



PTT Exploration and Production Public Company Limited

Social Return on Investment

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Table of Contents

	Page
1. Introduction	1
1.1 Social Investment Strategy	1
1.2 Investment in Programs and Initiatives	3
1.3 Scope and Structure of this Document	4
2. Social Return On Investment	5
2.1 Introduction	5
2.2 Evaluation tool	6
2.3 SROI Assessment Process	7
2.3.1 Step 1: Identify the Stakeholders	8
2.3.2 Step 2: Map the Outcomes	8
2.3.3 Step 3: Assign Values to the Outcomes	11
2.3.4 Step 4: Establish the Impact	14
2.3.5 Step 5: Calculate the Return on Investment	16
2.3.6 Step 6: Reporting	18
3. Conventional Evaluation Tool	19
3.1 Step 1: Establish Objectives	19
3.2 Step 2: Develop Targets and Performance Indicators	19
3.3 Step 3: Collect Relevant Data	21
3.4 Step 4: Evaluate the Outcomes	22
Appendix A. London Benchmarking Group	24
Appendix B. Case Studies	27
Appendix C. Materiality Matrix	29
Appendix D. Financial Proxies	30



Key Terminology

Term	Description
Attribution	Attribution is an assessment of how much of the outcome is due to the other organisations, projects or people in the area. It is often difficult to assess attribution – in such instances an estimation should be made.
Deadweight	Deadweight is a measure of the amount of outcome that would have happened even if the activity had not taken place. In some instances the outcome or a portion of the outcome would have been achieved without the investment.
Financial Proxy	A financial proxy is an approximation of the value where it is not possible to obtain an exact measure.
Input	Inputs are the contributions or resources needed to undertake the investment program or initiative. The focus is on the investment that PTTEP has made. This includes, but is not limited to: <ul style="list-style-type: none">• Direct financial contributions (e.g. scholarships, sponsorship, infrastructure);• Management cost (e.g. salaries, overhead costs, consultant fees);• In-kind contributions (e.g. donated materials); and• Volunteer hours (e.g. from staff).
Indicator	Indicators provide a means of demonstrating or proving that change (i.e. an outcome) has occurred and by how much.
Output	Investments produce outputs. They are often (but not always) tangible and quantifiable.
Outcome	Outcomes are the changes that have occurred as result of an investment. Outcomes can be intended or unintended and positive or negative.
Social Investment	Social investment refers to the voluntary contributions made by companies to help communities sustainably address their development priorities.
Social Return on Investment	Social return on investment provides a framework for measuring the costs and benefits of social investment programs and initiatives. It accounts for not just the economic but also the social and environmental outcomes associated with social investment programs and initiatives.



1. Introduction

Social investment (SI) refers to the voluntary contributions made by companies to help communities (and broader society) sustainably address their development priorities¹. When done well, SI can contribute to long-term community improvements and help create an environment that is conducive to a company's operations².

1.1 Social Investment Strategy

Companies are moving away from ad hoc, philanthropic donations towards strategic planning and delivery of SI initiatives. A core part of this is the development of SI strategies by companies (Box 1).

Box 1. Social Investment Strategy

A good social investment strategy should:

- Establish objectives and set-out criteria and guiding principles. These should be used to screen new projects and potential partners;
- Draw on a company's core competencies and resources;
- Identify target stakeholder groups;
- Establish an iterative process for engaging with key stakeholders;
- Integrate, to the extent possible, with other company programs that involve some level of community interaction;
- Provide an understanding and link to the local context; and
- Identify an implementation model and define roles and responsibilities involved in implementation. This includes establishing a monitoring and evaluation process and a strategy for communicating the outcomes to stakeholders.

Source: International Finance Corporation, 2010. Strategic Community Investment Guide

PTTEP's SI strategy is summarised in Figure 1. The objectives of the strategy are twofold: (1) to build its brand and reputation and strengthen its relationships with key stakeholders and (2) to support positive socio-economic and environmental benefits for communities (and broader society).

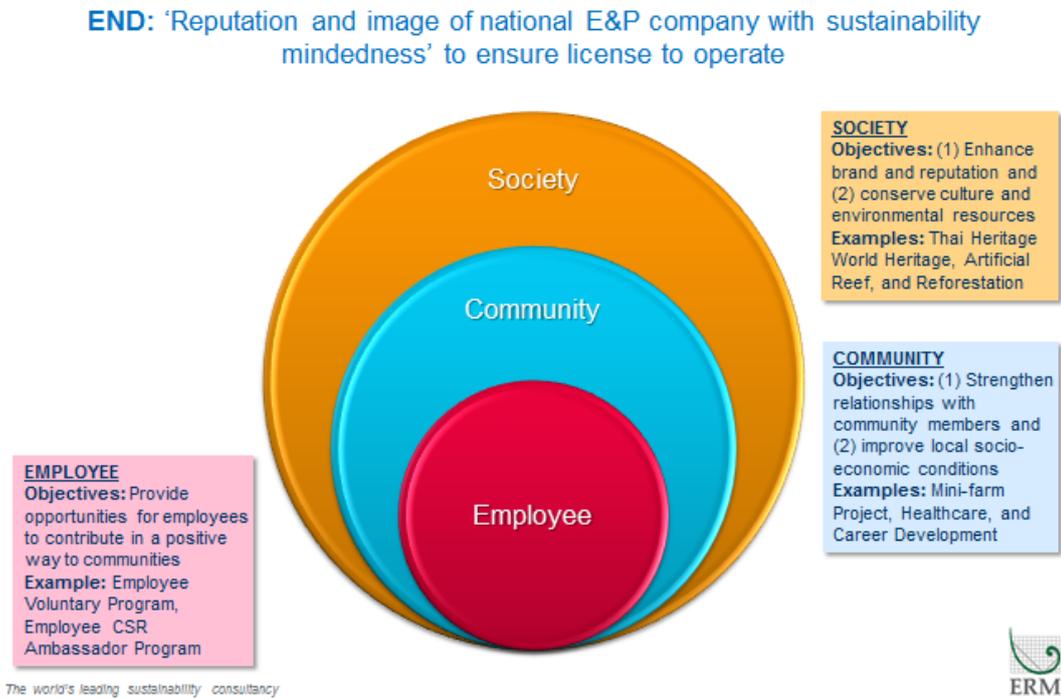
- 2 -/ Figure 1 ...

