

ACT & WBA – Technical FAQs

These FAQs explain some technical aspects of how the Assessing low Carbon Transition (ACT) methodologies and the WBA just transition and core social methodologies are used to assess keystone companies in high emitting sectors and create the WBA’s Climate and Energy Benchmark.

Further FAQs on the ACT initiative are available here: <https://actinitiative.org/faq/>.

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General

Q. What is the WBA Climate and Energy benchmark?

The WBA Climate & Energy Benchmark ranks the most influential companies in high-emitting sectors by their low-carbon transition efficiency.

WBA developed the Climate & Energy Benchmark to assess the highest corporate carbon emitters. In partnership with CDP, it uses the Assessing low-Carbon Transition (ACT) methodology to assess keystone companies in high-emitting sectors on their low-carbon transition. It also uses two WBA methodologies, just transition and core social, to assess whether the companies' low-carbon transition is just and equitable.

The goal of the benchmark is to measure corporate progress against the Paris Agreement and a just transition. The benchmark aims to cover 450 of the world's most influential, keystone companies in sectors like automotive, electric utilities, oil and gas, transport, buildings and construction. The following sectors have been assessed in the past two years:

- 2021 Automotive
- 2021 Electric Utilities
- 2021 Oil and Gas
- 2022 Transport

The Climate and Energy Benchmark is aimed to be regularly updated and are free and available for everyone. They can be accessed on the WBA website:

<https://www.worldbenchmarkingalliance.org/climate-and-energy-benchmark/>

Q: How were the ACT methodologies developed?

A: The Assessing low-Carbon Transition (ACT) methodologies are developed in accordance with the [ACT Framework](#) and the [ACT sector methodologies development guidance](#). All ACT methodologies are developed through a rigorous multi-stakeholder process, which includes a public consultation.

The ACT Framework explains the principles for developing the methodology, which were set based on experiences of similar processes, and existing best practice of the work done by the Global Initiative for Sustainability Ratings (GISR), ISEAL alliance credibility principles, and ISO development principles. The Framework also explains the methodology implementation principles, which consider GRI, IIRC, SASB, Arista 3.0, and the GHG Protocol principles (page 58).

The ACT sector methodologies are developed via a consultative process, including public consultations and Technical Working Groups. Each Technical Working Group is comprised of representatives from companies from the relevant sector, business associations, experts in the business sector, specialist consultants in environmental/climate issues, NGOs, environmental associations and consumer organisations, government agencies, international organisations, and academics. As a part of this process, a road test phase is undertaken. The road test involves engaging with around 15 companies per sectoral methodology. Feedback from this process is used to refine the methodologies before final release.

Q. How were the WBA just transition and core social methodologies developed?

A: All WBA methodologies are based on internal research, multistakeholder public consultations and dialogues with experts. The just transition methodology benefited from the feedback from an Advisory Group.

More details can be found on our website:

- <https://www.worldbenchmarkingalliance.org/research/social-transformation-framework/>
- <https://www.worldbenchmarkingalliance.org/research/just-transition-launch-of-the-methodology/>

Q. How is ACT different?

A: ACT provides a continuous scoring approach to measure a company's low-carbon transition across a range of quantitative and qualitative metrics and across a company's past, present and future performance. It considers a broad range of metrics and therefore can be used to complement other benchmarks.

A number of methodological frameworks exist to help the international community track the progress of companies towards reducing carbon emissions. ACT builds on these by focusing on high climate impact sectors, which are crucial to the global economy. This is where the fastest, greatest change is needed - and that demands high-quality, sector-specific data.

What makes ACT different is that in addition to looking at the 'now', it also looks at five-year past trends, and projects how companies are set to perform on climate over the short to medium term based on current trends.

ACT is designed to complement the existing pool of knowledge, drawing on other initiatives to ensure it is as holistic as possible (some of these other initiatives include: GRI, IIRC, SASB, Arista 3.0, and the ISO 14064-1 and GHG Protocol principles). It utilises the latest scenario data from the IEA and sector science to assess companies against an ambitious low-carbon pathway to meet the Paris Agreement goals.

As well as addressing target ambition, emissions performance, policy engagement and management buy-in, ACT methodologies go one step further scoring companies on their transition plan and including investment metrics, new low-carbon business model development and value chain engagement to reduce emissions.

Furthermore, ACT is the only global climate accountability initiative recognised by the Global Climate Action Agenda (GCAA) of the UNFCCC.

Q. What do the ratings (numbers and letters) mean?

A: The rating shows company climate performance, with the highest possible rating being 20A+.

The climate performance is shown across three dimensions:

Performance score (ranging from 0 to 20). Shows transition alignment measured with a range of quantitative and qualitative KPIs.

- Narrative score (ranging from E to A). A rating based on cross-comparison of the KPI data and public information summarising the company's overall strategic position.
- Trend score (+, -, =). Forecasts future changes in the company's score: improving, worsening, or staying the same.

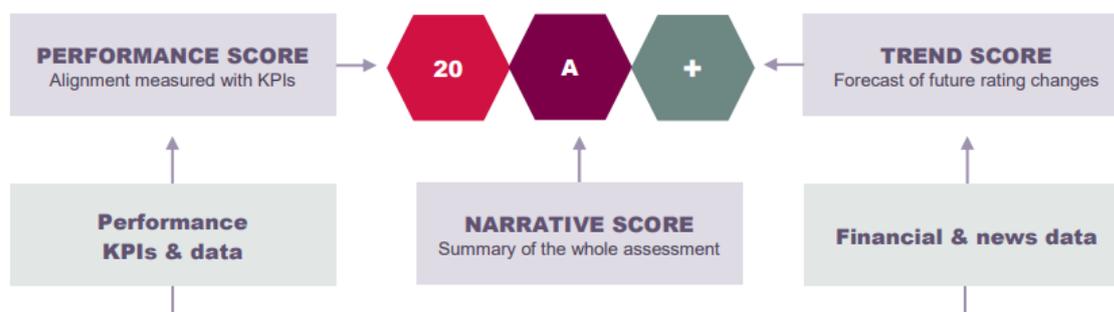


Figure 1. The ACT rating: performance, narrative and trend

In the WBA Climate and Energy Benchmark rankings, a total score out of 100 is calculated from the ACT rating and the social assessment score. ACT, core social and just transition scores are set to 60%, 20% and 20% of the total score respectively. This overall weighted score results in the Transport Benchmark 2022 ranking.

To generate the ACT rating score:

1. The performance score is given a 1:1 weighting
2. The narrative score is weighted the same as the performance score, with each letter receiving the following scores: A=20, B=15, C=10, D=5, E=0
3. The trend score is given the following scores '+' = 2, '=' = 1, '-' = 0

- The scores are summed and then divided by the maximum possible score of 42, and normalised to give a score out of 60.

