

The Earth Day 50 Challenge

How global businesses and environmentalists are uniting to protect the world's oceans, forests, and climate



October 2016

Acknowledgements

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In addition, we would like to thank the following individuals who have agreed to be named here for joining us at the table to contribute solutions. While we did not always agree, we engaged civilly and respectfully. Inclusion on this list does not indicate an endorsement of this report nor its conclusions, but serves to acknowledge the constructive role each played in our discussion:

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Future 500 is a 501(c)(3) global non-profit organization based in San Francisco, California. We utilize market-based approaches to solve social and environmental issues around Energy & Climate, Food & Water, Materials & Supply Chains, and People & Power.

As a 501(c)(3) non-profit organization focused on environmental education and awareness, Earth Day Texas has created the world's largest annual forum for sharing the latest initiatives, discoveries, research, innovations, policies, and corporate practices that are reshaping our world. Earth Day Texas was founded in 2011 by philanthropist Trammell S. Crow.





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Introduction

In April 2016, a diverse group of approximately 100 corporate, environmental, academic, and philanthropic leaders gathered in Dallas, Texas, to launch an unprecedented collaboration.

The Earth Day 50 Challenge unites leaders of America's most influential companies and most dedicated NGOs. Their audacious agenda:

Halt, and begin repairing, decades of damage to the world's oceans, forests, and climate, and show measurable progress by April 2020 – the 50th anniversary of Earth Day.

Business and civil society objectives are often at odds. But in this initiative, rather than working at cross purposes, we are combining our power, to advance a shared goal.

We seek to identify and implement systemic solutions that address the root causes of ocean, forest, and climate degradation. We're particularly interested in solutions that harness the power of both markets and ecosystems. These include forestry and fishery protection and restoration, ocean restoration, and carbon pricing, to downshift the drivers of ecosystem decline.



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Our approach to change is rooted in a model we call the **Greenpeace-Walmart Effect**. The term describes a system in which active citizens, and the organizations that represent them, along with scientists, capture the attention of leading brands, which then leverage their global supply chains and policy influence to drive change.

The Earth Day 50 Challenge is all about collaboration.

Rather than using our power against one another, we will use it to advance our common interests.

Rather than focusing on the narrow fields where we fundamentally disagree, we will focus on the wide territory where we do agree.

Rather than reinforcing what divides us, we will respect and harness diverse perspectives to yield more workable solutions.

We will recognize, reward, and reinforce one another when we take collaborative steps to harness our joint consumer, marketplace, and policy influence to protect the natural systems on which we rely.

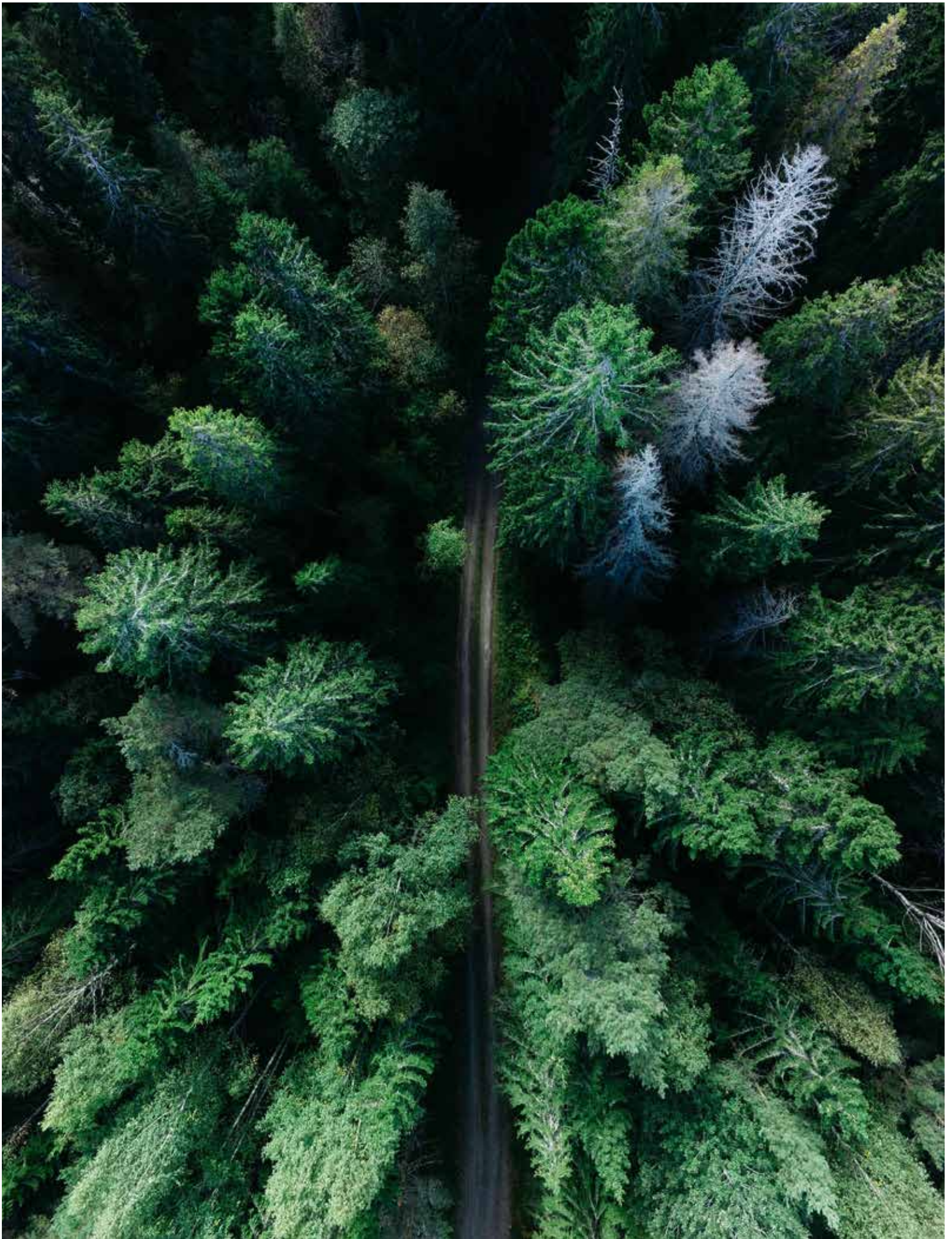
And we will continue to nudge other key players to join us and take their places at the table.

The Earth Day 50 Challenge is a call for leadership across civil society and the corporate community. There is no room for “greenwashing,” just as there is no room for “blacklisting.” Battles will doubtless continue in parallel venues, but in this forum we will support our respective efforts and encourage innovative choices. We will set aside the narrow litmus tests we often use to appraise one another.

We will also expect every Challenge invitee, especially those not yet at the table, to report transparently and publicly on their progress in advancing solutions. **As companies we risk a loss of social license when we fail to engage on solutions; as NGOs we risk a loss of effectiveness and credibility.**







Introducing the Earth Day 50 Challenge

The Earth Day 50 Challenge is an effort to collaboratively secure commitments from 50 of the world's most influential companies to advance systemic market solutions to pressing ocean, forest, and climate challenges by the 50th anniversary of Earth Day, in 2020.

Who is behind it?

Future 500, a San Francisco-based global NGO, launched the Earth Day 50 Challenge in partnership with Texas-based philanthropist Trammell S. Crow and Earth Day Texas in April 2016 at an invitation-only summit held during the Earth Day Texas celebrations in Dallas. Future 500 is a non-partisan group working to engage diverse stakeholders in support of systemic solutions to urgent global challenges.

Who is involved?

To develop these recommendations, we hosted more than 100 leaders from across the corporate, environmental, academic, and philanthropic communities. Attendees represented a rich variety of agendas, sectors, and political perspectives. The summit brought together leaders from disparate, sometimes antagonistic communities—corporate and activist, progressive and conservative—to share insights and find common ground.

35	Corporate executives from leading global companies
30	NGO executives from mainstream and activist groups
8	Policy experts and think tank representatives
6	Foundation officers
6	Individual philanthropists
4	Academic experts
3	Socially responsible investors



What occurred?

Across two days in Dallas, working under Chatham House Rule, participants actively listened to one another, seeking to step aside from “official” positions and well-rehearsed talking points. They often disagreed, sometimes passionately.

