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Beyond Corporate Sustainability in the Anthropocene

The Brundtland Commission defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."[1] Industrialization has enabled wealthy societies to act with a geological agency that has diminished the ability of poor societies and future generations to meet their needs. Consequently, in this new era of the Anthropocene, the challenges we face encompass much more than sustainable development. Instead we must focus on health, restoration, innovation, capacity building, well-being, resiliency, and flourishing. Who will lead this transformation? Can the same drivers that forged our present be harnessed to create an alternative future in which human well-being increases across socioeconomic groups without a decrease in Earth's capacity to sustain life? Since over half of the world's largest economic entities are corporations, Stuart Hart's answer could be humanity's best hope: "Business—more than either government or civil society—is uniquely equipped at this point in history to lead us toward a sustainable world in the years ahead . . . [Corporations] are the only entities in the world today with the technology, resources, capacity, and global reach required. Properly focused, the profit motive can *accelerate*, rather than inhibit, global sustainability."[2]

Since this proposition in 1999, the notion that corporations can help create a more sustainable world has gained significant traction. Yet the track record of corporations has been spotty. Few would argue with the assertion that the pursuit of short-term profit played a significant role in the global financial collapse in 2008. The frequent use of misleading advertising claims about products' green credentials also undermine the claim that corporations are likely to be part of the solution rather than the problem. Nevertheless, five ongoing changes point the way forward along a path where socially and environmentally responsible businesses employ economic and intellectual capital to innovate solutions that not only conform to the Brundtland Commission's definition of sustainable development, but also restore the ability of ecosystems to regenerate and build the capacity of communities and nations to improve their citizens' well-being. These harbingers of hope are,

1 World Commission on Environment and Development, *Our Common Future* (Oxford: Oxford University Press, 1987).
2 Stuart Hart, *Capitalism at the Crossroads: Next Generation Business Strategies for a Post-Crisis World* (Upper Saddle River, NJ: Financial Times Press, 2010).

in ascending order of radicalness and potential: (1) the types of data that businesses are now measuring and reporting; (2) improvements in the eco-efficiency of manufacturing processes, especially decarbonization; (3) how society's expectations of businesses are evolving; (4) "net-positive" building and manufacturing; and (5) the divergence of consumption from societal aspirations.

Business Metrics for the Anthropocene

Although US government regulations[3] require that only the largest corporations in three sectors (energy, chemical, and automobile manufacturing) report greenhouse gas (GHG) emissions, financial investors understand that their interests in sustained, profitable financial returns cannot be uncoupled from the risks of climate change. Consequently, starting in 2000, a growing pool of investors has worked to persuade 70 percent of Fortune 500 companies to *voluntarily* report their GHG emissions as part of the Carbon Disclosure Project (CDP).[4] These financial investors include banking giants HSBC, JPMorgan Chase, Bank of America-Merrill Lynch, and Goldman Sachs and represent over a third of the world's total financial capital. Furthermore, 93 percent of the world's largest 250 companies publish sustainability reports conveying data on companies' environmental and social impacts.[5] These include information on companies' material and water use, energy consumption, effluent and waste production, labor practices and working conditions, human rights, anti-corruption policies, and customer health and safety, as well as goals for improvement.[6] Reflecting on the increase in sustainability reporting, Global Reporting Initiative's chief executive, Ernst Ligteringen, has stated that "disclosing information on sustainability performance and impacts is now the expected norm for large companies around the world—something simply unimaginable only a decade ago."[7] That the majority of large companies now voluntarily report environmental metrics portends a promising

3 74 FR 56260. US Environmental Protection Agency, *Protection of the Environment*, Title 40, Chapter I, Subchapter C, Part 98, Subpart A, §98.2.

4 "Catalyzing Business and Government Action," Carbon Disclosure Project, accessed 22 July 2015, https://www.cdp.net/en-US/Pages/About-Us.aspx.

