Impact, a driver of value creation.
Companies need to adopt a stakeholder-centric approach to ensure long-term growth.

Key intangible assets, not valued on the balance sheet, have largely taken precedence over tangible assets on value creation in the New Economy.

This requires looking beyond financials and integrating all levers of value creation.

A stakeholder-centric approach - based on these intangible value creation pillars - enables us to find the right balance between satisfying the interests of stakeholders...and ensuring long-term growth while better valuing innovation.

A new approach means new KPIs to ensure better monitoring, assessment and valuation of these intangible assets.
While Social & Environment impact is one of the first intangible asset to be assessed by mainstream investors, it remains a complex issue for companies to understand and monitor.

We identify 2 main approaches under the scope of impact:
— Environment, Social & Governance (ESG) approaches developed by historical models; and
— “Impact by design” approaches illustrated by more recent business models that have built their core model on an impact-related purpose.

Covid-19 has highlighted unsustainable development patterns that put even more emphasis on the importance of taking into account one company’s impact. Yet, challenges remain and companies of all size face common questions when trying to integrate impact as part of their strategy:

Can all companies have an impact approach? Does it drive value creation?

How can they define, measure, and manage their impact?

What are the implications of Covid-19 on corporate responsibility?
Impact, a strategic pillar of long term value.
Driving change through ESG commitment...

Some key global players are leading the way: by going beyond regulation requirements and committing to a wider scope, or by integrating impact as a key pillar of their strategy, they are driving meaningful changes in their whole ecosystem.
Microsoft has been carbon neutral since 2012. A company is “carbon neutral” if it offsets its emissions with payments either to avoid a reduction in emissions or remove carbon from the atmosphere.

Microsoft plans to be carbon negative by 2030... “carbon negative” means that a company is actually removing more carbon than it emits each year.

...and by 2050 Microsoft intends to remove all direct and indirect carbon emission since its creation.

Since 2009, Microsoft has made and met a series of commitments to reduce the company’s carbon footprint.

Microsoft has now committed itself to going further, from mitigating direct impact of its activities to engaging its entire value chain under the most stringent definitions:

1. Be carbon negative by 2030.
2. Across all three scopes of carbon emission definition (see next slide).

A strong commitment from the board

We [the board] think a lot about how can we turn ESG into an opportunity for the company whether it’s the way we produce products, engage with customers, or engage with associates.

Interview of Hugh Johnston, Board Member (2019)

That creates value for the company as Microsoft is the most widely held stock by US ESG funds. (Kinsale ESG 50 Index)
Complying with the highest regulation requirements.

Scope 3 reduction is challenging as it requires companies to engage their entire value chain but this is key to reaching a meaningful impact.

Scope 1 Direct emissions
- Direct greenhouse gas emissions solely related to a given industrial/service activity.

Scope 2 Indirect emissions
- Indirect company emissions, such as those induced by electricity consumption. The company’s consumption of electricity does not emit greenhouse gases, but the production of this electricity does.

Scope 3 Indirect emissions
- The broadest scope, it includes emissions throughout the life cycle of a product or company, in particular emissions related to the company’s suppliers, employees, and the full life cycle of its products. This includes the electricity customers may consume when using the product, the end of life of the company’s products...

With very concrete actions
- Internal carbon tax for all divisions and supply-chain partners.
- Sustainability Calculator to monitor and analyze emissions of Azure customers.
- $1bn fund for new carbon reduction and removal technologies.

UN SDG framework

Created in 2015 by the United Nations, the Sustainable Development Goals (SDGs) are a collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all".

This framework is by no means compulsory for corporates and can be seen as quite theoretical to implement as it was at first intended for States.

Yet, Schneider Electric, the “most local of global corporations”, is using SDG framework thoroughly to define and monitor its impact, on a quarterly basis and for all its subsidiaries.

ESG, a key pillar of strategy

Social responsibility is a very, very strong element of the strategy of Schneider Electric. (…). Our business mission and our CSR initiative are converging.  

Olivier Blum, Strategy & Sustainability Officer (Former HR Officer)

That reinforces talent engagement

Having a meaningful purpose is the first pillar of our employee value proposition.

In 2016, the company was ranked 30th in Top Global Talent Attractors by LinkedIn while it was ranked 354th on the Global Fortune 500 list.
1972

Led by Antoine Riboud, Danone has been integrating ESG as a core value for almost 50 years, promoting a vision that integrates social progress, and publishing its first impact report as early as 1998.

2001

Launched Danone Way of doing business: an internal framework to improve and align all subsidiaries on Danone ESG ambitions, on environment (gas emissions, water consumption...), health (experts, nutritionally enhanced products) etc.

Danone Way of doing business is a virtuous loop that creates value for all stakeholders of the food value chain, protecting local producers and offering the highest standards of quality control to its consumers.

