

# Principles of purposeful business: illustrative examples

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*Abstract:* In this article, we identify examples of business practices currently or recently implemented that illustrate one or more of the *Principles for Purposeful Business* as defined by the British Academy’s Future of the Corporation programme in 2019. We draw on existing networks and sources to identify examples which are predominantly large publicly listed corporations where we feel some of the greatest challenges to adopting the principles are likely to be. The examples are drawn from companies which generally express a purpose, though their inclusion in this article does not mean the company is necessarily a ‘purposeful business’. We draw on insights from stakeholder interviews, academic writings, practitioner articles, company reports, press releases, and legal documents from government sources. Our findings illustrate some of the types of practices that may be required to implement the *Principles for Purposeful Business*. These descriptive examples can be taken as starting points for further exploration, analysis and research.

*Keywords:* Organisational purpose, purpose-driven, governance, regulation, corporate law, ownership structure, financing.

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## Introduction

In recent years, support for the idea of purposeful business has been growing rapidly, both in academic and business circles. This reflects the range of increasingly clear issues facing the wellbeing of life on earth (Dearing *et al.* 2014; Steffen *et al.* 2015). While different kinds of organisations and businesses such as charities and governmental institutions and have placed positive outcomes for others at the heart of their operating model, large publicly listed institutions are also now starting to address wellbeing outcomes of people and planet as their core strategic directive (e.g., BT 2015; Jones 2018; Unilever 2020; Walgreens Boots Alliance 2020). In addition, support for the advancement of purposeful business now exists through consulting services, rankings, and policy reports that help companies be more purpose-driven (Radley Yeldar 2016; Game Changers 2017; Ebert *et al.* 2018; Boston Consulting Group 2020; Gast *et al.* 2020; PricewaterhouseCoopers 2020; Schaninger *et al.* 2020;

**Table 1.** Replication of the *Principles of Purposeful Business* from the British Academy

Principle Category	Principle
1. Company law	Corporate law should place purpose at the heart of the corporation and require directors to state their purposes and demonstrate commitment to them.
2. Regulation	Regulation should expect particularly high duties of engagement, loyalty and care on the part of directors of companies to public interests where they perform important public functions.
3. Ownership	Ownership should recognise obligations of shareholders and engage them in supporting corporate purposes as well as in their rights to derive financial benefit.
4. Governance	Corporate governance should align managerial interests with companies' purposes and establish accountability to a range of stakeholders through appropriate board structures. They should determine a set of values necessary to deliver purpose, embedded in their company culture.
5. Measurement	Measurement should recognise impacts and investment by companies in their workers, societies and natural assets both within and outside the firm.
6. Performance	Performance should be measured against fulfilment of corporate purposes and profits measured net of the costs of achieving them.
7. Finance	Corporate financing should be of a form and duration that allows companies to fund more engaged and long-term investment in their purposes.
8. Investment	Corporate investment should be made in partnership with private, public and not-for-profit organisations that contribute towards the fulfilment of corporate purposes.

This table replicates the *Principles of Purposeful Business* published by the British Academy (2019). Most are self-explanatory, although it should be noted that Finance was understood in a broad fashion for this article.

Blueprint for Better Business 2021; Contexis 2021; Neighbourly 2021e; British Academy 2021). This trend is only likely to increase along with rising societal pressure for solutions to social and environmental issues (Hollensbe *et al.* 2014).

Despite this increasing interest in organisational purpose, there remain gaps in knowledge around how to apply concepts of purposeful business such as that set out by the British Academy: '*producing profitable solutions for the problems of people and planet, and not profiting from creating problems*' (British Academy 2018). In particular, publicly listed companies that have been oriented towards prioritising shareholder interests face numerous challenges to becoming more focused on purpose. To address such impediments to purposeful business, the British Academy Future of the Corporation programme set out eight *Principles for Purposeful Business* (British Academy 2019; see Table 1).

This article presents a selection of examples of practices currently or recently implemented by firms, and attempts to illustrate the *Principles for Purposeful Business* as defined by the British Academy's Future of the Corporation programme. Ten illustrations are provided. Seven of the illustrations involve publicly listed companies, which the authors view as the most challenging context for the implementation of the principles. An additional two illustrations are privately owned firms – one relatively large and one relatively small. Finally, one illustration is a company limited by guarantee. This illustration provides an interesting example of a joint venture between governmental and insurance entities, which can be informative and instructive for other organisational firms seeking a way forward in their purpose journey. In aggregate, the samples focus on large shareholder owned companies but offer some variety and breadth of scope, reflecting the relevance of organisational purpose beyond publicly listed companies. Table 2 summarises which examples provided in this article relate to each principle.

The next sections cover the methodology used in the collection and analysis of examples used in the article, due diligence on the examples provided, and a critical analysis of the companies in the example set. The subsequent section presents each of the specific examples chosen including a summary description of the company, followed by subsections that describe how the practices observed in the example address the relevant *Principles for Purposeful Business* set out in Tables 1 and 2.<sup>1</sup>

<sup>1</sup>In general, subsections are ordered in line with the ordering of the principles in Table 1. However, the ordering of the subsections is sometimes altered to improve the narrative flow of the examples.

**Table 2.** Examples of companies described in this article implementing practices associated with the *Principles for Purposeful Business*.

Principle Category	Types of associated practice	Examples
<b>1. Company law</b>	Companies incorporate a purpose into their articles of incorporation.	<ul style="list-style-type: none"> <li>• Anglian Water</li> <li>• Neighbourly</li> </ul>
<b>2. Regulation</b>	Directors and controlling owners of companies are held to account for the achievement of the purpose.	<ul style="list-style-type: none"> <li>• Anglian Water</li> <li>• Biffa</li> <li>• Flood Re</li> <li>• Interface</li> </ul>
<b>3. Ownership &amp; Governance</b>	Companies make purpose a central aspect of their annual reporting and demonstrate how their ownership is aligned with delivering the purpose.	<ul style="list-style-type: none"> <li>• Anglian Water</li> <li>• Biffa</li> <li>• Interface</li> <li>• Quilter</li> <li>• Anglo American</li> <li>• BT</li> </ul>
<b>4. Measurement &amp; Performance</b>	Companies adopt non-financial metrics to measure impacts on stakeholders that either directly or indirectly relate to the achievement of the purpose.	<ul style="list-style-type: none"> <li>• Anglian Water</li> <li>• Biffa</li> <li>• Flood Re</li> <li>• Interface</li> <li>• Natura</li> <li>• Pearson</li> <li>• Quilter</li> <li>• Anglo American</li> <li>• BT</li> </ul>
<b>5. Financing &amp; Investment</b>	Companies shift financing arrangements to allow faster, higher quality delivery of the purpose, and partner with others to achieve shared purposes.	<ul style="list-style-type: none"> <li>• Anglian Water</li> <li>• Biffa</li> <li>• Flood Re</li> <li>• Neighbourly</li> <li>• Interface</li> <li>• Natura</li> <li>• Anglo American</li> </ul>

This table lists the companies considered in this article that implement some of the practices associated with the *Principles for Purposeful Business*. Financing is interpreted in this report in the broad sense, including not only raising funds in terms of loans, bonds or share capital, but also in terms of the how the company is financed through the business model.

## Methods

The selection criteria for the examples in this article follow best practice for purposive sampling and exploratory research (Dexter 2006). We looked for organisations that self-declare as being engaged in the pursuit of organisational purpose and were also understood by peers to be active pursuers of purposeful business. This does not mean that the organisations had achieved the goal of being completely purpose-driven, but that they were conscious and active in their pursuit – or at least were perceived to be. In addition, we sought out firms that appeared to demonstrate progress toward at least one of the eight principles offered by the Future of the Corporation.

Our sampling focused predominantly on large, publicly listed institutions or those supporting them, which is where we believe the largest hurdles to purposeful business exist and yet where we observe notable transition efforts. In line with this reasoning, and perhaps controversially, we included an example from one of the most challenging sectors – mining. The mining industry has a chequered past (Chepkemoi 2017; National Geographic Society 2020; Stewart 2020), and thus an illustration of purposeful business in the mining industry is an attempt to ‘shine a light in the darkest room’. In addition, and as a result of our snowballing sampling approach, we included three examples of different organisational forms, namely two privately owned firms and one firm limited by guarantee. These examples were included due to their reputation for being on a purpose journey and to reflect the applicability of purpose beyond publicly limited companies. Of course, we recognise other ownership structures exist and are important in today’s business environment (co-operatives, mutuals, trusts and other ownership structures and do not fall under any particular category). Our view is that the illustrations provided here, although partial, will be of benefit to such organisations as well. We also did not focus on trying to disaffirm the assumption – i.e., we did not seek data on our sample firms that showed they were not purpose-driven in some areas, even while they tried to be purpose-driven in others. We assume such examples are prevalent as organisations grapple with purpose, and that at this stage, there is value in taking a methodological approach which transparently highlights positive examples.

To begin the search process, we drew on the knowledge of two professional services firms that have experience in this area (see similar methodology in Challagalla *et al.* 2014). Both firms specialise in helping organisations pursue purposeful business practice and have worked with large scale international corporations to develop organisational purpose. Based on suggestions from these corporations, we continued a ‘snowball’ sampling approach, reaching out to firms within our interviewees’ networks that fit our sample frame. We then supplemented this initial search with examples of relevant firms known to the research team, who were experienced in researching purpose-driven organisations, or through other published material from academia or publicly available analysis. Finally, we reached out to known relevant informants from a series of panel discussions on purposeful business held by the Future of the Corporation. In aggregate, we conducted a total of 32 interviews with 35 executives across 26 companies, choosing 10 that offered the most complete illustrations of the principles.

To supplement interview data, we conducted independent research on existing practitioner artefacts (communications, project documents, etc.) and archival data. Such supplementary data adds to and corroborates these interview findings (see Strauss & Corbin 1998; Challagalla *et al.* 2014). This stage of the research process

involved primarily the investigation of company legal records, annual reports, media articles, and published writings from the organisations or professionals in the field. Cases were then developed as a combination of findings from extant artifacts and interviewee comments.

