Targeting Value

Setting, Tracking & Integrating
High-Impact Sustainability Goals

SustainAbility

SustainAbility

Contents

Executive Summary

***Targeting Value* provides clear insights on the value to business of setting, pursuing, achieving and reporting on sustainability goals. The report also presents current best practices for ensuring goals deliver maximum business value and broader societal impact.**

Over the past three decades, SustainAbility has observed and taken an active part in the evolution of private sector sustainability goal setting. Many goals have been developed in response to heightened external expectations regarding corporate sustainability performance and transparency on progress. While we recognize there has been substantial improvement in high-impact goal-setting (goals that drive positive environmental, social or economic impact and business value, and where the ambition is high enough to meet the sustainability challenge), this activity has been limited to a relatively small block of leadership companies, and even those leaders have a great more to learn and apply in this realm.

Why Goals

Our research finds that the following drivers motivate companies to set and communicate corporate sustainability goals:

→ Improve performance on the issue

→ Break down a big challenge into something manageable

→ Align sustainability with methods of tracking general business performance

→ Motivate employees and ensure company accountability

→ Strengthen reputation and trust

→ Compete with peers

→ Drive innovation

→ Meet or exceed regulatory standards

→ Address moral imperatives

State of Play

The current landscape of corporate sustainability goals as mapped in *Targeting Value* reveals the:

→ Evolving and varied nature of goals

→ Growing focus on impact

→ Shift towards context-based and systems change

→ Variable timeframes

→ Greater integration into core business

Barriers to Progress

Our research identifies several key barriers to setting high-impact goals, as well as potential ways to overcome these challenges:

Barrier	How to address
Fear of failing	• Start by communicating and engaging on a goal internally to build confidence • Set initial goals at a reasonable comfort level, but outline future intentions to increase ambition • Stress that it is acceptable to miss highly aspirational goals under certain circumstances • Weigh the reputational risks of being too conservative • Try to factor in likely business changes • Revise the goal when needed
Lack of internal buy-in	• Emphasize the business benefits of achieving the goal • Find allies across the company
Inadequate data and/ or weak data collection methodology	• Partner with internal and external experts • Identify which data you *do* have on the issue • Invest in data collection and undertake research to understand issues

Maximizing Value and Impact

Targeting Value identifies lessons to apply and pitfalls to avoid when designing high-impact goals. We capture current best practices in the graphic on the following page.

In the Process column are key steps to follow to develop goals that are of high value to the business and impactful to society. They are presented in, approximately, the order we believe to be the most logical and effective. However, companies may choose to vary these based on circumstance, and multiple steps may occur simultaneously. The Goal Attribute column calls out the traits of goals that result from following these steps. We then outline descriptions of what a strong or a weak goal might look like according to that trait.

Process	Goal Attribute	Strong	Weak
Start with material issues	Material	Focused on an issue that is tied to core business	Not clear how it relates to the business model
Understand the context	Context-based	Grounded in planetary thresholds and other context	Arbitrary ambition
Partner internally	Integrated	Shared ownership for goal achievement across the business	Siloed accountability
Set ambition	Visionary	Stretch	Incremental
Develop theory of change	Provides clear path to impact	Rooted in the company's ability to influence	Ambiguous company-change process link
Define the metric	Measurable	Impact-focused and quantifiable	Process focused
Agree deadline(s)	Time-bound	Clear deadline for targets	No deadline or deadline too long or short to be meaningful
Engage external stakeholders	Informed by stakeholders	Responsive to stakeholder input	Unresponsive to stakeholder input

Sharing Ambition, Disclosing Progress

Our core transparency recommendations for companies regarding goals are:

→ Publish goals in a consistent, easy-to-access location

→ Disclose details such as baseline year, target year, metric, context, scope, and process

→ Update progress regularly

→ Pursue assurance

→ Clarify and communicate the business benefit of the goals

→ Speak from the top

→ Acknowledge changes and admit failure

→ Consider different audiences

Looking to the Future

Businesses must continue to evolve their approaches to goal-setting. Companies have a responsibility to ensure they are operating in a sustainable manner; setting goals to outline what that responsibility means to them is an important part of that journey. They would be wise to deepen their understanding of impact as well; this is not just about having *enough* impact but also the *right* impact.

We hope that decision-makers inside companies challenge themselves to set sustainability goals in line with context, which will be ambitious given how far off macro environmental and social data suggest we are from where we need to be. Though we are confident that developing such goals will position companies for success in the future, we know that making such commitments requires bravery – a leap of faith that the company will be able to figure out how to achieve its sustainability aspirations.
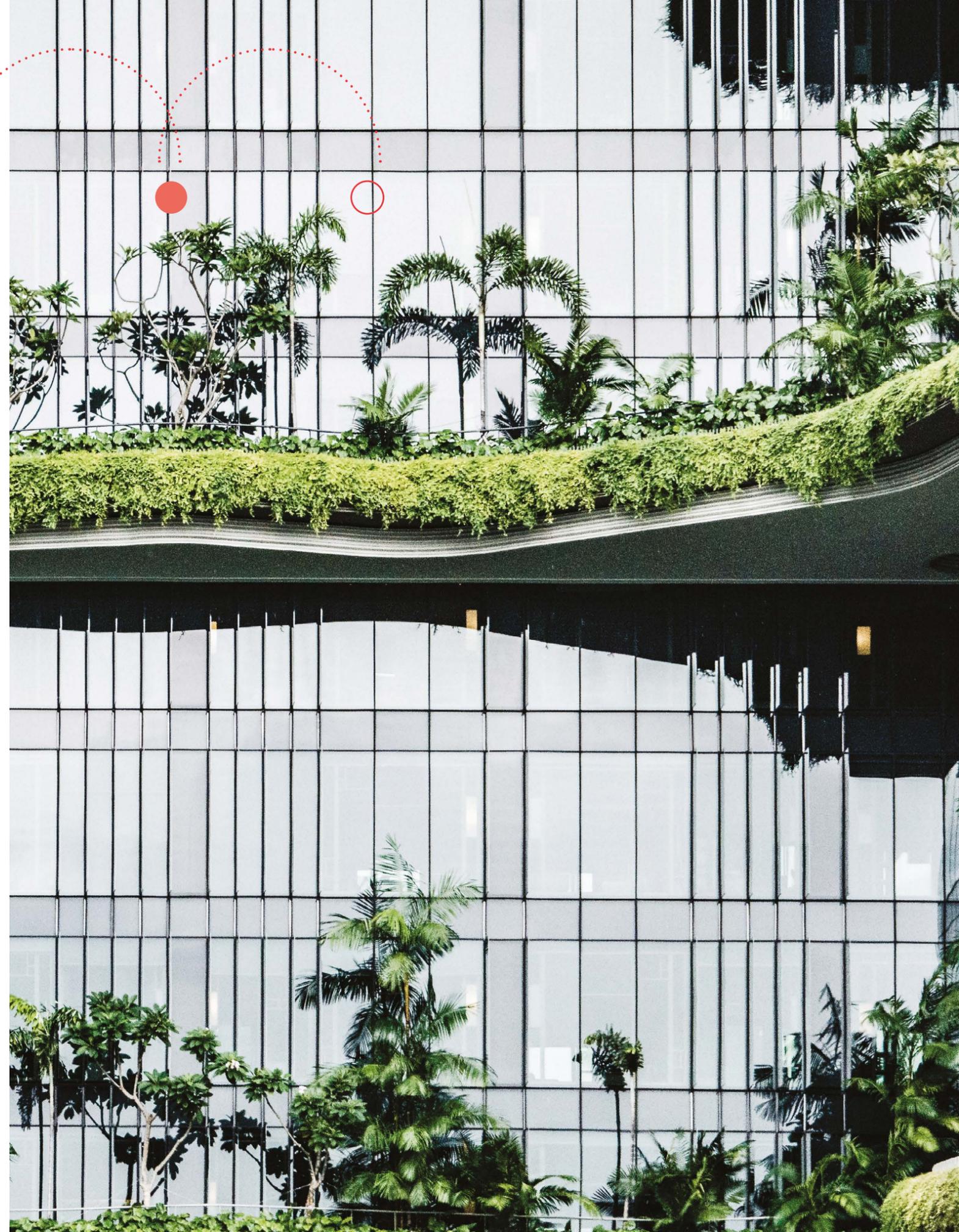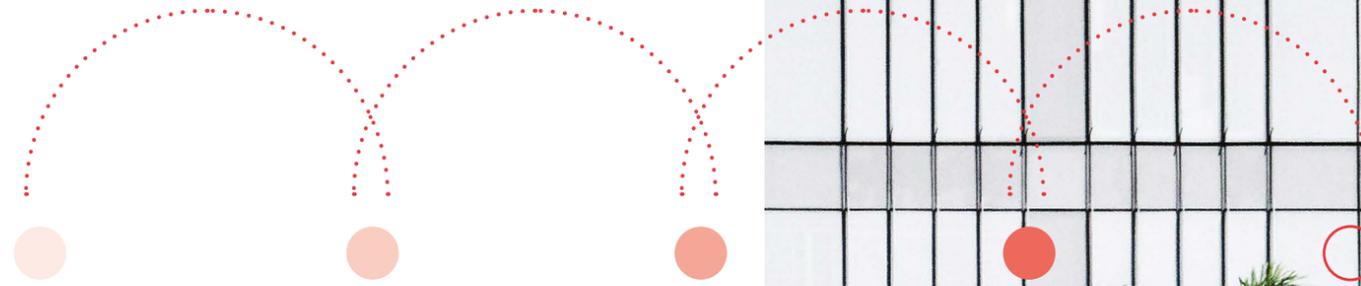
1 Introduction

For three decades, SustainAbility has striven to inspire and enable business to lead the way to a sustainable economy.

We focus on helping the private sector drive positive impact across the Triple Bottom Line of environmental, social and economic issues – a term that was coined by SustainAbility's founder John Elkington on social and environmental issues. Over the years, we have witnessed, encouraged and supported the evolution of private sector sustainability goal setting as part of our think tank outputs, work with clients and our Engaging Stakeholders Network.

While we recognize there has been substantial improvement in high-impact goal-setting, this activity has been limited to a small block of leading companies, and even those leaders have more to learn and apply in this realm. For that reason, we continue to challenge the status quo regarding the nature and role of sustainability goals, asking:

→ Are goals an efficient and effective means of driving change and having an impact?

→ What can we learn – and what might need to change – about variation in approaches?

→ To what degree are existing sustainability goals integrated into the core business?

→ Is current best practice producing ambitious enough goals to meet current and future sustainability challenges?

Many goals have emerged in response to heightened stakeholder expectations regarding corporate sustainability performance and transparency. The 2017 GlobeScan-SustainAbility Survey of sustainability experts identifies company performance on goals as one of the top two attributes experts consider when judging sustainability leadership. Further, experts focus especially on companies' ability to define ambitious targets and motivate achievement against them. In addition, there is growing government, investor and other stakeholder interest in assessing business contributions towards achieving progress on environmental, social and economic challenges, adding to the growing pressure on companies to be transparent about their performance against goals.

Objectives

This research:

(1) Outlines the business case for setting goals, including the opportunities and risks that goals present.

(2) Explores the landscape of innovative goals that are advancing how companies set and measure progress against material sustainability issues.

(3) Identifies lessons learned from companies to understand what has worked well and what has not in terms of maximizing value creation and impact through goal-setting.

(4) Provides guidance on how companies can create business value and deliver positive impact to society by setting, tracking and disclosing performance against goals.

Further, the research centers on a core theme, asking *whether and how goal-setting creates value and drives impact.*

Methodology

To answer the research questions, we undertook a literature review, conducted over 20 interviews, conducted a survey of Engaging Stakeholders Network members (in which 16 of the 25 member companies participated) and created a corporate goals database to analyze the current goals landscape.

More information on the methodology can be found in the Appendix.
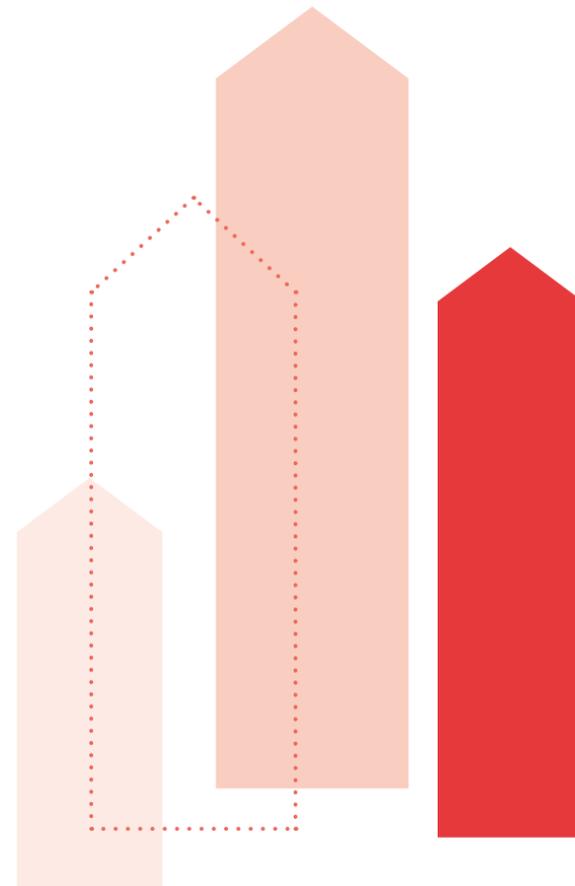
Glossary

Throughout this report, we use various terms, and for the sake of clarity, we outline several below.

Value vs. impact: We have separated out these two terms to ensure we are clear in our analysis, but we recognize that they are not wholly separate concepts, as pointed out in the Shared Value approach.[1]

→ *Value* – Direct or indirect benefits to the business' top- or bottom-line

→ *Impact* – The effect on the social, environmental or economic issue

Targets vs. goals: In this report, the terms "target" and "goal" are used interchangeably.

Goal types: The following categories of goals are the most common for corporate sustainability goals. They are not mutually exclusive; for example, a context-based goal can also be absolute.

