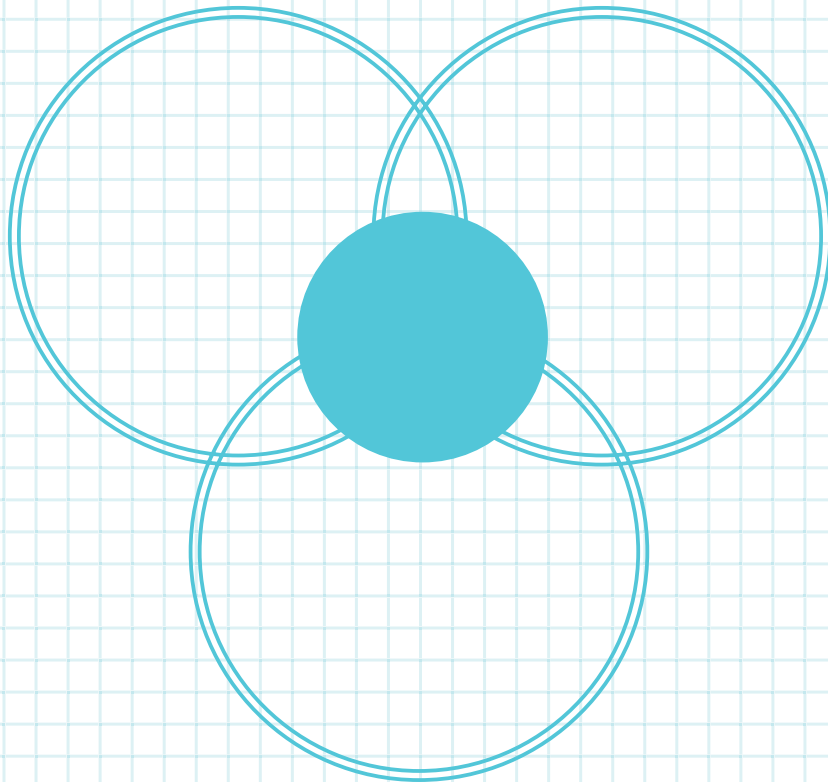


Blueprint

For Corporate Sustainability Leadership



United Nations Global Compact

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Introduction

The Case for Corporate Sustainability Leadership

The past ten years has witnessed enormous developments in the field of corporate sustainability. Thousands of companies around the world have established commitments and policies to integrate and diffuse universal principles in the areas of human rights, labour, the environment, and anti-corruption.

The growth of the UN Global Compact certainly reflects the ever-increasing adoption of corporate sustainability principles and tenets by companies of all sizes, sectors, and geographies.

Reinforcing this trend has been the upward movement of corporate sustainability oversight and execution within organizations – many more chief executive officers and boards of directors are leading the agenda.

While these are extremely positive developments, they must be tempered with the realization that corporate sustainability has not penetrated the majority of companies operating in markets around the world. In other words, the global tipping point has not yet been reached. But it is within sight.

The UN Global Compact's ten years of experience has revealed two critical lessons:

First, that advanced performance by leadership companies offers crucial inspiration for those at the lower rungs of the "sustainability pyramid". A race-to-the-top is the result.

Second, that a new level of performance is needed in order to address key global challenges in a world of uncertainty, complexity and volatility and to deliver on the sustainability promise.

In recognition of these factors, the UN Global Compact Office set about to develop a Blueprint for Corporate Sustainability Leadership for the second decade of the UN Global Compact – one rooted in the realities of the coming era and based on the need to achieve higher levels of performance, impact, and collective action.

A new level of performance is needed in order to address key global challenges and deliver on the sustainability promise

Concept and Process

Giving Shape to the Leadership Blueprint

The Blueprint does not entail any new commitments for participating companies; it is firmly rooted in the commitments that companies make upon joining

The Blueprint for Corporate Sustainability Leadership ("Blueprint") has been developed in close consultation with a wide group of participating companies and stakeholders, UN entities, and other experts.

The rationale for developing a Blueprint included two main factors:

- to challenge and inspire companies to achieve higher levels of sustainability performance within the UN Global Compact; and
- to evolve the UN Global Compact and its engagement opportunities to deliver more value to leading participants.

