

Impact Statement Framework

Valuing, Accounting and Reporting Societal Impact

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Glossary

Additionality	Composite parameter in the eQALY equation adjusting for baseline, drop-off, and attribution. Expressed as: $\text{baseline} \times (1 - \text{drop-off}) \times \text{attribution}$.
Capitals Protocol	The Capitals Coalition's framework for capitals assessment, structured in three phases: Assemble (scope), Assess (measure and value), Act (apply to decisions).
Characterization factor	Coefficient converting an inventory flow (e.g., kg emitted) into its contribution to an impact category (e.g., kg CO ₂ e, DALY). Sourced from LCA or epidemiological databases.
DALY	Disability-Adjusted Life Year. Years of healthy life lost to illness, disability, or premature death. Used as the health-outcome unit in several eQALY pathways.
eQALY	Equivalent Quality-Adjusted Life Year. Monetary valuation unit expressing impacts across all capitals in a single metric. Calculated as $\text{Output} \times \text{Outcome} \times \text{Additionality} \times \text{Value factor}$.
Health Utility of Income	Country-specific factor converting a change in individual income into an equivalent change in well-being (eQALYs), reflecting the diminishing marginal utility of income.
Health Utility of Taxes	Country-specific factor converting public revenue (taxes and social contributions) into an equivalent change in population well-being (eQALYs), accounting for the efficiency of public spending.
Human Capital	People's knowledge, skills, competencies, and attributes that contribute to better performance and well-being.
Impact accounting	A system for measuring and valuing the impacts of corporate entities to inform decisions related to sustainability (IFVI).
Impact driver	A measurable input to, or output from, human activities that results in impacts.
Impact statement / IP&L	Framework that quantifies and values, in monetary terms, an organization's positive and negative impacts over a period, applying a multi-capital lens across the full value chain.
Impact valuation	The practice of quantifying and monetizing an organization's impacts across the value chain to enable comparability, identify material effects, and support strategy.
Indicator	A quantitative or qualitative variable used to measure state at a point in time or track change. Sometimes used interchangeably with metric.
Input-output (IO) model	Economic modeling tracing monetary flows through sectors to estimate environmental or social pressures of production. Used as a secondary data source (e.g., WISIT, EXIOBASE).
LCA	Life Cycle Assessment (ISO 14040/14044). Methodology for evaluating the environmental impacts of a product or service from raw material extraction through end of life.
Materiality	The principle that a driver, data gap, or assumption is material if its inclusion or exclusion could influence the decisions the Impact Statement supports.
Natural capital	The stock of renewable and non-renewable natural resources (plants, animals, air, water, soils, minerals) that provide flows of benefits to people.
Outcome	Second step of the eQALY equation. A factor translating an operational output into a change in well-being, health, or environmental state (e.g., kg CO ₂ e/kg, DALY/case).
Output	First step of the eQALY equation. The operational metric quantifying what the organization produces or consumes (e.g., tonnes, headcount, kWh).

Primary / Secondary data	Primary data: collected directly from the organization or its value chain. Secondary data: sourced from external databases, models, or literature (e.g., emission factors, IO tables).
Social capital	Networks together with shared norms, values, and understandings that enable cooperation within and among groups.
SROI	Social Return On Investment (and methodology from Social Value International)
Social Utility of Life	Social Utility of Life or Social Value of Life (SVL) is a value factor introduced by Valuing Impact, which encompasses the economic value of a life in terms of economic production and beyond (social connections, institutions, etc). Per default, and using a conservative assumption, it is equal to an ideal GDP/capita (the one of OECD).
Value chain	The full chain of activities from raw materials and services (upstream), through direct operations, to the use stage and end of life (downstream).
Value factor	Coefficient expressing the worth of changes in a capital to people. Applied as the final eQALY step to convert outcomes into monetary terms.
Valuation pathway	One of seven routes in the eQALY model: Environmental externalities (EE), Income & wages (IW), Well-being (WB), Education & skills (EST), Taxes (T), Costs to society (SC), Ecosystem services (ES).

Executive Summary

1.1. What is an impact statement?

Organizations today face growing pressure to demonstrate their value to society — from investors integrating impact into allocation decisions, to regulators introducing mandatory sustainability disclosures, to customers and employees demanding transparency. Yet most sustainability reporting still delivers disconnected metrics that cannot be compared, ranked, or translated into strategy. The Impact Statement solves this by doing for societal value what the financial P&L does for economic value: putting everything on one page, in one unit, so leaders can see the full picture and act on it.

An Impact Statement, also known as an Integrated Profit & Loss (IP&L), is an accounting framework that quantifies and values, **in monetary terms**, the positive and negative societal impacts of an organization over a defined period. It mirrors the familiar structure of a financial P&L but applies a **multi-capital lens**—spanning natural, human, and social capital—across the **full value chain** (upstream supply, own operations, products and services, and end-of-life).

Unlike traditional ESG reporting, which tracks indicators in different units (tonnes, percentages, headcounts), the Impact Statement expresses all effects in a **single comparable unit: monetary units equivalent of societal value**. This makes trade-offs visible, enables cross-topic prioritization, and provides decision-makers a clear picture of where the organization creates—or erodes—value for society.

1.2. Why use it? The added value for decision-makers

The Impact Statement is not a compliance exercise. It is a strategic decision-support tool. By translating diverse impacts into monetary terms, it creates a common language that bridges sustainability teams, finance, and the boardroom. Leaders use it to:

- **Reveal what matters most** — by ranking impact drivers by magnitude, focusing attention and resources on the few levers that move the needle. *For example, one assessment revealed that living-wage gaps in the supply chain were three times more material than direct carbon emissions — a finding invisible in traditional ESG reporting.*
- **Make trade-offs explicit**—between capitals and value-chain steps —so that strategic choices are grounded in evidence rather than intuition.
- **Evaluate options and investments** — using societal return on investment alongside financial returns — comparing scenarios, products, or portfolio companies on a like-for-like basis. *Comparing two acquisition targets on societal return, or assessing whether shifting to a lower-carbon logistics provider creates net positive value when workforce effects are included.*
- **Strengthen stakeholder engagement** — by providing a transparent, structured narrative backed by monetized evidence that resonates with investors, boards, and partners.
- **Complement regulatory reporting** — by offering a single-page synthesis that sits alongside financial P&L and ESG disclosures, adding depth without duplication.

In short, the Impact Statement turns sustainability performance into a decision-ready input that leadership teams can act on, rather than a standalone report that sits on the shelf.

It is, however, not recommended for:

- **Regulatory compliance reporting** — it does not produce the granular, indicator-level disclosures required by CSRD, ESRS, or GRI.
- **Product-level eco-design** — comparative LCA in physical units provides the engineering-level resolution that monetized, organization-level results cannot.
- **Decisions requiring direct stakeholder voice** — the method relies on public datasets, not primary consultation with affected communities.
- **Financial risk quantification** — it measures societal value, not the organization's own cash-flow exposure, transition costs, or contingent liabilities.

1.3. How it is structured, built and reported

The Impact Statement is organized as a **matrix** with value-chain steps in rows and capital types in columns, producing a single-page overview with a net societal value for the period (see Table 1). This is a recommended format to report it, although there are different variations that can be used as well.

Table 1 – Illustration of the impact statement recommended format.

Value-Chain Step	Natural Capital	Human Capital	Social Capital	Total
Supply chain (upstream)	\$	\$	\$	\$
Own operations	\$	\$	\$	\$
Products & services	\$	\$	\$	\$
End of life	\$	\$	\$	\$
CSR / Investments	\$	\$	\$	\$
Total (by capital)	\$	\$	\$	Net Value

The Impact Statement is designed to be comprehensive without being theoretical. It covers **27 impact indicators** across natural, human, and social capital — from greenhouse gas emissions and water pollution to living-wage gaps, forced labor risk, and tax contributions. These indicators are organized into thematic families within each capital, as shown below.

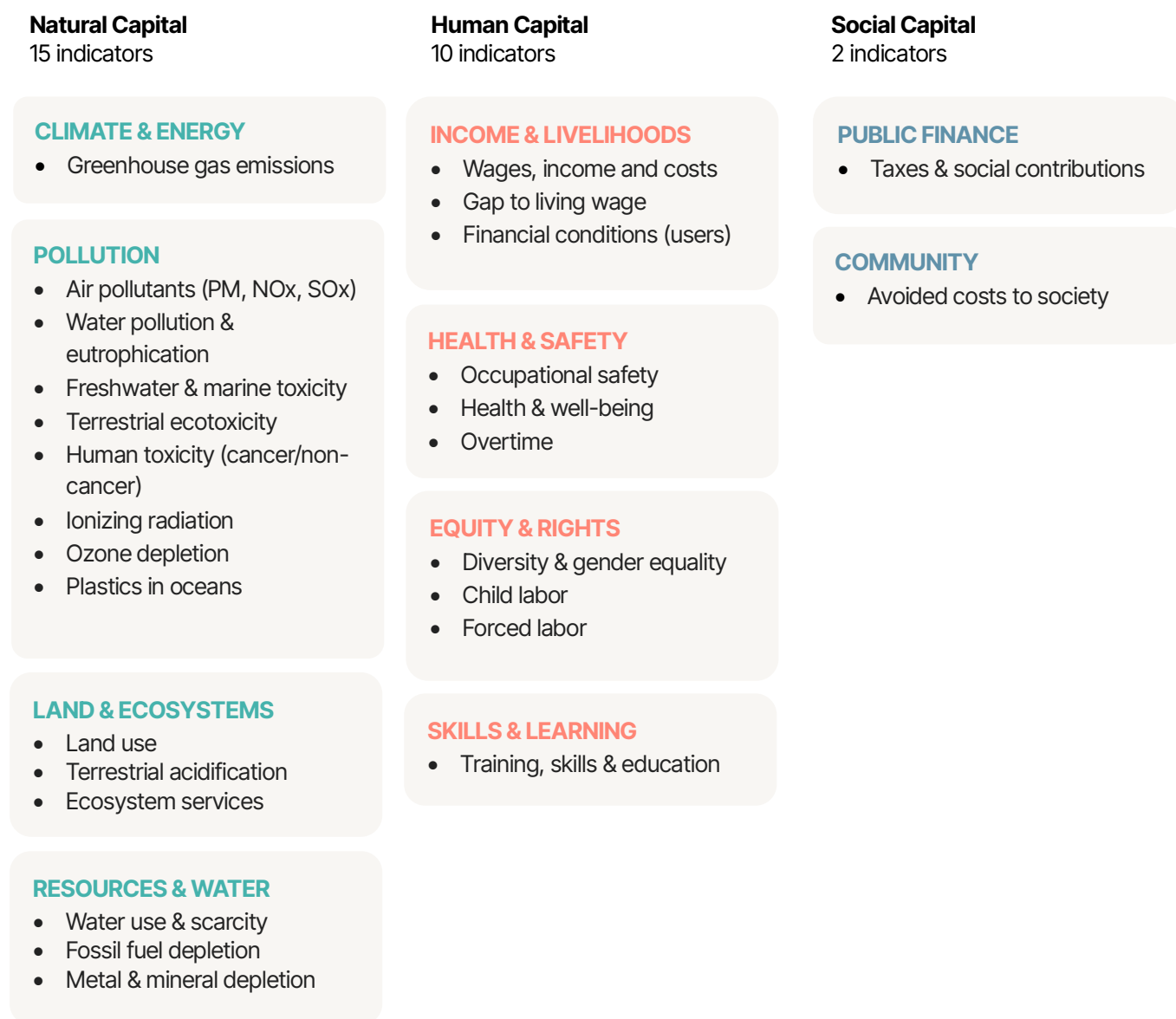


Figure 1 - The three capital pillars: 27 impact indicators organized by capital type and thematic family – all valued in a single monetary unit via the eQALY method

The framework can be **refined** to align with an organization's specific context—for example, by splitting the supply chain by material or supplier tier, or by segmenting products by family or customer group—while maintaining clean roll-ups and year-on-year comparability.

The final Impact Statement is delivered as a **one-page matrix** (value-chain steps × capitals) with a clear net societal value figure, complemented by:

- **Value notes** — concise “notes to the numbers” explaining methodology, assumptions, data quality, and sensitivity for each material line item, following the Capitals Coalition's Governance for Valuation and Confidence Criteria.

- **Waterfall and top-driver visuals** — making it immediately clear which drivers contribute most to positive or negative value.
- **A transparency report** — documenting scope, boundary, attribution rules, valuation approaches, stakeholder considerations, and ethical choices (equity weighting, future-impact accounting).
- **An assurance-ready structure** — with traceable data, documented assumptions, and a workpapers index, positioning the statement for external review.

The statement integrates with existing GHG inventories (a full GHG Protocol crosswalk maps Scopes 1, 2, and 3 to the four value-chain steps) and is designed to complement, not replace, financial P&L and ESG KPI reporting. It sits alongside those tools, adding a societal-value lens that makes the full picture visible.

1.4. Where it fits: positioning the impact statement in the broader context of performance measurement

The Impact Statement does not replace existing approaches; it complements them. Financial P&Ls, ESG KPIs, physical impact models (LCA/IO), and double materiality assessments each answer different questions at different levels of aggregation. The table below compares them. The Impact Statement's distinctive contribution is **cross-topic comparability**: it is the only instrument that translates unlike impacts into a single monetary unit, enabling ranking, netting, and trade-off analysis across capitals and value-chain steps. For organizations already reporting under CSRD or conducting LCA studies, much of the analytical infrastructure is already in place; the Impact Statement can also strengthen double materiality assessments by replacing ordinal ratings with quantitative magnitudes of societal relevance.

Table 2 Five performance measurement approaches compared across unit, boundary, timeframe, use, and cross-topic comparability.

Tool	Unit	Boundary	Timeframe	Typical use	Cross-topic comparability
Financial P&L	Money (business value)	Control (entity)	Fiscal year	Performance, budgeting, filings	Full: all items in the same currency
ESG KPIs	Indicator set (% , tonnes, #, rate)	Varies by topic / standard	Periodic	Compliance, monitoring, targets	Limited: different units per topic
Impact measurement (physical units)	DALYs, species-yr, kg CO ₂ e	Product, project, or value chain	Varies (cradle-to-gate, 1 year)	Hotspot ID, product comparison, eco-design	Partial: within category only
Impact Statement (IP&L)	Money (societal value)	Full value chain	1 year	Prioritization, strategy, option appraisal	Full: all impacts in one monetary unit
Double materiality (CSRD / ESRS)	Qualitative + semi-quantitative scoring	Full value chain (IRO-level)	Point-in-time, periodic refresh	Regulatory compliance, disclosure scoping	Ordinal (high / medium / low)

1.5. The power of the eQALY valuation method

At the heart of the Impact Statement lies the **eQALY (equivalent Quality-Adjusted Life Year)** method, developed by Valuing Impact. What makes eQALY distinctive is its ability to translate fundamentally different kinds of impact — a tonne of CO₂ emitted, a wage gap closed, a workplace injury avoided, a child's year of education restored — into a **single, coherent measure of human well-being change**, expressed in monetary terms.

The method defines **seven valuation pathways** that collectively span human capital (health and well-being; income and wages; education and skills), social capital (taxes; costs to society), and natural capital (environmental externalities; ecosystem services). Every line item in the statement follows one logical chain: **Output → Outcome → Impact**, where additionality parameters (baseline, drop-off, and attribution) ensure that only the organization's genuine contribution is counted.

This architecture is both **powerful and rigorous**. It enables comparison of dissimilar impacts on a single scale while embedding the guardrails necessary for credibility: one primary pathway per effect, consistent counterfactuals, transparent assumptions, and year-on-year methodological stability. The method comes with a complete set of value factors (Health Utility of Income, Health Utility of Taxes, and regionalized environmental factors) and a ready-to-use Excel template, making it operational from day one.

1.6. How it is developed: a five-step process

The Impact Statement is developed through a structured five-step process aligned with the Capitals Coalition's Capitals Protocol (Assemble → Assess → Act):

Table 3 - Five-step process to develop an Impact Statement, mapped to the Capitals Coalition's Protocol phases (left) and to the sections of this report that cover each step (right).

Capitals Protocol phases :	Impact Statement Development Steps	Covered in this report :
Assemble	1 — Goal & Scope Define purpose, boundaries, stakeholders, and initial driver list	§ 2.2 Definition and scope § 2.4 Use cases overview § 2.5 Where it fits
	2 — Impact framework Map activities to drivers and valuation pathways; set attribution rules and guardrails	§ 4.2 Value chain scope § 4.3 Impact framework § 4.4 Guardrails
Assess	3 — Data collection Gather primary activity data and secondary impact data; document and manage gaps	§ 5.1 Measurement principles § 5.3 Data collection guide § 5.4 Minimum viable dataset
	4 — Modeling & results Apply the eQALY model; compute monetized impacts; compile the one-page Impact Statement	§ 5.2 Modeling architecture and valuation pathways § 6.1 Impact statement reporting format § 9.1–9.4 Appendix: eQALY equation, indicators, value factors, method notes
Act	5 — Insights & action Prioritize hotspots; assign owners; prepare decision and disclosure materials	§ 6.2 Value notes § 6.3 Assurance checklist § 6.4 Integration with existing reporting § 7 Illustrative case studies

The process is designed to be pragmatic. A tiered data approach (Bronze / Silver / Gold) ensures that organizations can produce a credible first Impact Statement without waiting for perfect data, then deepen resolution where it matters for decisions. The whole cycle is typically completed within a few weeks for an initial assessment. In some cases, with sufficient experience, the entire timeline can be reduced to a few hours or days, particularly with the support of AI tools.

1.7. How it is modelled

Translating this breadth into robust numbers requires a modeling architecture that adapts to each part of the value chain. In the supply chain, where direct observation is rarely possible, **life-cycle assessment (LCA)** addresses physical flows, whereas **input-output (IO) modeling** encompasses services, indirect spending, and workforce exposure. In its own operations, the backbone shifts to **primary company data**—from HR and ERP systems, energy meters, and safety records—enriched with LCA characterization factors and well-being utility models (HUI, HUT). For products and services, the approach combines usage data with a defined **counterfactual baseline** to capture both the value delivered and the resources consumed. End-of-life impacts are modeled through treatment-route-specific LCA with market waste splits. Throughout, outcomes are converted to monetary well-being using Valuing Impact's regionalized value factors and the eQALY equation.

Table 4 - Modeling approaches and data sources by value-chain step and capital type

Value Chain	Natural Capital	Human Capital	Social Capital
Supply Chain Upstream	LCA + IO Physical flows via LCA; services and indirect spend via IO.	IO + Primary Workforce exposure (wages, safety, labor rights) via IO; primary data from key Tier 1 suppliers where available.	IO Model Embedded taxes and social contributions via IO, by sector and geography.
Own Operations Direct control	Primary + LCA Site-level activity data translated into environmental impacts via LCA characterization factors.	Primary Data Workforce records: wages, living-wage gaps, H&S, overtime, diversity, training. Valued via HUI and SVL.	Primary Data Corporate, payroll, and statutory taxes from financial records. Valued via HUT.
Products & Services Use phase	LCA + Counterfactual Use-phase resource consumption via LCA; avoided impact measured against the most likely alternative.	Primary + Utility Models User outcomes across health (WB), income (IW), and skills (EST) pathways. Valued via SVL, HUI, and earning premium.	Primary + HUT Use-phase taxes/fees and avoided public costs. Valued via HUT.
End of Life Post-use	LCA + IO Treatment-route impacts via LCA with market waste splits; recovery credits where appropriate.	IO + Primary (where material) Worker H&S in waste/recycling sectors via IO; supplemented by primary data where available.	IO + Primary (where material) Embedded taxes and producer responsibility fees. Estimated via IO and primary fee schedules.
CSR & Investments Optional	Case-by-case (EE, ES) Restoration, conservation, or offset programs via the relevant environmental pathway.	Case-by-case (WB, IW, EST) Education, health, and income programs via the relevant human capital pathway. Attribution requires particular attention.	Case-by-case (T, SC) Taxes enabled and avoided public costs from program outcomes. Valued via HUT.

The result is a single, auditable chain — from raw activity data to monetized societal value — where every assumption is documented and every method choice is traceable.

1.8. Proven in practice: Natura Cosmetics

To illustrate the Impact Statement in action, we present the case of **Natura**, the Brazilian cosmetics leader and Latin American pioneer in impact valuation. With over 14,500 employees, 3.5 million Beauty Consultants, and operations across 14 countries, Natura has published its Integrated Profit & Loss (an alternative name for the impact statement) since 2021, using it not as a reporting exercise but as a **governance tool for corporate strategy, target-setting, and investor relations**.

In 2023, Natura's IP&L showed a **net positive societal impact of BRL 39.5 billion**, equivalent to **BRL 2.7 of societal value for every BRL 1 of net revenue**. The results reveal a clear pattern: strong positive contributions in human and social capital — driven by consultant income, tax contributions, education programs, and community investments — partly offset by a negative natural capital footprint of BRL 12.3 billion, concentrated in the supply chain and product end-of-life phases. This is the signature of a consumer goods company: the challenge lies in upstream environmental pressures, while the value proposition generates significant downstream well-being.

