



Strategic Impact Assessment

Transforming sustainability measurement into actionable insights

Brochure



Executive summary

Measuring and monetising impacts enables organisations to respond to stakeholders, prioritise impacts and enhance business decisions

Organisations are increasingly being asked by a wide range of stakeholders to assess and manage the impact their business creates. From climate change, to human rights violations, to the availability of clean water, there are complex and interrelated factors that businesses need to understand before they can reduce their negative impacts – and increase the positive ones.

It's an area investors, customers, employees, suppliers and communities are following with interest; an area that calls you to act.

Strategic Impact Assessment (SIA) is our proven methodology to help businesses frame, quantify, monetise and then steer on the identified and measured social, economic and environmental impacts.

Developed from over a decade of practical experience and insights, SIA offers a high-level view of your organisation's effect on the environment, economy and wider society – and then prioritises actions to improve your position by maximising returns for your most important stakeholders.

SIA helps you assess, strategise and report on your sustainability performance across your full value chain, empowering your business to be transparent in meeting tomorrow's demands.

Our method is aligned with global standards and starts with measuring an organisation's impacts on society and then values these in monetary terms. This makes the measurement and expression of impacts become simple, compatible and comparable for business leaders.

As a result, we have seen the number of organisations applying this approach increasing rapidly in the last decade.

This brochure will inform you on the benefits SIA can bring, details on our approach and who to contact at Deloitte to ensure that together we can make an impact that matters.

Frits Klaver
Deloitte's global SIA leader



Executive summary

Here are three examples of how we can support you in understanding and improving your impact on the environment and the communities living in it



CHALLENGE

A **technology business** with data warehouses wanted to understand how its use of water and the limited renewable energy available impacted the local communities

RESULT

The company was able to show its positive impacts on society, as well as how it will mitigate negative impacts in the future

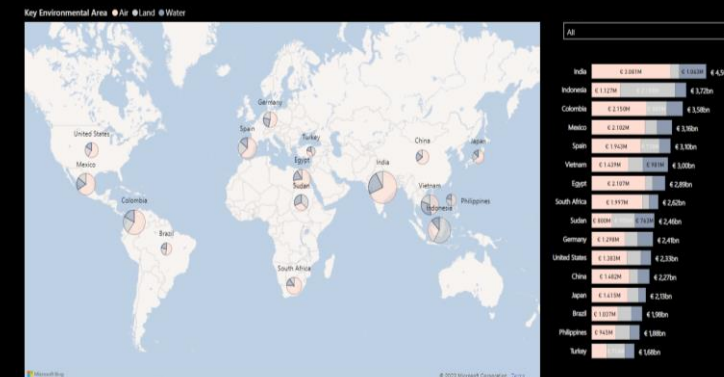
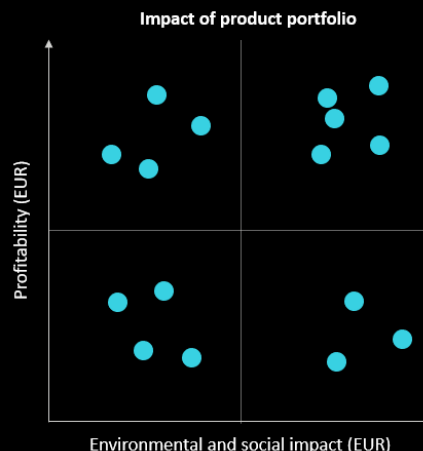
A **health(tech) company** wanted to understand the impact of their products, so they could improve their innovation processes and develop better products based on societal impact

The company was able to develop new innovative solutions, which they could sell for a premium based on the value generated in society, thus optimising their product portfolio

A **retailer** wanted to understand and improve its value chain impacts, including deforestation and the impact of low wages

The company was able to detect impact hotspots in its supply chain and develop sustainable procurement strategies to mitigate risks and improve the impacts in its supply chain

EXAMPLE OUTPUT



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Taking stock: impact measurement and valuation

Impact measurement and valuation enables organisations to understand and quantify their social, environmental and economic impacts

Introduction to impact measurement and valuation

Impact measurement and valuation (IMV) is an approach by which an organisation’s economic, social and environmental impacts on society are measured and valued in monetary terms.

By assigning a monetary value to impacts, traditional sustainability metrics (for example kg of waste) are converted to a monetary metric that is understandable in business terms and provides an easily comparable quantified overview of the impacts an organisation creates.

Organisations have been applying IMV for over a decade and their numbers have increased rapidly (see next page). Furthermore, global standards have been recently established, including the Value Balancing Alliance which offer guidance on how to measure and value impacts. Assigning a monetary value to an impact involves converting volumetric data of impacts (such as kilograms of a pollutant or hours of education provided) into a monetary value through an impact price, as shown below:

Impact volume
(e.g., 10 kg of pollutant)

×

Impact price
(e.g., €10 per kg)

=

Monetary impact
(e.g., €100)

Aim of this brochure

This brochure provides insights into how Deloitte’s Strategic Impact Assessment (SIA) proposition can enhance your IMV process. We showcase the key business benefits and address challenges faced during this process.

What challenges does impact measurement and valuation address?

