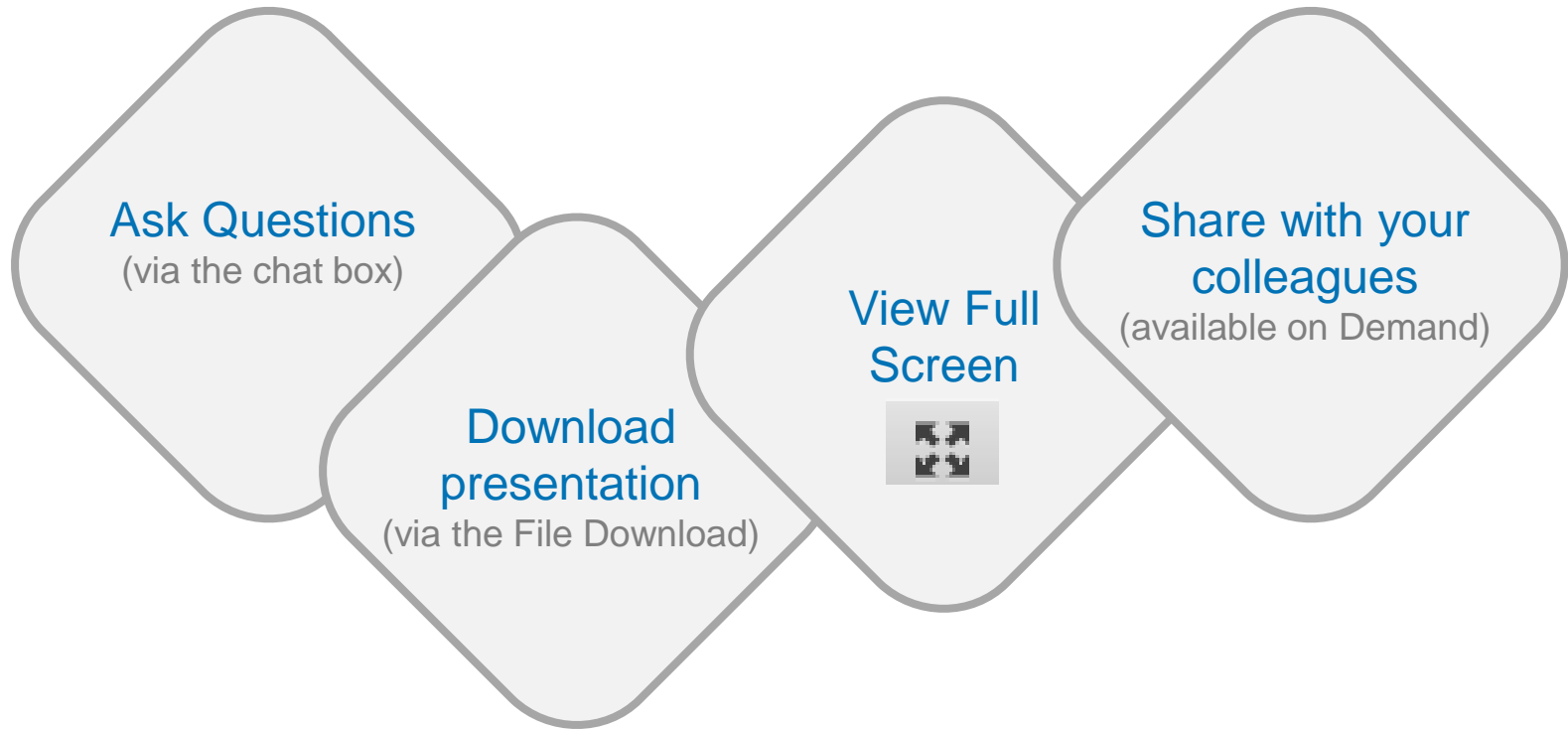


# Total Impact Valuation

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# Panelists



**Uwe G. Schulte (moderator)**  
Leader, Global Sustainability Centre  
and Program Director  
The Conference Board



**Thomas Singer**  
Principal Researcher, ESG Center  
The Conference Board



**Sonja Haut**  
Head, Strategic Measurement  
& Materiality  
Novartis



**Tjeerd Krumpelman**  
Global head of Business Advisory,  
Reporting & Engagement  
ABN AMRO



Global Sustainability Centre  
The Conference Board

# Our purpose



## Sustainability Centre

Support member companies to **create long-term value** and **positive impact** through **sustainability integration**

**Timely, thought-provoking and relevant research**

**Guided by responsible standards & frameworks**

A grid of 17 icons representing the United Nations Sustainable Development Goals (SDGs). Each icon is a small square with a number and a symbol: 1. No Poverty (people), 2. Zero Hunger (bowl), 3. Good Health and Well-being (heart), 4. Quality Education (book), 5. Gender Equality (gender symbol), 6. Clean Water and Sanitation (water drop), 7. Affordable and Clean Energy (sun), 8. Decent Work and Economic Growth (bar chart), 9. Industry, Innovation and Infrastructure (gears), 10. Reduced Inequalities (scales), 11. Sustainable Cities and Communities (city buildings), 12. Responsible Consumption and Production (infinity symbol), 13. Climate Action (globe), 14. Life Below Water (fish), 15. Life on Land (tree), 16. Peace, Justice and Strong Institutions (scales), 17. Partnerships for the Goals (network).