Thus, the Blueprint was developed with the understanding that it would offer benefits and entail responsibilities for both business participants as well as the United Nations. Indeed, this is the very nature of a "compact" – all parties must contribute and benefit for such an agreement to be effective and sustainable.

For corporate participants, the Blueprint would outline a model for corporate sustainability leadership that offers an aspirational but attainable strategy for companies to generate maximum value through the UN Global Compact.

For the UN Global Compact Office and its operational extensions, this means being able to deliver the needed resources, mechanisms, and platforms in order for companies to fully realize the Blueprint.

It was important to participants that the Blueprint not entail any new commitments for companies, but be firmly rooted in the fundamental commitments that businesses make upon joining.

Since its inception, the UN Global Compact has asked for two central commitments by business leaders and organizations:

- to implement the ten principles of the UN Global Compact; and
- to undertake actions in support of broader UN goals and issues.

For many participating companies, these two pledges have helped frame their overall corporate sustainability philosophy and strategy, and the Communications on Progress have served to elucidate and describe the many positive initiatives and outcomes achieved.

With these and other considerations in mind, contributors to the Blueprint pursued a concept and process to incorporate current and emerging leadership practices by companies; address important performance gaps; build new opportunities related to the two commitments; and, finally, leverage to the fullest extent the value of engagement with UN Global Compact platforms and initiatives. A premium was placed on simplicity of design yet sophistication in terms of the issues and areas covered.

The result is a Blueprint that defines distinct yet complementary dimensions of corporate sustainability leadership. We offer this to help realize the full potential of business in society.

Facilitating Leadership

The UN: Fullfilling Its Side of the Bargain

It is understood that the Blueprint offers and entails benefits and responsibilities for both business participants as well as the United Nations. In this way, the unveiling of the Blueprint also marks a milestone step for the UN Global Compact Office and its sister UN agencies, funds and programmes.

In recent years, the UN Global Compact Office has recognized the need to raise its game with respect to offering initiatives, resources, and other assets that would appeal to the needs and aspirations of leading companies. This has been accomplished, to a modest extent, through issue working groups and guidance materials, as well as the creation of special initiatives such as Caring for Climate, the CEO Water Mandate; Business and Peace; and the Women's Empowerment Principles.

It is clear, however, that in setting out the Blueprint, the UN Global Compact Office and the UN more generally will need to further develop its capacities, skill sets, and resources in order to properly assist and respond to companies seeking to realize the Blueprint. While the Blueprint is directed at corporations, it will only be successful if undertaken in the spirit of the UN Global Compact – as a collaborative effort based on mutual interests and goals.

In this regard, a strategic assessment has begun, and will encompass a range of considerations and options, including expanding human resources; developing new work-streams and resources; offering more engagement opportunities at the local and global levels; building scalable platforms for knowledge sharing; and creating special leadership groups of companies and stakeholders to focus on key dimensions and aspects of the Blueprint.

It will be particularly important for the UN Global Compact to leverage the Local Networks to mainstream leadership practices around the globe. The implementation of the Blueprint will thus be coupled with greater emphasis on the strengthening of Local Networks, especially in less developed markets, to ensure widest possible diffusion of corporate sustainability leadership.

In setting out the Blueprint, the UN Global Compact and the UN more generally is committed to further developing its capacities, skill sets, and resources

Leadership

Understanding the Blueprint

Key Dimensions and Components of Leadership

The Blueprint offers UN Global Compact participants a model for achieving higher levels of performance and generating enhanced value through the UN Global Compact. It allows companies and their stakeholder to assess progress with respect to their commitment, strategy and implementation and to communicate effectively as they ascend the learning and performance curve.

In the context of the Blueprint, corporate sustainability is defined as a company's delivery of long-term value in financial, social, environmental and ethical terms. It thus covers all principles and issue areas of the UN Global Compact.

The Blueprint is grounded in the two core commitments made by participating companies. It includes aspects of leadership that are considered key to maximizing results with respect to these commitments, including active engagement with the UN Global Compact locally and globally.

The Blueprint encompasses three distinct but overlapping and synergistic dimensions. They are:

1. Implementing the Ten Principles into Strategies and Operations
2. Taking Action in Support of Broader UN Goals and Issues
3. Engaging with the UN Global Compact

Each dimension contains a number of key Components. In addition, several cross-cutting Components of leadership were identified as a crucial overlay to the three dimensions.

