right°

Reaching 1.5 °C with Green Growth

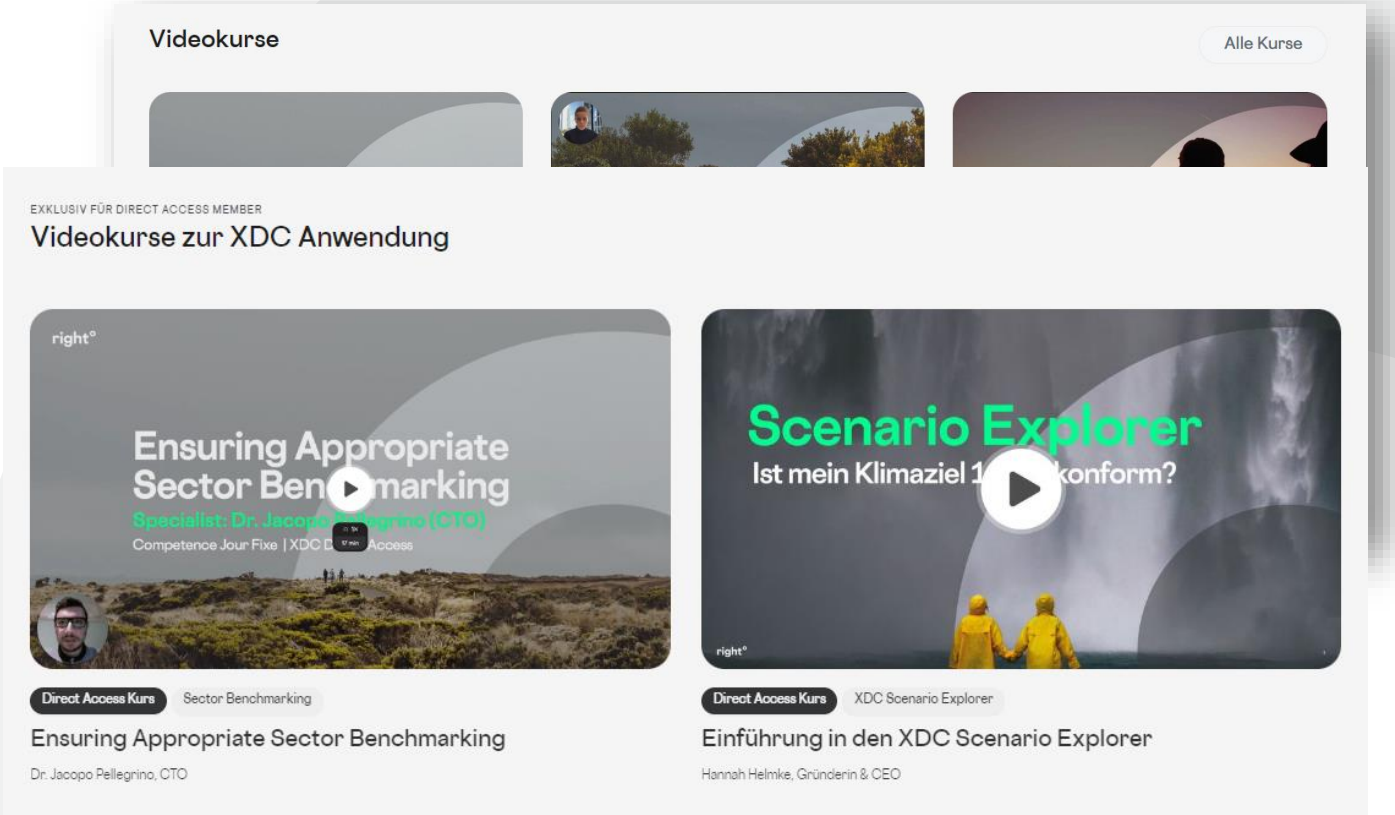
Specialist: Dominique Dare (Head of Finance)

Competence Jour Fixe | XDC Direct Access

Relevant Case Resources in the XDC Academy

Your Resources | Client Pain Point | The XDC Solution | Impact

Solving this case can be supported by the following resource in our digital **XDC Academy:**



The Company

right on target 1.5°C

Right° provides transparency on the climate impact of economic activities - plain & simple in °C. Our software and metrics enable stakeholders from the real economy, finance, and real estate to plot pathways to 1.5°C alignment.

Our pioneering X-Degree Compatibility (XDC) Model creates science-based 'temperature alignment' metrics that correspond directly to the goal of the Paris Agreement. That means, we guide your climate-related decisions with the best, most relevant science and data.

Selected Clients: Real Economy

Selected Clients: Finance

Selected Clients: Real Estate

right° Presence in the Media

Extraordinary Attention for our Systematic Approach

Business Insider

Calculate the Climate Impact of a Business Model

"It's not about making companies look bad, but (...) calculating how strongly the respective business model influences the climate."

ZDF

Consider Emissions in Relation to Solutions

"The new analysis model looks at CO_2 emissions in relation to possible solutions for the 1.5 degree target."

brand eins

Measure Climate Impact According to the Paris Agreement

"The Frankfurt-based start-up right° enables companies to measure their climate impact according to the logic of the Paris Agreement: in degrees Celsius."

FAZ

Transform Climate Issues into a Competitive Advantage

"If approached correctly, Europe's credibility on climate issues could become a competitive advantage for companies."

Handelsblatt

CO_2 Emissions Shouldn't be the Only Indicator

"The carbon footprint alone (cannot) be a yardstick for assessing sustainability efforts."

Die Zeit

The Sector Must Be Considered in the Climate Impact

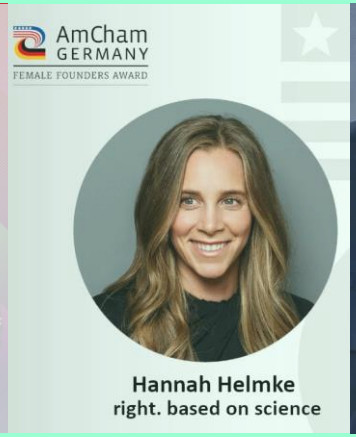
"When evaluating the respective climate efforts, it is taken into account that not all sectors are able to reduce emissions to the same extent."

Quellen: Business Insider (2022); ZDF (2023); brand eins (2023); FAZ (2023); Handelsblatt (2021); Die Zeit (2019)

Nominierungen & Preise

Extraordinary Attention for our Systematic Approach

Digital Female Leader 2023 | **Menschen des Jahres 2023** | **Female Founders Award 2023** | **Female Finance Award 2023**



Next Economy Award | Change 2020 | **Portfolio Institutionell | Vordenker Award 2022**

Quellen: Digital Female Leader Award (2020); Deutscher Nachhaltigkeitspreis (2020); Handelsblatt (2022); AmCham Germany (2021); portfolio institutionell Awards (2022); FOCUS MONEY (2023)

Stage Presence

Market Access through Large Stages

SEPT. 2023	Handelsblatt Tagung ESG-Reporting und -Steuerung
	Maschinenraum Momentum
	ZEIT WISSEN Kongress
JUL. 2023	Forum Bellevue zur Transformation der Gesellschaft
JUN. 2023	Deutscher Immobilientag (IVD)
	Konferenz ESG & Holzbau
MÄR. 2023	Süddeutsche Zeitung Nachhaltigkeitskongress
	Fachtagung Digitalisierung (VDW)

Quelle: DAPB (2023)

XDC Solutions

Our Model and Software

Software Solutions by right°

Your Resources | Client Pain Point | The XDC Solution | Impact

1

XDC Climate Impact Report: Status Quo.

