

# A VISION FOR THE IMPACT ACCOUNTING METHODOLOGY

*Provisional Architecture  
including Proposed  
Structure and Topics  
for Methodology  
Development*

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## Introduction

Impact accounting – quantifying the social and environmental impacts of an entity in a common unit of measurement, monetary values – takes a wide range of sustainability metrics that are difficult to contextualize and makes them decision-useful and comparable across entities, throughout their value chains, across sustainability topics, and with financial performance. In order to ensure accessibility and credibility, a public good methodology – intended to serve as a global baseline for impact accounting – is being developed by the International Foundation for Valuing Impacts in partnership with the Value Balancing Alliance. The methodology development follows an official [Due Process Protocol](#) and is independently governed by the [Valuation Technical and Practitioner Committee](#) (VTPC).

To date, official methodologies that have been released include General Methodology 1: Conceptual Framework for Impact Accounting, General Methodology 2: Impact Measurement and Valuation Techniques, Greenhouse Gas Emissions, Water Consumption, Adequate Wages, and Occupational Health and Safety. These methodologies are complemented by interim environmental methodologies that include Air Pollution, Land Use and Conversion, Waste, and Water Pollution, as well as existing methodologies developed by partners in the impact accounting and valuation ecosystem, a partial listing of which is featured in the appendix.

As methodologies are developed, it is necessary to signal a broader vision for the official impact accounting methodology, establishing naming conventions, relationships between statements, and possible topics to be developed over time – what is referred to here as its ‘provisional architecture.’ This vision not only clarifies what a comprehensive set of impact accounting methodologies could look like, but it will inform the annual VTPC work plan and provide opportunities for partners to expand their own research and innovation in coordination with the official methodology.

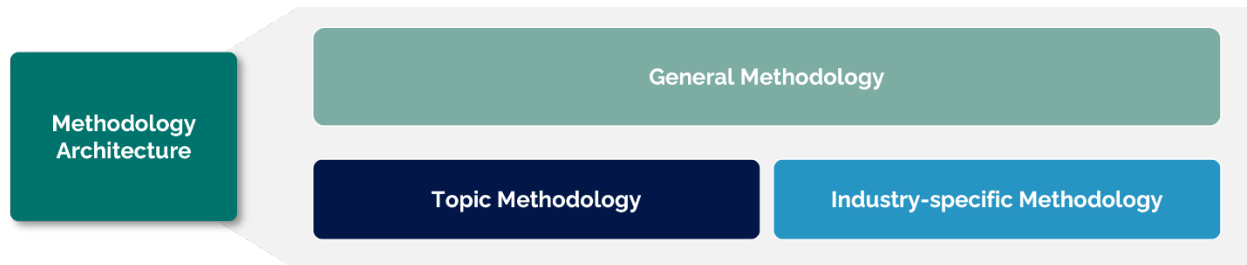
The provisional architecture is designed to align with structures of sustainability reporting standards and existing methodologies from the impact management and accounting ecosystem, while also ensuring broad understandability to match the ambition of a common good that can be adopted globally at scale.<sup>1</sup> It is subject to change as the impact accounting methodology continues to develop and the ecosystem itself evolves. As such, feedback is always welcome.

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<sup>1</sup>The Provisional Architecture is informed by numerous resources, ranging from sustainability reporting standards, legacy methodologies of IFVI and VBA, other impact accounting/valuation frameworks, and additional resources from the impact management ecosystem. This includes resources from the following organizations: EU Commission /EFRAG (ESRS), IFRS ISSB, GRI, Value Balancing Alliance, Harvard Business School Impact Weighted Accounts, GIST, WifOR, Valuing Impact, Impact Economy Foundation/Impact Institute, Stockholm Resiliency Centre, Capitals Coalition, Impact Management Platform, OECD, UNEP, and the System of National Accounts.

