

# The Environmental Advisory Board

by Susan Stautberg and Yolanda Kakabadse

---

**Environmental concerns now hit major companies from every angle—regulatory, legal, public, investor and customer relations. Boards need to know what the issues are, and how they will affect strategy. Forming an Environmental Advisory Board can deliver this needed insight.**

---

An increasing number of multinational companies, including Coca-Cola, Dow, DuPont, Holcim, General Electric, Unilever and Weyerhaeuser have, or are creating, Environmental Advisory Boards (EABs). This is a response to increasing public, non-governmental organization, and government scrutiny and to gain valuable insights into the marketplace in a cost-effective way. An ethical stance can provide a bottom-line boost, especially with the rise of the green consumer.

Some companies have been working for several years already on the need to respond to the sustainable development (or sustainability) challenge—to consider social needs and environmental conditions in production. This implies a new vision and understanding of “development,” investment in technology, and dialogue with local communities and civil society groups.

There are several major reasons for the increased use of Environmental Advisory Boards

□ More corporate CEOs are convinced that the pace of transition to products and services defined as “sustainable” will quicken. This is due to the significant effect of market demand, societal expectations and product innovation.

□ Church groups, trade unions, consumers and non-governmental organizations are pressing for higher corporate responsibility standards. There is increasing environmental awareness among consumers and a global acceptance that “corporate responsibility” implies attention to social and environmental needs. Financial services institutions, energy and mining companies, and insurers face a bewildering

array of environmental, social and ethical challenges, related to funding huge infrastructure projects in the developing world.

□ Some businesses can be taken by surprise if they spend their time thinking about what they are most familiar with—their own business sector, current competitors, customers they know or their organization as it currently exists. Conversely, thinking from the outside-in begins with pondering external changes that might, over time, profoundly affect the business landscape. This includes seemingly irrelevant environmental issues.

□ The complexity of global issues requires more than the inspired vision of a single individual. Those who lead businesses need to learn and work together to find new solutions, new markets, and new ways of doing business. That is what environmental advisory boards can help accomplish by bringing together experts who have outside-in knowledge and who bring a range of experiences and insights not available internally.

**Innovative companies seek an “eco-advantage” by creating advisory boards with knowledge generators.**

Advisory boards provide guidance (not governance), increase brainpower and increase contacts. These councils save time and money. Outside experts can spot vulnerabilities that companies face and opportunities you can capitalize on.

Environmental advisory boards are formed with people who have experience in developed/develop-

---

*Susan Stautberg is president of PartnerCom management consultants, New York, which creates and manages advisory boards globally [www.partner-com.com]. Yolanda Kakabadse is adviser to Fundacion Futuro Latinoamericano-Ecuador. She is a board member of the Ford Foundation and the Biblioteca Alejandrina (Egypt), and sits on the Environmental Advisory Boards of The Coca-Cola Company and Holcim Foundation. {E-mail: yolandak@uio.satnet.net}*

ing countries and business who can bring real ideas of what has worked and what does not. This can include local ownership of initiatives, and reducing the potential for a backlash for projects that may seem to be “good” in principle.

Innovative companies seek an “eco-advantage” by creating advisory boards with knowledge generators. Academics, former government officials, and other environmental experts can provide valuable perspectives on current and emerging issues. Reaching out to people beyond an executive’s comfort zone can provide person-to-person alerts on complaints before protests or hostile campaigns are launched.

Many companies outsource the advisory board’s logistics in order to concentrate on what they do best. A facilitator should strategize with you to set target results, help select appropriate advisors, facilitate the meetings and coordinate communications. (The chair of an environmental advisory board is not necessarily a good facilitator.)

**Coca-Cola’s EAB was formed after a series of high-profile environmental problems. As guardian of one of the world’s most respected brands, environmental mistakes can be costly.**

As noted, a number of innovative corporations, such as Dow, Unilever and GE have created environmental advisory boards. These are composed of policy and opinion leaders who advise the company on strategic environmental issues worldwide.

