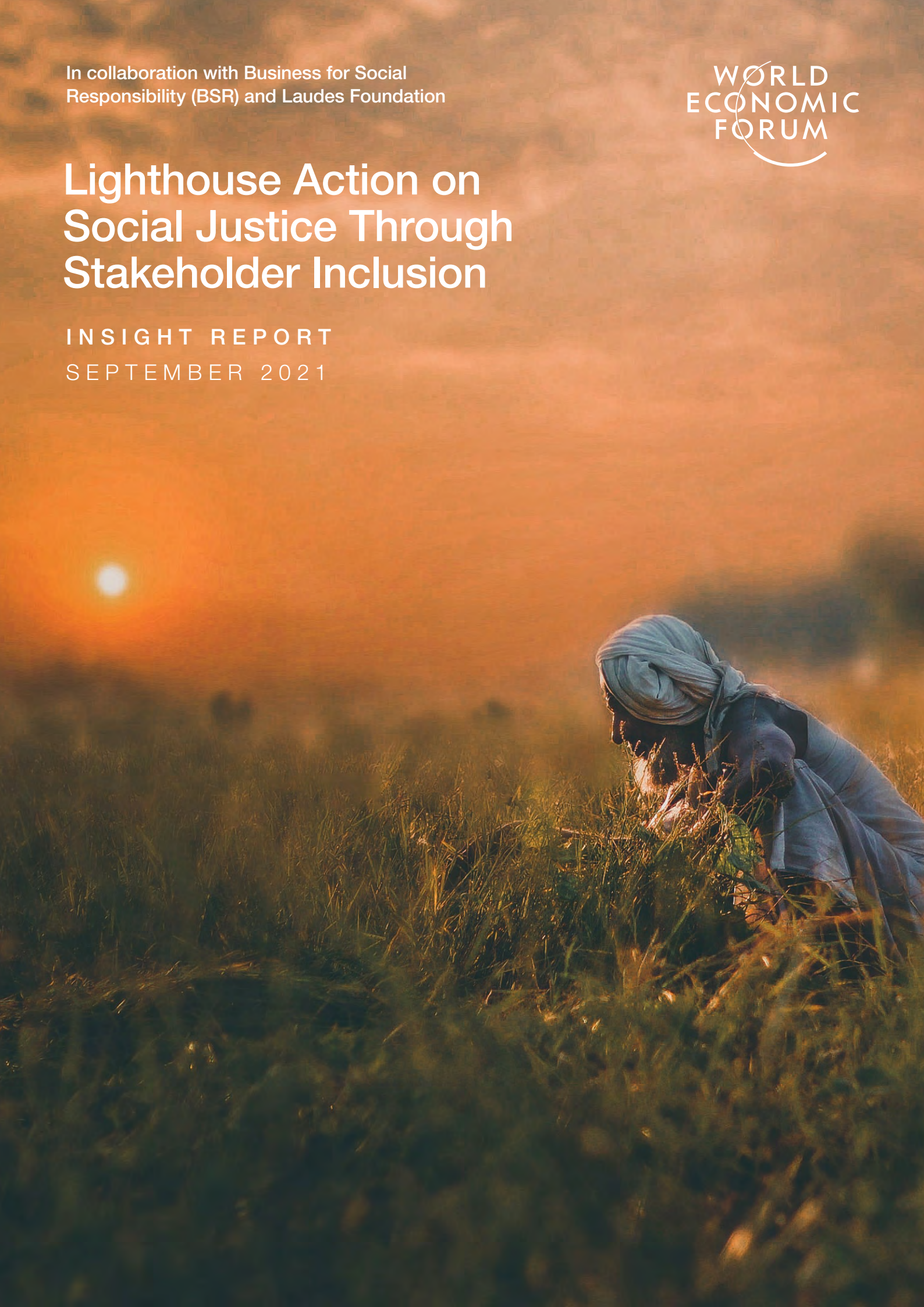


In collaboration with Business for Social  
Responsibility (BSR) and Laudes Foundation



# Lighthouse Action on Social Justice Through Stakeholder Inclusion

INSIGHT REPORT  
SEPTEMBER 2021



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# Foreword



**Amol Mehra**, Director, Industry Transformation, Laudes Foundation



**David Sangokoya**, Head, Civil Society and Social Justice, World Economic Forum



**L. Simone Washington**, Director, Diversity, Equity and Inclusion, Business for Social Responsibility (BSR)

Business leaders are being called to act. The dual crises of climate change and inequality, set against the ravages of a global pandemic, have brought into stark awareness the untenability of the status quo. Demands have risen for governments to “build back better”, towards a more just, regenerative and decarbonized global economy. Business is at the heart of this economy, and stakeholders are increasingly turning to business leaders and demanding that they too contribute to achieving this new normal that centres social justice and equity alongside care for the planet.

This paper, *Lighthouse Action on Social Justice Through Stakeholder Inclusion*, is premised on the notion that strong partnerships and collaborations with stakeholders, including communities, workers and civil society, are critical if we are to best achieve outcomes that address and alleviate inequality. The paper provides an initial roadmap of ways in which businesses are addressing social justice and equity through these partnerships: first, in making bold new investments targeting impacted communities in value chains; next, in influencing public policy and speaking out as corporate citizens; finally, in applying rigorous accountability practices and sharing power with workers and communities in

their supply chains. The paper details examples of leading efforts in each approach and provides an understanding of the ways in which stakeholders were included to help drive that changed behaviour.

It is critical to note that this paper is not focused on how businesses must also ensure, through their own operations and business relationships, clear alignment with internationally agreed standards and expectations, including the United Nations Guiding Principles on Business and Human Rights. These standards are increasingly being reflected in law, including through the strong momentum for mandatory human rights and environmental due diligence (mHREDD) across the EU.

This paper is instead a starting point for further action – directed at addressing demands and opportunities for business leaders to step up for social justice and equity within the communities and societies with which they engage. We hope that by shining a light through the examples that follow, we can accelerate action towards a new economy that centres on the dignity and rights of each individual and ensures respect and protection for the environment. This is achievable. The time is now for business to put social justice and equity into action.



# Executive summary

The call for greater corporate responsibility for people and planet is not new. In recent years, the COVID-19 pandemic and a host of other converging factors have catalysed an emerging momentum in companies to recognize and consider what they owe in their ecosystems, value chains and communities – and to whom they owe it. Addressing social justice issues through greater inclusion of often marginalized and ignored stakeholders has been widely discussed as essential in “building back better” by businesses and government.

As a result, many companies are asking questions about how they could contribute to addressing social justice and equity through meaningful engagement with external stakeholders. This insight report aims therefore both to inform corporate leaders about potential approaches during this moment and to provide deeper reflection on the direction in which their actions must continue to evolve towards greater systemic action.

The insight report presents nine “lighthouse examples” illustrating three areas in which business is partnering with communities and civil society to accelerate action on equity and social justice:

- In making new, bold investments targeting impacted communities in value chains and ecosystems

- In influencing public policy and speaking out as corporate citizens
- In applying rigorous accountability practices and sharing power with communities in their supply chains and in the communities they affect

These case studies highlight four critical tenets that are proving impactful in building corporate action on social justice through stakeholder inclusion:

1. Stakeholder inclusion – through recognizing, co-designing, partnering and learning with impacted stakeholders – must be at the centre of any corporate action on equity and social justice in our unequal world.
2. Stakeholder inclusion is only the beginning – positioning business on the path towards redesigning business models that shift power and value away from shareholder primacy.
3. Businesses should take a holistic view on equity and social justice, in both promoting positive outcomes and addressing their specific negative effects related to inequities in their value chains.
4. Critical dialogue and knowledge-sharing are needed to accelerate action beyond this moment.



**The pandemic shone a harsh light on the deep inequalities in our society and opened the door to a more equitable future. But in order to make that future a reality, companies – along with governments and civil society – must lean in and create real change. It will take all sectors pulling together on cutting-edge initiatives like these to propel us closer to a more equitable tomorrow.**

Laleh Ispahani, Managing Director, Open Society Foundations





“ We believe the actions we are committing to will make Unilever a better, stronger business; ready for the huge societal changes we are experiencing today – changes that will only accelerate. Without a healthy society, there cannot be a healthy business.

Alan Jope, Chief Executive Officer, Unilever

“ Targeted engagements with communities in the value chain, or companies actively influencing public policy to stand up for inclusive economies, are welcome developments. But to address the systemic risk of social inequality, we must transform business's role in society by moving away from a model of externalized social impacts; we need businesses that can profitably solve societal problems, without profiting from societal harms. The expectation on business to act responsibly is not new, but means placing people at the heart of business's models, purpose and value creation – a transformation we want to create in collaboration with governments, civil society, communities and business.

