



Social impact measurement and reporting workshop

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September 2025



Workshop objectives



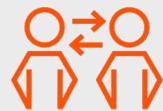
Understand the importance of your organisation's social impact

- Define 'Social Impact' and a range of topics under consideration
- Understand the connection between your organisation's strategy and its social impact.



Quantifying your social impact

- Learn about theories to measure social impact that facilitate compliance and drive value creation.



Communicating your social impact

- Understand how robust and transparent reporting builds greater trust with your stakeholders and mitigates risk of impact washing.
- Learn how existing and emerging global sustainability standards can be leveraged for greater social impact.

Agenda

- 1 Social impact and why it matters
- 2 Drivers of social impact
- 3 Sustainability standards
- 4 Tools for measuring and monitoring social impact
- 5 Building trust through transparent reporting
- 6 Takeaways for implementation



Social impact and why it matters

01

Social sustainability



Social sustainability is about identifying and managing business impacts, both positive and negative, on people."

UN Global Compact

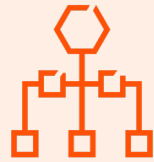


Human rights sits at the centre of various social sustainability topics



Resilient communities

- Community relations
- Social impact and measurement
- Sustainable development
- Vulnerable populations



Protected value chains

- Responsible sourcing
- Sustainable procurement
- Supplier development
- Labour practices
- Modern slavery



Sustainable workforce

- Working conditions and living wage
- Diversity, equity and inclusion (EDI, D&I)
- Health, safety and well-being
- Skills and development
- Corporate culture



Responsible production and consumption

- Vulnerable end users
- Affordable and accessible resources
- Privacy and access to information (data)
- Product safety and quality



What is social impact?

Changes to different aspects or dimensions of someone's life. It can be positive or negative; direct or indirect; and be experienced at the individual, household, communal or societal scale.

- People can be affected in different ways: the workforce, across the value chain or persons living nearby.
- It is critical to highlight groups that may be more vulnerable to certain changes, such as lower-income groups, women, migrants, indigenous peoples, minorities and the differently able.



Differences between social impact and philanthropy (or CSR)

They are not the same!



Philanthropy

- Philanthropic activities exist outside of business as usual (this includes CSR activities)
- Though positive, these initiatives do not address adverse social impacts resulting from business models and economic activities



Social impact

- Social impact considerations are embedded within core BAU
- Shape business models and strategies
- Guided by standards and directives (CSRD, UN Global Compact, ISO, GRI, TISFD)
- Metrics and indicators can be aligned to show changes in outcomes and impacts.



Measuring the financial cost of sustainable business practices helps companies and stakeholders compare impacts and prioritise improvements.



Visibility into impact is increasingly important to achieve but not always easy to realise

- A transparent and consistent understanding of an entity's external effects—both beneficial and harmful—could significantly influence decision-making processes.
- This includes investors' voting and evaluations of how management handles assets, customers' purchasing decisions, the company's internal operations and strategy, and ultimately, its overall valuation.

Audience Engagement #1



What social impact initiatives has your organisation undertaken in the past 12 months?

- Community engagement and development initiatives
- Employee engagement and volunteerism activities
- Diversity, equity and inclusion programmes
- Health, safety and wellbeing programmes
- Fair labor practice programmes
- Ethical supply chain



Materiality

“

Disclosing corporate sustainability impacts is becoming essential to financial decision-making. Traditional reporting no longer fully captures the risks businesses face – and the reality is that most of a company’s impacts will, in time, become financially material.”

Peter Paul van de Wijs, Chief Policy Officer, of GRI

Traditional reporting - P&Ls, Balance Sheets and financial metrics need to be used jointly with reporting on material non-financial issues.

Double materiality assessment

Considers whether the sustainability issue is both financially and environmentally/socially material.

Involves significant judgement!



Financial aspect

Considers whether the ESG issue is financially material.

Issues that could affect financial performance.



Social aspect

Considers social impact.

