

OPTIMISE YOUR IMPACT:

**A GUIDE TO MANAGING
FOR IMPACT**



integrating impacts

FOREWORD

Running a business requires making endless decisions: juggling sales, personnel, contracts, suppliers, and finances, all while balancing immediate challenges with long-term forecasts and cash flows. Beyond these operational pressures, most business leaders start with a sense of purpose - to make and sell a product or a service that will bring value to others, while ensuring their choices do not contribute to social and environmental challenges, and hopefully actively working to reduce them.

For leaders committed to making positive impacts, and recognising that businesses are rarely held to account by the people they affect, there is another challenge: how can we make all those daily decisions with impact in mind, against the relentless pressure for financial performance?

This is what this guide is about: **decision-making**. It focuses on how to make better, more ambitious decisions as if we were directly accountable to those our choices affect. Rooted in Social

Value International's standards, the UN Guiding Principles on Business and Human Rights, and the ISO/UNDP 53001 Management systems for United Nations Sustainable Development Goals (SDGs), this guide will help you drive innovation and make decisions that create the most value.

Wherever you are starting from, this document will help you to address key challenges and work towards optimising your impacts.

Jeremy Nicholls

*Co-founder, Social Value International
Ashoka Fellow*

ACKNOWLEDGEMENTS

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Based on the authors' practical experience, this guide builds upon previous valuable works, including *Maximise Your Impact: A Guide for Social Entrepreneurs* and the *SROI Guide: A Guide to Social Return on Investment*. The authors recognize this latest guide as a continuation of practice, informed by the legacy of previous guidance and the global network of professional practitioners

ABOUT THE AUTHORS

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ABOUT SOCIAL VALUE INTERNATIONAL

Social Value International (SVI) endorses this guide as a practical resource for individuals and organisations measuring and managing their social value.

SVI is a global organisation committed to advancing social impact management practices and changing the way society accounts for value. Its vision is to create a future where decisions put the well-being of people and the planet first.

Since 2007, SVI has built a network of networks and collaborated to develop the Social Return on Investment (SROI) methodology and standards for applying the Principles of Social Value. SVI also offers a professional pathway through training and accreditation and campaigns for a global economy that reduces inequality and increases wellbeing.

In 2020, SVI partnered with the United Nations Development Programme (UNDP) to develop the SDG Impact Standards and roll out its accreditation programme. This work laid the foundations for the new ISO/UNDP 53001- Management Systems for the UN Sustainable Development Goals (SDGs) – Requirements. SVI provided technical input into the standard, which references Principles of Social Value and aligns closely with Principle 1, Involve Stakeholders.

“*Optimise Your Impact builds on Maximise Your Impact: A Guide for Social Entrepreneurs (2017). The latter helps social enterprises collect data from the people they affect and use it to improve the design of products or services that address a social issue.*

This guide is for a broader range of organisations, whether they are integrating impact management into existing practice or embedding it from the start. It goes beyond product and service design to cover how an organisation operates both internally and across its value chain. It also places more emphasis on generating options for making decisions that optimise value for different affected groups, recognising the risks and trade-offs that come with every decision.

The guide builds on the authors' experiences as Accredited Practitioners for the SDG Impact Standards, including the detailed Seed&Co case study they developed to demonstrate how the standards can be applied in practice. It is also informed by their contributions to the development of ISO/UNDP 53001.”

Yulia Romaschenko

Technical Director, Social Value International

**MANAGE FOR IMPACTS AND
CONTRIBUTE POSITIVELY TO
SUSTAINABLE DEVELOPMENT**

“YOU CANNOT GET THROUGH A SINGLE DAY WITHOUT HAVING AN IMPACT ON THE WORLD AROUND YOU. WHAT YOU DO MAKES A DIFFERENCE, AND YOU HAVE TO DECIDE WHAT KIND OF DIFFERENCE YOU WANT TO MAKE.”

JANE GOODALL

**“IF THE RATE OF CHANGE ON THE
OUTSIDE EXCEEDS THE RATE OF CHANGE
ON THE INSIDE, THE END IS NEAR”.**

JACK WELCH, FORMER CEO OF GENERAL ELECTRIC

LET'S START WITH MAKING DECISIONS: BETTER INFORMATION, BETTER DECISIONS

Every organisation makes decisions.

Some are large and strategic. Others are operational and routine. Regardless of their size, every decision has one thing in common: it is made using the information available at the time.

Imagine your organisation is considering two different ways of delivering a new service.

Initially, the only information available relates to cost and expected financial returns. You have the resources to fund either option.

Which option would you choose?

	OPTION A	OPTION B
Initial investment	\$150,000	\$200,000
Expected annual turnover	\$10,000	\$25,000

Based on this information alone, many people would favour Option B. It requires a larger initial investment, but it is expected to generate higher returns.

You may already feel reasonably confident in your choice.

However, additional evidence becomes available.

FINANCIAL RISK

You now learn more about the likelihood of achieving those expected returns.

	OPTION A	OPTION B
Initial investment	\$150,000	\$200,000
Expected annual turnover	\$10,000	\$25,000
Risk of lower-than-expected returns	Moderate, but still expected to meet minimum requirements	High, with potential to fall below minimum requirements

Does this change your thinking?

You may still prefer Option B, but perhaps with less confidence than before.

Further evidence becomes available that identifies non-financial impacts on stakeholders.

POSITIVE IMPACTS ON WORKERS

You now receive information about how each option is expected to affect workers.

	OPTION A	OPTION B
Workers experiencing improved job satisfaction	100	50 (50 do not)
Main reason	Higher pay and permanent contracts	Less secure working conditions
Risk of achieving less positive impact than expected	High	Moderate

The option that appeared most attractive from a financial perspective may not appear as clear-cut when wider impacts are considered.

Additional evidence becomes available.

NEGATIVE IMPACTS ON WORKERS

You now receive information about potential negative impacts.

	OPTION A	OPTION B
Workers experiencing stress above levels they consider acceptable	75	25
Confidence in this estimate	High	High

The decision may now feel more difficult than it did at the start.

Option A appears likely to create greater positive outcomes for workers, but it may also result in more workers experiencing unacceptable levels of stress.

WHAT ELSE WOULD YOU WANT TO KNOW?

Before making your final decision, you might ask questions such as:

- How would each option affect other people?
- What are the environmental impacts to consider?
- Which impacts matter most?
- How certain are these estimates?
- How do the impacts compare to our targets?

The more evidence available, the more informed your decision becomes.

Yet new challenges also emerge.

How do you compare different impacts?

How do you weigh positive and negative outcomes?

How do you make decisions when different groups experience different consequences?

While decisions involving multiple impacts can seem complex, there are practical approaches that can help. Many of these approaches have been developed and refined over time and are increasingly reflected in leading practice and international standards. This guide provides practical guidance on the considerations, processes and practices that can help you develop and improve your approach to identifying, understanding and assessing impacts, comparing different options and making more informed, transparent and confident decisions.

WHAT IS MEANT BY THE TERMS:

Enterprise / organisation: A person or group of people with specific functions and responsibilities related to achieving shared goals.

Impact: The change in an outcome (aspects of wellbeing) caused by an entity's actions or decisions either directly through its products, services or own operations; or indirectly through its supply and value chain(s). Impacts can be positive or negative, intended or unintended, direct or indirect.

Outcome: The things that change or may change for stakeholders as a result of an organisation's activities and decisions. *See also: well-defined outcomes.*

Output: The summary of activities in numbers.

Material impacts: All **relevant** impacts that affect the wellbeing of stakeholders experiencing them and that would influence decisions of the entity acting in the interest of these stakeholders, to maximize wellbeing and achieve sustainability and the SDGs by 2030. **Significance** is the assessment of the magnitude of impacts helping with prioritization.

Risk: The actual or possible negative effects of uncertainty or incomplete information.

Impact Risk: The likelihood that impacts do not occur as expected.

Stakeholders: People or groups of people affected that experience positive and negative impacts, or who can influence the impacts. Also referred to as *interested parties* or *affected people*.

Valuation: The estimation of the relative importance, worth or usefulness of something to people, the planet or an entity. Valuation can be monetary or non-monetary and provides a quantitative assessment that aids comparison.

Social value: The importance people place on different changes they experience to aspects of their well-being.

Trade-off: A consequence of an entity's decision that can generate positive impacts for some stakeholders, while creating negative impacts for others that needs to be accounted for and managed.

Threshold: The minimum amounts of positive change that must be reached, or

maximum amounts of negative change that cannot be breached within a specific time frame. Thresholds, together with ambitious targets are essential to increase levels of accountability in an organization.

Wellbeing: A positive state of being experienced by the natural environment, people, and societies where needs are met and they have the capacity and opportunity to lead fulfilling existence/life.

Well-defined outcomes: Specific aspects of wellbeing — social, environmental or economic — that have changed or may change for stakeholders.

Sustainable development: Meeting the social, environmental and economic needs of the present without compromising the ability of future generations to meet their needs (e.g., climate change, inequality and human rights, biodiversity loss, deforestation, waste and pollution).

Sustainable Development Goals

(SDGs): The 17 goals agreed on by all UN Member States as a blueprint to ensure a sustainable and more inclusive future for all.

USING THIS GUIDE

WHO IS IT FOR?

This Guide is designed for professionals in the sustainability and impact field working across all types of organisations. It supports those who want to manage for impact – that is, to effectively optimise their organisation's impacts by maximising positive and minimizing negative ones. It is designed for both the people who provide information to support decision-makers and those who make decisions at every level of an organisation.

This Guide highlights how impact information can support better decision-making. While it covers impact measurement and data collection, its

primary purpose is to show how that information can be used to optimise the impacts that organisations create and contribute to through their activities.

The Guide is relevant for organisations seeking to integrate impact management into existing practices and for start-ups and entrepreneurs looking to embed it from the outset.

This Guide will help you to:

- Develop your approach to measuring impacts so you better understand the significance for different stakeholders
- Improve and continually redesign your activities to maximise positive impacts and minimise negatives

- Review the purpose of your organisation and its approach to creating value
- Develop your organisation's impact strategy to address key sustainability issues
- Establish ambitious targets
- Develop an impact framework to track your impacts, manage risks, and drive continuous improvement
- Align with related international standards to ensure data collection meets their requirements
- Build a systematic approach that maximises your contribution to sustainability

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1. INTRODUCTION

1. INTRODUCTION

1.1 CONSEQUENCES OF ACTIVITIES AND IMPACTS

The operation and management of an organisation create many consequences for the people affected by that organisation's activities, services and decisions.

Your choices – both in terms of action and inaction – create consequences for different stakeholders.

Impacts are simply another word for these consequences. One of the most widely known impacts of operating a business – generating financial returns – has its own relatively clearly defined and well understood language: financial accounting. Using this language, it is relatively easy to understand and communicate the impact of decisions and activities on the financial returns of a business.

For **non**-financial impacts, while there has been considerable progress in recent years, work is still ongoing on how best to “account” for this.

This can get messy very quickly, as a change in one area tends to create a consequence in others. In this Guide, the term ‘impact’ is used to mean a consequence or change in peoples’ lives. When running your organisation, you may or may not have information on these types of changes to the same extent as you do for financial performance – but that is precisely what this Guide addresses. It explores how you can develop systematic approaches to collecting and using impact data to make decisions that increase positive consequences for people’s lives and minimise negative ones.

This is essentially the idea of impact management.

When thinking about impact, you may be familiar with frameworks or terms such as sustainable development and the Sustainable Development Goals (SDGs). There are strong practical connections between impact management and sustainable development.

If your organisation is making decisions that increase positive impacts and reduce negative ones in ways that meet people’s needs, you are actively contributing positively to sustainable development – and your work can be directly aligned to the SDGs.

DECISION MAKING AND TYPES OF DECISIONS

This Guide recognises that:

You make decisions constantly, and every decision is a choice between options – most often a choice between business-as-usual and an alternative that you think may be better. This Guide will help you add further evidence to support those decisions, ensuring impacts on people's lives are accounted for.

You likely have some information about your activities and their impacts, but you probably need more, particularly about how different ways of delivering those activities compare. Better information leads to more informed choices.

Importantly, you do not have to wait until you have designed and installed a perfect 'impact measurement and management system' to start making decisions.

Fundamentally, every decision is about a choice:

- Should you go this way, or that way?
- Should you do things this way, or another way?

Most commonly, this is a choice between continuing a current practice and doing something differently. The choice you make will depend largely on the information available about the likely consequences of each option. When these choices are made based solely on information about the financial impact of the decision, there is a risk that the non-financial consequences could be more significant than you realise.

To effectively manage the non-financial impacts of your decisions, you need information about the expected consequences for people's lives of choosing each option — and whether these consequences would satisfy

the expectations of the affected stakeholders.

You may have some information about the effects of what you are currently doing, but information about what you could do differently will always be a forecast. You may have the time and resources to test options through a pilot, which improves the reliability of that forecast — but whatever you do, it is still a prediction of the future, and the future cannot be fully known.

A key question is: where does the information about the likely impacts of different options come from? You need to be able to compare different ways of doing things, so you are more likely to identify viable and valuable ideas, and reduce the risk of unforeseen consequences.

TYPES OF DECISIONS

This Guide groups decisions into categories based on two dimensions:

- the nature of their consequences
- and
- the frequency with which they are made.

For the purposes of this guide, the different types of decisions made in an organisation have been categorised as follows:

- **Strategic decisions** – high-level decisions that shape the purpose, goals and targets of your organisation, typically made on an annual basis or less frequently.
- **Tactical decisions** – decisions about how to choose between different options for activities, typically made on a monthly or quarterly basis.
- **Operational decisions** – day-to-day decisions made to improve the existing product or service, made

frequently across all levels of the organisation.

The Guide will refer to these categories throughout.

RISK

Making choices also forces you to confront another fundamental issue — all choices about the future involve risk. The risk is that your choice is not the best one and you don't meet your impact targets. In the worst case, a poor decision could make things worse for others.

You will need to assess the level of risk in your decisions — how much risk you are willing and able to take. You will need to identify and then manage the risk. Critically, risk must be considered not only from the organisation's perspective, but also from the perspective of the people who experience the consequences of your decisions.

This Guide is designed to help organisations make better decisions in

an imperfect world — one where time and money are rarely sufficient. Perfect or certain evidence to support choices is never available, but it's crucial not to let the search for perfection prevent progress.

Good decision-makers recognise the necessary balance between having information that is good enough to act on and an acceptable level of risk that any given choice may not be the best. With that in mind, the focus should be on:

- Encouraging a culture that wants to manage non-financial impacts.
- Encouraging a culture that seeks insights from comparisons within and between data sets.
- Encouraging a culture that seeks insights from data, using evidence that is 'good enough' to support decision-making and improvement.
- Collecting data that is good enough to provide insights and evaluate options effectively and consistently.

You can always find a reason why your data isn't good enough to support your decisions. This Guide is designed to help you avoid this — to generate options, assess them frequently, and make a choice. It encourages trial and error in prototyping and piloting improvements and not hiding from tough decisions.

When it comes to managing impacts and contributing positively to sustainable development, the biggest risk is not being ambitious enough to meet the needs and expectations of affected stakeholders. Closely related to this is the risk of generating too few options, where improved and new ways of delivering activities are generated and selected to meet your ambitions. Comparing options

is an essential source of opportunities for increasing impact, and this highlights the connected requirement to manage the risks that collected evidence provides sufficient insights. In summary, without insights from impact data the ability to identify options to improve is limited and ultimately the risk of meeting ambitious targets is limited — and this means not meeting the needs of those affected.

Before getting into the detail of what type of data you need, there are three main issues worth identifying:

1. Running a business has both positive and negative consequences (impacts) for people, communities, ecosystems, and the environment. The more you

understand these, the more you will be able to reduce the risk that you are missing opportunities to increase positive impact.

2. Understanding the importance of these consequences (impacts) requires different types of data — and the richer your data can generate more valuable your insights.
3. Evaluating the associated risk of insufficient / low quality data both before and during your data collection will increase the likelihood that you have evidence that is 'good enough' and can support your decision-making.

BEING ACCOUNTABLE

Currently, the most obvious and significant difference between financial and non-financial impacts is accountability. Organisations are held to account for their financial performance — by investors, customers, or funders — and there are likely consequences for performance that fails to meet financial expectations. However, when it comes to non-financial impacts, the level of accountability is much lower. This means that those who experience the consequences of an organisation's decisions have less power to hold it to account.

Most people are used to being held to account, even if they don't enjoy it: by lawmakers and regulators for breaches of the law, by customers choosing whether

to buy, and by investors expecting returns. And the consequences are real and obvious; you could lose your job, your business, or your investment.

Financial pressures and competition force constant decision-making, and these decisions are rarely, if ever, made with perfect information. But for non-financial impacts, the situation is different — there is little, if any, risk that you will be held to account. Imagine how different the situation would be if you were. You would have to generate ideas and make choices that create non-financial value for customers, investors, and other stakeholders — making decisions all the time, rarely with perfect information.

Impact management should not be a selective practice — it should be part of how decisions are made throughout an organisation. It is important that

the management of financial and non-financial impacts are viewed as equally important to creating long-term sustainable value. To support the shift to managing for impacts, this Guide examines the types of data you could collect, what it means to collect more or less rigorous data, and how this data can support better and more meaningful decision-making.

WHAT IS MEANT BY INCREASING IMPACTS?

This Guide has already used terms such as *increasing* and *positive impacts*. These words feel intuitive, but it is important to be clear about their meaning.

WHAT AMOUNT OF CHANGE IS GOOD ENOUGH?

In finance, a profit is positive and loss negative. But from the perspective of an owner or investor, the key is whether the profit is positive *enough*, whether it has reached a minimum **threshold**. For example, if an external investor wanted a financial return of 5% but only received 3%, whilst this is still an increase it is less than they wanted and they may sell their share.

When thinking about a change in people's lives, the key question is: what is the minimum amount of change needed for an impact to be considered positive *enough*? This is an important consideration that will help to support accountability and encourage a focus on creating change that meets the needs of affected stakeholders. And of course, there will likely be a mix of positive and negative impacts — and each needs the same level of consideration.

WHAT IS NET POSITIVE?

Acknowledging that decisions produce a mix of positive and negative impacts, means acknowledging trade-offs are constant. You are making the overall judgment that the positives outweigh the negatives. And when you choose between options, you are saying this mix of positive and negative impacts is better than the alternatives.

There is no escape from trade-offs when making decisions, but it demands transparency and a commitment to compare the impacts from the perspective of those experiencing them. It is also necessary to recognise that some impacts cannot be traded, and where there are negatives, you have a responsibility to minimise them and even provide remediation to those affected.

Perhaps the most important point made in this Guide is this: whether you like it or not, every time you chose one choice of action over another, there will likely be positive and negative changes in people's lives — and these generally go unaccounted for. More likely, the people making the decision have relied on their own value judgments about the impacts experienced by others. If you are going to make decisions and choose between options with the intention to increase overall net positive impact, you must be willing to listen to those affected and compare the positive and negative impacts experienced by different groups of people.

1.2 HOW TO USE THIS GUIDE

The Guide is broken into sections that reflect a normal business cycle of planning, doing, checking, and acting. However, this cycle runs at different speeds depending on type of decision: Strategic, Tactical or Operational.

Each section of the Guide covers key Impact Questions that need to be considered to understand and manage the impacts of your organisation. While collecting data to answer the Impact Questions, you will develop insights that can be applied immediately to improve your activities. Over time, aggregating impact data from Operational and Tactical decisions will also support higher-risk Strategic decisions, such as changes to your organisation's objectives or mission.

The Guide is structured to illustrate how to develop a systematic approach to impact measurement and management, using a fictitious case study throughout to demonstrate what this looks like in practice.

HOW THIS GUIDE IS STRUCTURED

This Guide brings together leading frameworks to help manage for impacts. It is structured primarily by key Impact Questions, which are framed by the Principles of Social Value.

The Impact Questions provide a practical guidance that aligns with the UNDP SDG Impact Standard for Enterprises. For each Impact Question, the Guide identifies related Enterprise Actions from the SDG Impact Standard to highlight the connection between the approaches.

This Guide also supports organisations implementing the ISO/UNDP 53001 Management System Standard (MSS). However, because ISO/UNDP 53001 is a copyrighted, paid-for standard, the Guide does not reproduce or directly reference its requirements. Nevertheless, ISO/UNDP 53001 is conceptually aligned with the UNDP SDG Impact Standard for Enterprises, sharing the same core principles and fundamental requirements. As a result, this Guide provides practical support for organisations implementing either framework.

Managing for impacts is not a linear process – it is much more likely to be iterative. As you progress through the questions, you will find opportunities to refine earlier approaches – this is perfectly normal.

MANAGING FOR IMPACTS: DECISION CYCLE

Managing for impacts is a continuous process of planning, doing, checking, and acting — with Strategic, Tactical and Operational decisions overlapping throughout the process. At the Strategic level, this process can be undertaken annually and aligned with financial planning. At the Tactical and Operational levels, the same process applies but in a quicker and more flexible manner.