5 "GRI Is the Global Standard as Sustainability Reporting Goes Mainstream, Says KPMG Survey," Global Reporting Initiative, last modified 9 December 2013, accessed 15 December 2015, https://www.globalreporting.org/information/news-and-press-center/Pages/GRI-is-the-global-standard-as-sustainability-reporting-goes-mainstream-says-KPMG-survey.aspx.

6 "The KPMG Survey of Corporate Responsibility Reporting 2013," KPMG International, last modified December 2013, accessed 13 October 2015, http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/corporate-responsibility/Documents/kpmg-survey-of-corporate-responsibility-reporting-2013.pdf; "Sustainability Reports Move from Pioneers to Standard Practice," *SustainableBusiness.com*, 15 December 2011, accessed 25 November 2015, http://www.sustainablebusiness.com/index.cfm/go/news.display/id/23243.

7 "GRI Is the Global Standard."

change because, as modern management guru Peter Drucker noted, "what gets measured gets managed."[8] By measuring and reporting on social and environmental impacts, corporations can begin to manage differently such that their geological agency can be made less destructive.

The Decarbonization of Production Processes

Over the last decade, companies have demonstrated the potential to decouple profitmaking and environmental harm: the 187 companies that in 2014 merited an "A" grade from CDP for their efforts to measure, report, and reduce GHG emissions outperformed the Bloomberg World Index by nearly 10 percent.[9] According to CDP, "the climate performance leaders have reduced their total (absolute) emissions by 33 million metric tons in the past reporting year, equivalent to turning London's car owners into cyclists for two and a half years." The world's third-largest consumer products company, Unilever, earned an A from CDP in 2014 and reduced GHG emissions from its manufacturing sites by 37 percent between 2008 and 2013[10] while growing its revenues 23 percent.[11] Decoupling the production of material goods from the emission of GHGs makes it possible to envision a future where increases in social development indices (human development index, life expectancy at birth, etc.) and increases in wealth as measured by GDP will not be inexorably linked to increases in emissions. Data demonstrating an economically viable decoupling of production from emissions indicate that innovative corporate agents can maximize the benefits of industrialization while mitigating harmful externalities.

The Rise of the Green Consumer

Increased corporate sustainability reporting empowers customers to alter their spending behavior to support more socially and environmentally responsible corporations. An October 2012 survey of 6,224 consumers in Brazil, China, India, Germany, the United Kingdom, and the United States found that two-thirds agreed that "as a society,

8 Larry Prusak, "What Can't Be Measured," *Harvard Business Review*, last modified 7 October 2010, https://hbr.org/2010/10/what-cant-be-measured.

9 "Revealed: The Companies Doing the Most to Combat Climate Change," Carbon Disclosure Project, 15 October 2014, accessed 5 December 2015, https://www.cdp.net/en-US/News/CDP%20News%20Article%20Pages/Revealed-companies-doing-most-to-combat-climate-change.aspx.

10 "Greenhouse Gases," Unilever Corporation, accessed 22 July 2015, http://www.unilever.com/sustainable-living-2014/reducing-environmental-impact/greenhouse-gases/our-greenhouse-gas-strategy/.

11 "Revenue of the Unilever Group Worldwide from 2007 to 2014 (in Million Euros)," Statista, accessed 5 December 2015, http://www.statista.com/statistics/269190/global-revenue-of-the-unilever-group-since-2007/.

we need to consume a lot less to improve the environment for future generations" (66 percent) and that they felt "a sense of responsibility to purchase products that are good for the environment and society" (65 percent).[12] Research by Cone Communications and Echo Research in 2013 showed that 90 percent of shoppers worldwide switch to brands that support a good cause given a similar price and quality.[13] Furthermore, the 2014 Nielsen Global Survey on Corporate Social Responsibility, which included more than 29,000 respondents in 58 countries, found that 55 percent of those surveyed were willing to pay more for products from socially and environmentally responsible companies, up from 38 percent in 2011.[14] A similar 2014 study focusing on American consumers by Lab42 Market Research found that 84 percent of survey respondents were willing to pay more for goods and services from companies demonstrating social responsibility, and customers no longer purchase certain brands because of their social (44 percent) or political (61 percent) views.[15]

