



CATALYZING CHANGE

A short history of the WBCSD



World Business Council for
Sustainable Development



About the author

Just as he helped the Brundtland Commission find the words for *Our Common Future* (1987), which first defined the concept of sustainable development, Lloyd Timberlake has, as a freelance consultant, helped the WBCSD find the words for many of its books and reports.

In the preface of the 1992 book *Changing Course*, WBCSD founder Stephan Schmidheiny thanked Lloyd, his editorial adviser, for helping the council to “find the words for our findings and our conclusions.” Thus, it is fitting that Lloyd Timberlake has written this history of the WBCSD.

He now serves as liaison delegate for WBCSD member company GrupoNueva.

“Business cannot succeed in societies that fail.”

- WBCSD President Björn Stigson

Preface

Why write the history of the World Business Council for Sustainable Development? After all, 15 years is but a speck of dust in the vast galaxy of the human chronicle. What lasting significance could a decade possibly hold, particularly viewed through the narrow lens of one organization? A fair question.

The point of this book is not to congratulate ourselves. We've been on the front lines of promoting and supporting corporate sustainability too long to think that any one group can claim sole credit for the progress made. The shifts in attitudes, business practices, and government policies that we have seen during our existence have been spurred by the collective actions of many players—some of whom have been our partners, some of whom have at times characterized themselves as enemies. Occasionally those shifts were calculated; other times they were forced by the confluence of accident and luck. The trajectory of change is difficult to parse into individual events or decisions that can be owned or attributed.

Yet the passage of time has shown us that our notions of “progress” are both malleable and ephemeral. It is easy to lose sight of how far the field of sustainable development has moved forward when we consider how much further we wish to travel. It is easy to trivialize change if we overlook the pivotal moments that created it, as well as the ensuing lessons derived from those choices. We do not want to let those lessons slip by undocumented and unnoticed.

Somehow, the collective choices made by those involved in founding, building and partnering with the WBCSD have culminated in a respected voice for business in the global debate around sustainability. That success led Jeffrey Garten, the dean of the Yale School of Management, to refer to the WBCSD in the *Financial Times* on 27 February 2005 as a model for business efforts to “turn rhetoric into concrete actions and results.” And when GlobeScan, a Canadian survey organization, asked experts in the field to predict which organizations would play a major role in advancing sustainability over the next five years, the WBCSD ranked second only to the European Union.

While we agree that we have accomplished something worthwhile, we think that in order for that success to continue, we must rigorously examine which right and wrong choices delivered us to this place. For, ultimately, the seed of change is choice. As you read this book, what you will find is a collection of stories of individuals whose choices — to champion an idea, to explore a concept, to shake another's hand — paved the way for a chain reaction of great outcomes. These individuals were CEOs, researchers, managers, public servants, activists and leaders. What are companies but collections of people like them?

We write this history to remind ourselves of how change begins... and continues. We do so to trace and honor the distance covered and to inspire ourselves and the larger community to make the kinds of choices in the future that can both lengthen and quicken our steps toward the horizon we seek.

This history is dedicated to all of those who have been part of the journey toward a more sustainable world, who have worked to inspire further efforts by showing that sustainable development can actually work.

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“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Gro Harlem Brundtland



The Importance of a Seat at the Table

This story begins in the harbor of a small Norwegian city ringed by seven mountains. Moored in that harbor was the **Statsraad Lehmkuhl**, a grandiose, three-masted World War I-era barque with a high-carbon steel hull and a distinguished history.

Once a training vessel for German mariners, she was confiscated by the British as war spoils and eventually passed to Bergen, Norway, where she remains the country's oldest and largest sailing ship.

On a warm spring night in 1990, the unique vessel was host to a unique gathering: more than 140 business leaders, CEOs and diplomats dined in the ship's belly to discuss how business might join the global conversation around spearheading economic progress while safeguarding the environment.

Up to that point, business had played no role to speak of, other than that of bystander (and occasionally villain) in a debate primarily framed by governments and non-profit organizations. But in the wake of a provocative report from a commission chaired by Norwegian Prime Minister Gro Harlem Brundtland, a movement was afoot. Three years earlier, the Brundtland Report, more formally known as *Our Common Future*, had sounded an urgent alarm about the need for the world to move toward economic development that could be sustained without depleting natural resources or harming the environment. Published by an international group of politicians and experts on the environment and development, the report popularized the term "sustainable development", defining it as:

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Many players, both within the United Nations (UN) and on the global stage of business, were eager to see industry step into a role of constructive leadership.

The Brundtland Commission concluded its report by calling for a series of follow-up meetings on sustainable development issues. The UN General Assembly called for regional meetings in 1990, to be followed by a UN Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992. Bergen was hosting the regional meeting for Europe and North America. The International Chamber of Commerce (ICC) had organized a business conference there as one of the many side events, and the dinner was one of the conference events.

In fact, the ICC had pretty much taken over the ship and was using the captain's cabin to draft the chamber's principles on sustainable development. One of the drafters, and an attendee at the dinner, was Björn Stigson, who would become president of the World Business Council for Sustainable Development (WBCSD). ICC Secretary General Hugh Faulkner was a chair of the business conference, and the ICC had hired Norwegian venture capitalist Jan-Olaf Willums to be its secretary. Faulkner went on to become the executive director of the Business Council for Sustainable Development, and Willums to be the



“What I had seen from my own experience in how the debate on the environment was evolving in Switzerland was that our inability to engage constructively was becoming a fundamental challenge to humankind, to civilization. Everywhere I looked, the issue of the environment was being caught in a political, partisan infight, in almost all countries,” .

“And I just thought that this was crazy. This was going to be fateful for us, for the planet and for mankind if you couldn’t get beyond this entrenched fighting.”

Stephan Schmidheiny

director of the World Industry Council on the Environment, both important organizations in this tale.

Maurice Strong, who had recently been appointed secretary general of UNCED, which would come to be better known as the Earth Summit, attended the dinner, as did Stephan Schmidheiny, a Swiss business entrepreneur who had built a reputation as a dynamic iconoclast and environmental champion. The two men wound up next to each other. After an evening of conversation, Strong asked Schmidheiny to lead the representation of the business voice at the summit, and to help spread the concept of sustainable development in the business community.

“Your kind of thinking and approach is exactly what we need,” Strong told him. “I need someone like you to rally support in the business community, because if this is going to be only a conference of governments, nothing will get done.”

Schmidheiny immediately declined.

“I made a long list of arguments why I was the wrong person, starting with the fact that I didn’t represent a world-renowned company,” Schmidheiny recalled in a 2005 interview. “I was the leader of a private group of companies, which was fairly important, but I didn’t represent a Shell or DuPont, a global brand. I wasn’t representing a public company, which I thought was a drawback because things might be too much centered on me personally. I also noted that Switzerland at the time was one of the only countries that was not a member of the UN. Given all of this, why would he possibly want me?”

Strong lobbied for a week and visited Schmidheiny in Switzerland. Schmidheiny reconsidered. Personally, these issues were interesting to him. He had also just restructured his companies and stepped out of the day-to-day CEO role. He was due for a sabbatical, and this seemed like an engaging project to throw his energies into. But mainly he just could not shake his sense that the opportunity was ripe for business to take a seat at the global conversation and examine its own track record.

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He still did not believe that he was the right person for the task, but an opportunity had just been laid at his feet. So he relented and thus began an odyssey that would ultimately change the course of many companies, as well as the course of the global agenda.

For Schmidheiny, this role was just the latest turn in a path shaped by equal parts conviction and accident. Schmidheiny had not set out to become an eco-conscious businessman when he first got involved in his family’s company at age 22 in 1969. Unable to fulfill his military service in Switzerland because of a hip injury, he took a job as trainee foreman in his family’s asbestos cement factories in Brazil. He worked hefting huge bags of asbestos, (which hadn’t at that time been widely identified with ill-health effects) and emptying them into the cement mixer. By the end of each day, he would be covered from head to toe in the fine, white powder.

When that summer ended, he went to law school. Schmidheiny males traditionally studied engineering. However, in his teens Schmidheiny



H.H., The Otunba Ayora
(Mrs) Bola Kuforiji-Olubi (M.O.N.)

had started a business raising and selling rabbits. With the proceeds, he bought a motorcycle, which he took apart and put back together and got running again. He thus proved his technical mettle to his father and avoided engineering school.

Schmidheiny tried to avoid going into business, and had signed up to do development work in Uganda. But fighting flared in that country and he could not take up his post. He agreed to help his father in the company for “a few weeks”. He did not leave, but held multiple positions in sales, planning and information systems that allowed him to travel the world while learning the company. However, throughout his rise in the company, he remembered the harshness of the economic conditions he had seen in Brazil.



In 1984, at age 27, Schmidheiny took ownership of Eternit Group, the asbestos cement company in the family portfolio. He became responsible for a business conglomerate with a highly decentralized management structure, plants in more than 20 countries and tens of thousands employees. Shortly after that, real concerns about asbestos surfaced. While external advisers to the company quibbled over the scientific conclusions around health risks, Schmidheiny remembered his days spent inhaling that fine white powder. He finally made the difficult and internally unpopular decision to cease manufacture of all products with asbestos. He still recalled the reaction of one of the plant’s technical managers following his announcement: “Young Schmidheiny is mad! He expects to manufacture Eternit products without asbestos. It’s like trying to come up with dry water.”

While that decision, as well as the measures Eternit took to safeguard workers in its factories, couldn’t ultimately protect the company from the storm of controversy over the material, the stance Schmidheiny took forged his reputation as a maverick businessman with a concern for the environment. He started giving speeches about his frustration with the shortcomings of all of the parties involved in the asbestos debate: NGOs, government and businesses.

“Business was in denial, and then government would introduce some regulation under pressure of the media, which is rarely the best solution. I just thought it was so unproductive and inefficient,” he said. “We had to find a more constructive way to deal with these issues.”

A speech he gave in early 1990 at the Swiss Federal Institute of Technology was heard by an organizer of the Bergen conference, who invited the young CEO to speak on the Statsraad Lehmkuhl.

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Recruiting CEOs and Setting a Vision

Schmidheiny's first instinct after he accepted Strong's offer to be his principal adviser for business and industry was to enlist other CEOs in shaping what "the business perspective" presented at the conference would be.

"I knew from the beginning that on my own I wouldn't be able to do anything," he said. "I mean, no one would listen to me. I was largely unknown in the world, and unless I got a group of convincing people together, we couldn't really make a difference."

So began a globe-trotting effort to recruit CEOs to be part of a not-yet-invited delegation to present a then-undetermined agenda at a conference two years down the road. Schmidheiny had his work cut out for him. While he was confident that his network of business associates in Europe could produce a team of stellar CEO participants, he was worried about recruiting chief executives from geographies where he had fewer contacts, such as the US. He figured he needed one well-known CEO to join him and then in turn recruit that CEO's Rolodex.

Frank Bosshardt, an executive Schmidheiny recruited from his own company to help organize the council, admitted in a 2005 interview that it was rough going in the beginning. "Some people were not interested at all," Bosshardt said. "They just received Stephan in their offices and turned the idea down. They said, 'These issues of sustainable development, the environment: that is a government issue.'"

At the top of Schmidheiny's list of targeted "convincing people" was Edgar Woolard, then the chairman of the board of DuPont. It took a month or so to get on Woolard's calendar for a conversation. Once on the phone call, Schmidheiny tumbled through his spiel and wound up the pitch with a request for a meeting in person.



Edgar Woolard

"I'm interested and would be happy to see you," Woolard replied. "When can we meet?"

"At your convenience," Schmidheiny said. "Tell me when there would be an opening in your agenda."

Woolard opened his calendar, and Schmidheiny knew this was his best chance; Woolard was not delegating it to his assistant.

"Well, tomorrow afternoon, I'm here."

"That's great, what time?"

"But... aren't you in Zurich?"

"Yeah, that's no problem. I'll be there."

"How can you be here?"

"Well, let that be my problem. I'll be there anytime you tell me."

"Two would be fine."

"I'll be there by two."

The next morning, Schmidheiny grabbed a 6 a.m. flight from Zurich and then hopped the Concorde supersonic jet from London to New York, where he caught another plane to Wilmington, Delaware, home of DuPont's corporate headquarters, where he arrived promptly at 2 p.m.

Schmidheiny's sense of urgency made an impression on Woolard, who decided to sign on to the project on the spot, and recruit his CEO connections as well.

"Every time he introduced me, he told that story of me dropping everything to get there the next day to meet him," Schmidheiny said. "I think he thought it was a funny story, but that it also demonstrated my commitment to the project and my respect for him."

Woolard brought a half-dozen CEOs to the table. Schmidheiny continued to build his network across Europe, Latin America and Asia. Gradually, the commitments trickled in: Lodewijk C. van Wachem, senior managing director of Royal Dutch Shell; Anand Panyarachum, prime minister of Thailand and former chairman of Saha-Union; Tshiaki Yamaguchi, president of Tosoh Corp.; Frank Popoff, CEO of The Dow Chemical Company; Antonia Ax:son Johnson, chairwoman of Axel Johnson AB. Schmidheiny promised prospective members that he would pay all the project's expenses and that the group would disband after Rio, as he had no intention of creating a permanent organization.

By the first meeting in the spring of 1991 in The Hague, there were 48 members of what had been dubbed the Business Council for Sustainable Development (BCSD).

That meeting followed hard on the heels of the second World Industry Conference on Environmental Management (WICEM II), organized by the ICC. Here the chamber essentially turned business representation at the Earth Summit over to Stephan Schmidheiny and his council. Jan-Olaf Willums, the secretary of the business conference at Bergen, chaired WICEM II. Richard Sandbrook, who was to play an important role in the council's history and who was then executive director of the International Institute for Environment and Development (IIED), also played a key role in the various panels at WICEM II.

Not all of the companies on the BCSD list had perfect track records with respect to the environment. That was never the point. "The aim of this membership collection was to have people who were committed, or who were open to becoming committed," Bosshardt said.

Thirty-five of the members attended the first meeting, which was intended to decide what the group's contribution to the Rio Summit would be. By this point, Schmidheiny had assembled a small, capable staff led by Hugh Faulkner, a Canadian politician and government minister, an Alcan executive, and former ICC Secretary General. The BCSD staff had established a secretariat headquarters in a building virtually at the end of the airport runway in Geneva, Switzerland. Prior to the event they had drawn up a list of issues around which business might develop opinions or recommendations. Schmidheiny intended to present that list to the CEOs to spark a conversation about what the group's contribution might be.

The night before the first meeting began, Schmidheiny was nervous. Who was he to lead this distinguished group in a conversation? His confidence was further sapped by a late-night visit from a group of assistants to six of the CEOs. They wanted to be sure Schmidheiny understood their bosses' constraints: to expect an honest, open discussion would be disastrously naïve, they argued.

"They came to warn me that I obviously didn't know what I was doing," Schmidheiny recalled. "These CEOs were not free to say what they wanted. They were responsible to shareholders; they had very



Hugh Faulkner
Executive Director BCSD



Richard Sandbrook



Ken McCready

serious media constraints because of the whole issue of legal liability and so forth. So they tried to intimidate me to the point where the whole thing was going to be meaningless. I concluded that if that was the case then, this might, in fact, be the end of my mandate. Because I wasn't interested in a meaningless exercise."

The next day, Schmidheiny opened the meeting with nervous dread. A quiet and restrained public speaker, he attempted to appeal to the group personally, saying in part:

You all have an important office, and important responsibilities, but at the same time we are human, and have children, most of us. And we see what's going on out there. We all prefer clean air and clean water, and a nice forest rather than devastated landscapes.

... We have in front of us a chance for a pioneering adventure, one that I hope that you are willing to make with me. We are here to do something new, something meaningful.

For an hour or so after Schmidheiny's opening, the conversation was desultory, not gaining momentum around anything more significant than commissioning studies. Just when Schmidheiny began to wonder if the whole day would be wasted, Ken McCready, president of TransAlta Utilities Corp, a coal utility company in Alberta, Canada, stood up and gave a terse, impassioned speech.

"We have a market that is fairly good at reflecting economic reality and absolutely horrible at reflecting environmental reality," he said. "We need to consider full-cost pricing. And if we can't call for that in our report, then we should all just go home!"

His blunt proclamation revved the conversation into high gear. By the end of the afternoon, there was consensus on a framework that would become the basis of the council's first book, *Changing Course*.

The Origins of "Eco-efficiency"

Frank Bosshardt, retired Eternit executive

It was Stephan's idea that we needed a buzzword, something that everyone would understand to describe this notion of doing more with less while being environmentally sound. We could not find a term in any of the literature, so Stephan said, "Let's have a competition with a prize to invent a new term." So we defined a competition, with a prize of a two-week stay at Stephan's ranch in Costa Rica, and sent the word out to the members and staff of related organizations.

I also squeezed my brain and made a few suggestions that I discussed with my wife in my living room one evening. I submitted three proposals. All the proposals were assigned a number so they were totally anonymous.

I didn't hear from Stephan for a while; he was terribly busy. So one day I called him up and said, "Listen, that word we want to coin, you have all the proposals. Did you look at them?"

He said, "Yes, I did. There is only one proposal that can really be used."

I asked, "Which one is that?"

"Eco-efficiency."

I was really shocked. For a moment I said nothing. So he said, "I can see you don't agree."

I said, "Well it's tough to disagree. It's my proposal."

We both had a good laugh at that.

So that was the term that was used in the book *Changing Course* and it is still being used in the world today. I was rather proud at the time. It is not often that you get to coin a new word that becomes part of common usage. It is not an invention you can make use of in a commercial sense. But all in all, I was quite pleased.



Frank Bosshardt

A Book, an Agreement and a Summit

Along with a team of researchers and me, to do a lot of the word-processing and editing, Schmidheiny produced a 350-page groundbreaking treatise on issues including clean production techniques, energy use, pricing instruments, capital markets and managing agriculture and forestry. Various BCSD members divided up the chapter topics, according to their company's experience and interest. (By this point, all of the CEOs had picked "liaison delegates" who would execute the bulk of the research and participation of each company.)



Changing Course

Erling Lorentzen, then the chairman of Aracruz Celulose South America, a Brazil-based paper company, recalled the immense work that went into his chapter, the one on forestry and agriculture.

"I was honored by the invitation from Schmidheiny to coordinate this topic," Lorentzen said. "Three years earlier when I had read the Brundtland report, I had said to myself, 'Yes! This is what we have been trying to do in Brazil: create jobs, improve social conditions, and do it in an environmentally sound way.' Finally I had a name for it: sustainable development.