□ *The Coca-Cola Company.* When Coca-Cola ran into a series of high-profile environmental problems over water use in India and refrigerants at the Olympic Games, then-CEO Doug Daft, created an environmental advisory board with experts from nearly every continent.

Dan Esty, a former top official with the U.S. Environmental Protection Agency, reports in the book *Green to Gold*, that when Daft invited him to join the council, Daft explained his vision in simple terms.

“With a market capitalization of \$115 billion, Coca-Cola’s book value amounted to only about \$15

billion, leaving a whopping \$100 billion in intangible value.” Daft understood, as does his successor, Neville Isdell, that when you are the guardian of one of the world’s most respected brands, environmental mistakes can be costly.

Coke’s environmental advisory board meets twice a year. It focuses on the drink’s main ingredient—water. With a committed CEO, the EAB has examined and provided guidance on present and potential challenges.

The EAB meets once a year at Coke’s headquarters in Atlanta, with the other meeting held in a strategic country. This is a wonderful opportunity for the group to understand concrete problems and opportunities the company needs to face. The counselors scan the horizon for emerging social and environmental issues and concerns.

□ *Holcim Foundation.* Building bridges with the environment and with the concept of sustainable development can be achieved by different means. Holcim, a cement company with operations worldwide, does so via the Holcim Foundation. A small, diverse and multicultural EAB meets once a year to provide guidance to the foundation on sustainable construction.

It is the mission of the Holcim Foundation to select and support initiatives that combine sustainable construction solutions with architectural quality and enhanced quality of life. The foundation encourages sustainable responses to the technological, environmental, socio-economic and cultural issues affecting building and construction.

The main activity of the Holcim Foundation is to promote international competitions based on the concept of sustainable construction. These ideas respond to social and environmental needs, as well as to the purpose of the building itself. These high-profile events also influence builders to shift from traditional patterns into new concepts and approaches. The activity generates debate, creativity and innovation within an important group of professionals around the world.

□ *DuPont*, an ingredient supplier to many industries with significant environmental and safety challenges, has an environmental policy committee

## An EAB Charter Greening Your Corporation

- Scan the environment to identify and anticipate global and national issues which will arise in the coming decade (energy, availability of resources, changes in technology, etc.).
- Assist the corporation in planning, organizing, and evaluating local environmental principles, and strategies.
- Help the company coordinate its environmental programs with those from different companies or organizations.
- Connect with selected citizens affected by lack of environmental regulations who might want to have a role in the formation of environmental policies or programs. Help foster a constructive relationship between citizens, the corporation, and those responsible for law enforcement and environmental regulations.
- Help develop an excellent public relations program with private environmental organizations, as well as special or ongoing efforts.
- Act as a sounding board to discuss environmental policy under review or consideration by elected officials internationally, nationally, and locally.
- Provide leadership for improving existing environmental programs to better serve the health interest of stakeholders and citizens.
- Offer advice on improving citizen knowledge of en-

vironmental issues so they can be better consumers and better focus their participation and comments when constructive assistance is required.

- Provide a forum for officials responsible for environmental programs to discuss their programs and goals.
- Discuss environmental issues and the lifestyle changes that may be necessary to ensure a safe and sustainable environment.
- Acquaint the corporation and its communities with the status and progress of past, current and ongoing environmental policies, programs and work. Develop an enlightened corporation with advanced environmental knowledge, leadership, and appreciation of the complexity of environmental operations within the community.
- Encourage thorough discussion and review, with guest speakers or specialists, and otherwise seek to inform staff members of ways to ensure environmental programs' success.
- Make more efficient use of environmental expertise and other resources if a review of options seems appropriate or is requested by elected officials. Assist the corporation in solving operational problems or reviewing new environmental impacts or activity, either in the existing work plan or as requested by elected officials or other authorities.
- Involve the corporation's decision makers in responses to far reaching environmental needs and concerns.

of its board of directors.

Linda J. Fisher, DuPont's chief sustainability officer says that, "Sustainability is increasingly becoming central to how we look at opportunities in the marketplace. Sustainable solutions largely will come from scientific innovation in the private sector, and DuPont is committed to seize this opportunity."

