



**ACCELERATE[®]
CLIMATE
TRANSITION**

ACT Framework update *Public consultation*

Thursday 29th August to Friday 20th September 2024

Guidance

- Please **read this document** and **complete the online consultation survey** in response to the proposed updates. Questions listed in this document (in red boxes) correspond to the questions in the online survey.
- The current [ACT Framework \(v1.1\)](#), published in 2019, is referred to as “**ACT FR v1.1**”
- The **updated ACT Framework** that will be published after this consultation, is referred to as “**ACT FR v2.0**” and the current draft is shared during this consultation

Statements related to ACT FR v1.1

Explanation about why there is a proposal for update

Proposed updates for ACT FR v2.0

Changes proposed to be made in ACT FR v2.0

Question to readers

*Expected feedback from readers during the online consultation.
Question number corresponds to the online survey.*



*The online consultation survey
can be found [here](#)*

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Part I

Context around the ACT Framework update

About the ACT initiative

Ensure companies provide themselves with the **means to reach** GHG emissions reduction target they have set



ACT is the pioneer international initiative which had created a climate accountability framework, assessing companies' low-carbon strategies and transition plans in regard to the Paris Agreement goal. ACT also proposes guidance for companies to define and implement their strategy.



Historically funded by



Strategic partnership



> About the ACT initiative

Formally **launched in 2015**, ACT (Assessing low-Carbon Transition) is an initiative that pioneered the **concept of corporate climate transition plans**. The initiative proposes methodologies to analyse companies' climate governance, implementation and engagement strategies, metrics and GHG emissions reduction targets. Positioned as the accountability layer of climate action, the ACT initiative builds on measuring standards, supports reporting practices and has been inspiring most of the transition plans frameworks, regulations and initiatives.

It includes sector-specific, **free and publicly available methodologies**, developed according to a standardised, multi-stakeholder process, and tested by companies. This assessment provides companies with the understanding of where they need to improve to contribute to limiting global emissions and demonstrates their readiness to transition to the low-carbon economy.

In 2024, the initiative has been rebranded to **Accelerate Climate Transition®**, since it now also proposes a methodology to assess companies' **adaptation plans** and a methodology to **support transition planning**.

For more information, visit www.actinitiative.org

> From measurement to accountability

Measurement

First step to reducing environmental impacts. A complete inventory of GHG emissions helps organizations understand their emissions profile and identify opportunities for emissions reduction.

Reporting

Transparent reporting consistent with climate standards is essential to achieving a low-carbon economy. Stakeholders can hold transparent organizations accountable for their performance, and sharing information brings opportunities to collaborate along the value chain.

