



# The DuPont Journey

*Today, responsible multinational corporations like DuPont are committed to sustainable growth.*

BY PAUL V. TEBO

For far too many people, concepts like “corporate environmentalism” and “sustainable growth” are oxymorons. These people see big business and good environmental and social outcomes as mutually exclusive. They cannot reconcile the vision of sustainability with continued economic growth. Not surprisingly, they cite the industrial excesses of the 20th century to support their skepticism about a future leadership role for business in making the world a better place.

Many multinational corporations, however, are becoming better environmental stewards; and during the past decade, they’ve been working hard at being better corporate citizens, making increasingly greater contributions to important societal needs.

DuPont’s own story parallels this shift in business values. Beginning in

the late 1980s, DuPont focused on corporate environmentalism. Today, that focus has evolved into a corporate emphasis on sustainable growth. Of course, the journey for DuPont has only just begun. Still, although we’ve already faced many challenges along the way, we’ve made significant progress and we have plans that should take us much further along the path toward a truly sustainable future.

## Corporate Environmentalism

The role of business in protecting the environment has come a very long way during the past two decades. Many companies are now reducing waste and emissions well beyond what regulators demand and are carrying this same commitment to all of their global operations. For DuPont, the transformation began in the late 1980s when Ed Woolard, our chairman and CEO at the time,

took three important steps:

- He defined DuPont’s direction as “corporate environmentalism”—a commitment to be where the public wants us to be in environmental protection, not just where the regulations tell us to be.

- He committed DuPont to achieving aggressive environmental goals over the decade of the 1990s, even though we did not know how we might begin meeting many of those goals.

- And, finally, he took the title of chief environmental officer, demonstrating his personal commitment to greater environmental performance.

Early in our journey, we made several key decisions to ensure our progress. We formed an Environmental Policy Committee of the Board of Directors to provide oversight and to audit our programs. We created a senior management level Environmental Leadership Council, which met monthly to ensure the commitment of resources and to encourage and audit progress toward Ed Woolard’s challenging goals. We also created a Corporate Environmental Plan for achieving the Woolard goals.

DuPont leadership sought ideas and solutions from our workforce around the world, tapping a vast pool of talent and enthusiasm. At the suggestion of a plant operator at one of our manufacturing sites, for instance, we created an Environmental Excellence Awards program to recognize outstanding achievements and build environmental stewardship as a core value across our global corporation. We were also one of the first corporations to publish an annual Environmental Progress Report. Both the awards program and the progress report have continued annually since 1991.

## **Business Integration**

One of the first steps we took was to upgrade our environmental policy, which had been last updated in 1971. Since we wanted to broaden our thinking and create the greatest possible buy-in, we sought ideas from a broad cross-section of DuPont people and experts from outside the company to help shape our new corporate commitment to safety, health, and the environment.

The result was DuPont's first policy statement addressing sustainable growth: "We will implement those strategies that build successful businesses and achieve the greatest benefit for all our stakeholders without compromising the ability of future generations to meet their needs." We also committed ourselves to strengthening "our businesses by making safety, health and environmental issues an integral part of all business activities and by continuously striving to align our businesses with public expectations." Our challenge then and now was to make the actions match the words.

DuPont began a series of discussions among its various business units about how each business was contributing to the achievement of the Woolard goals. Over the years, these discussions have broadened to include many aspects of our commitment to sustainable growth. In all cases, the expectation was, and is, for the manager of each business unit to be knowledgeable and accountable for progress and performance—in essence, to be the chief safety, health, and environmental officer for the business unit.

These discussions were a critical step toward the integration of environmental stewardship as a core value throughout all of our global business units and were essential to the progress we have made as a corporation over the past decade.

As part of our work on the corporate commitment to safety, health, and the environment, we introduced the concept of a "goal of zero" for all injuries, illnesses, incidents, waste, and emissions and adopted this goal as part of our commitment in 1994. "The goal is zero" has become a rallying point and source of pride for our 85,000 employees around the world. This goal has even been translated into local languages in the many countries where we operate.

