ACCELERATE ®
CLIMATE
TRANSITION

ACT Retail

Low carbon transition assessment methodology

(Version 2.0 –07/2026

Acknowledgments

ADEME, the World Benchmarking Alliance and the CDP warmly thank:

- the members of the Technical Working Group for their inputs and feedback on the methodology (to get to v1.1 of the methodology)
- stakeholders involved during the update process
- respondents to the public consultation

Methodology version	**v1.1**	**v2.0**
Date	March 2019	July 2026
Technical coordination	Edouard Fourdin Esther Stoakes Pedro Faria Romain Poivet	Marlène Dresch Raphaël Lux Anaïs Goburdhun
Technical assistance	Eco2 initiative I Care & Consul Carbone 4	Strateone Agrosolutions
Supporter	ADEME	ADEME
Quality assurance and quality control	ClimateCheck	Eco2 initiative ClimateCheck

© ADEME 2026. Reproduction of all or part of work without licence of use permission of ADEME is prohibited.

Contents

1. Introduction

The 2015 United Nations Climate Change Conference (COP21) in Paris solidified global recognition to act on climate change with the political agreement to limit warming to 1.5°C above pre-industrial levels. The ACT (Accelerate Climate Transition) initiative measures companies' alignment with the ambition of a low-carbon economy. The goal is to drive action by companies and encourage businesses to move to 1.5°C compatible pathway by considering their climate strategy, business model, investments, operations and GHG emissions management.

Accounting for more than 15 $MtCO_2$ per year, the Retail sector represents 2% of global GHG emissions [1]. Most emissions attributable to the Retail sector are not emitted through retailers' operating emissions, but rather throughout the value chain (98%). A low-carbon transition towards a 1.5ºC alignment (or beyond) by 2050 will require a transformation of its entire value chain, from upstream production to downstream use and disposal of products including logistics.

The complexity of this value chain means that many different types of information, both quantitative and narrative, need to be combined to acquire an impression of the low-carbon alignment of the sector.

Decarbonization levers

The retail sector faces a distinctive decarbonization challenge: Scope 3 emissions account for 98% of total sector emissions, with up to 73% originating from upstream activities alone [2]. Addressing this requires action across several interconnected levers.

Product-related levers represent the most impactful area, particularly for food retailers. Key actions include:

- Implementing product-level emissions transparency to enable informed decision-making by both retailers and consumers [3];
- Embedding decarbonization criteria into procurement processes [3];
- Shifting product assortments from animal-based to plant-based proteins through supply, pricing, and communication strategies [1] [4];
- Promoting regenerative agricultural practices in collaboration with upstream stakeholders (farmers, cooperatives, and agricultural traders) [1];
- Reducing livestock farming emissions or limiting commercial promotion of intensive meat products [1] [4].

For non-food retailers, downstream Scope 3 emissions tied to **product use and end-of-life** can be equally significant. Relevant levers here include prioritizing energy-efficient products, promoting long-life and repairable goods, and improving recyclability of both products and packaging.

Transport and logistics, which account for 1 to 7% of total value chain emissions depending on the product category [2], can be addressed through:

- Fleet electrification;
- Enhanced data collection and transparency across the supply chain;
- Reducing delivery failures and return rates, particularly in e-commerce [5];
- Supporting public policies that favor green consumer mobility [5].

Business model transitions represent a cross-cutting lever, requiring retailers to move beyond incremental changes. This includes fostering consumer behavior shifts through targeted communication, notably reducing advertising centered on low prices and promoting plant-based diets [2] [4] [6], increasing transparency on

environmental product impacts [4], and upskilling internal teams, particularly those responsible for category management [6]. Many of these transitions are unlikely to be viable without public policy support and subsidies, given consumers' declining willingness to pay a premium for sustainable products [7].

Finally, improved **GHG emissions reporting**, with greater granularity per scope and a harmonized methodology across the value chain, emerges as a foundational enabler for all other levers. Ambitious targets are achievable only when underpinned by robust measurement frameworks and multi-stakeholder collaboration.

2. Principles

The selection of principles to be used for the methodology development and implementation is explained in the general ACT Framework [8]. Table 1 recaps the ACT principles that were adhered to when developing the methodology.

TABLE 1: PRINCIPLES FOR IMPLEMENTATION

RELEVANCE - Select the most relevant information (core business and stakeholders) to assess low-carbon transition.
VERIFIABILITY - The data required for the assessment shall be verified or verifiable.
CONSERVATIVENESS - Whenever the use of assumptions is required, the assumption shall err on the side of achieving well-below 2°C maximum global warming and pursuing efforts to limit the temperature increase to 1.5°C (compared to pre-industrial levels).
CONSISTENCY - Whenever time series data is used, it should be comparable over time.
LONG-TERM ORIENTATION - Enables the evaluation of the long-term performance of a company while simultaneously providing insights into short- and medium-term outcomes in alignment with the long-term.

3. Scope

3.1. SCOPE OF THE DOCUMENT

This document presents the ACT assessment methodology for the Retail sector. It includes the rationale, definitions, indicators, and guidance for the sector-specific aspects of performance, narrative and trend scoring. It was developed in compliance with the ACT Guidelines for the development of sector

methodologies, which describes the governance and process of this development, as well as the required content for such documents.

It is intended to be used in conjunction with the ACT Framework [8], which describes the aspects of the methodology that are not sector-specific.

3.2. SCOPE OF THE SECTOR

The ACT Retail sector corresponds to the Retail sector in the CDP Activity Classification System (CDP-ACS).

The activities of the Retail sector are the activities of wholesale trade and retail trade. They include convenience retail (food and drugstores, supermarkets and online groceries) and discretionary retail (department stores, discretionary delivery retail and specialist retailers). The sector businesses include online trading as well as physical shops and stores, and they are also very heterogeneous with respect to what they sell, with many retailers specializing in certain categories of products and others selling products from a huge range of categories.

Wholesale trade is, by definition, not a subsector of the retail sector. However, decarbonization levers for wholesalers converge with those of retailers, regarding the products approach, business models, etc. It is included in the scope of this methodology as an additional actor.

3.2.1. NACE CODES

The Statistical Classification of Economic Activities in the European Community [9], commonly referred to as NACE, enables a clear definition of the scope of the players. Covered activities are classified under codes and descriptions “46 – Wholesale trade” and “47 – Retail trade” in the NACE classification. The table below describes the activities that are covered and excluded from the ACT Retail methodology.

NACE classification		Inclusion in ACT Retail
46 – Wolesale trade		
46.1 Wholesale on a fee or contract basis	46.11 Activities of agents involved in the wholesale of agricultural raw materials, live animals, textile raw materials and semi-finished goods	**Included**
	46.12 Activities of agents involved in the wholesale of fuels, ores, metals and industrial chemicals	**Included** **except wholesalers selling only fuels (excluded)**
	46.13 Activities of agents involved in the wholesale of timber and building materials	**Included**
	46.14 Activities of agents involved in the wholesale of machinery, industrial equipment, ships and aircraft	**Included**
	46.15 Activities of agents involved in the wholesale of furniture, household goods, hardware and ironmongery	**Included**

	46.16 Activities of agents involved in the wholesale of textiles, clothing, fur, footwear and leather goods	Excluded
	46.17 Activities of agents involved in the wholesale of food, beverages and tobacco	Included
	46.18 Activities of agents involved in the wholesale of other particular products	Included
	46.19 Activities of agents involved in non-specialised wholesale	Included
46.2 Wholesale of agricultural raw materials and live animals	46.21 Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	Included
	46.22 Wholesale of flowers and plants	Included
	46.23 Wholesale of live animals	Included
	46.24 Wholesale of hides, skins and leather	Included
46.3 Wholesale of food, beverages and tobacco	46.31 Wholesale of fruit and vegetables	Included
	46.32 Wholesale of meat, meat products, fish and fish products	Included
	46.33 Wholesale of dairy products, eggs and edible oils and fats	Included
	46.34 Wholesale of beverages	Included
	46.35 Wholesale of tobacco products	Included
	46.36 Wholesale of sugar, chocolate and sugar confectionery	Included
	46.37 Wholesale of coffee, tea, cocoa and spices	Included
	46.38 Wholesale of other food	Included
	46.39 Non-specialised wholesale of food, beverages and tobacco	Included
46.4 Wholesale of household goods	46.41 Wholesale of textiles	Excluded
	46.42 Wholesale of clothing and footwear	Excluded
	46.43 Wholesale of electrical household appliances	Included
	46.44 Wholesale of china and glassware and cleaning materials	Included
	46.45 Wholesale of perfume and cosmetics	Included
	46.46 Wholesale of pharmaceutical and medical goods	Included

	46.47 Wholesale of household, office and shop furniture, carpets and lighting equipment	Included
	46.48 Wholesale of watches and jewellery	Included
	46.49 Wholesale of other household goods	Included
46.5 Wholesale of information and communication equipment	46.50 Wholesale of information and communication equipment	Included
46.6 Wholesale of other machinery, equipment and supplies	46.61 Wholesale of agricultural machinery, equipment and supplies	Included
	46.62 Wholesale of machine tools	Included
	46.63 Wholesale of mining, construction and civil engineering machinery	Included
	46.64 Wholesale of other machinery and equipment	Included
46.7 Wholesale of motor vehicles, motorcycles and related parts and accessories	46.71 Wholesale of motor vehicles	Included
	46.72 Wholesale of motor vehicle parts and accessories	Included
	46.73 Wholesale of motorcycles, motorcycle parts and accessories	Included
46.8 Other specialised wholesale	46.81 Wholesale of solid, liquid and gaseous fuels and related products	Excluded
	46.82 Wholesale of metals and metal ores	Included
	46.83 Wholesale of wood, construction materials and sanitary equipment	Included
	46.84 Wholesale of hardware, plumbing and heating equipment and supplies	Included
	46.85 Wholesale of chemical products	Included
	46.86 Wholesale of other intermediate products	Included
	46.87 Wholesale of waste and scrap	Included
	46.89 Other specialised wholesale n.e.c.	Included
46.9 Non-specialised wholesale trade	46.90 Non-specialised wholesale trade	Included
47 – Retail trade		
47.1 Non-specialised retail sale	47.11 Non-specialised retail sale of predominantly food, beverages or tobacco	Included

	47.12 Other non-specialised retail sale	**Included**
47.2 Retail sale of food, beverages and tobacco	47.21 Retail sale of fruit and vegetables	**Included**
	47.22 Retail sale of meat and meat products	**Included**
	47.23 Retail sale of fish, crustaceans and molluscs	**Included**
	47.24 Retail sale of bread, cake and confectionery	**Included**
	47.25 Retail sale of beverages	**Included**
	47.26 Retail sale of tobacco products	**Included**
	47.27 Retail sale of other food	**Included**
47.3 Retail sale of automotive fuel	47.30 Retail sale of automotive fuel	**Excluded**
47.4 Retail sale of information and communication equipment	47.40 Retail sale of information and communication equipment	**Included**
47.5 Retail sale of other household equipment	47.51 Retail sale of textiles	**Included**
	47.52 Retail sale of hardware, building materials, paints and glass	**Included**
	47.53 Retail sale of carpets, rugs, wall and floor coverings	**Included**
	47.54 Retail sale of electrical household appliances	**Included**
	47.55 Retail sale of furniture, lighting equipment, tableware and other household goods	**Included**
47.6 Retail sale of cultural and recreational goods	47.61 Retail sale of books	**Included**
	47.62 Retail sale of newspapers, and other periodical publications and stationery	**Included**
	47.63 Retail sale of sporting equipment	**Included**
	47.64 Retail sale of games and toys	**Included**
	47.69 Retail sale of cultural and recreational goods n.e.c.	**Included**
47.7 Retail sale of other goods, except motor vehicles and motorcycles	47.71 Retail sale of clothing	**Excluded**
	47.72 Retail sale of footwear and leather goods	**Excluded**
	47.73 Retail sale of pharmaceutical products	**Included**
	47.74 Retail sale of medical and orthopedic goods	**Included**

