The missing link between pledges and metrics

To make stakeholder capitalism work, the narrative within companies is a critical component.

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The battle of rhetoric has been won

We have come some distance over the years. Even as recently as half a decade ago when the WEF provided a platform for me and others to advocate for impact investing, it was far from the mainstream of discourse at Davos.

Most banking organisations housed this endeavour, if at all, as a subset of philanthropy offerings which it was nested within other “support services”, away from core investing and banking operations. The Circular Economy was no more than a curiosity when the Ellen MacArthur Foundation highlighted the concept or when, in 2015, the Forum of Young Global Leaders and Accenture Strategy launched the annual Circular Awards series in Davos.

Today, global multinationals – from UBS to Bank of America, Accenture to Ernst & Young and MasterCard to Microsoft – are parading their sustainability contributions as showstoppers in Davos. Instances such as US Treasury Secretary Steven Mnuchin’s comment about climate change activist Greta Thunberg sounded off-key and there was robust debate on whether BlackRock or Goldman’s announcement went far enough.

There is growing realisation that companies must pre-commit to pre-defined objectives that are proportional to the scale of their core business. Anything less could invite accusations of tokenism or “impact washing”, undermining those who are genuinely moving forward and eroding the very trust that they seek to grow.

Leaders are also embracing the need for collaboration. I was pleasantly surprised to hear Marc Engel, chief supply chain officer at Unilever, highlight that it is important that pledges and suggested metrics are concordant with the narrative of stakeholder capitalism as it applies internally to specific organisations, firm-by-firm, industry-by-industry. Every employee must feel engaged and directed by a sense of purpose that they have had an opportunity to co-create.