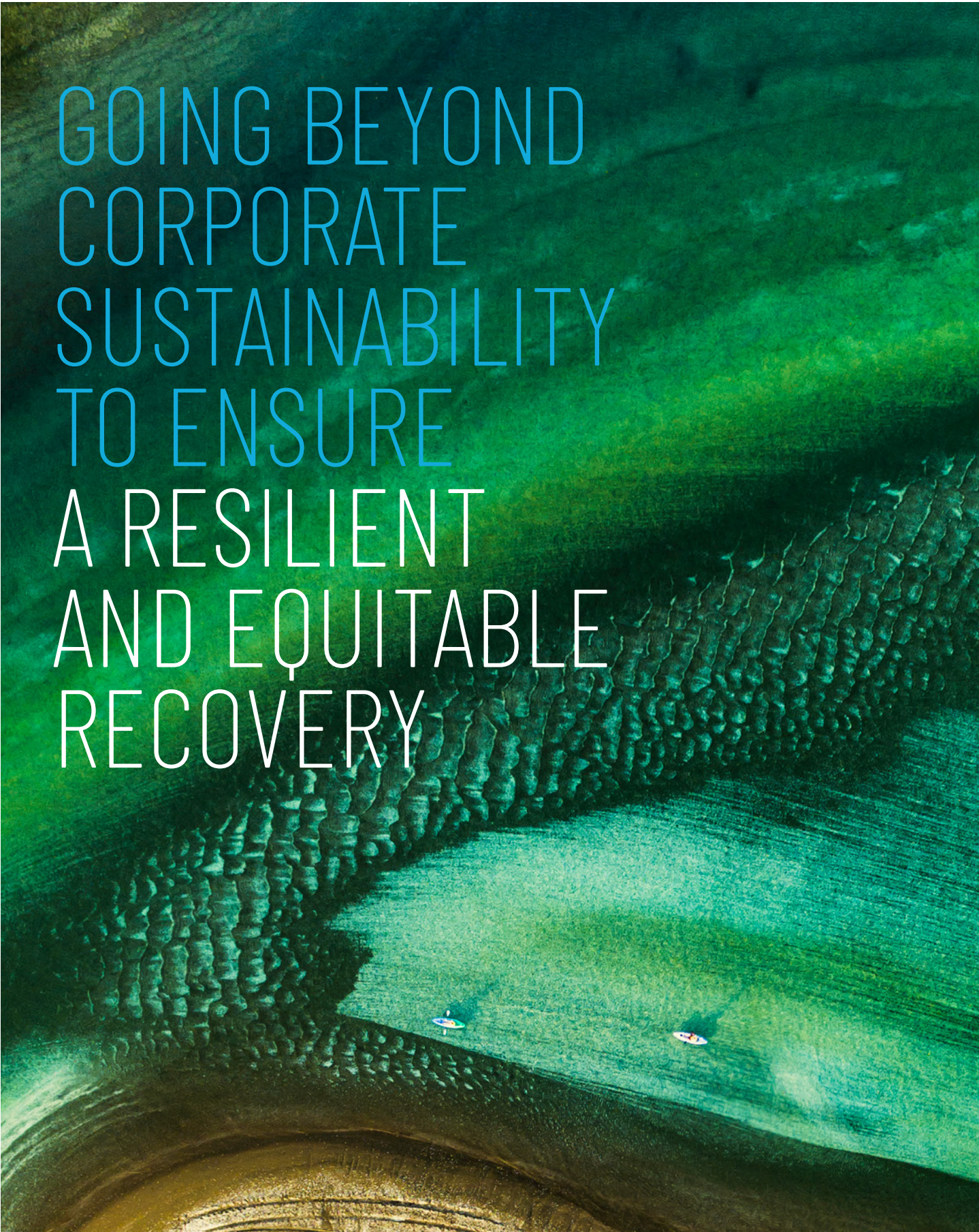


Conversations

Quarterly review
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for tomorrow

Perspective from Laura Quinn,
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GOING BEYOND
CORPORATE
SUSTAINABILITY
TO ENSURE
A RESILIENT
AND EQUITABLE
RECOVERY



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About Purpose: We build and support movements to advance the fight for an open, just, and habitable world. We use public mobilization and storytelling to help the leading organizations, activists, businesses, and philanthropies engaged in this fight, and we create campaigning labs and new initiatives that can shift policies and change public narratives when it matters most.

