

The background of the slide is a photograph of water with concentric ripples from a stone dropped into it. The water is a deep blue-grey color. In the bottom corners, there are dark, out-of-focus silhouettes of plants or trees.

cogo

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Cogo's Impact Model

The theory and thinking behind how Cogo drives impact at scale



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Cogo was born of a simple idea: to help people spend and live in line with their values

While the essence of this idea hasn't changed since 2009, we've worked to evolve the concept into an overarching 'theory of change' which underpins our Impact Model. This details the part of the climate challenge we're focused on and our specific solution for addressing it.

This report outlines Cogo's theory of change and explains how our Impact Model guides and enables us to deliver positive impact in collaboration with our clients and our product end-users – the millions of individuals and businesses around the world who aspire to be a part of the climate solution.



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A theory of change

All the good intentions in (and for) the world will amount to little without a clear plan to guide how they will be realised. This applies to both financial and non-financial objectives. For businesses intent on generating a positive social outcome alongside commercial gain, the first step is to set a foundation from which that change can begin to materialise.

This begins with imagining the idealised future state and crafting a theory of how to make that change a reality. In Cogo's case this is supported by a succinct thesis detailing the key contextual conditions in which that future state will emerge.

Core activities are linked to their expected outputs, and then through to the ultimate impact that we are seeking to achieve.

Social Value International (2017) defines a theory of change as a summary of how change is expected to result from a set of activities. It includes the problem you are trying to address, the changes you want to make (your impact goal), what you plan to do (your activities), the assumptions you are making and describes how your activities meet the impact goal.



Why having an Impact Model matters

In today's rapidly changing, and increasingly regulated business landscape, defining an organisation's mission, purpose and values have become crucial factors in achieving something greater than financial success. Environmental and social impacts are important for businesses to incorporate and nurture to show the positive role they are playing in society. It also helps inform key strategic decisions around both financial and non-financial aspects of a business, helping to build credibility and gain a competitive advantage.

However, actually delivering on a mission and purpose requires more than a manifesto of intent. To properly 'walk the talk' businesses need a map to guide the impact they're seeking to make.

This is where a specifically designed Impact Model, based on business' theory of change, becomes critical to aligning and achieving both social and commercial objectives.

Cogo exists to create a fairer and more sustainable world and, in working toward that vision, we rely on our Impact Model to guide everything we do

The model has an influence across every aspect of our operations, from product development and the identification of potential clients and partners to how we ideate and grow our business and even how we communicate with, and reach, our audiences.

Its uncomplicated design ensures it presents a logical yet inspiring route to the change we're aspiring to accomplish.

We believe that when people and businesses understand the impact of their spending and are given simple steps to take positive action, this can unlock large scale positive impact.

This theory of change is at the heart of Cogo's Impact Model, which we use to chart a path (and track our progress) towards addressing the climate crisis.



Cogo's Impact Model

Together, a fairer and more sustainable world

Problem	Audience	Activities	Outputs	Outputs	Impact
Measurement: Most people and businesses are unable to measure their social and environmental impact	Individuals and SME'S	We work with credible third-party sustainability datasets and experts, and map this data to spending categories of users in order to measure their impact	Tools that easily measure their spend-based impact, so they are better informed	Trusted, easier and widespread measurement of impact	People and SME's understand and can easily improve on the impact of their spending
Inaction: There are significant barriers faced by people and businesses wanting to take action to improve their impact		We draw on behavioural science and experimentation, to identify ways to positively engage and help users to improve their impact by shifting their spending patterns	Engage users to take action that delivers quantifiable impact improvement, and to stay engaged to maintain that behavioural change		
Scale: People and businesses are failing to take action due to an absence of large scale solutions that make it easy and accessible	Financial and other corporates	We work with select businesses, with large customer bases to integrate our tools into their customer- facing platforms	Solutions designed to reach a large audience and quickly scale our engagement	Millions of people and businesses can access solutions	

Cogo's Impact Model is a succinct visualisation of our theory of change.

How Cogo defines impact

Cogo defines 'impact' as people and businesses being able to understand and easily improve on the social impact of their spending.

