

Executive Summary

Beyond ESG

From checklists to capabilities

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At a glance

- **After a decade of expansion, ESG as a framework to measure a company's societal impact is undergoing a rethink.** At the median, large companies manage 100 environmental, social, and governance (ESG) KPIs. Today, the rapid proliferation of ESG metrics and ongoing disagreements about prioritization—both within companies and in public discourse—have made knowing where business and societal goals do and don't align difficult. This paper takes neither a positive nor a negative view of ESG but instead offers a fact base to support institutions evaluating business opportunities that advance societal goals.
- **ESG compliance can prevent societal harm, but historically, companies have had societal impact through targeted innovation.** Many issues related to health, infrastructure, and the environment have been solved as incomes increased. In other cases, an iterative dynamic of innovation and targeted policy adjustment accelerated change, from phasing out chlorofluorocarbons to, more recently, accelerating safe blood delivery for maternal and neonatal care.
- **A narrow focus with the right collaboration and time frames can enable companies to meet business and societal goals.** A typical corporation can make a real difference on just one to three of 18 societal issues we analyzed. Going beyond a checklist approach, large companies can pursue a “horses for courses” strategy that deploys their specialized ability to innovate and scale solutions. Business opportunities for this approach exist today and can also be created through coalitions that help overcome market failures and long time horizons.
- **Fully addressing each issue also requires society to prioritize, given the high costs.** To accelerate resolution of the 18 issues we analyzed to the level achieved by the countries that have made the most progress on them would require annual expenditures of \$6 trillion in total. Economic benefits would more than offset that cost across all these issues—but over decades in most cases. Assessing cost-effectiveness and impact can help society prioritize and balance intervention to drive progress with current use of resources and cost of change.

Executive summary

ESG, the catch-all acronym for corporate efforts to address environmental, social, and governance issues, is undergoing a rethink, particularly in the United States.

Over the past decade, ESG has expanded as a framework to measure a company's societal impact. Corporate risks linked to society's biggest issues, such as climate change, inequality, and public health, persuaded investors that addressing these issues was good business. For instance, bolstering a supply chain against the shifting impact of the increasing global temperature protects the bottom line, and healthier employees improve productivity.

This shift led to a proliferation of metrics to measure company impact beyond revenues and profits.¹ In the process, ESG moved from the margins into the mainstream, and investors, employees, regulators, and the public increasingly expected companies to take responsibility for reducing and resolving big societal challenges.²

The numbers tell the story

Among 89 large companies, the median number of ESG-related KPIs that a C-suite monitors is 100, a 30 percent increase compared to 2018. Media mentions of ESG soared—from 5,000 in 2014 to over 300,000 in 2024 (Exhibit E1). ESG reporting and compliance have increased transparency on issues like emissions and inclusive economic growth, preventing societal harms and showing that companies can and do make a positive difference.³

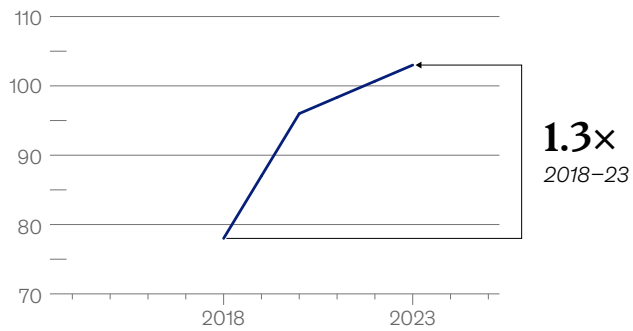
Yet, the rapid proliferation of ESG checklists has crowded CEO agendas, leading to ESG fatigue.⁴ Media mentions have ticked down in 2024 and 2025, and in the United States, shareholder proposals related to ESG declined in 2025 compared to 2024. Companies are increasingly pulled in opposite directions by differing cultural and regulatory expectations across countries. In the European Union, the regulatory requirements of the Corporate Sustainability Reporting Directive went into effect in 2025, while the United States is moving toward less reporting.⁵ Events such as the conflicts in Ukraine and the Middle East and an emerging rearrangement of global trade have shifted public attention to energy security and affordability, amplifying these complications.

Fundamentally, a compliance-based approach does little to help companies set strategic priorities and align their unique capabilities with societal needs in a way that's consistent with their business goals. Thus, we're at an inflection point: Societal challenges are not going away, and the way companies engage with them must evolve.

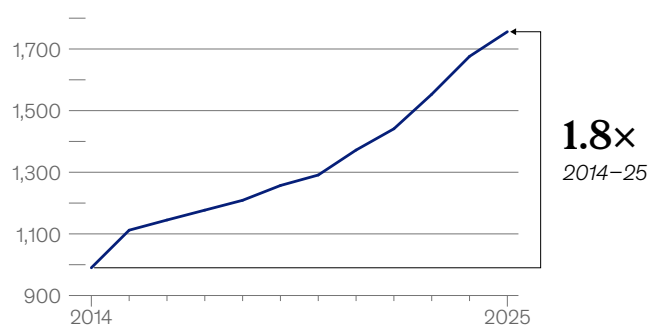
In this report, we take neither a positive nor a negative view of ESG, instead offering a fact base to support companies and other organizations in evaluating business opportunities that advance societal goals if they have interest in doing so. Specifically, it examines where corporate capabilities could deliver outside impact and identifies the market contexts needed to enable a business case across a diverse set of societal issues. A clearer, capabilities-based approach can help business leaders interested in addressing societal issues set strategy and sharpen societal choices about the use of public resources.

Attention to ESG has increased significantly in the last decade.

