Public Consultation Online Survey: Climate Action 100+ Net Zero Company Benchmark Version 2.0

Introduction

The Climate Action 100+ Net Zero Company Benchmark (henceforth referred to as "the Benchmark") assesses the climate performance of focus companies against the initiative's goals. The Benchmark is a key tool supporting signatory investors and other stakeholders to: (1) track and assess the climate performance of focus companies; and (2) inform investor engagements with focus companies.

The Benchmark is divided into two types of assessments, which form a dual and complementary approach to evaluating corporate progress on tackling climate change:

1. Disclosure Framework Indicators evaluate the adequacy of corporate disclosures, and;
2. Alignment Assessments evaluate the alignment of company actions with the goals of the Paris Agreement.

Purpose of this Consultation

As Climate Action 100+ enters its second phase in 2023, the initiative is enhancing the Benchmark to ensure that it continues to effectively support investor engagements with focus companies and drives greater company ambition and action on climate change in the critical period up to 2030.

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 opportunity for investors and other stakeholders to share feedback to ensure that the Benchmark is fully optimised and remains fit for purpose.

Structure of the Benchmark 2.0 Consultation Survey

The consultation survey below is structured into the following sections:

- Section 1: Respondent Details
- Section 2: General questions about the use of the Benchmark
- Section 3: Governance of the Benchmark
- Section 4: Disclosure Framework
- Section 5: Additional elements
- Section 6: Alignment Assessments

Please note: This survey should be read in conjunction with the Benchmark 2.0 Consultation Guide.

Respondents do not need to respond to any questions that are not pertinent to their work or interests.

Timeline & Next Steps

The consultation survey will remain open to the public **until 11 November 2022, 23:59 GMT**.

Input obtained via the public consultation will be considered by Climate Action 100+ investor networks and research providers 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.

In addition, as part of the next Benchmark iteration, Climate Action 100+ is planning to evolve how Disclosure Indicators and Alignment Assessments are presented on the initiative's website to further enhance both the complementarity and utility of the two frameworks.

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.

If you have any questions about the Benchmark 2.0 consultation survey, **please get in touch** with the Climate Action 100+ Net Zero Company Benchmark team at benchmark@climateaction100.org.

Thank you for taking the time to provide feedback.

Data use: Climate Action 100+ will own the entire survey response dataset for internal use and strategic purposes only. The full dataset will not be shared externally. Climate Action 100+ reserves the right to use the survey dataset for internal purposes, or to share the data in aggregate (with individual responses remaining anonymous and confidential) in communications with signatories, funders, and/or the public.

SECTION 1: RESPONDENT DETAILS

- Name: Cllr Doug McMurdo
- Email address: Chair@lapfforum.org
- Organisation Name: Local Authority Pension Fund Forum
- Organisation type: membership organisation
- Location of headquarters: Research and Engagement Partner based in London
- Sector (if applicable):

SECTION 2: GENERAL QUESTIONS ABOUT THE BENCHMARK

Question 1. Which indicators or assessments of the Climate Action 100+ Net Zero Company Benchmark have you found most useful in engaging and/or assessing companies? Please select all that apply.

- Disclosure Framework Indicator 1: Net zero GHG emissions by 2050 ambition (or sooner)
- Disclosure Framework Indicator 2: Long-term GHG emissions targets
- Disclosure Framework Indicator 3: Medium-term GHG emissions targets
- Disclosure Framework Indicator 4: Short-term GHG emissions targets
- Disclosure Framework Indicator 5: Decarbonisation Strategy
- Disclosure Framework Indicator 6: Capital Allocation
- Disclosure Framework Indicator 7: Climate Policy Engagement
- Disclosure Framework Indicator 8: Climate Governance
- Disclosure Framework Indicator 9: Just Transition

- Disclosure Framework Indicator 10: TCFD Disclosure
- Carbon Tracker Initiative Climate Accounting and Audit Alignment Assessments
- Carbon Tracker Initiative Capital Allocation Alignment Assessments for oil and gas
- Carbon Tracker Initiative Capital Allocation Alignment Assessments for electric utilities
- InfluenceMap Climate Policy Engagement Alignment Assessments
- Rocky Mountain Institute Capital Allocation Alignment Assessments for autos
- Rocky Mountain Institute Capital Allocation Alignment Assessments for aviation
- Rocky Mountain Institute Capital Allocation Alignment Assessments for cement
- Rocky Mountain Institute Capital Allocation Alignment Assessments for electric utilities
- Rocky Mountain Institute Capital Allocation Alignment Assessments for steel

Question 1.a. Please explain why these indicators or assessments have been useful in your work:

- Short- and medium-term targets indicate that the company's board understands the global carbon budget available, the current rate it is being used up and the timeframes and percentage certainties of remaining within this budget – as set out by the IPCC's sixth assessment.
- Decarbonisation strategy and capital allocation, show the thinking behind the transition and the extent of planning. Capex shows the reality of implementation towards this transition plan.
- Climate policy engagement supported by InfluenceMap assessments reveal to what degree the board is serious about effective transition, both internally, through trade associations and other direct lobbying, and to what degree there is 'greenwash'.

Question 2. Do you think that the Climate Action 100+ Net Zero Company Benchmark should include any additional key elements?

- No - the Benchmark covers all key aspects of company climate performance
- Yes - the Benchmark is missing key components of company climate performance. Please specify:
  - Just transition components moving from 'beta' to active will be useful.
  - Sector-specific information could be beneficial.

