Report to the United Nations Secretary-General

Corporate Sustainability and
the United Nations Post-2015 Development Agenda

Perspectives from UN Global Compact Participants on Global Priorities

and

How to Engage Business Towards Sustainable Development Goals

Submitted by
United Nations Global Compact
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Report Summary

As Governments and the United Nations look ahead to 2015 and the deadline of the Millennium Development Goals, the United Nations Global Compact has been asked to bring business and investor perspectives and actions to the post-2015 global development agenda. The post-2015 era provides an historic opportunity to scale up and align business efforts in order to contribute to United Nations priorities at unprecedented levels.

In a globe-spanning series of consultations, surveys and focused discussions held over the past year, thousands of companies committed to responsibility and sustainability have offered their views. It is hoped that these inputs from business will help the world body in its deliberations on an agenda to follow up the ongoing successes and challenges of the Millennium Development Goals (MDGs) – particularly as it relates to the role of the private sector in contributing to the achievement of global goals. Businesses consulted by the UN Global Compact are energized by the prospect of a newly articulated set of world priorities, and by the interest shown by both United Nations Member States and the United Nations Secretary-General in the viewpoints of the private sector.

This report contains business perspectives and recommendations in three areas:

1. **Determining the core of a post-2015 agenda**, including suggested **sustainable development goals and targets**, categorized around the following issues:
    - **The Poverty Apex**: An end to extreme poverty and a strong start on extending prosperity to the majority of the world's people are now achievable. The hallmarks of this campaign should be sustained economic growth that is inclusive and more equitable; more and better jobs; and access to credit and entrepreneurship opportunities, especially among the poor.
    - **Human Needs and Capacities**: Progress and unmet challenges in the core MDG areas of education, health and advances in the standing of women and girls need to continue past 2015 – all closely related to poverty and its eradication.
    - **The Resource Triad**: The resource triad of water and sanitation, energy and climate, and agriculture and food bring together the three pillars of sustainable development. Each meets basic human needs, has the capacity to power sustainable economic growth and is directly related to climate change.
    - **Enabling Environment**: Good governance and respect for human rights, settings of peace and stability, and more modern and greener digital and physical infrastructure are enabling factors important enough to be elevated to worldwide goals.

2. Outlining how to **engage business and investors towards sustainable development goals,** including:
    - Global corporate sustainability movement, based on universal principles and accountability measures
    - Accountable corporate commitments aligned with global development goals
    - Global issue platforms
    - Industry sector initiatives
    - Implementation mechanisms and networks that facilitate partnerships and collective action
    - Business-led sustainability networks at the country level
    - Initiatives on private finance

3. **Recommending ways that Governments can advance inclusive and sustainable markets**, including through multilateral cooperation and trade, pricing incentives, procurement and transparency, financing for inclusive markets, state-owned enterprises, and encouraging and supporting responsible business practices.

I.   INTRODUCTION

As the Millennium Development Goals 2015 deadline approaches, Governments and the United Nations are working to set global priorities for the post-2015 period. The post-2015 era presents an historic opportunity for the international business community to contribute to the attainment of worldwide sustainability and development objectives.

The United Nations Global Compact, as the world's largest corporate sustainability initiative, was asked to assess and report on the views of business leaders on global sustainability priorities, and specifically how business can contribute to advancing and achieving these goals in a post-2015 context.

Following a globe-spanning series of consultations, surveys and focused discussions held over the past year with thousands of companies and investors, it is clear that businesses committed to responsibility and sustainability are energized by the prospect of a newly articulated set of world priorities – which include clear goals and targets – and by the interest shown by the United Nations Member States and the United Nations Secretary-General in incorporating the viewpoints and capabilities of the private sector. The United Nations post-2015 agenda presents the opportunity to shift to a new paradigm in development thinking by fully recognizing the central role of business.

Business and Development

Economic growth is now largely derived from business activity, with private financial flows moving around the world now far exceeding official aid or grants. Business has long set the pace in supercharging the productivity of human endeavour, defeating disease, communicating and computing, and drawing more nutrients from the soil, for example. Today, transformative solutions by business exist with the ability to have profound impacts on areas including energy and climate, water, agriculture and food, corruption and gender equality. Business is also increasingly moving into innovative and new opportunity spaces that drive corporate and investor success while delivering societal value, such as helping to lift people out of poverty through social enterprise or developing green products and processes.

Businesses have a built-in motivation to see development succeed. Quite simply, business does better when the world does better, and is literally at a loss in a setting of disease, strife, environmental breakdown, illiteracy, abuse of human rights, arbitrary government practices and impoverishment.

Emerging in the twenty-first century, and recognized implicitly in the year-2000 Millennium Declaration, is the historic convergence between incorporation of social and environmental dimensions into business models, and the enterprise-oriented development thinking of Governments and multilateral institutions. Engaged companies are taking part in the global development agenda through their business models and practices, and more Governments now advance corporate sustainability as a complementary solution.

Corporate sustainability – defined as a company's delivery of long-term value in financial, social, environmental and ethical terms – is becoming a mainstream concept globally, including in new and unexpected ways in the emerging, developing and post-centralized economies. It is from these countries that the UN Global Compact now draws roughly half of its participants, and where much of the growth in initiative's 100-plus national networks is taking place.

Businesses that integrate sustainability into their operations are finding themselves in positions of long-term strength: Opportunities for risk management, new markets, and product and service innovation open up. Consumer confidence and loyalty are strengthened.

Companies also have responsibilities. They are increasingly aware that they need to earn and maintain a social license to operate, as well as a legal one. Corporations face increasing expectations from stakeholders to manage their societal impacts, including on human rights, labour, the environment and corruption. Corporate sustainability, therefore, entails both *respect* for universal principles in these areas, as well as proactive *support* of a sustainability agenda.

Mirroring the growth in corporate sustainability are the responsible investment and sustainable finance movements, whereby increasing numbers of long-term institutional investors are adopting principles of sustainability – with the means for unleashing the trillions of dollars in investment that will be required for innovation, infrastructure and service delivery to meet human needs.

Business and the Millennium Development Goals

For committed companies in both the North and the South, the Millennium Development Goals (MDGs) have served as a helpful resource in setting their own principles, priorities and targets. Even without a supporting role identified in the original Millennium Declaration or MDG blueprints, business has had a hand in many of the main MDG successes, including: reducing the hold of extreme poverty on the world's population; halting diseases like HIV/AIDS and malaria; connecting and empowering people around the globe through mobile telephony and the rise of digital capabilities; contributing to the emergence of Africa as a competitive global force with diversifying economies; and advancing modern energy sources, such as solar and wind energy.

As a globally-recognized framework, the MDGs furthermore facilitate collective action by businesses on issues such as water management and women's empowerment, and the development of partnerships involving Governments and non-governmental organizations (NGOs). The MDGs have also helped competing businesses act on common interests, and diverse players such as Government, NGOs and business to speak a common language.

A United Nations global programme to follow up on the successes and experiences of the MDGs is therefore seen as an historic opportunity. Business has a central role to play. As Governments work towards a post-2015 agenda which may include clear goals and targets, the UN Global Compact urges that the agenda be designed with business engagement in mind – allowing for maximum alignment with corporate strategies and multi-stakeholder partnerships that can contribute to achieving global sustainability priorities at unprecedented levels.