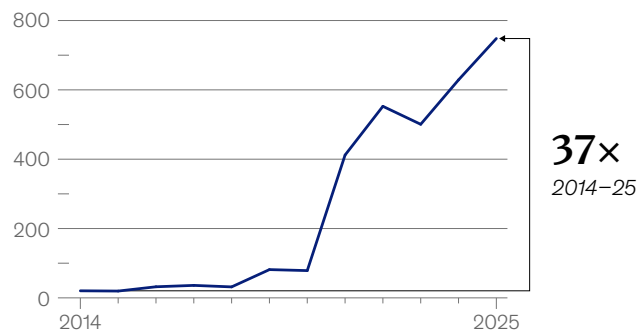
Number of ESG-related KPIs tracked by companies, median¹



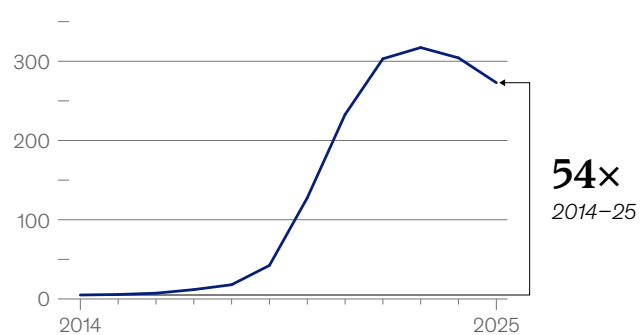
Number of mandatory ESG regulations globally



Venture capital and private equity investment in ESG measurement businesses, \$ million



Number of ESG media mentions, thousand



¹Analysis starts in 2018 for ESG-related KPIs tracked by companies, due to data availability. Data for the number of mandatory ESG regulations is reported as of August 2025; investments and media mentions for 2025 are annualized, obtained by extrapolating figures from January to July. Source: Krueger, P., Z. Sautner, D. Tang, and R. Zhong, 2023, Data for "Mandatory ESG Disclosure Policies Around the World"; Pitchbook; Factiva; 2025 ESG Book Reporting Exchange; 2024 UN Principles for Responsible Investment; ESG Regulation Database; McKinsey Global Institute analysis

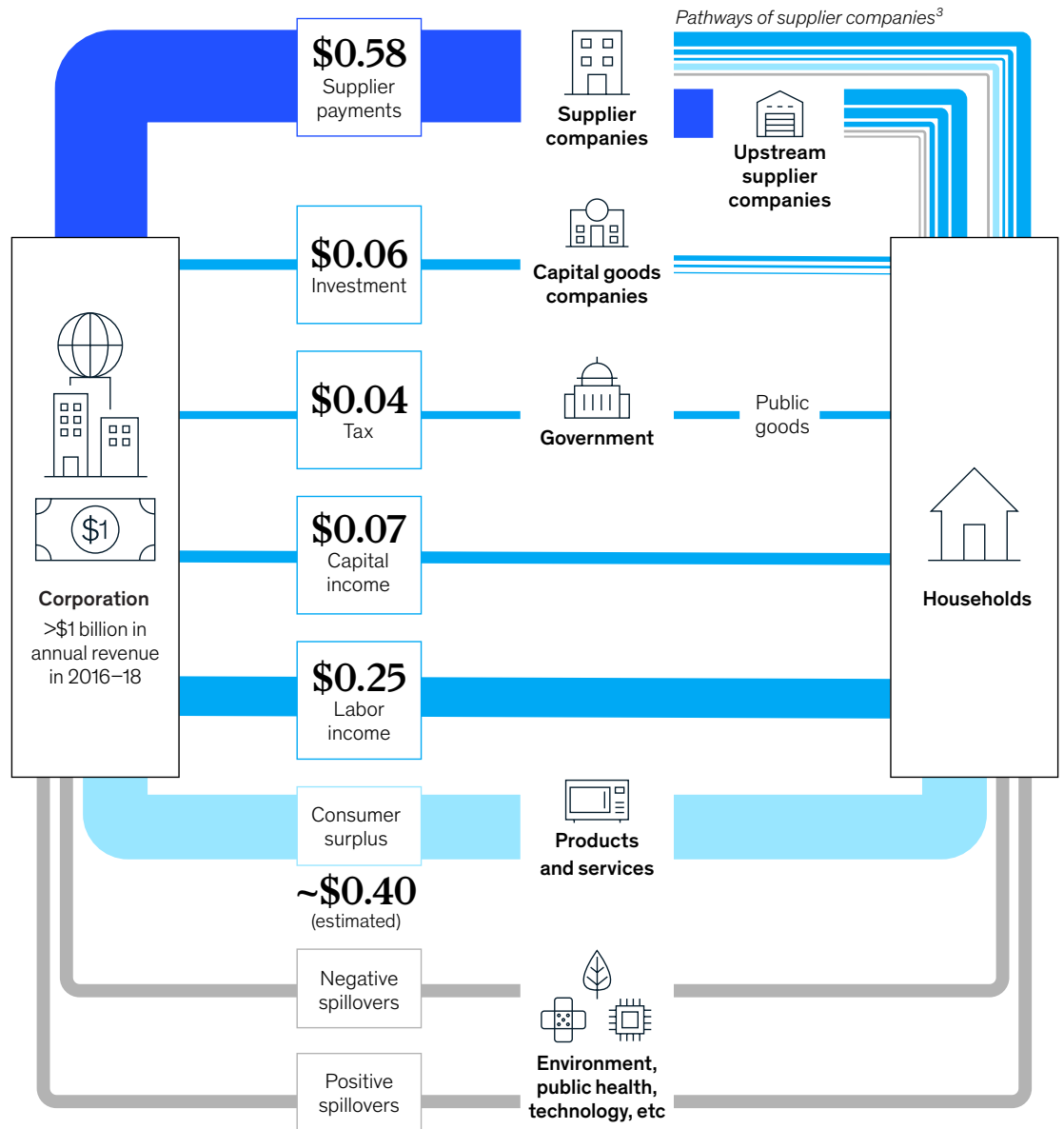
Companies have an impact on society through products, incomes of company stakeholders, and ‘spillovers’ to the rest of society