Gerbrand Haverkamp, Executive Director, World Benchmarking Alliance



# Introduction

Social, environmental and health challenges in 2020 created an inflection point for many business leaders to rethink the ways in which their businesses engage with communities around them and within their value chains. The global Black Lives Matter protests, responses to wildfires across the globe and the COVID-19 pandemic made clear the massive inequities that exist within our societies and how impacted communities are bearing the brunt of these hardships. This realization became a call to action – including for many business leaders who began to think critically about how to “build back better”, seeking to understand how to apply principles of equity and justice in their engagement and partnership with impacted communities and civil society.

This insight report, *Lighthouse Action on Social Justice Through Stakeholder Inclusion*, illustrates emerging “lighthouse” approaches and corporate leadership in improving stakeholder inclusion, in order to inspire and accelerate stronger partnerships with marginalized communities for long-term sustainability and more equitable futures. There is no single method or approach for companies to strengthen their equity and stakeholder inclusion work; however, by providing concrete examples from these emerging efforts, this report aims both to inform strategy and sustainability leaders across industries about potential approaches they could implement immediately and to provide deeper reflection on the direction in which corporate action on social justice and stakeholder inclusion must continue to evolve. In addition, the paper can help public policy-makers

and governments identify social justice approaches taking place within the private sector, to the extent that incentives and regulation could encourage and reward better practices.

As this report shows, integrating social justice and sustainability into business models is achievable – and some vital first steps are being taken to do this. It is important to draw a distinction between structural change that begins by addressing what organizations are doing to engage with communities and civil society as part of their own business models and value chains, which is the focus of this work, and that which exists outside of it or is predicated solely on philanthropic or corporate social responsibility-based (CSR) initiatives, as greatly valuable as that may be. Some companies are notably taking action, be it to commit to living wages for workers in their supply chains, pursue progressive taxation or ensure employee ownership of their business structures – measures that integrate equity and social justice into their business model.<sup>1</sup>

Section 1 of this report highlights five emerging and ongoing factors contributing to recent momentum around social justice and stakeholder inclusion. Section 2 profiles in detail the nine lighthouse examples from selected businesses, with each case describing important dimensions in which companies are advancing stakeholder inclusion. The final section details insights to help ensure that these individual lighthouse undertakings lead to larger systemic change – towards a new vision of social justice through stakeholder inclusion.







## BOX 1 | Definitions

**Social justice:** “A fundamental condition for people to coexist in peace and prosperity, within and between nations ... social justice is based on equal rights for all peoples and the possibility for everyone, without discrimination, to benefit from economic and social progress around the world.” (United Nations)<sup>2</sup>

**Equity:** “The strategic distribution of resources so that all groups reach comparable outcomes. It is markedly different than equality – which focuses more on inputs, treating all groups the same, and preserving the status quo.” (Business for Social Responsibility)<sup>3</sup>

**Stakeholders:** In a company, stakeholders are broadly individuals, groups or organizations that affect or are affected by the company’s actions, objectives and policies. (OECD)<sup>4</sup> Categories of stakeholders can include employees, shareholders, management, creditors, trade unions, customers, suppliers, local communities and future generations. This report focuses particularly on the stakeholders most affected by either the

direct actions of the company or the inequalities systemic to the company’s operating environment – including workers, suppliers and communities (“impacted stakeholders”).<sup>5</sup> See Figure 1.

**Living wage:** “Earning a living wage means the basic cost of living for a family is attainable by the adult wage earners. A living wage is paid when a worker receives remuneration that is sufficient to afford a decent standard of living for the worker and her or his family in their location and time. Elements of a decent standard of living include food, water, housing, education, healthcare, transportation, clothing and other essential needs including provision for unexpected events.” (Global Living Wage Coalition)<sup>6</sup>

**Living income:** A living income, which is different from a living wage, is the net income that a household would need to earn to enable all members of the household to afford a decent standard of living. (The International Social and Environmental Accreditation and Labelling Alliance, Living Income)<sup>7</sup>



# Emerging corporate momentum on social justice and stakeholder inclusion

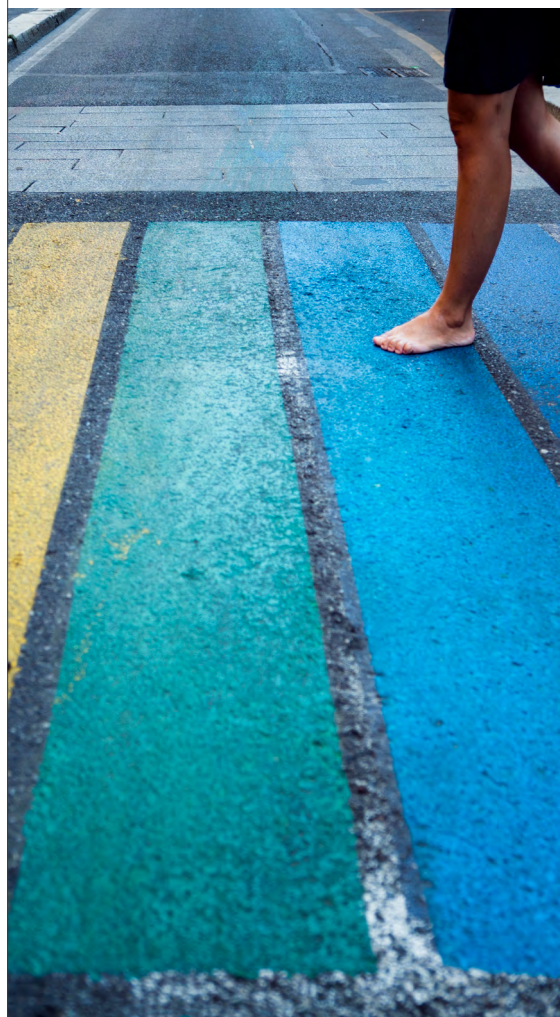
In past decades, the disruptions from global crises to the planet and the well-being of people – rising inequities, climate change, biodiversity loss, unprecedented corporate power – have influenced a greater number of private-sector, public-sector and civil society leaders to push for “an economic transformation of unprecedented depth and scale”.<sup>8</sup>

“People” and “planet” have been the most neglected stakeholders in global, interconnected economic systems, overshadowed in terms of power and influence while bearing the brunt of impacts caused by short-term profit-seeking and other harmful outcomes of shareholder primacy and state capitalism.<sup>9</sup> As the world’s economic systems face massive shocks such as the COVID-19 pandemic, the disproportionate impacts give greater visibility to [long-existing systemic inequalities](#) – across race, ethnicity, place, gender, sexual orientation, class, age and ability. Additionally, associated disruptions to social cohesion further emphasize how these inequalities work against people’s collective health and more equitable long-term value creation.

The urgent need for corporate stakeholders to take greater responsibility to people and planet is not new. This year marks the 10<sup>th</sup> anniversary of the UN Guiding Principles on Business and Human Rights, which provided guidelines for governments and companies to recognize, respect and redress the human-rights impacts on individuals and groups as rightsholders within economic systems and ecosystems.<sup>10</sup> Stakeholder capitalism offers a model that advocates a [rebalancing of priorities and power](#), taking into account the needs of all stakeholders, ensuring that this includes workers, communities and those affected by the company in question – towards more sustainable and inclusive futures for everyone.

However, in the past year companies have developed a growing commitment to consider in bolder, new ways what they owe in their ecosystems, value chains and communities – and to whom. For example, between the death of

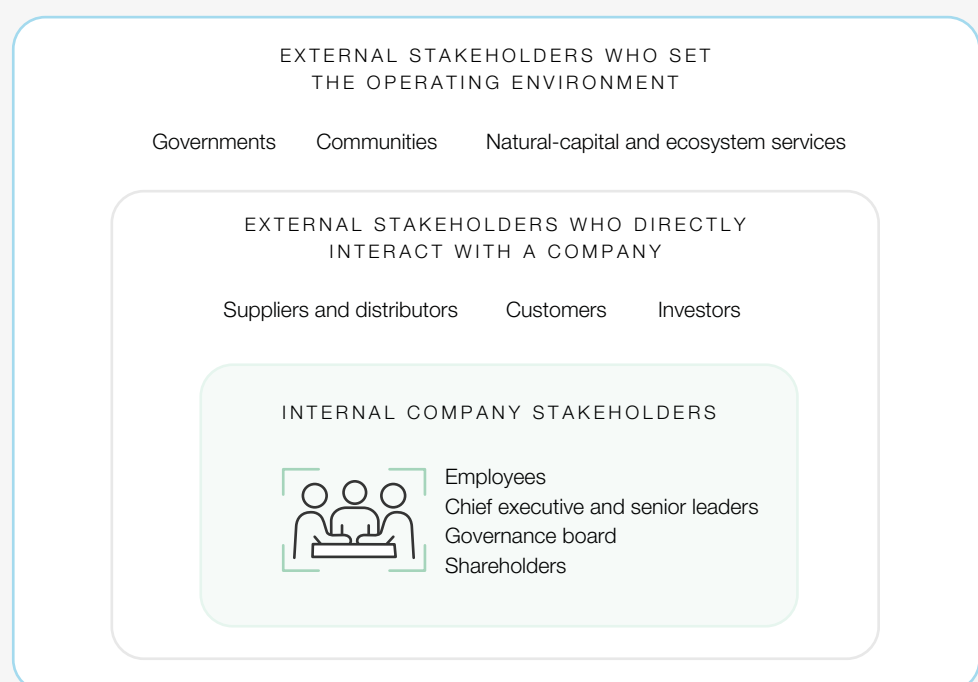
George Floyd in May 2020 and the subsequent global Black Lives Matters protests that took place up to the end of October that year, about one-third of Fortune 1000 companies responded by making a public statement on, or commitment to, racial equity, and the private sector pledged a total of [\\$66 billion to racial-justice initiatives](#). These factors have placed various pressures within and across companies to involve workers, communities and civil society more readily in their efforts to build back better towards more sustainable, inclusive futures.





