

Climate Action 100+



Global Investors Driving Business Transition



Climate Action 100+ Net-Zero Company Benchmark

Updates for the March 2022 Benchmark Assessments, October 2021

NOTE: This document is dated as of October 2021 and has now been archived. Please see the [Climate Action 100+ website](#) for more recent updates on the Net Zero Company Benchmark.

Contents

- **Reminder – CA100+ and the Net Zero Company Benchmark (March 2021 assessments)**
- **Key dates and timeline for the second iteration (March 2022)**
- **Overview of the March 2022 assessments Benchmark framework and data providers**
- **Looking ahead (Next benchmark assessments and public consultation)**

Reminder – CA100+ Net-Zero Company Benchmark

View the original framework (March 2021) and company assessments on the [CA100+ website](#).



NET-ZERO COMPANY BENCHMARK

The Climate Action 100+ Net-Zero Company Benchmark provides guidance about investor expectations of focus companies in relation to the three high-level initiative goals and evaluates company ambition and action in tackling climate change.

[Download the framework](#)

Please also see 22 March 2021 [press release](#) and appendix for additional resources.

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Timeline – Benchmark assessments March 2022

- **March 2022: CA100+ will release the next set of company assessments**
(12 months after the March 2021 release ahead of focus company AGMs).
- **Limited changes to the framework**
This prioritises timely delivery of updated assessments and provides consistency with the prior March 2021 framework.
- **Public survey will start in Q4 2021**
for investors, companies and other stakeholders to have the opportunity to provide feedback on the framework and process. This input will be incorporated into the September 2023 assessments (see below).
- More comprehensive revisions and enhancements will be made for September 2023. This will include an additional **public consultation on the proposed September 2023 framework in 2022** (after launch of the March 2022 assessments).

Timeline and key opportunities for feedback

Sep 2021	Release of March 2022 framework and assessment methodologies. Begin company research and data collection.
Oct 2021	Public feedback survey on existing framework (March 2022) opens – Details to follow
Dec – 2021	Investor / company review of draft disclosure assessments (private)
Jan – Feb 2022	Finalisation of assessments
Mar 2022	Release of March 2022 final assessments (published via CA100+ website)
2022	Public consultation on September 2023 framework (after launch of March 2022 assessments)

For questions, please reach out to us at benchmark@climateaction100.org

Company Assessment Review Period – December 2021

The primary purpose of this review period is for CA100+ companies and investors to ‘fact-check’ the preliminary assessments (conducted by TPI) against the **Benchmark Disclosure Framework**.*

This involves providing factual evidence to contest any inaccuracies and/or submit valid publicly-disclosed information not already captured by existing disclosures at the preliminary date of assessments (*data as of 31st August 2021*). These will be shared on 1st December, with subsequent company disclosures considered up until **31st December 2021**.

The preliminary assessments will be confidentially shared with CA100+ companies and investors only, with the final assessments published in March 2022. More information on the process and supporting materials will be provided at the start of the review period.

** This review period applies to the assessments against the Disclosure Framework only (TPI). The Alignment Assessments on capital allocation (CTI, 2dii), lobbying (InfluenceMap) and climate accounting (CTI), have different processes and methodologies as outlined by those organisations.*

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Overview of March 2022 Benchmark – Assessment types

The Benchmark is composed of distinct sets of assessments, which draw on unique analytical methodologies and datasets provided by the organisations summarised in this deck. These sets of assessments (that collectively make up the Benchmark) are designed to evaluate focus company performance on addressing climate change risks and provide greater insights for investors on companies' transition towards a net zero emissions future.

The types of assessments can broadly be categorised into two types of Indicators, which form a dual approach to evaluate corporate progress:

DISCLOSURE

whereby assessments evaluate the **adequacy of corporate disclosure**. This draws on public and self-disclosed data from companies, such as company annual reports, sustainability reports, CDP reports, press releases etc.

ALIGNMENT

whereby assessments evaluate the **alignment of company actions** with the Paris Agreement goals. These include analyses on a range of company activities such as emissions targets, CapEx, lobbying and accounting.