Consumers

+ revenue.
+ consumers worldwide.
+ retention.
+ upgrade ways of consumptions.
+ Quality of food.

Danone

Producers

+ trust.
+ margin.
+ responsible producers.
+ control of quality of work and environment standards respect.
+ local sellers.
Danone: From ESG commitment to becoming a “Company with a mission”.

A long term ESG commitment.

2006

Adopted an impact-centric mission “Bringing health through food to as many people as possible”, then integrated in their identity with the motto “One Planet. One Health.”

2020

Danone reported a “carbon adjusted” EPS to better report carbon productivity gains (already carbon neutral for some of its units such as Evian).

It also announced a €2Bn investment for climate action from 2020 to 2022.

At the June AGM, the Board will recommend that Danone becomes the first listed “Entreprise à Mission”. Created by a French law in 2019, this statute of “company with a mission” allows commercial companies to pursue in the framework of their activity “one or more social and environmental objectives”

ESG commitment creates value by reducing the cost of capital.

In 2018 Danone received $2 billion syndicated credit facility from 12 leading global banks that provided for lower borrowing costs if Danone increases its impact by meeting certain third-party-verified ESG metrics.
More recent business models integrate impact at the very core design of their business model, stemming from the company’s vision and values, and questioning or reinventing existing value chains.
A model creating value thanks to strong stakeholder engagement.

**Talent** - Tesla ranks 5th most attractive employer in the US according to LinkedIn. No other automaker makes the top 50.

**Customers** - Tesla does not pay for any advertising. Gain of $240 per car vs the industry.

**Investors** - Tesla market cap reached $166bn (vs. $38bn for GM) early June 2020 with a FY19 production of less than 5% of GM

---

**Tesla’s core mission is impact-related:**

- Accelerate the world’s transition to sustainable energy.

---

**Addressing the Rare Metal Issues**

- Recycle and Find substitutes.  
  — Find Cobalt substitutes.  
  — 60% of each battery pack is recycled by Tesla in the US. Aiming for 100%.
  — Compared to others in the industry, Tesla emits on average 70% less CO2 to extract the same quantity of rare metals.

- Audit and directly visit all levels of supply chain.  
  — Tier 1 suppliers must commit to the Supplier code of Conduct and apply strict regulations.  
  — Tesla, along with partners and independent third parties conducts audits on smelters and refiners.
  — Tesla’s goal is to not directly or indirectly finance or benefit armed groups through extractive activities.
**Impact concerns as the cornerstone of the business model.**

Our mission is to be a leading global provider of sustainable, premium nutrition for all by tapping the natural goodness of insects at industrial scale.

“Our mission is to be a leading global provider of sustainable, premium nutrition for all by tapping the natural goodness of insects at industrial scale.

**Vision**

Ýnsect was originally created with a search for meaning that goes beyond financial returns.

**“Ýnsect’s purpose and values are its constitution.”**

- All employees contribute to reshape purpose and values every 2-3 years.
- The Executive committee implements the strategy based on Ýnsect’s purpose and values.
- Thanks to the B-Corp approach, Ýnsect changed its statutes to allow the company to make decisions that aren’t solely driven by financial criteria.

---

**Since its creation, Ýnsect has succeeded in raising an increasingly large amount of funds, demonstrating the value creation of its Impact strategy.**


- Ýnsect uses the **Life-Cycle Assessment (LCA)** methodology *(see details slide 32)* to gain a complete view of its environment impact.
- LCA methodology helps assess the carbon footprint of a product’s value chain (scope 3 emissions) and design an impactful carbon reduction strategy as scope 3 generally represents 80% of greenhouse gas emissions.
- Ýnsect is now working on the project to issue its accounts simultaneously in euros and in CO2 terms.
Impact is at the heart of company’s vision.

**1. Answer a societal issue.**
Have a positive impact on consumers’ health, by helping consumers make the right choices thanks to more transparency, and by influencing industries to create better products.

**2. Environmental objective.**
Provide clearer environmental impact information for each product, particularly in terms of production.

**3. Global impact.**
Develop the app internationally to be able to impact more people and remain a 100% independent project.

Leading to a tangible impact.

**On consumer health**
- 83% of users buy less food but of a better quality.
- 95% of the users stopped buying products with controversial additives.

**On production**
- 21 industrial players say that Yuka had a positive impact on their offer improvement.
- Intermarché withdrew 900 products from sale to change the recipes and thus improve their rating on Yuka.

A vision attracting more & more customers, as well as investors.

- Yuka’s impressive growth
  - X 17 users in 2 years

Yuka founders’ free and independent vision motivated their choice to raise money with socially engaged Business Angels and not from classic Venture Capital.

The company raised €800k in 2019 among meaningful BAs (Xavier Niel, Marc Menase, Christophe Courtin, Guillaume Gibault...)

