

OGILVY—SEPTEMBER 2019

Making Brands Matter for the Generations to Come

*Make the World
Better, Faster*

Ogilvy

By Stephanie Bakkum and Antonis Kocheilas

SUSTAINABLE ENOUGH IS NOT GOOD ENOUGH

It's 2019. Earlier this year 16-year-old Greta Thunberg was nominated for the Nobel Peace Prize due to her efforts surrounding climate change.⁽⁰²⁾ In March of this year, 1.6 million students in 300 cities around the world walked out of school to march for climate action.⁽⁰³⁾ While the youth of today continue to be catalysts in the drive toward environmental action, brands have been busy getting involved in environmental and other social good issues through ongoing or sporadic corporate social responsibility (CSR) initiatives — some faster than others.

As consumers, we see many of these CSR initiatives come to life in the form of product and service initiatives that are often coined as *sustainable*: compostable food packaging, paraben free beauty products, pet food that's void of artificial ingredients, computer components that are made

“Real power and hope will come from companies that execute on being more good—to make the world better, faster, not just worse more slowly.”⁽⁰¹⁾

—William McDonough

*Sustainable enough is
not good enough*

of recycled ocean plastic, jeans that use less water during the manufacturing process, takeback programs that offer to repurpose or refurbish items ... In today's world, the examples are truly endless, and while all of these sustainable efforts may chip away at the global climate crisis, we have to ask ourselves: is "sustainable" good enough?

If you asked your partner if your relationship was sustainable, and they said "yes"—would that be good enough? What if you asked your customers today if your brand was sustainable—would "yes" be good enough?⁰⁴⁾

While any "good" a brand does to help improve the environment or social well-being of people around the world is arguably admirable—it's likely not good enough. For brands to quickly harness the power CSR can have on its organization and on the world, the efforts need to be deeply rooted in the brand's purpose, positioning, and action plans. While offering recycled packaging or reducing water usage in a manufacturing process may absolutely be a good thing for the brand to do, these efforts need to stem from an ethos that's lived and breathed by every aspect of the organization. Only then will initiatives like these harness their full potential both for the world and for business.

This paper is intended to help brands understand how they can help make the world, and their business, better faster by intentionally making CSR efforts grounded in the brand's core.

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*Making Brands Matter for
the Generations to Come*

1. NAVIGATING THE CSR LANDSCAPE TODAY

Navigating the CSR landscape today

How brands choose to be a force for good and a force for growth is entirely up to them. There is no mandated way to do corporate social responsibility. These decisions are often left to the CEO, a lean sustainability department, or generally anyone within the brand who has a passion for the cause. From a reporting perspective, while many companies do leverage best practice sustainable reporting guidelines, such as the Global Reporting Initiative (GRI), participation is voluntary.

This open-ended approach to CSR is one reason we experience a plethora of different sustainable products, services, and environmentally-friendly claims flung at us from all corners of the branded world. Some of these initiatives are grounded in a larger purpose the brand truly believes in, others are one-off pet projects.

So how are brands specifically getting involved with CSR? Generally, they start by hanging their hats on some well-known acronyms – the SDGs and ESG.

“We believe brands have a responsibility to be both a force for good and a force for growth.”⁽⁰⁵⁾

—Marc Pritchard, Chief Brand Officer Procter & Gamble

Navigating the CSR landscape today

Leveraging the SDGs

A common way brands connect their CSR initiatives to well-known global sustainable goals is by leveraging the Sustainable Development Goals (SDGs). Since the creation of the goals, The United Nations Global Compact was developed as a group within the UN that's specifically focused on working with businesses to help them adopt SDGs into their business practices.

There are 17 SDGs that span the realm of: Affordable and Clean Energy (goal 7), Life Below Water (goal 14), Gender Equality (goal 5). The SDGs were adopted by all United Nations Members States in 2015. The United Nations describes them as, *“the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. The Goals interconnect and in order to leave no one behind, it is important that we achieve each Goal and target by 2030.”*⁽⁶⁾ Each of the 17 goals has specific targets and the UN releases annual reports on progress each year. The goals and targets enable companies to get involved in specific areas that are most relevant to them – ideally in areas that are aligned to their core values.

The Sustainable Development Goals – can serve as an anchor for brand's CSR initiatives

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life On Land
16. Peace, Justice, and Strong Institutions
17. Partnerships for the Goals

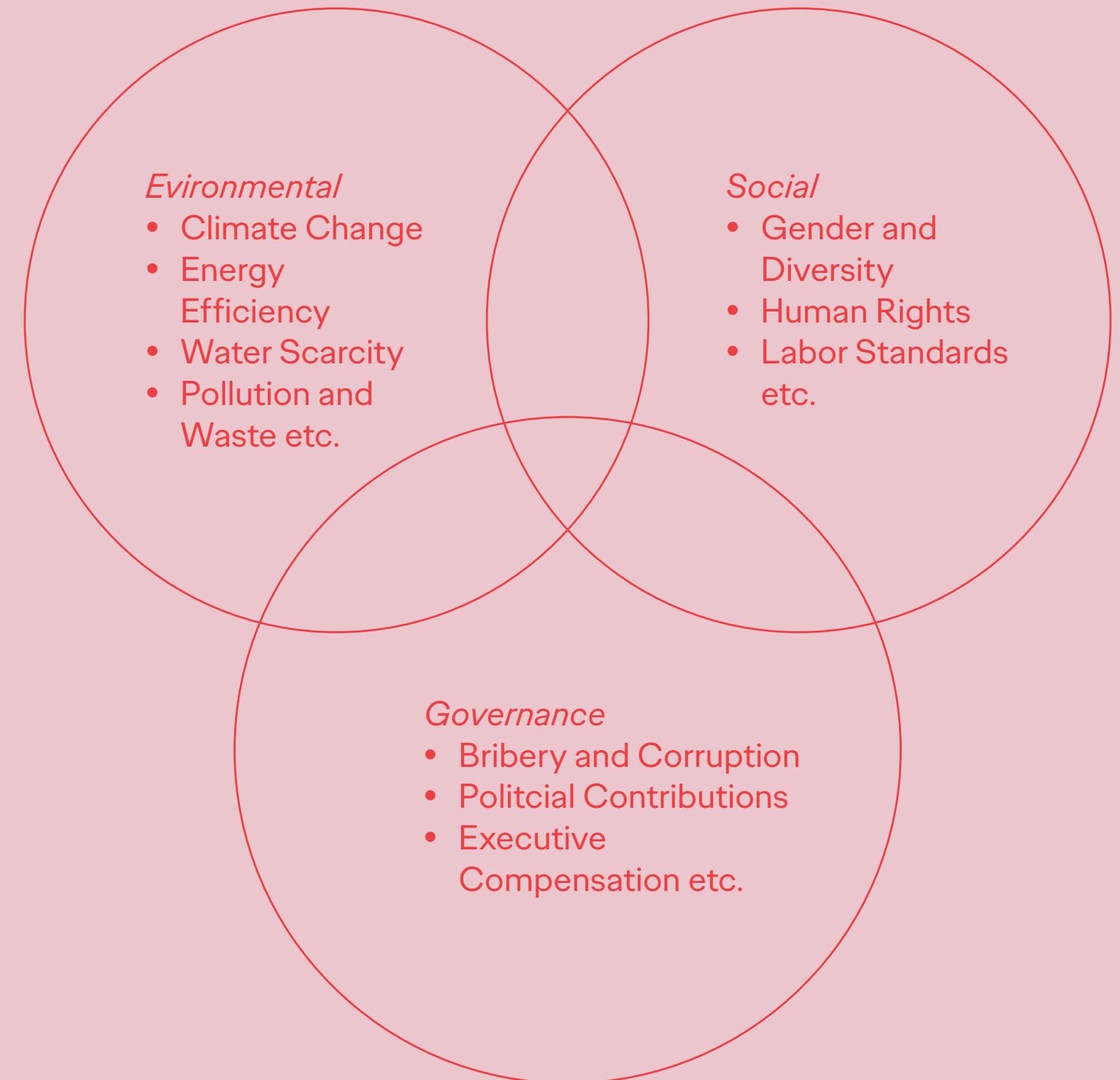
Navigating the CSR landscape today

Leveraging ESG

Another popular way brands have chosen to embark on CSR initiatives is to anchor their efforts to a well-known Environmental, Social, or Governance, (ESG) area of focus. ESG started in the investing world decades ago when investors wanted to avoid certain stocks because they went against their core values. (e.g. religious affiliations, tobacco etc.) Today, ESG has become a common focus area from which brands can align CSR initiatives, far outside the parameters of investing strategies.

