Future of Business in Society: Global Thought Leader Study

by
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1.0 Introduction

As society emerges from the global pandemic, everything is changed. Global social and environmental tectonic forces are reshaping the risks and opportunities businesses face as they steward the success of their organizations. Leading companies understand this and are updating their value propositions – their reason for existence – in the face of this new reality. Company leaders are peering ahead to decipher and build the roadmap that leads to future success in the changed world.

All signs point to successful businesses rethinking their inward-facing missions that managed people and nature as resources to ones that embrace a stronger role in creating value not just for their themselves and their shareholders, but also for society and stakeholders in which nature is replenished and people and communities thrive.

This research paper sheds light on this quest. It sets out to answer the question:

“What is the Future of Business in Society?”

This report was commissioned by the Canadian government via Employment and Social Development Canada which is interested in accelerating the response of the private sector to contributing to a sustainable and just future for Canadians and their communities.

This research report is designed to inform that dialogue.

Companies and their stakeholders in Canada and around the world are encouraged to review these findings and engage boards and leaders on the implications for their business models and the sectors and systems in which they operate and derive value. (For ideas, see sidebar “How to Use This Report”.)

The research reveals that several pivots lie ahead, with societal and economic actors coming to understand that everything is interdependent, as the pandemic has taught us. Global thought leaders are united in their views on the opportunity for these shifts to materialize and the necessity of that happening. This report on the Future of Business in Society shows the way.
Top Ten Highlights of the Future of Business in Society Research:

1. **Inflection point**: The role of business in society is at an inflection point, accelerated by COVID-19 and growing concerns about climate change, ecosystem collapse, and systemic racism.
2. **Tectonic shifts**: Four tectonic shifts are underway: a paradigm shift, a business model shift, a stakeholder shift, and a climate and equity shift.
3. **Societal purpose**: Companies are adopting a societal purpose as the reason they exist, going beyond shareholder value creation to stakeholder value creation, addressing societal challenges through their core businesses and products.
4. **Business model transition**: Leaders are transitioning their businesses out of unsustainable operations and products to regenerative and equitable business models.
5. **Sectoral and systems transformation**: Leaders are transforming their sectors and business ecosystems to put them on a sustainable trajectory.
6. **Social equity**: Leading businesses are building social equity into their environmental endeavours, creating opportunities for, and sharing power with, those at risk of being left behind in the transition.
7. **Stakeholder mobilization**: Stakeholders are engaged and mobilized on shared purposes, rather than managed for the sole interest of the company.
8. **Influence and reach**: Business leaders are becoming systemic actors using their influence, reach, and power to transition systems to be more sustainable and equitable.
9. **Authenticity and transparency**: In the future, value chains and operations will be fully transparent, and authenticity will drive company disclosures.
10. **Window of opportunity**: The pandemic’s transformation of the economic landscape has created openings to rethink the role of business in society and to put business and society on a sustainable footing.

About the Author

**Coro Strandberg** is a Canadian pioneer on the role of Business in Society. For nearly 35 years she has helped define the pathway for business to become a force for good. As a Corporate Director and Board Chair of Vancity Credit Union in the 1980s and 1990s she helped position the company as a social purpose financial institution. She has supported over 100 businesses, governments, boards and associations harness business and the economy to address societal challenges and put society on a sustainable path. She co-founded the Social Purpose Institute at United Way of the Lower Mainland to accelerate the Purpose Economy and support businesses to develop and implement a social purpose as the reason they exist. Coro is a faculty member of Director’s College and Governance Professionals of Canada, where she builds capacity of directors and governance professionals to provide oversight of organizational purpose and sustainable business models. Nearly 20 years ago Coro wrote a study similar to this one on the **Future of Corporate Social Responsibility** which created an introductory roadmap for business to become a force for good. This current study builds upon and extends this original vision. Coro shares her research and thought leadership on her website at [www.corostrandberg.com](http://www.corostrandberg.com).
**Future of Business in Society Study Findings at a Glance**

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*Future of Business in Society: Global Thought Leader Study*
Report Structure

Introduction (2)
Methodology (6)
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Results (9)

- Current and future best practices
- Societal trends to 2030 and COVID impacts to 2025

“It is sometimes hard to get a handle on how rapidly the foundations of an ‘extract and concentrate’ business-as-usual model are changing and a new model, based on resource regeneration and equitable wellbeing outcome, is being born. This report cuts through the haze. It helps pinpoint the most important markers of change to navigate boards, CEOs and company leaders towards this exciting and urgently needed future state.”

Dr. Victoria Hurth, Fellow, University of Cambridge Institute for Sustainability Leadership

“This report will help business leaders understand the emerging social and environmental trends that will shape the next decade. It also sets out a bold vision of the action required for businesses to contribute to a more regenerative and more just world.”

Stephanie Bertels, Director of SFU Beedie’s Centre for Corporate Governance and Sustainability, Founder, Embedding Project

“The future of humanity and the planet is threatened. Businesses and entire sectors need to reinvent their business models to solve society’s challenges – not create them. This report sheds light on the path leading companies are forging as they transition their businesses, industries, and society towards a just and sustainable future. Essential reading for those looking for ideas and inspiration to accelerate and scale the good in business.”

Koann Skrzyniarz, Founder and CEO, Sustainable Brands Worldwide

Future of Industry and Professionals in Society: Companion Report

Not only do leading businesses play a role to transition their industries and sectors to a sustainable future, but leading associations representing industry and professional groups are doing so as well. Check out this companion research report, commissioned by the Canadian Government and written by the author, on the role that industry and professional associations can play to equip their members to accelerate a just and sustainable future.

Read about The Sustainable and Just Association: The Role Associations Can Play to Help their Members Accelerate a Just and Sustainable Future.
2.0 Methodology

The Future of Business in Society Thought Leader Study was based on interviews with twenty thought leaders from four continents around the world, including six from Canada and three from the United States, nine from UK and Europe, two from Asia and one from Africa. Thought leaders included academics, media, practitioners, network managers, standard setters, futurists, systems change experts, social entrepreneurs, and advisors. They were interviewed from November 2020 – January 2021 and were asked four questions: 1) Name a sustainability leader and describe the practices that make them a leader; 2) list the societal trends expected to affect business in the coming decade; 3) describe the practices you expect a sustainability leader to demonstrate by 2030; and 4) how will the COVID-19 pandemic affect sustainable business practices over the next five years? Some submitted their responses by email. One contributed their ideas upon review of a first draft. Their responses were distilled and analyzed for common themes and summarized in this report.

