

Report on the I-PEPs consultation and pilot phase



Lessons learned for the methodology standard
and practical application



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1 CONTEXT

With the Indicators for Portfolio-related Emission Performance (I-PEPs), a new set of key performance indicators (KPIs) was developed within the scope of the [Austrian Green Finance Alliance](#) (GFA) to guide the decarbonisation of financial portfolios. This KPI set covers a broad spectrum of the financial sector with tailored metrics for investment and lending portfolios as well as for insurance activities. Despite their wide applicability, the underlying methodological approach is standardised and therefore scalable.¹

The development of I-PEPs began in 2024 and comprised a public consultation based on a discussion paper. Building on the feedback received the GFA Coordinating Office started to work on a methodology standard and **publicly consulted** its draft from June to August 2025. Simultaneously, I-PEPs were tested using actual portfolio data. In this **pilot phase**, various I-PEPs variants were analysed in collaboration with financial companies.

The conclusions for the practical application of I-PEPs are summarised in this report. They serve as the foundation for the final I-PEPs methodology standard, which is scheduled for publication by the end of 2025.

2 FEEDBACK FROM THE PUBLIC CONSULTATION

Financial companies, government actors and non-governmental organisations participated in the I-PEPs consultation. Feedback was submitted through various channels: bilateral exchange, written remarks and an online consultation form. The feedback was generally positive and confirmed the authors' assumption that I-PEPs represent an important methodological development that avoids limitations of existing decarbonisation metrics. However, the comments also highlighted that emission-based indicators need to be complemented by additional metrics, addressing other aspects of climate ambitions. It should be noted that within the GFA, I-PEPs are embedded in a so-called Climate Navigation Cockpit. This cockpit also includes indicators for the expansion of green activities and impact engagement.²

Further feedback indicated that the draft of the methodology standard does not specify a minimum climate ambition level as the basis for the target trajectory. In the final methodology standard, explanatory notes on how to set ambitious

¹ Further details on I-PEPs are provided in the draft version of the I-PEPs methodology standard.

² For more information on the Climate Navigation Cockpit, see the [GFA Handbook](#) (in German only) or the [GFA Executive Summary](#).

climate targets (aligned with the long-term GFA target of GHG neutrality by 2050) will be provided.

Additionally, the comments included technical remarks on the calculation approach of I-PEPs. The most important feedback is summarised below and commented in *italics*:

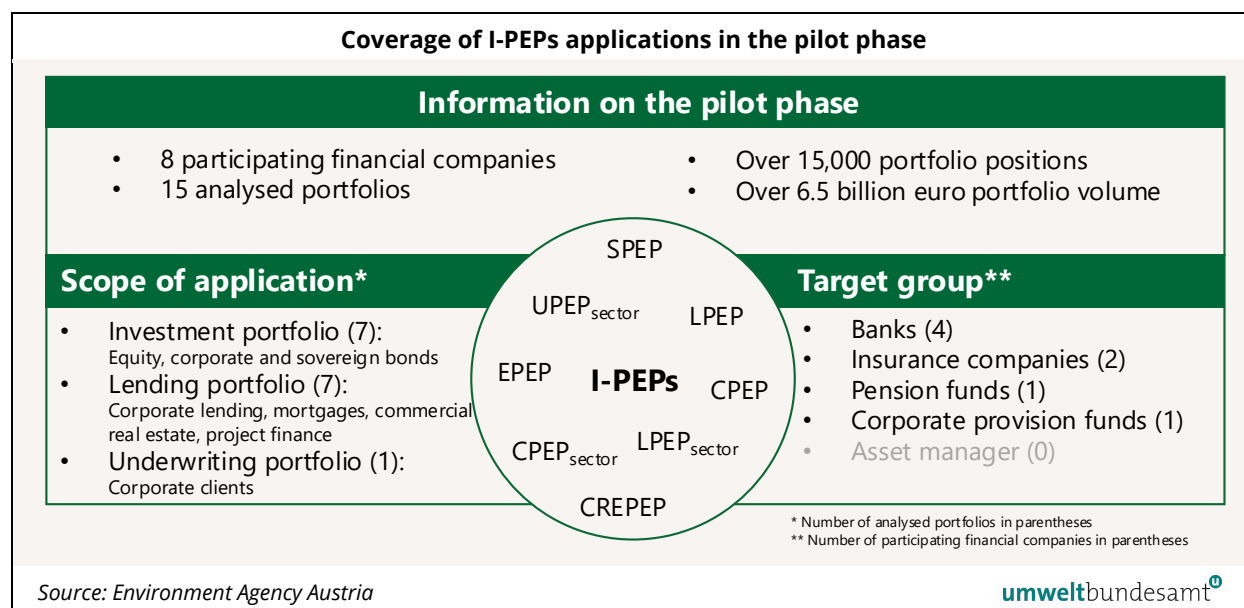
- For real estate portfolios, calculating emission performance at the level of individual properties would be theoretically useful, especially in the case of renovations aimed at improving energy performance.
This suggestion seems reasonable. However, due to the current lack of availability of energy performance certificates, it is not yet feasible in practice.
- Regarding the potential use of Scope 3 emissions, it was suggested that, in addition to the often volatile reported emission data, modelled emission data (which may be more meaningful)³ could also be used.
Currently, I-PEPs calculations are based on Scope 1 and 2 emissions. The pilot phase confirmed that a general expansion to Scope 3 emissions is only partially feasible due to data volatility. For certain emission-intensive sectors (e.g., the automotive sector), Scope 3 emissions are considered via sector-specific physical emission intensities.⁴
- The formula for calculating the decarbonisation target trajectory uses a geometric mean, while the formula for measuring progress uses an arithmetic mean. In specific cases (e.g., when decarbonisation is significantly delayed compared to the scenario), this can lead to a mathematical achievement of the target even though the emission trajectories deviate from the scenario.
The I-PEPs target setting is intended for short- to medium-term horizons. While the mentioned potential discrepancy may theoretically arise, it is considered manageable as it depends on the length of the target period.