→ *Relative* – A goal tied to business size, scale, output, etc., focused on efficiency, e.g. *reduce water use by 1 gallon per unit produced*

→ *Absolute* – A goal that aims for a fixed numeric result, regardless of the growth of the business, e.g. *increase tons of waste recycled by 10% compared to 2015 baseline by 2025; net neutral goals like carbon neutral*

→ *Net positive* – A goal that seeks to put more back into the environment or society than a company takes out, with a resulting positive footprint[2], e.g. *planting more trees than are used*

→ *Science-based* – A goal that is grounded in any of the natural sciences and based on the thresholds (either an upper or lower limits) of the capital or resource, e.g. *GHG emission reduction goal based on a 2 degree climate scenario and in alignment with avoiding catastrophic climate change*

→ *Ethics-based* – A goal that is grounded in norms for fairness, justice, integrity and respect, e.g. *equal pay regardless of gender*

→ *Context-based* – A goal based on a company's specific allocation of science- and/or ethics-based thresholds,[3] e.g. *reducing scope 1, 2 and 3 emissions by X% by 2020 using a methodology which recognizes the company's contribution to both the economy and global emissions*

2 **Why Goals**

As we mentioned, we approached *Targeting Value* with a critical eye: Do corporate sustainability goals really create business value and drive impact? Our research suggests that the answer is: it depends.

This research makes a distinction between "the business case for setting sustainability goals" and "the business case for sustainability" and explicitly focuses on the former even though there is clear overlap between the two. Also, given the trend of increasing integration of sustainability into business, we do acknowledge that some mainstream corporate goals tackle what might be considered by some a "sustainability" issue, for example, Volvo's goal to phase out gas-only cars by 2019.[4]

We recognize too that setting goals is just one way for companies to drive social, environmental and economic impact. Goals are an enabler in the right circumstances but can also lead to harmful outcomes or wasted time and resources under the wrong circumstances. Sometimes a goal can drive a company to be hugely impactful on one issue, yet in other instances, a goal may actually undermine the company's ability to focus on where and how to drive the most impact. The right approach depends on company culture, where the company is on its sustainability journey, the issue targeted and many other factors. All that considered, while we said "it depends," designed and implemented the right way, there is evidence that goals can be a very effective and powerful means of creating value and driving impact.

Ultimately, the research revealed nine compelling reasons to set corporate sustainability goals, outlined on the following pages.

9 Reasons to set goals

1 **Improve performance on the issue**
While perhaps obvious, this is worth underscoring. The point of a goal is to aim to improve upon past performance. According to one study on environmental goals, companies with goals are four to five times more likely to improve their performance than companies with none.[5] Other studies have shown that companies with strong ESG performance often financially outperform those without. Investors are increasingly looking for companies to disclose on ESG performance, knowing that companies with strong goals and communication practices demonstrate proper management of resources and the associated long-term risks and opportunities.

2 **Break down a big challenges**
Sustainability issues can be abstract, daunting or both. Setting well-designed goals can help make them concrete and manageable.

3 **Align sustainability with methods of tracking general business performance**
Most companies manage performance with strategic objectives and key performance indicators. Sustainability should follow suit, as setting clear goals and establishing impact metrics will be a familiar process even if the issue itself is new. "Businesses are designed to achieve something. Everything business does has a goal or target," said David Croft, Global Sustainable Development Director at Diageo. "If you don't start to put targets around sustainability, you are not connecting it in the same way to the core of the business; you are not treating it in the way that other business targets are set."

4 **Motivate employees and ensure company accountability**
Goals drive accountability. They set clear milestones for assessing performance. "It's a rallying point for the teams involved – they know there is a point they need to drive toward. It allows them to make specific commitments that hold them accountable," Justin Smith, Group Head of Sustainability at Woolworths told us. Our members also highlighted that goals help to integrate sustainability into their businesses (Figure 1), ensuring that accountability sits not with the sustainability team alone, but with relevant department leaders. The Mars case study on page 18 elaborates on how goals can help to motivate employees.

5 **Strengthen reputation and trust**
External stakeholders including investors, NGOs and consumers increasingly expect companies to clearly articulate how they will take responsibility for addressing their material sustainability issues. Clear goals combined with performance tracking and disclosure help win the confidence of those who are judging the company. Andrew Winston, author of *The Big Pivot*, suggests, "It's a signal to stakeholders of what really matters to the company." The bar is rising though –

stakeholders are becoming savvier as to what an ambitious goal looks like, so in order to realize and then maintain reputational rewards, companies need to set ever more ambitious goals. "Efficiency targets (food waste, energy, distribution, etc.) all clearly have a financial payback, but investors actually tend to be less impressed by that. Efficiency is nothing new; they expect it," pointed out Rowland Hill, Sustainability and Reporting Manager at Marks & Spencer.

6 **Compete with peers**
Sustainability programs are table stakes for large companies, and many corporate sustainability practitioners now use ambitious goals to better position their company amongst their peers. Certain sectors are known to be fiercely competitive; for example, one interviewee in the retail sector told us that the fact that there are so many strong examples of goals in the sector is a key driver for the company to be more ambitious with its own goals.

7 **Drive innovation**
Figuring out how to achieve an ambitious goal can lead a company to develop new processes, technologies, products and/or services. Interface is a strong example of a company that has used a visionary goal of reversing climate change to motivate the development of potential solutions with partners.[6] Kim Marotta, Global Senior Director of Corporate Responsibility at Molson Coors said, "Ambitious goals drive innovation, challenging us to think differently, act differently and adjust culture." Emily Cichy, Director of Global Public Policy at Disney told us, "Disney's emissions goal played a large part in the company becoming an early adopter of an internal price on carbon. The goal created a framework to incentivize innovation within the business. This might not have happened without the carbon price, which likely wouldn't have happened without the goal. The goal itself is high impact, and the way we address the goal is high impact." driver for the company to be more ambitious with its own goals.[7]

8 **Meet or exceed regulatory standards**
Government regulation – even the threat of it – can be a key driver. Companies may choose to set goals to try to gain competitive advantage when regulation is likely, and/or to ward off or at least influence pending regulation. Government signals, from preferences to actual policies, can deeply motivate companies.

9 **Address moral imperatives**
The ethical imperative to help address climate change, human rights issues such as modern slavery, and other key sustainability issues is compelling. One healthcare company executive told us, "We don't tend to think about driving revenue from sustainability goals. If you are doing good, you will eventually see that translate to financial returns." Thus, "doing the right thing" can help to strengthen performance and reputation in tangible and intangible ways.

What is the business value of setting sustainability performance goals?

See appendix (Figure 1) for full results

63% say goals make for **stronger accountability** with external stakeholders

63% say goals lead to **integration of sustainability** into business

44% say goals **improve reputation**
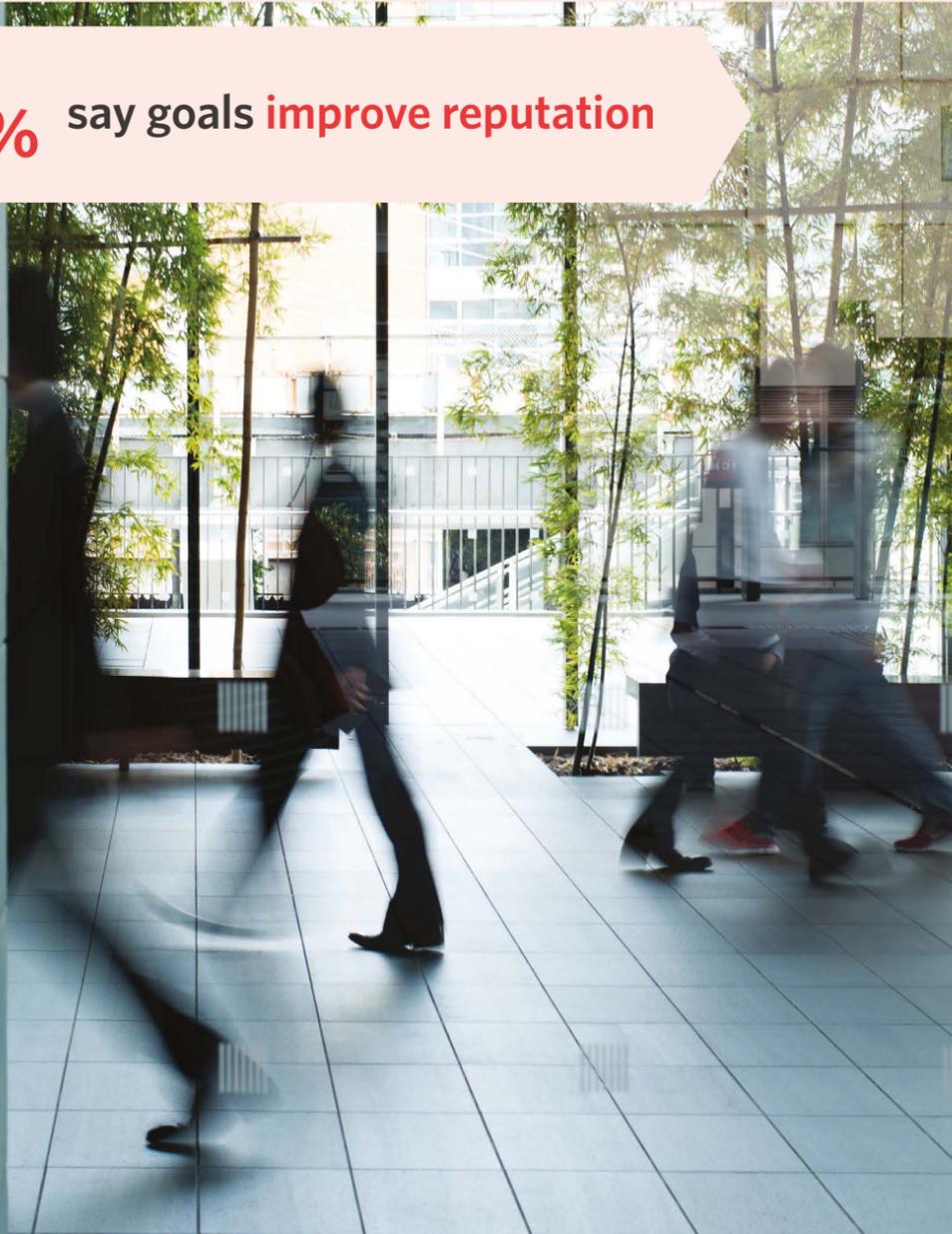
Driving Accountability with Public Goals

The UK-based retailer Marks & Spencer (M&S) has set sustainability goals for decades and continues to push itself in terms of both ambition and transparency. Over the years, M&S has recognized that one of the values of setting public goals is the accountability that it fosters.

For M&S, goals are important to both internal and external audiences; having external goals holds M&S internally accountable for progress toward them. Internal attitudes toward issues can partly depend on whether issues are perceived to be important to external audiences. Those that are, and that have public targets attached to them, are often taken more seriously.

As Rowland Hill, Sustainability and Reporting Manager, puts it, "If the issue is not perceived as being a concern publically, it's seen as less important internally."

There have been times in M&S' history when barriers have arisen to goals, such as lack of budget or waning interest in the issue, and it would have been tempting to give up on those goals. However, Mr. Hill shared that in these circumstances, the fact that the goals were public made a difference.

"There have been times in the last 10 years where we had long term goals that lost momentum, and having them public was the reason we were able to keep them going" he stated. In other words, if a goal had not been public, it may not have been maintained let alone achieved.

M&S has recognized that one of the values of setting public goals is the accountability that fosters.

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Case Study:
Mars

MARS

Motivating Employees through Sustainability Goals

The US food manufacturer Mars has found that sustainability goals can be compelling to employees in a way that other, more financially focused goals may not be.

Global Sustainability Director Kevin Rabinovitch told us that framing efficiency goals in the supply chain and manufacturing as sustainability goals generates interest internally. Mr. Rabinovitch stated, "We discovered that framing efficiency goals as sustainability initiatives generates extra momentum around achieving those."

Mars has found cost-cutting far less motivating for employees than financial gains combined with conserving water or cutting carbon. When communicated through a sustainability lens, goals can demonstrate to employees how their actions contribute to not only corporate goals, but to solving environmental and social issues.

Mr. Rabinovitch made the point that "Mars has a very small corporate center, so we have to engage a lot with the business units, and business units have to agree to work on the goals relevant to them." As is the case in many companies, motivating employees is critical to ensuring Mars sets and achieves its sustainability goals.

When communicated through a sustainability lens, goals can demonstrate to employees how their actions contribute to not only corporate goals, but to solving environmental and social issues.

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3 State of Play

Our analysis of the current landscape of corporate sustainability goals highlighted several key themes, which were corroborated by SustainAbility's experience analyzing and setting such goals for, and with, clients. The five themes are outlined in this section.

Evolving and varied nature of goals

Three-quarters of the companies analyzed in our database publicly communicated some form of forward-looking sustainability goals, while 25% had none that we could find. Among the 75%, there has been a general transition from *relative* to *absolute* goals, with absolute goals now comprising more than half the total (Figure 2). While there is not directly comparable data from several years ago, we expect a similar analysis would have found many more relative goals. Notably, we found just one net positive goal, an indication of how nascent this type of goal remains. Despite the range of types of goals, we are heartened by the proportion of absolute goals and believe companies are shifting in the right direction.

53%
of goals set are relative goals
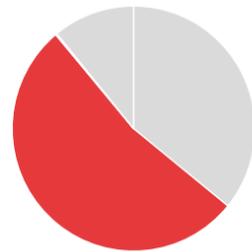
See appendix (Figure 2) for full results

Growing focus on impact

The shift towards absolute goals reflects companies' growing focus on *impact* (measurably improved health outcomes realized by a pharmaceutical company, for example) vs. *process* (such as a policy set with the intent to improve health outcomes). SustainAbility sees this as a positive trend as it focuses on the outcome a company seeks to create through achieving the goal. We think this is the right approach even though it adds the challenge of measuring impact. Within the Engaging Stakeholders Network, we found evidence that members have been working to improve their goals' focus on impact in line with the trend seen in our database (Figure 3).

We believe the Sustainable Development Goals (SDGs) provide strong guidance in terms of the impacts and outcomes that companies, and other stakeholders, should strive to deliver (see Goal Frameworks Landscape for more detail). Ole Lund, Chief, Local Networks at United Nations Global Compact, pointed out that "The SDGs can serve as a yardstick for companies. Businesses have the opportunity to test their ambition level against the SDGs and ask 'are we actually doing enough in light of the goals that the world has agreed to reach by 2030?' That process of critical analysis can help to accelerate the pace of change much more than simply aligning the scope or terminology with the SDGs to better resonate with stakeholders."

How are companies increasing the impact level of goals?

See appendix (Figure 3) for full results

79% Engaged internal subject matter experts

57% Hired external support

50% Aligned with new external guidelines/frameworks

Goal Frameworks Landscape

There is a growing list of frameworks that provide both structure and ambition for companies to consider in their goal-setting, including:

Adopted in 2015, the **Sustainable Development Goals (SDGs)** are a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each of the 17 SDGs have specific targets to be achieved (169 in total) by 2030, with an expectation that companies contribute to meeting those global goals.

