

# Sustainable Value Calculator

GLOBAL VALUE tool showcase



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### **GLOBAL VALUE tool showcases: your guides to using tools**

Understanding a company's impact on sustainable development, and finding ways to manage it best, is not an easy task. With so many tools available, choosing one to invest time in is even more difficult. GLOBAL VALUE tool showcases will make this task easier.

We selected and tested 15 leading tools in different categories to help understand how each of them can help you achieve your assessment goals. Our tool showcases are meant to support you in deciding which tool best fits your company's needs. The tools were tested in collaboration with multinational companies from different sectors to give you practical tips on how to get the most from using each of the showcased tools.

### **Tools for managing impact on the Sustainable Development Goals**

The Sustainable Development Goals (SDGs) are the north star for global development for the next 15 years. Adopted by the United Nations in September 2015, these Goals have been developed in extensive consultation with the business community. For companies across the globe, the SDGs are both a challenge and an opportunity to serve global populations in a manner that is sustainable in the long-term. Each tested tool has also been screened for how many and which SDGs it may help companies tackle.

Find more tool showcases on the [GLOBAL VALUE Toolkit](#).

### **Tool selection**

The tool showcases feature [15 tools](#) that were selected from over 200 tools collected during three years of research in the context of the [GLOBAL VALUE project](#). These tools were shortlisted through an iterative consultation with GLOBAL VALUE consortium experts, who evaluated the strengths and weaknesses, feasibility and usability, methodology and added value of different tools in order to narrow down the list of tools to 15 for testing in an actual company setting.

The Sustainable Value Calculator was selected for testing as a tool, that is based on academic research, as one of rare tools that can help monetize business impacts.

### **Tool testing process**

The tool showcases are based on the experiences of three GLOBAL VALUE tool testers, who have implemented these tools in collaboration with [three multinational companies](#). The tools were tested with a specific focus on their operations in developing countries, in order to understand how each of them can help companies measure and manage their impacts on global sustainable development. The tool testing assessed each tool's feasibility and usability, user friendliness, content and context, methodology, data required and results provided.

This showcase will guide you through the main benefits and limitations, ease of use, tool adaptability to different geographical and company contexts, scope of value chain and SDG coverage, methodology for assessing impact, and the usefulness of output or results that the tool provides.

# An introduction to the Sustainable Value Calculator

The Sustainable Value Calculator (SVC) is an online sustainability assessment tool, as well as a **methodology, for assessing company sustainability performance in monetary terms.**

The SVC tool and methodology allows companies to monetize and **benchmark** their sustainability performance using opportunity cost thinking. Benchmarking is possible against a selected country, industry, or another company benchmark.

In order to use the tool, quantitative data on environmental and social resource use will be required. The tool supports the analysis of 13 financial, environmental and social indicators that are most commonly used in corporate environmental and sustainability reporting. It assesses how efficiently economic (non financial assets), environmental (different emissions, waste generated, water used) and social resources (work accidents, number of employees) that are used by the company and provides a single monetary indicator as a result. The end result indicates whether the company creates more return with the resources used or the chosen benchmark.

Based on the results of a research project "Sustainably successful? Analysing, measuring and managing corporate sustainability with the Sustainable Value approach" (In German: "NeW - Nachhaltig erfolgreich Wirtschaften"), the tool is one of the rare examples of a sustainability assessment instrument based on scientific research.

## At a glance

Web: <http://www.sustainablevaluecalculator.com/en/>

Developer: Sustainable Value

Sustainable Value is a value-oriented methodology developed by Prof Frank Figge of Queen's University Belfast (United Kingdom) and Dr Tobias Hahn of IZT - Institute for Futures Studies and Technology Assessment in Berlin (Germany) to assess the sustainability performances of companies. The Sustainable Value Calculator is part of the research project "Sustainably successful? Analysing, measuring and managing corporate sustainability with the Sustainable Value approach" (In German: "NeW - Nachhaltig erfolgreich Wirtschaften").

Use the Sustainable Value Calculator when you want to:

- **assess company sustainability performance in monetary terms**
- **benchmark** your company's sustainability performance against a country, industry average, or other selected company.

## Features

## What you need to know about the Sustainable Value Calculator

This section gives you an overview of the key features of the Sustainable Value Calculator. All important information that can help you decide on whether this is the tool for your needs is presented in a condensed format in the table below. For more elaborate information on the [icons](#) and to explore other tools please visit the [GLOBAL VALUE tool navigator](#).

