



# Jahresbericht 2006

des Vereins

The Sustainability Forum Zürich (TSF)

# Annual Report 2006

of the Association

The Sustainability Forum Zürich (TSF)

# Review of 2006

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## 1. Orientation

For the Association The Sustainability Forum Zürich (TSF), the year 2006 was marked by a broadly based member survey and a subsequent process of reorientation of the Association. In parallel, the numerous activities that had been initiated in 2005 to promote the practical implementation of sustainability principles were continued. These activities covered three areas that are described in the following detailed chapters: Topic Dialogue, Project Coaching, and Networking. Within the Topic Dialogue area, the International Leadership Symposium – the "flagship" of TSF – was carried out for the 7th time, serving as a prominent ambassador for the Association.

### **Strategy process**

In August 2006, structured interviews were conducted with the Board and the members of the Taskforce. This survey created a solid foundation for a comprehensive discussion on the future strategy of TSF.

Various scenarios were developed. In December 2006, the Board decided in favour of a scenario entitled "Integration of corporate sustainability in and through international financial service industry ('Financial Sector')". The orientation underlying this scenario can be described as follows:

"Conducting in-depth dialogues and workshops of experts and decision makers dedicated to the exploration and promotion of sound approaches and practices concerning the integration of corporate responsibility/sustainability in and through the financial service industry at a national and international level."

The members of the Association agreed on the following fields of action:

- providing business leaders with a platform for exchanging ideas and experiences relative to sustainable business models, and
- promoting both the foundations for applying sustainability principles in practice as well as corporate responsibility by means of the open, continuing dialogue with leading representatives of politics, business, administration and civil society.

With respect to the orientation of themes and target groups, three new demands were defined:

- clear direction on the issue of sustainability in connection with the financial market
- still stronger addressing of high and highest level decision makers within the sector
- increased emphasis on the international dimension within the dialogues.

## 2. Activities

### 2.1 Thematic Dialogue

#### 2.1.1 7th International Sustainability Leadership Symposium: "From Short- to Long-Term: Who Cares?"

For the seventh time, the Association successfully hosted the International Sustainability Leadership Symposium at the Swiss Re Centre for Global Dialogue. About 160 personally invited representatives, primarily from the financial industry, academia, and administration, met in Rüslikon on 31 August and 1 September 2006.

This year's theme, "From Short- to Long-Term: Who Cares? Institutional Investors, Beneficiaries and Investees in Dialogue" succeeded in addressing a timely financial market topic. High-calibre speakers from the three target groups were recruited. As indicated by the subtitle of the programme, these speakers included investors (i.e. insured parties and pension scheme beneficiaries), institutional investors (the trustees of the assets entrusted by the investors), and the businesses drawing from the capital. The competent speakers articulated positions on critical questions and theses concerning the motivations and effects of both short-term and long-term investment strategies, which had been set out in advance in an extensive Input Paper.

The Symposium was particularly timely given that several undesirable developments affecting pension schemes (Swiss First, Siemens pension fund) had become public. As the press review in this Annual Report shows, the repercussions of these incidents gave rise to a public discussion of the various challenges facing the institutional investment business, which were then debated at the Symposium. These included:

- Corporate governance of financial market actors
- Incentive structures in the financial market
- Conflicts of interest, e.g. between insured parties and their pension schemes
- Shareholder activism
- Reporting and control mechanisms in the financial market
- Risk-aversion of an aging investor generation
- Short-term profit maximization versus long-term profit optimization
- Sustainable ("green") investment products.

One of the main conclusions of the two conference days was that many of the current problems in the institutional investment field are caused by an unfavourable legal framework, or at least are made worse by this framework. Broad consensus emerged among the speakers and podium participants that efforts undertaken so far to correct the undesirable developments of the market primarily with legal measures have led to an overregulation of the institutional investment market, which in turn creates false incentives for the actors. Cited as a primary cause of this undesirable development was the lack of dialogue between regulators and financial market actors. Entirely in line with the guiding idea of TSF, the participants concluded that a joint approach to breaking down the predominant scepticism between financial market actors and legislators should be given the highest priority.

