How do companies currently engage on social issues?

Center for
**Business &
Social Justice**

BSR

Executive summary

- There is a **long and evolving history of corporate engagement on social issues.**

- Efforts to formalize, resource, and communicate about these efforts have **coalesced into prevailing frameworks** like CSR, ESG, DEI, and Business and Human Rights that have similar but distinct processes and objectives for business and social impact.

- CBSJ has identified **six overarching forms of corporate engagement** that can drive negative, neutral, and/or positive social impact.

- While many companies have integrated efforts on social issues into their strategies, **approaches are largely voluntary, vary widely** between and within companies, **and tend to treat positive and equitable social outcomes as a "nice to have"** rather than a business imperative.

How do companies currently engage on social issues?

(1) How are key concepts of social issue engagement defined?

(2) What frameworks already exist for corporate social issue engagement?

(3) What are common forms of corporate engagement on social issues?

(4) How do these frameworks and forms of engagement factor into corporate strategy and shape the landscape for action?

Tools in this section:

- Ecosystem of existing resources for business engagement on social issues

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How are key concepts of social issue engagement defined?

A **social issue** is any issue that impacts people beyond an individual level. For example, poverty, safety, and discrimination. Social issues often intersect with other types of issues; for example, the equitable distribution of the burdens of climate change, mitigation, and adaptation responsibilities exist at the nexus of environmental and social issues.

Social impact is an effect, positive or negative, on an individual or group of people. Every company creates positive and/or negative social impacts, intentionally or unintentionally, consciously and unconsciously, as a part of everyday decisions and actions.

A **social risk** in business is traditionally understood as the potential for a social issue to negatively impact a company's financial performance. With the emergence of "double materiality"—an approach companies can take to identify and prioritize material issues that combines financial and impact materiality—a social risk is also understood conversely as the potential for a company's decisions and actions to negatively impact the rights or well-being of individuals or groups in society ("outward impacts").

Many public companies self-regulate the management of social impacts and risks. However, organizations that take a longer-term strategic view are likely to see that their risks of negative outward impact on society can provide early warning signals for what might become financially material later.

While not exhaustive, the list below outlines the most commonly referenced and utilized **frameworks** for organizing, resourcing, and talking about corporate social issue engagement.

It is important to note the lack of uniformity in the use of this terminology by different stakeholders as well as shifts in the overall business, policy, and cultural landscape that influence their use at any particular time. (For example, some of the terms described here might be used differently, interchangeably, and/or encompass varying scopes of work.)

Corporate Social Responsibility (CSR)

BACKGROUND	IMPACT
As it emerged on the business landscape in the 1970s, CSR was inspired by the civil rights movement and characterized by new expectations for business to "take greater responsibility for their impacts on local communities, root out corruption and unethical business practices, and address inequity and discrimination in their organizations." A primary historical role of CSR has been communications and reputation management meant to assuage public concern and build trust, but as expectations of the social responsibility of business have continued to evolve, so have CSR concepts like stakeholder capitalism and shared value creation that encouraged moving beyond shareholder primacy and short-term decision-making and embedding strategies for social responsibility directly into corporate strategy. CSR remains a voluntary and self-regulated corporate approach to managing (but not necessarily fully addressing or remedying) social and environmental issues connected with corporate activities.	Today, the positioning and reporting structure of CSR departments within companies (which varies greatly from company to company) tend to determine the role that CSR plays (reputation management, communication, strategy development, and implementation, or all of the above) and the forms of engagement it oversees (philanthropic social giving, baseline corporate responsibility, social innovation, etc.). Companies sometimes use different terminology to describe this approach or the team that manages it—e.g., corporate responsibility, social impact, and sustainability.

The "S" in Environmental, Social, Governance (ESG)

BACKGROUND	IMPACT
The term ESG emerged in the early 2000s to describe a form of investing that considers environmental, social, and governance factors alongside financial performance in the investment decision-making process. By 2021 the term became the fastest growing segment of the asset management industry.	Responding to this trend, many companies have created positions or teams focused entirely on ESG (in addition to or in place of CSR) and now use the ESG framework to disclose their performance on environmental, social, and governance issues—and how they're managing related risk—to current and potential investors. In many ways, ESG intends to help make CSR (or whatever a company calls its social and environmental management efforts) more measurable and comparable. While a historical lack of standardized reporting frameworks (especially on the less quantitative social issues) has presented challenges for true comparability, efforts to converge major reporting frameworks (see below) and to increase global and local regulatory mandates on ESG are beginning to address this. More recently, US companies have been subjected to partisan political posturing and bad faith backlash on good faith efforts to advance just and sustainable strategies. In 2022, conservative-led US states introduced legislation designed to penalize corporations for ESG factors, more than tripling the measures introduced in 2021. That said, the influence of investors has been one of the clearest and strongest calls to action for businesses to be more transparent about their impacts on people and planet.

Public Reporting Frameworks

BACKGROUND	IMPACT
Historically, there have been a variety of reporting frameworks used by companies to produce CSR, ESG, and Sustainability reports, including Global Reporting Initiative Standards for Sustainability Reporting (GRI), Sustainability Accounting Standards Board Standards (SASB), including industry-based standards, TCFD, and Climate Disclosure Project (CDP). Some companies also used the Sustainable Development Goals to inform or organize their reporting on social and environmental impacts.	In 2021, the International Sustainability Standards Board (ISSB) was formed to "develop—in the public interest—a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs." These new standards are consolidating and building on the work of the previously separate standards bodies. The ISSB's first set of prototype documents provide consolidated global guidance for 1) climate-related disclosures and 2) general sustainability disclosures. This consolidation provides the potential opportunity for increased compliance that both reduces the reporting burden on companies and drives concise and decision-useful disclosure.

Sustainable Development Goals (SDGs)

BACKGROUND	IMPACT
The SDGs are the articulation of 17 global goals—from "no poverty" and "decent work" to "climate action"—designed to be a "shared blueprint for peace and prosperity for people and the planet, now and into the future." Established in 2015, the SDGs set a 15-year agenda for all actors, including business, to build an inclusive and sustainable future for all.	The United Nations Global Compact is a membership organization that works with companies to align corporate strategy around 10 key principles based on human rights, labor, environment, and anti-corruption and take action that advances those goals. More than 560 US companies participate in the UN Global Compact, but it can be challenging for companies to navigate the application of global-level goals to specific geographic and cultural contexts, such as those in the US.

Benefit Corporation (B Corp)

BACKGROUND	IMPACT
B Corp is a certification describing for-profit companies that meet the specific standards of social and environmental performance, transparency, and accountability.	It is a model for companies that aim to "use the power of business to do more than seek profit" in ways that positively impact their stakeholders and the planet. Companies can either pursue the certification (which requires a change of legal status to a "Benefits Corporation") or they can use the certification standards as guidelines for implementation. There are over 7,600 Certified B Corps globally, though it is not a common legal designation among large, multinational companies.

Business and Human Rights

BACKGROUND	IMPACT
The United Nations Guiding Principles on Business and Human Rights (UNGPs) were established in 2011 and are the first international standard to formally bring the concept of human rights to the private sector. The UNGPs are built on three pillars—the first is the duty of the state to protect human rights; the second is the responsibility of corporations to respect human rights; and the third is the necessity for both governments and private actors to provide access to remedy where the entity in question is causing, contributing to, or directly linked to the harm in question.	This framework outlines foundational and operational principles with guidance for corporate commitment to respect human rights and to perform due diligence, management, and remedy. While taking a human rights-based approach within business began as voluntary principles, action is increasingly being mandated through regional and national regulation, and corporate uptake is growing. Use of human rights assessments can help companies to identify social risks (specifically the risks to rightsholders, not the company, and these may also be disclosed as a part of ESG reporting) and inform strategy for mitigating them. Companies that apply this approach may do so via a Human Rights team or as a strategy that is incorporated within other teams' efforts (for example, ESG, CSR, etc.).

Diversity, Equity, and Inclusion (DEI)

BACKGROUND	IMPACT
DEI refers to corporate efforts to incorporate and reflect values of diversity, equity, and inclusion in the way their companies do business. The positioning of the lead DEI role tends to dictate the scope of that role. For example, DEI positions that report to HR are likely to focus on internal employment policies, practices, and experience, whereas DEI positions that report to Chief Sustainability, Procurement, Strategy, or Executive Officers are likely to have a remit to bring a DEI lens to the broader organization and/or value chain.	There was a boom in corporate activity on DEI in response to the global protests of the murder of George Floyd in 2020. By the end of that year, US DEI job postings increased by 55 percent, the US was the largest market for D&I, estimated to be around US$3.8B, and by May 2021 companies had earmarked close to US$200 billion toward racial equity commitments. Just three years later, many of the performative corporate commitments to DEI are waning, with DEI roles and budgets being cut from company agendas and Chief Diversity Officers leaving their roles citing obstruction and exhaustion. Where there has been significant progress, legal scrutiny of diversity initiatives, including the recent US Supreme Court ruling on the use of affirmative action in higher education is creating a chilling effect on corporate willingness to publicly champion their progress.[1] However, companies that are more mature in the DEI journey and recognize the bottom line impact of justice, equity, dignity, and inclusion are doubling down on their investment in DEI to ensure that they are future-fit for next generation of talent and sophisticated stakeholders who expect and demand authentic and consistent corporate commitment to social justice.

[1] In June 2023, the US Supreme Court restricted colleges/universities' consideration of race as an independent factor in college admissions. https://www.ft.com/content/ec147f73-e5b6-4470-b133-d983febcb333.

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What are common forms of corporate engagement on social issues?

Beyond the frameworks that companies use to organize, implement, and communicate about their social issue engagement, we've identified **six broad forms of corporate engagement** that can be thought of along a spectrum of whether they're likely to drive net negative, neutral, or positive social impact:

Socially subversive

Social giving

Non-engagement

Baseline corporate responsibility

Performative

Pursuing social innovation

These forms of engagement are not mutually exclusive—at any given time, companies may be employing one, several, or all of these forms of engagement across their operations and value chain. Different teams, units, or initiatives across the organization may exhibit differing forms of engagement based on their maturity or interest in applying a socially responsible approach. Importantly, taking action that supports positive social impact in one area of business does not create a canceling effect on action(s) that cause harm in the same or other areas.

How do companies currently engage on social issues?
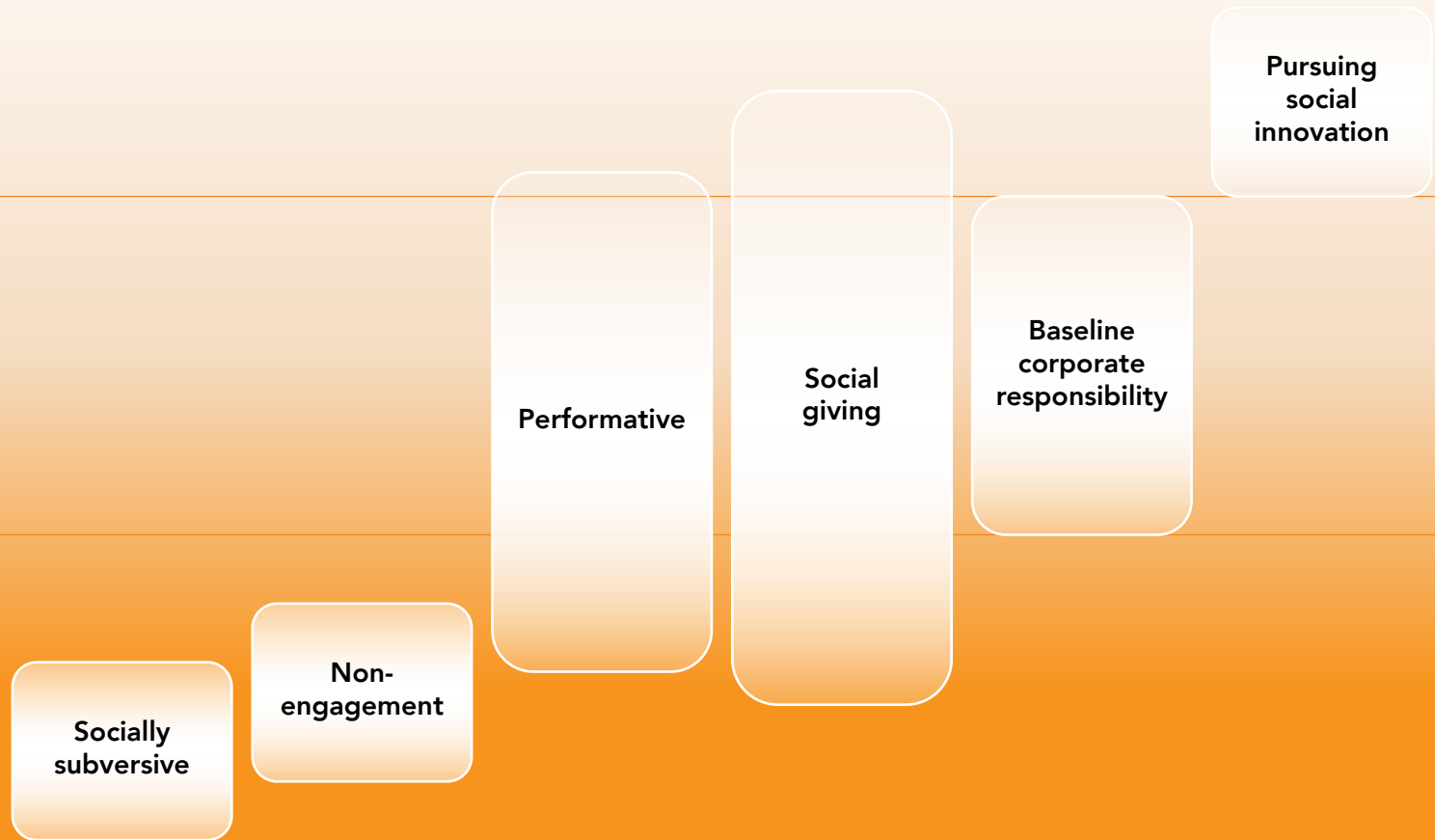
SOCIAL IMPACT

Net Positive
The company proactively takes decisions and actions that promote positive and equitable social outcomes.

