

# Climate Action 100+ Net Zero Company **Benchmark 2.0** **Consultation Guide**

October – November 2022



# Introduction

- The Climate Action 100+ Net Zero Company Benchmark ("the Benchmark") **assesses the climate performance of focus companies** against the initiative's key goals. It comprises two types of assessments: the Disclosure Framework and Alignment Assessments.
- The initiative is **consulting investors and other stakeholders on a set of proposals for the enhanced Benchmark Version 2.0 framework**.
- The consultation will be **open from 13 October to 11 November 2022 (23:59 GMT)**.
- The aim of this guide is to provide an **overview of the enhancements** being proposed as part of Version 2.0 of the Benchmark and to **inform your responses** to the online consultation survey.
- **The online survey should be filled out in conjunction with this Consultation Guide.**

# Purpose of the Benchmark 2.0 consultation

- As Climate Action 100+ enters its **second phase in 2023**, it is enhancing the Benchmark to ensure that it continues to effectively support investor engagements with focus companies.
- Since launching the Benchmark in 2021, Climate Action 100+ has sought to ensure that it provides investors with the most useful information possible to support their engagements.
- This consultation is a further **unique opportunity for investors and other stakeholders to share feedback to ensure that the Benchmark is fully optimised** and remains fit for purpose.
- The next slide provides more detail about **how to access the Benchmark 2.0 consultation survey**.

# Accessing the Benchmark 2.0 consultation survey

- The Benchmark consultation is being conducted **via an online survey** managed through the Qualtrics platform.

Please click **HERE** to access the survey

- **Important:** Please note that feedback on the proposed Version 2.0 Benchmark **must be received via the online survey form.**
- **Please get in touch with [benchmark@climateaction100.org](mailto:benchmark@climateaction100.org)** if you have any questions about the Benchmark 2.0 consultation or require assistance filling out the online survey.



# Benchmark 2.0 consultation survey structure

- The consultation survey covers the following sections:

- **Section 1:** Respondent Details
- **Section 2:** General questions about the use and focus of the Benchmark
- **Section 3:** Questions about the governance of the Benchmark
- **Section 4:** Questions about a set of proposals to enhance the Disclosure Framework
- **Section 5:** Questions about potential additional Benchmark elements
- **Section 6:** Questions about a set of proposals to enhance the Alignment Assessments

- This Consultation Guide is designed to **support responses to Sections 4-6** in particular.
- Respondents **do not need** to respond to any questions that are not pertinent to their work or interests.
- While this survey is open to the public and Climate Action 100+ encourages a wide range of stakeholders to provide input, the primary audience for this consultation are Climate Action 100+ investor signatories using the Benchmark in their engagements with focus companies.

# Timeline and Next Steps

- The consultation survey will **remain open until 11 November 2022 (23:59 GMT)**.
- Input obtained via the public consultation will be considered in the development of the Benchmark 2.0 framework to the extent possible, though please note that Climate Action 100+ may not be able to incorporate all the feedback received.
- The Benchmark 2.0 framework will be published on the Climate Action 100+ website in **late Q1 2023** and the first company assessments against the new framework are expected to be released in **September/October 2023**.

# Proposed Version 2.0 Disclosure Framework Enhancements

The forthcoming slides are designed to support responses to questions pertaining to the Disclosure Framework in **Section 4** of the Benchmark 2.0 Consultation Survey



# Disclosure Framework Assessment Cycle Options

- Given feedback from signatories that Climate Action 100+ Net Zero Company Benchmark assessments against the Disclosure Framework are not always sufficiently up-to-date to meet engagement needs, Climate Action 100+ is proposing two options for the cycle of company assessments:
  - **OPTION 1 – ANNUAL COMPANY ASSESSMENT UPDATES FOR ALL FOCUS COMPANIES IN SEPTEMBER/OCTOBER (CURRENT MODEL):** This option follows the current model of Benchmark assessment updates with an **annual publication in September/October**, as this timeframe has been identified as the most optimal point at which to publish annual company assessment updates. The advantage of this approach is that all focus companies are assessed simultaneously, providing signatories with a single point of comparability each year and enabling them to clearly track progress.
  - **OPTION 2 – STAGGERED COMPANY ASSESSMENT UPDATES THROUGHOUT THE YEAR:** Under this option, Climate Action 100+ would determine a “queue” for company assessments based on corporate reporting schedules and AGM dates. All focus companies would still be assessed at least once annually, but **at different points throughout the year**, with a set number of companies assessed each month. Given the need to retain the company feedback period to ensure methodological rigour, the delay between the company being put up for assessment and the assessment being published would be 8 weeks. It is currently not possible to shorten the evaluation period as the company feedback period is a core and indispensable part of the Disclosure Framework assessment methodology.
- Note that these options only apply to company assessments against the Disclosure Framework. Notwithstanding the outcome of the consultation, Climate Action 100+ will publish one more set of *annual* company assessments against the Disclosure Framework in September/October 2023.

• This slide informs responses to questions in **Section 4.1 of the [online Benchmark 2.0 consultation survey](#)**



# Disclosure Framework Assessment Cycle Options

More detail on key advantages and disadvantages of each of the Disclosure Framework assessment cycle options described in the preceding slide (i.e., **Option 1 – Annual Updates** and **Option 2 – Staggered Updates**) is available below:

	Key Advantages	Key Disadvantages
<b>Option 1: Annual company assessment updates</b>	<ul style="list-style-type: none"> <li>• Allows for annual monitoring of company progress at a single point in time for all focus companies</li> <li>• Increases the comparability of company assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Assessments may not be sufficiently up-to-date for engagement purposes</li> <li>• Assessment cycle is insufficiently aligned with company reporting and AGM schedules</li> </ul>
<b>Option 2: Staggered company assessment updates</b>	<ul style="list-style-type: none"> <li>• Timelier company assessment updates that align more closely with corporate reporting timelines &amp; AGM schedules</li> <li>• Higher data accuracy due to the staggered nature of the research process</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of a single point in a year at which progress for all focus companies can be assessed could make comparability and progress tracking difficult</li> </ul>

• This slide informs responses to questions in **Section 4.1 of the [online Benchmark 2.0 consultation survey](#)**

# Enhancements Overview: Version 2.0

## Disclosure Framework

- Climate Action 100+ is proposing several enhancements to the [Disclosure Framework](#), including:

<b>Indicator 1: Net Zero GHG emissions by 2050 (or sooner) ambition</b>	<b>No revisions proposed</b> (see <a href="#">here</a> for an overview of the current methodology)
<b>Indicators 2-4: Long-, Medium- and Short-Term GHG Emissions Reduction Targets</b>	<b>Minor revisions</b> , including <b>adjusting timeframes</b> for long-, medium- and short-term targets & incorporating a new Metric on whether companies that have set emissions intensity targets have converted these into projected <b>absolute emissions reductions</b>
<b>Indicator 5: Decarbonisation Strategy</b>	<b>Substantial revisions</b> , including a new Metric looking at <b>offsets/negative emissions technologies</b> and a new Sub-indicator focused on <b>climate solutions</b>
<b>Indicator 6: Capital Allocation</b>	<b>Substantial revisions</b> , including a new Sub-indicator focused on <b>climate solutions</b>
<b>Indicator 7: Climate Policy Engagement</b>	<b>Substantial revisions</b> , including a new Sub-indicator on company <b>Board governance of climate policy engagement</b> activities
<b>Indicator 8: Climate Governance</b>	<b>Minor revisions</b> , including expansion of Sub-indicator 8.3 focused on <b>Board climate competencies</b> to <i>all</i> companies
<b>Indicator 9: Just Transition</b>	<b>Substantial revisions</b> , including a stronger focus on <b>Just Transition Planning</b> and a new Sub-indicator focused on <b>Board oversight</b> and <b>progress monitoring</b> of corporate just transition activities. Indicator 9 will no longer be in 'Beta' form in Version 2.0.
<b>Indicator 10: TCFD Disclosure</b>	<b>No revisions proposed</b> (see <a href="#">here</a> for an overview of the current methodology)