Note that the collection of practices described in this report are a blueprint or vision of sustainability leadership as perceived and predicted by global thought leaders. None of the companies they described exhibit all of the leadership traits highlighted in this report.

Sustainability preferred term; CSR term becoming outdated

Interviewees were invited to use their preferred term for the interview, whether corporate social responsibility (CSR), sustainability, ESG (environment, social, governance), social purpose or other. Most used the term sustainability, and many commented that CSR is becoming outdated, see the adjacent text box for some of these comments.

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The term CSR is becoming outdated

Interviewees shared views on CSR and how it is becoming an outdated framework as companies pivot to sustainable and social purpose business models:

- CSR is last season – it has its origins in philanthropy and making things less bad
- CSR is usually communications-driven and philanthropic
- CSR tends to be bolted on to the side of a company and not integrated
- CSR is risk management while sustainability is about systematically reducing a company’s footprint
- Sustainability is headed to a regenerative and just future; it is the outcome of a company’s strategy, not a siloed effort
- Leading businesses are moving beyond a focus on how they think and behave, siloed or not – they are becoming systemic actors using their influence, reach, and power to transition systems to be more sustainable

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1 For the purposes of this research, sustainable business practices are defined as business practices that consider social, environmental and stakeholder impacts.
Global Thought Leaders Who Contributed to the Study

Thank you to the following thought leaders for participating in the Future of Business in Society study.

Canada
Stephanie Bertels, Director of SFU Beedie’s Centre for Corporate Governance and Sustainability, Founder, Embedding Project
Ayman Chowdhury, Head of Secretariat, UN Global Compact Network Canada
Chris Coulter, CEO, GlobeScan
Tim Faveri, VP, Sustainability and Shared Value, Maple Leaf Foods
Yabome Gilpin-Jackson, Chief People Officer, BCLC
Chad Park, VP, Sustainability and Citizenship, The Co-operators

UK and Europe
Mike Barry, past Head of Sustainable Business, Marks & Spencer
Mark Goyder, Founder, Tomorrow’s Company
David Grayson, Emeritus Professor, Cranfield School of Management
John Elkington, Founder and Chief Pollinator, Volans
Victoria Hurth, Fellow, University of Cambridge Institute for Sustainability Leadership
Rodney Irwin, Managing Director, Redefining Value and Education programs, World Business Council for Sustainable Development
Geoff Kendall, PhD, CEO and Co-Founder, Future-Fit Business
Will Martindale, Director of Policy & Research, Principles for Responsible Investment
Sally Uren, CEO, Forum for the Future

United States
Aron Cramer, President and CEO, Business for Social Responsibility
Joel Makower, Co-founder, Chair and Executive Editor, GreenBiz Group Inc.
Koann Skrzyniarz, Founder and CEO, Sustainable Brands Worldwide

Africa
Scott Williams, Associate Director, Sustainability and Climate Change, PWC South Africa

Asia
Jikyeong Kang, PhD, President and Dean, MVP Chair in Marketing, Asian Institute of Management
Shatadru Chattopadhayay, Managing Director, Solidaridad Asia
3.0 Findings

The Role of Business in Society is undergoing a paradigm shift, over 30 years in the making. From giving back, reputation management, and regulatory compliance in the 1990s to the transformation that is underway today, leading companies are charting a new path to a sustainable future for themselves and society.

This research compiles insights from 20 thought leaders around the world on the present and future best practices in corporate sustainability, and on the trends driving them. There is considerable consensus around the practices that leading companies are pursuing as they pivot their business models, mindsets, stakeholder relationships, and industries so society does not exceed planetary boundaries or fall below a socially equitable floor. These companies are found in a range of sectors, around the world according to thought leaders.

Current and Future Practices

Thought leaders identified 21 current best practice clusters. Currently leading companies are getting out of businesses and products that are unsustainable in the long term and turning down customers and business that fail to align with their vision of sustainability. They are going beyond incremental reductions of their negative impacts to become restorative and regenerative companies, replenishing and rebuilding the underlying social and environmental systems on which they depend. These businesses are social purpose companies, whose reason to exist is to create a better world and whose growth is a positive force in society. They are dismantling racism in their operations and accepting responsibility for the historical component of sustainability, acknowledging they have benefited from and been built upon historical emissions, slavery, and colonization. They are building social justice into their environmental priorities, using environmental justice and just transition methodologies in which no one is left behind and power is shared. These companies are going beyond transitioning their own business, to tackling the social and environmental challenges faced by their industry. They mobilize their stakeholder relationships, rather than manage them, by engaging customers, suppliers, peers and governments on societal change.

As for the future of sustainable business practices, thought leaders predict that all these current practices will continue, intensify, and solidify. Additionally, by 2030 there will be a greater focus on circularity, technologies will enable full traceability of product life spans, and more companies will be involved in system collaborations to transition entire industrial systems to sustainable solutions.

Societal Trends

According to interviewees, these practices will be driven by fifteen trends that will play out over the decade, including worsening climate change, acceleration to the low carbon economy, increasing stress on planetary systems and further loss of biodiversity, changing customer values and lifestyles, and a greater focus on social justice, and the growing intersection between social equality and environmental sustainability, resulting in just transition and environmental justice priorities.

These long-term trends are accelerated by the shorter-term impact of the COVID-19 pandemic on business. Thought leaders agree on a number of these COVID accelerants, ten in total, chief among them being the growing awareness of our interdependence and societal risks we face; a belief that our
economic model can be reset to foster a sustainable and just future; increased investor interest in how companies are managing their ESG risks, impacts, performance and dependencies; and greater awareness of their reliance on stakeholders and the need to build reciprocal and mutually beneficial relationships with them.

These trends and the business practices they engender are provided in greater detail below.

