MEETING MINUTES

Valuation Technical & Practitioner Committee

Meeting type: VTPC Meeting
Date: June 26, 2025
Location: Virtual
Contact: Dan Osusky (dosusky@ifvi.org)

This paper has been prepared for discussion by 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 Wages Methodology, the Waste and Circularity Methodology, and to address both local and global perspectives in valuation.
- Additional objectives included a discussion on the VTPC, next steps, and conclusions.

Meeting Agenda:

Topic	**Time** (Eastern Time)
Welcome	9:00-9:05 ET
Wages Methodology	9:05-9:45 ET
Waste and Circularity Discussion	9:45-10:15 ET
Global / Local Discussion	10:15-10:45 ET
VTPC Update	10:45-10:55 ET
Next Steps and Conclusions	10:55-11:00 ET

Welcome and Introduction Updates

- All members of the VTPC ("member" or "members" hereinafter) were welcomed to the meeting. The technical staff noted that there will not be a quorum in attendance, but that there will be no official voting on the agenda. A follow-up virtual ballot will be sent to get guidance on next steps for a particular aspect of the Wages methodology.

Presentation Deck Overview: Wages Methodology

- The technical staff requested guidance from the VTPC on a particular component of impact accounting related to Wage impacts. To inform the discussion, and the guidance being sought by the VTPC, technical staff shared the following:
    - While the goal is to achieve consensus across VTPC members, that is not always possible, as diverse perspectives helps make the work stronger. As necessary, decisions are made by majority vote.
    - VTPC members should consider the question independent from the document of the Wages methodology itself. It is about how wages should be represented in impact accounting more generally.
    - The purpose of the vote will be to inform next steps on the Wages methodology but is not intended to be an endorsement of the pre-exposure draft, or imply particular views on the well-being function, the scope and structure of the Wages methodology (or whether, if there are two impacts, they should be presented separately).
    - Decision for June VTPC Meeting
        a) The following question was proposed to the VTPC Meeting:
            - Should the (combined) impact of wages be negative* at all wages below a living wage?
                - No
                - Yes
            - To inform VTPC Member's vote, there are numerous underlying points to be considered, including a clear understanding of the meaning of the question and its implications.
            - This decision is not an approval or endorsement of:
                - The Pre-Exposure Draft in its entirety

        - The utility function applied (and whether it is necessary)
        - Netting two impacts and presenting them as one
        - If there are two wage impacts, whether they should be presented in the same methodology statement or separately

- While not exhaustive – answers to these questions, broadly speaking, yield three potential options that were briefly walked through:

    a) The first approach applies if you answer "No" to each of the questions. This approach recognizes two distinct impacts from wages: a negative social/human impact when wages are below a living wage, and a positive economic impact that starts from zero. As wages increase toward a living wage, the positive economic impact grows and eventually exceeds the negative social impact even before the full achievement of a living wage.

        - This approach is aligned with the existing Pre-Exposure Draft of the methodology. Importantly, and with reference to the specific scope of the questions in front of the VTPC, it would also be aligned with methodologies that consider GVA, (and therefore its subcomponent of wages) as a positive economic impact and a living wage impact separately. That means if you are in favor of a similar approach, you would select No to each of these questions.

        - Alternative 1 applies if the answer to the first question is "Yes." It recognizes a negative wage impact only. In this example the payment of a living wage is recognized as a neutral, or 'zero impact'. If you believe that economic impacts do not contribute to well-being or should be separated from impact accounting for other reasons, then you would select this option. (Note, in theory a 'one impact' approach could also be compatible with a recognition of a

'positive' impact at a living wage, modelled similarly to the 'at a living wage' impact in alternative two.)

- Alternative 2 recognizes two impacts in the first question but suggests that the negative impact at any wage below a living wage should fully 'counter' the positive impact and therefore be greater. This approach would recognize that the exact payment of a living wage as itself a positive impact.

- The technical staff acknowledged that pre-read materials outline different pros and cons of different approaches leading to the Recommended approach. They also acknowledged that a set of quantitative examples were previously shared in the April meeting and again as an appendix to the pre-read. To focus the conversation, two cases were presented with the different potential implications of the options before the VTPC:

    - Case 1
        - A small business just received a contract that requires work to be done in Washington DC, US. They can only afford to pay a worker $72,000 based on the contract (DC Living Wage = 76,000).