To be sure, companies make their biggest contributions to society by delivering better products and services and supporting lives and livelihoods. In previous research, we analyzed how companies create and distribute value among employees, suppliers, shareholders, governments (via taxes), and customers.⁶ This work shows how the bulk of a typical large company's value goes to consumers in the form of consumer surplus, as well as to employees and suppliers as income, specifically \$0.83 of every \$1 of revenue (Exhibit E2). Productivity growth and benefits to stakeholders like workers, shareholders, suppliers, and customers can go hand in hand. Optimizing such “win–wins” on issues relating to these stakeholders is not always easy and goes beyond financial flows, but doing so and upholding standards that maintain a social license to operate are important parts of creating long-term value for a company.⁷

Corporate economic gains flow to households via eight pathways.

Value flow for every \$ of corporate revenue, for average corporation with >\$1 billion in revenue¹

— Elements of gross value added — Indirectly measured² — Estimated



¹Revenue-weighted average of companies with >\$1 billion in annual revenue, based in OECD countries, 2016–18 averages.

²Supplier payments do not flow directly to households but rather via the pathways of supplier companies. This is true even when the large corporation on the left is itself a supplier; in that case, some of the consumer surplus is also transmitted via downstream companies.

³Pathways refer to the channels through which value generated by companies from sales flows directly or indirectly to households. The pathways are labor income (wages and benefits), capital income (dividends, share buybacks, and interest), taxes (corporate income and production process taxes), investment (money retained from profits and spent on capital assets to drive future value creation), and payments to suppliers (for goods like inventory and contracted services used in production). We also include consumer surplus (imputed value greater than price) but can only estimate it broadly, and two spillover examples (impact on the environment and growth of total factor productivity) which we analyze but do not measure in aggregate dollar terms in this research.

Source: MGI Companies and Economy data set; McKinsey Global Institute analysis

But companies also affect people who are not direct stakeholders. These societal spillovers include positive externalities, such as productivity growth, technology diffusion, or improved access to services, and negative ones, like pollution, biodiversity loss, or underprovision of public goods.

The negative ones often arise when markets fail in one of two ways:

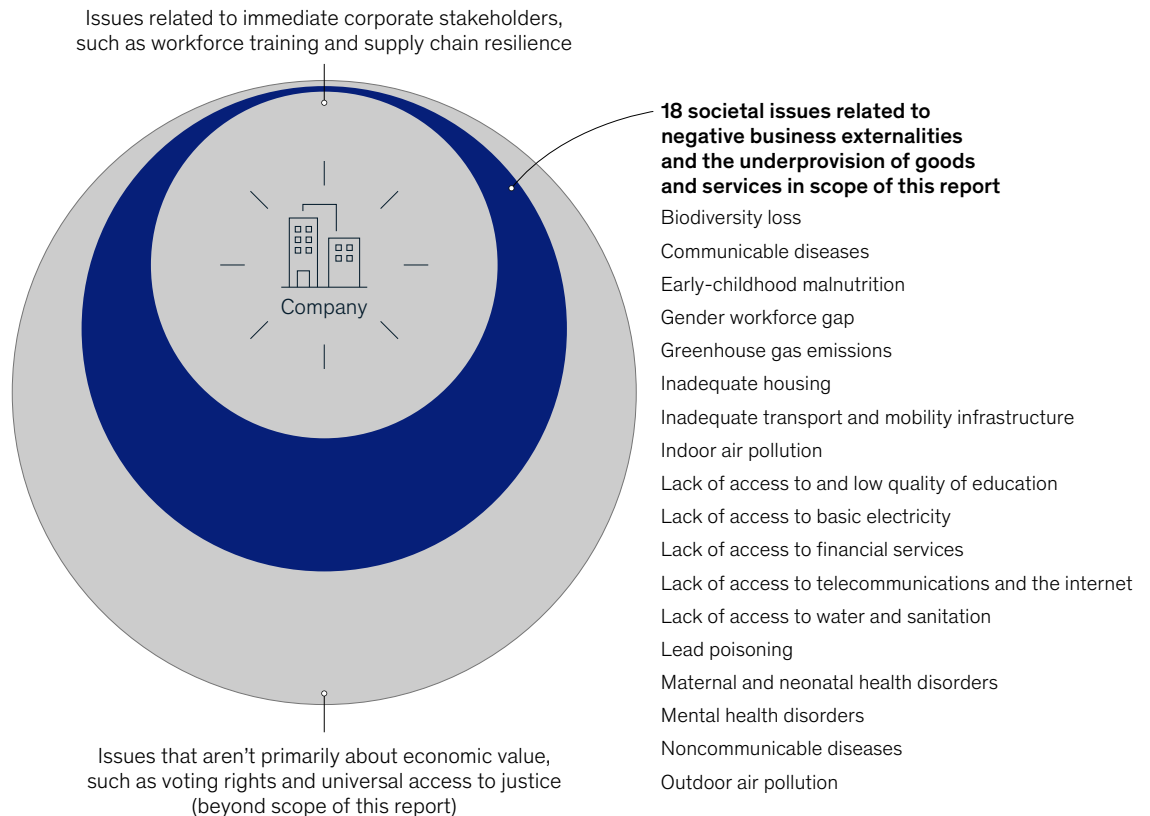
- **Underprovision.** Goods or services that create significant social value, such as basic healthcare, sanitation, education, nutrition, or electricity, are not delivered at sufficient scale or quality.⁸
- **Negative externalities.** The environmental or health costs of companies' products or operations aren't reflected in prices or absorbed by the producer, as in the case of pollution and damage to biodiversity.