### 4.0 Results

Interviewee responses are summarized into the following sections, based on the interview questions:

1. Current best practices
2. Future best practices
3. Societal trends to 2030
4. COVID-19 impacts to 2025

#### 4.1 Current Best Practices

Thought leaders were asked to share their insights on the current state of best practices. They were asked to name a company that is a current global or national leader in CSR / Sustainability / Social Purpose and state why they thought the company was a leader today. Unilever was mentioned by over half, and interviewees named 34 companies in total. Companies came from a variety of sectors and continents as seen in the chart below. Thought leaders named two Canadian companies as leaders: Maple Leaf Foods and TELUS. See Appendix A for the full list of companies.

#### Sectors and continents of leading companies

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<th>Sectors</th>
<th>Continents</th>
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<td>North America</td>
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<tr>
<td>Consumer goods</td>
<td>South America</td>
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<tr>
<td>Financial services</td>
<td>Asia</td>
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<tr>
<td>Food and beverage</td>
<td>Europe and UK</td>
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<tr>
<td>Media and professional services</td>
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<td>Oil and gas</td>
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<td>Telecommunications</td>
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<td>Utilities</td>
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#### Four types of best practices

All the best practices identified by thought leaders represent a shift in how business operates today. These shifts are organized into four types:

**Paradigm shift**: Profound pivot in how business functions to operate within planetary and social thresholds

**Business model shift**: Reorganization of business models, strategies, and cultures to align with a social purpose that creates value for society
**Stakeholder shift:** Reconfiguration of stakeholder relationships, which recognizes that stakeholders are central to business success

**Climate and equity shift:** Mobilization of its business and partners to decarbonize the economy, dismantle systemic racism and advance equity

Interviewees identified 2–7 best practices within each shift category, as set out below.

1. **Paradigm Shift**

Interviewees were united in their perception that corporate leaders are transforming their businesses to ensure they operate within the limits of planetary boundaries. They are fully transitioning from unsustainable to sustainable industries, products and value chains and pursuing regenerative business strategies that restore and rejuvenate nature. They lead system collaborations to transform their industry to be more sustainable and socially beneficial. They recognize their business was built on historical emissions, slavery and colonization and take responsibility for the actions of their past. They build social equity into their environmental innovations, creating opportunities for marginalized communities and people as they transition their business.

The elements of this paradigm shift are listed below.

**Transition and transformation**
- Switches core businesses from those that are highly profitable but unsustainable in the long run to industries that contribute more to society
- Transitions away from fossil fuels and mining; getting out of mined materials and focusing on reused materials; transitioning from fossil fuels to renewables and circular materials
- Transitions their brands to align with their social purpose and divests brands that are unaligned with their purpose; sheds brands that fail to drive lasting social or environmental change
- Transitions products to transform nature loss and halt global warming
- Transforms from linear to circular and from using to regenerating resources
- Transforms supply chains to be regenerative
- Turns down clients and customers that don’t align with their sustainability ambition and values
- Pursues business model innovation by building an alternative model that doesn’t rely on consumption
- Reorganizes some of its businesses to establish a “pure-play climate company” focused on pursuing dedicated climate-focused technologies; the non-climate businesses are merged together as a separate unit
- Transitions from using most negatively impactful materials to most positively impactful materials

**System and industry change**
- Understands their role in social and environmental ecosystems to identify where to intervene to improve them
- Puts effort into changing the system around them and not just their company
- Redefines the goals of a system (e.g. food, energy, health) such that environmental and social value are created
- Seeks to transform their industry to be more sustainable and beneficial to society
- Mobilizes their business ecosystem to address sustainability
- Uses their brands to drive whole system change
- Builds new systems and dismantles existing ones
- Calls for an economy-wide transformation in how society uses carbon
- Uses its scale for good; to drive impact; to create a better world
- Seeks to make the biggest difference on societal challenges
Social innovation
• Industry pioneer and first mover, setting goals and targets even where solutions don’t exist, to drive innovation
• Invests in innovation where solutions to societal challenges are not yet known; openly shares their methodologies
• Drives social and environmental consideration into product innovation
• Embeds social and environmental innovation in the core of their company, products, and brands
• Sets up co-innovation platforms with customers to help advance their social purpose
• Funds university research centres to contribute to sustainable product innovation
• Creates an innovation framework with social and environmental goals across all of their product brands

Regenerative and restorative
• Commits to becoming a regenerative business
• Designs all products to have a restorative impact, rather than focusing on incremental environmental footprint reduction
• Pursues strategies that protect and regenerate nature; dedicated to reverse nature loss
• Works with suppliers (farmers and smallholders) to protect and restore forests, soil and biodiversity
• Funds regenerative projects that include landscape restoration, reforestation, carbon sequestration, wildlife protection, and water preservation
• Protects, restores, and better manages forests, oceans, and grasslands
• Produces in balance with nature
• Sources materials to restore environments they are coming from; creates regenerative supply systems across all sourcing categories
• Regenerative practices build off of ancient indigenous knowledge
• Shifts from sustainability 1.0 which is less bad, to 2.0 which is neutral, to 3.0 which is net positive, to 4.0 which is restorative
• Switches from “doing less harm” to “doing more good.” Shifts from having inadvertently negative impacts to having deliberately positive ones

Legacy impacts
• Addresses legacy impacts; seeks to be net positive over its entire history and business
• Recognizes and takes responsibility for the historical component of sustainability, acknowledging they have benefited from and been built on historical emissions, slavery, and colonization
• Believes they need to go beyond fixing future impacts to also address their past impacts

Environmental justice
• Combines environment practices with social justice
• Integrates social aspects into environmental efforts by creating opportunities for marginalized communities when pivoting to the circular economy
• Seeks to ensure local communities benefit from its investments in renewable energy sourcing

Regenerative Business
A regenerative business is one whose business model replenishes, restores, renews, revitalizes, re-energizes, and reinvests in the underlying systems on which it relies.

Environmental Justice
An approach that ensures environmental benefits and burdens are distributed fairly.

Social Purpose
Social Purpose Business is a company whose enduring reason for being is to create a better world. It is an engine for good, creating social benefits by the very act of conducting business. Its growth is a positive force in society. www.socialpurpose.ca
Circular economy
- Adopts circular business models
- Shifts to using circular materials in its operations and manufacturing
- Pursues solutions that contribute to a circular economy
- Transitions to zero production waste by repurposing it into new uses and product ranges

Circular Economy
A circular economy is an economy based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.