        - By offering such a job (and having it accepted), has the entity harmed that individual because of the wage they paid? Have they harmed the workforce?

        - Recommended Approach:

            - Remuneration impact (positive; economic) > Living wage deficit impact (negative; social / human)

        - Alternative 1 and 2:

            - Negative impact only

    - Case 2
        - The Minister of Sustainable Development of a low-income country is accepting proposals for

a ‘social enterprise campus’ to encourage impact investment.

- Proposal 1: Hires 1000 workers at exactly a living wage
- Proposal 2: Hires 2000 workers slightly below a living wage.
- Which Proposal should the minister choose, if either?
- Recommended Approach:
  - Proposal 2 > Proposal 1; Impact ROI positive for both
  - Alternative 1: Proposal 1= 0 Impact, Proposal 2 = Negative Impact; Negative Impact ROI for both
  - Alternative 2: Proposal 1= Positive, Proposal 2 = Negative; Proposal 1 has potential positive ROI; Proposal 2 negative ROI

- The technical staff encouraged VTPC members to make sure they were comfortable with the specific implications of their suggested approach when casting a vote.

Discussion:

- Members provided the following comments:
    - A member raised two key points:
        - They questioned the distinction between social and economic impacts, noting that the presentation deck did not clearly define the difference. From their perspective, both social and economic impacts are similar and expressed concern that the current framing combines elements previously treated as distinct, such as GVA.
        - They argued that if the methodology applies a well-being perspective to income such as evaluating minimum income thresholds. It should also consider the living wage as a valid threshold for integrating well-being into the payment of wages.
    - A member asked for clarification on the rigor of the recommended approach, especially in comparison to Alternative 2. They noted that the pros and cons of the alternatives were clearly laid out, however, it is harder to assess the practical advantages of the recommended option.
        - The technical staff noted that the major issue with Alternative 2 is that it creates a sharp jump in impact at the living wage line. This means that even a one-penny difference below or just above the living wage could show a big change in results. The recommended approach avoids this problem by smoothing out those differences, making the results more practical to apply.
        - The technical staff also noted that there is ongoing confusion around the role of GVA in impact accounting. They noted that there are different views, some see GVA as simply an economic output, while others question whether it reflects well-being or impact. For this discussion, they suggested focusing on whether the value represented in GVA (such as wages paid) should be considered a positive impact to people, even if wages fall below the living wage.

        - The member questioned why there are three separate lines, suggesting that if GVA is applied as a correction, it should be represented as one line. The second line, which reflects the wage threshold, should be combined with it- since both relate to income, they should be treated together as a single line in the method.

        - The technical staff stated that the current discussion should not focus on the shape of the curve but whether there should be a separate line representing a distinct impact from wages themselves, apart from the negative impact associated with falling below the living wage.

        - The member agreed and reiterated that outstanding questions remain and expressed concern that there is not enough clarity to make a final decision at this stage.

    - A member voiced the following:

        - They shared their evolving position regarding the recommended approach, emphasizing their initial concerns around the optics of showing a positive impact for wages below the living wages.

        - However, through extended discussions, they found the rationale behind the recommended approach increasingly persuasive. They noted, however, that this rationale needs to be clearly communicated - perhaps in a paragraph within the methodology to prevent misunderstanding.

        - The division between “economic” and “social” impact types may be misleading. In their view, both positive remuneration and the negative impact of not meeting the living wage are inherently socio-economic. They suggested revising the terminology to better reflect this integrated reality to avoid misinterpretation by external audiences.

    - A member voiced the following:

        - They expressed that Alternative 1 does not align with economic reality, as it implies that providing jobs with wages below a certain threshold result in a negative impact even though such jobs still offer income.

        - They further noted that the recommended approach prioritizes the total number of jobs created over the level of wages paid per job. This, they emphasized, is an important and explicit design decision that needs to be clearly communicated. It may be a significant policy choice that should be transparent, especially when used for benchmarking and comparative analysis.