The **Future-Fit Business Benchmark** defines the environmental and social break-even point for business: the do-no-harm thresholds that any company must eventually reach, no matter its size or sector, to participate in creating a flourishing and sustainable future for all.

There are also issue-specific frameworks, such as the science-based climate targets that are promoted by a coalition of leading organizations, including CDP, WRI, WWF and UNGC.

Pivot Goals

Andrew Winston's **Pivot Goals** database provides a good source of information on the landscape of corporate sustainability goal-setting.

## Shift towards context-based and systems change

Another theme revealed is the degree to which companies now recognize the need to provide and apply context to help calibrate the *amount* of impact they seek via their goals. We see a general shift from *incremental* goals to more *context-based* goals that are based on a company's specific allocation of science and/or ethics-based thresholds – which is exciting, as this emerging class of goals is generally closer to what is necessary to deliver a sustainable economy.

The Embedding Project highlights that context-based goals are based on (1) a clear desired endpoint; (2) an understanding of the starting point; and (3) an articulation of the company's commitment to help bridge the gap.[8] Water-related goals are seeing a surge of attention in terms of context-based approaches; we explore this further in Chapter 7. Overall, a context-based approach appears to result in more companies setting goals that they don't know exactly how, or even whether, they will achieve. It also often requires the application of systems thinking as many sustainability challenges, such as poverty, cannot be solved by any one company or sector.

Variable timeframes

The majority of companies we analyzed are setting medium-term goals (defined as 3-5 years), a timeframe that comfortably aligns to most companies' business strategy timeframes. Short-term goals are still common; they provide progress markers and are often more comfortable for companies to set and implement.

However, we have noticed companies publishing more long-term goals. This is in line with the context-based theme given many of the issues that need to be addressed play out over the longer term (climate change is the obvious example). It follows that if companies are serious about tackling such long-term issues, they need to think and act in a longer-term frame of mind. The year 2030 is key because companies are aligning their goals to the SDG framework (see Goal Frameworks Landscape). We do not believe the variation in timeframes between and within companies to be inherently poor practice, but that the variation should be based on what is most appropriate for the issue, rather than set arbitrarily or according to what the company thinks is feasible. The CLP Group case study on page 26 provides an example of how and why to set a long-term goal.

55%

of goals set are medium-term

See appendix (Figure 4) for full results
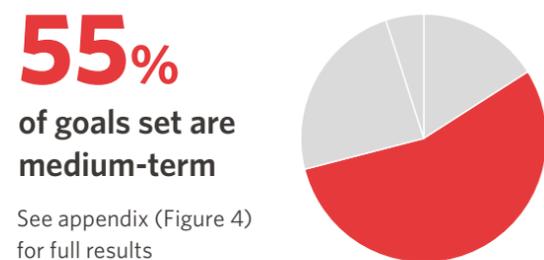
Greater integration into core business

We also note more corporate sustainability goals that are better aligned with the core business. Though we see fewer of these sorts of goals than we would like, we welcome this development as it suggests that companies recognize the benefit of setting sustainability goals that support and influence the business model. We explore this aspect further when we discuss best practices in Chapter 6.

Despite these positive trends, the current landscape of corporate sustainability goals is still not where it needs to be. There are not yet enough of what we call "high-impact goals," those that drive positive environmental, social or economic impact and business value, and where the ambition is high enough to meet the sustainability challenge.

Only 12% of the goals in the database met this definition of high-impact goals (see graphic below).

When we asked Engaging Stakeholders Network members about their companies' goals, half of respondents reported that they have set high-impact goals. Of those who haven't yet, the majority plan to do so in the next 3-5 years.

There appears to be momentum by companies in and outside the Network to set their sights higher – a necessary ambition to accelerate the pace of change to reach a sustainable economy. Yet decision-makers often face barriers to setting these types of goals. We explore what gets in the way of setting high-impact goals in the next chapter.

Only **12%** of goals are high-impact

The business value vs. sustainability impact of goals

See methodology on page 70 for more details on assessment.

High-impact goals

8	5	22
18	209	14
33	30	3

Business Value

Impact on issue
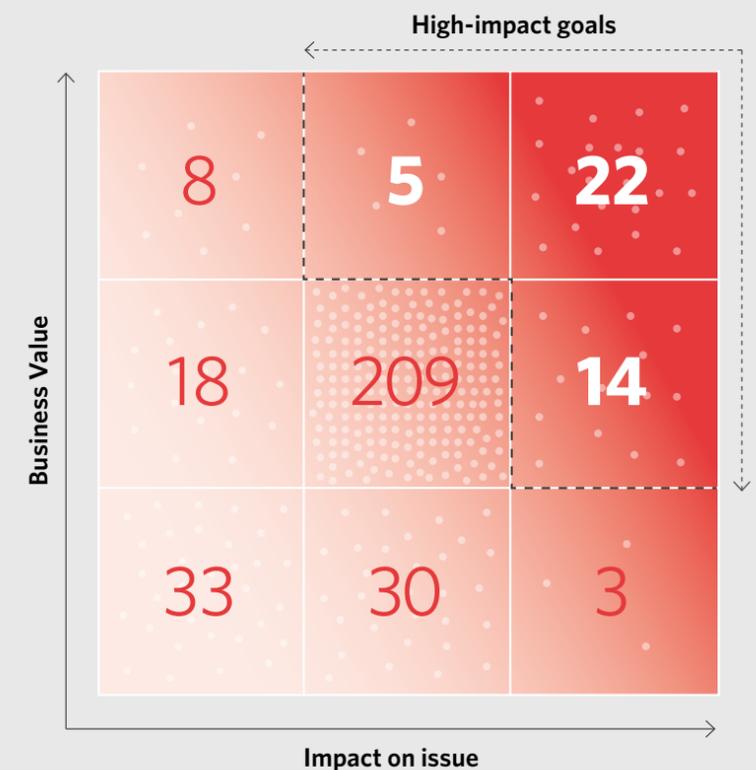
Case Study:
CLP Group

CLP 中電

Setting Long-Term Targets

Setting a long-term target is a difficult task, but Hong Kong-based utility CLP Group has managed to achieve this.

In 2007, CLP set a goal of reducing its carbon intensity by 75% by 2050, based on industry scenarios generated according to the science available at the time. In order to root this target in a more plausible context, CLP also set some interim GHG emissions reduction goals, based on the existing and projected plans as well as projections on technology, thus creating a multi-decade carbon reduction pathway for itself.

Jeanne Ng, Director - Group Sustainability, recounts, "In 2007, when we published our Climate Vision 2050 targets, CLP became known in the international business community as a leader in climate change. We were one of the only power companies at the time that had set ourselves voluntary carbon intensity reduction targets out to the year 2050. When people asked how we were going to achieve the 75% reduction target, we were upfront about the challenges we would be facing and stressed the need for interim targets to guide us on the right path.

What motivated CLP to do this? Dr. Ng explained that at the time, CLP was expanding, so the goal setting helped to guide the business expansion

in power generation in a way that could reduce vulnerability to potential changes in climate change policies and regulations that may impact CLP's business in the future. "They were targets we believed to be an appropriate contribution to the challenge faced by the entire global community and could help maintain CLP's position as a leader in our industry in the Asia-Pacific region," Ms. Ng explained.

When people asked how we were going to achieve the 75% reduction target, we were upfront about the challenges we would be facing and stressed the need for interim targets to guide us on the right path.

" "

These are the types of statements that we frequently hear in our conversations with corporate sustainability professionals.

The team(s) responsible for addressing sustainability issues often want the company to set *ambitious* goals. However, they face many challenges. Top is the fear of reputational damage. We explore this barrier and ways to overcome it in detail below, then offer a briefer perspective on two other challenges.

Fear of failing
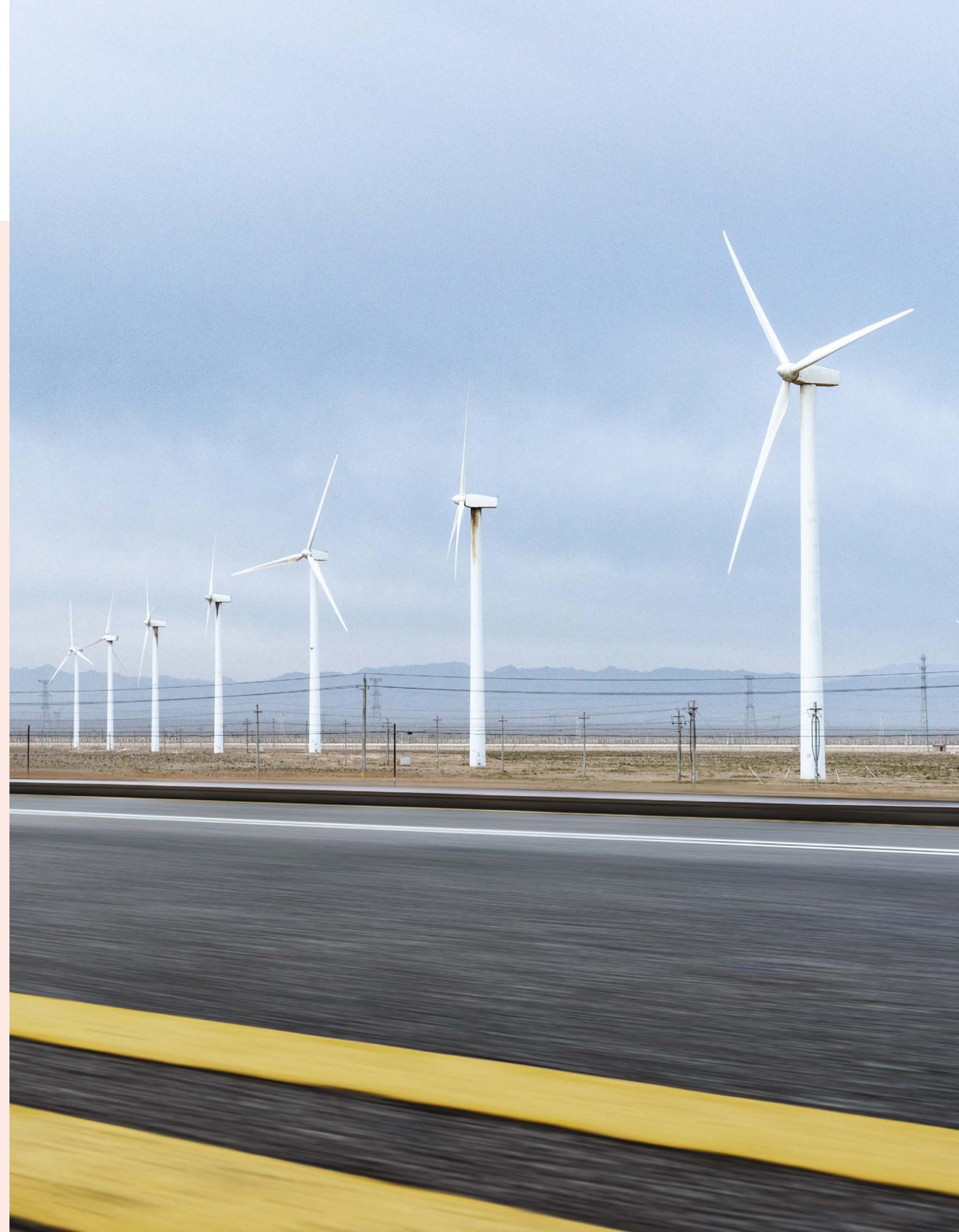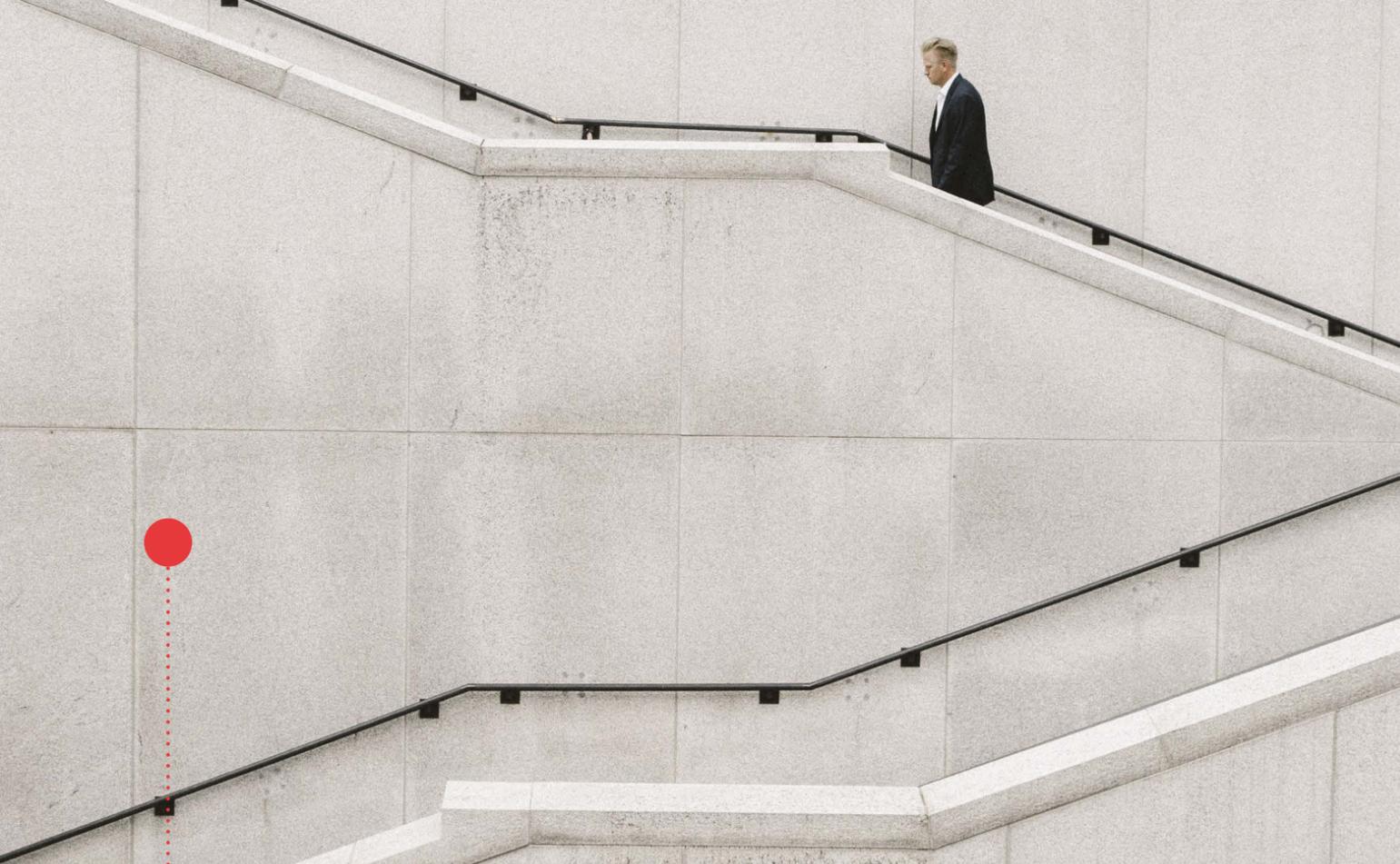
4 Barriers to Progress

> **We want to set high-impact goals but find it difficult.**

> **Our company culture leads us to being in the middle, not leading with big aspirational goals.**

> **We aspire to be net positive in certain areas at some point, but that's really complicated, and we're not quite able to tackle that yet.**

The number one reason companies do not set ambitious goals is the fear of potentially failing to achieve them. We heard this in our member survey (Figure 6), in our interviews and found it in the literature review. Anticipated negative repercussions for failing is part of the reason that companies that do set ambitious goals – especially more substantive and/or longer-term ones – remain reluctant to make them public.

