Climate Action 100+ Net Zero Company Benchmark v1.1: March 2022

Updated as of February 2022

DISCLOSURE FRAMEWORK (ASSESSED BY TPI) – ASSESSMENT METHODOLOGY

This document contains detailed Indicator-by-Indicator guidance on how company disclosures were assessed using the Climate Action 100+ Net Zero Company Benchmark (1) (referred to as the ‘Benchmark’), specifically against the disclosure framework assessed by TPI. The document also contains a summary of how company assessments are presented (via a ‘traffic light system’), as well as contingencies between Indicators.

This document does not cover the other Benchmark alignment assessments on capital allocation, accounting and lobbying. These are assessed by different data providers and use their own separate assessment methodologies.

This document should be read and used in conjunction with the other supporting materials relating to the Benchmark v1.0 available on the Climate Action 100+ website. These include:

- Information on the background and future development of the Benchmark.
- Overview of the framework and methodologies used. This includes the full framework, TPI’s Carbon Performance methodology and an investor guide on how the Benchmark and TPI tools can be used together.
- Frequently Asked Questions (FAQs).
- Disclaimers and terms and conditions regarding data usage and the company review and redress process.

The company assessments for the March 2021 Benchmark (v1.0) themselves can be accessed on the website via individual company profiles. This also includes the complete set of all company assessments available via an excel download.

Any additional questions or feedback can be directed to benchmark@climateaction100.org.

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1 The data referenced in this document is not intended to be used as a “benchmark” as defined in Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the European Benchmark Regulation) and The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (the UK Benchmark Regulation).

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Acknowledgements

Leading climate research and data organisations, including Transition Pathway Initiative (TPI) supported by the Grantham Research Institute on Climate Change and the Environment at the London School of Economics, FTSE Russell, Chronos Sustainability, Carbon Tracker Initiative (CTI), 2° Investing Initiative (2DII) and InfluenceMap (IM) have been central to the overall development of the Benchmark and the Indicators used to assess focus company alignment with the initiative’s goals. The Benchmark was undertaken through the leadership and support of the Climate Action 100+ Steering Committee, and the collaboration of investor signatories and experts from the investor networks of AIGCC, Ceres, IIGCC, IGCC, and PRI.

The Disclosure Indicators covered in this document were assessed by TPI, supported by its research and data partners (see below).

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The Transition Pathway Initiative (TPI) is a global initiative led by asset owners and supported by asset managers. Aimed at investors and free to use, TPI’s insights and data assess companies’ preparedness for the transition to a low-carbon economy, supporting efforts to address climate change. TPI is supported by its research and data partners the Grantham Research Institute on Climate Change and the Environment at the London School of Economics (LSE), FTSE Russell and Chronos Sustainability.

FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide. FTSE Russell calculates thousands of indexes that measure and benchmark markets and asset classes in more than 70 countries, covering 98% of the investable market globally. FTSE Russell has pioneered sustainable investment index solutions for over two decades and its products based on transparent, rules-based methodologies are used by investors around world. FTSE Russell is part of the London Stock Exchange Group (LSEG).

The Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science (LSE) is the Transition Pathway Initiative’s academic partner. Established in 2008, it is a world-leading centre for policy-relevant research on climate change and its impact on the environment. Its purpose is to increase knowledge and understanding in this area, promote better informed decision-making on the topic, and educate and train new generations of researchers through its undergraduate and postgraduate programmes.

Chronos Sustainability was established in 2017 with the objective of delivering transformative, systemic change in the social and environmental performance of key industry sectors through expert analysis of complex systems and effective multi-stakeholder partnerships. Chronos works extensively with global investors and global investor networks to build their understanding of the investment implications of sustainability-related issues, developing tools and strategies to enable them to build sustainability into their investment research and engagement. For more information visit www.chronossustainability.com and @ChronosSustain.
**Terminology**

The full v1.0 disclosure [framework](#) wording can be found on the Climate Action 100+ website.

### 10 DISCLOSURE INDICATORS – UPDATED FOR V1.1

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<td>(10)</td>
<td>TCFD DISCLOSURE</td>
</tr>
</tbody>
</table>

**Indicator**: Specific area the company is being assessed on (e.g. Indicator 8 evaluates companies on climate governance).

**Sub-indicator**: Component of indicator that divides it into specific areas of interest (e.g. Sub-indicator 8.2 evaluates executive remuneration).

**Metric**: Highest resolution assessment that separates Sub-indicators into components, creating the opportunity for evaluation across the subject of attention (e.g. Metric 8.2.b focuses on progress of climate change targets as KPI to remuneration).
Assessment methodology and indicator guidance

INDICATOR 1 – NET ZERO GHG EMISSIONS BY 2050 (OR SOONER) AMBITION

1.1 – Net zero commitment

<table>
<thead>
<tr>
<th>Sub-indicator Text</th>
<th>Indication</th>
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</thead>
<tbody>
<tr>
<td>The company has set an ambition to achieve net zero GHG emissions by 2050 or sooner.</td>
<td>The company has made a qualitative net zero GHG emissions ambition statement that explicitly includes at least 95% of its Scope 1 and 2 emissions.</td>
</tr>
<tr>
<td>a. The company has made a qualitative net zero GHG emissions ambition statement that explicitly includes at least 95% of its Scope 1 and 2 emissions.</td>
<td>b. The company’s net zero GHG emissions ambition covers the most relevant Scope 3 GHG emissions categories for the company’s sector, where applicable.</td>
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</tbody>
</table>

**Detailed Guidance**

a. The company has made a qualitative net zero GHG emissions ambition statement that explicitly includes at least 95% of its Scope 1 and 2 emissions

- Net zero commitments are effectively a special case of GHG emissions targets where companies are pledging a 100% reduction in net carbon emissions. Companies can make net zero commitments through a disclosure that explicitly commits the company to a net zero ambition (e.g. stating that the company will ‘reach’, ‘achieve’ or ‘become’ ‘net zero by’, ‘carbon-neutral by’ or ‘eliminate all emissions by’). Companies that have set a GHG reduction target that cuts (absolute) emissions by 100% by 2050 or earlier are also positively assessed on this metric.

b. The company’s net zero GHG emissions ambition covers the most relevant Scope 3 GHG emissions categories for the company’s sector, where applicable

- As above, companies can make net zero Scope 3 commitments through a disclosure that commits the company to a net zero ambition that explicitly includes the most relevant Scope 3 emissions categories. If the company has set a separate net zero Scope 3 ambition, or includes Scope 3 emissions in its net zero ambition, the following details are captured:
  - Whether the Scope 3 ambition is part of or separate from any Scope 1 and/or 2 net zero ambitions.
  - The Scope 3 category (as categorised by the GHG Protocol) that the ambition covers. The assessment focuses on the following the categories: purchased good and services (category 1 - upstream), processing of sold products (category 10 - downstream), and the use of sold products (category 11 - downstream). If all upstream Scope 3 categories and/or all downstream Scope 3 are covered by the ambition, this is also captured. If the covered category is not included in the categories cited above, the Scope 3 emissions category is captured as ‘other’.
  - Percentage share of the most relevant Scope 3 GHG emissions categories covered by the ambition.

If a company discloses a Scope 3 ambition even though Scope 3 emissions are not assessed by CA100+ in the sector in question, the ambition detail is nonetheless captured.

Metric 1.1.b is contingent on the result of 1.1.a; a company cannot be assessed as ‘Yes’ on 1.1.b if it was not assessed as ‘Yes’ on 1.1.a.

