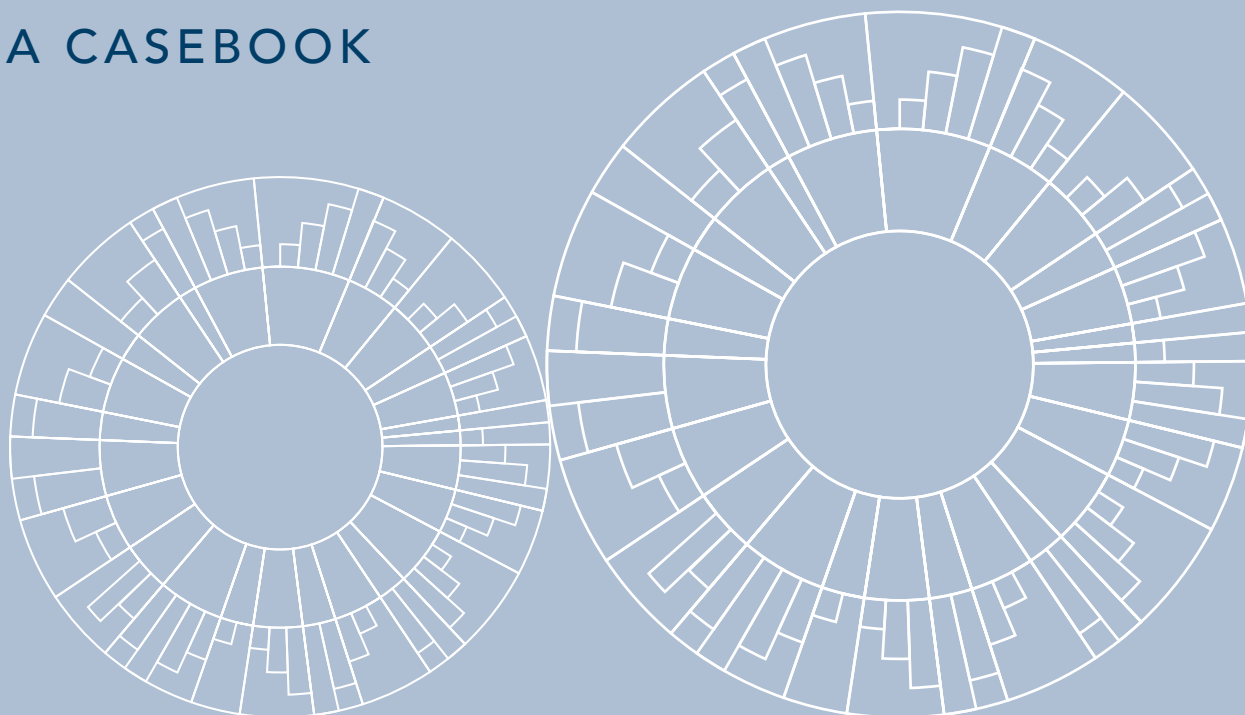


The Road to Context

Contextualising Your Strategy and Goals

A CASEBOOK



Stephanie Bertels
Rylan Dobson

The Road to Context

Contextualising your Strategy & Goals

A CASEBOOK

Prepared by Rylan Dobson and Stephanie Bertels

This document is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/). You are free to share (copy and redistribute the material in any medium or format) or adapt (remix, transform, and build upon) the material with appropriate attribution. You must give appropriate credit, provide a link to the license, and indicate if changes were made. You may do so in any reasonable manner, but not in any way that suggests that the authors or The Embedding Project endorse you or your use of our work product.



Dobson, R. and Bertels, S. (2017) *The Road to Context: Contextualising your Strategy & Goals Casebook*. Embedding Project.

