**Environmental, Social, and Governance: Using an ESG Strategy to Drive Social Impact**

Environmental, social, and governance strategies (ESG) are the next frontier for sustainability programmes. According to research from [McKinsey](https://www.mckinsey.com/business-functions/sustainability/our-insights/the-esg-premium-new-perspectives-on-value-and-performance), the majority of c-suite executives and investment professionals agree that ESG programmes create shareholder value and benefit organisations of all sizes.

This is excellent news. As a sustainability consultant, I spend my days working with companies to change habits and behaviours to promote sustainable working practices and operations, I recognise that shareholder and stakeholder value is essential to driving lasting change.

As the years pass, the definition of sustainability has changed and expanded. Where ‘sustainability’ once meant reducing paper usage and turning off the lights after leaving the room, it’s now extended to include all aspects of the business, from employee happiness to ethical procurement, and reducing overall carbon emissions within a business and its value chain. It is the Environmental, Social and Governance (ESG) Frameworks and Strategies that bring long-term value to the organisations I advise. So, what is an ESG strategy, and how can it be used to drive lasting change in a business? Today, we’re going to focus on one of the most important tenants of an ESG Strategy: measuring the social impact.

**A Force for Good in a Changing World**There can be no doubt that we’re facing challenges the world has never seen before. Between rising energy prices, climate change, and an ongoing global pandemic, it’s never been more important for businesses to view sustainability holistically. The social element of an ESG strategy allows an organisation to do just that, focusing on:

* **Staff wellbeing:** according to the [Thrive at Work](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/658145/thriving-at-work-stevenson-farmer-review.pdf) report issued by the UK government, poor mental health costs employers between £33 and £42 billion each year, and the effects reach far beyond the profit margin. Burnt out employees are less productive and more likely to report feelings of depression. Many businesses choose to implement mental health programmes to combat these effects and ensure staff wellbeing.
* **Positive community impact:** a properly implemented ESG strategy has positive knock-on effects within your community. ESG strategies aren’t just about businesses, though staff wellbeing and business interactions are important. Instead, they’re about the way that your business relates to the communities around you. Many ESG strategies include volunteering clauses, paid internships and apprenticeships. However, the best ESG plans enable businesses to look at their offerings holistically, prioritising employing local people where possible and looking to your community to solve potential issues. For example, many of the businesses I work with are need employees with degrees and expertise in the Science, Technology, Engineering and Maths (STEM) fields. Instead of lamenting that these jobs are difficult to fill, these businesses are going to schools and speaking to students of all ages about ways to get involved with these industries. In this way, they’re investing in the communities around them – and in some instances, have invested in potential employees without knowing it.
* **Social value and government contracts:** this kind of ESG strategy and the frameworks created to assess it has even made its way to the government. A recently published document distributed by the [Central Government](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/921437/PPN-06_20-Taking-Account-of-Social-Value-in-the-Award-of-Central-Government-Contracts.pdf) outlines the ways that the government sees social value in the activities it conducts. In brief, these include:
	+ Opportunities for employment
	+ Opportunities for entrepreneurship
	+ Opportunities for innovation
	+ Opportunities for education
* **Legislative compliance:** while there is plenty of legislation forcing businesses to make more sustainable choices (the carbon reduction notices in PPN06-21, PPN06-20, and the plastics tax are all examples of this legislation), this kind of strategic buy-in ensures that great ideas become actions, not points on a wider agenda.

**Assessing Social Value: The TOMS Method**
Much of sustainability revolves around perceived social value, and one of the most challenging parts of my job is helping organisations understand the measures that can make a difference and how to measure and report the value of making these changes. A commonly implemented method that is applicable to all sectors is the TOMs method – a themes/outcomes/measures system that holds campaigns to account:

* **Themes:** the ‘themes’ are the visionary parts of a business’ sustainability goals – the social value areas that mean the most to them, and the ones that they wish their business to focus on. When assessing social value, first look to your themes, and ask the question – what do I want to focus on, and what do I want to be known for?
* **Outcomes:** the ‘outcomes’ of a social value campaign are the broad strokes that you’d see for a business. For example, a theme might be ‘sustainability’, but an outcome would be ‘reducing carbon emissions’ or ‘a happier, more engaged organisation’.
* **Measures:** finally, we have the ‘measures’, or the quantifiable actions that businesses take to deliver the outcomes. This could be the amount of carbon emissions saved, or the number of local jobs created, or hours by staff spent volunteering for charity...Assessing business practices and projects is a tremendous part of sustainability, it allows you to track your company and see all the ways that it has improved over the years.

Are you curious about an ESG strategy or ways to make your organisation more sustainable? I’m passionate about helping businesses of all sizes prioritise the world around them and futureproofing their business. For more information, get in touch today.