Amelia Shean, Senior Analyst Published 12/01/2018

2017: Was it a boom or bust in sustainable business? It remains uncertain how 2017 will be written in history. A slew of bad news about record emission levels, lapses in corporate responsibility and political inaction on climate can be balanced against growing CEO activism, a proliferation of legislation mandating human rights due diligence by business, and technological innovations like blockchain entering the public lexicon. Below I've sought to distill the sustainability highs and lows of the past year into six main observations.

Corporates respect human rights?

HIGH: In 2017, we continued to see hard laws mandating disclosure on human rights due diligence overtaking voluntary measures. The French government's Duty of Vigilance Law is just one case in point; 2017 also saw the Dutch Parliament adopt a law requiring companies to assess whether *child labour* is occurring in their operations or in their supply chains. Continuing this trend, there is a likelihood that the Swiss Responsible Business Initiative will be put to the popular vote in 2018 whilst in Germany the National Action Plan commits the government to monitor whether the largest German companies are reporting on their human rights due diligence efforts. These developments are not limited to Europe, however; last year an Australian Parliamentary joint committee was tasked with inquiring into a *Modern Slavery Act*, based on the UK legislation.

LOW: Growing acceptance of the responsibility of business to ensure respect for human rights, and associated laws, can, however, be set against another sobering reality of 2017: the number of human rights defenders killed. A UN report, published in July 2017, outlined how both business and governments were failing in their responsibilities to protect human rights defenders from threats and attacks. The report cites data from Global Witness, showing that land and environmental defenders face disproportionate risk of killings and attacks, with more than 200 deaths of land and environmental defenders in 2016, and evidence that this trend was continuing into 2017.

Climate (in)action

LOW: For environmentalists and countless others, a defining and regrettable moment of 2017 was US President Trump's decision to withdraw the US from the Paris climate accord. This move epitomises the broader sentiment of Trump's administration towards climate action; a series of policy reforms enacted throughout 2017 further serve to undo some of the positive steps the US had taken to reduce its GHG emissions. This includes the passage of several tax reforms harmful to the renewable energy industry, support for coal even in the face of hostile market forces, elimination of the Clean Power Plan and most recently, the dropping of climate change from the US national security strategy.

HIGH: Despite the President's decision on Paris, 2017 saw a large number of US states, cities and companies publicly oppose the move. Clear demonstration of corporate resolve to take responsibility to mitigate the effects of climate change was found in the vocal response of multiple CEOs, alongside the growth of the 'We are still in' coalition movement. On a global level, there is emerging evidence of a shift away from fossil fuels, underpinned by an improvement in the economics of every major green technology. China is among those leading the way in clean tech, announcing at the start of the year its plan to invest $360 trillion on renewable energy by 2020. Some of the world's largest economies including France, India, Britain, Norway, and China, have announced a commitment to ban fossil fuel vehicles, whilst a number of individual cities have made similar pledges to pursue clean energy strategies. In many cases, government commitments have been eclipsed by corporate leadership, with Volvo committing to electrify its entire vehicle line by 2020.

Corporations: eschewing or embracing responsibility?

HIGH: The example of CEOs speaking out publicly in the aftermath of Trump's withdrawal from the Paris climate accord is part of a growing trend. CEO activism, whereby CEOs take a visible stand on a variety of social, environmental and political issues is not only becoming more commonplace, but is increasingly expected by consumers. It has been found that millennials not only are more aware of CEO activism, but are disproportionately favourable towards CEOs speaking out and are more likely to buy from a company whose CEO does so.

With many company leaders embracing this new role, some commentators have observed it is tied to a new political reality in which it is harder for companies to leave politics to politicians. The reaction by CEOs to Trump's proposed travel ban has been described as a watershed of unprecedented scale. But this was not the only incidence of CEO activism; CEOs this year have spoken up against income inequality, same-sex marriage, immigration, gun control and discrimination. A number of CEOs also chose to protest Trump's policies by pulling out of his business advisory councils, leading to their disbandment in August.

