



**Private Event
at the World Economic Forum Annual Meeting 2010**

UN Global Compact 2020: Leadership for Sustainable Growth

Friday January 29, 2010
Waldhotel, Davos/Switzerland

The main conclusions from discussions on a proposal for a
**Blueprint for Corporate Sustainability Leadership
in the Context of the UN Global Compact**

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1. Setting the Scene

The idea of a “Global Compact” was first introduced in a speech at the World Economic Forum by the United Nations Secretary-General in January 1999. The Global Compact was subsequently launched as a public-private partnership at the United Nations Headquarters on July 26, 2000. It is today the world’s largest corporate citizenship initiative, broadly recognized by business, civil society, and governments. In June 2010 the Leaders Summit will celebrate the 10th anniversary of the Global Compact, take a look back, and work to shape the future development of this unique framework on corporate responsibility in a globalized world economy.

The Global Compact Office has set an ambitious quantitative target for the second decade of the initiative: **to increase the number of business participants from presently 6,000 to 20,000 by 2020**. Yet the Global Compact faces new challenges and opportunities with its continued growth, rising expectations from stakeholders, and the changing external context driven by the pattern and speed of globalization.

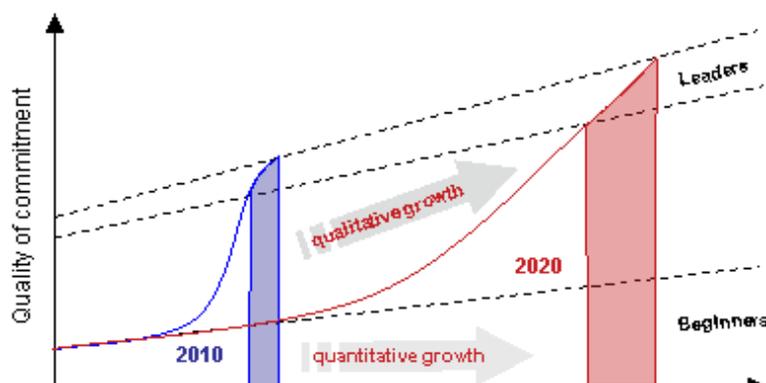
The Global Compact Office has asked the Fondation Guilé to assist it in defining leadership in the context of the Global Compact. The ultimate goal of this project is to promote and facilitate an intrinsically motivated, dynamic and continuous improvement process in respect of participants’ discipline and quality of implementing the Global Compact principles and their engagement with the initiative.



2. Purpose and Objective

The “Blueprint for Corporate Sustainability Leadership” project presented and discussed at the Private Event will result in a revised “leadership model”¹. Such a model shall complement the rapid **quantitative growth** and be a driving force for the **qualitative growth** of the Global Compact in the coming years (see illustration below).

Envisaged growth path of the Global Compact



¹ This work will build on previous efforts by the Global Compact Office to establish a leadership model, including the Global Compact “Performance Model” and the recent draft “Leadership Blueprint”.

The Blueprint shall offer several benefits for the Global Compact and its participants²:

- Business participants can define and deepen their commitment and engagement in order to become leaders → aspiration;
- Business participants can evaluate themselves with regard to their ambition, discipline and quality of implementing the Global Compact principles, their actions in support of broader United Nations goals as well as their engagement with the Global Compact initiative at the local and global level → position and navigation;
- Business participants can communicate and debate their “learning curve” with their internal and external stakeholders in a credible and transparent way → positioning;
- A “leadership model” serves as an overarching concept that ties together different dimensions and work streams of the Global Compact → guidance;
- A set of robust and comprehensible criteria describing “leadership” will, ultimately, facilitate the characterization and identification of real leaders → incentive.

3. Thesis on Leadership

At the Private Event, three theses concerning the envisaged “Blueprint for Corporate Sustainability Leadership in the Context of the UN Global Compact” were presented by the Fondation Guilé and discussed with participants.