2. Business Model Shift

Interviewees agreed that leading corporations adopt a social purpose as the reason they exist and embed their purpose into their operations and business models. They set bold, audacious, long-term goals even where solutions don’t yet exist to drive innovation and hasten their transformation. Their CEOs are vocal visionaries, championing the new role of business in society and advocating for a just, low-carbon, circular and purpose-driven economy. Leaders ensure their products are fully sustainable and accessible to all. People practices go beyond remuneration to invite employee contributions towards purpose fulfillment. These companies disclose how they create social, environmental, and economic value through integrated reports and traceable supply chains and attract sustainable investors and capital to finance their growth.

Social purpose
- Adopts a purpose based on sustainability
- Pursues a social purpose that connects to their SDG\(^2\) commitments
- Revamps the company’s purpose for the 21\(^{st}\) century
- Shifts its corporate purpose to align with emerging and future trends
- Has a clear purpose and navigates based on it
- Adopts strategic objectives and KPIs against its purpose
- Expects its subsidiaries to demonstrate its social purpose

Sustainability integration
- Adopts ambitious, bold and audacious 2030 vision and goals to advance its purpose and sustainability in its business
- Thinks, plans and strategizes with a long-term perspective; plans for a sustainable future for their business and society, acknowledges the gap between here and there, and sets their sustainability strategy through back-casting and by addressing society’s challenges
- Puts nature and humanity at the centre of its business practices
- Puts sustainability in the middle of their strategy, rather than an after-thought; they have combined their corporate strategy with their sustainability strategy, getting out of the convention of having a strategy with pillars and goals
- Embeds its sustainability commitments across the business, corporate strategy, brands and products
- Aligns sustainability to its business fundamentals around brand equity, sales and ROI
- Includes sustainability in its corporate scorecard, tracking and KPIs
- Builds sustainability into incentive compensation, where it affects performance pay; leaders have sustainability performance metrics for their targets
- Incorporates sustainability in the corporate culture, designating senior leaders to have ownership and accountability
- Engages the whole company on sustainability, trains all staff on sustainability and hires top sustainability experts to work at the company

Engages, empowers, and encourages staff to pursue entrepreneurial activity, open to outside ideas to advance sustainability goals

**Sustainable, healthy, and affordable products**
- Leverages their products to contribute to the SDGs; addresses critical sustainability challenges through their product solutions
- Sets ambitious global goals to contribute to population health (including knowledge, awareness, and product affordability and availability)
- Eliminates harmful aspects of products
- Embeds sustainability across their entire product line in the absence of customer demand,
- Opens up new markets for those at the base of the pyramid, ensuring access to affordable, healthy and sustainable products for all

**CEO and leadership**
- CEO drives and leads the social purpose and sustainability commitments
- CEO embodies the company’s purpose-driven ethic and is passionate, visible, outspoken, and visionary
- CEO sets the vision at the top
- CEO promotes the notion of creating corporate value beyond profits
- CEO takes a lead role to launch coalitions for scalable solutions across sectors to protect biodiversity
- Actively engages formal and informal leaders in discovering and working towards the purpose-driven aspirations of the organization
- Recognizes that business model transformation can only be accomplished by working with diverse peoples, and those most impacted

**People practices**
- Goes beyond remuneration to engage and invite employee contributions towards purpose aspirations, recognizing that reward and punishment measures are based on an outdated industrial view of how humans organize to accomplish goals; no longer views people as ‘resources’ to accomplish ‘top-down goals’
- Creates a learning culture where employees and potential employees have broad opportunities to upskill, learn and continuously improve
- Works with people as partners, across many networks, to accomplish shared goals articulated through collaboration

**Integrated reporting and traceability**
- Quantifies its social and environmental impacts in monetary terms (impact valuation) and uses this information to drive and inform strategy and decision-making processes; reports on its approach to impact valuation
- Follows integrated reporting standards and audits the disclosure of its social and environmental performance
- Ensures products are fully traceable by leveraging emerging technologies; they showcase the origin of their products and tell impact stories
- Opens up its data, inviting scientists around the world to contribute ideas to optimize its operations

**Sustainable finance**
- Attracts impact capital by issuing green and sustainability bonds to fund its sustainability investments

3. **Stakeholder Shift**

Interviewees commented upon the new ways leading companies relate to their stakeholders. Leaders realize their success is dependent upon effective stakeholder relationships and that they can only transition their business models if their stakeholders join them. Leading companies influence their
customers to pursue sustainable practices and help their customers contribute to sustainable solutions. They champion sustainable public policy to governments and collaborate with policymakers to tackle social and environmental challenges faced by their industry. They engage their suppliers to improve their social and environmental practices and focus on value creation with suppliers for shared prosperity. They mobilize their industry to become sustainable and offer solutions for a sustainable future.

The evolution of stakeholder relationships is revealed in the following list of best practices.

**Stakeholder relationships**
- Focuses on its relationships; engages in dialogue with its stakeholders including its critics
- Engages in more distributed decision-making as it involves employees, customers, and communities to help shape its purpose and live up to it
- Turns stakeholder challenges and critiques into innovation opportunities
- Innovates its processes to incorporate the well-being of stakeholders including employees and small-scale suppliers

**Customer engagement**
- Uses their brand to influence consumer awareness and behaviour on sustainability practices; uses their customer sphere of influence to drive cultural change
- Defines what sustainable consumption means and sets goals to inspire and enable customers to make healthier and more sustainable choices
- Facilitates customer action on climate change
- Engages their clients to adopt sustainability practices
- Tackles unspoken questions head on to drive consumer awareness and nudge behaviour change
- Mobilizes customers on material behaviours to solve environmental and social challenges
- Helps their customers believe their single actions on sustainability can make a difference
- Markets themselves as being at the forefront of sustainability even if it may detract future clients; positions the company as sustainability leaders even if their clients are not as ambitious
- Popularizes sustainability into the living spaces of its customers
- Educates and mobilizes customers on its causes through virtual reality, documentaries and participatory website
- Both responds to demand and creates demand for sustainable products