The opposite page contains the visual representation of the Blueprint, encompassing the three key dimensions as well as, at the centre, the cross-cutting Components. Each of the Components within the Blueprint contain associated Action Items. These are fully detailed in the Corporate Action Plan on pages 10 and 11.

"Broader UN Goals and Issues" refers to an array of global issues – based on the most acute or chronic global challenges – including Peace & Security; the Millennium Development Goals; Human Rights; Children's Rights; Gender Equality; Health; Education; Humanitarian Assistance; Migration; Food Security; Sustainable Ecosystems and Biodiversity; Climate Change Mitigation and Adaptation; Water Security and Sanitation; Employment and Decent Working Conditions; and Anti-Corruption.

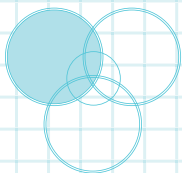
This is an illustrative list of issues covered "Broader UN Goals and Issues", and there are obviously considerable overlaps between individual elements. The order of this list does not indicate any prioritization of issues. For a list of further Global Issues that are relevant to the work of the UN as well as business, please refer to http://business.un.org/en/browse/global_issues.

Blueprint



Dimension 1

Implementing the Ten Principles into Strategies and Operations



This dimension of the leadership Blueprint represents the essential bedrock of the UN Global Compact and encompasses what has always been the first objective of the initiative: implementing the ten principles into business strategies and operations.

Consultations with vanguard companies and other experts on what constitutes leadership practice with respect to this dimension of the Blueprint led to agreement on four Components:

- 1. Full Coverage and Integration Across Principles
- 2. Robust Management Policies and Procedures
- 3. Mainstreaming into Corporate Functions and Business Units
- 4. Value Chain Implementation

Each of these Components was deemed critical in ensuring that the ten principles of the UN Global Compact are thoroughly embedded in the organization and its sphere of influence, and in ensuring that they are effectively implemented with recognition of the relationships among and between the principles.

To assist companies in raising their performance with respect to this dimension of the Blueprint, the UN Global Compact Office has developed a companion resource, the UN Global Compact Management Model, available on the UN Global Compact website. This resource presents a dynamic management model based on continuous improvement.

The associated Action Items are fully detailed in the Corporate Action Plan on pages 10 and 11.

Dimension 2

Taking Action in Support of Broader UN Goals and Issues

This dimension of the Blueprint is firmly rooted in and will give greater meaning to the second objective of the UN Global Compact, that is, to stimulate actions in support of broader UN goals and issues.

There is – and is supposed to be – overlap between the ten principles and the portfolio of broader UN goals and issues. These broader UN goals and issues include the four issue areas of the UN Global Compact - Human Rights, Labour, Environment, Anti-Corruption - but go beyond these to encompass additional sustainability priorities. (refer to bottom of page 4 for further details).

At the same time, dimensions 1 and 2 differ fundamentally with respect to the behaviours and actions companies would undertake. Whereas the first dimension is primarily about the internalization of the ten principles, the second dimension encourages companies to undertake more outward-oriented actions to increase their positive impacts in society.

Contributors to the Blueprint recognized that a growing number of companies have deliberately and explicitly pursued activities in support of one or more of these goals – in addition

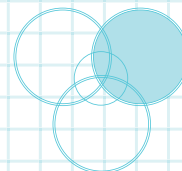
to or as an integrated part of pursuing their business objectives. This dimension of the Blueprint serves as an encouragement for participants to increasingly undertake such activities and projects.

In this regard, consultations with companies and other experts on what constitutes leadership practice with respect to this dimension of the Blueprint led to agreement on four Components:

1. Core Business Contributions to UN Goals and Issues
2. Strategic Social Investments and Philanthropy
3. Advocacy and Public Policy Engagement
4. Partnerships and Collective Action

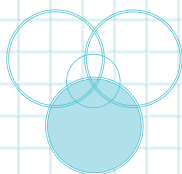
Each of these Components was deemed critical in providing companies with a leadership pathway to fully realize the second objective of the UN Global Compact.

The associated Action Items are fully detailed in the Corporate Action Plan on pages 10 and 11.