Developing a systematic approach to managing for impacts so that there is enough evidence to support different types of decisions increases your ability to make changes, both large and small, more easily and more frequently. The result is an organisation that consistently works to optimise its impacts.

MAXIMISING IMPACT

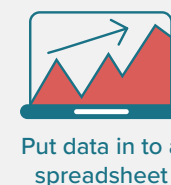
Act

Develop ideas and improvements for products and services



Check

Plan



The “Plan-Do-Check-Act” cycle is applied to all type of decisions; however, for operational and tactical ones you will repeat this process numerous times and as quickly as necessary within the “Do” stage of delivering your strategy.

1.3 HOW THIS GUIDE IS ALIGNED WITH BEST PRACTICE

1.3.1 UNDP SDG IMPACT STANDARDS FOR ENTERPRISES AND THE PRINCIPLES OF SOCIAL VALUE

The approach illustrated in this Guide is based on existing international standards and approaches.

The UNDP SDG Impact Standards for Enterprises is a decision-making framework that supports organisations to embed the necessary systems, processes and behaviours to operate sustainably and contribute positively to the SDGs. The Standards provide a framework that incorporates existing standards and approaches (such as the Global Reporting Initiative reporting guidance,

the Principles of Social Value and IRIS+).

The Standard highlights the requirements for organisations to systematically manage impacts so they can optimise contributions to sustainable development. The Standard is structured as follows:

Themes: Four themes – Strategy, Management Approach, Transparency, and Governance – ensure a holistic approach is applied and considerations are integrated across all aspects of the organisation.

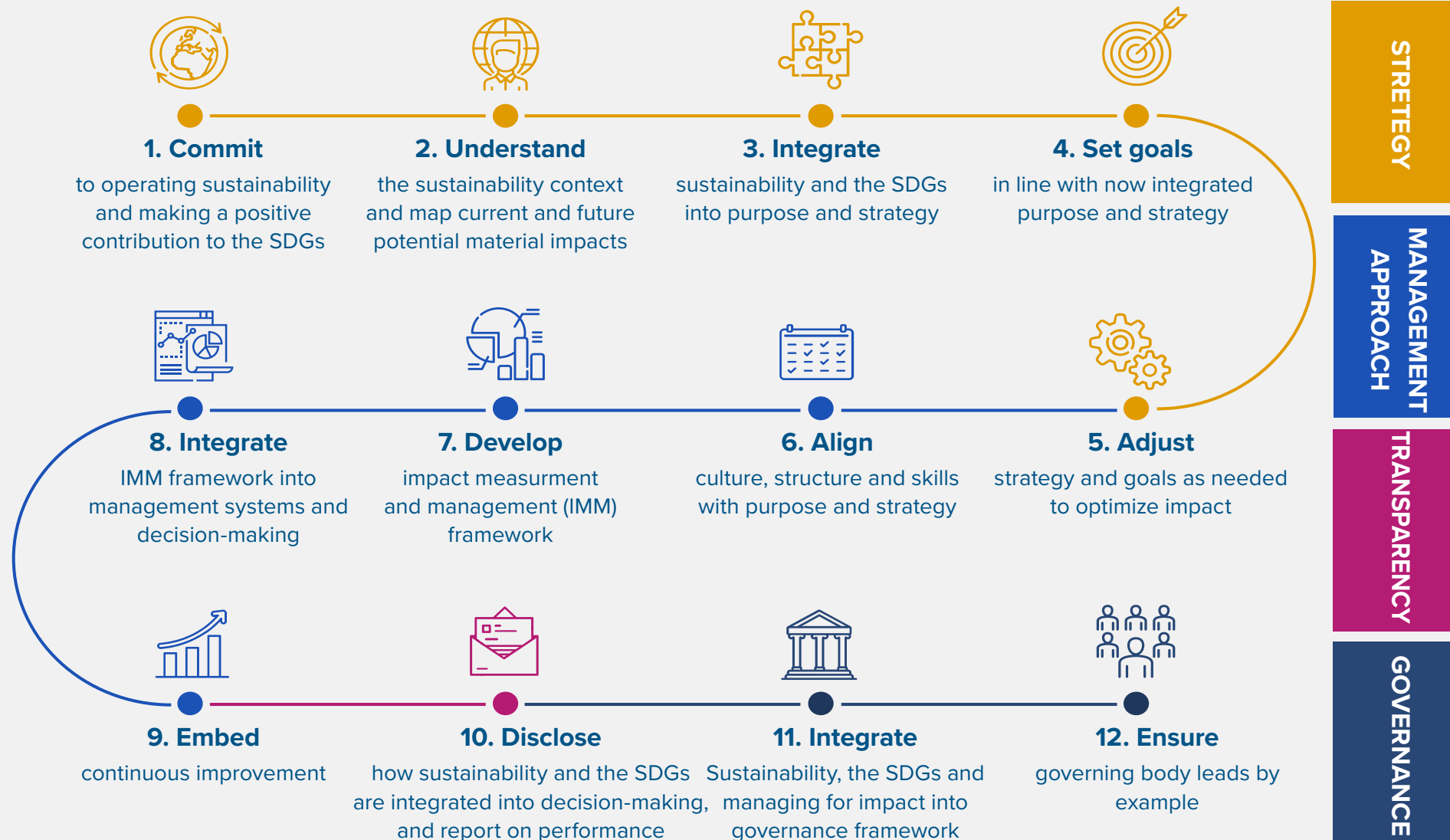
Enterprise Actions: Twelve Enterprise Actions provide greater detail on how to effectively embed each of the themes.

Practice Indicators: Specific indicators – each accompanied by supportive

Minimum Evidence Requirements that provide the detailed guidance needed to meet the requirements of an Enterprise Action within the Impact Standard.

The Principles of Social Value, developed by Social Value International (SVI), complement the UNDP Standard to develop and integrate an effective impact measurement and management framework by providing guidance on how to ensure you have evidence that supports effective decision-making. Respect for universal human rights, as reflected in the UN Guiding Principles on Business & Human Rights, and planetary boundaries underpins the Principles of Social Value and the SDG Impact Standards, and is therefore also foundational to this Guide.

12 SDG IMPACT STANDARDS FOR ENTERPRISES ACTIONS



SDG Impact Standards

SDG Impact Standards, <https://sdgimpact.undp.org/practice-standards.html>

1.3.2 THE PRINCIPLES OF SOCIAL VALUE

The Principles of Social Value provide the key building blocks for anyone who wants to make decisions that increase equality, improve wellbeing, and increase environmental sustainability.

The Principles place the involvement of affected stakeholders at the centre of a process that ensures decision-useful evidence is collected and analysed to support the creation of options. Throughout the impact measurement and management process, you will have to make professional judgments on a range

of issues, including appropriate methods of data collection and the interpretation of findings. The Principles provide a clear framework to guide how to make appropriate professional judgments in the process.

PRINCIPLE 1: INVOLVE STAKEHOLDERS	Involving stakeholders informs what gets measured, how it is measured, and how it is valued in an account of social value.
PRINCIPLE 2: UNDERSTAND WHAT CHANGES	Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are unintended.
PRINCIPLE 3: VALUE THE THINGS THAT MATTER	Making decisions about allocating resources between different options requires recognising the values of stakeholders. Value refers to the relative importance of different outcomes and is informed by stakeholders' preferences.
PRINCIPLE 4: ONLY INCLUDE WHAT IS MATERIAL	Determine what information and evidence must be included in the accounts to give an accurate and fair picture, enabling stakeholders to draw reasonable conclusions about impact.
PRINCIPLE 5: DO NOT OVERCLAIM	Only claim the value that activities are responsible for creating. This principle requires reference to baselines, trends and benchmarks to help assess the extent to which a change is caused by the activity, as opposed to other factors. Reporting on and managing the outcomes that have been determined with affected stakeholders will enable other people or organisations to better understand how they can contribute to creating value, avoid negative outcomes and encourage a system or collective approach to achieving impacts.
PRINCIPLE 6: BE TRANSPARENT	Demonstrate the basis on which the analysis may be considered accurate and honest, and show that it will be reported to and discussed with stakeholders.
PRINCIPLE 7: VERIFY THE RESULT	Ensure appropriate levels of verification of approach and results. This should include the involvement of those affected and in some cases can also require independent assurance.
PRINCIPLE 8: BE RESPONSIVE	Pursue optimum social value based on decision-making that is timely and supported by appropriate accounting and reporting.



The landscape of different standards, frameworks and approaches can be somewhat confusing. In essence, the SDG Impact Standard provides a comprehensive view of what is needed to embed managing for impacts into the culture and practices of an organisation. The Principles of Social Value support the Impact Standard with specific guidance on requirements for developing and integrating an effective impact measurement and management framework.

This Guide refers to the SDG Impact Standard and Principles of Social Value frequently and highlights how each aligns with each other. However, to make the Guide as practical as possible, it is structured around Impact Questions — practical questions developed by SVI that have been applied to all forms of organisations and activities by thousands of organisations around the world.

1.3.3 THE IMPACT QUESTIONS

The 12 Impact Questions provide the structure for this Guide and outline the practical approach to collecting and using information to generate options and make decisions.

It is very likely that organisations will contribute to numerous different impacts experienced by different people. It is therefore important to have information that will allow you to make informed choices about where to direct your resources — whether to increase or reduce particular impacts. The Impact Questions help provide these insights that can support decisions that increase the likelihood that you optimise the wellbeing of stakeholders. In reality, the questions should not be viewed as a linear sequence. For example, as you gain insights from one question, you may revisit earlier questions. It may also be that initially you address some of the questions quickly and subsequently improve the level of detail and accuracy you apply over time.

What is your purpose? What are the sustainability risks and opportunities linked to your activities and operations?

Answering this question will require thinking about your purpose and the value you aim to create. With insights from other questions about your stakeholders and the changes they experience, it will help focus attention on your impact goals – the overriding objectives of your organisation.

Who experiences positive or negative changes because of your activities?

This question is about understanding who is affected, both directly and indirectly, by your activities and decisions, and will require meaningful stakeholder engagement and being open to understanding their experiences.

What changes do stakeholders currently experience, what changes are they likely to experience, and what changes do they want to experience?

This question helps you to identify the relevant outcomes (things that change, or are forecast to change for people) because of your activities. It also encourages you to capture information about changes stakeholders want to experience (i.e., their needs and expectations). Asking this qualitative question will provide evidence of both intended and unintended changes.

What are the solutions (activities) and resources required (inputs)?

This question focuses attention on how you will meet the needs and expectations of stakeholders and address your strategic purpose. It helps to focus attention on how your activities can achieve your impact goals.

Which impacts are relevant and when do you prioritise each of them?

This question helps you to assess qualitative findings and make some initial decisions about prioritisation. At this stage you will have a list of different outcomes for a range of affected stakeholders and in reality, you will not be able to prioritise each of them immediately (this Guide provides further support to help your choices).

The question about which impacts to prioritise comes up again after you have collected quantitative data. At that stage you will have more evidence to support and improve your approach to the prioritisation of impacts.

The next set of impact questions help you gather and assess quantitative data for each relevant outcome. At this stage, rather than saying you are assessing change to the changes (outcomes) it helps to start using the language of

impacts. The guide will consistently refer to any quantitative assessment of outcomes as impact - but don't let language get in the way of practice; the most important thing is that you feel confident in what is needed to support you make better decisions, not which term should be used.

How will you measure the amount of change experienced or forecasted to be experienced?

This question helps to identify the indicator(s) you will use to measure the amount or depth of change for each outcome identified from question 3. It means identifying appropriate subjective and/or objective measures to provide quantitative evidence from affected stakeholders as well as potentially other reliable sources.

How much change was experienced?

Based on the indicators identified in question 5 you will have data on the

amount of change experienced by stakeholders. This is where you start to collect quantitative data to help better understand, compare and manage the impacts of our activities.

How long do changes last?

This question helps to understand the sustainability of different changes. You will also need to consider the frequency of measurements to ensure you have timely evidence to support your decisions.

How important are the changes to the people experiencing them?

This question helps to understand the relative importance that stakeholders place on different changes they experience. This quantitative evidence enables you to make more transparent comparisons between different changes experienced within and across stakeholder groups.

How much did you contribute to the changes?

This question helps to estimate your contribution by accounting for the degree of change that may have happened for stakeholders without your intervention, as well as the contribution of others. These are important considerations to help reduce the risk of over-claiming your impacts, as well as providing insights on where best to allocate resources and where collaboration with others would be most effective.

What is the significance of the relevant impacts and when do you prioritise each of them?

This is the second question that helps you to make decisions about when to prioritise each relevant impact. At this stage you will have quantitative data that helps to assess the significance of relevant impacts - with significance calculated by taking the depth, scale, duration, value, and contribution to changes into account.

You may not have assessed the significance of each impact yet, but for those where you have this evidence, you will be able to make more informed decisions about which matter most to stakeholders, and where you can create the greatest impacts. This evidence will help you rapidly direct resources to increase positive impacts and reduce negative ones — and also identify which impacts should be focused on at a later point in time.

What are the risks that the impact might not occur as expected?

This question guides you to understand and evaluate the risk that stakeholders do not experience impacts as expected, and compare this to affected stakeholders' impact risk tolerance.

1.3.4 GOVERNANCE AND ITS ROLE IN IMPACT MANAGEMENT

A quick note on the importance of governance: This topic is explored in greater detail towards the end of this Guide; however, it is important to highlight the need to integrate managing for impact within the governance of your organisation. Leadership and top management support are essential to integrate impact management into decision-making and the strategic direction of an organisation. They are also key to improving the likelihood that commitments and policies translate into meaningful improvements in practices and performance.

This Guide focuses on managing for impacts, which means accounting for non-financial impacts together with financial impacts. Both need to be governed and managed by the organisation to ensure its contribution to sustainability.

1.3.5 SOME KEY ISSUES TO CONSIDER

WHEN DOES AN OUTCOME BECOME AN IMPACT?

The language of outcomes and impacts is used frequently throughout this Guide. In practice, you need not be too worried about the words used to describe things.

For clarity, however, when the Guide discusses outcomes, these are the things that change (or are forecast to change) for people because of an activity or decision.

When you measure the amount of change to these outcomes that you have contributed to, you are starting to understand the impacts experienced by stakeholders. The Impact Questions also help you to understand the duration, value, and your contribution to the different impacts experienced (or forecast to be experienced).

As you work through the Impact Questions, this Guide will provide more details on how to effectively measure impacts.

WHAT IS MATERIALITY?

Materiality is about focusing decisions on what matters most and managing the risk of omitting information that is material enough to alter the decisions being made.

The question then becomes: what is considered important enough to be considered material?

Broadly, there are two approaches to materiality – single or double/complete. Single materiality only considers information that poses a current or potential risk to the financial position of the organisation as material. This view is outside-in, asking how the world can affect the organisation.

In contrast, double materiality is more complete and includes an inside-out perspective, asking how the organisation affects the world.

THIS GUIDE IS DEVELOPED AROUND THE CONCEPT OF DOUBLE MATERIALITY.

However, it is crucial to view assessments not as a way to decide **if** an impact is prioritised, but **when** to prioritise each. This is an important difference that means organisations will be better able to manage all impacts that matter and optimise contributions to sustainable development.

Organisations likely contribute to numerous impacts, and the challenge that materiality assessments need to help to overcome is identifying which of these to prioritise immediately, and which can be deferred to a later stage.

An assessment needs to consider the **relevance** and **significance** of each impact. Relevant impacts are potential or actual changes that matter to stakeholders and/or broader society and/or your organisational objectives. All relevant impacts need to be prioritised at some point, and the assessment of their significance helps inform choices about when to do so.

Significance is a quantitative assessment of the impact's magnitude. This assessment can help you to initially prioritise those relevant impacts that matter most. Answers to the Impact Questions provide the evidence needed to assess significance.

To prioritise impacts means to manage them – working to maximise the positives and minimise the negatives. But you will also need to make some initial decisions about which impacts to prioritise immediately, including which to assess for significance first. Organisations cannot afford to wait until you have evidence about the significance of all relevant impacts, as this could take considerable time and lead to lost opportunities and/or increased risk of negative impacts.

These initial decisions about which relevant impacts to prioritise are supported by the UNDP SDG Impact Standards, which outline impacts relating to:

- The cross-cutting issues of gender equality, decent work and climate change
- Any negative impacts (aligning with the principle to do no harm)
- Those where rapid improvements can be made and significant risks reduced

Importantly, the cross-cutting issues are not viewed as more important than other SDG-related issues, but there is significant evidence that improvements in the areas of gender equality and decent work can help to accelerate progress in other areas, whilst the need for action to address the climate crisis is well-established.

INTRODUCING THE CASE STUDY: SEED & CO.

Seed & Co.¹ is an agribusiness that sells seeds, fertilizers, pesticides, basic tools, and machinery to local smallholder farmers. Smallholders are usually farmers supporting a single family with a mixture of cash crops and subsistence farming. There are hundreds of millions of smallholder farms in developing countries, supporting almost two billion people.

Seed & Co. is a privately owned company that has received investment from different sources, including pension funds from Europe and North America, a private investor, and an 'impact investment' firm. The board of Seed & Co. is considering going public to raise more capital and increase the scale of operations.

Throughout this Guide, Seed & Co. will answer the Impact Questions, analyse data, identify insights, explore their options and make decisions supported by what they have learnt. In this process, they will also consider the risks of making wrong or suboptimal decisions.

¹ A detailed case study is available from Social Value International at: <https://www.socialvalueint.org/assurance-case-study-downloads>



2. WHERE TO START?

2. WHERE TO START?

WHERE TO START?

NO ORGANISATION IS STARTING FROM ZERO. EVERYONE HOLDS SOME EVIDENCE AND KNOWLEDGE THAT CAN BE DEVELOPED AS THEY MOVE TOWARDS INTEGRATING IMPACT MANAGEMENT. HOWEVER, AN IMPORTANT MILESTONE FOR ALL ORGANISATIONS — REGARDLESS OF WHERE THEY ARE ON THEIR JOURNEY — IS THE DECISION TO COMMIT TO A PURPOSE OF OPERATING SUSTAINABLY AND BEING SYSTEMATIC ABOUT IMPACT MANAGEMENT.

2.1 PLAN: DEFINING STRATEGY AND PLANNING FOR IMPACT

2.1.1 IMPACT QUESTION: WHAT IS YOUR PURPOSE?

The aim of this question is to carefully consider the purpose of your organisation, the extent to which sustainability is a core part of your commitment, and the sustainability risks and opportunities linked to your activities and operations.

The first thing to be clear about is defining the purpose of your organisation. Why do you exist? For some, this could be about addressing a problem that you

are trying to solve (e.g., providing value for underserved groups of people), and for others, it could be about addressing a need (e.g., providing a paid service).

Without dedicating time to reflect on your purpose, there is a greater risk of carrying out activities that do not align with your intentions and strategic goals. This is of course an ongoing process, and as you gain more insights about stakeholder's potential and actual changes along with their needs and expectations you should be open to refining your objectives.

SDG IMPACT STANDARDS ACTION: **COMMIT**

Commit to operating sustainably, optimising impacts on stakeholders, and contributing positively to the SDGs.

This action is about demonstrating a genuine commitment to putting impact management at the core of the organisation. This is an important founding action that confirms the mindset of top management is aligned with contributing positively to sustainability.

Reviewing the purpose of your organisation is a fundamental step that underpins effective strategy development and brings attention, focus and resources to help organisations optimise their impacts.

Useful questions to ask:

- How do you define value? What kinds of value (financial, social, environmental) matter to your organisation?
- How central is sustainability to the future of the enterprise?
- What does success look like for your enterprise? How are sustainability and contributing to positive impacts for people and the planet linked to the long-term success of the enterprise?
- How does the enterprise weigh financial and broader economic, social and environmental value? How does the enterprise balance short-term and longer-term considerations?



THE CONCEPT OF VALUE

All organisations seek to create value from their activities and investments to satisfy the needs of stakeholders. Of course, stakeholder expectations will differ, ranging from exclusively financial expectations to primarily non-financial ones.

Organisations may also intentionally create more than one form of value — for example, for-profit organisations that actively manage some aspects of their social value, such as customer and staff relationships. Additionally, all types of organisations will generate unintended value, often in the form of negative effects on people and/or the environment.

All organisations manage their financial value creation and will have a systematic approach to do so, varying in line with the size and complexity of their activities. Similarly, in line with a purpose that aims to contribute to sustainability, it will be necessary to develop your approach to actively manage non-financial impacts.

HOW DO YOU CHOOSE YOUR PURPOSE? WHAT QUESTIONS HELP?

Genuinely managing for impacts requires a commitment that aligns the purpose of the organisation with responsible business practices and optimizing contributions to sustainability.

Some organisations, such as not-for-profits or social entrepreneurs, may already have a purpose that is clearly aligned with prioritising non-financial impacts. For others, agreeing on a revised purpose may be more challenging. The process will require conversations at the executive and managerial level to explore the purpose, motivations and drivers that lead them to define or redefine their mission and values.

Many organisations recognize the business case for managing non-financial impacts, and this Guide supports that position.

HOW CAN MANAGING IMPACT AND CONTRIBUTING POSITIVELY TO SUSTAINABILITY HELP YOUR ORGANISATION TO THRIVE?

