

# TRUE PROFITS Assessment

From Reporting to Rewards: Pricing Impact to  
Strengthen European Competitiveness



# Colophon

## Authors

Lola Skye Conaway (researcher, Impact Economy Foundation)  
Werner Schouten (director, Impact Economy Foundation)

## Contributors

Reinier de Adelhart Toorop (Impact Institute)  
Anne Mesguich (Impact Institute)

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# Executive Summary

## True Profits: Making Impact the Engine of European Competitiveness

Europe is facing a growing competitiveness challenge. With high energy prices, fragmentation within the single market, and increasing exposure of national industries to global competition, Europe must rethink industrial, competition, and energy policy. At the same time, the transition to a net-zero economy is becoming increasingly unavoidable. As climate risk, resource scarcity, and biodiversity loss intensify, delaying the transition will only increase economic instability. Europe therefore faces a structural problem on two fronts: current industries are under rising pressure to be competitive, while clean industries that could anchor future competitiveness still face major barriers to scale. Under current market conditions, the business case for transformation remains too weak, as companies investing in clean technologies, circular production and more sustainable business models often face higher costs, while the social and environmental harms of conventional models remain largely unpriced.

To address these two challenges, delivering a green transition and protecting competitiveness must go hand in hand. This requires creating a strong business case for cleaner and more resilient business models, and realigning the drivers of competitiveness with long-term resilience and societal impact. The scale of this opportunity is already evident in China, where clean technologies account for more than 11% of the country's GDP and contribute to over a third of its GDP growth.<sup>1</sup> As other economies scale clean technologies at pace, Europe risks losing further ground unless it creates the market conditions for these industries to grow competitively.

The strategic question for Europe is clear: lead the transition, reconcile economic, environmental, and social prosperity, or risk being outcompeted by those that do.

## Europe's Strategic Advantage

Europe is uniquely well positioned to make impact the engine of future competitiveness. Over decades, it has shown that economic growth can be combined with a high quality of life, social cohesion, and rising environmental standards. These strengths have translated into leading positions in clean tech, circular economy innovation, and sustainable business models.

With more than one-third of all circular economy technology companies globally<sup>2</sup> and around one-fifth of all clean and sustainable technologies being developed there,<sup>3</sup> Europe holds strong positions in sectors that are likely to define competitiveness in a net-zero and resource-constrained economy. These positions can form the backbone of Europe's future industrial base.

“The future of the European economy lies in building a market where impact becomes a core driver of competitiveness.”

1 Carbon Brief. (2025). Analysis: Clean energy drove more than a third of China's GDP growth in 2025. <https://www.carbonbrief.org/analysis-clean-energy-drove-more-than-a-third-of-chinas-gdp-growth-in-2025/>.

2 European Commission, Directorate-General for Research and Innovation. (2023). EU roadmap highlights key industrial technologies in textile, construction and energy-intensive industries. European Commission. [https://research-and-innovation.ec.europa.eu/news/all-research-and-innovation-news/eu-roadmap-highlights-key-industrial-technologies-textile-construction-and-energy-intensive-2023-01-24\\_en](https://research-and-innovation.ec.europa.eu/news/all-research-and-innovation-news/eu-roadmap-highlights-key-industrial-technologies-textile-construction-and-energy-intensive-2023-01-24_en).

3 European Investment Bank. (2024). Commercialisation of clean and sustainable technologies in the EU. European Investment Bank. <https://www.eib.org/en/publications/20240003-commercialisation-of-clean-and-sustainable-technologies>.

The recent Draghi report, *The Future of European Competitiveness*, underscores that decarbonisation can become a competitiveness opportunity for Europe, if and only if ambition is supported with a coherent, coordinated EU-level plan.<sup>4</sup> The True Profits Assessment builds upon the Draghi report to make the case that the future of European competitiveness can only be attained if market incentives reward impact.

## The Profitability Gap: Why Impact and Clean Tech Struggle to Scale

Realising this opportunity requires addressing a structural barrier: **the Profitability Gap**. Despite the availability of impactful technologies and business models, many companies that lead on impact, or are transitioning, face a persistent competitive disadvantage. Current market conditions often do not reward solutions that reduce negative externalities and create societal value through financial returns, thereby limiting their ability to scale. For example, while green ammonia is capable of significantly reducing emissions from fertiliser production, it remains uncompetitive with conventional ammonia under current market conditions.<sup>5</sup> Evidence from industrial electrification shows a similar dynamic: although electrifying industrial process heat can deliver substantial climate benefits, adoption remains limited where carbon pricing is weak, as fossil-based processes often remain cheaper under conventional market conditions.<sup>6</sup> The same holds for innovations contributing to biodiversity, lower pollution and supporting human rights. As a result, the very innovations Europe needs for long-term competitiveness remain financially constrained.

The Profitability Gap is structural because key social and environmental externalities are scarcely priced into markets. This is evident from the fact that **66%**<sup>7</sup> of the profits of globally listed companies would

disappear if their social and environmental costs were fully accounted for. Current profitability often depends on the ability to externalise costs rather than create net societal value. As a result, companies can generate strong financial returns while shifting costs to people, nature and future generations. Impact-driven business models compete at a competitive disadvantage and face constraining market conditions, while contributing the most significant societal value.

## The (Mis)alignment of Financial Profits and True Profits

This study analyses the True Profits of the 20 largest European companies by market capitalisation, using the Impact Weighted Accounts Framework (IWAF). True Profit is defined as a company's financial profit after accounting for its key positive and negative social and environmental externalities. This report examines the level of alignment between financial profitability and societal value creation and explores how incentives that reward impact could strengthen this alignment and unlock a major competitiveness opportunity for Europe.

4. Draghi, M. (2024). The future of European competitiveness. European Commission. [https://commission.europa.eu/topics/competitiveness/draghi-report\\_en](https://commission.europa.eu/topics/competitiveness/draghi-report_en)

5. Financial Times. (2026). Green ammonia boom wanes as carbon incentives fade. <https://www.ft.com/content/e4ee355a-6b10-4dee-934f-e40417e1c888>

6. Agora Industry. (2026). Industrial heat electrification pays off: Strong policy key to scale quickly. [https://www.agora-industry.org/news-events/industrial-heat-electrification-pays-off-strong-policy-key-to-scale-quickly\\_](https://www.agora-industry.org/news-events/industrial-heat-electrification-pays-off-strong-policy-key-to-scale-quickly_)

7. Classen, R., Schoenmaker, D., & Schramade, W. (2024, October 24). Ruim twee derde bedrijfswinsten is ten koste van mens en milieu. ESB. <https://esb.nu/ruim-twee-derde-bedrijfswinsten-is-ten-koste-van-mens-en-milieu/>

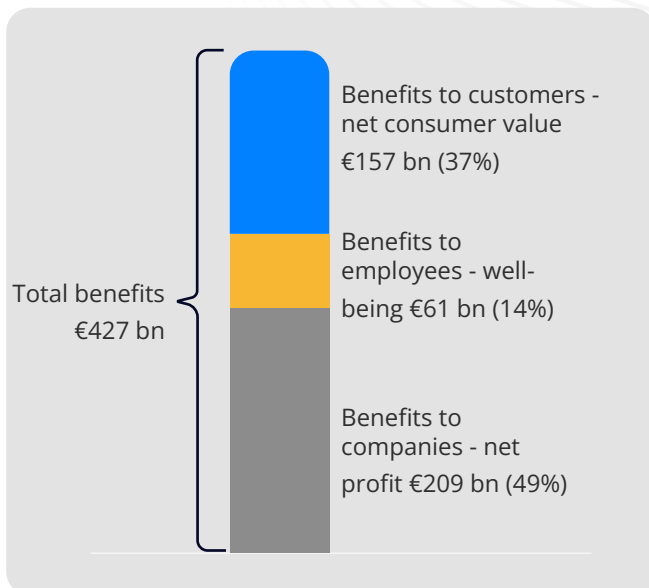


Figure 1: Overview of Benefits in relation to Financial Profit

Across the 20 companies analysed, total annual positive contributions to society amount to approximately **€ 427 billion**. These benefits include customer value, employee well-being and financial returns to investors. While financial profits represent only one component of total societal benefits, they account for nearly half of all positive impacts generated, demonstrating that investors reap the large part of benefits generated by the companies.

Furthermore, a significant share of current financial performance relies on externalities, costs that remain outside the market. When climate-related impacts are fully accounted for, up to **60%** of reported profits are absorbed by climate-related costs. This indicates that a substantial portion of corporate profitability depends on the ability to externalise climate damage. Thereby rendering these costs invisible to prices and investment decisions. As long as these costs remain unpriced, markets continue to reward cost externalisation over sustainable value creation.

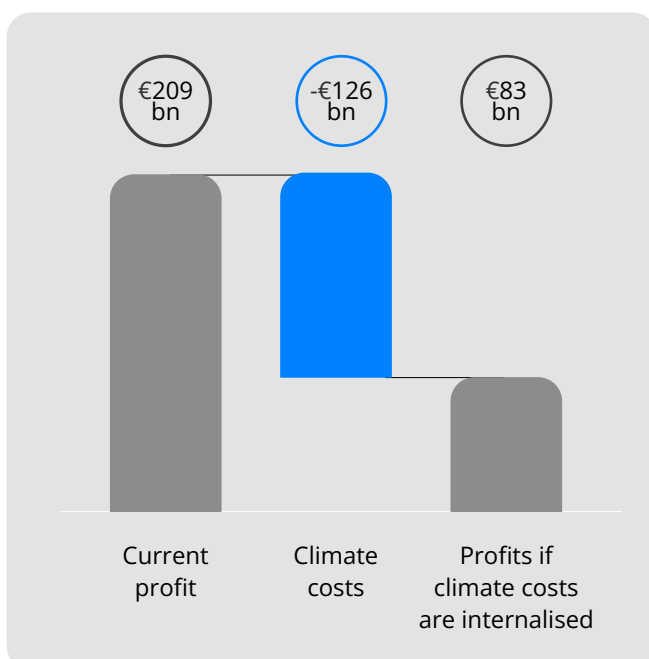


Figure 2: Total Climate Costs in relation to Financial Profit

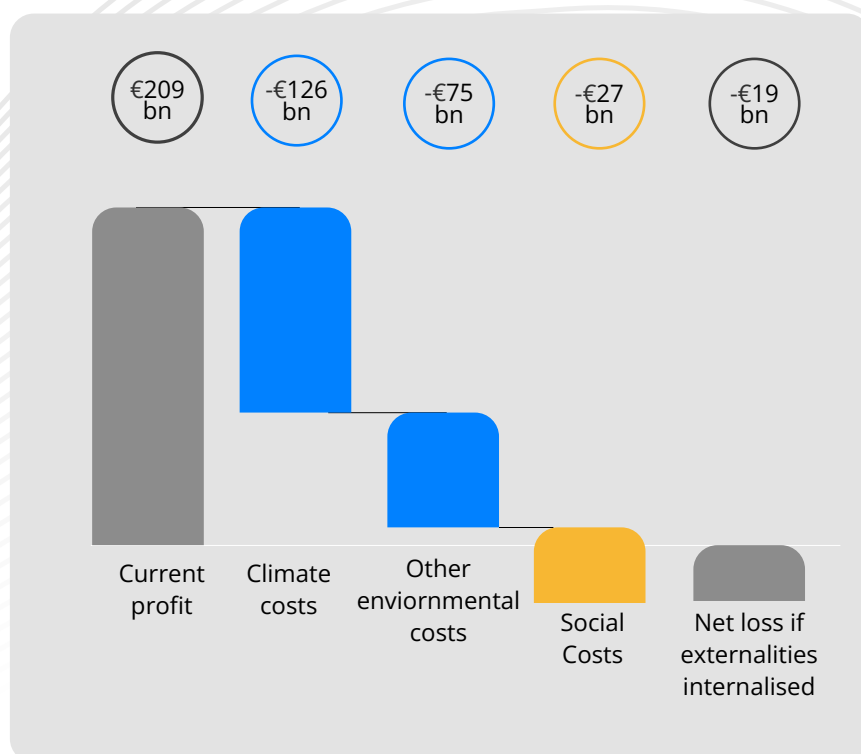


Figure 3- Total Negative Externalities in relation to Financial Profit

The incorporation of additional environmental impacts (e.g. material use, pollution, biodiversity impact) and social impacts (e.g. underpayment, human rights breaches) strengthens the picture of corporate performance as dependent on cost externalisation. Including major negative externalities would reduce the combined profits of Europe's largest companies of **€209 billion** into a net loss of **€19 billion**.

Taken together, these findings demonstrate the market failure that must be corrected. Addressing the structural barrier that comes from the Profitability Gap is essential for scaling the clean technologies and sustainable business models that are necessary for Europe's long-term competitiveness, resilience and strategic autonomy.

## True Profits

True Profits provides a new economic compass for businesses, investors and policymakers, enabling the closure of the Profitability Gap and the creation of markets where impact and competitiveness reinforce each other.

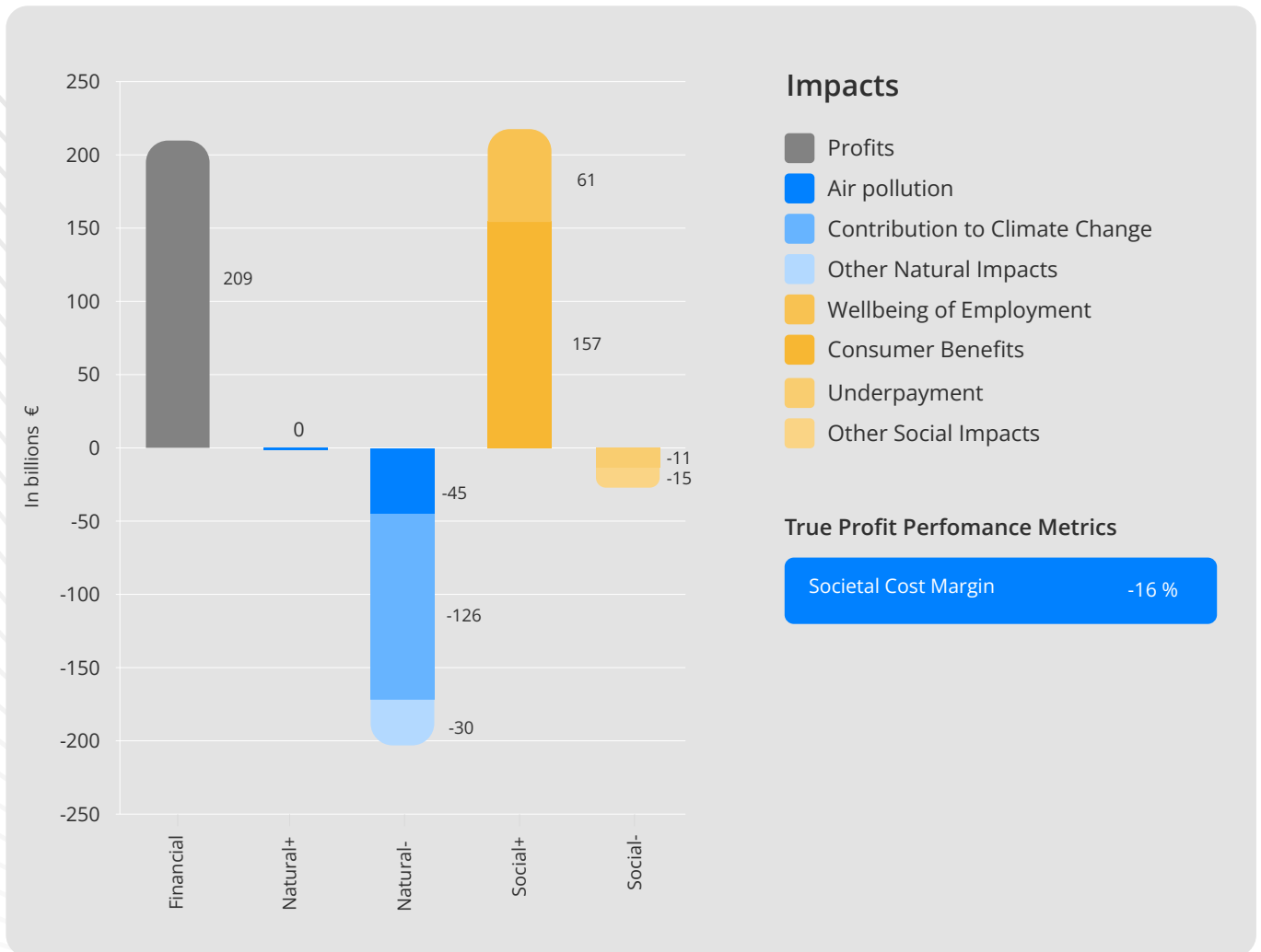
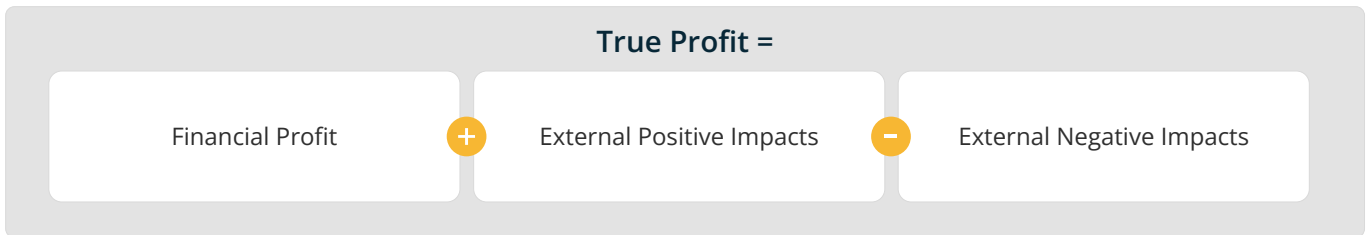


Figure 4: Overall True Profit

## A New Compass for Competitiveness

True Profits make trade-offs between financial and impact performance transparent and comparable. They show which organisations, sectors and business models are not only financially profitable, but also create net positive value for society.

In doing so, True Profits provide both a diagnosis of today's market failures and a direction for future competitiveness where healthy profits are combined with minimal negative externalities and maximised positive impact. True Profit enables the calculation of the **Societal Cost Margin (SCM)**. SCM measures the intensity of a company's external social and environmental costs relative to its revenue, indicating how much external costs are generated per euro of economic output.

The overall Societal Cost Margin (SCM) of all 20 European companies stands at **-16 %** meaning that for every euro of revenue, around sixteen cents in unpriced social and environmental costs are incurred. When the Societal Cost Margin is analysed alongside the traditional operating margin, a clear direction of travel emerges for the European economy.

The objective is to shift companies towards lower societal cost intensity while maintaining robust operating margins. This combined perspective provides a practical indication of which organisations and sectors are successfully aligning financial competitiveness with societal value creation, and which remain reliant on externalised costs.