Net Neutral
The company ensures that its decisions and actions do not cause harm to people and where there is risk of harm, it monitors and manages these risks.

Net Negative
The company's decisions and actions, whether intentional or not, are causing harm to people.

Pursuing social innovation

Baseline corporate responsibility

Social giving

Performative

Non-engagement

Socially subversive

Socially subversive

This is the type of engagement that knowingly and willingly accepts and even causes significant harm to human rights and societal well-being in order to pursue profit maximization. This engagement isn't merely carelessness or obliviousness; it is the intentional subversion of policies, processes, and actions that protect, support, or empower individual, group, or societal well-being for corporate benefit. This type of engagement is ill-intentioned and often criticized but not always illegal.

This can look like:

- Hiding or obscuring corporate research that clearly indicates negative environmental or social impacts of the business, with no intention to address them.
- Knowingly leaving an unsafe product in the market because the cost of a recall or lost business supersedes the estimation of potential lawsuit payouts.
- Using power dynamics to unsustainably extract resources from a community without willing partnership and fair compensation.
- Engaging in union busting and avoidance or disruption of worker organizing efforts.
- Lobbying to circumvent public policy that would otherwise support socially just and equitable outcomes.
- Contributing to political campaigns and/or candidates that proactively advance policy that attacks the rights and protections of vulnerable groups and/or erodes the institutions (e.g., federal agencies, courts) that uphold them.
- Pursuing litigation against companies for their diversity initiatives to thwart efforts to close disparity gaps in equity and inclusion.

No engagement

This is either the "aggressively neutral" or "stick your head in the sand and pretend the link between business and society doesn't exist" strategy. Companies employing this strategy either fail or refuse to recognize that the social impacts of business on society and societal impacts on business are interlinked. This type of engagement is characterized by no acknowledgment or action in relation to social issues, either privately or publicly, including those on which the business has material impacts. It isn't intentionally harmful, but it can potentially be negligent and viewed as shirking responsibility.

This can look like:

- Refraining from making progress, reporting, or providing transparency on the company's identification and management of material social issues.
- Making compliance with legal requirements the ceiling for social issue engagement.
- Refraining from making statements on various social justice topics externally and internally.
- Establishing supply chains in low-cost geographies without due diligence of labor rights and conditions that make those cost savings viable.
- Launching a new product or service powered by emerging technology without sufficient understanding and management of potential harms it could cause or due diligence of customer use and potential abuse.

Performative

This is a common form of corporate engagement on social issues and it generates unintended consequences that often prevent meaningful progress. Performative social engagement is the kind that's all talk and changes with the wind in order to take advantage of the moment for sales or reputational bumps. This is social washing—greenwashing's ugly cousin—and it's the reason many stakeholders are so exhausted by corporate asks for their engagement. Performative engagement is typically driven exclusively by PR without an underlying strategy for action across relevant business units (internally) or on the issue more broadly (externally). One modest positive is that, over the long term, performative engagement in the form of public communication can bring attention to important social justice issues and contribute to the mainstreaming of shifting values in the public discourse.

This can look like:

- Making social media posts or participating in activities that celebrate the accomplishments of historically marginalized populations/communities while engaging in other activities (like campaign donations, lobbying, or establishing corporate policies) that hinder the well-being of those populations/communities.
- Publishing a statement suggesting the company values diversity and inclusion without a plan to review or address existing internal policies and practices that enable disparities in representation, compensation, promotion, etc.
- Responding reactively to social justice flashpoints with careless action that is uninformed or under-researched and oblivious to unintended consequences it may cause.
- Celebrating partnership with communities impacted by company operations in annual sustainability reports without authentic, ongoing dialogue with those communities.
- Applying superficial language changes to company communications on social issues without intention to meaningfully shift internal or external practices in any real manner.

Social giving

Typically, these are corporate initiatives with social objectives that are siloed from the core business as a part of a corporate foundation or "social impact" initiative. Companies often undertake these types of activities at the nascency of their sustainability and corporate responsibility journeys. Activities might include philanthropic donations earmarked for specific causes or in-kind donations of product or employee time and expertise. These sorts of investments often don't require an explicit business case and have tended to generate good ROI on things like employee engagement, reputation management, and, in some cases, meaningful support of local communities. However, funding for these initiatives can be sporadic, change direction rapidly, or be canceled based on business performance, and these types of activities fall short of acknowledging and addressing systemic social harms and risks caused by the company's direct and indirect operations.

This can look like:

- Making philanthropic gifts or setting up a corporate foundation with a portion of profits to help tackle societal issues.
- Offering staff time, skill sets, or other voluntary-based initiatives to provide direct aid to individuals and organizations.
- Donating or discounting products or services for certain types of consumers in need.
- Supporting rapid emergency response efforts that prioritize societal needs in the short term (e.g., corporate responses to natural disasters or COVID-19 and vaccination development).

Baseline corporate responsibility (e.g., mitigating actual social harm and managing social risks of the business)

This form of engagement is NOT synonymous with corporate social responsibility, as described earlier, but like CSR it is primarily self-regulated in the US. This form of engagement can be thought of as the essential responsibility that all companies have to understand, mitigate, and manage the actual and potential social risks and negative impacts driven by their operations, both through direct actions as well as enablement and influence across their value chains. This is akin to the principle of "first, do no harm" and serves as an essential and ongoing foundation for corporate engagement on social issues, before or at least alongside moving to engagement that more proactively promotes positive social outcomes.

This can look like:

- Developing and integrating strategies that address material social issues directly into the broader corporate strategy.
- Establishing a human rights program to deepen understanding of potential risks of harm to people and communities and implementing a governance structure that promotes ongoing monitoring, management, and mitigation of social harm through operations.
- Confirming that a social issue is core to business objectives and values and reviewing and addressing all potential ways current corporate policies and practices may hinder positive outcomes on that issue.
- Identifying potential negative upstream impacts of products and services and designing product delivery and policy to address those.
- Thoughtfully developing, implementing and sustaining DEI strategies that identify and eliminate discriminatory policies and practices across the company.
- Creating stakeholder engagement functions to engage groups and communities who have been harmed by company action to identify new possible future states.

Pursuing social innovation alongside business goals

This form of engagement moves beyond managing and mitigating negative impacts by finding ways to use core products, services, and business models specifically to advance a social objective in addition to business outcomes. This form of engagement tends to yield "win-win" style opportunities that, in addition to supporting the intended social outcome(s), also create direct and quantifiable benefits for the business, often in the form of a broadened customer base.
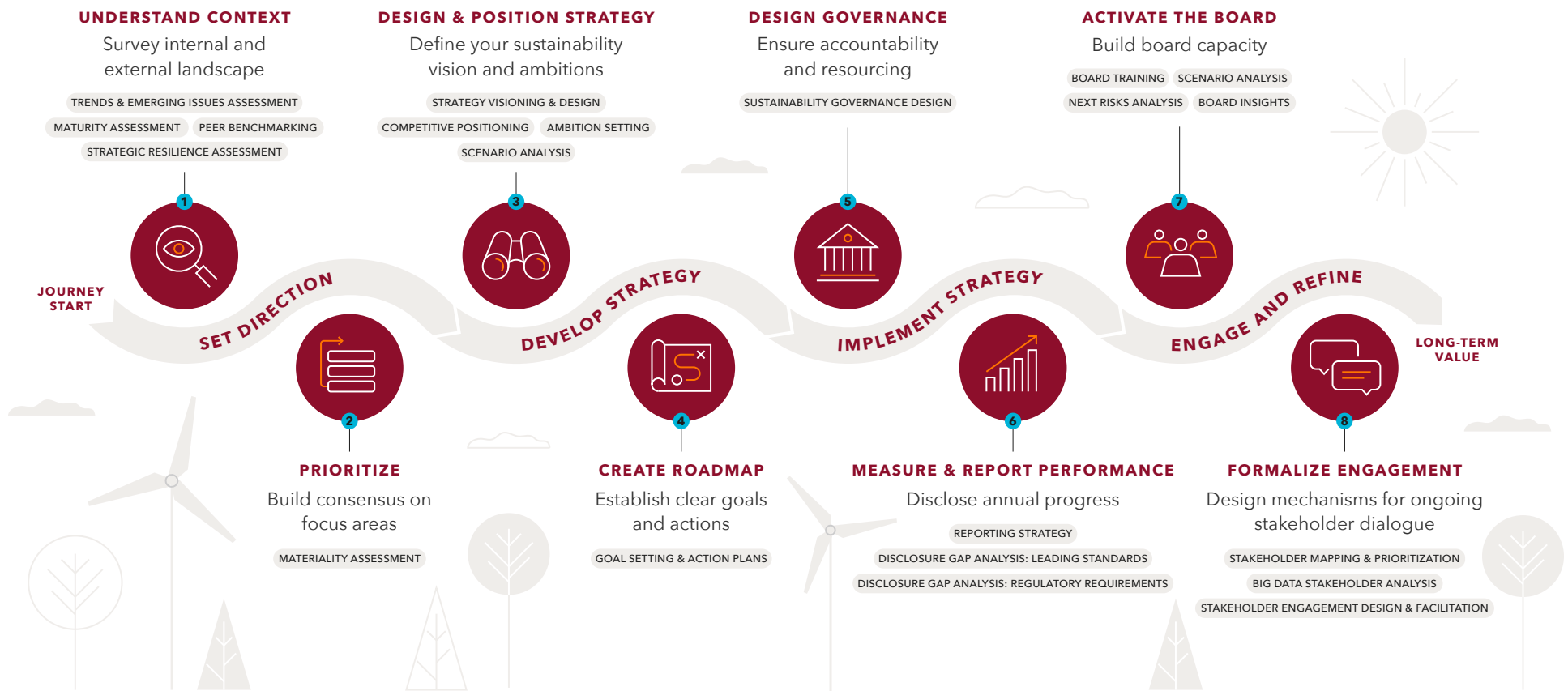
This can look like:

- Adding product lines or altering delivery channels or payment options to increase access for a previously excluded group.
- Forming long-term collaborative relationships with a cohort of public and private partners to make progress on a particular issue of business and societal importance.
- Systematically integrating expert advice on how to advance positive social outcomes into regular and ongoing product development processes, platforms, and/or service delivery.

4 How do these frameworks and forms of engagement factor into corporate strategy and shape the landscape for action?

Many companies proactively incorporate management of social issues into their broader corporate strategy, using some or all of the steps outlined below as a part of their strategy development and implementation journey.

JOURNEY START

SET DIRECTION

1 — UNDERSTAND CONTEXT
Survey internal and external landscape

TRENDS & EMERGING ISSUES ASSESSMENT
MATURITY ASSESSMENT   PEER BENCHMARKING
STRATEGIC RESILIENCE ASSESSMENT

2 — PRIORITIZE
Build consensus on focus areas

MATERIALITY ASSESSMENT

DEVELOP STRATEGY

3 — DESIGN & POSITION STRATEGY
Define your sustainability vision and ambitions

STRATEGY VISIONING & DESIGN
COMPETITIVE POSITIONING   AMBITION SETTING
SCENARIO ANALYSIS

4 — CREATE ROADMAP
Establish clear goals and actions

GOAL SETTING & ACTION PLANS

IMPLEMENT STRATEGY

5 — DESIGN GOVERNANCE
Ensure accountability and resourcing

SUSTAINABILITY GOVERNANCE DESIGN

6 — MEASURE & REPORT PERFORMANCE
Disclose annual progress

REPORTING STRATEGY
DISCLOSURE GAP ANALYSIS: LEADING STANDARDS
DISCLOSURE GAP ANALYSIS: REGULATORY REQUIREMENTS

ENGAGE AND REFINE

7 — ACTIVATE THE BOARD
Build board capacity

BOARD TRAINING   SCENARIO ANALYSIS
NEXT RISKS ANALYSIS   BOARD INSIGHTS

8 — FORMALIZE ENGAGEMENT
Design mechanisms for ongoing stakeholder dialogue

STAKEHOLDER MAPPING & PRIORITIZATION
BIG DATA STAKEHOLDER ANALYSIS
STAKEHOLDER ENGAGEMENT DESIGN & FACILITATION

LONG-TERM VALUE

Source: BSR sustainability management

The tools outlined at each stage of the journey (e.g., materiality assessment at the prioritization stage, goal setting and actions plans at the roadmap stage) can be used by companies to plan and implement strategies that anticipate risks and capture opportunities related to environmental, societal, and governance issues.

