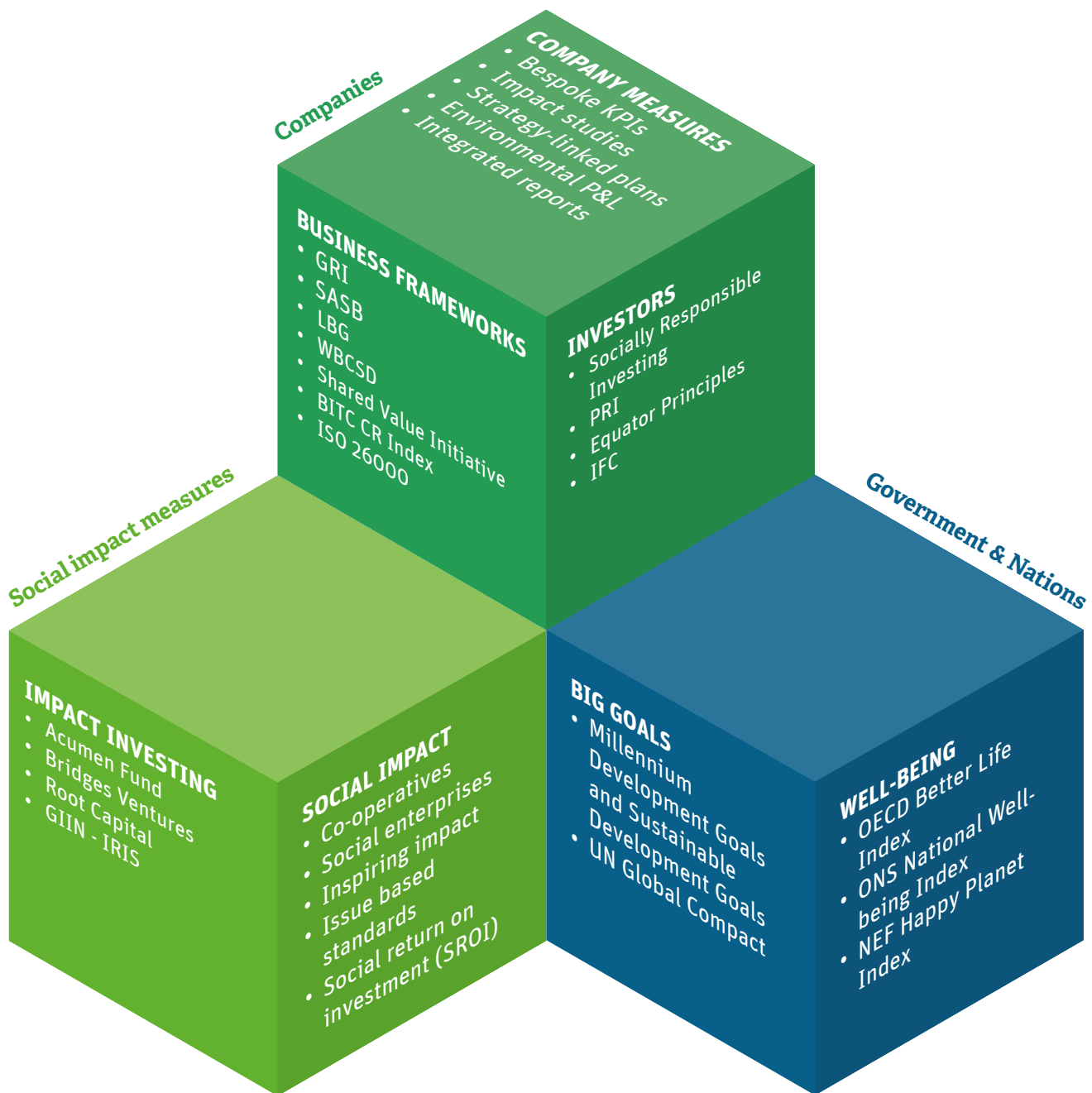


# Measurement Map

## a corporate perspective



Recent interest in frameworks, standards and indices for the measurement of non-monetary value and impact has led to a proliferation of initiatives. The sheer number and range of these can be incredibly confusing for practitioners, especially those trying to get started. Our 'measurement map' is designed to scope out the principal initiatives offering measurement tools relevant to companies, helping them to navigate this space. With a short explanation of each, it provides an introduction for further research as needed.