In almost all points, the expectations of the participants were satisfied, as demonstrated by the evaluation of the participant feedback on the Symposium. In addition to the organizational-administrative aspects, the overall impression of the Symposium and the networking opportunities were rated especially positively. Room for improvement exists with respect to the time allocated to informal discussions and an even more international composition of the participants.

Further findings of the event and a synthesis of the lectures and discussions of the conference are contained in the official Symposium Report (which can be ordered soon or downloaded directly at [www.sustainability-zurich.org](http://www.sustainability-zurich.org)).

The 8th International Leadership Symposium on the topic of "Demographic Change and Financial Services: a Short List of Threats – a Long List of Opportunities?" will be conducted on 27 and 28 September 2007 at the Swiss Re Centre for Global Dialogue in Rüslikon.

#### **2.1.4 Report on the 6th International Sustainability Leadership Symposium: "The Market Value of Reputation"**

A report on the Association's 2005 Symposium was published in the reporting year. The publication summarises the major statements and conclusions of the event and was distributed primarily to the speakers and participants of the Symposium, to the TSF members, and to important contacts within the TSF network. The report is also available for download at our website.

#### **2.1.5 UN Global Compact Learning Platform for Swiss SMEs**

This platform, launched in 2006, focuses on the exchange of know-how and experience among Swiss small and medium-sized enterprises that are carrying out business activities in developing and transition countries and are interested in learning about and discussing current issues on corporate responsibility. The activities so far include:

- Interviews with CEOs of approx. 10 transnationally operating SMEs on the content of the programme and the format of future dialogue events
- The first working paper on "Corporate Responsibility in the Global Market – Why Human Rights Issues are Becoming More Timely for Swiss SMEs". This publication, which was funded by the Swiss Federal Department of Foreign Affairs (FDFA), can be obtained from its website and from the websites of TSF and the UNGC Swiss Network/ICC Switzerland. The brochure is available in German, French, and English.

Four platform events are envisaged for 2007, including a joint workshop with the UNGC Swiss Network on the development and implementation of a Code of Business Conduct (March 2007) and a two-part seminar on corruption (June and August 2007).

An article in the Swiss SME journal "KMU Manager" entitled "Zero Tolerance for Corruption" will be published in April 2007. One or two further articles on SME-relevant corporate

responsibility topics are planned to be published in the same journal.

The contribution of TSF to this project, which was jointly launched with Political Division IV of the FDFA, will conform to the new strategy of the Association in the coming year. Active contributions of TSF members are envisaged.

#### **2.1.4 Platform for a Professional Dialogue on Innovative Forms of Work Integration. Market analysis and positioning**

This project arose from a series of conferences hosted in 2005 by TSF in cooperation with the ÖBU (Swiss Association for Environmentally Conscious Management) and zsa-ZHV (Sustainability Centre, Zurich University of Applied Sciences Winterthur) on the topic of "The Enterprise in Society".

The project clearly showed that a growing need for new and "market-oriented" approaches to work integration exists. The exponential increase in social costs in recent years and the resulting threat to social stability require innovative approaches.

The goal of the project was to test the idea of a dialogue platform for market-oriented work integration models and to give concrete shape to this idea. In the context of expert discussions with representatives of the Confederation, business, associations, and other actors engaged in work integration, the orientation, objectives, sponsorship, and organizational form of the platform were discussed. The project was funded by a contribution of the Paul Schiller Foundation and seed money of TSF.

#### **2.1.4 Sustainable Real Estate – a joint project of CCRS, Novatlantis and TSF**

In the autumn of 2005, the three institutions Centre for Corporate Responsibility and Sustainability (CCRS), Novatlantis (Sustainability in the ETH Domain) and TSF launched the project "Sustainable Real Estate". The goal of this transdisciplinary project was, for purposes of the evaluation and management of real estate under the aspect of sustainability, to identify and weight the relevant parameters and to develop practice-oriented foundations to be integrated into existing or new instruments.

