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Master thesis in Markets, Regulations and Laws

EXECUTIVE SUMMARY

WHAT IS THE VALUE OF CREATING SHARED VALUE?

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Contents

CHAPTER 1 : MICHEAL E. PORTER and MARK R. KRAMER, the concept of shared value and the role of business in the society

The capitalism system is under siege. This is the interesting way in which Porter and Kramer in 2011 start a discussion about the role of big businesses in society in a paper called "How to reinvent capitalism- and unleash a wave of innovation and growth", published by the Harvard Business Review under the section Big Ideas. The authors argue that business and societies have been putted against each other for too long now, widening the trade-off between economic efficiency and social progress. In particular, the consequences of this trade-off have been terrible for the businesses in general, that have lost their legitimacy. But, according to Porter and Kramer, is possible to give back this legitimacy again to the enterprises, in a way that is called Creating Shared Value, that comprise creating value for both the shareholders and the society in general according to new way of doing business. The definition of this new way of creating value and profits that have a social value, expanding the connections between societal and economic progress, is as follow:

"Policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social condition in the communities in which it operates"[1]

According to Porter and Kramer, businesses acting like businesses are the most powerful force that exist, and in them lie the responsibility of bringing together business and society, and this can be possible only by having a more long term perspective. Companies should abandon the corporate social responsibility mindset, that does not enable the company to pose the social and environmental issues at the core of the business, but rather to keep them at the periphery of the core model. According to the authors, the social needs are the biggest and unserved need that exist, and the concept of shared value recognize that societal needs define the markets, and that addressing social harms does not necessarily increase costs to the company, but rather they can be a source of both competitive advantage and social development. In addition, the engagement with the society should allow the company to unlock new ways of doing business through innovation, both technological and of managerial mindset. The profits that will derive from the shared value approach are considered by the authors as an "higher form of capitalism, one that will enable the society to advance more rapidly while allowing the companies to grow even more"[2].

Porter and Kramer give us a definition and shared value, and they also define the new and changing role of businesses in society, of needs at a profit, and they

[1] Michal E. Porter and Mark E. Kramer, "How to reinvent capitalism- and unleash a wave of innovation and growth", Harvard Business Review, January-February 2011
[2] Michal E. Porter and Mark E. Kramer, "How to reinvent capitalism- and unleash a wave of innovation and growth", Harvard Business Review, January-February 2011

also go further by identifying what shared value is not. First of all, shared value is not philanthropy, because it is not a charitable donation. Shared value is not even a redistribution of the existing value of the company to a new set of stakeholders, but it is rather about expanding the pool of value to embrace at the same time the economic and social perspective on the business. But, above all, shared value is not Corporate Social Responsibility, always according to the point of view of Porter and Kramer. In fact, shared value should *supersede* CSR for what regards the investments of the company in the long run. The only thing that remains the same is the compliance with laws and ethical standards. In the perspective of CSV, the investment in social issues is not only integral to competing, but also integral to profit maximization, and not separate or at the periphery of the business approach, as in the case of CSR (see Table 1, Appendix).

Shared value is said to reset the boundaries of capitalism, and to create new ways to serve needs, new markets, gain efficiency and creates differentiation through innovation and a better understanding of needs. Opportunities to creates shared value exist in both advanced and developing countries, even if in the latter they are maybe more evident and pressing for multinationals companies. According to Porter and Kramer, there are three ways in which is possible to create economic value by creating societal and shared vale:

1. Reconceiving products and markets: if the company analysis starts with a deep understanding of the social need, it is possible to find consistent economic opportunities to sell new products, or to enter new and unserved markets. In this level of CSV, the MNE can improve the access to products or services that meet pressing societal needs and thereby create new markets and revenue opportunities.

2. Redefining the productivity in the value chain: while addressing the social issue, companies can find significant opportunities along the activities in the value chain to enhance quality, improve efficiency or decrease risks in the operations. The main areas in which this layer of CSV focus are: energy and resources use and logistic, procurement and employee productivity.
3. Enabling local cluster development: this is based on the conviction that companies should not be considered as *self-contained.* The locations in which the company operates are made of a number of supporting companies and institutions, making a framework to the company of cluster. Companies can improve the operating environment affecting the business and alleviate the magnitude of social problems and deficiencies in the external framework.

These three levels of creating shared value are considered by the authors as mutually reinforcing, a *virtuous circle,* in which improvements in one area create opportunities in another, thus the greatest achievement is to operate them simultaneously.

Finally, Porter and Kramer also go one step further in the analysis by defining the role of the government in CSV, often not considered enough in the CSR literature. The intervention of the government in social matters can undermine the competitiveness of the companies, through normative and heavy policies. But as long as is recognized that regulations are necessary for the working of markets, the authors argue that the efforts of the government should be readdressed in a way that boost the CSV: set clear and measurable social goals, but at the same time, leave the companies free to use the most appropriate method to achieve them. In short, set performance standards but not compliance methods.

