



2020 Annual Report

MSI Integrity

JANUARY 2021



About MSI Integrity



The Institute for Multi-Stakeholder Initiative Integrity (MSI Integrity) is a nonprofit organization originally dedicated to understanding the human rights impact and value of voluntary initiatives that address business and human rights. MSI Integrity researched key questions surrounding the effectiveness of these initiatives, facilitated learning in the field, and developed tools to evaluate initiatives from a human rights perspective. From 2021 onwards, MSI Integrity will be pursuing a new focus: challenging and changing the corporate form, and promoting economic enterprise that expands its ownership and governance to workers and affected communities.

GET IN TOUCH

For more information, please email us at info@msi-integrity.org.

FIND OUT MORE

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“This suffering has underscored the urgency of transforming our global economic, legal, and political systems...”

A Note from MSI Integrity Staff

2020 was not a good year. It began with the world fearful of another war in the Middle East after the United States assassinated a top Iranian general, and it ended with the COVID-19 global death toll fast-approaching two million. *Two million*. In late January 2021, we surpassed that unthinkable benchmark. All this is to say nothing of the other ways the pandemic has disrupted our lives and inflicted suffering on all of us.

As we begin 2021, we want to offer our thoughts and condolences to those of you who have lost loved ones or friends; who have been laid off; who have lost their health insurance when they needed it most; who feel unsafe at their jobs; who suffer from the stress of isolation. We are all impacted by this pandemic, though some more catastrophically than others. This suffering has underscored the urgency of transforming our global economic, legal, and political systems, which contributed to the cataclysmic harms of this pandemic. Such change will necessitate international and national solidarity. Indeed, among the pain and disruptions of 2020, it was heartening to see many inspiring acts of solidarity, from the formation of robust [mutual aid networks](#) around the world, to the months-long protest movement in the United States for racial justice.

This was also a powerful and important year of change for MSI Integrity. We released a [landmark report](#), distilling our insights from a decade of exploring and researching the effectiveness of multi-stakeholder initiatives. The report has led to many significant debates and discussions—from within the chambers of the United States Supreme Court to virtual convenings of the United Nations Forum on Business and Human Rights—with many in the human rights community embracing some its key messages: there are limits to voluntarism, more innovative regulatory interventions are needed, and we need to change how businesses themselves are governed and owned.

Importantly, we also embarked on [a new direction](#) for 2021 onwards: challenging and changing the corporate form itself. After years witnessing how corporations behave within MSIs, it became clear to us that if we want a society and economy that value people and the planet, then we first need to change the incentives and decision-making structures of the corporation itself. Until our economic enterprises are governed and owned by workers and communities, we will never meaningfully prevent companies from abusing rights or address the untenable levels of economic inequality that characterize both our globalized and localized economies.

There is still much for us to learn. But our initial efforts in steering the corporate accountability and human rights communities towards the work of those who have long been proposing and advocating for such transformations—the labor, racial and climate justice, and wider social movements—has already proved deeply rewarding.

It would be dishonest of us to foretell a much better 2021, but sincere to expect the fight for economic and social justice to continue on. Our hat is firmly in the ring.

Finally, we want to express our gratitude to our friends, family, community, and colleagues, without whose support we could not have gotten through 2020.

In solidarity,
The MSI Integrity Staff

Organizational Transition: Moving *Beyond Corporations*

Our genesis and history

MSI Integrity was incubated at Harvard Law School's International Human Rights Clinic (IHRC) from 2010-2012. We were formed in order to foster debate and deepen understanding about the effectiveness of a prominent but under-examined global governance instrument: multi-stakeholder initiatives (MSIs).

MSIs were an experiment in private governance, corporate accountability, and human rights that began in the 1990s in response to exposés about sweatshop labor, deforestation, and other corporate abuses. In the absence of rigorous government regulation of transnational corporations, many NGOs and unions began collaborating with industry representatives to jointly create voluntary codes of conduct and oversight mechanisms to address these issues. MSIs quickly emerged in almost every major global industry, from certifying palm oil that met certain conditions as “sustainable,” to creating industry standards for freedom of expression on the internet. By the 2000s, international standard-setting MSIs had become seen as the “gold standard” in corporate social responsibility, and as an important tool for addressing the adverse environmental and human rights impacts of businesses that governments were either unable or unwilling to address through regulation.

This rapid rise of a major new form of global governance is what prompted the creation of our organization: to critically and comprehensively examine whether these tools were as effective at addressing the underlying human rights and environmental issues as they claimed to be. Since launching publicly in 2013, we have built a reputation as leading experts in multi-stakeholderism, driving a global research agenda and fostering critical debate about the effectiveness of MSIs through strategic partnerships with Global North and Global South academic institutions and local, national, and international civil society organizations.