This incorporates qualitative factors.

Requires judgement.

The concept, Impact Materiality addresses its identification.

Financial materiality



PwC interpretation

This “**outside in**” view focuses on how sustainability matters may pose either a prospective **material risk or opportunity that could affect a company’s** financial performance and position over the short, medium and long term. Sustainability matters are considered material for primary users of a company’s financial reports if omitting or misstating the information could influence the users’ decisions.

IFRS S1

“

Materiality

- 17 An entity shall disclose *material information* above the sustainability-related risks and opportunities that could reasonably be expected to affect the entity’s prospects.
- 18 In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.”

Impact materiality



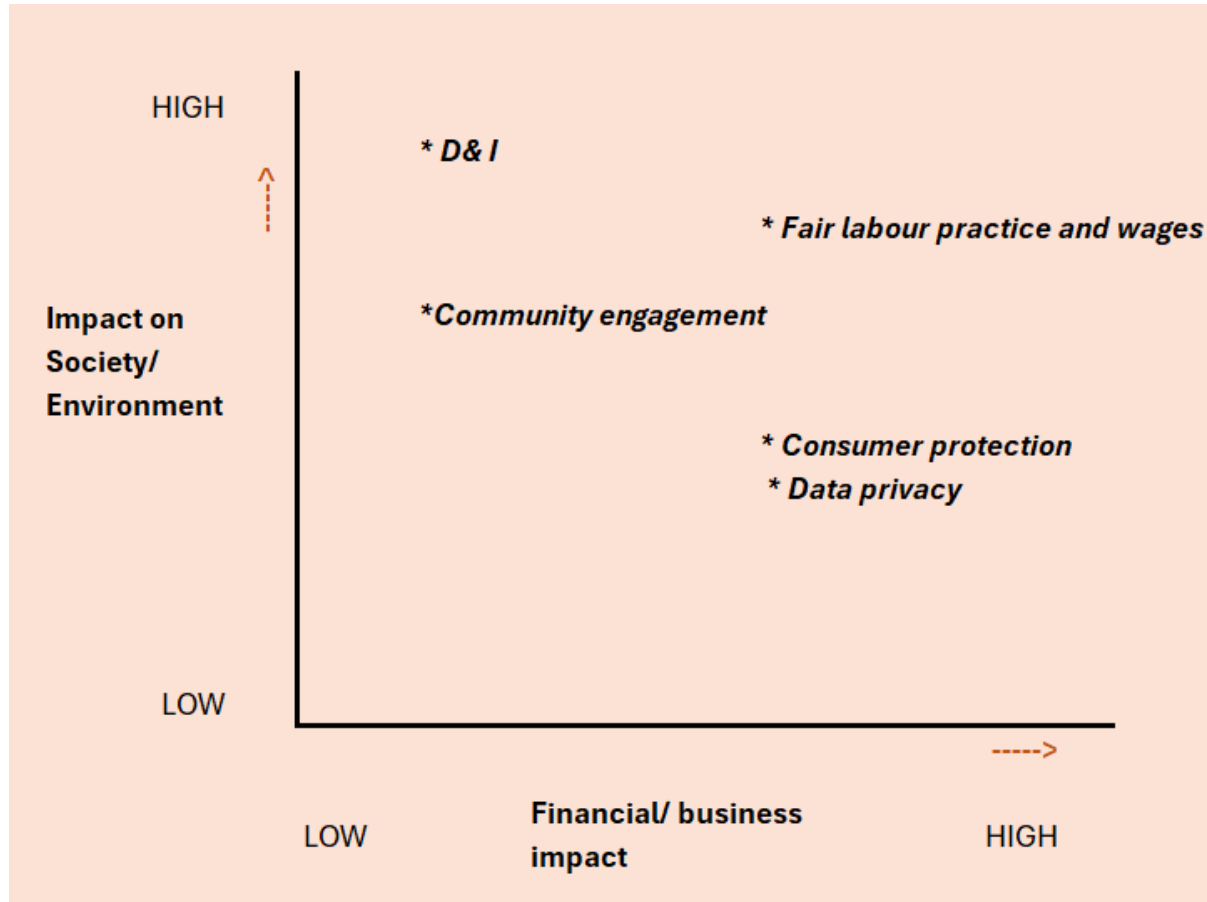
PwC interpretation

This “inside out” view focuses on the actual or potential short, medium and long-term impacts on people or the environment that are directly linked to a company’s operations and its value chain. These impacts can be both positive and negative.

