

# Nestlé 2011 Global Creating Shared Value Forum

Washington D. C. May 19<sup>th</sup> 2011

Transcript of "Creating Shared Value: The Role of Business  
in a Changing Global Context"

00.00.00

Maria Cattai:

First of all I'd like to thank our co-sponsors, our hosts for today which are the Atlantic Council and Nestlé and particularly their leadership. Senator Chuck Hagel who is the Chairman of the Atlantic Council, who will be with us a little bit later today, and also from the Atlantic Council their CEO, Mr. Fred Kempe. And from Nestlé their Chairman, Peter Brabeck and the CEO Paul Bulcke.

00.00.27

As you can see from the programme we have a set of world-renowned panellists who are leading practitioners in their fields, and we thank each of them for taking the time to contribute to today's forum. I would also like to thank the members of the Nestlé Creating Shared Value Advisory Board, who are seated here in the front and whose input was invaluable in designing and developing this year's forum.

00.00.56

And of course I'd like to thank all of our participants for being here today and for your active contribution, which I definitely will solicit from you during the course of all of our discussions. There are people here in this room and there are also many people around the world who are participating through a global webcast.

- 00.01.17 A forum is by definition an exchange of ideas, and our format today will be conversational. Our discussions are aimed at what we need to do in a pragmatic way over the next decades to address the three challenges of nutrition, water and rural development. Nevertheless we will also look at present and urgent needs. Current models seem to be often insufficient in tackling these three challenges. It seems that the silo approach isn't really very effective with development aid on one side, NGOs on another, the private sector on another still. We are not delivering on the progress we need.
- 00.02.07 We particularly want to explore a concept called creating shared value, looking at how companies can serve both their shareholders and society as part of creating a long term profitable business.
- 00.02.22 We will examine how the power of business can be better leveraged in collaboration with governments and non-governmental organisations to improve nutrition, to meet needs in access to water, to ensure food security, and reduce poverty; particularly in rural areas of the developing world.
- 00.02.46 With that let me make some housekeeping announcements, first there will be no pause in the morning or afternoon sessions. But as you

need to, please get up, slip out of the room, this is an informal discussion and you are free to get up and move. There are plenty of people all along there to help you - those are the two exits for you to know, they are the emergency exits.

00.03.13

Lunch is at 11.45, and it will be one floor below us, is that correct? One floor above us - one floor above us, that would be very odd if I got that wrong. One floor above us, and we ask you if you would be so kind as to leave the tables at lunch an hour later so that you can be back here around one o'clock.

00.03.38

Finally those of you who have telephones and other beeping instruments, would you kindly see that they're on - what is it now, vibration or off. And I was told that preferably not to be used in this hall, if you'd be so kind as to use them outside.

00.03.59

Now our first discussion will be with Fred Kempe and Peter Brabeck concerning the major trends and factors affecting global development today and into the future and an overview of how business can more effectively contribute to developing and development through creating shared value.

00.04.19

We're going to first show a two minute video which captures in images some of our main themes and then we'll ask our two first speakers to come to the platform. So could we please have the video?

Video playing

Applause

00.06.23

Maria Cattai:

I'd like to call to the stage now Frederick Kempe, President and CEO of the Atlantic Council and Mr Peter Brabeck, Chairman of Nestlé.

00.06.44

And so we'll start our morning's discussion with you Fred Kempe and jump right into things. You maintain that there are some key inflection points in history, in fact you've written recently on one of them, which is Berlin 1961 Kennedy, Khrushchev and the Most Dangerous Place on Earth, which has become immediately very popular. And you maintain that we're at another geopolitical inflection point right now, what exactly do you mean, first of all by inflection point and why now?

00.07.18

Frederick Kempe:

First of all thank you very much for plugging my book right at the outset of this, on sale at all stores near you. But before I answer that

question I do want to thank Peter Brabeck, I ran the Wall Street Journal Europe for many years and we always considered him one of the most gifted visionary business leaders, not just in Europe, but in the world. And of course Nestlé which is doing such ground breaking work on creating shared value.

00.07.50

We always put our best reporters on covering your company, we weren't always successful in finding things out, but we've always found Nestlé one of the most fascinating countries anywhere - companies anywhere, country is a slip but it gets to the point really which is non-government organisations like Nestlé are playing a larger and larger role.

