



Implementing Impact Accounting: Opportunities and Challenges

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1. Executive Summary

This research note explores the opportunities and challenges involved in the implementation of Impact Accounting (IA). Based on interviews with practitioners and secondary sources, the study finds that while IA remains in an early phase, leading organizations increasingly view it as a strategic tool to inform resource allocation, generate differentiation and leadership, clarify trade-offs, enhance transparency and stakeholder communication, improved data comparability and relevance and complement ESG reporting frameworks, such as the European Sustainability Reporting Standards (ESRS). Nevertheless, IA faces some difficulties, such as its still limited adaptation, mainly due to challenges around data availability, methodological inconsistency, and operational complexity. To overcome these barriers, companies are piloting IA on a small scale, improving internal data systems, and aligning impact valuation with existing ESG data. Participation in standard-setting initiatives, such as the Value Balancing Alliance, is helping address the lack of methodological convergence, while internal use cases, such as scenario analysis and product-level insights, are building confidence and utility. In the absence of regulatory mandates, IA adoption is being driven by leadership ambition and peer influence. As data infrastructure improves and methodologies mature, IA has the potential to move beyond internal experimentation and become a critical tool for aligning financial performance with long-term societal value.

2. Introduction

As companies increasingly seek to demonstrate their contribution to sustainable development, the demand for decision-relevant and credible sustainability information is becoming more urgent. While traditional ESG reporting is now widely adopted, it often lacks the depth, consistency, and comparability required to fully capture an organization's social and environmental performance (Deloitte, 2024b). In this context, *Impact Accounting*—the practice of measuring, valuing, and reporting social and environmental impacts in monetary terms—has emerged as a promising approach to address these limitations.

This research note explores the opportunities and barriers associated with implementing Impact Accounting within companies. By translating impacts into financial terms, Impact Accounting offers a more integrated view of organizational performance. This approach can support internal decision-making, improve stakeholder communication, and enhance accountability.

The study is based on a series of semi-structured interviews with professionals involved in developing and applying Impact Accounting methodologies in corporate settings. Using a qualitative research design, it examines how companies are integrating Impact Accounting into their sustainability practices, the factors facilitating or constraining its adoption, and the ways in which it interacts with evolving reporting frameworks and regulatory expectations.

Findings suggest that leading organizations view Impact Accounting (IA) as a strategic tool for resource allocation, differentiation, transparency, and as a complement to ESG frameworks such as the European Sustainability Reporting Standards (ESRS). However, widespread adoption remains limited due to persistent challenges, including data availability, methodological inconsistency, and operational complexity. To overcome these barriers, companies are piloting IA initiatives, investing in internal data systems, and working to align IA with existing ESG reporting processes.

This research contributes to a growing body of work on how companies can turn sustainability goals into concrete practices. It focuses on the internal dynamics and external conditions that influence the adoption of Impact Accounting—highlighting what helps, what hinders, and how organizations are navigating this emerging approach.

3. Methodology

This study adopts a qualitative research approach to gather primary data and explore the perceived organizational benefits of implementing Impact Accounting (IA). A non-probability sampling method was employed, combining purposive and convenience sampling strategies. This approach

relies on the researcher's judgment to identify suitable participants (Vehovar et al., 2016). Selection criteria included: 1) interviewees with direct experience in implementing IA, either through roles in sustainability departments or within investment funds using IA for capital allocation decisions; and 2) professionals working in organizations actively involved in the development of IA. In line with convenience sampling, interviewees were also selected based on availability and accessibility.

The sample included institutions relevant to IA implementation and impact valuation. Potential participants were identified through professional networks and platforms such as LinkedIn. In total, 30 organizations were contacted through outreach to 70 individuals who either worked directly with IA or could facilitate access to relevant stakeholders. These efforts resulted in a final sample of six interviews with seven participants with expertise in IA.

A common interview guide was used to ensure consistency across interviews, covering key topics such as: an introduction to IA, the implementation process and motivations, perceived benefits, challenges and limitations, complementarity with the ESRS, future outlook, and closing reflections. The guide included open-ended questions to encourage participants to share their perspectives in depth (Gioia et al., 2013). The semi-structured format allowed for flexibility, enabling follow-up questions based on participants' responses and the emergence of new themes.

