



XDC Climate Impact Report

XDC Analysis for Sample Inc.

February 2021

This report provides insights on the climate impact of Sample Inc. and its relative performance compared to its competitors. The report also indicates the targets the company ought to achieve in selected scenarios in order to help keep global warming below 2° Celsius.

Snapshot of results

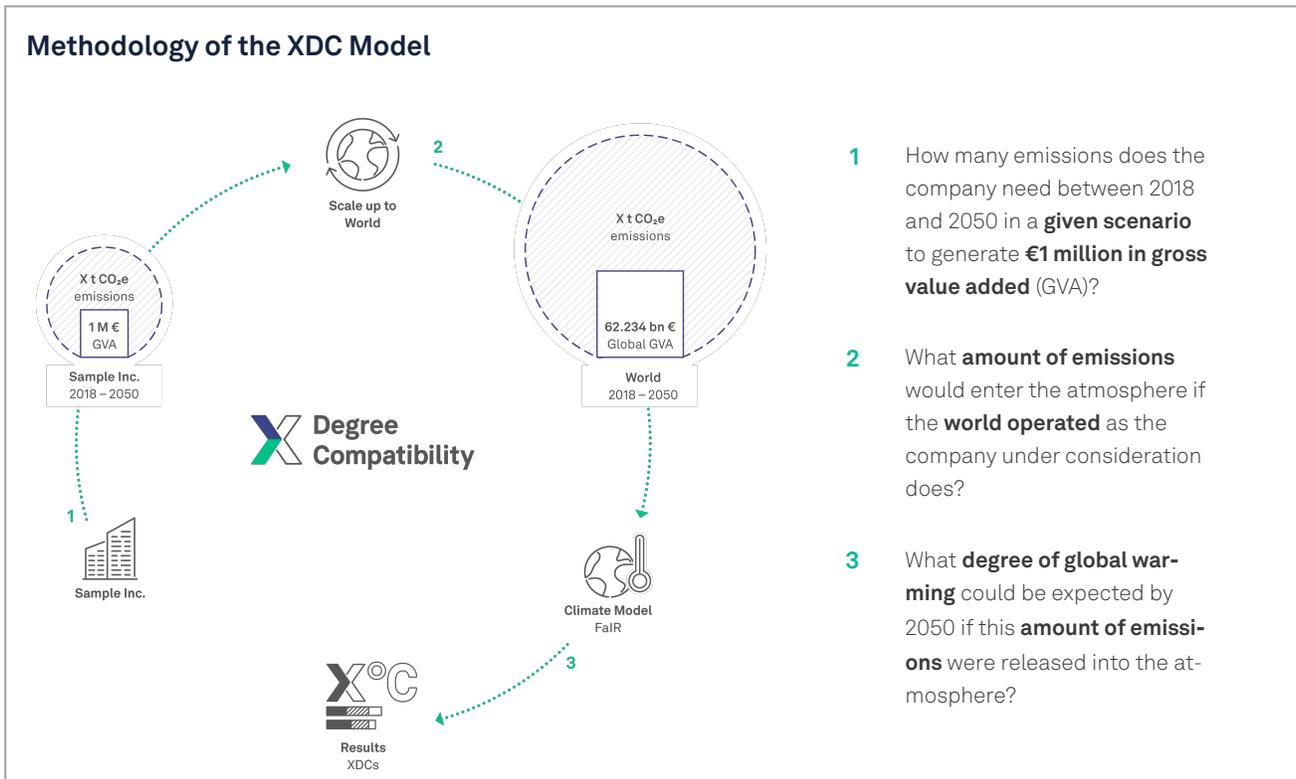
+1.0°C

XDC Gap

The Climate Impact of Sample Inc. is not compatible with 1.75°C global warming.