While we judged the chosen methods as sufficient for the objective of this article, it is important to note the limitations with this approach to sampling and data collection. As a purposive sampling procedure, our sampling approach does not lend itself toward identifying a representative sample of a population. Rather, this sample selection method is designed to identify members of a specific group (in this case, of firms that are pursuing purposeful business principles). Moreover, in a snowball sampling procedure, the nature of the sample is influenced by the network of the first few interviewees. The initial interviewees are the link to the rest of the interviews, and their connection to the phenomenon in question is paramount to obtaining an ideal sample. The two professional services firms that acted as the start of the sampling procedure are fully embedded in the network of firms pursuing organisational purpose, and this speaks positively to the quality of the sample. In addition, both firms maintained connections to publicly listed companies who were pursuing purposeful business approaches, which was a focus for our search. Still, these positive qualities do not guarantee the sample contains the most purpose-driven companies or the best exemplars of purposeful business activity. Indeed, other organisations may have more fully developed purposes and be more impressive in their accomplishments but may simply not be in the network that we explored. In addition, our method is primarily the collection post-hoc analyses by particular individuals from a specific point in time. Hence our cases are not able to tell us anything about future direction and we are unable to ensure the absolute validity of the historical opinions of those we interviewed. The goal of our example selection was to identify if there were self-described, hence subjective, examples of purposeful activity that illustrate the practices associated with the *Principles for Purposeful Business* as outlined in the Future of the Corporation's report.

### **Due diligence and critical analysis**

To enhance the validity of the examples chosen and the practices detailed by our informants, we undertook due diligence efforts to assess whether the information relied on was credible, and, via a holistic analysis of the company, to check that the company is not being portrayed inaccurately in relation to its purpose journey. To address the first concern, we sought out (as we elaborate upon in this section) sources of information that are traditionally understood to be more resistant to inaccuracies

(i.e., where public scrutiny and potential negative ramifications of being untruthful would motivate against offering disinformation). Such sources, while likely focused on positive company action and absent of damaging information or description of difficulties and trade-offs in firms' purpose journeys, are more likely to be defensible by the companies in question. We also gathered information from a variety of sources which creates a triangulation of data. Additionally, we sought primarily current examples and activity.

Our additional data sources that supplemented our interview data can be broken down as follows. Where possible, we supplemented primary data from the senior company informants with company information collected from published academic articles and research reports (approximately 2% of citations within the examples) and from government repositories (again approximately 2%). However, the recency of company activity often means that these resources are unavailable. We therefore relied upon other information from the companies such as press releases (approximately 10%), annual company reports (approximately 12%), other official company reports (approximately 9%), and other forms of public firm communication (approximately 38%). With varying levels of probability and magnitude, official company communications can threaten brand reputation if the information is found to be false. Therefore, while we also know that such information may be unevenly positive regarding the company, what is reported has some level of reliability. Finally, the researchers utilised reports from well-respected practitioner news outlets (approximately 26%). Overall, we believe that the credibility and diversity of the sources of information used supports the validity of the examples in this article. Still, we recognise there will always be an element of subjectivity and partiality in how the practices are understood by data sources as outlined in the limitations detailed above.

Regarding the second role of due diligence – establishing a holistic view of the organisations used in this article – it is important to note that none of our examples of purposeful business come from fully purpose-driven companies that have 'completed the purpose journey'. Rather, all our example firms have areas they could improve upon in terms of addressing the proposals of the Future of the Corporation and in pursuing purposeful business more generally. Moreover, our sampled firms were deliberately chosen to span different stages of their journey of (1) intention to become purpose-driven and (2) the degree to which the ability to pursue purpose-driven objectives is embedded in the organisation. Indeed, we considered it a positive characteristic of our sample that the included firms were at diverse stages in their development towards becoming more purposeful business. Moreover, we consider it beneficial that we found companies in a diverse range of sectors, including some sectors where the introduction of purposeful business is considered quite difficult (e.g., Anglo American in the mining sector)

Among the examples in this article, Neighbourly and Flood Re were formed as purpose-driven organisations from the outset – in other words they state that their purposeful reason to exist drove the organisations inception and has driven their decision-making over time (Flood Re 2016; Companies House 2021). Similarly, Interface started transforming its business to being purpose-driven decades ago and can be observed as achieving a relatively high level of integration of its purpose into its activities and strategy. Other examples, such as Anglian Water and Biffa, do not have as long a history of integrating an organisational purpose into the company, but are public utility firms in highly regulated industries that are set up to provide a public service, and so could be considered to have more favourable conditions or incentives to transform towards purpose. However, it is not yet clear to what extent these influences affect the range of efforts they are making toward integrating organisational purpose into their business models.<sup>2</sup> BT, although similarly having public service roots (a publicly owned company until 1984) and having publicly committed to purpose previously, has just recently developed a new purpose (BT 2021a). Anglo American can be seen as being at the very beginning of its journey. While it has made major actions in the direction of its purpose, it faces an upward battle following a history of controversial activity (Philip Mattera 2013) within an industry that is generally seen as problematic for social and environmental wellbeing (Chepkemoi 2017; National Geographic Society 2020; Stewart 2020). Anglo has stated that they now have acquired a very defined sense of responsibility and purpose and recognise business has to be an integral part of addressing the big challenges facing society (CompanyHistory.com 2013). Our case study shows progress in respect of its purpose-driven ambitions in specific areas, notwithstanding inaction that might be occurring in other areas of activity.

The remaining example companies (Quilter, Pearson, Natura & Co) have unique aspects in their origin or approach to purposeful business that makes their purpose-journey more difficult to characterise. Quilter was originally part of a larger company, and their separation was part of a series of changes that occurred right before the firm adopted a purpose-driven approach. Their purpose coincided with this separation and refocusing of their business model and is now quite different than it was before. One could argue their purpose is new but significantly integrated in comparison to some other members of the sample. Natura & Co is a compilation of companies, all with aligned purposes that pursue a broad benefit to society. Both the

<sup>2</sup>As the example in the article outlines, Anglian Water has made significant efforts to incorporate its purpose into its business model, including incorporating the purpose into the company's articles of incorporation (Anglian Water 2019a). Biffa only articulated its purpose in 2019, but our research of their activity indicates an impressive pursuit of purposeful activity even before the articulation of an organisational purpose. See the example of Biffa in this article for more information.

parent company and its sub-brands all declare that they are focused on purposeful business activity, but classifying the company as a whole is difficult due to the individual journeys of its sub-brands. Pearson has a declared purpose that it has been pursuing for many years (education), but recently developed an ‘efficacy’ agenda regarding the evaluation of their ‘products and services in order to earn learners’ and educators’ trust through transparency, rigorous research, and relevant resources’. (Pearson 2021a). This change, which happened in the early 2010s, has provided new focus for the company.

Given the above summary, we find it apparent that the sampled companies cover a range of stages in the development and implementation of purposeful business practice. The following sections provide further detail on each company, and discuss how each company aligns with the proposals of the Future of the Corporation.

## **Example 1. Biffa**

### **The company**

Biffa is a waste management company in the UK, focusing on a range of waste management operations including waste collection, reuse, recycling, treatment, disposal and energy generation. Currently, Biffa spans 95% of UK postcodes (Biffa 2020a) and is the second largest waste management company in the UK in terms of total revenue (Tiseo 2021).

In 2019, Biffa established its purpose as: ‘We’re here to change the way people think about waste’ (Biffa 2021a). Implicit in the purpose statement, and elaborated by the firm in strategy and communications, is the understanding that the way people think about waste would be changed in ways that improve societal outcomes of waste management. The connection between the purpose and solving problems to improve long-term wellbeing is indicated clearly in the firm’s 2020 annual report:

*We believe our 8,000+ team can lead the way in achieving a sustainable future for the UK, helping to change the way people think about waste.*

Biffa’s focus on changing the way people think about waste is also particularly transformative in spirit, focusing on influencing both internal and external perceptions of what waste is and what it can be used for. Biffa has built its overarching strategy to achieve the purpose into its purpose statement, hence ‘changing the way people think about waste’ guides Biffa’s innovative approach to helping achieve a sustainable future for the UK. Cory Reynolds, Corporate Affairs Director for Biffa, captures the need for innovation in a recent interview with the authors, while describing developing waste management techniques:

*When you think about things like chemical recycling, or what's called pyrolysis where you can break down the bonds of things like plastic film, which are hard to recycle and hard to develop a quality product from at the moment. That's something where there's a lot of innovation happening. It has to happen. You need the innovation to drive the broadening of the recycling waste streams.*

Two of the firm's core strategies are directly tied to the firm's pursuit of its purpose, (1) developing services and infrastructure, and (2) optimising systems and processes (Biffa 2020a). Developing new services and infrastructure for removing waste will increase the amount of waste that can be collected and possibly introduce new ways of treating or using waste. Optimising systems and processes will reduce the environmental costs of operations.

Biffa's overall strategy covers three newly defined areas that specifically target different approaches to its purpose. Cory Reynolds explains these:

*One area is specialist services, which is about customers fulfilling sustainability ambitions and providing more bespoke solutions. So that includes surplus redistribution, integrated resource management, and hazardous waste services. ... The other two areas are collection and resources-and-energy. So collection, ... that's really about finding the most efficient, low-carbon waste and recycling collections related to industrial and commercial municipal and household customers. ... And the last area is Resources-and-Energy. And that's really about maximising the recovery of energy and resources from waste, and developing/investing in our leading waste treatment process and capabilities.*

### **Principles 2 and 3: Regulation + Ownership & Governance**

As stated in the firm's 2020 annual report, the board is, '*responsible for setting the Company's purpose and values and ensuring these are aligned with the Group's culture*' (Biffa 2020a), which is directly aligned with the 2018 Corporate Governance code. The board delivered on these responsibilities first by establishing the current purpose in 2019, and then by monitoring the alignment of the company's culture with the purpose on an ongoing basis. To monitor cultural alignment, the board relies on a number of measures spanning employee engagement surveys to health and safety measures.

