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KEY FINDINGS

- About half of cannabis businesses that responded were involved in compassionate medicine programs. These correlated with those already preparing anti-LGBTQ discrimination trainings, and to strong equity-related and local hiring.
- Supply chain partnerships seem to be a potentially growing area for social equity, with more than one-fourth of respondents dedicating 10% or more of their supply relationships to businesses owned by those from areas disproportionately affected by cannabis criminalization (i.e., Black and brown businesses).
- Unionized businesses tended to also go above and beyond in responding to all the ethical business practices we tested for, like the compassionate medicine programs, equity supply chain partnerships and local hiring. A voice for workers is a key anchor to equity.
- Local and equity hiring had the strongest response rate, and is a growing area for action. If these jobs are living wage, with benefits and a voice on the job, then they can be an important driver of community benefit from cannabis.
- Given low responses from the designated neighborhood liaisons at each cannabis business, this system may not be an adequate or realistic mechanism to link communities and businesses.
- Employers we spoke to were split among those operating in numerous ethical ways or to those not complying to most/all programs. Yet, it's clear that it is in fact possible to survive in cannabis and behave in an ethical and compassionate manner that centers equity.

KEY RECOMMENDATIONS:

- The creation of corporate social responsibility guidelines by the Department of Cannabis Regulation will be a chance to integrate existing opportunities like the compassionate medical program and equity supply chain partnerships into a holistic framework. This should include not only opportunities for ethical engagement but education on best practices (like free medicine programs) and community resource linkages (like transgender community-led anti-discrimination programs).
- Corporate guidelines are a way to recognize actors that are already doing this work, and also to understand all the potential ways they can contribute as part of a bigger vision.
- More developed oversight and implementation is going to be necessary: corporate social responsibility should include and be driven by workers, who tend to represent local and equity communities, and by local community groups. Proven, newer Worker-driven Social Responsibility models globally offer an ideal model to base the program, and can be linked to existing worker-led organizations like unions.
- Worker and community oversight on social responsibility must be built into the licensing process, through oversight commissions, interviews, or other input processes that are both rigorous and independent. A liaison model has no teeth at present. There must be consequences for failing to implement guidelines.
- A ratings or other program where the public can access adherence to ethical guidelines can be a way to incentivize responsible actors, as can programs like networking events or farmers markets that incentivize equity supply chain linkages. This can build on the existing efforts some businesses are making regarding support equity businesses, and ensure the related goals of the social equity program.

Where We Began (and Why we are here, Again)

We began this report process in the months before the killings of George Floyd, Breonna Taylor, Tony McDade, and numerous others at the hands of police and white supremacists. But before them there was a long and painful history of lives lost: Sandra Bland, Ezell Ford, Kenny Watkins, countless more; each more than a name, each a human whose value words cannot do justice. Responding to ever-more widespread protest movements under the banner of Black Lives Matter, cannabis companies are reckoning with their responsibility to Black communities and to challenge police killings. But accounting for negligence is not enough - as Proposition 64 and social equity laws were meant to enshrine, recognition is only a first step. Action is where good ideas become real change.

This is not a new conversation to cannabis community, by any stretch of the imagination. Grassroots community and labor organizing on social equity and corporate responsibility that shaped Los Angeles's (and California's) legalization and regulation process have long centered the violence of policing and its targeting of Black life via the drug war – and the ways this drained resources from communities for decades. But cannabis is also a story of the resiliencies of communities of color, of knowledge shared in Black diasporas, of queer of color labor that built the collective system, of grassroots healing and science, and hope to create alternative futures outside the exploitation of racial capitalism.

Such activism and work guided California's Proposition 64, which stood out as cannabis activists and abolitionists fought hard to the first cannabis legalization law to intentionally call for repairing the harms of the drug war, including through the retroactive release of those criminalized and clearing of records. It is embodied in the predominantly Black and Brown workforce that continues to sustain the cannabis industry that is often invisible to the public. Our first related report encapsulated some of these tensions in the ongoing efforts to shape Los Angeles's social equity policy, and made a strict call for community reinvestment of cannabis funds to communities harmed, and not to policing.¹

¹ Chlala, Robert et al. (2019). Repairing the Harms, Creating the Future. UFCW Local 770/Social Impact Center.

https://ufcw770.org/cannabis-social-equity-report/ This report - and linked campaigns - were created with input from the Youth Justice Coalition, TransLatin@ Coalition, and other community partners involved in these areas regarding policing.