I want to show my positive and negative impacts



It can be challenging to make holistic business decisions without a solid understanding of where and how an organisation impacts society, especially with the plethora of different metrics and targets



I want to comply with regulatory changes around impact



Without reliable, understandable and quantified information about sustainability metrics and performance, organisations face difficulties in showing stakeholders how they are doing

I want to manage my impacts

The regulatory landscape is changing; the requirements to go beyond traditional financial reporting and understand, quantify and report on social and environmental impacts become progressively greater

Market overview: who is adopting impact measurement and valuation

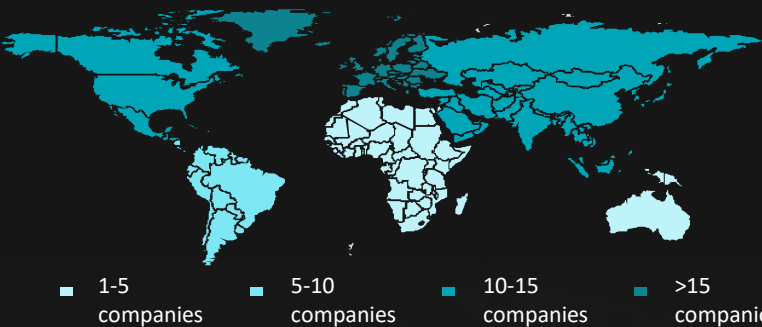
Leading organisations across the globe are integrating impact measurement and valuation into decision-making and annual reporting

Some sectors are particularly advanced in applying Impact Measurement and Valuation

Although organisations in all sectors apply IMV, it has consistently been the most common in the sectors Energy, Resources & Industrials and Consumer Industries over the past 10 years.

Impact Measurement and Valuation practice taking place on 5 continents

Although most organisations which measure and value their impacts are based in Europe (~45%), at least one organisation on each continent applies IMV.

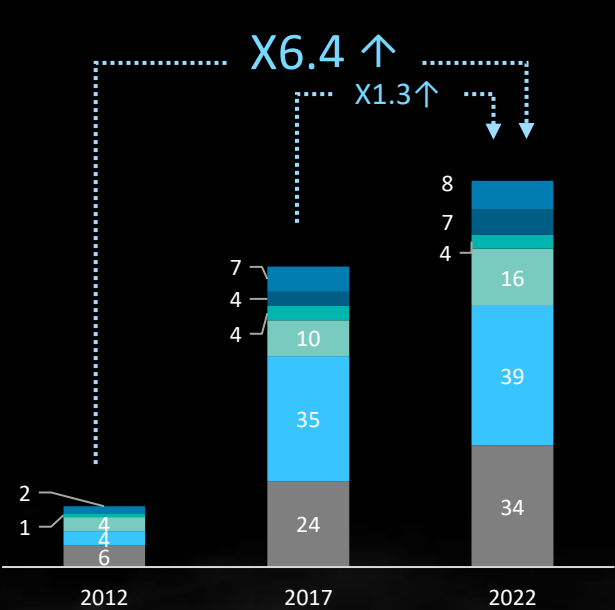


Integrated report most used for disclosing results

Although most organisations identified disclose their results in their Integrated reports, other formats are also being used, such as stand-alone impact reports, web pages, or research publications.

108 organisations already measure impact¹

The number of organisations using impact measurement and valuation has increased significantly in the last 10 years



- Telecom, media & technology
- Public sector
- Life Science & Health
- Financials
- Energy, resources & industrials
- Consumer industries

Of all companies measuring impact...



81% quantify environmental impacts



66% quantify social impacts



36% quantify economic impacts



27% quantify product impacts

¹Source: Deloitte analysis

Benefits for organisations to measure and monetise impacts

Measuring and monetising impacts provides organisations with simple, understandable metrics to improve decision-making, innovation and transparency towards stakeholders

Why express impacts in monetary terms?



Simple

Expressing impacts in the same, simple language makes complex topics more understandable



Compatible

While most sustainability themes used to be dealt with in silos, IMV enables these themes to become compatible for the whole organisation, including leadership



Comparable

The use of a single monetary measure makes it easy to understand the relative weight of each impact and highlights where to focus

Benefits for organisations from impact measurement and valuation:



Decision-making

- Integrates monetised impacts into decision-making processes (e.g., NPV calculations, CAPEX investments, due diligence and acquisitions)
- Supports in identifying and confirming the company's most important / material sustainability topics



Innovation & development

- Provides insights into which products and services create the greatest societal and financial benefits
- Enables developing new products based on the societal value they create



Transparent reporting

- Supports in substantiating sustainability claims to stakeholders
- Improves transparency towards external stakeholders and regulators
- Complements new CSRD requirements in respect of double materiality assessment

Measuring impact comes with considerations

Impact measurement and valuation can be beneficial, although it can be challenging to understand what to assess, how to assess and how to connect results to business decisions

Companies should consider certain aspects in their impact measurement and valuation process



Selecting the most important impacts



Choosing which value chain elements to include



Connecting the results to business decisions, risk management and strategy



Dealing with limited data availability



Interpreting the results



Communicating the results to stakeholders

Aspects should be considered in multiple areas of business



Strategy

Redefining the purpose of the organisation through an impact lens to optimise financial alongside societal value.

