ACT | ASSESSING LOW CARBON TRANSITION ®

World Benchmarking Alliance

ACT initiative: Connecting the dots between targets and transition plans of companies

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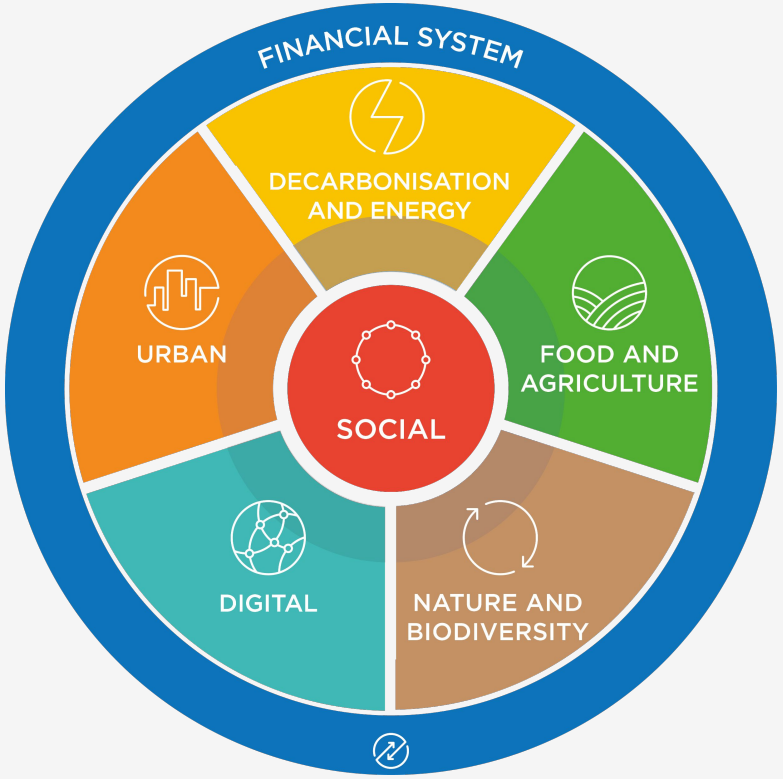
Convenor of ISO TC207/SC7/WG4
Chair of the French mirror committee of ISO TC207/SC7
Convenor of CEN CENELEC TC476/WG1

What is World Benchmarking Alliance

The World Benchmarking Alliance is **a non-profit organisation that assesses and ranks the world's most influential companies on their contribution to the Sustainable Development Goals**

WBA: Transformational change

- Urgent action is needed to put the world on a more sustainable and resilient path.
- SDGs can only be achieved through transformational change.
- Recognises the interconnected and interdependent nature of the SDGs and requires active involvement of all stakeholders.
- In 2023 we will have published a series of benchmarks assessing 2,000 of the most influential companies across all areas of transformation.
- We are committed to continuing **to work with our Allies across the ecosystem** to ensure standards improve over time, align with the SDGs – and that corporate sustainability data remains a public good.



Transition plan : the new buzzword

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Transition plan in 2015

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Transition plan in 2022 (non exhaustive list)

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

GFANZ

CDP DISCLOSURE INSIGHT ACTION

ISSB

RÉPUBLIQUE FRANÇAISE
Liberté Égalité Fraternité

EFRAG European Financial Reporting Advisory Group

European Commission

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RACE TO ZERO

IFRS

UNFCCC

HM Treasury

Climate Bonds INITIATIVE

What should be a transition plan ?