Companies for which Scope 3 emissions are not applicable in the CA100+ Net Zero Benchmark will be assessed as ‘Not Assessed’ (‘NA’) on 1.1.b, regardless of whether they have set a net zero Scope 3 ambition.
INDICATOR 2 to 4 – Long, medium, and short-term emissions targets

Indicator 2 to 4 – Long, medium, and short-term emissions targets

Indicator Text

These indicators are captured over three different timeframes:
- Indicator 2: Long-term (2036 to 2050)
- Indicator 3: Medium-term (2026 to 2035)
- Indicator 4: Short-term (2022 to 2025)

Emissions reduction targets with a 2021 targeted year are not considered in this assessment. However, if a company has achieved net zero emissions by 2021 on its most material emissions Scope(s), it will be assessed on the below metrics. For each timeframe, each indicator is composed of three Sub-indicators:

- ‘.1’ The company has set a target for reducing its GHG emissions.
- ‘.2’ which is separated into Metric ‘.2.a’ (The company has specified that this target covers at least 95% of its total Scope 1 and 2 emissions; and Metric) and ‘.2.b’ (where applicable, the company’s Scope 3 GHG emissions target covers at least the most relevant Scope 3 emissions categories for the sector, and the company has published the methodology used to establish the Scope 3 target).
- ‘.3’ The company’s last disclosed carbon intensity; OR targeted carbon intensity; OR the company’s expected carbon intensity derived from its GHG target is aligned with or below the relevant sector trajectory needed to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°C Celsius with low or no overshoot. This trajectory is equivalent to IPCC Special Report on 1.5°C Celsius pathway P1 or net zero emissions by 2050.

Metrics .2.a and .2.b are contingent on the results of Sub-indicator .1. Sub-indicator .3 can be independent from Sub-indicator .1 and .2.

Detailed Guidance

.1 The company has set a target for reducing its GHG emissions.

For each company, the following target details are captured:

- Scope of emissions (Scope 1 and/or Scope 2 and/or Scope 3)
- Base year
- Percentage reduction targeted (%)
- Target year
- Unit of the target (tCO2e, kgCO2e/$, …)
- Year in which target was set
- Percentage of emissions covered by target
- Source document
- Source text

A GHG reduction commitment will be captured as a target if the disclosures at minimum clearly identify a target year and a percentage reduction (in terms of either absolute GHG emissions or GHG intensity). If a company states that it is aiming to maintain carbon emissions at current levels (e.g. at the levels specific in its current or most recent sustainability report), this is recorded as a 0% reduction target.

The assessment focuses only on GHG reduction targets. Renewable energy targets or other sustainability targets are not considered. Individual methane and flaring targets are not considered, unless the percentage of emissions covered by the targets is clearly disclosed.

If the company discloses multiple targets, they are all captured. For the assessment, the target covering the largest share of the company’s emissions is prioritised (i.e. a target covering all emissions is prioritised for the assessment over targets covering a subset of emissions). If there are multiple targets covering all emissions (or the same subset of emissions) the target that has been set most recently is assessed.
If the company has set a separate long-term Scope 3 target, or includes Scope 3 emissions in its target, the following details are captured:

- Whether the Scope 3 target is part of or separate from any Scope 1 or 2 targets.
- The Scope 3 Category (as categorised by the [GHG Protocol](https://www.ghgprotocol.org)) that the target covers. The assessment focuses on the following the categories: purchased goods and services (category 1 - upstream), processing of sold products (category 10 - downstream), and the use of sold products (category 11 - downstream). If all upstream Scope 3 categories and/or all downstream Scope 3 are covered by the target, this is also captured. If the covered category is not included in the categories cited above, the Scope 3 emissions category is captured as ‘other’.
- The percentage share of Scope 3 emissions covered by the target in the targeted categories.
- The methodology used to establish any Scope 3 target, if disclosed. If the target methodology is not available, the emissions calculation methodology used to assess Scope 3 emissions in the targeted categories is captured as far as available.

If a company discloses a Scope 3 target even though Scope 3 emissions are not assessed by CA100+ in the sector in question, the target detail is nonetheless captured. If a company has a target that is a net zero target, this is captured both here and in Indicator 1.1.

If a company is assessed to target net zero emissions by 2035 (assessed under Sub-indicator 3.1), this will be automatically accepted on Sub-indicator 2.1. Similarly, if a company is assessed to target net zero emissions by 2025 (Sub-indicator 4.1), this will be automatically accepted on Sub-indicators 3.1 and 2.1.

<table>
<thead>
<tr>
<th>2.a</th>
<th>The company has specified that the target covers at least 95% of its total Scope 1 and 2 emissions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metric</td>
<td>2.a is met if the information captured under Sub-indicator 1 identifies a target that:</td>
</tr>
<tr>
<td>-</td>
<td>Covers over 95% of the company’s Scope 1 and 2 emissions</td>
</tr>
<tr>
<td>-</td>
<td>Note that this can also be met if the company respectively only targets Scope 1 emissions or only Scope 2 emissions, but the company in questions discloses that these account for over 95% of the company’s combined Scope 1 and 2 emissions.</td>
</tr>
<tr>
<td>If a company is assessed to target net zero emissions by 2035 with a target covering &gt;95% of Scope 1 and 2 emissions (assessed under Metric 3.2.a), this will be automatically accepted on Metric 2.2.a. Similarly, if a company is assessed to target net zero emissions by 2025 (Metric 4.2.a), this will be automatically accepted on Metrics 3.2.a and 2.2.a.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2.b</th>
<th>Where applicable, the company’s Scope 3 GHG emissions target covers at least the most relevant Scope 3 emissions categories for the sector, and the company has published the methodology used to establish the Scope 3 target.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In applicable sectors, Metric 2.b is met if the information captured under Sub-indicator 1 identifies a target that:</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>Covers the most relevant Scope 3 emissions categories for the company’s sector, AND</td>
</tr>
<tr>
<td>-</td>
<td>The methodology used to establish the Scope 3 target or to calculate Scope 3 emissions of the targeted Scope 3 categories are available.</td>
</tr>
<tr>
<td>If a company is assessed to target net zero emissions by 2035 with a target covering its applicable Scope 3 emissions (assessed under Metric 3.2.b), this will be automatically accepted on Metric 2.2.b. Similarly, if a company is assessed to target net zero its applicable Scope 3 emissions by 2035 (Metric 4.2.b), this will be automatically accepted on Metrics 3.2.b and 2.2.b.</td>
<td></td>
</tr>
<tr>
<td>Note that all companies for which Scope 3 emissions are not applicable will receive assessed as ‘Not Applicable’ (‘Na’) on Metric 2.b, regardless of whether they have set a Scope 3 target or not.</td>
<td></td>
</tr>
</tbody>
</table>
2.3 – Long-term alignment to 1.5°C

Sub-indicator Text

The expected carbon intensity derived from the company’s long-term GHG emissions reduction target (or, in the absence of a long-term target, the company’s last disclosed carbon intensity or the intensity derived from its short- or medium-term target) is aligned with or below the relevant sector trajectory needed to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°C with low or no overshoot in 2050. This is equivalent to IPCC Special Report on 1.5°C Celsius pathway P1 or net zero emissions by 2050.

Detailed Guidance

Sub-indicator 2.3 uses the Transition Pathway Initiative’s methodology to measure companies’ carbon intensities in 2050. There are three possibilities on how to meet the conditions of this Sub-indicator.

1) If at the last year of disclosure (and without a long-term GHG target), the company’s carbon intensity is aligned with or below their respective sector’s benchmarked carbon intensity for 2050, they meet the conditions of the Sub-indicator.

OR

2) If the company’s short-term or medium-term targeted carbon intensities are aligned with or below their respective sector’s benchmarked carbon intensity for 2050, they meet the conditions of the Sub-indicator.

OR

3) If the company discloses a long-term GHG target that extends to 2050 and the company’s aimed carbon intensity at that time is aligned with or below their respective sector’s benchmarked carbon intensity for 2050, they meet the conditions of the Sub-indicator.

Therefore, even if companies have not set a long-term target (and therefore score ‘N’ on 2.1, 2.2.a, and 2.2.b), they can score ‘Y’ on Sub-indicator 2.3 if their expected intensity at 2050 is aligned with or below the trajectory (for the company’s respective sector) to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°C with low or no overshoot (equivalent to IPCC Special Report on 1.5°C Celsius pathway P1 or net zero emissions by 2050).

In the absence of 1.5°C consistent scenarios in the aluminium, paper and autos sectors, companies in these sectors will be measured against a best-available below 2°C scenario. Company assessments will be adjusted when a credible 1.5°C scenario becomes available. All other sectors are assessed against a 1.5°C scenario.