XDC results

Baseline XDC	Sector XDC	Target XDC
3.5°C (page 4)	3.7°C (page 5)	2.5°C (page 6/7)



Overview of data used

Base year: 2018
Sector (EU NACE): 29.20 | Manufacture of bodies for motor vehicles, trailers and semi-trailers
Business activity: OECD

Gross value added during base year

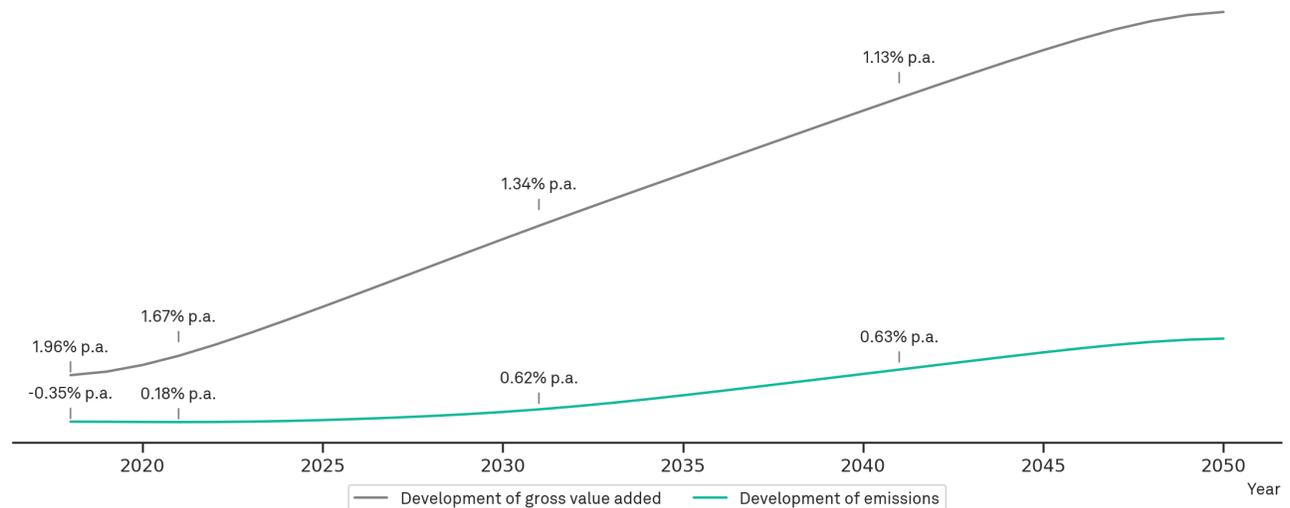
EBITDA	Personnel costs
530,000,000€	290,000,000€

Emissions during base year (CO₂eq)

Scope 1	Scope 2	Scope 3
52,000 t	41,000 t	4,000,000 t

Gross value added is a financial indicator, and the sum of EBITDA and personnel costs. According to the Greenhouse Gas Protocol Standard, **emissions** of companies are categorized into: emissions attributed to the company itself (Scope 1), indirect emissions caused by the purchase of energy (Scope 2) and emissions related to activities across the entire value chain (Scope 3).

Assumptions in calculating the Baseline XDC

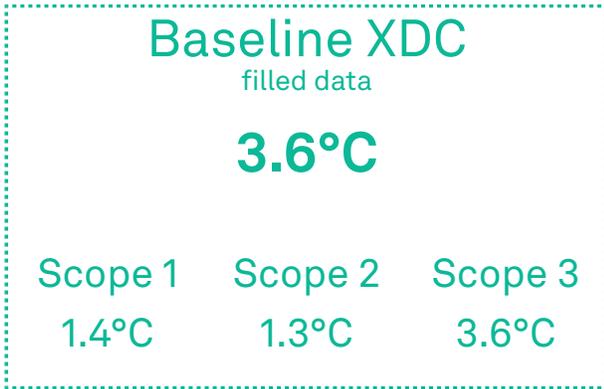


Baseline assumptions describe the development in gross value added as well as emissions of a company starting from the base year until 2050. Assumptions stem from the „Shared Socioeconomic Pathway 2“ - scenario. This scenario extrapolates historic trends into the future and does not take into account the possibility of a more proactive policy landscape that requires companies to act more sustainably. Scope 1 emissions are attributed 100% to the company. Scope 2 and 3 emissions, however, are weighted at 50%, so as to minimize double counting.

