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OPEN LETTER: GLOBAL LEADERSHIP COVID-19 RESPONSE CROSS-SECTOR COLLABORATION FOR A PURPOSE-FIRST ECONOMY

'Everything we do during and after this crisis must be with a strong focus on building more equal, inclusive and sustainable economies and societies that are more resilient in the face of pandemics, climate change, and the many other global challenges we face'

— ANTÓNIO GUTERRES, Secretary-General of the United Nations

We, the undersigned, are committed to work towards the creation of an inclusive and sustainable economy. We resolve to build an economic system that leaves no one behind, overcomes the structural barriers to equality and transparency and puts purpose first, so that our planet and society can thrive for generations to come.

The COVID-19 pandemic and global unrest have brought to light the vulnerabilities of our current economic system. Around the world, this crisis has sent economies into freefall. As governments are making critical choices between lives and livelihoods, it is imperative to get this right.

Rather than simply “build it back,” we are choosing to “build it better.” We are determined to address the current structural barriers to an inclusive and sustainable economy and to unleash the full potential of all sectors. This means contributing to the urgent challenges we face, mitigating the risk of future shocks and improving our resilience. Building it better will set us on the path toward more equitable economic recovery in the service of global wellbeing.

The Power of Purpose-Driven Business

Purpose-driven business is nothing new. For decades, innovative organizations have been operating at the intersection of the private, public, and nonprofit sectors of the economy — reimagining and remaking our systems of finance, enterprise, policy, production, consumption and measurement in order to better serve the common good. These efforts have demonstrated that purpose-based performance is commercially viable. With the right strategies and structures in place, it is possible to benefit society, the planet and shareholders simultaneously.

Contributing to this trend, conventional businesses have been broadening their missions to prioritize social and environmental purposes. At the same time, nonprofits and governments have been adopting market-based approaches to scale their impact. This mosaic of innovations, involving countless organizations and networks around the world, combines the best of the three traditional sectors, giving rise to a new fourth sector of the economy. This new sector of purpose-first or for-benefit enterprises has been estimated to represent as much as 10% of GDP in the U.S. and Europe. Such remarkable growth has been fueled by widespread global demand from citizens, consumers, CEOs, employees, investors, and entrepreneurs.

Because purpose-first businesses are incented to solve societal problems, they play a significant role in addressing the global challenges outlined by the Sustainable Development Goals. The COVID-19 pandemic has triggered government mandates related to manufacturing as well as trillions of dollars in monetary redistribution. In light of this, **we propose broadening economic recovery and development strategies in order to catalyze the power of purpose-first businesses** and minimize the need for future top-down government interventions. This is essential, both for “Building it Better” and for achieving the global 2030 agenda in the post COVID-19 world.

This approach can enable purpose-driven business to assume a larger part of the responsibility for addressing key global challenges like inequality, health, mechanization, and climate. The purpose-first economy will ensure that in times of crisis, businesses will be both compelled and empowered to act for the benefit of society. The time has come to formalize this emerging fourth sector of the economy and take purpose-first business to scale.



Leadership for the Purpose-First Economy

While still evolving, the emergent purpose-first model harnesses decades of innovation to spur sustainable and inclusive economic growth, yielding a healthy society within planetary boundaries, for generations to come. We call on businesses and governments to join us in accelerating the transition towards an inclusive, resilient, sustainable economy that recognizes and enables purpose-first businesses to thrive. We recommend:

- **Recognize the purpose-first sector.** Governments can acknowledge the mosaic of innovations we have identified as a distinct (and diverse) fourth sector of the economy. They can thereby enable and scale purpose-first businesses through the systematic provision of support and removal of impediments. This can include targeted policy, financing, procurement, contracting, taxation, accountability measures, capacity building, and more.
- **Carefully craft incentives and policies.** Encourage other economic actors – the private sector, civil society, investors, academia, philanthropy, and citizens – to engage in the co-creation, employment, and expansion of the fourth sector and its growing ecosystem.
- **Incentivize innovations of financial products, risk assessment, valuation models, and ratings.** Develop standards for assessing and accounting for social and environmental impacts of purpose-driven enterprises. Support implementation, i.e. through corporate charters.
- **Design for a safe, educated, and healthy society.** Support colleges, universities, and research centers to collaborate and access capital, talent and shared resources. Expand community building and educational training, develop regional platforms and new curricula. Equip policymakers, practitioners, and students with necessary knowledge and skills for careers in the purpose-driven economy.
- **Leave no one behind.** Support economies to climb the development ladder by enabling and accelerating the growth of purpose-first businesses and investment to successfully deliver on the Decade of Action in pursuit of global climate and sustainability goals.
- **Enable a supportive ecosystem.** Building a better post-COVID-19 economy by creating an enabling ecosystem that serves both purpose-first businesses and conventional businesses that want to transition toward a purpose-first logic.

We commit to playing our role in supporting the growth of the purpose-first economy. We will do this through raising awareness and leveraging procurement, innovation, research, development, and investment to accelerate the growth of this critical sector.

Today, we are setting in place the guiderails for this transition through policies and incentives that enable organizations of all kinds to work for the benefit of society. **We urge you to join us.** Together we are building a new economy designed to promote a more just and sustainable world for generations to come.



