



REGENERATIVE BUSINESS

NOW Partners

For the Vatican's Dicastery of Integral Human Development

NOW
PARTNERS

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Shareholders
into
stakeholders
and
stakeholders
into
shareholders

PROVOCATION

From ‘for-profit’ to ‘for-benefit business’.

‘Another economy is possible’ could be the slogan for the transformation towards more regenerative business that has been underway for the last 15-20 years, led by clusters of companies such as B Corps and Benefit Corporations.



Three interlocking issues are key in this provocation:

1. **99% of enterprises globally are small**, many run by families, providing life's essentials to all of us. Imagine living without food stores, chemists, cleaning services, cafes, shops, etc ? Most such businesses are led by hard-working, ethical, responsible owners. Around 200 million enterprises are currently in existence, employing over 3 billion people. They constitute the bulk of the economy and of humankind. Honouring these people and recognizing their vital contribution to society, is itself a provocation, when we too often think of business as a rapacious, greedy force driven by profit alone.
2. **What if all enterprises were run like small businesses, owned and operated by working people ?** This is the implication of 'stakeholders into shareholders', a movement towards inclusive economies, to reduce the influence of distant capitalism, companies owned by invisible shareholders whose interests are frequently different from those working in them. As proven by groups such as B Corps, the more workers act as owners, the more beneficial is their business to society, ie all of us.
3. **Evolving corporate law to facilitate the assumption of societal responsibilities by shareholders**, such as in the Benefit Corporation legislation is the third step towards the shift to 'for-benefit' business, from 'shareholders to stakeholders'.

EXECUTIVE SUMMARY

Around 200 million businesses operate globally as employers, producers, innovators, tax-payers. The world economy is driven by these businesses. ***What if the common goal of business was to contribute to a regenerative world instead of destroying the texture of society and the planet ?***

We offer learnings from the 10,000 strong global B Corp movement, of the best companies FOR the world and how some of their operating principles can be replicated to create a healthy regenerative role for all businesses. Here're the six highlights described in detail in this document:

The Benefit Imperative

The B Corp Movement hinges on the B Corp Impact Assessment, a wholistic measure of how a business impacts society including social, environmental and human development indicators, currently in use by nearly 100,000 companies in 71 countries. Every three years, businesses are required to rectify and the standards employed evolve continuously to account for current needs and realities, such as our health conditions and the impact business can have towards a healthier planet.



A new Company Act

Before certifying as a B Corp every company is required to modify its statutes to specifically state that their new reason for existing is to benefit the world, this implies a direct focus at the heart of any B Corp to doing good as a prime objective. Additionally, in a number of countries you can be incorporated as a Benefit Corporation through a mere legal form: Italy (Società Benefit), USA (Benefit Corporation), Ecuador, Colombia, Uruguay, British Columbia in Canada.

Unleashing a global movement

The NetZero2030 commitment made by over 500 B Corps, one of the few highlights of COP25 in Madrid, is an example of how being part of a community of regenerative companies creates change. As a pre-requisite to certifying as a B Corp, and as an additional 'soft' governance tool, company owners are required to sign the 'Declaration of Interdependence'.

Pursuing the UN's SDGs

A new software tool, the SDG Action Manager has been launched by the UN Global Compact to both measure companies' impact on SDGs and create a strategy for improvement.

Partnering with Governments

From Buenos Aires to Rio de Janeiro, from Geneva to New York, Barcelona to Edinburgh, a growing number of cities are embracing the B Corp methodology to measure the impact of their cities, thus increasing manifold the drive to meaningful impact. Countries, such as Scotland, are starting to engage, too.

A new Education Agenda

Prestigious business schools such as ESADE are now embedding the methodology driving B Corps in the curricula. Additionally, Academia B, a global network of over 1,500 lecturers, professors and other academics, promoting the 'for-benefit' business paradigm is growing in strength.

1. The Benefit Imperative

All economic activity has traditionally been measured by money: costs, revenues and profit.

Regenerative business starts with measuring money AND impact or benefit to all those affected by each business and our planet's resources. B Lab, the organisation that launched B Corps, has developed a methodology to do so, the "B Impact Assessment" (BIA). The BIA is a numeric indicator that allows not only to measure overall business performance but to benchmark it with other companies in their same sector / size. See <https://bimpactassessment.net>. <https://bimpactassessment.net>.

2011 Patagonia, Inc. B Impact Report		
Impact Area	Average score of other businesses	Company score
 Governance	10	15
Accountability	8	12
Transparency	3	3
 Workers	22	25
Compensation, Benefits & Training	15	17
Worker Ownership	2	2
Work Environment	4	6
 Community	32	20
Community Products & Services	15	0
Community Practices	15	20
Suppliers & Distributors	4	9
Local	5	1
Diversity	2	3
Job Creation	2	1

Specifically the six areas of impact that are being measured are: Company Governance | Treatment of Workers | Impact on the Community | Environmentally Sustainable Practices | Relationship with Providers | Impact Business Model. Finally the BIA highlights areas of improvement, and shows the direct link between better practices and a higher score. This is consistently mentioned by most B Corps as their biggest value addition of the measuring process, ie becoming a better business.

