies, and Consumer Brands.

## Money & Weather, Ever Dynamic

Given a fourth straight year of anemic economic growth among the “99%”, a steady stream of financial scandals, and Super PACs and their donors showcasing the power of “crony capitalists” over electoral politics, 2012 in many ways perpetuated the populist discontent and fear that was sparked in 2011. Increasingly emboldened funders and grassroots activists began to channel this discontent in systematic ways, advocating transparency as a means to check corporate power in issues as wide-ranging as money in politics, energy production, and GMO labeling.

The networked activist movement that came of age during the Seattle WTO protests in 1999 and which blossomed globally during the 2011

Arab Spring, unified in 2012 as it became clear that the emerging generation across the globe will stiffly and immediately resist attempts to infringe upon a free and open Internet.

Amid a backdrop of severe and often catastrophic weather events in 2012, the environmental grassroots reignited around climate change. Each calamity heightened public anxiety over the coming impact of climate change, with calls for action growing successively bolder. As droughts crippled agriculture in much of the US West, Bill McKibben's 350.org and its network allies orchestrated a consistent slate of climate-oriented campaigns. But it took Hurricane Sandy, Mayor Michael Bloomberg's strong support of climate action, and the reelection of President Obama to get climate back on the political radar screen.

The boom in natural gas and shale oil, anti-Keystone XL protests, India's massive blackout, and rising attention to coal use in China all combined to push environmentalists and funders from the political right (concerned about energy security and crony capitalism) to the left (concerned about the environment and public health) to be more strategic and long-term in their thinking about the climate and energy agenda than ever before. Any business sector that substantively impacts fossil-fuel energy use is at risk of grassroots pressure.

Our Top 10 issues are broad in scope and present risk for all companies, in particular the Fortune 1000 and top brands, which stakeholders perceive as more powerful, therefore demanding more from them. Given our experience bridging adversarial stakeholders on seemingly intractable issues, we see significant potential for forward thinking, strategically-positioned companies and NGOs to align around workable solutions that advance the triple bottom line.

## End Corporate Climate Silence

The climate litmus test for corporate sustainability is back. Although our #1 issue in 2011 following the failure of the Waxman-Markey bill, climate fizzled off the agenda in the run-up to the 2012 presidential election. But the issue is accelerating quickly as a host of organizations aligned to ask companies to publicly support policies to tackle climate change.

Unlike the mainstream eNGO coalition that spearheaded push for Waxman-Markey, this movement is being driven by grassroots groups. Buttressed by Hurricane Sandy and a year of “Extreme Weather,” given teeth when Mayor Michael Bloomberg emerged as a national champion for climate action, and underscored by President Obama in his Second Inaugural and State of the Union addresses, the “gloves” on climate appear to be coming off.



Building on the successes of the coalitions spearheading resistance to the Keystone XL pipeline as well as those blocking expansion of coal in the U.S., led by Sierra Club, new fronts will be opened to counter all forms of “extreme” energy development and its export (such as by port or rail). Bill McKibben’s “Do the Math” tour, encouraging fossil-fuel divestment, is the most notable related stakeholder campaign; the month-long tour sparked a movement that is broad, comprehensive in its critique of “extreme” energy, and long-term in outlook.

From decarbonization and divestment campaigns, infrastructure disruption, classic brand demonization and pressure, to protests against the U.S. Chamber of Commerce, companies that are large energy buyers (e.g., freight companies), extractors (oil, gas, mining), or who wield great supply chain power (retailers and brands) are most at risk directly and indirectly from pressure. In the battle for public opinion, expect the message framing to be waged via digital media,

where activists are more adept than corporations, utilizing media-worthy acts of civil disobedience to fuel digital media campaigns.

## 2

### Fracking: Energy Independence vs. Clean Water and Food

At the local level, battles continue to rage between grassroots activists concerned with water contamination and health impacts, and the oil and gas industry, eager to market an abundant source of domestic energy. Analysts contend that hydraulic fracturing technology, which allows access to vast reserves of oil and natural gas in the U.S. that were previously uneconomic to produce, could rearrange the



geopolitics of energy and ultimately make the U.S. a net energy exporter. In turn, activists fear that drilling operations are far outpacing regulatory capacity, and existing laws that limit dissemination of information on chemical composition and concentrations deny the public needed transparency.