"So the opportunity to support that idea further was wonderful, as well as enlightening. I had no idea when we first started researching this chapter that at the time 40 percent of the world economy was based on agricultural products and 50 percent of employment in the world was in agriculture!"

The multiple task forces worked furiously over the next year (with strong support from independent and academic partners) to prepare their submissions for the book.

Even in this early stage of the history of companies grappling with the complexities of sustainable development, the members were able to produce 28 case studies showing that many companies were already taking these issues seriously. The case studies, which took up almost half of the book, were compiled by Al Fry, who joined the BCSD in 1991 after directing the International Environmental Bureau in Geneva. Fry would go on to work with the council for 14 years.

Schmidheiny's mandate from Strong had been two-fold: to bring a business voice to Rio and to spread the concept of sustainable development among the world's business leaders and companies. To accomplish the second goal, the council organized some 50 conferences, symposia and issue workshops in 20 countries between spring 1991 and summer 1992. Richard Sandbrook and the IIED played a leading role in organizing a number of the council's stakeholder dialogues with business and other groups.

Early into the work, Schmidheiny realized that getting consensus from all 50 members of the BCSD on the content of the entire book would be impossible. The differences across companies, not to mention across cultures, were vast, Schmidheiny recalled.

One of the biggest controversies was over the topic of consumption. The BCSD had a vocal Japanese contingent, for whom sustainable consumption was part of the culture. They favored patent regulation

“One of the greatest satisfactions for me was that three council members came up to me independent of each other, in different contexts, and essentially said the same thing: ‘This process has changed my life and my outlook on life. I want to change my company, and this was the beginning of a changed course for me personally,’” Schmidheiny said. “And this was very gratifying for me that people would go away with that kind of experience.”



that would support products such as more fuel-efficient auto engines. At the other extreme, the US members felt that if reduced fuel consumption were recommended by the book, they wanted no part of the project. They argued that consumer choice and market democracy should be allowed free reign. The Europeans were somewhere in the middle.

"In the end, we found a common denominator which wasn't very convincing, but at least we addressed the relevance of the issues," Schmidheiny admitted.

Schmidheiny also personally wanted to see the book endorse the notion of shifting tax policy to become an incentive for sound environmental management, for instance taxing corporations on emissions instead of labor. While the council at large rejected the notion of recommending that shift, Schmidheiny gleefully recalled sliding a reference to the idea into the book without endorsing it.

"On the one hand, as the chair, I wanted to push toward being progressive," Schmidheiny said. "On the other hand, I had to be neutral and facilitate the process. So I sort of had both of those perspectives, which was an interesting tension at times."

Ultimately, the book team realized that sending the project up for editing by committee would be a nightmare. So Schmidheiny came up with the idea of creating a summary declaration that the entire council could endorse as a preface of the book. And he would take editorial responsibility for the rest of the chapters. Authorial credit would read: "Stephan Schmidheiny with the Business Council for Sustainable Development."

At a meeting in late 1991 in Wilmington, Delaware, the BCSD gathered to approve the document. A simple three-page statement, the "Declaration of the Business Council for Sustainable Development", was nonetheless extremely controversial. The principles had to be broad enough that every company could endorse them, but not so vague as to be utterly meaningless. It was no small challenge to negotiate that consensus, Schmidheiny said. The day's proceedings had to end at 5 p.m. in order for some members to catch their flights home, so debate was fast and furious. The last vote happened at exactly 4:59.

"It really was a major, major achievement to bring such a group together, and bring them to the point where they would actually sign their names to a declaration that was much more progressive than certainly their assistants and probably what most of the members themselves would've ever thought in the beginning that they'd be prepared to sign," Schmidheiny said.

He was also pleased that when the book was published the declaration in the front of the book carried all the members' names, giving at least the appearance that they had signed on to the entire book.

The day ended with a standing ovation for Schmidheiny, who had worked almost full-time for 18 months and spent close to US\$ 10 million of his own money to reach this moment with the council.

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The manuscript was sent to the publisher, MIT Press, which being an academic press had to have it peer reviewed. Yet they managed to

R

io Earth Summit

"In many ways it was really a success beyond anything I could have imagined when I first accepted the mandate," said Schmidheiny. "It was much bigger. It had grown much more than anyone had expected. And a deep bond had developed between an interesting and diverse group of people with influence in the world."



get it out about a month before the Earth Summit in early June 1992, where the BCSD, represented by Schmidheiny and about 28 council members, presented its findings.

Occurring 20 years after the first global environment conference, the Earth Summit's goals were ambitious: to help governments rethink economic development and find ways to halt pollution and the destruction of natural resources. It was the largest gathering of world leaders in history, with 117 heads of state and representatives of 178 nations. Attendees agreed to try to stabilize greenhouse gases in the atmosphere, lower the production of toxic components and poisonous wastes, switch over from fossil fuels to alternative energy sources, rely more on public transportation, and give more attention to the growing scarcity of water.

The main document created was Agenda 21, a wide-ranging blueprint for action to achieve sustainable development worldwide, but it was widely considered to be weakened by compromise and a lack of priorities. Other documents included the Rio Declaration on Environment and Development, the Statement of Forest Principles, the United Nations Framework Convention on Climate Change, and the UN Convention on Biological Diversity. A special commission, the UN Commission on Sustainable Development, was created to make sure countries followed through on the promises they made. To date, 186 countries have ratified the Agenda 21 framework.

The BCSD contribution received a fair amount of media and global attention, as this was the first time a business contingent had presented at a UN conference. By this time, the book was already published and had received positive reviews as a landmark step and comprehensive attempt at crafting a progressive business point of view. It would go on to be published in some 20 languages.

For Schmidheiny, for whom the experience had surpassed all expectations, the Rio Summit was a capstone to a very rewarding process. "In many ways it was really a success beyond anything I could have imagined when I first accepted the mandate," he said. "It was much bigger. It had grown much more than anyone had expected. And a deep bond had developed between an interesting and diverse group of people with influence in the world."

From the beginning of the recruitment process, Schmidheiny had assured the CEOs that the project would end after Rio. He had no intention of turning the council into a permanent body. But council members had other ideas. Erling Lorentzen asked Schmidheiny to call a meeting of the council members in Rio, where Lorentzen urged the members to reconsider disbanding.

"You have been able to get together 50 people from all over the world who really put their effort and support behind a book like this. If we have been successful in doing something valuable, we shouldn't just dismantle it!" Lorentzen recalled telling Schmidheiny.

"We should see if we can continue to be of value. If we can't, then OK, let it die. But not at this moment when all of us are the most excited and there is all this momentum. We should try to keep it going. There is so much more to do."

Schmidheiny agreed, with the caveat that he no longer head the effort, a move to prevent the perception that the endeavor was merely his pet project, and that members pay dues to support the council. Thus, a new organization without a charter but with a commitment to make a difference was founded.



Stephan Schmidheiny

About three months before the Rio Summit in 1992, a group of us from the BCSD met with US President George H.W. Bush. The rumors were that he was not planning to attend the summit, that he was very skeptical. We had already decided we needed to take a tour of some two dozen heads of state to lobby them on our perspective and urge them to attend. Many of these meetings were fascinating. For example, in Sweden we had a half-day meeting with a number of the members of the cabinet really discussing issues in detail.

The same was true of New Zealand. So many of these high-ranking government officials were very open and interested. Of course, they were all surprised that there was such a group of business people participating in something for a UN conference. At that time it was, well, unheard of.

That novelty element was pretty helpful, and probably one of the only reasons we got in to see President Bush. There were six of us, and the meeting was supposed to be very short, just a half-hour. All of us were delighted at how well-briefed he was, asking really good questions and making insightful comments. He gave us more than an hour, much to our surprise.

At the end, we said our goodbyes. Then he pulled me aside and invited me into the Oval Office for a “photo opportunity”. When I accepted, we walked to his office, where he turned and immediately said: “The truth is I want to ask you one question.”

“Young man,” President Bush said, “tell me why is it that so many industry people come to lobby me with all kinds of requests for protection, subsidies or favors. And you’re the first group that comes to lobby for open markets and putting market forces to work, and taking initiatives for something that the others all seem to try and fend off?”

I said, “Well, Mr. President, I’m caught by surprise by your question, but the answer is probably that those of us in business who have a problem competing have time and money to come and lobby you for protection and support. And those of us who are effectively competing in the marketplace, we’re in the marketplace, and we don’t come to Washington to lobby you but rather ask for your support in making markets work better, for example by learning to reflect environmental values.”

He looked at me and said, “Well, it sounds interesting. You might have a point there.”

Ultimately, President Bush decided to attend the summit. I have a very good memory of the man from our meeting. He made a very educated and thoughtful impression.



The BCSD meets President George H.W. Bush

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Stephan Schmidheiny

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Building to Last

Over the next two years, the BCSD made some initial forays into defining its vision. But while a cadre of enthusiastic CEOs wanted to continue their participation, not all of the original BCSD members who had signed the *Changing Course* declaration were eager to pay membership dues or extend the life of what they had seen as a limited commitment. Schmidheiny told those who wanted to leave that, while he hated to see them go, they had more than honorably lived up to their commitment and his expectations and should leave with a sense of pride and accomplishment.

The membership fell and the staff's efforts were diffused across the difficult tasks of defining a mission, recruiting new companies, and inventing a new structure to support those twin goals. But as Schmidheiny tells it, the biggest challenge was the loss of a galvanizing deadline and focal point that the Rio Summit had necessitated.

"After Rio, there was a sense of OK, what's next?" Schmidheiny said. "We had been working against a very clearly defined target, which was producing a meaningful book. Now we didn't have a clear-cut target."

However, the council worked hard to encourage companies to both measure and improve their efforts in eco-efficiency. It also published one of its first reports, on the need for full-cost pricing, written by Ken McCreedy and Roberto de Andraca, chairman of the Chilean holding company CAP S.A. The council, led by Frank Bosshardt, also encouraged the International Organization for Standardization to come up with the international environment standard ISO 14000.

Meanwhile, Jan-Olaf Willums became the first director of the World Industry Council on the Environment (WICE), which was created after Rio as part of the ICC. WICE operated out of a studio space in Paris with an ornate, spectacular glass front door designed by craftsmen from the famous factory of artist Rene Lalique. The staff of the tiny secretariat often looked out its second story window onto crowds of tour groups milling at the entrance, recalled Margaret Flaherty in a 2005 interview. She was one of the first WICE hires from that time, and would later become a key executive in the WBCSD secretariat. WICE grew to 100 companies and recruited a significant number of Japanese members.

The WICE model differed from the BCSD in that it was based on a corporate commitment, rather than a CEO commitment. It spent a lot of its time drafting statements on various aspects of sustainable development for the ICC. Conferences were frequent, attended by mid-level managers, and WICE was efficient with resources. "We were the rubber-chicken crowd," Flaherty said, wryly recalling the dining fare at most of the conferences. "We always perceived ourselves as sort of the underdogs, and the BCSD were the flush, high-flyer CEOs." Faulkner left the BCSD in 1994, forcing the council leadership to seek out a new president for the organization. Schmidheiny reached back to the crowd assembled that auspicious night in the hull of the *Statsraad Lehmkuhl* to a man named Björn Stigson, who for seven years had been chief executive of a Swedish multinational, Fläkt, the world's biggest environmental control technology group.



Jan-Olaf Willums



Rodney F. Chase
1st chairman of the WBCSD

In 1989 the company was acquired by ABB, in which Fläkt remained a division of about 24,000 employees, with Stigson as an executive vice president. In that role, Stigson had been a part of Willums' ICC conferences and the establishment of WICE, as well as a participant in the first BCSD gathering when the CEOs first rallied to Ken McCready's challenge.

Schmidheiny thought that Stigson's exposure to both the sustainability agenda and to the difficulties of running a corporation were a perfect combination for the BCSD executive director. He called Stigson, who was at that time a non-executive chairman of two public companies, telling him only that they had business to discuss. The two set an appointment for 9 a.m. at Schmidheiny's hotel on a day when they were both in Amsterdam.

That morning, Schmidheiny awoke at 6 a.m. in excruciating pain from a kidney stone. He took the prescribed pills he had for the condition, from which he had suffered frequently over the years. They did not help. Despite his discomfort, Schmidheiny felt it would be ridiculous to cancel the meeting with Stigson. It had taken weeks to find a time when the two men would be in the same country. So he shuffled down to the lobby for the morning appointment.

When he first glimpsed Schmidheiny, whose face was noticeably strained and absolutely white, Stigson was concerned about the impending content of the conversation. He sat down uncertainly across from his longtime friend.

"I have something very important to discuss with you," Schmidheiny said. "But I'm having a kidney colic. I can hardly speak."

Stigson offered immediately to reschedule, but Schmidheiny waved him off. "Look, since we're both here, at least I have to tell you what's on my mind."

Haltingly, he laid out the opportunity, pausing with each spasm of pain. Stigson waited in silent compassion while his friend struggled.

After hearing the offer, Stigson agreed in principle, but noted that it did not make much sense for the business community to have two competing organizations, WICE and the BCSD, representing its interests. He suggested that his first task as executive director of the BCSD should be to approach WICE to discuss a merger.

Schmidheiny agreed, and the two men shook hands. Stigson took a cab back to his hotel, and Schmidheiny took one to the hospital.

Over the next few months, Willums and Stigson met with various representatives from companies in each group to negotiate the terms of the merger. In particular, ABB, a conglomerate in power and automation products, and Norsk Hydro, a Fortune 500 energy and aluminum supplier in 40 countries, argued that splitting the business community into two groups would blunt the impact of any efforts around sustainable development it made. But the members of both groups were by no means all in agreement. Ultimately, it took leadership from both Stigson and Willums to make a decision in the best interest of the future.

Rodney Chase, then Managing Director and Deputy Group Chief Executive of BP and chairman of WICE, played a key role in uniting the two organizations. He diplomatically persuaded the ICC, which did not want to "lose" its own sustainability organization, that a merger was a good thing for business, and he persuaded the BCSD



left: WBCSD President Björn Stigson & ICC Secretary General Jean-Charles Rouher sign memorandum of understanding between the organizations.
opposite: Björn Stigson, President WBCSD





WBCSD inaugural event in Geneva

members that joining in with WICE would not dilute their CEO-led approach. Chase went on to chair the newly merged organization during its first, crucial year.

Both the BCSD and WICE agreed internally to the merger in late 1994. The combined secretariat would be in Geneva, and staff based in Paris would relocate, with Stigson as president and Willums as senior director. At the time of the merger there were about 120 companies in what would be known from the official date of the merger, 1 January 1995, as the World Business Council for Sustainable Development (WBCSD).

Imagining the future

Over the next two years, the WBCSD built on the strengths of both organizations to create a merged agenda. The transition was not without its difficulties, both in terms of cultures melding and ideas colliding, a situation that was predictably uncomfortable for staff and members as well. About a year after the merger, an opportunity arose, out of both serendipity and perseverance, which would help crystallize the vision of the world the WBCSD wanted to help create.

That opportunity presented itself, as many big ideas often do, with an offhand remark. In the annual WBCSD meeting, one of the executives from Shell remarked that if the WBCSD were really serious about understanding the future of sustainability and business, then it should do scenario planning. This is a complex and imaginative forecasting process, which Shell is renowned for developing and refining. It posits multiple ways that an issue or situation might play out in the future, and some companies use scenarios to help them think strategically about how to take action to bring about a particular case outcome, as well as to prepare for other trajectories. The Shell executive was essentially suggesting that the WBCSD ask some difficult questions: Given the multiple players in the sustainable development arena, what potential shifts in power or activity could happen to create very different futures? What role could the WBCSD play in helping shape that future?

Those questions intrigued Ulrich Goluke, a WBCSD staff member who had started with WICE and moved to Geneva with the merger. Goluke, who had a background in systems dynamics, eagerly approached Stigson and Willums to discuss doing scenario planning and got the go-ahead to approach Shell. He called the scenario planning division and talked with Ged Davis, the head of the initiative at Shell and a guru in the field. Davis was supremely irritated that someone in his company had apparently offered up his division's services without consulting him. "We get requests from every Tom, Dick and Harry to do scenarios," Davis told Goluke. "Unless you're prepared to do it seriously, we can't even talk with you."

"Well, what does 'seriously' mean?" Goluke asked.

It meant, Davis said, raising well over one million dollars to fund the project. Goluke's heart sank. Just a year post-merger, the WBCSD was in no position to invest that sort of cash in a project. But maybe its members were. He lobbied Stigson to be allowed to present the project to the membership at the next meeting, in Vancouver, and got a skeptical approval. "I got up there with my slides and little half-hour presentation and discussed what scenarios are, why this was important and everyone in the room sort of nodded politely," Goluke said. "I thought to myself, 'Oh well, I guess that's done.'"

But the liaison delegate from Dow, Ben Woodhouse, approached Goluke after the presentation. "Look," he told Goluke, "this is a good idea. I'll help you."

Over the next year, Woodhouse and Goluke sold 35 members in the project at a cost of US\$ 35,000 apiece, and Shell decided to put up

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Ulrich Goluke

the remaining US\$ 250,000 itself. And so the offhand remark became the WBCSD Global Scenarios 2000-2050 project.

The project envisioned three potential scenarios of where the world of business and sustainability might head, each of them archetypes or extreme versions of the outcomes likely from the single-minded pursuit of one particular path.

The first scenario, called *FROG!*, as in First Raise Our Growth, envisions a world in which business decides to meet economic challenges first and worry about the environment later, if at all. The *FROG* scenario leads to a wrecked global ecosystem and a wrecked global society as well.

In the other two scenarios, environmental sustainability is successfully pursued, but the approaches differ starkly. In the *GEOpolity* (Global Ecosystem Organization) scenario, governments force the market to respond to environmental and social issues through global treaties. It is the scenario of international environmental law and regulation.

By contrast, the *Jazz* scenario is shaped by voluntary, cross-sector initiatives that are decentralized, responsive and improvised — like *jazz* itself. In this vision, information about business behavior is readily available, and responsible behavior is enforced by consumer choice and public opinion. Environmental and consumer groups are very active, governments facilitate more than regulate, and businesses see strategic and bottom-line advantage in acting on behalf of the environment.

Davis presented these three scenarios at a WBCSD conference in Prague, and the response was electric. At the urging of then Shell member Phil Watts, Davis and Stigson took the WBCSD scenarios on tour for a year, presenting to groups of companies, intergovernmental groups, and even the World Bank.