But attendees gained respect for one another, and established broad consensus on systemic solutions that participants agreed would help slow the ongoing degradation of the Earth’s oceans, forests, and climate systems.

Those solutions comprise the bulk of this report. Briefly, they are:

Chatham House Rule

In a meeting held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.



Formalize supply chain best practices and **introduce** public policies to protect ocean health and marine species.



Support existing corporate supply chain commitments that are already reducing deforestation.



Establish an economy-wide carbon price and mobilize companies to slash greenhouse gas emissions across their full supply chains.

Create a right-to-left “bridge” alliance to overcome current Congressional gridlock and build cross-aisle political support for the above solutions.

Who still needs to come to the table?

Representatives of many influential companies and advocacy organizations joined the Dallas summit held at Earth Day Texas 2016, and many have already committed to join us again April 2017 at the next convening of the Earth Day 50 Challenge.

A number of key invited companies were unable to join the April 2016 Earth Day 50 Challenge discussions, but expressed a desire to engage in the future. Additionally, leading companies

and NGOs voiced a need to get new companies at the table proactively working on solutions to grow the Challenge's potential collective impact.

In recognition of this, we developed criteria to help identify those companies with the greatest capacity to drive change, and to focus our efforts in recruiting them to advance systemic solutions by Earth Day 50 in 2020.

We believe high-potential firms which must become engaged in advancing solutions have “an exceptional capacity to drive at least one systemic solution to protect oceans, forests, and/or climate systems to the benefit of their institutions, shareholders, and stakeholders.”



Leading up to Earth Day 50 in 2020, we will encourage leading companies to make bold commitments, and will document them as they are made. While it is important that companies and other institutions step forward

to officially endorse and support systemic solutions, we also recognize that internal corporate champions often need to first develop trust with a process. Therefore, there is no litmus test to having a seat at the Earth Day

50 Challenge solutions table. The only criteria is that they engage with us in bringing forth solutions in a spirit of civil dialogue, collaboration, and action.

Earth Day 50 Challenge Participants

Inclusion in this list does not denote corporate endorsements of any given ocean, forest, or climate solution outlined in this report. Rather, it indicates that one of the company's senior leaders contributed to our solutions-oriented discussion, acting as individuals unless otherwise authorized by their companies.



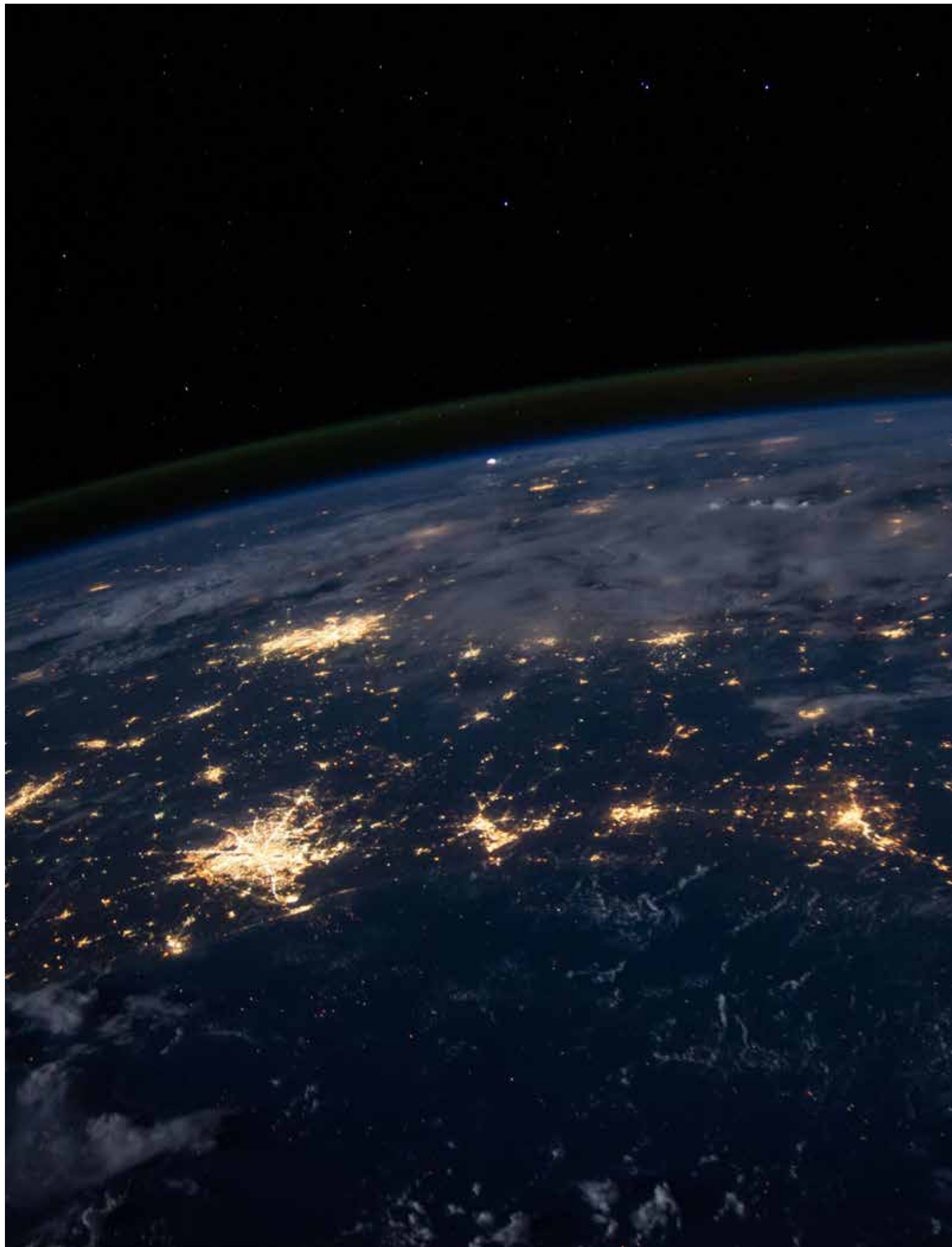
Earth Day 50 Challenge Invitees

Discussion participants identified a range of brands that have the capacity to drive systemic change, which we will invite to participate in the Earth Day 50 Challenge.

These companies can move from being “pending” to “engaged” by joining us at the table at Earth Day Texas 2017 to thoughtfully contribute solutions, and work with us in the lead-up to next April to frame the agenda.







Driving Systemic Solutions

Addressing the Root Causes of Climate, Forest, and Ocean Challenges

The Earth Day 50 Challenge focuses on systemic solutions that address the root causes, rather than the symptoms, of environmental challenges.

A systemic solution harnesses complex systems and their interdependencies—such as nature, societies, and markets—to protect and ultimately restore oceans, forests, and climate in many ways, and in many places, at once.

Such solutions address a given system’s totality, rather than one or more of its parts. Because such solutions by definition drive change “across the board,” they hold the greatest capacity to drive change at scale. Examples include:

- Markets
- Prices & Ownership
- Innovations
- Nature

Supply-chain best practices set the bar for corporate behavior, and drive ongoing reduction of climate, forest, and ocean impacts.

Policies and frameworks that assign responsibility for externalities—via pricing and trading systems, driving down pollution across whole economies, sectors, and companies.

Technological and social innovations and disruptions that tend to replace consumption with information. Also: Sharing and circular economy models that build community while they reduce transactional friction and impacts.

Natural ecosystem services—the sun, wind, soil, and oceans, among others—absorb carbon, generate electricity, clean water, purify air, recycle resources, and so on.

Earth Day 50 Challenge participants are working to identify systemic solutions rooted more in feedback-and-adaptation—rather than command-and-control—approaches. Rather than digging in when confronted with change, participants embracing an adaptive model instead reconsider their responses and relationships on the fly.

In these pages we present the general conclusions of the climate, oceans, and forests working groups. We also outline the highest-value systems approaches that participants identified.



What is a systemic solution?

Systemic solutions are fixes that harness the natural flow of existing systems, such as an ecosystem or an economy, to solve challenges and meet needs. They don't rely on detailed commands-and-control.

Few environmental initiatives are purely systemic, but the more they reflect systemic principles, the most affordable and effective they can be. Well-designed systems can be

favorable both to prosperity and sustainability.