SECTION 3: GOVERNANCE OF THE BENCHMARK

Overview

The Climate Action 100+ Net Zero Company Benchmark is **coordinated by the five investor networks of Climate Action 100+**: the Asia Investor Group on Climate Change (AIGCC), Ceres, Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC) and Principles for Responsible Investment (PRI). The networks set the overall direction for the Benchmark, coordinate input from technical data providers and manage communications related to the Benchmark. They do not make any decisions on company assessments, which sit with the technical data providers. The networks are overseen by the Climate Action 100+ Global Steering Committee.

Climate Action 100+ has a Technical Advisory Group (TAG) made up of Carbon Tracker Initiative (CTI), InfluenceMap (IM), the Transition Pathway Initiative Global Climate Transition Centre (TPI Centre) and the Rocky Mountain Institute (RMI, previously represented by the PACTA team from the 2° Investing Initiative, 2DII). This group has been central to the overall development of the Benchmark and the delivery of company assessments. Please see the Climate Action 100+ website for more detail on the governance of the Net Zero Company Benchmark.

Consultation Questions

Question 1. Do you wish to share any feedback on the current governance of the Benchmark?

No, except to welcome that RMI is now a data-provider.

SECTION 4: DISCLOSURE FRAMEWORK

The Disclosure Framework Indicators, assessed by the Transition Pathway Initiative Global Climate Transition Centre (TPI Centre) and FTSE Russell, evaluate the adequacy of focus company disclosures, drawing on public and self-disclosed data from companies. This data is collected from publicly disclosed sources such as company annual reports, sustainability reports, press releases, and CDP disclosures. For a detailed overview of the current scoring methodology for the Benchmark Disclosure Framework, please see here.

4.1 Disclosure Framework Company Assessment Cycle

Proposal

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. The advantage of this approach is that all focus companies are assessed simultaneously, which provides a single point of comparability each year, enabling the initiative 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. 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 approximately 8 weeks.

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.

Please refer to pages 8-9 of the Benchmark 2.0 Consultation Guide for more detail on the proposed assessment cycle options.

Consultation Questions

Question 1. Which of the options described above would better support your engagement with focus companies?

- Option 1: Annual update for all focus companies in September/October of each year (current model)
- Option 2: Staggered company assessment updates (from November 2023 onwards)
- Other (please specify)

○ As Option 2 also includes Option 1, Option 2 is preferable. However, it would be good if the assessment updates were carried out between the company producing the annual report and notice of meeting and the AGM, so that voting recommendations/advice is based on the most up-to-date disclosure.

Question 1.a. What is your rationale for selecting the option above?

4.2 Proposed Disclosure Framework Enhancements

In response to stakeholder feedback and the need to continuously improve the Benchmark to adapt to new developments, Climate Action 100+ is proposing to enhance the Benchmark Disclosure Framework in its next iteration. In Version 2.0 of the Benchmark, Climate Action 100+ proposes to make substantial revisions to Disclosure Indicators 5, 6, 7 and 9; minor revisions to Disclosure Indicators 2, 3, 4 and 8; and no revisions to Disclosure Indicators 1 and 10. Please see the Benchmark 2.0 Consultation Guide for more detail on proposed enhancements.

Disclosure Indicator 1: Net Zero GHG Emissions by 2050 (Or Sooner) Ambition

Overview

Indicator 1 of the Disclosure Framework assesses whether the company has set an ambition to achieve net zero GHG emissions by 2050 or sooner. The indicator is designed to capture the fundamental company commitment to achieve net zero GHG emissions by 2050 or sooner, which all focus companies are expected to have in place as the basis for their transition planning.

Climate Action 100+ is **not proposing to make any revisions to Indicator 1: Net Zero GHG Emissions By 2050 (Or Sooner)**, but nonetheless welcomes feedback from stakeholders on this indicator. For an overview of Disclosure Indicator 1, please see the current Disclosure Framework methodology.

Consultation Question

Question 1. Do you wish to share any comments on or propose any modifications to Disclosure Indicator 1?

- LAPFF considers the focus of this disclosure indicator could reflect the particular wording of the Paris agreement[1] that companies should have an ambition to support 'pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels'.
- Including 2050, albeit the wording is 'or sooner', does not instil the appropriate degree of urgency of action required. The 2018 IPCC Special Report on Global Warming of 1.5ºC found that limiting global warming to 1.5°C would require rapid and far-reaching transitions in land, energy, industry, buildings, transport, and cities[2]. Including a date of over a quarter of a century into the future, does not reflect the rapid transitions required.

Disclosure Indicators 2-4: Long-, Medium- and Short-Term GHG Reduction Target(s)

Overview

Disclosure Indicator 2 (Long-Term), Indicator 3 (Medium-Term), and Indicator 4 (Short-Term) assess whether the company has set GHG emissions reduction targets, respectively, as well as whether these targets cover at least 95% of its Scope 1 and 2 emissions, and where applicable, also the most relevant Scope 3 emissions categories for the company.

Sub-indicators 2.3, 3.3 and 4.3 assess whether the company's last disclosed carbon intensity, or its short-term or medium-term targeted carbon intensity, or the company's expected carbon intensity derived from its target is aligned with or below the relevant 1.5°C trajectory for its sector. This Sub-indicator is based on TPI's Carbon Performance methodology.

Proposal

In Version 2.0, Climate Action 100+ proposes to move the timeframes for Indicator 3 and Indicator 4 further into the future, so that Indicator 3 covers the period from 2029-2035 and Indicator 4 covers the period from 2023-2028.

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 converted these targets into projected associated absolute emissions reductions.