“The reactions were very positive,” Goluke said. “Typically, people wanted more. They wanted more guidance. We argued that sustainability can be what quality was 15 years ago: an entirely different way of looking at business, a way of seeing things in a different light.”

Stigson said the scenarios elevated the perception of the WBCSD on the global stage from being merely an advocate of the business voice to being a thoughtful commentator on the myriad, complex roles of all of the players in the sustainable development arena. He recalls gathering the UN ambassadors in Geneva for an evening to present the scenarios as a particular turning point in his own mind.

“At the end of this meeting with the UN ambassadors, one guy stood up and he said, ‘This has been very interesting, and I’m very grateful to the World Business Council for bringing us together like this, but I have one fundamental question: Why have we been brought together by the World Business Council to talk about the lack of function in global governments? Why hasn’t the UN leadership brought us together?’” Stigson said. “So we became fairly clearly a thought leader on this.”

Ultimately, the scenario planning articulated a vision in which the WBCSD had a clear role, as a promoter of voluntary action, supporter of the development of measures to drive greater transparency, and launcher of project-driven explorations of business actions in the realm of sustainability. While the specific topics the WBCSD has tackled have evolved over time, the focus on encouraging responsive,

free-form collaboration is a constant, which continually harkens back to that early pioneering work. The scenarios developed with Shell are still widely used today and still serve as a discussion framework for a better understanding of potential roles for all players.

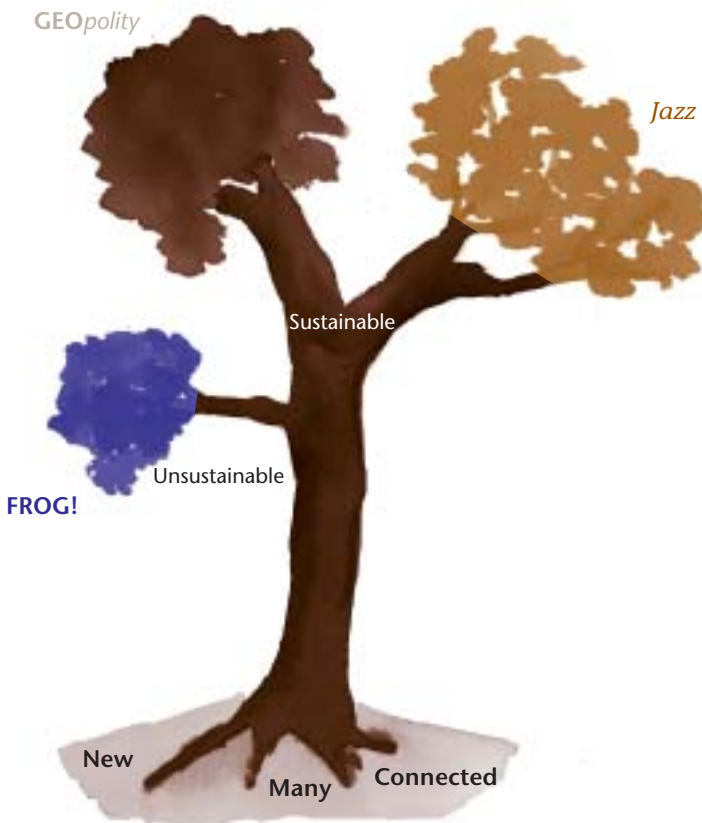
Evolving Issues, Expanding Role

The landscape in which the WBCSD operates has evolved enormously since the Rio Summit and since the *Jazz* scenario was hatched. While an internal agenda and vision drive the WBCSD, the organization is of necessity responsive to the marketplace trends that inform its member companies' reality. Each new trend around sustainability reveals yet another layer of complexity in the relationship companies have with society and the world, and the responsibilities they carry as a result. That context has significantly informed the WBCSD's work.



Jazz scenario

Branching points



This concludes the founding story of the WBCSD. The next section of the history explores the shifting context of the field of sustainability from 1992 to the present, and will highlight specific projects of the WBCSD that have defined its role against that backdrop. While this history is not a comprehensive overview of every report published or endeavor undertaken, the examples highlighted here give a sense of how the WBCSD has attempted to be both a "musician" and a convener of other musicians aspiring toward a world of Jazz.



An Overview of Sustainability from Rio to the Present

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hen the business voice was first forged at Rio, the framework of issues around sustainability related mainly to the environment and the costs and effects of pollution, as well as the potential bottom-line gains from increased energy and resource efficiency. That primarily environmental lens for sustainability persisted into the mid-1990s, when a series of international corporate scandals broadened that focus to include concerns around sweatshops and supply chains.



Corporate Social Responsibility

The social component, or what is now considered to be the third element of corporate performance accountability (in addition to environmental and financial dimensions), took root in the collective consciousness. With that shift appeared the term Corporate Social Responsibility (CSR), a fuzzy label used to describe activities ranging from corporate philanthropy to enlightened labor practices.

Navigating that terrain meant grappling with the wants and needs of an ever-widening range of stakeholders that included customers, partners, suppliers, the community, the environment and future generations. In response to member companies' pleas for a framework for understanding this new, complex reality, the WBCSD issued in 1999 its first report on the topic. *Corporate Social Responsibility: Meeting Changing Expectations*, addresses human rights, employee rights, environmental protection, community involvement, and supplier relations.

That year also saw the launch of the UN Global Compact, a consortium of worldwide businesses and other interests committed to improving CSR performance. Of the initial 38 compact signatories, 15 were WBCSD members. The Global Reporting Initiative (GRI), an ambitious attempt to set standards for corporate responsibility reporting and a good example of a successful partnership among business, a UN organization (the UN Environment Programme), and NGOs, also launched its first reporting guidelines toward the end of the millennium.

"Distilled to its basics, the CSR story is a chronicle of gradual redefinition and expansion ranging from 'must do' legal compliance blended with traditional philanthropy, to 'should do' based on traditional benefit/cost analysis, to 'ought to do' based on emerging global norms of integrity, ethics and justice," wrote GRI co-founder Allen White in a seminal paper on CSR.

But attitudes, behavior and definitions regarding CSR have evolved quite differently on opposite sides of the Atlantic. While the European business community has viewed CSR as a principle-driven and inevitable outgrowth of doing business, the US business community has tended to view CSR predominantly through the lenses of shareholder and legalistic concerns. Not surprisingly, this has led to a less enthusiastic participation in the trend for US companies. By late 2004, of the 1,400 companies that had joined the Global Compact, only 4.5 percent came from the US. And, according to a 2005 KPMG International Survey of Corporate Responsibility Reporting, only the US and China failed to meet the general rule-of-thumb that corporate responsibility reporting rates correspond to the number of Global 250





Stuart Hart



C.K. Prahalad

companies in a country. In 2005, some 80 percent of top companies in nearly 21 countries/regions had corporate responsibility reports. Yet in the US (which had 100 of the top 250 global companies) only 35 percent reported; in China, 33 percent did.

The most recent new twist in the CSR landscape has been an odd backlash. In the US, critiques driven by conservative ideology have flourished, most notably the website *CSR Watch*, which dismisses all of these efforts as mere greenwashing. Even the more typically sanguine *Economist* published a January 2005 cover story questioning the legitimacy of CSR.

Since the new millennium, ethical issues have also grown in importance, as failings of accounting and corporate governance have featured prominently in newspaper headlines. The Sarbanes-Oxley law in the US and the underlying issues of consumer mistrust raised by corporate scandals, such as the collapse of Enron in the US, have forced companies to confront an increasingly ugly reflection of public perception.

In a 2005 survey by GlobeScan, 65 percent of people said they trusted NGOs, 53 percent trusted national governments, 50 percent trusted the press — but only 42 percent trusted large global companies. Companies are increasingly grappling with a public perception that lags behind their progressive activities, or judges the whole sector by the high-profile failures of a few, a tension highlighted as early as 1999 by the protests at the World Trade Organization in Seattle, in which activists rallied against globalization and business in general.

One of the most promising and interesting trends of recent years is the attempt by some companies to grow and move into new markets by becoming forces for economic development. Led by the academic work of professors Stuart Hart of Cornell University and C.K. Prahalad of the University of Michigan, this movement has begun to explore how selling to the poor and purchasing from small, local companies can be profitable, while simultaneously providing jobs or an improved standard of living.

As the social component of business behavior has become more nuanced and complex, so have the issues surrounding environmental

responsibility. Companies that once worried only about pollution from their smokestacks are now worried about how their operations affect biodiversity and the cleanliness of their supply chains.

The financial industry, slow to arrive in this ongoing debate, has also started to move beyond the basic premise of socially responsible investing through the use of “screens” for bad corporate behavior, to a more sophisticated analysis of the correlation between financial performance and the practice of social responsibility. One such effort, a 2003 prize-winning meta-analysis by Professors Marc Orlitzky, Frank Schmidt and Sara Rynes, looked at 52 studies over 30 years, finding a statistically significant positive association between CSR performance and financial performance. Innovest Strategic Value Advisors similarly looked at 60 research studies over six years, finding that 85 percent showed a positive correlation. Meanwhile, activist groups have become investors in order to wield shareholder influence over the actions of corporations.

Throughout this flux, the WBCSD has steadily expanded its projects, partnerships and publications to respond to both the trends and the voices of its members. There is an innate tension between prodding member companies to move along on the continuum of sustainability efforts, while also recognizing that the legitimacy of the organization is derived from a member-driven agenda. Inevitably the line between driving a trend and being swept up in its wake is blurred. Most changes in course are the result of a multitude of actions from a multitude of actors, not the singular action of one organization. That said, the WBCSD has long been recognized as one among the group of “jazz players” improvising change.

“One of the phenomena of the global era, at least over the past decade, has been that government willingness or capacity to lead change seems to have diminished,” said Jonathan Lash, president of the World Resources Institute, an independent think tank supporting sustainability. “More of the interesting responses to change have come from ad hoc coalitions among elements of civil society. The private sector has been a key piece of that, and the WBCSD has been a key part of that dialogue. That does make me more optimistic about what can be accomplished in the future.”

Former World Bank President James Wolfensohn said:

“Ten years ago when the WBCSD was created, it was very much an act of faith by a few visionary business leaders who understood they ought to get involved in sustainable development if they wanted to remain in business. Today as the business case for sustainability has been increasingly demonstrated, the WBCSD has become a global leader in corporate social and environmental responsibility.”

Though the specific trends and topics explored have changed over time, the WBCSD has consistently engaged in activities that pioneer collaboration among unlikely partners and cultivate a voice for business. The next two chapters will address specific projects that have fueled these important roles.



Jonathan Lash



James Wolfensohn

Pioneering Collaborations

One of the hallmarks of the organization has been convening discussions, partnerships and gatherings of unlikely or unexpected players. In rising above the agenda of any one company, the WBCSD has found a way to navigate across sector lines and boundaries, reaching out to NGOs, governments and civil society to spark conversations and collaborations that were previously unthinkable. Certainly the opportunity to cross sector lines was created by an unprecedented openness among the various sector players. But the WBCSD has aggressively turned that opportunity into projects and conversations with groundbreaking results.

“We have been able to establish a very high degree of credibility with other stakeholders,” explained Björn Stigson. “This is not because we are perfect, but because in the kingdom of the blind, the one-eyed man is king. The view from many other corners of society is that the business community historically has been blind to these issues. We came along as a group of progressive leaders with a willingness to engage, and from their point of view, we are at least one-eyed. That’s why we have become the preferred partner.”

That status of preferred partner has translated into numerous forms of initiatives:

Sector projects: These research projects begin with a group of WBCSD members in the same industry who desire to explore common challenges around the sustainability issues of their industries. Most important, these companies agree to fund the work and an outside, impartial party to help conduct the research and make recommendations. All the projects also set up impartial “assurance groups” to check the results; these groups are usually made up of high-level experts from UN agencies or NGOs whose reputations would suffer if the companies engaged in “greenwash”. Some of the topics explored in this model include how constrained natural resources affect the transportation sector, the ideal behaviors of paper companies with respect to sustainable forestry practices and establishing target goals for emissions reductions for the cement industry. At a bare minimum, sector projects are a valuable investigation of the challenges facing various industries; optimally, the projects are a powerful form of collaborative goal-setting, accountability and self-policing.

Dialogues of traditionally opposing forces: The principle of shifting polarized, dogma-driven debates into thoughtful, though difficult, conversations that acknowledge all perspectives has been a constant for the WBCSD. In 1999, as negotiations following the 1997 adoption of the Kyoto Protocol were breaking down, the WBCSD organized informal conversations among some of the elite decision-makers in that convention.

It has played a part in convening the various constituencies in the controversial topics of forestry certification and management, and has helped its members, in turn, use this approach with their own varied stakeholders. The WBCSD did not invent the notion of multi-party dialogues, or the idea of a safe space where avowed enemies can transcend entrenched positions to exchange ideas and viewpoints. But its commitment to these ideals, and deep experience in successfully executing them, has led to its recognized leadership in this area.

This chapter touches on the impacts of specific examples of these diverse types of pioneering collaborations.

D

ialogue



"One should never cut down a tree." He asked if this were true.



"Tell him that we are planting more than we are cutting and that the trees we cut down are not old, ancient trees but only planted trees," Lorentzen said. "Tell him it is kind of like agriculture. You have seeds that you plant for food and you harvest that to eat. We plant trees to harvest for paper. We just have to wait seven years for our harvest."

Seeing the Forest and the Trees

The WBCSD's first sector project had its roots in some provocative remarks from Erling Lorentzen's 11-year-old grandson. Lorentzen is founder and former chairman of the Brazilian pulp and paper company Aracruz Celulose, a leading producer of bleached eucalyptus pulp responsible for some 30 percent of the global supply of the product, which is used to manufacture printing and writing, tissue and specialty papers. His grandson came home from school in Rio de Janeiro, having heard a teacher lecture that day on the environment, with a pronouncement to his parents: "One should never cut down a tree." He asked if this were true.



Erling Lorentzen

Later, Lorentzen's son asked, "What should I tell him, knowing that you are cutting down 100,000 trees a day?"

"Tell him that we are planting more than we are cutting and that the trees we cut down are not old, ancient trees but only planted trees," Lorentzen said. "Tell him it is kind of like agriculture. You have seeds that you plant for food and you harvest that to eat. We plant trees to harvest for paper. We just have to wait seven years for our harvest."

His grandson's question got Lorentzen thinking. The viewpoint was not new; he'd heard critiques of the paper industry since he started Aracruz back in 1972. But he was tired of the simplistic assumptions of the public about the nature of his industry and his company. For him, Aracruz had begun as a reflection of his commitment to Brazil and his desire to improve life there by creating jobs.

Lorentzen's grandfather, a Norwegian, had immigrated to Brazil in 1890 when Lorentzen's father was 10 years old. His father lived there for six years, until he returned to Norway to complete his schooling. But he had fallen in love with the lush country, and Lorentzen heard stories about Brazil from his father from a very young age. When Lorentzen visited the country for the first time in 1951 at age 28, he felt as though he were returning to somewhere familiar, rather than discovering someplace new.

"I loved the people," he said. "It felt like it was a place where I could do something. I saw a lot of opportunity and a need to do something. The challenge attracted me."

Years later when a group of business associates asked him to devise a way for his Norwegian shipping company to more cheaply ship wood chips from Brazil to Japan, he came up with an unrelated counter offer: let's start a pulp mill in Brazil. He set himself the goal of creating 1,000 jobs in the country, a goal he surpassed many times over, especially considering the many other enterprises he has developed during his more than 50 years of work in Brazil.

Lorentzen felt that his company had always adhered to high standards in terms of sustainability principles. Aracruz has always used plantations of "farmed" trees to provide pulp for paper production. He believed the plantation method to be one of the most efficient and environmentally sound ways of making pulp. His company also conserves thousands of hectares of native forest. But he knew that his saying all this meant nothing.



Towards a Sustainable
Paper Cycle

He felt that global forest, pulp and paper companies like Aracruz were in many cases being attacked unfairly. So he decided to see if there was a way to have an objective, totally independent, outside party study the issue. He presented his proposal at a WBCSD meeting in 1993. The council approved the idea on the condition that Lorentzen himself be in charge of raising the money for the study. Furthermore, the WBCSD would not be bound to publish the report should it not be to its liking.

So he started with his own board, proposing that the company put up US\$ 100,000. One of his board members asked, "Can you guarantee that this report will go in our favor?"

"I can't guarantee that," Lorentzen said. "But I think it is just as important for a board and a company to know what it is doing wrong as it is to know what it is doing right."

The money was approved. That was the beginning of a trek that would take Lorentzen and his assistant and WBCSD liaison delegate Claes Hall around the world, pitching to governments, companies and private foundations to raise money.

"The 'transaction costs' – the vast amount of time and energy spent on such a project as this – are huge," noted Hall. "Erling and I spent the best part of nine months full time seeking sponsors. You cannot achieve this by faxes and letters. You must meet face-to-face. We did not just want sponsors, but a global and sectoral distribution of sponsors: governments, business, academics, NGOs, consumers, etc. We raised money from Norway, Finland, the EU, Sweden, South Africa, Japan, Indonesia and the United States; Harvard Business School was supportive and spontaneously offered US\$ 50,000. The World Bank backed the study, and the European Union became its biggest supporter with US\$ 300,000. The original proposal to the WBCSD was US\$ 875,000, but the final budget was US\$ 3 million."

This was the council's first sectoral project, affecting only forestry company members, so the council ruled that none of its collective funds could be used. The council's contribution would be some administrative help. The same rules would apply to later sectoral projects. It took two years to raise the money.

At that time, the US\$ 109.7 billion paper industry accounted for about 2.5 percent of the world's industrial production, and was of particular concern to countries struggling with forest management issues.

In January 1994 Lorentzen had a meeting with the Norwegian Prime Minister Gro Harlem Brundtland and asked her for her government's support for the study. She replied: "We will support the study if you can assure me that it will be totally independent." Lorentzen said: "I am going to London tomorrow to sign a contract for the study with the International Institute for Environment and Development." Prime Minister Brundtland then said: "I know IIED; it is led by Richard Sandbrook. You are in good hands."

Lorentzen did bring in Sandbrook and the IIED to manage the research and the often controversial stakeholder dialogues of the project. Sandbrook, calling on his considerable diplomatic skills and sense of humor, personally nursed the debates over the paper industry in general and plantation forestry in particular among the conflicting views of companies, NGOs, governments and academic institutions. Lorentzen was so keen to make the study independent – as he knew that "an industry study would be torn apart and thrown in the wastebasket" – that he had the contract stipulate that IIED should publish the study if the WBCSD did not approve of it.

