

## Remarks of Ursula Wynhoven, UN Global Compact

### Engaging the private sector in strengthening social development

*This session will discuss what it will take for the post-2015 global development agenda to be socially transformative, and the role of social development in effectively addressing inter-linkages among the social, economic and environmental dimensions of sustainable development.*

*Guiding questions: How can social development (and social policy) play a critical role in achieving sustainable development by strengthening areas of work including economic, environment, governance, changing mind-set etc? How can policies in economic, environmental and governance fields strengthen social dimension of sustainable development? What institutional frameworks and processes are needed to facilitate the integration of social, economic and environmental policies in the post-2015 context? How can the Commission for Social Development foster a dialogue among stakeholders in this regard?*

# ### #

Thank you very much for including the UN Global Compact in the discussion over the past two days. For those that are not familiar with the UN Global Compact, we are the UN's corporate sustainability initiative. Our mandate from the UN General Assembly is to promote responsible business practices and UN values among the global business community and the UN System. Six of the ten UN Global Compact principles are focused on human rights and labour and a number of our

workstreams engage business on a variety of social issues. My remarks today are focused on engaging the private sector in strengthening social development. While the title mentions the private sector, I will focus specifically on the role of business, a subset of entities within the private sector.

The UN Global Compact sees corporate sustainability as business' main contribution to sustainable development. We define it as a business' creation of long term value in economic, social, environmental and ethical terms. While the definition focuses on value creation, baked in is the idea that business also should not diminish value or cause harm. We call these two concepts "respect" and "support", where "respect" refers to the responsibility of business to respect universal principles, including on human rights and labour, and "support" is the idea that business has the opportunity to go beyond the avoidance of harm to have a positive impact on society, the environment and governance. To respect universal principles entails, among other things, having in place robust corporate policies and processes, including mechanisms to handle stakeholder grievances, to enable companies to identify and address their adverse impacts on people. Businesses should not cause or contribute to harm to human rights for instance. Where they have done so, they must stop it and remediate it. And even when they have not caused or contributed to harm, but it is nevertheless linked to their operations, products or services by a business relationship, they are expected to use their leverage to try to address it.

Greater clarity about the boundaries of corporate responsibility, including what is the "must do" and what is the "nice to have" came in mid 2011 when the UN Human Rights Council endorsed the UN Guiding Principles on Business and

Human Rights. Among other things, they codify in specific terms the minimum/baseline role for governments and businesses when it comes to business impacts on people. Since 2011, awareness of these Guiding Principles, which were the culmination of a six year international consultation period, has grown. Our own surveys suggest that 64% of the companies in the UN Global Compact at least are aware of them. The corporate responsibility to respect human rights encompasses all internationally proclaimed human rights, not just the international bill of human rights. So business should also respect the rights, for instance, in conventions and declarations on women's rights, children's rights, indigenous peoples' rights, the rights of people with disabilities, etc.

As foreshadowed earlier, respect for human rights is just the baseline or minimum expected of business. Business also has the potential to support social development in a number of ways as a complement, not a substitute for compliance.

There are three or four main ways by which business can support social development. First, through their core business and inclusive business models. Businesses economically empower people through employing them and through engaging other businesses in their value chain. Businesses can go beyond the avoidance of discrimination with special measures that recognize the affirmative value of diversity and inclusion and that proactively employ and advance women and minorities to help address the legacy of societal inequality. They can also proactively seek to procure from and distribute through women and minority owned businesses. Businesses also provide goods and services that can meet basic needs. Unrealized rights and unmet human needs can also be a source of

inspiration for innovation, including innovation in pricing models. For example, there are businesses that are fortifying staple foods with micronutrients to tackle malnutrition, and providing legal services at low cost to empower people living in poverty to obtain birth registration and other documentation they need to access government programmes. Another example is financial institutions that see the opportunity to provide financial products and services tailored to women and children, which boost business and which also support greater financial inclusion. Yet another example is when a company does cause related marketing for its products – such as the series of commercials that a consumer packaged goods company did to raise awareness of unconscious bias against women and girls which also promoted its products.

The second way that companies have the opportunity to support human rights and social development more generally is through strategic social investment and philanthropy. They can contribute financial resources, human resources, goods and services, expertise and guidance, even their facilities and equipment to assist social causes. For example, when companies invest in STEM education for girls to help build their future employee pipeline, or when companies in areas without widespread access to healthcare extend medical services they provide to their employees and their families to other members of local communities.

The third way companies can support human rights and social development is through public policy engagement and advocacy such as when a group of companies speak out on a social issue like LGBT rights or when they call for better enforcement of labour law.

The fourth cross cutting way is through partnerships and collective action where companies pool their expertise, financial and human resources, technology, facilities etc etc with other companies, governments, academic institutions and/or others. In recent years, there has been an enormous uptick in such activity, including at the UN in the form of UN-business partnerships and new multi-stakeholder initiatives, in the search for greater impact and as a response to recognition that some issues are too large for any one actor alone, particularly when there are systemic dimensions to the challenges to be faced.