¹ International Finance Corporation. 2010, Strategic Community Investment Guide

² Social investment should be designed to complement a company's efforts to mitigate its environmental and social impacts, not replace its mitigation obligations.



Figure 1 PTTEP’s Social Investment Strategy



Implementation of the strategy is the responsibility of the Corporate Social Responsibility function at PTTEP (Figure 2).

Figure 2 PTTEP Corporate Social Responsibility





1.2 Investment in Programs and Initiatives

Through the SI strategy, PTTEP invests in a variety of programs and initiatives. These programs range from large scale projects (such as its investment in the protection and enhancement of Thai World Heritage sites) to local community activities (such as PTTEP's investment in an artificial reef program to support commercial fishing operators).

The projects and initiatives are selected based on the objectives set-out in the SI strategy and the following principles:

1. **Defined:** The project is well defined (e.g. objectives, inputs, outputs, outcomes);
2. **Sustainable:** The project will create long-term positive outcomes for PTTEP – e.g. improvements in reputation;
3. **Responsive:** The project will help to mitigate PTTEP's social risks;
4. **Engaging:** Stakeholders have been engaged in the development and implementation of the project;
5. **Beneficial:** The project is expected to result in positive community and environmental benefits; and
6. **Voluntary:** Employees have voluntarily contributed to the implementation of the project (during the work week).

PTTEP's investments align with emerging global trends (Box 2). This will continue to be the case given PTTEP's SI strategy.



Box 2. Emerging Trends in Social Investment

There has been a number of changes over the past decade in social investment. This includes a shift from:

- Investing in infrastructure (or bricks and mortar) to supporting soft skills and programs to improve livelihoods;
- Addressing symptoms to focusing on root causes and local capacity building;
- Implementing programs run by international partners to using local partners; and
- Designing programs without community engagement to working collaboratively with communities to identify and implement programs.

Source: IPIECA. 2008. Guide to Successful, Sustainable Social Investment for the Oil and Gas Industry.

1.3 Scope and Structure of this Document

A core component of the SI strategy is systematic evaluation. Through ongoing evaluation PTTEP is able to assess whether its SI objectives are being achieved (and why this is or is not occurring). The evaluation outcomes can be used to refine existing investments and inform the selection and development of new investments.

To ensure a consistent approach to evaluation, PTTEP has developed two evaluation tools. The first tool focuses on assessing the social return on investment (SROI); while the second is a conventional tool that assesses whether an initiative is achieving its objectives.

This document has been developed to support the implementation of the evaluation tools. The following chapters describe the tools and provide step-by-step guidance on how to apply the tools and interpret the results.

The remainder of this document is structured in the following manner:

- Chapter 2* Describes the social return on investment evaluation tool, including helpful hints on how to effectively use the tool and its outputs;
- Chapter 3* Presents the traditional evaluation tool, including criteria for assessing SI programs and initiatives;

- 5 -/ Appendix A Provides ...



- Appendix A* Provides an overview of the categories used by the London Benchmarking Group to describe SI programs and initiatives;
- Appendix B* Results from the case studies, including key lessons for future SI programs;
- Appendix C* Presents an example of a materiality matrix; and
- Appendix D* Financial proxies that can be used as part of the SROI tool.

2. SOCIAL RETURN ON INVESTMENT

2.1 Introduction

Social return on investment (SROI) provides a framework for measuring the costs and benefits of SI. It accounts for not just the economic but also the social and environmental outcomes associated with SI programs and initiatives.

SROI compares the amount of money invested in a program or initiative against the social impacts or benefits achieved. It is underpinned by seven broad principles (Box 3).

Box 3. SROI Principles

There are seven broad principles:

- Involve stakeholders (internal and external)
- Understand what changes
- Value the things that matter
- Only include what is material (i.e. materiality assessment)
- Do not over-claim (the benefits)
- Be transparent
- Verify the result

Source: SROI Network. 2012. A Guide to Social Return on Investment



SROI has traditionally been used by non-governmental organizations to determine the likely return social programs. However, the technique and its benefits (Box 4) are increasingly being recognized by other sectors (e.g. extractive industries).

Box 4. Benefits of SROI

There is a number of benefits for using SROI to evaluate SI. For example, SROI can help:

- To maximize the community/ societal benefits arising from a SI program or initiative;
- To direct resources towards managing unexpected positive and negative outcomes;
- To enhance the profile of SI by tracking the outcomes of programs and initiative; and
- To increase the effectiveness of SI by understanding whether a program or initiative has met its objectives.

Source: SROI Network. 2012. A Guide to Social Return on Investment

The output of SROI is a single figure, which describes a company's performance and impact. Although this figure is important, it is only one indicator of social performance. It is important that this indicator is supported by other metrics (e.g. quantified outcomes, qualitative narrative) to ensure a complete understanding of the impact or benefit associated with a SI program or initiative.

SROI can be applied retrospectively to determine whether the investment was worthwhile. However, it can also be used prior to investing in a program to predict the likely benefits or impacts. In the case of PTTEP, SROI will largely be applied retrospectively to large investments.

2.2 Evaluation tool

Development of the tool has been guided by industry best practice. This includes the work that has been completed by the London Benchmarking Group (Box 5) and the SROI Network International.