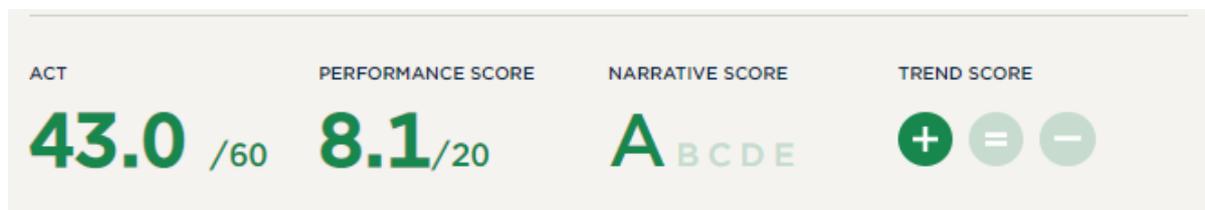


Figure 2. Example of a WBA Climate and Energy Benchmark ACT rating score

The core social score out of 20 and the just transition score out of 20 (normalised from 16) are also created.



Figure 3. Example of a WBA Climate and Energy Benchmark core social and just transition score

The ACT rating score, core social score and just transition score are then added together to create the total benchmark ranking score out of 100.

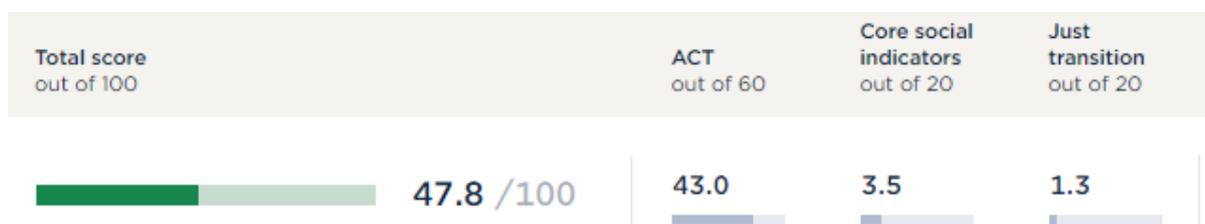


Figure 4. Example of a WBA Climate and Energy Benchmark total benchmark ranking score

Q: Do the ACT methodologies – and therefore the WBA Climate and Energy Benchmark – cover scope 3 emissions?

A: The coverage of emissions varies by sector. As the [ACT Framework](#) (page 8) explains: “the reporting boundaries of each ACT methodology for a given sector shall be determined by the sector’s most significant emissions sources, according to the principle of relevance. These significant emissions sources can be located all along the value chain of the organisation. This means that both direct and indirect (value chain) emissions shall be included where relevant.”

As an example, the boundaries of emissions taken into account in the ACT Automotive methodology includes the downstream emissions linked to vehicles’ use. These emissions are considered as indirect since they do not occur while the company operates. In the ACT Transport methodology, these emissions linked to the use of vehicles are considered either as direct or indirect, depending on the fact that the company owns these vehicles or not.

There are more details about each sector assessed for the Climate and Energy Benchmark in the relevant sections below.

Q: Do you assess parent companies, subsidiaries, or both?

A: The WBA Benchmarks assess keystone companies: the most influential companies that control globally relevant segments of production, that dominate global production revenues/volumes in a particular sector, that connect systems globally through subsidiaries and supply chains, that influence global governance processes, and have a global footprint, particularly in developing countries.

When selecting which entity to assess within a company group (i.e., parent or subsidiary), we assess four factors: 1. the exposure of the entity to the WBA transformation in question – in this case, decarbonisation and energy; (ii) ownership structure; (iii) reporting structures; and (iv) governance and accountability.

When translating the keystone company approach to an ACT assessment, the starting point of the assessment will always be the keystone company (i.e., the parent company/holding company/entity for assessment).

Q. How is data on companies collected for the benchmark?

A: Data for the Climate and Energy Benchmark is collected from publicly available sources. These sources include databases and company websites (including sustainability and corporate responsibility reports). For the ACT assessment, CDP's disclosure platform is used for asset-level insights where needed. where possible and third-party data is used where necessary.

In the event of a lack of corporate disclosure or inconsistent or incomplete data for an indicator, companies score 0 as no measurable data exists. As mentioned in the ACT Framework (available [here](#)), "data required for the assessment shall be verified or verifiable".

For the ACT assessment, companies are invited to directly participate in the data validation process by reviewing the data gathered by ACT's analysts, filling data gaps with publicly available information and providing feedback. For the social assessment, companies are invited to directly participate in the data validation and feedback process by reviewing the data gathered by WBA's analysts, filling data gaps with publicly available information and providing feedback.

Q. What reporting period does the benchmark cover?

A: The ACT methodology uses the most reliable and verifiable data that is publicly available at the time of the assessment. For the 2022 Transport Benchmark ACT assessments, company data was collected from materials available up to July 2022. For some companies, full-year data reporting was available for 2021. For others, the most recently available data was 2020. In all cases, the most recent year with full-year reporting was applied as the company's reporting year. 2020 was applied as the default year.

For the 2021 benchmarks on Oil and Gas, Autos and on Electric Utilities, which comprises only ACT assessments company data was collected from materials available in that year. For some companies, full-year data reporting was available for 2020. For others, the most recent year of data was 2019. In all cases, the most recent year with full-year reporting was applied as the company's reporting year. 2019 was applied as the default year.

Quantitative performance indicators use data from the 5 years prior to the reporting year. They also apply future projections. The emissions reduction targets assessment covers the period up to 2050.

For the 2022 Transport Benchmark social assessments (on just transition and core social) assessed publicly available data that is relevant for the 2019-2021 reporting period and disclosed in English. However, as policy documents do not have a time limit, policy documents with any publication date that are relevant to the core social indicators may be considered, and therefore are an exception to the 3-year rule. For the social assessments, documents published on or before 31 May 2022 were considered.

Questions on relationship to other frameworks

Q: What is the value of the ACT initiative and the WBA Climate and Energy Benchmark?

A: Companies in high-emitting sectors are selected for a World Benchmarking Alliance (WBA) Climate and Energy Benchmark, based on [WBA's keystone company principle](#). CDP and WBA reach out to companies, offering webinars to explain the ACT assessment, social assessment, and WBA benchmarking process. CDP's research team then gathers data on each company according to the ACT methodology, which the companies have the opportunity to validate; and WBA's research team gathers data on each company according to the just transition and core social methodologies, which companies have the opportunity to validate and add any further accepted and relevant data to. Once the assessments are complete, a WBA scorecard showing the company's results is shared with the company before the WBA benchmark is publicly launched. There are then opportunities for the companies to engage with WBA and CDP during the launch period and thereafter.

We set out below the value of the ACT assessment and the social assessments:

ACT assessments and their alignment to standards and disclosure initiatives

From conception, ACT has learned from and aligned with a wider set of standards, such as ISEAL alliance credibility principles and ISO development principles, as referenced in the [ACT Framework](#) (page 48) and contributed to work done by the Global Initiative for Sustainability Ratings (GISR). We continue to review alignment with other initiatives as we progress, including the Taskforce on Climate-related Financial Disclosures. Moreover, the ACT assessments build upon the disclosure principle set by CDP, by first assessing companies and compiling a complete assessment, and then asking companies to validate this prepopulated data. We use CDP data wherever possible, and we draw on and complement the work of the SBTi via use of the [Sectoral Decarbonization Approach \(SDA\)](#) and benchmarked emissions pathways.

