

# Building The Future of **GOVERNANCE**

WHERE WE STAND AND WHERE WE GO FROM HERE:  
A webinar organized by the Interdependence Coalition  
to kick-off 2022 with an action plan to advocate for a pan-  
European Sustainable Corporate Governance Directive.

31 Jan 2022 | 2PM CET

[www.interdependencecoalition.eu](http://www.interdependencecoalition.eu)



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# Agenda

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**14:00-14:07: Welcome, brief scene set and run through planned agenda (B Lab Europe)**

**14:07-14:25: MEP Pascal Canfin discuss European Parliament position and key areas to focus on, from big picture of Green New Deal to Sustainable Corporate Governance**

**10 minutes of interview style Q&A**

**14:25 -14:35: Professor Alberto Alemanno presents on the opportunity for action**

**14:35 - 14:45: Introduce the Interdependence Coalition & its mission**

**14:45 -14:50: Our Call to Action: How to get involved & spread the word**

**14:50-14:55: Questions & feedback**

**14:55 - 15:00: What's next once the proposal is adopted**



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# Today's Speakers

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## Keynote Speaker

### Pascal Canfin

*French MEP & Chair of the Committee on the Environment, Public Health and Food Safety (ENVI).*



### Katie Hill

*Executive Chair of Management Board,  
B Lab Europe*



### Alberto Alemanno

*Founder,  
The Good Lobby*



### Wojciech Baginski

*Co-founder of the Polish  
B Corp Movement  
and international lawyer*



### Maria Correa

*Head of Communications,  
B Lab Europe*



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# **The Interdependence Coalition**

## **Our Mission & How to get involved**



**There is a better way to do business.**

**We're setting out to transform how companies operate and how they are governed to contribute to an inclusive, equitable, and regenerative economic system.**

**Our objective is that every company registered in the European Union aligns its interests with those of wider society and the environment, mandated through a Pan-European law.**

# Society expects better of business

**86%**

of people expect CEOs  
to lead on societal  
issues.

**68%**

expect CEOs to step in  
when government does  
not fix societal problems

**65%**

believe CEOs should hold  
themselves accountable  
to the public as well as to  
the board of directors or  
shareholders

Edelman, 2021

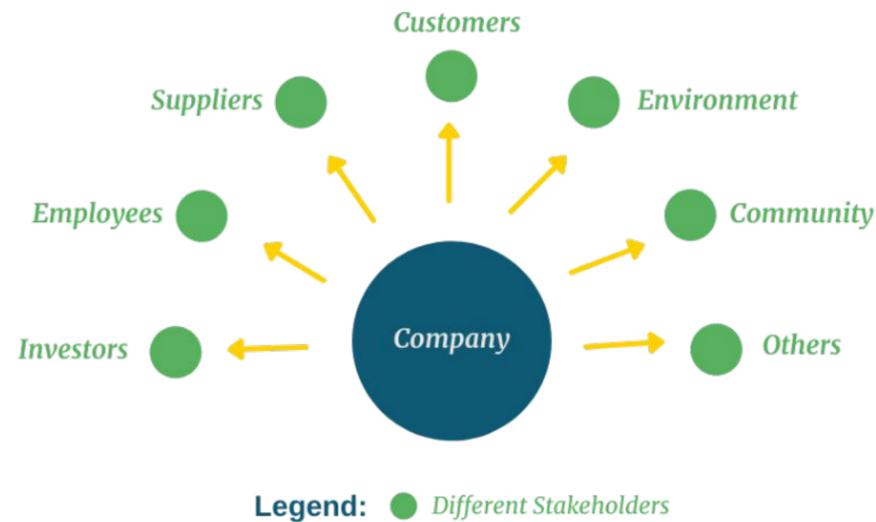
For the past half-century, business has become separated from the communities it aims to serve. Society expects more of business than it is currently delivering. Without a working social contract between these two parties, the fundamentals of an economic system are broken. Expectations can no longer go unmet.