## **Pathways to transformation**

On the question of inter-linkages between the different aspects of sustainability, leading companies have been forming cross-functional committees to help them better identify and manage risks and achieve their sustainability goals. However, in addition to this good practice, there is much more opportunity for integration. In many companies, diversity and inclusion and company community development efforts are siloed from the company's sustainability and compliance teams. And each tends to regard the other with skepticism. Those who work on avoiding harm and managing the company's impacts may be skeptical of social initiatives and philanthropy. And those who work on community initiatives and product innovation may feel that the compliance side of the firm is a bummer. And yet so much could be gained by making these connections. For example, due diligence on corporate impacts will also likely yield information on community and other stakeholder needs and may include ideas for product innovation as when a company that makes ultra sound machines introduced fig leaf technology to mask the gender of fetuses as a measure against sex selective abortion. And community

initiatives help build trust and relationships that can yield information that helps the company to better identify and manage its risks and impacts.

At the UN Global Compact, in recent years, we have sought to unpack for business the concept of social sustainability and inclusion to go beyond income inequality to understand what attributes render people more vulnerable to poverty and inequality and what business' role is and could be to play their part in bringing about the future we want. Underpinning this approach was the notion that if companies were more systematic in addressing their adverse impacts on people and seizing opportunities to have a positive impact, they would be more successful at achieving their sustainability goals. Thus, together with UN Women's predecessor, we developed the Women's Empowerment Principles – seven steps for business on how to empower women and achieve gender equality in the workplace, marketplace and community. We are now approaching the 1000<sup>th</sup> CEO supporter. We also worked with UNICEF and Save the Children to develop the Children's Right and Business Principles, which provide business with 10 steps across the workplace, marketplace and community on what to do to respect and support children's rights. We also developed a business reference guide to the UN Declaration on the Rights of Indigenous People and other resources to help business understand indigenous people's rights and what to do to respect and support them. A guide for business to the Convention on the Rights of Persons with Disabilities is also in development. We are also contemplating a set of business principles on the rights of older persons. Such efforts are being well received by business because they leverage the normative authority and global perspective of the UN and its international instruments to provide greater impetus to the goals and objectives of social change agents inside companies.

For the post 2015 agenda, our focus in this area has been on how to scale up corporate sustainability as a contribution to sustainable development. In September 2013, the UN Secretary-General launched a business engagement architecture model, which suggested what would be needed to help scale up corporate sustainability to have transformational impact. Not surprisingly, there is not one silver bullet. Among the measures identified were:

The need for more learning, dialogue and collaboration generating greater specificity in issue, geographic, sectoral and functional terms on what to do and how to do it. Technology – such as online hubs – is also a promising way to help identify collaboration opportunities and partners, matching needs with those with an interest to fill them. Business.un.org is an example of such a hub. In the social sphere, we are especially excited about developments in the private sector to tackle unconscious bias. At a time when xenophobia seems to be on the rise around the world, a bright spark is that business pragmatism is embracing diversity and inclusion.

More transparency and accountability to help drive further progress. Reporting, stock exchange listing requirements, certification schemes, registries of corporate commitments etc giving effect to the concept that what gets measured gets done. Our reporting guidance on our social initiatives emphasizes disaggregated data to be able to make targets and track progress.

Building of the business case including the drivers and enabling factors for corporate sustainability. These include market drivers such as investors,

corporate buyers and consumers, as well as management education, evolving norms and expectations of business, government regulation and policy, benchmarking initiatives, and active civil society and labour organizations. Government plays an especially key role in creating the enabling environment for corporate sustainability. The importance of the rule of law to this enabling environment and to social development has become increasingly apparent to us as we have been working on an initiative called business for the rule of law.

Another building block of making corporate sustainability a transformative force is building business understanding of the growing overlap between public interests and private interests with a view to encouraging more businesses to consider sustainable development goals when setting their own long term business goals. In this context, it is not just what can business do for the SDGs, but also encouraging business to see the SDGs as opportunities for business.

One of the exciting dimensions of the draft SDGs is that so many of them have “for all” in them. For example, gender equality is recognized as a goal in itself, but also as a cross cutting issue explicitly built into other goals. This is important because social development has a multiplier effect. For example, environmental, social and governance initiatives will be more effective and impactful if specific stakeholder lens are applied to them and if there is full participation of relevant stakeholder groups to help avoid pitfalls and achieve maximum benefit from the action. Some examples of this approach of adding a social “twist” to environmental initiatives to have greater impact include: a corporate initiative to train village based solar engineers that focuses on training grandmothers, or a corporate water initiative that focuses on women entrepreneurship as their distribution model, or green jobs initiatives that focus on unemployed youth. There is a lot of potential for researching and showcasing more such



examples to encourage more companies to explore how they might integrate a social dimension into their environmental initiatives and realize an “inclusion dividend” – namely benefit for the individuals, for the business and for society. Cross functional and cross sector collaboration and information exchange will likely be key and could be a great source of innovation and inspiration.