Corporate Political Responsibility and Climate Change: Exploring Barriers to Strategy Alignment among Major U.S. Food and Beverage Companies

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Abstract

Over the past several decades, our society has experienced an evolution in its expectations of the corporate sector. The concept of corporate social responsibility (CSR) has emerged to encompass not just what companies do with their profit, but how they make it. Responsibility towards climate change is a central pillar. While companies are increasingly taking steps to address their contributions to climate change, their political activities are often not aligned with this goal. Many companies continue to directly and indirectly engage in political activities that deter climate change policy, such as lobbying or belonging to trade associations that seek to prevent climate action. Amidst growing calls for corporations to take greater responsibility for their political contributions, this thesis examines the barriers climate-leading companies face in aligning their CSR strategies with their political engagement strategies. Focusing on the Food and Beverage industry and drawing on stakeholder interviews with key players in the private and non-private sectors, I identify eight barriers that influence company decision-making and complicate calls for alignment. I balance these barriers with a discussion of strategies, including recommendations for companies and institutions operating in this space.

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I am lucky to have had the support of such an amazing village, and I look forward to our next adventure.

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Acronyms

ALEC	American Legislative Exchange Council
C2ES	Center for Climate and Energy Solutions
CEO	Chief Executive Officer
CPA	Corporate Political Activity
CPG	Consumer Product Goods
CPP	Clean Power Plan
CPR	Corporate Political Responsibility
CSR	Corporate Social Responsibility
EDF	Environmental Defense Fund
ESG	Environmental, Social and Governance
EU	European Union
F&B	Food and Beverage
GHG	Greenhouse Gas
GMA	Grocery Manufacturers Association
GMO	Genetically Modified Organisms
GRI	Global Reporting Initiative
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
PACs	Political Action Committees
PRI	Principles for Responsible Investment
SBTs	Science-Based Targets
SDGs	Sustainable Development Goals
SFPA	Sustainable Food Policy Alliance
TA	Trade Association
UN	United Nations
US	United States
USCAP	United States Climate Action Partnership
WSJ	Wall Street Journal
WRI	World Resources Institute
WWF	World Wildlife Fund

Preface

My return to school in 2017 coincided with a change in the U.S. federal administration and the accompanying rollback of many environmental protections and regulations. As someone eager to study innovative, system-change approaches to sustainability, this new context in which I found myself was more than a little disheartening. The culture of the United States is such that we strive to be the best in all things, and here we were taking a giant step back, abdicating our leadership and our responsibility to address the global threat of climate change and the degradation of our natural resources. Like many people, I began looking around for answers. One of the more powerful answers I found lay in the corporate sector.

Over the past several decades, our society has experienced an evolution in its expectations of corporations. The concept of corporate social responsibility (CSR) emerged in the 1950s, beginning as little more than philanthropy before growing to encompass not just what companies do with their profit, but how they make it. CSR has traditionally rested on the principles of risk management and accountability, but a growing number of corporations have begun harnessing the concept to demonstrate leadership in their fields. They have begun to innovate and revolutionize traditional business processes, and incorporate metrics such as Science-Based Targets (SBTs) and the United Nations Sustainable Development Goals (UN SDGs) into their short and long-term business plans (Science Based Targets, 2019). The private sector, though it often comes under fire for various contributions to non-sustainable practices, is increasingly turning its attention to mitigating harmful activities and internalizing negative externalities.

While many companies have begun taking self-declared steps towards sustainability, there remains significant room for growth. One issue of increasing concern and attention is the common mismatch between a company's CSR activities, and their practice of political engagement. Even for comparative leaders in the CSR space, lobbying and related activities have been found to lack the same goals as laid out in corporate sustainability reports, and often companies will go so far as to lobby for policy and regulations that are counter-productive to their stated CSR objectives. Examples of this misalignment abound, such as when the CEOs of Dow Chemical and Corning Inc. joined other major firms in an open letter in the *Wall Street Journal* urging the Trump Administration to keep the United States in the Paris Agreement, all the while backing one of the key trade groups vocally lobbying the administration to pull the U.S. from the deal (Fang, 2017). A recent article published in the California Management Review addresses this issue head on, calling for greater Corporate Political Responsibility (CPR) amongst CSR practitioners (Lyon et. al, 2018).

The concept of greater political responsibility amongst corporations is experiencing increased attention, but the concept has been brewing for years. Third-party organizations are working from both ends of this issue—as conveners, facilitators, and advocates of greater CPR, and also as watchdogs documenting and shining a light on deceptive or contradictory practices. While there are some early signs that this advocacy and forced transparency are resulting in practices that better align CSR strategy with political engagement strategy, there remains improvement to be made. As a believer in the power of corporations to have a real impact on issues of sustainability, I am motivated to better understand what it will take for more companies to practice responsible political engagement in addition to their CSR activities.

To do this, I narrowed my focus to study companies in the Food and Beverage (F&B) industry and their political engagement around U.S. climate change policy, specifically at the federal level. Companies in this industry are particularly impacted by climate change due to their reliance on agricultural products, many of which are already experiencing the negative impacts of hotter temperatures, reduced rainfall, and adverse weather events. I explored company decision-making around this topic through a series of interviews, ultimately mapping out key internal and external factors of influence and recommending a path forward.

It is my hope that this work offers insight not only for the corporate sector, but for all stakeholders to climate change. Planners, in particular, who are on the front lines of climate change, stand to gain critical insight. In my thesis I argue that political action is one of the greatest leverage points for climate action, and I hope that this work further encourages the planning community to consider the role of the corporation in achieving their goals.

Chapter One: Setting the Stage, Corporate Political Engagement and CSR

Before diving in, it is important to define a few key terms and make some distinctions therein. The focus of my thesis centers on the idea of alignment between a company's corporate social responsibility (CSR) strategy and the political actions it takes, or corporate political activities (CPA). When I refer to CPA-CSR alignment, I am referring to companies pursuing congruous strategies in both areas, such that its government affairs arm is not lobbying against the very objectives that its CSR arm claims to pursue.

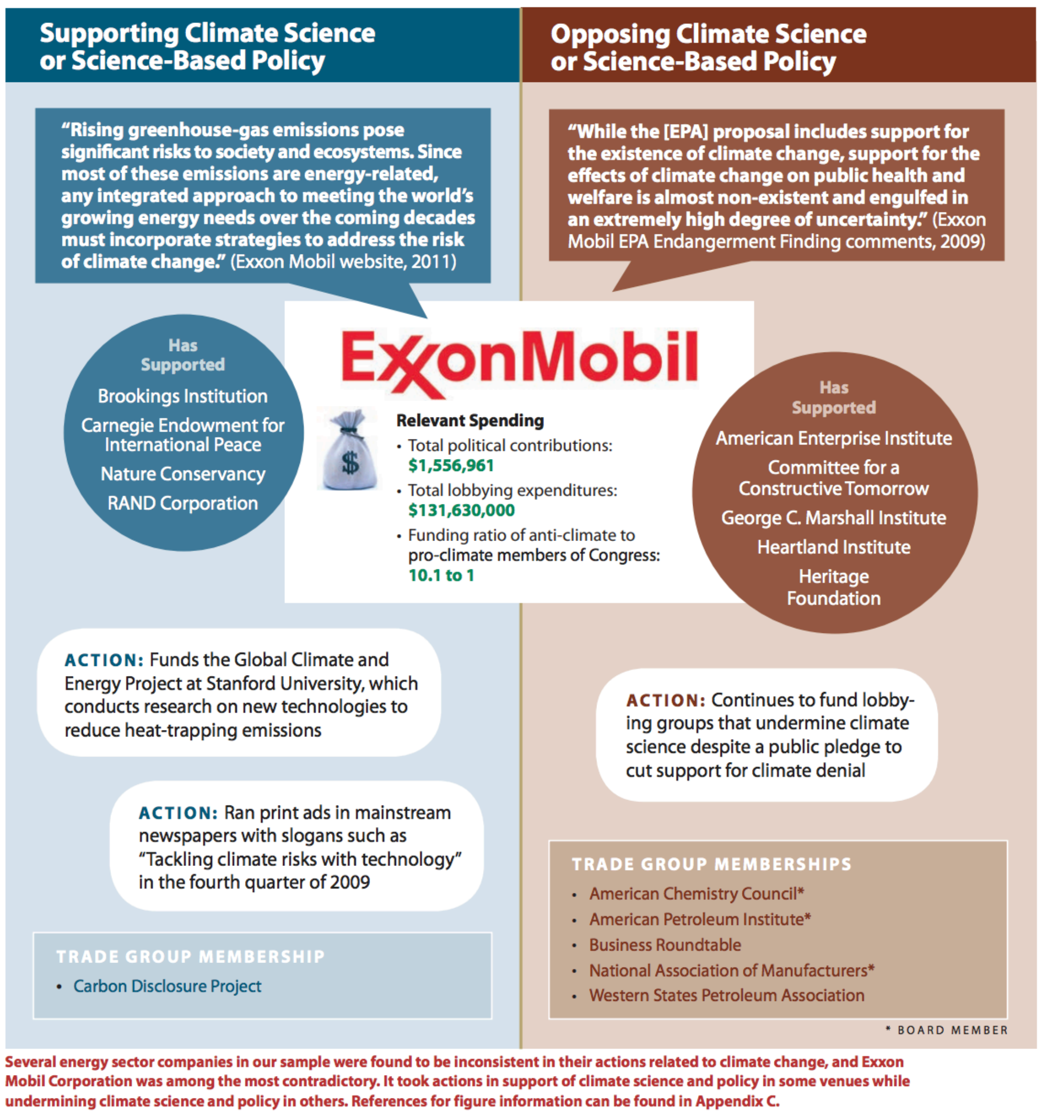
This is related, but separate, from the concept of corporate political responsibility (CPR). CPR is a term coined by Lyon et al. in 2018, and refers to the idea that firms will both disclose their political activities as well as advocate for socially and environmentally beneficial public policies. The distinction is that, while the practice of CPR requires that a firm advocate on behalf of the public good, CPA-CSR alignment does not. For example, a company might not have any mention of climate change in their CSR portfolio, and therefore they could lobby against climate policy and still have strategy alignment. CPA-CSR alignment is technically direction-neutral, while CPR is definitionally in favor of the public good.

While the goals of my thesis are to illuminate barriers to CPA-CSR alignment, my research methodology is such that I focus on companies who already have publicly-beneficial CSR agendas on the topic of climate change. Therefore, while CPA-CSR alignment and CPR are not interchangeable terms, the focus of my research is on moving companies towards CPR. If alignment were the only aim, one potential recommendation would be for companies to simply drop conflicting CSR policies. This is not a recommendation readers will find in these pages. This thesis is an exercise in barrier identification towards a CPR strategy.

Political Misalignment with Social and Sustainability Strategy

Corporations have come to play an increasingly central role in society. This includes the emergence of socially/economically/environmentally friendly initiatives, as well as the exercise of political influence. Of course, these two strategies are not always in agreement, a dynamic that is often the case when it comes to corporate involvement on climate change. In a report looking at the growing influence of corporations on climate change, Union of Concerned Scientists (UCS), a non-profit science advocacy organization, looked at mechanisms through which companies engaged in misleading or contradictory practices. This includes affiliations with trade groups, thinktanks or other channels of communication. The graphic below, pulled from UCS' 2012 report, provides a detailed dive into ExxonMobil's inconsistent, and misleading, political engagement on this topic. The company was one of many examined in the report.

Figure 1. Contradictory Actions on Climate Change – ExxonMobil



(Source: Union of Concerned Scientists, 2012)

This issue of misalignment arises across a broad range of companies and a broad range of issues, including topics of diversity and inclusion, firearm legislation, employee compensation, corporate governance, and many more. One non-climate example is the opioid epidemic, where pharmaceutical companies, widely seen to have precipitated the crisis via reckless marketing and misleading safety claims, are playing both sides of the fence. Many drug companies claim to be committed to addressing problems connected to their painkillers, launching initiatives and committing funding to alleviate the problem. Most claim to not oppose any policies to regulate opioid prescription (Essley et al., 2016). However, this is in stark contrast to many of the companies' political tactics. A recent lawsuit in Massachusetts against major drug company Purdue Pharma accuses the company of attempting to manipulate legislation in the State House, spending at least $886,000 from 2004 to 2018 to protect the continued sales and associated profits from its drugs (Willmsen, 2019).

In response to growing awareness of this misalignment, we are starting to see a change in how support organizations address political and lobbying activities in their rating or standards frameworks. In a report titled *CSR Needs CPR: Corporate Sustainability and Politics*, researchers describe some of the recent developments in this space, including:

- The addition of standard 415 to the GRI (Global Reporting Initiative) Sustainability Reporting Standards, recommending that reporting organizations should report: "(1) the significant issues that are the focus of its participation in public policy development and lobbying; (2) its stance on these issues, and any differences between its lobbying positions and any stated policies, goals, or other public positions"(GRI 415: Public Policy, 2016, qtd. in Lyon et al, 2018).

- Issuance of guidelines for 'Transparency and Integrity in Lobbying' by the Organization for Economic Cooperation and Development (OECD).

- The publication of the CPA/Zicklin Index of Corporate Political Disclosure and Accountability, which rates companies in the S&P 500 on the transparency of their political spending, tracked over time. This index is produced by the non-profit Center for Political Accountability and the Zicklin Center for Business Ethics Research at Wharton.

- Written expectations from collaborating investors in the Principles for Responsible Investment (PRI) that companies support cost-effective climate change policies and that they report direct and indirect lobbying expenditures on climate.

- CDP (formerly Carbon Disclosure Project) adding a question to their annual disclosure form on how corporate activity could directly or indirectly influence public policy on climate change.

While these developments are promising, some feel that the collective stakeholders are not doing enough to push for true alignment and transparency. A recent report from the Environmental Defense Fund (EDF), titled *The Blind Spot in Corporate Sustainability Rankings: Climate Policy Leadership*, reviews eight of the most cited corporate sustainability rankings and finds that to date, only two take lobbying and political expenditures into account to penalize or disqualify a company in regard to rankings around climate change (EDF, 2019).

The literature is clear that misalignment exists, but what is lacking is a detailed understanding of the precise mechanisms that perpetuate the misalignment between sustainability and political engagement strategies. The act of CPR is not binary, as there are many ways to engage or not engage, and these actions often change over time and from issue to issue. It is clear that an understanding has begun to emerge in regard to what ideal policy engagement might look like, or at least thought leaders have begun to lay out these visions. What we are missing is a nuanced understanding of the range of challenges preventing companies from living up to that vision.

For my thesis, I set out to answer the following questions:

1) What are the barriers preventing companies from better aligning their CSR and political engagement strategies? and,
2) What are the tactics that companies have successfully employed to help overcome these barriers?

Through this research I aim to take the first steps toward solidifying stakeholders' collective understanding of the challenges companies face when it comes to being more politically active on CSR-aligned policy. I use climate change policy and the food and beverage (F&B) industry as focal points to draw out these factors.

Why Companies Lobby and How They Go About It

Lobbying, and corporate political activity (CPA) more broadly, has come to inhabit a dominant place in national politics, particularly in the United States (U.S.). Lee Drutman, an award-winning political scientist and senior fellow at New America, came out with a book in 2015 entitled *The Business of America is Lobbying*. This work investigates why and how for-profit corporations influence political outcomes. He calculates that in 2012, corporations spent a combined $2.57 billion in lobbying through trade associations, business-wide associations, and direct spending. This number represents 78 percent of total dollars spent on lobbying in the same year and, Drutman adds, is widely believed to be an underestimation of the true expenditure due to significant CPA that is not covered under required lobbying disclosures.

Corporations today are widely seen to play a central role in political activity, but this was not always the case. Many authors have explored the history and drivers behind the corporate sector becoming so entrenched. Prior to the 1970s in the U.S., businesses' presence in politics was relatively limited. Many credit this lack of engagement to the generally pro-business stance of government policy and public sentiment in the 1950s and 1960s (McQuaid, 1994). In 1961, only 130 corporations had registered lobbyists in Washington, D.C., compared to 3,587 in 2012. Drutman describes these early corporate lobbyists as largely reactive, writing "most corporate managers were content largely to leave politics to the trade associations. The associations, meanwhile, took a sleepy approach to politics, and the lobbyists that they placed in Washington primarily were there just to report back to headquarters” (2015).

However, in the 1970s business began to pay more attention to politics due to a combination of increased regulation from government and increased competition from overseas. Companies felt threatened by growing anti-business and anti-capitalism sentiments and were seeking solutions to the perceived threat. A confidential memorandum written to the U.S. Chamber of Commerce (U.S. Chamber) by future Supreme Court Justice Lewis F. Powell Jr. in 1971 called on businesses to step up:

> *As every business executive knows, few elements of American society today have as little influence in government as the American businessman, the corporation, or even the millions of corporate stockholders. If one doubts this, let him undertake the role of ‘lobbyist’ for the business point of view before Congressional committees. The same situation obtains in the legislative halls of most state and major cities. One does not exaggerate to say that, in terms of political influence with respect to the course of legislation and government action the American business executive is truly the ‘forgotten man’.*
>
> *One should not postpone more direct political action, while awaiting the gradual change in public opinion to be effected through education and information. Business must learn the lesson, long ago learning by labor and other self-interest groups. This is the lesson that political power is necessary; that such power must be assidously (sic) cultivated; and that when necessary, it must be used aggressively and with determination – without embarrassment and without the reluctance which has been so characteristic of America business.* (Powell, 1971; qtd. in Drutman, 2015).

By 1983, experts on the topic were painting a very different picture from Mr. Powell of the role of business interests in the American political system, describing business as occupying a privileged position and operating as an elite class. David Vogel, an expert in environmental management and government regulation, describes four observations in support of the idea of corporate political dominance, including “the ability of business to define the political agenda; the extent to which business gains disproportionate benefits from the political process; the need for elected officials to maintain a high degree of ‘business confidence’; and the superior capacity of business interests to mobilize political resources, work closely with each other and shape the climate of public and elite opinion" (Vogel, 1983).

CPA has many definitions and can cover a wide range of distinct activities. For the purposes of this report, I will offer "any business effort to influence public policy," (Windsor, 2006, qtd. in Anastasiadis, 2006). These efforts take many different forms, and Stephen Barley presents a typology of nine different channels by which firms exercise influence over the U.S. Federal government (Barley, 2010). These include:

1) Lobbying
2) Support of think tanks
3) Creating front groups
4) Funding Political Action Committees (PACs)
5) Financing foundations
6) Membership in trade associations
7) Participating in peak organizations
8) Serving on advisory committees to government
9) Placing executives in position in the administration

Other scholars also note that political advertising, other forms of public communication, stakeholder management, and legal action also constitute CPA (Anastasiadis, 2006).

Now, in the second decade of the new millennium, business remains steadily entrenched in politics. For Drutman, much of the growth and permanence of lobbying is due to its 'stickiness'. He argues that the more companies engage in lobbying the more they see opportunities to engage further, and the lower the barriers to entry. In his own words, "Once companies encamp on the Potomac, they rarely depart" (2015).

In addition to the theory of 'stickiness', others have argued that lobbying has grown in response to disturbances in the socioeconomic environment, increased attention from government (regulation), and to particular threats. Others claim that this growth is pure rent seeking activity, or that it is a necessary counter-action to opponents' lobbying efforts (Ibid).

Drutman conducted interviews with in-house company lobbyists to explore their reasons for having a Washington office, the implication being that their presence in the U.S. capital is a proxy for political activity. Table 1 below represents his findings.

