



United Nations Global Compact



JOINT REPORT TO THE HIGH-LEVEL PANEL OF THE POST-2015 UN DEVELOPMENT AGENDA

PREPARED BY THE UN GLOBAL COMPACT AND THE WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT

WITH THE SUPPORT OF THE WORLD ECONOMIC FORUM and THE HIGH-LEVEL PANEL'S BUSINESS REPRESENTATIVES

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Introduction

Our world's most critical global challenges are too large and too complex for any one segment of society to solve alone. Collective action must be the order of the day – uniting multilateral organizations, governments, civil society, and business.

A growing segment of the business community has never been more prepared to act, and to contribute to both the formulation of Post-2015 development objectives, and the realization of related goals through widespread and, in many cases, innovative implementation efforts.

Business has an enormous stake in the global project to achieve true sustainable development. Healthy societies and healthy markets go hand-in-hand. In recent years, a growing number in business have adopted a values- and principles-based management and operational approach – articulated in the concept of “corporate sustainability”, meaning the delivery of long-term value in financial, environmental, social, and ethical terms. This is business re-tooled for the challenges of the 21st century.

Our organizations – the UN Global Compact and the World Business Council for Sustainable Development – have been working for many years with our constituent business members, participants, and stakeholders to redefine the role of business in society.

In this document, we articulate – at a general and high-level, befitting of this Panel – why the business community should be engaged as a primary partner in this historic endeavor; ideas from business in relation to developing the Post-2015 objectives and goals; and, importantly, how business (and the public sector working in long-term partnership with business) can best contribute to implementation efforts in the years and decades to come.

I. Why Business Is Ready to Contribute to the Post-2015 Agenda

During the development of the Millennium Development Goals some 13 years ago, the international business community was essentially absent from the deliberations and the act of creation. The most common explanation for this is that the United Nations, governments, and the broad international development community both discounted – and, in some instances, felt hostile towards – the role of business in global geo-socio-economic issues.

Another – and much less discussed factor – is that business, generally speaking, did not in the years leading up to the Millennium Declaration in 2000 demonstrate any real interest in broad development issues – seeing this domain as the preserve of multilateral organizations, the public sector, aid agencies, and civil society.

During the past decade much has changed on both sides of this equation. First, the United Nations and the development community have grown to appreciate the positive contributions that business can make. Part of this realization stems from necessity. It has become increasingly clear that our world's most daunting challenges are too large and complex for any one segment of society to solve alone. Collective action and partnerships – uniting all relevant global stakeholders – are now required if humankind is to achieve true global security and global sustainability.

In addition, the development community has seen – and has been comforted by – a growing willingness on the part of business to contribute and to be part of the solution.

This interest is indeed real, and reflects a genuine shift in the minds of many business leaders. In recent years, increasing numbers of companies – including large and small, private and state-owned – have come to understand that there are both commercial and ethical imperatives in relation to the global sustainable development agenda, driven by the following considerations:

- ❖ Natural resource constraints and environmental degradation. Business cannot possibly prosper over the long run in a world of ever-increasing pressures on natural resources and the environment, which enterprises rely on to sustain production and operations. Development needs to take place within the planetary boundaries of natural, ecological systems.
- ❖ Sustainable economic growth. Economic growth, employment, and development in any country context cannot be achieved without a functioning and vibrant business sector. Achieving this creates the markets of the future.
- ❖ Human rights and human welfare. Where human rights are violated and human suffering prevails, societies and economies are inherently unstable and crippled from reaching their full potential.
- ❖ Governance. Where corruption and other forms of poor governance reign, economies cannot function properly, efficiently, or fairly. Market integrity demands transparency and institutional legitimacy at all levels as well as good governance and political will as a key enabler.
- ❖ Morality and ethics. In a world replete with human suffering and acute inequalities, business has a moral imperative not only to 'do no harm' but to act in the enlightened interest of future generations and for the good of society.

II. How Business Is Evolving: A Values-Based Approach

As described, there has been a growing acknowledgement by business that it has a key role to play with respect to the global sustainability agenda – driven by a range of factors, both commercial and moral.

