

Indian Standard

ENVIRONMENTAL MANAGEMENT — MATERIAL FLOW COST ACCOUNTING — GENERAL FRAMEWORK

1 Scope

This International Standard provides a general framework for material flow cost accounting (MFCA). Under MFCA, the flows and stocks of materials within an organization are traced and quantified in physical units (e.g. mass, volume) and the costs associated with those material flows are also evaluated. The resulting information can act as a motivator for organizations and managers to seek opportunities to simultaneously generate financial benefits and reduce adverse environmental impacts. MFCA is applicable to any organization that uses materials and energy, regardless of their products, services, size, structure, location, and existing management and accounting systems.

MFCA can be extended to other organizations in the supply chain, both upstream and downstream, thus helping to develop an integrated approach to improving material and energy efficiency in the supply chain. This extension can be beneficial because waste generation in an organization is often driven by the nature or quality of materials provided by a supplier, or the specification of the product requested by a customer.

By definition, management accounting and environmental management accounting (EMA) focus on providing organizations with information for internal decision-making. MFCA, one of the major tools of EMA, also focuses on information for internal decision-making, and is intended to complement existing environmental management and management accounting practices. Although an organization can choose to include external costs in an MFCA analysis, external costs are outside the scope of this International Standard.

The MFCA framework presented in this International Standard includes common terminologies, objective and principles, fundamental elements, and implementation steps. However, detailed calculation procedures or information on techniques for improving material or energy efficiency are outside the scope of this International Standard.

This International Standard is not intended for the purpose of third party certification.

2 Normative references

The following referenced documents are indispensable for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 14050, *Environmental management — Vocabulary*