1. Greater visibility of systemic inequalities – the COVID-19 pandemic, protests, [disruptions in social cohesion](#) and [vaccine inequity](#) for marginalized and impacted communities facing compounding inequalities: [growing demands for business](#) to speak out and take action in the recovery have highlighted [the importance of sustainable leadership](#) and sparked corporate [commitments](#) to a just and sustainable recovery, through deep listening and meaningful engagement with impacted communities including front-line workers, women, and Black, Indigenous and People of Colour (BIPOC) communities.<sup>11</sup>
2. [Ongoing social movements and activism](#) from [employees](#), [consumers](#) and [shareholders](#) focused on intersectionality and an integrated view of justice – economic, racial, gender, sexual orientation, climate, environmental, intergenerational: various internal and external pressures are pushing companies to take public stances and rethink their corporate purpose and the role they play in society. These actions have begun to prompt greater interest in engaging workers and those affected, as well as representative stakeholders from marginalized communities and civil society, as part of the company's long-term vision on these topics.<sup>12</sup>
3. [Corporate sustainability reporting standards \(ESG\)](#) and mandatory [human rights and environmental due diligence \(mHREDD\)](#) [legislation](#) – greater [emphasis on the “S” in ESG](#) (environmental, social and governance factors), globally accepted corporate sustainability [reporting standards](#), and how the company takes into consideration stakeholder interests beyond shareholders.<sup>13,14</sup>
4. A more ambitious diversity, equity and inclusion agenda [among leading businesses](#) – extending beyond the workplace and across value chains: justice, belonging and collaboration have become vital priority areas for diversity, equity and inclusion officers attempting to lead internal holistic equity and inclusion agendas. This requires deeper reflection on the [inequalities perpetuated by companies and industries](#), and collaboration needed with impacted stakeholders, particularly rights holders such as workers and suppliers, inside as well as outside the company.<sup>15</sup>
5. Reimagining meaningful community, social impact and SDG partnerships – [redefining corporate social impact](#) in the decade of action and bridging [social innovation and social justice](#): companies with existing non-profit and community partnerships are revisiting their CSR approaches and examining how to make systemic impact on equity. There is growing corporate interest in engaging BIPOC, women and other under-represented innovators as the boundaries and demands grow for inclusive impact and innovation.<sup>16</sup>

FIGURE 1 “Stakeholders can be placed into three broad categories, which depend on and connect and overlap with each other”



Source: [From Principle to Practice: Making Stakeholder Capitalism Work](#), McKinsey & Company



Stakeholder inclusion – particularly the recognition, participation and partnership of stakeholders facing the impacts of extractive business models and systemic inequities – represents an important indicator of the willingness of companies to weigh their interests against external, societal interests to protect people and planet. While companies directly or indirectly affect a wide variety of stakeholders through their operations, and have an oversized direct impact on their employees, this paper will focus on “impacted stakeholders” outside the

immediate company – within the supply chain or broader value chain – whose lives, livelihoods and well-being are the most affected by the company’s actions, and/or those that bear the brunt of negative impacts resulting from systemic inequalities in the environment within which the company operates. These include workers in the supply chain, vulnerable or marginalized communities within jurisdictions where a company operates, populations hardest hit by climate change and inequality, and others.



**We face three interlocking challenges: responding to structural social and economic inequalities; repairing the damage brought by COVID; and making a rapid shift to a net-zero economy. Doing so requires inclusive approaches to shape a new 21st-century social contract. Doing so will enable dignified prosperity for all the world’s people; societies in which all can shape their destinies; and innovative business solutions that expand opportunities and well-being for all.**

Aron Cramer, President and Chief Executive Officer, Business for Social Responsibility (BSR)

## BOX 3

### Key aspects in driving stakeholder inclusion

Stakeholder inclusion is a critical component in driving equity and can advance more strongly when companies take into account the following aspects:

- Recognition: of systemic inequalities and stakeholders affected by both business actions and broader systemic inequalities
- Co-design: identification, engagement and alignment of priorities to work together with impacted communities for shared value and results

- Partnership: models and approaches for working with impacted communities in meaningful and equitable ways
- Learning and accountability: feedback and accountability mechanisms ensuring impacted stakeholders receive maximum benefits through long-term collaborations and with mechanisms in place that ensure the company’s actions are leading to measurable progress

It should be noted that greater stakeholder inclusion is not the only way to rebalance power in stakeholder capitalism and work towards more inclusive futures beyond the current pandemic. Giving a greater number or diversity of people a seat at the table does not replace the need for systemic change in shareholder primacy and markets that continue to reward extractive business models, and other factors causing the imbalances in power and equity we are facing (including limitations in regional COVID-19 vaccine access). In addition, public policy-makers and governments play [significant roles in driving more inclusive economies](#) through incentives and regulations spurring broader change within national contexts.

Stakeholder inclusion, however, remains a fundamental next step at this time for companies looking to integrate social justice practices in their business models:

- In validating and informing the willingness of companies, governments and international organizations to listen beyond their echo chambers
- In providing deeper reflection and recognition of long-standing inequalities and the need for insights from impacted communities to [strongly shape outcomes to a greater extent](#)
- In helping determine how bold and more inclusive corporate and governmental solutions can tackle these crises in the coming decade, as the [outcomes of social impact and innovation](#) become more readily understood within the context of systemic inequalities
- In forging the type of sustainable leadership and partnerships needed to address our long-term crises – in posture and in practice<sup>17</sup>



Meaningful stakeholder engagement and corporate commitments to promoting equity throughout their value chains cannot take place without consideration of, hearing from and working with, workers in their core business and across their supply chain, which, in turn, often requires engagement with independent democratic worker organizations or trade unions. With an estimated [450 million people](#) working in global supply chains, trade unions are essential to magnify and represent workers' rights, voices and needs to the businesses for whom they help to supply goods.

In addition to playing central roles in the establishment of corporate living-wage commitments (highlighted later in this paper), trade unions work directly with companies to establish global framework agreements protecting human

rights related to specific issues. For example, Danone partnered with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) to [ensure sustainable employment for workers in their supply chain](#). Trade unions also work with businesses to co-create mechanisms and tools for improving stakeholder inclusion in industry supply chains, the aim being to protect and promote workers' rights. An example is the recent [seafarers' human rights due diligence toolkit](#) created by the UN Global Compact and other UN bodies, some of the world's largest corporates, the International Transport Workers' Federation and other social sector partners to address the global human rights issue of seafarers' being stranded on vessels during COVID-19.



**In the past, it wasn't always 'good for business' when corporate leaders took a public stand on pressing social issues. But times have changed, in part, due to the pandemic. As we recover and rebuild, and address the myriad disparities, long-standing racial inequities and social justice events of the past year, it's never been more urgent for business leaders to not only speak out, but to commit vital resources that deliver actionable, tangible solutions for our nation's most challenging problems. The time is now for public, private and non-profit leaders to work collaboratively – across every divide, every aisle and every sector – to build the tech-enabled systems and structures that will move us towards a more equitable and equal future where everyone can prosper.**

Rose Kirk, Senior Vice-President and Chief Corporate Social Responsibility Officer, Verizon





# Lighthouse examples

The insight report presents nine lighthouse examples illustrating three areas in which business is partnering with communities and civil society to accelerate action on equity and social justice:

1. In making new, bold investments targeting impacted communities in value chains and ecosystems:
  - The Resilience Fund for Women in Global Value Chains (UN Foundation, BSR, Women Win/Win-Win Strategies, Gap Foundation, PVH Foundation, H&M Foundation, the VF Foundation and the Ralph Lauren Corporate Foundation)
  - In Solidarity programme (Mastercard)
  - Replenish Africa Initiative (The Coca-Cola Foundation)
2. In influencing public policy and speaking out as corporate citizens:
  - Open for Business Coalition (39 major corporations)
  - Racial Equality and Justice Task Force (Salesforce)

3. In applying rigorous accountability practices and sharing power with workers in their supply chains and in the communities they affect:
  - Unilever's living-wage commitment (Unilever)
  - Farmer Income Lab (Mars, AB InBev, Danone, Oxfam, IDH, Livelihoods Fund for Family Farming, UNDP)
  - Patagonia's implementation of Regenerative Organic Certification in its apparel supply chain (Patagonia)
  - Amul Supplier Cooperative Ownership (Amul)

These cases detail the impacted stakeholders with which businesses are partnering, the manner in which they are partnering in a meaningful way, ways in which this approach is achieving positive results and the areas where these specific techniques and similar approaches could continue to grow.

