



THE PRINCE OF WALES'S

BUSINESS & THE ENVIRONMENT PROGRAMME

DEVELOPED BY THE UNIVERSITY OF CAMBRIDGE PROGRAMME FOR INDUSTRY

2007 London Lecture

Given by H. Lee Scott,

President & CEO of Wal-Mart

1st February 2007



UNIVERSITY OF
CAMBRIDGE

PROGRAMME FOR INDUSTRY

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President & CEO of Wal-Mart

In the presence of HRH The Prince of Wales, The Secretary of State for the Environment, and distinguished guests, and alumni of The Prince of Wales's Business & the Environment Programme

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Cambridge Programme for Industry brings together leaders from across the world to attend events which address global sustainability issues. These events inevitably have environmental impacts of their own. We are committed to minimising these impacts, firstly by considering journey distance and means of travel to venues for our programme team, faculty and contributors, secondly through working to source organic and locally produced food and drink at our events, and finally through minimising our use of hard copy materials and communications. We realise that in spite of these efforts, our programmes still have a carbon footprint. To address this, we offset the carbon footprint of the venues we use, as well as programme team, faculty and contributor travel. We encourage participants to offset the carbon impact of their own travel to and from our events. If participants opt not to offset their carbon, we will do so on their behalf.

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Welcome by Polly Courtice

Director, University of Cambridge Programme for Industry,
Co-Director, Business & the Environment Programme

“Everyone in this room knows how hard it is to forge an authentic bond between profitability and sustainability. It is clear that there are no simple answers.”

Your Royal Highness, Secretary of State, ladies and gentlemen, friends of The Prince of Wales’s Business & the Environment Programme.

It gives me a great deal of pleasure to welcome you here this evening for what I’m sure will be an exceptionally interesting and illuminating lecture by Mr Lee Scott, Chief Executive of Wal-Mart, who will share with us his company’s approach to sustainability.

Everyone in this room knows how hard it is to forge an authentic bond between profitability and sustainability. It is clear that there are no simple answers. And with rapidly rising international concern about issues such as climate change, it is also clear that the hopes and expectations of the role business will play have never been higher. Which is one of the reasons why the Business & the Environment Programme exists.



HRH The Prince of Wales and H. Lee Scott, President & CEO of Wal-Mart.

“It is in the spirit of enquiry that we hold our London Lectures, a platform where influential leaders can share their vision and their experiences.”

For those of you who are meeting us for the first time, the Programme provides a forum where leaders from business, government and civil society can deepen their understanding about sustainable development and work out how they can respond in ways that are good for their organisations and good for society as a whole.

In the Programme we find ourselves on a shared journey of exploration about how best to address these challenges and opportunities. And it is in that spirit of enquiry that we hold our London Lectures, a platform where influential leaders can share their vision and their experience.

The Programme now operates on four continents in six different locations and over the years it has touched more than 1500 people across the globe.

So many people and so many institutions have played a part in the Programme’s success. There are three that I would like to mention in particular tonight.

First, all those people who have been involved in the Programme in one way or another – faculty, contributors, sponsors, and above all alumni – so many of whom are here tonight. They make the Programme what it is, and make our work so extraordinarily rewarding. I would like to thank them for their commitment.

I would also like to acknowledge my own institution, the University of Cambridge, for its great support and for bringing the credibility and the scale that has been so important in our emergence as an internationally respected initiative. In particular, I pay tribute to my colleagues at the



Speakers and distinguished guests of the Programme.

Cambridge Programme for Industry for their dedication to our mission.

And finally, of course, His Royal Highness, one of the great charitable entrepreneurs of our time, whose vision and passion and real determination has been so fundamental to the success of the Programme.

To you sir, I would like to say thank you, because without you we would not be here this evening, and many of us would not be looking to the future with such conviction that we can, not least through your Programme, make a difference and make real progress on some of the most pressing concerns of our time. So with that, I would like to invite you, Sir, if I may, to come forward and introduce our speaker tonight.

Introduction

by HRH The Prince of Wales

President of the Business & the Environment Programme

“Climate change is indeed the biggest environmental issue we face. Yet somehow we have also to find ways of tackling all the other environmental issues too – many of which are being accelerated by changes in climate.”

I couldn't be more delighted that so many of you have once again been tempted to the London Lecture of my Business & Environment Programme and as always I must try to be careful not to give the lecture myself.

Before I introduce the latest of our eminent speakers in this series, I just want to say a few words about the Programme itself. I am conscious that a considerable number of you who are here this evening are here for the first time, and I very much hope this event will lead to many fruitful relationships in future.

The entire exercise is a remarkable testament to Polly Courtice and Jonathon Porritt, the tireless co-directors of the Programme, James Smith and the Management Committee and the team at Cambridge University's Programme for Industry. They are working with an ever-increasing Core Faculty of the highest calibre and we now run six seminars each year around the world. The latest of these will start in Australia this year.

At the same time, we have some important initiatives which derive their impetus from the capacity of the Programme team to mobilise the energy and talents of an extraordinary array of alumni and the organisations which employ them. I am not, you will be glad to hear, going to go into any detail now, but the Corporate Leaders Group on Climate Change – to be matched from next week by an EU group with the same function – is a splendid example of what can happen when business leaders see the need to move beyond discussion of a problem to identifying the actions that will make a difference.

And I have to say that the achievements of this group, now working closely with Government, are, to my mind, amongst the most important initiatives to emerge from my Business & the Environment Programme. I can only congratulate the companies who have so determinedly taken this leadership position.

“As the leader of one of the world’s largest corporations, Mr. Scott is in a position of extraordinary influence. Like other major international retailers, the decisions taken by his corporation can make a huge difference to our world – and, indeed to humanity generally.”



HRH The Prince of Wales addresses the alumni and guests.

In a similar vein, I am delighted that the groundbreaking Business Task Force on Sustainable Consumption and Production, recently established by the Department of Environment, Food and Rural Affairs and the Department of Trade and Industry, draws its core membership from alumni of both the Business & Environment Programme and Business in the Community. The focus of its work on innovative solutions that support economic growth and competitiveness, while systematically controlling and reducing the associated environmental footprint, is precisely the sort of approach I believe we need.

Now having given you just a brief glimpse into my Programme’s activities, it is now my pleasure to introduce

this year’s speaker, Mr. Lee Scott, who, as you all know, is President & Chief Executive of Wal-Mart. As the leader of one of the world’s largest corporations, Mr. Scott is in a position of extraordinary influence. Like other major international retailers, the decisions taken by his corporation can make a huge difference to our world – and, indeed to humanity generally. Someone once told me that if Wal-Mart were a country, in terms of its profit, it would be the 20th largest in the world. So any decisions which it takes are not only powerful in their own right, they also have a major influence on others in the sector, and, of course, on their suppliers.

This is why everyone took such note of Mr. Scott’s speech in October 2005 – itself the result of the wake-up call, as he described it to me, after Hurricane Katrina – when he set out how Wal-Mart was going to address the whole subject of sustainability. And it is why we have invited him to share his view of where the company is on its journey towards a more sustainable world and we couldn’t be more grateful for him giving up his spare time to come here.

In some ways it may be premature to ask for an account of an initiative that is still so young. But Wal-Mart’s announcement gave many people cause for hope. At the same time, perhaps, it laid down the gauntlet to other businesses. And let me just say that the current healthy competition in this area between one or two of the biggest names in UK retailing is extremely encouraging and I can only congratulate them for their recent bold moves.

I know from my own conversation with Mr. Scott over a year ago, when he came to see me in London, that one of the critical factors which led him to look carefully at sustainability as an issue for his business was the realisation that climate



H. Lee Scott is presented to HRH the Prince of Wales by Polly Courtice.

“Of course, I don’t need to tell any of you that true sustainable development is about far more than the environment alone. It is about building a society both now and for future generations in which the natural and social capital are in harmony.”

change would lead to an increase in the number of hurricanes with the devastating power of Hurricane Katrina. And, of course, climate change is indeed the biggest environmental issue we face. Thankfully, it’s a subject that has had a considerable, if long-overdue airing recently, although I think there is a risk – if we aren’t careful – that people will begin to equate protecting the environment with reducing the rate of climate change. You might say that would be a good start, and I would agree. Yet somehow we have also to find ways of tackling all the other environmental issues too – many of which are being accelerated by changes in climate.