- This slide informs responses to questions in **Section 4.2 of the [online Benchmark 2.0 consultation survey](#)**

# Version 2.0 Disclosure Indicator 1: Net Zero GHG Emissions by 2050 (or sooner) ambition

Proposed Version 2.0 Disclosure Indicator 1	Summary of proposed changes
<p><b>SUB-INDICATOR 1.1:</b> The company has set an ambition to achieve net zero GHG emissions by 2050 or sooner.</p> <ul style="list-style-type: none"><li>• <b>METRIC 1.1.a:</b> 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.</li><li>• <b>Metric 1.1.b:</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.</li></ul>	<ul style="list-style-type: none"><li>• Disclosure Indicator 1 <b>remains unchanged</b> in Version 2.0 of the Benchmark.</li></ul>

• This slide informs responses to questions in **Section 4.2 of the [online Benchmark 2.0 consultation survey](#)**

# Version 2.0 Disclosure Indicators 2-4: Long-, Medium- and Short-term GHG Reduction Targets

Proposed Version 2.0 Disclosure Indicators 2-4	Summary of proposed changes
<p><b>SUB-INDICATORS 2.1, 3.1 and 4.1: The company has set a long-, medium- and short-term target for reducing its GHG emissions in the required timeframe.</b></p> <ul style="list-style-type: none"> <li>For Indicator 2: Long-term GHG reduction targets, the timeframe for assessment would be <b>2036-2050</b>, as in the current version of the Benchmark</li> <li><b>[NEW]</b> For Indicator 3: Medium-term GHG reduction targets, the timeframe would be <b>2029-2035</b></li> <li><b>[NEW]</b> For Indicator 4: Short-term GHG reduction targets, the timeframe would be <b>2023-2028</b></li> <li><b>[NEW] METRICS 2.1.b and 3.1.b:</b> Where the company has only set an emissions intensity target, it has converted this target into associated projected absolute emissions reductions.</li> </ul>	<ul style="list-style-type: none"> <li>Climate Action 100+ proposes to <b>move the timeframes for Indicator 3: Medium-term GHG reduction targets and Indicator 4: Short-term GHG reduction targets</b> further into the future, so that Indicator 3 covers the period from 2029-2035 (rather than 2026-2035 as in the current Benchmark); and Indicator 4 covers the period from 2023-2028 (rather than up to 2025 as in the current Benchmark). The timeframe for Indicator 2 would remain the same.</li> <li>Climate Action 100+ also proposes to add a new Metric to Indicators 2 and 3 capturing whether companies that have only set emissions intensity targets have <b>converted these targets into projected associated absolute emissions reductions</b>.</li> <li>In addition, for Sub-indicator 4.1. (Short-Term Targets) specifically, Climate Action 100+ is considering <b>accepting year-on-year targets as a way of scoring on this Sub-indicator, insofar as these fulfil the current scoring criteria</b> by specifying the scope covered by the target, clearly defining base year emissions and including a clearly stated commitment.</li> </ul>
<p><b>SUB-INDICATORS 2.2, 3.2 and 4.2: The company's long-, medium- and short-term target covers at least 95% of its Scope 1 &amp; 2 emissions and the most relevant Scope 3 emissions (where applicable).</b></p> <ul style="list-style-type: none"> <li><b>METRICS 2.2.a, 3.2.a, 4.2.a:</b> The company has specified that this target covers at least 95% of its total Scope 1 and 2 emissions.</li> <li><b>METRICS 2.2.b, 3.2.b, 4.2.b:</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.</li> </ul>	<ul style="list-style-type: none"> <li>Sub-indicators 2.2, 3.2 and 4.2 <b>remain unchanged</b> in Version 2.0 (though the assessment would now look at targets made within the updated timeframes described above).</li> </ul>
<p><b>SUB-INDICATORS 2.3, 3.3 and 4.3: The company's last disclosed carbon intensity; OR its 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 with low or no overshoot.</b></p>	<ul style="list-style-type: none"> <li>These Sub-indicators <b>remain unchanged</b> in Version 2.0 (though the assessment would now look at targets within the updated timeframes described above).</li> <li>Please note that TPI Centre is developing additional sectoral pathways which will inform company assessments against 2.3, 3.3 and 4.3 Sub-indicators.</li> </ul>

• This slide informs responses to questions in **Section 4.2 of the [online Benchmark 2.0 consultation survey](#)**

# Version 2.0 Disclosure Indicator 5: Decarbonisation Strategy

Proposed Version 2.0 Disclosure Indicator 5	Summary of proposed changes
<p><b>SUB-INDICATOR 5.1: The company has a decarbonisation strategy that explains how it intends to meet its long- and medium-term GHG reduction targets.</b></p> <ul style="list-style-type: none"> <li>• <b>METRIC 5.1.a:</b> The company identifies the individual decarbonisation levers it intends to use to achieve its medium- and long-term GHG reduction targets over the targeted timeframe. These levers clearly refer to the main sources of the company's GHG emissions, including Scope 3 emissions where applicable.</li> <li>• <b>METRIC 5.1.b:</b> The company quantifies the contribution of individual decarbonisation levers to achieving its medium- and long-term GHG reduction targets, including Scope 3 emissions where applicable (e.g. changing technology or product mix, supply chain measures, R&amp;D spending).</li> <li>• <b>[NEW] METRIC 5.1.c:</b> The company provides details on the role and type of offsets and negative emissions technologies in its decarbonisation strategy.</li> <li>• <b>[NEW] METRIC 5.1.d:</b> In its decarbonisation strategy, the company quantifies the share of proven and probable abatement measures (i.e., the share of decarbonisation measures that are technologically feasible and economic under current conditions) vs. those relying on future technological innovation or changing market/regulatory conditions (e.g., certain levels of carbon pricing).</li> </ul>	<ul style="list-style-type: none"> <li>• Metrics 5.1.a (relating to whether the company identifies decarbonisation levers) and 5.1.b (relating to whether the company quantifies the contribution of individual decarbonisation levers) contain minor wording changes in Version 2.0 as compared to the current version of the Benchmark, but these do not have a material impact on scoring.</li> <li>• In Version 2.0, Climate Action 100+ also proposes to <b>add two new Metrics to Sub-indicator 5.1:</b> <ul style="list-style-type: none"> <li>• Metric 5.1.c, focused on whether the company discloses the <b>role and type of offsets/negative emissions technologies</b> used in its decarbonisation strategy.</li> <li>• Metric 5.1.d, focused on whether the company <b>quantifies the share of proven and probable abatement measures</b>. The purpose of Metric 5.1.d is to help investors understand the economic and technological feasibility of the company's decarbonisation strategy.</li> </ul> </li> </ul>
<p><b>[NEW] SUB-INDICATOR 5.2: The company's decarbonisation strategy specifies the role of climate solutions (i.e., low-carbon technologies, infrastructure or other activities which help displace fossil fuels).</b></p> <ul style="list-style-type: none"> <li>• <b>[NEW] METRIC 5.2.a:</b> The company discloses the revenue or production it already generates from climate solutions and discloses their share in overall sales.</li> <li>• <b>[NEW] METRIC 5.2.b:</b> The company has set a target to increase revenue or production from climate solutions in its overall sales.</li> </ul>	<ul style="list-style-type: none"> <li>• In comparison with the current version of the Benchmark, the focus of this Sub-indicator has <b>moved from green revenues to climate solutions</b> (defined as low-carbon technologies, infrastructure or other activities which help displace fossil fuels) in Version 2.0.</li> <li>• <b>All focus companies</b>, not only those headquartered in the European Union, would be assessed against this Sub-indicator in the next iteration of the Benchmark.</li> </ul>

