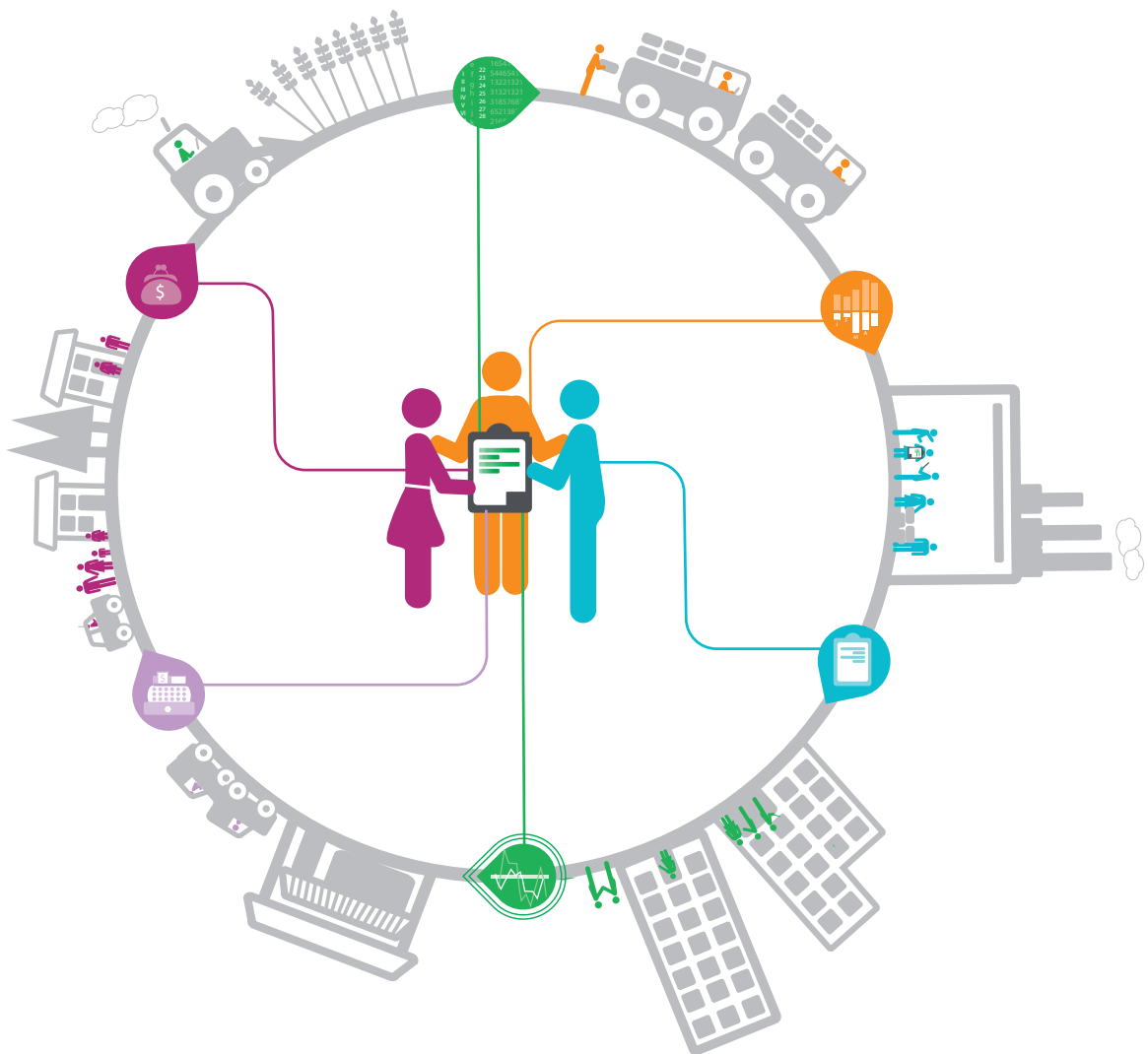


# Social Capital in Decision-Making

How social information drives value creation



Measuring social impacts and dependencies for better business



wbcds redefining value





# FOREWORD



Peter Bakker

The WBCSD and KPMG share a fundamental belief: that there is a vital connection between the creation of value for business and for society. Both the council's *Redefining Value* program and KPMG's *New Vision of Value* are rooted in the belief that, in order to do well in today's business environment, companies have to measure, understand, and proactively manage the value they create, or reduce, for society as well as for shareholders. In other words, business can no longer afford to focus only on its returns on financial capital. We need to manage the returns on financial, natural, and social capital in a balanced way with a view to future-proofing our companies and our economies. This is echoed in the global agenda as the new Sustainable Development Goals call for worldwide action from business, alongside governments and civil society, to ensure a life of dignity and opportunity for all and to put the world on a sustainable path.

Business is not used to thinking this way. New perspectives, new definitions and new tools are needed to facilitate a shift. While the practice of understanding, measuring and managing natural capital is gaining traction, a consolidated understanding of social capital – the resources and relationships provided by people and society – is in its infancy.

With this paper, the WBCSD and KPMG aim to lay the foundations business practitioners need in order to integrate social capital into their thinking and actions. Through the course of this study we have gained insights from forward-looking companies and partners who are already tackling this challenge, with a view to better understanding the connection between social capital and business value creation. The results put the decision-maker at the heart of the issue and illustrate how appropriate social capital information can drive business value by enabling better decision-making.



Simon Collins

The findings of this study provide the initial building blocks required for the ongoing development of the Social Capital Protocol: a collaborative initiative to produce a harmonized approach for businesses to measure and value their interactions with society that will bring greater rigor and consistency to companies' efforts in this space. As the Social Capital Protocol is developed and adopted, companies will increasingly be able to use social capital information to improve business decision-making and enhance performance.

Although we are at the beginning of this transformative journey, we believe that the contents of this paper are already valuable in their own right. We hope that the new language, concepts and guidance that follow will help to empower companies to start their own journeys towards integrating social capital performance into their decisions and actions, for the benefit of both their businesses and the societies in which they operate.

Peter Bakker  
President & CEO, WBCSD

Simon Collins  
Chairman and Senior Partner, KPMG LLP (UK)  
WBCSD Council Member for KPMG



# INTRODUCTION

## The motivations for this study

In June 2015, the World Business Council for Sustainable Development (WBCSD) launched *Towards a Social Capital Protocol: A Call for Collaboration* – initiating the development of a harmonized approach for businesses to measure and value their interactions with society. The publication outlines the need for action, introduces the Council's use of the term social capital, and identifies the components needed within a Protocol. It highlights the significant advances companies are making in the field of measurement and valuation, featuring examples from several members of the Council.

Starting the journey towards this harmonized approach requires a new, more integrated way of thinking about how business impacts and depends upon people and society. This paper aims to lay the foundations for the development of the Social Capital Protocol by bringing the concept of social capital to life and clarifying the value of social capital information for business decision-making.

## A collaborative effort

Within this paper, produced in collaboration between the WBCSD and KPMG, we have drawn upon in-depth conversations and close collaboration with 20 WBCSD member companies who are actively working on the measurement and valuation of social capital.

In addition, two WBCSD Global Network partners from Brazil and the Netherlands interviewed and worked closely with 10 of their member companies to contribute to the overall analysis.



## This is just the beginning of the journey

To find out more about the ongoing collaborative development of the Social Capital Protocol, download our publications and gain updates activities and plans, visit us at

<http://www.wbcSD.org/SocialCapital.aspx>

### Insights in the pages that follow

#### Section 1

Introduces the concept of social capital and makes the connection between social capital and business value.

#### Section 2

Takes the perspective of the decision-maker to illustrate how social capital information can be used to understand, demonstrate and manage business performance.

#### Section 3

Draws on the experiences of pioneering companies to illustrate how measuring and valuing social capital is already informing the decisions and actions of their stakeholders, leadership and managers.

#### Section 4

Provides pragmatic guidance to help companies ensure their measurement and valuation efforts are contributing to better decision-making and driving value creation for both society and the business.

#### Section 5

Explains how the insights shared here will lay the conceptual foundations for the Social Capital Protocol as a basis for moving towards a harmonized approach to social capital measurement and management.

### Concepts that you will encounter throughout this paper

<b>Social capital</b>	resources and relationships provided by people and society
<b>Social capital dependencies</b>	human and social resources and relationships that are needed by business in order to deliver value
<b>Social capital impacts</b>	positive and negative effects that businesses have on people and society through their operations and supply chains, and through the products and services they provide
<b>Business value-drivers</b>	mechanisms through which social capital drives business performance improvement and value-creation
<b>Measurement</b>	the collection of qualitative or quantitative data
<b>Valuation</b>	the practice of attributing a common value to a diverse set of measures, in order to compare or aggregate them

# 1. Social capital and why it matters

At the WBCSD and at KPMG, we see a common need emerging in the questions we receive from member companies and clients. Human resources professionals are asking how to cultivate their talent pool. Community investment managers are asking how to build local relationships and support local development. Procurement managers are trying to influence the social performance of their suppliers. Product development, sales and marketing teams are working to create greater value for customers and to drive loyalty and growth in the marketplace. Business leaders – up to the executive leadership and board of directors – want to understand the social value created by their companies and the risks and opportunities of social performance.

All of these individuals are effectively asking the same thing. They are asking how they can secure and grow the important resources and relationships they depend on from people and society. The WBCSD refers to these resources as 'social capital'.

## WHAT DO WE MEAN BY SOCIAL CAPITAL <sup>1</sup>

A broad variety of concepts are currently being used to describe the interactions between business and society. The WBCSD is using 'social capital', to refer to the resources and relationships provided by people and society. This encompasses human capital (people's skills, knowledge and wellbeing), social capital (societies' shared values, norms and institutions) and relationship capital (connections and networks).

Together, these resources need to be maintained and enhanced to make society more cohesive and resilient, and to make business more successful.