The 1.5°C scenario considered for this iteration of the benchmark is largely based on IEA’s net zero by 2050 report and therefore broadly follows an IPCC P2 Pathway. This pathway is used in the absence of a suitable P1 scenario. For more detail please see footnote 4 of the indicator wording document published here on our website.

In the case of electricity utility companies, the relevant year of long-term alignment is 2040.
3.3 – Medium-term alignment to 1.5°C

Sub-indicator Text

The expected carbon intensity derived from the company’s medium-term GHG emissions reduction target (or, in the absence of a medium-term target, the company’s last disclosed carbon intensity or the intensity derived from its short-term target) is aligned with or below the relevant sector trajectory needed to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°C Celsius with low or no overshoot in 2035. This is equivalent to IPCC Special Report on 1.5° Celsius pathway P1 or net zero emissions by 2050.

Detailed Guidance

Sub-indicator 3.3 uses the Transition Pathway Initiative’s methodology to measure companies’ carbon intensities in 2035. There are three possibilities on how to meet the conditions of this Sub-indicator.

1) If at the last year of disclosure (and without a medium-term GHG target), the company’s carbon intensity is aligned with or below their respective sector’s benchmarked carbon intensity for 2035, they meet the conditions of the Sub-indicator.

OR

2) If the company’s short-term targeted carbon intensity is aligned with or below their respective sector’s benchmarked carbon intensity for 2035, they meet the conditions of the Sub-indicator.

OR

3) If the company discloses a GHG target that extends to 2035 and the company’s aimed carbon intensity at that time is aligned with or below their respective sector’s benchmarked carbon intensity for 2035, they meet the conditions of the Sub-indicator.

Therefore, even if companies have not set a medium-term target (and therefore score ‘N’ on 3.1, 3.2.a, and 3.2.b), they can score ‘Y’ on sub-indicator 3.3 if their expected intensity at 2035 is aligned with or below the trajectory (for the company’s respective sector) to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°C Celsius with low or no overshoot (equivalent to IPCC Special Report on 1.5° Celsius pathway P1 or net zero emissions by 2050).

In the absence of 1.5°C consistent scenarios in the aluminium, paper and autos sectors, companies in these sectors will be measured against a best-available below 2°C scenario. Company assessments will be adjusted when a credible 1.5°C scenario becomes available. All other sectors are assessed against a 1.5°C scenario.

The 1.5C scenario considered for this iteration of the benchmark is largely based on IEA’s net zero by 2050 report and therefore broadly follows an IPCC P2 Pathway. This pathway is used in the absence of a suitable P1 scenario. For more detail please see footnote 4 of the indicator wording document published here on our website.
### 4.3 – Short-term alignment to 1.5°C

#### Sub-indicator Text
The company’s expected carbon intensity derived from their short-term GHG target (or, in the absence of a short-term target, the company’s last disclosed carbon intensity) is aligned with or below the relevant sector trajectory needed to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°C with low or no overshoot in 2025. This is equivalent to IPCC Special Report on 1.5°C pathway P1 or net zero emissions by 2050.

#### Detailed Guidance
Sub-indicator 4.3 uses the Transition Pathway Initiative’s methodology to measure companies’ carbon intensities in 2025. There are two possibilities on how to meet the conditions of this Sub-indicator.

1) If at the last year of disclosure (and without a short-term GHG target), the company’s carbon intensity is aligned with or below their respective sector’s benchmarked carbon intensity for 2025, they meet the conditions of the Sub-indicator.

OR

2) If the company discloses a GHG target that extends to 2025 and the company’s aimed carbon intensity at that time is aligned with or below their respective sector’s benchmarked carbon intensity for 2025, they meet the conditions of the Sub-indicator.

Therefore, even if companies have not set a short-term target (and therefore score ‘N’ on 4.1, 4.2.a, and 4.2.b), they can score ‘Y’ on Sub-indicator 4.3 if their expected intensity at 2025 is aligned with or below the trajectory (for the company’s respective sector) to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°C with low or no overshoot (equivalent to IPCC Special Report on 1.5°C pathway P1 or net zero emissions by 2050).

In the absence of 1.5°C consistent scenarios in the aluminium, paper and autos sectors, companies in these sectors will be measured against a best-available below 2°C scenario. Company assessments will be adjusted when a credible 1.5°C scenario becomes available. All other sectors are assessed against a 1.5°C scenario.

The 1.5°C scenario considered for this iteration of the benchmark is largely based on IEA’s net zero by 2050 report and therefore broadly follows an IPCC P2 Pathway. This pathway is used in the absence of a suitable P1 scenario. For more detail please see footnote 4 of the indicator wording document published here on our website.
Indicator 5 – Decarbonisation Strategy (Target Delivery)

5.1 – Strategy to meet GHG reduction targets

Sub-indicator Text

The company has a decarbonisation strategy that explains how it intends to meet its long- and medium-term GHG reduction targets.

- a. The company identifies the set of actions it intends to take to achieve its GHG reduction targets over the targeted timeframe. These measures clearly refer to the main sources of its GHG emissions, including Scope 3 emissions where applicable.

- b. The company quantifies key elements of this strategy with respect to the major sources of its emissions, including Scope 3 emissions where applicable (e.g. changing technology or product mix, supply chain measures, R&D spending).

Detailed Guidance

a. The company identifies the set of actions it intends to take to achieve its GHG reduction targets over the targeted timeframe. These measures clearly refer to the main sources of its GHG emissions, including Scope 3 emissions where applicable.

Metric 5.1.a is contingent on Sub-indicators 2.1 and 3.1. For companies that have targets meeting Sub-indicators 2.1 and/or 3.1, any disclosures about concrete actions to achieve these targets are assessed. To be assessed as ‘Yes’ on this Metric, the company needs to disclose a set of actions that meet three key criteria:

1. **Specifically relate to the company’s GHG reduction targets.** The set of actions needs to be explicitly framed as aiming to achieve the GHG reduction targets the company has set. An account of broader emissions reductions efforts that do not clearly relate to achieving these targets is insufficient.

2. **Clearly address the main sources of the company’s GHG emissions.** The set of actions must clearly relate to the most material sources of GHG emissions. For example, it would be insufficient if the bulk of emissions a company generates consist of Scope 1 emissions, but the actions described are mainly related to Scope 2 emissions (e.g. ‘use 100% renewables for our headquarters’).

3. **Lay out a concrete set of measures.** The strategy clearly identifies the set of actions the company will implement to achieve its decarbonisation targets (such as phasing out carbon intensive products or assets, developing or deploying low carbon technologies, decarbonising supply chains or using offsets). The measures need to be concrete and specific to the company’s operations. Vague descriptions such as ‘accelerate our transition to cleaner energy solutions’, ‘modernize our operations’ or ‘leverage green solutions’ without a description of how emissions reductions will be achieved are not eligible.

Decarbonisation strategies are separately captured in relation to each target timeframe (medium- or long-term).

To be assessed as ‘Yes’ on this Metric, a decarbonisation strategy meeting the above criteria must be disclosed in relation to both its long- and medium-term targets. Alternatively, a company is also assessed as ‘Yes’ on this Metric if it has a long- or medium-term net zero target (including Scope 3 emissions where applicable) and discloses a corresponding decarbonisation strategy that meets the above criteria.
b. The company quantifies key elements of this strategy with respect to the major sources of its emissions, including Scope 3 emissions where applicable (e.g. changing technology or product mix, supply chain measures, R&D spending).

Metric 5.1.b is contingent on Metric 5.1.a. Where Metric 5.1.a is met, this Metric assesses whether key actions of the decarbonisation (i.e. target delivery) strategy have been quantified in the corporate disclosures. The contribution of each action is quantified in terms of the approximate proportion of the overall GHG target that the action will account for.
5.2 – Green revenues commitment

**Sub-indicator Text**

The company’s decarbonisation (target delivery) strategy specifies the role of ‘green revenues’ from low carbon products and services.

a. The company already generates ‘green revenues’ and discloses their share in overall sales.

b. The company has set a target to increase the share of green revenues in its overall sales OR discloses the ‘green revenue’ share that is above sector average.