Sources: Interview & Rapport de mesure d’impact Yuka & Statista
Impact is a driver of value creation.

For all companies driving impactful change or being impactful by design, a stronger commitment regarding Environmental, Social, and Governance issues ensures business models’ sustainability and drives stakeholder engagement, thus increasing value creation.
## ESG commitment positively impacts stakeholder engagement.

A strong engagement on Environment, Social, and Governance (ESG) issues is a driver of value creation for all companies, at all stages of growth: start-ups, scale-ups, and large corporations...

### Strong ESG Commitment

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers</strong></td>
<td>Attract customers who want <strong>transparency</strong>, quality, and <strong>social impact</strong>. Higher customer engagement translates into <strong>lower acquisition costs</strong> and <strong>higher retention</strong>.</td>
</tr>
<tr>
<td><strong>Talents</strong></td>
<td><strong>Talents are increasingly</strong> looking to find <strong>purpose</strong> in their job. <strong>Company purpose</strong> can be a very powerful driver of talents’ engagement.</td>
</tr>
<tr>
<td><strong>Shareholders &amp; investors</strong></td>
<td>Widening of the <strong>accessible shareholder</strong> base to ESG and potentially <strong>Impact funds</strong>. <strong>Facilitating access to capital from investors</strong> in a critical phase.</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td><strong>Capacity to integrate sustainability</strong> in their environment to enable a <strong>better adaptability</strong> to actual and emerging risks, and ensure cost reduction in the longer term.</td>
</tr>
<tr>
<td><strong>Ecosystem</strong></td>
<td><strong>Reinforcing ecosystem engagement through local empowerment policies</strong>, stronger relationships with <strong>local authorities &amp; economy</strong>. <strong>Increasing supply chain balance &amp; partners’ attractivity</strong>.</td>
</tr>
</tbody>
</table>
ESG investing and more globally ESG-related investment strategies, reached $30 trillion in 2018 and could reach $50 trillion over the next two decades. **Global Sustainable Investment Alliance**

**ESG funds, an attractive investment category that shows:**

- High growth
  
  12% CAGR (Compound Annual Growth Rate) for ESG funds.
  
  **VS.**
  
  8% CAGR for the overall funds industry.

- And resilience to stock market volatility.

  European ESG funds collected more than 1bn€ in March 2020 and 7bn€ since the beginning of 2020. **Morningstar, Lyxor**

---

**Focus** ESG, a key element valued by Limited Partners.

- **97% of LPs** believe that the importance of responsible investment will increase in the coming two years.

- **83%** believe that better monitoring and management of ESG criterias will either improve returns or reduce risk.

  Meaning that **ESG management is part of their fiduciary duty.**

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**Focus** ESG finance extends to all types of assets.

- ESG Exchange Traded Funds (ETFs).

- Green bonds.

- Sustainability linked Derivatives.

- Green social or Sustainable notes.

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Sources: PWC sustainability publications, APAX Partners, S&P Global rating
Impact has been a driver of both valuation...

Impact commitment is a driver of value creation, and leaving this area behind can highly impact valuation.

ESG stocks outperform traditional stocks...
Most widely held stocks by US ESG funds beat the S&P 500 by 45% in 2019. (Forbes)

...while companies facing ESG controversies underperform by 12% for the following two years as “the time for forgiveness is particularly long”. (Société Générale)

More generally, ESG commitment has been a driver of stock growth.

Unilever showed an ESG opportunity with the launch of its first sustainable product that achieved 50% more growth than other products by the brand.

Similarly, gender-diverse companies are earning 15% more than their competitors. (American Express)

Focus Covid crisis

ESG commitment has been a driver of stock performance during the covid crisis.

ESG stocks outperformed the market by +7% between December and end of March 2020, in the covid-19 context. (HSBC)

Sources: PWC sustainability publications, APAX Partners, S&P Global ratings Forbes. Lyxor Les echos
Focus on impact is a strong driver of companies’ performance.

One of the most comprehensive studies on ESG and financial performance found a positive ESG-Corporate Financial Performance relation in nearly 63% of meta studies and 48% of vote-count studies, with less than 10% reporting a negative correlation.

Many of our decisions address social or environmental concerns. (…)

We do this not only out of conviction, but also for strategic reasons. We are convinced that this can enhance our attractiveness. (…)

We have calculated that this saves us 100 million euros per year in acquisition costs.

Pascal Demurger, CEO

Impact:
Which approach should companies take?
Why can impact be potentially complex, specifically for start-ups?

- **A lack of resources.**
  Limited time, money and expertise to outline, measure, and report impacts.

- **A lack of conceptual understanding.**
  Confusion between outcomes and impacts.
  Measurement considered as a burden for the growth of the business.