Understand where your customer stands today. Help them grasp the 1.5 °C ambition and develop a vision.

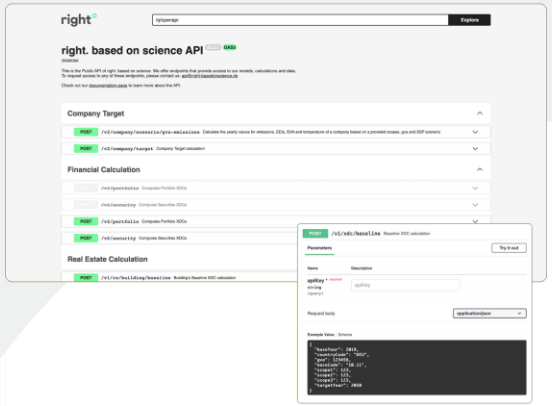
2

XDC Scenario Explorer: Scenario Analysis.

Apply your know-how of the XDC scenario analysis to develop a Paris-aligned strategy for your client.

3

XDC Public API: Integration.

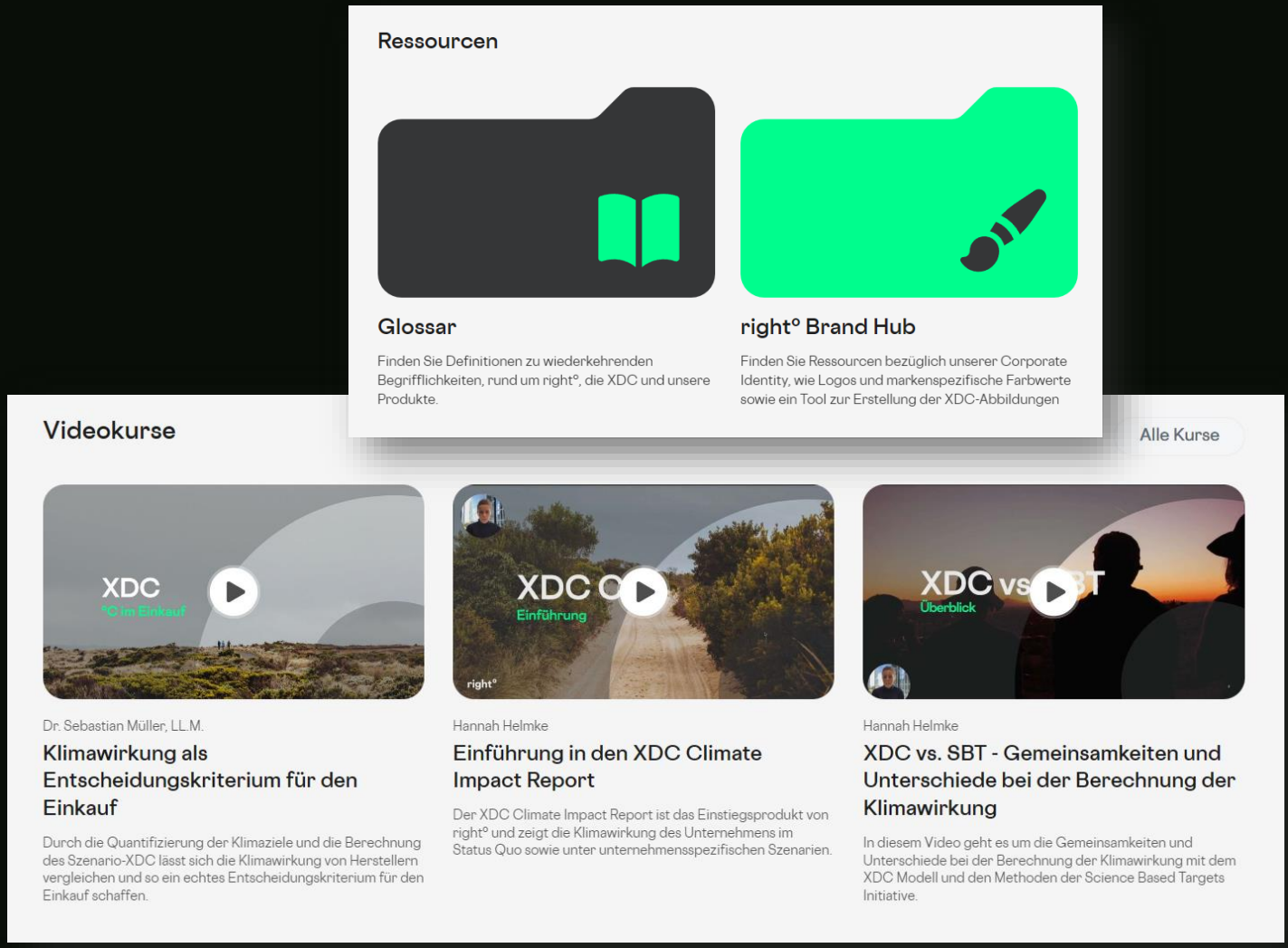


Develop a verifiable controlling model for your client's transition pathway by making complexity manageable.

The XDC Member Platform enables a completely new collaboration model between right° as an innovative climate tech company and established consulting experts to offer strong solutions.

XDC Direct Access Member Portal (right-basedonscience.de)

The **XDC Academy** is a Toolbox for XDC users to acquire knowledge and skills about the right° XDC model and learn to tackle climate-related challenges directly.



XDC Academy (right-basedonscience.de)

right°

Understanding the Client Pain Point

Reaching 1.5 °C with Green Growth

Relevance of Competency: Following Green Growth

Your Resources | Client Pain Point | The XDC Solution | Impact

Client Pain Point

Ensuring compliance with CSRD reporting whilst **growing strongly and potentially increasing emissions - while maintaining a desire to become 1.5 °C compliant**.

Relevance	The XDC Solution
Setting **climate targets that allow initial emissions growth** but still remain Paris-aligned.	Using the **XDC Scenario Explorer and API** to see the results of **forecasted economic and emissions growth.**

Relevance of Competency: Following Green Growth

Your Resources | Client Pain Point | The XDC Solution | Impact

Client Pain Point

Ensuring compliance with CSRD reporting whilst **growing strongly and potentially increasing emissions - while maintaining a desire to become 1.5 °C compliant**.

Relevance

Setting **climate targets that allow initial emissions growth** but still remain Paris-aligned.

The XDC Solution

Using the **XDC Scenario Explorer and API** to see the results of **forecasted economic and emissions growth.**

Relevance of Competency: Following Green Growth

Your Resources | Client Pain Point | The XDC Solution | Impact

Client Pain Point	Relevance
Ensuring compliance with CSRD reporting whilst **growing strongly and potentially increasing emissions** – although there is **still a desire to become 1.5 °C compliant**.	Setting **climate targets that allow initial emissions growth** but still remain Paris-aligned.

The XDC Solution

Using the **XDC Scenario Explorer and API** to see the results of **forecasted economic and emissions growth.**

Contextual Background: Introducing Green Growth

Your Resources | Client Pain Point | The XDC Solution | Impact

Much of **historical growth has been at the expense of the environment,** but the climate crisis requires a new lens.

