

Meeting #1 *Measurement Fundamentals* Meeting Notes

Tuesday October 6, 2020, Virtual Meeting via Zoom

PPT deck [here](#) and recorded session [here](#). All materials also available on [MyCECP](#).

CECP Leads: Jinny Jeong, Carmen Perez

Speakers: Maha Eltobgy, Head of Shaping the Future of Investing; Member of the Executive Committee, World Economic Forum and Lucy Godshall, Senior Manager Climate Change and Sustainability Services, EY

Companies in Attendance: Ally Financial; Capital One Financial Corporation; Macquarie Global Services (USA) LLC; NRG Energy, Inc; Tata Consultancy Services; The Allstate Corporation.

Meeting Notes:

I. **Ecosystem Overview of Social Investment Measurement**

- **Background:** This is the 3rd year evolution of a measurement impact accelerate community. Last year focused heavily on the internal roi metrics (retention, loyalty, brand, etc.) and what formulas can we draw to calculate the effect of our company impact. Two years ago was about data and metrics that make it onto the operational tools that teams use, like social scorecards. Heavily based on company specifics and tech solutions (what software can be used to measure)
- **Terminology**
 - *Measurement:* collection of data, once it is collected we use it for comparison, for making management decisions, and for sharing it out and reporting, both in a CSR report or in smaller updates. The all-encompassing term that most M&E falls under
 - *Evaluation:* studying to determine what the result might be. Is the effect that we intend to happen actually happening? Are the unintended results?
- **Examples of 2020 Trends/Changes**
 - YourCause: If employees are taking part in social justice, what does that look like for people who collect data. In the past volunteering was a defined thing, companies are flexing and expanding definitions of volunteering, but also tagging them to be able to break out traditional volunteering, social justice actions(or other non-traditional volunteering)
 - Benevity: expansion of service activities to encompass “acts of kindness” or other non-traditional actions, data then reflects the higher participation.
- **Indicator Considerations**
 - Constant push and pull of reassessing KPIs happens throughout companies. Often KPIs are tracked historically and consistently, but don’t have a strong correlation with the desired outcomes and strategy.

- CPI (customer performance indicator): are your metrics responsive to your customer? Who is the customer in your work? The nonprofit partner, community participant, etc. Do they feel that success is occurring
- Changing data privacy will influence S in ESG reporting
 - Companies can play a role in making sure that human rights are front of mind as data privacy changes
 - S in ESG metrics are often data that people don't want to share (demographics, health, etc.)
- **Insights from CECP's *Giving in Numbers* Research**
 - In line with past trends for a three-year period, the **percentage of companies measuring the social outcomes of their programs increased**, from 93% in 2017 to 94% in 2019.
 - Two out of three companies reported using a dashboard/scorecard of metrics to manage achievement of strategies.
 - Forty-four percent of companies reported that, in 2019, ESG-related Key Performance Indicators and/or metrics were requested by a colleague internally in preparation for quarterly earnings calls.
 - Two out of three companies consider the investor perspective when reporting on social results in the company's sustainability report.
 - A similar proportion of companies measure the business value of community investments through employee metrics (40%) and brand/customer metrics (38%).
 - Increasing employee engagement score was the most important employee benefit of community investments (see slide).
 - Improving reputation or trust score was the most important customer or brand benefit of community investments.
 - Collaboration: Levering data from other teams or sources—such as an existing employee survey or an external company-wide brand assessment—was the most common method for measuring the business value of community investments.
 - CECP saw an increase in the percentage of corporate citizenship teams providing ESG information to investors, focusing heavily on dollars of community social investments, environmental metrics, and signature programs/focus area metrics

II. Guest Speakers

- Maha Eltobgy, Head of Shaping the Future of Investing; Member of the Executive Committee, World Economic Forum
- Lucy Godshall, Senior Manager Climate Change and Sustainability Services, EY
- **Research Background**
 - [Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation Report](#) (released September 2020)

- World economic Forum with Deloitte, EY, KPMG and PWC launched Measuring Stakeholder Capitalism report
- Goal was to develop a proposal of how to measure contributions to the SDGs and long-term value creation on a consistent and comparable basis
- Has grown to a set of 21 core metrics and 34 expanded metrics and disclosures to report progress towards economic, environmental, and social objectives
- **Phase 1: Identifying the Metrics**
 - Began with the SDGs as the guiding areas to create 4 pillars: Principles of Governance, Planet, People, and Prosperity (Mirror the ESG with prosperity adding a bit more to that)
 - Teams identified sub themes with 3-5 themes identified for each pillar. All metrics were aligned with existing standards/disclosures (e.g. SASB, GRI, TCFD, etc.)
 - The metrics/disclosures were prioritized based on **4 criteria**: Consistency; Materiality; Universality; and Feasibility of reporting
 - **Core Metrics**: Well-established, mostly quantitative, easily obtainable, and focus on activities within an org's own boundaries
 - **Expanded Metrics**: more advanced way of measuring, less well established, wider value chain scope, and more impact oriented
- **Phase 2: Open Consultation Process**
 - Socialization: Gathered feedback from surveys, one-on-one meetings, and workshops. Conducted 140+ surveys, 3 industry-specific workshops, 60+ investors engaged
 - Market Testing: Feedback on feasibility of companies adopting and reporting the core and expanded metrics
 - Systematization: Feedback from other ecosystem players with the objective of showing how this can accelerate progress
- **Summary Feedback: Corporate Survey Responses**
 - 86% agree that reporting on a set of universal, industry-agnostic ESG metrics would be useful
 - 91% agree that reporting on a set of universal, industry-agnostic ESG metrics is useful for the financial markets and the economy
 - 66% are willing/able to report on their core metrics in their mainstream annual report

Deep Dive: People and Prosperity

- **People: SDGs 1,3,4,8,10**: ending hunger and ensure all human beings can fulfill their potential in dignity and equality and in a healthy environment
 - The business case for measuring and disclosing information on company's contribution to engaged, healthy, people across the value chain is linked to financial and non-financial value that is critical for business performance, competitive advantage, mitigating risk, maintaining license to operate, and strengthening stakeholder relations.
 - Core metrics
 - Diversity and Inclusion

- Pay equity
- Wage level
- Child labor
- Health and safety
- Training
- Expanded metrics
 - Pay gap
 - Discrimination and harassment
 - Collective bargaining
 - Living wage
 - Human rights review
 - Monetized impacts of work-related incidents
 - Well-being
 - # unfilled “skilled” positions
 - Monetized impacts of training
- **Prosperity: SDGs 1,8,9,10:** ensure human beings can enjoy prosperous fulfilling lives and that economic, social, and technological progress occurs in harmony with nature
 - By measuring and reporting on prosperity more holistically, companies and stakeholders can become better informed to protect and enhance assets that contribute to long-term value creation even when there is not yet a direct link to financial performance
 - Core Metrics
 - Employment #s
 - Economic contribution
 - Financial investments
 - R&D expenses
 - Expanded Metrics
 - Infrastructure investments
 - Indirect economic impacts
 - Social value generated
 - Vitality index
 - Total Social Investment
 - Additional tax remitted
 - Total and additional tax breakdown by country

Next meeting will be held Tuesday 12/8/20, 2:00-3:30pmET, *Action Plans & Company Presentations*. Please come prepared to share examples of current measurement approaches and challenges.