Brunswick SOCIAL VALUE Review

The Role of Business in Society

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The S in ESG

Paul Polman
On Net Positive

Mark Carney
Talks Values

Sanda Ojiambo
UN Global Compact

Modern Slavery
In Supply Chains

Indra Nooyi & Ajay Banga
On Purpose

PLUS

- DocuSign On DEI Metrics
- UK Black Pride's Leading Lady

BRUNSWICK

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CONTENTS

23

50

63

FOREWORD

WELCOME TO THE THIRD EDITION OF THE *BRUNSWICK SOCIAL VALUE Review*, born of our belief that to be a leading company in today's world you need to deliver financial value alongside social value.

This proposition is also central to the growth of ESG, which has risen rapidly up the agenda for many of our clients in recent years. It's increasingly clear that ESG isn't a fad or a niche: global ESG assets are on track to exceed $53 trillion by 2025, representing more than a third of the $140.5 trillion in projected total assets under management, according to analysis by Bloomberg.

But while there are increasingly mature frameworks and metrics for the "E" and "G" elements of ESG, the "S" dimensions have suffered from what commentators have called "middle child syndrome"—somewhat overlooked and neglected. This is partly because it can be much more difficult to define and quantify the social factors than certain environmental or governance factors. As United Nations Principles for Responsible Investment have put it: "The social element of ESG issues can be the most difficult for investors to assess. Unlike environmental and governance issues, which are more easily defined, have an established track record of market data, and are often accompanied by robust regulation, social issues are less tangible, with less mature data to show how they can impact a company's performance."

Societal factors are not only harder to measure, but more various and more local in how they show up around the world. Thus the "S" in ESG has not had the same level of attention—until now. The COVID-19 pandemic has thrown a spotlight on so many social factors: stark levels of inequality, treatment of employees, access to healthcare and digital services, among others. Movements such as Black Lives Matter and #MeToo have focused attention on corporate diversity, equity and inclusion. Customers, investors and civil society groups are demanding greater transparency from companies in these areas.

> Leadership means moving beyond a compliance mindset, asking not just, "how do we increase our ESG scores?" but "how can we make an impact on these issues in the world?"

This issue of the *Brunswick Social Value Review* asks, "What does leadership look like on the 'S' in ESG?" We hear from Mark Carney, former Governor of the Bank of England, about his book *Value(s): Building a Better World for All*. He talks to Brunswick CEO Neal Wolin about how social values and market values can be aligned. We meet Indra Nooyi in conversation with Ajay Banga—former CEOs of PepsiCo and Mastercard respectively—and hear them reflecting on the challenges of aligning social impact and business impact.

At the forefront of the "S" are issues related to Diversity, Equity and Inclusion. They are where companies can have a direct impact on entrenched inequalities through the way they engage with their own workforce and value chain. In this issue, we talk to a number of DEI leaders about the challenges and opportunities of getting the data right. To create equity, says Deloitte's Emma Codd, don't be afraid to "rip up that rule book." Joan Burke of DocuSign, whose workforce has doubled in size during the pandemic, talks about supporting DEI amid fast growth. Brunswick's DEI experts share their thoughts on the growing pressure for companies to publish Ethnicity Pay Gap data. We meet Phyll Opoku-Gyimah—otherwise known as Lady Phyll—a leading campaigner for LGBTQI+ equality.

> The "S" dimensions of ESG have suffered from what commentators have called "middle child syndrome"—somewhat overlooked and neglected.

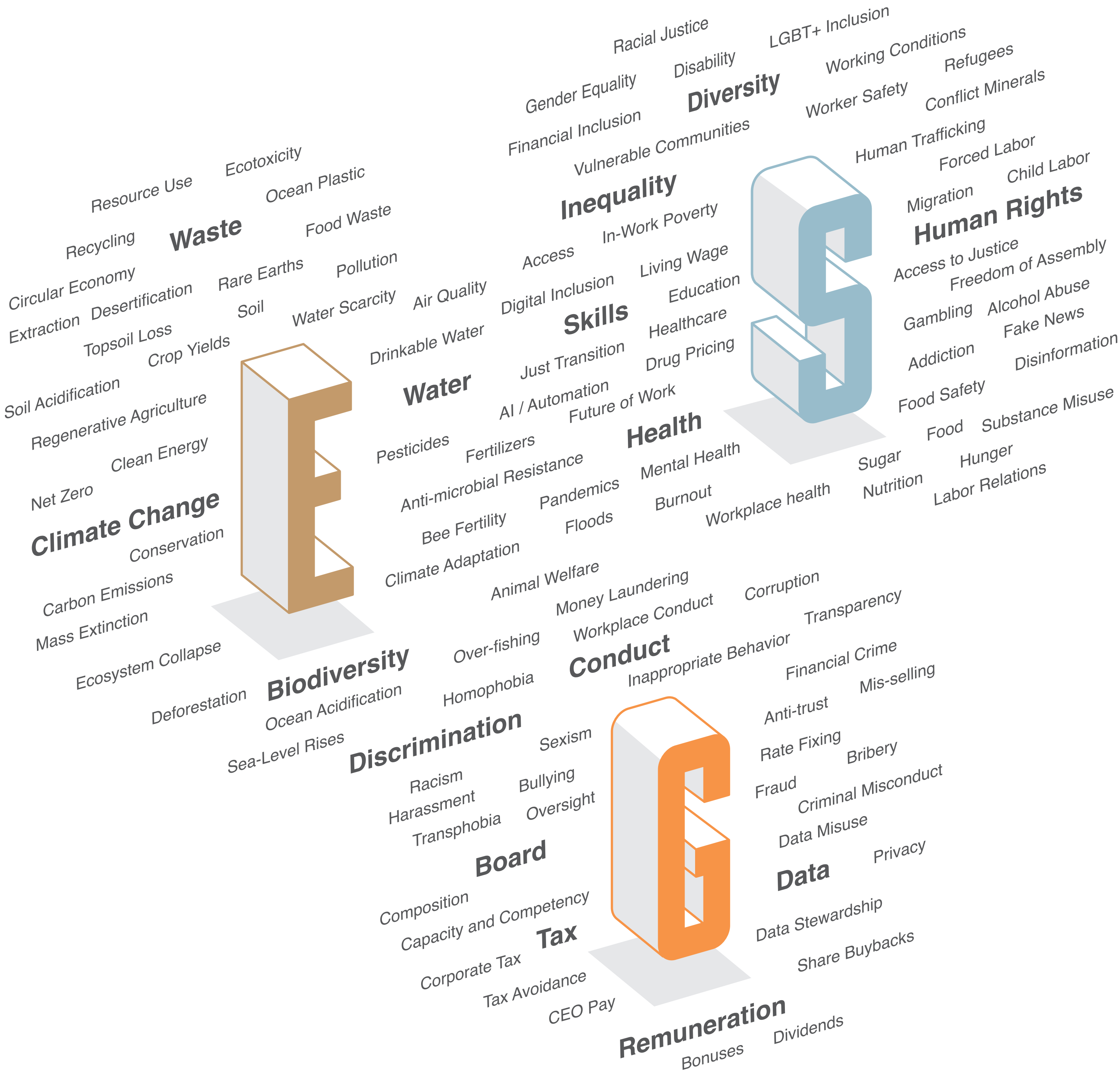
Another "S" issue is modern slavery—there are currently more people in slavery than at any other time in history, and this is a growing concern for companies with long, complex global supply chains. Meanwhile, mental health in the workplace has been a growing concern impacted by the pandemic. We speak to leading voices about what business can do to drive forward solutions.

Many of the world's most challenging issues don't fit neatly into an "E," "S" or "G" box. Climate change and biodiversity loss may be primarily environmental issues, but it is becoming increasingly clear that many of the impacts and many of the solutions are in the social space. We speak to Mxolisi Mgojo, CEO of the South African mining company Exxaro, about the challenges of creating a "just transition," and we hear from Elizabeth Maruma Mrema, from the Taskforce on Nature-related Financial Disclosures, on the "S" in Biodiversity. The social dimension is present now in all the major issues associated with environment.

We launched the *Brunswick Social Value Review* to chronicle the growing pressure on companies to demonstrate they are part of the solution to the world's great challenges, and to show what leadership looks like in this space. There's no doubt that ESG has helped to push societal issues up the agenda of investors and business leaders. As we see in this issue, real leadership is more than treating ESG as a box-checking exercise. It means moving beyond a compliance mindset, asking not just, "How do we increase our ESG scores?" but "How can we make an impact on these issues in the world?" ◆

LUCY PARKER & **JON MILLER** are Partners based in London leading the firm's Social Value offer.

PHOTOGRAPH: LAPPES/GETTY IMAGES



ESG Keywords 2022

These days a broad range of organizations are offering lists of ESG issues—brokerage firms and mutual fund companies, pension funds and insurance firms, credit ratings agencies, the major consultancies and accountancy firms, media such as Bloomberg, FT or Reuters, organizations such as the UN Principles for Responsible Investment (PRI), as well as campaigning civil society groups. We've surveyed these so you don't have to, and offer here an impressionistic view of the ESG issue "keywords" we expect to hear in 2022.

ILLUSTRATION: HARRY CAMPBELL

The Business of Equity

When it comes to addressing systemic bias, old ways of doing business aren't just ineffective, but may be the root of the problem. Without a new dedication of effort—a more deliberate restructuring of behaviors and expectations informed by data and lived experiences—leadership's best intentions can prove inadequate and leave obstacles to fairness still in place.

Brunswick Social Value Review spoke with the DEI lead from Deloitte, one of the top professional services firms in the world. Emma Codd is the firm's Global Inclusion Leader, overseeing Deloitte's global inclusion strategy, with a primary focus on gender, LGBT+ diversity and mental health. She was formerly the firm's Global Special Advisor on Inclusion and the Managing Partner for Talent of Deloitte UK and is also a member of the Leaders As Change Agents' (LACA) Lead the Change board established by the UK Government to increase the diversity and inclusion at the top of the UK's leading organizations. She is also a member of the UK Thriving at Work Council.

Brunswick's Deepali Bagati spoke with her about various aspects of the business' efforts to effectively address issues around diversity, equity and inclusion, including mental health in the workplace, measurement strategies, the impact of the pandemic on women, and what success in this area would look like.

Diversity, equity and inclusion must be embedded into all the activity of an organization. Brunswick's **DEEPALI BAGATI** speaks with Deloitte Global Inclusion Leader **EMMA CODD.**

ILLUSTRATION: HANNA BARCZYK

What does diversity, equity and inclusion mean to you? And what is that North Star; what are we looking for?

The goal for any company should be for everybody to be treated at all times with respect, with fairness. I love the evolution of the word "equity" added in there. To me, that's about how we do things, our structures.

In the corporate world things have been done in a particular way for years and years. To really create equity means not being afraid to rip up that rule book, to look at your processes—how you do things—in order to make sure the playing field is level. Sadly, most organizations have a long way to go.

Deloitte global DE&I strategy is underpinned by what we call a foundation of a culture that is always respectful and always inclusive—our everyday culture. It's one thing to say something. It's another thing to enable everybody to live that on a daily basis.

So for us, that is the North Star. You can have a team that looks truly balanced from a diversity perspective, but where nobody's allowed to have a voice. Nobody's listened to. We want to be an organization where we are truly diverse and where everybody is heard and where everyone can thrive.

What advice would you have for other companies about developing a global strategy and then applying it to each region?

We are very, very cognizant of the particular challenges that there are on a country-by-country basis. That local focus is really important. But we have a lot of common issues from a global perspective.

Part of what my team does is design common solutions that we encounter in many of parts of the organization. And then we measure progress. What gets measured gets done. If people do not see any effort or attempt to track progress or to make it count, then I'm not sure that it's actually going to have the full impact.

With LGBT+, we signed up to the UN standards back in 2018. I really love the ways those five standards are structured. I think they're very helpful for any organization that wants to push further on LGBT+ inclusion. They give you a really clear framework.

On mental health, we've instituted a global baseline, a level that we expect every country where we operate to reach within an 18-month period from when we introduced it. And on gender balance we have clear goals and we measure progress against those.

"To really create equity means not being afraid to rip up that rule book, to look at your processes ... in order to really have a level playing field."

How do you measure your impact? How does a large global firm approach the issue of measurement?

We have a global talent experience survey that we run every year for starters. It gives us a really good insight and serves as a foundation. And it has a big uptake. So we are able to start to gauge from that alone. Then we have team pulse surveys as part of our performance approach that really go to the heart of how a team member is feeling. We don't just measure—we analyze and look for trends and common challenges; then we work to find common solutions for those.

With our gender balance goals, we can consistently measure progress in each country. When you get into LGBT+ inclusion, that is a whole different challenge. We are in a process at the moment of trying to identify the best way we can measure LGBT+ inclusion in those countries where we are legally able to do so. This means understanding the legal complexities and cultural challenges. Some countries have laws prohibiting same-sex relationships and some do not recognize transgender rights. And then on top of that, data privacy: Asking whether a person identifies as LGBT+ can be seen as asking for sensitive data. But we need it to see how engaged our LGBT+ colleagues are. We want to look at it through an intersectional lens as well and identify areas for progress. We are learning from organizations like Open For Business, PGLE [Partnership for Global LGBTI Equality], and from others that have done this.

On mental health, we have introduced a global baseline that applies to all 160-plus countries in which we operate and part of that baseline is identifying the causes of mental health challenges, using data to do that. That's typically done through staff surveys, through the global talent experience surveys and through other means that exist at the member firm levels. This sort of data can give you an insight into the impact of your actions. For example, when I was in my UK role and had been focusing on mental health, we saw that sickness absence data hadn't gone up but those citing mental health reasons had. That told us that people previously had been reporting it as a physical health issue.

This all ties back into your culture. Self-identification for instance works when everybody trusts you and when everybody trusts what you will do with that data, when no one worries that the data will be used to their disadvantage in some way.

If your disclosure numbers are really low, maybe that's a kind of data point too, pointing out that

there's more for you to address around the critical foundation of trust.

Deloitte started putting an emphasis on mental health before the pandemic. Are you seeing benefits from that now?

Yes, we started down the track in the UK, the US, Australia and other countries long before the pandemic and we had made some real progress. But we knew we had more to do from a global perspective and so we made mental health an inclusion priority. Then the pandemic came and this served to highlight why this consistent focus globally was so important.

We also have the fantastic insight that our annual external Millennials survey provides. In 2020, for the first time, we included questions on mental health. Midway through, the pandemic hit. So we went back out and pulsed in the early stages of the pandemic. The findings were really stark: Around half of the respondents said they felt stressed or anxious all or most of the time, with little change between the pulse and the original (pre-pandemic) responses. For that generation, which for us is around 80% of our workforce, mental health, stress and anxiety were a massive issue already. The pandemic exacerbated it for some but not for others.

> "It's one thing to say something. It's another thing to enable everybody to live that on a daily basis."

By the time we conducted our 2021 survey, we had had a year of living in the pandemic—a year when we had heard more talk about mental health at work than ever before. I expected the findings to show a difference. I expected to see a decrease in stigma, but sadly, I didn't. What we saw was roughly the same number of respondents basically saying, "Yes, I feel stressed or anxious all or most of the time." Ironically maybe, an additional stressor this year was people worrying about their mental health and the mental health of their family and their friends, partly because it's more talked about. It's this vicious circle that we've seen emerging.

It is really important that in our organization we are talking about mental health as talking helps to normalize the conversation—to reduce the stigma. But the survey told us that this wasn't the case for some with their employers. There are people in the workplace saying, "Look, I don't feel any different. I don't want to disclose, because I'm worried about judgment."

One of the other points to me that was so interesting about the research was this time, for the first time, too, we asked about their perceptions of discrimination in wider society. We asked if they believe people are discriminated against in their country based on their mental health. Over half the respondents said they believe that's the case. So, while the workplace needs to play a part, this is also a societal issue.

Early disclosure on mental health is the most important thing. But many people aren't willing to tell their team leaders. I am not wild about talking about a "return on investment" where mental health is concerned, but the UK firm has produced an incredible report in partnership with the charity Mind that shows that the earlier you address it, the better the results, the better the outcome for all involved. Basically, the return on investment.

The Millennials survey data is telling you that, for all the increased talk about mental health, it's hard to bring others along in this. How do you

maintain the momentum and the commitment to overcome that barrier?
It isn't necessarily about money and about funding. It doesn't cost anything necessarily to get people to behave in a different way, to create a culture change. Absolutely we have to have the support and we have to have the ways that our people can access support. But what really makes a difference is the everyday culture. They say people don't leave a company, they leave a leader and I firmly believe that.

How do we help people understand how important people's "everyday" experience is? I am a great believer in storytelling and in sharing lived experience. We have our *Can You See Me?* films—five beautiful, very powerful stories on film that we created to show people the impact that words and actions can have on others. They are an amalgam of lived experience—it's storytelling showing the impact through a human lens.

The data is also really important and I love the fact that we can conduct these external research projects. It helps to shine a light on why we need to be focusing on inclusion and well-being—and why "everyday" experience and culture is so important.

There's also a benefit through the financial lens. All you read about these days is the Great Resignation—all the challenges, everybody retraining. In May 2021, we released our Women@Work global report—the results of listening to the views of 5,000 women (outside Deloitte) across 10 countries. Of those, 25% told us that they planned to drop out of the workforce entirely in the coming year. Another 50% said they planned on leaving their current employer within two years. That leaves only 25% who were staying put. And why? Because of the experience they had during the pandemic. The biggest drop we saw in that research was well-being and mental health, a 35-percentage-point drop.

So we know that the data is really important. We know that mental health and well-being is critical. For us, it is about a concerted global approach—a consistent baseline. A focus on removing stigma. And this is where sharing lived experience plays an important part. We did our first ever global world mental health day campaign in 2021. And through this we're continually sharing incredible stories of colleagues around the world, including in countries where societal stigma is significant.

How we lead is important. How our people evaluate us in terms of the way we lead is really important. If we think it counts, then we will make time for it. Mental health has long been an issue that businesses need to focus on, but the pandemic has pushed it into the foreground. At the moment, that has more oomph and passion behind it in every country where we are than I have ever seen. People really want to make this happen.

> "How do we help people understand how important people's "everyday" experience is? I am a great believer in storytelling and in sharing lived experience."

How does DEI fit with ESG reporting and transparency, and your other performance metrics?
Every year we publish a global impact report. You've probably seen it. This year we linked data within it to ESGs where we could and we are now working on identifying further data that could be reported. The big thing it did was to identify where we need more data. I'm a big fan of transparency in reporting. When I was in my UK role, Deloitte was one of only six companies that voluntary published its gender pay gap. I was passionate about it. You only had to walk into our building and walk down the meeting room floors to know we had a gender-balance issue. Why wouldn't we be open about it?

The second thing that I did in my UK role was that we voluntarily reported our ethnicity pay gap. Deloitte US and UK both produce fantastic transparency reports and this is a testament to the focus that DE&I has. You only have to see the positive response to know it is the right thing to do.

In the end, it's vital for stakeholders to understand what sits behind the organization. And a big part of that is the S in ESG. people want to see transparency and its really important that we deliver.

As a final question, what is your top-level view of the approach to DEI? What should leaders stop, start or continue doing?
The big thing is what I describe as "everyday" culture. In the UK when I was new in my role there, we introduced what we called "agile working," our term for flexible working. We had great policies, but did people feel they could use them without it negatively impacting their career? What we learned was that it all depended on the "everyday" culture—how your leader and teammates acted when it came to your working arrangement. Did they make throwaway "jokes" about it or did they truly enable it to be successful through their actions and words? I apply that lesson now—you can have all the right policies but it is a person's "everyday" experience that will determine whether those policies succeed. It's leaders really walking the talk and it's delivering a culture that is always inclusive and always respectful. ◆

DEEPALI BAGATI is a Partner with Brunswick in New York, specializing in leveraging Inclusion and Diversity best practices to drive innovation. She was previously Executive Director, USA and Asia-Pacific at Catalyst and holds a Ph.D. in social work and social research.

Businesses are starting to choose to measure and report pay gaps by race and ethnicity voluntarily in the UK, say Brunswick's **JUSTINE HARRIS** and **DEAP KHAMBAY.** Yours should too.

Being Transparent on EQUALITY

ILLUSTRATION: DAVID PLUNKERT

WHY SHOULD THE ETHNICITY PAY GAP MATTER TO YOU?

With organizations being scrutinized more than ever by investors, regulators, media, politicians and the public, the failure to address the need for workplace equality can lead to significant damage to both a company's reputation and its culture. It is getting ever harder for employers to assure stakeholders that a workplace has an inclusive culture when there are disparities in pay between certain demographics—whether these are gender based or race and ethnicity based—without a clear analysis and granular explanation.

Ethnic and racial disparities are a difficult topic to discuss, let alone measure and correct, yet doing so is an imperative not just from a moral perspective, but from a business performance perspective too.

Progress within businesses to improve the ethnic and racial diversity of boards and senior leadership teams remains very slow. Commissioned in 2015, the Parker Review was established at the invitation of the UK government to conduct an official review into the challenge of ethno-cultural diversity at board level. And an update in 2020 shows very little progress has been made toward implementing its recommendations. Thirty-seven percent of FTSE 100 and 69% of FTSE 250 companies surveyed still have no ethnic representation on their boards.

According to 2017 research from the McGregor Smith review, the lack of diversity in business is costing the UK £24 billion a year in lost GDP and some large investors are preparing to vote against FTSE company chairs if their boards haven't met the Parker Review recommendations for ethnic diversity targets on boards for 2022. Diversity also significantly contributes to the ability of firms to attract talent, with 61% of women and 48% of men saying they assess the diversity of a company's leadership team when accepting job offers, according to research from PwC.

Following on the success of the 30% Club's work on increasing gender diversity on FTSE 350 boards and senior leadership teams, last year saw the launch of the Change the Race Ratio, a campaign led by the CBI and other leading businesses. It calls for FTSE 350 companies to commit to increasing racial and ethnic diversity among board members and at senior leadership level, by setting transparent targets and reporting on plans and progress through an ethnicity pay gap report. Brunswick is one of the founding members of this campaign, alongside Deloitte, Aviva, Unilever, Microsoft and others, which got off to a strong start in its first year, gaining 92 signatories and some notable ambassadors supporting the campaign.

ALMOST HALF OF BUSINESSES SURVEYED ARE PLANNING TO DISCLOSE THEIR ETHNICITY PAY GAP IN THE NEXT THREE YEARS. AN ADDITIONAL 10 PERCENT HAVE ALREADY DONE SO—UP FROM 3% IN 2018.

WHAT DOES THE "ETHNICITY PAY GAP" MEAN?

At the heart of driving progress on racial and ethnic diversity is the decision to set targets, measure progress and adjust actions. Transparent reporting of progress is also a core component, as it holds those businesses accountable for achieving their established goals on all DEI issues. The ethnicity pay gap report is a core part of that effort. In the UK, the ethnicity pay gap is defined as the gap between the average hourly rate of pay for white colleagues compared to the average rate of pay for colleagues from different ethnicities. The pay gap is linked to, but different from, equal pay, which seeks to ensure equal pay for equal or equivalent work and has been enshrined in law in the UK since the 1970 Equal Pay Act.

