

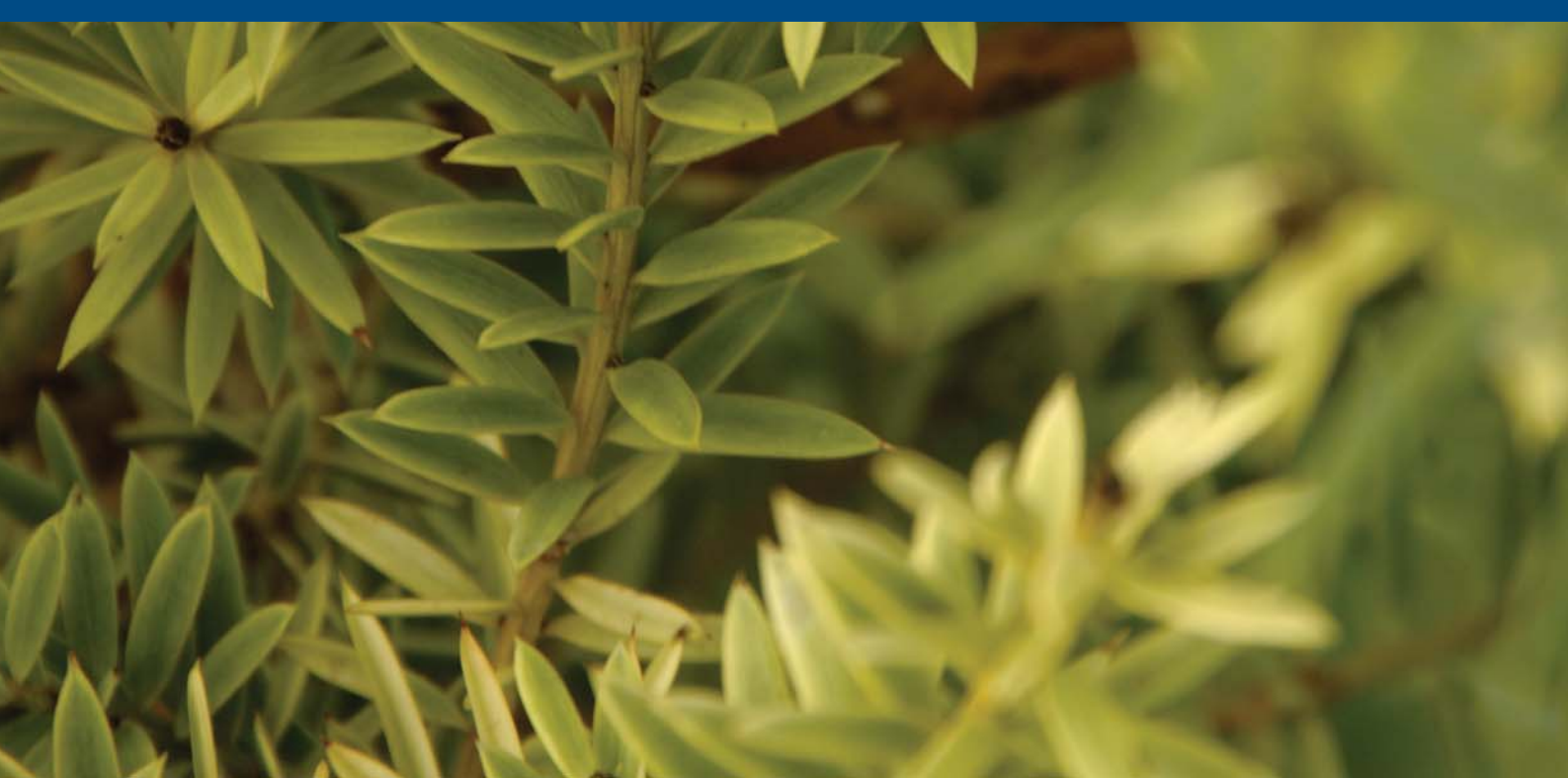
STIMULATING GROWTH





“THERE ARE A NUMBER OF ENVIRONMENT AND SUSTAINABLE DEVELOPMENT FUNDS AVAILABLE IN NEW ZEALAND, WHICH EFFECTIVELY ADDRESS IMPORTANT ENVIRONMENTAL AND SOCIAL ISSUES. THE SHELL SUSTAINABILITY FUND’S FOCUS ON ENABLING THE SMALL MEDIUM ENTERPRISE SECTOR TO OVERCOME THE BARRIERS TO THEIR PARTICIPATION IN SUSTAINABLE DEVELOPMENT FILLS A CRUCIAL GAP IN THE PATH TO A SUSTAINABLE FUTURE FOR NEW ZEALAND.”