“The practice of ESG investing began in the 1960s as socially responsible investing, with investors excluding stocks or entire industries from their portfolios based on business activities such as tobacco production or involvement in the South African apartheid regime.”⁽⁷⁾ —MSCI

ESG areas of focus, while started in the investment world, now serve as areas of focus for brands to align their CSR initiatives



MIGRATING THROUGH THE STAGES OF CORPORATE SOCIAL RESPONSIBILITY

Emanating a CSR stance both internally and externally through consistent, relevant engagements creates sustained value for customers and the company—and ultimately helps make the brand matter.

Regardless of well-intended initiatives aligned with sanctioned goals like SDG or ESG, embedding genuine CSR into a brand's ethos doesn't happen overnight. Otto Scharmer, Senior Lecturer at MIT and cofounder of the Presencing Institute argues brands don't become sustainably-driven businesses overnight, it occurs through step-by-step progression. He outlines this thought through five stages of corporate social responsibility.⁽⁰⁸⁾

Otto Scharmer's Five Stages of Corporate Social Responsibility

Stage 1

One-off projects



Stage 2

Sustainability becomes part of organizational practices



Stage 3

Sustainability drives business innovation



Stage 4

An organizational culture of sustainability emerges



Stage 5

The organization becomes a purpose-driven ecosystem

STAGE 1: ONE-OFF PROJECTS



One-off CSR projects are ever-present: from random donations, to haphazard Instagram posts about philanthropic events, these projects are easy to spot. These projects tend to reflect the personal interests of senior leaders vs. the ethos of the brand. While initiatives like these are potentially admirable, they are not connected to the core of the business and therefore have difficulty making an impact for the business or the planet due to their inconsistent presence and lack of deep connection within the organization .

"Many businesses pursue CSR activities that can best be termed pet projects, as they reflect the personal interests of individual senior executives. While these activities may be presented with much noise and fanfare, they usually offer minimal benefits to either business or society."⁽⁹⁾
—McKinsey 2009

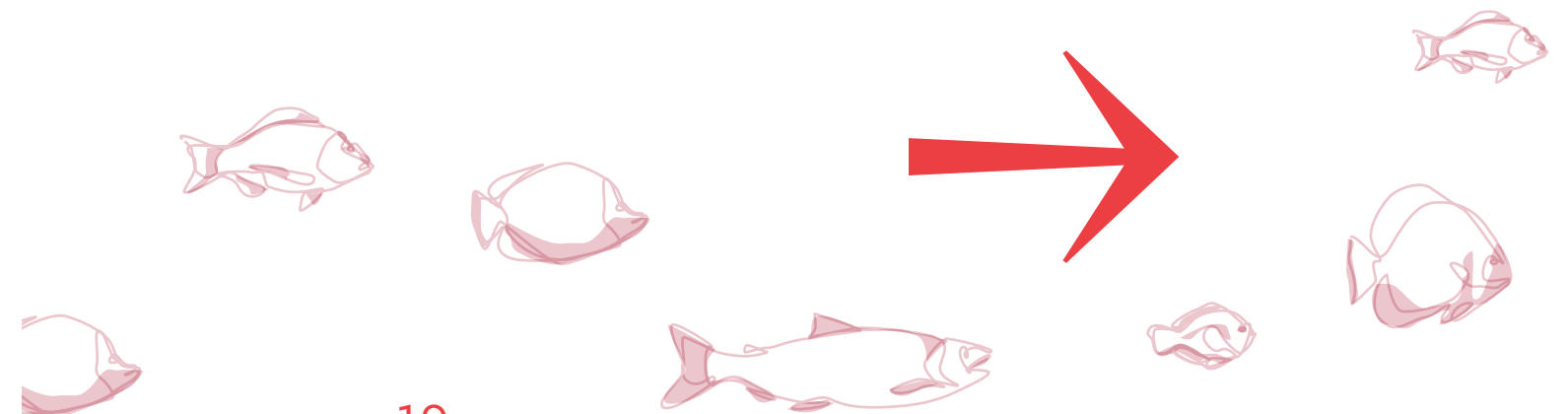
STAGE 2: SUSTAINABILITY AS PART OF THE BRAND'S INITIATIVES

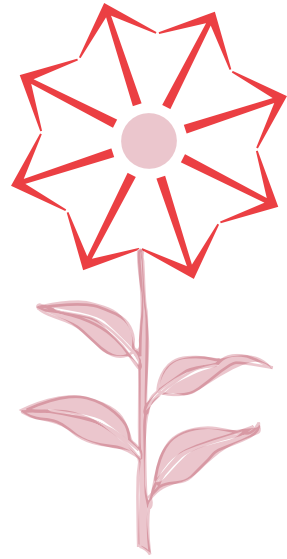


Nearly 90% of the world's biggest companies are reporting on their sustainability performance, using metrics established by the GRI.⁽¹⁰⁾ (The Global Reporting Initiative, established in October 2016)

—World Economic Forum 2019.

Many brands have sustainability initiatives, as evidenced by the “Corporate Social Responsibility” breadcrumb on the bottom of their homepage. These efforts tend to come to life through a CSR or sustainability department that produces annual sustainability performance reports. However, the few people running these engagements generally operate mostly autonomously and have limited exposure to influencing other departments throughout the business. While their remit is to report on the varied CSR initiatives in which the brand embarks, their overall presence in the organization is limited and certainly not central to the brand’s core.





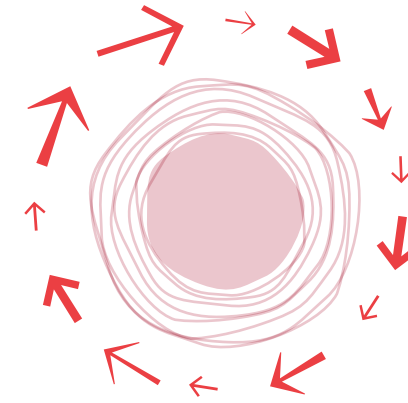
STAGE 3: SUSTAINABILITY DRIVES BUSINESS INNOVATION

~9,933

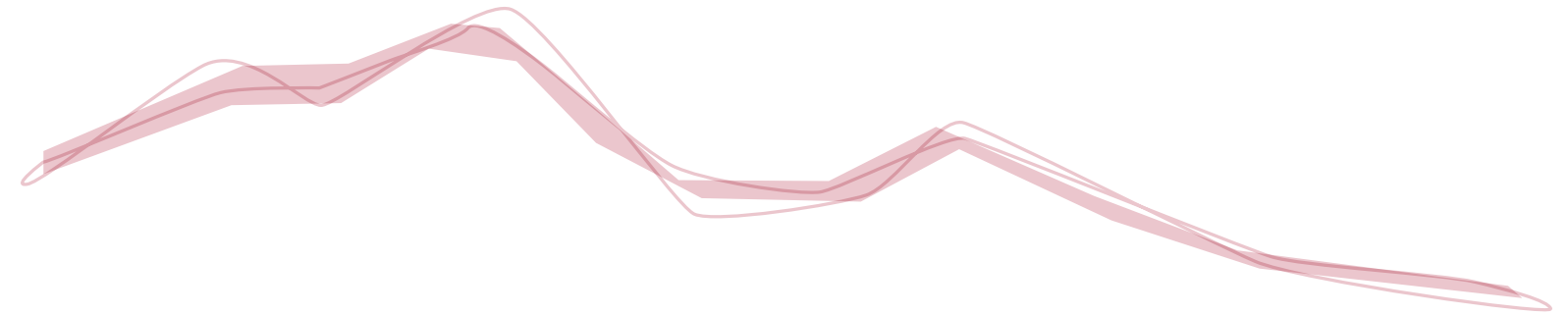
companies (and their respective brands) from 160 countries are currently members of the UN Global Compact – an initiative launched to align businesses' strategy with social goals, and to support the Sustainable Development Goals.⁽⁶⁾

—World Economic Forum 2019

The UN's Global Impact initiative has made great strides in enabling brands to be more sustainability driven by aligning their CSR activities to a sustainable development goal, but there is still more to do in these businesses. In these situations, brands may align one of their product lines to an SDG. For example, a food company may align one of their product SKUs to SDG Goal 2 – Zero Hunger – but then not connect any of their other products to the initiative. In these cases, brands have certainly made progress in embedding genuine CSR in their ways of working, but there is still an abundance of opportunity across the entire portfolio to make systemic change.



