



Harvard Business School Impact-Weighted Accounts and Value Balancing Alliance *Joint Statement*

Societies, economies, and business models are in a fundamental transition towards greater sustainability and equity. To support and drive the transition, regulators, financial market actors, and corporates need robust and tailored information about the performance of companies.

Today, we recognize and welcome the international harmonization and standardization of frameworks for sustainability reporting and disclosures. However, the landscape of methodologies to assess corporate sustainability performance is still fragmented. To ensure robust and comparable information, efforts to standardize the definition, measurement, and valuation of positive and negative impacts from business on society and enterprise value need to be intensified.

Several methodological approaches are currently being explored. Most fail to handle the measurement and integration of economic, social, and environmental aspects at the same time in a consistent way. Harvard Business School Impact Weighted Accounts (HBS IWA) and the Value Balancing Alliance (VBA) are convinced that monetary valuation of impacts on society and enterprise value is the most promising way to further develop respective sustainability accounting systems in a meaningful, fast, and business compatible manner.

HBS IWA has approached the monetary valuation from the perspective of building large scale data that can be used for research and are useful for both companies and investors. The VBA has approached it from an industry angle and from practitioner experience. Both methodologies share fundamental principles. To ensure a harmonized and consistent definition, measurement, and valuation of corporate sustainability performance, both have agreed to increase their collaboration to

- Understand the current coherence and differences of both approaches
- Build bridges towards a harmonized methodology to ensure consistent and comparable assessments
- Co-develop further areas for a standardized methodology of assessing the corporate sustainability performance based on monetary valuation

HBS IWA and VBA will make their efforts and outcomes publicly available and invite further initiatives and experts to support and join our efforts.

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