Filled with shocks, unrest, and sadness, 2020 delivered a powerful moment of reckoning to businesses. It has proven, beyond doubt, that the pursuit of a triple bottom line¹ since the 1990s, the expansion of corporate sustainability in the 2000s, and more recent calls for stakeholder capitalism – although critical shifts in their own right – haven't succeeded in delivering a substantially more equitable and resilient society.

It is said that the magnitude of a crisis is determined not just by the impact of the events involved but also by the fragility of the system it attacks. In the case of COVID-19, our social and economic fragilities were laid bare. To create real, meaningful change in this moment of recovery, today's leaders must go beyond current sustainability commitments and use their corporate power to become vocal advocates for far-reaching social, economic, and environmental solutions.

Around the world, those most impacted by the pandemic have been racial minorities, the poor, and women. The pandemic infected and killed Black Americans 1.5 times more than white Americans and the story was similar in the UK, where Black, Asian, and minority ethnic people had between 10% and 50% higher risk of death.² The inequities highlighted by the pandemic went far beyond health. Globally, women's jobs became more vulnerable to the crisis than men's as they took on an even greater proportion of unpaid labor and childcare. In the US, food-insecure households with children doubled from 14% to 28%³ since May 2020, with communities of color most affected. In short, COVID-19 showed that we have a long way to go to close the wealth, income, job, and education divides around the world.

¹ Investopedia. (n.d.) *Triple Bottom Line (TBL)*. Retrieved from www.investopedia.com/terms/t/triple-bottom-line.asp.

² NPR, "As Pandemic Deaths Add Up, Racial Disparities Persist — And In Some Cases Worsen," September 23, 2020.

³ Harvard T.H.Chan School of Public Health. (n.d.) *Children's food insecurity increasing during COVID-19 pandemic*. Retrieved from www.hsph.harvard.edu/news/hsph-in-the-news/childrens-food-insecurity-increasing-during-covid-19-pandemic/.



The recovery opportunity

However, in recovery there is always opportunity. Right now we are seeing a unique convergence: consumer and employee expectations are coalescing with significant determination from the private sector and political class to build back better. This is giving business leaders a powerful moment to go beyond sustainability targets within their own business and truly meet the moment we are in. If they can harness that corporate power effectively, the leaders of our time will not only transform their companies but build a more equitable and resilient future for us all.

Since March 2020, we've seen consumer interest and expectations around the behavior of businesses start to rise. According to Capgemini research on purpose-led organizations, 78% of consumers agree that organizations have a larger role to play in society than just looking after their self-

interests.⁴ At the same time, consumers also believe companies were reacting faster than governments and that brands need to play an active role in relief efforts. Whereas interest in ethical or sustainable products is traditionally strong among

more affluent consumers, this changed as the pandemic went on. We saw that people who were most financially impacted by the pandemic were also most invested in companies "doing good," demonstrating a new appetite and urgency for business-led solutions for the recovery and beyond.⁵

This consumer demand stretched into other corporate behaviors as well, including greater support for worker power. Nearly 70% of American voters said that workers should have more of a voice in the workplace following COVID-19.⁶ This interest was fueled by a collective, cultural reconsideration of who society's most valuable workers are. It was healthcare professionals, grocery store staff, care home staff, warehouse workers, sanitation workers, delivery people, and armies of on-demand gig workers who emerged as

⁴ Capgemini Research Institute, "Why purpose-led organizations are winning consumers' hearts," June 2020.

⁵ Kantar, "Could COVID-19 be the tipping point for sustainability?" June 17, 2020.

⁶ Fast Company, "Companies' bad response to the pandemic is leading to greater support for worker power," May 14, 2020.