The existing frameworks and the forms of corporate social issue engagement can be employed by companies in any combination across the strategy journey, whether intentionally as a part of this strategy setting and implementation process, or unintentionally as the result of a lack of planning and coordination.

For example, a company may have a CSR strategy that aims to mitigate and manage harms and labor risks in its supply chains (baseline corporate responsibility) while its procurement department does not examine or address its purchasing practices that exacerbate those same labor risks (non-engagement). It may take a human rights-based approach at beginning phases to understand and prioritize its most salient human rights risks and seek to address those and identify opportunities for social innovation. It may make donations to important causes with goals to better support worker financial security (social giving) while maintaining membership and involvement in trade associations that lobby against policies to create stronger safety nets (socially subversive engagement). And so on.

These existing frameworks and forms of engagement have themselves established paradigms for how business has been or can be expected to engage in society. Progress toward a more just society will require some of these paradigms (e.g., socially subversive engagement) to be eliminated. Others (baseline corporate responsibility, social innovation, business and human rights, and harmonized reporting frameworks) are foundational stepping stones to applying a corporate social justice approach.
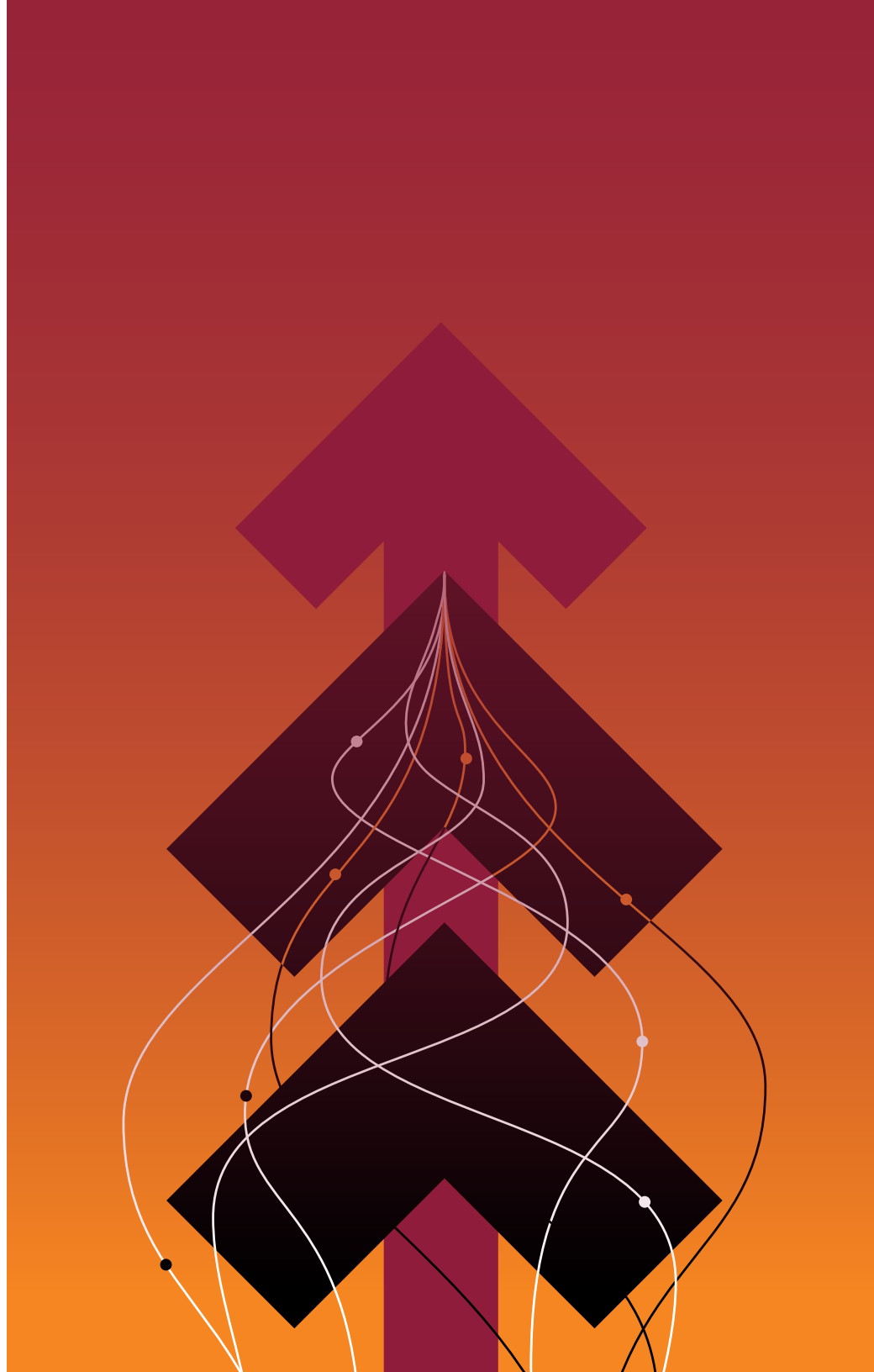
Tool: The ecosystem of existing resources for corporate engagement on social issues

At each stage in the journey, there are existing frameworks and resources designed to help the business community understand and manage its social risks and impacts. We've aimed to outline the existing resources that can also serve as foundational stepping stones and valuable guidance for companies building toward applying a social justice approach.

CATEGORY	RESOURCE
Frameworks for reimagining the business role in society	The Business Role in Creating the 21st Century Social Contract articulates an overhaul to the social contract—the relationship between individuals and institutions—to meet 21st century realities.
	Resilient Business Strategies defines essential pathways to achieving a just world and an economy that delivers truly inclusive and sustainable prosperity.
	Business Actions for a Healthy Society (Healthy Business Coalition) offers guidance on how business can positively impact the social determinants of health.
	The Shared Opportunity to Promote: A Second Decade Opportunity for the UNGPs proposes a shared opportunity to promote human rights that moves beyond the perception that the three pillars of the UNGPs are solely about avoiding harm.
	Redefining Sustainable Business outlines an "act, enable, influence" approach to company strategy, governance, and management as the blueprint for the future of sustainable business.
	Reimagine Capitalism in America issues a call to reimagine capitalism and a new economic paradigm that places individual, community, and societal well-being at the center, enabling everyone to meaningfully participate in our economy, democracy, and society.
	Doughnut Economics models the challenge of meeting the needs of all within planetary boundaries.
	Intentional Power: The 6 Essential Leadership Skills for Triple Bottom Line Impact outlines the "HEARTI" framework for business leaders to innovate the way they create communities of belonging (Humility, Empathy, Accountability, Resiliency, Transparency, Inclusivity).
	Higher Ground: How Business Can Do The Right Thing In A Turbulent World is a new guide to help companies navigate ethical challenges and complex social and political risks across a global landscape while offering concrete examples on how to rethink existing business practices.
	The Activist Leader: A New Mindset for Doing Business provides case examples of companies creating change from the inside out. Businesses are typically seen as part of the problem; activist leaders set out to make them part of the solution.

CATEGORY	RESOURCE
Tools for helping companies identify which social issues to focus on	Double Materiality Assessments help companies to determine which issues (including social) to focus on based on inward and outward material impacts.
	The UN Guiding Principles for Business and Human Rights (OHCHR) establish universal expectations for the corporate responsibility to respect human rights. To meet those expectations, companies can undertake Human Rights Assessments to identify and prioritize actual and potential adverse human rights impacts and make recommendations for appropriate action to address those impacts.
	Business Civil Rights Audits are independent, systematic examinations of significant civil rights and racial equity issues that may exist in a company, providing a plan of action to address those issues in a thorough, deliberate, timely, and transparent manner.

Frameworks for issue-based assessment and engagement, and for evaluating corporate performance on specific issue areas.

CATEGORY	RESOURCE
Gender Equity	National Partnership for Women & Families is a national nonprofit, nonpartisan organization that works to make life better for women and families. Their suite of resources (e.g., on pay equity, paid family and medical leave, etc.) provides valuable insights for companies to evaluate and inform their corporate policies and public policy support.
	The Gender Benchmark assesses and compares how companies are driving and promoting gender equality and women's empowerment across their entire value chain.
	The Women's Empowerment Principles Gender Gap Analysis Tool (WEPs Tool) is a business-driven tool designed to help companies from around the world assess gender equality performance across the workplace, marketplace, and community.
	Equileap's Gender Equality Scorecard is the methodology used to holistically assess a company's gender equality performance, from the board to the supply chain. It is based on various metrics, including gender balance across the workforce, the gender pay gap, paid parental leave, and anti-sexual harassment policies.
	PrismWork, with support of W.K. Foundation, produced a white paper, RESET: Men, Leadership, and the New World of Work, focusing on how men play a crucial role in engaging with DEI initiatives and efforts.

CATEGORY	RESOURCE
LGBTQ+ Equality	The Human Rights Campaign's Corporate Equality Index is a roadmap and benchmarking tool for US businesses in the evolving field of lesbian, gay, bisexual, transgender, and queer equality in the workplace.
	The UN LGBTIQ+ Standards Gap Analysis Tool aims to help companies do their part to counter these abuses and promote LGBTIQ+ inclusion in the workplace and beyond.
Racial Equity	Building on the foundation of the CEO Blueprint for Racial Equity, PolicyLink, FSG, and JUST Capital (together, the Corporate Racial Equity Alliance) have developed new corporate performance standards to provide business leaders with clear goals, milestones, and metrics to track performance on racial equity.
	MLT Racial Equity at Work Certification Programs focus on People, Purchasing, and Philanthropy and center on five pillars to help develop collaborative and integrative solutions.
	JUST Capital's Corporate Racial Equity Tracker tracks corporate commitments as well as concrete actions US companies are taking to advance racial and economic equity alongside the 2024 Rankings of America's Most JUST Companies.
Civic Engagement	The Civic Alliance Corporate Civic Playbook details the business case and provides case examples, best practices, and action plans for companies to support healthy civic engagement.
	Leadership Now Project offers a Corporate Civic Engagement Best Practice Guide along with curated tools and case examples.
	The University of Michigan's Erb Institute has developed the Principles for Corporate Social Responsibility that provides a non-partisan, practical thought process to help companies respond to new questions and pressures related to their political influences.
Worker Well-being	Benefits 21 Modernized System of Benefits provides a framework for building and delivering an integrated system of benefits that is inclusive of all workers; portable to prevent interruption due to job loss; people-centric to prioritize the experience of those who need it to work; and interoperable across technology systems.
	The World Economic Forum's DEI for Workforce outlines a Revitalized Vision for Diversity, Equity, and Inclusion in the Workforce as a path to social justice.
Climate Justice	Just Transition Research Collaborative report and case examples on Mapping Just Transitions to a Low-Carbon World.
	Just Transition Planning Process is a toolkit to drive social dialogue and stakeholder engagement toward a just, equitable, and inclusive transition.

CATEGORY	RESOURCE
Cross-Cutting	The Corporate Human Rights Benchmark provides a comparative snapshot of the largest and most influential companies in high-risk sectors, looking at the policies, processes, and practices they have in place to systematize their human rights approach and how they respond to serious allegations.
	JUST Capital Annual Rankings reflect the performance of America's largest publicly traded companies on the issues that matter most in defining just business behavior today, with the issues and their weights determined by polling of the American public. Among the issues considered are workers, communities, and the environment.
	B Corp is a certification and a legal status describing for-profit companies that meet specific standards of social and environmental performance, transparency, and accountability.
	Equileap Data for Equality is a global database for collecting, analyzing, and providing corporate insights on gender equality, race & ethnicity, and LGBTQ+ for responsible investing.
Community/Issue Focused	Everytown Toolkit for Corporate Action to End Gun Violence was developed to guide companies as they work to address gun violence, both internally in their own operations and externally in the communities where they live and work.
	The Disability Equality Index is an objective and comprehensive benchmark, developed as a joint initiative of Disability:IN and the American Association of People with Disabilities (AAPD), designed to assist businesses in advancing inclusion practices, helping them build a roadmap of measurable, tangible actions across five scored categories.

CBSJ welcomes input from companies, experts, and stakeholders on this material.

We expect testing of this guidance to drive learning that results in both improvements upon the initial ideas included in this guide as well as deepening of experience, expertise, and guidance in specific focus areas, such as by industry, function, and issue area. If you would like to share thoughts or additional resources, click the button to contact the CBSJ team.

Contact Us

What is a corporate social justice approach?

Executive summary

- Taking a social justice approach means **integrating positive and equitable social outcomes as a primary objective** of a strategy, decision, or action.

- Applying this approach in a corporate setting **builds on existing efforts, in particular, human rights-based approaches,** to mitigate negative social impact and risks but raises the bar on process and objectives.

- The approach **diverges from business as usual in five key ways**, and meaningful application requires a clear-eyed understanding and commitment to these shifts.

- Applying a social justice approach **shouldn't be separate from core business activities**— it is a lens that can be applied directly to strategy development and implementation.

- Corporate approaches don't have to be all or nothing. Companies can apply a social justice approach organization-wide or test in specific instances.

What is a corporate social justice approach?

① How are key concepts of social justice defined?

② What does it mean to take a social justice approach in a business context?

③ How is this different from business as usual?

④ How can companies apply a social justice approach as a part of ongoing strategy development and implementation?