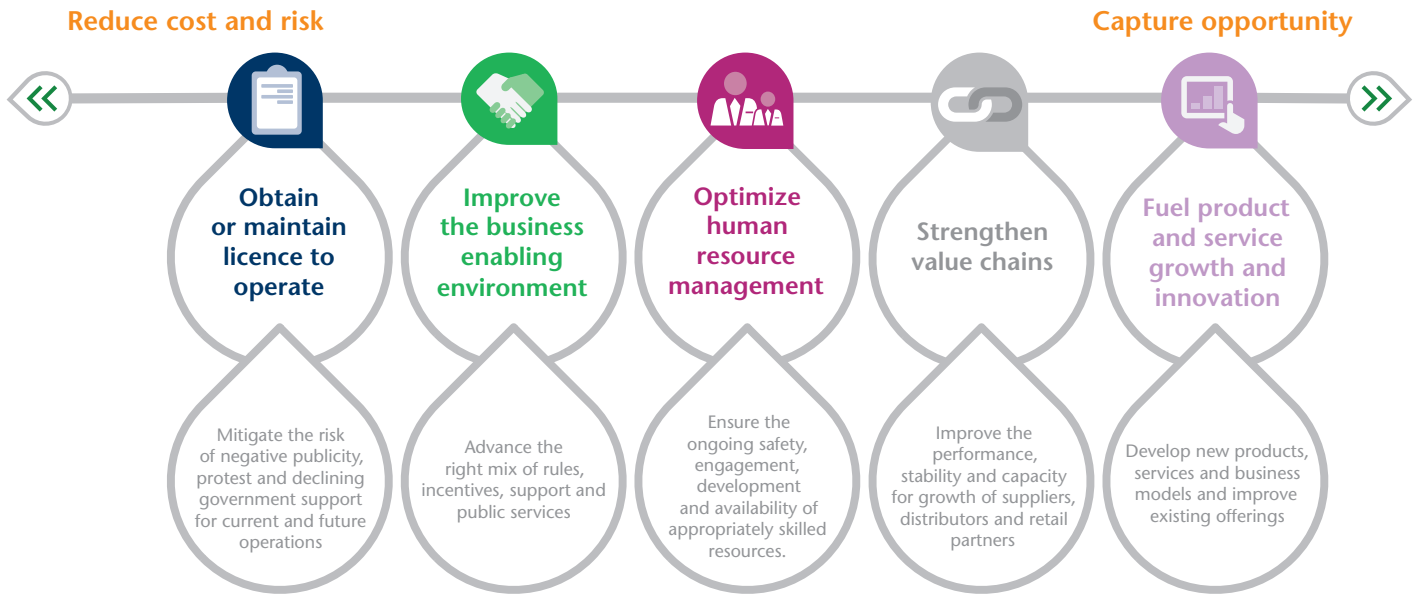
Combining these concepts into a single term facilitates the consideration of the stocks and flows of social capital alongside financial and natural capital. Critically, this definition goes beyond the measurement of social impact to also consider the ways in which business depends on people and society. This will help companies to understand how social capital relates to their business drivers and how its effective management underpins sustainable performance.

As this work progresses, we will continue to develop the concept of social capital for practical use by companies and their stakeholders.

1. Adapted from Towards a Social Capital Protocol: A call for collaboration:  
[www.wbcd.org/socialcapital.aspx](http://www.wbcd.org/socialcapital.aspx).

Through conversations with members, we have found that social capital affects business performance through five primary value drivers, as illustrated in Figure 1. Within each of these 5 areas, the management of social capital impacts upon business performance by reducing cost and risk, improving efficiency or capturing opportunity.

Figure 1: The business value-drivers for social capital measurement and management



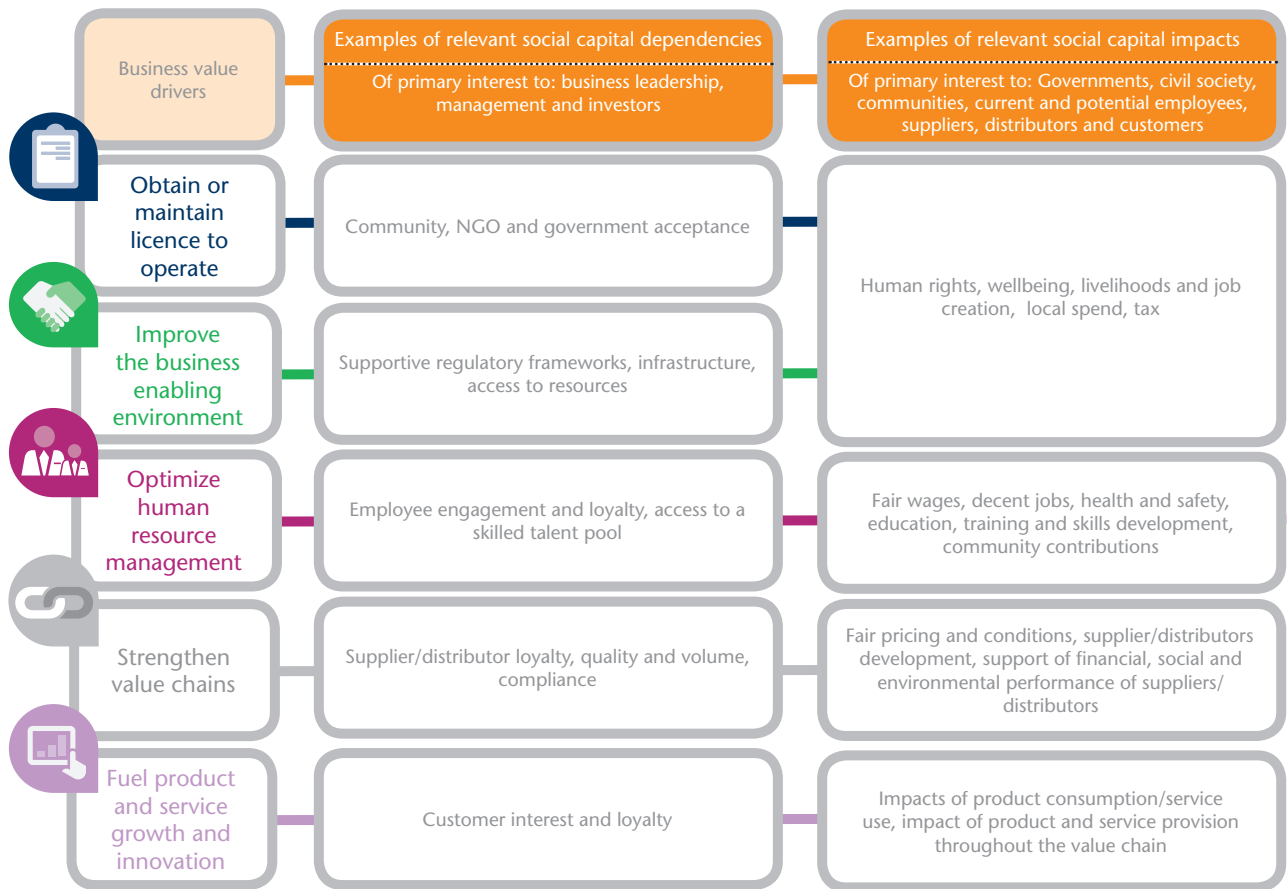
To contribute to each of these five value drivers, business is seeking to improve two distinct but related types of social capital:

**1 Social capital dependencies** – the human and social resources and relationships that are needed by business in order to deliver value. These can directly impact a company’s ability to operate and grow, and are of primary interest to business leaders and managers, as well as investors.

**2 Social capital impacts** – the positive and negative effects that businesses have on people and society through their operations and supply chains, and through the products and services they provide. These drive business value indirectly by influencing the perceptions, decisions and actions of a company’s external stakeholders such as governments, policy makers, civil society, communities, customers, suppliers and distributors, and current or potential employees. These stakeholders are often responsible for availability and access to a company’s social capital dependencies.

Figure 2 provides examples of social capital impacts and dependencies that can affect each of the business value drivers.

Figure 2: How social capital impacts and dependencies drive business value



Note: this table is illustrative and is not intended to be exhaustive

## WHAT DO WE MEAN BY MEASUREMENT AND VALUATION?

### Measurement:

By measurement we mean the collection of *qualitative* or *quantitative* data. For some audiences, efforts may not need to go beyond measurement – KPIs describing a situation or results may provide sufficient information to inform communications and steer decisions.

### Valuation:

Valuation is the practice of attributing a common value to a diverse set of measures, in order to compare or aggregate them. We see companies using two main types of valuation:

- Scoring and rating systems – the practice of attributing scores or scales to social capital performance, e.g. Corporate or portfolio level rating systems and product life cycle scoring systems.
- Monetization – the practice of attributing a monetary value to social capital performance. This can be used to inform analysis such as Social Return on Investment (SROI) ratios and social profit and loss accounts.