The table below reorganizes Natura's 2023 IP&L results by value-chain step, showing how each activity area contributes across the three capitals.

Table 5 - Natura IP&L 2023, in BRL million. Figures in parentheses indicate negative societal impact.

Value-Chain Step	Impact Driver	Natural Capital	Social Capital	Human Capital	Total
Supply chain	Supply chain	(9,540)	352	2,852	(6,336)
Own operations	Direct operations	(201)	741	4,087	4,628
	Taxes (sales & corporate)	–	20,626	–	20,626
Products & services	Consultants – higher levels	–	–	19,581	19,581
	Consultants – lower levels	–	–	(8,566)	(8,566)
	Product use phase + end of life	(4,171)	4,554	9	392
CSR / Investments	Natura Institute	–	1,571	4,632	6,202
	Carbon credits	1,588	307	438	2,334
	Supplier communities (incl. Amazon)	53	488	73	613
	Social support	–	–	65	65
Total IP&L		(12,271)	28,639	23,171	39,540

Source: Natura 2023 Integral Impact Report. Reorganized by value-chain step using the Impact Statement framework.

Several insights stand out. The **supply chain** is the primary source of environmental pressure (BRL –9.5 billion in natural capital), reflecting raw material extraction and logistics typical of the cosmetics sector — yet it also generates positive human and social capital through wages, safety, and tax contributions embedded in the supplier base. **Own operations** contribute a net BRL 25.3 billion, dominated by corporate and payroll taxes (BRL 20.6 billion in social capital) alongside positive workforce outcomes. In **products and services**, the picture is nuanced: higher-level consultants generate BRL 19.6 billion in human capital through income above living-wage thresholds, while lower-level consultants show a negative gap of BRL 8.6 billion — a trade-off that directly informs Natura's strategy to increase consultant productivity. The use-phase social utility of products (hygiene, comfort, social integration) adds BRL 4.6 billion in social capital, partially offsetting end-of-life environmental costs.

Finally, **CSR and investments**—including the Natura Institute's education programs (reaching 3.7 million students), carbon offset projects, and Amazon community partnerships—contribute BRL 9.2 billion, with a Social Return on Investment of up to 121.8x for carbon credits and 72.7x for the Institute's programs.

Natura has set a public target to reach **4x societal impact relative to revenue by 2030**, up from 2.7x today. The Impact Statement provides both the baseline and the strategic compass to get there — making trade-offs visible,

directing investment toward the highest-leverage drivers, and giving investors a transparent, comparable measure of progress.

In Summary

The Impact Statement provides a rigorous, transparent, and immediately actionable view of an organization's societal value creation. Built on the eQALY method's ability to unify diverse impacts into a single well-being measure, structured along the full value chain, and delivered in a format that mirrors the financial P&L, it equips leaders to see the complete picture, make informed trade-offs, and drive strategy with confidence. It is the bridge between sustainability ambition and evidence-based action.

The framework is operational today — supported by a ready-to-use Excel template, regionalized value factors for 190+ countries (open-source), and a structured process that enables a first statement in under a week. This report provides everything needed to get started.

2. Introduction

This paper provides a practical introduction to valuing and accounting for an organization's societal value. It also details the methodology for measuring and accounting for societal value across organizations' value chains and within the capitals of human, social, and natural resources. It draws on a decade of experience applying Valuing Impact's approaches with organizations of varying sizes and geographic locations. The methodology used in this guide relies specifically on the **eQALY impact valuation** method from Valuing Impact¹, although it can be adapted for seamless use with other impact valuation frameworks. It is one of the various valuation lenses used by Valuing Impact across its services, as illustrated in Figure 2. In simple terms, eQALY converts changes in well-being into monetary terms so leaders can compare very different effects (for example, health outcomes, income changes, or environmental externalities) in a single, decision-useful unit.

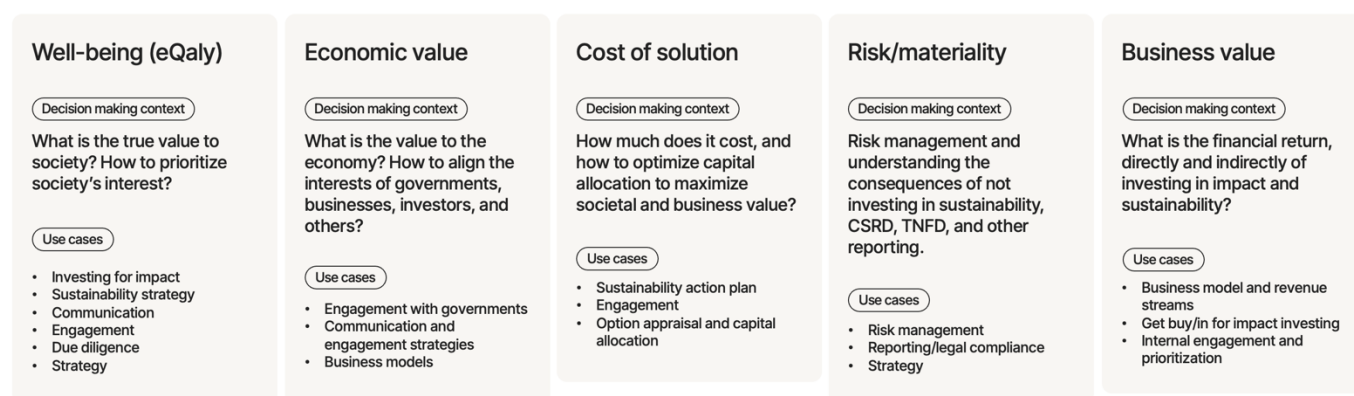


Figure 2 - Valuing Impact lenses. The eQALY impact valuation method focuses on the valuation and accounting of societal value in terms of well-being.

2.1. Objective of this report

Impact valuation is moving from a pioneering experiment to an established practice. Hundreds of organizations — from multinationals and investment funds to social enterprises and public institutions — now produce Impact Statements using the approaches described in this report. Yet the field still lacks a shared, openly documented reference framework that practitioners, standard-setters, and assurance providers can point to. This report is Valuing Impact's contribution to closing that gap.

By publishing this framework, we pursue five objectives:

- **Advance the field.** Share the methodological innovations and practical developments that Valuing Impact has built over a decade of engagements, so that the broader community can learn from, build on, and challenge them.

¹ <https://www.valuingimpact.com/blog/eqaly-impact-valuation-method>

- **Enable standardization.** Provide a detailed, publicly available reference that can inform standardization processes— particularly the Capitals Coalition’s work on harmonizing impact statement approaches— grounded in real-world application rather than theory alone.
- **Build transparency and trust.** Document every scope decision, modeling pathway, value factor, and guardrail in one place, so that users, reviewers, and stakeholders can interrogate the numbers and judge their fitness for purpose.
- **Lower the barrier to entry.** Provide new practitioners with a complete, operational starting point—from scoping through modeling to reporting—that reduces the time and cost of producing a first Impact Statement.
- **Strengthen comparability.** Establish consistent conventions for structure, indicators, and disclosure so that Impact Statements produced by different organizations can be meaningfully compared and benchmarked over time.

2.2. Definition and scope

An **Impact Statement**, also known as an Integrated Profit & Loss (IP&L), is an accounting framework that quantifies and values, in monetary terms, an organization's positive and negative social performance and impacts over a defined period. It mirrors the structure of a financial P&L, yet applies a multi-capital lens (natural, human, and social capital). It examines the organization’s value chain (upstream, own operations, downstream) using defined impact drivers (the business activities and conditions that cause change), which are modeled to yield outcomes and valued monetarily.

Unlike a financial P&L, which is constrained by the control principle and financial materiality, an IP&L leverages societal materiality and adopts a value-chain perspective to present an organization's statement of performance and impact for the period (similar to a GHG accounting exercise). The emphasis is on the organization's contribution to changes in well-being and environmental conditions over the period, rather than on revenues and costs. The scope of this guide is a **full impact statement**: the whole organization, the full value chain, all geographies, and a one-year reporting period.

Three terms are commonly used in practice — “IP&L,” “impact statement,” and “integrated statement of performance and impact.” In this guide, the authors refer to the same concept: a structured, P&L-style statement that presents net societal value for the period, with clear line items for the most significant positive and negative drivers.

In practice, an **impact statement** provides leaders with a transparent, strategic lens for understanding and comparing impacts within a single unit (e.g., money), thereby raising internal awareness, fostering stakeholder trust, and informing strategy and prioritization. Because results are structured as a P&L (often in table form), they facilitate integration with financial reporting and enable easier comparisons across business units, projects, or portfolio companies. Organizations use impact statement for project and investment evaluation, strategic planning, risk management, and stakeholder engagement/communications. While the discipline continues to evolve, it is already decision-useful today when applied consistently and with transparent disclosures.

2.3. Key features of an impact statement

The key features of a complete, practical, and decision-oriented impact statement are presented in Table 6²:

Table 6 – Key features of an impact statement

Feature	Description
Clear objective	A defined purpose for measuring and valuing impact, ensuring the assessment is decision-oriented from the outset.
Full value chain coverage	Spans upstream supply chain, own operations, products/services (use phase), and end of life—with justified exceptions documented.
Multi-capital scope	Covers natural, human, and social capital impact drivers, providing a comprehensive view of societal effects.
Monetary valuation	Uses consistent valuation techniques fit for purpose, expressing all impacts in a single comparable unit (money) to enable cross-topic comparison and trade-off analysis.
Structured format	Crosstabs value-chain steps (rows) and capital types (columns), producing a single-page matrix with a net societal value for the period.
Alignment with financial information	Designed to sit alongside the financial P&L for comparison (not addition or reconciliation), enabling integrated decision-making.
Method notes	Accompanied by value notes that explain scope, methods, assumptions, data quality, and sensitivity—so readers can judge fitness for purpose.

These features help busy leaders grasp the big picture in minutes while giving analysts a clear standard to implement consistently.

2.4. Use cases overview

Organizations use IP&Ls and Impact Statements for a range of decisions. The most common use cases are presented in Table 7:

² Capitals Coalition (2025) Accounting for Value: Emerging approaches of integrated profit & Loss and impact statements.

Table 7 – Use cases overview

Use case	Description
Awareness & transparency	Quantifies impacts in monetary terms to engage executives and boards, bridge sustainability and core business functions, and build confidence in the evidence behind decisions.
Prioritization & strategy	Compares impact drivers and capital areas to support materiality assessments, target-setting, and strategic focus—from both a value-to-society and value-to-business perspective.
Decision-making	Supports option appraisal, budgeting, and investment choices by enabling scenario comparisons and SROI ratios alongside the financial P&L to assess the efficiency of societal value creation.
Engagement strategy	Structures conversations with investors, portfolio companies, suppliers, and internal teams; helps shift mindsets and align actions around a shared evidence base.
Comparability of performance	Enables like-for-like comparisons across business units, products, or portfolio companies, while cautioning against over-aggregation that can hide trade-offs.
Reporting & communication	Provides a clear, P&L-style statement in monetary units that complements regulatory and voluntary reporting, supporting disclosures and investor dialogue.

In all cases, the emphasis is on decision quality: making trade-offs explicit, focusing attention on the few drivers that matter most, and ensuring actions are proportionate to impact.

2.5. Where it fits: positioning the impact statement in the broader context of performance measurement

Executives often ask how an Impact Statement relates to the reporting and analysis tools they already use. The five instruments compared below answer different questions, operate at different levels of aggregation, and are most powerful when used together rather than as substitutes. Understanding their respective strengths helps organizations position the Impact Statement as a bridge between financial performance, sustainability disclosure, and evidence-based strategy.

The financial P&L measures value to the business under accounting rules. **ESG KPIs** track selected indicators for compliance, monitoring, and target-setting, each in its own native unit (tonnes, percentages, headcounts).

Impact measurement in physical units — typically through life-cycle assessment (LCA) or input-output modeling — quantifies cause-and-effect relationships between activities and environmental or health endpoints (e.g., DALYs, species-yr, kg CO₂e), providing scientifically grounded impact profiles but without cross-category comparability. The **Impact Statement** goes one step further: it translates those physical outcomes into a single monetary unit of societal value through eQALY valuation pathways, enabling cross-topic ranking and trade-off analysis that neither KPIs nor physical models can deliver on their own. Finally, **double materiality assessments** (as required under CSRD/ESRS) identify which sustainability matters are material from both an impact and a financial-risk perspective, but they produce ordinal ratings rather than cardinal magnitudes — they tell you *what* matters, not *how much*.

In practice, these tools form a logical progression. ESG KPIs provide the foundational data. Physical impact modeling builds cause-and-effect chains on top of that data, producing scientifically rigorous but category-specific results. The Impact Statement then applies monetary valuation to those results, creating a single decision-ready view. Double materiality assessments help scope which topics deserve the deepest analysis, while the financial P&L anchors the conversation in business performance. Organizations that layer these tools — rather than treating them as competing alternatives — gain the clearest picture of where they create or erode value for both shareholders and society. Impact valuation and the impact statement could substantially increase materiality assessments by providing a more objective, comprehensive, and relevant assessment of societal relevance, while also providing a solid foundation for translating this into financial materiality later.

The table below summarizes the key differences across six dimensions. The final column on cross-topic comparability highlights the central advantage of monetary valuation: it is the only approach that allows unlike impacts (e.g., a tonne of CO₂ emitted versus a living-wage gap closed) to be ranked, netted, and acted upon within a single framework.

Table 8 - Comparison between financial P&L, ESG KPIs, impact measurement in physical units, Impact Statement, and double materiality assessment. Results from each tool are intended for comparison alongside one another, not for reconciliation or addition.

Tool	Unit	Boundary	Timeframe	Typical use	Cross-topic comparability
Financial P&L	Money (business value)	Control (entity)	Fiscal year	Performance, budgeting, filings	Full: all items in the same currency
ESG KPIs	Indicator set (% , tonnes, #, rate)	Varies by topic / standard	Periodic	Compliance, monitoring, targets	Limited: different units per topic
Impact measurement (physical units)	DALYs, species-yr, kg CO ₂ e	Product, project, or value chain	Varies (cradle-to-gate, 1 year)	Hotspot ID, product comparison, eco-design	Partial: within category only
Impact Statement (IP&L)	Money (societal value)	Full value chain	1 year	Prioritization, strategy, option appraisal	Full: all impacts in one monetary unit
Double materiality (CSRD / ESRS)	Qualitative + semi-quantitative scoring	Full value chain (IRO-level)	Point-in-time, periodic refresh	Regulatory compliance, disclosure scoping	Ordinal (high / medium / low)

A practical implication of this layering is that the Impact Statement does not replace any of the other tools; it builds on them. The same energy data that feeds a GHG inventory and an LCA characterization also feeds the natural capital column of the statement. The same HR data behind diversity and safety KPIs drives the human capital column. And the physical modeling layer — whether LCA-based for materials or input-output-based for services — provides the *outcome* step in the eQALY equation (Output × Outcome × Additionality × Value factor), without which monetary valuation would lack scientific grounding. The Impact Statement's distinctive contribution is the final valuation step: converting those physical outcomes into a common unit that makes trade-offs visible and prioritization evidence-based.

For organizations already reporting under the CSRD or conducting LCA studies, this means that a significant portion of the analytical infrastructure required for an Impact Statement is already in place. The marginal effort lies in applying the eQALY valuation pathways and assembling results into the structured matrix format described in the chapters that follow.

3. Process to develop an Impact Statement

Valuing Impact has defined a five-step process for developing an Impact Statement, anchored in the Capitals Coalition's **Capitals Protocol**³, which structures any capitals assessment into three phases — **Assemble → Assess → Act** — to ensure that information is decision-useful and delivered with methodological confidence. The table below presents each step, its purpose, and the sections of this report where the corresponding guidance is provided.

Table 9 - Five-step process to develop an Impact Statement, mapped to the Capitals Coalition's Protocol phases (left) and to the sections of this report that cover each step (right).

Capitals Protocol phases :	Impact Statement Development Steps	Covered in this report :
Assemble	1 — Goal & Scope Define purpose, boundaries, stakeholders, and initial driver list	§ 2.2 Definition and scope § 2.4 Use cases overview § 2.5 Where it fits
	2 — Impact framework Map activities to drivers and valuation pathways; set attribution rules and guardrails	§ 4.2 Value chain scope § 4.3 Impact framework § 4.4 Guardrails
Assess	3 — Data collection Gather primary activity data and secondary impact data; document and manage gaps	§ 5.1 Measurement principles § 5.3 Data collection guide § 5.4 Minimum viable dataset
	4 — Modeling & results Apply the eQALY model; compute monetized impacts; compile the one-page Impact Statement	§ 5.2 Modeling architecture and valuation pathways § 6.1 Impact statement reporting format § 9.1–9.4 Appendix: eQALY equation, indicators, value factors, method notes
Act	5 — Insights & action Prioritize hotspots; assign owners; prepare decision and disclosure materials	§ 6.2 Value notes § 6.3 Assurance checklist § 6.4 Integration with existing reporting § 7 Illustrative case studies

Step 1 — Goal & scope (Assemble). Define the decision purpose, reporting period, and organizational boundary across the value chain (upstream, own operations, downstream, and end-of-life). Identify the stakeholders affected and the key impact drivers relevant to the decision at hand. This scoping ensures that the information gathered is decision-relevant from the outset and that boundary and attribution choices are documented before

³ <https://capitalscoalition.org/capitals-approach/>

data collection begins. Use cases (section 2.4) typically drive the goal, while sections 2.2 and 4.1 provide the definitional and boundary rules that anchor the scope.

Step 2 — Impact framework (Assemble). Map the organization's activities within its value chain to the impact drivers and valuation pathways that will be quantified. The impact framework (section 4.3) serves as the central blueprint: it shows which drivers apply at each value-chain step, under which capital, and with what strength of connection. Section 4.2 defines value-chain segmentation; Section 4.3 provides driver-by-driver detail for each step (supply chain, own operations, products and services, end-of-life, CSR); and Section 4.4 sets guardrails to prevent double-counting and ensure year-on-year comparability. The framework can be refined iteratively as data becomes available.

Step 3 — Data collection (Assess). Gather internal primary activity data and the necessary secondary impact data to populate the model. Section 5.1 establishes the measurement principles (primary data first, pragmatic use of secondary data, comparability across granularity, transparency over certainty). Section 5.3 provides the data collection guide, organized by capital type, specifying exactly what to collect and from which sources for natural, human, and social capital. Section 5.4 introduces the minimum viable dataset framework (Bronze / Silver / Gold tiers) to enable organizations to produce a credible initial statement without waiting for perfect data, and then to deepen resolution where it matters for decisions.

Step 4 — Modeling & results (Assess). Apply the eQALY-based model to compute monetized impacts by driver and capital, and compile the results into the one-page Impact Statement. Section 5.2 details the modeling architecture and the seven valuation pathways (health and well-being, income and wages, education and skills, taxes, costs to society, environmental externalities, and ecosystem services), including the calculation logic, data requirements, and value factors for each pathway. Section 6.1 defines the reporting format—the matrix of value-chain steps by capitals—and explains how to interpret and extend it. The appendix (sections 9.1–9.4) provides the eQALY equation, the full indicator list, the value factors database, and detailed method notes for specific drivers.

Step 5 — Insights & action (Act). Translate results into decisions and disclosures. Section 6.2 defines the value notes that accompany every material line item — the “notes to the numbers” covering scope, method, data quality, sensitivity, and stakeholder considerations. Section 6.3 provides the assurance checklist that positions the statement for external review. Section 6.4 explains how the Impact Statement integrates with existing financial and ESG reporting (including a GHG Protocol crosswalk). Chapter 7 presents illustrative case studies that demonstrate how the framework has been applied in practice and how insights were translated into management actions.

The process is designed to be pragmatic. A Bronze-tier first assessment can typically be completed within a few weeks, identifying the major drivers and their order of magnitude. Subsequent cycles deepen the analysis (Silver, Gold) only where tighter data would change a strategic decision. The use cases described in section 2.4 typically define the goal and scope; the chapters that follow—beginning with the impact framework—provide detailed guidance for steps 2 through 5.

4. Scope and impact framework

This chapter sets the **rules of the game** before any data is collected or models are run. It defines what's in scope (organizational and time boundary), how we segment the **value chain**, and how we map **activities → drivers/outputs → outcomes → valuation pathways** in a way that is consistent and auditable. The objective is that anyone reading this chapter knows **what will be measured, why, and where it shows up in the statement**.

4.1. Definition and scope

Reporting perimeter: The Impact Statement covers the entire organization, across all geographies where it operates (including its suppliers and clients), for a single reporting year. The boundary is value-chain based (upstream → own operations → downstream/use → end-of-life), reflecting where impacts occur rather than only where the entity has financial control. Any justified exceptions (e.g., immaterial business units or data not yet available) are explicitly listed and scheduled for inclusion in future cycles.

Valuation lens: We focus on societal valuation—changes in well-being and environmental conditions attributable to the organization's activities during the period—organized by capital (natural, human, social). The Impact Statement is presented alongside the financial P&L for comparison; it is not reconciled with it.

