



Annual Report 2007

“The essence of **sustainability** is preserving for future generations as many options and choices as we benefit from today.”

Jeroen van der Veer
Chief Executive, Royal Dutch Shell

About the Cover

The theme of this year's Annual Report is sustainability, and the quote on the cover is taken from one of three essays on the subject in this year's publication. While each of the essays approaches the topic from a different standpoint, they all stress how the path to true sustainability requires an understanding of the stakes involved and the collaboration of businesses, governments, and stakeholders.

Knowledge and insight you can trust

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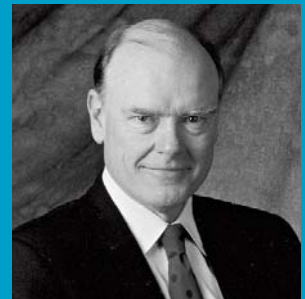
At a time when leaders need feedback, when companies need strategic guidance, when business needs help in connecting with society, we bring together a global community of executives to generate ideas and address critical issues.

With the credibility born of our long history, trustworthy research, and staunchly nonpartisan orientation, we deliver what business needs today: useful insights grounded in real-world experience. In our peer-to-peer meetings and forums, top executives forge relationships and acquire the tools to achieve innovation and growth. Our research and data—authoritative and unbiased—is aimed directly at helping companies succeed.

And with nearly 2,000 companies representing more than 50 countries, our membership—augmented by an extended network of experts and specialists whose combined knowledge covers a broad spectrum of business and social issues—is both wide and deep. The Conference Board offers a balanced, broad perspective—and knowledge the world’s leaders can depend on.

Building Trust

“The Conference Board has been a leader in corporate governance reform. It deserves the appreciation of shareholders, directors, managers, and the public at large.”



John Snow
Former U.S. Treasury Secretary

Chairman's Letter

This has been an exciting year for The Conference Board. In addition to continuing to provide the innovative research and interactive programs we are known for, we also initiated a number of important new ventures that will broaden our scope as an institution and assist us in meeting our twin obligations of helping businesses strengthen their performance and better serve society.

I want to thank Dick Cavanagh for his outstanding contributions during more than a decade of leadership at the helm of The Conference Board. Dick created a strong platform from which the organization continues to benefit. I also extend an enthusiastic welcome to Dick's successor, Jon Spector, who joined us as Chief Executive Officer in April. We are confident Jon and his colleagues will continue to move The Conference Board forward on many dimensions.

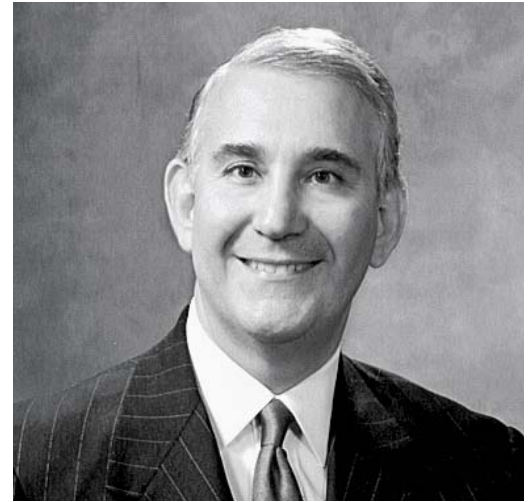
As outgoing chairman, I would like to take this opportunity to recognize departing Trustees Stephanie A. Burns, Paul W. Chellgren, and Linda Bardo Nicholls for their service and the contributions they have made to the organization during their tenure. I would also like to welcome Douglas R. Conant, the Chief Executive Officer of Campbell Soup Company, who has been elected to succeed me.

It has been an honor and a privilege to serve as chairman during the past two years. While last year's Annual Report looked back at our first 90 years, this year's report offers an overview of how The Conference Board continues to expand its reach and extend its impact. I look forward to remaining involved with The Conference Board as it adds new chapters to its history.

Respectfully submitted,

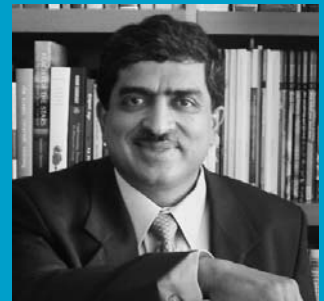


Samuel A. DiPiazza, Jr.
Chairman, The Conference Board, Inc.
Chief Executive Officer, PricewaterhouseCoopers LLP



Creating Knowledge

“The Conference Board provides a world-class forum for business leaders to discuss new trends and burning issues. Further, it helps evolve practices and standards that enable the smooth functioning of markets. The Conference Board’s research, forecasts, and surveys help us negotiate these adverse times.”



Nandan M. Nilekani
Co-Chairman, Infosys

CEO's Letter

I am pleased to be writing to you in my first few months as Chief Executive Officer. My predecessor, Dick Cavanagh, retired this year after more than a decade of leadership of The Conference Board, and our accomplishments in 2007 are due to his efforts and those of our colleagues.

Our mission at The Conference Board is simple: **to help companies improve their performance and better serve society.** But the pursuit of our mission is more complex. Each year, we touch more than 10,000 senior executives through our active programs of research, conferences, and council meetings. These executives, and the companies they represent, have a very broad range of challenges, opportunities, and issues that keep them awake at night. Our task is to help them address these issues by providing independent insights and knowledge based on research and the collective experiences of our global membership.

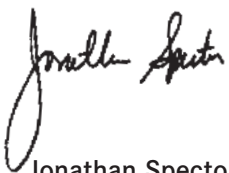
In 2007, The Conference Board initiated a number of noteworthy programs. Our new **Center for Corporate Citizenship and Sustainability** will provide guidance for our research programs and other activities. Sustainable development—"preserving for future generations as many options and choices as we benefit from today," in the words of Jeroen van der Veer, chief executive of Royal Dutch Shell—is a multi-faceted challenge, with significant societal and business implications.

Our groundbreaking report *Are They Really Ready to Work?* shed a spotlight on the subtle—but devastating—deficiencies in the current global workforce. More broadly, growing and managing talent is the most enduring challenge businesses face. Our work in this area covers many dimensions, from the technical (measuring the return from educational initiatives) to the ethical (how to ensure a diverse and inclusive workplace) to the inspirational (how to manage the issue of religion in the workplace). Less visible is the work we undertake jointly with our councils. For example, our diversity councils are defining a competency model for chief diversity officers, which we hope will eventually translate into an educational program to prepare future leaders in this important field. Other councils have taken on similarly challenging issues.

Our **China Center for Economics and Business** opened in 2007 and is conducting important research on productivity and economic trends in China while working with leading Chinese economists to develop the sophisticated metrics and indices China needs to support its rapid growth (we have similar initiatives under way in Europe and the Middle East).

In 1916, the leading industrialists who drove the formation of The National Industrial Conference Board were acting in response to the labor crises of the early 20th century. The issues have changed, but our role has remained the same. It is truly a privilege to begin my service to The Conference Board, and I look forward to working with my colleagues and our members to tackle the toughest issues at the intersection of business and society.

Respectfully submitted,



Jonathan Spector
Chief Executive Officer
The Conference Board, Inc.



Developing Leaders

“The Conference Board has been an important institution in my life. It was here I started as an economist. It was here I came into contact with a business world I had never known before.... What I learned during my five years at The Conference Board proved invaluable in my later life.”



Alan Greenspan
Former Chairman
Federal Reserve System

Finding Solutions Together

The Conference Board brings together leaders of the world's top companies, drawing out their hard-won lessons and insights gained from grappling with real-world challenges. And we offer authoritative economic data and research-based wisdom. In other words: your experience and our expertise.

In 2007, we led a series of important initiatives and sponsored major events in:

- Leadership and strategy
- Governance and ethics
- Citizenship and sustainability
- Economics and finance
- Human resources, talent management, and diversity
- Operations and business processes
- Marketing and communications

Lessons from Today and Yesterday

It's a volatile time for corporate leaders, who operate in a disruptive global environment in which the playing field constantly shifts, in which boards are less and less reticent to change the occupant of the corner office, in which different constituencies—from institutional investors to the business press—make strong and often contradictory demands. The looming shortage of young corporate stars will only widen the existing leadership gap. The leaders of both today and tomorrow need guidance, and over the past year, leadership events and programs hosted by The Conference Board have spanned the globe to offer counsel.

At the Paris meeting of our trustees, former French Président Valéry Giscard d'Estaing spoke with top executives about the European Union's successes—from the euro to its representative parliament—and its persistent challenges, including lingering national sentiment and a voting system that gives smaller countries disproportionate weight. He also explored proposed changes to the EU's political and economic structure. As part of the same meeting, CEOs and senior members of The Conference Board Global Advisory Council convened at Vivendi headquarters to discuss the world economic outlook, ranging from the effects of excessive liquidity to the relevance of public markets.

In Mumbai, at our Leadership Conference, 12 of India's most influential CEOs discussed the aspirations of emerging global Indian companies and participated in a panel on "Growing Globally in an Age of Disruptions." And at our 90th anniversary gala in New York, a CEO panel discussion led by Jeffrey Garten, Juan Trippe Professor of International Trade, Finance, and Business at the Yale School of Management, convened trustees of The Conference Board to explore human resources and talent development issues, focusing on the challenges of populating and sustaining a multinational workforce.

Lessons in leadership can also be found outside of conference rooms, and our experiential leadership events take executives to some of the world's most historic battlefields to examine difficult decisions made under the toughest circumstances. Participants learn real-world techniques and strategies that ultimately benefit their customers, their teams, and their organizations.

The Conference Board Leadership Experience at Normandy, France, has proven to be a powerful and effective exercise for executives looking to align a global team, examine strategy from a fresh viewpoint, or focus on organizational effectiveness in a unique and stimulating setting. Last year, we expanded the popular Normandy series and launched the Waterloo Leadership Experience in Belgium. This companion program, which features military historians and corporate executives, offers critical lessons about the importance of strategy, empowerment, and trust, as well as the role of information and decision-making styles.

