Spotlighting ESG for enabling decent work

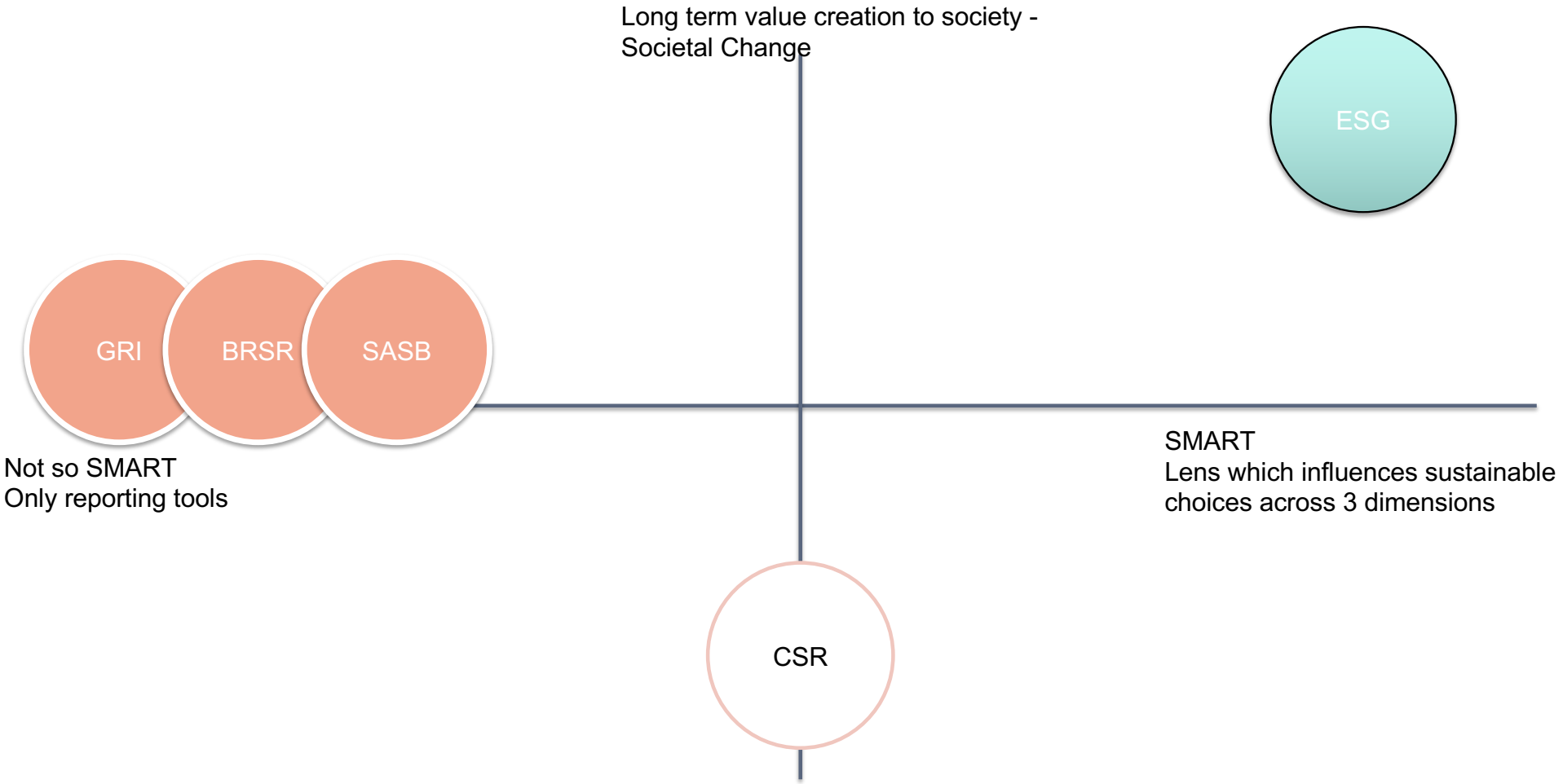
SDG conference

March, 2024

Agenda

Why are we here?	○ Break the status quo
Methodology at glance	○ Study approach
Demystifying Decent Work	○ What do we mean by Decent Work?
Emerging insights	○ Key events and interventions in the decent work space ○ Preliminary insights from primary interviews
What??	
Leave you with a bit of the analytical framework	○ Annexure
Wrapping up	○ Questions

Most standard frameworks, are not designed to impact the world of work, its economics, social norms which influence it and its structure and how it is structured



Now what if I wanted to impact the world of work using a smart, holistic strategy

Here's what it will look like

Actions

ESG Compass goals of Unilever

- Ensure that everyone directly providing goods and services to HUL earns at least a living wage or income by 2030.
- Help 2 million small- and medium-sized enterprises grow their business by 2025.