Green growth is the assumption that we can break this historic link and rests on the basis that **economic growth can continue while its negative impact on the environment is lessened.**

Green growth provides an alternative that is **enabled by decoupling - generating growth without growing emissions.**

Pursuing Green Growth: Potential Approaches

Your Resources | Client Pain Point | The XDC Solution | Impact

Absolute Decoupling

- Economic growth increases, but emissions decrease.
- Suitable for **companies that can increase GVA and in parallel finance emission reductions.**

Large Organization

- Faces **more difficulty in reaching a higher growth rate** than financing their emission reductions.
- **Emphasis should be on reduced environmental impact** due to their existing size.

Relative Decoupling

- Economic growth is greater than emissions growth.
- Suitable for **companies that need to create value in order to finance emission reductions.**

Small Organization

- Faces **more difficulty in expanding** while investing in emission reductions.
- **Emphasis should be on remaining competitive** and growing their profit margin.

The Importance of Relative Decoupling

Your Resources | Client Pain Point | The XDC Solution | Impact

Why focus on relative decoupling?

- Growth in smaller companies likely entails **developing new resource-intensive products and processes**.
- Smaller companies likely have **fewer resources to reduce emissions**.
- Younger companies can still **grow emissions while remaining 1.5 °C aligned.**

Relative Decoupling

- Economic growth is greater than emissions growth.
- Suitable for **companies that need to create value in order to finance emission reductions**.

Small Organization

- Faces **more difficulty in expanding** while investing in emission reductions.
- **Emphasis should be on remaining competitive** and growing their profit margin.

Recognizing Influences on Relative Decoupling Rates

Your Resources | Client Pain Point | The XDC Solution | Impact

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Potential Influences

Strategic plans for green growth can be affected by both the Baseline XDC as well as specified GVA and emission projections.

1

Baseline XDC

The **higher your XDC**...

...**the greater your relative decoupling needs to be** to reach 1.5 °C alignment.

2

Emission Budget

The **further from 1.5 °C...**

...**the smaller an emission overshoot can be** in order to achieve a 1.5 °C conforming green growth strategy.

3

GVA Projection

The **further from 1.5 °C...**

...**the larger the growth rate must be** in order to achieve a 1.5 °C conforming green growth strategy.

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The XDC Solution

Reaching 1.5 °C with Green Growth

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Investigating Potential Levers for Relative Decoupling

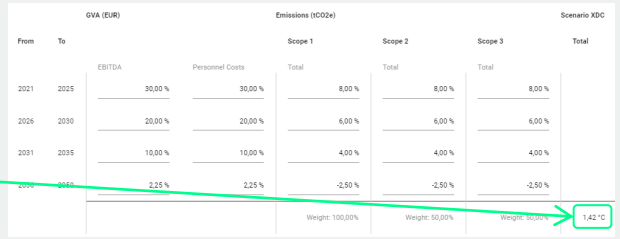
Reaching 1.5 °C with Green Growth

Same Relative Decoupling, Different Baseline XDCs

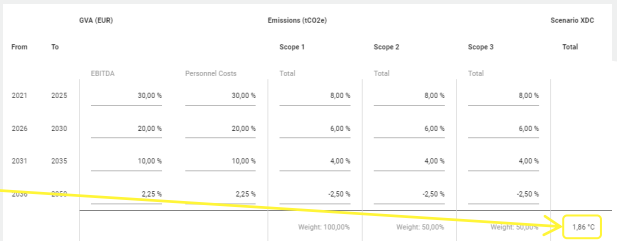
Your Resources | Client Pain Point | The XDC Solution | Impact

1

GVA (EUR)		Emissions (tCO2e)			Baseline XDC			
EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total	Scope 1	Scope 2	Scope 3
1.000.000	500.000	500	333	4.000	2,46 °C	1,72 °C	8,06 °C	2,97 °C
1.000.000	500.000	500	333	4.000	2,46 °C	1,72 °C	8,06 °C	2,97 °C



GVA (EUR)		Emissions (tCO2e)			Baseline XDC			
EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total	Scope 1	Scope 2	Scope 3
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C

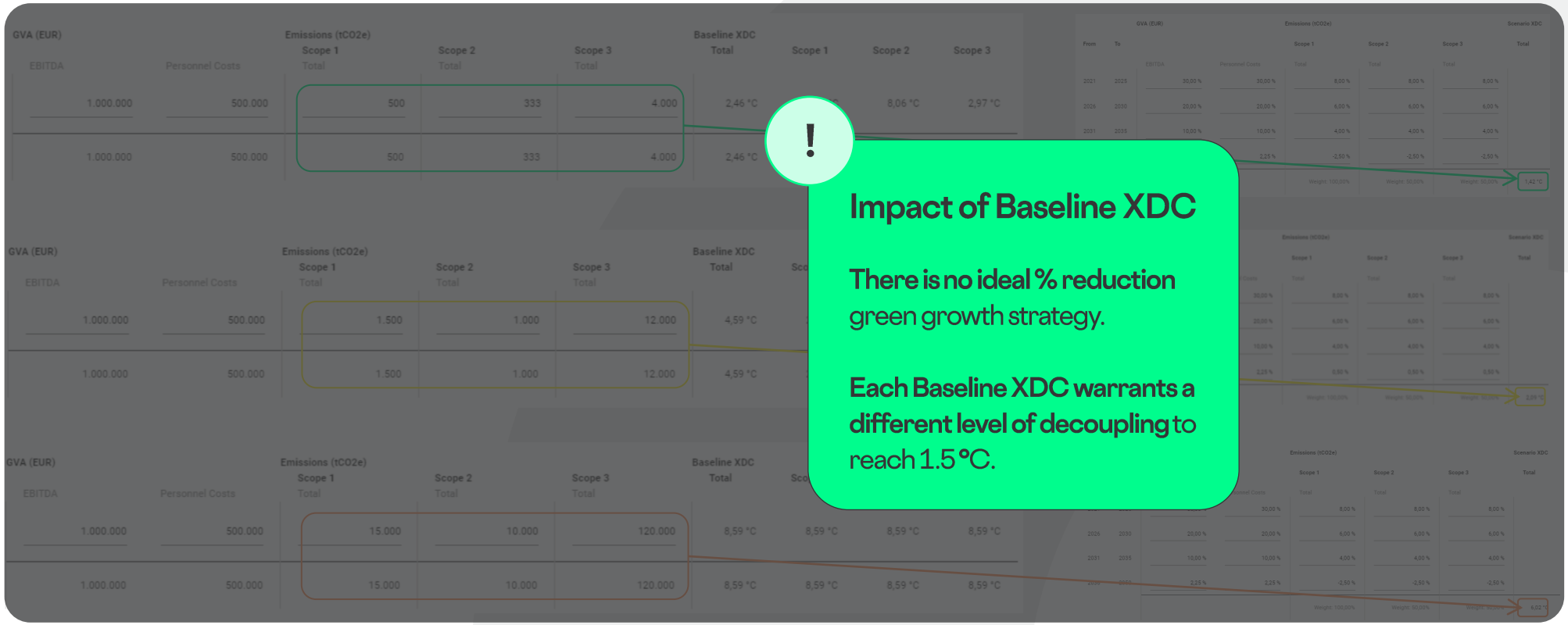


GVA (EUR)		Emissions (tCO2e)			Baseline XDC			
EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total	Scope 1	Scope 2	Scope 3
1.000.000	500.000	15.000	10.000	120.000	8,59 °C	8,59 °C	8,59 °C	8,59 °C
1.000.000	500.000	15.000	10.000	120.000	8,59 °C	8,59 °C	8,59 °C	8,59 °C

Same Relative Decoupling, Different Baseline XDCs

Your Resources | Client Pain Point | The XDC Solution | Impact

1



!