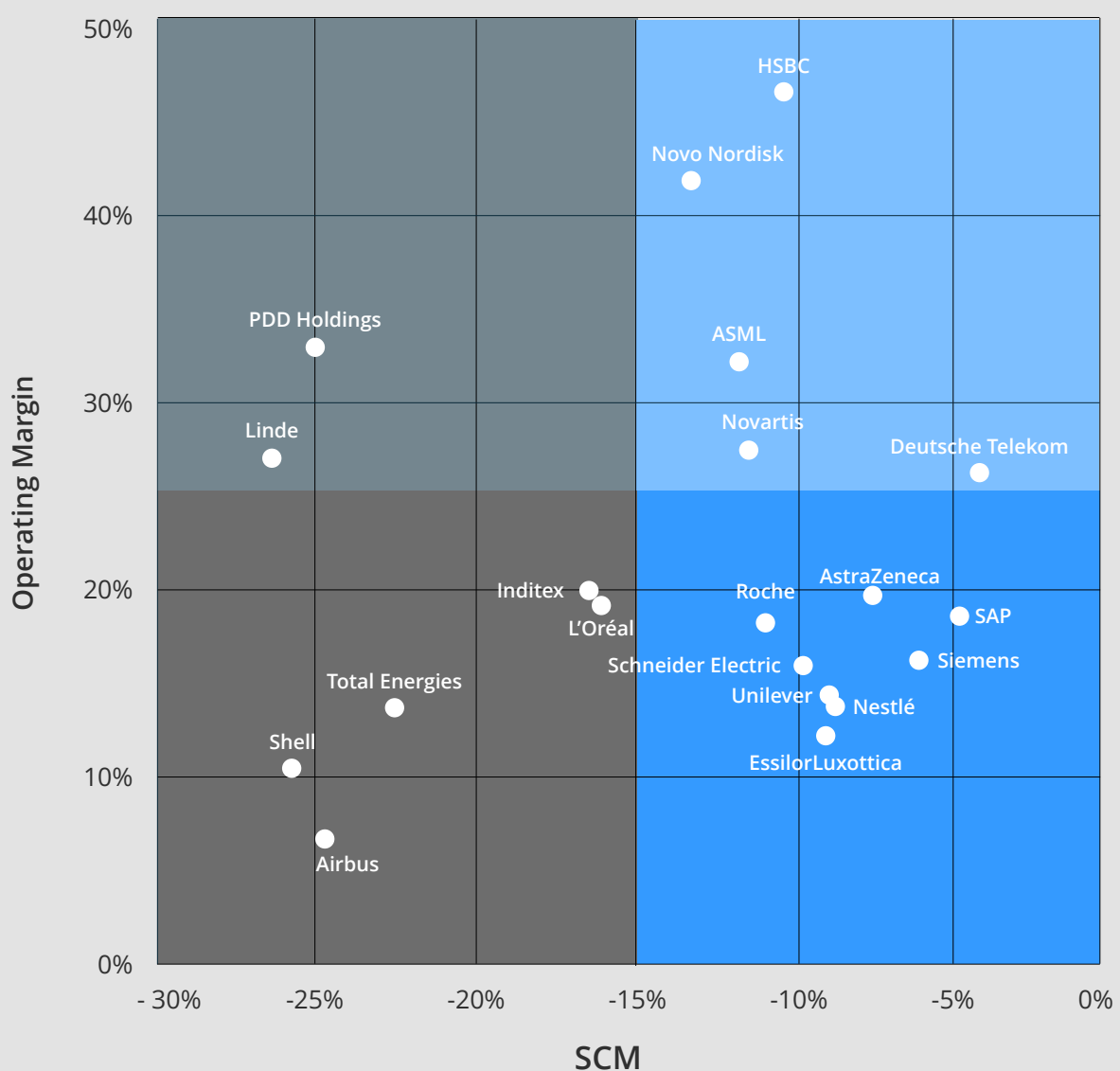


Figure 5 - Operating Margin Vs Societal Cost Margin across 20 of the Largest European Companies

## From Reporting to Rewards: Making Impact Profitable

While True Profits make the direction towards aligning impact with competitiveness visible, reporting alone is insufficient for market transformation. Transparency can diagnose misalignment, but structural transformation requires that markets actively reward impact.

For policymakers, True Profits serve both as a progress tracker of economic transition and as a strategic instrument for reshaping market incentives. Building on the foundations established by CSRD, CSDDD and the EU Taxonomy, True Profits create the missing link between reporting and rewards. They allow policymakers to move from shaping disclosure towards implementing incentives, ensuring that companies compete not by externalising social and environmental costs, but by innovating towards higher productivity, resilience and impact.

True Profits provide a clear basis for targeted incentives across three key systems:



### Fiscal:

A **True Profit tax** would differentiate profit taxation based on a company's net societal impact: organisations that create more benefits and fewer costs would face a lower effective tax burden. Complementary instruments include impact levies on pollution, material use or biodiversity loss, and impact-based border adjustment mechanisms, building on the logic of CBAM while extending it beyond carbon.



### Capital allocation:

**Impact-adjusted interest rates** can lower the cost of capital for companies with strong impact performance. By integrating metrics such as Impact Return on Invested Capital and Societal Cost Margin into credit risk assessment and lending conditions, capital markets can systematically favour business models that generate societal value and are resilient in the long term.



### Accounting:

**Activating impact on the balance sheet** recognises spending on climate, nature and human capital as value-creating assets rather than pure costs, reflecting external value creation (e.g., avoided societal costs) in performance dashboards alongside financial results.

Together, these measures can contribute to a coherent policy mix that closes the Profitability Gap and reorients market incentives towards sustainable competitiveness. Creating an economy in which companies compete on impact and profitability simultaneously, and where Europe's sustainable leadership becomes a lasting competitive advantage.

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# 1. Introduction

Europe's future competitiveness depends on one central shift: making impact profitable. As geopolitical pressures rise, global competition intensifies and energy prices remain structurally high, Europe needs a new economic paradigm. That is a market in which the companies that reduce harm and create societal value are also the ones that win on profitability.

Europe is well placed to lead. It has a long track record of combining growth with social cohesion and rising environmental standards. But today's market incentives are still misaligned with that ambition. Reporting frameworks such as the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy have strengthened transparency, yet transparency alone does not change what the market rewards. Companies can still keep a strong financial performance while shifting part of the costs of their business model onto people, nature and future generations.

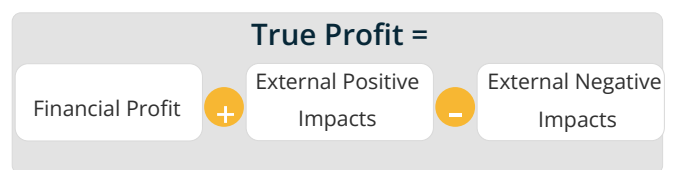
This creates a structural barrier to Europe's transition: the Profitability Gap. Many companies that lead on impact, or are serious about transitioning, struggle to scale work under current conditions. Many executives are committed to sustainability but struggle to realise a return on investment<sup>1</sup>, and fewer than 20 % of companies believe they can halve their emissions in a cost-efficient way.<sup>2</sup>

## 1.1 True Profits

True Profits provides a new economic compass for businesses, investors and policymakers, enabling the closure of the profitability gap and the creation of markets where impact and competitiveness reinforce each other.

True Profits are the financial profit of a company after fully accounting for its key external costs and benefits to society. This report assesses the True Profit of 20 of Europe's largest publicly listed companies using the Impact- Weighted Accounts Framework (IWAF), which values impacts across financial, social, and natural capital.<sup>3</sup>

### True Profit Formula:



By applying this method to the 20 largest European companies, this report offers a system-level snapshot of how financial and societal performance currently align or diverge in Europe's economy.

Building on this, True Profits introduce new performance metrics. Just as traditional performance metrics capture financial performance, impact performance metrics communicate both societal and environmental effects in a way that is accessible to financial stakeholders.

**Impact Return on Equity (IROIC):** measures how efficiently a company converts its invested capital into net positive impact for society and the environment. It captures the net impact created per euro invested.

**Societal Cost Margin (SCM):** The Societal Cost Margin measures the extent of a company's external negative impacts relative to its revenue. It is expressed as the share of each euro earned that corresponds to societal or environmental costs.

<sup>1</sup> Forbes. (2025, April 14). New survey: Sustainability stays central to C-Suite's vision amid global unrest, but leaders struggle to prove its ROI. <https://www.forbes.com/sites/forbes-research/14/04/2025/new-survey-sustainability-stays-central-to-c-suites-vision-amid-global-unrest-but-leaders-struggle-to-prove-its-roi/>

<sup>2</sup> Degot, C., Dimitrova, D., Meinecke, H., O'Brien, C., Zhou, Y., & Siddiqui, H. (2024, September 24). Boosting your bottom line through decarbonization. BCG Global. <https://www.bcg.com/publications/2024/boosting-bottom-line-reducing-carbon-emissions>

<sup>3</sup> Impact Economy Foundation. (2024). Impact Weighted Accounts Framework (IWAF). Retrieved from <https://impacconomyfoundation.org/impactweightedaccountsframework/impact-management>

These impact-based performance metrics provide insights into the market's ability to align profitability with impact. They also reveal where the greatest difference in shared value and sustainable competitiveness can be created. In line with IWAF's no-netting principle, both the IROIC and the SCM should be assessed together. This ensures that positive impacts are not used to offset or obscure negative impacts, and that each is evaluated on its own merit.

## 1.2 Making Impact Profitable

For policymakers, True Profits serve both as a progress tracker of economic transition and as a strategic instrument for reshaping market incentives. Building on the foundations established by CSRD, Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Taxonomy, True Profits create the missing link between reporting and rewards. They allow policymakers to work towards ensuring that companies compete, not by externalising social and environmental costs, but by innovating towards higher productivity, resilience and societal value.

True Profits provide a clear basis for targeted incentives across three key systems:

- **Fiscal incentives**, that reward positive impact and price in negative externalities
- **Capital allocation**, that lowers the cost of capital for sustainable business models
- **Accounting systems**, that recognise investments in climate, nature and people as value-creating assets

Together, these measures contribute to a coherent policy mix that closes the Profitability gap and reorients market incentives towards sustainable competitiveness. This provides the foundation for an economy in which companies compete on impact and profitability at the same time and where Europe's sustainable leadership becomes a lasting competitive advantage.

### True Pricing and True Profits

The True Profits framework builds on over a decade of work in the field of *true pricing*, which focuses on the monetisation of social and environmental externalities. Organisations such as True Price have played a pioneering role in developing methodologies to quantify these impacts and integrate them into business and policy decision-making.

By translating externalities into monetary terms, true pricing enables companies, consumers and policymakers to better understand the real costs and benefits of economic activities.

The True Profits approach extends this logic by adapting the True Price method to embed monetised impacts directly into performance metrics, enabling a comparison between financial profitability and societal value creation at the company level.

Learn more at <https://www.trueprice.org/>



## 2. Methodology

This report presents an evaluation of the True Profits of the 20 largest companies based in Europe by market capitalisation in April 2025. The calculation of True Profits is grounded in the IWAF developed in a collaborative effort by the Impact Economy Foundation, Harvard Business School, Impact Institute, Singapore Management University, and Rotterdam School of Management.<sup>4</sup> IWAF quantifies companies' social and environmental impacts and translates them into financial terms. The methodology outlines the steps taken to calculate True Profit, with further detail provided in a separate methodology note.<sup>5</sup>

### 2.1 Scope of the Assessment

The True Profits assessment offers a complete picture of each company's positive and negative impacts from the 2024 financial year. The companies included in this analysis were selected based on their market capitalisation, representing the largest publicly listed firms in Europe during April 2025 across a range of key sectors.

### 2.2 Selection of Impacts

True Profits examine a consistent set of positive and negative impacts (in line with IWAF), across financial, natural and social capital.<sup>6</sup>

**Financial capital** is defined as funds an organisation has available to utilise in the production of goods and provision of services.

**Natural Capital** refers to renewable and non-renewable environmental resources and processes that support prosperity, both for organisations and for society at large. Negative impacts

often arise when basic environmental rights are not respected, such as through climate change, pollution, or the depletion of scarce materials.

**Social and Human Capital** is defined as the individual and collective well-being that stems from institutions and the relationships within and between communities, stakeholders, and networks. In this study, social capital also encompasses human capital, which reflects impacts at the individual level.<sup>7</sup>

It is important to note that, instead of conducting a separate materiality assessment for each company, which would likely have led to variations in the impacts assessed and reduced comparability, we applied a consistent set of impact indicators across all companies. The chart below shows which impacts are positive (creating more value) and negative (reducing value).

Impacts are assessed in an absolute sense, meaning they capture the total social and environmental effects generated by an organisation's activities relative to a no-activity reference scenario. This approach measures the full magnitude of impacts attributable to business activity, rather than changes over time, efficiency improvements, or performance against targets.<sup>8,9</sup>

<sup>4</sup> Impact Economy Foundation. (2024). Impact Weighted Accounts Framework (IWAF). Retrieved from <https://impacteconomyfoundation.org/impactweightedaccountsframework/impact-management/>

<sup>5</sup> IEF. (2026). True Profits Assessment Methodology, Calculating True Profits: A Methodology Note. Impact Economy Foundation.

<sup>6</sup> It is important to note that within IWAF, social and human capital impacts are reported separately, whereas in the True Profits assessment they are combined under social capital, which also encompasses human capital.

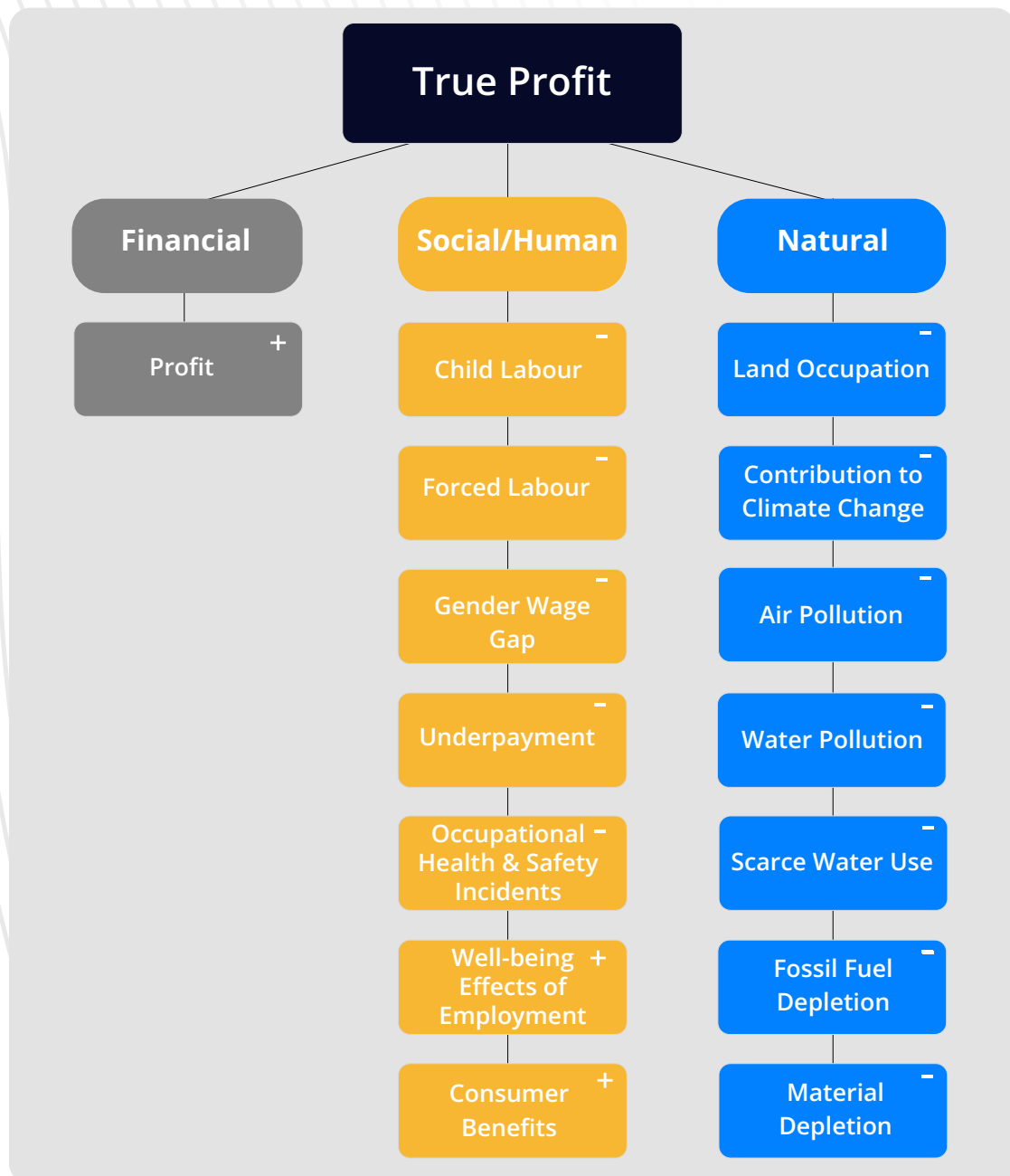
<sup>7</sup> IEF. (2024). Guidance on the steps for compiling Impact-Weighted Accounts. Impact

Economy Foundation. Available at <https://impacteconomyfoundation.org/impactweightedaccountsframework/>

<sup>8</sup> Impact Economy Foundation. (2025). Conceptual framework for impact-weighted accounts. <https://impacteconomyfoundation.org/wp-content/uploads/03/2025/Conceptual-Framework-for-Impact-Weighted-Accounts2025-.pdf>

<sup>9</sup> Please refer to the True Profit methodology note Annex for a more in depth explanation of the impacts included in the assessment. IEF. (2026). True Profits Assessment Methodology, Calculating True Profits: A Methodology Note. Impact Economy Foundation.

Table 1-List of Impacts included in the Calculation of True Profits



## 2.3 Measurement and Valuation of Impacts

Impact data for the 20 assessed companies was primarily sourced from annual and sustainability reports. Where company-specific disclosures were not available or not sufficiently comparable across companies, secondary data and country- or sector-level proxies were used to ensure consistency and comparability. The Global Impact database (GID) of Impact Institute was used when company-specific data was unavailable. GID ensures that downstream, upstream, and direct impacts are captured and attributed in a consistent and comparable manner.<sup>10</sup> The True Profits assessment follows IWAF for monetary impact valuation, as this allows impacts to be compared and creates a harmonised language of value.