**Government engagement**
- Lobbies governments to advance the SDGs
- Advocates for sustainability policy frameworks that create incentives for sustainability practices
- Aligns lobbying practices with its sustainability goals
- Collaborates with government to address sustainability challenges faced by local communities

**Supply chain engagement**
- Advances regenerative practices with suppliers through collaborative innovation
- Enables its small suppliers to join sustainability efforts they could not otherwise afford, which helps them scale quickly
- Provides financing to smallholder farmers to reduce their sustainability impacts
- Supports value creation with farmers towards the principle of shared prosperity; provides profit-sharing models for suppliers
- Engages its suppliers to meet its own commitment to run 100 percent on renewable energy
- Is heading towards a circular supply chain that eventually would require no new materials to be mined
• Treats suppliers as partners and focuses on fostering a symbiotic relationship with their partners further in their supply chains; seeks to be an uplifter rather than overseer of suppliers, opening doors for win-win opportunities

Industry collaboration
• Shares sustainability solutions with other businesses to encourage replication
• Uses and promotes progressive sustainability frameworks and standards, including the SDGs, UN Global Compact and B Corp Certification
• Collaborates with industry partners to advance sustainability solutions

4. Climate and Equity Shift

Climate change and social equity were the most common sustainability topics identified by interviewees. They commented that leaders are decarbonizing their operations and supply chains and sequestering carbon in their operations and products. Corporate leaders are dismantling systemic racism in their operations and scaling up their efforts to improve social outcomes for employees, suppliers, customers, and communities.

These climate change and social equity practices of leading companies are described in detail below.

Climate change
• Conducts comprehensive climate change scenario analysis
• Decarbonizes its operations and supply chain; discloses the carbon footprint of its value chain and commits to dramatic reductions in value chain emissions
• Commits to carbon neutrality in its own operations
• Pursues carbon positivity; seeks to become carbon positive by 2030
• Sets target for zero fossil-based plastic packaging
• Draws carbon out of the atmosphere
• Commits to net zero emissions from all products within an established timeline
• Sets science-based targets for its GHG emissions
• Builds resilience against climate change

Social equity
• Addresses systemic drivers of racism and engages in collective action to advance equity
• Advances equity for customers, employees, and suppliers
• Raises internal minimum wage; pays a fair wage
• Pays suppliers fairly; ensures a fair share for everyone in the supply chain
• Increased power for everyone, particularly women, youth and minorities, to participate, influence their own future and make their voices heard
• Audits their brands for implicit gender biases in their communications and mobilizes other companies to do the same

4.2 Future Best Practices

Thought leaders were asked to identify future best practices they expect companies to be practicing by 2030. As with current best practices, the future best practices identified by interviewees fall into one of four types of expected shifts:
Paradigm shift: Profound pivot in how business functions to operate within planetary and social thresholds

Business model shift: Reorganization of business models, strategies, and cultures to align with a social purpose that creates value for society

Stakeholder shift: Reconfiguration of stakeholder relationships, which recognizes that stakeholders are central to business success

Climate and equity shift: Mobilization of its business and partners to decarbonize the economy, dismantle systemic racism and advance equity

Interviewees identified 2 – 5 best practices within each shift category, as set out below.

1. Paradigm Shift

As with today’s leaders, interviewees expect future leaders to have transformed their businesses to function within societal and planetary boundaries, according to interviewees. They will be collaborating across systems and industries to accelerate their transformation to sustainable outcomes. They will be regenerative in their operations, restoring social fabric and ecosystems.

The three practices that underpin this paradigm shift in business role and function are summarized below.

Transition and transformation

• Leaders innovate and rewire the business to build environmental and social value
• They divest and transition out of businesses that are unsustainable in the long run and transition to industries that contribute to society
• They withdraw products that are inconsistent with ESG

System collaboration

• Leaders collaborate across systems to transform them to more sustainable outcomes; they will be transforming whole sectors and driving solutions at the intersections of systems, for example by solving for climate change and health simultaneously
• They build and participate in coalitions, alliances and multi-stakeholder collaborations including public, private, and non-profit sectors to collectively address ESG topics and the SDGs
• They participate in cross-sector collaborations to fund and scale game changing solutions on societal challenges

Regenerative and restorative

• Leaders have regenerative operations and supply chains, and their negative impacts will be eliminated; they offer net positive products and services and change their goal from extraction to putting more value back, going from inadvertent negative impacts to deliberately positive ones
• They restore social fabric and ecosystems, reconfiguring systems, patterns and flows so they can become self-sustaining and allow the planet to flourish; they recognize their inherent dependency on the system around them and by 2030 they will be acting in a way that creates systems to be self-sustaining – beyond being less bad or neutral
• Restorative practices include:
  – enhancing air and water quality
  – taking waste out of waste streams
Future of Business in Society: Global Thought Leader Study

2. Business Model Shift

As with today’s leaders, future leaders are expected to have a social purpose as the reason they exist, wherein they grow their business by solving societal problems. Their boards play an active role in purpose governance and executives nurture and sustain a corporate culture where employees are co-owners and co-creators of purpose-driven aspirations. In the future, companies will be reporting on progress towards their purpose and ESG impacts with as much credibility as they report on their financial performance today. By 2030 they will have end-to-end traceability of the social and environmental impacts of the entire product lifecycle, enabled by technology.

The four practices that underpin this business model shift are summarized below.