This includes people using our tools to actively measure their carbon emissions and engaging in reducing their impact through quantified climate actions. It also includes working with our clients to enable their customer's to engage with our tools, so that they are no more than 'one click away' from measuring and reducing their carbon footprint.

Three levels of impact

Potential

Access to a Cogo solution is in place and customers are 'one click away'.



Measure

Customers engage with a Cogo solution.



Reduce

Engaged customers take action



Addressing common challenges in driving change

Based on our theory of change, our Impact Model is designed to guide our efforts to enable millions of businesses and individuals to measure, understand and reduce their impact on the climate.

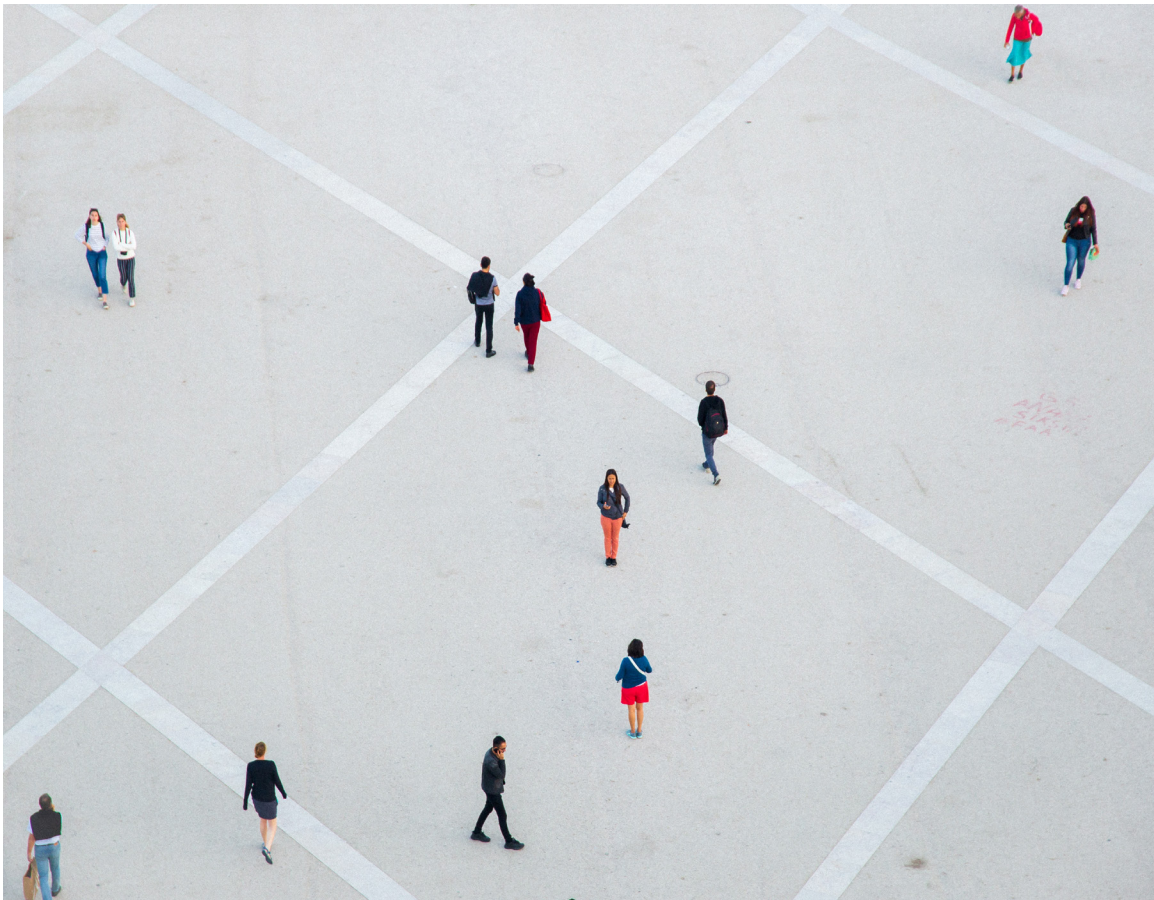
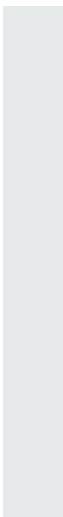
We have identified three key challenges that contribute to the current lack of global progress towards addressing climate change, and need to be overcome.