In addition, for Sub-indicator 4.1 (Short-Term Targets) specifically, Climate Action 100+ is considering accepting year-on-year targets as a way of scoring on this Sub-indicator, insofar as these fulfil the current scoring criteria.

Please refer to page 12 of the Benchmark 2.0 Consultation Guide for the full overview of proposed Version 2.0 changes to Indicators 2-4.

Consultation Questions

Question 1. Do you agree with the proposed Version 2.0 Disclosure Indicators 2, 3 and 4?

- Yes

[1] ADOPTION OF THE PARIS AGREEMENT - Paris Agreement text English (unfccc.int)
[2] facsimile (ipcc.ch)

- Neutral
- No (please explain)

> - The summary of proposed changes is provided but not the reasoning for the proposed changes.
> - It Is understandable, with 2023 imminent, that the timeframe for disclosure indicator 4-4.2b, 'short-term' targets, has been extended to cover the period 2023 to 2028. However, it is unfortunate that these are considered 'short-term' in the context of the global carbon budget. The IPCC's sixth assessment report (Climate Change 2021: The Physical Science Basis) showed that for an 83% chance of limiting warming to 1.5°C, the world can only add another 300 gigatonnes (GT) of carbon to the atmosphere in total from the beginning of 2020[3]. Global energy-related carbon emissions in 2020 were 32 GT and 36.3 GT in 2021[4]. Therefore, at the current emissions rate, for an 83% chance of remaining within 1.5°C of warming[5], the carbon budget will be used up by 2028/29.
> - LAPFF proposes that instead of 'short-term targets' these targets be subtitled to indicate the % estimation of remining within the global carbon budget for 1.5ºC.
> - For Indicator 4.1, LAPFF would support the provision of year-on-year targets with defined base year emissions and a clearly stated emission reduction commitment. LAPFF would further support converting such targets into projected associated absolute emissions reductions.
> - For indicator 3.2b, for a 50% chance of staying within 1.5°C, the global carbon budget is 500 GT from the beginning of 2020. At current rates of global emissions (32 GT for 2020, then 36 GT per annum from 2021 onwards) this is likely to be used up by 2034. This is in the new proposed 'medium-term' target range of 2029 to 2035, LAPFF would suggest that these targets be subtitled to indicate the percentage estimation of remaining within the global carbon budget for 1.5 degrees.

Question 2. Do you agree that Indicators 2 and 3 should include an additional metric assessing if, where a company has set a GHG emissions intensity target, it has converted this target into absolute emissions reductions?

- Yes
- Neutral
- No (please explain)

[3] Sixth Assessment Report (ipcc.ch)
[4] https://iea.blob.core.windows.net/assets/c3086240-732b-4f6a-89d7-db01be018f5e/GlobalEnergyReviewCO2Emissionsin2021.pdf
[5] Summary for Policymakers (ipcc.ch) (see page 29)

Question 3. How useful would allowing a year-on-year target to fulfil the criteria of Indicator 4: Short-term GHG reduction target be for your engagement with focus companies?

- 1 - Very useful
- 2 - Somewhat useful
- 3 - Neutral
- 4 - Not very useful
- 5 - Not useful at all

Question 3.a. Please elaborate on your response above:

In engagement, one company said they did not have a short-term target but set yearly goals for emission reductions. Allowing this as a metric would therefore enable us as investors to encourage disclosure in line with company practice.

Question 4. Do you wish to share any other comments or propose any further modifications to Disclosure Indicators 2, 3 and 4?

- As stated, for Indicator 4.1, LAPFF would support the provision of year-on-year targets with defined base year emissions and a clearly stated emission reduction commitment. LAPFF would further support converting such targets into projected associated absolute emissions reductions.

Disclosure Indicator 5: Decarbonisation Strategy

Overview

Indicator 5 of the Disclosure Framework evaluates whether the company has a decarbonisation strategy that outlines its plans for meeting its long- and medium-term GHG reduction targets.

Proposal

In Version 2.0 of the Benchmark, Climate Action 100+ proposes to enhance Indicator 5 by adding two new Metrics to 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")*:

- *Metric 5.1.c*, focused on whether the company discloses the role and type of offsets/negative emissions technologies used in its decarbonisation strategy.

- *Metric 5.1.d*, focused on whether the company quantifies the share of proven and probable abatement measures. The purpose of 5.1.d is to help investors understand the economic and technological feasibility of the company's decarbonisation strategy.

Climate Action 100+ also proposes to move the focus of Sub-indicator 5.2 from green revenues to climate solutions (defined as low-carbon technologies, infrastructure or other activities which help displace fossil fuels) in Version 2.0. All focus companies, not only those headquartered in the European Union, would be assessed against this Sub-indicator in the next iteration of the Benchmark.

Please refer to page 13 of the Benchmark 2.0 Consultation Guide for the full overview of proposed Version 2.0 changes to Indicator 5.

Consultation Questions

Question 1. Do you agree with the proposed Version 2.0 Disclosure Indicator 5?

- Yes
- Neutral
- No (please explain)

  - The reasoning is not given for why the additional factors are proposed for indicator 5.1
  - LAPFF considers that companies should be focused on actual emission reductions and not heavily reliant on carbon capture or offsetting. Whilst LAPFF appreciates that these further indicators may aim to identify if a company is unrealistically relying on early-stage technologies, such as Carbon Capture and Storage, it is considered that this gives undue emphasis to technologies for which future rates of deployment are highly uncertain.
  - LAPFF supports indicator 5.2 as it is considered this may help companies provide investor-useful information. LAPFF also supports that all companies be assessed on this metric, not just those headquartered in the EU.