Sandbrook would go on to organize the council's sustainable mining project. He died in December 2005.

The report, *Towards a Sustainable Paper Cycle*, returned a plethora of recommendations and conclusions, covering forest management to recycling, including:

- Paper companies should be more open and accountable to the public, and should consider introducing sector-wide monitoring of performance and accounting for the paper product lifecycle;
- Forest stewardship is the best way forward to ensure the continued provision of goods and services supplied by forests;
- Plantations are often an acceptable way to grow trees for paper-making. New plantations will be needed to meet the growing demand for paper, especially if destructive practices such as forest mining (removal of original-growth forest without regeneration) are stopped.

Lorentzen was pleased the report had supported his thesis about the soundness of plantation strategy, and noted that Aracruz was already following most of the report's advice before it was published. For the wider global community, the report was a watershed, representing the first time that an industry had taken the initiative to have an independent party produce standards and recommendations it could use to police itself around environmental concerns.

Two years after the report was published, Lorentzen received a call from James Wolfensohn, president of the World Bank at the time. "He felt that it was very important that the report and its recommendations receive more follow-up, so he arranged for a meeting in the bank where representatives of industry and NGOs convened," Lorentzen said. "Representatives of the industry still meet twice a year on sustainability issues."

Another of the report's recommendations was that government should establish a forest stakeholders' dialogue. While government failed to pick up on that recommendation, the WBCSD, along with the World Resources Institute, eventually did. The two organizations convened a series of stakeholder discussions in 1998 and 1999 and then eventually approached Yale University's School of Forestry and Environmental Studies to ask if the school would host and organize continuing dialogues on forestry topics.

The school agreed, and Gary Dunning, who was executive director of the Global Institute of Sustainable Forestry, took over the program. Dunning said the focus of the program, which typically convenes forums for groups of about 30, but has hosted gatherings for as many as 125, is on supporting a safe platform for conversation in which everyone can step back from their entrenched public positions to honestly engage. The dialogues have tackled issues such as illegal logging and forest certification, the process and standards by which a forest is "approved" as being well-managed.

"We've seen that there is a huge value in having this platform," Dunning said. "People really appreciate it. They feel relatively safe in this space to say what is on their minds, and not just repeat the party line."

Key in the dialogue model is the chance for people to meet as individuals, not as representatives of their respective institutions. Dunning noted that after a 2002 dialogue on forest certification, the two representatives from rival certification organizations had a chance to have a difficult but useful conversation about the issues without feeling that they had to promote their respective models.

"These two know each other well, and they don't agree most of the time," Dunning said. "But when they left the meeting, one drove the



Gary Dunning



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oncrete commitments



“There were times during that meeting,” Klee recalled, “when it felt we were having a very remote, philosophical discussion about a future which would now be different in ways none of us could imagine.”

other to the airport and they stopped on the way to have a beer. You can build a relationship with someone without liking them, or even agreeing with them. These are highly charged, political issues. Everyone in the room has supporters and constituents who are not willing to compromise, but you have to try to make progress in spite of that.”

Some of the concrete outcomes from the dialogues have included partnerships between the WBCSD, the World Wildlife Fund, and Conservation International. And, at a meeting in Hong Kong on illegal logging, an NGO asked for permission to screen a film on illegal logging at three sites in China. Representatives of the Chinese government were there and promptly closed the mills down after they returned.

Still, the most valuable aspect of the dialogues is the relationships that form, something Dunning said the WBCSD recognized from the beginning. “The WBCSD leadership on forestry issues internationally is unparalleled, and they are called on constantly as a result,” Dunning said. “Without the WBCSD there would not be a forest dialogue.”

Concrete commitments

Since the paper sector project established the model of intra-industry collaboration with an outside, independent party, many other industry groups within the WBCSD have followed that lead. One of the most potent of those collaborations is the one in the cement industry, led by WBCSD cement companies.

Its story begins in Malaysia, where the cement company liaison delegates agreed to meet to discuss the project in 2001. The day before the meeting, Howard Klee flew into the city. Klee, a recent WBCSD staff recruit, had a hair-raising ride from the airport to the hotel, during which the driver, who spoke no English, chattered dramatically, gesturing wildly with the hand that wasn't on the steering wheel. Klee had no idea what the man was talking about and just wished the driver would keep both hands on the wheel as he weaved through the dense Kuala Lumpur traffic.

After a long career in the petrochemical industry with giants Chevron and BP, Klee had agreed to look after the WBCSD's nascent Cement Sustainability Initiative (CSI) on a part-time basis. But it was shaping up to be more work than even a full-time post.

Perhaps, he thought as he exited the colorful cab, the driver was simply telling him about a bad action movie he'd just watched. But as soon as Klee flicked on CNN in his hotel room, he understood completely what his taxi driver had been saying. The date was September 11th.

Manhattan's twin towers were built with 400,000 metric tons of cement. And in the shadow of Kuala Lumpur's own twin Petronas towers, Klee and representatives from the world's largest cement-makers looked blankly at the agenda before them the next day. “There were times during that meeting,” Klee recalled in a 2005 interview, “when it felt we were having a very remote, philosophical discussion about a future which would now be different in ways none of us could imagine.”

Yet within the space of just six months, these men and the companies they represented had recast the future of their industry.

Cement. The bond which literally holds much of our world together. The most widely used material on earth apart from water. The glue which knits together much of our modern global infrastructure: from roads to houses, from dams to water treatment systems, from schools to hospitals. It is hard to envision a society without cement. The industry, which employs around 850,000 workers in 150



Cement Sustainability Initiative stakeholders meet in Cairo

countries, churns out 1.5 billion tons of cement a year. It has an estimated annual turnover of US\$ 87 billion and has grown by nearly 4 percent a year over the past decade.

But the cement industry also leaves a huge environmental footprint, being responsible for around 5 percent of global CO₂ emissions. Cement is made by crushing and blending limestone with silicon, aluminum, and iron oxides. The blended material is then heated at extremely high temperatures: 2,500 to 3,000 degrees Fahrenheit. The giant kilns in a large cement plant devour enough energy to power a small town.

Aside from CO₂, the dust and noise from cement plants and quarries are often combustible issues at a local level. Quarries can scar the land and degrade local biodiversity.



Michel Picard

“This industry has a mixed record when it comes to the environment,” said Klee. “But the cement business is a very low-profile industry. Ask people what they think of the cement industry, and some will say it makes a lot of dust. If they live closer to a factory, they would probably tell you it is noisy too. But few people among the general public or regulatory agencies were aware of just how much CO₂ the industry was emitting.”

However, two cement-makers who are members of the WBCSD — Holcim and Lafarge — understood enough of what was happening in other industries to know that if the cement business was operating under the radar, it would not stay that way for much longer.

Michel Picard, environment VP at Lafarge, and Patrick Verhagen, head of corporate industrial ecology at Holcim, were tossing around ideas on how they could publicize the strides they were already making in recycling the waste of other industries in an environmentally responsible way. “We were thinking of ways the WBCSD could help us demonstrate to the world that it’s sustainable to use waste as a fuel,” said Picard in a 2005 interview. “But it soon became obvious to us that sustainability in our industry was about much more than waste fuel and that we needed to take a broader view.”

“We had no direct public pressure or NGOs pushing us in the way that, say, the mining or forestry industries had,” recalled Verhagen in a 2005 interview. “But the impact our industry had on land, water, energy, and CO₂ meant that if we weren’t under pressure now, we knew we soon would be.”

Picard and Verhagen met with WBCSD officials in Rio de Janeiro at the end of 1999 and agreed to pay consultants to conduct a scoping study. What were the major issues facing the industry and how could it respond?

Picard and Verhagen went back to their companies and persuaded their CEOs — Bertrand Collomb and Thomas Schmidheiny (Stephan’s brother) — to pick up their phones and cajole competitors to consider joining them.

Within a matter of months, the CSI — a first-of-its-kind project for the cement industry — had expanded in membership to 10 companies: CEMEX, Cimpor, Corporacion Uniland, HeidelbergCement, Holcim, Italcementi, Lafarge, Taiheiyo Cement and Titan Cement. Together they represented one-third of the world’s cement production, and each agreed to commit US\$ 250,000 to the initiative.

“We liked the fact that it was a very high-level initiative,” said Armando Garcia, executive VP for development at CEMEX. “We saw what had been happening in other industries and decided it was better to be ahead than get pushed around.”



Waking up 10 cement-makers to consider issues of sustainability was one thing. Convincing their environmental representatives, who were also WBCSD liaison delegates (LDs), to consider positive action was another, as Michel Picard recalled.

“There had to be a change of attitude. Many of the representatives from the cement-makers were the same people who used to go to the CEMBureau, the European trade association, to lobby against environmental regulations,” said Picard, who spent much of the next six months with Holcim secondee Benedikt Vonnegut “educating” their peers. “We divided the group into leaders and laggards and concentrated on convincing the laggards that the whole purpose of being together was to take risks and go beyond pure compliance with regulations,” said Picard. “We repeated and repeated the same thing: we have much more to gain than to lose.”

Picard and Vonnegut’s efforts were soon to receive help from an unwelcome source. On 16 May 2001, six Greenpeace climbers wearing protective suits occupied the 100-meter-high smokestack of a cement kiln on the Swedish island of Gotland to protest against toxic pollution from the incineration of waste at the plant. Meanwhile 10 other Greenpeace activists stopped waste entering the incinerator by blocking the conveyor belt that carried it into the cement kiln.

The kiln belonged to Cementa, a subsidiary of CSI member Heidelberg. “It was the kind of horror news story that we’d feared,” said Picard. “We told our colleagues that NGOs have the knowledge about our industry, thanks to the Internet. If they don’t have it today, they’ll have it tomorrow. Hiding was no longer a strategy.”

Persuaded of the need to act swiftly, the CSI members agreed to commission the Battelle Memorial Institute, a US-based not-for-profit consulting firm, to conduct independent research into how the cement industry could meet its sustainability challenges. An assurance group, led by Dr Mostafa Tolba, former executive director of the United Nations Environment Programme, provided independent review of the study.



Dr Mostafa Tolba

Battelle's subsequent report, *Toward a Sustainable Cement Industry*, listed eight steps that its consultants reckoned cement-makers had to take if they were to ensure a more sustainable future over the next 20 years:

- Improve their eco-efficiency through better practices in quarrying, energy use, and waste recovery and reuse;
- Understand and improve CO₂ emissions (currently costing cement-makers US\$ 50 a ton, thanks to the EU Emissions Trading Scheme);
- Reduce dust from quarrying, as well as NO_x, SO_x, and other airborne pollutants from cement manufacture;
- Improve land use and landscape management practices;
- Manage and improve employee health, safety and satisfaction ("The issue around employee health was not on anyone's radar before we started this," recalled Klee, "and from my experience in the oil and chemical sectors, the cement sector's record on accidents and fatalities was in astoundingly bad shape.");
- Work more effectively with local communities;
- Take part in regional affairs;
- Create more value for shareholders research.

The LDs had taken the initiative as far as they could. In March 2002, the CEOs from each of the 10 cement-makers traveled to Paris to discuss the recommendations and debate their response. Their LDs expected a rocky ride; Battelle had gone well over budget and had pursued a few dead-end recommendations, such as an idea to establish a costly "institute for cement sustainability".

"Battelle came up with solutions that were highly theoretical and impractical," agreed Vonnegut. "But at least the process gave the companies time to associate themselves with the issues."

When the CEOs finally gathered around the table at the Paris summit, much of the early debate centered on emissions monitoring and reporting. "Some people were reluctant to discuss dioxins — a very hot-button issue in some communities," recalled Klee. "But the majority of CEOs agreed that it was absolutely imperative that we address this issue in a straightforward way. Otherwise the initiative would have no credibility."



Bertrand Collomb

At one point in the meeting, Lafarge CEO Bertrand Collomb rose to his feet, surveyed his peers and said, "C'mon, you're big boys; it's time to put some meat in your commitment."

And Verhagen described what he likened to a game of sustainability one-upmanship at work. "It was highly interesting to watch — one CEO would say, why don't we do this by then, and another would say, no, let's do it faster."

"From an initial distrust about the underlying motives for the initiative, we transformed into a group with a strong peer pressure for continuous progress in sustainable development," said Holcim CEO Markus Akermann in a 2005 interview. "Once the common issues related to sustainability were understood, all the CEOs were very positive."

The result of those discussions was the *Agenda for Action*, a five-year game plan, organized around six task forces to deal with climate protection, fuels and raw materials use, employee health and safety,

emissions reduction, local impacts and reporting and communications.

The agenda, which nailed down specific commitments for company actions, timetables and mechanisms for stakeholder engagement, included a series of facilitated dialogues over the following year in Curitiba, Lisbon, Bangkok, Cairo and Brussels. The agenda was presented at the World Summit on Sustainable Development in Johannesburg in August 2002.

In June 2005, the CSI members met at Nagoya in Japan to issue a progress report on the pledges made in 2002. Arguably the most significant advance has been the creation of a protocol for measuring and reporting CO₂ emissions from cement manufacturing — the first time an industry has adopted a voluntary and independently audited emissions protocol. In each area the report essentially said: “This is what we promised to do. This is what we have accomplished so far. We worked with the following organizations. Here are our plans for the future.”

An end-of-term report would be published in 2007, but there was plenty of evidence to suggest CSI members were well on course to meet their targets across the full range of issues they identified.

In North America, for example, Lafarge runs community panels to address the company’s plans and hosts environmental exploration days and science camps for local students, as well as Earth Day events for employees. In Mexico, CEMEX is refitting many of its cement plants to operate on cheap, little-used fuels such as an oil-industry residue called petroleum coke and industrial wastes like oily rags, while in Spain, CEMEX’s plants burn ground-up bone meal from cattle. In the Philippines, Holcim has struck a deal with oil giant Petron to process used oil and sludge from Petron’s customers at Holcim’s cement plants.

“We’ve gone from being a group of decentralized companies with very little data monitoring to a body that is confident in discussing issues such as dioxins and furans and other emissions with regulatory authorities and NGOs and others,” said Patrick Verhagen.

The challenge now, believes Michel Picard, is to keep the momentum going. “We need to enlarge the pool of companies that stick to the principles and reporting and commitments,” he said, “but we also need to add new elements... Sustainable development doesn’t stand still.”



Toward a Sustainable Cement Industry



Agenda for action



Cemex working to alleviate overcrowding in Mexican cities

Creating Sustainable Livelihoods Through Profits

Consider an unlikely business partnership: CEMEX, an international cement company with revenues of US\$ 8.1 billion working with a social activist who goes door-to-door in Mexico's slums providing sex education materials and AIDS prevention training.

CEMEX has devised an innovative plan that encourages families in urban slums to save for cement to build home additions, and then provides them with discounted engineering services. In the beginning it lacked the necessary sales channel and relationships with poor people to sell the program. Meanwhile, the social activist, Patricia Nava, a fellow of international NGO Ashoka, desperately wanted to find a way to help alleviate domestic abuse sparked by home overcrowding. So Nava used her network of advocates to pitch the CEMEX home-building program to her clients, expanding CEMEX's sales, and CEMEX pays her advocates a commission for each referral.

CEMEX's program, run by a subsidiary called Patrimonio Hoy, serves 30,000 families in Mexico and is part of a larger effort on the part of the company to extend its products to the urban poor. CEMEX belongs to a working group of 62 WBCSD members exploring the concept of "sustainable livelihoods", which means looking for ways to improve the lives of the poor by doing real, profit-making business with them.

The origins of the council's Sustainable Livelihoods Working Group go back to the 1999 demonstrations during the World Trade Organization meeting in Seattle. WBCSD CEOs were shocked to see young North Americans and Europeans demonstrating not only against the WTO but also against a global market and against business in general. Previously CEOs had been shy about even speaking of poverty, worrying that they would be seen to be in some ways responsible for poverty, or even held responsible for its amelioration. However, at a council meeting following the Seattle demonstrations, and subsequent such demonstrations in Europe, members began to organize a working group first called "From Poverty to Sustainable Livelihoods: The Business Connection." Gradually the title was shortened to the somewhat opaque phrase "Sustainable Livelihoods", but the goal remained the same: proving that big companies doing real business with poorer people in poorer countries could be a force for the alleviation of the effects of poverty.

Why do business with the poor? As experts such as Professors C.K. Prahalad of the University of Michigan and Stuart Hart at Cornell University have pointed out, the planet's four billion poor represent a critical component in a company's growth strategy. And stepping up their presence in developing countries by "doing business with the poor" will be crucial to companies' long-term competitiveness and success.

Perhaps more important, this emerging market is a perfect test bed for innovation, Prahalad argues. He points to successes such as the Aravind Eye Hospital in India, which in pioneering cataract surgery for the poor developed techniques that make it one of the most sought-after providers of that service, edging out hospitals in Britain and other Western nations as the leading provider.