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# Version 2.0 Disclosure Indicator 6: Capital Alignment

Proposed Version 2.0 Disclosure Indicator 6	Summary of proposed changes
<p><b>SUB-INDICATOR 6.1: The company is working to decarbonise its capital expenditures.</b></p> <ul style="list-style-type: none"> <li>• <b>METRIC 6.1.a:</b> The company explicitly states that it has phased out or is planning to phase out capital expenditure in new unabated carbon-intensive assets or products.</li> <li>• <b>[NEW] METRIC 6.1.b:</b> The company discloses the amount of its capital expenditures that is going towards carbon intensive assets or products.</li> <li>• <b>[NEW] METRIC 6.1.c:</b> The company discloses the amount of capital expenditures it intends to allocate to new unabated carbon intensive assets or products in the future</li> </ul>	<ul style="list-style-type: none"> <li>• For Version 2.0 Sub-indicator 6.1, Climate Action 100+ proposes to remove the assessment of whether companies make a commitment to align CAPEX with their own GHG targets and the Paris Agreement objective of limiting global warming to 1.5°C.</li> <li>• Instead, this Sub-indicator now assesses whether the company states that it has phased out or is planning to phase out CAPEX in new unabated carbon intensive assets or products.</li> <li>• Climate Action 100+ also proposes to introduce <b>two new metrics</b> capturing whether the company discloses the amount of its <b>CAPEX going towards existing carbon intensive assets or products</b> and <b>new unabated carbon intensive assets or products</b>.</li> </ul>
<p><b>[NEW] SUB-INDICATOR 6.2: The company explains how it intends to invest in climate solutions (i.e., low-carbon technologies, infrastructure or other activities which help displace fossil fuels).</b></p> <ul style="list-style-type: none"> <li>• <b>[NEW] METRIC 6.2.a:</b> The company discloses the amount of capital expenditures allocated towards climate solutions in the last year.</li> <li>• <b>[NEW] METRIC 6.2.b:</b> The company discloses the amount of capital expenditures it intends to allocate to climate solutions in the future.</li> </ul>	<ul style="list-style-type: none"> <li>• Under Version 2.0 of the Benchmark, Climate Action 100+ proposes to change the focus of Sub-indicator 6.2 from requiring companies to provide a methodology for CAPEX decarbonisation to <b>CAPEX allocated to climate solutions</b> (i.e., low-carbon technologies, infrastructure or other activities which help displace fossil fuels).</li> <li>• Overall, the proposed Version 2.0 Disclosure Indicator 6 mirrors the structure of the proposed enhanced Disclosure Indicator 5 by having a “.1” focusing on decarbonisation and a “.2” focusing on climate solutions. This also draws on new metrics proposed by TCFD in November 2021.</li> </ul>

• This slide informs responses to questions in **Section 4.2 of the online Benchmark 2.0 consultation survey**



# Version 2.0 Disclosure Indicator 7: Climate Policy Engagement

Proposed Version 2.0 Disclosure Indicator 7	Summary of proposed changes
<p><b>SUB-INDICATOR 7.1: The company commits to conducting its policy engagement activities in accordance with the goals of the Paris Agreement.</b></p> <ul style="list-style-type: none"> <li><b>METRIC 7.1.a:</b> The company has a specific public commitment/position statement to conduct all of its lobbying in line with the goals of the Paris Agreement.</li> <li><b>METRIC 7.1.b:</b> The company commits to advocate for Paris-aligned lobbying within the trade associations of which it is a member.</li> <li><b>[NEW] METRIC 7.1.c:</b> The company's public commitment/position statement to conduct all of its own lobbying in line with the goals of the Paris Agreement specifies the goal of restricting global temperature rise to 1.5°C above pre-industrial levels.</li> </ul>	<ul style="list-style-type: none"> <li>This Sub-indicator has been restructured so that it focuses on the <b>company's commitment to conduct both its direct and indirect climate policy engagement activities in accordance with the goals of the Paris Agreement.</b></li> <li>Metric 7.1.a remains unchanged in Version 2.0. The proposed Version 2.0. Metric 7.1.b already features in the <u>existing</u> Benchmark Indicator 7, but it is currently Metric 7.2.a.</li> <li>Climate Action 100+ also proposes to <b>add a new metric</b> on whether the company explicitly commits to conduct its own climate policy engagement activities <b>in line with the global goal of limiting temperature rise to 1.5°C</b> above pre-industrial levels by 2050. This aligns with the asks in the <u>Global Standard on Responsible Corporate Climate Lobbying</u>.</li> </ul>
<p><b>SUB-INDICATOR 7.2: The company reviews its own and its trade associations' climate policy engagement positions / activities.</b></p> <ul style="list-style-type: none"> <li><b>[NEW] METRIC 7.2.a:</b> The company publishes a review of its climate policy positions, evaluates whether these are in line with the Paris Agreement goals, and discloses how it has advocated for them through its own climate policy engagement activities.</li> <li><b>METRIC 7.2.b:</b> The company publishes a review of its trade associations' climate positions/ alignment with the Paris Agreement and discloses what actions it took as a result.</li> </ul>	<ul style="list-style-type: none"> <li>Sub-indicators 7.2 and 7.3 from the current Benchmark have been <b>combined</b> into Version 2.0 Sub-indicator 7.2, which presents a more streamlined overview of whether the company reviews its direct and indirect climate policy engagement activities.</li> </ul>
<p><b>[NEW] SUB-INDICATOR 7.3: The company's Board has clear oversight of its climate policy engagement approach and activities.</b></p> <ul style="list-style-type: none"> <li><b>[NEW] METRIC 7.3.a:</b> The company discloses evidence of Board or Board Committee oversight of its climate change lobbying approach and activities.</li> </ul>	<ul style="list-style-type: none"> <li>Aligning with the <u>Global Standard on Responsible Corporate Climate Lobbying</u>, Climate Action 100+ <b>proposes to add a new Sub-indicator focused on the company's Board oversight of its climate policy engagement activities.</b></li> </ul>

• This slide informs responses to questions in **Section 4.2 of the online Benchmark 2.0 consultation survey**

