

IMPACT
MANAGEMENT
PROJECT

B Impact
Assessment®



THE SIGNPOSTING SERIES

Signposting the shared
fundamentals in existing
infrastructure:

The B Impact Assessment

INTRODUCTION

Welcome to the “Signposting” series, where we showcase the shared fundamentals of the Impact Management Project within existing standards, measurement tools and frameworks.

Each headline in this document highlights the shared fundamentals in action. We hope you will start to see how the consensus of the Impact Management Project can be observed in any tools you use, whether proprietary or off-the-shelf.

We encourage resources to publish blogs or papers on www.impactmanagementproject.com about how they link to the convention, and share their plans for further integration in the months ahead. If you are interested in signposting your work, let us know at team@impactmanagementproject.com.

Across the website, we have also compiled tools and resources where they are most helpful within the impact management process. It’s a tribute to the great work that exists out there, and we hope you explore the available resources in more detail.

This paper highlights how the shared fundamentals of the Impact Management Project align with the methodology of the B Impact Assessment - and outlines next steps for the collaboration.

IN SHORT

The B Impact Assessment and the Impact Management Project share the objective of encouraging all businesses and other ecosystem actors to actively measure and manage their impact.

As an impact performance evaluation and management tool for businesses, the B Impact Assessment (BIA) operationalizes many of the shared fundamentals agreed through the Impact Management Project and actively drives businesses to identify and make improvements and provides a comparable evaluation framework by which to benchmark performance against those fundamentals.

B Lab and the Impact Management Project will work together to consider areas of further alignment and improvement across the five dimensions of impact for the next version of the B Impact Assessment, scheduled for release in January of 2019.

ABOUT THE B IMPACT ASSESSMENT (BIA)

The B Impact Assessment provides an objective measure of a business's positive effects on people and planet.

By answering a set of tailored indicators related to its effects on key stakeholder groups including Governance, Workers, Community, Environment, and Customers, a business receives a composite score on a 200-point scale indicative of its overall impact performance.

In order to provide a standardized, comparable, performance measure – and actively provide educational guidance for users on how to manage and improve their impact – the B Impact Assessment includes a variety of indicators related to the policies, practices, and outputs that lead to positive outcomes for the business's stakeholders.

BIA indicators are based on the best available research, expertise, and feedback to ensure they serve as appropriate "proxies" for impact, and are designed so that indicators more directly correlated to positive impact are the most heavily weighted for the assessment.

To date, more than 50,000 businesses across industries and geographies have used the B Impact Assessment to measure and manage their performance: ranging from small businesses to multinational corporations.

The B Impact Assessment is implemented through a free, confidential, online platform at www.bimpactassessment.net. It is the exclusive tool used to verify performance requirements for B Corp Certification for businesses that voluntarily adopt higher standards of impact performance, accountability, and transparency. It is also the basis for issuing GIIRS Ratings, similar to a Morningstar rating for impact performance.



SIGNPOSTING SHARED FUNDAMENTALS IN THE BIA

The B Impact Assessment evaluates the effects, both intended and unintended, of a business on a range of typical stakeholders.

The B Impact Assessment and the Impact Management Project recognize that a business affects many stakeholders regardless of whether those effects are intentional, and that impact management is the process of identifying, assessing, and improving our material effects on those stakeholders.

The BIA categorizes these stakeholders into Impact Areas, including Workers, Customers, Community (including Suppliers), and the Environment.

The effects of the business on these stakeholders are weighted based on their relative materiality, tailored to a business based on its size, sector, and geographic market. Weightings are overseen and determined by an independent and multi-stakeholder Standards Advisory Council, and are subject to feedback and improvement by all users of the BIA and stakeholders. In conjunction with direct stakeholder engagement that the business might conduct, these weightings allow businesses to objectively balance the needs and opportunities to benefit different stakeholder groups.

The B Impact Assessment caters to businesses (and investors in businesses) with a range of intentions.