“We have built a reputation as leading experts in multi-stakeholderism, driving a global research agenda and fostering critical debate about the effectiveness of MSIs”

New trajectory: Challenging and reimagining the corporate form

After a decade of engagement with and research into MSIs, in 2020 we announced our key findings and conclusions: that MSIs are ineffective as tools for accountability, remedy, and the prevention of abuse (see pages 06-09). Critically, we also concluded that the failure of MSIs is inextricable from the corporate form itself. Major corporations avoid sharing power with other stakeholders—such as rights holders and affected communities—because to do so threatens their obligations to shareholders and their accumulation and management of profit. It became clear to us that any efforts to regulate corporations in respect of the environment and human rights—whether through hard law or voluntary initiatives—will be of limited value, so long as corporations remain primarily beholden to shareholder-investors, rather than workers and affected communities.

Thus, perhaps the most important and transformative human rights project is one that has received little attention within the human rights domain: challenging the corporate form itself—a project we’ve provisionally titled [Beyond Corporations](#). To us, this means developing and promoting alternative business models whereby:

1. Workers and/or affected communities are at the center of decision-making.

What if workplace democracy was a universally recognized human right? What if businesses were legally and operationally accountable not to shareholders, but to the workers and/or the communities affected by their decisions? What if affected communities and workers determined who governed an organization or how that organization was run?

2. Benefits and ownership accrue to the workers who generate value for a business and/or to the communities and rights holders who are impacted by its behavior.

Why don't workers have the right to profit from their labor? What if the primary economic beneficiaries of enterprises were the workers or wider communities impacted by those businesses? What if businesses who contribute a net harm to society lose their legal license to operate?

As a result, we are pivoting our focus to drive debate and discussion about a root cause of corporate abuse—the corporate form—and to developing and promoting economic forms that expand ownership and control of the workplace to communities and workers (see pages 10-12).



2020: All in a Year's Work

Concluding that MSIs are *Not Fit-For-Purpose* to address Corporate Abuse

In July 2020, MSI Integrity released [*Not Fit-For-Purpose: The Grand Experiment of Multi-Stakeholder Initiatives in Corporate Accountability, Human Rights and Global Governance*](#). The 246-page report was the culmination of a decade of MSI Integrity's research and analysis into MSIs. Through six insights (see page 07) that cut across 40 international standard-setting MSIs, the report provides extensive evidence of how the grand experiment of MSIs has failed: MSIs do not reliably detect human rights abuses, hold corporations to account for harm, or provide access to effective remedy.



We spent much of 2020 engaging policymakers, academics, civil society, MSIs, businesses, and the wider public on the findings and recommendations in the report. These recommendations outline a two-fold path forward.

- 1. Rethink the Role of MSIs:** To articulate and understand the appropriate role for, and limitations of, MSIs, and to recognize that they are not a substitute for public regulation. MSIs should be recognized for what they have been equipped to do well: to be forums for building trust, experimentation, and learning. However, they should no longer be viewed as institutions that robustly ensure that their corporate members respect rights, provide access to remedy, or hold corporations accountable for abuses. Regulation at the global, national, and local levels is needed for these purposes.
- 2. To Challenge the Corporate Form:** To recognize that the corporation is neither structurally situated nor primarily motivated to consider its human rights impacts, and that as long as corporations are primarily beholden to investor-shareholders, they will resist transformational human rights and environmental justice initiatives that jeopardize their profits or power. To us this means developing and promoting business models and policy transformations that more effectively center workers and affected communities in the ownership and governance of economic enterprises.

SUMMARY OF INSIGHTS ON MULTI-STAKEHOLDER INITIATIVES

INSIGHT 1

Influence

MSIs have been influential as human rights tools, but that influence, along with their credibility, is waning.

INSIGHT 2

Stakeholder Participation

MSIs entrench corporate power by failing to include rights holders and by preventing civil society from acting as an agent of change.

INSIGHT 3

Standards & Scope

Many MSIs adopt weak or narrow standards which risk creating a misperception that abuses are being effectively addressed or that overlook the root causes of abuse.

INSIGHT 4

Monitoring & Compliance

MSIs employ inadequate methods to detect human rights abuses and uphold standards.