Dimension 3

Engaging with the UN Global Compact



Over the years the UN Global Compact has established numerous Local Networks, and created and launched special working groups, initiatives, and other engagement platforms and mechanisms.

However, surveys indicate that there is still great scope and opportunity for companies to become more engaged with the UN Global Compact at both the local and global levels. And indeed, contributors to the Blueprint agree that robust engagement in the UN Global Compact as an initiative should be a crucial aspect of leadership in the future.

Engaging with the UN Global Compact is not an end in itself, but a means for improving the performance of companies with respect to the other two dimensions of the Blueprint. Again, it is important to note that there are important synergistic overlaps between the three dimensions.

Consultations with companies and other experts on what constitutes leadership practice with respect to this dimension of the Blueprint led to agreement on four Components:

1. Local Networks and Subsidiary Engagement
2. Global and Local Working Groups
3. Issue-Based and Sector Initiatives
4. Promotion and Support of the UN Global Compact

Each of these Components was deemed critical for realizing the full potential of engagement with the UN Global Compact at both the local and global level.

The associated Action Items are fully detailed in the Corporate Action Plan on pages 10 and 11.

Blueprint Overlay

The Cross-Cutting Components

The final element of the Blueprint is an overlay, which contains four cross-cutting Components.

Contributors to the Blueprint recognized these Components as critically important for the successful realization of the three dimensions and their related Action Items.

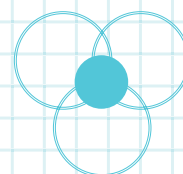
These cross-cutting Components touch on several essential aspects of the UN Global Compact generally, as well as charting new terrain. They expand the notion of leadership both by articulating a more proactive and assertive role by chief executive officers and their executive management teams, and by expanding the leadership definition to include oversight by the relevant governance body of the company.

Further, the cross-cutting Components touch on the crucial importance of stakeholder inclusiveness – a hallmark of the UN Global Compact – as well as transparency and disclosure.

The four cross-cutting Components of this overlay are:

1. CEO Commitment and Leadership
2. Board Adoption and Oversight
3. Stakeholder Engagement
4. Transparency and Disclosure

The associated Action Items are fully detailed in the Corporate Action Plan on pages 10 and 11.



Realizing the Blueprint:

Implementing the Ten Principles into Strategies and Operations

Full Coverage and Integration Across Principles

- Implement all the ten UN Global Compact principles into strategies and operations.
- Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs.
- Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts.

Robust Management Policies and Procedures

- Assess risks and opportunities on an ongoing basis at both enterprise and product level and undertake due diligence to ensure that the company identifies any negative impacts caused by its operations and activities.
- Develop strategies and policies specific to the company's operating context – as well as scenarios for the future - and establish measurable short, medium, and long term goals.
- Engage and educate employees through training activities, the development and adjustment of business processes, and sound incentive schemes.
- Implement a system to track and measure performance based on standardized performance metrics.

Mainstreaming into Corporate Functions and Business Units

- Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) and ensure that no function is operating in conflict with sustainability commitments and objectives of company.
- Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy.
- Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary.

Value Chain Implementation

- Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.
- Communicate policies and expectations to suppliers and other relevant business partners.
- Implement monitoring and assurance mechanisms within company's sphere of influence.
- Undertake awareness-raising, training and other types of capability building with suppliers and other business partners.

Taking Action in Support of Broader UN Goals and Issues

Core Business Contributions to UN Goals and Issues

- Align core business strategy with one or more relevant UN goals / issues*.
- Develop relevant products and services or design business models that contribute to UN goals / issues.
- Adopt and modify operating procedures to maximize contribution to UN goals / issues.

Strategic Social Investments and Philanthropy

- Pursue social investments and philanthropic contributions that tie in with the core competences or operating context of the company as an integrated part of its sustainability strategy.
- Coordinate efforts with other organizations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.
- Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.

Advocacy and Public Policy Engagement

- Publicly advocate the importance of action in relation to one or more UN goals / issues.
- Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals / issues.

Partnerships and Collective Action

- Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy.
- Join industry peers, UN entities and/or other stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives that extend the company's positive impact on its value chain.

*For an illustrative list of UN Goals and Issues, please see bottom of page 4.

