

## TOP 10 ISSUES & CAMPAIGNS OF 2012

As a team, The Future 500 staff and board believe passionately in the promise of corporations and NGOs coming together to advance systemic solutions to our most urgent sustainability challenges. Each Fall, we hold a series of strategic planning meetings where we outline our core issues of focus for the coming year. From that promise, we identify what we believe are the Top 10 issues that activists and corporations will likely contend with in 2012.

Based on extensive global interviews, engagements, and online research, Future 500 has identified the Top Ten most intensive corporate campaigns that brand-name consumer companies will likely face in 2012.



### The Fall of Government

2011 was the year when governments across the globe spectacularly failed their people. From partisanship in the U.S. that nearly caused a global financial meltdown and the EU nearly rendered asunder by Greece's debt default, to the Arab Spring re-writing the political landscape of the Muslim world and the earthquake and tsunami in Japan.

With technology fueling access to information and immediate networking, "the world's population is experiencing a political awakening unprecedented in scope and intensity, with the result that the politics of populism are transforming the politics of power."

From the inability to act decisively on climate change and turn around a global financial crisis that left tens of millions struggling to feed their families, to repressive governments seeking to crush popular uprisings, the world's politicians were unable - or unwilling - to avoid a social capital beat-down with their constituents.

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In 2012, stakeholders around the world will continue to increasingly fill the void, seeking solutions to social, economic, and environmental challenges at the local, national and international levels - with or without - direct government participation. Issues related to climate change, free speech, the right to water, Internet access and a secure food supply are among the top concerns corporations and their stakeholders are grappling with.

Stakeholder skepticism over government ability to respond to such systemic challenges is both a risk and opportunity for corporations. While corporations may find themselves in the hot seat over issues related to climate change - such as toxic materials and coal - stakeholders will also be looking towards the private sector to help advance development goals and progress on issues like universal broadband access.

Company and industry characteristics will determine the depth of involvement on each individual issue, but any multinational with extensive product lines and supply chains should be aware of each of these issues, and actively engaged on a number of them.

So where will funders, campaigners, and activists focus their efforts in 2012? What campaign tactics are most likely to produce results? Which campaigns have the best political chance of success? Which campaigns are best positioned to advance pragmatic solutions? And how should companies and stakeholders engage constructively to accelerate the change we need to see?

## 1. Economic Power

Since the end of World War II, global financial stability has been progressed through three primary factors: a growing U.S., an EU increasingly uniting, and a democratic and peaceful Japan. All three of these bulwarks have faced tremendous challenges in 2011. The financial meltdown began in 2007 and has simmered but the tinder was lit in September with the first Occupy Wall Street movement.

Pundits, policy makers, and activist groups have been surprised by the speed at which this movement has organized, spreading to cities around the world. And while it's easy to criticize the movement as a fad and the protesters as the fringe who can't advocate a common set of demands, movements that emerge during times of significant wealth disparity typically find their voice if wealth distribution and economic growth does not quickly reverse itself. And few economists predict a quick economic turnaround on the horizon, which means this movement will very likely have legs.

Advocacy groups are quickly seeking out ways to harness the Occupy Wall Street grassroots momentum to advance their objectives. For corporate campaigners, expect some coalescence around demands for sustainable finance, including a trading tax, that will rein in the "banksters" representing "the 1%". Transparency will rule as will demands for more stringent lending policies to mitigate social and environmental risk.

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## 1. ECONOMIC POWER

Who's Is It: Government, Corporations, the 1%?



## 2. Universal Broadband

The explosion of popular pro-reform movements onto streets across the Arab world and violent crackdowns by governments in Bahrain, Yemen, Syria and elsewhere in response has catapulted the issue of universal broadband access onto public consciousness and sparked a renewed drive by stakeholders to see it realized. Beyond ensuring basic access for people around the world - which, given infrastructure, cultural and political concerns, will take time - stakeholders are looking for guarantees from the private sector that companies will not aid government censorship efforts either through the sale of technology or by responding to government requests.

