



The Power of Sustainable Business



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I. The Idea







THE CONSTANT GARDENER

THE HIGHLY ANTICIPATED INTERNATIONAL THRILLER FROM JOHN LE CARRÉ
& FERNANDO MEIRELLES THE ACADEMY AWARD® NOMINATED DIRECTOR OF *CITY OF GOD*







vodafone



m-pesa



Tax and our total contribution to public finances

The amount of tax paid by large companies is a matter of significant public debate and scrutiny.

Individuals and companies have legal obligations to pay tax; but those obligations do not extend to paying more than the amount legally required. Companies also have a legal obligation to act in the interests of their shareholders. Vodafone's shareholders include many of the investment funds relied upon by tens of millions of individual pensioners and savers.

At the same time, individuals and companies must meet their responsibilities to contribute to the funding of public services and infrastructure, without which societies cannot operate effectively.

Achieving a transparent and effective balance between those obligations and responsibilities is therefore integral to operating sustainably.

£11.1 billion

In 2011/12, Vodafone contributed more than £11.1 billion in cash to the public finances in our countries of operation.

- Corporation tax is paid on profits, not on revenues. If a company makes little or no profit – for example, as a consequence of declining sales, competitive market conditions or a period of intense capital investment, particularly if funded through borrowing, it will generally incur lower tax charges than another similar company with higher profits. This approach is common to all countries as without it, companies enduring periods of low profitability would be faced with disproportionate tax demands and significant disincentives for investment in infrastructure. In a number of Vodafone's markets, including the UK, the cost of acquiring radio spectrum from the government, high operating costs, substantial levels of capital expenditure and sustained competitive and regulatory pressures have a significantly negative effect on the profits of our local businesses. In addition, in some markets, other taxes that are levied on revenue (together with non-taxation-based contributions such as spectrum fees) have the effect of depressing profit and so reducing corporation tax liabilities
- Taxation is local. Taxes generally fall due wherever profits are generated, and the tax liabilities that arise as a result are decided under the rules of the country that is host to the business in question. So, for example, a company operating

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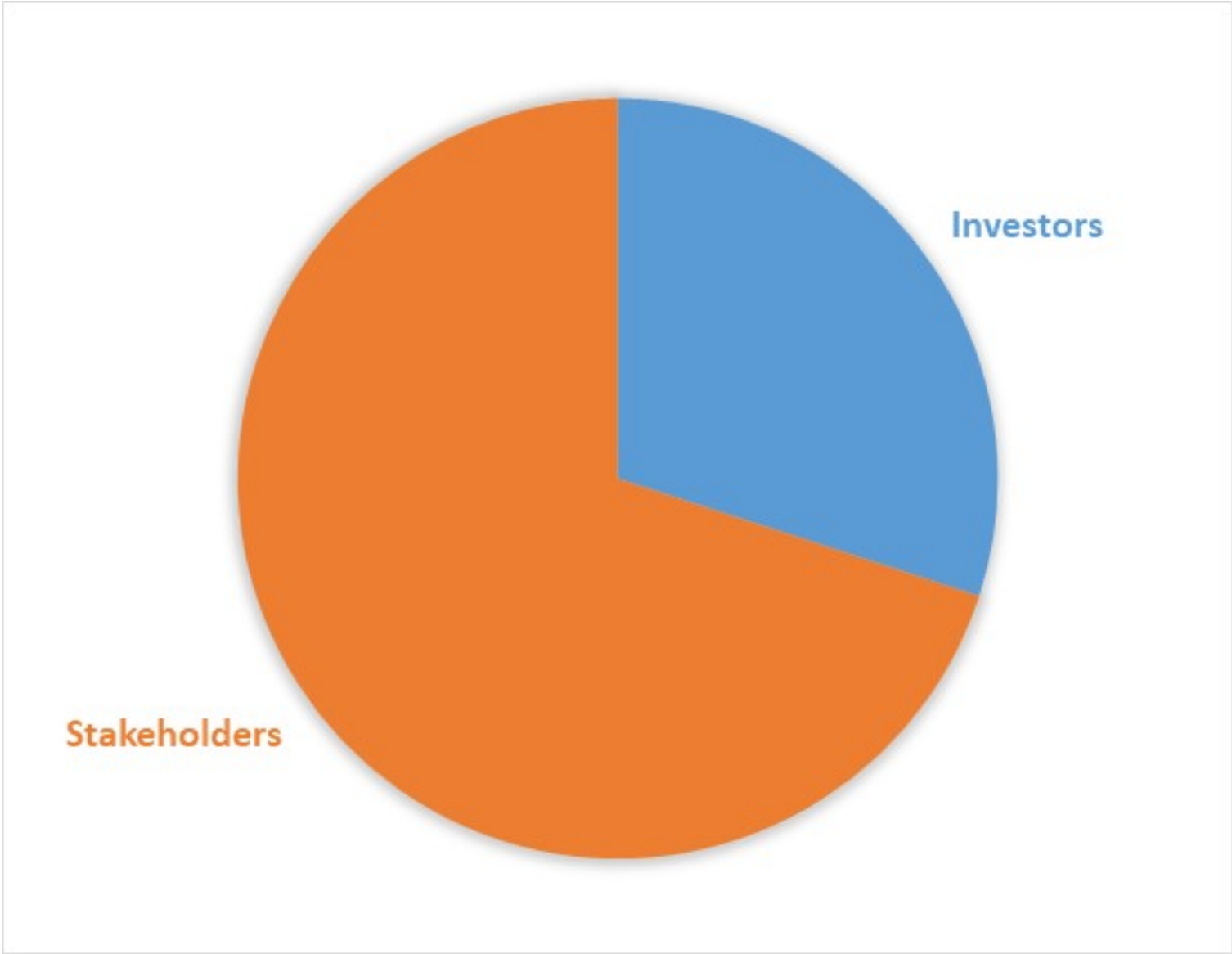
Vodafone

