

European Business & Nature Summit

Plenary 3 – Kick-starting a European business commitment for nature

Mr Christian Heller

Vice President BASF & CEO value balancing alliance



7 & 8 November 2019

#BusinessNatureSummit



**Management accounting
of the future**



value
balancing
alliance

European Business and Nature Summit
Madrid, November 8th, 2019

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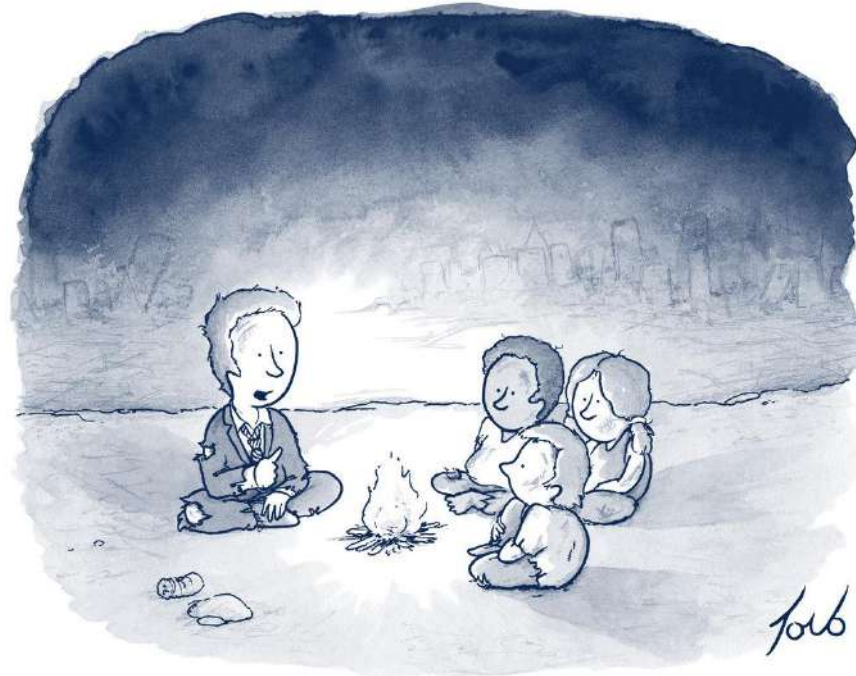
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A fundamental change is required

Integrated reporting
plus thinking
plus decision making

We need to re-think how we are evaluating business performance

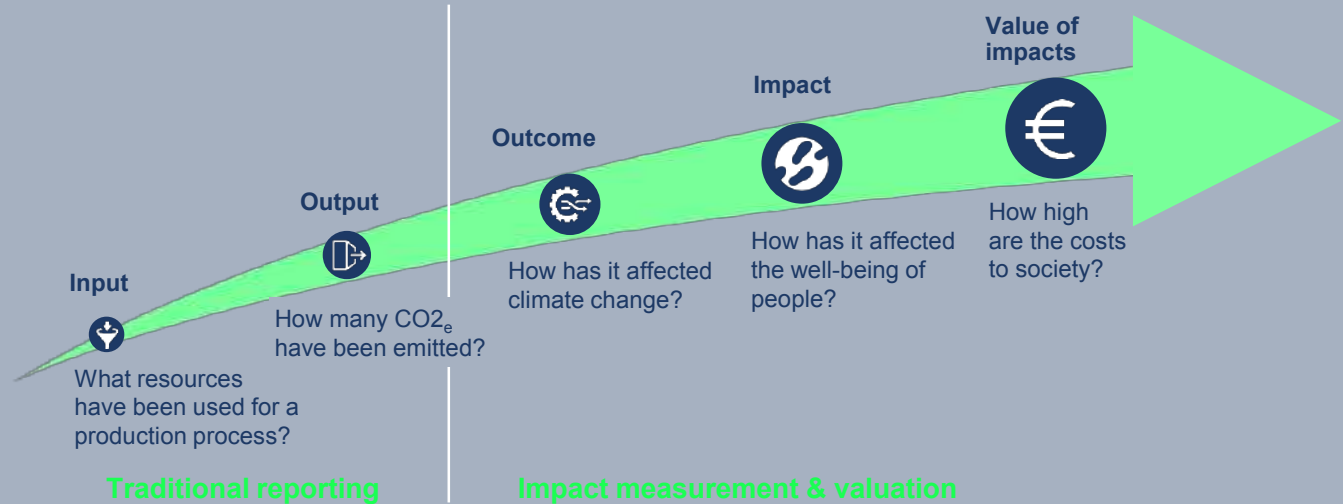


“Yes, the planet got destroyed, but for a beautiful moment in time we created a lot of value for shareholders.”