Culture and mindsets play a huge part in this. Sandra Seru, Director at Forum for the Future, pointed out, "Some companies keep their goals small because the mentality is similar to what goes into quarterly income target setting – an over-emphasis on demonstrating short-term achievement. But progress in sustainability needs to be working towards a long-term vision. In this way, if short term targets aren't met, but actions have been made to set the company up towards transformational change in line with the company's long term vision, that should be celebrated."

Reaching a goal often depends on a number of factors outside company control. Companies face uncertainty over future external conditions that will affect their operations, and many companies set targets that rely on outside parties for achievement, both of which pose risk. One corporate interviewee highlighted that "partnership is essential to driving successful goals. So if we fall behind on getting alignment from partners, that can be a barrier to setting and achieving goals." However, it's worth pointing out that the pace of change with technology and other innovation can accelerate progress towards a goal in the future.

Overall, fear of failure is focused on possible stakeholder reactions. Will the media publish negative articles on the company? Will investors pull out? Will employee retention be affected? Will the risk of lawsuits increase? If stakeholders do change their perception of the company, what effect will it have on the company's bottom line?

Reassuringly, our research did not find concrete examples of negative financial impacts of companies failing to hit their sustainability goals. Still, interviewees sounded concern about potential reputational risk stemming from factors including: the level of ambition of the goal, the issue area, brand sensitivity to scrutiny and each company's comfort with transparency and disclosure on specific issues and goals.

How to address:

→ **Start by communicating and engaging on a goal internally to build confidence:** Businesses often choose to share goals with employees first and then with external stakeholders at a later point in time when confidence and comfort are higher.

→ **Set initial goals at a reasonable comfort level, but outline future intentions to increase ambition:** Kevin Rabinovitch, Global Sustainability Director at Mars acknowledged, "It's hard to set high-impact goals in cases where you know what needs to happen, but not how. You can make an interim goal, which is 'good enough' for now but not quite ideal. In that case, it's important to mention that upfront and be transparent about the intention."

→ **Stress that it is acceptable to miss highly aspirational goals:** Knowledgeable external stakeholders understand the immense challenges that companies are trying to tackle. "If you're pitching genuinely ambitious targets, you'll probably fail more and more. Part of me thinks that just comes with the territory if you want to tackle new challenges," Rowland Hill, Sustainability and Reporting Manager at

Marks & Spencer explained. "It's very difficult to set a target for 100% sustainable energy or something at that level. You know you won't hit it every year, but the point is that you're working toward it and are willing to be held accountable to it. You want 50% of women on the board but you only have 10% - that still counts as progress."

→ **Weigh the reputational risks of being too conservative:** With greater scrutiny and growing expectations for companies to take responsibility for addressing social and environmental issues, this has become a real risk. Companies have a heightened awareness of the risks of failing to achieve an ambitious goal, but often don't consider the equally risky hazard of making goals too conservative.

→ **Factor in likely changes to the business:** Gaining as clear a picture as possible of the company's trajectory is important to make a proposed goal credible and durable. For example, a company that experiences a suddenly higher growth rate or that makes an acquisition will face challenges in achieving an absolute reduction goal. Scenarios can be helpful to make internal leaders feel more comfortable.

→ **Revise the goal when needed:** It is acceptable to revise goals along with way, as long as it is done logically and transparently. Revisions must acknowledge the gap that still exists between where the company is and where it needs to be. "When decreasing ambition of a goal, companies should make sure they do not fall below any science-based threshold and should communicate why they are adjusting it," says Andrew Winston, author of The Big Pivot. Mark Weick, Director, Sustainability Programs at The Dow Chemical Company, pointed out that "Multi-year goals have to be balanced with the fact that circumstances change over time. So you want to keep commitments but also hold them loosely so that you can make necessary modifications. Revisions need to be made in a manner that is credible, accountable and responsive to major global trends. I anticipate a major revision to my company's goals every few years so that we can adapt to global trends and stakeholder input."

If short term targets aren't met, but actions have been made to set the company up towards transformational change in line with the company's long term vision, that should be celebrated.

" "

What are the main barriers to setting high-impact goals?

See appendix (Figure 6) for full results

50% Lack of comfort with setting a goal without knowing how to achieve it

38% Lack of data

38% Department/middle manager pushback

Case Study:
Dow

Managing when Company Performance Affects a Goal

In 2008, Mark Weick, Director of Sustainability Programs at the Dow Chemical Company, was faced with a tough decision about an energy goal that he knew the company would not be able to achieve.

At that time, budgets were constrained due to the recession as well as the debt load Dow was carrying after the purchase of the specialty chemical company Rohm & Haas.

This financial context significantly affected the company's ability to achieve one of its energy efficiency goals relating to energy used per pound of product created. The fall in Dow's sales during the recession led to a dramatic increase in energy intensity due to the nature of producing lower volumes of product, plus the debt reduced the access to investments necessary to achieve the goal.

These two challenges led Mr. Weick to re-evaluate some of Dow's 2015 sustainability targets that had been set in 2006, including the energy intensity target. He was left with two options: to adjust the goal to a less ambitious and possibly attainable level, or to keep the goal and accept the failure.

Mr. Weick chose to keep the energy efficiency goal. According to Mr. Weick, "We kept the goal because it expressed ambition and kept us accountable." He elaborated, "We've decided that we want to be out there on the edge leading even if that means we might miss some things."

In other words, it was important to the culture of Dow's sustainability program that the company keep the goal. "Dow is okay with setting audacious goals that we don't know how to achieve, releasing the creativity of the organization and stretching ourselves because it creates more benefit than incremental goals," Mr. Weick explained.

We've decided that we want to be out there on the edge leading even if that means we might miss some things. "

This case study was compiled using insights and quotes from SustainAbility's interview with Mark Weick and also a case study published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan, written by Sachiko Graber and Monika Johnson.[9]

Additional barriers

Though the fear of failure was the most significant barrier, we also encountered others, the most prominent of which were lack of buy-in from internal stakeholders and inadequate data, metrics or measurement methodologies that are needed to create and tackle complex goals.

Lack of internal buy-in

Achieving a goal usually demands some degree of change to business practice and investment to support that change. If sustainability is not integrated into the business, and leaders across business units do not see the value in tackling the issue on which the goal is focused, it is extremely difficult to have an ambitious goal successfully approved. Therefore, socialization and gaining buy-in are critical steps.

How to address:

→ **Emphasize the business benefits of achieving the goal:** Highlight the cost savings, potential for increased revenue and other positive financial impacts if the goal is reached. Tailor this to what will resonate most in your business, whether that's driving innovation, strengthening the brand, motivating employees or some other driver. As one interviewee elaborated, "When trying to determine the value of goals and communicate ROI, you have to be creative about it and not be afraid of scenario analyses and probabilities."

→ **Find allies across the company:** Identify colleagues who can advocate for the goal. This can help avoid the goal being perceived internally as a "sustainability" goal (isolated in the sustainability silo) versus part of the company's core strategy. While having buy-in from senior leadership is extremely important, it must be accompanied by support from middle management, incentive programs that reflect sustainability priorities and a company culture that champions sustainability issues.

Inadequate data and/or weak data collection methodology

We have seen advances in metrics across all environmental and social issues, but many businesses still struggle to not only define the right metrics for their goals, but also to track progress toward specific outcome or impact with confidence. Lack of data was one of the key barriers that our member companies said hold them back from setting high-impact goals (see chart). One interviewee highlighted that, "It can be a barrier to address an issue that they haven't considered in detail before, because the company doesn't have enough expertise on it."

How to address:

→ **Partner with internal and external experts:** Recognize that others may offer new ways of exploring the issue or have suggestions for the most appropriate metrics for the goal.

→ **Identify which data you do have on the issue:** Remember the adage "Don't let the perfect be the enemy of the good," and consider starting with a proxy metric, acknowledging its challenges but transparently sharing your plan to improve the metrics over time.

→ **Invest in data collection systems and undertake research to understand issues better:** Sustainability goals often target complex, system-wide challenges, so it is understandable if decision-makers at companies do not have all the information they may want to set their ambition. Make a plan to develop the expertise, and start compiling the baseline information needed to set a goal in the future; then be transparent about your plan externally.

Though barriers – those we have highlighted and others – are not necessarily easy to overcome, many companies have managed to move forward and set exciting and high-impact goals.

The next chapter outlines best practices in goal-setting to create value and describes what outputs look like when this is done well.

5 Maximising Value and Impact

" **The *wrong* goals are counterproductive. If you set the *right* goals and ground them in science, you create a north star to steer the entire organization by.**

Geoff Kendall, CEO & Co-Founder at Future-Fit Foundation
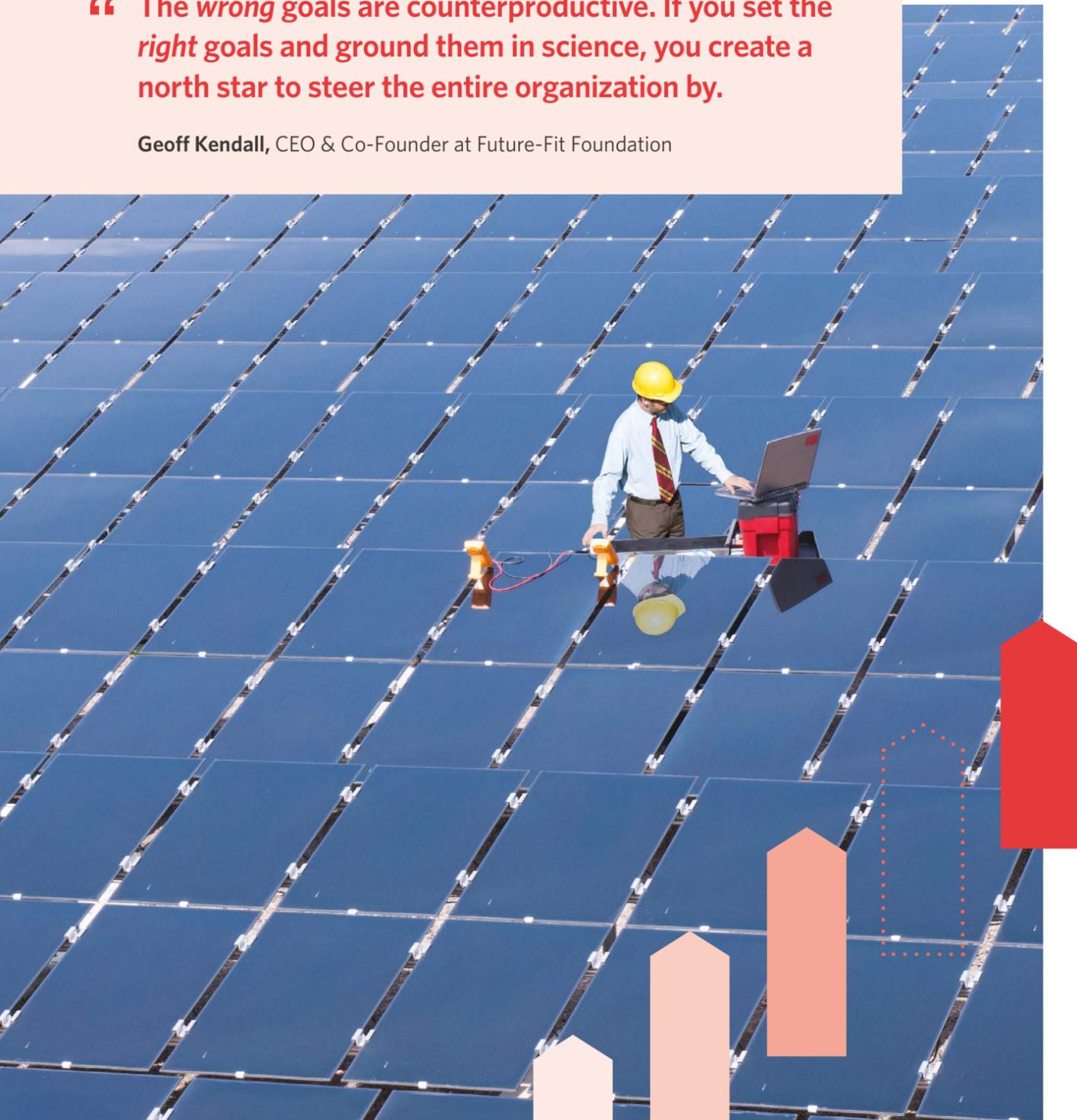
Our research found important lessons to apply and pitfalls to avoid when designing high-impact goals. This enabled us to develop a clear vision of current best practices, which we outline in the graphic below and discuss further on the following pages.

In the *Process* column are key steps to follow to develop goals that are high-value to the business and impactful to society. They are presented in the order we believe to be the most logical and effective, but companies may vary the order based on circumstance, and multiple steps may occur simultaneously. *The Goal Attribute* column calls out the traits of goals that result from following these steps. We then outline descriptions of what a strong or a weak goal might look like according to that trait.