For instance, one of the issues which I have often felt is neglected is the plight of the world’s oceans and the terrifying decline in fish stocks. Today we are celebrating the first anniversary of Wal-Mart’s announcement that within five years it will source all of its fish from stocks certified by the Marine Stewardship Council. According to the Council, the effect has been huge: new fisheries have entered the assessment process and other retailers around the world, many of them in the UK, have made the same decision or are reviewing their own seafood-sourcing policies. I think it is right to acknowledge publicly that this initiative began with Unilever, just as the equally successful Forest Stewardship Council started with B&Q. In each case, WWF found a brave and innovative company as a partner, with management which saw a problem ahead and was prepared to take a risk in looking for solutions. The ultimate success of these and similar initiatives is dependent on others joining in.

Of course, I don’t need to tell any of you that true sustainable development is about far more than the environment alone. It is about building a society both now and for future generations in which the natural and social capital are in

harmony. My point is that to achieve this we urgently need leaders who are willing to make the first move.

So my challenge for each of you here tonight is: ‘What are you going to be first at?’ Where can you, and your organisation, lead the way on sustainability? What are the biggest environmental and social impacts from your sector, and how could you systematically reduce them?

For the many of you who already have one or more sustainability initiatives under way, the question is slightly different: ‘How can you take what you have learned and scale it up across the whole company?’ And then to your whole sector, and beyond...

So, I much look forward to hearing the answer to those questions in due course, but for now I will just once again thank Lee Scott most warmly for being here tonight, and invite him to address us.



H. Lee Scott meeting alumni and guests of The Prince of Wales Business & the Environment Programme.

2007 London Lecture

Sustainability 360°: doing good, better, together

Lecture by H. Lee Scott
President & CEO of Wal-Mart Stores Inc.

Your Royal Highness, Secretary of State, lords, ladies and gentlemen: Delivering this lecture is a privilege not only for me, but for the entire Wal-Mart and ASDA family.

Quite frankly, at Wal-Mart, we are thrilled whenever we can talk about what we are doing and learning in the area of sustainability. Forgive the jargon, but we think sustainability is “cool”.

That is why we are especially honoured to speak about this issue at the invitation of The Prince of Wales. He was a leader in sustainability long before sustainability was “cool”. He has been making the business case for sustainability for decades – whether it is his organic farm, his recent accounting project, or this very programme.

It is remarkable to think that the Prince commissioned the Business & the Environment Programme from Cambridge University nearly 15 years ago. It is now rightly regarded as the best of its kind anywhere in the world.

Your Royal Highness, we know that, compared to you, Wal-Mart is relatively new at sustainability.

We know that we have a lot to learn and a lot of work to do. But we are grateful for the opportunity to share our progress before such a distinguished group of leaders. And above all, we are grateful for the inspiration that your leadership has provided us throughout our own journey.

In December, when The Prince of Wales launched his Accounting for Sustainability programme, he talked about the evolution of sustainability in the public arena. He said: “What we are doing to our environment is the subject of increasingly urgent and mainstream debate. It is not a moment too soon.”

At Wal-Mart, we have come to see sustainability in the very same way. Whether it is the world’s rapidly growing population or the worsening problem of global warming, we see the need for sustainable business practices as increasingly urgent. And perhaps more than anything else, we see sustainability as mainstream.



H. Lee Scott

Every week 176 million customers shop at our stores in 14 countries around this world. And no matter where they are from or what they are looking for, the majority of those customers are working men and women. They care about quality merchandise and a good shopping experience – which we give them. But across the board, they care about and need unbeatable prices. These are men and women who don't have the luxury of want. They need the most value for their hard earned money.

To a Wal-Mart customer, saving a dollar ... or a pound ... or a peso means something. It means a parent can send their daughter to school with crayons, a backpack and clothes that are just as good as the other kids'. It means a parent can put quality meat and fresh vegetables on the kitchen table at night. And as we see in America with our \$4 prescription drug programme, it means a senior citizen doesn't have to split pills in two – but can take the medicines she needs to live a full and healthy life. This is the value that our customers find every day in our stores. And when it comes to sustainability, we want to deliver that same value.

“It is remarkable to think that the Prince commissioned the Business & the Environment Programme from Cambridge University nearly 15 years ago. It is now rightly regarded as the best of its kind anywhere in the world.”

We believe working families should not have to choose between a product they can afford and a sustainable product. We want our merchandise to be both affordable and sustainable. Because when it is, we empower our customers to make the right decisions.

We empower the men and women of Breck Road in Liverpool, or the Warehouse District in New Orleans, or Chiapas in Mexico to do the right thing. To buy compact fluorescent light bulbs, organic milk and sustainably-harvested fish. To do the right thing for themselves and their families, but also for humanity and this planet. At Wal-Mart, this is how we view sustainability.

It's a view that takes in our entire company – our customer base, our supplier base, our associates, the products on our shelves, the communities that we serve. It's not just about reducing our environmental footprint. And it's not just about having our house in perfect order before we can be bold. It's about stepping out – even without all the answers – and aggressively promoting sustainability among all the stakeholders of our company. We are calling this approach 'Sustainability 360°'.

And we believe every business can look at sustainability in this way. In fact, in light of current environmental trends, we believe they will and soon.

After all, what holds the most value for our businesses and the most promise for our planet: Is it one company doing everything a sustainable business should do – and doing it perfectly – but only within its own four walls? Or is it helping thousands of suppliers, millions of associates, and tens of millions of customers make billions of individual decisions that sustain themselves, their communities and, in turn, the Earth?

I believe each of us can travel down multiple paths in our individual journeys toward sustainability. But no matter which path we take, we all have a responsibility to start the journey. It is the responsibility of every corporation to be more sustainable.

Today I would like to talk with you about the six paths we are taking at Wal-Mart as part of 'Sustainability 360°'. Wal-Mart has



HRH The Prince of Wales meeting guests.

always been driven by a singular purpose – to save people money so that they can lead better lives. In order to do that – to deliver Everyday Low Prices – you have to pursue Everyday Low Costs. You have to drive costs out of the system, so that you can pass those savings and the best prices on to your customers.

More than a decade ago, we discovered the potential for conservation to reduce costs.

Our initial steps included a daylight harvesting programme and building environmental stores. But that was just the beginning. I never imagined – and I don't think anyone at Wal-Mart did – the many paths we would be on today.

“It is the responsibility of every corporation to be more sustainable.”

We really started to get serious about sustainability, as we know it, about a year and a half ago. We had done a lot of work leading up to that point. We had called on the advice, expertise and generosity of a lot of environmental NGOs and leaders. And they were incredibly helpful.

But there was one event that pushed us from a learning process into taking more aggressive action.

I am sure many of you saw and remember the desperate images of Hurricane Katrina: entire neighbourhoods submerged under water; families waving for rescue from their rooftops; elderly men and women dying in the open from sickness and exposure. Katrina was one of the worst disasters in the history of the United States. But it also brought out the best in our company.

We had several feet of water in many of our stores. We had associates who had lost everything, including loved ones. Yet those associates and our entire company rallied and responded quickly and decisively. We responded by doing what we do best: We empowered our people and leveraged our presence and logistics to deliver the supplies that hurricane victims so desperately needed.

Hurricane Katrina changed Wal-Mart forever. And it changed us for the better. We saw our full potential – with absolute clarity – to serve not just our customers, but our

communities, our countries and even the world. We saw our opportunity and our responsibility.

In the aftermath of the storm, we asked ourselves: How can we be that company – the Wal-Mart we were during Katrina – all the time? Sustainability became a big part of the answer. Almost immediately, we set three goals for our company:

- 1) to be supplied 100 percent by renewable energy;
- 2) to create zero waste and
- 3) to sell products that sustain our resources and the environment.