Box 5. London Benchmarking Group

London Benchmarking Group (LBG) provides a recognized standard for measuring social investment. This includes a framework for measuring and reporting the achievements of SI. The LBG provides standard terminology for categorizing the types of programs and initiatives in which companies invest. These categories are described in Appendix A. Using these categories enable comparisons to occur between companies.

More information about the LBG can be found at <http://www.lbg-online.net/>

The tool has been developed using Excel. The steps identified in the template correspond to the steps described in the following sections.

It is up to the assessor (or assessment team) to populate the template with SI program or initiative specific information. The template will then assist in calculating the SROI.

Several examples of completed case studies are contained in Appendix B. The three case studies demonstrate how to use the template and provide lessons for future application.

2.3 SROI Assessment Process

The process for assessing the social return on investment includes six key steps (Figure 3). These steps are further described below.

Figure 3 SROI Process





2.3.1 Step 1: Identify the Stakeholders

The first step in SROI is to identify the relevant stakeholders – i.e. the people likely to benefit from or be impacted by the investment (Figure 4). These people are also referred to as the beneficiaries.

Figure 4 Snapshot from the Template

Step 1		Step 2			
Beneficiaries	Project objectives	Input		Output	Outcomes
		Description	Value (THB)		
Thai community	Improved protection and conservation of Thai World Heritage sites	Interpretation system costs (including visitor centres and nature trails)	93,467,512	Establishment of interpretation materials	Increased awareness and understanding of Thai World Heritage sites due to the development and installation of new interpretation materials and training of DNP officers
Thai community	Increased appreciation of Thai World Heritage sites within society	DNP officer training	1,460,000	Enhancement of the two existing visitor centres	Increased appreciation of World Heritage sites amongst youth due to targeted programs

It is at this early stage that materiality should be assessed. This will help to identify material issues – i.e. those issues that are important to stakeholders and the company. Box 6 provides an overview of the process for assessing materiality.

Box 6. Materiality

Assessing materiality helps to determine the most significant issues for a company and its stakeholders. The assessment process involves three steps. Step 1 is to identify relevant internal and external stakeholders (e.g. individuals or groups of people that have an interest in or influence over a company’s operations). The second step is to identify stakeholder issues which are concerns that relate to a company and its operations. The final step is to map the stakeholder issues and concerns by comparing them to the company’s concerns.. An example matrix is provided in Appendix C.

The issues that appear in the top right quadrant of the matrix are of greatest importance to stakeholders and are likely to have the greatest impact on the company. These issues (or social risks) should be reviewed to determine which can be addressed through SI. This information will also be beneficial in identifying the SI outputs and outcomes and ensuring that the final step (i.e. reporting) focuses on the issues that are relevant to stakeholders and the company.

2.3.2 Step 2: Map the Outcomes

The focus of step 2 is defining the inputs, outputs and outcomes associated with the SI program or initiative being evaluated (Figure 5). These terms are defined in Table 1.



Figure 5 Snapshot from the Template

Step 1		Step 2			
Beneficiaries	Project objectives	Description	Value (THB)	Output	Outcomes
Thai community	Improved protection and conservation of Thai World Heritage sites	Interpretation system costs (including visitor centres and nature trails)	93,467,512	Establishment of interpretation materials	Increased awareness and understanding of Thai World Heritage sites due to the development and installation of new interpretation materials and training of DNP officers
Thai community	Increased appreciation of Thai World Heritage sites within society	DNP officer training	1,460,000	Enhancement of the two existing visitor centres	Increased appreciation of World Heritage sites amongst youth due to targeted programs

Table 1 Inputs, Outputs and Outcomes

Term	Description
Input	<p>Inputs are the contributions or resources needed to undertake the investment program or initiative. The focus is on the investment that PTTEP has made. This includes, but is not limited to:</p> <ul style="list-style-type: none"> • Direct financial contributions (e.g. scholarships, sponsorship, infrastructure); • Management cost (e.g. salaries, overhead costs, consultant fees); • In-kind contributions (e.g. donated materials); and • Volunteer hours (e.g. from staff).
Output	<p>Investments produce outputs. They are often (but not always) tangible and quantifiable.</p>
Outcome	<p>Outcomes are the changes that have occurred as result of an investment. Outcomes can be intended or unintended and positive or negative.</p>

It is acceptable (and common) to estimate the inputs; in particular the salaries associated with management costs (as this is sensitive information). It is recommended that the Human Resources Department be contacted when salary information is required and that a summary of salary costs be requested (rather than details of any one person’s salary).

Helpful Tip

The terms outputs and outcomes are often confused. An easy way to remember the difference is that outputs relate to ‘what we do’ whereas outcomes refers to ‘what difference did we make’.



Once the inputs have been calculated, the next step is to identify the outputs and outcomes from the investment. Table 2 provides examples of outputs and outcomes. It is unlikely that there will be an outcome for every output.

Table 2 **Examples of Outputs and Outcomes**

Outputs	Outcomes
Establishment of eight new nature trails	Improved visitor experience due to the establishment of new nature trails
Development and installation of interpretation materials along the nature trails	Increased awareness and understanding within the community of local biodiversity values due to the installation of new interpretation materials along existing nature trails
Establishment of a new tiger research program	Enhanced protection of key biodiversity values through the development of an informed (through ongoing research) and effective management plan

At the commencement of any new SI program or initiative, the objectives should be identified. Typically the outputs and outcomes will be the same as the objectives; however, this is not always the case. From time to time the objectives may not match the outputs or outcomes. For example, the SI program objectives may not come to fruition or unanticipated outcomes may occur. The results of the evaluation process can help determine why this has occurred.