⑤ Should all companies be taking a social justice approach?

Tools in this section:

- A corporate social justice framework based on human rights, participation, access, and equity
- A guide to distinctions between business as usual corporate forms of engagement and a social justice approach
- A set of process-based questions and corresponding guidance for applying a social justice approach to the corporate strategy development and implementation process

The United Nations describes social justice as "a fundamental condition for people to coexist in peace and prosperity, within and between nations… social justice is based on equal rights for all peoples and the possibility for everyone, without discrimination, to benefit from economic and social progress around the world." The extent to which society at large or a particular situation, outcome, or approach can be considered "socially just" depends on the extent to which all individuals and groups in that context can access fair treatment and equal respect of their human rights regardless of any status or characteristic of their identity. Social justice as an "end state" in any society is by nature theoretical (since it is constantly evolving with global and local contexts, and thus requires continuous attention) and systemic—shaped by interconnected and often long-standing systems such as public policy, cultural norms and expectations, legal frameworks and judicial rulings, and business standards and approaches.

Identity is a person's sense of who they are based on their group membership. Examples of social identities are race/ethnicity, color, gender, sexual orientation, social class, socio-economic status, property, (dis)abilities, language, nationality or social origin, religious beliefs, and political or other opinion. Some forms of identity are easily visible while others—deeply ingrained in personal characteristics, history, and experience—are less so.

Vulnerable groups are populations that may be at heightened risk of vulnerability or marginalization, based on context and one or more intersecting identities.

A social issue[1] becomes a social justice issue when individuals or groups experience disparate outcomes in relation to that issue based on identity. When you examine a social issue and can predict who is likely to benefit and who is likely to be harmed based on any individual or intersectional set of identity characteristic(s), you're looking at a social justice issue. For practical purposes in today's world, most social issues are also social justice issues because their root causes and disproportionate harms reveal underlying systems that reinforce an inequitable status quo.

A social justice approach is a way of engaging—with an issue, initiative, group, etc.—that prioritizes fairness and equitable outcomes, especially for contextually vulnerable groups, as a primary objective of the engagement. A social justice approach involves:

1. a guiding framework including the four fundamental pillars of social justice: human rights, participation, access, and equity, and
2. the proactive and intentional process of applying those pillars as a frame for understanding existing barriers and inequities that produce disparate outcomes based on identity and taking targeted measures to address them.

Socially just and equitable outcomes are measurable results that reflect fair treatment through strategic distribution of resources, access, opportunity, and participation so that all individuals and groups in a society are able to reach comparable outcomes.
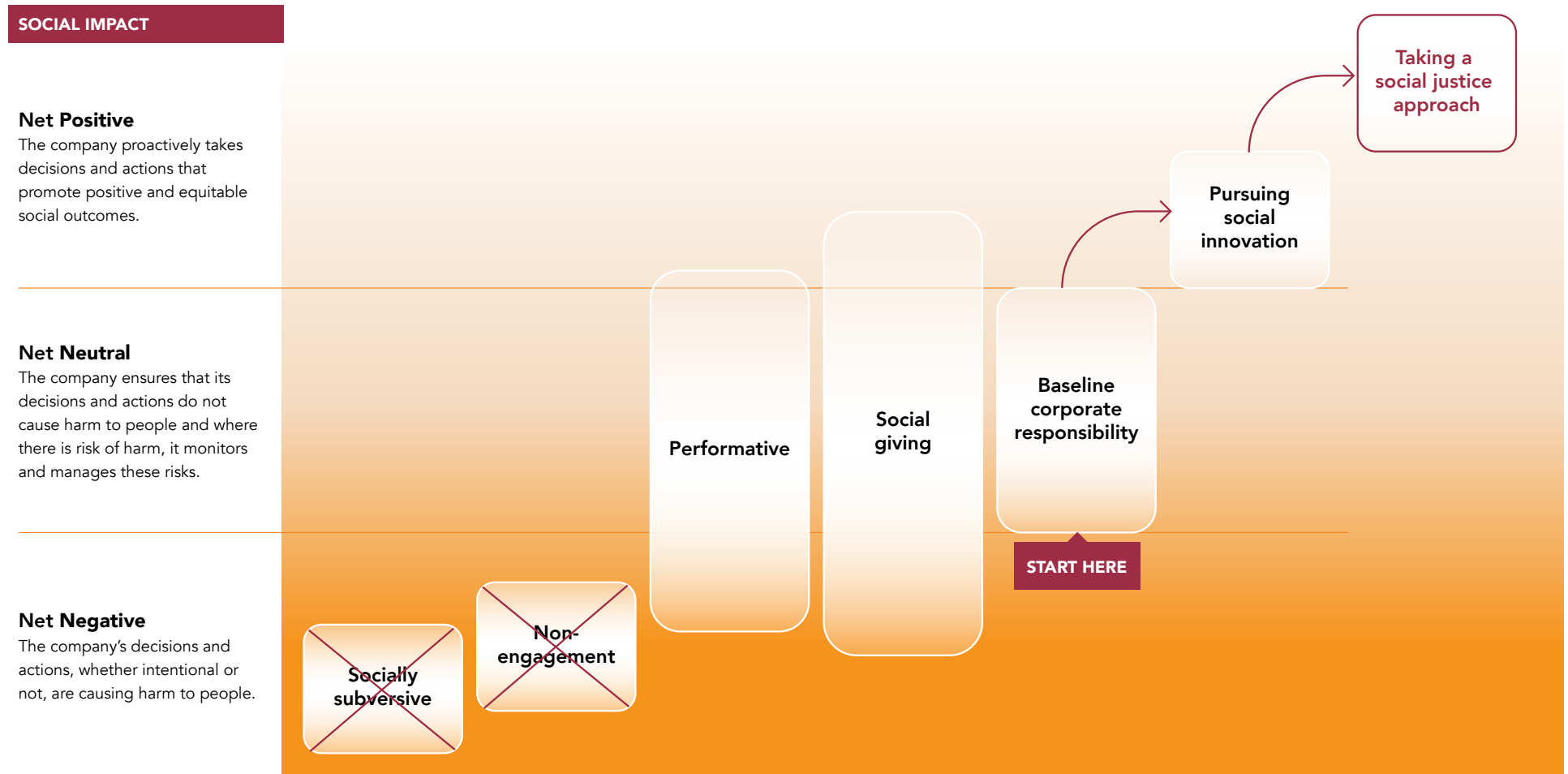
[1] Previously defined in FAQ 1: How companies currently engage on social issues as "any issue that impacts people. For example, poverty, safety, and discrimination."

② What does it mean to take a social justice approach in a business context?

In a business context, applying a social justice approach is a specific way of engaging on, planning for, and implementing strategy, decisions, and actions a company takes that prioritize socially just and equitable outcomes. Indeed, doing so may require some trade-offs on short-term business outcomes like revenue growth, customer acquisition, cost savings, and profitability. Hence, a social justice approach can be seen as a seventh "form of engagement" that explicitly avoids "socially subversive" and "non-engagement" and builds on efforts to achieve "baseline corporate responsibility" and to "pursue social innovation."

How do companies build on existing efforts to take a social justice approach?

SOCIAL IMPACT

Net Positive
The company proactively takes decisions and actions that promote positive and equitable social outcomes.

Net Neutral
The company ensures that its decisions and actions do not cause harm to people and where there is risk of harm, it monitors and manages these risks.

Net Negative
The company's decisions and actions, whether intentional or not, are causing harm to people.

Taking a social justice approach

Pursuing social innovation

Baseline corporate responsibility

START HERE

Social giving

Performative

Non-engagement

Socially subversive

The objective of taking a social justice approach is for companies to be able to identify and address their contribution to root causes of social justice issues ("baseline corporate responsibility"), whether due to their direct actions or to decisions and policies that uphold structural barriers and inequities. A social justice approach necessitates identifying opportunities where business can use their leverage and capabilities to drive socially just and equitable outcomes ("pursuing social innovation"), including when decisions require short-term trade-offs on business terms.

Tool: A corporate social justice framework based on human rights, participation, access, and equality

Taking a social justice approach involves a **proactive and intentional** process to incorporate the social justice pillars (human rights, participation, access, and equality) as guide rails for informing and directing corporate strategy, decision-making, and action that supports social justice.

HUMAN RIGHTS → PARTICIPATION → ACCESS → EQUALITY

Pillar 1: Human Rights

Human Rights are the cornerstone of social justice in any institution. Grounded in international law, human rights include the most fundamental of rights, such as freedom and dignity, as well as those that enable people to engage in social, cultural, economic, and political spheres of society. Because human rights are universally inherent regardless of affiliation with any identity, using human rights as a baseline for value-based decision-making further reinforces equity as an outcome.

What does human rights mean for companies?

Process
Companies should:
- Use human rights as a baseline for establishing and upholding corporate values and apply them to decisions and actions across the value chain.
- Use human rights as the baseline for assessing potential risks and actual social harm connected with their decisions and actions, especially focusing on vulnerable groups (e.g., direct and supply chain workforces, local communities, customers, consumers, and business partners).

- Remedy actual and mitigate potential harm and establish ongoing and forward-looking human rights monitoring and management programs.
- Look for opportunities where existing leverage or capabilities can be used to promote the full enjoyment of human rights, especially focusing on vulnerable groups.

Intended Outcomes
- All human rights are respected.
- Violations of human rights are remedied.
- Rights of harmed or vulnerable groups are promoted in ways that restore or advance social justice and equity.

Resources
- Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights (ICCPR)
- International Covenant on Economic, Social, and Cultural Rights (ICESCR)
- International Labor Organization Core Conventions
- United Nations Guiding Principles on Business & Human Rights (UNGPs)
- Corporate Human Rights Assessments (HRAs)
- Business Civil Rights Audits
- The Shared Opportunity to Promote

Pillar 2: Participation

Participation is the fair representation of stakeholders in decision-making processes that have direct and indirect impacts on them. Participation disrupts unilateralism and hierarchy and creates actively inclusive processes that strengthen collaboration and trust among parties with differing levels of influence and power.

What does human rights mean for companies?

Process
Companies should:
- Identify relevant experts and affected stakeholders and codesign opportunities for meaningful participation.[2]
- Identify power dynamics and forms of power sharing that enable equitable participation.[3]
- Identify and remove barriers that have or continue to prohibit certain groups from fair participation.
- Be transparent about objectives and processes as well as limitations.

Intended Outcomes
- All relevant expert and affected stakeholder groups are identified, acknowledged, and respected.
- Meaningful forms of participation are equitable and accessible for all relevant stakeholders.
- Initiatives and solutions are designed in partnership with the expertise of the expert and affected stakeholders.

Resources
- Stakeholder Engagement
- Governance and Oversight of Just & Sustainable Business

Pillar 3: Access

Access to goods, services, resources, and information directly impacts one's quality of life and determines the playing field. This ranges from basic needs such as healthy food, clean water, and adequate shelter but can also reflect a broader focus on systems that cut across social, cultural, economic, and political rights and spheres of society.

What does human rights mean for companies?

Process
Companies should:
- Seek to understand existing barriers to access that have structural or systemic root causes.
- Seek to understand existing barriers to access that the company's decisions or actions have or continue to play a role in, or could help to alleviate.
- Consider pathways for corporate decisions and actions to improve access, especially for vulnerable groups.

Intended Outcomes
- Corporate decisions or actions do not limit or restrict access for any group based on identity.
- Corporate decisions and actions support better access for previously excluded or vulnerable groups, in relevant ways.

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[2] *"Meaningfulness" should be defined within the specific context and should be informed by the broader set of stakeholders involved, versus just the corporate perspective and objectives.*

[3] *Power sharing can take various forms. It might look like providing funds to advance a social justice issue but relinquishing decision-making on how those funds are spent to an advisory board of expert and affected stakeholders. It might look like an accountability structure that includes non-typical stakeholders with equal power; for example, adding workers to the company board of directors. Or it might look like an independent advisory board that publishes its advice to the company to increase transparency. The right form of power sharing will depend on the context and should be informed by and ideally codesigned with the expert and affected stakeholders involved.*

BSR's APPROACH TO Social Justice

- EQUITABLE PROCESSES + OUTCOMES -

- ACCESS to OPPORTUNITY -

- PARTICIPATION ACROSS ECOSYSTEM -

- PROTECT + CHAMPION RIGHTS -

Visual notes by Sam Scipio from BSR CBSJ Focus Groups 2022

Pillar 4: Equity

Equity is the strategic distribution of resources, access, opportunity, and participation so that all groups reach comparable outcomes. It is markedly different from equality—which focuses more on inputs, treats all groups the same, and preserves the status quo.

What does human rights mean for companies?

Process
Companies should:
- Seek to understand existing inequities that have structural or systemic root causes.
- Seek to understand existing inequities that the company's decisions or actions have or continue to play a role in, or could help alleviate.
- Center positive and equitable social outcomes as the primary objective of applying the social justice approach.

Intended Outcomes
- Corporate decisions and actions to not create or contribute to existing or increasing inequities in society.
- Corporate decisions and actions create or support greater equity, in terms of a fairer distribution of resources, access, opportunity, or participation, than existed prior, especially for vulnerable groups.