Non-systemic initiatives can be valuable, even vital. But because they tend to be “stopgap measures” aimed at buying time, we choose to prioritize a variety of more systemic initiatives. These can be complex and unpopular, and thus harder to establish, but tend to be more effective and affordable.





Systemic Solutions to the Climate Challenge

Of the three environmental challenges addressed at the Earth Day Texas summit, the climate change discussion attracted the most participants. Those conversations quickly confirmed the lead driver, then moved to a discussion of how best to implement a systemic solution in the United States.



The Systemic

Need: **Establish an economy-wide carbon price in the United States**

Earth Day 50 Challenge participants roundly praised the robust climate commitments that many governments and companies made in the lead-up to COP21 and the resulting Paris Agreement. In particular, attendees commended several companies for speaking up about the need for strong policy, while walking the talk with bold corporate and supply-chain commitments on carbon.

However, they concluded that much remains to be done.

The systemic driver of climate change is well understood and exhaustively documented; since the Industrial Revolution, a variety of human activities have steadily increased concentrations of greenhouse gases (GHGs) in the atmosphere. Emissions of CO₂ from combustion of oil, gas, and coal—as well as industrial processes—contributed about 78 percent of the total GHG emissions increase from 1970 to 2010. In most nations, GHGs can be dumped freely into the atmosphere—there is no price associated with the pollution they cause. Participants argued that nothing short of a full-scale transformation of global energy systems will keep the average surface temperatures from rising more than two degrees Celsius.

A big basket of policies could begin that transformation by rebalancing the market failure that has led to climate change, and by unleashing the full power of market innovation. While participants disagreed about what that basket should specifically include, most agreed that one particular policy solution would best accelerate this shift in the world's largest economy, the United States: A national carbon price.

With some isolated regional exceptions—namely California and the power sector in the Northeast—the United States does not internalize the costs of carbon pollution. As a result, little incentive exists to reduce it. Industries, utilities, and citizens release greenhouse gases into the atmosphere daily, for free.

Honing in on this area of common ground, participants reached consensus that an effective, steadily escalating carbon price, with supportive border adjustments, would systematically address this market failure in the United States and compel other nations to follow suit.

The current Administration ratified its Paris Agreement commitments in September, and a variety of states—including Washington, Oregon, and Massa-

chusetts—are moving closer to legislating some form of carbon pricing. However, the ongoing political deadlock in Congress precludes adoption of systemic carbon pricing at the federal level, for now.

As one Dallas summit participant wryly noted, “there are two aspects that make a carbon tax politically difficult—the carbon part, and the tax part.”

On the other hand, some of the political barriers to a price on carbon are largely self-fulfilling. Opponents repeat that mantra strategically, even though they fear it will gain traction; supporters point to the barriers with even greater certainty,

often unaware of prospective allies and opportunities.

Peel away the surface-level challenges, however, and there are reasons to believe a price on carbon is within reach, given a viable strategy, skillful advocacy, and smart cultivation of corporate allies.

By working together, we believe civil society and corporate actors can help foster a political environment in which the economic and environmental benefits of a carbon price ultimately overcome its vulnerabilities.



The Strategy: Engage influential brands, retailers, suppliers, and NGOs on education and advocacy

When it comes to carbon pricing, the Greenpeace-Walmart Effect can be a potent persuader. Some companies may choose to act alone and many are already “shadow pricing” carbon into business forecasts, but many more brands could collaborate with NGOs and subject-matter experts to educate suppliers on how carbon pricing can benefit both their companies and the economy while driving down greenhouse gas emissions. Once engaged, those brands and retailers can then collaborate with their suppliers and with NGOs to educate lawmakers on the economic, job-creation, public health, and environmental benefits that carbon pricing can bring to their constituencies. In particular, consumer and retail brands have much to gain from a policy mechanism that puts more dollars in consumer pockets.

Though a growing number of major companies are publicly backing carbon pricing through alliances such as the We Mean Business Coalition, the Earth Day 50 Challenge participants noted that many remain ill-informed and uninterested in carbon pricing. Others who might be supportive are reluctant even to privately express their support to lawmakers in today’s polarized political climate. Some corporate government affairs executives are even nervous about simply educating lawmakers on the economic benefits to the economy and their sectors.

The question then became: what needs to be done to encourage leading companies to become meaningfully engaged on carbon pricing before Earth Day 50? Participants honed in on key barriers, and tactics to overcome them.



TACTIC:

Educate executives on carbon pricing nuances

Participants observed that few executives within their networks understood the ins and outs of different carbon pricing approaches and mechanisms. They noted that corporate leaders often conflate cap-and-trade, carbon taxes, and fee-and-dividend, and are often out of their depths when it comes to the absolutely critical nuances that arise when discussing the use of revenues. While participants fully agreed the Earth Day 50 Challenge should stop short of backing any particular mechanism, they noted these misconceptions are acutely counterproductive when engaging executives on climate policy.

For example, as we have seen in British Columbia, Canada, a revenue-neutral carbon tax or fee—one that recycles all revenues back into the economy through reductions in personal or corporate taxes, or through dividend checks for all citizens—can grow the economy and jobs while driving down emissions.

The revenue-neutral approach appeals not only to many traditional climate advocates, but also to those stakeholders who have historically opposed climate policy. The mechanism increasingly resonates with conservatives and Republicans because it does not increase the size and scope of government, and it shifts taxes away from “goods” (income, prosperity) to “bads” (pollution).

A revenue-neutral carbon tax offsets corporate taxes, personal income, or payroll taxes, and puts more spending money in consumers’ pockets. In this respect, a carbon tax advances the direct business interests of consumer brands and retailers. This also helps alleviate concerns from all sides about the policy’s perceived regressive impact on the low-income Americans who might otherwise bear the greatest burden of higher carbon costs.

Finally, revenue-neutrality has generated unexpected allies, from former NASA climate scientist and activist James Hansen on one side, to oil-and-gas giants like Exxon Mobil on the other.

The 40,000+ strong non-partisan

grassroots group Citizens’ Climate Lobby supports the carbon fee-and-dividend model. In this approach, government sets a price on carbon, but rather than using it to reduce other taxes or to fund public and private institutions, it returns the funds in equal allotments to citizens. This makes passage challenging, since it bypasses the allocations to various interest groups that helped broaden support of cap-and-trade. But once passed, it could be highly popular among voters.

The Earth Day 50 Challenge is not backing any of those specific models, or even a carbon tax in favor of cap-and-trade. But these key nuances change the game, so to speak, when it comes to any real discussion about carbon pricing. Unfortunately, they are currently lost in most conversations with corporate executives.

Conclusion: Neutral, nonpartisan executive education that dispels existing misconceptions, outlines various proposals, and highlights key economic benefits will strengthen corporate support for carbon pricing.



TACTIC:

Equip corporate leaders with the information they need

While a strong rhetorical case can be made for carbon pricing, nothing speaks louder than data. C-suite leaders in every sector need to understand exactly what internalizing carbon would mean for their customers, balance sheets, and more. Some of that statistical data is available, or has been previously modeled, and an opportunity exists to

collect, curate, and disseminate it. In other cases, gaps remain.

Participants identified a suite of data they believed would prove helpful in persuading consumer and retail brands, technology companies, and manufacturers, as well as policy makers representing the districts where their employees and customers reside.

- ➔ **Net dollar increase** in an average consumer's pocket
- ➔ **Additional retail sales** by major brands such as Walmart and Target
- ➔ **Additional consumer sales** by major brands such as Coca-Cola and Apple
- ➔ **Number of voters per district** who will have more money in their pockets
- ➔ **Financial advantage to key sectors** brought by technology upgrades that would increase energy efficiency

Given the sheer diversity of carbon pricing options, it is not feasible to formulate a simple set of data-backed conclusions addressing all five of these categories that are applicable to all the options. Therefore, while the Earth Day 50 Challenge will not advocate for any particular

scheme, participants felt that economic researchers and funders should support studies that focus on the corporate and consumer impacts of revenue-neutral proposals escalating in the \$30-\$120 per ton range.



