

ACT FRAMEWORK

Assessing the transition towards low GHG emissions



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1. Introduction

Over the past 20 years, greenhouse gas (GHG) emissions accounting has gone from being a voluntary practice by organisations mindful of their climate impact to becoming regulatory requirements that include public disclosure. Since the launch of the Science Based Targets initiative (SBTi) in 2015, more than 5,000 companies have set science-based targets, which include more than 3,200 net-zero commitments as of June 2024. The Accelerate Climate Transition (ACT) Initiative – formerly Assessing Low-Carbon Transition – was also launched in 2015, to pioneer the concept and assessment of corporate low-carbon transition plans and actions to hold organisations accountable. Following the pilot phase until 2017 and subsequent development phases until 2022, it has evolved into the most comprehensive assessment framework for real-economy climate strategies and transition plans (1). The ACT Framework aligns with the five principles – ambition, credibility, equity, integrity, transparency – of the United Nations Secretary-General (UNSG) High-Level Expert Group on Net Zero Emissions Commitments (2).

Drawing from the expertise of CDP and the French Agency for Ecological Transition (ADEME), the ACT Initiative adopts a forward-looking, holistic approach to corporate climate accountability and management practices, providing the necessary methodologies and tools ready to deliver actionable insights. The ACT methodologies analyse the ambition levels of companies' strategies to transition and actions against GHG emissions benchmarks and other relevant elements. The World Benchmarking Alliance (WBA), since its first Automotive Benchmark in 2019, has been a key strategic partner in disseminating ACT assessment results and inspiring action towards transitioning to lower GHG emissions globally. In 2022, the stewardship of the ACT Initiative was transferred to WBA.

Despite the increasing number of net-zero commitments and the proliferation of frameworks, global emissions of carbon dioxide (CO₂) and other GHGs, such as methane (CH₄) and nitrous oxide (N₂O), have yet to reach their peak. In the meantime, the consequences of climate change are clear:

The higher the magnitude of climate change, the more dramatic the future impacts will be. The Intergovernmental Panel on Climate Change (IPCC) has clearly highlighted the huge gap in expected impacts between a 2°C and a 1.5°C world (3), the latter being the aspirational target set by the Paris Agreement. Drastic action is required to reduce emissions in this decade to keep the goals of the Paris Agreement in reach. IPCC warns that GHG emissions must peak before 2025 and be reduced by 43% by 2030 to limit warming to 1.5°C with limited overshoot.

The degree of action taken now and in the near term will be a major factor determining the costs of the transition. Considering that the establishment of globally aligned, impactful government regulations is highly unlikely in the near term, companies' initiatives and their voluntary shift towards low-GHG emissions businesses will be key in achieving the required change. The degree of voluntary commitment also provides insights into the overall business commitment to transitioning. The ACT assessment methodologies analyse this commitment by assessing the present efforts and capacity of companies to transition.

Measuring the ability of companies to transition to a low GHG emissions economy requires an understanding of how decarbonisation is embedded in their business strategies. To help companies set decarbonisation targets compatible with well-below 2°C or 1.5°C climate change scenarios, various allocation methods have been developed to define their required contribution to sectoral or global efforts to mitigate GHG emissions.

While these allocation methods give a GHG emissions reduction rate and target, the ACT methodologies employ a holistic approach, taking into account all feasible quantitative and qualitative indicators that provide insight regarding a company's current and future ability to reduce its GHG emissions and maximise its contribution to the low-GHG emissions transition. All individual indicator scores are consolidated into one

overall score, which provides an overall metric of the company's alignment with a low-GHG emissions economy. Ultimately, the goal is to provide companies with specific feedback on their GHG emissions alignment in both the near and long term. Once the outcomes are made public, ACT assessments also become a source of insights to all stakeholders involved in the corporate low GHG emissions transition.

While initially focused on climate mitigation and sectors with high-GHG emissions, the ACT Initiative will address a wider range of topics from 2025 onwards, such as biodiversity, climate adaptation and the financial sector. It is worth noting that, while the framework laid out in this document relates to ACT assessment methodologies specifically dedicated to climate mitigation, the principles and guidance it delivers also inspire other ACT methodologies.

2. ACT Assessment Framework

The ACT Framework, presented in this document, is an assessment framework, which outlines the path for all ACT assessment methodologies dedicated to climate mitigation. It identifies the most relevant indicators for assessing a company's climate impact. ACT assessment methodologies, developed following a sectoral approach, build on the ACT Framework to ensure the consistent application of all ACT principles across different sectors.

The ACT Framework (and consequently the related methodologies) assesses a company's transition to a low-GHG emissions economy. This includes both plans and actions to transition, and the concrete results of these.

ACT assessment methodologies hold companies accountable for their climate impact, by assessing various components of their transition, including:

- ◆ Past and forecast GHG emissions performance
- ◆ Climate goals such as GHG emissions reduction targets
- ◆ Credibility and consistency of transition plans
- ◆ Risks and opportunities

The following sections introduce the ACT assessment principles, the prerequisites companies need to meet, and the required comparison of companies' activities with the scope of activities considered in the ACT assessment methodologies to ensure insightful assessments. It also presents the guiding questions structuring ACT assessments as well as the inputs that are required.

2.1. Assessment principles

Application of principles is fundamental to ensuring that information related to the low-GHG emissions transition is true and fair. These assessment principles, presented in Table 1, are designed to guide an ACT assessment and should be used by assessors to shape their decision-making. The principles cover multiple elements of an assessment, including how data should be selected, how it should be used and what sort of assumptions are justifiable. Application of these principles will allow for improved consistency across ACT assessments.

Table 1: ACT assessment principles

RELEVANCE - The most relevant information should be collected (regarding core business and stakeholders) to inform the various components of the low-GHG emissions transition assessment.

VERIFIABILITY - The data required for the assessment should be verifiable and reflect the overall credibility of the company's transition plan.

AMBITION - The data used for the assessment should reflect the company's contribution to a 1.5°C scenario where possible, or to a well-below 2°C (compared to pre-industrial levels) as the minimum required effort.

CONSERVATIVENESS - Any assumptions that must be used should reflect the company's current performance and should not overestimate progress or improvements if supporting evidence is not available.

CONSISTENCY - Whenever time series data is used, it should be comparable over time.

DIRECTION OVER TIME – The assessment should enable the evaluation of near- and long-term performance, to ensure both immediate impact of company actions as well as the continuity of the overall company strategy and long-term vision.

Note: The Ambition principle builds on the Paris Agreement Goal: “This Agreement [...] aims to strengthen the global response to the threat of climate change [...] by holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels [...]”.

2.2. Prerequisites

True to the maxim, ‘You can’t manage what you don’t measure’, it is essential for companies to establish accurate GHG accounting practices to enable a meaningful ACT assessment. The ACT methodologies require companies’ GHG emissions data for the five years preceding the reporting year, to ensure an insightful trend analysis of past performance. Trends based on shorter time series are highly susceptible to skewing in the case of exceptional years¹. A five-year time series is considered an effective compromise, allowing companies to retrieve the required data. Moreover, any change of methodology or scope of activities in company calculations of GHG emissions could hinder an accurate trend analysis. Companies are therefore encouraged and expected to calculate their GHG emissions for at least the five years leading up to the reporting year in a consistent manner.

¹ The impact of the COVID-19 pandemic on global and private sector emissions is a recent and highly relevant example.

It has become clear that many companies that report their GHG emissions are still nowhere close to having a robust transition plan. For this reason, the ACT Initiative has developed the ACT Step-by-Step (ACT-S) methodology, with the objective of ‘providing guidance and support for companies to prepare, structure and implement their decarbonisation strategies’ (4). The ACT-S methodology proposes a long process, typically lasting 1-1.5 years, enabling the company to develop a robust and credible transition plan and start taking actions to decarbonise its business and value chain.

ACT assessment methodologies dedicated to climate mitigation, covered by the ACT Framework in this document, are more applicable to companies meeting the prerequisites listed in Table 2. Without these prerequisites being met, one can expect poor ACT scores, as is commonly observed in companies assessed solely on public data with limited disclosure (see chapter 6).

Note: The ACT Adaptation methodology (dedicated to climate change adaptation) released in 2023² and the upcoming ACT Biodiversity methodology do not fall within the scope of this ACT Framework.

Table 2: Application of ACT methodologies across company types

ACT methodology	Targeted companies	Prerequisite
ACT Step-by-Step	Climate beginners Small and medium-sized enterprises (SMEs) and mid-cap companies	Complete GHG emissions inventory carried out within the last two years
ACT assessment methodologies	Companies disclosing a transition plan Larger companies	Complete GHG emissions inventories for the last five years Existence of a plan to transition to a low-GHG emissions economy.

2.3. Guiding questions and low-GHG emissions alignment

The ACT Framework introduces five guiding questions as a foundation for the development of ACT assessment methodologies to ensure consistent ACT scores across sectors. These questions, presented in Figure 1, are consistently followed in the development of all ACT assessment methodologies³. They aim to cover the following key points:

- ◆ **Q1: What is the company planning to do?**
Targets are one of the fundamental indicators of companies’ readiness for the transition. Both the ambition and time horizon of targets are important parameters to consider.
- ◆ **Q2: How is the company planning to get there?**
The transition plan should cover both what is under direct control of the company and the aspects that the company can influence indirectly, such as impacts on the value chain, policy or regulations.

² See ACT website [dedicated news](#)

³ An exception has been made for the ACT Finance methodologies (Banking and Investing), due to their sectoral specificities rendering some of the performance modules and indicators irrelevant.

- ◆ **Q3 and Q4: What is the company doing at present? What has the company done in the recent past?**

Past and present actions not only determine how much the company still has to do, but also how credible it is to expect that it will achieve its goal.

- ◆ **Q5: How do all of these plans and actions fit together?**

Consistency between past and current performance of the company, its ambition, targets and dedicated means for the future, helps understand if the company will succeed in being profitable in a low-GHG emissions economy.

Questions 1-4 illustrate the transition of companies to a state that is aligned with a low-GHG emissions economy. Based on the company's disclosed commitment (Q1), ACT assessments highlight the associated means that the company will deploy (Q2) and those that are already in place (Q3, Q4), and subsequently validate the consistency and credibility of the company's transition plan (Q5).

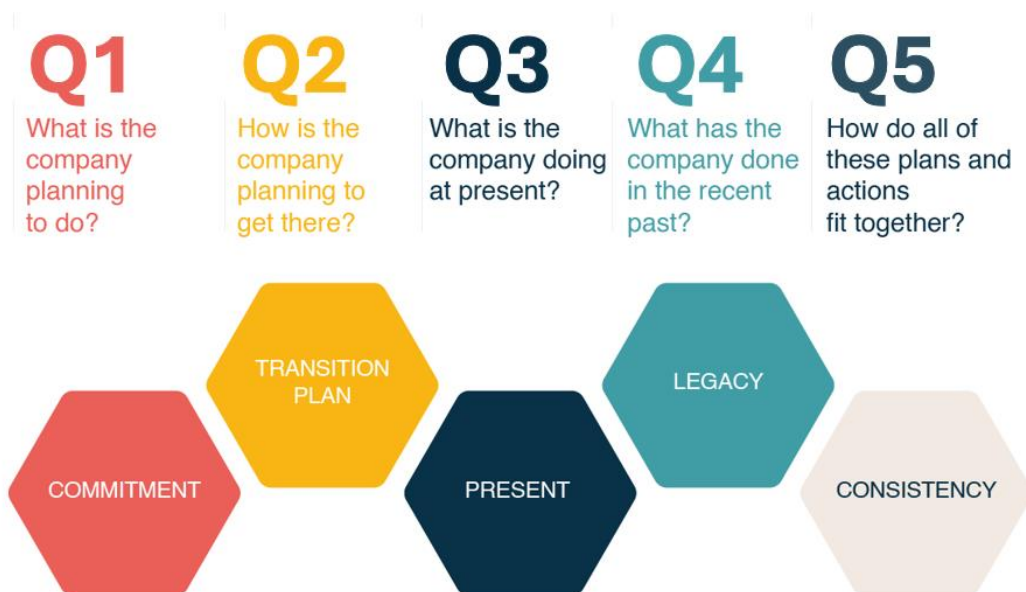


Figure 1: ACT Framework guiding questions

ACT assessment methodologies define an 'aligned state' which broadly provides the answers to these five guiding questions for a typical company that is successfully transitioning to lower GHG emissions. These answers consider sector-specific elements where relevant and reflect the various activities and company profiles that are defined in the ACT assessment methodologies.

2.4. Scope of activities

ACT assessment methodologies are built at the sectoral level, to assess companies that benefit from similar levers to transition to low GHG emissions and/or are part of the same value chain. This sectoral approach enables, amongst other things, building GHG emissions reduction pathways at the company level from a sectoral scenario (see section 5.4).

For each sector covered by the ACT assessment methodologies, the scope of activities that can be assessed and the boundaries of GHG emissions that are considered, first in the performance indicators relying on GHG emissions reduction pathways and second in other places of the methodology, are defined.

Scope of activities

ACT assessment methodologies provide an overview of the sectoral value chain and define the activities that are considered in the assessment. A mapping against internationally acknowledged classifications, such as the Statistical Classification of Economic Activities by the European Commission (NACE codes) (5), the International Standard Industrial Classification of All Economic Activities (ISIC) by the UN Statistics Division (6), and the Activity Classification System (ACS) by the CDP (7), aids the identification of relevant activities. Where relevant, various company profiles are defined to reflect, as best as possible, sub-sectoral specificities and fine-tune the relative importance given to elements embedded in the ACT assessment.

The set of assessment methodologies proposed by the ACT Initiative, evolving over time, does not allow for the assessment of all companies. Many companies do not fall in the scope of sectoral activities covered by the available methodologies. To ensure that as many companies as possible can be assessed, the Initiative has developed an ACT Generic methodology, which does not include sector-specific elements. This generic methodology is based on a flexible structure, owing to a weighting performance scheme that is dependent on the emissions profile of the company. This way, it is possible to assess very different companies using a single methodology.

Some integrated companies cover various sectors, for instance, with different business units controlled by the same group. A [technical note](#) has been released by the ACT Initiative to clarify the rules when dealing with such ‘multi-activity’ companies, regarding the scope, which activities or business units to cover and how to aggregate several ACT scores (8).

In a nutshell, an ACT assessment is conducted on each relevant business unit using the relevant ACT methodology (sectoral or Generic). Relevancy is based on GHG emissions and revenues. Some modules of the ACT performance score (see section 3.1) may be scored directly at group level and feed the business unit assessment (e.g. Module 1: *Target* if a target is set at group level, Module 5: *Management*, Module 8: *Policy engagement*). If deemed relevant, each business unit gets its own narrative and trend score, next to the score at group level. The group’s ACT performance score is a consolidation of the performance scores of the business units, based on their contribution to the group’s total revenue.

2.5. Inputs required

To carry out a company-level assessment, many data points need to be captured, and they can be gathered from various sources. Depending on how the ACT assessment methodologies are used (see section 6.1), they rely on data that is either published publicly or provided on a voluntary basis by companies, in addition to external data sources.

Public data is preferred whenever it can serve an ACT assessment, regardless of the use of the ACT assessment methodologies. Data published by companies is available to any stakeholder – whether or not they are involved in the ACT assessment process – making it easier to verify than internal or confidential documentation.

ACT analyses and scores are based on the consideration of the complete set of information drawn from raw company data or indicators. Indicators may be reported directly by companies or calculated, modelled and derived from various data sources provided by the company. Following the Verifiability principle, preference should be given to data that is verified or verifiable. This is data that is confirmed to be true or capable of being proven true through evidence (see chapter 8). Data sources requested by an ACT methodology may be quantitative or qualitative.

Data collection requirements should be driven by the ACT assessment principles (see [section 2.1](#)) but also by practical considerations. For instance, when deciding between two metrics⁴, it may be necessary to choose one which is more widely adopted within an industry, even if the other is more relevant to the project requirements but less commonly used. Various standards and guidance for calculating and reporting emissions data can be considered, such as those issued by the International Organization for Standardization (ISO) or by industry associations (e.g. the Ipieca for the Oil and Gas industry).

The ACT assessment methodologies list the data that is required to score performance indicators. A mapping against CDP's up-to-date Climate Change sectoral questionnaire is proposed, to ease the data collection process for companies reporting to CDP. The ACT Initiative also provides a mapping of the ACT assessment methodologies with regulatory and voluntary disclosure frameworks (see Appendix 1.1), such as:

- ◆ The European Sustainability Reporting Standards (ESRS) E1 Climate change, which will be used by companies to comply with the EU's Corporate Sustainability Reporting Directive (CSRD)
- ◆ The US Securities and Exchange Commission's (SEC's) Climate Change Disclosure Rules
- ◆ The UK's Transition Plan Taskforce Disclosure Framework

A large share of the data that is required for an ACT assessment is thus easy to access for companies disclosing under one or more of the frameworks mentioned above.

⁴ E.g. grams of CO₂ per passenger times kilometre (gCO₂/p.km) or grams of CO₂ per kilometre (gCO₂/km), for manufacturers of vehicles dedicated to passengers transportation

3. ACT scoring structure

As displayed in Figure 2, the ACT score comprises of three components:

- ◆ A performance score
- ◆ A narrative score
- ◆ A trend score

These components are represented within the ACT score as follows:

- a. Performance score as a number from 0 (lowest) to 20 (highest).
- b. Narrative score as a letter from E (lowest) to A (highest).
- c. Trend score as the symbol '+' for improving, '-' for worsening or '=' for stable.