STAGE 4: SUSTAINABILITY EMERGES IN CULTURE



2,600

businesses have met the performance, transparency and accountability requirements to become Certified B Corporations.⁽¹²⁾

—Forbes

Brands that are known for “being green” or “being good” are recognized as so by their employees and consumers because they have built end-to-end cultures of sustainability within the company. In these cases, many brands choose to outwardly make their commitment known through certifications such as becoming a registered B Corp. While these brands may incorporate sustainable metrics into their financial reporting, they still have room to grow. At this point in the brand's journey toward genuine CSR, they may start to feel the tension of inherent capitalistic drive – balancing profit maximizing initiatives with additional CSR-focused efforts across their supply chain.

STAGE 5: SUSTAINABLE ECOSYSTEM

When a business adopts a circular approach to their operations they can truly become a purpose-driven ecosystem.

“The Ellen MacArthur Foundation defines a circular economy as: One that aims to redefine growth, focusing on positive society-wide benefits. It entails gradually decoupling economic activity from the consumption of finite resources and designing waste out of the system. [A circular economy looks] beyond the current take-make-waste extractive industrial model. Underpinned by a transition to renewable energy sources, the circular model builds economic, natural, and social capital. It is based on three principles:

- *Design out waste and pollution*
- *Keep products and materials in use*
- *Regenerate natural systems.”*⁽¹⁴⁾



16% of US businesses have adopted a circular economic framework, 62% say moving toward this is part of their business strategy.⁽¹⁵⁾
—ING report 2019

It's worth noting that the circular economy approach is relatively new. While many brands are involved in trying to adopt circular products and operations, it's the new frontier in business models. Brands operating with this level of commitment to CSR in their brand core are absolutely trailblazing the future for brands to come.

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2. THE RISE OF THE CONSCIOUS CONSUMER

The rise of the conscious consumer

“ThredUp predicts that the total secondhand apparel market in the U.S. will grow to \$51 billion by 2023, up from \$11 billion in 2012, thanks to the growing movement of conscious consumerism. If one in 10 Netflix subscribers cleaned out their closets, that would generate 667 million pounds of trash, according to ThredUp’s research.”⁽¹⁷⁾

—AdAge

Marie Kondō’s popular book-turned-Netflix TV series – *The Life Changing Magic of Tidying Up: the Japanese art of decluttering and organizing* – has caused a flurry of homeowners and apartment dwellers the world over to meticulously clutch every item they own and self-reflect on the joy it brings them. This new and popular anytime approach to the proverbial spring cleaning has caused many people to throw out, give away, and otherwise reconsider how they want to own things in their life.

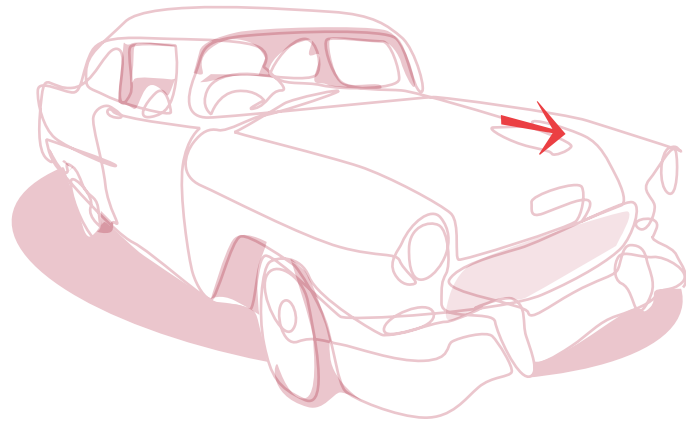
But understanding why many of us are in the midst of “Marie Kondō-ing” our homes, scrutinizing ingredient labels, and buying from brands that aim to base their entire business model on being circular, requires us to take a short visit back in history...

“The question of what you want to own is actually the question of how you want to live your life.”⁽¹⁶⁾

—Marie Kondō

The rise of the
conscious consumer

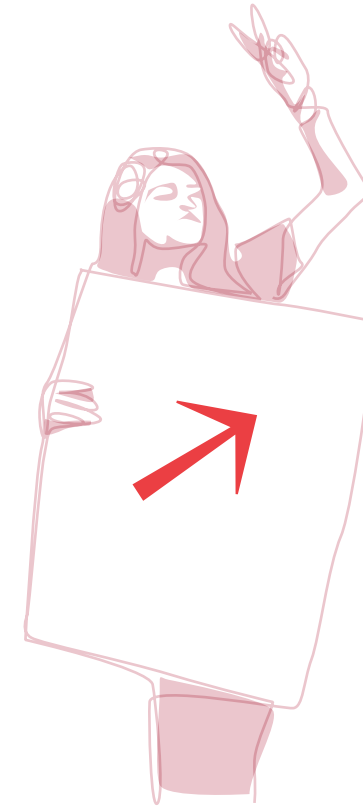
18TH-20TH CENTURY: THE RISE OF CONSPICUOUS CONSUMPTION



“Consumption
is the sole end
and purpose of
all production.”⁽¹⁸⁾

—Adam Smith,
The Wealth of
Nations 1776

The Industrial Revolution of the 18th and 19th centuries brought the technological power for mass production through a shift in manufacturing processes across Europe and the United States. In the U.S., the Great Depression, followed by World War II, created conditions in which people could support the “American Way” by buying goods. The production boom in the U.S. following the war, coupled with the eventual advancement in chemicals and other inputs into the production process — as well as the increase in marketing efforts — resulted in an American way of life that was heavily focused on buying the latest, greatest, and biggest. This era created a consumption mentality of “more is better” and set the tone for what’s come to be known as *Keeping Up with the Joneses*.



20M Americans
participated in
the first ever
Earth Day on
April 22, 1970.⁽¹⁹⁾

—Earth Day.org

LATE 20TH CENTURY: INTRODUCING ENVIRONMENTAL AND PHILANTHROPIC CONSUMERS

Environmental Consumers

In the 1960s the environmental conversation among consumers was ignited in large part thanks to Rachel Carson’s publication of *Silent Spring* in 1962 – a startling book that portrayed the effects of chemicals on the natural environment. This book helped rally an already civically-minded group of citizens around the world, particularly in the U.S., to start asking questions about corporate behavior particularly as it relates to its impact on the environment and humans. For decades, booming mass manufacturing had been providing goods and services to the conspicuous consumer, but now questions were being raised as to how their operations in making all of those products and services were actually impacting the planet.

The rise of the conscious consumer

By the early 1970s, the world was in action mode with:

- The founding of the U.S. Environmental Protection Agency (1970)
- The establishment of the Clean Air Act (1970)
- The establishment of the Clean Air Act of 1970 (1970)
- The founding of Greenpeace in Vancouver, Canada (1971)
- The establishment of the Clean Water Act (1972)
- The adoption of the EU's first Environment Action Programme (1972)

The environmental momentum generated in this period enabled sustainably-minded consumers to become vocal participants, both through protest and purchasing power. Driven by their shared values, “environmental” consumers banded together to bring continued environmental pressure to industries for decades to come.