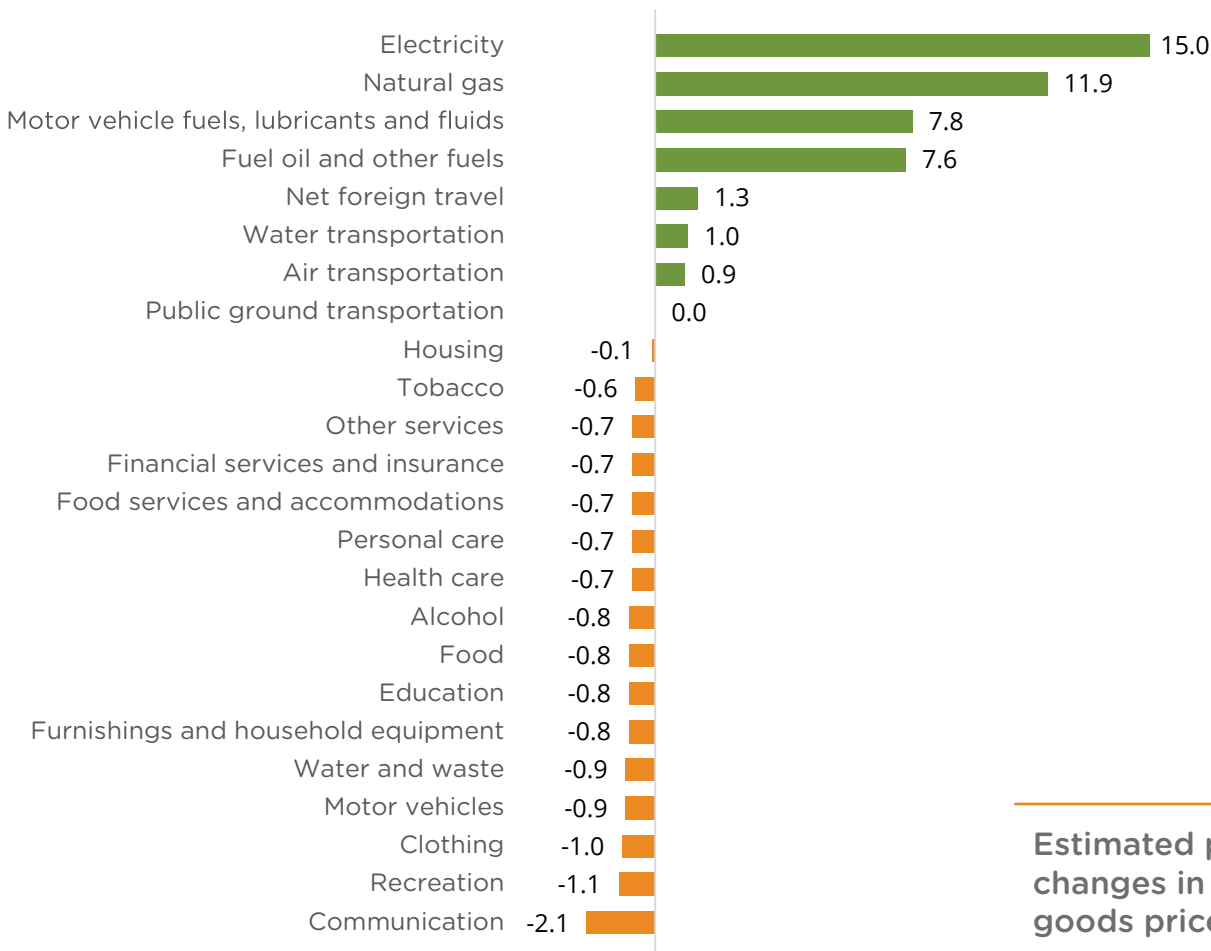
Example: Information on carbon taxes

Of note, Resources for the Future, an independent, non-partisan, economic think tank, recently analyzed the macroeconomic implications of a federal carbon tax. Research by the group’s scholars stated: “A carbon tax can substantially reduce carbon emissions at a relatively low cost. How the carbon tax revenue is used, matters.”

The graph below estimates the impacts on consumer goods prices by 2030, assuming a carbon tax imposed this year at \$45 per ton (using 2013 dollars) of CO₂(e), and increasing by two percent each year until 2030. For the purposes of this exer-

cise, Resources for the Future assumed a revenue-neutral tax swap, with a six percentage point reduction in corporate income tax rates, with the balance recycled through lump-sum rebates. The carbon tax “base case” for carbon emissions matches the long term emissions profile in the Energy Information Administration’s *Annual Energy Outlook 2015*.

This research suggests that carbon pricing will leave its mark on energy prices, but will have little impact, or in some cases a slight positive impact, at the cash register for popular consumer goods.



Estimated percent changes in real consumer goods prices by 2030

Example: Information on carbon fee-and-dividend

A 2013 Regional Economic Models, Inc. (REMI) study commissioned by Citizens' Climate Education found that in its first 20 years, a national carbon fee-and-dividend would lead to:



- ➔ **50% reduction** in carbon emissions below 1990 levels
- ➔ **2.8 million jobs added** above baseline, driven by the steady economic stimulus of the energy dividend
- ➔ **\$70-85 billion increase in GDP** from 2020 on
- ➔ **\$1.375 trillion cumulative increase in GDP** due to fee and dividend
- ➔ **230,000 premature deaths avoided** due to reduction in air pollutants that often accompany carbon emissions

Citizens' Climate Education concludes: "The biggest take-home from this study is that there is no economic argument against fee-and-dividend. It creates jobs, grows the economy, saves lives, and makes Americans richer. It does this while also reducing CO₂ emissions to 31% below 1990 levels by 2025, and to 50% below 1990 levels by 2035."

Conclusion: Studies so far suggest that a well-designed carbon price could be a major win-win for the economy and the climate; nevertheless, tailored research on the corporate and consumer impacts of carbon pricing will equip executives with the decision-making data that they need.

TACTIC:**Align corporate responsibility and government affairs teams**

In the halls of corporate America, the right hand and the left hand do not always communicate. Specifically, our participants referred to the missing dotted line between corporate sustainability officers and their counterparts across the org chart in government and regulatory affairs when it comes to external policy.

Sustainability leaders want to position their companies at the cutting edge of social and environmental responsibility. Meanwhile, government-affairs executives juggle a variety of public policy files and lawmaker relationships that are critical to

the bottom line. The potential for conflict is obvious. When corporate sustainability officers find their teams ready to move beyond in-house recycling programs and into public-policy advocacy, both parties may be at cross purposes without coordination or a clear decision-making hierarchy.

This scenario hampers a company from moving beyond carbon stewardship—for example, tracking and reporting out on energy reduction efforts—and into support for complementary public policies. It also exposes companies to reputational risk: a firm that is a recognized leader in improving its internal climate performance can find itself on the receiving end of critical social media attention or a hard-hitting NGO campaign if it supports lawmakers seen as hostile to climate policy—or even if it is seen as just being silent with

them on the issue.

Participants suggested this could become the next *cause célèbre* of the environmental activist community, and recommended companies proactively align all business units, especially government affairs, behind an integrated sustainability strategy to mitigate their reputational risk.

Conclusion: Companies face a looming reputational risk over gaps between their internal climate performance and federal public policy positioning and lobbying, underscoring the need for executive leadership to thoughtfully align and coordinate corporate responsibility and government affairs strategies.

TACTIC:**Harness grassroots networks to reward corporate leadership**

Across multiple social and environmental issues, grassroots citizen advocates have proven especially adept at spurring brands, retailers, and also policymakers to change practices or support new solutions. Summit participants argued that such a network, deployed constructively, could effectively reward and encourage companies that advocate carbon pricing, and invite collaboration from those that

currently do not. This would provide the market signal many companies need in order to step forward in support.

Some such grassroots networks already exist, but have yet to be tapped for this purpose. For example, the nonpartisan Citizens' Climate Lobby has amassed a membership of more than 40,000 citizens who wish to constructively advance carbon pricing. Its members, Americans from all walks of life, may well jump at the chance to reward corporate leadership.

In addition, organizations such as Care2 have the capacity to

draw together a large network of thoughtful “citizen activists” to drive forward a positive campaign, if called upon to do so.

Conclusion: Grassroots citizen advocacy networks—such as the one amassed by Citizens' Climate Lobby—are poised to reward corporate carbon pricing leadership, but have yet to be mobilized to this end. Doing so may deliver the market signal that many companies need to act.