The True Profits are calculated for each company by expressing these impacts in financial terms through multiplication by monetisation factors. Aside from the monetisation factor for contribution to climate change<sup>11</sup>, monetisation factors that are used to value impacts are based on the monetisation factor list by True Price.<sup>12</sup>

### Technical Note – Impact Valuation

The valuation of impact is used to create comparability between impacts and provide a reflection of the costs and benefits to society of a company's impact. Quantified impacts are multiplied by a valuation factor that reflects the remediation costs of human rights breaches and the well-being benefits associated with the impact. These valuations are grounded in scientific research and provide a way to make external costs explicit and actionable.

The theoretical foundation of these valuations rests on two welfare categories: respect for rights and well-being.

- **Respect for rights:**
  - **Human rights:** the rights of all individuals as articulated in the International Bill of Human Rights, such as the rights to life, liberty, personal security, and a standard of living adequate for health and well-being.
  - **Fundamental Labour rights:** these are the rights stated in the Fundamental Conventions of the International Labour organisation, including freedom of association, fair wages, and safe and healthy working conditions.
  - **Environmental rights:** the right to a clean, healthy, and sustainable environment, rooted in the UN Conference on the Human Environment, the Paris Agreement, and the Sustainable Development Goals. These require safeguarding air, water, soil, ecosystems, biodiversity, and climate stability.
- **Experienced well-being:** changes in the lived well-being of people and communities, such as health, safety, or quality of life, that result from economic activity and its externalities.

Together, these categories provide a comprehensive basis for valuing impacts. Rights establish the normative baseline that must not be breached, while well-being captures the measurable changed lived experience.

<sup>10</sup> Impact Institute. (2021). GID Technical Overview. Retrieved from <https://www.impactinstitute.com/gid-technical-overview/>

<sup>11</sup> For information about the value utilised in the True Profits assessment please refer to the True Profits methodology note.

<sup>12</sup> True Price Foundation, 2023: Monetisation Factors for True Pricing Version 3.0.0 (Authors: Galgani et al.). Amsterdam.

## Impact Institute and the development of True Profits

The True Profits framework builds on earlier work in impact valuation and impact management, including methodologies and data infrastructure developed by Impact Institute. This includes the Global Impact Database (GID), which allows the consistent assessment of social and environmental impacts across organisations, sectors and countries.

These methods have informed practical applications in organisations such as Triodos Bank, Alliant and the ABN AMRO Sustainable Impact Fund.

Learn more about Impact Institute: [www.impactinstitute.com](http://www.impactinstitute.com)

## 2.4 Attribution of Impacts

The next step in reaching the True Profit of each company is attribution of impact to the specific organisation. Attribution is used to allocate impact across actors in the value chain based on their relative influence or responsibility. Following IWAF, the True Profits assessment distinguishes between internal and external effects to determine attribution. *Internal effects* occur within the organisation itself, and responsibility for these impacts rests solely with that organisation. *External effects* occur outside the organisation and affect other stakeholders; responsibility for these impacts is therefore shared across the value chain.<sup>13,14</sup>

True Profits follows the attribution method below:

- **Internal effects:** Responsibility lies with the organisation itself and thus 100% of impacts are attributed to the company.
- **External effects:** 50% is attributed directly to the company, and 50% to the value chain, reflecting shared responsibility. Upstream and downstream are first allocated to the responsible actors in the chain, then partially re-attributed to the company based on its share of total value-added.

This approach ensures that each company's attributed impact reflects both its operational footprint and its economic role in the wider value chain, while avoiding double counting.<sup>15</sup>

## 2.5 Complete True Profit

The final step is compiling the True Profit of each company. This includes calculating the impact-based financial ratios which are derived from True Profits, namely, the Impact Return on Invested capital and the Societal Cost Margin performance metrics.

The metrics are defined and calculated as follows:

**Impact Return on Invested Capital (IROIC):** measures how efficiently a company converts its invested capital into net positive impact for society and the environment. It captures the net impact created per euro invested. Unlike traditional ROIC, which focuses on the financial value created, Impact ROIC focuses on the societal and environmental value generated through business activity. Financial profit is intentionally excluded from the numerator, as it represents private returns rather than external outcomes. This distinction ensures that Impact ROIC reflects a company's true contribution to societal well-being.

$$\text{IROIC} = \frac{(\text{External Positive Impacts} - \text{External Negative Impacts})}{\text{Invested Capital}}$$

<sup>13</sup> The Guide for Impact-Weighted Accounts Framework referenced below specifies further on how attribution is determined. See step 6 and appendices A and G

<sup>14</sup> IEF. (2024). Guidance on the steps for compiling Impact-Weighted Accounts. Impact Economy Foundation. Available at <https://impacteconomyfoundation.org/wp-content/uploads/03/2025/Impact-Weighted-Accounts-Framework2025-.pdf>

<sup>15</sup> For more information on the method of attribution used in the True Profits Calculation, please refer to the True Profits Methodology Note.

### Technical Note: IROIC

IROIC measures how much net societal and environmental impact a company generates per euro of invested capital.

- **A high or positive IROIC** indicates that a company creates significant net positive impact (or minimal harm) relative to the capital it employs.
- **A negative IROIC** indicates that a company creates net harm, meaning its operations generate external costs for society.

Unlike traditional ROIC, which measures financial returns to investors, Impact ROIC isolates external value creation by excluding financial profit from the numerator. This ensures the metric reflects a company's contribution to societal well-being, not private financial gain. Importantly, a positive IROIC does not imply that positive impacts compensate for or justify material negative impacts, such as human rights breaches or significant environmental harm. In line with the IWAF's no-netting principle, IROIC must therefore be assessed together with the Societal Cost Margin (SCM), which separately captures the scale of negative externalities.

**Societal Cost Margin (SCM):** The Societal Cost Margin measures the extent of a company's external negative impacts relative to its revenue. It is expressed as the share of each euro earned that corresponds to societal or environmental costs. This metric follows the logic of the financial operating margin, which indicates the proportion of revenue consumed by operating expenses before profit. While the operating margin reflects the efficiency of financial operations, the Societal Cost Margin captures the efficiency of a company's societal footprint, how much harm is generated per unit of economic output.

$$\text{SCM} = \frac{\text{External Negative Impacts}}{\text{Revenue}}$$

### Technical Note: SCM

The SCM measures the extent of a company's external negative impacts relative to its revenue. It expresses how much societal or environmental cost is generated for each euro earned.

- **A high SCM** indicates that a significant share of a company's revenue is associated with negative externalities, meaning its operations impose substantial societal or environmental harm relative to the value it creates.
- **A low SCM** suggests that the company generates relatively limited external costs per euro of revenue, implying a more efficient and sustainable business model in societal terms.

SCM mirrors the logic of the operating margin: while the operating margin shows the proportion of revenue consumed by financial operating costs, SCM reflects the proportion consumed by societal costs, offering policymakers and investors a clear view of a company's societal footprint per unit of economic output.

## 2.6 Limitations

### 2.6.1 Data availability and quality

A key limitation of the current assessment is the limited availability of comparable, company-specific impact data. Many companies do not disclose full or standardised environmental and social data in their annual or sustainability reports. As a result, the assessment relied in part on sector-specific averages and proxy estimates, which can affect the precision and comparability of findings. Improved disclosure and consistency in impact reporting will be critical for enhancing future assessments.

### 2.6.2 Lack of standardisation across companies and sectors

Although the IWAF provides a harmonised methodology, differences in reporting practices, accounting boundaries, and definitions of impacts across companies and sectors make it challenging to ensure full comparability. This is particularly relevant when using proxies, which can introduce variability in the results.

### 2.6.3 Exclusion of certain impact categories

This True Profits assessment includes a targeted selection of high-materiality impacts across three capitals. However, not all potentially relevant impacts are included. While this is consistent with IWAF's "start low; aim high" approach, it may lead to underestimation of total societal impact. In particular, biodiversity-related impacts appear relatively limited in this assessment, partly because not all relevant pressure factors—such as land-use change, ecosystem degradation, and species loss—are fully captured. As data availability and methodological coverage improve, future assessments can expand the range of impact categories and pressure factors considered.

### 2.6.4 Data Limitations and Interpretation

The results presented in this report should be interpreted as indicative, not precise estimates of individual company performance. While the analysis is based on the best available company-reported data and harmonised secondary sources, differences in disclosure quality, methodological assumptions, and the use of sector- or country-level proxies mean that the outcomes represent approximations rather than exact measurements.

As such, the findings are most robust when interpreted at an aggregate or comparative level, and should not be read as definitive valuations of the social or environmental impacts of any single company. The methodology paper associated with the True Profits Assessment should be referred to for a more elaborate description of the methodology and its limitations.<sup>16</sup>

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<sup>16</sup> IEF. (2026). True Profits Assessment Methodology, Calculating True Profits: A Methodology Note. Impact Economy Foundation.

<sup>18</sup> From Reporting to Rewards: Pricing Impact to Strengthen European Competitiveness

# 3. Results

## 3.1 Overall True Profits

The analysis of the 20 companies produced an overall True Profit that reflects their positive and negative contributions to society.

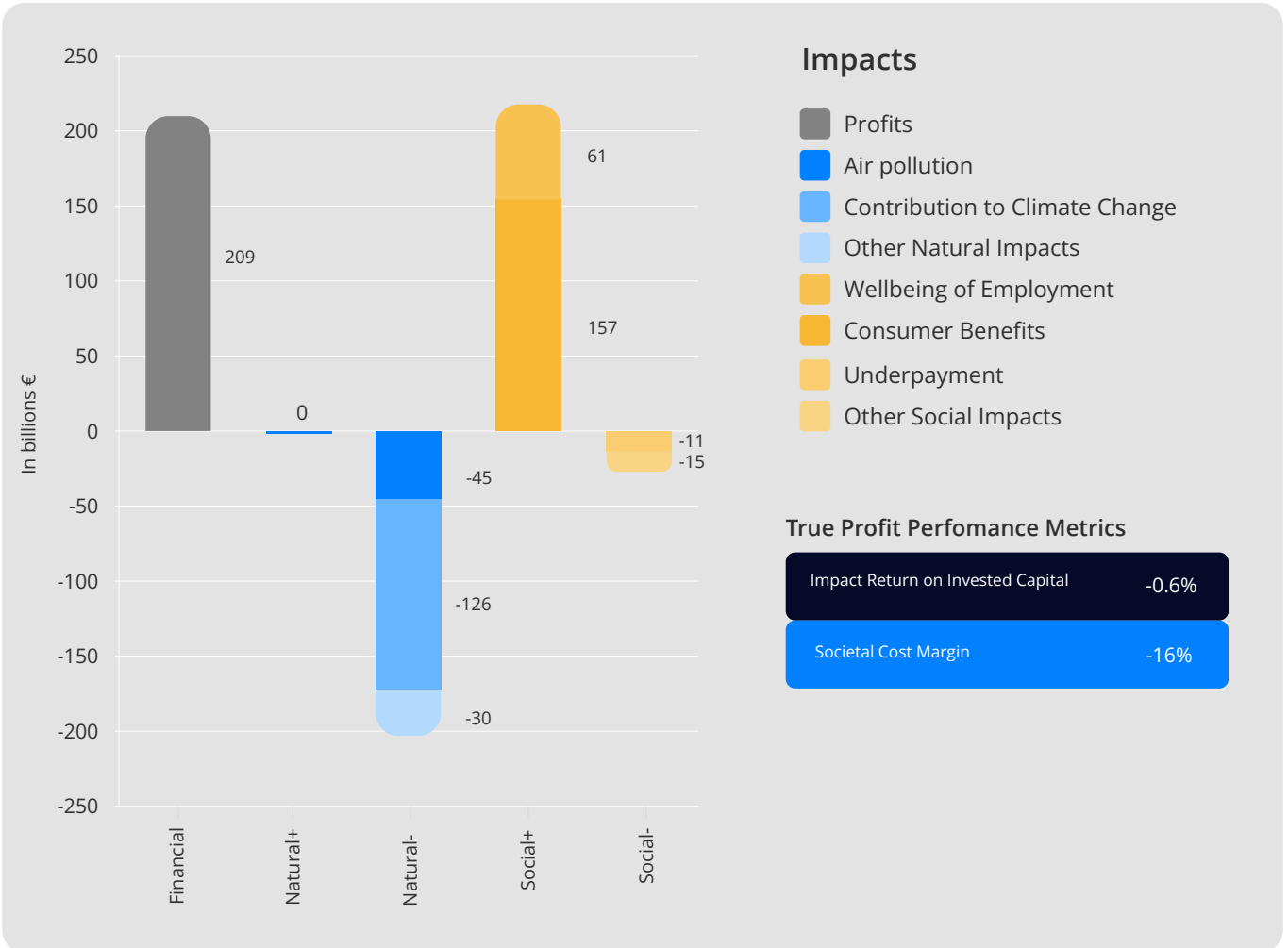


Figure 6 - Overall True Profit

### Key insights:

- **The combined IROIC** for all 20 European companies is -0.6%. This suggests that, on average, total social and environmental impacts marginally outweigh value creation when incorporated into overall returns.
- **The combined SCM** for all 20 European companies is -16%. This means that, for every euro of revenue, around sixteen cents in external social and environmental costs are incurred.
- **Accounting for all companies' positive social impacts** is equivalent to 104% of the combined financial profits of the 20 European companies.

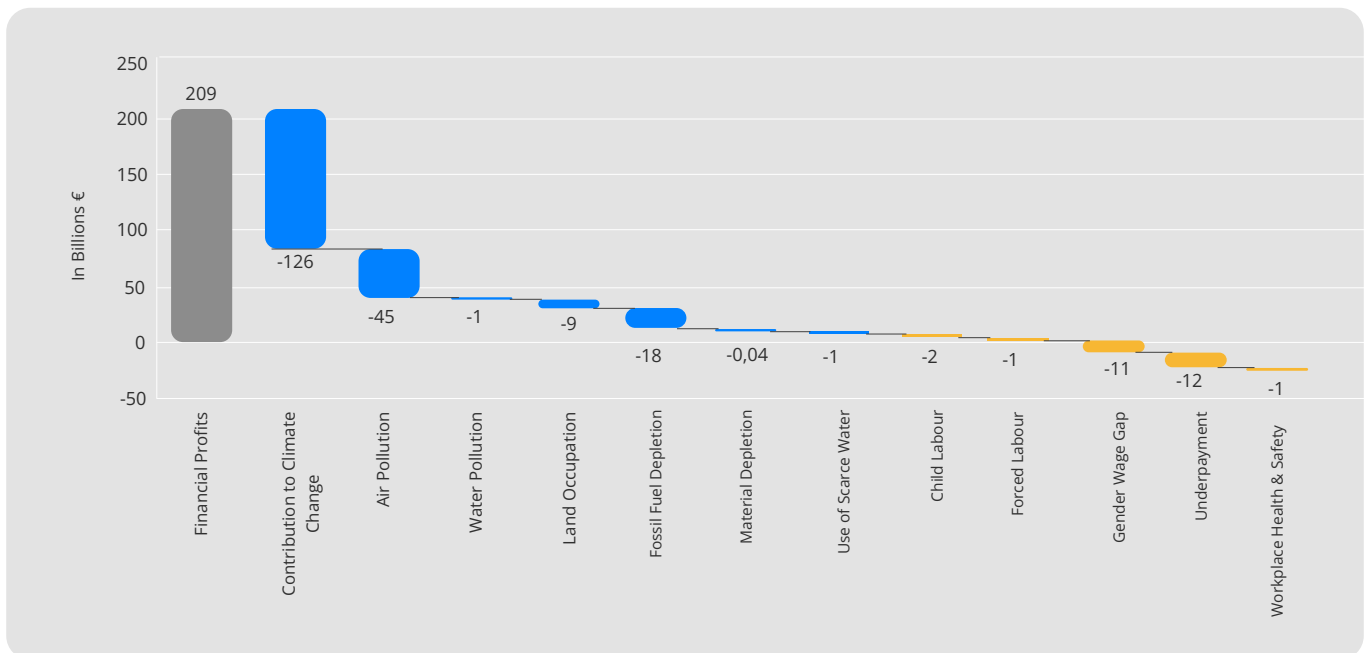


Figure 7 - Total Negative Externalities Assessed for 20 of the Largest European Companies

Evaluating the True Profits of the 20 companies analysed reveals a structural misalignment between financial profitability and societal value creation. When all negative externalities included in the assessment are taken into account, a fundamentally different picture of corporate profitability emerges.

### Key Insights:

- **When all negative social and environmental externalities are accounted for**, their total value amounts to 109% of the combined financial profits of the 20 European companies.

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- **Accounting all companies' contribution to climate change costs**, is equivalent to 60% of the combined financial profits of the 20 European companies, amounting to €126 billion.

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- **When all negative environmental impacts are accounted for**, their total value is equivalent to 96% of the combined financial profits of the 20 European companies, amounting to approximately €201 billion.

- **Accounting for companies' negative social impacts** is equivalent to 12% of the combined financial profits of the 20 European companies.

These results provide a system-level snapshot of how current profitability in Europe remains, in part, sustained by externalised social and environmental costs. In many sectors, financial performance continues to depend on impacts that are not reflected in market prices, reinforcing the structural barrier that constrains the scaling of clean technologies and sustainable business models essential for Europe's long-term competitiveness, resilience and strategic autonomy.

Climate change represents the largest source of negative environmental impact in the assessment, followed by air pollution as a significant contributor to overall societal costs. Together, these impacts illustrate the extent to which externalised environmental pressures shape reported profitability.

The findings should be interpreted as indicative, system-level estimates. They are most robust when used comparatively or in aggregate rather than as precise valuations of individual company impacts. Certain impact categories, such as biodiversity, are likely underestimated due to data limitations and the partial inclusion of pressure factors. Nevertheless, the overall pattern is clear: profitability and societal value creation remain structurally misaligned.

## 3.2 True Profits as a Compass for Competitiveness

True Profits make trade-offs between financial and societal performance transparent and comparable. By integrating the IROIC, SCM and traditional operating margin performance metrics, the analysis offers a structured way to understand how competitiveness can evolve in a changing economic landscape.

### 3.2.1 Impact Return on Invested Capital (IROIC)

As a policy tool, IROIC can show sectors that create net public value and those that impose hidden costs, providing an evidence base for targeted fiscal incentives, green industrial support, impact-linked finance and procurement criteria that reward high-impact return.