Corporate Action Plan

Engaging with the UN Global Compact

Local Networks and Subsidiary Engagement

- Contribute to the building and operating of at least one UN Global Compact Local Network and help elevate performance of other companies through training, mentoring, COP peer review, etc.
- Encourage subsidiaries to engage with UN Global Compact Local Networks and to participate actively in events and activities.
- Publish sustainability information related to each individual subsidiary separately or reference it explicitly in the Communication on Progress of Corporate Headquarters.

Global and Local Working Groups

- Participate in relevant global or local working groups and share experiences, networks, tools and good practices with other UN Global Compact participants.
- Take active part in defining scope and objectives of new working groups when relevant.

Issue-Based and Sector Initiatives

- Join and help advance one or more existing UN Global Compact initiatives, e.g. Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiative on Human Rights.
- Spearhead need-driven development of new issue-based or sector initiatives within the UN Global Compact and the wider United Nations.

Promotion and Support of the UN Global Compact

- Advocate the UN Global Compact to business partners, peers and the general public.
- Encourage suppliers and other business partners to join the UN Global Compact, and take on mentoring role on issues related to the initiative.
- Participate in activities to further develop and strengthen the UN Global Compact.

The Cross-Cutting Components

CEO Commitment and Leadership

- CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact.
- CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards.
- CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation.
- Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team.

Board Adoption and Oversight

- Board of Directors (or equivalent**) assumes responsibility and oversight for long term corporate sustainability strategy and performance.
- Board establishes, where permissible, a committee or assigns an individual Board member with responsibility for corporate sustainability.
- Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress).

Stakeholder Engagement

- Publicly recognize responsibility for the company's impacts on internal and external stakeholders.
- Define sustainability strategies, goals and policies in consultation with key stakeholders.
- Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance.
- Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'.

Transparency and Disclosure

- Share sustainability information with all interested parties and respond to stakeholder inquiries and concerns.
- Ensure that Communication on Progress covers all aspects of the Leadership Blueprint and utilize, where appropriate, the Global Reporting Initiative framework.
- Integrate Communication on Progress into annual financial report or publish them together.
- Secure external verification of Communication on Progress or seek other methods for legitimization by external stakeholders.

** For companies without a formal Board, other governance or ownership body assumes these responsibilities

The Blueprint: Questions and Answers

Q Does the Blueprint introduce new requirements for UN Global Compact participants?

A. No. The Blueprint is designed to inspire companies that wish to attain higher levels of performance and provide them with an actionable model for sustainability leadership. It is designed to be aspirational yet attainable.

Q How is the Blueprint different than other sustainability models?

A. The Blueprint is unique in that it presents an elevated vision of corporate sustainability, linking to and leveraging the resources and opportunities that exist within the United Nations. It incorporates leadership practices for implementation of the ten principles, while also outlining strategies and opportunities in relation to broader UN goals and issues linked to sustainable development.

Q Is the Blueprint a radical departure for the UN Global Compact?

A. No. The Blueprint is firmly rooted in the two corporate commitments related to the UN Global Compact – implementing the ten principles, and taking action in support of broader UN goals and issues. What the Blueprint does is to further elaborate these two commitments, while presenting new opportunities for companies. In this way, the Blueprint represents an evolutionary step for the UN Global Compact.

Q How will companies that fully implement the Blueprint be recognized?

A. First, the Blueprint allows companies to assess and communicate their adoption and implementation of the Blueprint. Companies are encouraged to use the Communication on Progress for this purpose. In addition, the UN Global Compact Office will encourage third parties to recognize companies that they consider to be leaders based on the Blueprint. These could include civil society organizations, investors, governments, or other stakeholders.

Q The Blueprint seems to be designed mainly for large companies. Can small- and medium-sized enterprises also utilize the Blueprint?

A. Absolutely. It is recognized that some of the Components – for instance boardroom adoption – may not be relevant for smaller enterprises. Companies in such cases should focus only on Components that are relevant, and use the Communication on Progress to explain why this is the case.

The Blueprint for Corporate Sustainability Leadership is the culmination of the first ten years of the UN Global Compact. It has been developed in close consultation with more than one hundred participants and stakeholders from all continents.

A core team led by Deputy Director Gavin Power and Senior Advisor Ole Lund Hansen from the UN Global Compact Office oversaw these consultations. We thank the Fondation Guilé for their support.



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