Secondary data was used to complement and enrich the insights derived from the primary data. The insights from these secondary sources were integrated into the analysis to contextualize and reinforce the findings from the primary data.

This study applies the qualitative content analysis methodology developed by Gioia et al. (2013) to analyze six interviews exploring the adoption of Impact Accounting (IA) by organizations. The Gioia method offers a structured, interpretive framework that prioritizes participants' perspectives before linking findings to theoretical insights.

4. Findings

4.1. Implementing Impact Accounting

According to IFVI and VBA (2024a), the monetization of impacts follows a six-step process designed to translate corporate activities into measurable effects on people and the environment, expressed in monetary terms. Practitioners play a central role in translating the methodology into action within their companies. For an overview of the six steps involved in the implementation of Impact Accounting see Figure 1 below.

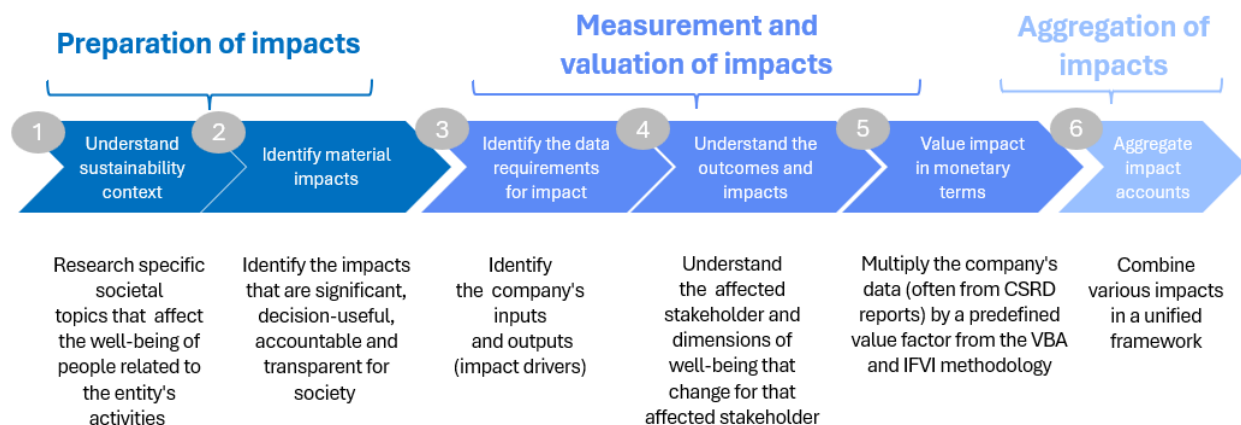


Figure 1: IFVI and VBA's Impact Accounting implementation framework

First, companies begin by identifying how their operations affect societal well-being. This involves selecting specific societal topics relevant to their business activities, considering not only direct operations but also upstream and downstream value chain impacts. As one practitioner from Company [A] explained, they “started with own operations, but are now currently looking at ways to incorporate the value chain,” illustrating the progressive expansion of scope.

Second, once relevant topics are identified, practitioners assess which impacts are most significant using an impact materiality perspective. This step focuses on identifying impacts with the greatest relevance and potential consequences for people and the environment.

Third, practitioners map impact pathways—the causal links between business activities and their effects on stakeholders and the environment (Impact Management Platform, n.d.). These pathways track how inputs and actions generate outputs, which lead to outcomes and, ultimately, measurable impacts. This mapping informs the data required for impact valuation. Data can be collected directly or estimated through modeling techniques. For instance, a practitioner from Company [F] noted: “For own operations, we apply this methodology based on actual data,” but added that “for upstream, we are relying mostly on input-output modelling (...) but this is rather based on average data.”

Fourth, outcomes are analyzed to identify which stakeholders are affected and how their well-being is impacted. In some cases, companies do not measure these well-being outcomes directly. Instead, they rely on standardized impact pathways provided by the IFVI and VBA methodologies, using their own impact driver data to estimate outcomes.