Consultations with Businesses on the Post-2015 Agenda

Perspectives on the post-2015 agenda presented in this report are based on a range of consultations with business:
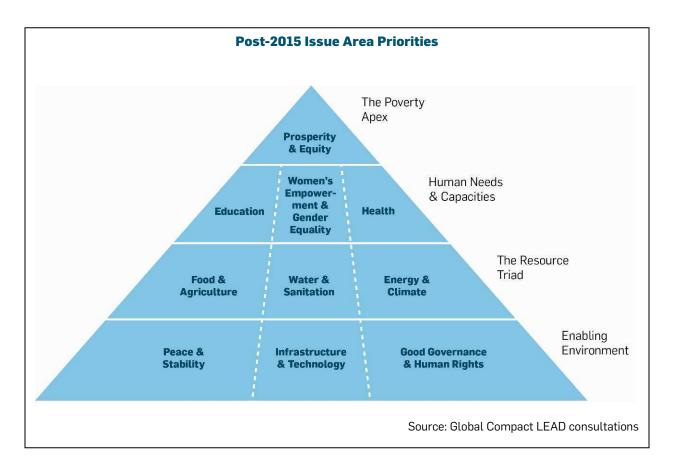
- From January to April 2013, country-based **Local Networks** carried out 43 consultations on the post-2015 agenda in five major regions. Over 500 corporate participants attended. Consultations took place in the following countries:
  - Americas: Brazil, Colombia, Paraguay
  - Asia/Australia: Australia, Bangladesh, China, India, Indonesia, Japan, Pakistan, Singapore, South Korea, Sri Lanka, Vietnam
  - Europe: Belarus, Bulgaria, Greece, Germany, Macedonia, Netherlands, Nordic Network, Spain, Switzerland, Turkey, UK
  - Middle East/North Africa: Egypt, Gulf States, Iraq, Syria
  - Sub-Saharan Africa: Kenya, Uganda, Zambia

- A series of highly focused discussions within **Global Compact LEAD** – the UN Global Compact's leadership platform comprised of 56 highly committed and engaged multinational corporations – have taken place since the 2012 Rio+20 summit and the aligned UN Global Compact-organized Corporate Sustainability Forum.

- In March 2013, companies participating in **UN Global Compact issue platforms** on water and on corruption devoted their annual meetings to discussion of their relation to a post-2015 agenda. Over 250 participants attended the meetings. Further, two webinars were held with signatories of the UN-supported Principles for Responsible Investment.

- Also feeding into the report are the views of 1,712 companies from over 100 countries in the most recent **UN Global Compact Annual Implementation Survey**, conducted from November - December 2012.

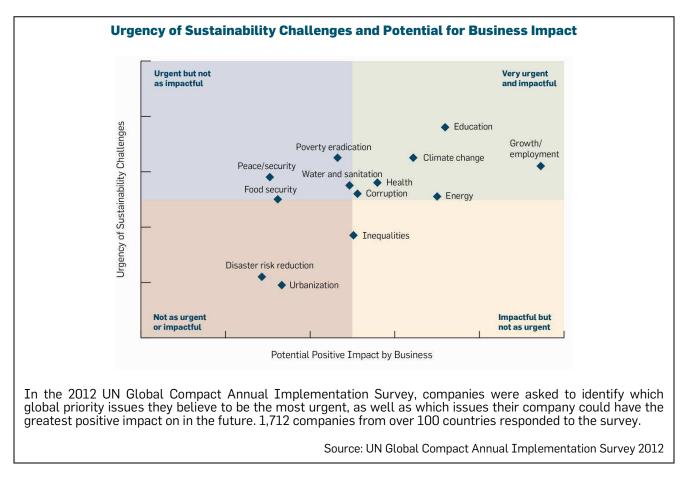## II.   DETERMINING THE CORE OF A POST-2015 AGENDA

Thousands of UN Global Compact business participants were surveyed and consulted on global development priorities they consider central to any future development agenda – which builds on the Millennium Development Goals and the MDG system.

One very broad conclusion is that, for their notable successes, the MDGs underplay economic factors that are driving forces in achieving social well-being, while subsuming an important array of environmental and human-need challenges under the single MDG Goal 7. A post-2015 agenda, therefore, should finish the job of the MDGs in social priority areas of health, women's empowerment and education, while expanding the environmental goals and placing new emphasis on enabling environment.

Below is a visualization of recommendations by business on issue prioritization, organized into four overarching areas: Poverty; Human Needs and Capacities; The Resource Triad; Enabling Environment.

Post-2015 Issue Area Priorities

The Poverty Apex — Prosperity & Equity

Human Needs & Capacities — Education, Women's Empowerment & Gender Equality, Health

The Resource Triad — Food & Agriculture, Water & Sanitation, Energy & Climate

Enabling Environment — Peace & Stability, Infrastructure & Technology, Good Governance & Human Rights

Source: Global Compact LEAD consultations

At the apex is the overarching vision of moving away from poverty and toward a level of worldwide prosperity. The next level addresses social and human-need factors that are also closely related to poverty and its eradication. Together, these four incorporate the heart of the current MDG programme. The resource triad expands on MDG 7, to include resource areas which are highly connected, meet primal human needs – and all are integrally tied to the causes and effects of climate change. At the base of the pyramid, the issues include a broader array of enabling factors that set the foundation for successful action in the levels above; conversely, without a solid base, the entire structure will crumble.
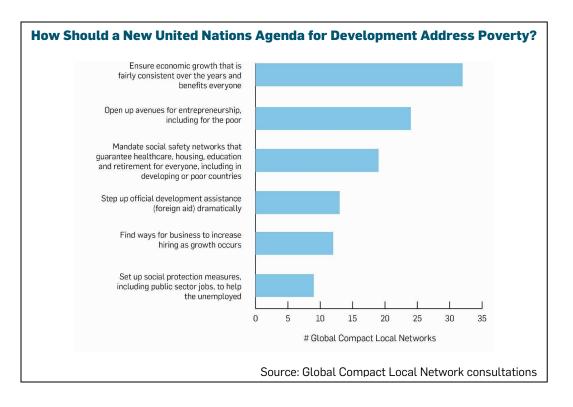
Urgency of Sustainability Challenges and Potential for Business Impact

Urgent but not as impactful

Very urgent and impactful

Urgency of Sustainability Challenges

Education

Poverty eradication

Growth/ employment

Peace/security

Climate change

Water and sanitation

Health

Food security

Corruption

Energy

Inequalities

Disaster risk reduction

Urbanization

Not as urgent or impactful

Impactful but not as urgent

Potential Positive Impact by Business

In the 2012 UN Global Compact Annual Implementation Survey, companies were asked to identify which global priority issues they believe to be the most urgent, as well as which issues their company could have the greatest positive impact on in the future. 1,712 companies from over 100 countries responded to the survey.

Source: UN Global Compact Annual Implementation Survey 2012

A) The Poverty Apex

The starting point of a new development agenda should be a continuation of the main point of address of the Millennium Development Goals, and one of its signal achievements: a concentrated attack on poverty. The condition of poverty overlaps with other social needs and its existence in an extreme form is an affront to human dignity. On the economic side, poverty represents a main impediment to the benefits that markets and entrepreneurship can deliver.

The effort will depend on economic growth based on equity and inclusiveness. This economic imperative is also one that is being embraced and acted on by the Least Developed Countries (LDCs) and the African Union, where they are prioritizing increased investment, improved human capacities, more and better infrastructure, and the leveraging of development assistance for private sector development.

At the centre of inclusive growth is the creation of more jobs, but these must be quality jobs that uphold international labour standards – considering that 20 per cent of the world's employed people live below the $1.25/day level. There should be social protection for the jobless, and skills training that reaches out to women and vulnerable or marginalized groups.

The new agenda should also address opportunities for entrepreneurship, especially for women and youth. Reduction of barriers to starting or formalizing an enterprise is a first step. The position of the world's half-a-billion smallholder farmers – about half of them women – should be advanced as part of this process. It should also address opportunities for the majority of the workers in many of the poor and developing countries who are engaged in the informal sector.