# Companies



## Company Measures

Individual companies have committed time and resources, in some cases in large quantity, to unpicking what it means to create social as well as business value. As well as using standard frameworks and indices (see below) they measure and report through a wide variety of approaches:

**Bespoke KPIs:** most companies identify bespoke KPIs (key performance indicators) relating to areas of material importance to corporate responsibility and sustainability strategies. Examples abound: one with a compelling visual presentation is Coca Cola Enterprises, which focuses on key topics such as water usage by production sites, the healthy lifestyles of customers, waste and recycling, and the carbon miles of transportation vehicles.

<http://www.cokecoca.com/crs/sustainability-map/>

**Impact studies:** These can take one of three forms –

**Direct:** these reports measure the direct impact on the local community of an activity in terms of the number of people employed, wages paid out, taxes levied and so forth. One example among the growing numbers is the Local Impact Study published by Land Securities pertaining to its Trinity Leeds development in the UK:

[http://www.landsecurities.com/websitefiles/trinity\\_leeds\\_-\\_the\\_local\\_impact\\_final.pdf](http://www.landsecurities.com/websitefiles/trinity_leeds_-_the_local_impact_final.pdf)

**Total:** this is a more complex model encompassing the knock-on or ripple economic impacts, by measuring the 'indirect and induced value-added' of an activity. A good example is the study done for SABMiller on its Accra Brewery in Ghana:

<http://www.sabmiller.com/docs/default-source/investor-documents/reports/2011/sustainability/socio-impact-of-accra-brewery-report-2011.pdf?sfvrsn=4>

**Country based:** rather than just looking at one particular activity or project, these studies focus on the impact of a

company on a whole country or region. One of the earliest examples was Unilever's Indonesia Report, produced jointly with Oxfam to explore links between a multinational and poverty reduction:

[http://www.unilever.com/Images/es\\_Exploring\\_the\\_Links\\_Executive\\_Summary\\_tcm13-387470\\_tcm244-409734.pdf](http://www.unilever.com/Images/es_Exploring_the_Links_Executive_Summary_tcm13-387470_tcm244-409734.pdf)

**Strategy-linked plans:** A small but growing number of companies have implemented sustainability plans linked to strategy, in an effort to integrate business imperatives with social imperatives, and vice versa. A best practice example of this is Unilever's Sustainable Living Plan which sets out to decouple the company's growth from its environmental impact, while at the same time increasing its positive social impact.

<http://www.unilever.co.uk/sustainable-living/uslp/>

**Environmental Profit & Loss:** PUMA's Environmental Profit and Loss Account (EP&L) was ground-breaking in its goal to assess the long term hidden environmental cost of the business. Produced in 2011, the aim was to measure the immense value of natural assets to the business, by placing a monetary value on them along the entire value chain.

<http://about.puma.com/en/sustainability/environment/environmental-profit-and-loss-account>

**Integrated reports:** this new approach to reporting aims to show how organisations really create value, by bringing together strategy, governance and performance and demonstrating the links between financial performance and the wider social, environmental and economic context. A new framework for reporting is being developed by International Integrated Reporting Council

<http://integratedreporting.org/> which maintains a database of examples

<http://examples.integratedreporting.org/home> including Novo Nordisk, a pioneer of this approach.

## Business Frameworks

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Several frameworks exist to measure company performance in different areas of social and environmental concern, some are specific to one area (e.g. LBG for community investment) while others cover broader sustainability goals:

**Global Reporting Initiative:** The GRI is a non-profit organization that helps businesses and others to understand and communicate the impact of business on critical sustainability issues such as climate change, human rights and corruption. It provides a comprehensive sustainability reporting framework to measure and report their economic, environmental, social and governance performance – the four key areas of sustainability. Launched in the late 1990s, its reporting guidelines are now on their fourth generation.