Helpful Tip

An efficient and effective way to identify inputs, outputs and outcomes is through a workshop. This should include key staff involved in developing and implementing the investment initiative. This will likely take several hours, but will ensure that all staff feedback is captured.



2.3.3 Step 3: Assign Values to the Outcomes

The third step is to assign values to the outcomes (Figure 6). This is done by identifying indicators and selecting financial proxies (Table 3).

Figure 6 Snapshot from the Template

Step 3								
Indicator	Source	Quantity	Quantity Description	Duration (yrs)	Financial Proxy	Value	Total value (THB)	Source
Increase in understanding following a visit to the World Heritage sites	Visitor survey	43,503	Increase in park visitors	8	Increase awareness is a reflection of lifelong learning. Adults can access continue to learn in a number of ways - including an evening class. The value is for an class.	8,000	348,024,000	
Number of youth participating in groups	PTTEP	500	Youth participating in programs		Estimated cost of a teacher to teach a class. The value is the estimated cost per student for a one hour class in a 1 school in Bangkok.	50	25,000	

Table 3 Indicators and Financial Proxies

Term	Description
Indicator	Indicators provide a means of demonstrating or proving that change (i.e. outcome) has occurred and by how much.
Financial proxy	An approximation of the value where it is not possible to obtain an exact measure.

Indicators should be assigned to each of the outcomes identified in Step 2. Where possible a mix of subjective (i.e. self-reported) and objective indicators should be used. Table 4 provides an example.

**Table 4** Examples of Indicators and Financial Proxies

Outcome	Indicator	Financial Proxy
Increased awareness and understanding within the community of local biodiversity values due to the installation of new interpretation materials along existing nature trails in a national park	<ul style="list-style-type: none">• Changes in the level of awareness and understanding within the local community• Number of people from the local community utilising the nature trails in the national park• Changes in behaviour of those using the nature trails (e.g. reduction in litter along trails)	<p>Cost associated with an adult continuing education course (in the leisure category).</p> <p>Increased awareness in the community reflects the same outcome associated with lifelong learning.</p>

Once indicators have been selected, a monitoring program should be established relevant data (Box 7). The monitoring program help ensure that relevant data is collected over time. This information is fed into the template to help assess the SROI.

Box 7. Monitoring

A monitoring program should identify the data that needs to be collected, who is responsible for collecting the data and how often the data should be collected.

It is important that the program is supported by a data management system (i.e. to store the collected data). Systematic collection of data will help to reduce the delays in completing a SROI evaluation.

It is most cost effective to establish a monitoring program at the commencement of an investment. This will enable data to be collected as the investment is implemented (rather than retrospectively).



Helpful Tip

It is important that when selecting indicators consideration be given to the process involved in collecting the relevant data. Examples of questions to be asked include:

- Can the indicator be reasonably measured?
- How much will it cost to collect the relevant data?
- Will the indicator tell us whether the outcome has occurred?
- Does the indicator tell us to what extent the outcome has occurred?

Once indicators have been selected, the next step is to determine how long (i.e. the number of years) the outcome will last. The duration is likely to vary by outcome – even within a single investment. It is acceptable to estimate the duration.

There should be a rationale that sits behind every estimation. There is space in the template for this rationale to be recorded. Recording this information will help during the reporting process and for future assessments.

Once the duration is established, the next step is to assign a value to the outcomes (identified in Step 2). In SROI financial proxies are used to estimate this value³.

Some financial proxies are easy to define - e.g. cost savings, increase in income generated. However, other proxies are more difficult to source. Techniques such as contingent valuation (i.e. asking people what value they place on something) and revealed preference (i.e. inferring valuations from related market traded goods) may be required (Box 8). A list of example proxies is provided in Appendix D.

- 14 -/ Box 8. Example ...

³ All prices that are applied to items in day-to-day life are approximations – i.e. proxies. For some items, such as a pint of milk, there is considerable agreement (and consistency) in the price; however, for other things, such as a house, there is variation in the price. Value (or the price placed on items) is subjective and it is through markets that the prices are regulated.



Box 8. Example Valuation Methodologies

Contingent valuation and **stated preference** techniques assesses someone’s willingness to pay (or accept compensation) for something. This is done by asking people directly the value they place on something. The conversation focuses on (1) considering the relative value of something to another thing or (2) asking how much someone would pay to have or avoid something.

Revealed preference infers the value of something based on related market-traded goods. This is often largely based around consumer purchasing preferences. Hedonic pricing is a form of revealed preference, and is often used to value environmental amenities that affect property prices.

Source: SROI Network. 2012. A Guide to Social Return on Investment

Not only should the financial proxy be identified, but also the source of the proxy and any assumptions that have been made in the selection of the proxy. There is space in the template to record this information. This information will be used during the reporting process.

It is important to remember that from time to time, it may not be possible assign a financial proxy to an outcome, which is acceptable.

2.3.4 Step 4: Establish the Impact

The fourth step is to establish the impact (Figure 7). The focus is on understanding what part of the outcome is the direct result of the investment. In order to do this, two key issues need to be considered – deadweight and attribution (Table 5).

Figure 7 Snapshot from the Template

Deadweight %	Attribution %	Drop off %	Deadweight Calculated	Attribution Calculated	Impact (THB)
10%	0%	10%	313,221,600	313,221,600	฿313,221,600
0%	0%	10%	25,000	25,000	฿25,000



Table 5 Deadweight and Attribution

Term	Description
Deadweight	Deadweight is a measure of the amount of outcome that would have happened even if the activity had not taken place. In some instances the outcome or a portion of the outcome would have been achieved without the investment.
Attribution	Attribution is an assessment of how much of the outcome is due to the other organisations, projects or people in the area. It is often difficult to assess attribution – in such instances estimation should be made.