TACTIC:

Align and expand existing business climate coalitions

We Mean Business

A global coalition of organizations advocating the transition to a low carbon economy with a common platform to amplify the business voice, catalyze bold climate action, and promote smart policy frameworks. The group calls for global carbon pricing. Its leaders include, among others, Sir Richard Branson, Virgin Group; Abyd Karmali, Bank of America Merrill Lynch; Andy Wales, SABMiller; Amy Hargroves, Sprint; and David Tulauskas, General Motors.

Several initiatives are actively working to recruit companies to support a price on carbon, and in some cases, to educate or lobby lawmakers. These include:

Corporate Climate Alliance

A 501c(4) organization that advocates on behalf of executives concerned about the risk that climate change poses for the future of their companies, employees, and communities. The group's 501c(4) classification allows it to lobby for reducing the effects of climate change through legislation and policy. In addition, the organization will support candidates who are committed to these initiatives.

Business Climate Leaders

A project of Citizens' Climate Lobby that is applying its citizen engagement model to companies, arranging meetings between business leaders and policymakers.

American Sustainable Business Council (ASBC)

Representing more than 200,000 businesses and 325,000 business executives, owners, investors, and others across the United States, ASBC advocates for federal and state policy. This includes measures "that bring market forces to bear by making explicit the hidden externalities" of fossil fuels.

Ceres Bicep

An advocacy coalition of businesses committed to working with policy makers to pass meaningful climate and energy legislation. Its 38 members include Avon, eBay, GAP, General Mills, Ikea, Kellogg's, MARS, Nestle, Nike, and Starbucks.

In addition, as We Mean Business highlights on its website: "Over a thousand companies have reported using an internal carbon price or plan to do so, in anticipation of future regulation." The corporate sector is increasingly expecting carbon pricing. While sustained business advocacy helped secure the Paris Agreement in 2015, this anticipation has yet to translate into political momentum in the United States.

Rather than forming a competing initiative, participants felt that Future 500 and the Earth Day 50 Challenge should find ways to support and align existing business advocacy efforts,

so that they can leverage their strengths together to foster momentum behind carbon pricing. Activities include:

Developing inclusive carbon pricing principles that align these initiatives, as well as draw in soft or hard corporate support

Educating new companies on these initiatives and recruiting new corporate members to them, where appropriate

Coordinating complementary efforts and finding new partnership opportunities to reinforce their respective influence

Communicating their member

companies' existing positions to lawmakers

Enabling grassroots citizen support to reward new and existing corporate participants

Conclusion: Many corporate leaders now consider carbon regulation inevitable. Supporting, aligning, and leveraging the strengths of existing business climate coalitions will help translate this expectation into political momentum.

TACTIC:

Re-engage climate funders on the carbon pricing opportunity

In 2009, climate funders collectively invested tens of millions of dollars in an effort to move cap-and-trade legislation through Congress. Even today, they still feel the sting of that failure. A deadlocked Congress and rampant political polarization further serve to divert their time and resources elsewhere. As a result, most of those funders now provide life support, at best, to organizations working on federal carbon pricing.

Many participants argued that this is a strategic error, but an understandable one.

Rather than dismissing all serious proposals to advance a federal price on carbon, attendees agreed that funders should invest more strategically. Impactful yet under-resourced opportunities exist. Specifically, participants recommended funders support grantees working to:

- ➔ **Win the business case with consumer brands and the technology sector:** Document the economic benefits of carbon pricing for these companies, in collaboration with trusted economists
- ➔ **Win the economic case with free-market conservatives:** Document the innovation and efficiency benefits of pollution pricing, again, in collaboration with trusted economists
- ➔ **Win the political case with establishment Republican donors:** Develop pro-climate Republican messaging that aligns with conservative values and creates a viable path for candidates to ultimately “do what’s right”
- ➔ **Build a semi-formal alliance:** If created and placed on standby, an alliance between the above stakeholders, environmental NGOs, and their center-left colleagues could be quickly mobilized to speak up and endorse carbon pricing the moment the opportunity becomes real



Conclusion: Climate funders should strategically direct even a modest increase in resources to strengthening business and conservative support for federal carbon pricing, and to building semi-formal “odd-bedfellow” alliances that can be activated when needed.

TACTIC:

Promote civil political discourse

Politically, the United States is now more polarized than at any point in its history since the Civil War. The state of discourse in Washington D.C. is nothing short of toxic, and despite the overwhelming evidence that legislative action on climate is needed today, the issue remains a political third rail.

All Earth Day 50 Challenge participants recognized that this situation is, in and of itself, enough to dissuade business leaders from engaging federal lawmakers. They identified the need to create political space for companies, NGOs, and lawmakers to constructively work together to advance climate protection.

Toward that end, citizens affiliated with what is alternatively called the “bridge” or “trans-partisan” movement weaved themselves throughout the discussion. The core principle they embraced, as central to the ultimate success of the Earth Day 50 Challenge, is free speech and civil dialogue between diverse stakeholders to seek collaborative solutions.

More than 30 nonpartisan civic groups, including Future 500, self-identify as members of the bridge movement. Three of these—Bridge Alliance, Bridge USA, and National Institute

for Civil Discourse—were well represented at the Dallas Earth Day summit. Others in the movement include American Public Square, AllSides.com, CivilPolitics.Org, Convergence, Mediators Institute, National Institute for Civil Discourse, and Village Square. These groups have been successful in advancing bipartisan, multi-stakeholder approaches to criminal justice; in Dallas, the three groups highlighted above began to consider how to do the same on environmental issues.

Under an informal initiative at the moment called **Bridge Environment**, the group will draw together stakeholders to compare energy agendas from multiple perspectives, with the goal to articulate an inclusive right-to-left **American Clean Energy Agenda**, in a process that respects all viewpoints and bridges the rancorous political divide in Washington DC.

Conclusion: While political gridlock may be stymieing federal energy and climate policy, groups affiliated with the “Bridge Movement” are quietly advancing bipartisan solutions and opening up the space for effective civil discourse.



The Leaders & the Catalysts

Earth Day 50 Challenge participants identified the following companies, organizations, and other stakeholders as ideally positioned to drive forward these solutions and recommendations to advance carbon pricing in the United States.

Corporate Climate Heroes

These companies have distinguished themselves by going beyond “carbon stewardship”—measuring and reducing internal greenhouse gas emissions. They have spoken out in support of US climate policy or promoted carbon pricing, either on their own or in collaboration with external partners such as Ceres BICEP, Business Climate Leaders, WWF’s 3% Solution, We Mean Business, and ASBC.



Prospective Climate Heroes

As some of the largest employers in the United States, the opinions of these companies matter. They could encourage their employees, suppliers, and partners to educate lawmakers on the economic, public health, tax, and environmental benefits of a well-designed carbon price.



Business-NGO Partners

These coalitions and NGOs currently partner with, or are well-suited to partner with, business leaders to promote sound carbon-pricing policy.



