To inform the Scottish Government’s review of the Scottish Business Pledge, in June 2018, the UWS-Oxfam Partnership hosted a Policy Forum. This briefing makes recommendations based on the discussions at that event, along with research by Oxfam and others, including introducing a more robust accreditation process with clear incentives for businesses to become signatories.

Overall, Oxfam’s vision for the Scottish Business Pledge is that it provides a roadmap for how businesses in Scotland can do more to spread prosperity, opportunities and rewards more fairly – in Scotland and globally – through innovation that does not harm people and planet, while investing in their workforces and local communities.

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Oxfam is an international confederation of 20 organizations networked together in more than 90 countries, as part of a global movement for change, to build a future free from the injustice of poverty. Please write to any of the agencies for further information, or visit www.oxfam.org
The Scottish Business Pledge was created in 2015, the same year First Minister Nicola Sturgeon committed to delivering the Sustainable Development Goals (SDGs). In launching the Pledge, the Scottish Government’s stated aim was to create a partnership with businesses in Scotland who shared the ambition of “boosting productivity, creating sustainable employment and workforce development”.

Three years on, the Scottish Government is reviewing the Pledge. Oxfam believes this is a key opportunity to increase the initiative’s impact in both driving the ‘Fair Work’ agenda in Scotland and enhancing the role of business in supporting sustainable development at home and abroad. Using this opportunity to strengthen the Pledge would help bring to life the Scottish Government’s welcome desire to show global leadership in developing well-being economies which protect both people and planet. It is also a chance to address gaps, such as in the area of environmental sustainability, while strengthening other strands, like gender inequality.

To inform the Government’s review, in June 2018, the UWS-Oxfam Partnership hosted a Policy Forum, to bring together experts to discuss how the Pledge could be more closely aligned with other Scottish Government commitments – including inclusive growth, reducing inequality and tackling climate change – whilst boosting engagement from the business community to increase its impact. This briefing makes recommendations predicated on the discussions at that event, and existing research by Oxfam and others.

These recommendations include introducing a more robust accreditation process with clear incentives for businesses to become signatories. We suggest a new tiered system with businesses able to access different benefits as they make progress. We believe this would generate a culture of continuous improvement, rather than a one-off commitment.

Overall, Oxfam’s vision for the Scottish Business Pledge is that it provides a road map for how businesses in Scotland can do more to spread prosperity, opportunities and rewards more fairly – in Scotland and globally – through innovation that does not harm people and planet, while investing in their workforces and local communities.

Summary of recommendations

Joining the dots

Oxfam recommends the Government considers ways in which the Pledge can better support its wider commitments and strategies.

1. **National Outcomes and Global Goals**: Businesses have an important role to play in delivering the SDGs and, in turn, the Scottish Government’s recently revised National Performance Framework. We believe the Pledge could assist businesses to make progress and
should be better aligned with the National Outcomes, and serve as a
reporting mechanism on them.

2. **Inclusive Growth**: The Pledge should also be aligned with the
Scottish Government’s Economic Strategy by making a clear
commitment to inclusive growth. Specifically, this means recognising
the partnership between business and government in local decent job
creation; creating a fairer distribution of and greater transparency
around pay; and responsible practices in relation to tax and supply
chains, which offer mechanisms for distributing wealth more fairly.

**Driving change**

Oxfam research into lessons from voluntary employment charters across
the UK has found they require: close partnership working; dedicated
resource to track outcomes and monitor compliance; and both long-term
commitment and clear targets. Based on this, we make a number of
recommendations which we believe would increase the impact of, and
engagement with, the Scottish Business Pledge.

3. **Strengthening requirements**: The impact of the commitments made
by businesses who sign the Pledge should be increased by
strengthening the requirements of businesses seeking to become a
signatory, thereby increasing the brand’s inherent value. Oxfam
recommends a basket of progressively more stretching actions is
identified within each commitment at each tier of the Pledge, with
signatories required to demonstrate which of these actions they have
taken.

4. **A tiered approach**: A tiered approach – for example, bronze, silver,
gold – should be introduced, encompassing a membership offer of
benefits alongside the actions businesses must take to access them.
This would better support businesses to start their journey and then
continue to make progress.

5. **Incentives**: There should be stronger incentives for businesses to
engage, including more ‘soft’ incentives such as: direct support from
public bodies who receive public funds to support businesses; access
to resources, toolkits and peer-to-peer support mechanisms; and
increased showcasing of signatories. A suite of ‘hard incentives’
should also be considered, such as linking the Pledge to business
rates relief and small grants provided by the new Scottish National
Investment Bank.

6. **Self-assessment**: An annual self-assessment should be introduced,
with businesses encouraged to report progress across all elements of
the Pledge. Data should be published in an easily accessible way to
inform consumer’s spending-decisions.

7. **Dedicated resource**: The Scottish Government must dedicate
sufficient resources to re-design and re-launch the Pledge, as well as
to ensure effective ongoing administration and governance.

8. **Partnership working**: The Scottish Government should work in
partnership across all sectors to increase awareness of the brand. It
should also review and enhance governance of the Pledge.
**A deeper commitment**

We believe the commitments within the Pledge must be expanded, strengthened and made clearer if the Pledge is to help Scotland deliver the National Outcomes and, in turn, the SDGs. A full review is needed with input from relevant experts. Pending this, we recommend:

9. **Grouping commitments**: We recommend the commitments are grouped into three broad areas: fair work; inclusive growth and innovation; and responsible business at home and abroad.

10. **Fair work**: The existing commitments relating to fair work should be maintained and, where possible, strengthened. They should be mapped against the Fair Work Framework⁴, with employers strongly encouraged to address all aspects, rather than cherry-pick.

11. **Living Wage**: The commitment to paying the Living Wage should remain a core, non-negotiable, element. To achieve the ‘gold standard’, an employer must also become an accredited living-wage employer through Living Wage Scotland.

12. **Fair distribution**: Signatories should commit to the fair distribution of pay; and providing transparent and disaggregated information on the distribution of pay and rewards across their entire workforce.

13. **Invest in communities**: Playing a role in local communities should remain a key aspect of the Pledge through providing local job opportunities, sourcing goods and services locally and collaborating with community and not-for-profit organisations.

14. **Tax transparency**: Signatories should commit to producing public financial reports for every country where they operate so it is clear if they are paying their fair share of tax; and companies should aim to achieve high standards, for example those set by the Fair Tax Mark, which assesses companies on transparency, as well as tax practice.

15. **Mainstream sustainability**: Signatories should commit to mainstreaming sustainability within their business model, including:
   - **Taking steps towards low carbon**: For example, by switching to a renewable-energy supplier, investing in renewables, sourcing low-carbon raw materials, and undertaking carbon accounting.
   - **Resource efficiency**: Measuring what resources they use, identifying where savings could be made, and then taking action on everything from energy efficiency to packaging and transport.
   - **Leadership**: Demonstrating their senior management have a strong understanding of climate change, and showing leadership in the development of clear action plans to reduce emissions.