- Technical staff acknowledged that this point was recognized in the rationale as ensuring that impacts are a function of both quantity and quality, not just one. This does not necessarily represent a 'priority' of one over the other, but a balance.

- The technical staff noted that while divergent views remain, there appears to be enough shared understanding to proceed with a vote, and that differing perspectives and other related pieces of feedback can be shared in accompanying qualitative feedback questions. A member expressed support for the recommended approach, stating that separating remuneration impact from the living wage deficit offers a clearer structure. They highlighted that this aligns with standard economic models and accounting systems but agreed that the line between economic and social impacts is often blurred. While supporting the approach, they acknowledged others' concerns and stressed the value of testing it through case studies.

- The technical staff closed by providing an overview of the voting questions again and reminding members that the current decisions will inform next steps on the exposure draft of the Wages Methodology which will still undergo public consultation. While it's important for the VTPC to make incremental progress now, there will be still future opportunities to both refine the language and align on other related decisions related to wage impacts. They encouraged members to provide additional feedback in the supplemental questions in the ballot, and thanked the group for their thoughtful input and emphasized the importance of continuing to move forward step by step.

Presentation Deck Overview: Waste Methodology

- The technical staff presented an overview of the Waste Methodology as detailed below:
    - Summary of Proposed Updates to Interim Methodology:
        a) Impacts in Interim Methodology
            - Impact: Leachate (Landfill Only)
                - Overview: Liquid released from landfills infiltrates water sources leading to health-related impacts.
                - Proposed updates: Update costs from cleanup cost to an approach that more directly measures health valuation.
            - Impact: Disamenity
                - Overview: Odor, noise, and pests from proximity to waste sites reduces well-being.
                - Proposed Updates: Improvements to the valuation approach (hedonic pricing function) and the role of population density.
            - GHGs (Landfill CH4; Incineration CO2)
                - Overview: The GHGs released from landfills and incineration are valued based on the impacts in the GHG Methodology.
                - Proposed Updates: Minor updates to emission calculations approaches.
            - Waste Air Pollution, Heavy Metals, & Dioxins (Incineration Only)
                - Overview: Incineration reduces air quality causing health impacts, reduced visibility, and affect agriculture.

    - Proposed Updates to WTP valuation and minor updates to gas emission factors.

b) New Impacts Proposed

- Impact: Marine Plastic Impacts
    - Overview: Plastics released from mismanaged waste end up in waterways driving ecosystem service-related impacts.
    - Proposed Updates: Use the foundations of WWF analysis with significant updates to probability of plastic entering the ocean and linkages between lost ecosystem services and plastics.
- Future Impacts of Resource Depletion (Circularity Principle)
    - Overview: The present use and waste of materials increases impacts to access materials for future generations
    - Proposed Updates: Use the foundations of Huppertz et al. (2019) and the LCA literature to value future impacts of present resource use.
- Land Use (Landfill Only)
    - Overview: The land needed for extraction, landfills, incineration sites, and recycling facilities drive reduced ecosystem service impacts from land.
    - Proposed Updates: Establish the linkage between tons of material and land area needed then use the Interim Land Use approach to valuing lost ecosystem services.
- Bottom Ash Impact (Incineration Only)

        - Overview: Incinerated material leads to some solid material that, when disposed, augments incineration related impacts.

        - Proposed Updates: Develop the relationship between material incineration and weight of solid material then apply hazardous landfill VFs to that component.

    - Recycling Impacts

        - Overview: Recognition that recycling still has an impact compared to other circularity practices

        - Proposed Updates: Multiply "waste diverted from disposal" metrics by substitution ratio. Recycling induces impact that is lower than disposal, but not 0.

- New Impact: Marine Plastic Waste [1]:

    a) Marine plastic has previously been discussed with the VTPC as an area of expansion to the methodology, along with the health impacts of plastic waste.

    b) Even when waste is expected to be sent to landfill or incineration, a portion of this waste is inevitably mismanaged.

    c) Plastic waste mismanagement is of particular importance, as plastic degrades over very long time periods (sometimes measured in the thousands of years). *Marine plastic*, mismanaged plastic that ends up in the ocean, is seen as particularly material.

