

# Impact Valuation

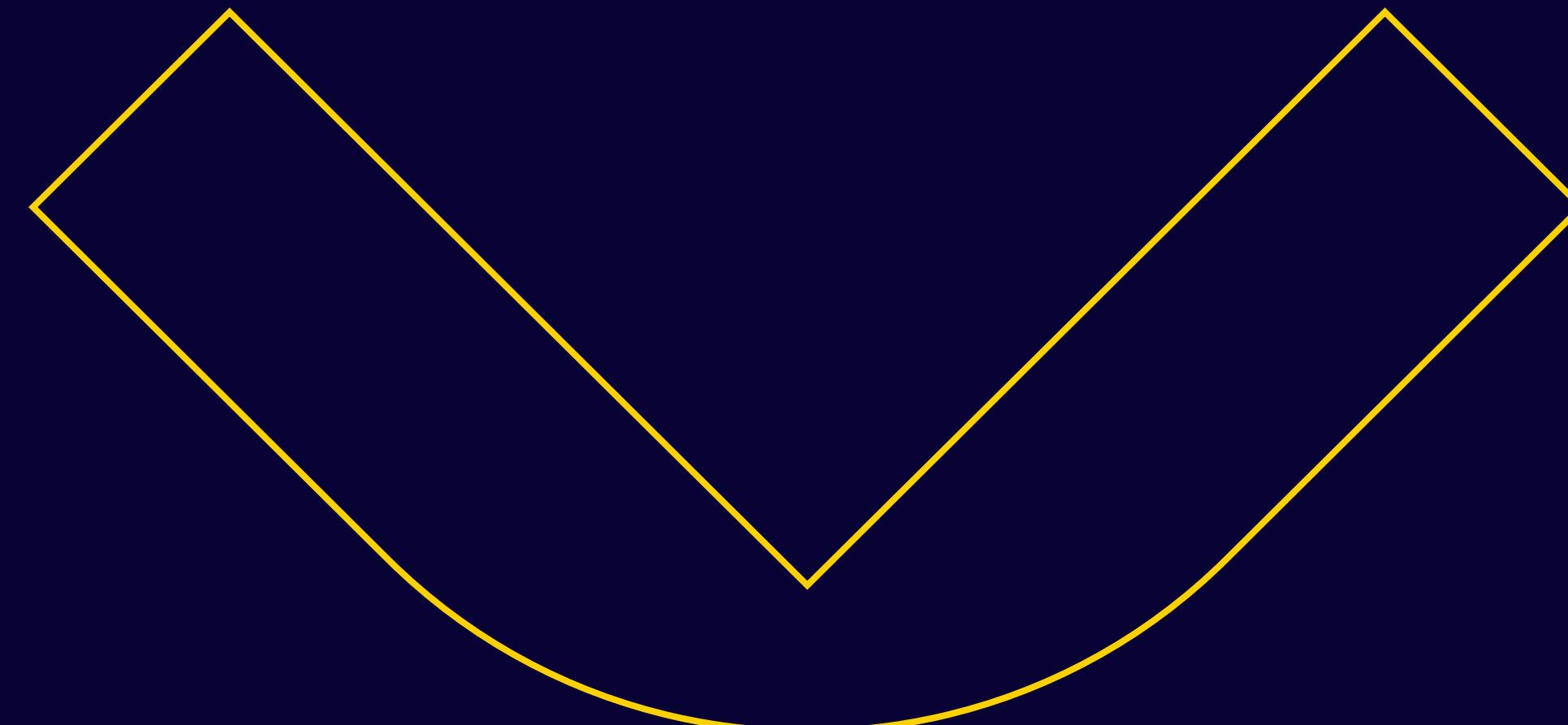
## A primer for investors

November 2024

Produced by the founding organisations  
of the Impact Valuation Hub



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# Introduction

In 2023, the World Economic Forum declared that we are on the brink of a 'polycrisis'<sup>1</sup>. More than 12 months on, the world continues to wrestle with economic challenges, armed conflicts, the climate and biodiversity crisis, deeply divided societies and rising inequality. Facing so many existential threats, it is only right that we question:

## How did we get to this point?

A significant contributor to the polycrisis is the prevailing economic model in which economic growth (profits and GDP) is our single indicator of success. We do need strong economies since we all need money to survive, but we must not ignore the other aspects of life that we need to thrive.

