

# SHARED VALUE

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# SHARED VALUE RATIONALE

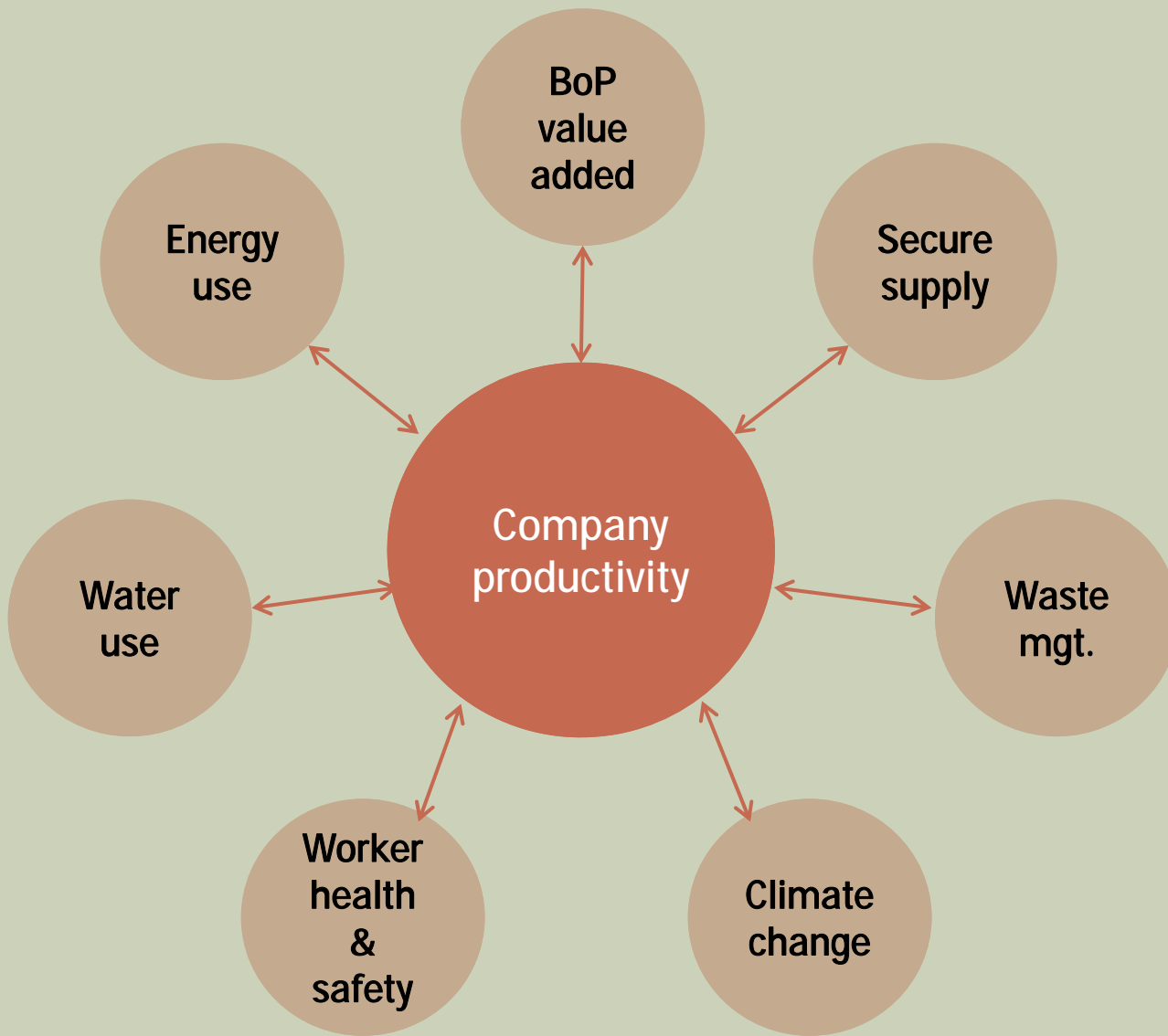
“Capitalism is an unparalleled vehicle for meeting human needs, improving efficiency, creating jobs, and building wealth. But a narrow conception of capitalism has prevented business from harnessing its full potential to meet society’s broader challenges”

M.E. Porter and Mark Kramer

# SHARED VALUE

Addressing societal concerns -social or environmental in nature- can, at the same time, yield productivity benefits for a corporation.

Shared value can start with very simple win-win ideas directed at internal stakeholders or become very sophisticated strategies addressing socially and environmentally complex issues, relevant to the long term productivity of the firm



\*MEP Presentation

## SHARED VALUE

Shared value opportunities  
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# SHARED VALUE

Reconceives and blurs the border between corporate and social performance

As sustainability before it, encourages long term planning

Requires a deeper understanding of the reality of societal needs and their relationship to long term productivity

## TO BE EFFECTIVE IN ITS IMPACT ON THE CORPORATION, SHARED VALUE REQUIRES

- that the strategic planning process incorporates the “shared value logic” from the beginning of its process
- that corporations define new metrics to measure their performance
- that boards of directors change their composition and the dynamics and contents of their meetings