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our most essential workers during the pandemic. As vocal support grew for these essential workers, it became an increasing point of public debate that these same people are often trapped in low-paid jobs without the basic protections many of us consider basic employment rights: sick pay, health insurance, and the right to a decent, living wage. Once again, we saw that people of color were disproportionately at risk.

Not only did customer appetite for more equitable and sustainable business practices increase, corporate leaders and investors were also vocal in demanding a sustainable recovery. In June 2020, a letter was signed by more than 200 leading UK-based businesses demanding an inclusive and sustainable post-COVID economy.⁷ A coalition of global businesses leaders,



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representing a combined annual revenue of over USD100 billion and global workforce of over 500,000, proposed a roadmap to global leaders to create "an inclusive and sustainable post-COVID economy that

benefits society, the planet, and shareholders for generations to come." Investors, too, have made demands.⁸ Over 100 investors representing over EUR11 trillion of assets under management wrote to leaders and decision-makers across the EU demanding a green recovery from the COVID-19 pandemic.⁹

At the same time as consumer, corporate, and investor demand grew, we've also seen a surge in political will to ensure a green and equitable recovery, underpinned by public demand. The EU's Next Generation recovery plan and its 2021 budget emphasize the bloc's ambition for "fair, inclusive, and sustainable growth," with provisions for providing fair minimum wages to help vulnerable workers and a target of 30% of all recovery expenditure to be dedicated to climate mainstreaming. The UK, for instance, has announced plans to "build back better" with a Green Industrial Revolution.¹⁰ The US has committed to build back better by advancing racial equity across the American economy¹¹ and building a clean energy future.¹² At the recent

⁷ Corporate Leaders Groups, "More than 200 leading businesses urge UK Government to deliver clean, inclusive and resilient recovery plan," June 1, 2020.

⁸ Leaders on Purpose, "Global CEOs Call on Governments and Business to Build a Better "Purpose-First" Economy."

⁹ IIGCC, "Open letter to EU leaders from investors on a sustainable recovery from COVID-19."

¹⁰ Financial Times, "Boris Johnson: Now is the time to plan our green recovery," November 18, 2020.

¹¹ Whitehouse.gov, "Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government," January 20, 2021.

¹² Whitehouse.org, "Executive Order on Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis," January 20, 2021.

G20 summit, India committed to a sustainable and inclusive recovery that respects the human dignity of workers, as well as to exceeding its Paris Agreement targets on climate.¹³

Reaching beyond sustainability to deliver a better future

Of course, it could be argued that none of this is truly new. We've seen consumer demand for sustainable products rise; we've heard government rhetoric on delivering worker protections and building inclusive, green economies; and corporate leaders have long acknowledged the need for sustainable leadership. What is new, however, is the momentum and urgency with which all these powers are coalescing. 2020, after all, has delivered a shock to pretty much every system we know. And, although the onus does not solely rest with the corporate sector to lead through this moment, it has opened a window of opportunity for business leaders to deliver transformation at greater scale than we've imagined before. This doesn't diminish the tireless and crucial work of sustainability and ESG teams to date. In fact, in many ways, it is the moment they have been waiting for.

Where such leaders can add greater value is to go beyond corporate sustainability to use their voice, reach, and resources to become powerful advocates for a green, equitable, and resilient future. That requires looking beyond the business's own four walls to demand and deliver more far-reaching impact. It means building multi-stakeholder coalitions that can drive change at scale from many angles at once. It means working with peers to develop pre-competitive agreements that level the playing field in order to benefit the environment, workers and society. It means integrating green and equitable innovation across all stages of the value chain. It means designing policies that protect workers and tackle structural inequalities across society. It means taking bold positions on public policies that are designed to protect society's most vulnerable and the environment. It also culminates in smart marketing and communications that invite consumers to be participants in change, driving deeper and more meaningful connections.

As we enter 2021 with this unique coming together of priorities, and a renewed sense of urgency, business leaders have an opportunity to radically reimagine the potential of corporate power to be a force for an equitable, just, and green recovery for all. •

¹³ Times of India, "At G20, PM focuses on green policies," November 22, 2020.

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