From conception, ACT has learned from and aligned with a wider set of standards. The ACT Framework contains methodology implementation principles, which draw on GRI, IIRC, SASB, Arista 3.0, and the GHG Protocol principles. Moreover, we build upon the disclosure principle set by CDP, by first assessing companies and compiling a complete assessment, and then asking companies to validate this prepopulated data.

During the development of the performance score indicators in each ACT methodology, attention has been paid to the availability of the data (from the company or third-party providers), as the lack of reliable data or information would undermine the possibility for the assessment to rely on such indicators in practice (see the [ACT sector methodologies development guidance](#), page 9). Many of these indicators capture information required or recommended to be reported in the CDP, GRI, SASB and Taskforce on Climate-related Financial Disclosure (TCFD) frameworks. In particular, the Management module of the ACT methodologies, which contains indicators on the company's oversight of climate change issues, climate change oversight capability, low-carbon transition plan,

climate change management incentives, and climate change scenario testing shows convergence with the disclosures recommended by the TCFD. Further, the CDP climate questionnaire was updated in 2018 to align with the TCFD. See more information [here](#).

The strength of the ACT initiative is that it adopts a holistic approach to assessing how ready a company is to transition to a low-carbon economy: the level of ambition of the climate strategy is analysed against the decarbonisation pathway relevant for the company, as well as the actions that the company effectively takes in response to this strategy. A key characteristic of short-term change towards a low-carbon economy in business is that in the next couple of years it is going to be largely voluntary, with impactful and globally aligned government regulations unlikely. The degree of this voluntary commitment also provides insights into the overall commitment of business to the transition. The ACT methodologies will contribute to these insights by assessing the present willingness and ability of companies to commit themselves to a low-carbon future. One of the starting points for the ACT project is therefore to assess to what extent companies are willing, and can state publicly that they are willing, to transition to a low-carbon economy.

To help businesses set targets compatible with 2°C (or below ('beyond') 2°C) climate change scenarios, the SDA was developed. The SDA is based on the principle of convergence of all companies in a sector towards a shared emissions target in 2050 (or beyond or earlier, as with the Electric Utilities sector in which the target date is 2035 in advanced economies). While the SDA gives direction and a target to achieve, the ACT methodologies employ a holistic approach, taking into account all feasible quantitative and qualitative indicators that can provide insight regarding a company's current and future ability to reduce its carbon emissions and maximise its contribution to the low-carbon transition. All information gathered is consolidated into a rating, which provides an overall metric of the company's low-carbon alignment. The wider goal is to provide companies with specific feedback on their low-carbon alignment in the short, medium and long term.

In summary, the ACT methodologies build on the steps that an organization follows towards reducing GHG emissions: measurement, transparent reporting and making public commitments to mitigate climate change. The ACT initiative has added a new layer of accountability to these already established steps and uses them as a foundation whilst also integrating these practices into the ACT methodologies themselves. These practices mark the specific steps a company goes through when setting out to reduce its climate impact.

The ACT assessments are used to create free, publicly available rankings in the WBA's Climate and Energy Benchmark. WBA will publish various benchmarks in high emitting sectors, of which [Electric Utilities](#) was the second publication in July 2020. The first benchmark, published in December 2019, assessed keystone [Automotive companies](#). A Performance Update (see more information below) of the Automotive companies was published in November 2020. The largest benchmark to date is the Oil & Gas sector which was assessed in the first half of 2021. The latest benchmark is in Transport, assessing 90 keystone companies and published in Q4 2022. More details about the WBA and its work can be found [here](#).

Social assessments

WBA's methodologies and benchmarks serve as roadmaps for companies, setting out the steps they can take to meet the needs and expectations of their stakeholders. The WBA social assessments using our just transition and core social methodologies have been first of their kind; publicly available and free rankings of, and insights into, the contributions of globally influential companies from high-emitting sectors to a just transition and their alignment to a low-carbon pathway. These

assessments can become a unique and critical accountability mechanism of a decarbonisation and energy transformation that leaves no one behind.

For more details of how the social assessment indicators map to international norms and reporting standards, please refer to the indicator texts in the [just transition methodology](#) and the [core social methodology](#) respectively.

The Climate and Energy Benchmark in specific sectors give each company a peer group comparison on how the industry is performing and contributing to a low-carbon economy in a just and equitable way. A company's own performance and assessment will be made available to various stakeholders. The ultimate aim is to encourage businesses to move to a 1.5°C compatible pathway in terms of their climate strategy, business model, investments, operations and GHG emissions management with respect for human rights and managing their social impacts. In addition to the companies themselves, the benchmarks are used by a wide group of stakeholders such as investors, civil society and policy makers to make informed decisions on their engagement with the companies to support the low carbon transition.

Q: How do the ACT methodologies relate to the Science Based Targets Initiative (SBTi) methodologies?

A: Please see the FAQ '*What is the difference with the Science Based Targets initiative?*' on the ACT website: <https://actinitiative.org/faq/>. If you have specific questions about the relationship between ACT and SBTi in a specific sector, please reach out to your usual CDP and WBA contacts.

Q: Does each ACT methodology cover physical risk as well as transition risk (as per the TCFD)?

A: The ACT methodologies cover and primarily focus on transition risk exposure, rather than physical risk exposure, because the ACT methodologies aim to drive action by companies and encourage businesses to move to a well-below 2°C (or beyond, i.e. 1.5°C) compatible pathway in terms of their climate strategy, business model, investments, operations and GHG emissions management. Transition risk is considered through performance indicators such as those in the Management module, which assess the company's oversight of climate change issues, low-carbon transition plan, and climate change scenario testing. In addition the [ACT Adaptation methodology](#) which is currently in a road test phase covers physical risks. The methodologies also contain some performance indicators that assess data that can be relevant to physical risk exposure, such as a consideration of whether potential shocks or stressors have been assessed in an Electric Utilities company's low-carbon transition plan (indicator EU 5.3).

Q: What if my company does not want to be assessed / does not disclose to CDP?

A: We will assess all of the [50 Electric Utilities companies](#), all of the [30 Automotive companies](#), all of the [100 Oil and Gas companies](#) and all of the [90 Transport companies](#) identified as keystone, regardless of disclosure to CDP. We collect publicly available data and will make all data references available to the selected companies during the period of data validation. If they wish to supplement or update any data points, they can do so if they can provide a publicly available document source for verification, and information about its verification status, any assumptions used and the calculation methodology.

We will send selected companies the data we collect to validate. We will be available to discuss any questions they may have about the assessment process or data points.

Questions about the benchmark, results, publication and engagement

Q: How are companies selected to be benchmarked?

A: Please see the FAQs below, which provide more information about the company selection process for the assessments in the [Automotive](#), [Electric Utilities](#), [Oil and Gas](#) and [Transport](#) sectors.

Q: What will happen with the results?