**Fact-based**

**Independent**



# Total Impact Valuation

# In 2017 The Conference Board launched a research initiative to examine the practice of **total impact valuation**

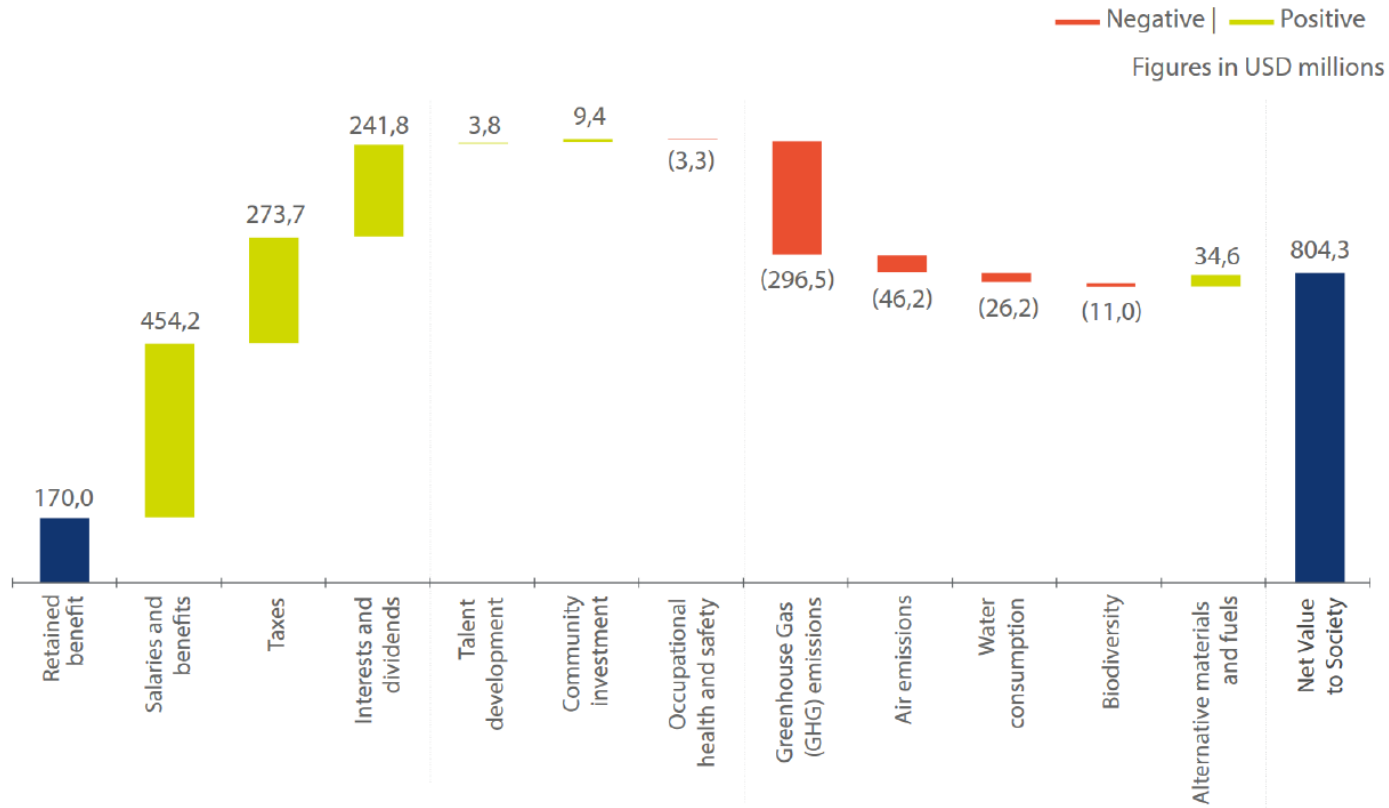
- An emerging practice in company reporting...
- that quantifies and expresses in financial terms a company's economic, social, and environmental impacts...
- to convey the full extent of a company's impacts on society beyond those captured in traditional financial statements.





# EXAMPLE

## Argos: Net Value to Society vs. Retained Benefit

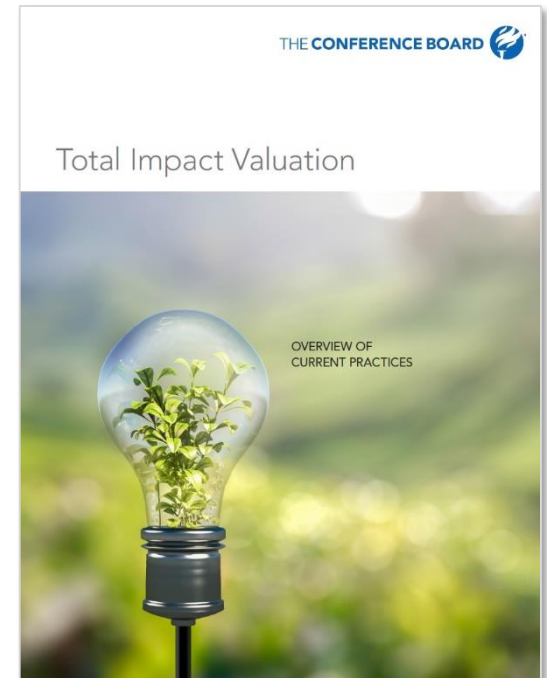


Source: Argos Value Added Statement 2017, p. 8.



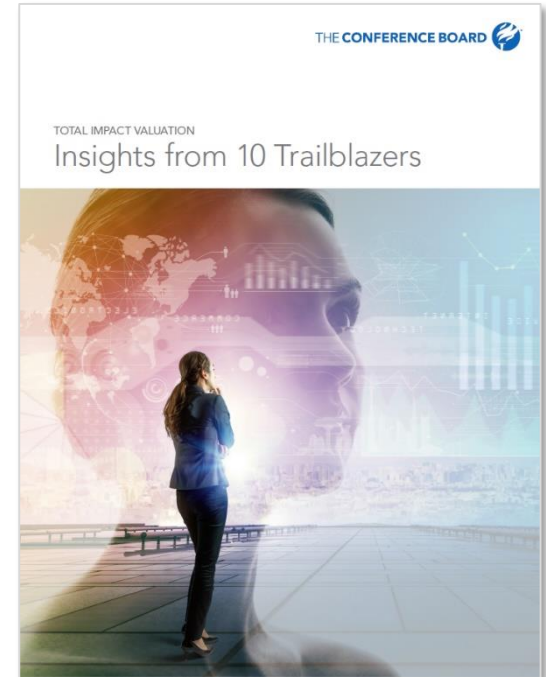
# Last year we published results from Phase I, an overview of total impact valuation approaches

- What companies are using total impact valuation?
- What are the primary characteristics of these approaches?
- What are the key similarities and differences between these approaches?



# We now completed Phase II of the research initiative, revealing insights from companies engaged in this practice

- Survey and interviews with 10 companies that publish impact valuation results uncover:
  - ✓ How are companies using total impact valuation?
  - ✓ Are total impact valuation approaches creating value for businesses? If so, how?
  - ✓ What challenges have companies faced?