Time accounting: The Impact Statement summarizes one year of activity. Some activities have effects that extend beyond a single year (e.g., health outcomes and environmental persistence). We account for those effects within the current year's analysis using standardized rules and disclose any assumptions in value notes. Where relevant, we apply drop-off (a diminishing effect over time) and attribution (the share of impact attributable to the organization) consistently across drivers.

Decision purpose: The scope is defined to address specific management questions (e.g., portfolio choices, target setting, supplier engagement), ensuring that coverage and effort are proportionate to decision needs. This keeps the statement pragmatic and avoids analysis that does not change decisions.

4.2. Value chain scope

This section showcases how activities align with the value chain and, within each step, which impact drivers are evaluated and valued. Keeping the map and drivers together prevents duplication and gives teams a single reference for scoping, data collection, and modeling.

The scope of an impact statement can be defined along the value chain steps of any organization. Here, the logical flows of goods and services are used to organize results. Any organization has direct operations (e.g., its offices, employees, manufacturing sites), a supply chain (linked to its procurement department), products/services (the organization's core purpose), and the end-of-life phase for any packaging, waste, or products discarded.

Therefore, the **four value chain steps** that any organization (business, fund, start-up, NGOs, foundation, etc.) covers are the following:

- **Supply chain:** Extraction and production of raw materials; processing and intermediate manufacturing; and non-physical services like IT, software licensing, legal, consulting, marketing—any external activity contracted before inputs reach owned operations. Upstream is often where the most significant hotspots sit—not only in materials but also in service supply chains (e.g., energy-intensive cloud computing or large professional-services contracts). Including non-physical services, water pollution, and human rights risks (such as forced and child labor) ensures the impact statement reflects how modern organizations actually operate and enables credible engagement across all spend categories.
- **Own operations:** Owned or controlled manufacturing/processing sites, warehouses, and offices, owned logistics, and employed the workforce. Own operations are those in which the organization has the greatest control over outcomes and can implement changes quickly.
- **Products/services:** Effects that occur when customers or beneficiaries use the product or service as intended, including the service provided and any resources consumed during use. The use phase often contains the core positive value of many offerings (utility, health, learning) and the largest trade-offs (energy, materials, induced consumption). Making it explicit:
 - Anchors attribution to what users actually experience, not just what is produced.
 - Surface income effects and avoided environmental impacts versus a credible alternative, enabling like-for-like comparisons across products/services.
 - Keeps strategy honest by showing when benefits are offset by higher use-phase burdens, thereby enabling design, pricing, and customer engagement to target the highest net societal value.
 - Assumptions and uncertainties (e.g., alternative baseline, usage profiles) are disclosed later through concise value notes and ranges.
- **End of life:** Post-use handling of products and packaging: collection, sorting, recycling/recovery, incineration, landfill disposal, and potential environmental leakage. Including end-of-life ensures a full life-cycle perspective and informs circularity and design decisions.

The following table presents the hierarchical structure of the value chain across its four main steps and its relationship to the key data categories typically collected from organizations.

Table 10 - Hierarchical structure of value chain stages and key data categories collected to model impact. Each column represents a stage in the organization's value chain; sub-categories indicate the primary data families collected at each stage.

Supply Chain	Own operations	Products / Services	End-of-life
Material purchased Raw materials, components, packaging, energy carriers	Water consumption Direct water withdrawal at owned sites	Resource consumption Energy, water, materials consumed during use	Waste disposal Collection, sorting, recycling, incineration, landfill, leakage
Service purchased IT, consulting, logistics, marketing, professional services	Land footprint Site area, land use change, restoration	Customers / beneficiaries (utility) Health, safety, skills, income, product utility, including displaced or avoided activities	
	Operations Fuel/electricity, direct emissions, transportation		
	Employment Wages, conditions, health & safety, skills		
	Taxes / social costs Corporate & payroll taxes, statutory contributions		

Note: The data categories listed represent the standard structure. Organizations may refine or expand these categories based on sector, materiality, and data availability.

Refining the impact framework

The base framework can be refined to reflect how a specific organization creates value, without changing the underlying logic or capital categories. The table below illustrates how the generic data categories from section 4.2 can be disaggregated into organization-specific subcategories—for example, by commodity for "material purchased" or by workforce segment for "employment". Refinements should be used sparingly: add granularity only where it could change a decision or reveal distributional effects that a rolled-up figure would obscure.

Table 11 - Redefined value chain data categories

Supply Chain	Own operations	Products / Services	End-of-life
Material purchased - Rubber purchase - Metal wires - Textiles - Paper packaging	Operations - Manufacturing site A - Manufacturing site B - Warehouse & logistics	Resource consumption - Product line A – use phase energy - Product line B – use phase energy	Waste disposal - Plastic packaging – recycling - Plastic packaging – landfill - Paper packaging – recycling
Service purchased - Legal services - Accounting - Data systems / IT	Employment - Employees – manufacturing floor - Employees – middle management - Employees – top management	Customers / beneficiaries (utility) - Customers group 1 - Customers group 2 - Customers group 3	
	Taxes / social costs - Corporate income tax - Payroll taxes & contributions		

Refinement guidelines: Five principles apply when adding granularity to the base framework:

1. **Start from materiality.** Add detail only where it could change a decision or reveal distributional effects that a rolled-up figure would obscure.
2. **Maintain hierarchy.** Every new slice must roll up cleanly to the four core value-chain steps and the three capitals.
3. **Avoid double-counting.** When a refinement could sit in two places, choose one primary pathway and disclose the choice.
4. **Be consistent year to year.** Keep the same refinement scheme across periods unless there is a clear business reason to change; if you do, note the change and its effect on comparability.
5. **Keep it readable.** Prefer a small number of meaningful slices over many small ones that obscure the signal.

Typical refinements by value-chain step

- The **supply chain** can be split by material (e.g., PET, aluminum, cotton), by service type (e.g., IT/cloud, consulting, facilities), by supplier tier, or by geography where impacts differ materially.
- **Own operations** can be disaggregated by site or business unit, and workforce outcomes by role, grade, or employment type (e.g., hourly versus salaried) when distributional effects are relevant.
- **Products and services** can be segmented by product family, channel, or customer group (e.g., household versus enterprise, youth versus adult) to surface differences in utility, health, or income effects.
- **End-of-life** can be disaggregated by market-specific treatment routes (e.g., percentage recycling, recovery, landfilling, by country) or by program participation (e.g., take-back schemes).

4.3. Impact framework

The impact framework is the central mapping tool of the Impact Statement. It connects what an organization *does* (its activities and data categories across the value chain) to what those activities *cause* (changes in natural, human, and social capital), and to *how those changes are valued* (through defined valuation pathways). In practice, it serves as a blueprint that guides every subsequent step—from data collection to modeling to reporting—by making explicit which impact drivers are relevant at each stage of the value chain and which capital they fall under.

The framework is structured as a matrix. The rows represent value-chain steps (supply chain, own operations, products/services, end-of-life) crossed with the key data categories defined in Section 4.2 (e.g., materials purchased, employment, resource consumption). The columns represent individual impact drivers, grouped by capital type. At each intersection, the framework indicates whether a connection exists and how strong it is: *core* connections are nearly always present regardless of sector; *common* connections depend on context, geography, or materiality; and *rare* connections apply only in specific situations.

Three definitions are essential to reading and using the framework correctly. An **impact driver** is a measurable input to or output from the organization's activities that results in a change in one or more capitals—for example, greenhouse gas emissions, wage levels, or tax contributions. A **valuation pathway** is the methodological route through which that change is translated into monetized well-being (the seven pathways defined in Section 5.2: health and well-being, income and wages, education and skills, taxes, costs to society, environmental externalities, and ecosystem services). A **connection strength** captures how reliably a given data category triggers a given impact driver across organizations and sectors, as well as **how well current tools, databases, and modeling approaches can capture it**.

The framework should be read as a starting configuration rather than a rigid prescription. Organizations are expected to use it in three ways. First, as a **scoping tool**: by reviewing the matrix against their own activities, teams can quickly identify which impact drivers are in play and where data collection should focus. Second, as a **completeness check**: the matrix makes gaps visible—if an intersection is marked as core but no data has been collected, that signals a priority. Third, as a **basis for refinement**: following the guidelines in section 4.2, organizations can add granularity (e.g., by splitting a row by supplier tier or product family) without breaking the roll-up structure, provided each new slice maps cleanly to the same capital columns and avoids double-counting.

The matrix presented below reflects the default configuration used across engagements. The following sections then walk through each value-chain step in detail, listing the typical impact drivers by capital.

Table 12 -Mapping of value chain stages and key data categories to impact drivers, organized by capital type.
Connection strength indicates how frequently each impact driver applies in practice across organizations and sectors, but also if current methodologies exist to quantify them.

		Supply chain		Own operations				Products / services			End of life
		Material purchased	Service purchased	Water consumption	Land footprint	Operations energy use	Employment	Resource consumption	Added/replaced products	Customers / beneficiaries	Waste disposal
Natural Capital	Air pollution	●	●	-	-	●	-	●	●	-	●
	Water pollution	●	○	●	-	●	-	●	●	-	●
	Water use	●	○	●	-	●	-	●	●	-	●
	Land use	●	○	-	●	●	-	●	●	-	●
	Climate change	●	●	-	●	●	-	●	●	-	●
	Resource depletion	●	●	-	-	●	-	●	●	-	●
Human Capital	Wage	●	●	-	-	●	●	-	●	-	●
	Gap to living wage	●	●	-	-	●	●	-	●	-	●
	Child labor	●	○	-	-	-	-	-	-	-	●
	Forced labor	●	○	-	-	-	-	-	-	-	●
	Gender inequality	●	●	-	-	●	●	-	●	-	●
	Overtime	●	●	-	-	●	●	-	●	-	●
	Accidents / safety	●	○	-	-	●	●	-	●	●	●
	Health / well-being	●	○	-	-	●	●	-	●	●	●
	Diversity	●	●	-	-	●	●	-	●	-	●
	Training / skills	○	○	-	-	●	●	-	●	●	●
	Income / costs	●	●	-	-	-	-	-	-	●	-
Social capital	Taxes	●	●	-	-	-	●	●	-	-	-
	Social costs	-	-	-	-	-	●	-	●	●	●

Connection strength: ● Core (always present) ● Common (context-dependent) ○ Rare (optional) - Not applicable

Note: Core connections are always present in practice. Common connections depend on sector, geography, or materiality. Rare connections apply in specific contexts only. The framework can be refined on a case-by-case basis. Some impact drivers are disaggregated, such as gender inequality and diversity. Some indicators drivers are also key data category, such as taxes and social costs (or avoided social costs). The natural capital impact drivers have been condensed to 6 main categories for the simplicity of the figure.

Supply chain (upstream) impact drivers

The upstream supply chain is typically the broadest and most data-intensive step of the Impact Statement. It covers all external activities contracted before inputs reach owned operations: extraction and production of raw materials, processing and intermediate manufacturing, logistics, and non-physical services such as IT, consulting, legal, and marketing. For most organizations, the supply chain is where the largest environmental hotspots occur—not only in materials and energy, but also in service supply chains (e.g., energy-intensive cloud computing or large professional-services contracts).

From a modeling perspective, direct observation of supply-chain impacts is rarely possible at scale. The backbone of the analysis therefore relies on two complementary approaches: **life-cycle assessment (LCA)** for physical flows (materials, energy, transport) using datasets and characterization factors from ecoinvent and ReCiPe, and **input-output (IO) modeling** for services, indirect spend, and workforce exposure (wages, safety, labor rights) using the Wifor Institute's WISIT tool. Human and social capital drivers in the supply chain—such as living-wage gaps, risk of forced and child labor, and embedded tax contributions—are estimated using IO modeling of procurement volumes by sector and geography, complemented by primary data collection from key Tier 1 suppliers, where available.

Including non-physical services, a full set of natural capital impact drivers (beyond GHGs), and human rights risks ensures the impact statement reflects how modern organizations actually operate and enables credible engagement across all spend categories. The use of LCA and IO modeling techniques allows to cover them without the need to collect primary data, apart from the spending data. For the complete list of impact drivers, primary metrics, and valuation pathways applicable to this step, see **Table 12** (supply chain columns). For modeling approach details, see section 9 (LCA and IO modeling).

Own operations impact drivers

Own operations is the value-chain step where the organization has the greatest direct control and the richest primary data. It covers owned or controlled manufacturing and processing sites, warehouses, offices, owned logistics, and the employed workforce. Because most of the relevant data originate from internal systems—ERP, HR, payroll, energy metering, and health and safety reporting—this step typically yields the highest-resolution results and the smallest uncertainty bands.

The modeling approach shifts accordingly. For natural capital, site-level activity data (energy, water, waste, direct emissions) are translated into environmental impact indicators using LCA characterization factors. For human capital, the analysis draws directly on workforce records: headcount, wages versus living-wage benchmarks, injury and illness records (severity-weighted), overtime hours, diversity metrics, and training investments. These are valued through the eQALY utility and well-being models (HUI for income-related pathways, disability weights, and duration for health pathways). For social capital, corporate income taxes, payroll taxes, and statutory social contributions are extracted from financial records and converted into well-being impacts using the Health Utility of Taxes (HUT) model.

Own operations is also the step at which distributional effects often matter most for decision-making. Splitting the workforce by role, grade, or employment type (e.g., hourly versus salaried) can reveal material differences in living-wage gaps or safety exposure that a company-wide average would obscure. The refinement guidelines in section 4.2 apply: add granularity only where it could change a decision. For the complete list of impact drivers,

primary metrics, and valuation pathways applicable to this step, see **Table 12** (own operations columns). For more details on eQALY, see chapter 9 (appendix).

Products and services (use phase) impact drivers

The products and services step captures the effects that occur when customers or beneficiaries use the offering as intended. This is often where the core positive value of an organization resides—the utility, health improvement, learning, or income gain that the product or service delivers—but it is also where significant trade-offs can emerge through resource consumption during use (energy, water, materials) or induced environmental impacts.

What distinguishes this step methodologically is the need for a **counterfactual baseline**: a clearly stated “most likely alternative” against which both the value delivered and the resources consumed are measured. For natural capital, this means comparing the environmental footprint of the product’s use phase with that which would have occurred had the customer used the next-best alternative. For human capital, this means isolating the net change in income, health improvements, or capability gains that are directly attributable to the product or service, rather than to background trends. The counterfactual must be realistic, consistently applied across the portfolio, and transparently disclosed in value notes.

Modeling combines usage data (from company records, telemetry, surveys, or representative profiles) with LCA to assess resource consumption and with eQALY utility models to evaluate human outcomes. Income effects are valued using HUI; health outcomes, through disability weights and duration; and education and skills, through the earning premium model. Social capital in the use phase encompasses taxes or fees incurred during use and avoided public costs when the product or service substitutes for state-funded services.

Making the use phase explicit anchors attribution to what users actually experience, surfaces income effects and avoided environmental impacts on a like-for-like basis and keeps strategy honest by showing when higher use-phase burdens offset downstream benefits. Assumptions and uncertainties—particularly regarding the alternative baseline and usage profiles—are disclosed through concise value notes and ranges. For the complete list of impact drivers, primary metrics, and valuation pathways applicable to this step, see **Table 12** (products/services columns). For counterfactual baseline guidance, see section 4.4 (Guardrails).

End-of-life impact drivers

The end-of-life step covers the post-use handling of products and packaging: collection, sorting, recycling and material recovery, incineration (with or without energy recovery), engineered landfilling, and environmental leakage (open dumping, burning, or direct releases to the environment). Including end of life ensures a full life-cycle perspective and provides the evidence base for circularity and design-for-environment decisions.

Modeling relies primarily on **treatment-route-specific LCA** using market waste splits (where available, country- or region-specific). Credits for material and energy recovery are applied where appropriate, in accordance with established LCA allocation rules. For service-related waste streams or where only financial data is available, IO modeling supplements the analysis. Human and social capital impacts in the end-of-life step—worker health and safety in waste treatment and recycling sectors, embedded tax contributions, and producer responsibility fees—are estimated through IO modeling when they are attributable and material to the assessment.

For most organizations, the end-of-life step is dominated by natural capital effects (negative from treatment impacts and leakage, partially offset by recovery credits). However, in sectors with significant informal waste handling or high leakage rates (e.g., plastics in marine environments), human capital effects (worker safety in recycling) and social capital effects (producer responsibility fees) can also be material. For the complete list of impact drivers, primary metrics, and valuation pathways applicable to this step, see **Table 12** (end-of-life column). For LCA treatment-route modeling, see section 9.4.

CSR, philanthropy & investments (optional) impact drivers

This optional step covers corporate social responsibility programs, foundation-funded initiatives, and direct investments (including those made through funds) that fall outside core operating activities. Placing these activities on the same Impact Statement clarifies their role and magnitude relative to core operations, prevents double-counting across separate narratives, and allows a like-for-like comparison of societal return on investment.

Unlike the other value-chain steps, CSR and investment activities do not follow a single modeling approach. Instead, each program or investment is assessed using the same driver families and valuation pathways applied elsewhere in the statement, selected on a case-by-case basis according to the program's theory of change. For example, an education initiative would use the education, skills, and training (EST) pathway; a reforestation project would use ecosystem services (ES) or environmental externalities (EE); a community health program would use the health and well-being (WB) pathway. The key discipline is consistency: the same eQALY equation, the same additionality parameters (baseline, drop-off, attribution), and the same value factors apply.

Additionality parameters deserve particular attention here. CSR and philanthropic programs often involve co-funders, partner organizations, or government contributions, making attribution less straightforward than for core operations. Baseline and drop-off assumptions are also often more consequential: the counterfactual (what would have happened without the program) and the persistence of outcomes over time should be stated conservatively and disclosed transparently. Practitioners should apply the guardrails defined in section 4.4 and document all assumptions in value notes.

4.4. Guardrails: how we keep the impact statement clean and comparable

These non-negotiables apply across all steps, drivers, and pathways. They are designed to prevent double-counting, keep assumptions transparent, and make results comparable year to year.

- **One primary pathway per effect.** If two output metrics describe the same underlying effect, choose **one** valuation pathway (don't double-claim).
- **Attribution.** When outcomes are jointly caused (e.g., suppliers, partners, co-funders), report **only the organization's share** and state the rule used.
- **Drop-off/persistence.** If effects extend beyond the year, include only **this year's portion** and apply a consistent diminishing profile.
- **Sign & units.** Positives = **net benefit to society**; negatives = **net cost to society**. Use standard units (kg CO₂e, m³, kg, m²·yr; currency in FY20XX terms).

- **Transparency for estimates.** Add a short **value note** for key assumptions, factor vintages, and any late changes.
- **Explicit counterfactual.** For any result shown, state **what would have happened otherwise** (the baseline or “most likely alternative” for products/services).
- **Consistency over time.** Keep methods and alternatives **stable year to year**; if you change them, disclose and note the effect on comparability.

5. Data and modeling

This chapter explains how measurement turns into a decision-ready Impact Statement. It opens with measurement principles that set the rules before any model is run. It then walks through the modeling architecture and, for each of the seven eQALY valuation pathways, details the calculation logic, the required data inputs, and the value factors that convert outcomes into monetized well-being. A data collection guide follows, organized by capital type, specifying exactly what to gather and from where. The chapter concludes with a minimum viable dataset framework that prevents the first assessment cycle from stalling due to data gaps.

Chapter 4 established **what** is measured and **where** it sits in the value chain. This chapter answers the next question: **how** those measurements become monetized results, and **with what data**.

5.1. Measurement principles

This section sets the rules of the road for how we measure before we model. The aim is fit-for-decision evidence, not academic perfection.

Principles:

- **Primary data first.** Use the organization's primary activity information as the backbone of the assessment. Primary data carries the highest specificity and credibility, and it anchors the statement to what the organization actually does.
- **Pragmatic secondary data use.** When primary sources are unavailable, consult reputable secondary sources (e.g., Ecoinvent, WISIT, GBD, Numbeo, World Bank) to maintain momentum. Secondary data should be clearly flagged and upgraded in subsequent cycles where it covers material drivers.
- **Comparability over granularity.** Prefer a consistent, repeatable approach to ad-hoc deep dives that undermine year-on-year comparability. Methodological stability enables trend analysis and target tracking.
- **Transparency beats certainty.** Where estimates are used, show ranges and include short value notes that explain assumptions. Decision-makers benefit more from an honest range than from a false point estimate.
- **Anti-patterns to avoid:** Chasing "perfect" data that delays decisions. Adding multiple overlapping indicators for the same effect (violates the one-primary-pathway rule). Switching methods year-to-year without explaining the impact on comparability. Treating uncertainty as a reason not to disclose rather than as information to present transparently.