How Should a New United Nations Agenda for Development Address Poverty?

Category	# Global Compact Local Networks
Ensure economic growth that is fairly consistent over the years and benefits everyone	32
Open up avenues for entrepreneurship, including for the poor	24
Mandate social safety networks that guarantee healthcare, housing, education and retirement for everyone, including in developing or poor countries	19
Step up official development assistance (foreign aid) dramatically	13
Find ways for business to increase hiring as growth occurs	12
Set up social protection measures, including public sector jobs, to help the unemployed	9

Global Compact Local Networks

Source: Global Compact Local Network consultations

The advance of micro-finance needs to be followed up by a broader array of instruments at the mini- and mid- levels. Small and medium-sized enterprises (SMEs) in Africa, for instance, identify lack of finance as a primary handicap. Broader financial intermediation can also be a strategic means to engage women and marginalized groups.

The hallmark of the post-2015 agenda on poverty is not just the identification of the need, but explicit means to bolster social capacity and build strength among the poor.

One critical but often overlooked factor is the MDG indicator related to labour productivity. With productivity levels in the developing world only one fifth of the developed world, it should be a priority to significantly raise productivity in these nations to unleash higher standards of living and economic development that, in turn, would provide the developed world with badly needed market expansion. A large productivity increase, if it is to happen, will depend on successes in other areas of a post-2015 agenda – full integration of women in workforces and leadership positions; healthier and better educated workers; a citizenry confident in respect of their rights, a further spread of the digital revolution and stronger and greener infrastructure; good governance and abolition of the added transaction costs imposed by corruption; a supportive relationship between economy and environment; and peace and stability.

The prospect is of a world predicated not only on the absence of the most extreme forms of poverty, but of a general standard of widespread prosperity.

B)   Human Needs and Capacities

Support for meeting human needs and building capacities continues to command broad public and political support. Three areas that have figured strongly in the MDG campaign and will be crucial to meeting a post-2015 agenda are: education, health and advances in the standing of women and girls.

(i)   Education

Business leaders feel strongly that that the post-2015 agenda needs to strongly address education. It is a pathway to better-paying and more productive jobs, without which an economy cannot grow and people will not prosper. While continuing the drive to extend primary school attendance, the focus should shift to outcomes – not just bringing children into a one-room building, but providing teachers, curricula and materials including, as possible, computers and Internet access – that prepare them for their futures as citizens, employees and entrepreneurs. As part of preparing for the future, sustainable development should also be incorporated into curricula at all levels.

In addition to ranking as the most urgent development priority in the UN Global Compact's 2012 annual survey of companies, education is also an area where business leaders feel they can make a difference. From the corporate perspective, learning takes place at workplace and managerial levels, as well as educational institutions. In addition, there is the prospect of better coordination between employers and education, so that graduates are prepared to fill job opportunities, with a payoff in lower rates of unemployment and higher productivity.

(ii)   Women's empowerment and gender equality

The empowerment of women and girls is a main driver of development. The full incorporation of women's capacities into labour forces would add percentage points to most national growth rates – double digits in some cases. Gender equity, a basic human right, produces the double dividend of benefiting women and children, and is pivotal to the health and social development of families, communities and nations.

The promotion of knowledge, education and skills-building for women and girls should be a key part of the post-2015 agenda, along with support for women entrepreneurs and women-owned businesses. The right to access and ownership of productive assets should be emphasized.

The prospects for employment for women outside of the household or informal sector need to be improved. A key area to be addressed, along with empowerment and education, is discrimination in hiring and pay. Global Compact Local Networks in countries where gender roles are narrow or restricted report that the workplace can be a liberating environment for many women. It is a place where they are relied upon and can utilize their capabilities – helping to contest stereotypes.

A major impediment to empowerment and well-being is violence against women and girls. This practice, and attitudes that condone such violence, can be combated within and outside the workplace.

(iii)   Health

Health is a major determinant of the success and productivity of a work force, and a major industry in its own right, involving pharmaceutical companies, services, clinics and professional associations. Multinational medical care and pharmaceutical firms, acting with other institutions and stakeholders, are in a position to advance the integration of research, production facilities, major health care institutions and local clinics – helping respond to global challenges.

Businesses are involved commercially and through United Nations partnerships with the provision of basic health services and micronutrients for mothers and children in the first
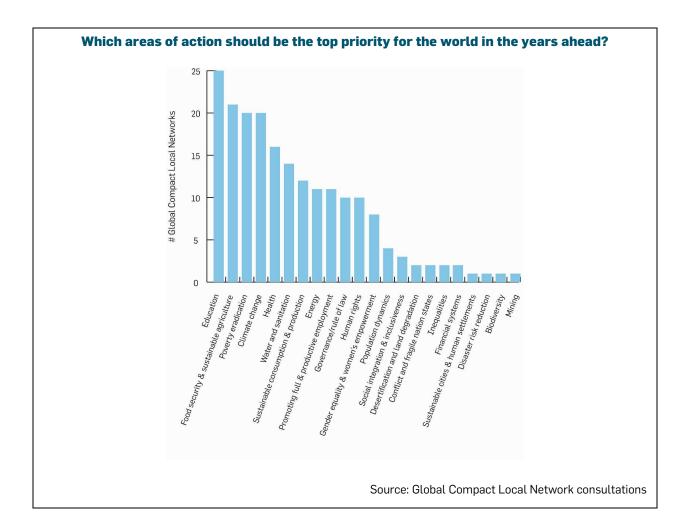
thousand days of life (from conception through second birthday) – a major determinant of personal and social well-being in future years.

Discussions by companies participating in Global Compact LEAD point to an orientation that is organized around a well-resourced, agile global system that can respond to needs as they arise, guided by a person-centred care ethic.

Building on the success of the MDGs in addressing key health challenges, the post-2015 agenda should tackle a broader set of communicable and non-communicable diseases.

C)   The Resource Triad

Business leaders recognize that a sustainability agenda must have global aspirations – as climate change, volatile weather, crises related to food and water availability, and limits on mineral and biodiversity resources all have planetary settings. Three areas that come to the fore in business discussions are water/sanitation, energy, and food/agriculture. Each meets a primal human need; provides critical resources for economies, especially in the developing world; and overlaps with the others in terms of management and impact. All are integrally tied to the causes and effects of climate change. As all three issues are interconnected, a "nexus" approach will be required in addition to addressing each issue independently.

Which areas of action should be the top priority for the world in the years ahead?

Source: Global Compact Local Network consultations

(i)   Food and agriculture

A direct line to poverty eradication worldwide is improvement in agriculture and the situation of smallholder farmers. Agri-business has a major role to play in renovating agricultural systems and farm management practices, increasing yields and promoting rural development. The improvement of the agricultural sector is highly amenable to technology, investment and upgrade of public infrastructure.

Businesses are getting involved in food systems that stretch from production to distribution and consumption. Many agri-businesses and store chains are integrating smallholder farmers, including women and marginalized groups, into these food chains, helping connect them to markets. The divide that sometimes exists between multinational food and agricultural firms and local farmers in the developing world also needs to be addressed. Such efforts can unleash greater productivity and build a stronger agricultural base, as well as advance social justice.

At a fundamental level, companies that process, distribute and sell food products all are charged to do no harm by ensuring the safety of their products. Increasingly, they are being challenged to upgrade nutritional value and help consumers around the world avoid problems associated with obesity, diabetes and chronic diseases. The UN Guiding Principles on Business and Human Rights assigns responsibility to identify and address how activities such as land use, pollution and water treatment impact people and communities, including rights to food and health.