- **A lack of standardization.**
  Proliferation of frameworks and practices may bring confusion.
  Subjectivity and biases undermine the efficacy of measurement practices, such as randomized controlled trials and impact monetization.

---

From impact as a burden...
...to impact as an opportunity.

- **Improve brand awareness,** operations, reputation and communication with stakeholders.

- **Raise capital** more easily, especially for startups whose purpose goes beyond profit-making.
A pragmatic approach to defining and assessing impact.

1. **Defining**
   - the scope of your impact approach: global, systemic, and positive.
   
   #Definition

2. **Integrating**
   - impact in your company’s vision: a gear of purpose and context.
   
   #Prioritization

3. **Implementing**
   - A measurable and actionable framework.
   
   #KPIs

Illustrated by several frameworks that integrate one, two, or all steps of the approach, showing different methodologies.
Step 1 **Defining the scope of your impact approach.**

Impact is global, systemic and positive.

*Defining* the scope of impact.

**Global** Includes all stakeholders related to your business: customers, talents, partners, investors, planet.

**Systemic** Is the equilibrium that preserves the interests of all stakeholders and the company itself.

**Positive** Minimise negative externalities (especially environmental ones) & increase positive impact (societal, local ecosystem)

2 different approaches of impact (ESG or impact by design), depending on business model.

---

**Inspiration**

Agreeing on a common universal goal framework.

- A **holistic & consensual** tool
- That needs to be **complemented** (IRIS+, Building on SDGs with sectoral indicators)
- And must be **adapted** to a company's vision and context: *for each company & its objectives.*

---

What can companies do? A lot. The first step is to align their strategies with SDGs, the world's best business plan.

Paul Polman, Former CEO of Unilever.
Impact investors’ definition of impact vs. ESG approach.

As defined by the Global Impact Investing Network (GIIN), Impact investments are investments made with the intention to generate positive, measurable, social, and environmental impact alongside a financial return.

Impact investors have the double financial and responsible objective vs. General VCs whose main objective remains financial, even if they increasingly monitor ESG performance.

Across all asset classes, GIIN estimates Impact Investing represents $500 billion globally.

Key elements of impact approach*

1. A clear impact framework and a monitoring based on KPI reporting.
2. Clear and ambitious impact objectives with long-term vision aligned with the fund’s objectives.
3. Sustainability analysis of the startup actions.
4. Company’s statutes that make reference to ESG commitments.
5. Impact of the startup regarding the SDG of the United Nations.
6. Evolution of the impact indicators of the startup (more impact fields, and stronger impact).
7. Company’s actions help its ecosystem move forward as well.

3 criteria of Impact Investment strategy*

1. Good equilibrium between impact and financial return.
2. A real impact, an impact vision, and how deep the impact is, are all a part of the startup DNA.
3. Active engagement to maximize its impact.

The most researched sectors are Environment (78%) and Inclusive Employment (74%), followed by health (52%), education (35%), household (35%), local development (30%)...

* Source: GIIN, France invest Impact Commission.
Step 2 Integrating impact in a company’s vision

Finding the right balance between purpose and context.

Prioritising actions.

Purpose Impact means intention. For a company, its intention is reflected through its mission. Driving an impact strategy means having an impact-centered mission.

Context An impact-centered mission can’t be isolated from the company’s (intrinsic and extrinsic) context. Intrinsically (based on its business model and sector), what is the mission that makes sense? Extrinsically (based on socioeconomic trends and mentality), what does the world need? What is it demanding?

Inspiration Conforming the SDGs to a business’s reality: Impact Management Project.

The Impact Management Project (IMP) is a well recognized forum of over 2,000 organisations - including impact funds - to build consensus on how to measure, compare, and report impact on environmental and social issues, based on SDGs.

The IMP defines 3 goals for a business

— Avoiding harm (reducing carbon footprint).
— Benefiting stakeholders (selling services with positive health outcomes).
— Contributing to solutions (financing carbon sinks).

The framework is set on 5 dimensions - What, Who, How Much, Contribution, and Risk - each one associated with data categories, guidance and templates for entrepreneurs and investors to measure their achievements.
IMP has developed **impact data categories** that provide information across the **five dimensions**.

They can either be **building blocks** to help companies build an **impact management framework from scratch**

Or

a **checklist** to ensure that they are **not missing any essential piece**.