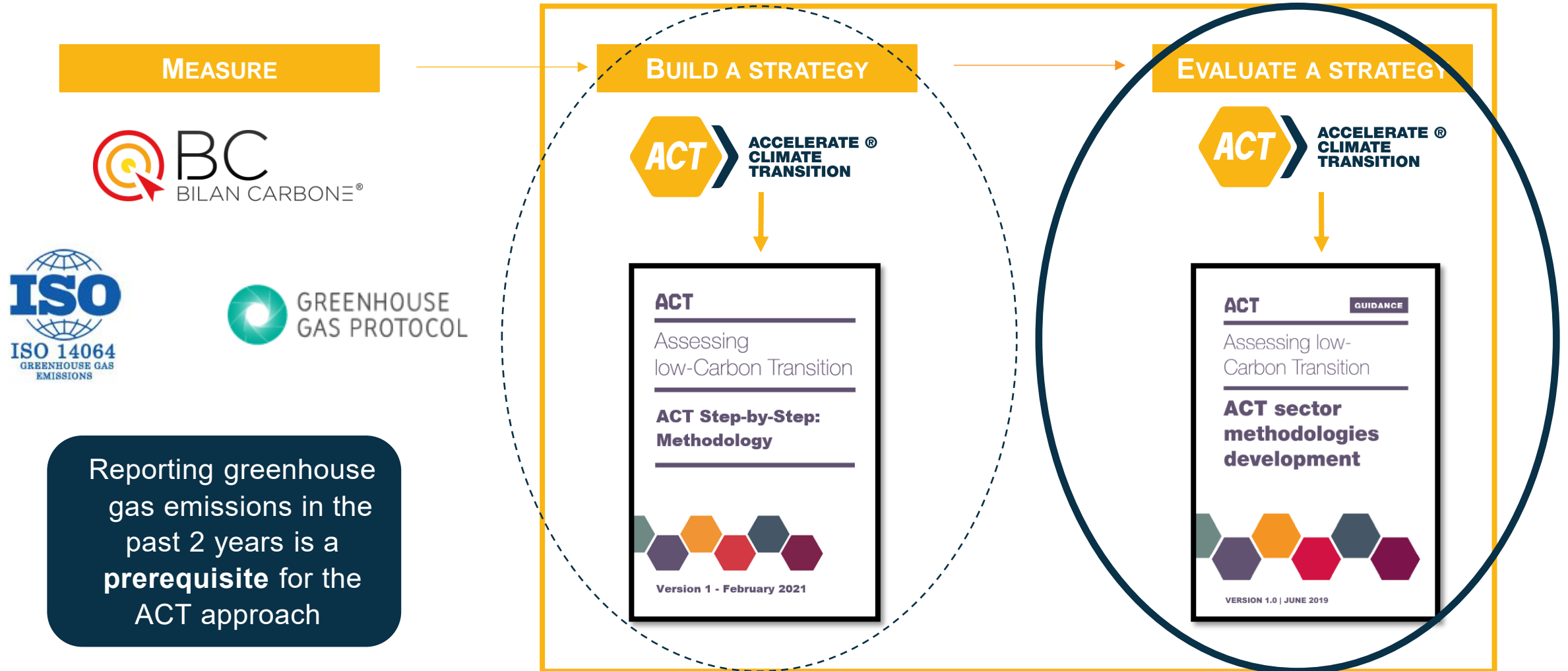
Commitment

Public commitments provide a clear sense of direction to an organization and its stakeholders. Setting science-based targets and defining the appropriate means to achieve them lays out the pathway to meaningful climate action.

Accountability

Accountability is needed to ensure the commitments of companies deliver the low carbon economy. **ACT assessments** use climate scenarios to define the specific level of ambition required for each sector.

Building and assessing low-carbon strategies



ACT initiative coverage (as per 2024)

Climate mitigation



Climate adaptation



Adaptation

Protection of biodiversity



Biodiversity

← Covered by the ACT Framework

Sectoral methodologies

Non sector specific methodologies

Not published yet

ACT Framework purpose

From [ACT FR v1.1 \(2019\)](#):

*The ACT framework consists of an **assessment framework** to outline a **consistent path** and a set of **common rules** for the **development of the methodologies** and an indicator framework to set the basis for identifying the **most relevant indicators** for assessing a business climate impact. ACT methodologies shall use the ACT framework to ensure **consistent application of the ACT principles** to the different sectors and fulfil the need for **consistent accountability** to different stakeholders.*

The ACT Framework:

- Focuses on climate mitigation assessment methodologies (does not consider the ACT Step-by-Step approach and the ACT Adaptation and upcoming ACT Biodiversity methodologies)
- Does not relate to the methodology development and update process – Addressed by the [ACT Guidelines](#)
- Is not a template document

Motivations for update

Main changes in the last 5 years

- Companies' climate transition plans are now defined (CSRD/ESRS, UK TPT, ISSB S2, GFANZ, etc.)
- 1.5°C aligned climate scenarios are available in literature and there is an international consensus to aim for this level of climate ambition, as highlighted by UN High-Level Expert Group (HLEG) recommendations for companies' transition plan
- There is a need for considering regional aspects / factors
- The sectoral coverage of ACT assessment methodologies has widened
- Various performance indicators have enriched the ACT modules
- ACT narrative and trend scorings have deeply evolved
- ACT governance has evolved, WBA being the host of the initiative since June 2022

Part II

Updates to ACT Framework content

Opening remarks

This slides deck aims at **guiding readers** through this public consultation, giving some context about the ACT initiative and the ACT Framework, and providing concise explanation about updated content that is proposed.

Some **key questions** have been identified and listed, to benefit from expertise and opinions from external stakeholders, particularly regarding key and sensitive topics.

Please note that the updated ACT Framework shared for this consultation still contains **some sections** that are **currently being drafted**.

Readers are invited to **provide additional feedback** about the proposed ACT Framework draft, particularly regarding:

- Topics of interest that have not been included yet
- Sections for which significant additions would be required
- Suggestions about useful figures and/or case studies to be added

Update proposal – ACT FR v2.0

Current version v1.1

- 1 Introduction
- 2 Principles
- 3 Scope
- 4 Boundaries
- 5 Framework methodology
- 6 Assessment
- 7 Rating
- 8 Sources
- 9 Glossary
- 10 Appendix



Updated version v2.0

- 1 Introduction
 - 2 Assessment Framework
 - 3 ACT scoring structure
 - 4 Assessing GHG emissions reduction
 - 5 GHG emissions reduction pathways
 - 6 ACT assessment outputs
 - 7 Sources
 - 8 Glossary
 - 9 Appendix
- Main focus of public consultation