5.2. Modeling architecture and valuation pathways

Every line in the Impact Statement follows the same logical chain:

Output → Outcome → Impact (monetized well-being)

The **output** is the operational metric that directly reflects the organization's activities (e.g., volume purchased, number of employees, energy consumed). The **outcome** is the bridge that transforms the output into an effect on people or the environment (e.g., kg CO₂e emitted, income earned above a living-wage threshold, injuries with severity). The **impact** is the consistent monetization of that effect in terms of human well-being, expressed through the eQALY equation:

$$\text{Impact} = \text{Output} \times \text{Outcome} \times \text{Additionality} \times \text{Value factor}$$

Additionality adjusts for three parameters: **baseline** (the share of change above the counterfactual), **drop-off** (the fraction that fades or fails to occur over time), and **attribution** (the portion credited to the organization versus other contributors). For most value-chain activities, additionality is 100%; it typically differs for products/services (where a counterfactual baseline is required) and for CSR/philanthropic programs (where co-funders and persistence assumptions apply).

The eQALY method defines seven valuation pathways that collectively span the three capitals. Each pathway specifies how a particular type of outcome is converted into monetized well-being. The sections below describe each pathway's calculation logic, data requirements, and value factors.

Important note: all the value factors, as well as some of the outcomes defined below, are available directly when downloading the eQALY methodology document from Valuing Impact website⁴. They are presented again to clarify the impact statement framework.

Summary of impact valuation approach (method and data)

Before describing each pathway in detail, the table below presents a consolidated view of the modeling approach applicable at each intersection of the value chain and capital type. It shows, at a glance, where LCA, input-output modeling, and primary company data are used, which value factors convert outcomes into monetized well-being, and which datasets feed each cell. The table covers all five value-chain steps, including the optional CSR and investments step, and serves as a reference map for the pathway-by-pathway descriptions that follow.

Table 13 – Summary of valuation approach, covering method, and data

Value Chain	Natural Capital	Human Capital	Social Capital
Supply Chain <i>Upstream</i>	LCA + IO Physical flows (materials, energy, transport) modeled with LCA. Services and indirect spend modeled with environmentally-extended IO analysis. Data: <i>ecoinvent; WISIT IO (WifOR); ReCiPe characterization; VI natural capital value factors</i>	IO + Primary Workforce exposure (wages, safety, child/forced labor risk) estimated via IO modeling. Complemented by primary data from key Tier 1 suppliers where available. Data: <i>WISIT IO (wages, safety, labor risks by sector/country); primary supplier surveys; VI HUI; SVL; GBD disability weights</i>	IO Model Taxes and social contributions embedded in the supply base estimated through IO modeling of procurement volumes, by sector and geography. Data: <i>WISIT IO (tax/fiscal multipliers by sector); VI HUT factors</i>

⁴ www.valuingimpact.com

Own Operations <i>Direct control</i>	Primary + LCA Site-level energy, water, waste, and emissions data from company systems. LCA characterization factors translate activity data into environmental impact indicators. Data: <i>Company ERP/operational data; ecoinvent emission factors; ReCiPe characterization; VI natural capital value factors (regionalized)</i>	Primary Data Direct workforce data: headcount, wages vs. living-wage benchmarks, injury/illness records (severity-weighted), overtime hours, diversity metrics, and training investments. Valued through HUI (income pathways) and SVL (health pathways). Data: <i>HR/ERP systems; payroll records; H&S reporting; VI HUI; SVL; living-wage benchmarks (Numbeo); GBD disability weights</i>	Primary Data Corporate income taxes, payroll taxes, and statutory social contributions directly reported from financial records. Converted to well-being impact via HUT. Data: <i>Company finance/tax filings; national tax schedules; VI HUT factors (country-level)</i>
Products & Services <i>Use phase</i>	LCA + Counterfactual Resource consumption during the use phase (energy, water, materials) modeled with LCA. Avoided environmental impact estimated against a defined most likely alternative (counterfactual baseline). Data: <i>Product specs / usage profiles; ecoinvent; stated counterfactual assumptions; VI natural capital value factors</i>	Primary + Utility Models User-level outcomes across multiple pathways: health/safety improvements (WB), income effects and cost savings (IW), and capability gains (EST). Measured from company data, surveys, or telemetry and valued via SVL, HUI, and earning premium models. Data: <i>Product/service data; customer surveys or telemetry; VI HUI; SVL; GBD disability weights; earning premium data (World Bank)</i>	Primary + HUT Taxes or fees generated during the use phase, and avoided public costs where the product/service substitutes for state-funded services. Valued through HUT. Data: <i>Company/program data; public expenditure benchmarks; VI HUT factors</i>
End of Life <i>Post-use</i>	LCA + IO Treatment-route impacts (recycling, incineration, landfill, leakage) modeled through LCA with market-specific waste splits. Credits for material/energy recovery applied where appropriate. IO used for service-related waste streams. Data: <i>Waste composition data; market treatment splits; ecoinvent (treatment processes); WISIT IO where applicable; VI natural capital value factors</i>	IO + Primary (where material) Workforce health and safety in waste treatment and recycling sectors estimated through IO modeling, supplemented by primary data where available. Included when attributable and material to the assessment. Data: <i>WISIT IO (sector-level safety/wage data); primary waste operator data where available; VI HUI; SVL; GBD disability weights</i>	IO + Primary (where material) Taxes and contributions embedded in waste treatment activities, plus producer responsibility fees where applicable. Estimated via IO, supplemented by primary fee schedules. Data: <i>WISIT IO; producer responsibility fee schedules; VI HUT factors</i>
CSR & Investments <i>Optional</i>	Case-by-case (EE, ES) Restoration, conservation, or carbon offset programs valued through environmental externalities (EE) or ecosystem services (ES) pathways, depending on the program's theory of change. Data: <i>Program documentation; land/GIS data; ecoinvent; ecosystem service valuations (TEEB); VI natural capital value factors</i>	Case-by-case (WB, IW, EST) Education, health, and income programs valued through the relevant eQALY pathway per the program's theory of change. Additionality parameters (baseline, drop-off, attribution) require particular attention due to co-funders and persistence assumptions. Data: <i>Program outcome data; beneficiary surveys; VI HUI; SVL; earning premium data; GBD disability weights</i>	Case-by-case (T, SC) Taxes enabled through program-supported economic activity, and avoided public costs from improved outcomes (e.g., reduced healthcare burden). Valued through HUT. Data: <i>Program data; public expenditure benchmarks; VI HUT factors</i>

Human capital pathways

Pathway 1: Health & well-being (WB)

This pathway captures direct changes in quality of life and/or life expectancy — occupational injuries, chronic and acute illness, psychological well-being, and safety outcomes for workers, users, or beneficiaries. The outcome is expressed as a change in health-adjusted life years: disability weights (from the Global Burden of Disease study),

multiplied by the duration of the condition, yield a DALY/QALY-equivalent figure, which is then monetized using the social utility of life (SVL) value.

The calculation follows: $\text{Impact} = \text{Number of cases} \times \text{Severity weight} \times \text{Duration (years)} \times \text{SVL}$. For occupational safety, cases are drawn from primary H&S records (own operations) or IO-estimated sector averages (supply chain, end-of-life). For product/service-related health effects, the counterfactual baseline determines whether health improvements are additional. Severity weights are drawn from the GBD disability weight tables; duration reflects the expected persistence of the condition.

Table 14 - Health & well-being (WB) modeling elements

Element	Description	Typical data sources	Value factor(s)
Output	Number of people affected (workers, users, beneficiaries); injury/illness case counts	HR/H&S systems; IO model (WISIT); product usage data	—
Outcome	DALY/QALY change per case (severity weight $\times$ duration in years)	GBD disability weights; clinical/epidemiological evidence	—
Value factor	Monetary value per eQALY lost or gained	—	Social utility of life (SVL)

Pathway 2: Income, wage & personal finance (IW)

This pathway translates changes in financial conditions — wages earned, living-wage gaps, cost savings for users, productivity gains — into well-being using the Health Utility of Income (HUI) model. HUI captures the diminishing marginal utility of income: a dollar of additional income yields greater well-being for a lower-income individual than for a higher-income individual, and the function is calibrated by country to reflect local purchasing power and income distribution.

The calculation follows: $\text{Impact} = \text{Number of people} \times \text{Income change per person (annual)} \times \text{HUI factor (country-specific)}$. For wages, the income change is the absolute wage level or the gap to a living-wage benchmark (sourced from Numbeo and Valuing Impact's living-wage dataset). For user income effects, the change is the net financial benefit relative to the most likely alternative (cost savings, time-to-earn gains, reduced out-of-pocket costs). This pathway is also used as the final step in the translation of education and skills outcomes (pathway 3) and in the context of diversity/gender inequality, where the outcome is a pay gap.

Table 15 - Income, wages, and personal finance (IW) modeling elements

Element	Description	Typical data sources	Value factor(s)
Output	Number of workers, users, or beneficiaries	HR/payroll; IO model (WISIT); product/service data	—
Outcome	Annual income change per person (Δ income or gap to living wage)	Payroll records; Numbeo living-wage benchmarks; VI wage dataset; customer surveys	—
Value factor	eQALY per unit of income change (country-specific, income-level sensitive)	—	Health Utility of Income (HUI)

Pathway 3: Education, skills & training (EST)

This pathway values capability development by estimating the future earning premium that education, training, or skills acquisition generates over a working lifetime, then converting that income stream into well-being via HUI. It applies to workforce training programs, educational products/services, and child labor cases (where the outcome is the loss of education years).

The calculation follows: $\text{Impact} = \text{Number of people} \times \text{Years of education/training} \times \text{Earning premium per year of education (country-specific)} \times \text{HUI factor}$. The earning premium is sourced from World Bank returns-to-education data, regionalized by country. For training programs shorter than a full academic year, the earning premium is prorated. For child labor, each case is typically assumed to represent one full year of education lost, valued as the foregone earning premium.

Table 16 - Education, skills & training (EST) modeling elements

Element	Description	Typical data sources	Value factor(s)
Output	Number of trainees, students, or children affected	HR/training records; program data; IO model for supply chain	—
Outcome	Years of education or training; earning premium per year (country-specific)	Company training data; World Bank earning premium dataset (VI)	—
Value factor	eQALY per unit of income (applied to the earning premium)	—	Health Utility of Income (HUI)

Social capital pathways

Pathway 4: Taxes (T)

This pathway values public revenues—corporate income taxes, payroll taxes, VAT, and statutory social contributions—as contributors to population well-being. The underlying logic is that taxes fund public services, infrastructure, and social safety nets that collectively improve citizens' conditions of life. The Health Utility of Taxes (HUT) model converts fiscal contributions into eQALYs by estimating the well-being generated by a unit of public spending in a given country, accounting for the efficiency and composition of public expenditure.

The calculation follows: $\text{Impact} = \text{Total taxes paid (annual, by country)} \times \text{HUT factor (country-specific)}$. For its own operations, tax data comes directly from the company's financial records. For supply chain and end of life, taxes embedded in the supply base are estimated through IO modeling of procurement volumes by sector and geography. For the use phase, taxes or fees incurred during the use of the product or service are included when attributable and material.

Table 17 - Taxes (T) modeling elements

Element	Description	Typical data sources	Value factor(s)
Output	Total taxes and social contributions paid (currency/year)	Company finance/tax filings; IO model (WISIT) for supply chain	—
Outcome	Fiscal contribution by country and tax type	National tax schedules; WISIT sector-level fiscal multipliers	—
Value factor	eQALY per unit of tax revenue (country-specific)	—	Health Utility of Taxes (HUT)

Pathway 5: Costs to society / avoided social costs (SC)

This pathway captures societal savings or costs associated with the organization's activities that substitute for (or add to) state-funded services. Examples include products that replace public healthcare interventions, education programs that reduce public remedial spending, or community initiatives that lower crime-related costs. The valuation logic mirrors the taxes pathway: avoided public expenditure is treated as a well-being gain equivalent to additional public spending capacity, and is converted through HUT.

The calculation follows: Impact = Value of public services avoided or incurred (currency/year) × HUT factor (country-specific). Data typically comes from program-level measurement (primary) or from public expenditure benchmarks (secondary). Attribution and counterfactual assumptions are critical here: the practitioner must clearly state what the public sector would have spent in the absence of the organization's activities. This pathway is particularly relevant for CSR programs, social enterprises, and products with clear public-service substitution effects.

Table 18 - Cost to society / Avoided social costs (SC) modeling elements

Element	Description	Typical data sources	Value factor(s)
Output	Value of public services displaced or created (currency/year)	Company/program data; public expenditure benchmarks	—
Outcome	Net societal cost change attributable to the organization	Program evaluations; government cost data; counterfactual assumptions	—
Value factor	eQALY per unit of public spending change (country-specific)	—	Health Utility of Taxes (HUT)

Natural capital pathways

Pathway 6: Environmental externalities (EE)

This is the broadest pathway and covers all environmental burdens: greenhouse gas emissions, air and water pollution, toxicity (human, freshwater, marine, terrestrial), land use and acidification, resource depletion (fossil, metal, mineral), water use, ozone depletion, ionizing radiation, and plastics in oceans. The pathway follows a standard LCA-informed chain: activity data is translated into environmental impact indicators using

characterization factors, then those indicators are converted into monetized well-being using Valuing Impact's regionalized natural capital value factors.

The calculation follows: Impact = Reference flow (activity unit: kg, kWh, km, m³) × Characterization factor (impact per unit of activity, e.g., kg CO₂e per kWh) × Natural capital value factor (currency per unit of environmental impact, regionalized). Two modeling approaches feed this pathway. **LCA (bottom-up)** is used when physical flows are available, and higher precision is required — typically for direct purchases, own operations, and end-of-life treatment routes. Characterization factors come from the ReCiPe method via ecoinvent. **Input-output modeling (top-down)** is used when only financial flows are available (e.g., service procurement, indirect spend) — using the WISIT IO tool from the Wifor Institute. Both approaches are typically combined in the same assessment.

The natural capital value factors are regionalized: they reflect country- or region-specific damage functions for each environmental impact category (e.g., the societal cost of a tonne of CO₂e, the health damage per kg of PM_{2.5}). The full set of factors covers 19 impact categories aligned with the ReCiPe midpoint indicators, plus marine plastics as an additional category. The complete list is provided in section 9.2.

Table 19 - Environmental externalities (EE) modeling elements

Element	Description	Typical data sources	Value factor(s)
Output	Activity data: kg material, kWh energy, km transport, m ³ water, tonnes waste	ERP/operational data; procurement records; waste data	—
Outcome	Environmental impact per unit of activity (characterization factor)	ecoinvent (LCA); WISIT IO model (Wifor); ReCiPe method	—
Value factor	Currency per unit of environmental impact (regionalized)	—	VI natural capital value factors

Pathway 7: Ecosystem services (ES)

This pathway values changes in ecosystem quality and functions — carbon storage, water regulation, pollination, flood control, soil formation — that result from the organization's land management, conservation, restoration, or degradation activities. Unlike the environmental externalities pathway (which values burdens), ecosystem services value the benefits that healthy ecosystems provide to people, or the loss of those benefits when ecosystems are degraded.

The calculation follows: Impact = Area affected (hectares) × Change in ecosystem service value per hectare (currency/ha/year, based on ecosystem type and condition) × Utility factor (to translate the monetary service value into eQALY where needed). Ecosystem service valuations are typically derived from cost-based methods (e.g., replacement cost, avoided damage cost) or from benefit-transfer studies adapted to the local context. The pathway is most relevant for organizations with significant land holdings, agricultural supply chains, forestry operations, or conservation/restoration programs (including CSR-funded initiatives). Attribution rules apply: only the organization's share of the ecosystem change is counted.

Table 20 - Ecosystem services (ES) modeling elements

Element	Description	Typical data sources	Value factor(s)
Output	Hectares conserved, restored, degraded, or managed	Company land records; satellite/GIS data; program documentation	—
Outcome	Change in ecosystem service value per hectare (by ecosystem type and service)	Ecosystem service valuation studies; TEEB; national natural capital accounts	—
Value factor	Utility conversion to eQALY where applicable	—	HUT (e.g. high-income countries) or HUI (e.g. low-income countries)

Pathways summary

The table below provides a consolidated overview of all seven pathways, their capital affiliation, and the primary value factor used in each.

Table 21 - Pathways summary

Pathway	What it values	Primary value factor
WB — Health & well-being	Direct changes in quality of life and/or life expectancy (injuries, illness, safety, psychological well-being)	Social utility of life (SVL)
IW — Income, wage & finance	Changes in financial conditions (wages, living-wage gaps, cost savings, productivity gains)	Health Utility of Income (HUI)
EST — Education & skills	Future earning premium from education, training, or skills acquisition	HUI (applied to earning premium)
T — Taxes	Public revenues that fund societal services and infrastructure	Health Utility of Taxes (HUT)
SC — Costs to society	Avoided or incurred public expenditures from organizational activities	Health Utility of Taxes (HUT)
EE — Environmental externalities	Environmental burdens (emissions, pollution, resource use, land use, toxicity)	VI natural capital value factors (regionalized)
ES — Ecosystem services	Changes in ecosystem quality and functions (storage, regulation, provisioning)	HUT (e.g. high-income countries) or HUI (e.g. low-income countries)

5.3. Data collection guide

The previous section identified which impact drivers apply at each value-chain step. This section specifies, for each capital type, the exact data to collect and the sources from which to obtain it. The guide is organized to mirror the practitioner's workflow: start with the primary activity data the organization can provide, then identify the secondary reference datasets needed to complete the model. Where relevant, the Bronze/Silver/Gold tiers from section 5.4 are noted to help teams calibrate effort to materiality.

Natural capital data

Natural capital modeling requires two types of data: **primary activity data** (the physical or financial flows that the organization controls or contracts) and **secondary impact data** (the characterization and value factors that translate those flows into environmental impacts and, subsequently, into monetized well-being). The table below lists the core data families, the data to be collected at each tier, and the reference datasets that inform the model.

Table 22 - Natural capital data typical list

Data family	What to collect from the organization	Secondary / reference datasets
Energy & fuels	kWh electricity by source/grid; litres/m ³ /kg/GJ of fuels by type; process heat (MJ). Bronze: site-level totals. Silver: split by site/process. Gold: metered data.	ecoinvent emission factors; national grid mix data; WISIT IO (for energy-related services)
Materials & procurement	Tonnes by material type for direct purchases; spending data (€/USD) for services and indirect spend. Bronze: category-level. Silver: split by key supplier/region. Gold: supplier-specific footprints.	ecoinvent (LCA processes by material); WISIT IO model (for services and indirect spend); ReCiPe characterization factors
Water use	m ³ withdrawn from nature by site. Bronze: total withdrawal. Silver: by source and local scarcity context. Gold: consumption vs. discharge with quality data.	Water scarcity indices; ecoinvent water processes
Waste & treatment	Tonnes by waste stream and treatment route (recycling, recovery, incineration, landfill, leakage). Bronze: totals by route. Silver: split by stream. Gold: verified flows.	ecoinvent treatment processes; market treatment splits by country; WISIT IO (service-related waste)
Logistics & transport	Tonne-km by mode (or km + load factor; or fuel consumed). Bronze: estimated from spend. Silver: by mode and route. Gold: actual fuel/distance data.	ecoinvent transport processes; emission factors by mode
Land footprint	m ² -yr occupied; hectares converted, restored, or conserved. Bronze: total site area. Silver: by land-use type. Gold: with biodiversity/condition data.	ecoinvent land-use processes; ecosystem service valuation studies
Direct releases	kg by pollutant for stack/fugitive emissions or uncontrolled releases. Bronze: estimated from processes. Silver: measured for key pollutants. Gold: full monitoring.	ecoinvent; ReCiPe characterization factors

All natural capital outcomes are valued using VI's regionalized natural capital value factors. The full factor list is provided in Appendix 9.2.

Human capital data

Human capital data come from two primary sources: **internal workforce data** (for own operations) and **IO-modeled estimates** (for supply chain, end-of-life, and some use-phase drivers). The key output across all human capital pathways is the number of people affected, which may be directly observed (employees, clients) or estimated from procurement volumes and sector-level exposure data.

Table 23 - Human capital data typical list

Data family	What to collect from the organization	Secondary / reference datasets
Wages & income	Headcount and annual wage per worker (by country, role/grade where material). Bronze: company-wide average. Silver: split by grade/site. Gold: individual-level payroll.	VI wage dataset; Numbeo living-wage benchmarks; WISIT IO (supply chain wages by sector/country)
Living-wage gap	Same payroll data as above, compared against living-wage benchmarks. Bronze: country-level gap. Silver: by role/grade. Gold: individual gaps.	Numbeo living-wage data (VI dataset); national/regional cost-of-living data
Occupational H&S	Injury and illness records with severity classification. Bronze: total recordable cases. Silver: severity-weighted (lost-time, restricted, medical). Gold: with duration data.	GBD disability weights; IO model (WISIT) for supply chain sector-level safety rates
Overtime	Hours worked above legal/company threshold per worker. Bronze: total overtime hours. Silver: by department/role. Gold: individual-level with well-being survey data.	National labor law thresholds; well-being research on overtime effects
Diversity & gender equality	Representation by gender (and ethnicity where lawful) at each level; pay equity indicators. Bronze: overall gender split + pay gap. Silver: by level/function. Gold: progression rates.	National pay equity data; sector benchmarks
Child labor	Risk-weighted exposure in the supply chain; cases identified. Bronze: IO-estimated risk by sector/country. Silver: with primary supplier surveys. Gold: verified case data.	WISIT IO model (child labor risk by sector/country); VI earning premium dataset; World Bank returns to education
Forced labor	Risk-weighted exposure in the supply chain; cases identified. Bronze: IO-estimated risk. Silver: with primary supplier data. Gold: verified case data and remediation outcomes.	WISIT IO model (forced labor risk); GBD disability weights (0.2 DALY per year of forced labor)
Skills & training	Training hours/investment per worker; program data for educational products. Bronze: total training spend. Silver: by program type. Gold: with measured outcomes.	World Bank earning premium data (VI dataset); sector-level training benchmarks
User income effects	Net income change for users/beneficiaries vs. most likely alternative. Bronze: representative estimate. Silver: segmented by user group. Gold: measured via surveys/telemetry.	Product/service pricing and usage data; counterfactual baseline assumptions

Human capital outcomes are valued through HUI (income pathways), SVL (health pathways), or a combination. The HUI and SVL factors are country-specific and provided in the VI value factors database.