With regard to the environment, there is a large upside potential for increases in scale and improvements in technology to reduce the environmental impacts of farming. For example, drip irrigation improves yields, conserves water and aids in adaptation to climate change challenges. Better transport and storage techniques and infrastructure will reduce the wastage of fresh food. Sustainable natural resource efficiency and management also need to be extended to forestry and protection against de-forestation, oceans and fisheries, and other ecosystem reserves.

(ii)   Water and sanitation

While the MDG target on water access has been met ahead of schedule, unless further action is taken it is predicted that two thirds of humanity will live in water scarce or water stressed regions by 2030 – based on factors including population growth, urbanization and climate change. As well, little more than half of the developing world population had individual access to improved sanitation facilities as of 2010. Waste matter is leaching into groundwater, compromising water supplies, bringing disease and polluting farmlands.

Worldwide, the ability to maintain adequate supply for agriculture, industry, and cities and human settlements is in jeopardy, along with the natural life that inhabits streams, rivers, wetlands and lakes. As a major water user, the first imperative for industry and agriculture is to halt destructive practices, such as not treating water discharges or over-using consumption in the manufacturing or agricultural practices. Embracing the new, holistic concept of corporate water stewardship will therefore be critical in the new era.

In areas where people are not connected to water system infrastructure, this necessity of life becomes a fixed cost, like food and energy. Utility industries and public private partnerships have extended the water grid, but more progress is needed to meet demand and eradicate the alternative of women and children carrying water from faraway sources. Along with travel to primitive sanitary facilities, these practices reduce chances for an education or job, and are hazardous to physical safety.
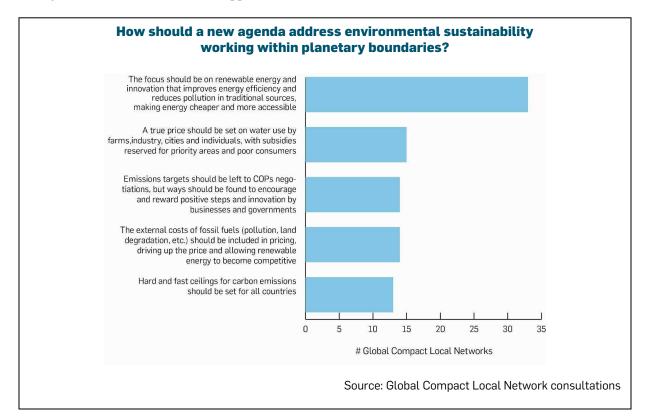
(iii)   Energy and climate

Understanding the risk factors of finite amounts of traditional energy resources and climate change, clean energy achieved through efficiency measures and new sources must be part of the post-2015 world.

Fossil fuels currently account for the great bulk of the world's primary energy mix. Carbon-based sources are not only finite, but also contribute the majority of annual global increases in carbon emissions, which is a major driver of climate change.

The challenge of finding new sources as replacements is compounded by the need to bring dependable, affordable sources of energy to the 1.3 billion people who lack access to this necessity of modern life, as well as to industry in the developing world. Access to modern energy is essential for the provision of clean water, sanitation and healthcare, reliable and efficient lighting, heating, cooking, industry, transport and telecommunications.

Concerns that achieving modern energy access for all would unduly magnify the challenges of energy security or climate change are not well grounded. As the poor partake in global consumption to such a limited degree, energy access for all would only impact global energy demand by an estimated 1 per cent by 2030, and CO_2 emissions by 0.6 per cent.

Even as efforts are made to extend traditional energy grids to those who are unconnected, business innovation is leading to alternative solutions. Just as technological capacity and the low cost of mobile phone technology rushed in where people were waiting for landlines, so are new forms of locally independent energy sources being developed and marketed using the elements of sun, water, wind and warmth from the planet's sub-surface. As part of the post-2015 development agenda, these efforts must be supported and elevated

How should a new agenda address environmental sustainability working within planetary boundaries?

	# Global Compact Local Networks
The focus should be on renewable energy and innovation that improves energy efficiency and reduces pollution in traditional sources, making energy cheaper and more accessible	33
A true price should be set on water use by farms, industry, cities and individuals, with subsidies reserved for priority areas and poor consumers	15
Emissions targets should be left to COPs negotiations, but ways should be found to encourage and reward positive steps and innovation by businesses and governments	14
The external costs of fossil fuels (pollution, land degradation, etc.) should be included in pricing, driving up the price and allowing renewable energy to become competitive	14
Hard and fast ceilings for carbon emissions should be set for all countries	13

Source: Global Compact Local Network consultations

D)   Enabling Environment

Business can best carry out its functions and contribute to society in enabling conditions, which include a level playing field, rule of law, dependable infrastructure, and a stable social and political environment. Additionally, environments which support responsible and sustainable corporate practices are essential. Business can assist in the establishment of a suitable and sustainable enabling environment, however a clear distinction must be maintained between public and private sector capabilities and responsibilities.

(i)   Peace and stability

Countries with severe economic and social challenges tend to be those that are sliding into, immersed in or emerging from war or severe conflict. Governments and the international community hold primary responsibility in the area of peace and stability; however, business also has a critical role to play.

A company's decisions on investment and employment, relations with local communities, protection for local environments, and security arrangements can help a country overcome conflict, or exacerbate tensions that fuel violence in the first place.

Companies can play a supporting role through responsible practices that bring together and treat people with an even hand, regardless of their ethnic or religious persuasion and whether as employees, customers, clients or suppliers. Business also must abide by appropriate standards and conventions protecting civilian safety, as well as those regarding transnational organized crime and illicit money transfers. It is essential for companies to conduct due diligence to identify and address any adverse impacts their operations may have on human rights.

(ii)   Infrastructure and technology

The worldwide infrastructure of computers, digital systems and the Internet that has been put in place is multiplying productivity and playing a central role in economies. Innovations such as smart mobile telephony are opening up pathways out of poverty, and widespread connectivity is hastening new forms of collaborative, bottom-up organization. Over the next 15 years, these innovations should be rolled out to reach and benefit all.

Transportation infrastructure, power facilities and energy and water grids, conversely, have been de-prioritized in many spending plans in recent years. They are critical to poor nations in building productive capacity, as well as to highly developed countries held back by infrastructure that is wearing out and not built to "green" specifications.

The upside potential in digital and physical infrastructure is huge, and business will be relied upon in both areas. The scale of physical infrastructure that will need to be built or replaced in the next few decades is staggering. Corporations and investment institutions are needed to design green technologies, facilitate public-private partnerships and mobilize long-term finance geared to sustainability criteria.

(iii)   Good governance and human rights

From the business view, the requisites of governance include rule of law, an enabling political environment for economic development, smart regulation with a minimum of bureaucracy, and transparency. Respect for human rights figures among these qualities.

While maintaining a level playing field for businesses, Governments can also raise the level of the field, by maintaining even-handed rules that sanction socially-corrosive action by businesses and reward corporate sustainability based on universal principles.

Bribery and graft exert a corrosive effect on society, place the poor and middle classes at a disadvantage and impose added transaction costs that deplete competiveness and productivity. Due to the mechanics of corruption, the only workable approach is to involve businesses in numbers with state agencies and civil society watchdogs in collective pacts to minimize or eliminate its practice, while at the same time improving corporate and government transparency.

Given all that is at stake, fighting corruption should be a central component of the post-2015 agenda. Transparency in all public procurement bids and transactions should be an underlying condition.