That is the first path we set out on – our environmental footprint and our products. And so far, we have been very pleased with our progress.

Right here in the UK, we believe ASDA – which has been leading on sustainability for some time – will send zero waste to landfills by 2010. That will keep 245,000 tons of waste from entering UK landfills every year.

And just the other day in Kansas City, Missouri, Wal-Mart opened our next generation of environmental experimental stores. This is our first high-efficiency prototype in the US, and it uses about 20 percent less energy than the already efficient Wal-Mart stores being built today.

And when it comes to products, we are taking a hard look at what is on our shelves. This led us to work with one supplier to reduce the packaging on our Kid Connection line of toys. As a result, we now need 497 fewer containers to ship the same number of items. This will save us \$2.4 million a year in shipping costs. But equally as important, it will save 3,800 trees and 1,000 barrels of oil per year.

That's just one supplier, just one product line, and just 255 items. Our company has more than 60,000 suppliers worldwide and the typical Supercenter in the US stocks 142,000 items on its shelves. The typical ASDA store stocks 40,000 items on its shelves.

As we headed down this first path in our sustainability journey and started to see these results, we really got excited.

And the possibilities started to open up. We began looking beyond our environmental footprint and our products and taking a much more holistic view of sustainability.

“Hurricane Katrina changed Wal-Mart forever. And it changed us for the better. We saw our full potential – with absolute clarity – to serve not just our customers, but our communities, our countries and even the world. We saw our opportunity and our responsibility.”

That leads me to our second path – suppliers. We are working with our suppliers to make our products more sustainable. But we are also helping them become more sustainable businesses in their own right. A few months ago, we announced an effort to measure the ability of our suppliers to reduce packaging and conserve natural resources.

Our goal is a five percent reduction in overall packaging by 2013.

Again, think about the multiplier effect of more than 60,000 suppliers around the world. The impact of this packaging effort will be equal to removing 213,000 trucks from the road, and saving about 324,000 tons of coal and 67 million gallons of diesel fuel per year. This is great for the environment. But there's also a business advantage – and a pretty big one.

We believe this effort could save the global supply chain nearly \$11 billion. Our supply chain alone could save \$3.4 billion.

And you will be happy to know that ASDA has already stepped up. In the UK, we recently announced that we will reduce packaging on food by 25 percent by the end of next year.

There are other opportunities with our suppliers beyond packaging. This year, our company will launch a new ethical sourcing initiative. Our goal is to build more long-term and sustainable partnerships with our suppliers' factories and the communities they operate in.

Where we have been able to do that, we have seen some great results. For instance, we were buying from a candy factory in Brazil that just did not have a good system in place for processing, recycling and disposing waste. So our auditors sat down with the factory's management, explained that sustainability can be profitable, and made recommendations. These managers were skeptical, but they took on the challenge. The next time we visited the factory, we saw a new waste management programme. And you know what? The factory managers proudly reported that their new programme was generating \$6,500 per year in new profits.

At Wal-Mart, we already have a team of 200 people dedicated to ethical sourcing. We are going to invest more in that team because we see a real and meaningful opportunity.

Perhaps the most far-reaching opportunity with our suppliers is a simple idea with potentially profound consequences. Just think about this: What if we worked with our suppliers to take non-renewable energy off our shelves and out of the lives of our customers. We could create metrics and share best practices so our suppliers could make products that rely less and less on carbon-based energy.

I have asked the leadership of Wal-Mart to start thinking about this idea in a very serious way. And we are doing that through a new programme we are calling "Global Innovation Projects."

So why are we focusing so much on suppliers? Because we think there is real potential here to do the right thing not only for our business and for our suppliers, but also for our customers and the environment. The fact is our businesses can have a positive impact well beyond the communities where we traditionally do business.

And that is the third path we have taken at Wal-Mart – the community.

As businesses, we can go further – to places where we may have no connection other than a simple bond of humanity. We should look to these places and ask: Can we be profitable here and, in the process, help more people and communities build a sustainable future?

Under the leadership of Andy Bond, ASDA asked this question. And they came up with what I think is a compelling answer.

At Wal-Mart, we are very proud that ASDA has shown for a number of years its commitment to supporting local communities through local sourcing.

"Perhaps the most far-reaching opportunity with our suppliers is a simple idea with potentially profound consequences. Just think about this: What if we worked with our suppliers to take non-renewable energy off our shelves and out of the lives of our customers. We could create metrics and share best practices so our suppliers could make products that rely less and less on carbon-based energy."

This started with support for farmers in the Lake District during the foot and mouth crisis. But since then, ASDA has rolled out a market-leading programme. We now have 3,000 locally sourced products delivered to our stores mainly from ten local hubs. And to service these hubs, we work with 300 local suppliers – in addition to our fruit and vegetable suppliers. This is great for local communities.

Every single store has access to a locally produced product. In Cornwall, for example, Rodda's clotted cream outsells ASDA brand clotted cream 50 to 1.

But it is also good for our business – which revolves around customers.

More than 60 percent of our UK customers say they want to be able to put locally sourced products in their baskets.

That is why ASDA will open another five local sourcing hubs by the end of this year.

The fact is that all of our companies can "do well while doing good". And individuals deserve that opportunity too.

That's the fourth path of our journey – making sustainability affordable and accessible to customers.

HRH The Prince of Wales, H. Lee Scott and David Miliband, MP.



“As businesses, we can go further – to places where we may have no connection other than a simple bond of humanity. We should look to these places and ask: Can we be profitable here and, in the process, help more people and communities build a sustainable future?”

At Wal-Mart, we want sustainability to be another way we can save people money so they can lead a better life. That can be done. It can be done on a large scale. And there is tremendous potential in doing it – to be profitable, to help people and to sustain our planet.

Let me give you an example of this right here in the UK. It's an everyday product in every sense of the word. At ASDA, we have the somewhat dubious distinction of having the best quality private label brand of bathroom tissue – or, as you call

it, loo roll – in the UK. We currently sell about 250 million rolls of it per year.

Now most of us do not think about bathroom tissue in the same way we think about recycling paper or making furniture from sustainably harvested wood. But we should. It takes a lot of trees to make all those rolls of bathroom tissue.

So we asked ourselves: What if we manufactured our bathroom tissue out of sustainably harvested wood? Over the last two years, our supplier has worked closely with the Forestry Stewardship Council (FSC), which is the stamp of approval for sustainable forestry.

This work culminated just last month in the relaunch of ASDA's bathroom tissue. Now 45 percent of the fibre used to make our bathroom tissue is sourced from a FSC certified plantation in Brazil.

Our goal is to encourage other forest and plantation owners to become certified by the FSC.

Eventually, we want to use only sustainable timber and pulp-based products to manufacture our brands. But here is the best part of the story: shifting to sustainable timber has not added one single penny to the price of our tissue.

It was a great value before – and by being a socially responsible product – it is an even better value to our customers in the UK. They are able to make an affordable purchase and a sustainable purchase at the same time.

I believe we all have an opportunity to approach sustainability this way – to increase the acceptance and prevalence – and drive down the cost – of sustainable practices.

I have talked about sustainability with suppliers, communities and customers.

But there is another critical stakeholder.

And it is our fifth path – your employees – or at Wal-Mart, our associates, and at ASDA, our colleagues.

When I first started to learn about sustainability, it certainly interested me. But pretty soon it started to excite me – just like it has excited a lot of other Wal-Mart associates.

“Eventually, we want to use only sustainable timber and pulp-based products to manufacture our brands.”

Sustainability has caught on throughout our company. It has become an integral part of the Wal-Mart culture. It has even become a recruiting and retention tool. Our young managers view our focus on sustainability as a higher calling.

I believe we owe all of our people this opportunity – which is why we have launched Personal Sustainability Practices or PSPs for all Wal-Mart associates. PSPs will help our associates understand that sustainability is part of our business culture, and that they as individuals can make a difference in our company.

Let me just give you an example of the potential we see for engaging our associates in sustainability. After Katrina, we made it a priority to roll back the prices of compact fluorescent light bulbs and promote them in our stores.



