

BCE Awards 2011 Awards Ceremony – 15 June 2011

By Sir Stuart Rose

- Ladies and Gentlemen - it's a pleasure to be here this afternoon at the BCE Environmental Leadership Awards.
- I'm especially pleased to be speaking to you on a subject I feel so strongly about – sustainability.
- These awards recognise businesses of all sizes – from start-ups to multinationals – who are 'winning' the battle of meeting today's commercial demands, without compromising resources for future generations.
- It is a challenge we all face – but with that challenge comes opportunity.
- And this afternoon I want to talk to you about why embedding sustainability into the heart of your business is the right thing to do both ethically and commercially.
- So let's start with the facts.
- Boom or bust, good times or bad, warmer or cooler, there is one fact that affects all of us here. By 2030 we will need to be producing 50%

more food. At the same time, we will need 50% more energy, and 30% more fresh water.¹ It's the perfect storm.

- The global recession has masked fundamental shifts in the way business, government and society access their resources, customers, markets and capital. There is not enough to go around. Period.
- We cannot go on as we are - as they say at Marks & Spencer – there is no Plan B.
- Of course, there will be some unsustainable business models that survive the next decade but they will become fewer and fewer. And even those that recognise the need for change cannot underestimate its scale or duration.
- During the global economic crisis it would have been very easy for responsible business practice to slip down the agenda. But I believe the business case has actually strengthened. Environmental and ethical issues still matter to consumers – the recession has not altered their concerns. They continue to look to businesses – like yours - to lead the way.
- Of the world's 100 largest economic entities, 63 are corporations, not countries. People around the world increasingly see businesses as

¹ Sir John Beddington, Chief Scientific Advisor to the government, speech to Sustainable Development UK, 19 March 2009.

institutions strong enough to meet the long-term challenges facing our planet.

- Coming to grips with those challenges is more than a corporate responsibility. It's essential for corporate survival. It's central and essential to collective survival.

- Until the 1980s, business leaders used the word *sustainability* to mean a company's ability to increase its earnings steadily. But in 1987 Norway's former Prime Minister Gro Brundtland defined sustainable development as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." I think that's pretty close to the mark.

- It is also in tune with the thinking that led M&S, in Spring 2007, to launch Plan A – its 100 point eco and ethical plan – designed to embrace the challenges of climate, waste, recycling, sustainable raw materials, fair partnerships and health – and transform its operations over five years so that by 2012 M&S would:
 - become carbon neutral
 - send no waste to landfill
 - extend sustainable sourcing
 - set new standards in ethical trading
 - help customers and employees live a healthier lifestyle

- I said at the time that it was a deliberately ambitious and, in some areas, difficult plan. I knew the business did not all the answers but there was a

determination to work with suppliers, partners and Government to make this happen. The business knew that doing anything less is not an option.

- More than three years on, 95 of have been achieved.
- But equally important M&S is seeing financial returns from Plan A.
- Last week, M&S published its audited report on Plan A for 2010/11. It showed additional profits of £70m for the financial year - rather than a planned cost of £40m – all coming from a range of eco-efficiencies: less waste, less fuel, less energy, less packaging; and from new income streams.
- Proving that there is a significant commercial return for ‘going green,’ not just a moral one.
- Importantly, many other companies, including Walmart, O2, Unilever and Nike understand the commercial importance and have embarked on their own eco-ethical journeys. Yvon Chouinard, CEO at Patagonia, an ethical clothing company based in California, simply says: “every time we do the right thing we make money.” These companies are part of this new wave of business thinking.
- So, what happens when you put sustainability at the heart of a business? In my experience – it is four things:

- First, it drives cultural change. Simple changes in behaviour result in large energy savings. There is no one magic bullet, no wonder technology instead there are lots of relatively small changes that when added within the eco 'big tent' add up to a big sum of money.
- But more importantly these countless altered operating procedures not only produce big savings –they generate a hunger for more change – a real virtuous circle.
- Second, throughout a business, sustainability ambitions sit alongside performance. For example - at M&S Board reward is now based, in part, on Plan A. So is the remuneration of buyers and merchandisers – store managers are incentivised to cut energy use.
- Third, your suppliers benefit from your learnings - extending the business case across a global supply chain.
- Fourth, and perhaps most interesting, it accelerates innovation.
- Forcing a business to think differently and find new, more efficient ways of doing things and explore new markets and products.
- Let me give you a practical example of how M&S aligned commercial, environmental and social outcomes.
- In 2008 M&S launched the Oxfam Clothes Exchange.

- It's a simple mechanic – whereby anyone donating M&S labelled clothing to Oxfam receives a £5 money-off voucher to spend against a £35 purchase in store.
- It's a successful one too and to date has raised over £3million for Oxfam and prevented more than 5 million garments from going to landfill.
- A 'One Day Wardrobe Clear-out' held in September last year caused 150,000 extra customers to visit its stores that day, donating around 350,000 good quality items of clothing to Oxfam.
- It's a quadruple win – more customers in stores, the customers get money-off, Oxfam get more money and fewer clothes go to landfill.
- But for all the hard work to date M&S has probably still only done 10% of what it needs to do to build a truly sustainable Marks & Spencer.
- That is why in March 2010 – the business set itself the ambitious goal of becoming the world's most sustainable retailer by 2015. As to bring about real change – you have to be ambitious and bold.
- As I look around the room, I know that each of you understand the wider challenges of sustainability, of shaping a business for the long term.

- We know that businesses will have to be run very differently in the future.
- No business leader of the future will succeed by following the simple mantra that ‘the business of business is business.’ We will need to have your finger on the pulse of every trend, demographic, technology and understand which matter and which don’t.
- We will have to network more – no one organization will have the intellectual capacity, physical assets or financial firepower to become sustainable.
- The businesses I believe will prosper will be the ones that can create partnerships. Within their own sectors with competitors; but also outside with NGOs as like WWF, Oxfam and Forum for the Future.
- This in turn will allow them to innovate faster and respond to the accelerating sustainability crunch. Turning risk into commercial opportunity ahead of the wave.

You may ask can a long-term business be a sustainable business. But the real question is can it afford not to be?

- The answer is unequivocal, we have to change. Not a little but radically. Not later but now. If there is one message I leave with you today it’s that we simply cannot go on as we are.

A huge challenge. Yes. But it's a journey we have all begun and cannot afford to falter on.

Before we move on to the awards may I say that I have been very impressed by the quality of this year's BCE award winners. I commend them for their commitment to the environment – particularly in the face of such challenging economic conditions.

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