

WBCSD CLUSTER BOARD CHARTER

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A.Scope and definitions

1. Scope and definitions

1.1 This Charter sets out the functions, powers, duties, and responsibilities of the Cluster Boards.

1.2 In this Charter, the following terms mean the following:

Co-Chair	Members that co-Chair the Cluster Board and projects or Sector/Value Chain project Boards
Council	The Annual General Meeting of Members
ExCo	The Executive Committee of the WBCSD
Liaison Delegates	Representatives appointed by each of the Council Members
Members	Members of the WBCSD
CEO	The Chief Executive Officer of the WBCSD
WBCSD	The World Business Council for Sustainable Development

1.3 The following Annex is attached to, and forms an integral part of, this Charter:

Annex A:	WBCSD decision chart
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B. Cluster Boards

2. Purpose of the Clusters

- 2.1 The Clusters (Priority Clusters) provide platforms to address the priority areas identified through the Action2020 process, ensuring that member activities are effectively channelled where the WBCSD and its member companies can make the most difference. The key functions of the Clusters are to:
- a. Provide co-ordination of all WBCSD work within the Cluster Priority areas
 - b. Ensure maximum member engagement in the implementation of Business Solutions
 - c. Maximise contributions towards the Societal Must-Haves for the Cluster Priority areas
 - d. Create consistent advocacy and policy positions across the work of the Cluster
 - e. Create transparent progress measurement and reporting of the implementation of Business Solutions
 - f. Enhance collaboration and synergy between the Business Solutions and the Sector/Value chain projects within the Cluster
 - g. Work with the cross-cutting programs, such as Redefining Value, to deliver the WBCSD strategy of Improving the Business Case for Sustainability
 - h. Communicate the activities, actions and outcomes of the Cluster to WBCSD members
- 2.2 The ExCo may approve the creation of new Clusters. The Clusters arising from the Action2020 program are:
- a) **Social Impact**- this Cluster covers the Action2020 Priority Areas of Basic Needs and Rights and Skills and Employment
 - b) **Sustainable Lifestyles**
 - c) **Climate and Energy**
 - d) **Water**
 - e) **Ecosystems & Landscape Management** – covering the Action2020 Priority Areas of Ecosystems degradation, and the 4F's (Food, Feed, Fibre and Biofuels)
 - f) **Safe and Sustainable Materials**– covering the Priority Area Exposure to Harmful Substances

3. Composition of the Clusters

- 3.1 Each Cluster is made up of the Business Solutions contributing to the Cluster's Societal Must-Haves, together with the Sector/Value Chain Projects that elect to engage with the Cluster Priority Areas.

- 3.2 All WBCSD members have access to the open information meetings of the Cluster, although only members of the Business Solutions and Sector/Value Chain projects have access to their own specific meetings.
- 3.3 Each Cluster is governed by a Cluster Board composed of up to 3 co-Chairs and up to 15 members. Members of the Cluster Boards are at Council Member level. The Cluster Board is made up of at least one representative of each Business Solution, and of each Sector/Value chain project within the Cluster. Ideally the Board member would be the Co-Chair of the Business Solution or Sector/Value Chain project, but each Business Solution and Sector/Value Chain project is free to choose its own representative on the Cluster Board. As far as possible, a Cluster Board should ensure a diverse geographical representation.
- 3.4 To provide a strong link to the ExCo, ExCo members are entitled to join the Board of a Cluster where they are active.
- 3.5 The Board provides strategic guidance and direction to the work of the Clusters.
- 3.6 To give as many members as possible the chance to engage with the work of the Clusters, and since Cluster Board meetings will occur in parallel, WBCSD members can only be members of one Cluster Board.
- 3.7 Each Cluster Board is supported by a Cluster Leadership Group, which consists of the Liaison Delegates of the Cluster Board members. The Cluster Leadership Group is responsible for the ongoing work of the Cluster Board, preparing for Cluster Board meetings and working with the WBCSD Cluster Director.
- 3.8 To facilitate co-ordination with the ExCo, the LDs of ExCo members can join the Leadership Group for a Cluster, even if the ExCo Member is not on the Cluster Board.
- 3.9 Each Cluster is assigned a **Director** to oversee the daily management of the activities and agenda setting for all Business Solutions within that Cluster. Specifically, the Cluster Director is responsible for:
- a) organising the work of the Cluster
 - b) managing the Business Solutions within the Cluster under their control
 - c) maximising member engagement and member acquisition
 - d) maximising the contribution of the Cluster towards delivering the Societal Must-Haves of the Cluster
 - e) identifying synergies between the Business Solutions and Sector/Value Chain projects, contributing to increasing the structure homogeneity within the different projects, and preventing duplication;
 - f) setting up and running the Cluster Boards and ensuring that all Cluster Board members are fully engaged and aligned with all key decisions in an open way;
 - g) ensuring transparency, governance and consensus building;
 - h) bringing relevant conflicts to the attention of the Cluster Board or the CEO;
 - i) maintaining project objectivity and integrity to sustain support from stakeholders;
 - j) managing external dialogue, communications and website content, with approval from the CEO;
 - k) ensuring an effective and efficient process towards the timely delivery of project results, and within budget;
 - l) organising meetings of the Cluster Board, open meetings of the Cluster and any necessary workshops;
 - m) report on financial costs and budgets to the Cluster Board on a regular basis;
 - n) follow decisions taken by the project co-Chairs and the Cluster Board;