## 2. Using social capital information: the decision-maker's perspective

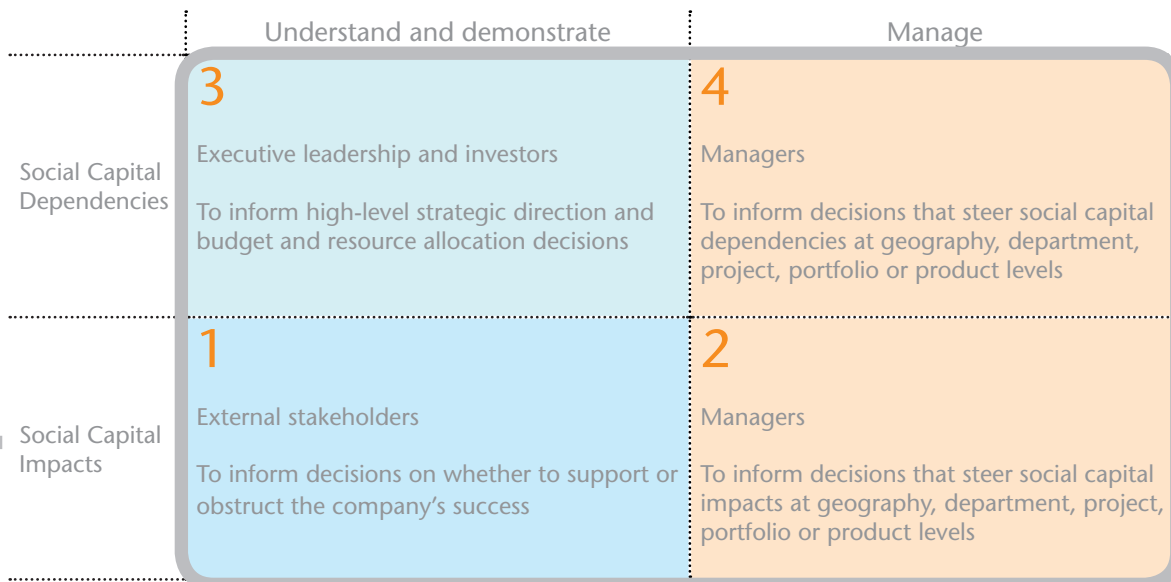
Within WBCSD, we see the use of social capital information for decision-making as a critical prerequisite for driving value for both business and society. Internal and external stakeholders with an interest in a company's social capital impacts and dependencies are key decision-makers whose chosen course of action can have a significant influence on a company's success. Providing these decision-makers with the right information is essential in order to integrate relevant social considerations into business thinking and action.

In conversations with WBCSD members, we have found that the selection of measurement and valuation approaches by leading companies is rooted in the perspectives and interests of these internal and external decision-makers – and we have seen a pattern emerging.

In a simplified form, social capital information is being used by key internal and external decision-makers in order to:

- Understand and demonstrate a company's social capital impacts and/or dependencies.
- Manage a company's social capital impacts and/or dependencies.

Figure 3: Primary decision-makers and how they are using social capital information








Taking the perspectives and interests of the decision-maker into consideration can provide a structure by which to identify the most appropriate measurement and valuation techniques.

# 1 Understand and demonstrate social capital impacts

The majority of companies we spoke with began their social capital measurement journey by building an initial perspective of how a company interacts with society and identifying important areas for a company and its stakeholders to consider. The information is primarily used to influence the perceptions and actions of external stakeholders such as governments, civil society, communities, current and potential employees, suppliers, distributors, consumers and customers. For example, whether it is a legal obligation or not, information about the social capital impacts of a company can help governments decide whether to grant permits, provide supportive policies, or invest in complementary infrastructure.

**Measurement:** Companies are gathering rigorous qualitative and quantitative KPIs to influence the decisions of external stakeholders.

**Valuation:** Rating systems are used to aggregate the KPIs gathered and demonstrate overall performance, for example through corporate level scorecards. Some companies are beginning to monetize these impacts to demonstrate economic contributions or social return on investment, but this is not yet common practice.






Value Driver:	Key decision-makers	Illustrative decisions
 Obtain or maintain licence to operate	Government authorities Communities and NGOs	Whether to grant permits or access to resources Whether to accept or protest against the company's presence
 Improve the business enabling environment	Policy-makers	How to design regulatory reforms and taxation mechanisms; Whether to invest in infrastructure and what kind
 Optimize human resource management	Current and potential employees	Whether to work or continue working for the company
 Strengthen value chains	Suppliers and distributors	Whether to supply or distribute for the company; What social performance standards to deliver
 Fuel product and service growth and innovation	Customers and consumers	Whether to buy or recommend products and services from the company

## 2 Manage social capital impacts

Many companies are now moving towards using the social capital information gathered in order to actively manage their social capital impacts in relevant areas. This lends further credibility to external communications and increases companies' control over the effects of social capital impacts on their business. Measurement is used to provide internal decision-makers at manager level with the information they need in order to ensure their activities are delivering improved social capital impacts.

**Measurement:** Qualitative and quantitative KPIs along the 'results chain' to provide leading indicators as well as long-term 'impact' indicators.<sup>2</sup>

**Valuation:** Rating systems or performance scorecards are being used to understand and compare performance at country or product portfolio levels.

Value Driver:	Key decision-makers	Illustrative decisions
 Obtain or maintain licence to operate	Country or regional managers, external relations, corporate social responsibility	How much to source locally; How many local people to employ; Where to focus social or community investment programs
 Improve the business enabling environment		
 Optimize human resource management	Human resource management	How best to design HR policies e.g. health and safety, salaries and wages or training; How to develop and source the best talent; Whether and how to create and staff local jobs
 Strengthen value chains	Procurement and sales	Whether or not to procure from suppliers; How and to what extent to develop local suppliers / distributors; What are appropriate pricing models
 Fuel product and service growth and innovation	Business development, strategy, product development, marketing	How to develop inclusive business models; How to drive social innovation; How to drive the social performance of product portfolios; What are appropriate pricing models

### Veolia – Understanding, demonstrating and managing social capital impacts

**1. Understanding and demonstrating social capital impacts** - Veolia UK has worked in collaboration with its government client, Southwark Council in London, to conduct an SROI analysis on their contract. The results are helping them shift perception amongst their local government clients towards considering social value for money rather than the lowest possible cost.

**2. Managing social capital impacts** - Veolia UK is now applying the KPIs used to generate an SROI calculation with bid development and contract managers to appraise and demonstrate the social value of potential projects, and to steer social value improvement activities within current projects.

**Relevant social impacts:** employment levels, skills development, social services, crime levels

**Measurement and valuation approaches:** Measurement – KPIs used by managers and as a basis for SROI calculation; Valuation – Monetization and a return on investment ratio using SROI analysis






2. For an explanation of the results chain, see section 2 of Measuring socioeconomic impact: a guide for business. <http://www.wbcsd.org/Pages/EDocument/EDocumentDetails.aspx?ID=15357&NoSearchContextKey=true>.

### 3 Understand and demonstrate social capital dependencies

Demonstrating social capital dependencies to business leaders and investors can help them to understand the motivation and justification for investing in sustainability activities. Appropriate measurement and valuation can help business leaders to assess risk and opportunities and decide how much resources to allocate to managing them. This is an area that is still relatively unexplored by companies, but some examples are emerging.

**Measurement:** Qualitative and quantitative KPIs representing operational and financial performance related to social capital

**Valuation:** Companies are using rating systems connected to risk management, but are increasingly investigating the use of monetization approaches to facilitate comparisons across natural, social and financial capital.






Value Driver:	Key decision-makers	Illustrative decisions
 Obtain or maintain licence to operate	Business leadership, including the board and C-suite	Budget allocation for; Appropriate strategic responses to in-country risks and opportunities
 Improve the business enabling environment		How much budget to allocate to employee and talent pool development; Appropriate strategic responses to challenges in local content requirements or meeting skills gaps
 Optimize human resource management		How much budget to allocate to inclusive business and social innovation initiatives; Appropriate strategic responses to challenges and opportunities in supply chains, new market entry, and market growth.
 Strengthen value chains		
 Fuel product and service growth and innovation		

### 4 Manage social capital dependencies

As the connection between social capital and business value is increasingly understood, leading companies are actively working to secure and enhance the resources they depend upon from people and society to consistently improve business value.

**Measurement:** Qualitative and quantitative KPIs representing operational and financial performance related to social capital

**Valuation:** Not generally applied, but many operational indicators are already monetary figures facilitating easy integration. In some cases companies are using scorecards compiling social and financial performance.

Value Driver:	Key decision-makers	Illustrative decisions
 Obtain or maintain licence to operate	Country and regional managers, external relations and corporate responsibility teams, human resource managers	Selecting plant or operational locations; How to enter or grow in new markets; which social programs to continue or scale; How to manage local sourcing and resourcing; How to reduce the time and cost of social or regulatory disruptions
 Improve the business enabling environment		
 Optimize human resource management	Human resource managers	Selecting which employee programs to continue and how to improve or scale their performance; How to manage local sourcing and resourcing; How to improve loyalty and skills
 Strengthen value chains	Procurement, marketing and sales managers	Supplier and distributor selection and acceptance; selecting and improving supplier and distributor programs; How to increase quality and capabilities of local suppliers and distributors; How to reduce transaction times and costs
 Fuel product and service growth and innovation	Business development and strategy teams, product development, marketing	Developing local markets; Developing inclusive and social business; Stimulating and managing innovation; Portfolio development decisions

### Masisa – Understanding, demonstrating and managing social capital dependencies

**3. Understanding and demonstrating social capital dependencies** - Masisa is using monetized social and environmental performance within its company balanced scorecard. The scorecard considered both the financial value to the company, and the value for people and the environment in five core areas. It is used by the company's executive leadership and board members to understand both the impact of their inclusive business initiatives and to measure social capital dependencies.

**4. Managing social capital dependencies** - Masisa is also using non-monetized country-level scorecards where national managers are encouraged to balance social, environmental and financial performance. The results guide commercial decisions where managers have to demonstrate both social impacts and increased value for the business.

