

CLIMATE CHANGE MITIGATION AND YOUR PORTFOLIO

INVESTOR GUIDE

1.5°C SCENARIO ANALYSIS RUBRIC

| | Questions | Mature | Partially developed |
|---------------------------------------|--|---|--|
| Scenario transparency and credibility | 1. Has the company clearly explained how it formed the scenario? | <p>The scenario is clear and transparent with:</p> <ul style="list-style-type: none"> • Scenario source (e.g, internally or externally created, credible input data source) • Scenario narrative and objective • Scenario data and assumptions, such as: <ul style="list-style-type: none"> – Projected temperature level – GHG emissions level – Energy consumption levels – Sector activity levels – Regulatory requirements | <p>The scenario includes a partial description of its source and objective</p> <p>The data and assumptions required to assess the scenario are not all disclosed or aligned to a 1.5°C pathway</p> |
| | 2. Does the scenario align to key 1.5°C parameters? | <p>The scenario aligns to 1.5°C parameters</p> <ul style="list-style-type: none"> • A 50-55% decline by 2030 and net zero CO₂ emissions by 2050 • Carbon budget of 570 Gt from 2018-50 • Methane and nitrous oxide steeply mitigated | <p>The scenario aligns to some 1.5°C parameters</p> |
| Translation to sector impact | 3. Is the scenario consistent with the emissions pathway of the company's sector? | <p>The analysis connects the economy-wide scenario to the emissions pathway in the company's sector in 2030 and 2050</p> <p>The sector emissions trajectory is in line with the ranges identified in this report (See: 1.5°C Sector Infographics) or, if using an alternative scenario, compensating emission reductions are clear and realistic</p> | <p>The analysis connects the economy-wide scenario to its sector, but it is not a reasonable sector allocation and doesn't provide clear tradeoffs for compensation</p> |
| | 4. Does the analysis accurately reflect how the company's market would change in a 1.5°C scenario? | <p>The disclosure is transparent on potential changes to demand for the company's products or services in a 1.5°C scenario</p> <p>The projected changes are in line with "market dynamics" outlined (See: 1.5°C Sector Infographics)</p> | <p>The disclosure discusses the changes in demand under a 1.5°C scenario but is not in line with projections</p> |
| | 5. Does the analysis clarify the operational changes required for companies in their sector in a 1.5°C scenario? | <p>The disclosure identifies the key operational implications for the sector in line with those shared (See: 1.5°C Sector Infographics), such as:</p> <ul style="list-style-type: none"> • Changes to fuel and power sources • Energy efficiency and process optimization • Deployment of carbon capture technology • Recycling and waste reduction | <p>The disclosure outlines some of the operational implications but does not account for some major changes</p> |



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| Financial and strategic implications | 6. Does the analysis link the scenario to financial impacts for the company? | <p>The disclosure assesses key financial implications, such as value at risk, with quantitative and timebound metrics or sensitivity:</p> <ul style="list-style-type: none"> • Revenue • Expenditures • Assets & liabilities • Cost of capital <p>The metrics cover all material impacts to the business</p> | <p>The disclosure provides a high-level qualitative synthesis of key financial implications. Disclosed information is not specific, quantified or timebound</p> |
| | 7. Are strategic implications clear for a 1.5°C scenario? | <p>The disclosure includes a comprehensive review of risks and opportunities that will impact strategy under a 1.5°C scenario:</p> <ul style="list-style-type: none"> • Business model: Risks to some business models and opportunities for new business models and geographic applications • Portfolio: Stranded asset risks, including infrastructure, property and IP, and opportunities to allocate capital to new projects • Regulatory: Risks to existing policy and regulatory frameworks that enable the operating model, versus increased market certainty from new regulations • Supply chain: Dislocations from changes in regional environments and access to input materials, versus opportunities for efficiency and resiliency • Brand and reputation: Social license to operate and reputational risk of inaction, versus opportunity to build brand value in line with climate action | <p>The disclosure considers some strategic risks and opportunities, but the implications are incomplete or misaligned to a 1.5°C pathway</p> |
| | 8. Does the company explain how it may adapt strategy if the world follows a 1.5°C pathway? | <p>The company identifies signposts it will use to track which pathway the world and its sector are following, including:</p> <ul style="list-style-type: none"> • Emissions trajectories • Policy and regulatory constructs • Consumer trends • Technology development <p>The disclosure describes governance and processes in place to evaluate changes in trajectory and incorporate them into strategy</p> | <p>The analysis connects the economy-wide scenario to its sector, but it is not a reasonable sector allocation and doesn't provide clear tradeoffs for compensation</p> |