In the United States, our Leadership Experience at Gettysburg, now in its sixth year, continues to help executives fine-tune their management skills. Whether struggling with a merger, succession planning, team building, or employee engagement, senior executives found the on-the-ground leadership experiences offered in 2007 to be an effective way to formulate action plans. As a result of their participation, our surveys show, many executives re-examined their approach to leadership. ■

From left to right:

Mel Karmazin CEO, SIRIUS Satellite Radio, at the Digital Media Revolution meeting in New York.

Pierre Simon Chairman of the Paris Chamber of Commerce and Industry, at the annual business briefing by The Conference Board in Paris.

Jean-Pascal Tricoire Chairman of the Management Board and CEO, Schneider Electric, at the Paris briefing.

At the Leadership Conference in Mumbai (from left to right): **Sanjay Nayar** CEO, Citigroup India; **Sumant Sinha** CEO-Designate, Aditya Birla Retail; and **Rajnikant Patel** Managing Director of the Bombay Stock Exchange.



Research and Programs

Research

Executive Action series
Becoming Skilled at Painting with Two Brushes

Brotherly Alliances, Engines of Growth

Growing a Business Niche by Niche

Growing the New Business Leader

Leadership Challenges for Indian Companies

Risk and Opportunity in the Gathering Climate Change Storm

The Secrets of Midsize Success: An Interview with Richard E. Cavanagh

A View from the Top: The Challenge of Building a Global Workforce

Special report
CEO Challenge 2007
 (Polish Language)

Programs

Conferences
Global Leadership Conference: Eye of the Storm: Growing Globally in an Age of Disruptions
Mumbai

Leadership Development Conference
New York; Coronado, CA

Leadership Excellence Pre-Conference
Annapolis, MD

Succession Management
Chicago

Councils
Council of Strategic Planning Executives
 Mark T. Rogers SunTrust Banks, Inc.*

European Council on Corporate Strategy
 Hein Schreuder DSM N.V.*
 Joachim Heins-Bunde SGL CARBON AG*

European Council on Strategic Risk Management
 Dominik Geller F. Hoffmann-La Roche AG**
 Karl K. Guha ABN AMRO Bank N.V.**
 Ronan Murphy Bank of Ireland**
 Marc Schaedeli Nestlé**
 Geoff Taylor Nike EMEA Region**

Executive Council
 Carl N. Guerreri Electronic Warfare Associates, Inc.*

Leadership Development Council

Middle East Business Leaders Council

Polish Council of Chief Executive Officers

Strategic Risk Management Council
 Tara Heusé Skinner The South Financial Group, Inc.*

Other face-to-face forums
CEO Challenge Briefing with Ernst & Young
Shanghai

Gettysburg Leadership Experience
Gettysburg, PA (10)

Leadership Excellence Summit
Annapolis, MD

Normandy Leadership Experience
Normandy, France (3)

Succession Management Seminar
New York; Coronado, CA

Webcasts
Addressing the Challenges for Global Leadership across Cultures

Leading Corporate Change: A European Perspective

Processes for High-Potentials: Planning for Your Future Leaders Now

Top 10 Challenges of CEOs Worldwide

* Council chair
 ** Advisory board member

Top right: The Conference Board Leadership Experience at Waterloo.

Bottom left: At a meeting of The Conference Board Board of Trustees (from left to right): **Douglas R. Conant** President and CEO, Campbell Soup Company; **Richard E. Cavanagh** former President and CEO, The Conference Board; **Samuel A. DiPiazza** CEO, PricewaterhouseCoopers; **Jonathan Spector** CEO, The Conference Board; **Harry M. Jansen Kraemer** Executive Partner, Madison Dearborn; and **Anne M. Tatlock** Director and former Chairman and CEO, Fiduciary Trust Company International.

Bottom right: Participants at a panel discussion during The Conference Board 90th Anniversary Dinner included (from left to right): **Jeffrey Garten** Juan Trippe Professor of International Trade, Finance, and Business, Yale School of Management; **Anne Tatlock** Director and former Chairman and CEO, Fiduciary Trust Company International; **Ronald A. Williams** Chairman of the Board and CEO, Aetna Inc.; and **Nandan M. Nilekani** Co-Chairman, Infosys Technologies Ltd.





Leading the Way

In the wake of Enron and Sarbanes-Oxley, corporate governance has emerged as a major global issue—and not only for boards that have suffered the unwelcome attention of plaintiffs and prosecutors. In responding to new rules and regulations, boards, management, and institutional investors are trying to keep pace with a rapidly evolving capital market that features a growing hedge-fund and private-equity presence and traders that operate 24/7 in off-exchange platforms. And boards face pressures from both new shareholder activists intent on realizing short-term gains and large institutional investors with a more traditional shareholder-value focus; companies are being forced into short-term stock buybacks and other “quick return” actions that may well run counter to the creation of long-term value.

Communication between companies and investors has become critical, and aiding this communication is at the heart of The Conference Board Governance Center’s mission. The Governance Center and the Directors’ Institute, both of which are led by Dr. Carolyn Kay Brancato, bring together companies and investors to discuss issues of mutual long-term benefit. In the past year, for example, the Governance Center augmented its ongoing series of corporate/investor summits on stock market short-termism.

The Governance Center also conducted research on how enterprise risk management (ERM) can improve long-term shareholder value, including *Emerging Governance Practices in Enterprise Risk Management*. This report examined how leading public companies are taking a more top-down, strategic, and holistic approach to ERM.

On the investor side, we convened the Research Working Group on Hedge Funds this year to explore the various types of hedge funds, their typical demands, how companies can communicate with them, and how institutional investors can monitor their hedge-fund investments to be consistent with their own goals of long-term value creation and beneficiary payout. Research working group and corporate/investor summit activity also highlighted critical and evolving proxy-voting issues, including stock-lending practices, majority election of directors, and access to the proxy. These key governance issues are all reflected in the curriculum for the Directors’ Institute, whose faculty members are experienced corporate directors and subject experts equipped to discuss how these trends affect directors’ fiduciary duties. Since the Institute’s founding, we have trained more than 500 directors from 282 different companies—198 directors in the last fiscal year alone. ■

Research and Programs

Research

Executive Action series

The Convergence of Principle- and Rule-Based Ethics Programs: An Emerging Trend?

Ethics Programs and Practices: A 20-Year Retrospective

Soft Law and Ethics Programs: The Expanding Role for Company Attorneys

PowerPresentations

The Conference Board and ECOA Global Anti-Corruption Benchmarking Survey: Results and Discussion

Ethics and Compliance Programs: A Benchmarking Survey

Ethics Programs: The Role of the Board

Research Reports

Directors' Compensation and Board Practices in 2006

Emerging Governance Practices in Enterprise Risk Management

Resisting Corruption: How Company Programs Are Changing

The 2007 Institutional Investment Report

Universal Conduct: An Ethics and Compliance Benchmarking Survey

Programs

Conferences

Antitrust Conference *New York*

Business Ethics and Compliance Conference *New York; Coronado, CA*

Enterprise Risk Management Conference *New York; Coronado, CA*

Insurance Industry Enterprise Risk Management *New York*

Councils

Corporate Governance and Risk Management Council-India

Council of Chief Audit Executives Martha C. Shepard The Principal Financial Group*

Council of Chief Legal Officers Howard Malovany Wm. Wrigley Jr. Company*

Council of Chief Privacy Officers

Council on Corporate Compliance Therese M. Obringer Lincoln Financial Group* Carol Baldwin Moody Nationwide Insurance*

Council of Senior International Attorneys

European Council of Chief Audit Executives Alain Byl Umicore William Holman SUEZ****

European Council on Corporate Governance

European Council on Legal Affairs

Erik Lagendijk AEGON N.V.* Alfred Gerber Sulzer Ltd.*

European Council on Mergers and Acquisitions Luc Gellens Umicore**

Global Council on Business Conduct

Olivier Loubière Areva S.A.* David Reid Texas Instruments Inc.*

Other face-to-face forums

Business Ethics Seminar *New York*

Corporate Governance Briefing for Albanian Delegation *New York*

Corporate Governance and Compliance Crash Course *New York (2)*

Corporate Investor Summit on Reputational Risk *Washington, D.C.*

Directors' Institute Roundtable Program *Washington, D.C.*

Directors' Roundtable Forum *New York, Chicago*

Ethics Management Seminar *New York; Coronado, CA*

Governance Center Annual Meeting *New York*

Governance Center Fall Symposium *New York*

SASAC Conference *New York*

Research Working Groups

Ethics and Compliance Criteria in Government Enforcement Decision

Hedge Funds: Confronting the Newest Force in Corporate Governance

Sarbanes-Oxley Section 404: Best Practices in Implementation

Webcasts

Company Ethics Codes: Getting the Most Out of Your Values and Business Conduct Rules

Company Programs for Resisting Corrupt Practices

Creating an Open and Non-Retaliatory Workplace

Ethics and Compliance Programs: Pre-Release Analysis and Discussion of a Benchmarking Report by The Conference Board

Legal Corporate Investigations for the Non-Security Professional

Minimizing Legal and Reputational Liability from Third Parties, Including Investigators

The New E-Discovery Rules: Burden or Benefit?

Whistle-blowing Systems in Europe: Integrated Governance, Compliance, and Risk Management Provide Extra Benefit

* Council chair

** Advisory board member

Opposite left: Sandra Day O'Connor former Associate Justice, U.S. Supreme Court, met with The Conference Board Council of Chief Legal Officers.

Right: The Conference Board Corporate/Investor Summit featured presentations on risk oversight and enterprise risk management, the role of financial analysts, and the fiduciary role of asset managers in the short-termism debate.





Bringing Companies and Stakeholders Together

In today's global marketplace, companies planning to improve their long-term competitiveness, profitability, and market valuation must integrate citizenship and sustainability into their core business strategy. At the same time, increased demand for sustainable products and services has created new business opportunities. The question executives are now grappling with is how to convert citizenship and sustainability into a source of real business value.