**Relevant social impacts and dependencies:** employee engagement, occupational safety, distributor incomes, sales volumes

**Measurement and valuation approaches:** Measurement – KPIs used at national level to balance social, environmental and financial performance; Valuation – monetization of results presented in corporate balanced scorecard alongside financial performance

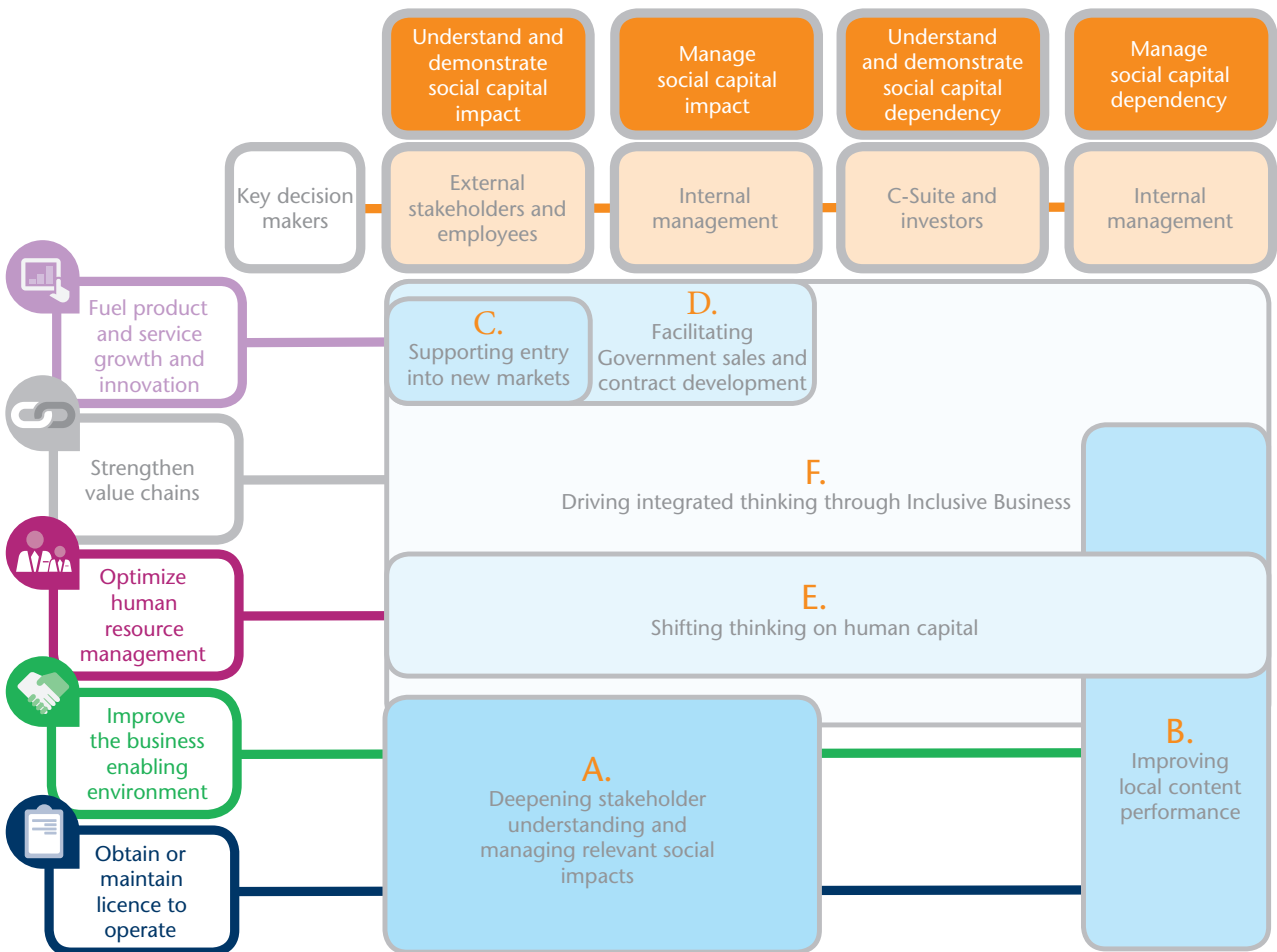
# 3. Current practice: social capital information in decision-making

The previous sections explain that companies are applying specific approaches to measurement and valuation based on their value drivers and the perspective of the decision-makers they are targeting.

In this section, we share some insights into how this pattern is playing out in current practice. Based on the interviews we have carried out with WBCSD member companies, we have seen clusters of examples of companies using social capital information for specific purposes. These are explained in the text that follows.

These examples are not exhaustive, but in combination they provide insight into the possible applications of measurement and valuation approaches and how they are evolving. In particular, they highlight how companies are moving beyond using social information for external influence and communication, towards integrating it within the internal thinking and decision-making of their organizations. All participating companies shared one thing in common - they highlighted that they are at the beginning of a longer journey and are all continuing to work on improving their measurement and valuation approaches.

Figure 4: Current applications of social capital measurement to understand and manage impacts and dependencies



## A. Deepening stakeholder understanding and managing relevant social impacts

Understanding and demonstrating social capital impacts for external stakeholders remains the starting point for many measurement and valuation initiatives, however we are seeing companies moving on from their initial analysis to apply their findings in internal decision-making. Studies which highlight how government and community priorities intersect with the activities of a company can be used to guide impact improvement activities, inform discussions and enhance the company's relationships and reputation. This is particularly effective in situations where government ambitions are clear or when the company has been provided with a clear framework.

### Business value drivers:

Obtain or maintain license to operate; improve the business enabling environment

### Information users and decision-makers:

**Understand and demonstrate social capital impacts** – government, media, customers, general public, employees;

**Manage social capital impacts** – national level leadership, project managers

### Relevant social impacts:

Economic growth, job creation, skills development, local spend, tax, social services development, enterprise development, inclusion, anti-corruption, transparency

### Measurement and valuation approaches:

**Valuation** – corporate scorecard with three levels reflecting performance against stakeholder expectations: 'mostly positive', 'positive and negative' and 'mostly negative'.

**Measurement** – quantitative KPIs to measure impact and compare with industry competitors. These are also used by management to develop responses to improve impacts.

### Relevant social impacts:

Access to energy, community relations, socioeconomic development and local content, infrastructure development, community health, instruction and education, culture, professional training/coaching

### Measurement and valuation approaches:

**Measurement** – KPIs which provide a clear picture of the initial situation in communities in question, monitor progress and assess impact. Total amount of community investment by subject and geographical area.

## ArcelorMittal

ArcelorMittal South Africa released their first Factor Report<sup>3</sup> in 2014 demonstrating their contributions to the National Development Plan. Using the WBCSD's Measuring Impact Framework as a template, the report measures the company's social impacts and where possible relates them to industry benchmarks and government priorities. Using a scorecard approach it evaluates these impacts. This has enabled management to make more informed decisions by devising action plans to improve performance in priority areas. The company also uses the data to demonstrate its social capital impacts to its stakeholders, through both its integrated report, and reports to national and local government.

## ENI

Globally, Eni promotes and implements development projects aimed at ensuring autonomous, lasting and sustainable community development in all of the territories in which it operates. In 2014, 67.4 million euros were invested in community projects (community investment), as established through agreements or conventions with local stakeholders. The projects are implemented jointly with stakeholders and are planned and managed through a transparent and interactive process, providing systems to monitor and evaluate the effectiveness and results of the projects. In order to better evaluate the effectiveness of those initiatives, the company has entered a strategic partnership with the Earth Institute at Columbia University to establish a monitoring and evaluation system to assist in project planning and management<sup>4</sup>.

3. See <http://southafrica.arcelormittal.com/Portals/0/Factor-report-final-final-26-Jun.pdf>

4. See page 61 of Eni for: [http://www.eni.com/en\\_IT/attachments/sostenibilita/pdf/enifor\\_2014\\_eng.pdf](http://www.eni.com/en_IT/attachments/sostenibilita/pdf/enifor_2014_eng.pdf)

## Siemens

**Relevant social impacts:**

Economic contribution, local skills and talent, innovation, quality of life, inclusion

**Measurement and valuation approaches:**

*Measurement* – quantitative KPIs.

*Valuation* – corporate scorecard combining monetized information with quantitative KPIs

Siemens has been working on the development of a scorecard which demonstrates their contribution to sustainable development in South Africa, based on the government's national priorities. While the aim of the initial study is to demonstrate the company's impact, the leadership team is now selecting a number of key strategic points to monitor more closely in order to inform strategic decision-making. Siemens is also working on developing a project level approach which will help project managers define, measure, benchmark and address what matters to the company and society<sup>5</sup>.

## B. Improving local content performance

Where companies have large operations, license to operate can be highly dependent upon local content requirements – the obligation to include local workers, suppliers and distributors in the company's value chain. Companies are using measurement and valuation approaches to ensure the implementation of a local content strategy strengthens both the local economy and the company's performance.

**Business value drivers:**

Obtain or maintain license to operate; improve the business enabling environment; optimize human resource management; strengthen value chains.

**Information users and decision-makers:**

*Manage social capital dependencies* – local community investment managers; human resource and procurement managers; social performance and community engagement staff. Where investments are significant, Global Business Unit Presidents and top management can be involved.

**Relevant social dependencies:**

Local market maturity and health, procurement performance including cost and time to market

**Measurement and valuation approaches:**

*Measurement* – KPI's related to procurement needs e.g. volume, quality, cost, time to market etc.

*Valuation* – percentage of total local content spend by geography; risk assessment

ENI measures its overall levels of local procurement and suppliers used by geography, and values this as a percentage of overall spend. In 2014, 31,555 suppliers worked with Eni worldwide. The overall share of goods and services procured from local markets amounted to 58%, equal to around 25 billion euro. In 2013, guidelines on local content management were added to the Procurement Management System Guideline. Each subsidiary now develops its own goals, principles and plan, taking into account an analysis of the local market, risk assessment, and the availability and capacity of local companies to respond to the sector needs. This information is used to identify and implement improvement actions in order to achieve the required standards<sup>6</sup>.