LOW: This apparent CEO eagerness to embrace greater societal responsibility can be juxtaposed with evidence that, for some businesses, the responsible rhetoric doesn't match reality. This disconnect was evidenced, for example, in the fallout from the so-called Paradise Papers, which disclosed the tax-avoidance strategies of the rich and famous, as well as some of the best-known global companies. The leak of data on the financial dealings of multinationals such as Apple and Nike prompted public outrage. The revelation about Apple was particularly uncomfortable given Tim Cook's statement about the role of business following the events in Charlottesville: "we have a moral responsibility to help grow the economy, to help grow jobs, to contribute to this country and to other countries that we do business in".

Technology as a positive disruptor?

HIGH: Blockchain technology became a definitive buzzword for 2017, with its potential for innovation and disruption lauded by a wide range of stakeholders. For sustainability, there are some obvious gains associated with the possibility of significant enhancements in supply chain transparency and traceability. The platform facilitates better access to reliable information on everything from product origin and prices to workers' wages, recruitment fees and/or pesticide use at various points in the supply chain.

LOW: The disruptive role of technology however, does not always act as a force for good. It is being blamed by some for facilitating growth in less-secure, temporary and part-time work, the so-called gig-economy, through the emergence and growth of companies that connect customers to workers via online platforms. 2017 saw the gig economy become an increasingly politicised topic, with its role in eroding the rights and protection of workers elevated. Uber has been at the centre of much of this debate, and in November lost its appeal in a UK employment case against a ruling (still subject to appeal) that it must treat its drivers as workers entitled to minimum wage and holiday pay. This case could well prove pivotal in setting the future tone for employment practices in the UK's gig economy.

Rhetoric into reality

LOW: Last year saw significant environmental disruption and multiple extreme weather events; with record wildfires in locations as disparate as Greenland and California, hurricanes such as Harvey, Irma and Maria wreaking devastation across the Caribbean islands, the Florida peninsula and the Texas coastline, monsoon flooding in South Asia and diminishing sea ice levels at both Poles.

HIGH: In the face of such destruction, is it really possible to discern a positive? Perhaps not directly, but there is certainly something to be said about the way the narrative of responsible investment is gaining momentum. In the face of these environmental and human tragedies which also have an economic and business dimension, investors seem to be waking up to climate risk, among other ESG factors. And investors may well force companies to follow suit; shareholder resolutions on climate disclosure and strategies succeeded for the first time this year at companies including Exxon Mobil and at COP23 in Bonn, 225 influential global investors with more than $26 trillion in assets under management pledged to engage with 100 corporates responsible for around 85 percent of total global greenhouse gas emissions, asking them to accelerate their climate action.

Oceans of plastic

HIGH: 2017 was really the year that ocean plastics entered mainstream consciousness, discussion and debate. This was aided and abetted by documentaries such as Blue Planet II, and subsequent public reaction. As well as growing awareness, 2017 was also a year of action. At a global level, the United Nations Ocean Conference, the first of its kind to be focused on the issues surrounding ocean health and marine life with a particular focus on plastics, took place in June. Action has also been evident at the level of individual nations. For example, Indonesia (one of the world's worst plastic polluting offenders) committed to invest $1 billion to clean its seas of plastic, while Kenya banned plastic bags, and Costa Rica became the first country to announce its ambition to ban all single-use plastic by 2021.

LOW: While a new awareness may be the silver lining, the storm cloud in 2017 was the very severity of global ocean plastic pollution – highlighted in the public consciousness for the first time. Declining ocean and marine health goes beyond plastics, and is tied to the impact of climate change on melting sea ice and coral bleaching, unsustainable fishing practices and noise pollution.

This article was originally envisaged as a list of highs, and then a list of lows. But when writing I that found looking at some of the issues at play in 2017 in this way was myopic, and betrayed some of their complexity. That for a number of the lows I identified, there was often another accompanying story which was positive, and in some cases, equal and opposite, speaks to my main take away from the past year: despite enormous global social and environmental challenges, there is reason for cautious optimism.