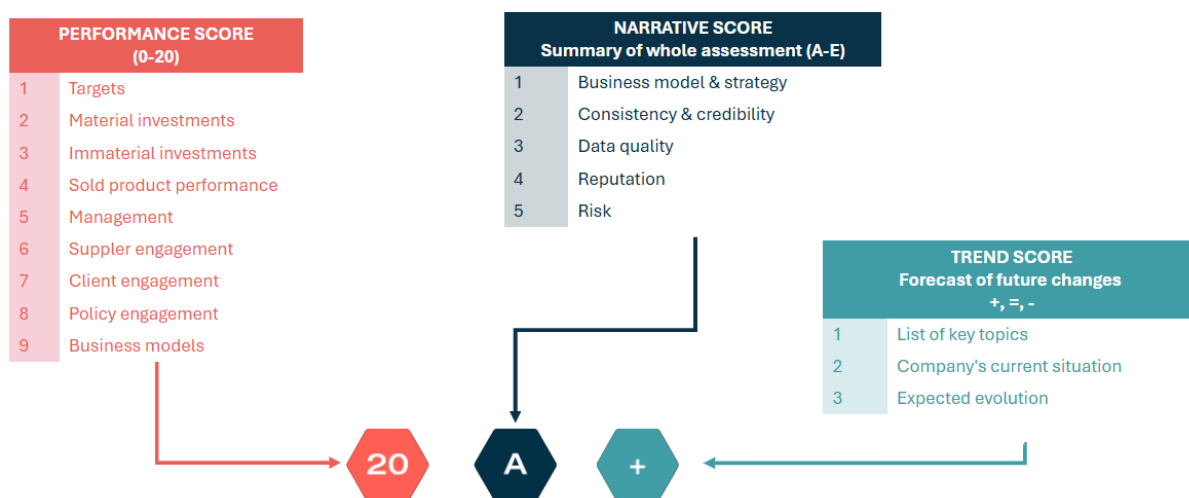


Figure 2: ACT score components

The performance score is a measure of the alignment of the company's transition with sectoral expectations for decarbonisation, and generic elements including governance and engagement strategy aligned with the transition to a low GHG emissions economy.

The narrative score is a qualitative assessment of the overall coherence, completeness and quality of the company's strategy to transition. It complements the performance score by assessing potential risks to the company's transition and its reliability. The narrative score allows the assessor to take a more holistic view of the company's transition and the consistency of its transition plan.

The trend score is a qualitative outlook on the near-term evolution of the company's transition. It uses specific elements of the performance and narrative scores to infer if significant changes are expected to the company's current strategy and resulting performance.

This chapter further presents the set-up of the ACT score components, to allow users to understand how companies are assessed. It also addresses the specific case of transition enablers (see section 3.4) and the ACT Core methodology (see section 3.5).

Note: While this ACT Framework mainly mentions 'low GHG emissions', the following sections may also refer to 'low-carbon' technologies / products / CapEx / R&D etc. The term 'low-carbon' has been used by the ACT Initiative since its launch and still aligns with the vocabulary of various frameworks and standards. However, the ACT Framework does not focus on CO₂ only but considers all relevant GHGs (see Glossary).

3.1. Performance score

Purpose and approach

The performance score measures a company's degree of alignment with a low-GHG emissions economy, using the set of indicators included in the relevant ACT methodology.

The performance score is calculated from the scores given to the company for each of the indicators across the multiple modules included in the relevant ACT methodology. Each indicator score is given as a percentage. The performance score is calculated by aggregating individual indicator scores using the weightings allocated to them (see section 3.1.4). The performance score is a number between 0 and 20, as illustrated in Figure 3.

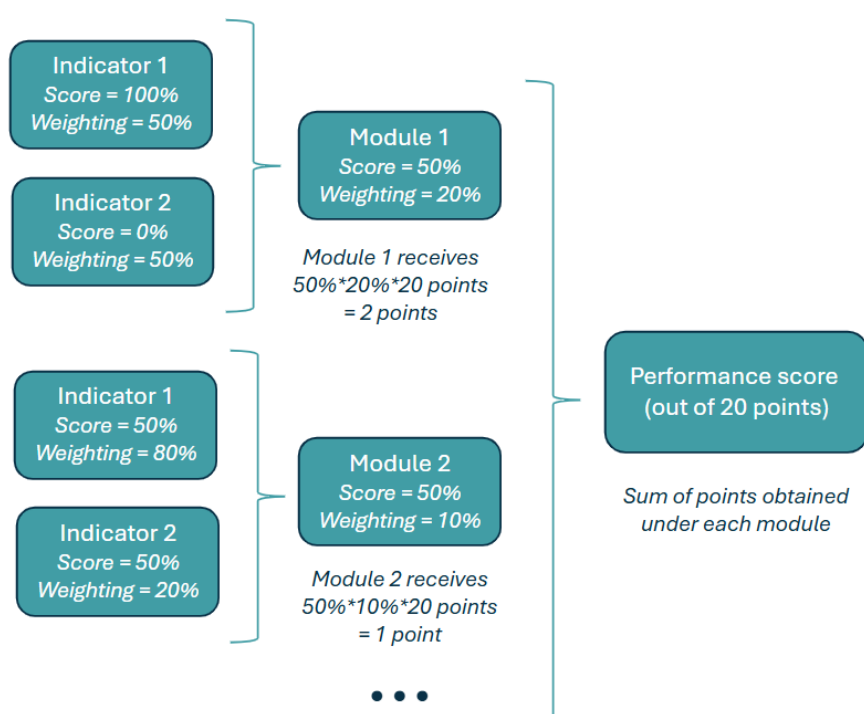


Figure 3: Illustration of the performance score set-up

Guidance to performance scoring

The set of performance indicators and their associated weightings, as well as the associated module weightings, are sector-specific and are presented in the ACT assessment methodologies for the respective sectors.

The data used in performance scoring should reflect, as best as possible, the overall activities of the assessed company and its associated GHG emissions. ACT performance indicators consider, wherever possible, the coverage of the company's actions and plans. This way, companies are incentivised to address all relevant activities in their strategy and cannot get high scores for low-impact actions.

3.1.1. Overview of ACT modules and indicators

The indicators used for the performance scores are split across nine different modules. Table 3 below provides summaries of the topics covered in each module:

Table 3: ACT module summaries

Module number and name		Summary
1	Targets	Assesses companies' commitments to reduce emissions, as these are the north star for navigating the low GHG emissions transition. Targets provide a goal to which companies can align their strategy, business decisions, capital expenditure (CapEx) and research and development (R&D) to deliver emissions reductions. Targets should be 1.5°C-aligned, science-based and include both long-term (net zero, carbon neutrality, pure emissions reduction, etc.) and regular interim targets.
2	Material investment	Assesses companies' actions to reduce scope 1 and 2 emissions from their assets and operations. Most sectors are assessed on trends in past and forecast future scope 1 and 2 emissions, particularly when such emissions represent a large share of companies' total emissions. Comparing CapEx allocated to low-carbon technologies against the total CapEx provides an indication of future emissions reductions, while locked-in direct emissions from companies' assets shows the amount by which companies are likely to exceed their carbon budget and highlights the risk of stranded assets.
3	Intangible investment	Assesses companies' investments in R&D, training and patent development in low-carbon technologies and solutions. Companies in many sectors state that the development of new technologies and solutions is essential for them to transition; this module provides an indication of their level of commitment to developing new technologies and work practices.
4	Sold product performance	Assesses companies' actions to reduce scope 3 emissions from their value chains, contributing to the overall decarbonisation of their products and/or services. Most sectors are assessed on trends in past and forecast future emissions from the products they produce and sell, particularly when such emissions represent a large share of companies' overall emissions. Depending on the sector's specific decarbonisation levers, this module may address companies' efforts to reduce indirect emissions from upstream manufacturing processes and feedstocks, and/or the use-phase emissions of sold products.
5	Management	Assesses whether companies have implemented board-level oversight of climate issues and whether they have relevant expertise and incentives in place to manage their transition to a low-GHG emissions economy. This module assesses the quality of the transition plan and the scenario analysis used to develop it.
6	Supplier engagement	Assesses companies' efforts to decarbonise their supply chains. This module assesses companies' strategies to engage with their suppliers to reduce emissions. It also assesses existing activities, initiatives and

Module number and name		Summary
		partnerships launched by the company to influence and support suppliers to reduce emissions.
7	Client engagement	Assesses companies' engagement strategies to help, influence or otherwise enable clients or customers to reduce their greenhouse gas emissions. It also assesses existing activities, initiatives and partnerships launched by the company to influence clients to reduce emissions.
8	Policy engagement	Assesses how companies influence the policy agenda through their membership of trade associations and lobbying organisations, their engagement with local authorities and their support for/obstruction of climate policies.
9	Business model	Assesses the maturity of the new low-carbon business models that companies need to develop in order to remain profitable in a future low-GHG emissions economy. Companies' future business models should enable them to decouple financial results from GHG emissions, in order to meet the constraints of the transition while continuing to generate value. This module identifies both relevant current business models and those still at a development stage.

Table 4 lists the indicators of the ACT Generic methodology, which has been designed to assess companies that do not fall in the scope of the available sectoral methodologies. These indicators are the common basis on which all ACT assessment methodologies rely. The indicators cover the past, present and future, with, where possible, a stronger emphasis on future orientation.

Table 4: List of indicators from the ACT Generic methodology

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 associations, alliances, coalitions or think tanks
	8.2	Associations, alliances, coalitions or think tanks 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 (*)

(*) Indicator might not apply, depending on the sector that is considered.

In addition to the above, more sector-specific indicators are added to sector-specific ACT assessment methodologies, to reflect important topics against which companies should be assessed for a comprehensive and complete analysis of their transition. These sector-specific indicators are most often included in Module 2: *Material investment*, Module 3: *Intangible investment* and Module 4: *Sold product performance*.

3.1.2. Quantitative indicators

Companies' performance in relation to climate ambition and related strategies is partly assessed through various quantitative indicators, scored using numerical data. Primary examples of these are the indicators relying on GHG emissions reduction pathways, used to assess companies' emissions trends and related targets. Section 5.5 details the main methods deployed in ACT assessment methodologies for calculating these pathways.

Quantitative indicators are not restricted to GHG emissions data alone. ACT assessments also consider:

- ◆ Financial data, including capital expenditure (CapEx), research and development (R&D) and the share of revenues from low-carbon products and services.
- ◆ Activity data, such as share of products and services defined as low-carbon (depending on sectoral definitions and criteria) within companies' portfolios.
- ◆ Any relevant sector-specific data that is identified during methodology development or updating.

Such data is typically analysed considering either trends in time (past and/or future) or ratios. Where possible, global or sectoral benchmarks are used to determine if companies' performance aligns with specific climate ambitions (e.g. 1.5°C pathways).

3.1.3. Qualitative indicators

It is not always possible or relevant to use quantitative metrics and scoring systems to score an indicator. Consequently, ACT assessment methodologies also include qualitative indicators, based on maturity matrices scaled on five levels, from 'Basic' (lowest level) to 'Low-carbon aligned' (highest level). Each level is associated with a score, as highlighted in Table 5.

Some performance indicators are based on maturity matrices with a single question, whereas other indicators are based on multi-question matrices. In the latter case, each question is associated with a weighting which is taken into account to calculate the overall indicator score. Most matrices in the methodology make use of the full five-level matrix structure, although some may only use 2-4 of the available maturity levels. Such maturity matrices are also used for calculating narrative scores.

Table 5: Maturity levels and associated scores used in ACT maturity matrices

Evaluation level	Basic	Standard	Advanced	Next practice	Low-carbon aligned
Score	0	0.25	0.5	0.75	1

The ACT assessment methodologies provide criteria to allow assessors to define the company's maturity level on the considered topic and calculate the score accordingly. Guidance is also available to streamline the assessment where needed, in order to limit subjectivity and potential variations in answers from various assessors.

3.1.4. Module and indicator weighting

Each module and indicator in a methodology has a weighting allocated to it. For the performance scores, the weighting allocated to each indicator and module is determined on a sectoral basis. In general, higher weights are given to questions/issues of greater relevance to the specific sector in achieving a low-GHG emissions transition.

The selection of weights for both the modules and indicators is guided by a set of principles, listed in Table 6:

Table 6: General principles for assigning indicator and module weights

Value of information - The value of the information that an indicator gives about a company's outlook for achieving a low-GHG emissions transition is the primary principle for the selection of weightings.

Future orientation - An ACT assessment intends to show how companies' strategies are aligned with a 1.5°C climate ambition, and how this strategy has and will lead to significant GHG emissions reductions. The assessment places more weight on future-oriented elements since drastic changes are still required to align with 1.5°C pathways. Lower weighted past and present indicators, on the other hand, provide useful information to judge the likelihood, consistency and credibility of the company's transition.

Sensitivity - Indicators that are highly sensitive to expected data quality variations are not assigned a high weighting compared to other indicators, unless there is no other way to measure a particular dimension of the transition.

The following are some examples of indicators that are weighted higher in ACT assessment methodologies to illustrate the weighting principles outlined above in practice:

- ◆ *Share of low-carbon products*, since it provides valuable information about how the company is tailoring its portfolio to the demands of the low-GHG emissions economy.
- ◆ *Locked-in emissions*, since these are future oriented and provide valuable information about the extent to which the company is expected to align its absolute GHG emissions with its emissions budget. This indicator can relate to either emissions from companies' assets and own production, or to emissions resulting from the use of the company's sold products.
- ◆ *Share of low-carbon CapEx*, in assessment methodologies for which a sectoral benchmark is available, since it reflects the sensitivity of collected data and the sectoral expectations against which it can be assessed.

WEIGHTING AT THE MODULE LEVEL

The nine modules of the ACT assessment methodologies are weighted using a top-down approach. Weightings at the module level takes into consideration sector specificities – especially the respective shares of direct, indirect upstream and indirect downstream sources of GHG emissions.

Table 7 provides the range for each module weighting and the specific sectoral considerations required when defining the performance score weighting scheme. Modules that do not reflect sector specificities (i.e. Module 1: *Targets*, Module 5: *Management*, Module 8: *Policy engagement*, Module 9: *Business model*) are given a fixed weighting for all ACT assessment methodologies. Modules that include sector-specific indicators or that are heavily reliant on sector specificities (i.e. Module 2: *Material investment*, Module 3: *Intangible investment*, Module 4: *Sold product performance*, Module 6: *Supplier engagement*, Module 7: *Client engagement*) are not systematically weighted the same from one methodology to another.

Table 7: Ranges and considerations for module weightings

Module number, name, and weighting range			Specific considerations
1	Targets	15%	Weighting of this module is the same for all ACT assessment methodologies, highlighting the importance of GHG emissions reduction targets as the basis on which companies' transition plans should build.
2	Material investment	0-35%	Weighting should reflect the specific importance of emissions arising from companies' own assets and operations (scope 1 and 2 emissions).
3	Intangible investment	0-10%	Weighting should reflect the specific importance of R&D and patenting activities in the sectoral transition to low GHG emissions. It should depend on the sector's reliance on technologies and solutions that are not yet mature or are being improved.
4	Sold product performance	0-35%	Weighting should reflect the specific importance of emissions associated with companies' value chains (scope 3 emissions), considering both upstream and downstream sources.
5	Management	10%	Weighting of this module is the same for all ACT assessment methodologies and reflects the importance of management, whatever the sector, in achieving the low-GHG emissions transition.
6	Supplier engagement	0-20%	Weighting should reflect the specific importance of suppliers and related scope 3 upstream emissions, and therefore the key role of companies in influencing suppliers to lower GHG emissions.
7	Client engagement	0-20%	Weighting should reflect the specific importance of clients and related scope 3 downstream emissions, and therefore the key role of companies in influencing clients or customers to lower GHG emissions.
8	Policy engagement	5%	Weighting of this module is the same for all ACT assessment methodologies and reflects the specific importance of regulation in the low-GHG emissions transition of the sector, and therefore the key role of companies in influencing related policies.
9	Business model	10%	Weighting of this module is the same for all ACT assessment methodologies and reflects the importance of developing new business models to achieve low GHG emissions, as well as terminating high-carbon activities where relevant.

3.2. Narrative score

3.2.1. Purpose and approach

The narrative score takes a holistic view of the company, seeking to make sense and capture the overall meaning of the company information that has been collected. The most important purpose of the narrative score is to evaluate the company's overall readiness to transition to a low-GHG emissions economy and whether there are any gaps or inconsistencies that were not picked up in the performance score. Therefore, the narrative assessment does not rely solely on an analysis of the results of the performance modules, but also information related to the company's business strategy, consistency and credibility, data quality, reputation and risk.

To determine the narrative score, the assessor takes cues from both the company's performance score results and additional narrative criteria by asking a set of guiding questions (see section 2.3). This helps to link information about a company's environmental performance to broader information about the company and the context in which it operates. This holistic assessment of the company is then captured in a story of the company's past, present and future journey.

3.2.2. Guidance to narrative scoring

General narrative scoring process

The narrative scoring process has three steps:

- a. Considering insights from the performance scores and identifying high and low module/indicator scores, in order to highlight areas of strong performance and identify where improvements can be made.
- b. Reviewing available company data, including the data gathered for the performance scoring process, as well as data from other sources, such as annual reports and investment analyses prepared by third parties, external media sources and platforms (e.g. LobbyMap, RepRisk).
- c. Analysing the information gathered through the two previous steps on the basis of the following five criteria:
 - ◆ Business model and strategy
 - ◆ Consistency and credibility
 - ◆ Data quality
 - ◆ Reputation
 - ◆ Risk

The narrative scoring set-up is based on various questions and dedicated maturity matrices for the five narrative criteria listed above. It aims to help the assessor develop a textual commentary, in which the five ACT guiding questions (presented in section 2.3) are addressed, and assign a narrative score ranging from A to E (see further explanation below).

Description of the narrative scoring criteria

To develop the narrative analysis and assign a score, the assessor should review the available company data according to the five criteria described in this section. For each criterion, an overarching question is provided. Specific maturity matrices can be found in Appendix 9.2. In general, the five criteria have equal importance in the analysis. However, there may be certain sectors in which one of the five criteria need to be assigned a

higher weighting than the others due to its importance for that sector. This should be decided in future updates of the assessment methodologies.