Climate Impact of Sample Inc.

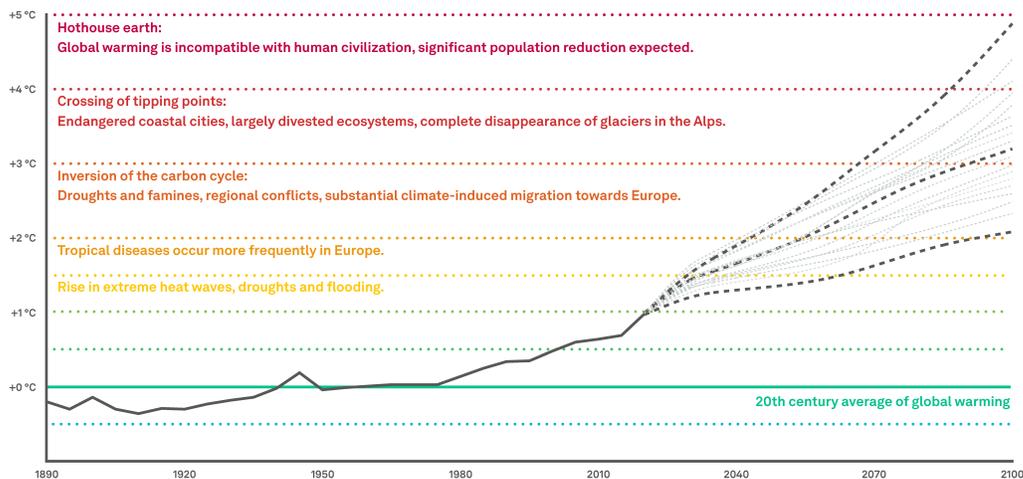


The **Baseline XDC** expresses the degree in global warming that a particular company is aligned to in °C. The X-Degree Compatibility (XDC) Model calculates the degree of global warming by 2050 if all companies were to operate as emissions-intensive as Sample Inc.. The Baseline XDC does not take into account any climate targets already set by Sample Inc..



This Baseline XDC shows how your Climate Impact changes when **unreported emissions categories** are filled with sector-specific estimates. We obtain those estimated values from our data provider Urgentem. Urgentem models emissions data along the Greenhouse Gas Protocol based on reported emissions from more than 4,500 publicly traded companies.

Consequences of different levels of global warming



The solid line shows the 5-year average of global land and ocean temperature anomalies¹.
The dashed lines show different percentiles of the warming projections.²

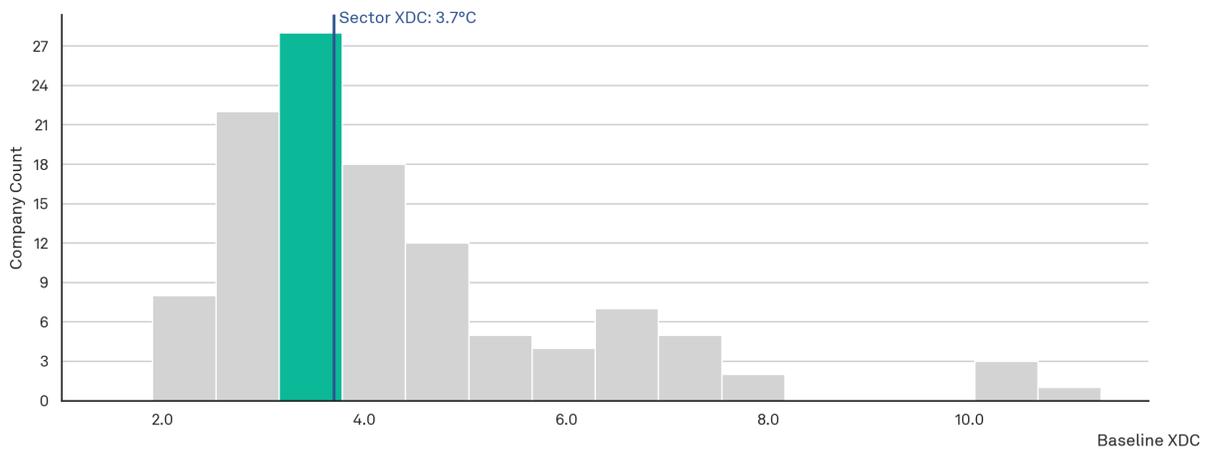
References to the above illustration can be found on the 'References' page.

