Climate Action 100+ Net-Zero Company Benchmark
version 1.1 (v1.1) summary pack, October 2021
Contents

• Reminder – CA100+ and the Net-Zero Company Benchmark (v1.0)
• Key dates and timeline for next iteration (Benchmark v1.1)
• Overview of Benchmark v1.1 framework and data providers
• Looking ahead (v2.0)
Reminder – CA100+ Net-Zero Company Benchmark

View the current framework (v1.0) 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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March 2022: CA100+ will release the next set of company assessments (12 months after v1.0 release ahead of focus company AGMs).

Limited changes to the framework (hence ‘v1.1’) and process. This prioritises timely delivery of updated assessments and provides consistency with the prior v1.0 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 v2.0 (see below).

More comprehensive revisions and enhancements will be made for v2.0. This will include an additional public consultation on the proposed v2.0 framework in 2022 (after launch of v1.1).
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 2021</td>
<td>Public feedback survey on existing framework (v1.1) opens – Details to follow</td>
</tr>
<tr>
<td>Dec 2021</td>
<td>Investor / company review of draft disclosure assessments (private)</td>
</tr>
<tr>
<td>Jan – Feb 2022</td>
<td>Finalisation of assessments</td>
</tr>
<tr>
<td>Mar 2022</td>
<td>Release of v1.1 final assessments (published via CA100+ website)</td>
</tr>
<tr>
<td>2022</td>
<td>Public consultation on v2.0 of framework (after launch of v1.1)</td>
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</table>

For questions, please reach out to us at benchmark@climateaction100.org
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 v1.1 – 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 insight for investors and companies.

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

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

*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

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

### ALIGMENT ASSESSMENTS

<table>
<thead>
<tr>
<th>CAPITAL ALLOCATION ALIGNMENT (for utilities / oil &amp; gas)</th>
<th>ASSESSED BY</th>
</tr>
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<tbody>
<tr>
<td>CAPITAL ALLOCATION ALIGNMENT (for utilities / autos)</td>
<td>2DII</td>
</tr>
<tr>
<td>CLIMATE POLICY ENGAGEMENT ALIGNMENT</td>
<td>InfluenceMap</td>
</tr>
</tbody>
</table>

## CLIMATE ACCOUNTING AND AUDIT (Disclosure & Alignment) [Provisional**]

*Beta = data collected, but not publicly assessed. Subject to change in v2.0.**Provisional = data collected and publicly assessed. Subject to change in v2.0.

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.
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 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 v1.1 disclosure Indicators and methodology can be found on the CA100+ website. TPI’s carbon performance methodology (for 2.3/3.3/4.3) remains unchanged. The details of the methodologies for the other Indicators 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.
v1.1 – 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 v1.0). All 166 companies to be assessed in v1.1.
- Use of the IEA 1.5°C (Net-Zero 2050) scenario for available sectors.
- Minor edits and clarifications for certain Indicator wording and assessment methodologies. Some of these will have a material impact on company scoring.
- 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 v1.0 and will be used in v1.1 as ‘Beta’ to assess Australian companies only (internally). All other companies will not be assessed.

UPDATES TO ALIGNMENT* ASSESSMENTS

We are proposing to present the following Alignment Assessments alongside the Disclosure Framework in v1.1 of the benchmark.

- Capital Allocation Alignment (for utilities and oil & gas), assessed by CTI. This was included in v1.0.
- Capital Allocation Alignment (for utilities and autos), assessed by 2DII. This was included in v1.0.
- Addition of Climate Policy Engagement Alignment Indicators for v1.1, assessed by InfluenceMap. In v1.0 company profiles contained a link to InfluenceMap assessments. However, these will now form and be presented as dedicated Indicators.

OTHER UPDATES TO DISCLOSURE AND ALIGNMENT

- Addition of new ‘provisional’ Indicator on Climate Accounting and Audit, assessed by CTI. Assessments to be published in v1.1.

*The Alignment Assessments on this slide are current as of September 2021. We periodically review alignment analytics and may add additional assessments to the v1.1 Benchmark ahead of the March 2022 launch.
Eight new companies added to the focus list in 2020

<table>
<thead>
<tr>
<th>Company</th>
<th>ISIN</th>
<th>Country</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grupo Argos S.A.</td>
<td>COT09PA00035</td>
<td>Colombia</td>
<td>Cement</td>
</tr>
<tr>
<td>Grupo México</td>
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<td>Mexico</td>
<td>Diversified Mining</td>
</tr>
<tr>
<td>Incitec Pivot</td>
<td>AU0000000IPL1</td>
<td>Australia</td>
<td>Chemicals</td>
</tr>
<tr>
<td>Oil Search</td>
<td>PG0008579883</td>
<td>Papua New Guinea</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>Orica</td>
<td>AU0000000ORI1</td>
<td>Australia</td>
<td>Other Industrials</td>
</tr>
<tr>
<td>Petróleos Mexicanos (PEMEX)</td>
<td>XS0775808917</td>
<td>Mexico</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>Saudi Arabian Oil Company (Aramco)</td>
<td>XS1982113463</td>
<td>Saudi Arabia</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>Ultratech Cement</td>
<td>INE481G01011</td>
<td>India</td>
<td>Cement</td>
</tr>
</tbody>
</table>
In the absence of a credible 1.5°C scenario at the time of data collection, for v1.0 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 sub-Indicators 2.3, 3.3 and 4.3.

For its next iteration v1.1, 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 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 v1.0.

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

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* 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.
v1.1 Updates – edits and clarifications to methodologies

Minor 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**: The Indicator has been modified to clarify that the indicator is tracking the overarching decarbonisation strategy a company has developed to **deliver its GHG reduction** targets. This has tightened the requirements of metric 5.1b and means that 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**: The Indicator has been modified to clarify and enable assessment where companies have set out plans to **phase out carbon intensive assets**. Within this, clarifications have been added to metrics 6.1a and 6.1b to enable assessment of companies' plans to phase out carbon intensive assets. Some year-on-year scoring changes are therefore anticipated.

- 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 v1.1.

Please see [v1.1 Disclosure Framework assessment methodology](#) document for more detail.
A ‘Just Transition’ requires that companies consider the impacts from transitioning to a lower carbon business model on their workers and communities.

- For v1.0 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 v1.1. 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 v1.1 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 v2.0 after broader consultation (later in 2022).
Indicator 9 – Just Transition [assessed by TPI]

This is a Beta Indicator to be included in v1.1. Companies will not be publicly assessed for v1.1. 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.
CA100+ has sought to integrate an Indicator 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 Indicator has been led by Carbon Tracker Initiative (CTI) and the Climate Accounting Project (CAP). 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' Indicator for v1.1. Data will be collected and publicly assessed for March 2022; however, the final version will be subject to revision in v2.0 of the benchmark (and after public consultation).

The draft Indicator 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 Indicator represents a stand-alone project conducted together with CTI and CAP. 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 Indicator 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 its 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 (GHG) emissions by 2050 (or sooner) which for the purpose of this assessment is considered to be equivalent to achieving the Paris Agreement goal of limiting global warming to no more than 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 v2.0.

• 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
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-based indicators.

- **Climate Action 100+ Disclosure Indicators assessment methodology and Indicator guide**
  Provides in-depth Indicator-by-Indicator guidance on how company data and disclosures are assessed.

- **Transition Pathway Initiative Carbon Performance methodology**
  Outlines how TPI assesses emissions targets/intensities are aligned against reference climate scenarios (Benchmark Sub-indicators 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 annual 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.