Summary of CA100+ data providers

Transition Pathway Initiative (TPI)*	Carbon Tracker Initiative (CTI)	2 Degrees Investing Initiative (2DII)	InfluenceMap
<p>TPI applies primarily a disclosure framework. This includes 10 Indicators in the Benchmark.</p> <p>TPI also applies an alignment test (of GHG targets with the Paris Agreement goal of limiting global warming to 1.5°C) for three Sub-Indicators (2.3/3.3/4.3).</p> <p>www.transitionpathwayinitiative.org/</p>	<p>CTI analyses alignment of company capital expenditures (CapEx) and output with the Paris Agreement goals (based on asset-level inventory data sources).</p> <p>CTI also provides an assessment on the incorporation of climate into the corporate financial statements and accounting practices, including the alignment with Paris Agreement goals.</p> <p>carbontracker.org/</p>	<p>2DII analyses alignment of company capital expenditures (CapEx) and output with the Paris Agreement goals (based on asset-backed company level inventory data sources).</p> <p>2degrees-investing.org/</p>	<p>InfluenceMap provides detailed analyses of corporate climate policy engagement and the alignment of company lobbying actions (direct and indirect via their industry associations) with the Paris Agreement goals.</p> <p>influencemap.org/</p>

*Only the assessments provided by TPI (*highlighted*) are subject to the Dec 2021 review period. CTI, 2DII and InfluenceMap provide additional, independent analyses that each have their own unique process and assessment methodologies.

CA100+ Net-Zero Company Benchmark

DISCLOSURE FRAMEWORK	ASSESSED BY
(1) NET-ZERO GHG BY 2050 AMBITION	TPI
(2) LONG-TERM (2036-2050) GHG TARGET	TPI
(3) MEDIUM-TERM (2026-2035) GHG TARGET	TPI
(4) SHORT-TERM (2020-2025) GHG TARGET	TPI
(5) DECARBONATION STRATEGY	TPI
(6) CAPITAL ALIGNMENT (DISCLOSURE)	TPI
(7) CLIMATE POLICY ENGAGEMENT (DISCLOSURE)	TPI
(8) CLIMATE GOVERNANCE	TPI
(9) JUST TRANSITION [Beta*]	TPI
(10) TCFD DISCLOSURE	TPI

ALIGNMENT ASSESSMENTS	ASSESSED BY
CAPITAL ALLOCATION ALIGNMENT (for utilities / oil & gas)	CTI
CAPITAL ALLOCATION ALIGNMENT (for utilities / autos / steel / cement/ aviation)	2DII
CLIMATE POLICY ENGAGEMENT ALIGNMENT	InfluenceMap

CLIMATE ACCOUNTING AND AUDIT (DISCLOSURE & ALIGNMENT) [<i>Provisional**</i>]	CTI
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*Beta = data collected, but not publicly assessed. Subject to change in future.

**Provisional = data collected and publicly assessed. Subject to change.in

The data providers each provide independent, but complementary sets of Indicators. Only the assessments provided by TPI (**highlighted**) are subject to the Dec 2021 review period.

Overview of March 2022 Benchmark – Methodologies and resources

Each of the data providers use their own **unique, independent methodologies** for the assessments that they contribute. Although these may differ in approach, the Indicators are designed to be complementary to each other and share the common goal of assessing a company's transition to a net-zero emissions future.

Note that the assessments **do not present an overall (or aggregate) score** or ranking for any particular company. There is also **no combined score** across Indicators or data provider assessments (given the different methodologies they use) For example, there is no combined score for lobbying assessments provided by TPI and InfluenceMap.

The data and information provided by Climate Action 100+ and its research partners can be used by investors in a variety of ways. Such as to inform research, portfolio analysis, corporate engagement and proxy-voting activities. However, investors must make their own decisions on how to use this data as Climate Action 100+ cannot guarantee the accuracy of any data made available. See [here](#) for more detail on the data usage terms.

The updated March 2022 Disclosure Framework Indicators and methodology can be found on the [CA100+ website](#). TPI's [carbon performance methodology](#) (for metrics 2.3/3.3/4.3) remains unchanged. The details of the methodologies for the other assessments contributed by other data providers will be published on [our website](#). Additionally, existing methodologies for [CTI](#), [2DII](#) and [InfluenceMap](#) can be found on their websites.