## What does the future hold?

There is a growing movement for an alternative economic model that can change the way we make decisions and transform capitalism as we know it. Central to a new economic model is to rethink our current definition of value, one that recognises social and environmental value alongside financial value. The way that we account for value in the 21<sup>st</sup> century must be upgraded so that other types of value (or 'capitals') are integrated into our decision-making.



<sup>1</sup> World Economic Forum, [We're on the brink of a 'polycrisis' – how worried should we be? \(2023\)](#)

This primer is designed to give you an insight into how impact valuation can be applied to your portfolio management strategy. In it, you will find:

- An introduction to impact valuation and the opportunity it offers to investors
- Examples of impact valuation in practice, illustrated through three investor case studies
- An overview of the Impact Valuation Hub, highlighting its support for members and the existing knowledge it builds on.



## You can be part of that future

Are you an investor at the forefront of transforming our global economy? Do you want to know the value of your investments? Do you want to make better decisions that integrate financial social and environmental value? If so, I invite you to join the Impact Valuation Hub, a coalition of investors working together to shape best practices for valuing the impact of their investments.

**Ben Carpenter**  
CEO  
**Social Value International**



# Context

## From impact measurement to impact valuation

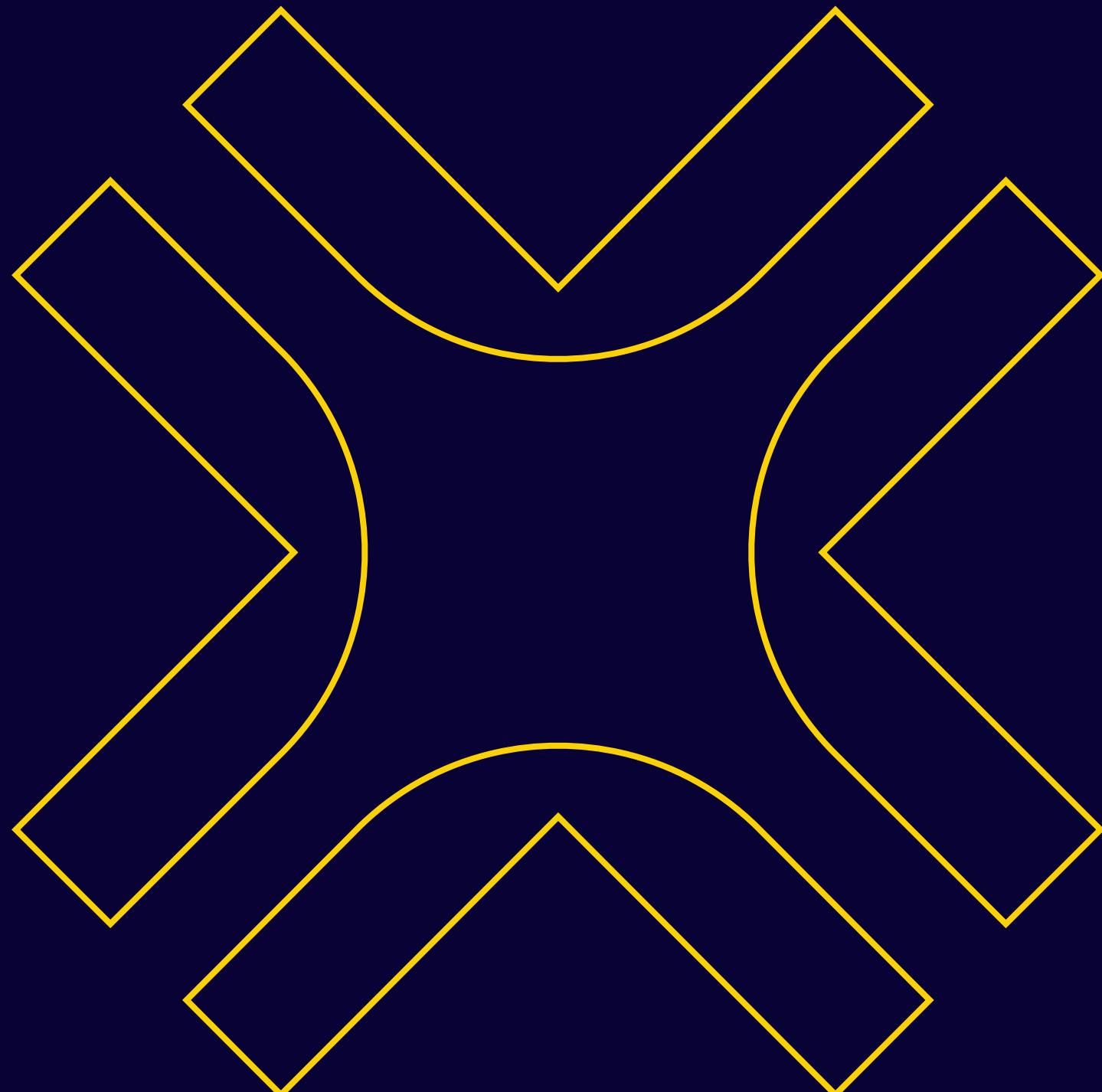
All investment and business decisions have consequences for the well-being of people and the planet. These consequences or 'impacts' have traditionally been excluded from our systems for measuring value, or dismissed as 'externalities'<sup>2</sup>. Attempts to measure impacts have become increasingly common in recent decades, recognising its role in providing decision-useful information - and making the invisible visible.