## Provisional Architecture for the Impact Accounting Methodology

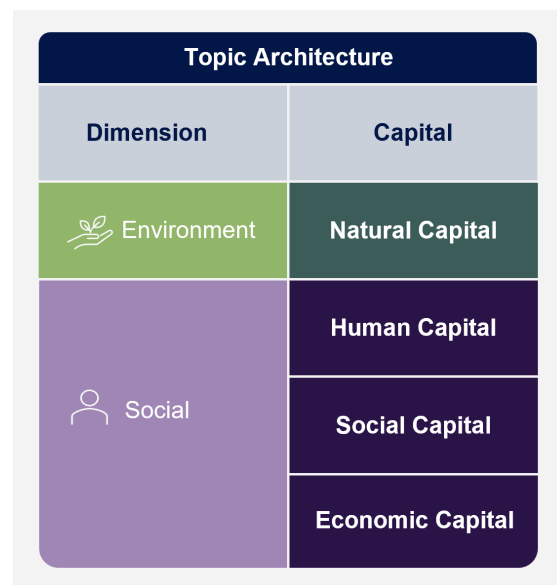
General Methodology 1 established a foundational architecture with three areas: General Methodology, Topic Methodology, and Industry Specific Methodology.



- **General Methodology:** Establishes the system and concepts of impact accounting, including the methods, purpose, and qualitative characteristics.
- **Topic Methodology:** Provides details of the measurement and valuation of impacts at the sustainability topic level. Topic Methodologies are designed to apply across industries.
- **Industry-specific Methodology:** Provides details of the measurement and valuation of impacts at the industry-specific level, in particular for impacts that result from the use of an entity's products.

Each are developed as a series of statements<sup>2</sup> following the [Due Process Protocol](#) and overseen by the [VTPC](#). Topic Methodologies can be further organized into their own categories for ease of access and understanding. For example, diversity and equal opportunity may include subcategories such as Wage Inequality.

Given a goal of having interoperability across reporting and impact management frameworks that have divergent structures, flexibility in the architecture is essential. A 'two tiered' topic architecture for different potential uses and audiences has been adopted and will be complemented with a tagging system that will allow users to search and filter topics according to additional themes, such as sustainability reporting metrics or value chain level.



The first tier organizes topics broadly by social and environmental dimensions, while the second tier provides a more granular view organized by capital.

<sup>2</sup> Statements that comprise the official methodologies may also be accompanied by supplemental resources including Implementation Guides, Applied Research and Application White Papers, Case Studies, etc. These materials are not a part of the Due Process Protocol.

The social and environmental dimensions are designed to provide a simple and intuitive approach that is broadly aligned with common articulations of impact management. The approach is also designed to situate impact accounting as a complementary system to financial accounting as part of the ‘triple bottom line’ approach, wherein financial accounting measures profit and impact accounting measures impact on people and planet.<sup>3</sup>

The second tier of the topic architecture offers a granular approach that is aligned with the capitals articulated in the OECD Well-Being Framework, Capitals Coalition, System of National Accounts, and the General Methodology.<sup>4</sup> The methodology considers four capitals – Natural, Social, Human, and Economic – which are essential for fostering well-being and can be significantly influenced by corporate activities. Human, social, and economic capitals are featured under the broader social dimension, linking their impacts to affects directly on people and disaggregating the social dimension for enhanced clarity.<sup>5</sup> Changes in natural capital are featured under the environmental dimension and indirectly affect people’s well-being through the natural environment.

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<sup>3</sup>Economic capital has relevance and applications in impact accounting and financial accounting. In impact accounting, impacts are oriented on the well-being of individuals and society in general, and economic capital typically refers to indicators such as currency, deposits, and household wealth. In financial accounting, economic capital refers to equity, namely the capital account and retained earnings of an entity, and liabilities in the form of loans and debt securities. The results of impact accounting and financial accounting can be analyzed alongside one another when performing integrated assessments, and in some cases, have shared metrics.