<table>
<thead>
<tr>
<th>Impact dimension</th>
<th>Impact data category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What</strong></td>
<td>1. Outcome level in period</td>
<td>The level of outcome experienced by the stakeholder when engaging with the enterprise. The outcome can be positive or negative, intended or unintended.</td>
</tr>
<tr>
<td></td>
<td>2. Outcome threshold</td>
<td>The level of outcome that the stakeholder considers to be a positive outcome. Anything below this level is considered a negative outcome. The outcome threshold can be a nationally or internationally agreed standard.</td>
</tr>
<tr>
<td></td>
<td>3. Importance of outcome to stakeholder</td>
<td>The stakeholder’s view of whether the outcome they experience is important (relevant to other outcomes). Where possible, the people experiencing the outcome provide this data, although third-party research may also be considered. For the environment, scientific research provides this view.</td>
</tr>
<tr>
<td></td>
<td>4. SDG or other global goal</td>
<td>The Sustainable Development Goal target or other global goal that the outcome relates to. An outcome might relate to more than one goal.</td>
</tr>
<tr>
<td><strong>Who</strong></td>
<td>5. Stakeholder</td>
<td>The type of stakeholder experiencing the outcome.</td>
</tr>
<tr>
<td></td>
<td>6. Geographical boundary</td>
<td>The geographical location where the stakeholder experiences the social and/or environmental outcome.</td>
</tr>
<tr>
<td></td>
<td>7. Outcome level at baseline</td>
<td>The level of outcome being experienced by the stakeholder prior to engaging with, or otherwise being affected by, the enterprise.</td>
</tr>
<tr>
<td></td>
<td>8. Stakeholder characteristics</td>
<td>Socio-demographic and/or behavioural characteristics and/or ecosystem characteristics of the stakeholder to enable segmentation.</td>
</tr>
<tr>
<td><strong>How Much</strong></td>
<td>9. Scale</td>
<td>The number of individuals experiencing the outcome. When the planet is the stakeholder, this category is not relevant.</td>
</tr>
<tr>
<td></td>
<td>10. Depth</td>
<td>The degree of change experienced by the stakeholder. Depth is calculated by analysing the change that has occurred between the “Outcome level at baseline” (Who) and the “Outcome level in period” (What).</td>
</tr>
<tr>
<td></td>
<td>11. Duration</td>
<td>The time period for which the stakeholder experiences the outcome.</td>
</tr>
<tr>
<td><strong>Contribution</strong></td>
<td>12. Depth counterfactual</td>
<td>The estimated degree of change that would have happened anyway - without engaging with, or being affected by, the enterprise. Performance of peer enterprises, industry or local benchmarks, and/or stakeholder feedback are examples of counterfactuals that can be used to estimate the degree of change likely to occur anyway for the stakeholder.</td>
</tr>
<tr>
<td></td>
<td>13. Duration counterfactual</td>
<td>The estimated time period that the outcome would have lasted for anyway - without engaging with, or being affected by, the enterprise. Performance of peer enterprises, industry or local benchmarks, and/or stakeholder feedback are examples of counterfactuals that can be used to estimate the duration likely to occur anyway for the stakeholder.</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>14. Risk type</td>
<td>The type of risk that may undermine the delivery of the expected impact for people and/or the planet. There are nine types of impact risk.</td>
</tr>
<tr>
<td></td>
<td>15. Risk level</td>
<td>The level of risk, assessed by combining the likelihood of the risk occurring, and the severity of the consequences for people and/or the planet if it does.</td>
</tr>
</tbody>
</table>
What is Life Cycle Analysis (LCA)?
A methodology to assess:

1. Quantitatively the environmental impacts of a commercial product, process, or service and its use.
2. All the stages of the life cycle from raw material extraction to end-of-life.
3. With multiple criteria: greenhouse gas emissions, generated waste, water consumption, rare resources usage, ecosystem preservation.

What does L.C.A mean for a company? Methodology

1. Outline your approach: what are the objectives of the LCA? Scope of investigations?
2. Inventory of flows: inventorying & quantifying all the incoming flows and outflows for each phase of the product life cycle.
3. Conversion of flows into environmental impacts.
4. Analysis of the results and interpretation: Analyze conflicts between objectives and results to create a list of recommendations to revise the product design and optimize its use.

Advantages and disadvantages

#1 Prioritize time, energy & money on what really counts.
#2 Build a sustainable value chain.
#3 Standardize: Use international norms and compare (ISO 14040 & ISO 14044).

#1 Complex to internally audit the entire life cycle and that of suppliers.
#2 Time Consuming for a startup but can be outsourced for a reasonable budget (15-20k €).
Implementing a measurable and actionable framework.

A delimited, measurable, and actionable framework.

Setting the right KPIs.

Delimitation Defining its impacts from a project-based and materiality-centered approach is key to making its vision effective and actionable. How does my vision translate into my different business units? What are my micro impact objectives?

Measure & Manage Once you have set objectives related to your impact, the challenge is to find the appropriate KPIs to measure and fulfill the objectives. Good practice: no more than 3-4 KPIs. Try to find one that is common to your sector. The best KPIs are the ones directly linked to your business.

Measuring the right KPIs to

- Assess, monitor & improve your impact.
- Better allocate capital & adapt internal processes.
- Communicate on & value your impact to all stakeholders.