INSIGHT 5

Remedy

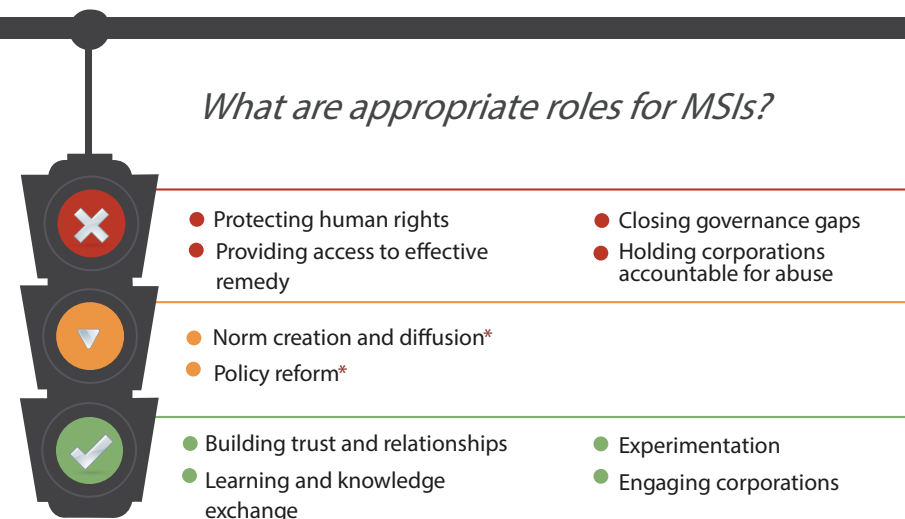
MSIs are not designed to provide rights holders with access to effective remedy.

INSIGHT 6

Impact

There is little evidence that MSIs are meaningfully protecting rights holders or closing governance gaps.

Uptake and Impact



* Care needs to be taken to ensure that the standards MSIs adopt and/or advocate for appropriately reflect the views and needs of rights holders and are rights-maximizing. Otherwise, there is a risk that MSIs will only promote positions that are profit-aligned, or that reflect the views and interests of corporations and the other stakeholders who are sufficiently resourced and empowered to participate in MSIs.

Although we had originally planned to release the report in South Africa in March in conjunction with the University of Witwatersrand and other partners from Southern Africa, this was cancelled because of the COVID-19 pandemic. Instead, MSI Integrity hosted or participated in six digital events throughout 2020 relating to the findings of its report and its implications for the organization's new direction.

The report has spurred considerable debate and discussion about the failure of MSIs in key spheres of influence. Some highlights include:

- An [amicus brief](#) to the US Supreme Court in *Nestle & Cargill v. Doe* extensively cited the report as evidence that voluntary mechanisms for holding technology companies to account for human rights abuses are inadequate.
- Civil society began using the report to combat a proposed MSI "safe harbor" clause in the [Mandatory Human Rights and Environmental Due Diligence \(mHREDD\) legislation](#) being considered in the European Union, which would exempt corporations from mHREDD if they are members of MSIs.
- The [UN Working Group on Business and Human Rights](#) recorded the suggestion by a coalition of civil society organizations citing the report's findings that the UN should adopt the position that MSIs should not be relied upon as tools for human rights accountability or implementation.
- Over 30 media articles and external publications covered the report, including an [exclusive report](#) with *The Guardian* that outlined the failure and limits of ethical certification schemes.
- A number of NGOs cited and advanced the broad recommendations and key findings of the report in their advocacy and research, including [Oxfam](#), [Human Rights Watch](#), [Earthrights International](#), and the [Center for Economic and Social Rights](#).
- The report was used to support several shareholder resolutions demanding improved human rights commitments from individual corporations, such as [Tyson Foods](#) and [Wendy's](#).

Significantly, in response to the report, many MSIs themselves are reflecting on whether to change their mandates to shift away from claiming to fill governance gaps and toward being tools for learning and dialogue. Based on our interactions with staff and members of many different MSIs, we are hopeful that this is the beginning of a longer structural change for the role of MSIs in global governance and human rights. While most of our engagements with MSIs were closed-door, where possible we also engaged in public debates and discussion. For example, we publicly engaged in a [live discussion](#) hosted by the International Code of Conduct Association to discuss constructive critiques of MSIs, which the initiative acknowledged will inform its strategic reassessment. MSI Integrity also participated in a [public debate](#) with high-profile certification MSIs, such as Fairtrade International and Rainforest Alliance, who, while defending their role as certification schemes, publicly agreed that more government regulation is needed to supplement their work. This is not to suggest that all MSIs received the report with a willingness to change, and we anticipate that many corporate MSI members will be resistant to undertaking the deep transformations necessary for them to become effective tools of human rights protection.