A: The ACT assessments are used to create free, publicly available rankings in the WBA Climate and Energy Benchmark. WBA has published various benchmarks in high emitting sectors:

- [Automotive Manufacturing](#): Benchmarks in 2019 and 2021, with a Performance Update in 2020
- [Electric Utilities](#): Benchmarks in 2020 and 2021
- [Oil and Gas](#): Benchmark in 2021
- [Transport](#) Benchmark in 2022

WBA also produced its [2021 Just Transition Assessment](#). In 2022, the Climate and Energy Benchmark has integrated the ACT assessment scores with the WBA just transition and core social scores into a combined ranking. The first benchmark to include a combined ranking is in Transport and has been published in Q4 2022. More details about the WBA and its work can be found [here](#).

The Climate and Energy Benchmarks give each company a peer group comparison on how the industry is performing and contributing to the low-carbon economy in a just and equitable way. A company's own performance and assessment will be made available to various stakeholders. In addition to the companies themselves, the benchmarks are used by a wide group of stakeholders such as investors, civil society and policy makers to make informed decisions on their engagement with the companies to support the just and equitable low-carbon transition. The ultimate aim is to encourage businesses to move to a 1.5°C compatible pathway in terms of their climate strategy, business model, investments, operations and GHG emissions management with respect for human rights and managing their social impacts.

Q: Can we appeal/question our assessment result?

A: Companies may submit an appeal to their assessment result in writing by email to their usual WBA and/or CDP, where applicable, contacts. The appeal should specify which factual inaccuracies are being questioned and supply evidence or data that shows why the company believes there to be a factual inaccuracy. The WBA and CDP team will then work with the company to consider the appeal and correct any evidenced factual inaccuracies. Companies may only appeal if they have actively participated in the data validation and feedback process, by reviewing and confirming or providing corrections to the data (in the case of the ACT assessment) or draft assessment (in the case of the social assessment) supplied for their review during the assessment process. Please see 'Questions on data collection' for more information on each of the [Automotive](#), [Electric Utilities](#), [Oil and Gas](#) and [Transport](#) sectors.

Q: How is this assessment and the WBA's benchmarks similar / different to CDP's data and ratings?

A: CDP's ratings, based on CDP disclosures, show company scores across those CDP topics a company responds to. These topics cover climate change, water security, forests (timber, palm oil,

cattle products, and soy). This data is used by investors and other stakeholders to inform their decision-making.

CDP scores provide a relative assessment of climate leadership looking back over the reporting year, and a company's score demonstrates its leadership relative to other companies globally. An ACT assessment is a sector specific, forward-looking benchmark against the absolute emissions level determined by climate science, taking into consideration whether a company's strategy is moving quickly enough to meet this extremely challenging limit. In order to meet the huge collective challenge of keeping global warming to 1.5°C, it is vital that companies, particularly those with the most influence over emissions in the economy, have accurate feedback about their own progress against this challenge, and this is what ACT methodologies seek to provide. To keep warming to 1.5°C, climate leadership is required and this leadership needs to be determined by climate science.

The WBA Climate and Energy Benchmark operationalises the ACT methodologies to create freely, publicly available rankings of companies, giving each company a peer group comparison on how the industry is performing and contributing to a low-carbon economy and the related Sustainable Development Goals. Detailed information on a company's performance, including a breakdown of their scores per module of the performance assessment and a written explanation of the narrative and trend assessments is made available to various stakeholders. Indicator-level scores are also available – the data sheets are available to download at the bottom of each sector's results landing pages:

- [Automotive Manufacturing](#)
- [Electric Utilities](#)
- [Oil and Gas](#)
- [Transport](#)

In addition to the companies themselves, the benchmarks are used by a wide group of stakeholders such as investors, civil society and policymakers to make informed decisions on their engagement with the companies to support the low-carbon transition. The ultimate aim is to encourage businesses to move to a 1.5°C compatible pathway in terms of their climate strategy, business model, investments, operations and GHG emissions management in a just and equitable way.

Q: When will the benchmark be updated?

A: WBA is updating the Climate and Energy Benchmark on an iterative basis, adding further sectors until 2023. Each sectoral benchmark will be assessed on a 2-year interval basis.

Q: How does the benchmark relate to/differ from similar initiatives such as TPI and CA100+?

A: All three initiatives examine low carbon transition performance and look at similar indicators, but ACT is more granular and better placed to track company progress over time.

The benchmark, underpinned by the ACT methodology, has a number of similarities and some overlap with the Transition Pathway Initiative (TPI) and Climate Action 100+ (CA100+). All three review the key companies in the most carbon intensive economic sectors to assess how well they are transitioning to a low-carbon economy and how well aligned they are with various climate scenarios. All three have distinct strengths and are complementary. The strength of an ACT assessment is the depth of analysis of each company combined with a broad range of indicators. ACT methodologies are developed with input from practitioners in the sector to ensure that they are

closely linked to the concrete actions companies must implement to transition to the low carbon economy.

Q: Can reports or disclosures published in languages other than English be accepted as part of the benchmark assessments?

WBA accepts materials in the English language only. For the ACT assessments, we can also assess written reports, disclosure and other materials in Japanese, Mandarin and Spanish. Please note that this does not extend to communications or sending of materials to companies. All documents produced by WBA and CDP will be in English only.

Q. What is considered “Leading Practices”?

A: A company is considered to have leading practices if it scores or ranks highly for a specific indicator or module.

Leading Practices are areas of excellence by a company identified through the ACT Methodology only and do not refer to external awards or commendations for the company’s business/sustainability practices.

Q. What is the WBA approach to the inclusion of Russian companies in the benchmark?

WBA will continue to assess Russian companies due to their impact on people and the planet. Companies selected for the Climate & Energy Benchmark have a disproportionately large impact on people and the planet, and therefore it is important to include them in WBA benchmarks despite conflicts, crimes or unethical behaviour.

Automotive

Questions on selecting companies for assessment

Q: We are curious about how exactly we have been classified as a keystone automotive manufacturer? Were there any specific metrics/thresholds which classified us as this?

A: You can find more information relating to WBA and the classification of keystone companies [here](#), and in particular for automotive manufacturers [here](#).

Questions on the methodology

Q: Are Scope 3 emissions covered?

A: Each ACT sector methodology identifies the type of emissions that the assessment will focus on. This is determined by the sector's most significant sources of emissions. Most of the emissions in the value chain of the automotive sector happen during the use phase, due to the combustion of fossil fuels in internal combustion engine vehicles. The main focus of the ACT Automotive methodology is therefore on how automotive manufacturers intend to reduce their indirect Scope 3 "fleet emissions" – the emissions from vehicles they produce, once in use – between now and 2050.

Ideally, when assessing the total emissions from the use of sold vehicles, well-to-wheel emissions values should be used. Well-to-wheel emissions include both direct emissions from fuel combustion in the engine (tank-to-wheel) and upstream emissions related to fuel production and distribution (well-to-tank). This includes emissions from the generation of electricity for electric vehicles. However, in practice, company level well-to-wheel emissions data is rarely available. Most regulatory data on companies' vehicle in-use emissions is tank-to-wheel data so a tank-to-wheel approach has been applied in the Automotive Benchmarks and Performance Update.