Governance

Connecting the results with board and executive remuneration and embedding the methodology into day-to-day decisions at multiple levels within the organisation.

Risk management

Enhancing risk management approaches through impact insights to identify hidden risks and opportunities arising from stakeholder actions.

Metrics and targets

Ensuring the right data is captured and current data is utilised effectively to enable the organisation to measure the impact metrics and develop corresponding impact targets.

Deloitte's solution to help you: Strategic Impact Assessment (1/7)

We have designed a three-step framework: Strategic Impact Assessment (SIA) that can help to identify and address the impacts relevant for your business and overcome the challenges of measuring impact

What is SIA?

Deloitte's methodology to select, prioritise and manage environmental, social and economic impacts and dependencies. The methodology is based on the concept of Impact Measurement and Valuation. It is a unique set of tools to assess, strategise and report performance across the full value chain, empowering business to be transparent in meeting tomorrow's demands.

SIA can help you overcome the challenges of impact measurement and valuation by helping to choose the right scope, deal with data availability and interpret the results (assess) in order to connect to strategic business decisions, governance and risk management (strategise). The outcomes will be translated into reports for internal and external use and customised dashboards to support decision-making (report).

SIA is based on well established frameworks from the Value Balancing Alliance, the Capitals Coalition, the Impact Weighted Accounts Initiative and the International Foundation for Valuing Impacts.



Deloitte's three-step approach

1

Assess impacts across the full value chain by measuring, monetising and aggregating

2

Strategise on how to improve your positive and reduce your negative impacts

3

Report on your most material impacts, progress towards targets and other strategic actions

INCLUDING IMPACTS FROM THREE DIMENSIONS



Environmental

- CO₂ emissions
- Other air emissions
- Water pollution
- Solid waste
- Land use
- Biodiversity
- ...



Social

- Diversity and inclusion
- Living wage
- Human rights
- Health and safety
- Trainings
- Forced labor
- ...



Economic

- Taxes and subsidies
- Employee benefits
- Earnings
- Corruption
- Dividends
- ...

Deloitte’s solution to help you: Strategic Impact Assessment (2/7)

1

Assess impacts across the full value chain by measuring, monetising and aggregating

Goal

Understand how an organisation impacts its stakeholders and wider society through its own activities, products and (choice of) suppliers.

Key activities

- 1. Every assessment starts with setting the desired scope and determining an organisation’s most material, positive and negative impacts across environmental, economic and social domains. Methods for collecting this information include interviewing key stakeholders, analysing reporting requirements and incorporating sector specific insights. Impacts from across the full value chain can be included (ranging from suppliers to final products and services offered).
- 2. To assess the volume of each impact, data is collected from both internal and external sources, including supplier data and data from reputable impact databases.
- 3. Each impact is quantified in terms of the change in the well-being of affected stakeholders. SIA is aligned with the Value Balancing Alliance’s methodologies for monetising each impact, but it is flexible in that other techniques and data sources can be incorporated. Additionally, SIA can incorporate both absolute and relative (e.g., a comparison between two organisations) assessments to find a tailor-made solution that best fits your organisation.



Deloitte’s solution to help you: Strategic Impact Assessment (3/7)

1

An important part of step 1 is understanding the impacts of your organisation’s activities on society through an impact pathway