Impact of Baseline XDC

There is no ideal % reduction green growth strategy.

Each Baseline XDC warrants a different level of decoupling to reach 1.5 °C.

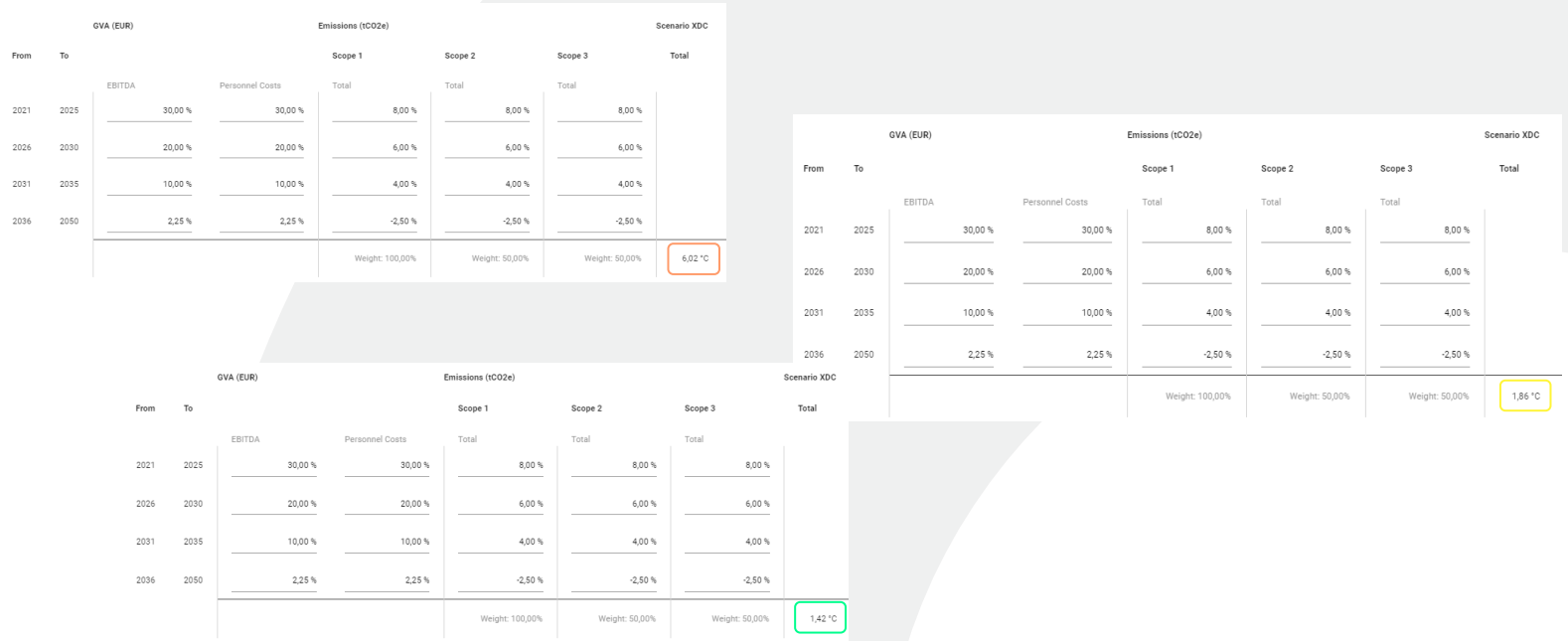
Same Relative Decoupling, Different Baseline XDCs

Your Resources | Client Pain Point | The XDC Solution | Impact

1

Impact of Baseline XDC

The higher the client's Baseline XDC... the greater their relative decoupling needs to be within their green growth strategy.



GVA (EUR)				Emissions (tCO2e)			Scenario XDC
From	To	EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total
2021	2025	30,00 %	30,00 %	8,00 %	8,00 %	8,00 %	
2026	2030	20,00 %	20,00 %	6,00 %	6,00 %	6,00 %	
2031	2035	10,00 %	10,00 %	4,00 %	4,00 %	4,00 %	
2036	2050	2,25 %	2,25 %	-2,50 %	-2,50 %	-2,50 %	
				Weight: 100,00%	Weight: 50,00%	Weight: 50,00%	6,02 °C

GVA (EUR)				Emissions (tCO2e)			Scenario XDC
From	To	EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total
2021	2025	30,00 %	30,00 %	8,00 %	8,00 %	8,00 %	
2026	2030	20,00 %	20,00 %	6,00 %	6,00 %	6,00 %	
2031	2035	10,00 %	10,00 %	4,00 %	4,00 %	4,00 %	
2036	2050	2,25 %	2,25 %	-2,50 %	-2,50 %	-2,50 %	
				Weight: 100,00%	Weight: 50,00%	Weight: 50,00%	1,42 °C

GVA (EUR)				Emissions (tCO2e)			Scenario XDC
From	To	EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total
2021	2025	30,00 %	30,00 %	8,00 %	8,00 %	8,00 %	
2026	2030	20,00 %	20,00 %	6,00 %	6,00 %	6,00 %	
2031	2035	10,00 %	10,00 %	4,00 %	4,00 %	4,00 %	
2036	2050	2,25 %	2,25 %	-2,50 %	-2,50 %	-2,50 %	
				Weight: 100,00%	Weight: 50,00%	Weight: 50,00%	1,86 °C

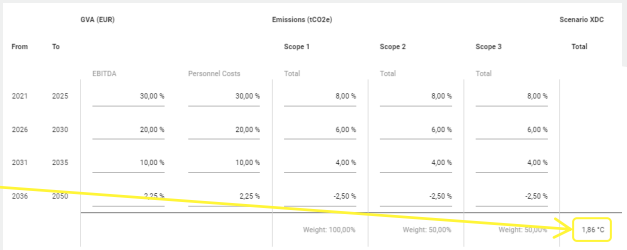
Same Baseline XDCs, Different Emission Strategies

Your Resources | Client Pain Point | The XDC Solution | Impact

2

GVA (EUR)		Emissions (tCO2e)			Baseline XDC			
		Scope 1	Scope 2	Scope 3	Total	Scope 1	Scope 2	Scope 3
EBITDA	Personnel Costs	Total	Total	Total				
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C

GVA (EUR)		Emissions (tCO2e)			Baseline XDC			
		Scope 1	Scope 2	Scope 3	Total	Scope 1	Scope 2	Scope 3
EBITDA	Personnel Costs	Total	Total	Total				
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C