Addressing underprovision and externalities is the focus of this research.⁹ In the same way our prior work quantified the flow of value to different direct company stakeholders, this report uses a representative set of 18 environmental and societal issues to illustrate where companies can make a difference and quantify potential impact if they choose to act—or should society choose to tweak markets and incentives to create a business case for doing so (Exhibit E3).

Exhibit E3

This research examines societal issues beyond those involving immediate corporate stakeholders.

Categories of societal issues that companies could consider



Source: McKinsey Global Institute analysis

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Progress on many of these societal issues occurs as economic development increases the purchasing power of households and governments, highlighting the indirect impact companies have on societal issues via their contributions to productivity growth and incomes through business as usual.¹⁰

However, the prevalence of an issue can also vary significantly across countries in the same per capita income group. For example, infant mortality rates are, on average, higher in countries with lower income levels. Yet there are lower-middle-income countries with infant mortality rates up to 70 deaths per 1,000 live births, which is significantly higher than the average for low-income countries.¹¹ In short, economic development matters a lot, but it is not the only factor driving progress on societal issues. The variation can have many structural causes but it also indicates latitude for companies and society to accelerate progress beyond what they contribute to economic growth in the normal course of business.

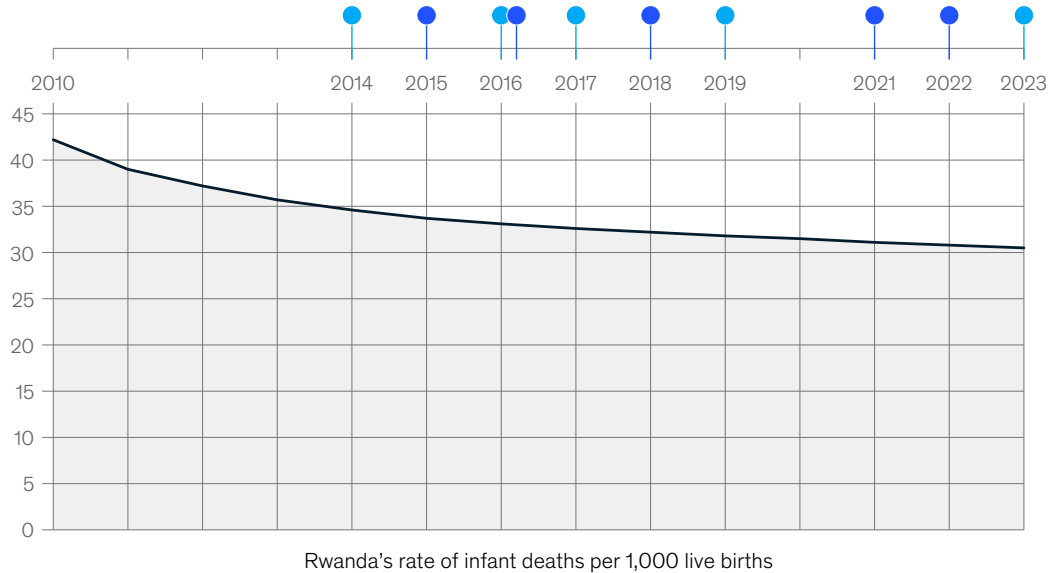
Historical examples reveal important company roles that are often overlooked, such as developing new technologies and business models that change the game. For example, unleaded gasoline, seat belts, and ozone-safe products all involved an iterative process of innovation and policy adjustments that aligned company capabilities with societal goals over a sustained period, though not always in a straight line.¹²

Companies can find overlooked business opportunities in addressing such issues or can invest in ways that could make solutions to them cost competitive. Accelerated progress comes when innovation and policy adjustments work in tandem. For example, the development of drone delivery of blood to support maternal health in Rwanda was a sequence of company and government actions, including innovation, permitting, piloting, scaling of flight corridors, improved distribution, and expansion of products (Exhibit E4).

Commercial innovation and policy support for medical drone deliveries have contributed to improving maternal and neonatal health.

Timeline of logistics company Zipline's medical blood delivery operation in Rwanda

Years when: ● Business-led innovations occurred ● Policy interventions occurred



- 2014: Zipline's founders believe their long-range, fixed-wing drones could address Rwanda's acute need for rapid blood transfusions to treat postpartum hemorrhage, severe childhood anemia, and other health issues needing fast response. They approach the Rwandan government for permission to test the plan.
- 2015: Rwanda's Ministry of Health grants permission for a pilot program to deliver blood by drone.
- 2016: The first area of operations goes live. Zipline delivers blood to Kabgayi Hospital in 15 minutes, compared with 3 to 4 hours by road. Seven hospitals join the program within months.
- 2016: Ministry of Health starts paying for Zipline deliveries.
- 2017: Scaling slows down as high costs and regulatory prohibitions on drone flights at night limit Zipline's ability to reach more hospitals. In parallel, B Medical Systems deploys solar-powered vaccine fridges in rural Rwanda, enabling last-mile health centers to safely store vaccines and expanding immunization reach.
- 2018: The Rwandan government approves uncrewed aerial vehicle (UAV) flight corridors for autonomous flying and signs a national service contract with Zipline. Gavi and UPS provide money to develop a village-level vaccine network.
- 2019: A distribution hub is built in Kayanza. Zipline's drones can now cover two-thirds of the country and deliver more than three-quarters of all the blood needed outside Kigali, typically within 15 minutes.
- 2021: The Rwandan government approves UAV night flight corridors.
- 2022: The Rwandan government agrees to guarantee shipment volumes to 2029, ensuring a market for Zipline's drone services.
- 2023: A vaccine pilot at the village level demonstrates lower costs can be achieved. With Gavi and UPS backing, Zipline affirms that its drones have dropped 76,000 vaccine doses in 119 rural posts, fully immunizing roughly 6,000 children for just \$0.24 per dose—about 85 percent cheaper than using the motorbike cold chain that prevailed before drones were used.