Table 1. Company Rationales for a Washington Office

Reason	*Mean*[1]
Need to protect against changes in government policy (or other government actions) that could be harmful	6.2
Need to improve ability to compete by seeking favorable changes in government policy	5.7
Need to maintain ongoing relationships with policymakers	5.7
Need to navigate compliance, licensing, and other regulatory interactions with the federal government on a regular basis	4.4
Need to respond to critics and counter negative publicity	4.3
Because other companies in the industry are politically active	4.2
Government is a direct purchaser of a company's products or services	3.6

(Adapted from Drutman, 2015, pg. 73)

The Rise of CSR

As corporations began to assert greater political identity, a separate movement around corporate social responsibility (CSR) began to emerge as well. CSR has become commonplace in the private sector, but a single definition of this practice has yet to be reached. In fact, the literature is full of various scholarly articles analyzing the many definitions put forth and attempting to make sense of the space (Dahlsrud, 2008). To borrow but one definition, Pinney

[1] Ratings reflect the mean of respondent rankings on a scale from 1 (lowest) to 7 (highest), in terms of importance of the reason.

states that “Corporate social responsibility or corporate citizenship can most simply be defined as a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts,” (2001).

The practice of CSR has evolved significantly over time, going from simple corporate giving to, for some firms, a highly-integrated strategy. Crane et al., in their writing on the history of CSR, describe how the practice has “expanded from its focus on a few stakeholders, close at hand, to be more far reaching and inclusive, eventually becoming global in scope,” (2009). Traditionally, this encompasses environmental, social, and governance (ESG) aims that account for the impact on all relevant stakeholders, and not just the stockholders of a firm. CSR, and corporate sustainability efforts more broadly, have come to be widely incorporated, and in 2016 over four-fifths of the Fortune 500 global companies issued sustainability reports (Institute, Governance & Accountability, 2017).

One of the most popular constructs of CSR comes from Archie Carroll and his “Pyramid of CSR”. This framework organizes the drivers of CSR into four categories of responsibility: economic, legal, ethical, and philanthropic (1991). Much literature is dedicated to expounding on these categories, but an article from *Forbes* (Epstein-Reeves, 2012) does a good job of succinctly summarizing some of the primary reasons companies pursue CSR strategy:

1) Innovation
2) Cost Savings
3) Brand Differentiation
4) Long-term Thinking
5) Customer Engagement
6) Employee Engagement

Despite growth in popularity, there is much disagreement in the literature about the desirability of the practice. From those who view the role of business more traditionally, there are arguments that the private sector should be concerned only with the maximization of profit. Milton Friedman is most credited with advancing this view, stating in the 1970s that “there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits, so long as it stays within the rules of the game," (1970). For others, there are accusations of "greenwashing" and of corporations using the guise of CSR to distract critics or to put off calls for actual regulation around their business practices. These critics fear that companies will use claims of CSR that are either overinflated or narrow in scope to distract the civil sector from demanding regulatory change. The exact prevalence of greenwashing is difficult to quantify, and there remains debate in academic circles (Pope & Wæraas, 2016).

The actual practice of CSR varies by firm and strategy/practice are constantly evolving. CSR activities run the full gamut between standards around natural resource consumption, to scholarship programs for community members, to transparency of corporate governance, and many more in between. To structure their CSR initiatives, many firms look to those concepts which are most relevant and impactful to their particular business. This is widely referred to as issue materiality, and is discussed in more depth further down.

Government Regulation versus Civil Regulation

I have laid out the fact that companies are increasingly lobbying, and increasingly maturing their CSR strategies. Before diving into the intersection of these two practices, it is worth considering the role of regulation when it comes to achieving societally-desirable outcomes.

Traditionally, government is seen as the steward of the public good. Recently, however, there is increasing support for the idea that business leaders may be able to fill the "governance gap" left open by an ineffective state. This applies not only in nations that have a relatively functioning political and regulatory framework (such as the U.S.), but also in parts of the world where the rule of law is weak, fragmented, or missing entirely. As large multinational firms expand their operations in a globalized marketplace, Scherer and Palazzo, amongst others, argue that "many business firms have started to assume social and political responsibilities that go beyond legal requirements and fill the regulatory vacuum in global governance," (2011). The literature is full of arguments for and against business taking on this role, as it is equally filled with examples of how this is being carried out throughout the world.

David Vogel, in his 2005 book on the subject, lists out numerous examples of what he calls “civil regulation.” We can see this in the way that Nike and other labor groups have adopted labor and environmental standards for their many factories overseas, or in the way that large food companies have spearheaded the World Cocoa Foundation to support a sustainable cocoa supply chain, including environmental protection and economic remuneration of farmers. Some forms of corporate civil regulation are more polarizing, and like the government regulations they mirror have led to considerable controversy. Take, for example, Dick’s Sporting Goods and its ban on the sale of assault-style rifles following a school shooting in the U.S. in 2018 (Holson, 2018) or Hobby Lobby’s refusal to provide health insurance that funds certain forms of birth control under the U.S. Affordable Care Act (Fuller, 2014).

For issues concerning the environment, there are hundreds of examples of corporations voluntarily setting standards or policies on a range of topics. However, for all of the success stories, there remains much criticism on the limitations of voluntary corporate action. In addition to the limited scope of these success stories, there are also rampant accusations in the literature around the practice of greenwashing (Alves, 2009).

Vogel argues that while voluntary action might motivate and reward a handful of sustainability leaders, it cannot move the entire market. One example of this comes from voluntary codes in forestry. The Forest Stewardship Council (FSC) was established in 1993 and attempts to responsibly govern international forestry trade and consumption (Cashore, 2002). In 2005 approximately 400 U.S. companies were affiliated with FSC, including major retailers Home Depot, Lowe’s Home Centers, and Kinkos. However, company commitment in the U.S. represented only one percent of total sales of wood and wood products (Bass et al., 2001). During the time in question, data suggests that tropical forest degradation continued apace, and may even have accelerated (Domask, 2003).

Building on additional compiled examples, Vogel states that "by any conceivable measure, in both the United States and Europe, government regulation has been a far greater influence on corporate environmental performance over the past three and one-half decades than has business self-regulation" (2005). He concludes his argument by stating that:

> *If companies are serious about acting more responsibly, then they need to reexamine their relationship to government as well as improve their own practices. And those who want corporations to be more virtuous should expect firms to act more responsibly on both dimensions. Civil and government regulation both have a legitimate role to play in improving public welfare. The former reflects the potential of the market for virtue; the latter recognizes its limits.*

Similar to Vogel above, many have argued that a firm's actions to fund or support political activity has a greater influence on environmental protection than any type of CSR activity, and therefore lobbying or other engagement represents the greatest impact a company can have on the environment, in both a destructive and protective direction (Toffel and Schendler, 2011). When it comes to internalizing or minimizing externalities, the argument is, most simply, that civil regulation is good, but government regulation is better.

Aligning CPA with CSR

If we accept that government regulation is required to achieve impact at scale, then we again return to the idea of how companies can best affect change by aligning their CPA and CSR strategies.

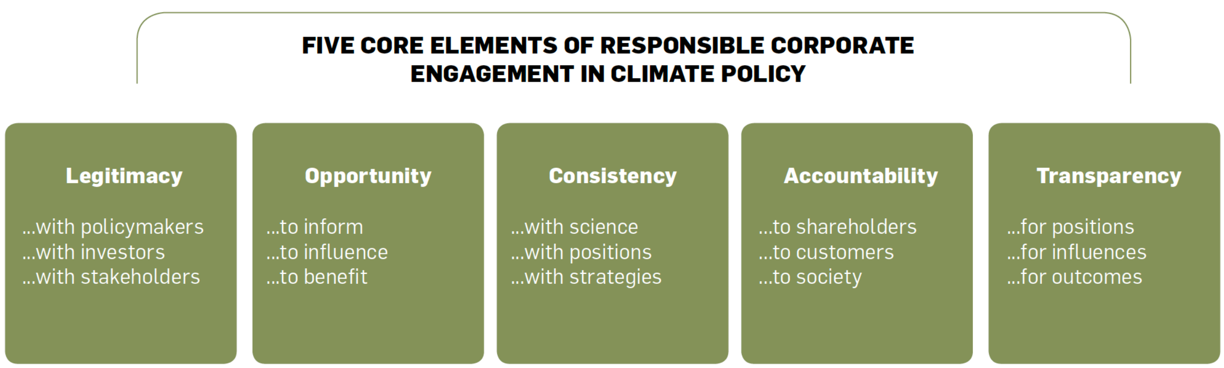
A common dynamic here, and the main impetus for my thesis topic, is the dissonance that often takes place between a corporation's stated CSR objectives and their practice of lobbying or other political influence. The examples from the beginning of this chapter highlight instances of this occurring. U.S. Senator Whitehouse has written openly on this issue around climate change, stating that "The corporate lobbying presence in Congress is immense. But in my experience, exactly zero of it is dedicated to lobbying for a good, bipartisan climate bill" (2016).

There are growing calls for companies to align their political activities with their CSR strategies, and to include political activity as a key metric in CSR reporting. This pressure can come from multiple directions, and recently has included investors, shareholders, employees, customers, and civic sector agents and institutions. Calls for alignment include both passive and active CPA, the basic hierarchy of best practice being:

1) Practice transparency and report/track all CPA
2) End all CPA or funding of political activity that runs counter to stated CSR objectives
3) Actively use CPA to influence progressive policy-making in alignment with CSR objectives

Some frameworks have begun to emerge around this idea of alignment, also referred to as corporate political responsibility (CPR) (Lyon et al., 2018). On the topic of climate change specifically, a coalition of NGOs published a report titled *Guide for Responsible Corporate Engagement in Climate Policy*, calling on companies to follow five core elements (see Figure 2).

Figure 2. Five Core Elements of Responsible Corporate Engagement in Climate Policy



(Source: UN Global Compact, UN Framework Convention on Climate Change, UN Environment Programme, World Resources Institute, CDP, WWF, Ceres, and The Climate Group, 2013)

Recently, the trend has been for supporting institutions to work with companies to develop a coherent strategy to address CSR, using tools such as materiality assessments, third-party reporting, setting science-based targets, and more. We might hope, therefore, that CPA-CSR alignment would naturally come about, but so far that is not the case (Oxfam America, 2018).

One theory around why this misalignment persists is rooted in the organizational theory of decoupling. Decoupling is the phenomenon where companies adopt new policies, or even new institutional structures, that do not necessarily match their practices. Boxenbaum and Jonsson study this occurrence, framing it as a result of companies reacting to outside pressure and adapting to "societal rationalized myths about what organizations should look like and do" (2017). The authors outline two root causes for decoupling, the first being that the structure/policy they are pressured to adopt may be inefficient from the corporate viewpoint. Secondly, there may be competing interests that make adoption undesirable in anything but name. Related to environmental impacts, the idea of decoupling is often framed as a main driver of greenwashing (Marquis et al., 2016).

While this theory holds a potential explanation for the occurrence of CPA-CSR misalignment, the literature has sparse explanations for why alignment is inefficient or inconsistent with other corporate aims. What exactly is going on here? Using the targeted frame of climate change and the food and beverage (F&B) industry, this thesis seeks to uncover specific barriers that complicate CPA alignment with CSR activity.

The Materiality of Climate Change

The issue of misalignment between CSR and political engagement strategy is not confined to the F&B industry, and climate change is not the only issue for which this occurs. Given sufficient time and resources, it would be valuable to conduct research for a complete cross section of industries and issues, but for this thesis I purposefully confined myself to a more narrow scope.

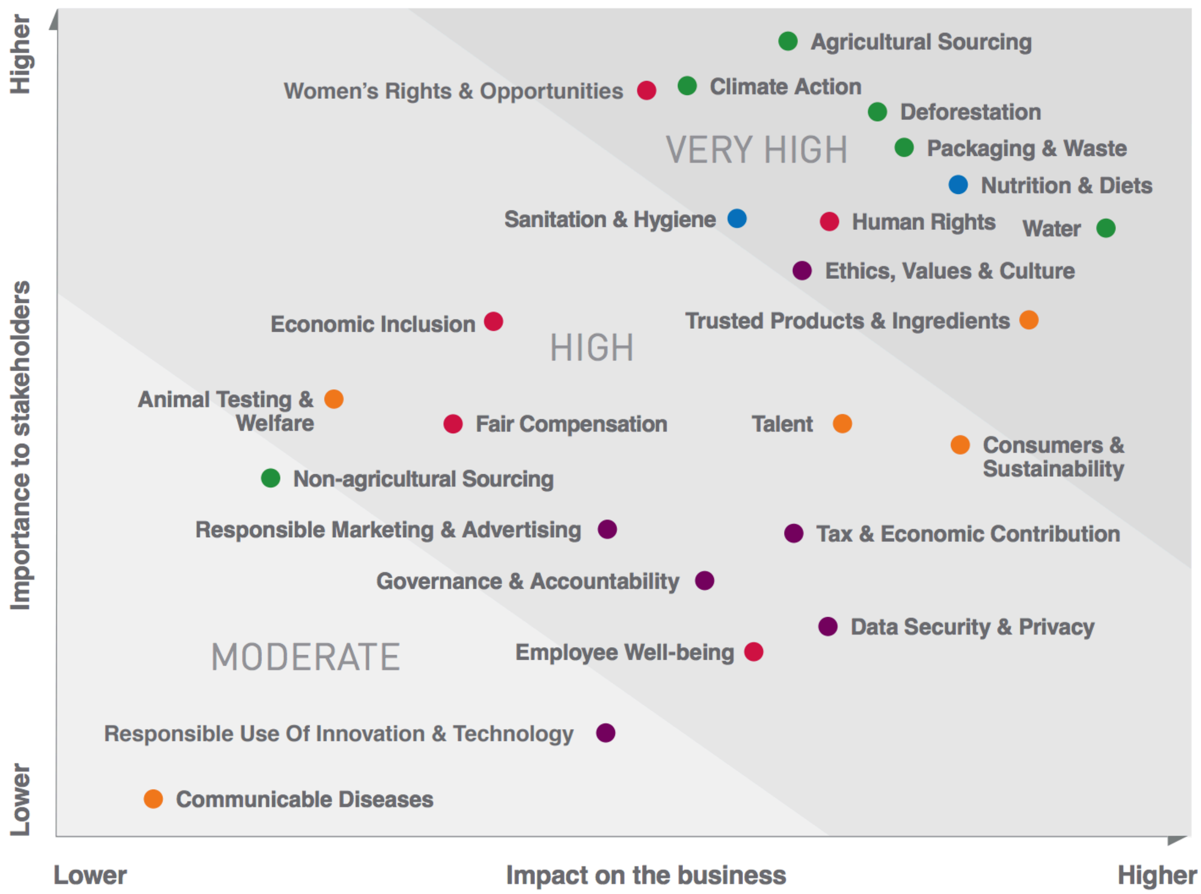
My choice of climate change as the issue of focus was driven by both personal and practical reasons. Personally, my educational and professional experience to date has centered around climate change, and it is a challenge that I am both very familiar with and passionate about. More than this, though, climate change is a wicked and all-encompassing issue for which the responsibility and impact reaches across all stakeholders at the local, national, and global level. It is an issue that demands attention and requires a multi-faceted approach, and, particularly in the U.S., it is an issue that has shown extreme resistance to meaningful policy response. In choosing the direction of this research, I wanted to build on this urgency and contribute to our collective knowledge and possible tools of response.

Practically speaking, many companies practice CSR around climate change, providing the necessary density to look at the question of alignment across an entire sector. Many companies consider climate change to be a very material issue, a topic I explore in greater depth for the F&B industry below. Additionally, there is a lot of data on corporate climate change activity, such as through CDP's annual questionnaire on climate change or InfluenceMap's tracking of corporate lobbying influence in this area.

Climate change is material across corporate sectors, but to a varying degree. The concept of materiality originated in the auditing and accounting processes of financial reporting, but has recently been adopted by sustainability practitioners to reflect issues that are significant to the firm's strategy. This may be because they influence performance, or because they are part of the identity and narrative of what the company aspires to be. In other cases, it is because company stakeholders demand accountability. The Global Reporting Initiative (GRI), which is a keystone organization that helps businesses and governments understand and report their impacts on sustainability issues, defines as material those issues that have "a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large," (GRI).

As part of the growing CSR movement, many companies have begun conducting internal materiality analyses, and using this exercise to organize their goal-setting, programming, and reporting. For many companies, it has become common to produce a 'materiality matrix', which maps material issues on the axes of importance to stakeholders and impact on the business (see Figure 3 for an example from Unilever). This allows companies to categorize issues according to degree of importance and prioritize accordingly. For obvious reasons related to differences in business model, industry sectors typically have a distinct makeup and prioritization of material issues around sustainability (SASB Materiality Map, 2018).

Figure 3. Unilever Materiality Matrix



(Source: Unilever, 2017)

Industry Rationale – The Food and Beverage Sector

The rationale behind my choice of industry is similarly multi-faceted. For one, climate change is an issue that is of particular relevance to the Food and Beverage industry. Because of the immense risk climate change poses to these companies' basic ability to do business, progressive policy engagement should, at least in theory, be a clear case of acting in the companies' best long-term interest. Of course, many other industries feel the effects of climate change. Because the linkage between the impacts of climate change and the business model of the F&B industry are more direct, however, the threat is easier to comprehend and therefore it is easier to act.

Some of the key risk areas are as follows (Wong and Schuchard, 2011) :

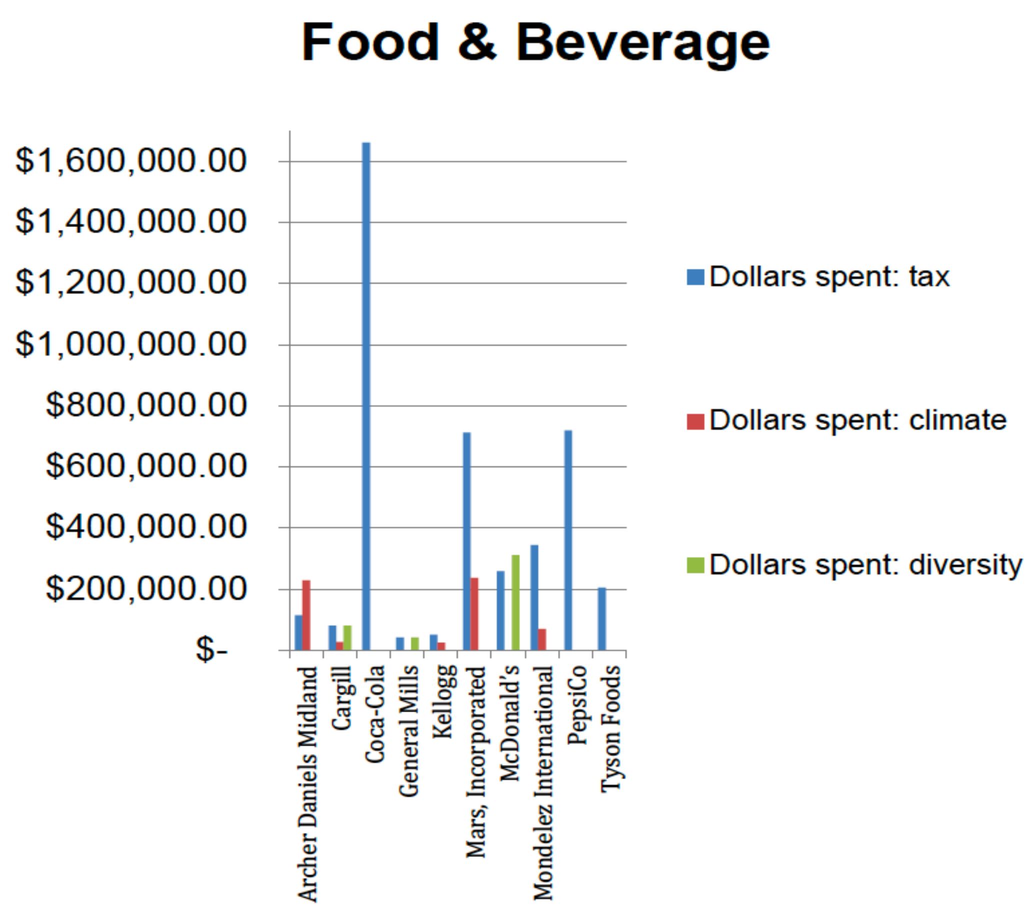
1) **Supply Chain Security** – Changes to growing seasons, extreme weather, and erratic and reduced rainfall patterns are disrupting raw material availability, quality, and cost for retailers and manufacturers
2) **Water Scarcity** – Exacerbation of water scarcity negatively impacts operations, suppliers, and customers. This is driven by declining water availability for growers and food manufacturers with operations in water-stressed areas, as well as increased risk of competition for water due to water scarcity in local communities, which may have consequences for cost, reputation, and social license to operate.
3) **Infrastructure and Distribution** - Projected rising sea levels and more frequent and severe weather events threaten to increase logistics disruption and cost, and heighten risk to physical assets.
4) **Evolving Consumer Demands** - Unpredictable, potentially dramatic changes in temperatures, especially in developing countries, may cause consumer demands and needs to change with the weather.
5) **Workforce Stability** - Adverse weather conditions may lead to increases of certain diseases and/or displacement, which could affect employee absenteeism, productivity, and company insurance costs.