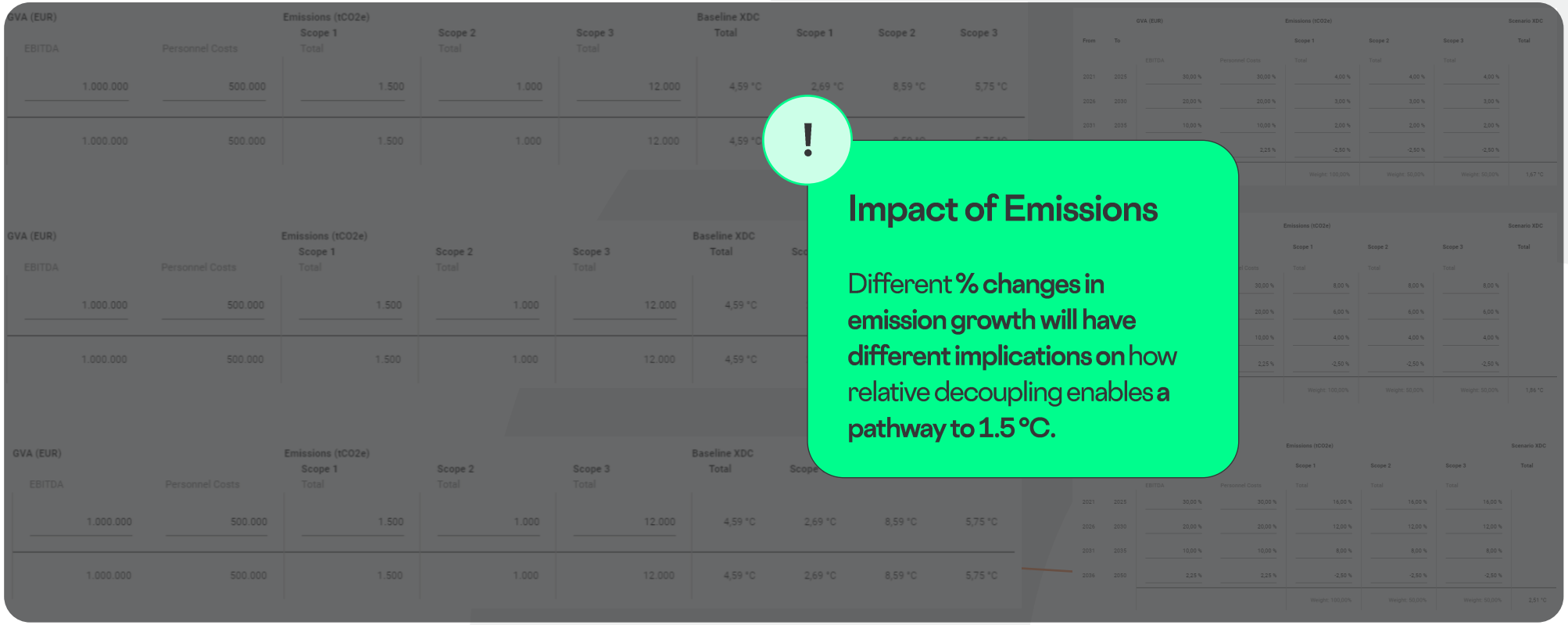


GVA (EUR)		Emissions (tCO2e)			Baseline XDC			
		Scope 1	Scope 2	Scope 3	Total	Scope 1	Scope 2	Scope 3
EBITDA	Personnel Costs	Total	Total	Total				
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C

Same Baseline XDCs, Different Emission Strategies

Your Resources | Client Pain Point | The XDC Solution | Impact

2



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Impact of Emissions

Different **% changes in emission growth will have different implications on** how relative decoupling enables **a pathway to 1.5 °C.**

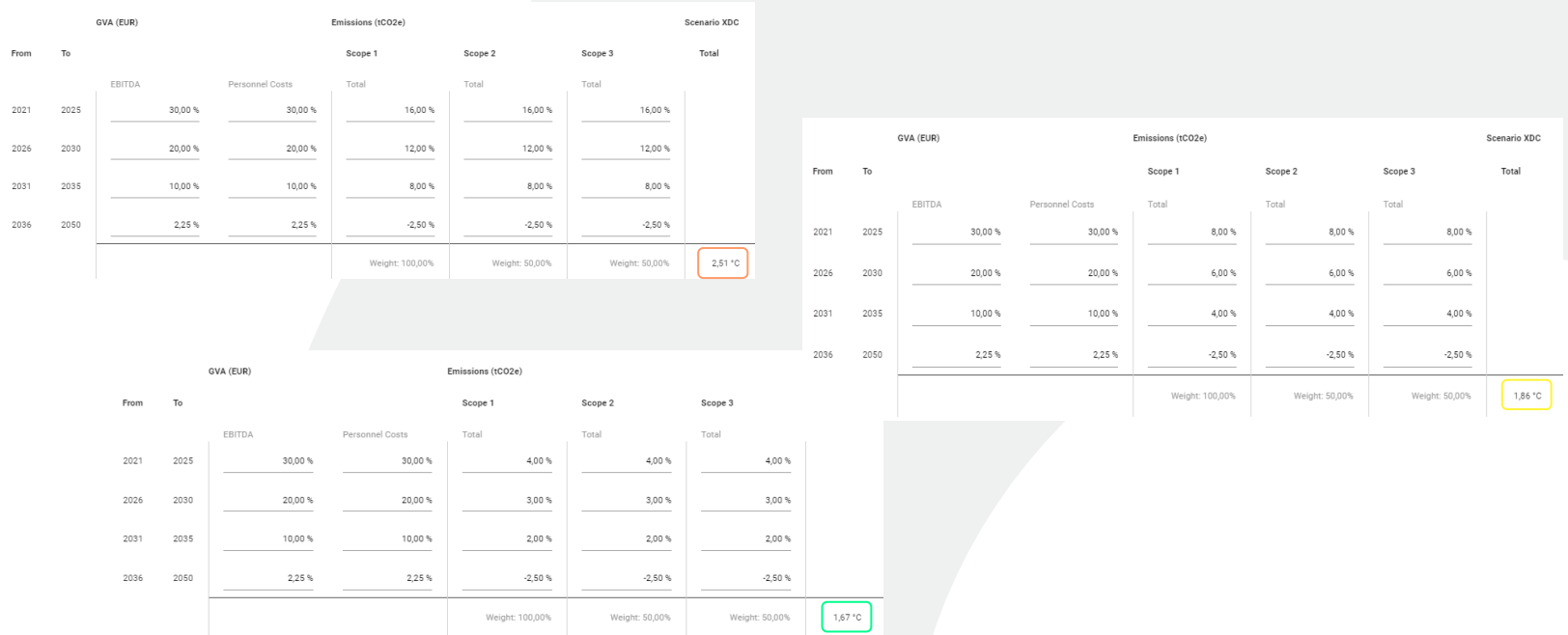
Same Baseline XDCs, Different Emission Strategies

Your Resources | Client Pain Point | The XDC Solution | Impact

2

Impact of Emissions

The further from 1.5 °C... the smaller an emission overshoot can be in order to attain their goal of green growth.



GVA (EUR)				Emissions (tCO2e)			Scenario XDC
From	To	EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total
2021	2025	30,00 %	30,00 %	16,00 %	16,00 %	16,00 %	
2026	2030	20,00 %	20,00 %	12,00 %	12,00 %	12,00 %	
2031	2035	10,00 %	10,00 %	8,00 %	8,00 %	8,00 %	
2036	2050	2,25 %	2,25 %	-2,50 %	-2,50 %	-2,50 %	
				Weight: 100,00%	Weight: 50,00%	Weight: 50,00%	2,51 °C

GVA (EUR)				Emissions (tCO2e)			Scenario XDC
From	To	EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total
2021	2025	30,00 %	30,00 %	8,00 %	8,00 %	8,00 %	
2026	2030	20,00 %	20,00 %	6,00 %	6,00 %	6,00 %	
2031	2035	10,00 %	10,00 %	4,00 %	4,00 %	4,00 %	
2036	2050	2,25 %	2,25 %	-2,50 %	-2,50 %	-2,50 %	
				Weight: 100,00%	Weight: 50,00%	Weight: 50,00%	1,86 °C