These are by no means the only challenges we face in addressing the climate crisis; but they are the three we devote ourselves to as part of a much greater collective global effort, across all parts of society.

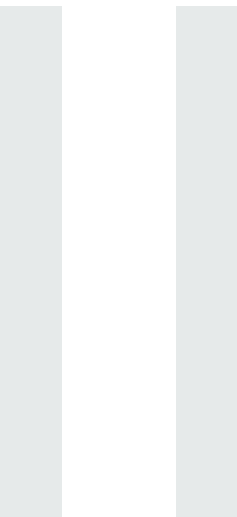
The challenges that Cogo has decided to focus on are:



Measurement



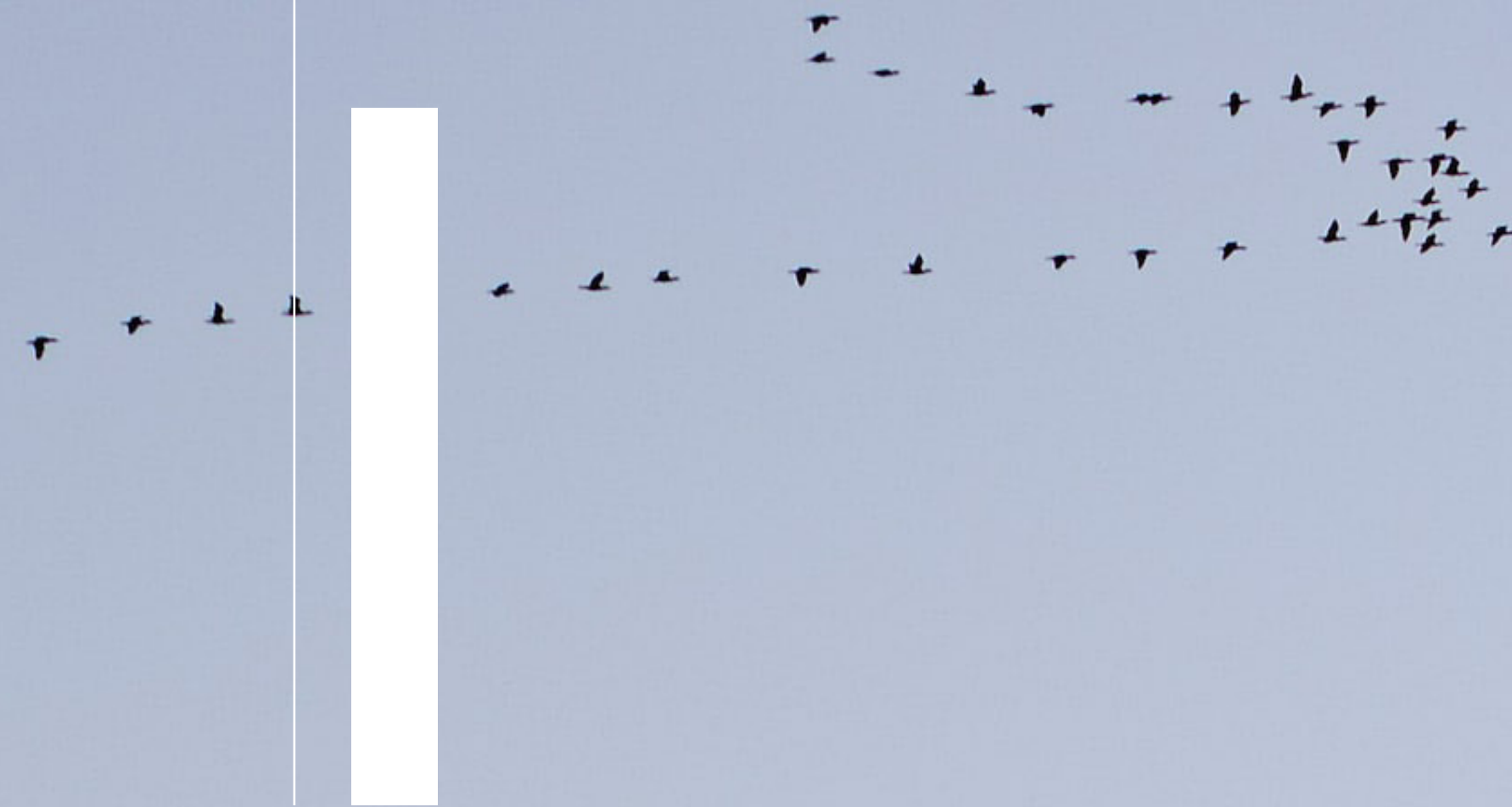
Mass inaction



Scalability



Measurement



Most people and businesses find it difficult to understand their impact. By helping people and businesses understand the carbon footprint of their spending we can offer them a starting point from which to build a deeper understanding of how their spending decisions influence the size of their carbon footprint.

Measurement

Typical carbon footprint management tools are often manual, time-consuming and only give a snapshot of the user’s footprint; they tend to provide generic recommendations, fail to track ongoing reductions, and rarely report the impact of actions in a shareable format.

To affect real long-term change, carbon management tools need to consider not just the direct emissions of spending activities, but also the indirect emissions associated in creating those products and services. These include raw materials, manufacturing processes, transport and every other emission generated along the supply chain. To understand what influence they can have, users need to see the whole picture.

We believe that spend-based measurement offers the easiest, most credible solution to measuring personal and small business impacts on the climate.

The spend-based approach is a recent innovation enabled by decades of development in national economic and greenhouse gas modelling, as well as open banking and the emerging transaction categorisation technologies it enables.

Because the approach is relatively new, it is critical that there is high trust in our methodology. Cogo’s methodology for spend-based personal carbon footprinting has achieved ‘Limited Assurance’ in accordance with the ISAE3000 Standard. In addition, we work with the most credible third-party sustainability datasets available, and industry experts including IE Lab in Australia, Motu Economic Research in New Zealand, and Small World Consulting in the UK, to build our datasets and map these to our clients’ spending categories.