Savvy businesses realize the revenue-generating potential of catering to the demands of conscientious consumers. Two well-known examples are Clorox' Green Works All-Purpose Cleaner (endorsed by the Sierra Club), which captured 40 percent of the "green" cleaning category and generated over US$40 million in revenue in its first year,[16] and Patagonia, which experienced 40 percent revenue growth after an advertising campaign with the admonition "Don't buy this jacket."[17] These trends notwithstanding, the enormity of the environmental changes that define the Anthropocene compels us to question whether tender-hearted consumers purchasing less environmentally toxic products from enlightened corporations can significantly change the trajectory of our presently unsustainable lifestyles for the planet.

12 "Re:Thinking Consumption—Customers and the Future of Sustainability," Globescan, 27 November 2012, accessed 25 November 2015, http://www.globescan.com/news-and-analysis/press-releases/press-releases-2012/248-regeneration-consumer-study-finds-consumers-buying-less-and-buying-better.html.
13 "2013 Cone Communications/Echo Global CSR Study," Cone Communications and Echo, 22 May 2013, accessed 25 November 2015, http://www.conecomm.com/2013-global-csr-study-release.
14 "Doing Well by Doing Good," Nielsen, 17 June 2014, accessed 8 December 2015, http://www.nielsen.com/us/en/insights/reports/2014/doing-well-by-doing-good.html.
15 "Consumer Perception of Corporate Social Responsibility Topline Report," Lab 24, 15 September 2014, accessed 25 November 2015, http://lab42.com/consumer-perception-of-corporate-social-responsibility.
16 Ilana DeBare, "Clorox Cleaners Take Big Share of Green Market," *San Francisco Chronicle*, 12 October 2008, accessed 25 November 2015, http://www.sfgate.com/business/article/Clorox-cleaners-take-big-share-of-green-market-3265692.php.
17 Kyle Stock, "Patagonia's Confusing and Effective Campaign to Grudgingly Sell Stuff," *Bloomberg Businessweek*, 25 November 2013, accessed 20 November 2015, http://www.bloomberg.com/bw/articles/2013-11-25/patagonias-confusing-and-effective-campaign-to-grudgingly-sell-stuff.

Beyond "Less Bad" and towards "Net Positive"

Championed by architect and *Cradle-to-Cradle* co-author William McDonough, the concept of "net positive" has garnered the attention of sustainable business proponents. Simply stated, a net positive company "gives back more than it takes from society and the environment."[18] In order to be net positive, companies "must enhance the potential and resilience of all life's natural systems—instead of just repairing our planet's natural systems, they must make them healthier and stronger."[19] Net positive requires companies to aspire to something greater than doing less harm and instead have a positive goal: not creating a world where people suffer less, but where people enjoy "equity, justice, health, and well-being."[20] McDonough envisions "a delightfully diverse, safe, healthy and just world, with clean air, clean water, soil and power, economically, equitably, ecologically and elegantly enjoyed" and challenges designers and manufacturers to make things "in a way that loves all of the children, of all species, for all time."[21]

While it may be difficult to find a company that is authentically net positive in all aspects, the Living Building Challenge certifies buildings as net positive if they generate more energy over the course of a year than they consume.[22] In addition to environmental benefits, research shows that "green" buildings, such as those certified by the US Green Building Council, increase worker productivity and wellness.[23] Indian conglomerate ITC achieves net positive environmental goals as a result of three major initiatives: (1) forestry projects that sequester twice the amount of carbon emitted; (2) rainwater harvesting that collects three times more water than used, and (3) waste reduction initiatives including efforts to minimize waste, to recycle by-products, and to create products with the waste paper purchased from other companies.[24]

18 Oliver Balch, "Can a Business Really be Net Positive and, If So, How Do We Judge Success?" *The Guardian*, 19 June 2013, accessed 25 November 2015, http://www.theguardian.com/sustainable-business/business-net-positive-how-measure.