I. Business model and strategy

This criterion assesses whether the company is running a profitable business with low-GHG emissions activities and is changing its business model to mitigate climate change and meet the requirements of the low-GHG emissions transition.

Although other uses of the term exist, 'business model' in the narrative scoring context can be thought of as a value-creation model covering the whole company:

'An organisation's system of transforming inputs through its business activities into outputs and outcomes that aims to fulfil the organisation's strategic purposes and create value over the near, medium and long term' (9).

The corporate business model will often be formed from the combination of multiple diverse business models at the business unit level.

'Strategy' is defined in the glossary of this framework as 'a set of resources and objectives established by the company, structured around a number of strategic pillars. It sets out the broad guidelines to be followed over the long term for the company's development.'

In the context of narrative scoring, the term strategy is used to refer both to the future vision of the company and its means to achieve that vision. A company's strategy should comprise a vision of how it will operate successfully in a future low-GHG emissions economy, including the ways in which it will need to transform its business model.

The overarching question the assessor should ask to guide their assessment of this criterion is:

- ◆ **To what extent is the company's organisational business model and strategy aligned or misaligned with the transition to a low-GHG emissions economy?**

II. Consistency and credibility

This criterion relates to the fifth question of the ACT Assessment framework (presented in section 2.3): 'How do all these [company] plans and actions fit together?' Consistency refers to the overall coherence of different elements of the company's strategy and transition plan. For example, if a company's recent actions (such as investing in new natural gas generation capacity) appear to contradict its strategic direction or commitments (such as a plan to phase out fossil fuel assets), this shows inconsistency.

Credibility refers to how believable – or not – the company's ambition and actions towards achieving its low-GHG emissions transition are. For example, if a company's transition plan relies heavily on non-mature technologies, it lacks credibility if the company is not investing significantly in developing these technologies.

Evidence of consistency and credibility may be based on the analysis of the performance score results, as well as any additional external evidence about the company.

The overarching questions the assessor should ask to guide their assessment of this criterion are:

- ◆ **Are there any aspects of the company's strategy and transition plan that are inconsistent with each other or with external information about the company?**
- ◆ **Are there any aspects of the company's strategy and transition plan that are not credible?**

III. Data quality

Data quality can be broadly assessed on six dimensions: accuracy, completeness, consistency, timeliness, uniqueness and validity (10). This criterion evaluates the quality of the data used for the ACT assessment based on the four most relevant dimensions: accuracy, completeness, consistency and validity.

Since the ACT assessment covers more than GHG emissions and targets and also assesses other activities (e.g. engagement strategies, management and business models, R&D), the requirements and relative importance of the data quality dimensions vary depending on the type of data. For example, GHG emissions should be verified by a third party using an accepted standard (based on the CDP list of accepted verification standards (11)) to be considered highly accurate. Meanwhile, data related to low-carbon R&D expenditure, for example, will have a lower quality requirement, since it is not yet common practice to disclose this data. As such, accuracy is somewhat assumed, while completeness takes on greater importance.

The narrative assessment for this criterion should express any significant concerns around data quality. Data quality should be discussed in the ACT assessment outputs, should it be in company's feedback report or any supporting document that is publicly shared (see section 6.2).

The overarching question the assessor should ask to guide their assessment of this criterion is:

- ◆ **Are there any concerns around the quality of the reported data?**

IV. Reputation

The definition of 'reputation' considered in this framework is based on the 2005 definition of corporate reputation offered by Barnett et al.: 'Observers' collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporation over time' (12). For the purpose of an ACT assessment, since successful transition to a low-GHG emissions economy relies on the support and participation of company stakeholders and the preservation of the company's social license to operate, any major reputational concerns, especially in the realm of environmental, financial and governance issues, have the effect of reducing the perceived likelihood of that company's ability to successfully complete its transition. As such, companies with major reputational concerns are penalised in the narrative assessment.

The *Reputation* criterion explores whether there are any serious reported incidents or controversies in the company's recent history that may call into question the credibility of its commitments to the transition or the credibility of the data provided for the ACT assessment, or damage relationships with stakeholders (e.g. financial, labour, value chain and regulatory stakeholders) to the extent that the company's ability to transition to the low-GHG emissions economy is compromised. The assessor should refer to external data from media sources or reputation platforms (e.g. RepRisk) to derive this information. Reputational concerns relating to data credibility are also mentioned in the previous narrative criterion, which discusses the rationale behind data sources.

To decide whether a particular reputational incident (such as an environmental or governance controversy or scandal) should be considered relevant to the assessment, the assessor should use the following principle: the relevance of a reputational incident is a function of the time since the event and the severity of the incident. This means that emphasis should be placed on the most recent and high-severity incidents. High-severity incidents that occurred a long time ago (e.g. 15 or more years ago) may still be relevant to consider, while some lower severity incidents that occurred very recently (e.g. in the last two years) may also be relevant to consider. Minor or occasional breaches of law need not be included, while consistent, systematic rule-breaking should. A rule of thumb to determine whether an incident is severe is whether the company's board became involved (or should have done so), making a public statement or committing to make some concrete change within the organisation.

It is important to note that reputation is a function of familiarity. More newsworthy or high-profile companies will have more written about them, and companies will tend to be more newsworthy if they are consumer-facing. This could be seen to create a bias in the Reputation criterion against high-profile companies, as it will be easier for assessors to find reputational concerns for these companies than for low-profile ones. However, since high-profile companies also face higher scrutiny from key stakeholders, and are more likely to suffer as a result of reputational concerns (through lower willingness of governments to work with them, less investment, etc.), these companies face a higher risk from reputational concerns threatening their ability to successfully transition. It follows that high-profile companies should therefore be more likely to be penalised under the *Reputation* criterion.

The overarching question the assessor should ask to guide their assessment of this criterion is:

- ◆ **Are there any reputational concerns that call into question the company's ability to achieve its transition to a low-GHG emissions economy?**

V. Risk

The ISO 31000:2018 Risk management guidelines define risk as the 'effect of uncertainty on objectives'. It is 'the combination of opportunities, threats and future uncertainty'. As such, risk does not have exclusively negative connotations: 'It can be positive, negative or both, and can address, create or result in opportunities and threats (13).' For the purpose of the ACT assessment, however, only the negative risks facing companies are considered, as these can result in threats or barriers to achieving the low-GHG emissions transition. Risks can be identified over the near, medium or long term.

The focus of the assessment is on transition risks, including the following categories as defined by the Task Force on Climate-Related Financial Disclosures (TCFD): policy and legal risk, legal risk, market risk, reputation risk (14). The physical risks are not considered here.

The overarching question the assessor should ask to guide their assessment of this criterion is:

- ◆ **Are there any existing or potential risks that call into question the company's ability to achieve its low-GHG emissions transition?**

Quantitative approach for narrative scoring based on the five criteria

This section explains the method for assigning a narrative score, with the objective of improving fairness and comparability of scores assigned by different assessors.

The question(s) underlying each criterion (detailed in the previous section) should be assigned a score from 0 to 4 according to the maturity level of the company in relation to that question using the maturity matrix (Basic = 0; Standard = 1; Advanced = 2; Next practice = 3; Low-carbon transition aligned = 4). The final numerical score for each criterion is the average of the scores assigned in response to each of the questions within that criterion.

The final narrative score is the sum of all five criteria scores, given that each narrative criterion is equally weighted. With this approach, the maximum achievable quantitative score is 20 (4 being the maximum score for each of the five narrative criteria).

The final alphabetical narrative score can then be derived according to Table 8.

Table 8: Converting the quantitative score into the final alphabetical narrative score

Alphabetical score	Required quantitative score
A	16 to 20
B	12 to <16
C	8 to <12
D	4 to <8
E	0 to <4

3.3. Trend score

3.3.1. Purpose and approach

The trend score aims to forecast changes in the company's alignment with the low-GHG emissions transition. The assessor should take into account all the available information, looking for strong evidence whether the company's ACT score will – or not⁵ – change in the near future. The assessor should also look at tangible indications of operational changes that might not have been used in other parts of the assessment, for instance, the announcement of the issuance of new governance mechanisms, policies or roadmaps for the near future. Major external factors that have the potential to affect the company's alignment with a low-GHG emissions transition, should be considered when determining the trend score.

3.3.2. Guidance to trend scoring

The trend scoring set-up builds on the following successive steps:

- ◆ Outputs from forward-looking indicators are considered.
 - Each ACT sectoral methodology provides the list of performance indicators that are taken into account in the trend scoring process
 - Specific criteria are defined for each type of indicator:
 - Alignment of targets ambition should be scored at least 100%

⁵ Change in score should not reflect improvement in the company's disclosures, but in elements of its strategy and resulting performance.

- Other quantitative indicators should be scored at least 50%
- Qualitative indicators should be scored at least at the 'Advanced' level
- When the criterion is met, a score of +1 point is rewarded, -1 point otherwise is assigned
- The average score (sum of +1/-1 points divided by the number of indicators considered) gives the following **indicative** trend scores:
 - Average score < -0.5: Strong negative
 - $-0.5 \leq \text{Average score} \leq 0$: Potential negative
 - $0 < \text{Average score} \leq 0.5$: Potential positive
 - Average score > 0.5: Strong positive
- ◆ The assessor decides the **final** trend score based on the following considerations:
 - The indicative trend score resulting from the previous steps
 - The expected changes in future emissions⁶: Is it likely that the company's targets and investment plan will affect the emissions trends?
 - The expected changes in business model and strategy: Is it expected that the company's business model and strategy can encourage a change of direction towards better alignment with the low-GHG emissions transition?

The trend score is either negative (-), neutral/undefined (=) or positive (+).

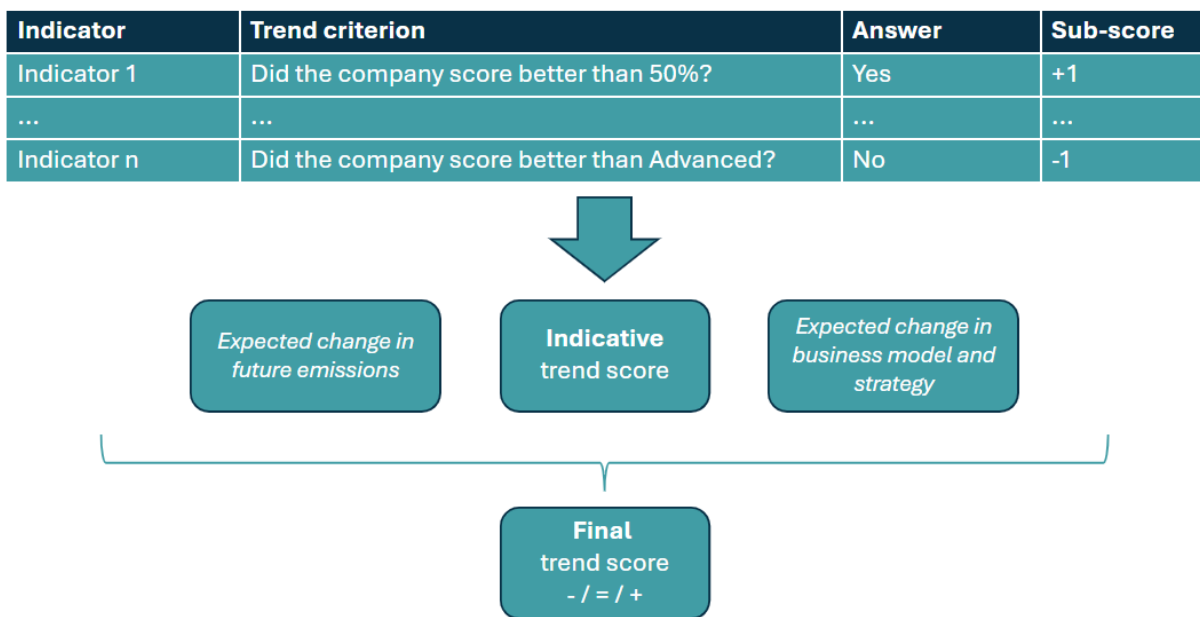


Figure 4: Illustration of the trend scoring set-up

The trend score reflects the evolution from a current situation (the one in which the company is at in the reporting year) to an expected situation in the near term, considering the outputs from the ACT assessment and any relevant external information about the company. In consequence, a company can score - / = / +, whatever its performance and narrative scores.

- ◆ Example 1: The assessed company receives a performance score of 12 and a narrative score of B, highlighting a consistent strategy to transition, and has shown good results in its past emissions trend

⁶ Particular attention should be paid to external factors when analysing the trend in past emissions.

being aligned with a 1.5°C pathway. However, the company plans to commission some high-emissive assets in the next two years to ensure increasing production levels. Such a case can result in a negative (-) trend score, despite relatively high performance and narrative scores.

- ◆ Example 2: The assessed company receives a performance score of 5 and a narrative score of D, highlighting low maturity on many of the topics assessed, such as material investment or sold product performance. However, the company has recently set ambitious GHG emissions reduction targets and plans to release a transition plan in the upcoming year. Such a case can result in a positive (+) trend score, despite relatively low performance and narrative scores.

Note: The ACT Initiative has started working on a new trend score set-up, the foundations of which have been shared during the revision process of this framework. Further work is required to finalise this proposal, which can therefore not be used as yet.

3.4. Assessment of transition enablers

Definition of enablers and enabling activities

The EU taxonomy defines ‘enabling’ economic activities as activities that ‘do not substantially contribute to climate change mitigation through their own performance. Such activities play a crucial role in the decarbonisation of the economy by directly enabling other activities to be carried out at a low carbon level of environmental performance. Technical screening criteria should therefore be established for those economic activities which play an essential role in enabling the target activities to become low-carbon or to lead to greenhouse gas reductions [...]’ (15).

The Glasgow Financial Alliance for Net Zero (GFANZ) defines enablers as ‘assets and entities that indirectly contribute to, but are necessary for, emissions reductions by facilitating the deployment and scaling of Solutions or supporting the decarbonization of other actors’ operations (16).’

The ATP Collective (ATP-Col) defines enablers as companies ‘with activities that support delivering and scaling green activities without having negative impacts on other environmental and social aspects [...]’ (17).

The ACT Framework does not propose its own definition but uses the ones listed above, which align well with each other. The important and common aspect to consider when speaking about enablers and enabling activities are their support of other actors or activities to transition to a low-GHG emissions economy while not having negative environmental or social impacts in other ways.

Typical examples of enabling activities are manufacturing of technologies for low-GHG emissions energy, such as solar panels or wind turbines, operation of infrastructure for low-GHG emissions transportation, transport of CO₂ for carbon capture and storage and/or use technologies, among others. The EU taxonomy proposes an extensive list of enabling activities for climate mitigation and defines the technical screening criteria that need to be met for this classification.

ACT assessment limitations for enablers and enabling activities

It is expected that in many cases, the level of enabling activities will increase in the coming years to respond to global and local demands and allow all companies to transition. A notable example is the production of renewable energy technologies, such as solar panels and wind turbines, the demand for which is expected to rise in response to the significant projected increase in global installed capacity (18). Even with continuous progress in the environmental performance of enablers and enabling activities, resulting in decreasing

emissions intensities related to production (e.g. gCO₂/kWh of delivered power capacity), absolute emissions arising from such actors and activities are likely to increase.

It is therefore important to clearly distinguish the near- and long-term priorities for enablers and enabling activities. While such actors and activities may focus on helping other actors to decarbonise their activities in the short term, the decarbonisation of enabling activities themselves is expected to take place later, i.e. in the long term.

As a result, some parts of the ACT assessment are not suitable for enablers and enabling activities. Typically, assessing GHG emissions targets, ambition and trends over time using absolute emissions through the ACA allocation method (see section 5.4), would result in very low or even null scores for enablers and enabling activities on dedicated performance indicators. This is problematic and lacks adequate fairness, as these actors and activities provide solutions for others to transition to a low-GHG emissions economy, and their absolute emissions are likely to be much smaller than the emissions reductions they in turn facilitate in other parts of the economy. Consequently, some adaptation of the ACT scoring set-up is needed to properly assess enablers and enabling activities, without penalising them in a scoring set-up that does not fit their case.

Consideration of enablers and enabling activities in ACT assessments

In practice, a binary classification of enablers vs. other companies is challenging, considering that companies can have both enabling activities and transitional activities, with different respective shares of such activities. To keep ACT assessments practical, a binary approach is proposed:

- ◆ A particular set-up is proposed for companies with a large majority of enabling activities.
- ◆ The existing set-up is to be used otherwise.

Such an approach is also motivated by the fact that companies with a large majority of transitional activities and a minority of enabling activities are rewarded in various parts of the ACT scoring scheme (see chapter 3), such as Module 9: *Business model* or the narrative score (the *Business model and strategy* and *Consistency and credibility* criteria).

Fine-tuning the ACT scoring set-up to assess enablers and enabling activities

It is expected that the large majority of enablers and enabling activities will be assessed using the ACT Generic methodology (see sections 2.4 and 3.1), since they do not fit the scope of methodologies that are sector specific.

The large majority of the ACT performance, narrative and trend scoring set-ups can be applied to enablers and enabling activities. However, some adjustments are needed to the performance scoring set-up when it comes to assessing GHG emissions and related targets, particularly in the near term. This can be done by applying one or several of the solutions listed below, regarding enablers' own operations and activities:

- ◆ Not considering near-term GHG emissions targets, lowering the weighting given to them compared to long-term targets, or assessing them in a quantitative way, without considering ambition but rather emissions coverage.
- ◆ Qualitatively assessing the past and future trends in GHG emissions intensities, to ensure it has not and/or is not expected to increase.

Note: The ACT Initiative is still working on developing a scoring set-up dedicated to enablers and enabling activities, considering external feedback received during the ACT Framework revision process. The final set-

up will be shared in an updated version of this framework, once properly tested, fully developed and implemented.