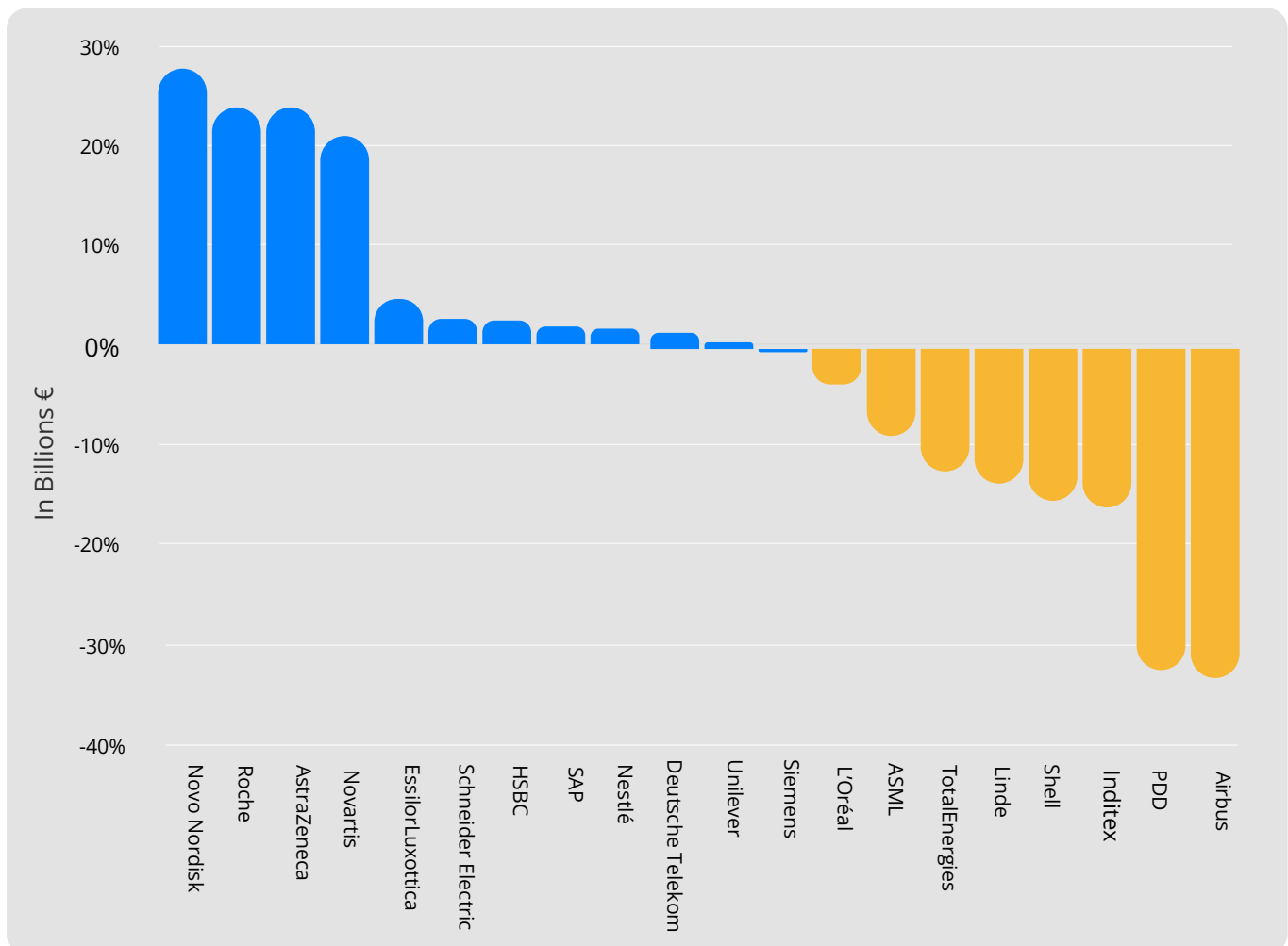


Figure 8- IROIC results per company

### Key Insights:

- **11 out of 20 companies** have a positive IROIC showing that these firms generate more benefits than costs to society.
- **Pharmaceutical Companies** show high IROIC ratios driven primarily by health benefits contributions of their products.
- **Technology & Service Providers** display mid-range IROIC values, with environmental impacts of climate change and air pollution that are significant but lower in intensity, partially balanced by positive societal impacts from service provision.
- **Industrial & retail companies** record negative IROIC values as a result of disproportionately high negative environmental impacts, notably from climate-related emissions and air pollution.

The IROIC results reveal sectoral differences in how capital translates into societal value. In some sectors, invested capital already generates net positive outcomes, while in others, negative externalities continue to outweigh societal contributions. By identifying where value creation is genuinely positive and where it remains negative, IROIC provides policymakers with a concrete basis for redesigning fiscal, financial and accounting frameworks that support the transition toward a more competitive European economy, in which profitability and impact are aligned.

### 3.2.2 Societal Cost Margin (SCM)

As a policy tool, SCM enables governments to identify high-cost sectors, prioritise transition support, design impact-adjusted taxation, and integrate societal cost efficiency into procurement and industrial strategy. In short, SCM reveals the scale of hidden societal burdens and points to where policy intervention can most effectively shift markets toward sustainable competitiveness.

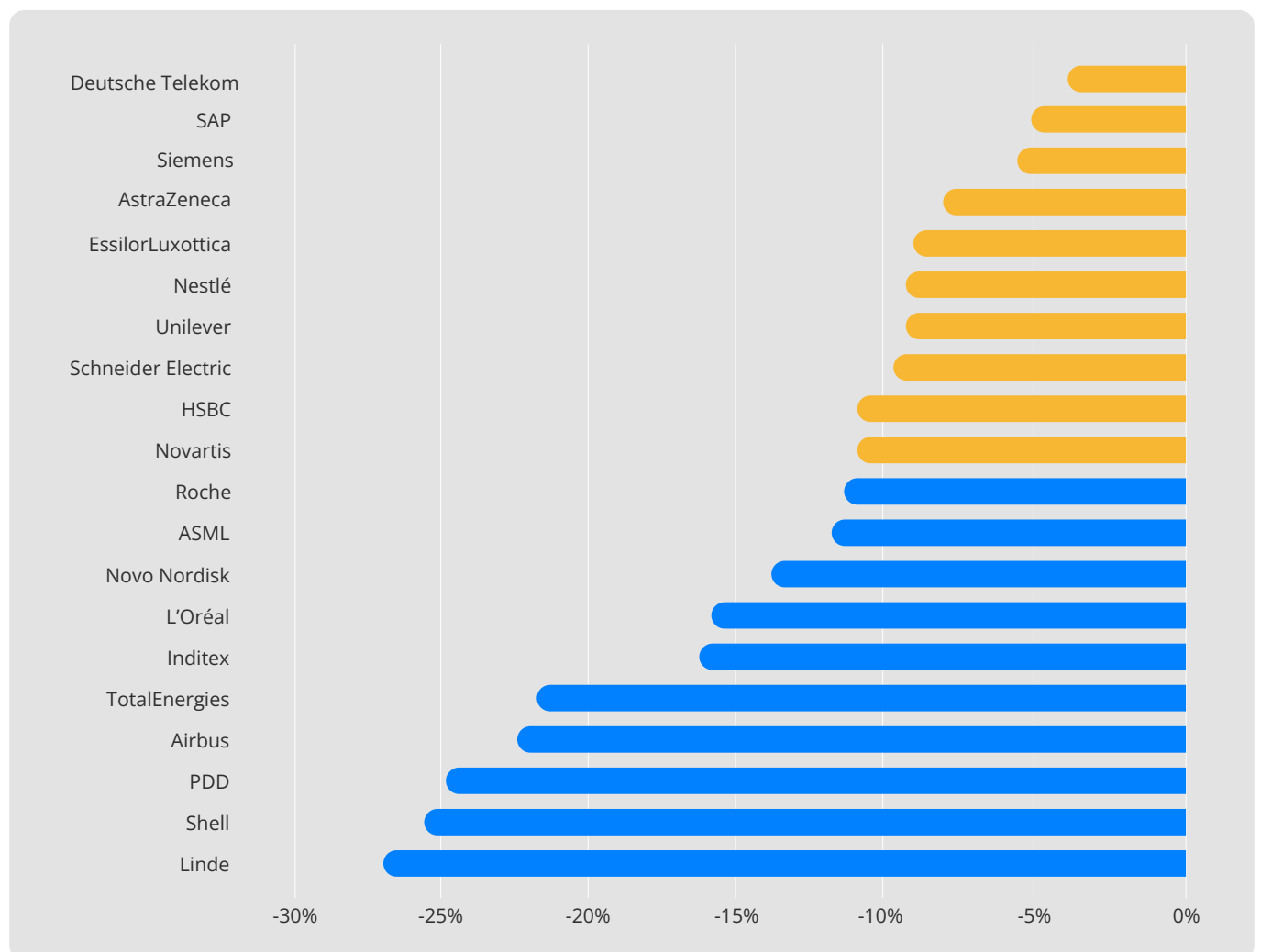


Figure 9 - SCM results per company

- **Technology and Service providers** exhibit lower Societal Cost Margins, typically below €0.10 per euro of revenue, reflecting the relatively low material, energy, and pollution intensity of their operations.

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- **Pharmaceutical companies** exhibit mid-range Societal Cost Margins, generally around or above €0.10 per euro of revenue, driven by material contributions to climate-related costs and underpayment.

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- **Industrial Energy and Retail companies** exhibit high Societal Cost Margins, typically exceeding €0.20 per euro of revenue, driven primarily by substantial climate-related and air-pollution externalities.

The SCM results make visible where current business activity relies most heavily on unpriced societal costs, and therefore where long-term competitiveness is most vulnerable. High societal cost intensity signals business models that depend on cost externalisation rather than genuine societal value creation. By quantifying both the scale and concentration of these externalities, SCM provides policymakers and businesses with a targeted basis for intervention. In doing so, SCM provides a concrete pathway for reshaping market incentives so that competitiveness increasingly reflects societal value creation rather than hidden costs.

### 3.2.3 SCM and Financial Operating Margin



Figure 10 - Operating Margin Vs Societal Cost Margin across 20 of the Largest European Companies <sup>1718</sup>

<sup>17</sup> CompaniesMarketCap. (2025). Operating margin data for publicly listed companies. <https://companiesmarketcap.com/>

<sup>18</sup> Operating margin figures in this analysis are sourced from CompaniesMarketCap a third-party financial data provider and are calculated on a consistent basis as reported operating income (EBIT) divided by revenue. This approach is used to ensure comparability across companies and sectors, as many firms report operating margins using different underlying, adjusted or core definitions that are not directly comparable. As a result, the operating margins presented here may differ from company-reported figures. The data should therefore be interpreted as indicative and comparative rather than as a precise reflection of each company's internally reported performance metrics. The purpose of including the graph above is to illustrate the broader argument about aligning impact and profitability, not to make a specific statement about the profitability of the analysed companies in FY24. For further information please access the True Profits Assessment Methodology Note

## Key Insights:

→ **Aligning impact and competitiveness:** To align impact and competitiveness the objective is to shift companies towards lower Societal Cost Margins (SCM) while maintaining strong operating margins (meaning they would be positioned in the upper right quadrant). This means reducing negative externalities without compromising financial performance. Long-term competitiveness depends on combining economic strength with declining societal cost intensity.

→ **Technology, service providers and pharmaceutical sectors,** tend to combine high to moderate operating margins with comparatively lower societal cost margins, indicating business models that already work towards aligning impact with competitiveness through lower environmental and societal externalities.

→ **Industrial, energy and retail sectors,** tend to combine high to moderate operating margins with high societal cost margins, underscoring that current financial performance can still rely on unpriced environmental and social externalities.

Taken together, operating margin and SCM provide a system-level view of how financial profitability and negative externalities currently interact across Europe's largest companies. These metrics offer a practical compass for future competitiveness: sustainable success will be defined by strong financial performance combined with minimal negative externalities.

The future of European competitiveness lies in aligning impact and profitability. The analysis offers an indication of what this evolution could look like in practice. Companies should progressively move towards the upper-right quadrant of the graph, where high operating margins are aligned with low societal costs. This figure illustrates how progress towards impact-aligned competitiveness can be mapped over time. While the current snapshot shows where the 20 largest European companies stand today, further analysis can track how companies shift along this trajectory as incentives, market conditions and business models evolve.

## 4. True Profits as a Tool to Redesign Markets

The results show that Europe's current profitability is, in many sectors, dependent on externalised costs, creating a structural barrier to scaling the very business models that underpin Europe's long-term competitiveness. True Profits can be used as a new economic compass for businesses, investors and policymakers towards minimising negative externalities and optimizing positive externalities while remaining economically competitive.

To shift markets from competing on financial profit alone to competing on True Profit, policymakers must redesign incentives across fiscal, capital and accounting systems. By aligning these incentives with societal value creation, policymakers can directly address the Profitability Gap. The Profitability Gap refers to the structural misalignment between societal impact and financial returns, arising because key social and environmental costs and benefits are not incorporated into market prices. Correcting this misalignment ensures that business models which minimise harm and maximise positive impact become financially competitive. This can be done by implementing well-designed incentives that support credible transition pathways: rewarding frontrunners, and creating clear signals for laggards to improve. The following levers outline how Europe can move from reporting to rewards, shaping markets in which sustainable technologies, business models and solutions are not only valuable for society, but also the most competitive.

### 4.1 Rethinking Fiscal Policy to Reward Impact

The True Profits assessment offers the foundation for a new era of market incentives that reward companies for their positive contributions to society and nature. The results show many sectors, especially energy, aviation and heavy industry, have societal costs that exceed financial profits. The societal cost margin can provide a basis for fiscal reform.

**True Profit-informed fiscal policy would include:**

- **True Profit Tax.** A tax based on CSRD disclosures, would align taxation with societal value creation by differentiating profit tax rates according to companies' net impact.
- **Impact levies,** such as levies on material extraction, pollution, or ecosystem degradation, can be used to directly internalise environmental and social costs into market prices. In sectors where companies' SCM reveals persistent societal costs, these levies support the transition away from harm-intensive models. While such incentives are already well established for CO<sub>2</sub> emissions through the EU Emissions Trading System (EU ETS), comparable mechanisms remain largely absent for other environmental and social impacts.
- **Impact tariffs,** on key externalities, similar to the Carbon Border Adjustment Mechanism (CBAM) but expanding beyond carbon to cover biodiversity loss, material use and pollution. This would work towards ensuring European businesses remain competitive while maintaining sustainability objectives.

## 4.2 Rethinking Capital Allocation to Scale Impact

To redirect capital towards solutions and business models that support well-being, Europe needs a financial system that rewards impact, making it cheaper to finance activities that regenerate nature and society, and more expensive to fund those that erode them. The European Central Bank's (ECB) recent decision to introduce a climate factor in its collateral framework<sup>19</sup>, which will reduce the value of assets pledged as collateral that are more exposed to climate transition risk from the second half of 2026 onwards, is a first step towards integrating climate risk and opportunity into market incentives and capital allocation.

It is time to go further. The True Profits assessment indicates that companies with stronger IROIC performance and lower SCM would be better positioned to compete in an impact-oriented economy. This can support the transition by directing capital towards frontrunners within all sectors that are actively reducing negative impacts and scaling positive solutions.

### True Profits enable:

- **Impact-adjusted interest rates**, between the European Central Bank (ECB) and the banks it lends to, building on the proposal of green targeted long-term refinancing operations. Green TLTROs are designed to lower the cost of capital for green investments by offering preferential interest rates to banks that expand EU Taxonomy-aligned lending. Depending on the project and context, high IROIC and low SCM scores could also be used as criteria when determining eligibility for preferential interest rates.

## 4.3 Recognising Impact in Accounting

Accounting principles still reflect a world where only financial capital counts. As long as environmental and social impacts, positive and negative, remain invisible on the balance sheet, markets cannot leverage them. Moreover, current accounting practices view climate-transition- and social-transition-related investments as costs on the income statement, which then penalises these decisions.

Companies generating positive societal value often do so through investments that are treated purely as costs in traditional accounting. This discourages long-term value creation.

### True Profits support accounting reforms that:

- **Activate impact on the balance sheet**, recognising climate, nature and human capital spending as value-creating assets. This would reflect external value creation (e.g., avoided societal costs) in performance dashboards alongside financial results.

<sup>19</sup> European Central Bank. (2025, July 29). ECB announces monetary policy decisions. [https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.pr02~1\\_250729d753a029.en.html](https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.pr02~1_250729d753a029.en.html)

## 5. Making Impact Profitable

### Europe's future competitiveness depends on aligning profitability with societal value creation.

The analysis shows that Europe's current profitability model remains structurally misaligned with long-term societal value creation. In many sectors, reported financial success is sustained by externalised social and environmental costs. When these externalities are accounted for, the combined 209€ billion in profits generated by the 20 largest European companies analysed would shift to a net societal loss of 19€ billion. This gap illustrates the scale of the structural misalignment embedded in current market outcomes.

Europe is well positioned to make impact a driver of future competitiveness. With strong capabilities in clean tech, circular innovation and sustainable business models, it has an advantage in sectors likely to define future competitiveness. Aligning profitability with impact is therefore not only a response to today's structural misalignment, but also a way to build on Europe's existing strengths.

True Profits provide a structured basis for navigating this transition. By making financial performance comparable with societal impact, they clarify where profitability reflects genuine value creation and where it depends on cost shifting. Assessing operating margins alongside Societal Cost Margin identifies a clear direction of travel: sustainable competitiveness requires reducing societal cost intensity while maintaining robust financial performance.

#### What's next

Moving from reporting to rewards requires coordinated institutional action.

**For companies**, this means maximising impact within existing market rules, while also actively working to reshape market incentives through advocacy so that impact becomes profitable.

**For investors and financial institutions**, this means incorporating societal cost exposure and transition performance into valuation models, credit risk assessment and financing conditions, thereby directing capital toward impact-efficient and transition-ready business models.

**For policymakers**, this means creating market incentives for impact by changing the fiscal system, financial market rules and accounting frameworks, to ensure that impact is made profitable.

Europe does not face a choice between impact and competitiveness. The strategic task is to redesign economic incentives so that markets reward the business models that minimise societal harm and maximise long-term value creation. Future competitiveness will be defined by the ability to align profitability with resilience, productivity and societal value.



*As a research and policy community, the next step is integration: use True Profit information in strategy (capital budgeting, product road maps), in investment (valuation adjustments and portfolio construction), and in policy and market design (e.g., impact-adjusted taxation, procurement, and cost of capital). With continued improvements in data quality, scope, and comparability, True Profit can become a common metric that rewards firms for creating authentic, long-term value for society. I am proud to be part of the team developing and applying it in Asia.*

Hao Liang  
Professor of Finance  
Singapore Management University

# Annex: Individual Company True Profit Results

This annex provides a detailed overview of the True Profit performance of each company analysed in the report. For every organisation, the underlying elements that make up its True Profit are examined and explained, offering a clear view of how financial, social, and environmental factors contribute to the overall outcome.

For each company graph, the two largest social and environmental impacts are shown separately. The remaining impacts are grouped under “other natural impacts” and “other social impacts”. In addition, consumer benefits are presented to provide perspective on the value the company creates for society. For further detail, please refer to the external True Profits methodology note.

