



COTTON 2040 MASTERCLASS 4 SUMMARY

Governance and People



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This document presents a short summary of the recent masterclass “Governance and People”. The masterclass, the fourth in a series of six co-hosted by [WTW](#) and [Forum for the Future](#) in October 2022, provided practical guidance on how brands and retailers can proactively and meaningfully engage with internal and external stakeholders within their value chains and beyond.

As climate change intensifies systemic risks across broader geographies, resilience comes not only from hardening facilities, but from taking steps to support workers in the value chain and their communities. The masterclass opened with two illustrative case studies: of extended business interruptions caused by flooding of textile workers’ homes in Surat, India; and of the business impact of the July 2022 heatwave in the UK, which posed health risks to workers and caused outages at essential data centres.



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The masterclass then outlined a taxonomy of people as they relate to an organisation. The **‘grass tops’ are decision-makers** who determine the strategic direction and high-level action on climate change, including the executive board, board of directors and policymakers. The **‘grass stems’ are implementers and liaisons**, and include middle management, suppliers and distributors, and civil society leadership. The **‘grass roots’ are farmers, producers, and processors** whose work underlies all cotton value chains and makes business possible for everyone else. They tend to be both highly exposed to climate risk and underrepresented in decision-making.



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Building on this framework, the masterclass lastly focussed on methods to identify climate risks and the social vulnerabilities that exacerbate them. **Vulnerabilities and risks evolve, so a commitment to ongoing listening and stakeholder engagement is essential.** To develop and implement an inclusive and effective response, brands and retailers should engage in meaningful dialogue with their stakeholders, incentivise their workforce to pursue resilience, embed equity and climate action into organisational culture, and invest in capacity-building in the value chain.

Key Takeaways

- Engaging in meaningful dialogue with all stakeholders both within the supply chain and beyond is necessary to fully understand risks and move toward resilient, regenerative and just ways of doing business.
- External stakeholders have material relevance and value to all levels of brands and retailers’ value chains.
- Different levers should be pulled to identify climate risks and the social vulnerabilities that exacerbate them including embedding climate and external stakeholder engagement within governance and processes, organisational culture, and incentives.

“An inclusive, effective climate strategy comes down to people – both within your organisation and outside it. The first step is listening.”

- Hannah Summers, Associate Director at WTW & Kate Stein, Senior Associate at WTW