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**The Institute and Faculty of Actuaries**

**Managing Sustainability in the Absence of Metrics and Measurement**

**Terms of Reference**

One of the core challenges of sustainability of is a tunnel vision focus on data and metrics. But often there is a lack of credible and reliable data on key topics, such as modern slavery and biodiversity in the supply chain. This complicates both reporting and analysis, and adds limitations in terms of assessing sustainability in a holistic manner. The Working Group therefore wants to address how to set up processes and policies to manage unquantifiable aspects of sustainability, work around the challenges of data deficiencies, and allow for better alignment to sustainability objectives.

The research will be split into three core objectives:

1. Address how to manage situations where there are data deficiencies. It is not always possible to measure variables, but this should not mean that those are excluded from the equation.
2. Determine a relevant process and policy to manage such data deficiencies. The process and policy should contribute towards improving the measurement of intangible assets, such as reputational impact, including both social and environmental justice. The key here would be to define an appropriate governance and process to follow to ensure the outputs produced are based on accurate, complete and relevant information. This is a core output of the research as it bridges the gap relating to the process of carrying out a sustainability due diligence in the absence of measurements and metrics.
3. In order to demonstrate the first two stages, a dual case study will be carried out. The first will focus on biodiversity as an example of an environmental topic that often lacks reliable data; and the second will focus on modern slavery as an example of a social topic that and the second will focus on modern slavery as an example of a social topic that, due to its hidden nature, cannot be directly quantified.

In this way, the research will address the E (biodiversity), S (modern slavery) and G (governance process) and establish the baseline procedures to incorporate the qualitative impact conversation within the sustainability dialogue.

The intention is to address and disperse the outcomes of the research via three core media:

1. Within the first six months the working group plans to publish a series of two to four blogs covering some of the addressed outcomes.
2. The working group intends to present the outcomes in 2023 at sessional meetings in spring, summer and autumn.
3. Following the events, the final objective is to publish a whitepaper on the topic by H1 2024. This whitepaper will address, demonstrate and compile the three objectives described above.

**July 2023**