Outcomes

Workers have access to a living wage to ensure economic security for themselves and their families.

Workers have safe working conditions and they and their families have access to well-being

Equal opportunities

What benefit of the strategy made that happen?

Channelizing ESG commitments to developing and strengthening market infrastructure to enhance the capabilities of communities, to distribute and receive wealth, a critical aspect to enable decent work.

If we are not sharp enough, we can face many risks

1100 workers died in Rana Plaza in Bangladesh

Which led to formation of 2013 Accord on Fire and Building Safety, signed by more than 200 brands globally

Poisonous gas leak causing Bhopal Gas Tragedy

Union Carbide paid $470 mn to Indian government to settle the matter

Data abuse allegation at Cambridge analytica and Facebook

Cambridge analytica declared bankruptcy and Facebook's market value dropped by $50 bn

Child Labor in Nestle's cocoa supply chain

In 2005, Nestle faced allegations in their Ivory Coast value chain, due to lack of adequate policies and procedures

Culture of sexism, bullying and gender discrimination

2018, Nike faced significant backlash from workforce, esp women, for favouritism and, boys club culture

Study approach

We are using a four-step approach to understand how ESG can lead the efforts to enable decent work and provide learnings for the ecosystem to channelise their efforts

Defining the layers of decent work

Use the three-layer framework and system-specific principles

Articulating causal factors

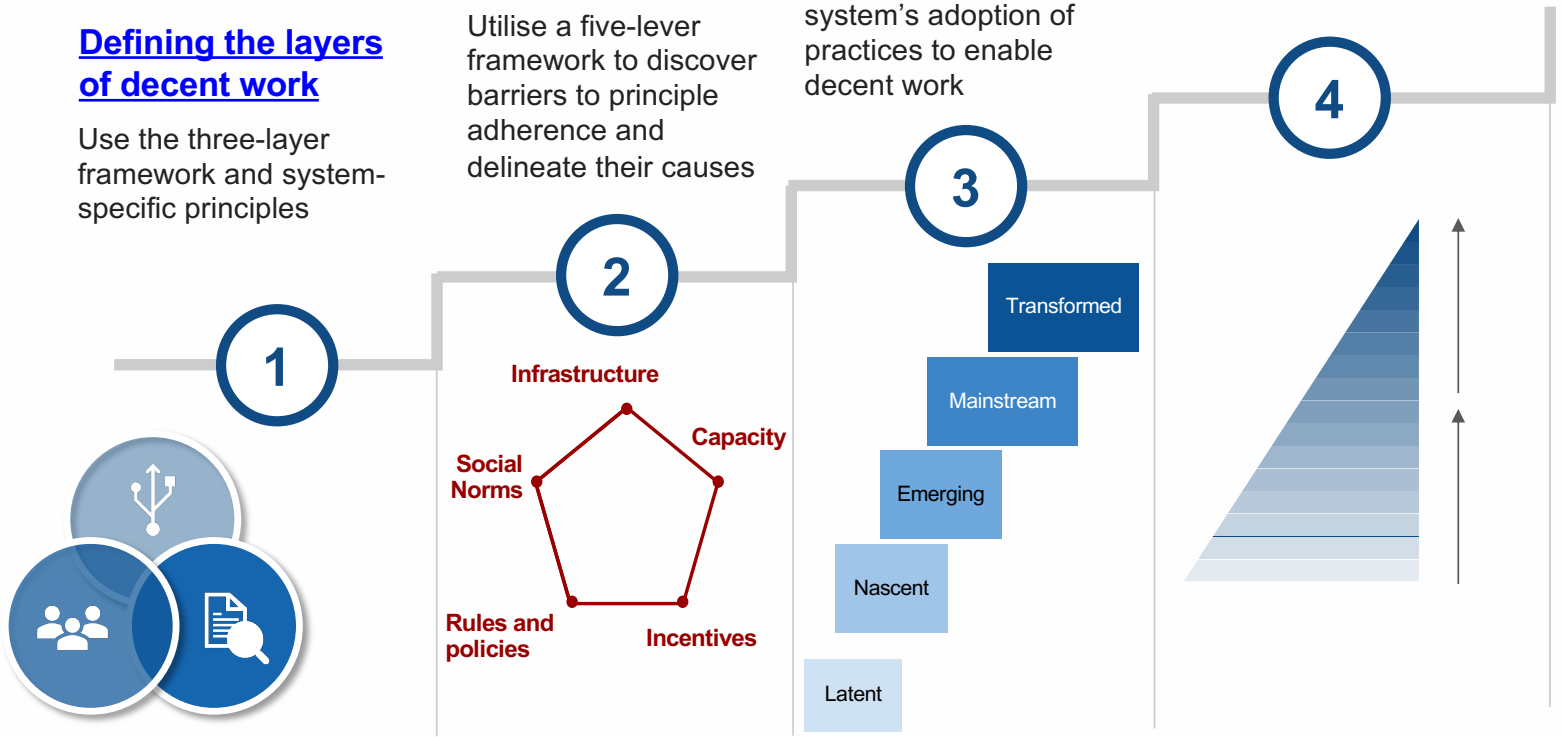
Utilise a five-lever framework to discover barriers to principle adherence and delineate their causes

