

Measurement Frameworks and Indicator Initiatives – An Update

This document highlights news and insights from the world of sustainability measurements for ISEAL members, paying special attention to indicators and metrics. There are three main sections. The first one focuses on the broader landscape, reporting trends from international frameworks and the corporate social responsibility (CSR) world, which indicates what users of standards see as important in the field of sustainability reporting. The second section is about the ISEAL Secretariat's efforts on measurements. The third and last section offers quick updates from a number of initiatives that are active in the area of sustainability measurement and collaborate with standards systems and/or can influence how standards approach their M&E efforts.

The broader landscape

Reporting Matters is an annual publication by the World Business Council for Sustainable Development (WBCSD). The [2016 edition](#) reviews 163 world-leading companies' sustainability and integrated reports and contains valuable **insights on corporate sustainability reporting**. Below are some of the key findings which are relevant for the standards systems community.

- Companies are already communicating on the **SDGs** in their corporate non-financial reporting and this trend is likely to increase over time.
- Mainstream non-financial reporting continues to gain momentum and more sophisticated **digital approaches** are becoming increasingly popular. Companies are seeing the potential of digital platforms in helping to **connect financial and non-financial information**.
- The majority of companies conduct **materiality assessments** and they often publish a matrix of the results of such assessments in their reports. Material aspects are “those that reflect the organization's significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders” (Global Reporting Initiative, Sustainability Reporting Guidelines, Version 3.1). These are then aspects that companies prioritize in their corporate sustainability efforts.
- The **Global Reporting Initiative (GRI) Guidelines** are the most widely used in corporate sustainability reporting. The GRI is a highly influential measurement and reporting framework and in the second half of the year, the GRI sustainability reporting guidelines have been re-structured into a set of modular and inter-related standards. This new structure is intended to ease the revision process, facilitate the emergence of new GRI standards, and reduce complexity for users. Overall, these changes are paving the way for even more companies to join the GRI reporting movement.

The set is formed by three universal standards (101-103) used by every organisation and three series of topic specific standards (200, 300, 400).

GRI 101 is about how to use and reference the set of standards and includes the concept of materiality. GRI 102 is about contextual information for the organisation and its reporting practices. GRI 103 is about how to report on the material topics that are being managed (i.e. why the topic is material and where the impact occurs).



These and other corporate sustainability reporting trends were discussed briefly during the latest in-person meeting of the M&E peer learning group. The power point with **key findings, questions to help standards evaluate what these trends could mean for them, and snapshots from [corporate sustainability reporting examples](#) is available [here](#).**

<p>1 76% of companies have improved their overall score in our benchmark compared to baseline year 2013; 40% of companies have improved their materiality disclosures.</p>	<p>4 The Global Reporting Initiative (GRI) guidelines are still the most widely used, with 80% of reporters in our research using the G4 guidelines.</p>
<p>2 28% of companies in our research combined their financial and non-financial reporting into annual reports or self-declared integrated reports.</p>	<p>5 Just over 50 companies communicate on the Sustainable Development Goals (SDGs) in their report and 10 companies state that they use the SDG Compass.</p>
<p>3 Four integrated reports are ranked among the top 10 reports, indicating the effectiveness and quality of integrated reports when done well.</p>	<p>6 42% of organizations take a “digital first” approach to reporting by locating comprehensive sustainability information on the company’s website or a stand-alone microsite linked from the main website.</p>

Key findings. Reporting Matters 2016

We identified a number of **takeaway messages for sustainability standards from this report**, and in this update we highlight the following ones:

- The SDGs are becoming a paramount overarching framework for sustainability reporting. This means that it is increasingly important for standards systems to assess and frame their communications around sustainability performance along the lines of the SDGs.
- The materiality assessment results are a good source of information for understanding the impact evidence that companies may be looking for from the standards community.
- For sustainability standards looking into working more closely with leading companies, it might be useful to assess the complementarity of their M&E frameworks with the GRI guidelines.

In addition to these trends highlighted by WBCSD, the ISEAL Secretariat has identified the following ones:

- There is an increased interest from a range of stakeholders on **performance monitoring information** (i.e. information on the short and medium term outcomes of standards systems, that is normally

obtained from data gathered through ongoing and existing processes such as the assurance process, application forms or member surveys). In this vein, we would like to encourage organisations to explore approaches for gathering better quality assurance information. The ISEAL's Innovations programme and fund could be a great vehicle to work together on this. It is also essential that M&E and communications teams work hand-in-hand to produce best in class performance monitoring reports. M&E staff of ISEAL members have already put their heads together and created [a list with technical recommendations for producing good quality performance monitoring reports.](#)