00.08.12

I'm delighted by the partnership, the Atlantic Council and Nestlé, I just want to say that right from the outset and then I'll get to answer the question. Because I think we're both about harnessing the considerable political and economical weight of advanced countries against global issues, which is what a lot of this is about, and then just the enormously impressive list of speakers today that we've got.

00.08.35

Let me answer the question; I do think it's an inflection point, 2011. 1961 was an inflection point in a much different way in the sense that

the Wall went up, the Vienna Summit and it shapes the contours of the Cold War for another 30 years, locked things in place. Right now things are coming apart, we're in a state of reinvention and I do think this year will go down as one of the great turning points, like 1989, perhaps like 1961; not just because of the Middle East upheavals but because of the context that they're in.

00.09.16

And let me give you, very briefly, four points of context which I think will help lead in to today. The first is we are experiencing the most dramatic shift of economic and political power and influence since the 18th century, west to east, west to south. The recent financial crisis and recession have only accelerated these trends. This year three times more growth will come from the emerging world than from the advanced industrial countries.

00.09.49

We've got a growth in emerging markets middle class, you saw everything about the size of the poor population, which is true, but the middle class from poor countries has grown from 250 million to 1.2 billion from 2000 to today; so huge growth of expectations in that middle class.

00.10.07

At the same time the gap between rich and poor is growing within countries, even though

it's shrinking between countries. So China and India are coming up, Brazil is coming up, but within countries like China, India, Brazil, the gap between rich and poor is growing. And this then gets me to my second point, which is global interconnectedness is accelerating the speed and the likelihood of change. So not only do we have the biggest inflection since the 18th century, you have a global interconnectedness that's going to accelerate how we experience it and how it happens.

00.10.46

It makes it more difficult for policymakers to manage change and to understand it, more bottom up, less top down and we're seeing this play out in the Middle East. And the disparities between rich and poor and between those with less liberty and more liberty - so that's another kind of rich and poor, frustration about these things is going to spread more quickly. Who would have ever thought that the self-emulation of a fruit vendor could start a revolution in Tunisia that would end the regime?

00.11.18

Number three, globalisation has been broadly successful at increasing aggregate incomes across countries, but as I said it led to inequality within countries. In the US you have the top 10% - the percentage of income in the top 10% is 73% of all income. But now in



China it's already 31% and growing and in Brazil it's 42% and growing. And then finally, and this gets to the point of business, non-state actors are increasingly important as global power shifts, not only from east to west and south, but also from state to non-state actors.

00.11.59

But at the same time, you have the raise of state capitalism in China, Russia and elsewhere, most of the natural resources of the world are now held in state companies, so you have this odd mixture of things. Diffusion of power has good and bad qualities, dictators fall, power shifts to the people, that's good. NGOs and businesses become global, the most responsible of them, like Nestlé, can have greater influence. The bad side, terrorist groups, organised criminal organisations are also becoming powerful non-state forces that in some states are becoming more powerful than the state.

00.12.34

So I'm going to leave it to my colleague Peter Brabeck to comment on the role of business in this new world. Let me just say that I'm a discordant voice sometimes on these questions, because I'm a little Milton Friedmanesque, in the sense that I still think business most of all has to make profit and that profit then allows you to employ people, and pay taxes, and build infrastructure. But part of the reason I'm enamoured by this notion of creating shared

value is it's not expecting businesses to be charitable organisations, it's expecting businesses to be businesses. And I read with great interest in this Harvard Business Review a story about Nespresso, Nestlé's Nespresso where the growth since 2000 has been 30% a year.

Maria Cattai:

You're taking all his ammunition away.

00.13.27

Frederick Kempe:

Well, I won't talk about this any more. But let me just say this, I'm still a little bit of a sceptic about trendy phrases, but if one can really do this, really do this in a way that it appreciates that businesses are businesses and capitalism is not bad, but actually good. And there is certainly a PR issue that we've got to deal with. But we haven't found a more effective way to create jobs and growth and prosperity. So I embrace this because it does appreciate that.

00.14.04

But that's my final point, these four trends, the last one was non-state actors, and growth of non-state actors - business is going to play a crucial role now.

