



1.21 Develop new standards and legal frameworks to drive private-sector change and hold companies accountable for their social and environmental impact

The Solution: This solution is comprised of two parts: 1) the creation of best-in-class, social and environmental food standards to drive behaviour change in the private sector, coupled with 2) the promotion and adoption of a corporate legal framework that holds companies accountable for their impact on society and the environment. Developed in collaboration with key experts and stakeholders, the food standards will provide a concrete roadmap for companies to measure, manage, and improve their performance, while the legal framework will ensure that this commitment to social and environmental performance is built to last through an innovative corporate governance structure. The end objective: a fundamental shift in the economic and food systems to be more inclusive, equitable, and regenerative.

Source of the Solution: AT1 Lead, Lawrence Haddad, was familiar with B Lab, the global non-profit behind the B Corporation movement, and reached out to discuss the Summit. B Lab had been considering how to best drive greater change in the food industry, including researching and developing new food standards to add to its existing standards architecture. The Summit presents a unique opportunity to accelerate and amplify these plans.

Problem addressed within food systems: The current global economic system, driven by shareholder primacy, has little accountability for companies' impacts on environmental, social, and health goals, creating misaligned corporate incentives for the delivery of, and access to, nutritious, affordable food. A primary focus on profitability and shareholder value has led to worker exploitation, environmental degradation, and inequitable consumer access. The creation and adoption of business standards specifically focused on food systems would create a comprehensive, educational road map for the private sector to improve their social and environmental performance, providing greater food access to underserved populations, improved transparency, and higher-quality end products. The adoption of a new corporate legal structure would ensure that companies are accountable not only to shareholders but also for their impact on the food system (consumers, workers, supply chain, environment).

Addressing this is essential for reducing malnutrition and hunger because a large and growing share of food, across all world regions, is provided by the private sector. Food systems cannot be separated from the economic system in which these food companies operate. Improving the private sector's social and environmental performance and increasing accountability will lead to better outcomes for end consumers: safer, more accessible and nutritious food available to underserved populations.

How this solution will address that problem: High-functioning food systems are dependent on the private sector to produce outcomes that benefit society and the environment as well as shareholders. Driving better outcomes in the food system will require broader economic systems change, including behavioural, structural, and cultural change in business. Producing better outcomes from business requires: 1) a set of industry-specific standards that outline a road map for behaviour change, including policies, practices, inputs, outputs, and outcomes; 2) a new corporate governance structure that creates legal accountability and transparency for the production of those outcomes, and 3) story-telling and collaboration with a community of leaders to shift the cultural expectations of business.

Behaviour Change: The B Impact Assessment is a free, online platform that allows companies to measure, manage, and improve their social and environmental performance. It provides a comprehensive assessment of a company's impact on all stakeholders (consumers, workers, community, environment, and governance), and encourages businesses to improve. The platform provides free best practices guides



and management tools, inspiring companies to set targets and benchmark their performance against others in their industry. In 2020, B Lab reframed this platform to encourage companies to manage, measure, and improve their performance toward the SDGs. The product (SDG Action Manager) was co-designed with the UN Global Compact. B Impact Assessment and SDG Action Manager have been used by more than 135,000 companies across the globe.

The solution proposed here would add a specific track focused on food sector businesses to these existing platforms, highlighting the unique challenges, opportunities, and practices for the industry. Though other food standards exist, they are primarily focused on a particular product attribute (i.e., organic) or practice (i.e., Fair Trade). The B Impact Assessment is unique in its comprehensive approach, evaluating a company's impact on all its stakeholders and providing a free management platform for improvement and benchmarking.

Structural Change: B Lab has developed, introduced, and supported a new corporate governance structure that shifts the fiduciary duty to balance the interests of stakeholders and shareholders. This legal framework has been developed in over 40 jurisdictions, with specific legislation creating a new corporate form passed in 43 US states and seven countries (Canada, Colombia, Ecuador, France, Italy, Peru, Rwanda). The Summit offers an opportunity to dramatically increase awareness of this structural solution and drive broader adoption in the food system. This shift in corporate accountability is particularly applicable in the food sector, where businesses should be legally required to consider their impact on society as well as their financial performance. The solution would create a set of clear policy recommendations for governments (the "Stakeholder Governance Toolkit") to drive broader adoption of this corporate structure in their global food chains, creating accountability for their impact on society and environment. The toolkit would include a range of policy recommendations, including passing legislation, private-sector incentive structures, and investment and procurement preferences.

Cultural Change: B Lab has created a global certification, Certified B Corporations, that recognises best-in-class companies that have demonstrated the highest standards of social and environmental performance, transparency, and legal accountability. This Certification has been awarded to 3,800+ companies, including approximately 500 in the food and beverage sector. The broad adoption of the solutions outlined above is predicated on a communications strategy that shifts the cultural expectations of the private sector in the food system. The Summit creates an opportunity to produce and distribute case studies highlighting these leaders and sharing innovations that are currently being deployed at scale to improve food systems around the globe.

Solution's alignment to the 'game changing and systemic solution' criteria:

Impact Potential at Scale - B Impact Assessment and SDG Action Manager jointly represent the world's largest impact management platform. Building comprehensive, private-sector food standards on this existing structure would leverage more than \$20 MM of technology investment and 200+ existing distribution partnerships (including the UNGC, YPO, the B Team, and Imperative 21), reaching tens of thousands of companies across the globe. Similarly, the policy solutions have been passed in over 50 jurisdictions and have been vetted and recommended by numerous institutions, including the G7. The Summit creates the opportunity to scale existing proven solutions in the Food Sector.

Actionability - The comprehensive food standards will be built in collaboration with, and leverage the existing work of, the Global Reporting Initiative, SASB, the Impact Management Program, the World Benchmarking Alliance, and the Access to Nutrition Index, to name a few. Total costs to research, develop, and implement these new standards, produce the Stakeholder Governance Toolkit for Government, and write and promote five case studies would be an investment of less than \$3 million.



Sustainability - The Impact Platform and policy solutions have been developed and vetted over the last 15 years and require modest investments to keep active. Simultaneously, usage of these tools continues to grow with awareness of the movement. This solution can shift performance and legal accountability of food sector businesses in the long term.

Existing evidence: A global certification that inspires others to follow, using free, broadly available, simple tools has served as B Lab's theory of change for 15 years. In 2020 alone, the community of Certified B Corporations protected 200,000 hectares of land, offset 16 million tons of carbon, saved 225 million liters of water, and diverted 207 thousand metric tons of waste. The community is 75% more likely to hire workers from chronically underemployed populations, 68% more likely to have a majority female workforce, 210% more likely to screen suppliers based on positive social and environmental performance, and has an average a pay ratio of 7:1 from CEO to lowest-paid worker. Just in 2020, the community inspired 46,000 new users of the B Impact Assessment who registered to use the platform to measure, manage, and improve their social and environmental performance. These are proven tools that can be focused on the food sector to drive systems change.

Current/likely political support: Though the B Corp Movement was born in the US, in 2020, more than 77% of users on the B Impact Assessment originated from outside the US, including 14,851 companies from the Global South. B Lab has partnerships with over 200 organisations who use the tools, including the UNGC, YPO, WEF, Conscious Capitalism and Imperative 21. It plans to work with other standards bodies to develop food standards, including GRI, SASB, IMP, WBA, ATNI, to drive broader adoption. Its legislative efforts have been largely bipartisan, with over 30 unanimous votes, and have passed in the US, Europe, Latin America, and Africa.

Contexts for which this is well suited: This solution can be deployed globally.