H. Lee Scott and alumni of The Prince of Wales Business & the Environment Programme.

Our associates took that mission to heart – associates like Cheryl Molinares. Cheryl is a Wal-Mart associate from Ionia, Michigan. Last March, she sent us a note in Bentonville. She said that her grandmother owns a motel in Ionia. And that they talked about the new light bulbs and how much money they can save her.

Cheryl wrote: “My grandmother told me she would take the Wal-Mart challenge herself by buying one light bulb a day until her house and the motel had a light bulb in every room. Counting today, she has purchased 15 light bulbs.”

Last month, we checked up on Cheryl. She said her grandmother has replaced every bulb in her motel and her house. And listen to this: according to Cheryl her grandmother has cut her monthly electrical bills by 85 percent.

At Wal-Mart, we are depending a lot on the enthusiasm of associates like Cheryl.

ASDA has committed to boosting the sales of energy-efficient bulbs here in the UK. And in the US, we recently set a goal to sell 100 million compact fluorescent light bulbs by the end of this year.

If we achieve this goal – and we have some outstanding partners to help us – we will save consumers a total of \$3 billion in electrical costs over the life of the bulbs. We will also prevent

20 million metric tons of greenhouse gases from entering our atmosphere, which is equal to taking 700,000 cars off the road.

“Sustainability has caught on throughout our company. It has become an integral part of the Wal-Mart culture. It has even become a recruiting and retention tool. Our young managers view our focus on sustainability as a higher calling.”

As Cheryl has shown us, our people - your people - can make the difference with sustainability.

Let me now turn to our final path, and one that I think is truly remarkable – the potential to create new markets for sustainability.

I would like to illustrate this through a story about light emitting diodes or LEDs. As you probably know, LED lights last longer, produce less heat, contain no mercury, and use significantly less energy than other types of lights.

At Wal-Mart, lighting accounts for about one-third of our energy costs. And a portion of that cost comes from lighting our refrigerator cases. Over the last three years, we have invested about \$17 million in developing an LED lighting system for our refrigerator cases.

GE has been a key partner in this effort. Last November, we announced that we will outfit refrigerator cases in more than 500 of our stores with the new system. This will save us about \$13 million per year and reduce our carbon dioxide emissions by 63 million pounds – in weight.

That’s exciting. But the greatest potential is in creating a new market for LED lighting. Tens of thousands of grocery stores and other retailers will be able to take advantage of this new technology. So multiply the cost savings. Multiply the savings in carbon dioxide emissions. And just think about the impact on our economy and the environment.

There are other examples, such as our commitment to organic cotton. Cotton farmers can now invest in organic farming

because they have the certainty and stability of a major buyer. Through leadership and purchasing power, all of us can create new markets for sustainable products and services.

We can drive innovation. We can build acceptance. All we need is the will to step out and make the difference.

Sustainability is a new journey for Wal-Mart, and we know it is going to be a long journey. There are leaders and businesses in this room that have been working on sustainability for a decade or more. Even within my own company, ASDA has been working on sustainability for much longer than our US business.

So on our journey to becoming a more sustainable business, we want to learn from you. We want to work with you. We want to do good ... better ... together.

And that’s what our six paths and ‘Sustainability 360°’ are all about.

- Doing the right thing
- Doing better for our customers, our companies and for our planet
- And doing it together.

We all have an opportunity to be more sustainable. But even more, we have a responsibility.

We need to be sustainable companies and countries made up of people who live sustainable lives.

If we do that, if we do it throughout the coming decades, I believe we will make sustainability... sustainable.

And this generation will leave a healthier humanity and a healthier planet to future generations.

Your Royal Highness, Secretary of State, lords, ladies and gentlemen.

Thank you for your attention.

“We can drive innovation. We can build acceptance. All we need is the will to step out and make the difference.”

Closing remarks

by James Smith

Chairman of Shell UK, and Chairman of The Business & the Environment Programme's Management Committee

“I am very conscious that in the world, that as a society, we seem to be reasonably good at anticipating crises, at foreseeing them. We are far less good at averting them. We seem to be more prone to muddle through and mop up and try to get by, and I am not sure it is going to be like that for climate change. I don't think that option is available to us.”

Transcript of James Smith's remarks:

Your Royal Highness, Secretary of State, ladies and gentlemen, I should introduce myself. My name is James Smith and it is my privilege and my great pleasure to thank you, Lee, for your speech. If I may, I would just like to say a word or two to give some context to my thanks.

I read in the newspaper the other day that someone had said “it is well advised to build an ark before the flood, and not during the flood, and certainly not after the flood”. They weren't talking about climate change, but when I read it, I thought, goodness me, that really is relevant to climate change. Because I am very conscious that in the world, that as a society, we seem to be reasonably good at anticipating

crises, at foreseeing them. We are far less good at averting them. We seem to be more prone to muddle through and mop up and try to get by, and I am not sure it is going to be like that for climate change. I don't think that option is available to us.

And thinking about building the ark before the flood, I began to think that's not quite right either is it? It might be better to avert the flood. And of course the flood for which the ark was built perhaps could not have been averted. But the flood and the impact of climate change of course – at least to a degree – has its causes in our actions, and therefore it is within our power to avert that flood and those consequences.

“And since time is of the essence, we are dependent on leadership. And leadership has to come from many quarters.”

And the ironic thing about the challenges that face humanity—many difficult intractable challenges—is that we have it within our grasp actually to avert climate change. The solutions are available to us. We know how to do it. We know what to do. Our difficulty seems to be in mustering the common will—our common will—to put those solutions in place.

And there isn't a lot of time. The scientists say we've got 10–15 years to slow the growth in the emissions of carbon and then to bring the carbon emissions down. That's not a long time. But actually it's tighter than that. Because we don't have very long to put the agreements in place, among us, within our nation, internationally, to ensure those changes can be made.

And even in this year there are some very significant steps: the Climate Change Bill, the Council of Ministers discussing a strategy from the European Commission on addressing climate change. Already from President Bush in the State of the Nation Address we know that by the end of this year the international community is going to have to launch those discussions about what it is that is going to succeed Kyoto in terms of an international agreement. So there are some rather crucial stepping stones this year and the next two or three years that are going to tell us whether we can succeed in averting the flood or not.

And since time is of the essence, we are dependent on leadership. And leadership has to come from many quarters.



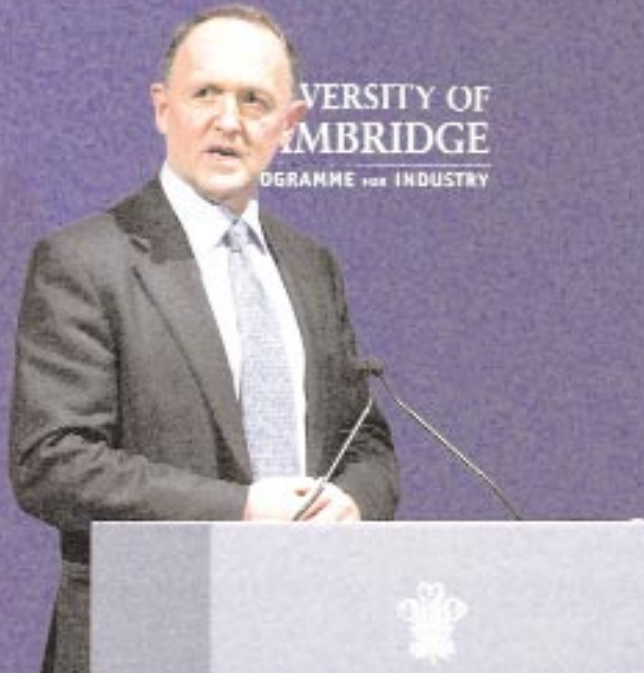


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“We have it within our grasp actually to avert climate change. The solutions are there available to us. We know how to do it. We know what to do. Our difficulty seems to be in mustering the common will – our common will – to put those solutions in place.”

There are probably three groups who have to lead. There is us as individuals in our own behaviours, our use of energy, but also supporting the changes that are going to have to take place from our governments – which is the second group. Governments acting within their own nations promoting change, setting new policies, encouraging (through market and other forces, regulations) industry and ourselves to adapt; governments agreeing internationally.