The kilos of CO2 saved per user is our main KPI and drives our impact strategy” (Ilek, clean energy supplier).

Our impact strategy revolves around our repairing and reconditioning services’ influence on the society and the environment. We look into the number of devices we repair and resell per year, and the amount of CO2 saved in the process. (Zei, ecology accelerator)

Recommerce, device recycler
Step 3 Selecting KPIs among main ESG themes assessed by VCs to better communicate your model.

**Environment**
- Carbon footprint
  - Carbon emissions from main activities detected through carbon footprint index
  - Examples of actions taken by the company to reduce carbon footprint
- Sustainable usage
  - Use of renewable energies and resources (such as responsible paper...)
  - Energy reduction targets settled and monitored
- Pollution reduction
  - Settlement of actions to impact waste reduction and recycling (paper, plastic...)

**Social**
- Employees
  - Talent attraction ability
  - Onboarding strategy to welcome and integrate newcomers
  - Talent retention ability
- Wellbeing at work
  - Strong team spirit
  - Organization quality and internal communication
  - Autonomy and empowerment
  - Training and workload monitoring
  - Stress management & psychosocial risk prevention
  - Teleworking & part-time possibilities
  - Ergonomic workstation
- Skills & training dev.
  - Supporting change
  - Training needs anticipation
- Equal opportunity
  - Discrimination risk prevention
  - Diversity promotion

**Governance**
- Business ethics
  - Corruption prevention
  - Independence and prevention of conflicts of interest
  - Transparency in shareholders’ agreement
  - Implemented, formalized, and deployed company values
  - Ethical relationships within the ecosystem
- Governance bodies
  - Presence of decision-making bodies and procedures
  - Well-defined roles of decision-making bodies and responsibilities
  - Shared value created and transparency on executive compensation
- Strategy & policy
  - Formalized ESG policy and strategy
  - Monitoring of the ESG compensation variables based also on non-financial criteria

Source: France Invest & PwC, ESG Guide, 2019
Step 3 Selecting KPIs among main themes assessed by Analysts & Fund managers to better communicate your model.

Context
End 2019, more than 100 French Financial Analysts & Fund Managers reported their extra-financial utilization and approach.

Respondents are from different Investment specialities such as Stock Market, Bond Market, or Cross Asset.

Respondent Profiles

<table>
<thead>
<tr>
<th>24%</th>
<th>Other Analysts</th>
</tr>
</thead>
<tbody>
<tr>
<td>26%</td>
<td>“Mainstream” Managers</td>
</tr>
<tr>
<td>8%</td>
<td>Extra Financial Analysts</td>
</tr>
</tbody>
</table>

In bold, most reviewed themes/KPIs

**Environment**
- Governance principles
- Targets and trajectory
- Business model evolution
- CO2 footprint
- Energy consumption monitoring
- Risk disclosure
- Coal exclusion
- Water consumption
- UN SDGs application
- Products / services promoting energy transition
- CSR & PRI reports

**Social**
- Human capital promotion: Career plan, training
- Social dialogue quality
- Lack of conflicts
- Work accidents
- Compensation equality (age, gender)
- Absenteeism rate
- Value sharing with employees
- Employee turnover
- Employee incentivization schemes based on company’s performance
- Local content
- Supplier management
- Respect of human rights
- Health & Security at work

**Governance**
- Board composition and evolution: mandates length, expertise and administrators’ diversity
- Directors’ independence
- Executive compensation
- Business ethics
- Executive committee composition
- Management quality
- Shareholders’ rights
- Absence of conflict
- Respect of human rights
- Work accidents
- CO2 evolution
- Quality of financial documents

Source: SFAF, 2ème édition du Baromètre ESG, 10/10/2019
**Step 3: Communicate your model & evaluate progress by complying with specific labels and certifications.**

**Why should companies comply with labels/certifications?**

1. **Internal & external communication purposes**
   Display the good practices and trustworthy image of the business to investors, partners, customers, and talents.

2. **Performance impact**
   Makes it easier to raise capital and convince new users.

3. **Long-term resilience**
   Going through the process of certification or labeling raises untackled questions and enables companies to address future risks.

**However, wrongly-selected labels and certifications may hurt the business, hence the need to consider the following requirements:**

**Scope**
- It needs to be **restrictive** and account for accurate and **recognized standards**.
  - The **Greenfin label** excludes funds invested in mining, nuclear activities, and fossil fuels.

**Transparency**
- The business should assess if a label or certification is **effectively transparent & independent in its auditing**.
  - The **PEFC label** has been criticized for insufficient untransparent auditing greenwashing (WWF, GreenPeace).

Labels & certifications can become an essential differentiation tool as investors and corporates are increasingly looking for businesses going beyond financial purposes.