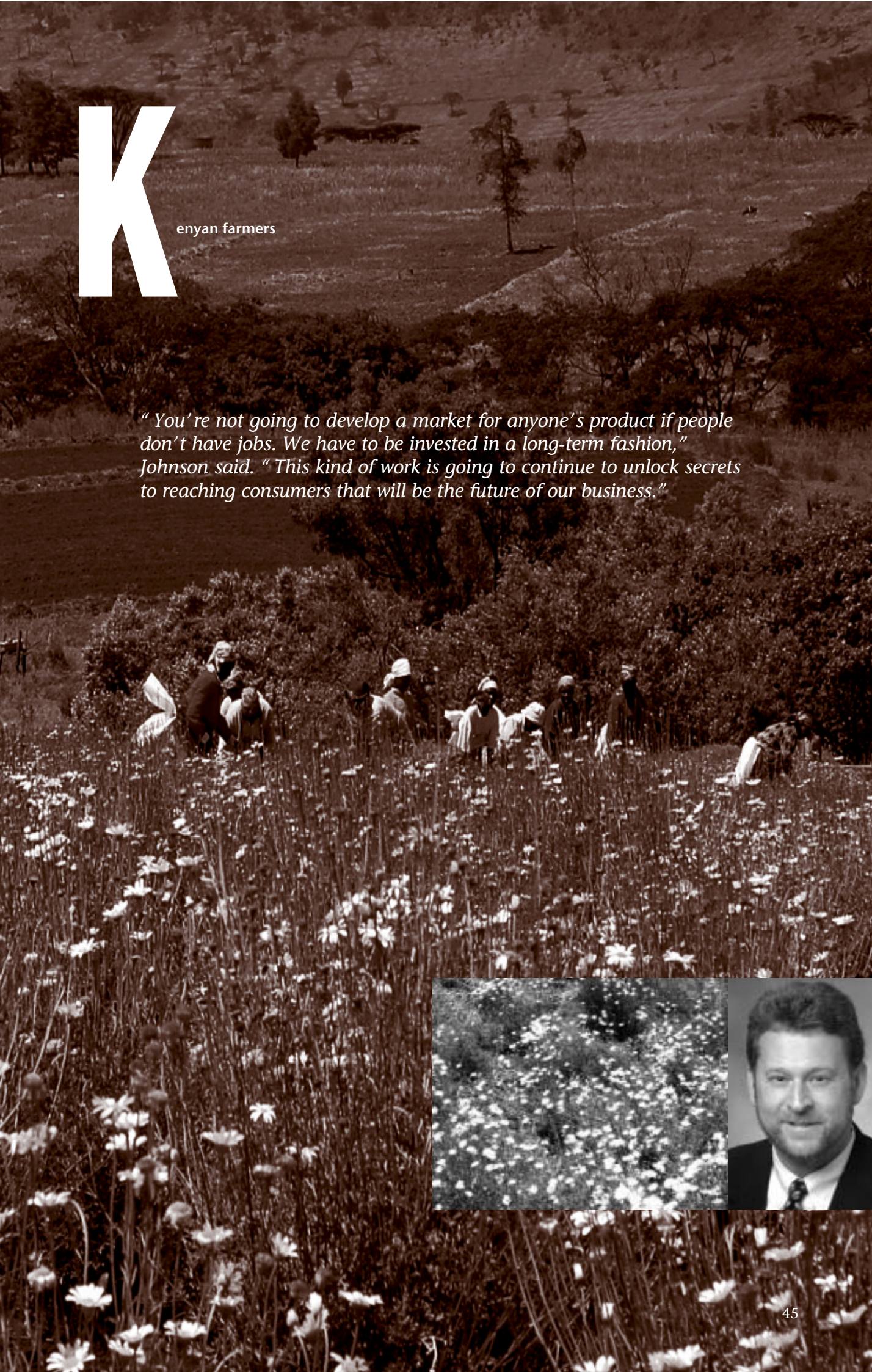
"Selling to the poor is a uniquely powerful way to achieve breakthroughs in products and management practices: The bottom of the economic pyramid is a sandbox for innovation," Prahalad wrote in the 15 November 2004 edition of *Fortune*. "But you have to understand the rules of the game, which can be startlingly different from what you are used to."

The sustainable livelihoods project helps WBCSD members experimenting in this cutting-edge business practice learn the rules of the game and share their lessons with other companies. The WBCSD working group collected members' experiences in sustainable

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enyan farmers

"You're not going to develop a market for anyone's product if people don't have jobs. We have to be invested in a long-term fashion," Johnson said. "This kind of work is going to continue to unlock secrets to reaching consumers that will be the future of our business."



livelihoods business and organized them into a *Field Guide*, along with various lessons learned about the need to cultivate new business partners and to know the territory and its realities. It then published guides to finding such partners and to raising money for such ventures. In 2005, it published *Business for Development: Business solutions in support of the Millennium Development Goals* to coincide with a UN summit on the goals. Significantly, member companies can leverage the WBCSD's connections to non-profits and governmental bodies to find the expertise and partners they need to navigate these uncharted waters.

GrupoNueva, a Latin American holding company founded by Stephan Schmidheiny and now led by CEO and Chairman Julio Moura, who also co-chairs the Sustainable Livelihoods Working Group, has gone so far as to set a corporate goal of 10 percent of all sales to the low-income sector by 2008.

SC Johnson, a multinational with revenues of US\$ 6.5 billion, has relied on the WBCSD for guidance with its collaboration with Kenyan farmers growing a species of flower containing pyrethrum, a natural (and environmentally benign) insecticide. SC Johnson has been buying the product from them for 30 years, using it as the active ingredient in its Raid product. When lower cost synthetic alternatives emerged, SC Johnson chose to maintain natural pyrethrins in their product mix, valuing the long relationship it had built with the Pyrethrum Board of Kenya (PBK) and the highland farmers.

In need of a way to help the farmers become more efficient in their production, SC Johnson asked the WBCSD for help. It was referred to a non-profit called KickStart, which manufactures and sells a foot-driven irrigation pump that helps rural farmers increase their incomes up to ten-fold. That specific partnership would not have happened without access to the council's network, said Scott Johnson, director of global environmental and safety action in a 2005 interview.

"We knew we would need to bring non-profits into the process, but we had no insights into those networks or a sense of which was the right one to bring on board," Johnson said. "All of our contacts came through the WBCSD, and the sustainable livelihoods group has helped with input and feedback as well."

Even with the right partners and sales channels, doing business at the so-called "bottom of the pyramid" can involve wrestling with the often high level of bureaucracy (and corruption) of developing nation governments. In dealing with the Pyrethrum Board in Kenya, SC Johnson has noted that the board has struggled with red-tape related cash flow issues, causing a back payment problem and a serious deterioration in the relationship between farmers and the PBK.

Professor Hart, who's been working closely with SC Johnson on the Kenyan project, described the situation more bluntly in *Business Ethics Magazine* in the summer of 2005: "SC Johnson wants to continue sourcing it from 250,000 small farmers, but they have to come to grips with the corrupt Pyrethrum Board of Kenya. Many of the PBK board people have a Mercedes and a second home, and they haven't paid the farmers in two and a half years."

Hart noted that the relationships that the company is developing with farmers directly may one day make the PBK obsolete. "SC Johnson buys 60 to 70 percent of Kenyan pyrethrum output, so they have clout. Over time, SC Johnson could construct a new pyrethrum industry from the ground up, sourcing directly from farmers."

Johnson said the most important goal of the project was to act as a learning lab to better understand how to create and access new markets. "You're not going to develop a market for anyone's product if people don't have jobs. We have to be invested in a long-term fashion," Johnson said. "This kind of work is going to continue to unlock secrets to reaching consumers that will be the future of our business."



Field Guide



Business for Development

M

obility



Sustainable Mobility: Cooperating Across Sectors

One of the most ambitious sector projects to date, the mobility project was the first to span multiple industries. The working group of 12 leading international automotive and energy companies worked together to consider how global mobility patterns might evolve in the period to 2030 and beyond, what strategies exist to influence this evolution in ways that might make transport more sustainable, and what is required to enable these strategies to succeed.

Not surprisingly, one of the primary conclusions of the group in its report *Mobility 2030: Meeting the challenges to sustainability*, was that the way people and goods are transported today will not be sustainable if present trends around consumption and pollution continue. The project defined “sustainable mobility” as “the ability to meet the needs of society to move freely, gain access, communicate, trade and establish relationships without sacrificing other essential human or ecological values today or in the future.”



Dr. Shoichiro Toyoda

Many of the challenges identified by the report will take decades to resolve. In addition, finding solutions will require input from a broad coalition of governments, industry, NGOs and society at large working together over a sustained period. It will include developing countries as well as developed. And it will involve a major step-change in vehicle and fuel technologies

Mobility 2030 proposes seven goals that, if achieved, would improve the prospects for sustainable mobility substantially:

- Reduce conventional emissions from transport so that they do not constitute a significant public health concern anywhere in the world;
- Limit greenhouse gas emissions from transport to sustainable levels;
- Reduce significantly the number of transport-related deaths and injuries worldwide;
- Reduce transport-related noise;
- Mitigate traffic congestion;
- Narrow “mobility divides” that exist within all countries and between the richest and poorest countries;
- Improve mobility opportunities for the general population in developed and developing societies.

One of the difficulties hampering the mobility project from the start was the challenge of navigating territory in which the participating companies were competitors. The collaboration could not supersede the need to safeguard proprietary strategic information, said Björn Stigson.

“You can cooperate up to a certain point on a sector project, but beyond that point, you get into real competitive issues, core technologies and other types of competencies, and simply won’t be able to cooperate on these matters,” he said. “There is a certain no-go zone where competition simply forbids you to go as an organization. We saw that limitation in the mobility project.”

Nevertheless, the sector work produced both a compelling summary of the status quo and a guidepost for future directions for companies, governments and society.

Dr. Shoichiro Toyoda, honorary chairman of Toyota Motor Corporation, one of the companies participating in the mobility project, called the mobility project a “major milestone” for the industries involved. Dr. Toyoda was president of Toyota from 1982 to 1992 and served as chairman of the company until 1999, when he became honorary chair.

Dr. Toyoda said the process of stakeholder dialogues that the project introduced to Toyota has become an integral part of the company’s strategic planning activities.

“We have learned many things from the stakeholder dialogues under the framework of WBCSD that the sustainable mobility project has held in various locations around the world to gain exposure to a wide range of different opinions. Being inspired by these dialogues, we have been holding a Toyota Stakeholder Dialogue every year since 2001,” Dr. Toyoda said. “We raised the issue of sustainable mobility at the Toyota Stakeholder Dialogues held in 2003 and 2004 and have engaged in activities that contribute to understanding the societal climate.”

As for the progress of the project as a whole, the report modestly (and accurately) summarized it: “[We don’t] pretend to have found all the answers to achieving sustainable mobility. But member companies believe the initiative has defined a number of clear ways forward that will permit them, working with many others, to get the job started and ‘to deliver the progress which is clearly possible.’”



Mobility 2030:
Meeting the challenges
to sustainability

Cultivating the Voice of Business

Since the founding challenge to become a new voice in the polarized debate around sustainable development, the WBCSD has actively sought out forums and strategic partnerships that allow it to play the role of a megaphone for progressive business thought. A consistent focus on constructive conversation, respect for all views, and rigorous thought leadership in WBCSD publications has led to widespread respect for the legitimacy of the organization.

That hard-earned reputation led Jeffrey Garten, the dean of the Yale School of Management, to call the WBCSD a model for business efforts to “turn rhetoric into concrete actions and results”, in the *Financial Times* on 27 February 2005.

British Prime Minister Tony Blair has said:

“In the last 10 years, by helping change the mindset of business, and creating new networks, the World Business Council for Sustainable Development has played a vital role in making the links between global environmental priorities and the contribution of business in helping address them.”



Prime Minister Tony Blair

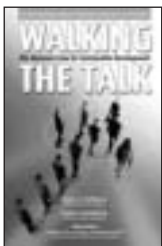
This chapter will examine some of the council’s actions to deepen that perception and fulfill the responsibility that it entails.

Commanding a Stage in Johannesburg 2002

Ten years after the Rio meeting, another UN summit provided the council with an opportunity to influence the global agenda, not as an infant movement but as a matured and established player. Leading up to the summit, the flurry of WBCSD activity included reports on business and biodiversity, developing countries, and technology cooperation, as well as the visionary *Tomorrow's Markets*, a UNEP, WBCSD and WRI initiative that outlined 19 key trends that would shape the future business agenda. WRI President Jonathan Lash said in a 2005 interview that he still thinks of the *Tomorrow's Markets* report as one of the most influential joint publications his organization has done.

"It was intended to help senior leaders as they are shaping strategy think about what the future will look like and how they will be influenced by sustainability," he said. "In terms of influencing thought, I think it's been a tremendous success."

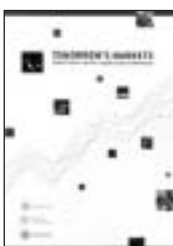
The primary contribution to the summit was *Walking the Talk: The business case for sustainable development*, a book co-authored by DuPont CEO Chad Holliday, Stephan Schmidheiny, and Philip Watts, then chairman of Royal Dutch Shell Group of Companies. The book builds the business case for sustainable development and offers 67 case studies examining how WBCSD companies have wrestled with sustainability issues in the trenches. A compelling follow-up to *Changing Course*, the book illustrates how some of the commitments outlined 10 years earlier have become reality.



Walking the talk



Business & Biodiversity



Tomorrow's Markets

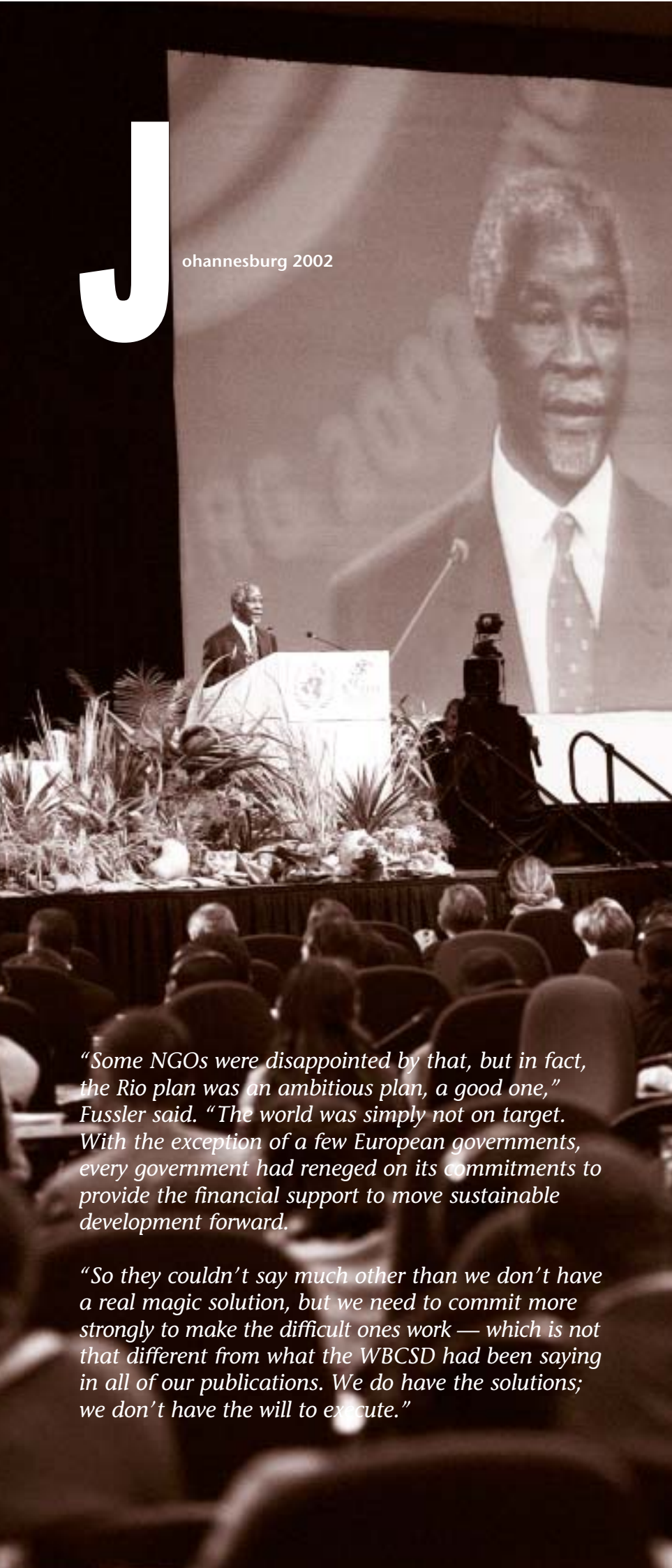
The aim of the Johannesburg Summit was to establish new sustainable development goals for the 21st century, and to strengthen commitments from developed nations to provide aid for sustainable development. WBCSD participation in the summit itself was a mix of meaty debate around issues and brilliant stagecraft. The event made it clear that the business voice was being heard, loud and clear. One whole day of the summit was declared the "business day", focused on a single event that attracted 900 people.

"We were sold out. We had to turn down people because there was no space left in the room," Stigson recalled incredulously. "Political leaders were there; we had Kofi Annan; Chrétien, the prime minister from Canada. We had a Danish prime minister who was then chairing the EU. We had the leadership from South Africa. But we had more chief executives in Johannesburg than there were heads of governments! We were actually accused by some people of hijacking the summit. That is, I think, a good example of business leadership."

The most controversial aspect of the summit was a historic event: the WBCSD sharing a stage with the activist group Greenpeace. Greenpeace had approached Stigson in the lead-up to the conference to discuss climate change. And in those conversations it became clear that some degree of agreement was possible. Stigson saw the power of appearing on stage with the most aggressive antagonist of business in the activist space, thereby offering a testament to the idea of constructive dialogue. It would also help draw international attention to the conference and the work of the WBCSD. The two organizations decided to call a joint press conference. Stigson, who knew he would

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“Some NGOs were disappointed by that, but in fact, the Rio plan was an ambitious plan, a good one,” Fussler said. “The world was simply not on target. With the exception of a few European governments, every government had reneged on its commitments to provide the financial support to move sustainable development forward.

“So they couldn’t say much other than we don’t have a real magic solution, but we need to commit more strongly to make the difficult ones work — which is not that different from what the WBCSD had been saying in all of our publications. We do have the solutions; we don’t have the will to execute.”



The WBCSD and Greenpeace face the press in Johannesburg

face angry opposition from some WBCSD members about the decision, debated until the very afternoon the conference was scheduled over whether to go through with it.

“In the end, we agreed to have this press conference. And this became a real magnet of interest,” Stigson said. “I think the room held somewhere between 300 and 400 people, and there were at least 200 people outside it that couldn’t get in, and there was a row of TV cameras.”

The leader from the Greenpeace side was the political director of the organization, and he stood up and said, “Greenpeace and the World Business Council have been fighting like cats and dogs over different issues for the last 10 years. Tonight we’ve set aside our differences. From Greenpeace’s perspective, there is one problem which is bigger than business and that’s called governments.” Stigson agreed. The main point of the conference was for both organizations to call upon governments to take climate change seriously and do something serious about it. There was never a “joint statement” as much of the press reported.

Among the outcomes from Johannesburg, the summit created a Plan of Implementation; it added a sanitation goal to the Millennium Development Goals, and developed plans to minimize health and environmental problems caused by chemical pollution by 2020, and to assure by 2010 that significantly fewer species enter or remain on the “endangered” lists. Other agreements included one to scrutinize patterns of production and consumption; a linking of the summit text on sustainable development to the Doha trade negotiating round and the Monterey aid agreements; pacts on biodiversity that could lead to new international law; and new deals on protection of the oceans and fish stocks.

Reactions to the outcomes were mixed. Organizations such as Greenpeace and Oxfam said there was no clear commitment to action – for example, no commitments or timetables to end agricultural export subsidies, cancel debt, or implement a framework for corporate accountability. Developed and developing countries agreed to accelerate renewable energy by making a strong commitment to phasing out subsidies on fossil fuel and creating a market for renewable energy sources, but they did not stipulate timetables for achieving levels.