	47.75 Retail sale of cosmetic and toilet articles	**Included**
	47.76 Retail sale of flowers, plants, fertilisers, pets and pet food	**Included**
	47.77 Retail sale of watches and jewelry	**Included**
	47.78 Retail sale of other new goods	**Included**
	47.79 Retail sale of second-hand goods	**Included**
47.8 Retail sale of motor vehicles, motorcycles and related parts and accessories	47.81 Retail sale of motor vehicles	**Included**
	47.82 Retail sale of motor vehicle parts and accessories	**Included**
	47.83 Retail sale of motorcycles, motorcycle parts and accessories	**Included**
47.9 Intermediation service activities for retail sale	47.91 Intermediation service activities for non-specialised retail sale	**Included**
	47.92 Intermediation service activities for specialised retail sale	**Included**

3.2.2. RATIONALE FOR EXCLUSION OF SOME PLAYERS

- **ACTIVITIES RELATED TO FASHION**

The ACT Fashion methodology covers all activities related to the fashion value chain, including retail sale of fashion products. To avoid a duplicate, companies for which more than 90% of the annual turnover is attributed to fashion activities shall use the ACT Fashion methodology.

However, for companies operating on both Fashion and Retail sector, the use of the ACT Retail methodology is recommended. Companies operating on several sectors should refer to the multi-activity guidance [10].

- **SALE OF AUTOMOTIVE FUEL**

The ACT Oil & Gas methodology covers all activities relating to the oil and gas value chain, including retail sale of automotive fuel. This activity is therefore excluded from the scope of ACT Retail and companies for which retail sale of automotive fuel represents more than 90% of the annual turnover shall be assessed using the ACT Oil & Gas methodology.

However, for companies operating on both retail sale of automotive fuel and other retail activities, the use of the ACT Retail methodology is recommended.

3.2.3. MAIN COVERED CATEGORIES

Several subcategories can be defined in the Retail sector, but in the scope of decarbonation, subcategories are particularly relevant to describe the actors of the sector and the main challenges related to their activity:

- Food retailers, for actors selling food products
- Non-food retailers, for actors selling any other goods than food products and falling into the scope of the ACT Retail methodology

- Head or member of an organized distribution network[1]
- E-commerce retailers, for actors selling online
- Wholesalers.

These categories have been defined to activate certain indicators through the ACT assessment depending on the company's activity. Importantly, a single company can fit into all these categories.Wholesalers are included in the scope of this methodology as the decarbonization levers are very similar to retailers: sold products mix, transport, food waste, etc.

The criteria for fitting a profile are defined as follows:

- If a retailer's turnover on food products exceeds 30% of total turnover, the company is considered as food retailer. Otherwise, the company is considered as non-food retailer.
- If a retailer's turnover of wholesale exceeds 90% of total turnover, the company is considered as wholesaler.

There is no criteria for defining an e-commerce retailer as the turnover on online sales will directly impact on the weight of the indicator 4.3.

4. Boundaries

The Retail sector represents the interface through which most of the products bought by consumers are acquired. Therefore, a low-carbon transition will lead to a transformation of the RT sector within retail operations, but more significantly throughout the entire value chain, from upstream production to downstream use and disposal of products.

Considering the magnitude of the total direct, upstream and downstream GHG emissions for the entire value chain, the analysis will necessarily have to focus only on the most relevant aspects rather than assessing everything. This focus is, in order of importance:

a. Upstream value chain emissions (Scope 3)
b. Downstream use of sold products (Scope 3)
c. Retail operational emissions from major emissions sources only (Scope 1 and 2)

In most cases, upstream value chain emissions (a) are the main focal point, given the relative maturity of measurement and actions in this area. Downstream use of sold products (b) may also represent a major emissions source, though measurement systems are not as mature and they do not represent an equally large source of emissions among all products. Lastly, the emissions caused by activities within retail operations are considered, but only for major emissions sources.

It is important to note that the Retail sector is very heterogeneous and sub-sectors may have very different emissions sources. For example, refrigerant leakage emissions are an important part of the food retailers' emissions, making the operational emissions more relevant than for non-food retailers.

[1] An organized distribution network is an integrated business with subsidiaries or a clear head of network with independent legal entities operating under the same brand name or collaborating on the same activity

This section discloses the emissions sources that must be covered in the quantitative indicators comparing the company's emissions data to a benchmark (except for AFOLU emissions, which require specific boundaries). Based on the GHG Protocol, the following graph lists the main emissions sources to consider along the retail value chain and those to be integrated and excluded from ACT Retail.

Certain emissions sources (in yellow) are optional, as their order of magnitude may vary depending on the company considered. Each emissions source shall be considered individually by the assessor and included in the assessment if it is significant compared to the total emissions. Emissions sources are deemed significant if they represent at least 5% of total Scope 1 & 2 or Scope 3 emissions.

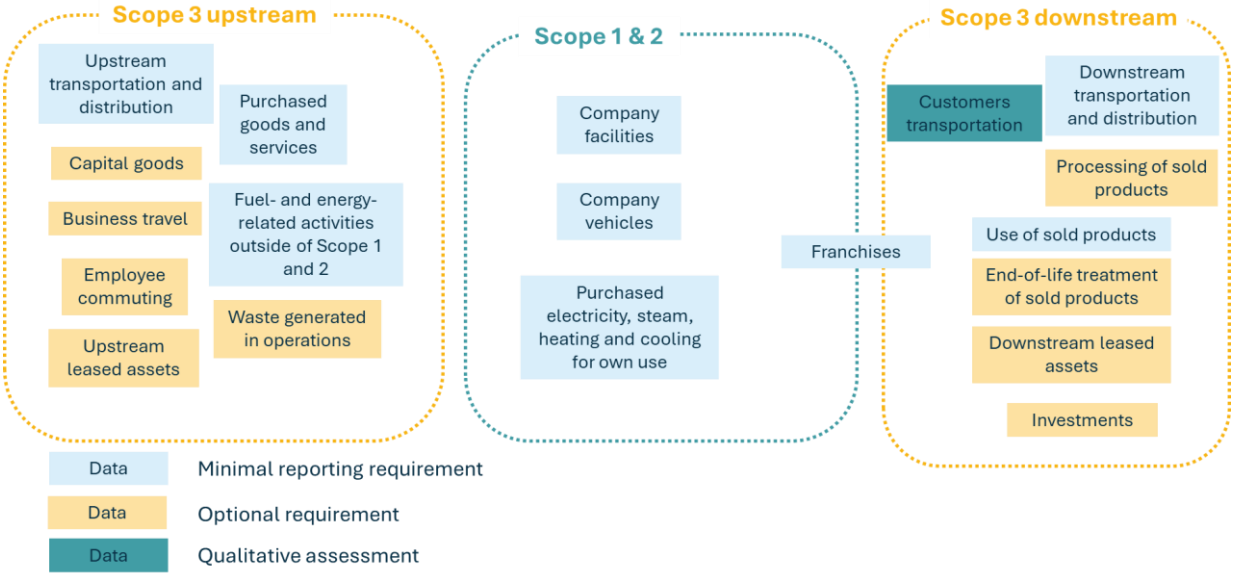


FIGURE 1 EMISSIONS SOURCES ALONG THE RETAIL VALUE CHAIN

For AFOLU emissions sources and targets using the SBTi FLAG benchmarks [11], the boundaries are as followed:

Included
♦ CO2 emissions from LUC associated with deforestation and forest degradation, including conversion of natural forest to plantation following GHG Protocol definitions ♦ CO2 emissions from LUC associated with conversion of coastal wetlands (mangroves, seagrass and marshes), conversion/draining and burning of peatlands, and conversion of savannas and natural grasslands
♦ CH_4 emissions from manure management ♦ Enteric CH_4 emissions ♦ CH_4 emissions from flooded soil (lowland rice) ♦ Direct and indirect N_2O emissions from manure management ♦ Fertilizer: direct N_2O emissions from soil due to fertilizer application ♦ Fertilizer: indirect N_2O emissions from leaching, runoff and volatilization ♦ N_2O emissions from crop residue ♦ CH_4 and N_2O emissions from agricultural waste burning ♦ CO_2 emissions from machinery used on-farm ♦ CO_2 emissions from transport of biomass ♦ CO_2 and N_2O emissions from fertilizer production ♦ Forest harvest and management
♦ Forest restoration that occurs on working lands only (e.g., silvopasture) ♦ Improved forest management (timber and wood fiber)

- Agroforestry (carbon sequestration from integration of agroforestry into agricultural and grazing lands)
- Enhancing soil organic carbon

5. Construction of the data infrastructure

5.1. DATA SOURCES

In order to carry out a company-level assessment, many data points need to be gathered which can be sourced from various locations. Principally, ACT relies on the voluntary provision of data by the participating companies. The data provided by the companies may be of different types. Alongside this, however, external data sources are consulted where this would streamline the process, ensure fairness, and provide additional value for verification and validation.

The ACT assessment uses the following data sources:

TABLE 2: ACT ASSESSMENT DATA SOURCES

DATA SOURCE	MAIN USE
Company data from survey	Data source for calculating indicators.
Company data from models and simulations	Data source for calculating indicators.
Company data from life cycle assessment	Data source for calculating indicators.
Company data from econometric data	Data source for calculating indicators.
Contextual and financial information database sources (E.g. Online and press news, RepRisk)	Contextual and financial information on company and events related to the company that could impact the ACT assessment
CDP questionnaire (where cited in this document, in the data requirements, the questions refer to the 2023 question numbers. E.g., [C1.2a], [C4.1]). It is important to note that in some cases, CDP data may not be directly transferable to ACT.	Data regarding company emissions, targets, management, business model, etc

Where indicators use third-party data sources as the default option, reporting companies may provide their own data if they can provide a justification for doing so, information about its verification status, any assumptions used and the calculation methodology.

5.2. COMPANY DATA REQUEST

The data request will be presented to companies in a comprehensive data collection format. The indicators were designed in collaboration with retail companies in order to ensure that necessary data would be mostly available. Where current data availability is limited, indicators were designed to encourage companies to set-up a collection process for the relevant information.

Companies are encouraged to use existing standards and references to build their reporting/collection process to make data compiling and processing easier.

Companies may use external databases to estimate their GHG emissions at the different steps of the value chain. However, it is up to the assessor to judge the relevance of the data reported regarding the company's activity through two ways: the emissions coverage for the quantitative indicators and the data quality in the narrative score.

