Contribution True Price Session 1B

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Reporting 3.0 Conference 2017
True Price

Selection of Customers

First method worldwide to measure social and environmental costs in value chain

First method worldwide to make an Integrated Profit and Loss account

Contributions to global standards and open source methods
There is a myth that climate change action will cost heavily. But I am telling you inaction will cost much, much more.

Ban Ki-moon (2014)
Former secretary-General United Nations

"It cannot be about setting prices without including those externalities"

Christine Lagarde (2014)
IMF Managing director

Yet only when “the economic and social costs of using up shared environmental resources are recognized with transparency and fully borne by those who incur them, not by other peoples or future generations”, can those actions be considered ethical.

Pope Francis (2015)
Encíclico Laudato Si
TP approach: Integrated Profit & Loss building on shared principles
### Six capitals (IIRC)

<table>
<thead>
<tr>
<th>Capital</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Profits, salaries, taxes</td>
</tr>
<tr>
<td>Manufactured</td>
<td>New buildings, transportation, products</td>
</tr>
<tr>
<td>Intellectual</td>
<td>Patents, data</td>
</tr>
<tr>
<td>Natural</td>
<td>Climate change, water use, materials use</td>
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<tr>
<td>Social</td>
<td>Social activities, nuisances to local communities</td>
</tr>
<tr>
<td>Human</td>
<td>Health, job satisfaction, labor productivity</td>
</tr>
</tbody>
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Cases

Source: BAM Annual Report 2014

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### Case: Alliander

#### Withdrawals from capital stock
- Residual capital, received repayments and interest: €458
- Contributions from third parties: €90
- Receipts from participating interests: €258
- Income from repurchasing: €399
- Financial costs – business customers: €43
- Financial costs – households: €1,312

#### Additions to capital stock
- Increase in cash reserves: €6
- Taxes: €242
- Dividends, repayments and interest: €29

#### Intellectual capital
- Value of goods purchased by business customers: €274
- Economic change in value of traditional assets (internal): €0
- Value of goods purchased for gas transmission: €700
- Value of goods purchased for electricity transmission: €3,946

#### Manufactured capital
- Value of energy transmission to business customers: €447
- Contribution of gas transmission to well-being of consumers: €1,483
- Contribution of electricity transmission to well-being of consumers: €3,400

#### Natural capital
- Usage of scarce materials
- Soil, air and water pollution
- Waste
- Impact on ecosystems and biodiversity
- Climate change due to CO₂ emissions: €284
- Usage of scarce energy sources

#### Social and relationship capital
- Digital security: privacy violations

#### Human capital
- Safety incidents in personal surroundings
- Occupational diseases and accidents of employees (safety)
- Economic value of labour

### No categories quantified
- Change in value of intangible assets
- More and better data
- Technological development
- Development of new market models and open platforms

### Source: Alliander Annual Report 2016
Questions for this session

How do we integrate current tools to advocate together?
• Case-by-case transparency
• Joint platforms (WBSCD, GRI, IIRC, NCC)
• Cooperation with government

How do we incentivise sustainability uptake in capital and financial markets?
• True pricing
• Carrots and sticks with respect to externalities in debt lending
• Educate experts to include externalities into equity valuation
Thank you

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