Resources
- Corporate Racial Equity Alliance's Draft Corporate Performance Standards on Racial and Economic Equity
- Women's Empowerment Principles Gender Gap Tool
- LGBTIQ+ Standards Gap Analysis Tool

Tool: A guide to 5 key distinctions between business-as-usual corporate forms of engagement and a social justice approach

Many companies are already acting on some of the process points listed above; for example, engaging stakeholders in some capacity or conducting human rights assessments. However, the application of a social justice approach tends to diverge from business-as-usual forms of engagement in five key ways:

DIFFERENCE	BUSINESS AS USUAL	SOCIAL JUSTIVE APPROACH
1. Floor & Ceiling	Treats legal compliance as the floor and mitigating their negative social impacts as the ceiling. While all companies have a responsibility to understand and mitigate the negative social impacts of their business, this is largely self-regulated and voluntary in the US (whereas EU regulations are ushering in a new area of compliance that will have an impact globally). *(May reflect non-engagement or performative.)*	Treats respecting human rights and mitigating the negative social impacts of business as the floor, and then raises the level of ambition toward opportunities to proactively promote positive social outcomes, even when that requires short-term trade-offs on business terms, such as customer acquisition, revenue growth, and profitability. *(Builds on baseline corporate responsibility and social innovation.)*
2. Objective	Centers profit maximization as the primary objective and frame for decision-making, even when doing so creates negative social impacts. *(May reflect socially subversive, non-engagement or performative.)*	Focuses on long-term value creation by integrating positive and equitable social outcomes as a primary objective, even when that may require some trade-offs or short-term sacrifice on business terms. *(Builds on social innovation but raises ambition to support pro-social outcomes beyond "win-win" situations for the businesses.)*

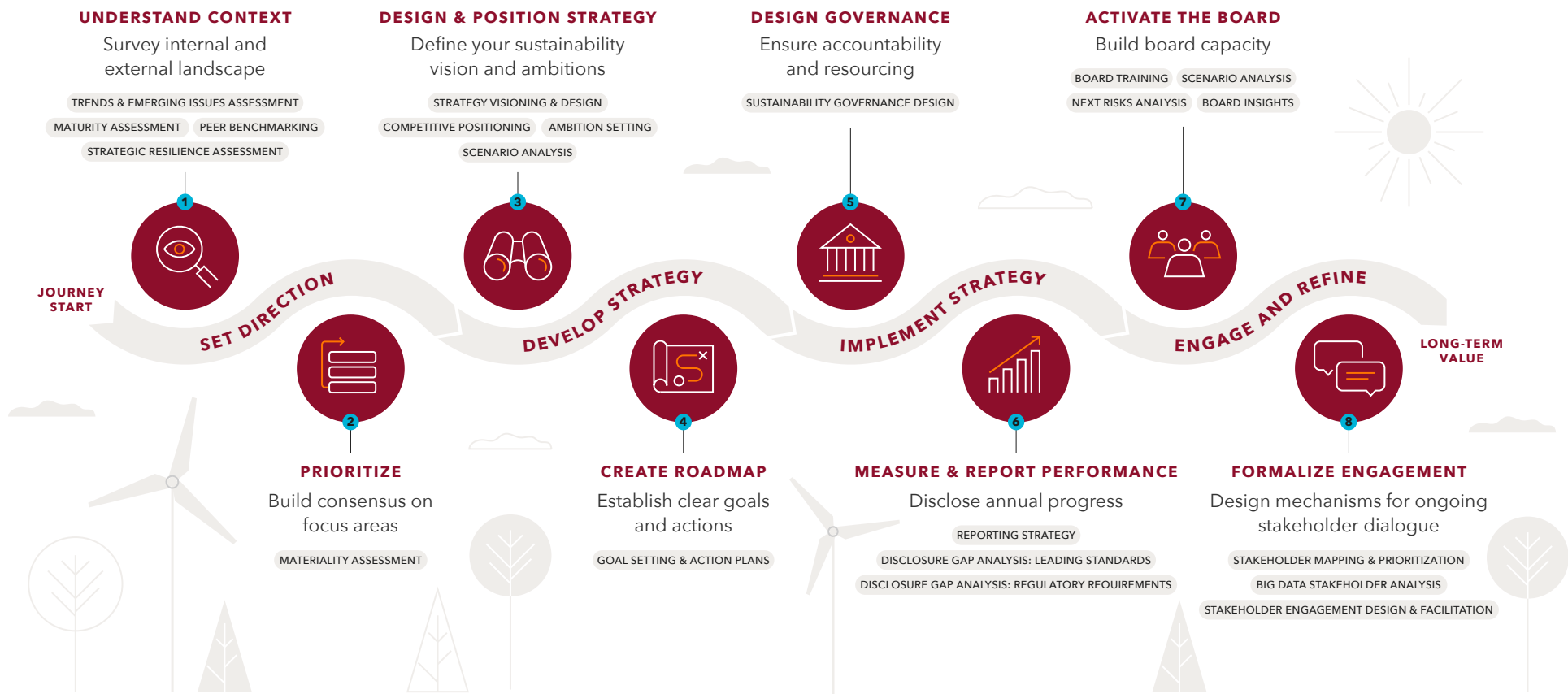| DIFFERENCE	BUSINESS AS USUAL	SOCIAL JUSTIVE APPROACH
3. Power	Centers shareholders as the primary stakeholder. May consult other stakeholders, often as a form of reputation management or to inform strategy, but does not implement power-sharing or accountability structures with them. *(May reflect socially subversive, non-engagement, performative, social giving, or baseline corporate responsibility.)*	Recognizes that a broad range of stakeholders' impact and are impacted by the company and moves beyond unilateral forms of engagement to power sharing, even when that disrupts traditional forms of power like shareholder primacy. *(Builds on baseline corporate responsibility and social innovation but emphasizes participatory approaches much more than either of these forms of engagement typically do.)*
4. Horizon	Shareholder primacy and quarterly earnings cycles tend to drive short-term planning and decision-making, often on a quarterly and annual basis. Lacks "patient" capital and approaches that prioritize long-term sustainability and value creation. *(May reflect socially subversive, non-engagement, performative, or social giving.)*	Takes a longer-term strategic view. Understands that social justice is systemic and pursuing change can require sustained efforts over decades but also that social justice outcomes contribute to a stable operating environment for business. *(Builds on baseline corporate responsibility and social innovation but takes long-term approaches much further than either of these forms of engagement typically do.)*
5. Role & Remedy	Rarely acknowledges historical harm due to potential legal consequences and may not often see a role for itself in structural or systemic solutions. May demonstrate corporate benevolence related to some social justice issues as a competitive advantage and be hesitant to collaborate for systems change.[4] *(May reflect socially subversive, non-engagement, performative.)*	Acknowledges historical harms and structural barriers and pursues integrated and systemic solutions oriented towards a future that remedies that harm and breaks down those barriers. Understands that collaborative solutions will be essential to addressing social justice issues and long-term business and societal resilience. *(Builds on baseline corporate responsibility and social innovation but considers remedy and forward-looking systemic solutions as more central objectives than either of these forms of engagement typically do.)*

[4] *For example, a company may provide excellent paid parental leave benefits that is inclusive of birthing and non-birthing parents for their own employees, but fail or refuse to support public policy to establish a system of paid family and medical leave that supports all workers and their families.*

4

How can companies apply a social justice approach as a part of ongoing strategy development and implementation?

Applying a social justice approach **should not** be an activity that is siloed from business operations—it is the application of the social justice framework (the pillars described above and the key ways in which their application differs from business as usual) as a lens to inform ongoing business processes, decisions, and actions.

In many cases, companies use some version of the steps illustrated below to set direction and develop, implement, and refine strategy—whether holistically across the company or for a specific initiative. As companies design, test, and iterate on these strategies, they can apply a social justice lens to each step in the process by asking some key questions to understand and redirect how their business may inhibit or support socially just and equitable outcomes.

UNDERSTAND CONTEXT
Survey internal and
external landscape

TRENDS & EMERGING ISSUES ASSESSMENT
MATURITY ASSESSMENT   PEER BENCHMARKING
STRATEGIC RESILIENCE ASSESSMENT

DESIGN & POSITION STRATEGY
Define your sustainability
vision and ambitions

STRATEGY VISIONING & DESIGN
COMPETITIVE POSITIONING   AMBITION SETTING
SCENARIO ANALYSIS

DESIGN GOVERNANCE
Ensure accountability
and resourcing

SUSTAINABILITY GOVERNANCE DESIGN

ACTIVATE THE BOARD
Build board capacity

BOARD TRAINING   SCENARIO ANALYSIS
NEXT RISKS ANALYSIS   BOARD INSIGHTS

JOURNEY START

SET DIRECTION
DEVELOP STRATEGY
IMPLEMENT STRATEGY
ENGAGE AND REFINE

LONG-TERM VALUE

PRIORITIZE
Build consensus on
focus areas

MATERIALITY ASSESSMENT

CREATE ROADMAP
Establish clear goals
and actions

GOAL SETTING & ACTION PLANS

MEASURE & REPORT PERFORMANCE
Disclose annual progress

REPORTING STRATEGY
DISCLOSURE GAP ANALYSIS: LEADING STANDARDS
DISCLOSURE GAP ANALYSIS: REGULATORY REQUIREMENTS

FORMALIZE ENGAGEMENT
Design mechanisms for ongoing
stakeholder dialogue

STAKEHOLDER MAPPING & PRIORITIZATION
BIG DATA STAKEHOLDER ANALYSIS
STAKEHOLDER ENGAGEMENT DESIGN & FACILITATION

Source: BSR sustainability management

The specific answers to such questions will of course vary by geography, industry, company, issue, and ambition level, but the social justice framework can provide tactical guidance for how companies wishing to apply a social justice approach might think about and try to answer them. The most important part of the social justice approach is to sincerely embrace and attempt to identify answers in the inquiry. This approach can be applied holistically across the company or to any individual or combination of workstreams or initiatives where the company would like to test the approach as a part of strategy development and implementation.

This might look like asking the questions and applying the guidance across the strategy journey as a part of developing and deploying an overall corporate sustainability (or CSR, ESG, etc.) strategy, or a plan to address one or more material issues, or a specific team's approach to an initiative or priority they are working on, all with a social justice approach.

Tool: A set of process-based questions and corresponding guidance for applying a social justice approach to the corporate strategy development and implementation process

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Phase 1: Understand Context
Survey the internal and external landscape.

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Key Questions
(Ask these alongside other efforts to explore context)

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Apply a Social Justice Lens
(Consider this guidance as you answer the questions and develop a strategy)

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1.A.1 Human Rights
How do the company's core values shape, support, or inhibit approaches to business engagement on societal issues? Are the core values aligned with human rights or could they be?

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1.B.1 Establish respect for human rights as a baseline that underwrites corporate values. Doing so positions the company to engage on social issues (both planned and emergent) based on their core values being firmly rooted in universally agreed principles that apply to all human beings. This can be an important anchor for decision-making—including what societal issues to engage on and how to engage on them—in an increasingly polarized environment.

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What specific human rights can inform the point-of-view (POV) for corporate engagement on material or emergent social issues?

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1.B.2 Cite specific human rights that can help underwrite corporate POVs on specific issues. For specific initiatives or workstreams, identify the set of human rights that are most connected with the issue and use them to form or support the development of a corporate POV.[5] This can be particularly powerful in situations where companies need to respond to emerging flashpoints where any group is attempting to politicize what constitutes universal human rights.

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1.A.2 Participation
Who has expertise related to this context(s) or issue(s)?

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1.B.3 Avoid myopia through early participation from relevant experts and affected stakeholders. Ensure that efforts to understand context (especially external context and external perception of internal context) are informed by experts and affected stakeholders outside of the corporate bubble to avoid misdirected focus based on limited perspective.

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[5] For example, a corporate initiative to nurture and grow your talent pool could leverage international labor rights and economic rights to ground and inform approaches or solutions pursued. An initiative to support and/or advance racial equity in a healthy democracy could leverage international civil and political rights as its basis. A corporate initiative to help rebalance wealth inequities could use economics rights as its basis.

Phase 1: Understand Context
Survey the internal and external landscape.

