

CDP TEMPERATURE RATINGS

OF PORTFOLIOS, INDICES AND COMPANIES

THE CDP TEMPERATURE RATINGS DATASET

Providing new insights for investors into the climate ambition of global companies

cdp.net/en/investor/temperature-ratings



THE NEED FOR FORWARD-LOOKING TEMPERATURE RATINGS

With the science clear that a net-zero GHG emissions economy is needed by 2050 to avoid the worst effects of climate change, companies must rapidly decarbonize at scale and investors must scale their investment in this transition.

More decision-useful, forward-looking climate metrics are needed so that investors can make better informed decisions on how to best allocate capital towards the transition to a low-carbon economy and to future-proof their investments.

The CDP temperature ratings dataset provides temperature pathways for over 3300 global companies. Based on corporate emissions reduction targets, they are clear, science-based and uniform metrics for investors to easily assess the future climate ambition of global companies.



Benefits of CDP temperature ratings



Transparent

Uses a public, expert-reviewed and open-source target assessment methodology currently being developed by CDP and WWF.



Forward-looking

Based on corporate ambition rather than extrapolating the current level of GHG emissions.



Science-based

Temperature pathways derived from the IPCC 1.5C and the Integrated Assessment Modelling Consortium (IAMC) compiled database of climate scenarios.



Includes Scope 3

Systematically assesses corporate targets along the value chain.



High level of detail

Shows separate temperature ratings per scope and for three distinct timeframes.



Powered by CDP data

Uses CDP's unique GHG emissions and granular targets data disclosed by companies and cleaned by CDP's dedicated Data Analytics division.



Standard-setting

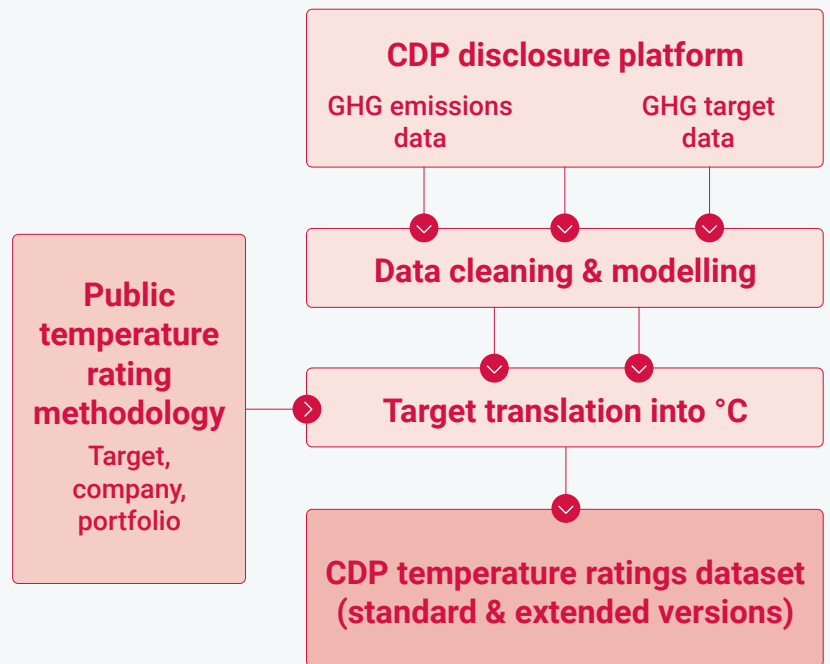
Can be used for target setting by financial institutions and used by corporates in supply chain analysis.

FEATURES OF THE CDP TEMPERATURE RATINGS DATASET

The dataset includes temperature ratings in °Celsius based on emission reduction targets for 3300 companies.

We use the public, open-source temperature rating methodology currently being developed by CDP and WWF.

We apply the methodology to cleaned emissions and target data from CDP's global environmental disclosure platform. Target data disclosed to CDP is often much more granular compared to CSR reports.