Update proposal – ACT FR v2.0

Section	Sub-section	New / Updated elements
2. Assessment Framework	ACT principles	Based on ACT Framework v1.1. – See section 2 p. 6
	Maturity journey: from GHG accounting to ACT assessment	New elements for v2.0
	ACT guiding questions and aligned state	Based on ACT Framework v1.1. – See section 5.1 pp. 11-12
	Matching scope of activities	New elements for v2.0
	Inputs required for an assessment	Based on ACT Framework v1.1. – See section 5.3 pp. 14-16
3. ACT scoring structure	Performance scoring	Based on ACT Framework v1.1. – See section 7.1 pp. 26-27
	Narrative scoring	Based on ACT Framework v1.1. – See section 7.2 pp. 27-30
	Trend scoring	Based on ACT Framework v1.1. – See section 7.3 pp. 31-32
	Assessment of enablers of the transition	New elements for v2.0
	ACT Core	New elements for v2.0
4. Assessing GHG emissions reduction	Frameworks/standards to be used	New elements for v2.0
	Scope 2 emissions / Indirect emissions from imported energy guidance	New elements for v2.0
	Scope 3 emissions / Other indirect emissions guidance	New elements for v2.0
	Carbon offsetting	New elements for v2.0
	Avoided GHG emissions	New elements for v2.0
5. GHG emissions reduction pathways	Matching boundaries of GHG emissions	New elements for v2.0
	Criteria to consider sectoral or global climate scenarios / pathways	New elements for v2.0
	Regional pathways and sectoral transition plans	New elements for v2.0
	Allocation methods: from global/sectoral level to company level	New elements for v2.0
	ACT use of GHG emissions reduction pathways	Based on ACT Framework v1.1. – See 6.3 pp. 23-25
6. ACT assessment outputs	Various uses of ACT sectoral methodologies	New elements for v2.0
	Feedback report	Based on ACT Framework v1.1. – See section 7.4 p. 33
	Third-party verification	New elements for v2.0
	Communication rules	New elements for v2.0

Section 2. Assessment Framework

This section is mainly based on existing content from ACT FR v1.1, including ACT principle, ACT guiding questions, and inputs required for an ACT assessment. More guidance about companies' maturity and scope of activities to be considered for the assessment is proposed.

It is not clear enough from ACT FR v1.1 which companies can be assessed with ACT sectoral methodologies and how to handle cases where they have various activities

Update proposal: Add a two sub-sections

- *Maturity journey* highlighting requirements and recommendations about ACT Step-by-Step approach vs. ACT assessments
- *Matching scope of activities* to clarify how to ensure assessed companies' activities fit within the scope defined in ACT methodologies

Q1: Do you have any comments and suggestions related to section 2.2. Maturity Journey: From GHG Accounting to ACT Assessment?

Q2: Do you have any comments and suggestions related to section 2.4. Matching Scope of Activities?

Section 3. ACT scoring structure

This section is mainly based on existing content from ACT FR v1.1, including setup of ACT performance, narrative, and trend scoring.

ACT FR v1.1 does not include last updates/improvements brought to the ACT performance scoring. Various indicators have been added to ACT methodologies published after ACT FR v1.1

Update proposal: ACT modules summaries are proposed to highlight up-to-date topics considered in ACT methodologies. The list of non sector-specific indicators from ACT Generic methodology is also included, providing an overview of the common basis on which all ACT methodologies rely. More information is given regarding the quantitative and qualitative indicators, and how the performance weighting scheme is set.

Q4: Do you have any suggestion about how to improve the description of the performance scoring (section 3.1)?

Section 3. ACT scoring structure

This section is mainly based on existing content from ACT FR v1.1, including setup of ACT performance, narrative, and trend scoring.

Some of the current ACT module names can be misleading and use language which is not widely recognised.

Update proposal: Although not yet integrated into the ACT FR v2.0 draft, the ACT initiative has proposed to revise the ACT modules names and the allocation of different indicators. The proposal has been designed to be clearer and better align with the language used in other frameworks and transition plan guidance.

See current setup and update proposal on next slide.

Q5: Do you agree with the updated ACT modules proposal and/or do you have any suggestion about how to improve it?

Q6: Would you support a further change to split the existing module 5 into two modules: “Governance” including indicators 5.1, 5.2, and 5.4 and a new module called “Transition Planning” which would include indicators 5.3 and 5.5?

