
For Corporate & Foundation Leaders

What the Environmental Side Got Right.

Four Lessons for Social Impact Practitioners Who Want to Embed Faster.

By Suze François, MPA | April 3, 2026

The environmental dimension of ESG has embedded into business operations faster and more durably than the social dimension. This is not an opinion. It is visible in how companies measure, report, budget, and govern these two areas differently. Energy efficiency lives in the finance function. Carbon targets appear in executive compensation. Environmental data is audited, standardized, and tied to capital markets decisions. Social impact, for most organizations, still lives in a separate team, a separate report, and a separate budget line.

The gap is not a matter of commitment. Many organizations are genuinely committed to both. The gap is structural. The environmental side developed conditions that made embedding the logical path. The social side has not fully developed those conditions yet.

This article examines four structural differences and draws a direct practical lesson from each one. The goal is not to argue that the social side is lagging. It is to identify what can be built, borrowed, or accelerated.

**The environmental side did not embed because companies developed a conscience.
It embedded because the structural conditions made it the path of least resistance.**

Lesson One: Claim the Metrics That Already Exist in the Business

The environmental side had a significant advantage from the beginning. Its core metrics were already inside the business. Energy consumption appeared on the utility bill. Water usage appeared in operations budgets. Waste appeared in disposal costs. When companies began tracking environmental performance, they were not building new measurement infrastructure. They were relabeling data that the finance function already owned.

Social impact has rarely had that advantage. Turnover rates, absenteeism, safety incidents, and compensation ratios exist in HR systems, but they are rarely framed as social impact metrics. Worker productivity data exists in operations, but it is not typically connected to workforce wellbeing investments. Community employment rates in operating markets exist in public records, but few companies track them as a measure of their social footprint.

The practical lesson is straightforward. Before building new measurement infrastructure, identify which social impact outcomes are already captured in systems the business uses. Supplier turnover is a procurement metric. Absenteeism is an HR metric. Worker advancement rates are a talent metric. These are also social impact metrics. Claiming them as such, and reporting them through the channels the business already uses, is the first move toward embedding.

What to do:

- Audit your existing HR, procurement, and operations data systems for metrics that are also social impact indicators.
- Identify three to five metrics that appear in current business reporting and reframe them in the social impact context.
- Present those metrics in the next business performance review alongside the financial data, not in a separate social impact report.

The practical barrier to this move is rarely the data. Most organizations already track turnover, absenteeism, safety incidents, and wage progression somewhere in their systems. The barrier is organizational standing. Social impact functions have historically sat outside the business units that own those metrics. HR does not share workforce data with social impact teams by default. Procurement does not route supplier performance data through a CSR lens without a specific reason to do so. Building that connection requires a different kind of work than measurement design. It requires identifying one business leader in HR or procurement who understands why the connection matters and is willing to co-own the metric publicly. A CSR director who presents turnover data as a social impact indicator alone will be heard as an advocate. A CSR director who presents the same data alongside the HR leader who owns the number will be heard as a strategist.

Lesson Two: Build Internal Forcing Mechanisms When External Ones Are Absent

Environmental sustainability moved faster in part because regulation made it non-negotiable. The Paris Agreement provided a global framework for science-based targets. The EU's Corporate Sustainability Reporting Directive, which came into effect in 2023, requires large companies to disclose Scope 1, 2, and 3 greenhouse gas emissions, climate risk assessments, and decarbonization strategies. California's climate disclosure laws extend those requirements to companies operating in the United States. Mandatory disclosure changed the calculation for boards and CFOs in a way that voluntary commitments never had.

Source: Baker Tilly, How Mandatory ESG and Sustainability Reporting Regulations Are Shifting, 2026.

The social side has operated largely on voluntary standards. The UN Guiding Principles on Business and Human Rights are not binding. Most labor standards are enforced through supply chain audits that companies commission themselves. The absence of mandatory social disclosure at the scale of climate regulation has allowed social impact to remain optional in a way that carbon reporting no longer is. This will change. The EU's Corporate Sustainability Due Diligence Directive, adopted in 2024, requires large companies to identify and address adverse human rights impacts in their supply chains. That regulatory pressure will grow. But waiting for regulation is not a strategy.

The practical lesson is that organizations committed to embedding social impact need to create internal forcing mechanisms now. The most effective of these is also the most direct: tie social outcomes to commercial decisions.