Source: Zipline; Globe Newswire; FII Institute; Reach Alliance; World Bank; McKinsey Global Institute analysis

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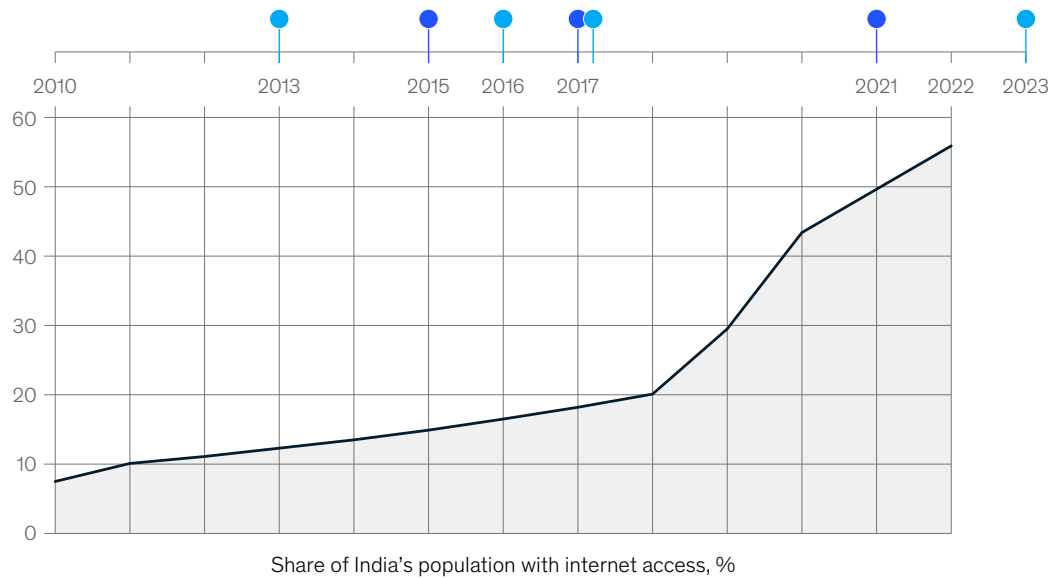
Similarly, expanding internet access rapidly in India was spurred by a dynamic iteration of improved technology from private sector companies like Reliance Jio and government policy, resulting in a low-cost option that delivered access to hundreds of millions of residents. The story also involved refining regulation over ten years, including building out a core 4G infrastructure, then a next-generation technology, and reducing transaction costs (Exhibit E5). Competitors responded with lower prices and scaling solutions.

Exhibit E5

A combination of steps by Reliance Jio and policymakers contributed to increasing internet access and connectivity in India.

Timeline of telecommunications company Reliance Jio's operation in India

Years when: ● Business-led innovations occurred ● Policy interventions occurred



- 2013: Reliance Jio begins 4G rollout infrastructure deployment under a strategy to deliver 4G services at reduced prices.
- 2015: India launches Digital India initiative to improve online infrastructure and increase internet accessibility in India, with multiple programs including BharatNet, a program to build infrastructure to connect 250,000 villages with at least 50 megabits per second and open the infrastructure to businesses.
- 2016: Jio goes live nationwide, offering six months of free 4G data and voice services. One hundred million users join over 170 days, driving down users' price of service by roughly 90 percent.
- 2017: The Indian government reduces intercompany charges for interconnections, which reduces the price of mobile plans even more.
- 2017: Jio introduces the JioPhone at a price of \$20. Customers buy more than 80 million units, which deliver internet access to tens of millions of first-time users.
- 2021: The Indian government abolishes interconnection charges, further reducing costs for companies and consumers.
- 2023: JioPhone Next, built with Google and costing less than \$50, targets an additional 500 million users. Jio also launches a \$12 version.

Source: World Bank; The Economic Times; Reliance Industries Limited; The Economist; McKinsey Global Institute analysis

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A narrow focus with the right collaboration and time frames can enable companies to meet business and societal goals

Companies may have difficulty finding business opportunities that align with solutions to societal issues, however, due to several common factors. For example, overextension occurs when companies take on too many issues, diluting their impact at best and confusing their strategy at worst. Finding effective solutions to obstacles may require collaboration with other organizations and institutions, which can be hard to achieve and is not always well executed or sustained. And corporate expectations for returns can be quite short, limiting investment in opportunities with business and societal rewards that often materialize only over a long period, given the additional orchestration needed.

Additionally, not all companies can address all societal issues. Criteria related to capabilities and incentives determine whether and how a business can play a role:

- **Capabilities fit.** Can a company's existing products, services, or supply chains be directed to resolving a specific issue? Does the company have the necessary R&D, distribution, or operations infrastructure (or potential) to create or deliver solutions at scale?
- **Economic viability.** Is there a market-based pathway to delivery, or available philanthropic or public funding? Many underprovision issues exist in contexts where end users cannot pay directly, which can make business involvement dependent on third-party support.
- **Regulatory and political environment.** Beyond funding, what policies, standards, or incentives, if any, enable (or block) business participation? Some issues require policy clarity, streamlined permitting, or cross-sector coordination.

Companies that meet the first criterion but face challenges in meeting the second two often encounter obstacles and need narrower focus, better collaboration, and longer time frames to move forward. Conversely, when all three factors align, business-led solutions can flourish rapidly, as the Zipline and Jio examples illustrate.