Evaluating system evolution

Map the shifts in the system's adoption of practices to enable decent work

Identifying pathways for change

Mapping key wins, missed opportunities, and learnings for the ecosystem



Demystifying Decent Work

Three Layers of Decent Work

Governance

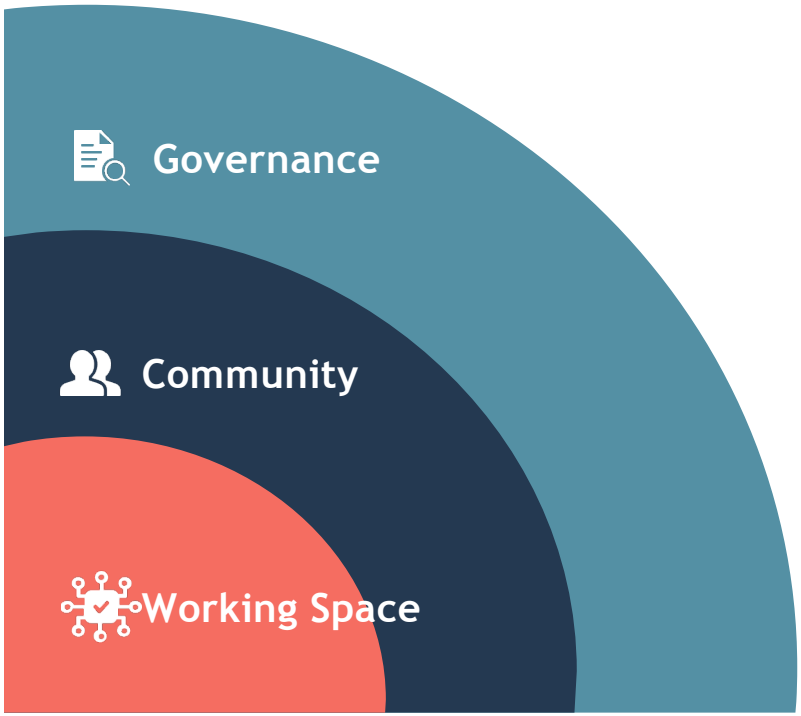
Laws and rules that govern the ecosystem and accountable institutions that uphold these rules; related to:

Fair and equitable
Living wages and equal access

Robust
security of rights and well-being

Future-ready
talent and expertise

Industry specific
policies and standards, global binding agreements



Community

Community who transact to create value for all

1. **Businesses**

Public or private enterprises, and innovators who are creating goods/ services

2. **Workforce**

Individuals and entities creating value and enabling feedback loops

3. **Customers and CSOs**

Ecosystem participants (e.g. CSOs, academia, philanthropies) involved in governance, financing, research, etc. Use services

Space (Physical/ Digital)

Infrastructure that facilitates co-creation of services/ products for the markets

Physical Infrastructure
Factories, Machines, process of creation etc

Technology infrastructure
includes data exchanges and registries, ID, open stacks, etc.

