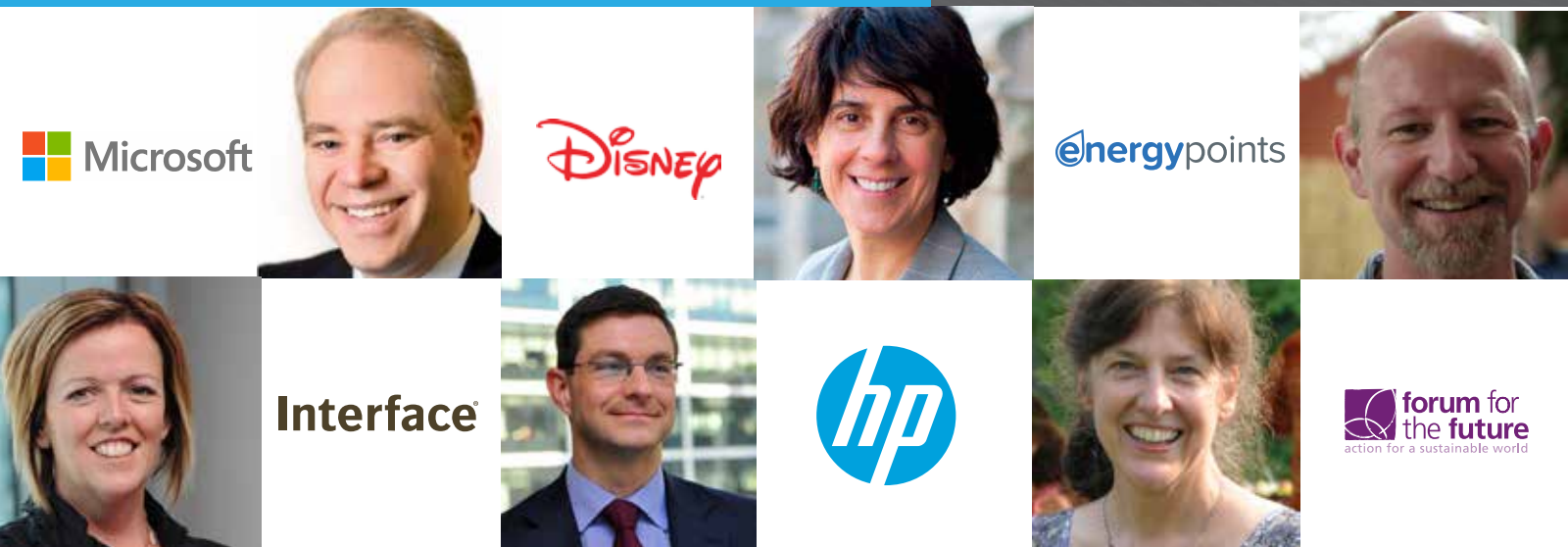




SUSTAINABLE
BRANDS

The Bridge to
Better Brands

LEARNING FROM LEADERS



**The New Metrics of Sustainable Business:
Top 10 Concepts & Case Studies
August 2013 – August 2014**

Introduction

As the role of business in society continues to be redefined by the evolving needs of customers, employees and other stakeholders, there is growing demand for business leaders to tackle sustainability challenges while also remaining profitable in an uncertain economy.

All opportunities for creating sustainable value can benefit from new, more complete ways of quantifying businesses' interactions with the complexities of the world, or simply New Metrics (#NewMetrics). It's an expanded set of tools for assessing environmental and social impacts, for creating new value, and for factoring in previously ignored costs and risks. The leading brands of tomorrow are already taking advantage and finding new ways to deliver value to their stakeholders beyond simply profit and margin growth.

In line with our mission to inspire, engage and – very importantly – equip brands to succeed by leading a shift to a sustainable global economy, the Sustainable Brands community continues to aggregate, digest and share leading-edge approaches to applying #NewMetrics to make tangible progress on reimagining business models, stakeholder engagement and ROI projections for sustainability.