In a first step, the core project team of CCRS and Novatlantis conducted research and interviews to assess the strengths and weaknesses of the usual evaluation and management instruments and to determine needs and potential fields of action. This research indicated that sustainability criteria are not yet systematically incorporated into the evaluation processes for real estate, although their influence on investment decisions was confirmed in general. In January 2006, over 25 experts from the real estate sector took part in a first workshop in Zurich, which was organized by TSF. The organizers succeeded in obtaining practical experiences and valuable knowledge and planning the further course of the project. Eight institutions participating in the workshop indicated their interest in principle in assuming an active role in the further course of the project. In the second phase, Novatlantis will take on the project leadership; TSF will no longer actively participate in the further development of the project.

The first phase of the project was funded by the Swiss Federal Office for Spatial Development, the Swiss Federal Office of Energy, and the Swiss Federal Office of Housing.

## **2.2 Project Coaching**

### **2.2.1 NAVOS II – Dialogue on Reforms**

Intensive preparations were made for continuing the project concerning a scientifically based policy dialogue on the reform of the old age provision system, which was initiated in 2003 and temporarily suspended in 2005.

Due to brisk demand, the publication "Sustainable Old Age Provision Switzerland NAVOS – Restructuring" (by Ernst A.

Brugger and René L. Frey; addressed to policymakers, academics, and the public) has been issued in a second unmodified printing by NZZ Verlag.

The second phase of NAVOS in 2007 is intended to deepen and expand the reform dialogue. The goal is an open discussion of long-term and far-reaching political, economic, and social reforms for the sustainable safeguarding and development of Swiss old age provisions. Workshops with the four major parties and a series of approximately 10 public dialogue events are planned.

### **2.2.3 International Conference on Challenging Urban Development: "Competitive Locations – Liveable Cities" and Alcan Prize for Sustainability**

Since 2004, Alcan has annually awarded the Alcan Prize for Sustainability, endowed with USD 1 million, to a non-governmental and non-profit organization that has distinguished itself through a special effort on behalf of sustainability. The main winner, Barefoot College in India, and five other NGOs receiving grants from this year's award will be presented with their prizes at a continuing event in Zürich from 1-4 May 2007. The two TSF members – Urban Development of the City of Zürich and BHP – have developed a framework programme for the award ceremony in close cooperation with Alcon Inc. Thus the idea originated for a conference on the topic of sustainable urban development shaped by heightened location competition in the context of globalization. Under the motto "Competitive Locations – Liveable Cities", the nominated and selected award recipients of the Alcan Prize will be able to exchange ideas with city representatives from Bangalore, Barcelona, Oslo, and Riga as well as local Zürich businesses, business promoters, and high-level representatives of the city administration.

TSF is participating in this conference in the form of a partnership.

## **2.3 Networking**

### **2.3.1 Lecture series: "Sustainability Dialogue with Leaders and Pioneers"**

Since January 2004, TSF together with its partner organisations CCRS, Novatlantis and ETHsustainability has organised a lecture and discussion series on sustainability and corporate responsibility entitled "Sustainability Dialogue with Leaders and Pioneers".

In 2006, two lectures in the module "Dialogues with Leaders" were held (Gerard Kleisterlee, CEO Philips, and Andreas Jacobs, Chairman Barry Callebaut). The main speakers were again challenged by a panel of experts on their respective topics. The CCRS Pavilion has proven to be attractive and authentic environment for the subsequent discussions in a small group. Three "Pioneers" events were also organized by CCRS. The reactions have been extremely positive overall, and some of the events were covered in the media.

This successful event series will be continued in 2007. The following topics have been suggested by the members:

- Energy efficiency as a driver for business success,
- Sustainability and information, information and freedom of speech,
- Social welfare and security worldwide
- Partnerships between public and governmental institutions
- Corporate ethics
- Sustainability in the automotive sector

### **2.3.2 CCRS Centre for Corporate Responsibility and Sustainability**

Also in 2006, TSF supported the application-oriented research work of CCRS with CHF 150,000 and additional project-related cooperation. In terms of content, the focus was on CCRS's participation in the International Sustainability Leadership Symposium and detailed work on the NAVOS project. Regular talks between the executive leadership of CCRS and TSF ensure that contents and functions are coordinated and complementary.