00.14.12

Maria Cattai:

Fred, I won't let you off quite so easily. An inflection point also means, as you have implied there, that the roles of the different actors are

changing. And you haven't told us enough about how you think governments' role is changing. Some people would say that in fact over the last years government has become, not less active even if business has become more important and citizens' voices as well, but even more active. Is this your view or not?

00.14.44

Frederick Kempe:

Well, you know sadly through the financial crisis that's what happen and TARP and the Obama administration had to respond with a growth of government. There's a country ...

Maria Cattai:

Why sadly if I could ask you?

00.14.59

Frederick Kempe:

Well because I don't think government - I don't believe government has the solution to a lot of the issues now. I think government can be an enabler and government can provide the incentives. But whenever we've relied on governments to actually solve the problem without - and that's part of what we're talking about today, government has to do it with the private sector, government has to do - it's very popular now in Washington to talk about, whole of government solutions. So you look at Afghanistan and you say, you know we've really spent too much money on military and DOD and we didn't go in enough with our soft power,

our development power, our educational power. But it's not just whole of government solutions, now it's whole of world solutions. You have to bring together not only government, but also the private sector and NGOs.

00.15.44

The last thing I'll say is an inflection point - inflection points are plastic moments where things can be shaped, more dramatically, more quickly. You can take advantage of these kinds of moments or you'll lose opportunities of these kinds of moments. But this when business leaders, government leaders, NGO leaders, actually have to step up, you know particularly in the Middle East right now, but not just, because we have a moment where we can shape the future. It doesn't look as dramatic as it did post World War II, but the world situation actually is as dramatic as it was post World War II. And we had a number of great leaders who stepped in at that time, created most of our great international organisations - right now, which aren't working as effectively as they should, and we need the rise of that sort of leader again.

00.16.30

And this gets to your role of government, government can set the agenda, government can set the guardrails and can give indications about where things go. We need visionary leaders to do that. But I think government is

less capable than it was in 1945 to take on the issue on its own.

00.16.45

Maria Cattai:

Do you think people still accept that you call visionary leaders, and by the way when you look that word up in the dictionary it isn't very flattering, visionary - it means slightly off your rocker was the original definition of it. But do you think that people are still willing to accept such kinds of leadership that is more top down than defused? And second of all, the other popular phrase around, global governance gaps?

00.17.16

Frederick Kempe:

It's a more difficult situation. In my book Berlin 1961, Kennedy through his entire presidency Bay of Pigs, Vienna Summit, everything, his popularity stays above 70%. It was the dawn of the television age for politics, a much more forgiving time for our politicians. And now the scrutiny, you know who knows how Kennedy would be viewed today, looked at in all the critical ways that we do with 24/7 television, the internet, Tweeting, all of that business. I think it's harder, I think it's harder for a visionary leader to emerge.

00.17.58

On the other hand I think the Whitehouse was pleasantly surprised to see the global response

to the killing of Osama bin Laden. I thought that they expected much more cacophony, they expected much more mixed response than they got. And I think it was almost a relief, you know whether or not you think it was all the right thing, whether or not the killing of a single individual, perhaps one shouldn't celebrate that greatly, although he was a criminal, a terrorist and he killed thousands of people. But still the response itself told me that people were ready for US leadership, Western leadership and we were almost relieved at the fact that this president made such a courageous and relatively risky presidential decision.

00.18.48

So I think we're hungry now for that visionary in the positive sense of leadership, not in the wacky sense.

00.18.55

Maria Cattai:

We might have time at the end of our discussion for one or two questions, so start thinking about what you would like to ask Mr. Kempe and Mr. Brabeck. Peter I will start a little bit from that and carry on.

00.19.12

Business is now accountable to absolutely everyone, it's accountable to governments, it's accountable to society, as always it's accountable to its shareholders, employees and its suppliers and so on. It seems to me though

that while governments are becoming more and more perhaps intervening in certain areas, I wonder if they're becoming less and less capable to implement that intervention, sometimes because of lack of funds, sometimes because it's a very complex world. Where does this exactly leave business in the context - what really would make with all of these demands on business, what really in the long, long term makes a business successful and able to navigate in this context?