Purpose	Scope	Output	Requirements	Access
 <p>The main purpose of the tool is to support <b>management control</b> and help companies <b>learn more</b> about their sustainability performance in monetary terms.</p>	 <p>The tool allows the assessment of <b>only a company or one business unit</b>. Impacts upstream and downstream of the value chain cannot be taken into account.</p>	 <p>The tool results in a <b>monetary expression of impacts</b> in terms of sustainable value created (or destroyed) by the assessed company compared to a chosen <b>benchmark</b>.</p>	 <p>The tool is <b>easy</b> to use and does not require much time to implement.</p>	 <p>The tool is <b>free</b> to use and is available online after registration. Assessment is <b>confidential</b>.</p>

### What the tool testers say - Overall experience

The tool is straightforward, simple, and provides very robust, clear, and transparent results. Since the user can customize which indicators are to be assessed, it can be run on available data and does not require additional data collection. However, the online tool is outdated in terms of the benchmarks it provides, the latest available benchmarks are either the European Union or German economy in 2010. Thus, the online tool does not provide any relevant insights for a multinational company in present day operating and assessing their impacts in development countries. Nevertheless, the methodology of the tool and the way to construct a more suitable and up to date benchmark is very clearly explained, making the construction of own benchmark in a simple excel file very manageable. The SVC is mainly designed for use in the heavy manufacturing sector, and it is difficult to adapt for the service sector. However, it is possible to adapt it for use in the retail sector.

### Want to explore other tools?

[GLOBAL VALUE tool navigator](#) features over 220 tools that all screened for the same features as the Sustainable Value Calculator.

## Benefits

## Key benefits and added value of the Sustainable Value Calculator

### Key benefits you can expect

- **Easy to implement with robust results**

The SVC tool is easy to implement and requires low staff resources. It works with a choice of 13 economic, environmental and social indicators that, for the majority of them, are easily obtained from company annual sustainability reports or registers. It works only on the level of quantitative data and can be used for as many, or as few, indicators as the user deems feasible or useful.

- **Monetizing business impacts**

The tool is easy to use, but provides robust results. Monetization of impacts allows for effective communication about changes needed in the company's sustainability management. The benchmarking feature of the tool and methodology allows to compare company performance to a chosen benchmark, which gives a powerful insight into how well the company is performing in terms of its impacts on society, compared to others, or how big of an improvement is still needed.

- **Suitable for internal and external communication**

The tool and methodology is compatible with standard financial analyses and can be used for internal decision making. Given that the tool is based on a robust scientific methodology, and works on robust quantitative indicators, the results of the assessment can be used to communicate with both internal and external company stakeholders depending on the user's preference.

Learn more about the SDGs and what they mean for your business on the [GLOBAL VALUE Toolkit](#).

### Sustainable Development Goal coverage

The graph below shows the extent to which the Sustainable Value Calculator addresses the different issues covered by the [Sustainable Development Goals \(SDGs\)](#). Under each SDG, there are a number of different targets that are related to the individual goal. Some SDGs have more targets, while others have fewer. During our testing, we screened the tool to determine how many of the targets the tool covers under each SDG. The graph below is normalised and can tell you not only which SDGs the tool addresses, but also to what extent. The higher the SDG's coloured column, the more targets the tool addresses (read more about the testing process [here](#)).



## How to

## Implementation steps

*NOTE: since the online version of the tool is outdated the following implementation steps are applicable when you decide to construct your own benchmark group.*

### **STEP 1: Select the boundaries of the assessment**

As a first step of SVC, you have to make two choices in terms of the boundaries of the assessment: 1) you will have to select whether you would like to assess a business unit or assess the whole company; 2) You will have to decide what kind of benchmark you would like to use. The SVC methodology supports the selection of a national, industry, or another company benchmark. Bear in mind that the benchmark you choose has to be one for which you can obtain the necessary data. Required data includes the following: 1) a choice of GDP, in the case of national or regional benchmarks, total revenues generated by the industry of focus, in case of industry benchmark, or revenues generated by a company, in case of company benchmark; 2) as well as data for either one or all of the 13 resource indicators assessed, depending on how many, and which ones, you would like to assess your company on.

Once you have decided the scope, you will have to select which resources, out of the available 13, you would like to assess. There is a choice of 10 environmental indicators (CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub>, VOC, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub> and dust emissions, waste generated and water used) and two social ones (work accidents and total number of employees). As mentioned before, the data for all of the selected resources will be needed from both your company and the benchmark.

### **STEP 2: Collect data**

Collect the data for your chosen indicators for both your company and the chosen benchmark. Secondly, calculate your company gross value added as a proxy for value created (EBIT + personnel expenses + depreciation & amortization).

### **STEP 3: Run your calculations**

The SVC website provides a detailed guide on how to calculate one's sustainable value using a benchmark. Consult the online guide to calculate yours, and the benchmark's, resource efficiencies for each indicator you selected to be assessed. Having calculated those, you will be guided to calculate the returns generated for each of the resources considered. You will have to calculate for both your company and the benchmark. This calculation will provide you with the opportunity costs for each of the resources considered. Having calculated the opportunity costs for every resource, you will be able to calculate the sustainable value created or destroyed, taking into account all resources used, as well as return-to-cost ratio.