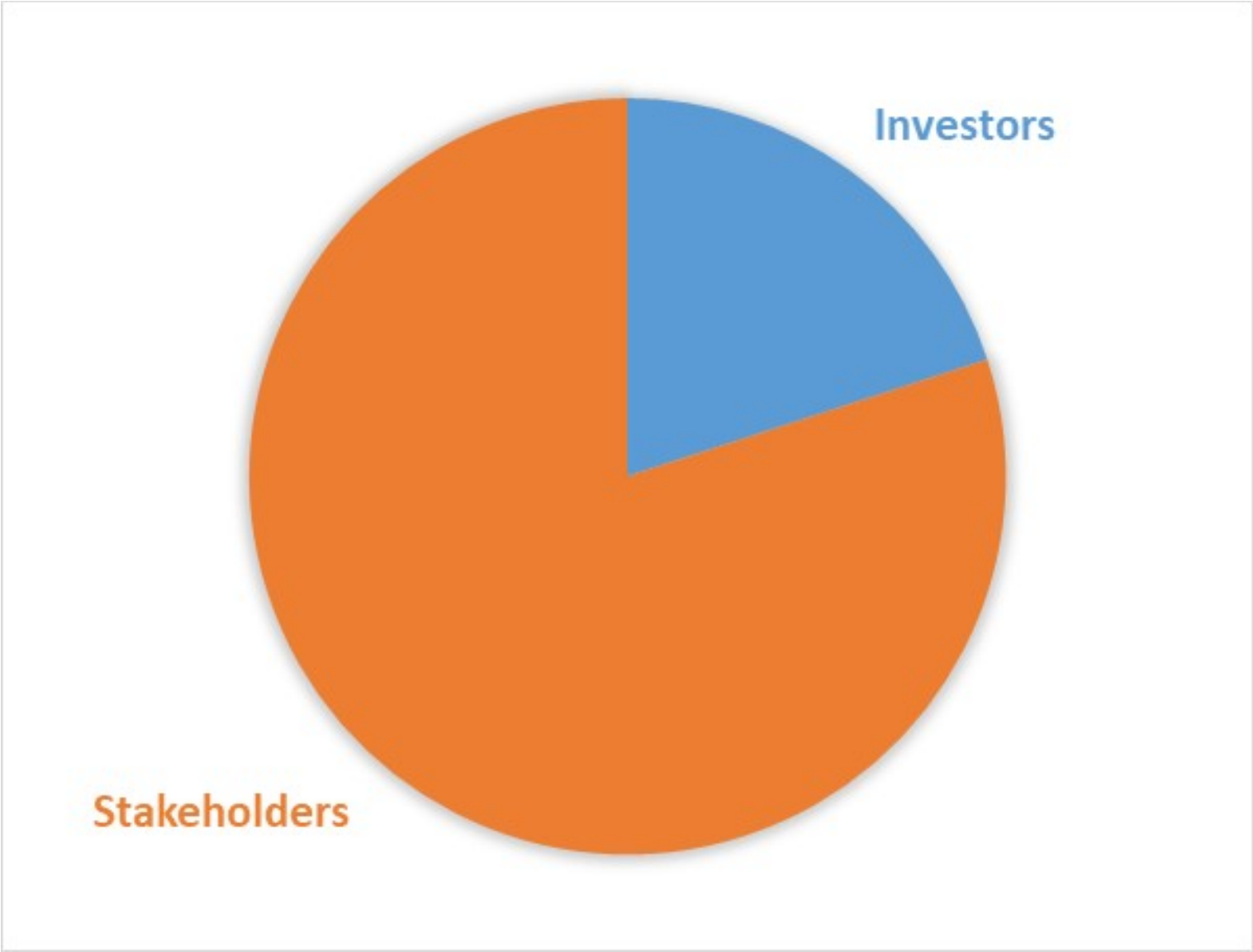
- Which of these decisions created most value for society?
- Which of these decisions, if not taken, would have led to most public outrage, or worsened Vodafone's CSR rating / reputation?