Key Questions (Ask these alongside other efforts to explore context)	Apply a Social Justice Lens (Consider this guidance as you answer the questions and develop a strategy)
Who is at risk of being harmed in this context or by corporate decisions and actions related to this issue?	**1.B.4 Elevate perspectives from contextually vulnerable groups.** Ensure perspectives of those most likely to be harmed are included at this early stage, whether directly or by proxy. Seek to uncover what corporate practices, policies, and actions might unintentionally (or intentionally) create or uphold this harm.
How will stakeholders participate in informing the company's understanding of context? How do we expect they might participate in future stages of strategy development or implementation?	**1.B.5 Be excruciatingly clear about objectives and process.** Communicate transparently about corporate goals with engagement and what stakeholders can expect in terms of information, decision-making and follow-up. Consider and communicate how this may look different at various stages. If there is a role for stakeholders beyond "informing" companies, it's more likely to be interpreted as something more than a check-the-box exercise. And serious stakeholder engagement at early stages to inform priorities creates a stronger foundation for credible future engagement.
What power imbalances is the company upholding with this approach? How might we design (or codesign) our planned stakeholder engagement differently if our goal was to balance these power dynamics? What should stakeholders be getting out of the engagement?	**1.B.6 Look for ways to design participation that balances power dynamics and is beneficial to stated goals of stakeholders.** This might be compensation that values expertise provided, a reciprocal information-sharing agreement, the opportunity to codesign an initiative, or another commitment or activity that decenters corporate power and aims to design an engagement that also meets the needs and priorities of involved stakeholders.
1.A.3 Access & Equity What groups are at a disadvantage or likely to be harmed within this context? How is the context experienced differently by different groups?	**1.B.7 Use human rights as the baseline approach for identifying contextually vulnerable groups.** The existing human rights framework for identifying vulnerable groups is a helpful way to visualize the potential risks of human rights violations based on formal, societal, practical, and hidden discrimination related to the rights most connected with the context/issue.
How might our corporate practices, policies, and decisions be creating or contributing to these disparities in access or equity?	**1.B.8 Inventory ways that the company might be contributing to or upholding root causes.** Scan the full scope of business (often ongoing negative impacts are the result of business units or activities that aren't initially acknowledged as connected to the issue). Use internal partners, external experts, and stakeholders to ensure you're considering the most impactful operations and activities.
What leverage or capabilities does our company have to proactively promote greater access or more positive and equitable outcomes for the most vulnerable groups?	**1.B.9 Inventory ways that the company might be well positioned to disrupt these root causes.** This might be through direct actions, enabling partners like suppliers and customers to take action, or influencing the ecosystem through public communication and advocacy.

Phase 2: Prioritize
Build consensus on focus areas.

Key Questions	Apply a Social Justice Lens
2.A.1 Access & Equity What are concrete first steps a company can take to identify the most material and salient issues that impact society through their daily operations?	**2.B.1 Use an assessment that helps identify priorities based on actual business impact on society.** Companies that use materiality assessments should use double materiality assessments to determine which social issues (among others) deserve focus based on both inward and outward material impacts, informed by due diligence across the value chain. While double materiality should still be informed by stakeholders, avoid conflating impact with opinions of both internal and external stakeholders. Use human rights assessments to develop a deeper understanding of potential risks of harm to people and communities. These typically embed stakeholder engagement to inform the results. Salient human rights risks are determined by several criteria related to potential for actual impact, such as scope, scale, remediability, and likelihood of the risk (now also considered as a part of impact materiality) as well as cause vs contribution, level of influence, and effectiveness of management.
What are the company's greatest opportunities to promote greater access and equity through day-to-day operations?	**2.B.2 Focus on the few, most important issues.** Focusing on too many issues is likely to spread resources thin and limit progress. Addressing a few key issues holistically is a sign that the company has a clear understanding and commitment to the areas where it's best positioned to remedy its own negative impacts and drive meaningful and scaled positive social outcomes. **2.B.3 Don't fail to prioritize a social justice issue to which your company or industry is recognized as a primary contributor.** For example, while issues will naturally be different across industries and companies, a primary social issue and opportunity for fashion industry companies is worker well-being in supply chains; for extractives companies, it's community partnership and climate justice; for gig companies, it's worker precarity; for retail banks in the US, it's the racial wealth gap.

Phase 3: Design & Position Strategy
Define strategic vision and ambitions.

Key Questions	Apply a Social Justice Lens
3.A.1 Participation What external expertise is needed to support the vision and ambition? What affected stakeholders should be involved? How will the company ensure accessibility for vulnerable group participation or representation?	**3.B.1 Gather expert and stakeholder input on how they believe they should be involved.** Take a participatory approach to planning stakeholder engagement throughout the strategy. How do identified experts and affected stakeholders think the company should be utilizing them? How is this different from what the company was thinking/considering? That gap can be illuminating.
How will "meaningful" stakeholder engagement be defined in this context?	**3.B.2 Codesign an engagement approach with relevant stakeholders based on a shared vision for what "meaningful engagement" looks like.** What constitutes "meaningful" will depend on the context and objectives. In some cases, it may look like implementing new forms of power sharing. In others, it may be most important to establish greater transparency and regular feedback loops. The key here is to understand differences in how the company and its relevant stakeholders define "meaningful" based on their objectives in order to align on an approach that respects and creates value for all involved.
3.A.2 Access & Equity How will the company prioritize access and equity outcomes in relation to traditional business outcomes?	**3.B.3 Set the expectation that specific prosocial outcomes are a primary objective of the strategy.** This requires clear-eyed leadership commitment and a nuanced discussion of trade-offs the company is willing to accept in pursuit of these outcomes. For example, accepting a lower short-term ROI, paying a higher tax rate, foregoing acquisition of certain customers. What is on the table? What is off the table?
Will the company commit to remedying actual and past harm? If so, how? Will the company consider redistribution of power and resources to achieve priority access and equity outcomes? If so, how?	**3.B.4 Use evidence-based approaches to uncover root causes of negative impacts and disparities.** Build on 1.B.8, 1.B.9, and 2.B.1. Avoid copy-paste approaches that cherry-pick solutions based on popularity rather than effectiveness. Depending on the specific issue, gathering evidence might include assessments like pay equity, civil rights audits, women's empowerment principles, LGBTQ+ workplace principles, racial justice corporate performance standards, and so on. The company should use a combination of data available internally and externally, and feedback from expert and affected stakeholders to understand what is causing disparate experiences and outcomes in relation to the issue, in order to identify what strategies might be most effective at addressing the issue and promoting equity.

Phase 3: Design & Position Strategy
Define strategic vision and ambitions.

Key Questions	Apply a Social Justice Lens
What practices or processes will the company need to change to mitigate harm and promote positive and equitable social outcomes? Based on root causes, what internal stakeholders (leaders, business units, teams) need to be involved in addressing harm and advancing solutions?	**3.B.5 Set a vision and strategy that starts with the internal work needed.** Examine all the various ways in which the company may create, contribute to, or uphold elements of the social justice issue. Map the issue across geographies, business units, and teams to fully appreciate the ways in which the objectives and activities of disparate teams may have positively or negatively impact the issue. Identify internal policies and practices that may be unintentionally (or intentionally) creating inequities. Identify potential opportunities where the company has particular capabilities or leverage to promote positive social outcomes related to the issue.
How might the issue or context evolve? How can the company future-proof its strategy to best support long-term social justice outcomes?	**3.B.6 Look beyond direct actions to opportunities to enable and influence across the value chain**. Consider strategies that incorporate partner enablement and systems influence to scale meaningful engagement on social issues beyond what is under direct company control. It's critical that this be informed and designed in partnership with those partners and system stakeholders. 3.**B.7 Have a vision for a 10-, 20-, and 30-year horizon.** Much of social justice is about systems change which requires continued commitment and attention. Quarterly, annual, or even five-year horizons typical of business aren't forward-looking enough to consider the possibilities and commit the resources necessary for sustained change. Integrating futures-thinking exercises into the strategy development process can help companies take a longer-term view with social justice outcomes and business resilience in mind.

Key Questions	Apply a Social Justice Lens
4.A.1 Human Rights How can the company sequence efforts to best uphold human rights, as a foundational pillar of social justice, as it implements strategy?	**4.B.1 Aim first to do no harm.** Start by being proactive about understanding and addressing the social issues where operations or engagement across the value chain drive actual negative social impact or risk of human rights violations. For example, if a retail bank is working on strategy to address the racial wealth gap it should examine and address core features of its business that may contribute to this issue (like overdraft fees and loan screening criteria) before or at least alongside initiatives that are not tied to core business (for example, pledging a finite sum to a Black entrepreneurs fund). **4.B.2 Understand what individual actions the company can take to make progress and where collaboration is an important path forward.** Depending on the issue and context, companies can act quickly on opportunities within their control. For example, implementing best practice paid family and medical leave for all their workers can be done right away. These can be considered for earlier in the road map and should help illuminate the limits to what they can do on their own. But don't stop there. At the edge of individual corporate action lies opportunities to collaborate and contribute toward an ecosystem that supports a more just society. For example, collaborating with civil society partners and other companies to lobby for a national paid family and medical leave for all workers. **4.B.3 Don't wait to engage externally until everything is perfect internally.** While it's important to "get your house in order," the voices of companies making good faith efforts at respecting human rights and promoting equity are desperately needed in the public arena, where baseline human rights (reproductive health, bodily autonomy, civil rights, and non-discrimination) are being politicized, attacked, and rolled back. Corporate voices in support of rights-protecting policy are critical to social justice regardless of where the company is in their journey. Don't use ongoing internal work as an offramp to acting in support of systemic change.
4.A.2 Access & Equity What metrics will the company use to track corporate performance on priority outcomes around access and equity?	**4.B.3 Establish metrics that focus on process as well as outcomes.** Certain metrics of social outcomes might take years or decades to see progress and depend in many ways on a broader ecosystem approach. Metrics closer to the process the company is undergoing to bring about those outcomes will offer a more useful perspective on whether approaches are effective in getting to first-level results.

Phase 4: Create Road Map
Establish clear goals and actions.

Key Questions	Apply a Social Justice Lens
How can a company begin to understand the tension between social outcomes and traditional business metrics as they redefine what success looks like?	**4.B.4 Be clear about how social outcomes and traditional business metrics will be viewed in relation to each other.** Make it easier for implementers to make decisions by giving clear guidance and structuring training and accountability systems in alignment with established priorities on social outcomes.
What approaches or tactics will the company use to promote access and equity?	**4.B.5 Consider 'targeted universalism' as a framework for implementing equitable approaches.** Set universal goals and then establish approaches targeted to the varying needs of different groups to support their achievement of those goals. Often, support designed for the most vulnerable group raises the outcomes for all groups. For example, curb cuts designed to create accessibility for people using wheelchairs also improve ease of movement for people using bicycles and pushing strollers.
How should the company coordinate its efforts across departments and over time to avoid unintentionally cancelling out its own efforts?	**4.B.6 Ensure the road map accounts for all business activity that impacts the issue.** So many corporate "social impact" efforts are unintentionally (or intentionally) subverted by activities going on "across the hall." Do the hard work to get a full picture of the ways the company is contributing to the issues and inequities (building on 3.B.5 & 3.B.6) and ensure the road map appreciates and accounts for the connections. For example: • Are internal policies of the HR department advancing or undermining the initiatives of the DEI team? • Is the new "equitable and inclusive compensation and benefits plan" supporting or subverting all workers? • Are the company's community engagement policies being reinforced or undermined by government affairs? • Is litigation that your company is supporting aligned with or contrary to a comprehensive social justice approach?

Phase 5: Design Governance
Ensure accountability and resourcing

Key Questions	Apply a Social Justice Lens
5.A.1 Participation What is the role of experts and affected stakeholders in ensuring accountability? How might forms of power sharing improve long-term corporate resilience? How will those tasked with executing the strategy be empowered to make decisions that prioritize access and equity outcomes?	**5.B.1 Uphold commitments made to "meaningful" stakeholder engagement.** Building on 3.B.2, the company should carry out the approach codesigned in partnership with relevant stakeholders. Consider ways that unique power-sharing arrangements might produce important outcomes for social justice and for companies. For example, there is evidence that when companies include workers on their board of directors, they <u>invest more in the long term</u> and are more productive because of the longer-term investment.
5.A.2 Access & Equity What does accountability look like?	**5.B.2 Build a human rights program to monitor and manage social risks and opportunities.** Move beyond one-time assessments to ongoing and forward-looking management based on the <u>UN Guiding Principles for Business and Human Rights</u>. **5.B.3 Embed the commitment in places of permanence.** For example, corporate values, board of director oversight responsibilities, policies to enable the commitment and resourcing to outlive any particular leader or era. **5.B.4 Embed expectations for prioritizing social outcomes into accountability structures.** Review internal and external policies for misalignment with this expectation and update them. Ensure compensation structures incentivize (or at least don't disincentivize) managers and implementers to/from upholding these priorities. Monitor and learn as you go—what may not have been an obvious inhibitor at the outset may become clear as implementation proceeds. Remain agile to pivot, as needed, toward outcomes.

Phase 6: Measure & Report Performance
Disclose annual progress

Key Questions	Apply a Social Justice Lens
6.A.2 Access & Equity How should the company communicate its commitments to social justice outcomes and progress?	**6.B.1 Speak up!** Don't let bad faith opportunistic backlash silence important corporate commitments and efforts to respect human rights and promote equity. Talk about your commitments to prioritizing positive and equitable social outcomes. Clearly articulate what you're working on, why it's important, and how you're making progress. Communicate the challenges you're facing and stumbles along the way. Call others to action—noting the importance of all companies and actors standing in support of human rights for all people, and acting, enabling, and influencing to achieve it. **6.B.2 Don't miss the forest for the trees.** Environmental, Social, and Governance (ESG) reporting that builds on materiality, human rights assessments, and strategy integration work can be used to carefully and transparently communicate social impacts and risks—and what the business is doing to manage them—to investors and other stakeholders. And converging reporting frameworks should improve overall comparability on ESG performance across companies. But be careful not to displace too many resources toward reporting on "everything" over staying committed to resourcing serious actions and tracking outcomes on those few important issues where the company is best positioned to reduce harm and scale positive impact.

