

Retail and Consumer Worlds

January 2008

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Greetings for 2008!

Last year was an exciting and challenging one for retailers and consumer products companies – and 2008 promises to be just as stimulating. Change is everywhere.

In keeping with our strategy to update you on the latest trends and issues facing the sector, this issue of *Retail & Consumer Worlds* covers subjects ranging from the tax strategy of the world's largest retailer to tips for managing risk and governance.

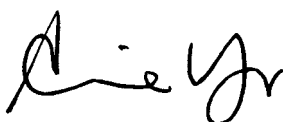
Inside you'll find a feature interview with Todd Ludeke, Wal-Mart's director of international transfer pricing. In the interview Ludeke discusses how Wal-Mart goes about proactively managing its international tax strategy – and in particular how Wal-Mart uses advanced pricing agreements.

You'll also learn what's fueling the boom in the Russian retail sector, as well as what some of the challenges are for companies doing business in the region.

Wondering what consumers are thinking about "green" issues? Read on to hear the latest trends and see how customer-focused companies like Coors and Marks & Spencer are responding.

On another note, the 11th Global CEO Survey will be launched later this month at the World Economic Forum in Davos. This year there will be two separate sector summaries – one for consumer products and one for retail – with special focus on how CEOs in the two sectors feel about their business prospects and issues such as carbon footprint. You'll hear more about these publications very soon.

May I take this opportunity to wish you and yours a successful and satisfying New Year!



Carrie Yu
Global Retail & Consumer Leader



Interview with Todd Ludeke

Culture counts in Wal-Mart global tax strategy



As a company increases its global reach, international tax planning and achieving business goals increasingly go hand in hand. In his role as director of international transfer pricing for Wal-Mart Stores, Todd Ludeke has seen first hand how tax can work within the business to achieve financial results – and even reap positive public relations. In this interview Ludeke explains Wal-Mart’s approach – and discusses the retailer’s pioneering bilateral advanced pricing agreement (“BAPA”) with China.

Todd Ludeke

Todd Ludeke is director, international transfer pricing, Wal-Mart Stores. In this role, Ludeke is part of a team that manages Wal-Mart's worldwide transfer-pricing strategy, including representing Wal-Mart in the negotiation of the first BAPA between the United States and China. In addition to his participation in the U.S-China advanced pricing agreement (APA), he also represents Wal-Mart before numerous other tax authorities. Prior to joining Wal-Mart, Ludeke was a senior attorney in the Office of Chief Counsel, Internal Revenue Service, where he specialised in international issues. Ludeke received a J.D. from George Mason University, an MBA from Indiana University, and a BBA from the University of Cincinnati.

Wal-Mart's position as the leading global retailer is well known, and there's much we can learn from your experiences opening new markets. Can you share with us what you think are the key things retailers need to watch out for as they get more involved in global transactions?

Retail is a very much a part of society. This creates issues for global expansion that are not present in other industries. For example, a key part of any retail expansion effort is understanding the local culture and retail's role in that culture. Though tax is not directly involved in this process, Wal-Mart's visibility in the community creates a greater risk of audit and, commensurate with that risk, a greater need for a full understanding of the local tax regime.

M&A has been a key strategy in Wal-Mart's market expansion. Can you give us some tips on how you synergise and align methodologies and practices of newly-acquired companies with Wal-Mart's tax culture?

The best time to align the tax practices of newly-acquired corporations is during the negotiation of the deal. At this time tax can work with the business to ensure that, to the extent possible, any agreements that are signed include terms that recognise the underlying tax considerations. For example, if the company regularly licenses intangible property to its affiliates, during the M&A process such licenses can be discussed. But the alignment process only begins during the M&A process.

After acquisition, the local tax team must be integrated into the overall tax structure of the business. To do this, it's necessary to take the time to work with the local business to resolve known tax issues and address any issues that may arise as the firm is integrated into the business. At Wal-Mart, where our culture is an important competitive advantage, a necessary part of this process is exposing the newly acquired tax team to the Wal-Mart culture. This transmission of culture, rather than specific business processes, is often the most important part of the tax integration process.

Wal-Mart is known to be a good corporate citizen in the U.S. as well as in the global arena. How does this play out in your transfer pricing strategy?

Part of being a good corporate citizen is meeting applicable governmental obligations. Recognising this, the first priority of our transfer-pricing strategy is complying with the local country rules. By applying appropriate transfer-pricing methodologies, we ensure that our cross border transactions are priced accordingly.