Contributing positively to sustainable development is still often considered as sacrificing business prosperity for the sake of the wellbeing of people and the planet. Despite being, at best, short-sighted, this view undermines the potential benefits that managing impacts can provide for the business. Putting sustainability at the core of the organisational purpose can:

- *Open new business and investment opportunities, as well as increasing efficiencies on current approaches*
- *Future-proof businesses from emerging megatrends (resilience)*
- *Help to manage risks more effectively*
- *Enhance reputation and brand*
- *Strengthen social license to operate*
- *Keep pace with – and anticipate future – policy developments*
- *Attract and retain employees, consumers, B2B customers, and investors*
- *Strengthen stakeholder relations and improve customer engagement in value chains*
- *Drive innovation, design effective products and services, and develop customer insights*
- *Stabilize societies and markets that underpin future business performance*

Responsible business practices and contributing positively to sustainable development are not just merely desirable — they are fundamental to the ongoing ability of all organisations to create financial value.

If your purpose is to maximise profit, the key drivers will be sales and the margin on those sales. If a profit focus also includes some commitment to social responsibility, you will now need clarity on what you consider as social responsibility.

However, you may have recognised that your organisation contributes to social or environmental issues and that you can or should help resolve them. Your organisation may desire to go beyond reducing harm it generates and seek to create positive contributions to non-financial value. Whether this stems from a perspective that views financial and non-financial value as separate elements of the organisation, or one that seeks to integrate the two to generate sustainable value, there is a strengthened need to clearly understand the root causes of the issues and where your organisation can make meaningful impacts.

Table 1 outlines some of the options available for the purpose of an organisation and how to better understand the context to meet these challenges.

TABLE 1. PURPOSE OF ORGANISATION

PURPOSE OF THE ORGANISATION	CHALLENGES AND OPPORTUNITIES
a. Maximising profit	- At a minimum, there is a need to screen for current and potential risks to the financial performance of the organisation
b. Maximising profit with some commitments to social responsibility c. Maximising profit whilst focusing on reducing any harm created for people or the environment	- Reviewing the impacts of all the organisation's activities and aligning with the SDGs - Understanding the potential impacts of the activities experienced by various stakeholders and the value created or destroyed - Where there is a commitment to social responsibility or reducing harm, the next step should be to analyse the problem and identify the root causes
d. Balancing profits with making a positive contribution to sustainable development	All the points for option b and c, plus: - Focusing on defined impact goals and managing trade-offs - Understanding the impacts experienced by different stakeholders because of activities
e. Optimising the positive contribution to sustainable development by balancing the social, environmental and economic impacts of activities.	All the points for option d plus: If your organisation commits to optimising its contribution to sustainable development, this means fully integrating and embedding an approach to managing for impacts across the whole value chain.

The decision on purpose will shape your approach and can affect the scope of the impacts (i.e., financial, social and environmental areas of value generation) that you consider and seek to manage.

2.1.2 IMPACT QUESTION: WHO EXPERIENCES POSITIVE OR NEGATIVE CHANGES BECAUSE OF YOUR ACTIVITIES?

The aim of this question is to identify all individuals and groups who affect your activities, as well as those who are affected by your decisions and activities.

Every organisation will contribute to a range of impacts for different individuals and groups affected by its activities. This Guide refers to them as stakeholders, whilst acknowledging that other terms may be used – for example, ISO standards refer to ‘interested parties’. It is important to be aware that for some communities the term ‘stakeholder’ has negative connotations linked to its historic use and in each situation to use language that is appropriate and helps to ensure the views of those affected are respected.

You may have already identified some of your stakeholders, but as you consider the consequences of your activities, the list of interested parties may become longer and more detailed.

The following questions can help you develop an understanding of your stakeholders:

- Who do you expect will be affected by your activity?
- Who is directly or indirectly, positively or negatively impacted by your organisation’s decisions, activities, products and services?
- Do any people experience new or increased negative impacts because of others benefiting (i.e., are you moving a problem)?
- Who has a strong interest in, or dependence on, the performance of the organisation?
- Who are the organisation’s current, potential and future customers,

including those currently under-served or excluded?

- Who are the organisation’s workers?
- Who are the organisation’s current and potential suppliers and business partners, and what are their sustainability practices and priorities?
- Who are the organisation’s current and potential owners/shareholders and financiers, and what are their needs and expectations?
- Which governmental agencies, regulators and policymakers are relevant in the location(s) and sector(s) in which the organisation operates?
- Which non-governmental and civil society organisations are active in the location(s) in which you operate?
- Which trade and professional associations can connect the organisation to interested party networks?

DIFFERENT METHODS TO IDENTIFY STAKEHOLDERS

There are different tools and methods for analysing and categorizing stakeholders. Once identified and listed, it can be helpful to map them visually to explore relationships, links, and their position on your priority list.

You may start by listing stakeholders and classifying them according to criteria that best serve your context – for example: “affected/affecting”, “direct/indirect”, or “primary/secondary”.

It is important that the list of stakeholders is as complete as possible, as missing some will increase the risk of missing material information to support your decisions. Try also to be as specific as possible, avoiding generalizations and broad terms such as ‘youth’, ‘women’, or ‘public institutions’. In the process of identifying

and analysing stakeholders, you can use your experience and expertise from inside and outside of your organisation, examples of organisations operating in the same context or sector, or existing taxonomies.

There is always the risk that important stakeholders are missed from initial mappings. It is therefore a good idea to ask stakeholders if they can identify others who have also been affected by your organisation.

It is important to select an approach to identify stakeholders that works best for your organisation. Whatever approach is selected, it is critical to remember not to focus only on those stakeholders that have the greatest power or influence on your organisation. Stakeholders with power are important, but in many cases people with less power will be those for whom you can generate the greatest impacts.

SEGMENTING STAKEHOLDERS

Identifying different customer segments improves the ability to provide different options that meet various needs – meaning financial returns can be maximised. The same approach is also key to generating insights that help to optimise non-financial impacts from resources. Identifying important differences within affected stakeholder groups increases the ability to tailor how activities are delivered to meet their needs and improve the likelihood of optimization.

At this stage, therefore, even before any data collection begins, you should think about potential characteristics that help to segment stakeholders. As more evidence about their impacts is gathered, this understanding may be refined; however, useful insights can be generated even at this early stage. An initial segmentation of stakeholder groups could be based on characteristics such as demographics (age, educational level, health status, etc.), background, or their living arrangements.

ENGAGING WITH SILENT STAKEHOLDERS

In some cases, such as when thinking about impacts experienced by future generations, there can be additional challenges in engaging with representatives of the stakeholders.

In such limited cases — bearing in mind it is always important to engage those affected wherever possible — appropriate representatives of the ‘silent stakeholder group’ can be consulted. In the example of future generations, this could mean engaging suitable non-governmental organisations.

It is important to account for the risks that arise when you are unable to engage affected stakeholders directly, and to carefully select those who represent the views of others, ensuring they do so in good faith and without conflicts of interest.

SEED AND CO – IDENTIFYING STAKEHOLDERS.

Seed & Co. identified the following stakeholders.

QUESTION	STAKEHOLDERS
Who is involved in delivering your activity?	Investors
	Suppliers
	Staff
	Directors
Who do you expect will be affected by your activity?	Small holder farmers (customers)
Who else might be affected by your activity?	Community members (adults and children)
Who might be experiencing something that gets displaced because of your activity?	Other suppliers of farm inputs

During internal conversations, Seed & Co. recognised the need to segment their stakeholders and decided to do so based on gender. This decision was based on their experience, which recognised important differences between men and women customers (smallholder farmers). They also explored the potential this approach to segmentation could provide when

applied to other stakeholders, such as their staff.

At this point, they felt this approach was good enough to support their decision-making. They also recognised the importance of reflecting on their approach as more evidence became available, and to remain open to developing their approach to segmentation.

2.1.3 IMPACT QUESTION: WHAT CHANGES DO STAKEHOLDERS CURRENTLY EXPERIENCE, WHAT CHANGES ARE THEY LIKELY TO EXPERIENCE, AND WHAT CHANGES DO THEY WANT TO EXPERIENCE?

The aim of this impact question is to generate as complete as possible a list of actual and potentially relevant impacts for stakeholder groups and segments throughout your value chain.

Actual and potential impacts are those currently being experienced, as well as those that could be experienced, because of an organisation's activities. Another important consideration is the needs and expectations of stakeholders, which can help organisations identify further areas of potential value creation based on unmet needs and situations that can be improved.

It is essential to include affected stakeholders to identify the current and potentially relevant

impacts that you need to manage. It is also important to appreciate the broader context in which you operate by consulting other useful sources of evidence. Involving stakeholders and conducting broader research reduces the risk of overlooking information that would restrict your ability to manage impacts that matter to people, and to identify opportunities for innovation and value creation.

There may be occasions where practical decisions are made to exclude certain stakeholders in your initial analysis because of resource limitations. Whenever a stakeholder group is excluded, there is a risk that you are missing relevant impacts that matter to that group — that would have influenced decisions had they been known, and consequently, of missing the opportunity to optimise impacts. Where possible, these decisions need to be based on some existing evidence (e.g., you are aware of limited impacts on a stakeholder group), accompanied by an ambitious plan to increase the scope to capture this evidence as soon as possible.

ADDITIONAL SOURCES OF EVIDENCE ON RELEVANT IMPACTS

Stakeholders are a great source of insights about likely relevant impacts, but it is also important to consider other sources of evidence. This can increase your understanding of the sustainability context you operate within and reduces the risk of missing useful information. Other sources can include:

- *National and regional government priorities – publications and policies, including SDG priorities*
- *Academic and research institutions – scientific evidence and bodies of knowledge*
- *Investment opportunities - Sustainable Development Goals Investor Maps.*
- *Other resources outlining industry trends and societal norms*

HOW DO YOU ENGAGE WITH STAKEHOLDERS?

At this stage, you need to engage people using qualitative approaches, such as one-to-one or focus group discussions.

It is important to adopt an open approach that allows stakeholders to share both positive and negative changes they have experienced – or expect to experience. Open questioning reduces the risk of confirmation bias that can arise from asking people directly whether they experienced intended changes. Giving people the space to openly discuss their experiences also reduces the risk of missing important evidence about other impacts that would restrict your ability to optimise outcomes.

By asking different stakeholders what has changed – or will change – for them, it is possible to identify the sequences of outcomes, from those that occur in the shorter term to longer-term changes. Understanding these sequences enables you to manage them more effectively. In practice, it is important to actively manage each outcome in the sequence to gain timely insights throughout people's journeys. This is discussed in greater detail later in the Guide when comparing targets to performance.

As guidance, here are some questions you can use as a starting point for your conversations with stakeholders:

- What changed for you (or happened to you) because of your activity or programme?
- Were there any other changes?
- Did this change lead to anything else?
- How does that make you feel?
- Were the changes all positive?
- Were any of them unexpected?
- What did you want to happen?
- Is there anything else you would want to change?
- How could you create more value for you and others?

PROBING FOR WELL-DEFINED OUTCOMES (INCLUDING THOSE THAT ARE UNINTENDED)

When asked about changes, it is possible that people will provide a simple list. It is, however, much more likely that people will talk about sequences of effects from shorter- to longer-term. People can experience several outcomes because of being involved in a single activity, and it is important to understand the cause-and-effect relationships between them to focus resources on the outcomes that are most valuable.

For example, if people report that they became more confident and secured a job, it is important to establish whether these are dependent or independent

changes. Did the increased confidence contribute to getting the job? Did the job lead to the increased confidence? Or are they independent of each other, and both result from an earlier change? When managing impacts, it is important to understand the sequence of changes, as this will influence when you focus on one outcome before shifting focus to another that occurs later in the sequence. This Guide explores these requirements in greater detail in later sections, during the focus on Operational and Tactical decision-making.

During this stage of defining strategy and planning for impact, it is important to understand the changes that matter most to people, as these provide the greatest opportunity to optimise value. These

occur at the end of the sequences, and are referred to as well-defined outcomes. You will be able to identify these when:

- The change is reasonably sustainable or resilient – meaning there is a low risk that it will be reversed, causing the person to revert to their previous situation.
- Stakeholders identify that a change is the most important to them within the sequence.
- Stakeholders describe the effect as a change in specific aspects of how they feel (e.g., they feel differently about their physical health, relationships with others, or how they feel about themselves).

NEGATIVE IMPACTS AND COMPLETENESS

As outlined, contributing positively to sustainability means managing both the positive and negative changes people experience. An effective way to make sure your data is complete is to establish, for each outcome, whether affected stakeholders' changes are positive, negative, or no change at all.

A common mistake is to only collect data for stakeholders who experience positive changes. Reducing negatives is an important way that you can increase your impact. This is also an opportunity to think again about the segmentation of your stakeholders, should you find that people with different characteristics have different experiences (e.g., people from a rural community differ from those from urban locations).

SEED & CO.'S RELEVANT IMPACTS

Seed & Co. invested in engaging directly with samples of stakeholders, as well as reviewing secondary sources of evidence (including national policy objectives and the priority areas of their investors) to identify a range of relevant impacts.

The company engaged with representatives from each group of people identified in the earlier stakeholder mapping exercise. One-to-one and focus group conversations were conducted to gain a better understanding of the relevant impacts they did – or were likely to – experience. Stakeholders identified various positive effects as well as negatives where they felt improvements were needed. The example below illustrates a sequence of changes identified by employees.



*The outcomes identified by Seed and Co, and their choices about prioritisation, are highlighted when the Impact Question “**Which impacts do you prioritise and when?**” is discussed later in this Guide.*

SDG IMPACT STANDARDS ACTION: **UNDERSTAND**

Understand the sustainability context and map current and future potentially relevant impacts.

This action is about identifying relevant impacts that are – or are likely to be – experienced by stakeholders. This requirement is grounded in the understanding that organisations' impacts and dependencies are interrelated and that future success depends on the health of the ecosystem in which we live, work, produce, and sell.

An important element of this Action is engagement with different stakeholders to understand their needs, expectations, and the impacts they experience – or may experience – because of your activities. Along with additional examination of the wider sustainability context in which you operate, this will provide a comprehensive understanding of the issues and impacts that need to be managed.

Useful questions to ask ourselves:

- What are the key global, national and local sustainability issues and trends in places where your organisation, suppliers and customers operate, work and live? What impacts do stakeholders – including underserved or currently excluded stakeholders – care most about?
- What are the most significant impacts – positive and negative – the organisation is currently contributing to, and expects to make in the future?
- Are there issues that are important to stakeholders and achievement of the SDGs that are outside the organisation's current scope or line of sight that should be considered as part of the enterprise's strategic planning process?
- What current data gaps are there? How can they be filled over time? What are the risks of making decisions with limited data, and how can those risks be managed until there is more data?
- Who should you engage with, and how can you best engage with stakeholder groups and sub-groups – especially under-represented stakeholders whose voices may be missing?



2.1.4 IMPACT QUESTION: WHAT ARE YOUR SOLUTIONS (ACTIVITIES) AND RESOURCES REQUIRED (INPUTS)?

The aim of this question is to understand how you address your purpose through what you do and identify impact goals that serve as your strategic priorities. The goals will provide the overarching priorities that all systems, processes and activities are designed to achieve.

Having established a clear purpose in line with creating positive contributions to sustainable development, and having identified relevant impacts of affected stakeholders as well as those from a broader context, it is now important to establish clear impact goals.

Impact goals act as clear indicators of your organisation's strategic priorities. They help to improve your ability to ensure that all systems and processes are working towards shared objectives. They also serve to communicate your ambitions to external stakeholders and demonstrate your commitment to contributing positively to sustainable development and optimizing the wellbeing of those affected.

At this stage in the process, you may have very limited quantitative evidence about the significance of the various relevant impacts that stakeholders have identified. Nevertheless, having engaged with stakeholders and conducted wider research into the sustainability context of your organisation, you will have a good understanding of the different impacts

people experience, as well as their needs and expectations. You can therefore identify overarching goals that effectively highlight your key priorities.

As you progress to operational and tactical decision-making, the Impact Questions will help you work out which stakeholders are most significantly affected by your activities through the collection of quantitative evidence. You can then more confidently identify where to prioritise improvements by focusing on those impacts that matter most and where you can create the optimal value.

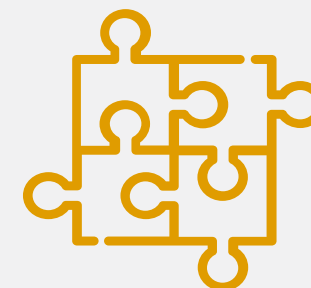
SDG IMPACT STANDARDS ACTION: **INTEGRATE**

Integrate sustainability and the SDGs into the purpose and strategy.

This action is about translating the organisation's sustainability commitments from Enterprise Action: Commit into its purpose and strategy. Key evidence identified from Enterprise Action: Understand will help to support the vision, mission and strategic priorities. Importantly, this should also include critical reviews of current business models, business plans and partnership approaches to identify where improvements are necessary to optimise impacts.

Useful questions to ask:

- How can you reduce or avoid negative impacts? Are there opportunities to extend impact and reach underserved stakeholders? What are the trade-offs between stakeholders and impacts? How can you optimise your net positive impact?
- Does your vision, mission, purpose and strategy reflect your sustainability and impact intentions from Enterprise Action: Commit?
- What do you need to stop, start, and continue? What are you currently doing that does not serve or fit your commitment? Do you have the right capabilities to deliver, and/or do you need partners to deliver the strategy? For instance, can you reach or expand services to currently underserved stakeholders by collaborating with others?
- What is within your control, within your sphere of influence, and outside your control? What probable or possible scenarios may play out in the future, and what effect do different scenarios have on your ability to deliver on your strategy? What is the enterprise's risk capacity, appetite and tolerance – and what is the risk capacity, appetite and tolerance of those experiencing or expected to experience material impacts?
- What are the risks to delivering the strategy? How will you mitigate or manage key risks?



SEED & CO. IMPACT GOALS

Informed by their stakeholder engagement and wider research, Seed & Co. identified their impact goals. They also aligned these to the SDGs to help them understand their

contribution to global priorities and to communicate this effectively to external stakeholders, such as investors and policy makers.

SEED & CO. IMPACT GOAL	MAPPED TO RELEVANT SDGS IDENTIFIED IN UNDERSTANDING OUR SUSTAINABILITY CONTEXT			STAKEHOLDERS AFFECTED BY THIS GOAL
Impact Goal 1: Reduce Hunger	SDG 2: No hunger			Customers (small holder farmers) Community members
Impact Goal 2: Create Decent work	SDG 8: Decent work and economic growth			Seed & Co. Staff Supplier employees
Impact Goal 3: Reduce Gender inequality	SDG 5: Gender Equality	SDG 8: Decent work and economic growth		Seed & Co. Staff (direct and indirect employees including the supply chain) Women small holder farmers Employees of suppliers
Impact Goal 4: Improve Health & Safety in the workplace	SDG 8: Decent work and economic growth			Seed & Co. Staff Small holder farmers Supplier employees
Impact Goal 5: Create Positive Futures for Children	SDG 4: Quality Education			Local children Local teachers
Impact Goal 6: Protect the Environment	SDG 6: Clean water and sanitation	SDG 13. Climate action	SDG 14: Life Below Water	Community members Seed & Co. (operations) Suppliers
Impact Goal 7: Responsible Business Practice	SDG 1. No poverty	SDG 9 Industry, innovation and infrastructure		Investors

The board and senior management of Seed & Co. recognized that their work had multiple impacts that could be aligned to all the SDGs. Internal conversations highlighted that the interconnected

nature of the SDGs made it difficult to separate impacts, but they were happy with their increased ability to identify relevant impacts and align these to stakeholder and societal priorities.

SDG IMPACT STANDARDS ACTION: **SET GOALS**



Set the goals in line with the now integrated purpose and strategy

This action is about setting ambitious impact goals that align with the organisation's purpose and strategy. Along with establishing goals, you also need to prepare a business plan and budget that includes what is needed to deliver on the strategy and prioritised impacts..

Useful questions to ask:

- What impact goals and targets do you need to set to help achieve your strategic priorities?
- Are your impact goals and targets ambitious enough relative to SDG and science-based targets?
- Will the impact goals and targets focus the enterprise's attention and resources on where it can have the most impact?
- Do you have sufficient budget and resources to deliver on the strategy and achieve your strategic impact goals and targets?

ALIGNING IMPACT GOALS TO ACTIVITIES

It is important to understand how your resources and activities link to your impact goals. This will help to identify where there is currently strong alignment, and where innovations to current practices and partnerships are required to achieve strategic priorities. To achieve this, you can create a Theory of Change (ToC) – a visual model traditionally constructed by initially identifying impact goals and working backwards to highlight:

- relationships between the impact goals and the changes (to outcomes) that people need to experience to achieve the goals

- what activities and outputs are needed to realize the changes for people
- the financial and non-financial resources that are required to deliver these activities and outputs

More complex realistic versions may also consider inherent assumptions and risks to the model. ToC is useful as it allows the organisation to compare the impact goals and changes expected with the changes experienced by stakeholders affected.