Fifth, once impacts are understood, they are monetized. This typically involves multiplying company-specific data by value factors, usually provided within the IFVI and VBA methodologies (IFVI & VBA, 2024b). When no predefined value factors exist, companies may develop their own using cost-based, market-based, or subjective well-being methods. A practitioner from Company [E] shared: “We have created our own placeholder value factors (...) because the research isn’t there from the impact valuation side.” When value factors are available, the process becomes more streamlined. For example, a practitioner from Company [B] described: “We start with a business activity—that would be the input (...) and this will be linked to an output, the physical unit (...) for example, GHG emissions in tons of CO₂. Then, I converted these in Euros or Dollars using the VBA value factor.”

Finally, in the sixth step, companies aggregate monetized results into a coherent output. This can take the form of a single monetary figure or a dashboard presenting multiple impact categories (IFVI & VBA, 2024a). Aggregation may involve weighing impacts based on their relevance to stakeholders and corporate priorities. Stakeholder input is often incorporated to ensure alignment with societal expectations and business goals. As a practitioner from Company [F] observed: “Most corporations have specific sustainability data (...) that is being reported on market unit level (...) around the globe,” enabling a comprehensive valuation of impacts across business units and geographies.

4.2. Benefits of Impact Accounting and motivations for adoption

Interviewees identified several perceived benefits of IA, highlighting its role as a catalyst for internal transformation, and a means to enhance quality and credibility of sustainability reporting, and a valuable complement to existing ESG reporting initiatives, such as the ESRS.

Strategic differentiation and leadership

A key driver for companies adopting Impact Accounting (IA) is the ambition to position themselves as thought leaders and gain a competitive edge by pioneering in this emerging field. Prior research shows that management control systems can be deliberately mobilized to manage corporate sustainability strategies and reinforce strategic differentiation, enhancing both legitimacy and competitive positioning (Arjaliès & Mundy, 2013). For example, at Company [E], the executive team recognized that “the future of competitive differentiation is going to be gauged by our impact on environmental resources” [E], viewing IA as a way to “create a marketplace for

disclosing and driving competitiveness around these environmental issues” [E]. Such leadership commitment helps secure internal buy-in and broader stakeholder support.

IA enables organizations with sustainable, efficient products to clearly demonstrate their impact. This aligns with frameworks such as Product Impact-Weighted Accounts, which operationalize impact monetization to make product-level differentiation visible and comparable in financial terms (Serafeim, 2020). One interviewee observed that “employees these days want to work for sustainable employers” [F], seeing IA as a tool to enhance credibility, position the company as a sustainability frontrunner, and attract top talent.

Overall, companies view IA as a strategic lever to stand out as industry leaders and disruptors. Some emphasize using IA to showcase environmental efficiency at the product level, moving beyond disclosure to active differentiation, an approach consistent with the literature linking structured sustainability measurement to competitive advantage (Arjaliès & Mundy, 2013; Serafeim, 2020). Founding members of the VBA exemplify this leadership mindset, having initiated IA efforts “even before ESG became a major topic” [D], highlighting their early commitment to sustainability innovation.

Decision-making support

Several participants highlighted IA’s potential to enhance strategic decision-making by providing monetized impact data that complements traditional financial metrics. This aligns with prior work showing that sustainability accounting and reporting can evolve beyond disclosure to become a practical management tool for sustainable decision-making (Burritt & Schaltegger, 2010). As one interviewee stated, “if you want to manage something, you have to measure it. And when you have measured it, you need to prioritize. And the best way is to work with estimates of the social cost” [A]. These social cost estimates assign monetary values to impacts, such as the cost of avoiding one ton of CO2 emissions, helping companies determine which impacts to assess and address first.

IA also offers new insights by integrating social and environmental externalities into financial accounting systems, enabling decisions that reflect both financial and impact considerations. Practical applications, such as those demonstrated in the Impact-Weighted Accounts initiative, show how monetized impact data can inform strategic decisions, internal accounting, and product portfolio optimization (Serafeim et al., n.d.). For instance, one participant explained, “if you want to have a [production] plant in one country with respect to another country, you can see what the social impact is connected to that” [B]. This allows decision-makers to weigh risk, return, and impact more holistically.