19 Jeffrey Hollender, "Net Positive: The Future of Sustainable Business," *Stanford Social Innovation Review*, 29 April 2015, accessed 1 December 2015, http://www.ssireview.org/blog/entry/net_positive_the_future_of_sustainable_business.

20 Ibid.

21 William McDonough and Michael Braungart, *The Upcycle: Beyond Sustainability—Designing for Abundance* (New York: North Point Press, 2013).

22 "Living Building Challenge Certification Options," International Living Future Institute, accessed 1 August 2015, http://living-future.org/living-building-challenge/certification/certification-options.

23 Amanjeet Singh et al., "Effects of Green Buildings on Employee Health and Productivity," *American Journal of Public Health* 100 (2010): 1665–68.

24 "Sustainability Report 2014," ITC, accessed 1 August 2015, http://itcportal.mobi/sustainability/sustainability-report-2014/index.aspx.

Under its Net-Works program, modular carpet producer Interface aims to have a net positive effect by paying unemployed fishermen in economically distressed communities in the Philippines to collect discarded nylon fishing nets that damage coral reefs, recycling it into raw carpet material.[25] Interface is thus bolstering the fishing community's resilience to fluctuations in the fishing industry's profitability by providing an alternative revenue stream, restoring the ability of a marine ecosystem to function properly by removing deadly abandoned nets, and decoupling Interface's growth from dependence on nonrenewable, GHG-producing petroleum processing and products.

While increases in countries' GDPs have historically been linked to an increase in ecological footprint,[26] these examples indicate that development and economic growth need not necessarily cause environmental degradation or sacrifice the well-being of one community for another's. Instead, they provide a model for redirecting the powerful agency of human endeavors towards a positive, restorative future as opposed to the paradigm that gave rise to the Anthropocene.

The Quest for Happiness and the Dawn of Post-consumerism

Examples such as Interface's Net-Works notwithstanding, an even broader cultural shift from that of today's consumerism, including away from green consumption, is necessary to reverse the epoch-scale changes that our modern lifestyles are inflicting on the planet. In an article for the *Wall Street Journal*, David Owen caused controversy and consternation among green consumers and green businesses when he coined the term "the Prius Fallacy," which is "a belief that switching to an ostensibly more benign form of consumption turns consumption itself into a boon for the environment."[27] Remedying environmental damage on a planetary geophysical scale requires altering the entire consumerist culture: not only tweaking how things are made, but instead changing people's relationship to things. A reevaluation of what constitutes the good life offers the best hope.

While the sharing economy (e.g., ZipCar), peer-to-peer lending (e.g., AirBnB), traditional and IT-platform-enabled secondhand markets, upcycling, and remanufacturing may extend products' lives, the accompanying decrease in overall consumption

25 "Net-WorksTM," Interface, accessed 22 July 2015, http://www.interfaceglobal.com/Products/Net-Works.aspx.

26 Richard McLelalan et al., eds. *Living Planet Report 2014: Species and Spaces, People and Places* (Gland: World Wildlife Fund, 2014), www.footprintnetwork.org/lpr14.

27 David Owen, "It's Too Easy Being Green," *The Wall Street Journal*, 2 February 2012, accessed 1 December 2015 http://www.wsj.com/articles/SB10001424052970203889904577198922867850002.

is outpaced by the growth of consumption in developing countries. Shifting the focus from the customer to producers as the agents primarily responsible for consumerist culture, American economist Frank Hyneman Knight famously wrote: "The values of life are not, in the main, reducible to satisfactions obtained from the consumption of exchangeable goods and services. Such desires as people have for goods and services are not their own in any original sense, but are the product of social influence . . . largely manufactured by the competitive system itself."[28] The more significant questions are whether companies are changing their perception of people as "consumers" and thus modifying their marketing efforts to persuade people to consume less. Are there examples of companies that, instead of manufacturing needs for larger, newer, and more abundant material goods, understand and promote that which actually increases human well-being and promotes environmental restoration?