1. Airbus SE
2. ASML Holding N.V.
3. AstraZeneca PLC
4. Deutsche Telekom AG
5. EssilorLuxottica SA
6. HSBC Holdings plc
7. Industria de Diseño Textil (Inditex)
8. Linde plc
9. L'Oréal S.A.
10. Nestlé S.A.
11. Novartis AG
12. Novo Nordisk A/S
13. PDD Holdings Inc.
14. Roche Holding AG
15. SAP SE
16. Schneider Electric S.E.
17. Shell plc
18. Siemens AG
19. TotalEnergies SE
20. Unilever PLC

# Airbus SE

The True Profit of Airbus visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

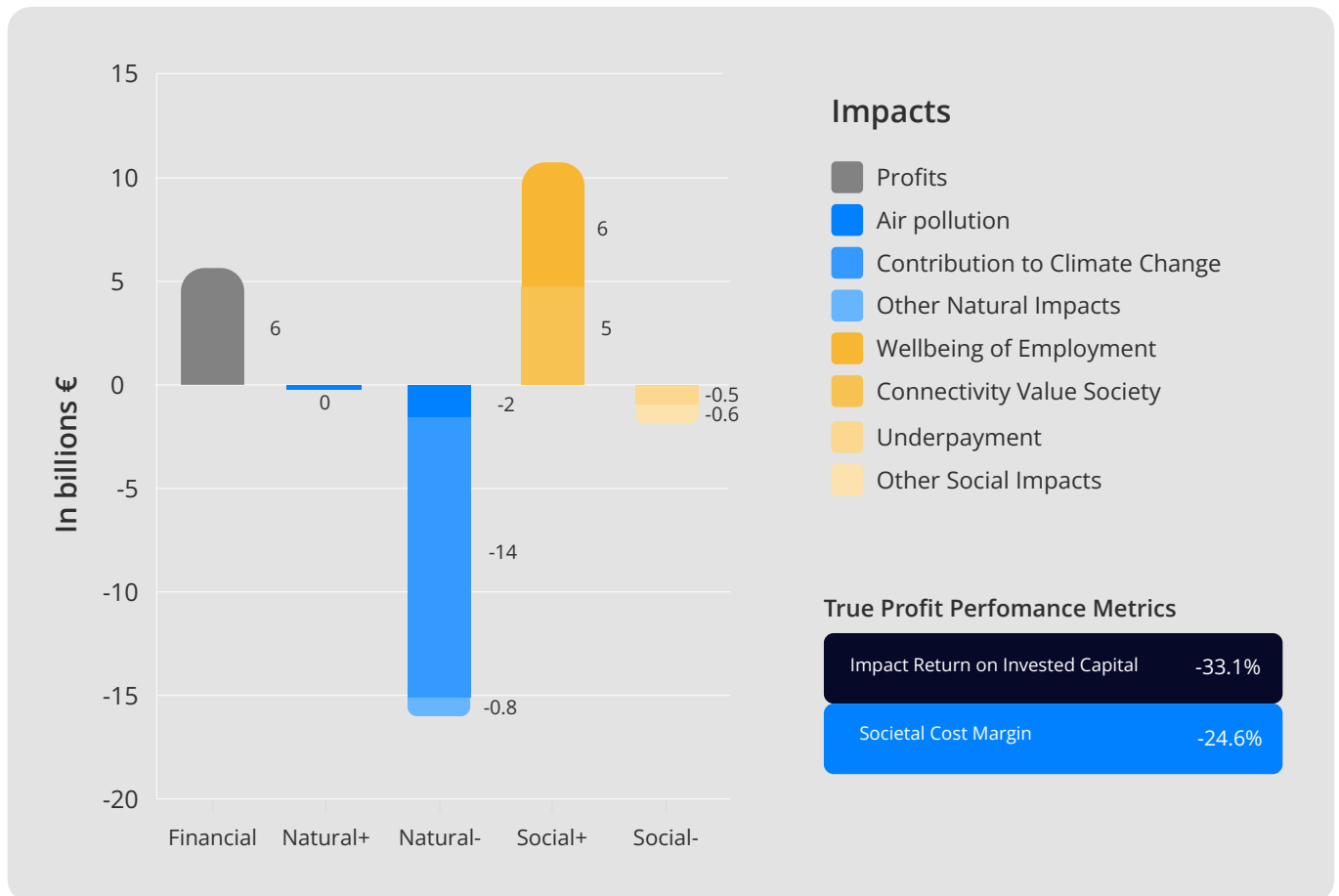


Figure 11- True Profit Airbus

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Airbus.

Uncaptured Impacts	
Noise Pollution	Noise pollution remains an under-analysed impact for Airbus. While airlines operate the aircraft, Airbus plays a role through the design and technology of its planes, which contribute to community noise around airports.

# ASML Holding N.V.

The True Profit of ASML visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

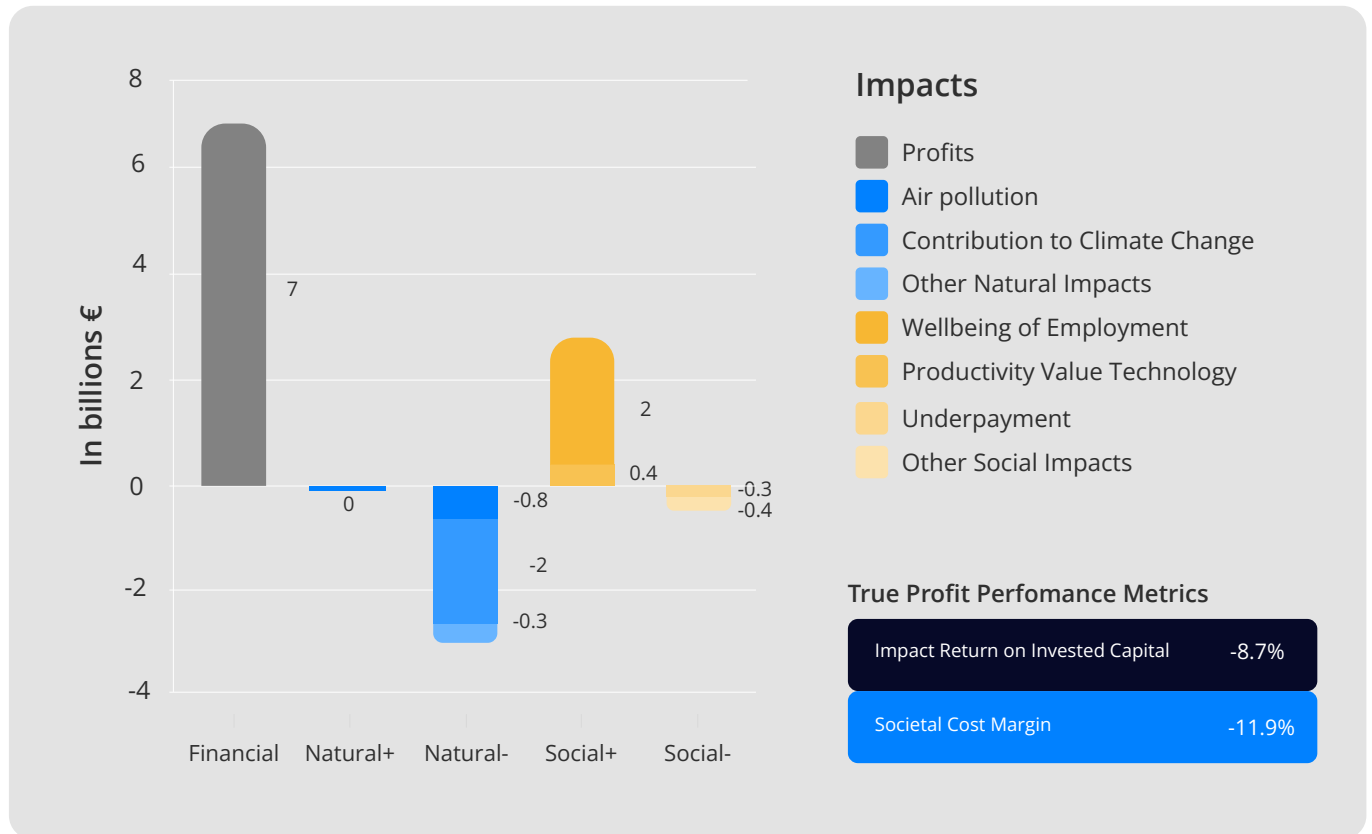


Figure 12- True Profit ASML

# AstraZeneca PLC

The True Profit of AstraZeneca visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

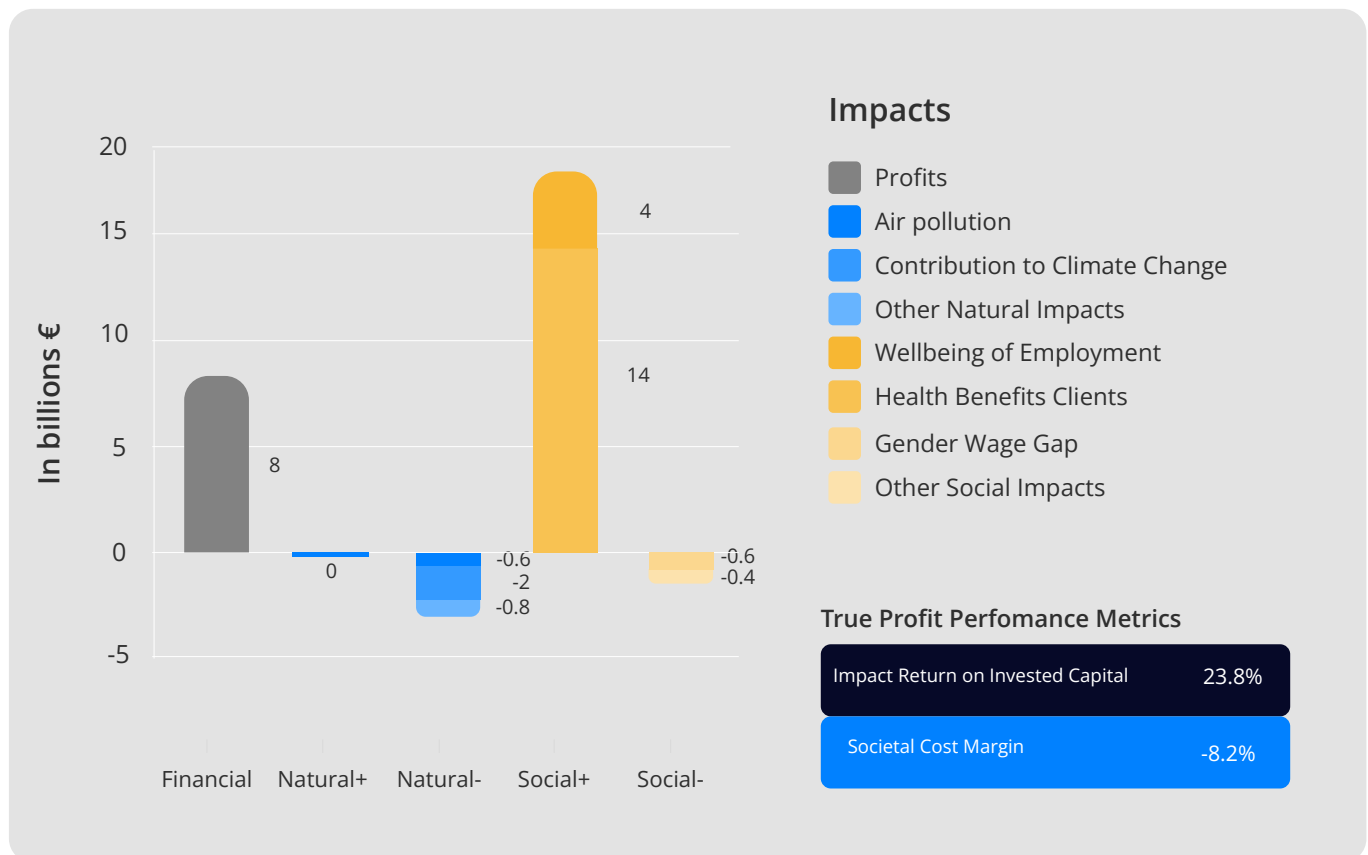


Figure 13- True Profit AstraZeneca

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of AstraZeneca.

## Uncaptured Impacts

### Accessibility of medicines

Significant global health benefits are offset by limited access and affordability of oncology and other essential medicines in low-income countries. Accessibility of medicines remains a critical under-analysed impact for AstraZeneca.

# Deutsche Telekom AG

The True Profit of Deutsche Telekom visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

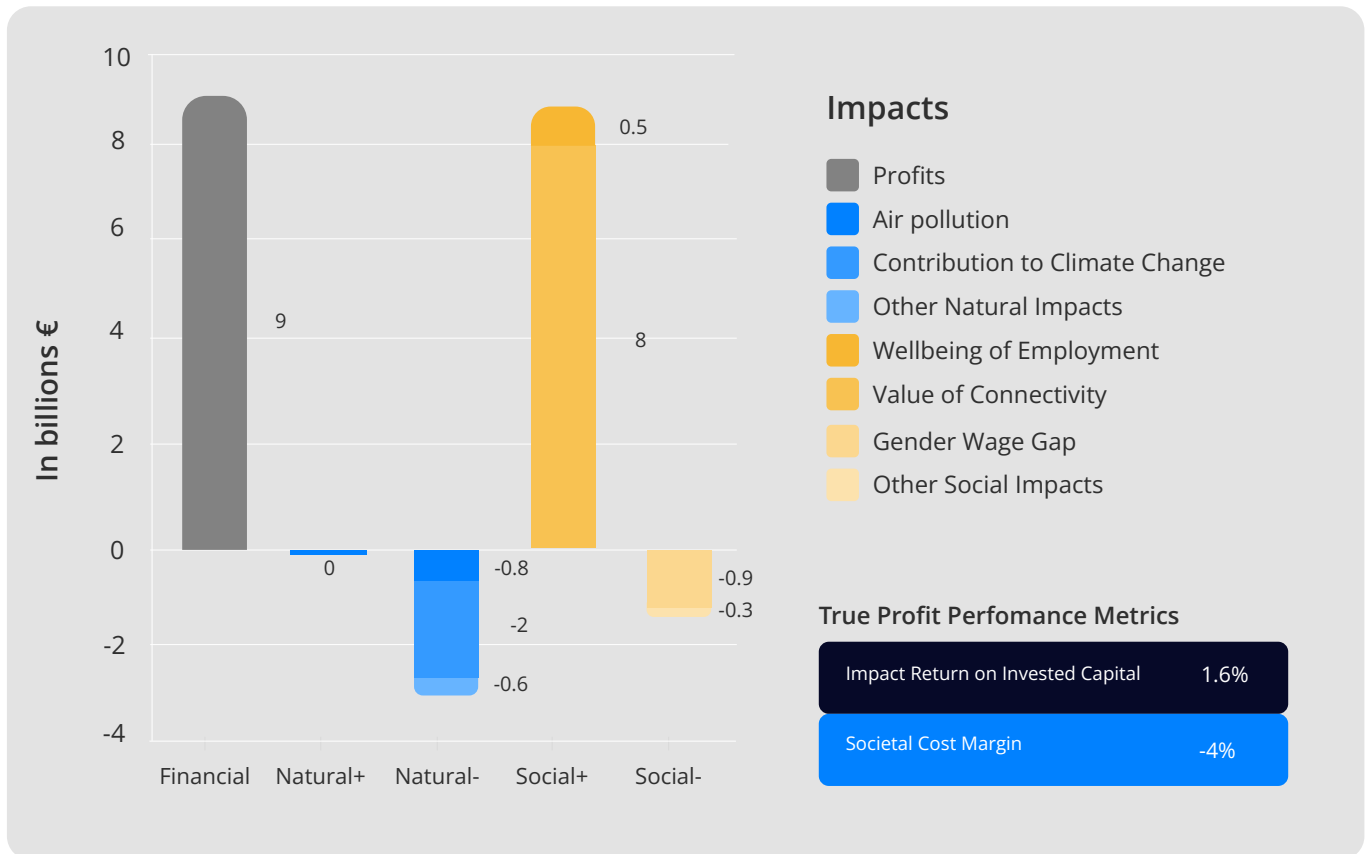


Figure 14-True Profit Deutsche Telekom

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Deutsche Telekom.

Uncaptured Impacts	
Digital well-being	While Deutsche Telekom generates positive impacts through employment wellbeing, the effects on digital wellbeing remain underrepresented. Excessive use of telecom services is linked to screen addiction and mental health challenges, which are not fully accounted for.
Avoided emissions from digital communication	Digital services such as video calling can reduce the need for travel and associated greenhouse gas emissions. Deutsche Telekom highlighted this potential benefit during stakeholder discussions. However, these avoided emissions are not included in the current True Profit assessment.

# EssilorLuxottica SA

The True Profit of EssilorLuxottica visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

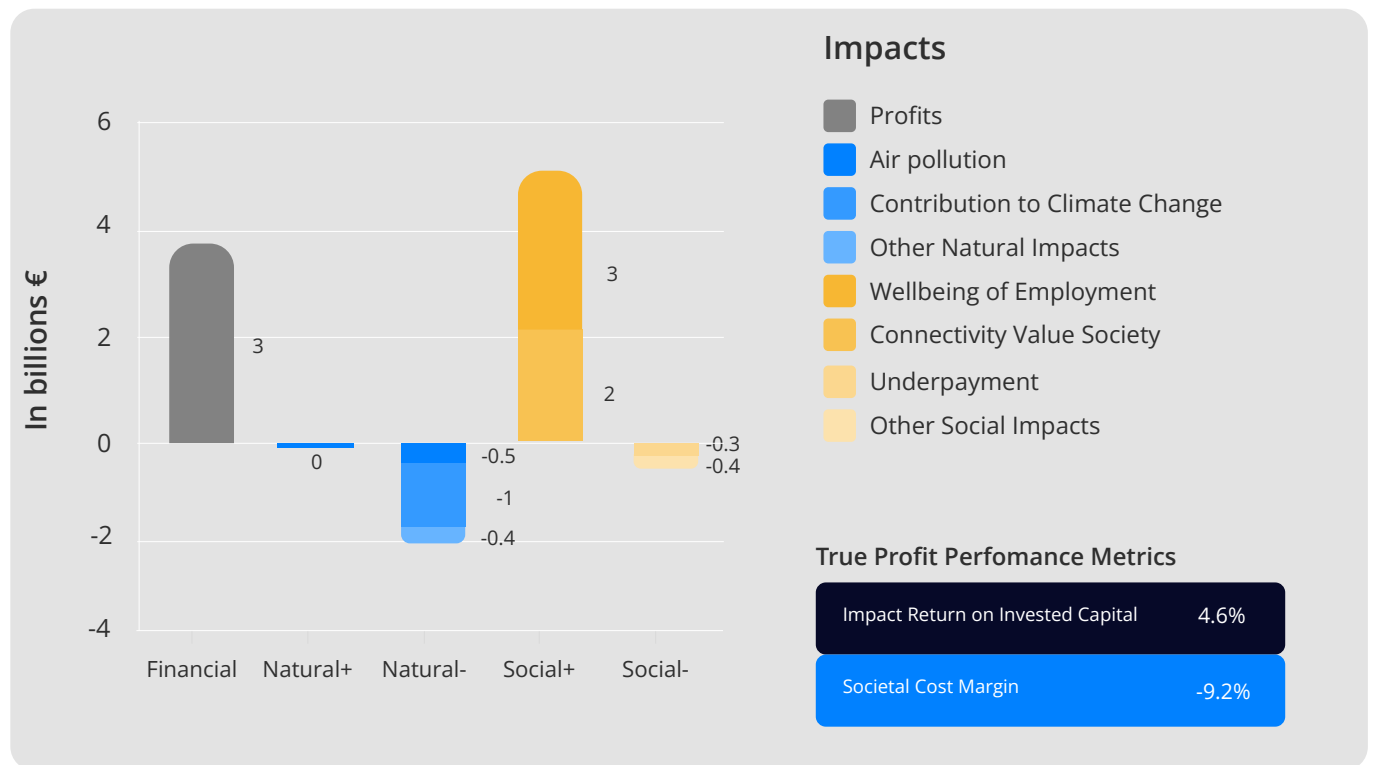


Figure 15- True Profit EssilorLuxottica

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of EssilorLuxottica.