Q: What reporting period is covered?

A: The ACT Automotive methodology is [here](#), which goes into more detail about the indicators in the performance assessment and the time horizon under review.

The ACT methodologies assess the most reliable, latest available public and verifiable data. The reporting year for the 2021 Automotive Benchmark is the currently available data disclosed in the most recent cycle, i.e., the 2021 cycle and 2020 reports and vehicle sales data.

Q: What is the 2020 Performance Update and how does this differ from the 2021 and 2019 Automotive Benchmarks?

A: In the 2020 Update, only the performance assessment has been undertaken for the 25 companies in the 2019 Benchmark. The five companies added to the assessment in 2020 received a full ACT assessment.

The 2019 and 2021 Benchmarks are based on full ACT assessments.

Questions on data collection

Q: How is data gathered?

A: Data is collected from publicly available sources from databases and company websites (including sustainability and corporate responsibility reports) as well as from CDP's disclosure platform where possible. Sales data are gathered from MarkLines. Industry (production) data are gathered from the International Organization of Motor Vehicles Manufacturers'. Regulatory data may be gathered from the European Environment Agency, the Ministry of Industry and Information Technology (China),

and the Ministry of Land, Infrastructure, Transport, and Tourism (Japan), as relevant. Information from RepRisk may be used to inform the narrative assessment.

Companies are invited to directly participate in a data validation process by reviewing the data gathered by CDP's analysts and provide additional information.

Q: How is data on sales from joint ventures treated?

A: MarkLines data captures sales figures from a company's joint ventures in its overall sales figures, as well as sales figures from its (other) subsidiaries. Therefore, joint venture sales figures are attributed to each company with a shareholding in the joint venture, irrespective of the proportion of ownership.

Q: What about regulatory data?

A: Past scope 3 emissions intensities in the Automotive Climate Benchmark are based upon regulatory tailpipe emissions from major sales regions – the European Union, the USA, Japan, China and India. This provides a global dataset which provides some granularity on the variation in emissions intensity that models sold in different regions with different regulations have. For sales outside of the five main sales regions, a weighted average of known emissions intensities was applied.

1. Testing regimes for automotive tailpipe emissions are becoming more stringent in some regions to better reflect actual emissions produced by vehicles. In the European Union (EU) and United Kingdom (UK), the testing regime previously followed was the New European Driving Cycle (NEDC), but since late 2017 there has been data available on testing under the more stringent Worldwide Harmonised Light Vehicles Test Procedure (WLTP). Data for 2015-2017 for the EU and UK was based on NEDC testing, whereas for 2018-2020 data from the more stringent WLTP testing was used. This means there may be a change in the emissions intensities of some vehicle models in the European market and potential impact on a company's overall scope 3 emissions intensity. However, this benchmark decided to use mixed values for several reasons: Testing regimes are becoming increasingly stringent in several regions, meaning using a mix of data from old and new testing regimes will become inevitable when looking at past trends.
2. It is expected that WLTP testing will provide a better reflection of a vehicle model's emissions. Using the more stringent testing results is therefore in-line with the ACT framework's principle of conservativeness to use assumptions that help limit temperature rises.
3. Assessment of progress made in reducing in-use emissions intensity (TTW) is assessed over 6 years (2015-2020 in this assessment). Increasing or decreasing emissions intensities over this time period are more likely to be driven by progress or lack of progress in reducing scope 3 emissions rather than shifts in testing regimes.
4. Assessment over a shorter time period (e.g. 2018-2020 just on WLTP values for Europe) is suboptimal as individual year anomalies (e.g. in 2020 due to the COVID-19 pandemic) will have a greater impact on the score. It would also penalise those companies who made significant progress between 2015 and 2017 in reducing their scope 3 emissions intensities.
5. Converting earlier 2015-2017 NEDC values to WLTP was explored, but ultimately determined not to be appropriate. This was because several factors influence the conversion rate and insufficient data, e.g. on engine size and fuel type, was available to provide an appropriate conversion.

Electric utilities

Questions on selecting companies for assessment

Q: We are curious about how exactly we have been classified as a keystone electric utility? Were there any specific metrics/thresholds which classified us as this?

A: You can find more information relating to WBA and the classification of keystone companies [here](#), and in particular for the electric utilities [here](#). The ACT Electric Utilities methodology is [here](#), which goes into more detail about the indicators assessed and the time horizon under review.

Q: Our strategy is moving towards being an energy services and solutions company, and this involves divesting from the majority of power generation assets. This may mean the heavily weighted quantitative indicators might not reflect our business operations impact on climate, and our contribution towards the Paris Agreement mitigation goals, particularly accurately.

A: The ACT Electric Utilities methodology is [here](#), which goes into more detail about the indicators assessed and the time horizon under review. This can indicate that even companies who are more advanced in transitioning are still able to be considered under the methodology. Similarly, there are multiple components to an ACT rating, which allows for wider reflection of the situation than a more rigid analysis of only a limited number of fixed indicators.

Q: Other than non-keystone companies, have any companies been excluded from the assessment?

A: The ACT Electric Utilities methodology places a particular emphasis on a company's electricity production. The SDA was mainly developed for centralized electricity generation, which is the main electricity source. With the rise of distributed renewable generation technologies, decentralized electricity generation has been taken into account.

Nonetheless, some major electric utilities have already begun to shift their assets and activities away from electricity generation, in anticipation of the low-carbon transition. Therefore companies who are keystone in the sector by revenue/volume and/or gigawatts of installed capacity may not be suitable for assessment with the ACT Electric Utilities methodology as they do not have sufficiently high electricity production capacity to which the SDA can be applied.

CDP and WBA have assessed keystone companies' data to whom this might apply, in order to thoroughly check that companies are not being unduly excluded from the benchmark. However, in some cases certain – otherwise keystone – companies have been found to not have sufficient electricity generation capacity and have therefore been excluded.

Questions on the methodology

Q: Are Scope 3 emissions covered?

A: Each ACT sector methodology identifies the type of emissions that the assessment will focus on. This is determined by the sector's most significant sources of emissions. In the ACT [Electric Utilities methodology](#), the focus of the analysis is on the CO₂ emissions resulting from generation activities, which are captured and reported in the companies' Scope 1 emissions. Downstream and upstream Scope 3 emissions should be taken into account whenever they become relevant to a company's low-carbon transition.

The focus is on generation emissions for two main reasons: first, it is expected that these will generally represent more than 90% of the Scope 1 and 2 emissions of a company from the Electric

Utilities sector, and second, they represent a homogeneous activity indicator that can accurately measure a company's low-carbon transition.

Companies might have secondary activities that could drive significant emissions of any of the GHG accounting scopes. Examples include gas exploration (significant Scope 1 emissions), transmission and distribution (significant Scope 2 emissions), or retail of gas (significant Scope 3 - use of sold products - emissions). These will be considered, but only to the extent that they reinforce or undermine the transition strategy of the company (e.g. by carbon lock-in). The transition strategy of the electricity generation is the main focus, but the final rating will be impacted if the company also has significant presence in other aspects of the fossil fuel value chain and does not show clear intention to divest from those sectors.

