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# Exposure Draft

IFRS<sup>®</sup> Sustainability Disclosure Standard

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## **[Draft] IFRS S2 Climate-related Disclosures Appendix B Industry-based disclosure requirements**

Volume B64—Car Rental & Leasing

Comments to be received by 29 July 2022



This industry from Appendix B Industry-based disclosure requirements accompanies the Exposure Draft ED/2022/S2 *Climate-related Disclosures* (published March 2022; see separate booklet). It is published by the International Sustainability Standards Board (ISSB) for comment only. Comments need to be received by 29 July 2022 and should be submitted by email to [commentletters@ifrs.org](mailto:commentletters@ifrs.org) or online at <https://www.ifrs.org/projects/open-for-comment/>.

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## Introduction

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*This volume is part of Appendix B of [draft] IFRS S2 Climate-related Disclosures and is an integral part of that [draft] Standard. It has the same authority as the other parts of that [draft] Standard.*

This volume sets out the requirements for identifying, measuring and disclosing information related to an entity's significant climate-related risks and opportunities that are associated with specific business models, economic activities and other common features that characterise participation in this industry.

The industry-based disclosure requirements are derived from SASB Standards (see paragraphs B10–B12 of [Draft] IFRS S2 *Climate-related Disclosures*). Amendments to the SASB Standards, described in paragraph B11, are marked up for ease of reference. New text is underlined and deleted text is struck through. The metric codes used in SASB Standards have also been included, where applicable, for ease of reference. For additional context regarding the industry-based disclosure requirements contained in this volume, including structure and terminology, application and illustrative examples, refer to Appendix B paragraphs B3–B17.

## Car Rental & Leasing

### Industry Description

Companies in this industry rent or lease passenger vehicles to customers. Car rentals are typically for periods of less than a month, while leases are for a year or more. The industry includes car-sharing business models where rentals are measured hourly and typically include subscription fees. Car rental companies operate out of airport locations, which serve business and leisure travelers, and out of neighborhood locations, which mostly provide repair-shop and weekend rentals. The industry is concentrated, with several dominant market players, who operate globally using a franchise model. The growth of public transit and ride-sharing services in major metropolitan areas may represent a threat to the long-term profitability of the Car Rental & Leasing industry if customers chose to hail rides or take public transit rather than rent vehicles.

### Sustainability Disclosure Topics & Metrics

**Table 1. Sustainability Disclosure Topics & Metrics**

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Fleet Fuel Economy & Utilization	Rental day-weighted average rental fleet fuel economy, by region	Quantitative	Mpg, L/km, gCO <sub>2</sub> /km, km/L	TR-CR-410a.1
	Fleet utilization rate	Quantitative	Rate	TR-CR-410a.2

**Table 2. Activity Metrics**

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Average vehicle age	Quantitative	Months	TR-CR-000.A
Total available rental days <sup>116</sup>	Quantitative	Days	TR-CR-000.B
Average rental fleet size <sup>117</sup>	Quantitative	Number of vehicles	TR-CR-000.C

<sup>116</sup> Note to TR-CR-000.B – The total number of available rental days is the number of 24-hour periods—or portions thereof—that vehicles were offered for rental during the reporting period.

<sup>117</sup> Note to TR-CR-000.C – The average rental fleet size is the simple average of the maximum number of vehicles available for rental each month during the reporting period.

## Fleet Fuel Economy & Utilization

### Topic Summary

By providing fuel-efficient and alternative fuel vehicles, car rental and leasing companies can enhance the environmental sustainability of their operations while also achieving financial benefits. Consumer demand for more efficient vehicles is growing, motivated by both environmental stewardship and the lower operating costs associated with fuel efficiency. In addition to providing fuel-efficient and low-emission fleets, companies in the industry are adapting to changing vehicle needs by providing car-sharing services. In urban settings, car sharing is an attractive alternative to vehicle ownership that reduces congestion and the environmental impacts associated with private ownership of vehicles. By maximizing fleet utilization rates through car-sharing, companies can enhance business efficiency.

### Metrics

#### *TR-CR-410a.1. Rental day-weighted average rental fleet fuel economy, by region*

- 1 The entity shall disclose the average fuel economy of its passenger vehicle rental fleet, weighted for the rental days of each vehicle model during the reporting period, by geographic region.
  - 1.1 The average fuel economy shall be calculated as the rental day-weighted harmonic mean of vehicle fuel efficiency.
    - 1.1.1 The harmonic mean is calculated as the reciprocal of the average of the reciprocals.
    - 1.1.2 Rental day weighting is performed by incorporating into calculations a factor for the fraction of total rental days for which each vehicle model accounted.
- 2 The entity shall disclose the average fuel economy of its passenger vehicle rental fleet by geographic region.
  - 2.1 Geographic regions are defined as the regions for which the entity conducts segment financial reporting and which are subject to fleet fuel economy, fuel consumption, or emissions standards.
- 3 Disclosure may be provided in different units for each geographic region, including, but not limited to:
  - 3.1 Grams of CO<sub>2</sub> per kilometer (gCO<sub>2</sub> / km) for (1) passenger cars and (2) light commercial vehicles in the European Union
  - 3.2 Liters of petrol per kilometer (L / km) for passenger vehicles in Japan
  - 3.3 Miles per gallon (mpg) for (1) domestic passenger cars, (2) imported passenger cars, and (3) light trucks in the U.S. that are subject to Corporate Average Fuel Economy (CAFE) standards, where these vehicle categories are defined in U.S. 49 CFR Part 523
  - 3.4 Kilometers per liter (km / L) for passenger vehicles in New Zealand

- 4 The scope of disclosure shall include all vehicles subject to national passenger vehicle standards for fleet fuel economy, fuel consumption, or emissions.
- 5 The entity may disclose fleet fuel economy for other vehicle segments such as:
  - 5.1 Cargo vehicles in Japan
  - 5.2 Heavy-duty vehicles in the U.S.
  - 5.3 Light commercial vehicles in the EU

*TR-CR-410a.2. Fleet utilization rate*

- 1 The entity shall disclose its fleet utilization rate.
  - 1.1 The rate shall be calculated as the total number of rental days divided by the total number of available rental days.
    - 1.1.1 Rental days are defined as the number of 24-hour periods—or portions thereof—that vehicles were rented.
    - 1.1.2 Available rental days are defined as the number of 24-hour periods—or portions thereof—that vehicles were offered for rental during the reporting period. This figure shall exclude the time when vehicles were undergoing inspection, cleaning, or maintenance, and any time when they were subject to recall.
- 2 The scope of disclosure includes vehicles at all of the entity's rental locations, including airport locations, off-airport locations, and vehicles in the entity's car-sharing fleet.