### 2.3.3 Swiss Sustainability Network

This coordination body, which until last year was called "Sustainability Cluster Zürich", has further established itself in the meantime and now acts under its new name, "Swiss Sustainability Network (SSN)". In 2006, the partners met five times. The network has been expanded by the new ETH Competence Centres for Environment and Sustainability (CCES) and Energy and Mobility (CEEM).

The following partners and their orientations are as follows:

- TSF → Dialogue platform for the practical application of sustainability principles in business
- CCRS → Scientific think tank on economic-social questions
- ETHsustainability → Basic and continuing training in sustainability
- Novatlantis → Scientific network for technical and implementable solutions

This cooperation has proven to be positive, and various joint initiatives will likely be continued and planned:

- **"Sustainable Campus"- Sharing best practices on building design, transportation, and teaching**

Under the leadership of Novatlantis, a network on sustainable campus development at universities and later also at industrial campuses is being developed. A kick-off meeting in spring 2007 was to bring together 70 representatives from renowned international universities interested in exchanging best practises on ways to green their infrastructure and operations. More information can be obtained at [www.sustainable-campus.ch](http://www.sustainable-campus.ch).

### ▪ Sustainability Toolbox

The goal of this project supported by CCRS, ETHsustainability and TSF is to create a "Toolbox" for improving communication in the field of sustainability and providing a uniform presentation. The instrument, which will soon be available online at [www.ccrs.ch](http://www.ccrs.ch), contains a "basic package", which may for instance be given to people working in media, who in turn may use text modules, practice examples (so-called "lighthouses"), and personal portraits as well as images, tables, and figures from the various topic areas. The Toolbox contains comprehensible "translations" of sustainability for all target groups. The topic areas with sophisticated content and visual presentations are: "Good Technology", "Intelligent Lifestyle", "Helpful Regulations", and "Innovative Money".

The implementation partner for this project was Arthesia, Zürich. A photography competition for students of the F+F School for Art and Media Design, which was generously sponsored by Mr. Beat Curti, Member of the Board of TSF, succeeded in generating extremely cost-effective, thematically focussed, and truly unique illustrations for the Toolbox.

### 2.3.6 World Microfinance Forum Geneva (WMFG)

WMFG is an association with The Sustainability Forum Zürich as one of its founding members. It aims at promoting a dialogue for professional actors and private investors in microfinance in developing countries. It will be a driving platform for microfinance as a strategy to enhance access of the poor to financial services.

The international dialogue will in the first phase focus on:

- A biennial symposium in Switzerland
- A biennial regional symposium in an important emerging market environment (e.g. Southeast Asia or Central Europe)
- Development and maintenance of a website on financial market specific information, and promotion of research work on microfinance solutions.

### **2.3.7 International Sustainability Innovation Council of Switzerland (ISIS)**

The Council is an initiative of the Swiss Federal Institute of Technology (ETH) and Zürich-based The Sustainability Forum (TSF). It involves a number of centres and academic institutions hosted by the ETH Domain and the University of Zürich as well as internationally renowned experts and pioneers dealing with sustainability issues. These include Novatlantis, the Centre for Corporate Responsibility and Sustainability (CCRS) and ETHsustainability. The Council also provides a link to a variety of other sustainability initiatives, in Switzerland as well as abroad.

The aim of the Council is to identify, analyse and elaborate on relevant future sustainability issues of global or regional significance with a view to finding new approaches and solutions. The Council organises, once annually, a meeting of its members focussed on specific sustainability issues of global and future importance. The first meeting took place on 2/3 September 2007 at the Swiss Re Centre for Global Dialogue in Rüslikon. The Council consists of 25 members of international reputation in sustainability aspects, from a variety of sectors, ranging from academia, government and business to civil society. These include representatives from several continents as well as Achim Steiner (Executive Director, UNEP), Claude Martin (formerly Director, WWF International), and Klaus Töpfer (predecessor of Achim Steiner at UNEP).

On 15 November 2006, the International Sustainability Innovation Council of Switzerland (ISIS) was formally founded as an association. Founding members are the representatives of the ISIS Steering Committee: Prof. Alexander Zehnder, Prof. Ernst A. Brugger, and Dr. Claude Martin. The second ISIS meeting has been scheduled for 25/26 September 2007 in Rüslikon.

