

Assessing low-Carbon Transition (ACT) Sectoral Technical Working Group

Terms of Reference

Sector: Iron & Steel

You will find below the Terms of Reference for the ACT Technical Working Group (TWG) for the Iron & Steel sector methodology. To confirm your organisation is joining the TWG, **please make sure to complete and return the sign-up form at the end of the document.**

Purpose

The ACT Initiative, co-founded by the [French Energy and Environmental agency \(ADEME\)](#) and [CDP](#), is an accountability framework and methodologies to assess how companies' strategies and actions are contributing to the Paris Agreement mitigation goals of staying well below a 2°C temperature increase above preindustrial levels.

The objective of the TWG is to develop a strong and robust ACT assessment methodology for the sector to drive action by companies and put them on a relevant low-carbon pathway in terms of their climate strategy, business model, product and services, investments, operations, GHG emissions and GHG management.

Background

ACT– Assessing low Carbon Transition is a joint voluntary initiative from ADEME and CDP and part of the UNFCCC secretariat Global Climate Agenda (GCA) supported by the French government since 2015. ACT creates an accountability framework and sectoral methodologies to assess how companies' strategies and actions are contributing to the Paris Agreement mitigation goals.

Launched at COP21 in Paris in December 2015, the ACT initiative adopts a holistic approach to reviewing how ready a company is to transition to a low-carbon economy. ACT methodologies are sector specific.

The level of ambition of the company's climate strategy is analysed against the low-carbon benchmark relevant for the sector, as well as the actions that the company takes in response to this strategy. The ACT Assessment framework proposes five guiding questions as the basis to steer the development of ACT methodologies and create consistent ACT ratings across sectors:

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

For the purpose of this project, the minimum acceptable level of ambition is established with reference to "well-below 2°C" scenarios, or scenarios with a probability of NOT exceeding 2°C. The outputs, based on the ACT Framework (which can be provided upon request), are

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expected to include a list of data requirements, key performance indicators, and an assessment and rating rationale and guidance.

ACT and Science Based Targets

The ACT and Science Based Targets initiatives complement each other and are relevant at different stages in climate corporate action. By supporting companies in the process of setting science-based targets, the SBTi helps them define a clear sense of direction to be in line with a 2°C decarbonization pathway. By supporting companies to achieve the low carbon transition and by monitoring their climate action, ACT helps them implement that direction, and enhance the credibility of their climate commitments.

Membership of the Technical Working Group

The Technical Working Group will include relevant representatives from the private sector, civil society, NGOs, governmental agencies, business associations, investors, policymakers, academics and experts as invited by the steering committee represented by ADEME, CDP and relevant consultants. Invitations for participation in the TWG will consider the need for geographical diversity of institutions represented, and gender balance of the final group. If circumstances dictate, the steering committee may request prospective members step back from participation in the TWG in order to achieve balanced participation among organisations. Prospective TWG members are encouraged to consider diversity including gender balance when nominating individual representatives to the TWG.

Role and Responsibilities of TWG members

- ▶ Review draft methodologies and deliverables presented to the TWG, including supporting the definition of key indicators for companies' transition efforts as well as the identification of the data points that will be requested from companies;
- ▶ Provide inputs and suggestions to be incorporated into methodologies drafting in a constructive spirit, improving its clarity and scientific or technical references;
- ▶ Suggest representatives who have relevant sectoral technical and business strategy expertise where possible;
- ▶ Endeavour to support strong climate mitigation ambition;
- ▶ Participate in around 5 TWG calls. It is envisaged that at least one meeting will be in-person and the others will happen mostly by tele- or video-conference;
- ▶ Dedicate up to 6 days FTE over a period of 6 months to prepare TWG meetings and provide feedback;
- ▶ Agree that the TWG will play an advisory role and will not approve the final draft of the methodology. CDP and ADEME will finalise the methodology as current ACT board representatives;
- ▶ Consent to the use of their company name in relation to the TWG, but not for any additional purpose;

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- Consent to the meetings to be conducted under the [Chatham House rule](#): “participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed”.

The chart below represents the theoretical process of the ACT methodology development and validation.