- 2016 has been a year where we have seen an increased collaboration between initiatives in terms of **alignment of indicators and metrics frameworks**. This has been driven partly by 1) the number of existing frameworks and the need to reduce complexity, 2) the work done around sector specific initiatives, as we have seen in the coffee and cocoa sectors, and 3) the increased focus on specific “content topics” where a number of stakeholders work together to improve their measurement frameworks. For examples that illustrate this trend, please refer to the last section of this update.
- Related to this point, a number of stakeholders are seeing increasing value in analysing existing datasets instead of financing additional data collection efforts in regions or on topics that have already been explored. There is a **great learning potential in putting datasets together**. First, it helps build a more complete and robust picture of sustainability performance, as it allows for the triangulation of data and sources of information. It can also increase the sample size for which one has information on a particular topic. Second, it enables collective learning since putting datasets together is a useful step for tackling sustainability challenges that require different but complementary actions from stakeholders. For example, this is the case with the topic of living income, where organisations are looking into how to bring data on farm economics from a specific region and crop together. Third, from a methodological point of view, one can learn about the reporting requirements that have to be met to put datasets together. It is also a great way to learn about the degree of alignment between various frameworks and identify most effective approaches for collecting information.
- The Spark! event that took place during ISEAL Members' Week confirmed that for standards systems to truly become data managers it is fundamental to work on “getting the basics of data management right”. A key component of that is **having the right policies, agreements and procedures in place to enable organisations to share data**. A number of ISEAL members are working on this and we see this as an important trend and area of work in 2017.
- The alignment of measurement frameworks and the ability to share data in a secured and respectful way reduces the burden of data collection and reporting efforts. Another trend that we have witnessed, and that is likely to gain momentum in 2017, is the **focus on risk based or hot spot approaches**. This approach is consistent with the idea of more cost-effective M&E systems. This is somewhat related to the idea of materiality assessments and very much in line with the second level of the data collection pyramid, also known as sampled monitoring. Put simply, it could mean that in the near future organisations become more strategic in deciding what information (e.g. child labour, productivity gains, etc.) is collected from specific areas (e.g. those with higher risk of finding child labour cases). In other words, there is value in having a set of indicators across products and countries and another set of indicators that are more specific for programmes, projects and/or regions. While these approaches do not provide the breadth of the basic monitoring information nor the richness and understanding of in-depth evaluations, they are key for understanding medium-

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term outcomes that can unlock our understanding of impact. They also provide useful information for decision making.

These and other relevant trends on indicators have been captured by Vang Rasmussen, L. et al. in “Bridging the practitioner-researcher divide: Indicators to track environmental, economic, and sociocultural sustainability of agricultural commodity production” in volume 42 of Global Environmental Change journal.¹

The ISEAL Secretariat’s efforts

ISEAL Wide Indicators -Capturing “the potential impact” of credible standards systems.

The ISEAL Board agreed that we should work towards a set of common core ‘reach’ indicators for the whole Alliance that capture our ‘potential impact’ and are also proxies for market penetration (e.g. how many workers, smallholders, enterprises, hectares etc. are covered by the standard). Aimee Russillo, an independent consultant, who has been working with the Impacts team on common indicators as part of our Demonstrating and Improving Poverty Impacts (DIPI) project, is leading the research to review, define and draft ISEAL-wide applicable common indicators. She has made good progress and the ISEAL-wide indicators proposal is nearly complete. We will share the proposal with all of you, along with ideas about implementation, in the first quarter of 2017. Thanks for all your help in the development! At Spark! (the data event at Members’ Week), we realized that the ISEAL-wide indicators could also form the basis for a data framework for the ISEAL Alliance - with recommended policies on things like data exchange formats, data confidentiality etc. We are exploring this idea and will address it in our proposal.

Guidance for ISEAL Common Core Indicators and the living income community of practice

In the past edition of this indicator service update, we shared with you detailed definitions and guidance for the [ISEAL Common Core Indicators on “Reach and Characteristics”](#). We also explained that as part of the work we were doing with Sustainable Food Lab and Committee on Sustainability Assessment (COSA), we were going to review and develop **guidance for Common Core Indicators related to farm economics**. The idea was not to develop a new set of metrics. Our interest is in aligning existing definitions and guidance in each of our frameworks and to share that with the [community of practice on living income](#).

[Click here to access the document with key farm economics metrics](#), definitions and guidance prepared by COSA, SFL and ISEAL. Please note that this is a living document, the first step in a journey towards alignment and better reporting of farm economic metrics. In that spirit, in the cover of the guidance document we have included a link to a survey for anyone using this guidance to provide feedback and share experience. Help us improve future versions of this document and let’s continue to exchange good practices! [This is the link to the five questions survey](#) where you can add feedback for each of the metrics included in this document.

This builds on previous work done by our organizations - [“Partnering for Increased Learning in Smallholder Supply Chains”](#).

¹ Paper available for purchase online

Key Measurement Initiatives

[Committee on Sustainability Assessment \(COSA\)](#)

In our last update, we informed you that COSA was coordinating a working group developing a set of global metrics to understand and assess the [resilience of agricultural producers and communities](#). Click here to view the [project factsheet](#). By the end of the year, COSA has made significant progress on defining indicators, metrics and survey questions to measure resilience. There are a number of project partners (e.g. CRS, CIAT, LWR, SFL, and Root Capital) that are involved in reviewing and providing input into this work. In 2017, COSA is going to pilot test some of these indicators, ideally through partners' projects.