[1] World Wildlife Fund International (2021). Plastics: The Costs to Society, the Environment, and the Economy. Meijer et al (2021). More than 1,000 rivers account for 80% of global riverine plastic emissions into the ocean. *Science Advances.*

d) Using a work produced in Beaumont et al. 2019 and work produced by the WWF, it is possible to estimate the minimum annual value impact of plastic in the ocean.

e) Using a metric from Meijer et al. 2022, it is possible to estimate the probability for plastic discarded on land to reach the ocean through river systems (metric P[e] in the source).

f) Combining these sources, it is possible to estimate how much plastic waste that is thrown out is mismanaged and ends up in the ocean.

g) *Preliminary* estimates show marine plastic impacts to be very high impact.

- Average of preliminary estimates is much larger than the median, suggesting a few large outlier countries.
- Highest impact location is the country of Palau, and the minimum is for the Democratic Republic of the Congo (likely due to their very small coastline). *
    - Step 1 - An entity reports *plastic* waste generated along with location *(Not applied to total waste)*
    - *Step 2 - Assess the likelihood that plastic leaks and arrives to waterways*
    - Step 3 - Determine the impact each marginal ton of plastic in ocean and the change in ecosystem service value

- New Impact: Future Resource Depletion:

a) In the 2024 Q4 VTPC meeting, future resource depletion was acknowledged as the most significant circularity impact not captured in the Interim Waste Methodology.

b) When non-renewable (finite) resources are incinerated or landfilled, they are no longer economically viable to collect and refine them for use again. As a result, available stocks

of non-renewable resources are permanently reduced, affecting the ability of future generations to meet their resource needs.

c) The calculation of this impact has already been explored in various ways in the academic literature and utilized by other organizations managing circularity.

d) Huppertz et al., 2019 argues that current resource prices can reflect future applications of the resource, future extraction technologies, recycling potentials, changes to reserves and extraction costs and therefore serves as basis for calculation.

e) The method argues that resource owners, who dictate resource prices, discount the future costs and benefits of resource extraction at a higher rate than society as a whole. The difference between how society values these benefits and how resource owners set prices describes the impacts modeled here.

f) Future resource depletion is relevant for non-renewable, but not renewable resource waste

g) The Huppertz supplementary database of 88 individual resources has been used to develop *preliminary* estimates of monetary values.

h) Resources are categorized as hazardous or non-hazardous via Material Safety Data Sheets, and major outliers were excluded using standard approaches (this removed resources such as Caesium, diamond, and gold)

i) Median hazardous and non-hazardous values were extracted to represent impacts, with median used to mitigate impact of outliers

j) *Preliminary* results produce moderately significant non-hazardous impacts and, comparably, very high hazardous impacts.

k) Because impact is relevant for only non-renewable waste, value factor would only be appropriate to apply to % of waste that is non-renewable (See Data Requirements) :

l) The Interim Waste Methodology does not factor in the impact of recycling, meaning that *recycling is considered to have a $0 impact* in the waste pathway, equivalent to other forms of circularity like reuse or reduction.

m) A unit of waste recycled is not equal in volume to the amount of virgin resources that it would replace; furthermore, recycling requires the use of resources.

n) From an incentive perspective, considering recycling to be equivalent to resource reuse, reduction, or other circular practices would have negative consequences and avoid driving actions towards the highest impact circularity activities.

o) Recognizing the impacts of recycling can be done through the application of *substitution ratios*, defined by the UNEP as *the proportion of avoided extraction of virgin materials corresponding to the recycling of a specific material,* which can allow us to distinguish between waste impacts and circularity-related impacts.

p) Substitution ratios can be applied to the Future Resource Depletion Value Factors to determine the impact of recycling by material type Material type would be required to be considered in data requirements.

