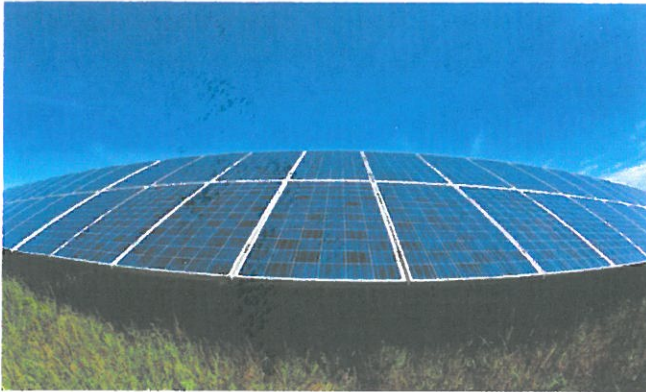


Top business sustainability trends of 2014

In a tricky political climate, US corporations took steps in the right direction this year on climate change, farming, labor rights and waste

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New climate change policies will likely accelerate the growth of renewable energy initiatives, such as this solar project in Vacaville, California. Photograph: Bloomberg/Bloomberg via Getty Images

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It's been a tough year for brand USA. There was a horrific torture report, police violence against blacks, a dysfunctional Congress - and a troubled middle class. Even our fun and games are not as much fun as they used to be: just look at the NFL and its dismal record on brain damage and domestic violence.

In that context, corporate America had a good 2014. (Of course, in that context, just about everybody had a good 2014.) There was progress on the big issues that face big business, as well as the rest of us: climate change, food and forestry, labor rights in global supply chains and the circular economy.

Corporates are stepping up to do their part. Collectively, they are not moving far enough and fast enough, but they are moving in the right direction. These days, that deserves two cheers, if not three.

Among the year's highlights:

Climate change policies drive cleantech

Here was one exception to the rule that the federal government can't get much done. Using his executive authority, President Obama imposed strong rules limiting climate pollution from coal plants, then traveled to Beijing where he and Chinese President Xi Jinping pledged to curb their nations' greenhouse gas emissions, albeit not for a while.

Their agreement led to the Lima Accord, a breakthrough in the sense that, for the first time, industrialized and emerging economies both promised to curb emissions. It's unavoidably a voluntary approach to the climate crisis, and the emissions reductions that it generates may turn out to be too little too late. But as governments act, they will surely drive low-carbon innovation in rich and poor countries alike.

That's where business comes in. As the costs of wind and solar energy continue to fall, corporate purchasing of clean energy is reaching new heights, creating a virtuous cycle where demand drives scale, which lowers prices, which then spurs more demand.

During Climate Week in September, companies including IKEA, Swiss Re, Mars and BT, organized by the Climate Group, launched RE100, an initiative to encourage big companies to use 100% renewable power. That week, too, Tim Cook, the CEO of Apple, currently the world's most valuable company, took a strong stand in favor of climate action. No longer can the US Chamber of Commerce or the fossil fuel industry claim to speak for all of American business.

One respected analyst, Shayle Kann of Greentech Media, says that by 2020, solar power will become cost competitive in more than half of the US, growing the solar market to 100 gigawatts—100 times larger than it is today. If it happens, that would be a game-changer.

More companies pay attention to farming and forestry supply chains

It's no accident that big food companies like Unilever and Mars are sustainability leaders. Their global supply chains expose them to significant climate risks and resource constraints. Rising temperatures and falling water supplies, for example, threaten cacao growers in west Africa. So Mars is leading research to help farmers increase the quality and performance of cocoa plants, and better control pests and disease. Meanwhile, Unilever says all of its palm oil will be sustainably sourced by 2015.

Retailers and food companies, meanwhile, are pushing sustainability programs down to the farm level. Walmart is working with 15 of its biggest suppliers to optimize fertilizer use and tilling practices in corn and soy farming. Field to Market, a broad coalition of growers, brands and retailers, is defining, measuring and advancing the sustainability of commodity crops. Under pressure from Oxfam America, General Mills and Kellogg promised to measure, publish and reduce emissions across their entire supply chains.

Last fall, more than two dozen countries and as many companies also endorsed the New York Declaration on Forests, pledging to halve deforestation by 2020 and end it by 2030. A growing number of the world's largest buyers of soy, palm oil and cattle have committed to exclude deforestation from their supply chains. Among them are such powerhouses as Asia Pulp & Paper, once a target of activists, and Cargill, which sells \$135bn worth of commodities a year.

Factories get safer

Every apparel company that did business in Bangladesh knew that factory conditions there were unsafe (and some had taken steps on their own to remedy problems), but it took the collapse of Rana Plaza, which killed approximately 1,100 workers in 2013, to spur the global garment industry to action.

Since then, brands and retailers have organized a pair of coalitions – the Accord on Fire and Building Safety in Bangladesh, backed primarily by European companies and labor unions, and the Alliance for Bangladesh Worker Safety, a North American group – to inspect and, in some cases, remedy conditions at about 6,000 factories. Everyone involved in the effort says factories today are safer; no one will say they are safe enough.

No one tragedy spurred competitors like Apple, Microsoft, Google and HP to form the Electronics Industry Citizenship Coalition, but they, too, have strengthened industry-wide efforts to audit suppliers to protect workers (and the environment) in the developing world.

The circular economy grows

The circular economy is the most exciting idea in corporate sustainability, and it's spreading fast: companies are finding ways to take back, refurbish, reuse or recycle products that would otherwise be thrown away, creating a closed-loop, zero-waste circular system of production to replace the old-fashioned take-make-waste linear model.

At Disney World, food waste is being converted into energy. Novelis is betting its future on recycled aluminum, although beverage companies have been slow to follow. Coffee waste is being turned into flour by an ex-Starbucks exec. "Don't let fashion go to waste," says H&M, the global clothing retailer that takes backs clothes in all of its 3,100 stores.

In a truly circular economy, powered by renewable energy, economic growth could be decoupled from environmental limits. It's a safe bet that we won't get there in 2015 or 2025 or even 2035. But we will surely get closer.

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