**Detailed Guidance**

**a.** The company already generates ‘green revenues’ and discloses their share in overall sales.

To meet this Metric, the company needs to:

- Disclose that it generates revenues from green products and services and detail the nature of these products and services (‘green revenues’).
- Clearly report on the revenue that is generated from these green products and services in its public disclosures.

To be eligible, this can be either disclosed in a manner that allows the computation of the share of these revenues in the company’s total revenues (e.g. as absolute revenues or as share of revenues in a reported segment) or through directly reporting a share of the company’s total revenues that is generated through green products and services.

Note that green revenues can either be disclosed as individual business lines (e.g. separately for ‘wind’ or ‘solar’) or as the aggregated revenue from a reported revenue/business segment that contains only eligible green products and services (for example a ‘Renewable Energy’ segment). Such aggregated revenue data is not acceptable where the reported segment either: a) contains a mix of green and non-green products and services, or b) where it is difficult to clearly establish what type of products or services are included in the reported revenue segment. Only externally generated revenues are considered, as intersegment revenues within the company are not assessed.

Data for a broad set of green products and services that are recognized under the FTSE Russell Green Revenues Classification System (GRCS) are captured for this Metric. Note that in the CA100+ Benchmark this Metric is currently only assessed for companies that are headquartered in Europe. *Further, only revenues from those green activities under GRCS that are aligned with the EU Taxonomy are eligible.*

**b.** The company has set a target to increase the share of ‘green revenues’ in its overall sales OR discloses the ‘green revenue’ share that is above sector average.

This Metric can be met in two manners:

- Through publicly disclosing a target for revenues from green products and services with a clear timeline on when the company intends to achieve this target (e.g. 2025 or 2030). Note that while the target needs to be clearly quantifiable and time-bound, it can be expressed either in terms of revenue (e.g. ‘increasing electric vehicle sales to 20% of total car sales by 2025’) or output (e.g. ‘making one in five cars produced electric by 2025’).
- Alternatively, this Metric can be met by companies through disclosing EU Taxonomy-aligned green revenue that is above the average EU Taxonomy-aligned green revenues in the sector.
Indicator 6 – Capital Alignment

6.1 – Future capex alignment

Sub-indicator Text

The company is working to decarbonise its capital expenditures.

a. The company explicitly commits to align its capital expenditure plans with its long-term GHG reduction target OR to phase out planned expenditure in unabated carbon intensive assets or products.

b. The company explicitly commits to align its capital expenditure plans with the Paris Agreement’s objective of limiting global warming to 1.5°C Celsius AND to phase out investment in unabated carbon intensive assets or products.

Detailed Guidance

a. The company explicitly commits to align its capital expenditure plans with its long-term GHG reduction target OR to phase out planned expenditure in unabated carbon intensive assets or products.

To be assessed as ‘Yes’ on this Metric, the company’s public disclosures need to contain an explicit statement that commits the company to aligning its capital expenditure decisions and plans with its long-term GHG reduction target. Alternatively, the company can also explicitly commit to phasing out investments in unabated carbon intensive products or assets. Note that simply listing or detailing (even large-scale) green or low-carbon capital expenditure plans or projects is not sufficient to meet this indicator, even in cases where it can be reasonably assumed that much or all of the company’s capital expenditures are already aligned with the low carbon transition.

b. The company explicitly commits to align future capital expenditure plans with the Paris Agreement’s objective of limiting global warming to 1.5°C Celsius AND to phase out investment in unabated carbon intensive assets or products.

To be assessed as ‘Yes’ on 6.1.b the company must explicitly commit to aligning its capital expenditures decisions and plans with a 1.5°C Celsius pathway. This must include explicit reference to the phase out of investment in unabated carbon intensive products or assets.
6.2 – Methodology for alignment

The company discloses the methodology used to determine the Paris Agreement alignment of its future capital expenditures.

a. The company discloses the methodology and criteria it uses to assess the alignment of its capital expenditure plans with decarbonisation goals, including key assumptions and key performance indicator (KPIs).

b. The methodology quantifies key outcomes, including the percentage share of its capital expenditures that is invested in carbon intensive assets or products, and the year in which capital expenditures in such assets will peak.

Detailed Guidance

a. The company discloses the methodology and criteria it uses to assess the alignment of its capital expenditure plans with decarbonisation goals, including key assumptions and key performance indicators (KPIs).

To meet Metric 6.2.a, the company is first required to be assessed as ‘Yes’ on Metric 6.1.a (or 6.1.a and 6.1.b). In addition, the company needs to disclose detail on how it evaluates the alignment of individual capital expenditure decisions, projects and plans with achieving its carbon reduction target.

b. The methodology quantifies key outcomes, including the percentage share of its capital expenditures that is invested in carbon intensive assets or products, and the year in which capital expenditures in such assets will peak.

To meet Metric 6.2.b, the company is first required to be assessed as ‘Yes’ on Metric 6.2.a. In addition, the company needs to:

- Disclose the percentage share of its planned or committed total capital expenditures in carbon intensive assets or products; and
- Disclose the year in which capital expenditures in carbon intensive assets or products will peak.
**Indicator 7 – Climate policy engagement**

### 7.1 – Lobbying position aligned with Paris Agreement

**Sub-indicator Text**

The company has a Paris Agreement-aligned climate lobbying position and all of its direct lobbying activities are aligned with this.

- **a.** The company has a specific commitment/position statement to conduct all of its lobbying in line with the goals of the Paris Agreement.
- **b.** The company lists its climate-related lobbying activities, e.g. meetings, policy submissions, etc.

**Detailed Guidance**

**a.** The company has a specific commitment/position statement to conduct all of its lobbying in line with the goals of the Paris Agreement.

This Metric requires a clear statement that the company will ensure its direct lobbying activities and advocacy activities are aligned with the goals of the Paris Agreement. This commitment should refer to direct lobbying activities rather than those of trade associations, and should refer to the Paris Agreement specifically rather than the company’s climate policy or the like.

Statements including vague language or caveats on aligning direct lobbying activities (e.g. ‘where possible’ or ‘aim to ensure direct lobbying positions are aligned with Paris Agreement’) are not sufficient to meet this Metric.

**b.** The company lists its climate-related lobbying activities, e.g. meetings, policy submissions, etc.

This Metric requires the company to disclose the climate-related lobbying activities it has carried out in the latest reporting year. This can include activities such as holding meetings with policymakers or regulators, presenting policy submissions or making political donations.

The disclosure must be clearly signposted as climate-related (lists of lobbying activities for a broader set of issues are not accepted) and include specific details of the stakeholders engaged and focus of engagement. Select case study examples cannot be accepted.

Only lobbying carried out directly by the company can be accepted; lobbying activities carried out via trade associations or other interest groups are not covered by this Metric (see Sub-indicator 7.2).
7.2 - Trade association lobbying consistency

Sub-indicator Text

The company has Paris Agreement-aligned lobbying expectations for its trade associations, and discloses its trade association memberships.

a. The company has a specific commitment to ensure that the trade associations the company is a member of lobby in line with the goals of the Paris Agreement.

b. The company discloses its trade associations memberships.

Detailed Guidance

a. The company has a specific commitment to ensure that the trade associations the company is a member of lobby in line with the goals of the Paris Agreement.

This Metric requires a clear and unequivocal statement in public disclosures that the company will ensure its trade associations and their lobbying activities are aligned with the goals of the Paris Agreement. This commitment should refer directly to trade association policy positions rather than to the company’s direct lobbying activities and should make reference to the Paris Agreement specifically, rather than, for example, the trade associations’ published policy positions or the company’s climate policy.

Statements including vague language or caveats on aligning trade associations’ involvement (e.g. ‘where possible’ or ‘aim to ensure direct lobbying positions are aligned with Paris Agreement’) are not sufficient to meet this Metric.

