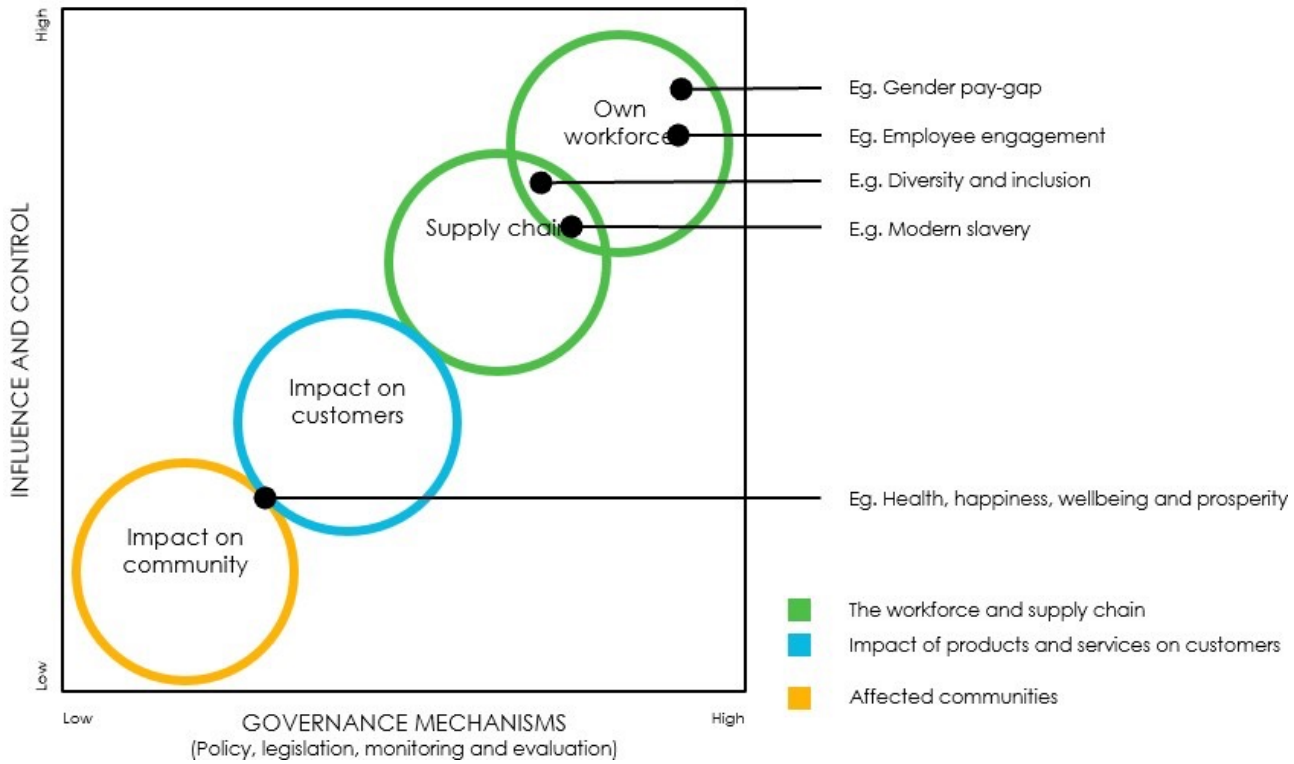
Q5 and Sustainability Transformation
Social Impact Measurement

Monitoring and evaluation

The EU social taxonomy provides a helpful lens with which to frame social impact, however the maturity of governance mechanisms is not the same across all categories

Generic view of social impact, governance mechanisms and a companies control

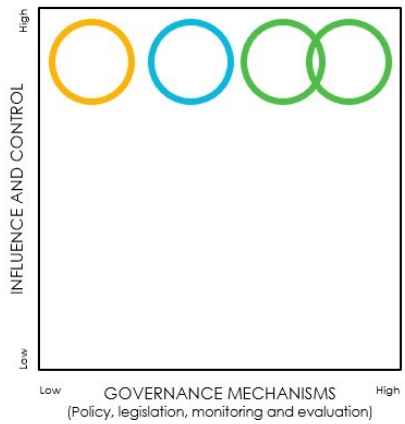
Where the impact measure is in the direct control of the organisation there are more mature metrics in place to manage social impact. Where it is further outside of the organisation's control, the maturity of the metrics are less well defined.



Some examples

EXAMPLE: A regionally-based utility provider

Where there is strong overlap between workers, customers and community



For the utility provider with a regional monopoly, there is strong overlap between workers, customers and community so they are well placed.