Using a common framework to assess impacts

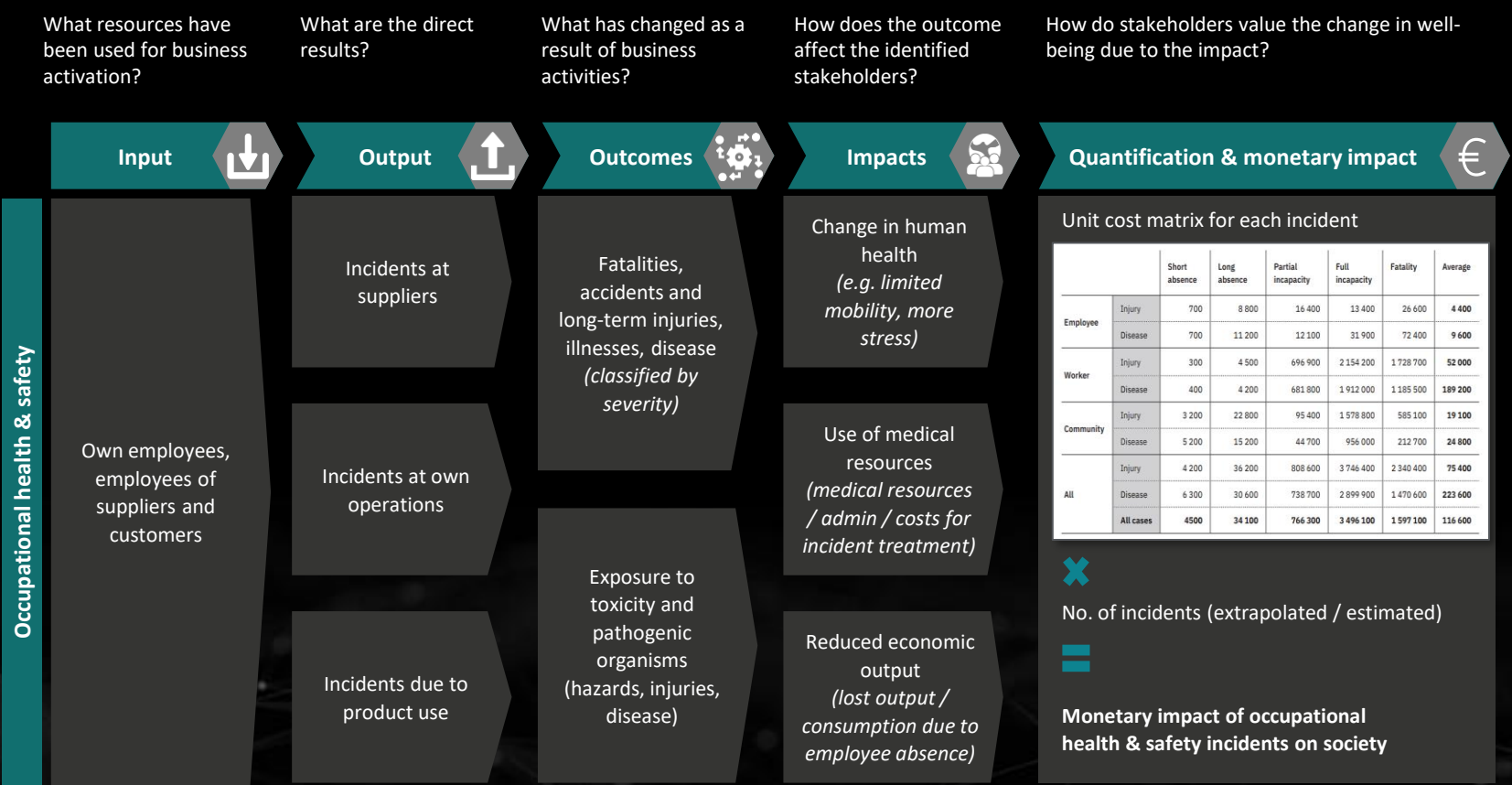
In measuring and monetising an organisation’s impacts, it is key to understand how an organisation affects both its stakeholders and the environment. In order to do this, Deloitte has developed dedicated impact pathways for multiple environmental, social and economic impacts.

An impact pathway enables understanding of how an organisation's activities and inputs affect the well-being of its stakeholders.

An impact pathway includes the following elements:

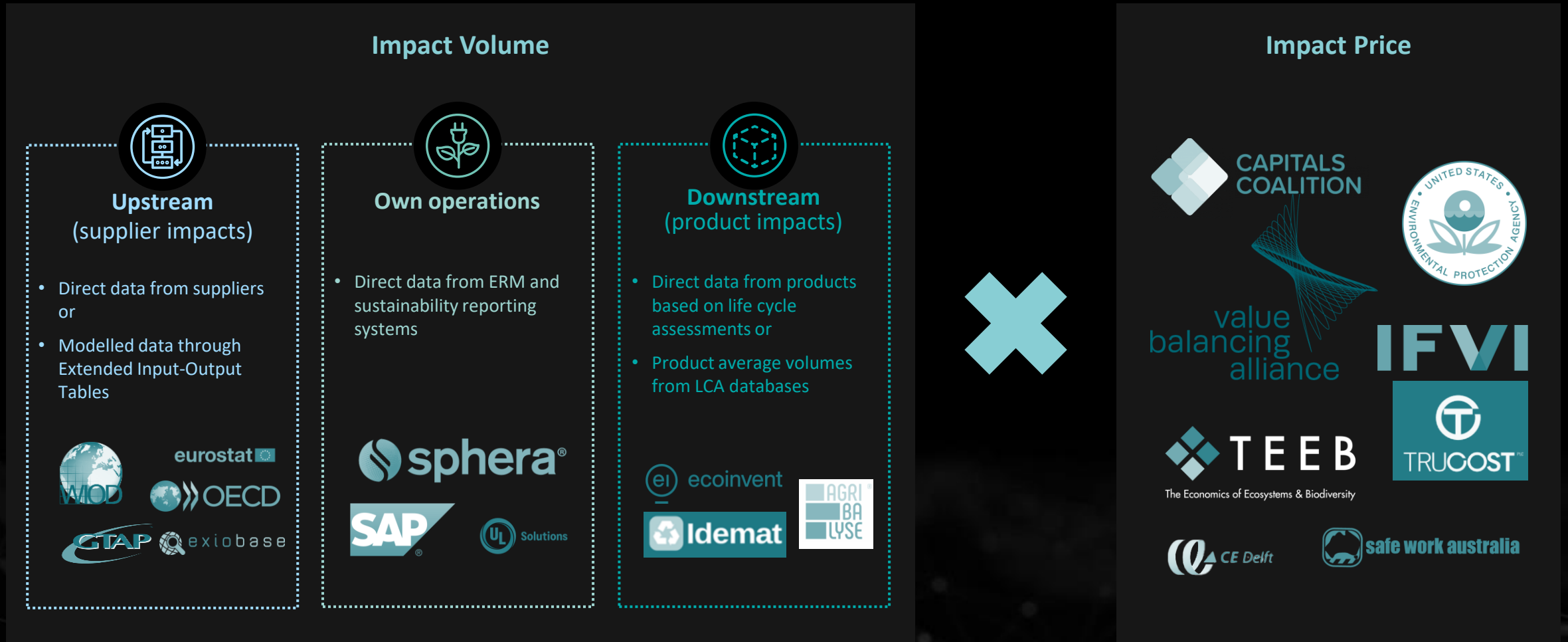
- Identifying impact drivers – the inputs and business activities result in outputs.
- Describing the change in the state of natural or social & human capital as a result of the impact drivers – the outcomes.
- Evaluating how these outcomes cause changes in the natural environment and then in society in terms of human well-being – the impacts.
- Understanding the value each impact creates or destroys based on changes in human well-being – monetised impact.