Bill Bayfield,
Ministry for the Environment



Foreword

Shell New Zealand demonstrates its commitment to sustainable development by adhering to the Shell Group's seven sustainable development principles and reporting regularly to our New Zealand stakeholders on our triple-bottom-line outcomes.

While the practices of large organisations – such as Shell – are an important aspect of achieving sustainable development goals, we believe that some of the biggest gains for New Zealand can be made by helping small to medium sized enterprises (SMEs) to develop sustainable business practices. Recognising the significant barriers that confront SMEs in terms of the upfront investment required to turn talk into action, we have created the Shell New Zealand Sustainability Fund.

We are delighted to be partnering with the New Zealand Business Council for Sustainable Development in this initiative. Their role is to ensure the delivery of the Shell New Zealand Sustainability Fund makes an impact where it is most needed.

**Ajit Bansal, Chairman,
Shell New Zealand**

The Zealand Business Council for Sustainable Development is proud to be associated with the Shell New Zealand Sustainability Fund. We believe the most profitable and responsible way forward for New Zealand is through sustainable development. Our mission is to be a catalyst for change and to promote eco-efficiency, innovation and responsible entrepreneurship.

By targeting the SME sector – which is the backbone of the New Zealand economy, making up 97% of all businesses – the Shell Sustainability Fund provides an opportunity for real change. Not only does the Fund offer individual SME's the opportunity to overcome financial barriers to implementing change, it also explicitly aims to promote best practice among the wider SME sector by requiring fund recipients to share their results and insights.

**Rob Fenwick,
Chairman, NZBCSD**

Purpose of the Shell New Zealand Sustainability Fund

The Shell New Zealand Sustainability Fund aims to help SMEs develop and implement systems that will enable them to operate in a sustainable, environmentally responsible way. Creating a culture of sustainable business practice across the SME sector, will have positive outcomes for society, the economy and environment.

Who can apply?

The Shell New Zealand Sustainability Fund is open to applications from:

1. SMEs requiring foundation funding to implement a new initiative/business practice that reduces their environmental impact and which is applicable beyond their own business. SMEs are enterprises that employ 19 or fewer full-time-equivalent (FTE) staff.
2. Organisations or individuals that want to provide advice consultancy or education services to SMEs about practices

that will reduce their impact on the environment.

Examples of project areas that would meet the objectives of the Fund include:

- Emissions reduction
- Greater energy efficiency
- Waste reduction
- Reduced consumption of natural and/or non-renewable resources
- Increased recycling of materials
- Reduced water consumption
- Reduced consumption or creation of environmentally harmful products
- Improved water quality/prevention of run-off.

Awards will not be granted for venture capital or business-as-usual operating costs. Fund awards will not include reimbursement for time incurred preparing applications.

There is no limit to the number of applications an organisation may submit, provided that each application meets the assessment criteria. However, each specific project/initiative will only be eligible to receive one award, as the Fund is not intended to provide ongoing funding. In this context, projects should be self-supporting in the long run.

Case study: Moxie

Wellington-based design company Moxie is the first SME to be awarded project funding under the Shell New Zealand Sustainability Fund.

Their proposal is to undertake in-depth qualitative research on what motivates a key market segment of consumers in New Zealand that actively seeks – and is prepared to pay a premium for – products and services that share their global environmental and social values. The objective of this research is to provide other SMEs with the incentives, knowledge and tools to engage with this market both at home and abroad.

Prior to applying to the Shell New Zealand Sustainability Fund for this research, Moxie had already independently undertaken quantitative research to assess the size of this market segment in New Zealand, based on international research methodologies. The Omnibus Survey carried out in February 2005 showed that over a quarter of respondents fell into this important, relatively untapped market segment, which is consistent with overseas results.

“The funding from the Shell New Zealand Sustainability Fund will enable us to get a much better understanding of how SMEs can tap into this market,” says Peter Salmon, Director, Moxie Design Group.

Based on the insights gained by the research, Moxie will produce a research report and create a ‘five step’ path for SMEs to engage with this market, which will be published on Moxie’s website. In addition, Moxie will give presentations on the research at key forums, including the New Zealand Sustainable Business

Conference in early October.