According to Claude Fussler, who was seconded to the WBCSD from Dow Chemical and organized the WBCSD participation in the summit, the outcomes of Johannesburg were essentially reiterations of the Rio commitments.

“Some NGOs were disappointed by that, but in fact, the Rio plan was an ambitious plan, a good one,” Fussler said. “The world was simply not on target. With the exception of a few European governments, every government had reneged on its commitments to provide the financial support to move sustainable development forward.

“So they couldn’t say much other than we don’t have a real magic solution, but we need to commit more strongly to make the difficult ones work — which is not that different from what the WBCSD had been saying in all of our publications. We do have the solutions; we don’t have the will to execute.”

In the wake of the press conference, both Greenpeace and the WBCSD were hammered by portions of their constituents for the decision to appear together. “A number of our members felt that I was absolutely mad,” Stigson admitted. “But it certainly changed the tone in the debate between business and the NGOs, and it certainly put us in a very special position. The NGO community knew that I was taking a lot of heat for doing it, but at the same time we crossed the bridge about how to cooperate, and when to cooperate and when to fight.”



Claude Fussler

Y

oung Managers



Young Managers Team: Educating Future Leaders

By all accounts, the most compelling sessions for WBCSD council members and liaison delegates who attended the 2002 Johannesburg Summit were not hosted by a politician or a CEO, nor were they captured on camera by any of the media that attended. They were intimate discussions with several 20- and 30-somethings, rising stars within their respective global companies, who had spent a few days during the summit helping the Shova Lula Bicycle Cooperative in the squatter camp of Ivory Park with its business planning.

The young leaders were participants in the WBCSD's Young Managers Team (YMT), a program to inculcate tomorrow's senior executives with the principles of sustainability before they reach positions of power. The team visited the crowded, shanty-town tracts of squatters' land in cooperation with the South African BCSD as a way to get a visceral understanding of the poverty that the summit was addressing. The stories they told — of the conditions in the townships, and the hope they found there in the tiny bicycle repair shop — silenced the roomful of global CEOs, and perhaps gave a more compelling argument for the need for businesses to participate in poverty alleviation than any slide deck could have.

Being young, the YMT group was able to mix effectively with the more radical young people gathered in Johannesburg for the summit, exchanging ideas and insights with young members of groups such as Greenpeace and Friends of the Earth. They proved good ambassadors for the WBCSD.



Mark Wade

“They came back with a fresh, innovative, more useful perspective on it all,” said Oliver Dudok van Heel of Living Values Ltd., a corporate social responsibility firm in the UK that studied the effectiveness of the YMT program. “When they shared their experiences, what they’d seen, it helped the liaison delegates get a sense of what was going on in the real world, as opposed to inside a stuffy room filled with people wearing suits.”

That kind of jolting inter-generational exchange is exactly the sort of experience the YMT was founded to provoke. The program, a one-year stint for high-potential employees of WBCSD companies interested in sustainable development, began in 2002, in part as a way to inject some diversity into the predominantly white, male, gray-haired council. The mission was also to cultivate a link to the next generation of senior executives, now a young, networked, and digitally aware group like none before them.

“If you think about it, it’s a lot more efficient to catch them young,” said Katherine Madden, the WBCSD staff member shepherding the program in a 2005 interview. “Young people are our future. If we can work with them now to instill principles of sustainability, when they get to leadership positions we won’t have to do it then.”

And in the intervening years, the young leaders can cut their teeth on projects attempting to introduce sustainability ideas and practices at the middle levels of a company, great training for any aspiring change agent, Madden noted.

Each year, the WBCSD convenes a new group of about 30 young, energetic managers, who jointly decide what project they will pursue in their year together. Past YMT projects have included an immersion in water issues that produced an interactive case study, creating a Chinese sustainability learning module for BCSO companies there, and convening forestry stakeholders in Brazil to discuss biodiversity. The groups, which are typically multicultural and multinational, are intensely challenging merely from a team dynamics perspective, Dudok van Heel said. “It gives them a sense of how to manage what is quite a complex team that is tremendously output driven,” he said. “That’s a terrific experience to equip one to work at any international company.”

One of the most ambitious projects to date was an effort to enlist young financial analysts in the debate around sustainability. The 2004 team somewhat naïvely organized a conference on the topic, inviting 3,000 analysts. Only two showed up to the event, so the YMT team shifted gears and enlisted its speakers and the group in a different conversation: why *don’t* financial analysts care about sustainability? They proceeded to write a compelling report to financial services senior executives, sharing some of what they had learned and admonishing them: the shift to embrace sustainability that you assume will happen with a new generation in leadership isn’t going to happen. You have to do something about this. The report has made the rounds in the financial services world and been cited at several industry conferences as a bold wake-up call, Madden said.

“Part of what made it so compelling was that the tone of the report was so self-deprecating,” Madden said. “They explored it honestly and basically said, we don’t know the answers, but here are some of the insights we had.”

Said Hannah Rattay, a mechanical engineer for Shell who was on that year’s project team: “In some ways it was a colossal failure, but we all learned so much about how to engage on these issues, how to hold together a diverse team that is spread out all over the planet. For those experiences alone, it was tremendously worthwhile.”

Chronos: A Tool for Mass Education



Chronos

Here's a thorny dilemma: say you're a manager for a multinational retail clothing store chain. Your job is to verify compliance with your company's code of conduct in the garment factories you subcontract to in the Philippines. On a recent visit, you asked to see proof that a worker you suspect is underage is actually old enough to be employed. No documentation can be provided and the girl swears she is 18, though she doesn't look a day over 12. Conditions in this factory are clean and humane, clearly much better than many of the other factories from which you've pulled contracts in the past over serious compliance issues. But child labor is a serious issue. Should you put a hold on the job, looking for proof that likely doesn't exist? Pull a contract that represents a good percentage of factory work and hence a source of all the workers' livelihoods? Ensure that the girl is fired, potentially ending her family's only income? Ignore the potential infraction?

That scenario is just one of several real-life dramas faced by users of an e-learning tool designed to teach about sustainability. The tool, called *Chronos*, is a joint project between the WBCSD and the University of Cambridge Programme for Industry. The intensive tool immerses users in role playing, exploration of their own values, and decision-making frameworks and the basics of sustainability. Designed to be deployed in corporations looking for a more interactive and effective teaching tool than a stack of brochures, *Chronos* has garnered more than 150 corporate users, typically with licenses for thousands of users apiece. That figure includes 17,000 licenses for the Technical Institute of Monterrey in Mexico, which uses *Chronos* as the basis for its management curriculum in sustainability.

The software, accessible via the Internet or from a CD-ROM, is designed to make sustainability a topic that applies to everyday thinking and decisions, said Mark Wade, head of sustainability issues for Shell in a 2005 interview. Wade, who established Shell's sustainability department back in 1997, immediately contacted the WBCSD when he heard that *Chronos* was being developed in 2002.

"We'd been working on these issues for many years at Shell, and I think we had what I would call the 'hard-wiring' down in terms of having communicated the basics of our program to employees," Wade said. "But I was looking for something that would address the 'soft-wiring', something that would frame sustainability in a personal way that employees could really relate to."

After serving as a pilot customer for the project in 2003, Shell then decided to invest in customizing the product, rewriting some of the scenarios to be more relevant to Shell and introducing links into the company's extensive intranet, where company-specific sustainability information resided.

"What we like about the tool is that it helps employees access these issues through the lens of their own values. It helps them reflect on what sort of organization they might like to work for, and then benchmark how that organization is living up to their expectations," Wade said. "They get to discover knowledge themselves, rather than having it shoved at them, and it gives them an opportunity to use their new-found understanding and perspective."

The tool has six sections, including a role-playing feature that drops the user into the shoes of that manager in the Philippines, or one in South Africa wrestling with mining-related issues, or issues around HIV. It also has a sustainability glossary and allows companies to track how deeply each employee has delved into the tool (though it doesn't track specific responses or choices.)

“The strength of it is that it gives a great 40,000-foot overview, but it also puts you in the position of having to think about how these issues apply to your everyday life,” said Katherine Madden, who oversees the program for the council. “We’ve actually had council members join the WBCSD based on *Chronos*.”

Wade said Shell was still studying the effectiveness of the program, which he said is a bit difficult as most Shell employees had been exposed to sustainability long enough to blunt any excitement around novelty that perhaps would drive higher usage rates. But a recent random survey of 800 of Shell’s users turned up strong anecdotal responses that the tool had actually affected their behavior in some way, he said.

“The kinds of responses we’re getting are very encouraging,” Wade said. “People have even cited it as something that they’ve applied to their own efforts around change management. For us, that is exactly the outcome we’re hoping to see.”

Walking the Talk over Hot Coals

Chad O. Holliday, Jr., CEO, DuPont

I think I really understood for the first time what we were up against as a business community, in terms of public perception, when I went on a book tour for *Walking the Talk*. That was a book I’d co-authored with two other leaders from the WBCSD, which contained case studies on how companies were involved in corporate social responsibility.

I was in London in 2002 for the launch of the book, and I was scheduled to appear in a face-off debate on corporate social responsibility with a professor, whose stance was that CSR was a sham, that corporations would tout these good examples because they didn’t want to have regulations passed. And I thought it was just a joke because who would be against corporate social responsibility? But he really was. And there were probably 200 people in this hall in London; I bet you 190 would’ve voted with the other guy.

My second chance to see this kind of cynicism up close was another book event in New York City. I was debating an NGO leader about the merits of CSR. We were expecting about 100 people, and more than 200 showed up. They were standing everywhere. I had invited my son, who lived in New York. I said, “Why don’t you come by and listen to this; you’ll find it interesting.” So he was there. And he got to see this incredible antagonism toward the business view. After it was over, he said to me,

“I was afraid people would recognize I was related to you. They really don’t like you.” And I laughed and said, “No, they don’t like some of our positions.” And he retorted, “No. They don’t like you.”

So, it hit me just how misunderstood business is. Or, rather, that there are some businesses out there that are poor examples and we all suffer by association. We must realize some of these others bring us all down. That’s a powerful incentive to encourage our fellow businesses to come along on their trajectory of embracing sustainable development.

And in many respects, this magnifies the importance of a group like the WBCSD, where there is a voice that is not one company, but an aggregation of a business platform. Because it’s one step removed from the activities of any one company, it can rise above any particular failing or agenda to lay out a bigger vision.



Chad O. Holliday, Jr.

E

nergy & Climate: Becoming an Agent for Change



“There was a tendency in the early years in looking at environmental issues like global warming to see them in a vacuum, divorced from society’s other needs. Energy is the fuel of economic growth and development, which lifts people out of poverty. There is no alternative to growth and development in a country without a corresponding growth in consumption. The WBCSD’s voice has helped force governments and other players in the discussion to reckon with this trade-off.”

Egil Myklebust



The Kyoto Conference in 1997, where the WBCSD brought together 800 business leaders

The issues of energy and climate have been at the core of the WBCSD’s work since its inception. Prior to every major international meeting or compact on the environment in the last 10 years, the WBCSD has steadily worked behind the scenes to raise the business voice, to facilitate cooperation between the various stakeholders and turn abstract goals into actionable guidelines for companies. During that time, the council has become a respected convener, sought out by participants on both sides of environmental issues as a deft moderator of difficult conversations.

At the Rio Summit in 1992, governments agreed on a couple of conventions, which called for scaling back CO₂ emissions levels for individual countries. A hard look at how countries might actually accomplish those reduced emissions levels led to the Kyoto Protocol in 1997. The WBCSD was an influential voice leading up to those discussions, in part to offset the impact of a US group of companies called the Global Climate Coalition, which fought aggressively against the protocols.

“We took the lead in connection to those negotiations, providing a progressive business voice,” said Björn Stigson. “That was useful and necessary because a small number of companies had, because of the way they were acting, created a significant amount of ill will with governments.”

At the Kyoto conference in 1997, the WBCSD brought together more than 800 business leaders on climate and energy and came out with a declaration representing the business perspective.

Egil Myklebust, chairman of Norsk Hydro and former WBCSD chairman, delivered that message in the ministerial meeting, effectively countering the negative impression that the Global Climate Coalition had brought to the event. From Myklebust’s perspective, the crucial viewpoint that the council injected was the inclusion of economic growth as a factor in generating realistic emissions plans.

“The WBCSD has been able to raise the issue on the international agenda of the inseparability of economic growth and energy consumption,” Myklebust said. “There was a tendency in the early years in looking at environmental issues like global warming to see them in a vacuum, divorced from society’s other needs. Energy is the fuel of economic growth and development, which lifts people out of poverty. There is no alternative to growth and development in a country without a corresponding growth in consumption. The WBCSD’s voice has helped force governments and other players in the discussion to reckon with this trade-off.”



Clean Development Mechanism



Facts & Trends to 2050: Energy and climate change

In the wake of the 1997 Kyoto Protocol, climate negotiators and government ambassadors continued to debate terms of additional signatories. But the intergovernmental negotiations were in need of a less formal type of support. The WBCSD therefore agreed to host a neutral discussion platform in Glion, Switzerland, inviting ambassadors and negotiators to clarify their stances in the debate. The council invited 25 ambassadors, climate change negotiators from both industrialized and developing countries, and convened them three times before they entered official negotiations. The point of the informal discussions, guided by a professional facilitator, was to build some kind of common view on things that they could then take with them and go to formal negotiations.

“It started as a way to try to negotiate at a stage when the discussion entered much more difficult territory, once governments had agreed to a cap on emissions and then realized that it would have an impact on economic growth,” Stigson said.



The GHG report

In addition to its crucial role as a convener, the WBCSD has also published several landmark publications that have helped drive progress. Its *Clean Development Mechanism* explores the notion of supporting economic growth in developing nations through clean energy generation methods, delving into how market mechanisms work in this respect. Likewise, its *Facts & Trends to 2050: Energy and climate change* report for the first time assembles data on energy consumption, pollution, and economic growth in a simple, compelling picture that makes the trade-offs among these gains abundantly clear.

With its 1998 initiative on setting greenhouse gas protocols, the WBCSD dipped into the realm of standardization and accountability, setting up a multi-stakeholder partnership of businesses, NGOs, governments, and others convened by the WBCSD and the World Resources Institute. The initiative's mission is to develop internationally accepted greenhouse gas accounting and reporting standards for business and to promote their broad adoption. The initiative has created an approach and accounting system that individual companies can use to understand their own greenhouse gas emissions. Why does that matter? Because for business to agree on goals for cutting emissions in the future, companies all need to speak the same language. The greenhouse gas report is that common language.

Today, that GHG protocol is being used by hundreds of companies in order to do their own internal measurement. It is used by the Chicago Climate Exchange and is also the basis for the European emissions trading system.

WRI President Jonathan Lash, a partner in this endeavor, described the impact of this joint project this way: "What matters is that we have a transparent set of standards for greenhouse gas emissions. And this protocol has contributed substantially to that end goal."

The WBCSD hope is that within a few years, the way that greenhouse gas emissions are measured will be as consistent from country to country as the ways by which profits and losses and shareholder value are measured, if not more so; that these protocols will become like generally accepted accounting principles. The council has also worked to set up market mechanisms for trading emissions, helping found the International Emissions Trading Association, which now has more than 110 member companies and has become the leading voice on emissions trading.

Throughout its various roles in promoting solutions in the area of energy and climate, the WBCSD's most important task has been keeping the channels of communication open, Stigson said.

"The most important role we've played is as a translator between the business community and governments and NGOs, helping every side understand what the others are thinking," Stigson said. "We've been a promoter of constructive dialogue, which has, in the end, led to better understanding and more progress than had we not stepped into that role."

R

egional Network

"The network enables the WBCSD to reach out to a wider audience around the world, particularly in developing countries, where direct WBCSD participation is low. It provides the WBCSD legitimacy as a truly global organization and positions it as a partner of choice of international organizations and NGOs."

Marcel Engel

Global Outreach

One of the most effective vehicles for broadening the visibility and influence of the WBCSD is its Regional Network. The network is made up of some 55 national and regional, independent Business Councils for Sustainable Development (BCSDs) and partner organizations, two-thirds of them in emerging economies. They are united by their shared commitment to providing business leadership at the national level. They are typically CEO-led organizations consisting of leading local enterprises and subsidiaries of foreign companies, many of them members of the WBCSD itself.

The council's relationship with the Regional Network is a potent two-way exchange, said WBCSD Regional Network Director Marcel Engel in a 2005 interview. "The network enables the WBCSD to reach out to a wider audience around the world, particularly in developing countries, where direct WBCSD participation is low. It provides the WBCSD legitimacy as a truly global organization and positions it as a partner of choice of international organizations and NGOs."

The network also adds value to the WBCSD's programs by providing regional perspectives, aligning global and local messages, and providing a platform for the implementation of pilot projects. Likewise, Regional Network partners benefit from being associated with the WBCSD by gaining access to leading-edge thinking on business and sustainable development and to international forums. They increasingly also benefit from cooperating with each other.

The network has grown sporadically over the years, with some councils fading into and out of existence. Some have begun with encouragement from the WBCSD, and others have been started as local initiatives. Each chooses its areas of focus, and none is "directed" by the WBCSD. However, there are formal agreements between the council and each member of the Regional Network.

Snapshots from the regions

For more than a decade the BCSDs in Argentina and Colombia have been promoting the concept of eco-efficiency, creating awareness and action to capitalize on opportunities to reduce the environmental impacts of companies, while saving money and improving competitiveness. Their pioneering work has spread around the globe, converting eco-efficiency into a trademark of the entire Regional Network.

Other BCSDs run projects, such as the US BCSD with its by-product synergy projects. This financially viable and ecologically beneficial waste-exchange mechanism has also been adopted by the UK BCSD, which converted it into a National Industrial Symbiosis Initiative with support of the British government. More recently, the US BCSD partnered with the China BCSD to introduce this concept in a country key to the future sustainability of the world.

But the work of regional partners is by no means restricted to big business. Acknowledging the relevance of small and medium enterprises (SMEs), several regional partners are involved in efforts in improving their environmental and social standards. Fundación Entorno in Spain, for example, created a simple six-step approach for SMEs to gain environmental certification. Philippine Business for the Environment (PBE) launched a similar program. The BCSDs in



Marcel Engel

Zimbabwe and Honduras host Cleaner Production Centers that provide services to SMEs, and BCSD New Zealand published a guide to help companies enhance sustainability along their supply chains.

