



INNOVATIONS IN SOCIAL BUSINESS 2020 ANNUAL REPORT

BAUMHART CENTER FOR SOCIAL ENTERPRISE AND RESPONSIBILITY
LOYOLA UNIVERSITY CHICAGO

WELCOME TO THE FUTURE OF BUSINESS

Our 2020 Innovations in Social Business report shares best practices from three innovative companies that are driving financial, social, and environmental returns together. While these companies stand out as extraordinary today, we believe their commitment to higher purpose will be the future of business.

Indeed, embracing higher purpose has never been more important to the business community. Employees, customers, and investors alike are demanding that companies create societal and shareholder value simultaneously. Two in three employees now expect their employers to “join them in taking action on societal issues.” Meanwhile, three in four business executives now see “social impact” as “important or very important” to their company strategy.

The case for purpose in business has grown so strong that the Business Roundtable—an association of CEOs from America’s most prominent corporations—recently reimagined the role of business from a singular focus on shareholders to a broader commitment to enrich all stakeholders and build an “economy that serves all.”

But how can companies deliver value for multiple stakeholders at the same time? This report examines how three businesses—Bain Capital Double Impact, Chobani, and Indigo Ag—are answering this question and ultimately developing a toolkit of research-supported practices for the entire business community.



3 in 4

Business executives see “social impact” as “important or very important” to their company strategy.

Source: Cydney Roach, “Trust and the New Employee Contract,” Edelman, May 2, 2019.

2 in 3

Employees expect their employers to “join them in taking action on societal issues.”

Source: Deloitte, “2018 Global Human Capital Trends: Rise of the Social Enterprise,” Deloitte Insights, March 8, 2018.

181 CEOs

The 181 CEOs of the Business Roundtable embrace the purpose of business to “serve all.”

Source: Business Roundtable, “Business Roundtable Redefines the Purpose of a Corporation to Promote ‘An Economy That Serves All Americans,’” August 19, 2019.

ANNOUNCING THE INNOVATOR AWARDS

This report has been developed as a companion to the Innovator in Social Business Awards, a new national award series that aims to set the standard for what it looks like to do well and do good, together. The Innovator Awards, hosted by Loyola's Baumhart Center for Social Enterprise & Responsibility, annually recognizes three companies who are at the forefront of integrating business strategy and social purpose.

Nominations for the 2020 awards were invited from a group of more than 70 executives and academics who serve on one of the Baumhart Center's advisory committees. Nominated companies were then evaluated by an eight-person judging committee on four criteria.

THE CRITERIA

QUALITY OF INNOVATION Does the company's approach represent a truly new way of integrating business strategy and social purpose?

DEPTH OF IMPACT Has the company's approach led to deep and measurable impact?

SCALABILITY OF INNOVATION Does the innovation provide valuable best practices for other companies who seek to lead business for good?

COMMITMENT OF LEADERSHIP Does the company's leadership show a deep and authentic commitment to harnessing the positive power of business?

THE JUDGES

For its 2020 awards, the Baumhart Center convened a judging panel comprised of eight extraordinary executives who are passionate about the positive power of business strategy:



1 • VICKI ESCARRA
Senior Advisor, BCG, and
Former CEO, Feeding
America

2 • JANET FROETSCHER
President, Pritzker
Foundation, and Former
CEO, Special Olympics
International

3 • JENNIFER J. GRIFFIN
Baumhart Professor
of Business Ethics and
Professor of Strategy,
Loyola University Chicago

4 • ROBERT PARKINSON
Chairman Emeritus and
Former CEO, Baxter
International Inc.

5 • SUNIL SANGHVI
Senior Advisor and
Senior Partner Emeritus,
McKinsey & Co.

6 • KEVIN STEVENS
Dean, Quinlan School
of Business, Loyola
University Chicago

7 • KEVIN WASHINGTON
President and CEO, YMCA
of the USA

8 • GREG WASSON
Presidentm Wasson
Enterprise, and Former
CEO, Walgreens

OUR INAUGURAL AWARDEES

PARKINSON AWARD FOR PURPOSE AND PROFIT

Given annually to the initiative that best embodies a holistic approach to marrying purpose and profit.