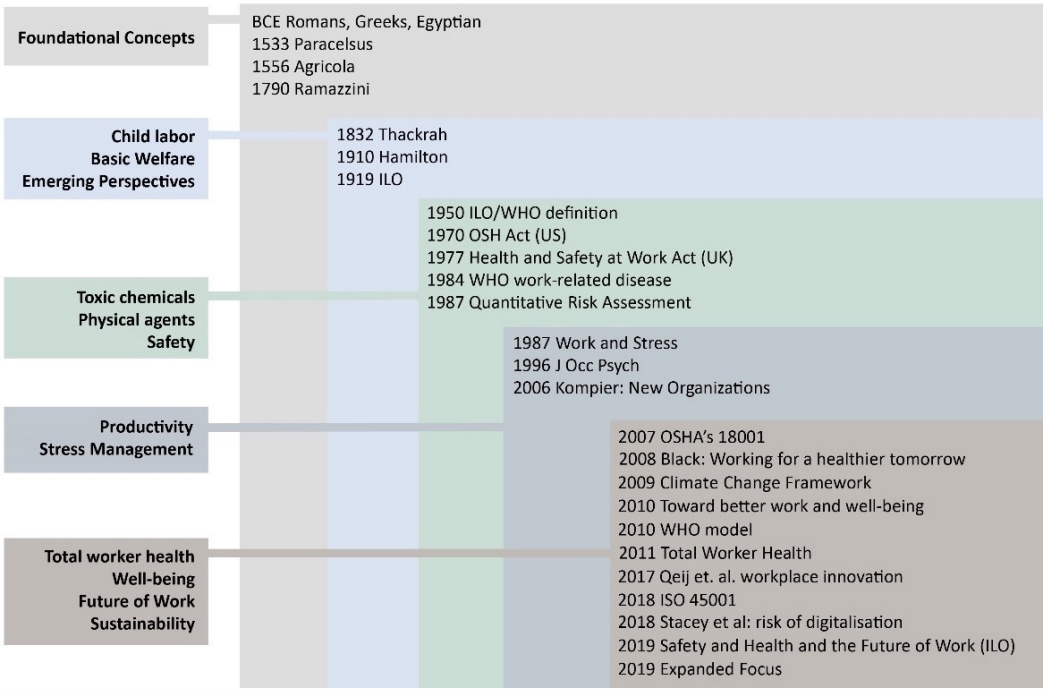
End-user service delivery
may be public space or private customer space

Emerging Insights

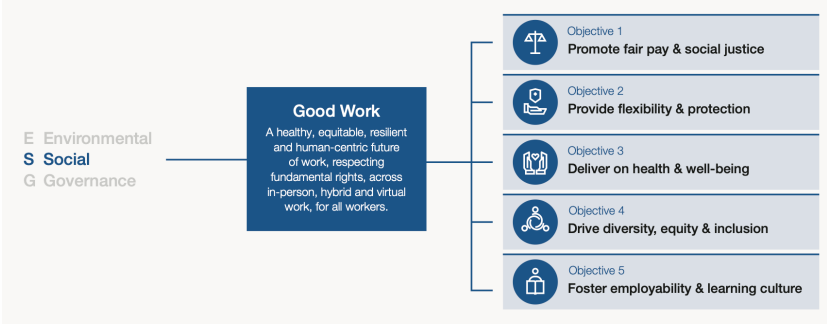
Landscape view | The Decent Work definition and measurement has evolved in diverse ways in the past decade

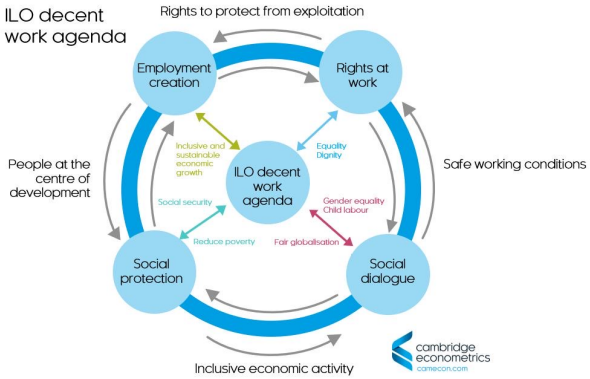
Snapshot

Figure 1. Major eras of occupational safety and health



Mercer and Good Work Alliance good work framework





Landscape view | The Decent Work definition and measurement has evolved in diverse ways in the past decade

Snapshot - Decent work in ESG ratings

- Social Finance
- Global Impact Investing Network (GIIN)
- ANDE
- In partnership with ILO are working on ways to include, measure the decent work