<https://www.globalreporting.org/>

**Sustainability Accounting Standards Board:** The SASB is a U.S. based, non-profit organization set up to establish industry-based sustainability standards that help public corporations disclose material, decision-useful information to investors. It aims to have accounting standards available by 2016 for more than 80 industries in 10 sectors. SASB standards are designed for mandatory SEC filings, such as the Form 10-K and 20-F.

<http://www.sasb.org/>

**LBG:** LBG is a global network of more than 300 companies working together to address the challenges of measuring corporate community investment. LBG has developed a robust and credible framework that any company can apply to understand the difference their contributions make to both business and society. Companies in the LBG network collectively contributed more than \$3 billion to community causes helping more than 90 million people in the last reporting year. The network is managed by Corporate Citizenship; an international corporate responsibility consultancy, and is run by members for members.

<http://lbg-online.net/>

**WBCSD's Measuring Impact Framework:** This framework from the World Business Council for Sustainable Development was developed in 2008, in collaboration with over 20 WBCSD member companies, to assess the contribution of businesses to the economic and broader development goals in the societies in which they operate. The framework is designed to help companies underpin

their license to operate, improve the quality of stakeholder engagement, help manage risks more effectively and identify ways to enhance the business contribution to society. The 4-step framework methodology helps companies operating in any part of the world measure, assess and manage their impacts on society. Companies are encouraged to adapt the methodology to the specific company strategy and development context in which they operate.

<http://www.wbcsd.org/work-program/development/measuring-impact.aspx>

### **Foundation Strategy Group's Shared Value Initiative:**

This initiative is a global community of leaders who find business opportunities in societal challenges. It connects practitioners in search of the most effective ways to implement shared value. Guided by FSG, the Shared Value Initiative seeks to promote best practice and accelerate knowledge sharing and learning. It also develops tools to guide shared value implementation, including a four-step approach to measurement.

<http://sharedvalue.org/resources/measuring-shared-value>

**BITC CR Index:** Business in the Community's first CR Index survey was launched in 2002. In addition to the public rankings, the Index offers a robust self-assessment tool to help companies systematically measure, manage and integrate responsible business practice. The CR Index assesses companies in the following areas: Corporate Strategy, Integration, Management and Performance and Impact - all focussing on the issues of material concern to the company and how they address them. Companies are ranked in the index based on this assessment.

<http://www.bitc.org.uk/our-services/benchmarking/cr-index>

**ISO26000:** The ISO (International Organization for Standardization) is the world's largest developer of voluntary International Standards. ISO26000 – social responsibility provides guidance on how businesses and organizations can operate in a socially responsible way. The standard helps clarify what social responsibility is, helps businesses and organisations translate principles into effective actions and shares best practices relating to social responsibility, globally. Launched in 2010, ISO26000 provides guidance rather than requirements, so it cannot be certified to, unlike some other ISO standards.

<http://www.iso.org/iso/home/standards/iso26000.htm>

## Investors

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*Various investors and investor groups are increasingly looking to focus investments in a socially responsible way; this has catalysed the creation of different indices and principles to help guide responsible investments on a global scale:*

**Socially Responsible Investing:** Also known as ethical, green or sustainability investing, this approach seeks to look beyond financial returns to consider wider impacts. Typically it addresses ESG issues: environment, social impact, and corporate governance. One of the most prominent is the Dow Jones Sustainability Index, launched in 1999 as the first global sustainability benchmark. The DJSI family is offered cooperatively by RobecoSAM Indices and S&P Dow Jones Indices. The family tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria. The indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for companies who want to adopt sustainable best practices.