Moxie intends to sustain the momentum of this research beyond the project covered by the Shell New Zealand Sustainability Fund by carrying out Omnibus research annually to show any growth trends in the market. In addition, Moxie launches a new website in October to showcase new products coming on stream internationally that enable SMEs to integrate sustainability principles in the way they do business.

Based in the capital with eight FTE staff, Moxie’s core business is to assist clients to achieve competitive advantage through strategic design. Moxie has links to international sustainability networks and Director, Peter Salmon, was a founding member of the Wellington Regional Board of New Zealand’s Sustainable Business Network.

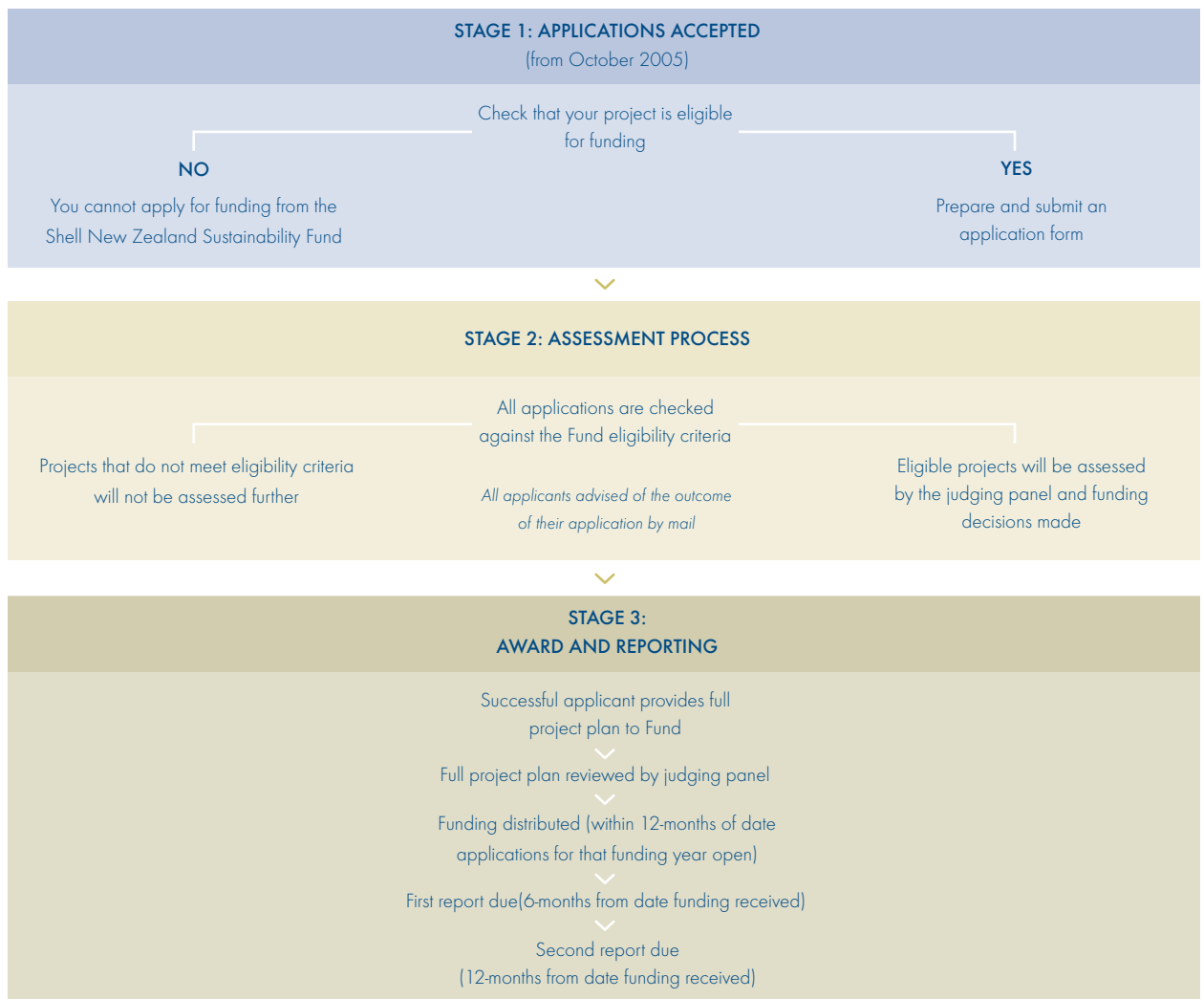
“We believe in integrating sustainability as a driver of innovation and value creation for business so that clients don’t have a ‘sustainability brand’ but rather have a brand that is sustainable,” says Peter Salmon.