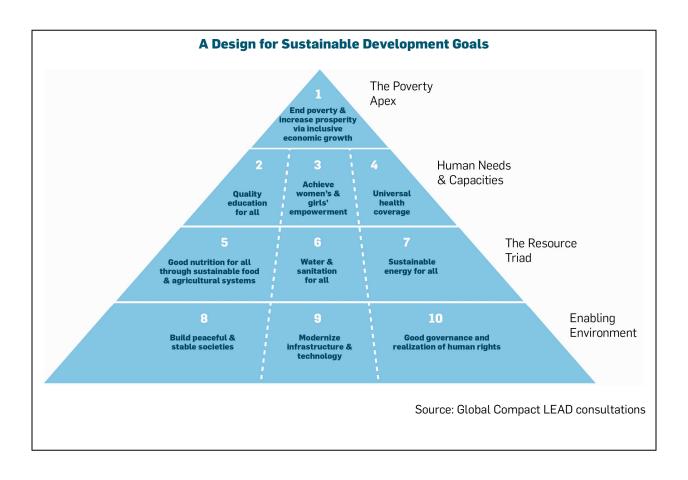## III.   TOWARD A SET OF GLOBAL SUSTAINABLE DEVELOPMENT GOALS

As part of a sustained series of discussions on prospects for a post-2015 United Nations development agenda, representatives of the 56 Global Compact LEAD companies have proposed a set of worldwide goals to extend and amplify the MDGs. This interest originated in a plenary meeting of more than 3,000 business leaders at the June 2012 Corporate Sustainability Forum in Rio de Janeiro, who overwhelmingly voted in favour of contributing to the design and implementation of the proposed Sustainable Development Goals cited in the inter-governmental Rio+20 conference outcome, *The Future We Want*.

A set of sustainable development goals is seen as helping business to align their own strategies and better collaborate among companies and with other sectors. Business respondents stress that setting dynamic goals is not a reason for changing underlying principles. There is a synergistic relation between the two. The ten principles of the Global Compact on human rights, labour standards, the environment and anti-corruption set minimum standards that companies should respect. These same principles provide the motivation and the base for moving ahead on sustainable development targets.

Given the strong support for the concept of sustainable development goals emerging from consultations among business, a Global Compact LEAD task team devised a prototype for post-2015 goals and targets, presented on the following two pages.

As a guide, the Global Compact LEAD task team developed criteria for setting goals and targets:

- Global in scope, and not pre-determining a North-South duality;
- Taking into account differences in the level of development of different countries or regions, allowing for achievability as well as ambition;
- Limited in number;
- Clear in theme and concept;
- Chosen with consideration of both intrinsic value and a multiplier effect;
- Balance between the social, economic and environmental pillars of sustainable development;
- "SMART" targets: specific, measurable, attainable, realistic and time-bound. If not stated in quantitative terms, targets should be amenable to measurement on progress through statistical indicators; and
- Targets set for a 15-year period beginning in 2015, with check points every five years, and benchmarked to 2010.

A Design for Sustainable Development Goals

1
End poverty & increase prosperity via inclusive economic growth

The Poverty Apex

2
Quality education for all

3
Achieve women's & girls' empowerment

4
Universal health coverage

Human Needs & Capacities

5
Good nutrition for all through sustainable food & agricultural systems

6
Water & sanitation for all

7
Sustainable energy for all

The Resource Triad

8
Build peaceful & stable societies

9
Modernize infrastructure & technology

10
Good governance and realization of human rights

Enabling Environment

Source: Global Compact LEAD consultations

14

A Design for Sustainable Development Goals

Goal 1: **End poverty and increase prosperity via inclusive economic growth,** *targets include*:

- Eliminate extreme poverty ($1.25/day per capita in 2005 real US dollars).
- Create jobs through decent work sufficient to keep unemployment below 5 per cent, including for women as a group, and below 10 per cent for youth.
- Eliminate child labour.
- Ensure full access to private finance, including basic savings, loans and growth capital products, on fair terms including for women and marginalized groups.
- Reduce by 30 per cent the Gini co-efficient rating in each country.

Goal 2: **Quality education for all,** *targets include*:

- Every child completes primary education with basic literacy and numeracy, in schools with grade divisions, books, light, meals and sanitation.
- All secondary schools to facilitate computing skills, and a 50 per cent availability of digital facilities among primary schools without them.
- Increase the percentage of young adults with the skills needed for work.
- Achieve parity in enrollment and educational opportunities at primary, secondary and tertiary levels for girls and women.
- Curricula at primary level and at all levels above to include sustainable development concepts, with special emphasis on business schools.

Goal 3: **Achieve women and girls' empowerment,** *targets include*:

- Increase the proportion of leadership positions held by women in public and private sectors to 40 per cent or better.
- Universally recognized and enforced equal pay for equal work.
- Full and equal access of women to ownership, property rights and land titles.
- Reduce rates of violent acts committed against women and girls by at least 50 per cent.

Goal 4: **Universal health coverage,** *targets include*:

- Affordable access to quality (meets patient needs) treatment and care for all, or to 80 per cent where such access was less than half in 2010.
- Continue to reduce the reach of TB, malaria and HIV/AIDS, and contain the spread of new drug-resistant strains.
- Halt the rise in non-communicable diseases.
- Universal reproductive health services including access to birth control and to a qualified attendant at birth.
- Cut maternal mortality rate by at least ¾.
- Reduce the under-five mortality rate by at least ⅔.

Goal 5: **Good nutrition for all through sustainable food and agricultural systems,** *targets include*:

- Eradicate calorie-deficient hunger and halt increase of rates of obesity and of malnutrition.
- Eliminate stunting of children under two years of age through appropriate micro-nutrients.
- Double the productivity of LDC agriculture.
- Stop and turn back annual increases in greenhouse gas emissions and deforestation resulting from farming and livestock production by 2020.
- Bring down the share of overexploited ocean fish stocks by 20 per cent.
- Reduce amount of food lost through poor storage and waste by ⅓.

Goal 6: **Water and sanitation for all,** *targets include*:

- Universal access to affordable and safe fresh water.
- Universal access to basic sanitation facilities by 2020 and improved sanitation facilities by 2030.
- Fresh water use brought in line with supply.
- Ensure establishment and full implementation of national water effluent standards.

Goal 7: **Sustainable energy for all,** *targets include*:

- Universal access to modern energy services.
- Double the global rate of improvement in energy efficiency in production, distribution and consumption.
- Double the share of renewable sources in the energy mix.
- Reduce by at least 50 per cent the particulate concentration in urban air, not to exclude achievement of more stringent regional targets.

Goal 8: **Build peaceful and stable societies,** *targets include*:

- Improve access for diverse ethnic, religious and social groups to justice, services and economic opportunity.
- Improve mediation, dispute resolution and dialogue mechanisms to prevent and resolve conflict and to build peace
- Reduce incidence of violent deaths per 100,000 by at least 20 per cent.
- Prevent, combat and reduce the illicit trade in small arms, light weapons and ammunition.
- Reduce the reach and extent of organized crime, especially through the provisions of the United Nations Convention against Transnational Organized Crime.

Goal 9: **Modernize infrastructure and technology,** *targets include*:

- Deploy investment sufficient to meet requirements for "green" transport, energy and water systems in the developing world, and for upgrading or replacing old and "brown" infrastructure in the developed world.
- Universal and affordable access to the Internet and computing technology.
- Effective use of e-governance at national and state/provincial level in all countries, to increase managerial capacity as well as transparency.
- Double the share of the population with easy and affordable access to public transportation systems.
- Step up R&D in both public and private sectors.
- Reduce carbon emissions from the construction and operation of buildings.