3 CONCLUSIONS FROM THE PILOT PHASE

A total of eight national and international financial companies from the banking, insurance, pension fund and corporate provision funds sector participated in the I-PEPs pilot phase.

³ Association Europe-Finances-Régulations (AEFR). "Scope 3 Emissions". May 2025, aefr.eu/en/debate-paper/6926/scope-3-emissions-issue-9-may-2025

⁴ In this context Scope 1, 2 and 3 emissions refer to those of the financial company's counterparts.

Figure 1: Applied I-PEPs and additional information in the pilot phase.⁵

The conclusions drawn from the I-PEPs pilot phase are presented below.

3.1 General conclusions from the pilot phase

The pilot phase demonstrated that I-PEPs can be calculated efficiently using existing portfolio and emission data. In general, I-PEPs require only a limited number of input factors, making them resilient to unintended influences on emission trends.

The simplicity of the calculation methodology also makes it easier to interpret results. For instance, users can more easily identify inconsistencies in emission data across reporting periods for individual portfolio positions. Such inconsistencies can fundamentally distort the reliability of emissions-based indicators. Unlike other metrics that may require complex and resource-intensive attribution analyses, I-PEPs enable a quicker and more straightforward identification of such inconsistencies.

Besides the choice of the weighting approach, the treatment of outliers emerged as a relevant methodological factor during the pilot phase. A standardised approach to handling outliers is essential to improve the comparability of the indicator and to support consistent decision-making based on I-PEPs. The draft methodology standard already proposes a GHG fluctuation range⁶ with an exemplary lower/upper limit of ± 50 percent that is under review for the final

⁵ The abbreviations of the I-PEPs variants are explained in chapter 5 “Annex: Overview of I-PEPs variants”.

⁶ The use of a GHG fluctuation range is reserved for the case that I-PEPs users do not have information on the consistency of emission data, see chapter 5.1.1 in the [methodology standard draft](#).

version. Since outliers are not symmetrically distributed, an asymmetric GHG fluctuation range (e.g. +45 percent / –30 percent) may be more appropriate. This finding is also supported by existing literature.⁷

The pilot phase also highlighted that the portfolio coverage varies significantly depending on the I-PEPs variant and the availability of reported emission data for the respective portfolio constituents. For I-PEPs on investment portfolios, high data availability was observed. Specifically for sovereign bonds, but also for corporate investments, coverages of more than 90 percent were witnessed. For lending and underwriting portfolios lower portfolio coverages were observed.