00.20.11

Peter Brabeck-Letmathe:

Yes, I would say first of all thank you very much for your nice words in the beginning Frederick and we're also very pleased to have this partnership with the Atlantic Council here and to be in front of such a distinguished audience that we have. And I think this alone proves to me that putting up this question about the role of business in society is a very important one. And it is becoming, through this definition of inflection point even more important frankly speaking. Because one of the answers to your question straight away is I personally am convinced that today's problems of society cannot be solved by anybody alone. It cannot be solved by business alone, it cannot be solved by government alone, it cannot be solved by NGOs alone. It will only be possible

to solve those problems if we find a way to work together.

00.21.01

In this sense I was just flabbergasted this morning when I woke up early and the first thing I was seeing was an initiative of NGOs in Geneva saying that business shouldn't have any contact with WHO because WHO is losing its independence because it is in close contact with the business.

00.21.25

You see if this is the mentality that is still prevailing today, well it shows me that at meetings like this it's important that hopefully we come to at least this one conclusion that we need to work closer together and not work in silos as it was mentioned before. No silo solution is for those social problems that we have.

00.21.47

Now the global challenges which Frederick has been pointing out and which also were on the charts if you're looking up there, double food production, increased energy demands, the water management issue and all of those things. I mean they just demand for business to rethink a little bit its role and how it can continue to be successful. And I would say if you want to be successful in business today you can only achieve that if you achieve long term sustainable, and profitable growth.



00.22.28

And growth is for me still the most important word in this thing. We have to ensure that we can continue to grow. The moment we stop growing we're starting to die and if business is dying communities are dying and in think in the US there were sufficient examples in the last financial crisis - what it means when business dies in a community and what the consequences are for the whole community.

00.22.55

So let's not fool ourselves, this is for me more important that what Milton Friedman said in the past, because this is the way - how we have to run our companies, how we have to involve social aspects into our mainstream strategies. And they are the three words for me, long term, this short term thinking about quarterly profit, I think this is of the past, this was the measurement of the shareholder value increase of the 1980 - 1995 that's the reason why we never accepted to go to a stock exchange where they demand quarterly profit.

00.23.37

Now it was not good for a certain moment for us, but today more and more shareholders are recognising that this was the right way to do it. So you have to start to think much more long term, you have to think about sustainable. If we want to continue to grow we have to confront a fact, and the fact is that our

resources are not infinite, our resources are finite. And therefore a model, as we have it up today, where we are using resources as if they were eternal is not a sustainable model for the future.

00.24.16

This model of the Western society is not a model for the developing countries. I've just come back from African where we had the World Economic Forum meeting and one of the outcomes was very clear, African states saying - please think about another model, but don't bring us a model which you have been implementing in the Western world because it is too resource intensive, it is not sustainable in the long term. So that's a very important aspect that we have to think about.

00.24.44

And profitable, because there is no - from a business point of view there is no business if it is not profitable. So there I join again Milton Friedman saying that one of the most important things for a business is to be profitable.

00.25.00

Maria Cattai:

When you say that the current Western - let's call it the Western model is not sustainable, it seems however that many parts of the world are trying to copy that, particularly in consumer practices. How can businesses, in what way can businesses work to change that model?

00.25.23

Peter Brabeck-Letmathe:

Well as I said before, we have to become more conscious that in the pyramid I would say of corporate social responsibility you have on the base of the pyramid you have to be compliant, you have to be compliant with the laws, you have to be compliant with the codes, with your own way and values that you have. But immediately afterwards every strategic decision has to take into consideration whether what you are doing is sustainable in the long term and how you can create more value out of limited resources.

00.25.59

That's extremely important and I think we should have a measurement system that this like the financial results of a company, where we all have a beautiful financial thing, we should have the same thing on sustainability and on the social aspects. A measurement system which is as open and transparent as we have it on the financial side.

00.26.22

Maria Cattai:

We seem to be moving that way but it's not required, it's still voluntary.

Peter Brabeck-Letmathe:

Well you know if many companies apply it's as good as if it is regulatory ...

Maria Cattai: ... Competitive advantage.

00:26:33

Peter Brabeck-Letmathe: And I must say, I mean slowing this understanding comes. But what it is - the underlying subject is here that when you recognise this and I'm sure I can talk to many of my colleagues, they would recognise, they know that we have to do better with the limited resources. And then you start to integrate this into your strategy thinking and strategic decision-making.