5.3. PERFORMANCE INDICATORS

MATURITY MATRIX:

Some modules are scored using a maturity matrix, as the assessment is qualitative. The maturity matrix contains five levels of evaluation that are associated with scores given to the company for each indicator. For some indicators, all 5 levels of the matrix are used to score the company, while for other indicators only some levels are used, in a simpler and less granular approach (e.g. levels 1, 3 and 5 only). Some of the indicators might be divided into sub-dimensions that are evaluated individually before the score is aggregated to obtain the overall indicator score.

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

ACT RETAIL – PERFORMANCE INDICATORS

TABLE 3 DATA REQUEST PER INDICATOR

Module	Indicators	Data request
1 - Targets	1.1 1.2	Target year Emissions reduction between reporting year and target year Coverage of emissions Base year and base year emissions Reporting year and reporting year absolute emissions Scope of emissions
	1.3	Target year (longest time horizon and intermediate targets) Scope of emissions Emission sources covered by the target
	1.4	Base year Start year Target year Percentage of reduction target from base year in absolute emissions Percentage of absolute emissions reduction target achieved Percentage of scope 1+2, or scope 3 emissions covered by the targets, depending on the company profile
2 - Material investment	2.1	Scope 1 and 2 emissions **or** Scope 1+2 emissions intensity and activity from reporting year minus five years to reporting year
	2.2	Scope 1 and 2 emissions **or** Scope 1+2 emissions intensity and activity at reporting year and reporting year plus five years
3 – Intangible investments	3.1	Type of climate trainings provided and staff covered

Module	Indicators	Data request
4 - Sold Product Performance	4.1	Interventions on the most emissive products
	4.2	Scope 3 emissions **or** Scope 3 emissions intensity and activity from reporting year minus five years to reporting year Scope 3 AFOLU emissions
	4.3	Strategy and activities to reduce GHG emissions linked to transport
	4.4	Strategy and activities to reduce GHG emissions linked to waste
	4.5	Strategy and activities to reduce GHG emissions linked to land artificialisation
5- Management	5.1	Environmental policy and details regarding governance Position of the individual or name of the committee responsible for climate change topics
	5.2	
	5.3	Environmental policy and details regarding governance Description of the transition plan
	5.4	Management incentives
	5.5	Details on climate change scenario testing
6 - Supplier engagement	6.1	Methods of supplier engagement, strategy for prioritizing supplier engagements and measures of success Number of suppliers engaged, and proportion of total spend (or share of emissions as a proxy) Data on suppliers' GHG emissions and climate change strategies
	6.2	List of initiatives and activities implemented to influence suppliers to reduce their GHG emissions, green purchase policy or track record, supplier code of conduct
7 - Client engagement	7.1	Strategy to influence clients GHG emissions % of clients covered by the strategy Data on clients' choices and preferences for reducing GHG emissions
	7.2	Activities to influence clients GHG emissions % of clients covered by the activities Data on clients' choices and preferences for reducing GHG emissions
8 - Policy engagement	8.1	Public climate change policy positions Description of this policy (scope & boundaries, responsibilities, process to monitor and review) Trade associations that are likely to take a position on climate change legislation
	8.2	Company policy on engagement with associations, alliances, coalitions or thinktanks
	8.3	Position of the company on significant climate policies (public statements, etc.).
	8.4	Existing collaborations with local public entities
9 - Business Model	9.1	Revenue from low-carbon products and services each year from RY-3 to RY, total revenue for the same years, and description of the types of products and services the company considers to be low-carbon For each business model: description, size (as a percentage of total FTE from Retail activities, revenue, or relevant activity-based metric of size), and growth potential and timelines
	9.2	Company low-carbon transition plan Company's internal documentation on growth strategy (e.g. steering committee minutes)

MODULE 1: TARGETS (WEIGHTING: 15%)

- **RT 1.1 ALIGNMENT OF SCOPE 1+2 EMISSIONS REDUCTION TARGETS**

SHORT DESCRIPTION OF THE INDICATOR

A measure of the alignment of the company's Scope 1 and 2 emissions reduction targets with their decarbonisation pathway. The indicator will compare the trend of the company's target pathway to the trend of the company's benchmark pathway and thus identify the gap between both pathways at the target year. This is expressed as the company's commitment gap.

DATA REQUIREMENTS

The questions comprising the information request that are relevant to this indicator are:

- RT 0.B
- RT 0.I
- RT 1.A
- RT 1.B
- RT 1.C
- RT 1.D
- RT 2.A
- RT 2.B
- RT 2.C
- RT 2.D

The relevant data for this indicator are:

- Targets information for each relevant scope 1 and 2 GHG emissions sources (Target year and targeted emissions, emission reduction between base year and target year, coverage)
- Base year, emissions at base year

CDP Questionnaire 2023 mapping to this indicator:

- C4.1a (absolute targets)

External sources of data used for the analysis of this indicator are:

- ACA – Absolute Contraction Approach scenario developed by SBTi [12]

The benchmark indicators involved are the following:

Target type	Subparameter	Intensity metric	Benchmark
Total scope 1 and 2 emissions – ACA target	S12.T	% of absolute emissions	SBT Absolute contraction [12]

HOW THE ASSESSMENT WILL BE DONE

The analysis has three dimensions.

- Dimension 1 assesses the alignment of the company's near-term targets. Any target where the target year ≤ reporting year + 10 can be included in this dimension.
- Dimension 2 assesses the alignment of a company's long-term targets. Any target for which the target year > reporting year + 10 can be included in this dimension. The scoring rationale and calculation are the same for both dimensions 1 and 2.
- (Only for companies with organized distribution network[2]) Dimension 3 assesses the target coverage over the company's global distribution network.

The analysis is based on a trend ratio between the company's scope 1 and 2 emissions target and the company benchmark. Trends are computed between reporting year and the longest time horizon of the target.

[2] By organized distribution network, we mean an integrated business with subsidiaries or a clear head of network with independent legal entities operating under the same brand name or collaborating on the same activity.

The company's target pathway is the decarbonisation over time, defined by the company's scope 1 and 2 emissions reduction target. To compute it, a straight line is drawn between the starting point of the analysis and the company's target endpoint.

The company benchmark pathway is the company specific scope 1 and 2 emissions low-carbon benchmark pathway obtained with the absolute contraction.

The company achieves the maximum score if the company's target pathway and the company benchmark pathway are aligned (commitment gap = 0) and if the targets are covering most of the company's scope 1 and 2 emissions at base year.

CALCULATION OF SCORE:

Dimensions 1 and 2:

1) Trend ratio

The score is calculated by dividing the company's emissions reduction trend by the specific benchmark emissions reduction trend between the base year and the target year through the trend ratio:

$$Trend\ ratio = \frac{Company's\ target\ trend}{Benchmark\ pathway\ trend} = \frac{EI_C(TY) - EI_C(BY)}{EI_B(TY) - EI_C(BY)}$$

Where:

- $EI_c(TY)$ is the company scope 1 and 2 emissions at target year
- $EI_c(BY)$ is the company scope 1 and 2 emissions at base year
- $EI_B(TY)$ is the company's benchmark scope 1 and 2 emissions at target year

The commitment gap of the company is equal to (1- trend ratio). Thus, when the company's target pathway is aligned on the company's benchmark, the trend ratio is equal to 1 and the commitment gap is 0 (see Figure 2).

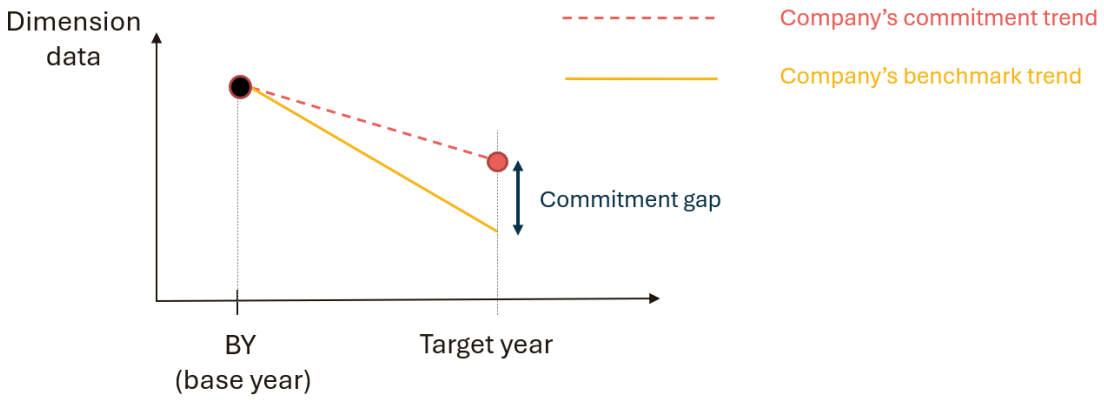


FIGURE 2 TREND RATIO AND COMMITMENT GAP

2) Final score

The final score assigned to the indicator is calculated as follows (see Appendix 12.2 for a graphic illustration of the different cases):

Conditions	Score
$Company's\ target\ trend > 0$ Increase in company emissions	0%
$Company's\ target\ trend \leq 0$ $0 \leq trend\ ratio \leq 1$ Decrease in company emissions but company's commitment does not go beyond the company's benchmark ambition	$Trend\ ratio \times 100\%$

Conditions	Score
$Company's\ target\ trend < 0$ and $EI_C(BY) \geq EI_B(2050)$ $trend\ ratio > 1$ Decrease in company emissions and company's commitment equals or exceeds the company's benchmark ambition	100%
$Company's\ target\ trend \leq 0\ and\ EI_C(BY) \leq EI_B(2050)$ No increase in company emissions and company's emissions is already below the company's benchmark ambition for 2050	100%

Targets that do not cover > 95% of direct emissions are not preferred in the calculations. If only such targets are available, then the score will be adjusted downwards in proportion with % emissions coverage (in terms of emissions along the value chain and not across the different legal entities, which is addressed in Dimension 3). If the target coverage of total company emissions at base year (C_{BY}) represents less than 95%, the final score is equal to:

Final Score = Score x Target coverage of total company emissions (C_{BY}))

If the company has set several targets, the consolidation of the scores assigned to each target will be based on the share of emissions covered by the targets.

The final score for each dimension is given as the average score for all targets assessed within the timescale for each dimension.

Dimension 3:

The score of this dimension is the share of network covered by most of the targets (at least 50% of the defined targets), including the head of the network:

$$Score = share\ of\ network\ covered\ by\ the\ targets$$

The share is calculated in terms of turnover.

AGGREGATE SCORE (WITHOUT ORGANIZED DISTRIBUTION NETWORK): DIMENSION 1: 50%, DIMENSION 2: 50%

AGGREGATE SCORE (WITH ORGANIZED DISTRIBUTION NETWORK): DIMENSION 1: 40%, DIMENSION 2: 40%, DIMENSION 3: 20%

RELEVANCE OF THE INDICATOR

Dimensions 1 and 2

Scope 1 and 2 emissions reduction targets are included in the ACT Retail methodology for the following reasons:

- Targets are an indicator of corporate commitment to reduce emissions and are a meaningful metric of the company's internal planning towards the transition.
- Targets are one of the few metrics that can predict a company's long-term plan beyond that which can be projected in the short-term, satisfying ACT's need for indicators that can provide information on the long-term future of a company.

Dimension 3

The Retail sector is characterized by different legal forms of organized business. While some companies operate under a single legal structure, many brands are using a distribution network requiring several independent structures. These distribution networks can take different forms: integrated retail (with a parent company and subsidiaries) franchises, trademark licences, cooperatives, management lease contract, etc. Because of the independence of the head of the network from the other structures, the climate strategy may not be fully implemented across the network. However, it appears that setting targets that apply to the whole network would not jeopardize the independence of the concerned structures and is a good indicator of a common strategy.