Through these nine case studies, the report shows that it is possible for business to work for different stakeholders and highlights new approaches for strategy leaders to redesign existing mechanisms and structures to advance social justice. It also provides clarity on successes and pain points as companies explore more meaningful stakeholder inclusion for long-term value creation.

## Making new, bold investments targeting impacted communities in value chains and ecosystems

Businesses can invest in impacted communities within their value chains in multiple, complementary ways. They can invest financially, by providing money directly to communities or local organizations to enable them to address the specific issues they face. They can invest in infrastructure, providing access to core necessities such as water or creating opportunities to overcome systemic barriers such as access to education via investments in schools or digital infrastructure. And they can invest through training and building capacity, supporting communities by providing skills and knowledge to lead their own transformations.

These investments can be approached either through philanthropic giving, such as donations from corporate foundations, or through core business investments, for instance, requirements for supplier diversity. Indeed, some businesses are

approaching this from both angles. For example, Verizon Business Group has [committed \\$1 billion in spending with diverse suppliers each year](#), while, through its philanthropic commitments, it is working directly with 1 million women- and minority-led small businesses to develop and produce an integrated, technology-based platform that delivers content, coaching, networking and incentives for digital readiness.

While embedding investments into core business practices may create a more sustainable pathway to systemic change in the long term, both approaches hold value in terms of addressing systemic inequalities.

The following lighthouse examples detail how businesses are sharing power and decision-making on investments with the communities in their value chains in order to address equity issues.



## Resilience Fund for Women in Global Value Chains

**Region:** stage 1: South Asia; scale-up (2022): South-East Asia, Africa, Latin America/Caribbean

**Stakeholder group:** Women, including supply-chain workers; women's funds; feminist civil society organizations

**Industry:** stage 1: Apparel; scale-up: sectors with sizable female workforces

Founded by BSR, the UN Foundation's Universal Access Project and Women Win/Win-Win Strategies in partnership with corporate partners the Gap Foundation, PVH Foundation, H&M Foundation, the VF Foundation and the Ralph Lauren Corporate Foundation, the [Resilience Fund for Women in Global Value Chains](#) is an innovative pooled-funding initiative for corporations, corporate foundations and private foundations to invest in the long-term health, safety and economic resilience of women who form the backbone of global value chains. The fund is building on emerging practices in philanthropy by investing in local women-led organizations and women's funds, and adopting democratized and participatory processes in governance and decision-making, to shift power from funders to grantee partners in order to better tackle the deep systemic issues underlying the health, safety and economic needs of women exacerbated by the COVID-19 pandemic.

The fund aims to raise at least \$10 million from corporate and other investors to support women-led organizations, directly and through women's funds, working on issues of women's health, gender-based violence and economic resilience in up to five regions globally over three years. Through its Learning Hub, the fund seeks to build lasting relationships among companies, women's funds and grassroots women-led organizations and serve as a model for cross-sector dialogue, learning and innovation on these issues. In doing so, it also hopes to create a roadmap for corporate investors and others who are interested in pooled-funding mechanisms and democratized, decolonized engagement with those they seek to support.

**Recognition:** Several companies, in the effort to "build back better", have recognized systemic risks in their value chains – particularly those faced by women, who form the backbone of many global supply chains. These women often lack access to essential health services and are repeatedly exposed to sexual harassment and other forms of gender-based violence, as well as unequal pay and other forms of discrimination and power imbalances in workplaces and communities.

**Co-design:** The fund flips the equation from the long-held practice of global funders handing over

predetermined solutions and metrics for success to recipient communities. Instead, it takes a decolonized approach that invests in the vision of local feminist and community leaders who know what works best in their own contexts to address the key issues at the heart of the fund's work. This starts with the application process in which the fund establishes approaches to ensure broad access through multiple local languages. Applicant data generates analytics that provide a picture of the main issues faced by women in local communities and the strategies they believe are needed to address those issues.

Grantee partners are then selected by a governing board with equal representation from women's funds/local organizations and from corporate investors. By providing grantee partners with unrestricted funding, the fund gives them autonomy to determine how best to spend the grant money, along with the flexibility to use those funds to respond quickly to changing circumstances. Furthermore, it is the grantee partners themselves who advise the fund on how they intend to measure the success and impact of their work.

**Partnership:** Partnering is at the heart of the fund's ethos, which centres on shifting the balance of power from funders to the groups they support. Through its shared-governance approach, women's funds and grassroots organizations share equal responsibility with corporate partners, not only in grant-making decisions, but also in setting the overall policies and direction of the fund. This governing board encourages new and dynamic conversations about the issues central to the fund's work and the best ways to address them.

**Learning and accountability:** The fund will connect corporate and other funders, grantee partners and additional stakeholders through a Learning Hub that will serve as another vehicle to build community and networks among those focused on the issues of women's health, safety and resilience in global value chains. The Learning Hub will provide a technology-rich learning environment for funders, grantee partners and other experts to come together, shifting from a "monitoring and evaluation" model to real-time, two-way learning among investors, feminist leaders and other stakeholders in order to discuss local successes, challenges and emerging issues. This marks an important pivot away from conventional funder-driven data collection and towards a model for collecting robust qualitative and quantitative information that captures the realities facing communities in real time, allowing for faster sharing, replication and adaptation.





## Mastercard's In Solidarity fund

**Region:** North America (USA)

**Stakeholder group:** Black and under-represented minority communities

**Industry:** Financial services

In response to mounting incidents of racial inequity and injustice across the United States, Mastercard launched the [In Solidarity](#) plan in June 2020 and made a public pledge in September 2020 through its Center for Inclusive Growth. In Solidarity is an enterprise initiative to invest \$500 million in Black communities in the United States over the next five years with a focus on seven cities, which Mastercard is delivering in a number of ways. Through In Solidarity, the company has created efforts to support the creation and growth of Black-owned businesses through its business and philanthropic investments as well as training and support. The centre provided grants to civil society partners such as the [Fearless Foundation](#) to provide access to capital and training to Black women entrepreneurs; the [National Urban League](#) to support their entrepreneurship and workforce development centres and capacity building; and the [Black Economic Alliance](#) to support creating and institutionalizing the Center for Black Entrepreneurship (CBE), the first-ever academic centre to assemble, educate and support a new class of Black entrepreneurial talent. Through the business, Mastercard launched a new [Start Path track](#), the company's global start-up engagement programme, dedicated to supporting under-represented fintech founders. The start-ups will receive stage-relevant support, including enterprise partnership readiness training, mentorship and coaching, as well as curated commercial and investor introductions. This new programme complements Mastercard investments in minority-focused VC funds including Authentic Ventures, Fearless Fund, CNote and the Astia Fund. Additionally, Mastercard is sharing its aggregated and anonymized data with community leaders so that they can understand the real-time impacts of closures, disbursements and other pandemic-related challenges. Beyond direct community investments, Mastercard is investing in holistic systemic change and addressing systemic inequalities through partnerships with organizations such as the Aspen Institute to restructure and

reimagine economic systems in the wake of the COVID-19 pandemic. This includes moves towards a national strategy for inclusive financial systems that are designed to be outcome-driven, uprooting the systemic bias that has hindered numerous communities across the country.

**Recognition:** Mastercard and its Center for Inclusive Growth identified the racial wealth gap in the United States, and compounding systemic inequalities such as the digital divide, not only as a societal issue, but also as a key impediment to access within its value chain.

**Co-design:** As a part of the In Solidarity tour, the centre met with leaders from local city, non-profit and philanthropic institutions to talk about their desired vision within the seven cities in the next couple of years. Data and insights shared by all participants encouraged discussions on how to best partner locally to support small business-enabling ecosystems, improve the access and use of financial services, protect against economic shocks that erode wealth-building and retention and meet the immediate needs and priorities of local stakeholders that support closing the wealth gap.

**Partnership:** Responding to the insights garnered from speaking to local community leaders, the centre led an event series on Inclusive Growth in St Louis to analyse those excluded from St Louis's economic growth benefits, identify the policies that have led to the unequal distribution of opportunities and raise achievable recommendations to become a more inclusive economy. This series was guided by an advisory committee made up of community leaders, including local activists, from different neighbourhoods in St Louis and comprised voices diverse in sector, age, gender and racial background, who set the agenda and developed the series' theory of change. This ensured that the appropriate voices were heard and will be represented in any future design or planning.

**Learning and accountability:** Through the local consultations and advisory committees, leaders and staff at the centre developed relationships with community leaders, learned about existing grassroots initiatives and formed new partnerships to help sustain engagement and impact.