To ensure a uniform understanding of key terms (such as the portfolio volume), it is useful to include accompanying explanations in the methodology standard. This primarily applies to terms used in the calculation formulas of I-PEPs.

Overall, the pilot phase confirms that I-PEPs are practical and scalable indicators that support financial companies in managing portfolio decarbonisation, without requiring significant additional data or resources.

3.2 Conclusions broken down by I-PEPs variants

The pilot phase showed that applying different I-PEPs variants presents distinct methodological and practical challenges. The following section outlines the specific findings.

All corporate portfolio-related metrics (CPEP, LPEP, UPEP)

As companies disclose their emission data at different times, there is generally a time lag between the most recent reported emission data available. This discrepancy can vary depending on when the data is collected for the I-PEPs calculation. Whether the I-PEPs calculation is performed on the most recent emission data available or on a uniform reporting year influences the results. The final methodology standard will include a clear specification on this topic.

Investment portfolio – listed equity and corporate bonds (CPEP)

To address volatile emission performances, the draft methodology standard proposes the use of a GHG fluctuation range. However, corporate investment portfolios often consist of a large number of individual positions. This can make it difficult to manage volatile emissions, as a bottom-up analysis of all positions outside the GHG fluctuation range might be rather resource demanding. While excluding systematically all outliers simplifies the calculation, it risks omitting valid emission performances. A potential solution is a hybrid approach where, in addition to exclusions, outliers with the highest Combined Weighting Factors

⁷ Scientific Portfolio. “Measuring the alignment of portfolio emissions”. April 2025, cdn.prod.website-files.com/672cea0ae7889396005b1e87/68b7fa79dd5c29b90a909457_measuring-the-alignment-of-the-portfolio-emissions-2025.pdf

are analysed in more detail. The final methodology standard will give more guidance for handling this challenge.

Investment portfolio – sovereign bonds (SPEP)

For sovereign bonds, the type of analysed emissions is crucial and will be elaborated on in the final I-PEPs methodology standard. It should be noted that the emission data available for sovereigns often lags significantly behind the reporting year of the financial company. This challenge can currently not be resolved and should be transparently disclosed.

Lending portfolio – mortgages and commercial real estate (MPEP, CREPEP)

The approach to collect energy performance certificates can affect the calculation of I-PEPs related to real estate. A consistent approach is therefore needed for buildings where certificates are added retrospectively. This means that buildings that are already included in the portfolio in the previous year, but for which certificates are only available in the current reporting year, must be included in the I-PEPs calculation for both years.

When financing building renovations, financial companies should actively pursue updating the energy performance certificate to ensure a realistic representation of portfolio decarbonisation.

4 SUMMARY AND OUTLOOK

The public consultations and the pilot phase have shown that I-PEPs can be calculated in a resource-efficient and transparent way, with results that are both robust and meaningful.

The insights gained will feed into the development of the final methodology standard, which is scheduled for publication by the end of 2025. Once published, the I-PEPs methodology standard will be made available to financial companies worldwide.

Within the scope of the GFA, I-PEPs will be used as a KPI set for the “Portfolio Decarbonisation” steering module of the Climate Navigation Cockpit, starting with the release of the GFA Handbook Version 5.0.⁸

⁸ The publication of version 5.0 of the [GFA Handbook](#) is planned for the end of 2025 (available only in German).

5 ANNEX: OVERVIEW OF I-PEPS VARIANTS

Table 1: Overview of I-PEPs variants that have been tested in the pilot phase.

Abbreviation	Name
CPEP	Corporate Investment Portfolio-related Emission Performance
CPEP_{sector}	Corporate Investment Portfolio-related Emission Intensity Performance (sector)
LPEP	Lending Portfolio-related Emission Performance
LPEP_{sector}	Lending Portfolio-related Emission Intensity Performance (sector)
SPEP	Sovereign Bond Portfolio-related Emission Performance
CREPEP	Commercial Real Estate Portfolio-related Emission Intensity Performance
EPEP	Electricity Production Portfolio-related Emission Intensity Performance
MPEP	Mortgage Portfolio-related Emission Intensity Performance
UPEP	Corporate Underwriting Portfolio-related Emission Performance

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