Several pro-climate advocates continue to support natural gas as bridge fuel, but quietly, as activists strive to settle the science underpinning this new technology. For those in this camp, natural gas will continue to fuel U.S. emissions reductions while enabling energy security, and holds the greatest promise to displace already-planned coal in India and China in the near term, averting or forestalling the climate impacts predicted from global warming models. Joining the battle increasingly are food movement stakeholders focused on food security (Issues 5 & 8), especially at the local level, with growing concern that the fracking boom could threaten the local food supply and family farmers. Throw in the 'hook and bullet crowd' worried about damage to wild lands and property rights activists, and these battles are finding unusual alignment from left to right.

Right now, activism on hydraulic fracturing remains in a holding pattern pending Governor Cuomo's decision for how to move forward in New York. In this political vacuum, conflict is shifting to other states, with ideology increasingly viewed as trumping science, with legitimate concerns often passed over in the crossfire. The media attention that surrounded Matt Damon's Promised Land film elevated the fracking in

early 2013, with the left and the right seeking to leverage the film to advance their interests.

Stakeholders like EDF are leading the “pro-regulate” community in resolving some data issues, while groups such as NRDC and Clean Water Action are pushing for municipal zoning rights. The “pro-ban” community, led by Food and Water Watch and Center for Health, Environment, and Justice are focusing on the risks from toxic wastewater, and Sierra Club, concerned about its image among its peers from the Chesapeake contributions, is leading the nascent campaign against natural gas exports.

# 3

## EPA Regulations

With the lack of a comprehensive energy policy that addresses GHG emissions, activists will be aggressive in defending and expanding the EPA's ability to regulate emissions, expand renewables, increase energy efficiency, and decrease pollution. Environmentalists are already mobilizing to support and pressure the Obama Administration to secure in his second term bold environmental action, legislatively if possible, but also through less-scrutinized regulatory and executive channels.

Mainstream groups will join the grassroots in calling for tougher regulations, even as more ideological activists look for stronger



legislative and decisive corporate action. For many activists, the most promising proposed rule could be one that reduces carbon pollution from new and existing power plants.

This path bypasses the "gridlock" in Congress, posing an "easy, short-term win" for an environmental movement seeking to continually force

the internalization of environmental externalities. Pressure for strengthening EPA regulation, while aimed at achieving more incremental change, is intended in part to force companies to take public stands on climate (Issue 1 above) and motivate broader corporate support for a national legislation that places an increasing prices on carbon. Much of what happens with strengthening EPA regulations depends on how events unfold in the other areas of our Top 10.



# 4

## Infrastructure Disruption

In the absence of a national energy policy that regulates carbon, disrupting the movement of energy through pipelines, ports, and railways will be a core tactic to increase the risk and costs of developing “extreme energy” sources. Emboldened by last year’s



perceived success in delaying the Keystone XL pipeline, activists are focusing on limiting port and railway expansions that seek to expand fossil fuel availability, and to delay or stop “extreme energy” projects, such as off-shore drilling in the arctic.

Beyond the headline-grabbing battle over Keystone XL, perhaps the biggest climate battle is in the Pacific Northwest over the transport of coal for export to Asia. With regard to natural gas, even as “pro-ban” constituents maintain efforts in the northeast, activists are organizing to limit the transport of drilling wastewater and fracked natural gas. These conflicts unite a host of local battles driven by a convergence of interests that unite the left and right against what is perceived as corporate excess.

The disruption tactic complements policy and legislative approaches, such as in strengthening EPA Regulations (Issue 3). Ultimately, decisions by environmental leaders, politicians, and corporate executives to support (or to not support) climate policies—such as a price on carbon—will in large part determine whether activist’ passion remains focused on disrupting planned energy projects or, instead, on rallying behind a broader energy regulatory framework.

Campaign groups like Greenpeace, Rainforest Action Network, and Food and Water Watch have historically taken the lead in this regard. But high profile national players like Sierra Club, whose Board recently green lighted civil disobedience as a tactic for the first time in its history, along with NRDC and a host of other eNGOs and Hollywood

stars, will increasingly seek to keep these battles in the headlines throughout 2013.

# 5

## GMOs, Are You In There?

The 2012 U.S. elections brought the GMO issue to the fore with many food movement stakeholders rallying behind California's Prop 37, which would have required companies to label products containing GMOs.