Sector comparison

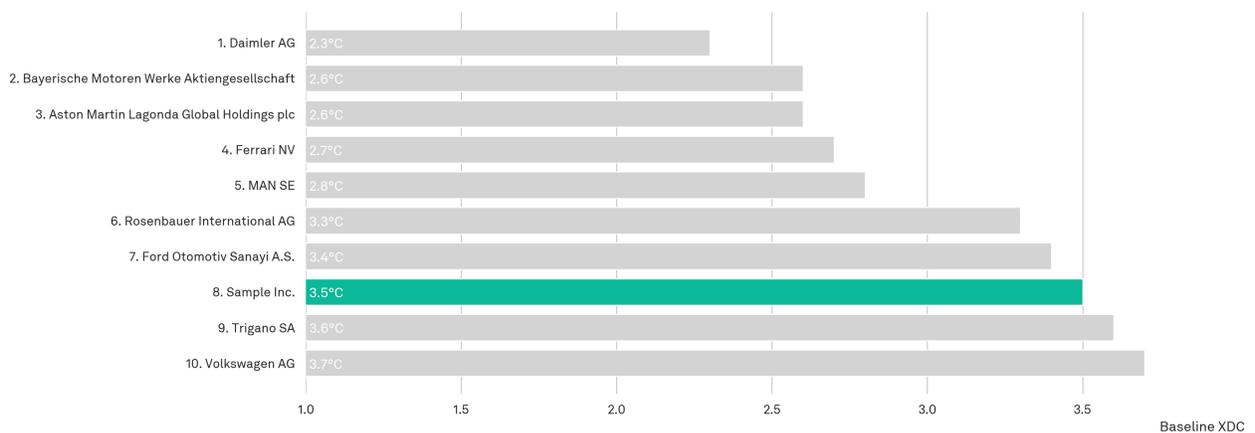


The **Sector XDC** indicates the XDC of the sector 'Manufacture of motor vehicles, trailers and semi-trailers' (NACE 29). The calculation is based on 114 companies operating in this sector. The development of the sector was simulated according to the same basic assumptions used for Sample Inc. (see p.3). The emission data for the Sector XDC calculation are modeled by Urgentem.

Distribution of Baseline XDCs within the NACE sector 29



Leaderboard for NACE sector 29.20



Target requirements for Sample Inc.