<http://www.sustainability-indices.com/index.jsp>

**Principles for Responsible Investment:** The UN-supported PRI Initiative is an international network of investors working together to put six principles for responsible investment into practice. Its goal is to understand the implications of sustainability for investors and to support signatories to incorporate these issues into their investment decision making and ownership practices. The principles are voluntary and aspirational. The PRI Initiative has become a leading global network for investors to publicly demonstrate their commitment to responsible investment, learn about the financial and investment implications of ESG issues, and to incorporate these factors into investment decision making and ownership practices. The six principles include incorporating ESG issues into investment analyses and decision making processes,

reporting on progress towards implementing the principles, and promoting acceptance and implementation of the principles within the investment industry.

<http://www.unpri.org/>

**The Equator Principles:** This risk management framework, adopted by financial institutions, help with determining, assessing and managing environmental and social risk in projects. It is primarily intended to provide a minimum standard for due diligence to support risk decision-making. The EP apply globally, to all industry sectors and to four financial products. Equator Principles Financial Institutions commit to implementing the EP in their internal environmental and social policies, procedures and standards and not to finance projects where the client will not, or is unable to, comply with the EP. The EPs have greatly increased the attention and focus on social/community standards and responsibility, including robust standards for indigenous peoples, labour standards, and consultation with locally affected communities within the Project Finance market.

<http://www.equator-principles.com/>

**International Finance Corporation:** IFC is a branch of the World Bank that seeks to provide people with the opportunity to escape poverty and improve their lives. To achieve this purpose, IFC offers help with funding to individual firms and seeks to strengthen governance and standard-setting. The IFC's results-measurement system features three components: the IFC Development Goals, a monitoring and tracking system to measure development results - Development Outcome Tracking System (DOTS), and a system to evaluate outcomes/impact of activities. DOTS monitors development results from investments and advisory services and, by using standard indicators, can aggregate results, capture development impact and compare effectiveness across regions and industries.

[http://www.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/home](http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/home)

# Social Impact Measures



## Impact Investing

*A growing number of organisations – often not-for-profit – invest solely in projects designed to achieve both social/environmental and business returns. Below are some prominent examples of these, along with details of measurement frameworks and a network of likeminded organisations:*

**Acumen Fund:** Acumen is a non-profit that raises charitable donations to invest in companies, leaders and ideas that are changing the way the world tackles poverty. PULSE is a software platform devised by Acumen which tracks and benchmarks financial, operational, environmental and social data about companies. It is available free of charge to non-profit organisations to help them better measure and manage their impacts.

<http://acumen.org/investments/>

**Bridges Ventures:** Based in the UK, is a specialist fund manager combining financial and social/environmental goals. <http://www.bridgesventures.com/>. Its IMPACT methodology focuses on what companies in its portfolio do to produce positive social and environmental impacts (such as the products they sell or the economic growth they generate in underserved areas) and also how they do it. Bridges Ventures works with the companies to optimise their environmental, social and governance (ESG) impacts, identifying risks as well as opportunities for additional value creation.

<http://www.bridgesventures.com/the-social-business-frontier-how-to-recognise-and-protect-social-impact/>

<http://www.bridgesventures.com/wp-content/uploads/2014/12/Bridges-Ventures-Impact-Report-2014-spread.pdf>

**Root Capital – Social and Environmental Scorecard (Due Diligence):** Root Capital’s loan officers use the Social and Environmental Scorecards to evaluate clients’ social and environmental practices and their access to alternate sources of finance. The scorecards function as both a negative screen, filtering out undesirable practices, and a threshold test in which the loan officer must affirmatively identify how the client’s business is expected to create positive impact. The first Social Scorecard included seven categories focused primarily on observable practices of clients, such as whether they had one or more certifications (e.g. organic, Fair Trade).

<http://www.rootcapital.org/our-impact-version-2>

**Global Impact Investing Network (GIIN) – IRIS:** The Impact Reporting and Investment Standards (IRIS) is a catalogue of performance metrics that impact investors use to measure social, environmental and financial success, evaluate deals, and grow the credibility of the impact investing industry. The catalogue pulls together the most useful metrics from across the impact investing industry. The GIIN promotes impact measurement as an essential part of impact investing and offers IRIS as a free public good to support more transparency, credibility and accountability in impact measurement practices across the impact investment market. Recently Global Reporting Initiative (GRI) and the IRIS initiative have created Linking GRI and IRIS to help impact investors aggregate and compare standardised performance information across their portfolios in order to align disclosure efforts and ease the reporting burden for organisations that use the IRIS catalogue of metrics and the GRI Sustainability Reporting Guidelines.