Finally, the company's executive directors are partially incentivised to help the firm pursue its purpose via annual bonuses that are tied to (1) the pursuit of the firm's three core strategies (two of which are directly tied to the firm's pursuit of its purpose) and (2) particular environmental outcomes that are in line with firm's purpose (Biffa 2020a). Environmental KPIs that underpin the purpose and currently exist within the director incentive structure include tons of waste processed, tons of waste collected, and CO<sub>2</sub>e (carbon dioxide equivalent) emissions reduction. These KPIs, along with other KPIs focused on safety and sustainability, comprise 5% of the annual bonus for

directors. Strategy execution, which relates to implementing plans to pursue the aforementioned KPIs, comprises another 5% of the annual bonus.

### Principle 5: Financing & Investment

One method by which the company is investing to deliver on its purpose is through acquisitions. This is a strategy that the company is familiar with, having integrated 45 companies into the business since 2013 (Biffa 2021b). Below are two examples of purpose-aligned collaborations and acquisitions:

- In 2021, Biffa acquired Company Shop Limited (CSG), a company that redistributes surplus commercial food and household products that would otherwise become waste (Biffa 2021c). Cory gives an overview of the company's model and its connection for proper handling of waste.

*What CSG do is they take produce that would otherwise be waste, but it's from the factories, it's from production. ... So, when there's been a mistake in labelling, or when something's been mispackaged. ... CSG have the infrastructure, the factories, the re-labelling plants, where they can make those things compliant.*

Once CSG makes the previous waste compliant, the product is sold at discounted prices to essential workers and in-need groups. The end result is that waste is reduced and people have more food/household products.

- In 2020, Biffa acquired Simply Waste. The acquisition allowed the firm to reduce its carbon output during collection, while also improving the customer proposition (Biffa 2020b). Therefore, the acquisition not only allowed the firm to pursue its purpose, but also to be more profitable while doing so.

In addition to acquisitions, the firm invests through collaborative actions with its customers, NGOs, and other corporations (Biffa 2021a). Below are some select purpose-relevant collaborations that the firm has recently pursued with external organisations since the development of its purpose:

- In 2020 Biffa reached financial close on two joint ventures with Covanta Holding Corporation (NYSE: CVA) and Macquarie's Green Investment Group. These ventures involve the creation of two waste-to-energy conversion facilities, the Newhurst Energy-from-Waste ('EfW') Facility in Leicestershire, and the Protos EfW facility in Cheshire. The Newhurst EfW facility will receive around 350,000 tons of waste annually and will generate enough low-carbon energy to power approximately 80,000 homes (Covanta 2020). The Protos EfW facility will receive around 400,000 tons of waste annually, and will generate enough low-carbon energy to power approximately 90,000 homes (Biffa, 2020c).

These two joint ventures turn waste into an energy source and simultaneously reduce the amount of waste that is exported from the UK. Converting waste into energy in the UK reduces the cost of waste transportation, increases energy output, and decreases carbon footprint. Simultaneously, the projects aim to generate economic opportunity for the surrounding community and the corporations involved.

- Biffa has engaged in collaborative attempts to innovate on and introduce electric collection vehicles (ECVs) into their business operations. Cory Reynolds explains the progress of a recent attempt in Manchester:

*... in our collection fleet this march (2021) we introduced 27 ECVs into Manchester as part of the contract with Manchester City Council. And that's the biggest fleet in the country. ... You couldn't use ECVs in a more rural environment at the moment because the technology doesn't support that. We are working closely with JSCB and Caterpillar to move that forward and testing new technology that comes online.*

#### **Principle 4: Measurement & Performance**

As a waste management company, Biffa has a history of measuring non-financial metrics surrounding its environmental impact. As of 2020, its key non-financial metrics were tonnes of waste processed, tonnes of waste collected, lost time injury rate, CO<sub>2</sub>e emissions reduction, and employee engagement (Biffa 2020a). Of these, the implicit environmental goal of the firm's purpose is measured by tonnes of waste processed, tonnes of waste collected, and CO<sub>2</sub>e emissions reduction. Each of these KPIs have specific descriptions delineating how they are measured, and related general targets or broad strategic direction (e.g. tonnes of waste collected has the target of simply growing).

### **Example 2. Flood Re**

#### **The company, and principle 2: Regulation**

Flood Re is a purpose-driven joint venture involving the UK government and UK insurance companies. Its purpose is to improve the availability and affordability of flood insurance (Flood Re 2020; 2016). It does this by spreading the cost of covering high risk flood insurance across the industry, which aims to help reduce the premiums required for flood insurance that otherwise would be unaffordable.

Flood Re's business model is that it collects an annual 180 million GBP levy from household insurers, who then have the option of passing the flood risk element of any

insurance policies they sell off to Flood Re for a fixed rate. Surplus from the 180 million levy (profit) is added as a financial buffer that allows Flood Re to spend even less on reinsurance. Over the last four years, Flood Re has averaged a profit of approximately 115 Million GBP (Flood Re 2020), which has been used in part to reduce the reinsurance cost to the firm. As Flood Re continues to collect the annual levy and fixed rates for flood insurance packages, it will acquire an even greater financial buffer that will allow it to spend even less on reinsurance and require even less in its annual levy. The goal for Flood Re is to continue to pursue its purpose until 2039 (Flood Re 2021). After 2039, the objective is to have reduced the cost of flood insurance to the point where flood insurance can transition to a free market.

Flood Re's purpose appears to drive it to pursue a range of relatively innovative strategies that are designed to make flood insurance more affordable and accessible. Recently, the company has been involved in developing flood performance certificates, in researching ways to improve the flood resilience of homes, in modelling the impact of climate change on future flooding, and in the creation of the Flood Risk Communities' Charter (Flood Re 2020).

### **Principle 3: Ownership & Governance**

When the company was first being created, Flood Re faced challenges developing a business model in an industry where active intervention by government to correct a market failure was not naturally welcomed and the vast majority of firms were set up to maximise profits and not social or environmental outcomes. Flood Re sought to overcome these challenges by engaging with two of its major stakeholders, the government and the insurance industry. Both parties wanted a solution and a way forward, and multiple concerns had to be actively addressed in order to arrive at a purpose-driven business model that was acceptable to both parties (Kerr 2019).

For instance, one concern was a broadly held hesitation regarding the level of intervention a government should have on a free market (Kerr 2019). Another concern was a desire by the government to avoid a contingent liability for flood risk (Kerr 2019). Additionally, industry firms were concerned about the costs they would have to incur. Brendan McCafferty, CEO of Flood Re from the firm's inception in 2014 until 2017,<sup>3</sup> discussed how the project's initial development required significant negotiation between himself and the two parties:

<sup>3</sup>Comments from Brendan McCafferty are his personal views of Flood Re while he was CEO 2014–2017.

*They all wanted it to happen [the major insurance companies], but not at any price. And I was given a mandate to go and negotiate that legislation. That had some very close parameters. ... We just managed to get it done.*

In the end, the current form of Flood Re was developed, which involves an agreed upon levy by both the government and business sector. Flood Re cooperates and relies upon regulations made by the secretary of state, and ensures the interests of the insurers are satisfied before consenting to proposed regulations (London 2014).

Since its launch, the firm appears to have continued to engage closely with insurance companies to ensure their interests are monitored and addressed while allowing the purpose to be the force that drives the business forward and shapes all activities of the business. Brendan noted this balance when he spoke about the day-to-day decision-making and activity within the firm while he was the CEO:

*... we spend most of our energy figuring out how to make this a success for insurers. ... They are our sponsors. They pay the bill. But I [also] spend a lot of time personally, making sure we are out there striking an independent voice and being very focussed on the consumer outcome. Because in the end that's what it is about. That is the purpose of the organisation.*

By continually engaging with the insurance companies and making sure the firm activity addresses their concerns, Flood Re appears to have been able to come up with ways of prioritising its purpose while addressing the interests of its funding source and core stakeholder group.

#### **Principle 4: Measurement & Performance**

To fulfil the purpose of making flood insurance more accessible and affordable, Flood Re first needed to gain an understanding of how accessible and affordable current flood insurance was. In other words, the firm needed to determine how it would directly measure performance against the purpose, rather than rely purely on metrics that indicated financial health. To do this, the firm took benchmark prices for flood insurance and availability of flood insurance for high-risk homes:

*...we set about signing up several thousand consumers that we know to be affected by this, who are in the right parts of the world and geography. ... So, we know that (the) typical customer might have zero or one insurer that's prepared to offer them any price at all. And then that price might be a premium of three and a half thousand pounds with an excess of thirty thousand pounds.*

With a benchmark in place regarding how inaccessible and unaffordable flood insurance was for at-risk homeowners, Flood Re could measure how well it improved both parameters by selectively sampling the market:

*If you take those customers that couldn't find a price at all, could they on the 4th of April [launch date of the programme]? If they could, what was the price? How many markets could they access? What was the access like? What were the policy conditions like? And so, we had that benchmarking in place ...*

According to the firm's 2020 annual report, more than 300,000 properties have benefitted from the scheme since its launch, 80% of households with previous flood claims have seen a price reduction of over 50%, and 98% of households with previous flood claims can now get quotes from at least four insurers (Flood Re 2020).

### **Example 3. Neighbourly**

#### **The company**

Neighbourly is an SME that was one of the first B Corporations in the UK, achieving its accreditation in 2015 (B Lab 2021a). It is dedicated to the purpose of improving societal wellbeing by connecting corporations to charitable local causes.