Adding to this list by BSR, a non-profit business consultancy, I would add a sixth category:

6) **Brand Management** – Growing stakeholder awareness and activism on climate issues, which can affect brand value for such groups as investors, customers/consumers, and employees.

Not only is climate change a very material issue for the F&B industry, but there are also many companies in this sector which have already developed CSR strategies focused on climate adaptation and mitigation. Additionally, a 2018 report from Oxfam on corporate lobbying shows where major industry groups are focusing their spending. Figure 4 shows the breakdown across tax, climate, and diversity. Though the intention of the report is to show the disproportionate funding going towards favorable tax bills, it also shows that the F&B industry spends more on climate protection than any of the six other industries in the report (apparel, finance, extractive industries, pharmaceutical, retail, and technology). This indicates that while there is significant room for growth, there may also be key learning opportunities to explore in this sector.

Figure 4. Lobbying Spending by Food and Beverage Industry (2017)



(Source: Oxfam, 2018)

There are different accounts of the portion of greenhouse gases (GHG) emissions that the F&B industry is responsible for depending on the scale and parameters of inquiry. The IPCC finds that Agriculture, Forestry and Other Land Use account for 24% of total GHG emissions (IPCC, 2014), while in the U.S. agriculture accounts for only 9% of total emissions (US EPA, 2017). The F&B industry is certainly a large contributor to GHG emissions and to sufficiently address climate change major changes will undeniably be required, including product type and production methods. In this way, the F&B industry has similarities to other carbon-intensive sectors, such as the oil and gas industry. However, a key difference lies in the fact that for the oil and gas industry, GHG-emitting fuels are the direct commercial products, as opposed to an indirect by-product for F&B companies.

Consequently, proposed policy responses would impact each industry in very different ways. The oil and gas industry has substantially more to gain from attempts to quash progressive climate policy, and therefore it is not surprising, in my opinion, that many of these companies practice political engagement in a way that is misaligned with their stated CSR objectives. Opposition to climate action is likely to be highly intractable for this industry. However, even as I write this there are indicators of change – see for example the announcement by Royal Dutch Shell on April 2, 2019, that the company will quit the American Fuel & Petrochemical Manufacturers association over material misalignment on climate change (Bousso, 2019).

Taken all together, these dynamics support my choice to focus on the F&B industry. Because the misalignment that we find in this sector is not necessarily due to core strategy misalignment, it suggests that other barriers are at play. It is these factors that I hope to illuminate through my research, setting the foundation for further investigation in this space.

Implications for Planners

Before moving on to the specifics of my research approach, it is important to contextualize this inquiry within the planning discipline. Though the framing of my thesis is focused primarily on the perspective of the corporate sector, the issue of corporate political engagement and climate change is highly relevant across a range of stakeholders. For planners, this relevance is best described through four distinct lenses.

First, there is the common concern shared over mitigating and adapting to climate change. I elucidated on some of the reasons companies care about climate change, and for planners the concern is even clearer. Already, the impacts of climate change have compromised global food security, led to negative health impacts, and resulted in increased flooding, natural disasters and extreme weather events. All of this puts pressure on communities, and in many cases has contributed to mass human migration (Turrentine, 2019). Particularly for planners at the city level, impacts of climate change are an imminent threat. The UN estimates that by 2050, 68% of the world's population will live in urbanized areas (UN DESA, 2018), the majority of which are located in coastal zones.

Planners at all levels have been hard at work to find solutions to address such things as sea level rise, siting and design of new energy sources, post-natural disaster recovery efforts, community health concerns, and countless more. Many of these activities overlap with corporate efforts, and policy interventions targeting climate action have the potential to address the interest of both actor types. By better understanding the barriers companies face to advocating for climate action, planners have the opportunity to help address these barriers and foster new partnerships to catalyze change.

A second consideration for planners is the increasing interaction between cities and corporations in general. One example receiving heavy news coverage in the past few years was Amazon's search for a second headquarters location, resulting in numerous bids from cities that offered a range of tangible and intangible benefits to entice the company. Amazon ended up selecting Long Island City (NY) and Crystal City (VA) in 2018, but its plans in New York fell through in February 2019 when Amazon announced its decision to pull out of the city amidst public protests and political opposition. The Amazon example may have drawn a lot of media attention, but there are many other examples of the private sector interacting with cities. Walmart has often had to negotiate with community representatives to gain access to city-spaces, Uber, Lyft, and other ride-sharing platforms are continuously negotiating with cities over access, data, and regulation, and companies such as Microsoft are active partners in addressing the affordable housing crisis in Seattle and surrounding areas (Weise, 2019). Better understanding of the corporate sector will lead to more productive engagement as city officials and planners navigate these growing interactions.

Thirdly, in the U.S. climate policy is increasingly enacted at the sub-national level. Already, several states in the U.S. have led the charge in testing out such policies as carbon pricing, renewable portfolio standards, energy efficiency policies, low-carbon transportation policies, and climate resilience policies (Center for Climate and Energy Solutions, 2019). Stepping down even further, cities are often cited as bold actors in this space (CDP, 2018), and have enacted similar policies. Though this thesis is focused on the role of corporations in policy making at the federal level, a similar process is playing out at the state and city level. Washington State made the news in November 2018 over its third failed attempt to put a price on carbon, the latest attempt being Initiative 1631. The business community was heavily involved in both sides of the issue, with Microsoft supporting the ballot measure and companies such as Chevron and BP in opposition. The latter two companies ended up spending a reported $31 million to oppose the measure, the highest amount ever spent on an opposition campaign in the state (Anzilotti, 2018). City planners should be prepared to see more climate policy measures debated in their own jurisdictions, and for corporations to join the conversation.

Finally, this research is relevant to planners through cities' own practice of lobbying. Despite the democratic system in the U.S. that presumably accounts for local government representation via elected officials, some cities and municipalities do hire lobbyists to represent them at the state and federal levels. Recent research suggests that this happens at the state level when there are ideological mismatches with state legislators (Payson, 2018) and at the federal level in response to acute needs, such as economic hardship, and when cities are best positioned to get what they want, such as changes in chamber majority or when they are in electorally competitive districts (Loftis & Kettler, 2015). The role of cities as lobbyists opens up new considerations for my research, including the potential for shared barriers to climate action advocacy at the federal level.

As mentioned, this thesis will focus on the perspective of the corporate sector, but it is my hope that planners will benefit from this work through the four areas of overlap as just described.

Chapter Two: Methodology

Data Collection

Approach

I used a qualitative research approach to this study, and relied on in-depth interviews as my primary method of data collection. I conducted interviews in a semi-structured format over the phone and in person between November 2018 and April 2019. I collected field notes and recorded conversations when given permission, and all direct quotes as they appear in this thesis are based on transcribed recordings. Interviews targeted a range of actors who operate in this space and who can be categorized at the most base level as private sector and non-private sector actors. Given that my main research question is around the barriers faced by companies when it comes to aligning CPA-CSR strategy, it was important to pursue direct insight from this category of actors. However, I see non-company, third-party actors as equally important sources on this topic. Institutions are playing an increasingly central role in this space, either shining a light on what they consider to be poor behavior or convening and supporting companies to carry out progressive work on this topic. In my experience, because third-party actors often work with multiple companies simultaneously, they tend to have a unique perspective on trends.

It should be noted that due to the nature of career mobility in this space, many participants interviewed for this project fall into more than one category, having worked in both the private and public or non-profit sectors over the course of their career, or have worked across multiple companies or multiple institutions of a similar type. I view this blurring of categories as a strength of my research process, as participants were able to bring multiple perspectives to our conversations. I classify participants either by their current role and organization, or from the perspective they spoke from if that differed from their current position.

Company Criteria

I targeted corporations in the F&B industry who met a series of criteria designed to focus on big brands with relatively strong climate action platforms. Table 2 lists the criteria I used to select my target companies.

Table 2. Criteria for Company Selection

1.	Company Size – Annual Revenue above USD$10 billion (fiscal year 2017)
2.	Significant market penetration and/or operational presence in the U.S.
3.	Publicly available CSR report with a focus on climate change mitigation
4.	Business operations must include the sale of food or beverage products as a core business offering, excluding food retailers and restaurants

The reasons for these criteria are as follows:

1 – Companies must be of a large enough size that one might reasonably expect them to participate in and/or have some degree of influence on federal policy

2 – Companies must have a strong presence in the U.S. in order to reasonably be expected to participate in U.S. federal policy

3 – Companies must have public goals around climate change mitigation in order to potentially have CPA-CSR misalignment

4 – Companies must have core business offerings that include the sale of food and beverage products, to ensure that all target companies face similar concerns of climate change materiality and basic consumer/customer markets

Table 3 provides a high level overview of the target companies I selected matched to the above criteria.

In my original research design, I intended to recruit multiple company actors from separate departments within a single corporation, with the intention of interviewing a representative from each company in both the CSR-equivalent department as well as the Government/Legislative Affairs department. My hope was to capture different perspectives based on corporate function and, practically speaking, to receive knowledgeable answers to the range of my questions which span the traditional functions of both departments. Ultimately, this strategy evolved based on a combination of limitations in my ability to reach willing participants, and the discovery, in some cases, of new forms of organizational structure blending these roles (see Integrated Organizational Structure in Chapter Three).

Table 3. Company Case Selection

Company Name	Total Revenue (2017, billions)	U.S. Headquarters	Has Climate Mitigation Goals	Sample of F&B Brands
AB InBev	$56.4	St. Louis, MO	Yes	Budweiser, Corona, Stella Artois
Cargill	$109.7	Wayzata, MN	Yes	Purina (agricultural), Shady Brook Farms, Certified Angus Beef
Coca Cola	$35.4	Atlanta, GA	Yes	Coke, Dasani, Odwalla, Honest Tea, Vitamin Water
Danone N.A.	$24.8[2]	White Plains, NY	Yes	Activia, Horizon, Silk, Evian, Dannon
General Mills	$15.6	Minneapolis, MN	Yes	Cheerios, Pillsbury, Progresso, Hamburger Helper
Kellogg's	$12.9	Battle Creek, MI	Yes	Pop Tarts, Rice Krispies, Nutrigrain, Special K
Mars, Inc.	$35	McLean, VA	Yes	Twix, Snickers, M&M's, Orbit, Pedigree
Mondelëz	$25.9	Deerfield, IL	Yes	Cadbury, Chips Ahoy, Oreo, Ritz, Sour Patch
Nestlé	$90.7	Arlington, VA	Yes	Gerber, Perrier, Toll House, Hot Pockets, Häagen-Dazs
PepsiCo	$63.5	Harrison, NY	Yes	Pepsi, Lays, Gatorade, Quaker Oats, Aunt Jemima
Unilever	$60.7	Englewood Cliffs, NJ	Yes	Ben & Jerry's, Lipton, Klondike, Hellmann's, Breyers

[2] This figure represents total revenue for parent-company Danone. Danone North America formed only in April 2017, through a merger between Danone's U.S. dairy business and WhiteWave Foods.

Non-Private Criteria

Non-private actors is a broad term. I use the term to include actors from research institutions and NGOs, consortia, consultants, lobbyists, universities, and journalists, etc. I developed an initial list of actors to contact for participation in this study based on my understanding of the institutions operating in this space, established through prior work and background research. Moreover, many of my informants recommended or identified additional actors relevant to this topic, expanding my original list.

Consent and Protection of Privacy

All interview participants gave their informed consent to participate in this study in accordance with MIT's Institutional Review Board guidelines (MIT COUHES, 2018). A copy of the generic consent form for this study is located in Appendix A.

Many respondents gave me permission to identify them by name for this report, including attribution of specific statements. However, in an effort to protect the privacy of those who did not give such permission, and to protect against future unintended consequences of identification, I have anonymized all respondents' comments and provide only a high-level summary of research participants. In line with this strategy, all direct quotes are anonymized. I chose not to assign an identification code to participant comments to avoid the possibility of quotes being connected across sections and potentially compromising the speaker's anonymity.

This decision reflects a change to my original research design.

Participants

In total, I conducted 33 official interviews with a range of private and non-private sector actors. Though I contacted all eleven companies in my target list, only seven agreed to participate in this research. Table 4 presents a summary table of interviewee type and organization, in a manner consistent with the privacy guidelines outlined above.

Table 4. List of Research Participants

Participant Category	Participant Type	Number of Interviewees	Organizations[3]
Non-Private Sector	Consortia	4	Sustainable Food Lab; The Climate Initiative; United Nations Global Compact (UNGC); U.S. Farmers and Ranchers Alliance
	NGOs	11	Ceres; Environmental Defense Fund (EDF+Business); Greenpeace; InfluenceMap; Oxfam; World Resources Institute (WRI); World Wildlife Fund (WWF)
	Support Organizations	1	Business for Social Responsibility (BSR)
	Consultants	2	CONFIDENTIAL
	Trade Associations	1	CONFIDENTIAL
	Journalists	1	Business and Sustainability writer, multiple publications (New York Times, Washington Post, The Guardian, etc.)
	Academics	1	U.S. R-1 Research University
Private Sector	Non-Target	3	Multinational chemical manufacturing company; Small F&B company; Large F&B retailer
	Target	9	Coca Cola; Danone N.A.; Mars; Mondelëz; Nestlé; PepsiCo; Unilever

To give readers a sense of the job functions of interviewees I spoke with, the following list provides a randomized sample of eighteen job titles, drawn from those participants who gave consent for this information to be included.

- Director – Climate
- Senior Director – Policy
- Vice President Federal and Industry Affairs
- Global Director – Business Center
- Director – Corporate Climate Engagement
- Senior Policy Advisor – Climate Change
- North American Director – Sustainable Business and External Affairs
- Vice President

[3] List of organizations is non-exhaustive, and includes only those organizations which gave permission to be identified in this report. For some organizations, more than one person participated in an interview

- General Counsel, Secretary, & President
- Former Manager of Global Responsibility Strategy
- Research Director and Co-Founder
- Director – Sustainable Business and Innovation
- Chief Executive Officer
- Managing Director
- Sustainability and Government Affairs Officer
- Senior Manager – Environmental Sustainability
- Co-Founder and Co-Director
- Director

Interview Process

I used semi-structured interview guides to steer my conversations with participants. I developed two versions of this guide, one for private sector actors and the other for non-private. I strategically tailored questions, including framing and inclusion/omission, based on a respondent's background, job function, and organizational function. As common grounding in each interview, I asked what they saw as the primary barriers preventing, delaying, or diluting climate-leading companies in the Food and Beverage Industry from aligning their sustainability strategy on climate change with their political engagement strategy.

Approach to Data Analysis

My collected data took the form of detailed field notes and transcriptions. I did not transcribe all interviews, but did so in cases where I had recordings and was unable to take thorough notes in real time. All instances where I directly quote respondents reflects careful transcription of that particular statement. To analyze this data, I used the Qualitative Data Analysis (QDA) software ATLAS.ti (Version 8.3.1). I followed a basic analytical strategy as detailed by Saldaña in *The Coding Manual for Qualitative Researchers* (2016).

I assigned codes to the text based on observed patterns, concentrating on respondent commentary around barriers to strategy alignment but including all observed repetitions. I arrived at five groups of codes, as follows:

1) Barriers to Alignment

2) Conditions for Alignment
3) Materiality of Climate Change
4) Role of Business in Policy Formation
5) Trends

From these categories I took into account the frequency of code occurrence and the position of authority from which an interviewee was speaking in order to assess themes and distill findings. Where appropriate, I introduce outside literature alongside primary data to provide additional context around interviewee observations. I determined that due to differences in interview structure, code frequency did not fully capture relative importance of a reported barrier. As a result, the list of barriers should be interpreted as an inventory or catalogue, and not as a ranked list.

Chapter Three: Results and Analysis of Key Barriers and Strategies

Barriers to Alignment

As described in Chapter Two: Methodology barriers to CPA-CSR alignment was the core theme in my interviews and the primary impetus for this thesis. There were many patterns in the responses I received, though answers were also wide ranging, highlighting the complexity of decision-making in this space. Through my process of analysis I ultimately arrive at eight distinct barriers, though it should be noted that there is definite overlap, and some categories can be interpreted as a partial cause of others.

To better frame my findings, I organized barriers according to their dominant leverage point, arriving at the resulting categories:

Figure 5. Barriers to CPA-CSR Alignment

The following pages explore each of these barriers in depth, focusing on respondent statements while bringing in outside literature to contextualize certain observations. To situate the reader, I structured each barrier discussion by listing the key themes up front, followed by a statement in bold providing a more detailed description. This description is followed by a breakdown in evidence, including respondent statements and, in some cases, outside literature. For some of the barriers, I include multiple bolded statements to reflect multiple layers to the barrier.

Barriers Related to Organization and Strategy

Decoupling and Misaligned Organizational Structure

Themes for this barrier include:

- Lack of communication
- Inefficiencies in pursuing change around sustainability due to silos
- The role of leadership in determining how CSR is integrated into a firm

The sustainability/CSR functions of a company are traditionally kept separate from government/legislative affairs, and these silos naturally foster strategy misalignment.

As touched on in Chapter One: Setting the Stage, Corporate Political Engagement and CSR decoupling is something that can occur when policies do not reflect actual structures. One of the most common barriers mentioned by the people I interviewed was internal company structure and segmentation of job functions and responsibilities. As one institutional respondent put it:

> *Corporate sustainability is a relatively recent phenomenon in the history of the U.S., and has evolved much more recently than government or legislative affairs departments. They exist in very different parts and report up to different organizational silos. Sometimes they don't even talk to each other. Smart advocates go into the company because they want to save the world. Government people, on the other hand, are confronted with much more immediate challenges, such as responding to attempts to pass new regulation. What hasn't happened for most companies is the creation of crosswalks between those two groups, instead communication tends to go up to the CEO and back down again.*

Another respondent made a similar observation about the lack of communication between the two departments:

> *Both of those groups (CSR and government affairs) are a bit outside of the mainstream of most companies. They aren't part of the operational details of the every day. They are already a bit like satellite enterprises so it may not be totally surprising that they fail to communicate*.

Although there are common patterns, company structure differs from firm to firm, including for the firms who participated in this project. For some of the companies I spoke with, the function of sustainability and advocacy have begun to be combined and I was able to speak with staff whose jobs center around the nexus between climate change and political engagement. For other companies, the disconnect was more apparent. A few companies I interviewed indicated that they were unable to identify staff members in the corresponding department (CSR vs. Government Affairs), suggesting a low level of coordination. For other companies, lack of organizational alignment was given as a reason to decline participation outright.

