

Annual Report 2007

of the Association

The Sustainability Forum Zürich (TSF)

Review of 2007

1. Orientation

For the Association The Sustainability Forum Zürich (TSF), the year 2007 was marked by the implementation of the strategic reorientation. This essentially involved focussing on the challenges and the role of the financial markets and their actors in the implementation of sustainable business practises in both a global and regional (Europe/Switzerland) context. The International Leadership Symposium, conducted for the eighth time, continued to serve as our “flagship” while at the same time aligning itself to the new strategy. The same was true for the lecture series “Sustainability Dialogue with Leaders and Pioneers”, which was continued featuring three notable speakers.

“Making sustainability work in and through the financial markets”

The strategy process initiated in 2006 was brought to a successful conclusion with the Board decision in May 2007. Since then, the programmatic formulation “Making sustainability work in and through the financial markets” has signified the guiding principle for the activities of the Association and its committees. The vision, mission and objectives are as follows:

Vision

TSF seeks to contribute to sustainable business in the dynamics of globalisation by promoting forecast, reflection and action in and through financial markets and its key players.

Mission

TSF aims to take up topics relevant to the future, by way of an action-oriented dialogue with internationally recognised topic leaders and decision makers, enabling the integration of entrepreneurially relevant sustainability principles in the financial market.

Objectives

Companies, experts and scientists, other financial market players, asset owners and capital market regulators are invited to:

- “Get fit”: Getting the main players fit through early recognition of financial-market relevant, social and geopolitical issues and trends;

- “Challenge mind-sets” of the decision makers in the financial sector with respect to their social responsibility and the resulting challenges, and of the financial market players with respect to their innovation and communication capacity;
- “Promote options for actions” of the financial market players. The goal is to improve the efficiency and effectiveness of market practices and instruments and to simultaneously create societal added-value.

2. Activities

2.1 8th International Sustainability Leadership Symposium “Demographic Change and Financial Services: a Short List of Threats – a Long List of Opportunities”

The eighth “International Sustainability Leadership Symposium” took place in the customary setting of the Swiss Re Centre for Global Dialogue. Approximately 140 personally contacted representatives, primarily from (financial) management, science and civil society, met in Rüslikon from 27 to 28 September 2007.

With this year’s topic “Demographic Change and Financial Services: a Short List of Threats – a Long List of Opportunities. Business Leaders, Policy Makers and Researchers in Dialogue”, an emerging issue on the societal-social plane was explored. High-calibre speakers representing the financial services sector as well as representatives from international regulatory authorities, the media, science and relevant interest groups were engaged for this event.

These experts provided their assessments of the opportunities and risks presented by an ageing society and identified possible implications for the financial sector and its most significant target groups: new market and consumer structures, new products, the educational needs, government measures and production and employment requirements. Theses on this topic presented in advance in an extensive input paper prepared by Dr. Burkhard and Dr. Meins from the Center for Corporate Responsibility and Sustainability at the University of Zurich served as the guiding theme for the conference.

Many speakers at the Symposium expressed their concern that the reaction to demographic changes remains on the whole extremely guarded. Consequently, the discrepancy between acknowledgement of demographic change and hesitant reaction to it also characterised the discussions and gave rise time and again to the participants' appeals for practical solutions to the problem.

One factor in the explanation for such a delayed response is doubtlessly the fact that the phenomenon of an ageing society introduces an entirely novel situation, as several speakers emphasised. Never before in known history has a society existed with more old than young people. The demographic change consequently shows evidence of a critical anthropological dimension. Many assumptions pertaining to human life expressed at the Symposium have their roots in earlier times reflecting a traditional age distribution. These assumptions must undeniably be more swiftly revised than we would wish or realise.

As far as the financial aspects are concerned, the strain on the current systems of old-age provision is one of the greatest challenges emanating from the ageing society.

Further insights issuing from the event as well as a synthesis of the conference lectures and discussions are contained in the official Symposium report (available on order or directly as a download at www.sustainability-zurich.org).

The participants' expectations were satisfied on virtually all counts, as demonstrated by the evaluation of participant feedback on the Symposium. In addition to the subject matter, the quality of the contributions and the organisational-administrative aspects, particularly highly rated were the general impressions and the networking opportunities. Suggestions for improvement in certain areas will be implemented if feasible, for example the reference to an "action component".

The 9th International Leadership Symposium on the topic of "Capitalising³ on Natural Resources. New Dynamics in the Financial Markets" will take place on 11 and 12 September 2008 at the Swiss Re Centre for Global Dialogue in Rüslikon.

