

**The Value Balancing Alliance (VBA) Impact Measurement and Valuation (IMV) approach seeks to establish a data compilation, structuring, and interpretation environment to enable a scientifically robust – yet practically feasible and holistic – assessment of corporate performance, financial products and their underlying assets in relation to prominent sustainability topics. The objective to provide market-leading data quality, regulatory alignment/coverage, as well as scientific rigor in terms of methodological excellence and transparency, is further reflected in VBA’s strong and ongoing engagement with leading standard-setters and regulators. Consequently, the Value Balancing Alliance is at the forefront of a significantly changing regulatory and political environment, offering members unparalleled access and insights to keep them ahead of the curve.**

The VBA IMV approach in the specific context of a financial market application can be explained as follows:

- Though fundamental to any holistic approach seeking to uncover the true impact of a corporate, an asset, or a financial product, relevant, robust, and reliable data are very often lacking/unavailable. The *Key Value Indicators (KVIs)* of the VBA IMV approach are thus built on primary data provided by companies, projects, or other assets. In the absence of primary data, the KVIs rely on secondary data obtained from market-leading data providers, while modeled data is used predominantly to fill data gaps and assure overall coherence and quality. As significant changes to existing sustainability reporting regimes promise to revolutionize both the availability and the quality of publicly available sustainability data, VBA is positioned at the forefront of this process in order to deliver immense informational benefits to its members ahead of the competition.
- High-quality data, as defined by the *Value Beyond Accounting* approach, enables contextualization of impact. KVIs provide a context for KPIs, depending on their thematic as well as geographical and regional characteristics. For example, whereas GHG emissions unfold their impact globally – and must be valued accordingly – the (monetary) value of water consumption is highly dependent on geography and local social preconditions, such as occupational health or safety, demographic development, and income distribution. Sensible contextualization and careful application of monetary values to fundamentally non-monetary aspects requires scientific rigor, financial expertise as well as complete transparency and open dialogue with a broad set of stakeholders, including regulators, data providers, and users as well as NGOs and society.

Here, VBA works at the intersection of science and academia to establish and orchestrate coefficients suitable for disclosure in the global market. VBA engages with and supports international activities by states and international organizations that aim to standardize the development of transparent and freely accessible coefficients necessary for the monetization of KVIIs.

- The VBA IMV and its *Value Beyond Accounting* approach are particularly valuable where established KPIs should reflect the specific needs of various financial market stakeholders, such as asset managers, asset owners, investment banks, insurers or financial service providers. Since the approach deliberately avoids prescribing a particular investment strategy or underlying transition pathway, it remains flexible to (a) stay ahead of both regulatory and market developments while (b) offering the freedom to any member company to define and set individual objectives. Depending on the expertise and objective of the member, the VBA offers its own insights, expertise, and knowledge about the global regulatory environment, market-defining trends as well as scientific and market best-practice on a bespoke basis.

Reflecting, incorporating, and interpreting current developments related to nature, climate, and social investments, the VBA IMV and its *Value Beyond Accounting* approach are intended to provide a sound basis for impact measurement by asset managers, asset owners, investment banks, insurers, or financial service providers – irrespective of their individual investment focus and journey. While a plethora of topic-based initiatives exists, the Value Balancing Alliance is the only internationally renowned, membership-driven association that offers a truly holistic, scientifically and practically proven methodology. In an ever-changing environment, VBA will ensure that its members can drive management and investment decisions “ahead of the curve” – and ahead of the competition – while simultaneously being able to shape these strongly emerging markets.

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