



MEETING MINUTES

Valuation Technical & Practitioner Committee

Meeting type: Quarterly Meeting

Date: December 7, 2023

Location: Virtual

Contact: Dan Osusky (dosusky@ifvi.org)

This paper has been prepared for discussion of the Valuation Technical and Practitioner Committee (VTPC).

The mandate of the Valuation Technical and Practitioner Committee (VTPC) is to direct, validate, and approve the impact accounting research and methodology produced by the cooperation of International Foundation for Valuing Impacts (IFVI) and the Value Balancing Alliance (VBA). The VTPC has been established under Terms of Reference to ensure independence and multi-stakeholder perspectives.

This paper does not represent the views of IFVI, the Value Balancing Alliance, or any individual member of the VTPC. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of impact accounting methodology.

Objective:

- The objective of the meeting was to request approval for the following methodology statements and public comment periods:
 - i. approval to publish the Approval Draft of *General Methodology 1: Conceptual Framework for Impact Accounting* (GM1);
 - ii. approval to release the Exposure Draft of the Adequate Wages Topic Methodology for a public comment period; and
 - iii. approval to release the Exposure Draft of the GHG Emissions Topic Methodology for a public comment period.
- Additional objectives were to share a working draft of the architecture for the Methodology and to request approval for the 2024 Workplan.

Meeting Agenda:

Time (EST)	Topic
8:00-8:05 a.m.	Welcome
8:05-8:25 a.m.	<ul style="list-style-type: none">• <i>GM 1: Conceptual Framework for Impact Accounting</i> - Post Public Comment Review
8:25-9:00 a.m.	<ul style="list-style-type: none">• Adequate Wages Topic Methodology - Public Comment Approval
9:00-9:35 a.m.	<ul style="list-style-type: none">• GHG Emissions Topic Methodology - Public Comment Approval
9:35-9:55 a.m.	<ul style="list-style-type: none">• 2024 Workplan – Approval• Working Draft of Methodology Architecture
9:55-10:00 a.m.	Wrap Up and Next Steps

Welcome and Introduction

- All members of the VTPC (“member” or “members” hereinafter) are welcomed to the meeting and the Chair of the VTPC provided introductory remarks.
- The Chair acknowledged the conclusion of the public comment period for *General Methodology 1: Conceptual Framework for Impact Accounting*. The Chair expressed gratitude to VTPC members for their participation in small group discussions, which contributed to the development of the Exposure Drafts for the Adequate Wages and GHG Topic Methodologies. The Chair further spoke to the milestone of readying for public comment Topic Methodologies pertaining to Adequate Wages and GHG Emissions.
- The Chair asked that VTPC members focus their comments during the session on questions that they believe must be addressed prior to a vote of approval for the methodological statements being considered. The Chair reiterated that any additional questions or issues could be discussed separately.
- The technical staff emphasized that the majority of the allocated time will be dedicated to the Topic Methodologies; however, that the schedule may be adjusted, if necessary. The technical staff noted that the Topic Methodology drafts being considered during the meeting are not final versions, but rather for a public comment period for broader stakeholder feedback.

GM 1: Conceptual Framework for Impact Accounting - Post Public Comment Review

- The technical staff presented an overview of the public comment period for the Exposure Draft of *General Methodology 1: Conceptual Framework for Impact Accounting* which closed on October 31, 2023.
- The Exposure Draft solicited public comment letters on five questions set out in the explanatory note of the statement. A total of 26 letters were received, containing over 200 comments. The GM1 statement presented in the meeting had been revised for the feedback received.
- The technical staff provided a summary of the responses to the five questions and the conclusions drawn when revising the statement. The technical staff mentioned that final approval is requested from VTPC members to publish the GM1 statement in Q1 2024 along with a Basis for Conclusions.
- The technical staff also provided an overview of the process for reviewing the comment letters. All comment letters were read, and each point of feedback was categorized by the five questions in the explanatory note of the Exposure Draft. Each point of feedback was assigned to one of three categories upon an initial review.
 1. The change was reflected in the Approval Draft and the feedback was consistent across the comment letters.
 2. Additional research was conducted by the technical staff prior to reflecting any changes in the Approval Draft.
 3. Change was not reflected in the Approval Draft, either because the topic is planned for a future statement, the comment was not representative of overall feedback, and/or the comment was not relevant for the objective of GM1.
- After conducting additional research to address feedback in the second category, the Approval Draft was prepared and reviewed by the technical staff prior to distribution to the VTPC.
- The technical staff then discussed the five questions solicited for feedback during the public comment period. A summary of the presentation by the technical staff is below for each question.

Question 1: Preparers of Impact information - *Do you agree with the proposal to separate the preparers of impact accounts and users of impact information? Why or why not? If not, how would you delineate between the preparers of impact accounts and users of impact information?*

- i. A total of 21 public comments were received.
- ii. A majority of the feedback was supportive of the proposal.

- iii. A few letters expressed concern as to whether investors should be preparers or indicated that investors should be de-emphasized as preparers for the following reasons:
 - a) allowing both groups to be preparers may limit comparability; and
 - b) entities benefit from direct access to operational data and in the long run and thus should be the only preparers.
- iv. The technical staff stated that the Approval Draft retains the approach taken in the Exposure Draft to retain flexibility as impact accounting develops and because impact accounting will be tested by entities and investors in the near term. The fact that entities and investors can both be preparers is de-emphasized throughout the Approval Draft by referring to preparers collectively.

Question 2: Conservatism in faithful representation - *Do you agree with including a principle of conservatism in the Exposure Draft, primarily to legitimize impact accounting and counter-balance impact washing? Why or why not?*

- i. A total of 22 public comments were received.
- ii. A significant majority of the comments received supported the inclusion of a conservatism principle as it was proposed in the Exposure Draft. The proposal guided preparers in cases of uncertainty to “default to avoiding the overstatement of positive impacts and the understatement of negative impacts.”
- iii. Three letters suggested that the principle be removed on the grounds that the principle of faithful representation is well established in general purpose financial reporting and sufficient to prevent impact washing.
- iv. The technical staff shared that in response to the significant majority of feedback, the Approval Draft retains the approach taken in the Exposure Draft.

Question 3: Impact Pathways - *For the purposes of impact accounting as set out in the Exposure Draft, do you have any concerns with the proposed logic of the impact pathway as described in paragraph 52? If so, please describe scenarios in which the proposed impact pathway may not be applicable and how you would change the proposed logic of the impact pathway.*

- i. A total of 21 public comments were received.
- ii. The technical staff noted that the default reference scenario assumes that the entity’s activities, and any comparable substitutes, do not exist. The default reference scenario results in the measurement of absolute impact.
- iii. A significant majority of the comments had no concerns with the presentation of the impact pathway as proposed.
- iv. The proposal used definitions and stages of an impact pathway from the Impact Management Platform, except for the definition of impact, which was adapted to emphasize human well-being.

- v. A limited number of letters suggested additions, including:
 - a) setting an explicit default reference scenario and adding a description in the reference scenario section describing how the outcome stage relates to the default reference scenario;
 - b) conceptual elements, such as circularity effects, conditional relationships, feedback loops, and spill-over or ripple effects.
- vi. The technical staff shared that the Approval Draft clarifies that the reference scenario in the Exposure Draft is the default reference scenario and includes a description of how the reference scenario relates to outcomes. No additional substantive changes were made concerning impact pathways.