Question 2. Which of the following types of information on corporate offsets/negative emissions technologies would be most useful for your engagements with focus companies? Please select your top 3 choices.

- Contribution of offsets to meeting the company's GHG targets
- Types of offsets
- Company's price assumptions regarding offset purchases
- Whether the offset used has been certified
- Provider of the offset
- Other (please specify)

  - LAPFF considers that companies should focus on actual emission reductions and not be reliant on offsetting.
  - The IPCC has noted the role of offsetting for 'hard to abate' sectors which are loosely noted as 'industry, transport and agriculture'[6]. The industrial and transport subsectors generally identified are steel, cement and aviation. However, with pure electric flight already in commercial operation for short haul in some parts of the US (west coast) and commercial scale zero-carbon steel being produced[7] by 2025, the number of sectors included in the 'hard to abate' category is rapidly diminishing.

[6] Analysis: What the new IPCC report says about how to limit warming to 1.5C or 2C - Carbon Brief (April 2022)
[7] ArcelorMittal Sestao to become the world's first full-scale zero carbon-emissions steel plant | ArcelorMittal

- Questions on offsetting imply that CA100+ considers this an appropriate method of emission reduction. LAPFF would prefer a focus on real emissions reductions.

Question 3. Do you wish to share any other comments or propose any further modifications to Disclosure Indicator 5?

- LAPFF welcomes and supports the new indicator 5.2, on climate solutions where the proposed definition on technologies, infrastructure or other activities 'which help displace fossil fuels' is simple to understand and apply and provides a clear focus for boards in determining strategy.

Disclosure Indicator 6: Capital Alignment

Overview

Indicator 6 of the Disclosure Framework evaluates whether the company discloses how it is working to decarbonise its capital expenditures (CAPEX) and re-orient them from carbon-intensive assets to climate solutions.

Proposal

In 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. Instead, this Sub-indicator would assess whether the company states that it has phased out or is planning to phase out CAPEX in new unabated carbon-intensive assets or products.

Climate Action 100+ also proposes to introduce two new metrics capturing whether the company discloses the amount of its CAPEX going towards existing or new carbon-intensive assets or products, as well as introduce a new Sub-indicator focused on CAPEX allocated to climate solutions (i.e., low-carbon technologies, infrastructure or other activities which help displace fossil fuels).

Please refer to page 14 of the Benchmark 2.0 Consultation Guide for the full overview of proposed Version 2.0 changes to Indicator 6.

Consultation Questions

Question 1. Do you agree with the proposed Version 2.0 Disclosure Indicator 6?

- Yes
- Neutral
- No (please explain)

Question 2. Do you wish to share any other comments or propose any further modifications to Disclosure Indicator 6?

- The additional indicators are more useful to investors, and LAPFF has requested such disclosure of companies in engagement.
- LAPFF welcomes the specific wording to identify technologies, infrastructure or other activities 'which help displace fossil fuels'.

Disclosure Indicator 7: Climate Policy Engagement

Overview

Indicator 7 of the Disclosure Framework assesses whether the focus company commits to conduct its policy engagement in accordance with the goals of the Paris Agreement, reviews whether its trade associations engage in line with Paris Agreement goals and discloses whether it has evaluated its own positions and policy engagement activities related to climate change.

Proposal

In Version 2.0, Climate Action 100+ proposes to streamline this indicator, as well as to add a new Metric to this indicator focused on whether the company commits to conduct its climate policy engagement activities in line with the global goal of limiting temperature rise to 1.5ºC above pre-industrial levels by 2050. Climate Action 100+ also proposes to add a new Sub-indicator 7.3 focused on whether the company's Board has oversight of its climate policy engagement activities.

Please refer to page 15 of the Benchmark 2.0 Consultation Guide for the full overview of proposed Version 2.0 changes to Indicator 7.

Consultation Questions

Question 1. Do you agree with the proposed Version 2.0 Disclosure Indicator 7?

- Yes
- Neutral
- No (please explain)

- The existing indicators do not include the 2050 date. The new indicator (7.1C) appears to do so. LAPFF considers a focus on 2050 is not helpful and is not supportive of this date being included in the indicator. Since the 2015 Paris agreement, IPCC reports show the global carbon budget for remaining within 1.5 ºC is very likely to be used up well before then. In LAPFF's view including this date in the indicator weakens the ask of companies, when from 2018 onwards, evidence from the IPCC has shown more rapid action is required.
- As indicated later in the consultation response, this is based on the IPCC Sixth assessment report which shows[8] that for an 83% chance of limiting warming to

[8] Summary for Policymakers (ipcc.ch) (see page 29) (2021) and Sixth Assessment Report (ipcc.ch)

1.5ºC, the world can only add another 300 GT of carbon to the atmosphere in total from the beginning of 2020. Global energy-related carbon emissions in 2020 and 2021 were 32 GT and 36.3 GT respectively[9]. Therefore, at the current emissions rate[10], the carbon budget is likely to be used up by 2030.

Question 2. Do you think that Disclosure Indicator 7 should include a metric capturing whether a company explicitly commits to aligning its climate policy engagement activities with the goal of limiting global warming to 1.5ºC?

- Yes
- Neutral
- No (please explain)

Question 3. Do you wish to share any other comments or propose any further modifications to Disclosure Indicator 7?

Relating to 7.1b and 7.2b, LAPFF views are that companies should consider:

- Having and disclosing criteria for discontinuing membership of an industry association and for distancing the company from statements from industry organisations which diverge considerably from their own.
- Using their influence within the industry organisation to change its policies where there is misalignment.