Process	Goal Attribute	Strong	Weak
Start with material issues	Material	Focused on an issue that is tied to core business	Not clear how it relates to the business model
Understand the context	Context-based	Grounded in planetary thresholds and other context	Arbitrary ambition
Partner internally	Integrated	Shared ownership for goal achievement across the business	Siloed accountability
Set ambition	Visionary	Stretch	Incremental
Develop theory of change	Provides clear path to impact	Rooted in the company's ability to influence	Ambiguous company-change process link
Define the metric	Measurable	Impact-focused and quantifiable	Process focused
Agree deadline(s)	Time-bound	Clear deadline for targets	No deadline or deadline too long or short to be meaningful
Engage external stakeholders	Informed by stakeholders	Responsive to stakeholder input	Unresponsive to stakeholder input

1 Start with material issues
Goal Attribute: Material

The growing focus on materiality in the corporate sustainability field (in other words, the potential to impact the long-term sustainability of a company, based on the perspectives of internal and external stakeholders; this is different but related to financial materiality, which is a threshold for influencing the economic decisions of investors) is positively influencing how companies set their goals. Goals should demonstrably support core business strategy. Almost 90% of our members called out the importance of materiality in setting goals that create value (Figure 7). "Goals should be aligned as close to the business as possible," Katie Hyson, VP of Citizenship and Reputation at Barclays said. "To make long lasting, positive societal impact, then ensure the goals make good commercial sense and, wherever possible, are part of the core business and core strategy."

We are also seeing companies focus their attention on fewer key areas instead of trying to set goals for all issues the company may impact. This is critical to enable commitment to ambitious goals, especially as resources can be limited and need to be strategically allocated to areas where the company is positioned to make significant impact.

We should point out that there are challenges to tying the goal to the core business that should be carefully considered. A business-model-transforming goal might present huge potential for adding value to the business, but it may also present risks if the transition fails, or, if it is successful but the market does not favor the outcome. Also, this type of goal may offer a less lucrative path in the short term. For example, investing in renewables today generates less ROI than investing in fossil fuels. We hope that these aspects do not prevent companies from setting high-impact goals on key issues, but they do underline the need for careful thought around strategy and scenario planning.

What goal attributes successfully generate business, social, environmental or economic value?

See appendix (Figure 7) for full results

88%
Materiality

44%
Strong theory of change

44%
Aspirational vision

Case Study:
Ford

Taking Water Goals to the Next Level

Ford has been successful in setting rigorous, quantitative efficiency targets for its water use. Now the company is has an ambitious goal to use zero drinking water for manufacturing processes – on the way to the ultimate goal of zero water withdrawal for manufacturing processes.

Ford is one of only two U.S.-based companies to make CDP's Water A List (for the second year running). Ford is also the first automaker to commit to the Business Alliance for Water and Climate's "Improve Water Security" initiative.

Ford has set increasingly rigorous water efficiency targets since 2000. By 2020, Ford plans to reduce water use per vehicle by 72% compared to the 2000 baseline. Ford's ambitious goal to ultimately have zero water withdrawal for manufacturing processes recognizes that we need to go further than just increasingly stringent efficiency targets. Ford aims to ensure a stable water supply for its facilities, while working with local communities to help ensure their needs are also met. Increasing water reuse, as Ford has recently done at its Chicago Assembly Plant, is one way to do this.

Ford also recognizes that its direct operations are only a small part of automotive manufacturing. By sharing its leading water (and waste and energy) reduction practices with suppliers through its Partnership for a Cleaner Environment (PACE) and encouraging them to implement these efficient practices in their own facilities, Ford is greatly amplifying its positive environmental impact.

Ford's ambitious goal to ultimately have zero water withdrawal for manufacturing processes recognizes that we need to go further than just increasingly stringent efficiency targets. ""

2 Understand the context
Goal Attribute: *Context-based*

In the past, companies have often set goals in a somewhat arbitrary way. Best practice today is to first identify the ultimate end goal for the system challenge (such as sending no waste the landfill or ensuring watershed health), in other words, what is necessary to achieve sustainability on that issue. As Kevin Rabinovitch, Global Sustainability Director at Mars put it, "Targets should be driven by what is scientifically right over what is presently thought to be feasible."

Once the ultimate end goal for the system challenge is clear, a company needs to determine what that context means for the organization and the goal it is setting. The Embedding Project calls out such a context-based approach as helpful in "setting clear and defensible limits to your involvement," ensuring a company can be logical in prioritization of scarce resources.[10] See the box on page 47 for a summary of the Embedding Project's recently published guidance on setting context-based goals.

"The key is putting goals into context so that performance can be assessed in perspective," Sandra Seru, Director at Forum for the Future told us. "If you know your company's total impact on an issue, it's helpful to set an absolute target and then demonstrate in your reporting what percent of this total impact you are addressing. When total impact isn't known, you can estimate to help set appropriate ambition. For example, our industry accounts for roughly X% of total units, my company is X% of this market by volume, so this means to drive real progress we need to address X total units. Considering the context of the problem helps lead to meaningful, transformational shifts rather than incremental % change against baseline targets that may not make an overall difference to the issue at hand."

3 Partner internally
Goal Attribute: *Integrated*

The goals that create the most value are generally those embedded into and across the business, not those owned solely by corporate sustainability teams. This is inherently tied to materiality because a goal that addresses a priority issue is de facto important to the business' operations and future success.

Engaging with the right decision-makers across the company is essential to building buy-in on the need to set a goal and accessing the expertise to design and pursue it. Finding the right internal partners is also crucial for driving accountability throughout the business.

The Swire case study on page 41 outlines how they ensured that an ambitious goal laddered down throughout the company. The Woolworths case study on page 42 outlines how they motivate employees to strive towards goals.

Targets should be driven by what is scientifically right over what is presently thought to be feasible.

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Case Study:
Swire

Cascading Goals to all Levels of the Company

Philippe Lacamp, Senior Vice President of Americas at airline Cathay Pacific and former Head of Sustainable Development at the airline's holding company Swire, has realized that breaking down large goals into smaller targets across business units is critical to motivating employees to contribute to achieving the goal.

While at Swire, he helped the company set net zero goals on greenhouse gas emissions, waste and water. However, he quickly recognized that those types of overarching goals were too big and abstract to be meaningful to employees. They needed to be broken down into smaller targets that resonate throughout all levels of the company and enable each employee to understand how they can have an impact on the issue. Understanding this, he strived to make the goals relevant to the people on the front lines. He asked himself, "How do I make the check in staff at the airport feel as though they can make a contribution to that goal?"

Additionally, people need to understand how the target and the impact will be measured. "Measuring against a net zero target is more challenging than something like measuring the reduction in excess fuel carried per aircraft which leads to less fuel burn and a saving of X amount of carbon emissions," Mr. Lacamp explained.

He elaborated, "If you start to explain to people, 'Here is the overarching objective. Here is what it looks like at a granular level for you and what you can do to be part of the mission,' then that can have meaningful results. This tactic can also strengthen employees' connection to the overall vision, mission and performance of the company."

Overarching goals were too big and abstract to be meaningful to employees. They needed to be broken down into smaller targets that resonate throughout all levels of the company.

" "

Case Study:
Woolworths

WOOLWORTHS

Incentivizing Employees

Employee engagement is key to achieving sustainability goals, especially at large companies where goals extend into various business units, departments, regions, etc.

South African grocery and textiles chain, Woolworths, uses numerous tactics for motivating employees to support the company's sustainability agenda.

At the most basic level, internal training and education on the sustainability strategy spreads awareness among colleagues about the program and the company's goals and aspirations. Targeted messages from Woolworths executives on the sustainability goals and their value reinforces the message to employees that sustainability is core to the business strategy and identity. "The more that senior leaders repeat it as a mantra, the better it is," said Justin Smith, Global Head of Sustainability.

Beyond that, each business unit is responsible for tracking and collecting its own data and then reporting that data up to the corporate sustainability team. This gives employees in those business units some ownership over progress and their contribution to the goal.

As Mr. Smith pointed out, "Having a measurement system that cascades down to the business units

has enabled us to incorporate performance against sustainability goals into the appraisal process as well." Contributions to the company's sustainability efforts are a key aspect of qualifying for monetary bonuses. He worked closely with the HR teams to integrate that into the appraisal process and said, "Having HR as allies was key to making progress on that initiative."

Contributions to the company's sustainability efforts are a key aspect of qualifying for monetary bonuses.
" "

4 Set ambition
Goal Attribute: Stretch goal

Engaging Stakeholders Network member companies called out the importance of aspirational vision to setting goals that create impact (Figure 7). Of course, what is considered ambitious varies depending on the specifics - the issue, the company, the scope, the deadline and other factors.

Often, context illuminates ambition. Ole Lund, Chief, Local Networks at United Nations Global Compact, suggested that companies "first start with defining priorities by what is material to the business and the impact that it has in the area, but then look at the SDGs and the specific targets for context and inspiration in setting the level of ambition across these priorities. For business goals to have a strong impact, they should be set high enough to 'stretch' the organization. Goals that are set so high that the company up front doesn't know exactly how to achieve them will spur creativity and innovation within the organization, as compared to goals where the company can follow a more linear trajectory and add a few more percentage points."

Stretching themselves can prove challenging for many companies. One interviewee suggested that a company hesitant to set ambitious goals could start by defining just one issue area where it wants to excel and build from there.

5 Develop theory of change
Goal Attribute: Clear path to impact

The best goals are supported by a clear theory of change. To develop a theory of change, sustainability teams need to work with business partners to explore a) what ultimate impact the company needs to make to play its part in addressing the issue and b) what levers the company can influence directly or indirectly to bring about that result. For example, can the company influence policy makers? Are there legal courses of action? Is the company large enough in scale to shift the market by influencing suppliers or distributors?

Sometimes, how to achieve change and have the desired impact is obvious, such as saving water in a watershed prone to drought, but at other times, it may be less clear. Mark Weick, Director, Sustainability Programs at The Dow Chemical Company highlighted, "We've found it more difficult for the company to address broad-based social issues. One issue that's very critical is the increasing divide between rich and poor, but we are struggling to figure out how we can affect it. Movements and protest around this drive unrest in particular geographies, which has a business impact in those areas. Likely the best way Dow can address the issue is through employment. We have a joint venture in Saudi Arabia to build a huge chemical plant, and so we are hiring and training huge numbers of Saudi nationals. That's one piece of the puzzle, but it's a small piece. A larger piece is tax laws, and human kindness, and sharing. How do you tackle issues like that? It's very difficult to figure out how to drive impact on that."

Exploring how the company's business model affects the issue, both positively and negatively, can shed light on ways to drive impact. It can also be helpful to engage external stakeholders in clarifying the company's potential contribution to driving impact on an issue.

6 Define the metric
Goal Attribute: Measurable

Selecting the right metric for the goal and tracking progress is a common challenge. However, metric identification can be made easier by focusing on impact (the intended outcomes or change brought about by the goal) and partnering with subject matter experts who understand the issue and the company's ability to influence it. Focusing on the outcome needed can leave the company more open to new and different paths to achieve the impact, as opposed to locking itself into a particular process.

Companies must avoid confusing *reach* (for example, the number of people affected by company's activities) with impact (the ultimate outcome). It is a common mistake that can undermine the change the goal was intended to create. "Some things drive the wrong behavior. For example, a few years ago we set out a target of reaching a million people with safe water and sanitation per year. What that led to was a selection of subjects, which arguably were focused more on the delivery of a number than the relative impact that might create for the community," David Croft, Global Sustainable Development Director at Diageo told us. We explore Diageo's Social Impact Framework in the case study on page 45.

Tying goals to an external rating alone can be tricky as well, as the rating itself may not be adequately action-focused or the right fit for the outcomes the company is trying to achieve. Kim Marotta, Global Senior Director Corporate Responsibility shared Molson Coors' experience with this: "We set a diversity goal a while ago based on Fortune's 100 Best Companies to Work For, but it was not tangible; we didn't make any traction and realized it wasn't an appropriate target on its own. Now for the 2025 goal, we're using the Great Places to Work Index, which provides a truly comprehensive evaluation of our culture, leadership, performance and employment standards in relation to global peers. Because the Index is developed by surveying a company's employees, we believe that scoring highly shows that we're really meeting our employees' needs and expectations for a fulfilling, challenging and exciting career in an inclusive and caring workplace. In addition, we track our diversity representation internally to ensure that we are making progress in a tangible way towards our 2025 goal. The lesson for us was that we needed to be careful about what exactly the third-party indices were measuring and whether that was driving the impact we wanted, and that we balanced an external ambition with tangible internal tracking to ensure progress."

Metric identification can be made easier by focusing on impact.

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Diageo

DIAGEO

Measuring with a Social Impact Framework

Compared to environmental or economic aspects, the social aspects of sustainability can be more challenging to measure and track in a quantitative way.

Diageo, a leading global alcoholic beverage provider, tackled this by developing a Social Impact Framework, launched in 2016 which the company sees as a valuable tool for evaluating impact and prioritizing investment.[12]

The Corporate Relations Team reviews all community-focused programs and activities above a certain size using the Social Impact Framework. This allows the team to consider the potential impacts and outcomes of each proposed program, track the resulting metrics and make improvements to programs where impact can be maximized.

Diageo's Global Sustainable Development Director, David Croft, shared some examples of how the framework is used and what types of metrics and KPIs can be tracked. "When we think about smallholder farmers, for example, we think about livelihoods, productivity improvement, whether those farmers think the future is brighter now that they are involved in a sustainable program."

He then elaborated on how the Framework helps them think through benefits for the company:

"We also measure impacts for the business, for example, the relative value of sourcing locally versus internationally. We can quantify the level of engagement created with stakeholders locally and how that contributes to the business. There might be financial metrics that work toward a business goal, such as protection against exchange rate fluctuations using local currency."

Just as important as tracking potential or actual impact, Mr. Croft mentioned that the Social Impact Framework also helps Diageo see how it can effect even more change going forward. He explained that the framework helps them focus on what challenges still exist and identify opportunities where greater impact can be made.

We can quantify the level of engagement created with stakeholders locally and how that contributes to the business

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7 Agree deadline(s)
Goal Attribute: *Time bound*

Setting timeframes is critical to making goals and intended impact clear for internal and external stakeholders. Current best practice involves setting a longer-term goal based on context, and then outlining the key milestones that show the short- and medium-term steps required to get to that goal. Companies may or may not share those interim goals externally.

Justin Smith, Group Head of Sustainability at Woolworths noted, "You need to find the balance between a massive seismic shift in the way the business operates that is longer-term and also having smaller steps along the way that break down progress, for example into 1-5 year goals. Otherwise the 2030 or 2050 goal can be too far away for people to know what to do about that on a daily basis."

What is considered long-term or short-term varies. Making the timeframe of a goal too short may limit impact, but interviewees also cautioned that when goals are too far out, it can prevent the company from being agile, locking it to fixed targets in what is, in reality, a dynamic environment. The company's strategic planning process and culture also shape the timeframe. A sustainability executive at a leading healthcare company explained, "For our company we cannot think of goals beyond five years. We have had discussions on the timeframe before. Things can be dramatically different in 10 years' time, especially now that the world is changing so dynamically. We have the opportunity to grow or correct based on the findings of five year goals."