SCORING RATIONALE

Dimensions 1 and 2

Targets are quantitatively interpreted and directly compared to a low-carbon benchmark built from the company's level of emissions at base year and the trend obtained with the absolute contraction. Comparing the trends gives a direct measure of the commitment gap of the company. It was chosen for its relative simplicity in interpretation and powerful message.

The indicator is split into two dimensions to account for the importance of a company having targets which are aligned not just in the long-term but also in the near-term. The Science Based Targets initiative's Net Zero Standard requires companies to set both near-term and long-term science-based targets which are in line with 1.5-degree pathways. The justification for having both near- and long-term targets is explained in the Net Zero Standard: "Near-term targets galvanize the action required for significant emissions reductions to be achieved by around 2030. Near-term emissions reductions are critical to not exceeding the global emissions budget and are not interchangeable with long-term targets. […] Long-term targets drive economy-wide alignment and long-term business planning to reach the level of global emissions reductions needed to meet climate goals based on science" [13]. The recent report by the United Nations Secretary-General's High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities (HLEG) also recommends setting both near-term and long-term targets [14].

Dimension 3

Regarding the variety of legal structures, all the possibilities are not listed here, and the purpose is to make sure that the targets set by the company cover all the distribution network. Remark: Scope 1+2 target shall cover Scope 1+2 emissions from both the head of the network and the rest of the network (i.e., Scope 1+2 emissions from the managed stores should not be included in the Scope 3 target).

- ## RT 1.2 ALIGNMENT OF SCOPE 3 EMISSIONS REDUCTION TARGETS

SHORT DESCRIPTION OF THE INDICATOR

A measure of the company's emissions reduction targets that include the emissions that occur in the value chain, outside of the company's direct boundaries of control. Commonly these targets can be for emissions that are called: Scope 3 emissions (indirect), embodied emissions (carbon footprint of products), or 'upstream' and 'downstream' emissions. All these different types of targets are grouped under the term 'Scope 3 targets'.

Companies selling food products shall set a target on AFOLU emissions, either in an aggregated target on Scope 3 emissions, either in a separate target.

DATA REQUIREMENTS

The questions comprising the information request that are relevant to this indicator are:

- RT 0.B
- RT 1.E

External sources of data used for the analysis of this indicator are:

- ACA [12] – Absolute Contraction Approach scenario developed by SBTi
- Forest, Land and Agriculture Science-Based Target-Setting Guidance [11]

There are no different sub-targets for Scope 3, for the reasons explained in the rationale. The benchmark indicator involved is:

TARGET TYPE	PARAMETER	METRIC	BENCHMARK
Scope 3 emissions	*CB*	% of absolute emissions	SBTi Absolute contraction approach [12]

Scope 3 AFOLU emissions	*CB*	% of absolute FLAG emissions	FLAG sector approach [11]

HOW THE ASSESSMENT WILL BE DONE

The analysis has 3 dimensions:

- Dimension 1 assesses the alignment of the company's near-term targets. Any target where the target year ≤ reporting year + 10 can be included in this dimension.
- Dimension 2 assesses the alignment of a company's long-term targets. Any target for which the target year > reporting year + 10 can be included in this dimension. The scoring rationale and calculation are the same for both dimensions 1 and 2.
- Dimensions 1 and 2 also assess the target on AFOLU emissions. This target is optional and only for companies having chosen to define a specific target on food products. Otherwise, the company can decide to include all its Scope 3 emissions within a unique target. If a target on AFOLU emissions is defined, it accounts for 50% of Scope 3 targets.
- (Only for companies with organized distribution network[3]) Dimension 3 assesses the target coverage over the company's global distribution network.

The analysis is based on a trend ratio between the company's scope 3 emissions target and the company benchmark. Trends are computed between reporting year and the longest time horizon of the target.

The company's target pathway is the decarbonization over time, defined by the company's scope 3 emissions reduction target. To compute it, a straight line is drawn between the starting point of the analysis and the company's target endpoint.

The company benchmark pathway is the company specific scope 3 emissions low-carbon pathway obtained with the absolute contraction.

The company achieves the maximum score if the company's target pathway and the company benchmark pathway are aligned (commitment gap = 0) and if the targets are covering most of the company's scope 3 emissions at base year.

[3] By organized distribution network, we mean an integrated business with subsidiaries or a clear head of network with independent legal entities operating under the same brand name or collaborating on the same activity.

CALCULATION OF THE SCORE:

DIMENSIONS 1 AND 2:

1) Trend ratio

The score is calculated by dividing the company's emissions reduction trend by the specific benchmark emissions reduction trend between the base year and the target year through the trend ratio:

$$Trend\ ratio = \frac{Company's\ target\ trend}{Benchmark\ pathway\ trend} = \frac{E_C(TY) - E_C(BY)}{E_B(TY) - E_C(BY)}$$

Where:

- Ec(TY) is the company scope 3 emissions at target year
- Ec(BY) is the company scope 3 emissions at base year
- EB(TY) is the company's benchmark scope 3 emissions at target year

The commitment gap of the company is equal to (1- trend ratio). Thus, when the company's target pathway is aligned on the company's benchmark, the trend ratio is equal to 1 and the commitment gap is 0 (see Figure 3).

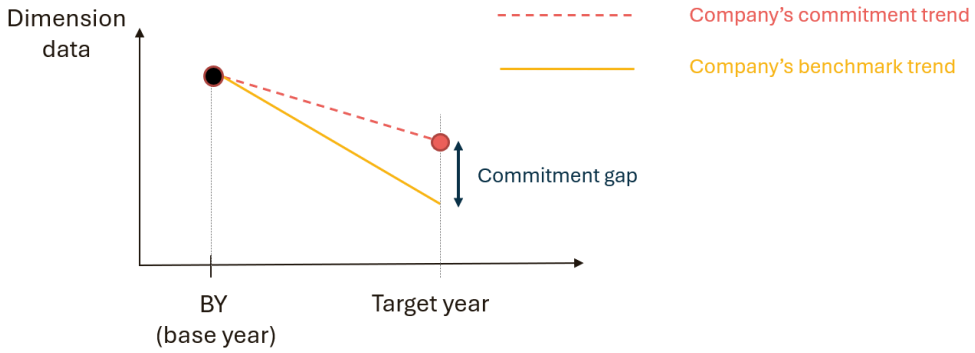


FIGURE 3 TREND RATIO AND COMMITMENT GAP

2) Final score

The final score assigned to the indicator is calculated as follows (see Appendix 12.2 for a graphic illustration of the different cases):

Conditions	Score
$Company's\ target\ trend > 0$ Increase in company emissions	0%
$Company's\ target\ trend \leq 0$ $0 \leq trend\ ratio \leq 1$ Decrease in company emissions but company's commitment does not go beyond the company's benchmark ambition	$Trend\ ratio \times 100\%$
$Company's\ target\ trend < 0$ $trend\ ratio > 1$ Decrease in company emissions and company's commitment equals or exceeds the company's benchmark ambition	100%

Targets that do not cover at least 66% of Scope 3 emissions are not preferred in the calculations. If only such targets are available, then the score will be adjusted downwards in proportion with % emissions coverage (in terms of emissions along the value chain and not across the different legal entities, which is addressed in Dimension 3).. If the target coverage of total company emissions at base year (CBY) represents less than 66%, the final score is equal to:

$$Final\ Score = Score\ x\ Target\ coverage\ of\ total\ company\ emissions\ (CBY))$$

If the company has set several targets, the consolidation of the scores assigned to each target will be based on the share of emissions covered by the targets.

The final score for each dimension is given as the average score for all targets assessed within the timescale for each dimension.

DIMENSION 3:

The score of this dimension is the share of network covered by most of the targets (at least 50% of the defined targets), including the head of the network:

$$Score = share\ of\ network\ covered\ by\ the\ targets$$

The share is calculated in terms of turnover.

AGGREGATE SCORE (WITHOUT ORGANIZED DISTRIBUTION NETWORK): DIMENSION 1: 50%, DIMENSION 2: 50%

AGGREGATE SCORE (WITH ORGANIZED DISTRIBUTION NETWORK): DIMENSION 1: 40%, DIMENSION 2: 40%, DIMENSION 3: 20%

RELEVANCE OF THE INDICATOR

DIMENSIONS 1 AND 2:

Scope 3 emissions reduction targets are included in the ACT Retail assessment for the following reasons:

- Targets are an indicator of corporate commitment to reduce emissions and are a meaningful metric of the company's internal planning towards the transition.
- Targets are one of the few metrics that can predict a company's long-term plan beyond that which can be projected in the short-term, satisfying ACT's need for indicators that can provide information on the long-term future of a company.
- For most actors covered by ACT Retail, scope 3 emissions may represent a significant source of emissions. Scope 3 emissions represent 97% of the global emissions of the sector. A GHG emissions reduction target should be assigned to them.
- This target encompasses both Scope 3 upstream and downstream emissions, as these emissions sources might be significant depending on the company's profile. The analyst shall focus on the most significant emissions sources. As a reminder, the target shall cover at least 66% of the company's Scope 3 emissions.
- The company can set a separate target for AFOLU emissions as these emissions are high for retailers selling food products.

DIMENSION 3

The Retail sector is characterized by different legal forms of organized business. While some companies operate under a single legal structure, many brands are using a distribution network requiring several independent structures. These distribution networks can take different forms: integrated retail (with a parent company and subsidiaries) franchises, trademark licences, cooperatives, management lease contract, etc. Because of the independence of the head of the network from the other structures, the climate strategy may not be fully implemented across the network. However, it appears that setting targets that apply to the whole network would not jeopardize the independence of the concerned structures and is a good indicator of a common strategy.

SCORING RATIONALE

DIMENSIONS 1 AND 2:

Targets are quantitatively interpreted and directly compared to a low-carbon benchmark built from the company's level of emissions at base year and the trend obtained with the absolute contraction. Comparing the trends gives a direct measure of the commitment gap of the company. It was chosen for its relative simplicity in interpretation and powerful message.

The indicator is split into two dimensions to account for the importance of a company having targets which are aligned not just in the long-term but also in the near-term. The Science Based Targets initiative's Net Zero Standard requires companies to set both near-term and long-term science-based targets which are in line with 1.5-degree pathways. The justification for having both near- and long-term targets is explained in the Net Zero Standard: "Near-term targets galvanize the action required for significant emissions reductions to be achieved by around 2030. Near-term emissions reductions are critical to not exceeding the global emissions budget and are not interchangeable with long-term targets. […] Long-term targets drive economy-wide alignment and long-term business planning to reach the level of global emissions reductions needed to meet climate goals based on science" [13]. The recent report by the United Nations Secretary-General's High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities (HLEG) also recommends setting both near-term and long-term targets [14].

DIMENSION 3:

Regarding the variety of legal structures, all the possibilities are not listed here, and the purpose is to make sure that the targets set by the company cover all the distribution network. Remark: Scope 3 target shall cover Scope 3 emissions from both the head of the network and the rest of the network (i.e., Scope 1+2 emissions from the managed stores should not be included in the Scope 3 target).