3.5. ACT Core methodology

More and more companies are now reporting the development of transition plans aligned with the goal of limiting global warming to 1.5°C, a trend expected to increase with the help of frameworks such as the Corporate Sustainability Reporting Directive (CSRD), the Glasgow Financial Alliance for Net Zero (GFANZ), the High-Level Expert Group on Sustainable Finance (HLEG) and the Transition Plan Taskforce (TPT). The CSRD alone will affect around 50,000 companies in the EU and their entire value chains.

As corporate climate disclosures grow in both number and scope, there will be a rising demand for a scalable solution to assess the credibility of these transition plans. Financial institutions are increasingly interested in assessing the credibility of corporate transition plans to align their portfolios with net-zero targets and improve capital allocation to the green transition. For such institutions, having assessments of transition plan credibility over large portfolios of companies is crucial. In response to this, several methodologies to classify corporate transitions are being proposed, such as the Navigating Corporate Transitions tool by the Climate Bonds Initiative (CBI).

Progress on corporate disclosure, mandatory legislation and interest from the capital market are all aligning to enable and support the closer scrutiny of corporate transition plans. That said, assessing these plans at scale remains challenging. This is particularly true under the ACT sectoral methodologies. Although they enable assessors to thoroughly evaluate the credibility of a company's transition plan within the specific context of the sector in which the company operates, ACT assessment methodologies are hard to scale across a large number of companies in the context of public-only, fragmented and heterogeneous corporate disclosure (see how assessment methodologies can be used in section 6.1). Information required for assessing indicators used in the ACT assessment methodologies is, more often than not, absent in corporate disclosure or is provided in ways that require additional analysis before scoring.

The main objective of the ACT Core methodology is to allow for the credibility assessment of corporate transition plans at scale – meaning that the assessment is more aligned with the realities of corporate disclosure and can be carried out across a larger number of companies and sectors. The main challenge is to strike the delicate balance between indicators that can be easily assessed based on the fragmented and heterogeneous nature of public disclosures, without being so broad that the specific sectoral context in which the company operates is overlooked. Two main strategies will be followed to potentially achieve this balance.

- ◆ Reducing the number of indicators/dimensions from the ACT assessment methodologies that map to the essential requirements from the main existing frameworks for evaluating transition plans.
- ◆ Increasing the flexibility of ACT assessments in evaluating GHG emissions targets and absolute GHG emissions trends.

The first strategy will be guided by restricting the analysis to the most pertinent indicators in measuring the company's credibility in transitioning to a low-GHG emissions economy, following recommendations about 'net zero transition plans' (19), as well as making the indicators as sector-independent as possible so they can be cross-applicable. The second strategy refers specifically to the need for not imposing predefined units of emissions intensity for the evaluation of target alignment, emissions trend alignment and related dimensions.

From corporate disclosures it is clear that GHG emissions intensity targets and reporting are not always preferred by companies, implying the need to undertake conversions and risk associated errors. Instead of scoring companies against a benchmark that largely reflects a predefined global trajectory, the ACT Core

methodology will evaluate companies based on a trajectory determined by the remaining GHG emissions/carbon budget allocated to their sector. This allocation will consider each company's past mitigation efforts and its capacity to reduce GHG emissions.

The ACT Core methodology is currently under development. It is scheduled to be issued by the Initiative in 2025. The methodology will serve as a complement to the existing ACT sectoral methodologies, fulfilling different purposes and having distinct strengths. ACT Core will address the need for scalability in assessing transition plans (e.g. for financial institutions). In addition, the methodology will allow to:

- more easily undertake cross-regional/cross-sectoral insights by leveraging a large company sample,
- introduce ACT assessment to industries beyond those for which sectoral methodologies exist,
- be more reactive to updates in knowledge on transition planning.

With this, the ACT Initiative will be well positioned to respond to the growing demand for evaluating the credibility of transition plans. Remaining true to the ACT principles of evaluating company performance in addition to adequate levels of disclosure, ACT Core will leverage the work of other initiatives, such as CDP's credible transition plan elements that define the minimum disclosure expectations for a credible transition plan and GRI's disclosure framework that requires companies to report data on transition plans. Finally, because each ACT sectoral methodology has been co-developed with the relevant industries, ACT Core will leverage this important sectoral knowledge to evaluate the credibility of transition plans for many high-impact industries.

4. Assessing GHG emissions reduction

Companies started using GHG emissions accounting exercises back in the early 2000s, notably owing to the publication of the first version of the Greenhouse Gas (GHG) Protocol. Since then, global knowledge and guidance has expanded and some countries and regions have set regulatory frameworks requiring companies to regularly report their GHG emissions (20). Reporting practices are, however, not homogeneous worldwide, and comparing various companies, even within the same sector, is not always an easy and insightful task.

This chapter provides guidance and requirements to ensure ACT assessments are properly conducted and provide outputs that can be comparable for different companies and from one industry to another. It builds on existing frameworks and work from knowledgeable institutions, detailing:

- ◆ which standards should be used to properly calculate and report GHG emissions,
- ◆ guidance about how to address scope 2 and scope 3 emissions in ACT assessments,
- ◆ how carbon offsetting, beyond value chain mitigation (BVCM) and avoided emissions are considered in ACT assessments.

4.1. Frameworks and standards to be used

Measurement is the first step towards holding the private sector accountable and reducing environmental impacts. To this end, it is important that companies disclose their GHG emissions inventory in a clear and comprehensive way. It is also necessary to ensure that all companies use comparable GHG accounting rules. In practice, despite the efforts of existing GHG accounting standards setters, these documents are still interpreted and implemented differently from one company to another.

Various standards can be used by companies to streamline their GHG accounting. The two main international voluntary schemes are:

- ◆ The ISO 14064-1 standard from the International Organization for Standardization (ISO), recognised by national standardisation bodies over the world, and its technical specifications ISO 14064-4 with additional implementation guidance.
- ◆ The GHG Protocol from the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), which provides more detailed guidance and best practices for GHG accounting.

Some national and local schemes are also available, such as the Bilan Carbone® in France, the China Corporate Energy Conservation and GHG Management Programme in China, the Programa Gases Efecto Invernadero (GEI) in Mexico, etc. For clear, comprehensive and comparable reporting, it is highly recommended that companies use national or local schemes that are based on the two international standards mentioned above.

Disclosure of GHG emissions from investments and joint ventures will depend on the reporting approaches chosen by the company (operational control, financial control or equity share approach). Equity share is favoured in ACT assessments since it takes into account the percentage of a company's share in all its activities.

4.2. Scope 2 or Indirect emissions from imported energy

Indirect GHG emissions from imported energy, as used in the ISO 14064 standard, correspond to scope 2 emissions from the GHG Protocol. These GHG emissions are related to purchased electricity, steam, heating and cooling, and can represent a significant share of emissions in companies' GHG inventories.

Two different approaches have been developed to calculate GHG emissions related to purchased electricity (21):

- ◆ The location-based approach, reflecting average emissions intensity of grids on which energy consumption occurs. The chosen emissions intensity should best characterise the grid from which the company sources its electricity, which could be attributed to either local, regional or national level.
- ◆ The market-based approach, reflecting emissions from electricity that companies have purposefully chosen (or their lack of choice). This approach highlights contractual instruments linking companies with specific generation resources.

Since the location-based and market-based approaches do not reflect the same elements and lead to different estimations of GHG emissions from purchased electricity, various frameworks now require entities to report both values in their GHG inventory. This is the case for the European Sustainability Reporting Standard (ESRS) E1 Climate Change. The International Financial Reporting Standard (IFRS) S2 Climate-related Disclosures, on the other hand, requires companies to follow a location-based approach and additionally 'provide information about any contractual instruments'. The GHG Protocol states that 'companies with any operations in markets providing product or supplier-specific data in the form of contractual instruments (...) shall report scope 2 according to a location-based method and a market-based method'.

Consequently, companies are expected to disclose the GHG emissions from purchased electricity in their GHG inventory using both location-based and market-based approaches. For practical reasons, ACT quantitative performance indicators assessing scope 1 and 2 emissions and related targets are scored only once, meaning that one approach is preferred. Some recent studies have shown that using a market-based approach can lead to a significant overestimation of GHG emissions reduction, due to contractual instruments' unproven contribution to additional renewable electricity production (22). Correspondingly, the ACT quantitative performance indicators related to scope 1 and 2 emissions reduction pathways should be scored based on GHG emissions from purchased electricity calculated using a location-based approach.

It is still important to reward companies using contractual instruments with additionality⁷, with the perspective of making an active choice to purchase renewable energy. To do so, ACT assessment methodologies include a dedicated performance indicator that rewards the additional use of energy attribute certificates (EACs) and corporate power purchase agreements (CPPAs) with additionality. This indicator is included for sectors where scope 2 emissions account for a significant proportion of total GHG emissions, i.e. for companies with electricity-intensive activities or production.

⁷ 'A criterion for assessing whether a project has resulted in GHG emission reductions or removals in addition to what would have occurred in its absence. This is an important criterion when the goal of the project is to offset emissions elsewhere' (51).

4.3. Scope 3 or Other indirect emissions

Besides the scope 1 (direct GHG emissions from sources that a company owns or controls) and scope 2 (indirect emissions from purchased electricity, steam, heat and cooling – see previous section), the GHG Protocol refers to scope 3 emissions which cover all other indirect sources of emissions. Scope 3 emissions are divided into 15 categories, eight dedicated to upstream emissions and seven to downstream emissions (23). The ISO 14064 standard defines four categories of indirect GHG emissions corresponding to the GHG Protocol's scope 3 emissions – those from transportation, from products used by an organisation, from the use of products by the organisation and from other sources (24).

Calculating scope 3 emissions is often much more complex and time-consuming than calculating scope 1 and 2 emissions, due to the various sources of indirect GHG emissions associated with companies' value chains. The GHG Protocol provides a set of principles to guide companies in identifying relevant scope 3 categories to focus on. The first principle is the size of scope 3 activities and related emissions, meaning that companies should be able to estimate which sources of indirect GHG emissions represent the major share of their anticipated overall GHG emissions.

CDP has published an analysis of GHG emissions distribution among companies' value chains for 'high-impact' sectors, based on data disclosed by companies reporting to CDP's Climate Change questionnaire (25). The analysis indicates that for the vast majority of sectors covered, scope 3 emissions represent at least half of companies' overall GHG emissions, underlying the importance of standardised and consistent GHG inventories including relevant scope 3 categories. The analysis also highlights which scope 3 categories represent the largest shares. A similar study from the Association of Southeast Asian Nations (ASEAN) provides identical information (26).

Assessors should refer to such relevant sectoral guidance to understand which sources of indirect GHG emissions must be included in companies' GHG inventories when calculating their scope 3 emissions. ACT assessment methodologies also provide some sectoral context and supporting information to ensure that emissions coverage is considered when assessing indicators dedicated to scope 3 emissions and related targets.

Note: Assessors should pay attention to the organisational boundary and consolidation approach chosen by the company as this could have an important impact on the breakdown of direct and indirect emissions.

4.4. Carbon credits and offsets

Carbon credits are instruments used to convey the mitigation outcome of an intervention to reduce or remove GHG emissions. These credits are usually measured in tonnes of carbon dioxide equivalent (tCO₂e) and can be issued for projects that avoid, reduce or remove emissions (27), where generally one credit is equivalent to one tonne of CO₂e. When a company purchases carbon credits from outside its value chain, which are then used as a substitute for abating emissions within its value chain, this is known as offsetting. In some cases, an organisation may generate its own credits and use this to substitute emissions reductions within its value chain – this is known as insetting.

Carbon credits were designed with the intention of both facilitating mitigation, particularly for hard-to-abate sectors and residual emissions, and allowing for the transfer of finance from the global north to the global south. However, there is evidence that various types of credits have proven ineffective in delivering their intended mitigation (28).

According to international standards such as the European Product Environmental Footprint and Organisation Environmental Footprint, ISO 14064-1, ISO 14067, WBCSD/WRI's GHG Protocol, carbon credits shall not be included in GHG accounting, but may be reported separately as 'additional environmental information'. In line with the 'mitigation hierarchy', carbon credits should not be used in place of avoiding or reducing emissions.

Therefore, the use of carbon credits is not considered in the quantitative indicators of ACT assessments based on GHG emissions reduction pathways (i.e. within Module 1: *Targets*, Module 2: *Material investment* and Module 4: *Sold product performance*). It is, however, important that companies setting 'net-zero GHG emissions' targets (or using similar wording, such as carbon neutrality) clearly quantify their reliance on carbon offsets, to compensate for eventual residual emissions. If this information is not available, net-zero GHG emissions targets are not assessed nor rewarded.

However, a company's use of carbon credits may be considered in the narrative scoring of the ACT assessment, as additional information that helps to better understand the decarbonisation strategy of a company. Carbon credits should only be utilised in line with the following three principles outlined by CDP (29). These principles build on those of the Voluntary Carbon Markets Integrity Initiative (VCMI):

- ◆ They should only be used where ambitious emissions reductions have been prioritised, such as through setting science-based, 1.5°C-aligned emissions reduction targets that are on track to be achieved.
- ◆ The purchased credits should be of high quality. Either they should be CCP-approved⁸, or if CCP-approved credits are not available then organisations should demonstrate their due diligence in line with the ten core carbon principles outlined by the Integrity Council for the Voluntary Carbon Market (ICVCM) (30).
- ◆ The credits should be accounted for with credibility and transparency to ensure that their use can be tracked and assessed and issues of double counting can be avoided, such as in line with steps 3 and 4 of the VCMI Monitoring, Reporting and Assurance (MRA) Framework₍₃₁₎.

If a company has fulfilled these three principles, its use of carbon credits can be positively reflected in the *Consistency and credibility* criterion of the narrative score. In addition, transparent and detailed reporting of its use of carbon credits can be accounted for in the *Data quality* criterion. However, if a company is using carbon credits in a way that is inconsistent with the three principles, this should reflect poorly on the company in the *Consistency and credibility* criterion. Additionally, if there is evidence that a company is purchasing credits that are not of sufficient quality (in line with the ten ICVCM principles), this should be considered a reputational risk and accounted for in the *Reputation* criterion.

4.5. Beyond value chain mitigation

Beyond value chain mitigation (BVCM) is defined as 'mitigation action or investments that fall outside a company's value chain, including activities that avoid or reduce greenhouse gases (GHG), or remove and store GHGs from the atmosphere' (32). BVCM represents an opportunity for a company to take action outside of its value chain to mitigate GHG emissions in addition to its actions and targets to reduce its scope 1, 2 and 3 emissions. Through BVCM, organisations can increase their resilience to the climate and nature crisis and allow for future transition opportunities. BVCM also has the potential to increase the flow of finance to climate

⁸ Core Carbon Principles (CCP)-approved credits are those issued by crediting programmes that have been evaluated by the ICVCM as being in line with its core carbon principles and assessment framework.

solutions that require further development and research to scale up. These actions are additional to companies' actions to mitigate their own emissions and should not replace or come at the expense of these reductions.

BVCM actions should not be accounted for within the company's emissions accounting. They are therefore excluded from the quantitative indicators in the ACT assessment. However, a company's BVCM actions can be considered in its narrative score. When considering a company's BVCM actions, an assessor should be guided by the four principles for BVCM outlined by the Science Based Targets Initiative (SBTi) (33):

- ◆ Scale – should aim to maximise mitigation outcomes
- ◆ Financing Need – should focus on underfinanced mitigation
- ◆ Co-Benefits – Should support the UN Sustainable Development Goals
- ◆ Climate Justice – should address inequality.

Alongside these principles, the assessor should consider how transparently the company is reporting its BVCM investment and should consider the scale of the investment in relation to the company's size. If a company is investing significantly in BVCM actions that are aligned with the four principles, this can be positively reflected in the *Consistency and credibility* criterion of the company's narrative score.

4.6. Avoided GHG emissions

According to the latest amendment to ISO 14064-1, an avoided GHG emission represents the estimated difference in life cycle GHG emissions arising from a scenario with a solution⁹ compared to a reference scenario without the solution, when reference scenario emissions are higher. For companies, avoided emissions happen outside their organisational boundaries and are considered at the aggregate level. In general, avoided GHG emissions due to sold products are generated because of the involvement of several actors other than the reporting company that sells the products (e.g. energy saving equipment, insulation products, recycled materials).

At this point in time, it is not possible to quantitatively assess avoided GHG emissions in a rigorous and standardised way within the ACT performance score. This is because:

- ◆ calculating avoided GHG emissions is a tricky exercise relying on many parameters and external factors,
- ◆ perfect prediction of the impact(s) of these parameters and factors is impossible,
- ◆ there is currently no internationally recognised and standardised accounting methodology that companies can refer to¹⁰.

However, where relevant, an indicator related to enabling activities can be integrated within Module 9: *Business model* of the company's performance score, this way including business models related to products that contribute to another sector's low-GHG emissions transition in the assessment of the company.

Even though inclusion of avoided GHG emissions is not considered appropriate for quantitative performance indicators, the indicator assessing changes to business models shows, to an extent, how companies can facilitate their clients' emissions reductions by providing alternative products or services. The framework also

⁹ The solution can be a good, a service, a policy, a project or an innovation. It can lead to actual reductions in emissions or simply less emissions than would happen without the solution.

¹⁰ Though some guidance has been proposed by the World Business Council for Sustainable Development (WBCSD) (48)

proposes to adapt ACT assessments for transition enablers (see section 3.4) to better consider the importance of such activities and related business models within the assessments.

It is also possible to integrate company estimations and communications on avoided GHG emissions within the narrative score. Assessors can, for instance, inform the *Consistency and credibility* criterion assessment by judging the purpose and motivation behind any communication related to avoided GHG emissions, or inform the *Data quality* criterion assessment based on the level of detail accompanying the methodology and hypotheses behind avoided GHG emissions calculations.