<sup>4</sup>In alignment with General Methodology 2 and the OECD Well-Being Framework, the provisional architecture refers to “economic” capital rather than “produced” capital. The two are related, and as defined in GM2 economic capital includes both produced and financial capital and goes beyond produced goods and services. When understood in the context of some definitions of produced capital, economic and produced capital could also be used interchangeably.

<sup>5</sup>Capitals here are used for organizational purposes. Multiple capitals may be affected by any given topic methodology (which are generally organized by impact driver), each of which will be articulated in the impact pathway of the methodology.

The provisional architecture with available (in bold), planned (standard typeface) and possible (italics) topics is as follows:

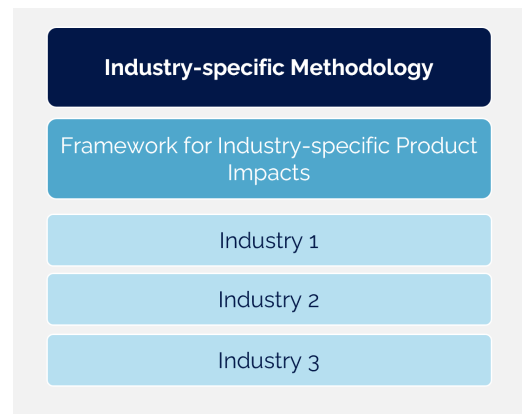
List of Topic Methodologies			Link to Reporting		
Dimension	Capital	Topic	ESRS	GRI	IFRS
Environment	Natural Capital	<b>GHG emissions</b>	<b>E1-6</b>	<b>305-1,2,3</b>	<b>S2-P29</b>
		<b>Air pollution</b>	<b>E2-4</b>	<b>305-7</b>	-
		<b>Water pollution</b>	<b>E2-4</b>	<b>303, 306-1, 306-5</b>	-
		<b>Water consumption</b>	<b>E3-4</b>	<b>303-5</b>	-
		<b>Waste</b>	<b>E5-5</b>	<b>306-2</b>	-
		<b>Land use and conversion</b>	<b>E4-5</b>	<b>304-1, 304-2</b>	-
		<i>Invasive alien species</i>	<b>E4-5</b>	<b>304</b>	-
		<i>Animal welfare</i>	<b>G1-1</b>		-
Social	Human Capital	<b>Adequate wages</b>	<b>S1-10, S1-16</b>	<b>201-1</b>	<b>IAS 19</b>
		<b>Occupational health and safety</b>	<b>S1-14</b>	<b>403-9,10</b>	-
		<b>Training and skills development</b>	<b>S1-13</b>	<b>404</b>	-
		<b>Work Conditions and Culture</b>	<b>S1-11, S1-10, S1-8, S1-15, S1-14</b>	<b>401, 408, 409</b>	-
	Social Capital	<b>Diversity and equal opportunity</b>	<b>S1-9, S1-12, S1-13, S1-16</b>	<b>405, 406</b>	-
		<i>Land access /Indigenous rights</i>	<b>S3</b>	<b>411</b>	-
		<i>Privacy and data security</i>	<b>S4, ESRS 2 SBM-3</b>	<b>418</b>	-
		<i>Political influence and lobbying activities</i>	<b>G1-5</b>	<b>415</b>	-
		<i>Purchasing and payment practice</i>	<b>G1-6</b>	<b>414,204</b>	-
	Economic Capital	<b>Taxes</b>	-	<b>201.-1, 207</b>	<b>IAS 12</b>
		<i>Community Investment / philanthropy</i>	<b>S3</b>	<b>201, 413</b>	-
		<i>Corruption and bribery</i>	<b>G1-3, G1-4</b>	<b>205</b>	-
		<i>Anti-competitive practices</i>	<b>G1-1</b>	<b>206</b>	-
<i>Ownership impacts</i>		-	<b>201-1, 401</b>	-	
<i>Economic development</i>		-	<b>203</b>	-	

The topics featured in the architecture have been determined based on relevant references in sustainability reporting standards and existing valuation methodologies. The data collected for reporting serves as input for applying the topic methodologies and build on metrics from leading sustainability standards to help contextualize this data. Topics may have varying degrees of significance and feasibility in terms of methodology development.<sup>6</sup> As established in General Methodology 1, whether a topic is material is entity-specific and therefore the existence of a topic methodology does not imply that it is material and needs to be applied for a given entity.