# A summary of what we gleaned from our conversations with these 10 trailblazers



Impact valuation creates value for companies—but for many, the methodologies are still too fledgling to steer strategy.



Respondents agree that the biggest challenge is the lack of standardization in impact valuation approaches.



For now, the biggest benefit of impact valuation is external recognition.



When used strategically, impact valuation can unlock business opportunities and uncover risks.



7 of 10 respondents believe impact valuation will be expected or even required of large companies in the future.



Sonja Haut, Novartis



# Financial, Environmental and Social impact valuation

Sonja Haut  
September 20, 2019

# Why did we start with impact valuation - objectives and uses

## Objectives

Why we started the impact valuation project

- Support informed decision taking in regards to material issues with tangible data (incl. decisions on resource allocation)
- Demonstrate overall impact on society incl. health outcomes
- Increase transparency in our non-financial disclosures



## Applications

How to use the impact valuation project read-outs to achieve our objectives

Use impact valuation results and findings to:

- Inform risk management, investment appraisal process and development of business models
- Contribute to fact-based dialogues with key stakeholders
- Further support integrated thinking and non-financial reporting
- Help prioritize and demonstrate the wider impact of CR initiatives

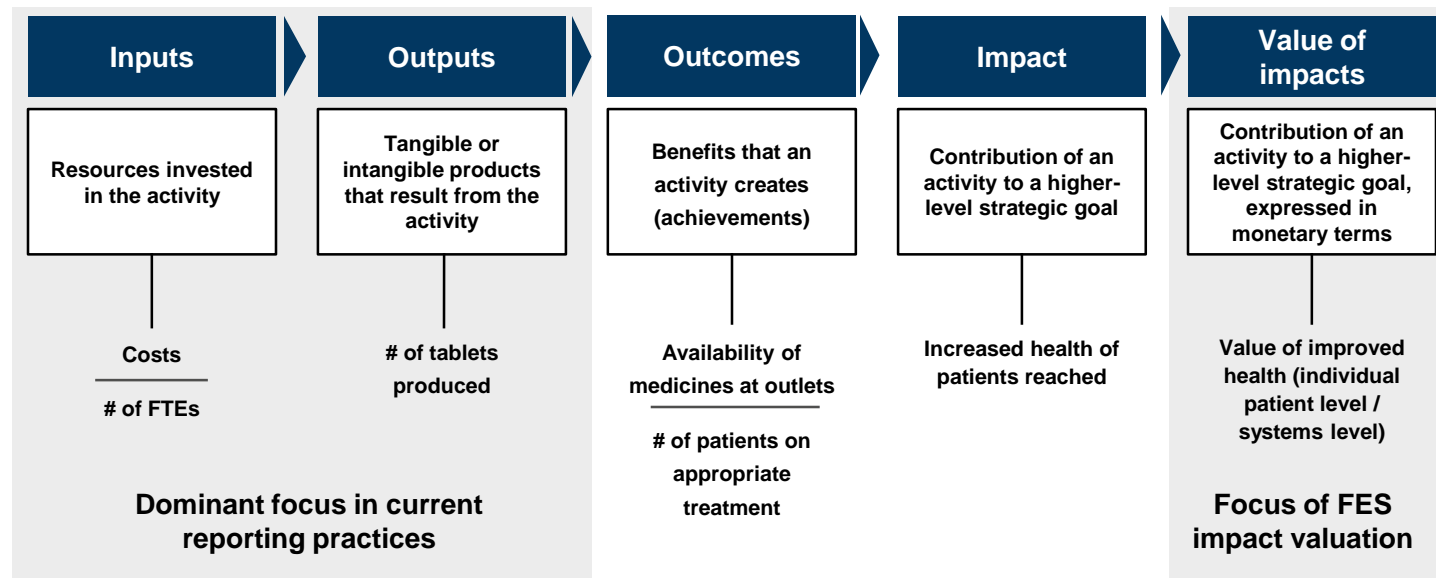


## Read-outs

What is delivered in this project

- Scalable Novartis impact valuation pilot methodology making maximum use of existing Novartis data
- Country impact valuation project pilot reports for two countries
- Specific read-outs as per expectations of key internal stakeholders