Acting like a two-sided marketplace, corporations, who pay to use the platform, can donate volunteer hours, excess product, or funding to any of the thousands of vetted local causes on the Neighbourly platform, for whom it is free to use. Through Neighbourly, corporations are able to improve their social and environmental efforts and act more 'local,' reaching the communities near their businesses. CEO of Neighbourly, Steve Butterworth, describes Neighbourly as being, '*... a platform designed to help a corporate business activate its social purpose at a local level, but at scale, to address the perennial challenge facing corporates, which is, "How do we support all of the communities that we serve and demonstrate authentically that we are invested in the long-term wellbeing of that community?"*'

Since its inception, the firm has helped corporations donate nearly 14 million GBP, 72.5 thousand volunteer hours, and over 56 million meals (Neighbourly 2021b). Most recently, Neighbourly won the 2021 Edie Sustainability Leaders Award for its Product Surplus Program, which helps corporations donate their surplus product to cause-related organisations (Neighbourly 2021c).

#### **Principle 1: Corporate law**

Neighbourly's purpose is anchored to societal wellbeing as a whole rather than a particular strategic pathway to it (e.g., youth unemployment or helping address climate change). This broad purpose has been cemented in its articles of incorporation:

*The purposes of the Company are to promote the success of Company for the benefit of its members as a whole and, through its business and operations, to have a material positive impact on society and the environment, taken as a whole.*<sup>4</sup>

The above closely aligns with the definition of purpose from the British academy in 2018 as ‘... to produce profitable solutions for the problems of people and planet’ (British Academy 2018). While the articles of incorporation seem to position profit and purpose as two separate and equal goals (reflecting, for example, the approach taken by B Corps), the firm appears to express that its primary value generation motivation is to improve societal wellbeing through its platform with profitability serving as the means to this end, obtained through income gained by selling the service to companies.

### **Principle 5: Financing & Investment**

Neighbourly finances its operations through corporate partners who want to improve their community relations and create positive impact. Financial resources are then used to connect corporate partners with over 17,000 verified ‘good causes’ that Neighbourly has personally vetted (Neighbourly 2021d; 2021e). Neighbourly identifies causes that relate to each corporate partner’s goals and purpose, and actively helps them become more purpose-driven. Companies that Neighbourly have worked for with include M&S, Starbucks, Aldi, T-K-Max, Lidl, Innocent, Heineken, B&Q, Danone, Samsung, M&G, Penguin, Coca-Cola, and Southern Co-op, and Virgin Media O2 (Briggs 2020; Neighbourly 2021d; 2021f; 2021g). By connecting corporations with social and environmental causes, Neighbourly achieve its purpose of societal wellbeing.

## **Example 4. Interface**

### **The company**

Interface is an international carpet and flooring company focused on improving wellbeing via environmental protection and restoration. It recently articulated its purpose as ‘to lead the industry to love the world’. As the company’s Vice-President Erin Meezan expressed: ‘By addressing some of the world’s greatest sustainability challenges, manufacturers will add value for all employees, customers, shareholders

<sup>4</sup>See Memorandum and Articles of Association, 13 April 2021, at <https://find-and-update.company-information.service.gov.uk/company/08293976/filing-history>

and communities; and secure their business for the long-term' (Faversham House Ltd 2018).

The firm's move to becoming environmentally motivated was initiated by the company's founder, Ray C. Anderson. After reading a book on sustainability which exposed him to the impact that over-use of natural resources was predicted to have on society if businesses did not change their approach, he set about fundamentally reducing the firm's negative environmental impact. In 1994, as a core strategy to achieve their purpose, the firm established Mission Zero<sup>®</sup>, 'have zero negative impact on the planet by 2020' (Interface 2019).

To pursue Mission Zero<sup>®</sup>, the firm relied on the support of experts in sustainable business including scientists, activists, and entrepreneurs, to create a framework to transform the business. The resulting framework resulted in the firm focusing on seven strategic areas: 'Eliminating Waste; Benign Emissions; Renewable Energy; Closing The Loop; Resource Efficient Transportation; Sensitising Stakeholders and Redesign Commerce' (Interface 2019). The firm agreed a series of outcomes based on the framework: 'zero waste to landfill, zero fossil fuel energy use, zero process water use, zero greenhouse gas emissions' (Interface 2019). Finally, they set up three programs to achieve these goals through its seven strategies – 'Factories to Zero, Products to Zero, Suppliers to Zero' (Interface 2019). These concepts seem to have given direction to the firm in order to achieve its purpose.

In 2019, Interface announced that it had completed Mission Zero<sup>®</sup>, one year ahead of schedule; All of the firm's flooring products had achieved the status of being carbon neutral across their full lifecycle (Interface 2021a). While Mission Zero<sup>®</sup> was a goal to 'do no harm', which required a range of cutting-edge industry innovations, once achieved, the firm set its sights on going further, on producing net positive outcomes. As Jon Khoo, Head of Sustainability for Interface, commented in a recent interview with the authors:

*We could just stop there and be like, 'We've completed sustainability by having carbon neutral products.' But that's not enough for us at interface. What if we could reduce that carbon footprint even further?*

As a result, the firm initiated Climate Take Back<sup>™</sup>, which aims at using the Interface business to create a planetary climate suitable for life on earth. Interface began researching ways to use business activity to achieve this goal. An example of such efforts is the firm's Proof Positive, the world's first carbon-negative tile, which has a negative carbon footprint at the end of its lifecycle (Jackson 2017). Proof Positive was created as a prototype and was not commercially viable in 2017, but Interface used aspects of the incorporated technology to successfully developed a carbon-negative backing for its products (Interface 2019). Interface presently has a collection

of commercially viable carbon negative tiles that it sells as part of its product line (Interface 2021b; 2021c). The firm is now looking to further implement the technology from its carbon negative products throughout its product line. Khoo gives a succinct summary of the firm's innovations in carbon reduction and current ambitions:

*We've gone from Proof Positive, which was a prototype and was not commercially viable, to actually having a commercially viable carbon negative tile, and then not stopping there but saying, 'well how can we bring the rest of our portfolio toward that?' Not carbon negative itself, but toward having even lower carbon footprint by using the same technology.*

The firm is building on its previous accomplishments and pursuing its purpose in a way that is financially viable over the longer term. In this way, Interface aligns with the notion of organisational purpose as 'finding profitable solutions for the problems of people and the planet'. Currently, 60% of the firm's carpet products come from recycled or biobased sources (Interface 2019). The Globescan Sustainability Leaders Survey has included Interface on the list of companies that have best integrated sustainability into firm activity since the survey first began in 1992. At the same time, Interface has consistently performed well financially (outside of a steep drop during the beginning of the COVID pandemic) (Nasdaq 2021).

#### **Principle 4: Measurement & Performance**

Interface has developed a number of methods for measuring its impact on the environment. For example, the firm developed a series of metrics called EcoMetrics, which were used to measure the firm's progress towards its Mission Zero goals. In addition, Interface adopted and scaled Environmental Product Declarations (EPD) across its entire global product portfolio. This allows for easier comparison of Interface with other flooring manufacturers who use EPDs. Interface also measures the number of carbon neutral certificates that are awarded to its clients, and the number of square metres of the firm's product that make it back into the firm's re-entry programmes.

In addition, Interface has used the SHINE Handprint Methodology (Norris 2015) to measure how its actions lead to positive environmental impact beyond the firm itself. For example, the firm collaborated with a supplier to provide nylon that was made from a higher proportion of recycled material. Then, the supplier sold the nylon to another producer, increasing sector-wide impact. The downstream environmental impact was measured to be a reduction of 334,000 metric tonnes of CO<sub>2</sub>e (carbon dioxide equivalent) (Interface 2019). Another example of downstream measurement using the SHINE Handprint Methodology (Norris 2015) was when the company was

trying to reduce the environmental impact of its Lagrange factory. Interface collaborated with the city's engineers to develop a way to make renewable energy from the local landfill, and the landfill gas not used by Interface was sold to another manufacturer. The downstream impact of this collaboration was measured to be a reduction of 684,000 metric tonnes of CO<sub>2</sub>e (Interface 2019).

According to Interface, measuring achievement toward the company's purpose has a number of benefits (Interface 2019). First, it helps the company to determine whether it is actually making improvements regarding its purpose. Second, it helps customers have trust in the narratives and stories that are told by Interface. Finally, it gives customers the power to encourage environmental measurement and improvement of competitors by purchasing products that (1) measure impact and (2) have relatively better impact than others. This is particularly effective when the measures used between firms are comparable.

### **Principle 5: Financing & Investment**

In order to achieve its purpose, Interface has influenced and collaborated with a significant number of external entities. The firm uses various tactics including (1) sharing 'best practices' with its value chain, competitors and other firms, (2) offering higher order volumes to suppliers that could provide recycled materials, (3) supporting and lobbying for legislation that required carpet manufacturers to create landfill diversion programmes for carpet waste, and (4) co-investing with other organisations to develop technology that helped the firm and others improve their environmental impact (Interface 2019). For example, Interface:

- Worked with Aquafil and the Zoological Society of London to develop Net-Works™, a company that works with coastal villages to make nylon out of recovered fishing nets. Net-Works™ currently collects nets in the Philippines, Cameroon and Indonesia, and has collected over 260 metric tonnes of fishing net waste from the oceans (Interface 2019).<sup>5</sup>
- Collaborated with city engineers of Lagrange to develop a way to make renewable energy from the local landfill (see above)
- Hosted the executives of Walmart, who wanted to learn more about how Interface had changed its business (Interface 2019).
- Worked with the Governor of California to advocate for a recycling law (Herlihy 2017) California has been the only state in the country with a law, AB2398, governing the disposal of post-consumer carpet (PCC).

<sup>5</sup>The 260 metric ton number provided by Jon Khoo, Head of Sustainability for Interface.

- Is collaborating with members of the global building industry such as Skanska, Gensler, and Kingspan to increase awareness of the impact of embodied carbon through an initiative called MaterialsCAN (Interface 2021d).

### **Principle 2: Regulation**

One of Interface's most well-known purpose-driven acts was when it advocated for progressive legislation in California to further advance its landfill diversion programmes and set aggressive recycling rate goals for firms in the face of strong opposition by its peers (Herlihy 2017; Interface 2019)2019.