The tough part comes in developing the business models and practical frameworks for evaluating, justifying, and initiating sustainability-related investments. In 2007, The Conference Board launched the Center for Corporate Citizenship & Sustainability to help member companies transform their sustainability thinking and activities. Founding members include some of the world's most respected companies: American Airlines, Bayer Corporation, BBVA, The Boeing Company, Campbell Soup Company, Cox Enterprises, Dole Food Company, Dow Corning, Merck & Co. Inc., Philip Morris USA, PricewaterhouseCoopers, State Street Corporation, Time Warner, United States Postal Service, VHA, and The Walt Disney Company.

The Center takes an opportunity-focused approach to sustainability issues, framing them strategically. In its first year, it highlighted best practices and thought leadership through an integrated, interdisciplinary method that works to merge the ongoing citizenship and sustainability dialogue into the mainstream of business agendas worldwide.

Our councils and working groups also offered opportunities for in-depth exploration of stakeholder issues. Members of the Corporate Responses to Humanitarian Disasters Research Working

Group shared best practices with other multinational companies and learned about disaster response partnerships; participants in the Research Working Group on Stakeholder Engagement on the Global Stage met with international nongovernmental organizations and stakeholder leaders. Executives participating in these research working groups gained the tools, skills, contacts, and information needed to protect their companies' brands and develop strategies to build and maintain trust and mutual support between their companies and a wide variety of stakeholders.

With member companies looking for a way to guide and focus efforts to help New Orleans recover from Hurricane Katrina, the Contributions Council and the Contributions Council II held a joint meeting in the city in February 2007, highlighted by an unanticipated visit from Louisiana Governor Kathleen Blanco. A wide range of officials and experts, including Don Powell of the U.S. Department of Homeland Security, offered insights into ongoing challenges and plans, while a guided bus tour and neighborhood visits brought home both the city's progress and the devastation that remains.

Our researchers addressed many other critical issues, including climate change and its consequences for long-term competitiveness, a decision-making framework for achieving better carbon management, business-education partnerships to improve workforce readiness, and corporate philanthropy to match a globalizing business agenda. Whatever the venue—conference, council, research working group, or webcast—our researchers and executives from member companies worked together to develop a broader, strategic, opportunity-focused approach to these and other issues, addressing new business realities and their impacts on business value. ■



Opposite left: U.S. Secretary of Commerce **Carlos M. Gutierrez** (center) presents the Ron Brown Award for Corporate Leadership to **Steven Rogel** Chairman, President, and CEO of Weyerhaeuser Company (left); and **Thomas J. Fitzpatrick** CEO of Sallie Mae.

Opposite right: A session during the Business and Education Conference in Washington, D.C.

Top: **Craig Barrett** Chairman, Intel Corporation, addresses the Business and Education Conference.

Bottom left: Members of the Conference Board Contributions Council and Contributions Council II visited a New Orleans neighborhood as part of their joint meeting.

Bottom right: Speakers at The Conference Board Business and Education Conference included (clockwise from top left): **David S. Chernow** President and CEO, JA Worldwide; **K.Y. Amoako** former Under-Secretary-General, The United Nations; **Stephen Moseley** President and CEO, Academy for Educational Development; and **Robin Willner** Vice President, Global Community Initiatives, IBM Corporation.

Research and Programs

Research

Conference summaries

Citizenship as a Growth Driver for the 21st Century

Sustainability in the Global Marketplace—Business Has a Crucial Stake

Executive Action series

Citizenship and Sustainability: Doing Good Can Be Good for Business

Corporate Giving Priorities and Challenges in 2007

How Public-Private Partnerships in Education Can Enhance International Business Competitiveness

Philanthropy at Mid-Market Firms: It Pays to be Creative

Reward Trumps Risk: How Business Perspectives on Corporate Citizenship and Sustainability Are Changing

Toward a Framework for Supply Chain Leadership

PowerPresentation

Planning for a Pandemic: Results of a Global Survey

Research Report

The 2006 Corporate Contributions Report

Special report

The Role of Business in Society: An Agenda for Action

Programs

Conferences

Business and Education Conference Washington, D.C.

Business and Sustainable Development Conference Washington, D.C.

Corporate Community Involvement Conference Washington, D.C.

Global Corporate Citizenship Conference New York

Councils

Business Education Council

Community and Public Issues Council

Laura B. Tew Arch Chemicals, Inc.*

Contributions Council

Patricia D. Wright BP America Inc.*

Contributions Council II

Donna M. Funk HSBC-North America*

European Council on Corporate Responsibility and Sustainability

Lothar Meinzer BASF AG*

European Council on Environment and Product Stewardship

Hartmut Müller Bombardier Transportation**

Eric van Wely Du Pont de Nemours International S.A.**

Other face-to-face forums

Annual Dinner—90th Anniversary Gala New York

Disaster Relief:

Community Redevelopment and Empowerment (Held in conjunction with the Clinton Global Initiative) New Orleans

Social Responsibility:

Whose Business Is It? (Part of the Reuters Newsmakers Series) New York

Research Working Group

Stakeholder Engagement on the Global Stage

Webcasts

How to Enhance the Corporate Giving Process Using Online Applications

Riding the Tidal Wave of Climate Change

Role of the Private Sector in Humanitarian Operations

* Council chair

** Advisory board member





Expanding Our Reach

In our increasingly global economy, volatile financial markets, faulty quality controls, and real estate and mortgage market issues in various continents have kept even seasoned professionals off-balance. And attention, apprehension, and interest continue to surround a number of economies—China in particular.

We continue to keep business, government, and media informed about changes and major developments in the world economy. Our economic indicators, analyses, and forecasts enable executives to accurately monitor and assess economic conditions that directly impact their markets and industries. We provide leading indexes for nine countries—Australia, France, Germany, Japan, Korea, Mexico, Spain, the United Kingdom, and the United States—representing about two-thirds of the world’s GDP. In 2007, we began developing business cycle indexes for China and the euro area, allowing us to better monitor cyclical dynamics across the global economy and helping establish a better picture of economic imbalances, risks, and sources of growth across different regions. As part of our ongoing research into worldwide productivity trends, we released “Is ICT’s Contribution to Productivity Growth Peaking?” an Executive Action report that addressed the contribution of information and communication technology to the recent productivity slowdown in the United States, the moderate pickup in Europe, and continued rapid growth in China.

The Beijing office of our China Center for Economics and Business became fully staffed and operational in 2007, and it hosted a series of events and served as the focal point for our China-related research programs. China Center activities were organized around working with China’s official statistical agencies to develop high-quality economic statistics and analysis in the region and conducting and disseminating research and analysis to our members on topics of strategic significance. As part of the first initiative, the

China Center organized a series of technical workshops for researchers in China, which were led by our senior advisors and visiting scholars. We also partnered with China’s National Bureau of Statistics on “The 2006 China Economic Growth Forum: Innovation and China’s Economic Growth,” and Bart van Ark, our executive director of international economic research, collaborated with professor Dale Jorgensen of Harvard and professor Ren Ruoen of Beihang University to produce *Measuring the Sources of Growth in China: Lessons from International Experience*.

In the United States, concerns about job growth fueled interest in our help-wanted print and online indexes. Journalists and labor-market analysts increasingly use our Help-Wanted OnLine Data Series™ to gauge labor demand in local markets throughout the United States. This series now includes monthly data for all 50 states and 52 of the largest metropolitan areas, as well as enhanced, detailed data on occupations, labor supply, and labor demand. The webcast “Analyzing the Short and Long-Term Outlook for the U.S. Labor Market” identified the industries most likely to suffer shortfalls, offered expectations for employment growth and labor costs for the next year, and detailed how the impending decline in the supply of workers will affect business.

Several economists from The Conference Board presented research on China’s economy, the Consumer Confidence Index, and the leading economic indicators to an international audience of the world’s most prominent economic researchers and forecasters at the International Symposium on Forecasting held by the International Institute of Forecasters. Dr. Victor Zarnowitz, senior fellow and economic counselor at The Conference Board and a world-renowned expert on business cycles, was one of the featured speakers at the meeting. ■

Research and Programs

Research

Conference summary

Innovation and China's Economic Future

Executive Action series

Competitive Advantage of "Low-Wage" Countries Often Exaggerated**Growth in the Middle East Depends on Productivity****Is ICT's Contribution to Productivity Growth Peaking?**

Periodicals

Business Cycle Indicators monthly**CEO Confidence Survey** quarterly**Consumer Confidence Survey** monthly**Consumer Internet Barometer** quarterly**Consumer Spending Trends** bimonthly**StraightTalk** 10 issues per year

Opposite top: At The Conference Board China Center Gala (from left to right): **Max Yang** President, Agilent China; **Douglass C. North** Nobel Prize co-recipient in economics, and **Washington SyCip**, Founder, The SGV Group; and **Gail Fosler** Executive Vice President and Chief Economist, The Conference Board, and **Lim Chee Onn** Executive Chairman, Keppel Corporation.

Opposite bottom: A session during the Paris Chamber of Commerce Briefing.