## Uncaptured Impacts

Labour conditions in frame production

For EssilorLuxottica, working conditions in lower-cost production markets remain a concern. Labour rights, wages, and health and safety standards in parts of the supply chain are not fully captured in current assessments.

# HSBC Holdings plc

The True Profit of HSBC visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

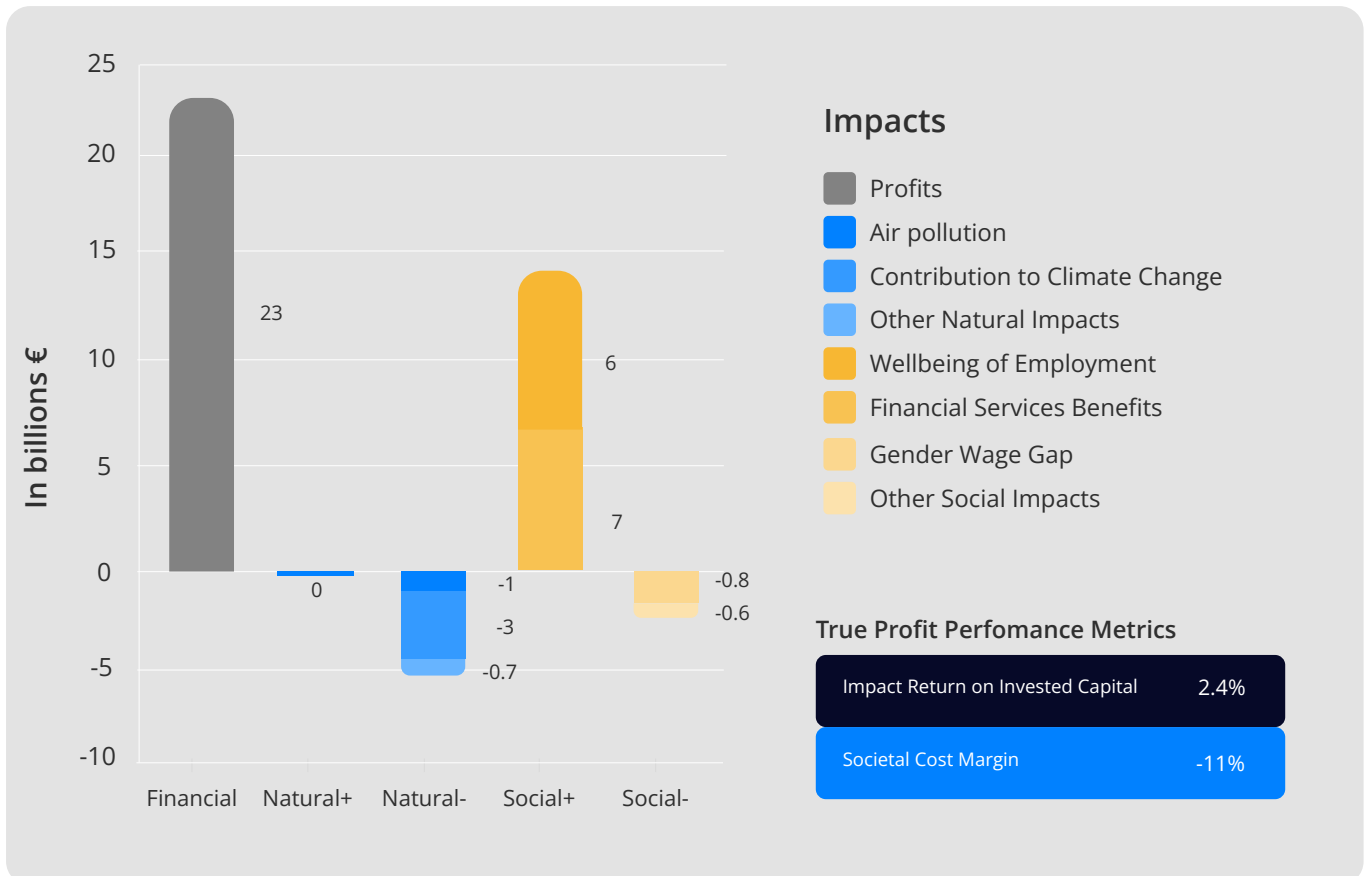


Figure 16-True Profit HSBC

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of HSBC.

## Uncaptured Impacts

### Biodiversity loss

While land occupation is assessed in HSBC’s True Profit analysis, the broader biodiversity impacts of its financing activities remain under-analysed. Lending and investments linked to palm oil, soy, cattle, and timber drive biodiversity loss and carbon emissions that are not fully captured.

# Industria de Diseño Textil (Inditex)

The True Profit of Inditex visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.



Figure 17- True Profit Inditex

# Linde plc

The True Profit of Linde visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

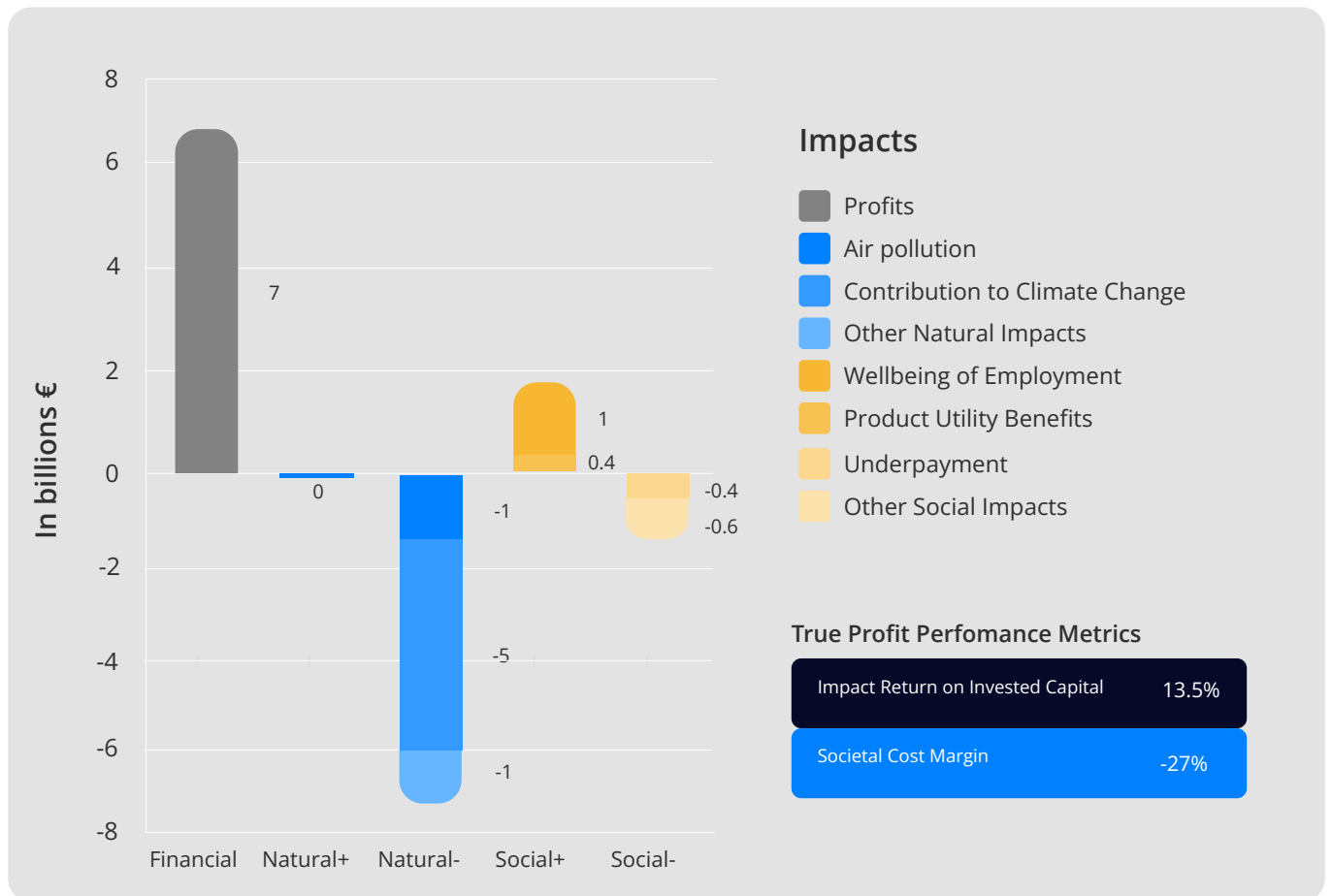


Figure 18- True Profit Linde

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Linde.

Uncaptured Impacts	
Health/environmental effects of chemicals	For Linde, the long-term environmental and health effects of chemical production and industrial gas emissions remain under-analysed.
Social effects of products	Within social capital impacts, the broader effects of Linde’s products on society remain under-analysed. Industrial gases enable essential services such as medical oxygen for healthcare and technologies that support energy efficiency. At the same time, their use can also reinforce dependence on carbon-intensive industries, raising transition risks that are not fully assessed.

# L'Oréal S.A.

The True Profit of L'Oréal visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

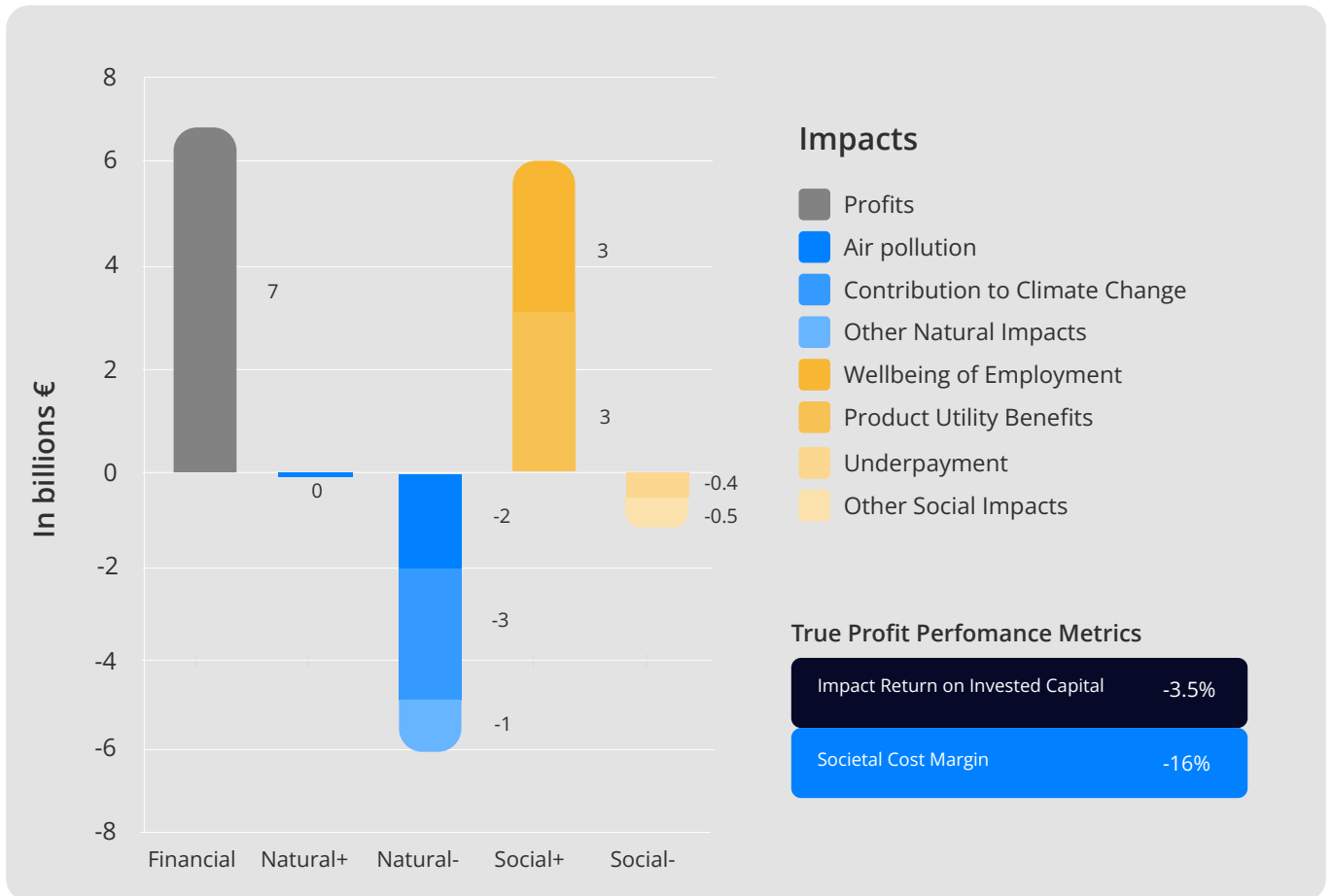


Figure 19- True Profit L'Oréal

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of L'Oréal.

Uncaptured Impacts	
Health/environmental effects of chemicals	For L'Oréal, the long-term effects of chemical ingredients in cosmetics on both skin health and aquatic ecosystems remain under-analysed in current assessments.
Social effects of products	Within social capital impacts, the effects of L'Oréal's products on consumer wellbeing remain under-analysed. This includes the reinforcement of narrow beauty standards and potential implications for self-esteem and mental health.

# Nestlé S.A.

The True Profit of Nestlé S.A visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

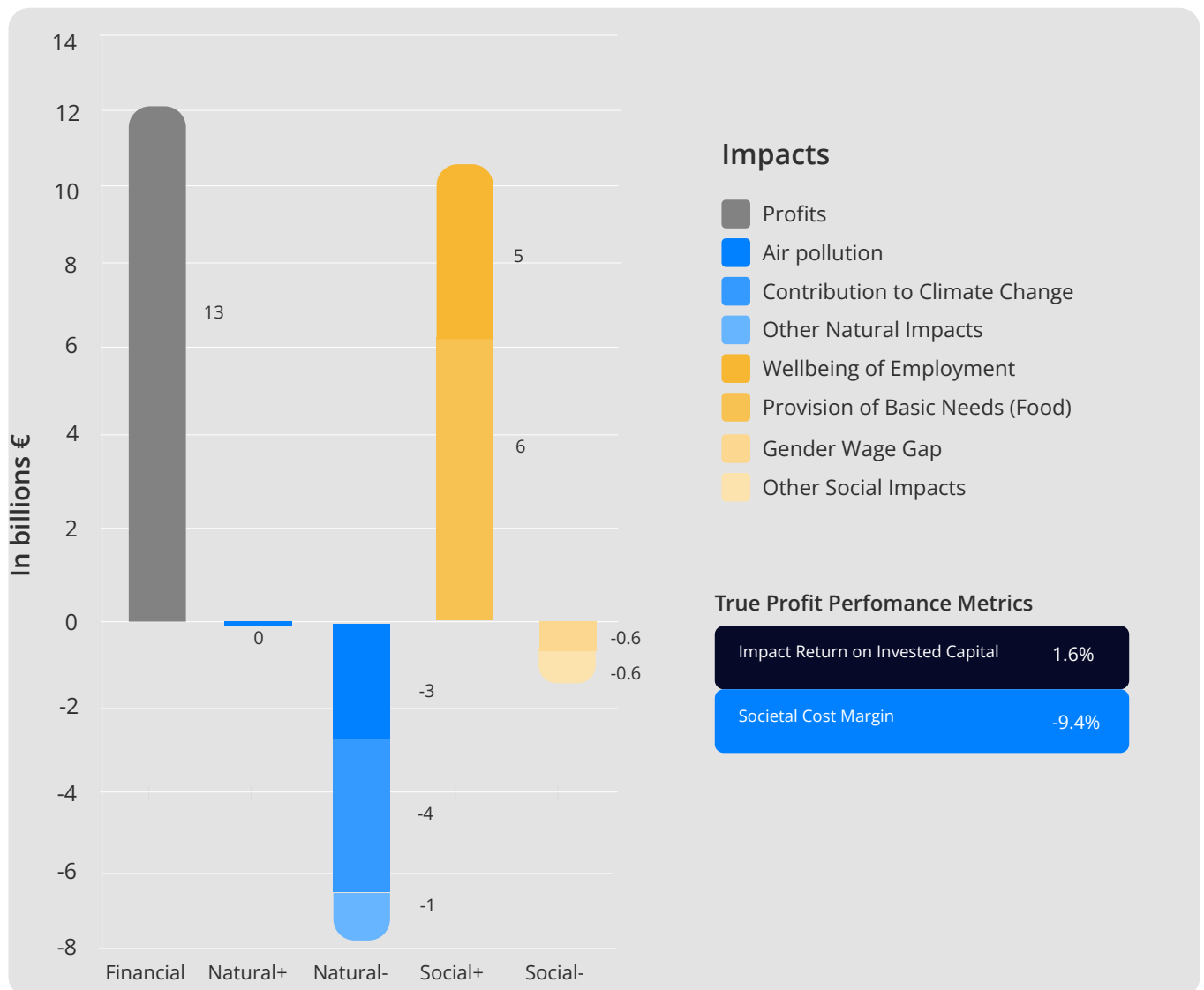


Figure 20- True Profit Nestlé

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Nestlé S.A.

## Uncaptured Impacts

### Nutritional health effects

Nutritional health effects remain under-analysed in Nestlé's True Profits assessment, as the negative health effects of its food and beverage products are not fully included.