2.2. UN Global Compact Learning Platform for Swiss SMEs

This new platform launched in 2006 aims at furthering and facilitating an exchange of know-how and experience on current issues regarding Corporate Responsibility both among Swiss SMEs and with international enterprises active in developing countries and emerging markets:

- Interviews with CEOs representing approx. 10 transnationally active SMEs to establish the programme and format of future dialogue events
- Publication of the first working paper on the topic of "Corporate Responsibility in the Global Market: Why Human Rights Issues are Growing More Relevant for Swiss Small and Medium-Sized Companies". This publication financed by the Swiss Federal Department for Foreign Affairs (DFA) can be accessed at the DFA website or the TSF and UNGC Swiss Networks/ICC Switzerland. Brochures are available in German, French and English.

The Platform conducted three of its own courses, with two additional courses organised in cooperation with the ICC Switzerland, the Friends of the Swiss Human Rights Institute, and the CCRS. In the Platform's own seminars, the following topics were discussed in a closed context:

- "Combating Corruption in SMEs: Preventing Latent Risk" conducted on two evenings (total of 18 participants)
- "Codes of Conduct: From the Empty Clause to the Practice of Corporate Responsibility" (Total of 20 participants)

Within the scope of the UNGC Learning Platforms, eight articles were written and published as of the close of 2007:

- *KMU Manager*, 12/06: *Erfolg ist Gewinn, Unternehmensverantwortung verursacht Kosten!* (Author: Marc Probst); summary article on the CSR and the Platform
- *The Bridge*, Winter Edition 2006: *Business ethics – UN Global Compact* (Author: Marc Probst); introduction of the Learning Platform
- *KMU Manager*, 4/07: *Korruption – Vom Kavaliersdelikt zu "zero tolerance"* (Author: Fritz Brugger); two interviews on the topic of corruption
- *KMU Manager*, 6-7/07: *KMU in China – Zwischen Chance und Herausforderung* (Author: Nicolas Musy); practical advice for business activity in China

- *KMU Manager*, 8/07: *Erfolgreich umweltfreundlich* (Author: Pascal Lüthi); energy efficiency and resource productivity as a competitive factor
- *Zürcher Wirtschaft*, 8/07: *Strategische Investition in nachhaltige Wettbewerbsfähigkeit* (Author: Pascal Lüthi); summary article on the CSR and the Platform
- *KMU Manager*, 11/07: *Wie Menschenrechte zum Wettbewerbsfaktor werden* (Author: Marc Probst); summing up the Learning Platform
- *Corporate Responsibility in the Global Market: Why Human Rights Issues are Growing More Relevant for Swiss Small and Medium-Sized Companies*. (Authors: Fritz Brugger and Thomas Streiff). Appeared in the book "Human Security & Business" published by Rüfer & Rub, 2007

The TSF contribution to this project launched jointly with the Political Affairs Division IV of the Swiss Federal Department for Foreign Affairs (DFA) will be aligned with the new Association strategy in the coming year. Active contributions by TSF members to various seminars are planned, such as the expert representing TSF member PwC at the seminar on "Combating Corruption in SMEs: Avoiding Latent Risk" reporting on restructuring measures at Siemens.

2.3 NAVOS II – Dialogue on Reforms

Provisions were made for the continuation of the project providing for a scientifically based political dialogue on the reform of the old-age provision system, initiated in 2003 and completed as Phase I in 2005.

In the year under review, the publication "Nachhaltige Altersvorsorge Schweiz NAVOS – Der Umbau" (by Ernst A. Brugger and René L. Frey; targeted for the political and scientific sectors as well as the general public) appeared in response to brisk demand in a second unrevised edition from the NZZ Verlag.

The second NAVOS phase, planned for 2007 with the goal of in-depth pursuit and expansion of reform options pinpointed by the studies, was postponed to 2008 taking into account prevailing market conditions. Within the parameters of several dialogue events in various Swiss cities, concrete reform measures for sustainable safeguarding and development of the Swiss old-age provisions will be discussed with representatives of the major market actors and significant target groups.

2.4 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 organisation 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 award were officially 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 Zurich and BHP – developed a framework programme for the award ceremony in close cooperation with Alcan Inc. Thus the idea originated for a conference on the topic of sustainable urban development shaped by heightened location competition in the context of continuing globalisation. Under the motto, “Competitive Locations – Liveable Cities”, the nominated and selected award recipients of the Alcan Prize exchanged ideas with city representatives from Barcelona, Oslo and Riga as well as with local Zurich businesses, business promoters and high-level representatives of the city administration. TSF member PwC was also represented by a speaker at the event.