GRI (*Global Reporting Initiative*)

“An ESG issue is material based on the impact of an organization and its activities across the value chain on the environment, society and economy. This can also be considered as an inside-out perspective.”

Conducting a double materiality assessment



Key steps of double materiality assessment

1. Identify 'S' issues.
2. Engage stakeholders.
3. Assess financial and social impact.
4. Score and map on a materiality matrix.
5. Decide on disclosure.

Issues in the top right quadrant would generally be those for disclosure.

Social Return On Investment (SROI)



$$\text{SROI} = \frac{\text{Social Impact Value} - \text{Initial Investment Amount}}{\text{Initial Investment Amount}}$$

Benefits of this social metric:

Simple

Systematic

Useful for communication purposes

Drawbacks of this social metric:

Over reliance on monetisation

Some social issues can't be measured with a number

Oversimplification

Subjectivity in assumptions

Attribution and deadweight challenges

Complexity and resource intensity

Recommendation:

Develop a range of applicable quantitative and qualitative measures across the relevant social issues for the organisation.

!





Drivers of social impact

02

What investors are telling us (PwC's Global Investor Survey 2024)

75%

Of investors agree that quantifying the impact that companies have on society and the environment would enable a better understanding of the material risks and opportunities facing a business

71%

Of investors agree that companies should embed ESG/ Sustainability directly into their corporate strategy

72%

Of investors agree that how a company manages sustainability-related risks and opportunities is an important factor in their investment decision-making

PwC Caribbean CEO Survey Insights 2025: Business Threats

How exposed* do you believe your company will be to the following key threats in the next 12 months?

*Exposure is defined as the probability of significant financial loss

22%

of respondent CEOs believe their business will be moderately exposed to **social inequality**

50%

of respondent CEOs believe their business will be moderately exposed to **macroeconomic volatility**

28%

of respondent CEOs believe their business will be extremely/highly exposed to **inflation**

28%

of respondent CEOs believe their business will be extremely/highly exposed to **lower availability of workers with key skills**

Companies face the risk of reputational damage and litigation for poor performance in social issues



Labor law violation

In 2019 Foxconn, the largest iPhone factory in the world was accused of violating numerous labour law violations such as insufficient wages, insufficient social insurance contributions and violation of overtime restrictions.



Indigenous land rights violation

Two palm oil companies were legally barred from continuing deforestation of indigenous forestland.



Modern slavery

Fashion brand Boohoo faced £100m lawsuit over modern slavery breaches such as poor working conditions and low pay rates in their factories.



Data privacy and access to customer information

In 2018, Meta (Facebook at the time) faced a lawsuit by shareholders for alleged privacy violations where it was claimed Meta failed to protect user data.



Negative impacts can happen and should equally inform your business strategy



Negative impacts do occur from time to time and should not be ignored for fear of reputational harm or cost.

Managing and mitigating negative impacts is as important as facilitating positive impacts.

Long-term value creation hinges upon consideration of both opportunities and risks arising from your business strategy.

Properly assessing and quantifying ESG risks signals to investors, customers, employees and other stakeholders that the company is aware and prepared to take specific strategic actions to limit these risks.