Gap Inc. did this with its P.A.C.E. program, a women's economic empowerment initiative launched in 2007. After years of strong program results but limited supplier ownership, Gap moved P.A.C.E. participation from a philanthropic offering into the commercial sourcing scorecard. Suppliers understood that participation was a condition of the commercial relationship, not a discretionary program. That single structural move changed what the work meant to suppliers. It created an internal forcing mechanism where no binding regulation existed.

Source: Gap Inc. P.A.C.E. and RISE program documentation, gapinc.com.

What to do:

- Identify one social outcome that is material to your core business and connect it explicitly to a commercial decision: a sourcing scorecard, a vendor selection criterion, or an executive compensation metric.
- Communicate that connection to suppliers and internal teams in the language of business requirements, not philanthropic priorities.
- Review the EU Corporate Sustainability Due Diligence Directive requirements now, even if your organization is not yet subject to them. Build the infrastructure before compliance is mandatory.

Lesson Three: Shorten the Business Case and Present It in Finance Language

One of the most practical reasons environmental sustainability embedded faster is that its business case was short and linear. Reduce energy consumption, reduce the utility bill. Reduce water usage, reduce operating costs. The Apparel Impact Institute's Clean by Design program, which pairs textile mills with technical experts to improve energy and water efficiency, documented that participating mills achieved returns on their investments within nine to eighteen months.

Source: Apparel Impact Institute, Clean by Design program documentation, apparelimpact.org.

The social impact business case runs through longer and less linear chains. Investing in workforce wellbeing reduces turnover, which reduces recruitment and training costs, which improves productivity, which improves output quality, which reduces defect rates, which protects margins. Every link in that chain is real. But the chain is long, and each link requires its own evidence. Finance functions are accustomed to shorter return horizons, and social impact practitioners have historically struggled to compress the argument into terms that resonate with CFOs and boards.

The solution is not to pretend the chain is shorter than it is. It is to identify the link closest to the financial outcome and lead with that. Worker absenteeism has a direct and calculable cost. Supplier turnover has a direct and calculable cost. Community trust, expressed as license to operate, has a direct and calculable cost when it is withdrawn. These are not soft metrics. They are financial exposures that can be modeled and presented in the language finance teams already use.

The translation is more direct than most practitioners assume. Consider a supplier workforce program that reduces annual turnover by 20 percentage points. The cost to recruit and train a replacement garment worker has been estimated at between one and three months of that worker's salary, depending on the skill level required. A factory employing 500 workers at an average monthly wage of \$200, reducing turnover from 60 percent to 40 percent, avoids replacing 100 workers per year. At a conservative replacement cost of \$200 per worker, that is \$20,000 in avoided recruitment and training costs annually from a single facility. Across a supply base of 50 factories, the number becomes material. That is not a social impact argument. That is a procurement cost argument that happens to be produced by social impact investment. Finance functions respond to it differently because it lives in their language.

What to do:

- Identify the social impact metric in your work that sits closest to a directly calculable financial outcome. Absenteeism, turnover, and safety incident costs are strong starting points.
- Build a simple financial model that connects that metric to a specific cost line in the business. Present it to finance leadership before the next budget cycle.
- Avoid leading with long causal chains in executive conversations. Lead with the financial exposure and follow with the social investment that addresses it.

**The social impact business case is real. The problem is not the evidence.
The problem is how it is presented.**

Lesson Four: Build Toward Convergence, Not Away From It

The environmental side benefited from collective infrastructure that converged earlier and more cleanly than the social side has managed. Programs like Clean by Design and the broader Apparel Impact Institute network created shared standards, shared technical expertise, and shared measurement methodologies that multiple brands could adopt without each one building its own system. That collective infrastructure distributed the cost of improvement across the industry and made supplier participation economically rational, not just ethically desirable.

The social side attempted the same approach but took longer to get there. Two parallel convergence initiatives operated for years with major brands aligned to one or the other. The Global Social Compliance Programme, housed within the Consumer Goods Forum and supported by major retailers, sought to harmonize social audit standards across consumer goods sectors. The Social and Labor Convergence Program, facilitated by the Sustainable Apparel Coalition, pursued a similar goal within the apparel and footwear industry specifically. Both were responding to the same problem: duplicate social audits imposing significant cost and burden on suppliers without producing proportionate improvement in working conditions.