More details on how avoided GHG emissions are considered in ACT assessment methodologies are available in a dedicated [position paper](#). (34)

5. GHG emissions reduction pathways

A key element of a company's transition to a low-GHG emissions economy is its actions and capacity to reduce GHG emissions over time, while remaining profitable. To assess the ambition of a company's GHG emissions reductions, ACT assessment methodologies use GHG emissions reduction pathways, favouring those aligned with the goal of limiting global warming to 1.5°C (see section 2.1).

A GHG emissions reduction pathway, in this ACT Framework, is a forecast of the evolution of GHG emissions, expressed either as absolute emissions or emissions intensity, resulting from the hypotheses and assumptions of a climate scenario, over time from a base year to an end point (typically 2050). In this chapter, GHG emissions reduction pathways are simply referred to as 'pathways'.

This chapter provides some guidance to ensure that the GHG emissions boundaries considered in ACT assessments match those of the pathways companies are assessed against, and allow for assessors using either global or regional/local pathways that are not listed in the ACT assessment methodologies. It also details how companies' pathways are derived from either global or regional/local pathways, and how these pathways are used in various performance indicators.

5.1. GHG emissions boundaries

ACT assessment methodologies are built at the sectoral level, as far as possible, to allow for comparable assessments of companies that face similar transition challenges and can use similar levers to initiate and deploy their transition plans. This sectoral approach enables pathways at the company level to be constructed from sectoral scenario(s) (see section 5.4). For each sector covered by the ACT assessment methodologies, the scope of activities that can be assessed and the GHG emissions boundaries are defined.

GHG emissions boundaries

ACT assessment methodologies provide an overview of the typical distribution of sectoral GHG emissions along the value chain. This highlights the main sources and types of sectoral GHGs and helps identify the priorities for companies between direct and indirect (upstream and downstream) GHG emissions categories, in line with the Relevance principle of the ACT assessment (see section 2.1).

GHG emissions boundaries are defined to clearly highlight which sources of GHG emissions are considered in the performance indicators. One can distinguish:

- ◆ Sources of GHG emissions that are considered in the indicators based on pathways
- ◆ Sources of GHG emissions that are considered in other indicators, typically qualitative assessments (e.g. within Module 6: *Supplier engagement* and Module 7: *Client engagement*)
- ◆ Sources of GHG emissions that are not considered since they are not relevant to the sector

5.2. Criteria for sectoral or global climate scenarios and pathways

ACT assessment methodologies include a set of performance indicators related to past and forecast performance of the company's GHG emissions and GHG emissions reduction targets (see section 3.0). These indicators use pathways which stem from climate scenarios and are used as a common benchmark to assess (and potentially compare) companies from a specific sector. These scenarios set the minimum ambition companies are expected to align with; they are not a definitive path to decarbonisation for companies but represent one example among many.

Where possible, the ACT assessment methodologies refer to pathways that are already available and have been published by trusted organisations. Since its launch, the ACT Initiative has relied on pathways available in climate-related literature, the number and ambition of which have continuously increased in the years following the Paris Agreement¹¹. As per the updated ACT assessment principles (listed in section 2.1), the focus is now on a 1.5°C climate ambition.

Some scenarios include specific milestones, particularly for key and hard-to-abate sectors, such as energy production, some heavy industries or transportation. For example, various scenarios consider the phasing out of coal-fired electricity or the phasing out of internal combustion engine (ICE) vehicles. Such elements are also included in ACT assessment methodologies.

The ACT Initiative allows for the use of climate scenarios and related pathways that are not identified in the ACT assessment methodologies, as long as they follow the criteria listed below¹²:

- ◆ Climate/temperature ambition – should be 1.5°C where possible, or well-below 2°C as a minimum level of ambition where no 1.5°C sectoral pathway is available
- ◆ Probability associated with temperature ambition – should typically be 50% or higher
- ◆ Temperature profile over time – should show no temperature overshoot
- ◆ Importance of CO₂ capture and removal – should show limited reliance on 'negative emissions', especially arising from uncertain technologies¹³
- ◆ Up-to-date GHG emissions budget – time gap between the scenario base year and the reporting year considered for the assessment should not be more than two years

It is crucial that the chosen climate scenarios and pathways have been published by a reputable institution, to guarantee their transparency and credibility. Additionally, it is important to check that such materials have not been subject to potential conflicts of interest during their development, while it is acknowledged that having companies and/or industry associations involved is generally beneficial for ensuring technical credibility.

The Glasgow Financial Alliance for Net Zero (GFANZ) has defined a useful pathway framework which includes three pillars that help to understand the nature, outputs and usability of pathways: scope and ambition, underlying assumptions, and credibility and feasibility (35). The criteria listed above relate to ambition. The other two pillars including the following considerations:

¹¹ The ACT Framework v1.1 released in 2019 focused on the 'well-below 2°C' climate ambition, with which most scenarios aligned at the time.

¹² The OECD has also proposed 'more' or 'less' stringent criteria for selecting global scenarios consistent with the Paris Agreement's mitigation related objectives. (50)

¹³ The International Institute for Sustainable Development (IISD) has underlined the high uncertainties around carbon dioxide removal (CDR) and carbon capture and storage (CCS) technologies, considering feeble current deployment after various decades of research and development (49).

- ◆ Underlying assumptions: socioeconomic/policy, energy demand and supply, technology, production/demand, investments
- ◆ Credibility and feasibility: aim of the scenario, development peer-review, validation processes, stakeholders involved

Similar work has been done by other institutions, such as the Assessing Companies Transition Plans Collective (ATP-Col) (17), the International Energy Agency (IEA) (36) and the Investor Group on Climate Change (IGCC) (37). These resources constitute useful guidance that can help with choosing or validating the choice of climate scenario(s) used for an ACT assessment.

The NewClimate Institute has recently proposed a climate scenario repository (38). It is expected that such libraries will gain in number in upcoming years, easing the identification of global and sectoral pathways that can be used to assess companies' corporate accountability on climate-related topics.

5.3. Regional pathways and sectoral transition plans

Where possible, ACT assessments should consider the regional/local contexts where the company operates, to better highlight the company's performance in the context of national policies and objectives as well as the external dependencies linked to regional/local contexts.

According to the International Monetary Fund (IMF) and the World Bank, a credible transition plan should be grounded in a credible sectoral plan or taxonomy. Consensus is emerging on principles by which to select appropriate scenarios to inform sectoral transition plans, such as limited carbon budgets, temperature overshoot and carbon sequestration assumptions. A recent report by the Organisation for Economic Co-operation and Development (OECD) sets out criteria for Paris-compliance as scenarios that aim for 1.5°C with no or limited overshoot, maintain a high likelihood of staying below 2°C, reach peak emissions early and achieve net-zero GHG emissions. The report also provides a perspective on the feasibility of a scenario's policy-related, socio-economic and particularly its technological assumptions, like an overreliance on uncertain technologies or resources.

Each company's circumstances are different, but if its implementation strategy does not align, at least at a high level, with what is set out in the recognised sectoral transition plan most relevant to its situation, this is an indication that its transition plan is likely not credible.

Therefore, the use of sectoral pathways (ideally Sectoral Transition Plans) is recommended, where available, adapted to the local context to be more reflective of the circumstances of the particular region in which an organisation is located and can be more readily compared against its transition plan and decarbonisation levers. The regional sectoral pathways should meet the same criteria (see section 5.2) as those listed for global sectoral pathways, but with local considerations relating to their feasibility.

Note that, so far, nationally determined contributions (NDCs) are not all compatible with the Paris Agreement ambition, neither do they provide the relevant granularity to be used for such an assessment. The UN Framework Convention on Climate Change (UNFCCC) Secretariat reported in 2023 that only 168 Parties to the Paris Agreement (out of 195) have published their NDCs, which set the countries' climate ambitions (39).

Without an internationally agreed and adopted set of principles or standards for sectoral and regional transition plan credibility, such as the European standard prEN 18074 *Industrial decarbonization - Requirements and guidelines for sectoral transition plans* from the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC), there is as yet no independent verification or certification process to provide credibility for regional and sectoral pathways.

5.4. Allocation methods: from global or sectoral to company level

ACT assessments rely on pathways defined at the company level, showing the expected decrease in GHG emissions over time for the company. The key question to answer is by how much the company needs to reduce its emissions to contribute to the targeted global climate mitigation effort?

Various GHG emissions allocation methods, defined as ‘science-based’ since they build on global GHG budgets, have been developed to derive a company’s pathway from either a global or sectoral pathway (see previous sections). Of these, two different types of allocation methods can be considered: convergence of emissions implying that all actors are expected to reach the same final level of performance, or contraction of emissions implying a common rate at which emissions are expected to decrease.

Three kinds of emissions-related metrics can be used in assessments, depending on the allocation method:

- ◆ Absolute emissions, particularly suited to the contraction method
- ◆ Emissions intensities based on physical activity, compatible with both convergence and contraction methods
- ◆ Emissions intensities based on economic activity, particularly suited to the contraction method

Among the available allocation methods, ACT assessment methodologies only consider the Sectoral Decarbonisation Approach (SDA) and the Absolute Contraction Approach (ACA), both developed by the Science-Based Targets initiative (SBTi) (40).

The SDA fits well with the sectoral approach adopted by the ACT Initiative. It allows for assessing companies within homogeneous sectors, using a common GHG emissions intensity metric (based on physical activity). One of the underlying hypothesis of this allocation method is the convergence of all actors within a sector to a common emissions intensity performance, usually by 2050. The starting points for sectoral pathways are defined by the sectoral carbon/GHG budget and activity level at the base year of the considered climate scenario. Typical examples are the scenarios released by the International Energy Agency (IEA), the latest one being the Net Zero Emissions (NZE) by 2050 Scenario (18). The SDA allocation method can also be applied to regional/local pathways.

The ACA is a less granular approach, based on contraction of absolute emissions. It simply considers the global carbon/GHG budget and a linear emissions decrease rate. One of the underlying hypothesis of this allocation method is that the same effort is required by all actors. The ACA is used in ACT assessment methodologies either for heterogeneous sectors, for which it is not possible or relevant to define a common GHG emissions intensity metric, or for sectors for which no specific pathway has been developed.

The ACT Initiative has detailed its position, in a [technical note](#), about the available GHG emissions allocation methods and the reasons behind its choice of currently only using the SDA and ACA (41).

5.5. ACT use of GHG emissions reduction pathways

Some quantitative indicators (see section 3.1.2) rely on pathways to assess the company against a specific climate ambition. These indicators relate to the following:

- ◆ Ambition of the GHG emissions reduction targets set by the company
- ◆ Past and future trends in emissions resulting from the company’s activities
- ◆ Locked-in emissions from either the company’s assets or sold products (where relevant)

Figure 5 displays a company's pathway derived from a sectoral pathway, starting from the company's emissions performance in the reporting year and converging at the targeted sectoral emissions performance in 2050 according to the SDA allocation method (see section 5.4).

- ◆ **The gap analysis** is used to assess the company's commitment, comparing the ambition of its target(s) with its pathway (commitment gap) and the forecast future trend in emissions (action gap).
- ◆ **The trend analysis** is used to assess the past trend in emissions, comparing the company's historic emissions (over the five years preceding the reporting year) and the near-term emissions trend (over the five years following the reporting year).

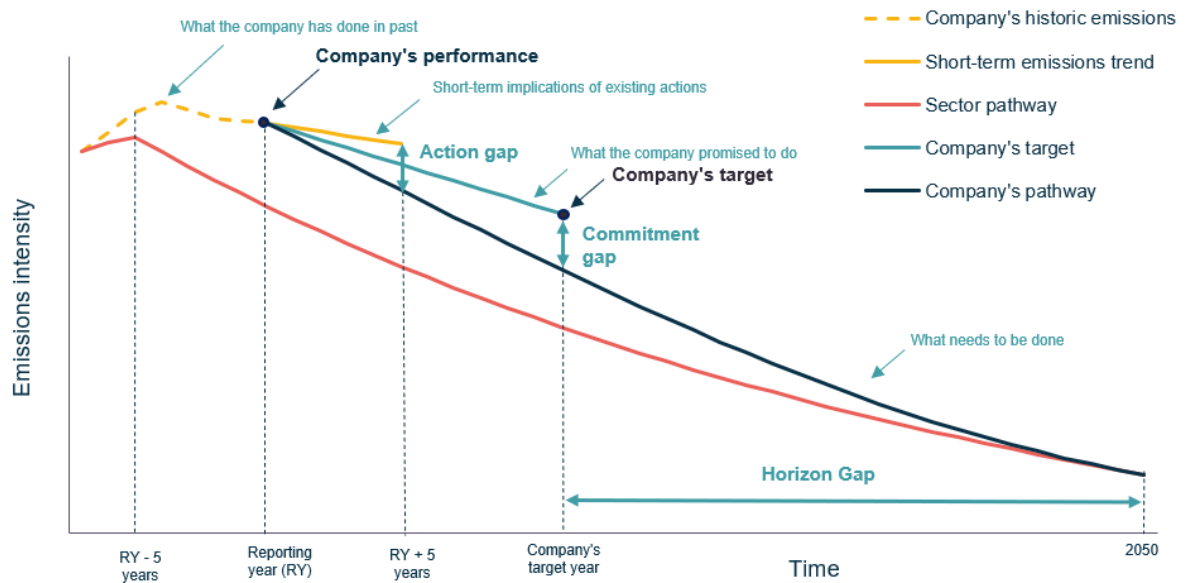


Figure 5: Illustration of the concepts underlying company climate performance

The horizon gap is also used to assess how forward-looking the company's transition strategy is. Both near-term and long-term targets are incentivised, to ensure immediate action as well as long-term thinking and vision towards a future low-GHG emissions economy.

ACT assessment methodologies also include, depending on the relevancy to the considered sector, indicators assessing the locked-in emissions from a company's assets or (use of) sold products. In both cases, the product of emissions intensities with the level of activity provides:

- ◆ Locked-in emissions considering the forecast future emissions performance of the company
- ◆ Carbon/GHG emissions budget considering the emissions intensity as expected by the company's pathway

The indicator then compares the locked-in emissions with the carbon/GHG emissions over a time span consistent with the lifetime of the company's assets or sold products, as illustrated in Figure 6.

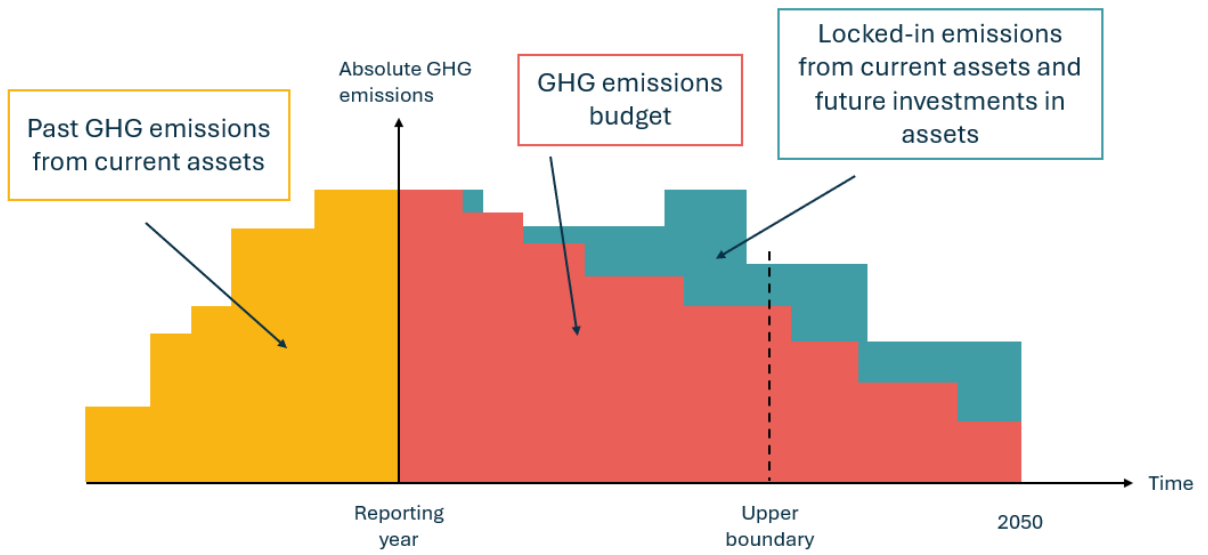


Figure 6: Illustration of the concept of locked-in emissions

6. ACT assessment outputs

This chapter illustrates the purposes for which ACT assessment methodologies can be used, involving different stakeholders depending on the case. It also details the content of the feedback report, one of the main outputs that accompanies the assessment results. Guidance and recommendations are provided regarding third-party verification of assessments and communication of the results. Finally, some useful resources by the ACT Initiative are listed.

6.1. Uses of ACT assessment methodologies

ACT assessment methodologies can be used to assess companies for various purposes (see Table 9), implying different contexts and levels of involvement of the assessed company in the process.

- ◆ The first case relates to an ACT assessment requested by the company itself, to identify how it performs and areas for improvement to strengthen its strategy. The assessment can be run either internally by competent departments (e.g. the sustainability department), or by a contracted organisation (e.g. consultancies) involving assessors trained in ACT assessment methodologies. In this case, the company is involved throughout the process and contributes greatly to the data collection phase, providing the assessor with data that fits the methodology requirements as best as possible.
- ◆ The second case relates to ACT assessments requested by financial institutions. ACT assessment methodologies can serve as a basis for discussing companies' strategies and providing relevant outputs to inform the decision-making of institutions financing the private sector. Typically, financing can be conditioned by commitments and progress made by companies on identified areas for improvement highlighted by an ACT assessment. Moreover, public bodies, agencies or organisations can request an ACT assessment for companies to unlock access to grants and partnerships (for example, agencies like ADEME).
- ◆ The third case relates to ACT assessments based on public data, run by a third-party organisation. In such a case, the company is not directly involved in the data collection process. The assessing organisation may try to engage with the assessed company, notably to cross-check data that has been collected through public disclosures. Current examples of this (as of 2024) are:
 - Assessments for the Climate and Energy Benchmark by the World Benchmarking Alliance (WBA), aiming at ranking companies to incentivise actions and better their performance.
 - Assessments informing annual general meetings of companies submitting their 'Say On Climate'¹⁴, run by the Forum pour l'Investissement Responsable (FIR) in collaboration with ADEME (French Agency for the Ecological Transition), Ethos and WBA

¹⁴ 'Say on Climate' is a shareholder vote on a company's climate strategy (52).

