

October 9-11, 2019

IN ASSOCIATION WITH

The New York Times



Beyond Profit: Business for Purpose Symposium Athens Democracy Forum October 10, 2019

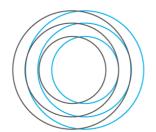
Hosted by the International Chamber of Commerce

John Denton, Secretary-General, International Chamber of Commerce

- "Market-based capitalism is under siege" because it doesn't serve common people it puts profits before improving people's lives and protecting the dignity of common people.
- "How do we ensure market-based capitalism is fit for purpose?" How do we ensure that capitalism protects everybody's human dignity and actually benefits common people just as much as corporations? How do we transform our current system?

Pavan Sukhdev, President, WWF International

- The liability of corporations is too limited.
- The 1870s-1890s was a period of an explosion of corporations.
- "The corporation is the most important institution of our time" responsible for two thirds of the global economy and jobs.
- 1919 Supreme Court Case: Dodge v. Ford Motor Co.
 - Dodge brothers won the case: Michigan Supreme Court ruled that Henry Ford had to operate the Ford Motor Company in the interests of its shareholders, instead of for the benefit of his employees or customers.
 - Society began to think of the purpose of the corporation as profit and pleasing shareholders.
- The purpose of corporations should be "to engineer change in society and to solve problems."
- Corporations respond to and evolve in their environment policies, prices, and institutions –
 and are what need to be changed in order for corporations to be more responsive to societal
 needs.
- Four changes that should come from the outside-in:
 - 1. Redesign taxation to make it less focused on generating profit
 - 2. Recognize the leverage of news the power news media has to influence how we see corporations, and the power media has to change consumer decisions and even put pressure on corporations to change for the better



October 9-11, 2019

IN ASSOCIATION WITH

The New York Times

- 3. Rework advertising today it is unethical in the way it uses human insecurity, especially unethical when used on children
- 4. Redefine what performance means if the purpose of business is to go beyond profit, look at the impact on human, social, natural, *and* financial capital, not *just* financial capital
- "We need white blood cells to live, but we don't live for white blood cells". Similarly, corporations need profit to survive, but their reason for existing shouldn't just be profit.

Paul Polman, former CEO of Unilever, Co-founder and Chair of Imagine

- Governments aren't supporting the needs of the people the way they should, so the private sector must step up and play a role.
- Let's not keep corporations around if they don't benefit society.
- We need to move from CSR (corporate social responsibility) to RSC (responsible social corporations).
- NGOs will start working with ethical companies instead of just criticizing bad companies. We
 will eventually reach a tipping point where all companies want to shift to having a larger
 sense of purpose.
- We need to redefine social and financial capital.
- When the values of a corporation and its workers don't align, this negatively impacts productivity. A company will be more successful and last longer if its employees believe in it.
- 25%-30% of people in a company state they want to change the purpose of corporations they work for.
- Corporations think that outsourcing jobs allows them to outsource the responsibility (i.e. the air pollution that results from production is not seen as the fault of the company but rather the responsibility of the country in which the production is taking place, or companies not taking responsibility for the deaths of workers making their products who die from poor working conditions and a poor working environment).
- We have the ability to measure progress in social, natural, and human capital (World Benchmarking Alliances how we measure progress on

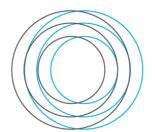
these more qualitative factors).

these more qualitative factors).

• Fashion is the 2nd most polluting industry after fossil fuels – producers have a responsibility to produce more ethically and cleanly, and consumers need to be more aware of which corporations they're buying from.

• Overconsumption is the driving force for corporations to remain focused on profit.





October 9-11, 2019

IN ASSOCIATION WITH

The New York Times

- Overconsumption leads to waste in production and product.
- We need to think about restoring instead of just consuming.

Maria Fernanda Garza, C.E.O. Orestia

- Businesses need to consider the power of women.
- Countries will increase production rates by including women.
- Companies must allow women to work from home so they can take care of children and work at the same time or provide accommodations in the workplace.
- Women make up half of the population but still have huge inequalities in income and job opportunities (women make 40% less in income than men in parts of Mexico).
- A business should be purpose-driven beyond the scope of profit.
- Government and business should work together so policies are consistent.
- We must remember the consumer's role in a company; we choose the businesses we want to support. This acts as a type of democracy because people can decide the success of a business.

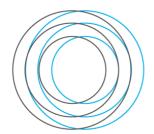
Other Observations

• In Singapore, the government acts like a corporation in some ways by profiting from operating healthcare, pensions, and public housing.

Viewpoint

As some of the largest non-state actors in the international order, businesses must acknowledge the weight of their influence and the high level of responsibility required of them to uphold democratic values. The UN Sustainable Development Goals embody the values that democracies strive to accomplish and they align with the ideas expressed during the symposium. For the SDGs to be achieved, there must be unity between the biggest actors across the globe. Although corporations have identified internal factors that need to be addressed, such as reducing gender inequalities, taking responsible measures toward climate action, and being more responsible with byproduct wastes, few steps have been taken to resolve these issues in general. The disconnect that exists among the agendas of governments and corporations leads to conflicting regulations and a stalemate in the advancement of international cooperation. Because of the interdependent nature of the SDGs, advances businesses can make with one goal will have a positive impact on related goals.

One of the biggest topics of the symposium centered around how policies involving environmental and humanitarian action should be consistent across corporations. In recent years, younger generations have been drawn to corporations that emphasize ethical practices in the workplace and use natural elements to create products. The transparency of business practices and the innovation of products attract attention from other entities, such as non-governmental organizations focused on human rights advocacy and climate action responsibility. If NGOs choose to work with businesses



October 9-11, 2019

IN ASSOCIATION WITH

The New Hork Times

focused on ethical practices and if customers purchase products from these same companies, this will lead other businesses to change their systems to match consumer demand. Reorienting business goals away from a singularly profit-based mindset does not take away the competition from the market but rather pushes corporations to invest in new practices that align with the greater democratic goals of the UN and consumers. While recent generations have viewed these issues with a high level of urgency, large businesses appear to have disregarded their responsibility to take action. Although populations can influence businesses, this is a collective effort and corporations must be the ones to execute change in order to see greater improvements.

Summary by Ella Davidson (Earlham College) and Natalie Weg (Hope College)