Topics are described in more detail in Appendix 1. This includes, for topics that have not yet been developed by IFVI and VBA, reference to peer and partner organizations that have developed transparent methodologies available for use.

The Framework for Industry-Specific Product Impacts, the first and foundational industry specific methodology, will shortly be released for public comment. Subsequent industry-specific methodologies are expected to be developed as independent, interim, or experimental methodologies for the time being, prior to being incorporated into the formal Due Process Protocol and VTPC oversight of official methodologies. For this reason, a proposed set of industry classifications has not been developed at this time.

This experimental work may be conducted by IFVI, VBA, or external partners in collaboration or independently. Developers are able and encouraged to use the General Methodologies and Framework for Industry-Specific Product Impacts to inform their work and provide feedback.



Industries, for example, could include pharmaceuticals, mobility, etc.

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<sup>6</sup>**Available topics** have already been released as final, exposure drafts, or interim methodologies. Planned topics are more likely to be prioritized for development sooner and are most likely to have legacy or peer methodologies on which to base the official methodology. *Possible Topics* are those that could reasonably be considered necessary for a comprehensive impact accounting methodology, either as standalone methodologies or incorporated into other methodologies. They also represent topics that may be less well-developed in valuation research, sustainability disclosures.

## Conclusion

Impact accounting has a bold ambition – to enable a just and sustainable global economy by allowing the full contribution of business, positive and negative, to be understood and inform decisions. The impact accounting methodology architecture aims to provide a comprehensive assessment of an organization's impacts on society and the natural environment, building off existing metrics from established sustainability reporting and serving as a complement to the existing paradigm of financial accounting. It aims to match the vision and ambition of impact accounting itself.

Like the development of financial accounting, impact accounting will continue to evolve. The provisional architecture is therefore subject to revision over time. Stakeholders are invited to not only provide feedback on the architecture itself, but also share feedback on the featured topics to inform priorities in their future development. This architecture does not, however, presuppose an official way in which impact information should be presented, as presentation could take various forms even while being consistent or complementary to the methodologies.<sup>7</sup>

To complement this architecture, supplemental materials may be developed to articulate the linkages between the impact accounting methodology and other relevant concepts and frameworks, ranging from linkages to sustainability reporting standards, the System of National Accounts, and financial accounting standards. Nothing in the impact accounting methodology prohibits preparers from complementing any of the methodologies developed with alternative methods of calculating or presenting their impacts; however, if approved methodologies by the VTTC are released, these should be used.

Finally, while official methodologies are developed through the Due Process Protocol and VTTC, there are many existing methodologies from peer and partner organizations on topics featured above, with many highlighted in the below Appendix. These methodologies not only inform official methodologies but are also encouraged for complementary use. Peer and partner organizations are encouraged to conduct underlying research, continue to make methodologies transparent, and innovate methodologies – Topic and Industry-Specific – on the topics shared above. In doing so, all are able and encouraged to leverage the foundational concepts established in the General Methodologies and Framework for Industry-specific Product Impacts.

To provide feedback or express interest in collaborating on any of the above, please reach out to the technical staff of IFVI ([research@ifvi.org](mailto:research@ifvi.org)) and VBA ([methodology@value-balancing.com](mailto:methodology@value-balancing.com)).

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<sup>7</sup>Following GM1: Conceptual Framework for Impact Accounts, and development of GM2: Measurement and Valuation Techniques, GM3 is expected to establish the official presentation of impact accounts.