# Version 2.0 Disclosure Indicator 8: Climate Governance

Proposed Version 2.0 Indicator 8	Summary of proposed changes
<p><b>SUB-INDICATOR 8.1: The company's Board has clear oversight of climate change.</b></p> <ul style="list-style-type: none"> <li>• <b>Metric 8.1.a:</b> The company discloses evidence of Board or Board committee oversight of the management of climate change risks.</li> <li>• <b>Metric 8.1.b:</b> The company has named a position at the Board level with responsibility for climate change.</li> </ul>	<ul style="list-style-type: none"> <li>• Sub-indicator 8.1 <b>remains unchanged</b> in Version 2.0 of the Benchmark.</li> </ul>
<p><b>SUB-INDICATOR 8.2: The company's executive remuneration scheme incorporates climate change performance elements.</b></p> <ul style="list-style-type: none"> <li>• <b>Metric 8.2.a:</b> 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).</li> <li>• <b>Metric 8.2.b:</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).</li> </ul>	<ul style="list-style-type: none"> <li>• Sub-indicator 8.2 <b>remains unchanged</b> in Version 2.0 of the Benchmark.</li> </ul>
<p><b>SUB-INDICATOR 8.3: The Board has sufficient capabilities/competencies to assess and manage climate-related risks and opportunities.</b></p> <ul style="list-style-type: none"> <li>• <b>Metric 8.3.a:</b> The company has assessed its board competencies with respect to managing climate risks and discloses the results of the assessment.</li> <li>• <b>Metric 8.3.b:</b> The company provides details on the criteria it uses to assess the board competencies with respect to managing climate risks and the measures it is taking to enhance these competencies.</li> </ul>	<ul style="list-style-type: none"> <li>• Current Sub-indicator 8.3 was put forth in Beta form in the <u>current</u> version of the Benchmark, meaning that results against this Sub-indicator are not made public. At present, this Sub-indicator is only assessed for companies headquartered in Australia, given the Australian regulatory requirement that companies report on the climate competencies of their boards.</li> <li>• For Version 2.0, Climate Action 100+ is proposing to <b>make this Sub-indicator applicable to all focus companies</b>, provided signatories would find this useful for their engagements.</li> <li>• Please note that this Sub-indicator may need to be re-designed to become applicable to all focus companies, but the core underlying principle would remain the same.</li> </ul>

• This slide informs responses to questions in **Section 4.2 of the online Benchmark 2.0 consultation survey**

# Version 2.0 Disclosure Indicator 9: Just Transition

Proposed Version 2.0 Indicator 9	Summary of proposed changes
<p><b>SUB-INDICATOR 9.1: ACKNOWLEDGEMENT</b></p> <ul style="list-style-type: none"> <li><b>METRIC 9.1.a:</b> The company has made a formal statement recognising the social impacts of their decarbonisation strategy - the Just Transition - as a relevant issue for its business.</li> <li><b>METRIC 9.1.b:</b> The company has committed to decarbonise in line with globally recognised Just Transition principles, including the ILO Guidelines for a Just Transition.</li> </ul>	<ul style="list-style-type: none"> <li>As in the <u>current</u> Benchmark, the purpose of Version 2.0 Sub-indicator 9.1 would be to assess whether focus companies have made a <b>high-level commitment to Just Transition</b>.</li> <li>Under the current proposal for Version 2.0 Metric 9.1.b, the only internationally recognised just transition standard that would allow companies to score on this Metric would be the <b>ILO Guidelines for a Just Transition</b>, while a reference to the Paris Agreement would no longer be accepted as the Paris Agreement does not define Just Transition in sufficient detail. Other internationally recognised Just Transition principles may be accepted in future.</li> </ul>
<p><b>[NEW] SUB-INDICATOR 9.2: JUST TRANSITION PLANNING</b></p> <ul style="list-style-type: none"> <li><b>METRIC 9.2.a:</b> The company has developed a Just Transition plan for how it aims to support workers and communities negatively affected by its decarbonisation efforts.</li> <li><b>METRIC 9.2.b:</b> The company's Just Transition plan was developed in consultation with workers, communities and other key stakeholders affected by its decarbonisation strategy.</li> <li><b>METRIC 9.2.c:</b> The company has made a commitment to retain, retrain, redeploy and/or compensate workers affected by its decarbonisation efforts.</li> <li><b>METRIC 9.2.d:</b> The company commits that its new projects are developed in consultation with, and seek the consent of, affected communities.</li> </ul>	<ul style="list-style-type: none"> <li>To streamline Indicator 9, Climate Action 100+ proposes to introduce a new Sub-indicator focusing on the company's <b>Just Transition planning</b>, which combines core components of the <u>current</u> Indicator 9.</li> <li>New proposed Version 2.0 Sub-indicator 9.2 also retains the existing metric assessing whether a company has <b>committed to retain, retrain, redeploy and/or compensate workers</b> affected by its decarbonisation strategy (current Metric 9.2.b) and the existing metric assessing whether the company ensures that its <b>new projects are developed in consultation with, and seek the consent of, affected communities</b> (current Metric 9.4.b).</li> </ul>
<p><b>[NEW] SUB-INDICATOR 9.3: JUST TRANSITION GOVERNANCE &amp; PROGRESS MONITORING</b></p> <ul style="list-style-type: none"> <li><b>[NEW] METRIC 9.3.a:</b> The company discloses the quantifiable Key Performance Indicators it uses to track its commitment to a Just Transition.</li> <li><b>[NEW] METRIC 9.3.b:</b> The company has disclosed evidence of Board or Board committee oversight of the development and implementation of its Just Transition plan.</li> </ul>	<ul style="list-style-type: none"> <li>Climate Action 100+ proposes to add a new Sub-indicator on Just Transition governance and progress monitoring, which would focus on whether the company has set <b>quantifiable, clear performance targets for tracking the progress of its Just Transition activities</b>, and whether the development and implementation of its Just Transition plan is <b>overseen by its Board</b>.</li> <li>Please note that Disclosure Indicator 9 would no longer be in 'Beta' form in Version 2.0 of the Benchmark.</li> </ul>

• This slide informs responses to questions in **Section 4.2 of the online Benchmark 2.0 consultation survey**

# Version 2.0 Disclosure Indicator 10: TCFD Disclosure

Proposed Version 2.0 Indicator 10	Summary of proposed changes
<p><b>SUB-INDICATOR 10.1: The company has publicly committed to implement the recommendations of the Task Force on Climate related Financial Disclosures (TCFD).</b></p> <ul style="list-style-type: none"> <li>• <b>Metric 10.1.a:</b> The company explicitly commits to align its disclosures with the TCFD recommendations OR it is listed as a supporter on the TCFD website.</li> <li>• <b>Metric 10.1.b:</b> The company explicitly sign-posts TCFD aligned disclosures in its annual reporting or publishes them in a TCFD report.</li> </ul>	<ul style="list-style-type: none"> <li>• Sub-indicator 10.1 <b>remains unchanged</b> in Version 2.0 of the Benchmark.</li> </ul>
<p><b>SUB-INDICATOR 10.2: The company employs climate-scenario planning to test its strategic and operational resilience.</b></p> <ul style="list-style-type: none"> <li>• <b>Metric 10.2.a:</b> The company has conducted a climate-related scenario analysis including quantitative elements and disclosed its results.</li> <li>• <b>Metric 10.2.b:</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.</li> </ul>	<ul style="list-style-type: none"> <li>• Sub-indicator 10.2 <b>remains unchanged</b> in Version 2.0 of the Benchmark.</li> </ul>

• This slide informs responses to questions in **Section 4.2 of the online Benchmark 2.0 consultation survey**

# Additional Benchmark Elements

The forthcoming slide is designed to support responses to questions pertaining to proposed additional Benchmark elements in **Section 5** of the Benchmark 2.0 Consultation Survey

# [NEW] Historical Emissions Intensity Tracking Indicator

- Climate Action 100+ is considering **adding a new Indicator 11 to the Benchmark Disclosure Framework** assessing whether companies **decreased their emissions intensity** (i.e., emissions per unit of output) in the specified timeframe and the **underlying factors** that led to any changes in their emissions intensity.