Goal 10: **Good governance and realization of human rights,** *targets include*:

- Raise awareness and implementation of all UN human rights conventions and instruments among all people and at all levels of governance.
- Achieve competitive and transparent procurement processes through public advertising of all government procurement cases.
- Develop further an open, rule-based, non-discriminatory international trading and financial system.
- Establish a climate supportive of business and investment at home and from overseas, including incentives in favour of sustainability.

Source: Global Compact LEAD consultations

IV.   ENGAGING BUSINESS TO ACHIEVE SUSTAINABLE DEVELOPMENT GOALS

Delivering a better future for all requires action by all – Governments, corporations, citizens, consumers, workers, investors and educators. Undoubtedly, the private sector has a central role to play. As the world's main source of economic activity, business is at the heart of virtually any widespread improvements in living standards. But, this will not happen through business as usual. Investment and business activity must be sustainable – delivering value not just financially, but also in social, environmental and ethical terms.

A promising dynamic is emerging as more and more companies around the world are making sustainability an integral part of business strategies and operations – no longer viewing it just as a philanthropic or marketing activity. Corporate leaders increasingly understand how sustainability issues affect the bottom-line and are looking beyond traditional business and financial factors. Market disturbances, civil unrest, social deprivations or ecological destruction happening nearby or far away can have material impacts through the value chain, capital flows, public opinion or employee productivity.

The opportunities to develop new products services and business models that help solve global challenges are also clear – particularly associated with green growth and "base of the pyramid" endeavours. As a result, there is enormous potential for the private sector to help advance sustainable development on a broad scale, in line with the post-2015 agenda.

There are two fundamental ways by which companies contribute to sustainable development. One is by upholding *respect* for universal sustainability principles in their operations, thus making sure to do no harm. The other is through taking actions that *support* advances on sustainable development, such as new products, services and business models.

Regarding the principle of "do no harm", too many violations still occur daily around the world and there is a long way to go. The UN Global Compact maintains that compliance with legal and financial regulation and respect for universal principles in the areas of human rights, labour, environment and anti-corruption are the bedrock of corporate responsibility. Significant progress is underway, with over 7,500 companies explicitly committed to the principles of the United Nations through the UN Global Compact.

Companies in leadership positions, however, understand that their numbers are limited, and that corporate sustainability needs to pervade the corporate world more broadly and deeply for business to realize its great potential for contributing to sustainable development.

Mainstream investors, too, have a critical role to play with respect to advancing the tenets of responsible investment and sustainable finance – both of which can represent the finance industry's contribution to global sustainable development.

Harnessing global business as a force for sustainable development represents one of the biggest opportunities in the post-2015 era – and a necessity for a new set of development goals to be implemented. This effort will require a robust business engagement framework that can broaden the participation of companies, deepen commitments on core issues, upgrade partnerships and collective action, strengthen capacity for supporting business implementation at the national and local levels, and leverage the potential of private finance and investment.

Drawing on more than ten years of experience in mobilizing business globally around United Nations values and principles – and building on the experiences of other corporate sustainability initiatives and networks already in place – the UN Global Compact recommends the following areas that can most effectively engage business towards the post-2015 development agenda:

1. Global corporate sustainability movement, based on universal principles and accountability measures

Corporate sustainability is a rapidly growing movement. The thousands of chief executives participating in the UN Global Compact annually reconfirm their commitment. Adding roughly a thousand new companies each year, a tipping point is within sight – with the potential to transform markets from within and make production, consumption and the allocation of capital more inclusive and sustainable.

But the pace needs to be picked up. Global and local corporate sustainability initiatives need to be supported in their efforts to mobilize more companies and orchestrate business solutions. For the organizations involved, greater priority must be given to improve coordination and collaboration, and to ensure alignment around a set of core principles for business engagement.

Business engagement must be based on universally recognized principles, such as those of the UN Global Compact. There should be no trade-offs; constructive action on one issue does not compensate for harmful action on another.

Businesses must, importantly, be accountable to their stakeholders for taking action on corporate sustainability. This is best organized through annual disclosure guided by sustainability reporting initiatives and robust standards, including the framework provided by the Global Reporting Initiative.
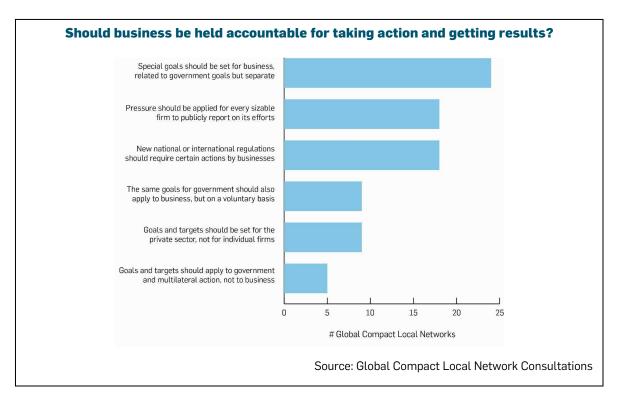
2. Accountable corporate commitments aligned with global development goals

The establishment of a post-2015 agenda with a set of sustainable development goals would provide a unique opportunity to significantly grow the global population of companies setting their own specific, quantitative and time-bound targets aligned with one or more such goals.

Currently, while companies use goal-setting as an effective tool to drive motivation and performance in areas such as production and sales, only a minority of the most committed and advanced corporations apply the same practice to sustainability commitments. Such goal-setting will help to translate implementation of sustainable development goals into long-term business priorities, subject to management approval and board oversight. This would, in turn, pave the way for the integration of goals into performance evaluations and performance-based remuneration for executives and employees.

To encourage engagement, structures must be in place to provide visibility and recognition for companies that make commitments to such targets. Building on the model that was successfully used for the Rio+20 Corporate Sustainability Forum, a number of organizations can help to mobilize and validate corporate commitments. A single global web platform, anchored at the United Nations, ideally would host a database of all commitments.

Two elements must be in place. One is a global measurement framework to help business determine measurable targets and identify performance indicators. The other is a requirement that companies listed on the United Nations platform update their stakeholders on progress related to their commitment. Beyond the immediate impact on measurability and accountability, these elements would facilitate the tracking of progress made by business overall and enable benchmarking within individual industries and sectors.

Should business be held accountable for taking action and getting results?

Special goals should be set for business, related to government goals but separate

Pressure should be applied for every sizable firm to publicly report on its efforts

New national or international regulations should require certain actions by businesses

The same goals for government should also apply to business, but on a voluntary basis

Goals and targets should be set for the private sector, not for individual firms

Goals and targets should apply to government and multilateral action, not to business

0   5   10   15   20   25

Global Compact Local Networks

Source: Global Compact Local Network Consultations

3. Global issue platforms

One of the most significant and promising trends has been the development of business-oriented global platforms and initiatives aligned to specific sustainability challenges. The impetus behind the creation and spread of issue platforms is the realization that a business organization acting unilaterally can only produce so much positive impact on a given global challenge – as important as these individual efforts are. This phenomenon reflects the evolutionary arc of the modern-day corporate sustainability movement – from individual organizational learning and implementation to more broad-based action based on notions of collaboration and scale.

A singular focus of many global issue platforms is the desire for business to go deeply into action and problem-solving around a particular issue by establishing minimum standards and norms, defining best practice and facilitating learning and sharing among participating companies. Recent years have seen a proliferation of global business platforms aligned to an array of sustainability issues – including climate change, women's empowerment, health pandemics, water, anti-corruption and investment.

These platforms are being developed and led by a diverse range of organizations and initiatives, and can differ widely in terms of objectives, governance structure, participant composition, accountability and modus operandi. What they share is a desire to motivate large numbers of business organizations to act in concert to attain a shared mission and related objectives. To ensure the integrity and inclusiveness of these platforms, they should ideally be business-led but multi-stakeholder in composition, principle-based, and in adherence with public accountability measures.