VOLUNTARY VERSUS MANDATORY REPORTING

The promise of legislative change is still pending, despite earlier expectations that regulation would be on the books by now. So, while reporting ethnicity pay gaps is currently voluntary in the UK, there have been calls from the CBI together with the Trades Union Congress (TUC) and the Equality and Human Rights Commission to make reporting mandatory. Today, a number of FTSE businesses, large consultancies and signatories of the Change the Race Ratio have already committed to publishing their ethnicity pay gap reports, which demonstrates the direction that leadership is heading. And while a growing number of companies are voluntarily reporting, to date only 13 out of the FTSE 100 employers do so, in part due to underlying concerns about the risk of translating their intentions into hard data.

THE COMPLEXITIES OF REPORTING

As your organization begins to think through the challenges related to transparency in this area, there are a few things to keep in mind. The quality and depth of the data you hold are going to be key; to achieve that, you'll have to prepare carefully. HR functions reaching out to employees to ask for their racial and ethnic data could potentially face resistance driven by a lack of trust from the very individuals that you need to hear from.

Being clear and intentional about your employee engagement and communication strategies is critical to mitigating any risk created by asking for this data. A company-wide position and series of commitments on DEI is an important tool to help establish the trust needed from employees. Taking them on the company's journey toward key elements of progress on DEI, with consistent, thoughtful communications is key—as is explaining what you need, why and what it will be used for.

Above all, owning the approach to DEI from the top of the organization and making sure this is a part of an ongoing two-way dialogue between senior management and employees will be core to the creation of trust on this issue. This will provide you with the platform you will need to craft a compelling ambition, narrative explanation and Q&A's that are appropriate for your employee base.

LANGUAGE SENSITIVITIES & LEGAL & CULTURAL DIFFERENCES

Using the right words matters. There is a wide variety of terminology used when talking about race and ethnicity across markets. One well-received recommendation within the controversial March-released report from the Independent Commission on Race and Ethnic Disparities was the scrapping of "BAME" (a widely used UK acronym for "Black, Asian and Minority Ethnic.") This term is unpopular with many ethnic minorities and is viewed by critics as reductionist and unhelpful, as it implies that all non-white ethnic groups are part of a homogenous group. Such thinking, and others like it, fails to recognize the nuanced and intersectional differences fundamental to identifying and addressing key issues around inequality.

Establishing a clear understanding of what is legally possible with regard to reporting in any particular market is also very important, so taking legal advice can be advisable to mitigate the risk of employees taking legal action against employers for misusing their data, or fears about transgressing the rules of GDPR regarding data privacy. In businesses with small sample sizes in some ethnicity groups, it may be harder to ensure data privacy and anonymity, so there is much to think about.

In some countries, it is illegal to collate racial and ethnic data; this includes countries such as Belgium and France. As a result, accounting for the differences in access to data and the ability of companies in certain markets to set specific goals or targets needs careful navigation. Such challenges are making it harder for chief people officers to create meaningful and comparable global representation targets for race and ethnicity, with leaders often setting country or region-specific goals in line with local demographic guidance and predictions. Yet, despite these challenges, some global companies are choosing to establish a single standard within their organization globally, which indicates the future direction of leadership in this area, regardless of the barriers to doing so.

THE PERCENTAGE OF COMPANIES SURVEYED CALCULATING THEIR ETHNICITY PAY GAP HAS RISEN FROM 5% IN 2018 TO

23

PERCENT IN 2020.

DEMONSTRATING PROGRESS

All efforts toward, and investment in, creating a more inclusive and diverse workforce are now part of the fundamental expectations of how companies think about managing their most precious resource. Addressing any ethnicity pay gap is an important part of a company's commitment to action on the much wider DEI agenda, which begins with a clear ambition and point of view from the CEO, respectable targets and a regular schedule of transparent reporting on progress.

Beyond being ahead of any upcoming legislation, sharing your specific ambition on this issue is a strong indicator to future talent that you mean what you say. It is also worth pointing out that this issue is just as important to your customers and investors as it is to your employees, with many asking increasingly searching questions of a company's determination to drive change in this area. They will be looking closely at your business's public commitment toward addressing existing inequalities in your workforce and its recognition of the benefits of a more diverse and balanced workforce.

While organizations may not be proud of the data they share in year one, it is the starting point for acknowledging the challenge and starting to make progress. The much greater risk is long-term damage that comes from not making DEI a core part of your strategy and approach.

Above all, well-meaning statements and ambitions around racial and ethnic equality, without a demonstration of concrete accountability and action, will no longer suffice, whether for your employees, or your customers or investors. The choice is yours. ◆

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POWER in Numbers

Silicon Valley high-flyer DocuSign publishes data on the race and ethnicity of its employees and senior leaders, information that isn't always flattering. Brunswick spoke with DocuSign's Chief People Officer on its commitment to transparency.

How DocuSign manages to rank among the best places to work in America, year after year, is no trade secret. Chief People Officer Joan Burke has detailed the company's practices and strategies in interviews with CNN, *The New York Times*, *Business Insider* and various human resources publications. She has been especially accessible during the pandemic, detailing measures DocuSign has taken in support of its employees. A new free-of-charge mental health benefit, for instance, was highly appreciated among DocuSign employees. Early in the pandemic, "we also announced an emergency childcare and eldercare benefit," Burke told *Human Resource Executive* in December 2021.

DocuSign doesn't limit its transparency to points of pride. On its website, it posts data showing that women, who account for 37.9% of employees at DocuSign, hold 27.4% of leadership roles. That data also shows that DocuSign's US workforce is 64.2% white and 4% Black or African American. DocuSign says the data is current as of January 31, 2021. It also says, "Race and ethnicity information is based on data voluntarily reported by US employees. Less than 6% of our employees as of January 31, 2021, declined to provide such data."

More and more companies are sharing data on race and gender by leadership and total workforce. (Brunswick's DEI information can be found at www.brunswickgroup.com.) DocuSign, the dominant player in e-signature and contract management software, openly addresses a Silicon Valley sore spot: race and gender by tech versus non-tech job. Women, for instance, hold a smaller percentage of tech jobs than leadership roles, according to DocuSign's website.

Unlike its great-place-to-work honors, DocuSign sees its Diversity, Equity & Inclusion data as no cause for celebration. On its website, DocuSign in 2020 announced six goals it hopes to reach by 2024, including a 25% increase in under-represented racial and ethnic groups in US tech roles, a 20% increase in global representation of women in tech roles, and a 30% jump in leadership diversity.

DocuSign also lays out its five-part strategy for reaching those goals. One part requires everyone involved in hiring to undergo "License to Interview" training, "to disrupt bias in our hiring processes and understand the importance of building a diverse candidate slate and diverse slate of interviewers."

At a fast-growing company, hiring is key to the pursuit of diversity. Since March of 2020, DocuSign has essentially doubled the size of its workforce by hiring about 4,000 employees. That that month marked the unofficial start of the pandemic in the US is no coincidence, for when COVID rendered wet-signature rituals a health hazard, an effective work-from-home culture developed overnight thanks in part to DocuSign. During the first year of the pandemic its revenue grew nearly 50%. Not that DocuSign's fast growth started with the pandemic. Revenue grew by more than 35% annually both in 2018 and 2019.

In a Zoom interview with the *Brunswick Social Value Review*, Burke spoke about the challenges of

PHOTOGRAPH: COURTESY OF DOCUSIGN

In 2020, DocuSign committed to the following goals by FY24:
Increase US representation of under-represented racial and ethnic groups by

30

percent overall, by 25% in tech roles and by 30% in leadership.
Increase representation of women by 15% globally, by 30% in leadership roles and by 20% in tech roles.

meeting the company's 2024 DE&I goals, saying, "We are (on target) in a couple of areas and we're not in others." A decades-long human resources leader in Silicon Valley, Burke says that sharing information is the norm in her field, adding that she meets regularly with her counterparts from other tech firms. "There's a great amount of sharing of information," she says. "That's what I love about HR people, they really want to help others do well."

Is the transparency of your Diversity, Equity & Inclusion data relatively new or has DocuSign always collected and posted it?

It is relatively new, within the last 18 months. We collected the information in the past but didn't post it. But Dan Springer is a CEO who believes in transparency, and we are a company that does. So, when we decided to do it, it was like, "Oh, yeah, of course." We didn't even debate it.

Has posting it had any impact?

It's been a great opportunity to show that we're an organization that cares tremendously about diversity, equity and inclusion, and a company that is going to hold itself accountable to update this information on an ongoing basis.

We've got three DE&I goals. One is around diversity, which is to have lots of different kinds of people, and ways people think about things in the organization. Also, inclusivity. We want to infuse inclusion into everything we do. And the last thing is holding ourselves accountable. Publishing this information is a way for us to hold ourselves accountable in a public way, to our employees, to candidates, to investors, and to people who have an interest in DocuSign and want to make sure we're doing the right thing.

Has anyone said, "Gee, DocuSign's numbers aren't as good as they could be"?

Sure. Internally we've got some of that, saying, "How come we're not doing better than we are?" We'll own it and say, "We are not pleased with where we're at." We're not dissimilar from a lot of tech companies and benchmark companies that we compare ourselves against. We're quite like a lot of them. But we don't think tech in general has done a very good job with increasing diversity in terms of women in leadership and, in general, under-represented minorities in leadership and throughout the organization.

We're OK with the criticism, and we feel like by being transparent, it's a good way for us to say we're measuring this, and we know you're looking at us, and we care about it.

"We're OK with the criticism, and we feel like by being transparent, it's a good way for us to say we're measuring this, and we know you're looking at us, and we care about it."

Is DocuSign taking other steps to advance their DE&I initiative?

Going forward, we're putting DE&I measures into our executive compensation plan. The bonus plan for Dan Springer and his team will include metrics for the percentage increase in women and under-represented minorities in leadership and in under-represented minorities in the organization. That's a powerful message, to our employees and executives.

I'm also pleased to announce that we just hired our first Chief Diversity and Engagement Officer, who will be starting in March. We've had a DE&I function, but not at the chief diversity officer level. That was an important statement to our organization, to our employees and to our external stakeholders, that we're serious about this. This is a person who is going to have responsibility for helping guide the organization and getting us to where we want to go. This is a person with great experience.

We're doubling down on infusing inclusion throughout the organization. We have 12 very strong employee resource groups (ERGs), including ones for employees who are Black, Asian, LGBTQIA+, veterans, caregivers, or affected by disabilities. We also have multiple ERGs for women.

What are the biggest challenges to achieving your DE&I goals?

One is that we've been growing so quickly as a company, which can create the need to hire fast. And hiring fast is not the best way to get diverse candidates. You've got to slow down and make sure you're finding the right talent, and that you have a diverse slate of candidates so you can hire with intention.

And it's been tough for some hiring managers, not because they haven't been willing or wanting to do it, but because they're under pressure to deliver. Our growth numbers have been so crazy that that has absolutely been a challenge. And the recruiters are under tremendous pressure to get slates of candidates there. We have to find a way to slow down, which is at odds with what we need to do as a business.

Is tracking and posting workforce data labor intensive?

Our analytics team has great tools that are able to present this information. We also meet quarterly with each of the top seven people in the company to report back to those leaders what their numbers look like, and we provide a playbook of what we think they should do. One of the things I learned years ago in my career is that data at the highest level is very interesting, but it doesn't become actionable until you bring it down closer to home.

When our leaders see how they are doing versus how the company is doing, there is much more of a sense of a personal obligation to fix any problems. Sales is a great example. Our sales leader, Loren Alhadeff, is committed to this, because frankly, sales management tends to be mostly men. No matter how hard it is to hire some people, Loren is always challenging us to make sure he sees diverse candidates, because he looks at his numbers and says, "I've got to do better. I'm not OK with this." That's been important for each of the executive team members.

Have there been areas of improvement worth noting?

A goal of Dan's a couple years ago was to make sure the board was diverse, and now we've got three women on the board of directors. We've got Cain Hayes, who's an African American man. When I joined the company in 2017, I think we had one woman on the board. And now the board chair, Maggie Wilderotter, is a woman.

As for the leadership of the company, of the seven of us on Executive Staff, three of us are women.

It was 2020 that you posted your goals for '24. Are you on target to meet the 2024 goals?

We are in a couple of areas and we're not in others. And we know where we need to do the work, and the work is really in the under-represented minority group. Cain Hayes said to me, "Joan, are you losing minorities to other organizations?" And I said, "Well, first of all, we're proud of our turnover rate. We've seen turnover increase, but we're well below the tech business average. Our Black and our Latinx employees are easy for people to want to come after because DocuSign is a great company that hires great people."

How do we make sure that we don't lose any more of that talent? One thing we hear people say is, "I'm not seeing enough people who look like me at senior levels," which is why bringing in Black and Latinx leadership is really a priority of ours.

That's been very challenging. We need to continue to do better there. No matter what we're hiring for, if it's a senior person, we're not going to make that hire unless we have seen minority candidates. We're going to hire the best person, but we're not going to allow Mr. VP or Ms. VP to make that hire unless they have shown us that we have interviewed and considered a diverse panel.

What do you think tech companies should start, stop, or continue doing when it comes to diversity, equity and inclusion, and metrics?

Well, if they're not measuring it, they better darn well soon measure it and they should set goals. It's not just that you have a measure, but that you want to know where you're going and hold yourself accountable. I think what we're doing in terms of adding it to our executives' compensation program is important.

It isn't just that it's about the money for the executives, but what it says to our employees and candidates about how serious we are about this. I think it's important for organizations to measure employee engagement on an ongoing basis. And one of the questions we ask is around belonging. We ask people how they feel about DocuSign. Do they feel like this is a place where they belong, where they're valued?

We ask that question on every single engagement survey we do, about every six to nine months. Because it's an indicator of the action employees might take in terms of whether they stay or whether they leave your organization.

During the pandemic our employee engagement scores were never better, and I think that was because people saw and felt like DocuSign was trying to do the right thing by them. We put in new benefits, including mental health benefits, we gave people more time off, we shut down over Christmas.

But those are corporate benefits. The belonging question is more specific to an employee's own work group. One of the great things about the survey is that we're able to really zero in, and to help managers see exactly where they may have issues.

There are pockets in the organization where we feel like our scores aren't where we want them to be, but our managers own that, and we give them transparency with that information. And my HR business partners work with them all the time to help make that a priority, and to put in place what it is needed to make sure people feel like they belong. Some of that is, "I'm heard at meetings." Or, "I'm given an opportunity to voice my opinion." Or, "I get a chance to make a presentation to senior-level folks."

Would I like to see our belonging scores even better? Sure. But I'm not displeased with where they are. It's a journey. We still have work to do. ◆

DEEPALI BAGATI is a Partner specializing in Diversity and Inclusion and was formerly Executive Director at Catalyst, US. **KEVIN HELLIKER** is a Partner, a Pulitzer Prize-winning journalist and Editor of the *Brunswick Review*. Both are based in Brunswick's New York office.

As of January 31, 2021, DocuSign in the US was

64.2

percent white and 21.3% Asian with other ethnic groups making up the remaining 13.5%.

Leadership positions were

65.7

percent white, and tech roles 52.4% white. Non-tech positions were 71.5% white.

Women made up

37.9

percent of employees globally, 27.4% of leadership roles and 26% of tech roles.

As part of a celebration of gay pride Month in June 2021, Brunswick organized an online event featuring Phyll Opoku-Gyimah, widely known as Lady Phyll, human rights activist and founder of UK Black Pride and Executive Director of Kaleidoscope Trust, a UK-based charity working to uphold the human rights of the LGBT+ people across the Commonwealth. Brunswick's Jon Miller, a founder of the Open For Business coalition, served as host.

As a Black woman, lesbian and mother, Lady Phyll brings an awareness of the multiple challenges LGBT+ people face. She is on the global Pride Power List and *GQ* calls her "a crucial voice in British intersectional equality." She talks about her experiences, the fight for equality and the role business can play.

People sometimes ask, "do we still need Pride?" or "aren't we overdoing it now?" Why do you think Pride matters now?
We are not living in some ideal world, where we all have the rights that we deserve. So Pride is much more than just a celebration. It really is about looking back to the roots of how it started—the Stonewall Riots, police brutality, lack of safe housing and shelter for our trans and gender-nonconforming and nonbinary siblings. It is about the systemic violence that was there, that was on our bodies.

Prides very much tell that story, especially as a Black or POC-Queer person. We want to have pride of place, to take pride in who we are, and that means that it's still very important to have a space that we can be unapologetically ourselves.

PRIDE & PROGRESS

Brunswick's **JON MILLER,** founder of the Open For Business coalition, talks about global LGBT+ rights with **PHYLL OPOKU-GYIMAH**—a.k.a. **"Lady Phyll"**—UK Black Pride founder and Kaleidoscope Trust Executive Director.

In addition to the UK, there are Black Prides in cities in the US and Europe. Why do we need a Pride for Black or POC-Queer people?
You know, Jon, I've got to the stage where I've stopped answering the question about, "Do we really need a Black Pride?" The question I want to be asked is, "What would happen if there wasn't a Black Pride?"

The mainstream LGBT+ activities are not always as inclusive of our differences as we would like them

PHOTOGRAPH: KOFI PAINTSIL

to be. When we think of the word "intersectionality"—which is not a synonym for diversity—it really is about having a clear lens to how and where we see ourselves, especially because of all of these many facets, the oppressions that one has felt from the racism, the sexism, the misogyny, the issues of Islamophobia, faith, religion, belief, class: There's so much, so many types of experiences. Prides and other movements allow us to see ourselves—you can't be what you can't see.

"Prides allow us to see ourselves—you can't be what you can't see."

UK Black Pride was really born out of a frustration, a need and a desire to really come together and have that celebration, but also to look at our shared commonalities: how we connect and collaborate with one another. And how we also feel extremely empowered when we turn up the volume on society, making it absolutely impossible for the volume to be turned down on us.

That is what Pride is about—togetherness and solidarity, love, hope and aspirations.

This time last year [June 2020], we were really at the peak of Black Lives Matter protests in response to the killing of George Floyd. We saw lots of CEOs speaking out, companies making statements, lots of black squares on Instagram, et cetera. Some were saying all that was just performative. What advice could you give to organizations when they want to use their voice, but they're not quite sure how?
It's really important for us to take that word, "allyship"—I very much think that allyship is situational. Where we had seen this massive resurgence of Black Lives Matter, rightfully so, following the murder of George Floyd, I saw a lot of performative action—black squares, as you say. And then some people would get tired of it and say, "Oh, I'm just gonna put up a picture of my banana bread."

A key thing that businesses can do is ask the question or speak to your employees, those who are Black and brown, Queer, who are working for you. If you have strong values, you should be able to speak to them and say, "How are you doing today? How do you feel?" I know I was exhausted, physically and mentally, by what I was seeing on social media—people sending particular memes or wanting to have the conversation or calling me to speak about, "What can we do differently?"

We have to understand the demographic of our organizations, the demographic of those who we are supporting and assisting, not just here but abroad. Things that are performative—they stay there for a couple of weeks and then move away—that's not being true, that's not being authentic, that's not being real.

We need to understand that lives are impacted in such a significant way when it comes to issues around racism, structurally and systemically. And we've got to do our best to do better, to be better, and to "usualize" the conversation, not just in a moment, but continually.

You used the word "intersectionality." What does that mean for you?
It means that we can't have rights and equality for LGBT+ people without anti-racism, without an end to transphobia, homophobia, biphobia. It means we can't not think about how the economic inequality experienced by LGBTQ People of Color and Black people intersects with the movement for racial equality. I always use the word "intersectionality" because I really cannot speak about racism if I'm leaving at the door my sexual orientation and identifying as a lesbian; or speak about sexual orientation without speaking about class and how that plays out. So those intersective vectors are really important when looking at LGBT+ rights globally.

"I really cannot speak about racism if I'm leaving at the door my sexual orientation and identifying as a lesbian."

How would you describe the situation facing LGBT+ people around the world? It's a complicated picture out there. Are you hopeful? Do you see progress?
We're seeing a bit of both, progress and regression. Kaleidoscope Trust—for those who don't know, we're a small charity, an international human rights charity, that works to uphold human rights for LGBT+ people. We work primarily within the Commonwealth and also work with Open For Business. Our work is very necessary, very important, because it's about helping to ensure a free, safe and equal world for LGBT+ people everywhere.

We can talk about the success or progress that's been made—Trinidad and Tobago, Botswana, Gabon, Repeal 377 in India. But we're also seeing 44 Ugandans arrested, or the 22 LGBT+ people in Ghana being detained unlawfully, injustices in Nigeria, in Hungary. So we've got rights in certain places, equal marriage. But that's not the be-all and end-all.

So yes, regress and progress; unequal and uneven. That's how I see it. We've really got to re-imagine a world where we all have rights. We have to be, I would say, almost radical, in our approach for human rights for all.

What is the most powerful thing, do you think, that businesses can do to move forward LGBT+ rights in places where it's a challenge?
I think corporations, especially the big ones, often go beyond their role as companies. They lead on setting working standards, and often cultural standards. They operate as opinion leaders. As such, companies should be more actively involved in becoming part of the solution, rather than part of the problem. That carries more responsibility.

Workplace discrimination is not always obvious, but most of the time goes below the usual radars, and this is why it becomes crucial for corporations to have in place, first of all, really strong policies. But also, culturally, they should have routines that allow people to enjoy equal rights and treatment, regardless of their gender, their sexual orientation. Research, as you see in Open For Business, shows the ways that companies can respond to diversity to help their employees feel psychologically safe—to avoid incidents of racial discrimination or mistrust of authority or other organizational issues.

I really need to labor the point about Open For Business: You are doing absolutely the most vital work, which is groundbreaking. I think it's time for companies to open up and have these real discussions about racial inequality, about systemic racism, inside and outside of the workplace, to have these conversations so that we're usualizing them—diversity talks, workshops, or things around themed months—so that they don't feel decorative.

How can those not in the LGBT+ community help their LGBT+ colleagues in the workplace?

First, you can do your homework, so that we're not relying on our LGBT+ siblings, comrades, colleagues to talk about their lived experience. Because that may open up trauma and they may not be ready. I always say, "Google is your friend." There are so many books, and websites like Kaleidoscope Trust, or UK Black Pride. I'm shamelessly plugging here, aren't I, Jon?

Second, I would say there's something about the word "solidarity." If your allyship is not rooted in solidarity, then it's not "allyship." You can't say that you're for one bit of equality, but not for another. It has to be right across the board; we have to look at even solidarity with an intersectional lens as well.

Third, I would say put your money where your mouth is. We can donate, we can sign petitions for groups and causes that support the work of upholding human rights, strengthening movement-building and capacity-building.

All of that is important: homework, making sure solidarity is at the forefront of what you do, putting your money where your mouth is. And then just usualizing the conversations, making sure that it's not a seasonal thing, but 365 days a year, and ensuring that your policies value and respect the difference within your organization.

Regarding working for LGBT+ rights in other countries, a question that we often hear is, "Isn't that a sort of form of neo-colonialism?" How can we make sure that the work that we're doing isn't accidentally some new form of imperialism?

A big question and absolutely an important one. It's important to remember that homophobic laws across several Commonwealth countries are imported laws. People that were under this occupation by European countries were never asked how they felt about those laws.

Lady Phyll addresses a Pride event, July 21, 2021, in Parliament Square, London, where demonstrators sought a return to Pride's original spirit of protest and community.

PHOTOGRAPH: MARK KERRISON/IN PICTURES VIA GETTY IMAGES

Before European colonization, we see a far different, and I think a more relaxed, attitude toward sexual orientation and gender identity, especially throughout Africa as a continent. If we take a closer look at Africa, for example, we'll see that homosexuality goes back in history—it's not un-African to be gay. Many African countries had never even seen gender as binary. Nor did they link autonomy to gender identity. If you look at local cultures in countries like Uganda, Botswana, or even Nigeria, they have always been aware of different sexualities.