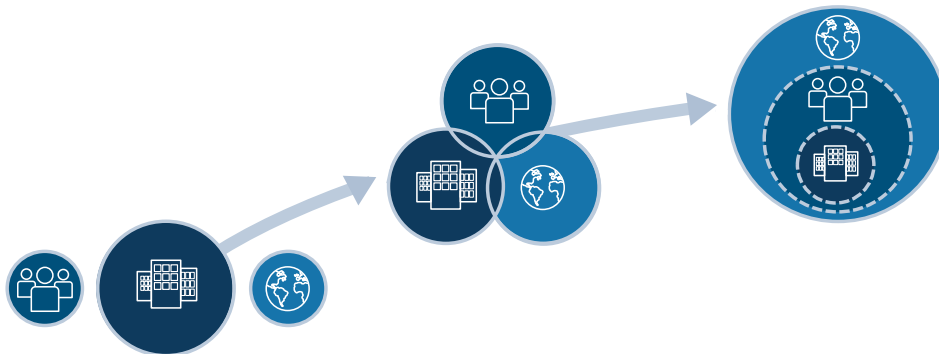
Why context?

Companies are increasingly being asked to contextualise their sustainability performance and goal setting. They are being asked whether they are prepared to set science-based goals, to pledge to be net positive, or whether they are future fit. These concepts are rooted in an overall trend that asks companies to factor key socio-ecological thresholds into their corporate strategy and goal setting processes. This casebook and its associated guide on the “Road to Context” have been developed to support you on your own contextual journey.

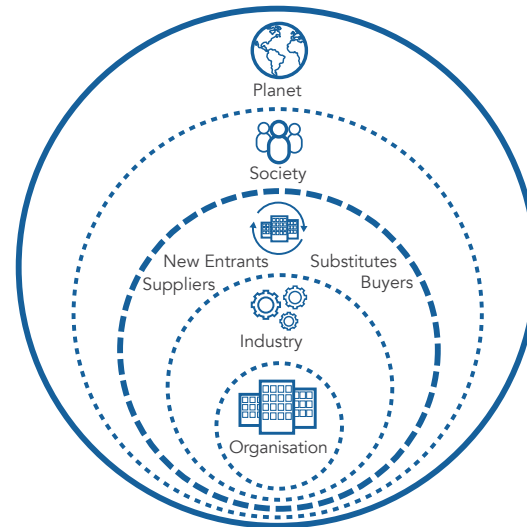
The “Road to Context” guide briefly outlines the key methodologies, frameworks, tools, and ideas that are shaping the broader discussions around context. The guide also outlines four iterative steps that support the development of a contextual sustainability strategy and the setting of contextual goals. Finally, to illustrate how these concepts are being applied in practice, we developed this illustrative casebook to celebrate early corporate efforts in exploring the development of contextual strategies.

What is context?

While many companies are adjusting to ‘triple bottom line’ thinking, leading companies are going further by viewing their operations as part of a nested system, bounded by the environmental and social systems around them (referred to as a nested view, sustainability context, contextual, or simply, context).



Almost 40 years ago, Michael Porter alerted companies to the need to look beyond their own corporate boundaries by factoring their industry environment into their strategy-making process¹. Fast forward to the present, and increasing resource scarcity, heightened social uncertainty, and continued instability in the financial markets are driving executives and boards to broaden their contextual understanding to include key environmental and social megatrends and the constraints these thresholds create for their businesses.



As a result, the consideration of sustainability context and key socio-ecological trends is edging its way into corporate practice. The foundation of a contextual approach is to move beyond asking what your company 'could do' and instead to understand what your company 'needs to do' to play their part in maintaining and enhancing key environmental and social systems. Leading companies are moving beyond simply reporting on their impacts on socio-ecological issues, and instead are contemplating their own role in upholding resilient ecosystems, resilient social systems, and resilient economies. Embedding a contextual approach can enhance a company's ability to:

MANAGE DISRUPTIVE RISK – Anticipating complex and potentially disruptive risks requires thorough engagement and proactive scanning. A systematic consideration of socio-ecological thresholds as a key part of a long-term risk conversation surfaces potential sources of disruption, helping to ensure a more proactive response.