We also use transfer pricing proactively through the APA process which is available in many countries. Using this process enables us to develop a working relationship with the local tax authority. This relationship assists us in meeting tax obligations outside the narrow area of transfer pricing. In addition, as evidenced by the publicity surrounding the recent BAPA Wal-Mart entered into with China, the APA process can also provide positive public relations.

Wal-Mart secured the first Sino-US BAPA, and we understand you were highly involved in the process. What were you trying to achieve by doing this?

We had several objectives when we applied for the first Sino-US BAPA. As with other APAs, we sought to manage our risk going forward by addressing our transfer-pricing exposure in advance. A key part of this risk management is proactively explaining our business, rather than being in the defensive posture that generally arises in an audit. Beyond risk management, there were other objectives.

In the tax context, working through the BAPA process in China allowed us to develop a relationship with the governing tax bureaus. As growth in China is an important part of Wal-Mart's strategy, developing this relationship is important to meeting our tax obligations in the future.

In addition to tax considerations, there were important business considerations. As many western retailers are expanding in China, we felt that it was important that Wal-Mart be the first retailer to engage with the tax authorities. This gave

us the opportunity to explain the nature of western retailers to the tax authorities and avoided placing us in the position of reacting to arguments raised by other retailers.

The Sino-US process also provided a unique opportunity to generate positive public relations. After the agreement was signed, Wal-Mart participated in a signing ceremony that generated local and national press coverage. This coverage helped to further Wal-Mart's position in China.

Wal-Mart has pursued and obtained APAs in other countries, as well. Can you compare and contrast some of your objectives and the challenges you encountered?

One of the common objectives in initiating APA applications is obtaining certainty with respect to major transactions. But there are other objectives. For example, we also pursue APAs for less significant transactions to reduce the risk of audit controversies.

We've encountered many challenges in the APA process. One is explaining our complex transfer pricing methodology to tax authorities who may be more accustomed to simpler cost-plus or comparable uncontrolled price methods. More often, we face a more fundamental challenge: explaining our business.

As a retail business, Wal-Mart faces a particular challenge. Because retail businesses are so visible, tax authorities almost always have preconceived notions about how the business operates. Thus, it's our burden to explain the complexities of the business to the tax authority, including the difficulty in ensuring that the right product is available at the right time at the right price and in the right place. Until the tax authorities have a proper understanding of this process, and the role that intellectual property plays in it, it's difficult to negotiate a favourable outcome to any APA.

What advice do you have for companies that are considering initiating a BAPA?

In the BAPA process, there's only one opportunity to make a good first impression. Thus, it's vital to be well prepared. This preparation extends to ensuring that the company is well represented in the process. Besides using outside advisors appropriately, being well prepared means having knowledgeable employees present at all meetings with the tax authorities. This serves two purposes. It helps the company establish a direct relationship with the tax authority. It also increases the company's credibility, because knowledgeable employees are available to answer any questions the tax authorities may have about the business.

It's necessary to keep an open mind during the BAPA process. Often times, governments may prefer to use a different methodology than the company proposes. Recognising this, you must be prepared to address alternative methodologies and, if possible, use these methodologies to support your position. Maintaining an open mind ensures that you directly address the tax authorities' needs, increases your credibility with them, and contributes to the ultimate success of any negotiations.

Lastly, it's important to view the BAPA as an ongoing process and part of a larger relationship with the tax authority. Though the BAPA can only provide certainty as to transfer-pricing issues, the relationship that is built through the process can extend outside the transfer-pricing environment. Moreover, BAPAs are not an event, but a process that ensures certainty over time.

Interview conducted by PricewaterhouseCoopers
Tax and China Business Advisory Services Partner
Joyce Law

Russia: A sleeping giant awakens



New affluence, increasing availability of quality goods and rising customer expectations are fueling a surge in consumerism in Russia. It's a booming market, but not one without perils for the ill-prepared retailer.

Most people believe that retail in Russia is a modern, post-Soviet phenomenon – a sign of increasing Russian affluence and a natural result of the combination of high oil revenues and pent-up demand for consumer goods. In fact this is a simplification. Retailing has been well established in Russia since the time of the tsars, and a strong entrepreneurial spirit has existed since then.

