



LINKING "ESG" AND WELL-BEING

UN NETWORK OF ECONOMIC STATISTICIANS – BEYOND GDP SPRINT

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A few common grievances about ESG

	True / False	Possibilities for improvement
“ESG isn’t designed to save the planet”	Mostly true: ESG was traditionally conceived to manage sustainability-related risks to companies/investors	A greater focus on ratings and data on environmental and social impacts is necessary for sustainable finance to work for people/planet, which can equally benefit the market by mitigating systemic risks (see forthcoming paper by Impact Management Platform: the Imperative for Impact Management)
“It’s not the job of investors to care about environmental and social issues”	Mostly false: Investors have a duty to consider risks and opportunities that may affect financial performance, including managing sustainability-related risks	Investors also have a duty to manage sustainability impacts if these affect the investor’s portfolio, including to support the sustainability of environmental and social systems on which financial value depends (See: PRI, UNEP FI, the Generation Foundation, A Legal Framework for Impact, 2021)
“ESG ratings contradict each other”	Technically true: although this is partially the result of intentional choices (e.g. of scope of issues covered and weighting)	56% of the divergence in ESG ratings has been attributed to measurement (Berg, Kölbel and Rigobon, 2019), making a strong case for greater harmonisation of measurement and more robust data



Beyond GDP: The OECD response



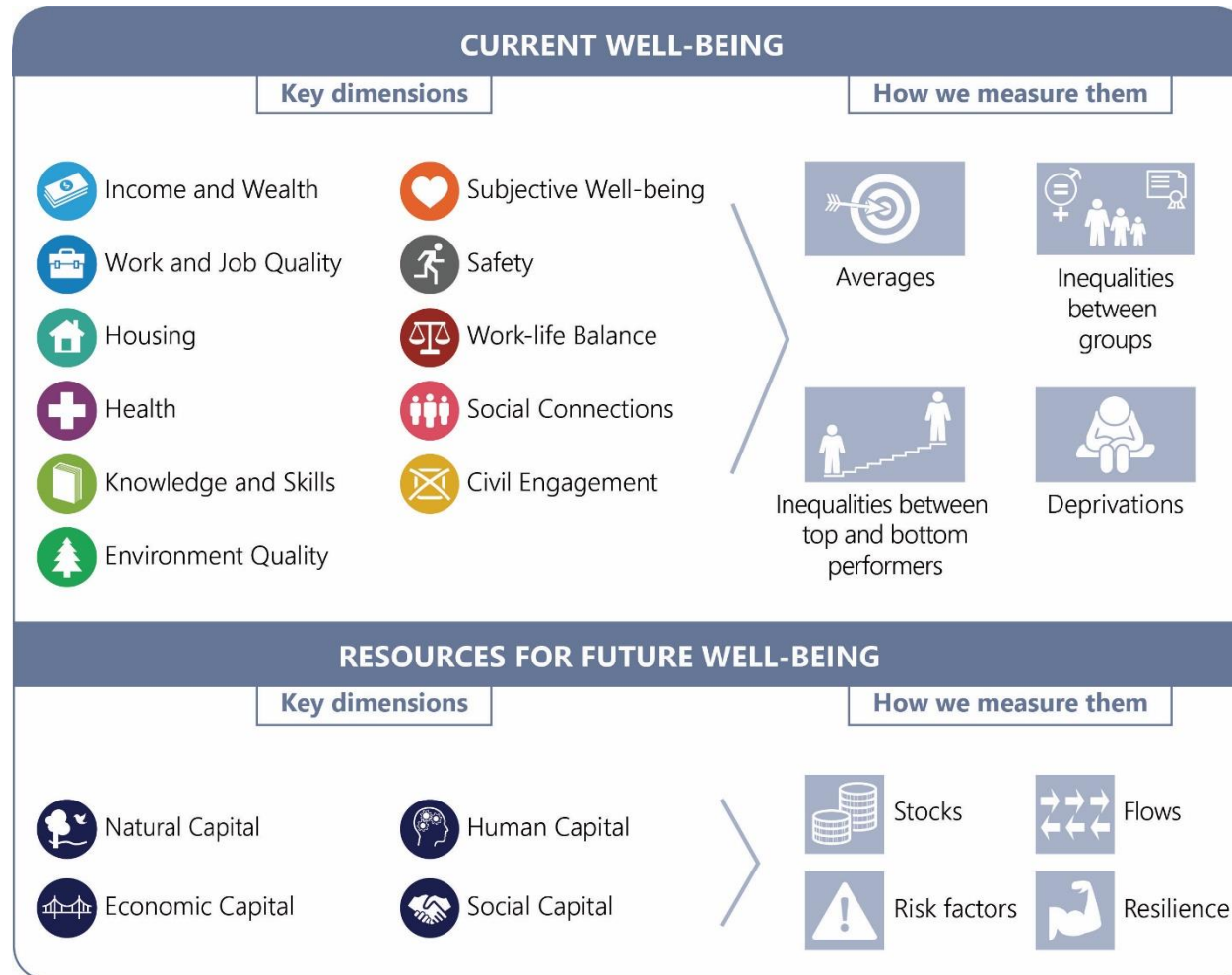
- Developing a **conceptual framework** for well-being today and tomorrow (sustainability)
- Developing and embedding **indicators and measurement guidelines** of well-being and progress into statistical systems, working with national statistical offices
- **Improving the evidence base** available to policy-makers
- Promoting effective **use of well-being metrics in policy**
- **Engaging with citizens** on what matters in life (Better Life Index)