ENHANCE SOCIETAL ACCEPTANCE – Considering ecological and social constraints and opportunities will also help companies understand and anticipate shifting societal expectations, helping them to maintain and enhance their societal acceptance.

SET CLEAR AND DEFENSIBLE LIMITS TO YOUR INVOLVEMENT – Through adopting a more systemic approach to understanding the company's key socio-ecological impacts and its biggest levers for positive change, a company can prioritise where it makes the most sense to allocate scarce resources, helping it to develop a clear narrative about where and why it will direct its efforts.

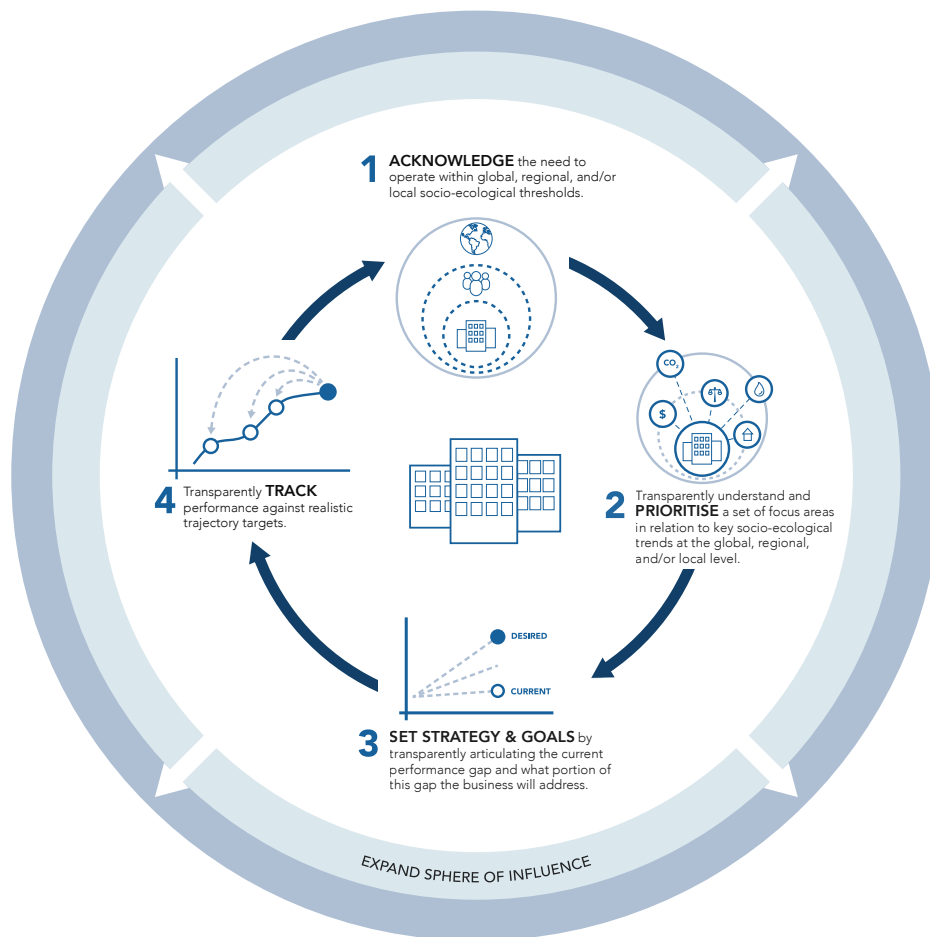
¹ Porter, Michael, E. Competitive Strategy: Techniques for Analyzing Industries and Competitors. New York: Free Press, 1980.

What are the key steps on the road to context?

Implementing a contextual strategy requires:

- Understanding key socio-ecological issues and their associated thresholds (the levels at which resiliency becomes threatened);
- Understanding where your company has the greatest impact on these thresholds;
- Determining the magnitude of change required to operate within these thresholds and/or to influence others to do the same;
- And committing to your allocation of the change that is required.