See Appendix 1 for Seed & Co.'s Theory of Change

2.1.5 IMPACT QUESTION: WHICH IMPACTS ARE RELEVANT AND WHEN DO YOU PRIORITISE EACH OF THEM?

The aim of this question is to help you make choices about which relevant impacts to prioritise immediately, and which to focus on later.

To prioritise means taking action to direct your resources to maximise positives and minimise negatives. As this impact question refers to impact management, it will be considered at different stages throughout the process.

The activities of an organisation can have various social, environmental and financial impacts. The question of which impacts should be prioritised and managed is critical for impact management and brings attention again to the concept of materiality.

From your list of relevant impacts, you need to identify those to prioritise immediately and those that will become the focus of management at a later point. All relevant impacts need to be prioritised *at some point*; the challenge lies in deciding which should be prioritised *immediately*.

At this stage, you will have qualitative evidence about a range of different relevant impacts. As discussed, it is necessary to go beyond this to gather and analyse quantitative data to understand the significance of these relevant impacts to your stakeholders. Understanding the significance of different impacts will increase confidence in prioritising those that matter most to your stakeholders, and help identify where you can contribute the most positive impact.

It is important to recognize that you cannot wait until you have quantitative evidence for all relevant impacts before identifying

when to prioritise them. Doing so would mean missing opportunities to increase the impacts of your work. You can therefore make some initial choices about prioritisation based on internal knowledge and capabilities, focusing on:

- Any existing evidence about the likely significance of impacts and risks for stakeholders and your organisation.
- Practical issues about the ease of accessing some stakeholders (if it is practical to access some stakeholders quickly there may be no need to wait).

Additionally, guidance from the UNDP SDG Impact Standard highlights the need to prioritise impacts relating to:

- The three cross-cutting issues of gender equality, decent work, and climate action.
- Any negative impacts (aligning with the principle to do no harm).

The challenge of prioritising and managing multiple relevant impacts requires a systematic approach and an ambitious plan to gather quantitative data on the significance of each as quickly as possible. This is important, as insights from this data could help to refine your approach to prioritisation. For example, you may learn that an impact is more significant than initially thought, indicating that it should be prioritised more quickly than previously planned.

Overall, the approach needed to support your ability to prioritise impacts and strengthen decision-making should use data to support choices and reduce risks, but should also develop over time you allow you to make improvements as quickly as possible.

KEY TAKEAWAYS: PRIORITISING RELEVANT IMPACTS

Your list of relevant impacts is likely to be quite long when accounting for all materially affected stakeholders. This means that it may take some time to collect quantitative data about the significance of all relevant impacts to support your choices about which to prioritise immediately.

However, you cannot afford to wait until you have a complete understanding of significance, as this would mean missing opportunities to improve the wellbeing of people and the planet.

Even before useful quantitative evidence is available, it is possible to identify some relevant impacts to prioritise immediately. These choices could be based on existing knowledge of stakeholder priorities or other information, such as national sustainability priorities. Practical considerations – such as the ease of accessing a particular stakeholder group – may also support some quick improvements, as may guidance from the SDG Impact Standard, which can help to rapidly accelerate impacts across different issues.

Of course, you need to guard against failing to prioritise impacts that really matter to people affected because easier options were available. As soon as possible, it is necessary to understand the significance of the range of relevant impacts and use this evidence to support your prioritisation decisions.

SEED & CO. APPROACH TO PRIORITISATION

As discussed, Seed & Co. collected qualitative evidence about the relevant impacts experienced by different stakeholders – they now recognised the need to decide on the prioritisation of these outcomes. The Table 2 highlights a comprehensive list of relevant impacts and Seed & Co.'s initial plan as to when each will be prioritised.

Seed & Co. recognised they were unable to immediately prioritise each of the relevant impacts, so needed to make choices about the scheduling of when to prioritise each. To increase the likelihood that they prioritised the impacts that matter most, they employed the principle of verification and engaged with effective samples of stakeholders to help review and refine their choices.

They made the decision to immediately prioritise relevant impacts experienced by staff members. Although they recognised that impacts experienced by other stakeholders – such as customers and community members – were likely to be equally significant, they could engage with staff members immediately to gather quantitative evidence. It was decided that such an opportunity should be taken rather than waiting longer than necessary to more effectively manage these impacts. They used this as an opportunity to develop their abilities to measure and manage impacts for other stakeholders.

The impact of negative physical health experienced by community members was also immediately prioritised. This was necessary given the obvious significance of the potential for severe

health impacts. It would have been inappropriate to delay prioritising this impact, and immediate mitigations were identified as soon as they became aware of the issues.

Their choices were also supported by requirements from the SDG Impact Standard that all issues relating to gender equality, decent work and climate action are prioritised. For impacts related to their Impact Goal to Protect the Environment, many of these impacts were identified through extensive secondary research. Sources from the United Nations (e.g., UN HLEG on the Net-Zero Emissions Commitments of Non-State Entities and the Kunming-Montreal Global Biodiversity Framework), as well as the work of the Kering Group, served as inspiration for much of their thinking.

TABLE 2. SEED & CO: RELEVANT IMPACTS

STAKEHOLDER GROUP	RELEVANT IMPACTS	YEAR YOU WILL PRIORITISE
Small Holder Farmers	Satisfaction with food situation	2024/25
	Income stability	2024/25
	Feeling empowered and equal in their community	2024/25
	Physical health related to working environment	2024/25
Seed & Co. Staff	Staff satisfied with employment	2023/24
	Feeling equally valued at work	2023/24
	Feeling equally valued at work	2023/24
	Work-related health	2023/24
Community members	Physical health related to effects of pesticides used	2023/24
	Satisfaction with food situation	2024/25
	Educational achievement	2024/25
	Awareness of their rights to education	2024/25
	Access to safe school options	2025/26
	Awareness of the value of education for their children	2024/25
	Skills and qualifications	2024/25
	Ability and confidence to deliver high-quality education	2025/26
Staff of suppliers (Tier 1 & 2)	Staff satisfied with employment	2025/26
	Feeling equally valued at work	2025/26
	Physical health related to working environment	2025/26

STAKEHOLDER GROUP	RELEVANT IMPACTS	YEAR YOU WILL PRIORITISE
Staff of suppliers (Tier 3 & 4)	Staff satisfied with employment	2026/27
	Feeling equally valued at work	2026/27
	Physical health related to working environment	2026/27
Seed & Co. operations	Air emissions	2025/26
	Greenhouse gases	2025/26
	Land use	2025/26
	Waste	2025/26
	Water consumption	2025/26
	Water pollution	2025/26
Tier 1-2 suppliers	Air emissions	2025/26
	Greenhouse gases	2025/26
	Land use	2025/26
	Waste	2025/26
	Water consumption	2025/26
	Water pollution	2025/26
Tier 3-4 suppliers	Air emissions	2026/27
	Greenhouse gases	2026/27
	Land use	2026/27
	Waste	2026/27
	Water consumption	2026/27
	Water pollution	2026/27
Policy makers	Ability to support children's access to high quality education	2026/27
Investors	N/A	

In practice, you may be able to quickly identify the significance of some impacts, just as Seed & Co. planned for their staff members, and use this evidence to support your decision-making.

Importantly, with quantitative evidence about each relevant impact, you can establish expectations of the amount of change to each impact required to meet stakeholder needs. These expectations need to consider both thresholds and targets for the amount of change – issues that are discussed in detail when examining the impact question: **“How much change was experienced?”**

DATA COLLECTION PLAN – GATHERING THE QUALITATIVE AND QUANTITATIVE EVIDENCE REQUIRED

When planning the collection and analysis of qualitative and quantitative evidence about impacts, there are several key considerations that will help guide your approach. You need to ensure that the evidence is fit-for-purpose – meaning that it provides enough precision to support decisions.

As highlighted, different types of decisions are made within organisations and each has varying requirements. These include strategic

choices about your goals, Tactical choices concerning what is delivered, and operational choices that help to refine your products/services.

Each type of decision has different consequences. For Strategic choices, the costs/risks of making the wrong choice are higher than Tactical and operational choices. This means that you need greater levels of data quality and

verification to support these choices. As a result, strategic choices are likely to be made less frequently than both Tactical and Operational ones. The latter two carry less risk, meaning you can accept lower levels of data quality and verification – helping to make rapid and regular decisions to continually improve performance. An overview of these issues is displayed in the Table 3 and discussed below.

TABLE 3. TYPES OF DECISION MAKING

TYPE OF DECISION	LIKELY COST/ CONSEQUENCE IF DECISION IS WRONG	DATA QUALITY REQUIRED (COMPLETE AND ACCURATE)	FREQUENCY OF DECISION	LEVEL OF VERIFICATION REQUIRED
Strategic – Impact goals and priorities of the organisation	High	High	Annual	High
Tactical - Change in choice of products or services	Medium	Medium	Monthly / quarterly	Medium
Operational - Modifications to products or services, in how they are delivered, or to who they are offered	Low	Low	Whenever possible	Low

CONSEQUENCES

You need to consider the consequences – and the likelihood that these consequences occur – for affected stakeholders if the decision turns out to be wrong. The more significant the potential consequences, and the greater the likelihood of them materializing, the more rigorous the data needs to be, the more time should be devoted to the decision, and the greater the level of verification required.

On the other hand, if the consequences of being wrong are relatively low and the decision can be easily reversed, you do not need such rigorous data. This makes it far more feasible to test approaches by trial and error.

Considering these consequences will help inform the other issues that need to be addressed to provide you with evidence that provides you with enough precision for the decision.

DATA QUALITY: IS DATA GOOD ENOUGH?

Evaluate your impact data considering the following:

- **Completeness:** To what extent does your data address all the relevant impacts experienced by your stakeholders, as well as those relevant to the wider sustainability context in which you operate?
- **Accuracy:** Is the qualitative and quantitative evidence accurate enough to support decision-making? This includes factors such as the sample sizes used, making sure that representatives from each affected segment of stakeholders are included, and results are disaggregated to identify insights for the different subgroups.
- **Consistency:** If comparisons are being made between time periods or between products or activities, is the approach to data collection consistent across data sets? In cases where consistency is a challenge (e.g., when evidence is being used to support comparisons between stakeholders that have been actively involved and those who are silent and representatives are used), it is important that decision-makers account for associated risks.

FREQUENCY

Based on the consequences involved and the need for appropriate levels of data quality, each type of decision will be made with varying frequency. For example, strategic decisions – made perhaps annually – will likely require more rigorous evidence over a greater time-period to support choices about the most effective option (albeit conscious of the risk of missing opportunities whilst waiting for data). Developing and integrating systematic approaches to managing for impacts will increase your ability to respond to time-limited opportunities with the evidence required for each type of decision.

CREDIBILITY AND LEVEL OF VERIFICATION REQUIRED

It is important that decision-makers consider impact data to be credible if they are to use it. Considering the following will help:

- **Ensure decision-makers understand:** Your data is to be used to inform decisions. It is important that the people making the decisions understand the data, its reliability, and any associated risks. If not, they will be more likely to maintain the status quo and less likely to make decisions to optimise impacts.
- **Inform them:** Tell people about what you have done and why. Making sure the data is credible also means ensuring that people who

are expected to make decisions understand how the data is collected and what the requirements for ‘good enough’ data are.

- **Give assurance:** It is important that you provide decision-makers with enough confidence to make use of the evidence. This means providing appropriate levels of verification that the evidence is sufficiently complete, accurate, and consistent. Establishing the necessary internal approaches – such as review processes – can help with this. Where decisions carry greater potential consequences and costs, including peer review and third-party assurance may be required to provide the level of precision needed to support the decision.

SDG IMPACT STANDARDS ACTION: **ALIGN**

Align culture, structure and skills with purpose and strategy.

This action is about aligning the organisation's internal culture, management systems, incentives, structure and resources with the now integrated purpose and strategy to drive the right behaviours and support organisational change.

It is crucial to align culture and systems to stated commitments; otherwise, the strategy will remain nothing more than a series of statements.

Useful questions to ask:

- What culture, structure and skills are needed to deliver on your purpose and strategy? How big is the gap between your stated sustainability and impact intentions and “how things are done around here”? Do you need a dedicated change management or leadership programme to drive the desired change? Where to start?
- Are your incentive systems aligned with your purpose and strategy? Are the people leading on sustainability and impact delivery senior enough to influence decision-making?
- Do you have the specialist sustainability and impact skills needed? What is the role of the sustainability or impact officer or team in leading efforts versus supporting and driving change throughout the enterprise?
- How do you build awareness, alignment and capability across the organisation – not just within a dedicated sustainability or impact officer or team?
- How can you involve stakeholders more meaningfully in how you make decisions and give stakeholders more agency in the decisions that impact them?





3. COLLECTING AND USING DATA

3. COLLECTING AND USING DATA

3.1. DO: EMBED COLLECTING DATA INTO YOUR OPERATION

By now you will have completed the initial process of mapping your stakeholders and identifying relevant impacts. You will also have been able to prioritise some relevant impacts at an early stage, based on qualitative data (and, in some cases, quantitative evidence). It is now time to collect and analyse quantitative data for each prioritised impact. This means understanding the significance of the impact, measured by estimations of the depth and scale of changes for each, as well as estimating your contribution to them and how important they are to the affected stakeholders.

As you progress with your approach to managing for impacts, you will move from commitment, strategy development, and planning towards developing and integrating a systematic approach to measuring and managing the relevant impacts. It may not be a perfectly smooth process from the start. Your organisation will be testing and learning along the way, gaining a better understanding not only of the relevant impacts, but also on what is missing in current practice, what further data is needed, and how these gaps can be closed.

SDG IMPACT STANDARDS ACTION: DEVELOP THE IMPACT MANAGEMENT FRAMEWORK

This action is about defining and developing the organisation's IMM framework. This action helps examine what data is needed, how much information is enough, how the information will be used (by whom, where, how and how often), when independent evaluations or verification will be required and how lessons learned will be systematically captured and used to continuously improve.

Useful questions to ask:

- What impacts matter, and what needs to be measured to make good decisions? How often and by when?
- What are the risks (to the enterprise and to the people experiencing the impacts) of not having the right or sufficient data? How does risk factor into determining how much data is enough to make a decision? How do you validate data and decide when you will need external verification or evaluations?
- What data is missing, and how can you fill those gaps over time and mitigate or manage the risks associated with imperfect data?
- How are the right metrics selected – ones that serve as reliable proxies for the impacts you are striving to achieve, that limit the potential for unintended consequences and that are timely and efficient to collect? How do you systematically collect, store and manage the data (including privacy issues), and create reports that ensure internal decision-makers can factor impact considerations into management decisions?
- How will you know you are on track, and what will you do if actual performance is different from expected performance?
- How do you create systematic feedback loops to create a learning system?



IMPORTANT

This Guide does not attempt to cover qualitative and quantitative data collection methods in detail, but instead provides guidance on critical aspects of the types of data required to ensure it is good enough to inform decisions.

COLLECTING QUANTITATIVE DATA

Quantitative evidence about the significance of different relevant impacts improves your ability to compare different impacts experienced (or expected to be experienced) by stakeholders. The following Impact Questions highlight the quantitative data needed to understand the significance of relevant impacts:

- How much change was experienced (or is likely to happen)?
- How long do changes last?
- How important are the changes to the people experiencing them?
- How much did you contribute to the changes?

3.1.1 IMPACT QUESTION: HOW WILL YOU MEASURE THE AMOUNT OF CHANGE EXPERIENCED OR FORECASTED TO BE EXPERIENCED?

The aim of this question is to identify suitable indicators to quantify the amount of change experienced by stakeholders (or to forecast the expected amount of change).

The first quantitative impact question will help you to measure the amount of change per person (or 'depth') using one or more indicators. Indicators can be subjective or objective:

- *Subjective indicators* measure the opinion of the subject – those people experiencing the change, or someone close to them who can provide useful evidence. For example, if you want to measure how much people's physical health has changed, you could use a Likert scale (e.g., a scale of 1 to 10) or use a series of questions with scaled options and ask for stakeholder feedback. You can decide to create a bespoke indicator that meets your needs or, alternatively, use an existing option that has been used in similar situations.
- *Objective indicators* provide data that can be observed by another person and are free of subjective bias. For example, the number of visits to a

doctor or a person's weight could tell you something about someone's health.

A single subjective or objective indicator *may* provide you with enough precision to support your decisions. However, where more measures are needed, you can use a combination of subjective and/or objective. It is important to avoid seeking false precision and using too many indicators. You will need to consider how much accuracy is required and take into consideration the willingness of people to answer your questions, and your access to other sources of evidence.

It is important to remember that whatever selection or combination of indicators is used, the key is to identify not just *if* a change was experienced, but *how much* change was experienced.

When using subjective indicators, it is important to ensure that the measurements provide evidence on the depth of change. Binary questions that ask if a person has experienced a change with a yes/no option will not provide sufficient evidence. You can improve this question by using a numeric scale from low to high amount of change. The consistent requirement to provide enough precision to support your decisions should also be considered when deciding on the type of scaled question to use.

You can improve the validity of numeric scales by adding descriptions to all or some of the levels/milestones on the scale. For example, you might provide response options ranging from ‘strongly agree’ to ‘strongly disagree’ in relation to a statement about physical health, or simply describe the lowest and highest

points on the scale. These options can provide you with more confidence in the results.

You can also decide to ask more than a single question about the same outcome – with each question having appropriately described scales. This option can increase the accuracy of your evidence and reduce the risks that a single (poorly worded or misunderstood) question does not provide results that support your decision-making appropriately.

These approaches can increase your confidence in understanding how much change has occurred. The more sophisticated the approach, the more time and resource needed. You will need to identify what will be good enough – by ensuring that evidence supports the needs of decision-makers.

It is important to measure the amount of change for each outcome in the sequence that leads to the longer-term, well-defined outcomes. This will support more effective management than if you only measure the final outcomes in the sequence.

The Guide will discuss the need to establish thresholds and targets for prioritised impacts in the next impact question, where performance is compared against expectations. This is also a requirement for each change in the sequence leading to the prioritised impacts, so that the changes experienced by stakeholders can be understood and responded to effectively.

SEED & CO. QUESTIONNAIRE

Seed & Co developed a questionnaire to collect the necessary data to identify the significance of relevant impacts in line with the Impact Questions.

The example question below illustrates how they measured the depth of change experienced by staff members using bespoke subjective indicators, asking for feedback against descriptive scales.

OUTCOME: SATISFACTION WITH EMPLOYMENT IN SEED & CO.

Please rate your current satisfaction with your employment in Seed & Co. on the scale below by choosing the option that reflects in the most accurate way your situation.

0*	2.5	5	7.5	10
I'm not at all satisfied with my employment at Seed & Co.	I'm not satisfied with my employment at Seed & Co.	I'm partly satisfied with my employment at Seed & Co.	I'm satisfied with my employment at Seed & Co.	I'm fully satisfied with my employment at Seed & Co.

Please rate your current financial situation on the scale below by choosing one of the options:

0	2.5	5	7.5	10
I can't afford at all adequate shelter, food and other life necessities for me and my family	I can't afford adequate shelter, food and other life necessities for me and my family	I can only partly afford adequate shelter, food and other life necessities for me and my family	I can afford adequate shelter, food and other life necessities for me and my family	I can fully afford adequate shelter, food and other life necessities for me and my family

**The figures would not appear on the scales – these are for illustrative purposes.*

3.1.2 IMPACT QUESTION: HOW MUCH CHANGE WAS EXPERIENCED?

Through application of the indicator(s) for each outcome, this question explores the depth of change experienced by each person and the scale of the change (how many people were or will be affected).

To measure how much change has occurred, you will need at least two data points: the first at the start of the activity, followed by others after a period of time when activities have been delivered so people have had the opportunity to experience change to the outcome(s). Data at the start is called the baseline, and those that come later are known as follow-up readings (i.e., mid- and end-point readings).

It is important to compare measurements to a baseline reading, as this reflects the starting position of your stakeholders before participating in an activity. In some cases, you may not have a baseline measure and will need to ask people to

retrospectively consider their starting point. This may not be as rigorous as having a baseline, but it is better than not being able to measure the amount of change. As you develop your approach to impact management, you should ensure that baseline measurements are secured.

HOW MUCH CHANGE IS ENOUGH?

Indicators help measure the amount of change. However, when managing for impacts, you need to go beyond this and compare amounts of change experienced against expectations for each prioritised impact.

Within financial accounting, these practices are taken for granted and form part of most – if not all – organisations' approaches to supporting accountability. You generally seek to avoid making a financial loss, meaning a threshold of zero, or perhaps set a minimum expectation related to the amount of interest an investor could have received by placing their money in a savings account. Additionally, you will set more ambitious targets related to a level of

profit or surplus that is sufficient to support your aims for financial sustainability and growth.

It is necessary to apply the same approach to non-financial performance, except you will be asking whether the amount of change experienced by people is sufficient for it to be considered meaningful and contributing positively to sustainability.

- **Thresholds** – minimum amounts of positive change that must be reached, or maximum amounts of negative change that cannot be breached within a specific time frame, for the impact to be considered good enough.
- **Targets** – more ambitious amount of change required to create sustainable value. Targets should, in all cases, be more ambitious than thresholds.