A large growing body of research demonstrates that materialism is strongly inversely correlated with well-being,[29] although an understanding that people's purchase decisions are often non-functional has enabled companies to sell goods by appealing to people's aspirations, dreams, and associations. Work by Ryan Howell and others demonstrates that people achieve greater lasting satisfaction from spending money on experiences rather than on physical things.[30] Furthermore, research finds that, beyond having fulfilled basic requirements for health and safety, well-being is derived from close relationships, a focus beyond one's self, meaningful work, achievable non-materialistic goals, openness to new experiences, and gratitude.[31] A short animated film produced by Google, released for Valentine's Day 2012, captures the insights of well-being researchers. In it, a boy attempts to "find the perfect gift [for that special someone] but in the end the gift that counts the most is the one he can't buy . . . spending quality time with her, doing what she loves to do."[32] Ironically, the company promoting this message is the same company that derives

28 Frank Hyneman Knight, "Some Fallacies in the Interpretation of Social Cost," T*he Quarterly Journal of Economics* 38 (1924): 582–606.

29 Ryan T. Howell, Paulina Pchelin, and Ravi Iyer, "The Preference for Experiences over Possessions: Measurement and Construct Validation of the Experiential Buying Tendency Scale," *The Journal of Positive Psychology* 7 (2012): 57–71.

30 Ryan Howell and Graham Hill, "The Mediators of Experiential Purchases: Determining the Impact of Psychological Needs Satisfaction and Social Comparison," *The Journal of Positive Psychology* 4 (2009): 511–22.

31 Patrick Hofstetter, Michael Madjar, and Toshisuke Ozawa, "Happiness and Sustainable Consumption: Psychological and Physical Rebound Effects at Work in a Tool for Sustainable Design," *International Journal of Life Cycle Assessment* S1 (2006): 105–15.

32 "Valentine's Day 2012," Google, accessed 22 July 2015, http://www.google.com/doodles/valentines-day-2012.

financial rewards by selling information about people to companies to enable more effective marketing and sales.

Can the Profit Motive Accelerate the Transformation Needed in the Anthropocene?
A chasm remains between the changes that have occurred and those needed to move our world beyond sustaining the status quo. Yet as Chakrabarty writes, "A critique of capital is not sufficient for addressing questions relating to human history once the crisis of climate change has been acknowledged and the Anthropocene has begun to loom on the horizon of our present. The geologic now of the Anthropocene has become entangled with the now of human history."[33] This statement raises the question of what the role of industry and of capitalism should be in an era of growing awareness that these deliverers of prosperity (and a certain type of freedom to a minority) have been the instrument through which humans have collapsed the distinction between human and natural history. As humans become aware of their existence as a species that wields the power of geologic force, they must recognize that the corporations they have created also exist within planetary boundaries. Like a species, corporations exist within ecosystems and, on a sufficient scale, can alter ecosystems towards their own demise.

Consequently, to counter the forces that have enacted epoch-changing transformations on the Earth, businesses not only need to change what they do but need to change what they are and how they exist in relation to the inhabitants of Earth and to its natural systems. Instead of viewing people as consumers, business executives need to recognize themselves and their customers as biological species with the agency to simultaneously alter their history and the natural history of the planet. Instead of using the tools of marketing to stimulate demand for material consumption, the technology, resources, capacity, and global reach of corporations should be employed to equitably satisfy basic human needs and facilitate well-being within planetary biophysical constraints. The result of the conversation between what Chakrabarty refers to as "global histories of capital" and "the species history of humans"[34] must be a set of guidelines directing us beyond sustaining our industrialist, consumerist mode as species on Earth.

33 Dipesh Chakrabarty, "The Climate of History: Four Theses," *Critical Inquiry* 35, no. 2 (2009): 197–222.
34 Ibid., 212.

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