Knowing that no single organization can resolve the continent's water crisis, RAIN has demonstrated that business, civil society, NGOs and government can work together to develop sustainable solutions. We invite other companies, national governments and civil society to work not only to scale up the impact of RAIN but also to create innovations and other best practices across the continent.

Dorcas Onyango, Africa Sustainability Director, The Coca-Cola Foundation



## The Coca-Cola Foundation's Replenish Africa Initiative

**Region:** Africa

**Stakeholder group:** Rural communities with limited access to water

**Industry:** Food and beverage

Funded by The Coca-Cola Foundation, the Replenish Africa Initiative (RAIN) was launched in 2010 in response to the severe water and sanitation challenges faced by the nearly 300 million people in Africa who live without access to clean water. The programme has focused on three types of projects: water access, sanitation and hygiene (WASH); productive and sustainable use of water; and watershed protection. As a result of RAIN, more than 6 million people today have improved access to water, sanitation and hygiene; have clean water access in/close to their homes, in their schools or local clinics; are less exposed to waterborne illnesses; and spend less time collecting water and more time on productive activities.

RAIN has proven to be a continent-wide success story, established as an efficient, flexible and resilient platform to deliver safe and sustainable WASH to many of Africa's most underserved and at-risk communities. It is the largest pan-African clean water programme currently operating on the continent, thanks to an established network of more than 300 local and international partners including governments, the private sector and civil society.

Building on the success of RAIN, in 2020 Coca-Cola launched a global 2030 water strategy with the ambition of achieving water security for all. To activate the strategy, it will continue to support improved access to water, sanitation and health for communities –especially for women and girls – while expanding its efforts on watershed protection and health. It is focusing its efforts on instigating and supporting collective action and engagement for better availability and quality of water resources, including by supporting its suppliers to achieve climate-smart and water-sustainable farming. It is also supporting and encouraging further strategic multistakeholder partnerships and coalitions towards achieving the United Nations [Sustainable Development Goals](#) while recognizing that communities are not just beneficiaries but vital stakeholders and consumers for the business sector and partners in community development projects.

**Recognition:** While the fact that nearly 300 million people in Africa live without access to clean water, a basic human right, deserves attention in and of itself, Coca-Cola also recognized that many of these people live in the communities in which Coca-Cola operates, and thus it needed to – and had the ability to – play a role in addressing community water-related challenges. Water is the

vital ingredient required to deliver Coca-Cola's water security ambitions for its products, system and value chain. As a future-facing, consumer-centric business, it depends for its growth on sustainable quantities of high-quality water. Safe, accessible water is essential to the health of the communities in which it operates, to its product's ingredients and the ecosystems in which they are grown, and the health and stability of its markets around the world. Effective management of water-related risks, conservation of resources and its contribution to providing community access are not only vital to Coca-Cola's business growth and sustainability, but are all also increasingly important to its investors, share-owners, customers and consumers at large.

**Co-design:** Coca-Cola recognizes that, while large private companies have the capacity and resources to help address the global water crisis, they cannot do it alone. RAIN engages communities at all levels of project implementation – from design to closure and, ultimately, sustainability. In the past decade, RAIN worked in 4,000 communities in 41 African countries, each with its own specific context. To design the local project, Coca-Cola involved communities from the start. The company consulted with community members to understand their specific water-related challenges and needs, then ensured that they were actively engaged in designing the solutions. This meaningful involvement from the beginning was vital to ensuring community trust and success throughout the implementation and eventual handover of the local initiatives, and to guarantee sustainability.

**Partnership:** The project solutions for RAIN initiatives, co-designed by the community, employ participatory approaches that offer economic opportunities for women, youths and other community members to engage with or lead the projects. For example, youths were employed to help install the solutions and earn a wage, while farmers were trained in smart agriculture to contribute to securing watershed health while simultaneously improving their margins.

**Learning and accountability:** To ensure long-term sustainability, all projects are eventually handed over to a designated community entity or the mandated long-term service provider, depending on the type of project. This is critical for sustainability and goes back to ensuring local ownership. After providing catalytic support to establish the financial, technical, social, institutional and environmental foundations for the sustainability of the projects in partnership with local communities, Coca-Cola hands full ownership over to the communities, enabling them to run the projects in the long term and ensure that the projects are constantly evolving to address the needs of the community.



## Influencing public policy and speaking out as corporate citizens

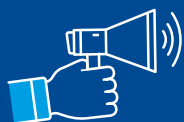
Businesses, especially large national and multinational corporations, have a tremendous amount of influence and power in the policy realm. These factors can also be used to champion the perspectives of workers, communities and civil society. While corporate advocacy towards social equity aims at the policy level can be extremely beneficial, this cannot be used as a cover for businesses' own policies and practices or their direct impacts on communities within their value chains. At a minimum, businesses should implement the United Nations Guiding Principles on Business and Human Rights and follow relevant guidelines and standards with respect to human rights and the environment. Additionally, to be even more effective in their efforts towards supporting systemic change, businesses should invest

meaningfully in promoting equity aims through their own operations. Salesforce, for example, through its Racial Equality and Justice task force, is [backing up its policy advocacy](#) with a philanthropic investment of \$200 million and 1 million volunteer hours to address racial equity and justice over the next five years, a \$200 million purchasing commitment to Black-owned businesses and under-represented minority-founded companies by 2023 and ambitious internal targets for diversity, equity and inclusion.

The following lighthouse examples detail how businesses are engaging with workers, communities and civil society to amplify and advocate for policy reforms that promote social equity aims.







## Open for Business coalition

**Region:** Global

**Stakeholder group:** LGBT+ communities

**Industry:** Multiple

Open for Business is a coalition of 39 companies (including Accenture, Brunswick Group, Facebook, Google, GSK, IBM, IKEA, Mastercard, McKinsey, Unilever and Virgin) advocating for LGBT+ inclusive policies, based on their corporate practices and policies of inclusion – focusing especially on countries where there is discrimination against LGBT+ communities. Open for Business presents data showing that LGBT+ inclusive economies are more competitive and uses this to fuel the advocacy of business leaders at a local and global level, working in partnership with LGBT+ civil society organizations. Programmes are currently running in the Caribbean, East Africa and Eastern Europe, and will soon be launching in ASEAN. The focus of Open for Business is on relationships with, and support for, employees, customers and the broader community. It is about creating open and free societies in which businesses and people can thrive.

**Recognition:** Open for Business is a response by a number of leading global businesses to the growing backlash against LGBT+ inclusion in many parts of the world. A number of companies have become advocates for LGBT+ inclusion where LGBT+ equality is more established – for example, supporting campaigns for marriage equality and non-discrimination in the US and Europe. However, in many countries such advocacy carries greater political risk. Open for Business helps companies remain consistent in their values in two ways: first, it provides a collective business voice in such contexts; second, it reframes the debate from a purely adversarial discussion of values and rights – all advocacy is based on business data and economic data showing that LGBT+ inclusion leads to improved performance.

**Co-design:** Open for Business has adopted “nothing about us without us” as a core principle, and so ensures that all activities are rooted in the objectives of LGBT+ communities and aligned with their strategies. The coalition was founded in close consultation with civil society groups – both global organizations and local activists – and its programmes are continuously developed and implemented by working closely with LGBT+ communities around the world.

**Partnership:** As a coalition, Open for Business has an inherently collaborative way of working. It has an extensive network of partnerships with civil society organizations across the Caribbean, East Africa and Eastern Europe. It works with the leading global LGBT+ organizations, including the Human Dignity Trust, Kaleidoscope Trust and Outright International. It has also collaborated with the United Nations Office of the High Commission for Human Rights, the Commonwealth Secretariat, the UK All Party Parliamentary Group on Global LGBT+ Rights, the European Union Parliament's Intergroup on LGBTI Rights and the Federation of Indian Chambers of Commerce (FICCI).

**Learning and accountability:** Open for Business has five years of experience enabling business advocacy for LGBT+ rights in challenging countries – and has learned a lot about how to make this possible. A programme advisory board of key stakeholders is established for every major campaign in order to guide activities and ensure that the programmes are held accountable to the needs of the communities they are serving. A global research advisory board of leading academics and researchers on LGBT+ and diversity issues ensures the integrity of the data and analysis. Open for Business publishes an annual impact report in order to be transparent about the activities and impacts of its programmes.





## Salesforce's Racial Equality and Justice Task Force's policy advocacy

**Region:** North America (USA)

**Stakeholder group:** Black communities

**Industry:** Technology

In June 2020, in the wake of protests across the United States in response to the murder of George Floyd and racial injustice in general, and with the COVID-19 pandemic disproportionately affecting communities of colour, Salesforce launched its Racial Equality and Justice Task Force to use its platform for positive social change, and to stand as allies to the Black community against racism, violence and hate. The task force took a holistic view on the ability of Salesforce to enact positive change, focusing on “4 Ps” – people, purchasing, philanthropy and policy – led by its equality and recruiting, procurement, philanthropy, and government affairs teams respectively.