• RT 1.3 TIME HORIZON OF TARGETS

SHORT DESCRIPTION OF THE INDICATOR

A measure of the time horizons of company targets. The ideal set of targets is forward looking enough to include a long-term horizon (2050), but also includes short-term targets that incentivize action in the present.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Per target: Target year, and scopes or emissions sources covered by the target. Please include all company targets (target with the longest time horizon **and** all intermediate targets).

CDP Questionnaire 2023 mapping to this indicator:

- C4.1a (absolute targets)
- C4.1b (intensity targets)

HOW THE ASSESSMENT WILL BE DONE

The analysis has two dimensions:

- A comparison of: (a) the longest time horizon of the company's targets, and (b) the long-term point fixed by ACT assessment methodology.
- The company has interval targets that ensure both short and long-term targets are in place to incentivize short-term action and communicate long-term commitments.

DIMENSION 1 - TARGET ENDPOINT: The company's target endpoint (T_e) is compared to a relevant time horizon for the sector (LT, which is fixed at 2050). The long term point is set at 2050 because this year is a key step in most international commitments.

The company's target endpoint (T_e) is equal to the longest time horizon among the company's targets, minus the reporting year:

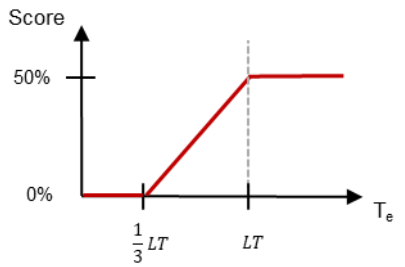
$$T_e = Longest\ target\ time\ horizon - reporting\ year$$

The analysis compares T_e to LT. This analysis measures the horizon gap:

$$Horizon\ gap = LT - T_e$$

The company's target endpoint is scored according to the following scoring table:

HORIZON GAP	SCORE	
$\boldsymbol{T_e > LT}$	50%	
$\boldsymbol{33\% * LT < T_e < LT}$	$75\% * \frac{T_e}{LT}$ -25%	

$T_e \leq 33\% * LT$	0%	

DIMENSION 2 - INTERMEDIATE HORIZONS: All company targets and their endpoints are calculated and plotted. The ideal scoring company does not have intervals between target endpoints larger than 5 years from the reporting year.

Measurements are done in five-year intervals between the reporting year and the longest time horizon of the company.

The company's targets are compared according to the following scoring table:

Intermediate target gap length	Score
All the gaps during T_e are equal to or less than 5 years	50%
All the gaps until 80% of T_e are equal to or less than 5 years	40%
All the gaps until 60% of T_e are equal to or less than 5 years	30%
All the gaps until 40% of T_e are equal to or less than 5 years	20%
All the gaps until 20% of T_e are equal to or less than 5 years	10%
All the gaps of 5 years or less do not reach 20% of T_e or there is no such gaps disclosed by the company	0%

An example is illustrated in Figure 4.

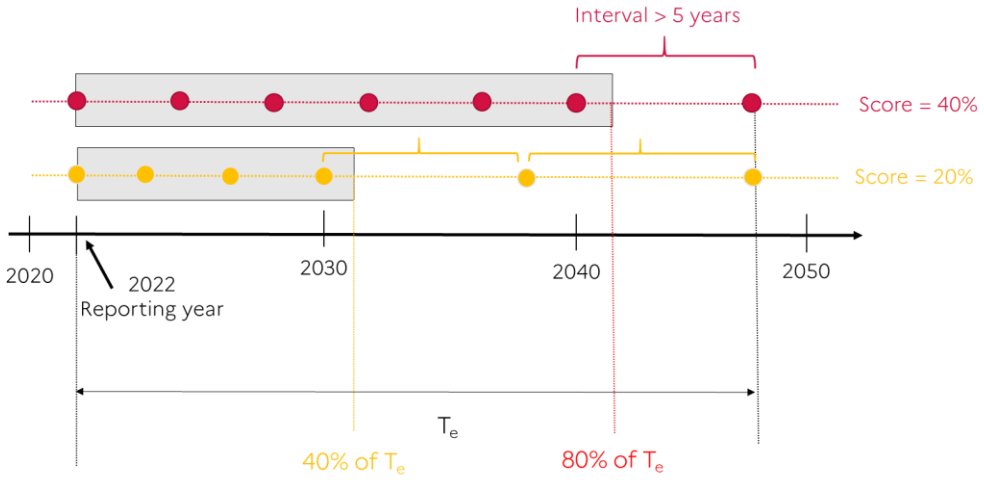


FIGURE 4: EXAMPLES OF HORIZONS OF INTERMEDIATE TARGETS SET BY THE COMPANY AND CORRESPONDING SCORES ON DIMENSION 2 OF THE INDICATOR 1.4

AGGREGATE SCORE: DIMENSION 1+ DIMENSION 2

FOR ALL CALCULATIONS:

Targets that do not cover > 95% of direct emissions are not preferred in the calculations. If only such targets are available, then the score will be adjusted downwards in proportion with % coverage. If the target coverage of total company emissions at reporting year (C_{RY}) represents less than 95%, the final score is equal to:

Final Score = Score x Target coverage of total company emissions (C_{RY}))

If the company has set several targets, the consolidation of the scores assigned to each target will be based on the share of emissions covered by the targets.

RELEVANCE OF THE INDICATOR

The time horizon of targets is included in this ACT methodology for the following reasons:

- The target endpoint is an indicator of how forward-looking the company's transition strategy is.

Aside from communicating long-term commitments, short-term action needs to be incentivized. This is why short time intervals between targets are needed. A 5-year interval is seen as a suitable interval to ensure company is taking enough action, holding itself accountable by measuring progress every 5 years.

- **RT 1.4 ACHIEVEMENT OF PAST AND CURRENT TARGETS**

SHORT DESCRIPTION OF THE INDICATOR

A measure of the company's historic target achievements and current progress towards active emissions reduction targets. All the scopes of the company are considered. The ambition of the target is qualitatively assessed and is not included in the performance indicators.

DATA REQUIREMENTS

The relevant data for this indicator are:

For each target set in the past 10 years:

- Base year
- Start year
- Target year
- Percentage of reduction target from base year in absolute emissions
- Percentage of absolute emissions reduction target achieved
- Percentage of reduction target from base year in emissions intensity
- Percentage of emissions intensity reduction target achieved
- Percentage of scope 1+2, or scope 1+2+3 emissions covered by the targets, depending on the company profile

CDP Questionnaire 2023 mapping to this indicator:

- C4.1a (absolute targets)
- C4.1b (intensity targets)

HOW THE ASSESSMENT WILL BE DONE

For the performance score, this indicator is assessed on two dimensions, whereby companies achieve the maximum score if:

DIMENSION 1 – PAST TARGETS: The company has achieved all previous emissions reduction targets with a target year in the past 10 years. If all past targets are indeed achieved, the highest score is obtained. If not, the achievement ratio a is computed as follows:

$$a = \frac{E(BY) - E(TY)}{E(BY) - T(TY)} \geq 0.5$$

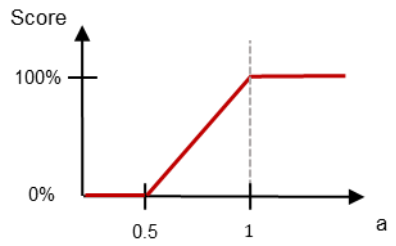
Where:

- $E(BY)$ is the level of emissions of the company in the base year
- $T(TY)$ is the target the company set (a given level of emissions at a given horizon year, now past)
- $E(TY)$ is the effective level of emissions reached by the company in the target year

A threshold is set for scoring at 0.5: if the company achieved less than 50% of the historic target, it will receive a zero score.

If the company has several past targets over the last 10 years, the ratio a shall be computed for each target, and the average of all a ratio shall be used for scoring.

Achievement ratio	Score
$a \geq 1$	100%
0.5 < a< 1	100%*(2*a-1)
$a \leq 0.5$	0%



DIMENSION 2 – CURRENT TARGETS:

Assesses whether the company is currently on track to meet a current emissions reduction target. The assessment is based on the progress ratio p:

$$\mathrm{p} = \frac{a}{\%\ time}$$

a being defined in dimension 1 and the past time ratio $\%time$ defined as follows:

$$\%time = \frac{RY - BY}{TY - BY}$$

Where:

- BY is the target's base year
- RY is the reporting year

- TY is the year of horizon of the target

The highest score is attained if $p \geq 1$. A percentage score is assigned for any value between 0 and 1.

Progress ratio	Score
$p \geq 1$	100%
$p < 1$	p (%)

For this second dimension, target year must be at least one year after reporting year, and target start year must be at least one year before reporting year.

AGGREGATE SCORE - DIMENSION 1: 25%, DIMENSION 2: 75%

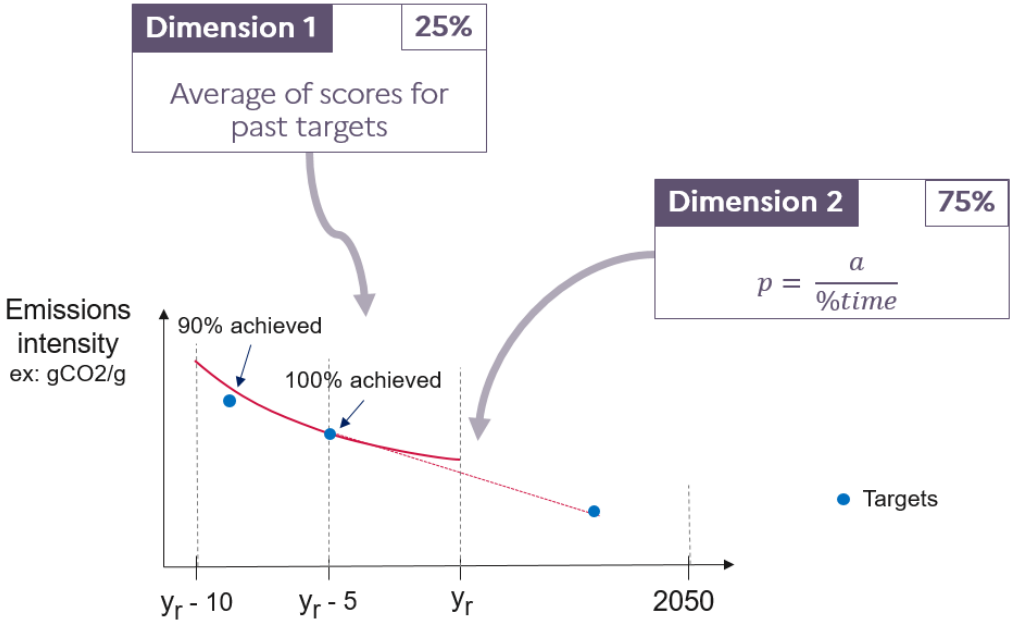


FIGURE 5: CALCULATION OF THE ACHIEVEMENT OF PREVIOUS TARGET INDICATOR

FOR ALL CALCULATIONS:

- Companies which do not have targets with target years in the past but only with target years in the future are not assessed on dimension 1, but only on dimension 2. Their score for this indicator is based on Dimension 2. Conversely, companies having only past target without target years in the future are assessed on both dimensions and get a score of 0 on dimension 2.
- Targets should cover >95% of the company's GHG emissions scope. However, if it is not the case, no penalty is applied since indicators assessing ambition of targets already penalize partial coverage of emissions.
- If the company has multiple targets in different scopes that can be assessed according to the above criteria, then the score is an average score based on the progress ratios of all targets assessed.