A rising middle class is spending

Recently, the effect of the growth of the Russian economy has been filtering down to an increasingly affluent middle class. Although the benefits of the economic boom have not been evenly distributed, there has been a considerable increase in average salary levels, particularly in big cities such as Moscow and St. Petersburg. This affluence, coupled with the relatively recent availability of quality consumer goods, is fueling the retail boom. This is a trend that is expected to continue, and the recent increases in the availability of consumer credit have only helped fuel the spending surge. In 2006, the total retail sales market amounted to approximately USD 315 billion, of which the food sector represented about USD 144 billion. Retail credit sales are forecasted to reach EUR 63 billion by 2008 and account for almost 20% of the total sales in the retail trade countrywide.

This market is by far the largest in Eastern Europe, and by 2010 it is expected to exceed the UK, France or Germany. The growth rate and the future for growth is attracting increasing levels of foreign investment, both retailers and manufacturers that supply the retail trade.

The growth in the retail market has provided the opportunity for Russian consumers to sample a wide range of products and services that until recently were not widely available. The early 1990s was a period of experimentation. Retailers were searching for the right formats and consumers were increasingly looking for new choices. Since then, Russian consumers' tastes are becoming more refined, and their behavior patterns are now much closer to European norms. As a result, the overall percentage of food purchases is declining compared to spending on big ticket items like apartments, cars and non-essential goods and services like travel.

Too good to be true?

In fact, there are a number of issues that face retailers doing business in Russia.

Space is at a premium. This issue is more acute in Moscow, where space for large developments is hard to get, and retailers are locating their trading facilities either at the outskirts of the city or in the suburbs. Smaller central sites are more available, but fierce competition has driven prices up considerably. Apartment projects compete with malls for available sites, and development costs are increasing significantly. Increasingly, retailers are creating formats based on developers' offerings, rather than their own preference. Developers' offers can consist of a combination of several premises having different formats, and they may not be willing to sell the sites separately.

Logistics can drag out timelines. Due to the size of the country and widely spread cities with populations exceeding one million, it can take six to seven or more days to deliver cargoes from one end of the country to another. Rail and road networks are developing but are not necessarily reliable. At the same time, retail operators are acquiring critical mass and demanding that suppliers follow delivery schedules, reduce prices, open long-term credit facilities and provide marketing support. Increasingly they are also opening their own distribution centers to streamline the supply chain.

Skilled workers are in short supply. The rapidly expanding market is causing a shortage of skilled staff, especially for technical and support functions. Although Russia has a strong reputation for experienced and well-educated professionals, decreasing population and competition have resulted in a shortage of human resources. The shortage is pushing salary costs up, and experienced staff can command significant premiums in key positions.

Corruption is widespread. Bureaucracy in Russia has been an issue for some time, and administrative barriers can be a significant impediment to operations. Corruption is an issue in all aspects of life, and the retail trade is no exception. The readily noticeable corruption and the ease by which collusion can be orchestrated mean that fraud is a constant risk. *PricewaterhouseCoopers' 4th biennial Global Economic Crime Survey* notes that the retail sector ranks #2 worldwide for fraud. In terms of experts' concerns about the level of corruption in various countries –

Russia ranked #1. It's estimated that 59% of Russian companies were victims of economic crime in the past two years, up 10% from 2005. Sixty-three percent of companies estimate they have lost more than USD 1 million because of fraud, and this is compounded by the collateral damage from wasted time, litigation and loss of reputation.

Consolidation is likely. The retail market remains very fragmented – the top 20 retailers only account for about 10% of the market. By comparison, in the UK the share of the top four is estimated at 85% of the market, and in France the top five companies have an estimated 90% market share. This means one thing for the Russian market: consolidation. M&A will be a driving force for further growth over the next few years. M&A activity is expected to increase in the short term as larger chains expand through acquisition. In 2006 the Russian market saw the first significant merger of major retail market players – Pyatyorochka and Perekryostok to form X5, Russia's largest retail chain. In 2005 – 2006, the total value of M&A in the Russian retail market amounted to more than EUR 4.3 billion.

No developing market is without challenges, but retailing remains one of the most promising sectors in the Russian economy and is an important driver of economic growth and diversity. There is a high level of confidence in the industry's potential, and it continues to be a very dynamic environment. The market is changing rapidly: new players enter almost daily and existing companies expand and refine their operations. At the same time, consumers are wealthier, their tastes are evolving and their expectations increasing. This makes for an exciting and accessible opportunity.