TSF participated in this project in the form of a partnership at the conference.

2.5 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 2007, three lectures in the module “Dialogues with Leaders” were conducted:

- Peter Maurer, Ambassador, Permanent Representative of Switzerland to the United Nations, New York on the topic: “The UN under New Leadership: Impulses for Global Sustainability and Human Security?”

- Dr. Volker Hauff, Chairman, Council for Sustainable Development, Berlin
on the topic:
“Interim Assessment of Sustainability: What are the Topics for the Future? From the Club of Rome to the Brundtland Commission and on to the Present Day”
- Albert M. Baehny, CEO, Geberit AG
on the topic:
“Sustainable Value Added Thanks to Innovative Resource Management Technologies”

The key speakers were again challenged by a panel of experts on their respective topics. The CCRS Pavilion has proved to be an attractive and authentic environment for the subsequent small-group discussions. The reactions were overall extremely positive, and some of the events were covered in the media. With an average of 80 participants, the expectations for attendance were narrowly met, and promotion of the event will be optimised in 2008.

This successful event series will be continued in 2008. The following speakers and topics have been suggested thus far:

- Herbert Bolliger, General Manager, Migros Genossenschaftsbund (“Sustainable Consumption”)
- Thierry Dombrevail, COO Europe, Toyota (“Sustainable Mobility”)
- Peter Voser, CFO, Shell (“Sustainable Energy”)

2.6 CCRS Center for Corporate Responsibility and Sustainability

In 2007, 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 planning and realisation of SDLP events. Regular meetings between the executive leadership of CCRS and TSF ensure that contents and functions are coordinated and complementary.

2.7 Swiss Sustainability Network

The coordination body comprised of CCRS, ETHsustainability, Novatlantis and TSF convened regularly over the past year at the CEO level. In addition to the exchange of reports regarding current activities, the coordination of joint "Sustainability Dialogue with Leaders and Pioneers" as well as the Sustainability Toolbox was scheduled.

▪ Sustainability Toolbox

The goal of this project supported by CCRS, ETHsustainability and RSF is to improve communication in the field of sustainability and to provide a uniform presentation with the use of a "toolbox". Availability of the instrument is anticipated in the second half of 2008. The test version is accessible at <http://toolbox.swisstainability.com/>. The Toolbox contains, among other elements, comprehensible "translations" of sustainability for all target groups. The topic areas with sophisticated content and visual presentations include: "Good Technology", "Intelligent Lifestyle", "Helpful Regulations" und "Innovative Money". For each topic there are so-called "lighthouse" projects, images, graphics, enterprise and personal portraits.

2.8 World Microfinance Forum Geneva (WMFG)

The WMFG was established in 2007 as an association based in Geneva. The Sustainability Forum Zürich is one of its founding members. The WMFG aims at promoting a dialogue including professional financial market actors, private investors in microfinance and microfinance institutions. This Platform's goal is to provide a driving impulse for microfinance as a strategy to enhance access of the poor to financial services (loans, forms of savings, insurance, enterprise financing, etc) as well as to advance their integration under the claim of "promoting inclusive financial markets".

The first phase of the international dialogue will focus on the following activities:

- A biennial symposium in Switzerland
- A biennial regional symposium in a major emerging market environment (e.g. China, Central Asia, Eastern Europe, the Middle East).

In the year under review, aside from the establishment of the association in Geneva in April, the main concentration was on the development of fundamental documents and the identification of focus topics. In addition to other activities, a two-day workshop was conducted with the Programme Committee in Geneva. Members of the Programme Committee include Edoardo Bazoberry, Prodem; Bernd Balkenhol, ILO; Melchior de Muralt, de Pury Pictet Turretini & Co; Jean-Philippe de Schrevel, Blue Orchard; Urs Egger, Swisscontact; Grzegorz Galusek, Microfinance Center; Frank Grozel, UNCTAD; Kathryn Imboden, Aga Khan Foundation; Dana de Kanter, former Director SEEP; Sandra Mai Hamilton, Blue Orchard; Mirjam Schöning, WEF / Schwab Foundation; Damian van Stauffenberg, MicroRate; Roshaneh Zafar, Kash Foundation.