One respondent spoke about their own company's more integrated structure, citing risk reduction strategy as the primary reason for their current configuration:

> *For lots of companies climate change starts off as a CSR program and there is a group of people that do it and everyone else goes on, business as usual. [Our company] is looking at it less as a small thing that a few folks are doing, but rather as a larger investment and strategy to get more of the benefits of risk reduction.*

Reflecting on their experiences working with companies, two institutional respondents commented on the inefficiencies, as they saw them, from having siloed departments when working on issues of climate policy:

> *Companies also say they are committed to external stakeholder engagement, but it felt to me to be fairly limited in terms of how much engagement there was, and companies only have a few people in their sustainability offices to do all the work. My bottom line is that they should probably be finding ways to measure the budgets of sustainability offices and include the policy arm in that somehow. You really need for the policy arms of companies to be integrated with the sustainability programs or they won't be as meaningful as they could or would otherwise be.*
>
> --
>
> *The reason that we haven't seen companies spend lobbying dollars on climate is that they don't see how this could positively benefit their bottom line. It will help them address risk and there are some positives associated with it in terms of long-term viability, but many sustainability managers are far enough removed from other parts of the company that they have a hard time communicating that out.*

Along these lines, several respondents mentioned the role of leadership and how decisions at the executive level can have a large influence on how issues of CSR are situated within the organization. One institutional respondent reflected on how CSR issues tend to sit in different company departments based on how material they are considered to be for the industry:

> *There is a big gulf between sustainability practitioners and the government relations people, as a generalization. Because the whole thing is becoming legalized, they tend to keep their distance. In many companies there are issues that in one company would be considered sustainability-related, but if the issue is considered to be existential it is moved out of sustainability or never enters in the first place and is put squarely in public/legal/government relations. An example might be privacy and security, in a food company this issue might be related to sustainability, but in an IT company it will be in the legal department. Climate and energy in IT can sit in sustainability, but in an energy company it will be in public policy and legal. The existential issues get moved out of the broad CSR approach and into the context of 'what will this mean for our shareholders?' Of course, the elevation in centrality of an issue can happen intentionally.*

That elevation of an issue as a choice was echoed by other respondents, who pointed directly to the role of leadership in framing CSR issues and defining job scope. As one institutional respondent put it:

> *In some companies it seems like there is still a lack of alignment between the leadership, the sustainability-related projects, and the lobbying/advocacy activities that are happening through trade associations or one-on-one conversations with decision makers. To me it seems like a question around how core and how serious the company is around sustainability, and where it fits into the core of its business.*

Leadership, and the idea of internal champions driving action and success around sustainability was a common theme amongst respondents, and I discuss this in further detail in a section below on Strategies for Alignment. However, one private sector respondent explicitly called out the limitations of progressive leadership alone and emphasized that structural change can be a long and complex process.

> *If a less visionary company hires a progressive CEO, they might have trouble. This happened in an energy company I'm familiar with. A visionary CEO came in and tried to make all these changes, but there wasn't enough buy-in and they were eventually forced out. You need more than one person, need the board and key*

people in a few different places. If a company decides to pivot and start investing in sustainability, suddenly the company has some publicly stated goals and a team of people. That's great, but where does that office sit and how are things structured? These things don't happen overnight.

Dominance of Core Issues

Themes for this barrier include:

- Climate change is not the most important issue for companies
- Political capital is a limited resource and can be wasted
- Engaging meaningfully on climate change requires significant resources, and those resources will go to what are considered to be the most important issues

Food and beverage companies do not consider climate change to be one of the most important issue they face, and are therefore averse to wasting political capital by actively advocating for non-central policies.

Companies face a range of material issues at any one time, and though its impacts are understood to be grave, climate change does not often register as a number one or two issue for F&B firms. As one institutional respondent put it:

> *Government affairs people have to prioritize, and will deal with the existential issues. They have to deal with immigration, trade, tax; climate just won't make it up the list. The only companies where it will make it up the list is in oil or solar, etc. It becomes a very narrow energy conversation.*

The idea that other issues take precedence was echoed by over half of respondents, with things like sugar, taxes, and trade coming up most often for companies in the food and beverage industry. Some private sector respondents referenced the moment back in 2009 when the Waxman-Markey bill (a carbon emissions trading bill) was in Congress at the same time as a major sugar tax, citing it as a reason their company avoided actively supporting the climate bill. The following comments provide a snapshot for how three different respondents are thinking about this issue:

For Coke and Pepsi, they are going to expend a lot of political efforts on taxing soda because it is core to their business. Tariffs, cost of sugar, things like that. Climate is only a core issue for companies whose fundamental business interests put them on the side of those who don't want carbon taxes or climate regulation. Very central issue to energy companies and utility industry. [Food and beverage companies] are going to be more known for their absence than for their participation. This will be true for the vast majority of business sectors right now.

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What I hear a lot is that companies have a lot of issues that are up before Congress, and it could be that there is a big tax issue that is critical to their business, so they are trying to advance that issue and they are somewhat reticent about now going to sign onto things like climate change, that is not moving right now anyways, and risk annoying people who they need support from.

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The biggest barrier is that climate is a lower-order issue for almost all of these companies, and there is always something more immediate like taxes, chemical reform, or other regulations that would affect their bottom line to the tune of tens or hundreds of millions of dollars. We saw this back in 2009 with a bunch of healthcare companies when Obamacare was in the Senate while climate change was moving in the House. Obamacare was going to have major implications for a number of companies and they didn't want to touch climate while there was a major legislation pending on their central issue.

Even amongst issues pertaining to sustainability, climate change may not make it to the top of the agenda. The impacts, though felt with increasing strength amongst the F&B industry, are still difficult to pin down and connect to short-term interests. According to one respondent from an F&B company:

All of the ESG and human topics are of critical importance. Climate is critical among the issues, but it is easier to ignore than some of the more immediate issues, it's not as clear. This is the same as what countries are doing with climate change, it's harder to nail down a solution and therefore easier to kick down the road, it's a longer term thing.

Core to the framing that respondents are presenting here is the accompanying fear of wasting political capital. The idea of wasting political capital is less about retribution (in the context of this specific barrier) and more related to the idea of having limited opportunities to be heard and have impact. Opportunities to influence policy are limited, and as one respondent framed it:

> *Companies feel like they have this one shot with the lawmaker and the short-term, financially driven objective of trade or tax trumps the longer term issue of climate change.*

These top-line issues may look different for different industries, but the core concept is universal. And according to some who have worked in this space, this sentiment extends beyond strict engagement on policy to include public statements and company position. One respondent reflected on this through their time leading environmental sustainability efforts at a major U.S. corporation:

> *When [Company X] stepped out [in support of] gay marriage laws as it was happening, it was very consistent with things the company had been doing in the long-term. Then the next year there is a campaign on gun legislation, and everyone said great, [Company X] is a progressive company, we'll weigh in. But public policy people in the company said we need to be careful, you can only be vocal about so many things and you don't want to dilute your impact.*

Given the lower priority of climate change, companies dedicate insufficient financial and/or human capital resources to engage on climate policy at the requisite level for impact.

As a direct consequence of companies not considering climate change to be a top issue, many respondents brought up the issue of having insufficient resources to dedicate to hands-on, sustained political engagement on this topic. It takes money to support the development of expertise on the science, materiality, and political implications of climate change and associated policies. It takes even more money to craft that understanding into a coherent political strategy, and more money yet again to deploy that strategy. Additionally, these are not one-time costs.

One institutional respondent framed this in terms of opportunity cost, and the need to decide how to best deploy limited resources.

> *For them it comes down to allocation of resources, if you have a limited budget or time or staff to devote to something, and you sink a lot into climate change, that comes as an opportunity cost somewhere else.*

Looking back at the Waxman-Markey bill from 2009 (also known as the American Clean Energy and Security Act), one private sector respondent commented on how their company had just begun trying to assert its supportive stance on climate change policy on Capitol Hill, but that the effort to analyze the 1,400 page bill and mobilize their lobbyists was beyond their capacity at that stage. A different corporate respondent talked about one of their company's ambitious new approaches to lay the ground work for more active political engagement on climate change, however he ended his description by commenting on the difficulty of the work, stating that:

> *Frankly, there isn't enough time in the day for it.*

An institutional respondent who works with many companies on this issue noted that a common refrain they hear from companies is the lack of resources to have someone working full time on responsible policy engagement in D.C. or in Brussels, the central location for policy-making for countries of the European Union (EU). In this respondent's experience, companies are more willing to participate in collective campaigns where the level of effort is limited to signing onto a letter, or any version of this that absolves them of the resources required for one on one engagement on an issue.

If it is difficult for the large companies on my target list to pull off these more hands-on efforts, it is even more difficult for smaller companies to find the resources. As one institutional respondent who works with many smaller F&B companies notes:

> *Across the board it tends to be resources, resources, resources. Not having a staff person to look at governance and climate, and particularly not the confluence. They don't have the expertise on how to engage. How do you lobby, what does that look like and what do you say?*

Not everyone interviewed for this project had as much sympathy for the reported struggle of where and how to allocate resources. As one respondent working in the energy space noted:

> *You have Fortune 500 companies who are engaged on important issues, and they try to claim that they are short staffed to work on an issue that is even in their home state. They don't seem to have, or they use the excuse that they don't have, enough people to engage in legislation. I find that sort of suspicious and problematic. If they are really true to their commitments they need to figure out how to be more engaged. They also say they are committed to external stakeholder engagement, but it feels to me to be fairly limited in terms of how much engagement there was, and they only have a few people in their sustainability offices to do all the work.*

Lack of Expertise

Themes for this barrier include:

- Traditional lobbyists are not often conversant in matters of sustainability or climate change
- Impacts of and contributions to climate change are complex in this sector, and require expertise to navigate

Lobbyists, or political advocacy equivalents, lack expertise on climate change, making it difficult to speak with authority and confidence on this issue.

This relates strongly to two of the barriers mentioned above on firm organizational structure and dominance of core issues. Organizationally, the staff who are passionate and knowledgeable on issues such as climate change, traditionally the CSR staff, lack the expertise or the access to practice political advocacy. Vice versa, traditional government affairs staff often lack detailed knowledge on an issue like climate change and are in a poor position to make strong arguments on that topic. One institutional respondent put this dynamic very succinctly:

> *The folks in DC don't often have a strict sustainability person. So if you ask them to talk about climate change or a carbon tax they are out of their element. The*

> *sustainability people are seen as the experts, and if they are not in DC they have no way of communicating those views*.

Another institutional respondent similarly commented on the mismatch in skills, but went further to suggest that lobbyists may lack motivation to engage on climate change. The discussion further below on lobbyist culture expands on this dynamic.

> *People who are motivated to engage in policy are not empowered and it isn't their skillset. The people who are empowered to engage are not necessarily motivated.*

This barrier also ties to the idea that climate change is not the dominant issue for most F&B companies. If tax, trade, and sugar are your top issues, then it makes sense that companies will employee lobbyists with experience in these areas, and spend resources to develop necessary expertise.

Companies often lack necessary data or are uncertain about the proper metrics for understanding and acting on climate change.

Some respondents also mentioned a separate lack of expertise, pertaining not to the structuring of job responsibilities and respective skill sets of employees, but rather to a company and industry-wide uncertainty around how to best 'conceive' of climate change and how to respond. As one private sector respondent put it from the perspective of their agricultural supply chain:

> *The issue is so complex, there is not an easy way forward on climate change on the farm level. Do you need five years of data, ten? Agriculture is more complex to measure and to do, so it has been very hard for food and beverage companies to make progress.*

The central role of agriculture in the F&B industry appears to exacerbate this sense of uncertainty around the severity of the issue and the proper method of response. This is driven by multiple stakeholders and the complex nature of agriculture being a major GHG contributor, at the same time that it holds significant potential to act as a carbon sink through the practice of soil sequestration (Lal, 2004). This complexity can result in doubt around what an effective policy response looks like in the eyes of a company, and with this doubt can come a hesitation to weigh in.

Prioritizing the Bottom Line

Themes for this barrier include:

- Companies may be intentionally fostering CPA-CSR misalignment as a way to maintain the status quo
- Companies may experience real financial consequences under certain climate policy propositions, giving them incentive to oppose those measures

Companies are profit-driven entities, and if a policy does not help (or has the potential to hurt) their bottom line they are disincentivized to advocate for it, reducing CSR efforts to greenwashing.

There are several distinct reads on this barrier, some that assume more ill-intent than others. As one respondent so aptly put it, "the business of business is money", particularly in the U.S. The downside, if one cares to frame it in these terms, of involving multiple stakeholders in issues critical to society as a whole is that different parties will naturally come to the table with different interests. I would argue that this is also a real strength of multi-stakeholder engagement, but it can be frustrating for other parties to confront the dynamic of short-term corporate economic interests trumping the long-term interests (economic and otherwise) of society as a whole. The nuance to this barrier comes from whether a company is intentionally using their CSR functionality to greenwash their operations, or whether companies' resistance to lobby for climate change simply reflects the complexity of the issue and the inadequacy of our current solutions to provide an economically-viable path forward.

First, I will follow the argument for greenwashing. As touched on earlier in Chapter One: Setting the Stage, Corporate Political Engagement and CSR, greenwashing is a longstanding concept related to CSR. It refers to the practice of making sustainability claims or policies with little verification or oversight, that are some combination of insubstantial, misleading, misdirection-ary, or inaccurate. This can involve both corporate policies and activities as well as claims for products sold directly to end use consumers. There has been much literature dedicated to documenting and understanding this practice. A simple search of 'corporate greenwashing' on Google Scholar generates over 23,000 results. To take one recent example, Marquis et al. conducted a study to test their hypothesis that corporations selectively disclose environmental impacts, drawing a number of conclusions based on data collected from thousands of public companies across the globe as to which levers have an impact on this practice (2016).

Speaking generally about the private sector as a whole, one institutional respondent made an argument for the greenwash-framing when it comes to CPA-CSR misalignment:

> *Some of these companies are misaligned with their lobbying behavior. Sometimes that's true, but you could also look at it another way. Not sure that ESG (CSR) exists to make companies better, but rather to maintain the status quo and business as usual. They can use ESG (CSR) activities as a smokescreen while their government affairs team keeps things business as usual.*

Another respondent who has extensively studied the subject of CSR, echoes this possibility:

> *At the deepest and most cynical level, it is not profitable to align [sustainability strategy with political engagement strategy]. So it might be that the current system is exactly what companies want, they get the do-goody sustainability feelings while the government office tries to kill it. Could be an intentional strategy.*

This respondent immediately added that this was likely not the case for most companies, if for no other reason than that it would require even greater strategical coordination between traditionally stratified departments.

Another respondent put this more bluntly, stating:

> *The reason that we haven't seen companies spend lobbying dollars on climate is that they don't see how this could positively benefit their bottom line.*

The idea of companies engaging in the political process as a means to improve their profitability is well documented in the literature (Hillman et al., 2004). So too is the idea of companies prioritizing short-term profitability over long-term profitability (Handy, 2002). However, several scholars have pushed back against the absolutism of these dynamics. Henderson and Ramanna (2015) argue that the business community has both a moral and a practical duty to preserve the institutions of capitalism, under certain conditions. They outline two distinct policy environments, 'thick' and 'thin', where a thick environment is one with sufficient access and participation from multiple stakeholders, and a thin environment is one where business may have specialized technical knowledge or little political resistance from the general interest. I would reframe this last definition to include possession of inordinate power over the general interest. They go on to argue that in thin political conditions, business managers have "a responsibility to market institutions themselves, even if this entails acting at the expense of corporate profits."

Handy, too, makes a similar argument in his discussion of truth, trust, and markets (2002). He states that "markets rely on rules and laws, but those rules and laws in turn depend on truth and trust." Writing at a time marked by several corporate scandals, he claimed that if trust was lost due to violations of truth, the very foundation of capitalism might suffer.

Of course, there is another interpretation of this barrier that speaks less to greenwashing and more to the outright complexity of climate policy and agriculture. The Food and Beverage Industry relies very heavily on agriculture production to support its business, and there is much debate and uncertainty around precisely how various proposed (and theoretical) policies would impact this sector. One study from the U.S. Department of Agriculture looked at the impact of higher energy prices on agriculture, and found that across a variety of scenarios, policy or market-driven, agricultural prices would increase while output decreases. However, these effects are considered to be moderate and the study excluded long-term impacts and potential benefits from carbon sequestration or avoidance of the impacts of climate change (Sands & Westcott et al., 2011). In line with a barrier discussed earlier, Lack of Expertise, it may be difficult for companies to ascertain the financial impact of a given policy on their business, and real or perceived short-term economic impacts may be enough for a company to remain silent or even actively oppose proposed climate mitigation policy.

As one corporate respondent put the challenge:

> *It's just really challenging to reduce the carbon intensity of farming. [Farmers] tend to be more conservative and they tend to be a bit more in climate change denial, and when you ask them to make changes you are asking for things that will have a financial impact. Providing funding is the only way forward here. This will increase the price of ingredients, and margins are tight in the food and beverage sector.*

Several institutional respondents echoed the difficulty of navigating policy in a way that is cost effective, with one respondent calling out end-use customers as a particular concern:

> *One of the concerns in the industry is that prices and limits on carbon, whether that is a tax or cap or whatever, some of the ways you do that could have disproportionate impact on the customer of the company. There are barriers to go beyond reducing your own footprint to the point where you are talking about the policy solutions. Could mean a cost to your business and potentially cost to your customer. A barrier is finding a way to do it that doesn't take money out of your customer's pocket, especially if you think your customer is a low to mid-income person.*

It was not the objective of this research to examine the prevalence or accuracy of either of these two framings, so I will not make any claims as to which interpretation of this economic-barrier is dominant. However, it would be naïve to assume that the only barriers standing in the way of strategy alignment boil down to the broad themes of opportunity, resources and backlash, and neglect to consider the economic impacts of the policy itself.

Barriers Related to Intermediaries

Trade Association Dynamics

Themes for this barrier include:

- Trade associations often represent 'lowest common denominator' interests

- Influence can be bought or hidden
- Trade associations are seen as predominantly conservative entities

The structure and operational drivers of trade associations make them a poor vehicle for progressive policy advocacy; however, for some companies the pros of staying in outweigh the cons of exiting over differences on climate change.

Membership in a Trade Association (TA) with conservative stances on CSR issues is one of the central accusations made against the private sector when it comes to CPA-CSR misalignment (Lyon et al., 2018). Climate change is one of those issues where it is well known in D.C. that the powerful TAs move against progressive action, including the U.S. Chamber of Commerce (Chamber), the Grocery Manufacturers Association (GMA), and the American Legislative Exchange Council (ALEC).

Most respondents described TAs as institutions that represent the "lowest common denominator" of interests, and this is especially true of groups that represent a broad range of industries. As one former-private sector actor put it:

> *Trade associations are tricky! Historically they are the least common denominator because small firms have the same weight as the giant ones, same power of votes. In some ways it's great, but can mean a disproportionate representation of an industry. I don't see great progressive action coming from trade associations, though there are some exceptions. They've been sort of a lagging indicator, not a leading one. There are some basic elements of business interest that a trade association does represent, if there are opinions that aren't really extreme and can just capture what the business community values, but I don't think any of the companies think they can single-handedly change a trade association.*

However, not all respondents agreed that small firms carry the same weight as larger ones, at least not in the Chamber. One institutional actor was very blunt, stating:

> *The U.S. Chamber is institutionally corrupt. You pay them extra money and they 'wash it', so money goes in at one end and then when it comes out you don't know where it's come from and who's paying for the influence. That is how the Clean*

> *Power Plan got lobbied out, if you shout the loudest and give the most money you can control the action.*

One private sector respondent built on the idea of paying for influence. When asked directly why they thought the Chamber has such a conservative stance on climate change, they cited the disproportionate amount of fees paid by the oil, gas, and coal industries.