# Opportunity for EU wide change

## Duty of Care and Due Diligence Distinctions

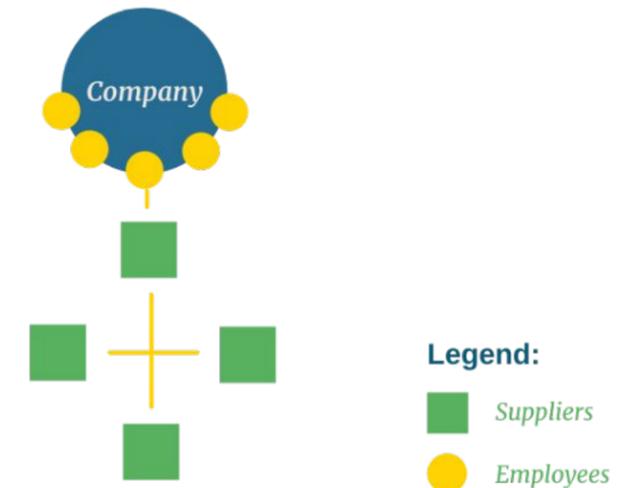
### Duty of care including key stakeholders



#### EU consultation considerations:

- Who should these stakeholders be?
- How best to engage with them?
- What are the risks of taking in to the account their interests?
- Do shareholders lose out?
- Should the management take into account the interest of stakeholders other than shareholders while undertaking decisions?

### Due Diligence to employees and supply chain



#### EU consultation considerations:

- Should there be a horizontal consideration throughout the chain across all industries (e.g. social, environmental, human rights issues?) Or should the EU focus on themes e.g. child labour?
- And/or should the EU focus on specific sector considerations?
- How should these be enforced? (Role of reporting is key here)

# The route to a fairer economy

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The core proposal of the Interdependence Coalition is that:

**Board directors of companies registered within the European Union must consider the interests of all the company's stakeholders in their decision making.**

This involves the following key changes at European level:

**1**

## **Move from voluntary to mandatory stakeholder governance**

Over 1000 B Corps and Benefit Corporations in Europe have *voluntarily* committed to consider the interests of all their stakeholders in their governance. It must no longer be optional to run a business for the benefit of wider stakeholders beyond shareholders. We need to move from an “enabling” to a “mandating” legal framework for stakeholder considerations across the European Union.

**2**

## **Align investment and corporate governance**

Incentives are misaligned across the economic system. It is essential that companies and institutional investors are required to adopt sustainable corporate governance models to ensure that the capital markets take responsibility for the impact of businesses and investments practices on society and the environment.

**3**

## **Create EU-wide aligned requirements**

Regulatory divergence calls for the adoption of EU-level sustainable corporate governance legislation. Directors leading companies in all EU countries should be legally obligated to consider the interests of all material stakeholders, including wider society and the environment. This requirement underpins the reporting requirements proposed under the [CSRD](#).



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# What would change for businesses?

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Given the crises of our world today, we see the default change in how businesses operate: a duty of care to consider interests of all those who contribute to its success is urgent and essential. How would this benefit European businesses?

# 1

## Business benefits

Evidence of longevity, higher employee satisfaction, lower turnover, improved access to capital, customer attraction and retention, and improved surpluses for R & D and market expansion.

[HBR, 2016](#); [Forbes, 2018](#)

# 2

## Investors benefit

Investors are seeking those opportunities that generate social and environmental impact, that have mitigated social and environmental risk and considered wider stakeholders. If all businesses behaved this way, the ESG investment market would become truly the status quo for financiers, options on where to invest would multiply and returns on capital would extend beyond financial.

# 3

## Empowered directors

Currently those businesses that consider the broader impacts of their business are currently in the minority; others are choosing short term profit maximising decisions that are detrimental to people and planet. By changing the rules of corporate governance for all, we eliminate the opportunity for free rider behaviour. and empower directors to act in the broader interests.

# 4

## Reporting becomes meaningful

Lack of clarity on corporate expectations have allowed directors to focus on the financial to the exclusion of other considerations. The behaviour change needed by companies will arise from clarifying and mandating consideration of the broader outcomes. The reporting on these then also becomes meaningful and informative, providing targets and a road map to improved outcomes.

# B Corps provide proof of concept for stakeholder governance

There are over 4,400 B Corps globally. B Corps change their governing articles to commit to running their businesses in the interests of all stakeholders, not just those of shareholders. What does this mean in practice?

1

**It is holistic - all decisions are made through the lenses of its broader impact on stakeholders of the company - not only shareholders.** There is not a trade off between positive and negative impact; the whole business is required to integrate this mindset, culture and organisational discipline. See examples from our coffee in good company guests [HERE](#)

2

**It is mandatory** - company and its directors/management is committed and accountable to creating lasting value for all stakeholders, but is credibly using their business as a force for good. Many countries' corporate forms allow for stakeholder governance but they do not mandate for it. Free rider problems arise - it is time to move to mandatory for all.