At Kaleidoscope Trust we really make sure that we carefully navigate these different political systems and social dynamics. This is why we never ever dictate to our partners about how they should work or what they should work on, and what they should focus on. For us it's about how do we listen? How do we hear? How do we make that space? How do we also provide the resources for them to act independently and really formulate their own agendas, coalitions, campaigns, in the way they think most appropriate to them?

We are not here to berate, point the finger, or to say, "This is how it would work." It really has to be a collaboration.

There are some pretty toxic voices out there at the moment—some who paint the whole equal rights conversation as "culture wars," for instance. How do we inject a bit of compassion and kindness and nuance into the conversation?

First and foremost, there really shouldn't be a debate about trans rights. Trans rights are human rights, and the onslaught that our trans siblings are facing, especially here in the UK, but around the world, is unacceptable on every level. We cannot leave our trans siblings behind.

I think we encourage compassion and intelligence by demonstrating compassion and intelligence. The propaganda and vitriol against our trans non-binary siblings is awful, it's horrendous. It actually makes me sick to my stomach. Trans people don't just want to survive; they want to thrive. We can't let them go it alone. We have to get angry and we have to stand up for their rights and say, "This is not OK, and it will not be done in my name." We've seen such a backlash against the amazing work being done, here and abroad. We have got to stand up, show up, show out, speak up and speak out against this.

Companies can do a lot to lead the way. They can show us how you stand up for creating meaningful, strong policies that are actively inclusive of trans people in a work environment. All trans people. It's about making sure you're putting something in place for those that require those gender-affirming conversations. Those who refuse to be boxed in by gender.

We cannot afford to just stand still. There's a quote by Bishop Desmond Tutu that I've used for years. He says, "If you are neutral in situations of injustice, you have chosen the side of the oppressor." We really have to think about which side of history we want to be on.

You famously turned down an appointment to MBE. Obviously a personal decision, but one that carries a political resonance. Can you talk us through that?

MBE stands for "Member of the Order of the British Empire." Now, anyone on this call will understand how the words "empire" and "colonization" are toxic. The work that we do within Kaleidoscope Trust, Open For Business and many other brilliant organizations, is about reversing these colonial-era laws.

As somebody who has founded UK Black Pride, who works in international human rights, who is a trade unionist, I couldn't accept something that elevates itself over the people I serve. And I couldn't accept anything whilst I still know there are so many countries, especially a country that I'm from, Ghana, that still criminalizes LGBT+ people.

So I declined, gracefully. That was probably my seventh letter back to the Queen. And I take nothing away from those who have chosen to accept this accolade. But, for me, there's so much work to be done. I could make a joke of it and say, "How does one queen bow down to another queen?"

Who inspires you to keep going with this work?

I'm inspired by the activists we work with. I'm inspired by Black women, Black Queer women, faced with being excluded and not feeling seen. I'm inspired, really, by many people that touch my life, including yourself and Open For Business. So many people, it's hard to pin it down. My life is not just this straight, narrow road. It has so many different turns, and I get and seek inspiration from different people.

I keep going because my daughter, who is a 26-year-old young woman, is proud that her mum talks openly about being a Black lesbian and the work she does. We've overcome hate crime and death threats and held each other at times where I've just wanted to retire. But we're there for each other. ◆

UK BLACK PRIDE **is Europe's largest celebration for LGBTQI+ people of African, Asian, Caribbean, Latin American and Middle Eastern descent.**

KALEIDOSCOPE INTERNATIONAL TRUST **is a UK-based charity focused on fighting for the human rights of LGBT+ people to effect meaningful and lasting change across the Commonwealth.**

Open For Business **is a coalition of global businesses campaigning for equality in countries where LGBT+ discrimination takes place.**

JON MILLER is a Partner at Brunswick and co-leads its Business & Society practice. He is the founder of Open For Business and co-author, with Lucy Parker, of *Everybody's Business,* on business's role in social progress.

ILLUSTRATION: MARYSIA MACHULSKA

Stamping out SLAVERY

There are more slaves today than at any point in recorded human history. Many are hidden in the maze of vast, complex supply chains.

LULWA RIZKALLAH and KATHRYN CASSON spoke to four leading experts on what businesses can—and should—do.

There are 40 million people in modern slavery today, more than any point in recorded human history. Fifteen million are trapped in forced marriages. Forced labor comprises the remaining 25 million, of which the overwhelming majority—more than 60%—are associated with supply chains.

Modern supply chains are tiered. Tier one refers to the largest, most advanced suppliers that deal directly with multinational companies. Tier two suppliers are smaller and supply those in tier one, and so it goes down the chain. Accountability charts a similar course. Each company is typically responsible for ensuring the quality of the suppliers it deals with directly. A 2020 analysis by McKinsey hints at the scale and complexity of these chains—and the challenge facing businesses looking to impose uniform standards across them. Analyzing two Fortune 100 companies, they estimated each relied on roughly 4,000 suppliers in the first two tiers alone.

The International Labor Organization (ILO) estimates that modern slavery generates $150 billion in illegal profits every year—the only crime more lucrative is drug trafficking, which rakes in roughly $300 billion annually.

The pandemic has intensified the problem in two main ways. First, its economic fallout has left millions more vulnerable to exploitation and forced labor—the ILO estimates that 225 million full-time jobs were lost in 2020 and 1.6 billion informal economy workers were in danger of losing their livelihoods. Second, the pandemic has put workers' rights—from the gig economy to warehouse workers—in the spotlight. Stakeholders are paying more attention to what companies are doing, and they are demanding more meaningful action.

Brunswick spoke with leaders from four organizations on the front lines of the fight against modern slavery. Whether building coalitions and partnerships with the private sector, providing research to investors, or benchmarking companies, they represent some of the most informed—and influential—voices on the issue.

What enables modern slavery, and what steps can businesses be taking to address it?

ANTONIO ZAPPULLA: Modern slavery is the symptom of a larger set of deep-rooted issues—poverty, a lack of education and socio-economic inclusion, and gender and racial discrimination. The global economy is also still very much geared to favor short-termism over stakeholder value, which only serves to fuel the problem.

In terms of what needs to be done, modern slavery can only be addressed through a global response, one which combines the forces of multiple players—front-line NGOs and activists, the legal, investment and business sectors, policymakers, academics, economists and journalists. Facilitating partnerships is at the heart of the Thomson Reuters Foundation's inclusive economies work, which encompasses all our anti-slavery initiatives and our efforts to foster sustainable and responsible business models. I cannot overstress the critical need to strengthen the wider ecosystem.

MATT FRIEDMAN: A lot of it is a general lack of awareness. We all have a sense of what forced slavery and modern slavery is, but we can't picture what it actually looks like. If you don't know it's there, if you don't understand it, you're not going to be able to create the tools and approaches to protect your business.

The second is a lack of priority—seeing this as something to be checked off a list rather than recognizing it's emerging into a powerful phenomenon that more companies are being caught in.

Lastly, most manufacturers are not looking below tier one. Manufacturers have been auditing tier one for a long time; nobody ever really asked them to go below that level. But the expectation now is that they have to. For that to happen, there will likely be a lot more sharing of audit information between and among brands. We will see major shifts in the way manufacturing is done simply to accommodate the requirements that exist related to this legislation.

ANTONIO ZAPPULLA
Thomson Reuters Foundation CEO

MATT FRIEDMAN
CEO of nonprofit Mekong Club

FELICITAS WEBER: KnowTheChain benchmarks demonstrate that companies focus heavily on supplier audits, yet these can fail to detect forced labor. For example, in 2018 an independent investigation identified forced labor at the Malaysian rubber glove manufacturer Top Glove—a finding that 28 audits in the two years prior to the investigation had overlooked.

MATT FRIEDMAN: Responsible recruitment is an essential part of this whole process—ensuring that employees that come from one country and end up in another destination have no debt is an extremely important part of the process.

FELICITAS WEBER: We found that some workers in apparel supply chains have to pay as much as $4,000 just in order to get a job—more than a year's salary. This kind of debt bondage affects roughly half of all forced labor victims.

Another important step businesses can take is to address the fundamental power imbalances between themselves and their workers. KnowTheChain's analysis has found that forced labor thrives in situations of inequality and discrimination. This harms the most vulnerable workers, especially migrants and women.

Few companies seem willing to address these power imbalances. They could do so by focusing on grassroots and worker-led approaches—ensuring that workers identify the full extent of any rights violations, for example, and that workers design, implement and verify solutions. Academic research shows that such a worker-centric approach is more effective and drives better outcomes. Across sourcing countries, for example, apparel factories in which unions and collective bargaining are present have higher compliance levels.

In addition, companies can fix irresponsible purchasing practices: last-minute changes to orders, downward pressure on pricing and delayed payments, to name a few. These create demand for forced labor. An ILO survey of more than 1,500 suppliers across 17 sectors found that 39% of suppliers reported having accepted orders that did not even cover the cost of production—let alone the costs of decent work and living wages.

Equally, as the length of time between the delivery of an order and payment by a buyer increases, weekly pay for workers decreases significantly. Responsible purchasing practices—prompt payment, accurate forecasting and reasonable lead times—help prevent forced labor and ensure decent work and living wages.

Is there reason for optimism, given that the pandemic has intensified the focus on ESG?

ANTONIO: Modern slavery sits within the S of ESG, which is often seen as the most complicated letter to adopt and monitor. A wide range of issues fall under this category, and there's a lack of shared benchmarks and available data at the moment.

Yet we recently released a white paper called "Amplifying the 'S' in ESG," which narrowed the focus to four key benchmarking themes, one of which was high-risk labor. To produce the paper, we spoke with more than 100 stakeholders. And we kept hearing the same misperceptions: Social performance is less financially material than environmental performance; social risks are hard to measure; and by following local laws, companies are compliant even if labor practices are poor.

This last assumption is one which creates the conditions where modern slavery can flourish. It's critical that both businesses and investors don't equate eradicating forced labor in supply chains with diminished returns. In fact, our paper demonstrates that companies with better scores on the social dimensions of ESG trade at a premium in comparison with their peers. Businesses within the purpose-driven B Corp movement, for example, have experienced an average year-on-year growth rate of 14%—28 times higher than the national average in the UK.

SERENA: Walk Free works closely with investors through the Investors Against Slavery and Trafficking initiative. And they're seeing modern slavery as something that goes beyond ethics. As they highlighted in a statement, business models and value chains that rely on underpaid workers, weak regulation or illegal activities such as forced labor and other forms of modern slavery drive unsustainable earnings. Greater transparency is not only expected by consumers and investors—it's increasingly required by law. We've seen laws on supply chain transparency, human rights due diligence and customs regulation for goods made with forced labor across several countries in just the last few months. This exposes companies to significant legal and reputational risk.

FELICITAS WEBER
former Project Director at KnowTheChain

SERENA GRANT
Head of Business Engagement for international human rights group Walk Free

In one sense, modern slavery is geographically concentrated. Two-thirds of modern slaves are in Asia, and over half are thought to be in five countries: India, China, Pakistan, Bangladesh and Uzbekistan. Yet because supply chains are global, modern slavery shows up in almost every country and every product. Each year, G20 countries import more than $350 billion worth of products at risk of being made by slave labor—nearly 40% of which goes to the United States.

So what does real leadership on modern slavery look like?

ANTONIO: Real leadership on modern slavery takes courage. And this is something we recognize through our Stop Slavery Award, which doesn't credit companies with being "slave free," but instead rewards those that have stuck their heads above the parapet, are open and transparent about their operations, and have set a gold standard in efforts to eradicate forced labor from their often vast and complex supply chains. Over the last year, we've been so heartened by the number of companies who have willingly joined us for a series of roundtables to discuss issues related to human rights and supply chains, and to share best practice.

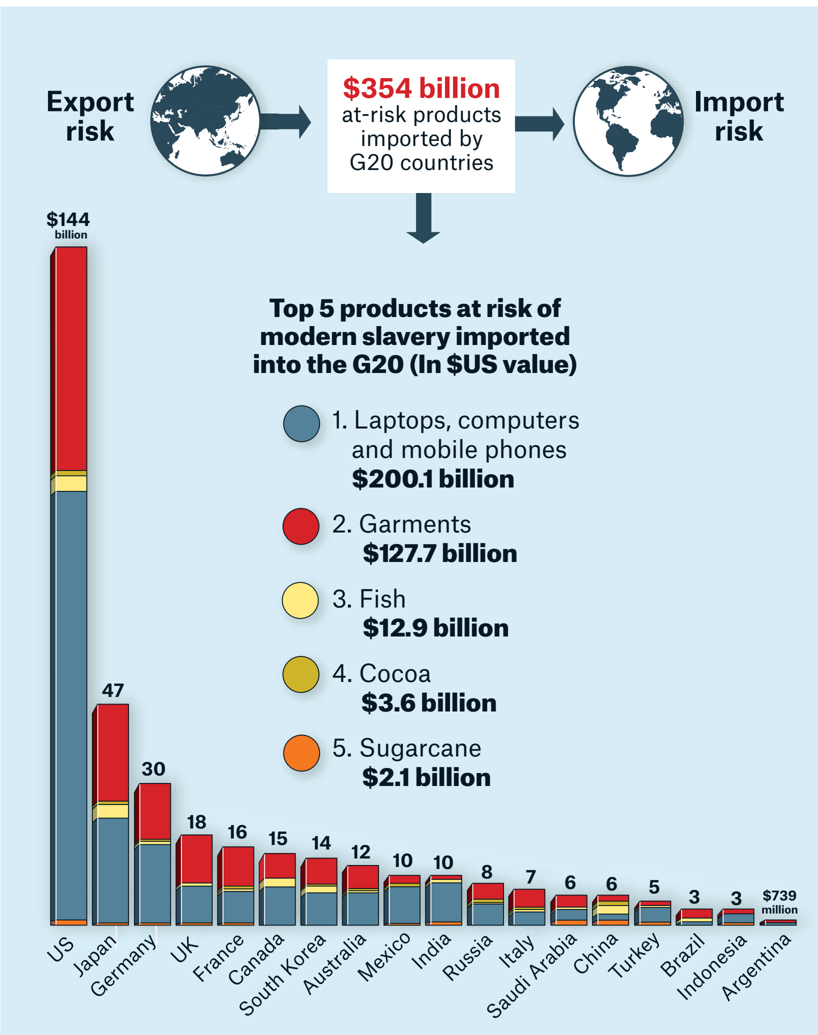
Australian ethical brand Outland Denim has demonstrated remarkable leadership through prioritizing the dignity of its workers and centering its business model around positive social and environmental impact, as well as economic returns. In addition, Adidas' efforts to safeguard the rights of migrant workers and address modern slavery risks in the lower tiers of its supply chains exemplifies how a global company can lead by example.

SERENA: Real leadership involves driving meaningful collaboration. No single organization can tackle all of the systems that allow modern slavery to flourish. To be effective, corporate leaders must work with industry peers, governments and civil society to identify what those systemic failures are and take action to address them. It also involves being transparent, not just about risks, but also when they have found modern slavery cases. We always applaud companies that find instances of exploitation in their supply chain and then act swiftly to protect victims and provide remediation. The more companies that are open about this, the more others will start fixing the problem rather than shying away from it. In fact, we should get to the point where it is unusual to not be identifying instances of modern slavery or related exploitation, given we know how prevalent it is in certain industries.

FELICITAS: KnowTheChain's 2021 apparel and footwear benchmark identified forced labor allegations at more than half of the 37 largest global apparel companies, with some companies facing as many as four allegations. Typically, companies make real efforts to address forced labor only after they have been called out for specific allegations.

G20 LEADERS IN CONSUMPTION

A vast majority of products tainted by slavery are bound for the United States, shown by data collected in 2018 by the Global Slavery Index.



GRAPHIC: PETER HOEY

Leadership begins by companies taking proactive steps to address forced labor risks across sourcing countries and supply chain tiers, rather than waiting for allegations to come to light.

And while on paper most corporate policies prohibit forced labor, in practice, reports of forced labor cases continue to emerge. As they work to prevent abuse, companies must show leadership when it comes to remediating rights abuses. In the best-case scenarios right now, companies report that they ensure that suppliers provide remediation to workers. This is positive, but it doesn't consider the role the company itself plays through its purchasing practices. Pricing orders inadequately, for example, means that pricing does not cover the full costs of compliance with a company's code.

We hope to see more follow the example of US sportswear company Brooks, which reportedly shared the cost of providing remediation to workers with its subcontractor.

MATT: Leadership really has to come from an emotional attachment. You can't mandate or delegate this—a leader has to own it. And they act because it really bothers them that this injustice exists. They make public statements. They give interviews. In some cases, they come right out and say they have identified violations. They are communicating it's relevant and important enough that they have to do something to address this.

The Mekong Club helps organizations put in place sustainable systems and procedures that protect them and their workers and their brand, and allow leaders to talk about this as being something they care about.

There are unsung heroes out there within the private sector. If you look at the factories in Asia and compare where they were 30 years ago and where they are today, it's because of the private sector's insistence on regularly going in and auditing and re-auditing and correcting.

The real heroes out there are those in the private sector who have been doing this. They are often perceived as the villains, yet some of the biggest achievements that we've seen have come as a result of brands doing what they need to do.

Some leaders have been taking this on for many, many years. They might not get a lot of credit, but as a result of what they've done, the world is a better place. ◆

LULWA RIZKALLAH and **KATHRYN CASSON** are both former Brunswick Directors.

Elizabeth Maruma Mrema addresses the 15th meeting of the Convention on Biological Diversity in 2021 in Kunming, China.

Business in the Ecosystem

More businesses internationally are seeing their responsibilities to nature and biodiversity. **ELIZABETH MARUMA MREMA** is leading the call. She speaks with Brunswick's **NICK RICE.**

Elizabeth Maruma Mrema is the Executive Secretary of the Secretariat of the Convention on Biological Diversity and Co-Chair of the Taskforce on Nature-related Financial Disclosures. Her dual role puts her at the crux of the global nature and biodiversity agenda, ranging from the UN to the corporate and financial community.

The Convention on Biological Diversity (CBD) aims to preserve nature and biodiversity for the benefit of living beings and their ecosystems while also meeting human and societal needs, ranging from clean air and water to nutrition and health. The Taskforce on Nature-related Financial Disclosures helps organizations report on and respond to risks relating to nature and biodiversity, creating consistent frameworks and steering the global financial system in a nature-positive direction. With leadership positions spanning both organizations, Mrema provides a common center for missions with broad implications for the public and private sectors.

Mrema has worked with the UN Environment Programme for over two decades and was the Director of the Law Division at UNEP. Prior to joining the Law Division, she was Deputy Director of the Ecosystems Division, in charge of coordination, operations and program delivery. Prior to these duties, she also served as Executive Secretary of the UNEP/Secretariat of the Convention on the Conservation of Migratory Species of Wild Animals. Her work at UNEP has focused on development, implementation and enforcement of environmental laws, including multilateral environmental agreements at national, regional and international levels.

Before joining UNEP, Mrema worked with Tanzania's Ministry of Foreign Affairs and International Cooperation and left as a Counsellor/Senior

PHOTOGRAPH: CHEN YEHUA/XINHUA/ALAMY LIVE NEWS

Legal Counsel. During her time there, she was also a lecturer in Public International Law and Conference Diplomacy at Tanzania's Centre for Foreign Relations and Diplomacy. She has also served as a pro bono visiting lecturer at the University of Nairobi Law School and in the past at the International Development Law Organization in Rome.

In recent years, organizations have put more emphasis on the environment, but with a heavy focus on climate and pollution. What do they need to do for nature and biodiversity to command the appropriate level of attention in the private and public sectors and in society at large?

We are observing a change in that mindset. More and more companies are realizing the critical role nature has in our economic activities. The World Economic Forum, in its New Nature Report series, estimates that more than half of the world's GDP is moderately or highly dependent on nature and its ecosystem services. If we don't act quickly to reverse biodiversity loss, all economies are at peril. Forward-thinking companies are already developing strategies that tackle both issues on an equal footing. I am optimistic this will inspire others to follow.

In which industries and locations do we see the most progress on nature and biodiversity, and where do we see the least?

There are industries whose dependency on biodiversity is so critical that companies have been working on this issue for some time. The hydropower sector has long understood the role of natural areas and ecosystem services in order to secure their own operations. The same applies to water utility companies and to extractives.

To some industries, this connection is less evident. To the information technology, retail and service industries for example, the dependency on biodiversity is still less tangible. We need to work harder to raise awareness across sectors and society, and to do it quickly.

How important are the interlinkages between nature and biodiversity on the one hand and social and business issues on the other?

The linkages are becoming more obvious. Biodiversity underpins all life on Earth. Healthy ecosystems are responsible for filtering our air and water, keeping our soil healthy, and providing ecological buffers against storm damage.

Biodiversity ensures that we have fertile soil, as well as a variety of foods, including fruits and vegetables. It is the foundation of most of our industries and livelihoods and helps regulate climate through carbon storage and rain cycles.

We depend on nature and ecosystem services to have healthy, resilient and prosperous societies. Our well-being fundamentally depends on biodiversity and ecosystem services.

> "Organizations of all sizes and sectors are increasingly becoming aware of the critical role biodiversity and ecosystems have in our economies and well-being."

How well do you think organizations understand these interlinkages?

We are witnessing an increasing number of businesses and financial institutions coming forward and taking steps into integrating biodiversity into their operations and portfolios. Last month, 12 business leaders from multinational companies issued a letter calling on governments to take meaningful action on the collapse of ecosystems.

During the 2020 UN Biodiversity Summit, 26 financial institutions collectively committed to collaborate, engage and assess their own biodiversity impact, and to set targets and to report on biodiversity matters by, at the latest, 2024. The CBD in collaboration with the governments of China and Egypt launched the Action Agenda for Nature and People, and over 500 private companies have already been profiled in different commitments for biodiversity.

The writing on the wall is clear and the tide is shifting. Organizations of all sizes and sectors are increasingly becoming aware of the critical role biodiversity and ecosystems have in our economies and well-being.

How can organizations support social causes in a way that also supports nature and biodiversity?

There are numerous ways organizations can support social causes in tandem with ensuring support for nature and biodiversity. The interrelationships between social causes, particularly social justice issues and the environment, are increasingly recognized in news media and by mainstream society. Prioritizing support to initiatives that address both social and environmental concerns helps to demonstrate and reinforce the understanding of the inherent interconnectedness of people, society and nature.

Can you give us an example where this approach has proved particularly effective?

At the local level, initiatives that promote community leadership on environmental issues, such as habitat restoration projects and community gardens and related environmental education activities, can have many positive social impacts on communities in terms of social cohesion, greater food security and well-being, as well as beneficial impacts for the environment, including increased awareness.

At broader levels, support for women's empowerment and the culture and autonomy of indigenous peoples and local communities can help these actors play a stronger role in environmental decision-making.

Lands that are managed by indigenous peoples and local communities around the world are critical areas for the maintenance of biodiversity. Increased engagement of women in community-based natural resource management bodies has also produced stronger resource governance and conservation outcomes.

How will financial disclosures help organizations establish a credible nature and a biodiversity strategy, including with respect to related social issues?

