

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 image is used as a background for the event title.

Impact Ledgers

THE
IMPACT
FORUM
LON · SFO

Impact 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.

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.



The collage features the following logos and text:

- ESRB** European Systemic Risk Board European System of Financial Supervision
- esma** European Securities and Markets Authority
- WORLD RESOURCES INSTITUTE**
- CFA** FINANCIAL CONDUCT AUTHORITY
- SDG Impact**
- FEDERAL RESERVE BANK of NEW YORK**
- impact investing institute**
- CDSB** Climate Disclosure Standards Board
- TCFD**
- CDP** DISCLOSURE INSIGHT ACTION
- THE IMPACT FORUM**
- wbcsd**
- IFRS®**
- WORLD ECONOMIC FORUM**
- CFA Institute**
- COSO**
- ICAEW** CHARTERED ACCOUNTANTS
- PRI** Principles for Responsible Investment
- EBA** EUROPEAN BANKING AUTHORITY
- EFRAG** European Financial Reporting Advisory Group
- GRI**
- IFAC**
- arabesque**
- VALUE REPORTING FOUNDATION**
- SASB STANDARDS**
- Net-Zero Banking Alliance**
- eiopa** 2011 - 2021

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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SCHEDULE