## ENI

5. See <http://www.siemens.com/about/sustainability/en/index.php>  
<http://www.siemens.co.za/business-to-society/>

6. See from page 61 onwards of Eni for 2014: [http://www.eni.com/en\\_IT/attachments/sostenibilita/pdf/enifor\\_2014\\_eng.pdf](http://www.eni.com/en_IT/attachments/sostenibilita/pdf/enifor_2014_eng.pdf)



## Shell

### Relevant social dependencies:

Community engagement

### Measurement and valuation approaches:

*Measurement* – qualitative information on community complaints; total investment in community initiatives and local content

To support its license to operate, Shell employs a strategy that involves engaging stakeholders, managing impacts and providing local benefits. As part of the stakeholder engagement process, Shell instituted a requirement that ventures have an operational-level grievance mechanism in order to identify, prioritize and take action on community concerns and complaints. Complaints data showed that in many locations, communities are most interested in job creation and economic opportunities but often don't have access to information on how and what Shell contributes. Community members also want to have a say in how these benefits are apportioned. Shell is using these data to better allocate resources and is also working on ways to improve reporting on community level and national-level spend and local content.

## Solvay

### Relevant social dependencies:

Support from local authorities, engagement with partners and (potential) employees, acceptance from local communities

### Measurement and valuation approaches:

*Measurement* – quantitative indicators such as engagement indexes and employee turnover rates.

*Valuation* – aggregated using group tools, and collaborative analysis to result in agreement on the score and position of the plant

Solvay is leveraging social capital information for a broad range of decisions related to their dependency on local stakeholders. For example, when deciding on a new plant location, it is critical for Solvay to assure support from local authorities, local partners and (potential) employees, as well as acceptance from local communities. In decisions on building new plants, information on the quality of local stakeholder relationships and the local workforce is used to understand whether the location is viable. Once the plant is established, 'The Solvay Way' provides a framework for the plant manager to assess, benchmark, and improve the site's sustainability performance with respect to its stakeholders. Its application ensures that stakeholder relations are continuously monitored so that issues which could result in operational disruptions are made visible and managed early.

## C. Supporting entry into new markets

Governments are often the initial gatekeepers for new market entry. While social capital impact studies can help companies to hold informed discussions on the social license to operate and structuring a suitable policy environment in new markets, they can also inform the development and growth of new products and services by helping to understand the market and inform new local stakeholders.

### Business value drivers:

Obtain or maintain license to operate; improve the business enabling environment (secondary); Fuel product and service growth and innovation

### Information users and decision-makers:

Understand and demonstrate social capital impacts – government, institutional customers, individual customers.

## SCA

### Relevant social impacts:

Quality of life, job creation, education, health risks

### Measurement and valuation approaches:

*Valuation* - monetization of social value created in terms of quality of life and socio-economic impact.

SCA conducted a study to demonstrate the reach and overall societal value contributed by SCA incontinence care initiatives and local partnerships (valued at USD 44 million) with the aim of informing decisions by government authorities and policy-makers in this new priority market. The results from the study further serve the purpose of informing purchasing decisions of new clients, both at local hospitals and individuals at home, by providing relevant information on improved economic and social wellbeing

### Relevant social impacts:

Road accidents, loss of farmer's income

### Measurement and valuation approaches:

*Measurement* – currently using KPIs.

*Valuation* – eventually aim to apply monetization

Sompo Japan Nipponkoa is working on measurement and valuation approaches to ensure its products in new markets fulfil a key social need. For example, the company is partnering with Save the Children Japan to create educational curriculums for road safety in Indonesia<sup>7</sup>, and is working on Weather Index Insurance for farmers in Thailand and Myanmar<sup>8</sup>. In both cases, the measurement results help to gain the license to operate and negotiate favorable policies, but they also raise awareness and build knowledge within these new markets.

## Sompo Japan Nipponkoa

7 See [http://www.sjnk.co.jp/-/media/SJNK/files/english/news/sjnk/2014/e\\_20141010\\_1.pdf](http://www.sjnk.co.jp/-/media/SJNK/files/english/news/sjnk/2014/e_20141010_1.pdf)

8. See [http://www.sompo-hd.com/-/media/hd/en/files/news/2015/e\\_20150731\\_1.pdf?\\_ga=1.45139494.32c639732.1428021077](http://www.sompo-hd.com/-/media/hd/en/files/news/2015/e_20150731_1.pdf?_ga=1.45139494.32c639732.1428021077)

## D. Facilitating government sales and contract development

The examples from SCA and Sampo Japan Nipponkoa illustrate that governments can be important decision-makers when it comes to product sales and innovative service solutions. This is even more pronounced when the government is the customer. In the UK in particular, the Social Value Act is driving companies to apply monetization techniques to understand and improve their performance in government contracts. The example from Veolia, featured on page 11 of this study also illustrates this point.

### Business value drivers:

Obtain and maintain license to operate; Improve the business enabling environment (secondary); Fuel product and service growth and innovation

### Information users and decision-makers:

**Understand and demonstrate social capital impacts** – government clients, general public, employees;  
**Manage social capital impacts** – bid and contract managers, social innovation initiative managers, resource allocation managers

### Relevant social impacts:

Dependent on social initiative – current examples include skills development, access to healthcare, access to ICT, opportunities for women

### Measurement and valuation approaches:

**Measurement** – currently measurement of KPIs.

**Valuation** – ambition to move towards valuation – in particular monetization of social impacts

## Fujitsu

Fujitsu is working on social impact measurement and valuation in connection with their commitment to social innovation - that one fourth of new frontier investments will be in businesses in healthcare, transportation, agriculture and other fields. This is a challenge as their customers are primarily businesses and government agencies. Currently, Fujitsu is conducting social business development by utilizing ICT in South East Asia with the support of the Japanese government and an international organization, but the company intends to use social impact measurement in order to bring social business towards a commercial stage. Findings will be used to improve their reputation, drive market growth, and for management in each phase of the business model. Social impact information could also help to decide how to direct resources to social innovation projects.

## Siemens

Siemens UK is working in collaboration with their customer to value the social impact of a wind farm project along its entire value chain and life-cycle. The results are intended to inform conversations with clients and communities to help demonstrate the social value of an on-shore wind farm project to ultimately improve opinions of the industry. With an improved understanding of the social value of selecting a UK supplier, customers are beginning to be willing to value the traditional non-financial impacts. Siemens is also able to design and demonstrate the social value of the core project without the requirement for additional social programs. Siemens intends to use this study as a test case to develop a standard methodology for project level impact analysis<sup>9</sup>.

### Relevant social impacts and dependencies:

Employee skills, engagement and performance

### Measurement and valuation approaches:

**Measurement** – monetized impact of projects.

9. See <http://www.siemens.com/about/sustainability/en/index.php>

## E. Shifting thinking on human capital

Human capital is essential to all companies, but it is generally measured as a cost rather than as an asset, impact or dependency. Human capital intensive companies are beginning to look at how shifting their perspective might lead to better decisions for the company and its employees.

### Business value drivers:

Optimize human resource management; obtain license to operate; strengthen value chains

### Information users and decision-makers:

**Understand and demonstrate social capital impacts and dependencies** – executive leadership, external stakeholders, employees, and clients.

**Manage social capital impacts and dependencies** – client managers, functional leaders, training and human resource managers

## Arcadis

### Relevant social impacts and dependencies:

Engagement, loyalty, human rights, fair wages, health and safety, anti-corruption, access to skilled people; supply chain management

### Measurement and valuation approaches:

**Measurement** – KPI's e.g. Employee Engagement, Leader Engagement, Attrition, H&S Outcomes, Client feedback and input measures training hours, mobility, H&S input measures, Arcadis principles survey etc.

**Valuation** – global leadership aligned to a single balanced scorecard. Engagement, attrition, health and safety are included in current model. Values reinforced in many regions performance evaluation.

As a human capital intensive company, Arcadis is working on collecting information to help them attract, engage, retain and develop the most talented people across the world as an important route to delivering better outcomes for its clients and underpinning growth at market best price. Arcadis is investing in systems to support the application of the capabilities of its people independent of location encouraging the free-flow of knowledge, work and people to market need. This is a shift from a local orientation typical of most professional service firms. Key facilitators of this approach are the establishment of core leadership competencies linked to long and short term rewards and behavioral patterns established through the reinforcement of integrity, client focus, collaboration and sustainability shared values.

## Environmental Resources Management (ERM)

### Relevant social impacts and dependencies:

Employee skills, engagement and performance; health and safety of employees, clients, contactors, and the communities in which we operate

### Measurement and valuation approaches:

**Measurement** – quantitative and qualitative KPIs on training, recruitment, retention and diversity and health and safety.

ERM engages with a variety of external stakeholders as part of its annual materiality assessment. Two material issues identified are: attracting, retaining and developing employees, and health and safety. In response, ERM has made a significant investments in global learning and technical development programs, as well as HR Information and Safety Management systems. To track and report on performance, the company is now working on more nuanced measures of development and engagement to consider diversity of skillsets, culture, experience, ways of thinking, and styles of working; and both leading and lagging indicators of health and safety. The aim is to keep people safe and to make the most of their international resources to develop employees and meet the needs of clients<sup>10</sup>.

10. See <http://www.erm.com/sustainabilityreport2014/what-matters/goals-and-performance-metrics.html>

## EY

**Relevant social impacts and dependencies:**

Employee skills, engagement and performance

**Measurement and valuation approaches:**

*Measurement* – monetized impact of projects.

EY is currently developing an impact analysis of their client projects, to create more transparency and enable further improvement of the impact of EY's services. By using monetization as a common denominator, this analysis aims to find the most efficient levers to improve impact. In the long run, it is envisaged that such an impact assessment will be used for all large EY projects, enabling EY clients to make better integrated decisions. Recognizing that one of their key capitals is human capital and that it is the people within a professional services firm that make the difference in the market, EY performed a first study on the impact of training and education programs, comparing the effectiveness of different programs with the ultimate objective of optimizing their outcomes.

