



Empowered lives.
Resilient nations.

SDGs as Impact Objective

and the approach to
Impact Measurement and
Management

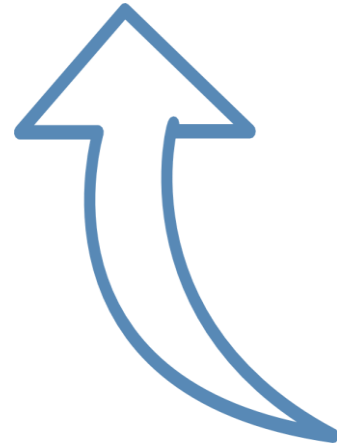




to Stakeholder Value



- New Products and Services
- New Processes
- New Markets
- New Business Models
- New Methods of Management
- New Methods of Reporting



from Shareholder Value





**TRADITIONAL
INVESTING**



**SOCIALLY
RESPONSIBLE
INVESTING
(SRI)**

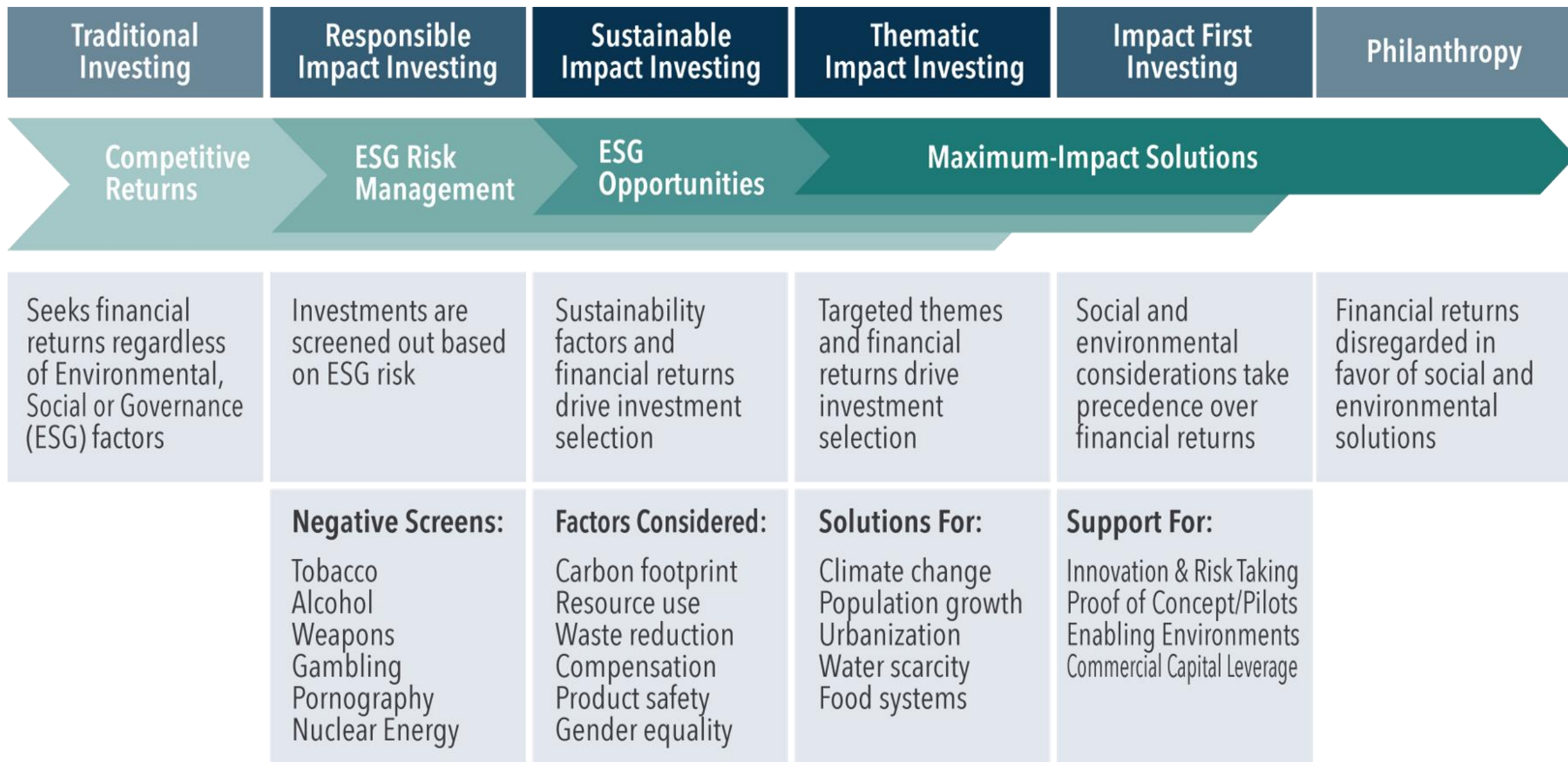


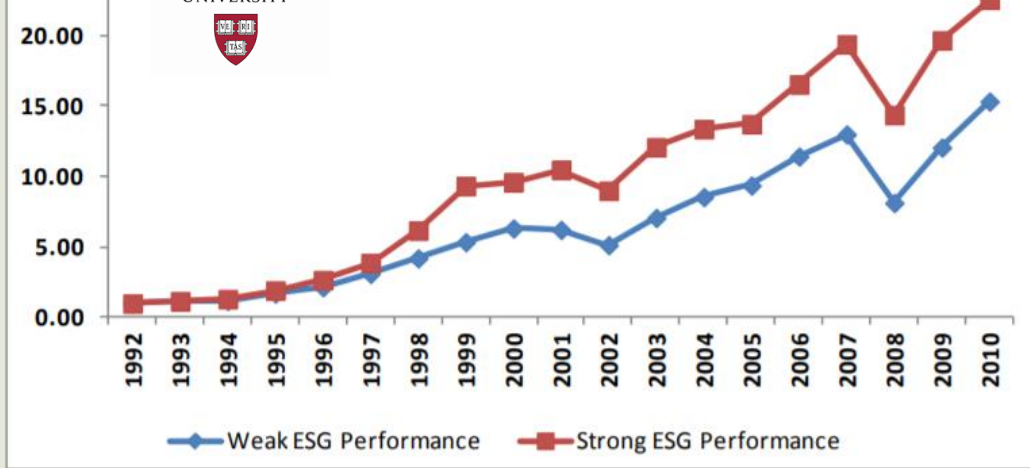
**ENVIRONMENTAL,
SOCIAL &
GOVERNANCE
INVESTING (ESG)**



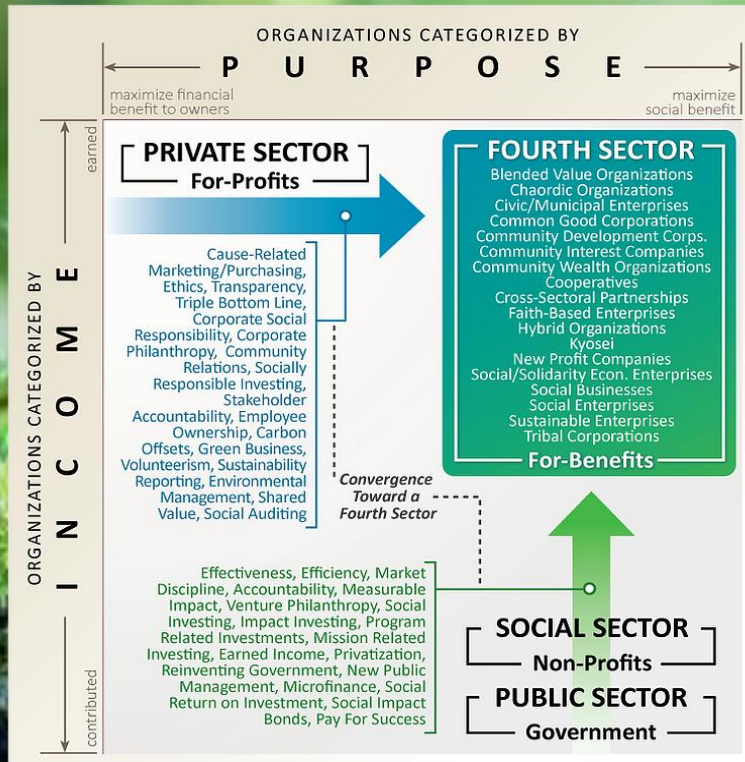
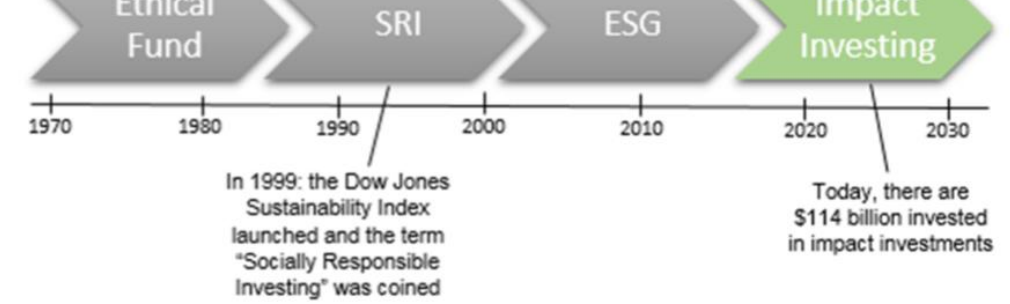
**IMPACT
INVESTING**