Financial disclosures have a major role to play to enable all investors, banks, insurers and companies to better understand the financial risks associated with nature loss and degradation, and in turn integrate those nature-related risks into investment, credit and insurance underwriting decisions.

Accordingly, financial disclosures will play a transformational role, bringing attention to the impacts and dependencies between finance and nature, and their knock-on effects for economic stability.

How should they work with other parts of society to create and implement their strategy?

Measuring impacts and dependencies from economic activities on biodiversity is extremely complex. And, because it is such a complex issue, we need a multi-stakeholder approach to develop solutions.

Across the globe different organizations are trying to identify solutions. Service providers are helping companies to develop business strategies that consider not only climate-associated risks but also nature-associated risks.

Companies of all sizes and sectors are re-thinking their operations and integrating biodiversity considerations into their business models. NGOs have been working with the private sector to develop tools and mechanisms that can help in this transition. And financial institutions are looking into their portfolios and re-designing financial flows toward positive models for nature and biodiversity.

We need to scale up these partnerships and collaborations and create an environment that is both enabling and positive for nature.

"Businesses have an opportunity to act by changing the way they manage and use natural resources."

NICK RICE is a Director in Brunswick's New York office, where he advises on financial services and sustainability. He is a former award-winning journalist with the *Financial Times*.

How will you work with other ESG standard-setting organizations to reflect nature and biodiversity in their approach?

Some of the leading standard-setting organizations are already working on biodiversity considerations. We see a clear and positive trend under way that we hope will support the upcoming post-2020 global biodiversity framework, due to be adopted in spring 2022. To that end, the CBD Secretariat has been liaising with different standard-setting organizations to explore and strengthen synergies.

What are the biggest adjustments you think companies are going to need to make?

Businesses have an opportunity to act by changing the way they manage and use natural resources. Those that act quickly across their value chains to ensure a more sustainable and less impactful business model will gain a competitive advantage.

Businesses can assess their impacts and dependencies on nature to ensure they are committing and acting on the most material ones. They will also need to come to the realization that their efforts to combat climate change must be coupled with efforts to curb biodiversity loss. These are two sides of the same problem and need to be addressed together.

How much do you estimate this is going to cost?

The first draft of the post-2020 global biodiversity framework calls for an increase in financial resources from all sources to at least $200 billion per year. This includes new, additional and effective financial resources. This is in addition to the calls on governments to redirect, repurpose, reform or eliminate incentives harmful for biodiversity, reducing them by at least $500 billion per year.

What are the most likely arguments that will be raised against moving forward with the spirit and the implementation of TNFD, and how would you answer those?

Nature is extremely complex to measure. Not only due to the variety of life on Earth, but also as it relates to its specificity, location, the services it provides and its cultural value. These are not necessarily arguments against TNFD, but they are considerations that need to be factored into the work.

We are also aware of the data sensitivities. There is a lot of available data, but it is not as accessible or as fit for purpose for finance-based decision-making as we would hope. But this can be overcome by bringing all experts together to identify a solution that can help us move forward. ◆

The (un)Just

The CEO of EXXARO, one of South Africa's largest Black-empowered resource companies, discusses a journey to net zero that doesn't leave communities behind.

Asked to name a villain in today's fight against climate change, many would likely say coal. Brunswick research of opinion leaders in the US and UK found coal to be the energy source they were least likely to invest in and most likely to think the world should use less of. An unofficial goal of COP26 was to "consign coal to history."

Yet at that same COP, two issues added nuance to how that consignment should take place. The first was a global energy crisis that demonstrated not only the world's reliance on coal, but also how a mismanaged transition away from it could be much more costly and damaging than previously imagined.

The second was a growing focus on a "just transition." In the words of Mxolisi Mgojo, CEO of Exxaro, one of South Africa's largest Black-empowered resource companies, a just transition requires responding both to the "cries of the poor, and the cries of the Earth."

In one sense, responding to those two cries should be straightforward. The harshest effects of climate change are most likely to be felt by those with low incomes and low skills.

Yet the steps required to tackle climate change can disproportionately hurt those same disadvantaged groups. Billions still depend upon coal-generated power in their homes and businesses, while many local communities, as Mgojo knows firsthand, depend upon those mines for their livelihoods.

The company Mgojo leads, Exxaro, offers a model of how a company that on paper might sound like the enemy of the energy transition—it makes 90% of its revenue through coal—can help foster that transition in a way that helps bring communities along with it.

Exxaro's work is doubly notable given that it's taking place in South Africa, where the challenges of a just transition are particularly intense. The country remains riven by racial and economic inequality and faces steep unemployment—all of which the pandemic worsened. In the summer of 2021, civil unrest paralyzed the country's economy and saw more than 300 people killed—violence ostensibly sparked by politics, but whose deeper roots were socioeconomic.

Between 2015 and 2021, South Africa saw real GDP per capita decline, and today the carbon-intensive country sees rolling blackouts. So the very same step for which the world is calling—a swift move away from fossil fuels—might bring real hardship to South Africa's most disadvantaged.

On the energy front, Exxaro entered renewables


An aerial view of Kya Sands settlement in Johannesburg, South Africa—a country with inequality so stark it can be seen from the air.

PHOTOGRAPH: MARTIN HARVEY/ GETTY IMAGES

TRANSITION

more than a decade ago, making it among the first fossil fuel companies to do so. Today it owns and operates a company with wind farms that feed into South Africa's national grid. It recently informed shareholders that it intends for renewable energy to grow earnings before interest, tax, depreciation and amortization (EBIDTA) from 8% to 30% by 2030. Exxaro has also expanded into minerals and materials—like copper—crucial for the electric vehicles and energy grids upon which the energy transition will be built. The company's ambition is for coal to dilute from 92% of its EBITDA to 45% by 2030. The company has set a carbon-neutral target for 2050, and aligned its governance, risk management and strategic processes with TCFD recommendations.

On the societal side, more than 30% of Exxaro is Black-owned, and the company has in place an employee share ownership plan and community benefit scheme, both of which are evergreen. It is ranked among the top 30 in the FTSE/JSE Responsible Investment index and a leading performer among its peers on the FTSE Russell ESG Index.

Yet Exxaro is, as Mgojo shared with Brunswick Partners Itumeleng Mahabane and Christophe Guibeleguiet, "thinking bigger and longer term."

Along with former CEO Sipho Nkosi, Mgojo was one of the original Black investors who acquired a group of coal assets from Anglo American and then BHP Billiton's Ingwe in 2000, and helped grow the business to what it is today. CEO since 2016, Mgojo outlined how Exxaro is looking to build entirely new types of partnerships and projects to attract new kinds of investors as part of its "Just Transition impact strategy."

The goal is to rehabilitate the land around mines while the mines are still in use, and at the same time help local communities build an economy that supports itself—and its people—after the mines close. "How do you show that you leave an outcome that's going to be sustainable for them, one that doesn't rely on us being there?" Mgojo says. "Because one day our resources won't be there."

You speak often—even at your latest capital markets day—about how Exxaro needs to address inequality. And not only to ensure the company's future growth but also to make a societal impact. Why add that last part?

I think it starts at a personal level. I've got children and grandchildren. Their future is in my hands. The future of the next generations is in our hands.

And the people who are next door, so to speak, the people where we're operating—what becomes of their future? We've seen what happens to the communities when you close mines. We go back five, 10, 15, 20 years later and see that what was once a thriving society has become destitute.

So when we talk about sustainability (enduring livelihoods), it's not just about our business, but about those communities. How do you create new economies that are going to start driving sustainable growth for broader society? How do you lay the foundations for them to thrive when the mines close? This is about ensuring that our actions today, with real intention, start answering those questions. We've seen the devastation when we don't answer them.

I've heard you talk about the "duty of a just transition." Duty is a strong word.
It is. But it's an obligation we have to take on. Do you have any grandchildren, Christophe?

No, not yet. Though I have children.
Well, I hope we get the chance to continue this discussion years later, and you can tell me what happens to you when, for the first time, you hold that grandchild in your hands. You have a different obligation about their future. Make no mistake. And so, for me, really, this is about that obligation to do what is right for the next generations.

How did you manage to convince your board about these types of commitments?
It's not an easy one. And it's a work in progress, particularly given the scale of what we're trying to do. Because it's not something you can do alone. This is a collective effort. There's no single company that can take on this mammoth task of addressing inequality and poverty—in any country, but particularly South Africa. The pandemic has taught us this in its own way: No single company, no single sector, we could even go as far as saying no single country, can do it on their own. So, by and large, it's how do we work with others. How do we collaborate with others? How do we create a common vision for the country that we can all rally around? I know it sounds very utopian, but it's possible.

A theme after COP26 is that wealthy countries' approach to climate change is putting the development of low- and middle-income countries at risk—an "unjust transition." What are the risks and the opportunities for Exxaro?
I think for me, the biggest risk is not being able to achieve that which I think we need to do. And I say this because Exxaro cannot do this thing alone. We need a collective. Let's take the mining industry, if I may start there. Part of the model that we were looking at around this just transition was about land use.

"To be able to create projects to change that dynamic, you have to be innovative and able to raise fairly unconventional funds."

Mining companies own a lot of land. And by and large, this land is not being fully used to benefit the local communities. But to be able to create projects to change that dynamic, you have to be innovative and able to raise fairly unconventional funds. In other words, we need to go to impact investors who are thinking about their models to fund this just transition. It's new for all of us, and it's going to require all of us to work this thing out together.

Because nobody has done it to the extent that we are all talking about right now. And as we've started coming up with a model around this, it's become clear that, even for these funds, it's not just about purely commercial terms. It has to be packaged in various forms with grant funding, with concessionary funding—it requires a different model, a different mindset, a different way of doing things. This all has come together to enable this.

Because these funds are looking for scale. They're not looking for $1 million projects. They're looking for projects that allow them to show significant societal impact. So, we're going to have to learn how to work together to create big, attractive projects that deliver social, environmental and economic return.

Another challenge is that a lot of boards cannot understand the scale and magnitude with which we are to think about this. These are not normal projects; we're not talking about IRRs as we understand them today. It will certainly require some financial return so that the project is sustainable, but by and large, it's going to require that one thinks of it as a social license to operate at scale, which enables you to have a business, a sustainable business, and that in itself enables your expected return.

For communities who have relied on Exxaro for generations—what do you tell them about the future, when they see a mine may not survive?
There are two parts to this. The first is that they understand the mining industry; they've seen mines open and close. They've seen ghost towns. You don't have to tell them that this mine is going to come to an end and life may be more miserable, because they see it around them. Today's generation, their fathers were there. Their fathers are no longer working because those mines closed. They understand that.

What becomes important is realizing that you cannot take this journey without communities being part of the conversation, without having an understanding of what makes sense for them.

Let me give you an example. We recently went back to a community where we closed a mine about 20 years earlier.

In South Africa, when you close a mine, you maintain it until you get a closure certificate. So you don't actually close it for about 30 years, during which period you experience water decanting. There's a lot of activities. But around those activities, you have communities who occupied that land productively before you were there.

When mines close, we try to rehabilitate how the land looks—make it look appealing, like it hasn't been disturbed which, of course, we can't do completely. But we never thought about how we look at this land in a way that can create new economies. And who's better placed to understand that than the communities that were there before you came? So you start having conversations about why the land has not been productive for them.

It's around understanding that even the rehabilitation plants that we put in there, they're not indigenous plants. They are foreign and usurping the water tables. And you think you're doing a good job because you're planting trees and yet you're actually destroying parts of their livelihood.

"You cannot take this journey without communities being part of the conversation."

So, you have to have a conversation with them first to say, "We are thinking differently about how we want to move forward. And we want you to help us understand what it is about this land that once worked for you."

It's asking, "How can we get that land back to that state—and do so with projects that can be economic, that can empower the communities, create new opportunities for them?" So that they are part of that vision you have, part of the conversation about how you can get there. You don't come from the top and say, "Well, here we are, mighty Exxaro. We know what's good for you."

It feels like such an important point that I want to make sure I'm hearing correctly. As you approach these two issues of climate change and the just transition, one challenge for extractive industries as a whole—and for you as a company—is to find ways to restore the land, so communities have a different way of living there sustainably?

Precisely. And actually, it has been part of the original mine plan when you start developing your project to open a mine. You should already be thinking about it.

"These are not normal projects; we're not talking about IRRs as we understand them today," Mgojo says of his company's efforts. "It will certainly require some financial return so that the project is sustainable, but by and large, it's going to require that one thinks of it as a social license to operate at scale."

PHOTOGRAPH: WALDO SWIEGERS/BLOOMBERG VIA GETTY IMAGES

Let's take a mine that has a 20-, 30-year life. You don't mine all of it in any one year. So it's about how you can utilize the areas that would be mined later, so they can actually start economically benefiting the community now.

In the past, we used to mine and put stuff into big stockpiles and then come back and try to rehabilitate the land later. Now, it's about doing concurrent rehabilitation as you are mining. But with the view of saying: "We're not going to close this mine; we're going to repurpose this mine into a different economy that has to coexist as we rehabilitate land."

It's got to be ongoing. The whole idea is that by the time I draw that last resource, there's a thriving economy that's happening that is not dependent on me.

Right now, all the opportunities we create for communities are for the benefit of them being still dependent on us. They want the contracts from us. Companies help fund education, do all these charitable things, right? And then one day, the tap's turned off. Then what?

But it can be a very different picture. The mine becomes a catalyst of other activities, other initiatives, that are really not dependent on that mine being there in the future.

I've got projects where I can go to impact investors now and they can collaborate and work together to create this economy, a new economy, on that same land—the mine there is just a catalyst. The day that the mine no longer exists, the economy has already been created. Totally different mindset.

Inequality is on a lot of CEOs' radars today, but it's such a pronounced issue in South Africa. How are you thinking about it?

Business has to play a role. We saw it with COVID-19. As the virus spread, businesses in South Africa came together and created the Solidarity Fund. Companies made resources available to help support the government fight this pandemic. They also played a critical role in the whole vaccination program. All the resources, all the skills, were thrown at it. And by and large, we threw the same resources to help craft what we hope will be the new post-COVID-19 economic recovery plan.

The positive side of this pandemic has been that I've never seen businesses more willing to work with each other to tackle challenges. I think business has awakened to the role it can play going into the future, not waiting for the government to act, but rather being proactive and coming to government with ideas and solutions.

"The whole idea is that by the time I draw that last resource, there's a thriving economy that's happening that is not dependent on me."

ITUMELENG MAHABANE and **CHRISTOPHE GUIBELEGUIET** are both Partners. Itumeleng is based in Johannesburg, Christophe in London.

South Africa knows it almost has no choice but to embark on a carbon transition. But it is also determined that there can be no transition if it is not a just transition. What does the journey for South Africa look like?

A very complex one. Yes, we are worried about climate change. But we are worried about poverty on top of that, inequality, unemployment. We have a slightly more complicated challenge—a health crisis, an education crisis.

We saw in June and July [2021] what an unjust society can create. We saw what happens if we don't collectively start thinking about how we can contribute positively to try to make sure that something like that never happens again.

It brought everything almost to a standstill. It didn't matter whether you were in logistics, banking … you couldn't put petrol into your car, the shops were empty. That was a big awakening around the just transition. And we have to make sure that we don't forget what happened.

Not too long ago, South Africa had a huge amount of goodwill globally. People wanted to help. And to a large extent we squandered it. I don't want to pretend and create a very rosy picture when things are not so rosy.

A lot of things have got to change. There has to be reform. We have to tackle corruption.

But with the low-carbon transition, it is going to take time. I like to remind people that Germany announced that their last coal-fired power station would only be decommissioned in 2038. And they started this transition in the early 2000s.

Is that a "fast" transition? Today, whether you're in Norway or the UK or US, there are permits that are being sought for drilling oil and gas.

Are we all talking about the same fast transition? It seems a different one than what's being expected of us here down in the south, when we're told that if we don't start moving fast, we face new carbon taxes. Where is the justness in that?

We cannot take away the fact that South Africa is a carbon-intensive economy that has made a commitment. We're not denying the commitment to transition. We are just saying to wealthy countries, "You've got to help us; you have to honor your commitments to fund this transition, to give us the time we need."

Because I can't go tomorrow and just shut down a mine. Imagine what happens. Imagine, in an economy that's growing at less than 2%—we don't have to imagine, actually.

We glimpsed what would happen in July. ◆

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.

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.

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 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, 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 derisking the investment process. One of the key challenges is the supply chain: how to help global corporations' suppliers to adopt more inclusive practices?

> "Divisions between climate-first and social-first strategies are progressively broken down. All Boardrooms are increasingly discussing human rights, living wage, diversity, and other related issues."

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

PHOTOGRAPH: COURTESY OF B4IG

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.

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.

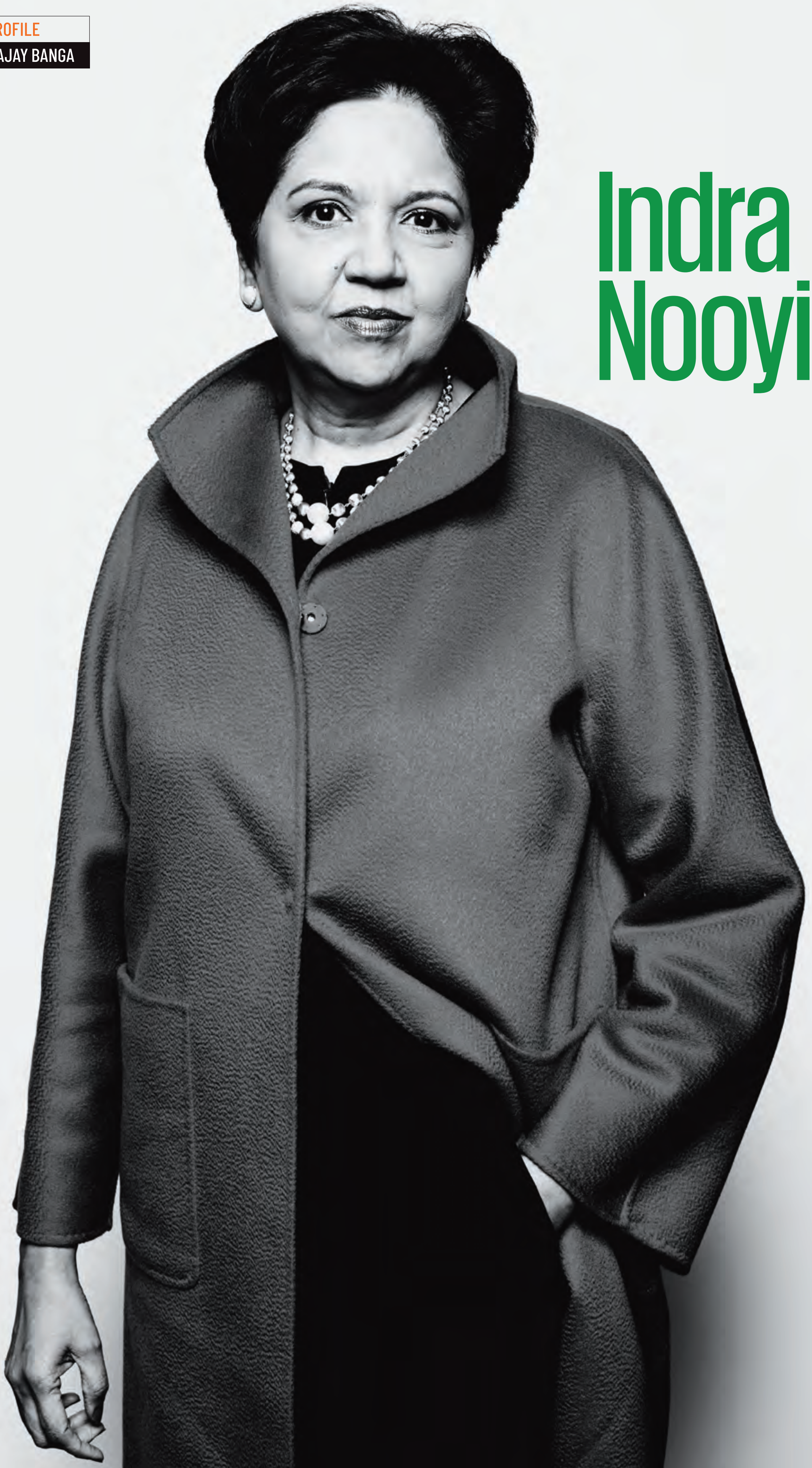
Where do you think business will be experiencing more pressure on inequality over the next two years?
It is not easy to answer your question, there are so many critical issues. The pressure on social issues related to the ecological transition should be very high. Investors have made net-zero pledges, 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. ◆

CHRISTOPHE GUIBELE-GUIET, a Partner, and **ANN-KATHRIN RICHTER,** a Director, are with Brunswick's global Business & Society team based in London.

Indra Nooyi &



PHOTOGRAPHS: LEFT, ERIK TANNER; RIGHT, GUERIN BLASK/THE NEW YORK TIMES/REDUX

Ajay Banga

The former CEO of Mastercard interviews the former CEO of PepsiCo about the challenges of social purpose in the US, India and around the world.

INDRA NOOYI, FORMER CHAIRPERSON AND CEO of PepsiCo, is working on what she calls her "moonshot" project: to create an expectation of consistent care for employees, particularly women, throughout the world, recognizing the pressures of a changing society and nurturing the best possible workforce.

That effort, ambitious as it is, is only the latest case of Nooyi confronting the challenges of reshaping corporate leadership. Her recent memoir, *My Life in Full: Work, Family, and Our Future*, details the pressures she felt as a woman, mother and global corporate head, and how she drew on her own background to help her company improve its relationships with communities and the environment.

Nishant Pandey, CEO of the American India Foundation (AIF), recently hosted a Q&A in which Ajay Banga, the retired CEO of Mastercard, interviewed Nooyi about the challenges of social purpose facing leaders around the world. Both former CEOs grew up and were educated in India before establishing international careers in the corporate world. Both have received among the highest civilian honors from the President of India, Nooyi the Padma Bhushan and Banga the Padma Shri. The two are long-time friends.

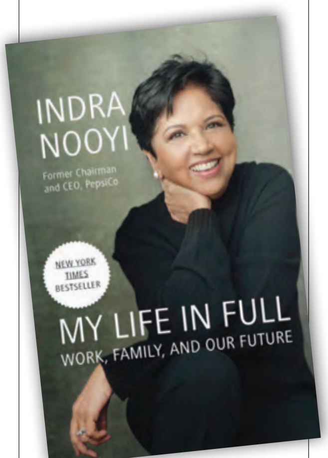
Nooyi led PepsiCo from 2006 though the fall of 2018, remaining as Chairman until January 2019, modernizing global operations and strategy in the face of rising scrutiny of major corporations' relationship with the environment and the community. She is now a member of the board of Amazon, the supervisory board of Philips, a member of the American Academy of Arts and Sciences and an independent director of the International Cricket Council. She also sits on the Dean's Advisory Council at MIT's School of Engineering. In her leadership roles, she has been an outspoken supporter of the advancement of women and minorities in the workplace.

Banga remains Executive Chairman at Mastercard, having served 11 years as the company's President and CEO. He co-founded the Cyber Readiness Institute, and is Chairman of the International Chambers of Commerce. He is also a trustee of the United States Council for International Business, a founding trustee of the US-India Strategic Partnership Forum, and a member of the US-India CEO forum. He served as a member of President Obama's commission on enhancing national cybersecurity.

