

IFVI/VBA: GHG Emissions Public Comment of Positive Impacts®

Along with some fundamental shortcomings in the accounting of GHGs/impacts

positive impacts (PI) GmbH | Cologne | 30 April 2024

Question 2 – Guidance on data gaps for Scope 3 emissions

2A. SUFFICIENT GUIDANCE ON DATA GAPS AND UNCERTAINTY FOR SCOPE 3?

2A. DO YOU THINK THE GUIDANCE ON DATA GAPS AND UNCERTAINTY FOR SCOPE 3 EMISSIONS IS SUFFICIENT? IF NOT, WHAT SHOULD BE ALTERED?

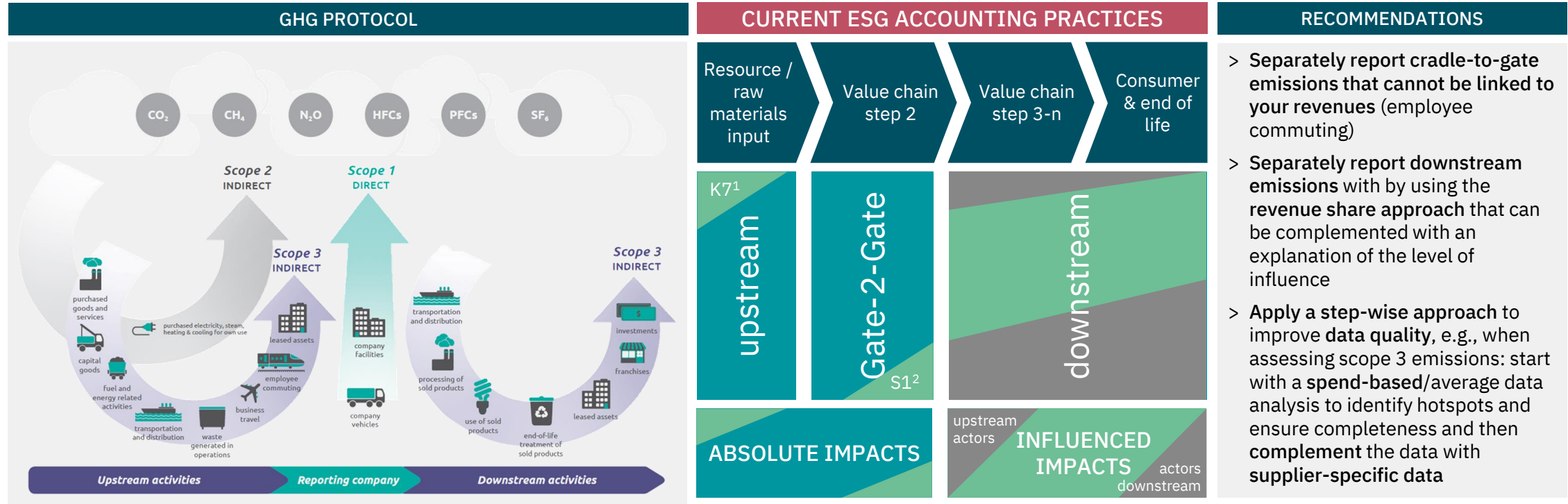
- > **Generally, yes**, however:
 - > The IFVI/VBA may consider determining thresholds of emissions intensities (in g CO₂eq/\$) along with a malus factor to incentivize the use of actual supplier data, as companies may be tempted not to use the value of a supplier if the industry average data is lower, or the use of supplier data comes at a cost

2B. SEPARATE PRESENTATION OF UPSTREAM AND DOWNSTREAM SCOPE 3 IMPACTS?

2B. DO YOU AGREE WITH THE SEPARATE PRESENTATION OF UPSTREAM AND DOWNSTREAM SCOPE 3 IMPACTS? WHY OR WHY NOT?