Terms Explained





Source: Eccles G.R., Ioannou I., Serafeim G. "The Impact of a Corporate Culture of Sustainability on Corporate Behavior and Performance," Harvard Business School, November, 2011.



Source: <http://www.fourthsector.net/>



from Compliance to Value Alignment to Impact Objective

from Shareholder Value to Stakeholder Value



Business benefits of IMPACT MEASUREMENT

- PR – most obvious
- New Markets
- Less Volatility
- Better Governance
- Reduced Risks

Better Business Performance



SDGs as substantial component for Business Decision Making



Impact Measurement and Management in SDG Context



- Impact metrics set in line with a major global benchmark targets - SDGs
- Focus on understanding and enhancing impact across several areas and multiple stakeholders
- Truly global benchmark for impact measurement
- 17 strategic Sustainable Development Goals to target by 2030
- Each Goal has 5 to 19 indicators
- In total 169 specific indicators

WHOLISTIC APPROACH IS IMPORTANT !



Business Call to Action
global inclusive business platform

IB Maturity Journey



BCtA Impact Lab



IB & Human Rights



IB Mgmt Practices



• SDG Impact

Impact Management

- SDG Impact Practice Assurance Standards
- Certification Training
- SDG Impact Seal
- Online Training

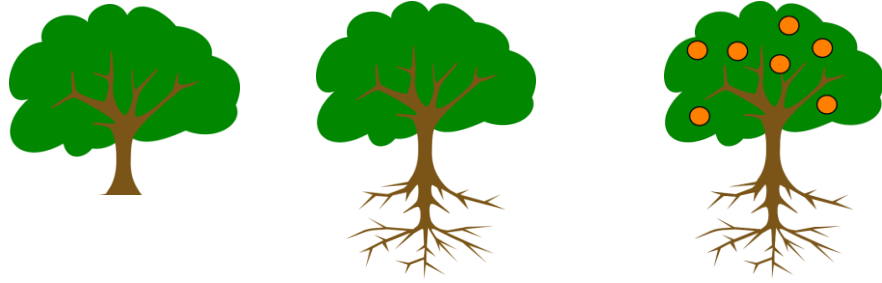
Impact Intelligence

- SDG Investor Maps

Impact Facilitation

- SDG Impact Investor Convenings
- Policy Investor Roundtables

Complexity of IMAPCT simplified



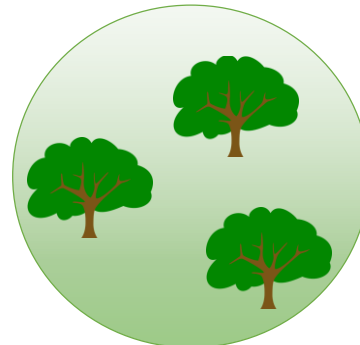
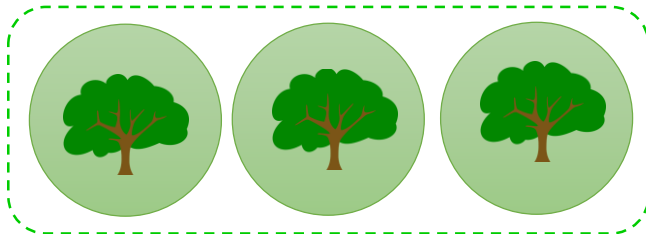
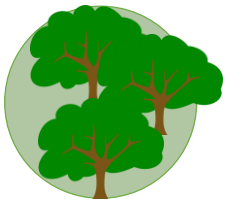
Definition & Metrics



Breadth



Depth



Risks

How impact data relates to ESG data

Environmental, Social and Governance (“ESG”) factors typically measure ‘**efforts**’, based on evidence that those efforts are likely to mitigate negative impact. This is a **practical and essential** part of overall impact management. It is the floor or the “on-ramp”.