Advocacy Organizations

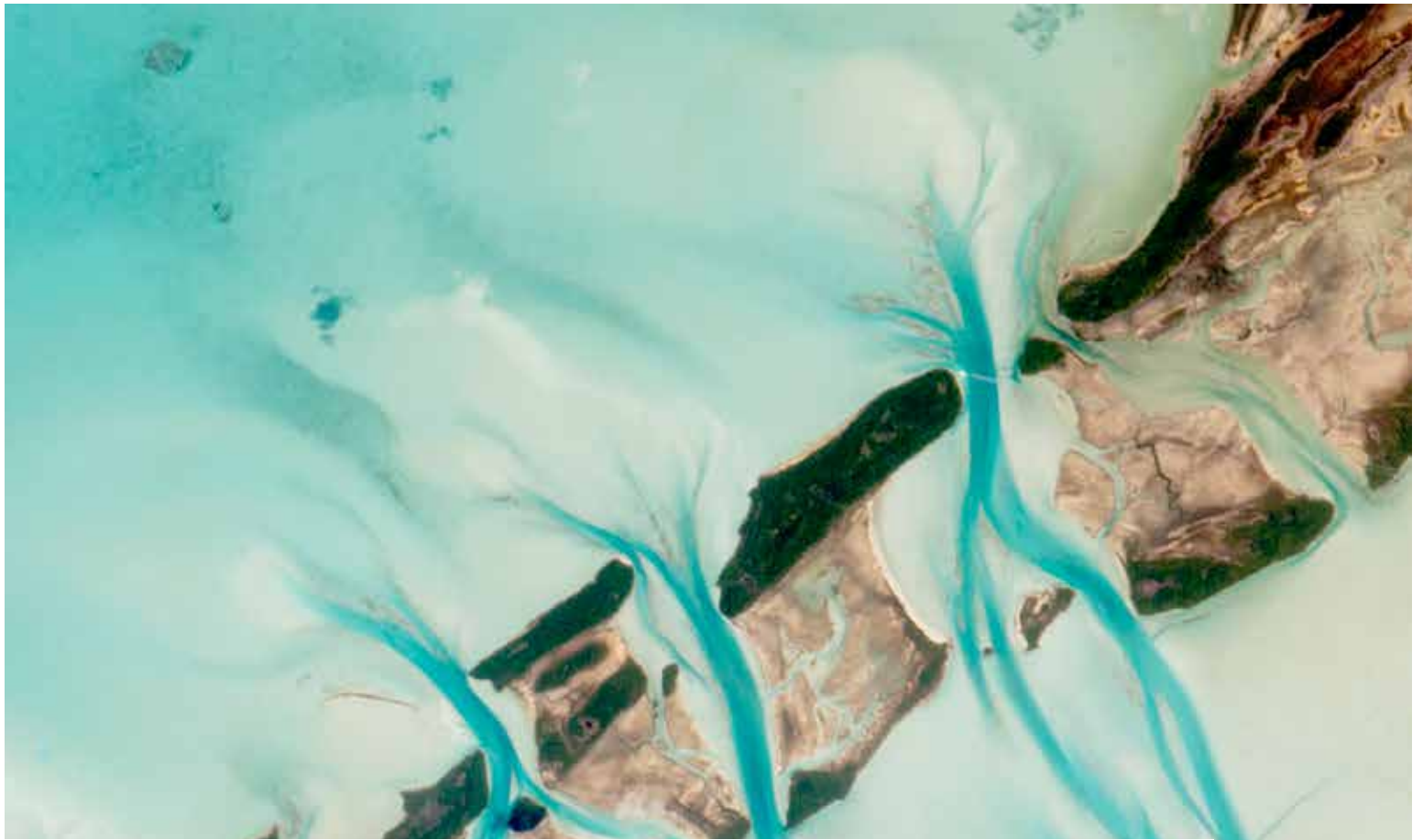
These groups can help nudge companies to engage on carbon pricing advocacy.



Funders

These foundations can play key roles in supporting corporate engagement on climate policy.





Systemic Solutions to Ocean Challenges

Of the three threats at the heart of the Earth Day 50 Challenge, participants felt least equipped to clearly identify the core solutions that top companies can employ to systemically remedy the myriad challenges facing oceans health and ecosystems. While hundreds of companies advocate for climate and forest solutions, our participants struggled to identify the priority steps needed to reduce impacts to, and ultimately restore, marine ecosystems.

This does not suggest a lack of action, but

rather highlights the constellation of challenges facing the Earth's oceans, as well as a blind spot for the diversity of companies, organizations, and funders currently at the Earth Day 50 Challenge table. Part of our work in this area is to address this deficiency and ensure stronger representation of firms and groups leading this work.

With that caveat in mind, presented here are the preliminary systemic threats and opportunities to oceans that Earth Day 50 Challenge participants identified.



The Challenge: **Pollution, Overfishing, and Habitat Destruction**

Setting aside acidification—a devastating climate impact that the Earth Day 50 Challenge climate working group is

addressing—participants identified at least five key systemic threats facing the world’s oceans. They are:

- ➔ **Ocean plastic debris:** According to the Ocean Conservancy, five countries—China, Indonesia, Philippines, Thailand, and Vietnam—together release more plastic into the ocean than the rest of the world combined. Only five percent of this refuse is floating on the surface, the group said; the rest is submerged, where it strangles marine life and disrupts food chains. This is not to under-represent the enormous quantity of plastic flotsam that makes its way to the sea from the global north, which participants agreed needs to be addressed as well
- ➔ **Destructive commercial fishing and wildlife trading:** Many companies still harvest tuna and other high-value fish using indiscriminate and destructive methods such as drift netting and bottom trawling. These methods not only decimate so called “bycatch” species that are caught up in the nets and discarded; they also destroy marine habitats. In addition, tropical fish and coral are often illegally removed to supply aquariums
- ➔ **Oil, gas, mineral, and other resource extraction:** Drilling and mining activities often irreparably damage marine ecosystems. The worst such incident to date, the 2010 *Deepwater Horizon* disaster, released about 4.9 million barrels of oil into the Gulf of Mexico. The oil is still there
- ➔ **Shipping:** Due to its low cost, most cargo ships burn bunker fuel instead of diesel. The fuel releases sulfur dioxide, carbon pollution, and fine particulates into air while at sea and in ports
- ➔ **Agricultural runoff:** Farms and ranches in coastal regions commonly use nitrogen-based fertilizers to boost production. These compounds leach into oceans, and in enough quantities, they cause algae blooms that release harmful toxins and remove oxygen from the water, as well as destructive coral bleaching

The Strategy: **Build alignment of, and support for, ocean-friendly supply-chain policies**

A variety of regional ocean advocacy organizations work to address various facets of ocean challenges. For example, within the United States, the Chesapeake Bay Foundation works to restore and protect that water body, while similar organizations work to preserve Florida's Everglades, California's Monterey Bay and Channel Islands, and Washington State's Puget Sound.

Meanwhile, the Washington D.C.-based Ocean Conservancy advocates for healthy oceans at the state and federal levels. International groups such as Oceana and Environmental Defense Fund, headquartered in Washington D.C., and the London-based Marine Stewardship Council work to combat unsustainable fishing practices or to reduce pollution.

Our participants were uncertain as to the degree to which these organizations and others have comprehensively leveraged private sector power using the Greenpeace-Walmart Effect to improve corporate supply chain practices. The relatively small sample of attendees in this focus area points to the need for deeper research, but participants felt opportunities exist to collaboratively focus corporate and NGO attention on the five systemic challenges identified here.

Similarly, Earth Day 50 Challenge participants identified a few large companies that have flexed their powerful supply chain muscles to address destructive commercial fishing practices. We identify those on the following pages.



TACTIC:
**Broaden the tent
and identify shared
objectives**

Given the diversity of challenges facing our oceans and the vast geographic diversity and inherent jurisdictional issues, few, if any, organizations have reduced ocean issues to a set of common asks.

Against the backdrop of the five broad challenges, an opportunity exists to identify and begin working on specific mutual objectives. To this end, the initial partners in this challenge have agreed to meet as a working group, and extend an invitation to any company or organization that may wish to join them.

We are particularly interested in corporate participants with significant supply-chain leverage,

including large global retail and consumer brands in the food sector. These companies can, in turn, drive change from packaging and other companies that make and convert resins, extract minerals, harvest seafood, use cargo ships, and engage in farming and ranching.

On the NGO side, we especially welcome NGOs with expert knowledge of the five challenges, in collaboration with those who have the greatest capacity to positively impact corporate value and reputation based on the positive steps they take.



TACTIC:
**Harness the
Greenpeace-Walmart
Effect to heal our
oceans**

Given that more organizations and companies need to join us at the table, participants felt it was premature to commit to a specific detailed agenda to address the five ocean challenges. That said, participants identified a number of sectors and opportunities to leverage the Greenpeace-Walmart Effect and harness the supply chain to reduce the impacts. They include:

- ➔ **Plastics procurement:** Companies can source plastics from suppliers that support responsible solutions to plastic waste that foster sustainable economic development in the five nations where the debris overwhelmingly originates
- ➔ **Sustainable seafood:** Companies can exclusively source seafood and marine products from certified responsible suppliers using robust certification systems, while actively speaking up for public policies that protect marine ecosystems
- ➔ **Offshore extraction:** Companies can source their oil, gas, and mineral commodities from companies that substantively work to enhance fisheries, reefs, and other complex ecosystems
- ➔ **Shipping and logistics:** Companies can commit to using ocean freight and cargo shippers that reduce or eliminate the use of bunker fuel, and use less polluting fuel sources and practices, as well as support stepping up enforcement of regulations preventing the dumping of waste at sea
- ➔ **Meat and produce:** Hospitality and restaurant firms can source protein from farms and ranches that are committed to reducing and eliminating agricultural runoff



The Leaders & the Catalysts

Earth Day 50 Challenge participants identified the following companies, organizations, and other stakeholders as ideally positioned to drive forward the systemic solutions that will most effectively protect the oceans.