- Data Requirements for Waste and Circularity:

a) Unlike previous methodologies (GHG and Water Consumption), Waste and Circularity encompasses a multi-faceted set of outputs / data requirements related to location, type of waste, method of disposal, etc.

b) As in GHG and Water Consumption Methodologies, proposed data requirements are rooted in existing sustainability reporting standards, particularly ESRS and GRI (ISSB has yet to develop metrics on the topic)

c) Given the complexity of data requirements and variation in data availability, collection, and estimation, a 'tiered approach' to data requirements is proposed (similar to Water Consumption), involving a 'minimum' set of data requirements, and a 'preferred' set that provides greater data granularity and accuracy.

d) Proposals also build off Interim Waste Methodology, which requires data on location (country level), and waste disposal method (landfill, incineration, unspecified)

e) An operating principle informing a 'tiered' approach is the following: Minimum requirements should be more conservative (i.e. erring towards lower positive and higher negative impacts), so users are incentivized towards the preferred option when possible.

f) As in other methodologies, aspiration is for data to be included (but distinguished) across value chain, for upstream, own operations, and downstream.

- Reporting Requirements related to Waste and Circularity:

  a) While ESRS requirements are subject to change, they are broadly aligned with GRI standards

- Alignment with Relevant Reporting Standards:

  a) Key data granularity elements of the data requirements include:

     - Waste Diverted from Disposal" (i.e. circularity) and "Waste Directed to Disposal" (i.e. linearity)

     - Non-hazardous and hazardous waste*

       - Definition of hazardous and non-hazardous is general and varies by user and local jurisdiction. This is not something that can be addressed by the methodology.

     - Disposal via landfill versus incineration

- Diverted waste distinguished between recycled versus other recovery options
- Waste types broken down by composition
    - Categories of waste types are not standardized in reporting standards and therefore may vary by user and local jurisdiction.
- Reporting standards do not distinguish by location, which is essential for understanding the context of impacts.
    - Waste location is also complicated by transnational waste trade, where location of waste produced is not necessarily where waste is disposed (see more later)

b) Key elements are related but not specifically called out in the reporting standards. Specifically:

- Plastic waste
- Waste of renewable versus non-renewable resources

- Draft Data Requirements for Discussion:

a) Data type: Geography

- Minium/Preferred: All companies report on a country level (See discussion for approach to “waste trade”)
    - Expands upon reporting requirements

b) Data type: Waste Directed to Disposal (Linear)

- Minimum: Non-hazardous waste by: Incineration: Landfill, and Unspecified.
    - Aligned with reporting requirements
- Preferred: Waste composition additionally organized by: Renewable resource waste, Non-renewable resource waste and Plastic Waste.

        - Expands upon reporting requirements

    - Minimum: Hazardous waste by: Incineration, Landfill, and Unspecified.
        - *Aligned with reporting requirements*
    - Preferred: Waste composition additionally organized by: Renewable resource waste, Non-renewable resource waste and Plastic Waste
        - Expands upon reporting requirements

c) Waste Diverted (Circular)

    - Recycled waste by: Steel and Iron, Paper, Glass, Aluminum and Mixed Plastics
        - Expands upon reporting requirements
    - Unspecified
        - Aligned with reporting requirements
    - Preferred: Waste Diverted in Other Ways
        - Aligned with reporting requirements

- Notes on Draft Data Requirements for Discussion:

a) Geography

    - It is presumed that country specific data is feasible. (While not specified in reporting standards, assumption is that this is an input into global data collection and therefore not an additional burden.)
    - Waste Trade: There are multiple options available in addressing the 'waste trade' question, depending on balancing accuracy and simplicity.:
        - Option 1: Assume that waste stays in location;
        - Option 2: Advise users to use 'end location' when known;

        - Option 3: Build country to country trade data into value factors (TBD if feasible, depending on VTPC feedback on whether worth pursuing)

    b) Waste Directed to Disposal

        - Minimum requirements fully aligned with reporting standards.
        - "Unspecified" option assumes "worst case scenario" and enables even less granular data when necessary
        - Preferred options enables more granular assessment of both plastic waste and future resource depletion

    c) Waste Diverted

        - Inclusion of recycling pathway requires recycling composition data to apply; unspecified data could represent the 'worst recycling ratio' of those presented or an alternative option.