This collection highlights some of the cream-of-the-crop thought leadership hosted on our platform between August 2013 and August 2014. We can hardly wait for even more advanced examples to be showcased at New Metrics '14, taking place on September 24-26th, 2014 in Boston, MA.

The Social Value Proposition and the Social Value Index: The Next Generation of Data to Drive and Value Consumer Purchase Behavior and Implications for Your Brand's Future



JASON SAUL, CEO, **Mission Measurement**

Jason Saul, CEO of Mission Measurement, unveils the Social Value Scorecard and Social Value Index, which serve to identify and quantify three key insights: social value drivers of a specific industry that influence consumer demand, so a brand can know if its social impact efforts are relevant to its consumers; ratings and rankings of key competitors within an industry, so a brand can see how successfully it is using social impact to influence consumer purchase compared to its peers; and estimated revenue increase, in dollars, for improving a brand's Social Value Score™.

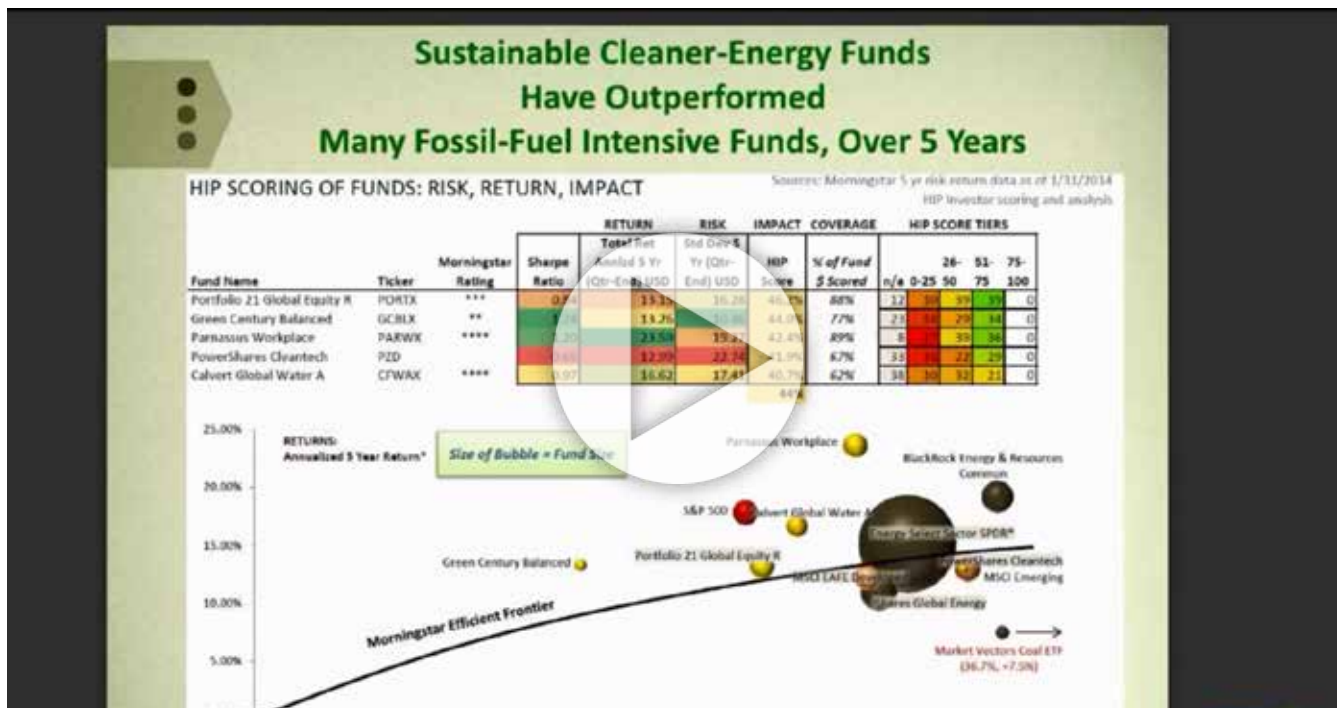
“We have been asking a new set of questions in measurement: Can we show that our work is materially influencing consumer demand? Can we measure the link between sustainability, social impact, and consumer purchase behavior?”