Programs

Councils

Asia-Pacific CFO Council**Amit Banati** Cadbury Schweppes Asia Pacific***Colin Sampson** SAP Asia Pte.***Council of CFOs****Frank R. Gatti** ETS***Council of Corporate Treasurers****Thomas C. Deas, Jr.** FMC Corporation***Thomas W. Grein** Eli Lilly and Company***Council for Division Leaders—Financial Executives****Council of Financial Executives****Geoffrey E. Merszei** The Dow Chemical Company***Council of Tax Executives****Matthew P. Sheers** NCR Corporation***S. Mark Seymour** Praxair, Inc.***European Council of Chief Financial Officers****Wolfgang Scheffler** Freudenberg & Co.***Sten Daugaard** SGL Carbon AG***European Council of Economists****Philippe Eulaerts** AB SKF****Paul J. Horne** Smith Barney/Citigroup (retired)****Helge Pedersen** Nordea Markets****James F. Smith** Kenan-Flagler Business School****Timo Tyrväinen**

Aktia Savings Bank plc**

European Council of Financial Executives and Controllers**Joerg P. Erdmann** Hapag-Lloyd AG****European Council on Investor Relations****Dries Ausems** DSM N.V.****European Tax Executives Council****Global Council of Investor Relations Executives****Robert F. Drennan, Jr.** Progress Energy, Inc.***Hungarian Council of Finance Executives****Polish Council of Finance Executives****Research Council on Global Investment****Paul Brett Hammond** TIAA-CREF*

Other face-to-face forums

Briefing with Bart van Ark: The Changing Competitive Landscape among Emerging Economies *Mumbai***Briefing for Former Commissioner Li Deshui and National Bureau of Statistics Staff on Current Research** *Beijing***Briefing with Richard Moore,** NYSE Board of Executives *Mumbai***Business Briefing** *Brussels (2), Düsseldorf, Amsterdam (2), Frankfurt, Zurich, Paris, London***China Center Founding Members Dinner:** Informal Exchange on Comparative Corporate Governance at the Board Level *Beijing***China Center Workshop—China's Economic Future and the Quality of Growth:** Measurement and Analysis of Productivity, Competitiveness, and Innovation *Beijing***China Economic Growth Forum 2006:** Innovation and China's Economic Growth *Suzhou, China***China and the Global Economy Briefing with Gail Fosler** *Beijing***China's M&A Policy:** Trends for Foreign Direct Investment: Briefing for China Center Founding Members *Beijing***Data Confidentiality and Data Applications Workshop with John Haltiwanger and Eric Bartelsman** *Beijing***Information Technology and World Growth Resurgence Briefing with Dale Jorgensen** *Beijing***Joint Meeting with the Developmental Research Center of the State Council on Leading Economic Indicators in China** (Keynote Speaker Victor Zarnowitz) *Beijing***Launch Meeting for "Productivity, Performance, and Progress in the Countries of the Gulf Corporation Council" Research Project with the Gulf Investment Corporation** *Kuwait***Paris Chamber of Commerce Briefing with Gail Fosler** *Paris***Retail Statistics: Methodology and Analysis Presentation to National Bureau of Statistics with Bart van Ark and Ian J. Stones** *Beijing***Statistical Issues in International Comparisons of Economic Performance with Bart van Ark** *Beijing***Sustainable Development and Green Growth Briefing for China Center Founding Members** *Beijing***2007 Economic Update with Gail Fosler** *Singapore***Using Micro Data to Support Macro Decision Making Presentation to People's Bank of China with John Haltiwanger and Eric Bartelsman** *Beijing*

Webcasts

Analyzing the Short and the Long-Term Outlook for the U.S. Labor Market**The U.S. Housing Market—Did We Hit Rock Bottom?**

* Council chair

** Advisory board member



The Right People at the Right Time

Participants in this year's edition of The Conference Board CEO Challenge Survey are more concerned about talent challenges—top management succession, finding qualified managerial talent and skilled workers—than were respondents to last year's survey. For companies to successfully contend with these issues and function smoothly, human resources executives need information on recruitment and retention, strategies to engage mature workers, reliable workforce forecasts, and practical models for action.

This year, The Conference Board confronted these issues on several fronts. Our Research Working Group on Engaging Your Global Workforce brought together human resources executives from multinational firms to examine cultural nuances and how they could inspire their employees to be intellectually and emotionally connected to their jobs, their colleagues, and their companies. A report in the Executive Action series entitled "Bridging China's Talent Gap" detailed the difficulties companies are experiencing in recruiting, developing, and retaining talented managers in China. Although it found that the number of young people earning university and graduate degrees in China is increasing rapidly—raising the human capital and the quality of China's labor force—the study also revealed that these newcomers often lack the practical experience and the creative and leadership skills that are critical for success in today's business world.

As baby boomers age, corporate America faces a wave of retirements and a shrinking supply of younger workers. In the comprehensive research report *Are They Really Ready to Work?* employers reported startlingly low levels of basic and applied skills among recent high school and college graduates. In an ominous sign for those lacking college degrees, the study, which was created in collaboration with Corporate Voices for Working Families, the Partnership for 21st Century Skills, and the Society for Human Resource Management, found that 28 percent of employers expect their companies will reduce hiring of applicants who have only a high school diploma over the next five years.

The Mature Workforce Initiative—a project funded by The Atlantic Philanthropies—continued to build a body of research to help companies adjust to the demographic transformation of the workplace. Members of our Mature Worker Engagement Research Working Group included companies that cumulatively employ more than 600,000 people globally. Whether they established age-related affinity groups or crafted a new engagement strategy or refocused their efforts to address multigenerational issues, virtually all of the research working group members reported taking constructive action as a result of their participation. In addition, our research report *Phased Retirement after the Pension Protection Act* explored how companies can retain valuable skills and knowledge while providing mature workers with an alternative to the "all-or-nothing" approach to retirement.



Left: Jonathan Spector CEO, The Conference Board; and **Ted Childs** President, Ted Childs LLC, and former Vice President, Global Workforce Diversity, IBM Corporation, at The Conference Board Work-Life Conference.

Center: Murray Martin President and CEO, Pitney Bowes Inc. at the Work-Life Conference.

Right: Douglas R. Conant President and CEO, Campbell Soup Company, at The Conference Board Diversity Conference.

Our research in strategic workforce planning, which draws on The Conference Board's expertise in talent management, demographics, and metrics, is striking a chord with executives struggling to align growth with an increasingly mobile and global labor market. This year, we published *Strategic Workforce Planning: Forecasting Human Capital Needs to Execute Business Strategy* and established the Implementing Strategic Workforce Planning Research Working Group. We also launched two research working groups on the emerging topic of evidence-based human resources, a new

approach to human capital analytics that seeks to empirically identify the causal relationships between a business's human-capital strategies and its overall operational and financial performance success measures. In the area of workforce diversity, our research team secured a grant from the Rockefeller Foundation to study pathways of opportunity open to immigrant-community workers in the United States and assess the prevalence and rationale for employer-provided programs to improve English-language competency. ■

“The only way we can achieve success in workforce readiness is to analyze the gaps that exist between where we are now and where we need to be to remain competitive. The Conference Board’s research has helped clearly define the issues and focus the discussion about developing action plans to address the future workforce pipeline.”

Joyce Walters Director, Global Community Investing
Global Corporate Citizenship
The Boeing Company—Corporate Offices

Research and Programs

Research

Executive Action series

Bridging China's Talent Gap

Building a World-Class Workforce:
Two Case Studies

Designing the High-Performance
Compensation Plan That Works

Europe's Progress in Promoting
Work-Life and Diversity in the
Workplace

Faith at Work: What Does It Mean to
Be a "Faith-Friendly" Company?

Finding a Definition of Employee
Engagement

Global Talent Management:
How Businesses Attract, Develop,
and Retain the Best

How to Hire Top Performers
(Hint: They Already Have Jobs)

How to Make Executive Coaching
Work for Your Company and
Executives

Middle Managers: Engaging and
Enrolling the Biggest Roadblock to
Diversity and Inclusion

Women and Leadership: Creating
Opportunities for Advancement

PowerPresentation

Are They Really Ready to Work?

Research Reports

Are They Really Ready to Work?
Employers' Perspectives on the
Basic Knowledge and Applied Skills
of New Entrants to the 21st Century
Workforce

Boomers Are Ready for Nonprofits,
But Are Nonprofits Ready for Them?

Employee Engagement:
A Review of Current Research
and Its Implications

Phased Retirement after the
Pension Protection Act

Strategic M&A: Creating Tools
and Capabilities for Successful
Integration

The 2006 Top Executive
Compensation Report

Special report

Talent Management (Polish
Language Edition)

Programs

Conferences

Asia-Pacific Human Resources
Conference *Hong Kong*

China HR Conference *Shanghai*

Coaching Conference *New York;*
Chicago; Coronado, CA

Compensation Conference
New York

Diversity Conference *New York;*
Chicago; Coronado, CA

Employee Engagement and Loyalty
Pre-Conference and Conference
New York; Coronado, CA

Employee Healthcare Conference
New York; Coronado, CA

Enterprise Learning Strategies
Conference *New York*

European Work-Life and Diversity
Conference *Berlin*

Executive Compensation
Conference *New York, Chicago,*
San Francisco

Growth and Innovation Conference
New York

Health Plan and Provider
Conference *Chicago*

Human Capital Metrics Conference
New York

Human Resources Outsourcing
Conference *Chicago*

Pensions and Retirement
Conference *New York*

Strategic e-Human Resources
Conference *Coronado, CA*

Talent Management Strategies
Conference *New York; Coronado, CA*

Women's Leadership
Pre-Conference and Conference
New York; Coronado, CA

Work-Life Conference *New York*

Councils

Advisory Council on Human
Resources Management
Miles B. King Toyota Motor Sales,
U.S.A., Inc.*

Asia-Pacific Human
Resources Council
Rohana Weiler Agilent
Technologies (Malaysia) Sdn Bhd*
Roy Massey CLP Holdings Ltd.*
Werner Krieger Henkel KGaA–
Hong Kong Branch*

William Chan MTR Corporation
Ltd.*
Charles Lim Procter & Gamble
Asia Pte Ltd.*

Asia-Pacific Talent, Leadership
Development and Organization
Effectiveness Council
Shanton Mowe Shell Eastern
Petroleum (Pte) Ltd.*

China Human Resources Council
Elaine Lin Baxter (China) Investment
Co., Ltd.*

Andrew Jackson Ford Motor
(China) Ltd.*

Council on Compensation
Mark L. Nagorka 3M Company*
Natalie Schilling Alcoa Inc.*
Scott Swasey Chevron Corporation*
Ernesto Fajardo Exxon Mobil
Corporation*
Pilar C. Vitoria Johnson & Johnson*
Patti Koch Target*

Council on Compensation II
Andrew W. Brown
Abbot Laboratories*
Duane B. Helm AT&T Inc.*
Brian C. Gelles EDS*
Miles W. Meyer Kellogg Company*
Lisa Emerson McDonald's
Corporation*

Council on Development,
Education and Training
Robert C. Reindl Edwards
Lifesciences Corporation*
Kevin D. Wilde General Mills, Inc.*
Michael A. Hopp Lockheed
Martin Corporation*
Tamar Elkeles QUALCOMM, Inc.*

Council of Diversity Executives
Frank J. McCloskey Georgia Power*
Graciela Meibar Mattel, Inc.*

Council for Division Leaders–
Human Resources
Michael D. Gilley Olin Corporation*
Helen K. Frye Prudential*