In 2017, California proposed legislation which helped create a progressive level playing field in recycling for the carpet industry. The proposed update to the legislation would set out specific targets for rates of recycling with challenging date deadlines for companies to conform to (Herlihy 2018). The legislative changes included the creation of an advisory board that would monitor the programme and make suggestions. At the time, the trade association Carpet and Rug Institute (CRI), which Interface was a part of and which consists of around 90% of the carpet manufacturers in the US (Herlihy 2017)California has been the only state in the country with a law, AB2398, governing the disposal of post-consumer carpet (PCC, did not support the law and was even attempting to defeat it (Interface 2019). The CEO described how the company, driven by its purpose, responded:

*When this information came about the piece of legislation, they [CRI] said, 'We're going to hire a lobbyist and get the bill defeated because we don't want this bill.' I was disgusted. I resigned from the trade association, hired our own lobbyist, worked with Governor Brown and got the bill passed. And I am not a popular character in the flooring industry right now, but I can sleep at night (Mainwaring 2019).*

### **Principle 3: Ownership & Governance**

One effective way to incentivise purpose is to ensure that the purpose is the responsibility/priority of senior executives of the firm. At Interface, the purpose of the organisation is supported at the Executive level by a Director of Sustainability. She has a network of employees working under her to ensure that the purpose is integrated across the firm. Helena Reid, Director of Marketing Communications for Europe, Africa, Asia, and Australia (EAAA), described how the strategy to implement the purpose is embedded within the firm, starting with the Executive and Director roles:

*... we have a Chief Sustainability Officer sat at the same table as all the business leads making decisions. She is there to represent the fact that we need to make sure that every element of our business focusses on our core commitment [Climate Take Back™]. ... She [the Chief Sustainability Officer] has a team of sustainability leads that sit in each of the regional teams. So in the Americas, in Asia Pacific, and in EMEA ...*

This network of responsibility for the purpose ensures that the purpose is considered in all business decisions. Reid explains:

*... at every point in the business decision making process ... there is somebody that has that direct responsibility around our sustainability. Whether that's keeping us true to ourselves as an organisation, and true to the commitments that we've made, or looking at how we can better ourselves, and make more of ourselves.*

In the past, Interface has also used incentives to motivate employees toward purposeful goals. A program called Quality Utilising Employees' Suggestions and Teamwork (QUEST) was implemented in the early 2010's to incentivise employees to reduce waste in their job (Ryan 2013). Bonuses were connected to sustainability goals, and an annual benchmark of reducing waste by 10% each year was encouraged for each QUEST team. During its tenure, the QUEST program also cut manufacturing costs in half (Interface 2019).

## **Example 5. Anglian Water**

### **The company**

Anglian Water is a water supply and recycling firm in the UK. It is the largest water company in England and Wales by geography, spanning 20% of the total land area (Anglian Water 2019b). It currently supplies 4.3 million people with drinking water, collects wastewater from 6 million people, and provides leisure services to over 2 million people annually through its water parks and recreational sites. Recently, Anglian was ranked the top-performing water and water recycling company by The Water Services Regulation Authority (Ofwat) for the AMP6 time period (the 2015–2020 asset management plan period for the water industry) (Anglian Water 2019b).

Anglian Water's purpose is 'to bring environmental and social prosperity to the region we serve through our commitment to love every drop' (Anglian Water 2019a). As the purpose explicitly states, the firm is interested in both social and environmental outcomes, suggesting it has a focus on the intrinsic value of environment rather than just seeing environmental wellbeing as just a means to creating social wellbeing. It also has a particular focus on the public in the geographical region it operates in.

Anglian Water notes that it has long been focused on improving the sustainability of environment, initiated by a climate change assessment in 1993, but has now incorporated that previous work into the heart of its business via the purpose. Andrew Brown, Head of Sustainability for Anglian Water, remarks on how the purpose served to bring the previously ancillary focus on social and environmental outcomes into the core of the business:

*What we've done over the last 10-11 years or so has been to embed sustainability into our business planning process. So, we end up with a sustainable business plan, rather than two separate things. ... Our purpose is to deliver environmental and social prosperity to the region we serve through 'love every drop.' So in terms of that we've taken our approach to environmental stewardship and community investment and sustainability right through to saying actually that is a core part of our purpose.*

### **Principle 1: Corporate law**

In 2019, Anglian Water became the first major utility company in the UK to incorporate its purpose into its articles of association (Anglian Water 2020; 2019c). Brown mentions at least three reasons for this. The first is the importance of this step for Anglian Water's authentic pursuit of its purpose:

*There is a difference between writing a purpose statement and slapping that into your annual report and accounts, and actually embedding a purpose in your business. That's one thing we are attempting to do, and have formally done with our articles of association.*

In addition, embedding the purpose in the firm's constituting documents was seen as a method for preventing the firm from being perceived as purpose-washing:

*... actually, it doesn't matter what we felt like we were doing and how we were acting in the public interest. Did other people in the outside world see that? Believe that? And obviously, as a company that is part of a wider industry, when some of that wider industry isn't doing as well as we might be then we can be reflected in some of their issues rather than standing on our own performance. ... Unless we lock it in and demonstrate that we are genuinely willing to create this purpose, people could always think that we are just spinning a good story.*

Finally, including the purpose within the articles of association was seen as an important step for ensuring the purpose remains a primary goal of the organisation for many years to come and is governed in a way that can outlast the current members of the organisation:

*We've got a fantastic management board who believes in this now, and we've got a fantastic set of owners who believe in this now. But that's now. What happens if we're bought out by other investors, and they take a completely different approach? Would that be the right thing for our region and our customers? And I think that was the bit that made our people go, no, actually none of us would want that. So, it's also a signal to other investors who might be interested in us as a company, that this is what we do. This is what we believe in. You can't buy us out and change this purpose. You have to buy into this purpose.*

## **Principle 2: Regulation**

Along with the organisation's change to incorporate purpose into its articles of association, the directors of the firm also explicitly committed themselves to considering '*the impact of the business operations on the communities and the environment*', and '*the consequences of decisions in the long-term*'.<sup>6</sup>

With Board support and the purpose in the articles, Anglian Water began the process of trying to embed purpose-relevant decision-making throughout the firm. Brown talks about how the firm sought to use a collaborative approach to achieve this:

*... one of the things we did once we embedded the purpose into the articles was then go through a refreshing process of looking at our values within the company and how we linked everybody's activities up to that purpose. So that was done through a co-creation, collaborative process with employees; To go through that and really try and understand, if our purpose is up there, how we all as individuals, no matter what your role in the company is, contribute towards that purpose.*

To further ensure achievement of the purpose, Anglian Water uses its purpose-related outcome targets as non-negotiable constraints that strategy is devised against. Brown gives an example of this process by describing the firm's previous commitment to halving its carbon footprint:<sup>7</sup>

*... if we were laying a pipeline, or a water treatment works, the target of that project being to half the carbon of the previous baseline was part of the decision-making stage-gate process. A decision wouldn't just get through. It would get scrutinised. If it didn't meet that 50% target, then it was incredibly hard to unlock the funding to deliver that project. And if it genuinely, after several attempts, couldn't be made to hit that target, then that target wasn't just forgotten. That target was moved into the rest of the capital program and had to be recuperated through other gains in other places so that the entire program came in on target.*

<sup>6</sup>Additional commitments were made by the firm as well, but these two seem to be most directly helpful for pursuing the firm's purpose.

<sup>7</sup>Previous because the firm achieved this goal and now has a new goal.

### **Principle 3: Ownership & Governance**

Anglian Water is financed by investment funds through a private limited company, and its risk structure has attracted bond holders (Anglian Water 2020). According to Brown, the current investors are encouraging of the firm's purpose, and Anglian's act of embedding the firm's purpose into its articles is an attempt to ensure future owners are similarly aligned. Anglian Water's CEO Peter Simpson, echoes Brown's earlier comment on this point and describes similar reasoning:

*For years we've operated diligently in the background, striving to minimise our impact on the environment while positively contributing to communities. Today's change marks a new era that codifies that approach, ensuring all future owners and investors will be obligated to work in the same way, and giving regulators, stakeholders and customers the confidence that this is simply how we work.*

Upper echelon members are also incentivised to pursue the purpose. Director incentives at Anglian Water are partially based on performance in purpose-related, non-financial 'Outcome Delivery Incentives' (ODIs) (Anglian Water 2020). Often, the percentage of bonus based on ODI was around 15% of total bonus awarded. Examples of ODIs that are in-line with the firm's purposeful pursuit of environmental outcomes are leakage of water and pollution incidents. Examples of ODIs that are in-line with the pursuit of social outcomes are bathing waters ratings, affordability, fairness of bills, and drinking water quality.

### **Principle 5: Financing & Investment**

Anglian Water was the first utility company in Europe to launch a sterling green bond, and has six currently operating (Anglian Water 2020). Further, Anglian Water has sought to make its entire capital spending programme meet the requirements of green bond investment. Green bonds and other forms of sustainable finance, whilst still under scrutiny for the scale of their impact, supposedly give companies further jurisdiction to ambitiously pursue purpose-driven objectives, and Anglian Water intends to continue to use this method of investment as it enters AMP7 (the new asset management plan period for the water industry).