The performance score does not assess the ambition level of previous targets, and therefore dimension 1 has a low weight in the final performance score. This information is also qualitatively assessed in the narrative analysis, which will consider the following dimensions:

- Achievement level: To what degree has the company achieved its previously set emissions reduction targets.
- Progress level: To what degree is the company on track to meet its currently active emissions reduction targets.

Ambition level: What level of ambition do the previously achieved emissions reduction targets represent.

RELEVANCE OF THE INDICATOR

The historic target ambition and company performance is included in this ACT methodology for the following reasons:

- The ACT assessment looks only to the past to the extent where it can inform the future. This indicator is future-relevant because it provides information on the organizational capability to set and meet emissions reduction targets. Dimension 1 of this indicator gives credibility to any company commitments to a science-based reduction pathway when the company shows it has succeeded in achieving its past targets.
- Dimension 2 of this indicator adds additional value to the assessment by showing if the company is on track to achieve current targets.

Previous target achievement is not straightforward to interpret quantitatively. Therefore, the performance score doesn't take into account past target ambition and leaves it to the narrative assessment for a meaningful judgement on the ambition level of past targets.

- Dimension 1 of the performance score will penalize companies who have not met past targets in the past 10 years, as this means the company has lower credibility when setting ambitious science-based targets.
- Dimension 2 uses a simple ratio, which reflects how well or not the company is currently on track to reach its existing emissions reduction target. The maximum score is obtained when the percentage of the targeted reduction achieved is equal to or higher than the time elapsed since the target base year. This results in a progress ratio of 1 or above. No score is awarded if the percentage of reduction achieved is less than half the percentage of time elapsed. Consequently, staying on track with the original target throughout its timeline is rewarded.

MODULE 2: MATERIAL INVESTMENT (WEIGHTING: 5%)

- **RT 2.1 TREND IN PAST SCOPE 1+2 EMISSIONS**

SHORT DESCRIPTION OF THE INDICATOR

A measure of the alignment of the past trend of the company's Scope 1+2 emissions with the low-carbon benchmark pathway. The indicator will compare the gradient of this trend over a 5-year period to the reporting year (reporting year minus 5 years) with the low-carbon benchmark pathway trend over a 5-year period after the reporting year.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Scope 1+2 emissions intensity and activity at reporting year (RY) and reporting year minus five years (RY-5)
  OR
- Total emissions from Scope 1+2 and activity at RY and RY-5.

Remark on transport emissions: only Scope 1+2 transport emissions shall be accounted for[4].

CDP Questionnaire 2023 mapping to this indicator:

- C6.1
- C6.3
- C6.10

External sources of data used for the analysis of this indicator are:

- ACA – Absolute Contraction Approach scenario developed by SBTi [15]

The benchmark indicators involved is the following:

Target type	Subparameter	Intensity metric	Benchmark

[4] The previous ACT Retail methodology required both operated and subcontracted transport in this indicator. This measure is no longer valid.

Total scope 1 and 2 emissions – ACA target	*CB*	% of absolute emissions	SBT Absolute contraction [12]

HOW THE ASSESSMENT WILL BE DONE

The analysis is based on the comparison between the company's recent (RY-5) emissions trend gradient (CR'_{S12}) and the company's decarbonization pathway trend gradient (CB'_{S12}) in the short-term (RY+5).

CR'_{S12} is the gradient of the linear trend-line of the company's recent scope 1+2 emissions over time (CR_{S12}).

CB'_{S12} is the gradient of the linear trend-line of the company benchmark pathway (CB_{S12}).

The difference between CR'_{S12} and CB'_{S12} will be measured by their ratio (r_{S12}). This is the scope 1+2 emissions Transition ratio, which is calculated by the following equation, with the apostrophe symbol (') used to denote gradients:

$$r_{S12} = \frac{CR'_{S12}}{CB'_{S12}}$$

RELEVANCE OF THE INDICATOR

Trend in past emissions intensity indicator is included in this ACT methodology for the following reasons:

- Trend in past emissions shows the speed at which the company has been reducing its emissions over the recent past. Comparing this to the decarbonization pathway gives an indication of the speed of the change that needs to be made within the company to bring it onto a low-carbon pathway.
- While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure, along with projected absolute emissions, forms part of a holistic view of company emissions performance in the past, present, and future.
- This indicator is future-relevant by providing information on the organizational capability to deliver emissions reductions that are aligned with the benchmark.

- **RT 2.2 TREND IN FUTURE SCOPE 1+2 EMISSIONS**

SHORT DESCRIPTION OF THE INDICATOR

A measure of the alignment of the future trend of the company's scope 1 and 2 emissions with the low-carbon benchmark pathway. The indicator will compare the gradient of this trend with the low-carbon benchmark pathway trend over a 5-year period after the reporting year.

DATA REQUIREMENTS

Relevant data for this indicator are:

- Scope 1 and 2 absolute emissions at reporting year (RY) and reporting year plus five years (RY+5)

Remark on transport emissions: only Scope 1+2 transport emissions shall be accounted for[5].

Future emissions should be estimated for each company assets with their expected production activity. If sufficient information is not available to estimate future emissions from company assets then the company's emissions are considered to be constant over the period RY to RY+5.

CDP Questionnaire 2023 mapping to this indicator:

- C6.1
- C6.3
- C6.10

External sources of data used for the analysis of this indicator are:

- ACA [12] – Absolute Contraction Approach scenario developed by SBTi

The benchmark indicators involved is the following:

Target type	Subparameter	Intensity metric	Benchmark

[5] The previous ACT Retail methodology required both operated and subcontracted transport in this indicator. This measure is no longer valid.

Total scope 1 and 2 emissions	***CB***	% of absolute emissions	SBT Absolute contraction [12]

HOW THE ASSESSMENT WILL BE DONE

Indicator assesses trends in future absolute scope 1 and 2 emissions. Emissions intensity are normalized and cannot necessarily ensure absolute emissions reduction. If the assessed company only provides emissions intensity data (per sold product) and cannot convert it into absolute emissions, its scoring on the indicator shall be 0%.

In addition, this indicator is future-oriented, so if the company is not able to provide a projection of its scope 1 and 2 emissions at RY+5, it will score 0% on this indicator.

The analysis has two dimensions:

- An assessment of the existence and quality of the company's roadmap
- An assessment of the company's expected trend in scope 1 and 2 emissions over the next five years

DIMENSION 1 – ROADMAP EXISTENCE AND QUALITY (50%):

The assessor will assess the quality of the company's roadmap for Scope 1&2 emissions. The assessment will assign a maturity score based on the company's data quality, expressed in a maturity matrix presented below.

A company that is placed in the 'Low-carbon aligned' category will receive the maximum score. A company which is at a lower level will receive a partial score, with 0 points awarded for providing no data at all.

Evaluation level	Basic	Advanced	Low-carbon aligned	Weighting
Score	***0%***	***50%***	***100%***	
Scope 1 & 2 decarbonisation roadmap	No roadmap available at reporting year plus five years	The company provided a roadmap allowing to estimate its scope 1 and 2 emissions at reporting year plus five years	The company provided a roadmap allowing to estimate its scope 1 and 2 emissions at reporting year plus five years AND	***100%***

			The level of granularity is high (e.g. detailed CAPEX plan by asset)	

If the company scores 0% on dimension 1 (i.e. if the company does not have a roadmap covering its scope 1 and 2 emissions at reporting year plus five years), the company cannot be assessed for dimension 2 and scores 0% on indicator 2.2.

Dimension 2 – Trend in future scope 1 and 2 emissions (50%):

The analysis is based on the Future Action ratio (A_{future}) which represents the ratio between the trend gradient of company's future (RY+5) scope 1 and 2 emissions from material investment and the trend gradient of the company's future benchmark (RY+5) emissions, as shown in Figure 6.

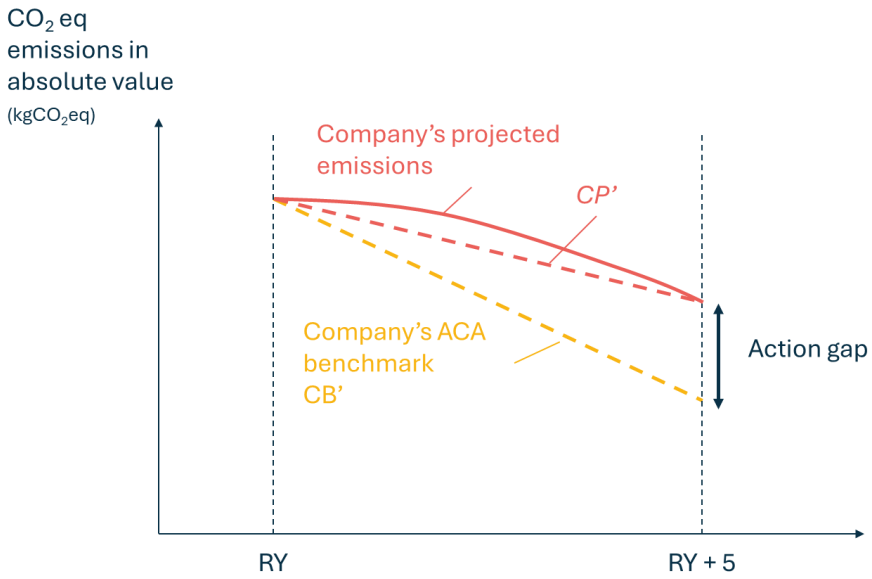


FIGURE 6 COMPARISON OF TREND IN FUTURE EMISSIONS AND TREND IN COMPANY'S BENCHMARK

CALCULATION OF SCORE:

Future Action ratio (A_{future}) is calculated by dividing the trend of the company's future emissions from material investment (between RY and RY+5) and the future benchmark emissions (also between RY and RY+5):

$$A_{future} = \frac{E_c(RY) - E_c(RY+5)}{E_C(RY) - E_B(RY+5)}$$

Where:

- $E_c(RY)$ is the company emissions at RY
- $E_c(RY+5)$ is the company emissions at RY+5
- $E_B(RY+5)$ is the benchmark emissions at RY+5

The action gap of the company is equal to $(1 - A_{future})$. Thus, when the company's future emissions pathway is aligned with the company's benchmark, the Future Action ratio is equal to 1 and the action gap is 0.

The final score assigned to the indicator is calculated as follows:

Conditions	Score
$Company's\ future\ trend > 0$ Increase in company emissions	0%
$Company's\ future\ trend \leq 0$ $0 \leq A_{future} \leq 1$ Decrease in company emissions but company's pathway does not go beyond the company's benchmark ambition	$A_{future} \times 100\%$
$Company's\ future\ trend < 0$ $A_{future} > 1$ Decrease in company emissions and company's pathway equals or exceeds the company's benchmark ambition	100%

See appendix 12.2 for a graphical illustration of the different cases.

AGGREGATE SCORE: DIMENSION 1: 50%, DIMENSION 2: 50%

RELEVANCE OF THE INDICATOR

Trends in future emissions from material investment are included in the ACT Retail methodology for the following reasons:

- The trend shows the speed at which the company needs to reduce its emissions for the coming years. Comparing this to the low-carbon benchmark pathway gives an indication of the scale of the change that needs to be made within the company to bring it onto a low-carbon pathway.
- ACT aims to be future-oriented. Therefore, this indicator, with projected emissions, forms part of a holistic view of company emissions performance in the past, present, and future.