Social capital data

Social capital data is typically the most straightforward to collect for own operations (direct from financial records) and the most reliant on IO modeling for supply chain and end-of-life steps. The primary output metric is the total taxes or social contributions paid, or the equivalent monetary value of services the organization provides that the public budget would otherwise fund.

Table 24 - Social capital data typical list

Data family	What to collect from the organization	Secondary / reference datasets
Corporate income taxes	Annual corporate income tax paid, by country. Bronze: consolidated total. Silver: by jurisdiction. Gold: reconciled to tax filings.	National tax schedules; statutory rates by country
Payroll taxes & contributions	Employer-side payroll taxes and statutory social contributions, by country. Bronze: total. Silver: by country/entity. Gold: reconciled to payroll systems.	National social security rate tables
Supply chain taxes (embedded)	Not collected directly — estimated through IO modeling of procurement volumes by sector and geography.	WISIT IO model (tax/fiscal multipliers by sector and country)
Avoided public costs	Value of public services displaced by the organization's products, programs, or operations. Bronze: conservative estimate from program logic. Silver: with benchmark public cost data. Gold: primary outcome measurement.	Public expenditure benchmarks; government cost data by service category
Community contributions	Material site-level payments, fees, or in-kind contributions. Bronze: total. Silver: by site/program. Gold: with outcome tracking.	Local government budget data where relevant

All social capital outcomes are valued through the Health Utility of Taxes (HUT) model, which converts fiscal contributions into well-being impact on a country-specific basis. HUT factors are provided in the VI value factors database.

5.4. Minimum viable dataset

This section defines how much data is enough to produce a credible, decision-ready impact valuation without waiting for perfect information. Tiers help match effort to materiality: start lean, then deepen only where it would change a decision.

Defining data tiers

Bronze — credible first read. Primary activity data combined with reputable secondary factors for impact; consistent and straightforward allocations. Sufficient for a first Impact Statement that identifies the major drivers and their order of magnitude.

Silver — decision-tightening. Key splits by site, supplier, or segment on the top impact drivers; targeted primary impact metrics; refined and traceable allocations where material. Sufficient for strategic prioritization and target-setting.

Gold — assurance-ready precision. High-resolution primary activity and impact metrics; stable methods and full traceability. Sufficient for external assurance and investor-grade disclosure.

Table 25 - What each tier means at each value-chain step

Value-chain step	Bronze	Silver	Gold
Supply chain (upstream)	Category-level purchased materials/services; credible external factors by region; simple transport assumptions.	High-impact categories split by supplier/region; priority human rights, wage, and water indicators where salient.	Supplier-specific footprints and social outcomes for top categories; persistent methods year-to-year.
Own operations	Site-level totals for energy, water, waste, GHG, air pollutants; headline employment and H&S outcomes.	Split by site or workforce segment; add diversity, overtime, and gender inequality indicators where material.	Granular operational metrics with stable allocation rules; small uncertainty bands on largest lines.
Products / services	Representative use profiles; utility/benefit and income vs. most likely alternative; resource use during use.	Segment by product family or customer group; refine avoided impacts and user health/safety outcomes.	Measured usage (telemetry/surveys) for core offers; validated alternative baselines.
End of life	Market-average treatment splits and leakage rates; route-specific factors.	Country/market-specific splits for key products/packaging; circular program effects quantified.	Verified flows for priority markets/materials; small ranges on treatment and leakage.
CSR / investments (optional)	Concise theory of change and outcome metric; conservative attribution.	Stronger outcome verification; persistence and attribution evidence where programs are material.	Full outcome measurement with external validation; multi-year tracking.

The principle across all tiers is pragmatic progression: a Bronze assessment delivered on time is more valuable than a Gold assessment that never ships. Identify the top five drivers from a Bronze pass, then invest Silver or Gold effort only on those drivers where tighter data would change a strategic decision.

6. Reporting, transparency, and governance

This chapter defines how Impact Statement results are presented, documented, and made ready for scrutiny. The statement itself is the primary output—a single-page matrix that provides decision-makers with a clear view of where the organization creates or erodes societal value. However, the numbers alone are insufficient. Readers need to know how confident they can be in each figure, what assumptions underpin it, and how it connects to existing reporting. The chapter, therefore, covers four elements: the reporting format and its interpretation, the value notes that accompany each material line item, the complementary visuals that make the statement actionable, and the assurance checklist that positions the statement for external review.

Together, these elements ensure that the Impact Statement is not only rigorous in its construction (chapters 4 and 5) but also transparent in its communication—meeting the needs of decision-makers, investors, auditors, and the broader stakeholder community.

6.1. Impact statement reporting format

The Impact Statement is reported as a matrix with value-chain steps and their associated activities in rows, and capital types in columns. This structure mirrors the familiar layout of a financial P&L — line items running down the page, with a net total at the bottom — but replaces the single financial lens with three capital columns (natural, human, social) and a total. The result is a one-page overview that, at a glance, shows the net societal value created or eroded during the period.

The one-page statement

The basic recommended template is shown below (although variations of it could be developed and used). Each cell contains a monetized value (positive = net benefit to society; negative = net cost to society, shown in parentheses). Row totals aggregate across capitals for each value-chain step; column totals aggregate across the value chain for each capital; and the bottom-right cell shows the grand total — the organization's net societal value for the period.

Table 26 – Basic template for an impact statement. Positive values represent net benefit to society; values in parentheses represent net cost. All figures are expressed in the reporting currency for the fiscal year.

Value-Chain Step	Natural Capital	Human Capital	Social Capital	Total
Supply chain (upstream)	\$	\$	\$	\$
Own operations	\$	\$	\$	\$
Products & services	\$	\$	\$	\$
End of life	\$	\$	\$	\$
CSR / Investments	\$	\$	\$	\$
Total (by capital)	\$	\$	\$	Net Value

How to read the statement

The statement is designed to be read in three ways, each serving a different audience and decision need:

By row (value-chain perspective). Reading across a row shows how a single value-chain step contributes to each capital. This view addresses questions such as: “What is the net societal effect of our supply chain?” and “Do our products create more value than they consume?” It is the natural starting point for operational teams and procurement leaders, who need to see which part of the chain they control and where the hotspots sit.

By column (capital perspective). Reading down a column shows the organization’s total footprint within a single capital. This view addresses questions such as: “What is our overall natural capital impact?” and “Are our human capital contributions concentrated in one step?” It serves sustainability teams and thematic owners who are responsible for a capital area across the business.

By total (strategic perspective). The column totals and the grand total give the leadership view: the net balance by capital and the overall net societal value. This is the figure that enters board conversations, investor decks, and target-setting discussions. It also enables period-to-period tracking and cross-organization comparison when methodologies are aligned.

Expanding the statement

The basic five-row template can be expanded to show the individual impact drivers for each value-chain step. In an expanded statement, each value-chain step becomes a section header, with indented rows beneath it for the material drivers (e.g., greenhouse gas emissions, wages, taxes, product utility). The capital columns and totals still roll up cleanly, preserving one-page readability while providing the granularity analysts require.

The level of expansion should reflect the decision context. For an executive summary or board presentation, the five-row template is usually sufficient. For a full disclosure or practitioner report, expanding to 15–25 driver rows provides the detail needed to identify hotspots and trade-offs. The impact framework in chapter 4 (section 4.3) determines which drivers are present; the data collection guide in chapter 5 (section 5.3) determines the available resolution.

Lines and columns can be inverted if needed (e.g., capitals in rows, value-chain steps in columns), or combined as needed. However, we recommend keeping the standard orientation as the primary reporting format to ensure comparability across organizations and periods.

6.2. Value notes

Value notes are the “notes to the numbers” that accompany every Impact Statement. They serve the same function as notes to financial statements: they explain how the figures were calculated, what assumptions were made, how confident the reader should be, and what caveats apply. Without value notes, the statement is a set of numbers without context; with them, it becomes a decision-ready document that readers can interrogate and trust.

The value notes framework draws on the Capitals Coalition’s Governance for Valuation and mirrors its Confidence Criteria. We recommend that every Impact Statement include value notes structured around the following elements.

Recommended structure

Table 27 provides a recommended list of information to include in the value notes accompanying the presentation of the impact statement results.

Table 27 - Recommended value note structure for Impact Statements, aligned with the Capitals Coalition's Governance for Valuation and Confidence Criteria.

Value note element	What to cover
Objective & context	State the decision purpose of the Impact Statement and the context against which confidence should be judged. What question is the statement designed to answer? Who is the primary audience? This anchors all subsequent notes.
Scope & boundary	Document the organizational perimeter (entities, geographies, exclusions), the value-chain boundary (upstream, own, downstream, end of life), and the reporting period. State any justified exceptions and their planned inclusion timeline. Include attribution rules where impacts are jointly caused.
Data specificity	For each material line item, note whether the underlying data is primary or secondary, its vintage, and its resolution (e.g., company-wide average vs. site-level vs. individual-level). Flag any data gaps and the mitigation approach used (e.g., proxy, conservative estimate, IO model).
Valuation approach	State the valuation pathway used for each material driver (WB, IW, EST, T, SC, EE, ES), the specific value factors applied (HUI, HUT, SVL, natural capital factors), and their source and vintage. Where a counterfactual baseline is used (products/services), state the assumed alternative and explain why it is realistic.
Sensitivity & uncertainty	For the top five drivers by magnitude, provide a sensitivity indication: what happens to the result if the key input changes by a defined amount (e.g., $\pm 20\%$)? Where ranges are available, present them. This helps readers judge which figures are robust and which are directional estimates.
Affected stakeholders	Identify who is affected by the impacts being valued (workers, communities, customers, ecosystems). Note how their perspectives were considered — directly (consultation, surveys) or indirectly (through public datasets). Flag any representativeness limitations.
Summary for decision-makers	A non-technical conclusion: is the statement fit for the stated purpose? What should decision-makers keep in mind when using the figures? Which line items carry the most uncertainty and which are robust?
Post-decision note (if applicable)	If a decision has been made using the statement, summarize it: what was decided, how the capitals information informed it, what trade-offs were accepted, and what should be revisited in future cycles.

Practical guidance

Value notes should be concise and decision-oriented. A common mistake is to write lengthy methodological descriptions that repeat what is already in the methodology documentation. Instead, value notes should focus on the choices and assumptions specific to this assessment: why this boundary, why this data source, why this counterfactual. A good value note for a material driver can typically be written in three to five sentences.

For the first Impact Statement, value notes will naturally be longer as they establish the baseline approach. In subsequent years, notes can be shorter, focusing on what changed and why. If methods or assumptions are updated between periods, the value note should explain the change, quantify its effect on comparability, and state whether prior-period figures have been restated.

6.3. Assurance checklist

The Impact Statement is designed to be assurance-ready: its structure, traceability, and documentation should enable an external reviewer to verify the chain of evidence from raw data to reported figures. The checklist below organizes the elements that support external assurance into four categories. Organizations should aim to address all items before seeking formal assurance; for internal review or first-cycle assessments, the checklist serves as a quality-control tool.

Table 28 - Assurance checklist for Impact Statement preparation. The “Status” column can be used as a tracking field during the review process

Category	Checklist item	Status
Scope & boundary	Organizational perimeter is documented (entities, geographies, exclusions with justification).	
Scope & boundary	Value-chain boundary is mapped and aligned with the impact framework.	
Scope & boundary	Reporting period is stated and consistent with financial reporting.	
Scope & boundary	Attribution rules are documented for jointly caused impacts.	
Data & traceability	Data room is versioned, with source files traceable to reported figures.	
Data & traceability	Primary vs. secondary data is flagged for each material driver.	
Data & traceability	Data quality notes are completed (vintage, resolution, gaps, proxies).	
Data & traceability	Gap log is maintained with mitigation actions and planned upgrades.	
Methodology	Valuation pathway is identified for each material driver (one primary pathway per effect).	
Methodology	Value factors are documented with source, vintage, and regionalization.	
Methodology	Counterfactual baselines are stated for products/services and CSR/investment drivers.	
Methodology	Additionality parameters (baseline, drop-off, attribution) are documented per driver.	
Methodology	Guardrails have been applied: no double-counting, consistent sign convention, stable methods.	
Reporting & disclosure	One-page Impact Statement is completed with all cells populated or marked as not applicable.	
Reporting & disclosure	Value notes are completed for all material line items.	
Reporting & disclosure	Sensitivity analysis is documented for top five drivers by magnitude.	
Reporting & disclosure	Complementary visuals (waterfall, top-driver, capital balance) are prepared.	
Reporting & disclosure	Transparency report is completed or updated.	
Reporting & disclosure	Workpapers index is available, linking each line item to its calculation, data source, and assumptions.	

For organizations seeking external assurance, we recommend engaging the reviewer early — ideally at the scoping stage (Step 1) — so that boundary and methodology decisions are agreed before data collection begins. This prevents rework and ensures the assurance engagement focuses on verification rather than methodology debates.

6.4. Integration with existing reporting

The Impact Statement is designed to complement, not replace, existing financial and ESG reporting. It sits alongside the financial P&L and ESG KPI disclosures, adding a societal-value lens that makes the full picture visible. Understanding how the three relate helps avoid duplication and positions the statement as a bridge between financial performance and sustainability outcomes. Impact valuation and statement is usually more

strategic and high-level information, which brings comparability, relevance, comprehensiveness and consistency. This brings this approach from a pure reporting and communication application (like ESG KPIs or reporting frameworks might be) to a more strategy and decision-making oriented approach.

Relationship to financial P&L

The Impact Statement and the financial P&L share a common format (line items with a net total) but measure different things. The financial P&L measures value to the business under accounting rules; the Impact Statement measures value to society using consistent monetary valuation. The two are intended for comparison, not reconciliation or addition. Showing them side by side — for example, financial profit alongside net societal value — enables leadership to see both dimensions of performance and to ask: “Are we creating financial value at the expense of societal value, or in alignment with it?”

Relationship to ESG KPIs

ESG KPIs track specific indicators in their native units (tonnes CO₂e, headcount, injury rates, diversity percentages). The Impact Statement uses many of the same underlying data points but aggregates them into a single monetary unit via the eQALY valuation pathways. The statement, therefore, builds on ESG data rather than duplicating it: the same energy data that feeds a GHG inventory also feeds the natural capital column of the statement; the same HR data that feeds diversity and safety KPIs also feeds the human capital column. Organizations with mature ESG reporting will find that a significant portion of the data needed for the Impact Statement already exists.

GHG Protocol alignment

The value-chain structure of the Impact Statement maps directly to the GHG Protocol’s organizational and value-chain boundaries. The supply chain (upstream) corresponds to Scope 3 upstream categories; own operations correspond to Scopes 1 and 2; products and services (use phase) correspond to Scope 3 downstream use; and end of life corresponds to Scope 3 downstream end-of-life treatment. This alignment means that an existing GHG inventory provides a ready-made backbone for scoping the natural capital portion of the Impact Statement.

This creates a practical on-ramp: organizations can start from their climate data, reuse the same governance and controls, and then layer in non-carbon environmental drivers alongside human and social capital to build a complete Impact Statement.

7. Illustrative case studies

7.1. Oda (food retailer) impact statement

To make the format concrete, this section summarizes a full value-chain assessment completed with Summa Equity and one of its portfolio companies, Oda, an online grocery platform. The objective was to create a decision-ready Impact Statement using the eQALY method that could both sharpen the company's sustainability strategy and inform Summa Equity's stewardship as an active owner.

Scope and approach. Together, the company team and Summa Equity sponsored a full impact statement boundary: the whole organization, its full value chain, all geographies, over a one-year period. Primary activity data (procurement, operations, logistics, customer interface) were combined with impact data from internal measurements and reputable secondary sources. Impacts were valued using eQALY to express changes in well-being and environmental conditions in monetary terms. Where estimates were necessary, results were presented with ranges and supported by short value notes that explain assumptions, sources, and data quality.

Headline findings. The assessment showed an overall net-positive societal value for the period. The most significant positive driver was product utility—the value customers derive from using the product as intended. Material negative impacts were concentrated upstream within natural capital, reflecting resource use and environmental externalities in the supply base typical of food systems. Inside the company's direct control, the analysis highlighted smaller but meaningful drivers in warehousing and last-mile logistics.

Management actions. Based on the statement's top drivers, leadership, working with Summa Equity, prioritized three areas:

- Sustainable procurement in high-impact categories, backed by supplier collaboration and more precise requirements.
- Customer engagement through the digital platform to steer demand toward lower-impact choices where feasible (e.g., product swaps and defaults).
- Targeted data improvements to reduce uncertainty on supplier practices and product-level attribution, aligning with double-materiality assessments and emerging disclosure needs.

Table 29 illustrates Oda's one-year impact statement table in monetary units. Line items are grouped by value-chain step and capital, with positive and negative contributors and a net figure for the period.

Table 29 - Impact statement of Oda retailer expressed in USD/year.

	IMPACT CATEGORY	SUPPLY CHAIN	DIRECT OPERATIONS	USE PHASE	END-OF-LIFE	GRAND TOTAL
Human Capital	Total	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 behavior change			899,013		899,013
	Smoking reduction			313,004		313,004
	Nutritional impacts			(15,010,252)		(15,010,252)
Natural Capital	Total	(67,900,457)	(2,536,801)		(621,282)	(71,058,540)
	Avoided food mileage		1,544,453			1,544,453
	Food production behavior change	545,651				545,651
	Food loss reduction	393,375			19,215	412,590
	Waste treatment				(640,497)	(640,497)
	Energy		(2,385,941)			(2,385,941)
	Transportation	(3,271,659)	(1,695,313)			(4,966,972)
	Packaging production	(14,787,472)				(14,787,472)
	Food production	(50,780,352)				(50,780,352)
Social Capital	Total	73,075,067	32,240,668			105,315,735
	Taxes	73,075,067	32,240,668			105,315,735
	Grand Total	10,715,367	36,500,739	476,358,237	-621,282	522,953,061

What the process added. Beyond the numbers, the impact statement created a structured dialogue around trade-offs and leverage points. The one-page statement made it clear where incremental effort would move the needle most, informing portfolio choices. It clarified which improvements were primarily supplier-led versus under direct operational control. These insights were then translated into near-term actions and into the owner's ongoing stewardship agenda.

7.2. EA Technology case study

EA Technology is a UK-headquartered global leader in electrical asset management and smart grid solutions. With over 300 employees and operations across multiple countries, the company helps electricity network operators manage their assets more safely, reliably, and cost-effectively, directly contributing to the energy transition. In October 2024, EA Technology secured strategic investment from Summa Equity AB, a sustainability-focused private equity firm. The impact valuation was conducted by Valuing Impact to quantify the broader social and economic value of the company's products and services.

Scope and approach

Working with Valuing Impact, a social impact framework was developed by identifying activities across the full value chain to map direct and indirect effects on natural, social, and human capital. The framework covers upstream supply chain impacts (procurement and manufacturing), internal operations (employment, taxes, energy consumption), and downstream product utility (grid reliability, capacity optimization, maintenance savings, consulting, and training). Natural capital impacts were assessed using a bottom-up approach based on LCA analysis covering 18 environmental indicators, while social and human capital were analyzed from a mix of top-down and bottom-up approaches. The valuation used the eQALY methodology to translate all impacts into a single well-being metric expressed in monetary terms.

Headline findings

The assessment revealed a net positive societal impact of GBP 90.5 million, resulting in an SROI of 1.9: for every £1 of revenue, EA Technology returns £1.90 of well-being value to society. The overwhelming majority of value is generated downstream through product utility (GBP 88.4 million), driven primarily by the company's role in keeping electricity grids running reliably and enabling capacity increases that defer costly infrastructure investments. Own operations contribute GBP 7.8 million, predominantly through job creation and corporate tax contributions. Upstream supply chain impacts are net negative at GBP (5.7) million, concentrated in product component procurement, which is typical for hardware-intensive technology businesses.

Table 30 – Social impact results for EA Technology [Impact-equivalent GBP (well-being), 2024]. The format is adapted from the recommended table to a more vertical format, without the distinction per capital type⁵.