⇨ The Ecovadis score is taken into account when Axa selects a supplier.
B-Corp is an independent certification that measures a company’s entire social and environmental performance.

The B-Corp process is split into two steps:

1. B-Corp Assessment (free)
   - A personalized auto-evaluation assessing:
     - Governance/Ethics.
     - Employee well-being.
     - Community contribution.
     - Environmental management.
     - Value creation for clients.
     - Legal obligations and transparency.

2. B-Corp certification process (fees)
   - After the assessment, a third party audit determines if the company meets the minimum “80-point bar” required for certification.

Implementing an actionable framework
B-Corp very practically helps companies:
- Better assess their impact across all the value chain
- Know what improvement they have to make
- Guide them with proper methodologies to implement these changes

B-Corp is valuable for the process and all internal improvements that it requires.

A certification, not a label.
The 50,000 B-Corporations meet the “highest standards” of verified ESG performance to balance profit and purpose.

Certification is reassessed every 3 years.

Try the B Impact Assessment here.

**Corporate**
Danone
A rigorous Certification reflective of core commitments. Ambition to become the 1st multinational certified.

**Scale-up**
Ynsect
With the B-Corp approach, we further deepened our impact. We changed our statutes to allow decisions not solely based on financial criteria.

**Startup**
Smiile
We chose B-Corp for the rigorous methodology.

**Investor**
Lombard Odier
Being B Corp certified first and foremost serves our willingness to spread sustainable investing in finance.
Covid-19, an impact catalyst?
As cities went into lockdown and people relied on “necessary goods and activities”, a major divide emerged between white collar workers employed remotely and others who had to stay “in the field”.

It also shed light on abusive practices of some companies, and on the risk of technology adoption and digitization becoming a new discriminatory element for companies and workers.

The covid crisis generated different levels of reactions from companies, related to their joint effort to combat the virus and provide social care.

Companies have a critical role to play in protecting their employees in times of health as well as social crisis, during and after lockdown, by taking effective action to contribute to society.

These environmental changes, though they remain situational, highlight the tremendous impact of economic activity on the environment.

Despite being related to a total shutdown of activity, it highlights the potential room for improvement on the subject, and questions the impact of biodiversity loss on pandemic apparition.
This crisis highlights the necessity for **new standards of doing business** and teaches us to continuously evaluate shifting our habits and principles to embrace the

**“New reasonable” Paradigm***.

Rather than a back to normal, companies must aim at a **“New Reasonable”** paradigm based on certain assumptions including

1. Collective interest becoming real and visible.
2. Antifragility and risk adaptability as a value driver.
3. Supply chain redesign, between local & global.

*imagined by Fabernovel.*
Building collective interest.

Reinventing social standards by reevaluating "essential" employees (health workers, delivery personnel, shops etc), rethinking value creation sharing and ensuring equal access to technologies.

Accelerating the environmental transition under budgetary constraints shifting to eco-sufficiency (circular economy, energy efficiency) while putting a fair price on negative externalities.

Redesigning supply chain.

From global to local
Mobility reduction has encouraged consumers to pick-up new habits, including consuming local. A trend impacting business ecosystems, with the need to develop short supply chains and territories.

Rebalancing value chain
following principles of frugality, and ensuring a better value allocation along the whole way, in order to ensure business continuity.

Becoming antifragile.

A systemic approach taking into account extra financial assets such as talents, ecosystems, impact, customers or infrastructures, and all stakeholders' interests, in order to ensure continuity and long term growth.

Adaptability to risk is central to economic models reconstruction, by anticipating potential risks related to environmental changes or social inequalities.

Impact acceleration is at the heart of the “new reasonable” paradigm. Post-crisis recovery policies will represent a strong driver to speed up collective interest focus, rethink activity & supply chain, and help companies become antifragile in a context of high social & environmental stakes and deep economic crisis.
Lines have started to shift towards a more sustainable future.

Despite major headwinds...

**Deep Economic & Financial crisis** pressing for cash preservation measures in a lot of sectors.

**Low energy prices.**

**Environment**

Led by BNP Paribas, 100 leaders from major French and international corporates called for a collective mobilization to make the economic recovery an accelerator of the ecological transition.

French Economy Minister stated that “the economic recovery must be a green recovery” and recommends "accelerating the ecological transition", warning against the “temptation" to abandon the fight against global warming.

**Social**

Danone announced that all employee work contracts will be secured until the end of June with guaranteed salaries.

During the covid crisis, EDF is softening its payment terms for debtors and companies that struggle to pay.

In May 2020, BlaBlaCar launched BlaBlaHelp, a free service that relies on volunteers to help the elderly and those who can’t leave their homes get their groceries.

**Governance**

Crédit Mutuel Alliance Fédérale decided to compensate small and medium-sized enterprises having signed an insurance policy covering activity losses, even though it does not formally cover pandemic cases.