Impact pathway approach: an example



Deloitte's solution to help you: Strategic Impact Assessment (4/7)

1 In step 1 the impacts are monetised using existing science-based databases and techniques



Deloitte’s solution to help you: Strategic Impact Assessment (5/7)

2 Strategise on how to improve your positive and reduce your negative impacts

Goal

Set up a strategic action plan to reduce negative and enhance positive impacts. SIA supports in identifying areas for improvement, setting up the action steps and guiding the decision-making process to address social, environmental and economic challenges.

Key activities

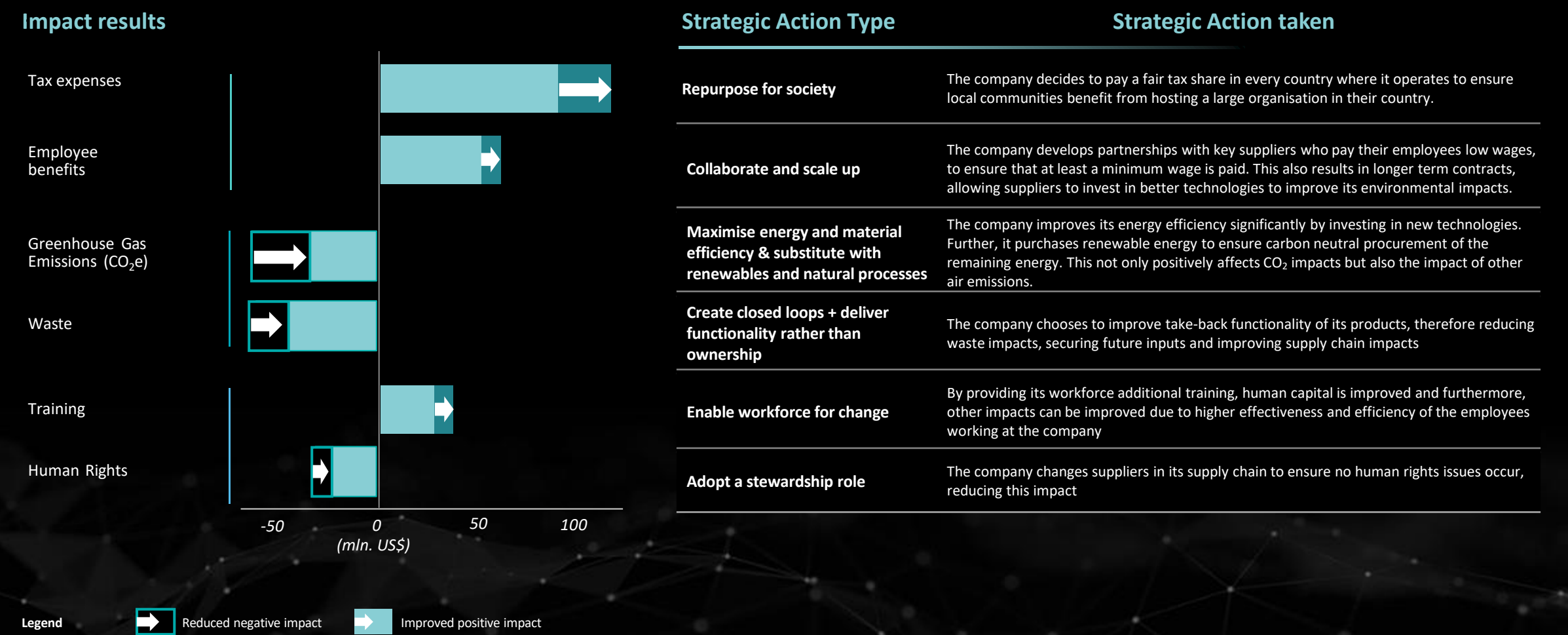
- 1. Once a baseline of impacts has been established in step 1, we identify impact hotspots: the most significant positive and negative impacts across your value chain. This may include environmental impacts for your own operations and human rights impacts in your supply chain
- 2. For each impact hotspot, one or more of the strategic actions are identified based on the figure on the right¹
- 3. The strategic options are prioritised based on various criteria such as financial and societal impacts and plotted in a roadmap with required capital expenditures
- 4. To track and stimulate progress, internal incentives are established such as the development of impact KPIs, targets and reward incentives