The idea of measurement as a means of management is well understood. But, effective impact management requires an understanding of the 'relative importance' or 'value' of each impact. Which impacts will create the most value for each stakeholder group? Do our impacts create as much value as we think? Can we create more value with different impacts for different stakeholder groups? These are the questions that impact valuation seeks to answer.

We must remember that value is inherently subjective and varies from one person to another. Valuing impacts on the well-being of people is as much of an art as a science. Rather than providing absolute truths, impact valuation offers an explicit valuation of something that was previously invisible, to drive better decision-making.



<sup>2</sup> Defined by [Investopedia](#) as a cost or benefit that is caused by one party but financially incurred or received by another.



Impact valuation can be non-monetary - a simple weighting or ranking of impacts can reveal relative importance. However, when comparing value across different stakeholder groups, it is necessary to have a common unit of value and the best solution to this is monetary valuation (otherwise referred to as 'impact valuation'). A dollar, naira, euro, yen or pound sign provides a language that we all understand, whilst enabling us to integrate social and environmental with financial information.

Impact valuation is not new. It has been developing over the last two decades to the point that concepts such as social return on investment (SROI), capitals assessments and impact accounting are now established as part of an overall impact management practice.

There is now an opportunity to unite leading providers of impact valuation resources with the innovators applying these practices in their portfolios. The Impact Valuation Hub will deepen investors' understanding of impact valuation methodologies, enabling them to improve their decision-making whilst advocating for a new way in which society accounts for value.

## The opportunity for investors

Impact valuation encourages investors to look beyond the outputs of their (potential) investee companies, to the changes in outcomes resulting from their investments. In doing so, impact valuation enables investors to:

- Compare a holistic or '3D' value of their investments, incorporating financial, social and environmental returns
- Generate return ratios comparing the total value created with their investment
- Aggregate impacts across investments by expressing impact value in monetary terms

In other words...

impact valuation provides an opportunity for investors to generate insights that support more informed decision-making, helping them reduce negative impacts and maximise positive impacts across their investment portfolios.





Investors often utilise monetisation approaches that can be applied throughout the investment cycle, including:

- Due diligence: Investors can use impact valuation to inform whether to allocate capital to a potential investee.
- Investment management: Investors can use data generated from their impact valuation methodology to encourage their portfolio companies to optimise their impact (by reducing the negative and increasing the positive). Valuation also facilitates reporting by using monetary amounts to convey the impact created.
- Exit: Impact valuation can enable investors to link impact goals to their carried interest by assessing the impact created by their investments.

Impact Valuation is already transforming the way that investors make decisions...

The impact valuation model has supported our companies in better defining their go-to-market strategy, to ensure impact and financial returns go hand in hand.



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Explore how Astanor is applying impact valuation to its investment strategy.



**Leslie Kapin**  
Partner and Director of Impact  
**Astanor**



**Impact valuation has helped us get much closer to answering the questions 'What is real impact?' and 'How much impact are we actually creating?'**



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Explore how Wire Group is applying impact valuation to its investment strategy.