SCORING RATIONALE

Dimension 1: The quality of the data is also to be considered in this indicator. Indeed, because a linear regression can be performed in case scope 1 and 2 emissions are not available at reporting year minus five years, dimension 1 does not allow the discrimination of companies that did not calculate or reported their scope 1 and 2 emissions in the past compared to those which did. In addition, dimension 2 aims to assess the quality and granularity of the provided data to reward companies having best practice in place.

Dimension 2: Comparing the trends gives a direct measure of the future action gap of the company. It was chosen for its relative simplicity in interpretation; it is aligned with most of the other forward-looking indicators. The indicator looks at a fixed point in the future and assesses the impact of planned assets deployment in reducing emissions.

Trends in absolute scope 1 and 2 emissions are considered under this indicator. Indeed, trends in emission intensity are not relevant as the emissions are normalized which cannot ensure a reduction in absolute emissions (a reduction of the intensity per sold product could result in an increase in absolute emissions if the sold volumes increase over the considered period). Therefore, if the company assessed only provides intensity data, its scoring on the indicator will be 0%.

MODULE 3: INTANGIBLE INVESTMENT (WEIGHTING: 3%)

- **RT 3.1 TRAINING OF EMPLOYEES**

SHORT DESCRIPTION OF THE INDICATOR

This indicator is an assessment of the training on climate-related issues delivered to the internal company's staff. The purpose is to assess both the nature of the training and the staff covered by the training offer. The purpose is to valorize the fact that companies implement internal trainings on climate topics, and distinguish simple awareness trainings with technical and strategic trainings.

DATA REQUIREMENTS

The questions comprising the information request that is relevant to the indicator are:

- Nature of training(s) provided
- Internal staff covered by climate specific trainings

HOW THE ASSESSMENT WILL BE DONE

Question	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score	*0%*	*25%*	*50%*	*75%*	*100%*	
Nature of the trainings	No climate training provided		Climate trainings mostly consist in awareness trainings		Climate trainings mostly consist in technical and strategic aspects related to climate and the company's business	50%
Internal staff covered by climate specific trainings	No climate training provided	CSR/climate team or headquarters teams only	Mainly for teams in the headquarters, and partly for local teams in the stores (i.e., less than 30% of local teams covered)	Mainly for teams in the headquarters, and between 30% and 70% for local teams in the stores are covered	All teams are offered	50%

RELEVANCE OF THE INDICATOR

Investments on staff trainings is key for the Retail sector for the following reasons:

- GHG reductions can be obtained through better operational practices, and training is needed to change practices
- Decarbonisation levers must be activated not only through CSR specialized teams but also through local teams having operational missions on the company's stores
- Training teams on climate related subject can empower them to initiate GHG emissions reduction projects
- Training should be available broadly in the company to engage everyone and build a common purpose within the company

SCORING RATIONALE

The two subdimensions of this indicator are equally weighted because both aspects need to be assessed to reflect the relevance of the trainings provided.

For subdimension 1, a higher score is given to companies providing trainings mostly on technical and strategic aspects rather than awareness trainings. The impact on internal teams is likely to be more significant when they gain a serious expertise on climate and decarbonisation levers within their company's activity rather than a simple awareness campaign.

For subdimension 2, a higher score is given to companies offering trainings to a broad range of internal teams. The objective is to foster trainings not only for already specialized teams (often working at the headquarters) but also to members who operate in local stores as they also have an important role to play on several aspects: waste management, inventory management, etc.

MODULE 4: SOLD PRODUCT PERFORMANCE (WEIGHTING: 30%)

- **RT 4.1 PRODUCT SPECIFIC INTERVENTIONS**

SHORT DESCRIPTION OF THE INDICATOR

An analysis of two aspects:

- the company's exercise to measure the organisation's GHG footprint and/or the GHG impacts of all products at each point of the value chain
- the company's reporting of mature interventions to reduce GHG emissions for products in each category determined as being high GHG impact, relative to the other categories of products relevant to the company.

DATA REQUIREMENTS

The questions from the information request that are relevant to this indicator are:

- Product Filter tool (optional)
- RT 4.A (Interventions reporting tool)

No external source of data is used for the analysis of this indicator.

HOW THE ASSESSMENT WILL BE DONE

DIMENSION 1 – PRODUCT CARBON HOTSPOTTING

The analyst evaluates the description and evidence of the product GHG emissions hotspotting for the presence of best-practice elements and consistency with the other reported management indicators. The company description and evidence are compared to the maturity matrix developed to guide the scoring and a greater number of points are allocated for elements indicating a higher level of maturity.

Best-practice elements to be identified in the test/analysis include:

- Full coverage of the company's boundaries and minimising of system truncation errors
- A methodology that follows a recognised standard (such as ISO14040/44/67 or PEF for LCA)
- A robust methodology, that uses a hybrid approach, is consistently applied
- A methodology that uses a consistent threshold to define hotspots
- Repeating the hotspotting process, with continuous improvement

- Results are reported to the Board
- The results inform the business strategy

Maximum points will be awarded if all of these elements are demonstrated.

Question	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score	*0%*	*25%*	*50%*	*75%*	*100%*	
Boundary	No information on boundary	Covers >70% of the expected embedded emissions of the product portfolio, with exclusions done for reasons of data unavailability	Covers >80% of the expected embedded emissions of the product portfolio, with exclusions done for reasons of data unavailability		Coverage of > 95% of the expected embedded emissions among products	**25%**
Methodology standard	Methodology is not clearly stated to the point that its merit cannot be verified to follow an existing standard or framework		Methodology is clear and has precedent, but execution is not verifiable according to a standard		Methodology follows a recognized standard or framework for hotspotting exercises, such as EIO-LCA or OEFSR	**25%**
Frequency	No hotspotting exercice so far	Information is more than 5 years old and the methodology has not since been repeated to update it	Information is more than 3 years old and the methodology has not since been repeated to update it		The procedure has been carried out in the previous year and is repeatable	**25%**
Results	Results not reported to the board, not publicly available and do not inform the business strategy	Results are reported to the board but are not made publicly available		Results are publicly available and reported to the board but do not inform the business strategy	Results are reported to the board, inform the business strategy and are publicly available	**25%**

DIMENSION 2 – PRODUCT SPECIFIC INTERVENTION

To be ready for the transition to a low-carbon economy, retail companies need to plan and carry out “interventions” within the value chain in order to exercise their market position and influence to reduce GHG emissions.

For each product category, the company identifies interventions that determine the most ambitious impacts achievable by a retailer, and highlights the GHG hotspots for the different product categories in accordance with best practices (LCA, PCR[6], PEFCR[7], etc.). This establishes a relative benchmark. The analyst compares the interventions reported by the company with this benchmark and against other interventions reported by other reporting companies, whereby the analyst assigns a ‘maturity scoring’ to the reported interventions.

INTERVENTION MATURITY SCORING:

This assesses how advanced the intervention is relative to current practice, and other elements that can ensure its success like clear goals and measures of success, use of supporting technology, use of certification and verification.

LEVEL OF AMBITION:

The company shall report on the level of ambition of the intervention. The first level is an incremental improvement (e.g. packaging reduction). The second level is a complete product redesign, which consists of a new development (e.g. full product reparability to increase lifetime). The third level is a breakthrough innovation (e.g. replacing an electronic product with a low-tech solution that is no energy-using product).

CARBON MITIGATION POTENTIAL:

Only interventions that are verifiable and significantly reduce GHG emissions shall receive a non-zero score. It is not expected that the verification be complete, however a methodology must be in place to reliably assess or measure the GHG emissions reduction, which could be verified by third party. The greater the GHG reduction resulting from the intervention, the higher the carbon mitigation potential.

---

[6] Product category rules

[7] Product environmental footprint category rules

SIGNIFICANCE AND EXTENT OF THE INTERVENTION:

Whether the intervention is large or small in scale affects its overall level of impact on GHG emissions. Large-scale interventions receive more points (e.g. significant interventions covering a high percentage of a product category).

CORRESPONDENCE BETWEEN THE PRODUCT LIFE CYCLE PHASE, THE INTERVENTION TARGETS AND THE HIGHEST GHG IMPACT LIFE CYCLE PHASE OF THE PRODUCT:

To effectively reduce GHG emissions, interventions should target the life cycle phases or processes of product systems with the highest portion of GHG emissions attributed to them, so this is awarded more points.

The scorings for the product categories reported on (covering at least 70% of total product emissions) are then aggregated into a numerical value. The analyst assigns a scoring to all interventions reported. This exercise can make future analyses more robust, as better understanding is developed of how the RT sector is undertaking activities to reduce emissions in the value chain. See *section 5.5.3*for more information about the maturity matrix scoring approach.

AGGREGATE SCORE: DIMENSION 1: 10%, DIMENSION 2: 90%

RELEVANCE OF THE INDICATOR

Dimension 1:

The complexity of retail business models and value chains requires retailers to prioritize actions to reduce GHG emissions effectively. “Hotspotting”, which identifies and prioritises the main GHG impacts using consistent methodologies, is therefore essential. Although conducting full LCAs for all products is costly, hybrid approaches combining Environmental Input Output (EIO) data with representative LCAs can support decision making at lower cost [16].

By analysing emissions across the value chain, retailers can identify the most relevant life cycle stages for intervention and select actions based on both mitigation potential and cost-effectiveness. This often requires collaboration with suppliers and other stakeholders to reduce emissions beyond the retailer’s direct operations. Product hotspotting, combined with organisational GHG inventories, is therefore a key tool for effective emissions reduction.

Dimension 2:

After identifying high-impact product categories through EIO modelling or hotspot analysis, companies are assessed on the interventions implemented to reduce emissions in these areas. Although many emissions sources lie outside retailers' direct operational control, retailers can influence suppliers and consumers through procurement choices, product design, and customer engagement.

To evaluate these actions, ACT uses maturity matrices that assess interventions according to their level of advancement, scale, and mitigation potential, including qualitative actions that cannot easily be measured through quantitative KPIs [17]. Because emissions profiles differ across product categories, the assessment is dynamic and only considers interventions relevant to the specific products identified as material through the hotspot analysis [16].

- ## RT 4.2 TREND IN PAST SCOPE 3 EMISSIONS

SHORT DESCRIPTION OF THE INDICATOR

A measure of the alignment of the past trend of the company's emissions (emissions related to Scope 3 emissions) with the low-carbon benchmark pathway. The indicator will compare the gradient of this trend over a 5-year period to the reporting year (reporting year minus 5 years) with the low-carbon benchmark pathway trend over a 5-year period after the reporting year.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Scope 3 emissions intensity and activity at reporting year (RY) and reporting year minus five years (RY-5)
  OR
- Total emissions from Scope 3 and activity at RY and RY-5.
- (Optional for food retailers) AFOLU Scope 3 emissions at RY and RY-5.
- Share of distribution network for which Scope 1+2 and Scope 3 emissions are known

CDP Questionnaire 2023 mapping to this indicator:

- C6.1
- C6.3
- C6.10

Target type	Subparameter	Intensity metric	Benchmark
Total scope 3 emissions	*CB*	% of absolute emissions	SBT Absolute contraction [12]
AFOLU Scope 3 emissions	*CB*	% of absolute emissions	FLAG sector approach [11]

HOW THE ASSESSMENT WILL BE DONE

The analysis has 3 dimensions:

- Dimension 1 assesses the overall company's Scope 3 emissions
- (Optional for food retailers only) Dimension 2 assesses AFOLU Scope 3 emissions. It is optional for food retailers reporting their AFOLU emissions separately from the rest of Scope 3 emissions. Food retailers with significant AFOLU Scope 3 emissions can also choose to report them together with the rest of Scope 3 emissions.
- (For organized distribution network only) Dimension 3 assesses the company's action to extend the emissions reporting and reduction across the whole network (franchises, cooperatives, etc.).