Beginning in Tunisia and Egypt in January 2011 and spreading like wildfire across the Arab world, Netizens looking to push reform used the Internet and mobile telephony to drive protests, raise issues onto a global stage and win support from people, governments and rights advocates spanning the globe. Their efforts sparked a global outpouring of support that lit up popular Internet social media sites like Twitter, Facebook and YouTube.

Human rights stakeholders blasted multinationals including Nokia Siemens and Cisco for their alleged roles in facilitating repression as governments sought to quell public protests. Nokia Siemens found itself accused of directly aiding repression by Bahraini authorities who used transcripts of cellular telephone text messages to force confessions of anti-government activity. But even in cases where technology was used to aid repression, stakeholders shy from calling on corporations to cease operations in countries

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with repressive regimes. Nevertheless, they fear the growing consolidation of power among a few technology companies, the "sovereigns of cyberspace."

While the long-term success of the Arab Spring in changing political futures remains to be seen, the issues raised around the Internet, free expression and the right to free speech will continue to have the vocal backing of a broad range of companies and their stakeholders. United Nations officials have characterized uncensored Internet access as a human right. A diverse range of prominent rights and development advocates such as Human Rights Watch, Amnesty International, Oxfam, Reporters Without Borders, Global Witness and others continue to advocate for broader access to further pro-democracy and development goals.

## 2. BROADBAND ACCESS

Equal Access to All vs. Pay-for-Priority



## 3. Transparency

Corporate transparency on efforts to keep supply chains free from human rights and/or environmental abuses has the attention of a broad array of stakeholders moving into 2012 following successful multi-stakeholder efforts to support the United Nations-backed work of John Ruggie and to end the trade in conflict minerals.

As the UN Secretary-General's Special Representative on business and human rights, Ruggie presented a "protect, respect and remedy" framework for multinationals based on extensive multi-stakeholder consultations in 2011 that won the backing of the UN Human Rights Council. The three-pillar framework

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calls on companies to have vigorous human rights policies and due diligence in place to ensure their operations throughout the supply chain protect and respect rights, including established mechanisms for redress in cases of abuse allegations.

In a separate but related effort, SRIs in collaboration with corporate campaigner and mainstream stakeholders worked with corporations throughout 2011 to help the U.S. SEC draft implementation guidelines for legislation aimed at curtailing the trade in minerals from the Democratic Republic of Congo. Trade in the so-called conflict minerals - tin, tantalum, gold and other minerals - has helped drive conflict and human rights abuses on a major scale in the DRC despite years of campaigning by stakeholders.

The progress in 2011 on major transparency and rights related issues increases the pressure on multinationals to communicate their efforts and avoid corporate campaigning by stakeholders such as SACOM, China Labor Watch, Greenpeace, Human Rights Watch and Rainforest Action Network. 2011's events also pave the way for further multi-stakeholder collaborations with groups such as As You Sow, Global Witness, Calvert Investments and others, to advance systemic solutions.

### 3. TRANSPARENCY

What Is the Corporate Role? Protect, Respect, and Remedy



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## 4. Safe & Healthy Foods

A broad range of stakeholders are looking to maintain pressure on issues surrounding genetically modified foods heading into 2012. While they have yet to coalesce around a centralized approach to ensuring GMO products do not cause harm to human health or the environment, they are all pushing-as a minimum-protections to ensure consumers know what they are feeding their families.

Potential damage as a result of concentrated use of toxic herbicides and chemical fertilizers, and concerns over the use of deadly like 2,4-D for eradication-which critics charge may spread genetic pollution into adjoining crops and plant relatives and contribute to climate change-are main attack points for the GMO movement.