Impact Driver	Total Social Impact (Thousands GBP)
Upstream	(5,706)
Product components procurement	(5,520)
Employee commuting	(85)
Business travel	(51)
Manufacturing of equipment	(32)
Production waste disposal	(17)
Own Operations	7,809
Job creation	6,553
Corporate taxes	1,327
Energy consumption – Electricity	(54)
Energy consumption – Natural gas	(17)
Downstream (Product Utility)	88,413
Support in keeping the grid running	74,365
Capacity increase in the grid	11,004
Reduced maintenance/replace costs	1,760
Consulting services – Invest	1,099
Consulting services – AMPSS	716
Less network interruptions	706
Training capacity / Skill transfer	362
Consulting services – NZT Consulting	160
Worker's health and safety	68
Facility of connection to the grid	33
Avoided data transfers	32
Product energy consumption	(1,892)
Grand Total	90,516
SROI (Social Return on Investment)	1.9

Source: Valuing Impact analysis, 2025. Figures in parentheses denote negative impacts.

Key insights

Several insights stand out from the analysis. The downstream impact is by far the largest contributor, accounting for 98% of gross positive value. Within downstream, grid reliability support alone (GBP 74.4 million) represents 82% of total downstream value, reflecting the essential role EA Technology's products play in maintaining uninterrupted electricity supply for millions of homes and businesses. Grid capacity optimization adds a further

⁵ EA Technology impact report is accessible here: <https://eatechnology.com/about/sustainability-and-impact-report/>

GBP 11 million by enabling operators to unlock up to 22% more capacity from existing networks, deferring costly reinforcement projects.

Upstream, the largest negative driver is product component procurement (GBP (5.5) million), primarily driven by printed circuit board (PCB) manufacturing embedded in the company's hardware products. Product energy consumption during the 10-year in-use lifecycle contributes a further negative impact of GBP (1.9) million. These represent the primary environmental trade-offs inherent to the business model.

In parallel, the economic impact assessment showed an even stronger multiplier (capturing the economic value rather than societal or well-being value): an eSROI of 9.6, meaning every £1 of revenue generates £9.60 of economic benefit. Of this, 82% flows directly to EA Technology's clients through deferred investments, reduced maintenance costs, and operational efficiency gains, with 97% of the total economic impact generated through income-related pathways.

Management actions

Based on the impact statement findings, EA Technology has prioritized three areas for improvement:

- Supply chain decarbonization, focusing on reducing the environmental footprint of PCB procurement and shifting logistics from air to sea freight (already saving 131 tCO₂e p.a. on specific product lines).
- Product lifecycle optimization, by designing next-generation products with reduced power consumption to lower the in-use energy footprint, and integrating product-level LCA to identify environmental hotspots more precisely.
- Amplifying downstream value, by expanding deployment of VisNet Hub monitoring and capacity optimization products to more network operators globally, directly multiplying the positive societal impact per unit of revenue.

EA Technology's impact profile is characteristic of a grid-infrastructure enabler: a modest upstream environmental cost is vastly outweighed by the societal value created through more reliable, efficient, and capacity-optimized electricity networks. The Impact Statement provides both a baseline for tracking improvement over time and a compelling value narrative for Summa Equity's stewardship agenda, positioning EA Technology's growth as inherently aligned with societal benefit.

7.3. Food Securities Fund (Clarmondial)

The Clarmondial Food Securities Fund provides financing to agriculture actors across the global South, channeling capital through established intermediaries in lower-income countries that deliver loans and technical assistance to smallholder farmers. The evergreen fund targets improvements in farmer income, food security, well-being, and environmental sustainability—including conservation areas and certified agricultural practices. The impact valuation was conducted in 2025 by Valuing Impact to quantify the fund's broader societal value and inform a due diligence process for a prospective investor.

Scope and approach. The assessment covered the fund's full impact (figures from 2024), reaching 92,012 farmers and sustaining 1,891 employees. Impact pathways were structured across human, natural, and social capital. Human capital pathways captured increased farmer income from improved productivity, enhanced well-being linked to financial and food security, earning premiums from training programs targeting 41,506 female farmers, and employment income for intermediary staff. Natural capital pathways valued carbon sequestration (120,282 tCO₂e), ecosystem services from 56,503 hectares of conserved land, and improved farm practices across 71,976 certified hectares, as reported by the fund. Social capital was limited to tax contributions from employees. Primary data came from Clarmondial's Annual Impact Report, supplemented by secondary sources and expert assumptions where gaps existed. All impacts were valued using the eQALY methodology.

Headline findings. The assessment yielded a net positive societal impact of USD 105.8 million (2025) and an SROI of >5 (for every dollar of invested capital, the fund generates USD >5 of societal value). Human capital accounts for USD 57.9 million (55%), driven primarily by increased farmer well-being (USD 32.8 million) and increased income from improved agricultural productivity (USD 26.5 million). Natural capital contributes USD 48.0 million (45%), with ecosystem services from land conservation (USD 21.6 million), improved farm practices (USD 17.1 million), and carbon sequestration (USD 9.3 million) as the main drivers. Social capital is negligible at USD 84, reflecting the very low effective tax rates in the countries of operation. The cost of loans to farmers and the gap between employee wages and living wages represent partial offsets within human capital.

Table 31 - Food Securities Fund impact statement (societal valuation in USD, one-year period). Figures in parentheses denote negative impacts. Rows are grouped by beneficiary/activity area rather than value-chain step, reflecting the fund's investment structure.

Impact pathway	Natural Capital (USD)	Human Capital (USD)	Social Capital (USD)	Total (USD)
Farmers	–	57,822,034	–	57,822,034
Increased income (productivity)	–	26,489,023	–	26,489,023
Increase in well-being	–	32,818,472	–	32,818,472
Increased income due to training (women)	–	505,914	–	505,914
Cost of loan	–	(1,991,376)	–	(1,991,376)
Employees	–	(559,666)	84	(559,582)
Employment – Income impact	–	55,908	–	55,908
Employment – Gap to living wage	–	(615,574)	–	(615,574)
Employment generated – Taxes	–	–	84	84
Nature (land conservation & practices)	47,965,936	–	–	47,965,936
Land conservation – Carbon sequestration	9,278,639	–	–	9,278,639
Land conservation – Ecosystem services	21,603,383	–	–	21,603,383
Improved farm practices – Ecosystem services	17,083,914	–	–	17,083,914
Total	47,965,936	57,262,368	84	105,228,388

Source: Valuing Impact analysis, 2025 and <https://valuingimpact.com/all/unlocking-the-power-of-impact-valuation-in-due-diligence>.

Key insights. The fund's impact profile is characteristic of a development-finance vehicle: the overwhelming majority of value is generated through improved livelihoods at the farmer level. Within human capital, farmer well-being and income together represent over 97% of the category, reflecting the fund's core theory of change—that access to credit and technical support materially improves smallholder welfare. The results show that the cost of the loan could partially offsets income gains, although limited to roughly 10% of the increased income. On natural capital, ecosystem services from conserved areas and improved farming practices are the largest contributors, though their accuracy depends on attribution and additionality assumptions that would benefit from additional primary evidence. Notably, the impact assessment also surfaced the gap between employee wages and living wages as a potential risk to monitor—a finding that illustrates how impact statements can reveal issues that traditional ESG metrics may overlook.

Potential next steps. This case illustrates how an impact statement can be used as part of a due diligence process, providing a structured and monetized view of societal value alongside financial returns. To strengthen the assessment over time, three areas stand out: collecting primary data at the farmer level on income, well-being, and changes in agricultural practices; demonstrating the additionality of outcomes—the causal link between the fund's financing and observed changes; and refining attribution assumptions as the fund's track record deepens. These improvements would increase the precision and credibility of the impact statement, making it an even more effective tool for investor decision-making and portfolio management.

8. How to get started

The preceding chapters describe a comprehensive framework for building an impact statement. In practice, however, most organizations do not need to implement every element at once. This chapter provides a pragmatic entry point: the minimum viable impact statement. The goal is to produce a credible first assessment—one that identifies the largest drivers and their order of magnitude—in less than a week of dedicated work, given access to the eQALY valuation method, the Excel template, and basic organizational data.

The principle is simple: **start lean, learn fast, and deepen where it matters**. A Bronze-tier assessment delivered on time is more valuable than a Gold-tier assessment that never ships. Each iteration sharpens the picture, fills data gaps, and builds internal confidence in the methodology. The three sections below address the minimum viable scope, the starter set of impact drivers, and the data strategy to get there.

8.1. Step 1: Cover the full value chain, but keep it simple

A first impact statement should cover all four main value-chain steps—supply chain, own operations, products and services, and end of life—so that the resulting picture is complete enough for strategic interpretation. The simplification is not in the boundary, but in the *level of detail within each step*. Rather than mapping every activity, focus on the most material ones: the largest purchase categories by spend, the main energy source, the core product or service, and the dominant waste or end-of-life stream. Aggregate everything else into single residual lines.

The table below summarizes what to include and what can wait for later iterations. This approach typically captures 70–80% of the expected total impact while requiring a fraction of the data collection effort.

Table 32 - Minimum viable scope by value-chain step.

Value-chain step	What to include (minimum)	What can wait
Supply chain (upstream)	Top 3–5 purchase categories by spend (covering ~70–80% of procurement value); aggregate the rest into “other purchases.” Use spend-based IO factors or category-level LCA data.	Supplier-specific footprints, tier-2+ mapping, detailed transport modeling. Refine in later iterations once hotspots are identified.
Own operations	Total energy consumption (main source), total water withdrawal, GHG emissions (scope 1+2), headcount and total wages, tax payments. One aggregated line per topic is sufficient.	Site-level splits, diversity and overtime indicators, air pollutants, waste streams. Add when the Bronze pass reveals these are material.
Products & services (use phase)	Core product/service utility relative to the most likely alternative (what value does the customer get?). Resource consumption during use if applicable (energy, water).	Segmentation by product line, customer group, or geography. Avoided-impact claims requiring robust baselines. Behavioral or health effects.
End of life	Market-average treatment splits (landfill, recycling, incineration) for main product/packaging materials. Use regional default factors.	Product-specific recovery rates, circular economy program quantification, country-specific leakage data.

This scope mirrors the full impact statement structure described in Chapter 4, with fewer lines per section. The important point is that **no value-chain step is left blank**—even a rough estimate for end of life or supply chain is

preferable to omitting it entirely, because the relative weight of each step is one of the most actionable insights the statement produces.

8.2. Step 2: Select a starter set of impact drivers

The full impact framework described in Chapter 4 covers more than 25 indicators across natural, human, and social capital. For a first pass, select 5–8 drivers based on a simple materiality logic: which drivers are likely to represent the largest absolute values given the organization’s sector and business model?

For most organizations, three natural capital drivers—**GHG emissions, land use, and water use**—will capture the dominant environmental footprint. On human capital, **employment and wages** (including the gap to living wage) is almost always material. On social capital, **tax contributions** are straightforward to calculate from financial statements. To these five, add one to three sector-specific drivers that reflect the organization’s particular impact profile—for instance, product utility for a technology or services company, occupational safety for manufacturing, or nutrition and health effects for food and consumer goods.

Table 33 - Starter set of impact drivers by capital type.

Capital	Core drivers (always include)	Sector-specific additions (pick 1–3)
Natural	GHG emissions, land use, water use	Air pollutants, ecotoxicity, resource depletion, waste/packaging
Human	Employment and wages (incl. living wage gap)	Product utility, occupational safety, training/skills, working conditions, nutrition/health effects
Social	Tax contributions	Community investments, corruption risk, gender equality

This starter set is deliberately conservative. If a first assessment reveals that a driver initially excluded (e.g., air pollutants, packaging waste) is likely to be large given the business profile, it can be added in the next iteration. The eQALY method and its valuation factors are available for all indicators listed in the Appendix, so expanding the scope later does not require a change in methodology—only additional data.

8.3. Step 3: Use what you have, assume what you don’t

Data availability is the most common barrier to getting started. The key insight is that a minimum viable impact statement relies primarily on **activity data the organization already has** combined with **secondary valuation factors and documented assumptions** for everything else. This corresponds to the Bronze tier described in the minimum viable dataset section of Chapter 5.

Activity data that most organizations can retrieve immediately includes: total number of employees and aggregate wage bill (from HR or payroll systems), total procurement spend by category (from finance or ERP systems), energy consumption by main source (from utility bills or facilities management), total tax payments (from financial statements), and basic product volumes (from sales data). This information is sufficient to run the core natural, human, and social capital pathways using top-down IO models for the supply chain and direct measurement or simple calculations for own operations.

Where data is not available—and it will not be available for many pathways in a first pass—the approach is to use secondary data from reputable sources and to document every assumption transparently. The eQALY databases provide regionalized valuation factors for all supported indicators, and the Excel template is designed to work with secondary inputs as defaults. The critical discipline is not to avoid assumptions but to **make them explicit, traceable, and conservative**. This means using lower-bound estimates where uncertain, flagging any assumption that could shift a result by more than 20%, and recording the source and rationale in a short value note alongside each pathway. Transparency on data quality is what allows the reader—and the organization itself—to trust the directional conclusions even when precision is limited.

8.4. Putting it together: a one-week roadmap

With the scope, drivers, and data strategy defined, a first impact statement can realistically be produced in four to five working days by a practitioner with access to the eQALY method and Excel template. The following roadmap outlines the key phases.

Table 34 - Indicative roadmap for a first impact statement

Phase	Activities	Output
Day 1–2	Define scope and impact framework. Confirm value-chain boundary (all four steps). Select 5–8 impact drivers based on sector and materiality. Set up the eQALY Excel template with the chosen pathways.	Impact framework and driver shortlist
Day 2–3	Collect available data. Gather activity data from existing sources: financial statements, energy bills, HR records, procurement summaries. Fill gaps immediately with secondary data and documented assumptions.	Populated data inventory (Bronze tier)
Day 3–4	Model and value. Run the impact model using eQALY valuation factors. Apply additionality parameters (baseline, drop-off, attribution) with conservative defaults. Review results for plausibility and flag any driver that dominates unexpectedly.	Draft impact statement (one-page table)
Day 4–5	Interpret and prioritize. Identify the top 3–5 drivers by absolute value. Perform basic sensitivity checks on key assumptions. Document findings, limitations, and recommended next steps for the Silver iteration.	First impact statement with value notes

This timeline assumes a single practitioner working with readily available data. For organizations with more fragmented data systems or multiple business units, the data collection phase may take longer, but the modeling and interpretation phases remain compact. The eQALY Excel template is specifically designed to support this workflow, with pre-loaded valuation factors and a built-in structure that mirrors the impact statement reporting format.

8.5. Iterate and learn

The first impact statement is a baseline, not a final answer. Its primary purpose is to reveal the shape of the organization's impact profile: which value-chain steps dominate, which capitals carry the most weight, and where the largest uncertainties lie. These findings directly inform what to improve next.

A practical approach is to plan three cycles of increasing depth. The first cycle (Bronze) follows the roadmap above and produces a credible directional picture. The second cycle (Silver) targets the top three to five drivers identified in the first pass, investing in better primary data, refined assumptions, and more granular modeling for those specific pathways—while leaving lower-materiality drivers at Bronze level. The third cycle (Gold) aims for assurance-ready precision on the most material drivers, typically aligned with external disclosure requirements or investor expectations.

Each cycle also deepens internal capability. Teams become familiar with the eQALY methodology, data collection processes become embedded in existing workflows, and the organization develops its own institutional knowledge about where impact valuation adds the most strategic value. The case studies presented earlier in this report—Natura, Oda, EA Technology, and Clarmondial—all reflect organizations at different stages of this journey, demonstrating that a useful impact statement does not require perfection; it requires a structured start and a commitment to learning.

In summary

Getting started with an impact statement does not require perfect data, a full team, or months of preparation. It requires a clear scope (all value-chain steps, simplified), a focused set of drivers (5–8, based on materiality), a pragmatic data approach (use what you have, assume the rest transparently), and the eQALY valuation method. A first credible assessment can be produced in under a week—and every iteration after that makes it sharper, more decision-relevant, and more defensible.

9. Appendix

9.1. eQALY method short description and equation

The eQALY⁶ method defines a *single* impact indicator that works across human, social, and natural capital by expressing impacts as changes in **human well-being**—covering both life quality and life expectancy. Using a single well-being metric enables consistent, comparable valuation for decision-making; even nature is valued insofar as it affects human conditions (through damage/mitigation costs and related effects), thereby acknowledging this practical boundary for choices.

The eQALY method builds on QALY/DALY and extends them to “equivalent QALY,” summing contributions from multiple pathways (e.g., health, income, education, climate, biodiversity). Impacts reach eQALY via two routes: (1) **direct health/well-being effects** (changes in life quality or years of life), and (2) **economic outcomes translated into well-being** using utility models (e.g., Health Utility of Income and taxes models). One eQALY aggregates quality-of-life changes and years of life lost, with weights informed by established disability/quality weights; the method then monetizes the eQALY using a constant value (e.g., the social utility of life, SVL).

The main equation used throughout all pathways, activities or impact drivers is the following:

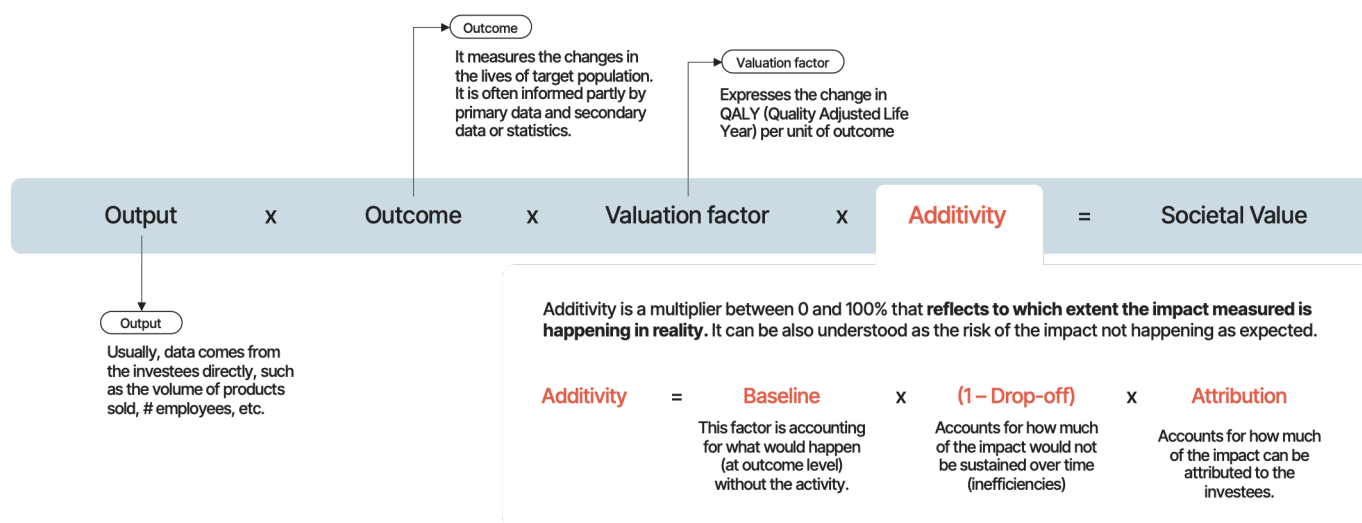


Figure 3 - eQALY general equation

Whereas:

Output is the direct result (e.g., # beneficiaries);

Outcome is the change per unit of output;

Additionality adjusts for baseline, drop-off, and attribution;

Valuation factor converts outcomes to eQALY (and to monetary terms).

⁶ <https://www.valuingimpact.com/blog/eqaly-impact-valuation-method>

While the equation for additionality parameters is the following:

$$\text{Additionality} = \text{Baseline (\%)} \times (1 - \text{Drop-off(\%)}) \times \text{Attribution}$$

- **Baseline** — The share of the change that truly happens over and above what would have happened anyway (the counterfactual). Also called deadweight/displacement; sometimes already built into the outcome.
- **Drop-off** — The fraction of impact that fails to occur or fades over time (e.g., behavior change doesn't persist, equipment breaks), also used when outcomes are modeled from secondary data rather than directly observed.
- **Attribution** — The portion of impact credited to your activity versus other contributors, often allocated by funding or resource shares; you can report total impact and the attributed share.

In general, for most of the organization value chain activities and impact drivers, the additionality is 100%, although it might differ in particular on the products/services pathways, or for the corporate philanthropy or investments.

9.2. Impact indicators — default list

The table below provides the complete set of 27 impact indicators that constitute the default scope of an Impact Statement. For each indicator, the table shows its capital affiliation, the eQALY valuation pathway used to monetize it, and the value-chain steps where it typically applies. This serves as a quick-reference index; detailed definitions and metrics are provided in the impact framework (Chapter 4.3), and data-collection guidance is provided in Chapter 5.3.

The list is not necessarily exhaustive. Additional or modified indicators may be defined on a case-by-case basis, consistent with the eQALY impact valuation method. Indicators can also be excluded based on relevance or data availability, provided the exclusion is justified and documented in the value notes (section 6.2).