"Rethinking MSIs" Blog Series

To accompany *Not Fit-For-Purpose*, which concluded that the role of MSIs must be reconsidered in global governance, MSI Integrity partnered with Harvard Law's IHRC to produce the nine-part, cross-posted blog series, "Rethinking Multi-Stakeholder Initiatives." The series shared critical perspectives on MSIs from a range of voices, with a particular focus on whether they are working for rights holders and whether we need to rethink their role as human rights tools.

This was an opportunity for a deeper debate between both academics and activists alike. For example, Judy Gearhart of the Accountability Research Center argued that the [inadequacy of MSIs to cure regulatory gaps](#) left by governments necessitated more enforceable legal agreements and contractual responses. Jaff Bamenjo of RELUFA/Cameroon questioned whether [MSIs' inclusion of local communities was mere lip service](#), and Professor Tyler Giannini and Rebecca Tweedie (Harvard Law School) analyzed the power differentials in multi-stakeholder governance, analogizing [corporations in MSIs as the fox in the chicken coop](#).



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“In response to the report, many MSIs themselves are reflecting on whether to change their mandates to shift away from claiming to fill governance gaps and toward being tools for learning in dialogue.”

Developing Our New Direction

Alongside our work on *Not Fit-For-Purpose*, we spent much of 2020 assessing the landscape of existing actors who are working to promote economic democracy or propose alternative business models, and identifying the gaps and opportunities that our future work could help fill. We began establishing mutually supportive relationships with key academics, activists, and organizations. To help guide our transition into this work, we began forming an Advisory Circle of leaders and influential individuals with direct experience working with unions or organizing workers, the solidarity economy and alternative business structures, and challenging and dismantling the local and national policies and practices that support corporate dominance.

We also began researching and evaluating alternative models, such as benefit corporations and cooperatives, and examining the possibility of new frameworks for workers' rights that could help shift the public narrative around corporate dominance. As appropriate, we began sharing some of our initial insights and spurring debate and discussion about a root cause of corporate abuse: the corporate form. Some highlights include:

- A webinar co-hosted by MSI Integrity and Harvard's IHRC and attended by over 450 participants, entitled "[Beyond Business-as-Usual: Lessons from workers, communities and the failed experiment of multi-stakeholder initiatives.](#)" Bringing together a number of activists and solidarity economy actors, including speakers from the Coalition of Immokalee Workers, Equal Exchange, and Obran Cooperative, the webinar unpacked lessons from the failed MSI experiment and explored alternative business and human rights intervention models developed by rights holders and workers themselves, such as conglomerate cooperatives and large-scale worker cooperatives. The path of the conversation was beautifully live-illustrated by Sita Magnuson of dpct.



- The release of *Exit to Community: A Community Primer*, [a digital and physical zine](#) from Zebras Unite and the University of Colorado Boulder's Media Enterprise Design Lab (MED Lab) that was co-authored by MSI Integrity's Amelia Evans and Malene Alleyne and others. The zine is a guide to the Exit to Community (E2C) strategy, whereby startup companies can transition to a community/worker-owned and governed model, rather than getting acquired by a competitor or going public in an IPO. The zine was [launched with a webinar](#) hosted by MED Lab and Zebras Unite that had over 400 attendees.
- Another webinar "[Exit to Community: Industrywide Accountability](#)," hosted by MED Lab and Zebras Unite, which brought MSI Integrity in to discuss how expanded ownership creates more accountable economies.
- A session hosted by MSI Integrity at the International Corporate Accountability Roundtable's Annual Meeting, entitled "[At the Root of Abuse: Challenging the Corporate Form.](#)" It featured legal scholar Grietje Baars and the founding Executive Director of the Democracy at Work Institute, Melissa Cooper, as well as a number of solidarity economy advocates and practitioners in a short video produced by MSI Integrity and presented at the beginning of the webinar. The session explored how the corporation is itself a main driver of human rights abuse and economic inequality, and how more equitable and democratic alternatives could pave a brighter road ahead.
- MSI Integrity co-formed an ongoing [community of practice](#) seeking to eradicate the structural and root causes of corporate-related human rights abuse. The community was composed of 35 individuals from the business and human rights and corporate accountability communities, as well as from feminist economics, the solidarity economy, and other movements. It was coordinated by our 2020 Summer Fellow Aleena Pasha.



Strategically and Structurally Transitioning our Organization

Much of the second half of our 2020 was consumed by exploring strategic opportunities and planning our new organizational direction. This will continue into 2021, aided by our input from our new Advisory Circle. A new mission, name, and set of programmatic priorities will all ultimately follow.

We also began examining how MSI Integrity itself can reflect the principles of worker ownership and governance. This means exploring how we can reconstruct ourselves into a more democratic nonprofit, perhaps adapting or adopting alternative models such as sociocracy or [worker self-directed nonprofits](#), a process that will continue into 2021.

