

BUSINESS FOR INCLUSIVE GROWTH

IN CONNECTION WITH THE G7 SUMMIT IN BIARRITZ in 2019, a group of global companies set out to form a CEO-led organization to battle systemic inequality. Since then, the Black Lives Matter and #MeToo movements, COP26 and a global pandemic have pushed inequality and sustainability issues to the top of corporate agendas. Today, Business for Inclusive Growth, or B4IG, has 35 corporate partners around the world, representing over 4.5 million employees and \$1.4 trillion in annual revenue. With the Organization of Economic Cooperation and Development (OECD) as its strategic partner, B4IG helps companies pool resources, and works in collaboration with the public sector to address major social and economic challenges.

The organization's work focuses on four key areas: advancing human rights in direct operations and supply chains; building inclusive workplaces; strengthening inclusion in value chains and ecosystems; and developing tools to measure and accurately value the impact of inclusive growth initiatives. Brunswick's Christophe Guibeleguiet and Ann-Kathrin Richter met with its CEO, former Brunswick Partner and Paris-based entrepreneur Camille Putois, to discuss B4IG's progress, goals and challenges.

How has the work of B4IG on curbing inequalities changed over the past three years?

When the coalition was launched in the summer of 2019, a growing number of companies were convinced that they had a critical role to play in the fight against inequality, but it had nothing to do with today's awareness. The COVID-19 crisis as well as the Black Lives Matter movement acted as an accelerator. COP26 also marked a crucial turning point

The CEO-led coalition **B4IG** brings the force of private enterprise to the battle against inequality on many fronts, everywhere in the world. Brunswick's **CHRISTOPHE GUIBELEGUIET** and **ANN-KATHRIN RICHTER** speak with CEO **CAMILLE PUTOIS** on the organization's mission.

wherein many businesses redirected support toward the concept of "just transition," being aware that they must anticipate and manage the social impact of their climate strategy and policies.

In its early stage, just transition was a relatively underdeveloped concept. It is less and less the case with the increased traction in recent months. This indicates significant progress. A growing number of citizens in developed countries and beyond are demanding a new economic growth model that puts people at its center. Businesses have a pivotal role in answering this call and are now aware of it. Several business coalitions have put social issues and the fight against inequality on their agenda. This is no longer only the responsibility of governments. Looking at where we started, this stands as a key step forward.

How can B4IG's corporate partners collectively make the most impact on inequalities?

Tackling inequality is not easy. We are working together with the OECD and with our partners (including international organizations, trade unions organizations, academics and foundations) to develop a pathway for change, an approach for tackling different forms of inequality in a consistent manner through business actions. How we act depends on the topic. When it is relevant, we adopt collective statements to accelerate change, for example on living wage, where the working group led by Unilever and L'Oréal has an ambitious program of work, that may enable major transformations thanks to our partnership with the OECD.

We also share experiences and practices to equip companies, for example on inclusive sourcing, on which we will soon publish an operational methodology, building on L'Oréal's existing approach. In addition to this, we incubate 10 to 15 projects per

year to promote innovative and transformational approaches for inclusive growth. Last but not least, we advocate for new public-private partnerships to shape the path for inclusive growth. Proactive dialogue with local and national governments will be instrumental in creating the most impact.

Why do we need a business coalition like B4IG to be part of the mix of more specific-issue coalitions out there?

Sustainability issues are deeply intertwined. A coalition covering all social issues naturally makes sense. Diversity and Inclusion issues matter in workplaces as well as in value chains. The same with living wage. If you consider skills gaps and needs, your approach to upskilling and reskilling can't be limited to your organization and will have to take into account communities. In a nutshell, I am not sure that coalitions should replicate silos that exist within companies and administrations. We need a consistent and comprehensive approach to sustainability issues, especially social issues.

More and more people expect business to step up on social issues. How do you see the role of business evolving in this context?

The voluntary contribution of companies to the common good is nothing new, but it used to depend on individual initiatives. There is now a strong pressure from stakeholders, investors, consumers, employees, et cetera, to accelerate the path and opt for a more systemic approach. The reasons for this call may vary: Some may argue that inclusive practices make businesses more resilient, while others argue global corporations can have more impact than public practices, for example. It doesn't mean that the partition between governments and businesses has changed, but that there is an avenue for new forms of collaborations.

Governments usually influence businesses through tax policies and regulations. I believe more and more in public-private partnerships defining common objectives. From this perspective, the mandatory reporting on non-financial performance that should emerge in 2022, starting with climate disclosure, should be very helpful as it will define a common language between governments and businesses.