16. **Supply chain practices**: Signatories should monitor ethical risk in their supply chains and act where necessary, as per the UN Guiding Principles on Business and Human Rights. Businesses should also:
   - **Share good practice**, where human-rights issues have been addressed in their global supply chains;
   - **Work with the Scottish Fair Trade Forum** to integrate Fair Trade principles and corporate accountability into all aspects of their business.
1 INTRODUCTION

The Scottish Business Pledge (‘the Pledge’) was created in 2015, the same year the First Minister committed to the Sustainable Development Goals (SDGs), aiming to create a partnership between Government and businesses who shared the ambition of “boosting productivity, creating sustainable employment, and workforce development”. This summer saw the 500th signatory; a welcome signal of the business community’s commitment to creating change. However, uptake is still relatively low; as of July 2018, signatories to the Pledge represented only 0.3% of Scotland’s registered business base, and certain sectors are much better represented than others.

The Scottish Government is conducting a short review to improve the impact of the Pledge. This is informal in nature, rather than a full public consultation, and the timescales have not been published. However, Oxfam views it as an opportunity not only to make it a more robust symbol of Scotland’s drive to operationalise a ‘Fair Work’ agenda but also a chance to look more broadly at the content and purpose of the Pledge. Given that the Pledge is still in its infancy, now is the time to enhance the structure and contents to ensure it can mature into its full potential as a significant driver of change.

In partnership with the University of the West of Scotland, Oxfam hosted a Policy Forum in June 2018 to bring together experts to discuss how the Pledge could be more closely aligned with other Scottish Government commitments – not only the Sustainable Development Goals but also the Government’s strongly stated commitment to reducing economic inequality and combating climate change. This event focused on how to harness and support businesses in Scotland to help deliver these commitments. This briefing makes recommendations based on the discussions and existing research by Oxfam and others.

Oxfam believes that the purpose of the Pledge needs to be clarified. Our vision is that the Pledge provides a road map for how businesses in Scotland can do more to spread prosperity, opportunities and rewards more fairly – in Scotland and globally – through innovation that does not harm people and planet, while simultaneously investing in their workforces and local communities.

To achieve this aim, we believe the Pledge needs to shift from being a purely voluntary scheme to having a more robust accreditation process, with clear incentives for businesses to become signatories. We also suggest that a tiered process of accreditation is introduced, encompassing a different offer of benefits to members at different tiers, as well as a tiered set of commitments that businesses pledge to make.

It is important that fair work remains a key focus of the Pledge, and that the commitment to paying the Living Wage is retained. However, the Pledge should not be the only way in which the Scottish Government’s Fair Work agenda is pursued, and meaningful action must also be
included in the Government’s Fair Work Action Plan, due before the end of this year.\textsuperscript{9} Equally, we believe the commitments that make up the Pledge must be expanded upon to help Scotland deliver the National Outcomes and, in turn, the Sustainable Development Goals.

Currently, the Pledge is lacking in its commitments to tackle gender inequality, as it fails to set out clear actions that businesses should undertake to achieve better equality and diversity in their workplace. This is at odds with the work of the First Minister’s Advisory Council on Women and Girls which aims to “champion policies that make a meaningful difference and encourage Scotland to become a beacon for gender equality.”\textsuperscript{10}

Similarly, the existing Pledge is silent on environmental sustainability, without any reference to the role of business in tackling climate change. This feels like a glaring omission given the urgent need to reduce our emissions to minimise the impact of climate change, including on the world’s poorest people – who did least to cause it.\textsuperscript{11} It is also inconsistent with the new Bill\textsuperscript{12} currently progressing through the Scottish Parliament which will set new emission reduction targets in Scotland.

To deliver a more just Scotland in a more equal world, the Pledge must better reflect the wider ambitions of the Global Goals, with enhanced incentives for businesses to make faster progress. Harm caused by practices in one area of a company cannot be offset by a social project, however positive, elsewhere. Businesses can – knowingly or not – deplete natural resources, sustain practices that keep women marginalised, or promote weaker regulation that would otherwise protect the most vulnerable people. Mapping and understanding these dynamics is a key starting point.

We believe a revamped Scottish Business Pledge offers an opportunity to bring this vision to life, encouraging businesses to play a leading role in tackling poverty and inequality in this country and the wider world.

The recommendations made in this report are offered as a contribution to the debate, and we recognise that fully addressing many of these issues is likely to require action at UK level, for example, through improved employment legislation. However, while devolved powers create some limitations, we believe meaningful action can also be taken in Scotland.

The Scottish Business Pledge has the potential to impact on a broad range of stakeholders, including employees and local communities, as well as the business community, which is why we think it is important that the voices of wider civil society are heard in this review, alongside the critical contribution of businesses in Scotland.

Our strong desire is to maximise the potential of the Pledge so it can drive progress towards an economy that protects people and planet.
2 THE PURPOSE

When it was first announced in the 2014-15 Programme for Government, the Scottish Government committed to introducing:

“A new Scottish Business Pledge setting out what is expected of businesses in return for receiving support from the Scottish Government and its agencies.”

The current Pledge website describes the Pledge as a “mutual pledge” which is: “a values-led partnership between Government and business. It is a shared ambition of boosting productivity, competitiveness, sustainable employment, and workforce engagement and development.”

In line with the original intention, Oxfam believes the Pledge should set a stretching vision for what responsible business practice looks like in Scotland. This should be aligned with the Scottish Government’s existing commitments to inclusive growth and reducing economic inequality while clarifying the role of business in realising the national outcomes in the revised National Performance Framework.

Critically, the Pledge must therefore outline the role of businesses in protecting the environment and human rights, and in supporting sustainable international development, as well as the ongoing and important contribution they make to delivering fairer work in Scotland.

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<th>What is the Scottish Business Pledge?</th>
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According to the Scottish Government, a business making the Pledge must demonstrate its commitment to the shared values of boosting productivity, creating sustainable employment and workforce development, and to deliver them through their actions and future plans.

The Pledge has nine elements:

1. paying the living wage;
2. not using exploitative zero hours contracts;
3. supporting progressive workforce engagement;
4. investing in youth;
5. making progress on diversity and gender balance;
6. committing to an innovation programme;
7. pursuing international business opportunities;
8. playing an active role in the community;
9. committing to prompt payment.

Making the Pledge means that businesses:

1. meet the core commitment of paying the Living Wage;
2. fulfil at least two other Pledge elements now;
3. are committed to delivering all nine elements over the longer term.
Policy coherence

Oxfam recommends the Government considers how the Pledge can be more closely aligned with, and support the delivery of, its other commitments and strategies, with research suggesting this is likely to lead to higher levels of compliance.\(^{18}\) Earlier this year, the revised National Performance Framework (NPF) was published,\(^{19}\) with outcomes including:

- We have a globally competitive, entrepreneurial, inclusive and sustainable economy;
- We have thriving and innovative businesses, with quality jobs and fair work for everyone.

These National Outcomes are clearly relevant to the stated purpose of the Pledge. The NPF, however, also includes outcomes which we would argue businesses have an equally important role in delivering – including: reducing poverty and sharing wealth and power more equally; human rights; environmental sustainability; and resilient communities.

Encouragingly, the revised NPF better aligns\(^{20}\) with the Sustainable Development Goals\(^{21}\) – an ambitious set of goals and targets designed to end poverty, protect the planet and ensure prosperity for all by 2030. The SDGs are a comprehensive and ambitious framework which is universal in nature and applies to all countries. The Goals will only be achieved with strong action at national level, including in Scotland, but this action must also be global in outlook. We must enhance Scotland’s contribution to realising the SDGs internationally through, for example, businesses considering their commitment to decent work and minimising climate-changing emissions in each part of their global supply chains.