# From traditional reporting to impact valuation

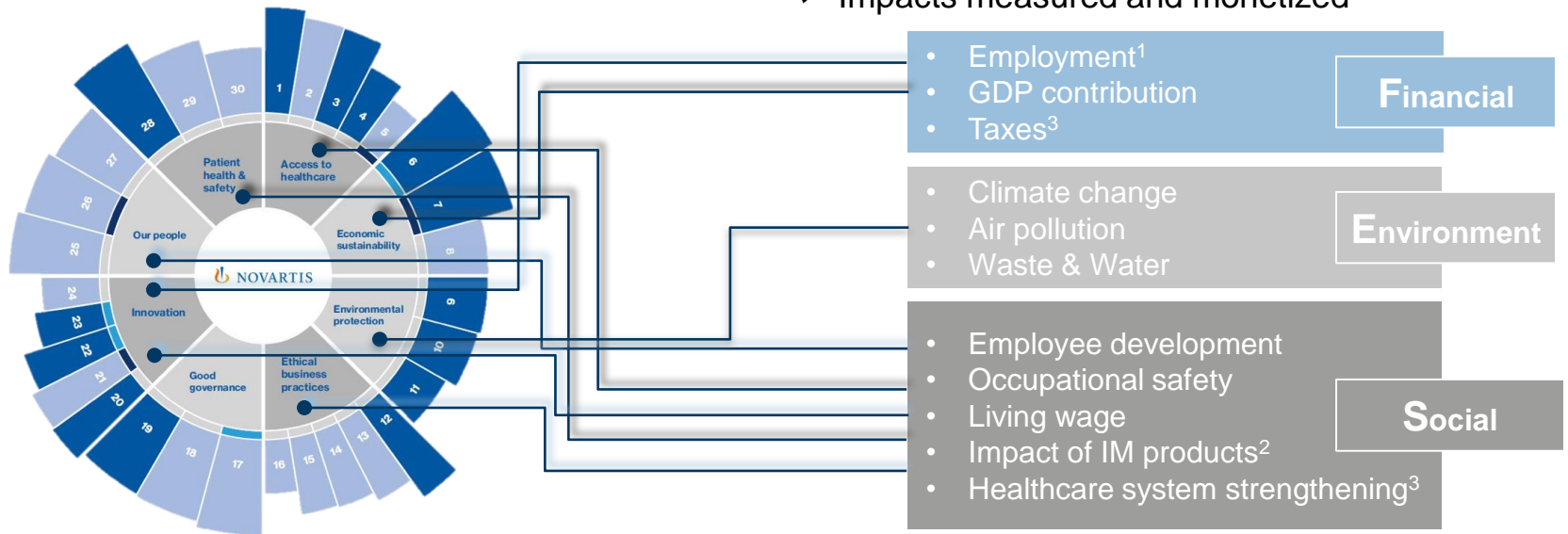


As references for evaluation frameworks and for examples, please see: <http://sites.bu.edu/evaluatingaccess-novartisaccess/> and <https://www.accessobservatory.org/>



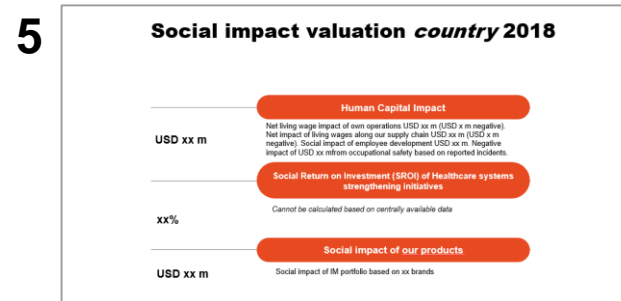
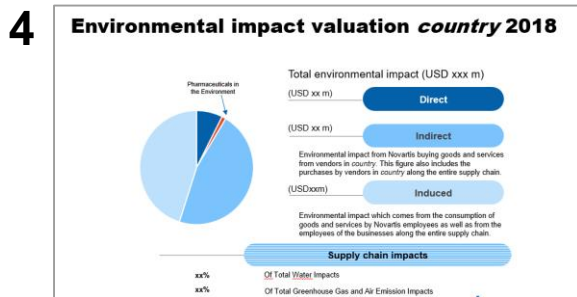
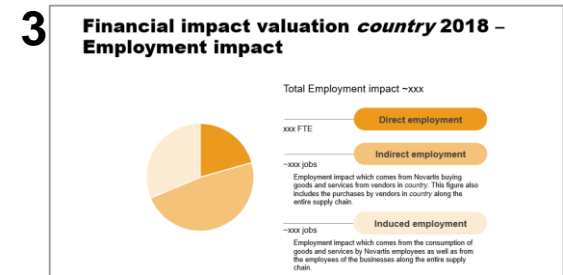
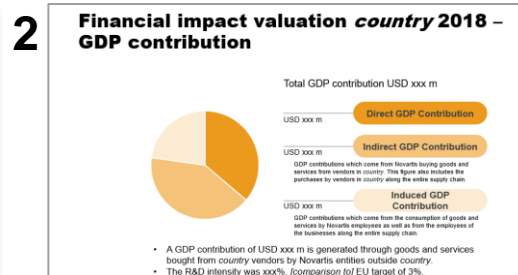
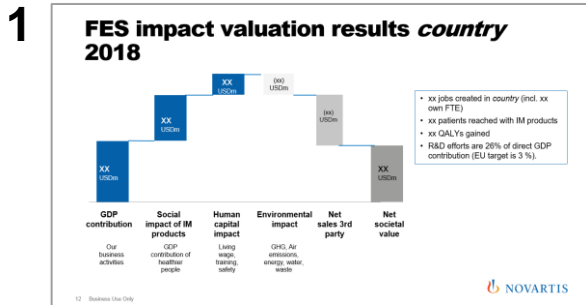
# Materiality Assessment used to identify indicators of FES impact valuation

- ✓ Available on global level and for ~170 countries
- ✓ Impacts measured and monetized



1 in number of Full Time Equivalents (Jobs) // 2 51 brands in 29 countries only [2017] // 3 country-level only

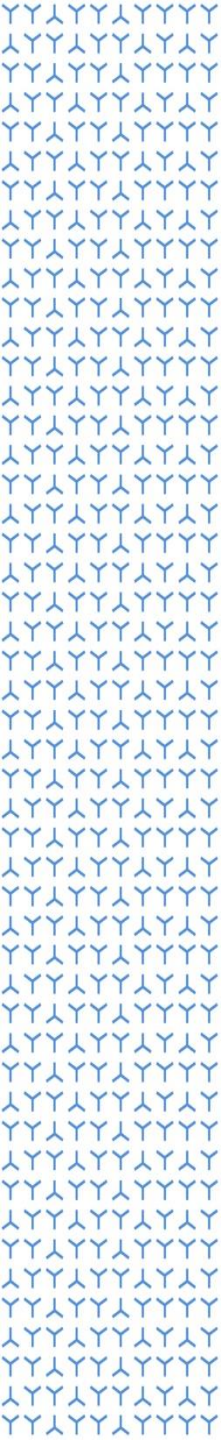
# Country results deck



# Contributing to closing the knowledge gap

Four more detailed case studies were published in 2018

- **Social impact of living wages**  
<https://www.valuingnature.ch/single-post/2018/07/20/VALUING-THE-IMPACT-OF-WAGES-ON-HUMAN-CAPITAL>
- **Social impact of products**  
[http://www.wifor.com/tl\\_files/wifor/PDF\\_Publikationen/180914\\_case\\_study\\_novartis\\_social\\_impact\\_za\\_and\\_kenya\\_WifOR.pdf](http://www.wifor.com/tl_files/wifor/PDF_Publikationen/180914_case_study_novartis_social_impact_za_and_kenya_WifOR.pdf)
- **Environmental impact of the supply chain**  
[http://www.wifor.com/tl\\_files/wifor/PDF\\_Publikationen/2018\\_env-impact-novartis-along-global-supply-chains.pdf](http://www.wifor.com/tl_files/wifor/PDF_Publikationen/2018_env-impact-novartis-along-global-supply-chains.pdf)
- **Financial (economic) impacts**  
[http://www.wifor.com/tl\\_files/wifor/PDF\\_Publikationen/180914\\_case\\_study\\_novartis\\_global\\_economic\\_WifOR.pdf](http://www.wifor.com/tl_files/wifor/PDF_Publikationen/180914_case_study_novartis_global_economic_WifOR.pdf)