Q: What reporting period is covered?

A: The ACT Electric Utilities methodology is [here](#), which goes into more detail about the indicators in the performance assessment and the time horizon under review.

The ACT methodologies assess the most reliable, latest available public and verifiable data. The reporting year for the 2021 Electric Utilities Benchmark was the currently available data disclosed in the most recent cycle, the 2020 cycle, which in effect means 2019 – 2020 data.

[Questions on data collection](#)

Q: How is data gathered?

A: Data is collected from publicly available sources from databases and company websites (including sustainability and corporate responsibility reports) as well as from CDP's disclosure platform where possible. Asset activity data is gathered from company reports and supplemented with data from [GlobalData](#), a commercial data provider. Information from RepRisk may be used to inform the narrative assessment.

Companies are invited to directly participate in a data validation process by reviewing the data gathered by CDP's analysts and provide additional information.

Q: What datasets and data were chosen for the WBA Electric Utilities Benchmark 2021?

For the quantitative part of the assessment there was a requirement for a coherent set of data including asset data (with capacity, ownership status, generation type and commissioning/decommissioning dates); GHG emissions data including past emissions data; and targets data including performance against recent targets. This information was compiled into a model from a variety of sources including [GlobalData](#), a commercially available database of asset level information; CDP questionnaire responses from responding companies; and company information including annual and sustainability reports and company websites.

Information of this type is not yet routinely reported in a standardized manner by companies which means the quality of data can be variable. In order to counter this quality issue data was validated across multiple sources where possible to ensure greater accuracy. The final quantitative data model for the ACT assessment is complex and unique and takes several months to build and validate. Covid-19 suppressed electricity demand around the world in 2020, the reporting year for this assessment. However, the overall reduction in electricity demand was just 1%. This small drop combined with the fact that the ACT methodology predominantly uses emissions intensity indicators rather than absolute emissions, means that 2020 figures are appropriate to use for assessing companies on quantitative indicators.

Oil and gas

Questions on selecting companies for assessment

Q: We are curious about how exactly we have been classified as a keystone oil and gas company? Were there any specific metrics/thresholds which classified us as this?

A: You can find more information relating to WBA and the classification of keystone companies [here](#), and in particular for the oil and gas companies [here](#). The ACT Oil and Gas methodology is available [here](#), which goes into more detail about the indicators assessed and the time horizon under review.

Q: Other than non-keystone companies, have any companies been excluded from the assessment?

A: The ACT Oil and Gas methodology addresses the diverse views of the oil and gas sector transition to a low-carbon economy. It has four module weighting compositions for (i) integrated; (ii) upstream only; (iii) midstream only; and (iv) downstream only companies.

Companies with oil and gas equipment and services (only), petrochemical (only), oil and gas trading (only), and exploration (only) activities are excluded from the scope of the methodology. This is because there is a limited scope for action on decarbonisation in these activities. The WBA Oil and Gas Benchmark therefore excludes such companies. The large majority of GHG emissions (around 80% along the value chain) induced by oil and gas companies take place in the downstream segment during the combustion of sold products for final energy use. The Oil and Gas Benchmark therefore focuses on integrated oil and gas companies, with activities across the value chain.

Questions on the methodology

Q: Are Scope 3 emissions covered?

A: Each ACT sector methodology identifies the type of emissions that the assessment will focus on. The ACT Oil and Gas methodology is designed to assess companies operating in different parts of the oil and gas value chain, and thus covers Scope 1, 2 and 3 emissions. Please see the [methodology](#) for further details.

Q: What reporting period is covered?

A: The ACT Oil and Gas methodology is available [here](#), which goes into more detail about the indicators in the performance assessment and the time horizon under review.

The ACT methodologies assess the most reliable, latest available public and verifiable data. The reporting year for the quantitative data assessed in the 2021 Oil and Gas Benchmark was that available from the most recent reporting period consistently available for all companies assessed in the benchmark, which was the 2020 reporting period, which correlates with 2019 financial year reporting, which in effect means 2019 data. For the qualitative parts of the assessment, more recent data (including company updates published in 2021) can be considered in the assessments. The quantitative and qualitative data used for the performance assessment is then analysed holistically as part of the narrative assessment, allowing the assessor to reconcile the various data timestamps required to fulfil the assessment of historic, current and forward-looking indicators in the performance assessment.

Q: Which scenario is applied for the WBA Oil and Gas Benchmark 2021?

A: The IEA Net Zero by 2050 scenario is referenced to inform the company 1.5°C decarbonisation pathway: [Net Zero by 2050 – Analysis - IEA](#).

Q: Does the methodology cover petrochemicals, chemicals and utilities?

A: The ACT oil and gas methodology applies to oil and gas sector activities including (to check:) exploration, production and refining. Many companies in the sector are also active in petrochemicals, electricity generation and transport or pipeline operations. Emissions from these activities are not counted in the performance indicators, however the scoring on strategy considers them when they are relevant, for example, by expanding renewable energy production.

Products that are dedicated to non-energetic uses are excluded from the ACT O&G methodology scope (petrochemicals are considered in the ACT Chemicals methodology). It is assumed that a portion of midstream production volumes will be dedicated to non-fuel uses and these volumes are excluded from the analysis.

The methodology does cover downstream gas distribution and sales activity and, if an oil and gas company also generates electricity for sale to third parties, this activity is also taken into account. Generated heat is excluded as it is usually consumed on site. Electric utilities with electricity generation activities are assessed using the ACT Electric Utilities methodology.

Q: How does the methodology consider carbon credit (carbon offset), including in targets?

Carbon offset via financing of certified carbon projects consists in the purchase of a "reduction unit" representing a quantity of tonnes of GHG avoided or removed by a project or program of activities. It is in addition to the reduction in/sequestration of the organization's direct and indirect emissions. These projects can be projects for the reduction in, avoidance or sequestration of emissions. To ensure the robustness, reality, additional nature, transparency, permanence and unique character of the credits and verification by independent third parties of the emissions reduced or sequestered, the organization must routinely make use of certified offsetting projects, in the framework of standards guaranteeing these principles, whether national or international.

According to international standards such as ISO 14064-1, ISO 14067, European Product Environmental Footprint and Organization Environmental Footprint, WRI/WBCSD's GHG Protocol, carbon offset shall not be included in GHG quantification study, but may be reported separately as "Additional Environmental Information". Say it the other way around, carbon credit shall not be subtracted from the GHG inventory to minimize the amount of GHG emissions. Therefore, carbon offset is excluded from the calculation of quantitative ACT indicators related to targets, material investments and sold product performance. Nevertheless, in the narrative scoring of the ACT assessment, these credits may be considered as additional information that helps to better understand the decarbonization strategy of a company.

Questions on data collection

Q: How is data gathered?

