



**Impact Accounting in Japanese Companies:  
Practical Significance and Insights from Leading Case Studies  
(Summarized Version)**

December 2025

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Japan Association of New Public

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## 1. Benefits of Adopting Impact Accounting

Impact accounting quantifies an entity's social and environmental impacts in monetary terms, making impact information more decision-useful and comparable. This study draws primarily on case studies of companies that have already adopted impact accounting to examine the current state of adoption, the background and objectives, the lessons learned, the benefits realized, and key considerations for implementation. The experiences of Japanese companies that have already adopted impact accounting offer the following insights.

### **(1) Enhances corporate value:**

Impact accounting makes visible a company's social and environmental value that is not captured in conventional financial statements. By providing a more comprehensive picture of corporate value, it supports long-term value creation.

- A company can quantify in monetary terms the outcomes of its activities, such as reducing environmental impacts and addressing social issues, which are often difficult to capture through conventional financial statements alone. This helps communicate the company's overall value, including its economic, social, and environmental value, to stakeholders. It also encourages a longer-term perspective in business decision-making and supports initiatives that generate social and environmental value.

### **(2) Supports strategic decision-making:**

Impact accounting contributes not only to financial value creation but also to business decision-making and strategic planning that incorporate social and environmental considerations.

- Expressing social and environmental impacts in monetary terms helps companies incorporate them into business decision-making, mitigate non-financial risks, and identify new business opportunities. It also supports the development of more sustainable growth strategies by enabling companies to evaluate both financial value and social and environmental value.

**(3) Strengthens internal engagement:**

Making visible the social and environmental value created through business activities helps increase employee engagement and motivation, deepen understanding of the company's management philosophy, and strengthen cohesion across the organization.

- When employees clearly understand how their company's operations affect society and the environment, they are more likely to see the value of their work and feel more engaged and motivated. A shared sense of purpose can also strengthen cohesion across the organization.

**(4) Builds trust with external stakeholders:**

By expressing a company's social and environmental value in concrete terms, impact accounting can serve as a common language for communication with external stakeholders such as investors, customers, and local communities.

- Because quantified impact data expresses social and environmental value in concrete terms, it is easier for stakeholders to understand and can serve as a common language for communication. This enhances a company's accountability and transparency, thereby helping to build trust with stakeholders.

**(5) Responds to growing demand for non-financial disclosure and assessment:**

Investors and the public are showing increasing interest in non-financial information, as reflected in the growth of impact investing. In this context, impact accounting provides a way to quantify a company's social and environmental contributions, making it an effective tool for meeting demand for new forms of disclosure and assessment.

- When assessing a company's long-term growth potential and risk management capacity, investors are placing increasing importance on non-financial information alongside financial information. By quantifying such information through impact accounting, companies can communicate it more clearly to investors and may be better positioned to attract stable, long-term capital.

## **2. Key Considerations in Adopting Impact Accounting**

Our research suggests that, to realize the benefits outlined in Section 1, companies need to keep the following considerations in mind when adopting impact accounting.

### **(1) Transparent disclosure**

To ensure that impact figures are credible and can be understood by both internal and external stakeholders, it is essential to disclose the underlying information clearly. This includes the reasons for selecting a particular business or activity for impact accounting from a materiality perspective, as well as the data used and the methodology applied. To prevent “impact washing,” companies should disclose not only positive impacts but also negative ones. They should also work with external organizations, such as international bodies and audit firms, to enhance objectivity.

### **(2) Building data systems and enabling continuous improvement**

To use impact accounting effectively in business decision-making on an ongoing basis, it is important to establish a plan-do-check-act (PDCA) cycle. This requires putting in place systems to collect and store the necessary data efficiently, measure impacts on a regular basis, and use the results to improve related initiatives.

### **(3) The importance of storytelling in stakeholder communication**

If a company simply presents impact figures, stakeholders may find it difficult to understand how those figures relate to the company’s underlying strategy, philosophy, and the social issues it seeks to address. To resonate with stakeholders and encourage action, it is important to present the figures within a clear narrative linked to the company’s purpose and business strategy.