RECIPIENT



ENVIRONMENTAL STEWARDSHIP AWARD

Given annually to the company that best embodies business leadership for a sustainable world.

RECIPIENT



SOCIAL IMPACT AWARD

Given annually to the company that best addresses an urgent social issue through its business model.

RECIPIENT



IN MEMORIAM

The Parkinson Award for Purpose & Profit is named for Robert (Bob) L. Parkinson, Jr., an extraordinary individual who believed in the positive power of business. Bob served as Chairman and CEO of Baxter from 2004 to 2015. During his tenure, Baxter enhanced its status as a leader in corporate social responsibility and environmental stewardship, earning recognition in the Dow Jones Sustainability Index and the Global 100. Baxter simultaneously generated shareholder returns that significantly outperformed benchmark indices.

Prior to Baxter, Bob was Dean of Loyola's School of Business, where he championed the importance of ethics in business education. Bob also had a distinguished 25-year career at Abbott Laboratories, culminating in the role of President and COO. At Baxter and at Abbott, Bob passionately applied his business acumen to improve human health.

A double Loyola alumnus (BA '73, MBA '75), Bob served as Chairman of Loyola's Board of Trustees from 2013 to 2019, leaving a legacy that will continue to energize the university's Jesuit mission for generations to come.



PURPOSE AND PROFIT AWARDEE

BAIN CAPITAL DOUBLE IMPACT

Bain Capital Double Impact (BCDI) is an impact investing initiative that is proving investors can achieve strong financial returns while also driving social and environmental impact. BCDI focuses on investments in three focus areas: health, education and work-force, and sustainability.

FAST FACTS

[\$390M]

SIZE OF BCDI'S FIRST FUND

4,343

EMPLOYEES OF BCDI'S PORTFOLIO COMPANIES

42%

AVERAGE INCREASE OF A COMPANY'S SOCIETAL BENEFIT AFTER BCDI INVESTMENT

WHY BCDI IS OUR AWARDEE

QUALITY OF INNOVATION

BCDI partners with its portfolio companies to accelerate social and environmental impact. BCDI's Strong Start Playbook supports companies in developing 100-day plans to advance financial and impact returns. Additionally, all portfolio companies take the B Impact Assessment—a widely respected tool that rates companies for their impacts across stakeholders and that provides recommendations for impact improvement.

DEPTH OF IMPACT

BCDI's companies saw a 42% average increase in their B Impact Score after BCDI investment. This demonstrates that BCDI's unique approach to partnership with its companies leads to meaningful improvements in companies' governance, employment practices, community engagement, environmental impact, and positive customer impacts.

SCALABILITY OF INNOVATION

The global impact investment market is estimated to be over \$500 billion in size. BCDI's partnership with the nonprofit B Lab (which owns the B Impact Assessment) is unique among impact investing funds in offering an objective, third-party approach to measuring impact and it offers an extraordinary role model to the broader marketplace.

COMMITMENT OF LEADERSHIP

BCDI's leadership has demonstrated a deep commitment to impact not only through its partnership with portfolio companies, but also through its own decisions and management processes. As one example, 56% of investment professionals at BCDI are from underrepresented groups.



THREE TAKEAWAYS FOR YOUR BUSINESS

BCDI's approach offers three insights for all businesses seeking to embrace higher purpose alongside profit.

1

MEASURE WHAT MATTERS

BCDI requires all of its portfolio companies to complete the B Impact Assessment, an objective evaluation of a company's impacts on all stakeholders. This assessment is available to all businesses and offers a reliable, third-party tool to measure your business's current impacts and opportunities for improvement. Learn more at BImpactAssessment.net.

2

CREATE SHARED VALUE

BCDI's Strong Start Playbook helps companies to develop their business and impact goals together. Instead of treating these as separate priorities, BCDI helps companies to identify and double down on strategic decisions that create shared value by advancing financial, social, and environmental goals simultaneously.