ISIS is busy getting involved in several interesting initiatives. One of them is a critical analysis of energy subsidies (together with several institutes at the ETH and IISD's Global Subsidies Initiative). The second one concerns a global view and evaluation of the potentials of energy efficiency (together with the exponents of the "2000 Watt Society" and Roland Stulz of Novatlantis).

### 3. Positioning

The new TSF website created in summer 2005 ([www.sustainability-zurich.org](http://www.sustainability-zurich.org)) was further expanded and maintained. The site provides continually updated information about the Association and references to its past and future events as well as the option to place online orders for documentation and brochures regarding TSF events and projects.

### 4. Members and Sponsors

- The Board held four meetings. The Membership Meeting took place on 31 May 2006. Lise Kingo (Novo Nordisk), Stefan T. Bichsel (Lombard Odier Darier Hentsch (LODH)), Thomas Müller (Swiss Life) and Hans Ruedi Schweizer (Schweizer Metallbau AG) were newly elected to the Board.
- Philips continued to support the Association's activities both financially and in terms of content.
- The members of the Taskforce met three times in 2006; a select group of associated external partners participated at the Taskforce meetings in January and October: Barbara Dubach (Head Social Responsibility and Sustainable Development Coordination, Holcim), Beat Gygi (Business Journalist, NZZ) and Gabi Hildesheimer (General Director of the Swiss Association for Environmentally Conscious Management (ÖBU)). They assisted the existing Taskforce in determining the topic for the 2006 Symposium as well as in newly defining the strategy, thereby contributing extremely valuable input.
- Prof. Dr. Ernst A. Brugger served as CEO and Dr. Thomas Streiff as COO. Kolja Jeuthe administered the Secretariat beginning mid-February 2006.

## 5. The Sustainability Forum Zürich in the Press

All articles listed below have been distributed to the members.

- unipublic, 21.06.2006:  
"Nachhaltigkeit als Geschäftsmodell" by Adrian Ritter (report on the lecture by Gerard Kleisterlee in the lecture series "Sustainability Dialogue with Leaders and Pioneers")
- Finanz und Wirtschaft, 02.09.2006:  
"Wieder ist es Zeit für den BVG-Mindestzins. Bald Bundesratsentscheid für 2007 — Pensionskassen im Konfliktfeld von Langfristanlage und jährlicher Bilanz" (quote of Jean-Louis Nakamura in connection with the Symposium).
- NZZ, 04.09.2006:  
"Corporate Governance: Lehren aus der DDR" (opinion article on the Symposium)
- NZZ, 05.09.2006:  
"Es ist die Risikoaversion, nicht die Kurzfristigkeit" (opinion article on the Symposium).
- Handelszeitung, 06.09.2006:  
"Hartes Geld mit «grünen» Investments" (mention of the SAM/SPG award ceremony)
- Le Temps, 06.09.2006:  
"2e pilier: evitons d'alourdir le fardeau!" (mention of the Symposium, quotes of the speakers).
- NZZ, 11.09.2006:  
"Nachhaltigkeits-Bonus" (statement by TSF on sustainable financial products)
- persönlich blau, 15.09.2006:  
"Blackbox Unternehmensverantwortung" (statement on CSR in connection with the Symposium).
- Schweizer Pensions- & Investmentnachrichten (SPN; FT), Autumn 2006:  
"Forum für mehr Nachhaltigkeit" (report on the Symposium)
- Tages-Anzeiger, 18.08.2006  
"Nachhaltigkeit: Investieren in das Gute" by Katinka Gyomlay with quotes by Thomas Streiff.
- Schweizer Pensions- & Investmentnachrichten (SPN; FT), 16.10.2006:  
"Das Grunddilemma der Pensionskassen" by Ernst A. Brugger
- unipublic, 01.11.2006:  
"Wenn Kakao auch die Bauern glücklich macht", by Theo von Däniken

(report on the lecture by Andreas Jacobs in the lecture series "Sustainability Dialogue with Leaders and Pioneers". )

- WBCSD website:  
"Turning corporate governance rules to your advantage"  
(lecture manuscript by Peter Voser for the Symposium).

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