**Thank you**

Tjeerd Krumpelman, ABN AMRO





# *Measure, report & steer on impact*

*Webinar Total Impact Valuation*

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TJEERD KRUMPELMAN, CORPORATE STRATEGY & SUSTAINABILITY

18-9-2019



**“We take long-term value creation for our stakeholders seriously. We measure it so we can manage it.”**

**Kees van Dijkhuizen**

Chief Executive Officer





# Our impact

## March 2019: ABN AMRO PUBLISHES ITS FIRST IMPACT REPORT



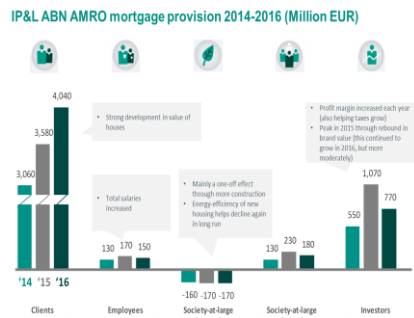
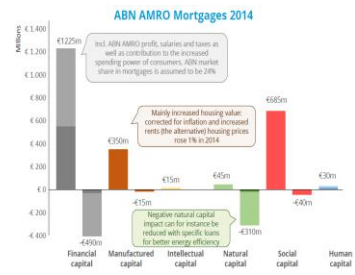
# Measuring, reporting & steering make value creation actionable

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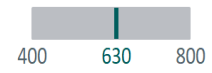
- A. **Measure** value creation for all stakeholders
- B. **Report** on value creation for all stakeholders
- C. **Steer** on value creation for all stakeholders

# The journey of ABN AMRO on Impact Reporting

IP&L Pilot for mortgages and ABN AMRO total



Total Human Capital creation  
Future value creation potential of employees  
(in million EUR)



Multiple benefit of the value created



Human Capital / Employee development



2012

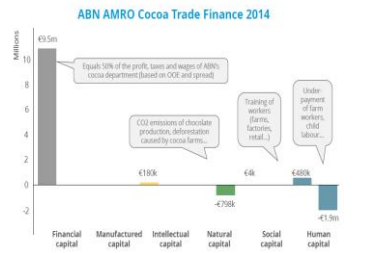
2015

2017

2017

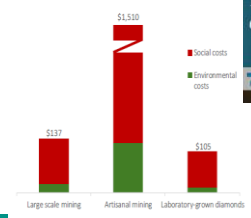
2018

IP&L Pilot Cocoa trade finance



Progress report 2014-2016

True Price of diamonds



# From integrated thinking to impact

Integrated Thinking & Reporting

Long Term Value Creation

Value Creating Topics

Monetisation

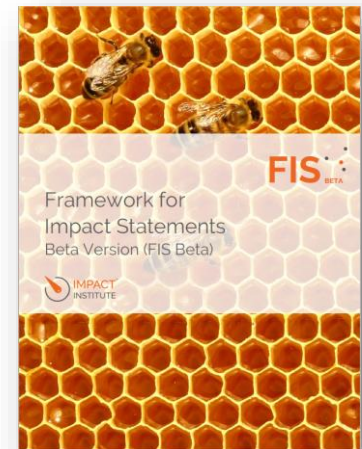


# Information required to manage long-term value for our stakeholders

## Information required

- 1 Value created for our stakeholders
- 2 Value created for our investors
- 3 Do no harm
- 4 Contribution to Sustainable Development







## Frameworks followed







# Measure & Report

# How much value is created by ABN AMRO and for whom?

## What value?

-  Financial
-  Manufactured
-  Intellectual
-  Human
-  Social
-  Natural

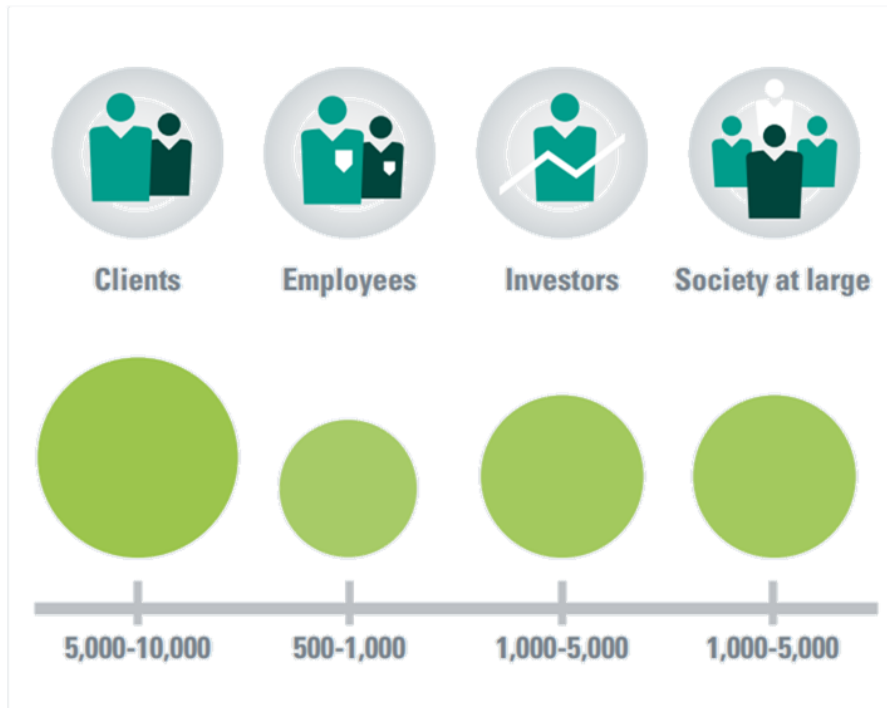
## For whom?