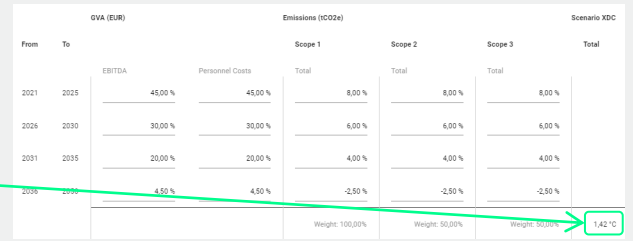
GVA (EUR)				Emissions (tCO2e)			
From	To	EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	
2021	2025	30,00 %	30,00 %	4,00 %	4,00 %	4,00 %	
2026	2030	20,00 %	20,00 %	3,00 %	3,00 %	3,00 %	
2031	2035	10,00 %	10,00 %	2,00 %	2,00 %	2,00 %	
2036	2050	2,25 %	2,25 %	-2,50 %	-2,50 %	-2,50 %	
				Weight: 100,00%	Weight: 50,00%	Weight: 50,00%	1,67 °C

Same Baseline XDCs, Different GVA Growth Strategies

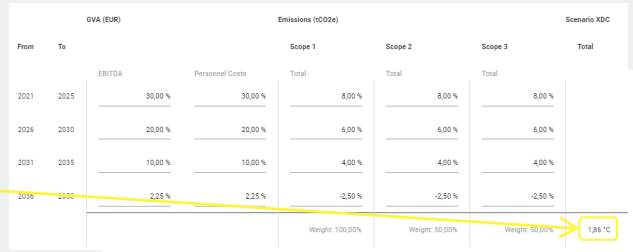
Your Resources | Client Pain Point | The XDC Solution | Impact

3

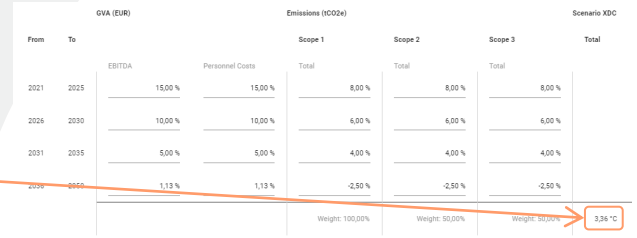
GVA (EUR)		Emissions (tCO2e)			Baseline XDC				
EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total	Scope 1	Scope 2	Scope 3	
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C	
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C	



GVA (EUR)		Emissions (tCO2e)			Baseline XDC				
EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total	Scope 1	Scope 2	Scope 3	
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C	
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C	



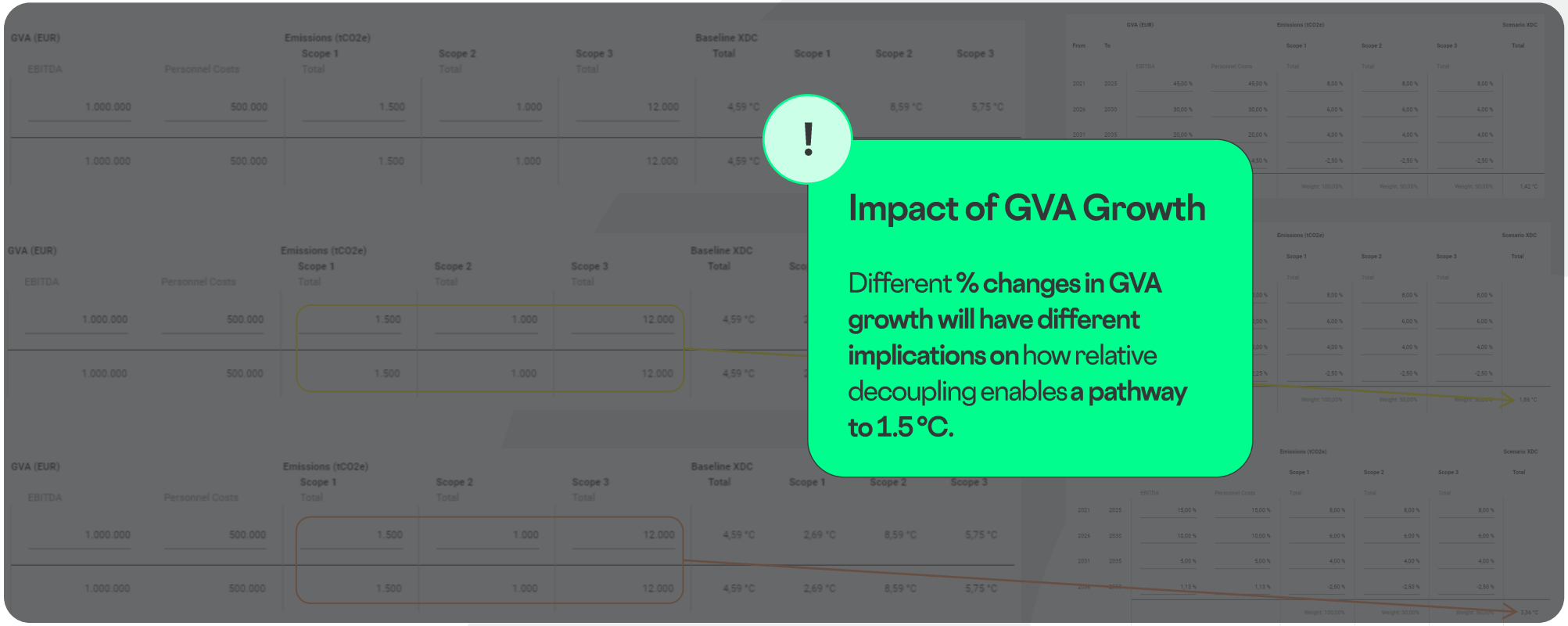
GVA (EUR)		Emissions (tCO2e)			Baseline XDC				
EBITDA	Personnel Costs	Scope 1 Total	Scope 2 Total	Scope 3 Total	Total	Scope 1	Scope 2	Scope 3	
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C	
1.000.000	500.000	1.500	1.000	12.000	4,59 °C	2,69 °C	8,59 °C	5,75 °C	