ESG metrics usually refer to efforts, not impact:






According to an NYU study¹, 92% of the **1750 ‘S’ indicators in use today measure companies’ efforts**, such as:

- Issuing policies or commitments;
- Conducting audits, risk assessments, or training;
- Participating in membership organizations or other collaborations;
- Engaging stakeholders.

‘G’ indicators, by nature, are activities too.

A larger portion of ‘E’ indicators measure outcomes – but typically not in the context of the other dimensions

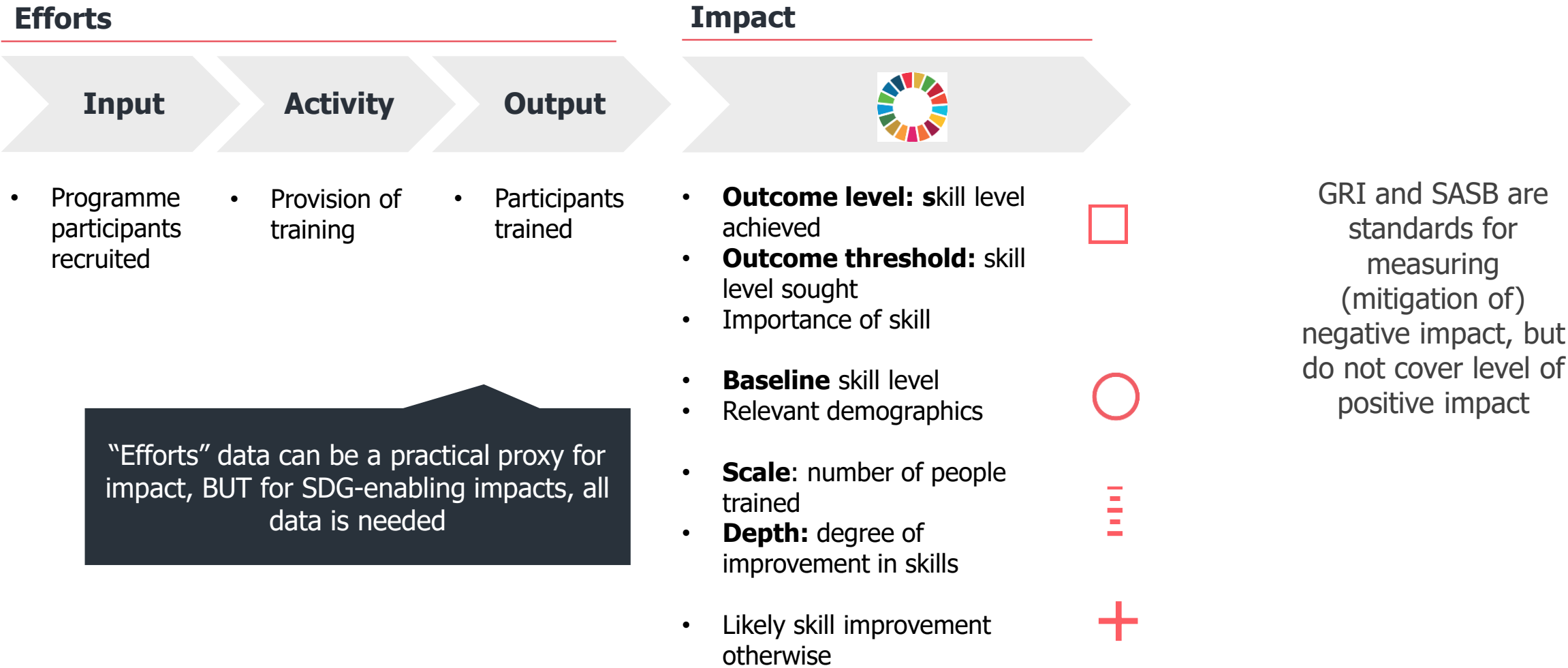


| IMPACT DIMENSION | IMPACT QUESTIONS EACH DIMENSION SEEKS TO ANSWER |
|---|---|
|  WHAT | <ul style="list-style-type: none">• What outcome(s) do business activities drive?• How important are these outcomes to the people (or planet) experiencing them? |
|  WHO | <ul style="list-style-type: none">• Who experiences the outcome?• How underserved are the affected stakeholders in relation to the outcome? |
|  HOW MUCH | <ul style="list-style-type: none">• How much of the outcome occurs - across scale, depth and duration? |
|  CONTRIBUTION | <ul style="list-style-type: none">• What is the enterprise’s contribution to the outcome, accounting for what would have happened anyways? |
|  RISK | <ul style="list-style-type: none">• What is the risk to people and planet that impact does not occur as expected? |

¹ “Putting the “S” in ESG: Measuring Human Rights Performance for Investors, NYU Stern, March 2017

Impact data builds on ESG data and measures the change in outcome that an effort generates, in context. This is essential for understanding the *level* of positive impact that an asset has, and how much it contributes to the SDGs.

For example:



Outcome measures and contextual data is needed to know how much SDGs are being advanced

| Management motivation | Management question | ESG measurement | Outcomes measurement | Impact measurement (Outcomes in context) |
|--|--|-----------------|----------------------|---|
| <i>"We want to mitigate risk"</i> | Does the business have policies and practices in place to mitigate risks of negative impact? | ✓ | | |
| <i>"We see a positive relationship between stakeholders' wellbeing and long-term value creation"</i> | Is the business benefitting its stakeholders? | | ✓ | |