But how is business – from an organizational and strategic perspective – changing and adapting in ways that can lead to meaningful and lasting contributions to sustainable development solutions, while also ensuring the business sector’s long-term engagement and commitment?

One of the most profound developments in the evolution of business has been the adoption of a values- or principles-based approach to corporate management, strategy and culture. This trend, which began in earnest perhaps 10 years ago, is leading to fundamental changes in the ways in which businesses are overseen, operate, and hold their own institutions accountable.

Increasingly, business is embracing and integrating principles to help guide it towards achieving and delivering value measured in economic, environmental, and social terms. Furthermore, business is increasingly expanding beyond ‘do-no-harm’ approaches in order to produce deliberate positive outcomes (i.e. ‘doing good’). These approaches include actions in critical areas – such as water, energy, food, fiber and forests – backed up by accountable mechanisms, including annual reporting.

Initiatives and organizations such as the UN Global Compact, the World Business Council for Sustainable Development, and the World Economic Forum, have arguably been at the forefront of this agenda encouraging an elevated role for business in society. Thus, we observe the following:

- ❖ Business signatories of the UN Global Compact commit to 10 universal principles in relation to human rights, labour standards, the environment, and anti-corruption.
- ❖ Business is increasingly adopting policies and practices to achieve ‘corporate sustainability’ – that is, the delivery of long-term value in financial, social, environmental, and ethical terms.
- ❖ Corporate sustainability, thus defined, encompasses a range of value-creating activities and approaches, including: basic compliance with national and international law; integrating relevant policies and practices into corporate governance and core operations; designing commercially-viable business models to satisfy basic needs and create sustainable livelihoods for low income populations; and engaging in social investment with a development focus.
- ❖ Business is increasing its own transparency and accountability through increased corporate sustainability. In addition, some in business are beginning not only to account for financial capital, but also natural capital (resources, ecosystems) and social capital (human impacts).
- ❖ Business is working to articulate a pathway to a sustainable global society through projects such as Vision 2050, developed by the World Business Council for Sustainable Development.
- ❖ Business is working with the financial and investment markets in new ways – engaging with a new category of ‘responsible investors’ that have also embraced the tenets of sustainability; and encouraging or even launching ‘sustainable finance’ projects and instruments.
- ❖ Corporate sustainability is increasingly finding its way into management-education institutions.

III. What Issues Should Be at the Core of the Post-2015 Agenda

In recent months, the international business community has been widely consulted with respect to the Post-2015 Agenda and the possible formation of Sustainable Development Goals.

One starting point was a review by business of the Millennium Development Goals (MDGs), which business understands are still very much active until 2015. As this paper stated, the MDGs were crafted without the involvement of business. Despite this fact, many businesses have nonetheless adopted, in recent years, strategies and objectives that relate to the MDGs – aligned to their new sustainability approaches.

The fit has not always been perfect. While business leaders consulted during the review generally praised the MDGs for their brevity and quantifiable nature, many felt that the MDGs left out or underplayed critical sustainability aspects or issues. For example, the MDGs have no explicit economic goal, and climate change is subsumed under general environmental sustainability. In addition, MDG 8 ('Develop a Global Partnership for Development') is arguably more of a *modus operandi* than a goal.

With this in mind, business leaders relayed the following thoughts in relation to the possible scope and nature of any new Sustainable Development Goals:

- ❖ SDGs should fully reflect and effectively balance the triple pillars of sustainable development – economic, environmental, social – while also being global in applying to all nations.
- ❖ SDGs should include a clear dimension related to equitable economic growth, especially one emphasizing economic sustainability and inclusiveness. It is recognized that development objectives cannot be achieved without economic growth – but also that economic growth does not ensure sustainable development. Therefore, any SDG related to economic growth should strongly address employment, while also seeking to upgrade the quality of jobs.
- ❖ SDGs should adequately address the nexus of water/sanitation; energy; food/hunger; and the effective management and maintenance of biodiversity, ecosystems and ecosystems services through possible stand-alone goals in each area. As the UN Secretary-General has said: "If we can solve the problem of water, energy, and food, I think they can work as a golden thread" to pull forward solutions in other key areas. Each meets an existential human need, while also being critical for business and economic development. All are inextricably linked.
- ❖ SDGs should continue to address universal access to health care and education. Business leaders feel strongly that sustainable development cannot be achieved without addressing health and education, especially universal primary education. Education is a pathway to decent, qualified and productive employment, without which an economy cannot grow and prosper.
- ❖ Additional SDGs – including possible goals related to good governance and human rights – should be identified based on their ability to generate 'multiplier effects' in terms of impact.
- ❖ SDGs should be customized for different business sectors, while at the same time promoting a universal framework of integrated reporting encompassing financial, natural, and social capital.
- ❖ In terms of the timeframe of SDGs, many business leaders feel that a 15-year term is appropriate, with prominent 5-year reviews involving all stakeholder groups.

IV. The Architecture of Implementation

The preceding sections have covered the possible scope and nature of SDGs – section IV suggests a range of ideas and recommendations in relation to ‘the How’ of implementing new development objectives and goals.

As a beginning point, it will be important that any new global development strategy and framework recognizes the centrality of business in the triangle of economy, society, and government. In generic terms, there are numerous ways through which business can contribute to implementation:

- ❖ Widespread business adoption and implementation of corporate sustainability frameworks, especially the UN Global Compact and its ten principles.
- ❖ Expansion (and creation) of business-oriented initiatives that address specific sustainability issues – especially those that are values- and principles-based, accountable, and multi-stakeholder in nature. Such initiatives have been developed in areas including climate change; meeting basic needs (access to energy, water, food, shelter, health services, etc.); water stewardship; sustainable agriculture; women’s empowerment; and anti-corruption.
- ❖ Further development of country-level business networks and efforts that are working to advance sustainable development and build capacity within a national context.
- ❖ A greater emphasis on sector-based best practices and approaches, including encouraging industry trade associations to adopt the tenets of corporate sustainability. Increasingly, cross-sector issues (like water, land use change) need to be recognized and addressed through collaborative approaches seeking multi-benefit, synergistic outcomes.
- ❖ Further development of promising implementation platforms such as: on-line match-making ‘project action hubs’; specialized sustainability funds; and social enterprise incubators.
- ❖ Wider corporate sustainability disclosure, including ‘integrated reporting’ and accounting frameworks that value financial, natural, and social capital.

Finally, with respect to public policy, business recommends the following general actions:

- ❖ Pursue international and national strategies that incorporate business through enhanced public-private partnerships and other collaborative arrangements.
- ❖ Create greater incentives – including donating ‘reputational capital’ through recognition and other efforts – for business to adopt and implement corporate sustainability commitments.
- ❖ Re-align markets by appropriately pricing negative externalities, and include these factors in measurement of economic growth and societal well-being.
- ❖ Promote more widespread and comprehensive corporate sustainability disclosure.
- ❖ Reformulate procurement and investment policies to align with corporate sustainability practices, while requiring that all such policies and related contracts between government and business be transparent.

V. Conclusion

The future cannot be treated with a mindset of ‘business as usual’ – by any stakeholder. In recent years, we have seen a growing convergence between the objectives and priorities of the public sector, civil society, and business. While core missions clearly differ, there is an increasing overlap of shared objectives – or, put another way, shared risks and opportunities – on a range of critical global sustainability challenges.

To adequately and bravely address these threats, all institutions of society must challenge themselves – and each other – to do more. This means working in new ways and with new partners, united in a common sense of purpose and destiny.

After many years of experimentation, and testing and refining new approaches and innovations, many in the international business community are now highly equipped to act. Driven by both commercial and ethical imperatives, these organizations have embedded the tenets of corporate sustainability into their strategies and operations and have embraced a development paradigm within their business philosophies.

This shift by business comes at a thrilling time. The Post-2015 Development process presents an historic opportunity to engage the international business community to an extent never before realized. By doing so, we are confident that we can set all the societies of the world on the path that leads to the Future We Want.

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