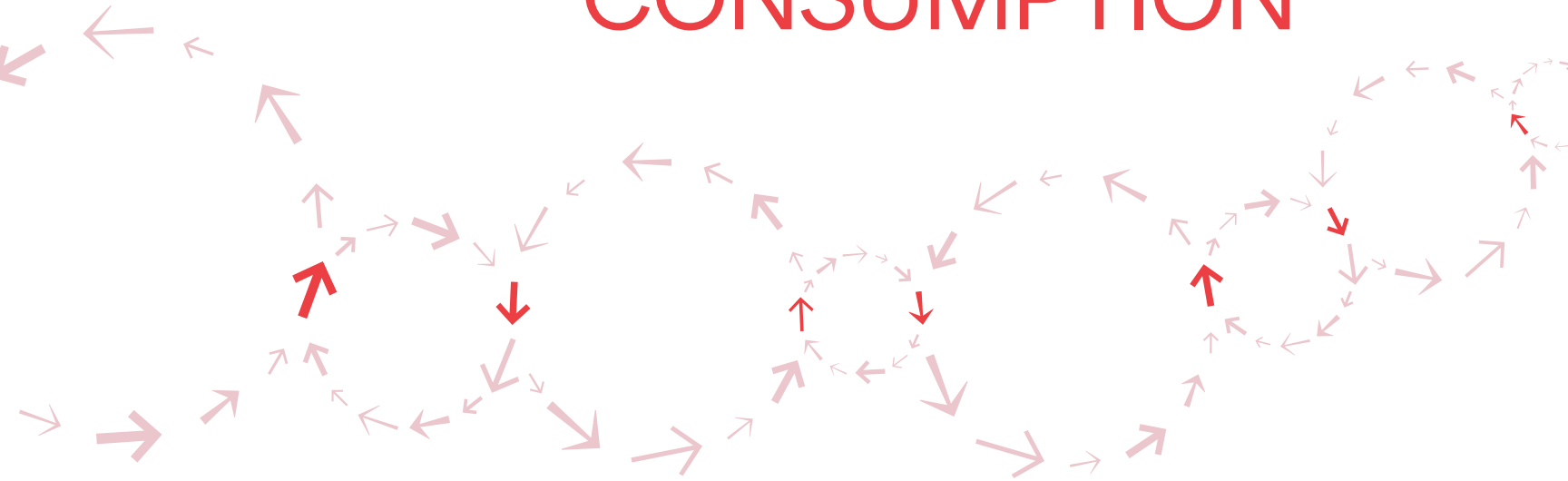
Philanthropic Consumers

Philanthropic giving as part of corporate operations dates back to post-WWII, when the economy in the U.S. was resurging. During this time, some of the U.S.'s most prominent business pioneers started getting involved in philanthropy. The establishment of the Ford Motor Company Fund in 1949, AT&T's Western Electric Fund (later the AT&T Foundation) in 1953,⁽²¹⁾ among others, are a few of the early leaders in the philanthropic space. These efforts sought to enable corporations to get involved in local community efforts through organized giving and charitable involvement. In more recent years, companies like Estée Lauder took on breast cancer through the Estée Lauder Companies' Breast Cancer Campaign; founded in 1992.⁽²²⁾

The most recent philanthropic movement has allowed consumers to physically get involved in the cause through things like pink ribbon products and colored bracelets. However, as these cause marketing initiatives gained popularity, terms like “pink washing” began to emerge; no longer was a colored ribbon enough to know that the brand was doing good on the whole—consumers started to demand tangible proof that brands were doing good.

The rise of the
conscious consumer

TODAY: THE RISE OF CONSCIOUS CONSUMPTION



I like to call this new system creative capitalism—an approach where governments, businesses, and nonprofits work together to stretch the reach of market forces so that more people can make a profit, or gain recognition, doing work that eases the world's inequities.⁽²³⁾

—Bill Gates, 2008

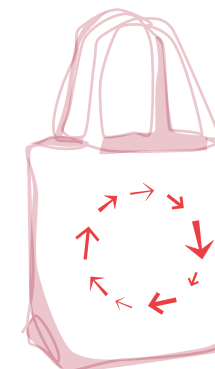
At the 2008 World Economic Forum in Davos, Switzerland, Bill Gates introduced the concept of “Creative Capitalism.” The concept outlined a new approach to capitalism where incentives go beyond profits and include recognition as a proxy for profits.

Since 2008, numerous groups and organizations have been involved in developing alternatives to the current economic system. “Creative capitalism” and “circular economy” thinking has enabled consumers to move beyond just being environmentally-minded, to being values driven consumers who are demanding entirely new approaches to business and the economy as a whole.

FUTURE STATE: AFFORDABLE AND ATTAINABLE CONSCIOUS CONSUMPTION

69% of high-net-worth millennials place greater importance in investing in companies showing a high level of corporate social responsibility than considering the wider society, compared to 59% in 2017.⁽²⁴⁾

—US Trust
2015



The story of the conscious consumer would not be complete if income inequality were not part of the conversation. It's arguably easy to be a conscious consumer when one's discretionary income unlocks access to products and services that enable a sustainable lifestyle. For example, consumers with access to investment portfolios are able to diversify their investments based on their ESG interests. Yet many citizens the world over don't have the financial buying power to make their voices heard through their purchase decisions. People who struggle to provide food for their families don't have the luxury of diversifying their brand selections in the checkout line, when sustainable products are out of their budget.

The rise of the conscious consumer

\$5.50/day just under half the world's population – 3.4 billion people – subsisting on less than \$5.50 a day, which is the World Bank's new poverty line for extreme poverty in upper-middle-income countries.⁽²⁵⁾

—Oxfam 2019

In the U.S., the markup for organics can vary from 122% for eggs to 43% in pasta sauce.⁽²⁶⁾ While retailers know that consumers are willing to pay more for sustainable products, how much is too much? Given the boom of eco-friendly products in the last decade, consumers are starting to ask questions about what constitutes *sustainable*, and if the price premium is worth it.

“Consumers who see organic store brands on shelves next to pricier brand name organics of the same product type have started to ask themselves what ‘organic’ means to them...The definition of organic can vary greatly between product categories, leading consumers to consider overall sustainability messaging, versus automatically accepting that they need to pay more specifically for ‘organic’ labels.”⁽²⁷⁾ — Sarah Schmansky, Vice President, Nielsen Fresh/H&W Growth & Strategy, Nielsen

True Conscious Consumption will only be achieved at scale when citizens from small towns to large cities the world over can adopt *sustainable* products, services, and experiences at price points within their discretionary spending power.

On a rainy day in New York City in April 2019, the following items were priced as follows:



Prices reflect retail prices on of 4.15.19, tax not included.

The progression of consumers' interest and oversight in how brands operate from a corporate social responsibility standpoint, **from** Conspicuous Consumption to Conscious Consumption, has an absolute impact on why businesses are choosing to make their brands purposefully sustainable ecosystems. As brands continue to listen to consumers and migrate with them toward a future where circular consumption is the rule instead of the exception, *how* they go about embedding their CSR strategy into their strategic decision making will be critical for long-term success, both for their business and the planet.

“The US focus on sustainability is intensifying: Nearly twice as many US firms are embedding sustainability in strategic decision making in 2019 as we saw in 2018.”⁽²⁸⁾

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3. MAKING BRANDS BETTER FASTER BY EMBEDDING CSR IN THE BRAND'S CORE

Making brands better faster by embedding CSR in the brand's core

Brands that matter, and will continue to matter, are harnessing their power to make the world better faster through intentional CSR.

When CSR emanates from the brand's core it feels authentic for both customers and employees.

The alignment between intention and action can be felt both in the hallways among employees and in the shopping aisle by consumers who consciously choose the brand; and it creates a shared “ethos” that unites all stakeholders and becomes the catalyst that enables brands to do better faster.

While SDG and ESG initiatives offer great opportunities for brands to align their CSR efforts, selecting *which* opportunities to align with should be a meticulous decision-making process based on the brand's purpose. Brands that articulate how their brand is authentically connected to an overall CSR point of view set themselves up to align with a cascade of appropriate CSR initiatives.

Stephen A. Greyser and Mats Urde's outline of the corporate brand identity matrix is a useful tool for understanding how a core that's rooted in a company's CSR goals can emanate throughout the rest of the ecosystem internally and externally.

“Many businesses talk soothingly about corporate social responsibility, impact and social purpose, but very few put these at the core of their operations.”⁽²⁹⁾

—Mariana Mazzucato

Making brands better faster by embedding CSR in the brand's core

The core:

Where brands need to articulate how they are inherently connected to an overall corporate social responsibility

As brands take heed from circular-driven, conscious consumers and employees (who expect brands to take a stance on environmental, social, and governance issues), brands have begun to embark on reframing their core to reflect their modern values. Newer brands that have come of age in the last few decades, during the rise of conscious consumers, are off to a faster start because they have inherently built their business core to reflect their CSR initiatives.

On the other hand, legacy brands—those who have been around for generations and perhaps even predate the rise of the environmental consumer—have taken actions over the last few decades to be more purpose-driven and sustainable, while only a handful have truly reframed their brand to make CSR initiatives rooted in their core.