CHAPTER 2: CSV and strategic CSR, what is the difference?

Shared value is quite a recent concept. The literature that followed the 2011 article, mainly focus on the illustration of real case example in particular with the engagement with the BOP, and formal theory extensions are very few. For this reason, in this chapter we will try to construct our own analysis, and find possible theoretical and practical overlaps between CSR and CSV.

The shared value concept has many merits, like the inclusion in the "Renewed EU strategy 2011-2014 for Corporate Social Responsibility", in which enterprises should pursue a strategic and integrated CSR that considers social, environmental and ethical concerns in the business operations to maximize the creation of shared value for the shareholders and the stakeholders. But, even if more rare, Porter and Kramer received also some critics, and these are the main ideas we want to support in this dissertation, in particular regarding the difference between CSV and CSR and whether one should supersede the other. In 2011, the authors have a very dramatic position about CSR, that was not unnoticed in the business community, because it is classified as a type of philanthropy and not related to the core business and as separated from profit maximization. But is it really like that, that the efforts in CSR, in particular the strategic one, have to be diss? The main critique come from *Crane et all*[3], *Elkington*[4], *Hartman and Verhane,* and they all share a common factor about CSV: that Porter and Kramer built an unrecognisable caricature of CSR, or a *straw man*, to justify the formulation of shared value of a completely new and revolutionary approach to the businesses and its role in society. In addition, for several reasons, is not considered such a novel contribution with respect to early writings about strategic CSR. Even if there are, of

[3] Andrew Crane, Guido Palazzo, Laura J. Spence, Dirk Matten, "Contesting the Value of Creating Shared Value", *University of California, Berkley,* VOL.56, NO.2 Winter 2014

[4] John Elkington, "Don't abandon CSR for Creating shared value yet", *The Guardian*, 25 May 2011

course, disappointments about the results of the early CSR campaign, and we are still far from giving back legitimacy that has a social value to the business, my intention is to make some clarity on the topic, since there is an open debate on it.

To support the analysis, I conducted an analysis of the early writings of Porter and Kramer, and in particular of "*Strategy and Society: the link between competitive advantage and Corporate Social Responsibility"*[5], that is the 2006 article in which the term shared value was used for the first time. It is important to notice that the idea of shared value stems from Porter's vision of strategic CSR, such that CSV seems like a continuation or improvement of the existing CSR efforts, or the so called CSR 2.0. Strategic CSR is defined as a mutually reinforcing factor between the society and the business, in which the company commits to address through the core business a few social needs that can better solve, and to leave the other to whom have better instruments to do so.

The formal literature, not about Porter, on CSR is mainly the output of the 20th century, but it dates back to the 50s. There are a multitude of definitions about CSR, and not a single one like in the case of CSV, in different perspectives and spheres of action, from *Bowen, Davis,* and *McGuire.* The main critique about CSR came in 1970 with Milton Friedman and the "Only social responsibility of the business is to increase profits"[6].

But, notably, CSR has also been recognized as a value driver and profit driver, as opposed as how declared by Porter and Kramer about CSV. Some notable

[5] Michal E. Porter and Mark R. Kramer, " Strategy and Society: the link between competitive advantage and corporate social responsibility"*, Harvard Business Review, from the December 2006 issue*

[6] Milton Friedman, "The only responsibility of the business is to increase profits", *The New York Times 1970*

contributions about strategic CSR come from *Mc Williams and Siegel*[7] and about how it is not separated to strategy and profits maximization, but actually anchored to them. He recognizes first of all that it exists a demand for products that contains CSR attributes that create differentiation, for which the company invests in products and process R&D investments, like for example pesticides risk free products. The characteristics of differentiation, innovation and product innovation are similar to shared value. In a deeper way, *Burke and Logsdon*[8] identify five characteristics about CSR activities that make them consistent, effective and linked to the core business of the firm and are: centrality, specificity, proactivity, voluntarism, visibility.

Since shared value seems like picking from the same boxes as CSR, it is important to find some theoretical and practical overlaps to understand the difference. Both CSR and CSV focus on the resolution of societal and environmental problems and the associated need and challenges to attend those. We have given evidence of CSR practices that are not end-of-pipe practices, but integral to the supply chain and the market side. The difference between the two concepts exist, but according to my research is more a theory difference that a practical difference in implementation.

The most significant difference is the definitional construct, and the perspective that the business should take about society. The success of the concept lies in the elevation of the social goals to strategic levels, and a possible solution to Milton's trade-off. Thanks to the "Porter-effect", then, the success reached picks that the whole CSR literature could not have done alone. Another caveat, is that the

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[7] Abagail Mcwilliams and Donald Siegel, " Corporate Social Responsibility: a theory of the firm perspective", *Academy of Management Review,* 2001, Vol.26 NO.1, 117-127

[8]Lee Burke and Jeanne M. Logsdon, "How corporate social responsibility pays off", *Long Range Planning,* Vol.29, NO. 4, pp495-502, 1996

CSR literature is highly fragmented in a set of biased definitions , and *Dahlsrud*[9] defined 37 main definitions on the subject, according to five dimensions (see table2, Appendix). This wide range prevent the definition of a single implementation and concept, and this is, instead, not found in the shared value concept, that offer only one definition and three interrelated way of implementation. Thus, a discussion about the role of big businesses in the society is easier in the case of CSV.