8 Engage external stakeholders
Goal Attribute: *Informed by stakeholders*

Companies that solicit outside insights and opinions to shape their goals are often more strategic in their thinking. External stakeholders often shed light on new or better ways for the company to influence issues. One interviewee told us, "We have to be smart, and we want to get smarter. External engagement ultimately leads to better goals at the end of the day."

Engagement demonstrates that the company is being thoughtful in its approach to the goal and can even lead to strategic partnerships between the company and its stakeholders, which may enable them to jointly set goals that create more impact than either could on their own. It also helps test external perceptions of a goal in terms of assumptions and ambition level. As the CSR Manager at an electronics and industrial equipment suggested, "Have a dialogue with stakeholders to get their input before going public about the goal to see what they think should be done." The Walt Disney Company is a shining example of this, and the case study on page 48 outlines how it engaged stakeholders in its goal-setting process.

The Embedding Project calls out how some leading companies ask stakeholders to "provide input as the company builds its understanding of how its activities might positively or negatively impact key socio-ecological thresholds. These stakeholder or community of interest panels become an invitation to others to act as partners in challenging the company's thinking around how to define key thresholds and how to determine impacts with respect to them."[11]

The Embedding Project Approach

The Embedding Project's 2017 report *The Road to Context: Tools for corporate strategy-making and goal-setting* outlines aspects to consider when setting context-based goals:

Acknowledge
Acknowledge the need to operate within global, regional, and/or local environmental and social thresholds.

Prioritize
Transparently understand and prioritize a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.

Set strategy & goals
Set strategy and goals by transparently articulating the current performance gap and what portion of this gap the business will address. A contextual goal is made up of three components:

1. a clear desired endpoint;
2. an understanding of the starting point;
3. an articulation of the company's commitment to help bridge the gap.

Track
Transparently track performance against realistic trajectory targets. Setting realistic 'best estimate' trajectory targets allows a company to convey to stakeholders its expectations around the pace and resources required to deliver on the goals.
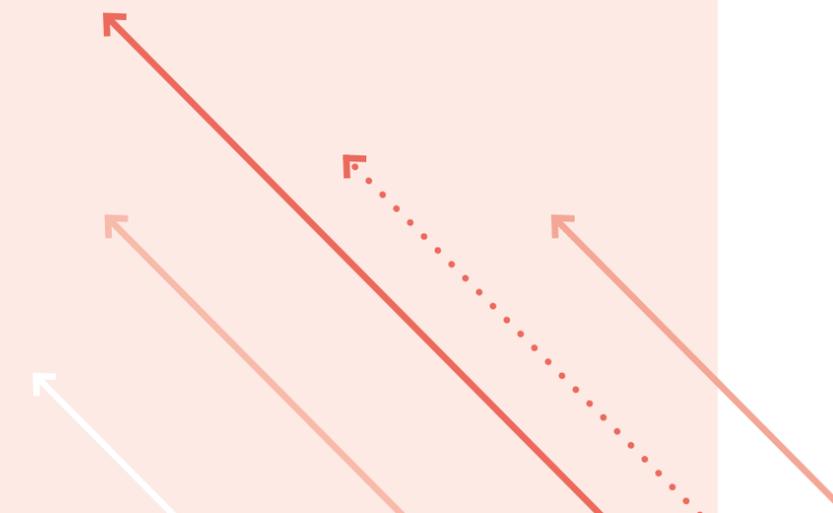
Case Study:
Walt Disney

The **WALT DISNEP** Company

Engaging Stakeholders in Crafting Goals

The global entertainment business, The Walt Disney Company, involves stakeholders at many points throughout its process of goal setting, including at the initial stages and for feedback once draft goals have been created.

The company uses both one-on-one and small group dialogue to gain input from key external experts and opinion leaders. The company is generally well respected by NGOs and other stakeholders who are interested in the company's sustainability issues.

Disney has found that it is especially important to seek input on goals for which the stakeholder community may have a variety of opinions. For example, one aspect of Disney's approach to reducing GHG emissions involves the purchase of carbon offsets through accredited forestry projects. Stakeholders have varied perspectives on offsets, so Disney has been proactive in gathering insights on all aspects of the issue. Director of Global Public Policy, Emily Cichy, shared that this multifaceted dialogue "has helped us understand a wide range of perspectives and made our program stronger."

For companies who have not yet involved stakeholders in the goal setting process, she has the following advice for getting started:

- Start small with one or two partners who can provide counsel, and work up to including others over time.

- Quality is better than quantity. Finding the right stakeholders for your company to engage with is more important than having many voices.

- Be open to hear stakeholder opinions on sensitive issue areas or goals, even if you don't always take the advice.

Ms. Cichy pointed out, "Stakeholders will appreciate if you are being open and willing to have a transparent discussion."

Disney has found that it is especially important to seek input on goals for which the stakeholder community may have a variety of opinions.

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6 In Focus

Targeting Value largely explores corporate sustainability goals collectively. In this section, the research looks more closely at two key areas where there is particularly strong corporate action: water and decent labor. We discuss each in turn below.

In Focus:
Water

Landscape

The identification of water as a major risk to business is far from new, but 2016 and 2017 brought accelerated adoption of the kind of water management strategies and goals most needed. Given the severity of water risks globally, corporate water goals are an essential component of high-impact sustainability goal-setting. Consider:

→ Water supply risk and risk from water crises have appeared repeatedly in the World Economic Forum's Global Risk Analysis[13] over the last 10 years, with "water crises" ranking third in terms of risk likelihood and potential impact for 2017.

→ Water risks pose a threat to supply chains and core business operations across the food and agriculture and energy sectors given the high water-usage intensity of those industries.

→ Floods, droughts and water sanitation challenges can potentially destabilize whole regions and the industries that operate in them.[14]

In a space where progress relies on significant collaboration, the total impact of one company can be difficult to assess, so we reviewed the present breadth of corporate water goals to assess relevant trends and best practices.

CDP's annual water management index and its report, *Thirsty Business: Why water is vital to climate action*,[15] shows the private sector response to the real and growing global challenge presented by water (and climate) risk. In the last two years there has been a surge in corporate efforts to improve water management practices,[16] but there remains significant room for improvement and wider adoption of water management strategies and goals. Evident of the need for wider adoption is also provided by CDP: in 2016, more than half (677) of the companies asked to disclose water data by CDP failed to do so, though they may have reported via other channels.

A growing number of companies are engaging in goal-setting to some degree; for example, 54% of CDP respondents have set goals to better manage water resources. These include quantifiable objectives to manage water resources and qualitative aims that lead towards improved water stewardship.

Our own assessment of water goals across the food, energy and finance sectors reflects similar trends in that the vast majority of goals we found are absolute. We also discovered that food sector companies are more likely to have water-related goals than companies in the energy and finance sectors. This finding was consistent with CDP's, in that only 29% of energy companies that were requested to disclose water-related information by their investors, via CDP for 2017, did so.

While operational efficiency targets are important, addressing water risk demands that companies consider how to secure and maintain the water basins in which they operate.

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Best practice

Both CDP and SustainAbility's review find that quantitative operational efficiency goals are among the most common, unsurprising given that companies have the greatest control over their own operations and greatest comfort with goals in this area. For example, CDP highlights Consol Energy Inc.'s use of quantitative goal-setting in committing to recycle or reuse at least 90% of its process water in its core operating areas, a target it met for the period 2013—2015. This is a critical first step in addressing overall water withdrawal rates and reducing inefficient water usage practices.

While operational efficiency targets are important, addressing water risk demands that companies consider how to secure and maintain the water basins in which they operate. Here, qualitative targets can be a necessary step. For example, Dell Inc. disclosed a goal in 2014 to require all production sites and certain service suppliers to have water risk mitigation plans in place by 2020. It also set a goal of using CDP data and Dell's own hot-spot mapping to identify the company's 50

suppliers with the highest water usage and/or risk of water-related natural disaster. By the end of the 2016 financial year, all 50 had published five-year water risk mitigation plans.

A collaboration between several of the world's leading water experts is now promoting a more rigorous context-based approach to setting water targets.[17] CDP, the UN Global Compact CEO Water Mandate, The Nature Conservancy, The World Resources Institute and WWF are calling for a new approach to setting corporate water targets reliant on local context and informed by the best available science. This approach is intended to help eliminate bias from decision-making and prioritization, while improving reliance on common language and KPIs to support measurement and track progress of goal impacts.[18] The collaboration partners also note that context-based water goals necessitate dialogue with stakeholders particular to each water basin and rely on rigorous analysis of risks across all relevant regions and components of a company's value chain.

What's next?

Though water-risk assessments have become more commonly available, we are only just beginning to see them robustly applied to goal-setting, as demonstrated by the Ford case study on page 39. Such examples raise the bar for leadership on corporate water stewardship and are expected to lead more impact-focused conversations around setting and achieving water goals. Going forward, we expect to see stakeholder engagement become increasingly vital to achieving the next tier of progress on water sustainability.

One of the strengths of context-based water goals is that they encourage all stakeholders sharing water resources in a basin to think about the long-term sustainability of available water resources. However, developing and achieving context-based water goals necessitates a wider dialogue amongst stakeholders,[19] more so than setting either absolute or relative in-house goals would, and such goals are therefore likely to take longer to set and implement. As water resources become increasingly scarce, competition for water will increase, and it will become even more critical to carry out stakeholder engagement to ensure companies set water goals that align with equitable and responsible withdrawals and watershed management. Furthermore, data collection will be essential to providing appropriate context, and companies will need cross-sector collaboration and public private partnerships to collect said data and ensure that all stakeholders have a complete picture of a watershed's long-term health.

In Focus:
Decent Work

Landscape

Decent work issues as set out by the International Labor Organization (ILO) and the United Nations, including in the SDGs, remain high on the sustainable development and corporate sustainability agendas. Since the ILO started promoting decent work and labor standards in 1919, society has come a long way in terms of regulation and expectations of what decent work looks like. However, it is evident that there is still much progress to be made:

→   Youth are almost three times as likely as adults to be unemployed.[2]

→   Child labor remains a serious concern. More than half of child laborers (85 million children) participate in hazardous work.[2]

→   Wage inequality is rising in many countries around the world, and the gender pay gap reaches up to 45%.[20]

→   Public debate and media reports reflect concerns about job insecurity due to the increasing 'casualization of work' in the 'gig economy' as well as the potential for mass job losses as a result of technology and automation; living wages and employee health and wellbeing are also high on the public agenda.

As part of *Targeting Value*, we examined the landscape of company goals around decent work in the database as well as known leaders on the agenda. We particularly wanted to understand to what extent companies align with the ILO and SDG

agendas and how they demonstrate a commitment to tackling some of the issues listed above.

Our analysis reveals that companies generally have some goals around decent work and labor standards that align with the ILO and SDG agendas; however, the scope of issues the goals address varies. Variations stem from sector-specific priorities to some extent; for example, the energy sector heavily features health and safety goals. Differences also possibly reveal a range of maturity regarding not only goal-setting but also approaches towards specific decent work sub-issues. For example, while many companies have been working towards health and safety and diversity for a number of years, they may be relatively new to managing human rights or (mental) wellbeing.

The majority of companies in our sample have set goals that focus on:

→   **Health and Safety**, where they feature goals around reduction of employee and contractor injuries and implementation of best practice or prevention culture

→   **Diversity**, where we find goals around gender, including targets to achieve specific percentages of female employees at senior levels of company management or in the talent pool

→   **Employee Development, Training and Skills**, where companies have goals around putting in place employee development and training plans and investing in future talent through education and mentoring programs

International Labor Organization Definition of Decent Work

*"Decent work sums up the aspirations of people in their working lives. It involves **opportunities for work** that is **productive** and delivers a **fair income, security** in the workplace and **social protection** for families, better prospects for **personal development** and **social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives** and equality of **opportunity and treatment** for all women and men."*

Best practice

As in other areas of sustainability, working in partnership and aligning with recognized best practice is essential to success. The ILO[21] and the SDGs provide internationally respected frameworks, indicators, insights and recommendations[22] that can help companies understand issues, set appropriate and meaningful goals and roll out action plans.

NGOs and sector collaboration can provide further expertise and assistance. For example, Unilever worked closely with the Fair Wage Network to develop the company's approach to a living wage. In another example, Mercer is convening a Responsible Employer Forum which aims to raise industry awareness on fair wage issues and share best practice on how multinational organizations can implement fairness in the workplace initiatives.

Best practice also encompasses addressing aspects of decent work that are more nuanced or challenging. Marks & Spencer has set a goal on disruption in the workplace due to technological advancement: "By 2020, we'll complete collaborative research into the likely employment impacts of next generation technologies. We'll then provide an annual update on our actions to prepare our people for the future, whether they work for M&S or other employers." Nestlé and BNP Paribas have goals relating to fostering an environment that promotes gender equality.

What's next?

Expectations and norms around corporate responsibility and ethical behavior towards employees, and increasingly suppliers, are moving fast, and regulation is following suit. Commitments to address areas such as health and safety, employee development and training, and gender equality and diversity are often non-negotiable table stakes. We expect to see more companies following the current minority who have started to set goals that tackle more emerging or complex issues, including living wage, the gender pay gap, inclusion and human rights. Anecdotal evidence and our broader research into goals suggest that reluctance to set goals around these emerging issues may stem from their sensitivity or their macro status, either of which can leave companies unsure where to start.

We are encouraged by the examples of companies that have started setting goals and targets to address decent work issues they don't yet know how to answer. These companies are undertaking or commissioning research as well as engaging partners and stakeholders to develop understanding of root causes and define step-by-step responses to the social issues at the heart of the decent work agenda. While science-based targets have become the mantra of the environmental sustainability agenda, theory of change and social context-based approaches can help companies target resources and design meaningful interventions to drive impact on the social agenda, and long-term success will depend in part on effective multi-stakeholder collaboration plus wider uptake and evolution of current best practice.

While many companies have been working towards health and safety and diversity for a number of years, they may be relatively new to managing human rights or (mental) wellbeing.
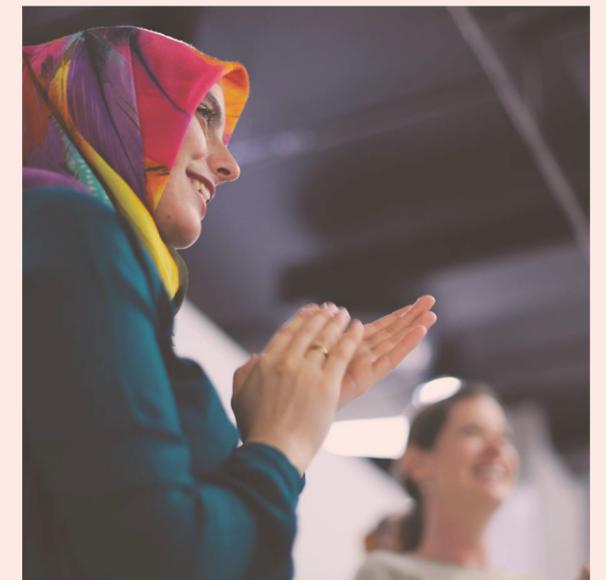
7 Sharing Ambition, Disclosing Progress

SustainAbility believes in corporate transparency, generally, and in transparency on goals and performance, specifically.