Fisher also notes that revenues from the company's current safety and environmental offerings are increasing at double the company's annual growth rate.

DuPont's environmental policy board committee is officially mandated to meet three times a year, but usually convenes four times. The members, Bill Reilly, Masahisa Naitoh, Sean O'Keefe, and Charles Vest, gather at 7am for two hours before the official board meetings at 9am.

The environmental committee discusses how DuPont is managing chemical, safety, climate, and other environmental issues. Fisher works on crafting the agenda with the committee chair Bill Reilly and DuPont board chair, Chad Holliday, Jr.

The directors have broadened the company's sustainability commitments beyond internal footprint reduction to include market-driven targets for revenue and research and development. They have created environmental goals for DuPont (which was one of the first companies to publicly establish environmental goals nearly twenty years ago) tied directly to business groups.

*Weyerhaeuser* is also bringing together experts who have outside sustainability knowledge, experience, and insight that is not available internally.

The international forest products company has

created local advisory boards and held town meetings. The councils are formed at its larger mill sites, where members of the community can discuss the environment, job safety, and other concerns. The CEO or other top-level executives meet with various state and local leaders to determine what the key issues are and to identify future trends at the meetings, which are held throughout the Northwest.

Now Weyerhaeuser is planning a “sustainability listening session” which may evolve into a global advisory board. According to Sara Kendall, vice president of environmental health and security, the first steps have been conversations with leaders about logistics, seeking potential advisors, and asking for input on the draft agenda.

The potential counselor’s feedback was that they wanted to hear about company policies and have specific issues to discuss, such as the environment, sustainability and natural resources. Therefore, Kendall and her team are re-shaping the draft agenda and information to be shared, so that by the time the advisors and the Weyerhaeuser executives meet face-to-face, they can put the issues more distinctly into focus.

### **Forward-looking companies, with help from an EAB, are investing in the future.**

Corporate responsibility programs can be created in order to increase the public goodwill for a company. However, smart and *forward-looking companies*, with the help of an advisory board or an environmental committee of the board of directors, can understand the bottom line value of investing in the future.

Understanding sustainability should permeate the whole board. It should not be an issue for a specialized committee only. Members of your EAB should be diverse in vision/experience and be able to interact with the main board. The former can only recommend, while the latter has the capacity to generate change.

Multinational companies and national ones with a global impact need to bring into their analysis data,

## **EAB Experiences**

### **Some Lessons Learned**

*DuPont, Coca-Cola, Holcim, Weyerhaeuser and other companies have learned valuable lessons in forming EABs or committees of the board.*

□ Feelings are facts to communities, non-governmental organizations and other stakeholders. Establish a dialogue with friends and foes.

□ Selection of members for an advisory board could just be used by a company to “green wash” its image. Well-known people may be picked only to suggest that environmental concerns of the company are taken care of. This risks a group that talks to itself (preaching to the converted).

□ It is important for the company to listen to and learn from the members.

□ Think in the long term, and beyond the company’s own operations. View the environment as an investment in new sources of business, not as a passing fad. Value is also placed on “intangibles” such as lower risk, higher employee retention, stronger customer loyalty and brand recognition.

□ The executive team needs to make a commitment and “walk-the-talk” so that middle management buys into the importance of sustainability.

□ It is important to discuss not only the vision, but the strategy and tactics as well.

□ The company needs to do its homework on possible products and services, environmental attributes, impacts and benefits of sustainability.

□ Communicate to the outside world. Consumers choose according to the information they receive, but they will also research and check. Any inconsistency will result in loss of credibility

□ Information systems are globalized—what happens in one continent will be an issue worldwide. Therefore, standards and procedures need to be the same in every location where a company has operations.

realities and perspectives from different continents and cultures. These constitute the base to shape environmental policies. The “public” for consumer products and services is now beyond national boundaries. Positive and negative reactions to the consistency between the “talk” and the “walk” may come from countries and places far removed from the production site itself. ■