Signed,

Ajay Banga,
President & CEO



Alan Murray,
CEO



Anand Mahindra,
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Feike Sijbesma,
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Mike Doyle,
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Dr. Rajiv Shah,
President



Roberto Marques,
Chairman & CEO
natura & co



Stefan De Loecker,
CEO



Endorsements

Anand Mahindra, Chairman, Mahindra Group: "Today, more than ever, the world needs to be able to reimagine a new future. A future in which people can feel safe and protected. The initiative being set in motion by Leaders on Purpose is an effort toward defining the new environment. It provides a much-needed aspirational framework – one which has the power to change the language of business discourse and how we regard the future. The philosophy of Leaders on Purpose resonates deeply with Mahindra's vision and has the potential to become a movement which will define the future for generations to come."

Feike Sijbesma, Honorary Chairman, DSM: "The private sector needs an integrated strategy and supportive eco-system that integrates more fairness, less dependency, more climate and sustainability focus, preparedness, and agility for uncertain times. We each have to think about the world around us, our role in it, our tremendous potential, and how we can contribute to making it better together."

Dr. Frank-Jürgen Richter, Chairman, Horasis: "We at Horasis support this call for cross-sector collaboration under the shared vision of a better economy – that operates on a purpose based business logic, for the post-covid world. This initiative advances a necessary productive dialogue and collective collaboration for our global recovery – envisioning and implementing novel business models, new political cooperation and deep social cohesion. It is time to unite and to inspire in order to create a shared and coherent vision of the economies we want to live in – for generations to come."

Helen Clark, Former Prime Minister, New Zealand: "We are in a full-blown health, economic and social crisis. This purpose-driven movement with Leaders on Purpose is an encouraging step proving international organizations can work together so that we can build a better tomorrow. There is too much at stake not to take decisive action now. It's evident to me that we will need global cooperation to fight today's inequalities and the worldwide pandemic, and to rebuild trust between business, policy and civil society."

Henrietta Fore, Executive Director, UNICEF: "As we begin the Decade of Action to achieve agenda 2030, we must work together to reimagine a better world for children, young people and their families around the world – especially in developing markets. This new initiative provides a vehicle for UNICEF to join forces with purpose-driven businesses and support countries and communities as they build stronger economies and systems that can support all people in the years ahead."

Jane Davidson, Author of #FutureGen: Lessons from a Small Country, Pro Vice-Chancellor Emeritus at University of Wales Trinity Saint David & Former minister of sustainable development for wales: "I was excited to see the launch of this global initiative for a purpose-first economy. To 'build it better' must be the goal if those of us with power and influence today are to secure a better future for our children and their children tomorrow. Wales has enshrined a new definition of prosperity into law as 'an innovative, productive and low carbon society which recognises the limits of the global environment'. With purpose driven politicians supporting purpose first businesses, a better future can be secured in the interests of current and future generations."

John W.H. Denton AO, Secretary General, ICC: "As the institutional representative of more than 45 million businesses in over 100 countries, ICC recognizes the clear business case for ensuring greater resilience in our global economic systems. Purpose-driven businesses – enabled by appropriate public policy reforms – have a vital role to play in ensuring the skills and ingenuity of the private sector are fully utilized to mitigate the fundamental fragilities that have been exposed by the coronavirus crisis."



Jorge Moreira da Silva, Director, OECD Development Co-operation Directorate: "The COVID-19 crisis layers on top of existing global crises in climate, inequality, and fragility, hitting the world's most vulnerable hardest, but impacting all of us. This has turned gaps in finance for sustainable development into a risk of total collapse. Today's recovery measures from the public and private sector create an opportunity we can't ignore: to mobilise and align global finance to build better, greener, and more resilient. I applaud the global business leaders calling to formalize the fourth sector for their resolve to contribute to a new, inclusive and sustainable economic system that leaves no one behind."

Olga Algayerova, Executive Secretary, UN Economic Commission for Europe: "Besides the devastating health impacts of the COVID-19 pandemic, many signs show that we are dealing with one of the most severe economic slumps in modern history – along with severe impediments in our ambition to meet the development goals of the 2030 Agenda. This call for action from global business leaders is a welcome step in the right direction, to ensure that recovery packages are mobilised towards investments for the future, fully aligned with the green transformation that we need to achieve the Sustainable Development Goals."

Paul Polman, former CEO of Unilever, Co-Founder Imagine: "Our world was a dangerous and troubled place even before COVID-19 took hold. We have the chance to rebuild a fairer, greener society. But to do so we need courageous business leaders who are willing to act, individually and as a collective. It's why I applaud the signatories of this letter. No company alone can solve the problems we face. But together we can begin to challenge the orthodoxies which got us here. Together we can help the world change."

Roberto Marques, Executive Chairman and Group CEO, Natura & Co: "Guided by our Commitment to Life for 2030, we at Natura &Co are committed to being part of building a more sustainable and inclusive society. We believe the pandemic has presented a chance for every business to rethink how it will make the necessary changes to address the global challenges we face. This will be the decade of action for change. None of us can do this alone, but working together will enable us to find effective and creative solutions. That's why we support this important call to action for cross-sector collaboration."

Ambassador Stuart Holliday, President and CEO, Meridian International Center: "Meridian supports this call to action for global leaders in governments, agencies, NGOs, the private sector and civil society to collaborate across sectors and build a better, more fair and equitable economic future. Without working together and exchanging ideas, we will miss out on the opportunity to design solutions that make progress toward building an economy that guarantees all of society and the planet can thrive for generations to come. Together by supporting this purpose-driven movement, we can set the agenda for the prosperous, secure and sustainable economy we want and need."