Deadweight and attribution are calculated as percentages – i.e. X per cent of the outcome would have happened without the SI project or initiative or can be attributed to another project.

Helpful Tip

Limit the amount of effort spent searching for information to establish deadweight and attribution. This might include setting a time limit for Step 4.

For deadweight it is important to understand what else is happening in the area. If there are other activities occurring in the area, it is likely that some part of the outcome would have occurred – even without PTTEP’s investment.

The easiest way to assess attribution is to understand who else is contributing to the outcome. For example, if five other organizations are contributing, then the attribution is 20 per cent. Box 9 provides a number of issues to consider when determining deadweight and attribution.



Box 9. Deadweight and Attribution Considerations

Although deadweight and attribution will need to be determined on a case by case basis, there are a few issues that may be useful to considering when determining both.

The easiest way to assess **deadweight** is to look at trends over time. There are two key questions to ask:

- How has the trend changed locally since the investment was made?
- How does this compare to trends in the wider population?

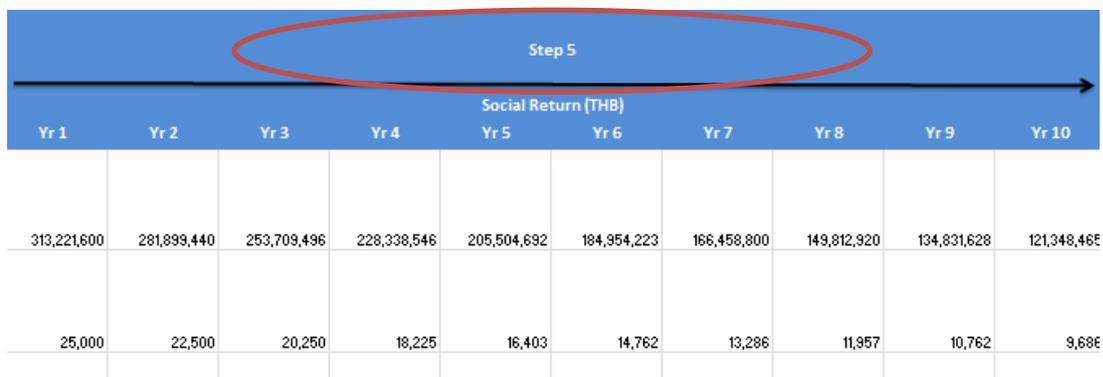
For **attribution**, the key question is - what other programs or activities may be contributing to the outcome?

Deadweight and attribution are always estimations. For this reason, it is important to record the assumptions that are made when establishing deadweight and attribution so that these can be reported during Step 6.

2.3.5 Step 5: Calculate the Return on Investment

Step 5 is to calculate the return on investment (Figure 8). This includes assessing drop-off, calculating net present value and conducting a sensitivity analysis.

Figure 8 Snapshot from the Template



Drop-off is a measure of the deterioration of an outcome over time. In other words, the outcome is likely to decrease over time.

Drop-off is an estimated percentage. The percentage is deducted from the impact for the duration of the outcome. (The impact is established in Step 4 and the duration is established in Step 3.)

After establishing the drop-off, the return on investment is calculated. This is done by:

- 17 -/ 1. Multiplying ...



1. Multiplying the financial proxy by the quantity of the outcome. This provides a total value.
2. Deducting any deadweight and attribution from the total.
3. Repeating tasks 1 and 2 (above) for each outcome.
4. Adding all of the 'total values' together. This will provide an overall impact.

An evaluation tool has been set-up with embedded formulas to support the above calculations.

The net present value (NPV) is then calculated. This is done because people generally prefer to receive money today rather than tomorrow due to the risk or because there is an opportunity cost. This is done by subtracting the value of the input from the present value of the outcomes.

Helpful Tip

The easiest way to calculate present value (PV) is to use Excel. There is a PV formula that will automatically generate the PV. In addition, the evaluation tool has embedded formulas to help make it easier to calculate PV. Many SROI assessments use a basic rate of 3.5%.

The SROI ratio is then calculated. This is done by dividing the PV by the value of the inputs. Alternatively, the net SROI ratio can be calculating by dividing the NPV by the value of the inputs.

$$\text{SROI} = \text{Present Value} / \text{Value of Inputs}$$

The focus of a sensitivity analysis is on assessing the extent to which the results would change if one or more of the assumptions changed. This is done by changing key values in the tool to understand what values significantly change the SROI assessment. It is important to reflect on the assumptions that are associated with these values to ensure that they are appropriate.



2.3.6 Step 6: Reporting

The last step is reporting the outcomes from the SROI assessment. The report should provide readers an understanding of the inputs, outputs, outcomes and impacts associated with the SI program or initiative and the return received on the investment. The return on investment should be presented as a ratio – e.g. for every X Baht invested a return of X Baht is achieved (Box 10).

Box 10. Return on Investment

Most investments are able to achieve, at a minimum, a ratio of 1:1. However, the more effective investments tend to achieve a return of 9 or 10 for every 1 pound or dollar invested. The higher returns tend to be experienced by those programs or initiatives that have longer term impacts, as the return continues over a longer period of time.

As part of the reporting process, the materiality assessment should be revisited. It will be important that key stakeholder issues (i.e. material issues) are, to the extent possible, addressed during the reporting process.

The final report should include a description of the assumptions that have been made in calculating the SROI and the sources of information used (e.g. financial proxies).

A number of helpful resources have been provided in Box 11. This information will support those involved in implementing SROI.

Box 11. Useful Resources

Below are a number of resources that may help those responsible for assessing SROI. The organizations listed are actively involved in developing the field of SROI or actively assess the SROI of their activities.