4. Funding model

- 4.1 Cluster members pay the full WBCSD membership fee.
- 4.2 In addition, members that engage in the design and implementation of Business Solutions pay a share of the Project costs of the solution.
- 4.3 The ExCo and CEO determine annually the allocation of WBCSD central funds to support the work of the Clusters.

Business Solutions.

- 4.4 Business Solutions are jointly funded from WBCSD core funds and from the member companies of the Business Solution.

This funding model allows for:

- Flexibility – since the scale and level of ambition of different Business Solutions will vary
 - Accountability – since members of the Business Solution will be funding the work to which they have committed
 - Scalability – since this funding model allows development of a wider range of business solutions
 - Affordability – since WBCSD core funding cannot support all member initiatives.
- 4.5 Staff costs to support the Business Solution are provided from core WBCSD membership funds. The level of WBCSD staff support provided will be agreed between the WBCSD Senior Management Team and the Business Solution companies. In the event that agreement cannot be reached, the ExCo will be asked to arbitrate.
 - 4.6 The concept of a new Business Solution is first approved by the relevant Cluster Board.

Members of the Business Solution agree on the proposed work plan, and the project costs (out of pocket and travel) needed to deliver this.

Once the work plan and budget are agreed, the project costs of the Business Solution are shared between the members of the Business Solution. The exact method of sharing the cost can vary, and will be agreed by the business solution member companies.

Members of Business Solutions can contribute in-kind support in place of funding support, if agreed by the other Business Solution members and the WBCSD SMT.

- 4.7 Business Solutions that are developed from within Sector/Value Chain projects, which are already member funded, do not require separate funding. However, if members of sector/value chain projects wish to participate in other business solutions, they would be required to contribute Business Solution funding alongside the other member companies.

The work plan and progress of the Business Solution will be reviewed annually by the relevant Cluster Board

5. Roles and Responsibilities of the Cluster Boards

Cluster Board

5.1 The Cluster Board provides the guidance and governance for the work of the Cluster. In this its main roles are to:

- a) Provide strategic guidance and direction for the work of the Cluster , set priorities and advance Cluster activities through the Cluster Leadership Group and WBCSD head office
- b) Oversee the delivery of contributions towards the Societal Must-Haves for the cluster
- c) Agree on policy positions and key messages for the cluster
- d) Approve new Business Solutions in the Cluster;
- e) Ensure effective collaboration between the Business Solutions and Sector/Value Chain projects within the Cluster.
- f) further engage members on the key topics of the Cluster, and support WBCSD in attracting additional members to strengthen the Business Solutions;
- g) respond rapidly to emerging changes in the sustainability and policy landscape;
- h) ensure that the WBCSD is the leading business voice on the Cluster Priority Areas and is working to the highest standards possible;
- i) review core Cluster outputs, control quality of deliverables and evaluate progress;
- j) advocate core Cluster messages and specific policy options that leverage and scale-up the Cluster business solutions;
- k) present Cluster positions at WBCSD and partner events where possible;
- l) encourage collaboration and reinforcement by linking Cluster outputs to other business and sustainable development activities;
- m) build partnerships for co-management, co-development and scale up of solutions on the ground.

Cluster Board co-Chairs

5.2 The Cluster Board co-Chairs' role is to:

- a) chair Cluster Board meetings;
- b) provide quality assurance on content of outputs;
- c) support advocacy, including taking the lead as spokesperson as appropriate at key events;
- d) report to the ExCo for their respective Cluster as and when deemed most appropriate;
- e) sign-off and approve the publication of Cluster outputs that build on previous policy directions;
- f) sign-off on major reports of policy nature produced by the Cluster for further publication approval, where required, by the ExCo.