This new report is in some ways a response to the gap between the sentiments in the cannabis industry statements in the last few months and in the last few years, when it comes to being a new, responsible kind of industry - and the inequalities that allow some cannabis companies to thrive and others to struggle or to be wiped out, and some to reap profits without regard to the workers and communities that sustain them. It's also a report out of recognition that there are in fact many actors trying to do better - who should be recognized and supported to be able to bring their peers along. Many of the policies listed here can be a means to strengthen efforts to support Black futures via the cannabis industry - from unionization to social equity - in an intersectional way that also address, for example, Black queer & transgender communities. It addresses laws specifically in Los Angeles, but also includes principles to consider in policy and practice throughout the US. Social equity, rightfully, puts much onus on local and state governments to rectify the harms of policing. This report focuses on what comes next: how can cannabis companies themselves rise up to their responsibilities to Black, brown and other communities, including queer & transgender communities, harmed by the war on drugs, and be the model that so many have wanted to be of an economy that actually benefits broadly?

We don't pretend it to be an easy road, but nothing in relation to cannabis ever has been.

What is Corporate Social Responsibility?

While it may sound like a fad buzz word, corporate social responsibility has almost 50 years of history. Some of the history can be traced back to such events like Club of Rome's founding (1968) by business leaders and researchers and the publication of the report *The Limits of Growth* (1972) questioning the costs of a singular focus on profit.² Dwindling resources, pollution and inequality signaled the need to rethink the drive towards relentless economic competition, and new companies like Ben & Jerry's (1978) were founded with the idea that you could do business and address social needs. In 1979, the term **corporate social responsibility** was coined by Archie Caroll to to show "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." Unfortunately, a

² Meadows, D., Randers, J., & Meadows, D. (2004). Limits to growth: The 30-year update. Chelsea Green Publishing.

³ Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of management review, 4*(4), 497–505.

year later, a very different neoliberal corporate agenda solidified under Ronald Reagan and Margaret Thatcher, that claimed there was no society and that the less we restricted markets, the better off society would be, as policymakers dismantled labor, environmental, affirmative action and other regulations.⁴

Four decades later, and the damage of that kind of **corporate irresponsibility agenda** (or, responsibility to shareholders only) can be seen in climate change, pitched wealth and wage inequality, health disparities and more.⁵ As such, corporate social responsibility has made a significant resurgence in the 21st Century globally to ensure businesses do their part to reach goals like sustainability and equity. Researchers and advocates have, among other changes, developed ways to measure responsibility and pushed for moving beyond promises of self-regulation to enshrining responsibility into local, national and international regulations - especially at the United Nations level. Research has helped strengthen a definition of CSR that is multifaceted and includes stakeholder engagement, business ethics, corporate citizenship, sustainable operations, and the creation of shared value. 8 Of course, there's been many steps backwards or sideways, including efforts by corporate lobbyists and their policymaker allies to emphasize that - completely in **contradiction to research** - the best way to have a responsible corporation is to leave them to their devices, or a reduction of CSR to a PR campaign versus action. 9 In the contemporary moment, movements from Occupy Wallstreet to Black Lives Matter to the Sunrise Movement have helped define principles of an economy that benefits society and cuts away at inequality, pushing for companies to be held accountable for their role in promoting racial, gender and other kinds of inequality and environmental and social harm. Most recently, labor and community organizations globally in industries like agriculture and garment work have also put forward successful, research-proven new models of

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⁴ di Leonardo, M. (2008) "Introduction: New Global & American Landscapes of Inequality." In Collins, J. L., Williams, B., & Di Leonardo, M. New landscapes of inequality: Neoliberalism and the erosion of democracy in America. Santa Fe: SAR Press. Harvey, D. (2007). A brief history of neoliberalism. Oxford University Press, USA.

⁵ Centeno, M. A., & Cohen, J. N. (2012). The arc of neoliberalism. Annual Review of Sociology, 38, 317-340.

⁶ Kolk, A., & Van Tulder, R. (2010). International business, corporate social responsibility and sustainable development. *International business review, 19*(2), 119-125. Chandler, D. (2016). *Strategic corporate social responsibility: sustainable value creation.* United States of America: SAGE Publications.

⁷ Avram, E., & Avasilcai, S. (2014). Business performance measurement in relation to corporate social responsibility: a conceptual model development. *Procedia - Social and Behavioral Sciences, 109*, 1142–1146.