<http://iris.thegiin.org/> (GIIN)

<http://www.thegiin.org/cgi-bin/iowa/home/index.html>

## Social impact more broadly

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*Beyond impact investing tools, there are many organisations that bridge the boundaries between for-profit and not-for-profit. Some leading examples are listed below:*

**Co-operatives:** Co-operative businesses are owned and run by and for their members, whether they are customers, employees or residents. Co-operatives give members an equal say and a share of the profits made. It is a flexible business model; co-operatives can be set up in different ways, using different legal structures, depending on what works for the members. The definition of a co-operative business is that they are owned and run by the members - the people who benefit from the co-operative's services. There are a number of organisations to support co-operatives, such as Co-operatives UK: <http://www.uk.coop/> The Co-operative Group is a family of businesses based in the UK, owned by its members and encompassing food, travel, banking, insurance etc. All the businesses are based on the co-operative business model.

<http://www.co-operative.coop/>

**Social enterprises:** Social enterprises are businesses that trade to tackle social problems and to improve communities, people's life chances or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. Social enterprises should have a clear social and/or environmental mission set out in their governing documents; generate the majority of their income through trade; reinvest the majority of their profits; be autonomous of state; be majority controlled in the interests of the social mission; be accountable and transparent. A number of organisations around the world seek to support social enterprises e.g. Social Enterprise UK:

<http://www.socialenterprise.org.uk/>

and B Corporations (USA): <http://www.bcorporation.net/>

**Inspiring Impact:** This initiative in the UK is run

by a group of third sector organisations from impact measurement experts to membership bodies. The group is "working towards a world where high quality impact measurement is the norm in the non-profit sector." The Inspiring Impact Hub lists more than 200 resources and tools to help measure impact

<http://inspiringimpact.org/listings/>

<http://inspiringimpact.org/>

**Issue-based frameworks/standards:** One prominent example is the Ethical Trading Initiative, an alliance of companies, trade unions and voluntary organisations. This works in partnership to improve the lives of poor and vulnerable workers across the globe that make or grow consumer goods. The ETI's vision is "a world where all workers are free from exploitation and discrimination, and work in conditions of freedom, security and equity."

<http://www.ethicaltrade.org/>

The proliferation of individual codes and the complexities of auditing at factory or site level led to the creation of the Business Social Compliance Initiative which works at international level to create consistency and harmonisation for companies wanting to improve their social compliance in the global supply chain.

<http://www.bsci-intl.org/>

**Social Return On Investment (SROI):** This approach is based on social generally accepted accounting principles (SGAAP) that can be used to help manage and understand the social, economic and environmental outcomes created by an activity or organisation. Social Value International promotes social value principles and seeks to change the way that society accounts for value. The SROI framework helps organisations understand, manage and communicate the social value that their work creates in a clear and consistent way with customers, beneficiaries and funders.

<http://socialvalueint.org/>

# Governments & Nations



## Big Goals

*In an effort to move beyond simply using GDP to assess their country's progress, some governments and IGOs have developed a range of frameworks and principles to gauge a society's ability to deliver well-being to individuals. These measure and set goals for a range of issues deemed important by citizens, civil society organisations as well national and international governmental bodies:*

**Millennium Development Goals:** the MDGs are a set of eight international development goals which were officially established following the Millennium Summit of the UN in 2000 after the adoption of the United Nations Millennium Declaration. All 189 UN member states and at least 23 international organizations agreed to achieve the eight goals by the end of the year 2015. The goals are:

- 1) Eradicating extreme poverty and hunger.
- 2) Achieving universal primary education.
- 3) Promoting gender equality and empowering women.
- 4) Reducing child mortality rates.
- 5) Improving maternal health.
- 6) Combating HIV/AIDS, malaria, and other diseases.
- 7) Ensuring environmental sustainability.
- 8) Developing a global partnership for development.