Council for Division Leaders–
Human Resources II
Patricia E. Rowell American Express
Company*
Shon J. Manasco Bank of America
Securities*

Council on Employee Healthcare
Duane L. Olson Deere & Company*
Tom M. Jecklin State Farm
Insurance Companies*

Council on Executive Coaching
William H. Hodgetts Fidelity
Investments*

Council on Executive
Compensation
Sharon L. Sullivan Eli Lilly and
Company*
Cynthia Heath Emerson Electric
Co.*

Bruce Pavoni General Electric
Company*
Donna Ng Johnson & Johnson*
Ron T. Miller Motorola, Inc.*

Council of Human Resources
Executives
Sally A. Savoia Praxair, Inc.*

Council on International
Compensation and Benefits
Joan F. Bakarich General Motors*

Council on Learning, Development
and Organizational Performance
Edward Betof BD*
Michael A. Garber USG
Corporation*

Council for Mid-Market Human
Resources Executives–Eastern
Division
James L. Francis Swagelok
Company*

Council for Mid-Market Human
Resources Executives–Western
Division

Council on Supplier Diversity
Kristen Hickey Aetna*
Tamika Eubanks Bank of America*

Council of Talent Management
Executives
Lesley Hoare Kimberly-Clark
Corporation*

Council of Talent Management Executives II Stephen Hrop ADP* Karen Rohde Sun Microsystems*	Executive Compensation Management Council Marc L. Buchsbaum Lenovo* Wilma K. Schopp Monsanto Company* Sally K. Fanning Praxair, Inc.* David Kasiarz The Pepsi Bottling Group*	Research Working Groups Building a Culture of Wellness	The Link between Employee Health and Productivity
Council on Work Force Diversity Eric N. Watson Food Lion, Inc.* Gwen Houston Campbell Soup Co.*	Global Human Resources Council Shirley Gaufin Black & Veatch Corporation*	Consumer-Driven Healthcare	Making Phased Retirement Work
Diversity Business Council Patrice Dunckley Avon Products, Inc.* Robert Spencer, Jr. Entergy Services*	Global Human Resources Council II Lori Prince Agilent Technologies, Inc.*	Defining New Performance Targets for Human Resources	The Manager's Role in Retention and Engagement
Diversity and Inclusion Council Demetra Mitchell Battelle* VeLois Bowers Trinity Health*	Human Resources Council – India Bijay Sahoo Reliance Retail* Nancy Reisig Ford India Pvt Ltd.*	Engaging Your Global Workforce	Managing from a Distance: New Complexities/New Opportunities
Diversity and Inclusion Strategy Council Eduardo Salaz Intuit, Inc.* Terrian C. Barnes Yum! Brands, Inc.*	Human Resources Council–Mexico Joaquín J. Salazar García PricewaterhouseCoopers (Mexico), S.C.*	Evidence-Based Human Resources	People Equity: Building the Cash Value of Your Human Assets
Employee Benefits Council Mary Ellen Lammel Alcoa Inc.* Susan C. Bailey American Greetings Corporation*	The Pensions Council Christian Frener Julius Baer Private Banking* Neil McPherson Standard Life Investments Ltd.*	Human Capital Strategy and Measurement I	Post Merger and Acquisition–HR's Critical Role
European Council on Compensation and Benefits Donald Watson Hydro Aluminum AS*	Polish Council of Human Resources Executives	Human Capital Strategy and Measurement II	Practical Perspectives on Global Talent Management Processes
Clive Wright Mercer Human Resource Consulting*	Research Council on Employee Benefits Anthony Mazzeo Bristol-Myers Squibb Company* Paul McAuliffe Federal Reserve Employee Benefits System*	Implementing Strategic Workforce Planning	The Realities of Executive Compensation
European Council of Human Resources Executives Christel Berghäll Amer Sports Corporation** Ron Collard PricewaterhouseCoopers LLP** Jaap de Vries Borealis AG** John Harker Citigroup** Lorenz Freudenberg Freudenberg & Co.**	Work-Life Leadership Council Annette Byrd GlaxoSmithKline* Maria S. Ferris IBM Corporation*	Leveraging High-Potential Employees	Rotational Assignments for Talent Development
European Council on Learning, Leadership and Organisational Development Akber Pandor KPMG* Danny Kalman Panasonic Europe Ltd.*	Other face-to-face forums Asia-Pacific Strategic Workforce Planning Workshop <i>Hong Kong</i>	Managing a Distant Workforce	Succession Management: Keep It Simple
European Council on Work-Life and Diversity Natalie Lotzmann SAP AG* Monika Ruehl Deutsche Lufthansa AG* Kene I. Umeasiegbu Cadbury Schweppes plc*	Asia-Pacific Talent Management Forum <i>Hong Kong</i> Diversity Seminar <i>New York, Chicago; Coronado, CA</i>	Mature Workforce Engagement	Talent Management in Central and Eastern Europe
	Employee Healthcare Seminar <i>New York; Coronado, CA</i> Executive Coaching Seminar <i>New York</i> Workforce Readiness Stakeholder Meeting <i>Washington, D.C.</i>	Multigenerational Knowledge Transfer	Talent Management in China
		Strategic Workforce Planning I	Talent Management in India
		Webcasts Building a Coaching Culture	The U.S. Hispanic Market: The Awakening Giant?
		The Business Impact of Europe's Aging Workforce	Women of Color in Leadership II (Hispanic Women)
		Compensation Strategies for Retaining "A" Players: Strategies and Proven Approaches	Women's Leadership: Across the Generations
		Driving Diversity through the Business for Sustainability and Growth: Executing for Results	Workforce Intelligence: New Metrics
		Employee Engagement: What Is Everyone Really Talking About?	
		Employee Value Proposition in China: Creating Retention	
		Europe's New Diversity Agenda	
		European Diversity Laws: Understanding European Anti-Discrimination Laws	
		Evidence-Based Human Resources: The Next Generation in Human Capital Analytics	
		Human Capital Needs to Execute Business Strategy	

* Council chair

** Advisory board member

Preparing for the Worst



Natural disasters, pandemics, identity theft, and terrorism—they're threats not only to citizens but to companies. Even the most virtual, high-tech firms face the possibility of serious disruption to ongoing operations. All of which means that preparing contingency plans now goes far beyond the occasional fire drill. Security affects every element of operations, and business continuity and risk management are becoming more intertwined in corporate practice. This year, with security such a high priority for members, the issue became our primary focus in operations programming.

Leadership during a crisis requires a unique set of skills and capabilities; chief executives demand solutions from strategic, operational, and tactical perspectives. At our meetings and in our research on security and continuity, chief security and legal officers, high-ranking government officials, and renowned policy experts discussed best practices and case studies. Former officials from the FBI, CIA, FEMA, and other agencies focused on strategic crisis management—making the right decisions and doing the right things during high-pressure situations.

Senior executives are often challenged when making the business case for security. *Navigating Risk: The Business Case for Security*, a research report sponsored by the U.S. Department of Homeland Security, found that successful programs are typically founded on issues of operational risk: compliance, certification, and protecting confidential information. Large global companies and those in the critical infrastructure industries were determined to be the most receptive to security concerns.

Members also looked to our councils for best practices in security management. For a global perspective, the Council of Corporate Security Executives held a meeting in Berlin, sponsored by Deutsche Bank. The council also held a joint meeting in San Antonio with the recently formed Business Continuity and Crisis Management Council. At the annual meeting of the American National Standards Institute, Thomas E. Cavanagh, senior research associate and The Conference Board's key security expert, briefed executives on avian flu preparedness. ■



At the Corporate Security and Crisis Management Conference

Left: Weldon Kennedy Vice Chairman, Group Executive, Guardsmark LLC, and former Deputy Director of the FBI; and James Lee Witt CEO, James Lee Witt Associates and former Director of FEMA.

Right: R. James Woolsey Vice President, Global Strategic Security, Booz Allen Hamilton Inc., and former Director of the CIA.

Research and Programs

Research

Executive Action series
Are Businesses Doing Enough to Prepare for a Pandemic?

The Business Benefits of Security: Making the Case in Mid-Market Companies

"Carbon Footprint" a Growing Management Concern

Pandemic Preparedness: Frequently Asked Questions

Stopping the Profit Drain from Higher Energy Costs

PowerPresentation
"Carbon Footprint" a Growing Management Concern

Research Reports
Managing for a Carbon-Concerned Future: A Decision-Making Framework

Navigating Risk: The Business Case for Security

Programs

Conferences
Asia-Pacific Outsourcing, Offshoring and Shared Services Conference Singapore