Domain	Strategic actions	Examples
 Economic	Repurpose for society	Explore alternative ownership models to distribute economic profits more evenly across all stakeholders
	Collaborate and scale up	Explore, develop partnerships and support options for local manufacturing
 Environmental	Maximise energy and material efficiency	Invest in low-carbon solutions, lean manufacturing
	Create closed loops	Reuse, recycle, remanufacture and establish closed loops
	Substitute with renewables and natural processes	Move towards using renewable energy sources Explore biomimicry and green chemistry options
	Repurpose for the environment	Biodiversity & ecosystem regeneration initiatives
 Social	Deliver functionality rather than ownership	Shift business model towards (a combination of products and) services
	Adopt a stewardship role	Sell products and services that improve people’s health and well-being
		Ensure no human rights issues occur across the supply chain
	Encourage end-user sufficiency	Support local communities through development projects Create awareness amongst consumers by pro-active communication on the impact of buying new products Manage demand by e.g. cap and trade
	Enable workforce for change	Training employees to accelerate other strategic actions Hiring a more diverse workforce to bring in more ideas and therefore support achievement of goals

¹Based on Bocken et al, journal of cleaner production 65 (2014), 42-56
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Deloitte’s solution to help you: Strategic Impact Assessment (6/7)

2 Applying the strategic actions framework from step 2 to the outcomes of step 1, shows how a selection of impacts can be improved. The figure below illustrates how step 1 and 2 can be combined for a hypothetical mining company



Deloitte’s solution to help you: Strategic Impact Assessment (7/7)

3

Report on your most material impacts, progress towards targets and other strategic actions

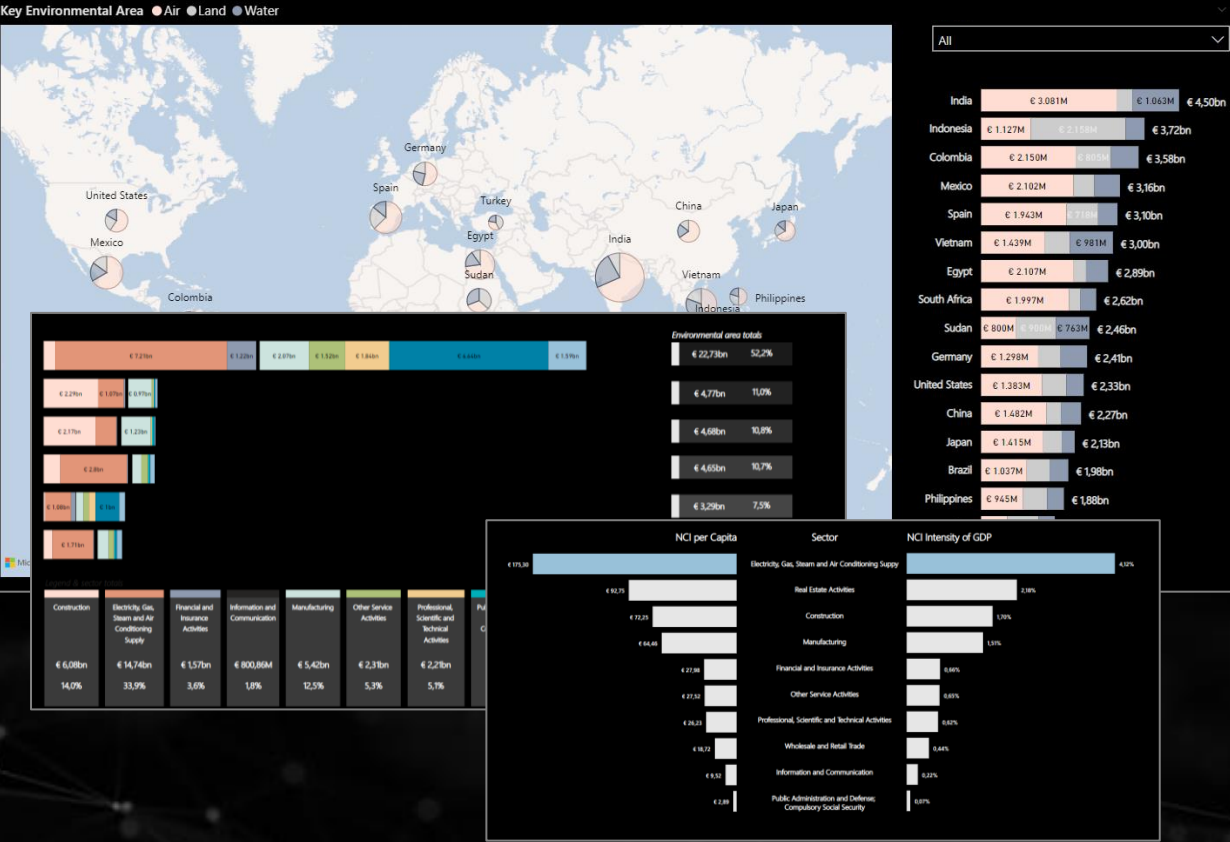
Goal

Compellingly communicate and report the outcomes of your impact measurement and valuation efforts, moving beyond standard reporting and resulting in a complete overview of the total value to society. SIA empowers businesses to be transparent in meeting tomorrow’s demands*.