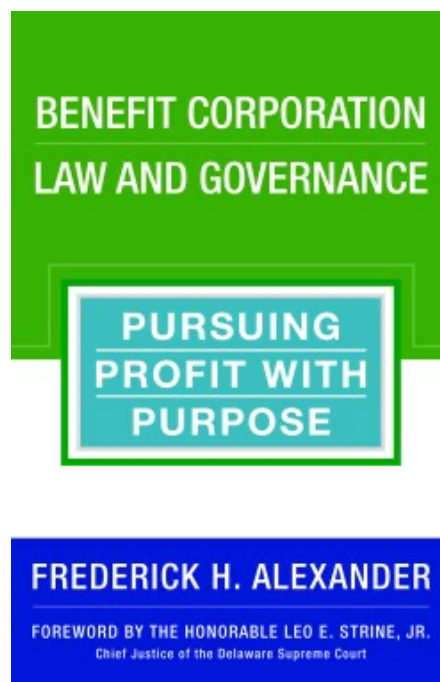
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2. A new Company Act

Regenerative Business is aided by a legal form that both protects owners and extends their fiduciary responsibilities.

In 2010, when the B Corp movement was less than 1,000 strong, a number of lawyers, including Frederick Alexander, William Clark and John Montgomery, began thinking about the legal framework that had governed corporate conduct for decades and longer. Whilst at the outset of the first corporations, a public body such as a King or a Municipality granted a licence to operate a specific service (a railway, a store, a waterway) and was thus subject to public scrutiny, pretty soon the system evolved by eradicating any responsibility to the community it served (rejecting the stewardship principle we encountered earlier) and nudging it firmly into the shareholders' primacy territory.

Alexander, Clark and Montgomery began drafting a new legislation, the Benefit Corporation legislation, which enshrined the same principles of the Certified B Corp into law, of which extended fiduciary responsibility, transparency and stakeholders' inclusion were the primary elements. State after state in the USA adopted the legislation, which companies can choose voluntarily, and currently 33 states have become hosts to some 6,000 Benefit Corporations. In 2016, Italy, became the first sovereign country to pass the same, the so-called 'società benefit', of which over 500 have been registered. Colombia followed in 2018, Ecuador, Uruguay and British Columbia in 2019. Over 8,000 Benefit Corporations are currently in existence. Other countries are in different phases of parliamentary consultation and an international association of Benefit Corporation lawyers has been formed. See <https://esela.eu>



<https://frederickalexander.net>

3. Unleashing a global movement

Historically, social change movements have happened outside of business, in civil society, in politics, in activism. ***With the advent of B Corps and Benefit Corporations, we have reconnected the worlds of work and money with the worlds of communities and ideals.*** This needs to be pushed further ahead, given the entrepreneurial revolution of the last 30 years, the widespread interest of most young people to work in enterprises (as opposed to governments and civil society), the de facto dominance of economics above other practices and disciplines and the obvious need of business leaders to be much more engaged with societal issues.

From the outset, B Lab's founders have been 'benefit entrepreneurs', combining their entrepreneurial acumen with societal engagement. Andrew Kassoy, Bart Houlahan and Jay Coen Gilbert, pictured on the right, co-founded B Lab USA, following several years as entrepreneurs in AND 1, a leading baseball shoe company. Virtually every other founder of B Labs around the world (James Perry, Charmian Love in the UK, Danny Almagor, Mele-Ane Havea in Australia, Leen Zevenbergen in Europe, etc) is an entrepreneur and often a societal leader, too. The movement was launched to show the world that business need not wait for regulators or civil society to alleviate its negative impacts, but that it can take care of its actions and set the highest standards, often for other sectors to be inspired by, too.



The latest common endeavour B Lab has co-founded is Imperative 21, the network of coalitions driving system change towards a new and distinct economic system many have been working towards since the fall of the Berlin Wall. Just on its own, Imperative 21's founding coalition of networks represent 72,000+ businesses; 18m employees; \$6.6tn revenues; \$15tn Assets Under Management; 80+ countries; 150+ industries.



4. Pursuing the UN's SDGs

How can the world marshal the creativity, organisation, resources and will to develop the solutions required to meet the SDGs ? Nothing less than positive-impact business will succeed.

Capitalists have not done a good job in convincing the world of the immense benefits of the entrepreneurial economy, in large part because the system has become dysfunctional and overwhelmed by its negative impact, obfuscating the good it has done and, more importantly going forward, the good it can do in the years ahead.

Think of the SDG challenge alone, of how can the world marshal the creativity, organisation, resources and will to develop the solutions required to meet these goals ? We often forget about the billions living under \$3 a day and the potential to create a truly circular and inclusive economy in the world's richer countries. Nothing less than positive-impact business will succeed, and restore the lost trust in business. Capitalism needs to be 'saved' from the capitalists who have given it a poor name through irresponsible, reckless and sometimes criminal, conduct.

<https://www.unglobalcompact.org/take-action/sdg-action-manager>

Not only do the Sustainable Development Goals (SDGs) identify where we should be in 2030 to create the sustainable world we seek, but they also provide a unique chance for all sectors to rally around a common global agenda – one that unites us to take responsibility to improve people's lives and save our planet.