Business Development Conference New York

Change Management Conference New York

Corporate Real Estate Conference New York

Corporate Security and Crisis Management Conference New York

Launch Conference of the EU KLEMS Database Brussels

Organizational Design Pre-Conference New York

Organizational Design and Renewal Conference *New York*

Post-Merger Integration Conference *Chicago, San Francisco*

Procurement Technologies Conference *Chicago*

Purchasing Conference *New York*

Shared Services Conference *Chicago*

Six Sigma Conference *Chicago*

Strategic Alliances Conference *New York*

Strategic Outsourcing Pre-Conference and Conference *New York*

Strategic Spend Management Conference *New York*

Supplier Relationship Management Conference *New York*

Councils

Asia-Pacific CIO Council

Ann Alrich DuPont Singapore (PTE) Ltd.*

Markus Kraeuchi Swiss Re*

Asia-Pacific Shared Services Council

Arthur Skipitaris Australia Post*

Andrew Crow Philips Electronics (S) Pte. Ltd.*

Asia-Pacific Supply Chain Council

Business Continuity and Crisis Management Council

Blaise D'Ambrosio T. Rowe Price Group, Inc.*

Business Performance Council

Philip C. Forve Cargill, Incorporated*

Ellen J. Gaucher Wellmark Blue Cross Blue Shield of Iowa*

Chief EH&S Officers Council I

Arthur J. Gibson Baxter Healthcare Corporation*

LaRaye Osborne Cargill, Incorporated*

Chief EH&S Officers Council II

Scott Nadler Environmental Resources Management Group*

Richard H. Bennett United Technologies Corporation*

Council for Business Development and Integration Executives

Randolph M. Croyle The Dow Chemical Company*

Council of CIO Executives

Brandt R. Allen University of Virginia*

Council on Corporate Real Estate

Council of Corporate Security Executives

Zachary T. Lowe Waste Management Inc.*

Council on Corporate Travel Management

Rebecca Karp Tyco International (U.S.) Inc.*

Council on Innovation

Luc R. Reynaert Procter & Gamble Company*

Council of Shared Business Services Executives

Thomas McGlenn Unisys Corporation*

Council of Shared Business Services Executives II

Earl K. Moore BHP Billiton*

Jonica Preite UNICCO Service Company*

Council for Six Sigma Executives

Paige Chesser Bank of America*

Steven K. Randol Office of the Chief of Staff*

Council for Six Sigma Executives II

Leslie Behnke CIGNA Corporation*

Jeanne J. Kenney Entergy Corporation*

Council of Telecommunications Executives

Thomas J. Marcin DuPont Company*

Environment, Health and Safety Legal Council

Peter Etienne Baxter International Inc.*

Vail T. Thorne The Coca-Cola Company*

European Council on e-Procurement

Martin Fog Novo Nordisk*

Knut Iversen Borealis AG*

Floris Mokveld DSM Purchasing*

European Council on Global Supply Chain

Jeroen Janssen Lok Sara Lee International**

Per-Magnus Karlsson Oracle EMEA**

Laurens van de Rotte Heineken N.V.**

European Council on Health and Safety

Damien Leclercq Unilever N.V.*

John Lyons Telefónica O2 Europe*

Frans J. Schot Sara Lee International*

European Council on Innovation

European Council on IT Leadership

Patrick Arlequeeuw Procter & Gamble Services Company*

European Council on Purchasing

Marino Buser Novartis International AG**

Nando Galazzo Borealis Polymers N.V.**

Pierre Offant TOTAL S.A.**

European Council on Shared Services

Paola Bolderman Hercules International LLC*

Michel de Zeeuw Philips International B.V.*

Chris Gunning Unisys EAS b.v.*

Ian Howells Bristol-Myers Squibb Company*

European Council on Strategic Manufacturing

Jochen Jacobs Henkel KGaA*

Global Council on Outsourcing and Offshoring

Jose Iglesias Symantec Corporation*

Henry Alexander State Farm Insurance Companies*

Global Operational Excellence Council

Paivi Suutari Stora Enso OYJ*

Information Research and Management Council

Laura Tucker Xerox Corporation*

Learning and Knowledge Management Council

James I. Mitnick Turner Construction Company*

Online Strategy Council

Thomas Hoehn Eastman Kodak Company*

Purchasing and Supply Leadership Council

Sarah M. Catterson Abbott Laboratories*

Anthony S. Nieves Hilton Hotels Corporation*

Shelley Stewart, Jr. Tyco International (U.S.) Inc.*

Strategic Sourcing Leadership Council

Farryn Melton Amgen, Inc.*

Steven K. Chyung Novartis Pharmaceuticals Corporation*

Jeff Danis Royal Caribbean Cruises Ltd.*

U.S. Quality Council

Mike Adams Allegheny Energy Inc.*

John C. Timmerman The Ritz-Carlton Hotel Company, L.L.C.*

Other face-to-face forums

Asia-Pacific M&A Forum *Hong Kong*

Business Continuity, Security and Crisis Management Seminar *New York*

European Outsourcing/Offshoring Forum *Frankfurt*

Research Working Group

Assessing Offshoring Risks: Thinking Through the Financial and Operational Issues

Webcasts

The Changing Role and Organization of Regional Headquarters

Corporate Planning for a Pandemic

Current Developments in Organization Design and their Impact on Company Operations

Future Trends in Procurement Technology Tools

Leveraging Supplier Relationships for Competitive Advantage

Measuring Security's Contribution to Business Goals

Pandemic Readiness Planning at Roche: How a Company with a Special Product Prepares

Preventing Information Leakage

Security and the Supply Chain

Security Leadership in the 21st Century

Strategic Crisis Management

Trends in Organization Design: Equipping the Organization for Ongoing Change

Understanding Risk Appetite: Defining the Boundaries of Managing Risk

* Council chair

** Advisory board member

New Markets, New Strategies

Marketing executives have always searched for better ways to define, quantify, and measure the return on investment from their programs, and it's no easier than it's ever been to measure corporate reputation and brand awareness. Plus, corporate dollars budgeted for marketing, advertising, and communications—which CEOs view with an ever-sharper eye—are monitored very carefully these days. So today's marketing and branding executives are under great pressure to make an effective case for attention and dollars.

At The Conference Board last year, more than 40 conferences, councils, seminars, and webcasts addressed these concerns and virtually every other important marketing, communication, and branding issue facing business today. At the 54th Annual Marketing Conference in New York, executives from American Express, Motorola, and Xerox led discussions on the promise that emerging markets offer, Asian branding strategies, price pressures from low-wage markets, pushing the marketing envelope to create brand buzz, and the new customers—and new competition—that globalization has brought.

One of our members' top concerns is how to respond to shifting demographics, and in 2007, our Latino Market Collaborative brought together a network of executives from leading organizations to learn more about the \$1 trillion Latino market in the United States and the traditional and nontraditional marketing approaches needed to address it. Through their examination of intracultural issues, linguistic differences, and commonly held myths about Latino consumers, participants developed a fresh way of looking at this fast-growing market.

And this year our Consumer Research Center produced *The Global Luxury Market: Exploring the Mindset of Luxury Consumers in Seven Countries*, which highlighted the similarities among luxury consumers around the globe. A key finding from this study is that the definition of "luxury" for this population is changing. Most people place more emphasis on experiences than on owning things, and for many consumers worldwide, time is the new luxury item. ■

“Councils provide a terrific opportunity to speak openly with peer-level executives about issues we all face. It's surprising that, despite the diversity of industries represented in a council, there is tremendous commonality in the challenges before us. This diversity of experience works to our advantage when we brainstorm.”

Maura Payne

Vice President, Communications
Reynolds American



Research and Programs

Research

Research Report
The Global Luxury Market:
 Exploring the Mindset of
 Luxury Consumers in Seven
 Countries (Sponsors' Edition)

Programs

Conferences
**Corporate Communication
 Conference** *New York*

**Corporate Image Pre-Conference
 and Conference** *New York*

**Corporate Reputation and
 Communication** *New York*

**Customer Experience Management
 Conference** *New York, Chicago*

Customer Loyalty Conference
New York

**Extending Your Brand to
 Employees Conference** *Chicago*

Marketing Conference *New York*

Marketing Precision Conference
New York

Marketing Pre-Conference
New York

**Marketing Research Pre-
 Conference and Conference**
New York

Sales Executive Conference
New York

Councils
**Asia-Pacific Corporate
 Communication Council**

**Asia-Pacific Strategic
 Marketing Council**
 Anna Yong Heidrick & Struggles*
 Scott Whyman Unisys Singapore
 Pte. Ltd.*

**Corporate Communications
 Development Group**

Council on Competitive Analysis
 Barbara Orr Salt River Project*

**Council on Corporate Brand
 Management**
 Dean Adams 3M Company*

**Council on Corporate
 Communications Strategy**
 Janet M. Botz Dow Corning
 Corporation*

**Council on Corporate
 Communications Strategy II**
 Tara Carraro Altria*
 Genevieve Haldeman Symantec*
 Brandi Robinson Novartis*

Council of Marketing Executives
 Gerald W. Patterson The Principal
 Financial Group*

Council of Marketing Executives II
 David Laverty Cognos Corp.*

Council on Marketing Research
 David A. Mihanovic
 Hallmark Cards, Inc.*
 Chris Curtright United Parcel
 Service*

**European Council on Corporate
 Communications**
 Stefan Lorentzson Volvo*

**Polish Council of Marketing
 Executives**

**Western Marketing Research
 Council**
 Debra Kassarjian Taco Bell
 Corporation*
 Frank Pisciotto The Clorox
 Company*

Other face-to-face forums
**Communicating Employee Benefits
 Seminar** *New York, Chicago*

**Communicating Organizational
 Change Seminar** *New York, Chicago*

**Corporate Brand Management
 Seminar** *Chicago (2)*

**Corporate Image and Branding
 Seminar** *New York*

The Digital Media Revolution
 (The Week magazine) *New York*

**Employee Communications
 Seminar** *New York, Chicago*

**Senior Marketing Executive
 Roundtable** *New York, Chicago*

**The State of Marketing 2007
 Executive Briefing** *Singapore*

Research Working Groups
Latino Market Collaborative

Return on Marketing Investment

Webcasts
**An After-Action Briefing for the
 2006 Corporate Reputation and
 Communication Conference:**
 Delivering on the Promise

Employee Branding:
 What Really Works and Why?

**How to Align Sales and Marketing
 for Better Business Results**

**Using Customer Segmentation
 to Drive Improved Marketing
 Performance**

* Council chair



From left to right:

Jeff Hayzlett Chief Marketing Officer,
 Kodak, at the Marketing Conference.

George Neill Corporate Vice
 President, Global Marketing,
 Motorola, Inc.

Mona Williams Vice President,
 Communications, Wal-Mart Stores,
 Inc., at the Corporate Reputation and
 Communication Conference.

John Giere Chief Marketing Officer,
 Lucent Technologies, Inc.

The Annual Essays

Each year, The Conference Board includes an essay in our Annual Report that offers timely and informative commentary on a pressing business concern. Sustainability—this year’s theme—is a particularly urgent issue because it cannot wait for a generation or two for enduring change to take root. Businesses must begin finding new ways of satisfying human needs that respect ecological integrity. They must also start establishing the unprecedented partnerships with government and society that will be needed for true sustainable development to reach full fruition.

To offer the widest possible discussion of this topic, we present three essays that address the topic from the perspectives of meeting the global energy challenge, China’s efforts to balance sustainability with rapid growth, and one company’s experience with integrating sustainable practices into its business operations.