IA is increasingly used internally to support decision-making. Several companies are experimenting with scenario analysis to compare products and projects based on monetized impacts, identifying environmental and social trade-offs, especially across different regions (Berner & Stuis, 2024). For example, Company [E] is linking value factors to individual products and integrating IA with cost-accounting approaches to embed impact into internal cost structures. Such integration reflects the growing potential for sustainability-related measures to inform operational and strategic planning (Burrirt & Schaltegger, 2010; Serafeim et al., n.d.). IA is also used for benchmarking product efficiency and evaluating avoided impacts, further supporting strategic planning.

Enhanced transparency and stakeholder communication

Monetizing environmental and social metrics through Impact Accounting (IA) was widely seen as a way to make sustainability data more accessible and understandable for external stakeholders. With “more and more investors asking for impact results to be disclosed” [F], organizations can provide “a very high-level, inventory-style” [E] report that shows “here’s your environmental impact upstream, downstream, and direct operations” [E]. This approach offers “an easy to understand and digestible report for stakeholders” [E], but also strengthens legitimacy and stakeholder trust, echoing findings that standardized disclosures help organizations communicate their sustainability performance clearly (Cho & Patten, 2007). Moreover, impact valuations that translate social and environmental outcomes into monetary terms allow multiple stakeholder perspectives to be incorporated, enhancing communication and the perceived credibility of the data (Ruff, Nappert, & Graham, 2022).

Such transparency can reduce information asymmetry and uncertainty, potentially supporting risk mitigation and improved financial outcomes, as one participant noted: “Once we have a better understanding of what we do, it will create a lot of transparency. And if you have that transparency, you can use it for risk mitigation. And risk mitigation clearly has financial impact” [D]. However, none of the interviewees directly linked IA adoption to immediate financial benefits. This aligns with evidence from the literature: while impact accounting enhances strategic planning, risk management, and decision-making, financial benefits tend to be realized over the long term rather than immediately (WBCSD, 2025; IFVI, 2025). Early adopters such as Acciona and BASF demonstrate the feasibility and strategic value of IA, but monetary gains typically emerge as the methodology matures and becomes embedded in business processes (IFVI, 2025).

Despite limited current public disclosure, participants acknowledge IA's potential to boost transparency, particularly through standardized outputs like those from VBA, which facilitate industry-level comparisons. At the same time, some expressed hesitation around publicly sharing monetary impact data due to "general discomfort with the value factors" and "dissension over what the value of these impacts should be" [E]. Nevertheless, there is growing recognition that as consensus and regulation develop, IA can significantly enhance stakeholder communication.

Improved data comparability and relevance

Practitioners see IA as a promising way to improve the comparability and relevance of sustainability data. By expressing diverse impacts in monetary terms, IA introduces a common unit of measurement that enables meaningful comparisons across topics, locations, and time periods. This helps organizations better interpret complex sustainability metrics and move beyond the fragmented nature of traditional ESG reports. As one participant noted, IA provides a way to make sense of "information that is gathered anyway" [C], particularly in comparison to traditional ESG reports, which often present disparate metrics that can be difficult to interpret and compare. The literature and practical pilot reports support this view, highlighting that monetization creates a standardized unit that enhances comparability while acknowledging practical limitations in methodological alignment (Braig, 2020; Value Balancing Alliance [VBA], n.d.).

IA also enhances contextual relevance by integrating geographic specificity into valuation. For instance, value factors for water use are currently set at the national level, but may soon be calculated regionally, allowing organizations to distinguish between water consumed in "California as opposed to Alaska" [F]. This level of nuance adds a "layer of contextualization" [F] that is often missing in conventional reporting, reflecting findings from pilot implementations that regional adjustments can improve decision-making and communication (VBA, n.d.).

In practice, the use of monetary values facilitates internal decision-making, trade-off analysis, and clearer sustainability narratives. However, comparability remains limited by the current variation in value factors and methodologies. Even with standardized value factors, one participant noted, "we still need an extra level of benchmarking to be able to interpret that data" [E]. Nevertheless, broader adoption and methodological convergence could unlock IA's full potential for generating cross-company insights and improving impact communication (Braig, 2020; VBA, n.d.). Moreover, specific efforts are being made to harmonize Impact Accounting at the global level, including initiatives by the Value Balancing Alliance and other multi-stakeholder projects, aimed

at standardizing valuation approaches and enabling consistent, comparable reporting across industries and geographies (VBA, n.d.).