We have long advocated for more and better disclosure from companies on their sustainability practices, and we have explored the topic over the last two decades in previous reports such as, *See Change: How Transparency Drives Performance* and *Changing Tack: Extending Corporate Leadership on Sustainable Development.*

Communicating clearly and regularly on goals, and a company's performance against them, has a range of benefits. Transparency enables companies to demonstrate that they are serious about their ambitions and can build trust in their brands. It also allows companies to access information for benchmarking against their peers.

A key function of transparency is that it lets external stakeholders hold companies accountable for delivering on commitments, a practice that can improve sector performance on an issue. Forest Trends' 2017 *Tracking Corporate Commitments to Deforestation-Free Supply Chains* is just one example of accountability-focused stakeholder activity. The Forest Trends report calls out that 20% of corporate commitments to reducing deforestation in supply chains have become "dormant," meaning there has been little or no reporting on progress.[23]

Our transparency recommendations regarding goals are:

Publish goals in a consistent, easy to access location

It may seem obvious, but a surprising number of companies do not do this. It can be highly frustrating for, and can discourage engagement of, external stakeholders to have to search for corporate goals and performance updates within corporate communications. The Nestlé case study on page 64 provides an example of good practice on this.

Disclose details

A goal is only meaningful when it is clearly articulated. Baseline year, target year, metric, scope and other salient details should be explicitly defined and should be tracked consistently over time. Disclosing the process by which the company sets its goals can add credibility as well. It is also key to put goals into context. Geoff Kendall, CEO & Co-Founder at Future-Fit Foundation stressed, "Companies should be transparent about where they are now and where they need to be, should explain the challenges they need to overcome to close the gap, and should not be shy in asking for help to do so."

Update progress regularly

The cadence of reporting against a goal depends on the timeframe for the goal itself, the issue it addresses, data access, the company's reporting cycle and other factors. In any format, regularity of reporting helps stakeholders follow the story and understand progress. Additionally, there is presently experimentation with "living reports"; for example, Dow regularly reports online on "innovation, goal performance and success stories in addition to our comprehensive annual public report."[24]

Pursue assurance

Internal audit and external assurance practices are increasingly being applied to assessing progress towards goals, a logical response to growing scrutiny around corporate claims of impact. Justin Smith, Group Head of Sustainability at Woolworths said, "We have moved from an internal audit process to external assurance on much of the sustainability work that we do because it gives more credibility and builds trust with customers and other stakeholders. We use a variety of third party auditors, certifiers and others."

Clarify and communicate business benefit of the goals

Most sustainability goals in our database do not clearly communicate their value to the business. While ease of demonstrating the business case for a goal varies based on the issue, the company's business model, data, etc., this is a challenge worth surmounting. Companies invest in goals for financial, reputational or other benefits, and communicating the detail behind that intention sends a strong message to stakeholders as to why the company is tackling the issue.

Speak from the top

The more senior the leader associated with goals, the more genuine corporate commitment appears. Senior leadership engagement also relates to communicating business benefit in that when the C-suite ties sustainability goals to business strategy, the potential for impact increases. Senior leadership communication can also help to motivate employees to contribute to achieving the goal.

Acknowledge changes and admit failure

As one interviewee put it: "Stakeholders may not like to hear that you are behind on a goal, but most reasonable people respect you being transparent about the situation when you are." Communicating context and any theory of change upfront may help stakeholders better understand why the company wasn't able to hit a goal if that happens down the road. In their 2016 sustainability report, PepsiCo acknowledged failing to hit a goal: "The improvement was narrowly below our 2015 goal of 20% efficiency per unit of production, as our growth outpaced the reductions we made through greater energy efficiency and conversions to renewable forms of energy." Transparency also can help to address reputational risks from failing to hit (or revising) a goal, as we highlight in Chapter 5.

Consider different audiences

Experts understand issue complexity, but others may not. One interviewee from a highly public brand pointed out "People in the sustainability community will understand the nuance and be more forgiving, but consumers aren't going to understand that and won't do due diligence. Media may not either." Another interviewee noted that "Transparency can be a double-edged sword because audiences perceive information differently. For example, what might be impressive to the sustainability community in terms of a goal that requires a significant investment in biofuels with little immediate return, may not sit well with investors."

> " **Transparency can be a double-edged sword because audiences perceive information differently.**

Case Study:
Nestlé

Consistently Tracking and Reporting Out Against Goals

Swiss food and beverage company, Nestlé, demonstrates transparent and robust reporting on goals and progress toward them.

Within its framework of Creating Shared Value (which now includes 2020 goals and three larger 2030 ambitions), Nestlé has goals in six focus areas: nutrition, health and wellness; rural development; water; environmental sustainability; human rights and compliance; and our people.

Nestlé sees value in ensuring stakeholders can access information on its commitments and objectives in its annual report each year. As Senior Public Affairs Manager Hilary Parsons shared, "Not only is clear reporting of our objectives helpful for our stakeholders, it supports our internal reporting mechanisms as well."

The company's 2016 sustainability report has an introductory section which lists all "commitments" within each of the six focus areas, with links so that the reader can easily navigate to the commitments of interest. The report is also organized into sections corresponding to the six focus areas, and the commitments are addressed within each of those sections. For each commitment, which is an overarching aim, there are one or more specific measurable objectives that Nestlé aspires to achieve. The timeframe of each objective is explicit. Advancement toward the objectives is visually indicated by a circle icon that is filled according to

progress, making it easy for the reader to quickly understand whether an objective has been achieved or not and easily track progress across each annual report. Specific data and/or commentary for each objective then communicates the details of that progress or achievement.

Nestlé is also transparent on the occasion that an objective needs to be updated or changed and provides explanation of this next to the affected objective. For example, in the 2016 report, regarding an objective to source 90,000 tonnes of coffee that is compliant with the Sustainable Agriculture Network (SAN) principles by 2020, Nestlé preemptively explains that it may alter this goal in the next year, "During 2017, Nescafé will be reviewing this objective, including any related progress, to realign it towards a reinforced emphasis on enabling positive impacts on coffee farmers, their communities and landscapes."

Nestlé sees value in ensuring stakeholders can access information on its commitments and objectives.

" "

Looking to the Future

Businesses must continue to evolve their approaches to goal-setting. Companies have a responsibility to ensure they are operating in a sustainable manner; setting goals to outline what that responsibility means to them is an important part of that journey.

Companies must also get smarter about impact – not just enough impact but the right impact. The best goals create shared value and this requires, at the very least, stronger alignment with the business model, and sometimes outright transformation.

We also hope that decision-makers inside companies challenge themselves to set goals in line with context, which, by definition, will be ambitious given how much remains to be done to address system-level sustainability challenges like climate change. Though developing context-based goals will set companies up for success in the future, we know that such commitments require bravery today, and

perhaps even a leap of faith that the company will be able to figure out how to get there over time.

Companies can find some comfort in knowing they are not alone in facing these challenges. The role of external stakeholders such as government, NGOs and academia is not just to push companies to raise their ambitions, but also to support them in setting and achieving more impactful and strategic goals – and to do their part by setting and pursuing high-impact goals of their own.

With the exciting global developments of the Paris Agreement and the SDGs, a pathway now exists, clearer than at any time previously, for the private sector to follow in order to play its part in developing a truly sustainable society and economy for all. SustainAbility will continue to inspire and enable businesses to increase their ambition to help us collectively reach the vision we all need to thrive, and we invite others to join us.
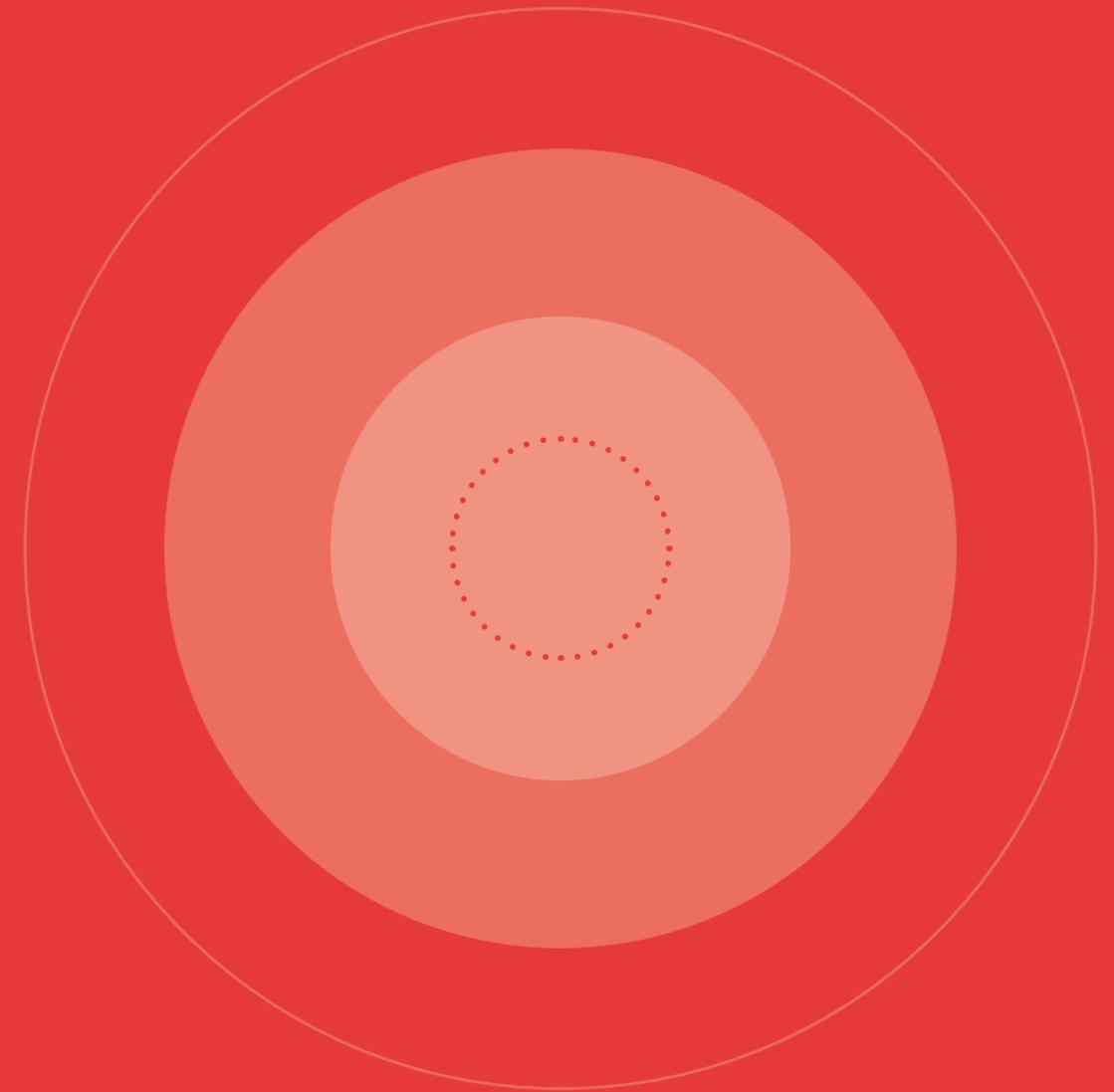
Acknowledgements

This report was developed with support from the members of SustainAbility's Engaging Stakeholders Network. SustainAbility has convened this group of global companies for nearly two decades to explore the themes of transparency, stakeholder engagement and integration to further progress toward a sustainable future.

A key benefit of the network is access to our annual research output, developed to be of greatest relevance to their roles as sustainability practitioners. Members contributed to the research by selecting the topic and by sharing their ideas through interviews, case studies and ongoing discussions with team members at SustainAbility.

We would like to thank our Engaging Stakeholders Network members for their time and insights and for raising important questions about the challenge of setting goals that create value for the business and drive impact on sustainability issues — we could not have created this report without your input throughout the process, nor without your financial support as members of the Network.

We would also like to thank the many individuals who helped create this report. SustainAbility's intern, Rohini Mukherjee, conducted valuable desk research and interviews and contributed to the analysis. Other Engaging Stakeholders Network team members, Denise Delaney, Margo Mosher, Bron York, Alex Brill and Jonathan Sim, offered valuable input into the research approach and writing. We are also grateful to Corrine Hanson for her leading the "In Focus" section on water and to Alex Brill for the section on decent work. SustainAbility's Executive Director Mark Lee provided much needed guidance and thought leadership throughout the research and writing process. Thanks must also go to Chris Wolf for

creative direction and Lucy Player for their expert design and layout of the final publication.

Many other organizations helped inform our thinking on this topic. We appreciate you sharing your time, insights and experience with us as we conducted research for this report.