Table 35 - Short list of impact indicators considered in an impact statement, as proposed in this framework.

#	Impact indicator	Capital	Pathway	Value-chain applicability
1	Greenhouse gas emissions	Natural	EE	SC • OO • P/S • EoL
2	Particulate matter formation	Natural	EE	SC • OO • EoL
3	Water depletion	Natural	EE	SC • OO • P/S
4	Freshwater & marine eutrophication	Natural	EE	SC • OO • EoL
5	Freshwater & marine toxicity	Natural	EE	SC • OO • EoL
6	Terrestrial ecotoxicity	Natural	EE	SC • OO • EoL
7	Human toxicity (cancer & non-cancer)	Natural	EE	SC • OO • EoL
8	Ionizing radiation	Natural	EE	SC • OO
9	Ozone depletion	Natural	EE	SC • OO
10	Plastics in oceans	Natural	EE	SC • EoL
11	Land use & land-use change	Natural	EE	SC • OO
12	Terrestrial acidification	Natural	EE	SC • OO • EoL

#	Impact indicator	Capital	Pathway	Value-chain applicability
13	Fossil fuel depletion	Natural	EE	SC • OO • P/S • EoL
14	Metal & mineral depletion	Natural	EE	SC • OO • EoL
15	Ecosystem services	Natural	ES	SC • OO • CSR
16	Wages, income and costs	Human	IW	SC • OO
17	Gap to living wage	Human	IW	SC • OO
18	Financial conditions (users)	Human	IW	P/S
19	Occupational safety	Human	WB	SC • OO • EoL
20	Health & well-being	Human	WB	OO • P/S
21	Overtime	Human	WB, IW	SC • OO
22	Diversity & gender equality	Human	IW	OO
23	Child labor	Human	WB, EST	SC
24	Forced labor	Human	WB, IW	SC
25	Training, skills & education	Human	EST	OO • P/S • CSR
26	Taxes & social contributions	Social	T	SC • OO • P/S • EoL
27	Avoided costs to society	Social	SC	P/S • CSR

Value-chain step codes: SC = Supply chain (upstream) • OO = Own operations • P/S = Products & services (use phase) • EoL = End of life • CSR = CSR, philanthropy & investments

Valuation pathway codes: EE = Environmental externalities • ES = Ecosystem services • IW = Income, wage & personal finance • WB = Health & well-being • EST = Education, skills & training • T = Taxes • SC = Costs to society

Color coding: Green = Natural capital • Amber = Human capital • Blue = Social capital

9.3. Value factors and other datasets

The eQALY impact valuation method includes a full set of value factors, enabling you to assess the impact of any organization across any impact drivers. The table below presents the full list of HUI, HUT, natural capital regionalized value factors, and related items.

Table 36 - List of value factors and other datasets included with the eQALY impact valuation method

DATASETS	USE CASE	SOURCE
Health utility of income (HUI)	When you need to translate changes in income levels to its equivalent in social impact.	Valuing Impact
Health utility of taxes (HUT)	When you need to translate changes in taxes collection/expenditures to its equivalent in social impact.	Valuing Impact
Wages	When you need an estimate of annual salaries per country and skill-level.	Valuing Impact
Living wage	When you need to understand what is the required income for a dignified life in different geographies (countries and selected cities)	Valuing Impact (using data from Numbeo)

Earning premium from education	When you need to estimate the impact that education has on the expected income of individuals.	Valuing Impact (using data from the World Bank)
Natural capital valuation factors	When you need to translate changes in environmental factors to their equivalent in social impact.	Valuing Impact
WASH health outcomes	When you need to estimate the change in individual's health outcomes from WASH-related initiatives.	Global Burden of Disease

9.4. Valuation method notes

For all impact drivers with only one valuation pathway/method and indicator, refer to the eQALY impact valuation methodology. However, additional methods will be necessary to account for impact drivers that are associated with more than one impact driver or valuation pathway/method.

LCA and IO modeling (EE/mixed)

For supply chain, own operations, and end-of-life activities that relate directly to an environmental externality or impact (indicated as EE/mixed), we recommend using either an LCA or an input-output model (or both). Usually, when a physical flow is available, and more precision is required, LCA data provides the best approach (also called bottom-up). While input-output is best used when only financial flows are available (e.g., purchase volumes, energy expenses, etc.). Both approaches are typically used in the same assessment.

For natural capital, most of their own operations, direct purchases (material or energy-based), or end-of-life activities are modelled with LCA. However, indirect purchases (services) are modelled using IO, as they are typically measured only by financial spending. When it comes to human and social capital, the input-output model is almost the only solution that exists at the moment, beyond primary data collection. The latter is not feasible at scale across a supply chain and is typically limited to certain first-tier suppliers.

Table 37 - Matrix of application of LCA vs. the IO approach

Modeling approach	Natural capital	Human capital	Social Capital
LCA	Yes	No	No
IO	Only when no physical data is available, or related to services	Yes	Yes
Primary data	Yes (difficult)	Yes (1 st tier suppliers)	Yes

The dataset/model recommended are:

- LCA: **ecoinvent**⁷
- Input-output model: **Wifor** Institute Sustainability Impact Tool⁸

⁷ www.ecoinvent.org

⁸ <https://www.wifor.com/en/wisit-the-wifor-institute-sustainability-impact-tool/>

Although other data sources are possible to use, the value factors database (in particular the natural capital value factors) is adapted to ecoinvent in priority and Wifor. The equation, as described in the eQALY method, is the following:

Societal value = reference flow × (impact-driver per reference-flow) × valuation **factor** (per impact driver).

- **Reference flow** (Output): activity unit such as km, kg, or MJ (e.g., km transported, kg material, kWh electricity) or monetary flow (e.g. USD) if IO model is used.
- **Impact-driver** per reference-flow (Outcome): LCA characterization linking the reference flow to an environmental impact unit (e.g., kg CO₂-eq per km), based on ReCiPe LCA method or IO Wifor tool.
- **Value factors**: eQALY natural capital regionalized value factors

The value factors available are listed and categorized in Table 38. Apart from marine plastics, all are available in the ecoinvent LCA dataset. Marine plastic is further described in a specific chapter below. Note that there are 19 indicators, as some of the key indicators are duplicated for addressing sub-themes (for instance eutrophication can be either for marine or freshwater ecosystems, or toxicity can be cancer or non-cancer related, etc).

Table 38 - Categorization of impact indication for environmental externalities/natural capital for which value factors are available and regionalized.

General impact category	ReCiPe impact indicator
Climate change	global warming potential (GWP100)
Water pollution	freshwater ecotoxicity potential (FETP)
Water pollution	marine ecotoxicity potential (METP)
Water pollution	freshwater eutrophication potential (FEP)
Water pollution	marine eutrophication potential (MEP)
Water pollution	Marine plastics (not a ReCiPe indicator, but added as part of the water pollution impact category)
Air pollution	human toxicity potential (HTPc)
Air pollution	human toxicity potential (HTPnc)
Air pollution	ionising radiation potential (IRP)
Air pollution	ozone depletion potential (ODPinfinite)
Air pollution	particulate matter formation potential (PMFP)
Air pollution	photochemical oxidant formation potential: humans (HOFp)
Air pollution	photochemical oxidant formation potential: ecosystems (EOFp)
Land use	agricultural land occupation (LOP)
Land use	terrestrial ecotoxicity potential (TETP)
Land use	terrestrial acidification potential (TAP)
Use of resources	fossil fuel potential (FFP)
Use of resources	surplus ore potential (SOP)
Water use	total water extraction

Diversity

Diversity in the workforce is valued through the income gap experienced by underrepresented or discriminated groups relative to a benchmark. The valuation captures the loss of well-being associated with lower income levels resulting from discrimination on the basis of ethnicity, disability, age, or other factors (excluding gender, which is treated separately).

The approach follows the same logic as the gender inequality pathway: the income differential attributable to discrimination is translated into a change of well-being using the Health Utility of Income (HUI) model. The income gap is estimated for each country using available wage-differential data for the relevant group, applied to the share of the workforce in that group.

A separate pathway could be considered around well-being specifically, and the non-monetary effect (e.g., exclusion) diversity might have on people.

In summary:

1. **Outcome:** income gap attributable to discrimination (per affected worker), expressed as annual income loss
2. **Value factor:** HUI (Health Utility of Income)

Overtime

Overtime is assessed through two complementary pathways. First, unpaid overtime represents a direct income loss for the worker, which the HUI model values as an opportunity cost. Second, excessive working hours (typically defined as hours exceeding 42–48 per week, depending on local standards) are associated with reduced well-being due to increased stress, fatigue, and health risks.

The well-being reduction pathway estimates a disability weight for each excess hour worked, drawing on occupational health literature linking long working hours to cardiovascular and mental health outcomes. This is expressed in DALYs per worker per year.

In summary:

- **Outcome:** (a) unpaid overtime hours multiplied by the hourly wage rate, or (b) excess hours beyond local standards converted to a DALY equivalent using a disability weight per excess hour
- **Value factor:** (a) HUI for the income pathway, (b) social utility of life for the well-being pathway
- **Data source:** ILO statistics on working hours per country and sector

Child labor

Child labor is typically valued through either accidents or loss of educational opportunity, or both. Data on accidents are typically obtained on a case-by-case basis; therefore, they are not included by default. The health & well-being pathway category of eQALY can be used for this latter.

For the loss of educational opportunity, we typically assume that each case of child labor represents a full year of education lost, valued using the educational earnings premium from the VI dataset and the Health Utility of Income (HUI) framework.

In summary:

- **Outcome:** 1 year of education lost multiplied by the earning premium from education (VI dataset) per country
- **Value factor:** HUI

Forced labor

Forced labor leads to a reduction of well-being, mainly independently of the income and the gap to the living wage effect, which is usually captured independently. The reduction in well-being is estimated at 20% of DALYs over a year.

In summary:

- **Outcome:** 1 year of reduced well-being is equivalent to 0.2 DALY
- **Value factor:** social utility of life

Gender inequality

Gender inequality is valued through the income gap between women and men in equivalent positions. The approach uses ILO data on gender-differentiated income at the country level, applied to the female share of the workforce within the company's value chain.

The income gap is translated into a well-being differential using the Health Utility of Income (HUI) model. The valuation captures the reduced life quality and opportunities resulting from systematically lower compensation for women, reflecting the social cost of gender-based pay discrimination.

In summary:

- **Outcome:** annual income gap between female and male workers (per female worker), based on country-level gender pay gap data from the ILO
- **Value factor:** HUI (Health Utility of Income)
- **Data source:** ILO gender-disaggregated income statistics; workforce composition from the IO model

Employment and wages (living wage)

Employment is one of the central value drivers in the impact statement. The value of employment is determined by the wages received, benchmarked against the living wage threshold for each country. The living wage is a basic yet adequate standard of living that enables a household to afford adequate nutrition, housing, healthcare, and education.

Wages are modelled per skill level (low, medium, high) using income distribution data from the World Inequality Database. Low-skill wages are estimated using the average of the first and second income quintiles, medium-skill wages using the third quintile, and high-skill wages using the fifth quintile. These are compared with the country-level living wage from the VI Global Living Wage Dataset.

Employment at wages above the living wage has a positive impact, whereas employment at wages below it has a negative impact. The magnitude is calculated using the HUI model, which translates the income gap (or surplus) relative to the living wage into a change of well-being expressed in eQALYs. This approach reflects the diminishing marginal utility of income: an additional dollar of wages yields a greater increase in well-being for lower-income workers.

In summary:

- **Outcome:** annual wage gap (positive or negative) relative to the country-level living wage, per worker and per skill level
- **Value factor:** HUI (Health Utility of Income)
- **Data source:** World Inequality Database (income quintiles); VI living wage global dataset; IO model for workforce composition per skill level and country

Occupational safety

Occupational safety covers workplace injuries and fatalities across the value chain. Statistics from the ILO provide country- and sector-level data on accident rates and fatal incidents, which are applied to the modelled workforce to estimate the total annual burden of workplace harm.

Cases are allocated disproportionately to skill levels, reflecting the empirical distribution of workplace accidents: 70% to low-skill, 20% to medium-skill, and 10% to high-skill positions. The health impact is expressed in DALYs. Fatalities are valued at 30 DALYs per case (representing approximately 30 years of life lost). Non-fatal injuries are valued at an average of 0.05 DALYs per case (approximately 2 months with a 30% disability weight).

Each DALY is monetized using a production-based approach (social utility of life, or SVL), where the value of one DALY is set equal to the average GDP per capita of OECD countries. Consistent with human rights principles, this value is applied uniformly regardless of the location of the injury or fatality.

In summary:

- **Outcome:** number of injuries and fatalities converted to DALYs (fatalities = 30 DALYs; injuries = 0.05 DALYs on average)
- **Value factor:** social utility of life (OECD average GDP per capita per DALY, applied uniformly worldwide)
- **Data source:** ILO occupational safety statistics per country and broad sector

Tax contributions

Tax contributions represent the positive social value generated by corporate taxes on production and value added across the supply chain. Taxes fund public goods and services (infrastructure, education, healthcare, security)

that benefit society broadly. The value added generated by each sector and country in the IO model serves as the basis for estimating tax contributions.

The gross tax contribution is calculated by applying the country-specific effective corporate tax rate to the value added. The net social value is then adjusted for corruption (see above), thereby reducing the effective social return on taxes collected in countries with high corruption levels. In countries with low corruption, the full tax contribution is counted as a positive societal impact.

In summary:

1. **Outcome:** value-added per sector and country multiplied by effective corporate tax rate, net of corruption adjustment
2. **Value factor:** HUT (Health Utility of Taxes)

Products/services

The impact of products and services on end users or consumers is assessed through the health and well-being outcomes they generate. This is particularly relevant for sectors such as pharmaceuticals, healthcare, food, education, and financial services, where the product directly affects users' quality of life.

The valuation pathway depends on the nature of the product. For health-related products (e.g., medicines, medical devices), the outcome is measured as the number of QALYs gained per unit of product, based on clinical evidence or epidemiological data on the disease burden addressed. For other products, a consumer surplus or an access-to-service approach may be used, translating the benefit into an equivalent change in well-being.

When the product generates a negative externality for the user (e.g., harmful substances, addictive products), the same approach is applied in reverse to estimate the loss of well-being per unit consumed. The net societal value of the product is the aggregation of positive and negative effects across all users.

In summary:

- **Outcome:** QALYs gained (or lost) per unit of product or service, based on clinical evidence, epidemiological data, or consumer surplus estimation
- **Value factor:** social utility of life (for health outcomes) or HUI (for income-related access benefits)

Waste generated/PFN

Waste generation and its environmental consequences are valued through the natural capital externalities they produce. This includes emissions from waste treatment (landfill, incineration), pollution from inadequate disposal, and resource depletion from materials that are not recovered or recycled.

The preferred approach is LCA-based: waste volumes per type (organic, plastic, hazardous, electronic, etc.) are modelled through their end-of-life treatment pathways using ecoinvent data, generating impact-driver outputs (e.g. kg CO₂-eq from incineration, freshwater ecotoxicity from landfill leachate). These are then valued using the eQALY natural capital value factors.

For plastic waste entering natural environments (Plastic Footprint Network, PFN), a specific marine plastics valuation factor is applied to capture ecosystem damage and human health effects from microplastic contamination. When physical waste data are unavailable, the IO model can provide sector-level waste-intensity estimates as proxies.

In summary:

- **Outcome:** waste volumes per type and treatment pathway, converted to environmental impact drivers via LCA (or IO proxy); marine plastic leakage in kg for PFN
- **Value factor:** eQALY natural capital value factors (regionalized); marine plastics value factor for PFN

Ecosystem services

Ecosystem services capture the benefits that natural systems provide to people—including provisioning (e.g., food, freshwater), regulating (e.g., pollination, flood control, carbon sequestration), and cultural services (e.g., recreation). This pathway applies primarily to CSR and investment programs involving conservation, restoration, or sustainable land management, and to own operations where site-level land use generates or degrades measurable ecosystem services.

The valuation approach is case-by-case. Where the outcome is a quantifiable environmental change (e.g., hectares restored, tonnes of CO₂ sequestered), the corresponding eQALY natural capital value factors are applied directly. Where outcomes are better characterised as bundles of ecosystem functions (e.g., watershed protection, biodiversity habitat), valuations draw on established ecosystem service literature (e.g., TEEB, national ecosystem accounting) and are expressed in monetary terms per hectare per year or per functional unit. Attribution and additionality parameters require particular attention, as ecosystem outcomes are often co-produced with other actors and persist over long time horizons.

In summary:

- **Outcome:** quantified environmental change (hectares restored, species habitat maintained, tonnes CO₂ sequestered) or ecosystem function valued per hectare per year
- **Value factor:** eQALY natural capital value factors (regionalized); ecosystem service valuations from TEEB or national ecosystem accounting where applicable
- **Data source:** program documentation; land/GIS data; ecoinvent (for associated environmental flows); TEEB; VI natural capital value factors

Financial conditions (users)

This driver captures the net financial benefit experienced by users or beneficiaries of the organisation's products or services. It applies when the offering generates measurable cost savings, productivity gains, time-to-earn improvements, or reduced out-of-pocket expenses relative to the most likely alternative (the counterfactual baseline).

The income change per user is estimated by comparing the financial outcome under the product or service with the outcome under the stated alternative. This can include direct cost savings (e.g., lower energy bills from an efficient appliance), avoided expenditures (e.g., reduced medical costs from a preventive health product), or

income gains (e.g., increased earning capacity from a financial inclusion service). The net change is then translated into well-being using the Health Utility of Income (HUI) model, which accounts for the diminishing marginal utility of income at the user's income level and country.

In summary:

- **Outcome:** annual net income change per user or beneficiary (cost savings, avoided expenditures, or income gains) relative to the counterfactual baseline
- **Value factor:** HUI (Health Utility of Income), country-specific and income-level sensitive
- **Data source:** product/service usage data; customer surveys or telemetry; stated counterfactual assumptions; VI HUI factors

Health & well-being (general)

Beyond occupational safety (which has its own method note), health and well-being outcomes may arise in own operations (e.g., psychological well-being, chronic stress, workplace wellness programs) and in the products/services step (e.g., health improvements or deterioration caused by the product for end users). This driver captures any direct change in quality of life or life expectancy that is not already covered by the occupational safety, overtime, or forced labour method notes.

The valuation follows the standard health and well-being pathway (WB). The outcome is expressed as a change in health-adjusted life years: the number of people affected is multiplied by a severity weight (disability weight from the Global Burden of Disease study) and by the duration of the condition in years, yielding a DALY/QALY-equivalent figure. This is then monetised using the social utility of life (SVL). For product-related health effects, the counterfactual baseline determines whether the health change is additional. For workplace wellness outcomes, the baseline is the expected health state absent the programme or intervention.

In summary:

- **Outcome:** number of people affected × disability weight (GBD) × duration (years) = DALY/QALY change
- **Value factor:** social utility of life (SVL)
- **Data source:** HR/wellness programme data; clinical or epidemiological evidence; product usage data; GBD disability weights; VI SVL factors

Training, skills & education

Training, skills, and education are valued through the future earning premium that capability development generates over a working lifetime, converted into well-being via HUI. This driver applies to workforce training programmes (own operations), educational products and services (use phase), and education-focused CSR or investment programmes.

The earning premium per year of education or equivalent training is sourced from World Bank returns-to-education data, regionalised by country. For training programmes shorter than a full academic year, the premium is prorated by duration. For educational products or services, the number of beneficiaries and the equivalent years of learning gained (based on programme evidence or learning assessments) determine the output. The earning premium is then applied to each beneficiary and converted to well-being using the country-specific HUI factor.

Attribution and additionality are particularly important for CSR-funded education programmes, where co-funders and drop-off rates must be stated explicitly.

In summary:

- **Outcome:** number of trainees or beneficiaries × equivalent years of education or training × earning premium per year (country-specific)
- **Value factor:** HUI (Health Utility of Income), applied to the earning premium stream
- **Data source:** HR/training records; programme outcome data; World Bank earning premium dataset (VI); VI HUI factors

Avoided costs to society

This driver captures societal savings (or additional costs) associated with activities that substitute for, or add to, state-funded services. It applies primarily to products/services that replace public interventions (e.g., a health product that reduces hospital admissions, an education platform that supplements public schooling) and to CSR programmes that reduce public expenditure burdens (e.g., community crime-prevention initiatives, preventive health campaigns).

The valuation logic mirrors the taxes pathway: avoided public expenditure is treated as a well-being gain equivalent to additional public spending capacity and is converted through the Health Utility of Taxes (HUT) model. The practitioner estimates the annual value of public services avoided or incurred as a result of the organisation's activities, using public expenditure benchmarks or programme-level measurement. Attribution and counterfactual assumptions are critical: the note must clearly state what the public sector would have spent in the absence of the organisation's activities. Conservative estimates and transparent assumptions are essential to maintain credibility.