The second research is based on the practical overlaps of the concepts. In practice, as opposed to theoretical considerations, it is possible to identify some activities that have been undertaken by firms in implementing either SVC or CSR. Analyzing the findings of authors like Jenkins [10] and the practical examples reported in 2011 by Porter and Kramer, and comparing the results is possible to find some actions that are carried out in both kind of models. In particular, similarities are found in regard to "redefining the productivity in the value chain". They entail resources use and waste, recycling, employee productivity and relations with suppliers (see table 3, Appendix). In this case, and other like in *Sprinkle and Maines*[11], the same real case studies are reported as both strategic CSR and CSV, form both multinationals and SMEs.

At this point of the discussion is worth asking whether CSV should replace CSR. Even if creating shared value benefits the company, on the other hand it leaves out some more global issues tending to which is not related to specific business needs. It is too early to say that one should replace the other, both because of the novelty and because of some implicit assumptions that I pointed out in my research

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[9] Alexander Dahlsrud, "How Corporate Social Responsibility is defined: an analysis of 37 Definitions", *Corporate Social Responsibility and Enviromental management,* 2006

[10] Heledd Jenkins, "Small Business Champions for Corporate Social Responsibility", *Journal of Business and Ethics,* 2006, 67:241-256

[11] Geoffrey B Sprinkle and Laureen A. Maines, "The benefits and costs of corporate social responsibility", *Kelley School of Business, Indiana University ,* 2010, pp.447

about CSV and its implementation: economies of scale, experience of internationalization, budget and measurability. For this reason CSR, if well and strategically implemented, it still represent the best way to create social welfare or improve environmental conditions. Shared value can be created even with minor activities that create a strong link with the society but that do not necessarily represent a pure example of CSV as meant by Porter and Kramer about American multinationals. According to *Crane* in fact, if, as we have given evidence in this chapter, CSR leads to more revenues, cuts on costs or reduce risks (of any kind) associated with the organization, the real question is not whether CSR is legitimate or not, but rather *how* to make them (better) serve the economic purpose of the business.

CHAPTER 3: Creating Shared Value at Nestlé

The implementation of CSV at Nestlé represents a prime example of Porter's shared value. The concept, in fact, was born here as Porter and Kramer where, in 2006, helping the company to re-read its CSR operations in a shared value perspective and re-align them with the overall strategy in a long-term perspective. Therefore the analysis of this case study is important for the final end of this research. For the CSV strategy, in 2008 the company built its own pyramid of CSV in society for Nestlé (see table 4, Appendix) made of compliance and sustainability as the base, and shared value as the concept that is built on them but that goes beyond them. Also the governance of the company, made of the CSV Alignment Board, and the Nutrition Councils, are newly created to support the CSV strategy in Nestlé and the alignment of interest with the CEO as fundamental part of success (see table 5, Appendix). In particular, what is new about the CSV strategy is the use of a materiality analysis, which output is the materiality matrix, to identify those issues that can create shared value and that are of significant interest to both the stakeholders (society as a whole) and that have an impact on the company's operations (see table 6, Appendix).

Since rural development is one of the main areas in which Nestlé decides to create shared value, and in which the majority of the material issues are identified, I decided to go in depth in the analysis of the Nescafé Plan to create shared value in Kenia.

The Nescafé plan is a global initiative that brings together the commitments and activities of the company in supporting responsible farming, production and supply of coffee, for a total investment of CFH 350 million over the decade 2010-2020.

In Kenia, it is based on the recognition that coffee is key both to the country and to secure the supply of Arabica variety to Nestlé for the production. But the country was facing a number of social issues that were mining the secure supply of coffee from its regions: lack of intervention from the government, lack of agriculture infrastructure, low-profit margins to farmers, the coffee berry disease (CBD), and low yield plant. For this reason, many were abandoning the farming practices and the younger were leaving to find better opportunities in bigger cities. Nestlé recognized the importance for both the company and the country to make the coffee production a good practice for people. The Nescafé Plan in Kenya, established in 2011, is intended to offer to the farmers training on good agriculture production and processing practices, thus improving their skills, the quality of the crop and their final net income, as a consequence. The supply chain of coffee, as long as the living standard of the small farmers and woman in Kenya is improved, thus creating shared value, competitive advantage to Nestlé because has farmers more productive and reliable, that are able to meet the 4C quality standards, and social development to the population. In Kenya, the Nescafé plan has a methodology to engage with the local small farmers and woman, and to empower them, made of five steps: establishment of demonstration plots, training promoter farmers, employing agronomist, provide shade trees nurseries and conducting soil analysis. But the CSV project has problems of measurability: despite the socio results achieved up to 2014 (see Table 7, Appendix), there is not in place a method to link the economic result and the social development results in a unique framework, that could give more validity to the shared value theory and differentiate it from simple strategic CSR. If, according to Porter, the starting point is the analysis of the social need, than it should be also the end of measurability, and to actually have results linked between the economic purpose and the social purpose.