Proposed Version 2.0 Disclosure Indicator 11	Overview of proposals & rationale
<p><b>SUB-INDICATOR 11.1: THE COMPANY'S HISTORICAL EMISSIONS TRAJECTORY</b></p> <ul style="list-style-type: none"> <li><b>METRIC 11.1.a:</b> The company's emissions intensity has decreased in the past year relative to the previous year.</li> <li><b>METRIC 11.1.b:</b> The company's emissions intensity decreased over the past 3-5 years.</li> <li><b>METRIC 11.1.c:</b> The company has reduced its emissions intensity at a rate faster than that projected by a credible 1.5°C pathway for its sector in the relevant timeframe.</li> </ul>	<ul style="list-style-type: none"> <li>Metric 11.1.a would assess whether data published by the company allows for the calculation of the change in its emissions intensity for at least the last two financial years and its <b>emissions intensity – as calculated based on this public disclosure – has declined</b> over the past year.</li> <li>Metric 11.1.b would assess whether the data published by the company <b>in a broader timeframe</b> of 3-5 years allows for the calculation of the change in its emissions intensity and the company's emissions intensity has declined in this period. The final decision on the timeframe for assessment would depend on data availability, but it would likely be between 3 and 5 years.</li> <li>Metric 11.1.c would compare the company's emissions intensity trajectory in a relevant timeframe to a credible 1.5°C sectoral pathway, to provide an insight into <b>whether the company's emissions intensity trajectory converged with a 1.5°C-aligned emissions intensity pathway</b> for its sector during this period.</li> <li>This Sub-indicator would be based on <a href="#">TPI Centre's Carbon Performance methodologies</a> which apply the Sectoral Decarbonisation Approach.</li> </ul>
<p><b>SUB-INDICATOR 11.2: FACTORS UNDERLYING THE COMPANY'S HISTORICAL EMISSIONS TRAJECTORY</b></p> <ul style="list-style-type: none"> <li><b>METRIC 11.2.a:</b> The company has quantified the main actions that have driven any emissions intensity reductions, specifying the impact of any large "one-off" items such as M&amp;A.</li> <li><b>METRIC 11.2.b:</b> The company discloses the extent to which any emissions intensity reductions were achieved through offsets.</li> </ul>	<ul style="list-style-type: none"> <li>The purpose of this Sub-indicator would be to assess whether the company's public disclosures enable stakeholders to understand <b>the extent to which any changes in the company's emissions intensity are the result of asset sales/M&amp;A activity or offsetting</b>.</li> <li>This would help investors and other stakeholders better understand the extent to which any potential emissions intensity reductions have likely resulted in real-economy or absolute emissions reductions, as well as provide an insight into the past actions that companies have taken to reduce their emissions intensity.</li> <li>Companies would score on Metric 11.2.b if they disclose the quantity, type and verification system of offsets used in the last financial year.</li> </ul>

*\*Please note that the proposed indicator structure above is based on preliminary research and hence **indicative only** at this stage; Climate Action 100+ will further evolve this indicator following the consultation.*

This slide informs responses to questions in **Section 5.1 of the online Benchmark 2.0 consultation survey**



# Additional Sector-Specific Assessments

- Over the coming years, Climate Action 100+ is seeking to **incorporate additional sector-specific assessments** into the Benchmark on the basis of Climate Action 100+ Global Sector Strategies and the IIGCC Net Zero Sector Standards.
- These sector-specific assessments would be more detailed and would have a broader scope than the level of sector specificity currently built into the Benchmark via the Carbon Tracker Initiative (CTI) and Rocky Mountain Institute (RMI) Alignment Assessments.
- As the development of such metrics is still at an early stage, Climate Action 100+ is currently seeking to gauge the initial level of stakeholder interest in any such additional assessments.

• This slide informs responses to questions in **Section 5.2 of the online Benchmark 2.0 consultation survey**

# Proposed Version 2.0 Alignment Assessment Enhancements

The forthcoming slide is designed to support responses to questions pertaining to proposed Version 2.0 Alignment Assessments in **Section 6** of the Benchmark 2.0 Consultation Survey



# Enhancements Overview: Version 2.0 Alignment Assessments

<b>Climate Policy Engagement Alignment Assessments</b> (InfluenceMap)	<b>Substantial revisions and expansion</b> , including: <ul style="list-style-type: none"><li>• <b>Modification of scoring</b> of existing metrics, so that company Organisation Score and Relationship Score aggregate into an <i>overall</i> 'Performance Band', graded on a scale from A+ to F.</li><li>• <b>Addition of two new indicators</b> looking at the <i>accuracy and completeness of company disclosures on climate policy engagement</i> and the <i>quality and robustness of a company's processes to review alignment</i> between its climate policy engagement activities (direct and indirect via industry associations) and the goals of the Paris Agreement.</li></ul>
<b>Climate Accounting and Audit Alignment Assessments</b> (Carbon Tracker Initiative/CAAP)	<b>Modifications to scoring:</b> <ul style="list-style-type: none"><li>• The underlying indicators would remain unchanged, but the <i>scoring of Metrics</i> would move from a binary ('Yes'/'No') to a <i>traffic light</i> (i.e. 'Yes', 'No' and 'Partial') system.</li></ul>
<b>Capital Allocation Alignment Assessments for autos, utilities, aviation, cement &amp; steel</b> (Rocky Mountain Institute)	<b>Modifications proposed to assessments for autos and electric utilities</b> , including: <ul style="list-style-type: none"><li>• <b>New indicator for utilities and autos</b> assessing <i>alignment with the IEA's Net Zero by 2050 scenario, based on 2026 production forecasts</i>.</li><li>• <b>New indicator for utilities</b>, assessing <i>real vs. virtual asset-level changes and the rate at which the company is substituting its coal capacity with renewable capacity</i>.</li></ul> <p><b>For aviation, cement and steel sectors:</b> no changes from the current Benchmark.</p>
<b>Capital Allocation Alignment Assessments for utilities &amp; oil and gas</b> (Carbon Tracker Initiative)	<b>No specific revisions proposed</b> , though Climate Action 100+ welcomes views on potential enhancements to this Alignment Assessment. Please see the <a href="#">online consultation survey</a> for more detail.

- This slide informs responses to questions in **Section 6 of the online Benchmark 2.0 consultation survey**
- Please see additional detail about the proposed changes in the following slides and in the **Annex** below

# Version 2.0 Proposal: Climate Policy Engagement Alignment Assessments

## Proposed Version 2.0 Climate Policy Engagement Alignment Assessments

## Summary of proposed changes

### INDICATOR 1: REAL WORLD CLIMATE POLICY ENGAGEMENT

**[NEW]** Focus companies would **receive an overall 'Performance Band' score on a scale from A+ to F.**

The components of the indicator would remain the same as in the current Benchmark:

- **SUB-INDICATOR 1.1: Organisation Score**
- **SUB-INDICATOR 1.2: Relationship Score**
- **SUB-INDICATOR 1.3: Engagement Intensity**

- This indicator **evaluates the extent to which a company's real world climate policy engagement (direct and indirect via industry associations) is aligned with the goals of the Paris Agreement.** InfluenceMap's methodology is available [here](#).
- Climate Action 100+ proposes to incorporate InfluenceMap's 'Performance Band' grading system, which is an aggregate measure of a company's 'Organisation Score' and 'Relationship Score' that places a company on a Performance Band from A+ to F. The proposed Indicator 1 overall scoring would correspond to a traffic light system seen elsewhere in the Benchmark. Please see slide 28 for an overview of how the scoring would look in practice.
- The underlying Sub-indicators in Indicator 1 – Real World Climate Policy Engagement would remain unchanged in Version 2.0.