## PWC

**Relevant social impacts and dependencies:**

Employee development and engagement, development of and access to a skilled talent pool

**Measurement and valuation approaches:**

*Measurement* – Monetized human capital impacts from skills

For two years, using its Total Impact Measurement & Management (TIMM) framework<sup>11</sup>, PwC has valued the positive contribution to society from the people who receive professional skills training with them and go on to work in the economy at large. For 2014, PwC estimated that this value to be £188m from over 600 trainees who gained professional qualifications (up from £184m in 2013). This analysis combines a variety of different data points about staff into a single monetized value, making it easier to monitor and manage. PwC are now examining how they can change the way they recruit trainees from a variety of educational and social backgrounds, maximizing the business value that a diverse workforce can offer to their clients, at the same time as contributing increased social value.

11. See <http://www.pwc.co.uk/who-we-are/corporate-sustainability/valuing-our-total-impact.html>

## F. Driving integrated thinking through Inclusive Business

In inclusive business initiatives (commercially viable, scalable business models that expand access to goods, services and livelihood opportunities for the economically disadvantaged) we see measurement and valuation initiatives seeking to inform all four decision-makers perspectives including understanding, demonstrating and managing social capital impacts and dependencies. This brings to life how, ultimately, the WBCSD would like to see companies considering social and business information side-by-side. The example from Masisa, featured on page 13 of this report also illustrates this trend.

### Business value drivers:

Fuel product and service growth and innovation; Strengthen value chains; Optimize human resource management; Improve the business enabling environment

### Information users and decision-makers:

Understand and demonstrate social capital impacts and dependencies – executive leadership, board, external stakeholders, investors; Manage social capital impacts and dependencies – managing directors, national managers, sales managers, procurement managers

## SABMiller

### Relevant social impacts and dependencies:

**Impacts** – small enterprise business growth and family livelihoods; growth of female run small enterprises; better business practices and skill development; incomes; job quality; employability  
**Dependencies** – supply quality and reliability; sales and marketing quality standards; procurement costs; sales volumes

### Measurement and valuation approaches:

**Measurement** – KPIs are used for management decision-making and performance improvement. SROI calculations used in certain markets.  
**Valuation** – results aggregated in the Sustainability Assessment Matrix (SAM) reporting tool which measures key performance indicators based on five levels of performance maturity (ranging from core standard to leading edge) at regional levels.

SABMiller's sustainability ambition focuses on five shared imperatives which aim to tackle material issues for the company and society. Through the imperative 'Accelerating growth and social development', the company aims to directly support over half a million small enterprises by 2020. Each of the firm's operations is driving initiatives to deliver against this target and aligning with its commercial strategy; as with the 4E program in Latin America. As part of this commitment, SABMiller is evolving and enhancing its measurement approach to capture engagement indicators on how many and which small enterprises it engages, impact indicators on improvements in small enterprise business growth and family livelihoods, and KPIs which are designed to measure the commercial impact of its strategy.

## CEMEX

### Relevant social impacts and dependencies:

**Impacts** - access to dignified housing solutions; rate of completion of construction of homes, access to credit without prerequisites, market value of homes, job creation, local economic activities, opportunities for women, creation of new businesses;  
**Dependencies** - increased sales volumes, increased market share, increased trust and competitiveness with underserved communities; empowerment of clients and promoters

### Measurement and valuation approaches:

**Measurement** – currently using a combination of quantitative KPIs on social and economic performance as well as standard business metrics on sales volumes and margins.  
**Valuation** – currently working on valuation in order to compare and aggregate their full range of impacts.

Cemex's inclusive business initiative, Patrimonio Hoy, is a market-based solution providing low-income families living in urban and semi-urban areas with access to building materials, micro-financing, technical advice and logistical support. The measurement of the initiative focuses on understanding and communicating the benefits to the participants and their communities, as well as understanding and driving the benefits to the business. They have found that more than 470,000 clients now have dignified housing solutions, 30% of whom use the additional space for microbusinesses. With the local distributor network selling more than US\$30 million per year, understanding this unique business opportunity has opened up the BOP-Market for CEMEX, motivating more socially responsible initiatives.<sup>12</sup>

12. See <http://www.cemex.com/SustainableDevelopment/HighImpactSocialPrograms.aspx> and <http://www.cemexmexico.com/DesarrolloSustentable/PatrimonioHoy.aspx> (available only in Spanish)

## CEBDS, Brazil

CEBDS, WBCSD's Global Network partner in Brazil, interviewed eight companies on social capital and decision-making in different sectors: Chemicals, Metals, Mining, Conglomerates, Financial services, Insurance and Professional services.

In Brazil, for the majority of companies the main **business value drivers** for social capital measurement and management are risk related. Companies are focusing in particular on obtaining and maintaining **license to operate** and improving the **business-enabling environment**. For example, **Braskem** measures its social impact and relates it to its reputation - both locally and for their brand as a whole. This is constantly measured and directly feeds into their strategy. **Allianz** is growing its local reputation and business-enabling environment through their cooperation to the local NGO "Instituto Ayrton Senna", reverting part of their products revenue directly to the organization's cause.

From a **decision-makers perspective**, most companies are using social information to manage and improve their social impact. Companies currently focus on decisions around improving social investment (strategies), mainly from a risk perspective. **Alcoa** for example, conducts qualitative and quantitative analysis via an institutionalized process called the 'Community Framework' that feeds into site strategic planning and social investment decisions. **Vale** also uses qualitative and quantitative local information for decisions related to social investment and social initiatives – these decisions are discussed each 3 months by the national executive committee.

Some interviewed companies are beginning to move into more opportunity driven business value drivers. **Accenture** conducts an internal valuation of their education program, in order to build capacity and **optimize resource management**. Also **GE** is motivated to measure social capital from a resource management perspective – measurement helps them to differentiate their brand and to have a high level of employee retention. **Fueling product and service growth** and innovation is another business value driver for some companies to measure and manage social capital. **BASF** for example, is working with the Roundtable for Product Social Metrics to advance life cycle indicators and approaches for social sustainability assessments at a product level, which is also applied in Brazil. **Itaú** is routinely using valuation (often monetizing its results) to assess their impact. This information is used not just by their social investment, but also by their business areas, trying to improve or adapt their products to maximize both social value and scale.

There were three key challenges mentioned in the interviews. Firstly, the general lack of accepted definitions and methodologies in this area makes it difficult for companies to select appropriate approaches or align best practice. Secondly, as companies are not able to measure and value how important social capital is to business (social capital dependencies), it is difficult for them to justify related investments. Finally, Brazilian companies face a challenge in clarifying the responsibilities of the government and the private sector related to the social sphere. This results in a range of different expectations regarding how the companies should best relate to communities, especially those in remote areas which are not well-served by government infrastructure.

## De Groene Zaak, The Netherlands

De Groene Zaak, the Dutch Global Network Partner of WBCSD, together with four local member companies, has embarked on an insightful joint journey in their one year 'Social Value creation' project. Started in the fall of 2014, the four companies set out to measure their social value creation for key social impacts. Throughout the year, interactive meetings supported the companies to share their challenges and best practices.

The participating companies cover a range of sectors, all in which social impact is key to business value creation; NS (Dutch Railways), Primum (Sustainability consultant), USG People (Employment services) and VebeGo (Facility services). The companies scoped their projects to key social impacts, which led to an interesting focus on topics that are close to the companies' core business and value proposition. The main value drivers addressed are therefore **fuel product and service growth and innovation**, and **optimize human resource management** for the human capital intensive companies.

**Primum** for example, takes a strategic perspective and aims to understand how to measure impact on quality of life, especially of the end users of construction products and society as a whole. This aim is related to the ambition of their parent company VolkerWessels: 'Building a better quality of life together'; measurement of social impact can provide tools for communication and steering by management.

**VebeGo's** approach to measuring social value focuses on measuring the added value of their cleaning activities in health care. With this approach, they take the perspective of both

value for employees and society. In this research, VebeGo focuses on monetizing added value created by them. The next step in this research on social value creation is to use the 'shared value' methodology to measure social and economic impact of the sustainable activities on macro- meso- and micro levels.

**USG people** uses their social value analysis to take an integral perspective on the value they create with their employment services, looking at value creation for direct and indirect employees, their customers and society. They aim to use this perspective as inspiration for innovation inside and outside of their company, and as input for their business and HR strategy.

**NS (Dutch Railways)**<sup>13</sup> has quantified the value it creates and reduces for society, in order to better understand and manage it. This quantification also provides fact-based data for dialogue with stakeholders, provides transparency and contributes to the broader debate around their positive and negative impact on society. NS is using the outcomes of the analysis to identify and implement initiatives that will improve the value NS creates for society, for example initiatives that minimize journey times and improve safety.

Besides the measurement outcomes the lessons learned in terms of a smart process for such a measurement exercise were also captured in this project. The main challenges for these companies was to obtain internal buy-in, and to overcome the lack of harmonized measurement and valuation approaches. The lessons learned on obtaining internal buy-in and an effective approach are integrated in section 4.

13. See page 71 of the NS annual report: <http://nsjaarverslag.nl/FbContent.ashx/downloads/annual-report-2014.pdf>



## 4. Realizing the potential: getting started and advancing your journey

Throughout this paper, the insights gained from WBCSD member companies have served to identify five business value drivers for measurement and valuation (Section 1), highlight why the perspective of the decision-maker is key to selecting relevant measurement and valuation approaches (Section 2), and bring to life how companies are currently applying measurement and valuation to meet their specific needs (Section 3).

This section pulls together lessons learned across these areas to draw-up advice for a pragmatic, fit-for-purpose approach in your journey of measuring and managing social capital.

### 1 Questions to ensure measurement and valuation can inform decision-making

Based on our interviews, the following are key questions a company should ask when starting or continuing its efforts to measure and value social capital. These questions can be asked and re-asked at any point in your journey to ensure that measurement and valuation can inform decision-making.

#### Q Value drivers (See Section 1)

- Which of the five value drivers are motivating the measurement and management of social capital impacts and dependencies? (Multiple answers possible)
- What impacts and dependencies are related to these value drivers?