Question 4: Impact materiality and the qualitative characteristic of relevance - *Are the paragraphs concerning impact materiality and relevance clearly written, in that they provide clear guidance on how to determine whether to include or exclude an impact from impact accounts? If not, which paragraphs are unclear and how might you enhance their clarity?*

Do you agree with the three perspectives for determining relevance in section 3.2? If not, which perspectives do you disagree with and why?

Do you agree with defining impact materiality as an entity-specific aspect of relevance for the purposes of impact accounting? Further, do you agree with the proposal to not include mandatory impacts in the Methodology?

- i. This technical staff mentioned that this question received the majority of the public comments with a total of 44 comments.
- ii. The majority of comments expressed that the three perspectives for determining relevance required clarification, including:
 - a) that the three perspectives be reordered;
 - b) clarifying whether all three perspectives must be met for impact information to be relevant; and
 - c) that the decision-usefulness and transparency perspectives be further developed.
- iii. The technical staff shared that in response to the feedback, the Approval Draft includes several changes.
 - a) The three perspectives have been reordered.
 - b) It is clarified that only one of the three perspectives must be met for impact information to be relevant.
 - c) The perspectives relating to decision-usefulness and transparency are further developed.

- iv. No additional substantive changes were made related to impact materiality and the qualitative characteristic of relevance.

Question 5: Additional Feedback - *Do you disagree or have concern with any additional proposal(s) in the Exposure Draft? For example, this could include feedback on the framing of the overall purpose and structure of the Methodology, references used, and definitions, among other areas. If so, what are they and what do you see as viable alternative approaches?*

- i. A total of 104 public comments were received.
 - ii. The technical staff shared that the Approval Draft includes two substantive revisions.
 - a) Attribution: The revised approach is based on allocation in the GHG Protocol, which partitions input and output flows across the value chain in a manner that best reflects the causal relationship between the inputs and outputs and the impact.
 - b) Fair presentation: The section is adapted from the IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*. The section clarifies the scope of impact accounts, making clear that not only should each impact be measured and valued using the qualitative characteristics of impact information, but that impact accounts should provide for an assessment of value creation across all affected stakeholders and value chain stages.
- The technical staff made it clear that the comments received on the whole were positive and the proposals in GM1 were well received. Further, the technical staff shared that feedback received provided constructive information on how to improve the Methodology. The technical asked if any members had any substantial questions or concerns.
 - It was raised by a member if there were any implications of the changes pertaining to the revised attribution section for investors or entities.
 - The technical staff explained that the Methodology maintains emphasis on full value chain responsibility as initially intended but rather there is more clarity in the latest version.
 - The technical called for a vote for approval of the GM1 statement. With no objections raised, the statement was approved unanimously.

Adequate Wages Topic Methodology - Discussion for Public Comment Approval

- The technical staff provided an overview of the Topic Methodology development process, which included the following.
 - i. Desk research: The technical staff reviewed existing wage-related methodologies in the impact management ecosystem (especially IWAI, VBA, Shift and Capitals Coalition, OECD), relevant disclosure requirements from standard setters (especially ESRS, GRI), and extensive research literature on the link between wages and well-being.
 - ii. Expert consultation: The technical staff consulted experts at B Lab, Living Wage for US, Shift, Capitals Coalition, OECD WISE, Valuing Impact, Xi'an Jiaotong-Liverpool University (World Happiness Report), and University of Glasgow.
 - iii. VTPC Small Group on Wages: Convened on October 30th and November 17th, with thanks to Sonja Haut, Christian Hell, Sarah Hughes, Karan Peer (on behalf of Pavan Sukhdev), Marta Santamaria, Sebastian Welisiejko. The discussion covered the criteria for accepted living wage benchmarks, and the impact pathway for Adequate Wages.
 - iv. Technical staff discussion: The technical staff debated and discussed numerous research issues, including: the inclusion and separation of both remuneration and living wage deficit impacts, the method for transforming wages into well-being units, and the inclusion of societal impacts beyond worker impacts.
- The technical staff then summarized the scope of the Topic Methodology and included excerpts from the Exposure Draft:
 - i. The Topic Methodology focuses on wages, not other work conditions. The relevant excerpt from the Exposure Draft is as follows:

17 The following topics are outside the scope of the Adequate Wages Methodology but may be subject to future development under distinct Topic Methodologies:

 - a) Non-wage aspects of work conditions, including but not limited to job security, working hours, and occupational health and safety, or the existence of forced or child labor.
 - b) Pay equality and pay equity. [...]
 - ii. The Topic Methodology applies to an entity's own workforce and value chain workers. The Exposure Draft states:

14 The Adequate Wages Methodology applies not only to workers in the entity's own workforce but also workers in its value chain.

 - a) Workers in the entity's own workforce include both direct employees and non-employee workers like contractors and workers provided through employment agencies.

- b) The consideration of value chain workers is consistent with international norms established by civil society, intergovernmental organizations, and reporting standards.
 - iii. The Topic Methodology focuses on workers as affected stakeholders. The Exposure Draft states:

17 The following topics are outside the scope of the Adequate Wages Methodology but may be subject to future development under distinct Topic Methodologies: [...]

 - a) Broader societal impacts of wages paid, such as economic development, lower crime, and greater civic participation.²³
 - iv. The Topic Methodology does not cover value provided by workers to the entity. The Exposure Draft states:

The Adequate Wages Methodology estimates the value of wages paid by the entity to workers but does not estimate the value that is provided by workers to the entity in exchange.
- The technical staff then briefly provided an overview of the impact pathway for Adequate Wages. The technical staff focused on the monetized impacts on workers and introduced two distinct impacts:
 - i. Remuneration Impact: Wages provide an income for workers. Income plays a crucial role in directly supporting an individuals' well-being. This output applies to all wages, regardless of where they fall relative to the local living wage benchmark and up to a satiation point.
 - ii. Living Wage Deficit Impact: When wages fall below the local living wage, workers incur well-being damages due to their inability to maintain a decent standard of living. For wages below the local living wage benchmark, an additional output is the amount by which those wages fall below the benchmark – also known as the living wage deficit or living wage gap.
- The technical staff further explained the concepts of Remuneration Impact and Living Wage Deficit Impact by providing an example. The example included three categories of workers: category A, category B, and category C. The wages earned by Worker A allows the worker to meet basic nutritional needs; however, because they earn below the living wage, they are unable to afford the healthcare required to maintain their health. Category A workers feel both a Remuneration Impact (positive) from what they can afford and a Living Wage Deficit Impact (negative) from not being able to afford the full set of costs that make up a decent standard of living. Category B workers are above the living wage but below the satiation point. Category C workers are not only above the living wage but also above satiation. Therefore, category B and C workers feel a Remuneration Impact but not a Living Wage Deficit Impact because they are earning above the living wage.