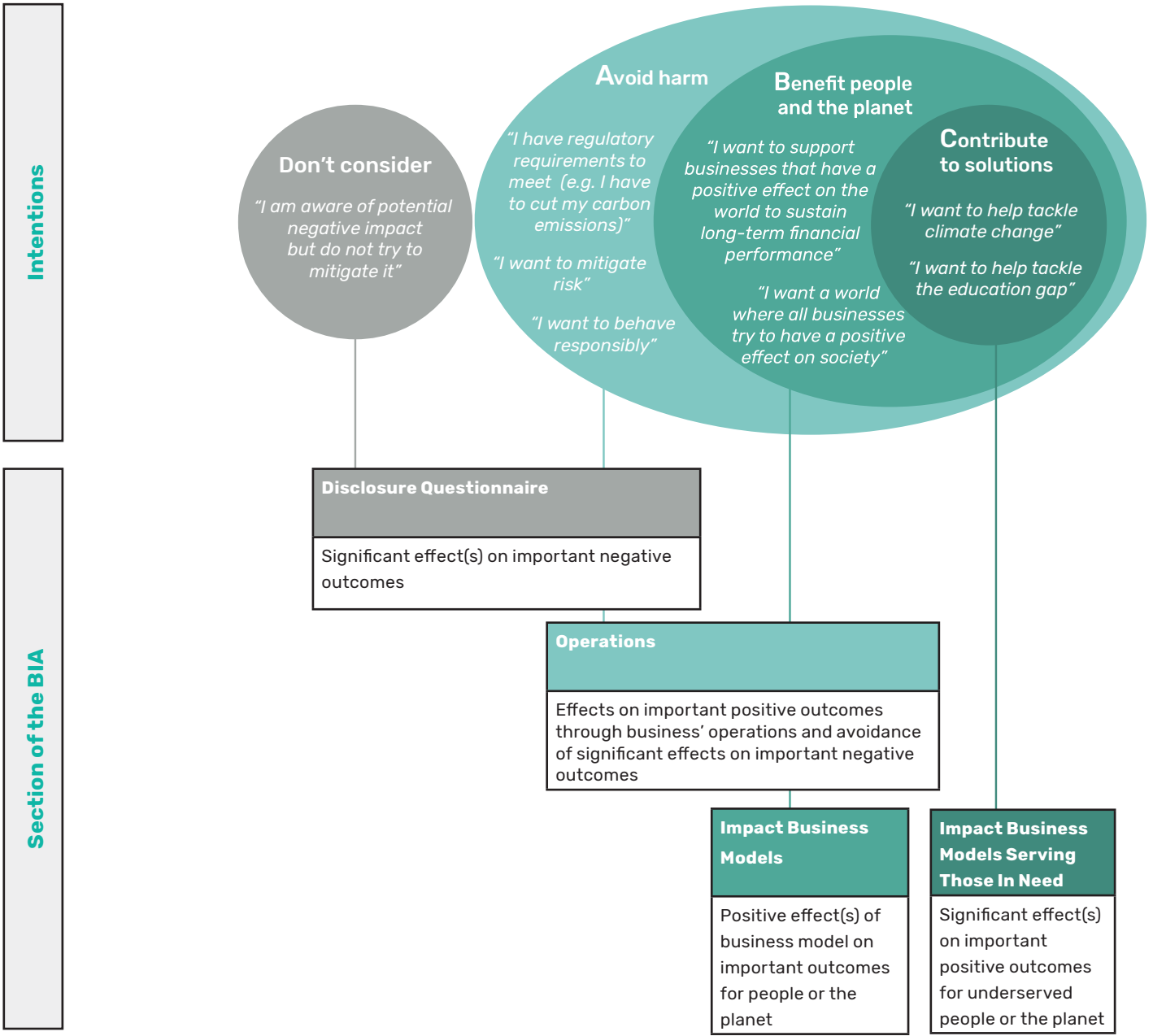
Some businesses just want to avoid harm and manage risk; others also want to generate benefits for their stakeholders where possible; and some, in addition to trying to avoid harm and generate benefits for stakeholders, also want to focus their business model on contributing to a solution to a specific

The BIA's **Operations** section focuses on how the business is managed and operated on a day-to-day basis to prevent negative effects and increase positive effects for its stakeholders. Topics, for which points are rewarded, include: payment of a living wage, employee training programs and development (workers), supply chain monitoring and screening (suppliers), community service and advocacy (community), and the environmental footprint of facilities (environment).

The BIA's **Impact Business Model** section explores, in detail, the way(s) a business may also be designed to create a significant effect on a specific important positive outcome for an underserved stakeholder group. Businesses score additional points for specific impact business models that are relevant to them. For example, some business models focus on providing basic services to individuals without prior access (customers), developing technology that enables the more efficient use of natural resources (environment), and hiring and support programs for formerly incarcerated individuals with chronic barriers to employment (workers).

The BIA's **Disclosure Questionnaire** flags sensitive and/or negative aspects about a business's effects on stakeholders. The content of the Disclosure Questionnaire is based on third party standards and screens including those from organizations like the International Finance Corporation and International Labour Organization. Unlike the sections above, the Disclosure Questionnaire is not scored, to avoid the implication that positive impact can negate the potential negative impact created by the business.

social or environmental challenge. These varying intentions are reflected in the BIA according to how each section evaluates performance.



Enterprise performance across five dimensions of impact

☐ WHAT	Important negative outcomes	Important negative outcomes	Important positive outcomes	Specific important positive outcome(s) AND Deep, and/or for many and/or long-term AND Underserved
⋮ HOW MUCH	Various	Marginal and For few	Various	
○ WHO	Underserved	Underserved	Various	
+	CONTRIBUTION	Likely same or worse	Likely same or better	Likely same or better
△	RISK	Various	Various	Various

Collectively, the BIA provides a comparable performance measure and provides benchmarking across businesses at all levels of their journey.






The B Impact Assessment recognizes that a comparable performance measure should enable a business to understand its contribution, both positive and negative, relative to other comparable businesses.