Preliminary insights

Physical Space / Infrastructural Layer

- Upgrading SME's is one way of improving the way work gets done, thus building capabilities across the chain through MSME acceleration can enable decent work
- Along with a capacity challenge in upgrading technology and/ or systems layer, there is also a challenge of limited state buy-in. The 'government' funding, although available, has seen limited action in this front.
- Some value chains are squeezed under lower margins, upgradation is thus associated with penalty, lower incentives in the system and the perceived low RoI keeps enterprises at bay
- In case of textile sector, we see common facilities parks, they have the opportunity to change the way work gets done and provide different experience to the workforce
- Investing in the green economy can advance the decent and inclusive work agenda, because environmental degradation already disproportionately affects vulnerable populations and low-income countries.

Preliminary insights

Community layer

- There are some legacy issues of the informal markets, which limit the adoption of worker-centricity and inclusive principles in employment.
- While there is some recognition around improving inclusion and workforce capability development in general, the focus still seems very transactional, the value of human being is completely missing.
- There is limited initiative (for multiple reasons) from private players towards creating robust grievance redressal mechanisms, and the responsibility primarily falls on their suppliers.
- Prevailing bias towards gender and vulnerable communities significantly limits access to opportunities
- The community of SMEs want to do, the real understanding of decent work has to be built in, we can immediately see some action, CSR activities can provide support on well-being of workforce, business engagements can strengthen the capabilities of their suppliers

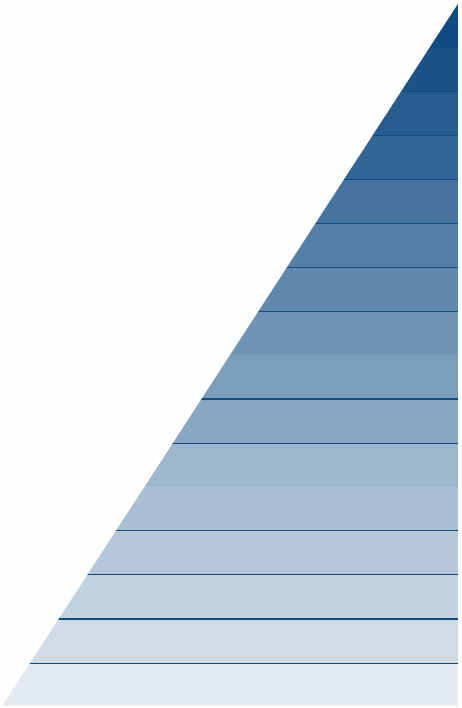
Preliminary insights

Governance layer

- While accountable institutions have been created, the larger framework in which they operate is not always clear and this creates room for frictions.
- In general, there is ambiguity on how to measure decent work, data is difficult to access due to fragmented value chains
- Creation of multi-stakeholder groups, including workforce, solution builders, and policymakers, can be an essential step, in creating robust governance mechanisms and awareness around them.
- Workers voice and social dialogue should be promoted to create paradigm shifts
- Simplify and standardise reporting

Now all this is great! But how do we solve for decent work?

Identifying pathways for change | Across value chains, some industries are already at it.



Leadership and paradigm

By changing the leaders' mindset and triggering a paradigm shift (ESG) - Human Capital, Societies and Environment

Establishing rules and structures in the system

By strengthening governance institutions, improving policies and laws, and incentivising a level playing field (**Responsible sourcing, transparency**)

Creating information flows between stakeholders

By enabling better collaborative structures in the ecosystem and creating an equitable community of actors

Strengthening the system's infrastructure

Through the use of platforms, public tools, and technological products, CSOs (**Worker well-being)**

Improving capacity and capabilities of individuals and organisations

Using research, popular dissemination, training sessions for relevant stakeholders, etc. **(Technical, Allowing capital flow, Human)**

Go back to '[Study Approach]'

So again

ESG gives us a lens to achieve

- Systemically addresses issues
- Considers co-dependencies
- Resources, Community and Governance
- Work is first economics and then social
- Inclusive growth

Annexure

Defining the layers of decent work | 15 principles for Decent work were studied to identify the building blocks of each layer and analyse the response of the system towards it

Working Space includes the principles of

- Being open and universally accessible
- Safe and secure work organisation
- Suited for current and future needs
- Well being for all
- Green

