



EXPERIENCE SHARING

Impact Valuation Pilot @ SOLIS (Spain)

1. What is Impact Valuation?

We play in market environments in which brand purpose and values in relation to individuals, communities and the planetary boundaries are under scrutiny like never before. Key questions to be answered being:

- Do we fully understand our **materiality challenges** when it comes to sustainable business performance?
- Do we comprehensively address **natural and social capital** and their link to financial performances in our business strategy?

Impact Valuation provides a widely agreed **methodological approach** to quantify business performance on shared value creation along the dimensions of economy, ecology and society, and along a business's value chain, from raw materials to end of life of products.



Read also: <http://yearbook.robecosam.com/articles/impact-whats-it-worth/>

2. Strengthening the Market Business strategy

Regulatory frameworks and consumers' perceptions are changing at high speed, while governments are exploring alternative mitigation measures to consumption-driven impact to individuals (e.g. obesity, malnutrition), communities and the environment (e.g. deforestation, water scarcity, biodiversity loss). In many cases this is still done through the introduction of new taxes and charges, which over the short to mid-term must be covered by the different stakeholders along the value chain. This leads to the consequence that if a company were to internalize its material natural and social capital impact - **quantified in financial terms** - its real value would look considerably different. Impact Valuation visualizes these impacts and recommendations can be derived on how to address these risks and opportunities in a proactive way, avoiding or minimizing the cost of future internalization.

3. Key aspects identified in the SOLIS Impact Valuation pilot

SOLIS, a strong local brand in the portfolio of our Culinary business in Spain, has been part of piloting the Impact Valuation methodology in the Food business of Nestlé. SOLIS brand fundamentals are built on a fully integrated tomato supply chain, leveraging local tomato sourcing in the Badajoz area in Spain and care for environmental hot spots therein. The promise of 'SOLIS - cultivating a better future' and the related brand communication in the market place has **helped to a financial turnover in the last 4 years, increasing 490 bp from 2013 to 2016**. The results of the Impact Valuation pilot has shown that the Culinary team in Spain should intensify its remarkable efforts beyond the tomato supply chain, this by

- covering more comprehensively the areas of **other relevant ingredients** used in the product formulations (with focus on vegetable fats, sugar and starches)
- exploring a comprehensive **Packaging sustainability approach** (in line with the 3G road map for Packaging Sustainability of NPTC Singen, addressing primarily the impacts of glass)

In a future step the pilot results also suggest leveraging on the efforts on the ground around strengthening **Biodiversity** and full inclusion of **social hot spots** into the business strategy.

For more details on the pilot study results: [see here](#)

4. How do we benefit from this pilot?

Comments from Jose Luis Martinez (BEO) and José Manuel Barreiro (Technical Manager)

*'The impact valuation methodology helps to know how the different drivers in the tomato sauce production create positive impact. The pilot results changed our perception and understanding of effective impact aspects to the SOLIS portfolio. The study helped us to prioritize short and medium term investments in sustainability by reviewing the societal return on investment and it **became an important aspect to our MBS discussions** (i.e. biodiversity, product innovation, usage of solar energy in Manufacturing). A key challenge remains how to translate this complex data into consumer relevant communication, which till now focuses on local tomato production, lower water consumption for tomato growth and lower usage of fertilizers and pesticides.'*

What's next? Review of Impact Valuation pilot @ HERTA in France