

Assessing low-Carbon Transition

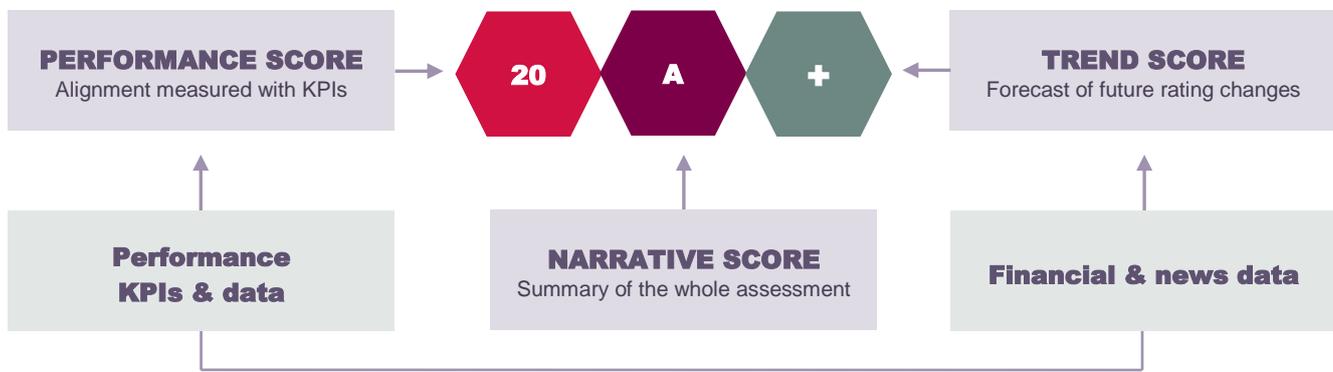


Cement

February 2021

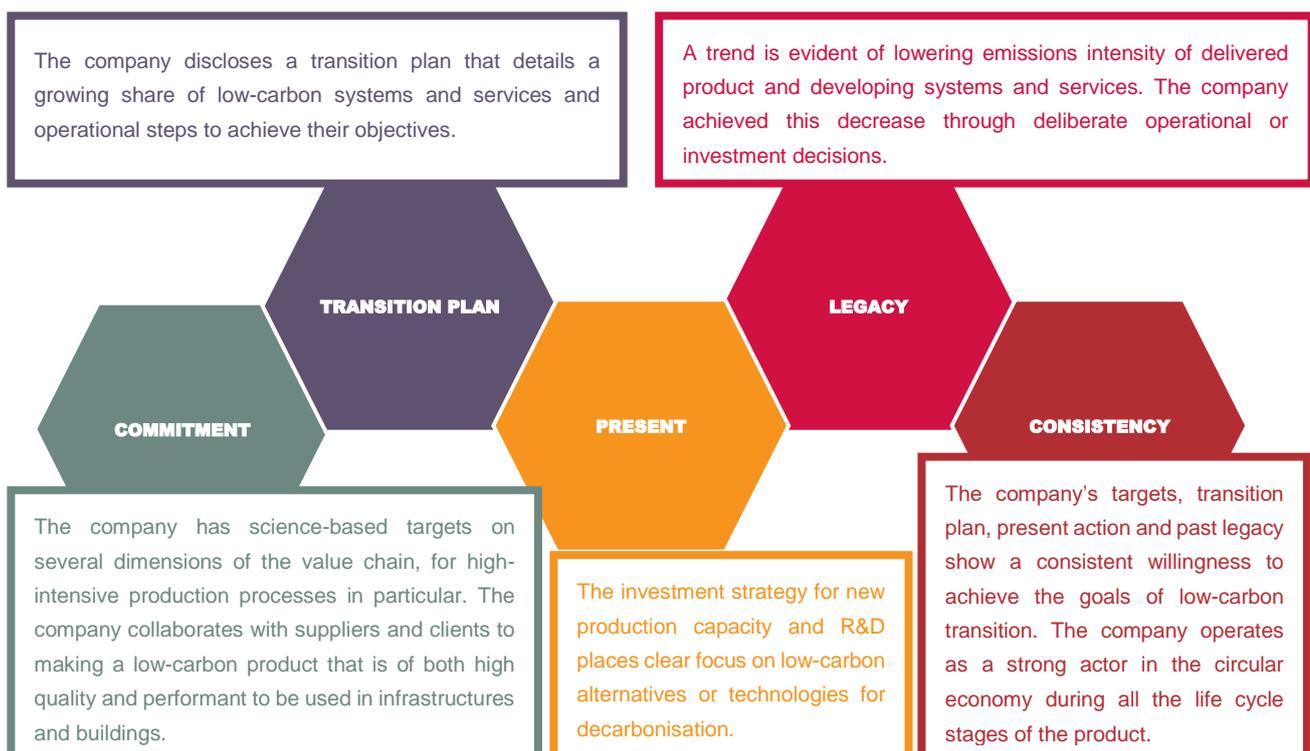
THE ACT RATING

The ACT rating is based on 3 scores (performance, narrative and trend) as shown in the diagram below.



The maximum achievable rating is 20A+ and the minimum is 1E=. To achieve the maximum score, a company must be completely aligned with the low-carbon transition.

ALIGNED STATE FOR A COMPANY IN THE CEMENT SECTOR



CONTEXT & PRINCIPLES OF THE CEMENT ACT METHODOLOGY

The cement industry is the second largest industrial carbon emitter and currently emits 7% of global CO₂ emissions. The global population is expected to grow an additional 30 percent by 2050, increasing thus the need for buildings and transport infrastructure (e.g. roads, bridges, tunnels...), and the global demand for cement. A low-carbon world is therefore impossible without a transformative change in the cement sector.

As 90% of the GHG emissions from the cement sector are coming from the clinker production, the core of the ACT methodology focus on the manufacturing stage. However, the way the company acts within its value chain during all the other cement life cycle stages is considered in qualitative indicators (quarries, use stage = construction, end-of-life stage = demolition).

The ACT methodology considers both integrated cement companies (A), which have direct access to their production data (e.g. clinker intensity) and blenders and grinding operators (B) manufacturing cement from bought or imported clinker, or without clinker at all.

KEY INDICATORS

MODULE (% = MODULE WEIGHTING)	INDICATORS*
TARGETS (15%)	1.1 Alignment of scope 1+2 emissions reduction targets 1.2 Time horizon of targets 1.3 Achievement of previous targets
MATERIAL INVESTMENT (33% for A** 0% for B***)	2.1a Trend in past emissions intensity 2.2a Locked-in emissions 2.3a Trend in future emissions intensity 2.4a Alternative fuels activities