This commitment may appear as part of annual disclosures or within a review of trade association alignment on the Paris Agreement (see Metric 7.3.a).

b. The company discloses its trade associations memberships.

This Metric captures whether a company has disclosed its trade associations memberships. To meet this Metric, the company should clearly signpost that it is disclosing its trade associations. The company may use alternative terms for trade associations including ‘trade groups’, ‘business associations’, ‘industry associations’, ‘business groups’, ‘trade bodies’, and ‘industry tradegroup’.

Listings of trade associations that contain indications that the disclosure is selective (e.g. ‘Our most material trade associations are…’; ‘Our trade associations include…’) are not acceptable for meeting this Metric. However, if the company states it has included all associations that take positions on climate-related issues, this can be considered exhaustive disclosure for the purpose of this Metric. Note that disclosures against the CDP Climate Change question C12.3a are generally not accepted as a proxy for disclosure of a list of trade associations.
### 7.3 – Process to ensure trade association Paris Agreement alignment

**Sub-indicator Text**

The company has a process to ensure its trade associations lobby in accordance with the Paris Agreement.

- **a.** The company conducts and publishes a review of its trade associations’ climate positions/alignment with the Paris Agreement.
- **b.** The company explains what actions it took as a result of this review.

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**Detailed Guidance**

<table>
<thead>
<tr>
<th><strong>a.</strong> The company conducts and publishes a review of its trade associations’ climate positions/alignment with the Paris Agreement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To meet this Metric, a company must review its trade associations and their lobbying activities for alignment with the goals of the Paris Agreement. Reviewing alignment with the company’s own climate policy is generally not accepted.</td>
</tr>
<tr>
<td>This review or assessment must be published with clear outcomes and findings; vague, generalised findings are not acceptable. The review or assessment could have been conducted by a third party. Note that disclosure against CDP Climate Change question C12.3c_C2 on its own is not accepted as a proxy for a published review of a trade association’s alignment with the Paris Agreement.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>b.</strong> The company explains what actions it took as a result of this review.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To meet this Metric, the company must meet Metric 7.3.a. Additionally, the company must indicate what actions, if any, it took as a result of its review of its trade associations’ alignments with the Paris Agreement. This might include a commitment to engage with a trade association found to be misaligned or withdrawal from a trade association found to be misaligned.</td>
</tr>
</tbody>
</table>
## Indicator 8 – Climate governance

### 8.1 – Board oversight

**Sub-indicator Text**

The company’s board has clear oversight of climate change:

a. The company discloses evidence of board or board committee oversight of the management of climate change risks.

b. The company has named a position at the board level with responsibility for climate change.

### Detailed Guidance

**a.** The company discloses evidence of board or board committee oversight of the management of climate change risks.

For the purposes of this Metric, ‘board oversight’ can take multiple forms:

1. The company states that responsibility for climate change lies with the board or a specific board committee.

2. There is an executive such as a head of sustainability with explicit responsibility for climate change (i.e. not just ‘sustainability performance’) AND there is evidence that the individual reports on this directly to the board or to a board-level committee.

3. The CEO is responsible for climate change AND there is evidence that the CEO reports to the board or a board-level committee on climate change issues specifically in the latest reporting year.

4. There is a committee (which is not necessarily board-level) that is responsible for climate change (i.e. not just ‘sustainability performance’) AND that committee reports directly to the board or a board-level committee.

Further, reference to board responsibility for ‘sustainability’ or ‘environment’ more broadly is not sufficient; clear mention of ‘climate change’ is required.

**b.** The company has named a position at the board level with responsibility for climate change.

There are multiple scenarios/models that qualify as a ‘named position’ for the purposes of this Metric:

1. There is a board position (e.g. Board Director) with explicit responsibility for climate change.

2. There is a named individual (rather than a position) on the board who is responsible for climate change.

3. The CEO is responsible for Climate Change AND the CEO sits on the board.

4. In a two-tier board structure, a named management board member/position has explicit responsibility for climate change AND reports to the supervisory board on climate.

A company will not meet the requirements of this Metric by proxy of having a committee responsible for climate change. Unless specifically identified as being individually responsible, the chair of such a committee does not meet the requirements of this Metric. A named position or individual responsible for ‘sustainability’ or ‘environment’ at the board level does not meet the requirements.

Note that for German and Norwegian companies only, where it is unlikely for the CEO to sit on the Supervisory board, companies whose CEO is individually responsible for climate change and sits on the Executive Board will be assessed to meet this Metric.
8.2 – Remuneration arrangements

Sub-indicator Text

The company’s executive remuneration arrangements incorporate climate change performance elements.

a. The company’s CEO and/or at least one other senior executive’s remuneration arrangements specifically incorporate climate change performance as a KPI determining performance-linked compensation (reference to ‘ESG’ or ‘sustainability performance’ is insufficient).

b. The company’s CEO and/or at least one other senior executive’s remuneration arrangements incorporate progress towards achieving the company’s GHG reduction targets as a KPI determining performance-linked compensation (requires meeting relevant target indicators 2, 3, and/or 4).

Detailed Guidance

a. The company’s CEO and/or at least one other senior executive’s remuneration arrangements specifically incorporate climate change performance as a KPI determining performance-linked compensation (reference to ‘ESG’ or ‘sustainability performance’ are insufficient).

A company will be assessed as meeting the requirements of this Metric if the CEO and/or at least one other senior executive’s remuneration arrangements are determined by the company’s performance against a climate change-related KPI.

This KPI must be concrete and measurable, and must specifically focus on the company’s climate change-related performance (e.g. meeting GHG emissions reduction targets). KPIs that measure broader ‘ESG’ or ‘sustainability’ targets or objectives, energy efficiency targets, CDP scores or the like do not meet the requirements of this Metric.

Any CEO/ExCo objectives that are not directly incentivised by monetary reward do not meet the requirements. Further, an incentivised position at a lower level than ExCo (e.g. a Head of Sustainability that is not a member of ExCo) does not meet the requirements.

b. The company’s CEO and/or at least one other senior executive’s remuneration arrangements incorporate progress towards achieving the company’s GHG reduction targets as a KPI determining performance-linked compensation (requires meeting relevant target indicators 2, 3, and/or 4).

To meet the requirements of this Metric, the company needs to be assessed as ‘Yes’ on Metric 8.2.a and at one of Sub-indicators 2.1, 3.1 or 4.1.

In addition, the CEO and/or at least one other senior executive’s remuneration arrangements must be determined by the company’s performance against its disclosed company-wide emissions targets. This could be any of the targets captured as part of Sub-indicators 2.1, 3.1 or 4.1. Similar to Metric 8.2.a. any CEO/ExCo objectives that are not incentivised by monetary reward do not meet the requirements. Further, an incentivised position at lower level than ExCo (e.g. a Head of Sustainability that is not a member of ExCo) does not meet requirements.
### 8.3 – Board climate-related capabilities/competencies

#### Sub-indicator Text

The board has sufficient capabilities/competencies to assess and manage climate related risks and opportunities.

- **a.** The company has assessed its board competencies with respect to managing climate risks and discloses the results of the assessment.

- **b.** The company provides details on the criteria it uses to assess the board competencies with respect to managing climate risks and/or the measures it is taking to enhance these competencies.

#### Detailed Guidance

**Attention:** Please note that only companies headquartered in Australia will be assessed against Sub-indicator 8.3 in the 2022 Benchmark.

- **a.** The company has assessed its board competencies with respect to managing climate risks and discloses the results of the assessment.

  Meeting this indicator requires clear disclosure that the company has assessed to what extent its board is competent specifically with respect to managing climate change risks AND has disclosed the results of this assessment.

  This could include disclosure of a board skills assessment that has included consideration of climate change knowledge or expertise. Inclusion of climate change in a skills matrix meets the requirements of this Metric where the results/mapping have been disclosed. An indication of which members, or what proportion of the board provides competencies related to climate risks is required.

  A company will not meet the requirements of this Metric if only ‘sustainability’ or ‘environment’ or ‘ESG’ is covered in relation to board competency assessments. Further, existence of a climate expert on the board cannot be used as a proxy for having conducted a board climate competency assessment.