- The following questions were proposed for discussion:
    - Impact Pathways:
        - Leachate: Should the methodology build on water pollution methodology (subject to change) or the other approach?
        - Recycling: Should recycling impacts as proposed be represented in the Waste and Circularity methodology? Should these or other recycling impacts be recognized elsewhere (for instance as value chain impacts in other environmental methodologies)? Does it provide the right incentives while being sufficiently rigorous?
        - Do you have any initial reactions to the new and revised impact pathways compared to the Interim Methodology?
    - Data Requirements:
        - What are realistic and feasible data proposals for corporates? Do the minimum requirements meet that? Do the preferred requirements represent a more

aspirational, but feasible, goal? How would you propose changing them to balance the needs between accuracy and feasibility?

- More specifically: Is it feasible for users to collect plastic waste data? Renewable versus non-renewable waste data? How can we incorporate simplified assumptions into the models where necessary?

- Should we consider incorporating the impacts of the 'waste trade' in the methodology, or have more simplified assumptions for the time being?

- Other:

  - Based on the summaries provided so far, is there any other feedback on waste and circularity that you would like to see incorporated into the pre-exposure draft?

Discussion:

- Members provided the following comments:
    - As future resources are considered, a member asked for clarification on the list of upcoming methodology topics and how they fit within the overall framework.
        - The technical staff noted that the Future Resources depletion impact will be shown in the impact pathway of the Waste and Circularity Methodology.
    - A member raised concerns about how recycling is currently accounted for in the methodology. They noted that recycled materials are assigned a zero-impact value, which may not properly incentivize recycling efforts and added the following key points:
        - Example Case: A fizzy drinks bottler using recycled PET and claims the benefit for avoiding the use of virgin material. However, the same bottle is recycled again post use, and another party claims the benefit of recycling - raising concerns over how recycling benefits are accounted for and potential for double counting
        - Whether the benefit of recycling should be captured at the end-of-life stage (e.g., waste diversion) or the beginning-of-life stage (e.g., replacing virgin material).
            - In response, the technical staff acknowledged this is a challenge. They expressed interest in continuing this discussion in a small group to explore how best to integrate both input-side (use of recycled materials) and output-side (recycling of waste) benefits.

Presentation Deck Overview: Local and global impact accounts

- The technical staff presented an overview of perspectives from the VTPC, the OHS public exposure period, and the Water Consumption public exposure period, which were highlighted in the previous meeting - VTPC Minutes.

- Thereafter, the technical staff discussed the followed points:

    - The integration of stakeholder views in valuation

        a) Local

            - Captures local reality, despite intrinsic inequalities across locations.

            - Graph: Higher impact at higher GDP per capita and Lower impact at lower GDP per capita

        b) Global w/o Utility Weights

            - Provides globally comparable results by addressing prices / income inequalities.

            - Graph: Same impact value everywhere, regardless of GDP (Horizontal line)

        c) Global and Utility weights

            - Incorporates utility / well-being implications of global adjustments (i.e. diminishing MU)

            - Graph: Higher impact at lower GDP per capita and lower impact at higher GDP per capita

    - Additional remarks on the three perspectives

        a) Local

            - Objective:

                - Expresses impacts in a local perspective

            - Use cases:

    - Relevant when using impact accounting within a single jurisdiction (e.g., managers of the entity taking decisions at a local context or operating in a single country or financial investors when assessing the impact of a company in one country)

- Application:
    - Consider local parameters when calculating value factors in aspects such as modelling (e.g., rescaling utility functions to local median wage, local VSLY based on local WTP, local base water price)
    - Consider underlying KPIs in local terms (e.g., actual wages paid or lost, local LW)

b) Global without utility weights.

- Objective:
    - Removes disparities related to income effects
- Use cases:
    - Relevant when using impact accounting across jurisdictions (e.g., financial investors or data providers operating globally or assessing the impact of a multinational company, removing income effects) or presenting impacts of an entity operating in multiple countries.
- Application:
    - Consider global parameters when calculating value factors in aspects such as modelling (e.g., rescaling utility functions to global median wage, global weighted average VSLY, uniform base water price)

        - Consider underlying KPIs in global terms (e.g., PPP-adjusted wages paid or lost. PPP-adjusted LW)

    c) Global and U.W.