Both thresholds and targets need to be compared to an initial baseline measure. This is the starting point for stakeholders, usually prior to an intervention taking place or at the start of an accounting period.

HOW TO SET IMPACT THRESHOLDS AND TARGETS

Setting thresholds and targets can be a challenging element of impact management. You are essentially asking how much change is good enough. This is different from having no expectations, where you assume that any amount of change is sufficient.

Similarly to how you might set financial targets, there are various options that can assist in setting impact-level thresholds and targets, including:

- **Historic performance** – Do you have evidence of how you performed in previous years? This can help you consider whether current practice is likely to create the same, less, or greater levels of impact.
- **Stakeholder expectations** – What amount of change do stakeholders need to experience for it to be meaningful and create sustained change?
- **Scientific bodies of knowledge** – Are there sources of evidence that provide information about

planetary and ecosystem boundaries to help you identify appropriate contributions? In many cases, such evidence may be more relevant for environmental impacts (e.g., greenhouse gas emissions).

- **Social norms** – Is there evidence of societal expectations for certain impacts and sustainability issues? There is an increasing body of evidence that can help identify thresholds for issues that were previously not considered.²

² UNRISD. (2022). *Authentic Sustainability Assessment*. <https://cdn.unrisd.org/assets/library/reports/2022/manual-sdpi-2022.pdf>

SETTING INITIAL THRESHOLDS AND TARGETS

When first setting thresholds and targets for prioritised impacts, you may not yet have any quantitative data, including the current baseline position of stakeholders. It is nevertheless important to establish minimum and more ambitious requirements – though initially these are likely to be established in relation to activities and outputs rather than the amount of change expected. The two prioritised impacts below provide examples of potential output-level expectations:

Prioritised impact 1: *Staff members' levels of satisfaction with their employment.*

Potential output-level threshold: *All staff members have access to collective bargaining and receive at least a living wage equivalent.*

Potential output-level target: *All staff members have the opportunity for flexible working conditions.*

Prioritised impact 2: *Women managerial staff members feel equally valued in the workplace.*

Potential output-level threshold: *All staff members receive appropriate training (e.g., equality and diversity), and the gender pay gap for the same roles is reduced to no more than a 5% difference.*

Potential output-level target: *The proportion of women managers is no less than 5% lower than males within each department of the business, and the gender pay gap for the same roles is eliminated.*

In reality, output-level thresholds and targets will likely remain necessary, but these must be supported as quickly as possible by measures that hold you to account for the amount of change experienced.

Thresholds for negative impacts *identify the maximum level that should not be breached for change to be considered positive. The approach to setting these thresholds should consistently be guided by the principle of doing no harm - meaning that situations should not get worse. For impacts relating to people (e.g., levels of stress in the workplace), the threshold could therefore be no increase. However, other impacts may require you to do more than avoid making things worse and act to improve the current situation. In the example of workplace stress, this could mean reducing current stress levels. This approach is also likely necessary for many impacts experienced by people as a result of damage to the natural environment, where indicators such as biodiversity levels and water purity require significant improvement from their current state.*

SEED AND CO. THRESHOLDS AND TARGETS

The management and board of Seed & Co. recognized the need to create thresholds and targets for the impacts initially prioritised.

For those impacts that were immediately prioritised, quantitative baseline evidence was collected. This allowed Seed & Co. to establish thresholds and targets for each impact – essentially identifying the amount of change expected for each period where measurements were to be taken as part of ongoing monitoring and management.

Where they had prioritised impacts but did not yet have quantitative evidence, they were unable to create meaningful impact-level expectations. They therefore agreed to include thresholds and targets for outputs during their planning stage – albeit with a clear plan to improve their ability to create impact-level expectations as soon as possible.

As a further interim solution, they included the target to establish impact-level expectations by a specific point in time. This interim target helped strengthen staff accountability, ensuring appropriate quantitative data was collected and used to set targets by an agreed point in time. Appendix 4 highlights the thresholds and targets for all prioritised impacts.

3.1.3 IMPACT QUESTION: HOW LONG DO CHANGES LAST?

The aim of this question is to understand how long changes last, and how long you are accountable for them.

Estimating how long you are accountable for changes helps you to understand how long you will need to measure each outcome - helping you plan and resource ongoing measurements and data capture. It is also necessary to consider the frequency of measurement within this time period to provide you with evidence in a timely manner so that the insights can effectively influence decision-making in the period.

SOME QUESTIONS TO ASK:

When do stakeholders start to experience the earliest change in the sequence of outcomes?

- This indicates when it becomes necessary to start measuring these changes and comparing performance to targets for each.

When do stakeholders start to experience the next change in the sequence of outcomes?

- This helps you to understand when to stop measuring the earlier outcomes and move to the next in the sequence. It's important to understand this for each outcome in the sequence and ensure that performance is compared to targets for each to inform timely decision-making.

OUTCOME DURATION: SATISFACTION WITH EMPLOYMENT IN SEED & CO.

How long do changes to the well-defined outcomes last, and how long should you measure them?

- These are important questions for understanding how long a change needs to last for it to be meaningful. You can estimate this by asking the affected stakeholders how long they want the change to last and consulting other sources such as academic studies or impact reports.
- These questions also help you to identify the minimum amount of time needed to measure the change to have enough confidence that impacts on

stakeholders are meaningful and sustained. Internal conversations need to identify a time period that is good enough – with your choices supported by the views of affected stakeholders and existing evidence where available. For example, if research indicates that a change in physical health lasting for three years is likely to continue, this can help identify three years as a suitable minimum period for measurement. The risks of not having good enough evidence will need to be weighed against the resources required to track stakeholders over time.

Seed & Co. assessed the impacts experienced by employees. As these impacts were all related to their ongoing employment (e.g., satisfaction with employment status and work-related stress), the duration question was less relevant.

Seed & Co. identified that each year's investment in employees (e.g., their salary and other expenses) was essential to generate the impacts for that year.

Therefore, when accounting for employees, Seed & Co. included a duration of only one year for each impact.

They also recognized that when accounting for impacts experienced by other stakeholders, such as community members, it was likely that the duration of changes would persist for more than a single year from a single year's investment. Therefore, they identified the need to track and monitor impact over a longer period and ensure this was accounted for over a suitable period.

3.1.4 IMPACT QUESTION: HOW IMPORTANT ARE THE CHANGES TO THE PEOPLE EXPERIENCING THEM?

The aim of this question is to understand the relative importance of different changes from the perspective of those experiencing them. This evidence allows you to more consistently compare different changes so you can be more confident in prioritising those that matter most to stakeholders.

This question asks those experiencing changes to identify how important or 'valuable' each change is. This information is essential to help you prioritise and focus resources on impacts that create the most value for people.

Whenever you decide between different options – whether investing in one option over another or delivering a service one way rather than another you are making a choice based on the value of each option, and usually select the one that will create the most value. When making decisions

that affect the lives of others without understanding their value perspective, you increase the risk of making a wrong or suboptimal choice, and focus on changes or attributes of a product/service that matter less to those affected than you thought.

When you understand the value of different changes from the perspective of those affected, for the first time you have a consistent unit of measurement to compare them. Whilst this is not the only piece of data that will support your decision-making, it is a crucial element that will help to inform your decisions. There are several ways to estimate the relative importance of outcomes:

Ranking: This approach is the simplest – stakeholders identify the order of importance from the least to most important change. This is a valuable approach to help people start thinking about the value of different changes. However, there is still a significant risk that you do not effectively understand the relative difference in value between the changes. To reduce this risk,

ask stakeholders to weight/rate the value of different changes (see *below*).

Weighting: You can ask stakeholders to rate different changes on a scale (e.g., 1 to 10), or to indicate a weighting for those changes such as 'how many times more important one change is, relative to the least valuable change identified via ranking'.

This approach improves the quality of your evidence – as you will better understand the factor of difference, or the relative importance between each change. For example, if you know that one specific change is much less valuable than the others for a segment of people, you could decide not to focus on it and use your resources to focus on delivering those that are more valuable. Alternatively, stakeholders may tell you that all the changes they have experienced are highly important, which can inform a decision to focus resources on achieving more of all of them.

When valuing negative changes, you can ask stakeholders how important it would be *not* to have that experience. You can then convert this to an equivalent negative to enable consistent valuation (i.e., if stakeholders report that not experiencing a negative change would have a value of 6, that negative change receives a weighting of -6).

Financial proxies: This method supplements the weightings with a financial proxy – which is an approximation used to represent the value of a change in monetary terms. The potential advantages of using financial proxies include:

- Being better able to make more informed comparisons across different groups of stakeholders and better understand the combination

of positive and negative changes they experience. This evidence will help you to account for trade-offs between different groups and will enable more informed choices.

- You will also be better able to aggregate the value of targets and impacts experienced by stakeholders to support decision-making at different levels of your organisation. For example, having a consistent unit means that senior decision-makers will be better able to compare overall results to forecasts (perhaps considering overall social return on investments), whilst the expectations and results can be disaggregated (e.g., comparing the experiences of segments of stakeholders) throughout the organisation to support timely decisions.

- The value of changes can be better compared to the costs required to produce them. Being able to compare the expected ratio of return for different options can help decision-makers select between options with different costs and expected returns more transparently.

There are also potential challenges when using financial proxies. These include:

- Potential misunderstandings when using financial terms, where people confuse social with financial returns.
- The risk that financial proxies do not reflect the relative importance of stakeholder preferences, and you make decisions that do not create the most value for people.

To reduce the above risk that financial proxies do not represent the preferences of stakeholders, you can apply an approach that anchors the monetary value of different changes to the weightings your stakeholders have provided. This approach is outlined below:

Working through the options discussed above, begin by asking stakeholders to rank their changes from least to most valuable – a useful exercise to help people think through the valuation process. Then ask the same stakeholders to identify the weight of each change (e.g., using a 1-10 scale). The Table 5 below presents example evidence from stakeholders showing both the rank and weights of three changes.

TABLE 5. EXAMPLE OF RANKING AND WEIGHTING OF CHANGES TO OUTCOMES EXPERIENCED.

CHANGE EXPERIENCED	RANK (1 IS MOST IMPORTANT)	WEIGHT (1-10 WHERE 10 IS EXTREMELY IMPORTANT)
Change A	1	8
Change B	2	4
Change C	3	1

This evidence shows that Change C is not just the least valuable of three possible changes – it is only one-quarter/25% of the value of Change B, and one-eighth/12.5% the value of Change A. Therefore, if you were to use financial proxies to represent the value of changes, the same relative preference should be expressed.

There are numerous methods to monetize the value of changes, with guidance on the different methods available from [Social Value International](#). Once the most appropriate monetisation method has been identified, you will have to decide which change to value as the anchor (reference point). This could be based on a practical consideration, or perhaps a choice to anchor on either the least or most valuable change.

For example, let's say that you monetized the value of Change C and identified a value of 1,000 Euros. This now serves as your anchor to value the other changes. The calculation is straightforward: since the weighting of Change B is four times greater than Change C, its monetary value is calculated by multiplying the known monetary value by four. The same approach applies to Change A, the weighting of which is eight times greater than Change C. The results of this are presented in Table 6.

Anchoring monetary value to stakeholder preferences is an effective way to reduce the risks of making suboptimal choices or being accused of applying seemingly arbitrary or overly-generalised financial proxies to the changes experienced by stakeholders. However, a number of choices will still need to be made when applying this approach, the two most important of which are:

- which change serves as the anchor or reference point, and
- which monetisation method to apply.

TABLE 6. EXAMPLE OF RANKING, WEIGHTING AND MONETARY VALUATION OF CHANGES TO OUTCOMES EXPERIENCED.

CHANGE EXPERIENCED	RANK (1 IS MOST IMPORTANT)	WEIGHT (1-10 WHERE 10 IS EXTREMELY IMPORTANT)	MONETARY VALUE (EUROS)
Change A	1	8	8,000
Change B	2	4	4,000
Change C	3	1	1,000

These are important decisions that need to be guided by a consistent organisational approach, ensuring

sufficient precision to support your decisions.

SEED & CO. QUESTIONNAIRE: RELATIVE IMPORTANCE QUESTION EXAMPLE

Outcome: Satisfaction with employment in Seed & Co

How important is this change to you? (1 - not important at all; 10 - very important).

1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

FURTHER ADVICE WHEN USING VALUATION FOR MANAGEMENT

To assess the potential value of different options for delivering goods and services, you need to be able to estimate the value of different amounts of change that stakeholders experience – this is ‘unit value’.

For example, if stakeholders currently experience a change of 25% from their baseline and value this at 4 out of 10, what would be the value if the amount of change increased to 50%?

It is unlikely to be 100 percent accurate with your estimations of unit value, but you have some options available:

- Ask stakeholders to value a single amount of change (e.g., the amount of change they have experienced or the maximum level). This becomes a known value, and since the value of no change is zero, you now have two known values points. From these, you can estimate the value of each amount of change, assuming a linear relationship between value and the amount of change (i.e., each unit increase in the amount of change has the same amount of value).*

- Ask stakeholders to value additional amounts of change. This has the potential to provide more detail in your estimations of the value of other unknown amounts of change. For example, if stakeholders were to value the threshold and overall targeted amount of change, the value of the remaining amounts of change between these points can be estimated. In this case, there are three known values on the ten-point scale - zero, the threshold, and the target – and you would assume a linear relationship of value between each known value.*

Neither of these methods provides scientific levels of accuracy about value and amount of change. The reality is likely one of diminishing marginal utility, where each additional unit of change above a certain point results in ever-smaller increases in experienced value. As always, the crucial consideration is ensuring that there is enough evidence which is good enough to support your decision-making.

3.1.5 IMPACT QUESTION: HOW MUCH DID YOU CONTRIBUTE TO THE CHANGES?

The aim of this question is to provide an estimation of the amount of change experienced that can reasonably be attributed to your inputs.

Alongside understanding how much change stakeholders experience, how long those changes last, and their relative importance, it is important to estimate the extent to which your activities or investments contributed to bringing about said change. Being able to identify how much change can reasonably be attributed to your input is valuable in order to:

- Reduce the risks of over-claiming and impact washing – It is unlikely that funders, investors, etc. would believe claims that your activities are *uniquely* able to create change.

- Help identify where your resources are most required – Identifying those stakeholders who are less likely to experience changes without your activities, means you can target resources to where they will deliver the most impact.
- Identify potential partnerships – Where others are also contributing to changes, there may be opportunities to avoid duplication and/or explore collaboration, co-creation, and economy of scale opportunities to increase impacts.

To do this, you need to consider two issues:

- **Counterfactual:** How much of the impact would people have experienced even if they had not been involved in your activity, or made use of your products or services?
- **Attribution:** Did any other organisations or individuals contribute to the impact experienced by stakeholders?

COUNTERFACTUAL

It is highly unlikely that all your stakeholders are experiencing changes that would not have happened *at all* without your support. They might not have experienced the same depth of change, but some degree of change was likely to have happened anyway.

Multiple factors can affect people and contribute to changes – including shifts to national or local legislation or changes in social norms that affect not only your stakeholders but also all people in similar circumstances. Therefore, you can think of counterfactual as the amount of change caused by systemic factors that are not directly attributable to your intervention. This means that you may not be able to identify how much change was created by a specific piece of legislation or change in social norms, but it is possible to estimate the overall amount of change that would have happened anyway.

There are several ways to answer this question, with the options below providing increasing rigor:

Ultimately, when choosing the method or methods to estimate counterfactual, it is important to ensure that you will have

decision-useful evidence at the right times to support your decision-making.

You could start by asking affected stakeholders what they think would have happened using a scale (this could be numeric or descriptive milestones, such as “no change would have happened” to “complete change would have happened”). Although people’s judgment of counterfactual may not be accurate, it can still provide useful insights.

You can complement stakeholder feedback with existing evidence from national or regional data sets, academic research, or other impact studies. While this may seem more rigorous than just asking people, you need to be aware of the risk that secondary evidence may not closely relate to your specific stakeholder groups.

To increase rigor and reduce further risks, you can identify a group of people from outside your area of intervention who otherwise share the characteristics of your stakeholder groups and collect data from them. You can then compare how much change your intervention group has experienced with that of the comparison group. Along with the potential for statistical testing, these approaches are described as quasi-experimental methods

There is also the potential to conduct a randomized control trial (RCT). This requires selecting participants for the intervention at random and comparing them to others with similar characteristics who were not selected. RCTs are often referred to as the gold standard of counterfactual assessment. However, they involve higher costs and take more time than alternative methods, so the potential benefits they can provide should be compared to the associated costs.

ATTRIBUTION

In addition to estimating counterfactual as the amount of change that your stakeholders – and a comparable group – would likely have experienced without your support, you also need to consider the amount of change contributed by other organisations, individuals or groups specifically to your stakeholders. This can help you both identify and partnership opportunities, as well as possibly avoiding duplication of effort or diminishing returns on investment due to overlapping activities operating in the same area.

Stakeholder feedback on who else is contributing to their changes can help pinpoint other contributing parties. What is needed is not only information on *who* else is contributing, but also *how much* they are contributing. This can be assessed by asking the stakeholders about the extent of these other contributions – again using a numeric scale (e.g., 1 to 10, or percentage options such as 20%, 40%, 60%, 80%) or a descriptive scale providing a range from low to high levels of attribution.

SEED & CO. QUESTIONNAIRE: ATTRIBUTION QUESTION EXAMPLE

Outcome: Satisfaction with employment in Seed & Co.

How much of the change you have experienced was created by the other people/organisations you have identified? (1 – no change created by the others; 5 - all change created by the others

1	2	3	4	5
☐	☐	☐	☐	☐
0%	20%	40%	60%	80%

**the % would not appear on the scales – these are for illustrative purposes.*

3.2 ASSESS AND EMBED USING DATA INTO YOUR OPERATIONS

The way this Guide is written suggests a movement through the steps in a neat, linear path. This is unlikely to be the case in practice. Managing for impacts means being agile and making decisions as you go, while evaluating the risks. The Guide has already mentioned different types of decisions and rigor (see *Table 3: Types of decision-making*). To effectively support decision-making you need to develop a systematic approach to reviewing and aggregating data. Financial performance is often measured and used to support decision-making at least quarterly,

and the same approach can help you manage impact accounts and address the following issues:

- Should you continue with your current operations and activities?
- Have you identified and prioritised both the positive impacts to be maximised and the negative impacts to be minimised?
- How do different stakeholders value the amount of change experienced because of your activities?
- Are there any stakeholder groups or segments that stand out amongst your data, and offer you a clear opportunity to maximise positive or reduce negative impacts (*in particular, the most underserved and/or vulnerable*)?
- Is your data good enough to inform the range of decisions you will need to make? What are the risks to using your data, and what could or should be done to improve the completeness and accuracy of data?

SDG IMPACT STANDARDS ACTION: **INTEGRATE IMM FRAMEWORK**



Integrate the IMM framework into management systems and decision-making.

This action is about putting the developed IMM framework into practice and integrating it into decision-making – generating options and making choices to optimise impacts and contribute positively to sustainable development.

This focuses attention on ensuring that the data collected is fit for purpose and that reports are prepared effectively to support timely decision-making.

Some important questions to consider:

- How do you choose between options?
- How do you ensure that the number of options generated, and the rate of decision-making, are adequate to meet your ambitions?
- What did not happen as expected? What should you do about it? What are the options?
- What did you learn, and how can you strengthen your strategy, risk management or impact management practices?

3.2.1 IMPACT QUESTION: WHAT IS THE SIGNIFICANCE OF THE RELEVANT IMPACTS AND WHEN DO YOU PRIORITISE EACH OF THEM?

The aim of this question is to help make choices about which relevant impacts to immediately prioritise, and which to focus on later. To prioritise means taking action and using your resources to maximise positive and minimise negative impacts.

IMPACT CALCULATIONS

When you have quantitative evidence from the impact questions, you can apply a consistent impact calculation. The result of the calculation helps to identify the significance of the different changes that your stakeholders experienced, highlighting those that matter most so they can be prioritised.

HOW TO CALCULATE SIGNIFICANCE

$$\begin{array}{c} \text{Number} \\ \text{of people} \\ \text{experiencing} \\ \text{a change} \end{array} \times (1 - \text{counterfactual}) \times (1 - \text{attribution}) \times \begin{array}{c} \text{value of the} \\ \text{change} \end{array}$$

Using example data, Table 5 demonstrates this calculation for two changes experienced by the same stakeholder group.

TABLE 5. IMPACT CALCULATIONS OF CHANGES TO OUTCOMES.

	Change A	Change B
Number of people experiencing the change	100 out of a population of 200	50 out of a population of 200
Amount of change (using a scale 1-10)	4	6
Duration of change	1	1
Counterfactual	50%	25%
Attribution	25%	25%
Value of the change	3	6
Impact calculation	$100 \text{ (people)} * (1 - 0.50) * (1 - 0.25) * 3$	$50 \text{ (people)} * (1 - 0.25) * (1 - 0.25) * 6$
Impact value	112.5	168.75

The results above demonstrate that Change B is more significant than Change A, even though fewer people are experiencing it. You now have additional insights for your decision-making and may have more confidence to immediately prioritise Change B and aim to increase the number of people who experience the change – as this could significantly increase the impacts of your activities.