**Michiel Lenstra**  
Partner  
**Wire Group**



**Impact valuation allows us to focus on what truly matters: the impacts that a company's products, services and operations have on society. The focus on impacts rather than outputs enables us and our portfolio companies to make better decisions when it comes to strategy and investments.**



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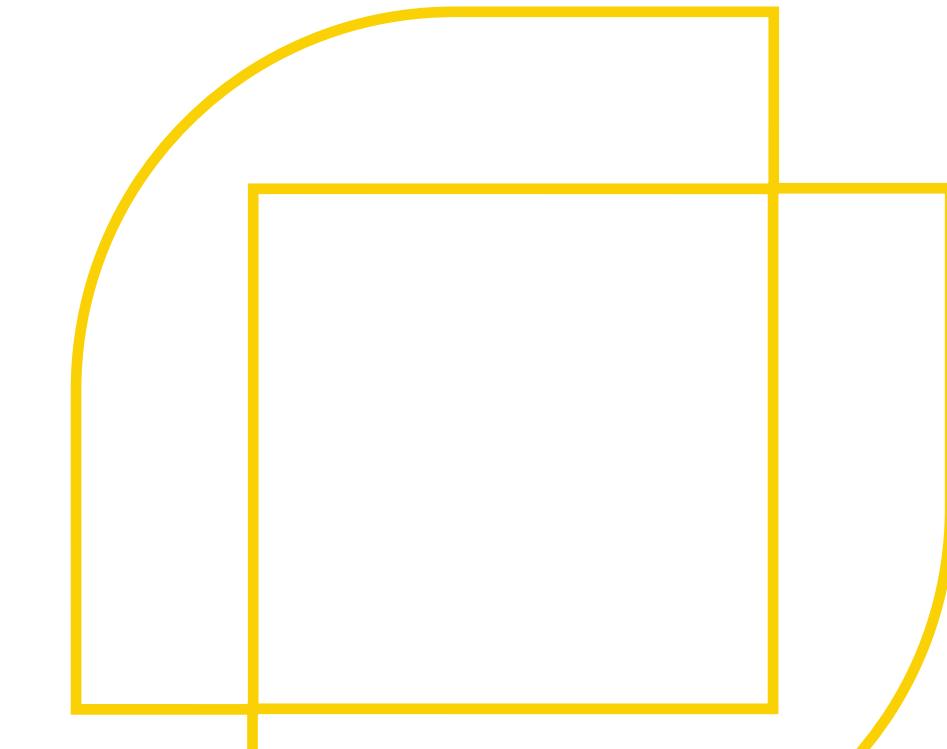
Explore how Summa Equity is applying impact valuation to its investment strategy.



**Emelie Norling**  
Impact Director  
**Summa Equity**



# Investor case studies



This section includes three short case studies from pioneering investors who have started to use impact valuation to manage their investment activities. Click [here](#) to read more case studies.

