



August 2020

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,
Chairman



Daniel Hendrix,
Chairman & CEO



Dylan Taylor,
Chairman & CEO



Emmanuel Faber,
CEO



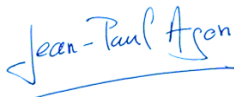
Feike Sijbesma,
Honorary Chairman &
Former CEO, DSM



Frans van Houten,
CEO



Dr James Mwangi,
CEO & Managing Director



Jean-Paul Agon,
Chairman & CEO



John W.H. Denton AO,
Secretary General



Mike Doyle,
President & CEO



Roberto Marques,
Chairman & CEO



Stefan De Loecker,
CEO