The goal represents many things. It is a commitment to our people and to the communities we operate in. It states our expectations for our safety, health, and environmental performance globally. Most importantly, it shifts our mind set from incremental improvement to substantial and transformational improvement. It signals that we must completely redesign our systems to be inherently safer and to eliminate waste and emissions at their source where possible.

The last step in our business integration phase was to establish the business case for environmental stewardship by highlighting instances where progress towards zero waste and emissions was good for both business and the environment. This took many forms, from some businesses calculating the cost of waste, to others recognizing that zero waste meant 100 percent product. Most businesses worked intensely on improving processes, with the result being substantial increases in saleable product and significantly less waste. In many cases, the increased productivity meant that new capacity additions could be delayed by several years, with savings in the tens-to-hundreds of millions of dollars.

More recently, DuPont has adopted the "six sigma" approach to productivity and, as a result, has achieved annualized benefits in the hundreds of

millions of dollars with accompanying reductions in waste, emissions, energy, and water use.<sup>1</sup>

## **Sustainable Growth**

Our most recent phase began in 1998, when our new chairman and CEO, Chad Holliday, began to focus DuPont on sustainable growth. Defined as "creating shareholder and societal value...while reducing our environmental footprint throughout the value chain," sustainable growth is the direction for DuPont in the 21st century.

We are employing three primary strategies—productivity, knowledge intensity, and integrated science to help us pursue our mission of sustainable growth. Through nuts-and-bolts business practices, we are providing opportunities for real growth across our business units around the world.

A strategic focus on productivity drives down costs, waste, and the use of energy. The creation of knowledge-intensive value through technology, know-how, and service has the potential to reduce the use of depletable forms of raw materials and energy while making the product more valuable for our customers. Through integrated science, we will combine chemistry, biology, and other technologies to create products with greater societal value and lower environmental impact. With the help of these three core strategies, we will continue our decade-long commitment to reducing our environmental impacts toward zero, and we will work with external leaders and stakeholders to develop growth strategies that achieve economic, societal, and environmental objectives.

These then are the strategies that underpin our transformation to becoming a sustainable-growth company for the 21st century. They sit solidly on our core values: safety,

health, and environmental excellence; the highest standards of ethics and integrity in the conduct of our business; and the fair and respectful treatment of all people. The commitment to these core values, regardless of the business we are in or where we operate in the world, is a non-negotiable condition for being a part of the DuPont family of businesses.

As part of our commitment to sustainable growth, we have set four important targets for 2010:

- Achieve a 65-percent reduction in greenhouse gas emissions, on a carbon-dioxide-equivalent basis, from our global manufacturing operations, using 1990 as a base year.
- Hold energy flat with 1990 levels, thereby offsetting all increases in production over two decades, with equivalent improvements in energy efficiency in our manufacturing operations and reductions in the energy demands of our products.
- Source 10 percent of our global energy needs from renewable resources.
- Achieve 25 percent of our revenues from nondepletable resources, including agricultural feedstocks and knowledge intensity.

These targets signal the type of sustainable growth company we seek to be—one that uses more renewable energy and feedstocks and less fossil fuel, that holds the total use of our energy constant while we grow, that addresses the global issue of climate change through substantial greenhouse gas emission reductions, and that improves the utility of its products with more knowledge intensity and less material, energy, and capital.

#### **More To Be Done**

We feel good about DuPont's progress to date but recognize that there is much more to do. As reported in our 2001 Sustainable Progress Report, we

have reduced our environmental impacts significantly during the past decade.<sup>2</sup>

Global air carcinogens are down 87 percent; global air toxics are down 76 percent; global hazardous waste is down 37 percent; greenhouse gas emissions from our global manufacturing operations, on a carbon dioxide-equivalent basis, are down 63 percent; total energy use has been held at 101 percent of 1990 levels while production has increased by 35 percent; and total releases, as reported to the U.S. Environmental Protection Agency as part of the Toxic Release Inventory, are down 76 percent, while "as generated" waste is down 38 percent.

In addition, we have reduced to near zero all major injuries to our employees and contractors, as well as all significant incidents involving fires, explosions, and environmental spills. Finally, we now acquire about 2 percent of global energy needs from renewables, primarily hydroelectric, and have about 10 percent of our revenues derived from nondepletable resources, primarily seeds and soy-based products.