March 2022 Benchmark – Summary of updates

More details on each of these updates can be found in the following slides

UPDATES TO DISCLOSURE FRAMEWORK

The following updates have been made to the framework and assessment methodologies for key Indicators:

- Expansion to include **the additional 8 companies** [added](#) to the CA100+ focus list in November 2020 (these were not assessed in March 2021). All 166 focus companies to be assessed in March 2022.
- Use of the **IEA 1.5°C (Net-Zero 2050)** scenario for available sectors.
- **Some edits and clarifications to the wording of certain indicators and assessment methodologies (see following slides).**
- Addition of a 'Beta' version of **Indicator 9: Just Transition**, whereby companies will be assessed internally (but scores are not to be publicly released).
- Sub-Indicator 8.3 was piloted in March 2021 and will be used in March 2022 as 'Beta' to assess Australian companies only (internally). All other companies will not be assessed.

OTHER UPDATES TO DISCLOSURE AND ALIGNMENT

- Addition of new 'provisional' assessment on **Climate Accounting and Audit**, assessed by CTI. Assessments to be published in March 2022.

Beta = data collected, but **not** publicly assessed. Subject to change in future..

Provisional = data collected and **publicly assessed**. Subject to change in future.

UPDATES TO ALIGNMENT* ASSESSMENTS

We are proposing to present the following Alignment Assessments alongside the Disclosure Framework in the March 2022 Benchmark.

- **Capital Allocation Alignment** (for utilities and oil & gas), assessed by CTI. This was included in March 2021.
- **Capital Allocation Alignment** (for utilities, autos, steel, cement, and aviation), assessed by 2DII. This was included in March 2021.
- Addition of **Climate Policy Engagement Alignment Assessments** for March 2022, assessed by InfluenceMap. In March 2021, company profiles contained a link to InfluenceMap assessments. However, these will now form and be presented as dedicated assessments.

Eight new companies added to the focus list in 2020

Company	ISIN	Country	Sector
Grupo Argos S.A.	COT09PA00035	Colombia	Cement
Grupo México	MXP370841019	Mexico	Diversified Mining
Incitec Pivot	AU000000IPL1	Australia	Chemicals
Oil Search	PG0008579883	Papua New Guinea	Oil and Gas
Orica	AU000000ORI1	Australia	Other Industrials
Petróleos Mexicanos (PEMEX)	XS0775808917	Mexico	Oil and Gas
Saudi Arabian Oil Company (Aramco)	XS1982113463	Saudi Arabia	Oil and Gas
Ultratech Cement	INE481G01011	India	Cement

March 2022 Benchmark Updates – IEA Net Zero 2050 (1.5°C) scenario

In the absence of a credible 1.5°C scenario at the time of data collection, for March 2021 companies were assessed against TPI scenarios largely reflecting the International Energy Agency (IEA)'s [Beyond 2 Degrees Scenario \(B2DS\)](#)* for available sectors (with the exception of the automobile sector which is based on scenario data provided by the ICCT). This applies to Disclosure Framework metrics 2.3, 3.3 and 4.3.

For its next iteration in March 2022, the CA100+ Net-Zero Company Benchmark will replace this measure by incorporating the IEA's [Net Zero by 2050 scenario](#) released in May 2021, for sectors where data is available. This sets out a pathway to reach net-zero emissions by mid-century and keep the global temperature rise to 1.5°C with a 50% probability.

The 1.5°C scenario is only available for certain sectors** and therefore some of the sector alignments will continue to be determined against the pathways used in March 2021.

When the related data becomes more widely available, we will seek to update this as our ultimate goal is to integrate the 1.5°C scenario for all sectors assessed by the Benchmark.

** The Beyond 2°C Scenario (B2DS) sets out a rapid decarbonisation pathway in line with international policy goals. It looks at how far known clean energy technologies could go if pushed to their practical limits, in line with countries' more ambitious aspirations in the Paris Agreement.*

***Though the sectors currently covered include the vast majority of companies assessed last year, we do not have access to the carbon performance of the following sectors: Chemicals, Coal Mining, Consumer Goods & Services, Oil & Gas Distribution, Other Industrials, Other Transport. The sector Autos will be assessed on the 2 Degree Scenario (High Efficiency) and Paper B2DS instead of 1.5°C.*

March 2022 Benchmark Updates – edits and clarifications to methodologies

Some modifications have been made to the Indicator and methodology wording for the Disclosure Framework to make them clearer:

- **Indicator 1:** The Indicator wording has been amended to focus on tracking net zero **ambitions** to create a clear distinction with the indicators tracking **targets** (indicators 2, 3 and 4).
- **Indicator 5:** Clarifications for meeting the requirements of Metric 5.1.b have been added since the March 2021 iteration of the benchmark.. In order to be assessed as “Yes” on this metric in the March 2022 iteration, companies must quantify the approximate proportion of emissions reduction each action in their decarbonisation strategy will contribute to their overall greenhouse gas reduction target. Some year-on-year scoring changes are therefore anticipated.
- **Indicator 6:** Clarifications have been added to metrics 6.1a and 6.1b to enable assessment of companies’ plans to phase out carbon intensive assets. This may lead to some year-on-year scoring changes.
- CA100+ recognises the concern presented by the excessive use of **offsets** in target setting and the need to reconsider the contingency between Indicators 2-4 (company GHG reduction targets). We will be producing some supplementary research to assist in communicating this issue more clearly to investors, after the release of the March 2022 benchmark.

Please see March 2022 [Disclosure Framework assessment methodology](#) document for more detail.

Indicator 9 – Just Transition [assessed by TPI]

A ‘Just Transition’ requires that companies consider the impacts from transitioning to a lower carbon business model on their workers and communities.

- For the assessments in March 2021, the CA100+ Net Zero Company Benchmark Just Transition (JT) Indicator (Indicator 9) was still in development and therefore only presented as a placeholder within the wider Benchmark framework.
- Since the launch of the first iteration, and together with select experts, we have developed a more comprehensive draft of the JT Indicator. This takes the form of a **‘Beta’** Indicator version for March 2022. This means JT data will be collected for our own internal analysis - but will **not** be publicly released or assessed for March 2022.
- The **‘Beta’** Indicator included in March 2022 sets expectations for what the Indicator may look like in future iterations.
- **We very much welcome any feedback** you may have on this current draft (via [survey](#) to follow in October) and plan to incorporate this for the assessments in September 2023 after broader consultation (later in 2022).

Indicator 9 – Just Transition [assessed by TPI]

This is a **Beta** Indicator to be included in the March 2022 assessments. Companies will not be publicly assessed on it in March 2022. It is part of the Disclosure Framework.

Sub-Indicator 9.1 – Acknowledgement

Metric a): The company has made a formal statement recognising the social impacts of their climate change strategy - the Just Transition – as a relevant issue for its business.

Metric b): The company has explicitly referenced the Paris Agreement on Climate Change and/or the International Labour Organisation's (ILO's) Just Transition Guidelines).

Sub-Indicator 9.2 – Commitment

The company has committed to Just Transition principles:

Metric a): The company has published a policy committing it to decarbonise in line with Just Transition principles.

Metric b): The company has committed to retain, retrain, redeploy and/or compensate workers affected by decarbonisation.

Sub-Indicator 9.3 - Engagement

The company engages with its stakeholders on Just Transition:

Metric a): The company, in partnership with its workers, unions, communities and suppliers has developed a Just Transition Plan.

Sub-Indicator 9.4 – Action

The company implements its decarbonisation strategy in line with Just Transition principles.

Metric a): The company supports low-carbon initiatives (e.g. regeneration, access to clean and affordable energy, site repurposing) in regions affected by decarbonisation.

Metric b): The company ensures that its decarbonisation efforts and new projects are developed in consultation and seek the consent of affected communities.

Metric c): The company takes action to support financially vulnerable customers that are adversely affected by the company's decarbonisation strategy.

Contingency: Metrics 9.2-9.4 will not be scored unless the requirements for 9.1 are met. 9.4 is contingent on 9.2a.

New – Climate Accounting and Audit* [assessed by CTI]

CA100+ has sought to integrate an assessment on accounting and audit, with a view that fuller corporate financial disclosures enable investors to incorporate climate risks into their investment and stewardship decision making.

The development of this provisional assessment has been led by Carbon Tracker Initiative (CTI) and the Climate Accounting and Audit Project (CAAP). These providers have experience conducting [analysis on climate accounting](#) and many of the measures they use have already been implemented as part of wider initiatives.

This takes the form of a '**provisional**' assessment for March 2022. Data will be collected and **publicly assessed** for March 2022; however, the final version will be subject to revision in September 2023 of the benchmark (and after public consultation).

The draft assessment wording can be found on the next slide. Note that the [final wording and assessment methodology](#) will be published on the CA100+ website in the coming months.