A: Data is collected from publicly available sources from databases and company websites (including sustainability and corporate responsibility reports) as well as from CDP's disclosure platform where possible. Asset activity data is gathered from company reports and supplemented with data from [GlobalData](#), a commercial data provider. Information from RepRisk may be used to inform the narrative assessment.

Companies are invited to directly participate in a data validation process by reviewing the data gathered by CDP's analysts and provide additional information.

Q: What datasets and data were chosen for the WBA Oil and Gas Benchmark 2021?

A: Whenever possible the ACT assessment relies on primary data from publicly available company reports. Where company reported data was not available or incomplete, we have used third party extraction and refining data from [GlobalData](#), a commercial data provider. In estimating emissions we primarily rely on data from the International Energy Agency (IEA), from the Oil-Climate Index (OCI) and from CDP's own data base.

Transport

Questions on selecting companies for assessment

Q: We are curious about how exactly we have been classified as a keystone transport company? Were there any specific metrics/thresholds which classified us as this?

A: You can find more information relating to WBA and the classification of keystone companies [here](#), and in particular for the keystone transport companies in the WBA Transport Benchmark methodology [here](#). The Assessing low-Carbon Transition (ACT) Transport methodology is available [here](#), which goes into more detail about the ACT indicators assessed and the time horizon under review. The WBA just transition methodology is available [here](#) and the core social methodology [here](#).

Questions on the methodologies

Please see [this FAQ](#) for an overview of the ACT and social (just transition and core social) methodologies used in the 2022 Transport Benchmark.

Q: Are scope 3 emissions covered in the ACT assessment?

A: Each ACT sector methodology identifies the type of emissions that the assessment will focus on. The ACT Transport methodology is designed to assess companies operating in different types of transport activities, and thus covers scope 1, 2 and 3 emissions. Please see the [methodology](#) for further details.

Q: What reporting period is covered?

A:

ACT assessments

The ACT methodologies assess the most reliable, latest available public and verifiable data. The reporting year for the quantitative data assessed in ACT assessments of the 2022 Climate and Energy Benchmark in Transport was that available from the most recent reporting period consistently available for all companies assessed in the benchmark, which was the 2021 reporting period, which correlates with 2020 financial year reporting, which in effect means 2020 data. For the qualitative parts of the assessment, more recent data (including company updates published in 2022) can be considered in the assessments. The quantitative and qualitative data used for the performance assessment is then analysed holistically as part of the narrative assessment, allowing the assessor to reconcile the various data timestamps required to fulfil the assessment of historic, current and forward-looking indicators in the performance assessment.

The ACT Transport methodology is available [here](#), which goes into more detail about the indicators in the performance assessment and the time horizon under review.

Social assessments

For the 2022 Transport Benchmark social assessments (on just transition and core social) assessed publicly available data that is relevant for the 2019-2021 reporting period and disclosed in English. However, as policy documents do not have a time limit, policy documents with any publication date that are relevant to the core social indicators may be considered, and therefore are an exception to the 3-year rule. For the social assessments, documents published on or before 31 May 2022 were considered.

Q: How do the ACT methodologies consider carbon credits (carbon offsets), including in targets?

Carbon offset via financing of certified carbon projects consists in the purchase of a "reduction unit" representing a quantity of tonnes of GHG avoided or removed by a project or program of activities. It is in addition to the reduction in/sequestration of the organization's direct and indirect emissions. These projects can be projects for the reduction in, avoidance or sequestration of emissions. To ensure the robustness, reality, additional nature, transparency, permanence and unique character of the credits and verification by independent third parties of the emissions reduced or sequestered, the organization must routinely make use of certified offsetting projects, in the framework of standards guaranteeing these principles, whether national or international.

According to international standards such as ISO 14064-1, ISO 14067, European Product Environmental Footprint and Organization Environmental Footprint, WRI/WBCSD's GHG Protocol, carbon offset shall not be included in GHG quantification study but may be reported separately as "Additional Environmental Information". Say it the other way around, carbon credit shall not be subtracted from the GHG inventory to minimize the amount of GHG emissions. Therefore, carbon offset is excluded from the calculation of quantitative ACT indicators related to targets, material investments and sold product performance. Nevertheless, in the narrative scoring of the ACT assessment, these credits may be considered as additional information that helps to better understand the decarbonization strategy of a company.

Q. What emissions scenario are companies benchmarked against?

A: The Transport Benchmark 2022 has assessed companies against a 1.5°C scenario. In 2021, the WBA Climate and Energy Benchmark ACT assessments used 1.5°C-aligned scenario pathways, built on the International Energy Agency (IEA)'s Net-Zero Emissions by 2050 Scenario (NZE), which is aligned with a 50% chance of limiting long-term temperature rise to 1.5°C without a temperature overshoot (and additional inputs where needed). Details can be found here for the [Oil and Gas 2021](#), [Electric Utilities 2021](#) and [Automotive 2021](#) Benchmarks.

Before that, scenarios from the IEA - namely the 2 degrees, below 2 degrees (B2DS) and Sustainable Development scenarios were used. In the absence of a publicly accessible IEA 1.5-degree scenario with sufficient detail for the transport sector, the 2022 Transport assessment used the OECD's International Transport Forum (ITF) Reshape+ scenario.

Reshape+ is a 1.5°C scenario which sees the historic link between economic growth and rising transport emissions broken. The policies which lead to this include avoiding unnecessary travel, shifting mobility to more sustainable transport options and improving transport technologies in ways that make them less emitting. The ITF scenarios are demand-based and use a bottom-up approach based on potential policy scenarios which are evaluated for resulting activity and CO₂ emissions.

Q. What is the difference between absolute emission and emission intensity targets?

A: Companies can set two types of targets: to reduce absolute emissions or emissions intensity. Progress to emissions intensity targets is achieved when companies reduce the emissions they produce per amount of product or service provided. Progress to absolute emissions targets can be achieved via emissions intensity improvements or via activity level reductions.

Absolute emissions values are measures of amounts of emissions in absolute terms, e.g. 100 million tonnes of GHG.

Emissions intensity values are measures of amounts of emissions per amount of product or service provided, e.g. for the transport sector, these measures are kgCO₂ per passenger.km or kgCO₂ per tonne.km.

The ACT sector scenario decarbonisation pathways are defined in terms of emissions intensities. When assessing the alignment of an absolute emissions target, the target is converted to an intensity metric for comparison to the company's decarbonisation pathway (the conversion is done using the past and planned service level values for the 'from' and 'to' years of the target).

Q. How does ACT assess “Locked-in emissions”?

A: This metric measures the company’s cumulative GHG emissions from the reporting year to reporting year + 15 years from the existing and planned fleet. The indicator compares these emissions to the company’s carbon budget.

For the transport sector, ACT assesses locked-in emissions from a company’s own operations only. Due to the general lack of detailed data on companies' vehicle fleets and their future investment plans, the calculation method was simplified for this round of assessments.

Current emissions intensities were carried forward 15 years, and year-over-year activity level changes by activity mode, load, distance and region (as defined under the 1.5°C scenario) were applied to current activity levels to calculate projected cumulative emissions, i.e. locked-in emissions. The projected carbon budgets were calculated by applying the scenario emissions intensities for each year.