        - Objective:
            - Accounts for higher marginal sensibility to impacts in LIC and lower in HIC
        - Use cases:
            - Additional consideration of recognizing different well-being implications from marginal effects (e.g., for managers and impact investors who integrate specific equity concerns or aim to reflect higher marginal effects in LICs and diminish them in HICs).
        - Application:
            - Apply utility weights to global value factors (e.g., utility weight adjustment to global VSLY to increase its value in LIC and decrease it in HIC), and/or
            - Apply utility weights to underlying KPIs in local terms (e.g., apply utility weights to PPP-adjusted wages paid or lost)

- The technical staff stated that the Future Cost of Water access is driven by two main components: Local price levels and Water Stresses. They provided the following graphs:

    a) Local (Exposure Draft)

        - The graph is a scatter plot of countries showing Value Factors (USD/m^3) versus GDP per capita. Low-income countries cluster at the bottom left, with consistently low value factors due to low local water prices - even where water is scarce. In higher-income countries,

value factors vary more, reflecting differences in water stress and pricing.

b) Global

- The graph is a scatter plot of countries showing Value Factors (USD/m^3) versus GDP per capita, under the assumption that local prices are held constant globally. In this “global” scenario, only water stress drives the differences in value factors - not income or price differences between countries.

c) Global and Utility weights

- The graph plots Value Factors (USD/m^3) against GDP per capita, with utility weights applied. It shows that Value Factors are highest in low-income countries and decrease as income rises. This pattern results from applying utility weights that increase the value for poorer countries and decrease it for wealthier ones. The curve slopes downward, highlighting that the financial cost of water access is weighted more heavily in lower-income contexts.

- The technical staff provided a brief overview of the top 10 value factors from the three perspectives, as well as a summary of Occupational Health & Safety (OHS).

a) This graph shows the value of statistical life (VSL) as a measure of human health impact, plotted against GDP per capita for three different approaches:

- Local VSL (Scale VSL to country price levels): increases with income, reflecting how countries with higher GDP assign higher monetary value to life.

- Global VSL (Global average): stays constant across all income levels, using a single reference value globally.

- Global + Utility Weights (Global average multiplied by utility weights.): decreases with income, giving higher weight to life in lower-income countries.

- The following questions were proposed for discussion:
    - Relevance for methodology: Should we give equal emphasis to all three alternatives, or prioritize one or more based on their relevance? Should both global options be presented equally?
    - General Methodology 2: Adding Callout Box: Should we define the three perspectives in the methodology and explain when and how each should be used? Should all three be included
    - Default vs. Open Rule-based approach: Should any option be considered as default for preparers of impact accounts? Opposite to this, should we allow for an open approach allowing for the three of them depending on the use case?

Discussion:

- Members provided the following comments:
    - A member suggested exploring income elasticity adjustments as an alternative to marginal utility in the methodology, particularly when considering willingness to pay studies.
        - The technical staff acknowledged the suggestion and proposed the option of a follow-up ballot to gather more formal input on the topic.

Conclusions and Next Steps

- To conclude the meeting, the technical staff provided the following updates:
    - The meeting minutes will be sent by the end of the week.
    - Wages: A virtual ballot will be sent and should be to be completed by July 11th; follow ups determined based on vote for anticipated Exposure Draft vote in August VTPC meeting.
    - General Methodology 2: Final draft anticipated in July/ August
    - Waste and Circularity: Pre-Exposure Draft to be shared in July for review
- The technical staff thanked the members for their participation, and the meeting was concluded.

Appendix A: Attendance

VTPC Members		
Name	**Attendance**	**Representative (If Absent)**
George Serafeim (Chair)	Present	
Sonja Haut (Vice Chair)	Absent	
Mohammed Abdulrahman Al-Akil	Absent	
Tom Beagent	Present	
Dr. Duoguang Bei	Absent	Xu Hu
Jens Berger	Absent	
Sarah Bratton Hughes	Present	
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	
Dr. Marta Santamaria	Present	
Pavan Sukhdev	Absent	Karan Peer
Sebastian Welisiejko	Present	Emilia Cerra
Observers:		
Yulia Romaschenko	Present	
Richard Scholz	Absent	

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