00:26:59

Maria Cattai: For businesses, this is a kind of an inflection point, not so long ago the thought of, what you're questioning our quarterly reporting would be anathema almost, it would be against proper market principles. In your view Fred how is business itself inside of a more geopolitical framework, how is it coming to an inflection point? And one of the areas that I would like to ask you, until now most of the large important multinationals that have an influence on these issues have come from North America and Europe, that's changing.

00:27:44

Frederick Kempe: I think it changing. I'm watching Chinese companies with huge interest. One of the things in this inflection point, we're not at war

with anybody right now. I mean there are wars but there isn't the US Soviet struggle. But what there is, is we're in an era of global competition and I think that's really what's unfolding right now. So we're in competition, the US, Europe, with the Chinese, in Africa, in Latin America, etc. etc. The Chinese companies are the largest - fastest growing companies.

00:28:21

There is some very interesting new technology coming out of China in terms of solar cell and environmental in general and it's partly because they're really up against it. They're facing the biggest environmental challenge of any of us and so they actually have the most incentive to fix it and become less reliant on fossil fuel resources. So it's going to be very interesting to see whether China's growth becomes a huge problem for us all because they're just capturing more resources, using more resources, or whether over time they're going to help us come up with breakthrough technologies, whether on batteries or on any other system as we come along.

00:29:06

Maria Cattai:

Or whether these kinds of companies coming from these countries are going to enter into the long term sustainable model or go through the historic path that has taken many companies to arrive there but not at the start.

00:29:21

Frederick Kempe:

Yeah I mean it's a mixed bag; a lot of these companies are most interested in just capturing resources, not necessarily in common shared value. But I like this term so much better than corporate social responsibility. Corporate social responsibility sounds, it's do gooding; you have somebody on the board who takes care of it. But what I like about this is that it becomes an all of company process and it becomes part of your profit model. You know I have questions about whether it really does always work that way.

Maria Cattai:

Well we're going to look at that during the day.

00:29:58

Frederick Kempe:

But I certainly think that that's why this can be a breakthrough for people like me who are sometimes doubters on the corporate social responsibility front.

00:30:08

Maria Cattai:

Yes indeed, you are always saying that this is beyond, the next step beyond.

00:30:13

Peter Brabeck-Letmathe:

Yeah I mean Frederick again you know where this started; it started in the World Economic Forum in Davos. And corporate social

responsibility was the overruling subject this time. And to my biggest surprise at the fourth day there was not one single meeting where people wouldn't put up and assure and say we have to give back to society. And in the final plenary I stood up and said look, I have listened now to 2,400 members here, they all have to give back to society, I am sorry I don't have to give back to society because I have not been stealing anything from society. Why the hell I have to give something back if I have not - I have been creating value for society by doing what I am doing.

00:30:57

And that was the beginning. And then we met Michael Porter and then we started to talk about this and say, this is not a good concept. This is like; you know we are doing something because we feel guilty yeah. I don't feel guilty because I am running a company. I feel very proud about it because I create value also for society by doing what I am doing.

00:31:19

So that was the beginning and therefore I fully agree with you. I don't think corporate social responsibility which is a philanthropic concept, yeah, is something that a CEO of a public company has a right to embrace, not even the right; I am challenging them on that. Because then you do philanthropy with the money of your shareholders, this should not be allowed.

Philanthropy can be done by those who have the money. If a Bill Gates makes with his money philanthropy that's fine, but not the CEO of a public company.

00:31:49

So that's a big difference and that's why we worked out the concept of creating shared value which is whatever you're doing you're consciously creating value both for the shareholder and the society because at the end of the day, as I mentioned before, we get the money from the shareholders but the licence to operate from society. And therefore we have a double responsibility. We forget about the licence from society, we only are reminded when a Mr. Hicks (?) nationalise you tomorrow morning, and then afterwards you suddenly have no licence and then you're out of the thing okay.

00:32:28

So each time if we are allowed to work we receive from society a licence to work, and therefore we have also a responsibility to this society.

00:32:39

Maria Cattai:

We can take one or two questions and I'll ask you the following. I'm just standing up so I can see you all better. Please state your name and I am going to be equally discourteous to everyone, 30 seconds a question, not a long



comment all right. So I ask you to state your name and then ask your question, the question right here.