Complementarity with ESG reporting frameworks

Impact Accounting (IA) serves a different purpose than ESG reporting and is increasingly seen as a complementary tool. Several interviewees noted strong alignment between IA and the European Sustainability Reporting Standards (ESRS), with many indicators overlapping. As one participant put it, “many indicators are just the same, but one is expressing monetary terms and the other isn’t” [C]. This alignment allows organizations to streamline data collection by leveraging existing ESG data and layering monetary valuation on top. (IAS Plus, n.d.; Impact-Weighted Accounts Initiative [IFVI], 2025).

IA can also support the ESRS’s double materiality assessment (DMA). For instance, stakeholder engagement conducted for CSRD compliance often already identifies the most material topics, information that can inform IA. Conversely, IA results can help refine stakeholder input and enhance DMA quality (IFVI, 2025). One participant referenced a Deloitte (2024) framework that proposes integrating IA into DMA processes, either as a starting point for stakeholder discussions or as a tool for validating them.

Despite these synergies, differences remain. “There are some indicators that are very qualitative in the ESRS and will never be able to be monetized, especially those related to business conduct” [C]. At the same time, IA may cover topics not yet required by ESG standards, creating scope mismatches (IAS Plus, n.d.).

Overall, IA is seen as a strategic decision-support tool rather than a compliance mechanism. While ESG remains the regulatory priority, IA adds value by offering greater granularity (IFVI, 2025). Yet, this role is not without debate. As one participant reflected, “if impact valuation is more like controlling (...) you don’t even want to use your impact numbers publicly” [D], underscoring its internal relevance. This highlights a broader tension between transparency and control: for some, monetized impact data should be shared externally to meet stakeholder expectations and demonstrate accountability; for others, it is best retained for internal use to guide decision-making, avoid misinterpretation, and protect competitive advantage.

4.3. Challenges and limitations of Impact Accounting

Data availability and Quality

Data availability, both internal and external, is one of the most pressing challenges in implementing IA. While some practitioners reported that accessing internal data for applying IFVI/VBA topic-specific methodologies “is not that much a problem” [F], others cited data collection [C], and access [D] as the “biggest challenge”.

External data issues are even more pronounced. Organizations attempting to go beyond the provided methodologies or gathering data from suppliers face limited availability and often poor data quality. For example, firms relying on data from third-party sustainability reports noted that “there is also not much data available” [A], and existing metrics can include errors, such as incorrect units of measurement. This forces practitioners to invest extra time in data cleaning, formatting, and sometimes applying statistical models to detect inconsistencies (WifOR, n.d.; Guter-Sandu et al., 2022).

Another key obstacle is the lack of granularity. Monetized impact assessments require detailed inputs, such as resource use at the product level, which are rarely available in current systems. As one interviewee remarked, IA is still “a rather new concept and people don’t know it yet in the wide society” [C], highlighting ongoing gaps in data literacy and infrastructure (Guter-Sandu et al., 2022).

Complex data management needs

Evidence suggests that managing data for IA presents significant challenges, particularly when using basic tools like spreadsheets, which can compromise data quality and limit applications such as year-over-year flux analysis. Interviewees emphasized the need for structured data management strategies to improve data reliability. However, integrating these systems across departments without creating extra workload is complex. As one practitioner explained, “we have to slipstream this data collection into existing processes” [E].

The learning curve is steep for teams unfamiliar with sustainability reporting. One participant shared, “we realized that was such a big gap, and we are essentially in a really challenging place if we don’t (...) get those processes tied up quickly” [E]. Internal systems and controls, such as

data quality assessments and documentation, can help, but data quality remains a shared challenge across IA and ESG reporting.

A further complexity involves data disaggregation. Linking impacts to specific products or processes requires a level of granularity that few companies have achieved: “a level of complexity that I don’t think many other companies are exploring quite yet” [E]. Despite the challenge, this granularity is essential for driving meaningful organizational change.

Some organizations are beginning to align IA outputs with internal cost centers to improve accountability. Yet, interpreting pilot results remains difficult. As one interviewee recalled, post-pilot discussions often revolved around “what does it mean? Is that good enough? Is that good or is that bad?” [E]. These reflections underscore the need for more robust systems and clearer guidance to make IA insights actionable.