Sustainability standards

03

ICATT's position on the adoption of IFRS S1 and S2 standards



The Institute of Chartered Accountants of Trinidad and Tobago (ICATT) on IFRS S1 and IFRS S2

- Currently, sustainability reporting is not required by law in Trinidad and Tobago but remains voluntary until such time.
- While the IFRS Sustainability Disclosure Standards S1 and S2 are not mandatory in Trinidad and Tobago, ICATT fully supports the direction and intent of these standards.
- ICATT intends to finalise a clear position on the implementation of S1 and S2 by the end of 2025.

The sustainability standard landscape continues to evolve



As ESG reporting becomes mandatory in more areas, organizations can use it strategically to boost competitiveness and build stakeholder trust

Reporting requirements vary across geographical locations and industry with each preferring a different framework. The main standards which organisations chose to report under include:

- International Sustainability Standards Board (ISSB) – this framework was created to harmonise the fragmented landscape of voluntary sustainability-related standards and establish a comprehensive global baseline of reporting standards.
- EU Corporate Sustainability Reporting Directive (CSRD) - the EU's legislating mandating disclosures on ESG topics specifically on governance, strategy, impact, risk and opportunity management and metrics and targets.
- Global Reporting Initiative (GRI) - this reporting framework includes general disclosures as well as sector specific disclosure requirements that allow like organisations to report on their impacts in a comparable and credible way.

Sustainability reporting frameworks



GRI

- Employee headcount by contract/region/ gender
- Benefits provided to full time employees not provided to part-time employees
- Operations with local community engagement



IFRS

- Dependent on what is material to organisation and in alignment to industry specific SASB standard



SASB

- Workforce composition by category, region, employment type
- Benefits eligibility/coverage for full-time and part time employees
- Community engagement programs



CSRD

- Workforce composition
- Workforce conditions and benefits
- Community engagement and development programs



Audience Engagement #2



Are you currently reporting against any of the following standards?

- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- IFRS S1 and/or IFRS S2
- Corporate Sustainability Reporting Directive (CSRD)
- Currently not reporting against any standards but planning to



Tools for measuring and monitoring social impact

04

Theory of Change or Impact Pathway tools help us identify the potential effects activities, projects, and programmes may have on people.



Theory of Change (ToC)

This is a **high-level** overview or strategy that demonstrates the anticipated outcomes and impacts a project, initiative or programme will have. Even at a high level, ToC should involve deep analytical thinking and informed assumptions on what changes may happen



Impact pathway

This is a **step-by-step** linear model that identifies inputs, activities, outputs, outcomes and impacts that a programme or activity may involve. Impact pathways can be further used to develop outcomes frameworks or other impact management frameworks.



Steps to developing a Theory of Change (ToC)

01

Ensure the right people are involved

02

Agree on the topic/challenge or “problem” to be solved

03

Identify the goal(s) of ToC

04

Explore necessary outcomes that must occur sequentially

05

Explore what main activities we think will lead to the outcomes

06

Check assumptions and circulate with different stakeholders to get buy-in

Let's Practice!

Complete 1 case study using the steps of Theory of Change to critically assess each stage of the Theory of Change Flow

Case study 1 – Board diversity

Company A owns a fast-food restaurant, whose board of directors comprises 12 males, all of the same ethnicity, with ages ranging between 55 and 64. The Chairman of the board recently presented the company's strategy for growth at the annual general meeting. Since then, there have been numerous social media reports criticising the board for being too slow to respond to customers' demands for healthier menu options.

Case study 2 – Fair compensation

Company X manufactures burger patties for its sister company, Company A. It sources all its meat locally which is a source of pride for executive management. Local cattle and poultry farmers are struggling financially and many are facing hardship due to inflation. There has been a steady decline of 5% to 7% in the last 3 years on Company X's meat supply as farmers find new careers to earn a living wage.

Theory of Change Flow

What is the **long-term goal**? This is **impact** you want to see.