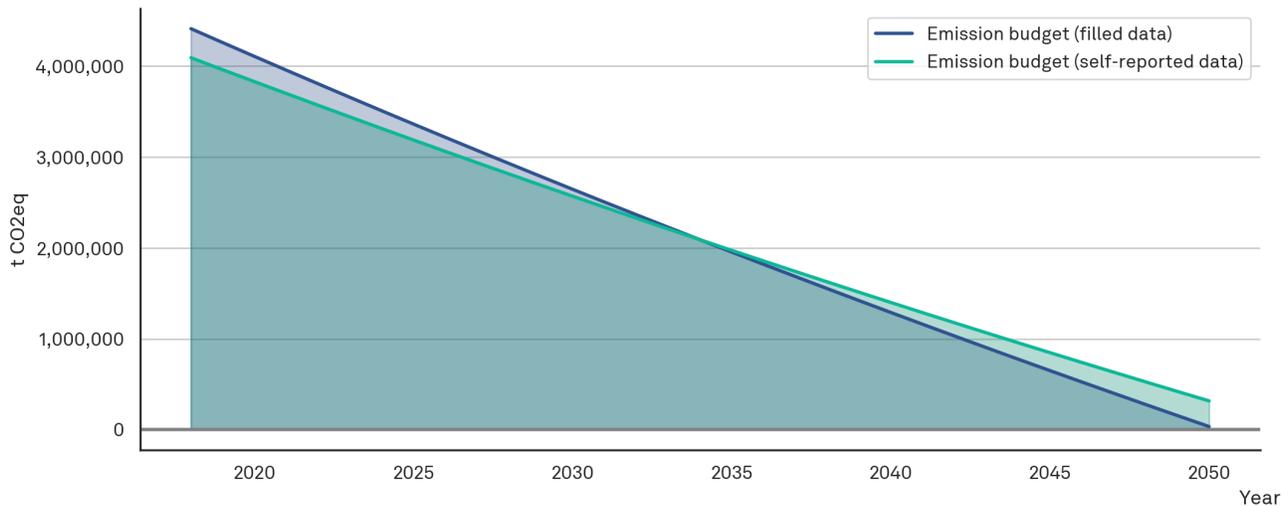
Target XDC

2.5°C

Scope 1	Scope 2	Scope 3
1.3°C	1.3°C	2.5°C

The **Target XDC** describes the temperature threshold that a company must align with according to the Beyond 2°C-Scenario (B2DS) of the IEA. The B2DS splits the remaining carbon emissions budget into individual sectors. As a consequence, each sector has a different required emissions reduction rate. Within B2DS, the likelihood of keeping global warming at 1.75°C is at 50 %. The NACE sector 29 is assigned to the IEA sector 'Industry'.

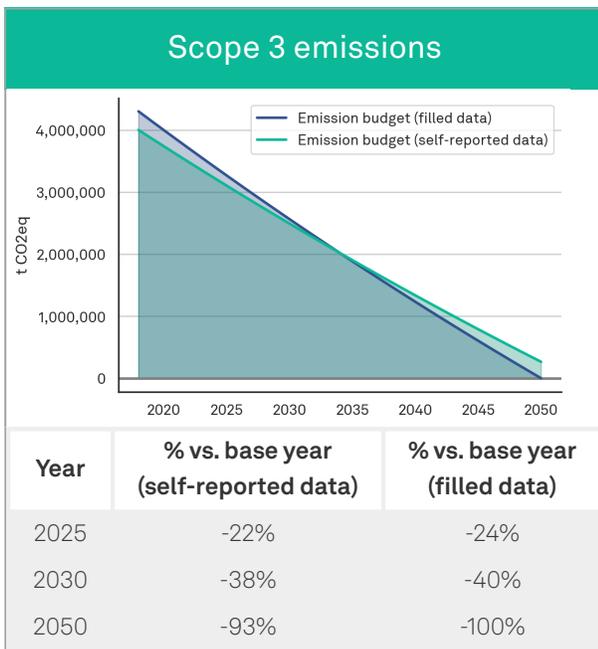
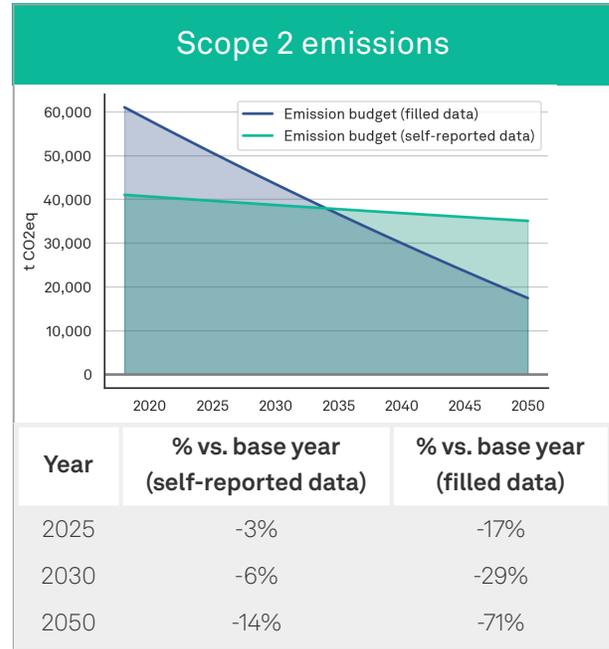
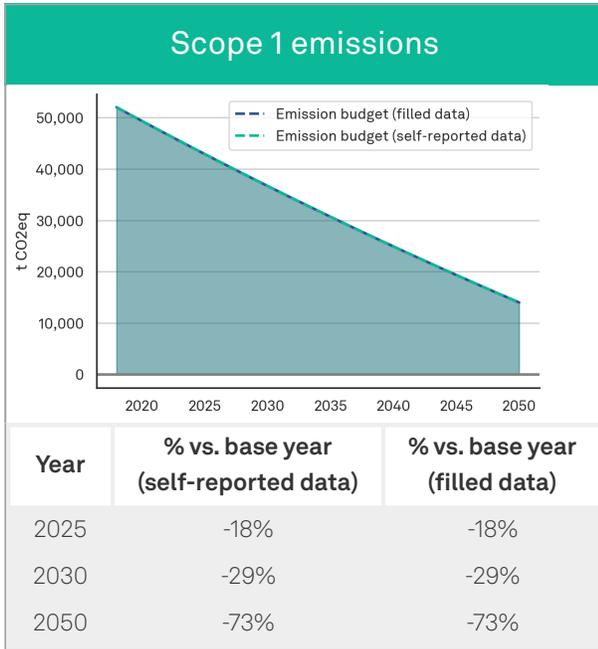
Development of total emissions of Sample Inc.