OECD Well-being Framework

Outcomes

Risk factors,
stocks, flows,
resilience



- A focus on **people** rather than the economic system or GDP
- Measures **outcomes** rather than inputs and outputs
- Examines both **averages** and **inequalities**
- Considers both **objective** and **subjective** aspects
- Concerned with well-being both **today** and **tomorrow**



Many national (and international) initiatives share a common conceptual core that is well captured by the OECD Well-being Framework

OECD Well-being Framework Dimensions		G7 Countries						Selected OECD Countries						International Efforts			
		CAN	DEU	FRA	GBR	ITA	JPN	IRL	ISL	ISR	KOR	NLD	NZL	EStat	HDI	SDGs	WHR
Current well-being	Income and wealth	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Work and job quality	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
	Housing	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
	Health	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Knowledge and skills	✓				✓	✓	✓		✓			✓	✓		✓	
	Environmental quality	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
	Subjective well-being	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓
	Safety	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
	Work-life balance	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
	Social connections	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓			
	Civic engagement	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	
Future well-being	Natural capital	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓		
	Human capital	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
	Economic capital	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓			✓		
	Social capital	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		

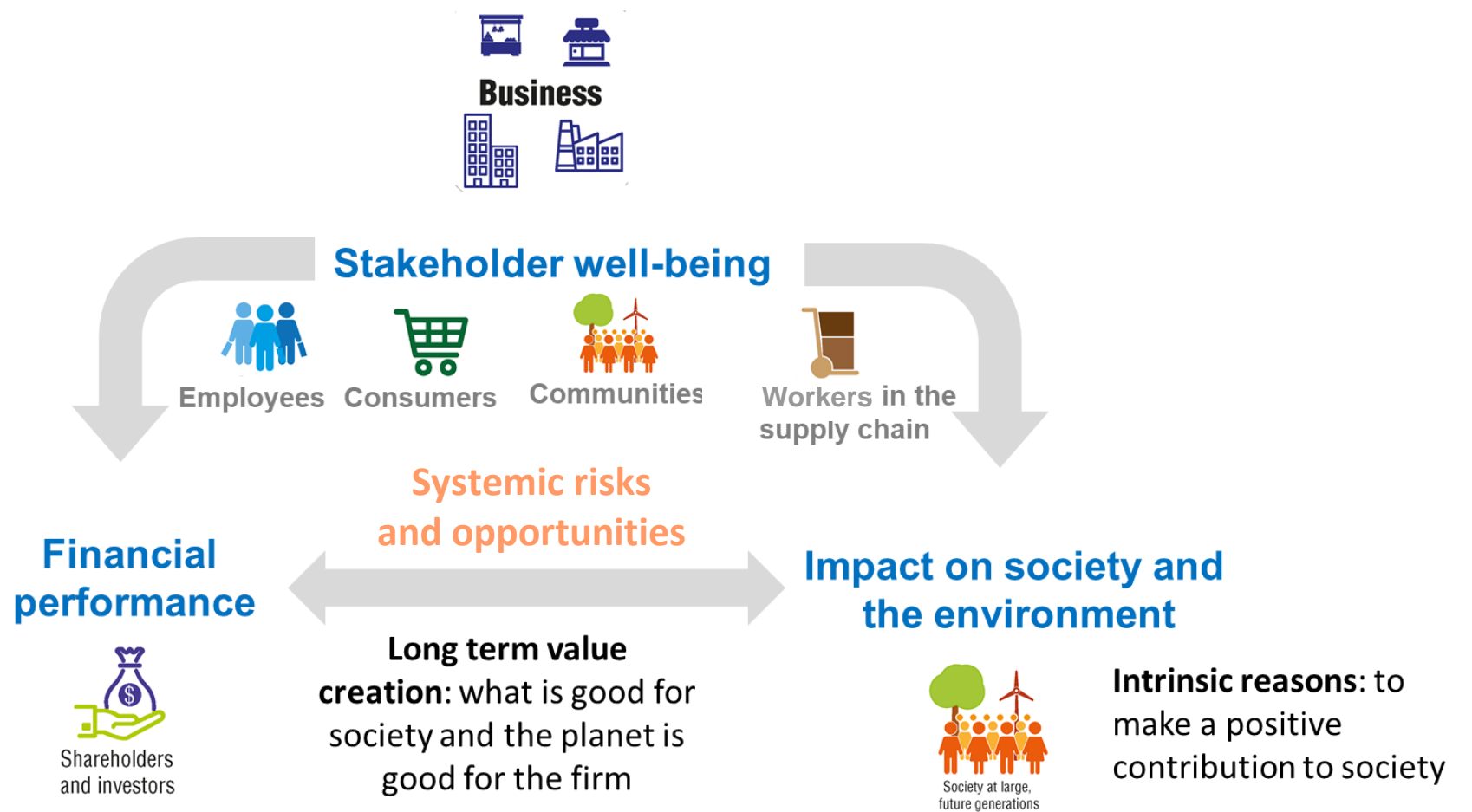


What about the private sector?

Business impacts well-being...

...but stakeholder well-being is also good for business

To provide accountability to shareholders and investors in maximising financial returns















The state of measurement practices on outcomes and impacts remains lacking at the business level, despite available tools

OECD stocktake of existing frameworks to assess business social impacts (2018) found that:

- ✓ There is **no agreed conceptual framework** to assess business impacts on people
- ✓ Existing frameworks are **insufficiently detailed and transparent**
- ✓ Scant use of **quantitative data and analysis**
- ✓ Hampered **comparability**
- ✓ Poor reflection of what **matters most to people** (compared to well-being framework)



Assessment of selected business frameworks against OECD Well-being Framework

Well-Being Dimension	Address the dimension	Quantitative measures of the dimension	
 Environment	91% (31)	47% (16)	<p>Lack of measurement of multi-dimensional well-being</p> 
 Governance	91% (31)	38% (13)	
 Jobs and Earnings	79% (27)	38% (13)	
 Health	71% (24)	32% (11)	
 Education and skills	65% (22)	32% (11)	
 Social connections	53% (18)	21% (7)	
 Income and wealth	38% (13)	18% (5)	
 Work and life balance	38% (13)	15% (5)	
 Personal security	21% (7)	6% (2)	
 Subjective well-being	21% (7)	0% (0)	
 Housing	3% (1)	0% (0)	