Thesis 1: Leadership drives the impact of engagement

Background:

The Global Compact Office has set an ambitious quantitative target for the initiative: to increase the number of business participants from presently 6,000 to 20,000 by 2020. In order to achieve its vision and have a significant impact, the Global Compact strives for qualitative growth.

Thesis

The envisaged leadership model will enable the company-driven qualitative growth of the Global Compact in the coming years because it:

- serves as management guidance for companies to review the appropriateness of their ambition and status of implementing the Global Compact principles;
- shows companies the value of deepening their engagement with the Global Compact;
- facilitates an intrinsically motivated continuous learning and improvement process.

Thesis 2: Leadership is multi-dimensional

Background

Most of the current leadership concepts focus on specific issues or managerial areas such as corporate governance, supply chain management, carbon management, and non-financial reporting.

Thesis

Corporate sustainability leadership criteria – in the context of the Global Compact – should be applicable to all companies irrespective of industry sector, country, legal status, or size.

² The “leadership model” is not: assessment of performance; beauty contest for companies; “blame and shame”; one-dimensional; prescriptive/recipe book.

Further, the leadership model must encompass a company's capability to implement the principles at different levels such as:

- Micro level: the company and its value chain;
- Mezzo level: local networks, sector initiatives, etc.;
- Macro level: international networks, global working groups, etc.

Thesis 3: Leadership strengthens the Global Compact

Background

The Global Compact offers various engagement opportunities for companies such as working groups on all issue areas, topical initiatives on water and climate, and 80+ local networks.

Thesis

A definition of "Corporate Sustainability Leadership" helps to clarify what companies require from the initiative in order to improve the quality of their engagement and, ultimately, to strengthen the Global Compact concerning its impact. These requirements include:

- the business case for engaging with the Global Compact;
- updated information on engagement opportunities;
- a balance of supply and demand for engagement opportunities.

The participants were invited to discuss the following lead questions:

1. Is there a need for a blueprint on "corporate sustainability leadership" which can be used by Global Compact participants as management guidance to evaluate and improve their ability to learn as well as the quality of engagement?
2. How does corporate sustainability leadership in general – and corporate learning ability in particular – manifest itself a) at the company level, b) within the sector or country level, and c) in the wider context of the Global Compact?



4. Comments and Conclusions

4.1. General comments

Several participants stressed in their reactions to the presentation that the current crisis was largely due to a deterioration of corporate or entrepreneurial values. There was broad consensus that values had to be clearly defined, communicated, lived and understood by all company personnel, which requires that top management lead the way in living up to the company's values. "Businesses need their own rules and regulations," was a postulation by one of the participants. He added that global frameworks and processes, such as the Global Compact, were required to maintain momentum and were therefore highly relevant.

"The current crisis is a value-crisis."

The role of companies and their competitive advantage in creating societal value was also discussed. It was argued that companies must seek ways to measure and demonstrate their impact in order to make their contributions more credible.



4.2. Comments on the blueprint concept

The recommendations and main comments from participants on the blueprint concept can be summarized under the following headings:

What is a blueprint?

Some participants asked for a clarification of the term 'blueprint'. Was the Global Compact not a blueprint itself? How general or detailed shall the proposed blueprint be? It was argued that an overly general Blueprint for Leadership would be of little use to companies.

What is the focus of the Blueprint for Leadership?

Several participants saw the main focus of the Blueprint as being the way in which companies implement and live up to the Global Compact principles at all levels of their operations (e.g. policies, procedures and continuous training) as well as within society. One individual felt that the title of the proposed Blueprint was too narrow and should rather be "Corporate Values for Leadership".

What are the key elements of leadership in the context of the Global Compact?

One of the elements that was often mentioned is the role of top management, which must lead the way in living up to corporate values. “Corporate statesmanship” was suggested as an appropriate term expressing this role, whereby business leaders create a level playing field to the benefit of their companies and society.

“We require business leaders that are statesmen lobbying for rules in business.”

Stakeholder relationship was seen as another element for corporate sustainability leadership. Only through a focused and well-managed stakeholder engagement can companies build up and maintain a connection with society at large.