MODULE	Indicator number	Indicator name
TARGETS	1.1	Alignment of scope 1+2 emissions reduction targets
	1.2	Alignment of scope 3 upstream emissions reduction targets
	1.3	Alignment of scope 3 downstream emissions reduction targets
	1.4	Time horizon of targets
	1.5	Achievement of past and present targets
MATERIAL INVESTMENT	2.1	Trend in past scope 1+2 emissions intensity
	2.2	Trend in future scope 1+2 emissions intensity
	2,3	Share of low-carbon CapEx
	2.4	Locked-in emissions
INTANGIBLE INVESTMENT	3.1	R&D in climate change mitigation technologies
	3.2	Company low-carbon patenting activities
SOLD PRODUCT PERFORMANCE	4.1	Product / service-specific interventions
	4.2	Trend in past product / service specific performance
	4.3	Locked-in emissions from sold products
	4.4	Sub-contracted transport service performance
MANAGEMENT	5.1	Oversight of climate change issues
	5.2	Climate change oversight capability
	5.3	Low-carbon transition plan
	5.4	Climate change management incentives
	5.5	Climate change scenario testing
SUPPLIER ENGAGEMENT	6.1	Strategy to influence suppliers to reduce their GHG emissions
	6.2	Activities to influence suppliers to reduce their GHG emissions
CLIENT ENGAGEMENT	7.1	Strategy to influence clients to reduce their GHG emissions
	7.2	Activities to influence clients to reduce their GHG emissions
POLICY ENGAGEMENT	8.1	Company policy on engagement with trade associations
	8.2	Trade associations supported do not have climate-negative activities or positions
	8.3	Position on significant climate policies
	8.4	Collaboration with local public authorities
BUSINESS MODEL	9.1	Revenue from low-carbon products and/or services
	9.2	Changes to business models
	9.3	Share of product/service sales used in client low-carbon products/services



MODULE	Indicator number	Indicator name
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	1.2	Alignment of scope 3 upstream emissions reduction targets
	1.3	Alignment of scope 3 downstream emissions reduction targets
	1.4	Time horizon of targets
	1.5	Achievement of past and present targets
SCOPE 1+2 EMISSIONS	2.1	Trend in past scope 1+2 emissions intensity
	2.2	Trend in future scope 1+2 emissions intensity
	2,3	Locked-in emissions
FINANCIAL PLANNING	3,1	Share of low-carbon CapEx
	3,2	R&D in climate change mitigation technologies
	3,3	Company low-carbon patenting activities
SCOPE 3 EMISSIONS	4.1	Product / service-specific interventions
	4.2	Trend in past product / service specific performance
	4.3	Locked-in emissions from sold products
	4.4	Sub-contracted transport service performance
GOVERNANCE	5.1	Oversight of climate change issues
	5.2	Climate change oversight capability
	5.3	Low-carbon transition plan
	5.4	Climate change management incentives
	5.5	Climate change scenario testing
SUPPLIER ENGAGEMENT	6.1	Strategy to influence suppliers to reduce their GHG emissions
	6.2	Activities to influence suppliers to reduce their GHG emissions
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	8.2	Trade associations supported do not have climate-negative activities or positions
	8.3	Position on significant climate policies
	8.4	Collaboration with local public authorities
PRODUCTS AND SERVICES	9.1	Revenue from low-carbon products and/or services
	9.2	Changes to business models
	9.3	Share of product/service sales used in client low-carbon products/services

Current setup

Proposed setup for update

> Section 3. ACT scoring structure

This section is mainly based on existing content from ACT FR v1.1, including setup of ACT performance, narrative, and trend scoring.

The narrative scoring described in ACT FR v1.1 is quite limited since it is based on a single maturity matrix composed of 4 criteria/questions. This setup does not properly reflect the relative importance of the narrative scoring within the results of an ACT assessment.

Update proposal: The ACT narrative scoring has been revised by the initiative and the updated setup is proposed in v2.0. Alongside existing criteria, a fifth one is considered (Data quality). This setup builds on literature review and brings more questions and expanded guidance to ease assessors' analysis, and therefore reduce the subjectivity behind assessment results.

Q7: Do you agree with the proposed updates to the narrative scoring?

Q8: Do you have any suggestions for how to improve it further?

Q9: Would you support allowing assessors to change the 5 criteria weightings?

> Section 3. ACT scoring structure

This section is mainly based on existing content from ACT FR v1.1, including setup of ACT performance, narrative, and trend scoring.

The trend scoring described in ACT FR v1.1 is quite limited and does not reflect how scores are calculated by users in practice. Even though it has been enhanced thanks to experience accumulated while “roadtesting” the latest ACT methodologies, the current setup still does not properly consider evolution from reporting year to near future to forecast and assess companies’ trend.