- The technical staff then discussed that Remuneration Impact is included based on the default reference scenario described in GM1. Any wage contains an element of positive well-being impact relative to no wage at all — but that impact must be analyzed alongside negative well-being impact when a wage is below the living wage.
- The technical staff explained that Remuneration Impact and Living Wage Deficit Impact are deliberately treated separately for more nuanced analysis of impacts. However, both are included in the same Topic Methodology, recognizing they operate simultaneously and are treated as such in the poverty and welfare literatures. The technical staff also briefly explained the ‘S’-shaped curve on the presentation deck.
- The technical staff further added that the Impact Weighted Accounts Initiative (IWA) provides precedent for inclusion of Remuneration Impact. Also, VBA conceptualizes Remuneration Impact differently; VBA includes wages as a societal impact in its Gross Value Added (GVA) methodology rather than as a worker impact in its Living Wages methodology.
- The technical staff explained the choice of selecting subjective well-being as an outcome in the Methodology. Subjective well-being is used as a summative measure that captures the combined effects on multiple dimensions of a worker’s life experience and perception of their well-being. Furthermore, it avoids the statistical challenges of isolating the effect of wages on single discrete outcome. There is extensive evidence that supports the validity of subjective well-being. Most OECD countries collect subjective well-being data, with several — and the OECD itself — supporting use of subjective well-being in investment appraisal.
- However, any measure of well-being is a construct; any construct has assumptions. Subjective well-being assumes people are good judges of their own well-being. Nonetheless, studies triangulating subjective well-being against objective indicators of well-being (e.g., income, unemployment, chronic illness, divorce, widowhood) find evidence of consistency (known as “construct validity”).
- Finally, the technical staff clarified that the use of subjective well-being and well-being-years (WELLBYs) in this Topic Methodology does not prevent use of other measures of well-being in future Methodologies.
- The technical staff summarized the entity data requirements of the Topic Methodology. Preparers are required to collect wage data for their own workers, and those in their value chain, disaggregated into three categories to align with the components of the impact pathway. The following are the three categories: workers below living wage, workers above living wage but below satiation, and workers above satiation.
- The data requirements for an entity’s own workers are consistent with and expand upon ESRS S1-10 Adequate Wages, ESRS S1-6 Characteristics of the Undertaking’s Employees, and ESRS S1-10 Adequate Wages.
- The technical staff also discussed examples of living wage benchmark providers along with criteria for accepted benchmarks.

- The technical staff explained the calculation of value factors and emphasized the following points:
 - i. The well-being utility of income (WUI) factor is the effect of a \$1 change in income on a worker’s subjective well-being, with different WUIs for each country.
 - ii. WUI builds on the concept of Health Utility of Income (HUI), developed by Valuing Impact and Novartis. WUI is also aligned with the Accounting for a Living Wage project’s more general concept of “utility of income,” developed by Shift and Capitals Coalition.
 - iii. WUI estimates are based on World Happiness Report 2023 analysis of subjective well-being in 156 countries from 2005-2022
 - iv. The value of a WELLBY is taken from the UK Treasury’s Green Book guidance.
 - v. A WELLBY is a 1-point change in well-being on a 0–10 scale, for one person, for one year.
 - vi. For the purposes of the Topic Methodology, the value of a WELLBY is universal for all countries, reflecting a human rights approach that considers every person’s well-being as equally valuable, no matter where they are located.
- The technical staff provided an example by introducing a graph that illustrated the concepts of Remuneration Impacts and Living Wage Deficit Impacts in Argentina. The x-axis and y-axis of the graph were labeled Wage (USD) and Monetized Well-being Impact, respectively. Below the living wage (A), between the living wage and satiation point (B), and above the satiation point (C) were the three regions of the graph.
- The technical staff then stated that a worker below the living wage experiences a positive Remuneration Impact and a negative Living Wage Deficit Impact. A worker above the living wage but below satiation experiences a normal Remuneration Impact and workers above satiation get a Remuneration Impact that is capped at the satiation level. The technical staff emphasized that each country has its own value factor, satiation level, and living wage benchmark.
- Finally, the technical staff presented potential topics for public comment, which included the following:
 - i. The inclusion of two distinct parts of the impact pathway (Remuneration and Living Wage Deficit), whether the need and value for both are clear, and how the two should intersect with one another.
 - ii. Criteria for living wage benchmarks and how they inform preparers’ selections.
 - iii. The relevance and feasibility of the Topic Methodology for value chain application (along with clarity and detail of guidance for estimation and modeling).
 - iv. The assumptions underlying the WUI approach, including use of the World Happiness Report data and potential alternatives for consideration.

- v. Affirmation that all value is counted in an impact accounting system (as opposed to only externalities and other market failures) and that the GM1 default reference scenario (used to estimate absolute impact) is accepted by the public.
- The technical staff solicited feedback from the members, noting that it will be valuable to structure the conversation in two distinct components:
 - i. The impact pathway, which includes the Remuneration Impact and Living Wage Deficit Impact. The technical staff acknowledged that there are other approaches within the impact management ecosystem that do not explicitly follow the proposed approach. However, the objective as outlined in GM1 is to assess the total value created and destroyed by an entity, and as a result, Remuneration Impact should be included.
 - ii. The assessment of value. The technical staff noted that in-depth research has been done regarding the transition from HUI to WUI and stated that this transition may be further discussed in this meeting.
- The technical staff emphasized prioritizing questions and comments critical for potential decisions on the Adequate Wages Topic Methodology for public comment approval. Other minor comments can be handled separately or offline.
- Members provided feedback to the discussion questions.
 - A member raised the following two points:
 - In isolation, the impact pathway makes sense; however, approximately 50% of households in the USA are dual-income. How would the concept of a living wage change with dual-income households?
 - There are several types of businesses that will not be able to meet the living wage benchmark because it is not feasible for the economics of the business. Therefore, there needs to be some recognition that some companies are not able to meet the living wage benchmark.
 - The technical staff responded to the first point by stating that the Methodology adheres to the human rights definition of a living wage, which is a wage that allows a worker and their family to afford a decent standard of living. The Methodology proposes required criteria and preferred criteria for benchmarks that may be used. Whereas benchmarks assuming more than one worker are accepted, benchmarks that assume one worker per family are preferred.
 - A member asked if the dual-income household is ignored in the Methodology.
 - The technical staff mentioned that the Methodology applies the same criteria to dual-income households. The technical staff reiterated that the preferred criteria assumes one earner is covering the household needs and recognized that this assumption sets a higher bar compared to the average employment rate in a country. However, the technical staff noted preparers do have flexibility in choosing between the preferred and required criteria.

- The technical staff also noted that the complexity of calculating living wage benchmarks does not lie with the company but is carried out by benchmark providers. Preparers must select benchmarks from benchmark providers that align with the criteria.
- The technical staff addressed the second point and acknowledged that there are barriers an entity faces in meeting the living wage, providing a twofold response:
 - There are two aspects to the Topic Methodology: 1) assessing wages paid below the living wage and 2) recognizing the value of wages paid itself. The combination of the two allows for an entity to recognize a degree of positive impact provided by a wage.
 - There is an opportunity for follow-up analysis that does not have to be included in the Topic Methodology. The Topic Methodology provides for the calculation of the value created or destroyed by an entity, and in some instances, this value may be lower in a sector due to the barriers mentioned. The Topic Methodology therefore facilitates external analysis and entity-entity comparison within various sectors.
- A member voiced that these are good points and elaborated on the second point, stating that impact information in isolation can be misleading and needs to be considered in conjunction with other information.
- The member used an example of profitability, losses, and neglecting revenue growth between two companies. If the revenue growth of a fast-growing company and slow-growing company were examined and both companies were losing money, one could conclude that both companies are not doing well. However, the fast-growing company is experiencing losses due to investments to support its expansion. The member proceeded to explain that when evaluating two companies that pay below the living wage, one with low margins and the other with high margins, employment impact and the margins of the company should be assessed differently.
- The member discussed that these examples illustrate that impact accounting data cannot be evaluated independently from other data, such as financial accounting. The member concluded that the Methodology should make that clear. Otherwise, many companies will be penalized for their inability to pay the living wage. Several members in the meeting supported this point.
- A member reiterated that data should not be evaluated in isolation, but rather within the totality of information to best inform decisions. The member reiterated that this is critical and could be included in the overarching framing and context narrative of all Methodologies. Additionally, the member noted that the definition of 'remuneration' should be clear, i.e., including or excluding benefits such as pension, superannuation, welfare.
- A member raised the following points about the Topic Methodology:

- The outcome of subjective well-being is about how individuals rate their own lives, which emphasizes mental health more than would more objective measures like disability-adjusted life-years (DALYs) or quality-adjusted life-years (QALYs).
 - The Topic Methodology should consider collective bargaining, trade unions and similar aspects.
 - The challenge of comparability with subjective well-being measures. For instance, two participants that rate their well-being as a 4 out of 10 may interpret the score differently. Each participant can attach their own meaning to the number 4 within the scale.
 - The capped satiation level is challenging because one argument is that more money is welcomed by people and thus, people would want their material well-being to increase.
 - The challenge of acquiring human capital data from an entity along with its value chain.
- The technical staff addressed some of the points raised and expressed that they would be happy to provide a written formal response to the other points. The member's remarks regarding subjective well-being were acknowledged by the technical staff.
- The technical staff then discussed the shift in the landscape to move beyond GDP as an indicator of well-being and expressed confidence in the validity of subjective well-being as an indicator. The technical staff discussed research comparing subjective well-being to other objective measures such as DALYs or QALYs.
- The technical staff then discussed a call to action to increase transparency about subjective well-being as a measure, its validity from research conducted, and where it fails such as the example raised by the member — that of the two participants each rating their well-being as a 4 out of 10. However, the technical staff mentioned that the inherent subjectivity of subjective well-being may be viewed as a feature rather than a failing.
- The technical staff discussed that the 2018 study by Jebb et al. referenced in the Topic Methodology is the most recent study of income satiation identified, is well-respected, and itself refers to prior studies such as the 2013 study identified by the member. However, the technical staff acknowledged the income satiation research has to date reached mixed conclusions about the existence or not of a satiation point. The technical staff stated the need to be transparent about the changing conclusions of the income satiation research.
- It was raised by member that de-flattening the curve(s) is challenging and is supportive of the general approach beyond the comments already made. The

member also stated that they like WELLBYs approach and that the principle to rely on information produced by the benchmark provider is clever.

- The technical staff mentioned that a follow-up email would be sent pertaining to the 2024 Workplan, providing more time to discuss the Adequate Wages Methodology.
- Members continued to provide feedback on the Adequate Wages Methodology.
 - A member expressed that the Exposure Draft is very good, and that they are impressed with the applied framework but raised the following concerns:
 - Issues with the marginal benefits of income after the satiation point
 - Remuneration Impact and Living Wage Deficit Impact should be reported separately.
 - Justification for benchmark provider selection, ensuring that entities do not align with the benchmark providers that work best for them.
 - Adding an extra factor for underpayment (Living Wage Deficit Impact) because it appears that impacts are valued the same way.
 - A general approach that is not only between countries but within any country when modeling the 'S'-shaped curve, ensuring distribution effects are captured.
 - A member stated that the Exposure Draft is at a good starting point but raised the following concerns:
 - The concept of the benefits of wages switching “on” below the satiation point and “off” above the satiation point is at odds with the 'S'-shaped curve.
 - Paying a wage provides value, but the Methodology should focus on individuals paid below the living wage, as this is where behavioral changes are necessary.
 - The GM1 statement notes a default reference scenario where no alternatives are assumed; however, in reality, in many countries, workers have a safety net.
 - A universal WELLBY value – Individuals have their own willingness to pay (WTP), which varies based on their cost of living and risks specific to different places or individuals.
 - The data challenges of applying this Topic Methodology to an entity's value chain.
 - It was raised by a member that a satiation point appears draconian. The member emphasized that the satiation point does not reflect reality; wages paid in excess of the satiation level have do not have zero effect on well-being. The member stated that this concept needs to be addressed in the Methodology and proposed the following: 1) impose a declining marginal utility above a satiation

point and determine whether it should be a slow or fast rate of decay, and 2) include a buffer on the satiation point, which limits data requirements including the marginal rate of decay. The member reiterated that there needs to be a solution to address the flat line after the satiation point.

- It was raised by a member that materiality should be considered in the Methodology and that the biggest material impact is human capital creation from training and development, as emphasized in the Inclusive Wealth Report. The member also expressed concerns that the approach of this Methodology is not looking at the bigger picture such as the size of human capital or impacts on human health.
- The technical staff acknowledged concerns about the satiation point but wanted to do a pulse check on the overall use of subjective well-being as an outcome and the valuation approach.
- There was one objection by a member to the subjective well-being approach. The technical staff proceeded to ask whether to include Remuneration Impact below the living wage.
- There were three objections by members, along with the following comments:
 - A member expressed concerns about incorporating wages and the negative impact of sub-living wages in the same Topic Methodology, potentially risking an oversight of sub-living wage impacts.
 - A member expressed that they were not comfortable assigning positive impact to wages below a living wage. The member also disputed the default reference scenario of zero alternatives and highlighted countries with safety nets.
- The technical staff responded by stating that there is a finite pool of wage-earning opportunities and pointed out the difficulty in assuming that individuals can easily find a job opportunity. The technical staff pointed out that within this scenario, a set of wages that would be provided is no longer available. The technical staff also emphasized that safety nets bear a cost on society that is externalized to the government or someone else.
- It was raised by a member to consider the use-case scenario. The use-case scenario concerns people who have been employed. The reference scenario should therefore be a scenario where these individuals are employed rather than being supported by society.
- The technical staff explained that the idea is that if this company did not exist, the jobs and wages are not immediately replaced by others in the market. Therefore, the wages and the employment cannot be separated.
- Other members raised the following:

- The Topic Methodology is good, but approval relies on addressing satiation and that the method makes clear that the resulting data on wage impacts must be analyzed in relation to other information.
- The counterfactual is not zero, and salaries have already been included in the GDP contribution of the company.
- The technical staff stated that the Topic Methodology would not include salaries as a GDP contribution of the company.
- It was raised by a member that the salary needs to be added somewhere — either in the GDP contribution of the company or human capital.
- The technical staff mentioned that there is an established work plan for further methodological development related to topics such as human capital impacts.
- It was raised by a member that satiation point is the most critical. Additionally, proposing that there is no Remuneration Impact for wages paid below living wages would discourage entities from impact accounting. Furthermore, there could be perverse incentives of not including Remuneration impact, as it could incentivize companies to automating more jobs and reduce overall employment opportunities.
- It was raised by a member that some income is better than no income and that they agree with the previous member that it is not right to say an entity contributes no positive impact because it pays below the living wage.
- A member agreed with a previous point made about the potential for discouraging companies from uptake if the Topic Methodology assumes no Remuneration Impact for wages below the living wage. The member also stated that there could be a middle ground where the impact of wages below a living wage is not zero but also does not run the risk of over-estimating impact.
- A member expressed a preference for separating the impact of wages above a living wage and the impact of wages below a living wage.
- The technical staff proposed a vote for approval for public comment with the inclusion of the Remuneration Impact, adding caveats such as an adjustment to the satiation point, and exploring through public exposure whether the Remuneration Impact should be excluded from the Adequate Wages Topic Methodology.
- It was raised by a member to address the following as part of the caveats:
 - Role and functioning of the satiation point
 - Support and explanation of subjective well-being
 - Role of this Topic Methodology in the overall system of impact accounting