For this reason, we believe the Pledge should be better aligned with the full suite of National Outcomes, to create greater coherence across Government strategies and commitments. The Pledge can thereby do more to support the delivery of Government commitments across a number of areas - including: fair work, skills and employability,\(^{22}\) equality and diversity, including gender equality,\(^{23}\) climate change,\(^{24}\) and international development.\(^{25}\) We recognise that the Pledge cannot be a panacea but, where there is already alignment, this should be brought to the fore with an overarching narrative providing a clearer articulation of what responsible business practice means in Scotland.

Inclusive growth

Scotland’s Economic Strategy,\(^{26}\) published in 2015, makes a welcome commitment to inclusive growth. The strategy is based on the two pillars of increasing competitiveness and tackling inequality, with inclusive growth also included as one of four broad priority areas. Whilst this commitment is welcome, inclusive growth cannot be confined to one corner of an economic strategy, it must be central to every aspect.\(^{27}\)

Inclusive growth is often described as the philosophy that creating growth and tackling inequality are not mutually exclusive, and that governments should create opportunity through a fair and inclusive job market. The integration of social and economic policy to enable as many people as possible to contribute to, and benefit from, growth is one important aspect.\(^{28}\) However, too often the wider economic model is left unquestioned. Economic inclusion is also about how wealth is created and distributed, such as through profits and pay, or through redistribution via tax, welfare and other public spending.
One way for rewards from the labour market to be distributed more fairly is through social mobility and progression. Pathways between low and high skilled and paid jobs are crucial. We must pay as much attention to ‘demand-side’ job creation as is paid to ‘supply-side’ employability and skills, not just because of moral justifications and the benefits to the economically excluded, but also because it creates a stronger economy.

Oxfam recommends that the Scottish Business Pledge is better aligned with the Government’s Economic Strategy by making a commitment to inclusive growth. Specifically, this means recognising the partnership between business and government in local job creation; fairer distribution of and greater transparency around pay; and responsible practices in relation to tax and supply chains, which help distribute wealth more fairly.

However, Oxfam would also like to see the Scottish Government making a greater commitment to, and investment in, low-paid sectors, including health and social care, food, hospitality and transport – which constitute much of the low productivity in the UK. A ‘grow now, redistribute later’ approach to economic policy which privileges investment in the traditional growth sectors fails to adequately support those out of work or in low-paid jobs, and the social infrastructure (such as care; predominantly undertaken by women) that supports all other economic activity.

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**Inclusive Growth Responsible Business Framework**

The Inclusive Growth Analysis Unit at the University of Manchester has developed an Inclusive Growth Framework for Business with four pillars:

- Economic Inclusion in Prosperity Created by Growth
- Inclusion of Stakeholders in Decision-Making and Governance
- Inclusion Through Diversity and Equality
- Environmental Sustainability

Encouragingly, many of the actions recommended within this framework are reflected in the Scottish Business Pledge, such as payment of a living wage, not using exploitative zero hour contracts and engaging with communities. A number, however, are missing, which merit consideration:

**Financial transparency:** Reporting procedures on financial performance provide a transparent indication of how value created is distributed by the company. Companies have a policy commitment to a fair approach to tax and are transparent regarding their tax liabilities. Tax avoidance and evasion are avoided. Value created is re-invested ethically.

**Fair distribution:** The distribution of pay is fair. Where in existence, efforts are made to include the entire workforce in shareholder or bonus schemes. Executive bonuses are capped at an agreed percentage of salary.

**Employee advancement opportunities:** Progression opportunities (e.g. training and promotion opportunities) exist from lower-level positions into higher ones. Single-track internal labour markets are operational, providing access to career opportunities for the entire workforce.

**Participatory management philosophy:** Managers are trained to actively listen to and engage employees. Employees are meaningfully consulted concerning operational and strategic decisions and change management issues, whether directly through employee involvement and participation policies or indirectly via trade union representation.
Business and the SDGs

A key message from the UWS-Oxfam Policy Forum was that efforts to improve employer practice in Scotland cannot inadvertently push poor practice further down the supply chain, to outside Scotland’s borders. This concern speaks strongly of the need for businesses in Scotland to support sustainable development internationally.

In 2015, the global community adopted the Sustainable Development Goals as the primary framework to move the world towards a more prosperous, equitable, and sustainable future. Throughout the SDGs’ development and adoption process, it was clear that business would have to play a key role in delivering the 17 goals by 2030. What was less clear was how this input would be delivered and measured.

Having become one of the first countries to publicly commit to the Goals in 2015, Scotland has much to be proud of in the progress made. The Scottish Government published an Economic Strategy that puts inclusive growth at its heart, and is now seeking to encourage others towards well-being economies. The revised National Performance Framework seeks to further embed delivery of the SDGs in Scotland.

Similarly, businesses have been proactive in engaging with the SDG agenda, through the SDG Network Scotland, Business in the Community, and events such as Making Global Goals Local Business, hosted by Glasgow Caledonian University. But to achieve meaningful change we need bold policy commitments that underpin these ambitions and decisive action from the business community.

As the UK Government prepares to report to the High Level Political Forum on Sustainable Development (HLPF) in 2019, it is clear that more needs to be done. A recent report by UK Stakeholders for Sustainable Development (UKSSD) showed that out of 143 targets considered relevant to the domestic delivery of the Goals, the UK is performing well on only a quarter of them. There are gaps in policy or inadequate performance for 57% of them, and 15% where there is little to no policy in place to address the target, or where performance is poor.

When it comes to business more specifically, Oxfam has reviewed public information on 78 of the world’s largest companies across a set of high-SDG impact sectors. We found that whilst awareness of the SDGs is increasing, business commitments have not yet translated into discernible new actions and ambitions. A fundamental realignment between business strategies and sustainable development is needed in which respect for human rights form the foundation of company engagement and ambition to tackle root causes sits alongside robust reporting.

Many business leaders are genuinely interested in ensuring the benefits of wealth creation are shared more fairly. However, even the most committed CEOs and companies face barriers and disincentives due to the prevalence of models of business and finance that put a disproportionate emphasis on maximising shareholder value relative to...
social and environmental concerns. We need to explore new forms of
corporate governance, such as stakeholder representation at board level,
and engage with long-term investors on social and environmental issues
to build support for investments in people and business rather than short-
term cash returns. Another important lever is the use of procurement to
favour suppliers who are structured to benefit wider stakeholders and
parts of the community who may otherwise not benefit. For example,
Oxfam’s report *Fair Value* demonstrates how innovative approaches to
procurement can produce more equitable outcomes and in the long-term,
create a fairer and more sustainable food system.³⁹

Globally, there is greater and greater traction being gained by the
‘business case narrative’ in relation to the SDGs – that there are
reputational and material opportunities presented by engagement with
the Global Goals. This is perhaps best exemplified by the Business and
Sustainable Development Commission’s landmark report ‘Better
Business, Better World’.⁴⁰ Oxfam believes that the SDGs are an
opportunity for business to do better and that private sector action should
be based on responsible business conduct,⁴¹ a narrative more akin to the
discourse around the UN Guiding Principles on Business and Human
Rights.⁴² However, those who are persuaded by neither argument should
perhaps consider the risks of *inaction*, with business dependent on a
stable operating context, prosperous societies, and a healthy
environment.