Social purpose
- Leaders have a purpose to make a positive contribution to society and enable well-being for all; they will make money by solving societal problem
- Environment and social sustainability are deeply embedded in the corporate mission, purpose, business model and DNA; companies will be certified as social purpose businesses
- They nurture and sustain a corporate culture that empowers all employees to access and act on their innate human desire to make a positive contribution to the world

Governance and leadership
- Leaders have effective governance of their social purpose, ensuring it is built into the organization’s culture and strategy; Boards play an active role in purpose stewardship, providing oversight of the social purpose and ESG commitments embedded across the organization, not in a single department; they will adopt purpose and ESG incentive pay
- The CEO is visible and vocal on purpose and ESG issues within the company and in broader society
- The company adopts and pursues stretch targets based on science and seeks to have zero negative impacts and accelerated positive impacts
- Formal organization leaders are purpose-driven leaders that understand the paradigm shift of people as voluntary contributors to achieve organizations’ purpose aspirations
- Leaders focus efforts on ecosystem-wide stakeholder engagement to discover and advance purpose aspirations

People practices
- Employees are seen as co-owners and co-creators of purpose-driven aspirations; they are engaged as voluntary and valuable contributors to business success, not as resources to be used and driven to achieve goals
- Business leaders seek out formal and informal leaders that are purpose-driven and empower them to advance purpose aspirations as co-owners of the solutions of the future; people are engaged to bring their own
personal aspirations and purposes to work and supported by organizations to achieve their personal purpose alongside the organization’s purpose

- People are provided with the flexible arrangements to make their lives work given the continual work-life blending occurring now and into the future
- Compensation models include intrinsic, extrinsic and purpose-centered value exchange with employees
- Workplace accommodations for disabled employees, those with caring responsibilities and all who need it is a norm; adaptive and assistive technologies are used to optimize opportunities for disabled employees and peoples with all forms of diversities
- Diverse workplaces, inclusive practices and businesses that create places and spaces where people can achieve their personal and social purposes is embraced as the workplace standard

**Transparency and traceability**

- Leaders report on their purpose and ESG performance as comparably, concisely and credibly as they do on their financial performance today; they will follow integrated reporting standards and their claims will be third-party validated
- Their extra-financial impacts are tracked and disclosed in real time, and assessed in relation to science- and ethics-based thresholds; this data will be used to inform their decision-making and capital allocation
- They can instantaneously trace the entire lifecycle of their products using blockchain and the internet of things technologies; this end-to-end traceability and surveillance across their supply chains will enable them and their customers to improve the ESG impacts of their products through use and end of life; it will also meet customers’ needs to understand the impact stories behind the products they use
- The company adopts “fair data” approach that ensures data producers reap the benefit of their data

3. **Stakeholder Shift**

Interviewees project that stakeholder relationships will continue to evolve. They will be even more paramount as leaders build reciprocal and mutually beneficial arrangements on shared goals. Consumers will have more sustainable lifestyles aided by these company leaders, and customers will be contributing to the company’s societal goals. Leaders will be collaborating with government to advance social and environmental sustainability and will speak up and use their political influence to champion sustainability causes and market reforms. Leading companies harness their supply chains for social good, and influence investors and capital markets to prioritize sustainable and social purpose business models.

The following practices reveal the ways in which leading companies are expected to shift their relationships with stakeholders.

**Stakeholder relationships**

- Leaders recognize that stakeholders are key to their success and invest in, and place value in, enduring relationships; they become closer to their stakeholders to understand them better, aided by AI and access to real time information
- They perceive the symbiotic nature of their relationships and invest in them so that both benefit, going beyond exploiting, or avoiding harmful impacts on, stakeholders; they source innovation from their stakeholder communities, and even stakeholder critique becomes a driver of innovation
- As social purpose companies, leaders form collaborations with stakeholders where their shared purpose aligns; eventually the lines between organizations become blurred as leaders build the business ecosystem to advance their purpose

**Customer engagement**

- Leaders use their brands to influence consumer behaviours to inspire sustainable lifestyles
• They seek to attract values-aligned buyers and turn down those that aren’t
• They mobilize their customers to help them achieve their purpose and sustainability goals

**Government engagement**

• Leaders collaborate with government on measures to advance social and environmental sustainability
• They use political influence to achieve market reforms that ensure social and environmental value creation is appropriately incentivized
• They speak up on public policy measures and engage in advocacy to champion increased social and environmental regulation

**Supplier engagement**

• Leaders treat procurement as an engine of social, environmental, and economic value creation; they integrate extra-financial outcomes into their purchasing decisions, and create demand for products and services that contribute towards the sustainability of the economy
• They build the ESG capacity of their suppliers, recognizing they have a shared destiny relationship with them
• They set targets to improve the sustainability impacts of their supply chains and engage suppliers to achieve them

**Sustainable finance**

• Leaders influence their investors and capital markets to prioritize purpose and ESG performance in their capital allocation decisions
• They issue green and sustainability bonds to fund their entire operations as sustainable enterprises
• They attract impact capital to their operations, as purpose-driven enterprises focused on building a better world through their core business; this will enable them to thrive and grow

4. **Climate, Circularity, and Equity Shift**

Climate change and social equity will continue to be top concerns of leading companies, albeit by 2030 circular business models will become more predominant. Leading companies will have hastened the acceleration to the low-carbon economy and will be accelerating their efforts to sequester carbon in their products and operations. They will place a priority on social equity as they transition their business and industries and go beyond socially sustainable operations to find ways to ensure marginalized people communities have a strong voice and share in the power and wealth they create.

These shifts in how companies prioritize and address the shift to a low-carbon, circular and just economy are summarized below.

**Circular and low carbon**

• Leaders have achieved net zero on carbon, achieving an overall balance between emissions produced and emissions taken out of the atmosphere; companies will be sequestering carbon in their operations and products
• They pursue circular economy business models which keep products and materials in use for as long as possible, involving the use of recycled and renewable supplies, material recovery, extended product life, sharing platforms and access over ownership strategies
• To achieve their circular and low-carbon goals, companies collaborate with partners, suppliers, and industry peers to innovate and scale solutions
Social justice

- Leaders champion a just, equitable future, and ensure equality is factored into their own transition, along with industry and community transitions
- They have socially sustainable business practices, including paying their fair share of taxes, paying their suppliers on time, paying their workers a living wage, contributing fairly to the communities where they operate, ensuring products don’t negatively affect people’s well-being, helping their customers and employees thrive; they build inclusive and empowering workplaces that are family friendly, diverse, and flexible
- Leaders engage in sharing power with marginalized communities, people and suppliers, ensuring marginalized communities have a voice, that power, wealth and profits are more evenly distributed

4.3 Societal Trends

Thought leaders were asked to identify the societal trends likely to affect business over the decade through to 2030. These social and environmental trends are expected to create risks and opportunities for business and industry which leaders address in their strategic and scenario planning and forecasting. These trends are either fully visible or nascent, but all are predicted to have an impact on the role of business in society.