Is there a clear enough investment case for tackling inequality? How can business help address the funding gap?

In the report published in December by the G7 Impact Task Force (ITF), in which B4IG took part,

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the ITF worked on how to accelerate the volume and effectiveness of private capital seeking to have a positive social and environmental impact. The ITF identified several actionable pathways to accelerate change, including information about social and environmental impact as well as instruments and tools that can address real barriers for private capital to flow.

At B4IG, we are focusing on innovative financing mechanisms which involve partnerships between corporates, investors and public partners to facilitate capital deployment into inclusive initiatives by de-risking the investment process. One of the key challenges is the supply chain: how to help global corporations' suppliers to adopt more inclusive practices?

Climate change is now on the boardroom agenda of most large corporations. What is needed to make addressing inequality an equally prominent and recurrent item on the board agenda?

The situation is moving fast and naturally. Divisions between climate-first and social-first strategies are progressively broken down. I am certain the concrete conversations that CEOs have during B4IG Board meetings about social issues are no longer an exception; all boardrooms are increasingly discussing human rights, living wage, diversity and related issues.

The concept of just transition puts people at the center of the climate change conversation. At COP26 in Glasgow, 14 governments and the European Union pledged to take concrete steps to create the conditions for a just transition. How is B4IG looking to contribute, coming at this challenge from the "S" in ESG, rather than the "E"?

In November, the coalition adopted a statement calling for people to be put at the heart of climate action. The statement is very operational and focuses on indicators. We could have merely said, "We will take into consideration the social impact of our climate strategies." Instead, we went one step further. B4IG companies consider that businesses have a central role to play in ensuring the social challenges of the transition are met, by partnering with governments, social partners and other stakeholders.

As a result, we proposed a set of eight core indicators to start monitoring these efforts. These indicators are preliminary and were presented as a basis for further conversation. However, they address all the key dimensions of the issue: transparent planning process, employment, upskilling and reskilling, and access to goods and services. Now we are working on means to equip companies and take collective actions. In parallel, in early 2022, we will publish



guidelines for responsible transformation that have been developed by a working group led by Michelin and Unilever. In addition, a new workstream focused on the green and digital transition, led by Hitachi, has the objective to help companies and governments address the sectors of the economy where workers are most likely to be threatened, and define practical initiatives that can be implemented.

Companies have various reporting standards and mechanisms at their disposal (SBTI, SASB, GRI, et cetera) for climate and ESG performance. Is the lack of equivalent metrics an inhibitor to progress? What could be done to accelerate the development of standards on inequality?

This is a priority topic for B4IG. A working group led by BASF and Danone is working on the “S” dimension of impact measurement and ESG standards including a program of work focusing on outcome indicators with the OECD. We don’t intend to create a new standard. Our objective is to inform existing and upcoming standards.

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In 2022, we will publish the B4IG framework that will clarify what inclusive growth means, building on the work that has been conducted by the B4IG coalition in the working groups, the incubator and the financing forum and based on companies’ best practices. We support the most advanced methodology for measuring the impact of business activities on the environment and society and encourage companies to test them.

The current momentum on these topics is impressive. Social indicators are in the roadmap of the new International Sustainability Standards Board created by the IFRS Foundation and are a key dimension of the new sustainability reporting standards the EU is working on.

Where do you think business will be experiencing more pressure on inequality over the next two years?

It is not easy to answer your question, there are so many critical issues. The pressure on social issues related to the ecological transition should be very high. Investors have made net-zero pledges, they will be attentive to social issues that might counter their efforts to meet their climate commitments. Policymakers will be more attentive to the risks that accompany climate policies and their potential to fracture societies. Workers and communities impacted by the ecological transition will be vocal. But other topics such as human rights policies or wage issues should also gain traction and more scrutiny from stakeholders. Thus, no illusions, corporate sustainability policies will have to cover all social issues that are material for the company.

Which issue areas are low-hanging fruit for demonstrating the role of business in tackling inequality? And what will this mean for B4IG?

On each topic, corporate actions can combine long-term policies and initiatives with short-term impact. On diversity, for example, you can combine structural changes that will take time, and a statement from top leadership conveying clear commitments. On living wage, everyone will understand that it takes years to reform your supply chains but adopting a roadmap outlining how you will take action will demonstrate your engagement on the topic.

At B4IG, member companies are working on both. We can take fast and collective action, as we did in 2020 to support employees, communities, clients and suppliers impacted by the COVID-19 crisis, but we also support each other in the long run toward more inclusive growth. ♦