During 2015, governments hope to agree a successor set of goals, the SDGs (see below).

<http://www.un.org/millenniumgoals/>

**Sustainable Development Goals - the post-2015 Development Agenda:** This process is led by the UN and aims to define the future global development framework beyond the MDGs. In 2013 a high level panel of 27 leaders from different organisations and governments set out a

vision to eradicate extreme poverty by 2030, and deliver on the promise of sustainable development. "A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development During 2014 national and thematic consultations followed, with six 'dialogues' allowing interested groups and individuals to contribute ideas and proposals for the implementation. The results of the discussions, online engagement and research inputs were summarised in the report "Delivering the Post-2015 Development Agenda: Opportunities at the National and Local Levels" which was presented to member states in September 2014. An Open Working Group has developed a framework of 17 goals and 169 targets and discussions on the adoption of the Goals is continuing during 2015, culminating in a UN conference in New York in September.

<https://sustainabledevelopment.un.org//index.php?menu=1565>

[http://www.cr.undp.org/content/undp/en/home/mdgoverview/mdg\\_goals/post-2015-development-agenda.html](http://www.cr.undp.org/content/undp/en/home/mdgoverview/mdg_goals/post-2015-development-agenda.html)

**The UN Global Compact:** This strategic policy initiative is for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The UN Global Compact works towards the vision of 'a sustainable and inclusive global economy which delivers lasting benefits to people, communities, and markets.' The 10 principles include support and respect for the protection of internationally recognised human rights, upholding freedom of association and the right to collective bargaining, the elimination of all forms of forced and compulsory labour, undertaking initiatives to promote greater environmental responsibility and working against corruption in all its forms.

<http://www.unglobalcompact.org/index.html>

## Well-being

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*Some countries and organisations have brought these big goals into composite indexes to track changes in overall well-being:*

**OECD Better Life Index:** This initiative by the OECD seeks a better understanding of what drives the overall well-being of people and nations and what needs to be done to achieve greater progress for all. Drawing upon the recommendations of the Commission on the Measurement of Economic Performance and Social Progress (to which the OECD was an important contributor), the OECD has identified 11 indicators of well-being including housing, income, environment, health and work-life balance. These 11 dimensions are explored and analysed in detail in the 'How's Life' report, the first attempt at an international level to present the best set of comparable and comprehensive well-being indicators. The OECD's "Your Better Life Index" aims to support policy making to improve the quality of life.

<http://www.oecdbetterlifeindex.org/>

**ONS National Well-being Index:** This British index aims to produce accepted and trusted measures of the well-being of the UK. According to the ONS, Measuring National Well-being is about looking at 'GDP and beyond'. It includes headline indicators in areas such as health, relationships, job satisfaction, economic security, education, environmental conditions and measures of personal well-

being (individuals' assessment of their own well-being). The programme started in 2011 and has undergone a number of iterations, resulting in the most recent publication – the first assessment of change in well-being in the UK, comparing 2010 with 2014.

<http://www.ons.gov.uk/ons/rel/wellbeing/measuring-national-well-being/life-in-the-uk--2015/index.html>

<http://www.ons.gov.uk/ons/guide-method/user-guidance/well-being/index.html>

**NEF's Happy Planet Index:** The New Economics Foundation has created a global measure of sustainable well-being. The HPI measures the extent to which countries deliver long, happy, sustainable lives for the people that live in them. It uses global data on life expectancy, experienced well-being and an ecological footprint to calculate this. The index is an efficiency measure, ranking countries on how many long and happy lives they produce per unit of environmental input. The 2012 HPI report ranks 151 countries and is the third time the index has been published. Alongside this, NEF has launched the Happy Planet Charter, calling on governments to adopt new measures of human progress that establish the goal of delivering sustainable well-being for all at the heart of societal and economic decision making process.

<http://www.happyplanetindex.org/about/>