Astanor

Summa Equity

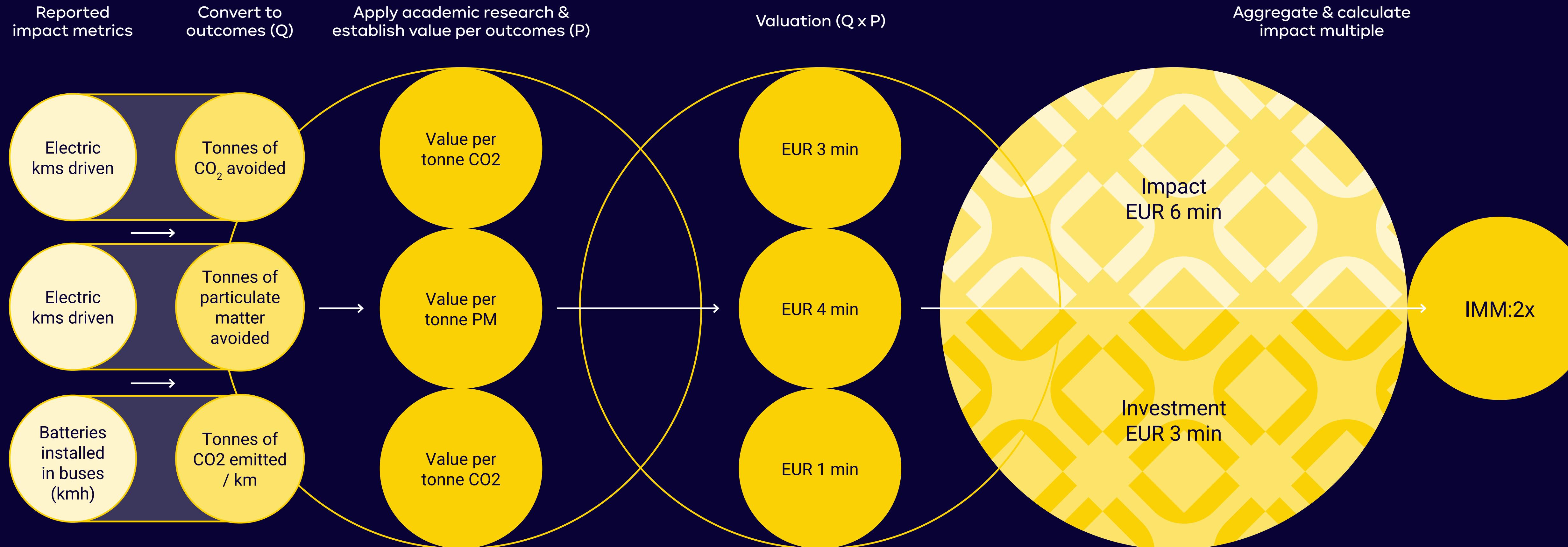
Wire Group



By working with the Impact Institute and Valuing Impact (who are Knowledge Partners of the Impact Valuation Hub), these investors obtained a ratio on the amount of social value generated against the financial investment. They called this an 'Impact Multiple on Invested Capital' (IMoIC). The diagram below (taken from one of The Wire Group's investments) illustrates how this is calculated.

Output metrics are converted to outcomes that are valued and 'monetised' (relying on academic research) which enables aggregation and calculation of an impact multiple. The reported output metrics come from the investee while the outcomes (Q) and value factors (P) come from secondary sources chosen by the fund manager.

## What does the Impact Multiple on Invested Capital (IMoIC) look like?



# Astanor

## | Who

Astanor's mission is to transform food systems by investing in mission-driven companies that are reimagining the agrifood value chain, creating lasting environmental and social impact.

## | What

Astanor measures the impact of its portfolio companies by building tailored impact pathways across the three capitals: natural, human, and social. These pathways quantify outcomes such as tons of CO<sub>2</sub>e avoided or increased farmer revenue and convert them into a unified monetary value. This data forms the foundation for an impact valuation at the company level, which is then aggregated to demonstrate the collective impact potential of the entire fund.



# Why

Impact valuation offers invaluable support to Astanor's portfolio companies by providing strategic insight into the potential impact creation of their products and services; for instance, by providing an environmental cost of their product compared to what it is replacing in the market. At fund level, the insight into companies' impact creation potential supports the investment decision-making process at both pre- and post-investment.

# How

The Impact Multiple on Invested Capital (IMoIC) was calculated to evaluate potential impact creation over a 10-year post-investment period, based on the company's business plan and the overall positive benefits of the company's product.



The table below shows the respective impact creation potential of investments and their respective IMoIC potential. This was calculated using the formula shown:

**Impact creation potential**  **Astanor's ownership**

**Invested amount**

Company sector	Total impact creation potential	Ownership	Allocated impact creation potential	Capital investment	Impact multiple on invested capital
Feed innovation 1	€179,480,501	18.63%	€33,437,217	€6,200,000	5.39
Alternative protein 1	€100,453,230	21.95%	€22,049,484	€6,938,715	3.18
Agriculture input	€169,815,739	13.99%	€23,757,222	€8,315,337	2.86
Packaging	€35,754,277	8.97%	€3,207,159	€3,800,000	0.84
Alternative protein 2	€837,352,612	4.37%	€36,592,309	€14,544,280	2.52
Feed innovation 2	€486,108,834	6.17%	€29,992,915	€31,500,000	0.95
<b>Total</b>	<b>€1,847,503,725</b>	<b>13.01%</b>	<b>€155,961,100</b>	<b>€100,298,332</b>	<b>2.62</b>