### **[NEW]** INDICATOR 2: TRANSPARENCY OF CLIMATE POLICY ENGAGEMENT

- **SUB-INDICATOR 2.1:** Has the company published a detailed and accurate account of its own corporate climate policy positions and engagement activities?
- **SUB-INDICATOR 2.2:** Has the company published a detailed and accurate account of the climate policy positions and engagement activities of the industry associations of which it is a member?

- This proposed new indicator would assess the **accuracy and completeness of a company's reporting on its climate policy engagement activities** (direct and indirect, i.e. via industry associations), complementing Disclosure Indicator 7.
- This indicator would assess how company disclosures on climate policy positions and activities compare to InfluenceMap's independent assessment of the company's climate policy engagement activities, which are based on a broad range of data sources. It would also consider the key items of regulation / legislation that a company in a specific sector and/or region would be expected to report on.
- Please see slide 29 for more detail on the proposed methodology for Indicator 2.

### **[NEW]** INDICATOR 3: REVIEW OF CLIMATE POLICY ENGAGEMENT ALIGNMENT

Focus companies would **receive an aggregate Review Score** (0-100) based on an assessment against seven metrics, grouped into three categories:

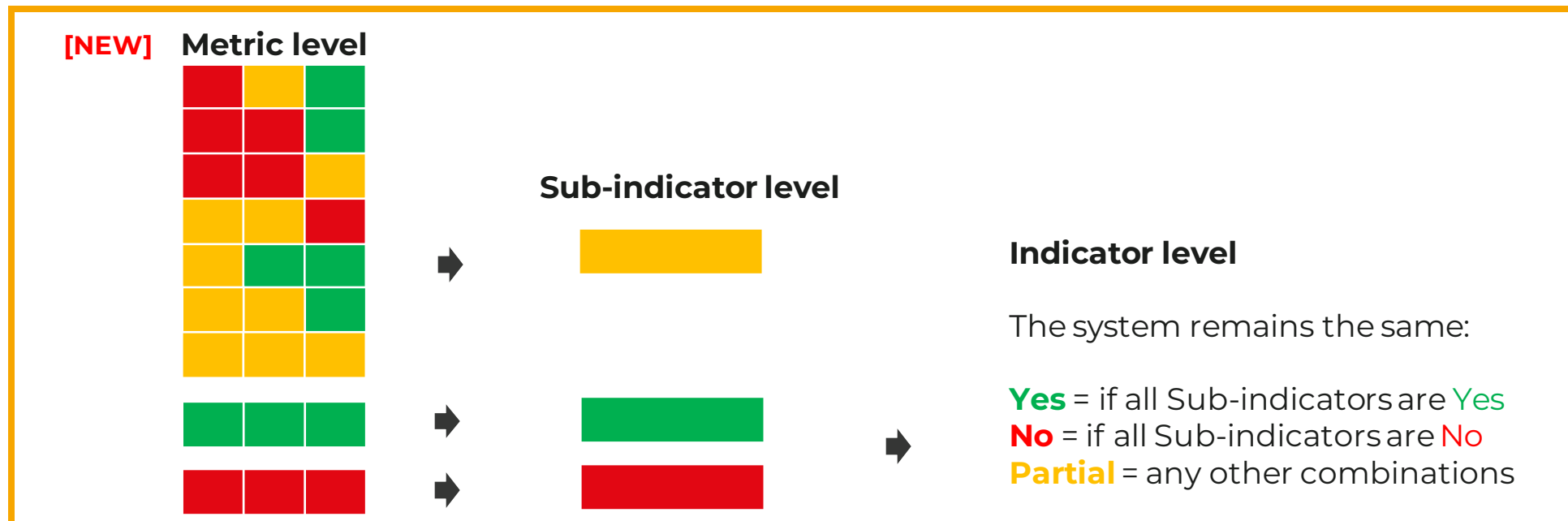
- **Review Process**
- **Review Assessment (Direct)**
- **Review Assessment (Indirect)**

- This proposed new indicator would assess the **quality and robustness of a company's processes to review alignment** between its climate policy engagement activities (direct and indirect via industry associations) and the goals of the Paris Agreement.
- The Climate Action 100+ website would show the aggregate 'Review Score' (0-100) only, while the companies' assessment against each underlying metric would be available on [Influence Map's website](#). Please see slide 30 for more detail the underlying metrics. The metrics forming part of this indicator align with various aspects of the [Global Standard on Responsible Corporate Climate Lobbying](#).
- This indicator would only apply to companies that have published a review of their climate policy engagement activities. Companies that have not published a review would receive a Red/Fail rather than a "Not Assessed".

- This slide informs responses to questions in **Section 6.2.1 of the online Benchmark 2.0 consultation survey**

# Version 2.0 Proposal: Climate Accounting and Audit Alignment Assessments provided by the Carbon Tracker Initiative

- Under proposed Version 2.0 of the Climate Accounting and Audit Alignment Assessment, the **existing indicators remain the same**, but companies will be **assessed against a traffic light scoring system at the Metric level**.
- The new system will allow for more nuanced scores at a Sub-indicator level, and consequently, at an Indicator level:



• This slide informs responses to the question in **Section 6.2.2 of the online Benchmark 2.0 consultation survey**