Phase 7: Activate the Board
Build board capacity

Key Questions	Apply a Social Justice Lens
7.A.1 Access & Equity Is the company's board prepared to drive prosocial outcomes as priorities? What expertise and skill sets should the board include to be competent in advancing social justice?	**7.B.1 Start (not finish) here!** In a holistic corporate approach, board direction for social justice would be a prerequisite and need to happen **first**. **7.B.2 On an initiative basis, consider the leadership level required for the strategy.** Companies that are testing social justice approaches within smaller subsets of their business (e.g., to a specific workstream or initiative) may be able to do so with team or business unit leadership activation, as long as that leadership can provide approval and resourcing needed. These test cases may later be useful for educating and activating the board.

Phase 8: Formalize Engagement
Design mechanisms for ongoing stakeholder dialogue

Key Questions	Apply a Social Justice Lens
8.A.1 Participation How should the company continue stakeholder engagement?	**8.B.1 Don't wait until this phase!** If the company has applied a social justice approach as described throughout the process, it has already been proactively and intentionally developing relationships for ongoing engagement with relevant stakeholders. Continue to codesign.

5

Should all companies be taking a social justice approach?

The reality is that many companies are not yet equipped to meaningfully engage with some of the shifts from business-as-usual forms of engagement to taking a social justice approach. Of course, such companies can still make progress internally and contribute to advancing the broader ecosystem by integrating elements of the social justice approach into the part of their journey.

The table on the next page outlines some potential barriers to a company's effort to apply a social justice approach and includes potential next steps that may assist building readiness.

Why Your Company Might Not Be Ready	Next Steps To Make Progress
You aren't sure what issues to focus on	Use the "Understand Context" and "Prioritization" steps to narrow down the possibilities to the few most material social issues where your company has the greatest impact.
You don't have a strategy to achieve baseline corporate responsibility	Focus on "Design & Position Strategy" and "Create Road Map" with an emphasis on utilizing human rights as a baseline for identifying and mitigating social harm and managing potential social risks driven by the company. Achieving baseline corporate responsibility is foundational to being able to credibly apply a social justice approach.
You don't have leadership directive	Applying a social justice approach requires a commitment to the ways in which it is different from business as usual, including potential trade-offs on business terms. Companies that lack directive and resourcing from business leaders won't be able to take a credible approach to doing this. To build leadership directive, business leaders can focus on "Activate the Board" (or the relevant level of leadership based on the strategy as a first, rather than the seventh step in the strategy development journey). It may also be useful to pursue "social innovation" as a form of engagement to build muscle in corporate processes that seek out and prioritize social outcomes when they can deliver "win-win" results, and later piloting social justice approaches (see below).
You want to test the approach first	There are multiple ways that companies can test applying a social justice approach to parts of their business, and in doing so they can build the muscle and know-how to expand to other parts. Apart from a holistic approach, companies can apply a social justice approach to the strategy for managing a material social issue to the design of a new product or initiative, to the process for taking a specific decision or action, to the work of a single team, or in response to emergent flashpoints. For example, a People team could take a social justice approach to designing or updating their global benefits package. A Product team could apply a social justice approach to designing and launching their newest AI-powered product or service. A company could apply a social justice approach in response to an emerging flashpoint issue like reproductive health or voting rights. These sorts of "pilots" can provide learnings that can be deployed in other parts of the business or help make the case for a broader application of the social justice approach. However, companies should be aware that the less holistic the application, the greater the likelihood that the approach may be indirectly subverted by actions in other parts of the business and scrutinized by stakeholders. Companies taking pilot approaches should spend extra time on step 1.B.8 to spot and avoid potential misalignment in action and communication across departments in the absence of a holistic approach.

CBSJ welcomes input from companies, experts, and stakeholders on this material.

We expect testing of this guidance to drive learning that results in both improvements upon the initial ideas included in this guide as well as deepening of experience, expertise, and guidance in specific focus areas, such as by industry, function, and issue area. If you would like to share thoughts or additional resources, click the button to contact the CBSJ team.

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What can companies do to advance social justice?

Executive summary

- Companies are not inherently designed to advance a social justice approach. Historical truths and choices have created an environment where social injustices are structurally embedded in prevailing systems in ways that the business community is not often incentivized, encouraged, or able to fully address.

- The win-win paradigm is no longer a useful touchstone. Companies need to make informed choices that impact stakeholders within their walls and outside of them in a way that challenges existing models and modes of operating for businesses as social institutions.

- Corporate leaders can address external and internal factors that create a challenging landscape for businesses interested in taking meaningful and sustained action on social justice.

- There are tactics to help businesses apply appropriate urgency to approaches, including anticipating missteps, focusing on issues where there is strong internal alignment in place of engagement on every issue, establishing sustained commitments while acknowledging near-term costs, and supporting systemic approaches that level the playing field for the private sector.

Tool in this section:

- A set of common barriers companies are experiencing and guidance on high impact tactics to address.

Visual notes by Sam Scipio from BSR CBSJ Focus Groups 2022.

What are common barriers companies face to advancing social justice?

What tactics can business leaders use to address challenges?

Companies (especially in the US) aren't inherently designed to advance a social justice approach. Historical truths and choices have created an environment where social injustices are structurally embedded in prevailing systems in ways that the business community is not often incentivized, encouraged, or able to fully address.

Meaningful action to advance social justice by companies can be an exercise in retrofitting existing policies and practices alongside thoughtful review of desired impact. It can also take the form of transparency and accountability on commitments to social issues. Whatever route is taken, companies will face challenges but also opportunities. In nearly everything a company does—from decisions and actions it takes inside of its walls to how it engages with suppliers, partners, and communities and how it shows up in the public space— there are ways for companies to act, enable, and influence in ways that support social justice.

Tool: A set of common barriers companies are likely to address

The chart on this page outlines some of the most common barriers to corporate action on social justice that the Center captured from BSR members in focus groups, surveys and ongoing requests for assistance. Tactics companies can employ to move beyond these barriers and begin capturing high-impact opportunities across their value chains are also outlined.

Barrier: Fear of a misstep

Common pitfalls & contexts facing businesses	Action step for business
The notion of perfection is old school. Missteps are inevitable. The more a company is able to say about its actions, the more likely the company will have a target on its back, both from naysayers who dislike those actions and stakeholders who expect even more. And despite best efforts, officeholders and influencers (who don't represent majority sentiment) will try to stir up controversy where there is none to create chaos and bully companies.	**Differentiate inevitable blowback in turbulent times from a misstep.** A misstep necessitates an apology, whereas blowback becomes a misstep if it isn't thoughtfully handled.

Lean on company values and don't back down from inevitable blowback. Corporate leaders who make decisions or set strategies should do so based on clear and coherent alignment with values that are core to their businesses, not just empty rhetoric. Companies that articulate and stick to a clear set of values that guide their actions and decision-making are able to navigate turbulence better because they know where they stand. Companies that backpedal on their stated values in moments of opposition struggle and lose ground on the issue they purportedly support.

Leverage ongoing stakeholder engagement to anticipate blind spots, prevent missteps, and enlist partners to validate efforts when it is most needed. This requires a relationship that is more than transactional. It is also important to vet partners to ensure they are perceived as legitimate advocates on an issue, not just willing to take potential corporate donations to validate a company's efforts. To go beyond baseline corporate responsibility, business should acknowledge and aim to balance power dynamics alongside ways grassroots voices can inform ongoing efforts.

Consider the level of trust the company has in the contexts in which it operates. A corporate social justice approach "is regulated by the trust between a company and its employees, customers, shareholders, and the broader community it touches, with the goal of explicitly doing good by all of them." Will these stakeholders believe that the company will operate in good faith? Does more trust need to be built with certain stakeholders before proceeding? If these questions can be answered, then fear of a misstep shouldn't be a driver for inaction. |
| | **Apologize only after the company can articulate specifically what went wrong, how any harm is being redressed and what will prevent it in the future.** Trying to shut down dialogue among stakeholders is a losing battle. Let the conversation play out and don't try to assert control. Missteps come in many forms—panic, rash decision-making, operating from a place of fear, or not having a full understanding of an issue including anticipating scenarios. It's important to understand what went wrong. |

Barrier: The "politics" of it all

Common pitfalls & contexts facing businesses	Action step for business
There is an ongoing problem of defining issues as political ones rather than human rights issues. Meanwhile, investors are filing resolutions on all ends of the spectrum. Some want business to do more, others want less. Some are making the case that actions are risking business and/or diverting resources from shareholder value. Others claim that business is not doing enough to mitigate the harm both within their walls and in the communities where they live and work.	**Leverage evidence-based approaches to invalidate detractors and reinforce why the company is engaging on issues grounded in materiality not morality.** Many perceived political issues actually have majority support among workers across all demographics.
Many companies don't want to be a first mover and also don't have the bandwidth to generate action in an environment where their good-faith efforts might be seen by elected officials, investors, and the public as taking sides in ever-evolving and long-standing political debates.	**Reinforce statements and stances with actions to demonstrate congruence across policies, actions, and values.** If there is no consistency, then companies find themselves in turbulence of their own making. Prioritizing issues that generate the most internal alignment and material impact, in the near and long term, is a better strategy than leaning into every flashpoint.
	Identify issues with stakeholders that may be underreported and underrepresented yet provide meaningful opportunities for corporate engagement. While the media spotlight may ebb and flow, affordable housing, food security, quality childcare, and many other topics that impact a wide swath of stakeholders are ripe for sustained, systematic private sector engagement on a community, state, and national level.
Anticipatory obedience is the default corporate mindset. Companies and their leadership are "thinking ahead about what a more repressive government will want," whether intentionally or not, and then acting accordingly. The business threat is real because companies have been carved out of state-based markets or opportunities despite taking nuanced stances on issues.	**Qualify legal claims designed to sow chaos rather than substantively address social issues.** Don't blink. Corporate legal teams can be resourced to help situate good faith challenges from those designed to sow division and chaos including investor-led efforts. Consider the source and don't react based on loudest voices or disruptions caused.
	Don't be afraid to go first. Instead of dismissing "going it alone," embrace a scenario where a company can set the pace among peers in industry when it comes to incorporating a social justice approach across the board or in particular instances. Being the "only one" doesn't have to have a negative connotation and can result in positive unintended consequences.

Barrier: It's not required

Common pitfalls & contexts facing businesses	Action step for business
In a largely voluntary environment, companies treat legal compliance as the ceiling for action on social issues and risks. Most US companies are structured and incentivized to engage in activities that maximize their financial profits. They are not necessarily "against" social justice. However, by holding a single metric above all others, they naturally resist taking actions that could advance more prosocial outcomes when those actions wouldn't also lead to maximizing short-term profits. Any redirection of resources toward managing social issues might spur activist shareholders to claim that this detracts from shareholder value.	**Commit to baseline corporate responsibility** to at least mitigate negative social impacts of the business and manage social risks as a minimum bar regardless of whether there is a legal requirement to do so. Make or tie this to a core corporate value (e.g., "We take responsibility for the impacts our business has on our stakeholders" or "Our company respects human rights").
	Ensure CSR/ESG/human rights programs identify and address negative harms and social risks at least related to the company's most material issues. Over time, explore opportunities to proactively promote equitable social outcomes, having built the knowledge, muscle, and stakeholder relationships to credibly move forward on them.
Companies that aim to advance social justice will inevitably have to make decisions that require especially short-term trade-offs in traditional business terms, even when they are disincentivized to do so. Not only is this not mandatory, but most baseline corporate responsibility efforts (just not doing harm) are also not mandatory or sufficiently enforced for US companies. As a result, many companies default to performative initiatives, where social issue engagement is primarily based on alignment with marketing benefits, or falls short on meaningful engagement on social issues.	**Make connections between social risks and long-term value creation.** Take a longer-term view to see that the landscape as well as negative social impacts <u>can be early warning signs of issues that will become financially material later</u>. Don't kick the ball down the road on these issues. Make sure <u>mitigating risks</u> and capturing opportunities to promote positive social outcomes are built into strategy now.
New regulatory developments are beginning to change the face of this landscape, making elements of human rights due diligence and ESG reporting mandatory for the first time. While this is mostly happening in Europe, US companies with European operations will also be affected by these developments.	**Embrace and advocate for regulatory developments that help raise the bar for mandatory social responsibility that applies to all companies uniformly** (e.g., provision of paid family and medical leave, mandatory human rights due diligence). This can help address competitive issues by requiring all to raise the bar. Take voluntary action in the absence of regulation (e.g., companies can conduct human rights due diligence on their largest operations or core products) while also advocating for broader systems change (e.g., a mandatory requirement for all companies to integrate human rights due diligence to inform their ESG reporting).

Barrier: So, so tired

Common pitfalls & contexts facing businesses	Action step for business
Over the past decade, companies signed up, spoke out and signaled support on a range of issues, nonetheless, the impact is unclear. And companies that did support these efforts don't feel they "get credit." Meanwhile, there are macroeconomic forces, global disruptions, labor force shifts, and technological innovation to manage, so sustained focus on social issues requires bandwidth and ability that companies often lack.	**Focus on opportunities to advance social justice through everyday internal decisions, actions, and policies.** While companies have an opportunity to influence systemic change beyond their walls, they must first examine their own practices and lead transformation from the inside out. It's not "one and done" any longer on issuing a statement, signing onto something or even joining an amicus brief. None of these actions on their own is enough and should not have been framed as the end; rather, it is only the prelude. Many stances, statements and litigation involve public policy or regulatory reform that generally takes place over years, if not generations, rather than the near-term resolution many companies expect. However, if a company signs onto something without considering what sustained engagement looks like - including ways to use its influence to convene and educate - then it follows that it would have less tolerance for lack of progress in the near term.
	Shift from reactive to proactive in support of stakeholders, impact on business operations and communities where companies live and work. Identify cross-functional issues the company can engage in privately and/or publicly when it comes to public policy. Various functions including human resources, government relations, investor relations, public affairs, and beyond should have a regular cadence for scanning headwinds, playing out scenarios, and determining where the business will illuminate the impact of a structural need or deficit when it comes to social policy. Many issues can no longer be solved by a company adjusting their benefits or otherwise "filling a gap" when an issue affects an entire state, region, or community.

