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EFRAG
Mr Patrick de Cambourg (SRB Chair)
35 Square de Meeûs
B-1000 Brussels (fifth floor)
Belgium

Comments on Draft EFRAG Implementation Guidance – IG 2 Value Chain

Dear Mr. Cambourg,

on behalf of refinq GmbH, an Austrian company, specialised in asset based physical climate risk as well as biodiversity and ecosystems assessment, we appreciate the opportunity to comment on the Draft EFRAG Implementation Guidance document "IG 2 Value Chain".

Best regards,

Lukas Fischer
CEO

Comment on Chapter 3 - FAQ 3: How should the MA process be organised to properly capture material IROs in the VC?

Our experience so far indicates that the level of professionalism among our clients regarding their value chain varies significantly. Something which is indeed reflected in IG 2. Some clients only know their value chain up to the first intermediary and, therefore, have little to no information about the environmental impacts within their value chain. Others, however, have detailed information about every supplier, including company names and location data.

We appreciate IG 2's suggestion, which offers a method for data collection even when precise location information of the value chain is lacking. However, this approach comes with its own challenges. Companies need specific information about the regions in a country from which their raw materials for their products are sourced and the environmental impacts of extracting these materials. We find ourselves questioning how this method can be effectively implemented without comprehensive location data or at least specified know-how regarding the compositions of all raw materials of a company. This applies, for example, to companies in the textile industry, for whom it is often not clear where the raw materials for a certain fiber originate from.

Moreover, we seek further guidance on whether creating a database for this purpose is a sensible approach. As we are in the process of establishing such a database, we question its viability and how it can be integrated effectively with existing systems. We would very much like to engage in a dialogue with EFRAG on this matter. This database could then be linked to our software, which is currently being tested with several large industrial clients in a proof-of-concept phase. Our software facilitates the collection of asset-related data, including physical climate risks as well as biodiversity and ecosystems, for both own and value chain locations.

With deep respect for the mission, we would like to reiterate, as mentioned above, our willingness to engage in dialogue with the EFRAG on this matter. We are eager to contribute our insights and findings to the collective pool of knowledge, further discussing the challenges and potential solutions for effective data collection and analysis within value chains.

We look forward to your response with great anticipation.