# Novartis AG

The True Profit of Novartis visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

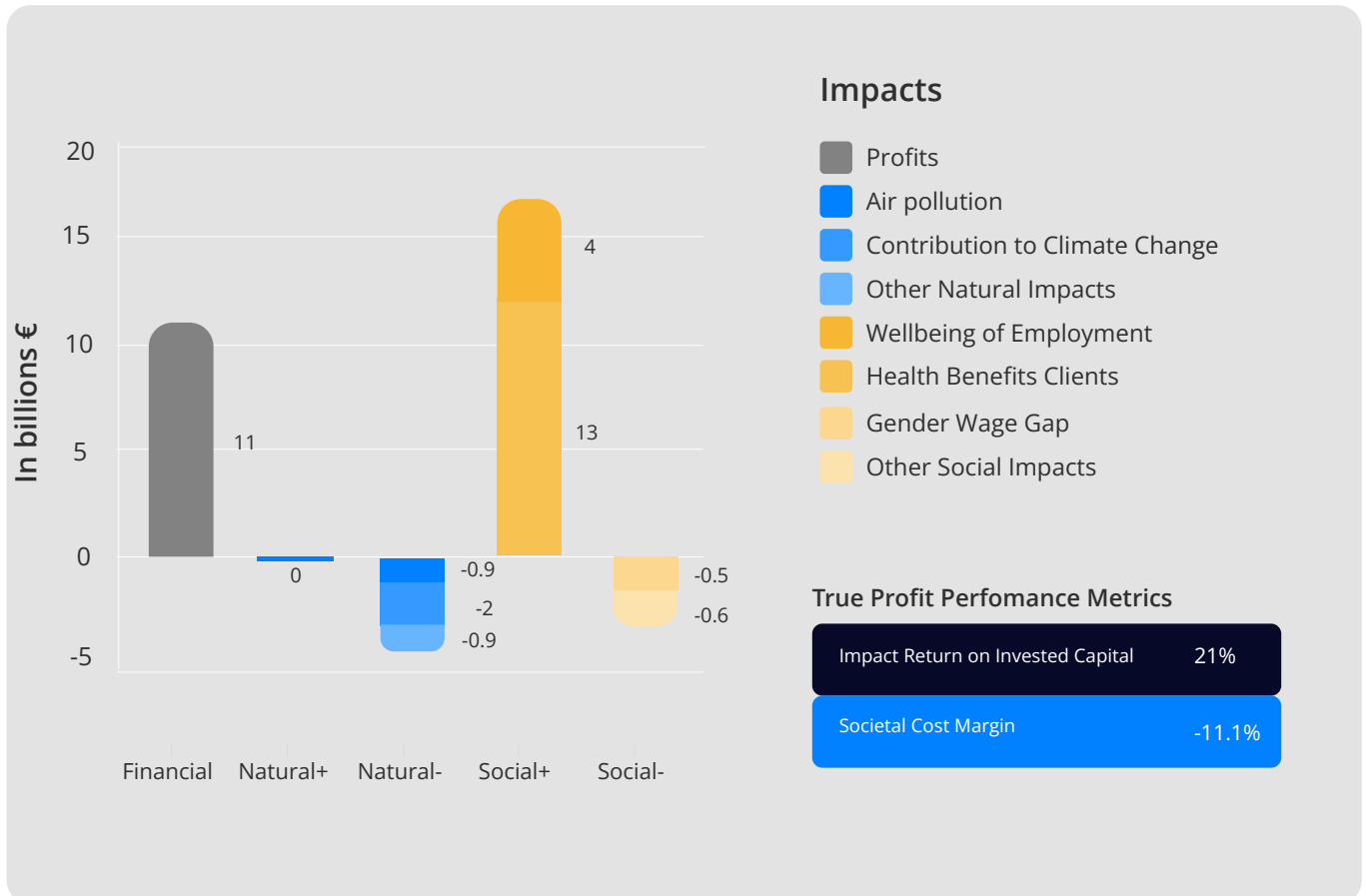


Figure 21- True Profit Novartis

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Novartis.

## Uncaptured Impacts

### Accessibility of medicines

While Novartis delivers significant positive health benefits to society, the accessibility of its medicines remains under-analysed. Affordability gaps risk limiting the overall societal benefit.

# Novo Nordisk A/S

The True Profit of Novo Nordisk visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.



Figure 22- True Profit Novo Nordisk

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Novo Nordisk.

## Uncaptured Impacts

### Accessibility of medicines

While Novo Nordisk delivers significant positive health benefits to society, particularly through treatments for diabetes and obesity, the accessibility of its medicines remains under-analysed. Affordability gaps risk limiting the overall societal benefit.

# PDD Holdings Inc.

The True Profit of PDD visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

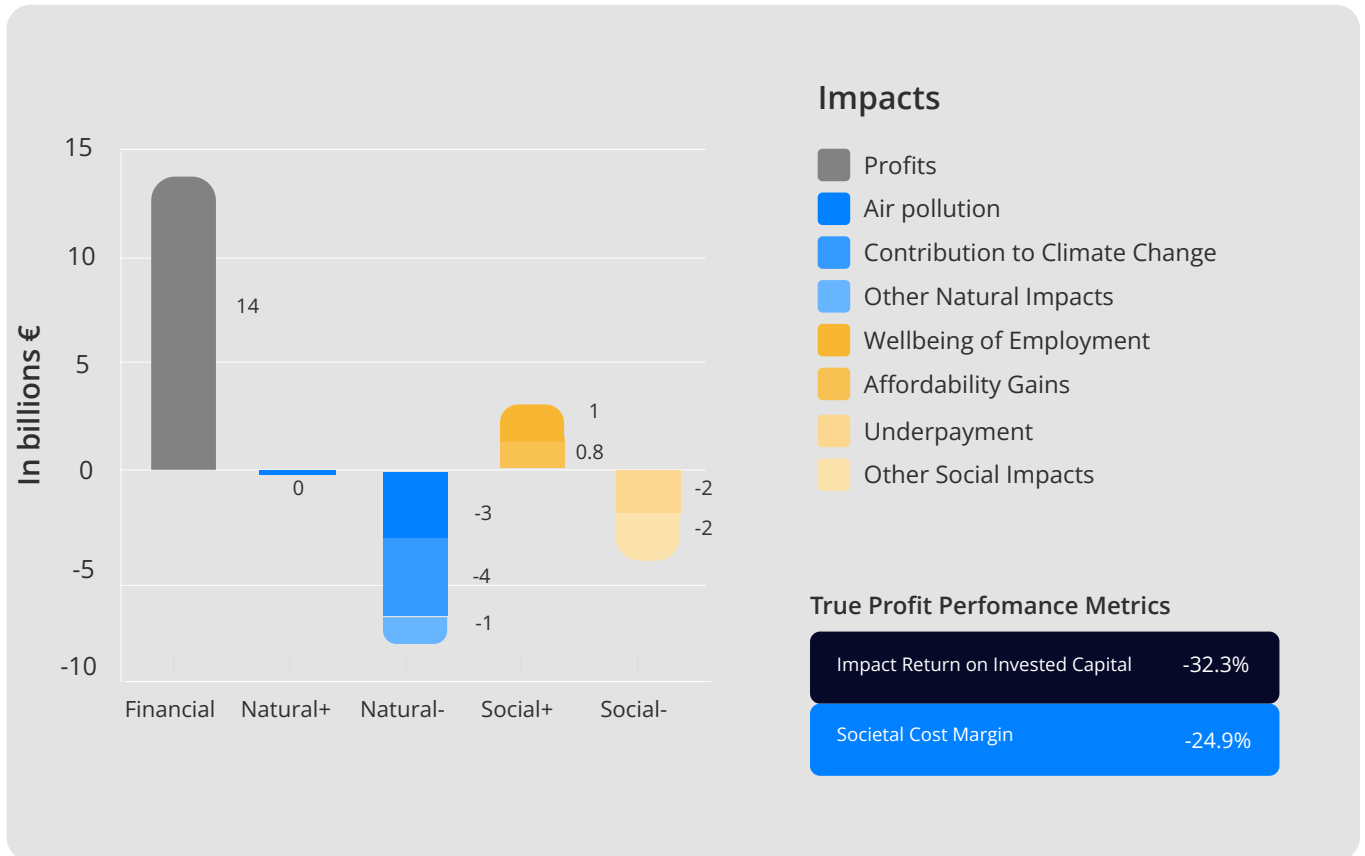


Figure 23- True Profit PDD

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of PDD.

## Uncaptured Impacts

### Product safety and Waste

Product safety and waste remains underreported in the current analysis of the True Profit of PDD. Cheap disposable goods accelerate waste streams unaccounted for.

# Roche Holding AG

The True Profit of Roche visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

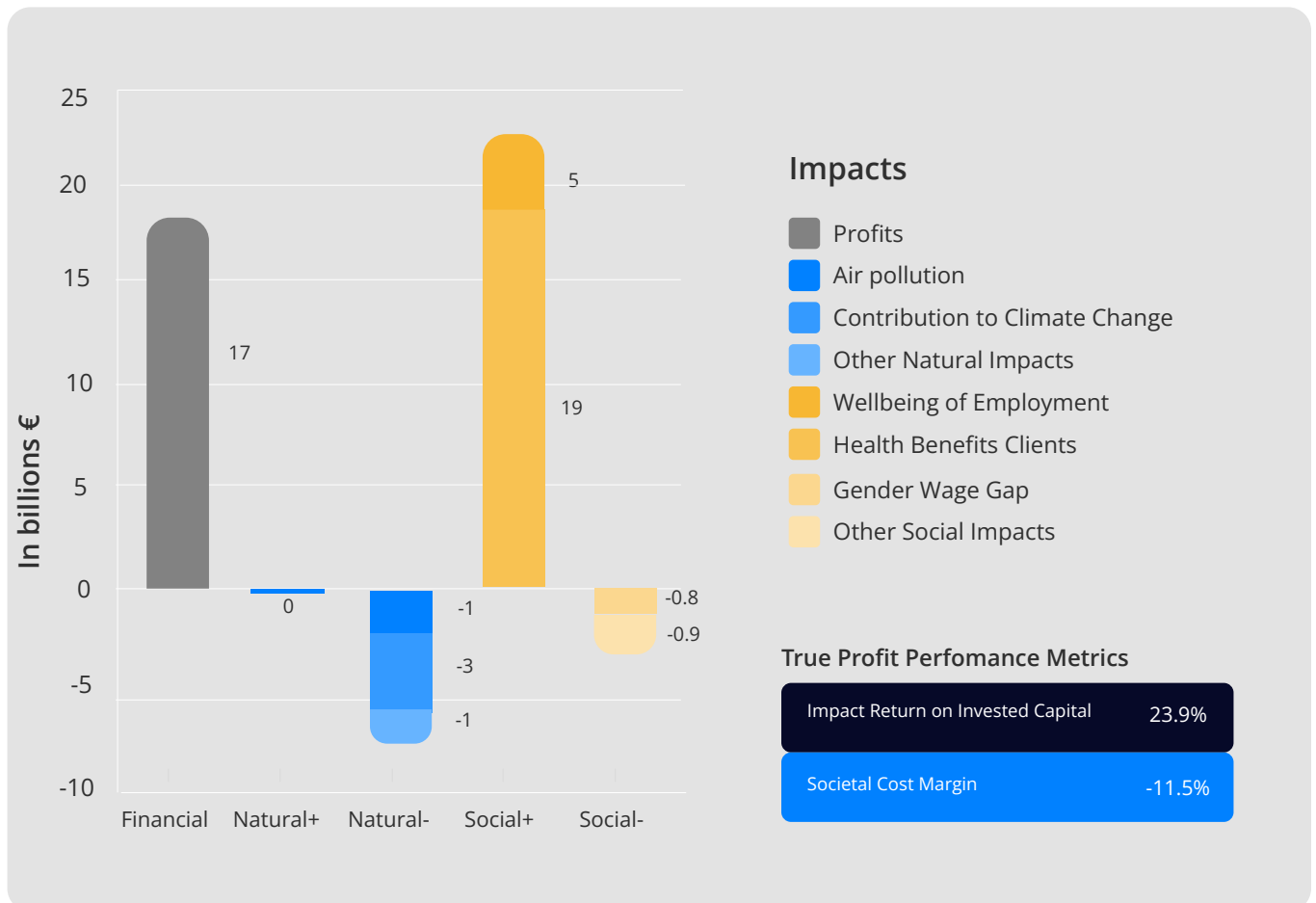


Figure 24- True Profit Roche

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Roche.

## Uncaptured Impacts

### Accessibility of medicines

While Roche delivers significant positive health benefits to society, particularly through innovative oncology treatments and diagnostics, the accessibility of its medicines remains under-analysed. Affordability gaps risk limiting the overall societal benefit.

# SAP SE

The True Profit of SAP visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

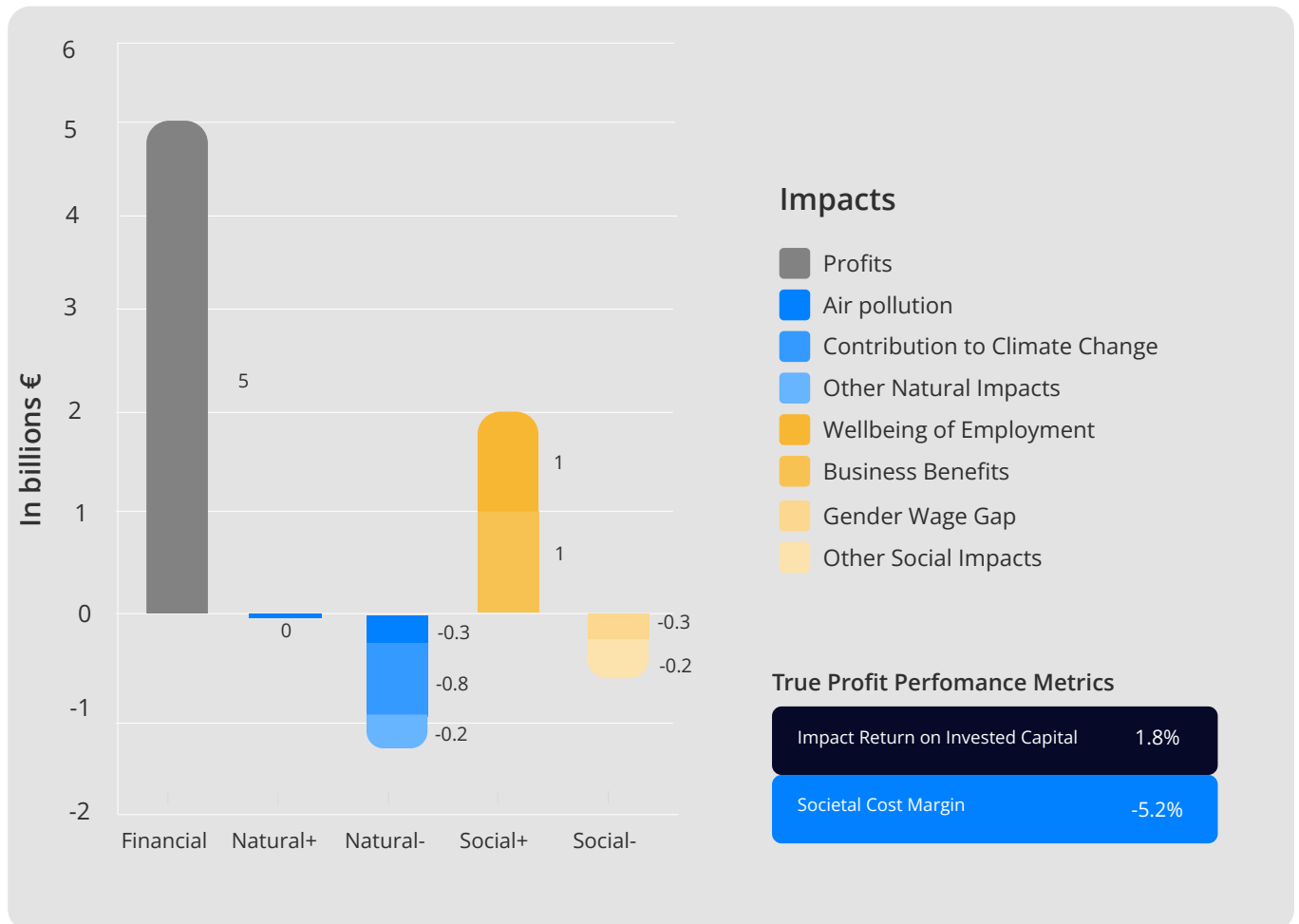


Figure 25 - True Profit SAP

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of SAP.

Uncaptured Impacts	
Cybersecurity & Data risks	Cybersecurity presents a risk for SAP's clients given the sensitivity of their data. This impact remains under-analysed, partly due to the systemic underreporting of cyber incidents across the financial and technology sectors.

# Schneider Electric S.E.

The True Profit of Schneider Electric visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

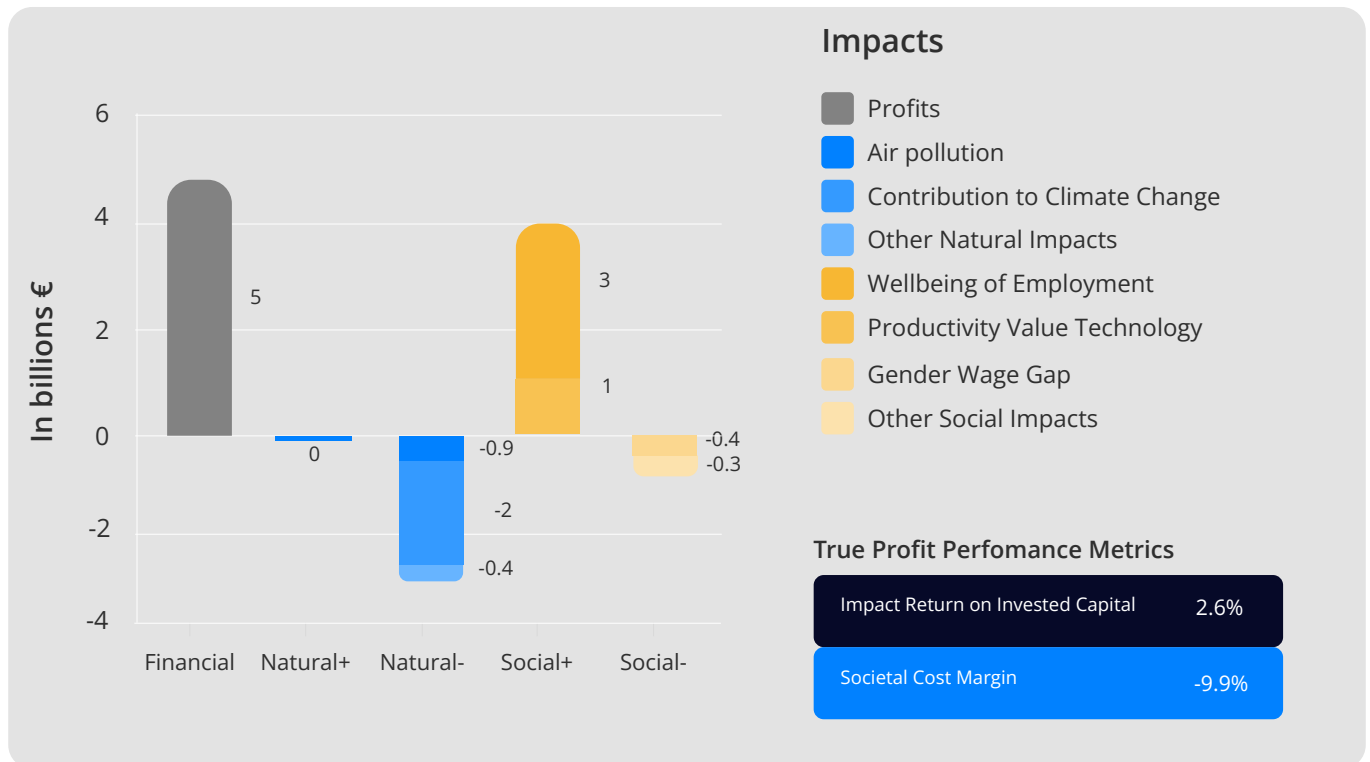


Figure 26- True Profit Schneider Electric

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Schneider Electric.