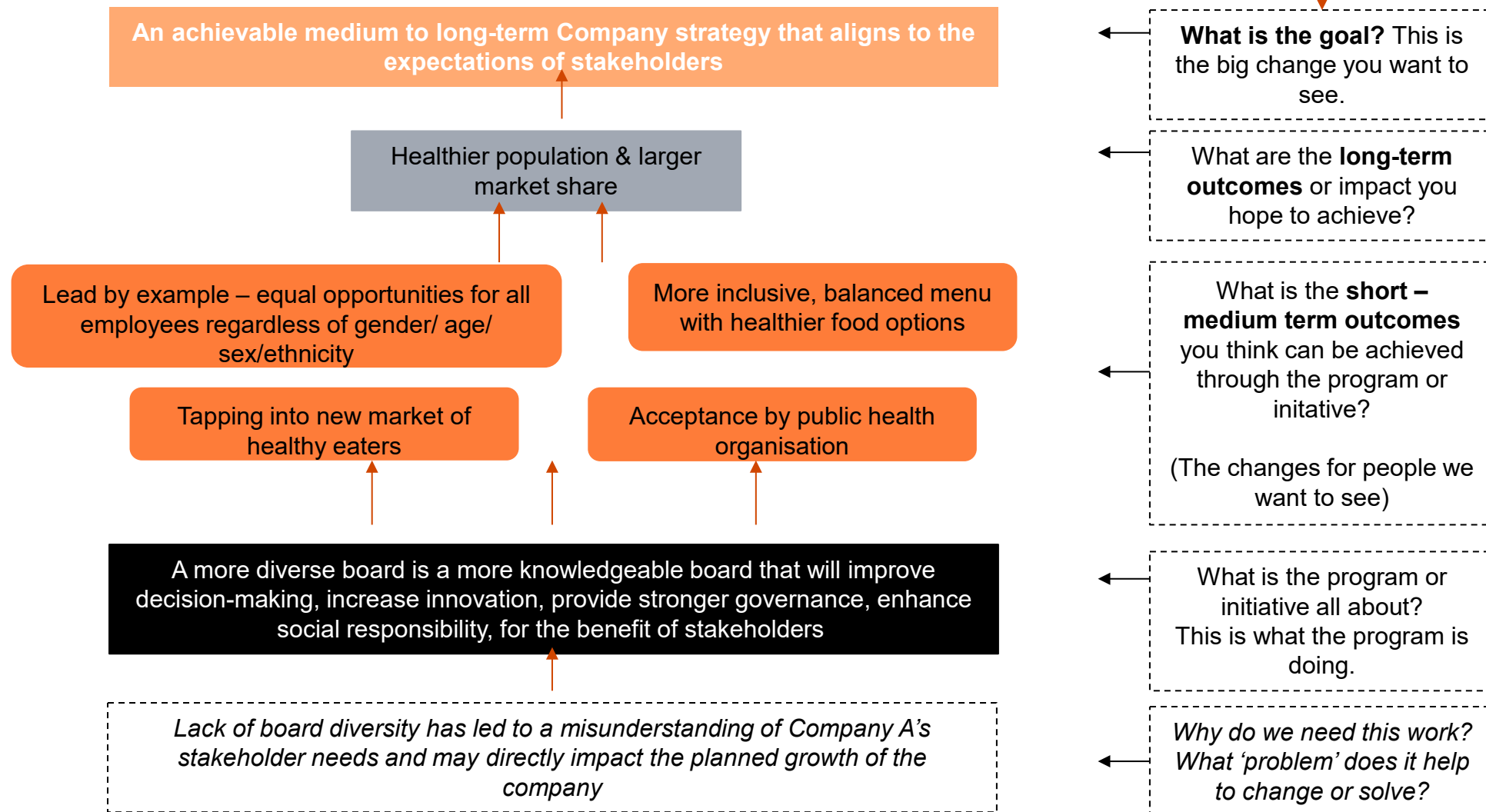
What are the **outcomes** or changes you want to see?

What are the **outputs** or short-term results you want to see?