| <i>"We want to use our capabilities to advance the SDGs"</i> | Is the business having a significant positive impact on specific SDG targets? | | | ✓ |
| <i>"We want to reduce costs associated with the social and environmental damage we are causing"</i> | Is the business significantly reducing its negative impacts on the SDGs? | | | ✓ |

BCTA IMPACT MEASUREMENT AND MANAGEMENT APPROACH



Helping our members to grow while achieving a positive social and environmental impact is what drives us. Increasingly, this means working closely with them to help them plan for and measure their impact. To date, we have directly provided customized support to over **50 large and small companies** in agriculture, education, energy, health, and housing sectors.

From social enterprises to multinationals, we helped our members collect data to enhance product and service development, improve marketing, increase operational efficiency and improve their communication with external stakeholders.



1

Assessing the right tools and methodologies for measuring impact

2

Planning for measuring impact and designing your impact framework

3

Monitoring impact through collecting data of your business and stakeholders

4

Analyzing, communicating and reporting your impact data

INTRODUCING BCTA'S IMPACT LAB



An online tool that helps organizations manage their impact

impactlab.businesscalltoaction.org



Uses the SDGs as an impact management framework



Integrates globally accepted databases such as the IRIS indicators and others compiled by the Global Value Exchange



Guides companies to collect data using a lean approach



Integrates shared fundamentals and understanding using the dimensions of impact



Builds a knowledge base that offers its community of users opportunities to share and learn from peers



Global public good, free of charge

REASONS FOR COMPANIES FOR COMMITTING TO IMPACT MEASUREMENT AND MANAGEMENT



BCtA member companies report improved business performance after engaging in impact management

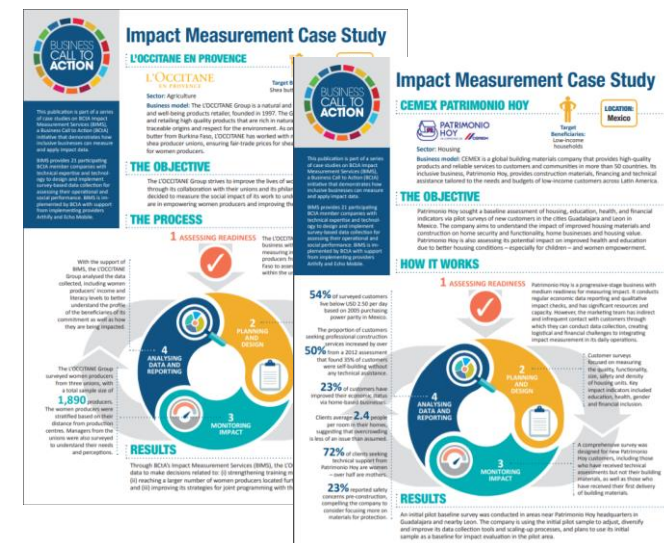
- Build brand and reputation
- Drive capital to SDG enabling opportunities
- Align business models to the SDGs.
- Vehicle for stakeholder engagement.
- Gather insights to changes in customers lives directly or indirectly attributable to the company