Meeting the Energy Challenge

Why We All Must Do Our Part

by Jeroen van der Veer Chief Executive, Royal Dutch Shell

One of this century's critical challenges will be providing sufficient energy to fuel continued economic development around the globe while stabilizing or even reducing CO₂ emissions. This will not be easy. Energy, prosperity, and the environment are intimately interlinked. When societies become wealthier, they consume more energy. When fossil fuel consumption goes up, so do CO₂ emissions.

We all know that global demand for energy is growing, but the reality of how fast hasn't really sunk in. Thanks to surging populations and greater wealth, demand will at least double by the middle of the century. The world's population could reach more than 9 billion by then, up from about 6 billion today. China, India, and other populous countries have entered the energy-intensive phase of their development; it's the point where people buy their first television or car and start consuming much more transport fuel and electricity.

To illustrate the speed of development, in China today there are 40 million cars on the road—three cars for every 100 inhabitants. By 2020, there could be 150 million cars. This is still only 12 per 100 people, well below the American or European average, but fueling those cars will require an additional 2 to 3 million barrels of oil per day—equivalent to the current demand of Germany.

CO₂ emissions, meanwhile, could outpace the growth in energy demand. The International Energy Agency's business-as-usual scenario predicts emissions will rise 55 percent between 2005 and 2030. That's because much of the new demand for energy will be met by fossil fuels, especially coal.

To reduce dependence on imported oil and gas, countries like China, India, and the United States exploit abundant domestic coal reserves. Already, coal supplies about 70 percent of China's primary energy. To fuel its double-digit economic growth, it will need to double coal use by 2030. The United States, for its part, generates more than 50 percent of its electricity through coal. Applying the latest technologies—coal gasification, in particular—will be vital to ensure a cleaner use of this important resource.

Coal gasification has the advantage of facilitating the capture of a relatively pure stream of CO₂ for underground storage in aquifers or abandoned gas and oil reservoirs, a technique called carbon capture and storage (CCS). The United Nations' Intergovernmental Panel on Climate Change believes CCS is the most promising technology for significant and rapid reduction of global emissions. Of the total emissions reduction needed to stabilize world CO₂ levels by the end of the century, CCS could potentially deliver 55 percent. However, since there is no natural market for big volumes of CO₂, government incentives will be needed for CCS to have the impact that is needed.

It's a daunting challenge: To keep greenhouse gases in the atmosphere at around 450 parts per million, which is where scientists tell us we should be. Shell works with models that assume CCS is installed at 90 percent of all the coal and gas-fired power plants in developed countries by the year 2050, and 50 percent of those in non-OECD (Organisation for Economic Co-operation and Development) countries. Today, there's not a single one. And this would be only one element of a much broader set of necessary measures.

A second approach is to boost the use of renewable energy, such as solar and wind. Many companies see this as a business opportunity, including Royal Dutch Shell. That's why we are investing in wind power, solar research, and a new generation of biofuels produced from nonfood crops and biowaste. But renewables are starting from a small base. Today, wind, solar energy, and biofuels together account for less than half a percent of global energy supplies. Fossil fuels make up between 80 and 85 percent of the global energy portfolio and will continue to dominate the global energy mix well into the next century. A major part of the remainder is made up of nuclear energy, which continues to generate controversy that may hold back its expansion. To illustrate the challenge of shifting to renewable energy, if the United States were to convert its entire corn yield into ethanol, it would still only produce around 15 percent of its gasoline demand.

A third solution is to become more efficient and economical in our use of energy. I like to say that the best way to use energy is simply not to use it. Right now, the world wastes more energy than it uses in a productive way. In the average car, about 20 percent of the fuel burned is turned into passenger miles; the rest is lost as heat. For an airplane taking off, the figure is about 8 percent. In the average coal-fired plant, roughly 35 percent of the coal burned is converted into electricity; the rest, again, is lost as heat.

Energy losses will always occur during conversion and distribution, but efficiency gains must and can be made in all sectors of the economy—be it transport, industry, power generation, or the residential sector. For instance, in the newest types of coal-fired plants, efficiency typically goes up to more than 40 percent. And if U.S. cars were as efficient as European cars—

an improvement of nearly 40 percent—this could cut U.S. oil consumption by nearly 3.5 million barrels a day or the equivalent of the combined daily oil consumption of France and Britain.

If we are to meet the energy challenge successfully, now is the time to put the right policies in place. And that is why governments have a particularly important role to play. They must provide the regulations and economic incentives that encourage both investment in new technologies and energy conservation. An important element of such a framework is a long-term, cross-border approach to capping CO₂ emissions and creating a market where companies and others can trade emissions credits.

The geographical scope of such emissions trading should widen to include the United States and as many other countries as possible. California's efforts to ensure compatibility between its own planned cap-and-trade system (and a possible future federal U.S. system) and that of the European Union are hopeful signs. Trading mechanisms should not only put a cost on the CO₂ that is emitted, but also provide credits for the CO₂ that is either captured and stored or prevented from escaping into the atmosphere—be it through investments in low or zero-emissions energy or through creative solutions, such as the CO₂ Shell supplies to the soft drinks industry and to greenhouses to boost the growth of vegetables.

The essence of sustainability is preserving for future generations as many options and choices as we benefit from today. It's a collective responsibility, and everyone must do his or her part. *Governments* must create the right international framework and spirit in which innovation can flourish. *Scientists* will have to make progress through fundamental research in areas like nanotechnology, robotics, and biotechnology. The *energy industry* will have to relentlessly drive energy efficiency in its operations and processes and bring new technologies to market. *Consumers* will have to become more aware of the value of energy and the need to use it sparingly.

While the road to a solution is long and filled with potholes, I believe there are plenty of reasons to be optimistic about our ability to address the global energy challenge, provided we work together. ■



Jeroen van der Veer chief executive of Royal Dutch Shell plc, leads the executive team and is accountable for business performance and implementing strategy. Since 2004, he has led Shell through major changes in terms of simplifying governance and organization and clarifying direction and accountabilities. He has held a number of positions with the company, including managing director of Shell Netherlands and president and chief executive of the Shell Chemical Company in the United States. He has a degree in mechanical engineering from Delft University and another in economics from Rotterdam University.



For China, It Starts with Strategic Planning and Market Building

by Chen Yuan Governor, China Development Bank

Sustainable development is a major and pressing issue faced by all countries. Since 1992, when the United Nations Conference on Environment and Development (UNCED) passed the Rio Declaration on Environment and Development and the 21st Century Agenda, the governments of nations around the world have been making unremitting efforts to promote economic and social development in harmony with their population, resources, and the environment.

China attaches great importance to sustainable development, so we stress scientific planning that strikes a harmony between man and nature. We are committed to a society that uses resources economically and in an environmentally friendly fashion. As a responsible large country and the largest developing nation, we recognize that our nation's pursuit of sustainable development is important to the world community.

China is in a period of industrialization, urbanization, marketization, and internationalization—changes that are interwoven, advancing shoulder to shoulder, and developing at an accelerated speed. It is confronting increasingly more rigorous challenges in sustainable development, especially in view of the fact that the urbanization of 1.3 billion people fundamentally changes the social and economic fabric of China, even as it becomes the principal driver for development. Accelerated urbanization has brought about problems, including a shortage of land, water, and mineral resources; environmental pollution; and ecological destruction. These problems seriously inhibit the progress of China's urbanization and complicate the process of sustainable development of the entire Chinese economy and society.

To realize sustainable development, China always must consider both its own condition and the lessons to be drawn from international experience:

- **The matter of first importance is development.**
The demands of a backward country for accelerated development are very pressing. Without development, sustainability does not have any real or long-term meaning. To realize sustainable development, it is necessary to use scientific methods to solve a host of contradictory and conflicting issues, values, and problems.
- **Planning for scientific development is the prerequisite.**
A developing country by definition is a backward country, but even backwardness presents opportunities. We can leapfrog past incremental technical progress and plan sustainable development via leading-edge technology, but this is only possible after thorough and well-considered advance planning. We can promote development of the highest quality and efficiency, but such development requires a comprehensive and systematic strategy, planning, and design, taking into consideration the interests of all concerned and integrating existing resources with new ones.

- The market and the system are the foundations.** The market is the foundation of economic operations, and the backwardness of its markets is a major bottleneck restricting China's development. Blind and disorderly development in developing countries is closely associated with the unreasonableness of resource disposition, which is, in turn, a product of defective markets and systems. This requires accelerated development in building, cultivating, and developing markets. Market development is China's fourth largest economic driver, behind investment, consumption, and exports. Relatively speaking, China's economic growth is only lightly affected by the impetus of organic growth and efforts at improving industrial efficiency.
- Science and technology are the keys.** Development at the cost of significant environmental degradation or wasteful use of resources must be prohibited. Out of necessity, we are changing conventional ideas and practices associated with the economic phenomenon known as the "extensive growth mode." We continually elevate the science and technology of our development to minimize resource consumption and maximize protection of the environment. These are key notions behind our drive for sustainable development.
- Business enterprises should bear social responsibilities concerning their operation and development.** Sustainable development is achievable only if China raises the consciousness of the whole society because China intends to ensure sustainability by relying on the joint efforts of government, business enterprises, and individual citizens. In particular, business enterprises that have taken maximization of profits as their sole value orientation must be taken to task. Long-held ideas can be long-outdated ideas—development of business enterprises must proceed hand in hand with notions of sustainable development of the overall needs of the economy and society.

China Development Bank (CDB) has, over a long period of time, devoted itself to our nation's sustainable development. We at CDB recognize that backward markets and ineffective planning impede China's development, so we regard the building of efficient financial markets as an important element we must integrate into every CDB activity. This is the starting point for all of our bank's financing activities, proceeding from planning through the operation of completed projects. We have consciously accepted the burden of social responsibility we see as allied with development finance. We use financing as the carrier for integrating the interests of all of the elements of society. We combine the building of active, modern, efficient, and transparent markets, which is part of our mandated mission from above, with the spontaneous, interest-driven efforts of our borrowers and affected stakeholders from below.

The universal result is to create healthy, highly efficient, and universally beneficial market and financial systems—foundation predicates for sustainable development. Further, we have financed projects costing tens of billions of RMB for activities specifically intended to improve environmental values. Examples of such projects are those whose primary objectives are energy saving, greenhouse gas reduction, environmental protection, pollution control, and economic use of and recycling of resources.