CHAPTER 4: Creating Shared Value at Snam

The second case study that I decided to analyze is about Snam. Snam has been the first Italian company to be classified by some authors as successful implementation of CSV. I had the great honour to personally interview Domenico Negrini, CSR manager at Snam, who helped me in reconstructing the origins and reason to implement shared value as an operating method in the company. In approaching shared value, they relied on a consulting company called Avanzi and located in Milan, that is the first consulting company in Italy to approach the concept. The final part of this dissertation, in fact, will include an in depth interview with Giovanni Pizzocchero, expert in the field of CSR and shared value.

For Snam, the year of change came in 2011, when a separation of ownership from Eni to CDP happened. According to Domenico Negrini, this change has been important in particular to reconfigure the CSR activity, previously under the ENI's control, and according to him in 2011 the connection between the company and the society and territories in which they operate was very weak. This recognition led the company to a renewed reflection about their outstanding position, and the output of this reflection was to re-read their own assets and CSR operations in sustainability in the key perspective of shared value. Negrini explained me that they just took the basic concept of shared value to reconnect business and society, therefore their approach to CSV is important to this research as it exemplified how shared value is a flexible concept that can be also subject to company's reinterpretation.

To strengthen the external links with the society they adopted the so called Sustainability 2.0, that is the reinterpretation of their sustainability efforts in light of shared value. Snam wants to leverage its leadership position to create better opportunities and new value for the stakeholders, made of reduction of negative external effects "plus" an increase in positive external effects due to CSV (Table 8, Appendix). As Nestlé, also Snam published a materiality grid and decided in 2011 to understand, according to Domenico Negrini: "What do we have as a company, in terms of both tangible and intangible assets, that can be put at disposal of the surrounding local cluster and the territory?" . For this reason, they used the European Four Capital Model to define the manoeuvring room of the company to place the CSV projects between the core business and the external territory and society (see table 9, Appendix). This way, the value for both is maximized. There are three main areas in which Snam efforts on sustainability are focused. One of them represents a prime example of shared value as intended by Porter and Kramer. To keep the production of the company sustainable, Snam decided to empower the suppliers to achieve greater efficiency from them in terms of sustainability production. The reason that is at the base of this redefinition of productivity n the value chain is the third party responsibility according to the Down John index, awarded every year by Snam. To reach this purpose, they established a *Suppliers*

Web Portal in which, through the support of different instruments, the company operates a transfer of knowledge to empower them. This sustainability factor among the suppliers is of fundamental importance as, otherwise, they cannot be kept in the Snam list for the supply of important production tools.

CHAPTER 5: An interview with Giovanni Pizzochero

In the last part of this dissertation I personally interviewed Giovanni Pizzocchero, senior consultant and reserarcher at Avanzi, the only Italian consulting partner listed in the FSG website and the first in Italy that have approached the theme of shared value in different companies. His opinion are of significan importance for the research, because it is important to understand the point of view of a consultant about shared value, as the same Porter and Kramer are consultants themselves about this topic. In addition, they also take part to the international CSV events that take place all over the world, and these are important occasions to share ideas about the role of enterprises in the society and to address future researches on CSV in the future.

The first question that I decided to ask to Giovanni Pizzochero is to give me a definition of strategic CSR. Despite the fact that he hopes that in the future we will not talk anymore neither about strategic CSR nor shared value, as they will be totally integrated in the core businesses, he defined strategic CSR as the set of normative, actions taken in the direction of creating value and integrated in the core business. One of the main reason for implementing it as a company still remain reputation, that is a significant intangible asset. The failures lies in the fact that not all the activities have a total holistc approach, and this is instead a crucial factor. The question now is how to differentiate this concept from the one expressed by Porter and Kramer about shared value.

The first deficiency identified is in the definition of social need. The authors do not give a real definition of it, but in reality there are primary and secondary social need to address. Companies, most of the times, are too focused on what to do, but less in “how you do it” and in particular “why you do it”. If there is not a social purpose in what the company does, but rather the main driver is the economic purpose, the limits of the shared value system can be worse than the problem itself. In the Nescafé Plan in Kenia, for example, the economic purpose is to ensure the supply of coffee to the company in the future, and then the social development of the farmers is the social purpose. The company creates a mutual dependence, in which acts like substituting the role of the Government, but in reality is not. The consequence, or limit, is that when Kenya will not be a crucial supplier of coffee anymore, they will just leave, because the main purpose is the economic and not the social one.