## Key insights

- 1** There is a significant variation in the efficiency of impact creation across the portfolio, with an IMoIC ranging from 0.8x to 5.3x.
- 2** The IMoIC varies depending on the total impact creation potential, as well as the ownership in the company. For instance, Astanor has two portfolio companies producing feed innovation; the IMoIC is considerably higher for company 'feed innovation 1', although company 'feed innovation 2' has more absolute value creation.
- 3** Being able to put a value on portfolio companies' human, social and environmental benefits provides a more complete picture of the company than financial results only. This additional data point allows for more informed decision-making both pre- and post-investment.



## Benefits of the impact valuation process

- At a company level, all the science-based data collected to build impact valuation models support portfolio companies in improving the social and environmental profile of their product or service (e.g. by finding alternative sourcing of raw material) and guide them in defining a strategy that aligns impact and financial return.
- Ability to compare the relative efficiency of impact value creation across different companies, for capital allocation optimisation.
- Rethink impact thesis and orientate Astanor's deal-flow for companies where impact creation is the highest.

# Summa Equity

| Who

| What

Summa Equity is a purpose-driven, thematic investment firm, considering the world's uncertainties as opportunities.

Summa Equity valued the impacts of their investment in Oda, Norway's leading online grocery retail platform, which aims to be an efficient and sustainable online grocer by leveraging superior operational efficiency and reducing food waste.



# Why

Impact valuation was undertaken to achieve a holistic assessment of company impact performance, which includes evaluating both operations and the value chain. This approach ensures greater transparency regarding corporate impacts on society and the environment.

Additionally, impact valuation enhances decision-making by identifying resilient and forward-looking business models, as well as levers to enhance impact, thereby supporting informed decisions aligned with long-term investment goals.



# How

The impact valuation process was a collaborative project between Oda, Summa and Valuing Impact. The model assessed Oda's operations and full value chain across social, human and natural capital dimensions. This included an assessment of the following:

- Supply chain: Producing the food - farming the inputs, processing, packaging and transporting
- Direct operations: Picking, packing and transporting to end-customer
- End-of life: Handling waste - processing packaging waste, avoided waste
- Consumption: Consuming the goods - product utility, nutritional impact

The table below shows the different impacts across human, natural and social capital and throughout the value chain.

	Supply chain	Direct operations	Use phase	End-of-life	Grand total (USD)
<b>Human capital</b>	5,540,757	6,796,871	476,358,237		488,695,865
Product utility			473,441,177		473,441,177
Productive time saved			16,715,297		16,715,297
Employment	5,540,757	6,796,871			12,337,628
Nutritional impacts   behaviour change			899,013		899,013
Nutritional impacts			-15,010,252		-15,010,252
<b>Natural capital</b>	-67,900,457	-2,536,801		-621,282	-71,058,540
Avoided food mileage		1,544,453			1,544,453
Food production   behaviour change	545,651			19,215	545,651
Food loss reduction	393,375			-640,497	412,590
Waste treatment				-640,497	-640,497
Energy		-2,385,941			-2,385,941
Food loss reduction	-3,271,659	-1,695,313			-4,966,972
Waste treatment	-14,787,472				-14,787,472
Energy	-50,780,352				-50,780,352
<b>Social capital</b>	73,075,067	32,240,668			105,315,736
Taxes	73,075,067	32,240,668			105,315,736
<b>Grand total</b>	<b>10,715,367</b>	<b>36,500,739</b>	<b>476,045,234</b>	<b>-621,282</b>	<b>522,640,058</b>



Analysis provided  
by Valuing Impact



# Key insights

- 1 The impact valuation process highlighted the importance of sustainable procurement practices and supplier collaborations.
- 2 The model concluded a net positive impact of the company, where most positive impacts were associated with the human capital dimension, mainly due to high product utility, i.e. the consumption of food.
- 3 Within the human capital dimension, sugar consumption and meat consumption were the highest negative impacts.
- 4 A net negative natural capital impact, which was identified primarily due to high food production emissions in the upstream value chain.
- 5 Land use was identified as the top two environmental impact areas for Oda's products, together with climate.
- 6 Ultimately, it helped uncover the true cost of food: 83% of the negative natural capital impacts of food production associated with dairy and meat.