Key activities

1. The outcomes of the previous two steps are translated into compelling and engaging content by combining quantitative and qualitative insights.
2. Internal and external reports can be created highlighting key findings, lessons learned and opportunities going forward.
3. Customised dashboards are made to enable better decision-making by:
 - Visualising results interactively
 - Showing progress over time
 - Providing detailed results per country, per activity and/or per area in the supply chain

Geographical distribution of impacts



* There is a growing demand for transparency on the negative and positive impacts and the efforts to reduce or enhance them is growing. Customers, investors and other stakeholders base their investment and other decisions on this type of information, which is enhanced by the EU’s upcoming reporting requirements (i.e. CSRD).

What's next?

The key developments we anticipate in the realm of impact measurement and valuation

Governments start measuring welfare beyond GDP

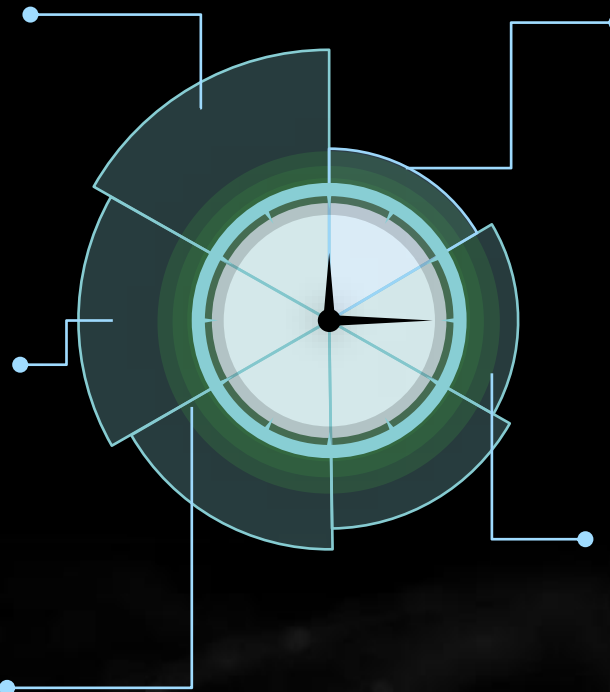
Several macro-level developments have taken place in recent times on the topic of measuring welfare beyond GDP. The United Nations are considering to assess the welfare of countries beyond traditional GDP¹, and both Australia and the US have committed to measuring the value of nature and reflecting this in their national accounts². To enable and accelerate this, we expect that governments will require organisations to also move towards impact measurement and valuation.

Impact standards evolvement and integration

With the recent setup of the International Foundation for Valuing Impacts³, the Value Balancing Alliance and the integration of the Social and Human Capital Protocol and the Natural Capital Coalition into the Capitals Coalition⁴, we observe increased momentum in the realm of impact measurement and valuation. With more such organisations being established, more standards and data will become available in the near future. In the long run, we expect integration of these standards to ensure that a consistent set of design principles is applied, enabling comparability and evaluation.

Reporting standards shift their focus to impact

Reporting standards and regulations will increasingly include requirements for organisations to report their impact on society. Both the Global Reporting Initiative (GRI) and the Corporate Sustainability Reporting Directive (CSRD) have already made this shift.



Stakeholders want to better understand how organisations are measuring and improving their impact

As companies face increased demand to explain their impact to investors, regulators, employees and wider communities, we predict that it will become increasingly important to present quantified impact results and accompany those results with a compelling narrative. Telling a convincing story and clearly explaining what value is offered to or taken from society will be key. What's more, it will be essential to show how one distinguishes oneself from others in creating a better impact for society. IMV will be the tool to support this

Increasing supply chain transparency by utilising direct data

Organisations needing to deliver upon their scope 3 targets, will be forced to move away from the use of estimated supply chain data: the current common practice is to use databases. On top of this, increasing demand from stakeholders, sometimes enforced by litigation actions⁵, will push organisations to improve their supply chain transparency and collect direct data from their suppliers. We expect increased demand and usage of sharing supply chain data enabled by online exchange platforms. These developments, will make impact measurement across the value chain more accessible and robust.

Sources: 1) Nature (2022), 'Can An Economics Formula Save The Planet?'. 2) [COP15: Australia, US commit to measuring value of nature and reflecting it in national accounts | Australia news | The Guardian](#). 3) [International Foundation for Valuing Impacts Holds Inaugural Board Meeting - News - Harvard Business School \(hbs.edu\)](#) 4) [The Capitals Coalition – redefining value to transform decision-making](#) 5) [Royal Dutch Shell must reduce CO2 emissions \(rechtspraak.nl\)](#)

Contact us

Deloitte can bring understanding and expertise to impact measurement and valuation, delivering insights that will bring societal and financial value to your organisation and your wider stakeholders

How we can help: Deloitte’s SIA services

Our team has more than a decade of experience working with organisations across the globe on their impact journey. We understand the challenges around impact measurement and valuation and how to incorporate results into your organisation’s metrics, goals, strategy and purpose.