Uncaptured Impacts	
Impact of Products for Energy Transition	For Schneider Electric, the positive role of its products and solutions in enabling the energy transition remains under-analysed. Through energy efficiency technologies, smart grids, and digital solutions such as EcoStruxure, the company supports reduced emissions, greater electrification, and more sustainable energy use. Capturing this contribution would provide a fuller picture of its societal value creation.

# Shell plc

The True Profit of Shell visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

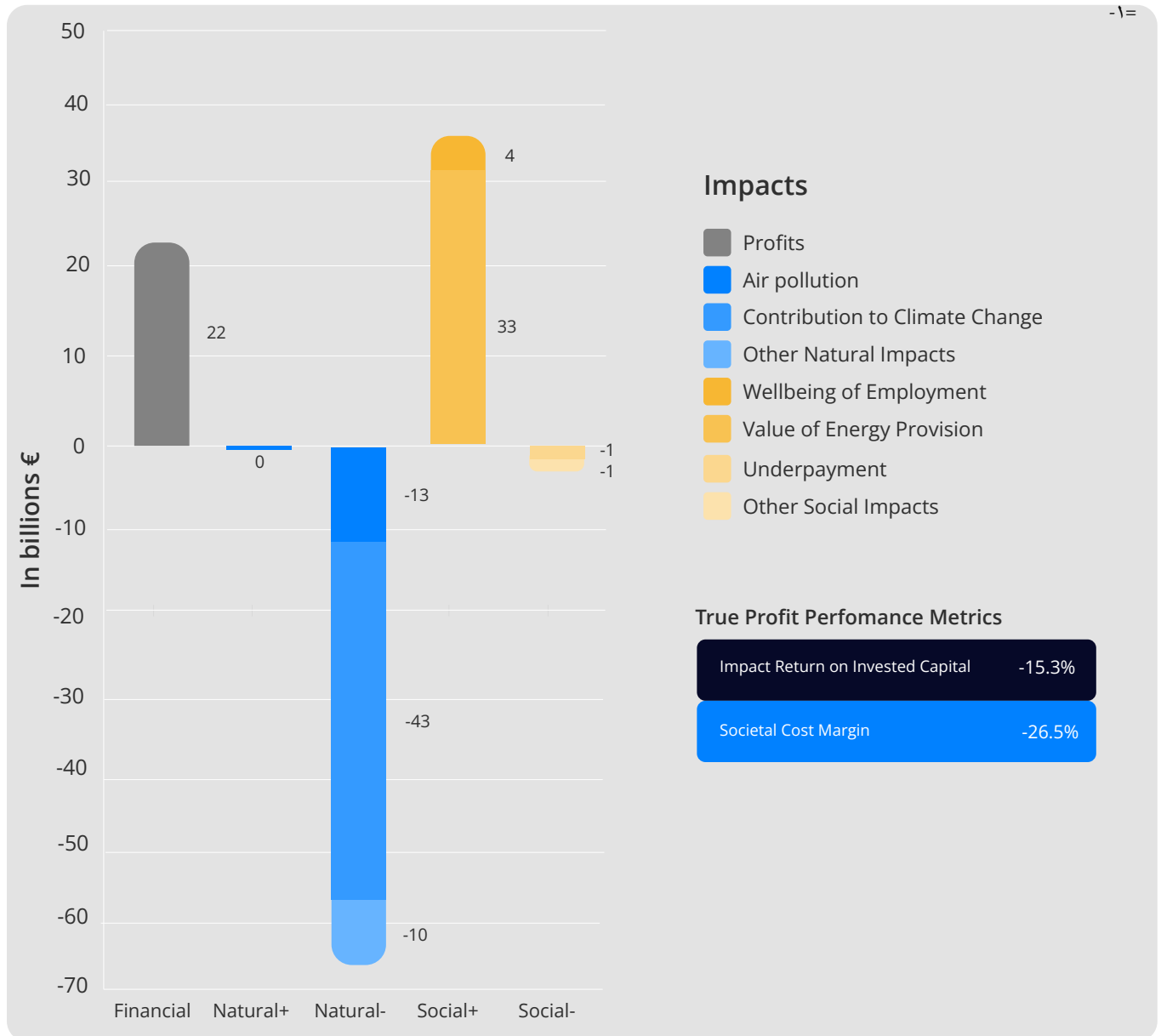


Figure 27- True Profit Shell

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Shell.

## Uncaptured Impacts

### Scarce Materials

For Shell, the impacts of scarce materials used in energy production and emerging transition technologies remain under-analysed. Activities such as deep-sea mining, critical mineral sourcing for renewables, and material-intensive fossil fuel infrastructure place pressure on finite resources and ecosystems. These effects are not yet fully captured in current assessments.

# Siemens AG

The True Profit of Siemens visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

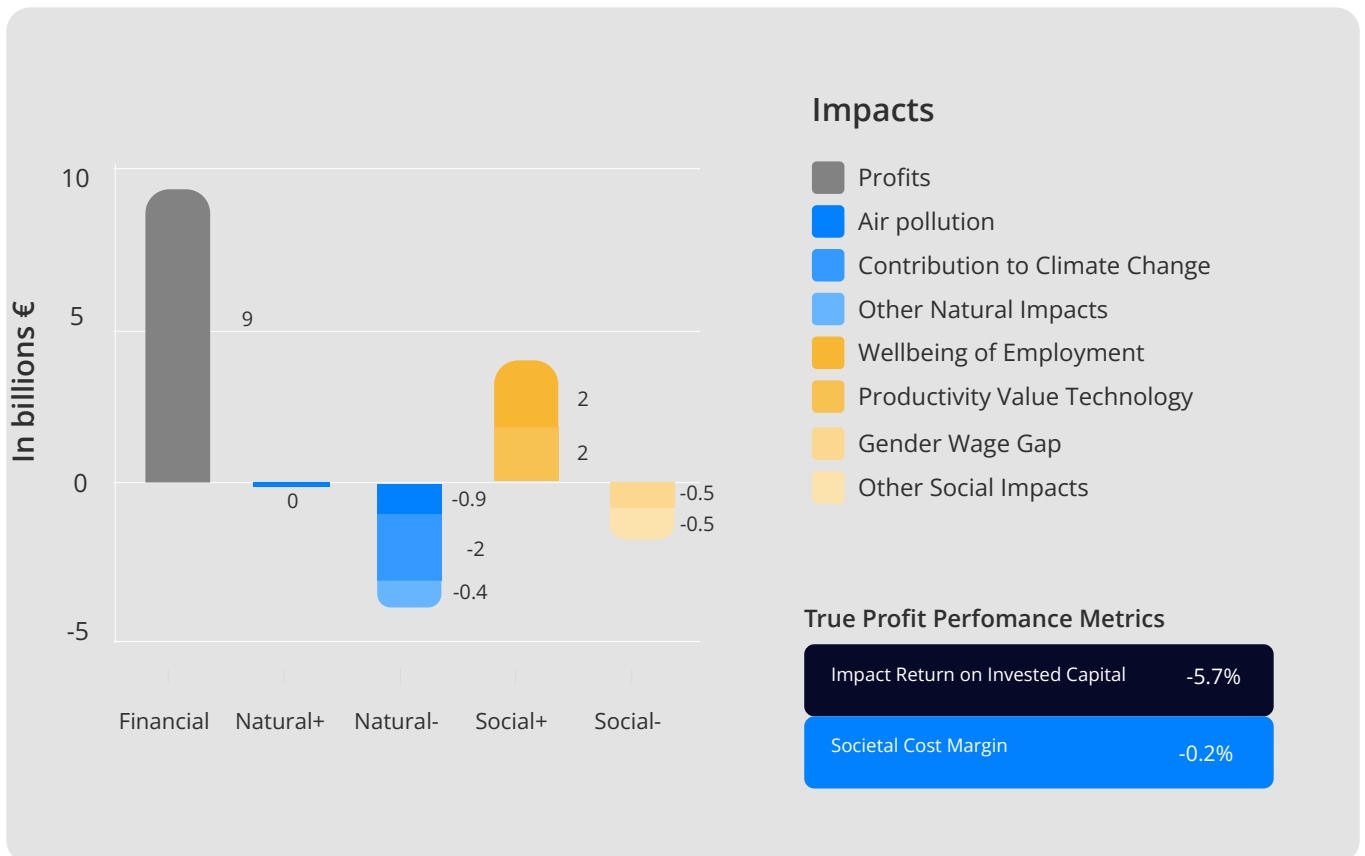


Figure 28- True Profit Siemens

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Siemens.

## Uncaptured Impacts

### Impact of Products for Energy Transition

For Siemens, the positive contribution of its technologies to the energy transition remains under-analysed. Through electrification, automation, and digital solutions, Siemens plays a key role in enabling renewable energy integration, improving grid efficiency, and supporting sustainable industrial processes. Accounting for this impact would provide a more complete view of its societal value creation.

# TotalEnergies SE

The True Profit of TotalEnergies visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

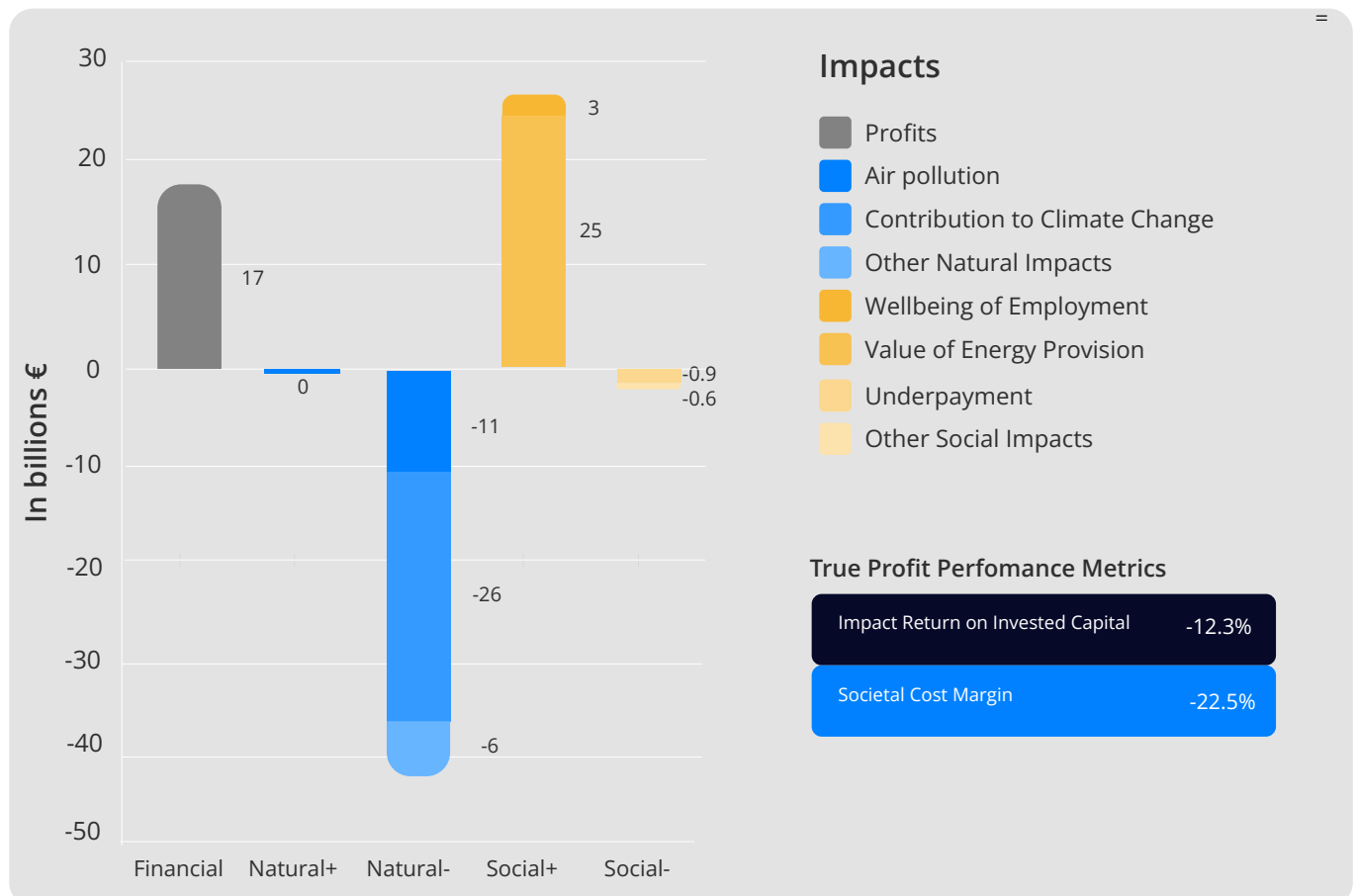


Figure 29- True Profit TotalEnergies

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of TotalEnergies.

## Uncaptured Impacts

### Scarce Materials

For TotalEnergies, the impacts of scarce materials used in energy production and transition technologies remain under-analysed. The company's involvement in critical mineral sourcing for renewables, as well as the material-intensive nature of its fossil fuel and low-carbon infrastructure, places additional pressure on finite resources and ecosystems. These effects are not yet fully captured in current assessments.

# Unilever

The True Profit of Unilever visualises the monetised impacts, across financial, natural and social capitals, showing the direction and magnitude of each component and the resulting True Profit.

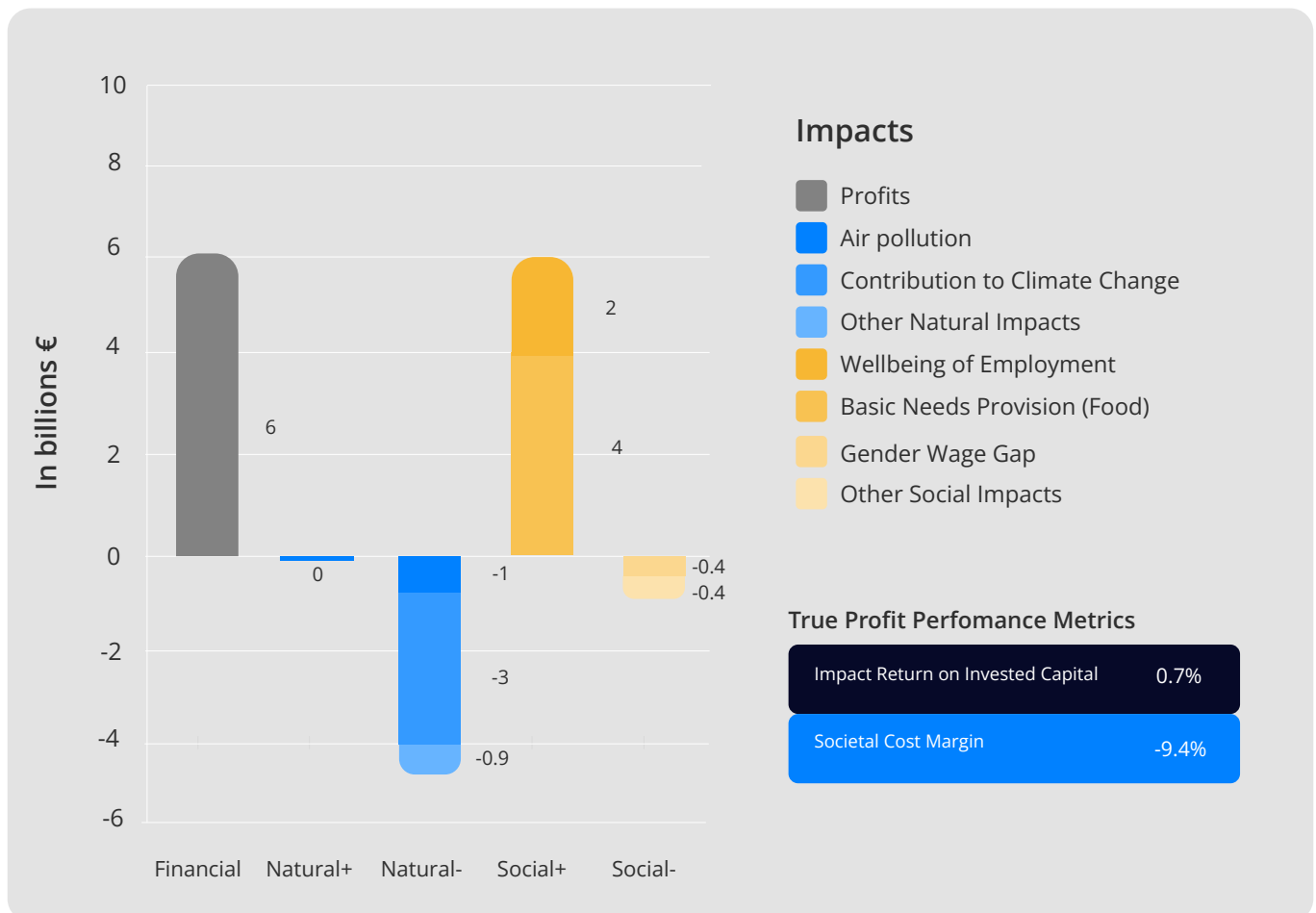


Figure 30- True Profit Unilever

Below is an overview of material social and environmental issues that were not included in this analysis of the True Profit of Unilever.

## Uncaptured Impacts

### Nutritional health effects

Nutritional health effects remain under-analysed in Unilever's True Profits assessment, as the negative health impacts of its processed food and beverage products are not fully included.



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