If you are interested in learning more about this initiative please contact Elena Serfilippi es@thecosa.org. The ISEAL Secretariat is currently considering its involvement in this initiative, given the overlap with the ISEAL Common Core Indicators, and we will update you on any decision that has been made on this front.

[Cocoa sector update: CocoaAction](#)

CocoaAction is a voluntary industry-wide strategy that aligns the world's leading cocoa and chocolate companies, origin governments and key stakeholders on regional priority issues in cocoa sustainability. In the second quarter of 2016, CocoaAction shared two important resources: The [CocoaAction Community Development Manual](#) and the [CocoaAction Monitoring & Evaluation \(M&E\) Guide](#). In the second half of the year, the organization released its first [CocoaAction Annual Report](#) and a [Farmer Economic Model](#). The latter has been jointly developed by World Cocoa Foundation and NewForesight and provides answers to two important questions: 'What constitutes a viable farm economy for cocoa farmers?' and 'What is the expected impact of farm-level interventions, such as good agricultural practices, on the farmer's business?' "Using advanced analytics, the model evaluates the impact of variables such as farm size and replanting rates on outcomes, such as net income and yield. Early scenarios derived from the model emphasize the necessity of large-scale replanting and rehabilitation for aging farms, the importance of crop diversification and alternative sources of income, and the effects of policy issues like fertilizer cost. Ultimately, the model highlights some of the challenges CocoaAction companies will face in increasing incomes for cocoa farmers without supporting financing and interventions from governments, donors and stakeholders"

If you would like to learn more, join us on 10th January 2017 - 3:30pm-5pm Central European Time (CET) for a webinar on the [Cocoa Action Farmer Economic Model](#)

[Coffee sector update: Sustainable Coffee Challenge, The Global Coffee Platform and Partnership for Gender Equity](#)

The coffee sector brings us three important updates related to measurement efforts.

- For the **Global Coffee Platform** (GCP, formerly 4C Association) 2017 will be a busy year. The organisation aims to develop "The Global Progress Framework (GPF)", which will be a globally accepted framework to measure and report on impact as well as sustainability performance in the coffee sector. This will be a backbone of their M&E system and follows work done by other experts in the cocoa, cotton and rice sector. The development of the framework will be done in collaboration with GCP's members and key partners. In this process, GCP will work closely with

the Sustainable Coffee Challenge (see below for further information) and will seek to incorporate as many ISEAL Common Core Indicators as possible.

- The [Sustainable Coffee Challenge](#) was launched a year ago with 18 partners from the coffee industry and led by Conservation International. Their vision is making coffee the world’s first sustainable agricultural product. This year they launched the [Commitments Hub](#), released the draft [Sustainability Framework](#) and formed the [Collective Action Network](#) working group. This will be followed by a common set of output and outcome metrics to be developed in 2017. A process where they will collaborate with GCP. The Sustainable Coffee Challenge welcomes feedback and input on their Sustainability Framework so check out their [draft framework here](#), and take the [survey here](#).
- The [Partnership for Gender Equity](#) (PGE) is working to build a common measurement framework for **gathering and consolidating field-level data and evidence about gender in coffee**. Through a consultative process starting in early 2016, PGE analyzed more than 20 existing measurement frameworks and built a catalogue of more than 200 gender related indicators. Additional industry input was used to distil those indicators to a reduced set that will be validated with the support of industry and development partners in the coming months. The Global Coffee Platform (GCP) provided initial support for this work. The objective of the common measurement framework is to allow industry actors to see the impact of gender equity investment in their own supply chain and on their business – and encourage greater engagement and investment in this issue over time. They will be offering a webinar about this work in early 2017. For anyone interested in learning more about this process, please contact them via [email](#).

State of Sustainability Initiatives (SSI)

In our last update we shared with you the [State of Sustainability Initiatives Review: Standards and the Blue Economy](#). This report, which was published in the second quarter of 2016, examines market and performance trends for seafood certification schemes. This month, the State of Sustainability Initiatives (SSI) issued a policy brief for their forthcoming full [report on standards and biodiversity](#) due out in early 2017. In the brief **they conclude that there is potential for sustainability standards to provide important data on the rate of biodiversity friendly production for policy makers.**

Table 2. Average coverage of biodiversity impact indicators for commodity production by major agricultural standards

Habitat Conservation	Percentage of farm area in land classes of different habitat quality	66%
	Conversion/loss of natural habitat cover (land-use change over time)	75%
	Area-based conservation management	61%
Water Use and Quality	Water use per unit product	82%
	Pesticide and inorganic fertilizer use per unit area or unit product	59%
	Biological oxygen demand at sampling sites	58%
Soil Fertility	Soil organic matter	58%
Climate Change	Fossil fuel use per unit area or unit product	53%
	Carbon footprint of product and land use	44%

Source: Information on voluntary sustainability standards criteria obtained from the International Trade Centre Standards Map (standardsmap.org) verified with online standards documentation and the standards themselves.

³ In some cases, criteria may operate as "options" or "recommendations."

Source: SSI 2016