The corporate brand identity matrix⁽³⁰⁾



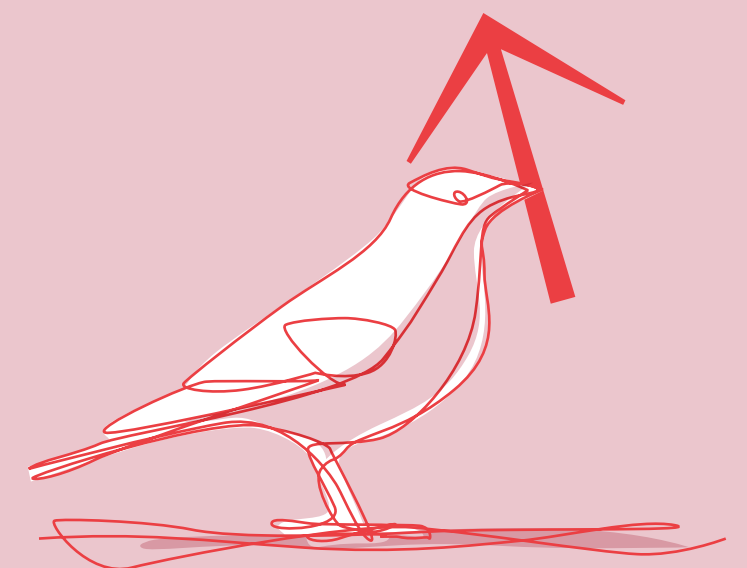
4. CASE STUDIES

One Off Projects

The following examples outline how various brands have embarked on CSR initiatives with varying levels of intentional connection to their brand core...

These are classified by the authors following Otto Scharmer's Five Stages of Corporate Social Responsibility referenced in Page 17.

Ogilvy does not work on the following brands. Analysis derived strictly from public observation.



CSR AS A COMMON DISCONNECT

Their core:

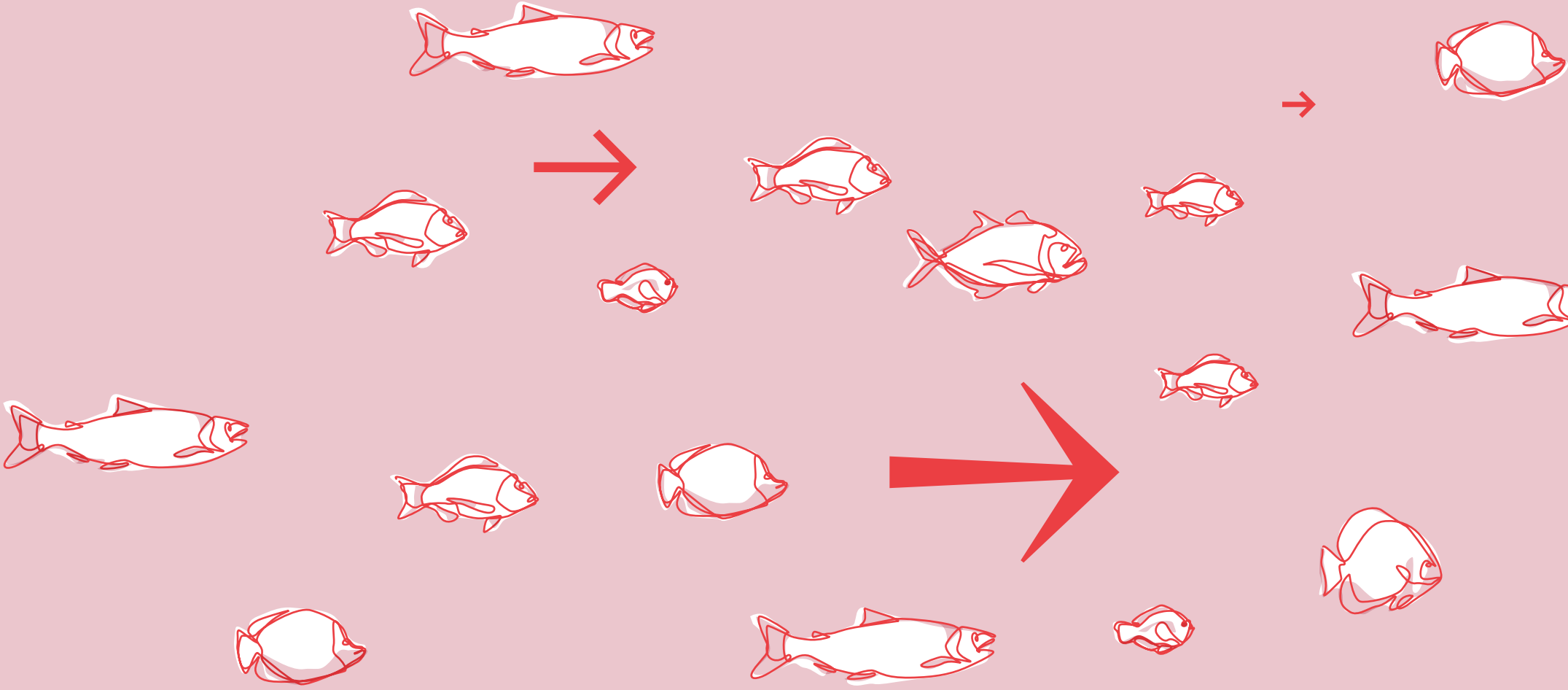
unclear - not explicitly stated on their website

How their core manifests:

In 2018 Balenciaga partnered with Farfetch to create a line that's entirely free from leather and fur.⁽³²⁾

Why it matters

On their parent company's website – Kering – Balenciaga is listed as a “couture and leather goods house.”⁽³³⁾ Creating a one-off line free from leather and fur to obtain trend seeking luxury consumers is a short-term approach to something that, at the end of the day, is not grounded in who they are.



CSR AS PRODUCT ALIGNED, CORE ADJACENT

Their core:

Dell empowers countries, communities, customers and people everywhere to use technology to realize their dreams. Customers trust us to deliver technology solutions that help them do and achieve more, whether they're at home, work, school or anywhere in their world.⁽³⁴⁾ —Dell website

How their core manifests:

Dell is embarking on creating the first commercial-scale global ocean-bound plastics supply chain. The initiative aims to keep 16,000 pounds of plastic out of the ocean. Plastics retrieved through the process will be reused in the packaging system for the XPS 13 2-In-1 laptop. Dell also created a Lonely Whale VR experience that enables users to see what it's like underwater for whales when they are surrounded by plastic.⁽³⁵⁾

Why it matters:

While there's a direct connection to plastics and the material packaging of Dell's computers, the initiatives feel a bit adjacent to the brand's core. Outside of a write-up on their website that was housed under "Corporate Social Responsibility", the ocean plastics initiative doesn't seem to be grounded in Dell's core day-to-day operations.

CSR AS LOCAL INVOLVEMENT

Their core:

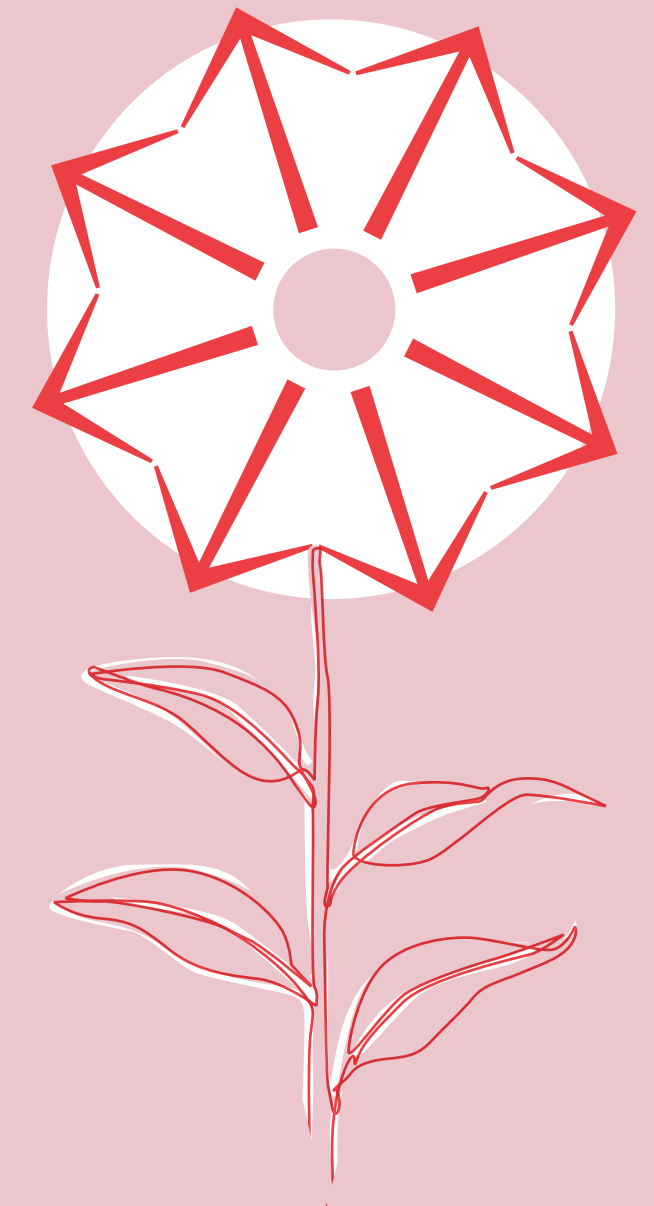
At Sam's Club, we're committed to becoming the membership you love most. We will do this by providing excellent products and services – in clubs, online and through mobile devices – across the U.S. and Puerto Rico.⁽⁵⁶⁾ — Sam's Club website