⁸ Carroll, A. B. (2015). Corporate social responsibility: The centerpiece of competing and complementary frameworks. Organizational Dynamics, 44(2), 87-96.; di Leonardo, Micaela

⁹ Djelic, M.-L., & Etchanchu, H. (2017). Contextualizing corporate political responsibilities: neoliberal CSR in historical perspective. *Journal of Business Ethics*, *142*(4), 641–661.

"worker-driven social responsibility" that calls for workers to be at the forefront of driving and monitoring measures, that include binding agreements that hold companies to their promises. At a moment when the country comes to grips with what businesses owe their employees and communities in the current pandemic, corporate social responsibility *and* accountability – worker, government and community-led – offers the possibility of a shared and sustainable future.

Why does it matter for cannabis?

The legalization of adult-use cannabis quickly opened up discussions in places like Colorado, Washington and California regarding what it means for cannabis companies to contribute to their local communities and support goals like sustainability. Why did this conversation emerge so fast in a relatively "new" industry? This is due in part to the ways cannabis was shaped by queer and disability rights activists fighting for access to cannabis for HIV/AIDS and other medical needs - and with this, **a tradition of effective cooperative mutual aid** like free medicine programs for unhoused and poor patients. These were a lifeline for many people who depended on cannabis for surviving early HIV/AIDS medication, cancer treatments and other needs. It's important to note that this tradition has been particularly critical for Black and brown communities, and unhoused patients - often invisible in this conversation - in programs that continued well into the growth of dispensaries and up to 2016.

Many involved in the industry were also directly affected by (or lived in neighborhoods destroyed by) a decades long war on drugs and criminalization agenda that specifically decimated Black and Latinx communities with disproportionate arrests, harassment and disinvestment in other services in exchange for militarized policing and prisons. Many community groups were also worried about how to ensure that companies actually complied to the regulations meant to protect youth and consumers, and to the (now gentrifying) working class, Black and Latinx neighborhoods that they in which they tend to

Outhwaite, O., & Martin-Ortega, O. (2019). Worker-driven monitoring-Redefining supply chain monitoring to improve labour rights in global supply chains. *Competition & Change*, 23(4), 378-396. WSR Network. (2020). "What is worker-driven social responsibility?" https://wsr-network.org/what-is-wsr/

¹¹ Chlala, R. (2019). Misfit medicine and queer geographies: The diverse economy and politics of cannabis in carceral Los Angeles. *Environment and Planning C: Politics and Space.*

¹² Bender, S. W. (2016). The colors of cannabis: Race and marijuana. UCDL Rev., 50, 689. Murch, D. (2015). Crack in Los Angeles: Crisis, militarization, and black response to the late twentieth-century war on drugs. Journal of American History, 102(1), 162-173.

be housed. In other words, a kind of cannabis social responsibility was a no-brainer to many within and outside of the industry given its roots in social movements *and* the ways the industry became entangled in inequality.

Even so, it was not until cannabis adult-use legalization reached California localities that there was more specific discussion about this. In Colorado, in some ways the benefits of cannabis to local communities were more focused on the ways cannabis tax funds at the state level were to go directly to education and other needs. But researchers like Dr. Marty Otañez came to demonstrate the ways in which some companies were moving into low-income areas without producing local residents' benefits and creating hazardous conditions in trimming and cultivation. Companies like Kind Colorado began advocating for a model of Cannabis Social Responsibility that merges in elements of health equity – a framework that shows how "downstream" health effects like diabetes are caused by "upstream" factors like a lack of access to healthy food and good jobs. Globally, groups like the Global Cannabis Partnership have created strategies like the Responsible Cannabis Framework to ensure the industry lives up to its past history but also its future potential.

How did the City of Los Angeles & State get involved?

In Los Angeles, learning from the roll-out of the industry in places like Colorado, and drawing from the participatory regulatory process, organizations and advocates pushed to enshrine social responsibility into law following adult-use legalization. Many of these advocates came from the LGBTQ and disability rights movements, or from organizing to dismantle racist mass incarceration. Los Angeles had several key factors that strengthened the call for cannabis social responsibility benefiting communities. This includes a history where community groups have organized around mega-projects to require robust community benefits agreements that require large developers to invest, hire and support

¹³ See Marty Otañez's work in CO Dept. of Public Health & Environment. (2017). "Guide to Worker Safety and Health in the Cannabis Industry." https://nasdonline.org/7427/d002588/guide-to-worker-safety-and-health-in-the.html and www.FSandGreen.org

¹⁴ White, Joey (2017). Cannabis Social Responsibility: A Human Rights Based Approach to Marijuana. Center on Human Rights Education. https://www.centeronhumanrightseducation.org/cannabis-social-responsibility-human-rights-based-approach-marijuana/ On health equity: Bierman, A. S., & Dunn, J. R. (2006). Swimming upstream: access, health outcomes, and the social determinants of health. *Journal of General Internal Medicine*, 21(1), 99.