At CDB, promoting sustainable development is not an afterthought. We believe and practice our work mindful of the standards of the state for the environment and energy saving—these are prerequisites to our financing. We have gone further and taken the initiative as a force for fundamental change.

In 2006, CDB raised its level of social responsibility acceptance by joining the Global Compact of the United Nations. We now identify ourselves as an organization in a global society where our past work in promoting sustainable development has alerted us to greater needs and spurred us to take on a deeper level of involvement for the betterment of China and the rest of the world. We intend to wear that mantle proudly. ■



Chen Yuan was appointed governor of the China Development Bank (CDB) in 1998. Before joining the CDB, he spent 10 years as deputy governor of the People's Bank of China. Founded in 1994, the CDB has been a major player in the long-term financing of projects vital to the development of China's economy. Over the past decade, the CDB has made RMB 1.6 trillion in loans to more than 4,000 projects. Governor Chen and Paul Volcker are co-chairmen of the Advisory Board of The Conference Board China Center for Economics and Business.



Integrating Sustainability into the Business Model

by Chad Holliday Chairman and CEO, DuPont

DuPont is in its 205th year as an enterprise and has grown and moved in directions that my predecessors would find surprising. We began as an explosives company. Today, we are on the leading edge of biotechnology and nanotechnology. We have transformed our company several times in our history, constantly challenging ourselves by asking: Are we doing the right things to build a stronger company, help solve the world's toughest challenges, and build a brighter future for people and our planet?

To do that in the 21st century, we have to keep pace with the evolving idea of sustainability. In the 1970s and 1980s, that meant a focus on internal safety and meeting environmental regulations. In the late 1980s and 1990s, we added voluntary environmental footprint reductions that went beyond regulatory requirements. Today, we see ourselves in a third phase of sustainable growth, characterized by a holistic approach fully integrated into our business models.

Now, sustainability has been broadened to include human safety as well as environmental protection, and it has become a market-driven business priority throughout the value chain. The transition to products that meet the definition of "sustainable" will take place over time and emerge from dialogue with stakeholders, including governments, NGOs, and academia. Science and innovation that does not address pressing human needs will not advance sustainability. Likewise, a vision of sustainability detached from science and technology will not succeed.

Meanwhile, we never forget that we are a business, and our first job is to create value for our shareholders. Sustainable growth means creating value for our shareholders and for society by developing products that the market demands. Some companies say that what's good for the environment can also be good for business. Our view is that what's good for business must be good for the environment or you are not moving toward sustainable growth.

To keep us on that track, we have found it useful to create goals. We developed our first set of environmental goals in 1989. In 2006,

we created our newest set—what we call our *2015 Sustainability Goals*, which renewed and expanded our commitment to sustainability.

Among this set of goals are what we call market-facing goals. We have four market-facing goals to accomplish by 2015:

- 1 We plan to double our investment in R&D programs with direct, quantifiable environmental benefits for our customers and consumers along our value chains.
- 2 We will grow our annual revenues by at least \$2 billion from products that create energy efficiency and/or significant greenhouse gas emissions reductions for our customers.
- 3 We will nearly double our revenues from nondepletable resources to at least \$8 billion.
- 4 We will introduce at least 1,000 new products or services that help make people safer globally.

To intensify our ongoing efforts to minimize the environmental impact of our operations around the world, we also updated and expanded our footprint goals:

- Since 1990, DuPont has reduced its global greenhouse gas emissions, measured as CO₂ equivalents, by 72 percent. By 2015, we will further reduce these emissions at least 15 percent from a base year of 2004.

- We will reduce water consumption by at least 30 percent over the next 10 years at our global sites that are located where the renewable freshwater supply is either scarce or stressed, as determined by the United Nations' analysis, and keep water consumption flat at all our other sites.
- By 2015, 100 percent of our offsite fleet of cars and light trucks will represent the leading technologies for fuel efficiency and fossil fuel alternatives.
- We will reduce our air carcinogen emissions by at least 50 percent from a base year of 2004 and bring our total reductions since 1990 to 96 percent.
- We will ensure that 100 percent of our global manufacturing sites have completed an independent third-party verification of the effectiveness of their environmental management goals and systems.

To achieve these objectives, we're relying on the creativity and commitment of our 60,000 employees around the world and also on partners who share our commitment and have the influence and ability to take actions that will make a difference. Consider developments in three areas of current activity—biotechnology, bio-based materials, and safety.

We believe biotechnology presents important opportunities that should be explored and developed to identify safe and commercially viable applications that will bring benefits to society. We are committed to improving our understanding of how to grow more nutritious food, particularly in areas that pose an agricultural challenge. For example, our Pioneer Hi-Bred seed business uses advanced plant genetics to develop field crops that are more productive, of higher quality, more nutritious, and better suited for specific uses.

A direct product of our biotechnology is our work in bio-based materials. In 2006, we announced a partnership with BP to create a new generation of biofuels that will help reduce the world's dependence on oil while also providing economic opportunity to local farmers. Our intent is for DuPont to become a major player in bringing biofuels to market in a way that promotes sustainable agriculture. We want to make sure that the development of biofuels is accomplished in a way that does not take food out of some peoples' mouths to put fuel into other peoples' cars.

In bio-based materials, our joint venture with Tate & Lyle of the United Kingdom has developed a bio-based process for creating a major ingredient for DuPont™ Sorona® polymers, our newest polymer platform. The bio-route to this polymer uses 40 percent less energy than the traditional chemical route and will save the equivalent of 10 million gallons of gas annually—enough to power 22,000 cars a year.

We also are aiming to make further progress in improving the environmental profile of our traditional product lines. For example, our R&D pipeline is delivering next-generation refrigerants with lower greenhouse warming potential; new automotive finishes with lower volatile organic compound (VOC) content; and enhanced solutions to improve solar module lifecycle and efficiency, building on our experience with eight DuPont products currently used in photovoltaic solar panels.

Because of our unique tradition of safety at DuPont, sustainability for us is not just about being an environmentally smarter company. It's also about protecting people and keeping them safe. You know DuPont™ Kevlar® as a 40-year-old product that is used in protective vests, where it has saved the lives of 3,000 police and security officers. What you may not know is that Kevlar® is also used to reinforce high-performance automobile tires sold by Goodyear. And it is being used to protect people from tornadoes and hurricanes through the DuPont™ StormRoom™ with Kevlar®.

Safety is also paramount in the early development of new products and technologies. We are working with Environmental Defense to understand potential risks of the emerging field of nanotechnology. Together, we developed a framework for responsible development, production, use, and disposal of nanoscale materials critical to “next-generation” communications devices and other products.

These examples show how sustainable growth is not a distant goal, but an immediate reality. Sustainable growth is about products and services we are working on right now. Sustainability is about investment in the future of our business, the future of our customers, and the future of families around the world. Sustainability is also about the future of our planet—the one we live on today and the better, safer, and healthier planet we aspire to leave for tomorrow. ■



Chad Holliday is the chairman of the board and chief executive officer of DuPont. He started at DuPont in 1970 after receiving a B.S. in industrial engineering from the University of Tennessee. Holliday is chairman of the Business Roundtable's Task Force for Environment, Technology and Economy and past chairman of the World Business Council for Sustainable Development (WBCSD), The Business Council, and the Society of Chemical Industry—American Section. While chairman of the WBCSD, he co-authored the book *Walking the Talk*, which details the business case for sustainable development and corporate responsibility.

Financials

Statements of Financial Position (in US\$ thousands)

	Year ended June 30	
	2007	2006
Assets		
Cash and cash equivalents	\$3,227	\$ 5,918
Accrued interest receivable	166	166
Accounts receivable	5,416	6,279
Investments, at fair value	30,706	24,469
Deferred charges and sundry assets	1,251	1,474
Pension asset	2,949	6,455
Furniture, equipment, software, and leasehold improvements— at cost, less depreciation and amortization	1,786	1,972
Total Assets	\$ 45,501	\$ 46,733
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$10,525	\$ 7,799
Advance payments and deferred revenue	10,068	11,225
Deferred subscription revenue	10,218	9,502
Post-retirement benefit obligation	5,298	3,524
Total Liabilities	36,109	32,050
Net Assets		
Unrestricted	9,292	14,589
Temporarily restricted	100	94
Total Net Assets	9,392	14,683
Total Liabilities and Net Assets	\$ 45,501	\$ 46,733

Note: The information on pages 34 and 35 was extracted from the Financial Statements audited by Ernst & Young LLP. These statements are available upon request.

Statements of Activities (in US\$ thousands)

	Year ended June 30	
	2007	2006
Operating Revenue		
Subscriptions	\$ 18,178	\$ 16,989
Conferences, councils, and meetings	34,394	32,194
Grants, contracts, and fee-based services	7,075	5,458
Sale of publications	419	470
Other income	272	267
Total Operating Revenue	60,338	55,378
Operating fund investment income	720	501
Total	61,058	55,879
Operating Expenses		
Compensation	27,987	26,543
Purchased services	12,764	10,442
Travel	2,168	1,858
Meeting location costs	7,631	6,641
Printing, postage, and supplies	4,980	4,681
Depreciation and amortization	717	686
Facilities	3,388	3,051
Other expenses	1,450	1,631
Total Operating Expenses	61,085	55,533
Excess of Revenue from Recurring Operations	(27)	346
Other Activities		
Interest, dividends, and other income	370	291
Realized gain on disposal of investments	291	393
Unrealized (loss) gain in the fair value of investments	1,473	(267)
Effect of foreign currency translation	(43)	16
Change in accounting principle*	(7,361)	-
Change in unrestricted net assets	(5,297)	779
Change in temporarily restricted net assets	6	7
Change in net assets	(5,291)	786
Net assets as of the beginning of the year	14,683	13,897
Net Assets as of the End of the Year	\$ 9,392	\$ 14,683

* One-time charge for the adoption of SFAS No. 158 in 2007, which required recognition of a liability for the underfunded status of the organization's defined benefit postretirement plans.

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¹ Until October 16, 2007

² As of October 16, 2007

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