# Benefits of the impact valuation process

After completing the project:

- Oda stated the project helped them realise the importance of the continued efforts to promote sustainable and plant-based diets (green nudging).
- Despite the model showing limited positive impact of food waste and last mile transport, Oda still wants to include these for their operational targets as it is within their direct control and is important to stakeholders (customers, investors, employees).
- Oda noted that the impact valuation exercise can help their efforts towards improving reporting, specifically serving as helpful insights towards double materiality analysis under the European Union's Corporate Sustainability Reporting Directive (CSRD).



# Wire Group

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## | Who

Wire Group works towards creating a values-driven economy that consciously contributes to people's well-being throughout their lives, while being in harmony with nature, culture and society. It was Founded in 2010 to actively help make the impact investing sector in the Netherlands more professional and accessible.

## | What

Wire Group valued the impacts of their investment in an e-mobility company in Asia, which operates a fleet of electric buses on intra- and inter-city routes. Key impacts include a reduction of greenhouse gas emissions and air pollution.

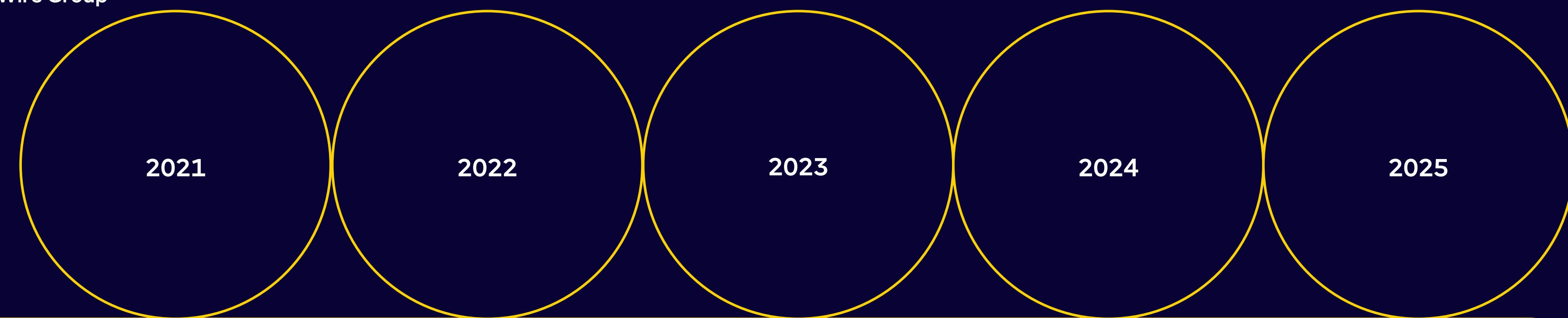
## | Why

They used impact valuation to calculate how much social value was created by the company in relation to the amount invested.

## | How

The impact of the company was estimated in terms of avoided CO<sub>2</sub> emissions and particulate matter. The table below aggregates the total societal value from these impacts and projects the Impact Multiple on Investment Capital over a five year period from 2021 to 2025.

## Impact valuation calculation and projection



Investment (EUR)	51.237.200	51.237.200	51.237.200	51.237.200	51.237.200
Societal value (SV) (EUR) - CO <sub>2</sub>	440.687	6.548.431	18.640.285	19.009.399	19.378.514
Societal value (SV) (EUR) - PM	473.147	4.336.589	11.564.237	11.564.237	11.564.237
SV corrected for shareholding	913.834	10.885.019	30.204.521	30.573.636	30.942.750
IMoIC in year	0,018	0,212	0,590	0,597	0,604
<b>Cummulative IMoIC</b>	<b>0,018</b>	<b>0,230</b>	<b>0,820</b>	<b>1,416</b>	<b>2,020</b>

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## Key insights

- 1 The company creates a significant positive social value to the society, driven by the climate change benefit (experienced globally) and the health benefits from the local improvement of air quality.
- 2 Based on Wire Group's (indirect) shareholding in the investee company, the cumulative value to society over five years is projected to reach over 100 million EUR for an investment of 51 million EUR, leading to an IMoIC of 2.02.
- 3 Not all impacts have been included in this calculation: the company's 'women-only' routes have a potentially huge positive impact in a country where more than 50% of women have experienced sexual harassment in public transport.