- There were no votes against the proposed approach. With no additional objections, the Adequate Wages Topic Methodology was approved for public comment.
- There was not sufficient time to discuss the GHG Emissions Topic Methodology. The technical staff initiated a pulse check to determine whether there were immediate concerns related to the GHG Emissions Topic Methodology. No questions were raised. The technical staff then proposed that there will be an alternative time set to discuss the GHG Emissions Topic Methodology.
- The members agreed to this proposal and the technical staff stated that they will schedule a follow up meeting to discuss GHG Emissions Topic Methodology, 2024 workplan and the architecture.

Appendix A: Attendance

VTPC Members		
Name	Attendance	Representative (If Absent)
George Serafeim (Chair)	Present	
Sonja Haut (Vice Chair)	Present	
Mohammed Abdulrahman Al-Akil	Absent	
Tom Beagent	Present	
Dr. Duoguang Bei	Present	
Jens Berger	Present	
Sarah Bratton Hughes	Present	
Adrian De Groot Ruiz	Present	
Christian Hell	Present	
Klaus Hufschlag	Absent	
Amma Lartey	Present	
Jun Suk Lee	Present	
Kelly McCarthy	Present	
Crystal Pay	Present	
Dr. Amanda Rischbieth AM FAICD	Present	
Marta Santamaria	Absent	
Pavan Sukhdev	Present	Karan Peer
Sebastian Welisiejko	Present	
Observers:		
Ben Carpenter	Present	

Technical Staff	
Name	Organization
Dan Osusky	IFVI
Ryan Daulton	IFVI
Carter Berry	IFVI
Tamsin Chen	IFVI
Mosunmola Olowu	IFVI
Marah Mohamed	IFVI
Marc Rosenfield	IFVI
Michael Verbücheln	VBA
Francisco Ortin Cordoba	VBA



MEETING MINUTES

Valuation Technical & Practitioner Committee

Meeting type: Quarterly Meeting - Follow up

Date: December 19, 2023

Location: Virtual

Contact: Dan Osusky (dosusky@ifvi.org)

This paper has been prepared for discussion of the Valuation Technical and Practitioner Committee (VTPC).

The mandate of the Valuation Technical and Practitioner Committee (VTPC) is to direct, validate, and approve the impact accounting research and methodology produced by the cooperation of International Foundation for Valuing Impacts (IFVI) and the Value Balancing Alliance (VBA). The VTPC has been established under Terms of Reference to ensure independence and multi-stakeholder perspectives.

This paper does not represent the views of IFVI, the Value Balancing Alliance, or any individual member of the VTPC. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of impact accounting methodology.

Objective:

- The objective of the meeting was to discuss the Exposure Draft of the GHG Emissions Topic Methodology for public comment period. Following the meeting, finalized meeting notes will be sent to VTPC members and votes will be requested via virtual ballot.
- An additional objective was to share considerations for a sample overall methodology architecture and discuss the approval for the 2024 Workplan.

Meeting Agenda:

Topic	Agenda
GHG Emissions Topic Methodology	Discussion for Public Comment Approval
2024 Workplan and Working Draft Methodology Architecture	Workplan Discussion for Approval; Architecture for feedback

Welcome and Introduction

- All members of the VTPC (“member” or “members” hereinafter) are welcomed to the meeting and the technical staff provided introductory remarks.
- The technical staff acknowledged the following methodology statements were approved during the first Q4 VTPC meeting:
 - i. the Approval Draft of *General Methodology 1: Conceptual Framework for Impact Accounting* (GM1) for publication; and
 - ii. the release for the Exposure Draft of the Adequate Wages Topic Methodology for public comment period conditional on a change in the approach to the satiation point.
- The technical staff noted that the VTPC members agreed to seek public feedback for the Exposure Draft of the Adequate Wages Topic Methodology despite lingering questions, with appropriate caveats and explanations.
- The technical staff emphasized that this meeting has been arranged to cover the GHG Emissions Topic Methodology and 2024 Workplan that were unable to be discussed due to time limitations in the previous meeting.
- The technical staff then discussed that the purpose of this meeting is not to request votes but rather to have a discussion and take detailed notes. Once the notes are finalized, they will be shared to VTPC members, enabling informed decisions during the requisition of votes via virtual ballots.
- The technical staff stated that the priority is to discuss the GHG Emissions Topic Methodology, however, the 2024 Workplan and Architecture will be discussed if time allows.
- The technical staff asked that VTPC members focus their comments during the session on questions that they believe must be addressed prior to a vote of approval for the methodological statement being considered. The technical staff also noted that any additional clarifying questions during the presentation can be put in the chat for a more organized meeting.

GHG Emissions Topic Methodology - Discussion for Public Comment Approval

- The technical staff thanked VTPC members for joining the meeting and revealed that the structure of this meeting would be similar to the Adequate Wages Topic Methodology presentation.
- The technical staff provided an overview of the Topic Methodology development process, which included the following.
 - i. Desk research: The technical staff conducted an extensive literature review from a variety of disciplines, reviewed existing methodologies including those from: IWAI, VBA, Capitals, Transparent, Wifor, and analyzed data requirements from standard setters (ESRS, ISSB, GRI) for consideration in the application of the methodology.
 - ii. Expert consultation: The technical staff consulted with experts at Resources for the Future, the Climate Impact Lab, the German Environmental Agency, the USA Environmental Protection Agency, University of California, Berkeley, GHG Protocol, Science-Based Targets Initiative, B Lab, and others.
 - iii. VTPC Small Group on GHG Emissions: Convened on October 25th & November 16th, with thanks to Mohammed Abdulrahman Al-Akil, Tom Beagent, Amma Lartey, Kelly McCarthy, Crystal Pay, Amanda Rischbieth, George Serafeim, Pavan Sukhdev and Sneha Phalke (on behalf of Pavan Sukhdev). The discussions covered valuation and discounting, emission reduction targets, carbon offsetting and credits, the GHG protocol, and clarity of presentation.
 - iv. Technical staff discussion: The technical staff debated and discussed numerous research issues including: Social Carbon Cost (SCC) models, discounting theory, Scope 3 value chain emissions, offset projects and carbon credits, carbon prices in context and methodology presentation.
- The technical staff briefly described the impact pathway and emphasized the following:
 - i. This impact pathway does not include an exhaustive list of monetized impacts. The current approach to developing monetized impact does not represent all impacts in the pathway and within the value factor.
 - ii. The value factor in the Methodology combines outcomes and impacts into a single value. The process of impact valuation includes emissions of the entity multiplied by the value factor.
- The technical staff then summarized the scope of the Topic Methodology and included excerpts from the Exposure Draft:
 - i. The Topic Methodology includes Scope 1, 2 and 3 emissions. The relevant excerpt from the Exposure Draft is as follows:

14 Full value chain emissions fall within the scope of the GHG Methodology. This includes upstream (cradle-to-gate), direct operations (gate-to-gate), and downstream (gate-to-grave) as defined in General Methodology. An entities'

own operations should be the same scope used for financial statements to ensure comparability. Scope 3 emissions may be based on model predictions and not directly measured due to the challenges of measuring upstream and downstream emissions. Non-wage aspects of work conditions, including but not limited to job security, working hours, and occupational health and safety, or the existence of forced or child labor.