Limited Standardization and benchmarking

Participants highlighted the methodological limitations of IA, particularly in terms of accuracy and comparability. Unlike traditional ESG reporting, IA often relies on proxies and country-level value factors that companies cannot directly influence. As one interviewee noted, “these value factors (...) are not based on direct data that we can influence” [B]. This can lead to misleading interpretations, as for example, assuming a supplier in China automatically reflects national-level impacts such as child labor, which may not apply in practice.

Due to this, several participants emphasized that IA should complement rather than replace physical sustainability metrics: “The accuracy decreases when it comes to impact measurement and valuation (...) so it should only be used in a complementary way” [F].

A key concern was the lack of standardized value factors. With multiple providers, such as IFVI, VBA, GIST Impact, WifOR, and CE Delft, organizations are free to select those that best suit their needs, which “leads to different effects” [D] and undermines comparability. This fragmentation makes external reporting more difficult and limits the ability to benchmark performance across peers or industries. Since not many peers are implementing IA, it becomes difficult to make sense of monetized data. The Value Balancing Alliance (VBA) has recognized this challenge and is actively working to harmonize methodologies and value factors across providers, aiming to improve consistency and comparability of impact accounting results (Value Balancing Alliance, 2024; Scholz, 2022).

Risk of oversimplification

Several interviewees raised concerns that monetizing complex social and environmental issues may oversimplify their real-world implications. Some impacts, such as those related to child labor or falsified medicines, remain unquantified due to a lack of data or established methodologies [D]. Others, like the downstream impacts of products, are highly industry-specific and challenging to measure, yet considered materially significant. As one practitioner put it, “It’s a big gap (...) but also one of our biggest material impacts” [E].

Beyond practical measurement challenges, participants questioned the broader validity of expressing all impacts in monetary terms. Without global consensus on valuation approaches, there is unease that reducing deeply contextual impacts to a single financial figure could obscure their complexity and meaning. This concern aligns with recent critical literature, which highlights both ethical and methodological limitations of aggregating heterogeneous impacts into a single number (Strohle et al., 2025).

Operational complexity and expertise gap

Implementing IA methodologies is relatively straightforward for own operations using direct data, with no major concerns raised. As one practitioner put it, “it’s just like A times B equals C” [E]. However, assessing upstream or downstream impacts is more complex, often requiring input-output (IO) models. These tools are seen as effective but are not always up to date, and many organizations rely on external consultants due to lack of internal expertise. Pilot studies and reports confirm this, showing that IO models, partnerships with consultants, and internal capability gaps are recurring needs (Serafeim et al. 2019; Serafeim et al. 2020; Value Balancing Alliance, 2022). At the same time, research suggests that difficulties in monitoring upstream suppliers may paradoxically contribute to improvements: misconduct or negative impacts in subsidiaries and supply chains often trigger corrective action and strengthened CSR performance in multinationals (Li & Cuervo-Cazurra, 2022).

Beyond technical challenges, publishing monetized impacts can raise reputational and legal concerns, especially when negative impacts like child labor are involved. As one interviewee noted, “if you put it at the same level of accounting, it also kind of means you are claiming that this data is correct” [D]. While some welcome the scrutiny, others worry about accountability risks.

There are also concerns about netting different impacts. A single figure might show a net positive, but mask serious harms, as for example offsetting a €100,000 negative with a €150,000 positive

impact. “Sometimes it’s not useful to add them and have a net impact value because the negative can be hidden” [C].

Finally, IA demands significant internal capacity, expertise, and cross-functional work. Practitioner pilot reports from the Value Balancing Alliance (2022) highlight steep learning curves, system integration issues, and the importance of cross-functional collaboration. Similarly, evidence from HBS/IWA studies on Impact-Weighted Accounts (Serafeim et al., 2020) points to the technical complexity of building these systems and the frequent reliance on consultants. While some firms are expanding their methodologies, others lack the resources or motivation. One participant admitted their engagement was driven by external requirements, not readiness [B]. This observation highlights a persistent expertise gap that limits broader IA implementation.

