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Assessing Environment and Social Governance Frameworks

Evolving Indicators of Performance

Successful organizations know how to manage what is important to them. They do so by analyzing data across functional and business lines to highlight areas for improvement and to identify new opportunities. Numerous standards of performance have been developed to help organizations orient their internal compasses towards continual improvement.

These same organizations further understand that a well-functioning environment and social governance framework can help achieve business success through reducing environmental impacts, retaining employees and customers, and generating new revenue streams.

Thus, recognizing the strategic value, organizations have opted to implement “best in class practices” or to achieve “top quartile performance” in the area of environment and social governance.

Trying to assess the performance of an organization's environment and social governance practices has become increasingly more challenging as organizations continually evolve in structure and function such that baseline data may no longer be appropriate to gauge progress.

As a consequence, assessing performance in an evolving business climate is shifting towards a focus on key aspects of the environment and social governance framework and how they are being implemented for strategic value.

This brief provides an overview of the key indicators that underscore some of the best environment and social governance practices today.

The indicators can be grouped into four categories: minimizing environmental impacts, optimizing employee and human rights activities, managing for performance, and implementing transparent tracking and reporting. Each one is described below.

Indicator	Implementation Practice
<i>Minimizing Environmental Impacts</i>	<p>The organization has an “eco-effective” design strategy that aims to eliminate all emissions and wastes instead of simply reducing or minimizing them. Facilities are designed or upgraded taking into account the efficient use of resources and minimization of environmental impacts as evidenced by a reduction in greenhouse gases or other waste by-products.</p>
	<p>Products and services are designed or redesigned with re-manufacturing or recycling in mind, or services have been established enabling the collection and re-processing of products to reduce impact on the environment.</p>

Indicator	Implementation Practice
<i>Optimizing Employee Safety and Human Right Activities</i>	A high priority is placed on providing a safe and healthy workplace as evidenced by a reduction in work-related injuries and illness, and increased productivity and morale.
	The organization addresses its human rights responsibilities and those of its partners and suppliers through: <ul style="list-style-type: none"> • Ongoing monitoring to assess conformance with applicable norms; and • Being an active member of associations that promote human rights standards and work with recognized NGOs to implement its own programs.
	Programs to support the equal advancement of all staff are institutionalized. The basis for employee success is understood.

Indicator	Implementation Practice
<i>Managing for Performance</i>	Roles and responsibilities for environment and social governance are clear at each level of the organization; and management embraces environmental and social responsibilities, which are considered in performance reviews.
	Standard operating practices are followed which direct organizational behavior in the areas of environmental and social responsibility.
	A select number of metrics are used to measure the value of environmental and social activities to the organization and society. These metrics reflect programs to reduce unregulated risks to employees and society, sustain compliance performance, enhance the environmentally friendly nature of products and processes, and support social good causes.

Indicator	Implementation Practice
<i>Implementing Transparent Tracking and Reporting Processes</i>	<p>Senior management is committed to the audit program. Providing the necessary resources to undertake consistent and in-depth reviews year after year, and to implement corrective actions across the full spectrum of environmental and social sustainability issues reinforces this commitment.</p>
	<p>Outstanding compliance performance is being achieved with virtually all requirements being met. Where isolated exceptions are noted, these departures are determined to be occasional and anomalous.</p>
	<p>The organization actively engages stakeholders, thought leaders, employees, and community groups etc., in open and honest dialogue and has strong partnerships with regional/global NGOs. The information shared is geared, in content and style, to the wishes of stakeholders, based on regular and on-going dialogue and feedback and includes performance monitoring of results.</p>

Using these indicators, organizations can assess performance and gauge whether opportunities exist to enhance their governance framework to better align initiatives with business, environmental, and social goals.

If you have any questions about this brief, please contact me at your convenience.
Thank you very much.

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