#### Q Decision-maker's perspective (See Section 2)

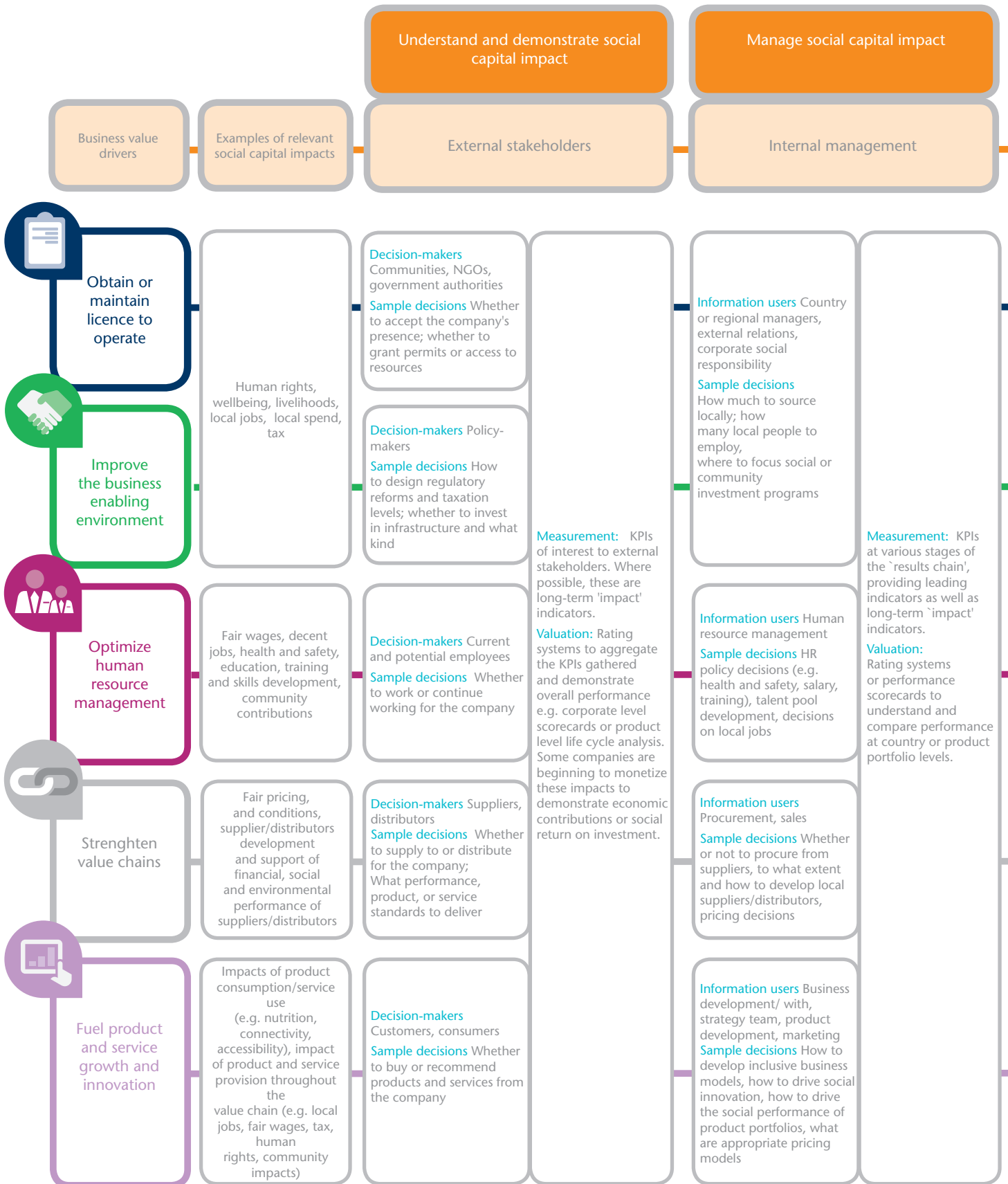
- Who are the internal or external decision-makers you want to inform?
- What decisions do you expect them to take with the information?
- Are they looking to understand, demonstrate and/or manage social capital?
- Are they interested in the impact your company has on social capital and/or in the dependency your company has on social capital?

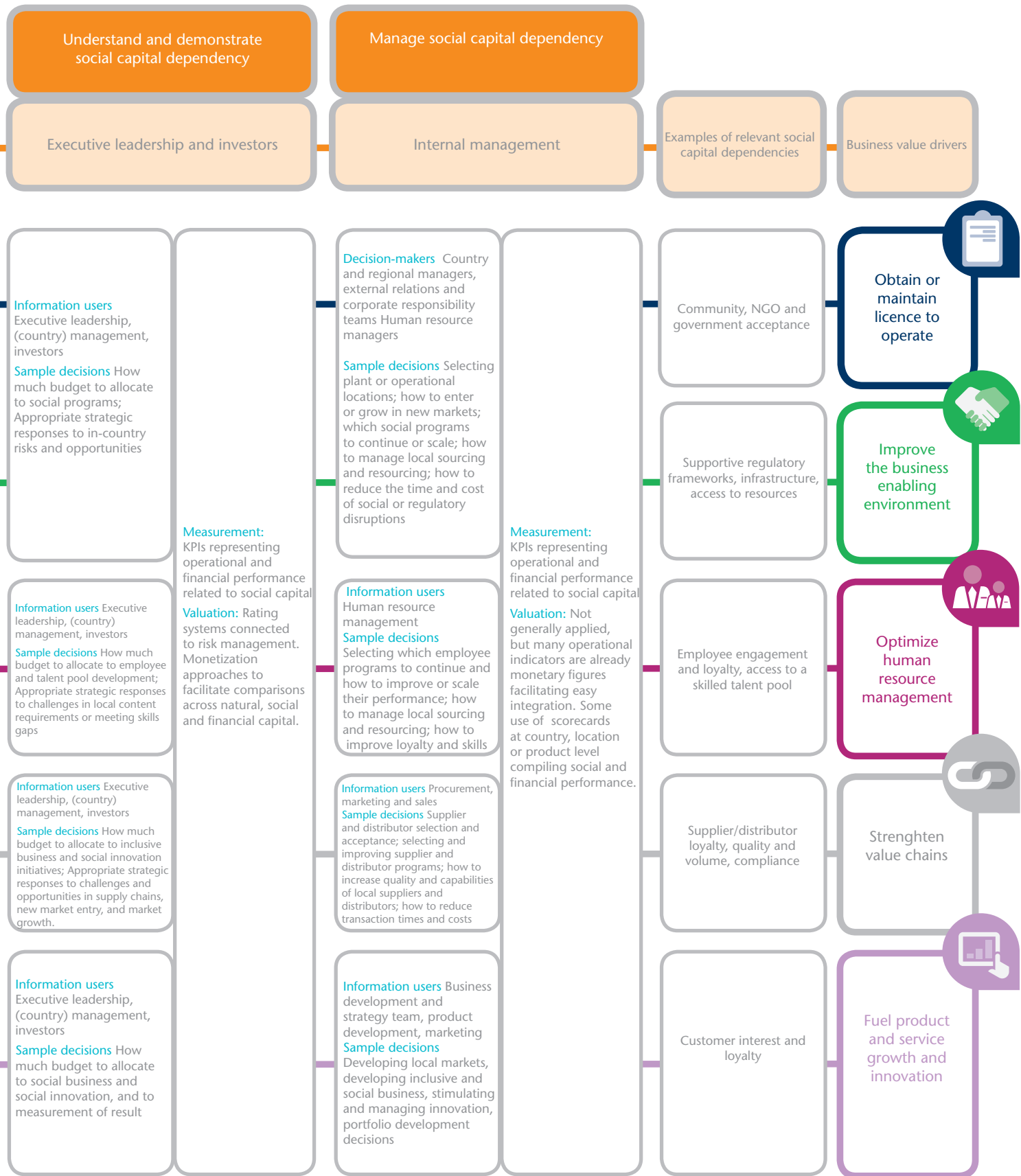
#### Q Fit-for-purpose measurement and valuation (See Section 3)

- Based on your answers above, what could be the most appropriate type of measurement and valuation?
- Refer to the table on the following two pages which maps the insights gained throughout this paper on value drivers, decision-makers, and measurement and valuation techniques.



Figure 5: Using social capital measurement to improve business decision-making





## 2 Considerations for a pragmatic approach to measure and value social capital

Throughout the interviews and conversation conducted by WBCSD, KPMG and our Global Network partners we spoke about the importance of finding a pragmatic approach. The lessons learned through this combined experience can be captured in the three points of advice below:

### Kicking off the journey

- Every company we spoke to highlighted one important point; that they are all at the beginning of their measurement and valuation journey. Each company strongly felt that this is an iterative process that cannot be precisely planned, but that getting started is the most important step.
- Focus your efforts and work step-by-step towards concrete results: start with pilots that have a feasible scope.
- Select pilots that are closely connected to the core business of your organization to show the value of a measurement exercise and use these good examples to demonstrate the business case for measurement internally.

### Building internal buy-in, collaboration and ownership

- Use a committee of board members as ambassadors and to test results. Board-level ambassadors support you in creating awareness and commitment throughout the company.
- Create a small core team with team members that represent several departments of your organization (finance, business development, procurement, HR, etc.) to encourage ownership and leverage different perspectives. Consider involving the CFO/finance function before involving communications to avoid the risk that a project will be labelled internally as 'marketing' or 'for external reporting purposes'.
- Consider allocating a dedicated change management person within the company at an early stage.
- Secure local input, particularly for multinational companies, as you cannot fully understand social capital issues from a headquarters position.

### Leverage external experience and dialogue

- Involving external experts and other practitioners can help to build a credible approach, and can save a company a lot of time 're-inventing the wheel'.
- At the same time, carefully consider in which phase of the project it is most suitable to involve which external stakeholders, and be clear with your messaging around how your company aims to use the outcomes of the measurement and valuation project.



