Blueprint for Business Leadership on the Sustainable Development Goals (SDGs):
A Principles-based Approach

Building on the multi-stakeholder consultation around this Blueprint, the UN Global Compact will develop a series of SDG briefs which will take the Blueprint’s leadership qualities identified and illustrate how they apply to particular SDGs. The SDG briefs will be prepared in preparation for the 2017 Global Compact Leaders’ Summit. All UN Global Compact participants will be invited to participate in a global consultation process during the development of the SDG briefs.

Introduction

Business cannot thrive unless people and planet are thriving. This includes ensuring that the world is on a path to meet all 17 Sustainable Development Goals. The 2030 Agenda for Sustainable Development (2030 Agenda), with 17 SDGs and 169 targets, is a plan of action for people, planet and prosperity. The SDGs are universal, transcend borders and apply across the workplace, marketplace and community. The SDGs are deeply interconnected – progress on one goal can have a significant impact on progress in meeting others. Business cannot thrive in a world of poverty, inequality, unrest and environmental stress, and so it has a vital interest in ensuring the 2030 Agenda is delivered.

Successful delivery of the 2030 Agenda requires engagement from all businesses. This Blueprint provides a framework for those companies aiming towards SDG leadership. The 2030 Agenda needs companies of all sizes and from all regions to contribute. Building on an assessment of the qualities of current and past business action on the SDGs, the Blueprint presents a framework for the next generation of business leadership. The intention is to foster contribution to the SDGs at scale.

Business can harness opportunities worth many trillions by embracing the 2030 Agenda. Conservatively estimated at US$12 trillion worth of savings and revenues by 2030, the SDGs present great opportunities for business practices that integrate respect and support for human rights and protection of our planet (Business & Sustainable Development Commission 2017). Business opportunity and impact on the SDGs are not mutually exclusive – they can go hand in hand.

The UN Global Compact’s Ten Principles can propagate business leadership on the SDGs. The Ten Principles and their four pillars of human rights, labor, environment, and anti-corruption are a vital set of business values that strongly align with the SDGs. Leadership on the SDGs requires embracing these values and translating them into renewed actions and targets that maximize contributions towards achieving the SDGs.

The Blueprint recognizes the need for collaboration with stakeholders. There is a limit to what business can achieve alone. Realizing the SDGs relies on action not just by business, but also by all actors...
including investors, civil society and policy makers. In some areas, non-business actors, especially governments, will need to take a lead. This means that responsible companies understand that strong partnerships with all stakeholders are essential for a strong and renewed social contract.

The evolution of SDG leadership

Business leadership on the SDGs evolves through repeating three steps: prioritize, act, and learn. Leadership evolves, as a company responds to change by repeating a three-step process depicted in Figure 1: first, it prioritizes actions on the SDGs; second, it acts on these priorities; and third, it learns from its impact on the SDGs to improve its own and help others improve their actions, re-prioritize and thus start the cycle over again. Leadership on the SDGs is defined relative to the performance of others and the changing business environment.

Figure 1. The evolution of business leadership on the SDGs: prioritize, act, and learn

Source: Vivid Economics

Prioritize

A leading company undertakes a principled prioritization of actions based on their potential contribution to the SDGs. This entails a thorough assessment of the company’s greatest risks of negative impact throughout its end-to-end operations and where it can adopt practices that will maximize positive impact for the SDGs. When first undertaken, these represent the company’s entry points on the 2030 Agenda. Principled prioritization means that while market opportunities can be an important driver of prioritization, the leading company always upholds its essential obligations to the Ten Principles with due regard to the impacts it might have as a result of the interconnectedness of the SDGs.

Act

When priorities are set, a leading company takes time and context specific action that embodies five, equally important, leadership qualities. These are summarized in Figure 2 and further detailed in
Learn

A leading company commits to learn about the impacts of its actions on the SDGs, sharing lessons both internally and externally. Leadership evolves by taking action on the SDGs that are closely interconnected to the company’s entry points and then over time, expands beyond these. Ultimately, the interconnectedness of the SDGs means that the leading company must adapt its business in all areas where it influences the 2030 Agenda. This requires the company to learn about its impact through continuous monitoring and assessment. Learning ensures that the leading company is resilient to staff turnover and allows all actors to benefit from its experience. By sharing what it has learned, the company also ensures that other actors benefit from its experience, amplifying its impact.

Figure 2. The five qualities of SDG leadership

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<th>Intentional</th>
<th>Ambitious</th>
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<td>Support for the SDGs is an integral, deliberate part of a leading company’s strategy</td>
<td>A leading company’s level of ambition greatly exceeds prevailing levels of ambition, its actions are material in the context of its end-to-end operations, and it focuses on long-term outcomes</td>
<td>Support for the SDGs is embedded across organizational functions and external communications</td>
<td>Support for the SDGs involves partnerships, including with business, government, civil society and other actors</td>
<td>A leading company is transparent, manages risk, seeks out meaningful engagement with stakeholders, and is accountable for adverse impacts</td>
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Source: Vivid Economics

Intentional

A leading company’s actions in support of the SDGs are an integral, deliberate part of its strategy. Support for the SDGs is incorporated into the long-term business goals of the company. It is an integral element by which it strives for value creation; manages its workforce, supply-chain and other inputs; and addresses risks. This must be driven from the highest levels of the company and involve a strategic vision to open up new ways to contribute to the SDGs.