This may already be provided for in more specific guidance provided by CA100+.

Disclosure Indicator 8: Climate Governance

Overview

Indicator 8 of the Disclosure Framework evaluates whether the focus company's Board has oversight of climate change risks and whether the focus company's executive remuneration scheme incorporates climate-related performance elements. In addition, Sub-indicator 8.3 assesses whether the company's Board has sufficient capabilities or competencies to assess and manage climate-related risks and opportunities.

Proposal

While Climate Action 100+ does not propose to make any revisions to Sub-indicators 8.1 and 8.2 in Version 2.0 of the Benchmark, the initiative is considering expanding assessments against Sub-indicator 8.3 on Board climate capabilities and competencies to *all* focus companies if signatories would find this

[9] https://iea.blob.core.windows.net/assets/c3086240-732b-4f6a-89d7-db01be018f5e/GlobalEnergyReviewCO2Emissionsin2021.pdf
[10] Summary for Policymakers (ipcc.ch) (see page 29)

data point useful for their engagements. Please note that Sub-indicator 8.3 may need to be re-designed to become applicable to all focus companies, but its core underlying principle and purpose would remain the same as in the current version.

Please refer to page 16 of the Benchmark 2.0 Consultation Guide for more detail on proposed Version 2.0 changes to Indicator 8.

Consultation Questions

Question 1. How useful would Sub-indicator 8.3, which assesses company disclosures on Board climate-related competencies and capabilities, be for your engagements if it was applied to all focus companies?

- 1 - Very useful
- 2 - Somewhat useful
- 3 - Neutral
- 4 - Not very useful
- 5 - Not useful at all

Question 1.a. Please elaborate on your response above.

Such disclosure would evidence that the board considers these factors of importance.

Question 2. Do you wish to share any other comments or propose any further modifications to Disclosure Indicator 8?

LAPFF would weight of greater importance that the chair or chief executive is identified as having overall responsibility for climate strategy and that it is incorporated into the business strategy. The investment risks and opportunities of climate change are such that responsibility should lie with the chief executive or chair, which will help provide adequate oversight of the climate change plan and implementation.

Disclosure Indicator 9: Just Transition

Overview

Indicator 9 of the Disclosure Framework assesses whether the company acknowledges the Just Transition as a relevant issue for its business, whether it commits to taking action on Just Transition and whether it has developed a Just Transition Plan in consultation with key stakeholders.

Proposal

In Version 2.0, Climate Action 100+ proposes to retain Sub-indicator 9.1 focused on the company's acknowledgement of and commitment to a Just Transition. Please note that 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 would be the ILO Guidelines for a Just Transition.
In addition, the initiative proposes to streamline Indicator 9 by focusing Sub-indicator 9.2 on the company's *Just Transition planning*. The initiative also proposes to add a new Sub-indicator 9.3 assessing company Just Transition *governance and progress monitoring* processes.

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Please refer to page 17 of the Benchmark 2.0 Consultation Guide for the full overview of proposed Version 2.0 changes to Indicator 9.

Consultation Questions

Question 1. Do you agree with the proposed Version 2.0 Disclosure Indicator 9?

- Yes
- Neutral
- No (please explain)

> The social impacts of the transition are financially material to investors. LAPFF considers a high-level commitment to a just transition the first step towards addressing the issue.

Question 2. Do you think that Metric 9.1.b should refer to any other internationally recognised Just Transition principles, beyond the ILO Guidelines for a Just Transition?

- Yes (please specify)

> The ILO just transition guidelines should be the principal reference point. However, reference should also be made to meeting internationally recognised standards on human and labour rights, including the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises as well as ILO core conventions. Although adherence to the former (ILO just transition guidelines) implies adherence to the latter (principles/guidelines/conventions) it will make clear the just transition is rights based and these rights extend to impacted groups beyond workers.

- Neutral
- No

Question 3. Do you wish to share any other comments or propose any further modifications to Disclosure Indicator 9?

> Before plans are created, LAPFF would expect companies to have undertaken an assessment of risk and the groups likely to be most affected. This would then be used to inform a just transition plan in conjunction with the views from stakeholders. The assessment could also include the opportunities the transition presents to have positive social outcomes. LAPFF would suggest that this impact assessment should be included under 9.2.
>
> LAPFF considers that the social dimension of a just transition also covers consumers and supply chains. It would be helpful if these groups could be referenced under 9.2.
>
> It is essential to involve stakeholders in the just transition decision making processes. However, LAPFF has seen examples of stakeholder engagement processes which are at best partial. LAPFF would therefore suggest that 9.2b and 9.2d could be strengthened by making clear that this process needs to be transparent and fair.

The ILO just transition guidelines are founded in part on the principles of decent work. This implies ensuring that new jobs created by the transition offer decent work. As part of just transition plans LAPFF would want to see commitment to decent work within new green jobs. For example, this would enable the benchmark to cover just transition concerns about potential labour and human rights abuses in the mining of transition minerals to the poor labour standards within the renewable energy sector. This could potentially be integrated into metric 9.2d.

While KPI's are needed, metric 9.3 is very general – companies can essentially set their own exam question. LAPFF would therefore be concerned about how this might be scored. For example, LAPFF frequently sees disclosures by companies on how they are meeting social objectives, which in truth amount to little more than corporate philanthropy. Would a company be said to meet the criteria with the inclusion of such KPIs even if they were failing to meet basic just transition/human and labour rights principles? LAPFF would recommend that metric 9.3a is revisited before inclusion (or that what is acceptable for inclusion is provided in some form of guidance).