// RELATED CONTENT

Twitter: [@MissionMeasure](https://twitter.com/MissionMeasure)

Case Study: <http://www.sustainablebrands.com/digital-learning/tool/new-metrics/mission-measurement-social-value-index-svi-scorecard>

How Sustainable Portfolios Can Outperform Traditional Investing



PAUL HERMAN, Founder & CEO, HIP Investor

How sustainable is your portfolio? How about your 401(k) choices? Is your investing aligned with building a better world? For most investors, the answer is: Not really. Overall, 80% of the S&P 500 stock market valuation is driven by factors that are not accurately captured and valued on financial statements – including people (human capital), natural resources (ecological capital) and trust (social capital).

This discussion shows how leading investment analysts and fund managers invest in sustainably-focused companies, which can lower risk and enhance potential financial returns for investment portfolios -- and create net benefit for society.

“There is something called Modern Portfolio Theory, which was modern when it was invented in 1952.”

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Twitter: [@HIPinvestor](https://twitter.com/HIPinvestor)

In the news: <http://www.thecro.com/content/just-how-sound-shareholder-value-primacy>

The Economic Benefits of Circular Business Models



JAMIE BUTTERWORTH, then CEO, **Ellen MacArthur Foundation**

With commodity prices almost tripling in the last 10 years, businesses and governments are now recognizing there is an opportunity to manage input cost volatility by innovating in the direction of a circular economy, seeing as that approach decouples economic growth from finite supplies of primary resources.

In this talk, Jamie Butterworth, CEO of the Ellen MacArthur Foundation, discusses the potential economic benefits of circular business models that are restorative by design, and gives specific examples of companies already acting to turn this concept into reality.

The Foundation's heavy-data-powered research, in partnership with McKinsey & Co, has been making the business case for circular models for several years. Most recently, it launched Project Mainstream at Davos, leveraging the convening power of the World Economic Forum as a group of business leaders capable of triggering widespread innovation and employment

“This is a trillion-dollar opportunity, with huge potential for innovation, job creation and economic growth.”

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Twitter: [#circulareconomy](https://twitter.com/circulareconomy)

The full report: http://www.sustainable-brands.com/digital_learning/supply_chain/towards_circular_economy_accelerating_scale-across_global_supply_chai

Valuing Plastics: The Business Case for Measuring, Managing and Disclosing Plastic Use in Consumer



ANDREW RUSSELL, Director, **Plastic Disclosure Project**

The Plastic Disclosure Project (PDP) and United Nations Environment Programme (UNEP) have released a new report identifying the risks and opportunities to brands associated with plastic use.

It articulates the business case for measuring, managing and disclosing plastic use, underlined by the new research which identifies \$75 billion of annual natural capital costs of plastic use by the consumer goods sector.

The research assesses the plastic use and disclosure of the 100 largest companies in the consumer goods industry. This discussion provides a detailed breakdown of the research findings and a case study from LUSH Cosmetics describing its experience with plastic disclosure.

“PDP asks the business world to treat its ‘plastic footprint’ as seriously as it does other valuable resources.”

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Twitter: [@PlasticDisclose](https://twitter.com/PlasticDisclose)

More case studies: http://www.sustainable-brands.com/digital_learning/slideshow/new_metrics/valuing_plastics_business_case_measuring_managing_d_0

Breakthroughs in HR Decision-Making: New Horizons in Human Capital Valuation



LINDSAY STODA, Senior Business Analyst, **Interface**

If human capital is a company's greatest asset, then why does business-as-usual reflect it only as a liability? A great question, and not one that many executives can answer confidently (or at all).

Interface announced an ambitious project in holistic human capital valuation a couple of years ago, and is currently turning what started as an abstract modeling exercise into a series of tools allowing its HR department to make more informed, data-backed decisions and budget allocations.

By putting dollar values on human potential quantities previously invisible on corporate financial statements — reflecting the benefits or costs of things such as education, tenure, absenteeism and knowledge decay, to name a few — the company is now in a position to make data-backed, smartly informed decisions around issues such as interventions on employee turnover, training and engagement.