Based on the weightings determined by the Standards Advisory Council for the business’s size, sector, and market, a business is able to benchmark itself against the universe of other businesses who have completed the B Impact Assessment on its overall performance, stakeholder-specific performance (Workers, Community, Environment, Customers), thematic topics (e.g. Professional Development and Training, Civic Engagement, etc.), and by individual indicators.

Specific comparisons can be made based on the intent of the business, split by “Ordinary” Businesses—those who have no or very little positive intent—and “Sustainable Businesses”—those who consider positive effects on people and planet as a core component of their business, and “Certified B Corps”—businesses who have fundamentally changes their legal structure to include stakeholder consideration and have been verified to meet high standards of impact performance.

Investors and other organizations interested in the aggregate performance of businesses that they work with can also conduct detailed benchmarking and analysis of their portfolio with B Analytics, also powered by the universe of businesses who have completed the B Impact Assessment.

Signposting the five dimensions of impact in the BIA

 <p>WHO</p> <p>Who experiences the effect and how underserved are they in relation to the outcome(s)?</p>	 <p>WHAT</p> <p>What outcome(s) does the effect relate to, and how important are they to the people (or planet) experiencing it?</p>  <p>HOW MUCH</p> <p>How significant is the effect that occurs in the time period?</p>	 <p>CONTRIBUTION</p> <p>How does the effect compare and contribute to what is likely to occur anyway?</p>  <p>RISK</p> <p>Which risk factors are material and how likely is the effect different from the expectation?</p>
<p>The BIA evaluates performance related to specific representative stakeholder groups.</p> <p>Workers Customers Community Environment</p> <p>Weightings of each group are determined by the relative significance of a business's effect on that stakeholder group based on a business's size, sector, and market.</p> <p>Indicators within each section are used to indicate the extent to which stakeholder groups are underserved.</p>	<p>For each stakeholder group in the BIA, different topics in that section explore the positive or negative outcomes they are experiencing.</p> <p>Questions are designed to evaluate the performance of the business on those topics, which correlates to the significance of the business's effect.</p>	<p>Indicators are based on stakeholder feedback, best practices, and available research to ensure that they are the best available proxies for high performance, minimizing risk and maximizing contribution.</p>
<p><i>Among the themes that will be explored between the BIA and the Impact Management Project are:</i></p>		
<p>1 Signposting to how available BIA indicators align with the five dimensions of impact and guide understanding of material effects on stakeholders featured in the assessment.</p>		<p>2 Further integration and alignment of the five dimensions of impact into the BIA, particularly Contribution and Risk in the context of the Impact Business Model (IBM) sections.</p>

The B Impact Assessment provides an aggregated performance measure for investment funds, which includes aggregate impact performance of businesses in a portfolio and the “contribution” of investors.

For the purposes of issuing GIIRS Fund Ratings, B Lab also has a “Fund Manager Assessment” - a complementary tool of the B Impact Assessment - which covers topics such as fund screening and due diligence policies for funds; capacity-building and active engagement with all businesses by investors; and terms of investment to provide more flexible capital to businesses, where needed.

A GIIRS Fund Rating includes the weighted aggregate performance of the portfolio companies - which is measured by the B Impact Assessment and based on the amount invested in each company - and the fund manager’s performance on the Fund Manager Assessment. The rating includes absolute, as well as relative, performance data on the portfolio.

Among the themes that will be explored between the BIA and the Impact Management Project are:

- 3 More specific indicators reflecting investor contribution in the fund manager assessment.**

ABOUT US

About B Lab

B Lab is a nonprofit organization that serves as a global movement of people using business as a force for good.

Its vision is that one day all companies compete not only to be the best in the world, but the Best for the World® and as a result society will enjoy a more shared and durable prosperity.

B Lab drives this systemic change by building a global community of Certified B Corporations, promoting mission alignment through innovative corporate structures like the benefit corporation, helping businesses, investors, and institutions *Measure What Matters*, by using the B Impact Assessment and B Analytics to manage their impact—and the impact of the businesses with whom they work and inspiring millions through stories at www.bthechange.com.

WANT TO FIND OUT MORE?



Contact us:
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Visit the websites:
www.bimpactassessment.net
www.b-analytics.net
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Sign up for updates:
<https://www.bcorporation.net/blog/v6-of-the-b-impact-assessment-coming-in-january-2019>

About the Impact Management Project

The Impact Management Project has agreed on shared fundamentals for how we talk about, measure + manage impact.

The collaborative project is relevant to anyone looking to measure and manage their effects on people and planet, positive and negative.

This has not been an effort to converge on a single framework or tool. We will all use resources, whether proprietary or 'off-the-shelf' that suit our own context.

Results from the first phase of this conversation have been published on www.impactmanagementproject.com through a series of collective insights, case studies and model portfolios.

WANT TO FIND OUT MORE?



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team@impactmanagementproject.com



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www.impactmanagementproject.com



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The Impact Management Project, December 2017

THE **IMPACT** MANAGEMENT PROJECT