Disclosure Indicator 10: TCFD Disclosure

Overview

Indicator 10 of the Disclosure Framework evaluates whether the company commits to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and clearly reports its TCFD-aligned disclosures, as well as whether the company employs climate-scenario planning to test its strategic and operational resilience.

Climate Action 100+ is **not proposing to make any revisions to Indicator 10: TCFD Disclosure**, but nonetheless welcomes feedback from stakeholders on this Indicator. For an overview of Indicator 10, please see the current Disclosure Framework methodology.

Consultation Questions

Question 1. Do you wish to share any comments or propose any modifications to Disclosure Indicator 10?

No

SECTION 5: ADDITIONAL ELEMENTS

5.1 New Historical Emissions Intensity Tracking Indicator

Overview

Given that the latest climate science indicates that it is paramount that global emissions are approximately halved by 2030 to keep global warming to 1.5°C, Climate Action 100+ is considering adding a new Indicator to its Benchmark assessing whether companies have **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.**

Proposal

The purpose of this Indicator would be to assess:

- Whether companies disclose sufficient information to evaluate whether they have decreased their emissions per unit of output (i.e. emissions intensity).
- The extent to which companies' emissions intensity reductions converged with a 1.5°C pathway for their sector.
- Whether companies explain in their public disclosures how their emissions intensity reductions were achieved, in particular where the use of offsets and/or asset sales were a major factor in this.

Climate Action 100+ proposes to add this Indicator to the Benchmark Disclosure Framework as Indicator 11. This indicator would be assessed by TPI Centre and FTSE Russell and it would be launched *as a 'Beta' indicator* in Version 2.0 of the Benchmark, meaning that company assessments against this indicator would not be made public.

Please note that the final version of this Indicator will depend on research provider capacity and feedback received via this consultation. In addition, please note that although the current state of methodological development does not yet allow for an assessment of whether companies are reducing their GHG emissions in accordance with their own GHG reduction targets across all sectors and companies, Climate Action 100+ is looking to incorporate such assessments into future Benchmark iterations, beyond Version 2.0.

Please refer to page 20 of the Benchmark 2.0 Consultation Guide for the full overview of proposed Version 2.0 Historical Emissions Intensity Tracking Indicator.

Consultation Questions

Question 1. How useful would you find an additional Historical Emissions Intensity Tracking Indicator, as proposed above, for your engagements with focus companies and your broader climate work?

- 1 - Very useful
- 2 - Somewhat useful
- 3 - Neutral
- 4 - Not very useful
- 5 - Not useful at all

Question 1.a. Please elaborate on your response above.

Such information would provide a better indicator of real-world impact, albeit it is emission intensity rather than absolute emissions data.

Question 2. Would you find any other metrics useful as part of this Indicator in future iterations of the Benchmark?

It would be useful if this data could be presented alongside absolute emissions data, so that real-world impact on emissions reduction by the entity can be identified.

Question 3. Do you have any other comments on this proposed Indicator?

LAPFF notes that CA100+ has stated 'the latest climate science indicates that it is paramount that global emissions are approximately halved by 2030 to keep global warming to 1.5°C'.

It would be helpful if this is from the IPCC that any percentage likelihoods attached to this date are specifically source. The IPCC has shown[11] that for an 83% chance of limiting warming to 1.5°C, the world can only add another 300 GT of carbon to the atmosphere in total from the beginning of 2020. Global energy-related carbon emissions in 2020 and 2021 were 32 GT and 36.3 GT respectively[12]. Therefore, at the current emissions rate[13], the carbon budget is likely to be used up by 2030.

5.2 Additional Sector-specific Assessments

Proposal

While the ten Disclosure Framework indicators of the Benchmark will remain applicable to all focus companies across sectors, the initiative recognises that investors and other stakeholders may also require additional supplementary sector-specific company assessments to engage companies on their net-zero transition planning in a more sector-nuanced manner.

The Benchmark already includes sector-specific Alignment Assessments evaluated by Carbon Tracker Initiative (CTI) and Rocky Mountain Institute (RMI), but Climate Action 100+ proposes to **incorporate additional sector-specific assessments** into the Benchmark on the basis of the 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 CTI and RMI Alignment Assessments.

Please see page 21 of the Benchmark 2.0 Consultation Guide for more detail on proposed additional sector-specific assessments.

Consultation Questions

Question 1. If you would be interested in sector-specific assessments that integrate closely with the Benchmark Disclosure Framework, please select the top 3 sectors for which such assessments would be most useful.

- Airlines
- Autos
- Cement
- Chemicals
- Consumer Goods and Services
- Diversified Mining
- Electric Utilities

[11] Summary for Policymakers (ipcc.ch) (see page 29) (2021) and Sixth Assessment Report (ipcc.ch)
[12] https://iea.blob.core.windows.net/assets/c3086240-732b-4f6a-89d7-db01be018f5e/GlobalEnergyReviewCO2Emissionsin2021.pdf
[13] Summary for Policymakers (ipcc.ch) (see page 29)

- Food & Beverage
- Oil & Gas
- Other Industrials
- Paper
- Shipping
- Steel
- Other. Please specify:

Airlines, oil and gas would also be useful.

Question 2. How much of a priority would adding new, more detailed sector-specific assessments to the Benchmark be for your engagements with focus companies?

- 1 - High priority
- 2 - Medium priority
- 3 - Neutral
- 4 - Less of a priority
- 5 - Not a priority

Question 2.a. Please elaborate on your response:

Companies do pay attention to peer company performance and assessments, so having additional sector-specific information to use in engagement, provided in a format consistent with existing benchmark metrics would be useful.