How their core manifests:

Sam's Club (a division of Walmart Inc.) focuses its CSR initiatives in the communities it serves. On its website Sam's Club says it offers, "local nonprofit organizations funds through our Community Grant Program. These grants are available year-round and range from \$250 to \$2,500."⁽⁵⁷⁾ Sam's Club also gives back through volunteerism of its employees, donations of meals, and recycling efforts.

Why it matters

While Sam's Club is involved in CSR efforts through the local communities it serves, these efforts feel outside of its core product offering—products and services. While volunteer hours and local donations can certainly help support its membership base, firmly developing sustainable products and services, at an affordable price, would better deliver on the aggressive CSR goals its parent company has set.



CSR AS A STANCE FROM AN ENTIRE COUNTRY

Their core:

With a 95% share of renewables in its electricity matrix and solid achievements to prevent deforestation—52 % of the national territory is covered by forests—the Central American nation of Costa Rica is already a world leader in terms of environmental sustainability. However, Costa Rica wants to go further and be an international example of climate action and ambition. Costa Rica has adopted a plan to achieve a zero net emissions economy by 2050, in line with the objectives of the Paris Climate Change Agreement.⁽³⁸⁾

—UNFCCC 2019

How their core manifests:

While the government has migrated the country to renewable energy and set strong carbon emissions targets, they've invited others — locals and tourists — to join in their journey. “Ecotourism” has become popular in Costa Rica in large part due to the structured system around it. The CST (or El Certificado para la Sostenibilidad Turística) is a program of the Costa Rican Tourism Institute (ICT), designed to categorize and differentiate tourism businesses

according to the degree to which their operation approaches a sustainability model, in terms of management of natural, cultural and social resources.⁽³⁹⁾

Why it matters:

Who said corporate social responsibility was only meant for corporations? Costa Rica is demonstrating how a government's strong stance on sustainable goals and mandates can trickle across the country into local economies and businesses.

CSR AS TAKING ON TECH

Their core:

Together, we're creating a future of new opportunities. Trailblazers don't fear change, we embrace it. We harness new technologies to entirely transform our companies, our careers, and, hopefully, our world.⁽⁴⁰⁾

—Salesforce website

How their core manifests:

A leader in CRM for decades, Salesforce has also garnered accolades for being a leader in sustainability. On their website they say:

At Salesforce, we consider the environment to be a key stakeholder and we are committed to harnessing our culture of innovation to improve the state of the world. We leverage the power of our people and our products to reduce the impact that we and our customers have on the planet. Salesforce achieved net-zero greenhouse gas emissions globally and delivers customers a carbon neutral cloud. Salesforce

follows a 1-1-1 philanthropic model leveraging its technology, people, and resources to support social sector initiatives through volunteerism, donations, education, grants, and pro bono projects. In 2018, Salesforce launched the Philanthropy Cloud, which allows Salesforce users to activate, launch, and monitor their own 1-1-1 philanthropic initiatives within their own companies.⁽⁴¹⁾

Why it matters:

Salesforce modeled its mission within the walls of its own company first and then used its technology platform to inculcate philanthropic behavior within the organizations of its clients.

CSR AS ROOTED IN ONE PRODUCT

Their core:

M·A·C is the world's leading professional makeup authority because of our unrivalled expertise in makeup ARTISTRY. M·A·C celebrates diversity and INDIVIDUALITY – we are for All Ages, All Races, All Genders. M·A·C is a proud COMMUNITY of professional makeup artists working together to bring our vision to life. M·A·C is at the forefront of fashion TRENDSETTING, collaborating with leading talents from fashion, art and popular culture. Our Artists create trends backstage at fashion weeks around the world. M·A·C believes in SOCIAL RESPONSIBILITY, with initiatives such as VIVA GLAM and the M·A·C AIDS Fund at the heart and soul of our unique culture.⁽⁴²⁾

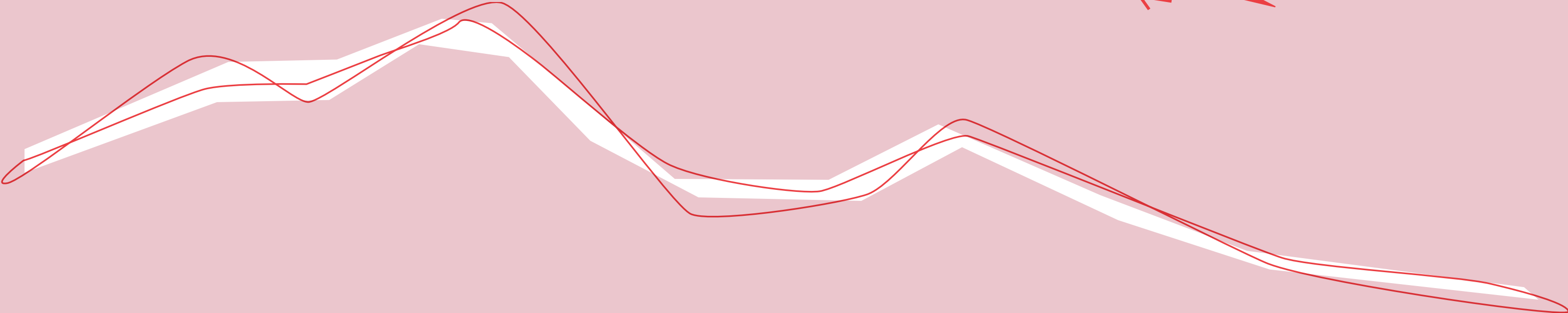
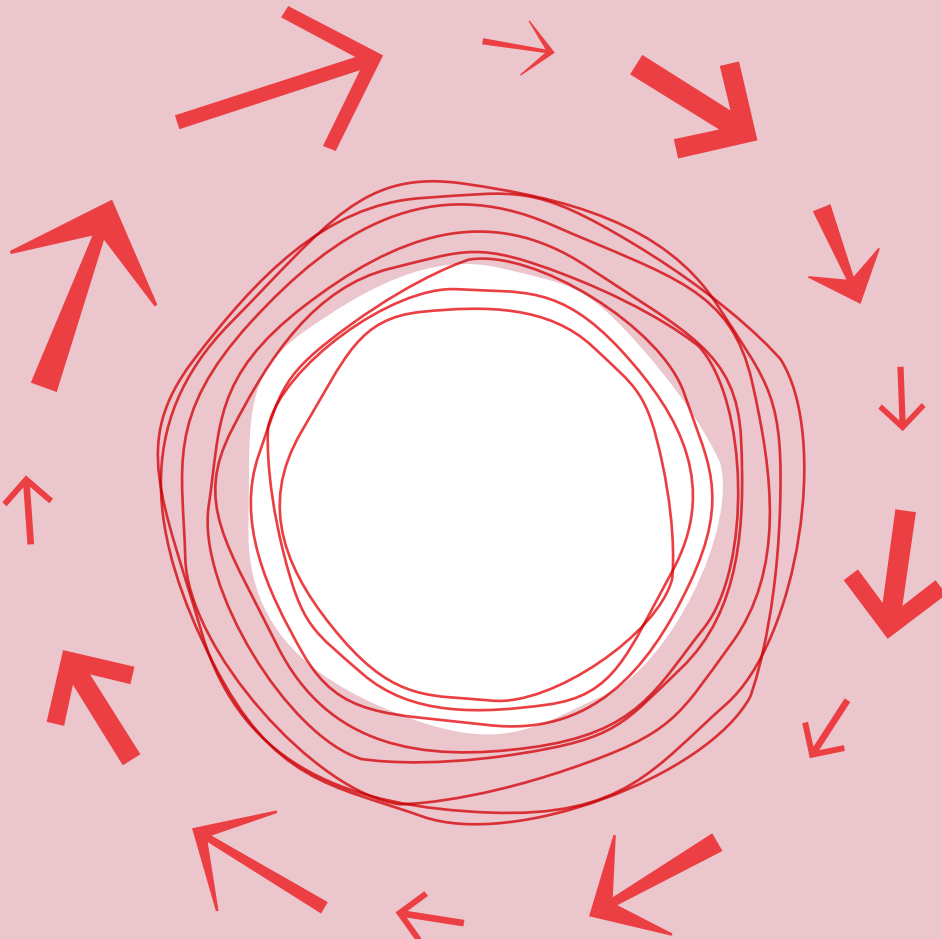
– MAC website