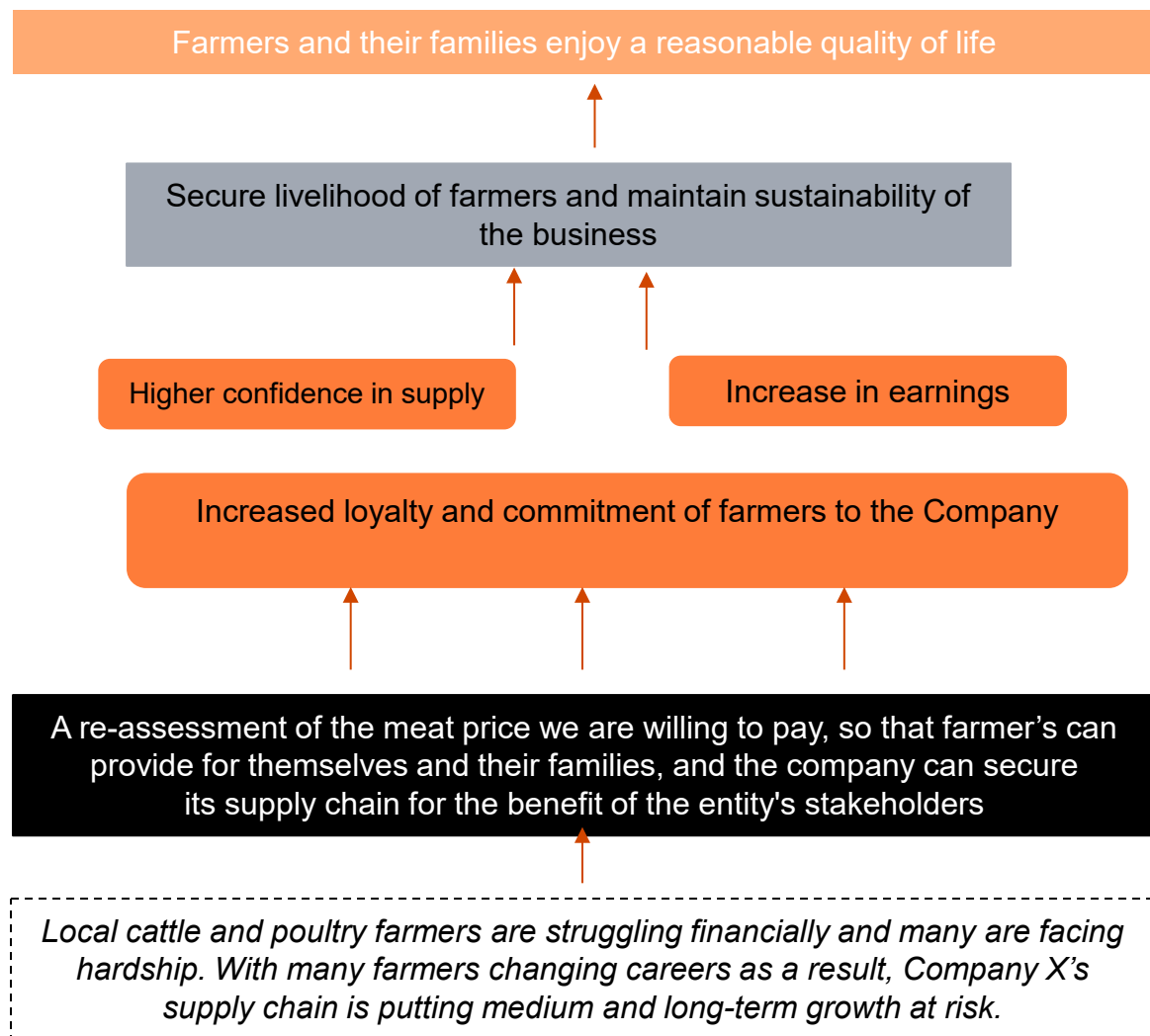
What are the **activities** or key initiatives that need to be undertaken (what you do)?

What are the **inputs** or key resources you need for this project or initiative?