Impact valuation

Latest innovation in
performance
measurement

We need to understand the value a business is creating for society and nature



- **Yardstick:**
How do business activities affect the well-being of people
- **Metric:**
Monetary unit for pre-financial and financial aspects
- **Impact:**
Taking the wider effect on society into account

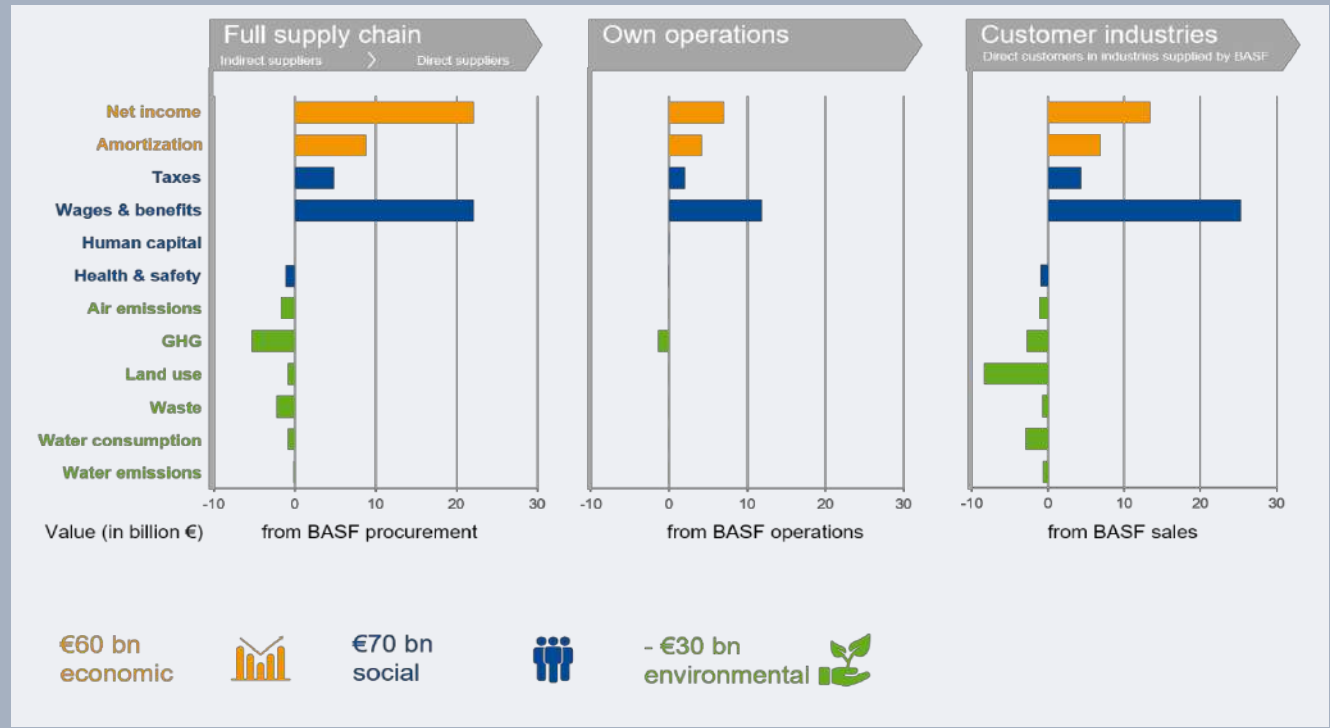
Assess

- The total benefits created for society**
- The enterprise value**

First business examples

Extending financial disclosure frames

Value-to-Society (results available since 2013)