Anglian Water also invests in collaborative partnerships and projects to pursue social and environmental prosperity for its larger community. Brown outlines reasoning regarding the firm's collaborative approach to waste treatment methods:

*Traditionally, you would go for tried and tested methods, and it would be designed, built, and operated by you as the company because you've got complete control of that. When you start to think about purpose and delivering a wider social and environmental benefit, sometimes the best way of doing that is to have a more collaborative approach.*

Brown then went on to describe a particular example involving a water treatment facility in Norfolk. First, he described the status quo method:

*... the traditional way would be to pour some concrete, build a structure, and remove that phosphate or nitrate using an energy intensive, chemical intensive process. That's great in terms of delivering the environmental value of the effluent going into that water course. But actually, it costs more money to build, to run. You're using loads of chemicals. You've used loads of concrete. You're using lots of carbon.*

As a result, the company innovated a nature-based solution to the problem:

*A nature based solution to that is saying ok, neighbouring land owner, can we work with you to develop a natural system so this water will leave our works and work through that system, which will have the same impact of drawing the nutrients out of there, but would deliver a site that's rich in biodiversity, a site that doesn't require any energy to run, a site that doesn't require any concrete to pour, a site that delivers community value, fits into the landscape, and still delivers that environmental output that you are regulated to do.*

Developing the above natural treatment system was novel and challenged standard practice. To achieve its goal, Anglian Water worked closely with both the neighbouring landowner and the Norfolk River Trust to design, build, and maintain the facility. Anglian views this project as highly successful, and is considering the development of up to 34 similar systems in the next five years.

In another example, Anglian Water has collaborated with the British Standards Institute and the Cambridge Institute for Sustainable Leadership to develop a credible framework for exposing the core principles of a purpose-driven business (Anglian Water 2020) which will be known as PAS 808. Brown explains some of the reasoning behind the firm's efforts to encode the principles that drive genuine purpose-driven activities, and its decision to collaborate externally on developing this:

*The other thing that we've done is we said that we want to commit to a set of responsible business principles. But, when we put the purpose into the articles of association, we didn't have that. So, we looked across the marketplace to see what is a suitable set of responsible business principles, and we couldn't find any that fit. So, we said we could create some and adhere to those, but that feels a bit like you are marking your own homework. ... So, we've been working with the British Standards Institute for just over a year, discussing with them, can we create a sort of publicly accessible specification for what that would look like.*

### Principle 4: Measurement & Performance

Brown believes that targets which are ambitious enough to drive innovative thinking are important:

*You got to set a hard target to reach to stimulate different ways of making decisions. If you set an achievable target, then you tinker around the edges with things. If you set something that you don't know how to deliver, then you really go back and think about how you got to do it.*

A traditional target Anglian Water has pursued since 2010 is reducing the firm's carbon footprint in its capital delivery program. Brown outlines this target, the domain in which it is pursued, and the subsequent goal that was created after achieving the initial target:

*In 2010, we said we are going to half the carbon footprint of the things that we build in the space of five years. And we achieved that. Between 2010 and 2015, we reduced, on average, in the capital delivery program, the associated carbon generated by about 50%. It then gets harder, so the next five years we only set a 10% reduction on top of that. To try and drive that out. But the things that we built today are 60% less carbon than they were back in 2010.*

In order to understand the broad range of risks and impacts, Anglian Water has developed measures categorised under the integrated reporting's classification of six capitals: financial, manufactured, intellectual, human, social and relationship, and natural (Value Reporting Foundation 2021).

### Example 6. Natura & Co

#### The company

Natura and Co describe themselves as 'a purpose driven group made up of four iconic beauty companies: Avon, Natura, The Body Shop and Aesop' (Natura & Co 2020). Natura & Co was reputedly the first publicly listed B-Corp in the world (Watson 2014) and is the largest in terms of employees. The Body Shop is the largest B Corp that was founded by a woman (B Lab 2021b). Aesop is also a B-Corp, and Natura & Co plan to help Avon become a B Corp by 2026 (Natura & Co 2020).

#### Brand purposes

- Natura: The brand states that (since 1969) the firm's reason for being has been to create and sell products and services that promote the harmonious relationship

of the individual with oneself, with others, and with nature (Natura 2021a). It therefore is focused on tackling what it sees as a fundamental problem that threatens the wellbeing of society. This purpose involves both social improvement and the improvement of the environment, so long as the improvements support either ‘better’ living or ‘better’ ways of doing business.

- Body Shop: ‘We exist to fight for a fairer and more beautiful world’ (Natura & Co 2021a)
- Avon: ‘build a better world for women, which means a better world for all’ (Natura & Co 2021b)
- Aesop: Although run on apparent environmental and social principles, Aesop does not appear to have a clear purpose that drives it, but its overarching brand proposition is ‘to nourish through intelligent interactions’ (Natura & Co 2021b)

Each brand has received numerous awards for social and environmental efforts (Aesop 2019; Body Shop 2020; Avon 2021; Natura 2021b). Natura & Co’s overall purpose is ‘To nurture beauty and relationships for a better way of living and doing business’ (Natura & Co 2021c).

### **Principle 5: Financing & Investment**

Robert Chatwin, Chief Transformation Officer of Natura & Co, describes how Natura and Co was created with the aim of being a family of organisations with complimentary purposes that collaborated to achieve the greater purpose of the group:

*... many people will think that Natura & Co just means Natura and companies, but it doesn't. If you think about the signal of the '&', and the 'Co', it reminds you of 'eco'. We believe in an eco-system. Even more important than that is the power of the '&', and the power of the 'Co'. We believe in collaboration, cooperation, and cocreation. This is very important, because it doubles down on the approach we take ... we worked to make sure that we were talking about our purpose in a way that it wouldn't become a corporate purpose, but instead would allow companies to join this family.*

In an effort to find the right members for the Natura & Co family, Robert was tasked with seeking out companies that would contribute to Natura’s purpose. Therefore, purpose was one of the main criteria in acquisition selection:

*I only had two filters when I was looking for acquisition targets, or potential partners as we call them. One was, ‘Can it fit within the purpose?’ And two was a channel filter, ‘Would I be able to have a quality relationship with the end consumer through this channel?’*

#### **Principle 4: Measurement & Performance**

Natura Cosméticos (Natura), the founding member of Natura & Co, has a history of measuring its impact on the environment and society (B Team 2015). For example, in 2011-2013 the firm focused on palm oil, which was (1) a main component of the firm's products and (2) a central concern for its home country of Brazil, whose rainforests were being converted into land used for the production of Palm oil. Using The Economics of Ecosystems and Biodiversity (TEEB) monetisation approach (Brink *et al.* 2009), the firm compared a standard single-crop model of palm oil production to an agroforestry system they developed. Their analysis revealed that their agroforestry system would improve the environmental value of their efforts, from R\$411 (US\$167) per hectare in the single-crop system to R\$122 (US\$50) per hectare in the agroforestry system over a 25-year period (Natura & Co 2021d).

In 2014, the firm developed an Environmental Profit and Loss report (EP&L) to monetise environmental impact across the entire value chain (B Team 2015). Categories used in the analysis include Greenhouse Gas emissions, air pollution, land use, biodiversity impacts, consumption of water, pollution of water, and waste production.

In 2015, the firm began considering the incorporation of a complimentary Social Profit and Loss monetisation measuring system (SP&L) (B Team 2015), and this measurement was in use by 2018 to measure the social impact of employment on the wellbeing of Natura's beauty consultants (Behar *et al.* 2019). Also, in 2018, Natura began integrating its EP&L and its S&PL into an Integrated Profit and Loss measurement system (IP&L).

In 2020, Natura & Co (of which Natura is member) began working with B Team, the UN Global Compact, the World Business Council for Sustainable Development and the World Economic Forum to address the issues of the multitude of economic and social impact metrics around the world, and the need for a common 'language' in this area (Natura & Co 2020).

In the 2020, Natura & Co revealed Commitment to Life, which includes a series of 27 hard and soft targets surrounding social and environmental wellbeing (Natura & Co 2021d; 2021e). Examples of hard targets include (1) becoming net zero in GHG emissions, (2) sharing at least R\$60 million in value with communities, (3) expanding the firm's influence on forest preservation from 1.8m to 3m ha, and from 33 to 40 communities, (4) 50% women on board/senior team by 2023, (5) working towards 30% inclusion of under-represented groups in management, (6) full traceability and/or certification for critical supply chains, (7) 20% (or more) less packaging material (in weight), and having 100% of all packaging material be reusable, recyclable, or compostable. In addition to its hard targets, the corporation has a number of soft but highly specified targets that give the firm direction as to how to achieve the purpose.

Examples of these include (1) increasing revenue streams with 55 bio-ingredients, (2) fostering collective efforts towards zero deforestation by 2025, and (3) measurable gains for consultants/representatives and sourcing communities' earnings, education, health and digital inclusion. These hard and soft targets align with the firm's focus on measuring its progress to drive purpose-driven efforts.

Natura extends its measurement of impact beyond its operations, from source to post-customer use. It asserts that only when the company cannot avoid creating emissions and negative environmental consequences in its operations, will it offset such activities (United Nations Climate Change 2021).

### **Principle 5: Financing & Investment**

Very recently, Natura & Co raised 1 billion USD in sustainability-linked bond offers (Cision 2021). These bonds are tied to two specific goals. The first is reducing certain greenhouse gas emissions by 13%. The second is having 25% of the plastic in the packaging of products be recycled after consumer use. If these two goals are not reached by 2027, the bond offers will be subject to an increase of 65 basis points. Both of the goals of the recent sustainability-linked bond offers are in line with Natura & Co's purpose.

## **Example 7. Pearson**

### **The company**

Pearson is an education and publishing company, and is the third largest book publisher in the world (Statista 2020). The firm states that it is driven by its corporate purpose, 'To help everyone achieve their potential through learning' (Pearson 2021b).

### **Principle 4: Measurement & Performance**

The firm has pursued its purpose partly through an 'efficacy agenda,' which aims to ensure the company's products are designed and then used in ways that produce genuinely positive learner outcomes (Pearson 2021a).