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IFRS®

A transition plan is ***an aspect of an organization's overall business strategy*** *that lays out a set of* ***targets and actions supporting its transition toward a low-carbon economy*** *, including actions such as reducing its GHG emissions.*

CDP
DISCLOSURE INSIGHT ACTION

A climate transition plan is ***a time-bound action plan*** *that clearly* ***outlines how an organization will pivot its existing assets, operations, and entire business model towards a trajectory that aligns with*** *the latest and most ambitious* ***climate science recommendations*** *. i.e.,* ***halving greenhouse gas*** *(GHG)* ***emissions by 2030*** *and* ***reaching net-zero by 2050 at the latest , thereby limiting global warming to 1.5°C*** *.*

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

A transition plan should be a ***part of****, and aligned with, an* ***organization's broader activities for addressing climate-related risks and opportunities****, which in turn should be a part of, and aligned with, the organization's overall business strategy* . (**TCFD**, Guidance on Metrics, Targets, and Transition Plans, Oct 2021)

TPT Transition Plan Taskforce

A transition plan sets out ***how an organisation will adapt as the world transitions towards a low carbon economy*** *. It should set out a)* ***high-level targets*** *the organisation is using to mitigate climate risk, including greenhouse gas reduction targets (e.g. a net zero commitment), b)* ***interim milestones*** *, and c)* ***actionable steps*** *the organisation plans to take to hit those targets.*

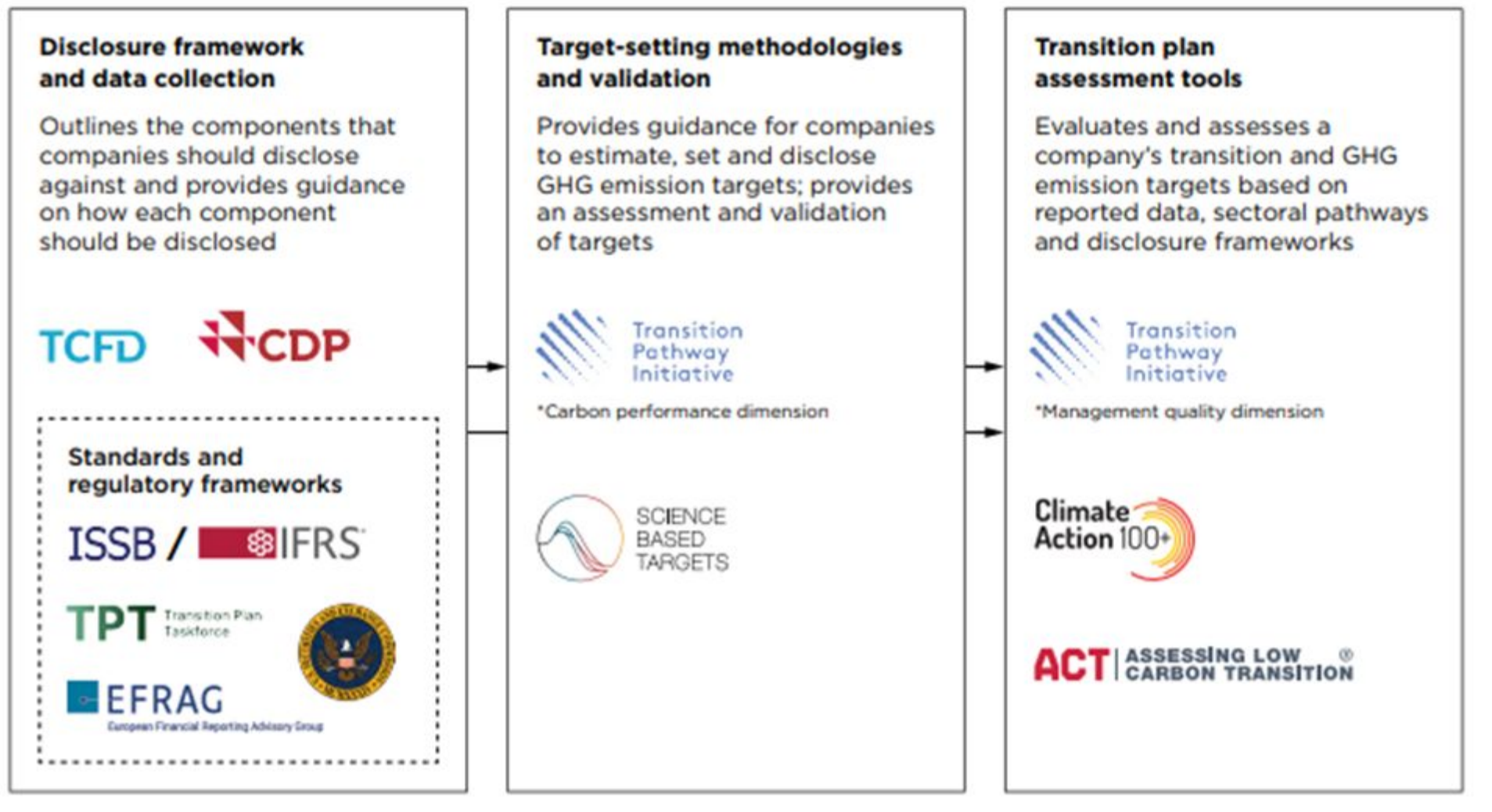
EFRAG
European Financial Reporting Advisory Group

