



Future 500

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Future 500
Top 10 Stakeholder Issues Report
2015

Each year, Future 500 releases a Top 10 report of what we predict will be the most critical issues driving stakeholder engagement in the coming year. It consists of a breakdown and analysis of the key issues based on interactions with a broad range of stakeholders - funders, activists, companies and policy makers, to name a few. From politics to energy production, ocean acidification to deforestation, 2015 will continue to present a myriad challenges that will require stakeholder attention across the private sector.




COMMUNITY-BASED BATTLES: My Community, My Rules

By Kellen Klein and Rebecca Busse

Fracking moratoria. Oil sands bans. Coal and liquid natural gas (LNG) export protests. Pipeline blockades. Around the globe, a power struggle is in progress - one that pits local communities against the fossil fuel industry and its state and national political allies. This struggle is particularly apparent in the United States, where a “shale boom” and advanced extraction techniques have pushed energy development right up against residential areas and urban centers. Unconvinced that regulators have their town’s best interests in mind, local grassroots groups and lawmakers are [aligning with broader environmental coalitions](#) to halt nearby development of fossil fuel resources and facilities.

While many are quick to describe this conflict as a classic case of “NIMBYism” (Not In My BackYard), at its root are broader stakeholder concerns about inequality, transparency, and corporate greed. Stakeholders contend that companies and politicians increasingly prioritize profit and economic growth while [turning a blind eye](#) to negative health and environmental impacts that manifest at the local level. Recent [chemical](#) and [mine tailing spills](#), increased [train accidents](#), and [investigative exposés](#) have all fueled the flames of local discontent. Having watched policy makers react to disasters rather than prevent them, many communities feel compelled to [take regulation into their own hands](#).

In 2015, we expect these grassroots movements to reach new heights and increase their influence by leveraging resources across the network. Communities will continue to challenge fossil fuel developers and will demand greater disclosure of risks and safety precautions before approving local projects. Supported by an increase in foundation funding, grassroots campaigns against fossil fuel transportation – be it by pipeline or so-called “[bomb trains](#)” – and LNG exports will become particularly high profile. Community coalitions may also file resolutions and ballot measures against other industries and projects that threaten local land, air, and water quality. Although the courts will ultimately determine the fate of many municipal ordinances, companies that focus on proactive, rather than reactive, community engagement efforts will more likely avoid lengthy legal battles. Exploring more collaborative solutions with local, on-the-ground stakeholders will have long-term benefits for all parties.





ARCTIC ACTIVISM: Race for the Arctic


By Marvin Smith and Kellen Klein

In 2014, the Arctic remained a key issue for stakeholders around the globe, particularly those fighting global warming and fossil fuel development. Last year we saw scientists and environmental groups leverage North America's frigid "polar vortex" to examine how climate change and melting Arctic ice increasingly impact global weather patterns; thawing Arctic sea ice opened the previously blocked Northwest Passage, leaving stakeholders fearful of the impact increased ship traffic will have on Northern ecosystems and communities; and activists continued a sustained series of campaigns against Arctic-exploring energy companies and their partners - Greenpeace protesters elevated their Save the Arctic campaign by scaling ExxonMobil and Statoil rigs, unfurling banners on European Parliament buildings, and targeting Lego for its partnership with Shell.

In 2015, Arctic-focused NGOs will continue targeting companies with plans to venture farther into the polar north. Stakeholders remain particularly apprehensive of a [positive feedback loop](#) in which Arctic energy extraction and combustion accelerates current warming trends and ice melt. The resource-rich area will also remain a priority for wildlife conservation and marine protection groups, with some [advocating for a global Arctic sanctuary](#) free from offshore drilling and its accompanying risks.

In addition to corporate campaigns, we expect rising Arctic geopolitical tensions to place pressure on governments to further protect the region and its resources. With the United States beginning its [two-year chairmanship of the Arctic Council](#), stakeholders will likely call on Washington to play a pivotal role in guiding responsible international Arctic policies. Conversely, companies, governments and even activists will be challenged by Northern communities and indigenous groups, who are [increasingly defending their right to self-determination](#) but remain divided over the benefits and costs of resource extraction.

The Arctic will remain the geographic lens through which climate change's impacts are examined, and activists will broaden and strengthen prior campaigns and leverage brand power to combat Arctic resource development. Greenpeace's recent targeting of Lego and Shell is indicative of increasing ["regulation by retail"](#) and is a sign of Arctic campaigns to come in 2015.