- SROI Network International – <http://www.thesroinetwork.org/home-uk>
- Greenspace Scotland - <http://www.greenspacescotland.org.uk/sroi.aspx>
- SROI Canada - <http://www.sroi-canada.ca/>
- City of Calgary - [http://www.calgary.ca/CSPS/CNS/Pages/FCSS/Social-Return-on-Investment-\(SROI\).aspx#sroi](http://www.calgary.ca/CSPS/CNS/Pages/FCSS/Social-Return-on-Investment-(SROI).aspx#sroi)



The outputs from the assessment should be used to refine the SI program or initiative evaluated and to inform future SI programs or initiatives. This can help improve the return on investment and the outcomes for the community (or society) and the company.

3. Conventional Evaluation Tool

In addition to SROI, a conventional evaluation tool has been developed. The tool has been developed using Excel and provides a template to guide the evaluation process. It is the responsibility of the assessor to populate the template and to complete the assessment.

The focus of the evaluation process is on assessing whether the objectives have effectively and efficiently been achieved. The process is outlined in Figure 9 and described in further detail below.

Figure 9 Conventional Evaluation



3.1 Step 1: Establish Objectives

The first step is to establish clear objectives for each SI program or initiative. This will help to assess whether the investment activity is successful – i.e. have the objectives been met.

Helpful Tip

Objectives should be established at the commencement of an investment project or initiative. This will help to ensure that the evaluation process is efficient.

3.2 Step 2: Develop Targets and Performance Indicators

The second step will be to develop targets and performance indicators against which each objective can be evaluated. Targets are used to understand whether or not the objective has been met. Performance indicators are the metrics (or means) for evaluating whether a target has been achieved.

- 20 -/ The targets should ...



The targets should be a mix of outputs and outcomes. Examples are provided in Table 6.

Table 6 **Examples of Outputs and Outcomes**

Outputs	Outcomes
Establishment of eight new nature trails	Improved visitor experience due to the establishment of new nature trails
Development and installation of interpretation materials along the nature trails	Increased awareness and understanding within the community of local biodiversity values due to the installation of new interpretation materials along existing nature trails
Establishment of a new tiger research program	Enhanced protection of key biodiversity values through the development of an informed (through ongoing research) and effective management plan

Indicators will need to be developed for each target - in many instances the outcomes will have more than one indicator. Examples of indicators are provided in Table 7.



Table 7 **Examples of Indicators**

Outcome	Indicator
Increased awareness and understanding within the community of local biodiversity values due to the installation of new interpretation materials along existing nature trails in a national park	<ul style="list-style-type: none">• Changes in the level of awareness and understanding within the local community• Number of people from the local community utilising the nature trails in the national park• Changes in behaviours of those using the nature trails (e.g. reduction in litter along trails)

Helpful Tip

Where possible use a mix of qualitative and quantitative outputs and outcomes. Qualitative indicators are often shied away from because it is assumed that they are more difficult to collect. However, there are a number of easy ways to collect the required data – e.g. through various types of stakeholder surveys.

3.3 Step 3: Collect Relevant Data

In order to evaluate whether a target has been achieved it is important to establish the baseline (i.e. a snapshot of the local context prior to the investment activity occurring) at the commencement of an investment. It is against the baseline that changes (as a result of the investment) will be evaluated.

Once a baseline has been established, monitoring data need to be collected over time. This information will form the basis of the assessment. Box 12 outlines what is required in developing a monitoring program.



Box 12. Monitoring Program

A monitoring program should identify the data that needs to be collected, who is responsible for collecting the data and how often the data should be collected. This should be guided by the targets and indicators established in Step 2.

It is important that the program is supported by a data management system (i.e. to store the collected data). Systematic collection of data will help to reduce the delays in completing an evaluation.

It is most cost effective to establish a monitoring program at the commencement of an investment. This will enable data to be collected as the investment is implemented (rather than retrospectively).

3.4 Step 4: Evaluate the Outcomes

The last step is to evaluate the social investment. The focus is on whether the investment has (or has not) met its objectives – which should be informed by the monitoring results.

Helpful Tip

As part of the process, it is important to capture key lessons. These can be used to inform future investment activities.

It may be useful to bring together the project team to confirm the evaluation outcomes – particularly when answering the questions set-out in Box 13.

Table 8 provides the assessment options. Box 13 provides a number of questions that should be considered when undertaking the evaluation.

Table 8 Assessment Options

Assessment	Description
Target not met	Corrective action required
Target nearly met	Further investigation required
Target met (or exceeded)	No further action required



Box 13. Evaluation Questions

Below are a list of key questions to ask when conducting an evaluation:

- Did the investment meet its target(s)? If not, why not?
- What worked well? What could have been done better next time?
- What lessons were learned (e.g. what aspects should/ should not be replicated)?
- Were there unintended consequences? How could these be mitigated in the future?
- Was the investment cost effective?
- To what extent did the investment meet community needs/ goals?
- To what extent did the investment enhance community relationships/ build PTTEP's brand?

The outputs from the assessment should be used to refine the SI program or initiative evaluated and to inform future SI programs or initiatives. This can help improve the outcomes achieved.



Appendix A: London Benchmarking Group

The LBG uses four key criteria to describe or categorise social investments:

- Type of contribution (i.e. how we contribute);
- Motivation for investment (i.e. why we contribute);
- Subject focus (i.e. what we support); and
- Geographic location (i.e. where we contribute).

The definitions used by the LBG are summarised below. The LBG does not use a standard geographic breakdown.

Table A1 Type of Contribution

Contribution	Description
Cash contributions	This includes direct donations, social sponsorship, matching employee giving, and memberships and subscriptions to community organisations.
Time contributions	This includes employee volunteering, fundraising activities, secondments to community organisations and supervision of work experience placements. It is common (and acceptable) to estimate employee costs.
In-kind contributions of product, property or services	This includes products, equipment or other non-cash items donated to communities. Examples include contributions of used office equipment or furniture, use of company premises, provision of free advertising space in a publication or on a website to a community organisation at no cost and provision of pro bono professional services.
Management costs	This includes the costs incurred in making the investment, such as salaries and overhead costs. Examples include staff costs (e.g. salaries, insurance, benefits, recruitment cost), running costs and overheads (e.g. phone and faxes, computer equipment, travel), professional services, and research.