Year	% vs. base year (self-reported data)	% vs. base year (filled data)
2025	-22%	-24%
2030	-37%	-40%
2050	-92%	-99%

The **development of total emissions** shows how the company's emissions would have to develop until 2050 for Sample Inc. to be Paris-aligned, if the GVA of Sample Inc. develops according to the baseline assumptions (page 3.). The green plane shows the remaining budget based on reported emissions, the blue plane shows the remaining budget if unreported emission categories are filled with sector-specific estimates.

Target requirements for Sample Inc.



Required reductions of direct emissions (Scope 1) are determined for each individual sector by the B2DS-Scenario. Emissions from purchased energy (Scope 2) should fall in line with the reduction rates required in B2DS for the energy sector. Value chain-related emissions (Scope 3) must fall in accordance to the reduction rates for the global economy defined by the IPCC. The green planes show the remaining budget based on reported emissions, the blue planes show the remaining budget if unreported emission categories are filled with sector-specific estimates. These targets are set to provide companies with a sense of the efforts required in order to operate in alignment with the Paris Agreement. All calculations are based on the assumption that the gross value added of Sample Inc. develops according to the baseline assumption (see page 3).

About right. based on science

right. based on science GmbH (right.) is a provider of climate metrics and software. Founded in Frankfurt by Hannah Helmke and Dr. Sebastian Müller in 2016, right. developed the X-Degree Compatibility (XDC) Model to calculate the impact a company, a portfolio or any other economic entity has on global warming (Temperature Alignment). The results are expressed as tangible degree Celsius values. The aim: to bring maximum transparency on climate-related risks and opportunities to the market.

With its interdisciplinary team of nearly 30 experts, right. helps clients (e.g. companies, banks, asset managers) to analyse and understand the climate impact of various economic activities, fulfil reporting requirements, and conduct forward-looking scenario analysis to shape their climate strategies, set emission reduction targets and inform their investment decisions.

The XDC Model is science-based, peer-reviewed and has been available for use in academic research since 2019 through the project right. open (20+ research projects to date). From the end of 2021, the model will be published as an Open Source project. In 2020, right. was awarded the German Next Economy Award.

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