#### **Being a Better Neighbor**

At DuPont, we address social responsibility in several ways. One of our core values is that all people should be treated with dignity and respect, while our corporate policy condemns discrimination because of age, sex, religion, ethnic background, or sexual orientation. We have a goal of zero for all incidents involving harassment of any type, and a rigorous management process to deal aggressively with each known case.

We are also committed to operating with the highest standards of business ethics wherever we do business in the world. A senior-level corporate compliance committee provides oversight and auditing to

ensure DuPont's standards are met. Again, we have a goal of zero for all ethics violations, and a rigorous reporting and management process.

Like many other companies, we have a very broad range of programs to support our employees, including day care and elder care. We recognize and support employee volunteer efforts in their communities. Over the past few years, we have funded dozens of community-based sustainability projects annually.

Last year, we were one of the first companies to endorse the United Nations' Global Compact with its set of nine principles for guiding corporate behavior in areas covering the environment and human and workers' rights.<sup>3</sup> We are pleased to be associated with this important global initiative, and we will implement these principles across our global businesses in a way that is consistent with our current policies and practices.

We also feel a responsibility to influence and participate in the stewardship efforts of our industry. As such, we were part of the development of the Responsible Care codes of practices initiated by the Canadian Chemical Manufacturer's Association.<sup>4</sup> We have fully implemented the codes within all our global businesses. We are delighted that the American Chemistry Council has recently refined its Responsible Care program by adopting a "vision of no accidents, injuries or harm to the environment," which parallels our own "the goal is zero" program.

While we view these and similar efforts as being very important, we believe the ultimate social responsibility role we have as a global business is to provide products and services that improve the standard and quality of life for people around the world. As such, we are developing businesses that provide food and

nutrition, safer work environments, and greater energy efficiency. Our current product portfolio is designed primarily for the wealthiest one-sixth of the world's population. We are therefore seeking new and creative business models to reach the remaining five-sixths of the population that we do not reach today.

To help others understand what we have been doing, DuPont has been publishing a progress report since 1991. Today, that report follows a sustainable growth theme. In addition, many DuPont manufacturing sites and regions have their own progress reports that provide information that are specific to their communities or regions. These reports are available in hard copy and on websites.

Communications, of course, is a two-way street, so we have advisory panels for almost all our manufacturing sites around the world. Our efforts to address important global issues like climate change have helped us develop partnerships with the World Resources Institute, Environmental Defense, the Pew Center for Global Climate Change, and the Keystone Center.

### **The Next 50 Years**

Clearly, the ultimate job is to trans-

form our businesses into businesses that fit our definition of sustainable growth. This will require us to do more with less—less materials, less energy. We must use proportionally more renewable fuels and feedstocks, expand those businesses that bring the greatest value to society, and reach much more of the world than we reach today.

This last area—the need to reach more of the world's people in a way that strengthens local economies and creates new markets—is a monumental challenge. Unfortunately, we have only a handful of case studies that can serve as successful role models. This lack of models does not intimidate us, however. Looking back 10 to 15 years, we can see that the challenges of corporate environmentalism we faced then did not have many role models either, nor did we have a clearly defined path to follow.

So, what will it take? Leadership and vision. Creativity and innovation. An unprecedented set of partnerships between private and public sector organizations. And, for the business community, a set of strategies that will bring greater profits for our shareholders. This latter point is particularly important, for without effective economic incentives, the

strategies will not be sustainable and they won't take hold and grow.

In the past, economic incentives, which promote strictly financial goals, have been the sole drivers of the business community. Today, there's a growing cadre of corporations, like DuPont, that are pursuing sustainable growth. In the future I see, the concepts of sustainability and business growth will be both mutually compatible *and* fundamental to business success.■

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### **NOTES**

1. For a discussion of six sigma resources, see <<http://www.isixsigma.com/>>.
2. See <<http://www.dupont.com/corp/social/SHE/index.html>>.
3. See <<http://www.unglobalcompact.org/un/gc/unweb.nsf/content/whatitis.htm>> for a discussion of the Global Compact.
4. See <<http://www.americanchemistry.com/rc.nsf/open?OpenForm>> for a discussion of Responsible Care and the six codes of management practices.