-  Clients
-  Employees
-  Investors
-  Society-at-large

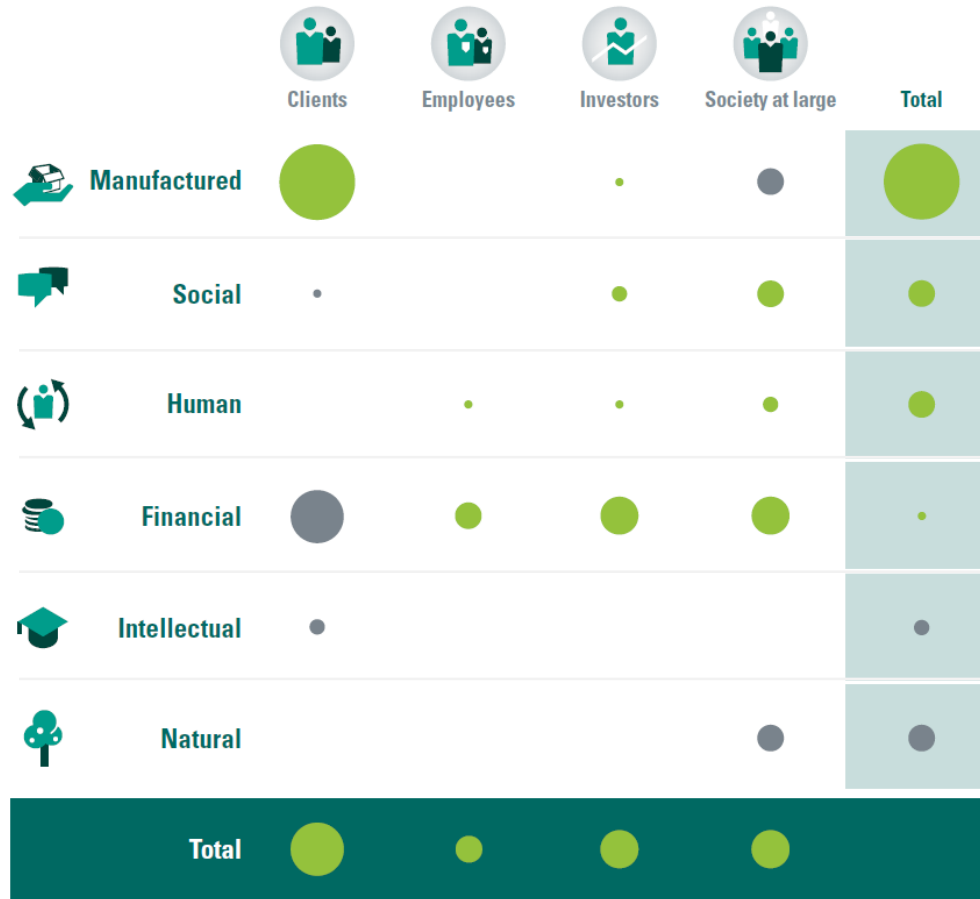
INTEGRATED  
REPORTING <IR>



# We create value for each stakeholder

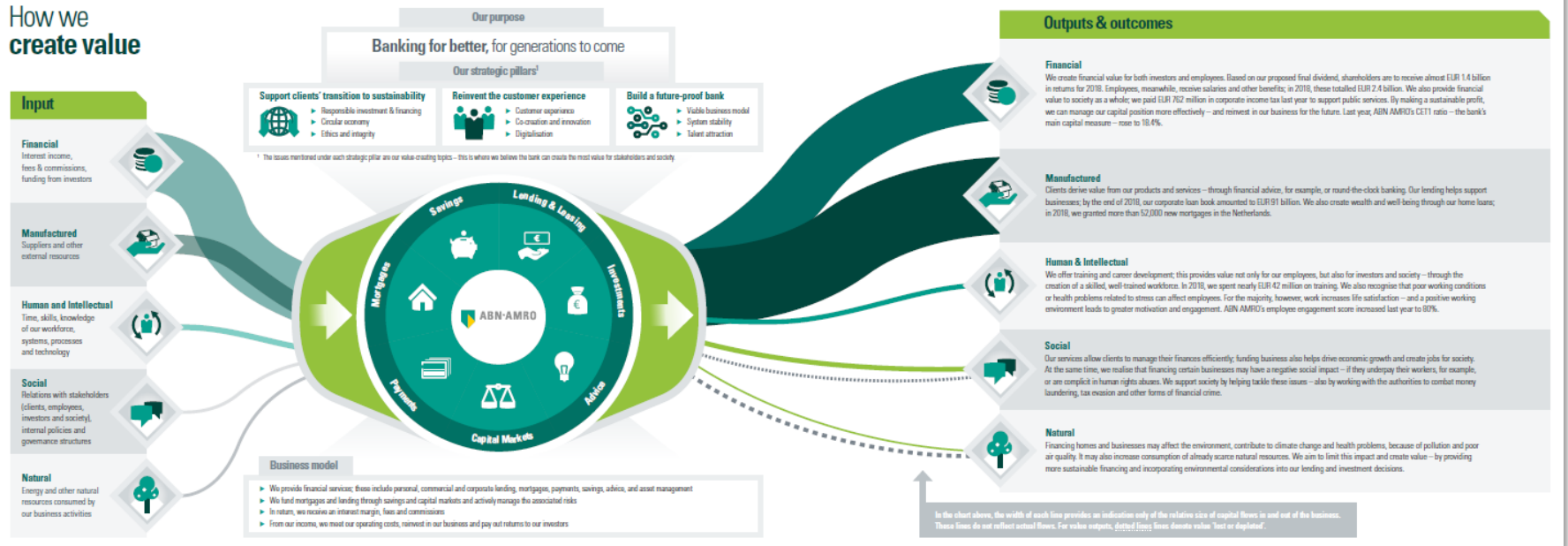


# Our impact summarised in an Integrated Profit and Loss



# How we create value

## How we create value



# Results: Integrated Profit & Loss Statement and other impact statements

### Integrated Profit & Loss Statement

	Climate	Employees	Investors	Society at large	Total
<b>Financial</b>					
1 Interest payments	*****	*****	*****	*****	*****
2 Payments to suppliers	*****	*****	*****	*****	*****
3 Net purchase	*****	*****	*****	*****	*****
4 Employee payments	*****	*****	*****	*****	*****
5 Contribution to loan impairments and depreciation	*****	*****	*****	*****	*****
6 Income tax payments	*****	*****	*****	*****	*****
7 Payments from clients	*****	*****	*****	*****	*****
8 Investments in fixed assets	*****	*****	*****	*****	*****
9 Payments for change in housing stock	*****	*****	*****	*****	*****
10 Value of money creation	*****	*****	*****	*****	*****
11 Net cost of capital	*****	*****	*****	*****	*****
12 Contribution to added value of value chain	*****	*****	*****	*****	*****
13 Operating from losses in the value chain	*****	*****	*****	*****	*****
<b>Manufacturing</b>					
14 Client value of mortgage provision	*****	*****	*****	*****	*****
15 Client value of lending services	*****	*****	*****	*****	*****
16 Client value of bonded services	*****	*****	*****	*****	*****
17 Client value of money transfers	*****	*****	*****	*****	*****
18 Consumer value of value chain	*****	*****	*****	*****	*****
19 Client value of asset management	*****	*****	*****	*****	*****
20 Client value of asset management	*****	*****	*****	*****	*****
21 Changes in fixed assets in value chain	*****	*****	*****	*****	*****
22 Changes in fixed assets	*****	*****	*****	*****	*****
23 Change in housing stock	*****	*****	*****	*****	*****
24 Change in lending services	*****	*****	*****	*****	*****
<b>Human</b>					
25 Creation of human capital	*****	*****	*****	*****	*****
26 Work injury related to employment	*****	*****	*****	*****	*****
27 Workplace health and safety incidents	*****	*****	*****	*****	*****
28 Absence of time	*****	*****	*****	*****	*****
<b>Environment</b>					
29 Green of activities	*****	*****	*****	*****	*****
30 Data and privacy breaches	*****	*****	*****	*****	*****
<b>Social</b>					
31 Operational business transactions and tax matters	*****	*****	*****	*****	*****
32 Change in brand value and customer loyalty	*****	*****	*****	*****	*****
33 Decrease in cash available to clients	*****	*****	*****	*****	*****
34 Client value in value chain	*****	*****	*****	*****	*****
35 Gender discrimination in access to higher education	*****	*****	*****	*****	*****
36 Financial distress due to repayment difficulties of loans	*****	*****	*****	*****	*****
37 Mismanagement in value chain	*****	*****	*****	*****	*****
<b>Other</b>					
38 Use of scarce water	*****	*****	*****	*****	*****
39 Use of scarce materials	*****	*****	*****	*****	*****
40 Waste pollution	*****	*****	*****	*****	*****
41 Contribution to climate change	*****	*****	*****	*****	*****
42 Land use and transformation	*****	*****	*****	*****	*****
43 Air pollution	*****	*****	*****	*****	*****
<b>Total</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>

This table shows grouped impacts. This statement provides an overview of financial and non-financial impacts of ABN AMRO Group N.V.



## 1 Value created for our stakeholders

### Value Creation Statement

	Input	Output positive	Output negative	Net value creation
<b>Climate</b>				
1 Interest payments	*****	*****	*****	*****
2 Payments to suppliers	*****	*****	*****	*****
3 Net purchase	*****	*****	*****	*****
4 Employee payments	*****	*****	*****	*****
5 Contribution to loan impairments and depreciation	*****	*****	*****	*****
6 Income tax payments	*****	*****	*****	*****