Our SIA framework can help you to:

- Better understand how you create and reduce value for your key stakeholders and the environment.
- Connect results to board and executive remuneration and embed the methodology into day-to-day decisions at multiple levels within the organisation.
- Redefine your organisation’s purpose through an impact lens to ensure the company creates net-positive impact.
- Enhance your risk management approaches through impact insights to identify hidden risks and opportunities arising from stakeholder actions.
- Articulate your impact story towards your stakeholders by monetising your impacts and building a compelling narrative around your results.

Reach out to one of us for more information



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Annex



Annex 1. List of organisations identified that have used impact measurement and valuation up to now (1/2)

Logo	Company name	First year of publication	Headquarter	Logo	Company name	First year of publication	Headquarter	Logo	Company name	First year of publication	Headquarter
	ABN Amro	2014	Netherlands		CMPC	Unknown ¹	Chile		FSC	2017	Netherlands
	Achmea	2020	Netherlands		Coca-Cola Company	2015	United States		Godrej Consumer Products Limited	2017	India
	AkzoNobel	2014	Netherlands		Crown Estate	2011	United Kingdom		Hago Next	2020	Netherlands
	Algix	2013	United States		Danish Apparel Sector	2012	Denmark		Hammerson	2013	United Kingdom
	Alliander	2015	Netherlands		Danone	2020	France		Hancock Natural Resource Group	Unknown ¹	United States
	Ambuja Cement	2012	India		DBS	2020	Singapore		Heerema Marine Contractors	2016	Netherlands
	American Chemistry Council	2015	United States		De Fruitmotor	2020	Netherlands		Holcim Group	2014	Switzerland
	APRIL	Unknown ¹	Singapore		Dell	2015	United States		Hugo Boss	2016	Germany
	Arcadis	2017	Netherlands		Deloitte	2021	United Kingdom		Infosys	2003	India
	Arla Foods	2014	Denmark		Dow Chemical	2016	United States		Interface Global	2012	United States
	Bakkerij van Vessem	2020	Netherlands		DSM	2015	Netherlands		Interholco	Unknown ¹	Switzerland
	BAM	Unknown ¹	United Kingdom		Dutch Railways	2014	Netherlands		International Paper	2017	United States
	BASF	2013	Germany		Econic	Unknown ¹	Netherlands		IRPC	2021	Thailand
	Better Places	2021	Netherlands		Eosta	2015	Netherlands		Itaú	2019	Brazil
	Brisa	2020	Portugal		Eskom	2011	South Africa		Jaguar Land Rover	2016	United Kingdom
	British Land	2011	United Kingdom		ESPADAN	Unknown ¹	Spain		Jumbo	2020	Netherlands
	Argos	2015	Colombia		Evonik	2017	Germany		Kering Global	2012	France
	Cemex	2017	Netherlands		Firmenich	2015	Switzerland		Levi Strauss	2011	United States
	Centrica	2013	United Kingdom		FrieslandCampina	2018	Netherlands				

¹For companies where the year of publication was unknown, 2015 was used for the analysis.

Annex 1. List of organisations identified that have used impact measurement and valuation up to now (2/2)

Logo	Company name	First year of publication	Headquarter	Logo	Company name	First year of publication	Headquarter	Logo	Company name	First year of publication	Headquarter
	Lindengruppen	2022	Sweden		Safaricom	2015	Kenya		Tarmac, CRH company	2016	United Kingdom
	Meerlanden	2017	Netherlands		Samsung	2016	South Korea		Tata	2016	India
	Mitsubishi Elevators	2016	Japan		SAP	2014	Germany		The Navigator Company	2015	Portugal
	Mondriaan Fonds	Unknown ¹	Netherlands		Schiphol	2016	Netherlands		Tony's Chocolonely	2013	Netherlands
	Monsanto	2013	United States		Scottish Hydro Electric (SHE) Transmission	2013	United Kingdom		TUI	2013	Germany
	Natura	2016	Brazil		SK Group	2018	South Korea		Unilever	2005	United Kingdom
	Nestle	2017	Switzerland		Skanska	2014	Sweden		United Utilities	2014	United Kingdom
	NewBees	2018	Netherlands		Smurfit Kappa	2019	Ireland		Van Oord	2017	Netherlands
	Novartis	2017	Switzerland		Solidaridad	2021	Netherlands		Vebego	2020	Netherlands
	Novo Nordisk	2011	Denmark		Solvay	2016	Belgium		Veolia	2012	United Kingdom
	Olam	2018	Singapore		Sompo Japan Nipponkoa	2011	Japan		Vodafone	2015	United Kingdom
	Philip Morris International	2016	United States		Soneva	2015	Maldives		Volvo	2014	Sweden
	Philips	2017	Netherlands		Standard Chartered Bank	2010	United Kingdom		Webfleet Solutions	2018	Netherlands
	Puma	2011	Germany		Stedin Group	2020	Netherlands		Wire Group	2020	Netherlands
	PWC	2017	United Kingdom		Stella McCartney	2013	United Kingdom		Yarra Valley Water	2015	Australia
	Rio Tinto	2010	United Kingdom		Suez Environment	2022	France		Yorkshire Water	2014	United Kingdom
	Robert McAlpine	2013	United Kingdom		Syngenta	2017	Switzerland				
	Roche	2015	Switzerland								
	SABMiller	2011	Belgium								

¹For companies where the year of publication was unknown, 2015 was used for the analysis.



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