**This assessment represents a stand-alone project conducted together with CTI and CAAP. It is therefore not included in the Disclosure Framework assessed by TPI, nor the Dec 2021 review period conducted by TPI. Data collection and feedback for this climate accounting assessment will be carried out by CTI.*

Climate Accounting and Audit Indicator* [CTI]

This Indicator will be used to assess whether a company's accounting practices and related disclosures, and the auditor's report thereon, reflect the effects of the global move onto a 2050 (or sooner) Net-Zero carbon emissions pathway. Existing accounting and auditing standards already require that any material climate-related matters are accounted for. Investors expect companies and auditors to also ensure visibility of how accelerating decarbonisation in line with the Paris Agreement goal of limiting global warming to 1.5°C will impact companies' financial positions and profitability. It is a hybrid of disclosure and alignment assessments.

Sub-Indicator .1 – Financial Statements

The audited financial statements and notes thereto incorporate material climate-related matters.

Metric a): The financial statements demonstrate how material climate-related matters are incorporated.

Metric b): The financial statements disclose the quantitative climate-related assumptions and estimates.

Metric c): The financial statements are consistent with the company's other reporting.

Sub-Indicator .2 – Audit report

The audit report demonstrates that the auditors considered the effects of material climate-related matters in their audit.

Metric a): The audit report identifies how the auditor has assessed the material impacts of climate-related matters.

Metric b): The audit report identifies inconsistencies between the financial statements and 'other information.'

Sub-Indicator .3 – Alignment with Net-Zero GHG emissions by 2050 (or sooner)

The audited financial statements and notes thereto incorporate the material impacts of the global drive to net-zero greenhouse gas emissions (GHG) by 2050 (or sooner) and achieving the preferred Paris Agreement goal of limiting global warming to 1.5°C.

Metric a): The financial statements use, or disclose a sensitivity to, assumptions and estimates that are aligned with achieving net-zero GHG emissions by 2050 (or sooner).

Metric b): The audit report identifies that the assumptions and estimates that the company used were aligned with achieving net-zero GHG emissions by 2050 (or sooner) or provides a sensitivity analysis on the potential implications.

**As of October 2021, this Indicator wording is a near-final draft. Minor adjustments may still be made ahead of v1.1 launch.*

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Looking ahead

- The Climate Action 100+ Net-Zero Company Benchmark will **continue to evolve**, with more comprehensive revisions planned for **September 2023**.
- **Investors, companies, NGOs and other relevant stakeholders will continue to be consulted** on changes to the Benchmark framework and methodologies.
- Over time, future developments of the Benchmark will likely incorporate a range of other potential enhancements on areas such as offsets, lobbying, just transition, green revenues, expanded sector 1.5°C alignment, among others.
- *We will continue to inform stakeholders about new Benchmark developments on an ongoing basis.*

Thank you!

For further questions, please contact:
benchmark@climateaction100.org



Appendix: CA100+ Benchmark March 2021 - Current Resource Spotlight

Various resources and guidance documents are available to help you better understand the Benchmark methodology and company assessments:

- [Summary of the Indicators, Sub-Indicators and Metrics](#)
Provides an overview of the 10 Disclosure Framework indicators.
- [Climate Action 100+ Disclosure Framework Indicators assessment methodology and Indicator guide](#)
Provides in-depth Indicator-by-Indicator guidance on how company data and disclosures are assessed for the Disclosure Framework.
- [Transition Pathway Initiative Carbon Performance methodology](#)
Outlines how TPI assesses whether emissions targets/intensities are aligned against reference climate scenarios (Disclosure Framework metrics 2.3, 3.3 and 4.3).

Appendix: Process for highlighting new company commitments

Climate Action 100+ **will periodically acknowledge new and relevant company commitments/disclosures published between Benchmark assessment cycles.**

- **PURPOSE**

This information will provide investors with visibility of relevant recent company commitments/disclosures and keep track of key developments.

- **TIMING**

New and relevant commitments/disclosures will be added to individual company benchmark profiles on the CA100+ website **on a quarterly basis.**

- These disclosures **will not be assessed** and will thus be presented as supplementary information in the **'Notes' section** at the bottom of each company's Benchmark profile (example: [Trane Technologies assessment](#)).
- **Please note:** Newly highlighted unassessed commitments will not change a company's initial Benchmark scores.