If we see shared value as a re-launch or re-evaluation of the CSR activities, the boundaries between the two concepts are very thin. Under this lens, we can say that shared value helps to better address the CSR efforts in the direction of creating value, and to reconsider the use of some assets under-utilized in the company to give them a new social purpose to extract new value for all from them.

According to Giovanni Pizzochero, CSV for sure has a big potential for a renewed discussion about the role of business in society, also thanks to the so called “Porter effect”. But, if we consider its value, it seems like a re-branded theory of Porter’s early works on the competitive advantage diamond model, the Porter’s value chain, strategic CSR (2006) and enabling local clusters. But, from our point of view, it has a great value as long as it opens once again the debate around CSR, in particular regarding big multinational companies, as it has a very big communication impact.

Another deficiency of the model is, still, measurability. What is still lacking in CSV is a universal method of measurability that link the economic and social performance in a shared value perspective. The business community is still working on the elaboration of an integrated business model, but up to now the measures used are the same as for the CSR activities (like sustainability reporting and SROI), such that the boundaries between the two concepts are still too thin.

I formulated three hypothesis for the future to submit to Giovani Pizzochero's opinion. These are:

Hypothesis #1: In the future, Creating Shared Value will supersede CSR as operating strategy with a social and economic purpose, but only for (American) multinational companies, like Nestlé, that have the right economies of scale and expertise of internationalization to drive major innovation through shared value projects

Hypothesis #2: In the future, Creating Shared Value will supersede CSR as an operating strategy with a social and economic purpose, if and only if it will be implemented the right method of measurability that directly link the economic and social benefits related to a given CSV plan, in a clear and standard way, giving more incentive to the companies in investing in CSV

Hypothesis #3: In the future, CSV will represent a new management thinking that elevates the social objectives to a more strategic level and that lead to the creation of a company's social mission, but the implementation will remain subjective to the individual company, either called CSR or CSV.

According to Giovanni Pizzochero, none of these will represent the actual situation in the future, even if Hypothesis#1 is the more likely as long as multinational companies will still find some opportunities along the value chain to secure some activities through CSV projects. Also the term “project” can be considered as an oxymoron, as long as Porter and Kramer do not pose a budget to the shared value activities, but in reality there’s always one.

The whole system could be improved starting from the system of Governance inside of the companies. Nestlé already went one step forward, as we have seen, by introducing the CSV Alignment Board, but still the representatives are experts but external to the social need itself. As in a democratic system we do have representative of all the stakeholders, also in the governance of the enterprises there should be representatives of the stakeholders. Through this system of amplified governance in the companies, the future of CSR or shared value can lie in what we call “Co-determination and Cooperation” and co-design for product and services through the inclusion of both who is inside and outside of the company.

To conclude with a final reflection, we can say that the concept of shared value has a very good potential, but it did not had the hoped success. If we look at the following literature, the majority is about real case study of the implementation of American multinational companies that found new opportunities for profits with different activities. And they are even less the company that had a more integral approach to CSV, in the sense that they redefine the mission of the company with a social mission, like in the case of Nestlé and Snam that we have seen. In Italy, for example, the use of the term “shared value” is very low, but it doesn’t mean the company does not have in place effective practices of strategic CSR that are able to reconceive markets and society

I proposed to Giovanni Pizzochero a possible conclusive reflection about the concept of shared value, and he agreed with me that it can be a good final thought that may stimulate future researches on the topic. The shared value approach represents a very good try to reconceive markets and society with a renewed link between the two, that starts with the vision of Friedman about the business, who affirms that the "social responsibility of the business is to increase profits"[12] of the 1970, and not with Freeman and the so called "stakeholder theory". This stresses once again how the shared value perspective is given as having a real social perspective, but then the company address all those social needs that are "useful" under an economic perspective for the company. The reasoning should start from the holistic approach of Freeman's "stakeholder theory" and not from Friedman, and shared value tries to find a way new legitimacy to the business that has a social purpose, but always with a very strong focus on profit maximization and less on the stakeholders.

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Snam, “Il gruppo Snam”, Snam Bilancio di sostenibilità 2014

Snam, “Sustainability. Building Shared Value. Sustainability Policies and performances ar Snam 2014”, May 2015

Snam, “The value of sustainability”, Sustainability Repost 2014

SNAM, “Toward Shared Value”, April 2012 (English and Italian version)

Appendix

Table 1 (Figure 1.2) Porter and Kramer’s difference between CSV and CSR

Source: *Michal E. Porter and Mark E. Kramer, "*How to reinvent capitalism- and unleash a wave of innovation and growth", *Harvard Business Review, January-February 2011*