We also remain committed to proactively engaging with financial sector stakeholders to develop a credible, standardised and simplified approach to spend-based impact measurement.

Our work on ‘measurement’ forms the building blocks for trusted models that enable users to measure their impact, improve their carbon literacy and act upon that knowledge to make improvements. In the long term this will result in trusted, widespread measurement of social and environmental footprints.

Mass inaction

There is ample research that indicates a positive appetite for change among people and businesses worldwide. However, as they set out to take action, there are a number of factors that influence their ability to do so.

Mass inaction

Our research shows that people and businesses are increasingly motivated to generate a positive impact on the world, yet they typically face significant barriers when wanting to reduce their carbon footprint.

These barriers exist at a systems level, such as an absence of large-scale tools and solutions, and at an individual level, such as the gap between the stated intentions and willingness to take action and the action itself. Often referred to as the ‘intention-action gap’, this is exacerbated by the lack of knowledge of the appropriate steps to take, conflicting advice and a media environment which only adds to the noise and confusion.

In addition, while conventional wisdom assumes people make rational decisions by weighing up costs vs benefits, behavioural science turns this on its head, suggesting most decisions are based on habit, emotional response or physical/ social context.

This inaction sits squarely at the intersection of the perceived size of the climate challenge and the beliefs people and businesses have of their limited ability to positively affect the situation.