3

INCENTIVIZE IMPACT

BCDI encourages its portfolio companies to tie management compensation directly to impact metrics and 71% of BCDI's companies now have such incentives in place. Extensive research shows that tying compensation directly to social and environmental bottom lines encourages executives to be more intentional and more long-term focused in how they achieve meaningful impact for all.

ENVIRONMENTAL STEWARDSHIP AWARDEE

INDIGO AG

Indigo is an agricultural technology company that asks a provocative question: "What if a healthier planet began with a healthier farm?" Since 2014, the company has been on a mission to leverage scientific discoveries and digital platforms to de-commoditize agriculture, and in turn, help farmers be more productive, support consumers in accessing healthier food, and harness the world's 12 billion acres of agricultural soils to draw down a trillion tons of carbon dioxide from our atmosphere.

FAST FACTS

\$850M

INDIGO'S FUNDS
RAISED TO DATE

\$3.5B

INDIGO'S CURRENT
VALUATION

1T+

TONS OF CARBON
DIOXIDE INDIGO
SEEKS TO REMOVE
FROM OUR
ATMOSPHERE

WHY INDIGO IS OUR AWARDEE

QUALITY OF INNOVATION

Agricultural technology has the potential to help farms be more profitable, grow crops in a more sustainable manner, and sequester carbon from our atmosphere. Indigo is building this technology and uniting scientists, entrepreneurs, growers, nonprofits, consumers, and even governments behind an innovative, business-led solution to our world's greatest challenge: climate change.

DEPTH OF IMPACT

In June 2019, Indigo launched The Terraton Initiative—an ambitious global effort to store one trillion tons of carbon dioxide in agricultural soils. The initiative includes the launch of Indigo Carbon, a carbon marketplace that provides growers with an economic incentive to implement regenerative farming practices that pull carbon dioxide from the atmosphere; The Terraton Experiment, a longitudinal study to understand the relationship between farming practices and soil carbon enrichment; and The Terraton Challenge, an innovation competition to advance solutions that help accelerate, quantify, and reward the drawdown of carbon dioxide.

SCALABILITY OF INNOVATION

There are 12 billion acres of agricultural cropland and pastureland in the world. If regenerative growing practices were implemented across all of these acres, farmers could pull 1 trillion tons of carbon dioxide from the atmosphere, offering one of the most scalable opportunities to address climate change.

COMMITMENT OF LEADERSHIP

CEO David Perry's passion for harnessing the power of business and innovation to address climate change is contagious and can be felt across his leadership style. In Perry's words, "the potential for agricultural soils to capture and store atmospheric carbon dioxide is the most hopeful solution I know of to address climate change."



THREE TAKEAWAYS FOR YOUR BUSINESS

Indigo's approach offers three insights for businesses seeking to deliver profits and impact, together.

1

BE BOLD

Indigo set an ambitious goal to remove one trillion tons of carbon dioxide from the atmosphere. The goal has mobilized the attention of the disparate stakeholders essential to the company's and the climate's well-being. Indeed, Indigo's bold moves have especially distinguished the business as it attracts hundreds of millions of dollars in funding and rapidly sets up for scale.

2

UNITE UNLIKELY ALLIES

Indigo creates value by addressing a systemic issue that no one sector or company can solve alone. By bringing together growers, tech entrepreneurs, scientists, nonprofits, consumers, and governments, Indigo's Terraton Initiative has found a way to deliver economic and environmental value simultaneously. Research indicates that such cross-sectoral approaches are essential to driving impact on the most challenging issues of our time.

3

REIMAGINE BUSINESS...FOR GOOD

Indigo has reimagined the agricultural value chain with benefits for all stakeholders. Indigo's innovative seed coatings reduce farmers' dependence on pesticides and water, while their digital platforms connect farmers directly with buyers of their crops, increasing transparency and traceability between growers and consumers. Meanwhile, the company's technological tools and agronomic services support the adoption of regenerative growing practices that keep more carbon in the soil. Altogether, Indigo is revolutionizing an entire value chain. Research shows that such disruptive, systemic business models have the potential to quickly gain market share and drive value.