Aspect of an undertaking's overall strategy *that lays out a* ***set of targets and actions supporting its transition*** *toward limiting climate change to* ***1.5°C****.* (**EFRAG** ESRS E1)

GFANZ

A net-zero transition plan is a ***set of goals, actions, and accountability mechanisms*** *to align an organization's business activities with a* ***pathway for net-zero GHG emissions*** *that delivers real-economy emissions reductions in line with achieving global net zero.*
(Recommendations-and-Guidance-on-Net-zero-Transition-Plans-for-the-Financial-Sector_June2022)

In the jungle of transition plan initiatives



Source : figue 2 Transition plan initiatives classification. introductory note on expectations for real-economy transitions plans (GFANZ june2022).

UN SG High level Expert group on Net Zero

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Five Principles

1. Ambition which delivers significant near— and medium —term emissions reductions on a path to global net zero by 2050
2. Demonstrated integrity by aligning commitments with actions and investments
3. Radical transparency in sharing relevant, non-competitive, comparable data on plans and progress
4. Established credibility through plans based in science and third-party accountability
5. Demonstrable commitment to both equity and justice in all actions

ACT Initiative

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Provide credibility for companies' climate transition plans and their potential to reach their science-based targets. Avoid greenwashing.

ADEME AGENCY FOR ECOLOGICAL TRANSITION · CDP DISCLOSURE INSIGHT ACTION · Global Climate Action United Nations Climate Change · RÉPUBLIQUE FRANÇAISE Liberté Égalité Fraternité

ACT is a forward-looking, holistic and operational approach to corporate climate accountability developed through multi-stakeholders technical working groups and public consultations.

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Emissions quantification

Guidance
ACT Step by Step

Assessment
ACT

Funded by

RÉPUBLIQUE FRANÇAISE Liberté Égalité Fraternité · ADEME AGENCY FOR ECOLOGICAL TRANSITION · eit Climate-KIC Climate-KIC is supported by the EIT, a body of the European Union · FFEM FONDS FRANÇAIS POUR L'ENVIRONNEMENT MONDIAL · Life

Strategic partnerships

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The ACT framework

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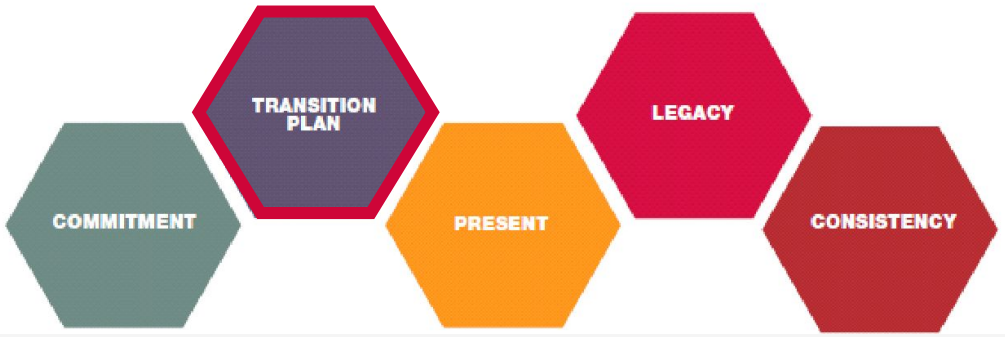
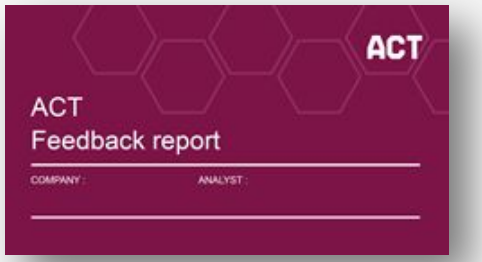
1	2	3	4	5
What is the company planning to do?	How is the company planning to get there?	What is the company doing at present?	What has the company done in the recent past?	How do all of these plans and actions fit together?