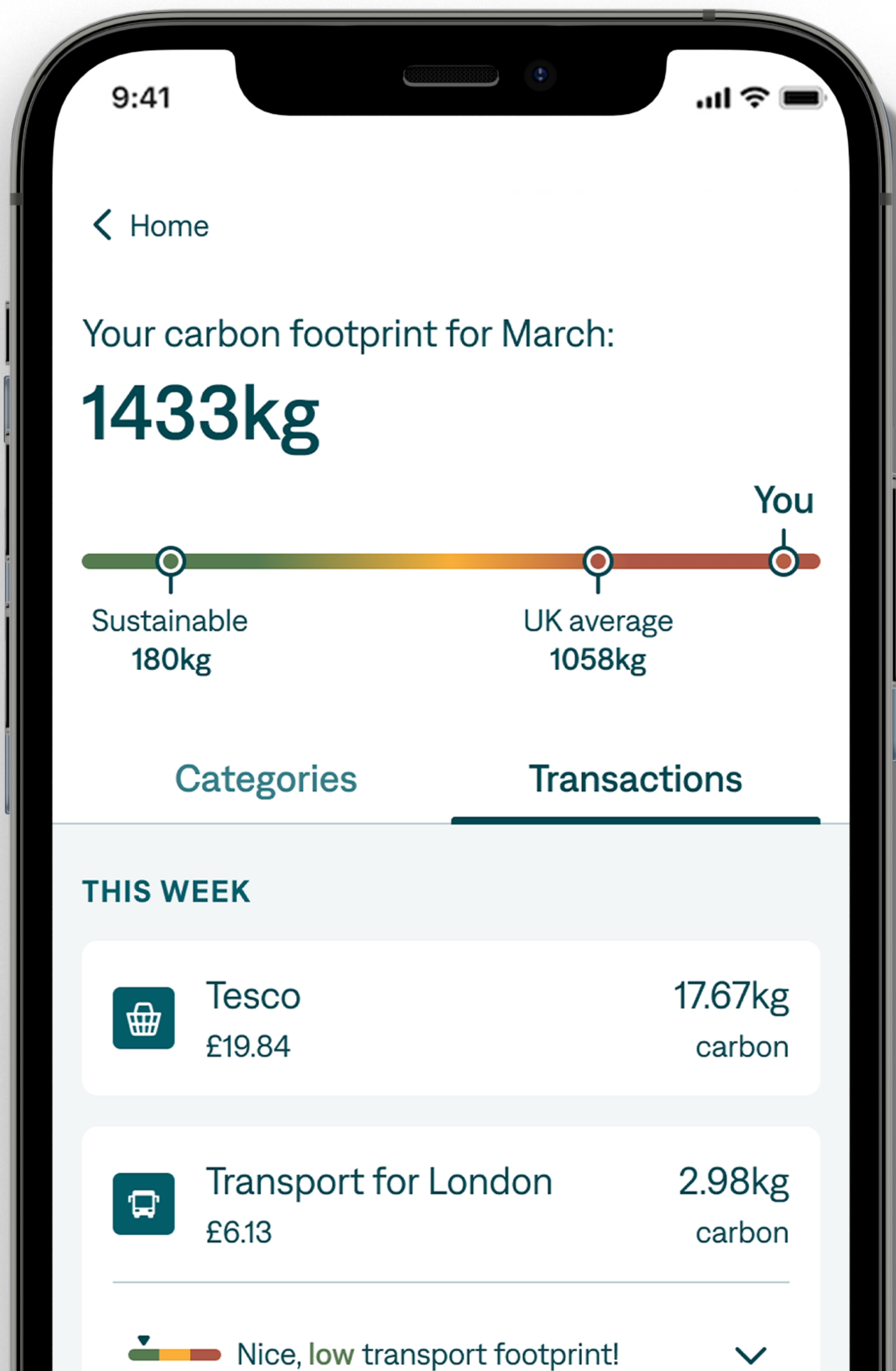
So, while the belief is held that “without large scale solutions, my action will have little or no impact” we now know that even with solutions available, ingrained habits and ways of living (and spending) thwart and obstruct our intentions from being realised.

Furthermore, even with a way to measure and understand their current situation, people and businesses won't necessarily be moved to act. Without a simple and trusted approach people and businesses will, in the majority of cases, do little or nothing. For example, just because a credible accreditation exists, it does not guarantee everyone will adopt it.

Failure to take (and maintain) significant action therefore becomes the logical next problem to solve.

Cogo’s multidisciplinary team draws on behavioural science, and research with users, and impact quantification expertise to identify ways to positively engage and help bridge the intention-action gap. This guides how we refine the digital experiences which positively engage and help users take action by fundamentally changing their behaviours and habits. The end result is more sustainable, long-term change.