Table 2 (Figure 2.1) : Alexander Dashlsrud CSR five dimensions

Dimensions	The definition is coded to the dimension if it refers to	Example phrases
The environmental dimension	The natural environment	'a cleaner environment' 'environmental stewardship' 'environmental concerns in business operations'
The social dimension	The relationship between business and society	'contribute to a better society' 'integrate social concerns in their business operations' 'consider the full scope of their impact on communities'
The economic dimension	Socio-economic or financial aspects, including describing CSR in terms of a business operation	'contribute to economic development' 'preserving the profitability' 'business operations'
The stakeholder dimension	Stakeholders or stakeholder groups	'interaction with their stakeholders' 'how organizations interact with their employees, suppliers, customers and communities' 'treating the stakeholders of the firm'
The voluntariness dimension	Actions not prescribed by law	'based on ethical values' 'beyond legal obligations' 'voluntary'

Source: Alexander Dahlsrud, "How Corporate Social Responsibility is defined: an analysis of 37 Definitions", Corporate Social Responsibility and Enviromental management, 2006

Table 3: Jenkins' study on SME CSR's activities

A portrait of CSR activities in U.K. SMEs
Environmental
ISO14001
Waste minimisation, re-use and recycling schemes
Reduction in use of harmful chemicals
Reduction in atmospheric emissions
Use energy from renewable sources
Membership of environmental organisations
Investment in new technology
Environmental reporting
Award winning environmental schemes
Employees
Investors in people
Flat management structures
Creation of good work-life balance and family friendly employment
Employee newsletters
Social events for staff
Employees sent to developing countries to undertake community projects
Award winning training and development programmes for employees
Employment of older and disabled people
One to one mentoring of employees
360° appraisal schemes
Supply chain/business to business
Open house policy for customers, suppliers and competitors to look around
Directors of business associations
Seeking to develop long-term partnerships with customers and suppliers
Supplier learning schemes

Table 4 (Figure 3.1) : How creating Shared Value works at Nestlé

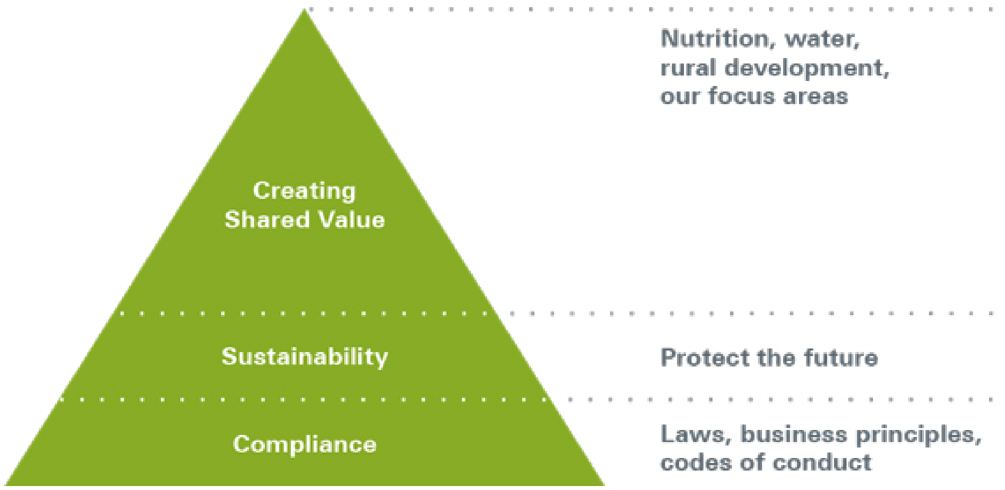
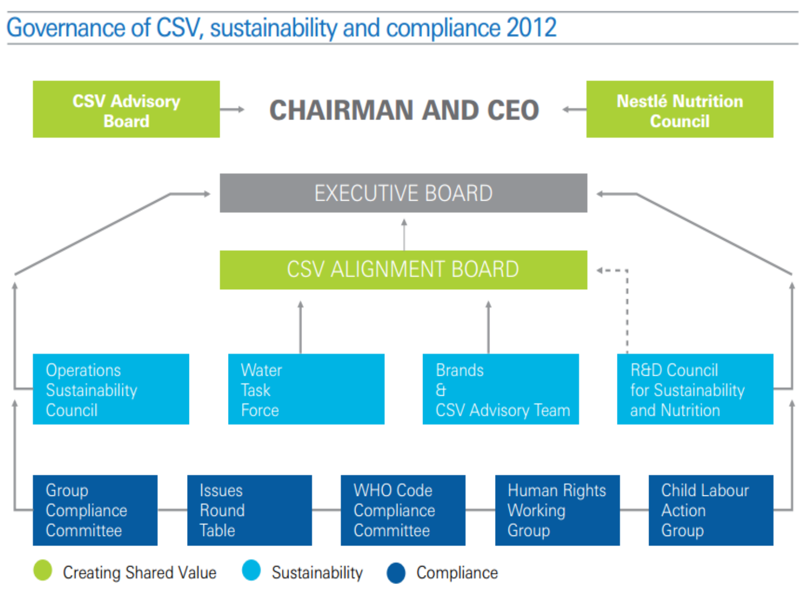
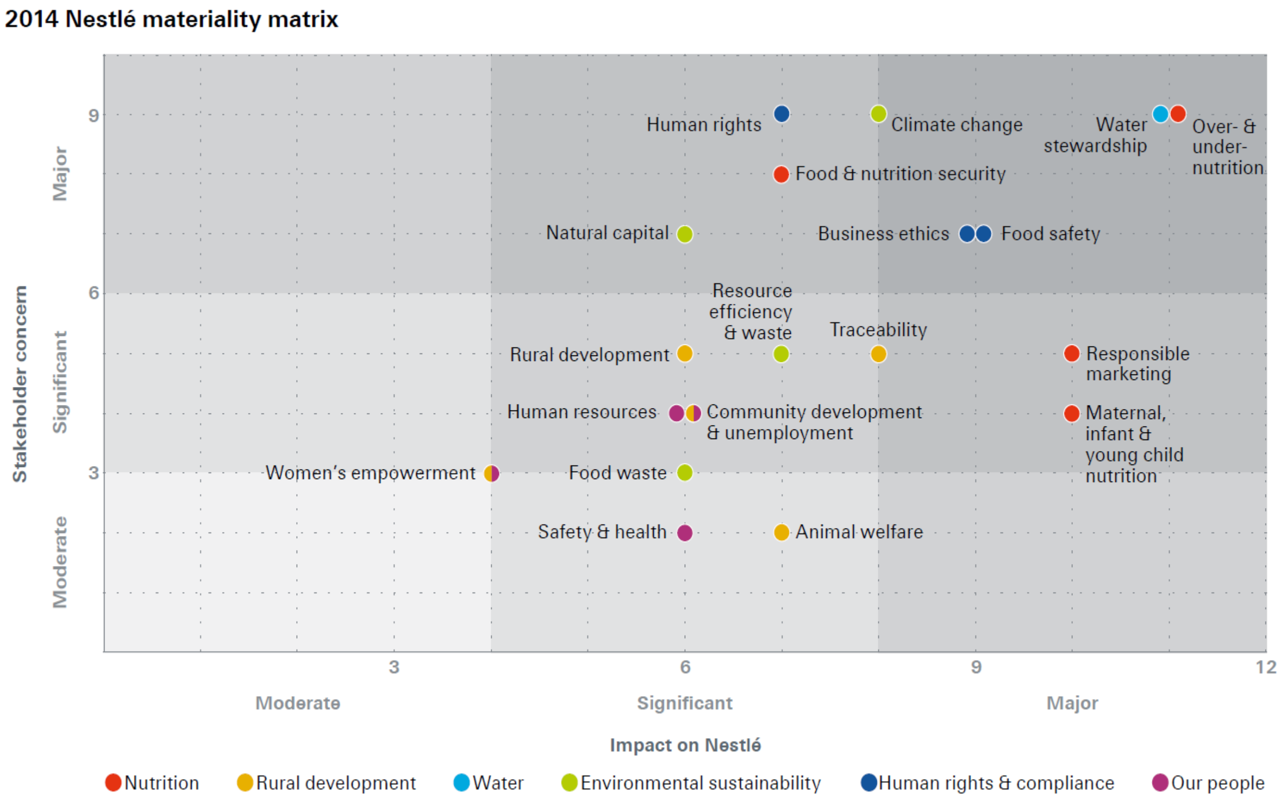