In addition, there is a lack of consistency in reporting on progress in
delivering the SDGs. The Scottish Government’s National Performance
Framework provides the framework, but other tools are being developed
which may provide reporting mechanisms for business that are used
universally. For example, UN Global Compact and Global Reporting
Initiative (GRI) have come together to create a consolidating global
framework that will leverage the GRI standards and the Ten principles of
the UN Global compact to help business incorporate SDG reporting into
their existing processes.⁴³

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<th>Helping SMEs contribute to the delivery of the SDGs</th>
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<td>Three years after the SDGs were agreed, techniques to support business contribute to them continue to emerge. Beyond Green, a certified B Corp in Edinburgh, is developing and testing one approach via a tool which SMEs can use to track and show their performance against the Goals. Interfacing with cloud-accounting systems, <em>theArena17</em> is intended to provide real time reporting against the SDG indicators that are transparent, comprehensive and standardised, so that businesses can demonstrate progress and identify any data gaps against a clear industry benchmark.⁴⁴</td>
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<td>The company hope the tool will prevent businesses cherry picking Goals while not disclosing negative impacts; strengthen supply chain accountability; and give confidence to investors and stakeholders about a company’s resilience to global challenges.</td>
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It is critical that businesses in Scotland aim high in their contribution to the SDGs. Doing so, will require them to transparently embrace tough questions about their practice and to commit to changes over time which will have the greatest impact for people living in poverty. For many businesses, this will require fundamental changes to core business.

Finally, achieving the Global Goals is not just about abstaining from irresponsible business practice; it is also about harnessing opportunities for innovation. A recent report by Shift, a not-for-profit whose focus is the UN Guiding Principles on Business and Human Rights, provides a host of case studies of positive business action on the SDGs, and recommends that businesses not only map ‘salient risks’ – identifying the most severe risks to people and planet associated with their business – but also innovate and explore how existing business capabilities can lead to the development of new products and services that benefit people and planet. While the existing Pledge states a desire for signatories to demonstrate a commitment to innovation, the nature of this innovation needs to be clarified within the current review.
When seeking to improve the Scottish Business Pledge, the Scottish Government should learn lessons from other initiatives to enhance business practice. Oxfam research looked at lessons from voluntary employment charters across the UK and found they require close partnership working, dedicated resource to track outcomes and monitor compliance; and both long-term commitment and targets. Below, we make recommendations we believe would increase the impact of, and engagement with, the Scottish Business Pledge.

**Strengthen the process with a tiered approach**

The Pledge is an entirely voluntary scheme which offers a “kitemark” but no formal accreditation process. Oxfam, in collaboration with the Inclusive Growth Analysis Unit at Manchester University, reviewed similar employment charter schemes administered by local authorities. Based on this, the Pledge is one of the more ‘light-touch’ varieties as it does not require substantial action from businesses to become a signatory; nor are there clear incentives for businesses to engage. Other local schemes require signatories to demonstrate how they meet certain requirements, or offer different tiers of engagement. For example, Salford City Mayor’s Charter for Employment Standards offers different levels of commitment – a ‘Charter Supporter’, who has pledged to work towards achieving the commitments; and a ‘Charter Mark’ for businesses demonstrating their commitment to the criteria that make up the Charter.

Alongside these local authority employment charters, there are other UK-wide accreditation schemes which aim to drive improvement in one particular area of employment, or an individual sector. Examples include: Living Wage (Foundation/Scotland); the Workplace Wellbeing Charter; Working Families and Timewise; Stonewall’s Workplace Equality Index; and Unison’s Ethical Care Charter. Overall, these schemes involve more robust accreditation processes and all have more business signatories than the local government administered charters, partly due to their national scope. However, Oxfam’s research into employment charters suggests that a more robust accreditation process increases the meaningfulness of the commitment made, in turn increasing the inherent value to businesses of being associated with the initiative and driving up levels of engagement. Paradoxically, making the commitments more stretching could increase the positive benefits of engagement rather than discourage potential signatories.

**Oxfam recommends the Scottish Government increases the impact of the commitments within the Pledge by strengthening the requirements of businesses seeking to become a signatory, thereby increasing the inherent value of the brand.**

However, we recognise a balance must be struck between the meaningfulness of the Pledge and the barriers that smaller enterprises
might face in meeting the criteria – this is particularly the case given 96.4% of firms within the Scottish economy have fewer than 50 employees. There are also challenges for businesses in traditionally low-paid sectors such as food, hospitality and care; this is evidenced by the low numbers of existing signatories representing these sectors. More than one group at the UWS-Oxfam Partnership Policy Forum discussed the level of support for SMEs and highlighted how some smaller businesses could find it a challenge to find time and resources to adapt their practices and document this process.

For these reasons, and a desire for the Pledge to do more to promote continuous improvement, Oxfam recommends introducing a tiered structure to the revised Pledge. The introduction of an entry level, could encourage more businesses to start the journey of improvement – thereby ensuring they can access support to make deeper progress. One excellent example of how this works in practice is provided by Working Families, which offers ‘dynamic, aligned, or core’ membership, with each tier providing a different support and resource bundle. In the case of the Scottish Business Pledge, we recommend that this tiered approach would encompass a membership offer of benefits, alongside a set of commitments that businesses are required to make.

### A tiered approach

A tiered approach could encompass a different membership offer of benefits at different levels, as well as a graded set of commitments that businesses pledge to make at each level. As described elsewhere, we propose grouping the commitments, and accreditation at each level should mean adopting the full set. A business should only receive the ‘gold standard’ if they commit to all the commitments within the grouping at that level, with every specific action undertaken.

The bundle of rewards for businesses meeting each level of commitment, should encompass a mixture of ‘soft’ and ‘hard’ incentives.

This tiered approach will make the Pledge more meaningful, because it will require progressively more stretching action to move through the tiers – for example, from bronze to silver or gold. It will demonstrate and reward the journey the company has taken. It will also increase transparency, allowing consumers to see where businesses have and have not made progress. Finally, it has the benefit of allowing easier points of access for SMEs and businesses operating within those sectors less well represented currently.
Increased incentives for businesses

Perhaps the central difficulty with voluntary schemes like the Scottish Business Pledge and local-employment charters is ensuring there are sufficient incentives to encourage business engagement. For those who are unconvinced by the ethical argument for engagement, there must be a clear business case for becoming a signatory, a message that came out strongly in the UWS-Oxfam Partnership’s Policy Forum on this topic. One group facilitator reported: “… some took the view it is too soft a tool for employers and that there is too little incentive to make it worthwhile.”

As noted in an Oxfam’s blog published in 2017, incentives can be hard or soft and can be in the form of ‘carrots or sticks’. Finding the right balance will be critical, but perhaps the biggest incentive is public association with a well-known, and respected, initiative.

A Scottish Government questionnaire in 2017 canvassed businesses which have signed the Pledge and found 66% of respondents reported a positive impact from doing so, but only 9% described this as ‘very positive”. According to the report: “The most commonly cited reasons for the positive impact related to enhanced reputation/positive credentials.” Although 93% of respondents said they would recommend the Pledge to other businesses, a substantial 34% reported no specific impact on their business, with the most commonly cited reasons being “a lack of awareness of the Pledge by customers, lack of interest from others in the sector and the Pledge not being sufficiently well known/valued.” In addition, it could be argued that existing signatories to the Pledge are ‘early adopters’ and that stronger incentives will be required to attract more businesses to sign the Pledge.