SOCIAL IMPACT AWARDEE

CHOBANI

Chobani is a food company that has rapidly become the market leader in the U.S. for Greek yogurt. Founder and CEO Hamdi Ulukaya saw the business both as an opportunity to produce better food and to be a “powerful force for good.”

FAST FACTS

PIONEER OF THE
NATURAL FOOD
MOVEMENT AND
ONE OF THE FASTEST
GROWING FOOD
COMPANIES OF THE
PAST DECADE

2,000+

CHOBANI
EMPLOYEES

A LARGE
PERCENTAGE
OF CHOBANI
EMPLOYEES ARE
IMMIGRANTS AND
REFUGEES

WHY CHOBANI IS OUR AWARDEE

QUALITY OF INNOVATION

Chobani has built a workplace that welcomes all and empowers them to succeed. Since its beginning, the company has intentionally designed operations to be inclusive of immigrants and refugees. Two of the greatest barriers to employment for immigrants are language and transportation. Chobani hires translators and provides transportation to its plants to address these challenges; indeed, at an average Chobani plant, employees come from 15 different nationalities and speak more than 20 different languages. More recently, Chobani has gone even further in designing a thriving workplace. In the last three years, the company launched paid parental leave for full-time employees and introduced Chobani Shares, an initiative to give every full-time member of the company the opportunity to share in the growth of Chobani over time.

DEPTH OF IMPACT

A large percentage of Chobani’s workforce are immigrants and refugees. Thanks to the company’s progressive workplace practices, these employees receive a living wage, family-friendly benefits, and an opportunity to share in the growth of Chobani over time.

SCALABILITY OF INNOVATION

Nearly 14% of the U.S. population is foreign born, so strategies to better incorporate this group of workers into the U.S. economy are highly scalable. Moreover, Chobani’s success in supporting refugees inspired the company’s CEO to separately found the Tent Partnership for Refugees, a nonprofit that mobilizes the private sector to “hire refugees, integrate them into supply chains, invest in refugees, and deliver services to them.” One Tent member, Starbucks, has already pledged to hire 10,000 refugees globally by 2022.

COMMITMENT OF LEADERSHIP

CEO Hamdi Ulukaya passionately believes in the power of business “to create a better life for more people.” He is a vocal supporter of higher wages and better benefits for employees and has leveraged his growing visibility in the business community to push forward powerful global initiatives to support refugees.



THREE TAKEAWAYS FOR YOUR BUSINESS

Chobani's approach offers three insights for all businesses seeking to embrace higher purpose alongside profit.

1

EMBRACE DIVERSITY AND INCLUSION

A large percentage of Chobani employees are immigrants and refugees, and half of the company's executive leadership team is female. Research from Boston Consulting Group (BCG) has found that such a commitment to workforce diversity leads to better decision-making and higher performance. Indeed, companies with diverse leadership in BCG's study reported an average EBIT margin that was 9% higher than those with more homogenous leadership.

2

LEAD WITH PURPOSE

Chobani aims to give back, promote innovation, and produce better food. These purposive values are modeled by the company's CEO, practiced by the company's leadership team, and driven at all levels of company culture. This purpose motivates customers and employees alike. Nearly eight in ten U.S. consumers now believe companies have a responsibility to make a positive impact on society and two in three are willing to switch products to achieve higher purpose. Moreover, workplace studies show that purpose-driven companies experience reduced employee turnover, improved efficiency, and greater financial performance.

3

INVEST IN (SOCIAL) INNOVATION

Through the Chobani Incubator, Chobani invests in and mentors startups that are "taking on broken food systems to bring better food to more people." The incubator's equity-free model, a rarity in the CPG food space, supports food entrepreneurs aiming to challenge the food industry, improve broken systems and bring better food to more people— principles on which Chobani was founded. Such investment creates an innovation culture that is empirically correlated with higher performance and profitability.