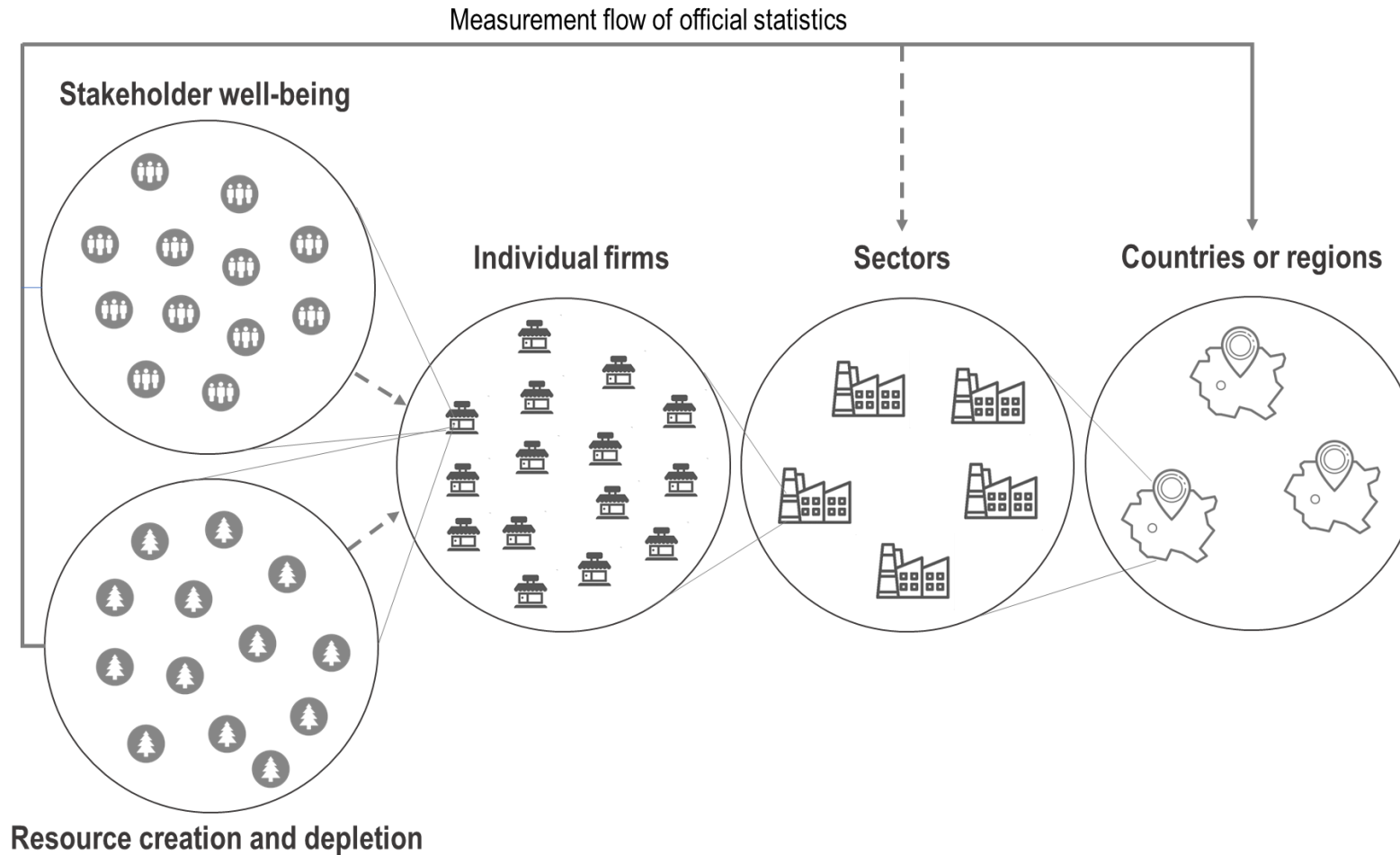


Advantages of leveraging existing well-being measurement tools and guidelines

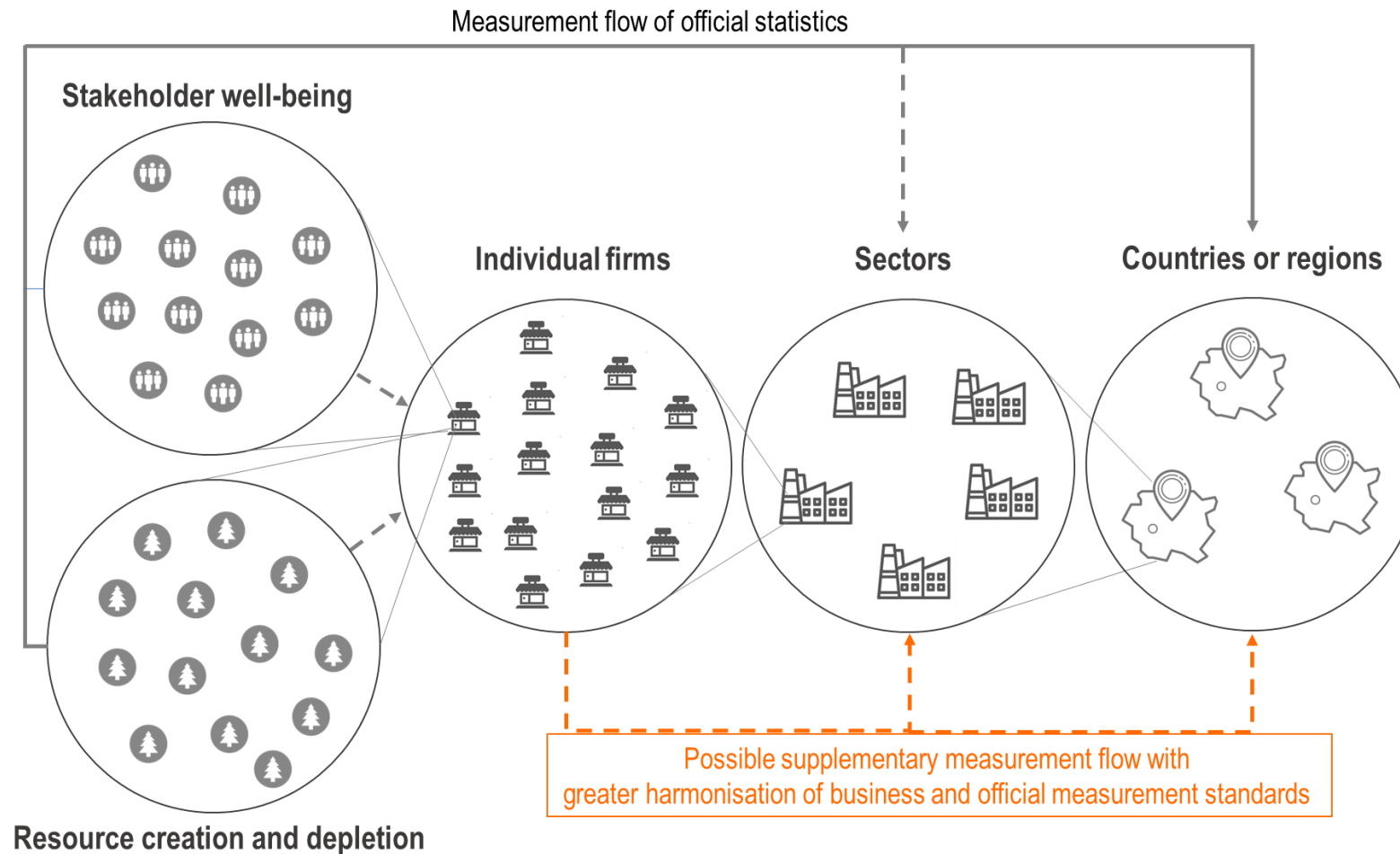
- Filling the gap on metrics in the **ESG “Social”** dimension: responding to a **demand for better and harmonised** data
- Going **beyond output indicators** and measuring **stakeholder well-being outcomes** provides an understanding of the **results** and **effectiveness** of business activities in the social area
- An **aligned set of firm-level and societal-level well-being** outcomes allows firms to **compare** people’s outcomes to industry and society-wide benchmarks



Aligning measurement across government and business allows for a potential new source of sectoral data for statistics providers



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A conceptual framework for measuring the non-financial performance of firms through the lens of the OECD Well-being Framework (Social dimension)



OECD Employee Well-being Survey (pilot)

Information about:

- Working conditions
- Well-being outcomes
- Context
- Demographics



OECD Employee Well-being Survey

0%

This survey is currently not active. You will not be able to save your responses.

Welcome!

The Organisation for Economic Co-Operation and Development (OECD) invites you to participate in a survey that aims to collect information on the well-being and working environment of workers of firms in Japan.