### **STEP 5: Analyse your results**

The sustainable value calculation result will indicate whether your company uses the resources more (positive number) or less (negative number) efficiently than the benchmark overall, while the resource efficiency calculations will indicate which of the considered resources your company uses more or less efficiently.

# How to

## Implementation steps (cont.)

*NOTE: since the online version of the tool is outdated, the following illustrations are only for inspiration for how to calculate one's sustainable value using the SVC approach.*

### Illustration for Step 2

The choice of resources that can be assessed is limited due to the methodology that the SVC uses. The resources that may be evaluated using the SVC are limited to: different kinds of emissions, water used and waste generated (in terms of environmental impacts), and work accidents and number of employees (in terms of social resources).

The CO2 emissions indicator should include the effects of energy use.

Financial Aspects	
<input type="checkbox"/>	Non-financial Assets
Environmental Aspects	
<input type="checkbox"/>	CO <sub>2</sub> emissions
<input type="checkbox"/>	NO <sub>x</sub> emissions
<input type="checkbox"/>	SO <sub>x</sub> emissions
<input type="checkbox"/>	Waste generated
<input type="checkbox"/>	Water used
<input type="checkbox"/>	VOC emissions
<input type="checkbox"/>	CH <sub>4</sub> emissions
<input type="checkbox"/>	Dust emissions
<input type="checkbox"/>	N <sub>2</sub> O emissions
<input type="checkbox"/>	SF <sub>6</sub> emissions
Social Aspects	
<input type="checkbox"/>	Work Accidents with more than three days leave
<input type="checkbox"/>	Number of employees

### Illustrations for Step 3:

The below illustration shows an example assessment provided by the SVC tool developer, and compares a company, Henkel, to a benchmark, the German economy, and takes into account a selected number of indicators. Two columns to pay attention to: 1) "Amount used by the company" indicates the total amount of each resource used by a company in the year in question; 2) "Gross Domestic Product German Economy" is the calculated value that the German economy would create with the same amount of resources that the exemplary company used, which is based on the resource efficiencies of the German economy.

The last column indicates the difference between the value created by Henkel and the potential value the benchmark reference would have created with the same amount of resources. The figures that turn out negative (marked in red in the illustration) indicate which resources the assessed company is using less efficiently than the benchmark.

Resource	Amount used by the company	Gross Value Added Henkel	Gross Domestic Product German Economy	Value Contribution
Non-financial Assets	€ 5,457,000,000	€ 3,219,000,000	- € 1,760,993,187	= € 1,458,006,813
CO <sub>2</sub> -emissions	806,173 t	€ 3,219,000,000	- € 2,042,883,644	= € 1,176,116,356
Waste	206,173 t	€ 3,219,000,000	- € 1,343,166,962	= € 1,875,833,038
Water	11,060,494 m <sup>3</sup>	€ 3,219,000,000	- € 687,730,860	= € 2,531,269,140
Dust-emissions	520 t	€ 3,219,000,000	- € 5,303,351,671	= <b>-€ 2,084,351,671</b>
Work accidents >3 days	246	€ 3,219,000,000	- € 499,582,427	= € 2,719,417,573

As the final steps, the SVC methodology, which is the overall sustainable value created by the assessed company, is calculated by averaging the value that the benchmark would have created using the resources the assessed company used. Just as with individual resources, if the figure of sustainable value created turns out positive, it indicates that the assessed company is using resources more efficiently than the benchmark, if negative – less efficiently.

## Suitability

# Tool testing insights: Sustainable Value Calculator for MNCs

### **Sustainable Value Calculator for Multinational Corporations**

The tool is very useful for multinational corporations looking to assess their impacts on the countries they operate in. By allowing the monetization of the positive value created, or value destroyed, it gives an indication of how well the company performs, as well as a direction for improvements.

Even if the actual company impact can be calculated, it often does not indicate whether it is good or bad, whereas with the sustainable value calculator benchmarking methodology, the impact can be compared to a chosen unit, company, industry or country, and, thus, inform a judgement of how well the assessed company performs.

However, the tool allows the assessment of only one company or one business unit. Impacts upstream and downstream of the value chain cannot be taken into account. Key indicators are calculated by comparing resources used by of the company to the revenues generated. Hence, it is key to use the same system boundaries for both aspects, i.e. if the data for revenues generated is taken from the company's own production, then, for example, GHG emissions data has to also represent the exact same unit without taking into account tiers 2 or 3. The same is true for product use stage impacts – they cannot be accounted for by using the benchmarking methodology of the SVC.