Chris Skirrow
Retail and Consumer Leader
PricewaterhouseCoopers – Russia

Ethics and social concerns key to “new consumers”



People are placing increasing importance on preserving the environment and “doing the right thing”. As a result, consumption is being used to express wider political and social concerns. This has huge implications for how companies do business in the next five years. These implications are discussed below.

Consumers are placing increasing importance on preserving the environment and have strong feelings about the level of urgency required for action. In fact, ethical and environmental concerns have reached a “tipping point”. This is well reflected by the many global studies examining consumer attitudes towards green issues. An ACNielsen survey released in January 2007 found that nine out of ten people globally were aware of global warming and 57% considered it a “very serious problem”. Meanwhile, the 2007 Pew Global Attitudes survey covering 47 nations found that the proportion of people who viewed environmental degradation as a major threat to the planet has increased significantly in 20 of the 35 countries for which comparable 2002 data is available.

As concern for the environment and product sourcing increases, ethical consumerism is migrating away from a small minority of consumers towards the mainstream. This is well reflected by market developments: UK shopper spending on ethical goods and services grew by 81% in the past few years, according to a report by the Co-operative Bank in November 2007.

Consumers will boycott brands or products that they perceive as lacking environmental credentials

In an August 2007 survey by Datamonitor, 54% of European and U.S. respondents overall agreed with the statement, “I actively avoid products I consider or know to be environmentally unfriendly”. Strong environmental/ethical credentials are now a

fundamental driver of consumers’ trust. The Edelman 2006 Annual Trust Barometer found that more than 70% of consumers across Europe, Asia and North America had “refused to buy products and services” from companies that they do not trust. More than three-quarters of Europeans and North Americans and 63% of Asian consumers had also actively criticised those companies to people they know.

Companies have responded by enhancing their own ethical initiatives to empower their brands and increase brand loyalty

The increased recognition of green issues was reflected by a 2007 McKinsey Quarterly global survey of business and society. The research found that the environment is expected to attract more public and political attention and affect shareholder value more than any other societal issue. This represented a marked shift from an equivalent survey in 2005 when job losses associated with offshoring topped the agenda, with the environment and climate change in third place.

In the consumer packaged goods arena a growing number of products are touting ethical or environmental credentials. In 2006, Datamonitor’s Productscan Database identified that 10% of all packaged good products introduced in the U.S. and Europe contained a packaging tag conveying sustainability credentials, compared to only 1.4% in 2001.

There remains a “disconnect” between consumers’ ethical attitudes and buying behavior

A Datamonitor survey in 2004 found that 57% of European and U.S. consumers overall think that it is “important” to buy ethical or socially responsible products. However, in 2004 and 2006 fewer than 30% of respondents said they had purchased such products with greater regularity in the 12 months previously. This is indicative of the attitude-behavior gap that characterises consumers’ actual shopping behavior. Indeed, it is important to recognise that sensory benefits such as taste, price and convenience all remain the primary drivers of product choice in spite of intensifying environmental values.

It is also important to recognise that consumer skepticism remains a barrier. Shoppers of ethically positioned products can feel confused by overstatement, lack of clarity or the density of information conveyed. Indeed, a 2007 poll of more than 1,200 U.S. homeowners which was commissioned by Icnene found that more than two-thirds (70%) of respondents agreed that when companies call a home building product green it is usually just a marketing tactic. The poll also found that more than one-third of homeowners (37%) don’t clearly understand the benefits of a product when it is advertised as being green or environmentally friendly.

Consumers are also questioning the integrity of the fair-trade movement and whether all products under the banner do indeed benefit the producer. Clearly, manufacturers and retailers will need to attempt to reestablish the confidence of altruistic customers if their integrity is to remain intact. Building trust through honest and transparent business practices will be critical to overcoming this trust void.

Packaging and carbon footprints will be key environmental performance indicators

Consumers are of the belief that many products are over-packaged and that manufacturers should cut out unnecessary waste to help protect the environment. It is no coincidence that Wal-Mart has begun pushing its 66,000 vendors to cut excess packaging and has promised to become “packaging neutral” by 2025. Through recycling and reuse, the retail giant will attempt to recover as much material as was used in the packaging that flows through its stores.