Examples of such issue platforms include: the United Nations Caring for Climate, Sustainable Energy for All, CEO Water Mandate, and Women's Empowerment Principles; the World Business Council for Sustainable Development's Global Electricity Initiative; the World Economic Forum's Partnering Against Corruption Initiative; GBC Health; the Principles for Responsible Management Education; and the UNEP

Finance Initiative, the United Nations-supported Principles for Responsible Investment and the International Finance Corporation's Equator Principles.

The post-2015 development agenda presents an opportunity to further engage business-led issue platforms in global solutions-delivery and encouraging the creation of new initiatives – while finding ways for different initiatives to coordinate learning and activities for even greater impact.

4. Industry sector initiatives

Emerging alongside issue platforms is intensifying work by business in specific sectors and industries. Specific industries can account for significant economic activity with associated environmental and social impacts – especially when supply chains are factored in. In recent years, many industrial groups have begun to assess and quantify these aggregate impacts, while also developing strategies, guidelines and targets for their members to adopt to minimize negative impacts and maximize positive contributions.

Strategically, the establishment of minimum standards for a sector helps to level the playing field among companies that are often competitors in the marketplace, and reduces the burden on first-movers to bear the brunt of the costs. In addition, from a reputational standpoint, leaders within a given industry have an interest in ensuring that poor performing peers are not tarnishing the image of the entire sector. Another key factor driving the growth of sector initiatives is the understanding that different industries can face quite different sustainability challenges.

Examples of sector initiatives include: Responsible Care (chemicals); Global Mining Initiative; Electronic Industry Citizenship Initiative; Fair Labor Association (apparel and textiles); Extractive Industries Transparency Initiative; and the Global Sustainable Tourism Council.

In relation to the post-2015 agenda, these and other sector initiatives can play a significant role in helping to deliver widespread sustainability solutions. Through their direct activities, as well as their often extensive global supply chains, such industrial groups can begin to more firmly connect their strategies, standards and targets to broader development objectives – ensuring that they play an integral part of the international effort to achieve global sustainable development.

5. Implementation mechanisms and networks that facilitate partnerships and collective action

Engaged businesses increasingly recognize that in order to harness their full potential, it is imperative that companies band together to collectively address critical challenges and crises. Such collective action efforts can deliver significant multiplier effects – resulting in wider and more sustainable outcomes, far beyond what a single organization can achieve acting alone. A range of organizations and networks are beginning to develop mechanisms and other modus operandi to facilitate implementation efforts and spur new solutions and innovations.

One such example is the UN Global Compact Partnership Hub, to be launched at the UN Global Compact Leaders Summit in September 2013. Driving the hub's development is the recognition that a significant and growing segment of the business community has never been more prepared to act and contribute to the realization of broad sustainable development goals. As well, there is willingness by Governments, civil society, and other stakeholders to engage with the business community – especially when rooted in commitments to universal principles. Utilizing digital technology and map-based analytics, the Hub will be an online platform that unites parties around specific projects and solutions on issues such as water and sanitation, climate change, anti-corruption and social enterprise concepts. The goal is to achieve positive outcomes that can be rapidly scaled up.

"Sustainability business incubators" focus on nurturing entrepreneurs and start-up enterprises with sustainability missions, and are appearing in both developed and developing countries.

Other delivery mechanisms include new-generation, action-focused networking coalitions, collaboration spaces, and "gates" and exchanges. The World Economic Forum's Green Growth Action Alliance, for example, was conceived to unlock private investment in relation to climate change. A second example is the UN-supported Principles for Responsible Investment's Engagement Clearinghouse, an online tool designed to unite investors with respect to incorporating and implementing key environmental and social considerations.

Another promising area is the development of "gates" – market exchanges for goods and services, capacity-building resources, and financing. The UN Development Programme's South-South Gate serves, among other purposes, as a platform for the exchange of assets, technology and financial resources among small and medium-sized enterprises in the developing world.

UN-Business partnerships are also of particular importance, as more and more United Nations entities develop strategic and operational capacity to engage the business community. It will be important to build on the experiences of business.un.org and partnership facilitation mechanisms to strengthen UN-business partnerships that go beyond an ad-hoc project focus to address systemic issues and produce sustainable outcomes.

6. Business-led sustainability networks at the country level

Through structures such as Global Compact Local Networks, business organizations and other stakeholders are already working to advance and implement sustainability principles locally. Included among the networks' participants are both domestic companies and affiliates of foreign companies – an important means of breaking down divides or perceived conflicts of interest between domestic and multinational enterprises.

A growing number of Global Compact networks have fully functional capability to convene, organize and implement massive business-led solutions to sustainability challenges. Already, about 50 country networks are undertaking projects and initiatives in areas such as water access, climate change, women's empowerment, anti-corruption and business for peace.
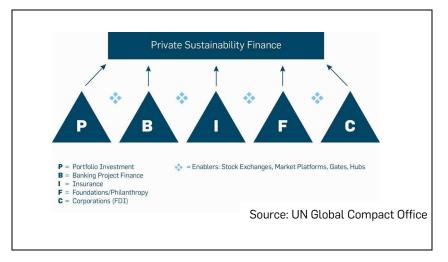
These networks can be strong facilitators of collaboration and collective action, as the vast majority of partnerships play out nationally or locally. Such work requires dedicated staff and training, and national business networks will require resources to facilitate partnerships, lead dialogues and lend authority to initiatives to meet national objectives. In addition, there is the opportunity to link such networks to the growing number of Government departments and ministries charged with corporate sustainability issues.

It is expected that Member States of the United Nations will develop national objectives and related targets for the post-2015 era. National strategies should be developed with an eye towards actively involving the business community and nurturing and leveraging national sustainability movements that can assist in the realization of sustainable development goals in the coming years and decades.

7. Initiatives on private finance

A corollary and complementary movement to address sustainability is underway within the fields of private finance and investment.

Institutional and retail portfolio investors, banking and project finance providers, insurance underwriters, and foundations and philanthropic organizations are supporting sustainability through a number of market enablers. These include stock exchange-mandated inclusion of sustainability standards and practices in market information, investment issue platforms, capacity-building "gates", and matchmaking "hubs" to build market infrastructure and advance impact investing.

Private Sustainability Finance

P = Portfolio Investment
B = Banking Project Finance
I = Insurance
F = Foundations/Philanthropy
C = Corporations (FDI)

= Enablers: Stock Exchanges, Market Platforms, Gates, Hubs

Source: UN Global Compact Office

Key financial industry sub-sectors are incorporating information related to environmental, social and broad development concerns. Adopting terms such as "responsible investment", "sustainable finance" and "impact investing", these efforts share an understanding that global and local sustainability challenges can pose significant investment risk if not managed properly.

Impact investing is a rapidly growing movement with a high upside potential. Surprising results and unexpected social and economic chain reactions take place when funds are applied to a social or environmental end, and business management techniques are utilized to ensure efficacy of outcome and long-term financial durability in terms of breaking even or turning a profit.

There are investment market opportunities as well, both in terms of efficiently managing these risks and development of related investment products and innovations such as: specialized sustainability funds (e.g., clean-tech); impact bonds; climate and crop insurance; and micro-finance and micro-insurance programmes. Thus, these rapidly evolving investor movements seek to generate and secure long-range financial returns while also contributing to sustainability solutions. Three examples include:
- The UN-supported Principles for Responsible Investment, a portfolio investor coalition of asset managers and asset owners representing more than US $30 trillion in capital.
- The Equator Principles, a coalition of banking and similar financial institutions incorporating environmental and social risk into project finance transactions, covering over 70 per cent of all international project finance debt in emerging markets.
- The Principles for Social Investment, a set of guidelines to encourage social investment by foundations and other organizations that help communities meet their development needs in a sustainable manner.

