

An aerial photograph of a city, likely New York City, showing a dense grid of skyscrapers on the left and a large green park area on the right. The title 'Impact Ledgers' is overlaid in large white text across the center.

# Impact Ledgers

Sustainability Accounting, Disclosure, and Audit

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# IMPACT LEDGERS™ FOR A LEVEL-PLAYING FIELD

Return  
on \$130  
trillion  
USD\*

in Impact Investment

hinges on long-term investor  
commitment. That requires:

1. A financial and human capital  
infrastructure, and
2. An impact accounting standard.

\* Bloomberg 02-NOV-2021 Mark Carney announces \$130 T USD in climate finance commitments

AN IMPACT ACCOUNTING STANDARD NEED TO MEASURE:

# THE RISK AND IMPACT OF FINANCIAL TRANSACTIONS

- That is Auditable, Traceable across markets, entities and products, and
- It is based on an accounting system that is Adaptable to the evolving IFRS and IASB Sustainability Standards.



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*This document is prepared for senior executives responsible for the post-pandemic leadership agenda that is deeply tangled with environmental, social, and governance (ESG) concerns.*

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# THE NARROWING PATH OF MULTI-ENTRY ACCOUNTING

HOW TO REFLECT RISK AND IMPACT AS LINE ITEMS ON BALANCE SHEET.

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## THE IMPACT LEDGER SYSTEM

- Accounting for Social Equity
- Current accounting and modeling systems are unable to recognize the ESG impacts of an organization in mitigating nonfinancial risk while enhancing the shareholder value.
- Sustainability regulations and standards (e.g. SFDR, 17 SDGs, or Climate Scenario Modeling) are based on pre-defined metrics and taxonomies of a future "green" scenarios.
- They are prone to garbage in, garbage out principal; the notion that faulty input data produce flawed output, failing to ease investors' fairy-tale view of sustainability.



Disparate sets of impact measurement and sustainability requirements are compounding the cost, complexity and risk of impact and sustainability.

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# WHY WE ARE HAVING THIS DISCUSSION

## 3 CRITICAL QUESTIONS THAT EVERY BOARDROOM NEEDS TO ASK!

### I. On Impact Analysis:

How to measure the impact of sustainable investment on Financial performance of an investment portfolio?

### II. On Non-Financial Risk:

How to measure and integrate the financial and non-financial exposures to reduce or eliminate unexpected material losses?

### III. On Human Capital Risk:

What is the measurable impact of human capital and intangibles on valuation and sustainable development?

# A CONSOLIDATED STATEMENT OF IMPACT POSITION

The evolving impact accounting standards (IASB, IFRS, ISSB, ...) bring the role of corporate finance and chief financial officers to the center stage.

- Impact Ledgers are based on a multiple-entry accounting framework.
  - If the output of Financial Accounting is Profit and Financial Equity, Impact Ledgers ought to measure Purpose and Social Equity.
- Current accounting and modeling systems are unable to recognize the environmental, social and governance (ESG) impacts of an organization that mitigate nonfinancial risk while enhancing the shareholder value.

# NEXT STEPS

## THE IMPACT FORUM ESG INTEGRATION SOLUTION

- I. EXECUTIVE BRIEFING
  - An ESG Integration Strategy discussion to set out your organization's exposure and target milestones.
  - How financial services market incorporates environmental, social and governance (ESG) factors into their operations, products and service.
- II. Corporate ESG Masterclass
- III. ESG Risk and Exposure Analysis
- IV. Policy and Market Position Strategy
- V. Execution Strategy
- VI. Accounting, Disclosure, and Audit



# HISTORY AND PAST PERFORMANCE

## OVER 200 Cross-sector, WORLDWIDE RISK MEASUREMENT AND ACCOUNTING

- Worldwide Banking and Services Company
- **Ownership:** Chief Information Officer
- **Scope:** Compliance, Investment banking, insurance, security and safety in accordance with requirements of US Securities and Exchange Commission (SEC) and Federal Trade Commission (FTC)
- **Outcome:** Implementation of the corporate risk strategy following the merger of two large financial institutions

- Corporate Risk Balance Sheet
- **Ownership:** Corporate Risk and Chief Financial Officer
- **Scope:** Design and implementation of a patented corporate risk and resilience ledger application (deployed in 8-weeks)
- **Outcome:** Worldwide Risk Awareness, Training (20 Workshops + Experiential Training), Corporate Risk Architecture, Corporate Governance Policy & Procedure

- Global Power Supply Company with US/EU Operations
- **Ownership:** EVP Power Supply Operations, Chief Security Officer
- **Scope:** Implementation of Corporate Reliability Resilience Program
- **Outcome:** Risk and Resilience, Reliability and Sustainability measures, Mitigation Planning including Emergency Management, Asset Management, Incidence Response, Disaster Recovery, Business Continuity

THE COST OF  
UNCERTAINTY  
L O N . Δ M S

The Impact Forum is launching

# THE COST OF UNCERTAINTY

A Quarterly Private Forum in London and Amsterdam, providing thought leadership and meaningful deliberation on imminent matters of:

- impact measurement,
- non-financial risk, and
- human capital risk and intangible disclosures.

# SCHEDULE A COMPLIMENT ARY BRIEFING

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Complimentary Briefing

45 min | Free

**BOOK**

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