And the third group is that industry has to play a part as well, and as a representative of the energy industry producing oil and gas I well know how important it is for us to act.

But equally, I recognise the huge impact that supermarkets and big stores, major companies like Wal-Mart can make because of the interaction you have with so many consumers around the world. The partnerships you can create, and you describe Lee, not just partnerships with your employees and your customers but also with other companies. The huge impact that we all need to have together, individuals, governments, industry working on this. We need to work together and we need to work quickly so that we can act before the flood.

Lee, your speech contained vision, it contained passion, there was innovation, there was action and there was delivery. All of those things are needed. Lee, I would like to thank you personally for coming to the UK to talk to us. Thank you for a marvellous and stimulating speech and thank you also to Wal-Mart for the contribution it is making to tackling climate change that is so vital. Thank you.



Asda and 360° sustainability

“In the aftermath of the storm, we asked ourselves, ‘what if we were that company all the time – the Wal-Mart we were during Katrina, using our size and expertise as a force for good, not just for the communities in which we operate, but for the planet?’”

On August 29, 2005 Hurricane Katrina hit the Gulf Coast, destroying lives, levelling homes and leaving thousands of survivors with the same story: We lost everything.

New Orleans, Louisiana and coastal Mississippi felt the brunt of Hurricane Katrina’s force. The news networks brought desperate images, directly into our homes, of the total desolation left in the immediate aftermath of this catastrophic natural disaster. Katrina was one of the worst disasters in the history of the United States.

Entire neighbourhoods were submerged under water, families were seen frantically waving for rescue from their rooftops and residents were dying in the open from sickness and exposure. Wal-Mart had several feet of water in many of our stores. We had associates who had lost everything, including loved ones. Yet those associates and our entire company rallied and moved quickly and decisively into action.

We responded by doing what we do best. Over the next few days, we empowered our people, we leveraged our size and expertise in logistics to deliver 1,900 truck loads of free food, water and clothing to the worst affected areas. We also raised \$20 million in cash donations.

Up to a year before Katrina we had been looking at ways to improve our environmental footprint and the sustainability of the products that we sell. Hurricane Katrina was the catalyst that changed Wal-Mart forever, it galvanised us into action and changed us for the better.

At Wal-Mart we understand that the term ‘sustainable development’ has been defined as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” We want to go beyond that.

As well as the avoidance of “compromising” future generations’ abilities to meet their needs, all businesses

have the potential to 'make better' the economic and environmental prospects of future generations.

While much of the business community generally restricts their focus to the sustainability of their own organisation, we think that the scale of our business presents great potential to effect positive change beyond the scope of our immediate influence. We see opportunities to restructure our own operations while also leading change in our supply chain, in the business community at large, in the way our customers lead their lives, and even further, in the world beyond our current influence. This is what we mean by '360° sustainability'.

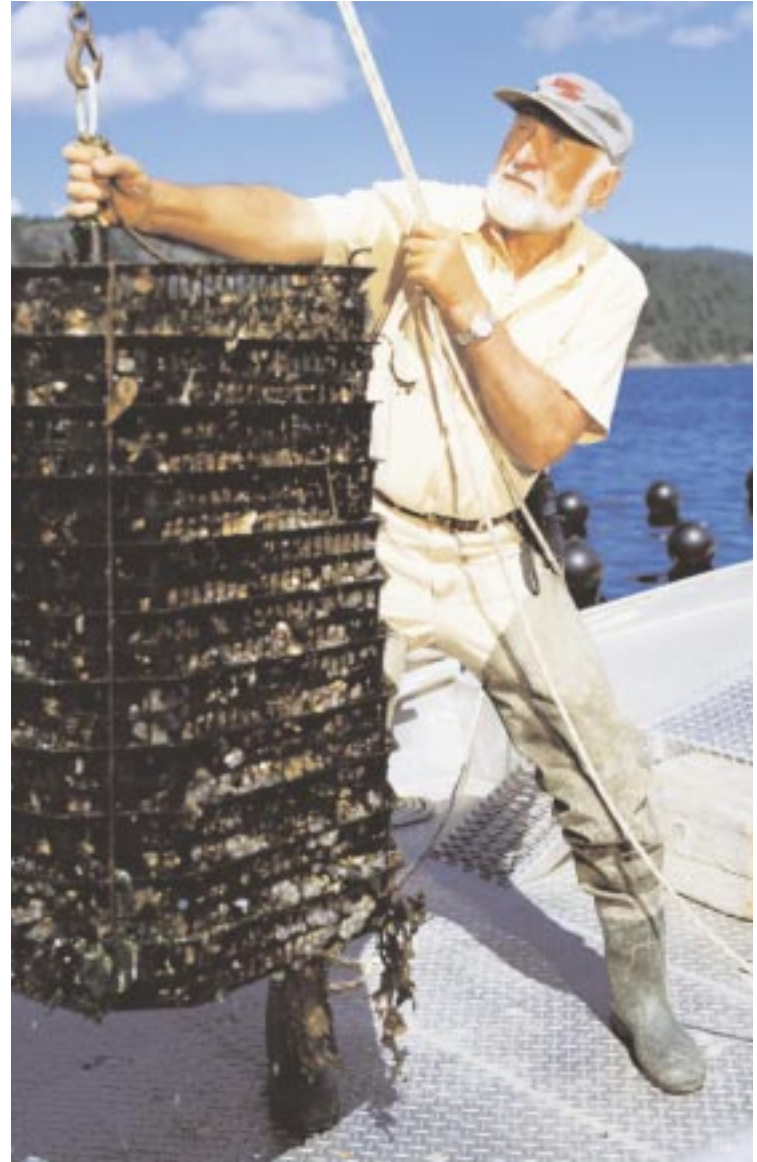
Broadening our Horizons

When it comes to sustainability, we don't claim to be the experts. However, we are learning more every day from those we are lucky enough to meet. As part of our path to total corporate sustainability we work with NGOs and government, as well as with our colleagues and customers, to make sure we learn as much as we can from those in the know.

An example of this is our commitment, within the next five years, to only stock wild-caught fresh and frozen fish from fisheries that meet the Marine Stewardship Council's (MSC) independent environmental standard for sustainable and well-managed fisheries. At our ASDA stores in the UK, as part of our new sustainable fish policy, we have already removed North Sea Cod, shark, skate wings, ling, huss (dog fish) and Dover sole from sale and our ASDA frozen fish ready meals are MSC certified.

In addition, we are joining NGOs in calling for the North Sea to be declared a marine conservation zone to preserve fish stocks for local fishing communities. In the UK we have recently called for other supermarkets and chefs to join us in stopping the sale of monkfish on the grounds that it is an endangered species. We are also helping to spread sustainable practices by helping fisheries to gain MSC certification.

Without the work of organisations such as the MSC, not to mention the campaigns of NGOs bringing environmental problems to our attention, we would not be able to work effectively towards guaranteeing the sustainability of the fish



Within the next three to five years, all our fresh and frozen fish will come from fisheries certified by the Marine Stewardship Council.

we sell. We believe that this open approach to partnership building is the best way to address the complex issues surrounding sustainability in the supply chain.



Organic farmers like John Burnett from Dundee have been central to our commitment to increase the amount of local products that we sell, which is good for local communities, good for our customers, and good for the planet.

“The roles of governments, civil society organisations and businesses are changing rapidly. Because of the scale and dynamic nature of the global environmental and social problems facing us, it is no longer feasible to rely on individual actors to provide solutions. The interconnected challenges surrounding sustainability, with worldwide implications, require a coordinated response involving as wide a constituency as possible.”

Changing Roles in the 21st Century

The roles of governments, civil society organisations and businesses are changing rapidly. Because of the scale and dynamic nature of the global environmental and social problems facing us, it is no longer feasible to rely on individual actors to provide solutions. The interconnected challenges surrounding sustainability, with worldwide implications, require a coordinated response involving as wide a constituency as possible.

