

IPPR / Diageo Great Britain Responsible Drinking Forum 20 May 2004

Paul Walsh, CEO, Diageo plc keynote address

Good afternoon. I'm Paul Walsh, Chief Executive of Diageo plc and on behalf of Diageo it's my pleasant duty to welcome you all here today.

A particular welcome, of course, to you Prime Minister, to your ministerial colleagues and to all our other distinguished guests.

One thing on which I'm sure we will all agree this morning is that the issue of responsible drinking is now firmly on the agenda: for government, for the drinks industry and for the many others represented here today. So our debates this afternoon are timely and will be widely followed.

The National Alcohol Strategy, published in March, is the backdrop against which today's discussions take place. We see the Strategy as an important milestone in a major public debate. It is a serious and robust piece of work which has contributed three significant things:

- > it has thoroughly reviewed and updated the basis of evidence on which our discussions are based
- > it offers a balanced acknowledgement of both the cultural and economic benefits of responsible drinking as well as of the harmful consequences of alcohol misuse
- > it suggests a series of pragmatic policy interventions set against a realistic timetable.

Speaking specifically from the point of view of the drinks industry – and I think on this point I can speak for all those here from the industry - we accept the very specific challenges which the Strategy contains for us to raise our own game.

But everyone in this room knows that the issues around alcohol misuse and its consequences are linked to deep-seated cultural and behavioural shifts. They go beyond any kind of simplistic analysis. They are not susceptible to easy or quick fixes. Even with an audience of this range and quality, we are certainly not going to find all the answers today.

But today is a solid first step because by talking to each other we can understand better how the issue looks from different perspectives. I can affirm that this kind of dialogue is not merely valuable, but critical. In Australia Diageo – with others - has taken a leading role in bringing together the beer, wines and spirits sectors, including retailers, with other community partners in the debate. Together we are working to address the downside in drinking behaviours there.

Our experience in similar ventures - as far afield as Ireland, North America and Asia - is that real progress can only be made on the basis of a better understanding between all those involved.

I know that the leading players in the industry are determined to listen to all parts of the community with an interest in these issues – even those who question or criticise us – as this debate goes forward. We welcome you here today with the undertaking that we will listen. We keenly want to understand better how the issues look to you. Let's all take the opportunity which today's event affords us to engage constructively on the issue of responsible drinking.

So what does 'responsible drinking' mean and why it is crucial to the drinks industry?

Alcohol beverages bring pleasure to millions of adults and have been enjoyed for over 7,000 years. Nonetheless, in recent years there has been a growing recognition that where alcohol is consumed excessively or irresponsibly, this can create health or social problems for the individual or society as a whole.

The foundation of The Portman Group in 1989 was a milestone because it demonstrated the will of the major players in the industry to address the issue of responsible drinking.

The Portman Group continues to be a catalyst for – and champion of – responsible drinking and ever-higher standards of industry self-regulation. Other trade associations and individual companies have also developed their own codes of conduct, which are complementary to the Portman codes.

At Diageo, we are proud of our own code of marketing practice, implemented in 1997. Sometimes we get it wrong, but when a contravention occurs, we deal with it quickly,

learn from it, and make every effort to ensure we don't repeat it. It is about continual learning and living up to our principles and values.

Indeed, many companies are investing substantially more each year in initiatives to promote responsible drinking. These include unit labelling, server training, support for educational initiatives in schools and even some first steps in responsible drinking television and billboard advertising.

Some people ask me why a drinks company would put so much effort behind responsible drinking initiatives. For me, the case for responsible drinking is both rational and emotional.

Rationally, there is an irrefutable business case for us to promote responsible drinking. Consumers are at the heart of everything we do as a company. That is the basis for our success. We want consumers to enjoy our brands and *we care* that they do. If they drink to excess then they won't do so. It's as simple as that. If their behaviour alienates others, it is not in our interest.

But what is even more important for most of us is the emotional level. Everyone in Diageo is proud of what we do. We are proud of the business we're in and the great brands we sell. And we are proud to work for a company that acts with integrity. We love the way which our products help consumers celebrate life and enjoy fantastic times. So we are genuinely concerned when we see people put themselves at risk by misuse of alcohol beverages. And we would not want ever to have a single person misinterpret our actions as encouraging this behaviour in any way.

Prime Minister, in your foreword to the National Alcohol Strategy you said:

'Millions of us enjoy drinking alcohol with few, if any, ill effects. Indeed moderate drinking can bring some health benefits. But, increasingly, alcohol misuse by a small minority is causing two major, and largely distinct, problems: on the one hand crime and antisocial behaviour in town and city centres, and on the other harm to health as a result of binge- and chronic drinking.'

That seems to me to be the right context for today's event. And in that spirit of realism and balance let's get down to work. Thank you.

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