The movement generally has an activist core and a mainstream following. The activist core, consisting of foodies, localists, small-is-beautiful and social justice advocates, seeks transformative change, driving the political and marketplace agenda of groups such as Food and Water Watch, Environmental Working Group, Food First, and others.

Its mainstream following, by contrast, focuses on health, obesity, and environmental sustainability. Its advocates seek mostly evolution, not revolution—healthier food, better snacks, less sugary sodas, and a lower carbon and water footprint for agriculture. Its leaders range from the Center for Science in the Public Interest, the Rudd Center, and notably First Lady Michelle Obama.



Supporting the movement are a number of foundations—Gates, Packard, TomKat, Kresge, and others—that seek to drive improvements in food, water, and agriculture. Notable opinion leaders provide inspiration through books, films, and public appearance; Michael Pollan, Alice Waters, Eric Schlosser, and Dan Imhoff lead the charge by railing against the destructive effects of industrial agriculture and factory farms.

The No on 37 Campaign, funded significantly by industry, derailed passage of the proposition, rankling the movement as another example of the distorting effect of corporate money in politics (Issue 9). Despite being heavily outspent by industry, the movement was emboldened by a close vote, so focus will turn to passage of bills in multiple states, complemented by targeted actions against select brands to sustain

pressure on industry to accept a national policy rather than a state-by-state patchwork approach.

This is a long-standing, mature global movement that has succeeded in the EU and Asia for the most part, so public opinion rests with the activists; it's likely more a matter of when and how, rather than if, change will occur in the U.S.

# 6

## Digital Freedom

This is THE campaign of the emerging generation. Around issues of online privacy, censorship, universal broadband access, taxation of e-commerce, and corporate control of fuels, online grassroots activism transcends global geographies, generating appeal across ideological boundaries, and in particular galvanizes youth across the world.

To activists, a free and open Internet embodies the promise of global freedom, prosperity, and sustainability through an inter-connected world. In the developing world and in countries run by oppressive regimes, youth faced with dire economic and political circumstances



are finding voice and connection to others via the Internet. To them, online access is a lifeline to a better world, imbuing their life with higher purpose. Companies like Google, Facebook, and Twitter, praised for actualizing that reality, are swiftly held accountable when attempting to infringe digital freedom, such as

when Google recently altered its user privacy rules.

This is the world's most organic, widespread activist movement, harnessing the Internet's force multiplier and network effects; grassroots people power vs. concentrated corporate and governmental power, creating an army of Davids vs. varying Goliaths. Any attempt by a company or government to limit a free and open Internet is increasingly met with almost immediate, steep resistance. For example, hacking groups like Anonymous through Operation Payback fought to avenge Paul Assange, Wikileaks founder, against the U.S. government and companies it perceived as supporting restrictions on Wikileaks.

Key opinion leaders include Electronic Frontier Foundation (EFF) and Access Now, and is fueled by grassroots coordinators like Change.org, Avaaz, and SumOfUs, which are funded by the likes of George Soros' Open Society Foundations. This dynamic, organic movement is growing as more people come online across the globe, awakening to newfound economic and political opportunity; they will be vigilant in defending a human right to a free and open Internet.



# 7

## Supply Chain Transparency

Ever since the Rainforest Action Network - Mitsubishi agreement successfully demonstrated the power of leveraging corporate supply chains to drive market change, activist campaigns that pressure industry to set more sustainable procurement standards throughout the supply chain are rising. Campaigns involving apparel manufacture,



palm oil, toxics, low carbon fuels, high efficiency vehicles, sustainable paper, extended producer responsibility (EPR), sustainable bank financing, local foods, conflict minerals, responsible cotton, fair trade, and more, demonstrate that there is an increasing array of NGOs focused on supply chain issues, and more campaigns will surely come in 2013 and beyond.

Fueling the strategy are two core trends, one political and the other digital. First, bitter partisanship and perceived corporate influence over the political process have made regulatory change nigh impossible; effecting changes in procurement standards serves as de facto regulation. Second, campaigners are growing increasingly savvy at leveraging new media to amplify their impact in both speed, scale, and provocativeness. Campaigns, which often took years to resolve, are now yielding results in weeks. Viral videos, subvertorials, Facebook mobs, petitions yielding hundreds of thousands of signatories in hours, mean companies can quickly be on the defensive.

