Principles of the Impact-Weighted Accounts Framework (IWAF)

MULTI-DIMENSIONAL

The IWAs consist of "statements" & all "line items" in the statements are impacts. One impact statement can have multiple impacts.

Impact statements can reflect **different forms** of value (belonging to different capitals) and reflect value for different stakeholders making it multi-dimensional.



MATERIALITY BASED

An impact is assessed as material when it:

 Is material based on empirical data (e.g based on scientific research or previous IWAs)



• Is **perceived to be** material by at least one of its stakeholder groups

WELFARE BASED

The IWAF defines wellbeing and respect of rights as

two welfare categories that should be assessed

separately and can never be netted. Any additional welfare category added in one's assessment is at the discretion of the organisation.

Note: Violating the rights of one stakeholder can never be justified with an increase in wellbeing of another stakeholder (e.g. pollution is acceptable as the company provides employment).



VALUE CHAIN RESPONSIBILITY

Organisations have a responsibility for the impact results of their value chain partners.



The IWAF requires organisations to take into consideration both:

Direct Impact

The impact of own operations

Indirect Impact

The impact of value chain partners

Find out more: https://impacteconomyfoundation.org/impactweightedaccountsframework/

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IMPACT-PATHWAY BASED

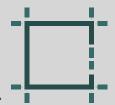
In impact pathways, value creation is not directly about the activities (or intentions) of an organisation. It is also not about the inputs (materials and other means used) or outputs (what an organisation can directly control).

Impact is about **outcomes** – how the welfare of stakeholders is specifically affected.



COMPLETE REFERENCE VIEW

Impact in impact pathways is defined with respect to a reference. These references should be clearly described in impact calculations.



Both the absolute and marginal reference are assessed within the IWAs.

Absolute Impact

Its impact as compared to a no-alternative reference in which no activities occur.

Marginal Impact

It is the additional impact as compared to a reference scenario in which alternative activities continue in the

E.g "Electric cars lead to CO2 emissions" (This is true and particularly relevant with an absolute reference.) organisation's absence.

E.g "Electric cars limit CO2 emissions" (This is true if the reference are gasoline cars.)

VALUED IN COMMENSURABLE UNIT

As different impacts have their own quantities and units, valuation needs to be done to allow for comparability. Valuation is the assessment of the normative desirability of an impact and reflects its value to stakeholders in a common unit. This unit is often monetary, with the additional advantage of comparability to financial metrics.

Note: The wellbeing and respect of rights category (see Principle 3) are assessed separately.



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AGGREGATE WITHIN WELFARE CATEGORIES

Aggregation of impacts should be done with caution and only within welfare categories. Impact should not be aggregated into a single number (or 'total impact'). This could lead to the loss of or hiding of important information.

In particular, negative impacts of the stakeholder rights dimension should not be netted against positive impacts in the IWAs (unless they are also shown disaggregated explicitly elsewhere).

This is based on the fact that impact is multi-dimensional (see Principle 1).



CONSERVATION OF IMPACT

During the attribution and aggregation process, impact contribution **avoids double counting** which could occur when accounting for both the impact of the organisations'



own operations and that of its value chain partners (see Principle 4). Instead, an organisation's impact is a linear combination of (parts of) the total direct and indirect impact. The total amount of impact remains equal throughout contribution.

The assessment of impact contributions using attribution is guided by four supporting principles.

Additivity	of Impact	
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The impact of two organisations can be summed.

Sensitivity to Impact

If one element of impact contribution increases/decreases while the other impacts remain constant, then the total impact contribution should increase/decrease.

Sufficient Resolution

The differences between organisations should be clear in their impacts.

Co-Responsibility

Impact is part of an organisation's impact contribution if, and only if, that organisation is co-responsible for that impact.