Governments and NGOs have in the past been seen as promoters or drivers of sustainability. However, changing roles now mean that increased responsibility for action is falling on the business community. NGOs have raised the issues we are faced with and are now helping us to understand and respond to them. We are also increasingly engaged in encouraging governments and other businesses to play their part in securing a sustainable future for the planet.

Global-Local Interface

Because of the global nature of our business in the 21st Century our supply chain encompasses a worldwide network. The size of this system brings with it the environmental problems associated with the production and transport of goods around the world; and the local problems arising from consumers being distanced from local suppliers. We have often been criticised for the ways in which we have responded to these problems.

By working with as wide a range of local, national and international partners as possible we are able to gain a fuller understanding of the problems we are facing.

By ensuring that we transfer the benefits of our scale and experience to the local suppliers with whom we work we are able to save them money while increasing the efficiency and sustainability of our supply chain. This in turn leads to significant reductions in CO₂ emissions. Our growing range of locally-sourced products is therefore central to achieving a supply chain that is better for our environment and better for our customers' communities.

Inclusive Sustainability

We believe that environmentally sensitive facilities and processes add quality and value to our products. Our commitment doesn't stop there; we see real promise in our ability to bring cleaner, more environmentally preferable products within the reach of people around the world. We think that making sustainability affordable and accessible to everyone is our duty. Spreading the influence of the sustainability agenda through our operations and beyond is the best way to ensure that 360° business sustainability contributes significantly to a better, more sustainable future for everyone.



Sustainable cocoa growing in Ghana

Todd Stitzer
CEO, Cadbury Schweppes

“Working with others in a variety of ways, Cadbury Schweppes has played – and will continue to – play an effective and supportive role in developing a sustainable cocoa industry in Ghana. It is in our interests that we create a better world in which our business and Ghanaian cocoa farming communities will grow and thrive.”

Cadbury Schweppes is the world’s largest confectionery company with over 200 years of heritage in responsible business.

Our culture is grounded in good business ethics; our founders were renowned for their fair treatment of employees and efforts in supporting sustainable communities long before the term corporate and social responsibility (CSR) was coined. Today, our commitment to CSR and sustainable development are very much part of our sustainable growth strategy.

Ghana is particularly important to Cadbury in the UK and Ireland; our cocoa beans which make the chocolate we all know and love, are grown there.

We have a long history with Ghana: Cadbury helped found Ghana’s cocoa industry in 1908, when we left Sao Tomé due to poor labour conditions. Our many partnerships and initiatives in Ghana over those 100 years have played a part in creating beans so good they command a world price premium, and create the nation’s favourite chocolate.

Ghana and Cocoa Farming

Cocoa is grown and harvested under the jungle canopy, often miles from existing infrastructure. Living and working in this environment poses a number of economic, social, environmental, and labour challenges for farmers, their families and communities.



Building fresh water wells in Ghana

Building Fresh Water Wells

Take something as basic as clean and safe water. Cocoa farmers often live far from a safe water source. In fact, one in four Ghanaians does not have access to safe drinking water. In rural Ghana, where cocoa is grown, women and children, particularly girls, spend around nine hours every day collecting water; time which women could spend with their family or earning an income; or children could spend being educated.

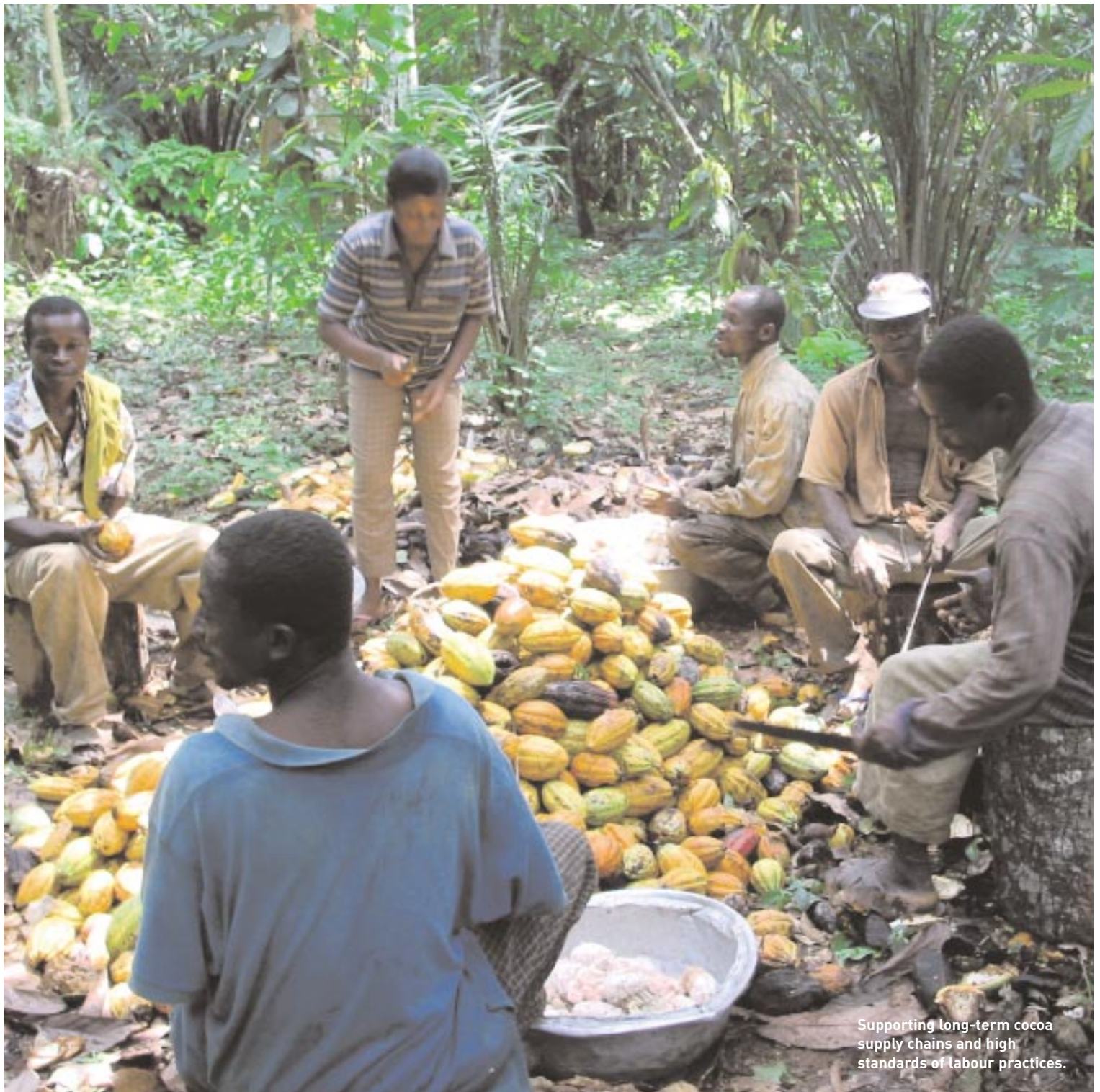
A community with a water well not only benefits from easy access to clean potable water and a subsequent improvement in sanitation and hygiene; more water also means natural resources can be replenished and crops can be watered which means more food and better nutrition. More time is available for farming, other jobs and education, which leads to an all-round improvement in a community's prosperity.

We started our well building programme, Ghana: for the Source, in 2001. Enabled by company financial support and considerable employee fundraising, our partners in the programme today are the Kuapa Kokoo Social Development Fund, a farmer's co-operative, and the international charity, WaterAid. By the end of 2006, together we had built 375 wells, providing access to clean water for around 50,000 people. We are even more focused on this tremendously important and impactful programme in 2007.

Investing in the Community

Access to water is just one barrier to helping Ghana's cocoa production become more sustainable. We also help farmers improve their cocoa production, in order to maintain a decent livelihood to support families and villages.

This isn't new: since the early 1900s we've been investing in Ghana cocoa communities in a number of ways, from



Supporting long-term cocoa supply chains and high standards of labour practices.

agricultural training to develop cocoa farming to building local community centres; from supporting school scholarships to providing funds for the establishment of cocoa research foundations, a library building programme with books donated by Cadbury Schweppes employees, from launching a farmers' newspaper and radio programme offering technical assistance in cocoa growing to providing funds through The Cadbury Schweppes Foundation.