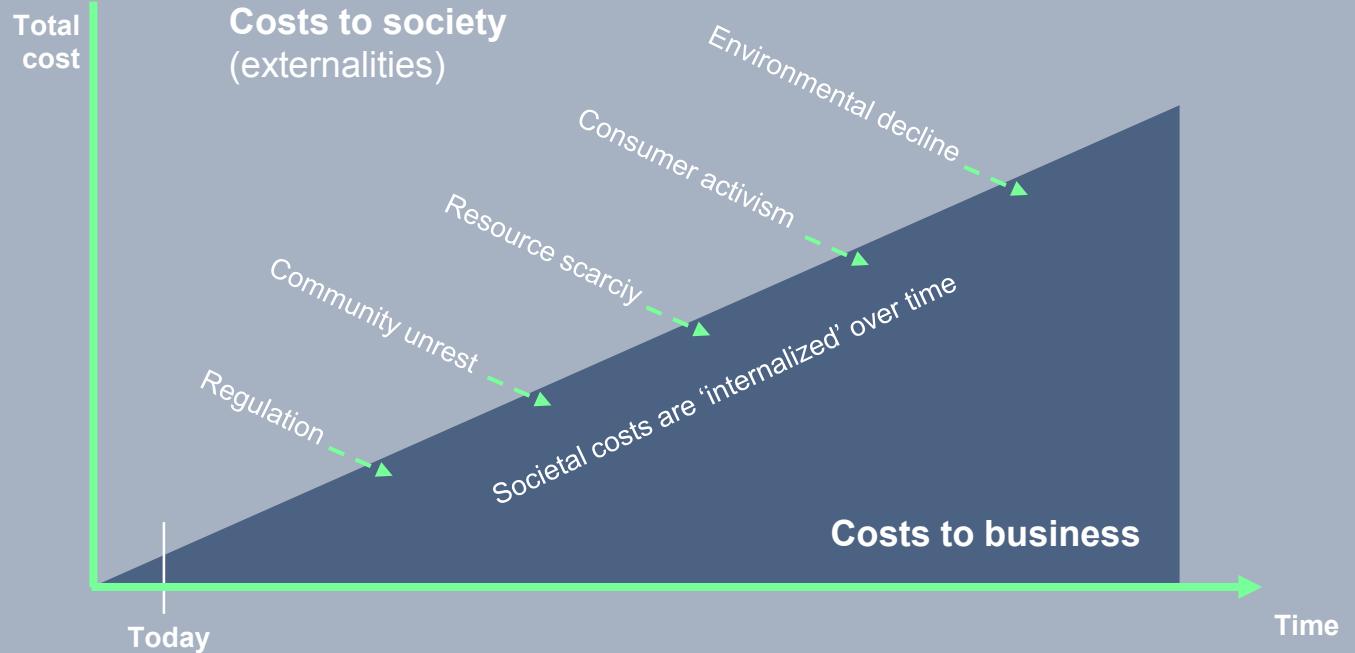


Relevance to business

Assessing risks and opportunities



We have a vital self-interest to assess our impact on natural capital



The state of play

Consistency for broad uptake missing



Our stakeholder are requesting comparable results

FES impact valuation

Double Bottom Line



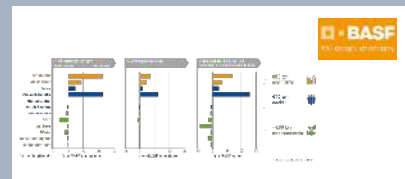
Total Impact



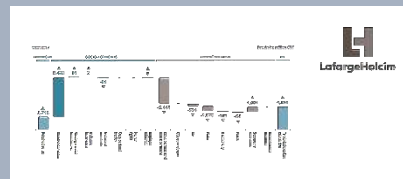
Connectivity



Value-to-Society



Integrated Profit & Loss



Common model missing

- Scope
- Data sources
- Measurement tools
- Valuation coefficients
- Disclosure format

Join forces for transformation

Develop a model to empower decision makers to create and protect long-term value



Association (e.V.)*, founded June 2019



Principles

SIMPLE

COMPREHENSIVE

TRANSFERABLE

SCALABLE

* Porsche and Mitsubishi Chemicals join as of November 2019



STANDARDIZATION

Common approach to assess and monetize total value created



EXTERNAL DISCLOSURE

Design disclosure frame similar to financial statements



SCALABILITY

Make the outcome publicly available for broad uptake via the OECD



INTERNAL BUSINESS STEERING

Pilot the model for multi-capital decision-making and steering

Global collaboration for a better future

Changing the enabling environment for good growth



We need everyone's support to transform the way we do business

Association (e.V.)

Policy advisor*



Pro-bono consultants*



Alliance

Advisory board*



Supporters*



* To be finalized, not members of association

Founded to transform business



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.”



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.”



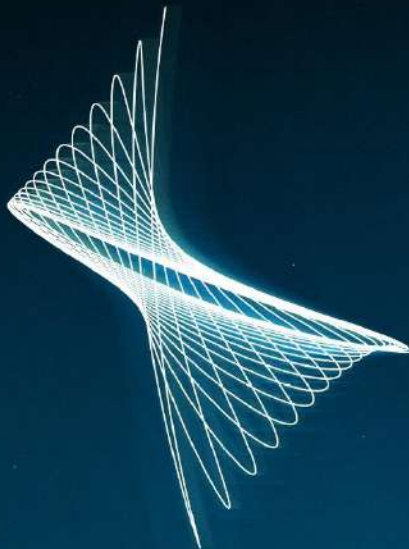
Lee Hyoung Hee, SK

“Businesses need to incorporate both economic value and social value into their strategy to create virtuous cycle in the value chain.”



Patrice Matchaba, Novartis

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



From profit maximization to value optimization



Andreas Kurali, Philip Morris

“The value balancing alliance represents a unique opportunity to contribute to the future of accounting and to provide investors and the general public a comprehensive and comparable overview.”



Jens Diebold, LafargeHolcim

“The IP&L, which complements our traditional financial and sustainability metrics, enhances decision-making and sustains our value creation for shareholders, society, and the environment over the long term.”



Luka Mucic, SAP

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

Thank you



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