- **b.** The company provides details on the criteria it uses to assess the board competencies with respect to managing climate risks and/or the measures it is taking to enhance these competencies.

  Meeting Metric 8.3.b is contingent on meeting Metric 8.3.a. In addition, the company needs to disclose detail on what specific criteria have been used to assess the board’s climate-related competencies.

  Alternatively, the Metric can also be met if, in addition to meeting 8.3.a, the company explicitly discloses measures it has implemented to enhance the climate competencies of the board. This could include board trainings on climate issues, either external or internal, or the appointment of ‘climate expert’ to the board. Conversely, measures to enhance board ‘sustainability’ or ‘environment’ or ‘ESG’ competencies do not meet the requirements of this Metric.
**Indicator 9 – Just Transition [BETA Indicator]**

In the Preamble to the Paris Agreement on Climate Change, signatory countries agree that their actions on climate change need to account for the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities.

### 9.1 – Acknowledgement

**Sub-indicator Text**

**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.

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

### Detailed Guidance

**Attention:** Companies that are assessed as ‘No’ on 9.1 will be assessed as ‘Not Assessed’ (‘NA’) on Sub-indicators 9.2-9.4. This means that analysts will not collect data on Sub-indicators in Indicator 9 past 9.1 if the requirements for 9.1 have not been met. Therefore, company feedback on Indicator 9.1 should also include feedback on Sub-indicators 9.2-9.4 where applicable.

**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.

The company explicitly identifies the Just Transition as a relevant issue for its business.

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

For a company to be assessed as ‘Yes’ on 9.1.b, it must be assessed as ‘Yes’ on 9.1.a AND must also explicitly reference the Paris Agreement on Climate Change and/or the International Labour Organisation’s (ILO’s) Just Transition Guidelines. If the company does not reference either of these instruments, it will be assessed as ‘No’ on this Metric, and Sub-indicators 9.2-9.4 will not be assessed.

### 9.2 – Commitment

**Sub-indicator Text**

The company has committed to Just Transition principles.

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

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

### Detailed Guidance

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

The policy must be publicly available. For the policy to be ‘in line with Just Transition principles’, it must explicitly reference the Paris Agreement on Climate Change and/or the International Labour Organisation’s (ILO’s) Just Transition Guidelines. If the company does not reference either of these instruments, it will be assessed as ‘No’ on this Metric. This Metric is assessed only if the company is assessed as ‘Yes’ on Sub-indicator 9.1.

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

This Metric is assessed only if the company is assessed as ‘Yes’ on Sub-indicator 9.1.
### 9.3 - Engagement

**Sub-indicator Text**

The company engages with its stakeholders on Just Transition.

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

### Detailed Guidance

<table>
<thead>
<tr>
<th>a. The company, in partnership with its workers, unions, communities and suppliers has developed a Just Transition Plan.</th>
<th>This Metric is assessed only if the company is assessed as ‘Yes’ on Sub-indicator 9.1.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be assessed as ‘Yes’ on this Metric, the company should:</td>
<td></td>
</tr>
<tr>
<td>• Explain which stakeholders were involved in the development of workforce or supplier transition plans that include Just Transition measures.</td>
<td></td>
</tr>
<tr>
<td>• Publish some details of the content of its workforce or supplier transition plans that include Just Transition measures (i.e. it is not sufficient simply to say that a plan exists).</td>
<td></td>
</tr>
<tr>
<td>• Explicitly link the workforce or supplier transition plans that include Just Transition measures to its decarbonisation strategy and/or its Just Transition commitments.</td>
<td></td>
</tr>
</tbody>
</table>

### 9.4 - Action

**Sub-indicator Text**

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

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

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

c. The company takes action to support financially vulnerable customers that are adversely affected by the company’s decarbonisation strategy.
### Detailed Guidance

**Attention:** Please note that for the purposes of this Sub-indicator, ‘Just Transition principles’ refer to those outlined in the Paris Agreement on Climate Change and the International Labour Organisation’s (ILO’s) Just Transition Guidelines.

<table>
<thead>
<tr>
<th>a.</th>
<th>The company supports low-carbon initiatives (e.g. regeneration, access to clean and affordable energy, site repurposing) in regions affected by decarbonisation.</th>
<th>The company should explicitly link these efforts to its Just Transition policy (i.e. so that it is clear that these efforts are part of how it delivers on this policy). To be assessed as ‘Yes’ on this Metric, the company should provide some detail on how it supports these initiatives (e.g. the actions the company takes, the amount it invests and the outcomes that result from its efforts). This Metric is only assessed if the company was assessed as ‘Yes’ on Sub-indicator 9.1.</th>
</tr>
</thead>
<tbody>
<tr>
<td>b.</td>
<td>The company ensures that its decarbonisation efforts and new projects are developed in consultation and seek the consent of affected communities.</td>
<td>The company should explicitly link these efforts to its Just Transition policy (i.e. so that it is clear that these efforts are part of how it delivers on this policy). To be assessed as ‘Yes’ on this Metric, the company should provide some detail on how it has engaged with affected communities (e.g. it should explain which community stakeholders it engaged with and what issues these community stakeholders raised) and the outcomes from this engagement (e.g. what actions were taken as a result of the issues raised and what are the stakeholders’ views of the actions taken). This Metric is only assessed if the company was assessed as ‘Yes’ on Sub-indicator 9.1.</td>
</tr>
<tr>
<td>c.</td>
<td>The company takes action to support financially vulnerable customers that are adversely affected by the company’s decarbonisation strategy.</td>
<td>The company should explicitly link these efforts to its Just Transition policy (i.e. so that it is clear that these efforts are part of how it delivers on this policy). To be assessed as ‘Yes’ on this Metric, the company should provide some detail on how it supports financially vulnerable customers (e.g. the actions the company takes, the amount it invests and the outcomes that result from its efforts). This Metric is only assessed if the company was assessed as ‘Yes’ on Sub-indicator 9.1.</td>
</tr>
</tbody>
</table>
Indicator 10 – TCFD Alignment

10.1 – Support for TCFD recommendations

Sub-indicator Text
The company has committed to implement the recommendations of the Task Force on Climate related Financial Disclosures (TCFD).

a. The company explicitly commits to align its disclosures with the TCFD recommendations OR it is listed as a supporter on the TCFD website.

b. The company explicitly sign-posts TCFD aligned disclosures in its annual reporting OR publishes them in a TCFD report.

Detailed Guidance

a. The company explicitly commits to align its disclosures with the TCFD recommendations OR it is listed as a supporter on the TCFD website.

A company will be assessed as meeting the requirements of this Metric if:

• The company is a listed supporter on the TCFD website, https://www.fsb-tcfd.org/tcfd-supporters/; OR
• The company has explicitly committed to align its disclosures with the TCFD recommendations in its public disclosures; OR
• The company explicitly and clearly indicates that it has aligned its disclosures with the recommendations.

A company will not meet the requirements of this Metric if there is ambiguity about its commitment to TCFD. For example, a company that states that its climate report is ‘informed by’ or ‘takes into account’ the TCFD recommendations would not have provided sufficient clarity on its commitments. Similarly, ‘recognising’ or ‘acknowledging’ are insufficient as they are not the same as making a formal commitment to aligning with TCFD.

b. The company explicitly sign-posts TCFD aligned disclosures in its annual reporting OR publishes them in a TCFD report.

The aim of this Metric is to understand if the company is reporting against the TCFD recommendations. A company will be assessed as meeting the requirements of this Metric if:

• The company explicitly includes or sign-posts TCFD-aligned disclosures in its annual reporting (i.e. in Annual Reports, in sustainability-related reports, or on the company’s website); OR
• The company publishes TCFD-aligned disclosures in a TCFD report.

This Metric assesses whether the company in its disclosures clearly directs investors to its TCFD disclosures, either through clear sign-posting throughout its existing disclosures or by summarising them in a standalone report. It does not assess whether the company discloses against all of the TCFD requirements, nor the content or the quality of the disclosures being provided.