“Light-weighting” has become a means for manufacturers to cut their packaging waste. This involves reducing the weight of packaging so that it uses less material and is lighter to distribute. Coors has reduced the size of its 300ml Grolsch bottle by 23%, saving around 4,500 tons of glass each year, and thus reducing waste as well as manufacturing costs. Light-weighting has also been adopted by non-bottle makers, with Heinz working on reducing the size of its cans. This has resulted in a 10% reduction in the thickness of can ends. By implementing the lighter-weight ends, Heinz is currently saving about 1,400 tons of steel and 585 tons of carbon emissions a year. In short, packaging will continue to be targeted as wasteful, and eco-friendly, sustainable packaging that is recyclable, reusable, refillable, or made of biodegradable materials will be more sought after.

The issue of carbon footprints will increasingly come to the fore and so will the need to be more transparent. Marks & Spencer, for example, has created Plan A, in which the company has drawn up plans to become carbon neutral within five years. In addition, nine global companies, including Coca-Cola, have signed up to be part of a measurable carbon footprint scheme in which their products will be monitored for their ecological impact, from the sourcing of raw materials through to disposal. This follows the introduction of the carbon reduction label by the Carbon Trust earlier in the year.

Concluding thoughts...

The issue of ethical consumerism will increasingly come to the fore as people shop at businesses they feel akin to politically, ethically and aesthetically. Consumers will search for ways to participate or choose brands that are actively making a difference in a transparent and trustworthy manner.

This article is an extract from Datamonitor's forthcoming New Consumer Insight (NCI) report entitled "The Next Step In The Ethical Consumerism Revolution", due for publication in January 2008.

Does your organisation need a risk “health check”?



In the journey towards good governance the direction of travel is towards more efficient and effective management of business opportunities and performance. Where is your organisation headed?

Regulated industries such as financial services and pharmaceuticals are leading the way in managing risk and governance. They are ensuring cohesion and consistency across all elements of compliance in the organisation. They are eliminating duplication of effort to lower the cost of compliance. And they are building compliance frameworks which help drive high performance and successfully deliver strategic initiatives.

There have been a number of high profile incidents in the sector in recent years. These have led to loss of corporate and personal reputations, and in some cases have had a long-lasting effect on sales. This has focused management attention on how to manage risk and governance more effectively. The good news is, the retail and consumer sector is beginning to raise its game in this area.

Why things go wrong

Our research has shown that incidents are rarely caused by an unforeseeable change in the external environment and more frequently relate to an inadequate response to factors already known and, in particular, a failure to ensure governance is fully implemented as defined.

The root cause of an adverse incident can be easy to fix. It may be related to an over reliance on outsourced operations, which can easily be remedied by improving the monitoring mechanisms. It may be related to a failure to have proactive dialogue with external stakeholders including regulators, or to escalate information to the right levels in the organisation to allow decisive action to be taken.

Sometimes the way the incident is handled internally and externally only exacerbates the problem. A well-defined incident management mechanism can help contain the damage in the event that things do go wrong.

Clear benefits to implementing effective governance

Our independent research into the benefits of an integrated approach to governance, regulation and compliance show that where an integrated approach is adopted, significant benefits occurred. They included a 23% increase in reputation value, a 10% increase in employee retention and an 8% jump in revenue.

A quick health check

How well does your organisation manage governance, regulation and compliance? As a challenge, ask yourself these questions:

- Do governance arrangements address your full range of risks?
- Have governance requirements been communicated effectively?
- Are people performing in line with these expectations day to day?
- How do you know governance requirements are being followed?
- Are exceptions dealt with in a timely manner?



Paul Pilkington
Director, Assurance
PricewaterhouseCoopers – UK

Here are eight tips for good governance:

1. **Don't reinvent the wheel:** Use the same framework to implement governance in each policy area.
2. **Get rid of compliance silos:** Don't let organisational barriers get in the way of an integrated approach. It's easy for monitoring data to get locked into functional silos.
3. **Use all available internal and external information sources:** Companies often don't realise how much compliance data they already have.
4. **Known issues should not be overlooked:** Many incidents occur as a result of failure to act on factors already known.
5. **Don't overlook people and culture:** Be alert to factors which may prevent policy from being carried out (poor compliance culture, insufficient resources, complacency, low morale).
6. **Focus the effort:** Take a risk-oriented approach to focus attention in the right areas.
7. **Consider all aspects of the business:** Companies are often caught out in policy areas outside their main area of operations.
8. **Act decisively when things go wrong:** Implement an incident management mechanism including internal escalation, remediation and external communications.

An effective system of controls and a strong culture that supports the controls are an organisation's best defense. In the area of risk and governance, the old adage applies: an ounce of prevention is worth a pound of cure.