¹⁵ Global Cannabis Partnership. "New Standards Commit Global Cannabis Industry to Social Responsibility." https://www.prnewswire.com/news-releases/new-standards-commit-global-cannabis-industry-to-social-responsibility-300870499.html

local communities in exchange for their projects. ¹⁶ In cannabis specifically, Los Angeles labor unions like UFCW Local 770 had also led a long-term effort since 2011 to both help protect workers through legalization and to give workers a voice and a safe and equitable workplace. ¹⁷ In tandem with queer, racial justice and other community partners, workers have been at the forefront of demanding their industry live up to its history, and that, through regulation by the City, companies be held to standards like equity, sustainability, advancement opportunities and health for workers and communities.

Relentless organizing over 18 months helped ensure numerous successes: this included several key requirements that have the promise of advancing a better cannabis industry:

- A requirement that each business have a Neighborhood Liaison for complaints, in contact with the relevant Neighborhood Council (Los Angeles' 99 Neighborhood Councils were created in 1999 to help make the City Council more responsive to local communities.¹⁸);
- An initial but later removed requirement that a cannabis license-holder provide a community benefit agreement (CBA) to their Neighborhood Council;
- A requirement that companies make good faith effort to hire at least 10% of its employees from transitional workers and 30% from a 3-mile radius;¹⁹
- Signing, if requested, a labor peace agreement that allows employees access to information on unionization (if the company has 10 or more employees in LA, or 20 or more for the rest of the state);²⁰
- A requirement that the City require a Corporate Social Responsibility plan for all license renewals (originally scheduled to be detailed by DCR by July 1, 2020).

http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\$fn=default.htm\$3.0\$vid=amlegal:la_all_mc\$anc=ID_104.20.

¹⁶ Saito, L. T. (2012). How Low-Income Residents Can Benefit from Urban Development: The LA Live Community Benefits Agreement. *City & Community*, 11(2), 129–150.

¹⁷ For more, see Fox, Hayley. 2019. "Unionizing Weed Employees are Reigniting the Labor Movement." *Vice news.*https://www.vice.com/en_us/article/qvv8a7/unionizing-weed-workers-are-reigniting-the-labor-movement

¹⁸ Empower LA (n.d.)."Neighborhood Councils." https://empowerla.org/councils/

¹⁹ For full details, see LAMC 104.11.m.

²⁰ See: https://blog.margolinlawrence.com/cannabis-union-confusion-many-trust-union-while-others-try-to-bust-them

The requirement regarding CBAs was lifted due to industry lobbying, but other measures remain in place, and the social equity program remains a source of significant promise (albeit a complex start.)²¹

At the state level, a bill passed supporting local equity programs with additional funds (from which Los Angeles received \$6 million²²). Advocates also helped pass legislation including the Cannabis Compassion Act (SB 34, 2019), alternatively the Dennis Peron and Brownie Mary Cannabis Compassion Act) that re-legalized free medicine programs for low-income and other patients in limited scope – and with few guidelines for implementation. Among other laws. California also passed SB 396 in 2017, a first-of-its-kind statewide law to prevent harassment based on gender identity, gender expression and sexual orientation. This latter law speaks to the history of the cannabis industry and stands as a place where there can be leadership, especially when the training requirements for such discrimination are rolled out in 2020.