Another institutional respondent echoed the role of TAs in undermining progressive action, building on the earlier idea of 'washing' money to suggest that a core function of TAs is to hide corporate influence from individual scrutiny:

> *You will often see companies with misaligned strategies. Sometimes, this misalignment happens unintentionally when they don't even realize their public policy group is taking a different approach than their CSR team. Or, misalignment can happen intentionally, mainly through trade associations, who will say things on behalf of companies that companies aren't willing to publicly say for themselves. [Trade associations] say that's why they look so bad, because they are shepherding through the desires of companies giving them money. When it is sector specific, you can at least assume they are speaking on behalf of a subset of companies. The more challenging ones are National Association of Manufacturers and the U.S. Chamber - they claim to be speaking on behalf of the entire private sector but they are not.*

One respondent, speaking from their experience employed at a major U.S. trade association, commented on the broader trend towards conservative views amongst TAs:

> *The GMA (Grocery Manufacturers Association) is a pretty conservative organization politically speaking. Especially as it relates to GMO (Genetically Modified Organisms) labeling, they did some pretty nasty things which were illegal and they got caught for it. A lot of members weren't appreciative of the tactics they'd taken, a lot of members left. There's been a lot of turnover at GMA so in some ways it's a new organization, but it's indicative of trade associations generally. At the end of the day their members have final say, but in a lot of cases their members don't spend a whole lot of time thinking about their association. In a large part it is up to the individuals at the association to dictate the tactics. People at the top tend to be more conservative in their politics and connected with those folks in D.C., so in those associations it is more difficult to act in a positive way on climate policy. It is important how progressive the industry is, but also how progressive the senior leadership is. A lot of people from the industry then go work for their trade associations, so if the industry is conservative the trade association is conservative.*

Many of the respondents I spoke to felt that TAs are not often conduits of progressive action. However, there is a reason companies belong to TAs in the first place, which is that these associations are important mechanisms for advocating for certain business interests. As a company, if you disagree with the stance of your TA and are not satisfied with the status quo you essentially have two options: 1) stay and try to shift the position of the TA, or 2) leave. Both strategies can be difficult to execute.

One private sector respondent, which has left some of the bigger TAs in recent years, shared a few words on monitoring:

> *Trade associations historically have a lot of power in D.C. Every company needs to evaluate who is representing them and what they are saying on your behalf. I've had to go to a trade association and ask what they are saying to Congress and reprimand them for being misaligned on [our company's] stance.*

A different respondent, speaking from an institutional perspective, shared that they never require partner companies to leave TAs over climate misalignment, knowing that most companies are either unable or unwilling to do so.

> *We never asked the companies we worked with to leave the Chamber because most of them won't do it. What you can ask them to do is to be transparent. You can ask them from the inside to try and make their trade associations neutral at the very least, but that's hard because these associations are massive, thousands of companies, so for every Proctor and Gamble and Johnson and Johnson there are ten fossil fuel companies who would love the chamber to play that block and tackle roll on carbon legislation.*

There have been some recent developments with strategy and trade associations on the topic of climate change in just the past year, and I revisit this topic in Chapter Four: to further explore tactics and tradeoffs between staying in or leaving a TA.

Lobbyist Culture and Misalignment with Company Strategy

Themes for this barrier include:

- Lobbyists and government affairs workers tend to be risk adverse

- Lobbyists may not share the same goals as their corporate clients

Lobbyist culture is perceived to be conservative by nature, with lobbyists emphasizing loyalty to their network over loyalty to current employers. This creates a lack of incentives for lobbyists to follow through on 'bold' climate positions.

Political engagement and other advocacy activity is often the purview of a company's government affairs team, or lobbyist and trade associations engaged on its behalf to achieve concrete goals. While I already discussed how segregation of job responsibilities can lead to a failure to develop coherent strategies, several respondents pointed to the culture of lobbyists and government affairs teams as a barrier to advocacy on progressive issues, such as climate change.

One institutional respondent described the culture and mindset of lobbyists as being inherently risk averse:

> *We can't claim to have figured it out, but public policy and government relations teams have existed for a very long time, and their job is to help manage risk. Typically, they tend to be risk averse people, saving the world is not on their agenda. Their job is to look out for companies' interest in terms of tax, trade, immigration—issues that fundamentally affect the company's bottom line.*

Another institutional respondent put it similarly, commenting that:

> *It is really interesting when you meet with these government affairs people to do something good. It's almost like they have to turn their heads around, it is very hard for them and is almost like it's against their nature. It is hard for them to change their mindset.*

Speaking from their experience working for a major U.S. trade association, another respondent described the field this way:

> *Lobbying tends to be a very reactive field. Corporate lobbyists are not very strategic at all, what our lobbying team ended up spending most of our time on is*

building relationships, herding cats, and managing egos of corporate lobbyists amongst members.

For some respondents, the issue extends beyond simple risk aversion to a more pervasive practice of lobbyists acting not in the direct interests of their employers but instead for the interests of their own network and future employment prospects. While I touch on the subject of political backlash further down in this section, the concept of lobbyists operating on behalf of a self-interested status quo (as opposed to companies themselves fearing political backlash), is worth calling out here specifically.

One institutional respondent described the dynamic this way:

> *There is sort of this lobbying culture, at least in D.C., where the government affairs teams have an interest in not upsetting their counterparts at other companies. There's an unspoken agreement that you don't screw me over and I won't screw you over. Don't undermine my policy on climate, and I won't undermine yours on sugar. I've asked some of them why this is, and they explain that they sometimes jump from job to job and they are almost trying to build a network amongst other companies so they can jump if they need to, and if they are pissing off those companies they can't do that. They're beholden to the next job or company, more so than their current company.*

A private-sector respondent echoed this idea that lobbyists and company leadership may not be on the same page when it comes to advocacy on a certain policy:

> *You usually find the government affairs folks to be total pragmatists and not progressive in their thinking, or even necessarily being aligned with the corporate strategy. You will find the CEOs or the most senior leaders of the company to be much more principled, and I suspect if they knew where their dollars were going and how they were being used there would be some changes very quickly.*

Because lobbyists are a central intermediary through which corporations exercise corporate influence, this is a significant barrier.

Barriers Related to Policy Context

Backlash – Real and Perceived

Themes for this barrier include:

- Consumers – consumers with different views on climate change may react negatively to advocacy efforts, which may potentially impact sales
- Customers – retailers may have different sustainability values or emphases, and/or complex requirements for sustainability compliance
- Employees or board members – direct company stakeholders may not share the same values on climate change and may exercise influence to prevent change
- Other companies – companies where traditional fuel sources are a core business model may seek political retribution for progressive advocacy efforts
- Politicians – companies fear alienating politicians while climate change remains a polarized issue for many elected officials

Companies have experienced, or fear experiencing, backlash for acting boldly on controversial political topics, heightening the perceived risk of advocacy on climate change policy.

The fear of backlash was a major theme echoed across the spectrum of interviewees. U.S. society largely considers action on climate change to be a progressive stance. Because of this, there is a fear and sometimes an experience of backlash at the consumer, customer, employee, peer, and political level. Respondents indicated that guarding against this backlash can lead to increased caution when engaging on climate change.

Consumers – End User Relationship to Brand

For the big brands targeted in this research, the dominant business model is indirect sales to consumers by way of third-party retailers, otherwise known as their customers. Despite not having a direct sales relationship, positive brand association and perception is still paramount to maintain. For an issue like climate change, there is a real fear that polarization of the issue could result in negative attention on social media (or other channels) and potentially even a drop in sales from consumers characterized as 'climate change deniers'. This designation refers to a consumer who to some degree does not believe in the science of climate change and opposes social, political, or economic climate action. As one company respondent put it:

> *The reason that companies don't more proactively engage loudly, proudly, and in the public space, is because of their customer base. If people are buying chips and soda, they are not necessarily liberal folks. Companies don't want to antagonize their customer base, they want to work behind the scenes. We don't want to have a strong public face on this issue.*

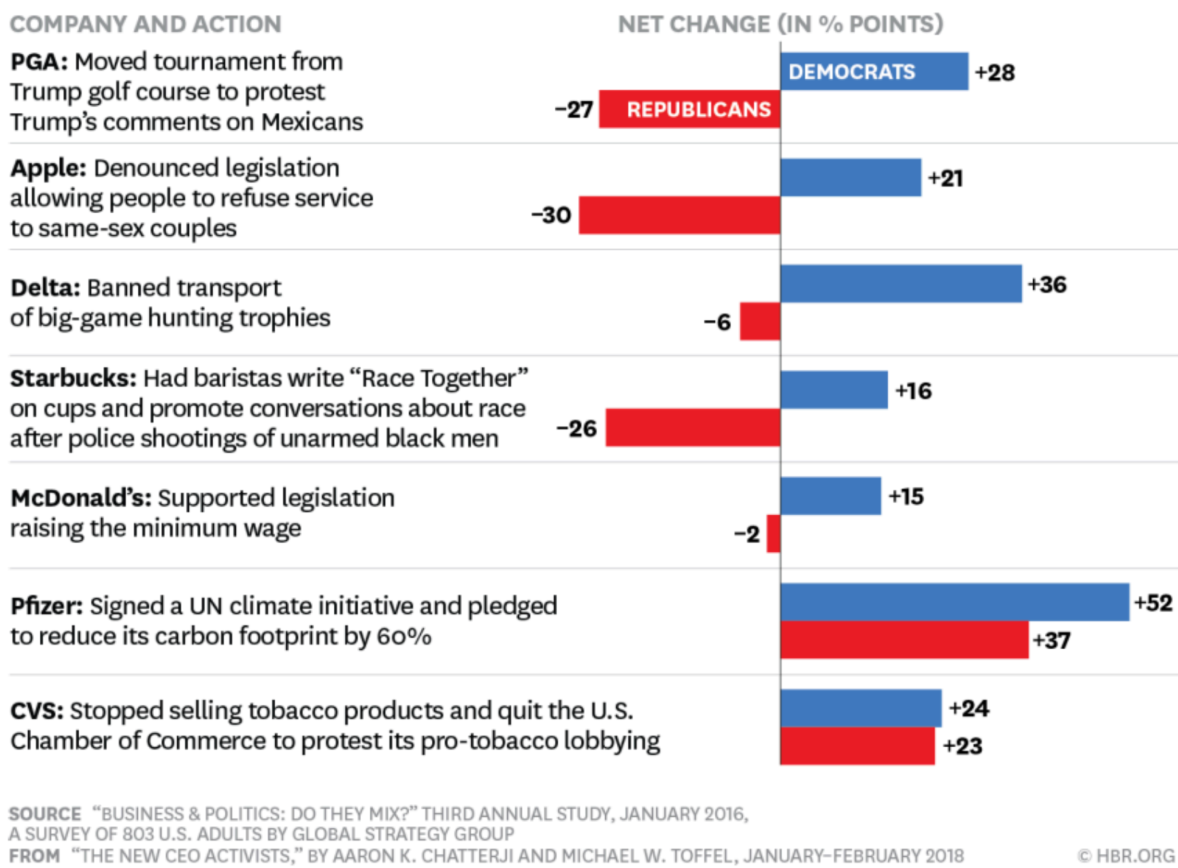
This sentiment was echoed by several non-private respondents, with one observing that:

> *I have heard from companies, that especially in the volatile political environment it can be challenging for them and there can be backlash on social media. They do make a decision to maybe hang back, they have a strong position but won't make a big deal about it for fear of backlash. I've heard that a few companies have decided to do work quietly, might decline to participate in very visible initiatives. [Backlash] does happen, especially on social media.*

Instances of social media backlash over polarizing issues are common in this era, and one need not look far to find examples. Clashes over corporate action on immigration and gun policy have been particularly prevalent in recent years. According to recent polls, however, acceptance of climate change is rising amongst the American public. The latest poll from the Associated Press shows that a full 71 percent of Americans believe in the reality of climate change, with only nine percent saying that human activity is not primarily responsible for the changes we are seeing (Associated Press-NORC, 2018). A similar poll from the Yale Program on Climate Change Communication, which has tracked beliefs on climate change since 2008, notes "substantial increases in Americans' certainty that global warming is happening and harming people in the United States now." That poll finds that 73 percent of Americans think that a change in our climate is taking place (Leiserowitz et al., 2019).

Professors Aaron Chatterji and Michael Toffel, writing for the Harvard Business Review in 2018, examined the dynamics of CEO activism on political and social issues unrelated to their companies' bottom lines. Among many interesting findings, the authors examined a series of company actions/statements and the favorability response amongst Democrats and Republicans. As shown in Figure 6, different political groups in the U.S. react in different ways to various political stances taken by companies. However, it also shows that both Democrats and Republicans expressed a large, favorable response in reaction to pharmaceutical company Pfizer's signing on to a UN climate initiative and pledging to reduce its carbon footprint by 60%. While the action described by the study is not the same, in Pfizer's case, as attempting to influence federal policy around climate action, the finding does offer another datum point to suggest that climate change is not as divisive an issue for the American public as it once was.

Figure 6. Review of Polarized Responses toward Business Action, by Political Group (2016)



(Source: Chatterji and Toffel, 2018)

Of course, even if things are changing that does not mean that fear does not persist, or that it does not come from a very real place. One infamous example of climate change advocacy 'gone wrong' comes from Coca Cola, which in 2011 decided to change the color of their iconic cans for the holiday season (Figure 7). The company planned to make the cans white and feature a mother polar bear and her cubs to draw attention to the animals' plight under the increasing impacts of climate change. This change impacted an estimated 1.4 billion cans and was part of a broader partnership between the company and World Wildlife Fund (WWF) to draw attention to WWF's Arctic Home project. In addition to the can change, Coca Cola introduced white bottle caps on other branded drinks and pledged to donate $2 million to WWF and match consumer donations up through $1 million. As Katie Bayne, then president and General Manager of Coca-Cola Sparkling Beverages, commented at the time, "In 125 years we've never changed the color of the Coke can. We really see this as a bold gesture" (qtd. in Walsh, 2011).

Figure 7. Special Addition Coca Cola Holiday Can (2011)

(Source: Globe and Mail, 2011)

Unfortunately, the new design lasted only a month, at least two months shy of its announced run. The reason was backlash from consumers. The company's "bold gesture" resulted in significant calls and internet complaints, though reports suggest that anger over the company's message on climate change was not necessarily the top concern. The Wall Street Journal (WSJ) reported on a range of complaints leading to the decision to pull the cans, including confusion over regular (white can) and diet coke (silver can), complaints that coke tasted different in a white can, anger over changing the classic red design, and other general complaints. Climate change did surface though, and as the WSJ reported, "Another person accused Coke of 'trickery,' and still another called the white cans 'blasphemy,' among hundreds of tweets. Some

Coke fans emailed the company's official blog to complain about the company wading into the issue of climate change" (Esterl, 2011).

Despite the controversy, one respondent with intimate knowledge of the campaign[4] was upbeat recalling this experiment:

> *It was not a perfect marketing campaign, but the plan was to do 2 billion cans that would be white with silver polar bears. Only got through 1 billion and then we had to change course. I don't think it actually happened, but there were complaints that the light cans looked so much like the diet cans that we were afraid that a diabetic patient might drink it. So we inverted the color scheme and finished out the campaign. It was one of the first cause-related marketing campaigns on the environment, and it was fascinating how quickly it got approved internally. It was a multi-million dollar campaign, and a portion of it was donated to WWF arctic research. The vast majority of people loved it, 7-11 loved it, some progressive customers loved it. We were serving over a billion servings a day at the time, and up 'til then we weren't taking the opportunity to communicate on climate change. At the end of the day, the response was overwhelmingly positive.*

Though this respondent felt strongly about the majority-approval of the campaign, he did call out one stakeholder group as being staunchly opposed – several of Coca Cola's retail customers. I touch on this further in the below discussion on customers.

Regardless of which factor ultimately killed the campaign, the example lives on in the minds of companies and observers alike as a boogeyman warning against climate change advocacy. One respondent demonstrated this when asked whether stakeholder pressure ever factored in to decision-making on this topic. They replied:

> *There is risk in both directions there. Doing nothing can backfire, but it might be the safest path. The former CEO of Coca Cola became very personally engaged with climate change, and took a trip up to arctic with some environmental guys (WWF). There was a famous instance where they put a polar bear on the can around Christmas time and there was then a backlash from conservatives and other groups and it was declared a mistake.*

[4] Readers please note, this respondent is not the Coca Cola representative listed in my research participants table (Table 4)

Over the course of my interviews, I heard a number of other examples related to consumer backlash. Looking outside the F&B industry, one respondent shared a story of a popular cruise company that was forced to make alternate arrangements for side excursion tours. Passengers had been complaining that local tour guides brought up the impacts of climate change on their coastal/island homes, and a vocal contingent of passengers found this to be unacceptable. Another example comes from a large retail store, where managers decided to set aside two reserved spots for electric vehicle charging in the store's parking lot. According to those familiar with events, a local resident launched a sustained protest by driving their pick-up truck to the store every day and leaving it parked across both spaces for the duration of business hours. Store managers were disheartened by this response and felt a lack of enthusiasm to attempt anything else that might be considered 'green'.

In some states or cities, taking action on climate change is not considered a controversial move. However, it remains clear that backlash is felt differently in different geographies, as illustrated by the story with the pick-up truck, which took place in a politically conservative state. As one institutional responded noted:

> *Fear of backlash from consumers is different in different states. In conservative states you can talk about clean energy and just not mention climate. The politicization of these terms is tough, and we need a way around it. Of course, companies are afraid of customer backlash in both directions, for some their consumer base is right there with them on climate change and may be upset by inaction.*

As this person points out, companies now risk alienating large portions of their consumer base through both action and inaction, and finding the right balance can feel daunting. It is unsurprising, then, that some companies might choose to operate primarily behind the scenes.

Customers – Business to Business

Distinct from an F&B company's consumers are its intermediaries, typically retailers, who are the actual purchasers of a brand's products and distributors of those products to its end user.

Several respondents called out retailers as being a barrier preventing them from taking certain actions on climate change, or at the very least making the process more complex. Because F&B companies typically have longer and more complex supply chains than a company that sells directly to its end user, this barrier is particularly relevant to this sector.

Major retailers have their own brand-reputation to consider and often have their own set of standards for the products that they will sell to consumers. While some retailers have progressive platforms, this is not the case for all retailers, and even among the more progressive there can be different compliance criteria or an emphasis on other sustainability issues over climate change. As one company respondent put it:

> *[A big barrier for the industry is] customers!! They can be a big deterrent in a company coming out with their own sustainability statements. Walmart has their own Sustainability Index and other major retailers like Safeway want to be fairly progressive, but other retailers just aren't there yet or don't want to be. Some of these are coming out with their own indices and it makes it difficult to coordinate. If a mid-tier company decides to align with Walmart's standards, these standards can be very different than what Target or TruValu, etc. is looking for. Companies want to be aligned with a lot of retailers' objectives, but there is a lot of grey area when there are so many different strategies out there, and you need to decide where to be progressive to align with those retailers. [Our company] can be more progressive because we have so many brands and work with so many retailers, so we have options and do hold some power there.*

Outside of adding complexity, retailers can also represent staunch opposition to advocacy on climate change. Going back to the earlier story about Coca Cola and its white Christmas cans, a respondent familiar with the effort commented on the challenge of partnering with certain retailers on that campaign:

> *Of course, there were customers who were not interested to have [the white cans] on their shelves. You can imagine that a lot of the convenience stores were owned by oil companies. They were just philosophically in a different place, and were opposed to even subtly communicating about climate change through the packaging.*

Touching on this same issue, a different respondent called this out as a broader challenge and consideration for companies attempting to fully embody their sustainability platforms:

> *There is also the business to business challenge, what will that mean for your oil industry customers? In my ideal world I would like companies to translate their sustainability approach into their target markets. If you are a company that says climate change will happen and we need to take drastic amounts of carbon out and replace it with renewable energy, and you offer services, you will stop bothering to even sell to the coal industry, at least actively.*

<u>Employees and Board Members</u>

A third key category where companies can experience backlash for their advocacy position on climate change is through their own employees. Though this was only brought up directly by a single respondent, I believe it is a key point and ties into many of the other comments around backlash in addition to some earlier comments about the persistence of weak sustainability culture.

