



# Jerónimo Martins' natural capital story on packaging

Inspiring natural capital journeys  
from the food & beverage industry

The natural capital story of Jerónimo Martins, a Portugal-based international group operating in the Food Distribution and Specialized Retail sectors, demonstrates that performing a natural capital assessment can be done **in-house** and that it can be a useful tool to **inform decision-making**.

## Summary

Jerónimo Martins applied the Natural Capital Protocol to measure and value the comparative life cycle societal impacts of PVC use and alternative plastic materials in packaging components.

The environmental performance of PVC in packaging was highlighted as a key issue which triggered Jerónimo Martins to further research its effects and alternative options for sustainable packaging. Supported by the training sessions that were organized by the Calouste Gulbenkian Foundation, Jerónimo Martins carried out an in-house natural capital assessment conducted by a team of company colleagues, with the support of an external advisor. While challenged by the lack of data, the assessment helped build in-depth knowledge on the societal impacts of the use of PVC, and prepared the company for comprehensive future assessments. Since the assessment, Jerónimo Martins has matured on its natural capital journey and is continuously integrating natural capital in its decision-making processes. In 2019, a roadmap on eliminating PVC from Private Brand packaging was defined.

The campaign is being led by the Institute of Chartered Accountants in England and Wales alongside the World Business Council for Sustainable Development, IUCN and Oppla.



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**Jerónimo Martins**



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## Background

As a food distribution & specialized retail business, Jerónimo Martins has a close connection to nature. In 2010, we decided to start an [Ecosystem Services Review](#) to assess the main natural systems-related risks and opportunities for our global operations. In parallel, to assess the [environmental performance](#) of all packaging components, we developed a methodology with 21 criteria according to five different life cycle phases. Knowing that PVC is highlighted as a problematic packaging component by the recycling industry, we decided to implement a natural capital assessment to fully understand its effects and our options. Efficiency gains were a key internal trigger to work on the topic of sustainable packaging, allowing us to combine sustainability practices and cost-saving measures (reducing transport and delivery costs, and saving on the use of materials).

At Jerónimo Martins, we value developing knowledge and expertise in-house. The training organized by the [Calouste Gulbenkian Foundation](#) came at the right time. We decided to seize the opportunity to test the Natural Capital Protocol ourselves, in collaboration with an external advisor, and to measure and value the comparative life cycle societal impacts of PVC use and alternative plastic materials (LDPE and PET) in packaging components for the company's Private Brand products sold in Portugal.

**“It was a valuable experience. We now understand where and how to apply the Natural Capital Protocol in other types of decision-making processes.”**

## About Jerónimo Martins

Jerónimo Martins is a Portugal-based international group operating in the Food Distribution and Specialized Retail sectors. Its more than 118 thousand employees work every day to bring the best food solutions to the table of millions of families in Portugal, Poland and Colombia.

Time horizon:	2016 - 2017
Time investment:	5 colleagues, 120 hours each
Collaboration:	<a href="#">Calouste Gulbenkian Foundation</a> , <a href="#">BCSD Portugal</a> , <a href="#">Natural Capital Coalition</a>
Scope of assessment:	Product
Value chain boundary:	Upstream, direct operations & downstream
Impacts/dependencies:	Impacts & dependencies
Value perspective:	Business
Types of value:	Quantitative & monetary
Capitals considered:	Natural, social and human capital

### Process

The project was launched in 2016 and it took about a year to be completed. It started with a training session with the Calouste Gulbenkian Foundation, followed by two more training workshops in the following months. We gathered a small team of five colleagues, putting in around 120 hours per person. The clearly defined scope we chose for the assessment allowed us to conclude the project in a relatively short time.

To conduct the assessment, we used a number of reference data sources, including official government statistics, peer reviewed academic studies, life cycle inventory databases and reports published by industry associations and international institutions.

### Challenging moments

We thought performing a natural capital assessment would be the decisive argument to eliminate PVC use in packaging, but the lack of data made the assessment quite challenging. The investment for life cycle analysis infrastructure proved to be a constraint. The difficulties we faced in collecting data to address the research question made us more creative. We therefore had to use alternative sources such as ecoinvent database and the Environmental Product Declarations of the European Plastics Manufacturers. Microdata was not always available, meaning we had to set a number of assumptions and simplifications. Furthermore, we found that the available data did not cover all environmental aspects related to PVC that were empirically found to be important, especially in the end-of-life stage, such as non-recyclability and release of microplastics in the environment.

### Key resources & networks

- [Eurostat – waste](#)
- [EPA – air emissions](#)
- [Plastics Europe](#)
- [Ecoinvent](#)
- [Product Environmental Footprint](#)
- [Ecosystem Services Review](#)
- [European Council of Vinyl Manufacturers](#)
- [Center for Sustainable Systems](#)
- [European CAFE - Clean Air For Europe](#)
- [EPA WARM](#)
- [WHO, Global Health Estimates](#)

Although these aspects were significantly relevant to our decision-making processes, we could not base our decisions on these aspects as they were not considered during the life cycle analysis approach.

### Assessment outcomes

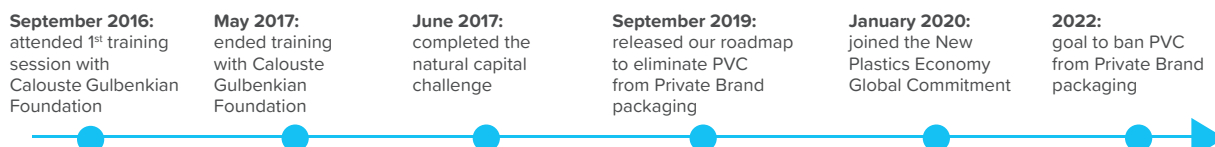
We applied all nine steps of the Natural Capital Protocol and analyzed three scenarios, using different data sources. Results varied greatly among the scenarios, also due to data constraints. Nevertheless, it was possible to conclude that, unlike previously expected, the impacts with higher social cost were those related to emission of air pollutants harmful to human health and not greenhouse gas emissions or toxic releases – such as dioxins – from PVC production.

