

Family Business for Sustainable Development: The Framework and Strategic Approach

Launch of the Global Initiative

James Zhan

Co-chair, Executive Board of FBSD Initiative

February 25, 2021

I thank the distinguished keynote speakers and the panellists for the insightful perspectives on the challenges and opportunities for family business, and the way forward. All speakers have agreed that family businesses, with their special nature of multigenerational vision and inherent concern for sustainability, are well positioned to benefit from and contribute to the Agenda for Sustainable Development.

In my first meeting with Alfonso in 2019, we discussed how business families, their firms and the wider family business ecosystem could be empowered to seize the untapped opportunities arising from the global sustainability agenda and to make concrete and measurable contributions. We came up with the idea of a joint global initiative.

UNCTAD and the Family Business Network jointly developed the global initiative *Family Business for Sustainable Development (FBSD)*.

It is a first-of-its-kind partnership between the United Nations and the global family business community.

The objective of the FBSD partnership is to provide family businesses worldwide with ways and means to integrate sustainability into their conventional business models, so as to contribute to global sustainable development and inclusive growth, as well as to the prosperity of family businesses across generations.

The joint global initiative includes four major components. They aim at encouraging business families and their firms to commit to concrete, measurable contributions towards the SDGs.

1. Family Business Sustainability Pledge

The Pledge is entitled “Defining success across generations”. It is a global call to action for business-owning families, their firms and the wider family business ecosystem to promote a more purpose driven business model and to advocate and uphold the following guiding principles:

- Sustainable growth
- Environmental stewardship
- Social inclusion
- Good governance

In line with the SDGs, the Pledge is a global statement, visionary and strategic, as well as actionable and deliverable.

Signing the Pledge is a first step to embracing the sustainability agenda. But how do we move from signature to action?

The Pledge is supported by a reporting framework that encourages family firms to assess their sustainability performance, to track progress and showcase their contributions.

2. Sustainability Indicators for Family Business.

There is much discussion about the best sustainability reporting standards and most applicable indicators. While publicly listed firms and sustainability champions are reporting on several frameworks, most family enterprises worldwide have not even embarked on the sustainability journey.

The starting point for the *Sustainability Indicators for Family Business* (SIFB) builds upon UNCTAD’s guidance on core indicators for entity reporting on contribution towards the implementation of the SDGs. The core indicators were developed through extensive consultations and consensus-building processes among key experts and endorsed by UNCTAD’s Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR).

The thirty-three core indicators outline the baseline reporting that companies would need to provide to enable governments and other stakeholders to evaluate the contribution of the private sector to the implementation of the SDGs. They are universal in nature and have been applied across industries, company size and different geographic regions.

The Sustainability Indicators for Family Business also include nine measurements that capture the special nature of family firms and their efforts in contributing to sustainable development.

Several family firms have already applied the indicators and their reports will be published by UNCTAD as a series of case studies.

We would like to recognize our first reporting “champions”:

- Forbes Marshall, from India, represented by Farhad;
- Royal Van Wijhe Verf, from the Netherlands; and
- Sun Tekstil, from Turkey, represented here by the founder Günseli Ünlütürk.

3. Global multi-stakeholder platforms

To expand the reach and voice of family businesses beyond their own communities, the World Investment Forum is the pre-eminent global gathering of investment–development stakeholders. Today’s event is organized as part of the World Investment Forum satellite conference. Other platforms include the UNCTAD World Investment Network, in addition to various United Nations forums. The Family Business Network represents the largest global network of business families and their firms.

We are also fortunate to tap into some of the networks our eminent members of the Advisory Council are associated with.

Combined, the networks and global platforms help facilitate the contribution of family business to sustainable development and to showcase their achievements.

4. Capacity-building programme

To maximize the impact and contribution by family firms, a capacity-building programme will be developed to address the needs of family business and support institutions at different levels.

We will pay particular attention to the capacity-building for SMEs and family businesses in low-income countries.

We at the United Nations are pleased to share with the family business community our expertise and best practices derived from our global networks of investment–development stakeholders.

In conclusion

The **mission** of our FBSD Initiative is: *To empower family business to think in generations, to act on sustainability!*

We promote a transformation from a traditional business model to one for sustainable development.

Our **operational strategy** follows 5 points:

- The Pledge for commitment
- Performance indicators for impact
- A platform for collective action
- Peer support for capacity-building
- Partnerships for synergy and global scale

The **vision** of our FBSD Initiative is: *A global movement for sustainable family business.*

We invite all family businesses to join our Initiative and other investment–development stakeholders to support the Initiative.

We launch the Initiative today and we will turn it into a global movement tomorrow! Together, we can and will make it happen.

Together we will build a sustainable future and ensure success across generations.

Thank you.