“It gives us the opportunity to look at our employees as a real financial asset.”

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Twitter: [#humancapital](https://twitter.com/humancapital)

More case studies: http://www.sustainablebrands.com/digital_learning/slideshow/beyond-employee-engagement-using-new-metrics-embed-sustainability-through

Matter to a Million: Engaging HP's Global Workforce for Social Good



MARLON EVANS, Director of Community Engagement and Global Giving Experiences, **HP**

In February 2014, the HP Foundation & Kiva launched a five-year, \$7 million partnership called 'Matter to a Million.' Within the first four months, this groundbreaking partnership mobilized 40%+ of HP's global workforce, meaning that over 115,000 HP employees made a microloan to a small business in one of 76 countries.

With a 98% repayment rate on Kiva, the funds will continue to be repaid to the HP Foundation's revolving loan fund account – enabling HP to provide \$25 Kiva credits to employees several times per year for several years.

As the stewards of this partnership, HP's Marlon Evans and Kiva's Karen Little share learnings and challenges, as well as what led to this level of success.

“This is the best program HP has ever offered its employees.”

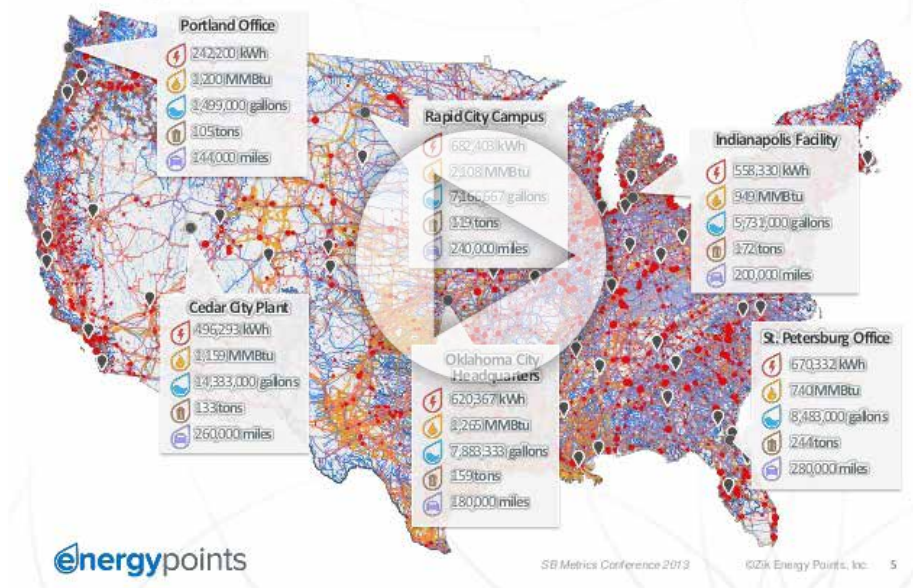
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Twitter: [#employeeengagement](https://twitter.com/employeeengagement)

More case studies: http://www.sustainable-brands.com/digital_learning/audio/organizational_change/practical_experience_embedding_sustainability_driving_s

The Next Frontier in Holistic Understanding and Management of Environmental Impact Data

The Bigger the Enterprise, The Bigger the Complexity Leading To More Data But Not To Better Intelligence



ORY ZIK, Founder & CEO, **Energy Points**

Ory Zik outlines opportunities for creating a richer, more accurate and truly unified picture of environmental impact data. He focuses specifically on new types of analysis and practical, cloud-based tools that can productively build on top of current corporate environmental impact management, enhancing interpretation, putting results in a broader context, and making voluntary disclosure easier.

“We decided to focus on this question of quantifying our environmental performance in a way which is both accurate and simple to understand.”