Despite these efforts, there remains a risk that, through urban migration, farming communities may dwindle to the extent that the sustainability of our cocoa supply chain is threatened. We've therefore created or sought out partnerships with experts, to ensure that our efforts are as focused and impactful as possible. We also have a good relationship with the Ghanaian Government Cocoa Board (COCOBOD) which regulates cocoa export trade and sets pricing.

Sustainable Tree Crops Programme

Cadbury Schweppes is a member of the Sustainable Tree Crops Programme (STCP), an international initiative that aims 'to improve the economic and social well-being of smallholders and the environmental sustainability of tree crop farms.' The programme runs Farmer Field Schools which support cocoa farmers by helping them gain the knowledge and skills to maintain high quality cocoa, and build their understanding of working within the cocoa trading systems. Crucially, it also helps address poor labour practices.

Earthwatch Institute

Since 2005 we have partnered with Earthwatch, the environmental charity, and the Ghana Nature Conservation Research Centre in an innovative cocoa biodiversity programme in Ghana, with the aim of encouraging sustainable cocoa farming in the future.

The programme examines the production of cocoa in biologically diverse environments, encourages new farming methods to support the production of quality cocoa beans in more ecologically balanced ways, and helps re-establish farming and enhance biodiversity on abandoned farms.

Cadbury Schweppes provides financial support to the project, which allows a team of Ghanaian students to take part and

gain practical field experience. Cadbury Schweppes also offers employees from around the world the chance to volunteer on the project and gain first hand experience of the challenges in achieving a truly sustainable supply chain. We call this employee development programme Earthshare.

The Earthshare programme promotes environmental sustainability and sustainable cocoa growing, the protection of ecosystems and establishes eco-tourism as a potential additional income source.

International Cocoa Initiative (ICI)

Protecting the people that grow the cocoa we buy must be a priority.

We are keen that the highest international labour standards are observed in cocoa growing. Cadbury Schweppes is therefore an active member of the International Cocoa Initiative board, a multi-stakeholder group aimed at improving labour conditions in the supply chain where we, along with other chocolate brand manufacturers and cocoa processors are developing sustainable farming practices.

The ICI works with governments of cocoa producing countries to develop a labour certification system to track, monitor and drive labour standards as well as to invest in social and environmental programmes to improve farmer incomes, education standards and social conditions. In July 2005, industry set a goal of having 50% of the cocoa sector in Ghana and the Ivory Coast covered by a public certification programme for labour standards by July 2008. This is a first for the industry and the largest agriculture programme of its kind. This is a challenging and long-term process that contributes to the sustainability of the industry and to cocoa growing communities.

Future Considerations for Cocoa

Working with others in a variety of ways, Cadbury Schweppes has – and will continue to – play an effective and supportive role in developing a sustainable cocoa industry in Ghana.

It is in our interests that we create a better world in which our business and Ghanaian cocoa farming communities will grow and thrive.



The Nestlé approach to sustainability – creating shared value

“Sustainability is central to Nestlé’s success as a business and as a company we do not favour short-term profit at the expense of long-term business development.”

Sustainability is central to Nestlé’s success as a business and as a company we do not favour short-term profit at the expense of long-term business development. Our commitment to sustainability and corporate social responsibility is reflected through the concept of Shared Value Creation – a belief that in order for a company to create value for its shareholders over the long term, it must also bring value to society as a whole and gain the trust of the public. Creating shared value acknowledges the interdependence between business development and social impacts.

Creating Shared Value in Agriculture and Sourcing

Nestlé’s engagement in sustainable agriculture aims to minimise risks of contaminants in raw material sourcing, protect the company’s longer-term sourcing requirements for agricultural raw materials, ensure quality, availability and competitive prices for consumers, and appeal to consumers who give preference to sustainable brands which contribute to

social, environmental and economic progress. Nestlé value chain activities and voluntary investments support such sustainability objectives.

Sustainable Agriculture

Nestlé’s practice of sustainable agriculture seeks to address the environmental, social and economic dimensions of farming and sourcing. Around 850 agronomists help suppliers achieve objectives as diverse as promoting farming methods that preserve soil, water, air, energy and genetic diversity; improve productivity and yields; boost farm income and improve labour conditions. As an example, in Ecuador, Nestlé is working with local agronomists to find new plants that might help renew cocoa production on the continent. Worldwide, Nestlé helps create shared value for around 400,000 farmers in the developing world.

As part of our ongoing commitment to sustainable practices, in 2002 Nestlé co-founded and currently presides over the Sustainable Agriculture Initiative (SAI) Platform,

which aims to support the implementation of sustainable agriculture practices worldwide.

Coffee

Nestlé has been in direct collaboration with coffee farmers for over 30 years. Today we sponsor scores of programmes to help farmers and have ongoing activities in 14 coffee producing countries. This includes operating the world's largest direct purchasing scheme in seven coffee producing countries, which enables farmers to retain more of the value of their coffee.



In extending our commitment to sustainability in our brands, Nescafé Partners Blend – our first Fairtrade certified coffee – was launched in the UK in 2005. It is made from beans supplied by smallholder farmers in Ethiopia and El Salvador. The programme helps farmers grow high quality coffee, diversify their crops, improve their communities and achieve a higher standard of living.

Working with the Rainforest Alliance, for example in Costa Rica, we have developed

the Nespresso AAA Sustainable Quality Programme – a systematic method which assesses farms sustainability, implements better traceability, ensures quality production processes and helps improve farmers and workers living conditions.

Nestlé is also committed to the Common Code for the Coffee Community (4C) which aims to bring sustainability into the mainstream. The first 4C beans should be available later this year, and we will be among the first purchasers of these.

Milk

Milk is one of the most important raw materials for Nestlé. Since we built our first factory in the developing world,

we have been promoting the Swiss milk district system of organising milk collection. As an example, in Caquetá, a poor region of Colombia where we have been operating for 30 years, Nestlé has invested in building roads, a pre-condensation plant, cooling stations, and in providing free technical support to assist milk farmers with technology transfer, livestock breeding, animal nutrition and farm development. This has led to some 2,500 farmers having now consolidated one of the more promising milk districts in the south of Colombia.

The first milk district was established in Brazil and Nestlé has extended this model to countries as diverse as India, Pakistan, the Philippines and China. As a result, hundreds of thousands of small farmers have been helped to climb out of poverty.

Creating Shared Value in Manufacturing and Distribution

Through its manufacturing and group-wide standards of operation, Nestlé places strong emphasis on food safety, development and protection of employees, and sound environmental practices. We continue to progress in these areas tackling the major impacts of food manufacturing on society.

Manufacturing and the Environment

Nestlé has been working to protect the environment for many years and is committed to preserving natural resources and minimising waste – concepts embodied in the Nestlé Environmental Management System (NEMS), which is aligned with ISO 14001. In 2005, Nestlé reviewed its factories' efforts to minimise air emissions through the use of measures such as cleaner fuels, and a move to gas. At the end of 2006, 10% of Nestlé factories had been certified to this internationally recognised standard by external auditors and we aim to have all factories ISO 14001 certified by 2010.

In Graneros (Chile), our Nescafé and Milo factory in 2003 switched to natural gas and achieved a reduction in CO₂ emissions of close to 20,000 tonnes per year. This was validated in July 2005 by the United Nations according to its Framework Convention on Climate Change Development

Mechanism and became one of the first examples under the Kyoto Protocol for establishing a methodology to generate tradeable 'emission credits' in a developing country.

Water

Water protection is Nestlé's number one environmental priority and in 2006, we published our 'Commitments on Water' which include measures to reduce the amount of water used per kilo of food and beverage products; ensure the water we discharge into the environment is clean; respect local water resources and promote water conservation and access. Long before our 'Commitments' were published Nestlé has undertaken a sustainable approach to water, ensuring that any new factory built in the world treats water appropriately. 160 factories currently have their own on-site water treatment facilities and many are considered model installations by local authorities.