With our transition in programmatic focus also came a staffing transition. We recruited three new people who will begin in 2021 to push forward on our new direction (see New Faces for 2021 opposite), while also saying farewell to two excellent staff members: former Research Coordinator, Malene Alleyne (now running her own nonprofit, [Freedom Imaginaries](#)), and Research Director, Shauna Curphey (now General Counsel at the [Coalition of Immokalee Workers](#)). Both were instrumental in crafting *Not Fit-For-Purpose*, as well as the initial stages of our shift to *Beyond Corporations*.



Carmen Guan, Development and Outreach Coordinator.

Carmen is a writer and a budding illustrator / graphic designer. She is passionate about changing the mainstream narrative about people of color by sharing stories of resilience and strength in the fight for social justice. Outside of MSI Integrity, she mentors first-generation college-bound high school students. Carmen graduated from the University of Southern California with a B.A. in NGOs and Social Change, a B.A. in Social Sciences with an emphasis in Psychology, and minors in Spanish and Nonprofits, Philanthropy, and Volunteerism. She is also currently studying Visual Communications at the Los Angeles Trade Technical College to improve her skills as a storyteller. At MSI Integrity, Carmen will be leading our Development efforts and contributing to our visual communications.



Milap Patel, Research Director.

Prior to MSI Integrity, Milap was a Senior Program Officer at the Open Society Foundations, where he worked with and selected Open Society Fellows on their new approaches to challenging economic inequality. Before that, he conducted research on trends in international sustainable development financing at the World Resources Institute in Washington, DC and worked for a renewable energy start-up in New York City. He serves on the board of several national and international organizations that promote LGBTQ+ rights, visibility, and advocacy. Milap has a Masters in Public Administration from Columbia University's School of International and Public Affairs and a B.A. in Economics and Development Studies from the University of Sussex, UK. He is originally from Nairobi, Kenya. At MSI Integrity, Milap will be leading all research programming and coordination.



Noah Klein-Markman, Consultant.

Noah has a background in strategy, finance, and ESG investment with experience across the food and agriculture industry. Previously, Noah was a Strategy Associate for Agriculture Capital, a private equity permanent crop fund focused on farmland and midstream assets. Noah has also interned on the strategy group of The Wonderful Company, the largest U.S. farming company, and has worked with companies and institutional investors on sustainable agricultural sourcing while at Ceres. Noah is currently pursuing his working professionals M.B.A. at the UC Berkeley Haas School of Business with a concentration in Finance, and he has a Masters in International Agricultural Development from UC Davis. At MSI Integrity, Noah will be providing technical and research consulting into options for alternative business form financing.



People

2020 Board

- Fola Adeleke**
Board Secretary
- Deval Desai**
Board President and Co-Chair of the Global Research Network Steering Committee
- Amelia Evans**
Executive Director and Board Member
- Tyler Giannini**
Board Treasurer and Co-Founder
- Bonita Meyersfeld**
Board Member

2020 Staff and Fellows

- Malene Alleyne**
Research Coordinator
- Shauna Curphey**
Research Director
- Amelia Evans**
Executive Director and Co-Founder
- Austin Hwang**
Legal Fellow
- Teddy Ostrow**
Research and Communications Associate
- Aleena Pasha**
Legal Fellow

Financials

MSI Integrity is a 501(c)(3) tax-exempt public charity organization that is committed to transparency in its funding and financial arrangements, and prizes the independence and integrity of its work. MSI Integrity takes careful steps to ensure its funding sources do not create conflicts of interest in its work. MSI Integrity is currently funded with general support from The William and Flora Hewlett Foundation and the Open Society Foundations. The Dutch Ministry of Foreign Affairs provided seed funding to support the launch and development of MSI Integrity from 2012–2014, and we have also received project funding from a variety of other donors.

MSI Integrity is committed to equity between its highest and lowest paid staff. We believe it is good practice for organizations to make their Executive Director-to-full time staff pay ratios publicly available. MSI Integrity strives to ensure that we never exceed a pay ratio of 3:1. In the event we exceed a 3:1 ratio, the issue is placed before the Board for discussion, who will seek input from MSI Integrity’s workers. Our current ratio is 1.61 to 1. By comparison, median CEO pay ratio of S&P companies is 208 to 1, or roughly \$14 million to \$71,000.

Our most recent Form 990 is available for download from our [financials](#) webpage, and our 2020 revenue and expenses will be made available on our website once they are fully prepared.



MSI Integrity

January 2021