A company will not meet the requirements of this Metric if states that it has disclosed in line with the TCFD requirements but does not sign-post where these disclosures are to be found. Furthermore, disclosures must be provided on the company’s own website (pointing to a third-party website, e.g. CDP, does not meet the intent of this Metric). Finally, a commitment to report against the TCFD recommendations in the future is not sufficient.
Sub-indicator Text

The company employs climate-scenario planning to test its strategic and operational resilience.

a. The company has conducted a climate-related scenario analysis including quantitative elements and has disclosed its results.

b. The quantitative scenario analysis explicitly includes a 1.5° Celsius scenario, covers the entire company, discloses key assumptions and variables used, and reports on the key risks and opportunities identified.

Detailed Guidance

a. The company has conducted a climate-related scenario analysis including quantitative elements and disclosed its results.

The aim of this Metric is to understand the company’s approach to climate-related scenario analysis. A company will be assessed as meeting the requirements of this Metric if:

- The company has conducted climate-related scenario analysis including quantitative elements, i.e. where it uses numerical data – which may be in the form of tables or figures, or explicit reference to external scenarios or models (e.g. IEA Sustainable Development Scenario, RCP 2.6) – to describe possible futures; AND
- The company has disclosed the results of its quantitative scenario analysis. This can include a qualitative description of the results or findings or the presentation of quantitative results or findings.

A company will not meet the requirements of this Metric if it only uses narrative text to describe the scenarios used. A company will not meet the requirements of this Metric if it does not publicly disclose the results (e.g. statements that an analysis has been conducted but that the results are under review by company management would not be sufficient to meet the requirements of this metric).

b. The quantitative scenario analysis explicitly includes a 1.5° Celsius scenario, covers the entire company, discloses key assumptions and variables used, and reports on the key risks and opportunities identified.

The aim of this Metric is to assess the completeness of the information the company provides about its quantitative scenario analysis. Meeting this Metric is contingent on meeting metric 10.2.a. To meet 10.2.b, the company is also required to:

- Explicitly include a 1.5° Celsius scenario in its scenario analysis. Note that because scenarios provided by the International Energy Agency (IEA) are widely used, and given the limited time for which an IEA 1.5° Celsius scenario has been available, companies using the IEA’s B2DS scenario are considered to meet the intent of this Metric for this iteration of the Benchmark; AND
- The company’s quantitative scenario analysis explicitly covers the entire company (rather than a specific product, business line or geography); AND
- The company discloses key assumptions and variables used in its scenario analysis; AND
- The company reports on key risks and opportunities that have been identified in the scenario analysis.

A company will not meet the requirements of this Metric if the analysis only covers selected operations, commodities, countries, etc., or if the company states that ‘most but not all’ operations were covered.

A company will also not meet the requirements of this Metric if its disclosure of risks and opportunities is not related to the scenario analysis that has been conducted. For example, generic discussions of climate-related risks and opportunities do not meet the intent of this Metric. In addition, the company must discuss both risks (downsides) and opportunities (upsides).
Traffic light system: Yes / No / Partial

Each Metric is assessed with a binary Yes / No (or Not Applicable, see next paragraph), based on information and evidence published by the company. Aggregation at the Sub-indicator and Indicator levels then use the following system:

- **Yes** = When all Metrics for a Sub-indicator or Indicator are ‘Yes’
- **No** = When all Metrics for a Sub-indicator or Indicator are ‘No’
- **Partial** = When at least one Metric for a Sub-indicator or Indicator is ‘Yes’

Any Sub-indicator has between one and three Metrics (a, b, and c). Indicators can have multiple Sub-indicators and Metrics (e.g. Indicator 7 has three Sub-indicators and six Metrics). Metrics can also be ‘Not Applicable’ or ‘Not Assessed.’ When this is the case, the Metric is not included as part of the threshold for Yes / No / Partial. See Indicator combinations for more specifics.

Sub-indicator combinations

Any Sub-indicator has between one and three metrics (a, b, and c). Below is a summary of the possible combination on any one Sub-indicator.

<table>
<thead>
<tr>
<th>Metric Score Combinations</th>
<th>Sub-indicator assessment</th>
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</thead>
<tbody>
<tr>
<td>x.x.a</td>
<td>Sub-indicator x.x</td>
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### Assessment combinations by Indicator and contingencies

The following illustrates various Metric combinations by Indicator. Note it does not necessarily show every combination of Metrics to receive a ‘Yes’, ‘No’ or ‘Partial’ at the Indicator level.

#### INDICATOR 1 – NET ZERO AMBITIONS

**Indicator text**
Sub-indicator 1.1 - …ambition to achieve net zero GHG emissions by 2050 or sooner.
- Metric a): …includes at least 95% of its Scope 1 and 2 emissions.
- Metric b): …covers the most relevant Scope 3 GHG emissions categories…

**Contingency:** Metric 1.1.b cannot be ‘Yes’ unless Metric 1.1.a is also ‘Yes’.

**Not applicable:** Company does not have material Scope 3 emissions.

#### INDICATOR 2 – LONG-TERM TARGETS

**Indicator text**
Sub-indicator 2.1 - …target for reducing its GHG emissions by between 2036 and 2050…

Sub-indicator 2.2
- Metric a): …covers at least 95% of its total Scope 1 and 2 emissions.
- Metric b): …covers the most relevant Scope 3 emissions categories…

Sub-indicator 2.3 - The target (or, in the absence of a target, the company’s latest disclosed GHG emissions intensity) is aligned with the goal of limiting global warming to 1.5°C.

**Contingency:** Metrics 2.2.a and 2.2.b cannot be ‘Yes’ unless Sub-indicator 2.1 is also ‘Yes’. Sub-indicator 2.3 is not currently conditional on 2.1 or 2.2. Therefore, it is possible to score ‘No’ on 2.1 but ‘Yes’ on 2.3. Metrics 2.1/2.2.a/2.2.b respectively will be ‘Yes’ if 3.1/3.2.a/3.2.b are ‘Yes’ and are net-zero targets (i.e. if net zero will be achieved already in the medium term).

**Not applicable:** Company does not have material Scope 3 emissions.

**Not assessed:** TPI lacks a relevant sectoral benchmark so could not assess the company’s alignment.

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**Partial requirements**
Need 1/4 metrics to be ‘Y’ for the Indicator to be ‘Partial’;
When 2.2.b = ‘Not applicable’, need only 1/3 metrics to be ‘Y’ for the Indicator to be ‘Partial’;
When 2.3 = ‘Not assessed’, need only 1/3 metrics to be ‘Y’ for the Indicator to be ‘Partial’;
When 2.2.b = ‘Not applicable’ and 2.3 = ‘Not assessed’, need only 1/2 metrics to = ‘Y’ for the Indicator to be ‘Partial’
### INDICATOR 3 – MEDIUM-TERM TARGETS

**Indicator text**
- Sub-indicator 3.1 - ...target for reducing its GHG emissions by between 2026 and 2035...
- Sub-indicator 3.2
  - Metric a): ...covers at least 95% of its total Scope 1 and 2 emissions.
  - Metric b): ...covers the most relevant Scope 3 emissions categories...
- Sub-indicator 3.3 - The target (or, in the absence of a target, the company’s latest disclosed GHG emissions intensity) is aligned with the goal of limiting global warming to 1.5°C.

**Contingency:** Metrics 3.2.a and 3.2.b cannot be 'Yes' unless Sub-indicator 3.1 is also 'Yes'. Sub-indicator 3.3 is not currently conditional on 3.1 or 3.2. Therefore, it is possible to be 'No' on 3.1 but 'Yes' on 3.3. Metrics 3.1/3.2.a/3.2.b respectively will be 'Yes' if 4.1/4.2.a/4.2.b are 'Yes' and are net zero targets (i.e. net zero will be achieved already in the short term).