## J.P. Morgan

In 2015, J.P. Morgan collected 68 case studies from 21 investors sharing their processes for the assessment of social and environmental outcomes from their portfolios (Impact Assessment in Practice). A cross-cutting finding from the series of interviews conducted is that impact assessment will be an iterative, dynamic, non-linear process. The majority of investors interviewed have refined their approaches over time as they learnt from experience. For example, several interviewees have moved from a broad measurement approach which allows them to be opportunistic in their actions, to a more specific approach as they work more closely with clients and investees, and as their portfolios and markets have matured.

Interviewees also recommended working closely with investees to agree efficient data collection processes, ensure incentives are aligned so investees see value in efficient and thorough data collection, and collaborate to explore the causes of any poor performance. This advice transfers to any social measurement effort – whether those responsible for gathering and using the data are within or external to the organization.<sup>14</sup>

## Nestlé

Nestlé's Creating Shared Value strategy is rooted in the notion that the value generated by a company should extend beyond shareholders to society and the environment. The company believes that they should be able to measure the positive and negative value of their activities in order to adequately manage it. Given the lack of widely accepted tools for measuring financial value of social and environmental impacts, Nestlé has chosen a **step-by-step process** to explore this area, making sure to manage expectations internally and externally that this is a learning process, where extrapolations will be needed, coefficients may be criticized and values won't necessarily be rock solid from the start. They created **internal buy-in, collaboration and ownership** at an early stage by engaging the finance department as part of the core team. Focusing on just three pragmatic topics to start with that include two of the focal areas of Creating Shared Value, are close to the business, and where data already existed (Nutrition, Rural Development and Safety) supported further internal collaboration and buy-in. Taking a leadership role in **external discussions** on measuring the real value of companies by accounting for their social and environmental supports Nestlé in their learning process and encourages other companies to follow their example.

## KPMG

KPMG in the Netherlands is currently piloting a KPMG True Value assessment of its professional services to better understand and manage the value those services create for society. KPMG's True Value methodology<sup>14</sup> has been developed since 2012 in **collaboration** with clients in over 10 sectors and different geographies, bringing together a broad-based set of KPMG experts across the global network from disciplines including corporate finance, management consulting, sustainability and tax. Much of the value that KPMG creates for society is delivered through its client work. Therefore, two **focused pilots** have been selected that are closely connected to the core business of KPMG: an Advisory and Audit engagement.

**Internal buy-in** with senior leadership was created through demonstrating how this assessment can provide insights into the value of KPMG services and in the long run can provide input for strategic choices e.g. on portfolio level. Buy-in from the Corporate Responsibility (CR) office was generated through providing insights into how this assessment can improve the effectiveness of CR investments, and bring them closer to the core business. **'Local input'** in the form of working with engagement partners and their teams have been key to fully understand societal value creation of the selected engagements.

<sup>14</sup> See pages 15, 30, and 40 of Impact Assessment in Practice, May 2015:  
<http://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/impact-assessment-in-practice-2015.pdf>

<sup>15</sup> [www.kpmg.com/truevalue](http://www.kpmg.com/truevalue)

## 5. The road ahead: towards a Social Capital Protocol

Today, companies lack a harmonized perspective and a consolidated toolset for measuring and managing social capital. With a group of member companies and partner organizations, the WBCSD has issued a call for collaboration to develop a Social Capital Protocol that would bring greater rigor and consistency to companies' efforts in this space. As the Social Capital Protocol is developed and adopted, companies will increasingly be able to use social capital measurement to improve business decision-making and enhance performance.

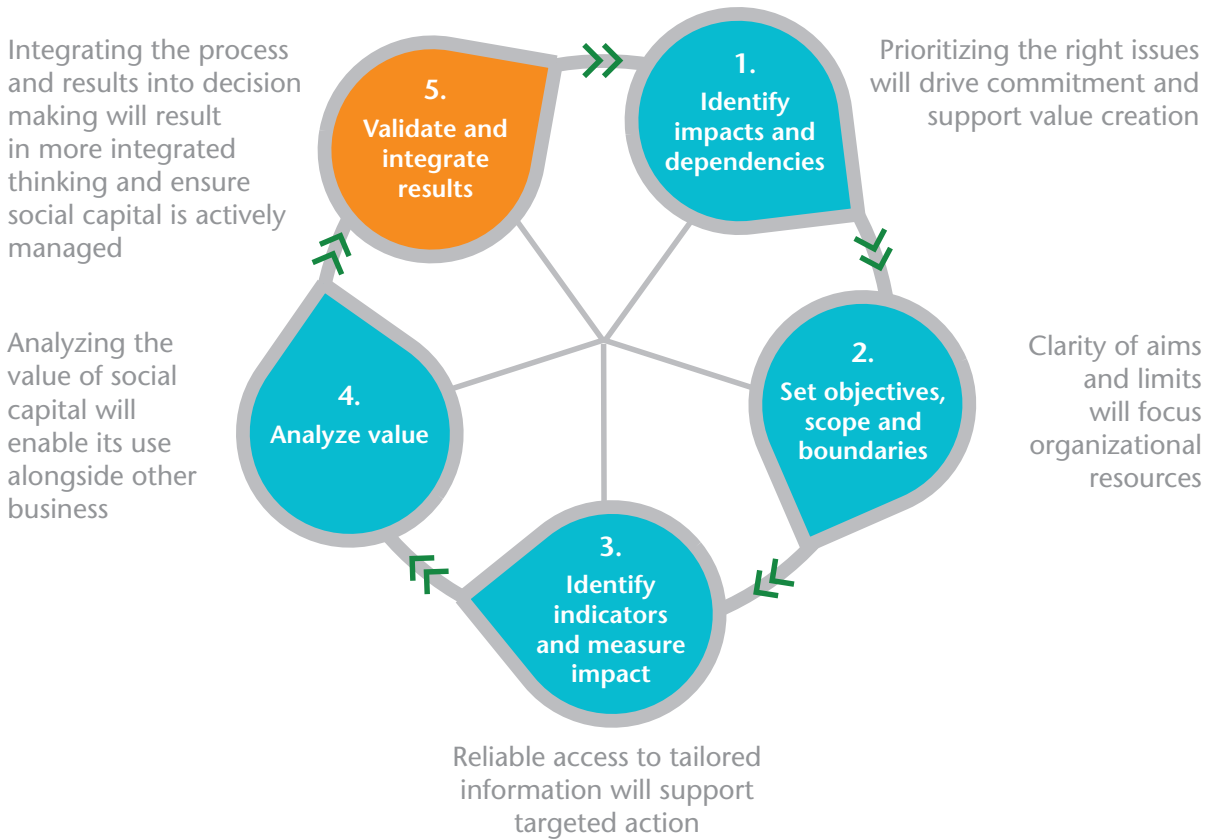
In the publication 'Towards a Social Capital Protocol – A Call for Collaboration', WBCSD proposes a five step process for measuring and managing social capital (see Figure 6) which we aimed to build upon through the course of this study. We have worked with leading companies and partners to provide a concrete overview of the current use and application of social capital measurement and valuation and, in doing so, have gained insights into each of the five steps. This publication contributes to Step 1 by illustrating the types of social impacts and dependencies which are important for companies and their stakeholders. To aid delivery of Step 2, we provide a model for defining objectives for measurement in terms of the business value-drivers companies aim to impact. To lay the foundations for Steps 3 and 4 we provide examples of measurement and valuation approaches currently in use. Most importantly, to bring Step 5 to life we provide an overview of how measurement and valuation results are already being integrated into business decision-making.

Of course, this is just the beginning, and there remains much work to be done to develop the Social Capital Protocol process and support its delivery. Both WBCSD and KPMG are looking forward to continuing this journey together with WBCSD members and partners, to further strengthen the concept of social capital, build its usefulness for driving integrated thinking and performance management within business, and move towards a harmonized approach for companies and their stakeholders.

To find out more about the Social Capital Protocol, please visit [www.wbcd.org/socialcapital.aspx](http://www.wbcd.org/socialcapital.aspx).



**Figure 6: A proposal for a consistent process for businesses to measure and value their impacts and dependencies on social capital**



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Measuring social impacts and dependencies for better business

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## About the World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD), a CEO-led organization of some 200 forward-thinking global companies, is committed to galvanizing the global business community to create a sustainable future for business, society and the environment. Together with its members, the council applies its respected thought leadership and effective advocacy to generate constructive solutions and take shared action. Leveraging its strong relationships with stakeholders as the leading advocate for business, the council helps drive debate and policy change in favor of sustainable development solutions.

The WBCSD provides a forum for its member companies - who represent all business sectors, all continents and a combined revenue of more than \$7 trillion - to share best practices on sustainable development issues and to develop innovative tools that change the status quo. The council also benefits from a network of 65+ national and regional business councils and partner organizations, a majority of which are based in developing countries.

[www.wbcsd.org](http://www.wbcsd.org)

## About KPMG

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. KPMG has more than 155,000 outstanding professionals working together to deliver value in 155 countries worldwide.

KPMG is also one of the global pioneers of sustainability consulting – some KPMG member firms first offered sustainability services over 20 years ago. Today the KPMG network employs several hundred sustainability services professionals located in around 60 countries.

KPMG's thought leadership provides insights on the most important trends in sustainability and business responses to environmental and social change. For example 'A New Vision of Value: Connecting corporate and societal value creation' (September 2014) explains how new regulations, growing stakeholder influence and changing market dynamics are driving the internalization of business externalities at an increasing rate, and how companies can protect and create both corporate and societal value in the age of internalization.

[www.kpmg.com/sustainability](http://www.kpmg.com/sustainability)

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This publication is released in the name of the WBCSD. Like other WBCSD publications, it is the result of a collaborative effort by members of the secretariat and senior executives from member companies. A wide range of members reviewed drafts, thereby ensuring that the document broadly represents the perspective of the WBCSD membership. It does not mean, however, that every member company agrees with every word.





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