In summary:

- **Outcome:** annual value of public services displaced or created (currency/year), based on public expenditure benchmarks or programme-level data
- **Value factor:** HUT (Health Utility of Taxes), country-specific
- **Data source:** company/programme data; public expenditure benchmarks (e.g., per-patient healthcare costs, per-pupil education costs); VI HUT factors

9.5. Transparency report (Capitals Coalition Governance for valuation)

The table below presents the eQALY impact valuation method as a consolidated Transparency Report Table B, aligned with the Capitals Coalition's Governance for Valuation (July 2025). Because the eQALY method is a single, integrated methodology comprising seven sub-methodologies that share a common well-being unit (the eQALY) and a unified conversion architecture (HUI, HUT, SVL), all impact value factors are documented in a single table rather than in separate Table Bs for each impact area. This is consistent with the Governance for Valuation provision that "a single table can be used for a family of value factors that follow the same methodology" (Capitals Coalition, 2025, p. 30).

Table B covers the methodology-level value factors. Assessment-specific information (organizational boundary, value chain scope, data sources used, and the specificity of impact driver measurement) should be documented in a separate Table A by each preparer, following the Transparency Requirements structure.

Note that the application of the Governance for Valuation Transparency Report constitutes the first test of the approach proposed by the Capitals Coalition. There may be inaccuracies and areas for improvement based on the feedback we receive. We are in active discussion with the Capitals Coalition to address this point.

Sources: *Valuing Impact* (2024), *eQALY Impact Valuation Method*; *Capitals Coalition* (2025), *Governance for Valuation*; *CE Delft* (2023/2024), *Environmental Prices Handbook*; *IHME* (2019), *Global Burden of Disease*; *Huijbregts et al.* (2017), *ReCiPe* 2016.

Table 39 – Table B from the Capitals Coalition Governance for valuation applied to the eQALY methodology

Transparency Report — Impact Value Factors (Table B): eQALY Impact Valuation Method	
Introductory information	
Title and version #	eQALY Impact Valuation Method — Consolidated Table B (Governance for Valuation). Version 2.0.
Developed by	Valuing Impact S.A. (S. Vionnet, A. Souza, N. Pacharotti, P. Tagliari, E. Sacayón).
Governance	Method and value factors are curated and maintained by Valuing Impact S.A. Periodic updates to the value factors database and the Excel template are published on the Valuing Impact website (valuingimpact.com). The eQALY method is a proprietary, but available freely to practitioners and organizations. Governance classification (Governance for Valuation, p. 25): category (ii) — generalized value factors provided by a specialized organization, not developed for a single capitals assessment but for use and application by multiple users in different contexts.
Name of impact driver(s)	This is a unified Table B covering all impact drivers addressed by the eQALY method. The method operates through seven outcome families, each constituting a sub-methodology: (1) Health & well-being; (2) Income, wages & financial effects; (3) Education & skills; (4) Taxes & public spending; (5) Avoided social costs; (6) Environmental externalities; (7) Ecosystem services. Individual impact drivers mapped to these families are listed in the eQALY default impact indicator list (see Section 9.2 of the Impact Statement Framework report and the eQALY method publication, Valuing Impact 2024).
Published and updated date	Method publication: Various publications since 2017, with the first consolidated method published in August 2024. Latest value factors database and Excel template: February 2025. This Table B: February 2026.
1. Value factor unit	
1.1 Unit	Common unit: equivalent Quality-Adjusted Life Year (eQALY), representing a change in well-being expressed in health-adjusted life-year equivalents. Monetary anchor: each eQALY is monetized using the Social utility of Life (SVL), set at a minimum equal to the average economic productivity of a human as reflected by OECD GDP per capita (approximately USD 60,000/year). This value is applied uniformly worldwide, consistent with human rights principles (Valuing Impact, 2024). Sub-methodology units: • Health & well-being: DALYs/QALYs × SVL • Income/wages/financial: income change (Δ USD) × HUI (eQALY per USD) × SVL

	• Education/skills: earning premium (Δ USD) $\times$ HUI $\times$ SVL • Taxes/public spending: fiscal change (Δ USD) $\times$ HUT (eQALY per USD) $\times$ SVL • Environmental externalities: physical flow $\times$ characterization factor $\times$ regionalized natural capital value factor • Ecosystem services: benefit/damage $\rightarrow$ fiscal or income equivalent $\rightarrow$ HUT/HUI $\times$ SVL
1.2 Scaling	Impact value factors are average conversion factors within the specified context (country, beneficiary group, skill level). They are scaled per beneficiary, per worker, per unit of physical flow (e.g., kg CO₂-eq, m³ water), or per monetary unit (USD), depending on the pathway. All factors are designed to be applied as incremental (marginal) impacts when combined with activity-level data from LCA, IO models, or primary data.
1.3 Context and geography	• HUI (Health Utility of Income): country-specific, reflecting diminishing marginal utility of income. Updated with World Inequality Database, OECD and EUROSTAT statistics, as well as the social utility of life value. • HUT (Health Utility of Taxes): country-specific, linking fiscal changes to well-being via public spending effectiveness. • SVL (Social Utility of Life): constant worldwide (OECD GDP/capita average), applied uniformly to uphold equal valuation of human life. • Natural capital value factors: regionalized by country and sub-national where data permits (e.g., water scarcity indices). Adapted to ecoinvent LCA database and WifOR IO model. • Living wage: country-level, with city-level data available for selected geographies (source: Numbeo, VI global living wage dataset). • Wages: country- and skill-level (low/medium/high), derived from World Inequality Database income quintiles.
1.4 Time period	Factor vintages: HUI 2021/2023; HUT 2021; GBD disability weights 2019; natural capital factors updated annually; wage and living wage data updated annually. All vintages documented in the value factors database published on Valuing Impact website.
2.1 Linkages to other value factors	The eQALY method is designed as an integrated system where all sub-methodologies convert to a common unit (eQALY). Linkages between sub-methodologies: • Income/finance outcomes $\rightarrow$ eQALY via HUI • Fiscal/public spending outcomes $\rightarrow$ eQALY via HUT • Health outcomes $\rightarrow$ eQALY via DALY/QALY constructs • Environmental externalities $\rightarrow$ damage costs regionalized, then routed to health (DALYs) or fiscal (HUT) pathways • Ecosystem services $\rightarrow$ benefit pathways routed to income (HUI) or fiscal (HUT) equivalents This architecture enables aggregation across capitals and comparability within a single impact statement.
3. Scope of value factors	
3.1 Impact pathways included	The eQALY method defines impact pathways for three capitals (natural, human, social). Each pathway specifies: impact driver $\rightarrow$ outcome $\rightarrow$ valuation route $\rightarrow$ eQALY conversion. The seven outcome families and their principal end points are: (1) Health & well-being: mortality, morbidity (disease burden via DALYs/QALYs). Applied to occupational safety, product health effects, forced labor, excessive overtime, and WASH outcomes.

	(2) Income, wages & financial effects: income gaps to living wage, wage surplus, unpaid overtime, diversity income gaps, gender pay gaps, working poor income deprivation. All converted via HUI. (3) Education & skills: lost education opportunity (child labor), earning premium from training/education. Converted via HUI. (4) Taxes & public spending: corporate tax contributions on value-added, adjusted for corruption losses. Converted via HUT. (5) Avoided social costs: fiscal savings from reduced burden on public services (healthcare, justice, welfare). Converted via HUT. (6) Environmental externalities: GHG emissions, air pollution (6 sub-categories), water pollution (5 sub-categories incl. marine plastics), land use (3 sub-categories), resource use (2 sub-categories), water use. Valued via regionalized natural capital value factors mapped to ReCiPe midpoint indicators. (7) Ecosystem services: benefits from environmental restoration or conservation (e.g., carbon sequestration, habitat restoration). Valued via natural capital value factors or program-specific evidence. Full indicator list: 19 ReCiPe-based environmental indicators plus marine plastics, and all human/social indicators per the default impact indicator list (Chapter 9.2).
3.2 Materiality basis	The eQALY method does not prescribe an ex-ante materiality filter. Instead, all available impact drivers are assessed by default, and the valuation results themselves serve as the materiality assessment — a principle the method terms “valuation-driven materiality.” This approach avoids the risk of prematurely excluding impacts that may prove significant once quantified. Attribution scopes (Governance for Valuation, Annex I) are addressed through the value chain segmentation of the Impact Statement: supply chain (indirect), own operations (direct/partial direct), products & services (enabling), and end of life (enabling). Each segment is reported separately to preserve attribution clarity.
3.3 Perspectives of those affected	Default value factors are constructed from global and national public datasets (World Bank, ILO, GBD, Numbeo, ecoinvent, WifOR) rather than from primary stakeholder consultation. This reflects the method’s design as a generalized, pre-existing value factor system applicable across sectors and geographies. Representation is therefore indirect: health preferences are embedded in GBD disability weights (derived from population surveys); income preferences are captured through revealed data on wages and purchasing power; environmental preferences are reflected in damage-cost literature underpinning the regionalized natural capital factors. Recommendation: When applying the eQALY method in a specific capitals assessment, practitioners should supplement with local stakeholder consultation where affected populations are identifiable, per Governance for Valuation Confidence Criteria 6 (Capitals Coalition, 2025).
3.4 Coverage confirmation	The method provides valuation logic for all common impact drivers across human, social, and natural capital. Activity-specific appendices extend coverage to specialized pathways (e.g., WASH, refugees, biodiversity, marine plastics). Known exclusions: pure existence value of nature (acknowledged but not monetized); produced capital impacts beyond tax/fiscal pathways; dependency risk factors (these sit outside the scope of impact value factors per the Governance for Valuation framework).
4. Estimating changes in capitals — Approach and specificity	
4.1 Methods by sub-methodology	Health & well-being: DALY/QALY framework with GBD 2019 disability weights and disease-specific durations. Applied to occupational injuries (30 DALYs per fatality; 0.05 DALYs per non-fatal injury), forced labor (0.2 DALY/year), excessive overtime (disability weight per excess hour from occupational health literature), and product health effects (clinical evidence or epidemiological data).

	Income/wages: net income change relative to living wage threshold, stratified by skill level (low = Q1–Q2 average; medium = Q3; high = Q5 of World Inequality Database). Gender pay gaps use ILO gender-disaggregated income data. Diversity income gaps use available wage differential data per discrimination group. Education/skills: earning premium from education (VI dataset, sourced from World Bank human capital data) applied per year of education lost (child labor) or gained (training programs). Taxes/public spending: effective corporate tax rate per country applied to value-added, adjusted for corruption using Transparency International CPI (linear model: up to 4% of GDP lost in most corrupt countries; up to 40% of public funds misused). Environmental externalities: physical flows (emissions, resource use, waste) characterized using ReCiPe 2016 midpoint indicators via ecoinvent LCA database. Where physical data unavailable, WifOR IO model provides sector-level environmental intensities per unit of economic output. Ecosystem services: program-specific environmental outcomes (e.g., tonnes CO₂ sequestered, hectares restored) valued via natural capital factors, or financial contributions with social return multiplier (default 1:1).
4.2 Tailoring to context	Country-level specificity is embedded in HUI, HUT, living wages, wage distributions, tax rates, and corruption indices. Environmental factors are regionalized (e.g., water scarcity by basin, grid emission factors by country).
4.3 Core assumptions	Human-centric valuation of nature (existence value acknowledged but not monetized within eQALY) translated in terms of utility or direct effect on well-being; utility models reflect diminishing marginal utility of income.
4.4 Data gaps and handling	Where primary data are missing, the method uses conservative baselines, drop-off assumptions, and reputable public sources.
4.5 Key data sources	• ecoinvent v3.9+ (LCA characterization factors and process data) • WifOR Institute Sustainability Impact Tool (IO model for human/social capital and environmental intensities) • ReCiPe 2016 v1.1 midpoint characterization method (Huijbregts et al., 2017) • Global Burden of Disease 2019 (disability weights and disease durations; IHME) • World Inequality Database (income distribution by country) • ILO statistics (working hours, occupational safety, gender pay gaps, working poverty, child labor) • Transparency International CPI (corruption index) • World Bank (GDP, tax revenue, education returns, purchasing power) • Numbeo (cost of living, city-level living wage benchmarks) • Valuing Impact proprietary datasets (HUI, HUT, SVL, living wage, earning premium, regionalized natural capital value factors)
5. Estimating impacts — Approach and specificity	
5.1 Type of valuation	Monetary valuation grounded in a single well-being metric (eQALY). The eQALY defines the social utility of life valuation approach to eQALYs, which is at minimum the average economic productivity of a human reflected by the OECD GDP/capita average (around 60k USD/year).
5.2 Valuation approach by sub-methodology	(1) Health & well-being: DALYs/QALYs × SVL. Each DALY represents one year of healthy life lost; monetized at OECD GDP/capita average (~USD 60k). (2) Income/wages: income change relative to living wage → HUI conversion → eQALY × SVL. HUI captures the diminishing marginal utility of income.

	(3) Education/skills: earning premium per year of education → HUI conversion → eQALY × SVL. (4) Taxes: tax contribution on value-added (net of corruption) → HUT conversion → eQALY × SVL. (5) Avoided social costs: fiscal savings → HUT conversion → eQALY × SVL. (6) Environmental externalities: physical flow × ReCiPe characterization factor × regionalized natural capital value factor (damage cost per unit of characterized impact). Regionalized factors internalize local conditions (population density, baseline environmental quality, scarcity). (7) Ecosystem services: environmental outcomes valued via natural capital factors or routed to income/fiscal pathways via HUI/HUT.
5.3 Context fit	HUI and HUT are distribution-sensitive: they assign higher marginal utility to income and fiscal changes for lower-income individuals and countries. This embeds an implicit equity weighting without requiring a separate adjustment layer. Environmental value factors are regionalized to reflect local damage conditions (e.g., water scarcity, population exposure to air pollution, ecosystem sensitivity).
5.4 Core assumptions	Human-centric valuation of nature (existence value acknowledged but not monetized within eQALY) translated in terms of utility or direct effect on well-being; utility models reflect diminishing marginal utility of income.
5.5 Data gaps	-
5.6 Main sources for impact valuation	See Section 9.3 and 9.4.. Additional valuation-specific sources: • Valuing Impact, eQALY Impact Valuation Method (2024) (full method publication)
6. Data inputs	
6.1 Consolidated data sources	Health & well-being: GBD 2019 disability weights (IHME); ILO occupational safety statistics; clinical/epidemiological evidence for product-specific pathways. Income & wages: World Inequality Database (income quintiles); VI global living wage dataset (Numbeo-sourced); ILO wage and employment statistics; IO model output (WifOR). Education: World Bank human capital index and returns-to-education data; VI earning premium dataset. Taxes & fiscal: World Bank tax revenue and GDP data; Transparency International CPI; national tax schedules. Environmental: ecoinvent v3.9+ (LCA data); ReCiPe 2016 (characterization); WifOR IO model (sector-level environmental intensities); VI regionalized natural capital value factors. Utility models: VI HUI (country-level, vintage 2021/2023); VI HUT (country-level, vintage 2021); SVL (OECD GDP/capita average, updated annually). All datasets with access dates and vintages are documented in the value factors database available at valuingimpact.com.
7. Views of affected stakeholders	
7.1 Identification	The eQALY method, as a generalized pre-existing value factor system, does not embed primary stakeholder consultations. Affected stakeholders are represented indirectly through the public datasets underpinning the method: GBD disability weights incorporate population survey data on health preferences; income data reflect revealed preferences via labor markets; environmental damage costs reflect population exposure models.

7.2 Integration of stakeholder views	Representation is indirect and inherits the coverage and limitations of the underlying public datasets. Representativeness varies: GBD covers 195 countries; income data coverage depends on World Inequality Database availability; environmental regionalization varies by impact category. Recommendation: Practitioners applying the eQALY method should integrate local stakeholder views per assessment, particularly for high-stakes decisions with identifiable affected populations (per Governance for Valuation Confidence Criteria 6, Capitals Coalition 2025).
7.3 Rationale if not included	This is a methodology-level Table B; primary stakeholder processes sit outside its scope and should be documented in the assessment-specific Table A and Confidence Criteria evaluation.
8–10. Ethical decisions	
8.1 Equity weightings	Equity is addressed structurally through HUI, which assigns higher marginal utility to income changes for lower-income individuals and countries. This means that the same dollar amount of wages generates a larger eQALY impact in low-income contexts than in high-income ones. No additional equity weighting layer is applied by default. Users may apply supplementary weights if decision context requires it (e.g., distributional analysis). Note on income adjustments (per Governance for Valuation Box 4): The SVL is deliberately not adjusted for local income, avoiding the perverse incentive of valuing lives in lower-income countries at less. HUI does vary by country, but this reflects genuine differences in marginal utility of income, not differential valuation of life.
8.2 Income and purchasing power	HUI inherently accounts for purchasing power differences across countries. Living wage thresholds are local-currency-adjusted. No separate PPP adjustment layer is applied to the SVL anchor. Practitioners should present results both with and without HUI adjustments when comparing across geographies, to allow decision-makers to identify potential perverse incentives (per Governance for Valuation, Confidence Criteria 4, Figure 14).
9.1 Accounting for future impacts	The eQALY method does not prescribe a default discount rate. Where impacts extend over time (e.g., climate change, long-term health effects), the method requires practitioners to: • Disclose the impact duration, baseline, and drop-off assumptions. • State whether present-value calculation is applied and the discount rate used (although we recommend not to use one). For environmental externalities, the regionalized natural capital value factors incorporate temporal assumptions from their underlying damage-cost models (e.g., social cost of carbon). These embedded assumptions are documented in the value factors database.
10.1 Other ethical considerations	• The method adopts a human well-being lens for valuing nature, prioritizing decision-usefulness and cross-capital comparability. Existence value of nature is acknowledged as a conceptual limitation but is not monetized to avoid speculative estimates. • The uniform SVL across countries is an explicit ethical choice: it treats all human lives as equally valuable regardless of geography or income, departing from willingness-to-pay approaches that yield lower values in lower-income settings. • The method's reliance on public datasets means that populations underrepresented in those datasets (e.g., informal workers, indigenous communities, unregistered populations) may be underrepresented in the valuation. Practitioners should disclose this limitation.
11. Sensitivity	

11.1 Sensitivity summary	Conduct one-at-a-time sensitivity analysis on the most influential inputs. For integrated impact statements covering multiple sub-methodologies, scenario analysis is also recommended to test how changes in one domain (e.g., updated GHG value factor) alter the relative prioritization of impact areas.
11.2 Key inputs to test	High influence, variable uncertainty: • HUI/HUT country factors (sensitive to GDP updates and income distribution shifts) • Wage/living wage gaps (sensitive to local labor market conditions) • Beneficiary/worker counts (sensitive to IO model sector allocation) • Baseline, attribution, and drop-off assumptions • Environmental damage parameters (especially social cost of carbon) Moderate influence: • Disability weights and durations (GBD-derived, well-established but periodically updated) • Tax rates and corruption indices • LCA characterization factors (ReCiPe-based, stable between updates)
11.3 Independent review / assurance	The eQALY method has not been subject to independent third-party assurance of the methodology itself. However, multiple organizations have published impact statements using the method, including Natura Cosméticos (Integrated P&L), Summa Equity, Astanor Ventures, Nestlé, and PMI, providing external validation through application. The methodology has been in use for over 10 years already and covered hundreds of impact statements.

9.6. Excel template model

An Excel model template is available when downloading the eQALY impact valuation method from the Valuing Impact website. It includes illustrative pathways, modeling blocks, and the complete set of value factors required to develop an Impact Statement.

The template is built around a **flat, database-style layout**: each row represents a single impact line item (one driver, one value-chain step, one geography), and each column represents a defined field. This design choice is deliberate. A flat structure — where each row follows the same schema and contains its own context — makes the data immediately usable beyond the spreadsheet itself. It can be pivoted and sliced by any combination of value-chain step, capital, driver, or geography without restructuring. It can be imported as-is into Tableau, Power BI, or any dashboard platform. It can be queried programmatically via Python, R, or large language models. And it supports clean multi-year stacking: adding a *reporting_year* field to each row means that trend analysis and variance decomposition become simple filters rather than manual cross-sheet exercises.

Three structural principles ensure the template's consistency. **One row, one impact line item**: each row captures a single combination of value-chain step, data category, impact driver, geography, and year; if the same driver applies to two geographies, it appears as two rows rather than two columns. **Every row is self-describing**: all contextual information (which step, which capital, which pathway, which source) is carried in the row itself, not inherited from a section header or sheet tab, so that a reader or a machine can interpret any line in isolation. **The eQALY equation is traceable in every row**: the fields follow the formula's logic (Output × Outcome × Additionality × Value factor = Impact), with each component and its source recorded explicitly.

In practice, this means using **consistent naming conventions** (a controlled vocabulary for value-chain steps, capitals, and drivers so that pivot tables and lookups never break), keeping **one master results table** rather than splitting results across sheets by capital or step, and **documenting sources at the row level** so that traceability lives alongside the numbers. Once populated, the flat table can be exported to CSV for BI platforms, copied into a data warehouse for multi-entity consolidation, or ingested in AI tools (e.g. Claude) for analysis, scenario modeling, and automated reporting.

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