Campaigners are looking to secure labeling on GMO products as well as more systemic shifts in the way the world views food production. Improved regulations on the production of GMOs combined with increased support for sustainable food production efforts at the local level are seen as key methods to avoid outbreaks of viruses such as e-coli, and minimize human consumption of foods necessitating dangerous pesticides, excess fertilizer, antibiotics in animal feed, and unsafe synthetic food additives.

GMO food issues have the attention of prominent individuals, foundations and campaigners including U.S. First Lady Michelle Obama, the American Heart Association, the Columbia Foundation, Greenpeace and the Center for Food Safety.

### 4. SAFE AND HEALTHY FOODS Better System (Anti-Obesity) vs. New System (Local/Small)



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## 5. Coal

The fight between big coal and big green is nothing new, but this year activists are turning up the heat. From SRIs to public health groups, the activist community is banding together against what they identify as a common enemy.

According to green groups, coal accounts for over 40% of U.S. carbon dioxide pollution and, according to NASA's leading climatologist, Jim Hansen, "80% of the solution to the global warming crisis." Public health groups are concerned with coal plant pollutants, which the American Lung Association estimates kills approximately 13,000 people a year.

The campaign against coal is amply fueled. Bloomberg recently committed million to Sierra Club's Beyond Coal Campaign and several funders that previously were pumping funds into cap and trade have shifted their financial support to anti-coal campaigns. This cash infusion will ramp up campaign efforts at both the national and state level; more staff, better ad space, more shareholder resolutions, increased lobbying efforts and legal support for EPA regulations.

EPA regulations have been at the forefront of several stakeholder discussions around the future of coal. Without a climate bill, environmental groups are holding tight to the Clean Air Act as their main hammer to regulate CO2 and mercury emissions. Several coal companies have opposed the rulings asking for more time for implementation and research; further deepening the divide between the two groups.

Across the board, the coal industry is feeling the squeeze and advocating that activist groups support technologies that can provide cleaner coal sources rather than trying to get rid of coal all together. With coal as the most affordable source of domestic electricity, taking coal completely off the table could, they argue, affect an already suffering economy.

## 5. COAL

### Zero Coal vs. Cleaner Coal



## 6. Oil Sands

Oil Sands was arguably 2011's largest full scale campaign and will continue to be a focus given the number of brands that can be targeted. The campaign is part of a wider effort to wean the US off fossil fuels and mitigate climate impacts. With Canada as the largest oil exporter to the US, activist groups and funders have shifted their attention to the north calling Canada's massive tar sands deposits the biggest "carbon bomb" on the planet.

For the oil sands industry as whole, green groups are advocating that they clean up tailings ponds, increase transparency and cap oil sands production. The focal point of the campaign has been TransCanada's Keystone XL pipeline, which would stretch more than 1,700 miles from Canada to refineries on the Gulf Coast. Campaign groups including Friends of the Earth, Rainforest Action Network, Sierra Club, EarthJustice, 350.org, Greenpeace, and dozens of others organized protests which ultimately led to President Obama delaying the pipeline review. The largest protest led to over 1000 arrests, including high profile NGO and thought leaders such as climatologist Jim Hansen.

The interesting distinction with the oil sands campaign is that it is primarily led by US groups and funded by US foundations. This has created a bit of a stir among Canadians rankled that Americans are engaging in Canadian affairs and Canadian policy. This is further exacerbated by the fact that the US has never committed to a cap on their domestic carbon emissions or fully supported an international climate

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treaty. Many oil sands producers are uncertain how to engage U.S. groups, since most of their dialogues have traditionally been with regional and Canadian stakeholders.

However, following the Keystone XL delay, attention is now shifting more towards Canada and pipelines there. Many of the campaigning focus is centered on British Columbia, where there is strong opposition to oil sands infrastructure.

Regardless, one thing is clear: the politics around the oil sands issue have become divisive and will likely persist for years. What is yet to be determined is where oil sand companies and activists, both US and Canadian, will find a common ground moving forward.