With the perspective of a connection between commercial financial service providers and the microfinance sector, the following topics resulted from this workshop:

- Facts and trends in dynamic market development
- Microfinance as new “asset class” for mainstream investors
- Innovation in products, services, organisations, networks and regulations.

In 2007, the WMFG was able to obtain the support of the Swiss Agency for Development and Cooperation as well as Swisscontact as members. Furthermore, a cooperation agreement was signed with the association “Swiss Microfinance Platform”.

2.9 International Sustainability Innovation Council of Switzerland (ISIS)

This Council represents an initiative of the Swiss Federal Institute of Technology (ETH) and The Sustainability Forum Zürich (TSF). Internationally renowned experts and pioneers dealing with issues of sustainability are members. The Council is currently comprised of 25 experts recognised worldwide representing science, politics, business and civil society. Prominent representatives are, for example, Achim Steiner (General Director, UNEP), Claude Martin (former Director WWF International) and Klaus Töpfer (predecessor of Achim Steiner at UNEP). 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 approaches and solutions for meeting these challenges at an early stage. Once annually the Council members convene for an intensive two-day meeting.

The second meeting took place on 26 and 27 September 2007 at the Swiss Re Centre for Global Dialogue in Rüslikon. On that occasion, ISIS played a part in various attractive initiatives. One of them deals with a critical analysis of energy subsidies (in cooperation with various institutes involved in the "Global Subsidies Initiative" of the ETH und the IISD). A second deals with a global view and assessment of potential for energy efficiency (in cooperation with exponents of the "2000-Watt Society" and Roland Stulz from Novatlantis). A third area is the ideational support of the projected Chinese Swiss Centre for Sustainable Construction (CSCSC) under the direction of Professor Keller.

3. Positioning

The redesign of the TSF website (www.sustainability-zurich.org) initiated at the end of 2007 will be equipped to do justice to new technical and contextual requirements.

4. Members and Sponsors

- The Board held four meetings. The General Meeting took place on 15 May 2007.
- GHP Arbitrium was welcomed to membership. Mr. Mischa Seeholzer and Mr. Christof Arnold actively represent GHP Arbitrium in the TSF Taskforce.
- Philips continued to support the Association's activities both financially and in terms of content.
- SoftwareOne, represented by Dr. Beat Curti, resigned from membership in the association.
- The members of the Taskforce met three times in 2007 in their function as Programme Committee for the Symposium 2007 and 2008.
- Prof. Dr. Ernst A. Brugger served as CEO and Dr. Thomas Streiff as COO. Kolja Jeuthe administered the Secretariat.

5. The Sustainability Forum Zürich in the Press

All articles listed below have been distributed to the members.

- Swiss Equity magazin 10/07: "8. Internationales Sustainability Leadership Symposium: Wirtschaft fürs gediegene Alter".
- NZZ of 29.09.07: "Die alternde Gesellschaft als Chance. Die Finanzindustrie unter dem Einfluss des demografischen Wandels"
- Forum Nachhaltig Wirtschaften, December 2007/ January 2008: "Nachhaltigkeitsherausforderung Demografischer Wandel" by Kolja Jeuthe and Thomas Streiff

Articles in connection with the UNGC Learning Platform for SMEs may be found in the corresponding chapter.

6. Finances²

Statement of Accounts / Balance Sheet

The income statement shows earnings of CHF 749,048.97 for the year 2007 (previous year 840,879.98) and expenses of CHF 748,491.50 (previous year 838,043.80), of which earmarked expenses totalled CHF 573,917.46 (previous year CHF 638,669.50). The annual profit amounts to CHF 557.47 (previous year CHF 2,836.18). This results in Association assets of CHF 29,020.35 (previous year CHF 28,462.88).

Revenue

Membership fees totalling CHF 576,900.00 (previous year CHF 580,000.00) contributed to the activities funding. Event and project-specific funding through sponsors and participation fees amounted to CHF 165,545.87 (previous year CHF 259,994.58)

Overall, income was reduced by CHF 91,831.01 compared to the previous year due chiefly to the interruption in public events associated with the NAVOS project, the cessation of the SME employment integration event series as well as the reduced income from the Symposium. In spite of the cessation or interruption of these projects, the Association was nevertheless able to close the year with a balanced budget.

In the year under review, the CCRS received CHF 100,000 from TSF.

Zurich, 13 May 2008

Peter Forstmoser
President

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² All members have received the balance sheet and income statement for the Association.

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