Such alignment underpins an approach we call “horses for courses” because it defines where and how companies—the horses—can best bring to bear their individual innovation and scaling capabilities if matched to the right issue, or course.¹³ This approach works like any other business opportunity but may require longer time horizons or plugging into coalitions of other businesses, nonprofits, philanthropy, and government when the questions of who pays and who delivers are more challenging than business as usual. What governments decide to prioritize is a separate decision and may depend on many local factors and trade-offs. We focus on the role of large companies (those with annual revenues exceeding \$1 billion) because they have outsize impact when it comes to innovation, scaling, convening, and setting norms for the business community more broadly—the very capabilities that propel them into society's spotlight.

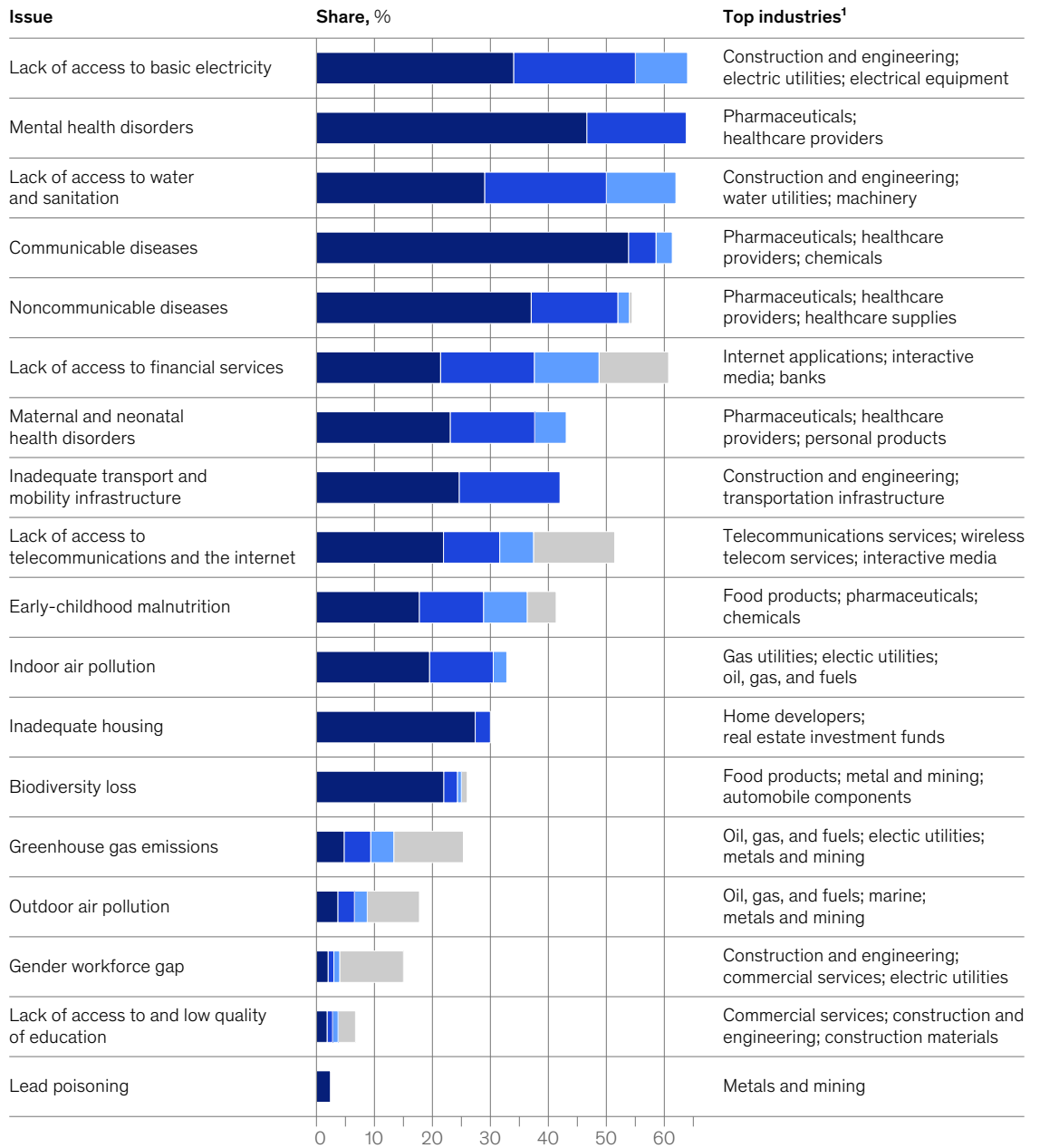
Based on existing research, we analyzed the value chains associated with each of the 18 societal issues in this study. To estimate the degree to which companies and industries could help accelerate progress on underprovision issues, we assessed their share of the value added of required interventions that would provide more of the needed goods and services. For negative environmental externalities such as emissions, we assessed their share of contribution to those externalities. By those measures, we find that large companies today account for about 30 percent of the value at stake in accelerating progress across the 18 issues, which is roughly equal to their share of global GDP.

Using this analysis as a proxy for which companies can best accelerate progress across these issues, we find that each company or industry has the capabilities to move the needle on innovation and scaling for only a handful of issues. Ten out of 69 industries we analyzed have capabilities that make them leading candidates to accelerate progress on four or more of the 18 issues, and 41 industries have capabilities that could address one to three issues (Exhibit E6). While our list of issues isn't comprehensive, given the low share of issues relevant to each industry, combined with challenges arising from the market contexts in which these issues occur, it makes sense for companies to choose societal issues by focusing narrowly and in a sustained manner.

Relatively few industries can contribute significantly to resolving each issue.