This does not mean that Change A should not be prioritised. Both changes should be prioritised at some point, as they are relevant to stakeholders. You may decide to focus resources on increasing both impacts. However, given your (presumably) finite resources, information about the significance of different relevant impacts can help make decisions about your immediate plans for prioritising their management, as well as informing how you plan to allocate your resources in the future.

3.2.2 IMPACT QUESTION: WHAT ARE THE RISKS THAT THE IMPACT MIGHT NOT OCCUR AS EXPECTED?

The aim of this question is to provide information about the risk appetite of stakeholders affected by decisions, alongside estimates of the inherent risk in each option so they can be taken into account when making choices between different options. It is also necessary to identify risk tolerance and use this to help compare performance to targets, to support further and ongoing decisions about where changes are required to increase positive and reduce negative impacts.

In practice, impact risk has multiple tiers that organisations need to consider. Traditionally, there may be a focus on risks associated with data quality and, although this is important, there are other risks that pose more significant risks to optimising the wellbeing of stakeholders. The different tiers of impact risk can be considered as:

The risk that targets are not ambitious enough: This is the most significant risk as the levels of ambition set will drive the performance you aim to achieve and, crucially, help ensure you are meeting the needs of stakeholders.

The risk that performance does not meet ambitious targets: Having established targets that address the needs of affected stakeholders, it is crucial to meet these targets and mitigate against under-performance.

The risk that organisations do not generate sufficient options to achieve ambitious targets: To meet ambitious targets, it will be necessary to generate different options to improve current activities or start new ones. Having a range of options will allow you to compare different ways to meet targets and account for associated costs and risks.

The risk that inaccuracies and/or incompleteness in collected data does not effectively support decision-making: This means ensuring you have a sufficiently complete understanding of all materially affected stakeholders, and evidence that is accurate enough to support the nature of the decisions being supported. The phrase ‘enough precision for the decision’ is a useful framing to help identify appropriate levels of completeness and accuracy.

Below is more guidance on assessing impact appetite and tolerance and building these into decision-making.

Impact risk appetite is the willingness to accept levels of variance between expected and actual impact returns. For example, this means understanding how willing affected stakeholders would be to accept a level of variance between positive and negative, or two levels of positive returns.

To support decision-making, organisations need to compare the potential risk of different options not delivering the expected level of impact to the risk appetite of those affected by the decision. This mirrors financial investment risk management, where estimations of financial risk are compared to the appetite of those providing financial resources, where investment decisions must align with investors' willingness to take risks.

Similarly to managing financial risks, organisations need to develop internal approaches to both:

- Understand stakeholder impact risk appetite.
- Estimate the risk(s) associated with each decision.

To estimate stakeholder appetite, it may be possible to ask stakeholders about their willingness to accept risk using a scale of low, moderate or high (or similar numeric scales) for different potential scenarios of expected returns (e.g., when options will potentially provide them with either high positive or low negative impact-returns etc.). This is the approach that Seed & Co. utilized, with examples of these results presented in Appendix 2.

It is important to develop internal approaches to estimate overall risk (e.g., low, moderate or high) for each option can be identified by assessing a range of factors, including:

- Risks in the operating environment,
- The ability to deliver activities
- The risk that stakeholders disengage from activities prematurely.

Appendix 2 highlights a range of aspects of impact risk identified by the Impact Management Project. You are likely to have greater control over some of these factors than others. One factor where you may have greater control relates to evidence risk.

Effective IMM practices should help identify evidence that is good enough – but this evidence will never be perfect. You can manage evidence risk based on the **completeness** and **accuracy** of your approach (discussed earlier in relation to the data collection plan).

- Completeness relates to having a thorough understanding of all relevant impacts and having data for each Impact Question. The more complete the picture, the lower the risk.
- Accuracy relates to the quality of the data collected, including the methods applied and sample sizes used. The more accurate the data, the lower the associated risk.

Ultimately, you need to work towards a complete understanding of all materially affected stakeholders and the impacts they experience or are likely to experience – with enough accuracy for the data to be decision-useful.

When you arrive at an overall estimation of risk for each option being considered, it should be compared to stakeholder appetites. *Table 7* illustrates this with three options to deliver the same service to stakeholders.

- Option A is the business-as-usual option, and the information included is based on actual data.
- Options B and C are based on forecasts of how much change (and corresponding amounts of value) would be created by alternative means of delivery.

Based on the evidence in *Table 7*, Option C has the potential to deliver the greatest returns to stakeholders. However, the associated level of risk is higher than stakeholders are willing to accept. This means you would either need to reduce the risks of Option C, or opt for Option B.

TABLE 7. COMPARISON OF DIFFERENT OPTIONS.

	OPTION A	OPTION B	OPTION C
Number of people experiencing the change	100 out of a population of 200	100 out of a population of 200	100 out of a population of 200
Amount of change (using a scale 1-10)	4	6	8
Duration of change	1	1	1
Counterfactual	50%	50%	50%
Attribution	25%	25%	25%
Value of the change	3	6	9
Impact calculation	$100 \text{ (people)} * (1 - 0.50) * (1 - 0.25) * 3$	$100 \text{ (people)} * (1 - 0.50) * (1 - 0.25) * 6$	$100 \text{ (people)} * (1 - 0.50) * (1 - 0.25) * 9$
Impact significance	112.5	225	337.5
Decision risk that impact does not occur as expected	Low	Moderate	High
Stakeholder risk appetite	Moderate	Moderate	Moderate

There is, of course, a risk that you consistently choose options with lower risks and lower returns, meaning you do not achieve your ambitions. You should be aware of this and look for

ways to deliver the greatest returns. This may mean working in partnership with others or changing some fundamental assumptions about your organisation's business model.

IMPACT RISK TOLERANCE – HELPING YOU TO PRIORITISE IMPROVEMENTS WHEN PERFORMANCE DOES NOT MEET TARGETS

Impact tolerance is the amount of deviation from expected targets that stakeholders will tolerate before an organisation needs to take corrective action. Tolerance levels should be informed by the affected stakeholders – by asking them how much less than the target is tolerable, but could also be informed by the organisation if they have stricter tolerances (for example, when working with vulnerable stakeholders).

Targets are the amounts of change an organisation needs to deliver to meet the needs and expectations of stakeholders. Any negative deviation indicates performance is lower than target and improvements are needed. However, in situations where there are multiple deviations, you may not have the ability to manage all and will need to plan which to address immediately.

It is therefore important to estimate the risk tolerance of affected stakeholders and compare this to any negative deviations. For example, if you can identify that a deviation

of more than 5% is unacceptable to affected stakeholders, you can compare this to each deviation and rapidly prioritise those that exceed their tolerance.

Estimating risk tolerance is still a developing area for impact measurement and management practice, but organisations should still aim to develop and adopt a robust approach to estimating risk tolerance that involves affected stakeholders to gauge their tolerance and establish a consistent organisational approach that supports decision-making. As guidance, a good starting point would be to:

- Prioritise all negative impacts where the amount of negative change exceeds targets. This approach is consistent with a focus on avoiding harm, aligns with fundamental requirements to embed respect for human rights and assumes a zero tolerance to negative impacts.
- Where performance levels are below thresholds, stakeholder risk-tolerance should always be considered zero – as these are already absolute minimum requirements.

- When comparing performance to interim targets that are supporting the achievement of longer-term thresholds, you need to employ a risk-based approach to assessing the likelihood of failing to meet the threshold.
- Where performance has met/exceeded thresholds but not achieved the target, stakeholder risk-tolerance may be higher and this can help to inform decisions about when, how, and with what level of intensity to focus resources to improve the situation.

In summary:

- Where deviations are greater than tolerance levels of your stakeholders, there needs to be an immediate governance response to address the shortfall.
- Whereas when deviations are lower than tolerance levels – this is still under-performance, but not at an unacceptable level to affected stakeholders – this means that responses are required, but can be managed without necessarily involving the urgency of governance-level responses.

SEED & CO. APPLICATION OF THE QUANTITATIVE IMPACT QUESTIONS

Having previously identified the range of relevant impacts, Seed & Co. recognized the need to collect quantitative evidence to support their ability to make better decisions. This section of the Guide does not go into detail for each relevant impact, instead it outlines some of the choices they made.

Seed & Co. created a questionnaire to gain feedback from affected stakeholders on the significance of the different changes. They also identified the need to subsequently verify their findings with samples of the same people, and appropriate independent experts whose views would help to validate their findings.

The questionnaire was pilot tested with a smaller sample of stakeholders before being shared with a larger group of people. The questionnaire is included in Appendix 6. Some of the key issues involved are also briefly outlined below.

3.2.3 IMPACT QUESTION: HOW WILL YOU MEASURE THE AMOUNT OF CHANGE?

Seed & Co. identified a selection of indicators for each relevant impact – opting for a combination of subjective and objective evidence. They recognized that neither type of evidence is superior to the other, and each situation was considered with the goal of providing enough precision to support their decisions. *Table 8* illustrates examples relating to two impact goals and provides the data to answer the Impact Question “How much change was experienced?”

TABLE 8. INDICATORS

IMPACT GOAL	STAKEHOLDER GROUP	RELEVANT IMPACTS	INDICATOR (S)
1. Reduce Hunger	Small Holder Farmers	Satisfaction with food situation	Measure of undernourishment based on calorie intake for sufficient energy levels required to maintain normal and active life ³ AND Food Insecurity Experience Scale (FIES) ⁴ Results are weighted and converted to a 0 to 10 scale
		Income stability	Measure of long-term trade deals (at least 6 months) AND 0 – 10 descriptive scale (each point on the scale is annotated to describe the position) Note: The first indicator (output level) will be used in year 2 to help us establish thresholds and targets -in year 1 only the outcome level indicator is employed
	Community members	Satisfaction with food situation	Measure of undernourishment based on calorie intake for sufficient energy levels required to maintain normal and active life ⁵ AND Food Insecurity Experience Scale (FIES) ⁶ Results are weighted and converted to a 0 to 10 scale
2. Create decent work	Seed & Co. Staff	Staff satisfied with employment	Average hourly earnings of all employees AND 0 – 10 descriptive scale (each point on the scale is annotated to describe the position)

³ <https://www.fao.org/sustainable-development-goals/indicators/211/en/>

⁴ <https://openknowledge.fao.org/server/api/core/bitstreams/1128e185-f29e-4426-8114-8bb0f8a46e03/content>

⁵ <https://www.fao.org/sustainable-development-goals-data-portal/data/>

⁶ <https://openknowledge.fao.org/server/api/core/bitstreams/1128e185-f29e-4426-8114-8bb0f8a46e03/content>

3.2.4 IMPACT QUESTION: HOW LONG DO CHANGES LAST?

Stakeholders were asked how many years the different relevant impacts would last as a result of Seed & Co.'s activities. Results from stakeholders consistently highlighted that the changes would not last beyond a single year owing to the need for continued inputs (e.g., inputs such as fertilizers for farmers and ongoing wages for workers).

3.2.5 IMPACT QUESTION: HOW IMPORTANT ARE THE CHANGES TO THE PEOPLE EXPERIENCING THEM?

Seed & Co. decided not to monetize the value of changes, instead focusing on numeric values (i.e., asking stakeholders to rate the value of changes on a scale

of 0-10). This decision was made to allow the organisation time to develop their processes and confidence in impact measurement and management practices. They identified the need to review this decision during the current strategic period – with the potential to introduce monetisation and the SROI methodology in the future if this could further support their decision-making.

Seed & Co. recognised the need to estimate the value of different amounts of change, so they can estimate the likely non-financial returns of different options during their options modelling analysis process.

They also recognised the need to support stakeholders in gathering useful evidence and were aware of the risks of confusing their respondents.

Stakeholders were therefore asked a series of questions about the value of each change, using the following approach:

1. Imagine you have experienced the highest possible level for each of [the following impacts, could you put them in order of importance with the top being the most important”
[This question was asked to support stakeholders to start thinking about the value of different changes and provided results that ranked them as being first, second, third etc.].
2. Now considering the change you ranked as the most important, on a scale of 0-10, how valuable would it be to experience the highest level of change?
3. Now moving to the second most important change, on the scale of 0-10 how valuable would it be to experience the highest level of change?
As you've said this change is less important than another, the value should be lower than those that are more important to you.
[This question was repeated for all changes ranked by stakeholders]

3.2.6 IMPACT QUESTION: HOW MUCH DID YOU CONTRIBUTE TO THE CHANGES?

Seed & Co. used three questions to estimate their contribution. The first helped to estimate the amount of change that would likely have happened without their involvement (counterfactual), and two further questions addressed the contribution(s) of others (attribution).

To identify the data to be applied in their impact calculations, a consistent 5-point scale with qualitative response-options was used to gain stakeholder feedback on both counterfactual and attribution. Each qualitative response on the scale was assigned a pre-coded percentage value – between 0-100% that enabled consistent translation of stakeholder feedback into quantitative figures. To help respondents consider the different contributing factors, an open qualitative question was also included before the scaled attribution question, asking which other people or organisations had contributed. This question also served to provide Seed & Co. with insights on potential partners for the future.

COUNTERFACTUAL:

What is the chance you could have experienced the same change without our support?

No chance it would have happened without Seed & Co.	About a low chance it would have happened without Seed & Co.	About a medium chance it would have happened without Seed & Co.	About a high chance it would have happened without Seed & Co.	It definitely would have happened without Seed & Co.
0%	25%	50%	75%	100%

ATTRIBUTION:

a) Which other people or organisations have helped to create this change, if any?

b) How much of the change did others (e.g., other people/organisations) cause?

None of the change was caused by others	A little of the change was caused by others	About half of the change was caused by others	A lot of the change was caused by others	All of the change was caused by others
0%	25%	50%	75%	100%

SEED & CO. RESULTS

Tables 9-12 highlight example evidence gained by Seed & Co. These tables do not intend to provide a complete understanding of all relevant impacts – instead, they give examples of both positive and negative impacts that provided the company with insights to help them make improvements.

Table 9 shows evidence of an impact experienced by male full-time employees and women full-time employees, in relation to the Impact Goal of ‘Decent Work’.

Tables 10-12 present further evidence for the same impact goal, refined by additional impacts and stakeholder segmentation, groupings which help to increase the completeness of the evidence base for Seed & Co. The more accurate results highlight important differences in the experiences of staff, including negative impacts experienced by some and insufficient levels of positive impacts. These insights would support improved decision-making (e.g., prioritising the reduction of negative impacts, and/or increasing positives for some stakeholders). If alternatively, Seed & Co. only had evidence about the average experiences for all staff, they would not have been able to respond as effectively, and the risks of poor performance and associated issues such as recruitment and retention costs would not have been managed.

TABLE 9. IMPACT ON SATISFACTION WITH EMPLOYMENT SEED & CO. FULL-TIME STAFF

IMPACT GOAL: DECENT WORK			
OUTPUT: 300 STAFF (250 FULL-TIME)			
IMPACT QUESTION / DATA	DETAILS	RESULTS	
Who experiences changes?	Stakeholder Group	Full-time men staff	Full-time women staff
	Number of Stakeholders in each Group	200	50
What changes?	Outcome	Satisfaction with employment	
How to measure change?	Indicator i	Income level	
	Indicator ii	Descriptive scale (0-10)	
Baseline	Starting position on indicator i before joining Seed & Co.	0	
	Starting position on indicator ii before joining Seed & Co.	3	
Threshold	Minimum amount of change required - Indicator i	Living Wage	
How much change?	Depth - amount of change in comparison to baseline - Indicator i	\$1.95 per hour above living wage	\$1 per hour below living wage
Threshold	Minimum amount of change required - Indicator ii	Increase of 4 to 7	
How much change? (Depth)	Depth = amount of change compared to baseline - Indicator ii	5.75 (rounded to 6 (1d.p.) = now on 9)	3 (now on 6)
How much change? (Scale)	Scale of change = No. people	200	50
How long do changes last?	Years	1	
How important are changes?	Weighted on scale 1-10	6.5	1.5
Your contribution	% owing to organisation	37.5%	75%
Sub-totals	Number of stakeholders experiencing a change x value of change x your contribution	487.5	56.25
Total	The total significance of impacts experienced across stakeholders	543.75	
Risk	Likelihood of changes not occurring	Moderate	
Stakeholder risk appetite	The willingness to accept levels of variance between expected and actual impact returns	Moderate	

The example illustrates that, in relation to the Impact Goal of ‘Decent Work’ and the associated impact of ‘satisfaction with employment’, there are significant differences in the experiences of men and women full-time employees at Seed & Co. Women do not meet the threshold for receiving at least a living wage or the subjective scale. This means they do not experience sufficient positive change to meet their needs, even if the situation has improved from their starting position. Based on their assessment of unit value for each amount of change, based on asking stakeholders to value the threshold and overall target amount of

change, Seed & Co. were able to identify that the results for women full-time staff were much lower than for men.

Although the net impact (the total significance of impacts experienced across all stakeholder groups) appears positive, with an overall impact value of 543.75, this aggregated figure masks important insights. In practice, it is essential that Seed & Co. recognise the below minimum increased impact experienced by a segment of their workforce. Only with these insights can they work towards improving the situation.

In recognition of the need to have a complete understanding of relevant impacts, Seed & Co. also investigated effects experienced by part-time workers. Feedback indicated that they were experiencing negative impacts. In this case, ‘satisfaction with employment’ was not just failing to meet a minimum threshold requirement, but actively declining - as illustrated in Table 10. This additional negative impact reduced overall net positive impacts, and more importantly provided helpful insights on where improvements were most needed (see Table 10.).

TABLE 10: ACCOUNTING FOR TRADE-OFFS – SEED & CO. STAFF MEMBERS

IMPACT GOAL: DECENT WORK				
OUTPUT: 300 STAFF				
IMPACT QUESTION:	DETAILS	RESULTS		
Who experiences changes?	Stakeholder Group	Full-time men staff	Full-time women staff	Part-time staff
	Number of Stakeholders in each Group	200	50	50
What changes?	Outcomes	Satisfaction with employment	Satisfaction with employment	Satisfaction with employment
How to measure change	Indicator i	Income level	Income level	Income level
How to measure change	Indicator ii	Descriptive scale (0-10)	Descriptive scale (0-10)	Descriptive scale (0-10)
Baseline	Starting position on indicator i before joining Seed & Co.	0		
	Starting position on indicator ii before joining Seed & Co.	3		
Threshold	Minimum amount of change required - Indicator I (maximum accepted if negative)	Living Wage		
How much change?	Depth - amount of change in comparison to baseline - Indicator i	\$1.95 per hour above living wage	\$1 per hour below living wage	\$2 per hour below living wage
Threshold	Minimum amount of change required - Indicator ii	Increase of 4 to 7		Increase of 2 to 5
How much change?	Depth - amount of change in comparison to baseline - Indicator ii	5.75 (rounded to 6 (1d.p.) = now on 9)	3 (now on 6)	-2 (now on 1)
How much change?	Scale of change - No. people	200	50	
How long changes last?	Years	1		
How valuable are changes?	Weighted on scale 1-10	6.5	1.5	-3
Your contribution	% owing to organisation	37.5%	75%	
Sub-totals	Number of stakeholders experiencing a change x value of change x your contribution	487.5	56.25	-112.5
Total	The total significance of impacts experienced across stakeholders	431.25		
Risk	Likelihood of changes not occurring	Moderate		Low
Stakeholder risk appetite	The willingness to accept levels of variance between expected and actual impact returns	Moderate		Low

Additionally, a further negative impact was identified for managerial members with care responsibilities at home.

This was particularly acute for women managers and is highlighted in *Table 11*.

TABLE 11: IMPACT ON STRESS IN THE HOME FOR SEED & CO. WOMEN MANAGERS

IMPACT GOAL: DECENT WORK		
OUTPUT: 300 STAFF		
IMPACT QUESTION	DETAILS	RESULTS
Who experiences changes?	Stakeholder group/sub-group	Women staff in managerial roles with care responsibilities
	Number of stakeholders	20
What changes?	Outcomes	Stress in the home
How to measure change	Indicator	Descriptive scale (0-10)
Baseline	Starting position before joining Seed & Co.	4
Threshold	Maximum amount of change accepted	Increase of 2 to 6
How much change?	Depth - amount of change in comparison to baseline	Increase of 3 to 7
How much change?	Scale of change: No. people	20
How long changes last?	Years	1
How valuable are changes?	Weighted on scale 1-10	-8
Your contribution	% owing to organisation	75%
Sub totals	Number of stakeholders experiencing a change x value of change x your contribution	-120
Risk	Likelihood of changes not occurring	Low
Stakeholder risk appetite	The willingness to accept levels of variance between expected and actual impact returns	Low

Given the awareness of negative impacts being experienced by different employees and the risks these pose to Seed & Co. – such as a negative effect on morale, reduced productivity, and reduced staff retention/increased recruitment costs – the company recognized the need to quickly make changes to improve the experiences of these stakeholders.