Same Baseline XDCs, Different GVA Growth Strategies

Your Resources | Client Pain Point | The XDC Solution | Impact

3



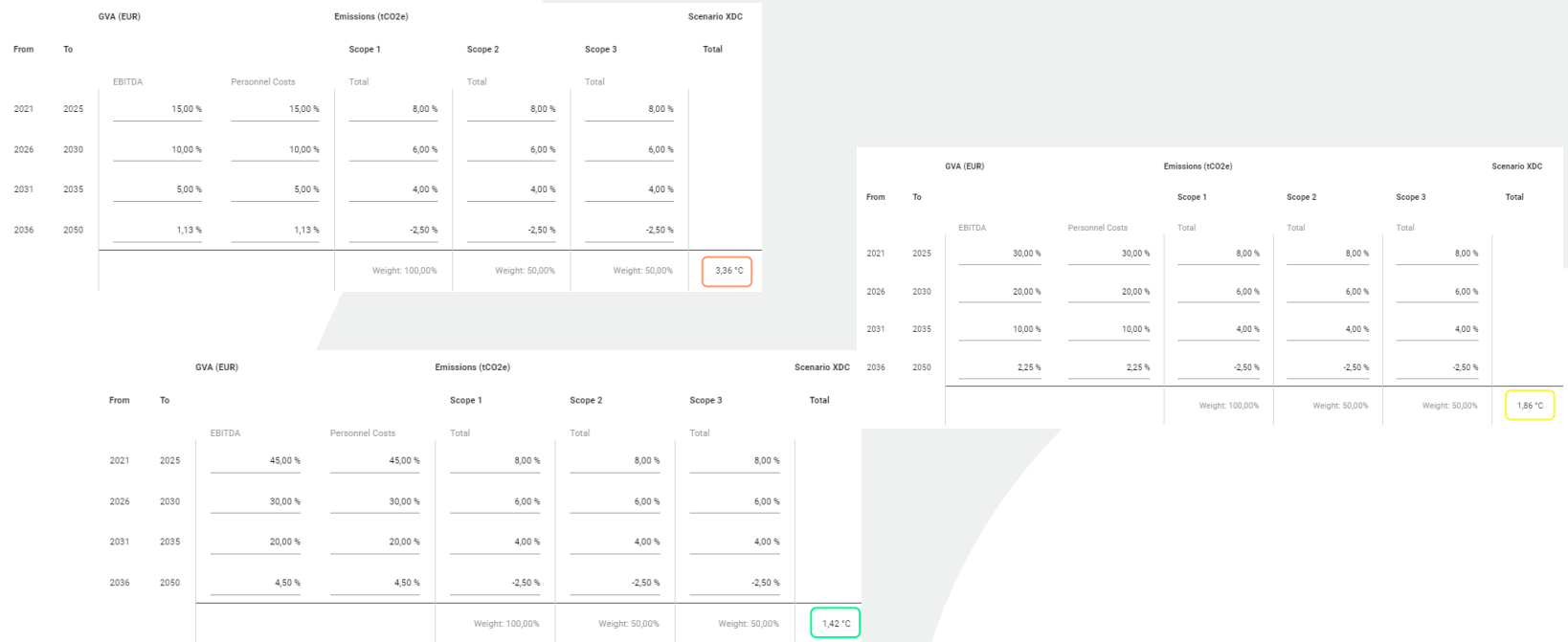
Same Baseline XDCs, Different GVA Growth Strategies

Your Resources | Client Pain Point | The XDC Solution | Impact

3

Impact of GVA Growth

The higher the client's XDC, the greater the proportion of GVA to emissions needs to be in order to attain their goal of green growth.



GVA (EUR)				Emissions (tCO2e)			Scenario XDC
From	To			Scope 1	Scope 2	Scope 3	Total
		EBITDA	Personnel Costs	Total	Total	Total	
2021	2025	15,00 %	15,00 %	8,00 %	8,00 %	8,00 %	
2026	2030	10,00 %	10,00 %	6,00 %	6,00 %	6,00 %	
2031	2035	5,00 %	5,00 %	4,00 %	4,00 %	4,00 %	
2036	2050	1,13 %	1,13 %	-2,50 %	-2,50 %	-2,50 %	
				Weight: 100,00%	Weight: 50,00%	Weight: 50,00%	3,36 °C

GVA (EUR)				Emissions (tCO2e)			Scenario XDC
From	To			Scope 1	Scope 2	Scope 3	Total
		EBITDA	Personnel Costs	Total	Total	Total	
2021	2025	30,00 %	30,00 %	8,00 %	8,00 %	8,00 %	
2026	2030	20,00 %	20,00 %	6,00 %	6,00 %	6,00 %	
2031	2035	10,00 %	10,00 %	4,00 %	4,00 %	4,00 %	
2036	2050	2,25 %	2,25 %	-2,50 %	-2,50 %	-2,50 %	
				Weight: 100,00%	Weight: 50,00%	Weight: 50,00%	1,86 °C

GVA (EUR)				Emissions (tCO2e)			Scenario XDC
From	To			Scope 1	Scope 2	Scope 3	Total
		EBITDA	Personnel Costs	Total	Total	Total	
2021	2025	45,00 %	45,00 %	8,00 %	8,00 %	8,00 %	
2026	2030	30,00 %	30,00 %	6,00 %	6,00 %	6,00 %	
2031	2035	20,00 %	20,00 %	4,00 %	4,00 %	4,00 %	
2036	2050	4,50 %	4,50 %	-2,50 %	-2,50 %	-2,50 %	
				Weight: 100,00%	Weight: 50,00%	Weight: 50,00%	1,42 °C

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Crafting a Green Growth Strategy with Relative Decoupling

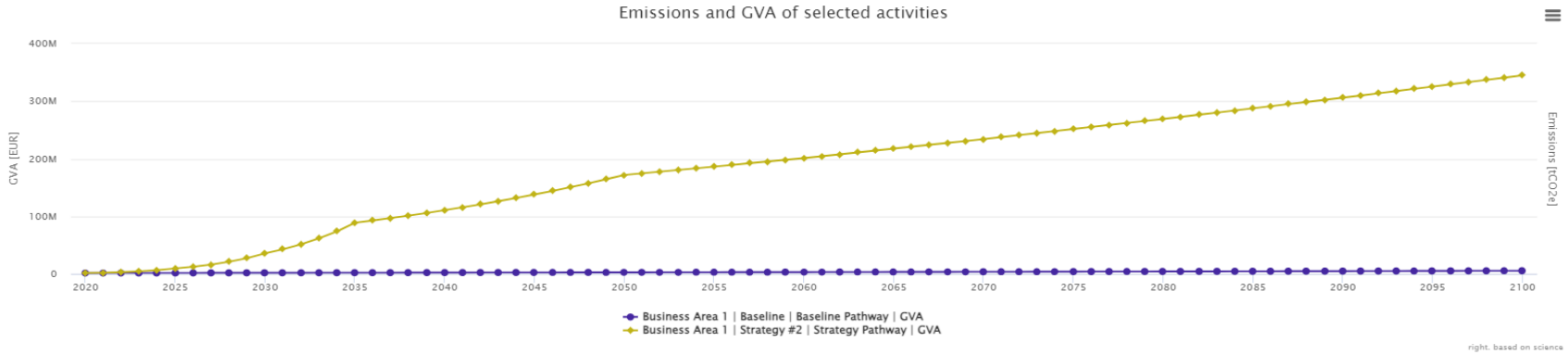
Reaching 1.5 °C with Green Growth

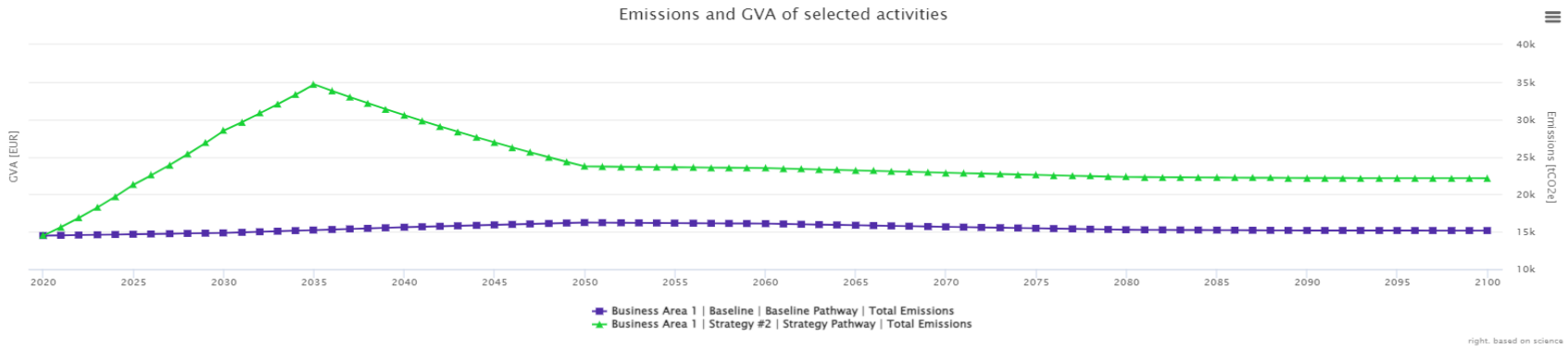
Strategy Visualization for 1.5 °C through Green Growth