Since these regulations were put in place, other cities and states have followed this lead, including Chicago, where the Cannabis Equity Illinois Coalition is advocating for a Community Benefits Agreements, and in Massachusetts, where companies must create such agreements with local host cities. Illinois also surpassed California in it's explicit commitment to reinvest cannabis taxes in programs like the Restore, Reinvest and Renew Program that "drives 25% of cannabis tax revenue to fund strategies that focus on violence prevention, re-entry and health services to areas across the state that our objectively found to be acutely suffering from the horrors of violence, bolstered by concentrated disinvestment."²⁴

This is not to mention social equity policies that are also active in a small number of states like Michigan and cities like Portland, both of which reduce fees and set targets for social equity applicants. While there is much buzz on the social equity portion of cannabis

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²¹ For more on the complex equity process, see Chlala, Robert et al. (2019). Repairing the Harms, Creating the Future. UFCW Local 770/Social Impact Center. https://ufcw770.org/cannabis-social-equity-report/

²² See: https://cannabis.lacity.org/blog/dcr-awarded-6m-california-cannabis-equity-grant-program

²³ Braboy, Mark. (2020). "A look at both sides of the fight for equity in Chicago's legal cannabis industry." Chicago Reader. https://www.chicagoreporter.com/a-look-at-both-sides-of-the-fight-for-equity-in-chicagos-legal-cannabis-industry/ and the Massachusets Cannabis Control Commission's Guidance on Host Communities at https://mass-cannabis-control.com/document/guidance-on-host-community-agreements/guidance-on-host-community-guidance/

²⁴ See https://www.iljp.org/r3program

corporate responsibility, there are many markets coming on-line without any such policies - at least 9 states have no mention of equity (or social responsibility) except for expungement.²⁵ But there are many states ahead, including New York, where the process has been delayed to deal with the equity question.

With all eyes on the country's largest cannabis market, Los Angeles' cannabis operators, community organizations and city agencies have a shared task ahead: can they implement a broader frame of responsibility that takes seriously the history and context of cannabis? Can cannabis help model an industry that, across the board, moves us beyond rhetoric on responsibility into action? The City's upcoming release of guidelines on corporate responsibility in July 2020 presents a key next step in this endeavor. With the current context of an ongoing COVID-19 pandemic and what will surely be long-term economic and health impacts, and cannabis' own status as essential, the questions have never been more pressing.

Methodology

The Corporate Social Responsibility survey was designed by Social Impact Center staff and community members to create a simple and structured set of responses charting current implementation of community-oriented regulations, in part to help inform ongoing design of and an execution plan for the City's CSR guidance. The CSR survey was designed to illuminate a baseline understanding of existing regulations and policies. It was kept short and succinct given the limitations on people's time and to make it easy to respond. Questions are detailed in the appendix. They focus mostly on legislation that is already in place or scheduled to roll out (like SB 396) to test for implementation. The exception was in regards to equity shelf space, a question designed to understand the relationship among different licensees and to respond to a common proposal raised by equity-oriented community groups seeking visibility in different cities. Another question looked at the hiring of equity applicants as a way to speak to the hiring requirement for transitional workers and local hiring.

²⁵ For a brief analysis of states, see: https://www.blunttruthlaw.com/2020/02/social-equity-programs-in-cannabis-worth-their-weight/

In April 2020, the survey was sent to 621 emails that were provided by the City of LA Department of Cannabis Regulation (DCR). Data provided by DCR included the license number and business name, as well the name, email and phone of the neighborhood liaison and general applicant email. This is public information and no sensitive license data was disclosed. All liaison and business email addresses were sent an email by the Center.

Following the email, a team of paid and volunteer surveyors, with experience and relationships to the cannabis industry, called each of the numbers for the neighborhood liaisons provided. Surveying continued for approximately one month to ensure that each phone number was reached at least twice. This was done in due diligence but also with understanding for the fact many cannabis businesses, when the survey was launched in early April, may have been dealing with their initial COVID-19 responses. Email follow ups with the survey were sent upon request, and surveyors also provided the option to fill the form out over the phone. The final response rate was approximately 6.6%, with 41 near-complete surveys out of 621. To note, this percentage may be slightly higher given the fact that there were numbers of licenses that represented one business, because different licenses are needed for each type of cannabis-related activity (i.e. cultivation, manufacturing, retail, etc.) 66 contact numbers provided to the City were also incorrect.

Following the survey completion, the researcher partner began analysis of data and had a series of follow-up conversations with the Social Impact Center. The analysis was completed, presented to staff, and recommendations were designed with an eye towards the continued process of honing the regulations to meet the City and community-set goals of corporate responsibility.

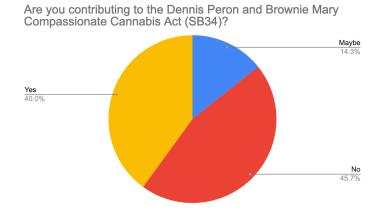


Results

After several rounds of phone surveying and email follow up, approximately 41 mostly-complete surveys were collected, though a small number of these included questions the respondent did not answer. 17 participated in the survey via phone, and another dozen answered on their own to the email.