Seed & Co. therefore approached a representative sample of stakeholders and asked them for solutions to address the issue(s). Options including introducing flexible working practices and initiating a nursery/pre-school centre were suggested. Thanks to this engagement, the company could start to model the costs and forecasted impact returns of these different options.

For each option, stakeholders were asked to forecast the amount of change they would experience with each of the

possible new options. The new options were presented to all staff members, not just those experiencing negative impacts, as it was felt that all stakeholders could benefit from the proposed changes.

Table 12 presents the results from one of a number of options considered, in this case, the introduction of flexible working arrangements and the guarantee of at least a living wage salary.

The forecasted results of this option highlight much greater expected impact returns than the current business-as-usual approach, and importantly:

- The option is expected to create value within acceptable levels of risk when compared to stakeholder risk appetites.
- The majority of women full-time staff report they would experience positive impacts that meet minimum thresholds in terms of

their ‘satisfaction with employment’, whereas currently their situation is negative/doesn’t meet minimum thresholds.

- Half of those women managers who currently indicate negative increased ‘stress at home’ report that the option would indeed eliminate this negative experience.
- Overall, all stakeholder segments show improvements, although negative impacts experienced by some are not eliminated.

In addition to identifying the associated costs for each option it would also be useful to examine the other potential benefits of the different options – in this case specifically the likely implications on recruitment costs and productivity, and broader financial impacts.

TABLE 12. OPTIONS ANALYSIS – FLEXIBLE WORKING AND LIVING WAGE

IMPACT GOAL: DECENT WORK							
OUTPUT:300 STAFF							
IMPACT QUESTION	DETAILS	RESULTS					
Who experiences changes?	Stakeholder Group	Full-time men staff	Full-time women staff		Part-time staff		Women staff in managerial roles with care responsibilities
	Number of Stakeholders in each Group	200	40	10	20	30	10
What changes?	Outcomes	Satisfaction with employment	Satisfaction with employment		Satisfaction with employment		Stress in the home
How to measure change	Indicator i	Income level	Income level		Income level		Descriptive scale (0-10)
How to measure change	Indicator ii	Descriptive scale (0-10)	Descriptive scale (0-10)		Descriptive scale (0-10)		N/A
Baseline	Starting position on indicator i before joining Seed & Co.	0	0	0	0	0	4
	Starting position on indicator ii before joining Seed & Co.	3	3	3	3	3	N/A
Threshold	Minimum amount of change required - Indicator I (maximum accepted if negative)	Living Wage					Increase of 2 to 6

TABLE 12. CONT.

IMPACT QUESTION	DETAILS	RESULTS						
How much change?	Depth - amount of change in comparison to baseline - Indicator i	\$1.95 per hour above living wage	At least living wage per hour		At least living wage per hour			Increase of 3 to 7
Threshold	Minimum amount of change required - Indicator ii	Increase of 4 to 7	Increase of 4 to 7		Increase of 2 to 5			N/A
How much change?	Depth - amount of change in comparison to baseline - Indicator ii	5.75 (rounded to 6 (1d.p.) = now on 9)	5 (now on 8)	3 (now on 6)	2 (now on 5)	-2 (now on 1)		N/A
How much change?	Scale of change - No. people	200	40	10	20	30		10
How long changes last?	Years	1	1	1	1	1		1
How valuable are changes?	Weighted on scale 1-10	6.5	5	1.5	5	-5		-8
Your contribution	% owing to organisation	37.5%	75%	75%	75%	75%		75%
Sub-totals	Q3 *Q 8 *Q 9	487.5	150	11.25	75	-112.5		-60
Total		551.25						
Risk	Likelihood of changes not occurring	Moderate	Moderate	Low	Low	Low		Low
Stakeholder risk appetite	The willingness to accept levels of variance between expected and actual impact returns	Moderate	Moderate	Low	Low	Low		Low

3.2.7 FURTHER DECISIONS: BEING SYSTEMATIC ABOUT IT

During the first year of Seed & Co.'s improved approach to managing impacts, they were able to make numerous decisions and increase impacts for different stakeholders. The Board, CEO, and other decision-makers in the organisation identified different options, comparing expected impact returns – including potential trade-offs where some stakeholders experienced positive impacts such as changes to their satisfaction with work, whereas others experienced negative impacts on their levels of stress at home – to the costs and risks.

To systematically record the different types of decisions considered and taken, Seed & Co. introduced a decision-making log (*Appendix 3* includes a potential structure for the

log and some example decisions made by Seed & Co.). This improved the ability of the Board and other decision-makers to hold members of the organisation to account, providing a transparent means of reviewing the decisions taken and comparing these top management's expectations for the type and frequency of decisions being made. For example, if all decisions being taken to increase impacts were operational, the Board could request plans for more strategic choices that could help to increase the impacts of the organisation.

Being able to record and discuss the decisions taken, the evidence used to support those choices and the associated risks significantly improved the rate and scale of improvements Seed & Co. made to contribute to stakeholder wellbeing and create sustainable value.

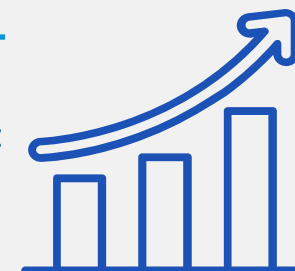
SDG IMPACT STANDARDS ACTION:

EMBED

This action is about using lessons learned to continuously improve practice and systematically feed them back through strategy, management approach, and governance processes and systems.

Useful questions to ask as an organisation:

- How do you systematically capture lessons learned and create feedback loops within internal management systems? For instance, when an evaluation is conducted on a project, do the lessons identified remain at the project level, or are they actively translated across the wider portfolio to inform future selection criteria, structuring decisions, etc.?
- What will change in strategy, business model(s), products and services, operations, and/or governance because of what you have learned?



3.2.8 TARGET SETTING FOR YEAR 2

By this point in time, Seed & Co. had set impact-level targets for all prioritised impacts. By gathering meaningful quantitative data for each impact question, they could compare stakeholders' baseline positions to determine future expectations to set meaningful thresholds and ambitious targets.

They recognised this ongoing ability to more effectively manage prioritised impacts as an important step in their journey – helping them to strengthen their accountability by comparing impact performance to expectations and responding to the insights they generated.

Appendix 4 illustrates examples of thresholds and targets for some of the relevant impacts they identified. The justification for each threshold is included – with the aim of ensuring that Seed & Co. has impact expectations that are context-specific so they can positively contribute to sustainable development.

Appendix 5 includes quantified impact targets for each relevant impact, which are key to supporting the different decision-makers (see *page 8 for the summary of the types of decisions*) across the organisation to better understand the expectations against which performance will be measured. Just as a business might have very detailed sales targets at department-or-product-line-level that are then increasingly aggregated for more senior decision-makers, impact targets can fulfil the same role. Some of the key benefits - and potential risks - of this approach include:

- At the granular level, the comparison of targeted amounts of change to performance for each prioritised impact provides evidence relating to stakeholder groups, segments, and potentially even to individuals. This information and the granular insights it can provide can be used to provide timely operational and tactical responses as required. This granular evidence can also be aggregated

across different stakeholder groups, organisational units, and time to support strategy choices.

- Aggregated information that provides overall results is often better for senior decision-makers. When aligned with standard monitoring practices such as quarterly reporting, decision-makers will be better able to assess the operational responses taken to date based on granular data and respond to ongoing or emerging trends with Tactical and/or Strategic decisions. When aggregating results, it is important that results do not mask or hide significant insights or differences as this could lead to sub-optimal decision-making. For example, overall performance may appear positive, whilst some stakeholders experience negative impacts – meaning that decision-makers need to understand more than overall / single expressions of performance.

It is important that targets throughout the organisation are aligned. There is little benefit in setting strategic targets for overall levels of impact to be generated if these do not take into account what is realistic for the organisation or its stakeholders. Effective target setting is a two-way process where senior decision-makers and workers can debate, negotiate, and identify targets that stretch performance but remain attainable.

Seed & Co. developed a systematic approach to managing impacts that included the ability to model the potential value of different options for the delivery of activities. The Board, CEO and other members of the organisation were therefore able to identify ambitious aggregated targets for overall performance that translated to expected levels of performance for different stakeholder groups and segments.

Table 13 presents example aggregated targets for each quarter. These targets would be established at the start of the year.

TABLE 13. OVERALL AGGREGATED IMPACT VALUE TARGETS AND PERFORMANCE

	FORECASTED IMPACT VALUE	IMPACT PERFORMANCE	VARIANCE (%)
Quarter 1	250,000		
Quarter 2	400,000		
Quarter 3	450,000		
Quarter 4	750,000		
Annual	1,850,000		

SDG IMPACT STANDARDS ACTION: **ADJUST**

Adjust strategy and goals as needed to optimise impact.

This action is about ensuring that strategies and impact goals remain relevant and fit for purpose over time. It highlights the need to consider what information will be used from within the organisation versus sought from outside it, and how frequently. This should be aligned with the existing processes for updating the organisation's business strategy.

Useful questions to ask as an organisation:

- Is your strategy still relevant and fit for purpose?
- Are you meeting your targets and on track to achieving your strategic goals and prioritised impacts?
- Are there any unexpected impacts you need to take into consideration?
- What has changed that may require you to reassess your strategy, risk assessment and plans?



REPORTING YEAR 1

At your current stage of IMM development, you may not have many impact results or evidence about improvements that you can share with external stakeholders. Nevertheless, it is essential to consider the importance of transparent reporting to provide decision-makers with information to support their choices. This can include investors or funders, as well as policy makers and members of the public. In line with your approach to continuously improving practices and impact performance, your reporting will also improve over time.

During these earlier stages, you will still have important information to share – such as:

- Improvements to your policies and processes relating to integrating impact management.
- Commitments to share more complete and accurate impact performance data within a set timeline.
- Clear plans to enhance or expand your existing impact reporting or performance.

These are all important features you could communicate alongside any areas where you do have actual impact results.

Going forward, in addition to the conventional areas of effective reporting – such as outlining your strategic priorities, activities delivered, and a profile of staff and/or service users – impact reports should also address the following:

- Impact thresholds and targets
- Impact performance in relation to thresholds and targets
- Mitigations to address any performance not achieving expectations
- How impact risks are supporting decision-making



You may choose to publish a standalone impact or sustainability report or, alternatively, work towards an integrated annual report that contains both financial and non-financial information. These are choices to consider as your approach develops. A range of reporting standards are also available – such as Social Value International’s Report Assurance Criteria, Global Reporting Initiative (GRI) and International Financial Reporting Standards (IFRS). In some cases, you may be required to satisfy multiple standards to meet the expectations of different stakeholders and/or regulatory requirements.

SDG IMPACT STANDARDS ACTION: **DISCLOSE**

Disclose how sustainability and the SDGs are integrated into decision-making, and report on performance.

This action is about providing external stakeholders with the information they need to make informed decisions. This includes providing information on both practice and performance, providing sufficient context for users to draw meaningful insights, making information accessible to a broad range of stakeholders, reporting on the nature and depth of impacts with reference to the SDGs and associated targets, disclosing responsible business policies, and having sustainability reports independently assured.

Useful questions to ask as an organisation:

- What should be included in disclosures and external reporting? Think about ESG ratings and benchmarks, regulatory requirements, GRI reporting, integrated reporting, impact reporting.
- Do you provide information in a separate sustainability/impact report, or integrate sustainability/impact into your annual report format? What information do you disclose on your website?
- How do you ensure that your disclosures and external reporting are accessible and meet the needs of all stakeholder groups and sub-groups?
- Should your reporting and data included in the report be assured or verified?

**4. SEED & CO: YEAR 2
AND FOLLOWING
YEARS: DECISIONS,
DECISIONS, DECISIONS**

4. SEED & CO: YEAR 2 AND FOLLOWING YEARS: DECISIONS, DECISIONS, DECISIONS

4.1 DO & CHECK: KEEP ON COLLECTING AND USING DATA WHILE OPERATING

In year two, Seed & Co. continued collecting and responding to data. At the first-quarter board meeting, evidence demonstrated that aggregated performance was lower than targeted. This provided the governing body with increased knowledge and the ability to ask what could be done to improve the situation.

In this example, outlined in *Table 14*, changes introduced after the first quarter results improved impact performance, and subsequent targets for each quarter were achieved.

In reality, the planned changes would also have been supported by disaggregated

TABLE 14. OVERALL AGGREGATED IMPACT VALUE TARGETS AND PERFORMANCE

	FORECASTED IMPACT VALUE	IMPACT PERFORMANCE	VARIANCE (%)
Quarter 1	250,000	200,000	-20%
Quarter 2	400,000	410,000	4%
Quarter 3	450,000	475,000	6%
Quarter 4	750,000	790,000	5%
Annual	1,850,000	1,880,000	2%

information that provided insights on the specific areas where improvements were required. For example, it might have been identified that one or more segments of stakeholders were experiencing less

than targeted amounts of change. In this scenario, responses would have been designed to improve activities for these specific stakeholders, rather than all affected stakeholders.

4.2 ASSESS: STRATEGY DECISIONS - REVISITING THE STRATEGY

As you continue to develop your approach to impact management, you will increasingly be able to make Operational and Tactical decisions supported by impact evidence. The insights gained from the evidence can help to maintain a focus on continuous improvement and reduce the risks of suboptimal choices.

It is also important to examine your strategy as part of your approach. Strategic decisions are likely to have a more significant impact on people's lives than smaller operational changes. They also naturally include greater risks, are more expensive to implement, and are more difficult to reverse if required. It is therefore important to have evidence that provides enough precision for such decisions. This can mean having evidence over a longer timeframe as well as ensuring that the level of verification and/or independent assurance is suitable.

SEED & CO.'S APPLICATION OF STRATEGIC-LEVEL DECISION-MAKING

Over the two years in which Seed & Co. made significant improvements to their ability to understand and manage the impacts of their work, they also made numerous decisions to change and improve the delivery of their existing services. In line with their impact goals, this included making changes to the working conditions for all employees, working to achieve gender parity within their workforce, and providing transformational training throughout the organisation. Beyond their internal stakeholders, they also made changes to address significant health effects caused by pesticide use within local communities, commissioned marketing campaigns targeting women smallholder

farmers, and forged partnerships with cooperatives and NGOs to provide information and guidance to their customer base.

Many of these changes created improvements for their stakeholders. However, Seed & Co. realised that persistent challenges faced by women smallholder farmers would continue to limit the organisation's ability to create any significant improvements for this important segment of their customers. Ongoing challenges associated with structural barriers and deeply entrenched gendered views of roles and responsibilities further hampered any efforts to optimise impacts for women farmers. The challenges for women farmers to own land was identified as a fundamental barrier to meeting the needs of this stakeholder group.

Evidence is clear that when women have greater financial independence and agency over their finances, they are more likely to make choices that create lasting value for themselves, their families, and wider community members. Such restrictions were therefore recognised as reducing likely spill-over benefits to community members, while also reducing financial returns to Seed & Co., as sales were expected to increase when customers had greater available finances.

Seed & Co. therefore identified the need to examine their strategic approach if

they were to create meaningful and sustained improvements. This was supported by awareness that women farmers wanted a much better situation than currently experienced (i.e., their tolerance for their current situation was low). Senior decision-makers recognised this as further motivation to improve the situation as part of their commitment to optimising the wellbeing of stakeholders in line with needs and expectations.

Based on substantial research into alternative options delivered by peers and competitors, as well as engagement

with women farmers to identify potential solutions, Seed & Co. was able to identify several different options that would involve quite radical shifts in their business model.

The need to evolve from only selling farming inputs – towards an organisation capable of addressing multiple roles within the value chain – was identified as essential. Ultimately, operating as both a seller of inputs and a purchaser of final products would give Seed & Co. greater leverage and influence to drive systemic changes.

With this amended business model and purpose in mind, they were then able to identify different potential solutions to further support women farmers. The Board recognised the potential value of each option and were clear that this decision should not be delayed unnecessarily. At the same time, they recognised the potential risks of making such choices. It was therefore agreed that before any strategic decision could be reached, further evidence was needed on the likely impacts, potential trade-offs and associated risks.

Although the decision was not taken immediately, a six-month timeline was agreed upon. This provided the necessary time to commission suitable

third parties to support the assessments, produce reports on likely impacts and risks and ensure the work was independently assured. Equipped with this evidence, the Board would then be able to make an informed strategic choice on the optimal path to manage their impacts.

REPORTING YEAR 2

You will now be able to share more information about your impact performance. Having results that can be compared to thresholds and targets means you can identify where things have gone well and where further work is required.

Being transparent in reporting means being open and brave about both positive and negative impacts being created. It may feel uncomfortable to share information about performance that does not meet targets, or to disclose negative impacts, but this level of honesty is increasingly expected within reporting. The truth is that no one expects perfect results. Being honest about your performance and transparent about your plans for improvement will help you to avoid claims of over-claiming and impact washing. This builds trust with stakeholders such as investors and members of the public, whilst also driving accountability to affected stakeholders – and providing an incentive to improve for the next reports!



5. GOVERNANCE AND ITS ROLE IN IMPACT MANAGEMENT

5. GOVERNANCE AND ITS ROLE IN IMPACT MANAGEMENT

If you have left it until this point in the process to think about the role of governance, it is likely too late – or at the very least, things will be considerably more difficult than if its importance had been recognized much earlier.

The governing bodies of any organisation provide the formal and informal decision-making systems that help to ensure practices are embedded within an organisation's culture.

It is essential to integrate IMM into governance structures, just as they need to be integrated within strategy and management approaches if they

are to effectively influence decision-making. The sooner these important conversations begin, the quicker the integration can occur.

Your organisation will have governance structures and processes that are appropriate for its specific requirements. For some, this will mean a formal Board of Directors or Trustees, and for others it may be less formal, with advisory groups or a simple CEO-led approach. Irrespective of the structures in place, it is crucial that governance is aligned to impact management – leading by example and ensuring that appropriate issues are integrated within your organisation.



SDG IMPACT STANDARDS ACTION: **INTEGRATE & ENSURE**

The two actions that support the Governance theme are designed to:

- Integrate sustainability and managing for impact into the organisation's governance framework, ensuring that oversight and accountability are core practices for top management.
- Ensure governing bodies lead by example so that actions set the tone from the top of the organisation.

Useful questions to ask as an organisation:

- How will sustainability and the SDGs be integrated into the enterprise's strategy?
- Does the enterprise risk management framework incorporate sustainability risks and opportunities?
- What is the Board's policy on sustainability and how often should it be reviewed?
- How often should sustainability be on the Board's agenda? How will the Board ensure that it considers sustainability and impacts in all its decision-making?
- How can the Board ensure management does not ignore business risks because they are considered unlikely, long-term or uncertain?
- How can the Board ensure management enterprise strategy identifies and capitalizes on sustainability-related opportunities?
- How should the Board and directors engage with stakeholders?
- Does the enterprise have the proper processes and controls in place to ensure metrics and disclosures are accurate, reliable and consistently communicated across all channels?
- What is the Board composition, competencies and training in the context of sustainability?
- To what extent is the Board acting on behalf of affected stakeholders?
- Is the Board leading by example and holding management to account?

ISO 37000 provides guidance on the governance of organisations by outlining principles and key aspects of practice to help governing bodies and groups meet their responsibilities, enabling the organisations they govern to fulfil their purpose. The standard is also intended for stakeholders involved in, or impacted by, the organisation and its governance.



6. CONCLUSION

CONCLUSION

This Guide has outlined key requirements to help you collect important impact data and measure your impact. From the very start this Guide has maintained a focus on the use of data to support improved decision-making. The intention is that this Guide supports you in developing your approach and advancing your ambitions to better manage your impacts – because doing so ultimately means creating more value for your stakeholders.

By involving affected stakeholders in gathering data about what matters to them, you increase your ability to respond in ways that can optimise impacts. In

practice, this means identifying relevant and significant impacts that generate valuable insights so you can develop different options for delivering your activities in ways that meet stakeholder needs whilst respecting crucial planetary boundaries.

Meeting stakeholder needs demands ambition – setting ambitious targets, being bold in the number and type of decisions you take and setting ambitious plans for continuous improvement.

Ambition also means striving to optimise the impacts of your activities

– choosing approaches that maximise positive and minimise negative ones. It means recognizing and carefully managing trade-offs, where decisions often generate benefits for some whilst creating negative consequences for others. This is a regular and unfortunate consequence of decision-making that you are unlikely to ever eliminate. However, when you actively manage for impacts, you can transparently account for these trade-offs and make decisions that seek to do no harm and create as much value for those affected as possible.

Managing for impacts significantly increases the likelihood that you are contributing positively to sustainability. Like all decision-making, you cannot eliminate the risks that your choices and decisions may fail to create optimal returns. It is necessary to integrate a risk-based approach to decision-making that effectively manages the risk of decisions failing to deliver expected returns, while also accounting for the willingness of affected stakeholders to accept varying levels of risk.