The ability of companies to innovate and systematically use their capabilities (e.g. services and products) to make the world a better place was also proposed to be included in the Blueprint. Additional elements to be reflected, as suggested by individual participants, are companies’ efforts in balancing long-term versus short-term objectives and the promotion of public-private partnerships to tackle emerging issues in a sustainable manner.

What is the value for leading companies?

References made to different studies show a significant positive correlation between leadership and the satisfaction of employees and clients or between a company’s adherence to values and its long-term performance. Yet, companies would ideally find ways to align the Global Compact and its principles with their own interests. Last but not least, one participant reflected on the similarities between the Global Compact and the Business Excellence Model of the European Foundation for Quality Management (EFQM): both frameworks have the key aim of continuously improving quality. This can be achieved by convincing corporate decision makers that applying the Global Compact creates value added for a company and its key stakeholders and along the value chain.

What is the role of the Global Compact in fostering leadership?

The majority of the participants welcomed the proposed Blueprint as a potentially useful tool for companies to improve their understanding and implementation of the Global Compact. Yet, in order to maximize impact, leadership thinking should be promoted and supported within and through the different Global Compact networks. Local networks in particular were seen as crucial for the future success of the initiative as change takes place at the local, i.e. business site, level and not at headquarters. It was proposed that local networks have to be empowered to provide value to companies.

“Change takes place at the local level; therefore, local networks must be empowered to provide value to companies.”

Two main roles were mentioned for the Global Compact to strengthen the initiative and to augment its impact in the second decade:

- a. Promote/induce corporate responsibility: clarify what it means to be a “leading company”; develop and implement industry specific standards; exercise global statesmanship; live up to corporate values.
- b. Enable/facilitate actions: transparency/reporting on corporate activities; advisory role of companies towards other organizations/governments; forums for multi-stakeholder dialogue.

4.3. Conclusions and next steps

The proposed “Blueprint for Corporate Sustainability Leadership in the Context of the UN Global Compact” was welcomed by a large majority of the 40+ participants. It was seen not only as a timely initiative to rebuild trust by means of value-based corporate behavior but also as a way to differentiate between companies of different levels of ambition and experience with regard to corporate responsibility. Ultimately, as it was expressed by some individuals, the Blueprint for Leadership should result in the increased engagement and impact of both individual companies and the Global Compact as a whole.

At the same time, it became clear that the Blueprint needed to be more detailed and adapted to specific sector-based or local contexts after the Leaders Summit. This work could be led by mature Global Compact local networks or advanced companies. Leading companies are further invited to provide examples of best practice to illustrate specific aspects of the Blueprint and, through their influence, empower other companies (e.g. in their value chain) and stakeholders (e.g. customers or the public).

Questions regarding the collection and quality assurance of good examples as well as ways to incentivize and reward leading behavior will be addressed (e.g. proposal to launch an award for leadership).

In his closing address, Robert C. Orr, Assistant Secretary-General of the United Nations, thanked the hosts and all participants for their time and input on the Global Compact. He stressed the timeliness of the Private Event given the current need for the Global Compact to boost corporate responsibility. Yet, the question is what can be done from the perspective of both the UN and the corporate sector. Clearly, the focus has to be on action! The upcoming Leaders Summit (June 24-25, 2010 in New York) is a unique opportunity for companies to showcase good examples and kick-start further action. Companies can – through their products, skills, and management systems – make an important contribution to the achievements of the Millennium Development Goals.



About the Fondation Guilé

The Fondation Guilé fosters dialogue among executives of the private sector, politics, and civil society. It helps these actors confront the current challenges of globalization and become responsible players in today's international markets.

The foundation initiated two funds which invest in well-performing companies that are signatories of the United Nations Global Compact.

Visit www.guile.net or contact engagement@guile.net for more information.