“What’s more, we know that there is a large group of consumers out there actively looking for such brands, and we are pleased to have the opportunity provided by the Shell New Zealand Sustainability Fund to raise awareness of this and enable SMEs to act on it. There are opportunities for business and product and service innovation in this area.”

How to Apply

Applications should be made directly to the Fund on an official application form, available from NZBCSD and online at www.shell.co.nz/smefund.html. Applicants are also invited to provide any relevant supplementary information on their proposed project that may assist the judging panel to make their decision. There is no deadline for the submission of applications.

Assessment process



* The judging panel will include two representative from Shell New Zealand, one from the NZBCSD, and up to two independent judges nominated and agreed by Shell and the NZBCSD.

Assessment Criteria

1. Applicants must demonstrate that their project/initiative will contribute directly to a reduction of the environmental impact of SME business practices. A direct contribution includes providing education/advice to SMEs, and/or implementing changes to business practices within the applicant's own enterprise.
2. The project/initiative must be focused on changing SME business practices to achieve sustainable, long-term improvements in environmental outcomes. Projects with short-term benefits will not be funded.
3. The benefits of the project/initiative must be applicable to more than one SME. Projects/initiatives that can be broadly applied in the SME sector will be given preference.
4. Applicants that are SMEs must provide specific details of how they intend to share their knowledge or practices to other businesses in the SME sector. This may include, for example, conferences or business organisations at which they will present their findings, or what information material they will produce and how it will be distributed.
5. The project/initiative must be self-supporting in the long run.

Award Conditions

Award recipients are required to report on the use of the award six months and one year after the award is received. Reports must outline how the funding has been used, the outcomes of the project/initiative to date, and how the recipient is sharing their knowledge and/or practices to relevant businesses within the wider SME sector.

Recipients must also agree that their projects can be used as case studies to promote the Shell New Zealand Sustainability Fund and the benefits of sustainable business practices for SMEs.

Further Information

For further information about the Shell New Zealand Sustainability Fund please contact the NZBCSD on 09 525 9727 or by email, shellfund@nzbcsc.org.nz

Additional copies of the application form are available from the Fund website, www.shell.co.nz/smfund.html

About Shell

Shell New Zealand is part of the global Shell Group of energy and petrochemical companies. The aim of the Shell Group is to meet the energy needs of society, in ways that are economically, socially and environmentally viable – now and in the future.

We do this in a wide variety of ways. Most people know us best as the suppliers of fuel and lubrication products at their local service station and as a company that explores on land and sea to find and produce oil.

We also explore, produce and market gas and power internationally to consumers and businesses alike. Our chemical products find their way into all sorts of commercial and domestic use, from mobile phones to furniture. And we have rapidly growing businesses in several of the ‘new energy’ sectors, including hydrogen, solar, geothermal and wind energy. We invest and collaborate in the development of new technologies that will keep improving our performance.

Consistent with our commitment to contribute to sustainable development, Shell companies have a systematic approach to health, safety and environmental management in order to achieve continuous performance improvement.

To this end Shell companies manage these matters as any other critical business activity, set targets for improvement, and measure, appraise and report performance.

About NZBCSD

The New Zealand Business Council for Sustainable Development (the Business Council) was established in 1999 to provide leadership as a catalyst for change toward sustainable development.

Its vision is “ To meet the needs of New Zealanders today whilst creating a country which is fit for future generations.”

The Business Council promotes sustainability as the model for New Zealand’s economic, environmental and social development. Its work programme includes research issues of concern to New Zealand to identify frameworks and policy which will achieve this objective.

The Business Council’s starting point is that a business needs to be profitable in order to be sustainable. Sustainable businesses also need to be sensitive to the needs of their employees and the communities in which they operate and to minimise their impact on natural resources.

Member companies look to the Business Council to provide insight on the future horizon for business and sustainable development. The Business Council has carried out work on issues ranging from energy efficiency to supply chain as the “building blocks” of a sustainable future society.

The Business Council currently has 50 members many of whom have shown that a business that does respond to community aspirations, respects the environment and is socially responsible - can be more profitable.