PERFORMANCE SCORE Alignment measured with KPIs 20 - 1	
1	Targets
2	Material investment
3	Intangible investment
4	Performance of products
5	Management
6	Suppliers
7	Clients
8	Policy engagement
9	Business model

NARRATIVE SCORE Summary of whole assessment A - E	
1	Business model & strategy
2	Consistency & credibility
3	Reputation
4	Risk



TREND SCORE Forecast of future changes +, =, -	
1	Change in future emissions
2	Change in business model & strategy
3	Any other information compiled as part of score research

ACT Sectoral coverage

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Available

- AUTO MANUFACTURERS
- ELECTRIC UTILITIES
- RETAIL
- BUILDING
- REAL-ESTATE
- OIL & GAS
- TRANSPORT
- CEMENT
- GENERIC
- IRON & STEEL
- ALUMINIUM
- PULP & PAPER

Road testing

Oct 2021 – April 2022
Cleaning stage before publishing

- GLASS
- CHEMICALS
- AGRIFOOD & AGRICULTURE

NEW 2022

Score ACT Adaptation

NEW
0 to 20

ACT ADAPTATION
Road-test June - Nov 2022

ACT FOR FINANCE
April 2022 –September 2023
Public consultation in January 2023

ACT for WBA's benchmarks

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Climate and Energy Benchmark in Oil and Gas

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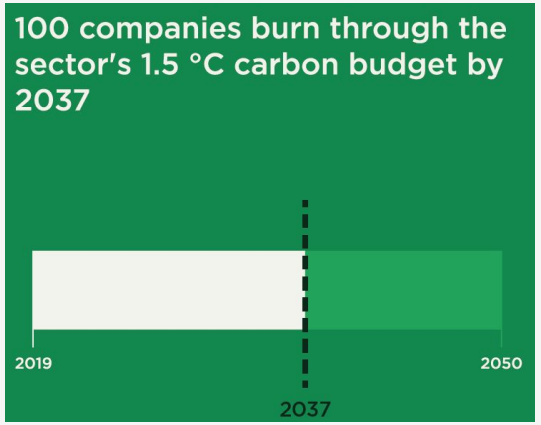
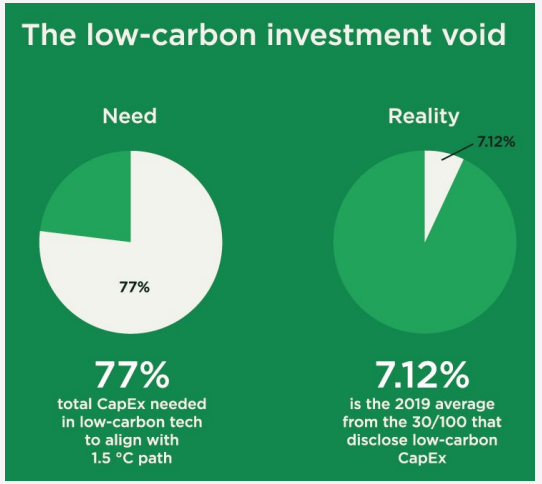
Ranking Companies that ranked in Top 5		Total score out of 100	ACT rating performance, narrative and trend	
1	Neste	57.4 / 100	8.1 / 20	B
2	Engie	56.9 / 100	7.9 / 20	B
3	Naturgy Energy	44.8 / 100	6.8 / 20	C
4	Eni	43.6 / 100	7.3 / 20	C
5	bp	42.9 / 100	6.0 / 20	C