7 Payments from clients	*****	*****	*****	*****
8 Investments in fixed assets	*****	*****	*****	*****
9 Payments for change in housing stock	*****	*****	*****	*****
10 Value of money creation	*****	*****	*****	*****
11 Net cost of capital	*****	*****	*****	*****
12 Contribution to added value of value chain	*****	*****	*****	*****
13 Operating from losses in the value chain	*****	*****	*****	*****
<b>Employees</b>				
14 Client value of mortgage provision	*****	*****	*****	*****
15 Client value of lending services	*****	*****	*****	*****
16 Client value of bonded services	*****	*****	*****	*****
17 Client value of money transfers	*****	*****	*****	*****
18 Consumer value of value chain	*****	*****	*****	*****
19 Client value of asset management	*****	*****	*****	*****
20 Client value of asset management	*****	*****	*****	*****
21 Changes in fixed assets in value chain	*****	*****	*****	*****
22 Changes in fixed assets	*****	*****	*****	*****
23 Change in housing stock	*****	*****	*****	*****
24 Change in lending services	*****	*****	*****	*****
<b>Investors</b>				
25 Creation of human capital	*****	*****	*****	*****
26 Work injury related to employment	*****	*****	*****	*****
27 Workplace health and safety incidents	*****	*****	*****	*****
28 Absence of time	*****	*****	*****	*****
<b>Society at large</b>				
29 Green of activities	*****	*****	*****	*****
30 Data and privacy breaches	*****	*****	*****	*****
<b>Total</b>				

This table shows grouped impacts. This statement shows the value creation for each stakeholder group of ABN AMRO Group N.V.

## 2 Value created for our investors

### Investor Value Creation Statement

	Input	Output positive	Output negative	Net value creation
<b>Financial</b>				
1 Interest payments	*****	*****	*****	*****
2 Payments to suppliers	*****	*****	*****	*****
3 Net purchase	*****	*****	*****	*****
4 Employee payments	*****	*****	*****	*****
5 Contribution to loan impairments and depreciation	*****	*****	*****	*****
6 Income tax payments	*****	*****	*****	*****
7 Payments from clients	*****	*****	*****	*****
8 Investments in fixed assets	*****	*****	*****	*****
9 Payments for change in housing stock	*****	*****	*****	*****
10 Value of money creation	*****	*****	*****	*****
11 Net cost of capital	*****	*****	*****	*****
12 Contribution to added value of value chain	*****	*****	*****	*****
13 Operating from losses in the value chain	*****	*****	*****	*****
<b>Manufacturing</b>				
14 Client value of mortgage provision	*****	*****	*****	*****
15 Client value of lending services	*****	*****	*****	*****
16 Client value of bonded services	*****	*****	*****	*****
17 Client value of money transfers	*****	*****	*****	*****
18 Consumer value of value chain	*****	*****	*****	*****
19 Client value of asset management	*****	*****	*****	*****
20 Client value of asset management	*****	*****	*****	*****
21 Changes in fixed assets in value chain	*****	*****	*****	*****
22 Changes in fixed assets	*****	*****	*****	*****
23 Change in housing stock	*****	*****	*****	*****
24 Change in lending services	*****	*****	*****	*****
<b>Human</b>				
25 Creation of human capital	*****	*****	*****	*****
26 Work injury related to employment	*****	*****	*****	*****
27 Workplace health and safety incidents	*****	*****	*****	*****
28 Absence of time	*****	*****	*****	*****
<b>Environment</b>				
29 Green of activities	*****	*****	*****	*****
30 Data and privacy breaches	*****	*****	*****	*****
<b>Social</b>				
31 Operational business transactions and tax matters	*****	*****	*****	*****
32 Change in brand value and customer loyalty	*****	*****	*****	*****
33 Decrease in cash available to clients	*****	*****	*****	*****
34 Client value in value chain	*****	*****	*****	*****
35 Gender discrimination in access to higher education	*****	*****	*****	*****
36 Financial distress due to repayment difficulties of loans	*****	*****	*****	*****
37 Mismanagement in value chain	*****	*****	*****	*****
<b>Total</b>				

