

CDP TEMPERATURE RATINGS

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



THE NEED FOR FORWARD-LOOKING TEMPERATURE RATINGS

Financial institutions must scale investments and lending in support of the low-carbon transition, and work to align their portfolios with maximum of 1.5 °C of warming. To do this, they must identify companies that are willing and able to reduce their emissions.

Yet CDP data shows that only a fraction of the world's companies have ambitious emissions reduction targets covering all relevant emissions in their value chain.

As a tool for portfolio decarbonization and corporate engagement, CDP's temperature ratings dataset gives profound insights into the quality and coverage of corporate emissions reduction targets. Covering thousands of companies, users can easily identify companies with high ambition levels - and assess their current performance.

CDP temperature ratings give investors a clear, science-based and uniform standard for taking and measuring action towards a sustainable economy.



Benefits of CDP temperature ratings



Transparent

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



Forward-looking

Based on forward-looking corporate ambition defined by targets and emission trend projections.



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

Over 5,000 corporate targets translated temperature scores, resulting in unparalleled transparency over corporate ambition across GHG emissions scopes and short-, medium-, and long-term 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

Used by financial institutions globally for science-based portfolio target setting (SBT-FI), for corporate engagement and integration into climate risk models.

Includes SBTs

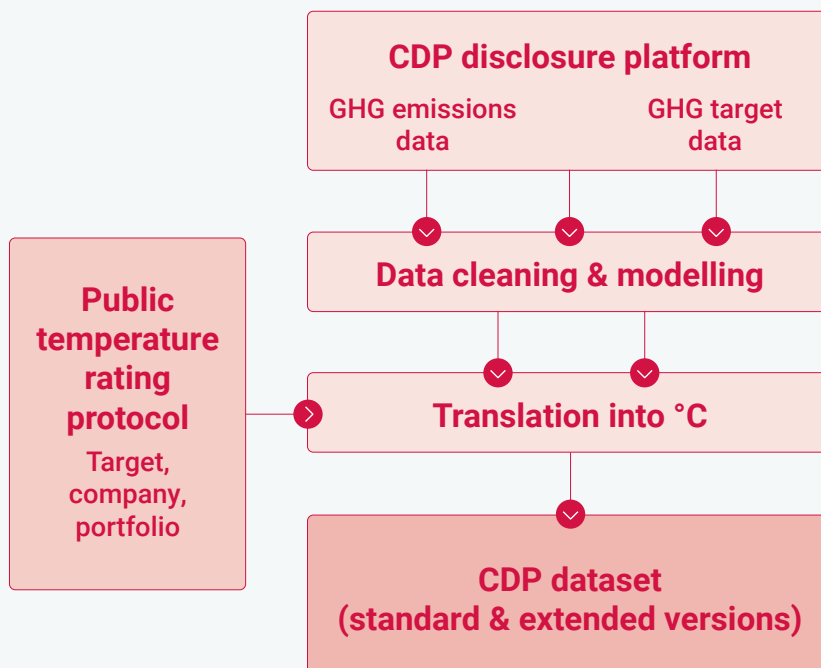
Integrates data from the Science Based Targets initiative, the gold standard for corporate emissions targets.

FEATURES OF THE CDP TEMPERATURE RATINGS DATASET

The dataset includes temperature ratings in °Celsius based on emission reduction targets or emissions trends for 4000 companies.

We use the open-source temperature rating methodology developed by CDP and WWF to assess corporate targets, and an internally developed methodology for GHG time-series analysis.

We apply the methodologies 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:

- Specific temperature ratings for 4000 companies, including their science-based target status
- Performance indicators, including GHG emission rankings and trend indicators, for more than 2500 companies
- Breakdown of each temperature rating by scope (scope 1+2 and scope 1+2+3)
- Breakdown of each temperature rating by timeframe (short, medium and long term)
- Supplementary datapoints relating to target assessment, incl. implied annual reduction rates
- Company ISINs and CDP Activity Classifications

In total, the dataset for CDP capital market signatories covers more than 11,000 companies, of which many do not have a valid emission reduction target or a reliable history of reported/ modelled GHG emissions data.

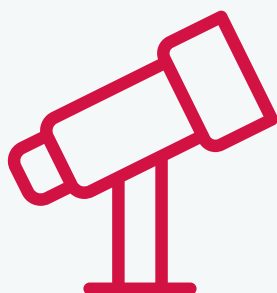
In addition to the standard dataset, the extended version also includes corporate GHG emissions data (scope 1+2+3) and a portfolio temperature calculator. The GHG data is compiled by CDP's dedicated Data Analytics team and includes both reported and modelled emissions data.

The datasets are updated monthly 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 analyses and target setting. They can be applied along the entire investment process.



Company analysis

- ▼ Integrate temperature ratings in forward-looking climate 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 along their value chain.

Portfolio assessment & target setting

- ▼ Measure the temperature of your fund and set science-based targets using the SBTi criteria to monitor progress against targets.

Reporting & disclosure

- ▼ Disclose 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 CDP/ WWF 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 have developed 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 methodology can be downloaded for free [here](#).

For more information about science-based targets for financial institutions please visit the **SBTi website**.



For more information please contact:

CDP Capital Markets

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About CDP

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 680 financial institutions with over \$130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Over 14,000 organizations around the world disclosed data through CDP in 2021, including more than 13,000 companies worth over 64% of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative. Visit or follow us @CDP and on LinkedIn to find out more. cdp.net or follow us @CDP and on LinkedIn to find out more.

About the Science Based Targets initiative

The Science Based Targets initiative mobilizes companies to set science-based targets and boost their competitive advantage in the transition to the low-carbon economy. It is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments. The initiative defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

www.sciencebasedtargets.org
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