



Research

# Creating Shared Value at Nestlé

Urs Schenker

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# Nestlé at a glance



Unmatched  
product  
and brand  
portfolio

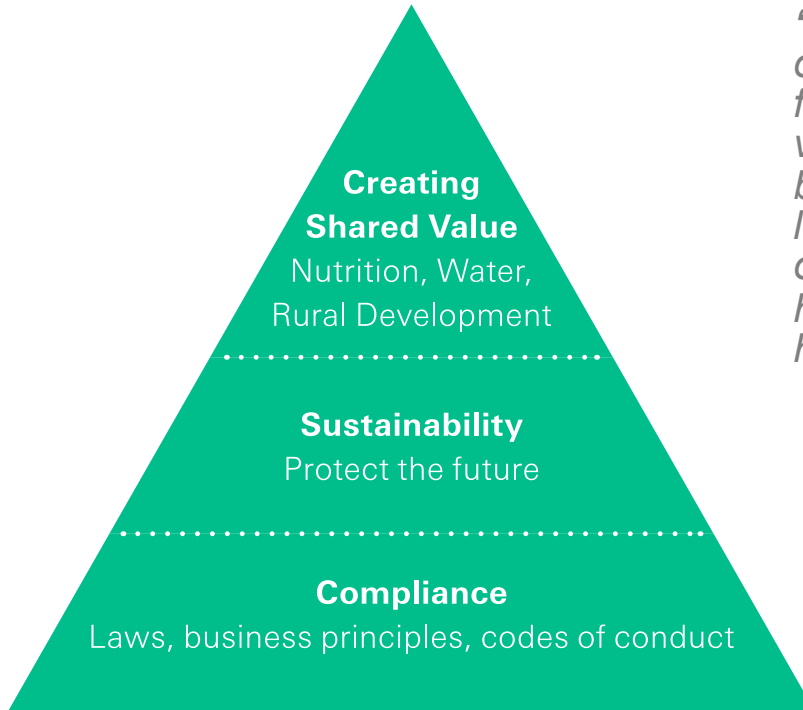
- CHF 91.6 billion in sales in 2014
- 339,000 employees, 442 factories
- Operations in over 150 countries
- 10,000 different products
- Over 1 billion products sold every day

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# Creating Shared Value (CSV) at Nestlé



*“For a company to be successful over the long term and create value for shareholders, it must also create value for society. At Nestlé, this begins with the creation of superior long-term value for shareholders by offering products and services that help people improve their nutrition, health and wellness.”*

*P. Brabeck-Letmathe, Chairman*

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# CSV is very different from Corporate Social Responsibility (CSR)

CSR	CSV
Values: doing good	Values: Economic and societal benefits relative to cost
Citizenship, philanthropy, sustainability	Joint company and community value creation
Discretionary or in response to external pressure	Integral to competing
Separate from profit maximization	Integral to profit maximisation
Agenda is determined by external reporting and personal preferences	Agenda is company specific and internally generated
Impact limited by corporate footprint and CSR budget	Realigns the entire company budget
Example: Fair trade purchasing	Example: Transforming procurement to increase quality and yield
Source: Porter & Kramer 2011, Harvard Business Review	

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# Creating Shared Value at Nestlé, through its life cycle



Responsible  
Sourcing

Nestlé R&D Ecodesign  
Tool EcodEX

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# Our ambition

**"To be the highest quality and most sustainable Roast & Ground coffee and to be recognised as such "**



**NESPRESSO®**





Only the top  
1 to 2% of the  
world's green  
coffee crop meet  
our requirements

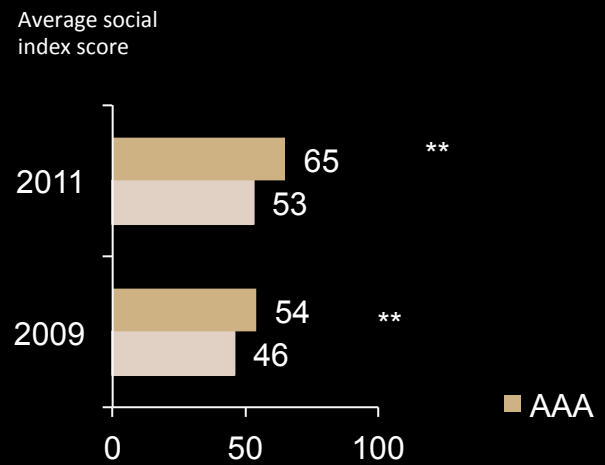
“No exceptional coffee without happy and loyal farmers on board.”