- ii. The Topic Methodology takes a societal perspective and not of a discrete affected stakeholder group. The Exposure Draft states:

10 The GHG Methodology takes a societal perspective and not of a discrete affected stakeholder group by considering the impacts on all of society. By measuring and valuing the impacts on society, GHG impact accounts can provide guidance to entities to manage and mitigate risks.

- iii. The Topic Methodology does not include avoided emissions, renewable energy certificates, or carbon offsets. The Exposure Draft states the following:

16 Offset projects do not fall within the scope of the GHG Methodology. This includes any offset projects developed within the value chain or purchased through carbon credits. Renewable energy certificates (RECs) are also not considered within the scope of the GHG Methodology.

17 Avoided emissions are not included within the scope of the GHG Methodology. Avoided emissions (also sometimes referred to as Scope 4 emissions) are reductions to an entities' emissions that occur outside the value chain but as a result of the use of a product.

- The technical staff then discussed key components of the Topic Methodology:
 - i. Data Requirements: The GHG methodology includes all of Scope 1, 2, and 3, in alignment with emerging reporting requirements but acknowledges the need for guidance on data estimation when necessary and a separate presentation of each to allow for enhanced transparency and comparability.
 - ii. Value Factor and Valuation: The valuation process uses a value factor based on the two best available models and will be updated over time with a dynamic cost of carbon within the methodology.
- The technical staff further explained that the inclusion of scope 1,2, and 3 emissions accomplishes the following:
 - i. facilitates ease of use with data already collected through the GHG Protocol,
 - ii. aligns with major reporting requirements including ESRS, IFRS, and GRI, and
 - iii. will allow for a more comprehensive understanding of decision-useful information because, in most cases, Scope 3 represents the majority of GHG emissions attributed to an entity.

- The technical staff emphasized that data requirements requested in the Topic Methodology is the same as those requested from sections within ESRS E1: Climate Change, IFRS S2: Climate -related disclosures and GRI 305: Emissions 2016.
- The technical staff noted that the Methodology encourages preparers to strive to faithfully represent all value chain emissions, but it also acknowledges that there are many entities that may have data gaps, particularly around Scope 3. The technical staff stated that the GHG Methodology lays out guidance for how preparers should approach these data gaps to still estimate the full Scope emissions for an impact account.
- The technical staff further explained that the guidance in the Topic Methodology is in alignment with guidance from the GHG Protocol and also highlighted the three categories for preparers to consider:
 - i. Types of approaches that should be prioritized:
 - a) direct measurements of emissions over activity data (e.g. liters of fuel),
 - b) primary data from specific activities over secondary data, and
 - c) data sources of the highest quality possible.
 - ii. Features of high-quality data sources:
 - a) technological representativeness. Does the data match the technology used?
 - b) temporal representativeness. Does the data represent the actual time or age of the activity?
 - c) geographical representativeness. Does the data reflect geographic considerations of the activity?
 - d) completeness. Is the data statistically representative of the activity?
 - e) reliability. Are the data sets or sources dependable?
 - iii. Reporting of uncertainty: “Preparers should report qualitative uncertainty and, when possible, quantitative uncertainty.” The technical staff further elaborated that that this statement pertains to how preparers should report uncertainties which can be done by stating assumptions or providing descriptions of the probability or likelihood of a scenario.
- The technical staff discussed the GIVE AND DSCIM models, noting that these are brand new models which are used to predict the impacts of GHG emissions on humans.
- The technical staff further elaborated, stating that the GHG Topic Methodology recognizes that to date, social cost of carbon models cannot estimate the “total” impact of GHG emissions and therefore is still an underestimate of impact. Presently, the impacts (damages) in these two models includes:
 - i. Heat and cold-related mortality;
 - ii. Changes in energy consumption;

- iii. Losses in agricultural productivity;
 - iv. Damages from sea level rise; and
 - v. Changes in labor productivity.
- The technical staff stated that other environmental topics are not included in the model and lists the following active research examples from the developers of GIVE and DSCIM:
 - i. Quantifying impacts on biodiversity and other ecosystem services;
 - ii. Changing wildfire patterns;
 - iii. Changes to morbidity and vector-borne diseases;
 - iv. Ocean acidification; and
 - v. GIVE is also exploring new approaches to equitably weigh the impacts of GHG emissions.
- The technical staff noted that the developers of these models are working to incorporate those impacts into the models as well as the cost of carbon. The technical staff emphasized that there is also active research predicted to come out next year pertaining to equitable weighting in relation to the impacts of GHG emissions.
- The technical staff stated that the GHG Methodology sets the value factor for 2023 and 2024 GHG emissions at \$236 and \$239 per metric tonne of CO₂e, respectively. Each value factor has been adjusted for inflation to 2023 currency to allow for comparability of GHG impact accounts with other financial accounting that occurs in 2023.
- The technical staff highlighted that the values in the Topic Methodology aligns with Environmental Protection Agency (EPA) report (\$190 per metric tonCO₂e for the year 2020). However, this value has been adjusted for inflation for 2023.
- The technical staff further added that the value factor will be updated regularly to take into consideration the following.
 - i. The adjustments for inflation to make the value factor decision -useful on a yearly basis.
 - ii. The updated damage functions that are built into the models that fully represent the impacts of GHG emissions.
 - iii. The reduced discounting of damages as they are closer to present day.
 - iv. The advancements to the approved models that align with principles and concepts laid out in the General Methodology, for example the equity weighting for GHG emissions.
- The technical staff provided a summary table of the different value factors (\$/tonne CO₂e) within the ecosystem.
 - i. Companies reporting to CDP (2020) has value factors of \$25 (median) and \$2 - \$918 (range).

