

Question Report

Day 2: GHG accounting

1. What trends are you seeing around GHG accounting and carbon neutrality?

- a. *We see that GHG accounting is becoming more prevalent. For companies already doing GHG accounting, the trend is going towards seeing GHG accounting as important as financial reporting. GHG Accounting is the starting point of the climate journey and will help companies take the next steps. It is also important to note that it takes time to build up quality data. No one has perfect data from day one.*

2. What is the difference between "carbon neutral" and "net-zero carbon"?

- a. *Carbon neutral is doing GHG accounting for the last 12 months and then purchasing carbon credits for that period you retire. It's an activity you can achieve today through the purchase of carbon credits.*
- b. *Net-zero is a long-term target, often 10-30 years. This requires true decarbonization of your GHG emissions. So once you have determined your GHG account, you should reduce emissions 4.2% per year to align with the 2050 goals of the Paris Agreement. Only residual emissions that you cannot remove from your value chain should be abated with carbon credits.*

3. How does a bank (or other financial institutions) track emissions from their clients?

- a. *A bank should collect scope 1 and scope 2 data from their clients for financed emissions. For example, if you own 10% of a business, you should account for 10% of their scope 1 and scope 2 emissions in financed emissions.*

4. Carbon sequestration from afforestation and reforestation, is it eligible to off-set the GHG emission according to net-zero standard by SBTi?

- a. *At least for short term science-based targets, carbon offsets cannot be used to meet a decarbonization target in the next 5-10 years.*

5. Is GHG accounting necessary for companies that produce renewable energy?

- a. *Yes, all companies should conduct GHG accounting. Although your business is not carbon-intensive, there will be potential for GHG reductions. It is also becoming more and more of an expectation from the investment community that a company conducts GHG accounting.*

6. Could you please advise on which factor to consider carbon emission?

- a. *Particulates do not necessarily have emissions factors, so it focuses more on the gases that we release. According to the Kyoto protocol, we should examine: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphurhexafluoride (SF₆).*

7. **What is the proper approach (equity or control) for the company that have subsidiaries, JV, or being only share holder of other companies?**
 - a. *You are allowed to choose your method. Both approaches are acceptable, and there is no preferred method. The important thing is that it is done year by year.*