While Salesforce has created – and continues to create – important and widespread effects through the people, purchasing and philanthropy pillars, this case focuses on the policy work of the task force. To date, the task force has achieved several concrete achievements. The task force policy committee published policy recommendations on police reform and successfully advocated for police reform initiatives in both California and Indianapolis, all of which passed. It also published voting rights policy recommendations and contributed to a coalition op-ed to encourage Indiana to allow no-fault mail-in absentee voting for its election. Additionally, it supported hate crimes legislation, advocating for the successful passage of a law in Georgia.

**Recognition:** In thinking about its entire value chain and the communities in which it operates, Salesforce recognized that Black and other under-represented minority communities face systemic inequalities and discrimination related to policing and access to justice, voting rights and opportunities, and economic opportunities, in addition to facing barriers to access and potential discriminatory use of its own technologies.

**Co-design and partnership:** The task force assembled an advisory panel of leaders from within the company and beyond to inform how best to drive racial equality in the workplace and the communities in which Salesforce operates. Consulting with experts and members of the community, Salesforce used its platform and position of power to advocate on a number of issues to support the Black community: police reform, civic engagement and economic empowerment policies. It has committed to advocating for police and criminal justice reform by supporting actions to address police misconduct, a use of force standard, accurate and transparent data collection, and training and support services for law enforcement. In terms of economic empowerment, Salesforce advocates for policies that work to close the equity gap in housing, homelessness, healthcare, paid time off, transportation and other policies that provide Black and under-represented minority (URM) communities with business opportunities and workforce development. It also supports environmental justice and corresponding policies that address the disproportionate impact of climate change faced by Black and other URM communities. Looking directly at its own business, Salesforce is ensuring that its technology is not used in a way that could cause harm or result in racial discrimination, as well as advocating for an ethical and humane use of technology.

**Learning and accountability:** Since launching the task force in July 2020, Salesforce has found that having designated owners of each pillar along with written, measurable objectives has helped the company to act swiftly and boldly. This formal structure has also fostered an intentional and integrated approach to the priorities across the four pillars, so that each pillar can build on or amplify the work in another pillar in a very coordinated way. The organized structure and quarterly updates – made publicly on its newsroom – drive action, transparency and accountability for the task force.

## Applying rigorous accountability practices and sharing power with workers in their supply chains

Supply chains represent a major opportunity for businesses to engage with workers, communities and civil society to further social equity aims. Businesses are increasingly recognizing that there are gains to be made from having strong relationships with their stakeholders, and are seeing opportunities for collaboration and joint empowerment, ensuring long-term sustainability and prosperity for businesses and stakeholders.

Depending on the size and complexity of particular supply chains, it can be challenging for businesses to directly engage with stakeholders working within them. It is therefore vital for larger companies to work with their suppliers to ensure that interventions aimed

at furthering social equity reach the most vulnerable people at the base of the supply chain. Businesses must also engage with labour unions and other groups representing workers' rights to ensure they are learning about and taking into account the lived experiences of those directly affected by the decisions they are making within their supply chain. To this end, it is of the utmost importance that businesses support unions and workers' rights – as well as operate within political environments that allow and support unions and civil society organizations to operate fully and independently, and take action to support advocacy efforts in regions where these organizations are restricted.

### BOX 5 Living-wage benchmarks

In the case of the living wage and supply chains, in order to act, it is essential to have constructive engagement with unions throughout companies' supply chains. There is no substitute for collective bargaining that ensures fairer working conditions and a greater distribution of productivity and profits.

At the same time, businesses must have and share access to information, including: reliable living-wage benchmarks for every region from which they source; an understanding of workers' current earnings and how these compare to living-

wage benchmarks; uniformity in how living-wage gaps are verified; practical solutions to remove barriers and close living-wage gaps; and access to best practices and lessons on how the gaps can be reduced over time. That is why IDH, The Sustainable Trade Initiative, launched the Roadmap on Living Wages, to back businesses in their attempts to support companies in their living-wage efforts across their supply chains. Civil society partners such as Fairtrade are advisers to the roadmap and corporations including Unilever and Patagonia have joined its steering committee.

The following lighthouse examples detail how businesses are engaging with workers, communities and civil society to build accountability within their own supply chains. Three of the examples reflect

recent action in accountability and sharing power by companies, and one example provides insights from a well-established cooperative.







## Unilever's commitment to a living wage and living income in its direct supply chain

**Region:** Global

**Stakeholder group:** Workers in the supply chain

**Industry:** Consumer goods; food and beverage

Unilever already pays its direct employees a living wage, and in early 2021 extended this commitment by requiring that all those who directly provide Unilever with goods and services will also earn a living wage (or living income) by 2030. The foundational principle of all of Unilever's work is the respect and promotion of human rights, including labour rights. It also recognizes that it cannot address the issue of living wages without addressing other human rights. These include the right to freedom of association and collective bargaining, safe working conditions including reasonable hours worked, equal pay for equal work, and clear and transparent terms and conditions of work. Unilever uses an integrated approach with regard its own operations, supply chain, brands and cross-sectoral alliances. It then works to use the scale of its business to influence the practices and policies of those in its value chain. For example, over the past five years it has worked hard to enhance the livelihoods of millions in its value chain through programmes to help small-scale retailers and smallholder farmers, and has begun to engage with its key strategic suppliers as part of a shared "social partner promise", urging them to identify living-wage gaps in their own organizations and to report transparently on progress to that end. They supplement this by sharing case studies and providing links to tools and guidance.

Unilever recognizes that delivering this programme will depend on how successful it is in creating a living-wage movement across the wider industry, including commitments from governments and other stakeholders. Therefore, it is working in industry platforms and coalitions – with governments, peer companies, civil society and others – to advocate, at both the global and local level, for the adoption of living wages in global supply chains. Examples include supporting efforts to identify reliable, scalable, transparent and comparable living-wage methodologies, such as Unilever's participation in IDH's Call to Action and initiatives such as Business for Inclusive Growth (B4IG), AIM-PROGRESS and the UN Global Compact Action Platform on Decent Work in Global Supply Chains. It is also working with multiple external organizations to rally the world towards a living-wage movement. To Unilever, ensuring a living wage is a route to inclusive growth; it is a route towards a new form of capitalism.

**Recognition:** Unilever is aware that, in 2019, more than 630 million workers worldwide – almost one in five of those in employment – did not earn enough to lift themselves and their families out of extreme or moderate poverty, and that COVID-19 may force an additional 150 million people into extreme poverty. The company also recognizes that poverty wages are unacceptable. Additionally, it believes that increasing the income of those on lower wages has a proportionately larger stimulating effect on the economy than increasing the income of those at a higher earnings level. Increasing the incomes of the lowest-paid people in the world can unlock huge benefits in terms of health, education, gender equality and quality of life. That is why it is specifically focusing on vulnerable workers in manufacturing and agriculture, and working with stakeholders to create systemic solutions that raise living standards through purchasing practices, collaboration and advocacy wherever it operates.

**Co-design and partnership:** Unilever believes that its business not only depends on its own resources but is also reliant on the work of others. Ensuring that there is an adequate standard of living across the board is critical. It also makes good business sense if people can afford to buy the products Unilever sells. Businesses will prosper only if the communities they serve prosper, too.

Unilever is already engaging with a multitude of stakeholders – including suppliers, industry organizations, governments and NGOs – and has made credible efforts in, for example, the tea industry.

It also understands that it must build a global movement working towards a living wage, including workers and their representatives. The company recognizes that a living wage is a "floor and not a ceiling" and collective bargaining and social dialogue are critical. Unilever has a memorandum of understanding with IDH, The Sustainable Trade Initiative, was an early signatory to its Call to Action for Living Wages, and supported its Living Wage Summit.

In order to realize its commitment and effect change beyond its own value chain, Unilever recognizes that it, and other members of the industry, must step up their government and non-government advocacy efforts and industry collaborations to create a living wage economy.

**Learning and accountability:** Data on compliance will be gathered through self-reporting from Tier 1 suppliers (suppliers that directly invoice Unilever for goods and services). This will be further validated by living-wage audits at sites that supply to Unilever, including worker verification, based on a risk-based approach.



## Mars' Farmer Income Lab

**Region:** Global

**Stakeholder group:** Workers in the supply chain (smallholder farmers)

**Industry:** Food and beverage

Mars founded the Farmer Income Lab ("the Lab") in 2017 with one distinct focus: to move farmers out of poverty. As a "think-do" tank, the Lab brings together academic, public, private and civil society partners to better understand what works to address poverty in agricultural supply chains. It is aided by an advisory council consisting of Oxfam, AB InBev, Danone, IDH, The Sustainable Trade Initiative, the Livelihoods Fund for Family Farming and UNDP. As part of its research, the Lab reviewed more than 1,500 studies detailing common interventions to increase farmer income, and found that only three of them raised incomes by more than 50% and could be sustained over time. While an increase of 50% may seem promising, in reality it could mean an increase from \$0.87 to \$1.30 in average daily income for a smallholder farmer. To move farmers out of poverty their incomes must increase by between 100% and 200%.