How their core manifests:

MAC Cosmetics (part of the Estée Lauder organization) has a multifaceted core that touches on various elements of CSR. From being a brand for “all ages, all rages, all genders” MAC has always rallied artists and individuals from all walks of life together to bond over individual expression through the use of vibrant colors and products form across their various product lines. In 1994, MAC created the M·A·C AIDS Fund, and made HIV/AIDS organizations the beneficiaries of the company’s focus, most predominately made possible through the VIVA GLAM lipstick line.⁽⁴³⁾

Why it matters

MAC’s multifaceted core enables them to execute CSR initiatives in various areas that are meaningful to them. While MAC has arguably emphasized their CSR efforts in the Viva Glam product line, there are likely additional business opportunities across additional product lines where they could disseminate their CSR initiatives to create a more holistic culture focused on these efforts.



CSR AS OVERHAULING A LEGACY

Their core:

Bringing health through food to as many people as possible.⁽⁴⁴⁾

—Danone website

How their core manifests:

Danone's North America business received B-corp status in 2017. CEO Emmanuel Faber aims for all of Danone to be a certified B-corp by 2030⁽⁴⁵⁾. It's building a healthier future through food not in overt all-encompassing ways, but by studying how food and nutrition can best be improved in 52 countries in the world, and adapts its products accordingly. In one example, Danone recently added vitamins to one of its best-selling cheeses after researching the diets of young people in Brazil.⁽⁴⁶⁾

Why it matters:

Danone is a multinational conglomerate that has been around since the early 1900s. Its pivot to sustainability across its entire portfolio demonstrates how all brands, new and veteran, can put CSR at their core.

CSR AS TAKING ON FINANCE

Their core:

We aspire to be the reference among European banks with a global reach, the preferred long-term partner to our clients, and a contributor to responsible and sustainable global development.⁽⁴⁷⁾

—Our Vision/Mission BNP Paribas

How their core manifests:

BNP Paribas mapped their business model against SDGs and spent two years tagging their balance sheet to understand how things mapped to the SDGs. They divested from tobacco and from clients that are primarily involved in oil and gas. As they operate across asset management, retail banking and investment banking they've outlined how sustainability meets customer and employee needs across each of those business units.⁽⁴⁸⁾

Why it matters:

They took a stand in an industry where many are staying quiet. Instead of dipping their toe in this space or creating a 501(c) (3) philanthropic fund to run their CSR initiatives on the side, they made sustainability part of their DNA.

CSR AS HYPER FOCUSED

Their core:

Tesla's mission is to accelerate the world's transition to sustainable energy.⁽⁴⁹⁾

—Tesla website

How their core manifests:

Tesla created the first compelling, long-range, serial production electric vehicle. While the price point of these vehicles was initially incredibly high, their strategy always aimed to achieve scale: in early 2019 Elon Musk announced Tesla's most affordable model would sell for \$35K, enabling consumers with varied spending power to enjoy the benefits of sustainable energy. In addition to cars, Tesla acquired Solar City in 2016 which enables Tesla to bring sustainable energy into people's homes through solar.

Why it matters:

Tesla's environmental and sustainable practices don't sit in a department off to the side, rather they guide every action the company takes. Tesla's narrow, focused mission enables it to intentionally direct efforts in very specific areas. With a focused core, both employees and consumers can see the direct manifestation of the company's words through ongoing tangible actions.

CSR AS INDUSTRY RESETTING

Their core:

1 Vision. The future of the world and the future of hospitality are one in the same. 1 Hotels aspires to be a platform to spark conversations, between innovators and guests, that transform the industry and our lives.⁽⁵⁰⁾ —1 Hotels website

How their core manifests:

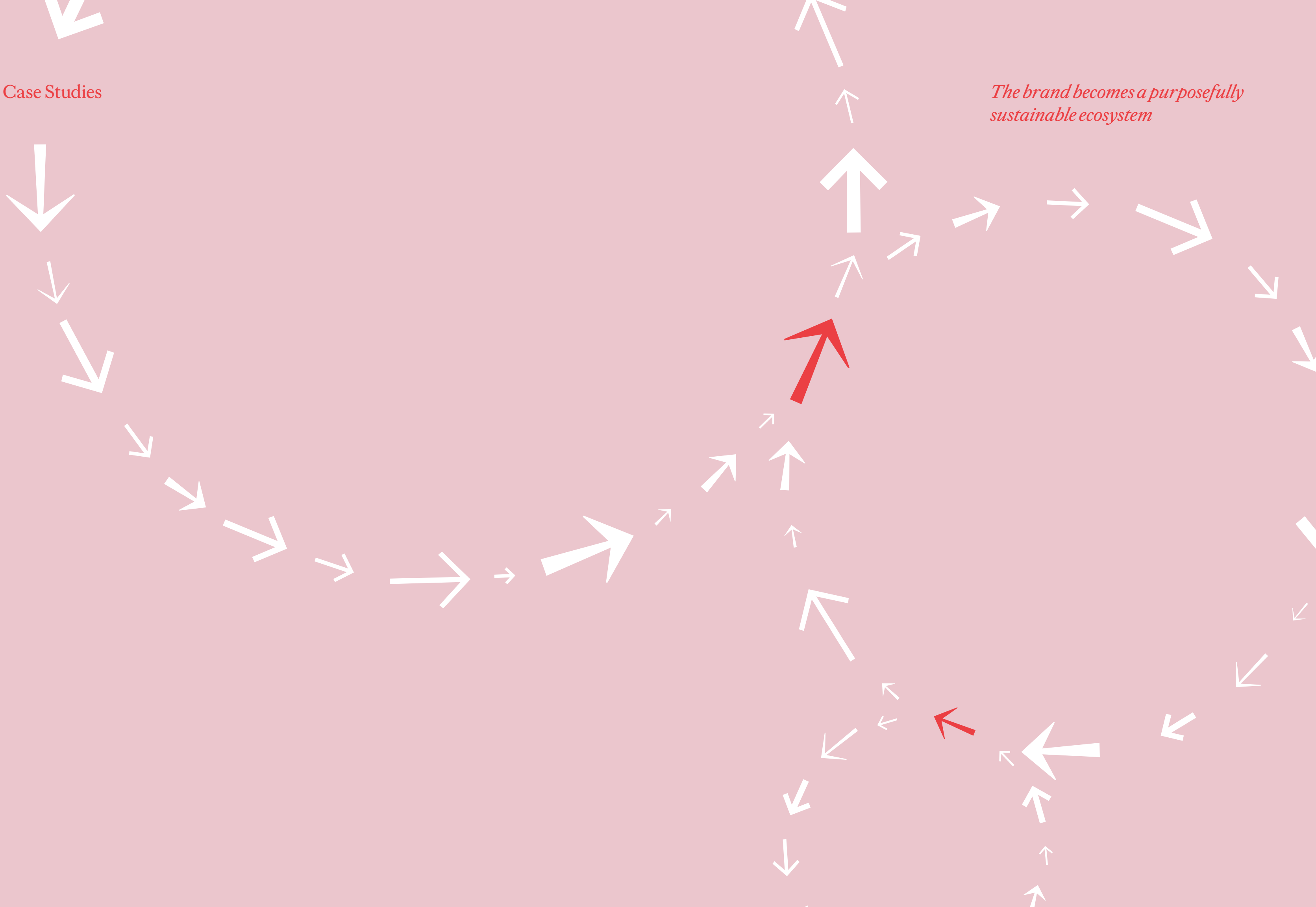
1 Hotels leverages biophilic design principles to make guests feel like they are in nature. Guests drink filtered water, breath filtered air, open their doors with keys made of recycled wood, and eat seasonal fruits from regionally-grown farms. Externally, 1 Hotels partners with advocacy and education groups that focus on environmental cleanup initiatives. Once guests leave the hotel, they can stay connected to the transformative conversation through 1 Hotels' website that offers a "field guide" of content from sustainable recipes to sustainable clothing, ensuring they stay in the loop until their next check in.