Update proposal: The initiative has started working on a significant transformation of the ACT trend scoring, which is not yet fully finalised. It lists key topics to consider, and a common setup based on 4 maturity levels and 3 different current situations to better highlight the trend over time. The proposal also defines how to aggregate all topics to get to the final trend score.

Q10: Do you agree with the proposed setup for trend scoring? Do you have any suggestion about how to further improve it, for instance regarding the list of key topics, the definition of the current situation, etc.?

Section 3. ACT scoring structure

This section also aims to bring together two new important topics:

- Assessment of enablers of the transition
- ACT Core methodology

Various elements of ACT performance scoring do not fit the case of enablers. Typically, GHG emissions performance of such players is assessed using the Absolute Contraction Approach (ACA), which requires absolute GHG emissions to decrease. Due to increasing activity levels, enablers are often expected to see their absolute GHG emissions increase.

Updates proposal: define a set of rules to ensure that enablers are assessed in a relevant way, with the perspective of their contribution to sectoral/global low-carbon transition.

Q11: Do you have any suggestion about how to assess enablers? More specifically, which parts of the ACT performance scoring (indicators/modules) should be adapted/weighted differently/deleted?

Section 4. Assessing GHG emissions reduction

This section is entirely new content and aims at providing recommendations and requirements about GHG accounting, since a large share of ACT performance score results from indicators based on GHG emissions data. Proposed topics are: GHG accounting frameworks/standards to be used, guidance regarding scope 2 and scope 3 emissions, consideration of carbon offsetting and avoided emissions.

ACT FR v1.1 does not provide enough guidance regarding GHG accounting related requirements

Update proposal: highlight the importance of using GHG accounting standards to ensure data robustness, consideration of location- vs. market-based scope 2 emissions, consideration of “mandatory” scope 3 emissions categories to capture/analyse the most important sources of companies’ emissions

Q13: Do you agree with the proposal for quantitative emissions calculations to prefer location-based scope 2 emissions over market-based?

Q14: Do you have any suggestion to improve the current guidance on scope 3 emissions?

Section 4. Assessing GHG emissions reduction

This section is entirely new content and aims at providing recommendations and requirements about GHG accounting, since a large share of ACT performance score results from indicators based on GHG emissions data. Proposed topics are: consideration of carbon offsetting and avoided emissions.

ACT FR v1.1 provides guidance on carbon offsets and avoided emissions but further details/updates may be needed

Update proposal: There is existing guidance on how offsets and avoided emissions are included in ACT assessments. Does this guidance need to be updated to reflect changes since the publication of the ACT FR v1.1.?

Q15: Do you have any suggestions to improve the current guidance on carbon offsets and/or avoided emissions?

Q16: Should the guidance be extended to also include details on how BVCM should be considered in an ACT assessment?

> Section 5. GHG emissions reduction pathways

This section is mainly based on new content and aims at providing recommendations and requirements about the consideration and use of GHG emissions reduction pathways (or more simply “pathways”). Proposed topics are: GHG emissions boundaries, criteria for the use of global/sectoral pathways and regional pathways and sectoral transition plans, allocation methods to define company level pathways, the use of pathways in ACT methodologies.

ACT FR v1.1 does not provide clear guidance and explanation about pathways and the possibility for assessors to use pathways not listed in the ACT assessment methodologies and related tools.

Update proposal: provide clear criteria to ensure assessments are always performed using trusted and sufficiently ambitious pathways.

Q18: Do you have any suggestion to improve the current requirements related to pathways?

Q19: Do you have any comment regarding how ACT uses GHG emissions allocation methods?

> Section 6. ACT assessment outputs

This section is mainly based on new content and aims at clarifying the outputs of an ACT assessment, rules and recommendations regarding verification and communication of results. Proposed topics are: uses of ACT methodologies, feedback report coming with ACT assessments, third-party verification of ACT assessments, and communications rules about ACT scores.

ACT FR v1.1 does not reflect anymore the various uses of ACT methodologies and requirements related to assessments results and communication, which got more demanding along time

Update proposal: Clarify how ACT methodologies can be used, how results and related information should be displayed, and expand on third-party verification of assessments and communication rules of results

Q21: Do you have any suggestion regarding how the results of ACT assessments should be presented?
Q22: Which potential uses of ACT assessment methodologies are not covered in current proposal?
Q23: Are the communication rules clear enough and how could they be improved?



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Thank you for your feedback!

Any questions? Please reach out to
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