## 6. OIL SANDS

### Global Climate vs. Local Issues



## 7. Natural Gas/Fracking

A growing awareness of America's immense natural gas wealth coupled with the release of Josh Fox's "Gasland" documentary has created a swarm of interest over natural gas development. Determining where it fits in our domestic energy portfolio, and the impact it poses to human health and the overall GHG footprint are at the heart of discussions among industry, communities and NGOs.

NGOs have a diverse array of perspectives on natural gas, but the majority aren't calling for a moratorium as they are for oil sands and coal. Several the large environmental NGOs see natural gas as

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a bridge fuel to less carbon heavy energy sources but are concerned with transparency and industry loopholes. In other words, regulate it, don't ban it.

Ideally, environmentalists would like to see regulation passed at the federal level to provide a national baseline for best practices. Established industry players strongly favor resolving the issue on a state by state level and it is becoming clear the debate will focus here in the near future. Concerns over natural gas drilling mainly include: chemical disclosure, contamination of drinking water, closing the "Halliburton Loophole," controlling methane emissions, and mitigating associated health risks for local communities.

Large energy companies are concerned about regulatory certainty for long-term planning while wildcat operators, who are setting up wells with little oversight, prefer no regulation. Natural gas' lower carbon footprint and accessibility as a domestic resource has piqued the interest of many US energy providers.

New York will provide a precedent on where regulations may fall in future states. Governor Cuomo has been hit by letter writing campaigns to further examine the impacts of opening development in the Marcellus Shale region. Proposals to open up New York and the Delaware River Basin to natural gas extraction have been pushed back, which environmentalists are citing as key victories as they begin planning for 2012.

## 7. NATURAL GAS/FRACTURING

Regulate (Pro-Climate) vs. Ban/Delay (Pro-Water)



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## 8. Corporate Use of Water

In October 2011 the world's population broached seven billion, just over a decade after passing the six billion milestone. With increased population comes increased demand on resources such as water and stakeholders are raising increasingly shrill alarms over water quality, shrinking supply and the need for sustainable management.

With little hope for a treaty at the international level to battle climate change anytime soon, climate activists have begun focusing on the inter-relationship of global water challenges with energy and climate as an area where they can help advance solutions. Global activism is primarily centered on large private water utility providers and multinational corporate brands perceived to be diminishing and contaminating local water supplies. Activists are also looking to leverage the United Nations General Assembly backing of access to clean water and sanitation as a human right to apply pressure around water management and reporting.

Moving into 2012, activists are looking particularly at corporate supply chain stewardship in India, China, cross Africa and others regions facing water crises. Stakeholder activism on water has also joined in with the up-swell of activism on natural gas hydraulic fracturing or "fracking," which poses serious water quantity and quality concerns outside major population centers.

The issues around water - quality, supply, ownership and corporate stewardship - are drawing the attention of the media, SRIs and investors. Major global campaigners on the corporate use of water issue include Food & Water Watch, Corporate Accountability International, Maude Barlow and the Council of Canadians, Polaris Institute, NRDC, Sierra Club, Greenpeace, Oxfam and the Pacific Institute, drawing support from leading U.S. funders such as the Park Foundation, Mott Foundation and McKnight Foundation.

## 8. CORPORATE USE OF WATER

### Efficiency & Quality vs. Corporate Control



## 9. Forestry

The United Nations sought to focus global attention on the state of the world's forests in 2011 by making it the International Year of the Forests. With efforts to forge broader international climate policy faltering amid disagreements on binding reduction targets and funding, environmental stakeholders have refocused efforts on effecting progress on specific aspects of the climate change battle, including forest protection.

For forestry activists, sustainable development and conservation are key focus areas, finding a balance between the immediate needs of man, the preservation of ecosystems and forests' natural ability to regenerate. Forests face a variety of dangers such as increased demand for agricultural land as a result of population growth, destruction for the production of bioenergy, and rising demand for timber.