INTANGIBLE INVESTMENT (10%)	3.1 R&D for low-carbon transition
SOLD PRODUCT PERFORMANCE (0% for A** 33% for B***)	4.1b Trend in past emissions intensity 4.2b Electricity management 4.3b Clinker / material-specific interventions
MANAGEMENT (10%)	5.1 Oversight of climate change issues 5.2 Climate change oversight capabilities 5.3 Low-carbon transition plan 5.4 Climate change management incentives 5.5 Climate change scenario testing
SUPPLIER ENGAGEMENT (6%)	6.1 Strategy to influence suppliers to reduce their GHG emissions 6.2 Activities to influence suppliers to reduce their GHG emissions
CLIENT ENGAGEMENT (10%)	7.1 Strategy to influence customer behaviour to reduce their GHG emissions 7.2 Activities to influence customer behaviour to reduce their GHG emissions
POLICY ENGAGEMENT (6%)	8.1 Company policy on engagement with trade associations 8.2 Trade associations supported do not have climate-negative activities or positions 8.3 Position on significant climate policies
BUSINESS MODEL (10%)	9.1 Business activities that reduce structural barriers to market penetration of low-carbon cement 9.2 Business activities that contribute to low-carbon optimization of construction 9.3 Business activities around the circular economy

* More information on the indicators and modules rationales are available in the full sector methodology

**A = integrated companies

***B = blenders and grinding operators

BENCHMARK

For the cement sector, the Sectoral Decarbonisation Approach (SDA) takes into account emissions from clinker production, and blending and grinding operations, alongside emissions from electricity generation (called “inclusive scope 1+2” in the ACT methodology), whatever the type of the company. SDA for cement is developed with the use of the IEA ETP B2DS scenario’s pathways (2017).

FIGURE 1 BENCHMARK USED