Sector changes spotlighted at PwC Global Retail & Consumer Business School



The conference sessions focused on the rapid changes in the sector – driven in part by a surge of private equity activities, heightened concern over sustainability and wellness issues, the Internet, and emerging markets.

Under the banner of “Capitalising on Change”, more than 200 partners and clients from 28 territories attended the 9th annual Global Retail & Consumer Business School October 17-19 in Toronto, Canada.

The slate of activities included six client planning workshops for top FT500 retail and consumer (R&C) companies, panel discussions, network meetings, case studies and presentations.

Rousing keynote address kicks off the day

Global R&C Leader Carrie Yu, Canada R&C Leader Ross Sinclair and Canada National Managing Partner Mark Elliott kicked off the plenary session and welcomed the delegates. Chip Wilson, founder of lululemon athletica, gave a rousing keynote address sharing how his vision has taken his company from backroom to IPO in just a few years. Chip offered his vision for Canadian retailing and shared how lululemon’s success has been driven by his personal ideals, rather than by the usual retail success formulas.

Other sessions included a joint presentation by Financo Chairman and CEO Gilbert Harrison and Managing Director Joel Glasky and PwC’s Mark Hudson on private equity in the retail and consumer sector. The Financo executives shared with the audience that the M&A market has grown tremendously in both pace and volume over the last few years. Also, the supply of private equity money is growing rapidly – and the retail and consumer space is increasingly in favor. U.S. disclosed deal volume through the first three quarters of 2007 was a whopping USD 304 billion. According to Glasky and Harrison, the characteristics that make targets attractive to private equity include: higher growth, lower debt levels, stable cash flows, brand equity, whether the company can act as a “platform” for bolt-on acquisitions, a strong real estate portfolio and non-core divestiture opportunities. Hudson advised that the value of UK retail deals in 2006 was EUR 9.7 billion.

Todd Ludeke, director of international transfer pricing for Wal-Mart Stores, discussed Wal-Mart’s pioneering bilateral advanced pricing agreement with China. Ludeke advised that while the advanced pricing agreement process in China has a short history, the process is evolving. Based on Wal-Mart’s experiences, the Chinese authorities are flexible, eager to enter into these agreements and willing to work with taxpayers to address uncertainties in the process.

Sustainability and wellness are recurring themes

Planet Retail’s Bryan Roberts made a number of insightful remarks on the trends in the retail scene. First, according to Roberts, discounters and private labels – increasingly on the rise – are a threat, but also an opportunity. Private label penetration is still in its infancy, however, in emerging markets. Second, discounting will remain the fastest growth channel, and the lines are blurring between food and non-food discounters. Third, health, wellness and organics are important categories being driven by consumers. Fourth, the environment matters, but can be protected profitably. Roberts advised that retailers that react to most of these trends will be the most successful.

Mark McCauley of Canadian potato product producer McCain Foods echoed Roberts’ sentiments on health and wellness, advising that these are global issues that are here to stay. McCauley stressed that health and wellness issues are as much an opportunity as a threat. He related how McCain Foods turned a threat into an opportunity by creating a shift in perception for its products through innovative packaging, product reformulation and an informational campaign promoting the real nutritional value of potatoes. McCauley summed up by saying, “a company must develop trust – not with fancy products, but with real innovation and responsible practices.”

A panel on sustainability led by PwC's Thomas Scheiwiller featured Office Depot Environmental Strategy Advisor Yalmaz Siddiqui and Hans-Joachim Richter, director of corporate communications for Nestlé Nespresso. Siddiqui shared Office Depot's history in moving to a position of proactive sustainability strategy and their goal to integrate "green" into all parts of the business ("buy green/be green/sell green"). Siddiqui advised that to be successful companies have to link their green strategy to the business and that core programs must be owned by the business functions. Richter shared Nespresso's AAA Sustainable Quality Program. Through the program Nespresso stabilises the supply chain, supports its corporate reputation, shares the value created with the rest of the supply chain and improves the quality of life for their farmers and the farmers' communities. Nespresso has found that "everyone benefits from quality", and that their customers are increasingly interested in provenance and authenticity – and are willing to pay a premium for them.

Three concurrent sessions by PwC partners – one on Russian retailing by Chris Skirrow; accounting hot topics by David Mason, Dusty Stallings and Tony de Bell; and the Internet by Mark Parry – rounded out the client day agenda. The day concluded with a gala banquet and a chance to unwind and relax at one of Toronto's lively nightspots.

An International Network

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