BRIGHTER PLANET

Top corporate sustainability trends to watch in 2012

As sustainability practices continue to mature, recent events and trends have set the stage for significant shifts in 2012.

1. External pressures mount

While corporate sustainability efforts traditionally have been motivated by public relations, pressures increasingly are coming from other stakeholders. Investors are turning up the heat as they recognize that sustainability is important to companies' economic viability. Shareholder pressure on corporate accountability was the fastest-growing motivator for sustainability initiatives in our recent study, up 10 percentage points in 2011 over 2009. Ernst & Young recently found a 40% year-over-year growth rate in sustainability shareholder resolutions and predicted that fully half of all shareholder resolutions this year will be sustainability-related.

The recent reversal by Facebook to use renewable energy instead of coal-burning electricity for data centers was prompted by Greenpeace's two-year internet campaign. Environmentalists' evolving approach is aimed at energizing grass roots interest via social media and motivates action via local concerns about jobs and health rather than polar bears.

As these measures continue to gain ground, expect corporate sustainability programs to shift from the public-focused green washing of years past toward more robust risk management and environmentally-conscious operations.

2. Indirect emissions management takes hold

Corporate sustainability efforts have traditionally focused on an organization's direct impacts – the footprints of company-owned buildings and vehicles. But signs point to 2012 as the breakthrough year for indirect "scope 3" impacts as well – the sustainability of corporate supply chains, business travel, waste, and procurement.

In 2011 the Carbon Disclosure Project reported a 20 percentage point increase in indirect emissions reporting at leading companies. That's a big deal, because we know that these indirect emissions comprise upwards of 80% of a typical company's environmental impact. The World Resources Institute, the de facto authority on corporate sustainability reporting standards, recently released its first new corporate standard in years detailing guidelines for scope 3 supply chain carbon reporting.

The new standard signals greater consensus on indirect emissions accounting, and coupled with the sheer magnitude of indirect emissions, paves the way for more widespread management of impacts.

3. Green employee engagement proliferates

The idea that enlisting staff in sustainability efforts is effective in achieving environmental and social goals as well as improving recruitment, retention, and the bottom line isn't brand new, but after field testing at leading organizations in recent years it's starting to gain a foothold at mainstream companies. A recent sustainability study by Green Research found that 80% of major corporations are planning to invest significantly in employee engagement in 2012.

The National Environmental Education Foundation recently released a major report on employee engagement including case studies and best practices. And our survey report recently revealed that as engagement programs proliferate, the most successful take a data-driven approach, focus on emerging environmental issues, and make heavy use of social media.

These new employee engagement best practices and industry metrics will unleash people power to deliver change in sustainability performance in 2012.

4. Water risks becoming new reality

This past year, two of the most prominent organizations at the center of corporate climate change action did something that at the surface might seem counter-intuitive. Ceres and Carbon Disclosure Project both independently expanded their carbon emissions platforms to include water impacts. While water initiatives have long been associated with population growth and environmental contamination, this move by climate-focused organizations signals a tectonic shift in the corporate sustainability world from prevention toward adaptation.

A focus on carbon emissions is an attempt to avert the causes of climate change and reduce energy costs; a focus on water use is an admission that climate change is our new reality and it's time to start managing its effects. The material risks associated with increased droughts and flooding will be among the most poignant effects of climate change.

Don't expect corporate carbon management to disappear, but do expect a major increase in attention to companies' management of water risks and other aspects of climate adaptation.

5. Big data analysis performs

As the volume of enterprise data skyrockets, an industry is growing up around using this flood of information to help companies operate more efficiently and sustainably. Companies increasingly will be deploying sophisticated software as a key component of their sustainability strategy.

Demand for corporate emissions management software is booming. Groom Energy predicts the market will increase 300% this year, while Pike Research says global expenditure for carbon accounting software and carbon management services is expected to grow from US$705 million in 2010 to US$5.7 billion by 2017.

As application interoperability and cloud computing become new IT standards, expect sustainability applications that harness big data by integrating with existing business systems to become commonplace.