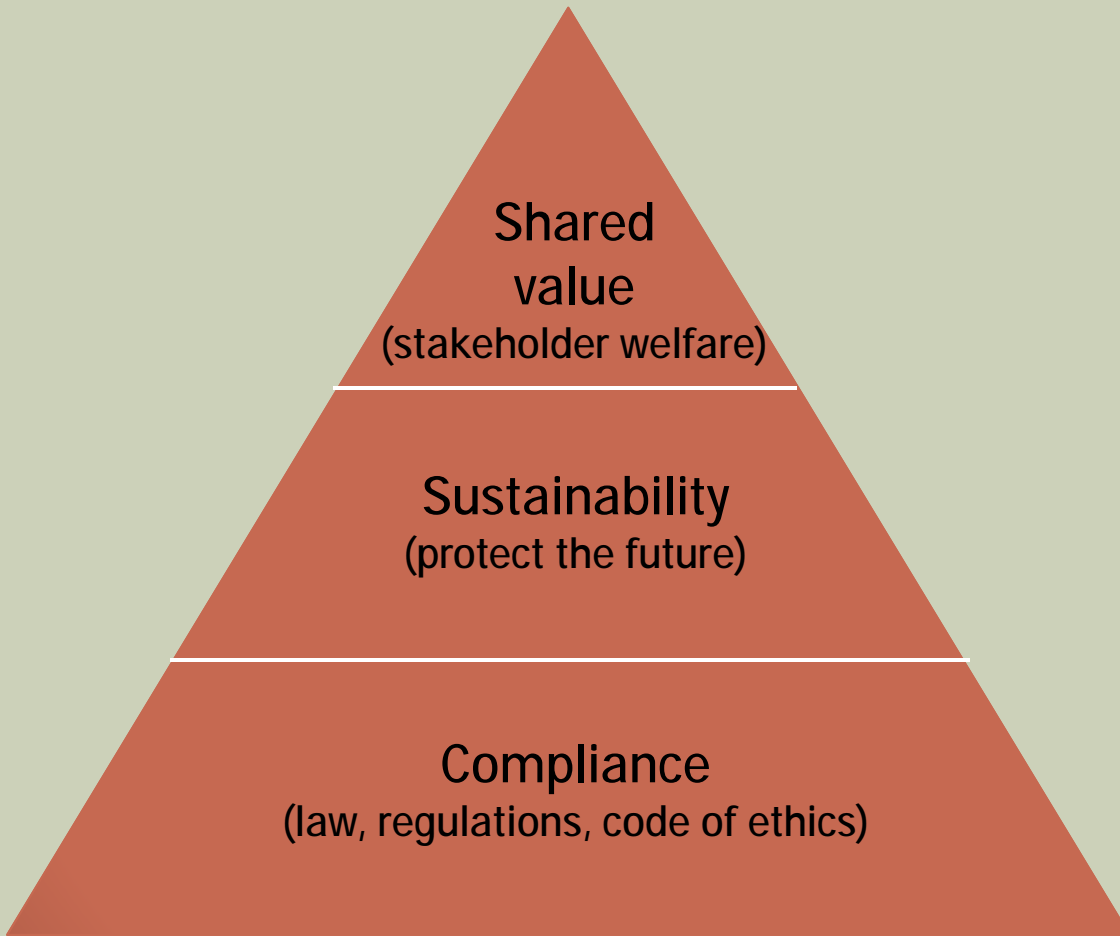
# THE NESTLE CASE EXAMPLE

Shared  
value

# SHARED VALUE RATIONALE AT NESTLE

- Need for climate change adaptation strategies
- Increasing challenges of under nutrition and obesity
- Depletion of soil and biodiversity from poor land management
- Loss of skills and human capital resulting from low productivity and income in rural areas
- Water stress and scarcity from poor management and climate change
- Competition for soils from the biofuels industry
- Treatment and low incorporation of women to production in rural areas
- Poor educational systems preclude rural families from adopting better technologies





\* Taken from Nestle

THE ENGAGEMENT PYRAMID\*

# NESTLE EXAMPLES

- ◆ The company worked closely with:
  - ◆ the farmers of the Moga Milk District in India, investing in local infrastructure and transferring world-class technology to build a competitive milk supply chain that simultaneously generated social benefits through improved health care, better education, and economic development.
  - ◆ the farmers who supply coffee for Nescafe in Colombia, in order to develop a new generation of high productivity farmers, more prosperous and living in more sustainable communities.

Nestle picked three areas for its shared value strategy:

- Nutrition: because it is the basis of human health and of the material well being of its clients
- Water: because it is essential to life, to agricultural production, and thus its own supply, as well as to operations
- Rural development: because the well being of farmers and their communities
- Is intrinsic to the long term supply of the firm

Shared  
value at  
Nestle

# REPORTING AND METRICS OF SHARED VALUE AT NESTLE

The shared value report required many new metrics in topics such as human rights, diversity, gender, climate change, biodiversity, corruption, etc.

Nestle received an A+ grade from the GRI for its shared value report, which means that it has been externally and independently audited

This effort generates new understanding of the relationship between the company and the widest definition of its stakeholders

# AT NESTLE

The creation of shared value –that is value for society as well as for its shareholders- “is embedded in its core business strategies”

Shared value is being implemented globally

Will this make Nestle more competitive, more sustainable, and a better corporation all around?