At the time, we were already aware of the environmental issues related to the use of PVC. Therefore, we were able to critically reflect on the results.

**“At Jerónimo Martins, we value developing knowledge and expertise in-house”**



### Timeline Natural Capital Journey

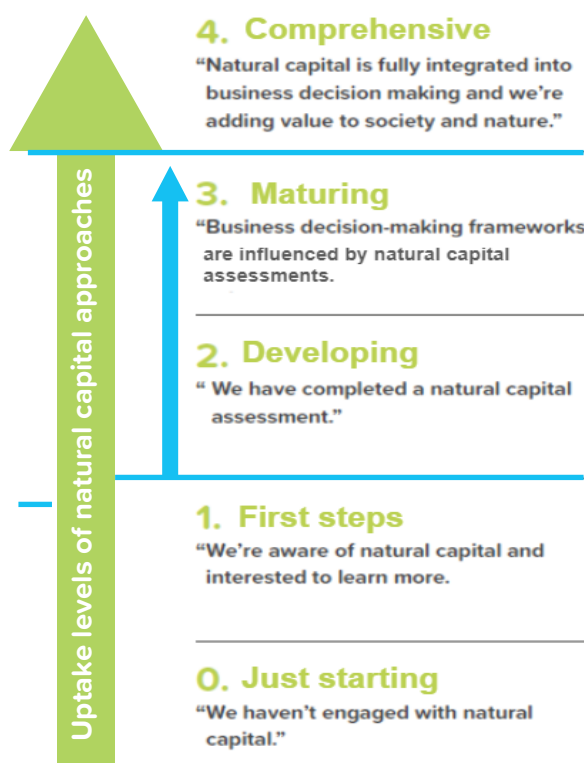


### Lessons learned

We took the opportunity to learn, understand and apply the Protocol which may become useful if the need for future assessments arises. We also experienced first-hand the importance of using different sources of information, as data points can vary greatly among sources which will, in turn, impact the results.

Following all the steps of the Natural Capital Protocol helped us reach a more in-depth knowledge of the use of PVC, especially identifying environmental and social risks upstream the supply chain, and possible downstream contamination of plastic waste. Moreover, it prompted ongoing discussions on the development of regulations that may increase costs due to eco-taxes, waste disposal fees, or increased complexity of plastic sorting by type of material used. It also promoted discussions on the different impacts of plastics used in packaging among our colleagues in the Private Brand packaging teams and our suppliers.

We may consider a different approach in future assessments, focusing on specific products with more readily available data.



### Natural capital uptake

Looking back, we think that, before we started in 2016, Jerónimo Martins was in the first steps (stage 1) of the [natural capital uptake framework](#). In three years, we have made a lot of progress and consider ourselves to be in the upper maturing stage (stage 3), particularly after defining our internal roadmap to eliminate PVC from Private Brand packaging in 2019.

Apart from implementing the Natural Capital Protocol, we have made use of other frameworks to guide our decision-making processes such as the [Food Loss and Waste Protocol](#) by the World Resources Institute, and carried out assessments around [sustainable fish sourcing](#), [deforestation](#), [plastic use](#) and [food waste](#), just to name a few. We are also completing our first exercise in line with the [Task Force on Climate-related Financial Disclosures](#) recommendations, which we expect to start disclosing in 2021.

Through these frameworks and initiatives, natural capital is continuously being integrated in the decision-making processes of Jerónimo Martins.



## Next steps

At Jerónimo Martins, we have kept the focus on packaging and plastics, which is one of the priorities of our [Environmental Policy](#). Jerónimo Martins joined the [New Plastics Economy Global Commitment](#) and is a founding member of the [Portuguese Plastics Pact](#), which was launched in February 2020, and of the [Polish Plastics Pact](#), which was launched in September 2020.

Additionally, we have set the [goal](#) to eliminate PVC from all private brands packaging by 2022.

No future assessment is planned at this point. However, we see opportunities for applying the Natural Capital Protocol in the future. For instance, the [European Green Deal](#) includes various action plans, such as the [Circular Economy Action Plan](#) and the [Farm-to-Fork](#), while more specific initiatives, like the [Sustainable Products Initiative](#) or the [Initiative on substantiating green claims](#), are expected to have an impact on our business.

The key factor for the success of the natural capital journey at Jerónimo Martins was its suitable internal environment to work on this matter. The existing habit of doing things internally has kept costs down and helped Jerónimo Martins to fully understand all the complexity required for a serious and very comprehensive assessment.





## Piece of advice

1. Start undertaking a materiality analysis to see what the **most important topics** are for your business – from your internal and external stakeholders' view.
2. Make sure that the things you do are **directly related** to your own **business and supply-chain operations**.
3. It is key to **involve other departments** in the assessment process. Make sure to **translate complex environmental information into clear practical messages**, thereby connecting environmental impacts with business.
4. Focus on **one thing at a time** so you do not get lost in what else is out there. Start with the most relevant activity. Gradually, you will build on that and expand to other areas.
5. **Don't become discouraged by challenges around data collection**. There are useful tools to deal with this such as the Data use in Natural Capital assessments of the Capitals Coalition.

Developed by:



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