3 industries with the greatest share of large-company potential to resolve each issue

Industry with: ■ Largest potential ■ 2nd largest ■ 3rd largest ■ Large companies outside top 3 industries



¹To avoid double counting, only the most relevant step in the value chain was used to determine the top industries that could contribute to resolving an issue. Thus, downstream or upstream industries are not considered in this analysis but still have a vital role to play.
Source: McKinsey Global Institute analysis

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The flip side of focusing on a few issues is that impact can be large relative to an industry's current market size. For example, healthcare providers generate just 4 percent of revenues across large companies overall, but they could account for 35 percent of the progress to improve maternal and neonatal health, 25 percent to reduce noncommunicable diseases, 25 percent to improve mental health, and 8 percent to reduce communicable diseases.¹⁴

These impacts can also be large relative to an industry's size in dollar terms. Take noncommunicable diseases: Accelerating progress would require about \$1 trillion in additional spending on top of the recent historical rate, roughly two-thirds of which is linked to pharmaceutical interventions.¹⁵ Absent any obstacles to company action, this represents a business opportunity equal to about 40 percent of the current revenues of large pharmaceutical companies.

Conversely, accelerating progress on transportation infrastructure would require about \$70 billion in additional annual investment, with about 25 percent of the investments potentially going to construction and engineering firms. This is equal to 1 percent of current revenues for large companies in the construction and engineering sector. While this percentage is modest in the context of overall industry revenues, it could represent significant opportunities for individual companies operating in or expanding into these markets.

By contrast, some industries don't have a prominent role to play in solving any issue we studied but make their primary impact in other ways. For example, the semiconductor industry is one of the most important contributors to global productivity growth and thus to economic development and acceleration of progress on the societal issues we studied.¹⁶ Industries can also play critical roles as suppliers, distributors, financiers, and influencers, particularly in resolving intermediation challenges and other market obstacles. For example, large companies are not currently the main source of products with lead, so opportunities for them to address lead appear limited. However, through orchestration and intermediation in low- and middle-income contexts, large companies might sell unleaded alternatives or testing technology, convene actors in fragmented supply chains to monitor product safety, and raise public health awareness through their marketing and employees.

An economy-level view of cost, scale, and time horizon can frame societal choices

We find that accelerating progress on the 18 issues we analyzed to the level achieved in the countries that have made the most progress in reducing them would require annual expenditures of \$6 trillion in total, or three times the total profits of Fortune Global 500 companies in 2024—an insurmountable hurdle without a decision by society to allocate public funding or other resources.¹⁷ Economic benefits would more than offset that cost across all these issues, so in principle, addressing them could pay off—but often only over decades.

The combination of high costs and long time horizons will require society to balance intervention against the current use of resources and costs of change. Furthermore, the scale and wide variation of obstacles across interventions, even within issues, means that cost-effectiveness from a societal perspective would benefit significantly from granular prioritization. As a starting point, we collected estimates of the benefit-to-cost ratios (BCRs) of each issue from existing research. This identified the wide range of potential returns across issues: For example, the BCR typically is roughly two times investment for upgrading transportation infrastructure and between ten and nearly 40 times for reducing early-childhood malnutrition.

While BCRs provide a broad view of overall cost-effectiveness, more granular views often reveal wide variation in economic returns within an issue. This is especially the case for issues such as noncommunicable diseases, greenhouse gas emissions, education, and transportation infrastructure, each of which will require investment exceeding \$200 billion annually to accelerate progress.

Similarly, the time horizon over which human benefits and economic returns are realized can vary. For example, investment to mitigate greenhouse gas emissions is front-loaded, with benefits accruing over decades, so questions of financing and sequencing are part of the cost-effectiveness equation. In contrast, many solutions to the health issues we studied can have relatively rapid economic impact.









































































For each of the 18 issues, we identified the countries where an issue is most prevalent and categorized the level of economic development in those countries as either “exiting poverty,” “accelerating empowerment,” or “transforming mature systems.” On this basis, the 18 issues can be clustered according to their prevailing economic context (Exhibit E7). The issues with the highest annual costs are most prevalent in high-income countries, but BCRs and time horizons for economic benefits to materialize can vary widely in all market contexts.

Exhibit E7

Issues fall into three clusters, depending on the income level of the countries in which they are most prevalent.

Prevalence of societal issues across countries by income level

Lowest prevalence  Highest

ISSUE CLUSTER ¹	Countries' income level			
	Low	Lower middle	Upper middle	High
Exiting poverty				
Lack of access to basic electricity				
Early-childhood malnutrition				
Maternal and neonatal health disorders				
Indoor air pollution				
Lack of access to water and sanitation				
Lack of access to and low quality of education				
Accelerating empowerment				
Lack of access to telecommunications and the internet				
Inadequate housing				
Inadequate transport and mobility infrastructure				
Communicable diseases				
Lack of access to financial services				
Outdoor air pollution				
Lead poisoning				
Transforming mature systems				
Gender workforce gap				
Noncommunicable diseases				
Biodiversity loss				
Mental health disorders				
Greenhouse gas emissions ²				

¹We clustered the issues using a low-income cutoff and a high-income cutoff.

²We estimated prevalence by concentration level of greenhouse gas emissions emitted by country.
Source: World Bank; McKinsey Global Institute analysis

While these metrics can help guide choices, particularly at a granular, project level, they can't capture every aspect of the value of better health or education, for example. Adjusting for noneconomic factors such as increasing disability-adjusted life years may result in a different prioritization. Even the discount rate used to calculate BCRs can shift results: We use a 5 percent rate, which is relatively high for social investments and low for corporate investments, but no single standard exists. Nonetheless, a large amount of research goes into determining the cost-effectiveness of addressing societal issues and can help support transparent societal choices about public resources and policy.

This research offers a vision of what could lie “beyond ESG.” At the core of the ESG rethink lies a simple insight: Companies can create real value for society but only if they focus on where their core capabilities can make the biggest difference and if they decide that action meets their company's goals.