Corporate Ocean Heroes

These companies have already distinguished themselves as ocean heroes. Whole Foods, Safeway, and Patagonia have leveraged their buying power to protect endangered species, and increase demand for sustainable seafood, and reduce the release of plastic debris into the ocean.



Engaged in Solutions

These companies are participating to some degree in the development of one or more solutions, often in collaboration with NGOs such as World Wildlife Fund and Ocean Conservancy.



Prospective Ocean Heroes

These companies are positioned to contribute most significantly to ocean protection by adopting high-value supply chain preferences like those mentioned in this report.



Research and Solution Partners

These NGOs lead the development, deployment, and verification of solutions.



Supply Chain Partners

These suppliers in the corporate supply chain can make the biggest differences at the operations level, such as in plastic and resin production, shipping, and seafood harvesting.

Cargo



Converters



Resin



Seafood



Education and Mobilization

These are NGOs and institutions that companies can partner with to help educate and mobilize the public.



Advocacy

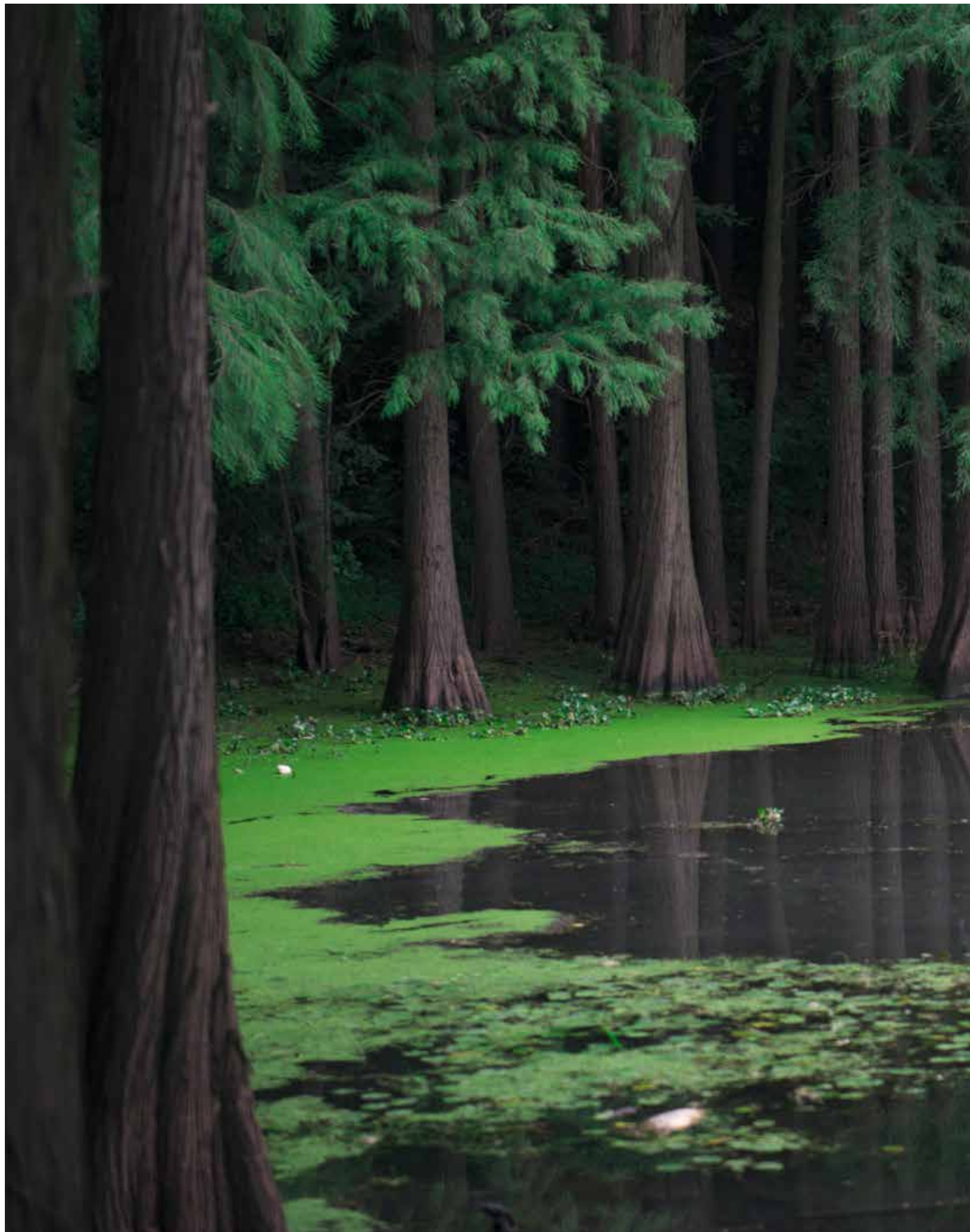
These NGOs champion change and help motivate companies to take action.



Funders

These foundations support systemic solutions to protect oceans.







Systemic Solutions to Forest Challenges

Of the three systemic challenges, forest protection has perhaps seen the most substantive progress in recent years in terms of transforming how companies and NGOs are working to address the challenge of global deforestation. We can credit the effective combination of “inside and outside” change processes, and a combination of both adversarial and collaborative advocacy—the former typically leading to the latter.

Sometimes this interplay has been intentional, and other times not. Forest protection advocates such as Climate Advisers and Greenpeace de-

serve praise for gains they have negotiated in forest-commodity sourcing practices, improved governmental oversight, and strengthening of forest product certification schemes—especially in Asia and Latin America. But much more needs to be done.

To that end, Earth Day 50 Challenge participants identified a number of systemic challenges to the world’s forests.

The Challenge: **Widespread deforestation and other threats to forest health**

The forests working group identified 10 clear systemic drivers of widespread deforestation:



1. **Conversion of forest to crops** to meet increasing demand for food and edible oils
2. **Unclear land tenure** that drives poor practices and conflict with indigenous communities
3. **Turf wars** between NGOs and lack of aligned “asks” of corporations
4. **Dysfunctional governments** that lead to conflicting policies and poor enforcement
5. **Ineffectual or corrupt governments**, or misguided governmental policies
6. **Lack of knowledge of forest management**, especially by smallholders and regulators
7. **Lack of viable economic alternatives for smallholders.** (“Forests are currently often worth more dead than alive,” one participant noted)
8. **Lack of transparency and mapping**— though this is quickly changing and should continue to be enabled and encouraged
9. **Mining and other extractive sectors** leave impacts that slow forest recovery rates
10. **Domestic markets in the developing world** are unresponsive to market pressures



The Strategy: **Deepen collaboration to maximize supply chain power and political influence**

Forest advocacy organizations and companies have not only embraced the Greenpeace-Walmart Effect, they arguably pioneered it. For at least a decade now, a mix of positive and negative market signals have been driving continuous improvement in the sector. While stakeholders do not always agree on the ideal combination of carrots and sticks, Earth Day 50 Challenge attendees recognized that all engaged actors are learning and improving their skills in both the corporate and NGO sectors.

Participants also agreed that an opportunity exists to take these efforts to the next level, and deeper collaboration will allow them to do so—between industry and NGOs, and between

NGOs and other organizations, and companies and their industry associations. For many, this will involve reaching outside their comfort zones.

Beyond collaboration, participants at the Dallas convening suggested a number of tactics that they felt held promise to drive systemic forest solutions.



TACTIC:
**Encourage
retailers and
consumer brands
to require supplier
certification**

Earth Day 50 Challenge participants suggested that key retailers and consumer-products companies can drive an expansion of certified products through unilateral commitments, such as the NY Declaration on Forests, that drive their adoption. This “markets focus” should include

efforts to encourage certification agencies to continually improve (e.g. FSC Intact Forest Landscape Initiative) to foster more consistent market signals.

TACTIC:
**Adopt
transparency tools**

If they are not doing so already, watchdog organizations globally should consider adopting mobile and digital surveillance tools—such as satellite imagery and

drones—to monitor compliance with forestry agreements and correct poor performance when needed.