## Appendix 1: Topic Methodology Descriptions

The following tables describe each of the topics listed in the Provisional Architecture above. Included is their current status of development (as of January 2025), related reporting standards, and, if not yet developed in the official methodologies, known and transparent methodologies by partners and peers.<sup>8</sup> For a detailed matching of existing IFVI and VBA Methodologies with the ESRS standards, a VBA Mapping Table will be released as a separate document.

Recognizing the depth of work that has been done by other expert organizations, methodologies produced by third parties are presented as Partner Methodologies for topics that have not yet been developed as part of the official impact accounting methodology. These methodologies are available for complementary use and will be used to inform methodologies developed as part of the official impact accounting methodology over time. Methodologies listed meet minimum requirements of transparency and are designed for private sector use, but the list is not exhaustive and further methodologies may be available by partners upon request. Additional Partner methodologies may be added and developed over time; for consideration of inclusion on the list in future iterations please reach out to [research@ifvi.org](mailto:research@ifvi.org). Additional lists outlining available methodologies are available via the [Capitals Coalition](#) and [Value Balancing Alliance Impact Valuation Sprint Report](#).

### Environmental Topics:

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<sup>8</sup> Some included topics may be segmented into independent topic methodologies that undergo distinct development processes.

Topic and Status	Topic Description	Related Reporting Standard	Partner Methodologies
<i>Natural Capital<sup>9</sup></i>			
GHG Emissions (Final)	Covers impact of GHG emissions using a Social Cost of Carbon, excluding offsets, and avoided emissions.	GRI 305: Emissions 2021 GRI 302: Energy 2016 ESRS E1: Climate Change ISSB: S-2	
Water Consumption (Exposure Draft)	Covers impacts of water use on lost opportunity costs for other use and linkages to long-term depletion of water sources, distinct from water pollution	GRI 303: Water and Effluents 2021 ESRS E3: Water and marine resources	
Water Pollution (Interim)	Covers impacts from 104 possible corporate water pollutants on human health and eutrophication.	GRI 303: Water and Effluents 2021 ESRS E2: Pollution ESRS E3: Water and marine resources	
Air Pollution (Interim)	Covers impacts from 6 air pollutants on human health, agricultural productivity, and other impacts.	GRI 305: Emissions 2016 ESRS E2: Pollution	
Waste (Interim)	Covers impacts from waste generated and disposed of by various methods (such as incineration and waste to landfill), including impacts on leachate, disamenity, climate change, and air pollution. <sup>10</sup> An expanded version of the Waste methodology, taking into consideration additional impacts of resource use and circularity, is currently under development.	GRI 306: Waste 2020 ESRS E5: Resource use and Circular Economy	
Land Use & Conversion (Interim)	Covers impacts on land occupied or converted, covering the loss of ecosystem services in different locations and for 18 different land use types.	GRI 304: Biodiversity 2016 ESRS E4: Biodiversity and Ecosystems	
Invasive Alien Species (Possible)	Would cover the impacts of activities that spread invasive species and thus undermine ecosystem services and health of natural environments.	GRI 304: Biodiversity 2016 ESRS E4: Biodiversity and Ecosystems	WifOR Institute
Animal Welfare (Possible)	Would cover impacts on animals, as valued based on norms of respecting animals and providing conditions for their wellness	ESRS G1: Business Conduct	True Price

<sup>9</sup>Impacts related to ecosystem services, or more broadly impacts on nature, are cross-cutting and feature across multiple environmental methodologies.

