

Assessing low-Carbon Transition

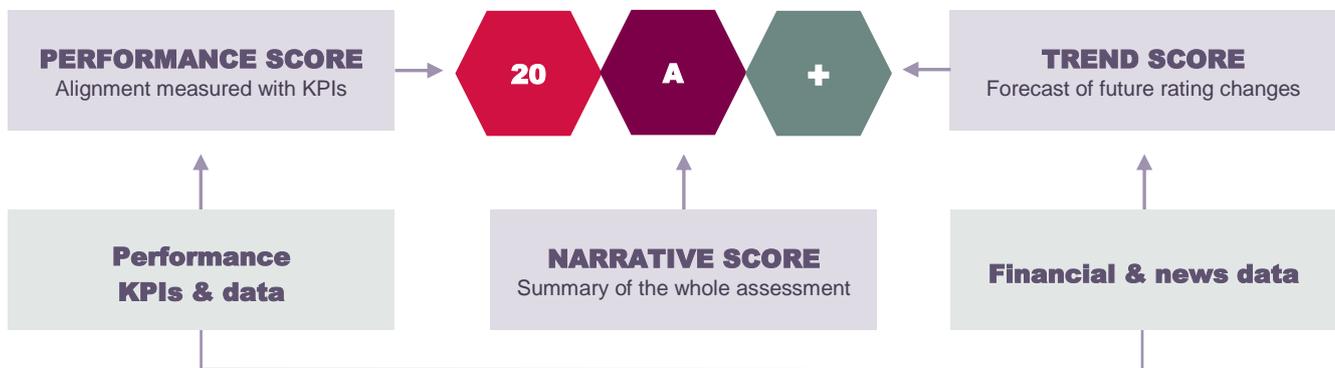


Oil & Gas

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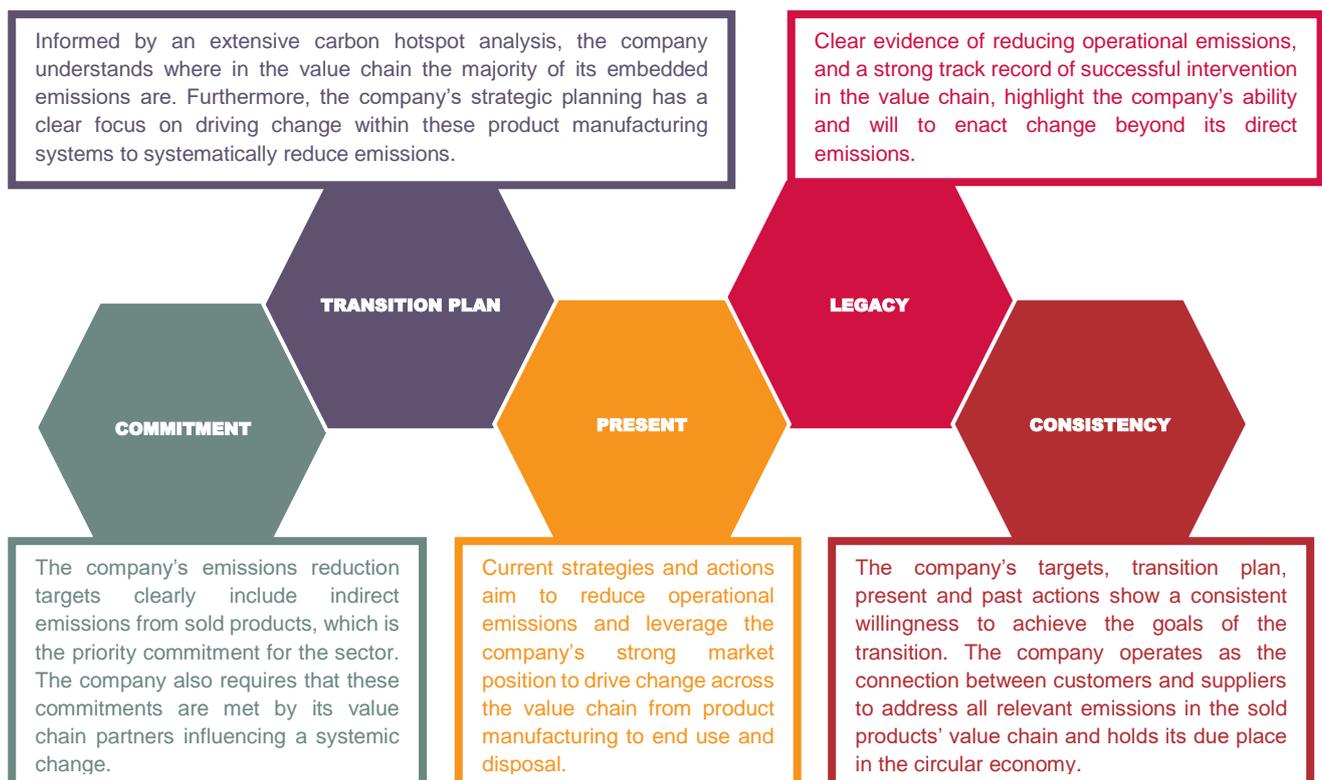
THE ACT RATING