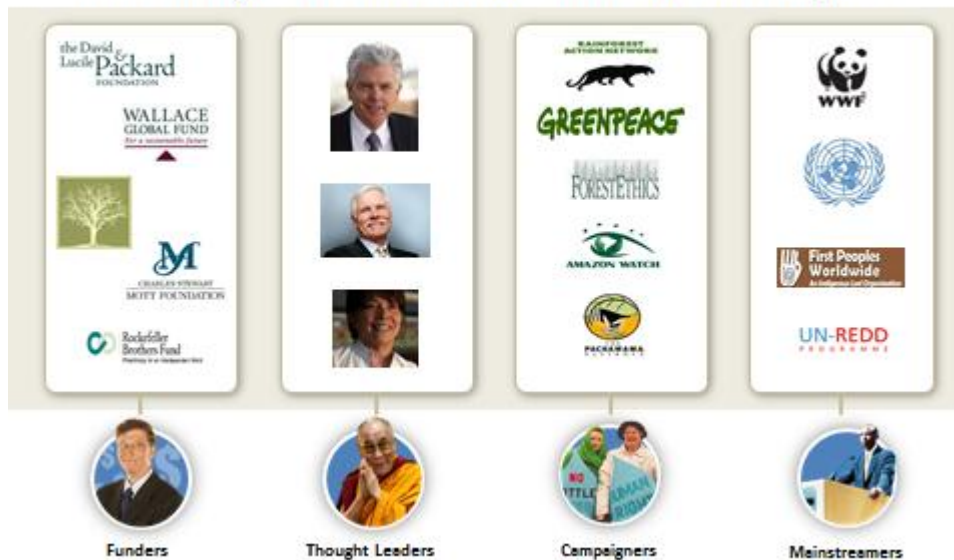
UN-backed efforts to make Reducing Emissions Deforestation and Forest Degradation - or REDD - a global centerpiece of balancing development and conservation needs hit a series of snags throughout 2011 with large breakthroughs unlikely as we head into 2012. Negotiations on structure for the program, which would pay local communities to protect area forests, are stalled and the lingering global economic crisis has dried up funding. Lack of international climate policy has also left efforts to launch private carbon markets out in the cold.

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While unwilling to disengage from policymakers at the national and international levels as a matter of practicality, stakeholders will continue engaging the private sector in 2012 in efforts to push forest protection both within their internal operating systems and as a matter of public endorsement. Many of the stakeholders working on forest-related issues, such as Greenpeace, Rainforest Action Network and the Forest Peoples Programme, have well-established anti-corporate campaigning networks that may be activated to increase pressure for action.

## 9. FORESTRY

### Forest Systems for Climate and Native Peoples



## 10. Toxic Materials

The presence of toxic materials in everything from consumer electronics to furniture has the attention of stakeholders at both the national and international levels moving into 2012 as a source of serious damage to both human health and the environment.

Waste from consumer electronics - or e-waste - remains a key focus area for stakeholders in the realm of toxic materials. An estimated 50 million tons of tons of e-waste is generated annually with much of it sent to landfills in developing countries where impoverished residents face health consequences for picking through the heaps of refuse for saleable components. While some multinationals, such as Nokia, HP, and Samsung, Best Buy have earned measured support from stakeholders for working to make their products greener and promote recycling programs, e-waste and toxic chemical issues remain fertile campaign ground for activist stakeholders including Greenpeace, Basel Action Network, Electronics Takeback Coalition, As You Sow, and Earth911.

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Stakeholders concerned with the wellbeing of the world's oceans will continue to raise the alarm over toxic ocean garbage. Studies released in 2011 showed growing floating garbage pools in both the Atlantic and Pacific Oceans that choke off oxygen supplies to marine life, and cause mutations and defects along the marine food chain.

## 10. TOXIC MATERIALS

### Precaution vs. Innovation



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