Through this and subsequent research, the Lab has begun identifying what actions and activities can drive meaningful change – and be scaled. Findings indicate that sourcing strategies must: bundle interventions to immediately address the multiple barriers to realizing meaningful incomes; customize approaches to meet farmers' unique needs; prioritize long-term, equitable relationships with farmers; and strengthen farmers' market power.

In 2021, the Farmer Income Lab and its members are transforming these insights into action. The Lab's corporate advisory council members, including Mars, are deploying lighthouse programmes within their own supply chains in a range of countries and crops. These innovative programmes will test different procurement practices and partnership models identified by the Lab's research, with the aim of reaching nearly 30,000 farmers in their first year. Ultimately, Mars and the Lab strive to create resilient, equitable supply chains that enable millions of small-scale farmers, farm workers and businesses to thrive, and they will not be satisfied with incremental improvements.

**Recognition:** United Nations Sustainable Development Goal 1 (SDG1) calls for "no poverty". But currently, of the 35 million smallholder farming households that participate in global supply chains, as many as 25 million are living in poverty – that's

more than 122 million people living in poverty in agriculture alone. The current supply-chain model is not working and Mars and its partners at the Farmer Income Lab know that it's time for change. To feed the world, the food industry needs farmers who are thriving, efficient and productive. This means farmers need an income that supports a decent standard of living. To get there, bold new ideas and solutions are needed, because economic poverty will not be solved by the same thinking that has perpetuated it.

**Co-design and partnership:** For many farmers, the inability to earn a living income has kept them from being able to invest in their farms or achieve financial security, leading them to look for other forms of income or – for young adults – to leave farming altogether. As a result, global food and agriculture companies that depend on the raw materials that smallholders grow are facing significant risks to long-term business resilience and growth, along with complications to supply security, cost and quality and, potentially, a loss of corporate reputation. Mars believes that farmers must be placed at the centre of business practices, fundamentally shifting the way the benefits and risks of supply chains are distributed. This means that large multinationals must shoulder more of the risks, while also allowing farmers to receive more of the benefits.

Global agri-businesses such as Mars have the ability to effect change with their significant supply-chain reach and leverage, but true transformation is possible only through collective action in pursuit of a shared vision. By bringing together industry leaders, the Lab is working to build a future in which all agricultural raw materials are sourced from profitable, socially responsible and environmentally sustainable farming enterprises that contribute to rural economic growth and poverty reduction – enabling rural communities and natural ecosystems to thrive.

**Learning and accountability:** The Lab is structured to enable continuous learning and deliver collective impact, encouraging transparent, pre-competitive collaboration among members. Building on learnings from the initial lighthouse programmes, the Lab plans to involve more partners to test approaches and demonstrate what is possible at scale. As the Lab expands across geographies and raw materials, and as it is able to share deeper insights on what works, the aim is industry transformation – sector by sector – that puts farmers at the centre of decent wages and living incomes and serves as a catalyst to reduce poverty.





## Patagonia's implementation of Regenerative Organic Certification in its apparel supply chain

**Region:** South Asia (India)

**Stakeholder group:** Workers in the supply chain (smallholder farmers)

**Industry:** Garment, food and beverage

In 2017, in partnership with a group of farmers, business leaders and experts in soil health, animal welfare and social fairness, Patagonia helped establish the Regenerative Organic Alliance (ROA). The ROA oversees the Regenerative Organic Certification (ROC) programme, a revolutionary new certificate for food, textiles and personal care ingredients that aims to promote healthy agriculture practices through all-encompassing certification. This includes: increasing soil organic matter over time and potentially sequestering atmospheric carbon in soil; ensuring the ethical and humane treatment of animals and emphasizing pasture-based systems; and providing fair conditions for farmers, ranchers and workers. Ultimately, the goal is to build a highly valued supply chain for regenerative organic products that will support farmers' stewardship of the land.

Patagonia is supporting ROC and regenerative organic agriculture in several different ways, including through its food business and its grassroots grant-making programme, but this case study focuses on its implementation of ROC in its apparel supply chain with organic cotton. Patagonia began piloting the ROC standard with two of its main organic cotton suppliers in India in 2018. The pilot programme began with more than 150 smallholder farmers and has grown to include more than 2,000 farmers for the upcoming harvest in 2022. In order for farmers to take the risk of transitioning to regenerative organic agriculture practices, they needed to have a guarantee that there will be a market for their crop; therefore, a vital aspect of the ROC cotton programme is that Patagonia makes a commitment to the farmer to source their cotton before the sowing season begins. In order to increase demand, Patagonia is also educating its consumers about the importance of regenerative organic agriculture and supporting more farmers to make the transition to ROC, as many apparel customers do not necessarily make the connection between their cotton T-shirt and the conditions on the farm where the cotton was grown.

Patagonia plans to continue its commitment to ROC cotton and the farmers that supply it, increasing the number of products made using ROC cotton and launching the first ROC-certified products in the coming seasons. Since it began researching regenerative organic agriculture in 2017, Patagonia has seen a major increase in focus on regenerative agriculture within the apparel industry and in general. A number of other brands are now rolling out strategies around regenerative agriculture, and industry organizations are

formalizing their approaches, too. Patagonia is in the process of enlisting more brands to its ROC journey in order to increase both the supply and demand for ROC cotton.

**Recognition:** Patagonia adopted regenerative organic agriculture because growing food and fibre using industrial techniques has devastated the Earth's soil and climate. Research has shown that if agricultural practices are not changed, the planet's topsoil will be depleted in 60 years. Conventional industrial agriculture contributes up to 25% of the emissions driving climate change. When researching better ways of farming, Patagonia also recognized the vital role that animals play in cultivating soil, and how important farmer well-being is as part of a holistic approach to agriculture. One of the biggest barriers that farmers face in making the transition from conventional to organic farming, and then to regenerative organic practices, is centred around access to funds and markets. Therefore, regenerative organic agriculture seeks to look at farming as a whole, with the goal of rehabilitating soil as well as respecting animal welfare and improving the lives of farmers and farm workers.

**Co-design:** Patagonia, like most apparel brands, is not set up to source fibre from the farm level, so it relies on organic cotton suppliers. When it first started to consider bringing ROC into its cotton supply chain, it brought its largest organic cotton suppliers to its office in Ventura, California, to discuss regenerative organic practices, including a visit to a farm that showcased this approach. Following the meeting, two of its Indian-based organic cotton suppliers agreed to sign up to the ROC programme. Those suppliers are now speaking with farmers about regenerative practices, and helping to implement them. This approach includes creating demo farms to illustrate various ROC practices, and the creation of training centres to educate farmers and allow them to share their experiences.

**Partnership:** The concept of "regenerative organic" agriculture and the practices that define it are not modern creations. The farmers themselves are the key stakeholders and implementors of the ROC programme. All of the smallholder farmers with whom Patagonia works in India were already organic-certified, and many were already implementing certain regenerative practices before becoming involved with ROC. Through the ROC programme, their supplier partners supported the farmers to build on this to further improve the health of their soil. One example is crop diversity – many farmers were already using intercropping or cover crops in their farms, but through ROC, they increased the number of these crops, improving soil health for generations. Another positive outcome is a potential increase in income, since farmers are growing more crops on the same

amount of land. In addition, since ROC requires Fairtrade certification at the farm level, Patagonia expects farmers to further benefit from Fairtrade premiums paid on their organic cotton.

**Learning and accountability:** Patagonia worked with the [Organic Cotton Accelerator](#) (OCA) for additional on-farm support and third-party

validation. OCA helps to facilitate the process of committing to ROC protocols before harvests and conducts on-farm research to confirm that farmers are receiving organic premiums for their cotton. Since the ROC is a new programme, the partnership with OCA has provided a stronger framework for the scheme from its inception.



**Partnership and collaboration are key. It is abundantly clear that no one company, and no one person, can save our home planet alone. That is why we sought to create a broad coalition across industries and civil society to create the Regenerative Organic Alliance and work together to advance the cause of regenerative organic agriculture. It is also absolutely crucial to engage impacted communities every step of the way. They are the ones being impacted most by climate change, and we need to listen to them to understand their needs and how we can uplift their voices.**

Rachel Kanter Kepnes, Manager of Supply Chain Social Responsibility, Farms and Special Programs, Patagonia

## LIGHTHOUSE EXAMPLE 9



### Amul dairy cooperative

**Region:** South Asia (India)

**Stakeholder group:** Workers in the supply chain (smallholder farmers)

**Industry:** Food and beverage

The Kaira District Co-operative Milk Producers' Union (Amul) is an Indian dairy cooperative society, based in Anand in the state of Gujarat, that is "of the farmers, by the farmers, for the farmers". It is India's largest food brand, the eighth largest dairy company in the world and is governed by a cooperative body, the Gujarat Co-operative Milk Marketing Federation, which is jointly owned by its 3.6 million milk-producing smallholder farmers in Gujarat, spread across almost 19,000 villages. The cooperative nature of Amul gives its farmers the collective ability to develop and access financial capital, marketing and technology that they would not have individually.