Table 5 (Figure 3.3): Nestlé's internal Governance Structure



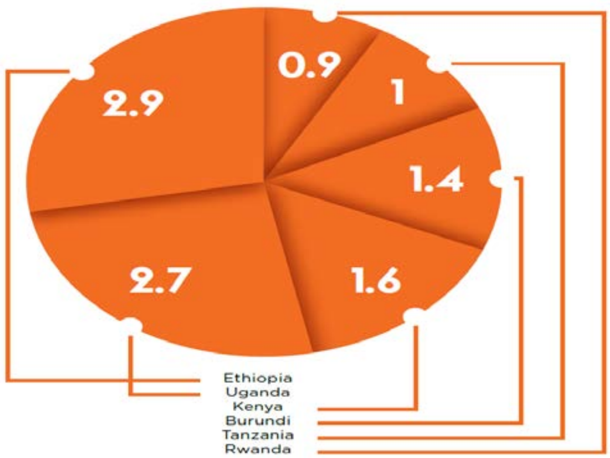
Source: Nestlé in Society Creating Shared Value and meeting our commitments 2012 Full report

Table 6 (Figure 3.5) : Nestlé materiality matrix (2014)

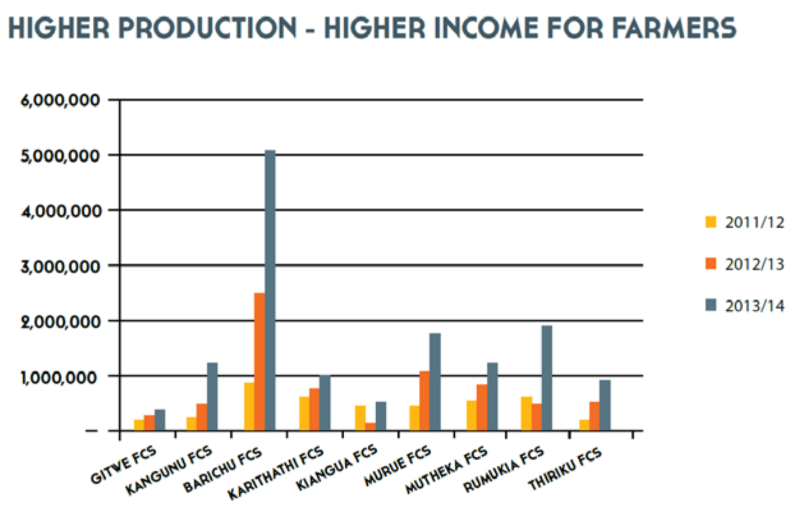


Source: Nestlé in society, Creating Shared Value and meeting our commitments 2014, Full report

Table 7 (Figure 3.8): Women's percentage in Kenyan coffee farming (by region/ after 3 years of Plan)

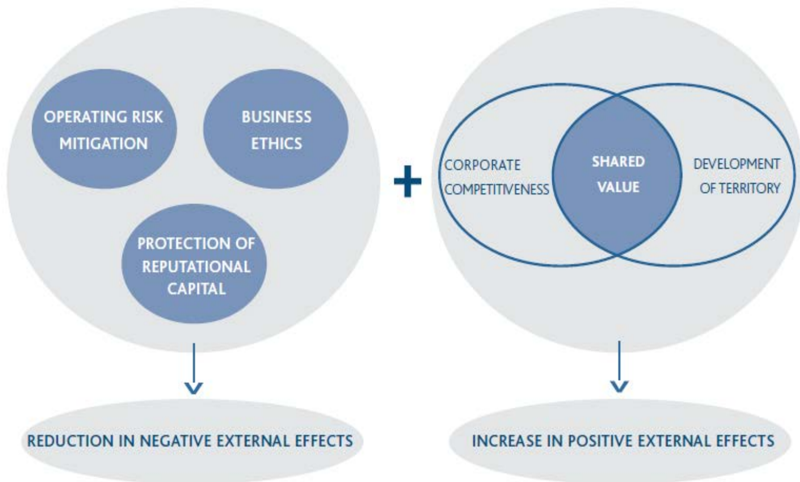


(Figure 3.9) Higher production-Higher income for farmers in Kenya (by region)



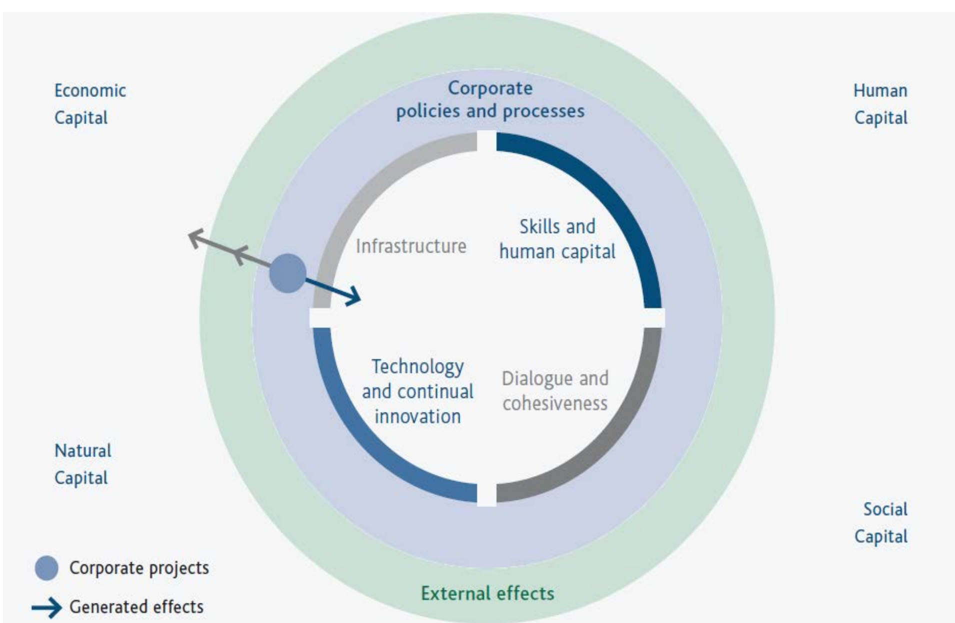
Source of table 7: 2015 "Beyond the Cup, The Nescafé Plan; changing lives and enhancing livelihoods, a social perspective…"

Table 8 (Figure 4.1): SNAM and SUSTAINABILITY 2.0



Source: SNAM, "Toward Shared Value", April 2012

Table 9 (Figure 4.4) : Snam's Shared Value Model according to the Four Capital Model



Source: SNAM, "Toward Shared Value", April 2012