When it came to developing discounted and free medicine programs, 13 businesses were contributing to the **Compassionate Cannabis Act (SB 34)**; 15 were not and 7 were not sure if they were going to. (See figure 1; note: 6 surveyed did not respond to this question. If we put this together, then just over half of cannabis businesses were not planning to participate in providing free medical cannabis products to those without the means to obtain it.

Figure 1:



Similar numbers arose nearly half were prepared for SB 396, the LGBTQ antidiscrimination training requirement: 62% (21) had a plan laid out, but 32% (7) had no plans to prepare. A large percent - 30% (12) were either not sure what the law referred to or left the question blank. One can start to see the breakdown in the respondents and in fact, there tended to be some correlation between these categories. Almost all of those who were contributing free medicine programs also had a plan regarding LGBTQ discrimination. Yet, within those not participating in compassionate medicine programs, it was split three ways: some had a plan regarding SB 396 training, another third did not know what the law was, and a final third had no plans.

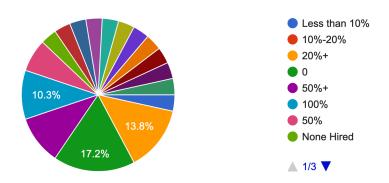
In a more surprising turn, only 26% of shops said they would share their **Community Benefits Agreement** that they had developed. 39% said they would consider it, but another third said they would not. These plans were created in response to an earlier, and since changed regulation. This raises questions given that such plans are oriented to the community and submitted to a public agency, so it's unsure why these would not be disclosed on request. Again, though, there was correlation: of the small number that would share, all had a plan for SB 396, and almost all had compassionate medicine programs.

The numbers shifted when it came for **unionization**. The vast majority of respondents (78% or 32 of 41) were not unionized facilities. That being said, the 12% (9) respondents that were unionized facilities were more likely to respond affirmatively to several of the questions. Almost all unionized facilities had plans laid out for SB 396 and were willing to share their community benefits plans. 6 of 9 had shelf space dedicated to equity brands, and most had at least 50% of employees coming from equity or local communities.

A larger percentage of companies did note that their **employees lived in the social equity or local zip codes**, though these results were far more staggered. 10% said that all their employees lived in these areas; 17% said that 60% of their employees did and 14% said that at least 20% for their employees lived in equity neighborhoods. This is to some degree in correspondence with local law, given the requirement of 30% local hiring and 10% transitional worker hiring.

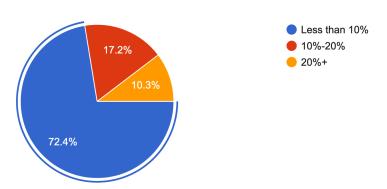
How many of your employees live in the community you serve and/or come from communities within the qualified equity zip codes. ?

29 responses



One way to involve cannabis businesses in social equity efforts – even if they are not equity license holders – is to ensure **supply chain linkages to equity brands**. For cultivators, this means working with distributors and sourcing manufacturers who are businesses from designated equity communities. For manufacturers, this means obtaining biomass from equity businesses. For retailers, this means dedicating shelf space from equity companies across the supply chain. This helps build the success of social equity businesses and creates a healthy supply chain. Nearly three-quarters dedicated 10% or less of supply chain relationships to equity brands, while 28% (or 10) dedicated more than 10%. About two-thirds of this smaller group dedicated about 10 to 20% of their supply-chain to such partnerships, and another 10% said that they dedicated more than 20%. About 11 respondents did not answer this question.

What percentage of shelf space/supply-chain partnerships are dedicated to equity brands? ^{29 responses}



There is also something to be said about the silences in this data, or rather, the active silences. There were a number of people **unwilling to speak:** 33 people hung up on surveyors, and several said they "didn't have to answer any questions." There were more than 212 voicemails left that didn't get a response. This may be due to a number of factors, but does raise concerns about the availability of neighborhood liaisons and the lack of regulatory requirements regarding their role.

Potential Lessons & Recommendations

An opportunity for a unified and holistic corporate social responsibility framework.

One of the key findings was that businesses seemed to fall into two tendencies: either they were going to certain lengths to develop a series of ethical practices like compassion programs or equity shelf space that accorded with existing mandates, or they were not doing most (if any) of the requirements for which we surveyed. This raises a question of whether this is due to negligence or lack of knowledge - they may just not be aware of their options. On the flipside, this also tells us there are not too many regulations: many businesses are surviving and in fact going above and beyond in their responsibility. It's a good sign for the industry's potential to serve as a model. But it's time to bring it together and make sure **everyone is being held to the same expectations** and hopes.