Community Layer includes the principles of

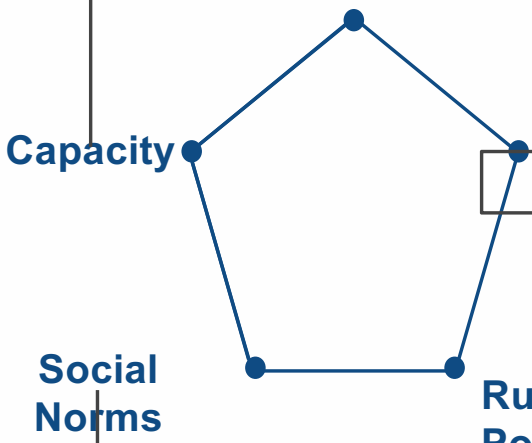
- Driving participatory design
- Cultivating a network of innovators
- Ensuring the right capabilities
- Opportunities for growth
- Inclusive

Governance Layer includes the principles of

- Defining accountable institutions
- Establishing and aligning with robust rules of engagement
- Creating transparent data governance
- Well being for all
- Enabling responsive grievance redressal

Go back to 'Study Approach'

Articulating causal factors | These 15 principles will be intersected with the five-lever causal framework to identify potential points of intervention for philanthropy



Gaps around individual inaccessibility of knowledge, low awareness among citizens, and scarce state resources

For instance, system integrators' lack of capacity to deploy systems on behalf of governments/ private companies

Inadequate, inaccessible, or unaffordable processes and facilities that support Decent work

For instance, brick-kilns

Misaligned, contradictory, or biased motivations among state officials, market players, or community members

For instance, communities not incentivised enough to adopt effective grievance redressal mechanisms

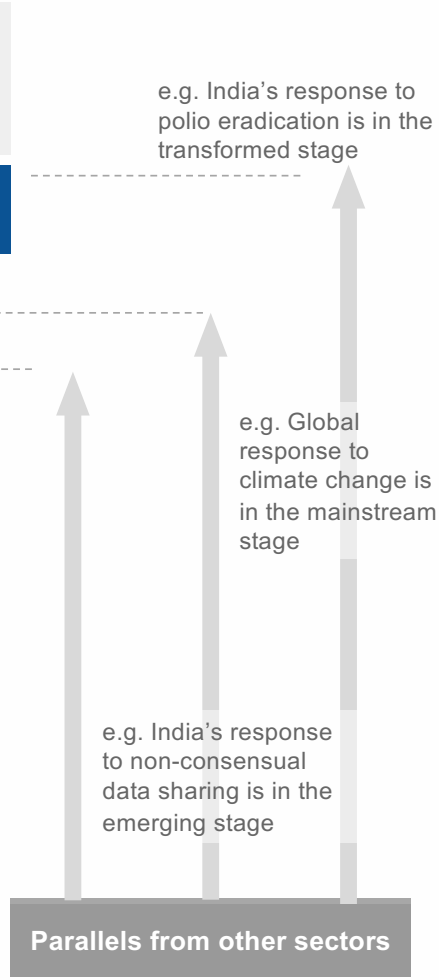
Contradictory, unenforceable, or, at times, harmful legislations

For instance, absence of an overarching legislation to regulate the issues of rights and well-being

Biased attitudes and behaviors, primarily against individuals belonging to socially and economically vulnerable groups

For instance, inclusion of marginalized groups in design of workplaces and work, not prioritized

Go back to 'Study Approach'

Evaluating system evolution | We map the ecosystem's responses to solve for SDG, responsible and sustainable businesses and adoption of these principles across five stages, classified by the adoption's scale, maturity, and status

	Latent	Nascent	Emerging	Mainstream	Transformed
	Ecosystem is unaware of the existence and extent of the principle	Early conversations among experts to highlight the challenge	Recognition of the challenge among stakeholders but diverging priorities; limited/early solutions	Mainstream awareness of the challenge & targeted solutioning at-scale	A system with solutions that have obviated the challenge
Awareness about the principle	No awareness about the principle	Discussions limited to a small group of stakeholders	Key actors recognise the principle's significance	All actors acknowledge the principle	
Existence of a common vocabulary	No common vocabulary exists in the system	No common vocabulary exists	Presence of multiple and disconnected vocabularies	Presence of agreed-upon vocabulary, primarily through a policy	
Existence of interventions	No existing interventions in the system	There are few/ no interventions in the system	Limited due to no consensus on the recommended interventions	Consensus on solutions, even if uneven implementation of solutions across states	
Status across sectors	-	-	Limited adoption across sectors	High adoption across sectors