A capabilities-based, horses-for-courses approach requires identifying where and how companies are best suited to address societal issues. History is chockablock with examples of the many ways in which companies find business opportunities, all of which have structural similarities when it comes to advancing innovation and scaling or making business models work in the interests of societal needs, to help society under many different circumstances. In some cases, companies can act immediately. In others, policy interventions and collaborations are required to adjust the conditions and enable private-sector participation. Whether to do so is a societal choice about funding, regulation, and coordination.


Endnotes


- ¹ James Manyika and Monique Tuin, "It's time to build 21st century companies: Learning to thrive in a radically different world," McKinsey, May 2020.
- ² More than 60 percent of the 32,000 respondents in 28 countries surveyed for the 2024 Edelman Trust Barometer said they expect CEOs to address changes occurring in society, not just those affecting their businesses. For more information, see *2024 Edelman Trust Barometer: Innovation in peril*, Edelman, January 2024.
- ³ McKinsey publishes its sustainability report annually. For more information, see *Accelerating sustainable and inclusive growth for all*, McKinsey, May 2025.
- ⁴ In a 2022 survey, 94 percent of chief experience officers reported that their responsibilities related to ESG had expanded over the three previous years. Additionally, 88 percent of them reported increasing the time they dedicate to ESG. For more, see *McKinsey Talks Operations*, "Turning ESG aspirations into results: The role of functional leaders," blog post by Raj Luthra, Fernando Salas, Abhishek Shirali, and Edward Woodcock, McKinsey, November 29, 2022.
- ⁵ Chris Flood, "Investors warned of 'green-washing' risk as ESG-labeled funds double," *Financial Times*, April 24, 2023; Patrick Temple-West, Hannah Wendland, and Simon Mundy, "ESG under fire in US state capitals," *Financial Times*, July 25, 2022; Brooke Masters and Patrick Temple-West, "The real impact of the ESG backlash," *Financial Times*, December 4, 2023; Jun Frank and Anna Desis, "2025 U.S. proxy season: Midseason review finds sharp drop in shareholder resolutions on ballot," ISS-Corporate, May 22, 2025.
- ⁶ *A new look at how corporations impact the economy and households*, McKinsey Global Institute, May 2021.
- ⁷ Lucy Perez, Dame Vivian Hunt, Hamid Samandari, Robin Nuttall, and Krysta Biniek, "Does ESG really matter—and why?" *McKinsey Quarterly*, August 2022. Our previous work and a wide body of literature analyze such stakeholder value issues. See *A new look at how corporations impact the economy and households*, McKinsey Global Institute, May 2021; Rebecca Henderson, *Reimagining capitalism in a world on fire*, PublicAffairs, 2020; Alex Edmans, *Grow the pie: How great companies deliver both purpose and profit*, Cambridge University Press, April 2020.
- ⁸ Underprovision issues, like environmental issues, arise in part from externalities. They are about an underprovision of goods that generally have a positive externality (both economic and noneconomic) such as healthy lives, rather than a negative externality such as pollution, which is a type of overproduction. In practice, many other market failures can arise to worsen both types of issues, as we analyze in chapter 2. In some cases, especially noncommunicable diseases and mental-health issues, problems might arise from diet or workplace factors, and there might be opportunities for companies to have a positive impact by preventing these problems in the first place. In this study, we focus on the interventions designed to tackle the issues that already exist; for additional discussion of how these companies affect health, see Anna B. Gilmore et al., "Defining and conceptualizing the commercial determinants of health," *The Lancet*, April 2023, Volume 401, Number 10383.
- ⁹ Companies also face a third type of issue, which is whether to influence political debates. These issues are not about creating value for stakeholders or society through their core business and so are beyond the scope of this research.
- ¹⁰ Lant Pritchett and Addison Lewis, *Basically, economic growth is enough, and only economic growth is enough for the basics*, March 2022; Aart Kraay, "When is growth pro-poor? Evidence from a panel of countries," *Journal of Development Economics*, June 2006, Volume 80, Number 1; Lant Pritchett, *The case for economic growth as the path to better human wellbeing*, October 2024.
- ¹¹ Mortality rate, infant (per 1,000 live births), World Bank, accessed June 21, 2025.
- ¹² Frank W. Geels and Caetano C. R. Penna, "Societal problems and industry reorientation: Elaborating the Dialectic Issue LifeCycle (DILC) model and a case study of car safety in the USA (1900–1995)," *Research Policy*, February 2015, Volume 44, Number 1.
- ¹³ For another set of criteria that defines where companies are fit for purpose to address societal issues, see Alex Edmans, "What social responsibilities should companies have? A new approach," *Wall Street Journal*, October 1, 2023.
- ¹⁴ In each case, we assessed the companies with the products or operations most closely linked to interventions needed to address an issue, consistent with our focus on innovation and scaling capabilities. Some companies may play additional roles beyond those we identified in the literature. In many cases, those companies are suppliers, distributors, financiers, and influencers, which we discuss in the full version of this report.
- ¹⁵ For health issues, our accelerated scenario is based on applying known technologies at scale, as identified in the report *Prioritizing health: A prescription for prosperity*, McKinsey Global Institute, July 2020. In some cases, especially noncommunicable diseases and mental-health issues, problems might arise from diet or workplace factors, presenting an opportunity for companies to have a positive impact by preventing these problems in the first place. In this study, we focus on the interventions designed to tackle the issues that already exist. For additional discussion of how these companies affect health, see Anna B. Gilmore et al., "Defining and conceptualizing the commercial determinants of health," *The Lancet*, April 2023, Volume 401, Number 10383.
- ¹⁶ *The next big arenas of competition*, McKinsey Global Institute, October 2024.
- ¹⁷ Fortune Global 500, *Fortune*, August 2024. We generally define acceleration with a best-in-class or regional rate that is applied to all countries, with some exceptions such as in the case of emissions scenarios that are already well established. For more, see chapter 2 of the full report.

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