The importance of reputation is reinforced by separate research undertaken with employers in Scotland which has shown that public recognition of good practice can be a valuable tool in improving practices. Oxfam’s international experience of working to improve the practices of the world’s largest food and drinks companies – whilst increasing transparency – further reinforces this.

At our Policy Forum, Martin Rhodes, Chief Executive of the Scottish Fair Trade Forum, gave a compelling example when he cited research showing 93% of shoppers recognise and trust the Fairtrade Mark. As discussed, this requires the brand to be meaningful – requiring signatories to demonstrate good practice – and also for signatories to reach a critical mass, whereby association with the brand, and with the companies who are existing signatories, brings its own inherent value.

However, other ‘soft incentives’ should be provided or strengthened within the Pledge, such as:

• **Direct support**: Signatories should be supported to achieve the commitments at each tier of the Pledge. Existing guidance suggests this is provided by the Scottish Government, and partners such as Scottish Enterprise, Highlands and Islands Enterprise and Skills Development Scotland. This approach should be broadened to include deeper integration of, and promotion of, the support offered by
organisations receiving public funding to support businesses, employers and others to meet certain social and environmental goals. Evidence of working closely with these organisations should become a key indicator of a signatory’s commitment to progress.

- **Access to resources and toolkits:** Action-plan templates should be created to support businesses to plan and make progress within specified periods of time, with the existence of these plans used as an indicator within the assessment process.

- **Access to peer support:** Engagement with the Pledge should result in access to learning events and business-led forums which promote cross-learning with opportunities to share ideas and resources and the creation of local and national support networks.

- **Showcasing signatories:** The Scottish Government should significantly increase the brand benefits of engaging with the Pledge by proactively highlighting businesses joining it, and — more importantly — those making significant improvements in practice. This showcasing could take the form of, for example, press exposure, ministerial visits and award ceremonies like SCVO’s charity awards.

However, enhanced ‘soft incentives’ should be complemented by further consideration of ‘hard incentives’ which provide material benefit for becoming a signatory. When plans for a Pledge were first announced, the Scottish Government said it would set out “what is expected of businesses in return for receiving support from the Scottish Government and its agencies.” Currently there is little, if any, financial incentive.

**The Scottish Government should revisit the financial incentives linked to the Pledge and consider how engagement at a specified tier could be made compulsory for those businesses seeking access to public procurement and enterprise-agency funding.**

An example of this approach is provided by the Birmingham Business Charter for Social Responsibility, which includes a compulsory requirement that all contractors, including grant recipients, sign up to the Charter and describe how they can improve the economic, social and environmental well-being of Birmingham and its citizens. We also note a desire from social enterprises in Scotland for the Pledge to encourage businesses to open up their supply chains to social enterprises.

Encouragingly, the Terms of Reference for the current review of the Business Pledge states: “The Scottish Government Fair Work Action Plan will look at public funding and how it can better support businesses that demonstrate fair work practices.” This approach should be extended to reflect all the elements of the Pledge. Some additional options for ‘hard incentives’ include:

- **Business rates relief, particularly for SMEs:** A range of schemes offer business rates relief for businesses providing social, environmental or economic value to local communities. Engagement with the Pledge could also be rewarded, with reliefs varied by tier.

- **Scottish National Investment Bank:** The Bank could offer a small grants fund to businesses reaching a specified tier of the Pledge.
Enhanced transparency around accreditation and reporting on progress

Alongside enhanced incentives for businesses, transparency is key to public confidence in the Pledge. Attendees at the UWS-Oxfam Partnership Policy Forum stressed the need for greater clarity around the accreditation process. Currently, Pledge signatories are simply required to fill in a form detailing how they meet the various commitments. Scottish Government civil servants then decide if a business is eligible. This ‘light-touch’ approach requires no action from signatories to demonstrate how they intend to make continuous improvement, including towards meeting commitments which they do not initially achieve.

As one group at the Policy Forum put it: “The Scottish Government needs to decide if the Pledge is an ‘improvement agenda’ or a ‘badge’; perhaps there is a case for focusing on the ‘non-shiny sectors”’. It is generally accepted that it is harder to gain traction in lower-wage sectors, but there was a view amongst some Policy Forum attendees that voluntary measures have not been successful in driving change.

While it is important to celebrate the number of businesses engaging with the Pledge\textsuperscript{72}, there should also be measures which transparently track practice change – at business level and amongst all signatories. The Scottish Government’s biennial questionnaire\textsuperscript{73} is a positive attempt to source data and, encouragingly, suggests 81\% of respondents who had been unable to commit to all elements when they signed up, had since increased their commitment to at least some of the remaining elements. However, just over a third of businesses contacted responded to the survey and progress by individual businesses is not published.

Oxfam recommends a basket of specific actions is identified for each Pledge commitment – progressively more stretching, according to each tier of the Pledge – with signatories required to demonstrate which they have taken. This data should be published.

At the launch of the Pledge in 2015, First Minister Nicola Sturgeon said:

“You simply need to state that you pay the Living Wage, that you already meet at least two of the other principles, and that you are committed to achieving the others over time.”\textsuperscript{74}

This commitment to ongoing improvement, echoes Pledge guidance that: “What’s important is that all Pledge elements are embraced and that there is a commitment to make changes, even if they are long term.”\textsuperscript{75}

Data from 11 July 2018 shows that of the 512 businesses signed up, only 76 complied with the full nine commitments.\textsuperscript{76} Encouragingly, more than two thirds (67\%) of businesses complied with seven or more, but the initiative should be designed to incentivise ongoing improvement in practice amongst all signatories. This is particularly the case for the commitment for signatories to be “Making progress on diversity and gender balance”, with only 38.1\% of businesses fulfilling this commitment, the fewest of all the commitments within the Pledge.
Currently, there is little incentive for a signatory to continue to make progress – with no additional reward. To encourage this, and track progress, the Scottish Government should introduce an annual self-assessment, with businesses encouraged to report progress across all elements of the Pledge. This would both boost transparency and allow firms to progress to higher tiers of the Pledge. The data could also be consolidated to show the overall impact of the scheme in driving improvement across Scotland. This could include, for example, the number of employees who have received an uplift in their wages or examples of action taken to reduce climate emissions. This data can be used to showcase good practice and thus encourage wider engagement.

Dedicated resource and promotion

The Scottish Government must dedicate sufficient resources to re-design and re-launch the pledge, and to ensure effective ongoing administration. Data suggests funding for promoting the Pledge is extremely limited, at under £25,000 per year in 2017/18.\(^\text{77}\) A more ambitious Pledge will need more investment. The Government should also set targets for increasing signatories year-on-year, to build the critical mass required to enhance the brand. To grow a movement around the improved Pledge, Government should work in partnership across all sectors to increase awareness and support for the Pledge.

Boosting public awareness will also be key. Consumer power should be used to drive change, as is the case for payment of the Living Wage.\(^\text{78}\) To inform this, the Government could undertake a consumer omnibus survey to establish levels of consumer interest in the Pledge and which kinds of responsible business practice might influence purchasing decisions. There should be a user-friendly website with accessible information about the actions signatories have taken in their journey towards full accreditation, and branding should be made consistent with the National Performance Framework. Any re-launch should be supported by new businesses making their Pledge as ambassadors of the new scheme.