DCR's plan of Corporate Responsibility guidelines are a key opportunity to try to bring the state and city requirements - and potential opportunities that businesses have to act in an equitable and compassionate manner - into one unified framework. The Corporate Social Responsibility guidelines should be seen as a chance to start to unify the kind of equity, anti-discirmination, labor, compassion and other opportunities that already exist - and to help companies lay out a cohesive plan. What do such guidelines need?

First, such a framework should include a **key statement of values and context** that explicitly recognizes the context and what/how unifies all these laws. Given what has been set forward already in laws like Proposition 65 and in California's existing economic regulations and local measures, this includes commitments to:

- Social equity and racial and gender justice, including for LGBTQ communities;
- Economic practices that give workers a voice, mobility and protection;
- Restorative and transformative justice versus punishment;
- Environmental sustainability; and
- Community-driven public health.

There are multiple models that DCR can draw from; organizations like the Movement for Black Lives offer a kind of policy platform that helps think about the intersections of criminalization and how it plays out in different areas (helping inform this Divest/Invest framework)²⁶.

²⁶ Available in a condensed form at https://m4bl.org/policy-platforms/. The full Movement 4 Black Lives platform can be found at: https://m4bl.org/policy-platforms/

Second, DCR's corporate social responsibility guidelines should then (1) educate about and track the multiple existing cannabis and city/state regulations meant to improve community life. Third, they should include a place for workers and owners to share additional action they are doing in relation to the key principles. Given the limits of time companies may have, space can be opened on the DCR website for community organizations who are interested in partnering with cannabis companies to list their information and issue areas. This will help companies enact the regulations – for example creating links to relevant transgender community organizations holding anti-discrimination training or models on how to run a compassionate medicine program.

Cannabis Equity Illinois Coalitions' first Community Benefits Agreement provides a model of what a corporate social responsibility model can look like that has a key set of values, links companies to community groups, and references existing laws. The individual agreement with the company promises:

- Providing 100% living wage jobs for disproportionately impacted individuals;
- Hiring 75% of employees from disproportionately impacted areas ("DIAs") within two years;
- Donate 10% of net profits of the dispensary to community organizations working in DIAs;
- Contracting 10% of products and services from minority and social equity businesses;
- Creating a training and career development program for employees;
- Hosting know-your-rights" educational events and participate in National Expungement Week. [1]

[1] See agreement at: https://www.clccrul.org/blog/2020/3/3/cannabis-equity-illinois-coalition-signs-first-in-the-nationcommunity-benefits-agreement-with-illinois-cannabis-operator-natures-care-company

DCR can model a kind of "one-stop" social responsibility framework and network that sets core values, establishes specific guidelines, collects relevant regulations, offers educational best practices and facilitates community relationships. This will help recognize actors that are already doing this work, and also to help businesses see all these opportunities as part of a bigger vision. The more the corporate responsibility guidelines directly address values like equity and repairing the harm of the war on drugs, the more that they will also give cannabis companies a chance to live out the commitment many are making to supporting Black futures.



Equity employment indicators seem to be progressing.

One of the areas where employers seem to be meeting and exceeding current guidelines is in recruiting workers from equity or local zip codes. Though numbers were quite mixed, a significant portion reported between 60% to 100% of their employees from local and social equity areas. Employment in the cannabis industry is a straightforward way that businesses can contribute to equity and communities' benefit – especially when elements like licensing are far more limited in availability – to advance social equity. That being said, the regulations target transitional workers, and companies cannot ask some of the questions directly regarding unhoused status, government benefit use, and others used to quality. Workforce development best practices require much more to guarantee such hiring programs reach the most vulnerable and create long-term benefit. That includes links to community groups for recruitment (i.e. for job posting and screening); access to wraparound services to support workers (that ensure retention); publicly-accessible certification and training programs (often through community colleges), and other elements of a consistent pipeline to quality jobs.²⁷

Unionization matters.

