Transforming business
New accounting methods as key?

Valuing Nature: Impact Measurement and Green Accounting
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Christian Heller
CEO value balancing alliance & Vice President BASF
Visit us at value-balancing.com
Contact us at info@value-balancing.com
The changing business environment

Valuation by investors

Environmental conditions

Societal movements

AI and the distribution of wealth

Future risks are non-financial

Impact of global value chains
Are we prepared for the current challenges?

“Yes, the planet got destroyed, but for a beautiful moment in time we created a lot of value for shareholders.”
Impact valuation: A business response

Traditional reporting

Impact measurement & valuation

Input

What resources have been used for a production process?

Output

How many CO₂ₑ have been emitted?

Impact

How has it affected climate change?

Outcome

How has it affected the well-being of people?

Value of impacts

How high are the costs to society?

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The challenge of comparability

- > 1000 companies piloting, just a few are disclosing
- No standardization: Data, quantification, valuation, disclosure

Comparability for broad uptake lacking

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Creating the new normal by integrating business into society and nature for a better future.

**STANDARDIZATION**
Common method to assess value to society and value to business

**EXTERNAL DISCLOSURE**
Disclosure frame for comparability similar to financial statements

**SCALABILITY**
Publicly available outcome for broad uptake

**INTERNAL BUSINESS STEERING**
Piloting in decision-making and steering along multiple capitals
Outcomes to be made available as public good.

**“Broader Enterprise Value”**

**“Integrated Account“ – value to business**
- Financial situation
  - Social capital
  - Human capital
  - Natural capital
  - Governance
  
  Scope: Own operations

**“Impact Statement“ – value to society**
- Environmental boundaries
- Social stability & inclusion
- Economic prosperity

Scope:
- Own operations

Scope:
- Value chain

**Measurement**

Assess enterprise value more comprehensively by reflecting ESG in accounting systems

Assess “true” contribution of companies by valuing business impacts on well-being
Striving for a level playing field

Investors to take the lead pushing business

Global cooperation as precondition to transform the economic system.

Accounting standards and regulation

E-GAAP
- Provide Green Accounting Principles to the EU COM
- Support the implementation of the Green Deal

Business for Inclusive Growth
- Provide the methodology for measurement and valuation
- Better link public policies and business practices for inclusive growth

Policy responses to major global problems
- New assessment for enterprise value
- Link between public and private accounts

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Established to transform business from profit maximization to value optimization

Saori Dubourg, BASF
"Now more than ever we need to rethink the role of business in society and take a new perspective on value creation."

Lee Hyoung Hee, SK
"Businesses need to incorporate both economic value and social value into their strategy to create virtuous cycle in the value chain."

Berthold Fürst, Deutsche Bank
“Every day, we face growing economic, technological and social challenges so it is essential to anticipate how these will impact us.”

Yoshihiro Ikegawa, Mitsubishi Chem.
“To realize KAITEKI we are working on creating sustainable Social Value through innovation and business model transformation as well as creating Economic Value.”

Luka Mucic, SAP
“We want to help ensure that smart integration of Impact Measurement and Valuation will ultimately become standard practice.”

Patrice Matchaba, Novartis
“We believe standardization is required in order to drive broader adoption and will ultimately serve stakeholders.”

Stefan Asenkorschbaumer, Bosch
“It is important to create standardized methods that will allow as many companies as possible to make the right decisions and to create social value through their actions.”

Magali Anderson, LafargeHolcim
“The IP&L, which complements our traditional financial and sustainability metrics, enhances decision-making and sustains our value creation.”

Sebastian Rudolph, Porsche
“For Porsche, sustainability is paramount for future success [...] to enable holistic and comparable measurement and steering.”
Thank you