

ICE Climate Transition Analytics Data: Avoided Emissions

Overview

Avoided emissions are emission reductions that occur from the use of a product - such as zero emissions vehicles, renewable energy and waste management - outside of a product's life cycle or value chain.* Asset owners and managers can use avoided emissions' assessments to evaluate how their investments are transitioning to a low-carbon economy and whether their investments are having a positive sustainability impact. Assessments of avoided emissions also enable asset owners and managers to manage risks, create indices, identify climate transition-related opportunities, and aid in reporting.

As part of [ICE's Climate Transition Finance](#) offering, ICE provides avoided emissions estimates for companies in its emissions dataset. ICE's methodology for calculating avoided emissions aligns with industry best practice and is tailored to clients' needs. It offers both a sector-specific avoided emissions model as well as company/product-specific models.

Sector-specific model

ICE's sector-specific model used to calculate avoided emissions estimates the proportion of a company's business lines associated with emissions savings by factoring in sector-specific inputs and the company's proportions of revenue in a range of economic activities. These calculations can be used by clients to report net carbon emissions and identify climate transition opportunities.

This sector-specific model uses [ICE Climate Transition Analytics Data](#) and quantifies avoided emissions for securities held in a client's portfolio.

Coverage

Over 40 sectors that are providing solutions to climate change such as zero emissions vehicles, insulation products and waste management. The model is available at security, sector or portfolio level. Below is a list of some of the common sectors covered.

- Agricultural chemicals
- Aluminium & advanced materials
- Utilities
- Semiconductor devices and analog ICs
- Clean power and smart grids
- Autonomous vehicles
- Base metals
- Biofuels
- Building products commercial vehicles (electric trucks)
- Fuel cells & industrial batteries
- Insulation products
- Hydro energy equipment
- Vehicle batteries
- Waste management
- Zero emissions vehicles
- Zero emissions vehicles components and infrastructure
- Solar energy equipment
- Wind energy equipment
- Meat alternatives
- Other mined minerals
- Pollution control equipment
- Power transmission & distribution equipment

*According to WRI - World Resources Institute, GHG Protocol



Sector-specific avoided emissions example

Carbon savings can be realized through green electricity production which has a lower carbon footprint than the grid average, or by the above average carbon emissions reductions of a company's product or service within a given industry classification.

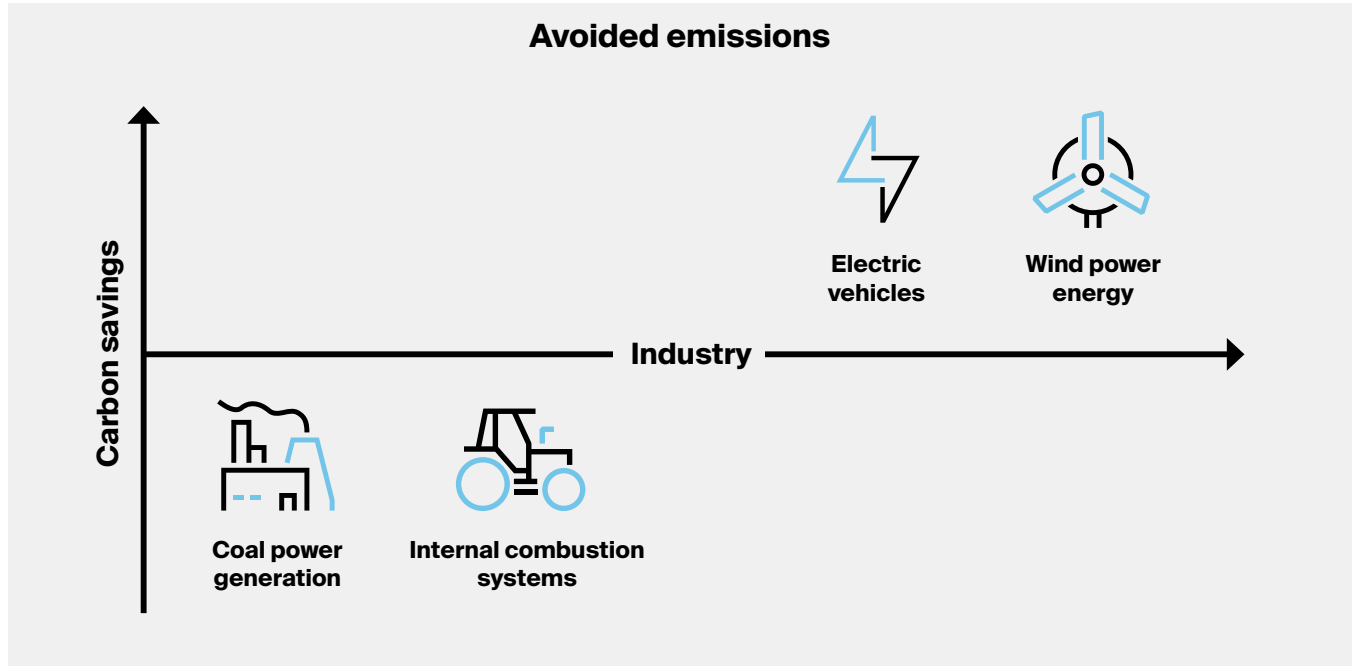


Image 1: An illustration of potential relative avoided emissions at industry level. Source: ICE

Company-specific model

ICE's company-specific model is in line with the Avoided Emissions Framework by Mission Innovation, which follows Life-cycle Assessment principles when constructing models. A life-cycle approach enables the estimation of both backward and forward-looking potential avoided emissions.

This company-specific model uses [ICE Climate Transition Analytics Data](#) and is tailored for investment decision-making and reporting. The model is constructed at a product and service level, which can then be aggregated to the company and portfolio level.

As with the sector-specific model, the company-specific model can be tailored based on client need.

Process for company-specific model

1. Identify avoided emissions mechanisms
2. Materiality assessment (Are the avoided emissions material in the context of company emissions?)
3. Data review (Company-specific or Life cycle assessment data availability)
4. Life cycle assessment modelling
5. Comparative scenario development
6. Results, methodological write-up, and guidance on reporting
7. Complete methodological details, assumptions and limitations of models are shared with clients



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GHG emissions information available is either compiled from publicly reported information or estimated, as indicated in the applicable product and services.

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