For this reason, the United Nations Global Compact is introducing the SDG Action Manager to provide all types of businesses with an opportunity to learn about, manage, and directly improve their sustainability performance.

Developed in cooperation with B Lab, the SDG Action Manager is a web-based impact management solution to enable businesses to take action on the Sustainable Development Goals through 2030.

The SDG Action Manager brings together B Lab's B Impact Assessment, the Ten Principles of the UN Global Compact, and the Sustainable Development Goals, to enable meaningful business action through dynamic self-assessment, benchmarking, and improvement. It is informed by the work and feedback of a range of stakeholders, including experts in corporate sustainability, civil society, UN, and academia; and it is inspired by the Certified B Corp community and participating companies of the UN Global Compact.



5. Partnering with governments

System change is a critical objective of regenerative business.

Working in sync with other stakeholders and particularly the public sector is essential to evolve the framework conditions that govern our economic system. Several NOW partners have decades of experience in public-private partnerships and other collaborative approaches.

The B Movement has developed extensive initiatives in partnership with cities. Cities CAN B, for example, have been launched in Edinburgh, Barcelona, Santiago in Chile and other cities to empower all city actors to participate collaboratively in pursuing sustainable development goals. See <http://www.citiescanb.org>.

Cities can be is a global movement of cities working to be increasingly + (more) prosperous, + sustainable, + inclusive and + resilient, facing the global challenges embodied in the Sustainable Development Goals, but acting locally, responding to the most relevant issues of each city.

A movement that thrives through associative work. Articulating all the participating sectors of the city; citizens, companies, government, entrepreneurs, social innovators, academia and civil society, to promote together a cultural change that redefines the way we assume our responsibility and our impact on the cities we build and inhabit.

A movement that actively seeks to build synergies and promote trust amongst the countless efforts and initiatives from all the the different players of the city that are mobilizing common or complementary causes, amplifying their collective impacts.

A movement that invites all the key players of a city to know, measure and take responsibility for their social and environmental impacts.

In 2020, the first country-wide program was launched in Scotland, <https://canb.scot>.



6. A new education agenda

Towards a paradigm shift in economics and business education.

Whilst students and graduates exert pressure from the bottom up, professors and lecturers around the world are doing likewise from the top down. Led by Maria Emilia Correa at Sistema B in South America, a parallel movement of faculty members - Academia B - has been spawned and is growing rapidly, numbering a few hundred individuals. See <http://academiab.org/en>.

Academia B has recently had its first formal meeting in Toronto, at the Rotman School of Management, where young and mature faculty gathered to present case studies, research papers and engage in dialogue with B Corp leaders. From LSE to HEC, the voice is spreading fast. Too often, places of learning become stuck in their own ideologies and theories and are unable to see the necessary changes. At least two NOW partners started advocating for business ethics and entrepreneurship in the curriculum in the mid 80s, and it took ten years of nudging before anything was developed. Some progress has been made since, but the dominant paradigm of shareholders' primacy, profit maximisation, competitive advantage, global expansion, unicorn ambitions and other facets of extreme capitalism remain. B Corps and Benefit Corporations can no longer be ignored. They represent the irrefutable proof that an alternative is possible.

Prestigious business schools such as ESADE are beginning to embed the methodology driving B Corps in their curricula.

A parallel movement, Rethink Economics, has taken off. <http://www.rethinkeconomics.org>. Students and next generations have been demanding transformative changes to how economics is taught around the world. MBA students have long been active through NET IMPACT, a global initiative now over 20 years' old. www.netimpact.org.

The momentum to scale these initiatives in the Covid-19 period is palpable. The Economy of Francesco's project could further empower next generation economists and entrepreneurs to achieve a total transformation of how economics and business are taught everywhere.



Actions for the Dicastery

Aiding and promoting the transformation towards an inclusive economy (shareholders to stakeholders and stakeholders to shareholders) is the key proposed action, through the following:

1. Praise small business and the millions of entrepreneurs who are keeping the world alive during the crisis. Imagine living without energy, telephones, TV, medicines, the internet, growing one's own food at this time ? Historically, entrepreneurs have felt unsupported, even ostracised, by public institutions, academia, faiths and philanthropy. The opportunity is wide open for the Vatican to share its support of the 200+ million owners and founders of small businesses plus hundreds of million of micro-entrepreneurs, self-employed entrepreneurs and family businesses who are dedicating their lives to serving society whilst improving their own standards of living.

2. Unleash a movement of business leaders / owners operating from 'human values'. Who else but the Catholic Church is best suited to co-lead the movement that has been emerging from B Corps and Benefit Corporations and rapidly winning supporters around the world ? Encourage all businesses to think and act for society's benefit. The combination of the first and second proposed actions go hand in hand, ie praise for small enterprise AND an encouragement to work for the interests of people and planet.

3. A New Company Act: support, promote and defend the legislative efforts under way in several countries to reform the legal system through the adaptation of owners' responsibilities, to include the social and the environmental. A starting point could be the passing of the Benefit Corporation legislation in the Vatican State, for example.