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Twitter: [@EnergyPoints](https://twitter.com/EnergyPoints)

Interview: <http://www.sustainable-brands.com/news-and-views/new-metrics/bill-baue/sustygoals-4-math-not-myth-%E2%80%93-energy-points-%E2%80%99-ory-zik-normalized>

Reimagining True North: Net Positive Models



SALLY UREN, Chief Executive, **Forum for the Future**

Sally Uren, Chief Executive of Forum for the Future, shares a first look at a new set of principles that characterize a “Net Positive” commitment. These principles, along with tips on making the business case, are currently being developed by a working group of companies including BT and Kingfisher.

“We worked together over the last year to define principles for Net Positive commitments, to try to articulate the business benefits, and to effectively begin the conversation about what it means to be Net Positive.”

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Twitter: [#netpositive](#)

Case studies: http://www.sustainablebrands.com/digital_learning/behavior_change/way-futuristic-restorative-net-positive-business

Internal Carbon Fees to the Rescue



ROB BERNARD, Head of Sustainability, **Microsoft**
BRUCE RAUHE, Walt Disney Imagineering, **Disney**

Rob Bernard, Head of Sustainability at Microsoft, describes a successful completion of the first year of his company’s internal carbon fee program, intended to help internalize the external impacts of the company’s operations.

Conducted under the motto “Be lean, be green, be accountable,” the program assigns a dollar amount to carbon on carbon and then incentivizes all business units to make more environmentally responsible choices by charging them for emissions from data centers, offices, labs and air travel.

A similar scenario is unfolding at Disney, where Bruce Rauhe and the rest of the Walt Disney Imagineering team are working to make up for emissions associated with large-scale operations featuring four theme parks, four cruise ships and more than 300 buses. Not only is Disney investing in technological upgrades to “burn less, burn different, scrub exhaust” but the company is also committed — much like Microsoft — to

pooling money collected from charging for carbon company-wide into a Climate Solutions Fund, which then invests in offsets.

“The carbon fee is set in consultation with the office of the CFO based on the average price of renewable energy and carbon offset projects globally.”

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Twitter: [#carbonfee](#)

Microsoft’s carbon fee playbook: http://www.sustainablebrands.com/digital_learning/new_metrics/microsoft_carbon_fee_playbook

Best-in-Class Methodologies for Putting a Monetary Value on Social Impact

Valuation systems for societal impacts



- Quantitative vs Qualitative
- Cost-benefit by stakeholder vs Cost-benefit only to the investor
- Consider only culturally-insensitive issues (e.g., health & safety impacts, direct cost implications) vs consideration of many or all societal issues
- Include only guaranteed costs and benefits vs include uncertainty
- Use standardized costing methods vs allow stakeholders input into costs
- Use averaged valuation vs stakeholder specific valuation vs stochastic valuation



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BEA BOCCALANDRO, SROI Thought Leader, **Georgetown University**
WITOLD HENISZ, Deloitte & Touche Professor of Management, **The Wharton School, University of Pennsylvania**
LISE LAURIN, Director & Founder, **EarthShift**

What is SROI or Triple-bottom-line ROI, you ask? Well, SROI can stand for either “Social Return on Investment” or “Sustainable Return on Investment,” depending on who you ask, with the latter basically serving as an equivalent to Triple-bottom-line ROI.

No matter the particular flavor, all these extensions to conventional ROI modeling point to ways to express environmental and social costs and benefits in dollars, thus making various scenario analyses easier to present to the CFO, other executives, and the investor community.

“We live in a hyper-monetized world. There are many places to find valuation data for societal impacts.”

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Twitter: [#SROI](#)

More case studies: http://www.sustainable-brands.com/digital_learning/event-video/conquering-uncharted-territory-roi-sustainability

About Sustainable Brands

[Sustainable Brands®](#) is the premier global community of brand innovators who are shaping the future of commerce worldwide. Since 2006, our mission has been to inspire, engage and equip today's business and brand leaders to prosper for the near and long term by leading the way to a better future. Digitally published news articles and issues-focused conversation topics, internationally known conferences and regional events, a robust e-learning library and peer-to-peer membership groups all facilitate community learning and engagement throughout the year. Sustainable Brands is produced by [Sustainable Life Media](#), headquartered in San Francisco, CA.

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