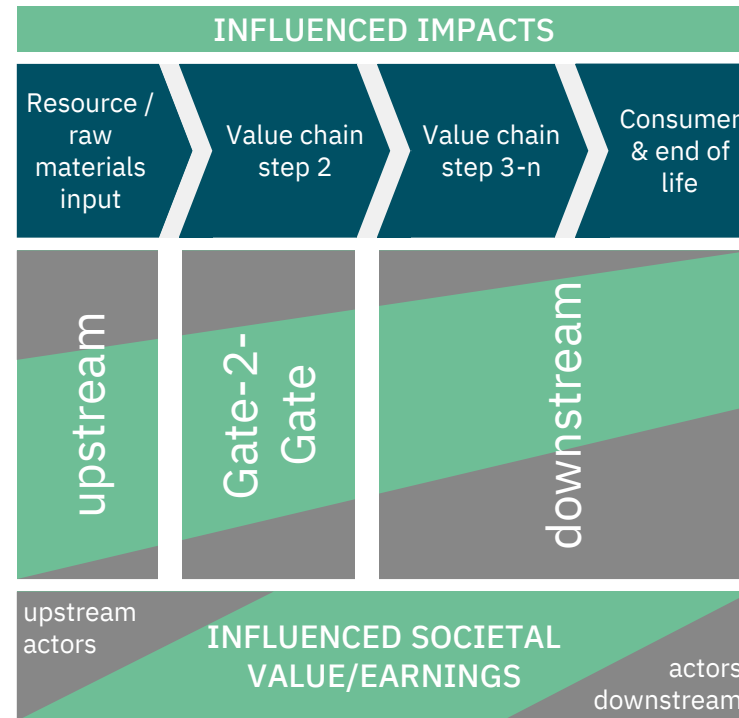
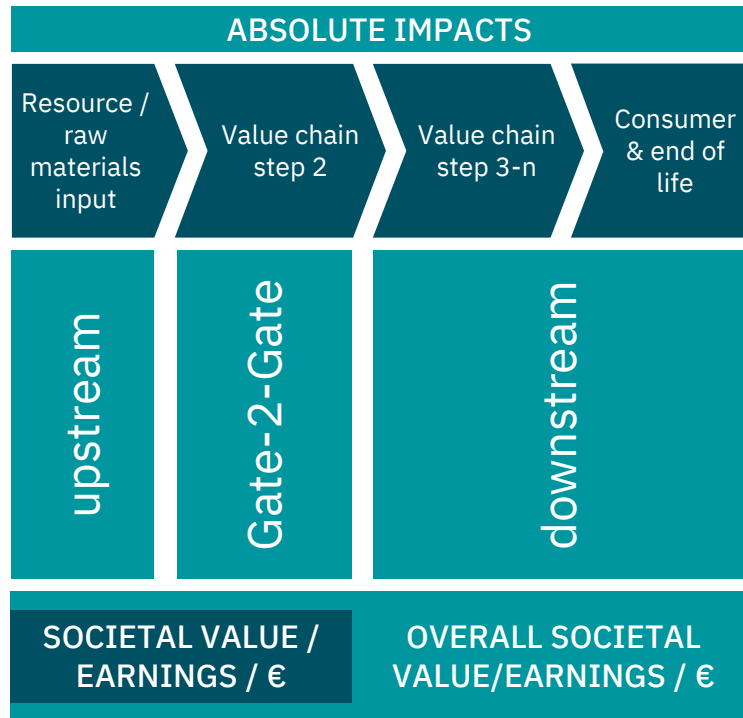
- > **Yes**, a separate presentation is a must, as downstream impacts are typically presented as an influenced impact and not an absolute one, as more than one party is involved in the decision-making of the existence and magnitude of the impacts
- > **In addition**, downstream emissions should clearly be marked as influenced emissions, with a clear description of the “end” of the considered value chain, the emission share based on the life cycle revenue share and should not be added as the total impact, as absolute, influenced and marginal impacts represent different things that should never be added
- > **Furthermore**, influenced impacts (emissions) that are not connected to a company’s cashout, such as employee commuting or Scope 1 emission of a lessor (e.g., for a leased car), should be excluded from the Scope 1 and 3 (upstream) calculations and reported separately
- > See next slides for more background on the above topics