The focus of Regional Network partners has not been confined to environmental challenges. As in the WBCSD, emphasis is shifting toward the social pillar of sustainable development. Some regional partners, such as the National Business Initiative (NBI) in South Africa, Peru 2021, and the Austrian BCSD, have gained reputations as leading organizations in defining the social responsibilities of business – and its boundaries – in their respective countries.

Building on this, several regional partners embraced the WBCSD's Sustainable Livelihoods approach in promoting business solutions that address the needs of the poor, raise their income and skills, while at the same time being commercially viable. TERI BCSD India, BCSD Brazil, BCSD Guatemala, and NBI in South Africa are among these pioneers, which will be essential for the WBCSD to trigger action on the ground and advocate for enabling framework conditions to bring these initiatives to scale.

Regional partners are also providing business visions on a sustainable future. One example is BCSD El Salvador's influential Greenbook, which describes a sustainable path for the country shortly after the end of its bloody civil war. Likewise, BCSD New Zealand recently published an energy scenarios study.

Youth is an essential target group of several regional partners. BCSD Portugal recently launched a Young Managers Team to create sustainable development awareness among future business leaders, and BCSD Kazakhstan created a sustainable development training center.

These examples show the degree to which regional partners are serving as first responders on a local level to challenges that the WBCSD is addressing at the global level. "The important thing is that we have common goals," Engel said. "It's fair to say that the sustainability of the whole planet will to a large extent depend on how effectively countries with disparate interests and economic realities can work toward a sustainable development agenda."

The Regional Network Expands to China

Sir Charles Nicholson, BP

By the late 1990s, China was changing and evolving into a place where the world market wanted to have a window. There was a meeting of the minds at the WBCSD, and it was decided that there was an interest in engaging China and Chinese businesses with the council, and also in serving as a conduit for understanding.

BP was the largest investor in China, so for us there was a coincidence of interest. We took the lead on a China task force of about 40 companies, which then began proselytizing and getting Chinese companies to meet and consider joining the network. It isn't a simple process. Any meetings of that sort require state sanction, so the process was quite prolonged. It took over three years to jump through all the internal hoops that had to be gone through before the prime minister ultimately sanctioned it.

When it was finally approved, it was a huge milestone for the Regional Network. The whole point of this organization is to show how these difficult issues around sustainability can be engaged in constructively. China is a wonderful and challenging test case. The country is well aware that it has major strides to take to improve the environment. They understand that it is a cost, merely from the perspective of healthcare alone.



Sir Charles Nicholson

China is going to be the second biggest economy in the world within the next 30—40 years, if not sooner. It will have a whole range of multinational companies, as well as large domestic companies. I guess I would argue that the world is going to look a lot better at that point in time if we have a common language and approach on ideas around codes of conduct, energy and climate, accounting and so forth. The establishment of a regional network partner there, will, I believe, pave the way to that reality.

Tomorrow's Leaders: Business Voice of the Future

To a large degree, the WBCSD's efforts to represent the voice of business hinge on its ability to remain relevant in a rapidly shifting landscape. Businesses are being forced to confront new and more complex challenges. To retain that position of thought leadership, the WBCSD channels a fair amount of energy into efforts that look ahead to what the future will bring and how companies with exceptional foresight are preparing. That thinking is the driving force behind the council's Tomorrow's Leaders project.

This group of younger WBCSD council members was born out of an informal lunch at the council's 2004 annual meeting in Amsterdam when Stigson asked these leaders to sit at the same table. He asked them to think about the challenges already facing them – challenges that were going to become more pressing in the future. The group decided to meet, discuss, convene with other companies in their geographical regions, and report their findings by the end of 2005.

John Manzoni, chief executive of refining and marketing at BP, is one of the group leaders and group co-chair. To him, the work represents an effort to address some of the overarching societal issues that are so overwhelmingly large they can seem beyond the ability of any one company to affect, and yet for that very reason demand attention.

"Unless we find a role in society [for business] which society is comfortable with, society will prevent the continuation of the particular activity that we're engaged in. If you believe that what companies do is useful to the world, then you've got to be concerned about how you continue that process," Manzoni said. "We are employed in some of the biggest and most powerful institutions in the world. And there are real issues in the world which are obviously not capable of being solved by just the institution. So the question then is, how does one apply oneself to some of those issues?"

The group identified the topics of poverty, globalization, the environment and population as issues under which almost all the challenges facing business now, and more so in the future, could be grouped. For example, globalization is not just about how global the market could or should be, but about how business must grapple with a world in which power is shifting and all parts of the planet already affect and are affected by one another. Population is not about "too many people" but about the ways in which populations and their needs are changing: the ageing populations of Europe and the huge numbers of young people in developing countries needing jobs and opportunities.

The group did not want to do the usual end-of-project report, but to produce both a document and a video that would stir debate on these issues. By autumn 2005, it had already organized meetings around draft documents in various parts of the world, and found that most companies took these issues, and their needs to engage with them, very seriously.

The final document showcases each of the CEOs describing a specific issue that his company wrestled with related to one of the four trends.



John Manzoni



Paul Polman

Paul Polman, then group president, Western Europe at Procter & Gamble and the group's other co-chair, talked candidly about the company's experience with a water purification product that it has struggled to make commercially viable. The product is a powder that when added to non-potable water, purifies it, taking out arsenic, lead, bacteria, and dirt. Clinical studies have shown that the product cuts cases of diarrhea by 40 percent. Although the substance costs less than 10 cents US to purchase, it is still prohibitively expensive in the developing world, difficult to distribute to the rural villages off the commercial distribution map, and requires a fair amount of health education to be appreciated. To date, all of P&G's efforts to sell the product through traditional commercial channels have failed.

Said Peter White, associate director for corporate sustainable development at P&G, "It's a huge conundrum. We have a life-saving breakthrough, but we can't market it in a commercial model. So, should we develop a social marketing model? What does that look like? What is our responsibility as a company to make this work? How much can we invest in a product with an uncertain market viability?"

In the report, Polman presents no pat answers, but rather, digs deep into those questions, sharing the company's efforts to partner with the Center for Disease Control, USAID and Population Services International to navigate the unique challenges, opportunities and, ultimately, responsibility that this product represents.

White said the primary appeal of the project to the 10 CEOs involved is that they will still be leading companies when the forces of change they have identified are having even greater impacts on the day-to-day workings of most companies. They have a stake in being on the cutting edge, so as not to be caught unprepared.

"The aim of this project is to foster debate," White said. "We want it to start conversations in companies and business schools and communities about the point of corporate social responsibility. What does it mean to have that idea baked into the way you do business, rather than a sideline, nice-to-have program?"



The Global Reporting Initiative: A Seminal Partnership

The goal at the time seemed so audacious as to be ridiculous: devise a set of common standards for reporting corporate progress toward environmental and social responsibility. One might as well try to count grains of sand on the beaches of Brazil. But that was the very goal that Allen White and WBCSD President Björn Stigson had in mind when they began discussions that led to the founding of the Global Reporting Initiative in 1997.

That first exchange between these two leaders in the world of sustainability led to a sprawling and intense two-year drafting process involving 21 companies, environmentalists, human rights advocates, labor leaders, religious leaders and government regulators. That collaboration resulted in the first crack at standards in 1999 by GRI, which existed first as a joint program between the United Nation's Environment Programme (UNEP) and the Coalition for Environmentally Responsible Economies (CERES), and then spun off as an independent entity.

Over the years, the GRI has continued to quietly grapple with questions that go to the heart of the sustainability debate. The underpinning hope is that a broadly endorsed method to measure environmental and social performance helps investors, governments, companies and the wider public better understand progress toward sustainability, and will hence improve related analysis and decision-making.

According to White, who co-founded GRI and served as its CEO and executive director from 1998 until 2002, the endeavor would not have been possible without the WBCSD's collaboration.

"We knew the voice of companies had to be heard without the enormous cost of interacting with dozens around the world," said White, now vice president and senior fellow at Tellus, a US-based nonprofit research and policy group. "We turned to the WBCSD to help us find a mechanism that was global, authoritative and forward-looking," he added in a 2005 interview.

"While the process of creating and revising standards has been arduous, Stigson said, it has been infinitely preferable to the alternative: waiting for government regulation."

"I think getting that kind of multi-stakeholder process going has taken some tension out of the debate around what companies should report and not report. Otherwise, I think we would have had much more of a political tension and cry for legislation," Stigson said. "Now we have a managed process around it. That has been an important development."

Today, more than 715 organizations worldwide in the auto, utility, consumer products, pharmaceuticals, financial, telecommunications, transport, energy and chemicals industries, in addition to public authorities and non-profits, have published reports that adopt part or all of the GRI guidelines. And the relationship between GRI and the WBCSD continues: Stigson was a founding member of the organization's board, and is still intimately involved with the group's decision-making. One-third of all WBCSD members report using GRI guidelines.

The guidelines are being revised for a second time, a process aiming to yield a "G3" version by October 2006. What was once unthinkable has become an accepted part of business, a status that has not escaped a chorus of critics who argue that the project is skewed in one manner or another, or proving less relevant than had been hoped.

"There is some discussion that a number of the people in the leading companies - the pioneers, the CSR enthusiasts, the committed - are getting pretty fed up with being on the hamster wheel of churning out annual CSR reports," said Mallen Baker, development director of Business in the Community, a consortium of socially responsible companies in the UK. "They spend most of their time collecting data, and not coming up with new ways to improve business practice. Revolt is in the air."

Allen is circumspect about what the GRI has achieved to date, focusing less on the specifics of the guidelines themselves than the shift in thinking they have caused.

"The tide in reporting has shifted from 'why?' in the late 1990s to 'why not?' today, a very rapid shift from a historical perspective," Allen pointed out. "No global company today can purport to take corporate responsibility seriously and not report. It's simply not credible to do so. The explanation, in some case excuse, for not reporting because there is no consensus on a framework no longer applies. This is GRI's enduring contribution."

Biodiversity



“Sharing responsibility and taking action for biodiversity is not about charity. There is nothing wrong with philanthropy directed at conservation of nature, but it is no substitute for businesses actively managing biodiversity in their day-to-day operations.”

Al Fry

The Importance of Biodiversity

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hat does it matter to business that as many as one-fifth of all species alive today could be extinct or nearly extinct by the year 2020? A lot, from the WBCSD's perspective. From its earliest collaboration with the World Conservation Union (IUCN) on a report in 1997, the WBCSD has argued that biodiversity is central to business, whether its products directly affect biodiversity (in the cases of the agriculture, mining and petroleum industries) or not.



Achim Steiner

Much of the council's biodiversity work, done with partners such as the IUCN and the EarthWatch Institute, was directed with passionate intensity by Al Fry, who also directed much of the work on sustainable forestry products and water. Fry argued that "sharing responsibility and taking action for biodiversity is not about charity. There is nothing wrong with philanthropy directed at conservation of nature, but it is no substitute for businesses actively managing biodiversity in their day-to-day operations." Fry died in 2005 after working with the council since its beginnings in 1991.

According to Achim Steiner, director general of the IUCN: "For a long time, business basically viewed the environment as irrelevant until Greenpeace started scaling their chimneys. But the attitude of 'as long as we don't do anything wrong, everything else is not our responsibility' is giving way to a sense that companies have a broader responsibility to the environment in order to have a license to operate in the public's eye."

The business case for engaging around biodiversity can be strengthening the supply chain, as is the case with Sainsbury's, a UK supermarket chain that promotes biodiversity among its agricultural suppliers to ensure that its supply chain has the smallest possible environmental footprint; or bolstering stakeholder relationships, as in the case for CEMEX, a building supplies company that improved its relationships with governments and NGOs through its conservation efforts to re-introduce native species — white-tailed deer, wild turkey and mule deer — in Mexico's Santa Maria Wildlife Conservation Area.

While biodiversity is not yet a buzzword in many companies, even those that are concerned with sustainability, Steiner argued that championing the issue puts the WBCSD at the more radical end of the progressive spectrum, where he thinks the council belongs.

"The World Business Council will need to think carefully where its future lies," he said. "Is it a club of progressively-thinking members, or is it a leader in transformational thinking and approaches to sustainable development? It has managed to keep a foot in both worlds of being a business voice and a catalyst for innovative thinking. To keep a sharp focus on these dual roles will be very important as it gains in public profile, and as the risks, responsibilities, and opportunities for business increase."

The Way Forward

During 2004 and 2005, the council carefully crafted a new strategy meant to guide it until the year 2015. The strategy was approved at the meeting in Nagoya in June 2005, the first year of the WBCSD's second decade.

In October of that year, WBCSD President Björn Stigson summed up for a meeting of council liaison delegates not only the new strategy, but the global conditions that underpinned and influenced it.

Stigson painted a picture of a world shifting eastwards, as the economies of India and China began to take off, while economic growth remained slower in Europe and the United States. There were growing international imbalances in the areas of trade and debt, and a widening divide between rich and poor countries. There was also increasing unrest in the EU and US as jobs moved elsewhere, a phenomenon that both changed the nature of and increased pressure for more corporate responsibility.

Nature itself presented another channel by which companies were more and more affected by sustainability issues. Climate change was a growing challenge, with the hurricanes in the United States in the summer of 2005 appearing to offer more evidence that the climate was becoming fiercer and less predictable. The threat of avian flu was an example that "we are not in control of our own destiny," Stigson told the meeting.

Religion was an increasing source of tension, both in the United States and in the Islamic world, he noted.

Governments were struggling to cope with these changes and the pressures they brought. In many countries, finances were weak, the US deficit being one of the more alarming examples. Societal services and infrastructure were not equal to their tasks. In some countries aging populations seemed set to overwhelm pension and healthcare systems, while in many developing countries the high proportion of children and young people was stifling economies' abilities to grow rapidly and provide sufficient jobs. Many multinational companies, such as General Motors, were having trouble remaining profitable while providing promised healthcare insurance.

Intergovernmental cooperation appeared weak, with governments faltering on their promises to meet the UN Millennium Development Goals, faltering in their ability to complete a Doha round of trade negotiations focused on development, and faltering in attempts to agree on how to deal with climate change.

The apparent weaknesses of governments have made businesses and the markets in which they operate more fashionable as solution providers. Companies were seen as the only effective cross-border force, and they have the ability to work with NGOs.

Stigson noted that both governments and business have great resources but only limited public trust, while NGOs have very limited resources but a great deal of public trust. Thus any solutions in our tripartite world were going to require partnerships among the sectors

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agoya



that involve sharing trust and resources. Examples of some of these new partnerships included the Global Reporting Initiative, the International Risk Governance Council, the Clinton Global Initiative and the Earth Institute Roundtable on Climate Change.

He asked the executives present to consider whether their own companies' business models were robust enough to cope with the many sustainable development constraints and opportunities, and what these issues would mean for companies' long-term investments. He suggested that sustainability issues were affecting corporate brands and reputations, and that the ways in which companies coped with these issues were having impacts on customer preferences.

Perceptions about a company's ability to respond to these challenges are influencing its market valuation, and sustainability issues should affect how companies communicate with investors and analysts.

Following his tour of issues, Stigson offered an overview of the state of the council. Membership stood at 180 CEOs or executives of equivalent rank, their companies boasting a total annual turnover of US\$ 5,200 billion with a total market capitalization of US\$ 5,400 billion. The members employed a total of 12 million people and reached three billion customers per day with goods or services.

The member companies were predominantly in the developed world: 64 in Europe, 49 in North America, 24 from Japan. In fact, 76 percent were based in Europe, North America, Japan and Korea, revealing the council's failure in its 10-year struggle to attract more members from the developing world.

However, this Northern majority was somewhat balanced by the existence of the Regional Network of some 55 national and regional organizations predominantly in the developing world, stretching from China to New Zealand and from South Africa to Mongolia. Stigson saw these organizations, mainly national BCSDs, as giving the council more credibility as a world organization, but also helping the council work at a national level and helping it keep in touch with grassroots issues.

The membership represented a nice balance of sectors, with none having more than 18 companies.

The council had long debated the issue of membership numbers: how many members made the council so large that it would no longer be "member-led, member-driven", but would instead become a bureaucratic organization with the lowest-common-denominator approach of some of the larger business organizations, held back by the concerns of their least progressive members? Stigson promised to cap the membership at 200.

The Strategy

Having laid out the global environment of the WBCSD, Stigson described the new strategy that the council members erected to cope with that environment.

It represents a bold departure from the council's previous approach, which had focused on engagement: with other players, with other organizations, and other sectors besides business, but mainly with issues. The goal of issue engagement had been to get a business voice into debates and meetings about concerns such as climate change or biodiversity. In offering a business voice, the council rarely if ever advocated any particular stand.

The new 2005-2015 strategy focuses on advocacy, actually trying to move societies toward more sustainable forms of progress. This new approach fits well with the council's new mission statement:

“Provide business leadership as a catalyst for change toward sustainable development;

Support the business license to operate, innovate, and grow in a world increasingly shaped by sustainable development issues.”

An advocacy director was hired, and the new communications director carries the title of “director of communications and advocacy.”

In the past, the council functioned mainly through working groups, usually chaired by two or more CEOs. These emerged, worked -- which usually involved issuing a report -- and then disbanded. The new strategy does not eliminate working groups, but it bases the council’s activities around three focus areas: The Business Role, Energy & Climate, and Development. Each of these areas is chaired by two or three CEOs, but each also has a focus area core team (FACT) of 10 to a dozen CEOs to help it develop and stick to a strategy.

The Energy and Climate Focal Area is a continuation of the large amount of work the council has done in this area, with a new emphasis on laying out options and urging the planet toward energy conservation. The Glicon Dialogues resumed in October, 2005, in a partnership between the WBCSD and the Dutch government, bringing together 15 governments and examining ways by which governments and companies could move energy and climate issues forward constructively.

The Business Role focus area is an outgrowth of many aspects of the council’s work, primarily earlier reports on corporate social responsibility. In fact, the area had originally been called simply “corporate social responsibility”, once a very positive and uncontroversial phrase. However, there have been attacks on the concept for several reasons: some have argued that “social work” is not a part of business, while others have expressed concern that the word *responsibility* could imply legal liabilities.

This controversy suggests that the time is ripe for a focused look at the role of business in today’s, and tomorrow’s, society. In fact, the deliberations, report and encounter sessions of the Tomorrow’s Leaders group is expected to feed neatly into the work of this area.

The council has always included the developing world in its concerns, but the Development focus area arises most directly out of the past work of the Sustainable Livelihoods group, which had been exploring ways companies could do business with the poor in developing countries so as to benefit the poor, benefit the companies, and encourage overall economic development. This focus area also emerged from many of the concerns that Stigson outlined in his world view, including stagnant markets in the North and growing populations and economies in the South.