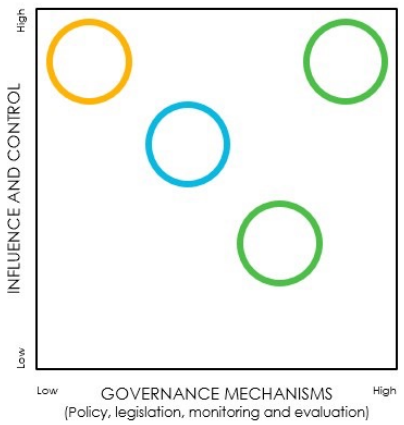
However, if this is combined with partnerships between local businesses, local government and local community-based third-sector organisations then activities can be coordinated.

The act of outcome based community action brings together unified goals and greater control.

Demonstrating social value can help to attract funds from procurement and investors.

EXAMPLE: Nuclear - infrastructure build phase

Where there is strong overlap between workers, customers and community



Assumptions

With nuclear, there may be workers brought in from outside meaning the supply chain could be further from the company.

The customer base would be national, or at least broader than a region.

The customer and workforce elements parts are key, as with the energy crisis, affordability for customers is key as is the skills transition for workers.

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Q5 and Sustainability Transformation
Applying the Sin ESG

Building blocks for developing social impact tools

Developing a social impact consideration beyond providing employment, paying wages and taxes can be done incrementally. There are lots of tools and frameworks that exist to support strategic thinking and monitoring and evaluation. The following are some examples:

	Core	Advanced	Purpose-driven
Workforce	• **Standards:** SASB (incoming regulation in the future) • **ESG reporting lens:** Financial materiality • **National policies:** E.g. Gender pay, Modern slavery, Equality, Health and safety	• **Standards:** GRI & EGRAG (metrics), TOMs (social value) • **Impact lens:** Double materiality • Digital first reporting	• Integrated reporting • Submit to central databases (WDI) • Support coalitions • BSI PAS 808
Supply chain			
Customers	• **Cost of living:** Framing for customers (cost conscious) • **ESG reporting lens:** Financial materiality	• **Partnerships:** Coalitions with sector to determine social impact goals • **Impact lens:** Double materiality • Digital first reporting	• **Monitoring and evaluation:** Outcomes focused E.g. Theory of change • BSI PAS 808 • Digital first reporting
Community	• **International minimum standards:** E.g. Human rights, ILO • **Frameworks:** SDGs • **ESG reporting lens:** Financial materiality	• **Standards:** TOMs (social value) • **Partnerships:** Coalitions with sector to determine social impact goals • **Impact lens:** Double materiality • Digital first reporting	• **Active listening with communities** • **Monitoring and evaluation:** Outcomes focused E.g. Theory of change • BSI PAS 808 • Digital first reporting
	Financial materiality	Double materiality	

Top tips and some food for thought

Keep an eye on upcoming regulation, accounting standards and broader trends

- Very soon through ISSB, EFRAG and SEC there will be a minimum standard of reporting. Public Procurement in the UK will further drive social value as will the investment community.

Begin at the end

- Ask yourselves as an organisation, what would you like to see be different in five to ten (or more) years time and then think about how the capabilities in your organisation might be able to help with that.

Form partnerships with intent

- Consider how long term partnerships with civil society organisations can be mutually beneficial, where partners and resources are aligned to achieve common goals with long-term commitments.

Listen to the community

- Don't come along with preconceived ideas of how you can help. Find community groups and listen to what they need. Over time, build this activity into what you do as a business, this way, you are symbiotically linked. A successful and healthy community supports a successful and healthy organisation.

Think local with the big picture in mind

- It's easier to start and have an impact when focusing on the community right outside your front door rather than nebulous global initiatives. But global frameworks like the SDGs can help to shape goals and targets.

Engage your workforce

- Understand whether and how their passions match the community needs. Consider offering their time and passion to causes they believe in. It can be an effective way to develop employee satisfaction.

Take it seriously

- Organisations that are successful in this space devote board level time to setting strategy, reviewing progress, and understanding how their organisations can add further value. This used to be a CSR departments area but now it's on the board table. Boards can also require education and support, so start thinking about the variety of tools and techniques you can use to accomplish this.

Consider data collection and digitalisation from the start

- Currently, reporting can be very manual on this topic, which can create a barrier to disclosing activities and progress. Develop the skills and systems you need and while that's happening, engage the wider reporting engines such as finance to share the load

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