## Social Topics:

Topic and Status	Description	Related Reporting Standard	Partner Methodology
<i>Human Capital</i>			
Adequate Wages (Exposure Draft)	Covers two related components of an impact pathway from wage payments to workers – impact of remuneration and living wage deficit.	ESRS S1: Own Workforce	
Occupational Health & Safety (Exposure Draft)	Covers the specific health and financial impact (not broader wellness impacts) of injury and illness in the workplace	GRI 403: Occupational Health and Safety 2018 ESRS S1: Own workforce	
Education & Skills Development (Expected)	Expected to cover impact on workers and society via professional development and training opportunities	GRI 404: Training and Education 2016 ESRS S1: Own workforce	VBA WifOR institute GIST Impact
Work Conditions & Culture (Expected)	Expected to cover topics covering a range of issues, likely divided into separate methodology statements, including human rights impacts such as child and forced labor, as well as broader cultural and wellness components of a workplace such as employee satisfaction, work hours, etc.	GRI 401: Employment 2016 GRI 403: Occupational Health and Safety 2018 GRI 408: Child Labor 2016 GRI 409: Forced or Compulsory Labor 2016 GRI 410: Security Practices 2016 ESRS S1: Own Workforce	VBA WifOR institute True Price
<i>Social Capital</i>			
Diversity and Equal Opportunity (In Development)	Expected to cover a range of topics, likely divided into separate methodology statements, including wage inequality, wage equity, diversity in representation by gender, race, age, etc.	GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination ESRS S1: Own Workforce	Impact Weighted Accounts Valuing Impacts WifOR institute GIST Impact True Price
Land Access / Indigenous Rights (Possible)	Would cover impacts of actions related to norms of Indigenous rights, cultural impacts and preservation, and/or methods to access and use land independent of environmental impacts	GRI 411: Rights of Indigenous Peoples 2016 ESRS S3: Affected communities	
Privacy & Data Security (Possible)	Would cover impacts of practices on individual privacy, including consumers, workers, and other potential stakeholders	GRI 418: Customer Privacy 2016 ESRS S4: Consumers and end users	

Political Influence & Lobbying Activities (Possible)	Would cover the impact of an organization's lobbying activities, positive or negative. This could take the form of a separate methodology or guidance on how inclusion of lobbying activities could or should be considered in specific topic methodologies.	GRI 415: Public Policy 2016 ESRS G1: Business Conduct	
Purchasing & Payment Practice (Possible)	Would cover impacts on suppliers independent from impacts on workers in value chain, such as payment practices and terms, supplier diversity programs, etc.	GRI 414: Supplier Social Assessment 2016 GRI 204: Procurement Practices 2016 ESRS G1: Business Conduct	
<i>Economic Capital</i>			
Taxes (Expected)	Expected to cover the impact of payments to government and government subsidies received, designed to ensure adequate provisions of social services.	GRI 207: Tax 2019 GRI 201: Economic Performance 2016	GIST Impact WifOR Institute Valuing Impact
Community Investment / Philanthropy (Expected)	Expected to cover the impact of initiatives that are traditionally considered "CSR," including charitable giving, community service, pro-bono activities and other community investments	GRI 413: Local Communities 2016 ESRS S3: Affected communities	GIST Impact
Corruption and Bribery (Possible)	Would cover the impacts on society based on the prevalence of corruption related incidents within an entity	GRI 205: Anti-corruption 2016 ESRS G1: Business Conduct	
<i>Anti-competitive Practices</i> (Possible)	Would cover impacts on consumers, suppliers, and competitors based on monopoly practices and other anti-competitive behavior	GRI 206: Anti-competitive Behavior 2021 ESRS G1: Business Conduct	
Ownership Impacts (Possible)	Would cover wellbeing impacts of wealth creation through ownership opportunities, such as the impacts of ownership models designed for wealth creation for particular groups (diversity in ownership, worker ownership, etc.).	GRI 201: Economic Performance 2016 GRI 401: Employment 2016	
Economic Development (Possible)	Would cover specific economic development related impacts that improve economic opportunity and subsequently well-being for low-income communities and jurisdictions in ways that are not already captured by the specific topics above.	GRI 203: Indirect Economic Impacts 2016	