There is overlap among the various focus areas, and this is seen as enriching rather than needlessly complicating the council’s work. To give one example, Stigson told the council in his October 2005, Executive Member Update: “Globalization is changing the debate on corporate social responsibility. The earlier focus was on corporate behavior when investing or sourcing in developing countries. Now it is on the conditions under which business moves activities from the slower growing industrialized countries in the OECD area to the new growth markets like China and India.” The Business Role and Development focus areas have many issues to attack jointly.

Other council work continues outside of and yet is related to the various focus areas. These include continuing sector projects such as forest products, mining, cement, mobility and electric utilities, along with “initiatives” such as work on biodiversity and health. Meanwhile, the focus areas are considering work streams related to other activities, such as “energy for development” or “transportation for development.”

The main point is to have companies and their executives shaping and engaging in advocacy by providing content (case studies, expertise and opinions), writing and editing deliverables, and then taking the messages back within companies.

Looking at both the past and future, Stigson noted that “these last 10 years have been fruitful ones, both for the council and for the field of sustainability. The role the council has played of articulating the business voice, encouraging collaboration, and facilitating learning has been a necessary and valuable one. It was the perfect role for us in our infancy, in a field that was also in its infancy.

“But as we look forward toward our future role, we are persuaded that our focus needs to change for us to be our most effective. Our greatest impacts have come from powerful interactions between people assembled for a purpose. Sometimes self-organized like the sector projects, other times hand-picked like the Glion or Forest Dialogues, these groups have paved the way for substantial innovation. We need to do more of this artful convening with intention.

“The most groundbreaking publications we’ve done, such as *Facts and Trends* and *Tomorrow’s Markets*, have looked beyond the boundaries of fields and set information in context. They have set the stage for decision-making and strategic shifts. We need to provide more information driven by insight.

“We are at our best when we are a platform for our individual members to lead, whether that is through Tomorrow’s Leaders or the Young Managers Team. The biggest change we can influence is to help our members move along the path from learners to leaders, where sustainability is concerned. By opening doors for our members, we open the door to change. We need to develop members’ leadership potential.

“To us, these changes add up to a shift from merely engaging to a form of more active, intentional advocacy, not the advocacy of big budgets and bureaucracy and lobbyists, but the advocacy of a persuasive argument and a well-chosen team, the advocacy of a mission with an end in mind: a more sustainable world for all. We look forward to seeing how this new direction will evolve over our next 10 years.”

Chairmen of the WBCSD



Rodney F. Chase BP 1995	Livio D. DeSimone 3M 1996 & 1997	Egil Myklebust Norsk Hydro 1998 & 1999	Charles O. Holliday, Jr DuPont 2000 & 2001	Sir Philip Watts KCMG Royal Dutch Shell 2002 & 2003	Bertrand Collomb Lafarge 2004 & 2005	Travis Engen Alcan 2006
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Recipients of the Distinguished Service Award

Mr. Claes Hall	Aracruz Celulose
Mr. Erling S. Lorentzen	Aracruz Celulose
Mr. Egil Myklebust	Norsk Hydro
Sir Charles Nicholson	BP

Recipients of the Order of Outstanding Contributors

Mr. Belmiro M. de Azevedo	Sonae
Mr. Frank W. Bosshardt	ANOVA Holding
Mr. Chris Boyd	Lafarge
Mr. Rodney F. Chase	BP
Mr. Jürgen Dormann	Aventis
Mr. Kaspar Eigenmann	Novartis
Mr. Albert E. Fry	WBCSD
Mr. Claude Fussler	WBCSD
Mr. José Guimarães	CIMPOR
Rt. Hon. Lord Holme of Cheltenham, CBE	Rio Tinto
Mr. Yasuo Hosoya	The Tokyo Electric Power Company
Mr. Samuel C. Johnson	S.C. Johnson & Son
Mr. Reuel J. Khoza	Eskom Holdings
Dr. William S. Kyte, OBE	E.ON
Mr. Erling S. Lorentzen	Aracruz Celulose
Mr. Dave Moorcroft	BP
Mr. Hugh M. Morgan, A.C	WMC
Sir Charles Nicholson	BP
Mr. Hannu Nilsen	UPM-Kymmene
Mr. Jim Oatridge	Severn Trent
Mr. Cameron Rennie	BP
Mr. Pasquale Pistorio	STMicroelectronics
Lic. Eugenio Clariond Reyes	Grupo IMSA
Dr. Lutz-Gunther Scheidt	Sony
Mr. Stephan Schmidheiny	Avina Foundation
Mr. William S. Stavropoulos	The Dow Chemical Company
Mr. R. Scott Wallinger	MeadWestvaco
Sir Robert Wilson KCMG	Rio Tinto

Membership in the BCSD, 1992

When the Business Council for Sustainable Development was first formed for the UN Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992, the following people were members:

Stephan Schmidheiny	BCSD Chairman	Chairman UNOTEC	Switzerland
Torvild Aakvaag	Vice-Chairman	Norsk Hydro A.S	Norway
Naim Abou-Taleb	Chairman and Managing Director	Mohandes Bank	Egypt
Raymond D. Ackerman	Chairman & CEO	Pick'n Pay Stores Limited	South Africa
Percy Barnevik Sweden/Switzerland	Chief Executive Officer	ABB Asea Brown Boveri Ltd.	
Eliezer Batista da Silva	Chairman	Rio Doce International	Brazil
Ignacio Bayón	Presidente Consejo	Espasa Calpe	Spain
Gabriele Cagliari	Presidente	ENI	Italy
Eugenio Clariond Reyes	Presidente Ejecutivo	Grupo IMSA, S.A.	Mexico
Roberto de Andraca	Chairman of the Board	CAP S.A.	Chile
Edouard de Royère	Président Directeur Général	L'Air Liquide	France
Kenneth T. Derr	Chairman of the Board & CEO	Chevron Corporation	United States
Maurice R. Greenberg	Chairman	American International Group, Inc.	United States
Carl H. Hahn	Vorsitzender des Vorstandes	Volkswagen AG	Germany
Charles M. Harper	Chairman of the Board & CEO	ConAgra, Inc.	United States
Kazuo Inamori	Chairman of the Board	Kyocera Corp.	Japan
Allen F. Jacobson	Retired Chairman & CEO	3M Company	United States
Antonia Ax:son Johnson	Chairman	Axel Johnson AB	Sweden
Samuel C. Johnson	Chairman	S.C. Johnson & Son, Inc.	United States
Saburo Kawai	Vice Chairman & President	Keizai Doyukai	Japan
Jiro Kawake	Chairman	Oji Paper Co., Ltd.	Japan
Alex Krauer	Präsident des Verwaltungsrates	Ciba-Geigy AG	Switzerland
H.H.The Otunba Ayora, (Mrs.) Bola Kuforiji-Olubi (M.O.N.)	Group Executive Chairman	BEWAC plc	Nigeria
Yutaka Kume	President	Nissan Motor Co. Ltd.	Japan
J.M.K. Martin Laing	Chairman	John Laing plc	United Kingdom
Erling S. Lorentzen	Chairman	Aracruz Celulose S.A.	Brazil
Ken F. McCready	President & CEO	TransAlta Utilities Corp.	Canada
Akira Miki	Chairman	Nippon Steel Corporation	Japan
Jérôme Monod	Président Directeur Général	Lyonnaisse des Eaux-Dumez	France
Shinroku Morohashi	President	Mitsubishi Corporation	Japan
Y.A.M. Tunku Naquiyuddin ibni Tuanku Ja'afar	Chairman	Antah Holdings Berhad	Malaysia
Philip Ndegwa	Chairman	First Chartered Securities Ltd.	Kenya
Paul H. O'Neill	Chairman & CEO	ALCOA	United States
James Onobionu	Président Directeur Général	Compagnie Financière et Industrielle CFI (S.A.)	Cameroon Thailand
Anand Panyarachun	Prime Minister of Thailand	Former Chairman of Saha-Union Corp. Ltd.	
Frank Popoff	President & CEO	The Dow Chemical Company	United States
Fernando Romero	Chairman BHN Multibanco S.A.	Inversiones Bolivianas S.A.	Bolivia
William D. Ruckelshaus	Chairman of the Board & CEO	Browning-Ferris Industries	United States
Anthony Salim	President and CEO	Salim Group	Indonesia
Elisabeth Salina Amorini	Président du Conseil d'Administration Holding S.A.	Société Générale de Surveillance	Switzerland
Helmut Sihler	Vorsitzender der Geschäftsführung	HENKEL KgaA	Germany
Paul G. Stern	Chairman & CEO	Northern Telecom Ltd.	Canada
Ratan N. Tata	Chairman	TATA Industries Ltd.	India
Lodewijk C. van Wachem	Senior Managing Director	The Royal Dutch Shell Group	The Netherlands /United Kingdom
Sir Bruce Watson	Chairman	Mount Isa Mines Pty Ltd.	Australia
Edgar S. Woolard	Chairman of the Board	E.I. du Pont de Nemours and Company	United States
Toshiaki Yamaguchi	President	Tosoh Corporation	Japan
Federico Zorraquin	President	S.A. Garovaglio y Zorraquin	Argentina

WBCSD member companies, 1995

When the Business Council for Sustainable Development (BCSD) merged with the World Industry Council on the Environment (WICE) in 1995, the following companies were members:

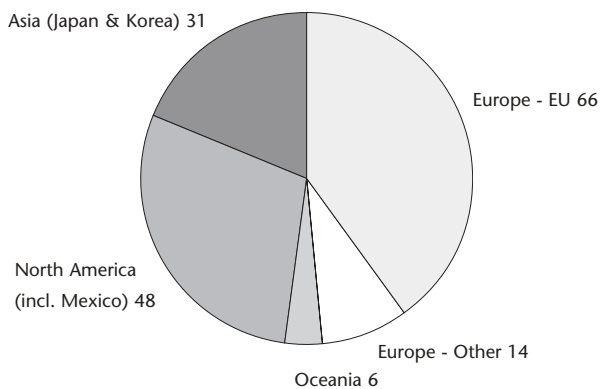
3M	USA
ABB Asea Brown Boveri	Switzerland/Sweden
Akzo Nobel	The Netherlands
Anova Holding	Switzerland
Aracruz Celulose	Brazil
AT&T	USA
Avenor	Canada
Axel Johnson	Sweden
BEWAC	Nigeria
British Gas	UK
British Petroleum Company	UK
Caemi Mineracao e Metalurgia	Brazil
CAP	Chile
Chemical Works Sokolov	Czech Republic
Ciba	Switzerland
Clifford Chance	France
CRA	Australia
Dan Hotels Corporation	Israel
Danfoss	Denmark
De Lima & Cia	Colombia
Deloitte Touche Tohmatsu International	France
Delta Corporation	Zimbabwe
DK-Teknik	Denmark
DuPont	USA
Environmental Resources Management Group	UK
Eskom	South Africa
F. Hoffmann-La Roche	Switzerland
Fiat Auto	Italy
Fletcher Challenge	New Zealand
Fundacion Juan March	Spain
Glaxo	UK
Grand Metropolitan	UK
Grupo IMSA	Mexico
Heineken	The Netherlands
Henkel	Germany
Hitachi	Japan
Imperial Chemical Industries	UK
Indonesian Wood Panel Association	Indonesia
International Development Center of Japan	Japan
International Paper Company	USA
Itochu Corporation	Japan
James D. Wolfensohn Inc.	USA
John Laing plc	UK
Johnson & Johnson	USA
Kajima Corporation	Japan
Kikkoman Corporation	Japan
Koç Holding	Turkey
Kymmene Corporation	Finland
Lafarge Coppee	France
Lurgi	Germany
Mitsubishi Corporation	Japan
Mitsui & Co	Japan
National Westminster Bank	UK
NEC Corporation	Japan
Neste	Finland
Nestlé	Switzerland
Nippon Telegraph & Telephone Corporation	Japan

Noranda	Canada
Norsk Hydro	Norway
Northern Telecom	Canada
Novo Nordisk	Denmark
Ontario Hydro	Canada
Orkla	Norway
Osaka Gas	Japan
Philips Electronics	The Netherlands
Pirelli	Italy
Pohjolan Voima	Finland
Powergen	UK
Renault	France
Rhône-Poulenc	France
Rio Doce International	Brazil
S.A. Garavaglio y Zorraquin	Argentina
S.C.Johnson & Son	USA
Saga Petroleum	Norway
Samsung Electronics	Korea
Sandoz International	Switzerland
Schindler Holding	Switzerland
Seiko Group	Japan
SGS Société Générale de Surveillance Holding	Switzerland
Shell International Petroleum	UK
SHV Holdings	The Netherlands
Sonae Investimentos S.G.P.S.	Portugal
Sony Corporation	Japan
Statoil	Norway
Stora	Sweden
Sulzer	Switzerland
Swiss Bank Corporation	Switzerland
Taiwan Cement Corporation	Taiwan
Tetra Laval Group	Sweden
Texaco	USA
The BOC Group	UK
The Dow Chemical Company	USA
The Kansai Electric Power Co	Japan
The RTZ Corporation	UK
The Tokyo Electric Power Company	Japan
The Yasuda Fire & Marine Insurance Company	Japan
Thorn EMI	UK
Tokyo Gas	Japan
Toray Industries	Japan
Toshiba Corporation	Japan
Total	France
Toyota Motor Corporation	Japan
TransAlta Corporation	Canada
Unilever	The Netherlands
Volkswagen	Germany
Volvo	Sweden
Waste Management International	USA
Western Mining Corporation	Australia
Weyerhaeuser	USA
Xerox Corporation	USA

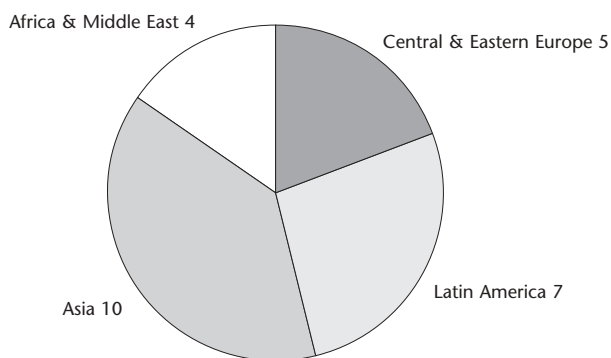
WBCSD member companies, January 2006

Corporate headquarters by region

OECD Region
Total 165



Non OECD Region
Total 26



By industry

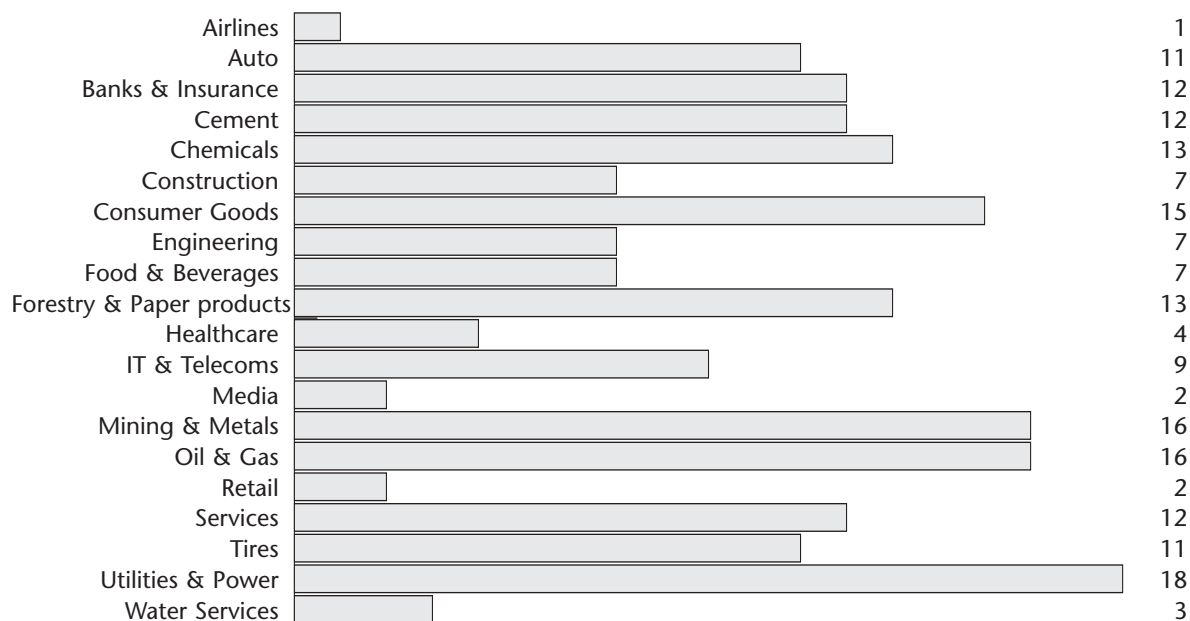


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About the WBCSD

The World Business Council for Sustainable Development (WBCSD) is a coalition of 175 international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress. Our members are drawn from more than 30 countries and 20 major industrial sectors. We also benefit from a global network of 50+ national and regional business councils and partner organizations.

Our mission is to provide business leadership as a catalyst for change toward sustainable development, and to support the business license to operate, innovate and grow in a world increasingly shaped by sustainable development issues.

Our objectives include:

Business Leadership - to be a leading business advocate on sustainable development;

Policy Development - to participate in policy development to create the right framework conditions for business to make an effective contribution towards sustainable development;

The Business Case - to develop and promote the business case for sustainable development;

Best Practice - to demonstrate the business contribution to sustainable development solutions and share leading edge practices among members;

Global Outreach - contribute to a sustainable future for developing nations and nations in transition.



Opening ceremony, World Summit on Sustainable Development, Johannesburg, 2002

Former World Bank President James Wolfensohn once noted: “When the WBCSD was created, it was very much an act of faith by a few visionary business leaders who understood they ought to get involved in sustainable development if they wanted to remain in business. Today, as the business case for sustainability has been increasingly demonstrated, the WBCSD has become a global leader in corporate social and environmental responsibility.”

In the short space of a decade the World Business Council for Sustainable Development has gathered some 180 of the world's leading companies under its umbrella, united by a shared commitment to sustainable development. This history of the WBCSD is a collection of stories of individuals whose choices to champion an idea, to explore a concept, to shake another's hand, paved the way for a chain reaction of great outcomes. It shows how the conviction and commitment of a few visionary individuals have created revolutionary change in business, with the potential to shift the direction in the future of the world.