

CHANGING BUSINESS AND *the value of context*

Context is the “why” of sustainable business and is key to setting and achieving credible progress. Rather than take it for granted, companies need to be crystal clear about their role in achieving wider sustainability goals and making a real difference. This will also help in advocating for action by others. As management teams set and report on long-term ESG targets to 2030 and beyond, the new challenge is to set each company’s goals in a wider context.

By James Osborne

Just over a year ago, sustainability pioneer Unilever reviewed its Sustainable Living Plan and the 70 time-bound commitments the consumer goods giant had made for the period 2010–2020. The decade-long plan was the driving force behind Unilever’s reputation as a global leader in corporate sustainability.

Most progress was made in areas where Unilever had direct control over actions that would contribute to measurable results: for example, in changing its food and drink products to reduce salt and fat or in eliminating GHG emissions from its operations. Barriers were encountered in the wider world, where Unilever depended on the actions of other stakeholders. The company failed to improve its water impact over 10 years in part because it couldn’t persuade customers to change their bathing and clothes-washing habits.

Change the world for the better, together.

Unilever’s dilemma is fundamentally one of context, how the business interacts with the world around it: the way its suppliers work; the regulations that govern the energy industry; the behaviour of its customers. As companies are under pressure to define long-term goals, defining a credible approach increasingly means taking an outside-in approach and understanding each company’s place in the interconnected web of social and environmental issues that affect us all.

“The challenges we need to tackle – climate change, plastic pollution, social inequality, improving health and wellbeing – are huge. They call for action that goes beyond the changes that one business can make alone,” observed Rebecca Marmot, Unilever’s Chief Sustainability Officer.



The “why” of sustainable business is critical, now more than ever.



Context is all about the “why” of sustainability and something we shouldn’t take for granted. Why are we changing the way we do things? Why do we want you to change? What’s at stake? What happens if we don’t take action, individually or collectively? And how does all this connect to our organisation’s purpose?

As we look ahead to the major sustainability milestones of 2030 and 2050, context should inform every stage of a company’s commitment. Context is key for defining strategy, for reporting on progress and for communications. Leaders like Unilever, Patagonia and Ørsted, in fact, are increasingly forthright in their advocacy, aiming to trigger systemic change and behaviour change.

Making substantive progress on sustainability is, after all, tremendously difficult. If it wasn’t, we wouldn’t need instruments like the Sustainable Development Goals to drive collective action.

Yet, very often corporate pronouncements today avoid this issue and instead aim to reassure that everything’s under control.

“All of these targets that we are setting out to mobilize populations, businesses and politicians around the world aren’t really grounded in the realities of living. We need a more sober approach,” said Sasja Beslik, veteran ESG investor and co-author of *Where the Money Tree Grows: Invest Climate-Smart and Get Rich*, during a recent Lundquist seminar. “My advice is to be as real as possible.”

He lamented that over years of meeting executives and reading sustainability reports there was never any talk of “uncertainties or complexities”.

It’s a point that wasn’t lost on UEFA as we worked together on a new sustainability strategy, *Strength Through Unity*, launched at the end of 2021. The strategy’s ambition lies in the fact that it’s not aimed only at UEFA’s internal organisation and event management but also is a call to action for Europe’s entire football ecosystem, dozens of national associations and hundreds of clubs. The UEFA strategy process – which it hopes other organisations will adopt – put context as the first, essential step: “Connecting the strategy to international frameworks and wider efforts to tackle global sustainability challenges, focusing on relevant issues for football.”

As the Unilever and UEFA experiences show, the why is fundamental in engaging other stakeholders in a sustainability journey and context is key in setting credible goals.

Even British retailer Marks & Spencer discovered as much after launching its Plan A sustainability strategy in 2007. The plan’s potential was unlocked by a focus on ‘hearts and minds’, not just processes, indicators and targets, the company later admitted.

Valid lessons

These are valid lessons for companies at any point of their sustainability journey. Despite the widespread awareness of the 2030 agenda, management teams often take a rather limited view of their organisational impact. In developing a materiality analysis, for example, a deep reflection on the context can help frame and guide the discussion about what is really material for a company.

Indeed, these companies would be well advised to follow Unilever’s take-aways from its experience with the Sustainable Living Plan, in particular on systems change: “we have to play a role in advocating for even more systems change in other industries, such as power generation. Our approach to advocacy rests on showing market demand for sustainable solutions so that policymakers have the confidence to take action.”



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Session V powered by Diction

ESG as an asset for building credibility and attracting investment
How have sustainability and intangible values grown in importance in the new corporate reporting and communications landscape? How is company value connected to non-financial aspects? And what do private market participants value most in terms of ESG value creation?
James Osborne (Lundquist), Massimiliano R. Riggi (Poste Italiane) and Adrien-Paul Lambillon (Partners Group) will discuss these questions in a best practice session at this year’s Geschäftsberichte-Symposium.