One private sector respondent shared their personal experience of employees expressing anger over the company's stance on climate change. Though this respondent does not speak from an F&B perspective, their experience and insights suggest universal implications.

> *Our CEO spoke at a town hall that I did for 4,000 U.S. employees, did it by simulcast, and he spoke about climate change in a bit of a provocative way. I had employees who were furious, about how this [European] guy could come here and talk about this political issue, and I had to explain that it's not a political issue, the climate is changing. We're a company that's trying to find a way to handle that. But they could not hear the business part of it, all they could feel is the political aspects. And it's becoming even worse with the announcement of the Green New Deal and how the media has spun it one way or another, which just creates more divide and more of a schism, which makes it more difficult to address the real problems, which we need to do.*

While pressure can come from the lower ranks of employees, several respondents mentioned the threat of backlash from executives or board members who do not support progressive climate action. One respondent from the private sector shared a story from their own company, recalling how the company signed a letter of support for the U.S. to remain in the

Paris Climate Agreement. The letter was passed around internally, eventually coming to the attention of a board member who took issue with the message and raised strong objections. While the company did not formally retract their signature, they did intentionally decline to show any further support or take other steps of engagement at that time.

Other Companies

Another area where companies fear backlash on climate advocacy is from other companies who share the same political space, but who place different levels of importance on an issue like climate change. Several respondents employed the metaphor of a swim lane to illustrate a culture where companies may experience backlash for wading into issues that are less existential to their core business operations. In the words of one institutional respondent:

> *The culture is a swim lane approach, lobbyists from a trade association will speak on behalf of a particular sector whose issue is most existential, and cultural tact dictates that you stay in your own lane. The worry that companies have is that there will be retribution that if they comment on something in someone else's swim lane, someone will come over into their lane.*

From the perspective of F&B companies, respondents offered such examples as the fossil fuel or automotive industries deciding to weigh in on sugar taxes or agricultural trade bills in response to a perceived meddling in carbon legislation or other such regulations. Tying back to the idea that climate change is not often a top issue for F&B companies, they may be reluctant to anger a fossil fuel company on that issue and risk retribution in other areas as a result.

Politicians

The driving force underpinning all of the forms of backlash described above is the fact that climate change remains a highly politicized issue in the U.S. Whether it is consumers, customers, or employees, all of these actors exist in a society where our politicians and our media have defined climate change in terms of a political issue divided along party lines. Though earlier I cited polls indicating that the perception of the American public has shifted and the majority of people embrace the reality and the urgency of climate change, a full 60 percent of Republicans in the U.S. Congress remain vocal climate change deniers (Hardin & Moser, 2019). Current U.S. President Trump is similarly aggressive in his denial of climate change, going so far as to pull the U.S. out of the UN's Paris Climate Agreement, making it the only country in the world that has not signed the agreement (or in this case, to symbolically revoke an earlier signature, made by then-President Obama in 2016) as of the date of this publication.

While other companies may seek retribution for climate advocacy in the political arena, several respondents called out a fear of backlash from politicians themselves. The following quotes provide just a sample of respondent comments, with the influence of President Trump earning special mention:

> *It's still so political, still a balancing act for these companies who don't want to alienate anyone.*
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> *I'm not sure if this is still the case, but companies were afraid of getting on the wrong side of Trump's tweets, so they are more cautious on the issues that are less central. Is the risk really worth it? Might still be the case that they are cautious.*
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> *The U.S. political climate makes it especially difficult for companies to lead, turned it into a political issue in line with the Democrat vs. Republican divide. Really weird that our political parties have coalesced in that way. Makes it difficult for companies wanting to sell to both parties, they fear a backlash from both sides. I understand why companies feel gun-shy.*
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> *It is very hard for companies to be able or willing to state that at some future point they would put out a letter against the [U.S.] Chamber [of Commerce]. The general counsel teams and lobbyist teams are not very excited about saying they will go up against the Chamber. Same way that companies didn't want to take on Trump in the first couple of months when he would tweet and their share prices would drop.*

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Then there is fear. Simple, naked, political fear. Of retribution, of not having access anymore, of potentially alienating someone who's support you need to get favorable benefits of public policy. Lawmakers are also afraid of sticking their necks out without the political cover that business can give them. If both sides are afraid, then it is a middle school dance and three hours go by.

Lack of Policy at the Federal Level

Themes for this barrier include:

- If climate legislation is not before Congress, there is less to engage on or around
- Respondents hold different views on what role companies should play in developing legislation
- State level engagement as a stepping stone to eventual federal policy

When there are no current bills on climate change at the federal level, this creates a lack of incentives and structure around which companies can engage.

Several private sector respondents mentioned that their reasons for a lack of recent engagement stems from the lack of bills at the federal level around which they can engage on. The reasoning is if there is no bill, there is nothing to put your weight behind, and therefore no direct path to CPA-CSR alignment. As one company said:

We may have an issue like climate change where we have been advocating for a long time, but the issue isn't even necessarily on the [political] agenda. Can't control the politics of what happens. [Our company] has a policy against making any sort of political contributions. We have to deal with the reality.

This reasoning suggests that the role of corporations is to weigh in on and support bills when they come before Congress, which arguably is a fairly limited view given the long and complex processes involved in getting policy to that stage. Howlett, Ramesh, and Perl (2009) argue for the existence of five stages of policy making in their book, *Studying Public Policy: Policy Cycles and Policy Subsytems*. One of their key assertions is the existence and importance of policy windows, taken from John Kingdon's original analytical framework for agenda-setting and policy initiation in the U.S. Congress (1984). His model looks at the role of actors both inside and outside of government, referred to as *policy entrepreneurs,* who work to advance policy through three sets of interacting variables: streams of problems, policies, and politics:

> *The problem stream refers to the perceptions of problems as public issues requiring government action. Problems typically come to the attention of policy-makers either because of sudden events, such as crises, or through feedback from the operation of existing programs. The policy stream consists of experts and analysts examining problems and proposing solutions to them. In this stream, the various possibilities are explored and narrowed down. Finally, the political stream is composed of such factors as swings of national mood, administrative or legislative turnover, and interest group pressure campaigns.* (Kingdon, qtd. in Howlett, Ramesh and Perl, 2009)

According to this view of policy making, there are critical moments and opportunities for actors outside of government to shift or set the national political agenda, and in the U.S. at least corporations seem to be well-suited to this kind of work even if many are not engaging in it on behalf of progressive climate change policy. One respondent called out this divergent mindset specifically:

> *[Companies] thought they would just engage for a few months and then be done. Saw it as a temporary thing. Some companies see things the same way, will engage when there is a bill on the hill. Others see their role as getting it to that stage.*

Though it could be put down to simply a matter of strategy and decision-points around when and how to engage given some of the barriers mentioned above, not all respondents saw this as an excuse. As one respondent remarked:

> *One thing that companies have said to me is that they aren't going to expend energy on climate because there is no bill at the moment. If companies were really serious about their commitment to climate change, they would have sent some lobbyists up there to oppose the nomination of Scott Pruitt because it was blatantly obvious that he would undo a lot of the progress made.*

Some respondents argued that companies should engage more at the state level, as a necessary stepping stone to eventually securing federal policy. In particular, this was seen as a good tactic for smaller companies or those with resource constraints who find it difficult to sustain action at the federal level. Some respondents gave positive examples of this taking place, but others expressed caution. One respondent in particular, formerly of the private sector in F&B, shared their experiences of how major companies will often abdicate responsibility for engaging at the state level by stating that their business model requires standardized regulation at the national level. These companies argue that they do not want to have different regulations in different states, using it as an excuse to oppose legislation and say that parties need to advocate for federal-level policy instead. The respondent commenting on this dynamic called it out as an obvious smokescreen to preserve the status quo.

Strategies for Alignment

For many of the people I interviewed, our conversations naturally extended to include not only the elements preventing strategy alignment, but also the elements required to achieve that alignment. These strategies are included here to reflect the point of view of respondents, but are distinct from my personal recommendations to address barriers, which are presented in Chapter Five: .

Internal Champions

The existence and empowerment of internal champions who are committed to climate change (and sustainability more broadly).

Respondents mentioned the presence of internal champions, at multiple levels of the organization, as a key factor enabling strategy alignment and more active engagement on the climate policy front.

Respondents mentioned the importance of sustainability buy-in at multiple levels of the company, but many saw CEO-level leadership as the key ingredient to directing corporate strategy towards climate change advocacy. As one institutional respondent put it:

> *A huge difference comes from internal champions. As important as bottom up is, corporations are run from the top.*

Several institutional respondents called out specific corporate leaders as examples of where CEO-level leadership has been a driving force in an organization's sustainability commitments, with mentions of former Starbucks CEO, Howard Schultz; Danone CEO, Emmanuel Faber; the co-founder of Stonyfield Farm, Gary Hirshberg; and former Unilever CEO, Paul Polman. Several company respondents also called out their own CEOs, crediting those leaders with driving sustainability throughout their organizations or leading the company in bold actions on the climate policy front.

From their vantage point working with multiple companies on this issue, another institutional respondent said:

> *Ultimately [sustainability alignment] is a question of leadership, because when the CEO and the board understand the importance of climate action, and is being consistent and transparent in that action, you can see that it trickles through the whole company. The alignment in what is happening in the CSR department goes into the heart of what the company is doing.*

Another respondent specifically called out the importance of CEOs as having been the driving force behind the success of the U.S. Climate Action Partnership (USCAP) in the late 2000s, following on to add that they felt CEO engagement would be critical to any future successes in this area.

Echoing the importance of leadership, another respondent gave credit to corporate CEOs for some of the bigger recent developments in climate action. They phrased it as the following:

> *You never know who's going to give you honor and when. Any time you get to do something great, luck has to step in at some point, but take not one thing away from those corporate leaders and their courage.*

For many respondents, however, commitment at the CEO level is only part of the buy-in required to enable climate strategy alignment within a firm. Corporate action on climate can involve multiple departments and business functions, requiring action from many different people. While a CEO may be very important to set a strategy or to push a firm in bold new directions, if there is low acceptance or commitment to that strategy then misalignment will persist.

Speaking on a panel at the 2019 Climate Leadership Conference, Alex Liftman, the Global Environmental Executive of Bank of America, described the challenge of getting company-wide commitment to sustainability positions, as the need to "break through the permafrost of middle-level management" (2019).

As a former sustainability specialist at one of my target companies put it:

> *A lot of people talk about needing CEO support; it is critical, but insufficient by itself. This is one of the things we discovered around or after 2009 when COP15 happened in Copenhagen and there was high expectation of getting a climate agreement and it didn't happen. In the lead up there was a lot of engagement with our CEO, we had the senior-most support for that agenda, and then we were discovering that the edicts that were handed down weren't necessarily embraced by middle management, who had their day jobs to do. When I left, they were really trying to push for not just climate targets but the broad slate of environmental targets to be included in people's personal compensation plans, because that is really what makes a difference. If you are asking them to do extra things on top of the job they are being paid to do, there needs to compensation for that.*

This idea of tying compensation to sustainability metrics was echoed amongst many of the private sector respondents interviewed for this research, and for many these policies have already been put in place. At least amongst those interviewed, managers in non-CSR departments are increasingly having their bonuses tied to performance on the company's sustainability goals, creating additional incentives for those managers to work more closely with their counterparts in CSR. I will dive further into organizational structure as a strategy, as opposed to a barrier, in the section below.

As a final note on the importance of non-leadership commitment as a tactic for sustainability strategy alignment, one private sector respondent described the success of their own corporate strategy as partially due to the following:

To me, the most important thing isn't having one [internal champion], but having that environment that allows for a diversity of viewpoints and the ability to bring your passions and innovative ideas into the company. So in our case, we had a couple of people within leadership, not high leadership, but just some middle leadership positions, that had been working on personal projects on renewable energy, and they felt the freedom to figure out – 'how does this translate to [our company]? And then at the same time, because we had an environment where you can ask questions about what's on the horizon and what challenges or opportunities are coming up, these questions came up in board level meetings on what our role is on climate change, how will it impact us, what are the risks, but also the opportunities? So I think it's much more about that opportunity for innovation, and personal interest and passion, that then allows these kinds of conversations to happen.

Integrated Organizational Structure

An organizational structure that combines job functions and integrates sustainability across the entire organization.

Building on the idea of developing internal champions throughout many levels of an organization, many respondents touched on how organizational structures that intentionally integrate sustainability cross-firm are better positioned to achieve strategy alignment and engage in progressive climate advocacy.

For many of the companies I spoke with, this organizational restructuring is already happening. Even among the sample of companies I spoke with, this restructuring takes many different forms and so far it does not appear there is a one-size-fits-all approach. One institutional respondent commented on how they believe the isolation of sustainability departments is happening less and less, moving the function of those jobs into a more central position. Some common themes to the approaches I heard include nesting sustainability and government/public affairs under the same reporting structure, and assigning one or more persons in each department to specifically take on cross-department job responsibilities.

For a sample of how some of the major F&B brands are approaching an integrated organizational structure, see below:

For offices like mine (external affairs), it is broader than lobbying, though my job responsibilities do include the nuts and bolts of that, but also advocating on bigger areas like climate policy and other areas around sustainability that maybe our company didn't in the past. That is something that has changed a lot, and I spend a lot of time collaborating with other companies and NGOs on the big problems.

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At the global level, our sustainability team reports directly up to the Executive Vice President and General Counsel, and they report directly to the CEO. My partner does corporate communication and government affairs, and reports up to the same person I do. We actually sit right next to each other, and we take co-responsibility for activities in D.C. and Brussels. One thing I like about our structure, is that in some companies the CSR and government affairs people are very disconnected, the only times they get involved is if a sustainability person is on a panel and needs to practice their speech. I like the partnership that we have here, I think it makes a lot more sense whether we're looking at issue management, policy, or innovation, it just ensures everyone is working towards similar goals.

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In our company, sustainability and government affairs are two departments that coordinate very, very closely. So we have our corporate affairs and our sustainability team, but both teams are housed under the same leadership team members, the same C-suite level person who is the VP of both those two things, and in corporate affairs there is at least one person who is specifically a corporate affairs AND sustainability person, and then all of us in the sustainability team are expected to be able to, when corporate affairs calls, talk to policy makers, talk to the public, things like that.

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[Our company] is going through an organizational restructuring right now, with the sustainability team being moved from marketing into public affairs. The idea is that it will be a better place to be having those conversations.

As mentioned above in my discussion on development of internal champions, many respondents called out the practice of aligning compensation to promote sustainability metrics as a companion piece to ensuring that there are job roles integrating climate change with policy. This practice appears to be on the rise amongst the major brands I spoke with, as the majority of companies referenced this practice.

Several respondents also called attention to differences between their current companies compared to other CPG companies they had worked at in the past, or differences between pre- and post-merger (or pre/post-division) organizational structures. Respondents did not always have a good answer for what drives these differences, though some cited CEO leadership, general shifts in best practice around sustainability departments, or even just availability of resources to dedicate staff to intentionally cross-functional roles.

Engage Constructively

Approaching decision-making around political engagement not as a binary "yes we support this" or "no we do not support this", but as active participants in shaping productive and progressive policy.

Responding to the barrier around Prioritizing the Bottom Line, several respondents called out constructive engagement with policy as a key strategy to overcome what might be a company's first instinctive, risk-averse response. Acknowledging that different climate policies can impact different companies in different ways, several respondents talked about the need for companies to be active participants in discussions to shape better policies and embracing the responsibilities that come with being a key stakeholder in climate change. As one institutional respondent put it:

> *I try to acknowledge that just because an organization like mine thinks policy X is a good piece of legislation, that doesn't mean that there aren't still good reasons for a company to say "no, there is a better way to do it." The process needs to be constructive though, you can oppose it but if you are missing constructive engagement to get us towards policies that are needed to meet ambitious climate goals, then you're part of the problem. Companies say they support this idea of constructive engagement, but aren't necessarily doing that much.*

Several respondents representing my target F&B companies shared similar sentiments. One respondent described a recent shift in their organization and the understanding that they cannot always be against policies that they see as harmful to their bottom line, but they must learn how to be "for" those policies through active participation in policy discussions and helping to find a solution that will be a better outcome for all stakeholders.

Other private sector respondents put it this way:

> *Even though [companies in our working group] have very similar missions and cultures, we've got to actually sit down and create policy positions. It's not enough to say that we support climate change action, we need to think about the actual elements of that. It is really hard work, really like a second job for us to sit down and think about the principles that we want the new Congress, administration, or anyone else to hear on climate change issues. The extra hard part is how to engage others in the value chain who are not part of [our working group].*
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> *There are two levels. So at the 20,000 foot level, when you are just talking about your position on an issue, the overarching call to action, to me it seems like it's a no-brainer. We as a company, we make decisions based on science, and science tells us that this issue, climate change, is something that is already happening, is materially affecting our company, and that we have a role in fixing it. We should do not just things to make modest improvements, but actually what is needed to reach the scientific, global goal of what needs to be done. So talking about things in that way seems like very little risk. We should all be talking that way and it shouldn't be political and government should be doing it too. We don't fear backlash at that level, but it is where you get down to the very specific policy prescription level there will be debates on should you do it this way or that way, should it be a tax or a cap-and-trade? What is the implications of that on other sectors? And of course then it should be a debate that you are participating in, you have to do that thoughtfully, you can't just come out with blanket support. That, I totally understand there being barriers at that level. But if you have barriers at that higher level, it is probably internal barriers that you need to be addressing. When you think something might affect your bottom line, that shouldn't stop you, it just means then that you're going to have to be more thoughtful and do more work.*

Collaboration

Collaboration with stakeholders across the ecosystem, including institutions, to develop expertise, act with greater impact, and ward against political retaliation.

The most common strategy, mentioned by all respondent types, was to approach policy engagement (and sustainability more broadly) as a unit with other companies and with supporting partners in the NGO space. This can take many different forms, whether it be participating in targeted industry coalitions, becoming members in 'alternative' trade associations, partnering with one or more NGOs, etc. Indeed, all of the companies interviewed for this research mentioned their participation in a wide range of multi-party initiatives aimed at climate change advancement and sustainability.

Respondents cited multiple benefits that come from collaboration, including:

- Pooling resources, both financial and expert, to develop greater expertise and understanding of synergistic approaches to climate policy
- Multiplying the impact of advocacy by engaging the political capital of multiple companies
- Protect against political retaliation, particularly by partnering with companies in different industries
- Meeting companies where they are

To the last bullet point above, because leading on sustainability challenges is still a relatively new phenomenon in the corporate space, and even more so leading on policy, collaboration can give space for leaders to pull the 'laggards' on board. As one institutional respondent put it:

> *There is always a threshold beyond which once a few companies begin doing something there is more evidence about what works and what doesn't, fostering a greater ability to collaborate as companies follow the trailblazers.*

One company I interviewed mentioned that this dynamic applied directly to their own actions, and that working with more outspoken peers on the topic of climate change has emboldened them to take steps to break with some representative groups that are misaligned with the company's proclaimed climate strategy.