- ii. Value Balancing Alliance has a value factor of \$94.
 - iii. Impact Weighted Accounts Initiative has value factor of \$114 and \$316. The difference between the two values are different discount rates.
 - iv. GHG Emissions Topic Methodology has a value factor of \$236.
 - v. USA Environmental Protection Agency (EPA) has a value factor of \$190.
 - vi. Germany – Umweltbundesamt (Environmental Agency) has value factor of \$195 and \$680. The difference between the two values are different discount rates.
- The technical staff stated that these values advance their understanding of impacts from GHG emissions while simultaneously aligning closely with the current understanding on how to monetize impacts and discount future damages.
- The technical staff reiterated that values in the Topic Methodology align with the USA EPA work with the only difference being that the GHG Emissions Value Factor has been adjusted for inflation from 2020 USD to 2023 USD.
- Finally, the technical staff presented potential topics for public comments, which included the following:
 - i. The Social Cost of Carbon methodology, including the overall cost, the choice of discount rate, and the implications of a ‘dynamic’ price that changes over time.
 - ii. The approach to Scope 3 emissions, including separation of upstream and downstream Scope 3, as well as the clarity of the guidance on addressing data gaps and uncertainty.
 - iii. The future consideration of a methodology that takes into consideration RECs / offsets.
 - iv. The usability of the equations included.
 - v. The overall clarity of content and structure of the methodology statement
- The technical staff solicited feedback from the VTFC members and emphasized that the VTFC small groups were helpful in leading the Topic Methodology to this point. The technical staff also emphasized aligning the Topic Methodology with the best evidence and data while simultaneously grounding it in best practices.
- Members provided the following feedback about the Topic Methodology.
 - A member emphasized the need to be clear about how Scope 3 emissions are included considering its data availability. The member stated that the whole value chain is connected but cautioned against opening pandora’s box inadvertently.
 - The technical staff acknowledged the feedback received, noting that the Topic Methodology states that preparers should strive to faithfully represent full value emissions including Scope 1, 2 and 3. The technical staff also stated that the Methodology acknowledges data gaps and provides a set of guidance if data is unavailable. Furthermore, the Topic Methodology does not exclude entities based on

their lack of Scope 3 data; rather it encourages entities to consider the complete scope.

- A member asked whether it would be helpful to provide examples introducing a mock company in order to show how the Topic Methodology can be applied, noting it might help entities be more comfortable in using the Methodology.
- The technical staff noted that it is an interesting idea; and exemplars could be even more beneficial in the Adequate Wages Topic Methodology rather than the GHG Topic Methodology as this impact pathway is more straightforward. The technical staff further explained that examples has been discussed in the context of implementation of the Topic Methodology rather than during the public comment period. The implementation of the Methodology could include various resources such as practitioner guidance, case studies and information on how preparers can use the Topic Methodology. However, this aspect is distinct from publishing the statement itself and later providing additional resources to support implementation.
- The member noted that the approach make sense, however, it would be helpful to provide exemplars during the public comment period.
- The technical staff agreed and noted another way to make the work more tangible is to have more webinars that include examples.
- The technical staff mentioned that there is an example in *Appendix C: Future Value Factors and Example Calculations* in the GHG Topic Methodology. However, the example is not written in narrative form but rather focuses on how preparers can apply the equations to determine the monetized impact of Scope 1,2 and 3.
- It was raised by a member that entities need to plan for projects in the upcoming years and thus, it would be helpful to have a timeline for the cost of carbon from 2023 to 2040.
- The technical staff responded by stating that Table C1 in *Appendix C: Future Value Factors and Example Calculations* provides value factors from 2022 to 2030. The technical staff noted that these values are intended for analysis when considering forward looking projections from the present year. However, these value factors will be updated each year based on the evolving nature of SCC models and the reasons discussed previously.
- A member also raised that historic value factors would be beneficial as some entities have set targets based on previous years. Therefore, historic value factors are just as important as future value factors. The member emphasized that these value factors should be adjusted for inflation appropriately and that the Methodology should explicitly outline the adjustments being implemented.
- It was raised by a member whether historic value factors from Table C1 consider inflation.

- The technical staff stated that historic value factors consider inflation. The 2022 value factor is adjusted for inflation to 2022 dollars and prior years such as 2020 and 2021 will be adjusted for inflation.
- The technical staff reiterated that backcasting or forecasting the costs of carbon would be projected based on existing models; however, these values do not accurately predict the value factor of the Methodology in the upcoming years. There will be an updated value factor for each year.
- A member raised the following points:
 - Transparency is important. Therefore, parameters used to estimate the value factor such as key assumptions and data used in the modelling including discount rates should be stated in the Topic Methodology. Additionally, the GHG emission reduction scenarios used to inform the cost and any changes such as the deviation from the EPA value factor should also be noted in the Topic Methodology.
 - The member also raised that they were surprised that morbidity was not included as an impact in the models; but the models were able to include changes in labor productivity.
- The technical staff responded to the first point by stating that the Methodology incorporates the rationale behind selecting these models and the discount rates. The technical staff also noted that *Appendix B: Methodological Details* also provides thorough details on the components of the models and other additional references.
- The technical staff responded to the second point by stating that in the previous models there was a lot of exploration on the different damage functions that can be built into the models. The new models will incorporate the past damage functions, but they are notably more advanced than the previous models.
- The technical staff also mentioned that the Value Commission has consistently informed the decision -making process and there is contemplation about potentially establishing a Value Commission Index in the future.
- A member also raised that they were surprised that impacts in the model includes sea level rise and wildfires but no mention of floods.
- The technical staff acknowledged the comment and asked if there were any other substantial issues or concerns.
- It was raised by a member that it might be useful if the value factor could demonstrate how much of the cost was coming from each outcome in the impact pathway.
- The technical staff responded by stating that the model develops a value factor for each impact (damage). Each of these value factors are modelled as a function of temperature and precipitation; these functions are not developed for specific value factors for outcomes. This approach could potentially be explored but the biggest damages come from human health, loss of crops and productivity.

- The technical staff asked if there were any other comments or questions. There was no other additional feedback from the VTPC members.
- The technical staff reiterated that the meeting notes will be compiled and redistributed to the VTPC members. Additionally, there will be a request to submit votes for whether the draft methodology should be approved for public comment period.
- The technical staff noted that the draft being considered during the meeting is not the final version, but rather the purpose of the meeting is to seek approval for the draft to be released for a public comment period.
- The technical staff noted that a minor adjustment would be the addition of historical value factors to the Methodology and this updated draft will be released for public comment period.

Methodology Architecture

- The technical staff noted that they are seeking approval for the proposed methodology architecture and 2024 Work plan. However, there are number of work dynamics that can shift the timing of the work plan over the year, but the goal is to always be transparent with the adjustments.
- The technical staff presented an overview of the methodology architecture. The technical staff further elaborated that a methodology architecture will help inform the workplan and signal to stakeholders the overall vision of the methodology.
- The technical reiterated that the architecture is itself subject to change as new topics are developed and new developments occur in the ecosystem.
- The technical staff discussed decision rules that will guide the architecture and intends to seek feedback on the overall framing of the following decision rules:
 - i. Outcomes material to society: About the outcomes and impact of a business that would be material to stakeholders per GM1 guidance (not just about policies, inputs, activities, etc.).
 - ii. Comprehensive Assessment: Provides for a comprehensive assessment of value and impact of an entity.
 - iii. Aligned with standard setters: Consistent where possible and appropriate with standard setter language (priority for ESRS as most comprehensive framing).
 - iv. Impact Driver and stakeholder centric: Scope determined by impact drivers and primary stakeholder impacted (not always final stakeholder).
 - v. Focused impact pathway: Likely aligned with one (or a few) material topic and one impact pathway; not ‘transversal’ across many stakeholders or types of impact and whether it makes sense to be presented on few lines of an IP&L.
- The technical staff discussed structural hierarchies which include topics that can be organized by ‘broad’ dimensions (e.g. Social versus Environmental) by stakeholder groups, and by ‘theme’ (as necessary) which can be referred to as topics and sub-topics.

The primary 'unit' of the methodology will be topics, which will be released as their own statement.

