



World Economic Forum and Value Balancing Alliance *Joint Statement*

It has become increasingly clear that businesses can no longer be assessed purely on financial metrics. New methods that consider the wider economic, environmental and social impacts of organisations are necessary to better understand corporate performance and incentivise and reward companies pursuing sustainable growth.

The [Stakeholder Capitalism Metrics](#) project launched by the International Business Council (IBC) of the World Economic Forum and the work of the Value Balancing Alliance (VBA) have each made important contributions to this effort. Whilst the two initiatives are independent from each other, they share a common objective: the systemic integration of stakeholder capitalism or sustainability aspects in the business community. The Stakeholder Capitalism Metrics project investigates corporate disclosures by identifying a set of common indicators which focus on measuring how companies perform with regards to sustainability. The metrics are universal, industry-agnostic, and identified from well-established frameworks and standards. They are aligned with the Sustainable Development Goals and relevant to long-term value creation.

The VBA primarily develops and tests methodologies for management accounting focusing on outcomes and the valuation of corporate impacts. The methodology looks at the ultimate effect of business activities and derives a monetary valuation of those impacts. In the measuring process, the VBA builds on the core metrics identified in the World Economic Forum's project and assesses outcomes and impacts. The VBA builds upon existing approaches towards a standardized methodology, reflecting the concept of double materiality, as it measures the value to society and the value to business.

The ambitions of the two initiatives are complementary. The objective of the Forum's metrics is to improve consistency and comparability of information reported by companies and to increase adoption of ESG reporting by companies worldwide. VBA champions a standardized approach for valuing corporate impacts, which has been successfully piloted with a group of pioneering companies to improve decision-making by integrating natural, social and human capital and inform corporate disclosure about the true value contribution of business.

The significant degree of alignment in the underlying performance measurement and reporting metrics proposed by the two initiatives allows leading companies to consider adopting both.

The World Economic Forum's initiative and the VBA are part of a growing movement that seeks for greater harmonisation and rigour in sustainability and impact reporting and accounting. We are pleased to inform you that over the coming period the World Economic Forum's Stakeholder Capitalism Metrics project and Value Balancing Alliance will work together towards promoting systemic change in the direction of global sustainability / ESG accounting and reporting standards.

To achieve this crucial result will require the critical mass of corporations supporting and joining the two initiatives and leverage the private sector's collective voice to catalyse and maintain momentum towards the shared objective. As the initiatives are compatible and complementary, we strongly encourage corporations to consider participating in both initiatives.

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