4.4. State of the art of Impact Accounting

The findings indicate that IA is still in an early and underdeveloped stage. Participants highlighted key challenges, particularly the lack of standardized valuation methodologies and widespread disagreement over value factors used to monetize impacts [D], [E]. The existence of multiple value sources, such as those from IFVI, VBA, GIST Impact, WifOR Institute, and CE Delft, allows organizations to choose different factors, which can result in divergent outcomes and undermine comparability [D]. This variability, coupled with the lack of consensus, contributes to reluctance around external disclosure, as some questioned the credibility of publishing monetary impact figures without global alignment: “are these monetary impacts really valuable if we cannot come globally to an agreement?” [E].

Even if value factors were harmonized, participants stressed the need for benchmarking tools to interpret monetized data meaningfully [E]. The current limited adoption of IA among peers exacerbates this issue, making it difficult to assess whether impact results are positive or negative. To circumvent these limitations, companies are actively contributing to the development of IA, either by adapting existing methodologies to incorporate new externalities, such as the environmental effects of “nuclear energy” [A], or by responding to internal questions, such as evaluating “clinical trial diversity” [D]. Some organizations are also involved in collaborative industry projects, such as developing a sustainability index for data centers, often in partnership with third-party experts to ensure methodological rigor [E]. Overall, participants described themselves as “actively contributing towards the development of the methodology” [F], emphasizing both individual and collective efforts to expand and refine the IA landscape.

Organizations follow divergent paths in implementing IA, reflecting different levels of maturity and strategic intent. Some were early adopters and founding members of the VBA, with experience in impact valuation preceding the rise of ESG frameworks. As one interviewee confirmed “even before ESG came to life as a big topic” [D] the company had previously developed their own methodologies after finding out that “what was available in the market was not satisfactory” [A]. Other companies engaged only marginally, often for compliance purposes, such as company B. The scope of application also varies: While some companies evaluate over 20 KPIs, others prefer a deeper focus on a smaller set of topics, such as company E. A few organizations are working to use IA beyond disclosures, aiming to drive product-level differentiation and gain competitive advantage.

Although IA is not yet fully integrated into decision-making, several companies are exploring advanced applications, including scenario analysis, linking value factors to individual products, and adopting cost-accounting structures to improve internal accountability [E], [F]. These efforts remain exploratory, but some companies are beginning to develop the systems and data infrastructure needed for impact-informed decisions. Avoided impact evaluation and competitor benchmarking were also mentioned as emerging use cases. One participant explained that the company focuses on “understanding (...) how efficient our products are and benchmarking that across competitors” [E]), which aligns with a list of 80 potential applications recently compiled by the VBA (2025). This report includes case studies in areas of strategy and objective-setting, performance matters, review and revision, and communication and reporting.

When it comes to financial reporting, only one company had published monetized impact data from the VBA pilot in its integrated report, but not alongside financial metrics [F]. Others had the internal capacity but noted that clearer guidance would be necessary to gain executive support [D].¹ Most companies currently keep IA results for internal use or do not share them at all. This variation suggests that, while technical capability exists, regulatory pressure is needed to drive broader disclosure and investor engagement. As one practitioner noted, ESG reporting regulation “is the driver that everyone is focused on right now because (...) it’s the most urgent” [E].

Finally, the broader uptake of IA faces awareness and capacity challenges, as the concept remains unfamiliar to many stakeholders [C]. A “chicken-and-egg” dilemma persists between corporates and financial market actors. Companies cite the lack of investor interest, while investors argue that without widespread corporate disclosure, impact data remains difficult to use [F]. Some participants expressed skepticism about the financial relevance of impact metrics, describing them

¹ In the future, we will publish a Research Note on “Why Impact Accounting can not be incorporated into companies’ financial statements”

as “ESG metrics on steroids” [D]. Broader adoption, they noted, would depend on the demonstrated business value of IA [D] and investors' confidence that considering monetized impacts would not compromise returns.

5. Practical Insights and Recommendations

The findings from this research yield actionable recommendations for organizations seeking to adopt or enhance Impact Accounting (IA) practices. These insights address common implementation challenges and suggest ways to leverage IA's strategic potential.