Interviewees:

Andrew Winston
Barclays*
Cathay Pacific
CLP Group
Diageo
Dow Chemical Company
Forum for the Future
Future-Fit
Hitachi
Ikea
Johnson & Johnson*
Marks & Spencer
Mars
Molson Coors
The Embedding Project
The Walt Disney Company*
United Nations Global Compact
Woolworths

* Denotes membership in the Engaging Stakeholders Network

Engaging Stakeholder Members
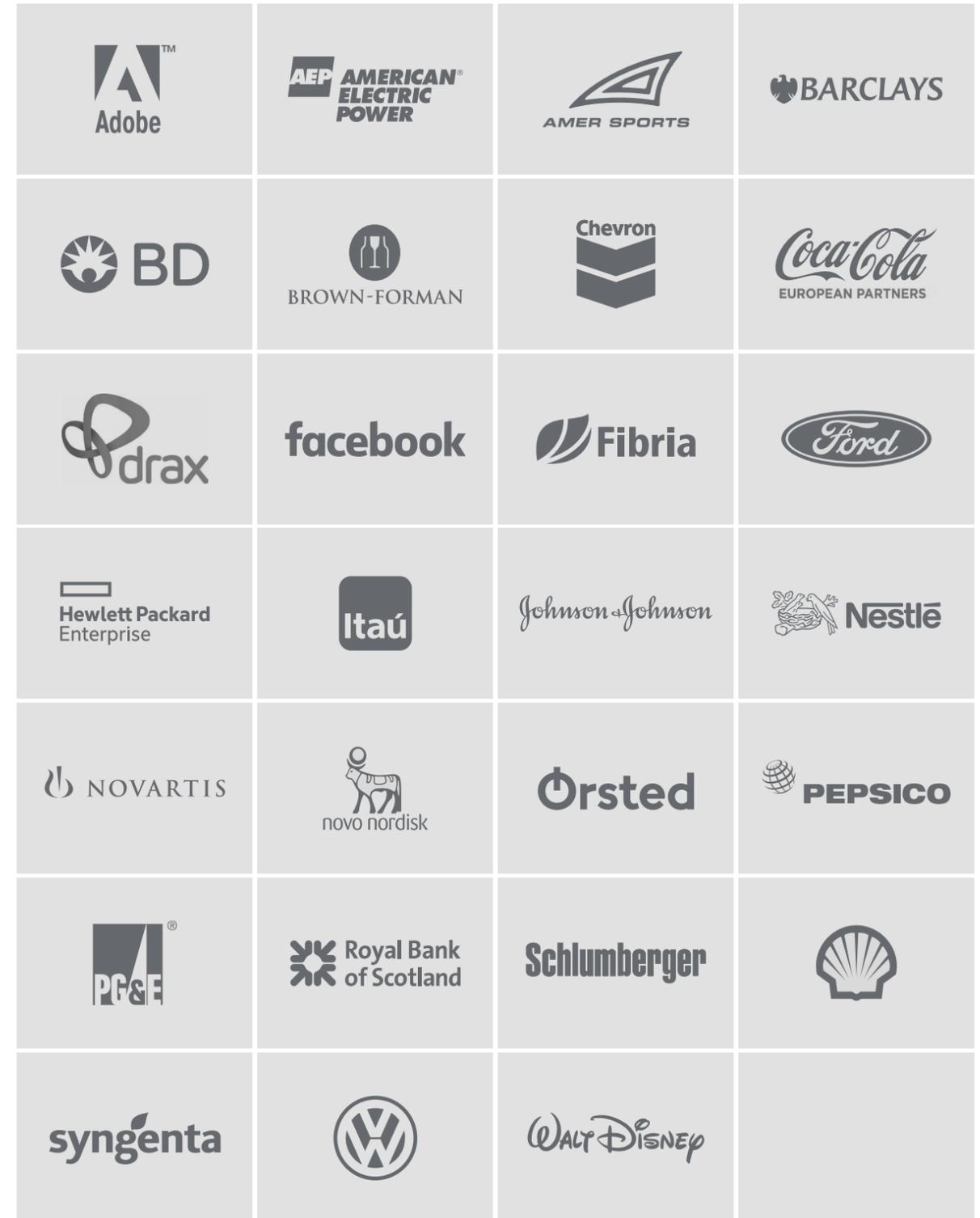
Appendix

Research Questions

The research centers on a core theme, asking **whether and how goal-setting creates value and drives impact**. Questions we sought to answer include:

1. What is the current landscape of corporate sustainability goals? How are companies defining value and impact?

2. What is the business value of setting goals? Do different types of goals have different relative business value?

3. Which types of goals drive environmental or societal impact and which ones do not? Do different types of goals drive impact in different ways?

4. How can companies design goals to create business value and drive impact?

5. How have those who have aligned their sustainability goals with their corporate strategy benefited from integration?

6. What are key barriers to goal-setting?

7. What are best practices in transparency and reporting progress against goals?

8. What are the risks of not achieving a goal? To what extent can these risks be mitigated through transparency?

Methodology

To answer the research questions, we undertook:

Literature Review: We looked at the existing body of work that has been published on this topic by analyzing over 30 sources from academic journals, media, databases and relevant thought leader organization websites.

Interviews: We conducted 20 interviews to gain in-depth insights on goal-setting best practices. Interviewees included corporate practitioners across a range of sectors and geographies, as well as thought leaders from nongovernmental organizations and consultancies.

Member Survey: We carried out a survey of the members of the Engaging Stakeholders Network (see list of companies in Acknowledgements) to understand key trends and beliefs across the membership. We highlight the findings from the survey in graphs and other references. Sixteen of the twenty-five companies in the network participated in the survey.

Corporate Goals Database: We assessed the sustainability goals of some of the world's largest companies in several key sectors to gain a view of the landscape, key trends and how companies define value through their goals. The process involved the following steps:

→ **Choosing the cohort** – We selected the top 65 food, energy and finance companies in the Global Fortune 500. We chose these sectors based on their diversity of sustainability challenges and overlap with Engaging Stakeholders Network members' sectors.

→ **Categorizing goals** – We compiled each company's sustainability goals from their most recent sustainability or integrated annual report (generally their 2016 report). We categorized them by issue, type, timeframe, deadline and progress.

→ **Analyzing impact** – We assessed each goal's level of ambition in relation to its potential to impact the sustainability challenge it targets. An issue was classified as having a low-impact intention if the potential impact of the goal on the issue was seen to be incremental. A medium-impact intention indicated intermediate potential, whereas a high-impact intention represented a potentially transformational level of ambition (for example, goals that aligned to context, such as a science-based target for climate, or an absolute ideal, such as "do no harm").

→ **Analyzing business value** – We also assessed the level of ambition of the goal in terms of potential business benefit. A goal was classified as having low potential value if it had no or limited link to the core business; medium potential value if it showed clear intention to drive value for the business in terms of growth or risk; and high potential value if the goal sought to transform the business model (for example, the company explicitly calls out the imperative of the goal for the future business success).

→ **Note:** We also considered the impact and business value generated by results. However, most companies in our research cohort have not yet reported results, and we did not find sufficient data to do a comprehensive analysis.

Figure 1

The business value of setting sustainability performance goals

What is the business value of setting sustainability performance goals? Please select your top three choices.

Category	%
Drives integration of sustainability into the business	63%
Stronger accountability with external stakeholders	63%
Improves business reputation	44%
Stronger accountability with internal stakeholders	38%
Drives innovation to enable company to achieve goals	25%
Improved business performance	25%
Content/narrative for annual sustainability reporting	19%
Increases employee engagement	19%

Figure 3

How companies increase the impact level of goals

If you responded YES to question 14, how did you achieve that increased focus on impact? Please select your top three choices.

Category	%
Engaged internal subject matter experts	79%
Hired external support	57%
Aligned with new external guidelines/frameworks	50%
Tracked and analyzed new data	36%
Other (please specify)	21%
Increased focus on external indexes and rankings	14%
Engaged with external advisory board/committee	0%

Figure 2

Goal types

- Relative — 36%
- Absolute — 53%
- Net Positive — 11%
- Other — 0.2%

*Out of 516 goals analyzed

Figure 4

Goal timeframes

- Long — 16%
- Medium — 55%
- Short — 24%
- N/A — 5%

Short = 1-2 years
Medium = 3-5 years
Long = 6+ years

Figure 5

The business value vs. sustainability impact of goals

Note: See Methodology on page 70 for more details on this analysis

High-impact goals

Business Value		
8	5	22
18	209	14
33	30	3

Impact on issue
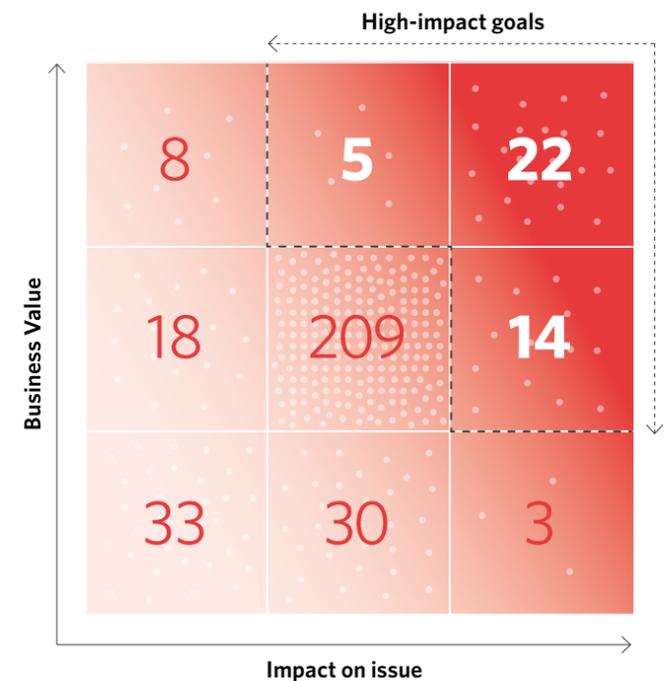
Figure 6

Barriers to setting high-impact goals

**What have been the main barriers you have experienced in setting high-impact goals?
Please select your top three choices.**

Barrier	%
Lack of comfort with setting goal don't know how to achieve	50%
Lack of data	38%
Departmental/middle manager (or lower) pushback	38%
Executive pushback	31%
Other	25%
Lack of incentive	25%
Lack of organization within company	25%
We have not faced barriers to setting high-impact goals	13%
Lack of budget to support achieving them	13%
Lack of expertise needed to achieve them	6%
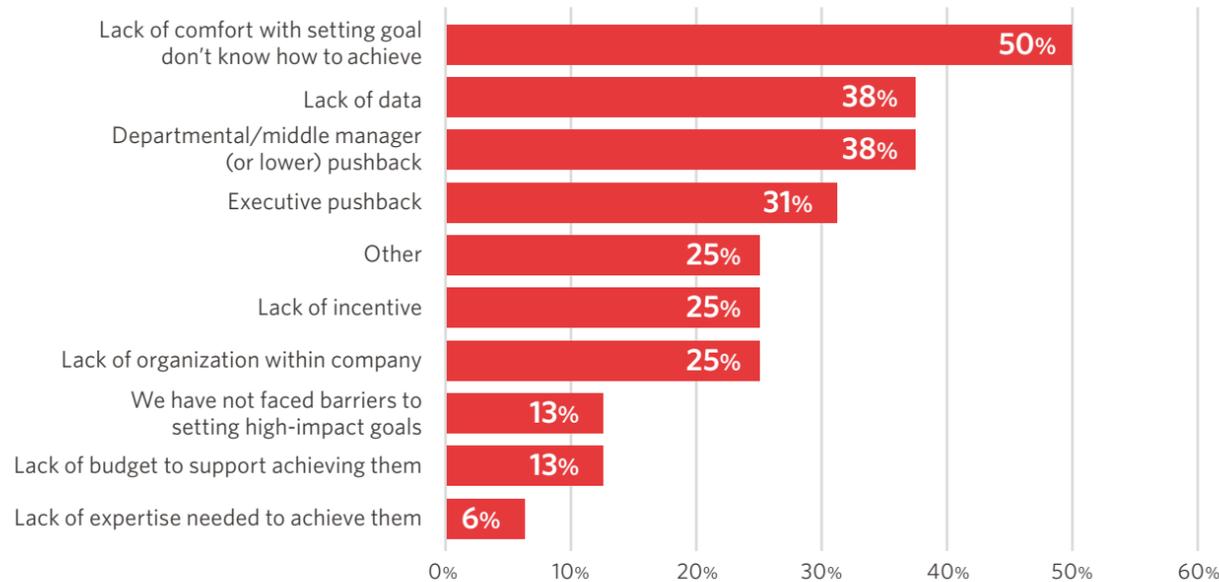
Figure 7

Attributes of goals that successfully generate business, social, environmental or economic business value

What are the attributes that you believe to be most important for a goal to successfully generate both business and broader social, environmental or economic value? Please select your top three choices.

Attribute	%
Focus on company material issue/ Integration into business strategy	88%
Strong theory of change	44%
Aspirational vision	44%
Focus on the right KPI for impact measurement	31%
Short-term milestones	31%
Long (but defined) timeframe	31%
Strong incentives	13%
Grounded in what is achievable	13%
Other (please specify)	6%
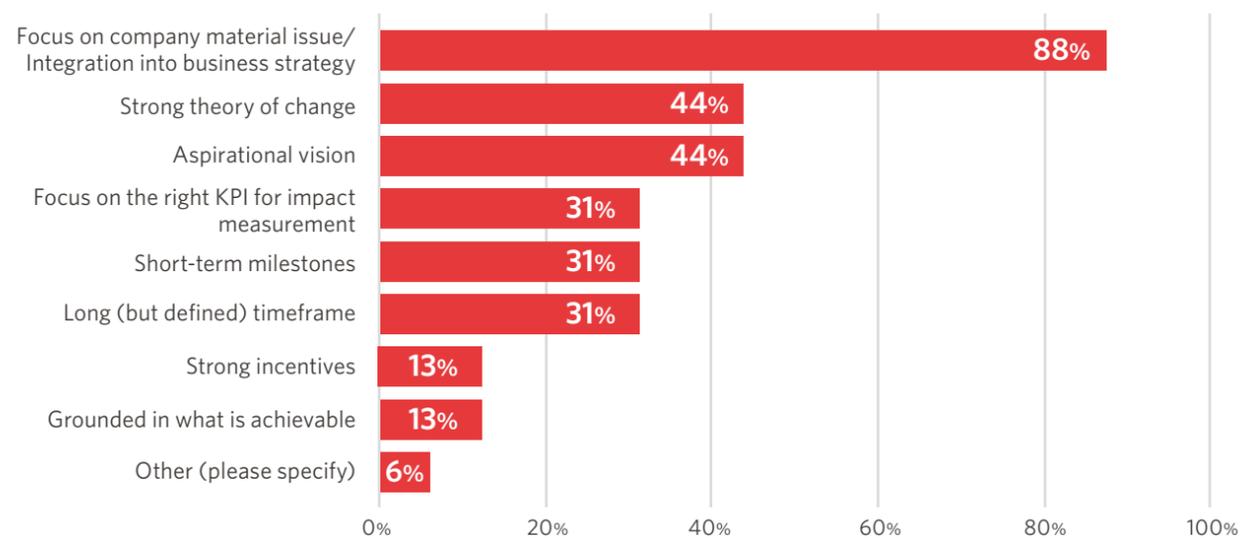
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Page 12/13: Jeremy Bishop

Page 28: Joshua Ness

Page 31 (left): Trent Erwin

Page 53: Rachel Davis

Page 59: Rawpixel.com

Page 61: Oliver Wendel

Notes

Notes

Publication details

Title
Targeting Value: Setting, Tracking & Integrating
High-Impact Sustainability Goals

Publication Date
December 2017

Publishers
SustainAbility Ltd.

Design
Wolf&Player

SustainAbility is a think tank and strategic advisory firm that for over 25 years has catalyzed and supported business leadership on sustainability. Through our agenda- setting research and advocacy, we chart new territory and help business leaders and their stakeholders understand what's next. Through our advisory services, we help clients anticipate trends, understand and respond to key risks and opportunities, and foster authentic, effective engagement and collaboration with stakeholders.

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