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 OIL & GAS SECTOR



CONTEXT & PRINCIPLES OF THE OIL & GAS ACT METHODOLOGY

Fossil fuel combustion releases carbon dioxide (CO₂) and is the principal source of anthropogenic GHG emissions worldwide. The large majority of the total GHG emissions (around 80% along the Oil & Gas value chain) induced by Oil and Gas companies take place in the downstream segment during the combustion of sold products for final energy use. The Oil & Gas sector encompass a large variety of actors within upstream (exploration and production), midstream (refining activities) and downstream (distribution and retail). Integrated companies are also numerous. This methodology consequently considers the issues addressed along the entire value chain of O&G operations. Points of attention and their respective weightings in ACT rating varies depending on the company position within the value chain (see table).

BENCHMARK

Scope 1+2+3 GHG intensity benchmark

The fundamental target to achieve for all organizations is to contribute to not exceeding a threshold of 2°C global warming compared to pre-industrial temperatures. As a consequence low carbon scenarios used for the benchmark are Well Below 2°C scenarios or 1.5°C scenarios.

Scope 1+2+3 benchmark used in this methodology is based on *IEA Energy Technology Perspectives (ETP) 2020 - Beyond 2°C Scenario (B2DS)*.

Scope 1+2 GHG intensity benchmark

The low carbon scenario chosen for this benchmark is the *IEA World Energy Outlook (WEO) 2020 – Sustainable Development Scenario (SDS)*, as it gives targets for the emissions related to the operations (up – mid – downstream) of O&G sector (Figure 1).

The ACT O&G rating uses other quantitative benchmarks related to CAPEX, R&D investments and revenues shares.

KEY INDICATORS

MODULE (% = MODULE WEIGHTING)	INDICATOR*
TARGETS (15%)	1.1 Alignment of Scope 1+2 emissions reduction targets
	1.2 Alignment of Scope 1+2+3 emissions reduction targets
	1.3 Time horizon of targets
	1.4 Historic Target Ambition and Company Performance
MATERIAL INVESTMENTS (5 - 40%)	2.1 Trend in past Scope 1+2 emissions intensity
	2.2 Emissions lock-in
	2.3 Trend in future Scope 1+2 emissions intensity
	2.4 Share of unsanctioned projects within carbon budget
	2.5 Low carbon and mitigation technologies CAPEX share
	2.6 Carbon removal technologies (CDR) and carbon capture, use and storage technologies (CCS, CCUS) CAPEX share
INTANGIBLE INVESTMENTS (2 – 10%)	3.1 Share of R&D in Low carbon and mitigation technologies
	3.2 Share of R&D in Carbon removal technologies (CCS, CCUS, CDR)
SOLD PRODUCT PERFORMANCE (10 – 23%)	4.1 Trend in past Scope 1+2+3 emissions intensity
	4.2 Trend in future Scope 1+2+3 emissions intensity
	4.3 Trend in future low-carbon products share
	4.4 Energy efficiency services share
MANAGEMENT (10%)	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 (0 – 20%)	6.1 Strategy to influence suppliers to reduce their GHG emissions
	6.2 Activities to influence suppliers to reduce their GHG emissions
CLIENT (0 – 10%)	7.1 Strategy to influence client behaviour to reduce their GHG emissions
	7.2 Activities to influence client behaviour to reduce their GHG emissions
POLICY ENGAGEMENT (5%)	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 drive the energy mix to low-carbon energy
	9.2 Business activities that contribute to the reduction of energy demand
	9.3 Business activities that develop CCS, CCUS and NETs

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

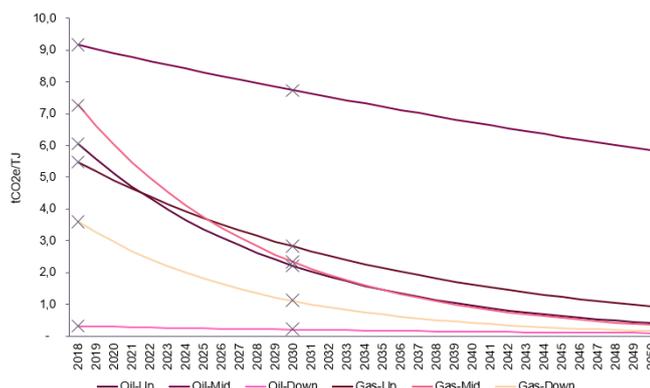


FIGURE 1: SCOPE 1+2 GHG INTENSITY BENCHMARK