THE IMPACT LAB ENABLED BCTA TO SCALE UP ITS IMM SERVICES

IMPACT CHAMPIONS PROGRAMME

25 members companies deployed the Impact Lab through a series one-on-one online trainings with continuous support from BCtA as part of the Impact Champions Programme.



WORKSHOPS

76 non-member companies benefited from BCtA's impact trainings:

Africa

- Nigeria (4)

Latin America:

- Colombia (18)

Asia Pacific

- Bangladesh (10)
- Pakistan (4)
- Philippines (10)
- Indonesia (6)

East Europe and CIS

- Turkey (10)
- Armenia (8)
- Moldova (4)
- Belarus (2)

IMPACT CASE STUDY



BUSINESS MODEL

L'OCCITANE purchases **shea butter**, one of its key ingredients for its personal care products, from cooperatives in **Burkina Faso**. L'OCCITANE helps women producers **build technical and literacy skills** to ensure sustainable production of shea butter and to **improve their standards of living**.

IMPACT MEASUREMENT PROCESS

- 1** Readiness
L'Occitane is a mature-stage business with a high degree of readiness for measuring impact. The company surveyed shea producers from three unions across Burkina Faso to assess the impact
- 2** Planning
Key metrics included: **(i) women producers' income levels and sources of income; (ii) their literacy levels; (iii) the usefulness of different trainings; and (iv) the status of women in their communities.**
- 3** Monitoring
L'Occitane **surveyed 1,890 women** producers stratified on the basis of their distance from production centres. Managers from the unions were also surveyed to understand their needs and perceptions.
- 4** Analyzing
66% of women producers have incomes below USD 2.50 per day (PPP); **75%** have enrolled their children in school; **17%** women occupy important positions in their communities; and **64%** reported that shea butter was their main source of income.

DRIVING BUSINESS PERFORMANCE

Through impact measurement and management L'OCCITANE learned that **women who live farther from union centres have very little access to microfinancing** compared to women who live near the centres. The L'OCCITANE Group is using these findings to **develop a new strategy for reaching women located further from their main centres.**



IMPACT CASE STUDY:



BUSINESS MODEL

DBL Group is a large textile business in Bangladesh with inclusive business initiatives for low income employees in its factories across the country. DBL reduces its employees cost of living by providing discounted consumer goods including health and hygiene products. The company also champions women's economic empowerment by training and promoting its women employees.

IMPACT MEASUREMENT PROCESS

- 1 Readiness**
DBL Group was found to have an advanced capacity for undertaking impact measurement and management. This is because they have some experience collecting and reporting on non-financial data and DBL's staff can dedicate some of their time for impact management.
- 2 Planning**
Key metrics included: (i) **awareness on health and hygiene practices**, (ii) **access to health and hygiene products**; (iii) **household health and hygiene expenses**; and (iv) **socio-economic standard of living**.
- 3 Monitoring**
DBL surveyed **202 employees out of which 112 were women employees** with access to DBL's Bandhan Fair Price Shop. The survey collected data on multidimensional poverty levels and qualitative feedback on the company's initiatives.
- 4 Analyzing**
76% of employees reported that their life has improved a lot and **72%** said they do not have access to other good alternatives to DBL's Fair Price Shop; **75%** of employees have a greater motivation to work at DBL.