Why it matters:

There's power in creating in-person experiences that enable people to feel what a sustainable lifestyle can be like. Whether guests leave the hotel and start using less plastic or take shorter showers—the brand has demonstrated what can be. The online content extends the experience once guests leave the hotel. While these luxury hotels currently only exist in New York City, Miami, and West Hollywood - it will be interesting to see how 1 Hotels uses their platform to transform the hospitality industry across price points, to consumers of different spending power.

Case Studies

The brand becomes a purposefully sustainable ecosystem



CSR AS PARTNERING CROSS-SECTOR

Their core:

When you spend your milk money on Organic Valley, we give you fresh food you can trust. It all comes from the family farms of our cooperative. With your support, we make real changes in the world one small step—and farm—at a time.⁽⁵¹⁾ — Organic Valley website

How their core manifests:

Organic Valley, headquartered in Wisconsin, is made up of 2,000 family farms. In addition to being advocates of organic farming, Organic Valley recently made real change in the world—starting in their own backyard. The brand set a goal of being powered by 100% renewable energy, and when they met that goal they didn't stop. They worked with the local communities and energy companies to share the benefits which allowed 23,000 rural Midwestern households to benefit from cheaper energy.⁽⁵²⁾

Why it matters:

Organic Valley demonstrates that CSR can't be executed solely within the walls of the corporation — cross-sector partnerships are needed (in this case, through their partnership with the local energy company). Everything Organic Valley does starts with the farm and naturally permeates from there. Their effort to reach out and support the larger community around them was not done out of charity, rather it was born directly from their mission — starting with family farms and expanding to change the world one small step at a time. By leveraging a public-private partnership, they were able to fulfill this mission.

CSR AS NEVER BEING GOOD ENOUGH

Their core:

Patagonia is in business to save our home planet.⁽⁵³⁾

—Yvon Chouinard company founder, Rose
Marcario CEO

How their core manifests:

What can be said about Patagonia that hasn't already been said?

A crusader for environmental protection since its origins, Patagonia has been an example for other brands to follow for years. In December 2018, they changed their mission - *Patagonia is in business to save our home planet.*

They've acted on this mission day-to-day in innumerable ways: repair programs that enable customers to maintain their Patagonia products for a longer life, suing President Donald Trump over protection of public land, donating tax cut money to grassroots environmental organizations, constantly seeking more earth-friendly materials to put into their products.

Why it matters:

Patagonia has demonstrated that a business can never be too good to not look in the mirror and consider reframing their core to do even better. They've also demonstrated that companies can take strong stands on issues near and dear to their heart, while potentially isolating some consumers, yet still remain a financially-successful company. As Patagonia continues to look to the future, it will be interesting to see how they infuse attainability and affordability across their product lines.

*Making Brands Matter for
the Generations to Come*

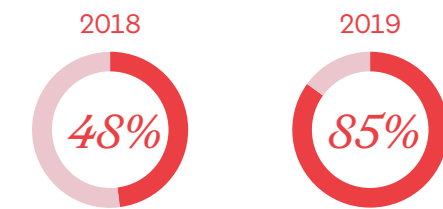
5. PROPELLING BEYOND TOMORROW—THE FUTURE OF CSR

*Propelling beyond tomorrow
—the future of CSR*

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”⁽⁵⁴⁾

The quote above is the most widely accepted definition of sustainable development. It was delivered in 1987 by Norwegian Prime Minister Gro Harlem Brundtland in the paper *Our Common Future*. Her involvement in this impassioned document enabled the international community to rally around one central definition of growth through a sustainable lens. The global community still looks to this definition as their guiding principle. Thus, when brands leverage the SDGs, ESG or any other form of sustainable initiatives, the roots stem from this definition.

In 2019, it seems like every day brands are announcing new sustainable products and initiatives. In this environment,



Eighty-five percent of executives say sustainability is influencing business growth strategy in 2019, compared to 48% who reported so in 2018.⁽⁵⁵⁾

it's easy to assume that the corporate world is moving in a direction that would indicate intentional CSR is gaining momentum in the minds and actions of CEOs. And the data shows that it seems it is!

But if sustainable is not good enough—if sustainable doesn't enable consumers and the planet to propel beyond the immediate tomorrow—is the brand allowing future generations to meet their own needs? As brands migrate from *doing less bad*, to *doing better faster*, today's conscious consumers are closely monitoring the following inflection points and are ready to vote with their dollars for the brands that:

- Expediently adopt circularity across the entire business
- Democratize sustainable options across the entire business
- Embed CSR in all KPIs

Propelling beyond tomorrow—the future of CSR



EXPEDIENTLY ADOPT CIRCULARITY ACROSS THE ENTIRE BUSINESS

The global economy is only 9% circular - just 9% of the 92.8 billion tonnes of minerals, fossil fuels, metals and biomass that enter the economy are re-used annually.⁽⁵⁶⁾

—The Circularity Gap Report 2019

As brands pivot their core business models to become fully purpose-driven companies that strive to be proactive around environmental and social wellbeing issues, they will begin to experiment with circular approaches to their business such as:

- Extending a product's lifecycle through design and repair
- Planning for product end of life, recovery, and reuse
- Regenerating natural energy systems through production



DEMOCRATIZE SUSTAINABLE OPTIONS ACROSS THE ENTIRE BUSINESS

3.5% decrease—the decrease in conventional products that appeared in stores from 2014, to 2017. Meanwhile “other transparent label products” increased from 29.4% to 30.5%, and “sustainable products” increased from 19.7% to 22.3% over the same time period, respectively.⁽⁵⁷⁾

—Nielsen 2018

As in-store shelf space migrates toward more sustainable options, it will be important for brands to consider how their sustainable offering can meet the needs of all customers — not just those who can afford to pay premiums for more sustainable product lines. As brands pivot from doing “less bad more slowly” and become “good faster”, it will be critical that they do so in ways that are inclusive of customers across price points.

*Propelling beyond
tomorrow—the
future of CSR*



EMBED CSR IN ALL BUSINESS KPIs

While 60% of companies believe their sustainability disclosures facilitate investors' comparison of companies, 92% of investors do not agree.⁽⁵⁸⁾

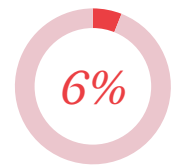
—CPA 2018

As data on CSR becomes more and more compulsory, and investors continue to evaluate corporate strategies based on CSR metrics with increased intrigue, brands will need to ensure their initiatives are measurable and codified against their overall business strategy – not add-on KPIs that live outside core business metrics and reports.

“You want to refocus your core business in ways that make it a force for good, not destruction.”⁽⁵⁹⁾

—Otto Scharmer Senior Lecturer at MIT
and cofounder of the Presencing Institute

IS YOUR BRAND READY TO MAKE THE WORLD BETTER, FASTER?



6% of respondents from medium and large companies stated that they operate within a sustainable company that creates shared value and where the organizational Purpose is well-activated.
(60)

—EY 2017

Employees and consumers alike will not wait for brands to slowly make their way toward making the world better. They want it now. Employees want to work at purpose-driven companies and consumers want to buy from purpose-driven brands. In a marketplace of the future that's built on the exchange of goods and services based on shared values, hanging on the sidelines of corporate social responsibility will simply not stand.

Going forward, brands that embark on wide, ambiguous CSR initiatives that are grounded in short-term appearance goals absent long-term substance will **wither**. Brands that will take a focused, refined — and yes, in some cases controversial—stand on certain issues will **lead**. This stand will enable brands to create focused alignment with consumers who truly meet their shared values. Employees and consumers alike will continue to watch and react to what they perceive as aligned or misaligned corporate social responsibility actions, stemming from a brand's core.

Reach out to us if you're interested in:

- Exploring a circular approach to your business strategy
- Redefining your brand's core to better portray conscious values
- Improving the alignment of your CSR initiatives to your brand's core
- Internally and externally communicating how you intend to make the world a better place

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