- The technical staff presented examples of these concepts. A theme could be Diversity, Equity, and Inclusion; however, topics could be gender, racial and pay equality as well as pay equity.
- Additionally, there can also be different 'lenses' that recognize the interconnections between topics across stakeholder groups and aspects of the full methodology. A lens could be biodiversity which is cross-cutting across several environmental topics such as climate change, land use, pollution, resource use, and invasive species.
- The technical staff also presented an illustrative methodology architecture and noted that different versions of the architecture will be shared with a request for written feedback should VTPC members be interested in providing input.

2024 Work plan and Next Steps

- The technical staff highlighted the following related to the 2024 Work Plan shown in Figure 1:
 - Following the Due Process Protocol, the VTPC approves the methodology development workplan each year. Additionally, various 2024 VTPC meetings have been scheduled and sent out.
 - The proposed workplan for 2024 is intended to allow for the delivery on key workstreams including General Methodology 2 and the prioritization of Water Consumption Topic Methodology for the environmental pillar and Occupational Health & Safety (OHS) Topic Methodology for the social pillar.
 - There will also be ongoing work in industry – specific methodology which includes a pharmaceutical industry -specific methodology which started last year and the creation of the customer impact methodology.
 - A customer impact methodology is intended to serve as a bridge between the General Methodology and Industry specific methodologies, providing clear guidance for development and allowing for wider experimentation and development of industry specific methodologies not just by the technical staff but also others.
- Finally, the technical staff expressed gratitude to the members for attending the meeting and highlighted that immediate next steps include sending out the meeting minutes this week along with the ballot for votes. Additionally, requesting feedback from the VTPC members on ways to enhance their work as well as feedback on the architecture and Basis for Conclusions.

2024 Workplan

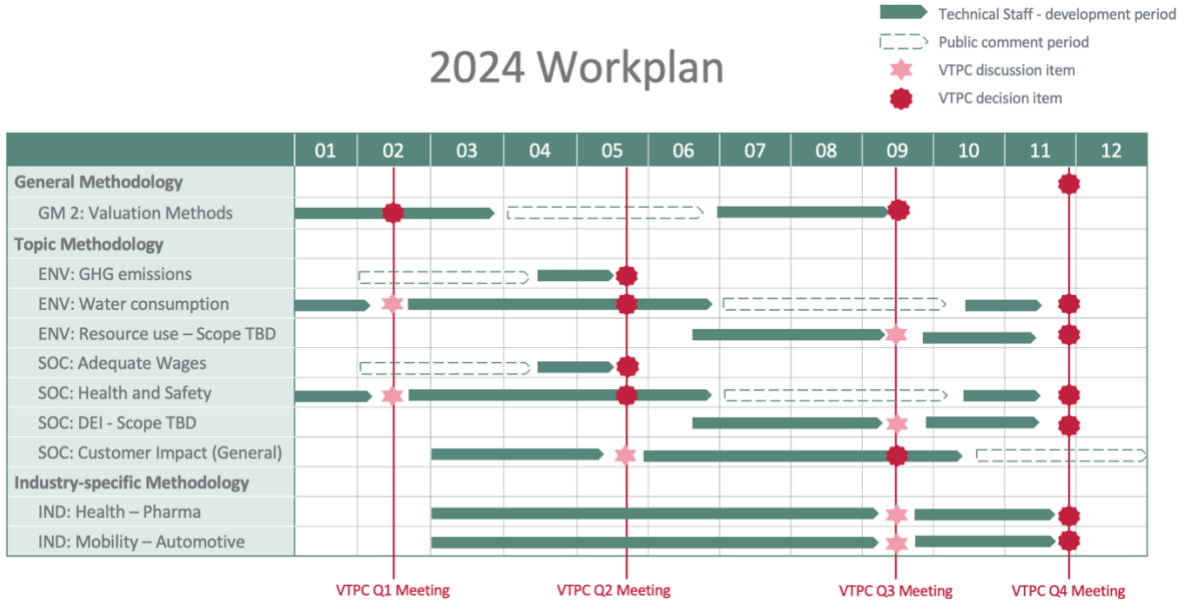


Figure 1: 2024 Workplan Overview

Appendix A: Attendance

VTPC Members		
Name	Attendance	Representative (If Absent)
George Serafeim (Chair)	Absent	
Sonja Haut (Vice Chair)	Present	
Mohammed Abdulrahman Al-Akil	Present	
Tom Beagent	Present	
Dr. Duoguang Bei	Absent	
Jens Berger	Absent	
Sarah Bratton Hughes	Absent	
Adrian De Groot Ruiz	Absent	
Christian Hell	Absent	
Klaus Hufschlag	Absent	
Amma Lartey	Absent	
Jun Suk Lee	Present	
Kelly McCarthy	Absent	
Crystal Pay	Absent	
Dr. Amanda Rischbieth AM FAICD	Present	
Marta Santamaria	Present	
Pavan Sukhdev	Absent	
Sebastian Welisiejko	Absent	
Observers:		
Yulia Romschenko	Present	

Technical Staff	
Name	Organization
Dan Osusky	IFVI
Carter Berry	IFVI
Mosunmola Olowu	IFVI
Marc Rosenfield	IFVI
Michael Verbücheln	VBA
Francisco Ortin Cordoba	VBA



Valuation Technical and Practitioner Committee Meeting Minutes Addendum

Meeting Type: Virtual Balloting on Vote for Public Comment Approval and provisional 2024 Work Plan

Date: January 11, 2024

Contact: Dan Osusky (dosusky@ifvi.org)

The mandate of the Valuation Technical and Practitioner Committee (VTPC) is to direct, validate, and approve the impact accounting research and methodology produced by the cooperation of International Foundation for Valuing Impacts (IFVI) and the Value Balancing Alliance (VBA). The VTPC has been established under Terms of Reference to ensure independence and multi-stakeholder perspectives.

This paper does not represent the views of IFVI, the Value Balancing Alliance, or any individual member of the VTPC. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of impact valuation methodology.

- Following the VTPC meeting dated December 19th, the technical staff prepared meeting minutes of the discussion and requested VTPC members to vote on the Exposure Draft of *GHG Emissions Topic Methodology* for public comment and the provisional 2024 Work Plan. The meeting minutes and balloting were initiated on December 21st, with the voting period concluding on January 10th.
- The Exposure Draft was approved for public comment by the VTPC with fifteen votes in favor, and zero votes against.
- The Provisional 2024 Work Plan was also approved by the VTPC with fifteen votes in favor, and zero votes against.

Appendix A: Voting Record

Virtual Ballots		
VTPC Members	Public Comment Approval	Provisional 2024 Work Plan
George Serafeim (Chair)	Yes	Yes
Sonja Haut (Vice Chair)	Yes	Yes
Mohammed Abdulrahman Al-Akil	Yes	Yes
Tom Beagent	Yes	Yes
Dr. Duoguang Bei	Yes	Yes
Jens Berger	Yes	Yes
Sarah Bratton Hughes	Yes	Yes
Adrian De Groot Ruiz	Yes	Yes
Amma Lartey	Yes	Yes
Jun Suk Lee	Yes	Yes
Kelly McCarthy	Yes	Yes
Crystal Pay	Yes	Yes
Dr. Amanda Rischbieth AM FAICD	Yes	Yes
Marta Santamaria	Yes	Yes
Sebastian Welisiejko	Yes	Yes
Pavan Sukhdev		
Christian Hell		
Klaus Hufschlag		

Note: Empty cells indicate votes that were not received.