Table A2 Motivation for Investment

Motivation	Description
Charitable gifts	The focus is on intermittent support for good causes. Charitable gifts are often provided in response to the requests or appeals from community organisations or one-off events (e.g. natural disasters).
Community investment	This term is used to describe the long-term involvement in community partnerships to address a range of social issues. The issues are typically chosen by the company in order to protect its long-term corporate interests and to enhance its reputation. Community investments tend to be proactive and strategic.
Commercial initiatives in the community	This refers to commercial activities undertaken to promote a company's brand. The most common example is cause-related marketing – i.e. a marketing campaign which involves a contribution from a company to a charitable cause.

**Table A3 Subject Focus**

Subject area	Description
Education and Young People	Contributions to schools and universities and other projects or organisations that work with or promote the needs of young people.
Health	Contributions to hospitals, health trusts and other health related activities.
Economic Development	Contributions to activities that promote economic development, such as regeneration or job creation projects.
Environment	Contributions to projects or organisations that support or protect the environment. (Costs associated with managing the company's environmental impact should not be included.)
Arts / Culture	Support for arts and cultural institutions (e.g. theatres, museums, public galleries).
Social Welfare	Support to organisations addressing issues such as homelessness, legal support, domestic violence, older people etc.
Emergency Relief	Contributions to disaster relief efforts.
Other Support	Support for activities that cannot be classified elsewhere.



Appendix B: Case Studies

The SROI tool described in this document was tested using three case studies. The case studies outputs are summarized in the boxes below.

Case Study 1. Thai Heritage World Heritage

PTTEP has launched a Thai Heritage World Heritage program, in recognition of the important values that are housed within World Heritage sites in Thailand. The program aims to protect and conserve as well as increase community awareness and understanding about Thai Heritage World Heritage sites, in particular Thung Yai Naresuan-Huai Kha Khaeng Wildlife Sanctuaries and Dong Phrayayen-Khaoyai Forest Complex.

PTTEP has funded a number of projects, the outputs from which have included interpretation materials, two new visitor centres, eight new nature trails, training for Department of National Park staff, increased support for community volunteer networks and a hornbill and tiger research program.

It is anticipated that the program will not only enhance community appreciation (through increased visitation to the Thai Heritage and World Heritage sites) but also support the protection and conservation of key biodiversity values, such as the hornbill and tiger. In addition, the program includes opportunities for PTTEP staff to volunteer at the sites and to enhance PTTEP's brand within Thailand.

Given the inputs and likely outcomes, the SROI analysis indicates that the program has a return of 13 THB for every 1 THB invested. PTTEP has made a substantial investment, given the importance of the values protected; however, there are a number of other organisations that are contributing to the on-going conservation of Thai Heritage World Heritage sites. These contributions influence the overall rate of return.

Case Study 2. Artificial Reef

In collaboration with a local community, PTTEP is in the process of establishing an artificial reef system. The funding for which has been raised through local fundraising and a donation by PTTEP.

A 1,000 cement blocks per year, over a three year period, are being placed on the seabed. This will form the reef. Over time the reef will attract fish to the local area. The long-term goal is to support the sustainability of the local fishing industry. A side benefit has been an increase in the income amongst local fishermen, which has primarily been attributed to a reduction in fuel costs. Also, as a result of the project, PTTEP has strengthened its relationships with local communities.

The SROI assessment of the project indicates a return of 17 THB for every 1 THB invested. It is assumed that the outcomes of the project will last for 8 years. Although PTTEP has made a substantial investment, the community has also contributed to the outcomes, which influences the rate of return.



Case Study 3. Reforestation

PTTEP is planning to invest in a reforestation project. The project will contribute towards global warming mitigation measures by reducing carbon dioxide emissions. This will largely be done through reforestation of approximately 200,000 rai, which will be supported through on-going maintenance and development of a water supply dam.

In addition to reducing carbon emissions, the project will enhance local biodiversity values by creating a new habitat and establishing a food source for local communities.

The SROI analysis indicates that 9 THB will be received for every 1 THB invested. A key influencing factor is the longevity of the project – it is anticipated that the outcomes will last for (at least) 15 years. The bulk of the benefits are directly attributed to PTTEP's investment.

The case studies also highlighted a number of lessons for future investment programs. These lessons are summarized in the box below.

Lessons Learned

Based on the case studies, a number of lessons can be learned for future SI programs and initiatives and their evaluation. This includes following lessons:

- SI programs and initiatives should respond to key social risks (i.e. material issues);
- SI programs and initiatives should be developed with input from key stakeholders. Doing this will likely increase the success of the program or initiative;
- Objectives should be established during the development of new SI programs and initiatives. This includes objectives for both company and community outcomes;
- Ongoing monitoring (i.e. the collection of relevant data) should occur throughout the life of a SI program or initiative. To facilitate this, it is important to establish a monitoring program at the commencement of a new SI program or initiative. This information will be vital to the evaluation process, particularly when assessing SROI;
- Outcomes of SI programs and initiatives should be communicated to key stakeholders. To streamline engagement with stakeholders, this information can be embedded in existing communication strategies; and
- Ensure resources are available internally to implement SI programs and initiatives. This includes resources for ongoing monitoring and evaluation.