Ranking Companies that ranked in Bottom 5		Total score out of 100	ACT rating performance, narrative and trend	
96	Abu Dhabi National Oil Company (ADNOC)	0.7 / 100	0.3 / 20	E
96	National Oil Corporation of Libya	0.7 / 100	0.3 / 20	E
98	NGL Energy Partners	0.2 / 100	0.1 / 20	E
98	Basra Oil Company	0.2 / 100	0.1 / 20	E
100	PBF Energy	0.0 / 100	0.0 / 20	E

Partners CDP DISCLOSURE INSIGHT ACTION · ADEME AGENCY FOR ECOLOGICAL TRANSITION · ACT ASSESSING LOW CARBON TRANSITION

https://www.worldbenchmarkingalliance.org/publication/oil-and-gas/





ACT for WBA's benchmarks

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Transport sector 2022

90 companies	Total score out of 100	ACT out of 60	Core social indicators out of 20	Just transition out of 20
1 ComfortDelGro Corporation	47.8 /100	43.0	3.5	1.3
2 La Poste Groupe	46.7 /100	40.7	3.5	2.5
3 FirstGroup	41.3 /100	32.9	6.5	1.9
4 NS Groep	39.5 /100	37.4	1.5	0.6
5 A.P. Moller - Maersk	38.8 /100	26.4	10.5	1.9
6 National Express Group	37.7 /100	33.7	4.0	0.0
7 Ferrovie dello Stato Italiane (FS Italiane)	37.6 /100	29.1	6.0	2.5
8 Central Japan Railway	37.4 /100	34.1	2.0	1.3
9 Royal Mail plc	37.3 /100	29.0	7.0	1.3
10 Deutsche Bahn	37.0 /100	28.6	6.5	1.9

Electric utilities sector 2021

1 Ørsted	96.4 /100	18.5 / 20	A	+
2 SSE	84.3 /100	14.4 / 20	A	=
3 E.ON	78.8 /100	12.1 / 20	A	=
4 Vattenfall	77.6 /100	15.6 / 20	B	+
5 EDP Energias de Portugal	77.1 /100	15.4 / 20	B	+
6 Enel	74.3 /100	14.2 / 20	B	+
7 Iberdrola	69.3 /100	13.1 / 20	B	=
8 ENGIE	66.9 /100	11.1 / 20	B	+
- Électricité de France (EDF)	66.9 /100	11.1 / 20	B	+
10 Xcel Energy	64.0 /100	9.9 / 20	B	+

2022 WBA Transport Benchmark

https://www.worldbenchmarkingalliance.org/publication/transport/

5 Key findings

1. Even though over half of the assessed transport companies have set long-term net-zero targets, **their low-carbon transition plans lack detail**, depth and intermediate targets. This limits sufficient tracking of their progress towards the Paris goals.
2. Transport companies are not using enough of their expertise and industry platform to drive key stakeholders to transition in line with the 1.5°C goal. They **need to take decisive leadership towards reaching the climate goals, instead of relying on other stakeholders for solutions**.
3. **Current research and development investments** in emerging, unproven technologies and new business models in the transport sector **will not close the emissions reduction gap in time**.
4. The vast majority of transport companies must **accelerate necessary action immediately to make the low-carbon transition just and equitable, to prevent placing a workforce of millions at risk**.
5. **Only a minority of transport companies demonstrate effective human rights due diligence** – without adequate priority for human rights and decent work practices, a just transition will not be possible.

2022 Transport Benchmark

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Only **51%** of the companies in the transportation benchmark have set net-zero goals

Companies have more than one immediate target (18%)

Companies have set targets between 2030 and their net-zero year (13%)

Only **0.3%** of all transport related revenues are reinvested in low-carbon technology that fuel R&D

0.3%

THANK YOU

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