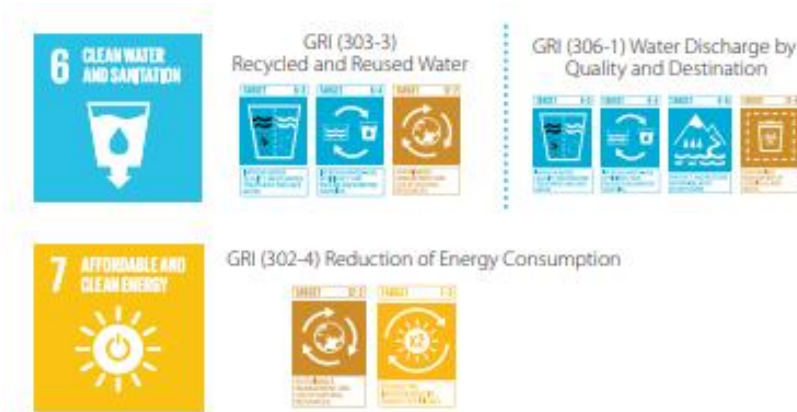
DRIVING BUSINESS PERFORMANCE

Through impact measurement and management, DBL gained insights from its employees on their increasing ability to **reduce household expenses and save**. In response, DBL is planning to incorporate financial literacy and management training to further help its employees improve their standard of living.



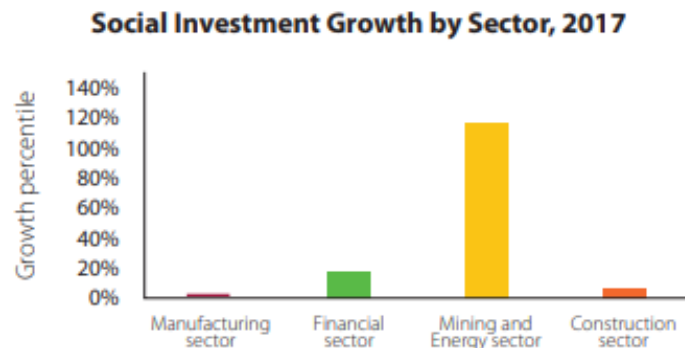
FACILITATING PRIVATE SECTOR REPORTING ON THE SDGS

SDG Corporate Tracker: BCtA has partnered with the government of Colombia and the Global Reporting Initiative to develop an SDG Dashboard that can aggregate and report private sector data on **corporate sustainability to support the VNR process in the country.**



→ only 20% of the reporting companies carry out water reuse processes, which corresponds to 16% of the total volume of consumed water in 2017

→ high consumption of energy based on the use nonrenewable resources such as Natural Gas; however, it has decreased by 10% since 2015



Enabling factors

- Mature corporate context in Colombia
- Common reporting framework
- Private sector willingness
- Effective multi-stakeholder partnership

Inclusive Business models in the region

ETHICAL SOURCING



Ethical food sourcing company **Coconut Merchant** joined BCtA with a commitment to focus on sourcing food products from low income farmers to provide sustainable income. They now have the world's largest range of coconut products and are distributed in major supermarkets, department stores and online retailers in the UK.

INCLUSIVE BUSINESS OPERATIONS: THAILAND



BOOSTING PRODUCTIVITY AND LIVELIHOODS



Thailand-based social enterprise Hilltribe Organics, a subsidiary of major organic food producer **Urmatt Ltd.**, has joined the Business Call to Action (BCtA) with a commitment to contract 200 small family farms and produce 40,000 organic eggs daily by 2020. Hilltribe is the number one organic egg brand in Thailand and is now sold in major supermarkets as well as high-end restaurants and hotels.

INCLUSIVE BUSINESS HQ: THAILAND



AFFORDABLE PRODUCTS AND SERVICES



The French Multinational **Essilor** has committed to create **40,000 primary eye care workers** in underserved regions by 2020. The company expects its broadening inclusive business models to improve health outcomes, productivity and wellbeing for **more than 50 million low-income people** in the next four years.

INCLUSIVE BUSINESS OPERATIONS: INDONESIA



BCTA TOOLS HELP COMPANIES DRIVE IMPACT AND SCALE INCLUSIVE BUSINESS MODELS

IB Maturity Journey



- Practical reference to best position companies for future success in the context of the SDGs.
- Tailored content to each company's level of experience with inclusive business, across sectors.

BCtA Impact Lab



- Measure and manage impact through self-paced modules
- Guide companies for assessing impact measurement readiness;
- Design impact framework, monitor impact and analyze data.
- Customized support to BCtA companies

IB & Human Rights



- Master class with practical guidance to businesses on how to better respect human rights

IB Mgmt Practices



- Improve business performance across all areas of IB.
- Offer a focus on internal management practices to drive and scale IB initiatives



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