# Version 2.0 Proposal: Capital Allocation Alignment Assessments provided by the Rocky Mountain Institute

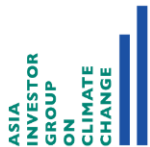
Proposed Version 2.0 RMI Capital Allocation Alignment Assessment	Summary of proposed changes
<p><i>Electric utilities and Autos</i></p> <p><b>[NEW] INDICATOR 1: ALIGNMENT WITH THE IEA'S NET ZERO BY 2050 SCENARIO BASED ON 2026 PRODUCTION FORECASTS</b></p> <p>Assesses the company's 2026 production forecasts alignment with Net Zero by 2050 (NZ) =&lt; 1.5°C.</p> <p><b>Scoring</b> – Companies would receive one of the following scores against this metric: <b>aligned to NZ or not aligned to NZ.</b></p>	<ul style="list-style-type: none"> <li>For electric utilities and autos, Climate Action 100+ proposes to <b>remove the current “assessment of the company’s 2021 technology mix vs. the 2021 sector average”</b>.</li> <li>Instead, Climate Action 100+ proposes to introduce a new Sub-indicator <b>evaluating a company’s 2026 production forecasts – on a binary aligned/not aligned basis – with the IEA’s <u>Net Zero by 2050</u> scenario.</b></li> <li>This assessment would be conducted <b>at a company level</b>, aggregating the technology alignment results from <u>Indicator 2</u> for electric utilities and autos (i.e., for coal, oil, gas, nuclear, hydro and renewables).</li> </ul>
<p><i>Electric utilities and Autos</i></p> <p><b>INDICATOR 2: ASSESSMENT OF IEA SCENARIO ALIGNMENT FOR EACH TECHNOLOGY BASED ON 2026 PRODUCTION FORECASTS</b></p>	<ul style="list-style-type: none"> <li>This Indicator would <b>remain unchanged</b> in Version 2.0 of the Benchmark. This indicator assesses alignment against a range of IEA scenarios, not only the Net Zero by 2050 scenario, and compares companies’ forecast production capacity <b>per technology</b> (rather than at an aggregate company level) to technological pathways developed by the IEA.</li> </ul>
<p><i>Electric utilities</i></p> <p><b>[NEW] INDICATOR 3 FOR ELECTRIC UTILITIES: REAL ASSET LEVEL CHANGE AND SUBSTITUTION RATE</b></p> <ul style="list-style-type: none"> <li><b>[NEW] SUB-INDICATOR 3.a: REAL ASSET LEVEL CHANGE:</b> evaluates whether decreases in fossil fuels at the company level will result in emissions reductions in the real economy. It shows the percentage of the change in power capacity by technology that can be attributed to real changes, i.e., plant closures, as opposed to virtual changes, i.e., selling of fossil assets.</li> <li><b>[NEW] SUB-INDICATOR 3.b: SUBSTITUTION RATE:</b> evaluates the rate at which electric utilities are substituting coal capacity with renewable energy capacity.</li> </ul>	<ul style="list-style-type: none"> <li>Climate Action 100+ proposes to <b>add a new indicator based on RMI’s Tracking Asset-level Changes (TAC) approach</b>, which consists of tracking the production capacity of a company based on the physical assets that the company owns between two time periods.</li> <li>Tracking the production capacity based on physical asset ownership would allow investors to check whether the changes are “real”, i.e., resulting from an increase/decrease of the production capacity due to the closing of fossil power plants or adding new wind farms to the grid, or “virtual”, i.e. mere changes in the ownership of physical assets.</li> <li>Sub-indicator 3.b is complementary to 3.a, and would provide an indication as to whether, for example, real decreases in coal capacity are accompanied by increases in renewables capacity, giving an indication of whether companies are replacing lost capacity with new renewables.</li> <li>See slides 31-33 for a preview of this Indicator and additional detail on the methodology.</li> </ul>

• This slide informs responses to questions in **Section 6.2.3 of the online Benchmark 2.0 consultation survey**



# Annex

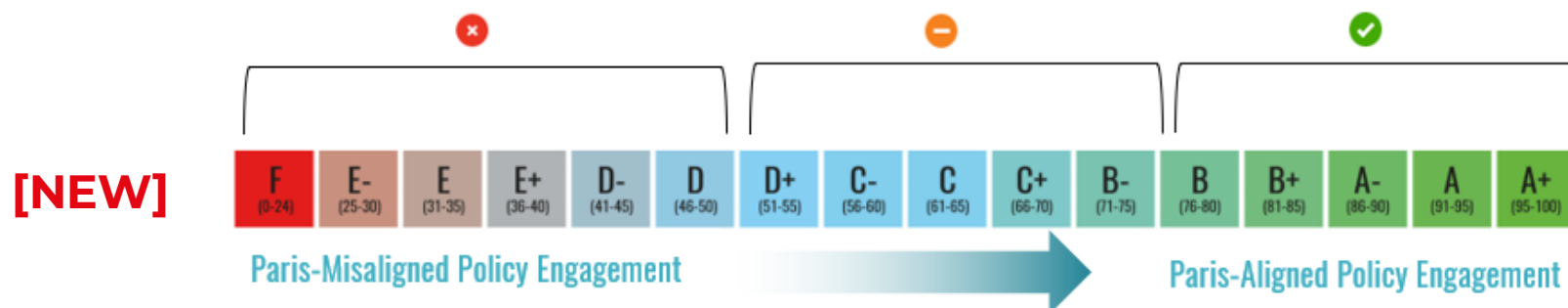
Detailed information on Proposed Version 2.0 Alignment Assessment Enhancements



# Climate Policy Engagement Alignment Assessment provided by InfluenceMap

## Updated scoring system for Indicator 1 – Real World Climate Policy Engagement

- InfluenceMap’s proposed **Indicator 1: Real World Climate Policy Engagement** is based on assessments against the **same metrics as those in the current** Benchmark: Organisation Score; Relationship Score; and Engagement Intensity.
- For Version 2.0, it is proposed **that an overall company score is added to this Indicator, which would correspond to InfluenceMap's *Performance Band* scale from **A+ to F****. See below for an overview of the scoring scale:



• This slide informs responses to questions in **Section 6.2.1** of the **online Benchmark 2.0 consultation survey**

# Climate Policy Engagement Alignment Assessment provided by InfluenceMap

## Detailed Methodology for **[NEW]** Indicator 2 – Transparency of Climate Policy Engagement

Scoring	Sub-indicator 2.1: Has the company published a detailed and accurate account of its own corporate climate policy positions and engagement activities?	Sub-indicator 2.2: Has the company published a detailed and accurate account of the climate policy positions and engagement activities of the industry associations of which it is a member?
<b>Yes</b>	The company has disclosed a detailed and accurate breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.	The company has disclosed a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.
<b>Partial</b>	The company has disclosed some of its own climate policy positions and influencing activities. However, the company's description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates.	The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond 'top-line' statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations.
<b>No</b>	The company has made no attempt to disclose its climate policy positions and influencing activities, or the company's disclosure is limited to a brief overview of its 'top-line' climate statements and operational commitments without reference to specific items of regulation and legislation.	The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company's disclosure is limited to a brief overview of 'top-line' climate statements without reference to specific items of regulation and legislation.

• This slide informs responses to questions in **Section 6.2.1 of the online Benchmark 2.0 consultation survey**

