



The Climate Metric X-Degree Compatibility (“XDC”) for Companies

2.7°C

Direct Emissions (Scope 1): 2.2°C
Indirect Emissions Energy Input (Scope 2): 1.9°C
Indirect Emissions Value Chain (Scope 3): 3.0°C

How many degrees would the earth warm up to, if every company kept emitting at current levels, provided the same economic output?

The XDC metric assists your company’s leaders as well as your risk, strategy, sustainability and communication teams in identifying climate related opportunities and risks. It also helps assess what actions need to be taken, set goals, evaluate the appropriateness of actions taken and report on your company’s progress to investors and stakeholders.

The XDC Model

right. based on science has developed a model that creates science-based climate metrics under a range of multiple scenarios. These metrics will serve your company on strategy, risk management, reporting and communication matters, allowing them to take due account of climate impacts and exposure.

$$\text{XDC} = \frac{\text{Emissions}}{\text{Gross Value Added}} \times \text{Climate Performance}$$

Model Parameters

The model’s variable input parameters are the company’s (i) emissions and (ii) gross value added (GVA): What quantity of emissions entails a company’s generation of 1 million € GVA?

Science Based

The XDC model calculates a company’s climate impact based on scientific input by the IPCC and other accredited institutions. In addition, scientific information about the climate serves to validate the model’s results.

Features and Advantages

Management-Instrument

The **Standard XDC** with sector-specific default parameters allows you to compare your company to others within the sector.

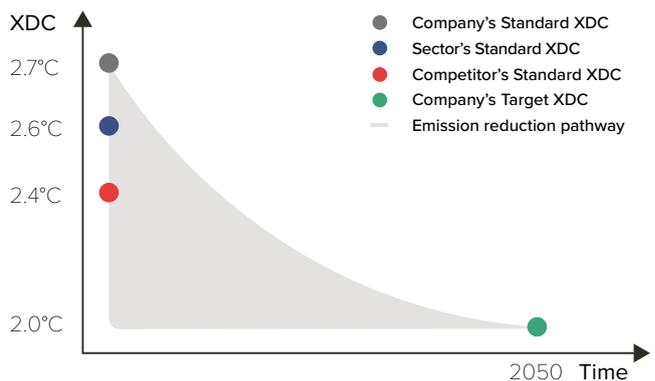
The **Scenario Based XDC** integrates your company’s specific information and allows you to see your XDC mapped out according to various scenarios. This is the optimal way to analyze your company’s climate-relevant issues.

For each scenario, a **Target XDC** can be calculated, e.g. an XDC of 2.0°C, and your company’s corresponding emission reduction path can be drawn up.

Your company’s planned measures to reduce its impact on climate change can be evaluated based on whether those measures sufficiently reduce emissions so that you meet the target, you have set.

	Standard XDC	Scenario Based XDC		
		2°C Scenario	Individ. Scenario 1	Individ. Scenario 2
XDC	2.7°C	3.2°C	2.3°C	2.1°C
Emission reduction for Target XDC 2.0°C in % of base year emissions	34 %	48 %	19 %	12 %

Functions of the XDC Model: Examples

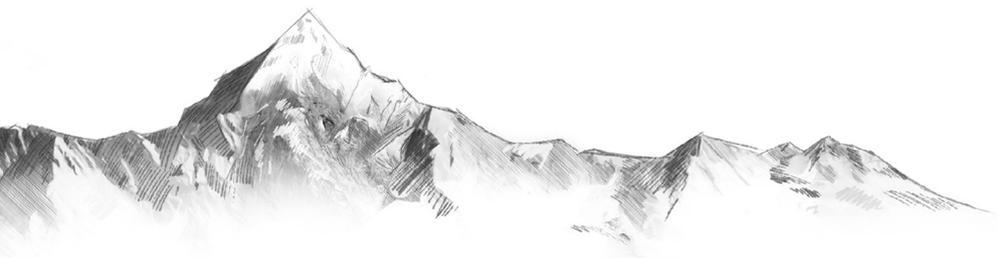


TCFD* and Legal Compliance

The XDC Model is not based on a specific scenario. The XDC can be (i) calculated under several scenarios and (ii) based on scenarios that might allow for a better understanding of climate-related risks to touch upon your specific company.

A thorough application of the model provides information on climate-related risk, which for instance allows you to fulfill the requirements set for under the CSR-Directive.

* Task Force on Climate-related Financial Disclosures



Database and Quality

Emissions

We obtain a company's emission data and that from its respective sector from a list of outstanding data suppliers. As a user of the XDC Model, you can choose which data base you want the XDC to be calculated upon.

We obtain country emission data exclusively from public sources. Through the European Space Agency Business Incubation Centre Darmstadt (ESA BIC), we also have access to satellite data, which we use for country specific XDC calculations.

Gross Value Added

We gather data on a company's and sector's GVA from FactSet Research Systems.

Scenario Assumptions

The Standard XDC is generated according to 3.2 % growth of the global GVA until 2050 (Source: WEO and IMF). The company's growth is mapped along sector-specific lines according to accredited sources. The relationship between emissions and GVA remains fix in a business-as-usual scenario until 2050. In order to avoid double counting, Scope 1 emissions account for 100%, while Scope 2 and 3 emissions each account for 50%.

All the estimations for a company can be plausibly varied to calculate a Scenario Based XDC. By this, climate targets, ambitious growth plans, expansion strategies and the effect of low-emission technologies on supply chains, can be incorporated into individual scenarios.

Our Services: XDC Model and its Application



Standard XDC

What is your company's XDC compared to that of other companies in your sector?

Transparency by introducing science-based climate metrics into your company



Scenario Based XDC

What is your XDC under different future scenarios?

Analysis of climate-related opportunities and risks based on specific scenarios for your company



Consulting

What opportunities does working with the XDC Model offer your company?

Reporting and communication, risk management, strategy, climate targets

“right.’s XDC Model is in sync with the spirit of the time.“

Dr.-Ing. Frank Zimmermann, CEO of cesah; responsible for ESA BIC

right. based on science – about us

right. based on science is an information and consulting company founded in August 2016, which measures a single economic entity's contribution, be that of e.g. a company or a lending project, to manmade climate change. With a team of experts with backgrounds in law, science, economics, psychology and mathematics, right. is devoted to the development of the XDC Model, which calculates science-based climate metrics on the basis of latest climate research and regulatory requirements, in order to deduct an entity's X-Degree Compatibility. right. provides consultation services on how to use the XDC Model for its clients within the real economy as well as for clients in the finance, real estate and public sector.

Funding Partners



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right. based on science UG (limited) · Intezstraße 1 · 60314 Frankfurt / Main
Managing Director: Hannah Helmke · Tel.: +49 (0) 221 29105326
info@right-basedonscience.de · www.right-basedonscience.de
Register Court: District Court Frankfurt /Main HRB 106032