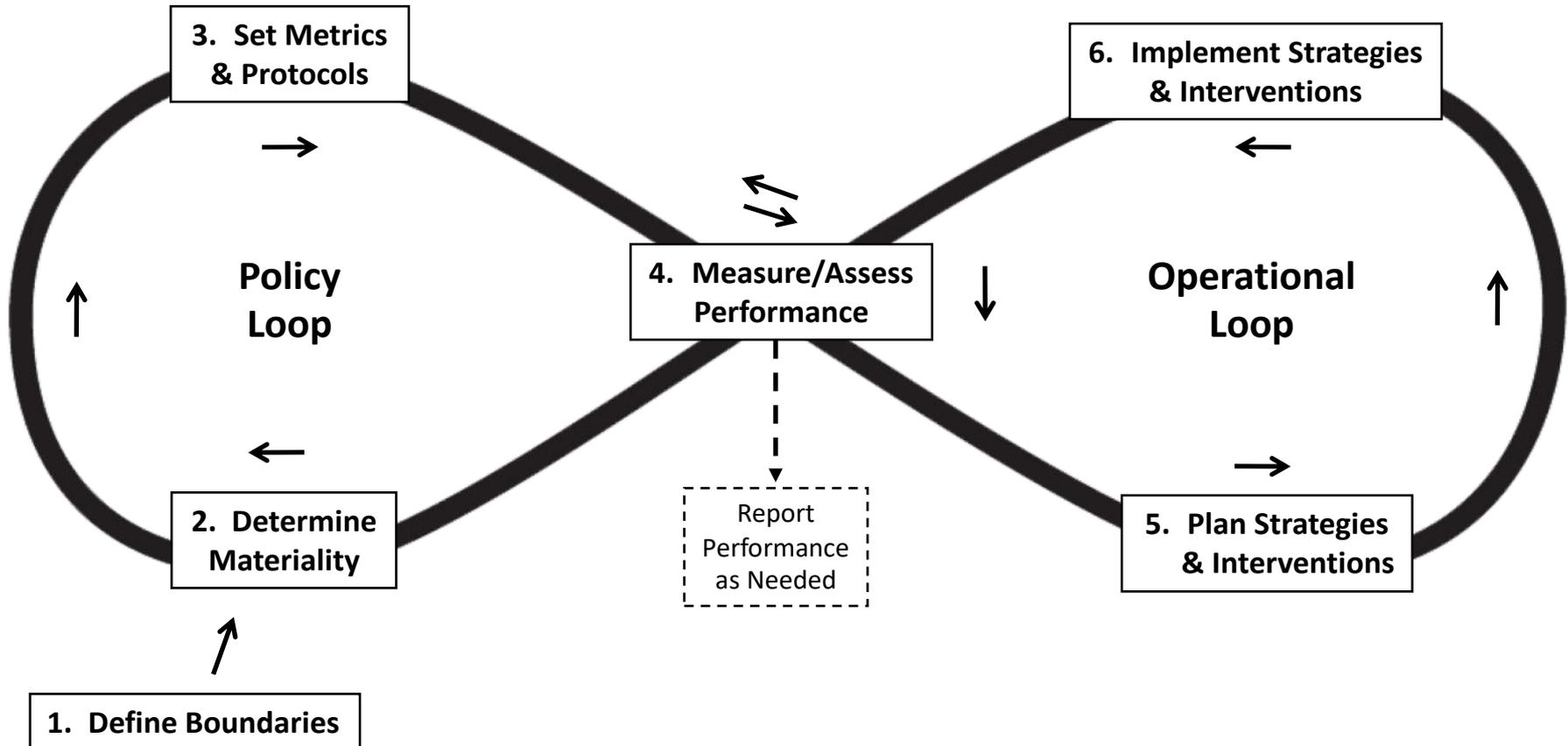


The CSM Cycle



Notes:

1. CSM = Corporate Sustainability Management
2. Adapted from *Corporate Sustainability Management* (McElroy and Van Engelen, 2012)

Summary of the CSM Cycle

Step 1: Overall boundaries of the entity to be assessed and managed are defined; will generally include some or all of an organization's own operations, with the possible inclusion of some or all of its supply/demand chains. Temporal boundaries, too, must be defined.

POLICY LOOP: Steps in which performance norms and metrics are defined.

Step 2: Materiality analysis is performed in order to determine (a) relevant capital impacts, (b) stakeholders to whom related duties and obligations to perform in particular ways (i.e., to maintain the [carrying capacities of capitals](#)) are owed, and (c) areas of impact for which corresponding standards of performance and metrics must be specified.

Step 3: [Context-based metrics](#) and data collection protocols for material areas of impact are specified; a reporting system/scorecard is also identified (e.g., [MultiCapital Scorecard](#))

OPERATIONAL LOOP: Steps in which day-to-day measurement, management and reporting actions are taken.

Step 4: Baseline and/or ongoing measures of performance are taken, with reporting steps taken as well (i.e., internal only or internal/external?).

Step 5: Performance improvement strategies and interventions devised in order to close gaps, if any, found in Step 4.

Step 6: Strategies and interventions devised in Step 5 are implemented.

Step 4: Measurement of performance is repeated in order to assess the effects of strategies and interventions undertaken in Step 6. If necessary, the *Policy Loop* is revisited in order to redefine/update material areas of impact and/or their corresponding standards of performance, metrics, and data collection protocols. Otherwise, the *Operational Loop* repeats endlessly.