Administration and Governance of the Scottish Business Pledge

Concern was voiced at the UWS-Oxfam Partnership Policy Forum that the Pledge is viewed by some as party political due to its being administered internally by the Scottish Government. This is reflected in media coverage of the Pledge.\(^\text{79}\) To overcome this perception, the Government could consider outsourcing administration of the Pledge. Options include a model similar to Living Wage Scotland, which is funded by the Scottish Government but administered by the Poverty Alliance. Alternatively, the Pledge could be administered by a non-departmental public body.

While the Pledge is a national agenda, it could also be owned by local authorities, with a focus on boosting local economies as much as a national commitment to good employer practice and inclusive growth.

A final option would be to establish a cross-party advisory group. Such an approach could help the Pledge to be viewed as a ‘Pledge for Scotland’.
Oxfam’s vision for the Scottish Business Pledge is for it to provide a road map for how business in Scotland can spread prosperity, opportunity and reward more fairly through innovation that does not harm people and planet, and investing in their workforces and local communities. To achieve this vision, we suggest grouping the pledges, an idea that was suggested at our Policy Forum event in June. We recommend the commitments are grouped into three broad areas: fair work; inclusive growth and innovation; and responsible business at home and abroad.

Across the Pledges, we recommend the identification of clear actions which businesses are required to undertake to fulfil the commitment. We suggest these actions be graded, as per our recommendation to introduce a tiered approach to encourage continuous improvement, while supporting all businesses to start their journey of improvement.

Below, we provide suggestions for commitments the Pledge should include. However, Oxfam Scotland is not an expert across all these areas, and we recommend a more comprehensive review is carried out. Pending this, we are making a contribution towards the debate, based on discussion at our Policy Forum and other Oxfam research.

**Fair Work**

The promotion of fair work for employees of businesses in Scotland should remain core to the revamped Pledge. Oxfam believes having a decent job should be a universal right. Within the SDGs, Goal 8 states that Governments must ‘Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all’. Fully achieving this will require action at a UK level – including via improved employment legislation and greater workers’ rights. However, while devolved powers are limited, action can be taken at Scottish level.

We welcome the progress the Scottish Government has made in advancing the concept of decent work. This includes the creation of the independent Fair Work Convention, which developed the Fair Work Framework in 2016. The Framework highlights five fair-work dimensions – effective voice; security; opportunity; fulfilment and respect – which broadly reflect the findings of participative research undertaken by Oxfam Scotland to identify the priorities of low-paid workers in Scotland.

However, our research highlighted that existing minimum standards for decent work in Scotland are inadequate and, in many cases, are not being met. We must ensure work provides a reliable route out of poverty, including for the marginalised women Oxfam supports. Businesses are critical to achieving this. The existing commitments relating to fair work within the Pledge should be strengthened and be mapped against the Fair Work Framework, with employers strongly encouraged to address all aspects.
Decent Work: A Job to Be Done

Mapped against the indicators from Oxfam’s ‘Decent Work’ research, below, we have provided some quotes from the research and key statistics showing serious structural inequalities in Scotland’s labour market that need to be addressed.

A decent hourly rate

An estimated 430,000 employees, almost a fifth of the workforce, are earning less than the Living Wage in Scotland. In 2017, 22% of working women earned less than the Living Wage, compared with 14% of men.

There has also been long-term growth in levels of in-work poverty in Scotland, with 2017 figures indicating two-thirds of children in poverty live in households with at least one adult in paid work.

In March this year, 15 Scottish employers were fined by HMRC for underpaying 200 Living Wage workers by nearly £75,000.

“It’s just not enough, how can I pay all my bills and rents and... buy a bus pass... it’s just not evening out... It means you can’t participate in basic things. My cousin’s fortieth birthday’s coming up... and that’s a real issue for me ‘cause I’m thinking, ‘How am I gonnae manage this financially?’”

(Social care worker, female)

Job security

135,000 workers in Scotland, 6% of all employees, are on temporary contracts – 36,000 of whom are seeking permanent employment. In 2017, 71,000 people were on a zero-hours contract, while the most recent European Working Conditions Survey found that 12.6% of workers across the UK reported they might lose their job in the next six months in 2015.

“I lost my job today, because... well, I didn’t lose it, I just haven’t got hours, if that makes sense… and I’ve had no notice on that because I’m agency... and that’s just been told today, ‘Don’t come back until the end of January’.”

(Agency worker, hospitality sector, male)

Paid leave

Based on an analysis of the ONS Labour Force Survey, the Trade Union Congress estimates that 1 in 12 workers in the UK did not receive the statutory minimum holidays to which they were entitled in 2017.

“They refused to pay me when my gran died. They refused to gie me one day for the funeral off.”

(Fast food worker, female)

Payment of the Living Wage

Paying the Living Wage is a core, non-negotiable commitment within the current Pledge. However, signatories are expected to pay the Living Wage rather than formally become an accredited Living Wage employer.

One issue discussed at the UWS-Oxfam Partnership’s Policy Forum was the barrier this presents for SMEs, who have a much smaller revenue and therefore may struggle to pay the Living Wage. Oxfam believes all employers, regardless of size, should provide staff with a wage they can live on free from poverty. We recommend this commitment remains non-negotiable in the Pledge and that to achieve the ‘gold standard’ employers must also become an accredited Living Wage employer.
Gender inequalities in the labour market

An area requiring specific focus is the quality of work for women. Oxfam Scotland’s research, Decent Work for Scotland’s Low-Paid Workers: A Job To Be Done, found important differences between men and women in identifying what is meant by ‘decent work’. It suggests that women valued several factors higher than men: a supportive line manager; support to return to work after absence; additional benefits beyond pay; flexibility in choosing working hours; and a job which is easy to get to. These should strongly inform the fair-work priorities in the Pledge to ensure it helps to reduce gender inequalities in the labour market.

Gender inequalities and the labour market

The challenges and barriers associated with work are not experienced equally by all workers. Certain groups face greater challenges, and women in particular face significant structural barriers in accessing decent work.

- The gap between male and female full-time employment rates in Scotland was 6.3% in Oct-Dec 2017 but when part-time work is considered, the gap can expand to as much as 15.6%;91
- Women continue to be paid less than men for the same work;
- Women are more concentrated in low-paid sectors and occupations92 - for example, over 70% of care and leisure-service jobs are held by women,93 compared with only 10% represented in high-earning STEM sectors;94
- Women are also more likely to have additional responsibilities beyond the workplace, particularly caring;95
- In 2016, 24% of working women earned less than the Living Wage (15% for men) and 64% of all people earning less than the Living Wage are women.96

The current Pledge includes the commitment to a ‘balanced workforce’ but it is not clear whether this means a gender-balanced workforce, or a workforce that is diverse in relation to other protected characteristics such as ethnicity, age, sexuality and disability. The Scottish Government must clarify what a ‘Balanced Workforce’ means; if it means gender, this should be in the heading, and other actions taken to address other equality and diversity issues.

At our Policy Forum, questions were raised as to whether having a balanced workforce necessarily ensures better gender equality. A ‘Balanced Workforce’ was, for some, seen to be too vague, and participants suggested the need for some practical targets so businesses could envision how implementation could work for them. One group noted how diversity goes beyond statistical representations of people in workplaces, to how people are treated day-to-day. It was suggested that a balanced approach to the composition of leadership teams was important to ensure culture change throughout organisations. One group discussed female board-membership quotas.
Oxfam recommends introducing specific actions and targets so businesses can support better equality and diversity in the workplace. These should draw on Close the Gap’s ‘Think Business, Think Equality’ self-assessment tool which supports SMEs to implement better policies for promoting gender equality. This recommends:

1. **Flexible working**: Staff should have access to a range of flexible working arrangements and flexible working requests should be considered. Flexible working arrangements should not be restricted to particular groups of staff; the availability of flexible working should be included in job advertisements.