The fifteen societal mega-forces identified by the thought leaders are organized into the ESG framework – environment, social and governance trends. While a simple framework, several trends have dimensions of all three. The blurring of these in the future is a trend in itself.

The top environmental trends include the worsening of climate change, the declaration of a climate emergency by many companies and the accelerated transition to a low-carbon economy; the increasing stress on planetary systems, eroding biodiversity and threatening resource conflicts; the related shift to the circular economy in which companies reduce their need for virgin materials and non-renewable resources; an increasing focus on just transitions, in which no one is left behind as society transitions to a sustainable future.

The top social trends include rising inequality of wealth and power; increased focus on social justice and systemic racism; urbanization on the one hand and ruralization on the other; digitalization of society generating new ethical questions and enabling new beneficial business models; shifts in consumer values for more sustainable lifestyles, products, and companies; and growing polarization and populism as people feel disenfranchised, left out of the economy, and discomfort at seeing social orders upended.

The top governance trends include increasing expectations for business to have a purpose beyond profit and that business play a stronger role in society; the evolution of more inclusive and collaborative governance models; a renewed faith in science-based decision-making; heightened interest in Indigenous reconciliation and decolonized business practices; ongoing mainstreaming of ESG in which the cost of capital becomes tied to ESG performance.

These trends are set out in detail below.
1. **Environment**

**Climate change**
- Climate impacts will worsen, there will be more extreme weather events
- Climate change action will become mainstream
- More organizations will declare a climate emergency and accelerate efforts to prepare and adapt while transitioning to the low-carbon economy

**Planetary boundaries**
- Increasing stress on planetary systems, from biodiversity loss, water mismanagement and climate breakdown
- Planetary boundaries are being exceeded, biodiversity is being eroded and oceans are acidifying
- Escalating resource conflicts are predicted

**Circular and local economy**
- The circular economy as a revolutionary framework will transform whole industries
- Community resilience will be accelerated as a result of material flows becoming local; supply chains will be relocalized
- There will be a shift to materials management, recover, repair, fixing, upgrading and refurbishing

**Just transition**
- Expectations will increase that as society transitions to the low carbon economy the benefits will be widely shared and those who stand to lose economically will be supported
- Companies will be expected to ensure communities, workers and consumers are not negatively affected by their transition to new business models
- Environmental strategies will be required to address equity factors in future

2. **Social**

**Rising inequality**
- Rising inequality is a global phenomenon; the gap between the rich and poor is widening across much of the world; there is an inequality of wealth and power
- Growing intergenerational inequality will become a concern
- There will be a focus on inclusive economic growth

**Social justice and diversity**
- Social justice and systemic racism will loom large in the future; it is already front and centre and part of the sustainability conversation in ways it never was before
- Companies will be expected to address social equity issues such as race, gender, marginalized communities, equal pay, and equal opportunity
- There will be decreased tolerance for companies that don’t reflect the society they serve

**Urbanization and ruralization**
- It is expected the trend to urbanization and denser city centres will continue
- At the same time, there will be a reversal of urbanism; ruralization will be popular as people move away from cities to repopulate rural towns
- Technology will enable remote working and people will seek to spend more time in nature, living a quieter, simpler life
Technology

- Digitalization of society is outpacing the ability to regulate it, build consensus around ethics and ensure accountability; it will generate questions such as private versus collective ownership and privacy versus security
- Artificial intelligence (AI) is evolving quickly enabling rapid problem solving, self-driving vehicles, automated jobs, and many other innovations; this will drive exponential disruption and may result in increased state surveillance
- Emerging technologies such as additive manufacturing, robotics, virtual and artificial reality will transform businesses and create new responsibilities for corporations

Customer values

- Post-material attitudes and lifestyles are emerging as consumers change their consumption habits to contribute to a better planet, and achieve healthier lifestyles; they will value experiences over ownership
- In the past sustainability factors were considered peripheral while today the sustainable option is becoming more central for consumers
- Consumers will force companies to focus on the health of the product; traceability will enable the consumer to understand how fresh a product is, where it was produced and how, and its beneficial social impact

Polarization and populism

- When polled, more people say “the system doesn’t work for me”, which is resulting in the rise in populism; they feel powerless against big companies and global forces shaping their life
- Society will be at risk of pulling apart and will be threatened by fragmentation where people can retreat into their own communities
- Nationalism will increase and there will be increasing religious, geographic, and political divisions

3. Governance

Corporate purpose

- The pressure for companies to become purpose-driven will continue; it will become the norm and not the exception for companies to be the best for the world, rather than the best in the world
- Society will look to business to play a stronger role in society
- Demands to reset capitalism will increase

Alternative governance

- Corporate governance will be redefined to be more inclusive and collaborative
- Current corporate governance models will be seen to concentrate wealth and exploit people and resources
- Relationships with stakeholders will be redefined to be more egalitarian and reciprocal

Return to science

- There will be a back-lash to post-truth and fake news, where we don’t trust anyone or know what is real or not
- People will expect decisions to be anchored in science and based on good facts
- Trust in scientific and academic institutions will increase

Decolonization

- Trends to Indigenous reconciliation will continue
- There will be a future reckoning when Indigenous people reassert their sovereignty; they will be seen as rights holders and not stakeholders
- Organizations will address their own historical role in colonization and how they have benefited from it
Access to capital
- Investors will look at other ways of valuing performance beyond financial performance
- Investors are mainstreaming ESG
- Cost of capital will be tied to ESG performance, as companies with high ESG scores will be less risky

4.4 COVID-19 Impacts

Thought leaders were asked to identify the impact the COVID-19 virus will have on social purpose and sustainability in business over the next 5 years. Thought leaders see COVID as a catalyst for positive corporate change as it has created new openings and amplified existing ones. The rapid mobilization of society’s response to the virus proves how quickly economic systems can move if the conditions require it.

Interviewees believe that COVID has surfaced the following ten responses which will affect business sustainability in the coming period.