Current ESG accounting mix absolute & influenced impacts



1) Employee commuting; 2) Scope 1 emissions of a lessor (e.g., for a leased car)

Absolute vs. influenced vs. marginal impacts

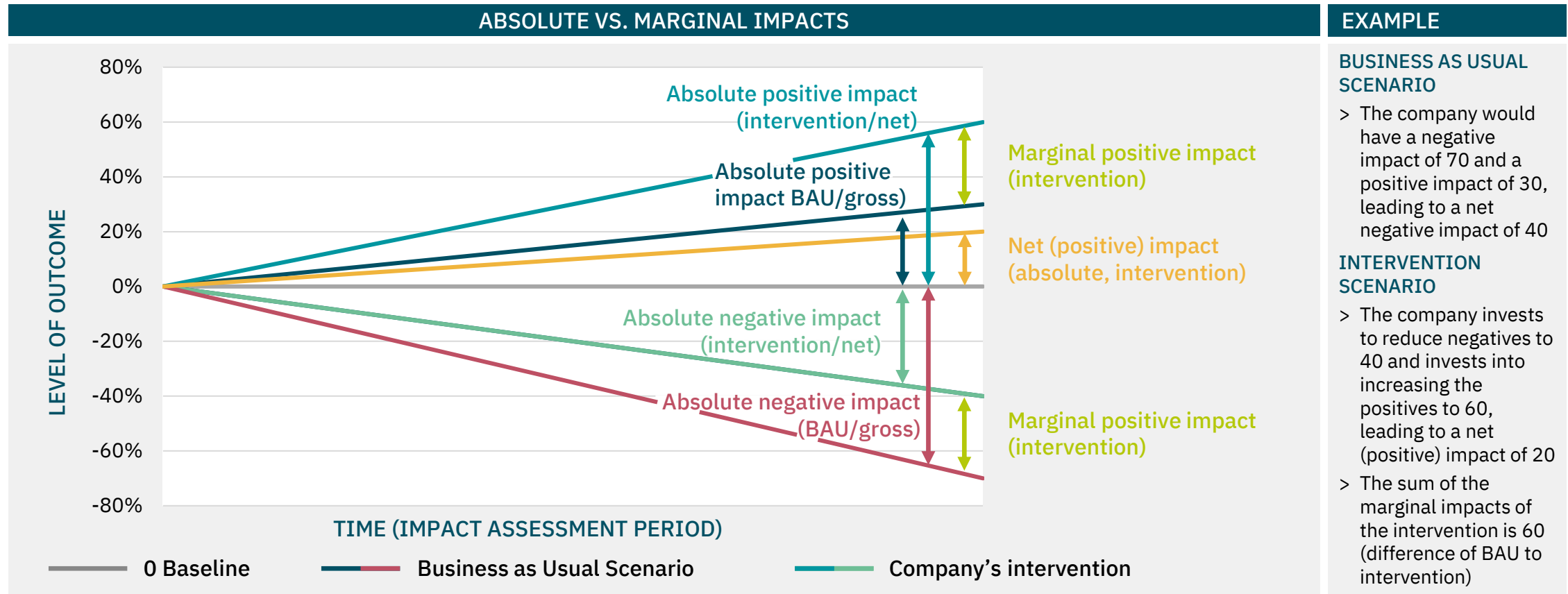


RECOMMENDATIONS TO AVOID IMPACT WASHING

- > **Product evaluations** and related strategic investments should also consider all related downstream impacts
- > On the Group side, however, downstream effects should be presented separately, and attention should be paid to completeness
- > In addition, absolute, influenced and marginal¹ effects should not be mixed as they answer different questions

¹) „The marginal impact is the delta between the BAU scenario and the outcomes of the company’s intervention.” (Positive Impacts (PI) GmbH (2022) On track to net positive?)

Absolute and marginal impacts should not be mixed



Source: © positive impacts (2024)

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Click to book a
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