00:33:10

Rosemary Segero:

Good morning honourables. I'm the President of Hope for Tomorrow. I come from Kenya but I am based here in Washington DC. Our organisation is for empowering women and young people through agriculture.

Maria Cattai:

And your question?

00:33:27

Rosemary Segero:

My question is Mr. Chairman, the Chairman for Nestlé, 80% of African women grow still on the farm in Africa where the chocolate comes from, where the cocoa comes from. And when you talk about creating shared value these are the women for sure who need more created value because they do more work of what you are using as cocoa. What do you think about that and how do you work with the women in Africa on the land? Thank you.

00:33:57

Maria Cattai:

Wonderful question. In fact we will have on our panel, looking at Africa, Ruth Oniang'o who I'm going to really question on that issue. Any other questions?

00:34:20

Fred Smith,

Competitive Enterprise Institute: The idea that's been done by the panel over the creative role between government and the business community is a critical one, but of course as you pointed out in the panel some are responding responsibility to each firm for essentially solving all social issues, all social responsibilities. To solve any problem business needs prerequisites, they're designed to solve a specific set of issues. Mr. Brabeck is not responsible for energy challenges and so forth.

00:34:54

And things like water which is the subject of this would be facilitated where we had a wider array of contracts, property rights and so forth, does business have a responsibility to ensure that the institutional prerequisites for business playing a more socially responsible role are promulgated throughout the world? Or should business be passive and wait for business to play that creative, entrepreneurial, institutional role?

00:35:17

Maria Cattai:

Thank you very much. Very interesting question, I think both of you might be able to answer this. We'll take one last one over here.

00:35:26

Sanjay Bhatnagar,

WaterHealth International: From WaterHealth International, one of the companies that are highlighted in Mr. Porter's article. I have a question for the panel. We just heard that you know there seems to be a growing dissonance between NGOs and private companies and my question is, to the extent that NGOs mostly view the communities as aid recipients and businesses view the same communities as customers how do you sort of bring about a coming togetherness of these ideas before we can hope for some degree of you know living in harmony?

Maria Cattai: Thank you very much. And one last one.

00:36:24

Paul O'Sullivan,  
National Defense University,  
Georgetown:

Mr Kempe you mentioned visionary leaders. Where do you think these creatively strategic leaders will be coming from?

00:36:38

Maria Cattai:

Short and difficult. Peter would you like to take on, the question on Africa I'll leave you if you wish to look at it in the Africa panel or now, and of course on water, the prerequisites and should business be involved in that part?

00:37:02

Peter Brabeck-Letmathe: Yeah perhaps only short because really afterwards I think the Africa panel should go into details. But what I can tell you is very clearly our message in the recent forum in Africa was that one of the biggest issues for women in Africa is the legislation. Women in Africa and most African countries don't have the right to be owners of land, and this especially for the smallholder farmers is a huge problem. They cannot inherit it; they cannot - so this is one of the points where you're absolutely right which has to be pushed forward.

00:37:36 The question about why should and how should business get into the water issue. You might know that I am also not only the Chairman of Nestlé, I'm the Chairman of the Water Resource Group which is a private public partnership composed of the World Economic Forum, the IFC, here from Washington, McKinsey, and we have about a handful of multinational companies working there. And we have been establishing an analysis of the 154 water basins of the world because what we realised when we looked into the water situation that we already today are overusing water substantially.

00:38:18 And this over usage of water goes of course at the cost of the environment because that's where water also is necessary and this is the reason why five big rivers don't bring water any

more to the sea and the Aral Lake for example shrinking down in 25 years by almost two thirds. So this is the one who pays for the time being for our water over usage.

00:38:41

But if you look into the future and if we take this challenge as Fred mentioned before, especially demographic growth and things like this, we know that we are going to run into a huge, huge water shortage. Now the answer to the question, if we know that this business, well - and we are realising that water is the most precious resource that we have on earth. When we know that we are running out of water long before we are going to run out of oil or energy, long before. We have energy reserves for the next 250 years; we have water reserves not even for the next 20 years.