2. **Workplace culture**: Apply fair and transparent recruitment policies and procedures; ensure there is a policy on starting pay that is consistently applied across the business. Staff records should be kept on all aspects of recruitment, training, promotion, disciplinaries, pay, and absence, and be broken down by gender. Equalities training should be delivered to all staff.

3. **Pay and reward**: Equal pay reviews are conducted regularly to check for gender bias and for pay progression to be applied consistently throughout the company. There are clear policies on incentives, allowances and in-kind benefits.

4. **Progression and promotion**: Women are supported to apply for senior jobs within the business. When criteria are set for jobs, alternative qualifications and sources of experience are also considered. Where it has been identified that a particular group is under-represented, positive action measures around targeted recruitment are considered. Staff on maternity leave are informed of job vacancies.

5. **Women’s jobs, men’s jobs**: All job vacancies are advertised. A variety of advertising methods are used to recruit new staff. Job advertisements use gender neutral terms. Training opportunities are available to full-time and part-time staff. Training sessions are held during working hours and at accessible locations. Staff are supported to access training and qualifications not directly related to their current job.

However, to be meaningful, this aspect of the Pledge should be reviewed in partnership with women’s rights organisations and other stakeholders in Scotland. Engender’s Gender Matters Roadmap recommends a gender-equality-in-business scheme should be developed. Perhaps the review of the Pledge presents an opportunity to align these agendas.

**Creating opportunities and progression pathways**

Considerable attention has been paid recently to the need to address job gaps, a deficit of demand in certain sectors of the labour market, and poor progression routes for low-skilled/low-paid workers. Too often, low-paid workers find themselves cycling between low pay and no pay due to the fragmentation of the labour market and the shift towards a new gig economy of insecure work and short-term contracts.
The RSA’s Inclusive Growth Commission, in its final report, writes:

“Governments have persistently misdiagnosed the nature of the problem of economic inclusion, assuming that weak labour market engagement is primarily the result of insufficient work incentives, rather than deficient demand (e.g. owing to structural economic change) or other barriers into work (e.g. lack of affordable child care, inflexible employment practices within firms or ill health).”\(^{105}\)

To ensure growth is genuinely inclusive and that we leave no-one behind, Oxfam suggests that businesses have a role to play in job creation, but also in ensuring low-skilled, low-paid employees have opportunities to progress to better-paid positions by introducing progression routes and offering adequate training, learning and development to allow employees to take full advantage of these opportunities. Oxfam recommends:

1. Signatories commit to creating opportunities for those further from the job market; actively engage with local long-term and youth unemployment issues, and – where possible – support the employment of refugees (recognising this links closely to the Scottish Government’s New Scots Strategy\(^{106}\)).

2. Signatories commit to offering structured training and career-development opportunities for low-paid staff. This could include encouraging peer learning, linking job roles with development opportunities and appointing ‘champions’ at different levels to promote the progression of low-paid staff.

**Inclusive growth and innovation**

**Fair distribution**

The fair distribution of pay is central to achieving inclusive growth as it provides an opportunity for the fair distribution of the prosperity arising from business activity and helps to reduce poverty and inequality.

In her advice to Scottish Ministers, Naomi Eisenstadt, the Independent Advisor on Poverty and Inequality, recommended pay-ratio disclosure as a way of tackling pay inequality.\(^{107}\) She mainly focused on public-sector pay, arguing that publication of pay ratios allows the public to hold organisations to account, but also commented that:

“The consequences for the private sector of widening gaps between senior management and workers’ pay across the company hierarchy also merit further discussion.”\(^{108}\)

Oxfam recommends:

1. Pay is fairly distributed across the workforce; executive pay is not excessive and, where possible, linked to performance.

2. Businesses provide transparent information on the distribution of pay and rewards across their entire workforce.
Investing in communities

There are huge and widening gaps in wealth and productivity between different regions of the UK. The Inclusive Growth Commission found that though the UK’s per capita GDP puts us in the richest third of EU countries, disposable household income per resident in over half of the UK sub-regions is below the EU average.\(^{109}\)

Taking action to support local economies is essential in ensuring everyone can benefit from growth. Therefore, playing a role in local communities should remain a key aspect of the Pledge, with businesses providing opportunities to the local labour market, sourcing goods and services locally and collaborating with community and not-for-profit organisations. An example of this kind of business-led approach is Business in the Community’s ‘Pride of Place’ approach, which seeks to engage local communities in innovative ways.\(^ {110}\)

Innovation

Achieving inclusive growth is not just about abstaining from irresponsible business practice, it is about harnessing opportunities for innovation and exploring how existing business capabilities can lead to the development of new products and services that benefit people and planet.\(^ {111}\)

Responsible business at home and abroad

Responsible tax practices

A fair and effective tax system is the lifeblood of an efficient and well-functioning government, allowing for investments in basic services like schools, hospitals, and other vital public services that can address poverty. Despite this, around the world this is often not the case. For example, a report published by Oxfam last year demonstrates how the current tax system in America permits companies to dodge hundreds of billions of dollars of tax within the bounds of the law.\(^ {112}\) Although reports such as these are more relevant to multinational corporations, and the majority of Scotland’s businesses are SMEs, it is critical for the business community here to set an example by committing to fair and transparent tax practices and the Pledge can no longer ignore this critical issue.

Earlier this year, a group of progressive business leaders – The B Team – published a new set of responsible corporate tax principles.\(^ {113}\) The B Team principles are a welcome step forward but there is more work to do on tax transparency. Unless companies are required to publish a detailed financial report for every country where they do business, we simply do not know if they are paying their fair share of tax.

Oxfam believes that companies should produce public financial reports for every country where they operate and adopt responsible tax practices, taking fuller account of standards such as the Fair Tax Mark\(^ {114}\) which assesses companies on transparency as well as tax practice.
Environmental sustainability

Climate change is another defining challenge for sustainable development; and one which the business community has often struggled to adequately address. The COP 21 Paris Climate Conference in 2015 saw a push by the private sector for climate action, but collective efforts remain insufficient. This is partly because the costs of climate change are not fully reflected in the prices of goods and services that generate greenhouse-gas emissions, but also because climate impacts are not adequately assessed.

Climate-related interventions are often limited to the most commercially viable rather than the most impactful options. Many companies that do set emissions-reductions targets, for example, set them in line with what they consider practically or financially feasible, not with what the science requires.

Recent figures state that low-carbon industries in Scotland generated £10.7 billion in turnover and supported 43,500 jobs in 2014. The Scottish Government continues to highlight that Scotland has 25% of Europe’s offshore wind and tidal potential, as well as 10% of Europe’s wave resources. There are clearly substantial opportunities in this sector. Scotland has the chance to maximise the potential of our new low-carbon economy whilst building on our expertise in green technology at home and overseas. Tackling climate change must be viewed as an opportunity for Scotland to create a strong, sustainable green economy, with new ‘green jobs’ that are accessible to everyone.