Barrier: Too many fires to put out

Common pitfalls & contexts facing businesses	Action step for business
Social justice is an omnipresent problem and nobody's job. Social Justice is too ambitious when there are material ESG and core business issues to focus on, and it generally isn't a concept or competence that companies have in-house. And even if it is identified as a need as part of an approach/strategy in a discrete or overarching way, lack of coordination internally drives inaction and missteps. Internal functions like DEI, ESG, Human Rights, and Civil Rights, if they exist, are often fragmented and fail to make connections, while overarching corporate functions are siloed to prevent meaningful dialogue and action by the business. Lack of diversity, especially at the executive level, impairs companies' ability to understand the need for a systems-level response to challenges (i.e., a social justice-informed approach). This is an under-documented and hidden cost of the lack of diversity that contributes to companies' inertia to act on structural issues. Lack of clarity and loosely defined language creates space for confusion, cross-speak, and coopting in the ecosystem of business and social issues. Meanwhile, accountability for some corporate commitments on justice issues is missing. And leadership support varies based on the level of media attention or quarterly financial demands.	**Leaders can commit to invest in internal expertise to advance social justice in practice and provide meaningful ways** to engage stakeholders in their commitment to purpose. **Make human rights and related third-party commitments by business the baseline for corporate values and actions.** This ensures that all business units and teams that may have touchpoints related to a particular social issue or the company's strategy for engagement have a shared understanding of the company's point of view and how it builds on core values. At a minimum, teams that focus on marketing, communication, and corporate affairs need to be aligned with functional teams whose work directly impacts the issue (e.g., product, supply chain, human resources, etc.). **The time is up for corporate responses to flashpoints to be viewed as solely public relations-led efforts.** Systemic change requires a long-term view of where a company and society are headed. Essentially, this isn't about doing more but doing better on issues already prioritized as material and/or core—and applying a social justice lens to these processes, practices, and policies. To be effective, those with internal expertise must also be given the authority to have a systemic impact on the company's policies and practices.

Barrier: Risks and costs too high

Common pitfalls & contexts facing businesses	Action step for business
Companies may be looking for a unicorn if they are only looking for a "win-win." Meaningful shifts in approaches to products, services, and platforms could negatively impact market share, dominance, and revenue generation in the near term. Corporate leaders are driven by fundamentals, including a favorable tax and regulatory environment at the national and state levels, and other issues that impact stakeholders are therefore negotiable. Companies see too many prerequisites to taking meaningful action now that statements have been scrutinized. And these steps to meaningful action require costs, resources, and commitments on the periphery of the core business in the near term. Compounding the calculations, companies think they need a "stance" on every emergent issue if they have a point of view on some.	**Build competence to have more nuanced discussions around trade-offs the business could accept when considering long- vs. short-term value creation alongside societal impact.** Companies need to build the muscle to do this work well and in a sustained way. Addressing social issues can lift consumer confidence, improve workers' well-being, and ultimately benefits shareholder value in the long term. A stable operating environment for business across the US, which is often taken for granted, has a positive impact on stakeholders and supports operational. There is a tension between social justice viewed as a distracting factor vs. being an essential part of a corporation's fiduciary responsibility to maximize shareholder value. Corporate functions, including DEI, social impact, and civil rights, can collectively redefine what maximizing shareholder value means within a company. Furthermore, great companies are willing to sacrifice short-term financial opportunities if they are incompatible with institutional values. Those values guide matters central to the company's identity and reputation, such as product quality, the nature of the customers served, and the by-products of the manufacturing process. **Level the playing field for private sector action and reduce early-mover costs by preemptively advocating for policy and regulation.** For example, companies individually, and through business associations, could support policies that increase the minimum wage, expand health care coverage, extend unemployment benefits, and lift children out of poverty. **Mitigation measures to limit exposure to markets alongside engaging with officeholders behind the scenes to moderate positions can help companies navigate the threat of retaliation.** Rather than acquiesce in the near term, build tools to consider the full costs and risks of navigating retaliatory impulses of officeholders. It should also be noted that officeholders, through the enactment of policy and regulation, can also incentivize business behavior on issues ranging from climate justice to childcare. Business voices can also inform and improve upon these proposals before they are requirements.

Barrier: Not hearing about social justice from our employees

Common pitfalls & contexts facing businesses	Action step for business
When business acts as a firewall to mitigate harm for just their employees (which often actually leaves out some workers who aren't eligible for benefits), the larger communities where companies live and work are left by the wayside.	**Host regular intel sharing sessions with a cross-functional internal team on headwinds that could affect current and future operations, including workers at all levels, with a focus on social issues.** Even if the impact of an issue may be hard to calculate for the business currently, beginning to generate internal discussion, information needs, and identification of stakeholders from which to learn more is valuable in understanding future scenarios.
Most workers in the US are occupied playing the "boss lottery," hoping that they have a supervisor who enables access to workplace benefits and policies, doesn't embody a toxic workplace culture, and sees them as a human being as well as an employee.	**Enlist employee resource and affinity groups among other ways to source worker feedback to understand and prioritize employee needs in a dynamic landscape.** Workers may be afraid to raise social justice issues, so a variety of feedback mechanisms need to be in place to gather feedback as part of worker engagement. Workers want to see their values reflected in their workplace as part of corporate purpose.
Advocating at work for companies to engage in societal issues is increasing among Millennials and Gen Z employees, however, this isn't the case among the entire workforce, especially those most likely to be "last hired, first fired."	**Require executives to serve in frontline roles.** For those who may not have been frontline workers or have not been in such roles for many years, this can be extraordinarily valuable. Some companies make these rotations in the normal course of business. The exposure to issues facing frontline workers—violence, staffing shortages, housing costs, and financial instability—informs a social justice approach, regardless of whether that is an explicit outcome.

Barrier: Workers' demands are impossible to meet

Common pitfalls & contexts facing businesses

Balancing power among a broad set of corporate stakeholders, beyond shareholders, is a component of a social justice-based approach. Even companies that have long histories of thoughtfully engaging with stakeholders to meaningfully inform their corporate strategies still tend to do so from a position of power, typically retaining full decision-making authority on action and transparency for themselves. And approaches like "worker organization" that are a common private sector fixture in many other parts of the world and enjoy popular support from most workers in the US are most often viewed by corporations as adversarial. This is true to such an extent that companies seek (and often pay) to avoid meaningful engagement.

A proactive corporate approach to reconsidering and balancing power dynamics with workforces while ensuring and promoting decent work could be one of the most meaningful strategies companies can employ to advance social justice. Empowering workers to advocate for themselves puts them at the forefront of surfacing current and future issues that are likely to affect long-term value creation and positions them to help tackle these in collaboration with corporate leadership.

Action step for business

Adopt a collaborative approach with workers to create long-term business value. There is evidence that worker representation on corporate boards improves long-term decision-making. Consider adding two workers (non-executive) to the company's board of directors (already a requirement in some countries). While one voice can be sidelined, two worker positions can begin to represent a thoughtful contingent to raise material issues at all levels of the organization. Given that union representation improves workers' lives across multiple indicators of economic, personal, and democratic well-being, consider how new postures toward labor organization efforts might be complementary to goals of supporting worker well-being and building long-term access to a robust and resilient talent pool. Additionally, support for unions is increasing among workers across demographics.

Consider labor organizing as a form of human rights advocacy and the outcomes of worker organization efforts as part of the corporate responsibility to respect human rights. Redirect funds spent on union avoidance efforts into collaborating with and supporting workers—for example, reinforcing efforts to build career pathways from entry-level to professional or developing accessible and inclusive benefits available to the widest swath of workers. Labor organizations within companies can also be a platform for co-developing strategies to address a new climate economy or gaps in the care economy, among other issues.

Ensure workforce policies maximize well-being, inclusion, and equitable outcomes. Identify gaps in accessibility, inclusiveness, and equity of benefits packages and redesign them to better meet the needs of the 21st century workforce. Gather evidence and worker feedback to ensure changes are rooted in the experience and needs of workers, particularly the most vulnerable workers that tend to be in non-traditional work arrangements (e.g., part-time, contractor, gig) and those that tend to be excluded from benefits packages. Consider ways benefits can support root issues and can be made available to all workers to break down inequities. Some examples of high-impact workplace policies include paying a living wage, offering paid family and medical leave as well as paid sick days, providing childcare subsidies, and offering emergency financial assistance funds.

Lead the way by undertaking voluntary action in the absence of regulation while also advocating for broader systems change (e.g., companies can adopt increased minimum wage/living wage standards while also supporting public policy). Advocating for similar treatment of workers across the industry and in supply chains can help raise the bar for all companies, eroding competitive issues and raising the outcomes for all workers by addressing inequalities based on employment segregation and disparate private benefits.

Barrier: Business associations don't offer cover and are part of the problem

Common pitfalls & contexts facing businesses	Action step for business
Business associations are only as active on issues as their most conservative members. Companies often let business associations "do the dirty work" when it comes to political influence to enact a narrow private sector agenda without regard for societal impact. Business associations have a vested interest in maintaining the status quo and resist structural changes that have near-term cost (or tax implication) with less regard for future ROI.	**Silence is support.** While this may not win companies many awards or credit in the public domain, individual company members can work behind the scenes with peers to spur introspection and even help reprioritize association agendas. Reframe issues by underscoring their direct business impact to educate officeholders on policies that affect a broad swath of business in a state or nation, particularly on issues that may be perceived as polarizing.
	Advocates as well as stakeholders like investors are increasingly scrutinizing business association membership and agendas that hamper social progress. Companies taking a social justice approach need to do <u>more</u> than inventorying memberships and flagging divergence. • **Speak out.** Publicly distance the company from statements or lobbying against socially beneficial policy by trade associations. Explain how it is inconsistent with the company's goals and commitments. • **Change their position.** Work to end association lobbying against socially beneficial policy through transparent and time-bound engagement with those organizations. There is strength in numbers by working with other members who have similar concerns. • **If necessary, leave.** Where attempts to change an association's stance prove ineffective or insufficient, discontinue membership. If business associations are not willing to evolve, create new formations of companies willing to advocate together in a particular market or sector.

Barrier: Why now? Let's wait until the temperature comes down…

Common pitfalls & contexts facing businesses	Action step for business
Companies aspire to be neutral so no feathers are ruffled, but stakeholders can have divergent views when it comes to priorities.

Companies ignore societal-level risks and opportunities until the issue is acute for business operations (and even then, meaningful action may not materialize).

Internal efforts to anticipate and address headwinds are undercut by a willingness to muddle through. The status quo outside of flashpoints is all powerful. | **Conduct robust scenario planning to underscore that near- and long-term business impacts won't wait.** The need to raise ambition, and the risks of not doing so, have rarely been greater. Trying to stay at the level of social giving or performative engagement is a gamble. Even if a company is stone cold silent externally on social justice issues, their business policies, workplace practices, or other ways in which they create value for stakeholders may result in the loss of revenue from state and federal governments seeking to enact financial penalties for not aligning with their purported values. |
	Stakeholders expect action. Whether it is because business is among the most trusted or responsive institutions, workers, consumers, and the public seek the leadership of business to help navigate a chaotic landscape. And emerging regulation is starting to shift previously voluntary environmental and social corporate standards and engagement to mandatory requirements, particularly for large companies that conduct business in Europe and operate in other regions.
	Significant shifts in leadership roles like the Chief Sustainability Officer and other positions will catalyze action. The CSO role, which has long been relegated to messaging and reputation management functions, is evolving and increasingly tasked with "spearheading the true integration of material ESG issues into corporate strategy" and accompanying accountabilitwy. DEI, Public Policy, Stakeholder Engagement and other roles increasingly cross functions to be effective and this ecosystem is evolving rapidly given the business need for comprehensive approaches and responses.
	Existing approaches to corporate political influence are a vulnerability. Existing corporate influence via lobbying and political giving typically advance narrower business agendas that can inadvertently harm progress on structural solutions to acute social issues. Companies can inventory existing influence strategies, recipients, and consequences for systemic change. Companies need to revisit business association memberships which also have influence strategies to advance collective interests and to identify areas of misalignment. Use third-party resources or develop enhanced in-house criteria to assess ROI, risks, and operational impact of influence strategies.
	Boards and executives rarely hear directly from the communities most affected by social inequity, climate change, and other externalities. Board diversification and upskilling to meaningfully interpret and advance material social issues in an urgent, time-sensitive way is essential. A different perspective is gaining momentum: Boardrooms and governing bodies need people from the frontline if they are to take meaningful action in a timely way.

CBSJ welcomes input from companies, experts, and stakeholders on this material.

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