An important step of the firm's efficacy agenda was to design ways to measure progress against the purpose, making sure company products can bring about positive changes in learning. However, evidencing that products and services improve learning was seen as difficult to do, because developed and standardised metrics for learner outcomes seemed difficult to find. Amar Kumar, who headed the efficacy department

from 2014-2017, described how a lack of measurement for educational products spurred Pearson to measure the impact of its products in relation to its purpose of helping learners learn:

*In healthcare, for example as a pharmaceutical company, you could never sell medicine unless you knew that it worked. As a hospital you could never operate unless your outcomes were above a standard set by the health department in any country in the world. In education there's no such standard. In education anyone can develop any product. Anyone can try to sell their product with any school system, and the buyer, which is often the educator or a school system or a government' has zero way to evaluate its effectiveness. I see that, and I think Pearson now sees that as a root cause for a lot of the problems that we have. With more technology and more innovation going into education, it's only going to get worse. It's only going to get harder and harder for teachers and faculty to decide which technology to bring into their classroom, which to keep out, what is worth their money and the student's time, etcetera. So, the Purpose for us at Pearson is making sure that everything we do delivers the outcome it promises.*

As part of this agenda, internal teams at Pearson are developed to research the efficacy of their products throughout the firm's portfolio and publish their findings in efficacy reports, which are then subjected to third-party evaluation (Pearson 2021c).

A second step in pursuing the firm's purpose is setting impact goals and pursuing impact strategies in relation to learner outcomes. Amar spoke further about how the firm developed measures and targets for learning outcomes through company products and services:

*... we said if we want to impact on scale, what does that mean? how do you define it? We defined that as helping more learners access education and be more successful with education, and make progress as a result. And then impact had scale, and the scale we defined as getting to 200 million learners annually. We want to help 200 million learners actually do well as a result of our stuff. And so you can't count the learner unless your product actually delivers what it says.*

An example of this approach to business came in the form of target measures for employee incentives in language centres. In an effort to improve learner outcomes, the firm changed employee incentives in a way that would encourage the pursuit of the firm's purpose:

*As an example, we run a lot of language centres in China. ... The people who used to be working at those centres were incentivised based on the number of people who came in. So you tried to get as many people into the centre as you could and then you wouldn't care what happened. ... And, of course, no surprise we had something like a 40% or 50% dropout rate. We changed the job descriptions of those people who were responsible for bringing people in and their sales incentives to be about how many people graduated. All of a sudden, it became, 'I have to get the people who are actually going to graduate and not just anyone I can find.'*

An important element of Pearson's approach to formulating strategy to achieve the purpose is that it should help the firm grow, because this will then help it further progress its purpose. For example, while the above change in employee incentives can be seen as a clear improvement in terms of the firm's authentic pursuit of learner outcomes, Amar also believed this change, and others like it, should lead to improved performance for the firm, *'for us the key driver is making sure educators have what they need to deliver, and we see that then leading to growth.'* Of course, Pearson has struggled recently due to COVID-19 Pandemic concerns resulting in the closure of many school testing centres (Haill 2020). This makes a current analysis on the financial impact of the firm pursuing its purpose difficult.

## Example 8. Quilter

### The company

Quilter plc is a UK wealth management company, formally known as Old Mutual Wealth. Under their existing CEO, Paul Feeney (appointed 2012), the company states it has become a purpose-driven organisation, dedicated to the purpose of, *'create(ing) prosperity for the generations of today and tomorrow'* (Quilter 2021a). The company takes prosperity to be understood as a composite of health, wealth, and happiness based on the real needs of existing and potential customers.

For the CEO, becoming purpose-driven has *'given us a north star, it's given us a yard stick and also it's helped engage the hearts as well as the minds of our people.'* The key question he asked to drive purpose-driven business model change, was: *'What if we could create real solutions for real people, take stuff that's really only available to the highly wealthy and make it available to everybody at a price they can afford.'* According to Feeney, this purpose and business model drive the firm's strategy and operations.

### Principle 3: Ownership & Governance

In 2017 Old Mutual Wealth separated from Old Mutual. As part of the separation, the Board of Old Mutual Wealth underwent significant changes to be more aligned with the new purposeful approach. The drivers and concerns of existing and potential customers were focused on in a way that had been out of scope previously, and the firm set about developing an in-house financial advice service from scratch. In effect, the company appeared to shift away from benchmark investment management in favour of solutions-based management. The firm sold off current products that were a source of profit for the firm but misaligned with the purpose, in order to develop the

products that would help the firm pursue its new purpose. Specifically, the company's established life insurance businesses were sold, and funds from the sales were used to develop new product lines that would aid in the creation of personalised wealth management solutions:

*We sold the factory and we thought about what the new business would look like. ... We started thinking about how, if it's creating prosperity, we needed to have a solution-based company. So, we came up with the phrase 'real solutions for real people' and this was how our company started. What if we could create real solutions for real people, take stuff that's really available only to the highly wealthy and make it available to everybody, at a price they can afford. So, we started thinking about it and then we said, "what would our products need to look like? How would they be priced? How would people access advice?"*

The changes Quilter made to its business model in pursuit of its purpose, such as the creation of the Foundation and the selling of the life insurance businesses, were obviously significant changes to the organisation. In order for these changes to take place, it was necessary to bolster the membership of its Board with individuals aligned with the purpose the company had set itself. Under these changes, Quilter has not only developed a purposeful approach, but also achieved consistent improvement in its performance (Quilter 2021b).

#### **Principle 4: Measurement & Performance**

A different way of understanding and measuring success was required for Quilter's purpose-driven approach. The goal was to monitor impact relating to the difference the purpose was designed to create.

*... we've just gone through our 900,000th customer. When this happened, we said there's 900,000 people that we're now helping with secure financial, secure retirements. Okay, then let's monitor that, are we delivering what we're saying? Are we supporting them to achieve prosperity?*

The company measures its impact on an annual basis through its shared prosperity plan. This plan is a public declaration to deliver against 10 commitments designed to ensure the company delivers for its customers, advisers, colleagues, and the communities it engages with. Key performance indicators have been identified for each commitment and these are reported in their annual report (Quilter 2020).

## Example 9. Anglo American

### The company

Anglo American is a large international mining company, employing over 95,000 people across 15 countries (Anglo American 2021a). The firm's currently stated purpose is: 'Re-imagining mining to improve people's lives' (Anglo American 2021b). Within the purpose statement, 'people' includes the communities in which the firm operates and the societies within which its products are used. The phrase 'improve people's lives' includes the goal of social wellbeing, and environmental wellbeing is understood by the firm as foundational to achieving social wellbeing. The focus of the purpose on 're-imagining mining' aligns with the firm's core value of innovation within the mining sector (Anglo American 2021c) and with the improvement of what has been seen as a very socially and environmentally damaging industry.

As stated previously, Anglo American and the broader mining industry have grievous social and environmental records (Philip Mattera 2013; Chepkemoi 2017; National Geographic Society 2020; Stewart 2020). Anglo has purportedly been involved in environmental damage in at least South Africa, Ireland, The United States, and Peru, has yearly issues with labour treatment (including fatalities), and has had multiple grievances brought against it by local communities where its operations exist (Philip Mattera 2013). Given the track record of the company and its relevant industry, a new firm level purpose focused on 'reimagining mining to improve people's lives' could be seen as a significant shift in focus for the firm.

### Principle 5: Financing & Investment

Anglo American has made a number of financing and investment changes in recent years which appear to be aligned with its move to becoming purpose-driven. Many of these changes have been collaborative in nature.

- Collaborative Regional Developments (CRD)  
Anglo has recently sought out the advice and help of multiple entities (local and international), in order to better understand what might improve the lives of the communities in which it operates. The rationale behind the need to collaborate is outlined in the firm's 2021 annual report:

*For our mines to be safe, responsible and productive, they should operate in areas that are thriving. In many places, addressing the challenges to achieve this is too large and complex to be solved by one institution alone, and instead is better tackled through collaboration and partnership.*

In line with this reasoning, Anglo American has developed an approach called Collaborative Regional Development (CRD). CRD involves Anglo American seeking to act as a ‘catalyst for change’ in regions where it has operations, collaborating with the community and other organisations to build social and economic value for the community beyond the firm’s normal influence. So far, the CRD approach has been implemented in South Africa, Botswana, Brazil, Colombia, Peru and the UK.

- **Deforestation and Reforestation**

A major issue related to Anglo American’s purpose is deforestation as a result of its operations. The firm states that it has taken both independent and collaborative measures to address the issue.

An interesting and controversial example relevant to this topic is the firm’s environmental efforts in its mining operation in the Minas Rio area. Anglo has acquired over 15,000 acres of offset sites (protected environmental areas to offset the damage done to other areas). 12,000 of this the firm manages directly. The rest is intended to be donated to the Minas Gerais State government. Since first acquiring the land, Anglo has invested 3.5 million dollars in the conservation of the 12,000 hectares that they manage, and another 6.4 million into the restoration of a separate 1,300 hectares in the area. A further 2.4 million was invested for monitoring the fauna in the areas, and 2.8 million was donated to reforestation of native trees in previously damaged areas (Anglo American 2021a).

The Minas Rio area is one of a number of collaborations and investments that Anglo American is making with the stated goal of improving the biodiversity of the regions it operates in (Anglo American 2021a). The firm has partnered with NGOs to restore other wetlands. Additionally, the firm has developed partnerships with universities to develop new insights into conservation and restoration.

- **Other Recent Examples of Collaboration Activities:**

In 2020, Anglo American announced its collaboration with Accenture, Ecolab, Schneider Electric, the World Economic Forum, and Uplink, to support The Circulars Accelerator (Anglo American 2021a; Circulars 2021). This accelerator is directly in line with Anglo American’s innovation-centric purpose, as the project is designed to spur innovation toward the circular economy.

In 2020, Anglo American signed the Sea Cargo Charter, along with some of the world’s largest energy, agriculture, mining and community companies (Anglo American 2021a; Sea Cargo Charter 2021). The charter established a standardised framework for reporting on and measuring emissions.

**Principle 3: Ownership & Governance**

One of the firm's major vehicles through which it lives its purpose is the FutureSmart Mining™ Programme, which uses a focus on innovation and technology to help the firm achieve ambitious social and environmental objectives (Anglo American 2021a). The FutureSmart Mining™ Programme, within which sits the firm's sustainability plan, feeds into three main components of the firm's employee incentive structure: Safety, Health and Environmental (SHE). These three components of employee incentives exist in different forms and amounts from the executive director level and below. Where applied, SHE goals make up approximately 20% of the incentive structure. The firm's annual report exposes the incentive structure, giving exact percentage weights for each objective for each director (Anglo American 2021a). Most director incentives structures conform to the 20% SHE objectives benchmark.