Our guide outlines four iterative steps that support the development of a contextual strategy that includes setting and tracking progress against contextual goals.



How are companies addressing context?

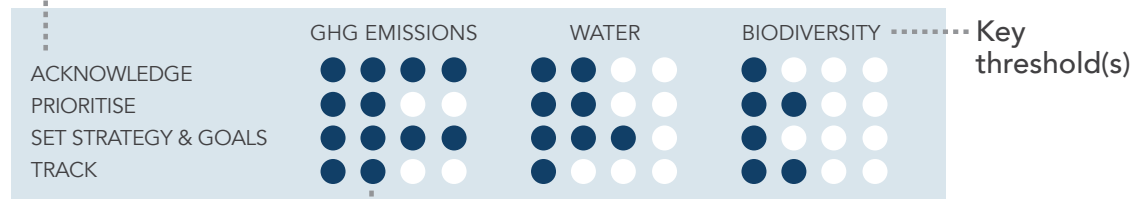
When talking to companies, they were most interested in understanding what others were doing. That’s why we assembled this casebook. Each company’s progression through the framework is an iterative journey. As a result, within each step we have set out four levels of maturity, as depicted in the matrix below, that help us to illustrate the progress that leading companies have made towards contextualising their sustainability strategies. Companies progress through an exploring stage, a public acknowledgement stage, an application stage, and an influencing stage. We also differentiate between a company’s progress with respect to different socio-ecological thresholds. Most of the companies in the casebook have made progress in addressing GHG emissions from a contextual perspective, some have started to address water, while a smaller subset are thinking contextually on a broader set of issues.

STEPS	EXPLORING CONTEXT	RECOGNISING CONTEXT	APPLYING CONTEXT	INFLUENCING CONTEXT
1 ACKNOWLEDGE the need to operate within global, regional, and/or local socio-ecological thresholds.	You discuss the importance of an issue only in general terms.	You formally recognise the existence of the threshold(s) but do not commit to operating within them.	You formally commit to operating within the threshold(s) for this issue.	You also formally commit to working with your value chain and/or industry to support adherence to the threshold(s).
2 Transparently understand and PRIORITISE a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.	You are developing a better understanding of the threshold(s).	You understand and explain the relevance of the impacts you have on threshold(s) as a result of your business activities.	You explain how you will prioritise among the threshold(s) and why.	You also explain how you will expand your sphere of influence with respect to the threshold(s) and why.
3 SET STRATEGY AND GOALS by transparently articulating the current performance gap and what portion of this gap the business will address.	You are working to understand the gap needed to operate within the threshold(s).	While you have set a contextual goal for the threshold(s) you have not explained how and why you set it.	You have set a contextual goal(s) for the threshold(s) and have a clear and transparent rationale for how it was set.	You have also set one or more goals that include(s) influencing others to help them adhere to the threshold(s).
4 Transparently TRACK performance against realistic trajectory targets.	You have a history of reporting performance against the issue but have not yet set trajectory targets.	You have set trajectory targets but don’t provide a clear rationale or have not yet built a track record of meeting your targets.	You have set clear trajectory targets and have established a history of meeting them or adjusting future targets when they go unmet.	You also monitor your influence in supporting others to adhere to the threshold(s).

The cases have all been compiled using publicly available information. The work by these early leading companies continues to evolve and as such, we welcome input on the content of the cases and we will continue to add and update the cases in the casebook over time. The date of the most recent case update is noted in each case.

Each case provides some background on the company and how they came to consider context and then proceeds through the steps of the framework by describing the efforts being made by the company at each step. To help you quickly determine where a company sits within our framework, compare between cases, and identify the cases that are most relevant to your needs, the top of each case includes a graphical summary of the company’s progress. An illustrative example of what this looks like is shown below.

Steps within our context framework



Blue dots represent progress within our matrix