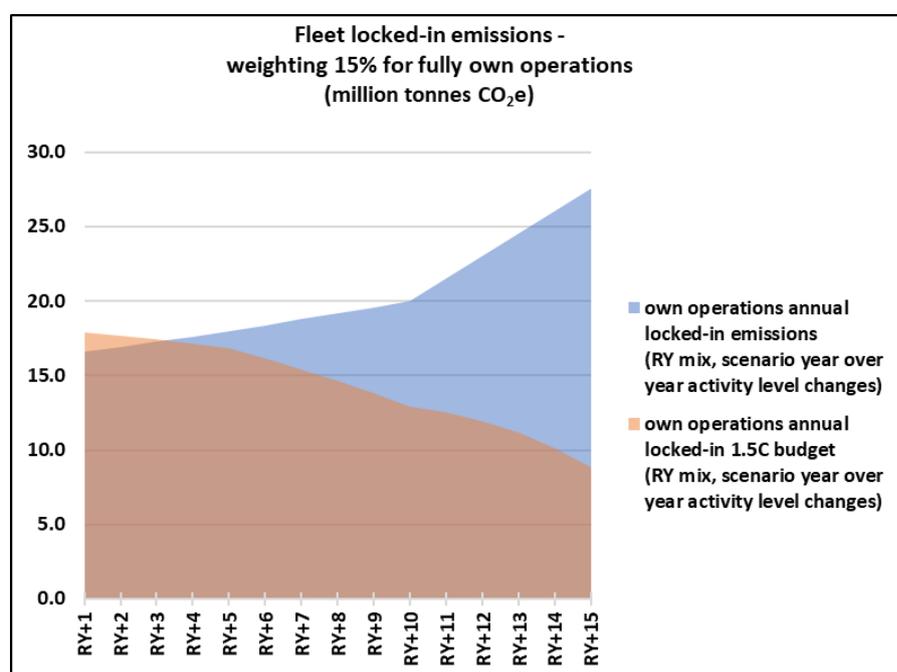


Figure 3. Example of locked-in emissions indicator’s calculations. The ratio of ‘cumulative emissions RY to RY+15’ to ‘cumulative carbon budget RY to RY+15’ is 1.42. The company exceeds the cumulative carbon budget by 42%.

Q. How does ACT assess “Trend in past emissions intensity”?

A: This metric assesses the alignment of the company’s recent emissions intensity trend with the trend of its ongoing decarbonisation pathway. The recent emissions intensity trend is computed over a 5-year period to the reporting year.

Emissions intensity in the context of the ACT assessment means the amount of emissions emitted by the transport activity divided by the freight or passenger activity in freight tonne-km or passenger-km respectively.

For each transport mode (air, sea, road, rail), the ACT assessors collected emissions intensity values from companies’ public disclosures for the reporting year and for the five prior years. The collected values were converted into the standard metrics of kgCO₂ per passenger.km or kgCO₂ per tonne.km. Information on the company activity levels was collected for the same period.

If emissions data was not available, transportation fuel consumption, in combination with activity data, was used as a fallback approach. The fuel consumption was converted to emissions amounts using standard fuel conversion factors. If neither emissions intensity data nor fuel consumption data could be found, reported Scope 1 (or Scope 3 for subcontracted transportation) emissions data was used as a second fallback approach. Gaps in emissions intensity values per year (or in the fallback approach data per year) were filled by applying linear trends - provided that data points for at least three years were available.

The gradients of the recent past overall company emissions intensity pathways were compared to the gradients of the ongoing 1.5°C scenario benchmarked decarbonisation pathways weighted by activity category (modes, distances and regions covered by the company’s passenger and/or freight transportation activities). Each company’s benchmarked decarbonisation pathway starts from its reporting year emissions intensity value and follows the shape of the sector pathway mix to arrive at the 2050 value required by the scenario.

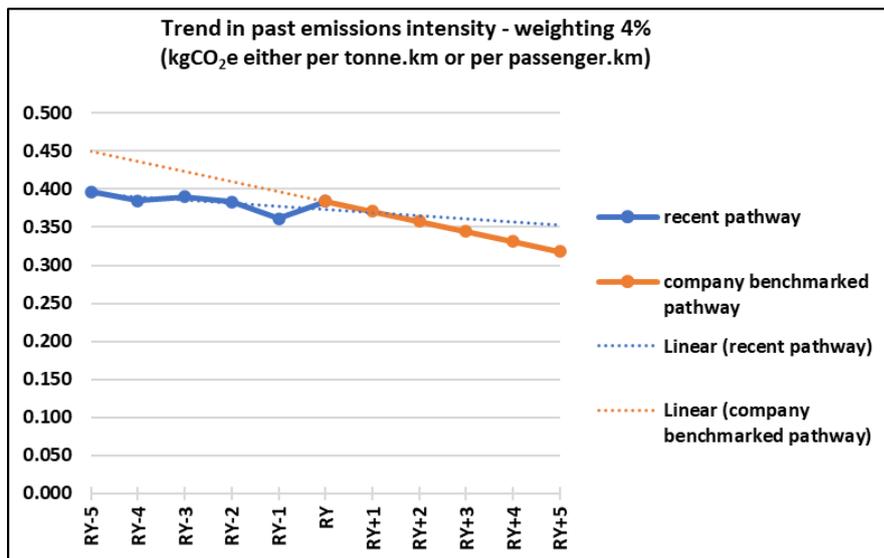


Figure 4. Example of the trend in past emissions intensity calculations. The ratio of ‘recent activity gradient’ to ‘near future company benchmark gradient’ = 0.307. The score is 30.7% of the total points available for this indicator (the company is decreasing emissions intensity but not at a fast enough rate)

Q. How does ACT assess “Alignment of past performance with carbon budget”?

This metric assesses the alignment of the company’s recent absolute emissions with the past carbon budget. The recent emissions and carbon budget are measured over a 5-year period to the reporting year.

Companies’ transportation emissions per year for the recent past are calculated by multiplying their activity levels by their emissions intensities for each part of their activity mixes. Carbon budgets per year are calculated by multiplying their activity levels by the sector emissions intensities under the Reshape+ scenario (from ITF) for each part of their activity mixes. The cumulative emissions between reporting year and 5 years prior to reporting year are compared to the cumulative budget for the same period.

[Questions on data collection](#)

Q: How is data gathered?

A: Data for the Climate and Energy Benchmark is collected from publicly available sources. These sources include databases and company websites (including sustainability and corporate responsibility reports). For the ACT assessment only, CDP’s disclosure platform is used for asset-level insights where needed. Information from RepRisk and InfluenceMap may be used to inform the narrative assessment.

For the ACT assessment, companies are invited to directly participate in the data validation process by reviewing the data gathered by ACT’s analysts, filling data gaps and providing feedback. For the social assessment, companies are invited to directly participate in the data validation and feedback process by reviewing the data gathered by WBA’s analysts, filling data gaps and providing feedback.