The American India Foundation (AIF), a leading nonprofit with offices across the US and India, is committed to improving the lives of India's underprivileged women, children and youth and building a lasting bridge between the world's two largest democracies. In this edited transcript, we get a glimpse of the realities regarding social concerns as seen through the eyes of global corporate leadership. A commitment to progress, for these CEOs, has its roots in firsthand experience, both personal and professional.

"If you don't translate your lived experiences into impact when you're able to do it, what's the point?"

INDRA NOOYI



AJAY BANGA: Indra, you set an example at PepsiCo with putting what some call compassionate capitalism ahead of everything you did. I would think that there must have been pressure to not do that?

INDRA NOOYI: I would come to work every day saying, "Why does a company exist?"

People would say it creates shareholder value. How does it create shareholder value? Is it doing it in a way that ensures its longevity? Is it doing it in a way that could be beneficial to society?

As I looked at PepsiCo, clearly the company was built for a different time. And as times were changing, I felt we had to change the company. We had to have healthier products, because societies were becoming more sedentary. And we had to worry about trends in consumer behavior; about all the plastic that was being put out into the oceans and landfills; about how much water we were consuming.

And more importantly, we had to worry about our employees. Because employees were struggling with balancing work and family, and they came to the office with all those burdens of what they had in their homes.

So I felt we had to create an environment at work where they could bring their whole self to work and feel like they were a part of a larger system.

So to me, purpose was not about doing good for the sake of social responsibility. For me, performance and purpose was about future-proofing the company. All that I did was look at the future trends and say, "How do we change the company so it remains successful forever?"

It's very easy to run a company for the duration of a CEO. Just hit the pedal to the metal, see how much earnings you can deliver through cutting costs, cutting investments. And then let somebody else pick up the debris after you.

I came at it differently. I said, "Look, my success is going to be judged by my successors. And so we have to take on this difficult job of changing PepsiCo." It was a tough journey, I have to tell you—tougher than I even anticipated when I set out, but it was fulfilling, nonetheless.

You and I didn't know we would get 12 years in our jobs as CEO. But we still tried to find our way, to get that slightly longer-term vision rather than the short-term, medium-term vision. Was there somebody who inspired you to think like that, in your upbringing?
I grew up in Madras, which had no water. When you see a beverage plant on the outskirts of Chennai taking out water from the aquifers, you go, "Whoa, whoa, whoa, just a second! The town has no water for eating and drinking!" You can't take water out of the aquifers unless you do it in a very efficient way and then you help the town save water. So, our goal was look, you still need water to make our beverages, but first, reduce the water usage from two and a half liters to something like 1.5 or 1.4. And more importantly, teach the town to be water efficient. New ways of irrigating paddy fields so that you use less water. Build dams to do rainwater harvesting. Think about new ways to create water collection devices. So we brought all of our technologies to help towns save water.

Our goal was not just our plant. Our communities had to be water positive. So we kept working community by community. At the end of the day, if you don't translate your lived experiences into impact when you're able to do it, what's the point? I honestly believed that the model code of our lives and our livelihoods had to come together within the letter of the law. So that's what we were trying to do.

You jokingly said, in your book, "I'm glad I'm not a CEO today." Give me a little bit of insight into that part of what you were thinking.
The CEO today has to be a diplomat, a foreign policy expert, a sociologist, understand all the social trends, has to be great at running the company, has to go from a world that was flat and global to a world that's got walls. Everything about what we had 15 to 20 years ago is being turned on its head.

Companies can't change overnight, all the supply chains and partnerships and alliances. Markets are tough on companies. They don't understand that when strategies have to change so radically, financials are impacted.

So CEOs have to somehow straddle all this and figure out how to stay in the geopolitics, but not stay in the geopolitics, you know? Worry about the foreign policy of their country of domicile, yet be divorced from it. And how do you bring action on big issues related to society? I had my share of these challenges, but for CEOs now it's in spades.

> "Has anybody stopped and said, 'Who is going to do those jobs?' Society cannot function without large numbers of women in the workforce."

Do you feel companies have made progress on issues of women in the workplace? Yours did, mine did. But it doesn't feel like we have moved the needle enough yet.
We both have daughters, so it will be useful for us both to level set. Women are the ones who become high school valedictorian—70% of high school valedictorians are women. Women are getting 10 points more college degrees than men. In STEM disciplines, women have a GPA one whole point higher than men. Women are getting 55% of the professional degrees. At MIT, 47% of the engineering graduates are women. At Cal Tech and Georgia Tech, 37% are women.

When we give birth to a daughter, we don't say, "I just gave birth to a lifelong unpaid laborer." You have two daughters, I have two daughters. We treasure our daughters. We want them to soar. We want them to be whatever they want to be. Yet, many, many families in India here, they say, "lifelong unpaid laborer"—thankless, unpaid, abused many times, vilified. I mean, it's just not right. I think that whole narrative has to change. We have to look at women as a major contributor to the economy.

Let me add a third dimension. As I look at the future with the aging population, look at all the caregiving jobs, nursing, teaching. If women don't come into the paid workforce in large numbers, who is going to do those jobs? Has anybody stopped and said, "Who is going to do those jobs?" Society cannot function without large numbers of women in the workforce. And it's high time we started to respect that. In caregiving in particular: During the pandemic, most of that work was being done by women. Those jobs aren't paid very much. And their work, the work they did for society, is not respected enough. At some point we've got to understand and value the work that's being done by women.

Do you have a couple of specific suggestions about what someone like you or I can do to be helpful in a space like this?
There is my moonshot project. It has three aspects: paid leave, flexibility and predictability in work and care. COVID has now made flexibility, hybrid work, a reality. Paid leave is still being debated. But if we don't have a care support structure for young family builders, I think it's not going to be easy for them to come back to the workforce.

And today we need them all back in the workforce. We need them all contributing to the economy, and for the economy to progress. We can't look at a world where two million women have left the workforce, many of them because they don't have any care support.

I'm not talking about a federal mandate, I'm talking about states, in cooperation with companies, local alliances, local chambers, figuring out how to build the care infrastructure. That's something I want to start working on in Connecticut, which is already very good.

In India, the system that is supposed to have supplied care and maternal counseling and all of that in the rural areas has fallen into disrepute. What if we recreate it, take two or three communities and actually invest to build a system where the rural women don't give birth and drop their kids in a shaded area for one person to watch four or five toddlers, and then go to work in the fields? That's a tragic, tragic way for young children to be taken care of, at young ages of a few months old all the way to about five years old. I think it's just wrong. They need to be coached and guided by somebody who is capable of coaching and guiding them.

In the US, in my state of Connecticut, we are getting businesses, the state government, companies, chambers of commerce, communities, all to come together to have the conversation about care support for women. Every state has to sort it out for itself. Ajay, it needs a solution. And it's got to be done fast.

You faced a lot of pressure from various directions—investors, consumers, employees, regulators. How do you maintain a focus on progress in this area? What's the role of a CEO in catalyzing the company?

The first step is you've got to get the board on your side. I had a fantastic board, I've got to say. They understood what we were trying to do. They supported it and they provided the tailwinds.

I was determined that this was the journey. Nothing was going to take me off my path. Had I faced a lot of criticism and pushback—if the company really didn't want to change—I was willing to quit as CEO. I felt that this was the only way to run the company.

Can you talk about the role of communications as CEO? What I found is that you have to communicate, communicate, communicate—the same stuff a million times and not get tired of saying it. And in the simplest possible language so that your most junior employees can say, "OK, I get the North Star that she's taking us toward." How hard or how easy is that part of the job for you?

I think that's the job of the CEO, communicate, communicate, over-communicate. The only difference is that when I was doing it you had to go there and be physically present. So I was on the road a lot. One skill set that I would love for a lot of people to take in is oral communications—communicating in a way so that when you convey a message, people form a picture in their head. I think that's a compelling communications skill that everybody should invest in.

You can't go to a country having a water surplus and talk about water shortages. It doesn't resonate. You have to talk about issues relevant to them. If plastic is being dumped in their backyards, you have to talk to them about plastics and what you're going to do about that. It's really important you frame the message in the context of each country. And that was the most tricky part, because you had to resonate with the local people and the local governments and the local farmers and local everybody. The message was always tailored.

What's next? You're young. There are a ton of things you can do. You are fortunate enough to have achieved so much and fortunate enough, as you said often, to have made more money than you need for your lifetime.

I have to do whatever I can on this moonshot on care. It is going to make a difference to the lives of young family builders and women. I'm going to take that as far as I can, fund as many organizations as I can working in this area, maybe do some statewide experiments to see how I can help move this dialogue along.

While doing that, I have to make sure that my learning doesn't stop. Through board positions like Amazon and Philips, I'm learning more about what's happening in the current world of corporations. I teach up at West Point. I sit on the board of Memorial Sloan Kettering and MIT, so I have a front row seat to technology, healthcare changes. I'm in a lifelong learning mode, Ajay. I'm just learning, soaking it all up. The day I feel like I'm tired I'll just say, "I'm tired." But right now, my brain is still running 100 miles an hour.

NISHANT PANDEY: Thank you Indra and Ajay! We have lots and lots of questions from our audience. This one is for Indra: "What was your dream as a young woman when you were at college in Madras?"

IN: Just to graduate. I was 15 when I went to college and I just wanted to graduate with my physics and chemistry degree. I was busy studying and just keeping my head above water. And then after that, making sure my mother didn't threaten to get me

> "I have to do whatever I can on this moonshot on care. It is going to make a difference to the lives of young family builders and women."

married off at the age of 18. There were no hopes or dreams or aspirations, I would just take it as it came, year by year by year. My dream was just that.

AB: One interesting thing, Nishant, in Indra's book, she gives a description of how she had to go around catching cockroaches for the dissection lab. I tried to visualize that part of Indra. And I couldn't figure that one out.

IN: That was in high school, because there was no supply in those days. You had to find your own cockroaches, your own frogs, everything. Put it in the chloroform, you put it in the bottle, take it in, and you do your dissection. If you didn't bring it in there was no animal for you to dissect, so …

I am from the south of India, I am from Madras, where the only language spoken was math and science. If you didn't get a degree in math and science, or related to math and science, you were a loser.

Colleges then didn't have enough seats for women. At MCC, I think there were 10 girls in my chemistry class, just because only 10 girls could sit in the first row.

Now I went back to MCC and I rebuilt all the chemistry labs, physics labs, zoology, botany, all these labs. They look fantastic. And I rebuilt the women's lounge because half the class is women. I felt I owed everybody the duty of paying it back. Now, MCC admissions have gone up 40%. Admissions from women, which were already high, have gone up even more.

NP: Fascinating! At AIF, we focus a lot on STEM education for girls. They will relate a lot to Indra's experience. Here's an interesting next question for Indra. "Your book calls for government and businesses to prioritize the care ecosystem, including paid leave and work flexibility. What would these benefits have meant to you throughout your journey?"

IN: I was lucky to have them. Had I not had them, I would have been in crisis. When my father was ill, I was given paid leave by Boston Consulting Group. When I had my children, I had maternity leave. When I was in a car accident, I was given paid leave. Most of the time I lived in a multi-generational home, so I had a support structure from my in-laws and my mother. That helped. Not all people have that benefit.

The only good thing about COVID is that it's now taught businesses and families how to work flexibly and work hybrid. I wish I had had that flexibility when I was working, because I'd have gone home at 3, taken my kids off the bus, spent some time with them, and then gone back to work around 5 or 6 or maybe after dinner. I didn't have that luxury at all. And I had to travel a lot.

AB: Also Nishant, we need to remember that half of America's working population doesn't have the choice to work remotely, even now. They are the people who kept us going. From Amazon employees, to the police, firefighters, hospital attendants.

We're going to need different solutions for different kinds of folks. But the end goal has got to be the same. Give people the chance to get adequate access to childcare. Whatever be that model of work we go back to, we've got to help them.

> "Ajay, it needs a solution. And it's got to be done fast."

NP: We can take one more. This is for both of you. Is there anything you would tell your younger self?

IN: What would you tell your younger self, Ajay?

AB: I would say I'm still young, Indra. [Laughter]

IN: You know, I wish I'd been born today with all this technology around. If I was gone for 10 days, for every one of the 10 days I would write letters beforehand for each of the kids. "Today I'm in Beijing. Beijing is this way." I made it up. So that if I'm in Beijing, they will be given the Beijing letter. If I'm in Bangkok, they'll be given the Bangkok letter. Today, I can just FaceTime them from Beijing and say, "Look at the Great Wall, look at this and look at that."

But there's no point regretting it. Somebody else is going to benefit from the technology. So I guess that's what I would tell my younger self. Just be happy you did what you did and live the rest of your time in a constructive way.

NP: Thank you, Indra and Ajay, for your time and for sharing your wisdom and experience with us in an open and honest conversation. ◆

GLOBAL VISION FOR INDIA

As CEO of the American India Foundation, NISHANT PANDEY leads a global effort to catalyze social and economic change across India, in part by building a lasting bridge between the United States and India through high-impact interventions in education, livelihoods, public health and leadership development. With the aim to help create an India free from poverty, AIF has impacted 8.4 million lives across 26 states of India.

At the same time that AIF seeks to tackle long-term development challenges for India's underprivileged, it is hyperfocused on new and sudden threats like COVID, for which AIF has helped supply food, protective equipment and vaccination. It is donor funded, and its website, AIF.org, tells how donations can be made. As a British Chevening scholar, Pandey acquired his Master's in International Development & Finance from the University of Leicester, UK, among other degrees he holds. Before AIF, Pandey worked as a banker, then held several top roles at Oxfam, including as its Country Director for the Occupied Palestinian Territory and Israel.

SANDA OJIAMBO

The leader of the world's largest corporate sustainability initiative says the pandemic has sparked record participation among its members. She shares her plans to build upon that momentum while combating "greenwashing."

In 2000, then-Secretary General Kofi Annan launched the United Nations Global Compact, to help give the global marketplace, in his words, "a more human face." That year the Global Compact had 44 participating companies.

Today, it is fulfilling Annan's vision in partnership with more than 12,000 business and 3,000 non-business signatories from across 160 countries. Companies who sign up are committing to The Ten Principles of the UN Global Compact, which encompass everything from human and labor rights to environmental protection.

Sanda Ojiambo, the Global Compact's CEO and Executive Director, calls these principles "the DNA for how companies can help the world achieve the UN's Sustainable Development Goals by 2030, as well as the objectives of the Paris Agreement on climate change."

In addition to working with companies directly to implement those principles into their strategies, the Global Compact has also helped launch a number of influential campaigns and networks. In 2006 it launched the UN Principles for Responsible Investment, which has seen investors managing more than a combined $100 trillion pledge to incorporate ESG factors into their investment decision making. More recently, the Global Compact helped launch the "Business Ambition for 1.5°C" campaign, which has mobilized companies with a combined market capitalization of $13 trillion to set science-based targets across their value chains.

Ojiambo is the first African to lead the Global Compact and the second woman to do so. Her predecessor, Danish businesswoman Lise Kingo, had previously been a senior executive at Novo Nordisk. Before joining the Global Compact in June of 2020, Ojiambo had been Head of Sustainable Business and Social Impact at Safaricom, Kenya's largest telecoms provider.

She spoke with Brunswick about her plans to broaden the Global Compact's reach in the Global South and also ensure that its signatories are living up to their commitments: "If a company does not demonstrate significant progress, or goes against the principles of the Global Compact," she says, "it will not remain part of the UN Global Compact."

How does a business benefit by participating in the Global Compact—and how can those already participating get more out of their engagement?
All of the more than 15,000 business and non-business participants in the UN Global Compact have one thing in common: They are committed to implementing a universal model of sustainability through our Ten Principles. They take seriously their commitment to work toward implementation of these principles throughout their operations and spheres of influence, and to communicate transparently on their progress.

Businesses today are under increasing pressure from policymakers, investors, customers and employees to show greater action and impact on corporate sustainability. They are expected to be more ambitious, adopt more sustainable practices and play a leading role in building a safer and better future for people and the planet. According to our research, 76% of CEOs believe sustainability and trust will be critical to competitiveness in their industries in the next five years. And yet, only 48% are taking concrete steps to integrate sustainability into their operations.

Often, companies just don't know where to start—there is a lot to consider. Through initiatives such as SDG Ambition and our Chief Financial Officers Taskforce, we give companies practical guidance on how to become more sustainable and how to measure, manage and report on their progress.

The UN Global Compact can help businesses navigate and rise to these challenges, whether they are looking to cut down on water and power use; recycle wherever possible; source from sustainable suppliers; promote gender equality at work; address inequality within their value and supply chains, and through their products and services; or work toward becoming carbon neutral.

And while we have always urged companies to adopt more sustainable business practices, it is only in the past year—with the impact of COVID-19—that we have been able to show so clearly that

PHOTOGRAPH: COURTESY OF UN GLOBAL COMPACT

reducing their carbon emissions and protecting biodiversity makes companies more resilient to shocks, more relevant to society and more valuable to investors.

Has the Global Compact's strategy, or the way it engages with businesses, changed as a result of the pandemic?
Business engagement with the UN Global Compact has increased significantly in the past year. In fact, 2020 was our best year yet in terms of new participation, with over 2,000 companies signing on. We also saw attendance at our summits increase tenfold—partly because the meetings were entirely virtual and therefore easier to join. But it was also because businesses are starting to realize they need to integrate sustainability and resilience into their own operations and throughout the value chain. We see more businesses now actively seeking out global standards, collaboration and regulatory alignment.

"Investors appear to be doubling down on sustainable companies and sectors."

The pandemic also made us realize that we needed to adjust our strategy, and we recently completed that process. Our strategy for the next three years places a particular emphasis on the balanced growth of our global footprint and on small- and medium-sized enterprises (SMEs). Even though these enterprises account for most of the businesses and employ most of the workers worldwide, they have yet to be effectively engaged in the corporate responsibility and sustainability agenda. We are now working to change this by creating programs tailored to the specific needs of SMEs.

We recognize, as well, that the world's interlocking health, economic and environmental crises are affecting different countries and regions in different ways. To ensure the Global Compact has a worldwide perspective and impact, our strategy also focuses on expanding our presence in the Global South, China and the US.

The Global Compact has, over its history, delisted thousands of participants for not meeting your requirements. Are you considering other steps to avoid the perception that some signatories are "greenwashing"?
We definitely do not want to greenwash or "bluewash" companies' contributions to the sustainability agenda—something we are increasingly seeing in the ESG space. If a company does not demonstrate significant progress, or goes against the principles of the Global Compact, it will not remain part of the UN Global Compact.

To enhance our rigor in assessing business performance on sustainability, we are developing a set of targets called Indicators of Collective Impact. These metrics will initially look at the number of companies offering living wages; making commitments to climate action; enforcing compliance with anti-corruption and bribery laws and regulations; making public commitments to human rights; progressing toward gender parity in their operations; and taking action to advance the Sustainable Development Goals.

Your members represent 160 countries and a broad spectrum of cultural and political views. How do you handle disagreement over what constitutes basic human rights? Are there examples of businesses in developing nations leading or challenging those in developed nations on particular issues?
We recognize that any given company's contribution to the SDGs will vary based on the nature of its business, its industry and the local context. We also know that business cannot achieve sustainability goals in isolation. So it's fortunate that the UN Global Compact is not just for business. We are, uniquely, a business-led, multi-stakeholder coalition. This status enables us to provide a platform where businesses and industry associations can engage with governments, multinational corporations, academia, civil, society, foundations, the UN and regulators to help drive change.

Of course, national context plays an important part in defining areas of priority, which is why we work closely with our Global Compact Local Networks in various countries to create programs that fit local needs. Having said that, we also recognize that for a business to be responsible, it must manifest the same values and principles wherever it has a presence. Good practice in one country does not offset harm in another.

> "If a company does not demonstrate significant progress, or goes against the principles of the Global Compact, it will not remain part of the UN Global Compact."

What does success look like for the UN Global Compact in 2025, or 2030?
Our work focuses on areas where we feel the private sector can have the most impact: gender equality (SDG 5), decent work and economic growth (SDG 8), climate action (SDG 13), peace, justice and strong institutions (SDG 16) and partnerships (SDG 17).

Leading up to 2030, success for me would be that business—engaged, inspired and enabled by the UN Global Compact—has made quantifiable progress by shifting its financial resources, technologies and people toward delivering on the SDGs.

If you had every CEO in the Fortune 500 and FTSE 350 on a Zoom call, what do you think they need to hear right now?
My message would be very simple: Companies demonstrating bold leadership on the SDGs will not only become more resilient; they will be securing their own long-term future while helping to protect lives and build prosperity around the globe. And if that doesn't convince them, I would tell them that investors appear to be doubling down on sustainable companies and sectors in response to our current global crises.

According to the ratings company Morningstar, investors continue to pour record amounts into sustainability-focused funds. As of Q2 2021, those funds were managing more than $2.3 trillion in combined assets—in 2018, they were managing less than $1 trillion. Furthermore, our research shows that businesses with higher ESG standards are more profitable, with 6.3% higher cumulative relative returns during the first four months of 2021 than the lowest-rated companies. Evidence also shows that businesses with long-term sustainability strategies are better at addressing short-term challenges. ◆

EDWARD STEPHENS is Senior Editor at Brunswick and based in London.

PHOTOGRAPH: COURTESY OF CMHA

Health in Mind

From handling mental illness, the business focus has switched to creating mental health. POPPY JAMAN OBE, CEO of the City Mental Health Alliance, speaks to Brunswick's **ANN-KATHRIN RICHTER** about her life's work.

Poppy Jaman is passionate about building a global movement that promotes mental health and well-being in the workplace. Long before COVID-19 made it an inescapable consideration for every company, she was working to raise mental health as a strategic issue on board agendas, from her position as CEO of the City Mental Health Alliance. Although based in London, CMHA is a global organization in eight countries with plans for further expansion.

As a young mother, prior to entering the mental health field, Jaman had her own struggles with mental health. That personal experience has helped power her career in this space for over 20 years. She saw firsthand how a good job and working environment can support mental well-being and fill lives with a sense of purpose and accomplishment. Her resolve to lean into this issue was only strengthened by the financial crisis and the global pandemic, periods that saw many people struggling with their mental health and forced businesses to face into the challenge.

"I have a North Star," she says. "I want to create a world where my children never contemplate suicide as an option. That's what drives me. I know what I've been through, and I know so many people that have lost people to suicide."

Brunswick's Ann-Kathrin Richter spoke with Jaman about the status of mental health in corporate life today, her work at the head of the CMHA and the organization's plans for the future. There is much that business leaders can do, by challenging themselves and their people to reimagine their business as a space for health creation.

What sets the City Mental Health Alliance apart in the ecosystem around mental health?

We are a dynamic, purpose-driven social enterprise and a membership organization. We are probably one of the only organizations in the world that can have a compassionate dialogue on mental health and well-being with business leaders as well as civil society and government. We sit at the center of that Venn diagram, as a translator and an interpreting service for businesses. Businesses trust us, and governments and academics come to speak to us about leveraging the changes that business can drive on the issue. I see us as an anchor organization in the ecosystem.

How does CMHA create change?

We're business-led, expert-guided. We're not clinicians telling businesses what they should be doing. We are not trying to sell them the next silver bullet, because there isn't one. Our starting point is business leaders recognizing mental health and well-being as a business issue that they need to act on.