The COVID-19 pandemic:

1. Accelerates ESG
2. Focuses on Resilience
3. Reveals Interconnectivity
4. Illuminates Society’s ESG Risks
5. Challenges Economic Model
6. Gives “S” in ESG More Attention
7. Connects Environment and Society
8. Increases Stakeholder Orientation
9. Builds Green and Equitable Recovery
10. Changes Nature of Work

These ideas are summarized below.

Accelerates ESG
- COVID elevated awareness of the social and environmental challenges society and business faces; business has more knowledge of society’s environmental and social challenges and solutions to address them and company leadership has more confidence in the level of social and environmental innovation underway that can be leveraged
- Most companies are increasing or maintaining their social and environmental investments
- There is increased investor interest in ESG
- There is a rise in expectations that business help address environmental and social challenges

Focuses on Resilience
- COVID exposed an excessive focus on efficiency, just-in-time production, and short-term value creation which created under-resourced operations and supply chains; it helped business to see their operations and supply chains need more slack and reserves to draw upon; just in time production and procurement will gave way to just in case inventories
- Companies will invest in managing vulnerabilities and will give resilience-building a higher priority to improve their ability to anticipate and prepare for fast-moving and significant shocks
• Businesses will turn their attention to building resilient systems capable of flourishing and driving regeneration; COVID elevated the priority of regeneration and regenerating economies, communities, and the biosphere to achieve resilience in an interconnected, interdependent world
• There will be a focus on building resilience at all levels, from individual businesses, to supply chains to the global economy

Reveals Interconnectivity
• COVID shifted how we see our systems and our reliance on them, so we are better able to intervene in them
• Businesses are more aware of the interconnectivity of the systems of which they are a part, and that it is not possible to have a healthy economy without healthy humans and a healthy planet
• Seeing interconnectedness is the first step of driving systems change, so there will be an acceleration of systems change
• Companies will be expected to contribute to systemic efforts to foster resilience and regeneration

Illuminates Society’s ESG Risks
• COVID didn’t change the world, it illuminated risks we face as a society
• The pandemic made society’s risks much more visible
• COVID shone a light on all the challenges in our business models, particularly in the supply chain
• The crisis provided an opportunity to see things fresh and in new ways
• The collective learning, while painful, frees us to reinvent, reboot and build for future resilience

Challenges Economic Model
• COVID highlighted the faulty focus on growth as the sole measure of economic success
• We will see a broadening out of what we mean by profit and will develop a different understanding of what we equate to success
• There is greater opportunity to confront the broken norms and incentives within our current model of capitalism and make substantive reforms
• COVID created openings to analyze and reset everything we do
• COVID reveals the perils of ignoring externalities

Gives “S” in ESG More Attention
• COVID demonstrated that businesses need healthy workforces and healthy communities to survive
• The pandemic exposed issues of inequity and racial justice, making visible the reality of racial inequities in that people of colour are more likely to have more dangerous and front-line jobs; it exacerbated other inequalities such as the young versus the old and regional inequities within and across countries
• Equity will come to the forefront more so than in the past; inclusive economic growth will become more of a priority
• Companies will be expected to maintain beneficial practices put in place during the pandemic such as risk-based pay, increased wages for front-line workers, etc. They will be expected to respond to social issues, whether that is to address consumer practices and behaviour, precarious work, fair taxes or other concerns
• Food supply chains will be re-organized around the principles of wellness and well-being; people will eat more healthy, locally produced, safe, and home-made food

Connects Environment and Society
• COVID showed how the climate crisis, the pandemic, public health, economic and social justice, and biodiversity crisis are all related and tightly interconnected; it is possible to start with any one of these and get to the other issues very easily
• More leaders are recognizing the interconnection between environmental and social problems
• Companies will start framing environmental problems as social challenges, and this will generate more buy in and support from a broader cross section of society
• Seemingly intractable problems require long-term and systems thinking, bold audacious goals and collective action
• Some predict COVID may spark a clean-air movement, as air quality improved in many large urban cities around the world

Increases Stakeholder Orientation
• COVID accelerated recognition that a business cannot survive in a failing society
• Businesses became more aware of the multiplicity of stakeholders they rely upon for their success which will foster increased interest in developing reciprocal relationships with stakeholders
• Businesses have developed an understanding that they need to ensure their workforce, suppliers, customers, and communities are healthy and resilient in order to ensure their survival; all stakeholders need to be protected and immune from shocks
• Stakeholder awareness drives ecosystem awareness and going forward more businesses are expected to be understanding and investing in their business constellation and operating communities to foster long-term viability of all

Builds Green and Equitable Recovery
• COVID generated demands for governments to restart the economy with a focus on an equitable and green recovery
• In terms of building back better, citizens want a kinder, fairer world; they want the economy and corporations to operate in a fairer and more decent way
• Governments are expected to make environmental and social equity performance a criterion in their recovery strategies; this will drive greater sustainability performance within participating companies and industries
• Governments themselves are also expected to increase their focus on sustainable procurement as a route to building a green and equitable economy

Changes Nature of Work
• COVID accelerated the shift to remote working; more employees will work where they live, while workplaces will be turned into collaboration spaces
• Companies have become familiar with virtual collaboration tools, enabling multi-site and multi-sector collaboration at speed and scale, overcoming distance and technology barriers
• Digital meetings will replace in-person conferences and meetings
• Talking to people in their homes fosters a more authentic conversation which is needed to break down the rules of the game; it can inspire fresh thinking
Appendix A

Best Practice Companies

Thought leaders identified the following companies as having best and leading practices in sustainability and social purpose today. Unilever was mentioned by over half of the interviewees.

1. Adnam
2. Apple
3. Aviva Investors
4. Ayala Corporation
5. BNP Paribas
6. Burberry
7. CLP Hong Kong
8. Danone
9. Dentsu International
10. Dole Asia Holdings Group of Companies
11. DSM
12. Enil
13. IKEA
14. Kimberly Clark
15. Linney Group
16. Maple Leaf Foods
17. Microsoft
18. Nat West
19. Natura
20. Nedbank
21. Neste
22. Novartis
23. Novo Nordisk
24. Ørsted
25. P&G
26. Patagonia
27. Philips
28. Stora Enso
29. TELUS
30. Unilever
31. Veolia
32. Volkswagon
33. Walmart
34. WSP