TACTIC:
**Secure
investment capital**

Investors can help restore healthy forest ecosystems while enhancing water quality, biodiversity, and carbon capture, and while providing communities a more sustainable source of nat-

ural resources. They can do so by directing investment toward efforts to regenerate degraded agricultural land—an estimated five billion acres globally.



TACTIC:
Advocate for policies
that accelerate
indigenous land rights

Reinstating well-defined land rights to indigenous communities is one of the most efficient ways to advance forest conservation. So concludes *Securing Rights, Combating Climate Change*, a 2014 World Resources Institute study of 14 developing nations. Meanwhile, indigenous lands hold more than 20 percent of the carbon stored in the world's tropical forests.

Indigenous “communities with clear rights are better able to manage standing forests as economic assets and realize multiple benefits, including from sustainable logging, commercialization of non-timber forest products, increased value-added processing, and markets or funds for conserving ecosystem services,” suggests Rainforest Alliance in a 2015 report.

TACTIC:
Invest in research
and development
and education to
replace plant-based
oils

Since 1995, global demand for plant based oils such as palm, soybean, canola, sunflower and others has increased nearly 250 percent. This demand is a major driver of global deforestation and land degradation. Lab based biotechnological alternatives to plant oils and minerals, while controversial because of their

use of genetic modification, are now commercially viable at scale and must be considered as alternatives that can help mitigate deforestation. Additionally, increasing public education on methods for substituting for use of oils in food production and preparation can reduce consumer demand.

The Leaders & the Catalysts

Earth Day 50 Challenge participants identified the following companies, organizations, and other stakeholders as ideally positioned to drive forward the systemic solutions that will most effectively address forest challenges.

Top Tier



Second Tier



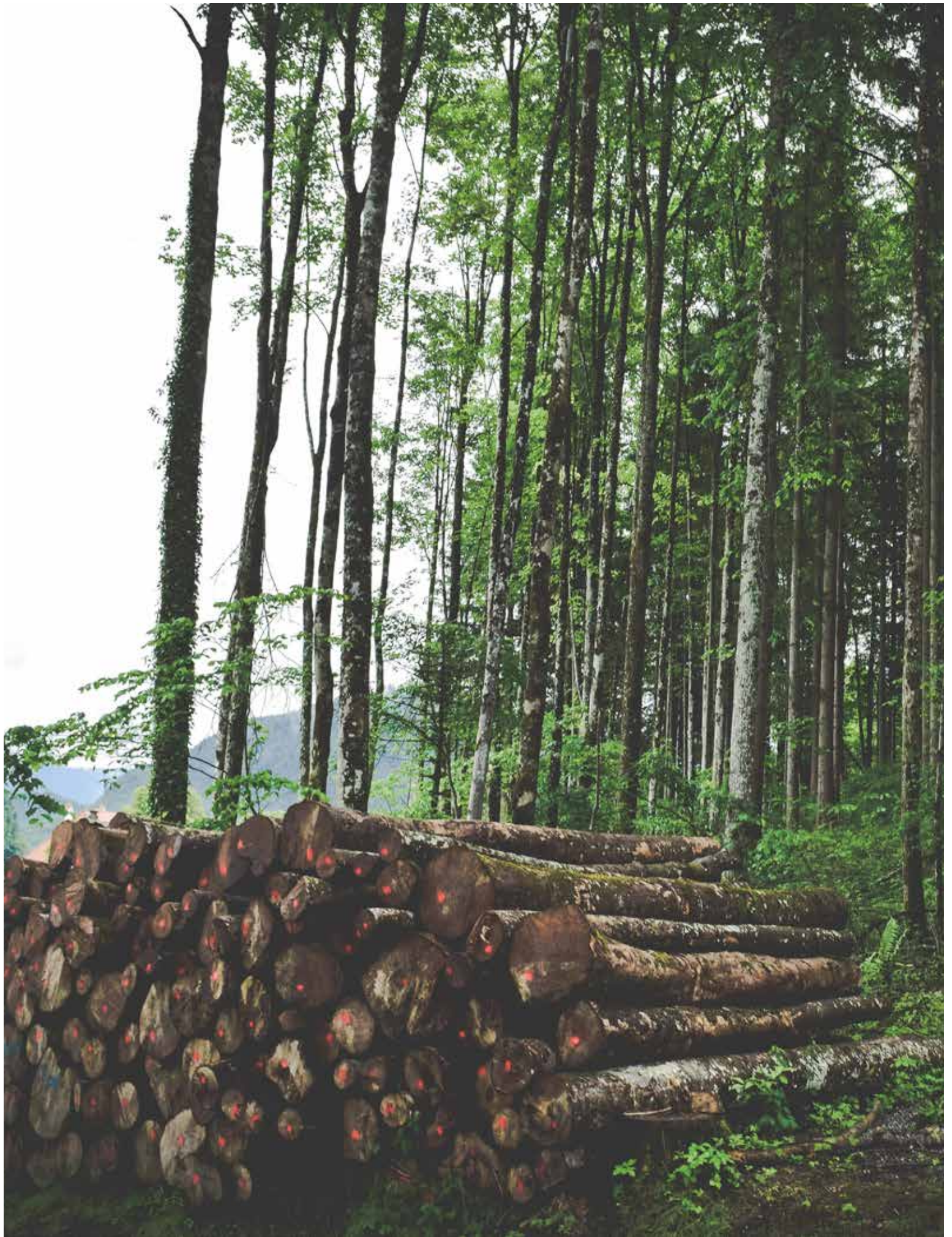
Third Tier



The single biggest contribution highlighted that can transform global forest practices between now and Earth Day 50 in 2020 is to ensure implementation of the zero deforestation commitments made by a variety of companies and countries.

The Earth Day 50 Challenge platform should be leveraged to coordinate participants—corporations, NGOs, and funders—to help monitor, encourage, support and publicly report on progress in implementing these commitments. To succeed, the working group identified two critical components:

1. **Inventory tools into a deforestation free “accountability framework”** to facilitate better forest management and commodity sourcing decisions. This will enable more credible monitoring, auditing and reporting. Key tools and metrics include measuring forest loss, restoration (in the broadest context), traceability, high carbon stocks, high conservation values, free prior and informed consent (FPIC), social conflict, and the Intact Forest Landscape Initiative.
2. **Increase investment in credible REDD+ projects and complementary efforts**, such as the Climate, Community and Biodiversity standard managed by the Washington D.C.-based Voluntary Carbon Standard. Such initiatives work to reduce emissions from deforestation and forest degradation in developing countries, and highlight the role of conservation, sustainable forest management, and enhancement of forest carbon stocks in developing countries.





Conclusion

The Earth Day 50 Challenge is an effort to set aside traditional divisions and perceptions of profit-obsessed, soulless corporations on the one hand, and naive, attention-starved activists on the other. It is uniting polarized parties—from environmental campaigners to corporate executives—around shared goals and human connections.

In doing so, it is already unlocking collaborative, market-based solutions.

During our three-day summit, CEOs and senior executives from retail, consumer, and energy giants worked side-by-side with scientists, philanthropists, and strident anti-corporate campaigners. Together they identified systemic solutions to environmental challenges that harness nature, market forces, and emerging technologies.

- ➔ To protect the **oceans** from plastic pollution, overfishing, resource extraction, and carbon emissions, we must build on the successes that Whole Foods and Safeway have implemented through their supply chains. Activist campaigns do awaken the private sector to the issues, but collaboration ultimately drives real-world solutions.
- ➔ To protect **forests** from systematic destruction, we must build on leading corporate commitments to zero-deforestation supply chains, accelerate their implementation, and begin to restore forest systems lost in the past three generations.
- ➔ To protect our **climate**, we must combine the clean-energy agendas of the left and the right, and enact the imperative that major oil companies and progressive environmental groups agree on: A national carbon price designed to level the economic playing field and encourage competitive innovation.

Between now and April 2020, we will build momentum behind—and support for—meaningful systemic solutions to address these challenges. And you can join us at the table. If you lead a company or organization and you're keen to make a sustained impact in the world, please get in touch.

In the meantime, feel free to stay on top of our progress via updates on Twitter, Facebook, and our e-newsletter. Sign up at www.future500.org.



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