There are three elements to how we create change. One is storytelling, that's our signature element. Back when we started there wasn't anything like this out there. We create safe spaces for storytellers, including our first board members. Michael Cole-Fontayn told the tragic story of losing his wife to depression and becoming a single parent. He was at the time the Chairman of BNY Mellon. Brian Heyworth told his story of a breakdown and then being employed by HSBC. He's now our Chair. And John Binns, then Partner at Deloitte, told of a breakdown and recovery. So, you have three men—a banker, a lawyer and a management consultant—at the peak of their careers, talking about their mental health. That was significant because people weren't talking about their stories. It all began with storytelling.

The second element is leaders within the business who are putting mental health and well-being on the boardroom agenda and making sure the issue is on the company's risk register. This is so that mental health action can be appropriately resourced and mental health and well-being leads can be put in place to deliver against a dedicated strategy.

The third element is peer learning for well-being leads—people in HR, Diversity & Inclusion, and now increasingly dedicated Well-being leads. We facilitate them getting where they need to get to.

What do members find most valuable about being part of CMHA?

I think the first thing they'd say is that they love being part of the community—networking and learning from each other. This is the one place they come together on the issue and there's no competition. Discussing what didn't work in their experience is particularly important, so that businesses don't have to repeat each other's mistakes. We run seminars, information exchange sessions and roundtables supported by experts to facilitate this sharing.

The second thing is our evidence-based Thriving at Work Assessment, which provides each organization with an individualized report they then use to build their mental health and well-being strategy, and chart their progress against. Helpfully, they can also benchmark themselves against their industry peers. We award badges according to performance. The first rung is "committed" and the top is "health creating."

> "Our vision today is to inspire health creation. That is a huge leap from where we began a decade ago."

And how did you enter the story of the Alliance?

My own recovery from mental health struggles was because of a good job. Having a job that gave me purpose, financial security and an identity that was not my diagnosis.

I genuinely believe that work feeds us. I was suicidal. I was hanging on by a thread. This job was an incredibly healing part of my journey. It gave me a purpose to get out of bed. People valued me. I was able to test my talents. I was always a good communicator. So, all of these things that developed were about me as a human being and building resilience and building capacity and capability—that's what good work is about, isn't it?

The idea for the Alliance arose later, in 2011. I was running Mental Health First Aid, and my personal vision was to make workplace mental health "a thing." Linklaters was rolling out mental health first aid in part of their organization as an experiment and I invited Nigel Jones, who was responsible at the board level for their health and well-being strategy, to speak at an event at the House of Lords to showcase their work.

At the end of that meeting, Nigel approached me to tell me that this conversation had been brewing in the City for some time now and whether something could be done about it? I got involved pulling the right people together.

Initially however, we only had three founding members; there were several potential members that wouldn't go live or put their name to it until we had a bigger group. And that speaks to the stigma that was there. No company wanted to stand out doing this thing called "mental health"—they expected repercussions for the business. There was a real worry that it would damage your brand. But by 2012 we had gotten together 10 founding members and 10 years later we have 65 global members and are almost in eight countries, so that's exciting.

COVID has forced mental health at work on to the business agenda. What does that tell us?

I think it says something about how significant the contribution of business could be. During the first lockdown in the UK, most people accessed mental health support through the NHS. Around 30% accessed support through a voluntary sector organization and only a relative few accessed mental health support through their workplace.

How would it look if 100% of people could get early intervention through work? How much would this contribute to the prevention agenda and the well-being agenda? It would take the burden off the health services, as well as business, because it would mean fewer people taking time off sick longer term. So, if you could get this right in the workplace, you'd actually have a big impact on the wider ecosystem.

When you first set out launching the CMHA what was the thing you were hoping to achieve? How does that compare with now?

In my gut, I knew we could create a global business-led organization that takes this issue seriously, and that if we did that, we would create magic. Our vision today is to inspire health creation. That is a huge leap from where we began a decade ago. Now we're going: How can jobs be designed to create health?

But we had to start the journey where people were at. The first conversations we had were all about raising awareness and focusing on common mental health issues like depression and anxiety. And we had to do it behind closed doors. While I had already spent a career talking about mental health, I had to recognize that others were talking about mental health for the first time. So, the first three-year strategy was very simple: raise mental health awareness.

What's happening next, what are the big agenda items for the Alliance looking ahead?

There are two big things on my radar: We need to think about metrics on mental health and well-being; and we need to take our work global.

We have seen the conversation around the "S" in ESG gather momentum over the past couple of years—how to pin it down and measure it. Mental health and well-being need to be at the heart of corporate governance and one way to do this is by getting businesses to report and measure progress—investors should demand progress from business. It would mean reporting on psychological health and safety, as we already look at physical health and safety. This can help businesses create social value where workplaces offer early intervention through education, resources, assistance services that are culturally accessible. After working with our members for 10 years, we can bring together what we have learned collectively and use it to create an ESG frame.

That said, we also need greater clarity on what works and for whom, and what doesn't. Businesses have a critical role to play in that too. So, going forward I want to form partnerships with academic institutions and with business. The employee assistance program, for example: Who does it work for? Who doesn't it work for? We need to build the evidence around this to make scaling up effective. Bringing more academic rigor to what we know so far is important now.

As you go global, do you think it is possible to accelerate what took a decade in the UK?

Most of the businesses that we work with are global and they increasingly must think about mental health and well-being as a global issue. So, we have chapters in the UK, Australia, Hong Kong and Singapore and we are now developing new chapters to extend our reach globally.

When we started conversations in Portugal, for example—and we're also having early conversations in Russia—it was exactly the same conversations as 10 years ago: We're talking about "mental illness." Can we accelerate that conversation? I hope so. Let's get the storytelling going and draw on collective experience. We'll get from "awareness raising" to "health creation" in three years and if we have data on what works to back it, we could be even quicker.

Tell me a bit more about how you think about businesses as "health creators"?

We are facing a global challenge where we are looking at burnout and depression, but then there is also this state called "languishing" where you're not full of energy and also not hopeless. You're sort of in the middle. I think quite a lot of us are in that state today because we've gone through this horrendous experience with the global pandemic.

So how do we make sure that the people who are languishing don't move into burnout or hopelessness? How do we prevent that? It's time to talk about mental illness *and* about how we promote well-being so we can capture the people affected in the middle. The businesses that are starting to be "health creating" are those that recognize mental health and well-being as of strategic importance for the business. ◆

PILLARS & STANDARDS

PILLAR 1
Create a Culture of Well-being and Psychological Safety

Standard 1
Communication & Engagement

Standard 2
Senior Leadership

Standard 3
Transparency & Accountability

Standard 4
Ecosystem

PILLAR 2
Develop a Mentally Healthy Working Environment

Standard 5
Managing People

Standard 6
Employee Lifecycle

Standard 7
Working Environment

PILLAR 3
Provide and Signpost to Accessible Resources, Tools and Support

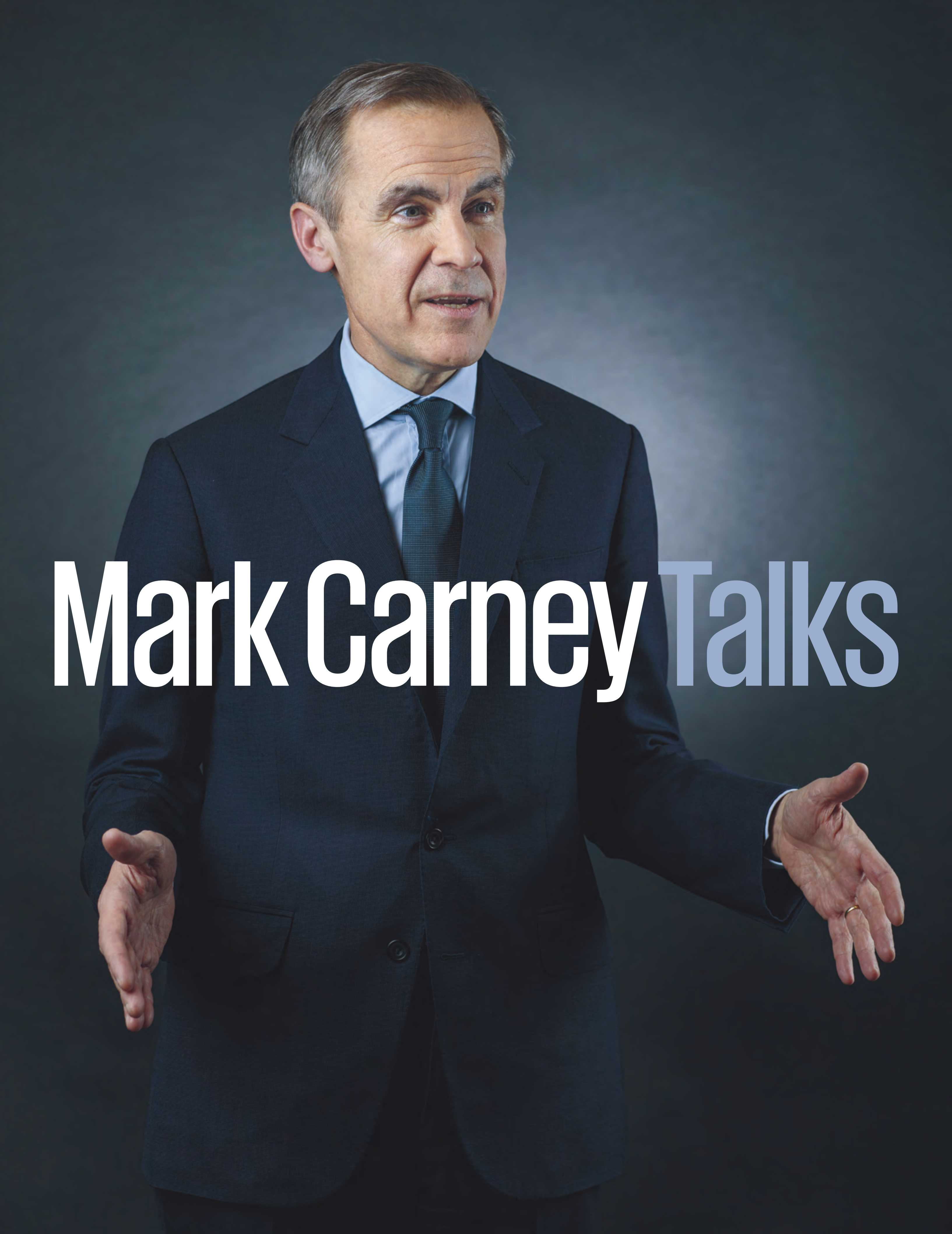
Standard 8
Opening the Dialogue

Standard 9
Providing Support

Standard 10
Monitoring & Disclosure

CMHA frames its goals for organizations around three strategic principles or "Pillars" for mentally healthy workplaces. These align with the CMHA Global Thriving at Work Framework. The Pillars are themselves supported by a list of standards that organizations are expected to strive toward.

ANN-KATHRIN RICHTER is a Director for the Business & Society practice at Brunswick, based in London.



Mark Carney Talks

Value(s)

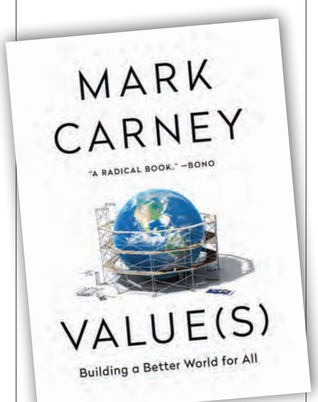
The leading voice on sustainable finance speaks with Brunswick CEO **NEAL WOLIN.**

"THE BANKER'S BANKER, THE SUPERSTAR banker, the George Clooney of banking, possibly even the James Bond of banking"—that's how *The Guardian* characterized Mark Carney, whose career in finance has been so stellar that his formative 13 years at Goldman Sachs is treated as almost a footnote.

The Guardian's praise for the former Governor of the Bank of England (and former Governor of the Bank of Canada) is, in fact, a reaction to his track record in handling crises, in particular his growing celebrity on the financial sector's role in responding to climate change and stakeholder capitalism.

In such charged, complex issues, Carney's views stand out for their clarity—"now is the time to ensure that every financial decision takes climate change into account"—and practicality. In 2015, while Governor of the Bank of England, Carney helped create the hugely influential TCFD (Task Force on Climate-Related Financial Disclosures), a framework designed to help investors better understand the climate risks associated with their investments. In June 2021, G7 nations—which account for about one-third of global GDP—agreed that, over the coming years, they will make it mandatory for companies to report against TCFD-informed frameworks, and at COP26, 45 countries backed the new International Sustainability Standards Board of the IFRS, which will create a global climate standard based on the TCFD.

Today Carney serves as the UN Special Envoy on Climate Action in Finance and Vice Chairman and Head of Impact Investing at Brookfield Asset Management, which manages more than $620 billion. In 2021, Carney, a 3:30 marathoner, added another title to his résumé: author. His book, *Value(s): Building a Better World for All*, opened a conversation with Brunswick CEO Neal Wolin.



PHOTOGRAPH: SIMON DAWSON/BLOOMBERG VIA GETTY IMAGES

Mark, you've written an extraordinary book in which you draw on your own experience in dealing with the great financial crisis, climate change and COVID-19 to argue that social values must be embedded in our sense of economic or market value. Could you build out that argument a little bit more?

Part of what I tried to do was think about some of the common links across those issues you mentioned, Neal, and draw out that relationship of value in the market and values of society. It's a relationship that goes in both directions.

If I were to simplify the global financial crisis, it's where we lost the values that underpin the market, like fairness and responsibility. We lost a sense of the systemic as well as a sense of self, so to speak. That undercut the functioning of the market. Of course, there were a series of technical problems, and we enacted a host of regulation afterward to address those, but those cultural underpinnings played a real role. The book goes back to what as an economist is almost first principles, the two legs of Adam Smith: the invisible hand of *The Wealth of Nations* and also his theory of moral sentiments, the social conventions, that are necessary for the market.

That's one direction in terms of the relationship. But then there's the opportunity for the market to help us achieve society's values. If we organize things properly, if we're clear enough about what we want, we move into a world where we have a hierarchy of values. And then the market can be directed in order to address that.

And of course, in the middle you could say, is thinking about the purpose of companies (and other organizations, but let's focus on companies for a moment). What's the purpose of a company? What type of solution is it trying to provide? How does it organize? And if it truly has a purpose, how can it maximize the benefits for all stakeholders, including—very much including—shareholders? I try to draw out where that works and where it can fall short.

The debate about the role of business in society has become mainstream, so too the notion that businesses have to deliver social value alongside financial value. Where do you think the world stands on that question? Are we seeing mostly rhetoric, or a meaningful shift?

It's real; that's the short answer. You see these kinds of seismic shifts across history. Originally, you couldn't have a corporation unless you had a purpose in your charter. That evolved to a point; many

US companies are incorporated in Delaware, and they still have to have a purpose in the Delaware Charter. But you find that their purpose in that Charter is to respect all the laws of Delaware, which, I think you'd agree, isn't a very profound one.

We obviously went through a multi-decade cycle of shareholder primacy. Now it has begun to rebalance toward stakeholders, this broader sense of community. I see a few things driving that. Society's expectations are changing. People want identity, want to be working for a bigger cause. And that creates dynamic materiality. In other words, something that was not material to a company's well-being or financial performance all of a sudden becomes material. You saw that with issues around climate change, around biodiversity, around diversity. Think of the impact of George Floyd's tragic murder. The expectations, rightly, were raised, and the focus on those issues, and how companies responded, became hugely important.

There's also the issue of performance. When you find purpose clearly defined—if you really mean your purpose, and that's clear to your employees, suppliers and community—you actually get reinforcing actions that help you deliver it.

Shopify, for example, is headquartered down the road here in Ottawa. Their purpose is to drive entrepreneurship, to have a platform that makes it easy to be an entrepreneur. There's a whole ecosystem that's grown up around it (not all within Shopify) that makes it easier to onboard, to understand tax obligations, to make cross-border payments—all those aspects reinforce the flywheel of Shopify, they're not just "corporate do-goodism," as Friedman would have said.

So many of our clients are increasingly feeling the need to speak out and to act on societal challenges, not just on questions of climate or inequality or race. What's your advice for CEOs who are thinking about when and how to use their voice in addressing societal issues so they can, as you talk about, connect that economic value with social value?

It's one of the toughest decisions a CEO or a leader has to make. It starts with perspective. The nature of being a leader is that you're a custodian of that organization. You're trying to improve it; you're trying to bring people along with you for the long term. And you have a better long-term perspective if you have a number of other perspectives: how your company is operating within the community, the views of the people in your organization, particularly those starting out or not yet in leadership roles. That can help guide you on when and when not to make a stand on an issue.

Leaders see most clearly when they see from the periphery. You have a very good sense of an organization if you're working in one of the entry-level jobs, or you're the most junior person in the meeting. As a central banker, we used to go around the UK and meet with disadvantaged groups. Now, the interest rate is a very blunt tool and affects the economy as a whole. But having a sense of the people behind the unemployment figures or the wealth inequality figures—that sense of the experience from the periphery is so important.

But let's be clear, these are tough issues. Part of the reason they're controversial is there's strong feelings on all sides. And by standing up you've got to be confident it's the right thing. But it doesn't mean you'll get universal accolades for doing so.

As inequalities rise within wealthy countries, they are also rising between low- and high-income countries. What's it going to take to close those gaps?

We were going through a period, not universally, but a broader period of global convergence. Virtually all of the convergence we saw over the last 15, 20 years has been unwound with COVID.

Unfortunately, that's likely being reinforced by the health inequalities around vaccination, to all of our detriment. There's fundamentally a question of common humanity. But you can make it a very economic issue as well because COVID, as we all know, is not over anywhere until it's over everywhere. That's just being reinforced with current variants.

There will be more to come, and that will reinforce this divergence. Technological changes will also push in the direction of higher inequality for a period of time, however fundamentally empowering they are.

What can we do? I'm going to focus just domestically. There's a whole set of things internationally that need be to be done, and a huge amount depends on the country. But there are certain policies that can, for instance, support equality generally and equality in work. In the US, you're talking about childcare, family support. We have a similar issue in Canada around universal daycare. Now, if you're in Sweden or France, universal childcare is not news. Those things help improve participation in the labor force and address overall family inequality.

There are also basic things around true universal broadband. Mentioning "universal broadband" is like saying "skills training"—it's something everyone says but nobody ever really does. But it's absolutely fundamental. As if we needed evidence of that, the tragedy of education under COVID has just reinforced it.

More optimistically, in a world where distributed labor is much more possible, there are better leveling up opportunities, ways to distribute higher-value jobs regionally.

There is also, by the way, a big, big question globally of the extent to which you allow outsourcing across borders because price equalization could push wage inequalities within countries much higher.

Ensuring people can be in the labor force, that they have skills, access to the broadband system, distributed work opportunities—these are all components of it. And then very importantly, in a series of countries, the energy transition has to be very deliberately handled in a way that's going to support regional solidarity to counterbalance some quite considerable forces of inequality that could come along.

It really needs to be an obsession. No simple policy prescription can address this. Some people posit universal basic income, but I don't think simply ticking that very expensive box can suggest it's been addressed.

“Every day I’m confronted with further evidence that this is just an enormous commercial opportunity.”

In trying to raise the world’s understanding of the financial risk of climate change, you’ve begun to talk more about the transition as the greatest commercial opportunity of our time. How do you think about the conversation moving more in the direction of opportunity—for the financial sector, for the broader private sector—as an important component of getting to where we need to be?

Let’s tie a few things together. Years ago, I helped come up with this idea of “the tragedy of the horizon,” which is, essentially, if we could see far enough into the future, we’d act today. If we wait to act until the physical risks are so manifest and painfully obvious, then there are going to be wholesale assets stranded, there are going to be very sharp adjustments in the economy, especially to the financial sector. It would be much, much less expensive to start now. That’s the tragedy.

You and I opened the conversation discussing this relationship between value in the market and values of society. And what’s been happening in recent years, which ties back into stakeholder capitalism and the purpose of companies, is a greater emphasis on dealing with climate change. It really has accelerated over the last 18 months or so. You see it in social movements. You see it in voting patterns. Governments act with a lag, but you’re increasingly seeing it in government policy, these net-zero commitments.

Now you bring those together and all of a sudden there’s a possibility of addressing this risk, of us actually breaking the tragedy of the horizon. Well, at 30,000 feet, if you turn an existential risk—which is what climate change is—if you solve that, you’ve created tremendous value. If that’s what society wants you to do, you create enormous value.

This is an issue that, in general, investors, lenders and competitors have not looked at except in the extreme. At first it was mostly the energy sector. People looked at coal versus renewables or heavy oil versus solar, but now they’re comparing two consumer goods companies or tech companies or heavy industrials. They’re seeing who has better prospects, who has worse prospects, who has big investment needs, who might get left on the wayside. It’s now tied to lofty values likes resilience and sustainability. All of that drives big, big differences in value and value creation.

It’s an enormous commercial opportunity and we’re starting to see capital shift. I increasingly hear the argument that this is the internet in the mid-1990s, where you’re just on the cusp of understanding that there’s going to be a wholesale rewiring of the economy for sustainability—that scale of change.

You can anticipate a series of initial opportunities. But it’s such an order of magnitude. It’s so fundamental that there will be new solutions that come up, huge business-process re-engineering that will come along with it, and tremendous and exciting opportunities as a consequence. Every day I’m confronted with further evidence that this is just an enormous commercial opportunity.

Did COP26 accomplish what you hoped it would?

COP26 was a watershed moment. Many of the world’s largest banks, insurers, asset managers and pension funds stepped up to finance the enormous investments needed to transition the global economy to net zero. GFANZ (the Glasgow Financial Alliance for Net Zero) made rapid progress, bringing together in only a few short months a coalition of over 450 financial institutions—spanning the waterfront of global finance—who committed to aligning their balance sheets with achieving net zero and limiting the temperature rise to 1.5 degrees.

But, of course, there is more to be done. COP26 should be seen as a launchpad. In 2022, we’re rolling up our sleeves to turn commitments into action. The focus of all stakeholders will be making meaningful and credible progress on the net-zero commitments made at COP26 including the mobilization of significant capital to emerging markets and developing countries. We will be saying more about the priorities for GFANZ in the coming months, as we approach our one-year anniversary.

You’ve led a coalition that’s committed to aligning over $130 trillion of private capital to delivering net zero, along the way winning a lot of praise, but there has also been some skepticism. What would you say to those who are skeptical toward commitments and demand action?

I understand the skepticism. After all, if governments didn’t follow through after COP21 in Paris six years ago, why should private financial institutions this time? Public and media scrutiny are welcome because they help distinguish what is credible and science-based from corporate greenwashing. GFANZ members are required to use the most rigorous, science-based pathways, grounded in the UN’s Race to Zero. In addition to net-zero emissions by 2050, GFANZ members have also committed to their fair share of 50% greenhouse gas emissions reductions by 2030 and, within 18 months of joining, banks must set out detailed transition plans. These sector-specific plans will show the hard numbers. Emissions can’t be greenwashed. The numbers will either go up or down—and companies will be judged accordingly.

Is inflation your primary concern about the global economy?

I’m too much a central banker to ever deny that inflation is a primary concern. But it is joined by the need to translate commitments into actions, not just for the climate and future generations, but also for current growth and jobs. Climate policy is a new pillar of macro policy, and credible and predictable climate policies, when combined with the new net-zero financial system, will drive investment and growth across our economies. ◆

NEAL WOLIN is Brunswick Group CEO. He previously served as Deputy Secretary of the US Treasury from May 2009 until September 2013, and Acting Secretary of the Treasury in January and February 2013.