To support ongoing evaluation of SI programs and initiatives, the following actions are recommended:

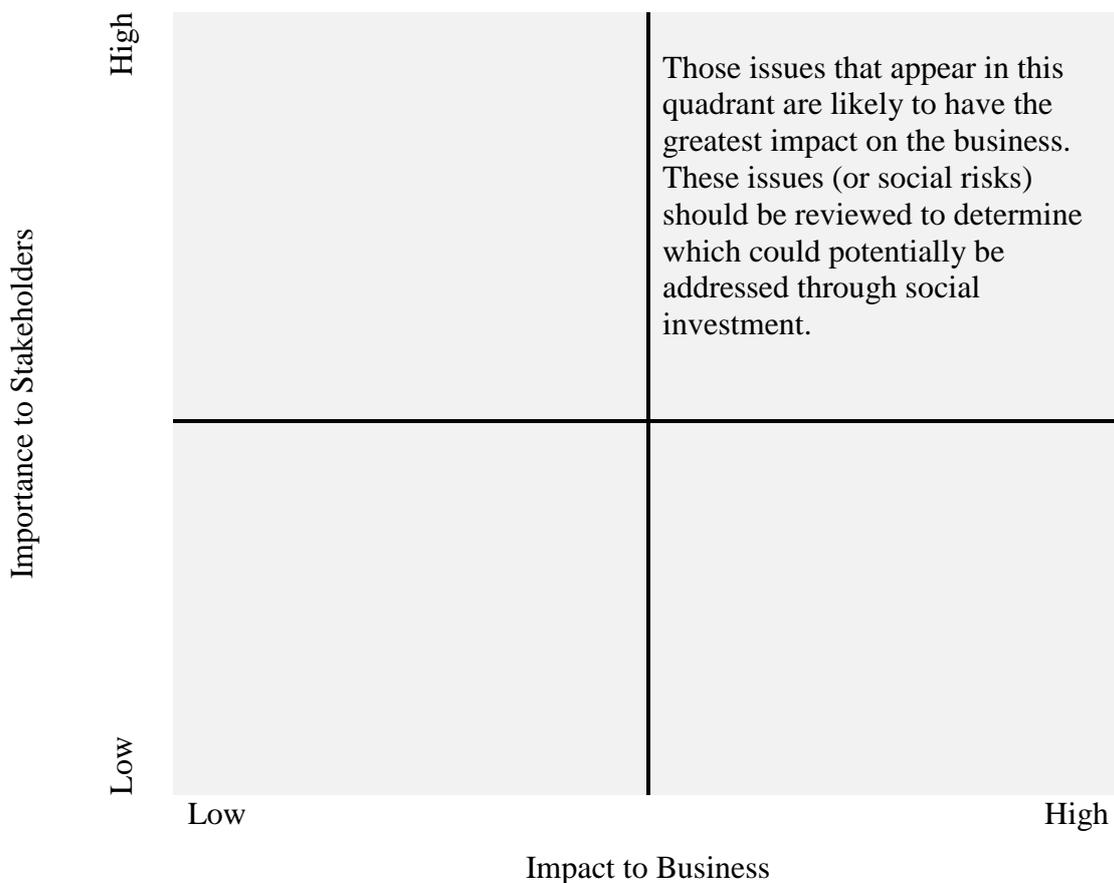
- Establish a SROI Committee to oversee the implementation and maintenance of the SROI evaluation tool.
- Proactively develop internal capacity through structured training on evaluation.
- Develop a reporting template to ensure consistent reporting on SROI outcomes.
- Establish a system to ensure ongoing (e.g. quarterly) verification of monitoring data and annual review of SROI results.
- Establish monitoring plans (or programs) for SI programs and initiatives, including responsibility for implementation and budget for roll out.
- Develop a system for recording and maintaining all monitoring data collected.



Appendix C. Materiality Matrix

Assessing materiality helps to identify the issues that are of greatest significance to a business or organisation. Once identified the focus should be on managing these issues and reporting the outcomes.

Below is the materiality assessment matrix used to compare the issues of significance to PTTEP against those identified as significant to PTTEP’s stakeholders. The output from the assessment informs material issues to be potentially addressed through social investment.





Appendix D. Financial Proxies

The table presented below provides a list of potential outcomes and relevant financial proxies. This list is based on the existing body of literature on SROI. The value assigned to each proxy will need to be determined on a case by case basis to ensure that the value is context specific (e.g. geographic location).

Outcome	Example proxy	Comments
Improved access to local services (e.g. local parks, forested recreation areas, healthcare facilities)	Savings in time and travel costs of being able to access services locally	
Improved health	Cost of visiting a clinic/ doctor	Another proxy could be the cost of health insurance or a gym membership - if the focus is on improved physical health.
Improved perception of a local area	Change in local property values	Another proxy could be the amount of money spent on home improvements.
Increased awareness of biodiversity values (or other environmental feature)	Cost associated with an adult continuing education course (in the leisure category)	Increased awareness in the community reflects the same outcome associated with lifelong learning.
Increase awareness or understanding of biodiversity values (or other environmental feature) of students	Cost estimate for a teacher to teach a class	The cost should reflect the number of hours spent increasing awareness – i.e. if the time spent is one hour of a teacher’s annual salary that should be the proxy.
Increased visitation to national parks (or forests, woodlands, marine sites) for recreation	Changes in park entrance fees	This information will likely come from the agency or organisation responsible for park management.
Preserved or restored ecological system/ biodiversity values (e.g. coastal mangroves, forested catchments)	Value placed on the ecological system per hectare per year	Ecosystem service valuation research has been conducted around the world. This research will provide the financial proxy.
Reduction in carbon emissions	Cost associated with the emission of carbon dioxide (e.g. tonnes per annum)	There is a variety of studies that have established a carbon price.
Increased sense of satisfaction from doing something to help the environment	Average household spends on gardening (to represent a similar sense of helping the environment)	