**Not applicable** = Company does not have material Scope 3 emissions.

**Not assessed** = TPI lacks a relevant sectoral benchmark so could not assess the company's alignment.

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**Partial requirements**
- Need 1/4 metrics to be 'Y' for the Indicator to be 'Partial';
- When 3.2.b = 'Not applicable', need only 1/3 metrics to be 'Y' for the Indicator to be 'Partial';
- When 3.3 = 'Not assessed', need only 1/3 metrics to be 'Y' for the Indicator to be 'Partial';
- When 4.2.b = 'Not applicable' and 4.3 = 'Not assessed', need only 1/2 metrics to = 'Y' for the Indicator to be 'Partial'.

### INDICATOR 4 – SHORT-TERM TARGETS

**Indicator text**
- Sub-indicator 4.1 - ...target for reducing its GHG emissions up to 2025...
- Sub-indicator 4.2
  - Metric a): ...covers at least 95% of its total Scope 1 and 2 emissions.
  - Metric b): ...covers the most relevant Scope 3 emissions categories...
- Sub-indicator 4.3 - The target (or, in the absence of a target, the company’s latest disclosed GHG emissions intensity) is aligned with the goal of limiting global warming to 1.5°C.

**Contingency:** Metrics 4.2.a and 4.2.b cannot be 'Yes' unless Sub-indicator 4.1 is also 'Yes'. Sub-indicator 4.3 is not currently conditional on 4.1 or 4.2. Therefore, it is possible to be 'No' on 4.1 but 'Yes' on 4.3.

**Not applicable** = Company does not have material Scope 3 emissions.

**Not assessed** = TPI lacks a relevant sectoral benchmark so could not assess the company’s alignment.

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**Partial requirements**
- Need 1/4 metrics to be 'Y' for the Indicator to be 'Partial';
- When 4.2.b = ‘Not applicable’, need only 1/3 metrics to be ‘Y’ for the Indicator to be 'Partial';
- When 4.3 = ‘Not assessed’, need only 1/3 metrics to be ‘Y’ for the Indicator to be 'Partial';
- When 4.2.b = ‘Not applicable’ and 4.3 = ‘Not assessed’, need only 1/2 metrics to = ‘Y’ for the Indicator to be 'Partial'.

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**INDICATOR 5 – DECARBONISATION STRATEGY**

**Indicator text**
Sub-indicator 5.1 - …has a decarbonisation strategy that explains how it intends to meet its long- and medium-term GHG reduction targets.
- Metric a): …company identifies the set of actions it intends to take…
- Metric b): …company quantifies key elements of this strategy…

Sub-indicator 5.2 - …decarbonisation strategy (target delivery) specifies the role of ‘green revenues’…
- Metric a): …company already generates ‘green revenues’…
- Metric b): …company has set a target to increase the share of ‘green revenues’…

**Contingency:** Sub-indicator 5.1 is contingent on Sub-indicators 2.1 (long-term targets) and 3.1 (medium-term targets) being ‘Yes’. Sub-indicator 5.1 is not conditional on 2.3 and/or 3.3 (net zero alignment), i.e. 5.1 can be ‘Yes’ and 2.3/3.3 ‘No’. Metric 5.1.b cannot be ‘Yes’ if 5.1.a is not ‘Yes’.

**5.1.a**
- Partial

**5.1.b**
- Partial

**5.2.a**
- Partial

**5.2.b**
- Partial

**Indicator assessment**
- Partial

**Partial requirements**
Need 1/4 metrics to = ‘Y’ for indicator = ‘Partial’

**INDICATOR 6 – CAPITAL ALLOCATION ALIGNMENT**

**Indicator text**
Sub-indicator 6.1 - …company is working to decarbonise its capital expenditures.
- Metric a): …commits to align its capital expenditure plans with its long-term GHG reduction target OR to phase out expenditure…
- Metric b): …commits to align its capital expenditure plans with the Paris Agreement’s objective AND to phase out investment…

Sub-indicator 6.2 - …discloses the methodology used to determine the Paris alignment…
- Metric a): …discloses the methodology and criteria it uses to assess the alignment its capital expenditure plans with decarbonisation goals…
- Metric b): The methodology quantifies key outcomes…

**Contingency:** Metric 6.2.a cannot be ‘Yes’ if either 6.1a or 6.1.b are not ‘Yes’. Metric 6.2.b cannot be ‘Yes’ if 6.2.a is not ‘Yes’.

**6.1.a**
- Partial

**6.1.b**
- Partial

**6.2.a**
- Partial

**6.2.b**
- Partial

**Indicator assessment**
- Partial

**Partial requirements**
Need 1/4 metrics to = ‘Y’ for indicator = ‘Partial’
INDICATOR 7 – CLIMATE POLICY ENGAGEMENT

**Indicator text**
Sub-indicator 7.1 - …climate lobbying position…
- Metric a): …lobbying in line with the goals of the Paris Agreement.
- Metric b): …company lists its climate-related lobbying activities…

Sub-indicator 7.2 - …expectations for its trade associations…
- Metric a): …commitment to ensure that the trade associations the company is a member of lobby in line with the goals of the Paris Agreement.
- Metric b): …company discloses its trade associations memberships.

Sub-indicator 7.3 - …process to ensure its trade associations lobby in accordance with the Paris Agreement.
- Metric a): …publishes a review of its trade associations’ climate positions/alignment…
- Metric b): …explains what actions it took as a result of this review.

**Contingency:** Metric 7.3.b cannot be ‘Yes’ unless metric 7.3.a is also ‘Yes’.

**Partial requirements**
Need 1/6 metrics to = ‘Y’ for indicator = ‘Partial’

*Note: this table does not illustrate every metric combination.*

---

INDICATOR 8 – CLIMATE GOVERNANCE

**Indicator text**
Sub-indicator 8.1 – board has clear oversight of climate change.
- Metric a): …evidence of board or board committee oversight…
- Metric b): …named a position at the board level with responsibility for climate change…

Sub-indicator 8.2 - …executive remuneration scheme incorporates climate change…
- Metric a): …senior executive’s remuneration arrangements specifically incorporate climate change…
- Metric b): …executive’s remuneration arrangements incorporate progress towards achieving the company’s GHG reduction targets…

Sub-indicator 8.3 [beta] - …competencies to assess and manage climate related risks and opportunities.
- Metric a): …assessed its board competencies with respect to managing climate risks …
- Metric b): …details on the criteria it uses to assess the board competencies…

**Contingency:** Metric 8.2.b cannot be ‘Yes’ unless 8.2.a and Sub-indicators 2.1 or 3.1 or 4.1 are also ‘Yes’.

**Partial requirements**
Need 1/4 metrics to = ‘Y’ for Indicator = ‘Partial’
INDICATOR 9 – JUST TRANSITION [BETA Indicator]

**Indicator text**

Sub-indicator 9.1  
- Metric a): …formal statement recognising the social impacts of their climate change strategy…  
- Metric b): …referenced the Paris Agreement on Climate Change and/or the International Labour Organisation…

Sub-indicator 9.2 - The company has committed to Just Transition principles.  
- Metric a): …published a policy committing…  
- Metric b): …committed to retain, retrain, redeploy and/or compensate workers…

Sub-indicator 9.3 - The company engages with its stakeholders on Just Transition  
- Metric a): … in partnership with its workers, unions, communities and suppliers…

Sub-indicator 9.4 – …decarbonisation strategy in line with Just Transition principle5  
- Metric a): … supports low-carbon initiatives… developed in consultation and seek the consent of affected communities.  
- Metric c): … support financially vulnerable customers…

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

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**Partial requirements**

Need 1/8 metrics to = ‘Y’ for Indicator = ‘Partial’

**Note:** This table does not contain all possible combinations of scores.
### Indicator text
Sub-indicator 10.1 - …implement the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).
- Metric a): …commits to align its disclosures with the TCFD recommendations…
- Metric b): …sign-posts TCFD aligned disclosures…

Sub-indicator 10.2 - …employs climate-scenario planning…
- Metric a): …conducted a climate-related scenario analysis…
- Metric b): …scenario analysis explicitly includes a 1.5°C Celsius scenario…

**Contingency:** Metric 10.2.b cannot be ‘Yes’ unless 10.2.a is also ‘Yes’.

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