The standard dataset includes:

- 3300 temperature ratings*, including their science-based target status
- Up to 60 individual target data points per company, including:
 - A breakdown of each temperature rating by scope (scope 1+2 and scope 1+2+3)
 - A breakdown of each temperature rating by timeframe (short, medium and long term)
 - A target disclosure quality assessment
 - GHG emissions target coverage ratios
 - Linear annual emissions reduction
- Company ISINs and CDP Activity Classifications

**default temperature ratings apply if no valid corporate target data is available. Approx. 67% of ratings are assigned a default rating. Approx. 2000 companies are listed companies. Of these, around 60% are assigned a default rating (as of August 2020).*

In addition to the standard dataset, the extended version also includes corporate GHG emissions data (scope 1+2+3) and a portfolio temperature calculator. The GHG data is compiled by CDP's dedicated Data Analytics team and includes both reported and modelled emissions data.

The datasets are updated quarterly with latest data from the Science Based Targets initiative (SBTi).



APPLYING CDP TEMPERATURE RATINGS

The CDP temperature ratings are ideally suited for forward-looking climate analysis and target setting. They can be applied along the entire investment process.



Company analysis

- ▼ Integrate temperature ratings in forward-looking climate transition risk analysis.
- ▼ Complement corporate data on climate governance, risk management or low carbon investments.
- ▼ Select best-in-class stocks with lowest implied temperature pathway.
- ▼ Calculate the expected 'future carbon footprint' of a company.

Sector analysis

- ▼ Identify the 'high temperature' sectors of the future.

Corporate engagement

- ▼ Engage with companies on setting meaningful and ambitious GHG reduction targets.

Portfolio assessment & target setting

- ▼ Measure the temperature of your fund and set science-based targets using the SBTi criteria (currently under development); monitor progress against targets.

Reporting & disclosure

- ▼ Disclose your portfolio temperature and related targets to stakeholders.

How to access the CDP temperature ratings dataset

CDP investor signatories can access the CDP temperature ratings dataset via a separate data license agreement. The dataset is delivered via FTP.

Signatories may reach out to their CDP account managers for more information or contact investor@cdp.net

BACKGROUND ON THE PUBLIC TARGET ASSESSMENT METHODOLOGY

Emissions targets are a partial, but relatively crucial and forward-looking marker of a company's ambition to mitigate its future climate impact.

CDP and WWF are developing an open source method to enable the translation of corporate GHG emission reduction targets into temperature ratings at a target, company, and a portfolio level.

Built on the work of the Science Based Targets initiative, the methodology provides a public, transparent, and science-based protocol to assess the ambition of corporates and portfolios based on the ambition of targets.

It enables users to assess the ambition of any public GHG emission reduction target and can help users compare the relative ambition of one company versus another.

The method may also be used to temperature score investment portfolios and allow financial institutions to calculate the current temperature of a portfolio, which is a key starting point for aligning the portfolio with long term temperature goals such as 1.5C.

Key features of the target assessment methodology:

- Developed by SBTi partner organisations CDP and WWF for public use by financial institutions.
- Builds on the IPCC's Special Report on Global Warming of 1.5C and the Integrated Assessment Modelling Consortium (IAMC) database of climate scenarios.
- Explains how targets disclosed by companies in various formats can be translated into long-term temperature outcomes.
- Assigns a default temperature rating for companies that do not disclose valid targets.
- Outlines how company temperature scores can be aggregated at the portfolio or index level.

The full beta version of the methodology can be downloaded for free [here](#).

For more information about science-based targets for financial institutions please visit <https://sciencebasedtargets.org/financial-institutions/>





For more information please contact:

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About CDP

CDP is an international non-profit that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Voted number one climate research provider by investors and working with institutional investors with assets of US\$106 trillion, we leverage investor and buyer power to motivate companies to disclose and manage their environmental impacts. Over 8,400 companies with over 50% of global market capitalization disclosed environmental data through CDP in 2019. This is in addition to the over 920 cities, states and regions who disclosed, making CDP's platform one of the richest sources of information globally on how companies and governments are driving environmental change. CDP is a founding member of the We Mean Business Coalition. Visit <https://cdp.net/en> or follow us [@CDP](#) to find out more.