Having the space to move as a group also provides critical political cover for those that fear political backlash. As one institutional respondent put it when I asked them how to combat against the "stay in your swim lane" mentality:

> *You need to go across a bunch of different swim lanes and get them to speak up in numbers.*

The idea here is there is safety in numbers when it comes to speaking out, and if you are acting with partners across different industry groups it can become harder for lobbyists or other actors to retaliate, who would then have to put their efforts into meddling on a whole range of regulatory issues in payback.

Several respondents mentioned an ad campaign from the summer of 2017, where major companies working with NGOs Center for Climate and Energy Solutions (C2ES) and Ceres took out full page ads in *The New York Times*, *Times*, *The Wall Street Journal*, and *New York Post* urging U.S. President Trump to keep the country in the UN's Paris Agreement (See Appendix B for a copy of the advertisement). Companies from multiple sectors signed onto this advertisement, and as one respondent described the campaign:

> *In June of 2017 there was a full-page ad in the Wall Street Journal from companies saying 'let's stay in Paris, U.S. leadership on climate change is important to our competitiveness'. Notably, it was not a save the world message. Companies were saying we need to be leaders in confronting this issue, otherwise the Chinese are going to eat our lunch. Trump didn't listen, but by banding together companies got some safety in numbers.*

One corporate respondent mentioned not only the benefits of protecting against political backlash, but also in developing greater legitimacy to help sway internal actors towards sustainability. Looking back several years, one corporate respondent from the CSR side of a firm recalled using collaboration to strengthen their arguments to their own CEO. By working in collaborative industry groups and with representatives from supply chains, it provided them greater standing to go back to company leadership and present them with options for engagement.

> *It was still important for leadership to feel that they had ownership over the targets that would be set, or other decision criteria, but it helped to be able to point to the other stakeholders and be able to say that those groups had already bought in.*

Finally, respondents mentioned the need for collaboration from a sheer impact perspective, recognizing that even the biggest brands represent only a fraction of total impact:

> *There are companies like ours that are committed to solving sustainability problems, and we realize that we need government involved for enforcement. And, because we are working globally, we need collaboration from multiple governments on issues in our supply chain. That's what it will take to solve these problems. We recognize that, and realize it is in our benefit to solve that. On palm oil, where deforestation is a big deal, we are aware there is still a big challenge. We are [one of the] biggest buyer of palm oil on the market, but that only amounts to 3%, so that means that 97% is not us. We recognize that if we hit all of our targets for sustainable palm oil, that in and of itself does not solve the problem. We have always believed that we need to work with others, and there is growing membership in movement towards sustainability there.*

Chapter Four: Trade Associations, To Stay or To Go

As discussed in Chapter Three, differences between companies and their trade associations on the topic of climate change is seen as a major barrier when it comes to practicing responsible policy engagement. Companies may simply choose to overlook this misalignment, and many have. But, for those who want to correct the situation, there are two primary options: either they can leave any trade association that does not represent their views on climate change, or they can keep their membership and attempt to change the underlying position of the trade association itself.

At the time of writing, two major case studies are unfolding that highlight these divergent options, and I explore each below.

Sustainable Food Policy Alliance

The Sustainable Food Policy Alliance (SFPA) is a partnership between four of the U.S.'s largest food and beverage brands, founded by Danone North America, Mars, Inc., Nestlé USA, and Unilever United States. Launched in mid-2018, the companies visibly left the Grocery Manufacturers Association (GMA)[5] to form their own coalition, in response to values-based disagreements (more on that below). They seek to engage in public policy advocacy in five key areas, which are: the environment, nutrition, consumer transparency, people and communities, and food safety. In their own words on their website, they describe the purpose of their alliance as the following:

> *The Sustainable Food Policy Alliance seeks to accelerate the pace of change in the food industry through individual company leadership and collective support for public policies that raise the bar and inspire further action on this critical journey. As some of the world's best-known food companies, founding members Danone North America, Mars, Inc., Nestlé USA, and Unilever United States recognize our responsibility to drive positive change for the people who use our products, the people who supply them, and the planet on which we all rely.* (SFPA, 2019)

[5] Danone North America was never a member of GMA, as its parent company Danone left in 2011, six years before Danone North America was formed through the merger of Danone's U.S. operations and WhiteWave.

Through my interview process, I spoke with representatives from each of the four companies who are familiar with the organizations' decision to form the SFPA, including two members of SFPA's leadership. The following discussion reflects my learnings from these actors as well as comments made by other interviewees familiar with the recent development.

Respondents referred to SFPA with a variety of labels. Some called it a trade association, others a coalition or alliance, and most admitted to some uncertainty around what exactly the SFPA is. Some of this is likely due to the relative age of the alliance, which at ~18 months (at the time of writing) is still discovering the role it could and should play in the advocacy ecosystem. Another reason could be that the SFPA is simply a new model of industry collaboration and does not fit neatly into the traditional TA model despite it filling many of the same roles for these companies. Though each of the founding members still belong to some smaller, product-specific TAs (such as for organic dairy or pet food), the SFPA has replaced their membership in the larger, more influential TAs, including the GMA and the U.S. Chamber of Commerce. As some of the members put it:

> *The SFPA is a bit different, because the traditional trade association model was not meeting our needs. And it was really about value-alignment, and it wasn't just because of one particular climate change policy or anything like that, but it was just more overall value-alignment and messaging-alignment. We value our commitments around the environment, nutrition, human rights, things like that, and we want that level of commitment to come through in the organizations we belong to. And it's not that there was any one particular policy or one thing that GMA did wrong, it was just clear that the level of progressiveness of our message and our policy wasn't matching up with what we felt was coming out of GMA.*
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> *There's obviously not a lot of coincidence in the fact that the founding members left [the GMA], but the bigger reason for coming together was that we found that we, as four companies, were looking to take a more progressive approach when it came to the environment and sustainability and nutrition and food labeling, etc. And rather than saying that we don't have a trade association anymore…well, we all have a commonality in our strategy and want to be seen as taking a more progressive direction, and that was really the impetus for the four companies to come together and create the SFPA.*

For the time being, the SFPA seems content to remain at four members, and many of the respondents described the small size as a feature of the model, not a bug. The reasons they cite are the ability to move quickly on an issue and avoid the slide into a 'lowest common denominator' approach to policy positions that most TAs are notorious for. Of course, if you consider the SFPA's size not as a function of the number of members but of the industry market share, the potential influence of the new association looks a lot different. And it is precisely this size that affords these companies a degree of privilege when it comes to the debate over the best approach to aligning advocacy and CSR strategies, on climate change or other CSR issues. Not all companies are in a position to form their own TA or advocacy vehicle, whether it be from lack of resources or lack of influence, and those that have broken away in the F&B industry are not currently welcoming others to their ranks. As two of the founders put it:

> *One of the great things about SFPA is that we can now work very quickly and lightly with three other peers, a smaller group makes it easier and we are all similarly minded so we can bind together and still have a very big influence because we are four very large companies.*
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> *When we were looking at creating SFPA there wasn't really a model to create it from. We are still members of some trade associations for dairy and organic, but not necessarily a trade association for climate change or improving nutritional standards of food. So that's kind of why this came together, but we're also not trying to be a trade association. If we enroll a bunch of other companies it compromises our ability to be able to be thoughtful or cutting edge, and we don't want to become the lowest common denominator. Even four companies is difficult. It will be an evolving experiment, and sometimes [our company] will just have to do things on our own.*

To better understand how the founding companies thought about the choice to stay in versus leave the larger, more traditional TAs, I asked them directly to reflect on their decision-making. The following presents a few of the responses I received, which center around the idea of demonstrating leadership and moving quickly on issues of importance:

> *You have to ask - can you really make the change in the association by staying in there? Being a catalyst and get it to change its view? Or are you better off walking away and*

> *joining a coalition of the willing? Just a judgement call that you have to make. Depends on the association. SFPA is just the four of us, and the alignment of the four of us is unusual. The more members you have the harder it is to get consensus, especially as you end up having a really big board. We decided that the best thing is to step out of the GMA, and we dropped out of the Chamber 8-9 years ago. If you're going to be a leader you need to lead by example.*
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> --
>
> *I am not fully aware of everything that we did, but my general sense is that we were absolutely trying to influence the direction that policy should go in [at the GMA], and it just wasn't moving fast enough in that direction. The first thing you do is obviously try to make them change, it wasn't necessarily a drastic change we were asking for, but just trying to make them move faster, go further, be bolder on some of these issues around sustainability and the like, and it just wasn't happening.*

Of course, not everyone I spoke with agreed that the SFPA-model of breaking from a laggard TA was the best way to create change. As one non-SFPA company in the F&B industry put it:

> *Some companies have felt that trade associations aren't moving fast enough on some of these matters and want to do something more, but it's always a question of balance and how much you can get done as a smaller group vs. a larger group, in terms of bringing the industry along. So far we've maintained our membership in GMA and we continue to work on the things that those [SFPA] companies are concerned with. We're equally concerned with them. Unfortunately, I think sometimes it's easier to split off and create a nameplate and suggest you're doing more than everyone else. When you look at the facts, it's not always the case for all of the members in each group. So, I just suggest scrutiny of companies' policies and whether they are claiming to do something or actually meeting those goals they set for themselves. We're pretty careful not to exaggerate what we think we can get done.*

This same respondent, when asked what the effect had been when the companies pulled out of the GMA, had the following to say:

> *It certainly creates some pressure for GMA to change its positions [when companies pull out], but I would say that the immediate pressure the recent exits brought was on the budget of GMA. Those were large companies and had large dues going into the organization. So with their withdrawal that left a pretty big budget hole, and that has forced changes both on personnel and priorities for GMA. It also had a large influence on the change in leadership, the CEO and other staff of GMA. Whether [SFPA members] are able to move faster and do more on some of these areas is to be seen.*

To date, a few things the SFPA has done around climate include submitting comments in opposition of the Trump Administration's proposed replacement of the Clean Power Plan (CPP), and writing a letter in support of Republican senators who introduced progressive legislation on climate change. Scrutiny is certainly called for, and of the institutional actors I spoke with familiar with the SFPA there seemed to be a sense of cautious optimism around the move. As one institutional respondent put it:

> *It's too early to know if [the SFPA] will be a leader. They have the benefit that they haven't had a lot of tests just yet.*

U.S. Chamber of Commerce - Climate Solutions Working Group

Building on the comments from a private sector respondent mentioned above, not everyone feels that the best course of action is to break away from TAs when policies are not aligned. One institutional respondent put it this way:

> *Leaving is an option, but I don't think that the highest impact comes from withdrawal. I would rather the company have those positions and still stay in so they can lever it, socializing their trade association colleagues and slowly having more and more companies take on positions favorable to climate change.*

In contrast to the decision by Danone, Mars, Nestlé and Unilever to pursue responsible policy engagement through a withdrawal from the GMA, an almost parallel movement is underway led by companies striving to reform the U.S. Chamber's stance on climate change. At the time of writing, most of this activity is taking place behind the scenes, but I spoke with one of the companies leading the charge on this effort as well as several institutional respondents familiar with the developments.

The Chamber is often accused of being staunchly opposed to progressive legislation on climate change, either by publicly aligning with their oil, gas, and coal industry members or working behind the scenes to kill or oppose bills. The *New York Times* published a report in August 2015 examining how the Chamber worked to dismantle President Obama's proposed climate change regulations, launching their efforts before said regulations had even been developed

(Davenport & Davis, 2015). In 2017, one of the Chamber's stated policy priorities for the year was to "Oppose efforts to regulate greenhouse gas emissions through existing environmental statutes, including the Clean Air Act, the Clean Water Act, the Endangered Species Act, and the National Environmental Policy Act" (2017).

The subject of the Chamber and its relationship to climate change and its member companies is complex enough to merit extensive exploration in its own right, and indeed the topic is receiving increased attention. For the scope of my research here, however, I limit myself to sharing a small snapshot of the full story.

Over the past few years, a leading coalition of six companies began a campaign internal to the U.S. Chamber, aiming to influence the Chamber to take a more progressive stance on climate change. This movement began around 2016, and the coalition feels that this is not only the right move for the Chamber from a U.S. economic perspective, but also a more accurate reflection of the preferences of the majority of the Chamber's members. At the time of writing, the coalition is known as the Climate Solutions Working Group and, according to the people I spoke to, is gaining momentum.

Some recent wins have included the hiring for a senior-level role within the Chamber dedicated to addressing the environment and climate change, and a public announcement last year that the Chamber recognizes that climate change is real and man-made, a big step relative to the Chamber's status quo. Additionally, the working group convened a meeting with over 50 Chamber members in early March 2019 to encourage more members to join the movement. The working group sees its efforts as an ongoing, multi-year process. Founding companies began self-organizing around 2010-2012, and my contact recalled with amusement some of the early challenges, stating that:

> *Some of the early experiences were kind of funny for me personally, I would be invited to speak on some of the subcommittees on environment and the like and I would begin to speak about climate change and they would literally turn my microphone off—it was a lot of fun!*

It is yet to be seen what the outcome of these efforts may be, but in line with the goals of this research I asked my contact to share their thoughts on why they chose to work from within the Chamber as opposed to leaving. My contact represents a large company, albeit with less consumer brand-name recognition than other companies that have pulled out. Presumably they have the resources to leave, and in fact the company did leave several other TAs due to conflicts on climate change and other issues. Similar to responses I received when asking members of the SFPA about the decision to leave GMA, it came down to where the company thought it could make the largest difference, though in this case choosing the second path.

> *Certainly the decision to stay and to try and change the Chamber from within is going to be a much more difficult and longer term process, but as long as there is an organization… I mean the U.S. Chamber of Commerce is the most powerful trade association in the world, and as long as they are the most powerful in the world they have the capacity to adversely influence the direction of climate change legislation and carbon pricing legislation. We will get nowhere, no matter how many grassroots, small organizations we start up. I am much more interested in results than in creating a PR talking point. I respect and appreciate what some of the food and beverage companies have done, including pulling out of the GMA, but for me if we want meaningful change then I need to convince the leadership of these big existing trade associations to reconsider their positions. [If Chamber leadership] could just take the time to understand what we are advocating, they would see that it is completely aligned with the Chamber's strategy of fostering the creation of American jobs, prosperity, and energy security.*

Looking at the working group's strategy, one of the most central components is to develop a large enough coalition to financially impact the Chamber via the threat of losing members' fees. Complimentary to this is making strong philosophical and economic arguments for why Chamber leadership would benefit from taking a more progressive stance on climate.

> *At some point in time we will have to build our constituency to a level where if we all threaten to leave it would have a material impact on the Chamber's future, and the Chamber leadership already sees this. Those that are currently paying a disproportionate amount of fees [to fund the Chamber's climate/energy lobbying] are not going to be companies that are long-term viable. So the coal industry is not long-term viable in the U.S., the oil and natural gas will be for a longer period of time, but even those companies are starting to come around to the practical implications of climate change and would not be completely adverse, I think, to some of the things*

our group is proposing. It's just trying to get everyone to talk together rather than fight one another through their respective lobbyist and PR firms.

I think in some respects it's the concept of climate change that has become such a lightning rod for controversy and for emotion. I think you'll find a lot of companies who are fearful of speaking publicly or taking on issues because they are concerned about blowback from their customers, consumers, or their own employees, who from their own political perspective may have a different position. And, when I speak to some folks in the Chamber I will tell them that climate change is real and man-made and I don't know what can be done to mitigate it at this point but you've got to get onboard because it's coming. But even if you disbelieve all of that, and you're a complete 'climate change is a Chinese hoax' or whatever, even if you believe all of that you still have to be with me because you can already see that climate change is being used as a proxy war on capitalism. With the Green New Deal and other things, our U.S. and economic way of life is going to be challenged through the prism of climate change, if the private sector doesn't step up and take an active role in it. So hopefully that will resonate even amongst the most fearful, but I think that is the biggest challenge.

As a researcher, the timing of these two developments, and the learnings they will undoubtedly continue to offer, are exciting. At this time, I do not feel there is enough evidence to justify siding with one strategy over the other, and in fact I feel that companies with different conditions may rightfully choose different paths. I touch on this further in my discussion section below.

Chapter Five: Discussion

My interviews resulted in the discovery of eight unique barriers that resist CPA-CSR alignment for companies in the F&B industry. Generally speaking, my hypothesis going in was that the path towards alignment would not be a simple one, and this complexity is confirmed not only in the number of barriers but in their nuance, their interconnection, and their points of influence. Below I provide a series of detailed recommendations for moving forward in this space, pulling on some of the strategies discussed by interviewees and my own professional experience and ideas. First, I would like to offer a few higher-level summary thoughts.

To start, I was struck by the fact that though interviewees surfaced many common themes, and in some cases even used shared language, there was no collective understanding of the full scope of the issue held by the participants. Every interview was immensely valuable, but participants differed in the breadth and depth of their perspective. One aspect that I found particularly interesting was in participants' response to my project as a whole, and my particular research questions. Almost universally, I heard remarks that my intention to surface company barriers on this topic was a very important and timely endeavor. While this was gratifying, it was also very intriguing in that for most it was not a question that they had consciously begun to ask themselves. In my view, this is somewhat reflective of an unfolding transition from problem identification (some companies are not aligning CPA with CSR) to problem understanding and eventually solution testing.

Now that I have derived these eight barriers, it is worth reflecting on how the literature supports these findings. For the barriers grouped under Organization and Strategy, there is significant grounding in the literature. Research on firm decoupling and greenwashing, firm strategy, and issue materiality all offer insights to these barriers, in addition to emerging literature about the changing nature of jobs under a shift towards a greener economy (Consoli et al., 2016; Bowen at al., 2018). Similarly, for the two barriers I categorized under Policy Context, research efforts on backlash in particular has begun to emerge, while research on the policy making process and firm behavior helps ground my findings around lack of policy opportunities. However, for the barriers companies face through intermediaries, the literature is not as clear. Though the role of trade association influence on policy outcomes, including climate change, is well documented, there is a lack of formal discussion of the conundrum companies face if their internal stance is misaligned with the stance of their trade association. There is, however, increasing discussion of this dynamic in the media and amongst institutional and corporate actors alike. For the barrier I surfaced around lobbyist culture, to the best of my knowledge the literature has yet to pick up on this dynamic.

Altogether, my thesis is the first effort that I am aware of that attempts to combine these different theories, supported by primary data collection, to propose a holistic framing of barriers on CPA-CSR alignment.

Finally, it is important to reflect on the implications of developing this list of barriers versus making use of the findings. Even within the narrow confines of my research sample, namely large F&B companies with climate mitigation goals, there are differences in barrier strength. I was unable to collect formal data on how my participants would rank the barriers I identified, but even through the course of interviews it was clear that companies experience barriers in different ways. For example, some have already gone through organizational restructuring, some have product markets that are perceived to have different vulnerabilities to backlash, and some have access to more internal resources than others to address climate issues. This is also complicated by the fact that, as reflected by my three barrier categories, there are both internal and external factors exerting influence on the pursuit of alignment. I attempt to navigate this complexity by offering a series of different recommendations and strategies, aimed at companies as well as institutions, the civil sector, and city planners. I present these recommendations in detail below.

Recommendations and Strategies

Building on my learnings from this research, the following presents my recommendations arranged by actor-type. Though my methodology focused on the F&B industry, I present my recommendations in a manner that is broadly applicable across the corporate sector. While my recommendations address the barriers identified in Chapter Three: Results and Analysis of Key Barriers and Strategies, I have organized them into categories that do not map one to one with each barrier. For my recommendations to companies, I have included a table to help distill those connections.