Of course, employment is an important step forward, but what kind of jobs are cannabis businesses offering? Unionization seemed to have a strong relationship to which businesses committed to opportunities like compassionate medicine programs, equity hiring and LGBTQ anti-discrimination measures. This might be linked to several different reasons - including the fact that the union does in fact help provide not only workers but employers information on changing regulations, and is an advocate on issues like LGBTQ rights. Ensuring access to union information and rights can be a key mechanism for the City and companies to support compliance to regulations and increase the benefits of the cannabis industry. It's also a critical way for a company to show its commitments to Black and brown communities - who provide the labor that keeps the industry alive.

A union dramatically increases the chance of a living wage job, benefits, and a mobility ladder: an **adequate voice on the job is an important tool** in ensuring that cannabis

²⁷ These are detailed further in the prior report, Repairing the Harms, Creating the Future. https://ufcw770.org/cannabis-social-equity-report/

employment contributes to communities and does not in fact heighten inequality. It also helps companies survive by supporting human resources, providing training for requirements like OSHA-30 and ensuring retention of workers in a positive, inclusive way. Unions can be **key anchors in a workforce development pipeline** to recruit and retain transitional workers. Unionization also signals a potential way to create an "inside" voice on corporate responsibility.

Worker-Driven Social Responsibility offers a way forward.

A new breed of corporate social responsibility models, under the banner of "worker driven social responsibility" has emerged that offers a potential grounding as DCR builds out it's platform for responsibility (see page 2).²⁸ One of the findings of the survey process has been the limits of a neighborhood liaison model, in terms of having someone in ownership or management available and monitoring on behalf of the community. These liaisons may be overwhelmed with other duties and seemed in most cases unsure of what their role even was.

But fortunately, the regulations do not require this liaison to be an owner. The Worker-Driven Social Responsibility guidelines recognizes the importance of giving workers a leading role in setting the priorities, design, monitoring and enforcement of ethical operation guidelines. One of those roles can include being the liaison. Including workers and the organizations that represent them (like unions) is also an important way to give the broader affected communities a role in shaping the corporate accountability process - given that many of these workers do in fact represent equity and local neighborhoods related to these businesses.

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²⁸ More information at: https://wsr-network.org/what-is-wsr/statement-of-principles/

Both incentivization and oversight must be integrated into licensing.

One of the questions that often arises when it comes to social responsibility is the oversight process. A key principle of Worker-Driven Social Responsibility (responding to the weakness in some corporate responsibility models) is consequences for actors across the supply chain that violate worker and community human rights. Cannabis fortunately has mechanisms built in for this, given the role of annual licensing renewals and reporting. The cannabis corporate social responsibility guidelines will need to be **integrated into the licensing process** - with consequences for non-compliance. The more that workers and communities have a voice in this oversight process, the more chance that there will be a real insight into how businesses are contributing. This can include creating a **worker and community oversight board** linked to the Commission and DCR that gives workers and their organizations a role. It can also include interviews with workers by inspectors in each site to ensure that reporting is accurate (with assurances of non-retaliation). At the most basic level, **reports must also be made publicly available** and easily understood.

The City should also consider incentives for those who go above and beyond in a measurable and proven way, such as highlighting equity and ethical businesses via a directory or social equity/fair trade logo. Part of building a model industry can involve lifting up successful equity and ethical businesses, especially given the economic pressures that cannabis businesses are facing. This information can be key for consumers, and help guide spending. (Another idea floated is including with the logo a QR code that can also link to the publicly-available corporate social responsibility reports.) Something as simple as a directory of equity-owned businesses can be an important step, too, in strengthening the equity supply chain.

Cooperation across the supply chain is key.

About a quarter of businesses noted participation in equity supply chain partnerships - a good start in an area that, at present, is not required by regulations. Social responsibility guidelines offer a chance to build on this. One way to incentivize suppliers to comply with responsibility guidelines is that retailers **provide price premiums for responsible suppliers** that follow ethical guidelines - and in return, the retailer can receive recognition for this in their reporting. Such supply chain partnerships can also be a means for downstream

suppliers like manufacturers to voluntarily **provide products for compassionate medicine programs.**This also helps reduce the downward pressure on suppliers. In the case of cannabis, if a fair trade logo or other program is in place, this will make it easier for businesses (and consumers downstream) to identity responsible actors.

The DCR can also help host **networking events and other opportunities like a farmers' market** to help create equitable supply chain relationships. The more this ethical supply chain is strengthened through worker and community voices, through effective and regular oversight, and through supportive programming and education, the more that the City will also reach interrelated goals – like the **central mandate** in California's and Los Angeles' cannabis laws to repair the harm of cannabis criminalization or to ensure access to health for all communities.