The tool is most useful for resource intensive industries. Manufacturing companies benefit more from the SVC than service based business. The SVC methodology allows for customization to reflect the ESG materiality of the company (by adding/removing resources to be assessed).

### **Ease of use**

The tool does not require a lot of staff resources for implementation when using the existing benchmarks. If a company wants to use its own benchmarks, it becomes more challenging, as one needs to construct their own benchmark.

The tool provides transparent and practical guidance, consisting of an online guide on how the calculations are done and how different parameters affect each other, and a FAQ section, where the tool methodology is documented in a replicable way. Overall, the tool is easy to understand and operate, but requires an understanding of the concepts used and its methodology (e.g. the concept of opportunity cost).

The SVC can be a complementary tool for sustainability performance monitoring. The tool can be adapted to specific contexts by selecting benchmarks that are relevant to the chosen context and purpose of the assessment. For example, for assessing a textile manufacturer in Bangladesh, one has to choose either national Bangladesh industry averages, the footwear industry as such, or another similar company as a benchmark.

Users can choose whether they want to evaluate one subsidiary or multiple ones, but need to use a corresponding benchmark. However, if users run an assessment on one component of the value chain (that is a heavy resource user), the company takes a higher burden e.g. for a steel company. This might distort the numbers.

## Review

# The Sustainable Value Calculator approach to measuring and managing impact

### Managing for global value

All the tools GLOBAL VALUE tested exhibit a different approach to managing a company's impact on sustainable development. Tested approaches include tools that assess a company's management system, monetize sustainability impacts or map impacts and build strategies for mitigating negative impacts and enhancing positive impacts.

In order to capture these differences, and what each of these approaches brings to a company wanting to measure and manage its impacts, each of the tools tested were evaluated against a set of criteria developed by the GLOBAL VALUE consortium. Find out more about the criteria we used [here](#). An online [Expert Crowd](#) of more than 260 experts from a variety of organisations and stakeholder groups globally has also been involved in developing the criteria to ensure that the most important concerns of science, businesses, civil society and policymakers are reflected.

This section will provide insights into the underlying assumptions of how the Sustainable Value Calculator evaluates the impact of a company using the tool, and the usefulness of the results that the Sustainable Value Calculator provides for managing business impacts on sustainable development.

Learn more about how to use tools for managing your impact on the SDGs on the [GLOBAL VALUE toolkit](#) !

### Sustainable Value Calculator approach

The tool uses a monetization approach in measuring impact and calculating sustainable value created. The underlying assumption that the tool operates on is that a company's impact can be assessed by comparing its resource efficiency, in terms of resources used for generating financial value, to the resources used by a benchmark to generate the same amount of financial value.

The SVC approach is suitable to a limited number of sustainability issues that can be conceptualised as resource use, which sets the precondition that environmental resources dominate the assessment, with social impacts being quite impossible to assess using the given methodology. Data required for the assessment is usually available as part of a company's sustainability data. The benchmarks can be constructed using external, quantitative publicly available national or industry data.

However, each chosen benchmark will carry inherent weights, which each resource has in that benchmark (e.g. by choosing a national benchmark the composition of that national economy in terms of how resource intensive it is). These weights will have to be taken into account when interpreting the SVC results. Furthermore, every industry has a set of impacts that are more important than others. Thus, comparing across industries is very difficult. Even comparing two industries, where the same issue (say CO2 emissions) is equally material, may be difficult. For example, for a forestry company, it makes more sense to calculate its CO2 emission intensity based on tons of paper and pulp output, while in another industry, it may make more sense to use revenue.

### Sustainable Value Calculator output

The SVC provides straightforward quantitative results of how much more, or how much less value the company is creating with the used resources compared to a benchmark. Results can be utilized for internal, as well external, use. In order to understand and interpret the output, a user has to understand the tool's methodology.

## Resources

## Further resources

- Sustainable Value: <https://www.sustainablevalue.com/index.html>
- Sustainable Value Calculator (SVC) online: <http://www.sustainablevaluecalculator.com/en/>
- SVC: How to calculate sustainable value?: <http://www.sustainablevaluecalculator.com/en/info/calculation/>
- Sustainable Development Goals (SDGs): <https://sustainabledevelopment.un.org>
- GLOBAL VALUE Project: <http://www.global-value.eu/toolkit/project/>
- GLOBAL VALUE Toolkit: [www.global-value.eu/toolkit](http://www.global-value.eu/toolkit)
- GLOBAL VALUE tool navigator: [www.global-value.eu/navigator](http://www.global-value.eu/navigator)
- GLOBAL VALUE Expert Crowd: [www.global-value.eu/toolkit/expert-crowd](http://www.global-value.eu/toolkit/expert-crowd)
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