Amul operates on a twin philosophy. On one hand, it strives for "value for many", a commitment by the farmers to themselves to ensure all members benefit equally and receive the maximum profit from the milk they produce. On the other, it strives for "value for money", a commitment to the public at large to provide the best-quality milk products at a fair and reasonable price. Amul's farmers receive 80–86% of the sales proceeds, whereas most farmers in other countries receive 25–40%. They focus heavily on marketing and developing their brand, expanding the market for dairy products and driving higher profits for farmers both within Amul's supply chain and more broadly across India.

Amul's creation in 1946 by an uprising of dairy farmers against the British colonial government spurred India's White Revolution, which led to a cooperative dairy movement across the country,

resulting in India becoming the world's largest producer of milk and milk products. This has made India self-sufficient in dairy products and helped to ensure food security for its citizens. Amul has worked in partnership with the government to replicate its model and establish dairy cooperatives across the country, reaching almost 17 million farmer families.

**Recognition:** Before Amul was created, state-run dairy monopolies took the lion's share of profits, leaving smallholder farmers at the end of the supply chain with minimal income. These were primarily rural farmers, often women, who faced compounding systemic barriers to economic and social inclusion and empowerment.

**Co-design:** Embedded within Amul's mission and business model is the idea of creating shared value for society: by providing nutritious milk at affordable prices while supporting its farmers with high returns on sales. All major decisions made at Amul must pass two benchmarks: Is it good for farmers? Is it good for society?

**Partnership:** Amul's smallholder farmers belong to almost 19,000 village cooperatives, which collect the milk. These cooperatives are members of 18 district unions, which manage the manufacturing and provide technical support to the cooperatives and farmers. These in turn are part of the overall state cooperative, which is charged with marketing and generating demand. While professional staff work at these different levels, they are employed by farmers and are accountable to them. The entire cooperative is owned and run democratically by farmers via an election process.

**Learning and accountability:** Amul's democratic structure runs on three-year terms, keeping its board of elected farmers and their promises and actions accountable to the entire base of 3.6 million farmers.



# Conclusion: New frontiers and the next steps



**...shareholder primacy and state capitalism lead to suboptimal outcomes: they focus on the more granular and exclusive objectives of profits or prosperity in a particular company or country rather than the well-being of all people and the planet as a whole.**

Klaus Schwab, Founder and Executive Chairman,  
World Economic Forum, *Stakeholder Capitalism*

Interconnected crises in inequality, climate and the COVID-19 pandemic have directed attention to the role of companies in society: their impacts (both positive and negative) and how they engage with their most marginalized stakeholders – including workers, suppliers and directly impacted communities.

Addressing social justice issues through greater inclusion of often marginalized and ignored stakeholders has become a critical path towards “building back better” by businesses and government. The report has presented nine “lighthouse examples” illustrating three areas in which business is partnering with communities and civil society to accelerate action on equity and social justice.

These lighthouse examples provide clear examples of companies understanding how to accelerate action on equity through stakeholder inclusion, and highlight four critical tenets that are proving impactful in building corporate action on social justice through stakeholder inclusion:

1. **Stakeholder inclusion – through recognizing, co-designing, partnering and learning with**

**impacted stakeholders – must be at the centre of any corporate action on equity and social justice in an unequal world.**

For businesses to take action against systemic inequalities in societies and within business models, stakeholder inclusion is fundamental – not only in showing willingness to collaborate and co-design, but also in defining and determining what justice means in context. The lighthouse examples highlight how these businesses recognize that those closest to the problem can best help solve it and are partnering with stakeholders to promote equity aims.

The pandemic, the Black Lives Matters movement and other factors highlighted how BIPOC communities had rarely been recognized as impacted stakeholders within industry conversations on diversity, equity and inclusion. As societies continue to take on intersectional and integrated approaches to social justice, companies that already employ stakeholder inclusion practices and approaches will be best positioned to take meaningful action related to equity and social justice.



**No longer can business address the symptoms of social challenges by wielding a philanthropic commitment and expect to earn trust and generate long-term value; businesses must partner with each other, with NGOs and with governments to tackle the root of complex issues that affect their business ecosystem, from environmental sustainability to human rights. Addressing systemic issues in the communities and countries where you live and work, while committing to authentic action across your own value chain, is the path to earning multistakeholder trust in the decades ahead.**

Alex Heath, US Head of Social Impact and Sustainability, Edelman

**2. Stakeholder inclusion is only the beginning – positioning business on [the path towards redesigning business models that shift power and value from shareholder to shareholder primacy](#).**

Stakeholder inclusion is critical, but it is not the end goal for corporate action in addressing today's systemic inequalities. As laid out in the World Economic Forum's [white paper \*Measuring Stakeholder Capitalism\*](#), in order to continue to thrive in a world where climate change, pandemics and eroded social cohesion are exposing and exacerbating long-standing systemic inequalities, companies must “enhance their licence to operate through a greater commitment to long-term, sustainable value creation” that embraces the wider demands of people and planet. In other words, companies

must work together to achieve stakeholder capitalism, de-emphasizing short-term profits for shareholders and focusing instead on long-term success and sustainability, taking into account the needs of all of their stakeholders, and society at large.

In order to achieve this, companies will have to fundamentally change the way they operate, redesigning traditional business models that focus on immediate profits and margins, and pivoting towards sustainable models that create shared value throughout their value chains and with broader society. To get there, businesses will have to share some of their power with communities and create an environment in which impacted stakeholders can meaningfully co-design and co-create necessary innovations and interventions to drive change forward together.



**Today's crisis of extreme inequality is a consequence of excessive corporate power. It is exemplified by billionaire wealth skyrocketing from increased dividend payouts while millions plunge into poverty, and a long erosion of wages, workers' rights and taxation. If we are to promote fairer and sustainable economies in the wake of this pandemic, let us end business as usual. That's a job for governments, but business can and must play its crucial part: such as paying their fair share of taxes, and ensuring everyone in their supply chain receives a living wage. Business models that challenge shareholder supremacy by investing power in workers and communities offer hope for the future.**

Gabriela Bucher, Executive Director, Oxfam

**3. Businesses should take a holistic view on equity and social justice, both in promoting positive outcomes and in addressing their specific negative impacts related to inequities in their value chains.**

In making pledges and recognizing impacted stakeholders in greater ways, businesses will need to take a holistic approach, both addressing the positive outcomes they want to accelerate and accounting for the negative effects across supply chains. Advocating on behalf of BIPOC communities in policy cannot be separated from the various impacts affecting these same communities within corporate

supply chains; vice versa, focusing exclusively on employees as part of diversity, equity and inclusion agendas takes the focus away from the various other environments (and related rights holders) where businesses should be acting.

The lighthouse examples highlight companies which recognize that a holistic view on equity and social justice in regard to a company's stakeholders is essential if they are to have a significant impact on inequities. Additionally, those adopting a long-term orientation to value creation recognize that their licence to operate hinges on social factors and the actions they take with these stakeholders.



**There is a moment of leadership emerging where businesses can both ensure their operations and business relationships respect human rights and can affirmatively promote, leverage and deliver the changes that our societies and environment so desperately need – to build towards a just, regenerative global economy. This is our only path forward, and it must be shared across stakeholder groups.**

Amol Mehra, Director, Industry Transformation, Laudes Foundation



**4. Critical dialogue and knowledge-sharing is needed to accelerate action beyond this moment.**

The lighthouses offer promising examples of how companies are making considerable steps in stakeholder inclusion with a view to improving equity and social justice. However, there is a need for deeper reflection, knowledge-sharing and education on how best to measure the impact of these approaches over time and additionally how to identify critical levers with

governments and other actors to turn these individual actions into systemic change.

Through its centres and platforms – and in partnership with its civil society communities – the World Economic Forum and its partners will continue to foster dialogues on stakeholder inclusion, equity and social justice, bringing together industry, civil society, communities and the public sector to advance equity and inclusive design.



**We live in an interconnected world where working in silos is no longer an option. Instead, we must bring together diverse voices and give them an equal seat at the table. If we are to move beyond business as usual, finding new solutions must go beyond consultation. It must be a process of co-creation.**

Anisa Kamadoli Costa, Chief Sustainability Officer, Tiffany & Co.





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This report does not necessarily represent the views of represented organizations or individuals.

# Endnotes

1. Issues such as a living income and greater bargaining power for workers are associated with greater equality, as has been shown by bodies such as the [International Monetary Fund](#). For corporate policies to be meaningful and effective, sustained equitable stakeholder inclusion at a governance level is vital, alongside transparency and ensuring that commitments are concrete, time-bound, specific and measurable.
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