Cluster Board members

5.3 The Cluster Board members' responsibilities are to:

- a) attend WBCSD's annual Council Meeting and associated Cluster Board meeting;
- b) participate in Cluster conference calls associated with critical milestones;
- c) represent their Business Solution or Sector/Value chain project in the Cluster Board
- d) approve new Business Solutions in the Cluster Board meeting
- e) provide guidance on the future direction of the Cluster work program
- f) review final formats and content and provide sign off for publications
- g) advocate key messages at global platforms and events.

Decision Making

5-4 Wherever possible, the decisions of the Cluster Board will be made by consensus. Where this is not possible, decisions will be made by simple majority voting of those Cluster Board Members present, subject to a quorum of 50% of the Board.

5-5 The process for approval of WBCSD positions and Publications is as follows:

- a) Where the position/publication builds directly on existing WBCSD positions and publications, the CEO can approve.
- b) Where the position/publication extends beyond the previous position, but is relevant for only one cluster, the Cluster Board should seek input from the ExCo, and take this into account before approving.
- c) Where a new position/publication is of a general policy nature, and is relevant to more than one cluster, the position/publication must be shared between the relevant Cluster Boards for comment, prior to sending for approval by the ExCo.
- d) Where new positions are of a potentially contentious nature, and consensus across WBCSD members is unlikely to be achieved, the WBCSD will refrain from taking an official position, but may encourage member companies to sign up on an individual basis.

Cluster Leadership Group

5-6 The Cluster Leadership Group comprises the Liaison Delegates of the Cluster Board Members, and Liaison Delegates of ExCo Members as appropriate.

The Responsibilities of the Cluster Leadership Group members are to:

- a) Work with the Cluster Director to prepare the Cluster Board meetings
- b) Providing guidance on the work of the Cluster
- c) Promote collaboration between the Business Solutions and Sector/Value Chain projects within the Cluster.

6. *(Re) appointment, term and resignation*

6.1 The co-Chairs are nominated by the Cluster Board members, proposed for appointment by the CEO, to be approved by the ExCo. The Co-Chairs shall be appointed for a two (2) year term of office. Co-Chairs shall be nominated on the basis of the following criteria:

- a) have the position of Council Member for their company;
- b) demonstrate expertise and leadership in the Cluster;

6.2 Cluster Board members are nominated by the Business Solutions and Sector/Value Chain projects within the Cluster.

6.3 Cluster Board members' tenure is for two (2) calendar years plus the year in which they are appointed. Members can be reappointed. At least one of the Cluster Board members should also be a member of the ExCo to ensure proper flow of communication.

7. *Cluster Board meetings*

- 7.1 The Cluster Board members meet physically once (1) a year during the Council meeting. Other meetings are expected to be in the form of phone conferences with additional information shared through emails and the WBCSD website. The co-Chairs call the meeting.
- 7.2 Minutes of the meeting are prepared by WBCSD head office staff.

8. *Amendment*

- 8.1 This Charter may be amended by a resolution of the ExCo to that effect.

9. *Governing law*

- 9.1 This Charter shall be governed by and construed in accordance with the laws of Switzerland.
- 9.2 This Charter is based on the ExCo Charter which is incorporated herein by reference. In the event of inconsistency between this present Cluster Board Charter and the ExCo Charter, the latter shall prevail.
- 9.3 This Charter is published on the WBCSD website www.wbcds.org.

ANNEX A. Decision-making chart

WBCSD

Decision making chart

(Based on selected items from the Articles of Association and the ExCo Charter)

Consulted	Those whose opinions are sought and with whom there is a two-way communication
Informed	Those who are kept up to date with the progress of the task of deliverable and with whom there is a one way process
Prepare	Those that have delegated or statutory responsibility
Propose	Those that have a right to make a proposal
Approve	Those that can Approve a decision or output
Nominate	Those that can select (with respect to a position)
Appoint	Those that can elect (with respect to a position)
Blank	Cells that are left blank mean that the founding document does not allocate a formal role in the decision process to the entity in question