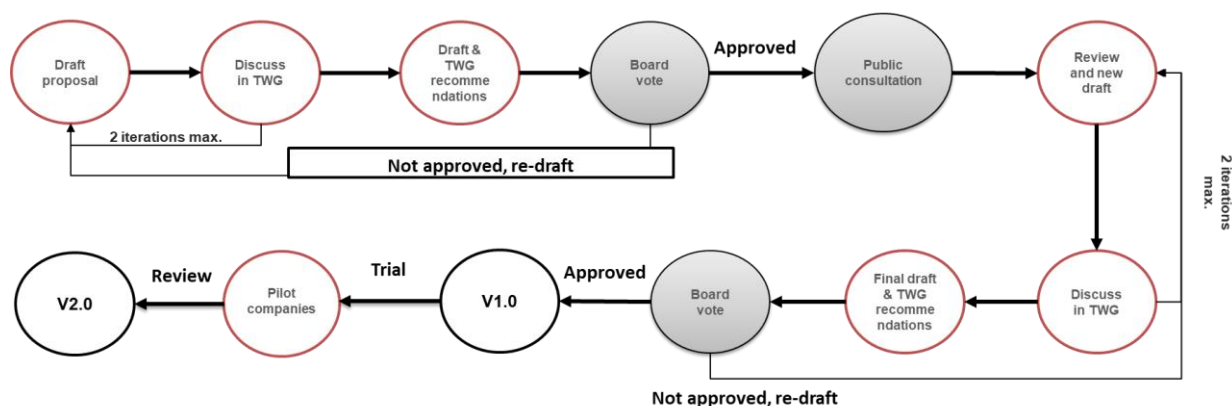


Figure 1: Theoretical process of the ACT methodology development and validation.

Benefits for TWG members

Experts of the Technical Working Group could enjoy the following benefits:

- Share best practice and showcase commitment of a sector in favor of low carbon transition and international objectives;
- International visibility regarding the pro-activity of their company’s climate strategy;
- Receive information towards ACT assessment;
- Review and enhance ACT sectoral methodologies;
- Opportunity to have name, logo and a link to their website on the ACT webpage
- Opportunity to be quoted and speak during ACT events;
- Develop and/or reinforce their networks.

The companies will also enjoy the following benefits if they want to road test the ACT methodology:

- Benchmark their climate strategy against relevant sectoral decarbonization pathways;
- Consultancy support from ACT experts. Those consultants are chosen and trained by the ACT initiative and shall respect strict terms of reference;
- Helpful learnings for their potential responses to TCFD reporting requirements on transition risks;
- Reinforcement of their dialogue with investors on their climate strategy;
- Use tools to create, implement and monitor low carbon business strategies.

Final deliverables of the TWG

- ▼ An **ACT methodology for the sector** which explains how the ACT Framework is applied to companies in the industry, how to do an ACT assessment and calculate an ACT scoring.
- ▼ An **assessment tool for the sector** allowing the execution of an ACT assessment resulting in a rating.

Timeline

The expected duration of the project is six months. Around 5 TWG calls will happen throughout the project. The first is expected in early June 2020; the last one in November 2020.

Communicating involvement and branding

The TWG member (representing an organization-stakeholder), CDP and ADEME (together the “participants”) will use the following language when referring to the companies’ participation in the initiative and will not portray or imply any other association or collaboration between the participants.

“[TWG member’s name] participates in the ACT Initiative Iron & Steel Technical Working Group contributing to the development of ACT methodologies to assess companies’ strategic alignment with the net-zero carbon transition. The Technical Working Group has an advisory role, decisions on final methodologies will be made by CDP and ADEME as current ACT board members. The methodologies developed in this project will be available at no cost to all stakeholders with the aim of supporting alignment with a net-zero carbon goal.”

Handling of your contact details

Following GDPR regulations, we want to inform you that we’ll be using the contact details you provide us (full name, email address and company name) to keep you updated on the following ACT-related activities:

- To invite you to Technical Working Group (TWG) meetings.
- To share any information and documentation related to the ACT sectoral TWG.
- To share consultation on the methodological choices and outputs of the TWG meetings.
- To share relevant ACT-related information (e.g. webinars, calls for proposals).

Your contact details will be shared with the full sectoral Technical Working Group (including the Steering Committee) to allow for email discussions between TWG participants. If you would like your information not to be shared, please do get in touch with us to let us know.

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Please complete: ACT Technical Working Group sign-up form

Please complete and return the below section to confirm your organisation's interest in joining the ACT Technical Working Group.

(For efficiency, you can copy the completed paragraph below into your reply to the email of invitation received).

I, [name and surname], accept the terms of reference described above and confirm that [name, surname, role in the organisation] will represent [name of the organisation] during the ACT Iron & Steel sector methodology development.

If your organisation is interested in benefiting from a free ACT evaluation as a pilot of the sectoral methodology developed by this TWG, please check this box*:

*This is optional and the answer can be amended at any time during the methodology development process.

Name, job title.

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