Table 9: Uses of ACT assessment methodologies

Case	Entity requesting/running the ACT assessment	Assessed company involved in data collection	Assessed company involved in assessment process
1	Assessed company	Yes	Yes
2	Financial institutions	Can be	Can be
3	Third-party (e.g. non for profit organisation)	No	Can be (e.g. for data validation)

The ACT Initiative has published a ‘Categorization framework’, aiming to ‘leverage the ACT assessment methodologies, that provide an in-depth assessment of strengths and weaknesses of a company’s transition plans and propose a categorization framework providing a clear signal on a company’s situation. While this doesn’t diminish the value of performing relative assessments, either for a company from one assessment to another or for a company vs. its sector, this paper [categorization framework] ambitions to address the long-term question of “what is a good ACT score?” (42).’

Keeping in mind the core performance modules and the proposed thresholds for the three ACT score components, the following categories are proposed:

- ◆ Companies transitioning in a credible and robust way
- ◆ Companies partially satisfactory on one or two of the following aspects:
 - ‘Committed’ companies that are ambitious enough but have not yet demonstrated the required performance
 - ‘Performing’ companies that currently demonstrate a good GHG emissions trajectory but have not provided aligned ambitions
- ◆ Companies not transitioning in a credible and robust way

This categorisation provides clear elements to the assessed company to firstly understand and secondly communicate its assessment result. It can also be helpful to other stakeholders, such as financial institutions, who can decide to unlock financing depending on how the assessed company is categorised.

6.2. Feedback report

Companies requesting an ACT assessment receive a feedback report containing all the relevant results of their ACT assessment. This way, the company is informed about the key learnings from its assessment and benefits from a condensed document that can be easily shared with relevant stakeholders. The feedback report includes the following elements:

a. Performance, narrative and trend scores: The results for the three components of the ACT score (performance, narrative and trend) – see chapter 3 – are communicated in the report. The score results should present, at the least, a visual examination at the module level. Additional transparency on the indicator level may be given at the discretion of the assessors.

b. Commentary: This is a textual explanation of the company’s performance, narrative and trend score results, focusing on the main shortcomings identified in the company analysis resulting in a lower score. It

should also provide pointers and leads for near-term improvements. Moreover, the commentary should be written in such a way that it can be used as a standalone report by the organisation without the need for further presentation.

c. Scoring highlights: Depending on the level of detail in the ACT assessment, each feedback report should contain relevant visual representations of (groups of) important indicators. These examples may be similar for all companies in a particular sector, or they may be tailored to the organisation to make the feedback report more bespoke.

The feedback report should include more details on each indicator's score to address the priority areas of action for each company. The confidential information explicitly indicated by companies should not be included in the feedback report. The ACT Initiative provides a report template to users with a license (see section 6.5).

For assessments based on public data, the person or organisation in charge of the assessment is responsible for publishing the results and learnings in a clear and comprehensive way. Current examples are the company scorecards published by the WBA for its Climate and Energy Benchmark (43), or those published by the Forum pour l'Investissement Responsable (FIR) for companies submitting their Say on Climate (44).

6.3. Third-party verification

Third-party verification allows for checking if ACT assessments duly follow the rules and criteria set by the assessment methodologies and the principles set in this ACT Framework (see section 2.1). It also ensures that proper datasets are collected and used, providing information about the strategy of the assessed company as best as possible.¹⁵

Having ACT assessments reviewed by a third party contributes to the credibility of the results that are obtained and communicated, and more broadly to the credibility of the ACT Initiative. It can also enable a better understanding of the assessment process and results for all involved stakeholders.

Typical steps of a third-party review are:

- ◆ Ensure the required data has been provided by the assessed company.
- ◆ Ensure the methodology is properly applied, for instance, check consistency between collected data, calculations and results for quantitative indicators.
- ◆ Ensure all results are easily understandable and properly justified.

The ACT Initiative highly recommends that:

- ◆ Companies requesting an ACT assessment include a third-party review, especially if they intend to communicate the results of the assessment to external stakeholders or publicly.
- ◆ The person or organisation in charge of the assessments based on public data (see section 6.11) sets, at the least, an internal process mimicking the third-party review described above.
- ◆ External stakeholders using public data in order to score and rank companies follow, at the least, a peer-review process. This is primordial to ensuring consistency between ACT assessments and thus comparability of scores and other outputs.

¹⁵ This is directly inspired from the 'Critical review' section of the ISO Standard 14040:2006 Environmental management — Life cycle assessment — Principles and framework

6.4. Communication rules

Results of ACT assessments¹⁶ have to be accompanied by the following elements at a minimum:

- ◆ Name of the person and/or organisation in charge of the assessment
- ◆ Identification of the assessed company
- ◆ Reporting year considered for the assessment
- ◆ Year in which the assessment is carried out
- ◆ Reporting boundary and scope of activities considered
- ◆ Geographic scope considered for the assessment
- ◆ Climate scenario(s) and associated GHG emissions reduction pathway(s) – set either at global or sectoral level (see section 5.2) – alongside the level of climate ambition (e.g. well-below 2°C, 1.5°C). The choice of the scenario(s)/pathway(s) has to be clearly documented and justified (e.g. listed in the ACT methodology used for the assessment), particularly when various options are available.
- ◆ Metrics, assumptions and decisions used for the assessment
- ◆ Identification of the third-party reviewer and delivered analysis, where necessary (see section 6.3)

Depending on the purpose of the exercise and the stakeholders involved (see section 6.1), the results of an ACT assessment may or may not be publicly published. For instance, companies requesting their own ACT assessment can either keep the results private and use them to strengthen their strategy to transition, or make the results public to also inform stakeholders. Similarly, financial institutions informing their decision-making processes with ACT assessments may or not want to publicly share their due diligence. Whether ACT assessment results are made public or not, the elements mentioned above are required to be made available, to inform any interested stakeholder (including the assessed company itself) about the context of the assessment as best as possible.

To shed light on the performance modules or indicators for which the company does not score any points, the assessors are required to distinguish between cases where no data is available or provided and cases where the company's performance is too poor to score. This way, stakeholders can easily understand:

- ◆ which data/information the company has not been able/willing to provide (in the case of a requested assessment),
- ◆ which elements are lacking in the company's disclosure (in the case of assessments based on public data),
- ◆ which elements assessed by the ACT assessment methodologies are not included in the company's strategy.

In order to optimise reporting efforts, it is highly recommended to store both data used as inputs for the assessment and resulting outputs in a format that aligns and can serve regulatory frameworks, such as the EU's Corporate Sustainability Reporting Directive (CSRD), the EU's Corporate Sustainability Due Diligence Directive (CSDDD), the UK's Financial Conduct Authority (FCA) Handbook, Japan's Corporate Governance Code, etc. More examples of regulatory frameworks are provided by Oxford Net Zero (45).

These recommendations also apply to global frameworks, such as the Net-Zero Data Public Utility (NZDPU) set by the Climate Data Steering Committee (CDSC), which aims to support the UN's climate ambition and

¹⁶ Including a feedback report (see section 6.2)

objectives (46); the IFRS S2 Climate-related Disclosures standard set by the International Sustainability Standards Board (ISSB) (47); or the framework for components of real-economy transition plans from the Glasgow Financial Alliance for Net Zero (GFANZ) (1) – see mapping of ACT with these frameworks in Appendix 1.1.

6.5. Resources provided by the ACT initiative

This ACT Framework and the related ACT assessment methodologies are publicly available through the [ACT Initiative website](#), as are the other methodologies¹⁷ issued by the Initiative (ACT Step-by-Step, ACT Adaptation). Other resources provided by the Initiative include:

- ◆ A **scoring tool**¹⁸, covering all ACT assessment methodologies.
- ◆ A **data collection questionnaire** (fine-tuned for each ACT sectoral methodology), which can help assessors in gathering data before starting the scoring steps. This might be particularly useful when the assessed company is involved in the process.
- ◆ A **feedback report template**, for providing standardised feedback to companies requesting an assessment (see section 6.1).
- ◆ An **analyst guide**, providing additional information and guidance drawn from the test phase of some sectoral assessment methodologies.

Stakeholders are free to develop their own tools and assessment outputs, as long as the assessment process and communication rules described in this ACT Framework are respected.

¹⁷ Accessible [online](#)

¹⁸ Accessible [online](#)

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8. Glossary

ACT	The ACT Initiative, founded by ADEME in partnership with CDP in 2015, is now hosted by the World Benchmarking Alliance (WBA). It has been the pioneer international initiative creating a business climate accountability framework with sectoral methodologies to assess companies' strategies and transition plans. Formally launched at COP21, the ACT Initiative has published various methodologies over the last years, including the ACT assessment methodologies related to this ACT Framework for assessing corporate low-GHG emissions transition and adaptation plans. ACT has been renamed Accelerate Climate Transition Initiative in 2024 (ACT website).
Action gap	In relation to emissions performance, the action gap is the difference between a company's actions, past and current, and what it still has to do. For example, companies that have done relatively little in the past and have current actions that point to the continuation of past practices, will have large action gaps.
Activity data	Quantitative or numeric data on the activity of the company resulting in emissions or removals during a given period.
ADEME	Agence de la Transition Ecologique; The French Agency for Ecological Transition (ADEME webpage).
Alignment	An ACT assessment generates a score to illustrate how a company's transition aligns with a low-GHG emissions economy. Some performance indicators provide a metric of the alignment of a company with its 1.5°C (GHG emissions reduction) pathway.
Assess	Under the ACT Initiative, this means to evaluate and determine the low-GHG emissions alignment of a given company. The ACT assessment and performance scoring are based on a range of indicators. Data required for the assessment may be reported directly by companies or collected, calculated, modelled or otherwise derived from different data sources provided by the company.
Assessor	Person undertaking and scoring the ACT assessment.
Asset	Resource owned by a company which has value because of its ability to generate revenues, cash and profits through time. Tangible assets include: 1) fixed assets, such as machinery and buildings, and 2) current assets, such as inventory. Intangible assets are non-physical, such as patents, trademarks, copyrights, goodwill and brand value.
Base year	According to the GHG Protocol and ISO14064-1, a base year is 'a historic datum (a specific year or an average over multiple years) against which a company's

	emissions are tracked over time'. Setting a base year is an essential GHG accounting step that a company must take to be able to observe trends in its emissions performance (GHG Protocol Corporate Standard).
Benchmark	Standard, pathway or point of reference against which things may be compared. This ACT Framework considers quantitative benchmarks for GHG emissions reduction pathways, as well as for other relevant metrics, such as the share of low-carbon products in the company's portfolio.
Board	Also the 'board of directors' or 'executive board'; group of persons appointed with the joint responsibility for directing and overseeing the affairs of a company.
Business model	Company's core strategy for generating value. It includes sources of revenue, the intended client base, products and details of financing. Under the ACT methodologies, evidence of existing and new business models should be taken from a range of specific financial and other metrics relevant to the sector and an assessment made on their alignment with the low-GHG emissions transition.
Capital expenditure (CapEx)	Money spent by a company on acquiring or maintaining fixed assets, such as land, buildings and equipment.
Carbon capture and storage (CCS)	Process of trapping carbon dioxide (CO ₂) produced by burning fossil fuels or other chemical or biological processes and storing it in such a way that it cannot contribute to climate warming.
Carbon credits	Instruments used to convey the mitigation outcome of an intervention to reduce or remove GHG emissions. These credits are usually measured in tonnes of carbon dioxide equivalent (tCO ₂ e) and can be issued for projects that avoid, reduce or remove emissions, where generally one credit is equivalent to one tonne of CO ₂ e.
CDP	CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000, it works with more than 680 financial institutions having over USD 130 trillion in assets. Nearly 20,000 organisations around the world disclosed data through CDP in 2022, including more than 18,700 companies worth half of the global market capitalisation, and over 1,100 cities, states and regions (CDP website).
Climate change	Change in climate attributed directly or indirectly to human activity, caused by the alteration of the composition of the atmosphere, that is in addition to natural climate variability, observed over comparable time periods (UNFCCC).

Commitment gap	In relation to emissions performance, the difference between what a company needs to do (considering the expectations from its GHG emissions reduction pathway) and what it intends to do.
Company	Legal entity formed by one or more individuals to engage in and operate a business (Investopedia).
Confidential information	Any non-public information pertaining to a company's business.
Conservativeness	An assessment principle of the ACT Framework, aiming at ensuring that companies' performance is not particularly overestimated when some assumptions are used to get data and information to meet the assessment requirements.
Consistency	An assessment principle of the ACT framework, aiming at ensuring that whenever time series data is used, it is comparable over time. In addition to internal consistency of the indicators reported by the company, data reported against indicators should be consistent with other information about the company and its business model and strategy found elsewhere. The assessor should consider specific, predetermined data points and check that these give a consistent measure of performance when measured together.
Data	Facts and statistics collected together for reference and analysis (e.g. the data points requested from companies to evaluate their performance for the indicators included in the ACT assessment methodologies).
Decarbonisation	<p>Complete or near-complete reduction of GHG emissions over time (e.g. decarbonisation in the electric utilities sector through an increased share of low-GHG emissions power generation sources, as well as emissions-mitigating technologies like carbon capture and storage).</p> <p>Existing definitions of decarbonisation in literature either focus solely on CO₂ emissions or all GHG emissions resulting from human activities. This ACT Framework considers decarbonisation to include all GHG emissions, and uses this term to define measures that companies take to prevent, reduce or remove sources of GHG emissions within their value chain.</p>
Emissions	<p>The GHG Protocol defines direct GHG emissions as emissions from sources that are owned or controlled by the reporting entity, and indirect GHG emissions as emissions that are a consequence of the activities of the reporting entity but occur at sources owned or controlled by another entity (GHG Protocol).</p> <p>This ACT Framework makes use of 'GHG emissions'; 'GHG' is not used in specific terms such as 'scope 1 emissions', 'scope 2 emissions', 'scope 3 emissions'.</p>

Emissions intensity	Average emissions rate of a given GHG from a given source relative to the level of activity; for example, tonnes of CO ₂ released per megawatt-hour (MWh) of energy produced by a power plant.
Fossil fuel	Fossil-based fuel such as coal, oil or gas, formed in the geological past from the remains of living organisms.
Greenhouse gas (GHG)	Carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O) and three groups of fluorinated gases, namely sulphur hexafluoride (SF ₆), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs), are the major anthropogenic GHGs and are regulated under the Kyoto Protocol. Nitrogen trifluoride (NF ₃) is now considered a potent contributor to climate change and is therefore mandated to be included in national GHG inventories under the United Nations Framework Convention on Climate Change (UNFCCC).
Guidance	Documentation defining standards or expectations that are part of a rule or requirement (e.g. CDP reporting guidance for companies).
Horizon gap	In relation to emissions performance, the difference between a relevant definition of the long term (depending on sector specificities) and the time-horizon of a company's commitments. Companies with small time horizons do not look far enough into the future to properly ensure the transition of their assets and business models.
Incentive	Certain reward that motivates or encourages an individual or organisation to do something (e.g. a monetary incentive for company board members to set emissions reduction targets).
Indicator	Quantitative or qualitative piece of information that can provide insight on a company's current and future ability to transition to a low-GHG emissions economy. Indicators make up the different modules of the ACT performance scoring.
Lifetime	Duration of something's existence or usefulness (e.g. a physical asset such as a power plant).
Low-carbon solution	A way to contribute to the low-GHG emissions transition (e.g. energy, technology, process, product, service). In this ACT Framework, 'low-carbon' is not restricted to CO ₂ only and includes any relevant GHG.
Maturity matrix	Scoring tool used in this ACT Framework to assess topics in a qualitative way. Maturity matrices are found in the three components (performance, narrative and trend) of the ACT scoring.

Mitigation (GHG emissions)	Action of reducing the severity of something (e.g. climate change mitigation through absolute GHG emissions reductions).
Near-term	Occurring in or relating to a relatively short period of time in the future, typically the 5-10 years following the reporting year. The ACT Framework proposes various timescales to define the near and long term, depending on the ACT scoring component (performance, narrative and trend).
Pathway (GHG emissions reduction)	<p>A way of achieving a specified result; a course of action. This ACT Framework considers GHG emissions reduction pathways, which propose an evolution of GHG emissions (expressed either as absolute emissions or emissions intensities) from a base year to an end point, typically 2050.</p> <p>In this ACT Framework, '1.5°C pathway' is used when speaking about pathways aiming at limiting global warming to 1.5°C.</p>
Performance	Outcomes and results. ACT assessment methodologies assess performance using a variety of indicators across various modules.
Point	Mark or unit of scoring awarded for success or good performance.
Relevant/Relevance	An assessment principle of the ACT Framework, aiming at capturing the most appropriate information (regarding core business and stakeholders) to assess companies' transition to a low-GHG emissions economy.
Renewable energy	Energy derived from natural sources that are replenished at a higher rate than they are consumed, such as wind or solar power (UN – Climate Action).
Reporting year	Specific year for which data is collected for the assessment. Reporting year does not necessarily align with the publication year of a company's report, as companies often release data for the previous year (e.g. data for 2023 is published in 2024).
Research and development (R&D)	General term for activities in connection with innovation in the industry; for example, this could be considered as work directed towards the innovation, introduction and improvement of products and processes.
Scenario	A plausible representation of future climate that has been constructed for explicit use in investigating the potential impacts of anthropogenic climate change. Climate scenarios often make use of climate projections (descriptions of the modelled response of the climate system to scenarios of GHG and aerosol concentrations), by manipulating model outputs and combining them with observed climate data (IPCC - Climate Scenario Development).