A FRAMEWORK for Purposeful

An interview with Oxford professor **COLIN MAYER**

THE FUTURE OF THE CORPORATION PROGRAM set out to ask the question: "What is the role of business in society?"

Led by Professor Colin Mayer of Saïd Business School, Oxford University, and run out of the British Academy, it published its final report in October 2021. Described by the *Financial Times* as one of the most ambitious programs to reform capitalism for the 21st century, it had commissioned 17 academic papers, held 29 round tables and drawn on hundreds of experts in business, policymaking and civil society internationally over the four years since it began in 2017.

Entitled "Policy and Practice for Purposeful Business," the final report argues that "business can and does do more than maximize returns for shareholders." It concludes that the role of business is:

> "to create profitable solutions for the problems of people and planet, while not profiting from creating problems for either."

Brunswick Senior Partner Lucy Parker was a member of the Advisory Group of the Future of the Corporation program and interviewed Professor Mayer when the report was published, inviting him to reflect on the lessons for business leaders from this extensive program.

What's the proposition at the heart of your report on purposeful business?

Our argument is that business should be solving problems. And doing that in a way that is commercially viable, financially sustainable and profitable. So, business should be producing profitable solutions for the problems of people and the planet. And the second proposition is that in producing those profits, it should not be doing so to the detriment of others; business should not be profiting from producing problems.

Now those two propositions—that profit should derive from solving problems and not creating problems—sound blatantly obvious. It's almost a pair of axioms that it will seem incredibly hard for people not to accept. But there are two reasons why, despite the fact that they appear to be so appealing and obvious, they are subject to debate.

The first is, some people say, that it's not necessary to specify them because the market's competitive process will deliver that anyway. And the second is that if you try to specify what companies should be doing in that way, you'll damage the way in which our economies function—and business will take on activities that governments should be performing. Business should just be doing the job of making money. That would be all very well, except for the fact that markets are increasingly failing to work like that. And also we've got major social and environmental problems that have arisen and they're not being solved—and need to be.

The report is about the need for business to adapt in the 21st century for it to function in the way in which we need it to function—and how it can do so. What motivated the writing of it, from starting the program back in 2017, was an acute sense that business was going astray and increasingly failing to deliver what we really need.

When you say "business was going astray," what's the problem we're trying to fix?

The problem we're trying to fix is that business should really be there to solve our problems as a society. There was a view until recently that business—almost on autopilot—would do that for us. That was the underpinning of the theory of markets: that profit-seeking firms will produce social benefits, because that's the outcome of the competitive process. And, the theory went, we didn't really need to do very much except to regulate businesses where they were monopolies, and tax to redistribute, otherwise economies just automatically worked for our benefit. Well, we've increasingly come to realize that this very simple and powerful idea which has prevailed over the last 60 years, unfortunately, is increasingly not working like that.

That prompts me to ask: What's changed? Is it the world that's changed or companies that have changed? Why do we need to do something about it now?

Both have changed. That's why now is so important. First of all, companies have become much more single-mindedly focused on the generation of profit,

PHOTOGRAPH: COURTESY OF SAÏD BUSINESS SCHOOL

Business

irrespective of anything else. But in large part, it's the way in which markets, and in particular financial markets, have operated that's really driven a lot of this—most recently, with the emergence of hedge fund activists who really concentrate the boards of directors' minds on what is going to increase profits and share prices. So, there's that intensification.

Then the world has also changed. We're all increasingly aware of the environmental boundaries within which we operate, and the real risks we face as a world going forward.

But it's not just that; there's been a growing problem in the way in which our societies have been functioning, and a shift away from them being cohesive to very disrupted, fractured. And that level of growing inequality, social exclusion, has really made the problems created by profit-driven firms increasingly severe.

"You don't profit by harming others. That has to be a fundamental requirement."

So, this too has intensified the need for business to recognize that there are environmental boundaries, and also social and political boundaries, that they are frequently now violating, and acting in a way that is seriously detrimental to society.

That's a significant challenge to put to businesses to say that they are violating social boundaries; what do you mean?

I think people were shocked by the financial crisis, which I know seems distant now. They were willing to accept significant levels of income inequality, for example, in the way bankers were paid relative to the rest of society—on the presumption the financial system was, in general, delivering benefit to all.

The realization that came out of the financial crisis was of widespread abuse; abuse of the trust of others. And it's that decline and loss of trust that has, I think, been particularly damaging. Because business, at the end of the day, really depends on the trust of others. We depend on business being trustworthy.

That was a violation of the way in which we can legitimately expect business to behave. At the very least, you don't profit by harming others. That has to be a fundamental requirement—and it's a fundamental requirement of what we are now putting forward as the purpose of this report.

The idea that companies are there to solve problems resonates strongly with business leaders, I find. They feel that is exactly what their business does, so they're attuned to that first part of your purpose proposition, but they don't hear that second half so easily—the part about not profiting from creating problems. Do you find that to be true?
You're absolutely right, and that's very important. Because if we just say, produce profitable solutions for the problems of people and the planet, businesses say: Yes, that's what we're doing. Of course, we're making this or that—and people want to buy it, so we're solving people's problems.

So that's when we have to ask: What are you doing in terms of your CO2 emissions? What are you doing in terms of social inclusion?

In fact, that is probably the most important element to emerge from this. So long as it remains unclear that companies cannot legitimately profit at the expense of others, you undermine the competitive process. Because companies that are focusing on solving problems profitably are, of course, undermined by those who do profit at the expense of others and you get a run to the bottom. It ends up that competition does exactly the opposite of what we wanted it to do; instead of creating that socially beneficial outcome, it encourages everyone to do whatever it takes to make a profit, irrespective of the impact on others.

In your report you speak about purposes; you make it plural and that brings a new—and I think often overlooked—dimension to the question.
Yes, because by definition it must be purposes—plural—rather than purpose. One of the major drawbacks of the traditional view is it suggests one purpose: profit. This is saying there is a "multiplicity of purposes," encouraging a flourishing of different purposes and making them commercially viable.

This is not, in any sense, a diminution of the significance of markets and competition. On the contrary, it's a way of getting better performing and more competitive markets, and markets that deliver much more in terms of variety of outcomes than is the case at present.

> "So long as it remains unclear that companies cannot legitimately profit at the expense of others, you undermine the competitive process."

My experience is that a lot of people in business still interpret being purposeful as doing great philanthropic work—maybe because that is the historic norm. Do you experience that?
Absolutely. And it's only when you start talking through this with the board of a company that this really emerges.

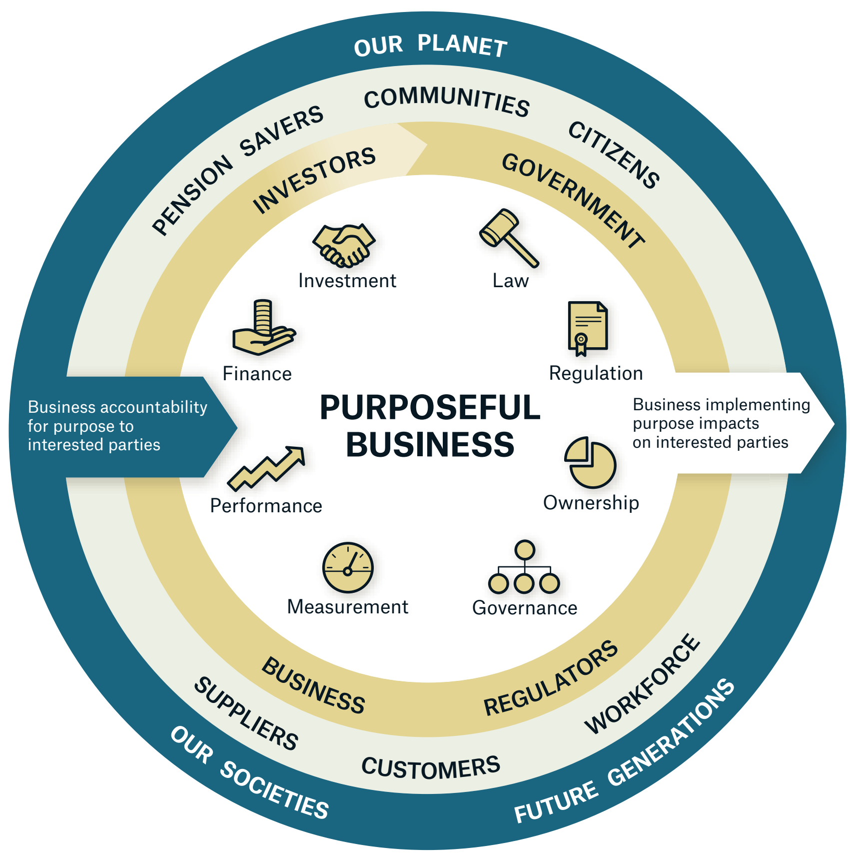
People need to think deeply about what it is to be purposeful. Are they organized for it? What are the problems they should really be seeking to tackle? What does it mean to embed that in the organization? It's only then that people begin to understand both the force of the way of thinking—and the challenge that it poses to an organization.

I find that it's quite transformational, in terms of the way in which the board begins to start thinking about why they exist, what to do and how they interact with the world.

It brings out all of those issues in a way in which they haven't thought about before.

A PURPOSEFUL BUSINESS ECOSYSTEM

The British Academy report suggests that business that creates profitable solutions to the problems of people and planet and does not profit from creating problems must be accountable for its purpose to the interested parties. Business implementing its purpose has an impact on the parties and results in a beneficial cycle of implementation and accountability.



Source: Reproduced from *Policy and Practice for Purposeful Business* (The British Academy, 2021)

GRAPHIC: PETER HOEY

Companies are very concerned about being accused of "purpose washing." How should they think about that?

Purpose washing is simply the use of purpose as a way of promoting and marketing a company, making it look good without it bearing any serious resemblance to what is actually going on in the business. And it's reflected in an immense cynicism within the organization—as well as outside it—in terms of the disparity between what it's saying and what it's doing.

And one of the points I emphasize with companies is the importance of having very effective communication from the lowest levels in the organization, as well as people outside, about what they think the company is actually doing that is meaningful and purposeful.

As a professor in one of the world's leading business schools, you must have a view on what business education can do?

It's central. We've been having a quite extensive discussion about this at Oxford. The first point to make is it's not just business education. What we're talking about here is transformative leadership that's required to promote collaboration between a large number of organizations—it takes collaboration between the private sector and public sector, and in many cases NGOs, to do this. So this is a real opportunity for business schools to recognize they're not just business schools.

In our case, we're going to work with the Blavatnik School of Government; with people in science departments on the environment, and so on. This is an opportunity to recognize that there is a role for almost an entire university to educate people who are going to be taking leadership roles.

Once you think in those terms, it is much more enlightening for everyone involved, and also much more interesting than the bog-standard tools that people currently get. It begins to create a completely different curriculum for any business course and, indeed, any course in public policy.

In your final report, what are you recommending should happen?

The report is about what policy and practice levers are needed to make companies purposeful. By that we mean that it has to become intrinsic to a company; it has to be something in the constitution of a company that directs everyone in the organization to gather around that purpose.

The two key elements discussed in the report are strengthening accountability and promoting more effective implementation. That means in the roles for governments and regulators, and also investors. And it means looking at real accountability and implementation in terms of the governance of companies. It also requires a change in the mindset of companies, from their leaders and everyone in the organization; really thinking about why companies find this so difficult to do.

So in one sense, publishing the final report is the conclusion of the program, but it's actually just the beginning in terms of generating debate.

What do you want this project to do next?

Very simply, we hope it will be seen to have laid out a framework around which policy and practice can be formulated going forward. To my mind, this shouldn't just sit on shelves, it should become something that is not just read but acted on. That's what I see as the next priority. ◆

"By definition it must be purposes—plural—rather than purpose. One of the major drawbacks of the traditional view is it suggests one purpose, profit."

LUCY PARKER, a Senior Partner, leads Brunswick's global Business & Society offer.

PRINCIPLES FOR PURPOSEFUL BUSINESS

The report sets out eight principles of how a system that enables and encourages purposeful business could operate:

1. Corporate law should place purpose at the heart of the corporation and require directors to state their purposes and demonstrate commitment to them.

2. Regulation should expect particularly high duties of engagement, loyalty and care on the part of directors of companies to public interests where they perform important public functions.

3. Ownership should recognize obligations of shareholders and engage them in supporting corporate purposes and in their rights to derive financial benefit.

4. Corporate governance should align managerial interests with companies' purposes and establish accountability to a range of stakeholders through appropriate board structures. They should determine a set of values necessary to deliver purpose, embedded in their company culture.

5. Measurement should recognize impacts and investment by companies in their workers, societies and natural assets both within and outside the firm.

6. Performance should be measured against fulfilment of corporate purposes and profits measured net of the costs of achieving them.

7. Corporate financing should be of a form and duration that allows companies to fund more engaged and long-term investment in their purposes.

8. Corporate investment should be made in partnership with private, public and not-for-profit organizations that contribute toward the fulfilment of corporate purposes.

A New, Net Positive Role for Business

How businesses can please investors by addressing society's biggest challenges.

PAUL POLMAN & ANDREW WINSTON

The last few years have been nothing if not dramatic: a global pandemic, the rise of Black Lives Matter, devastating weather fueled by climate change, stopped up supply chains, vast income inequality that got even worse, the fight for LGBTQ and women's rights, a coup attempt in the US, and much more.

These were once issues that governments and civil society handled, with business generally preferring to seem "neutral." But companies cannot sit on the sidelines. They must take a stand on the big environmental and social issues of the day; their stakeholders, particularly employees, demand it.

The expectations about business's role in society have shifted more in the last few years than in the last few decades. It's now a dated and dying notion that a company's only focus should be maximizing shareholder return. We now believe that businesses will only stay relevant if they pursue a model where profit comes from solving the world's problems—in particular the existential challenges of climate change and inequality—not from creating them. A business that improves the well-being of everyone it impacts is what we call "net positive." The core question is this: Is the world better off because your company is in it?

A vision of net positive. No company can claim to be positive in all dimensions yet, but the pathway is getting clearer. Imagine food and agriculture companies that utilize farming and livestock practices that enrich the soil, sequester carbon and pay living wages to everyone who grows or raises our food. Or tech companies that use their vast data and tools that change behavior to provide people with truth and science—they could actually improve democracy and the common good. Consider how it would reduce inequality if financial firms served lower income customers as well as the wealthy, and financed only clean technologies. All of these pathways are possible, and leaders are already on their way.

One of us (Paul) ran the consumer products giant Unilever for a decade, making sustainable business the core strategy in 2010. The company embraced a larger purpose—making sustainable living commonplace—throughout its operations in 190 countries. Many of its hundreds of brands have found their own missions as well. Lifebuoy soap helps save lives by teaching kids and new mothers about the benefits of handwashing. Domestos cleaning products take on lack of sanitation and the problem of open defecation. Unilever's purpose-driven brands have grown much faster than the rest of the business. For Paul's decade at the helm, the company also saw 300% growth in total shareholder return. Unilever is one of the most in-demand employers in the world, with three-quarters of new employees coming there specifically because of its sustainability efforts.

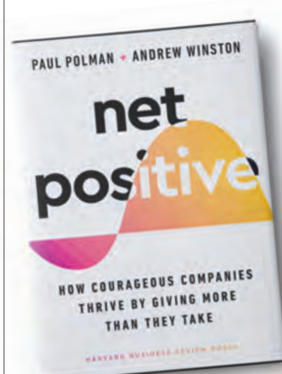
Principles of Net Positive. A few core beliefs and commitments drive a net positive company. They pursue long-term value creation for the business and society; maximize well-being for all stakeholders; serve investors well, but only after serving customers, employees, suppliers, communities and many others; and embrace transformative partnerships to tackle issues that are too large for any single organization to handle. But most important, net positive companies take ownership and responsibility for all their impacts on the world, intended or not. They go beyond just tracking and managing the carbon emissions of their operations (and even in their supply chains) to work with peers on sector-wide emissions, push for government policies that help society achieve science-based carbon reduction targets, and tackle their role in creating an economy based on fossil fuels and on consumption.

Getting started. Most companies need some help getting going or accelerating the more sustainable things they're doing already. In our book, *Net Positive: How Courageous Companies Thrive by Giving More Than They Take*, we provide a roadmap for how to build a company that serves the world. The starting point is personal and requires looking inward. A new kind of company needs new forms of leadership, with executives that have a sense of purpose and duty to the common good. They need a sense of empathy and humility and, at core, they must have courage. It's not easy to buck a belief system as ingrained as the obsession with short-term profit maximization.

After this gut check, it's important to understand whether the company is prepared to move toward Net Positive. We offer a "Readiness Assessment" with 25 questions that explore what information and organizational commitments are needed. With those foundations in place, companies can set big goals tied to what the world needs, build trust with stakeholders by embracing transparency, and create transformative partnerships that bring all players to the table to solve our biggest challenges.

The journey to Net Positive is not an easy one, but the good news is that no company or leader is going solo. The problems we face require partnerships with business, government and civil society working together toward broad, shared solutions. With everyone at the table, we can begin the hard and rewarding work of building a thriving world where nobody is left behind, and people and planet are prospering. ◆

The core question is this: Is the world better off because your company is in it?



PAUL POLMAN is the former CEO of Unilever. **ANDREW WINSTON** (above) is a globally-recognized expert on building sustainable businesses. They are co-authors of the book *Net Positive*.

PHOTOGRAPH: LEFT, DAVID YEO

Christo and Jeanne Claude, L'Arc de Triomphe, Wrapped, Project for Paris, 2021.

The Paris Peace

Brunswick's **PASCAL LAMY,** President of the Paris Peace Forum, describes the opportunities the event presents for global corporations to engage with governments, peers and civil society toward solving the world's toughest problems.

THE PARIS PEACE FORUM WAS LAUNCHED IN 2018 as a global answer to the crisis of multilateralism we were collectively facing in the midst of Donald Trump's presidency. The multilateral system was shaken by the US's withdrawal from the Paris Agreement and UNESCO. It was also contending with the worrying rise of populism and big power rivalry.

To counter that, 65 heads of state and government, 20 heads of international organizations and hundreds of actors from civil society gathered to reaffirm the importance of collective action in responding to the most critical challenges of our time, ranging from the fight against climate change to the preservation of biodiversity and the regulation of cyberspace.

Building on this extraordinary momentum, the Paris Peace Forum is now at the forefront of multistakeholder diplomacy, partnering with prominent private and public institutions along with civil society to incubate and scale-up solutions on global challenges. Even as the US has returned to its former role in global institutions under President Biden—demonstrated, among other ways, by Vice President Kamala Harris' participation in the 2021 Forum—the Paris Peace Forum has demonstrated the appetite for a new arena for multi-stakeholder engagement.

WHY SHOULD COMPANIES CARE?

Brunswick entered a partnership with the Paris Peace Forum last year because a key part of our work is bridging the worlds of politics, finance and society. The Paris Peace Forum is a natural platform to accelerate this dialogue. There is no other place today with such a mix of actors, from high-level to grassroots, from the Global North to Global South, from civil society to government to business.

POTOGRAPH: WOLFGANG VOLZ/LAIF/REDUX

By engaging with the Paris Peace Forum and interacting with its wide community of civil society project leaders, companies can identify their greatest opportunities to create social value and strengthen their ongoing commitment to transform themselves.

Among other highlights, the last edition of the Paris Peace Forum saw the launch of several new initiatives. Among them was the "Net Zero Space" initiative, calling for achieving sustainable use of outer space involving prominent actors from the New Space industry. Another was an international call for child safety, involving major tech companies along with states and international organizations. Yet another was an International Fund for Public Interest Media (IFPIM) for the independence of media in fragile settings—"it's hard to think of a time in recent history," as the fund writes on its website, "when access to trustworthy information has been more important."

LOOKING AHEAD—THE 2022 PARIS PEACE FORUM

The next Paris Peace Forum will take place on November 11-13, 2022. The high-level segment of COP27 starts in Egypt on November 8, so we hope

Forum

many participants will be able to circulate between the events. As in every edition, the Paris Peace Forum will offer speaking opportunities in multi-actor debates—ones that involve heads of state and government, civil society leaders, private and institutional investors as well as heads of international organizations. As a platform focused on solutions, the Forum is also looking for examples of how companies are creating social value. This year's event is an opportunity to share your company's journey to the international community. ◆

PASCAL LAMY, Chair of Brunswick Europe, was formerly Director-General of the World Trade Organization and also European Commissioner for Trade. He is President of the Paris Peace Forum. Additional reporting by **HAKIM EL KAROUI**, a Senior Partner and Head of Brunswick's Paris Office, and **MARC REVERDIN**, a Director based in London who was formerly Secretary General of the Paris Peace Forum.

How to Reform CAPITALISM

"I think it would be odd if there wasn't cynicism given the track record of big business," says Brunswick Chairman **SIR ALAN PARKER.** But, he adds, "Right now, you are witnessing a change unlike anything I've seen in my career."

The question of how to fix capitalism may be as old as capitalism itself. Yet there is a sense that this moment really is different—that corporations are starting to focus their resources and brainpower and determination toward the needs of society and the planet.

Is this true—or is it just PR? What more needs to be done broadly, and what is the role of business in that change? Those were some of the questions put to six panelists at the 2021 Paris Peace Forum, in a conversation titled "Financing the Ecological and Social Transition: How to Reform Capitalism."

The conversation—a full recording of which is available online—was moderated by Nora Müller, Executive Director of International Affairs and Director of the Berlin office for Körber-Stiftung, a nonprofit organization.

Among those participating was Brunswick Chairman Sir Alan Parker, whose responses have been lightly edited and condensed.

Many attempts to reform capitalism have failed. Now, though, there seems to be a different sort of atmosphere. Are we really at a turning point?

I think we may well be. We are only glimpsing the real risks of inequality—COVID has brought them to the surface in a vicious way. Climate change is going to highlight them even more.

The challenge to the system, as I see it, is really asking: What are the desired outcomes we're looking for? And then, what is the role of government, what's the role of business and the market in delivering those outcomes?

Encouragingly, we are seeing business play a greater role beyond simply creating profits for its equity capital holders. It has moved to a multi-stakeholder world. They are taking on different responsibilities. But this is the beginning of a journey for business; we've got a long way to go.

I do believe we are resetting business's role in society. Business cannot take the position—and it should not think it can take the position—of government, but it can take on a much larger role. It has to recognize the true externalities and be clearer about what it's trying to achieve at a social and political level.

Some cynics say that this whole transition from shareholder capitalism to stakeholder capitalism is only a PR stunt. Is that cynical, or is it justified?
I think it would be odd if there wasn't cynicism given the track record of big business. It's created a huge amount of prosperity over the last 30 to 50 years, but at a huge cost. There's no doubt about that. And transitioning is not an easy thing.

Right now, though, you are witnessing a change certainly unlike anything I've seen in my career. There is not a major board in the world that really believes that this shift is about decreasing the demand to perform financially. It's not. It's about delivering that same financial performance—but the other demands, the societal issues, companies have to perform on those too; they have to raise their game. And that is the change. You'll be very brave, or perhaps something else, as a board or as a chief executive not to recognize that.

There is no way to hide now. It's just the beginning, but it is really coming. You've seen out of COP26 at Glasgow, the reporting is going to be there on climate change. You have the same on diversity and inclusion, the same on a huge range of social issues.