Mass inaction


Cogo has developed and launched multiple product features that help address this. Our ‘quantified climate actions’ help users to easily understand the potential impact of committing to action – before they take the action – based on their actual purchasing behaviour. This provides much needed contextual information around which actions have more or less impact for a given user, and helps to lower the threshold for behaviour change.

We also developed ‘carbon spectrums’, a visual tool to help users more easily understand the relative impact of different action options e.g. modes of transport to get to the same destination.

This is again based on the user’s actual purchasing behaviour. Our research shows that this feature increased user carbon literacy by 4.2%, and motivation to take action by 7.1%.

Scalability

To achieve meaningful impact, we need to focus on enabling access to solutions at scale.



The power and beauty of individual action is how meaningful it can feel. One action leads to another, and then another.

However, the magnitude of the climate challenge can make those actions seem ineffectual unless we're able to engage large numbers of people and businesses to follow through on their commitments.

To achieve our impact objectives, and begin to realise our world changing ambitions, we also need to focus on delivering scalable solutions.

To deliver large-scale change, we need to be closer to where and how consumers are spending their money to positively influence those spending behaviours.

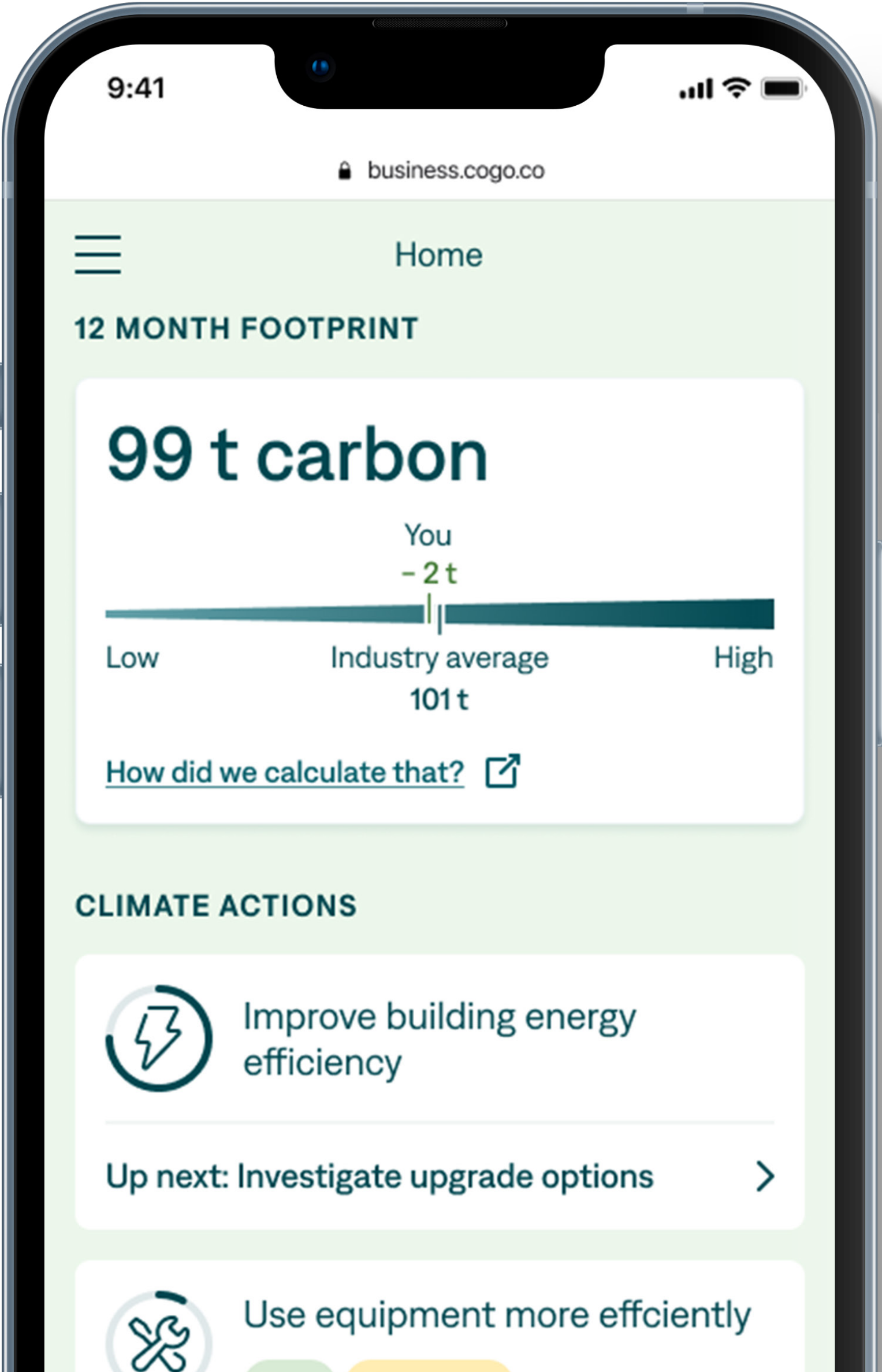


Scalability

We're addressing the challenge of scale by partnering with value-aligned financial institutions with large customer bases – partners including NatWest in the UK, Commbank in Australia, Kiwibank in New Zealand and OTP in Hungary – and integrating our tools directly into their customer-facing platforms. This not only increases our reach and impact, but also significantly reduces the barriers for users to engage with our carbon management tools.

This exponentially increases access to simplified, personalised solutions for both small to medium sized businesses, and individuals, globally.

The magic of meaningful action lies not just in knowing your emissions, but changing your behaviour as a result and then seeing these numbers come down.



For Cogo, scaling our solutions meant simplifying our product offering by making it accessible to individuals through banking apps. By aligning the changes they could make with their spending habits, we help them reduce their footprint through gentle, personalised behaviour ‘nudges’.

Individuals and businesses who engage with our products are able to measure and understand their total carbon impact with more accuracy than ever before and are provided with clarity and simple actions on how to reduce it. The result is consistently higher engagement rates and massively increased potential for larger, longer-term positive impacts.