Your Resources | Client Pain Point | The XDC Solution | Impact

Determining Relative Decoupling Curves

Visualize GVA growth and emission reduction pathways to **show strategic priorities in 1.5 °C pathway.**



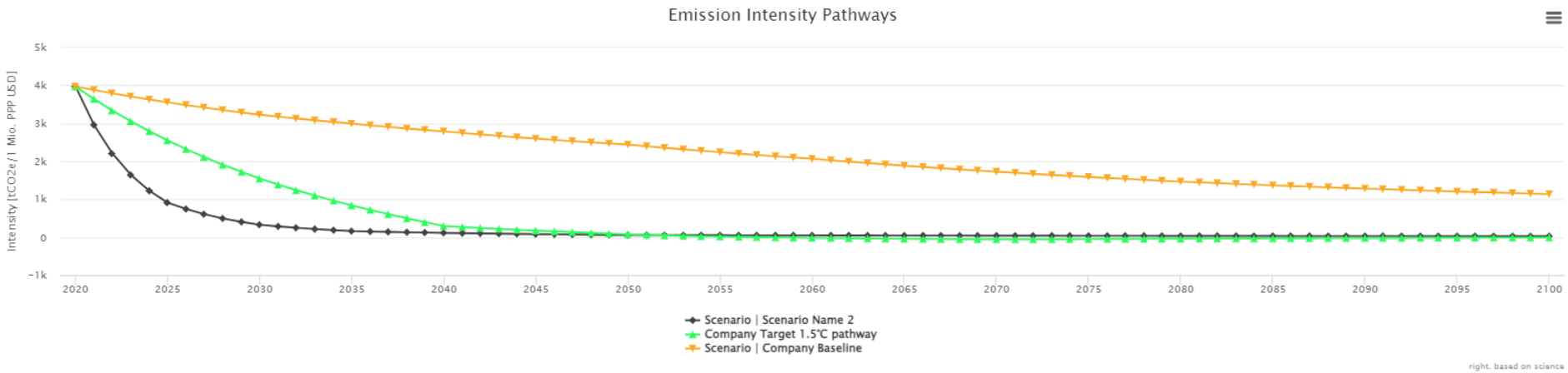


Strategy Visualization for 1.5 °C through Green Growth

Your Resources | Client Pain Point | The XDC Solution | Impact

Confirming a Green Growth Strategy

After finding suitable relative decoupling strategies across GVA growth and emission reduction, the **overall emission intensity pathway to 1.5 °C can be paved.**



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Applying the XDC Solution

Reaching 1.5 °C with Green Growth

Situational Context for the XDC Solution

Your Resources | Client Pain Point | The XDC Solution | Impact

Context: You have just had an onboarding call with your new client. The main takeaway from initial diagnostics is that **the company's CSO has the ambition to unite growth and sustainability**. The concrete question to you is: „where do we need to set our strategic focus to make sure we can **(a) remain competitive in the market** and **(b) fulfill the 1.5 °C conformity requirements as set out by the CSRD?**"

1. **Check the current status quo** of their sustainability strategy. Have they already set themselves concrete reduction goals? What are their growth targets for the upcoming fiscal years?

2. **Introduce the idea of green growth** and explain its underlying principles. **Touch on potential implications of the company's current emission intensity, growth assumptions, and reduction targets.**

3. **Determine whether an absolute or relative approach would be most suitable** for the company based on its current and forecasted situation.

    - **If a relative approach is more suitable, make use of the Scenario Explorer or API** to calculate the ideal strategic basis for decoupling based on different GVA growth ambitions and emission targets.

    - **If an absolute approach is more suitable, make use of the Scenario Explorer or API** to input the GVA growth assumption and emission reduction targets.

Solving the Pain Point with XDC

Your Resources | Client Pain Point | The XDC Solution | Impact

Context: The question to answer is: „where do we need to set our strategic focus to make sure we can **(a) remain competitive in the market** and **(b) fulfill the 1.5 °C conformity requirements as set out by the CSRD**?“

Preparatory Work

Understanding Company Context

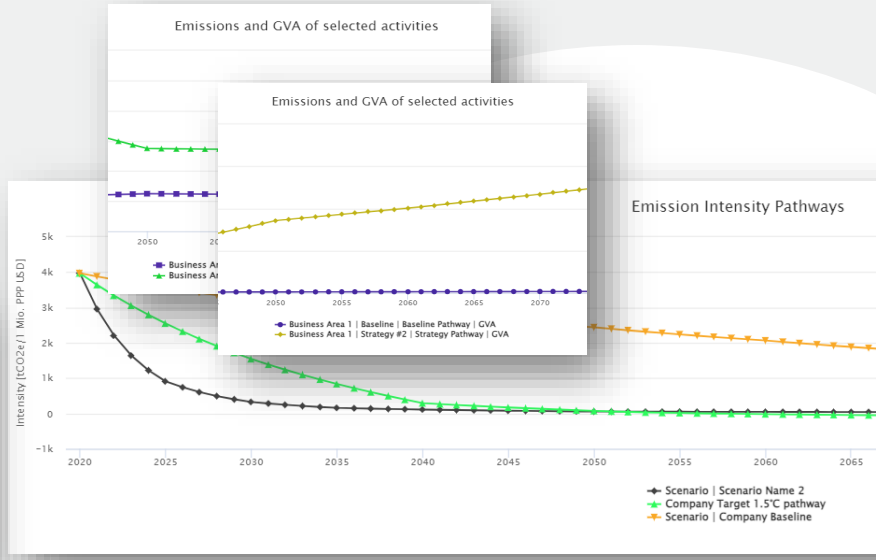
- Checking the company's **industry, as well as the affiliated sector benchmark** chosen for analysis.
- Understanding the size of the company, including **annual revenue, growth targets, and number of employees**.
- Scouting additional contextual information, e.g. **location of HQ/subsidiaries**.

Building a Relative Decoupling Strategy in the Scenario Explorer (or by calling API endpoints)

Step 1 | Enter Parameters

Step 2 | Strategy Sandbox

Step 3 | Crafting Pathway



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Takeaways

Reaching 1.5 °C with Green Growth

Using XDC to Develop a Green Growth Strategy

Your Resources | Client Pain Point | The XDC Solution | Impact

Pain Point

- Ensuring compliance with the CSRD requirement of disclosing 1.5 °C aligned pathways.
- Companies face difficulties in reconciling their emission reduction targets with ambitions for GVA growth.
- Lacking guidance on how to set climate targets that allow initial spike in emissions.

Takeaways

- Multiple potential relative decoupling strategies can be tested in the Scenario Explorer.
- There is no ideal % reduction green growth strategy; each Baseline XDC warrants different decoupling.
- Inputting GVA growth predictions and emission targets can reveal emission intensity reduction pathways.

Best Practice

- Collaborate with the client to ensure deep understanding of financial growth and emission targets.
- Develop understanding of company context to determine whether absolute or relative decoupling is best.
- Utilize current and robust forecasts to allow companies to steer their growth and find a stable 1.5 °C path.

Q&A

to support your understanding

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