00:39:20

Well I think then it's up to the business to stand up and speak about it, because if politicians don't do it, if at this case NGOs only talk emotionally about the 1.5% of water we store which we need in order to hydrate and to have the minimum hygiene which I fully agree is a human right. But if at the same time we are misusing water at the 98.5% because we just don't give any value to the water, to the most precious resource that we have. Well if nobody stands up I think business has to stand up, because without an assured water supply there

will be no Nestlé in the future and that's the reason why we stand up and say we have to do something about it. And we created this private public partnership.

00:40:09

Maria Cattai:

I think we will come back to that very interesting question on the different objectives and aims, the different tracks on which NGOs and companies could be seen and whether they can converge. And I'm going to ask in another panel Ann Veneman among others to really answer that one in depth because it raises a lot of questions that we need some time to see what convergence can be looked at.

Could I turn to you for the really easy one? The great leaders of tomorrow.

00:40:43

Frederick Kempe:

Yeah and let me take maybe two sentences to the other issues. The great leaders for tomorrow, if you looked at the Marshall Plan it was unpopular, it was not something if you had a public vote that people would have supported. But leaders at that time were willing to say; you know the way we see the world going this is what we ought to do. And it takes - a visionary leader really is a leader who is willing once in a while to act not out of domestic

political interest but out of global interest or out of the public good.

00:41:19

So I don't think it's going to be that hard because it takes a courageous leader to do that. And then I think one will see it being reinforced but I do admit that the current political situation, it's difficult. And so you have people like Steve Jobs and Bill Gates and you have your visionary leaders in other fields.

00:41:40

Very quickly on business being passive or not passive in public private partnerships, I think active. I think business has to be in this town much more; this is why I'm so happy that Nestlé has come and done this in Washington because these are the voices that have to be in Washington. We've created an International Advisory Board of global chief executives for that purpose. And one of the things we're looking at is maritime security where you have a real problem on the West Coast of Africa that can't be solved by the countries that don't have the resources. The oil companies have lots of resources and they're losing billions of dollars from piracy and various things, so you need to get US, perhaps Brazil, perhaps African countries, working together with the oil companies and NATO and others, and then you could really do it.

00:42:29

And then finally NGOs working with private companies. We've set up a Michael Ansari Africa centre and the whole point, it was a shock to us, that communities that should have a common interest in sustainable security and sustainable prosperity in Africa because that's what we talk about, we don't talk about aid, we talk about sustainable security and sustainable prosperity, have got to be the NGOs, the private sector and yes also the military. They don't talk to each other, they don't talk to each other at all so part of what we're going to try to do is bring together these three groups because you can't really fix problems until these - and then if they start talking to each other on a more regular basis I just can't imagine that it wouldn't open people's eyes to common interests so we'll look at that.

00:43:16

Maria Cattai:

It would be good if that happened within governments too. In many countries, the Environment Minister and the Finance Minister never see each other.

Frederick Kempe:

That's also a problem.

00:43:24

Maria Cattai:

Apocryphal but it's also a problem. Ladies and gentlemen we've come to the end of this session but I received three very interesting



questions from the webcast all of which are particularly relevant to our closing session, our last session on the way forward which Peter you will be in again. So I'm going to look at them now and leave you some time to answer them because they're absolutely relevant to that.

00:43:49

The first one is, these are from Sweden, they're very active in Sweden, well of course it's the right time here. The concept of creating shared value within Nestlé, did it come out of a conscious and intentional process or did it come out of an unintended consequence of sourcing, production and marketing that was carried out? And if was intentional what processes do you use to guide the company to prioritise the most efficient choices and to meet the expectations?

00:44:25

The second one which I find equally interesting for that session will be is there any public material that shows the net social performance of the externalised costs and shared value created by Nestlé and are they checkable?

00:44:43

And finally, this is I think useful also for our two upcoming panels, so the two on Latin America and on Africa if you could keep this one in mind. With the growing distance between agricultural food production and consumption, and with increased disposable income it is increasingly important to ensure that losses and

waste in the food supply chain can be reduced as much as possible. What is the role of the different actors, particularly here the corporate sector is asked, to curb this waste that occurs after processing and especially among consumers? And with whom and how can such a responsibility be shared?

00:45:25

I think these are excellent questions for our forthcoming panels to look at. And with that may I ask you to thank our two panellists of the opening session.

Applause

END