This survey is a pilot and is sent to a subset of employees in your company. You were randomly chosen to participate in the survey.

The survey is composed of four sections. It will take about 10 - 15 minutes to complete. Should you leave the webpage, you can continue with the survey at a later stage. The aggregate findings of the survey will be shared with your company's leadership and may inform decision-making among executives in your company, policy-makers, and investors.

The survey is **NOT** designed to evaluate your performance as an employee, and your company will not be able to see your individual responses.

Data protection

Your responses to this survey are **anonymous**, and will not be linked to you. Your company will not have access to your individual data.

The OECD is committed to protecting the personal data it processes, in accordance with its [Personal Data Protection Rules](#).

The data we collect will be stored by the OECD and retained until the end of this project, at the latest until the end of 2023. Only selected OECD staff have access to the data, which will not be linked to you.

If you have further queries or complaints related to the processing of your data, please contact the Data Protection Officer.

OECD

The OECD is an international organisation that works to build better policies for better lives. Our goal is to shape policies that foster prosperity, equality, opportunity and well-being for all. We draw on our expertise and insights to better prepare the world of tomorrow.

Thank you for participating in this survey.

There are 3 questions in this survey.

Next

[Load unfinished survey](#)



A (pilot) employee well-being report



Employee well-being report (Pilot)

Persol Holdings

This report provides an overview of the well-being of employees inside the company. The employee well-being wheel, below, provides high-level visual of a subset of well-being indicators presented in this report. All of the indicators shown in this wheel are presented in detail in the next section of the report.

A glance at the employee well-being wheel allows understanding the main areas in which employees in the company fare well, and in which areas they fare poorly. The wheel distinguishes between indicators of well-being outcomes (in bold) and indicators of working conditions (not in bold). In the wheel, longer bars are always associated with better (positive) performance, and shorter bars are associated with poorer (negative) performance.



Note: Bars depict the share of employees with good/positive (non-neutral) outcomes. Longer bars are always associated with better ("good") outcomes, and shorter bars are always associated with worse ("poor") outcomes. The wheel distinguishes between indicators of well-being outcomes (in bold) and indicators of working conditions (not in bold).

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Featuring:



- **Averages** + benchmarks



- **Vulnerabilities**: share with low outcomes



- **Inequalities**:
Currently reporting on age, gender, wage and minority status



Objectives and possible benefits to companies and investors

Our objectives:

- **Standardise** employee well-being measurement methodologies across business and government
- **Encourage** companies to take a multi-dimensional approach to measurement
- **Demonstrate** the potential of survey data as a source of useful information

For companies:

- **Identify** vulnerabilities, inequalities and risks in working conditions
- **Compare** performance with that of other companies, thanks to a standardised approach

For investors:

- At scale, this would provide **access** to reliable harmonised data on people-related outcomes



A taskforce on social/inequality-related financial disclosures

A possible future forum for conceptual and measurement work

Context:

- Previous success of **TCFD** and **TNFD** (on Climate and Nature) in building conceptual frameworks and disclosure recommendations
- Identification of inequality as:
 - 1) a major **unsolved global challenge** and an **unmet SDG**
 - 2) a **system-level risk** for enterprises, investors and financial institutions

Objectives:

- 1) To develop a **global framework** for social and inequality related financial disclosures, including a conceptual framework
- 2) To provide on **meaningful metrics, targets, thresholds**, including their materiality
- 3) Act as an **educational resource** on the links between business and finance and inequalities and social issues and a community of practice

Approach:

- **Co-creation** between business, government, affected stakeholders, civil society
- **Build on** existing disclosures and **interoperability** with existing standards
- **Act** as a knowledge partner to existing standard-setters

Who is involved:

- **OECD** and **UNDP**
- **A coalition of civil society organisations** (including the **Predistribution Initiative**, **RACI**, **RightsCoLab**, the **Southern Centre for Inequality Studies**)
- **Business organisations and coalitions:** Business for Inclusive Growth Coalition (**B4IG**), Council for Inclusive Capitalism (**CIC**), World Business Council for Sustainable Development (**WBCSD**)
- **Other human rights, labour and investment organisations** (including **Shift**)
 - Expansion of informal working group foreseen in the near future





THANK YOU

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