Source: Consumer Goods Forum, Global Social Compliance Programme documentation. Social and Labor Convergence Program, Ten Years of SLCP, February 2026.

The GSCP wound down its equivalence process in 2018. The SLCP scaled, and as of 2024 its Converged Assessment Framework had been adopted by more than 14,400 facilities across 120 countries, with the average verified assessment shared 2.96 times, representing an estimated \$39 million unlocked annually through reduced duplicate audits.

Source: Social and Labor Convergence Program, Ten Years of SLCP, slconvergence.org, February 2026.

But the years of parallel operation carried a cost. Suppliers navigating two competing frameworks, multiple proprietary brand audits, and inconsistent standards experienced what the field came to call audit fatigue. Resources that could have gone toward improving working conditions went toward compliance administration.

Source: Social and Labor Convergence Program, Ten Years of SLCP, slconvergence.org, February 2026.

The practical lesson is not about which specific platform to join or whether to eliminate all proprietary auditing activity. Large supply chains present a real constraint. A brand sourcing from thousands of factories across dozens of countries cannot route every supplier through a single convergence program, even where one exists with sufficient geographic reach. Cost is a second constraint. Convergence programs carry participation fees that not every supplier tier can absorb. The practical result, as experienced by most major brands, is a tiered approach: strategic and high-volume suppliers are enrolled in shared infrastructure, while the broader supply base is covered through the brand's own audit protocols or third-party auditors. That is not a failure of the convergence principle. It is a structural reality of managing supply chains at scale.

There is also a less formal but meaningful layer of convergence that rarely appears in reports or frameworks. On the ground, auditors from different firms sometimes coordinate informally when working in the same factory or the same production cluster. They share findings, divide areas of focus, or conduct a joint visit rather than duplicate the same assessment twice in the same week. That kind of ground-level collaboration does not eliminate audit fatigue, but it reduces it in practical ways that formal programs have not yet fully systematized. It is worth knowing that the industry operates this way, because it suggests that convergence is not solely an institutional project. It is also a practice that individual auditors and sourcing teams can encourage in their day-to-day work.

The goal that serves both the field and the supplier is data interoperability. Whether a brand uses a shared framework for its strategic suppliers or its own protocols for the rest, the data those audits generate should be collected to standards that allow eventual comparison and sharing. Every audit that produces proprietary, non-shareable data is a missed opportunity to reduce the burden on the next auditor who walks through the same factory door.

What to do:

- Assess which tier of your supply base is appropriate for shared assessment infrastructure and enroll those suppliers. For the remainder, design your proprietary audit protocols to collect data to the same standards used by leading convergence frameworks, so results are eventually comparable and shareable.
- Encourage your audit teams and third-party auditors to collaborate informally with other brands' auditors when working in the same factories or sourcing regions. That ground-level coordination reduces duplication even without a formal program change.
- When building new social impact initiatives, resist the impulse to create proprietary measurement tools where shared ones already exist. The cost of fragmentation compounds over time and is borne primarily by suppliers, not by brands.

The Governance Gap

There is a fifth structural difference between the environmental and social dimensions that cuts across all four lessons above, and it belongs on the table.

The environmental side achieved board-level governance before the social side did. Climate risk now appears in proxy statements, in annual reports, and in executive compensation structures at a scale that social outcomes have not reached. A 2024 study published in the Harvard Business Review found that among Fortune 100 board members, the growth in ESG credentials from 2019 to 2024 was concentrated in environmental and governance expertise. Social credentials, including worker welfare, saw substantially less growth.

Source: Harvard Business Review, Research: Boards Still Have an ESG Expertise Gap, April 2024.

That governance gap matters more than it may appear. When a board actively oversees environmental performance, environmental commitments develop an institutional durability that does not depend on any single executive's priorities. When a board does not actively oversee social performance, social commitments remain vulnerable to leadership changes, budget cycles, and political shifts in exactly the way this series of articles has described.

The practical implication is not that practitioners should wait for the board to catch up. It is that embedding the social dimension requires building a path to the board level, not just to the CFO. The question to ask is whether your organization's board committee structure gives social outcomes the same standing as environmental ones. If a dedicated sustainability or ESG committee exists, assess whether its mandate includes social outcomes with the same specificity as climate targets. If it does not, that is a gap worth naming to leadership explicitly.