In real-time, and using real data, they can track and share how they’re helping to solve some of the biggest societal and environmental challenges of our time – through conscious, informed spending and incremental changes.

While Cogo’s Impact Model is focused on scaling individual actions, it’s never been clearer that the magnitude of the climate crisis can only properly be addressed through a collective effort from all actors, at all scales, within our society: governments, businesses, institutions, communities, and every one of us in our personal lives.

We all have a part to play.

No matter how small our actions
may seem, the ripple
effect of these actions can
be far-reaching.

How we stay on-track

While the Impact Model guides so much of what we do to achieve our objectives, it also informs how we monitor and measure our progress towards meeting these.

A well designed Impact Model not only draws on visionary intentions and sets out a pathway to realise them, it also acts as the blueprint for its application. It's only by being this explicit that Cogo has been able to set a baseline for our impact measurement and management, and begun to deliver on well defined goals, supported by specific metrics to address the problems identified.

With these metrics in place we're able to track our progress at each level of the model, using the data to feed back into our product development and partnership management so we remain laser focused.

It's clear however, that we do not exist in a static business or social environment. The territory around us is constantly changing, and so must we. This is why we've embedded a practice of continuous improvement at the heart of our Impact Model, footprinting methodology, and product offering. We continuously refine our internal processes and theory to reflect the latest thinking in the impact field, as well as integrate feedback from our clients, stakeholders and industry.



Impact at the heart of business

From Cogo's founding days, we've always been focused on generating positive social impact through our work.

Today, alongside our pioneering banking partners we're able to help millions of people and businesses understand how their spending decisions impact the climate, and what they can do about it.

Together, we're providing a crucial foundation from which people and businesses can develop their understanding of how to take positive climate action.

We're addressing the challenges of scale, inaction and measurement by connecting data, technology and people for the good of people and the planet, and we couldn't do it without a clearly defined theory of change and Impact Model to guide us and keep us on track.





cogo

Get in touch with our team
to learn more about how you
can empower your customers
with tools to create lasting
positive impact.