Invest in Robust Data Management Systems

Data quality emerged as a major barrier to effective IA implementation. Organizations should develop structured data management frameworks that ensure the systematic collection, validation, and integration of impact-related data. This includes standardizing data inputs, embedding internal controls, and conducting regular quality assessments. Such systems not only enhance data reliability but also support transparency and internal accountability. In this regard, the European Sustainability Reporting Standards (ESRS) provide an important reference point. By defining consistent metrics, disclosure requirements, and qualitative information, ESRS help organizations structure and align their data processes with recognized standards. Beyond compliance, this alignment can facilitate comparability across firms and regions, reduce reporting fragmentation, and ultimately strengthen the credibility of IA methodologies.

Strengthen Capabilities for Data Disaggregation

A recurring challenge reported by practitioners was the difficulty of disaggregating impacts to specific products, processes, or business units. To address this, companies need to build the technical infrastructure and analytical capacity to trace impacts across granular organizational levels. Although complex, this capability is essential for using IA in performance benchmarking, internal decision-making, and targeted sustainability interventions.

Position IA as a complement, not a substitute of ESG reporting

Rather than replacing ESG disclosures, IA can enhance them by monetizing impacts, providing greater depth and interpretability. Organizations can align IA with frameworks like the European Sustainability Reporting Standards (ESRS) by applying value factors to existing data, increasing reporting efficiency and consistency across disclosure streams. In practice, this IA information could be presented in a separate section or sidebar, using its own format, to complement ESG reports without disrupting their standard structure. This approach allows stakeholders to explore monetized impacts in a clear, accessible way while maintaining alignment with regulatory and voluntary disclosure frameworks.

Leverage IA for strategic decision-making, not just reporting

While some companies view IA primarily through a compliance or reporting lens, early adopters are exploring its strategic potential. Integrating IA into scenario planning, product portfolio evaluation, and resource allocation can enhance organizational learning and support competitive differentiation. This internal use of IA maximizes its value beyond external reporting.

Engage in industry-wide standard-setting initiatives

Concerns around the credibility of value factors and inconsistent methodologies remain a barrier to broader adoption. Organizations should actively participate in multi-stakeholder initiatives, such as those led by the VBA, to help shape emerging standards. Such engagement contributes to the development of harmonized methodologies, strengthens legitimacy, and facilitates cross-company comparability inside industries.

Start small: pilot, learn and scale

Many companies begin their IA journey by focusing on a narrow set of impacts, allowing them to test valuation techniques, assess data sources, and refine internal processes before scaling to broader applications. This incremental approach helps manage complexity and reduces risk while building internal capacity over time.

Develop leadership support

IA implementation depends on access to operational and financial data, which often resides across different departments. The study highlights the importance of leadership support to mobilize internal stakeholders and secure the necessary collaboration. Executive endorsement plays a critical role in mainstreaming IA practices within organizational processes and decision-making structures.

6. Conclusion

This study advances the field by exploring how organizations are adopting IA, the perceived benefits and operational challenges, and its potential to enrich sustainability reporting. Moreover, this study finds that while IA holds strategic value, as both an internal decision-making tool and a means to enhance transparency, it seems to remain at an early stage of institutionalization. Weak external pressures, limited awareness, and technical barriers seem to hinder widespread adoption. Nevertheless, efforts by the IFVI, VBA, and other institutions are helping to standardize methodologies and build legitimacy. The study identifies underexplored barriers such as data disaggregation and management, and emphasizes IA's complementarity with other ESG frameworks, particularly the ESRS. Managerially, the findings offer practical recommendations. These include strengthening internal data systems, building data disaggregation capabilities, and securing executive support to implement IA smoothly. Ultimately, as sustainability challenges become more complex and urgent, IA offers a promising tool for companies to move beyond compliance and align financial performance with long-term, stakeholder-oriented value creation.

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Appendix: Interview participants

Organization	Industry	Interviewee	Role
Organization A	Asset-management/ Institutional investing	Interviewee A	Impact Accounting practitioner at the Organization A
Organization B	Chemicals	Interviewee B	Impact valuation practitioner at the Organization B
Organization C	Cross industry alliance	Interviewee C1 Interviewee C2	Impact Accounting developer Member of VBA practitioner's hub
Organization D	Pharmaceutical and healthcare	Interviewee D	Impact Accounting practitioner at the Organization D
Organization E	Technology	Interviewee E	Impact Accounting practitioner at the Organization E
Organization F	Software	Interviewee F	Impact Accounting practitioner at the Organization F