Science-based target	Company goal or emissions reduction target that is aligned with climate science in its ambition to limit the increase in global average temperature to below 2°C, ideally 1.5°C, and is verified by a competent institution, such as the Science-Based Targets Initiative .
Scope 1 emissions	All direct GHG emissions (GHG Protocol Corporate Standard).
Direct GHG emissions and removals	Category 1 from ISO 14064-1:2018: 'Direct GHG emissions and removals occur from GHG sources or sinks inside organisational boundaries and that are owned or controlled by the [reporting] organisation. Those sources can be stationary (e.g. heaters, electricity generators, industrial process) or mobile (e.g. vehicles).'
Scope 2 emissions	Indirect GHG emissions from consumption of purchased electricity, heat or steam (GHG Protocol Corporate Standard).
Indirect GHG emissions from imported energy	Category 2 from ISO 14064-1:2018: 'GHG emissions due to the fuel combustion associated with the production of final energy and utilities, such as electricity, heat, steam, cooling and compressed air [imported by the reported company]. It excludes all upstream emissions (from cradle to power plant gate) associated with fuel, emissions due to the construction of the power plant, and emissions allocated to transport and distribution losses.'
Scope 3 emissions	Other indirect emissions, from sources such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. transport and distribution losses) not covered in scope 2 emissions, outsourced activities, waste disposal, etc. (GHG Protocol Corporate Standard). Scope 3 emissions also encompass emissions related to the use of sold products.
Indirect GHG emissions	ISO 14064-1:2018: 'GHG emission that is a consequence of an organisation's operations and activities, but that arises from GHG sources that are not owned or controlled by the [reporting] organisation. These emissions occur generally in the upstream and/or downstream chain.'
Sector	Classification of companies with similar business activities, e.g. automotive manufacturers, power producers, retailers, etc.
Sectoral decarbonization approach (SDA)	The Sectoral decarbonization approach (SDA) was developed in 2015 to help companies set targets compatible with below 2°C climate change scenarios. Higher climate ambition is now proposed, namely limiting global warming to 1.5°C. The SDA takes a sector-level approach and employs scientific insight to determine the least-cost pathways of mitigation and proposes the convergence of all companies in a sector towards a shared emissions target in 2050.

Strategy Set of resources and objectives established by the company, structured around a number of strategic pillars. It sets out the broad guidelines to be followed over the long term for the company’s development.

Target A quantifiable goal (e.g. to reduce GHG emissions).

- ◆ The following are examples of absolute GHG emissions targets:
 - metric tonnes of carbon dioxide equivalent (CO₂e) or % reduction from base year
 - metric tonnes of CO₂e or % reduction in supply chain relative to base year
- ◆ The following are examples of GHG emissions intensity targets:
 - metric tonnes of CO₂e or % reduction per kilowatt-hour (kWh) of electricity generated by the company, relative to base year
 - metric tonnes of CO₂e or % reduction per kWh of electricity retailed by the company, relative to base year

Technology Application of scientific knowledge for practical purposes, especially in industries (e.g. low-GHG emissions power generation technologies, such as wind and solar power, in the electric power generation sector).

Trade association Also referred to as industry association or industry body; association of people or companies in a particular business or trade, organised to promote their common interests. Their relevance in this context is that they present an ‘industry voice’ to governments to influence their policy development. Most organisations are members of multiple trade associations, many of which take a position on climate change and actively engage with policymakers on the development of policy and legislation on behalf of their members.

Transition Process or period of changing from one state or condition to another (e.g. from an economic system and society largely dependent on fossil fuel-based energy, to one that depends only on low-GHG emissions energy). This ACT Framework particularly considers the global transition to a low-GHG economy and assesses how companies contribute to it.

Transition plan Aspect of a company’s overall long-term strategy that lays out a set of short-, mid- and long-term targets, actions and resources, with accountability mechanisms, to align the company’s business activities with a net-zero GHG emissions pathway that delivers real-economy GHG emissions reductions with the objective of limiting global warming to 1.5°C and minimising the company’s systemic climate transition risks ([ATP-Col framework and guidance](#)).

Trend General direction in which something (e.g. GHG emissions) is developing or changing.

Verifiable/Verifiability An assessment principle of the ACT Framework, aiming to prove the truth of, confirm or substantiate, by evidence or testimony, the data required for the assessment.

World Benchmarking Alliance Founded in 2018, the World Benchmarking Alliance (WBA) is a non-profit organisation holding 2,000 of the world's most influential companies accountable for their part in achieving the UN Sustainable Development Goals. It does this by publishing free and publicly available benchmarks on company performance and showing what good corporate practice looks like. WBA's benchmarks provide companies with a clear roadmap of what commitments and changes they must make to put our planet, society and economy on a more sustainable and resilient path. They also equip everyone – from governments and financial institutions to civil society organisations and individuals – with the insights they need to collectively incentivise leading companies to keep on track and pressure the laggards to catch up ([WBA website](#)).

Weighting Relative importance given to each element within the ACT scoring components (e.g., modules and indicators), to reflect more important/significant aspects and the decarbonisation potential of different actions.

9. Appendix

9.1. Framework development and update history

The first draft version of the ACT Framework (v0.1) was developed by ADEME and CDP and released in 2016. An updated version (v1.1) was released in March 2019.

This 2024 update, leading to version 2.0 of the ACT Framework, is led by the World Benchmarking Alliance (WBA) with input from ADEME and CDP. The update was developed between January and October 2024 and has included the following steps:

- ◆ Weekly meetings involving ADEME, CDP and WBA
- ◆ Two meetings with an Advisory Group, which provided the ACT Initiative with feedback before and after the public consultation
- ◆ A three-week public consultation in August-September 2024

Table 10: Composition of the Advisory Group members for the Framework revision

Advisory Group member	Organisation
Alexis McGivern	Oxford University
Ali Amin	Transition Pathway Initiative
Andy Ross	CDP
Anna Creed	Climate Bonds Initiative
Claire Wigg	Exponential Roadmap Initiative
David King	GFANZ
Frederic Hans	NewClimate Institute
Guillaume Bone	WWF-FR
Jenny Ahlen	We Mean Business Coalition
Lisa Lhonneur	Banque de France
Paul Mougeolle	Notre Affaire à Tous
Paul Schreiber	Reclaim Finance
Perrine Toledano	Columbia Center of Sustainable Investment
Rachel Hawker	Climate Arc
Stephanie Chow	GFANZ
Tessa Ferry	Race to Zero
Thomas White	RMI
Tom Wainwright	Climateworks Centre
Tyler McCullough	CERES

9.2. Maturity matrices and guidance for narrative scoring

This appendix details the maturity matrices used to assign scores for each of the five criteria in the narrative scoring process. It uses examples to provide illustrations for how assessors can make use of the maturity matrices and guiding questions to evaluate each of the criteria.

I. Business model and strategy

Maturity matrix used to score the *Business model and strategy* criterion:

Question	Basic	Standard	Advanced	Next practice	Low-carbon transition aligned
To what extent is the company's organisational business model and strategy aligned or misaligned with the low-carbon transition?	Not at all aligned with the low-carbon transition and there are serious doubts as to how this business model and strategy could be successful in the long-term.	Partly aligned with the low-carbon transition, but there is no evidence the company is strategically repositioning itself.	Partly aligned with the low-carbon transition and there is evidence the company is strategically repositioning itself.	Mostly aligned with the low-carbon transition.	Completely aligned with the low-carbon transition. The company has positioned itself as a leader and example to the sector on how to align with the low-carbon transition.

Elements to be considered for the analysis:

- ◆ Relevant performance modules (*Targets, Material investment, Intangible investment, Business model, Transition plan, etc.*)
- ◆ Relevant reports/transition plan.

Guidance – Question 1:

Business model aligned with the low-carbon transition

Identify any areas that may not be picked up in the performance scoring process. For example, start-ups or relatively small companies that may have a low level of maturity in terms of emissions disclosure, target-setting, etc., and therefore receive a low performance score, but have an innovative business model almost entirely aligned with the low-carbon transition.

- ◆ Is the company transforming its core business model?

Example: The company is strategically repositioning itself as a service provider instead of a manufacturer, motivated by the principles of circular economy.

- ◆ Is the company's transition plan an integral part of its overall strategy?

Example: The company has used the TCFD recommendations to properly embed its transition plan and adaptation plan into its overall business strategy.

- ◆ Does the company have a credible action plan in place to achieve its strategic objectives?

Example: The company has set a transition plan built on climate ambition aligned with expectations from a low-GHG emissions economy, considering both the near and long term. Decision-making lies at the highest level of accountability within the organisation, risks and opportunities are clearly identified and dedicated actions are taken to respectively mitigate and leverage them.

- ◆ Are there any significant gaps/weaknesses or strengths in the company's business model and/or strategy that were not revealed by the performance scoring?

Example: The company has a strategy in place to develop low-carbon business models; however, these new business models don't represent a significant share of the company's revenues, or the company is not looking to position itself as a leader in the sector.

II. Consistency and credibility

Maturity matrix used to score the *Consistency and credibility* criterion:

Question	Basic	Standard	Advanced	Next practice	Low-carbon transition aligned
Are there any aspects of the company's strategy and related transition plan that are inconsistent with each other?	Several major aspects inconsistent with each other.	One or two major aspects inconsistent with each other.	Several minor aspects inconsistent with each other.	One or two minor aspects inconsistent with each other.	The company's strategy and related transition plan is entirely internally consistent.
Are there any aspects of the company's reported strategy and related transition plan that are inconsistent with external information about the company?	Several major aspects inconsistent with external information about the company.	One or two major aspects inconsistent with external information about the company.	Several minor aspects inconsistent with external information about the company.	One or two minor aspects inconsistent with external information about the company.	The company's strategy and related transition plan is entirely consistent with external information about the company.
Are there any aspects of the company's strategy and related transition plan that are not credible?	Several major aspects lack credibility.	One or two major aspects lack credibility.	Several minor aspects lack credibility.	One or two minor aspects lack credibility.	The company's strategy and related transition plan is entirely credible.

Elements to be considered for the analysis:

- ◆ Comparison between different performance modules/indicators (*Targets, Material investment, Intangible investment, Management, etc.*)
- ◆ Comparison between performance modules/indicators, and other information gathered from sustainability/annual reports, news sources, etc.
- ◆ Achievement of past announcements/commitments/targets, past sustainability/annual reports/press releases for announcements/commitments/targets, comparison over years to see if any were not met or abandoned

Guidance – Question 1:

Consistency of the company's strategy and related transition plan

- ◆ Are the GHG emissions reduction targets set by the company consistent with its transition plan?

Example: The company's net-zero target is heavily reliant on as-yet-unproven or non-mature technologies, yet the company is not investing in low-carbon R&D to develop these technologies; this shows inconsistency.

- ◆ Are there conflicting incentives in place that discourage a low-carbon transition in certain parts of the company?

Example: The company uses incentives that relate to financial metrics only, incentivising growing production and sales levels, without any consideration of the resulting impact on climate performance of the companies' activities.

- ◆ Does the company not yet report its emissions, despite having set emissions reduction targets?

Example: The company has set a net-zero target without specifying the scope of emissions considered, and it only discloses its scope 1 and 2 emissions (meaning scope 3 emissions are not disclosed).

Guidance – Question 2:

Consistency with external information

- ◆ Do the company's recent public actions, including acquisitions and mergers, product/service offerings, public announcements, etc., show alignment with the data reported by the company?

Example: The company commits to reducing its value chain emissions; however, it also reports that it has contracted or entered into business relationships with suppliers using emissions-intensive products or services.

- ◆ Is the company's business model and strategy inconsistent across the regions in which it operates?

Example: The company reports emissions reduction targets for one region, but announces business as usual for others.

Example: The company publishes a transition plan to focus efforts in only the regions where it operates.

- ◆ Does/Do any of the following have any conflicting activities that undermine the company's ability to transition?:
 - i. The group the company is part of
 - ii. Any parents or subsidiaries of the company
 - iii. Any joint ventures or other legal or business structures in which the company is involved, invested in or owned or controlled through

Example: The company announces net-zero targets, but at the same time, it acquires a subsidiary or enters into business relationships with emissions-intensive enterprises.

To decide whether a particular event (such as an acquisition/merger, divestment, product/service offering, public announcement/commitment) should be considered in the assessment of consistency and credibility, the assessor should use the following principle: emphasis should be placed on the most recent and most large-scale events. Large-scale events that occurred a long time ago (e.g. more than 15 years ago or so) may still be relevant, while small-scale events that occurred very recently (e.g. in the last two years or so) may also be relevant.

Guidance – Question 3:

Credibility of company's strategy and related transition plan

- ◆ Is the company unlikely to achieve its targets based on its locked-in emissions?

Example: The company has set net-zero targets as part of its transition plan, but it doesn't have any plan to decommission or phase out its fossil fuel or emissions-intensive assets.

- ◆ Has the company previously made any public announcements/commitments/targets on which it has failed to deliver, namely those related to climate and environmental performance, which call into question the credibility of current announcements/commitments/targets?

Example: The company has announced net-zero or emissions reduction targets; however, it plans to expand its emissions-intensive assets.

- ◆ Is the company emphasising avoided emissions at the cost of its direct and indirect emissions?

Example: The company claims an amount of avoided emissions that is much higher than its direct and indirect emissions, justifying its position as a ‘transition enabler’. Actions and plans to reduce direct and indirect emissions are not considered.

- ◆ Is the company emphasising carbon credits at the cost of its direct and indirect emissions?

Example: The company highlights the use of carbon credits but considers only few actions to reduce its direct and indirect emissions.

III. Data quality

Maturity matrix used to score the *Data quality* criterion:

Question	Basic	Standard	Advanced	Next practice	Low-carbon transition aligned
Are there any concerns around the accuracy of any elements of the reported data?	Several major concerns around accuracy	One or two major concerns around accuracy	Several minor concerns around accuracy	One or two minor concerns around accuracy	No concerns exist around the accuracy of any elements of the reported data.
Are there any concerns around the completeness of any elements of the reported data?	Several major concerns around completeness	One or two major concerns around completeness	Several minor concerns around completeness	One or two minor concerns around completeness	No concerns exist around the completeness of any elements of the reported data.
Are there any concerns around the consistency of any elements of the reported data?	Several major concerns around consistency	One or two major concerns around consistency	Several minor concerns around consistency	One or two minor concerns around consistency	No concerns exist around the consistency of any elements of the reported data.
Are there any concerns around the validity of any elements of the reported data?	Several major concerns around validity	One or two major concerns around validity	Several minor concerns around validity	One to two minor concerns around validity	No concerns exist around the validity of any elements of the reported data.

Elements to be considered for the analysis:

- ◆ Third-party assurance/verification statements
- ◆ Analysis and comparison of different performance modules/indicators (*Targets, Material investment, Intangible investment, Management, etc.*)
- ◆ Company reports
- ◆ Comparison of CDP response and company reports
- ◆ Underlying assumptions reported by the company (emissions factors, life cycle assessment results, etc.)

Guidance – Question 1:

Accuracy

- ◆ Are there clear errors in the company's emissions figures?

Example: Emissions intensity values that are reported by the company do not match values calculated by the assessor while using absolute emissions and activity levels (considering same scope of activities).

Guidance – Question 2:

Completeness

- ◆ Is the company clear and transparent about the boundaries/scope/specific activities the data is referring to, or the sources of assumptions used?

Example: A company produces both light-duty and heavy-duty vehicles, but it is not clear if reported emissions relate to one or the other, or both.

- ◆ Does the company have incomplete time series data?

Example: The ESG Report published by the company in the reporting year (RY) includes time series emissions data for the [RY-2, RY] interval. Further, the RY-5 emissions data point is available in older ESG reports, but RY-4 and RY-3 data is not.

- ◆ Has the company properly set net-zero targets (or used other wording such as carbon neutrality), detailing the amount of residual emissions?

Example: A net-zero target without detailed and quantified information about the reliance on carbon offsets to compensate residual emissions do not allow assessors to precisely estimate the company's targeted emissions reduction compared to the base year. In consequence, the ambition of such targets cannot be assessed, revealing the poor quality of data disclosed by the company.

- ◆ Is the company providing sufficient information to understand how claimed avoided emissions have been calculated?

Example: The methodology (attributional vs. consequential approach) and underlying assumptions to calculate avoided emissions are not discussed. Moreover, the company does not detail the following elements: emissions boundaries, reference scenario, product lifetimes, volumes of products considered, respective allocation to stakeholders from the value chain, etc.

Guidance – Question 3:

Consistency

- ◆ Are emissions boundaries, assumptions and definitions of activities consistent across all the reported data?

Example: Emissions data reported in the 'Environmental' section of the company's ESG report does not match emissions data reported in the ESG data book appendix of the same report, because activities of brands or subsidiaries are not consistently considered (and reported information is not clear enough).

- ◆ Are there figures or elements reported in various pieces of disclosure conflicting each other?

Example: The values of scope 1 and scope 2 emissions reported in the company's ESG report do not match those reported in the CDP Climate Change questionnaire.

Example: The company does not report any low-carbon CapEx, but claims future emissions will significantly decrease; this raises concerns around the company's future emissions data.

Guidance – Question 4:

Validity

- ◆ Has the company’s emissions inventory been verified by a third party using an accepted standard?

Example: The company has not contracted a consultancy to get a third-party assurance statement, or it has done so but the standard against which it is assessed is not mentioned.

- ◆ Have the company’s GHG emissions targets been verified by a competent third party (e.g. the SBTi)?

Example: The company claims it has set some 1.5°C-aligned targets, but these have not been verified by a third party and the methodology used is not publicly available.