# Social index: better living conditions suggest that AAA is impacting positively at farm level

**+22.6% difference in social index for AAA farmers in 2011**



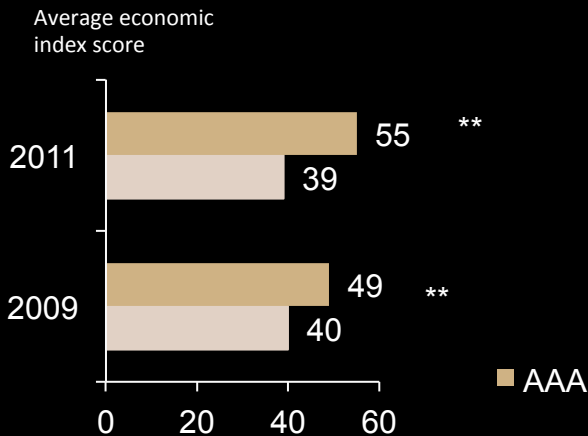
## Components

- Farm crop production for family consumption
- Revenues from sales of other farm crops
- Extra-earnings due to certification of other farm crops
- ↑ Possession of household assets
- ↑ Number of protective gear items used by the workers
- ↑ Living conditions of the workers
- Occupational safety and health
- ↑ Perception of the household's quality of life
- ↑ Perception of relationships with the employees

Source: CRECE, coffee growers surveys, 2009 and 2011

# Economic index: AAA farmers improved their environmental conditions

The change in economic index in 2009 for AAA farmers was +22.5% with respect to control group, while in 2011 this difference rose to +41%.



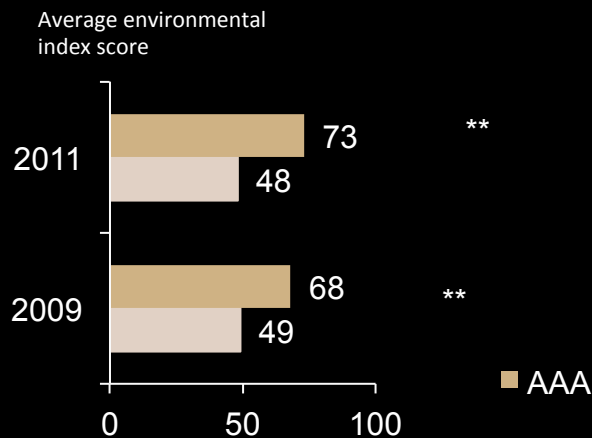
Source: CRECE, coffee growers surveys, 2009 and 2011

## Components

- The farmer tried to find new customers
- ↑ Trained in marketing topics
- ↑ Trained in management and traceability
- Less than 3% of C.B.B. affectation
- ↑ Less than 10% of Rust affectation
- Less than 3% of coffee sold as low quality
- ↑ Keep records of fertilizer's application
- Performs soil analysis
- Applies organic fertilizers
- ↑ Fertilize under technical recommendation
- Knows the average price of the zone
- ↑ Knows the domestic price
- Knows the sale price of the buyer
- Knows the international price
- ↑ Income perception
- ↑ Perception of the farm's economic situation
- ↑ Perception of the business opportunities
- ↑ Net income categories
- Yield categories

# Environmental index: AAA farmers improved their environmental conditions

The change in environmental index for AAA farmers was +38.8% with respect to control group in 2009, rising to +52.1% in 2011.



Source: CRECE, coffee growers surveys, 2009 and 2011

## Components

- ↑ The farm has recycling program
- ↑ Soil conservation practices
- ↑ Positive agrochemical practices
- ↑ Farm's environment care perception
- ↑ Village's environment care perception
- ↑ The farm has an environment map/plan
- ↑ Trained in environment topics

\*\*The indexes were performed with principal component analysis using polychoric and polyserial correlations. See Kolenikov, S., and Angeles, G. (2004).

# EcodEX: Product Ecodesign Tool

Specific tool for food products, with fast result generation and simplified interface for non-specialists