Ambitious

A leading company’s level of ambition greatly exceeds prevailing levels of ambition, is aligned with global targets where relevant, and inspires action by others. Leading action represents a step
forward in contributing to the SDGs within an industry and across geographies. Targets are set based on science or accepted thresholds, implying a level of ambition that meets or surpasses what is required for realizing the SDGs. A leading company inspires peers to emulate its actions, including through audacity in challenging existing business practice and what is perceived to be possible. In doing so, the leading company has the potential to transform the way in which business is done beyond the boundaries of its own organization.

**Ambition requires that action is material in the context of the company’s end-to-end operations.** Small and medium-sized enterprises can be as ambitious as multinationals, despite each type of firm having different levels of absolute impact (negative and positive). In all cases, a leader looks beyond its own operations to its value chain, from suppliers to consumers, as well as to a wider group of stakeholders, to assess on which SDGs it has a material impact. Materiality in this sense extends beyond financial impact on the company itself to encompass all types of impact on people, planet and prosperity that the company may have.

**Finally, ambition means a focus on action that will deliver long-term outcomes.** A leading company does not focus primarily on inputs and outputs, but explicitly targets long-term progress while also ensuring shorter-term contributions to the SDGs.

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**Consistent**

A leading company embeds support for the SDGs across organizational functions, making its actions and communication consistent. The focus on the SDGs is recognized across the business, including by all senior leaders. Top-level ethical behavior and commitment are embedded throughout the organization and underpin the performance required to advance the SDGs. It is particularly important that there is consistency between what the company says and what it does throughout its business, from advertising and marketing to corporate strategy and government affairs.

A leading company aligns its public voice and advocacy with its ambitions, strategies, and actions to support the SDGs. This requires internal and external transparency in line with the accountability quality. A leading company is consistent in the intention of its actions and approaches across geographies and over time, adapting them to contextual differences as appropriate.

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**Collaborative**

A leading company’s action on the SDGs includes proactive collaboration with others. Collaboration complements the leading company’s own capabilities so as to achieve the best possible outcomes for the SDGs. The company forges partnerships with other businesses, government, civil society organizations, academia, investors, and local communities. These partnerships are facilitated by the leading company publicly advocating SDG action.

Collaboration follows established guidelines and principles of engagement in the relevant areas. Partnerships should be co-owned and involve shared decision making. The legitimacy of the leading company’s use of its power in the context of its partnerships, especially in relation to government priorities in developing countries, must be guaranteed. In doing so, leading companies support SDG 16 by promoting
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effective, accountable and inclusive institutions.

**Accountable**

A leading company understands and acts upon its responsibility to people and planet by holding itself fully accountable for the actions it takes and the impacts it has. It has systems to identify the impacts it causes, contributes and is linked to; risk management processes to prevent adverse impacts; and procedures to allow access to remedy, including through grievance mechanisms, for any remaining impacts that result from its actions or decisions.

**Accountable leadership means being transparent and engaging stakeholders proactively on challenges and progress towards the SDGs.** This fosters trust from government, investors, employees, customers and communities. A leading company knows and shows how it is improving its performance, allowing these stakeholders to make informed decisions. A leading company is not only transparent, but also actively seeks out the views of stakeholders and acts on them.

**To be accountable, a leading company must act lawfully and align its actions with established international norms, including in cases where domestic law falls short.** For example, it should continue to respect international standards even if these are not legally mandated in the country where it operates [see call-out]

The UN Global Compact’s Ten Principles capture values that business should adopt, encompassing the key elements of a range of relevant international norms and standards. These include, crucially, the UN Guiding Principles on Business and Human Rights and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

For example, the Guiding Principles relate to the responsibility of business enterprises to respect human rights and as such are of direct relevance to the Ten Principles. Principle 1 of the Global Compact calls upon companies to respect and support the protection of internationally proclaimed human rights; and Principle 2 calls upon them to ensure that they are not complicit in human rights abuses. The Guiding Principles provide further conceptual and operational clarity for the two human rights principles championed by the Global Compact. They reinforce the Global Compact and provide an authoritative framework for participants on the policies and processes they should implement in order to ensure that they meet their responsibility to respect human rights.

This introduction to the Blueprint for Business Leadership on the SDGs was developed in consultation with GRI, Oxfam, Pacific Institute, PRI, Shift, UNODC, World Resources Institute, WWF, Global Compact LEAD companies, and representatives of Global Compact Local Networks.

Vivid Economics supported the research process and drafting of the publication in a consultancy capacity in collaboration with the UN Global Compact.