Growth in PRI signatories and Assets under Management
Close to 1,200 signatories representing USD $34 trillion AUM

Number of signatories | Assets under management (US$ trillion)

Source: Principles for Responsible Investment

With respect to the area of foundations and philanthropy – major providers of capital and funding largely in the form of grants and giving – it is estimated that many tens of billions of dollars are directed each year to support sustainable development projects, especially at the local level – in areas such as health, housing, education, entrepreneurship, and water and energy access. Increasingly, these efforts are measuring impact in financial as well as social and environmental terms.

Finally, and importantly, foreign direct investment (FDI) by corporate sources reached $1.6 trillion in 2012, and is close to recovering the 2007 peak of $2 trillion. According to the UN Conference on Trade and Development (UNCTAD), 45 per cent of these funds now emanate from the developing world and 6 per cent are from countries in transition from centralized economies – jointly outweighing developed world FDI. UNCTAD reports that while foreign affiliates of transnational corporations employed about 70 million workers and generated $28 trillion in sales and $7 trillion in value added in 2011, many of these companies are sitting on large amounts of pent-up capital. This cash overhang could fuel a future FDI surge.

While many countries are now taking sustainability impact into account when assessing proposed investments, companies and other investors are assessing sustainability qualities such as social and environmental stability, infrastructure and overall governance when making choices. The once-feared "race to the bottom" has potential to become a race to the top.

Private sustainability finance holds enormous potential in contributing to the broad implementation efforts in the Post-2015 future – bringing much-needed capital to the world's most urgent challenges.

V. THE ROLE OF GOVERNMENTS IN ACHIEVING MORE SUSTAINABLE AND INCLUSIVE MARKETS

The full potential of business to advance sustainable development is only fulfilled when supportive policy frameworks are in place. Conversely, violence and failing or weak governance are major obstacles in moving nations up the development curve. Governments are called on to take all steps to respect, protect and fulfill human rights and fundamental freedoms of individuals, and to overcome violence and establish peaceful and stable conditions, which are necessary for the private sector to deliver economic and related social benefits integral to broad sustainable development.

As corporate sustainability seeks to transform markets from within, Governments also have a key role to play in realizing more inclusive and sustainable markets. Key recommendations include:

- **Multilateral cooperation and trade**
  The post-2015 agenda may provide the momentum to strengthen international cooperation on global challenges. Governments should renew commitment to the principles of multilateral cooperation – advancing the conviction that peace and prosperity can only be built on the foundations of interdependence and cooperation. Within these conditions, trade, investment and entrepreneurship will create and spread wealth, inclusion and social fairness.

  Market interdependencies bring people and nations closer together, and offer the best opportunity for the movement of capital and to rapidly diffuse technology and technological solutions. Governments should continue the trend toward lower tariff rates, and preferences for the Least Developed Countries, but also take action on other types of barriers that are serving as impediments to trade. Rather than stressing standards that act as barriers to countries seeking to trade their way out of poverty, there should be lessened restrictions and duties and tariffs on green goods and services.

- **Pricing incentives**
  One of the key sustainability challenges moving forward is to adopt smart regulatory and incentive structures so that environmental costs and benefits are more fully reflected in prices, as well as to provide greater incentives to strive for long-term value creation over short-term profit maximization.

  For example, Governments should establish a stable price for carbon through internationally coordinated measures. The price of fossil fuels should reflect and incorporate the cost of externalities such as pollution, impairment of human health and climate change impact, through systems such as a tax on carbon or a cap-and-trade system. There should be an array of inducements for business to take high-sustainability paths, such as tax and procurement benefits, and zoning regulations.

  Ending producer subsidies on fossil fuels and a reorientation of subsidies towards clean and renewable energy should be a priority. This can be accomplished through activities such as loan guarantees and R&D on low-carbon or no-carbon solutions. It would be best to phase out consumption subsidies on fossil fuels, but taking care to carry out public education to explain the rationale and instituting targeted benefits such as coupons or income support for the poor.

  Similarly, a system of fair pricing needs to be established for water on a local or national basis, in order to encourage efficiency and conservation. Governments have the best means to establish accepted and equitable price levels and mechanisms, and to ensure that price is not an obstacle to access fresh, safe water – consistent with the established human right to water. In many countries, fully subsidized water means free water for the prosperous, with the poor often left to pay inordinate prices for water of dubious quality.

The extremely detailed public discussion about subsidies and pricing related to carbon, and to other areas noted above, indicates that such measures are already in play as a means to channelling corporate behaviour and promoting agreed outcomes. Such practices can be applied to sectors outside the water-energy-food nexus.

- **Procurement and transparency**
  Governments can take a proactive role by using procurement as a means to leverage corporate sustainability. Criteria can be written into offers that require sustainability actions, and a minimum bar can be set that includes consideration of bids only from companies publicly committed to universal principles that advance sustainability.

  If Governments were to post procurement deals and all significant public-private economic transactions on public government websites, it would drastically reduce the scope of corruption and build public confidence. In a promising development, the UN Global Compact's anti-corruption task force recently launched a global call for firms to refuse to engage in graft, and to urge Governments to make all public procurement transparent.

  Within the selection process, sustainability standards and certifications should be actively utilized as criteria. If such criteria are developed to a sufficiently accurate and credible level, more favourable terms can be applied to contractors and suppliers demonstrating sustainability leadership.

- **Financing for inclusive markets**
  There is much that Governments can do on the multilateral level to advance corporate sustainability, including:
  o New global funds dedicated to solving global problems and drawing on both public and private contributions;
  o Development assistance that is designed to leverage corporate sustainability and business-led solutions; and
  o Reinvigorated guarantee schemes for long-term investments, especially in infrastructure systems in the developing world that pay back over the course of decades.

  Governments should also encourage stock exchanges and their regulators to promote responsible investment and corporate sustainability. They can advance the concept of environmental-social-governance policy and action by investors, for example by requiring all public and private investment funds – including sovereign funds – to include such policies in their risk management criteria and include these considerations into their operations.

- **State-owned enterprises**
  Large percentages of business – including in developing and developed markets – are carried out by state-run companies or those in which government holds a majority position. All together, it is estimated that the amount of capital in state-owned enterprises and state-held funds exceeds $20 trillion. State-owned enterprises, by virtue of their ownership and all that it entails, have responsibilities and opportunities to take action beyond the simple avoidance of harm. With positive public outcomes written into their bylaws, state-owned enterprise should be leaders on corporate sustainability, particularly with respect to governance, transparency and accountability. The objective of promoting certain sectors to strategically guide or elevate national economies or obtain markets overseas should complement, not stand in the way, of this principle.

  Similar principles should apply to sovereign wealth funds, which are estimated to hold $5 trillion in total assets worldwide, and other pools of public monies such as pension funds, development banks and official foreign exchange reserves.

- **Encourage and support responsible business**
Governments, as a complement to regulation, are increasingly recognizing that voluntary corporate sustainability practices – defined as a company's delivery of long-term value in financial, social, environmental and ethical terms – are a fundamental contribution to the common good. Governments are asked to support private sector engagement in voluntary initiatives that promote universal values, such as the UN Global Compact, through actions that include awareness raising, developing tools and incentives, and funding. As well, Governments should ask companies to enhance accountability and transparency through publicly disclosing sustainability practices – especially in an integrated fashion that recognizes financial, natural and social capital – and through frameworks such as the Global Reporting Initiative.