Annex A) Program

12.00 Reception and lunch

12.10 Luncheon presentation: The Global Compact Pocket Guide for Executives

Lord Michael Hastings, Global Head of Citizenship & Diversity, KPMG

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12.45 Opening of main discussions & welcome addresses

Ambassador Martin Dahinden, Director, Swiss Agency for Development and Co-operation, Federal Department of Foreign Affairs

Georg Kell, Executive Director, UN Global Compact

13.00 UN Global Compact 2020: Leadership for sustainable growth

Presentation of proposals on defining Global Compact leadership

Thomas Streiff, Fondation Guilé

13.15 Moderated discussion

Dialogue among participants

14.20 First conclusions

Lise Kingo, Executive VP & Chief of Staff, Novo Nordisk

Jose Luis Blasco Vazquez, Head of Sustainability Advisory Services Europe, KPMG

14.40 Reactions and comments

Robert C. Orr, Assistant Secretary-General, United Nations

14.50 Next steps and closing remarks

Ernst A. Brugger, Member of the Board, Fondation Guilé

15.00 End

Annex B) List of Participants

Special Guests	First Name	Last Name	Job Title
United Nations	Robert C.	Orr	Assistant Secretary-General
United Nations Global Compact	Georg	Kell	Executive Director
United Nations Foundation	Kathy	Bushkin Calvin	CEO
United Nations Millennium Project	Jeffrey	Sachs	Senior Advisor
Company	First Name	Last Name	Job Title
Accenture	Peter	Lacy	Managing Director, Sustainability Services
Bayer AG	Marijn	Dekkers	Incoming CEO
CNP Assurances	Edmond	Alphandéry	President
Coca-Cola HBC	Tony	Baynes	Director of Public Affairs
de Pury Pictet Turrettini & Cie	Melchior	de Muralt	Member of the Board
Deutsche Bank	Hanns-Michael	Hölz	Group Sustainability Officer
Deutsche Post World Net	Frank	Appel	CEO
Eni SpA	Sabina	Ratti	VP Sustainability
Eskom Holdings Limited	Steve	Lennon	Managing Director Corporate Services
Hilti Aktiengesellschaft	Pius	Baschera	Chairman of the Board of Directors
INTEL CORPORATION	Shelly	Esque	President, Intel Foundation
L'Oréal	Francis	Quinn	Director, Sustainability
McKinsey & Company	Rajat Kumar	Gupta	Senior Partner Emeritus
Monsanto Company	Jerry	Steiner	EVP Sustainability & Corporate Affairs
Nestlé S.A.	Paul	Bulcke	CEO
OC Oerlikon Management AG	Hans	Ziegler	CEO
Petrofac	Ayman	Asfari	Group Chief Executive
Pranda Jewelry Public Company	Prida	Tiasuwan	Chairman
Royal Dutch Shell plc	Peter	Voser	CEO
SAP AG	Caroline	King	Director, Int. Government Relations
Sekem Group	Helmy	Abouleish	Managing Director
Siemens	Peter	Solmssen	Managing Board Member
The Dow Chemical Company	Heinz	Haller	Executive VP Performance Systems
Titan Cement Company	Dimitri	Papalexopoulos	CEO
UniCredit Group	Alessandro	Profumo	CEO
Yasar Holding Co.	Feyhan	Yasar	Chairman of the Board
Co-host Representatives	First Name	Last Name	Job Title
SDC	Martin	Dahinden	Director
SCC	Markus	Eggenberger	Programme Manager
KPMG	Jose Luis	Blasco Vazquez	Head Sustainability Advisory Services Europe
KPMG	Michael	Hastings	Global Head Citizenship & Diversity
KPMG	Mark	Macus	Risk & Sustainability Services Switzerland
KPMG	Martin	Schaad	COO Audit, KPMG Switzerland
KPMG	Vinay	Kalia	Senior Associate
KPMG	Peter	Jonker	Ethics and Integrity Services Switzerland
Novo Nordisk A/S	Lise	Kingo	Executive VP & Chief of Staff
Fondation Guilé	Ernst A.	Brugger	Board Member
Fondation Guilé	Bénédicte	Burrus	Board Member
Fondation Guilé	Oliver	Johner	Guilé Engagement Team
Fondation Guilé	Andrea	Kammerer	Guilé Engagement Team
Fondation Guilé	Thomas	Streiff	Guilé Engagement Team Leader