IV. Reputation

Maturity matrix used to score the *Reputation* criterion:

Question	Basic	Standard	Advanced	Next practice	Low-carbon transition aligned
Is there evidence (from sources identified in the Analysis section) of company involvement in any reputational incidents (e.g., environmental controversies, accounting scandals) that call into question the credibility of the company’s low-carbon strategy and commitments?	Company involvement in several major incidents related to relevant ESG issues	Company involvement in one or two major incidents related to relevant ESG issues	Company involvement in several minor incidents related to relevant ESG issues	Company involvement in one or two minor incidents related to relevant ESG issues	No company involvement in any incidents related to relevant ESG issues that call into question the credibility of the company’s low-carbon strategy and commitments.
If reputational concerns exist, to what extent is the company addressing/has addressed these concerns? *	The company has consistently failed to address reputational concerns by implementing concrete changes. Any attempts to address these concerns are superficial.	The company has generally addressed reputational concerns by implementing minor changes. The attempts to address these concerns are superficial.	The company has generally addressed reputational concerns by implementing concrete changes. Concerns are not always addressed swiftly or satisfactorily.	The company has always addressed reputational concerns by implementing concrete changes. Concerns are not always addressed swiftly or satisfactorily.	The company has always addressed reputational concerns by implementing concrete changes. Concerns are always addressed swiftly and satisfactorily.

(*) Score ‘low-carbon transition aligned’ if no reputational concerns exist.

Elements to be considered for the analysis:

- ◆ News sources, RepRisk, InfluenceMap, legal section of company reports, press releases/public statements, etc., to check for relevant reputational incidents related to the company
- ◆ Company website, reports, press releases, etc.

Guidance – Question 1:

Reputational incidents

To decide whether a particular reputational incident (such as an environmental or governance-related controversy or scandal) is relevant to the assessment, the assessor should use the following principle: the relevance of a reputational incident is a function of the time since the event and the severity of the incident. Consequently, emphasis should be placed on the most recent and high-severity incidents. High-severity incidents that occurred a long time ago (e.g. more than 15 years ago or so) may still be relevant to consider, while some lower-severity incidents that occurred very recently (e.g. in the last 2 years or so) may also be relevant to consider.

Minor or occasional breaches of law need not be included, while consistent, systematic rule-breaking should. A rule of thumb to determine whether an incident is severe is whether the company's board became involved (or should have done so), by making a public statement or committing to make concrete change within the organisation.

- ◆ Has the company been involved in several reputational incidents related to its environmental management?

Example: The company has been constantly featured in news or reports about environmental incidents, breaches of environmental law, mismanagement and controversial cases of pollution, among others.

Guidance – Question 2:

Responses to incidents (if incidents occurred)

The assessor should be wary of communications that attempt to cover up the issue without demonstrating concrete changes.

- ◆ Has the company made efforts to address the issue/implement any learnings, i.e. did it change its management structure or internal processes?

Example: After solving the issue, the company created a new committee, division or supervisory board to monitor the implemented changes.

- ◆ Has the company made efforts to address the issue/implement any learnings, i.e. did it give evidence that the issue is fixed?

Example: The company shows concrete evidence of the solutions implemented to solve the issue (through reports or public communications).

- ◆ Has the company made efforts to address the issue/implement any learnings, i.e. did it demonstrate a change in culture within the company?

Example: After solving the issue, the company updated its company policies (Environmental, HSE, Supplier Code of Conduct) to reflect the changes made, or created new policies.

- ◆ Has the company made efforts to address the issue/implement any learnings, or did it not demonstrate any significant changes, meaning the controversy could likely repeat?

Example: The company reports regularly on the implemented changes and prevention measures to avoid new issues, related to previous learnings.

V. Risk

Maturity matrix used to score the *Risk* criterion:

Question	Basic	Standard	Advanced	Next practice	Low-carbon transition aligned
How reliant is the company on high-emitting activities for its profits, now and in the future?	Almost completely reliant on high-carbon activities and shows little sign of changing its activities.	Significantly reliant on high-carbon activities and shows little sign of changing its activities.	Some reliance on high-carbon activities but is beginning to transition away.	No reliance on high-carbon activities and is successfully transitioning away.	The company has no reliance on high-carbon activities for its profits.
Are there potential or existing market, policy/legal and/or technological risks that may block the successful implementation of a particular strategic low-carbon direction?	Company faces several major potential and/or existing market, policy/legal and/or technological risks.	Company faces one or two major potential and/or existing market, policy/legal and/or technological risks.	Company faces several minor potential and/or existing market, policy/legal and/or technological risks.	Company faces one or two minor potential and/or existing market, policy/legal and/or technological risks.	Company does not face any potential or existing market, policy/legal and/or technological risks.
If risks exist, to what extent is the company taking action to mitigate these risks?*	Company is taking no action to mitigate any potential and/or existing risks.	Company is taking very limited action to mitigate any potential and/or existing risks.	Company is taking some action to mitigate some potential and/or existing risks.	Company is taking significant action to mitigate some potential and/or existing risks.	Company is taking significant action to mitigate all potential and/or existing risks.

(*) Score 'low-carbon transition aligned' if no significant risks exist.

Elements to be considered for the analysis:

- ◆ Relevant performance modules/indicators (*Business models, Material investment, Intangible investment, etc.*)
- ◆ Several data sources which may vary significantly by sector. Sources may include: company CDP response data on risks, company reports, sector-wide transition risk or TCFD reports, any other relevant sources based on internet searches
- ◆ Analysis of the risks identified, data from performance modules/indicators, company reports, etc., demonstrating the company's response to these risks

Guidance – Question 1:

Reliance on high-carbon activities

- ◆ Is the company starting its transition from such a position of reliance on fossil fuels that there is a significant risk that it will be unable to achieve its low-carbon transition at the rate required by its decarbonisation pathway.

Example: The company's assets depend on production lines running on fossil fuels. The company has no plan to modify its processes, owing to electrification, for instance.

- ◆ Is the company still heavily reliant on fossil fuel-related activity (across the whole value chain, covering both direct and indirect emissions) for its profits, and does it show little sign of reducing its dependence?

Example: A car manufacturer is selling internal combustion engine (ICE) vehicles only and has not planned to (at least partially) replace such vehicles with low-carbon ones within its portfolio.

Example: A cement manufacturer's revenues almost entirely derive from conventional cement and clinker, which are not considered low-carbon products.

Example: An electricity generation company generates most of the energy from fossil fuels only and is not planning any expansion to develop renewable sources.

Guidance – Question 2:

Market, policy/legal and/or technological risks

This question can be thought of as asking about external risks. What are the external forces that might prevent the company from transitioning?

- ◆ **Market risk:** Is there low expected demand for certain low-carbon products in the future due to their high price?

Example: The company is extending its portfolio with low-carbon products, but these only serve luxury markets and no accessible/affordable low-carbon products are proposed.

- ◆ **Policy/legal risk:** Is there a risk that unambitious or climate-negative policies in the country or countries in which the company operates will block or disincentivise the company's decarbonisation efforts?

Example: The company plans to significantly increase the share of alternative fuels it uses to feed its production lines; however, the local legislation does not allow companies to reach targeted levels.

- ◆ **Technological risk:** Is there a risk that new technologies required by the company to achieve its decarbonisation targets are not successfully developed?

Example: A company mainly counts on still uncertain carbon capture and storage (CCS) technologies, without any consideration of the possibilities to implement such technologies in areas where its assets are located

Guidance – Question 3:

Risk mitigation (if risks exist)

- ◆ If there is a major risk of unsuccessful development of new technologies, to what extent is the company investing in R&D for low-carbon technology to tackle this risk?

Example: A sector-specific technology is identified in various scenarios as a promising solution to contribute to the sectoral transition. The company is partnering with other stakeholders to jointly contribute to R&D efforts directed towards this technology.

- ◆ If there is a major risk that there will be low demand for low-carbon products, to what extent is the company working to reduce the price/increase marketing of its low-carbon products?

Example: The company adapts its offering to propose some low-carbon products at affordable prices, accepting lower margins compared to those reached with other products.

9.3. Mapping ACT with Disclosure frameworks

This appendix provides a mapping of the ACT indicators against various disclosure frameworks, such as the European Sustainability Reporting Standards (ESRS), the Transition Plan Taskforce (TPT) disclosure framework and the Global Reporting Initiative (GRI) Standards. The mapping intends to show the extent to which the data required to perform an ACT assessment is available through existing disclosure requirements. This will provide assessors with a tool to identify where key information for an assessment can be found. (It should be noted that the GRI Climate Change Exposure Standard is currently in draft form and is subject to change before final publication.)

In Table 11, green indicates full alignment meaning that the information disclosed in line with the recommendations of the framework/standard should be sufficient to do the analysis required for the ACT indicator. Yellow indicates partial alignment meaning the information disclosed in line with the recommendations provides some, but not all, of the information required to perform the analysis for the ACT indicator. Red indicates no coverage meaning none of the disclosure recommendations contain information relevant to the ACT indicator.

Table 11: Mapping ACT indicators against climate disclosure frameworks

Module	Indicator number (ACT Generic)	Indicator name (ACT Generic)	Transition Plan Taskforce: Disclosure Framework	GRI: Climate Change Exposure draft	EFRAG: ESRS 2 General disclosures, ESRS G1 Business conduct and ESRS E1 Climate change	ISSB: IFRS S2 Climate-related Disclosures	SEC: Climate-Related Disclosure
Targets	1.1	Alignment of scope 1+2 emissions reduction targets	4.3a/c/i	CC-4a/d	E1-1 16a E1-4 34 a/b/e E1-4 AR 23-26	Metrics and Targets - 33-35/36	229.1504 (a)/(b)
	1.2	Alignment of scope 3 upstream emissions reduction targets	4.3b/c/i	CC-4a/d	E1-1 16a E1-4 34 a/b/e E1-4 AR 23-26	Metrics and Targets - 33-35/36	229.1504 (a)/(b)

Module	Indicator number (ACT Generic)	Indicator name (ACT Generic)	Transition Plan Taskforce: Disclosure Framework	GRI: Climate Change Exposure draft	EFRAG: ESRS 2 General disclosures, ESRS G1 Business conduct and ESRS E1 Climate change	ISSB: IFRS S2 Climate-related Disclosures	SEC: Climate-Related Disclosure
	1.3	Alignment of scope 3 downstream emissions reduction targets	4.3b/c/i	CC-4a/d	ESRS 2 MDT-T 80e E1-4 34 a/b/e	Metrics and Targets - 33-35/36	229.1504 (a)/(b)
	1.4	Time horizon of targets	4.3i (iv)	CC-4a/d	E1-4 34 (c)/(d) E1-4 AR 25, 26	Metrics and Targets - 33	229.1504 (b) (3)
	1.5	Achievement of past and present targets	4.3k	CC-4e CC-4f	E1-4 34 (c) E1-4 AR 25 (b)/(d)	Metrics and Targets - 34/35	229.1504 (c)
Material investment	2.1.	Trend in past scope 1+2 emissions intensity	4.3L	GH-1/GH-2/GH-4	E1-4 34(c) E1-6 44, 45, 48, 49, 52 E1-6 AR 48 (table)	Climate-related metrics - 29	229.1505 (a)
	2.2.	Trend in future scope 1+2 emissions intensity	N/A	N/A	E1-3 29 (a)/(b)	N/A	N/A
	2.3.	Share of low-carbon CapEx	2.4b (i)	CC-1-c	ESRS 2 MDR-A - 69 E1-1 16 (c)/(e) E1-1 AR 20, 21, 22 E1-3 29 c (i/ii/iii)	Strategy and Decision making - 14 Financial position, financial performance and cash flows - 16 Climate-related metrics - 29	N/A

Module	Indicator number (ACT Generic)	Indicator name (ACT Generic)	Transition Plan Taskforce: Disclosure Framework	GRI: Climate Change Exposure draft	EFRAG: ESRS 2 General disclosures, ESRS G1 Business conduct and ESRS E1 Climate change	ISSB: IFRS S2 Climate-related Disclosures	SEC: Climate-Related Disclosure
	2.4	Locked-in emissions	N/A	CC-1-f	E1-1 16 (d) E1-1 AR 3	N/A	N/A
Intangible investment	3.1	R&D in climate change mitigation technologies	2.4b (i)	CC-1-2	N/A	Strategy and Decision making - 14	229.1502 (b) (5)
	3.2	Company low-carbon patenting activities	N/A	N/A	N/A	N/A	N/A
Sold product performance	4.1.	Product / service-specific interventions	2.2	CC-1- a,e CC-4-f	ESRS 2 SBM-1 40 (f) ESRS 2 SBM-3 AR 8 (b) E1-1 16 (b)/(d), 28, 29 E1-4 34 (f) E1-4 AR 30, 31 E1-6 44 (c), 51 E1-9 69 (b) E1-9 AR 81	Strategy and Decision making - 14 Financial position, financial performance and cash flows - 16	229.1502 (b) (1)/(2)/(4)
	4.2	Trend in past product / service specific performance	4.3L	GH-3/GH-4	E1-1 AR 3 (b) E1-6 51, 53, 55 E1-6 AR 46	Climate-related metrics - 29	N/A
	4.3	Locked-in emissions from sold products	N/A	CC-1-f	E1-1 16 (d) E1-1 AR 3 (b)	N/A	N/A

Module	Indicator number (ACT Generic)	Indicator name (ACT Generic)	Transition Plan Taskforce: Disclosure Framework	GRI: Climate Change Exposure draft	EFRAG: ESRS 2 General disclosures, ESRS G1 Business conduct and ESRS E1 Climate change	ISSB: IFRS S2 Climate-related Disclosures	SEC: Climate-Related Disclosure
Management	5.1	Oversight of climate change issues	5.1	CC-1-d	E1-1 16 (i) ESRS 2 GOV-1 22	Governance - 6	229.1501 (a)
	5.2	Climate change oversight capability	5.1c	N/A	ESRS 2 GOV-1 19, 20, 23	Governance - 6 (a)	229.1501 (b) (1)
	5.3	Low-carbon transition plan	1.1e 2.1 2.4c	CC-1	ESRS 2 SBM-3 AR 7 (b) ESRS 2 BP-2 9 (a) E1-1 14-17 E1-1 AR 1-5 E1-3 29 E1-4 34 E1-8 63 E1-8 AR 65	Strategy - 9 Strategy and Decision-making - 14 Climate resilience - 22 Climate-related metrics - 29 Climate-related targets - 33	229.1502 (e) 229.1502 (g) (1)
	5.4	Climate change management incentives	5.4a	CC-1-e	ESRS 2 GOV-3 29	Governance – 6 Climate-related metrics - 29	N/A
	5.5	Climate change scenario testing	N/A	N/A	ESRS 2 IRO-1 20, 21 ESRS 2 IRO-1 AR 9 ESRS 2 IRO-1 AR 11, 12, 13, 15 ESRS 2 SBM-3 19 ESRS 2 SBM-3 AR 8 (b)	Climate resilience – 22 Risk management - 25	229.1502 (f)
Supplier engagement	6.1	Strategy to influence suppliers to reduce their GHG emissions	2.3a (iii/vi)	CC-1-a CC-1-g	ESRS 2 SBM-2 ESRS 2 SBM-1 AR 14 ESRS 2 MDR-P 65 E1-2 24, 25 ESRS G1-2 12, 15, AR 2	N/A	N/A

Module	Indicator number (ACT Generic)	Indicator name (ACT Generic)	Transition Plan Taskforce: Disclosure Framework	GRI: Climate Change Exposure draft	EFRAG: ESRS 2 General disclosures, ESRS G1 Business conduct and ESRS E1 Climate change	ISSB: IFRS S2 Climate-related Disclosures	SEC: Climate-Related Disclosure
	6.2	Activities to influence suppliers to reduce their GHG emissions	3.1	N/A	ESRS 2 SBM-1 AR 14 ESRS 2 SBM-2 45	Strategy and decision-making - 14	N/A
Client engagement	7.1	Strategy to influence clients to reduce their GHG emissions	N/A	N/A	ESRS 2 SBM-1 40 ESRS 2 SBM-1 AR 14 ESRS 2 SBM-2 45 ESRS MDR-P 65 E1-2 24, 25	N/A	N/A
	7.2	Activities to influence clients to reduce their GHG emissions	3.1	N/A	ESRS 2 SBM-1 40 ESRS 2 SBM-1 AR 14 ESRS 2 SBM-2	Strategy and decision-making - 14	N/A
Policy engagement	8.1	Company policy on engagement with trade associations	3.2e	N/A	ESRS 2 SBM-2 45 ESRS 2 MDR-P 65 ESRS G1-5 27 ESRS G1 AR 9, 10, 12	N/A	N/A
	8.2	Trade associations supported do not have climate-negative activities or positions	3.2a	CC-1-i	ESRS G1-5 27, 28, 29	N/A	N/A
	8.3	Position on significant climate policies	N/A	CC-1-i	N/A	N/A	N/A

Module	Indicator number (ACT Generic)	Indicator name (ACT Generic)	Transition Plan Taskforce: Disclosure Framework	GRI: Climate Change Exposure draft	EFRAG: ESRS 2 General disclosures, ESRS G1 Business conduct and ESRS E1 Climate change	ISSB: IFRS S2 Climate-related Disclosures	SEC: Climate-Related Disclosure
	8.4	Collaboration with local public authorities	3.3	N/A	N/A	N/A	N/A
Business model	9.1	Revenue from low-carbon products and/or services	N/A	N/A	E1-9 66, 69 (b) E1-9 AR 81	Financial position, financial performance and cash flows - 16	N/A
	9.2	Changes to business models	2.2	CC-1-e	ESRS 2 IRO-120 (c) ESRS 2 SBM-140 ESRS 2 SBM-3 AR 8 (b) E1-1 15, 16 (b)/(d)/(f) E1-1 AR 3 (c) E1-4 AR 30, 31 E1-5 AR 38 E1-9 69b E1-9 AR 81	Strategy - 9 Strategy and decision-making - 14 Climate resilience - 22	229.1502 (b) (1)/(2)/(4)