Companies

Table 5. Mapping of Company Recommendations to Barriers

	Decoupling/Organizational Structure	**Dominance of Core Issues**	**Lack of Expertise**	**Prioritizing the Bottom Line**	**TA Dynamics**	**Lobbyist Culture**	**Backlash**	**Lack of Policy Opportunities**
Know Yourself, Challenge Yourself	X				X	X	X	
Re-Couple	X		X					
Educate, Participate, Communicate			X	X			X	X
Partner Up		X	X		X	X	X	

Know Yourself, Challenge Yourself

As the first step in addressing barriers to CPA-CSR alignment, there is a clear need for companies to do a thorough accounting of where their practices currently fall. This should be followed by setting clear goals and devising processes for accountability.

<u>Conduct a formal evaluation of alignment and barriers</u> – Companies should formally identify areas of CPA-CSR misalignment. This should start with a detailed mapping of the goals and practices of different departments (such as CSR and Government Affairs), followed by a determination of where these activities are mismatched. This process should include thorough

reflection on why misalignment is happening. Companies should be honest about what their barriers are and which play the largest role.

Set goals and develop an action plan – Not everyone needs to be a leader in this space, but companies should be explicit about what they are trying to achieve. This begins by figuring out where one's organization currently falls in the landscape of private actors, where they would like to fall, and then developing an action path for getting there. Whatever the decision is, companies should set clear goals and be prepared to re-evaluate over time and through changing circumstances.

In addition to the broad recommendations to evaluate and set goals, this thesis surfaced several specific areas where companies should be especially proactive in pursuit of alignment.

- **Devise a trade association strategy:** I explored some of the different rationales research participants gave for choosing to stay or to leave certain TAs based on values disagreements and misalignment on climate change. I do not want to advocate for either strategy over another. Whichever path a company decides is best, they should be explicit about their approach, both internally and externally. At a minimum, companies should be clear about which organizations they belong to and the effects, intended or otherwise, of their membership.

- **Identify sources of backlash that influence decision making**: I identified several sources of backlash that a company might experience when it comes to advocacy on climate change policy. Companies should be clear on which sources are the biggest barrier for them, and be prepared to challenge their assumptions around perception and reality. Companies should be thoughtful and develop clear criteria about what areas are worth taking risks in, versus which sources of backlash are (currently) intractable. Even within the F&B industry, companies feel backlash in different ways and from different sources. Be explicit about what those sources are now, but also develop a plan for addressing those barriers and continue to press ahead in ways that are appropriate, but sufficiently challenging, for the company's circumstances.

- **Know your lobbyists**: The barrier of lobbyist culture is a relatively external, systemic challenge that companies must face. I will not pretend to have the perfect answer at this time, but encourage companies as a first step to familiarize themselves with who is speaking for them and what is being said.

"Re-Couple"

Respondents identified internal firm organizational structure as both a major barrier (if policies/action are decoupled) and as a key alignment strategy (if departments and job functions are integrated around sustainability). Building on my first set of recommendations, companies should identify areas of misalignment and pursue a strategy of "re-coupling" around sustainability and climate change.

<u>Conduct an internal evaluation to assess decoupling</u> – The first step here is to determine areas where your own firm has decoupled de jure policies from de facto structure. This includes understanding the degree to which the mismatch is taking place and the reasons for it. Simultaneously to their evaluation on alignment, companies should assess their organizational structure and engage employees at all levels to determine areas of weakness and strength.

<u>Pursue new forms of organizational structure</u> – Once a company has a detailed understanding of how its organizational structure impacts pursuit of sustainability goals, change is in order. Address areas of weakness through re-structuring, considering such changes as new communication or reporting protocol, updates to job responsibilities, formation of new roles entirely, etc. Though every organization is different, companies should consider looking to industry leaders or peer groups for inspiration and guidance on what changes to make and how to make them. One general recommendation from companies participating in this research is to create new roles that explicitly combine climate change, public policy, and government affairs.

Budget appropriately and align financial incentives – As organizational structure shifts, so too should budgets. This might mean allocating additional funds to support new roles and responsibilities. Or, as many interview respondents shared success stories from their own firm, it may mean tying annual performance bonuses to sustainability to incentivize increased action towards alignment.

Educate, Participate, Communicate

As I pointed out in my barrier identification section, CPA-CSR alignment is not an automatic or a necessarily easy process. Companies need to gain new types of expertise and become active participants in stakeholder engagement for company policies and national policies.

Educate yourself on the issues and invest in developing expertise – Uncertainty around the financial implications of specific climate policies is seen as a barrier by companies, and part of the solution is to foster a greater understanding of those implications. Companies should hire (or train) experts internally, or leverage strategic partnerships to wade through the complexity.

Participate in policy development – Once companies have established a system for climate expertise, they should participate in efforts to devise effective policy interventions. By engaging constructively, companies can productively manage situations where proposed policies may be counter to the financial interests of the firm. Intentionally participating in policy development can also help address the reported lack of opportunities.

Communicate with company stakeholders – Transparency and clarity feature prominently in my recommendations. Companies should be very clear about what they are doing and why, and this should be communicated out to employees, suppliers, farmers, board members, shareholders, consumers, customers, lobbyists, trade associations, politicians, etc. This strategy may help to reduce backlash, but for that to happen communication must be a two-way street.

Companies should take the opportunity to educate their stakeholders on the reasons for their actions while at the same time soliciting feedback to strengthen and further align activities.

Partner Up

Respondents see collaboration as a key strategy for practicing constructive policy engagement. By joining together with other actors in the climate policy landscape, companies can better address barriers to alignment.

<u>Cultivate and participate in partnerships</u> – Partners may consist of other companies, NGOs, public sector actors, or any combination there-in. Working with partners has many benefits, including access to climate-specific expertise and shared resources for action. Combining forces may also help alleviate the fact that for most companies, climate change is not a top-line political issue. Partners may be able to continue working on climate change when one company’s attention is pulled elsewhere, or spend political capital is different ways.

<u>Intentionally pursue partnership opportunities that span ‘swim lanes’</u> – By looking outside of their industry group, companies can help insulate themselves from targeted backlash, such as political retaliation. This strategy can also be an effective approach to changing the dynamics of cross-industry TAs, and potentially even alleviate some of the pressures lobbyists feel to not anger their peers. If career lobbyists feel there is diverse business support for a certain climate position, they may be less anxious about impacts to their future career prospects. Finally, engaging cross industry will help to strengthen policy development by taking into account multiple business interests.

Institutions and Related Outside Organizations

Because the barriers identified in this thesis are oriented to the corporate perspective, my recommended strategies for corporate actors align more directly to those barriers. For institutional and other organizations operating in this ecosystem, my recommendations are more broad. To this end, my recommendations are not only intended to support companies in achieving CPA-CSR alignment, but also in bringing stronger corporate voices to climate policy advancement overall.

Get In the Game

Decide where your organization is best positioned to contribute to this issue - For this thesis I spoke with a large range of organizations, including representatives from consortia, NGOs, consulting firms, academics, and other support organizations. Some of these organizations work directly with companies to affect change, while others fill more of an accountability role. Organizations should strategically determine what role they are best positioned to take and start (or continue) down that path.

Make climate policy advocacy a more central 'product' offering - Organizations who already work directly with companies on other matters of sustainability should begin incorporating policy alignment and the practice of corporate political responsibility into their offerings, strategies, and priorities for this line of work.

Bring Expertise

Develop necessary expertise to assist companies in navigating complex policy – Mirroring my recommendation for companies to invest in the development of climate policy expertise, institutions and other outside organizations should work to develop this expertise as well. This will allow these actors to assist companies attempting to navigate complex climate policy proposals, and better understand the impacts on their business or industry. Furthermore, it may serve as added incentive for companies to partner with NGOs or join consortia in the first place.

Think Differently

Work with company actors in non-CSR departments – Many of the institutional conveners I spoke with mentioned that they typically interact only with members of a company's CSR team on issues pertaining to climate change. Institutions should encourage companies to assign a more functionally diverse team to partner working groups, or look for opportunities to engage with staff in non-CSR departments. Obviously, a top priority for climate policy work is the government affairs department.

Think beyond the usual actors when assembling corporate partners – Another way to broaden impact on corporate climate advocacy is to engage companies who are not already leading in this space. By pulling new companies into the mix (and therefore new perspectives and resources), institutional conveners can tap into new sources of political capital and broaden swim lanes for companies who are already active.

Cultivate Champions

Pursue strategies, devise trainings, and/or support programs to develop internal corporate champions – Many respondents mentioned the positive influence of internal champions on overcoming certain barriers to CPA-CSR alignment. Outside actors should work to develop and support internal corporate champions in leadership and other roles, such as providing venues for mentorship, peer support, and climate-specific leadership training.

Civil Sector

Though I did not directly interview representatives of the civil sector, this group plays a large role in the system as a whole. In particular, this group creates a significant portion of the feedback that influences corporate decision-making. Some top-line recommendations for this group are to:

- Demand transparency – Continue applying pressure to corporate actors to publicly account for their political activities.

- Reward bravery – Counter corporate fears of backlash by socially and financially rewarding companies demonstrating leadership in advocating for climate change policy.

- Hold high standards for your employer – Ask potential employers what their policies are, and work towards change with your current ones.

Cities

Looking at the implications of my research for the planning community, I have several recommendations geared towards actors at the city level.

- Evaluate the extent of corporate influence on local climate policy – Determine whether private sector actors are currently engaged in local climate policy efforts, either in support or opposition. Demand transparency from corporate political actors and call attention to any identified issues of CPA-CSR misalignment.

- Look for partnership opportunities – Working through coalitions and partnerships is a key strategy for companies, and cities should look for opportunities to actively engage the private sector to achieve their climate goals, either locally or federally. Some cities are already members in climate coalitions that include corporations, such as the *We're Still In* movement to address the Paris Climate Agreement, and 100 Resilient Cities.

- Consider your own barriers – As mentioned in Chapter One, some cities practice lobbying themselves at the federal level. City officials should consider what actions they are taking on climate change and what barriers they themselves face aligning lobbying with their stated goals. Cities should consider whether any of the barriers identified for corporations apply to their own activities.

Chapter Six: Conclusion

"So much of corporate sustainability activities are an 'all boats rise with the tide' thing, we all benefit when we start working together to solve climate change. Of course, a retreating tide also leaves us all dredged in the mud" (Rabinovitch, 2019).

Throughout the many conversations I have had on the topic of CPR, both formal and informal, some clear trends have emerged. Though they expressed varying degrees of optimism, interviewees were clear that things are beginning to change. This was apparent to me not only through the eyes of experts, but also from the constant press releases announcing new corporate action over the past six months that had me frequently updating the context in which this thesis fits. In a counterpoint to my discussion of backlash as a barrier to CPA-CSR alignment, it is clear that pressure is mounting for companies to take action and that more and more of them are beginning to answer that call. As one respondent so aptly put it:

> *The world was simpler when I joined [NGO 25] 25 years ago, in terms of our understanding of what the environmental problems were and what businesses' responsibility was. Our understanding of the challenges is deeper now, the challenges are bigger. And I think amongst companies, their understanding of their responsibility, appropriately, has also expanded.*

Charles Handy and Rebecca Henderson both wrote about the need for the private sector to step up and preserve the fundamental construct of capitalism. Under the threat of climate change, however, this need extends beyond the preservation of our economy to the preservation of our planet. One respondent was very blunt in their assessment in this regard, stating that:

> *Business can't survive in a society that fails. Given the current polarization of media, current polarization in politics, even the current polarization you find in academia…that has had a paralytic effect of driving any positive change in the country, and the private sector then has immense power and wealth and has to get up and weigh in, even if not for progressive reasons then just for simple pragmatic reasons that we won't be able to run successful companies in a society that fails.*

I set out to better understand the drivers of CPA-CSR alignment on climate change, and have provided a first attempt at identifying barriers preventing, or slowing, certain companies from being bolder advocates in support of climate action at the U.S. federal level. I hope that my findings and strategy recommendations inspire actors to more closely examine their role in this landscape, and provide a pathway to begin addressing some of the factors driving misalignment.

Limitations

While I went into this process intending to focus on the F&B industry, distinctions between various sectors were not always as rigid as I had intended. Most of the private sector actors I interviewed represent major F&B brands, but not exclusively so, and many of the institutional and other actors made comments from a broader perspective in addition to sharing thoughts on my target sector. I attempted, where possible, to connect my findings back to the F&B industry, but several of the findings naturally apply cross-industry.

Despite some of the blurred lines, it is not clear that these barriers will look the same in every industry, or for every company. I did not have the chance for this thesis to follow up with my interview participants and have them rank perceived strength of my identified barriers, though I hope future research efforts will take up this question. However, were this information available it is quite possible that different industries would have different rankings of barrier strength/importance. They may even have additional barriers that I did not identify here. Or, the real difference may lie in company size, not industry.

Finally, it is important to note two limitations of my interview methodology. Ultimately, I ended up with a sample of convenience, where I was able to secure interviews with those actors who I was able to reach and who were willing to talk. For the private sector in particular, I found that those companies who were most open to participate were largely those who had already started thinking about this issue and who had organizational structures that better integrate CSR and government affairs roles. Similarly, many people I spoke to recommended others for this study (or referenced individuals I had already interviewed). While my understanding is that this professional space is relatively clustered, it is possible that I missed key players who are not as integrated.

Areas for Future Research

Going into this project, there were so many aspects of CPR that I wished to explore. Naturally, the more I discovered, the more questions I had. My findings on barriers to CPA-CSR alignment serve as an initial step into this area and I hope that there are many further inquiries to come. The list below outlines a few of these questions:

1. What is the relative impact, strength, or importance of the different barriers as outlined?
2. How do barriers differ across different industries? Across companies of different sizes? Across private vs. publicly-held companies? Across different countries? How does it differ when looking at state policy vs. federal?
3. How do barriers differ depending on the CSR issue? To what degree are the ones I have outlined specific to climate change?
4. Are the strategies I've recommended feasible and effective? Under what conditions?
5. What is the tangible/measured impact of companies becoming involved in politics under modern circumstances?
6. What are best practices for corporations practicing constructive engagement in complex public policy?
7. What are all of the dynamics governing lobbyist behavior, and what strategies might better align their incentives with those of their corporate employer?
8. What is the role of politicians in this system? How do they contribute to these barriers, and what barriers of their own might this critical stakeholder group face?

Many of these questions are ones that I brushed up against through my interviews but did not have sufficient capacity to address within the bounds of this thesis. I hope that future efforts will shed more light.

Final Thoughts

As a coda to what has ended up being a significant excursion into the topic corporate political responsibility and climate change, it is worth reflecting on the overarching context in which this fits. Ultimately, it is my sincere hope to make this world a better place and to do this by deploying the biggest levers I can find. This research sits at the intersection of two very powerful levers, the private sector and the federal government. While I set out to identify barriers to CPA-CSR alignment, this is nested under my principal aim to advance effective climate policy and to sustain my and future generations' ability to thrive.

Many of my recommendations center around the development of shared knowledge and shared responsibility. Planners, with our training in stakeholder engagement and systems-level thinking, are uniquely positioned to contribute to this space. The role of business in sustainability challenges has been central to my two years of education at MIT; however, it has been my experience that the planning community does not often consider the private sector as potential, positive change makers. I will end here with a quick call to action, encouraging my peers to better engage this sector in planning efforts, and pursue greater practical and academic integration down the line.

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Appendix A

CONSENT TO PARTICIPATE IN INTERVIEW - General

<u>STUDY TITLE: An Exploration of Corporate Political Responsibility on Climate Change Amongst Major U.S. Food and Beverage Companies</u>

You have been asked to participate in a research study conducted by **Amy Meyer** from **the Department of Urban Studies and Planning** at the Massachusetts Institute of Technology (MIT). The purpose of the study **is to better understand the practice of corporate lobbying on U.S. climate change policy amongst climate-leaders in the food and beverage industry.** The results of this study will be included in **Amy Meyer's** Master's thesis. You were selected as a possible participant in this study because your experience on this topic. You should read the information below, and ask questions about anything you do not understand, before deciding whether or not to participate.

• This interview is voluntary. You have the right not to answer any question, and to stop the interview at any time or for any reason.

• There is no anticipated risk to you from participating in this research.

• You will not be compensated for this interview.

• Unless you give me permission to use your name, title, and / or quote you in any publications that may result from this research, the information you tell us will be confidential.

• I would like to record this interview so that I can use it for reference while proceeding with this study. I will not record this interview without your permission. If you do grant permission for this conversation to be recorded, you have the right to revoke recording permission and/or end the interview at any time.

This project will be completed by **June 30th, 2019**. All interview recordings will be stored in a secure work space until **June 30th, 2020**. The tapes will then be destroyed.

Any information that is obtained in connection with this study and that can be identified with you will remain confidential and will be disclosed only with your permission or as required by law. In addition, your information may be reviewed by authorized MIT representatives to ensure compliance with MIT policies and procedures.

I understand the procedures described above. My questions have been answered to my satisfaction, and I agree to participate in this study. I have been given a copy of this form.

(*Please check all that apply*)

[] I give permission for this interview to be recorded.

I give permission for the following information to be included in publications resulting from this study:

[] my organization [] my name [] my title [] direct quotes from this interview

Name of Subject ______________________________________

Signature of Subject ______________________________________ Date ____________

Signature of Person Obtaining Informed Consent _____________________ Date ________

Please contact **Amy Meyer at** [redacted] **or by phone at** [redacted] with any questions or concerns.

If you feel you have been treated unfairly, or you have questions regarding your rights as a research subject, you may contact the Chairman of the Committee on the Use of Humans as Experimental Subjects, MIT, Room E25-143b, 77 Massachusetts Ave, Cambridge, MA 02139, phone 1-617-253-6787.

Appendix B

PAID ADVERTISEMENT

Dear President Trump,

As some of the largest companies based or operating in the United States, we strongly urge you to keep the United States in the Paris Agreement on climate change.

Climate change presents both business risks and business opportunities. Continued U.S. participation in the agreement benefits U.S. businesses and the U.S. economy in many ways:

- **Strengthening Competitiveness:** By requiring action by developed and developing countries alike, the agreement ensures a more balanced global effort, reducing the risk of competitive imbalances for U.S. companies.

- **Creating Jobs, Markets and Growth:** By expanding markets for innovative clean technologies, the agreement generates jobs and economic growth. U.S. companies are well positioned to lead in these markets. Withdrawing from the agreement will limit our access to them and could expose us to retaliatory measures.

- **Reducing Business Risks:** By strengthening global action over time, the agreement will reduce future climate impacts, including damage to business facilities and operations, declining agricultural productivity and water supplies, and disruption of global supply chains.

As businesses concerned with the well-being of our customers, our investors, our communities, and our suppliers, we are strengthening our climate resilience, and we are investing in innovative technologies that can help achieve a clean energy transition. For this transition to succeed, however, governments must lead as well.

U.S. business is best served by a stable and practical framework facilitating an effective and balanced global response. The Paris Agreement provides such a framework. As other countries invest in advanced technologies and move forward with the Paris Agreement, we believe the United States can best exercise global leadership and advance U.S. interests by remaining a full partner in this vital global effort.

Sincerely,

Adobe · Apple · Blue Cross Blue Shield of Massachusetts · Danfoss · Facebook · Gap, Inc. · Google · Hewlett Packard Enterprise · Ingersoll Rand · Intel Corporation · Johnson Controls · Levi Strauss & Co. · Mars Incorporated · Microsoft · Morgan Stanley · National Grid · PG&E Corporation · Royal DSM · Salesforce · Schneider Electric · Tiffany and Co. · Unilever · VF Corporation

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More information at www.C2ES.org/WS or email C2ES@C2ES.org

(Source: Ceres and C2ES, 2017)