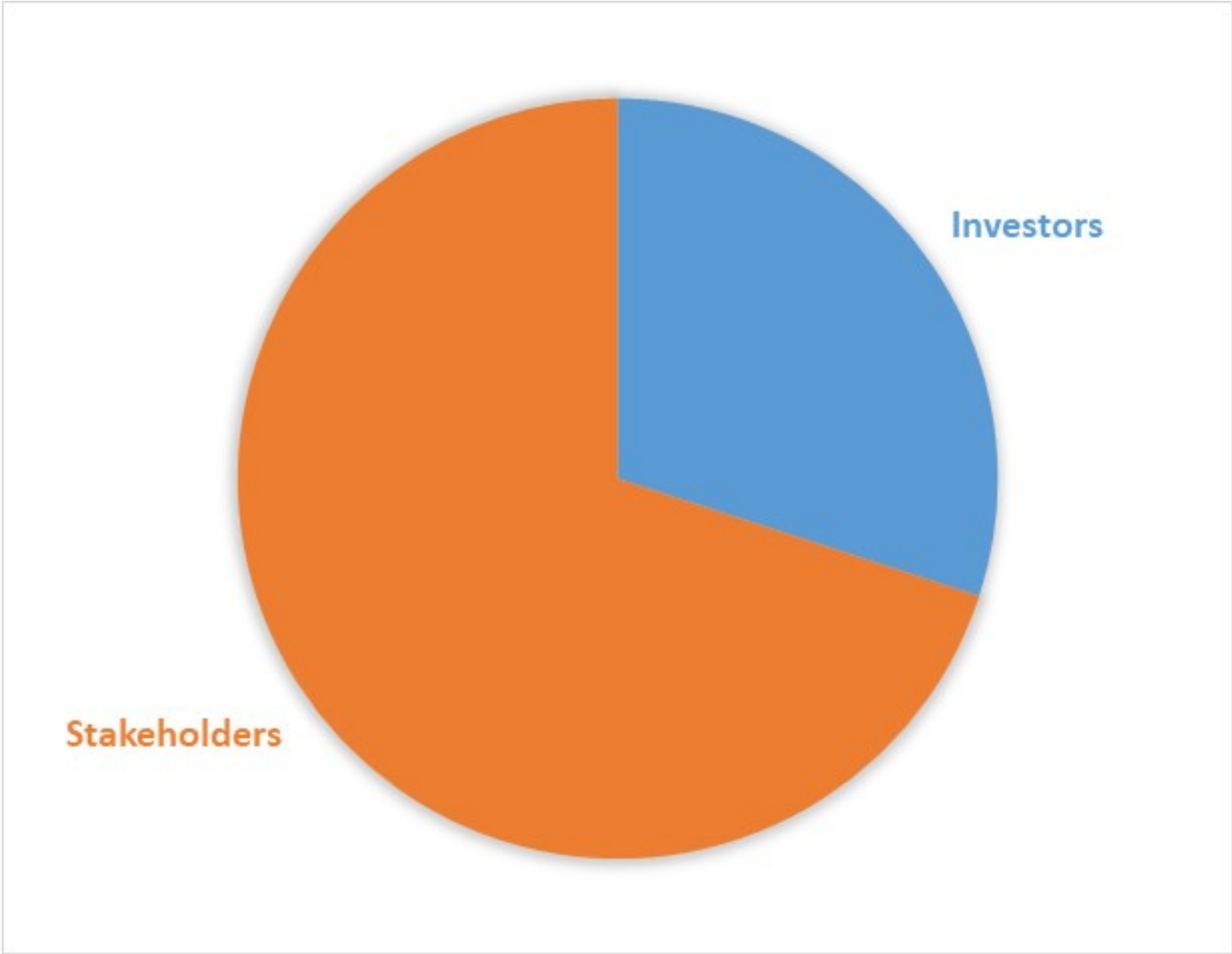


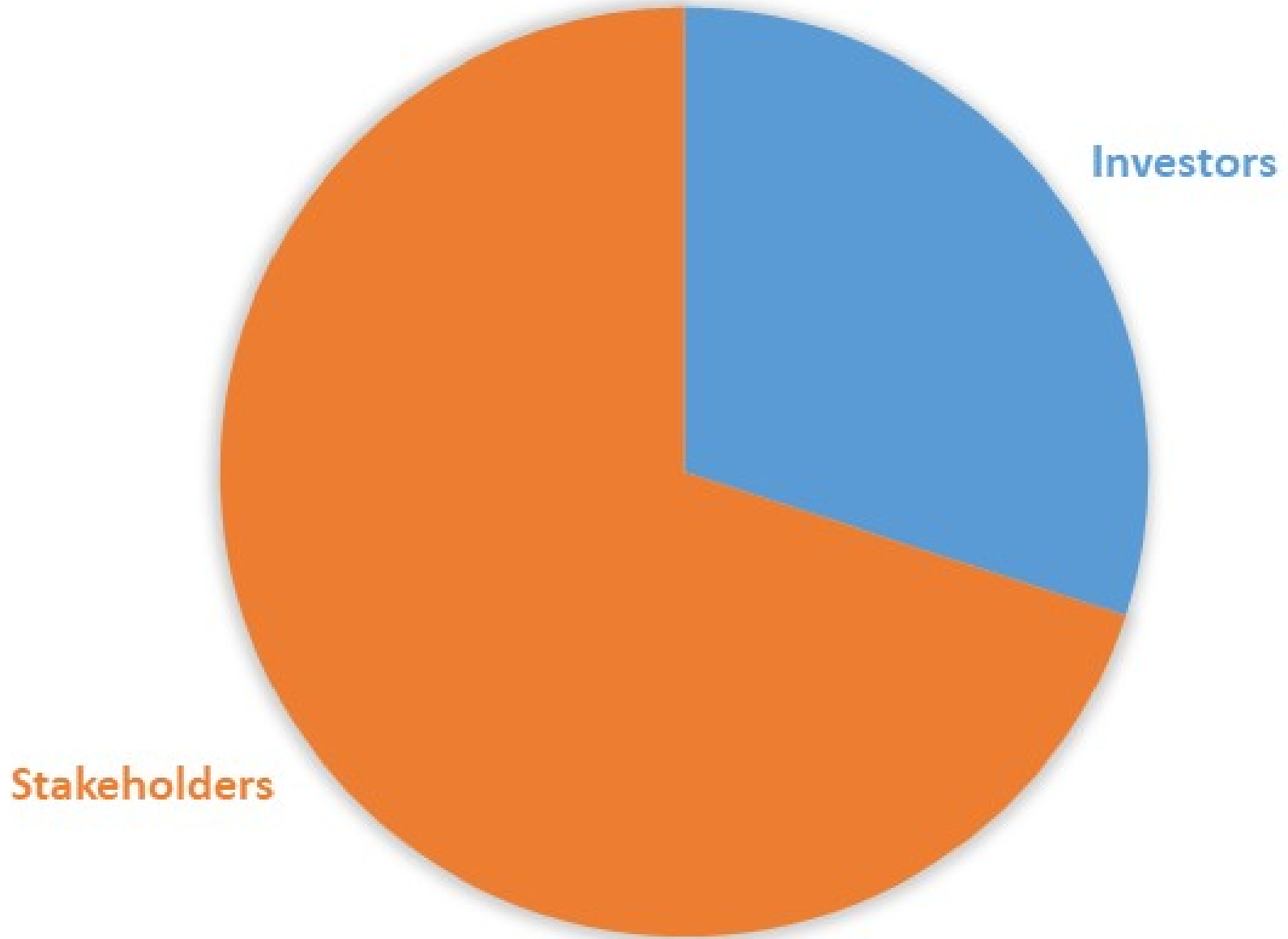
WE JUST CALLED
TO SAY
YOU OWE US £6BN













**A sustainable business
creates profits only through
creating value for society**



II. The Evidence



III. Putting It Into Practice



Purpose

- “Our purpose is to serve customers, workers, suppliers, the environment, and communities while generating a returns to investors”
- Purpose is why an enterprise exists – who it serves, its reason for being and the role it plays in the world
 - Focused and targeted
 - Says what *not* to do as well as what to do
- Olam: “prosperous farmers and food systems, thriving communities, [and] regeneration of the living world”



Putting Purpose into Practice

- Wilmar International: targets for the number of smallholder farmers that it enrolls in its support programmes
 - Provide training and disseminate best practice
- Standard Chartered: SkillsFuture@sc



IV. Further Reading



Further Reading

- “Grow the Pie: How Great Companies Deliver Both Purpose and Profit”
 - www.growthepie.net contains updates after book was completed