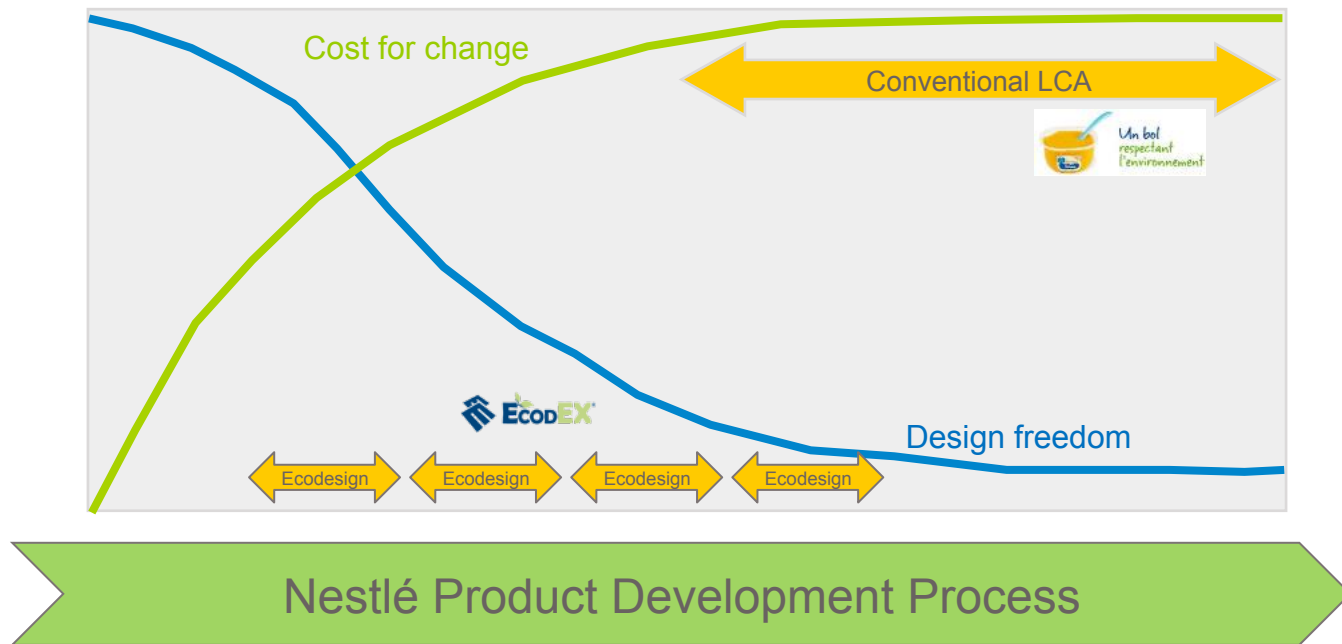


Taking into account all relevant phases of a food products' life cycle, with a comprehensive life cycle inventory (LCI) database

## Assessing a comprehensive set of relevant environmental indicators for food products



# Ecodesign delivers results much faster than conventional LCA



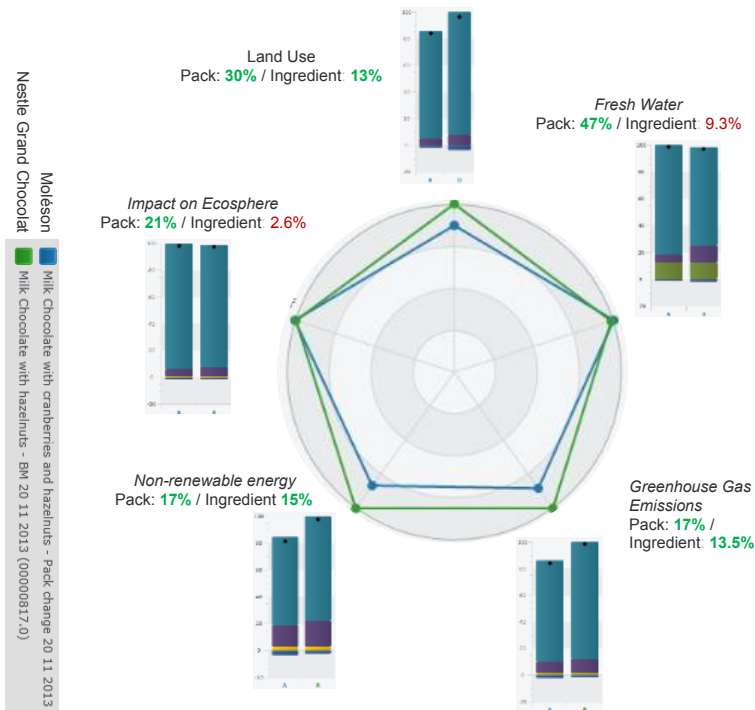
**Ecodesign makes LCA cheaper, faster, and more efficient**

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# Chocolate Centre of Excellence, Broc: Recettes de l'atelier: Artisan flair Chocolate



## Brief Project Description

- Understand environmental performance of new chocolate tablet which has a generous load of ingredients on top

## Benefit & Business Impact

- Satisfied consumer preference with better environmental performance
- Perfect execution of the iterative ecodesign process in innovation

## Achievements

- Validated and reviewed environmental impact through EcodEX
  - Packaging: all 5 attributes are better from 17% - 47%
  - Ingredient Supply: 3 out 5 attributes are better from 13% - 15%

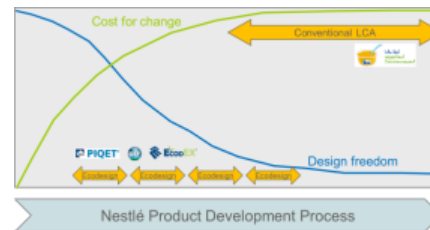
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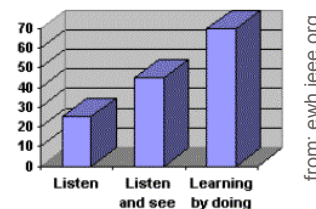
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# What EcodEX has already achieved

Fact based decision leading  
to product improvement with  
better environmental performance



Understanding & engagement  
of Nestlé employees



Exchange with suppliers,  
customers, and consumers

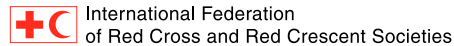


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# Conclusion

Creating Shared Value combines Business Opportunities  
with Benefits for Society and the Planet

Many external partnerships on CSV initiatives



External ratings & reporting confirm Nestlé's leading role



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