LEVERAGING RETAILERS: Regulation by Retail and Precompetitive Collaboration


By Brendon Steele

Increasingly savvy and effective activist and NGO campaigns are differentiating brands based on a multitude of social and environmental factors. For example, [Greenpeace's Detox campaign](#) quickly prompted apparel brands to focus on eliminating the [discharge of hazardous waste](#) from their suppliers in Asia and Latin America. The [Safer Chemicals Healthy Families](#) coalition, changing tactics from legislative advocacy to a market campaign, skillfully motivated two of the largest retailers—Walmart and Target—to [adopt landmark chemicals management policies](#). Rana Plaza and other factory tragedies in Asia have [renewed focus on labor and human rights](#), reinforcing the need to continually improve global standards even as nations seek to offer the lowest costs of production. In perhaps the most successful campaign of recent years, energized advocates pushed the seemingly immovable pulp and paper industry to [adopt unprecedented zero-deforestation commitments](#).

The effect of these campaigns has accelerated a new norm of regulatory action—not regulation by law, but [regulation by retailers](#)—stemming from advocacy and consumer demands that push consumer-facing brands to take ownership of the social and environmental impacts of their global supply chain. Increasingly, brands face three choices: do nothing and hope that the spotlight is not pointed on them; be proactive, and add sustainability as a selling point to their brand and insulate themselves from attack; or work with their competitors, precompetitively, to tackle issues systemically.

Just as financial firms work together precompetitively to prevent fraud—such that Vanguard doesn't compete with Charles Schwab for investors based on data security—smart campaigners and businesses are beginning to realize the need for precompetitive collaboration in the sustainability arena in order to lift all boats. To tackle global sustainability challenges, to send consistent market signals to the supply chain, and to truly unlock radical innovation, groups like the Green Chemistry and Commerce Council are [calling upon companies to adopt a precompetitive collaboration mindset](#) in order to share research and methodologies on environmental and social issues that benefit all.

While the call for precompetitive collaboration may easily be lost among all the other noise of advocacy campaigns, it will continue to grow—perhaps first on chemicals—into 2015 and beyond.





FOREST PROTECTION: The Downfall of Deforestation


By Sara Santiago

In the past year, we've seen unprecedented momentum in the forestry sector. In the wake of [zero-deforestation commitments](#) made by Asia Pulp & Paper, Wilmar, and Golden Agri Resources, brand after brand has [adopted policies](#) to rid their supply chains of deforestation. Beginning on a *weekly basis* in early 2014, these companies have raised the bar on sourcing standards that have set a new norm for [zero-deforestation](#); driving unprecedented change through their supply chains, using their buying power to protect rainforests, promoting safer labor practices, and driving down carbon emissions.

These commitments and their implementation are heightening pressure on other suppliers and brands to follow suit. The clearance of tropical rainforests and peatland for industry paves the way for industrial agriculture, such as that for palm oil, and extraction of oil and gas, which fuels activism against global deforestation. We expect prominent NGOs like Greenpeace and Rainforest Action Network to continue their campaigns against zero-deforestation laggards, such as through RAN's recently announced [Out of Fashion](#) campaign that broadens its targeted brands to fashion retailers. Furthermore, we continue to see substantial foundation funding being channeled into protecting tropical forests, especially through palm oil campaigns.

In 2015, we expect activists to [strategically target brands](#) for their sourcing of forest commodities beyond international forestry certification requirements, such as zero-deforestation and zero-social exploitation commitments. In 2015 and beyond, we foresee advocates expanding their focus on protecting forests in Southeast Asia to [Africa](#).

With such momentum in the forestry arena, stakeholders will demand increasing transparency and will monitor progress and setbacks in protecting forests through near real-time technology, like the World Resources Institute's [Global Forest Watch](#) and The Forest Trust's [SURE technology](#). Finally, suppliers committed to zero-deforestation are raising the bar, moving from deforestation to a focus on restoration and conservation, shifting the competitive landscape of what has been a staid industry.





LEVERAGING BRANDS: The Influence of Brand Politics

By Brendon Steele and Kellen Klein

Over the last decade, Future 500 has watched the pace and scale of campaigns targeting brands and retailers dramatically accelerate. With social media enabling near real-time reporting of corporate transgressions, stakeholders now view "[regulation by retail](#)" (see issue #3) as a means of keeping globalized supply chains in check, while avoiding regulatory bureaucracies and political stalemates. From climate to chemicals, human rights to recycling, brands are now expected to take ownership of the social and environmental impacts of their products from cradle to grave - or, as sustainability guru Bill McDonough would say, cradle to cradle.