3

**It is long lasting** - the fact that the legal requirement for stakeholder governance is embedded in the governing documents protect their mission and ensures that the company will continue to practice stakeholder governance even after capital raises and leadership changes. We see that this security of intention also attracts investors, employees and customers.

4

**It is the past and the future** - previously businesses were designed with their broader stakeholders in mind - consider Fabien, cooperatives, community businesses. This got lost in mid 20th century, but we know that the inequality and extractive nature of business which is governed without respect for stakeholders is not a future we can consider allowing to continue.

# Stakeholder Governance & Performance

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Clearly taking stakeholder interests into account is not harming these businesses' revenue but it is growing more sustainably and inclusively.



## BETTER BUSINESS PAYS OFF

The average annual growth rate of the European B Corps (over at least one period of certification) was 30%.

Smaller companies grew faster over this period than larger companies.



## WE ARE A MOVEMENT OF CONTINUOUS IMPROVEMENT

55% of all European B Corps who did not have an Impact Business Model (IBM) when first certifying added an IBM in their recertification.

# How can you get involved?

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1

**Join the coalition** as a business or individual by registering on [our website](#)

2

**Share your own experience** as we build up a library of case studies

3

**Be a guest** or attend one of our [Coffee in Good Company series](#)

4

**Be an advocate** for stakeholder governance by using our new Interdependence Coalition Comms Toolkit

5

**Take a stand** by signing on to initiatives that hold business leaders accountable.

6

**Change your legal articles** to incorporate your stakeholders in to your governance by going to the [B Corp website](#) for the [relevant country legal requirement](#)

# Power in Numbers

Now, it's time to help spread the word more broadly about this unique opportunity for Europe to lead on changing the way businesses operates so it benefits all.

Download the [Interdependence Coalition Communications Toolkit](#) here.

It includes:

+ Invite templates

+ Assets

+ Press release template

And more!



## 1 Growing the Coalition

### Coalition Invite Template

I am writing to you because (**our company/NAME**) has joined the [Interdependence Coalition](#) – a union of 100+ businesses, including B Corps, advocating for policy change. It is developed in collaboration with The Good Lobby and co-ordinated by B Lab Europe.

The coalition's mission is to make sure that directors of every single company in the European Union, whether big or small, are mandated to consider in their decision-making process the interests of all of the company's stakeholders – including wider society and the environment – and not only shareholders. We believe this could be achieved through the introduction of a Pan-European legal requirement.

In sum: There's a better way to do business. You can join this coalition and not have fallen behind business leaders. The Commission's public consultation is an EU-wide change.

I think the conditions are right for you to be completing [this form](#) --



## 3 Advocating Online

### Show your support on social media (Businesses)



#### Suggested Copy

[company name] is proud to support the Interdependence Coalition, a campaign led by @B Lab Europe to change Pan-European law. This way, we want to ensure that every single company registered in the European Union must take ownership of its social and environmental impact in its governance.

100+ businesses have already signed up to transform how companies operate and how they are governed to contribute to an inclusive, equitable, and regenerative economic system. Are you with us? Join now: [www.interdependencecoalition.eu](http://www.interdependencecoalition.eu)

#InterdependenceCoalition #PolicyChange #SustainableCorporateGovernance #StakeholderGovernance

[Download Assets](#)



## 5 Reinforcing Our Case

### Help us build a strong case for stakeholder governance

#### How?

→ Be our guest on the "Coffee in Good Company" series, a 30-minute conversation on how we can achieve better business in Europe through stakeholder governance.

[Learn more about sharing your case study](#) on a better way to do business or register your interest directly at [policy@bcorporation.eu](mailto:policy@bcorporation.eu)

Watch our [previous "Coffee in Good Company" sessions](#) with Patagonia, The Doughnut Economy Action Lab, GRI, Fairtrade, and many more experts from different fields

#### → Share resources with us

e.g. Your Expert Opinion on Stakeholder Governance, Quotes, Supporting Impact Data, Reports, etc.

[Submit resources here](#)



# And one more thing...

## Are you interested in co-coordinating the Interdependence Coalition Committee?

We're looking for 5-8 volunteers across Europe to help B Lab Europe rally this growing community.

Interested?

**Please fill out this form.**



# Join The Interdependence Coalition!

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**Thank You!**

Get in touch:

[policy@bcorporation.eu](mailto:policy@bcorporation.eu)

Visit us at:

[www.interdependencecoalition.eu](http://www.interdependencecoalition.eu)



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