Gap Inc. offers a useful model here as well. Its Governance and Sustainability Committee includes the board chair and the chairs of the compensation, audit, and finance committees, which means social and environmental sustainability are discussed in the same room as executive pay and financial oversight. That structural integration is a deliberate design choice that gives sustainability outcomes institutional standing they would not otherwise have.

Source: Harvard Law School Forum on Corporate Governance, Running the Risks: How Corporate Boards Can Oversee Environmental, Social and Governance Issues.

Why the Social Side Is Harder, and Why That Matters

It would be incomplete to draw these lessons without acknowledging the structural reason the social side has been slower. Carbon is a universal unit of measurement. A ton of CO₂ reduced in Bangladesh is the same as a ton reduced in the United States. The environmental side built shared infrastructure on the foundation of a shared measurement unit that needed no interpretation.

The social side does not have that advantage. What constitutes a living wage depends on local cost of living. What constitutes freedom of association depends on local law and context. What constitutes dignity at work is not universally defined. The core questions of social sustainability are contested in ways that greenhouse gas accounting is not. That is not a reason to give up on convergence. It is a reason to understand why it has been harder, and to build accordingly.

The organizations that are making the most progress on social embedding are the ones that have stopped waiting for a universal standard before acting. They have identified the social outcomes most material to their specific business, built measurement into existing systems, created internal forcing mechanisms, and aligned with the best available collective infrastructure. They have not solved the structural complexity of social impact measurement. They have moved forward in spite of it.

The Purchasing Practices Problem

One structural constraint this article does not fully address deserves more than a footnote. Purchasing practices — how brands set prices, negotiate lead times, issue last-minute order changes, and cancel contracts — directly determine what suppliers can afford to invest in workforce conditions. They also directly cause the human rights and labor compliance failures that social impact programs are then asked to remedy. These are not separate problems. They are the same problem viewed from different positions in the supply chain.

A supplier absorbing compressed margins, unpredictable order volumes, and short lead times has no financial capacity to fund the workforce training, wage improvements, or facility upgrades that responsible sourcing programs require. The audit that finds non-compliance and the purchasing practice that made compliance economically impossible often originate from the same brand. Research published by the Business and Human Rights Resource Centre in December 2024 documents that the financial and human costs of sustainability transitions continue to be disproportionately borne by suppliers and workers rather than the brands whose purchasing decisions create those costs. Research on living wage implementation in apparel supply chains has found that meaningful wage increases require the simultaneous improvement of both supplier operations and buyer purchasing practices. One without the other has not worked.

Source: Business and Human Rights Resource Centre, Who Pays for the Crisis: Purchasing Practices Analysis, December 2024. Corporate Social Responsibility and Environmental Management, Corporate Social Responsibility and Wages in the Global Apparel Supply Chain, 2025.

This problem was widely documented a decade ago. It remains the documented reality today. The four lessons in this article are practical and actionable within the limits of what a social impact practitioner can directly influence. Purchasing practices sit in a different part of the organization — merchant teams, sourcing directors, and commercial leadership — and closing the gap requires those functions to be part of the conversation. The environmental side has begun confronting this in the context of supplier decarbonization costs, recognizing that asking suppliers to fund green retrofits while simultaneously squeezing their margins is a structural contradiction. Leading brands have started to address this by offering longer-term contracts, faster payment terms, and shared investment in supplier capability as conditions of their environmental programs. The social side has not yet reckoned with the equivalent contradiction at comparable scale.

For social impact practitioners, the practical move is not to wait for purchasing practice reform to arrive from outside. It is to make the connection visible inside the organization. When a social audit finds non-compliance on wages or working hours, the question worth asking in the next merchant meeting is whether the brand's own pricing and lead time requirements are a contributing cause. That question does not always produce immediate change. But asked consistently, with evidence, by practitioners who understand both the sourcing economics and the social outcomes, it builds the case for a different kind of accountability — one that holds the entire value chain, not just the factory floor, responsible for what happens to workers.

That is the lesson the environmental side teaches, and it is the same lesson that twenty years of practitioner experience confirms. The work does not wait for perfect conditions. It builds the conditions it needs.