This dynamic, however, is growing further still. Political polarization and the Citizens United-induced perception that "corporations are people" have led stakeholders to demand companies [take positions on all issues](#), including social and environmental. Hobby Lobby has [become synonymous](#) with the cultural divide on women's issues; a company can be targeted as much for its stance on [gun rights](#) as for where it sources its [pulp and paper products](#). Eating from Chipotle or Chick-fil-A, buying clothes from Patagonia or Walmart, or investing your savings in Chevron or SolarCity increasingly reflects your personal values.

In 2015, we expect that nearly all consumer-facing brands (and their suppliers) face the likelihood of being asked to take a clear public position on a range of issues, from a price on carbon to income inequality. Businesses may feel far removed from such issues, but stakeholders have proven that campaigns targeting these companies - be it for their sourcing practices, political leanings, or simply the company they keep - are both effective and impactful. The politics of brands, and the paradigm in which businesses operate, are now shifting and the leaders of tomorrow will be those who recognize this trend first and adapt.






OCEAN POLLUTION: Acidification and Marine Debris

By Shilpi Chhotray

Oceans have always been a top issue for a broad range of environmental stakeholders - from advocacy groups to [celebrities](#). This last year, oceans came under increased attention due to overfishing concerns, Arctic exploration, and the unexpected documentary sensation "[Blackfish](#)." In 2015, we expect a stronger spotlight, specifically focusing on ocean pollution from the fossil fuel industry. Ocean acidification is not a new issue, but its current impacts have raised new warning signs. The significant atmospheric rise in CO₂ caused by climate change is causing heavily acidic waters to change ocean chemistry and destroy marine life. From [killing off shellfish](#) to [altering migration patterns for whales and dolphins](#), concerns are growing. Key NGOs like Oceana and Ocean Conservancy are collaborating with policy makers and business leaders to address this concern, but anticipate the broader climate community and their funders to rally around this topic in 2015.

Marine debris, on the other hand, is a more immediate visible form of pollution, gaining attention across global and U.S. networks. Managing waste is a long-time sustainability pillar for companies, with consumers and advocates alike expressing concerns over the impacts of a throw-away society, particularly around plastics. Understandably, with reports that 70% of fish, pinnipeds, and birds have trash in their systems, marine debris groups – 5 Gyres, Plastics Pollution Coalition, and NRDC – are ramping up efforts to bring attention to this global problem. New initiatives like the [Plastic Disclosure Project](#) (taking the Carbon Disclosure Project concept to plastics) are engaging corporations and big hitters like Clinton Global Initiative and we expect this multi-stakeholder dynamic to continue elevating in 2015 and beyond.





SHARING ECONOMY: Microcapitalism disrupts taxis, hotels, and more

By Bill Shireman

The sharing economy sector – where people with average holdings use their homes, cars, skills, and tools to make a living and pay their bills – passed a major milestone in 2014: it generated its first billionaires – the founders of room-sharing site [Airbnb](#). Microcapitalism grew so fast this year that it is worrying 20th century era hotels, taxi, transit, service, and retail businesses, and the government agencies dependent on them for tax and campaign revenues. By the end of 2015, Airbnb, with 550,000 listings in 192 countries, will soon surpass InterContinental and Hilton in the number of rooms they offer. [Investors value it at over \\$10 billion](#) – more than Wyndham or Hyatt.


To help stem the growth, lobbyists representing the traditional travel sector are streaming into government offices seeking to use the force of law and regulation to raise impediments to their new competitors. Their case: the sharing economy is a threat to “trust and safety.” They violate local codes and regulations. They need more insurance. And they undermine tax revenues.

Often the lobbyists and communications strategists recruit activists from the right and left to support them, ostensibly because of the dangers to public safety and the “disruptive” influence of having new choices. As a result, companies like Airbnb, [Lyft](#), and [Uber](#) are being demonized in the same ways as mainstream companies: accused of making billions by exploiting the shortage of housing and cars for personal gain, while undermining the good people who have reliably provided those services for generations.

Of course, there are legitimate issues: Is insurance adequate? Should sharing contribute more to local tax and infrastructure needs? And is it fair to undermine the investments people have made in securing those taxi medallions and hotel permits? But these are hardly insurmountable, if approached with an eye to fairness and rationality.

Most progressives and conservatives love the sharing economy, and champion its decentralization of power. Environmentalists laud the resource savings. But it is clear why taxi drivers, unionized hotel workers, and hotel trade groups will keep hitting the panic button.

Threatened interest groups large and small are likely to set the sharing sector back in some ways in 2015, by recruiting lawmakers and regulators to their side, with strategic activist support. But even if they manage to slow or halt these pioneer companies in some cases, the decentralizing power of digital technology will enable others to insinuate themselves into the consumer economy, sharing an increasingly diversified marketplace with the behemoths in the same way that a diverse array of species inhabit the space between giant mahogany trees in a healthy rainforest.