With supply chain the focus, retailers and major brands protective of their reputation are the targets when they possess either strategic or symbolic supply chain power. Energy & Climate, Food & Water, as noted above and below, are core foci in 2013 but expect a host of other issues on the agenda.

Notable corporate campaign groups include Greenpeace, Rainforest Action Network, Forest Ethics, Center for Environmental Health, and

more recently Sierra Club, and a host of foundations, including Sea Change, Park, 11th Hour, Bloomberg, and Rockefeller Brothers Fund. Forward thinking companies who understand the dynamics have opportunities to mitigate conflict through constructive engagement, forging agreements that disadvantage their competitors and positively differentiate their brands. Leaders who have proven adept at this include Nike, Disney, McDonalds, PepsiCo, and others.



## 8

### Obesity and Sugar

With a steady stream of disturbing news on studies highlighting the linkage of branded, packaged food with an obesity epidemic plaguing kids, with its associated health issues such as diabetes, busy parents-turned-activists across the ideological spectrum are mobilizing in droves.

As Michael Bloomberg's proposed tax on large sodas and sugary drinks grabbed headlines in 2012 alongside Michelle Obama's childhood obesity initiatives, health and nutrition advocates are mobilizing to challenge what they perceive to be corporate control of a food system reliant on subsidies, reinforcing a health epidemic that threatens U.S. economic competitiveness.



Advocates from the left and right see ample opportunity to target companies, whether over GMO labeling (Issue 5), changes in corporate procurement toward healthier ingredients, rising scrutiny of farm bill subsidies, limits on use of food stamps for unhealthy foods, or taxes on sugar. High profile brands are the targets (Issue 7: Supply chain transparency), especially ones marketing to kids. Activists perceive brands as funding opposition to regulatory change either directly or indirectly through industry associations in which they wield great influence (Issue 9: Money in Politics).

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There are a host of groups involved in this movement, with notable advocates including Center for Science in Public Interest, Agree, Let's Move, NRDC, and Mom's Rising.

# 9

## Money in Politics

Political campaign spending hit a new record in the 2012 election cycle, and this new post-Citizens United world has advocates from the left and right decrying the effects of “crony capitalism.” Fueling distrust of the corporate sector are several reports that exposed corporate political giving, illustrating the relationship between political giving leading to political outcomes.

As environmentalists grow increasingly savvy around political and business processes and how to harness grassroots power to influence institutions, we anticipate NGOs and investors across the left and right to increasingly demand greater transparency in their political giving,



both domestic and abroad. Currently, Friends of the Earth, Center for American Progress, and others are spearheading a “Money Out/Voters In” campaign, with large events organized around symbolic events, such as the third anniversary of the Citizens

United Supreme Court case.

Grassroots groups like Maplight Foundation, Sunlight Foundation, and National Institute on Money in Politics are accessing data and exposing corporate influence at national and state levels. Common Cause has led an effort to show impacts of natural gas industry spending on local and state elections. And, given some initial successes, this remains a top donor priority. Expect increasing pressure on corporations to be more transparent regarding their political giving, both direct and indirect (e.g., associations). Through various multi-sector committees working on promulgating the Dodd Frank bill and Extractives Industry Transparency Initiative, NGOs are working diligently to create new standards for increased transparency into corporate political giving that they can build upon.

This issue, while calmer than during the peak of the Occupy Wall Street movement, has clear trans-ideological appeal that gives it staying power.

# 10

## Economic Power

Last year, economic power was our #1 issue with the advent of the Occupy Wall Street movement and concurrent Tea Party outrage over crony capitalism. While the issue has simmered somewhat, it can ignite quickly.

Persistent economic malaise keeps the flames fanned, as college students and recent graduates can't find jobs despite seeing corporate profitability and Wall Street salaries holding steady or improving.



Inspired by President Obama's platform for change in 2008, young votes grow disillusioned with the lack of change due to a political system they perceive as responsive to company's needs over people's needs.

With what seems like a settlement each week for malfeasance, such as HSBC for money laundering, and UBS and RBS fined for manipulating the benchmark LIBOR interest rate, companies can quickly become the focus of youth outrage to overcome their frustration and sense of powerlessness.

Factor in the dialogue on tax reform with the battles over increasing taxes on and reducing subsidies that benefit the wealthy, the Robin Hood narrative provides ample opportunity to propel the issue back to #1.