Investors and entrepreneurs members of France Digitale pledged to follow a set of good practices to build a more sustainable ecosystem. Priorities include businesses with positive impacts, employee health, and transparency between entrepreneurs and investors.

Calls from a host of lobbies and some business organizations to postpone environmental regulations.

Divergent views within EU member states on the necessity to maintain the Green Deal.

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Divergent views within EU member states on the necessity to maintain the Green Deal.
In this context of **deep societal and environmental changes**, it is now more than ever necessary to adopt a **360° approach to value creation**, to ensure **sustainability** of business models and create **shared value**.
A 360 approach by Fabernovel, that integrates impact and goes beyond, to ensure long-term sustainability.

Relying on extra financial components to build strategy & resilience. Creating value for all stakeholders.

**TALENT**
- Take care of talents and their work environment
- Maintain strong engagement around company's strategy and culture
- Deploy a new organisation and innovation model including more remote work and infinite onboarding

**CUSTOMER**
- Adapt your communication and keep contact with your consumers (short-term)
- Anticipate new consumer needs and usages emerging from these structural changes
- Optimize your omnichannel consumer journey to reach your customers seamlessly

**ECOSYSTEM**
- Strengthen your partner's' trust (suppliers, investors, innovation ecosystem)
- Integrate governments and their assets as key stakeholders
- Promote value-shared initiatives with other corporates

**INFRASTRUCTURE**
- Accelerate the transformation of operations at scale
- Maximize resilience of your supply chain with more agility, partner sourcing and vertical integration
- Fuel operations with valuable data

**SOCIAL & ENVIRONMENT IMPACT**
- Strengthen societal strategy to have the right impact at the right moment
- Consider general interest to design new products and services
- Amplify structural environmental changes despite financial constraints

Creating value for all stakeholders.
Different levels of approaches, inherent to the business model: Driving impactful changes or Building impactful models by design.

Impact is a key driver of value creation ensuring business model sustainability and driving stakeholders’ engagement.

This will be accelerated by the Covid crisis as investors shift away from sole financial metrics.

Implementing an in depth methodological approach rather than following a collection of KPIs, to ensure value creation.

Through 3 key steps:
1 Defining impact scope
2 Integrating impact in company’s vision
3 Implementing an actionable framework

The best impact KPIs are those directly linked to your business KPIs.

A global approach accelerated by the Covid crisis.

Integrating Impact approach within a “New Reasonable” paradigm to ensure long term sustainability.
In a new study (...) in the Oxford Review of Economic Policy, coauthored with Prof Nicholas Stern, Prof Joseph Stiglitz, and Dimitri Zenghelis, we explored the economic pros and cons of government spending on different post-crisis recovery policies, including some that would be climate-friendly and others that would not.

Our new research, based on surveys of more than 200 of the world’s most senior economists and economic officials, suggests that spending this money on climate-friendly “green” policy initiatives could not only help shift the world closer to a net-zero emissions pathway, but could also offer the best economic returns for government spending.
Research
—
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Ynsect, Yuka, Zei
Investors
360 Capital, 50 Partners, Blue Like An
Orange Capital, Blisce, Citizen Capital,
Future Positive Capital, Gaia Capital
Partners, Idinvest, Lombard Odier,
OneRagtime, VialD

Design & Art
—
Marine Chatras
Élodie Da Silva Costa
Justine Jenner
The Covid-19 crisis has highlighted the world’s unpreparedness to both the digital transition and the climate transition. At France Digitale, we firmly believe in innovation to combine these two transitions, overcome the challenges they raise, and create opportunities for our communities.

We envision a world fueled by breakthrough innovation developed by startups and financed by VCs. Because our future depends on sustainable practices, we are convinced startups can create and amplify significantly positive impacts. France Digitale brings together more than 1,800 digital startups and investors, with a purpose: create European digital champions.

France Digitale has launched the « FD Impact » program to empower tech players using digital solutions to fuel social and environmental innovation. More than 200 committed startups and VCs are already mobilized.

1,800+ startups and investors. + Create European digital champions = France Digitale

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We help companies craft their best future selves. That takes the best combination of true individual talent to help you learn, craft and spread what you need for tomorrow. Fabernovel is an international, multi-disciplinary talent company: 450 developers, designers, agile coaches, data engineers, transformation specialists, value analysts.

_(design)_ We help companies grasp trends and deeply understand their people and users.
_(technologies)_ We co-create mindful and useful digital services, teach your teams the know-how.
_(marketing)_ We respectfully get users’ attention, and create meaningful relationships with brands & businesses.
_(cultures)_ We deeply change companies' mindsets when it comes to transformation, from employees to investors: towards full commitment.

400+ talents
4 continents
>250 clients

www.fabernovel.com
Thank you

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