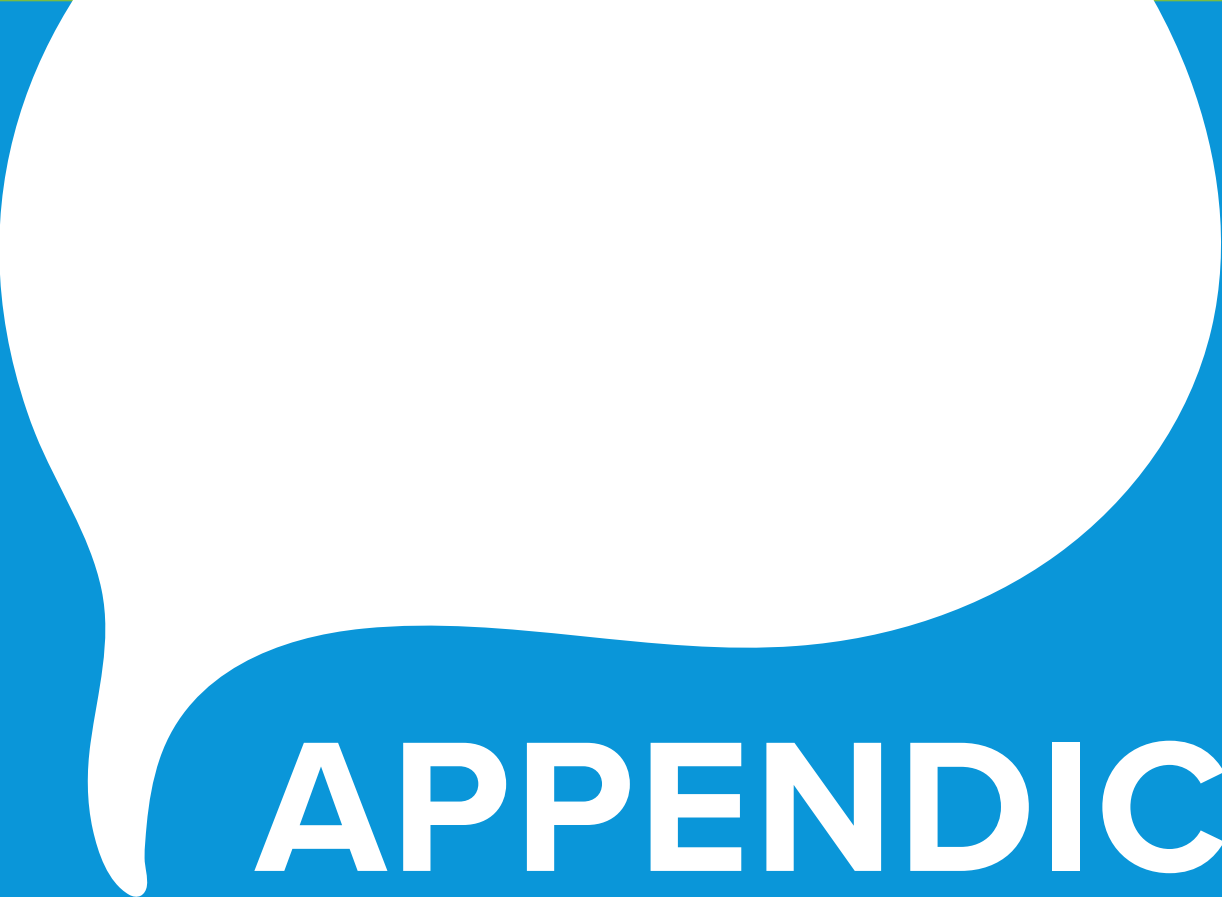
Achieving your ambitions requires decision-making at all levels of the organisation. While operational changes help to make important improvements, you will also need to make strategic choices that require your organisation to examine purpose, business models and partnerships.

All of this means integrating the necessary processes, systems and behaviours throughout the organisation. It means replicating approaches that has helped you manage the financial impacts of activities, so you create effective accountability mechanisms focused on creating sustainable value.

This Guide has outlined how effective impact measurement and management is a crucial component of achieving your ambitions. Viewed alongside the wider requirements to integrate pioneering management system standards from the UNDP and ISO, you are equipped with the practical tools needed to turn commitments into action.

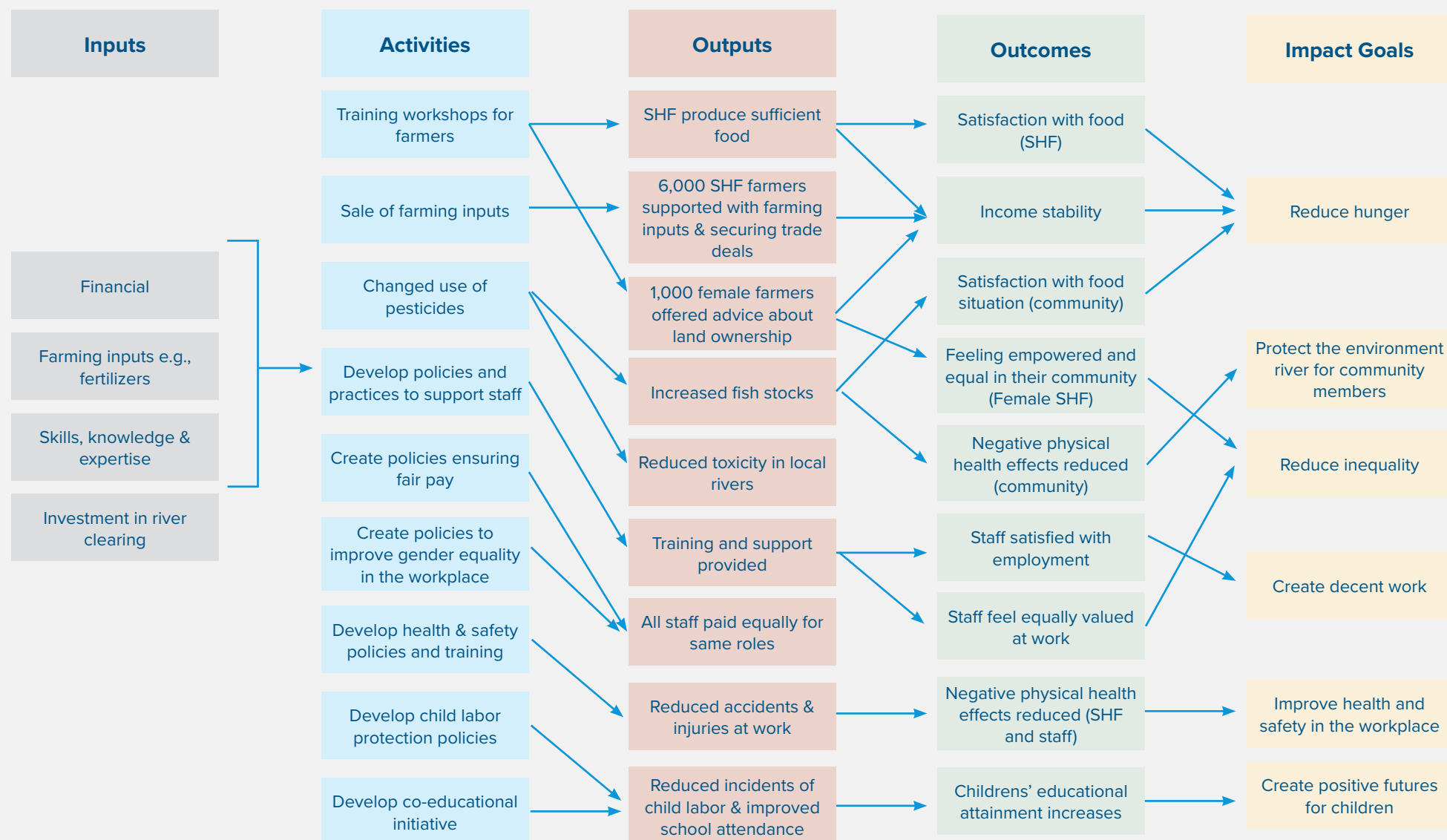
No organisation is starting from zero – everyone has skills, systems and processes that can be further developed to help you manage for impacts. It

is a continuous journey of ambitious improvement, one in which purpose is committed to contributing positively to sustainability, decision-making is accountable to those affected, and you continually work to optimise stakeholder wellbeing.



APPENDICES

APPENDIX 1: SEED & CO.'S THEORY OF CHANGE



APPENDIX 2: IMPACT RISK APPETITE ASSESSMENT

Impact risk appetite of different impact return scenarios			
Consequences	Likelihood		
	Low	Medium	High
High positive returns – medium positive returns.	High	High	High
High positive returns – low positive returns.	High	High	Moderate
High positive returns – low negative returns.	Moderate	Moderate	Low
High positive returns – medium negative returns.	Moderate	Low	Low
High positive returns – high negative returns.	Moderate	Low	Low
Medium positive returns – low positive returns.	High	High	Medium
Medium positive returns – low negative returns.	Moderate	Low	Low
Medium positive returns – medium negative returns.	Moderate	Low	Low
Medium positive returns – high negative returns.	Low	Low	Low
Low positive returns – low negative returns.	Moderate	Moderate	Low
Low positive returns – medium negative returns.	Moderate	Moderate	Low
Low positive returns – high negative returns.	Low	Low	Low
Low negative returns – medium negative returns	Moderate	Moderate	Low
Low negative returns – high negative returns	Moderate	Low	Low
Medium negative returns – high negative returns	Low	Low	Low

APPENDIX 3: DECISION-MAKING LOG

DATE RAISED	DECISION MADE	DATE OF DECISION	EVIDENCE TO SUPPORT DECISION	ANALYSIS OF TRADE-OFFS AND RISKS (INCLUDING STAKEHOLDER APPETITE)	LEVEL OF ASSURANCE REQUIRED	CONTINUOUS IMPROVEMENT ACTIONS	DEADLINE FOR ACTIONS
Jan 2025	The Board approved the Impact Goals for the Sustainability Strategy	Mar 2025	Stakeholder engagement and research of wider context from reputable secondary sources.	Recognised that Impact Goals need refining to establish the outcomes and then determine the relevant impacts.	High	Impact director to develop outcomes, thresholds and impact targets.	Immediate with review in 12 months
Jan 2025	The Board supported Impact Director's decision to prioritise (in year 1) collecting impact data for the following key stakeholder: - Small holder farmers, -Community members, - Seed & Co. staff	Mar 2025	Relevant impacts identified for these stakeholders.	Focusing on only 3 stakeholder groups is a risk because the impact data is incomplete. However, these 3 stakeholder groups are considered to be the groups most at risk from our activities – and also, any negative impacts that they experience pose a risk to the business. This decision also considered the fact that these stakeholder groups have the lowest tolerance (compared to other identified stakeholder groups) for waiting any longer for Seed & Co. decisions that improve their wellbeing.	Low	Impact Director to consider how to expand the scope of impact data to other stakeholder groups in Year 2 and beyond.	Immediate with updates presented in April 2025

APPENDIX 4: SEED & CO. THRESHOLDS AND TARGETS FOR YEAR 2

EXPLANATION OF IMPACT THRESHOLDS AND TARGETS					
STAKEHOLDER	RELEVANT IMPACT	INDICATOR(S)	IMPACT THRESHOLDS (MINIMUM LEVEL ON INDICATOR(S))	IMPACT TARGETS (DESIRED LEVEL ON INDICATOR(S))	JUSTIFICATION FOR THRESHOLD & TARGET – ENSURING THEY CONTRIBUTE TO SUSTAINABLE DEVELOPMENT
Smallholder farmers	Satisfaction with food situation	1. Measure of undernourishment based on calorie intake for sufficient energy levels required to maintain normal and active life ⁷ AND 2. Food Insecurity Experience Scale (FIES) ⁸	1. All small holder farmers report consuming minimum calories required for normal and active life AND 2. All small holder farmers report not experiencing food insecurity	1. All small holder farmers report consuming minimum calories required for normal and active life (relating to SDG Target 2.1) AND 2. All small holder farmers report experiencing no more than moderate food insecurity (relating to SDG Target 2.1)	1. Government policy to ensure all citizens have at least the minimum calories for normal and active life. Therefore, applied as social norm for threshold. 2. Global ambition to end hunger means no one experiences food insecurity – therefore applied as a social norm for threshold.
Small holder farmers	Income stability	1. Measure of long-term trade deals (at least 6 months) AND 2. 0 – 10 descriptive scale (each point on the scale is annotated to describe the position)	1. All small holder farmers secure at least 1 long term trade deal AND 2. All small holder farmers report being at least 5 out of 10 satisfied with their income stability	1. All small holder farmers secure at least 2 long term trade deals (relating to SDG Target 2.3) AND 2. All small holder farmers report being at least 7 out of 10 satisfied with their income stability (relating to SDG Target 2.1)	1. Stakeholders engaged in identifying a minimum number of long-term trade deals needed for stability. Also, cross referenced with academic research that suggested a minimum requirement of 2 deals in any given year. Therefore, applied as social norm for threshold. 2. Stakeholders engaged to identify a minimum level of satisfaction required – average of 5 out of 10 reported. Therefore, applied as social norm for threshold.

⁷ <https://www.fao.org/sustainable-development-goals/indicators/211/en/>

⁸ [https://www.fao.org/measuring-hunger/access-to-food/about-the-food-insecurity-experience-scale-\(fies\)/en](https://www.fao.org/measuring-hunger/access-to-food/about-the-food-insecurity-experience-scale-(fies)/en)

EXPLANATION OF IMPACT THRESHOLDS AND TARGETS					
STAKEHOLDER	RELEVANT IMPACT	INDICATOR(S)	IMPACT THRESHOLDS (MINIMUM LEVEL ON INDICATOR(S))	IMPACT TARGETS (DESIRED LEVEL ON INDICATOR(S))	JUSTIFICATION FOR THRESHOLD & TARGET – ENSURING THEY CONTRIBUTE TO SUSTAINABLE DEVELOPMENT
Community members	Physical health related to effects of pesticides used	1. Measures of mortality rate attributed to unintentional poisoning AND 2. Adapted self-reported scale assessing adverse health effects from using local water supplies and fish stocks. Results can be classified as: 1. Severely negatively affected health 2. Moderately negatively affected health 3. No negative health effects	1. Zero deaths from pesticide poisoning AND 2. Water quality levels are deemed to be safe according to microbiological analysis	1. Zero deaths from pesticide poisoning (relating to SDG Target 6.3) AND 2. Water quality levels are deemed to be extremely safe according to microbiological analysis (relating to SDG Target 6.3)	1. It is an accepted social norm that no one dies because of an organisation's work. Therefore, this is a clear threshold. 2. As with accidents and injuries at work – it is accepted that no one should suffer negative health effects from our work and drinking water quality should be as safe as possible.

APPENDIX 5: SEED & CO. QUANTIFIED THRESHOLDS & TARGETS FOR YEAR 2

IMPACT DATA FOR 2023/24 AND QUANTIFIED IMPACT TARGETS FOR YEAR 2024/25
(UNIT OF MEASUREMENT BASED ON IMPACT CALCULATION)

IMPACT GOAL	STAKEHOLDER GROUP	YEAR 1 NEGATIVE IMPACT PERFORMANCE	ESTIMATED NEGATIVE IMPACTS	MATERIAL IMPACT	INDICATOR(S)	IMPACT THRESHOLDS (MINIMUM LEVEL ON INDICATOR(S))	IMPACT TARGETS (DESIRED LEVEL ON INDICATOR(S))	YEAR 2 NEGATIVE TARGET	TARGET TO REDUCE NEGATIVE IMPACTS
1. Reduce Hunger	Small Holder Farmers	20,160		Satisfaction with food situation	1. Measure of undernourishment based on calorie intake for sufficient energy levels required to maintain normal and active life ⁹ AND 2. Food Insecurity Experience Scale (FIES) ¹⁰	1. All small holder farmers report consuming minimum calories required for normal and active life AND 2. All small holder farmers report not experiencing food insecurity	1. All small holder farmers report consuming minimum calories required for normal and active life AND 2. All small holder farmers report experiencing no more than moderate food insecurity	35,000	
		20,000		Income stability	1. Measure of long-term trade deals (at least 6 months) AND 2. 0 – 10 descriptive scale (each point on the scale is annotated to describe the position)	1. All small holder farmers secure at least 1 long term trade deal AND 2. All small holder farmers report being at least 5 out of 10 satisfied with their income stability	1. All small holder farmers secure at least 2 long term trade deals AND 2. All small holder farmers report being at least 7 out of 10 satisfied with their income stability	25,000	

⁹ <https://www.fao.org/sustainable-development-goals/indicators/211/en/>

¹⁰ [https://www.fao.org/measuring-hunger/access-to-food/about-the-food-insecurity-experience-scale-\(fies\)/en](https://www.fao.org/measuring-hunger/access-to-food/about-the-food-insecurity-experience-scale-(fies)/en)

IMPACT DATA FOR 2023/24 AND QUANTIFIED IMPACT TARGETS FOR YEAR 2024/25
(UNIT OF MEASUREMENT BASED ON IMPACT CALCULATION)

IMPACT GOAL	STAKEHOLDER GROUP	YEAR 1 NEGATIVE IMPACT PERFORMANCE	ESTIMATED NEGATIVE IMPACTS	MATERIAL IMPACT	INDICATOR(S)	IMPACT THRESHOLDS (MINIMUM LEVEL ON INDICATOR(S))	IMPACT TARGETS (DESIRED LEVEL ON INDICATOR(S))	YEAR 2 NEGATIVE TARGET	TARGET TO REDUCE NEGATIVE IMPACTS
6. Protect the environment	Community members		- 500,000	Physical health related to effects of pesticides used	1. Measures of mortality rate attributed to unintentional poisoning AND 2. Adapted self-reported scale assessing adverse health effects from using local water supplies and fish stocks. Results can be classified as: 1. Severely negatively affected health 2. Moderately negatively affected health 3. No negative health effects	1. Zero deaths from pesticide poisoning AND 2. All families report their health as no negative effects	1. Zero deaths from pesticide poisoning AND 2. All families report their health as no negative effects		0

APPENDIX 6 SEED & CO. EMPLOYEE QUESTIONNAIRE EXAMPLE

Seed & Co: Employee questionnaire

1. What is your gender?
☐ Female
☐ Male
☐ Prefer to self-describe: _____
☐ Prefer not to say
2. What is your current employment status?
☐ Full-Time
☐ Part-Time
3. What is your current hourly base rate of pay?
 \$_____] per hour
4. Please evaluate your satisfaction with your employment in Seed & Co. on the scale below by choosing the option that reflects in the most accurate way your situation.

Fully Dissatisfied: I'm very unhappy and don't feel supported at all.	Dissatisfied: I'm not happy; there are problems that bother me daily.	Partially Satisfied: I'm mostly okay, though a few things could be better.	Satisfied: I'm happy and feel respected at work.	Fully Satisfied: I'm completely happy and want to stay here long-term.
☐	☐	☐	☐	☐

5. How important is the satisfaction with your employment to you and your wellbeing? (1 - not important at all; 10 - very important).

1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

6. What is the likelihood/chance you could have experienced the same change without Seed & Co.?

No chance without Seed & Co.	A low chance without Seed & Co.	About medium chance it would have happened without Seed & Co.	A high chance without Seed & Co.	It definitely would have happened without Seed & Co.

7. Which other people or organisations have helped to create this change for you?

8. How much of the change did others cause (e.g., other organisations)?

Others did not cause any of the change	Others caused a little of the change	Others caused about half of the change	Others caused a lot of the change	All of the change was caused by others

RECOMMENDED RESOURCES

This guide aligns with leading international frameworks designed to help you move from simply measuring data to actively managing for impact.

- **UN Guiding Principles on Business and Human Rights (UNGPs):** The global blueprint providing 31 principles across three core pillars - the state duty to protect, the corporate responsibility to respect, and access to remedy and to manage human rights risks in business operations. (Visit: [ohchr.org](https://www.ohchr.org))
- **UNDP SDG Impact Standards for Enterprises:** The framework supporting organizations to embed sustainability into their core strategy, management, transparency, and governance. (Visit: sdgprivatefinance.undp.org).
- **The Principles of Social Value (Social Value International):** The essential building blocks used in this guide to involve stakeholders, understand what changes, value what matters, and avoid overclaiming. SVI offers detailed practitioner guidance and standards on. (Visit: socialvalueinternational.org/)
- **UNDP Gender Equality Seal for Development:** A global certification programme and learning platform that helps organizations build capacity, establish baselines, and accelerate institutional transformation to achieve verified, real-world gender equality results. (Visit: undp.org/gender-seal-development)
- **ISO/UNDP 53001:** The Management System Standard for the UN Sustainable Development Goals. The first certifiable international management standard for integrating sustainability and the SDGs into organisational practice. (Visit: <https://www.iso.org/standard/53001>)
- **The IMP Risk Framework (Impact Management Project):** The IMP provides the helpful practical guidance for identifying and mitigating impact risk (such as evidence risk, drop-out risk, and execution risk). (Visit: <https://impactfrontiers.org/norms/five-dimensions-of-impact/impact-risk/>)
- **UN SDG Investor Maps & Goal Catalogs:** Helpful tools to align your organisation's impact goals with regional government priorities, national policies, and global sustainable development needs. (Visit: <https://sdgprivatefinance.undp.org/leveraging-capital/sdg-investor-platform>)

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