It would be deeply unwise for chief executives to think these issues are fads. Because if you fail financially, it will take two or three years before they suggest you might change your job. You fail on societal issues, right now—you could be out almost immediately.

This has broken into the boardroom, but it isn't just the boardroom making these changes. The boardroom table is very important—but I also think the kitchen table is very important. The youth are demanding change from their parents; younger talent is bringing new ideas, new thinking to their companies. You can see this next-generation pressure in politics, in elections, in businesses themselves.

There's not a single business that can believe it's going to win in the future if it's not recruiting the best talent; and you're not going to recruit that talent if you haven't got real policies on climate change, or on diversity and inclusion. You have to have a version and vision of yourself in society, not just as a separate entity to make profits for shareholders.

At COP26, $130 trillion of private capital was committed to reach net zero by 2050. Given that earlier pledges by the private sector remain unfulfilled, how optimistic are you that this time they will be honored?

"If you fail [as a CEO] financially, it will take two or three years before they suggest you might change your job. You fail on societal issues, right now—you could be out almost immediately."

SIR ALAN PARKER is the founder and Chairman of Brunswick. He was knighted in 2014 for his services to business, charitable giving and philanthropy.

It's a great question. When you walk away from COP26, you see clearly that this is going to be a huge challenge. Is it done? No, but there's enormous momentum. That $130 trillion of financial flows commitment to the Paris Goals was not there a year ago—it would have been unimaginable five years ago. This has happened very, very fast.

There's still a lot to do to clarify it and deliver it. But as an indication of momentum, as a statement from the financial services industry, it's very strong. And I think you would say the same from a lot of the corporate commitments you're seeing, because they're not just making a pledge for 2030 or 2050. Almost all those major companies are now saying what they're doing this year, next year and the year after.

I think you've got to also accept that we're living in a world of data that is unbelievably powerful. Every aspect of what you do is going to be measurable, everybody is much clearer about this.

There are fewer places to hide or fudge if you're a major company. That should give the doubters some confidence.

Another point worth mentioning—and you've done it very well on this panel—is we're not just talking about the problems companies have to meet, we're talking about the opportunity. And if anybody loves opportunity, it's the corporate world. And we're hearing from all over the place that there's an enormous amount of it out there.

We're also hearing that it's no longer binary—it's not, "Are we going to make a profit or do something socially good?" You have to be able to do them together today.

I think it's quite right to be skeptical, to challenge businesses on this point. At the same time, I would caution against being too cynical because—as you saw in Glasgow—there was so much energy, so much commitment coming into it and real momentum coming out of it.

Is this momentum going to last?
I don't think there's an option. The nature of the dialogue is so different from how it was even two or three years ago. New metrics and data—from investors, in particular—they're encouraging change, they're giving companies permission to change. These are new pressures that simply weren't there before.

We've surfaced the scale of the challenge, and we're a long way from getting it done. It's not easy. And there is a very big risk if you get it wrong. But there's a lot of opportunity if you get it right. That's why I wake up in the morning feeling optimistic. ◆

PHOTOGRAPH: PIRANHA

The Road from COP26

New Brunswick research on what the public took away from the historic climate conference.

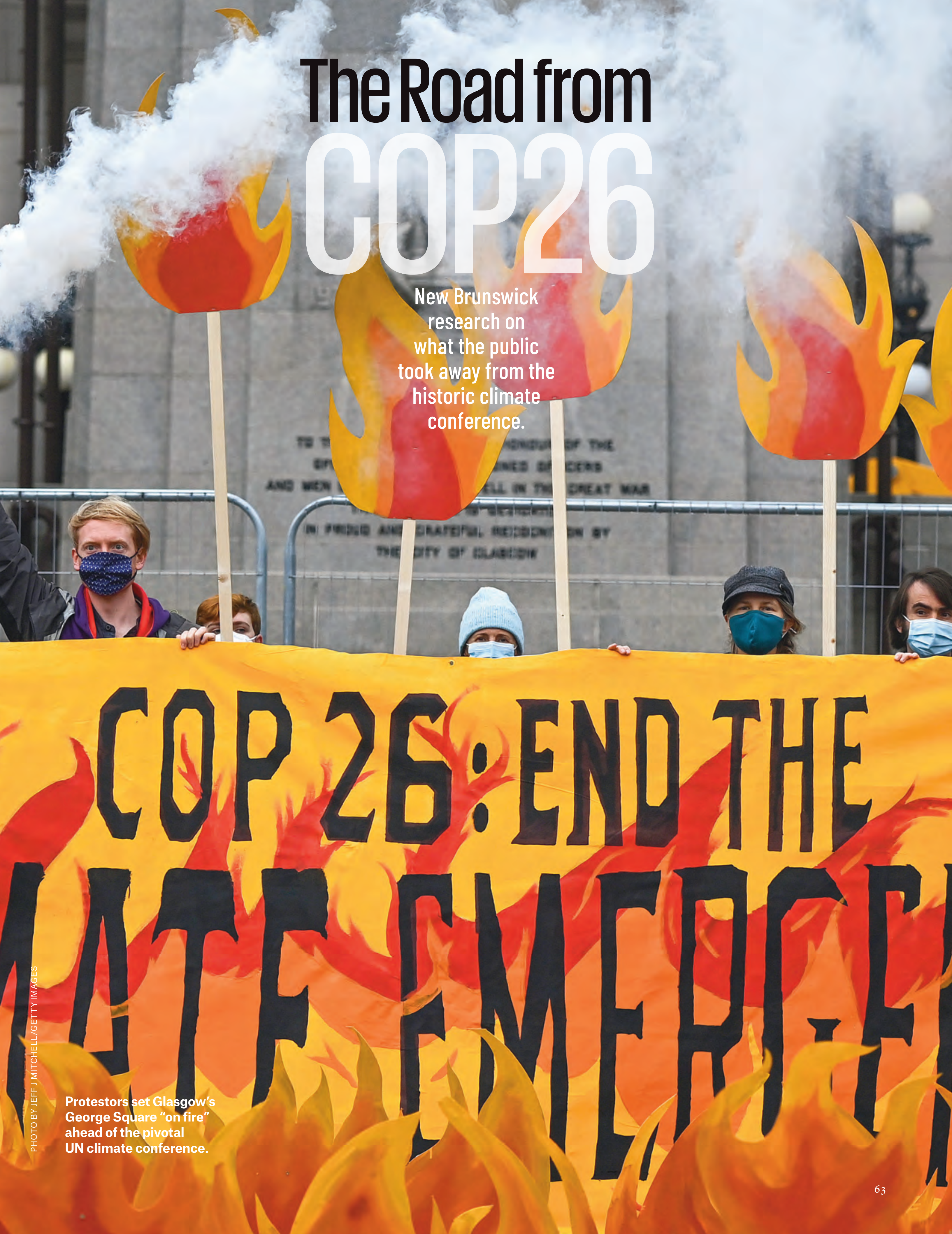


PHOTO BY JEFF J MITCHELL/GETTY IMAGES

Protestors set Glasgow's George Square "on fire" ahead of the pivotal UN climate conference.

WALL-TO-WALL NEWS COVERAGE

That COP26 attracted media attention comes as no surprise, but Brunswick analysis revealed the extent to which the climate conference increased coverage not only about climate change, but also a host of related subjects: deforestation, global warming, renewable energy, net zero. Our analysis of media coverage in the UK (see right) revealed a pattern that was repeated across other countries, including the US and India—themes that offer clues about where expectations are likely to intensify in 2022.

Twitter saw a similar spike on climate-related content. One group we tracked on the platform during COP26 were politicians in the US, UK and Europe. Unsurprisingly, the Twitter reaction was strongest among politicians in the UK, where the event took place—420 UK MPs collectively posted around 5,000 tweets during the conference. Businesses were mentioned in only a small number of political tweets, with some praising corporate efforts and others singling out businesses—most often oil and gas—for criticism.

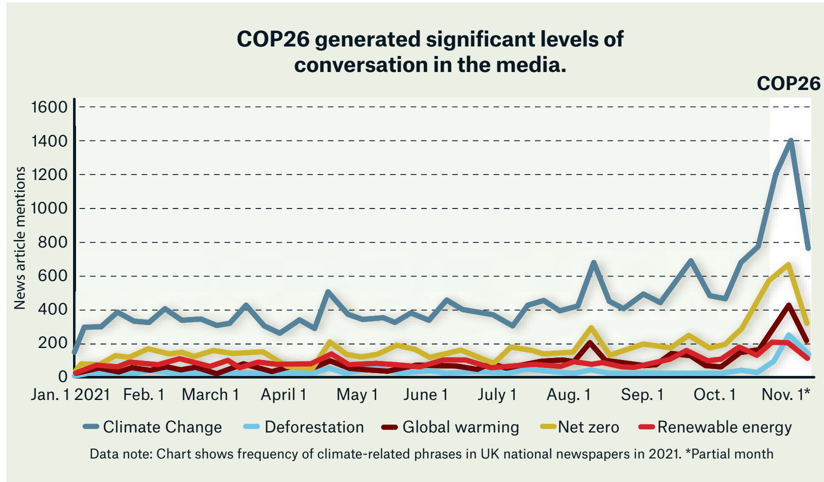
Notably, both news coverage and social media focused not only on the conference but also events around it. Climate-focused protests attracted a significant amount of column inches, while unofficial voices such as Greta Thunberg made a significant media impact.

WHAT DID THE PUBLIC TAKE AWAY FROM COP26?

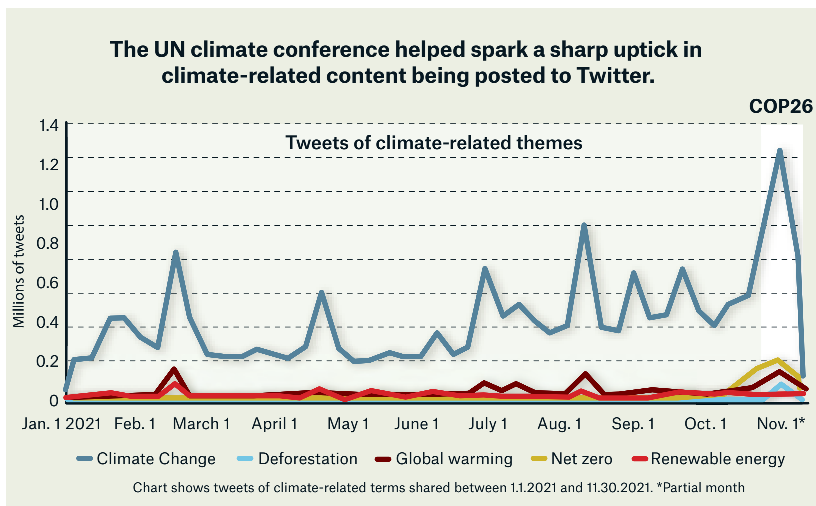
After the two-week conference, Brunswick conducted a poll of media-engaged members of the public in China, the UK and US. We found they were as concerned about climate change as COVID-19—and were more concerned about climate change than they were about their own personal finances or international terrorism. Yet that level of climate concern was higher in the UK and US than in China—only half of respondents in China (51%) ranked climate change as an issue of high concern, compared to over six in 10 in the UK (67%) and US (66%).

Our findings aligned with other research conducted in the wake of COP26. The Ipsos MORI Issues Index for November 2021 showed that pollution and climate change had, for the first time ever, become Britain's biggest concern. In the month before the conference, Ipsos MORI found that slightly more than one-quarter of Britons were concerned about those two issues; after the conference, that concern had recorded its highest-ever jump (16%) in a single month, with four in 10 Britons registering their concern.

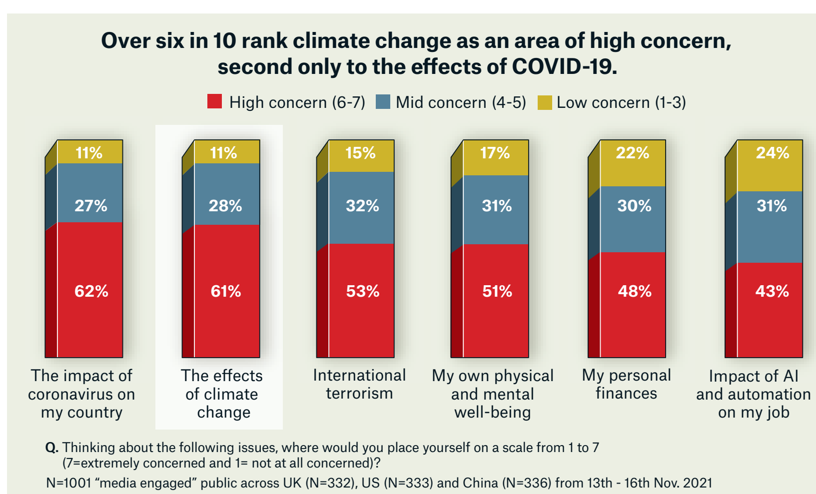
COP26 IN THE MEDIA



...AND ON SOCIAL MEDIA



COVID-19 HASN'T OVERSHADOWED CLIMATE CHANGE

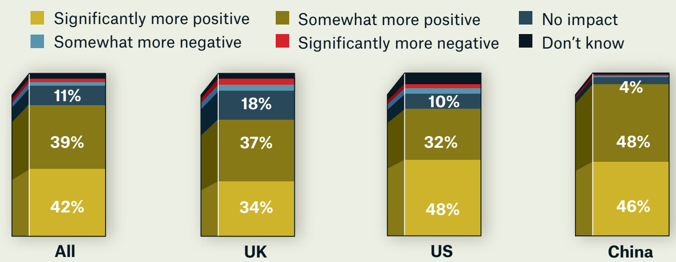


CHARTS: PETER HOEY

COMPANIES ARE GETTING A FAIR HEARING

Majorities had more positive perceptions of companies that they saw engaging at COP26, particularly in the US and China where over four in 10 said their views were significantly more positive.

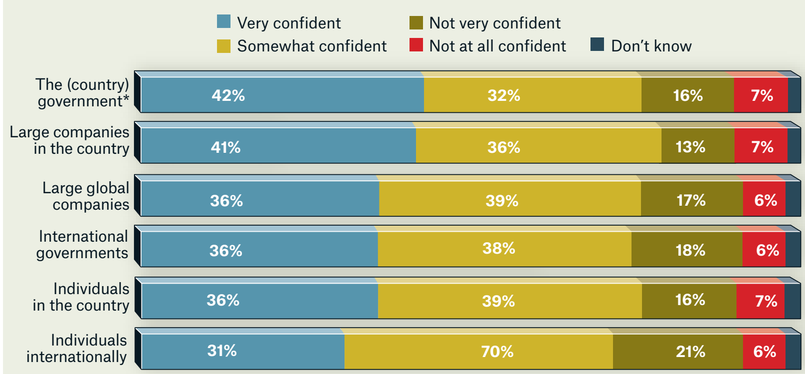
Impact on perception of companies seen engaging in COP26



Q. Thinking about the companies you have seen engaged in COP26, has this made your views of them more positive, less positive or had no impact?
N=1001 "media engaged" public across UK (N=332), US (N=333) and China (N=336) from 13th - 16th Nov. 2021

LOW CONFIDENCE THUS FAR

Less than half are very confident in the actions key actors have taken to tackle climate change.



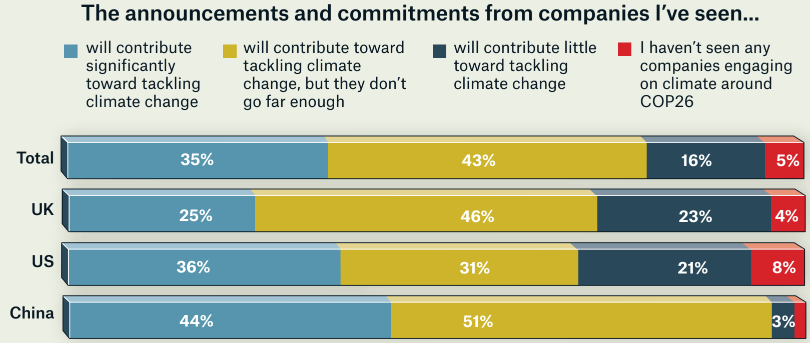
Q. How confident are you that each of the following are doing enough to handle climate change?
N=1001 "media engaged" public across UK (N=332), US (N=333) and China (N=336) from 13th - 16th Nov. 2021

*Question option not asked in China

BUT HIGH EXPECTATIONS REMAIN

However, a positive view of commitments has raised expectations on businesses to follow through and raised engagement.

The announcements and commitments from companies I've seen...



N=1001 "media engaged" public across UK (N=332), US (N=333) and China (N=336) from 13th - 16th Nov. 2021

CORPORATES ARE GETTING A FAIR HEARING

Our research found that the public looked favorably upon the companies that engaged at COP26—more than eight in 10 had a positive perception. Forty-two percent described their perception of engaged companies as being "significantly" more positive, while 38% said they were "somewhat" more positive. However, cynicism was highest in the UK, where nearly one in five (18%) said that companies' engagement had "no impact" on their views.

PROMISES TO KEEP

Roughly four in 10 are "very confident" that governments and large domestic companies are doing enough to tackle climate change, with around seven in 10 having some level of confidence. While businesses (and governments) still need to persuade a majority of the public that their actions will be sufficient, those that engage are getting a fair hearing—though it's clear there's more work to be done.

"Collectively, we have acknowledged that a gulf remains between short-term targets, and what is needed to meet the Paris temperature goal," COP26 President Alok Sharma said at the conference's closing plenary. Our findings showed that many agreed with him. Forty-three percent believe the commitments made by businesses at COP26 do not go far enough and a sizeable minority (16%) believe they will contribute little to tackling climate change.

WHAT DOES THIS MEAN FOR BUSINESS?

The data reveals that the conversation about climate change is not only intensifying but also expanding, interweaving with a growing number of issues.

In separate research—one of the largest studies of its kind—Brunswick surveyed 24,000 people across eight major economies collectively responsible for about two-thirds of global GDP and half of the world's emissions. Over seven in 10 believed business should tackle climate change by acting within their own company, and also by working with suppliers and governments. In other words, the expectations are clear: businesses need to act, and do so beyond their own operations.

These findings suggest people aren't confident that action from business has been sufficient thus far, but the public's expectations remain high. The challenge—and opportunity—is finding credible ways to meet them. ◆

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The Standard for Corporate Climate Action

Brunswick climate experts outline the firm's new Net Zero Stakeholder Benchmark.

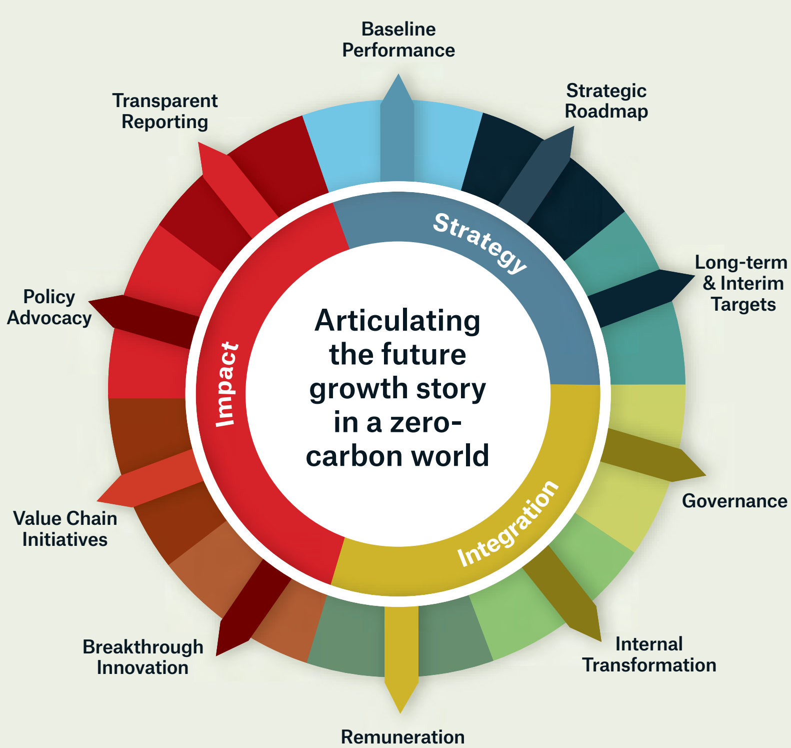
COP26 highlighted the rapidly evolving expectations and mounting pressure for businesses to be credible, distinctive and robust on climate—to demonstrate they're delivering shareholder value and transitioning their business in line with the latest science on climate change. What does this mean in practice?

The answer obviously differs by sector and geography, but it's clear that people expect business to act. Brunswick's Net Zero Stakeholder Benchmark captures what we see as leading practice. It reflects the core components of a robust net zero strategy across a complex universe of stakeholders.

This is drawn from our experience advising many of the world's leading companies on their climate ambitions, and our work with organizations—such as the UN Race to Zero and Glasgow Financial Alliance for Net Zero—that are driving the global agenda for climate action.

BRUNSWICK'S NEW NET ZERO STAKEHOLDER BENCHMARK

A framework that anticipates new areas of scrutiny and critique.



Every company is now expected to articulate how they will grow in a zero-carbon world. We think there are **10 Things** that they need to do to show this. Doing so positions them not only to manage climate risks, but also realize the significant opportunities presented by the transition to a zero-carbon world.

1. As obvious as it sounds, everything starts with understanding baseline emissions—if you can't measure it, you can't improve it. Increasingly, international best practice is to measure emissions across the full value chain, meaning Scope 1, 2 and 3 emissions.

2. From this baseline, leading businesses design a clear decarbonization strategy. This details how they're adjusting the business model and outlines specific actions, including how capital allocation is aligned with the decarbonization strategy.

3. These enable leading businesses to define near-, mid- and long-term stretch targets consistent with a 1.5°C outcome. The expectation is that these targets, along with the strategies to reach them, align with standards such as the Science Basted Targets initiative.

4. To implement the strategy, leading businesses put in place governance structures with clear oversight at a board level and clear responsibility for delivery with the management team.

5. This helps drive internal transformation—one that includes evolving organizational structures, capacity building, empowerment and employee engagement.

6. Aligning remuneration with climate goals creates powerful incentives for this transformation to take place—and instills a sense of accountability for it in those responsible for delivering the strategy.

7. With a strategy, governance structure, culture and remuneration approach all aligned toward net zero, businesses are positioned to harness their tremendous potential to drive innovation. This involves demonstrable commitment to harness and deploy the unique capabilities of the organization to help the industry and wider society reach net zero faster.

8. But leadership entails working across the entire value chain, not merely getting your own house in order. That requires working with suppliers, partners, customers—and even competitors—to help solve systemic challenges. Partnerships are particularly crucial in sectors that are difficult to decarbonize. As the transition gathers pace, those partnerships can help ensure the effects of a company's decarbonization strategy on employees and local communities are understood and adverse impacts are mitigated.

9. Policy advocacy is a powerful, yet needs to be managed carefully. Done well, it helps support new technologies and encourages an enabling environment to accelerate the transition. Done badly, it can highlight gaps between rhetoric and action. Companies need to ensure that their direct and indirect advocacy—which includes their membership with trade associations and trade bodies—aligns with their strategy and targets.

10. Credible, transparent reporting of progress and climate risks was a huge focus going into COP26, and remains one after the conference. It's an area that regulators, investors and civil society will continue to place intense focus and scrutiny.

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