Debrief – Case study 1 – Board diversity



Debrief – Case study 2 – Fair compensation



Ask these questions

- ← **What is the goal?** This is the big change you want to see.
- ← What are the **long-term outcomes** or impact you hope to achieve?
- ← What is the **short – medium term outcomes** you think can be achieved through the program or initiative?
(The changes for people we want to see)
- ← What is the program or initiative all about?
This is what the program is doing.
- ← *Why do we need this work?*
What 'problem' does it help to change or solve?

Measuring and monitoring impact

What social indicators can we use to track and assess outcomes and impact?

Impact measuring plan - Outcomes framework

A structured approach used to plan and evaluate the results of a project or program.

It encompasses:

- Collection of Outcomes
- Indicators
- Data sources
- Timing for collecting data

A social metric can include many indicators

Standard metrics - set by different international agencies, including the UN SDGs, WEF, GRI

Custom-made metrics – right fit that answers the questions your company and stakeholders want answered

Collecting data and insights

Quantitative data is numerical and can be measured and analysed statistically.

Qualitative data is descriptive, narratives, and provides insights into people's attitudes, behaviours, and experiences.

Mix of the above.





Building trust through transparent reporting

05

Guard against social washing



Social washing occurs when companies exaggerate or falsely promote their social responsibility efforts to enhance their reputation

- Motivations for social washing - a desire to enhance public image, response to stakeholder pressure, and gain competitive advantage.
- Negative impact of social washing include - loss of stakeholder trust and negative brand reputation, even penalties and fines imposed by regulators.



Challenges to robust sustainability reporting

PwC's recent Global CSRD Survey 2024 highlighted the following challenges in its implementation:



Data availability and quality

- **74%** respondents still rely on spreadsheets for sustainability reporting.
- Relying on these manual methods for collecting information creates risks of inefficiencies and human error.



Value chain complexity

- Survey respondents identified value chain complexity as the second-biggest obstacle to implementation.
- Often for the first time, companies must use data from suppliers, customers and third-party data providers, and they need to assess their reliability

PwC technology alliances



Workiva

We combine our deep industry perspective with Workiva technology empowering you to:

- Build trust and transparency in ESG reporting
- Transform compliance
- Re-imagine financial reporting



Oracle

Finance and Sustainability teams can capture and analyse critical sustainability data to enhance reporting, expand insights, improve decision-making, and accelerate progress towards environmental goals.



SAP

We can support you with SAP technology maturity assessments, architecture design and data quality reviews for all sustainability requirements – whether that’s reporting, steering, helping you on your journey to the Green Ledger or any other use case.



Microsoft

PwC and Microsoft offer a powerful strategic approach to leveraging sustainability data and AI. Achieve your decarbonisation goals, and comply with regulations requirements while creating significant value across various sectors and within partner ecosystems.



Takeaways for implementation

06

Applying learnings to implementation



Why is this important?

Knowledge management is about using the findings to develop strategies for ‘what now?’

How will you take the insights to influence change, whether it is internal organisational change or change in how you engage with communities, or relationships with suppliers, investors, etc.

One way is to develop an implementation plan for the next steps.

The implementation plan

Leadership and culture

Supportive leadership

Leaders should champion outcome measurement, promoting a culture that values it as a tool for performance improvement and learning.

Cultural shift

Encourage staff to view measurement positively, fostering engagement, accountability, and a focus on continuous learning and improvement.

Integration

Embedding processes

Incorporate outcome measurement into regular operations and strategic planning, ensuring it is part of everyday work rather than an isolated activity.

Alignment with frameworks

Align outcome measurement processes with existing organisational frameworks, systems, and tools to maintain consistency and leverage resources efficiently.

Adjustment

Continuous refinement

Keep the outcome measurement approach dynamic, with regular reviews and updates to processes, tools, and methods to ensure relevance and effectiveness.

Iteration

Test and modify the approach based on feedback and results, adapting to environmental or organisational changes to maintain valuable insights.

Let's stay
connected on
your
sustainability
journey



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