With water scarcity becoming a major concern in many parts of the world, Nestlé is also committed to reducing the amount of water needed in our operations – water consumption in our factories dropped by 43% between 2001 – 2005.

Creating Shared Values with Consumers and in Products

Nutritious food is Nestlé's business and its main contribution to society. Consumers who enjoy Nestlé products and recognise their nutritional and health benefits sustain the business and reinforce Nestlé's ability to meet their future needs. They are key stakeholders in the process of Creating Shared Value.

Nutrition, Health and Wellness

As the world's largest food and nutrition research organisation, Nestlé uses its significant scientific knowledge not only to develop new products to help consumers manage their health, but also to improve the nutrition profile of existing products in our portfolio. During the last five years, we have innovated or renovated more than 1200 products – as an example, all our breakfast cereals now contain wholegrain.

Additionally, Nestlé is the world's largest fortifier of foods with vitamins and minerals, particularly in the developing world where we aim to create products which target the 'bottom of the pyramid consumer' and help alleviate undernutrition. In Colombia for example, we produce a vitamin and mineral fortified cracker in partnership with the Colombian Institute of Family Welfare, which feeds around 600,000 elementary school children every day.





Unilever in the business of doing business responsibly

“Unilever is one of the world’s leading consumer goods companies with a turnover of 40 billion and nearly 179,000 employees.”

We produce 400 brands across a range of food, home and personal care products. Since 1999, we have been leader of the food industry category of the Dow Jones Sustainability Indexes.

Unilever’s mission is to add vitality to life by meeting everyday needs for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life.

The health of business is linked to the health of the community. We believe that if you want to have thriving main streets you have to have thriving back streets.

Concerns about social and environmental issues provide opportunities for brands to connect with their consumers at a deeper level and, in doing so, gain competitive and sales advantage.

Our *Dove* brand of personal care products has been helping young women raise their self-esteem through its

Campaign for Real Beauty. The campaign encourages people to see beyond the stereotypical view of women portrayed in the mass media and celebrate beauty in a more realistic way. The *Dove* Self Esteem Fund works in partnership with organisations such as the Girl Scouts of America, the Eating Disorders Association and schools to inspire girls to feel more confident about the way they look. The Campaign for Real Beauty has contributed to rapid growth in sales of *Dove*.

“Unilever’s mission is to add vitality to life by meeting everyday needs for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life.”

The success of our new concentrated laundry detergent, 'all' *small & mighty*, has shown the opportunities of connecting with consumer concerns about the environment. Wal-Mart gave it prominent on-shelf placement and highlighted both its consumer benefits (easier to carry,

pour and store) and its environmental benefits (less water, cardboard and energy used in production, packaging and transport). This initiative generated a significant increase in sales in 2006.

“Concerns about social and environmental issues provide opportunities for brands to connect with their consumers at a deeper level and, in doing so, gain competitive and sales advantage.”

Social responsibility is also about growing markets – especially among low-income consumers at the “base-of-the-pyramid”.

The most effective and sustainable way a business can benefit society is through the business of doing business responsibly. This means maintaining the highest standards of corporate behaviour towards everyone we work with, the communities we touch, and the environment on which we have an impact.

Our work in India shows that doing well and doing good are two sides of the same coin. Take, *Lifebuoy* soap, which is helping to save lives.

Somewhere in the world a child dies every ten seconds from diarrhoea. A third of these deaths are in India. Yet, according to the World Bank, handwashing with soap and water can half the number of cases of diarrhoeal disease.

In 2002 *Lifebuoy* launched the largest rural health and hygiene education programme ever undertaken in India. Called *Swasthya Chetna*, or 'Health Awakening', it aims to reach 200 million people, including the 70 million people who never use soap. That's nearly 20% of the population.

“Social responsibility is also about growing markets – especially among low-income consumers at the base of the pyramid.”





Health education teams visit thousands of schools and communities to teach children about the existence of germs and the importance of hand washing with soap. Children put on shows about fighting germs, and health clubs organise events such as community bathing. To help those on low incomes, we introduced a small 18-gram bar of *Lifebuoy* that sells for two rupees – the price of four cups of tea. *Lifebuoy* sales are growing 20% a year.

Cross-sector partnerships between governments, international agencies, NGOs and other civic society organisations are becoming key to doing business, as well as key to tackling social challenges.

We work in partnership with many different non-governmental organisations and international institutions around the world.

Partnerships are key to the way business can tackle societal challenges and build markets, as demonstrated by our work with UNICEF and the Ghana Health Service to encourage people to use iodised salt to combat the widespread problem of iodine deficiency.

In Ghana numerous public health campaigns had met with limited success, largely because iodised salt cost twice as much as conventional salt. Using our experience in India with *Annapurna* iodised salt, we re-engineered the way we produced and distributed the salt to make it affordable. It was packed in small sachets costing as little as six US cents, within the means of Ghana's poorest families.

“Cross-sector partnerships between governments, international agencies, NGOs and other civil society organisations are becoming key to doing business, as well as key to tackling social challenges.”

Consumer awareness was built by roadshows around the country and within two years *Annapurna* helped to nearly double usage of iodised salt to half the population in Ghana. The numbers are still rising. The easy availability of the salt has helped UNICEF and the Ghana Health Service to achieve their public health goals. And, *Annapurna* has been profitable for Unilever.

Our road to sustainable, profitable growth is about creating long-term value for our consumers, shareholders, people and business partners.

Swasthya Chetna is a multi-stage programme designed to involve and educate whole rural communities. It includes visits and check-ups by health professionals, practical demonstrations and plays (pictured) that reinforce the message that hand washing with soap helps prevent the spread of disease.



THE PRINCE OF WALES'S

BUSINESS & THE ENVIRONMENT PROGRAMME

DEVELOPED BY THE UNIVERSITY OF CAMBRIDGE PROGRAMME FOR INDUSTRY

About The Prince of Wales's Business & the Environment Programme

The Business & the Environment Programme (BEP) aims to help a select group of highly influential decision-makers understand the challenges and opportunities of sustainable development, to inspire them to make the necessary changes within their organisations and beyond, and to become champions who will help business and society work together to create sustainable economic development.

Established in 1994, the Programme helps organisations integrate the concepts of sustainable development into their business thinking and practice. The BEP is now recognised as a:

- **Global forum for exploring and debating the business case for sustainable development**
- **Unique source of leading-edge information and expertise**
- **Top-level international network for the exchange of ideas and best practice on sustainability.**

The BEP is developed and run by the University of Cambridge Programme for Industry. It operates worldwide and is widely regarded as the premier international forum for executive learning on sustainable business.

How to join the Business & the Environment Programme

The Senior Executives' Seminars are the gateway to the wider Programme. They are designed for business leaders and senior executives who operate at a strategic level within their organisation and who need to make the right long-term decisions to ensure that their organisations grow sustainably and profitably. Acceptance onto a Programme Seminar is by nomination and selection only, though self-nominations are also welcomed.

Forthcoming Seminar details and nomination forms are available from:

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Salzburg, Europe: 17th–20th September

Sydney, Australia: 2nd–5th October

New York, USA: 29th October–1st November

Cambridge Programme for Industry

We help present and future leaders to deepen their understanding of the social, environmental and economic context in which they operate and respond in ways that benefit their organisations and society as a whole.

CPI's executive programmes and dialogues on sustainable development help leaders to make better decisions in the face of increasing complexity and uncertainty. By engaging with peers and experts from diverse fields of practice participants are equipped to address sustainability challenges and opportunities and to develop creative responses. The CPI process is also designed to help leaders to review and reflect on their own roles and responsibilities, as well as those of their organisation.

As a department of the University of Cambridge we are uniquely positioned to draw on the intellectual breadth of the University and to convene leading thinkers and expert practitioners from elsewhere in the world.

We have more than 15 years' experience of working with leaders around the world. Our staff and faculty combine a deep understanding of the processes of formal and informal learning with a practical appreciation of the dynamic and strategic context in which our delegates operate.

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