Governance document	Ref	Members										WBCSD
		Council	ExCo Chairman	ExCo	ExCo Nomination Committee	Cluster Board Co-Chairs	Cluster Board members	Business Solutions Co-Chairs	Business Solutions Members	Sector/Value Chain Co-Chairs	Sector/Value Chain Members	CEO
I. Appointments												
Council												
Council Members invitation	Articles of Association	4.1			Approve							Propose
ExCo												
ExCo Chairman	ExCo Charter	5.2			Appoint							Nominate
ExCo Vice-chairmen	ExCo Charter	5.2		Nominate	Appoint							
ExCo members	ExCo Charter	3.1 a)	Appoint		Nominate	Propose						
WBCSD												
WBCSD CEO	ExCo Charter	11.1			Appoint							
WBCSD SMT	ExCo Charter	11.4 a)			Consulted							Appoint
WBCSD staff	ExCo Charter	11.4 a)										Appoint
Priority Clusters												
Cluster Board Co-chairs	ExCo Charter	3.1 c)			Appoint		Nominate					
Cluster Board Members	N/A	N/A				Appoint						Nominate
Business Solutions												
Business Solution Co-Chairs						Appoint		Nominate				
Business Solution Members												Appoint
Sector/Value Chain Projects												
Sector/Value Chain Project Co-chairs	ExCo Charter	3.1 c)			Appoint							Nominate
Sector/Value Chain Project Members	ExCo Charter	N/A							Appoint	Nominate		Nominate
Redefining Value												
Redefining Value Board Members					Appoint							Propose
Committees												
Honorary Committee	ExCo Charter	14.4	Appoint		Nominate	Propose						
Advisory Boards members	ExCo Charter	11.4 b)	Informed		Consulted							Appoint
Assurance group members	N/A	N/A							Appoint	Nominate		Informed
II. WBCSD Strategy												
Mission statement	ExCo Charter	3.1 e)	Approve		Propose							Prepare
Strategy	ExCo Charter	3.1 f)	Approve		Propose							Prepare
Strategic partnerships	ExCo Charter	8.5e)	Informed		Approve		Informed	Informed		Informed	Informed	Propose
WBCSD performance report	ExCo Charter	3.1 i)	Informed		Approve							Prepare
III. Membership												
Membership conditions	ExCo Charter	3.1 j)	Approve		Propose							Prepare
Membership fees	ExCo Charter	3.1 l)	Approve		Propose							Prepare
Membership pool monitoring	ExCo Charter	11.4 j)										Prepare
IV. WBCSD activities												
New work programs and objectives at WBCSD level	ExCo Charter	3.1 o)			Approve							Prepare
New Business Solutions within Clusters	N/A	N/A			Informed	Approve	Propose					Informed
Sector/Value Chain Project workplans	N/A	N/A							Approve	Propose		Prepare
Monitor Sector/Value Chain project delivery and impact	N/A	N/A								Approve		Prepare
V. Financial planning and reporting												
Annual budget	ExCo Charter	3.1 m)	Approve		Propose							Prepare
Sector/Value Chain Project budgets	ExCo Charter	11.4 r)	Approve		Approve							Prepare
External audit	ExCo Charter	11.4 s)	Approve		Consulted							Prepare
Annual report and accounts	ExCo Charter	11.4 t)	Informed		Approve							Prepare
VI. Publications and communication												
Publications												
Major publications and positions (of a policy nature) involving more than one cluster	ExCo Charter	3.1 q)			Approve		Approve		Prepare		Prepare	Approve
Major publications and positions (of a policy nature) involving just one cluster	Cluster Board Chart	n/a			Consulted		Approve		Prepare		Prepare	Approve
Major publications (of a policy nature) by Sector/Value Chain projects (i.e., reports/facts and trends)	ExCo Charter	n/a			Consulted		Consulted			Approve	Prepare	Approve
Organisational publications (i.e., the Annual Review) or specific issue briefs that fall outside the subject domain of a specific Cluster	ExCo Charter	3.1 r)			Approve						Prepare	Prepare
Routine WBCSD publications (i.e. articles/book chapters for outside publications, case studies, workshop, educational materials)	ExCo Charter	11.4 y)										Approve
Confidentiality requirements and exclusivity rights	ExCo Charter	3.1 s)			Approve							Propose
Communication												
Media relations and reputational risks	ExCo Charter	12 bb)			Approve							Approve
Crisis management	ExCo Charter	12 cc)			Approve							Approve
VII. Structure & organisation												
Governance												
Establish board committees	ExCo Charter	2.1			Approve							Propose
Complaints and whistleblowing process	ExCo Charter	9.1			Approve							Approve
	ExCo Charter	12			Approve							Propose