RE-INVENTING UTILITIES: The Future of the Power Grid

By Ryan Gerlach


In 2015, the U.S. energy grid is sure to be a topic of discussion amongst stakeholders as environmental NGOs, utilities, industry groups, and rate-paying customers debate how different power sources should be integrated, regulated, and financed.

The EPA's proposed caps on carbon emissions from the power sector will be [litigated](#) in court and publicly debated as numerous stakeholders deliberate how and whether to implement these guidelines. Environmental groups have long called upon utilities and public service commissions to invest more heavily in clean energy sources and energy efficiency measures to address concerns around climate, clean air, and water. Carbon regulations give environmental NGOs a [powerful platform to advocate](#) for a rethinking of investments in and management of energy infrastructure.

At the state level, many Public Utility Commissions can expect to hear debates on how solar and other distributed forms of energy ought to be priced and regulated. Numerous states have seen pressure from industry, the public, and other stakeholder groups regarding issues like [net metering](#), [interconnection fees](#) (or “solar taxes”), and the [Value of Solar](#) in recent years. These debates will intensify as the economics of investing in distributed generation improve – in some parts of the country, residential solar is already a sound investment, even [in the absence of state incentives](#) – and utilities fear more of their customers will look elsewhere for power. Ensuing disagreements over what utilities can or should bill for may forge alliances of disparate coalitions. Representatives of the solar industry, conservatives concerned with [safeguarding personal choice and independence](#), and environmentalists promoting clean energy will collectively seek to pressure state regulators to advance policies favoring distributed power.

On the other hand, utilities will continue to push back, citing challenges brought by decommissioning dirty – but dependable – coal plants and integrating decentralized, intermittent power. The struggles of large investor-owned utilities may be unlikely to generate public sympathy. However, these companies do provide an important public good, delivering electricity to every customer in their territory who requests it, an obligation that does not apply to solar companies. Shifts in the customer base, as rate-payers move toward solar or other sources, could have real implications on the costs passed on to remaining consumers (for many of whom solar may not be an option) and ultimately on the business model utilities must employ.

As business interests old and new jockey for market share in the power sector, the ability of stakeholder action to influence public perception will have a tremendous impact on who are the ultimate energy winners.





BIOTECH: Progress or Pandora's Box - The Debate Over Biotech and Nanotech

By Brent Tarnow

Environmental activists are far from unified on issues of GMOs, genomics, or the proliferation of new (if useful) products created by altering existing organisms. Where one NGO might see a solution that replaces fossil fuels, another fears the escape of unknown, unpredictable and uncontrollable organisms. This debate over biotechnology is nuanced, creating gridlock for both campaigners and companies.

GMOs highlight the complexity surrounding biotechnology. In 2013, three scientists were jointly awarded the World Food Prize for their “independent, individual breakthrough achievements in founding, developing, and applying modern agricultural biotechnology.” However, despite such noted efforts to improve agricultural practices (among other uses of biotechnology), 2014 saw a sustained increase in well-organized and targeted activism against the use of GMOs, particularly in food, medical and industrial processes which will intensify in 2015. Environmental and consumer watchdog groups like Green America, Non-GMO Project, Friends of the Earth and others will continue to monitor the market to focus scrutiny on unproven and potentially harmful products coming to market.





POLITICAL DEPolarIZATION: Can Opposites Attract?

By Danna Pfahl and Brendon Steele

Worldwide, Washington D.C. is increasingly seen as a dysfunctional shell of democracy. Partisan entrenchment is at an all-time high, mired in catty, unproductive finger-pointing that further compounds a complex array of problems facing the U.S. government, the American people, and the globe.

As alluded to in Issue #1, this deep political polarization has a domino effect across most, if not all, of the social and environmental issues that we work on at Future 500. For example, in the environmental space, Congressional gridlock after the failure of the 2010 [Waxman Markey](#) climate legislation prevented any compromise policy from emerging, which in turn motivated the Obama administration to take stronger executive branch action—chiefly Environmental Protection Agency (EPA) regulations. This same Federal gridlock has forced states to drive disparate policy measures, and has shifted activist focus to industry players, rather than political ones, to address climate change.

More and more, stakeholders are seeking to lessen the level of ineffective political rancor, from foundations like [Hewlett and its major new depolarization efforts](#), to [Environmental Defense Fund \(EDF\) which is reaching across the aisle to support Republicans](#). This is a long-term, developing phenomenon; situations won't change entirely in 2015, but 2015 is looking to be the year in which the paradigm of polarization may begin to erode.

