

Arabesque S-Ray Temperature Score

Organization

Arabesque S-Ray

Summary

The Temperature Score reflects a company's climate footprint and its level of climate ambition. It is Arabesque S-Ray's unique new metric that measures the extent to which corporations across the world are contributing to the rise in global temperature. Companies can receive a score of 1.5°C, 2°C, 2.7°C, >2.7°C, or 3°C, where the 3°C score is reserved for companies that do not sufficiently disclose their emissions. Three additional indicators are calculated to differentiate between companies: Target, Trend, and Scope 3. These indicators signal how well a company is doing in regard to climate action, adding further granularity to the Temperature Score by highlighting companies that have a good awareness of emissions across the value chain and are making efforts to reduce them.

By translating publicly reported greenhouse gas (GHG) emissions from each company to a temperature, based on sector-specific emissions pathways, the Temperature Score recognizes the companies that are leaders in climate action.

Climate Focus

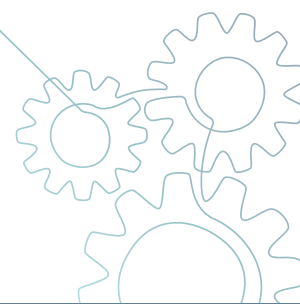


Resource Type



Intended Users





Arabesque S-Ray Temperature Score

WHO	This tool can be used by both finance (e.g. banks, investors, insurers etc.) and by corporates.
WHAT	<ul style="list-style-type: none"> • By translating publicly reported GHG emissions from each company to a temperature, based on sector-specific emissions pathways, the Temperature Score recognizes the companies that are leaders in climate action. It provides a simple and tangible metric for making comparisons on climate impact between companies. • Scores are given for the near term (2030) and far term (2050). • The Temperature Score is calculated for each company annually, along with three additional indicators: <ul style="list-style-type: none"> Target—Does the company have a target with the Science Based Targets initiative to reduce GHG emissions to a level compatible with a 2°C or lower scenario? Trend—Has the company reduced its emissions in line with the annual reductions required to reach net-zero emissions and limit global temperature rise to 1.5°C? Scope 3—Does the company report some part of their scope 3 emissions?
WHEN	<ul style="list-style-type: none"> • Investors can use the score to identify climate change leaders and laggards, highlight companies undergoing rapid changes, as part of their risk management processes, as part of efforts to capture the low-carbon transition premium, and/or as a tool for corporate engagement. • The Temperature Score can also serve as an indicator to start the process of stress testing encouraged by future regulation. • The score can also be used for comparing how the company in question performs with respect to its peer group.
WHERE	The S-Ray Temperature Score covers more than 6,500 of the world’s largest publicly listed companies.
WHY	<ul style="list-style-type: none"> • The Temperature Score indicates the impact a company has on the climate, as well as the action, or lack thereof, it is taking to mitigate climate change. • The score utilizes the most recently reported emissions data to evaluate a company’s climate ambition and transparency. • The Temperature Score is therefore an important risk management tool for both investors and the corporations themselves.
HOW	More information can be found at Arabesque’s website , including more information on the tool’s methodology .