SECTION 6: ALIGNMENT ASSESSMENTS

6.1 General Questions about Climate Action 100+ Net Zero Company Benchmark Alignment Assessments

Overview

The Benchmark's Alignment Assessments complement the Disclosure Framework. They provide independent evaluations of the alignment and adequacy of company actions with the goals of Climate Action 100+ and the Paris Agreement.

These assessments come from different data providers including Carbon Tracker Initiative (CTI), the Climate Accounting and Audit Project (CAAP), Rocky Mountain Institute (RMI, previously represented by the PACTA team from the 2° Investing Initiative, 2DII) and InfluenceMap.

Consultation Questions

Question 1. How useful do you find the current Benchmark Alignment Assessments in your engagement with focus companies or in your broader work? Please rank them from 1 (very useful) to 5 (not useful at all) and explain your response.

- InfluenceMap Climate Policy Engagement Alignment Assessments
- CTI Climate Accounting and Audit Alignment Assessments
- CTI Capital Allocation Alignment Assessments for electric utilities
- CTI Capital Allocation Alignment Assessments for oil & gas companies
- RMI Capital Allocation Alignment Assessments for autos companies
- RMI Capital Allocation Alignment Assessments for aviation companies
- RMI Capital Allocation Alignment Assessments for cement companies
- RMI Capital Allocation Alignment Assessments for electric utility companies
- RMI Capital Allocation Alignment Assessments for steel companies

Question 1.a. If you do not use the Alignment Assessments, please explain why:

1. InfluenceMap Climate Policy Engagement Alignment Assessments
2. CTI Climate Accounting and Audit Alignment Assessments
3. RMI data is highly regarded, but LAPFF has not to date used assessments from RMI

Question 2. What other data sources do you use to assess company climate performance and/or alignment with a net zero by 2050 future?

- LAPFF undertakes its own research as well as relying on wide range of other sources.
- LAPFF does not focus on alignment with a net zero by 2050 future but is guided by IPCC reports and conclusions on climate science.

Question 3. Do you wish to share any additional comments about the Alignment Assessments?

No

6.2.1 Climate Policy Engagement Alignment Assessments by InfluenceMap

Overview

Climate Policy Engagement Alignment Assessments, provided by InfluenceMap, analyse the alignment of company climate policy engagement actions (direct and indirect via their industry associations) with the Paris Agreement goals.

Proposal

In Version 2.0, Climate Action 100+ proposes to expand the Climate Policy Engagement Alignment Assessments by incorporating a new scoring system for existing Indicator 1: Real World Climate Policy Engagement, and adding two new indicators:

- *Indicator 2: Transparency of Climate Policy Engagement*, assessing the accuracy and completeness of a company's reporting on its climate policy engagement activities (direct and indirect, i.e. via industry associations).
- *Indicator 3: Review of Climate Policy Engagement Alignment*, assessing 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.

Please refer to pages 24 and 28-30 of the Benchmark 2.0 Consultation Guide for the full overview of proposed Version 2.0 changes to Climate Policy Engagement Alignment Assessments.

Consultation Questions

Question 1. Do you agree with the proposed Version 2.0 Climate Policy Engagement Alignment Assessment Indicator 1: Real World Climate Policy Engagement?

In the free text box next to your selected response, please elaborate on your answer, share any further comments, propose specific modifications and/or elaborate on what would make this assessment more useful.

- Yes (please explain)

LAPFF expects companies to regularly review their membership of industry organisations. In doing so, companies should consider: • Reviewing and discussing membership at the board level, including when the company is about to join an organisation and regularly reviewing existing membership of industry groups. • Undertaking, disclosing and acting on a specific review of membership of industry organisations as well their own public policy advocacy work, to assess and ensure the alignment with stated policy commitments made to shareholders.

- Neutral (please explain)

- No (please explain)

Question 2. Do you agree with the proposed Version 2.0 Climate Policy Engagement Alignment Assessment Indicator 2: Transparency of Climate Policy Engagement?

- Yes (please explain)

LAPFF expects companies to remain up to date with what is being said and done in their name. In doing so, companies should consider:

- Having and disclosing criteria for discontinuing membership of an industry association and for distancing the company from statements from industry organisations which diverge considerably from their own.

- Neutral (please explain)

- No (please explain)

Question 3. Do you agree with the proposed Version 2.0 Climate Policy Engagement Alignment Assessment Indicator 3: Review of Climate Policy Engagement Alignment?

In the free text box next to your selected response, please elaborate on your answer, share any further comments, propose specific modifications and/or elaborate on what would make this assessment more useful.

- Yes (please explain)

LAPFF considers companies should use their influence within an industry organisation to change its policies where there is misalignment

- Neutral (please explain)

- No (please explain)

Question 4. Would you like to share any other comments on the proposals above?

6.2.2 Climate Accounting and Audit Alignment Assessments by Carbon Tracker Initiative and the Climate Accounting and Audit Project

Overview

The Climate Accounting and Audit Alignment Assessment is used to assess whether a company's accounting practices and related disclosures, and the auditor's report thereon, reflect the effects of climate risk and the global move onto a 2050 (or sooner) net zero greenhouse gas (GHG) emissions pathway and the Paris Agreement goal of limiting global warming to 1.5°C.