**Principle 4: Measurement & Performance**

Anglo American places its firm measurements into 7 value categories: safety and health, environment, socio-political, people, production, cost, and financial (Anglo American 2021a). 17 subcategories of KPIs underpin these seven value categories, and all of the social/environmental subcategories are connected to target objectives relating to various aspects of the firm's purpose or strategy to achieve it. Some of these measures and objectives are proactive in that they seek to make positive contributions (e.g., net positive impact on biodiversity), while others are focused on minimising negative effects (e.g., zero worker fatalities). At least one target (2020 Greenhouse Gas emissions targets) has been achieved a year ahead of schedule and the firm has set a new goal to both achieve carbon neutrality across all of its operations by 2040, and to have eight of the firm's operations carbon neutral by 2030 (Anglo American 2021a).

**Example 10. BT****The company**

BT Group plc (hereafter referred to as BT) is an international telecommunications group, operating in 180 countries (BT 2021b). The firm has numerous business lines ranging from sports broadcasting to digital security to communication networks, but the company is known as the UK's largest provider of fixed-line voice and broadband and the UK's largest mobile network operator.

BT started its recent journey to become purpose-driven under Gavin Patterson who was CEO between 2013-2019. It was during this time that the role of ‘Head of Purpose’ was created to advance this journey. BT’s current purpose is ‘we connect for good’ (BT 2021b). This purpose is a change from its previous articulation of its purpose in its 2020 annual report, ‘To use the power of communication to make a better world’ (BT 2020). The newest articulation of the firm’s purpose seems to be part of company efforts to broaden the scope of the firm and the BT brand (Dawood 2019), with broader terms such as ‘connecting’ and ‘good’ replacing the more narrow descriptors ‘communication’ and ‘better world.’ Despite the change, the firm’s specialty in communication remains at the heart of many of its activities, and the concept of ‘good’ continues to be about bettering the world for others, as expressed by now CEO Philip Jansen in the 2020 annual report of the organisation:

*We are here to connect for good – for the good of our customers, the good of our colleagues, and the good of our country.*

The interpretation of their purpose as using connections to solve problems of people and planet is described in the firm’s 2021 annual report (BT 2021a):

*Our purpose is as simple as it is ambitious: we connect for good. There are no limits to what people can do when they connect. And as technology changes our world, connections are becoming even more important to everyday life. We champion these connections and empower people and organisations to get more from this emerging world, removing limits and unlocking potential. We harness the power of technology to help solve some of the world’s biggest challenges such as cyber security, the global pandemic and climate change.*

### **Principle 3: Ownership & Governance**

The first responsibility stated in BT’s Board responsibilities in the 2021 annual report is to establish the group’s newly articulated purpose (BT 2021a). Additionally, the board has established six committees that help it pursue the firm’s strategic objectives, and one such committee, the Digital Impact & Sustainability Committee, is directly charged with ensuring the purpose is progressed. Moreover, in 2020 the firm established a Colleague Board, which consists of 10 members representing the firm’s business units. Members of the Colleague Board are decided by evaluation of individual employee applications, by the Colleague Board Nominations Committee (BT 2021c). Each member holds his or her position for a tenure of two years. The Colleague board is currently chaired by Isabel Hudson, a non-executive director for workforce engagement (BT 2021a). The Colleague Board’s role is to provide feedback on BT’s Board of Directors activity as it goes out to the rest of the company, and also to

provide input regarding possible future directions for the firm. In 2021, the Colleague Board gave advice to the chief executive specifically in regard to the company's newly articulated purpose, and was involved in subsequent communications to the company's employees.

The same committee set up to integrate the firm's current purpose was also responsible for integrating its previous purpose (BT 2020). Part of the integration process involved the establishment of a specific team to implement the purpose throughout the organisation's activities. Richard Spencer, former director at BT and member of the firm's Purpose of Business Team, discussed how a group was created in the organisation to help the firm embed the purpose in its culture and pursue its purpose in its operations. First it started with a general move to consolidate CSR and Sustainability efforts to have a more unified impact on society:

*It was historically two teams, our corporate responsibility team and our environmental sustainability team. ... when we combined them, we decided to call the sort of activity we were doing a program. We called it the better future program. For a while that served us quite well to have a more structured conversation with the whole company and externally as well with ways in which we could make a difference in society.*

Then, the company developed its purpose statement and relaunched the team as a change agent in the organisation for pursuing the purpose:

*We're not going to have a program anymore as such, but we have the purpose for business team and we see ourselves now much more as transformation agents working across the company...*

The Purpose for Business Team was tasked with integrating the purpose throughout the organisation, and helping everyone in the company connect their work to the purpose of the organisation:

*What we really want to try and do is get people to connect with their day jobs and see that there's a why and an outcome beyond revenue and profit. It actually says there's an outcome in society that actually matters to me that our products and services are delivering.*

Finally, non-financial incentives were introduced into the board's annual bonus scheme in 2020-2021 in a way that is broadly aligned with the purpose (BT 2021a). Specifically, 5% of the annual bonus is determined by the firm's digital impact (positive social impact related to digital), and another 5% is determined by the firm's sustainability performance.

#### **Principle 4: Measurement & Performance**

In 2016/17 BT devised a strategy that was directly in line with its purpose at the time (BT 2017a). The strategic goals fell under three categories: connecting society, supporting our communities, and pursuing environmental benefits. Underneath each were specific metrics (e.g., give 9 out of 10 people access to high-speed broadband). At least one of these goals, reducing carbon emissions in the company by 80%, was achieved ahead of schedule and the firm established a new objective of 87% reduction by 2030 (BT 2017b).

In 2021, BT's new evolution of its purpose is also accompanied by social and environmental objectives, including (1) helping 10 million people improve their digital skills, and (2) an already existing goal of achieving net zero emissions by 2045. BT achieved its goal of helping 10 million people improve their digital skills during 2021, five years ahead of schedule. After achieving this target, the company created a new target, 25 million people by 2026 (Jones 2021).

### **Concluding analysis**

While the primary goal of this article is to provide descriptive illustrations, a number of important analytical points arose during the developing, writing, and reviewing of the included cases. We include the most relevant points in this section.

#### **Current progress towards the principles as common practice**

Taken as a whole, the illustrations provided in this article cover practices that are associated with all eight *Principles of Purposeful Business* (see Tables 1 and 2). At least one illustration was readily found for each practice area, and for many practices multiple illustrations were found. However, no illustration readily covered all principles, although that is not to say that more investigation would not have uncovered more examples within the organisations. This can therefore be seen as an indication that, while genuine attempts to transition to being purpose-driven are occurring, the journey to purposeful business is still in a nascent period. This article marks just one initial contribution to documenting some of the journey for some organisations.

#### **Ownership and governance**

A well-known question regarding purpose is how companies react when a purposeful approach leads to less than ideal financial returns (Cruz 2021; Deans 2018). The

broader question is how purposeful companies address pushback and resistance from those who have a financial or ownership stake in the organisation. Of the eight principles from the British Academy, this question and its associated context falls most easily under ownership and governance, and only two illustrations (Quilter and Flood Re) expose a situation where resistance was met. Outside of these examples, the illustrative evidence for governance and ownership seems to focus on managerial incentives. This focus, and the lack of discussion about difficult situations and moments of trade-off between purpose and other company priorities, may suggest the participants focused on the confirmatory (i.e., they focus on the times when purpose works). It was beyond the scope of this article to investigate what happens when purposeful businesses face the aforementioned sources of resistance and are forced to change tack. However, this would be a fruitful subject of future research, including identification of the barriers to purposeful business, as well as successful methods to avoiding or overcoming such barriers.

### **The need to better understand and verify success towards purposeful outcomes**

Purposeful businesses focus on solving problems for people and planet and not profiting from harming either (British Academy 2018), and a full evaluation of purposeful practices would include verification of whether or not true problems have been truly solved. This topic (determining how to truly impact wellbeing outcomes and verifying whether company efforts are truly improving wellbeing outcomes) seems to be one of the more challenging aspects of the purposeful business approach but one which is garnering greater attention.

Consider, for example, the Anglo American activity of creating ‘offset sites’ for reducing environmental impact. Offset sites are controversial because the positive protection of an area is ‘offsetting’ simultaneous negative impacts on another area (Virah-Sawmy 2014). Anglo’s direct mining work in Minas Rio (not an offset site) has been the subject of negative criticism by the London Mining Network, with numerous allegations of environmental and social violations (London Mining Network 2017). Thus, while offset investment is indeed in line with the company’s purpose, the effectiveness of the company’s pursuit of its purpose is contestable.

Interface, on the other hand, used the SHINE Handprint Methodology (Norris 2015) to attempt to develop a robust understanding of the ultimate environmental impact of firm efforts. This methodology identified not only direct impact, but also downstream impact of firm activity on the environment. Even here, the company focused on particular business activities rather than company activity as a whole.

Another complication to validating the pursuit of purposeful outcomes is that the measurement of achieving wellbeing can be complex and cannibalise core business

models. For example, consider Biffa's measurement approach to its purpose. One of Biffa's goals is to reduce the amount of waste its customer's create, while another of Biffa's goals is to achieve growth in its KPI of processing waste (Biffa 2020a). This makes sense from a business model continuity sense if there is currently room for an increase in the percentage capture of customer waste or if plans to adjust to a more sustainable business model are underway.

The complexities mentioned above are not isolated, but rather provide examples of a core challenge that many, especially incumbent, purpose-driven businesses face and which this article helps illuminate. In short, is it difficult to systemically address society's social and environmental problems through business when business models, systems, and structures are often co-dependant with the many of society's social and environmental problems. The illustrative examples presented in this article give a partial window on these complexities as well as a sense of the momentum for change.

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