# Climate Policy Engagement Alignment Assessment provided by InfluenceMap

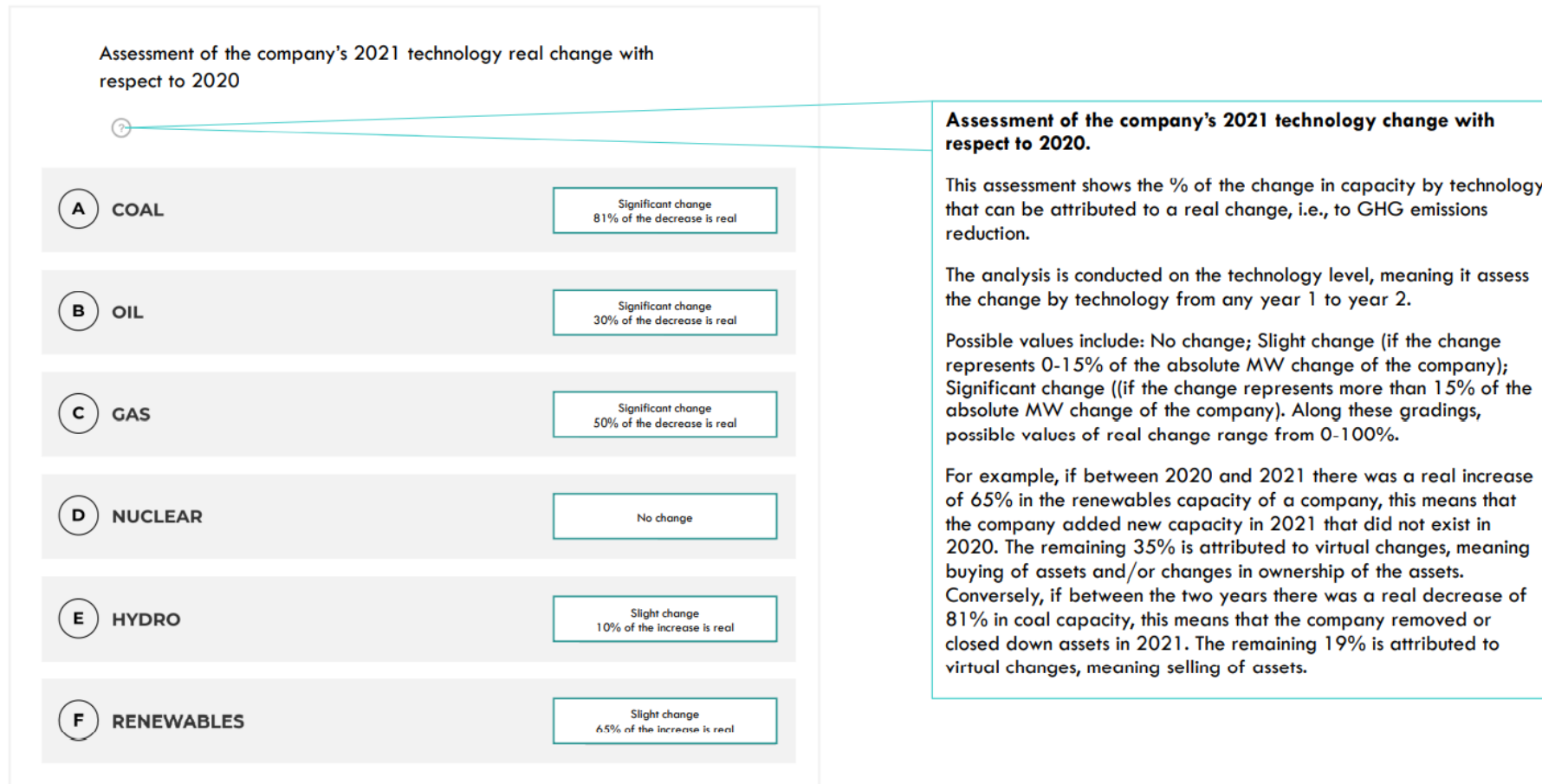
## Detailed Methodology for **[NEW]** Indicator 3: Review of Climate Policy Engagement Alignment

<p><b>1. Review process:</b> Has the company established an annual review process to ensure alignment between its climate policy engagement and the 1.5°C goal of the Paris Agreement, including clear governance processes to assess alignment and address potential misalignments?</p>	<p><b>Monitor &amp; Review:</b> Has the company established an annual monitoring and review process to ensure that all of its direct and indirect climate policy engagement activities across all geographies are consistent with the goal of limiting global temperature rise to 1.5°C above pre-industrial levels?</p>
	<p><b>Alignment assessment method:</b> Has the company disclosed a clear and detailed framework for assessing alignment, including: (i) the criteria it uses to assess whether the climate policy engagement activities of its industry associations align with the goal of limiting global temperature rise to 1.5°C above pre-industrial levels; and (2) a clear and detailed explanation behind the assessment of each industry association?</p>
	<p><b>Framework for addressing misalignment:</b> Has the company disclosed a clear and detailed framework for addressing misalignments between the climate policy engagement activities of its industry associations and the goal of limiting global temperature rise to 1.5°C above pre-industrial levels, including escalation steps and clear deadlines for industry associations which do not amend misaligned practices?</p>
<p><b>2. Review assessment (Direct):</b> Has the company identified and reported on misalignment(s) between its direct climate policy engagement and the 1.5°C goal, including action taken to address such misalignments?</p>	<p><b>Identify &amp; Assess (Direct Misalignment):</b> Has the company identified and reported on the existence of all misalignments between its direct climate policy engagement activities and the goal of limiting global temperature rise to 1.5°C above pre-industrial levels (in line with InfluenceMap's database), including the activities of its subsidiaries and business areas, and all operational jurisdictions?</p>
	<p><b>Act (Direct Misalignment):</b> Has the company reported on what action is being (or has been) taken to remedy misalignments, if and where they exist, between its direct climate policy engagement activities and the goal of limiting global temperature rise to 1.5°C above pre-industrial levels (in line with InfluenceMap's database)?</p>
<p><b>3. Review Assessment (Indirect, i.e. via industry associations):</b> Has the company identified and reported on any misalignment(s) between the climate policy engagement of its industry associations and the 1.5°C goal, including action taken to address such misalignments?</p>	<p><b>Monitor &amp; Review:</b> Has the company established an annual monitoring and review process to ensure that all of its direct and indirect climate policy engagement activities across all geographies are consistent with the goal of limiting global temperature rise to 1.5°C above pre-industrial levels?</p>
	<p><b>Alignment assessment method:</b> Has the company disclosed a clear and detailed framework for assessing alignment, including: (i) the criteria it uses to assess whether the climate policy engagement activities of its industry associations align with the goal of limiting global temperature rise to 1.5°C above pre-industrial levels; and (2) a clear and detailed explanation behind the assessment of each industry association?</p>

- This slide informs responses to questions in **Section 6.2.1** of the **online Benchmark 2.0 consultation survey**

# Capital Allocation Alignment Assessments provided by Rocky Mountain Institute

## Preview of **[NEW]** Sub-indicator 3.a: Real Asset Level Change (for electric utilities only)



- This slide informs responses to questions in **Section 6.2.3** of the **online Benchmark 2.0 consultation survey**

# Capital Allocation Alignment Assessments provided by Rocky Mountain Institute

## Preview of **[NEW]** Sub-indicator 3.b: Substitution Rate (for electric utilities only)

Assessment of the company's 2021 substitution rate

The company shows a substitution rate of -0.4

**Assessment of the company's 2021 substitution rate with respect to 2020.**

This assessment shows how the company's change in coal power capacity has been substituted by renewables capacity.

Possible assessment outcomes include: substitution rate value and no substitution rate.

For example, if the company experienced an increase of 0.61MW in renewables between year 1 and year 2, and a decrease in coal power capacity of -1.52MW, it can be said that the company shows a substitution rate of -0.4. Conversely, if the company experienced an increase of 0.61MW in coal power between year 1 and year 2, and a decrease in renewables capacity of -1.52MW, it can be said that there is no substitution.

- This slide informs responses to questions in **Section 6.2.3 of the online Benchmark 2.0 consultation survey**

# Capital Allocation Alignment Assessments provided by Rocky Mountain Institute

## Detailed Methodology for [NEW] Sub-indicator 3.b: Substitution Rate (for electric utilities only)

The Substitution Rate assessment indicates **whether a decrease in coal capacity is being substituted by additions in renewable capacity**. This assessment would be based on the following data points & formula:

	Coal power	Renewables power
t1 MW	11.1230	1.7087
t2 MW	9.5954	2.3215

$$\text{substitution rate} = \frac{\text{change in renewables capacity}}{\text{change in coal capacity}}$$

$$\text{substitution rate} = \frac{2.3215 - 1.7087}{9.5954 - 11.1230} = \frac{0.6128}{-1.5277} = -0.4$$

Negative substitution rate.

**Interpretation:** Under the hypothetical Substitution Rate company assessment depicted above, we see a decrease in coal power and an increase in renewables power. **The substitution rate is negative** (i.e. - 0.4%, as seen on the right). **The more negative this figure is, the greater the substitution.**

Please note that the Substitution Rate score will only be shown in cases where a coal power decrease is accompanied by a renewables capacity increase.

This slide informs responses to questions in **Section 6.2.3 of the online Benchmark 2.0 consultation survey**





Thank you for providing  
feedback