Proposal

In Version 2.0 of the Benchmark, Climate Action 100+ proposes restructuring the scoring system of the Climate Accounting and Audit Alignment Assessment by adopting a Green/Amber/Red traffic light system at a Metric level (in opposition to the current Yes/No binary system). This will better recognise incremental progress by focus companies. The existing indicators will remain the same: 1 – Financial statements; 2 – Audit report; and 3 - Alignment with net zero by 2050 (or sooner).

Please refer to page 25 of the Benchmark 2.0 Consultation Guide for more detail on Version 2.0 changes proposed to Climate Accounting and Audit Assessments.

Consultation Questions

Question 1. Do you agree with the Version 2.0 proposal for the Benchmark Climate Accounting and Audit Alignment Assessment?

In the free text box next to your selected response, please elaborate on your answer, share any further comments, propose specific modifications and/or elaborate on what would make this assessment more useful.

- Yes (please explain)

- Neutral (please explain)

  If the proposed amendment provides focussed differentiators between companies in the same sector, this would be more helpful in engagements.

- No (please explain)

6.2.3 Capital Allocation Alignment Assessments by Rocky Mountain Institute

Overview

The current Capital Allocation Alignment Assessments provided by the Rocky Mountain Institute (RMI) analyse companies' planned capital expenditures (CAPEX) and other relevant data to provide an insight into the relative adequacy and alignment of company actions with the Paris Agreement goals.

Proposal

As part of Version 2.0, Climate Action 100+ proposes to add two new indicators to RMI's Capital Allocation Alignment Assessment methodology for electric utilities and automotive sectors:

- New Indicator 1 for electric utilities and autos assessing *alignment with the IEA's Net Zero by 2050 scenario, based on 2026 production forecasts*. This indicator would replace the existing metric "assessment of the company's 2021 technology mix vs. the 2021 sector average".

- New Indicator 3 for electric utilities, assessing *real vs. virtual asset-level changes and the rate at which the company is substituting its coal capacity with renewable capacity*.

The RMI Capital Allocation Alignment Assessment methodology for aviation, cement and steel companies would remain the same as in the current version of the Benchmark. Please see here for an overview of RMI's current Benchmark methodology.

Please refer to pages 26 and 31-33 of the Benchmark 2.0 Consultation Guide to respond to the questions below.

Consultation Questions

Question 1. Do you agree with the proposed Version 2.0 Indicator 1 for the Capital Allocation Alignment Assessment provided by the Rocky Mountain Institute for electric utilities and automotives?

- Yes
- Neutral
- No (please explain, specifying whether your comments refer to electric utilities and/or automotives)

Question 2. Do you agree with the proposed Version 2.0 Indicator 3: Real Asset Level Change and Substitution Rate for the Capital Allocation Alignment Assessment provided by the Rocky Mountain Institute for electric utilities?

- Yes
- Neutral
- No (please explain, specifying whether your comments refer to Sub-indicator 3.a and/or Sub-indicator 3.b)

6.2.4 Capital Allocation Alignment Assessments provided by Carbon Tracker Initiative

Overview

Capital Allocation Alignment Assessments provided by the Carbon Tracker Initiative (CTI) analyse companies' planned capital expenditures (CAPEX) for unsanctioned upstream *oil and gas* carbon-emitting assets relative to a range of climate change scenarios. In addition, for *electric utility* focus companies, CTI's Alignment Assessments analyse companies' announced retirement schedules for their legacy coal and gas-fired power generation capacity and new planned additional carbon-emitting assets relative to a range of climate change scenarios. These assessments apply to electric utilities and oil & gas companies only. For more detail on CTI's Capital Allocation methodology, please see here.

No specific revisions are being proposed for Version 2.0 at this stage, although Climate Action 100+ welcomes views on potential enhancements to this Alignment Assessment.

Consultation Questions

Question 1. CTI currently uses the retirement of coal and gas plants to measure focus company capital alignment with net zero. Do you believe that this is an appropriate metric for measuring company progress on capital allocation alignment with net zero emissions by 2050?

- Yes
- No

Question 2. Climate Action 100+ is considering revisions to the CTI Capital Allocation Alignment Assessments for oil & gas companies for Benchmark 2.0. To help us define priorities and preferences, please indicate which (if any) of the below indicators would be useful for your engagements with oil & gas focus companies. Please select all that apply.

- All existing metrics updated to reflect IEA's *Net Zero Emissions by 2050* Scenario (NZE).
- A measure of expected future production, based on the company's upstream oil and gas assets, compared to Carbon Tracker's interpretation of the NZE.
- A comparison of the company's expected future production from existing assets to the company's existing climate targets.
- A measure of whether the company's climate targets are overly reliant on emissions removal technologies (EMTs) such as CCS, CCUS, Negative Emissions Technologies (NETs), and/or divestments.
- Whether and to what extent the company sanctioned new investments that are not consistent with the IEA's NZE.
- The proportion of total CAPEX that the company is spending on new (greenfield) upstream oil and gas projects.
- Whether the company is acquiring new licenses for oil and gas exploration.
- Whether the company is spending capital on oil and gas exploration.
- None of the above.
- Other. Please specify:

Question 2.a. Please elaborate on your response above:

For oil and gas companies, given the variety in or lack of disclosure by companies, standardisation of analysis according to these indicators would be helpful for engagement with company boards.

Question 3. Most forward-looking modelling scenarios predict slow declines in fossil fuel consumption out to 2030, with steeper declines in the 2030-2040 period. Oil and gas projects tend to produce for decades, meaning that much of the production in the 2030-

2040 period will be constructed before 2030. That said, shorter-term forecasts involve less uncertainty. Given this, do you believe the above indicators would be best shown out to 2030 or 2040?

- ○ 2030
- ○ 2040