

Measuring impact: methods, limits, verification

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The credibility of sustainable finance depends on measurement. Exclusion approaches are easily verified. The integration of environmental, social and governance criteria rests on ratings whose providers diverge sharply for the same company, which has led the European authorities to regulate those providers. Climate alignment is measured by emission and trajectory indicators whose methods are evolving, while impact presupposes a theory of change, outcome indicators and an attribution that few managers document completely.¹ Geneva managers use these methods with uneven degrees of rigour, with the result that institutional clients increasingly demand third-party verification.

Three principles emerge from the practice of the most demanding houses. The first is transparency of methods: publishing what is measured, how and with what limitations. The second is proportionality of claims: claiming an impact only where it is attributable and measured, and in other cases confining oneself to describing the approach. The third is verification: submitting impact reports to independent review, as accounts are. These principles, when applied, protect against greenwashing better than any regulation, although they come at a cost that clients are increasingly willing to pay.

1 Notes

1. Regulation (EU) 2024/3005 of 27 November 2024 on the transparency and integrity of ESG rating activities, published on 12 December 2024, applicable from 2 July 2026, with registration and supervision of providers by ESMA; CMS, “Tour d’horizon du nouveau dispositif européen sur les activités de notation ESG” (Overview of the new European framework on ESG rating activities), cms.law (accessed September 2026). ↩

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