

## **BritishAmerican Business Inc's Channing Corporate Citizenship Award**

*Speech by Lord Browne of Madingley, Group Chief Executive of BP*

Chairman, Ladies and Gentlemen,

Thank you very much for that very generous introduction. It is a pleasure to be here. I think that despite a great deal of speculation about transatlantic divisions, the scope and scale of business activity across the Atlantic is strong and growing.

Indeed, I think the reason that political differences have not been translated into a deep rift is that business provides a secure, continuing foundation of links founded on common values and common experience.

And the success of those business relationships owes a great deal to the good work done by organisations such as this.

The transatlantic model of business has been very successful over the last few decades and now many of the companies that have developed through investment in Britain and America are taking that model and using it as the basis for working elsewhere, as economic and business activity becomes more global.

I think there are a number of strands which have made the model such a success. They are all, in different ways, elements of what is sometimes called corporate social responsibility.

The first is the responsibility to make a profit. To use the money invested by shareholders and to make more of it. Without profits, businesses are sad places, with no real justification in life.

And, of course, shareholders are not just rentiers. Most of our shares are held directly or indirectly by people who are investing their savings in order to secure a pension. We in BP discovered that our profits and dividends provide more than 10 per cent of all the pensions paid in the UK. People live on those pensions. They depend on them, and meeting that obligation is our first responsibility.

But profits aren't created in a vacuum. Companies can only make profits if they establish sustainable businesses – secure against volatility, capable of

adapting to changes in technology and demand, and successful in working on terms of mutual advantage with all those with whom they do business – employees, suppliers, local communities and governments.

And that is what responsibility is all about.

It starts with people.

People are the key to sustainability. For us, that starts with safety – the application of global standards to ensure that the people who work for us, and with us, and the people who buy our products are not damaged in any way by anything we do, or fail to do.

That is the absolute minimum. We believe that if companies are the main beneficiaries of open markets, and what is loosely called globalisation, they have a responsibility to ensure that as many people as possible benefit from the process. That means giving people opportunity and the chance of personal development on the basis of merit, rather than background, gender or nationality.

In terms of BP, that means that we want to make sure that a Chinese graduate, joining us now from Tsinghua University in Beijing, has the opportunity to advance through BP as her male counterpart from Princeton or Oxford.

Education is at the heart of this. As well as helping individuals within the business to achieve their full potential, we believe companies can do a great deal to support the progress of the communities in which we work through the wider education system.

In the places we work we support both basic education and university level research, because it is technical advance and innovation that stimulate investment, the development of skills, employment and economic progress. Around the world, there is a clear correlation between the quality of higher education and sustained economic success.

Responsibility starts with people, but it also includes the environment. Sustainability isn't possible if the environment in which you work is deteriorating – and it certainly isn't possible if people think you are causing that deterioration.

Companies working in the oil and gas business, for instance, can't ignore the fact that our operations and the products we sell have an environmental impact.

We accept that we have a responsibility to minimise that impact.

There are a number of elements to that.

It involves establishing global standards of care, wherever we work, and establishing compliance and assurance process to ensure those standards are met.

It means applying technology to improve the quality of the products produced – reducing, for instance, the lead and sulphur in petrol and other fuel products.

And it means taking precautionary action to reduce the emissions of greenhouse gases in order to avoid the risk of climate change, which has been identified through high-level scientific research.

The scientific analysis continues – there is no absolute certainty about cause and effect or the risks involved. But the mounting evidence is such that it would be wrong to wait for certainty.

Precautionary action is possible. That action can reduce emissions and, over time, can help to prevent the level of carbon in the earth's atmosphere reaching the point at which the current climate would be unsustainable.

The role of business is to show what is possible, to learn from all the different initiatives which are being pursued across the world, and to use our scope and reach to spread best practice.

Overall, we see our responsibility in terms of choice. Companies should be able to offer people a better choice, which transcends the harsh and unacceptable trade off between enjoying the benefits of growth, rising living standards and personal mobility on the one hand and maintaining a clean environment on the other.

And finally, sustainability is about knowing the limits of your own legitimacy.

Big companies can be frightening. In our sector, the biggest four companies – all of them transatlantic companies – have grown in terms of market

capitalisation by \$500bn over the last ten years – that is a growth rate of 14 per cent per year.

Because we're so big, we're assumed to have great power. To be able to dictate to governments, and to move at will if we don't get our own way.

That isn't the case. I never feel that we're very powerful. We can't dictate to governments and we can't move our assets at will because most of them are refineries and oil fields which don't travel very far.

But we're considered to be powerful and we have to behave in ways that show that we recognise the limitations of any power we do have.

That's why we don't get involved in partisan politics. We don't fund political campaigns.

We don't believe that business should use its power and influence in ways that damage the legitimacy of government, because that legitimacy is the basis of the rule of law – and without the rule of law business can't operate effectively.

So performance and good business, care for people and for the environment, and a clear understanding of the limits of our power and our need for legitimate government.

That is our definition of corporate social responsibility. I believe it reflects what we've learnt – on a transatlantic basis – over many decades.

Every company uses slightly different words to define corporate social responsibility, but I think those elements would be found in the work of many different companies – here, in Europe, and in the US.

I think they have helped to create a thriving business sector and a thriving society on both sides of the Atlantic.

Now, the challenge is to take what we've learnt and to apply it in all the different places in which British, European and American business is working around the world. That's the new frontier.

The challenge is to demonstrate what business can offer to countries and to individuals. We are part of society – one of the most creative and dynamic parts – but not the only part – we need all the other elements to be working

effectively too. We can't thrive if society as a whole isn't thriving. That understanding is very important.

I believe business is essential for development and that, in turn, development is essential for human freedom.

And because of that, even though the world is an uncertain and dangerous place, I do think that the spread of business – the fact that we can now operate almost everywhere, including places which were closed only ten or fifteen years ago – is one of the great causes for optimism.

Ladies and Gentlemen, thank you very much for your attention. It has been a great pleasure to be here with you tonight.

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