This table shows grouped impacts. This statement shows the short- and long-term value creation for investors of ABN AMRO Group N.V.

## 3 Do no harm

### External Costs Statement

	Climate	Employees	Investors	Society at large	Total
<b>Human</b>					
25 Creation of human capital	*****	*****	*****	*****	*****
26 Work injury related to employment	*****	*****	*****	*****	*****
27 Workplace health and safety incidents	*****	*****	*****	*****	*****
28 Absence of time	*****	*****	*****	*****	*****
<b>Environment</b>					
29 Green of activities	*****	*****	*****	*****	*****
30 Data and privacy breaches	*****	*****	*****	*****	*****
<b>Social</b>					
31 Operational business transactions and tax matters	*****	*****	*****	*****	*****
32 Change in brand value and customer loyalty	*****	*****	*****	*****	*****
33 Decrease in cash available to clients	*****	*****	*****	*****	*****
34 Client value in value chain	*****	*****	*****	*****	*****
35 Gender discrimination in access to higher education	*****	*****	*****	*****	*****
36 Financial distress due to repayment difficulties of loans	*****	*****	*****	*****	*****
37 Mismanagement in value chain	*****	*****	*****	*****	*****
<b>Total</b>					

This table shows grouped impacts. This statement provides an overview of the external costs of the activities of ABN AMRO Group N.V.

## 4 Contribution to Sustainable Development according SDGs

### Sustainable Development Goals Baseline Statement

	Baseline assessment	Positive	Negative
<b>SDG 1 - No poverty</b>			
1.1 Eradicate poverty	*****	*****	*****
<b>SDG 3 - Good health and well-being</b>			
3.1 Reduce global road deaths	*****	*****	*****
3.6 Reduce global road deaths	*****	*****	*****
3.9 Reduce deaths from road traffic accidents	*****	*****	*****
3.10 Reduce deaths from road traffic accidents	*****	*****	*****
<b>SDG 5 - Gender equality</b>			
5.1 End discrimination against women and girls	*****	*****	*****
<b>SDG 8 - Decent work and economic growth</b>			
8.1 Promote sustained, inclusive and equitable economic growth	*****	*****	*****
8.2 Achieve higher levels of productivity through innovation and innovation	*****	*****	*****
8.3 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.4 Improve financial literacy and financial inclusion	*****	*****	*****
8.5 Create decent jobs for all	*****	*****	*****
8.6 Increase productivity through innovation and innovation	*****	*****	*****
8.7 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.8 Increase productivity through innovation and innovation	*****	*****	*****
8.9 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.10 Increase productivity through innovation and innovation	*****	*****	*****
8.11 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.12 Increase productivity through innovation and innovation	*****	*****	*****
8.13 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.14 Increase productivity through innovation and innovation	*****	*****	*****
8.15 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.16 Increase productivity through innovation and innovation	*****	*****	*****
8.17 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.18 Increase productivity through innovation and innovation	*****	*****	*****
8.19 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.20 Increase productivity through innovation and innovation	*****	*****	*****
8.21 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.22 Increase productivity through innovation and innovation	*****	*****	*****
8.23 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.24 Increase productivity through innovation and innovation	*****	*****	*****
8.25 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.26 Increase productivity through innovation and innovation	*****	*****	*****
8.27 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.28 Increase productivity through innovation and innovation	*****	*****	*****
8.29 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.30 Increase productivity through innovation and innovation	*****	*****	*****
8.31 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.32 Increase productivity through innovation and innovation	*****	*****	*****
8.33 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.34 Increase productivity through innovation and innovation	*****	*****	*****
8.35 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.36 Increase productivity through innovation and innovation	*****	*****	*****
8.37 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.38 Increase productivity through innovation and innovation	*****	*****	*****
8.39 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.40 Increase productivity through innovation and innovation	*****	*****	*****
8.41 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.42 Increase productivity through innovation and innovation	*****	*****	*****
8.43 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.44 Increase productivity through innovation and innovation	*****	*****	*****
8.45 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.46 Increase productivity through innovation and innovation	*****	*****	*****
8.47 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.48 Increase productivity through innovation and innovation	*****	*****	*****
8.49 Promote development-led, inclusive and sustainable growth	*****	*****	*****
8.50 Increase productivity through innovation and innovation	*****	*****	*****

# Next steps

# Measuring, reporting & steering make value creation actionable

---

- A. **Measure** value creation for all stakeholders
- B. **Report** on value creation for all stakeholders
- C. **Steer** on value creation for all stakeholders



ABN AMRO Strategy & Sustainability

[www.abnamro.com/en/sustainable-banking](http://www.abnamro.com/en/sustainable-banking)  
sustainability@nl.abnamro.com

## Contact details

# Discussion



## Upcoming webcast

Topic TBA

Thursday, 17 October

03:00 PM CET (Brussels) | 09:00 AM ET (New York)

## Feedback

Please help us improve by completing  
a short evaluation survey

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[conference-board.org/centers/sustainability](https://www.conference-board.org/centers/sustainability)