Oxfam’s engagement with the private sector shows us that business and companies are becoming more mindful at recognising that climate change is both a risk and an opportunity. A growing number are taking steps to strengthen their resilience to climate impacts, reducing their greenhouse-gas emissions, producing innovative low-carbon technologies, and supporting policies to enable a smooth transition to a low-carbon economy. This is very positive. However, we believe a revamped Business Pledge that actively encourages businesses to think and act around their carbon footprint can lead all businesses to take the first step of their journey towards environmental sustainability.

Oxfam recommends that businesses:

- Mainstream sustainability as an integral part of their business model; demonstrate that senior management have a strong understanding of climate change; and show leadership in the development of clear action plans to reduce their company’s emissions;
- Set, plan for, and report on ambitious absolute emissions-reduction targets;
- Take steps towards becoming low carbon; for example, by: switching to a renewable energy supplier; investing in renewables; sourcing low-carbon raw materials; and undertaking carbon accounting;
- Be resource-efficient by measuring what resources they use, identifying where savings could be made, and by taking action on everything from energy efficiency to packaging and transport;
• Map the supply chain - understand who their producers are and where they are - and start to tackle indirect emissions and promote energy efficiency in their supply chains;
• Develop technologies and products that will help people to adapt – and make sure that developing-country employees and suppliers are prepared for climate change.

Human Rights in global supply chains

In 2011, the UN Human Rights Council unanimously endorsed the UN Guiding Principles on Business and Human Rights, which include three pillars: a state duty to protect against human-rights abuses by third parties; the corporate responsibility to respect human rights and act with due diligence; and access to an effective remedy for victims of any business-related human-rights abuses.

To underpin an Action Plan on Business and Human Rights for Scotland, the Scottish National Action Plan’s Better World Action Group commissioned a National Baseline Assessment. This study found that the Scottish Government has “a host of policies and initiatives that contribute to protecting human rights in the business context” but “There remain a number of significant gaps and challenges.”

Realising the UN’s Principles on Business and Human Rights means not only considering human-rights issues within business practice in Scotland, but also considering the impact beyond Scotland’s borders, in the global supply chains that serve Scottish businesses. The Scottish Human Rights Commission can sign-post businesses to advice.

A recent report by Shift – the leading centre of expertise on the UN Guiding Principles on Business and Human Rights – provides real-life examples of positive business action to address human-rights issues across their supply chains, including living wages, gender equality, land rights and forced labour. One way of ensuring goods sold in Scotland meet a certain ethical standard is through selling Fair Trade produce. The Scottish Fair Trade Forum says: “There are numerous ways that Scottish businesses can get involved with promoting Fair Trade values and supporting Scotland’s status as a Fair Trade Nation, ranging from stocking and selling your own Fair Trade products to using Fair Trade products in the workplace.”

Oxfam recommends that:

1. Supply chain practices are monitored for ethical risk and corrective action taken where necessary, as per the UN Guiding Principles on Business and Human Rights;

2. Businesses share examples of good practice, where human-rights issues have been addressed throughout global supply chains;

3. Businesses work with the Scottish Fair Trade Forum to integrate Fair Trade principles and corporate accountability.
Towards a new set of grouped commitments

*Group one: Fair Work*

1. **Security**
   - Commit to paying the Scottish Living Wage.
   - Commit to not using exploitative zero hours’ contracts or bogus self-employment contracts.
   - Report annually on the number and percentage of temporary and irregular contracts in their business and explain why they are using these contracts, while seeking to minimise their use.

2. **Respect and equality**
   - Flexible working: Staff should have access to a range of flexible working arrangements and flexible working requests should be considered.
   - Workplace culture: Records should be kept, broken down by gender, on all aspects of recruitment, training, promotion, disciplinaries, pay, and absence. Equalities training should be delivered to all staff.
   - Pay and reward: Regular equal pay reviews to check for gender bias, with clear policies on incentives, allowances and in-kind benefits.
   - Progression and promotion: Women should be supported to apply for senior jobs. Where a particular group is under-represented, positive action measures around targeted recruitment are considered.
   - Women’s jobs, men’s jobs: All job vacancies should be advertised using a variety of methods. Training sessions should be held during working hours and at accessible locations. Staff should be supported to access training and qualifications not directly related to their current job.

3. **Effective voice**
   - Supporting progressive workforce engagement, including recognising the rights of workers to associate freely in the workplace, to join or form a trade union, and to bargain collectively. Employers should ensure trade unions are involved in consultation and decision-making.
   - Managers are trained to actively listen to and engage employees and meaningfully consult with them on operational and strategic decisions.
   - Businesses should set targets for gender balance in leadership roles.

4. **Opportunity**
   - Commit to creating opportunities for those further from the job market; actively engage with local long-term and youth-unemployment issues, as well as supporting the employment of refugees.
   - Commit to offering structured training and career development opportunities for low-paid staff. This could include encouraging peer learning, linking job roles with development opportunities and appointing ‘champions’ at different levels to promote progression of low-paid staff.

5. **Fulfilment**
   - Invest in training, learning and skills development for current and future jobs.
   - Clear and transparent criteria and opportunities for career progression, and opportunities for personal development, should be a feature of all work.
**Group two: Inclusive growth and innovation**

6. **Fair distribution**
   - Pay is fairly distributed across the workforce; executive pay is not excessive and, where possible, is linked to performance.
   - Pay transparency: Provide transparent information on the distribution of pay and rewards across their workforce, including the gender pay gap.

7. **Innovation**
   - Seeking out business opportunities that do not harm people and planet.

8. **Investing in communities**
   - Through providing opportunities to the local labour market, sourcing goods and services locally and collaborating with community and not-for-profit organisations.

**Group three: responsible business at home and abroad**

9. **Procurement**
   - Procurement procedures reflect ethical and sustainable considerations to promote positive supply-chain behaviour. Supply-chain management is used to encourage social value.
   - Commit to prompt payment.

10. **Tax**
   - Adopt responsible tax practices, taking fuller account of standards such as the Fair Tax Mark\(^\text{125}\) which assesses companies on transparency as well as tax practice.

11. **Environmental sustainability**
   - Mainstreaming sustainability as an integral part of the business model.
   - Be resource efficient: Measure what you use, identify where savings could be made, and then take action on everything from energy efficiency and water use to raw materials, packaging and transport.
   - Demonstrate the businesses’ senior management have a strong understanding of climate change and show leadership in the development of clear action plans to reduce emissions.

12. **Human Rights in global supply chains**
   - Supply-chain practices are monitored for ethical risk and corrective action taken where necessary, as per the UN Guiding Principles on Business and Human Rights.
   - Working with the Scottish Fair Trade Forum to integrate Fair Trade principles and corporate accountability into all aspects of their business.
NOTES

15 Ibid.


35 The statistics are UK-wide: Scottish stakeholders contributed. Equivalent Scottish only data unavailable.


52 Timewise. Retrieved from: https://timewise.co.uk/


Examples include: Enterprise Scotland; Business Gateway; Skills Development Scotland; Family Friendly Working Scotland; Business in the Community, Keep Scotland Beautiful; Living Wage Scotland; Close the Gap; Engender, Equate Scotland, STUC and the Scottish Fair Trade Forum.


The B Team was formed by a global network of business leaders to catalyse a better way of doing business. Members include Richard Branson, founder of the Virgin Group; Robert Collymore, CEO of Safaricom Limited; Ratan Tata, Chairman Emeritus of the Tata Group; and Arianna Huffington founder of The Huffington Post and Thrive Global. Oxfam was a member of the working group set up by the B-Team to advise on the tax principles. For more details see: www.bteam.org