## Benefits of the impact valuation process

- Investor and investee have a greater articulation of the social value of the investment.
- Enabled Direct comparison between different impact drivers.
- Comparison with financial metrics (capital invested) to identify the efficiency of the social value creation, which can lead to an easier comparison with other investees.
- Particulate matter pathway was originally not identified by investee company but is now being used when the company is building the case for government contracts and additional funding.

# The Impact Valuation Hub

## Turning theory into practice

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To learn more about the work of the Impact Valuation Hub and to enquire about membership, contact [ivhub@socialvalueint.org](mailto:ivhub@socialvalueint.org).



The Impact Valuation Hub (IV Hub) was set up to help investors to integrate impact valuation into their portfolio management strategies.

Building on a robust set of existing materials and case studies that you will find in this primer, the IV Hub fosters collaboration among like-minded investors looking to share best practices and examples of impact valuation in practice.

In becoming members, investors can:

Access resources that demonstrate impact valuation in practice, including case studies and practical guides

Regularly connect with a global network of experts and businesses that are applying (or advising the application of) valuation techniques across investment portfolios

Understand the learnings of other investors leading the field of impact measurement, valuation, and reporting

Commission or initiate new projects on impact valuation, where relevant.

## Innovation guided by expertise

Impact valuation is an established practice, and a wide range of guidance, methodologies, and tools exist to support investors and other market actors in its implementation. Many of these materials have been developed by the organisations supporting the Impact Valuation Hub, including:



### The Guide to Social Return on Investment (SROI)

A framework for anyone interested in measuring, managing and accounting for social value or social impact

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### The Principles of Social Value

An introduction to the principles-based framework for accounting for value and impact management

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### The SVI Standards for SROI and Impact Management

Standards and Guidance for applying the Principles of Social Value

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### The SVI Glossary

Key definitions for anyone engaging with social value and impact management

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### SVI Report Assurance Standard

The standard for reporting SROI analysis and for practitioners to meet when seeking Accredited Practitioner status

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### Beta Framework for Integrated Decision-Making

A framework outlining seven essential steps that, when followed, can help organisations of all sizes integrate the value of all four capitals into their decision-making processes. It includes two technical support documents, as detailed in the following two rows.

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#### Capitals Protocol

Detailed guidance on how to conduct an integrated capitals assessment, which can provide decision-useful information for systems-level solutions

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#### Governance for Valuation

An introduction to a common structure for building confidence in valuation

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#### General Methodologies

The General Methodology serves as the foundation for the Impact Accounting Methodology, meaning that it applies to all Topic and Industry-specific Methodologies

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#### Environmental Methodologies

These methodologies consider topics related to corporate impacts on and through the natural environment

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## Social Methodologies

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These methodologies consider topics related to corporate impacts directly to people and society.

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## Global Value Factor Database

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The near 100,000 value factors included in the interim and official environmental methodologies are presented together in a global value factor database.

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## Guide to Funders to Assess and Value Impact

An impact assessment and valuation methodology for impact investors and philanthropists. This includes step-by-step guidance on how to assess and value the impact of a potential funding opportunity

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## Impact-Weighted Accounts Framework (IWAF)

The framework helps organisations to compile impact-weighted accounts by providing key concepts, requirements and guidance

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## Key Impact Categories & Monetary Valuation Factors

This document provides a standardised list of impacts categories and a list of monetisation factors

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### eQALY Methodology

A consistent, comparable, and relevant valuation method of well-being to support organisations' decision-making

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### From Impact Valuation to Investing for Purpose

A paper that aims to address the current limitations of impact assessment and valuation by using a new and innovative impact valuation method

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### The Health Utility of Income and Taxes

Two papers that pull from research by Valuing Impact, which put a value to the utility of income and taxes, from a well-being (or health) perspective

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### The New Value of Safety and Health in a Changing World

A guide that provides context, methodologies, metrics and case studies that can be utilised in the field of health and safety

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# Acknowledgements

This document is co-authored by representatives of the following organisations:



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[www.impactvaluationhub.org](http://www.impactvaluationhub.org) 

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