DIMENSIONS 1 AND 2:

The analysis is based on the comparison between the company's recent (RY-5) emissions trend gradient (CR'_{S12}) and the company's decarbonization pathway trend gradient (CB'_{S12}) in the short-term (RY+5).

CR'_{S12} is the gradient of the linear trend-line of the company's recent scope 3 emissions over time (CR_{S12}).

CB'_{S12} is the gradient of the linear trend-line of the company benchmark pathway for emissions intensity (CB_{S12}).

The difference between CR'_{S12} and CB'_{S12} will be measured by their ratio (r_{S12}). This is the scope 3 emissions Transition ratio, which is calculated by the following equation, with the apostrophe symbol (') used to denote gradients:

$$r_{S12} = \frac{CR'_{S12}}{CB'_{S12}}$$

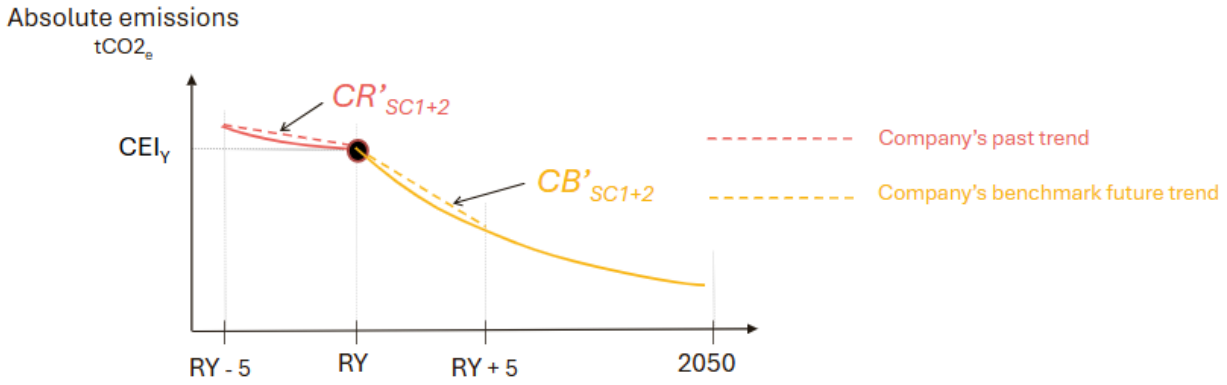


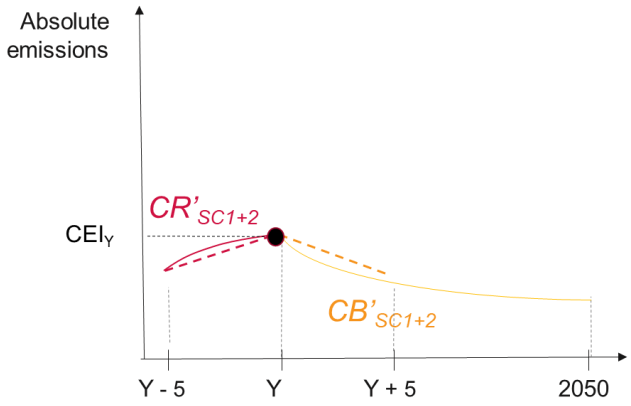
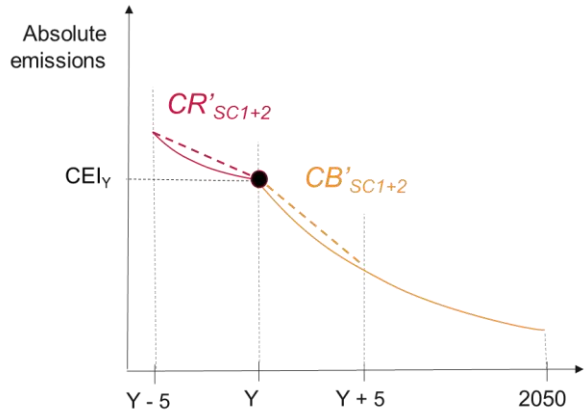
FIGURE 7: COMPANIE'S PAST AND FUTURE TREND

Three different cases are to be taken into consideration, as illustrated in Table 4:

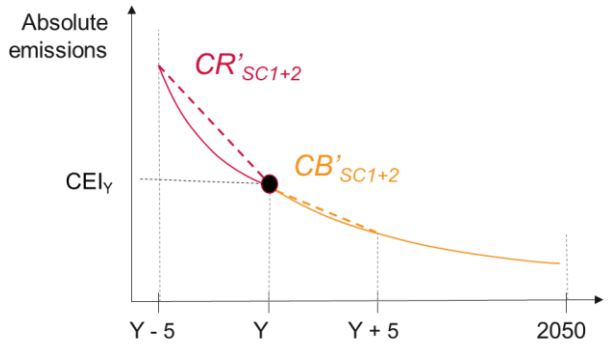
- Case #1: CR'_{SC1+2} is positive → Score = 0 (whatever the r_{SC1+2} and CEI(RY) values)
- Case #2: CR'_{SC1+2} is negative and $0 < r_{SC1+2} < 1$ and CEI(RY) is higher than SB(2050) → Score = r_{SC1+2} (expressed as a percentage)
- Case #3: CR'_{SC1+2} is negative and $r_{SC1+2} \geq 1$ and CEI(RY) is higher than SB(2050) → Score = 100 %

TABLE 4 ILLUSTRATIVE GRAPHS FOR TREND IN PAST EMISSIONS SCORING

Case #1	Case #2

	
$CR'_{SC1+2} > 0$ Whatever the r_{SC1+2} value Whatever the CEI(RY) value	$CR'_{SC1+2} < 0$ $0 < r_{SC1+2} < 1$ CEI(RY) > SB(2050)
Score = 0	**Score = r_{SC1+2} (%)**

Case #3	

	
$CR'_{SC1+2} < 0$ $r_{SC1+2} > 1$ CEI(RY) > SB(2050)	
Score = 100 %	

A coverage ratio is applied to dimensions 1 and 2 depending on the emissions reported compared to the emissions boundaries required.

DIMENSION 3

Dimension 3 is assessed on 4 subdimensions:

- **Subdimension 1** (25%): Reporting of Scope 1+2 emissions from distribution network in addition to the head of network
- **Subdimension 2** (25%): Reporting of Scope 3 emissions from distribution network in addition to the head of network

Both subdimensions are assessed as follows:

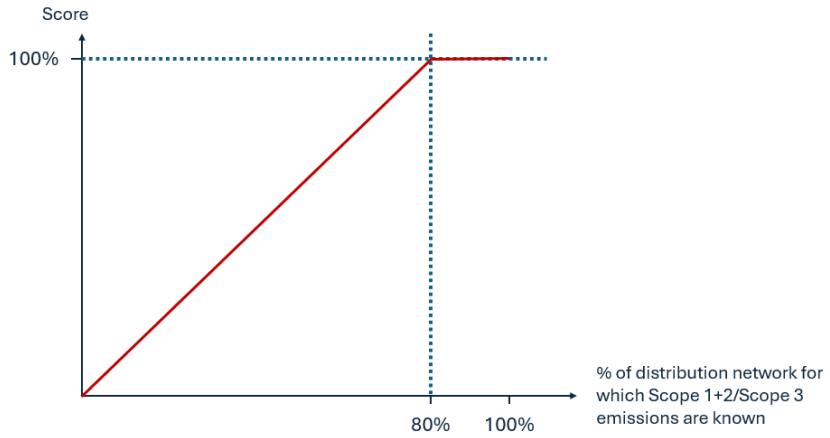


FIGURE 8: SCORING RELATED TO THE SHARE OF EMISSIONS KNOWN FROM THE DISTRIBUTION NETWORK

Subdimensions 3 and 4 are assessed using the following maturity matrix:

Evaluation level	Basic	Standard	Advanced	Next practice	Low-carbon practice	Weighting
Score	***0%***	***25%***	***50%***	***75%***	***100%***	
Subdimension 3 ***Actions from the head of network to incentivize managed (i.e., franchised, licensed, etc.) stores to report emissions***	No actions or requirements in place		The head of network provides guidance, templates and trainings to encourage voluntary GHG reporting from managed stores	The head of network includes ***clauses*** on managed contracts requiring stores to report ***Scope 1 and 2*** emissions, Scope 3 reporting being optional	The head of network includes ***clauses*** on managed contracts requiring stores to report ***Scope 1, 2 and 3*** emissions	***25%***

Subdimension 4 ***Actions over the past 5 years from the head of network to incentivize managed stores to decrease emissions***	No emissions reductions observed across the managed stores	A minority of stores show emission reductions, limited to easy operational wins (e.g. lighting, heating)	A majority of stores show ***reductions on Scope 1+2 emissions***, but Scope 3 sources are not addressed	Reductions are visible across the network including ***initial progress on key Scope 3 sources***, but results remain below sectoral benchmarks	Reductions are achieved across ***both Scope 1+2 and Scope 3*** emissions network-wide, with results in line with sectoral benchmarks	***25%***

AGGREGATE SCORE

NON-FOOD RETAILER, WITHOUT ORGANIZED DISTRIBUTION: DIMENSION 1: 100%

NON-FOOD RETAILER, WITH ORGANIZED DISTRIBUTION: DIMENSION 1: 70%, DIMENSION 3: 30%

(Optional) FOOD RETAILER, WITHOUT ORGANIZED DISTRIBUTION: DIMENSION 1: 20%, DIMENSION 2: 80%

(Optional) FOOD RETAILER, WITH ORGANIZED DISTRIBUTION: DIMENSION 1: 15%, DIMENSION 2: 55%, DIMENSION 3: 30%

RELEVANCE OF THE INDICATOR

Trend in past emissions indicator is included in this ACT Retail for the following reasons:

- Trend in past emissions shows the speed at which the company has been reducing its emissions over the recent past. Comparing this to the decarbonization pathway gives an indication of the speed of the change that needs to be made within the company to bring it onto a low-carbon pathway.
- While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure, along with projected emissions, forms part of a holistic view of company emissions performance in the past, present, and future.
- This indicator is future-relevant by providing information on the organizational capability to deliver emissions reductions that are aligned with the benchmark.

For dimension 2, AFOLU emissions are very significant for food products and accounts for more than 80% of the footprint of most food products [18]. They are a key emissions source to focus on for food retailers which may want to report them separately.

For dimension 3, the elements assessed shall reflect the influence of the head of the network on the managed stores to both report and decrease GHG emissions. The choice is to focus on both the reporting and the recent results in terms of decreasing GHG emissions.

- **RT 4.3 TRANSPORT PERFORMANCE**

SHORT DESCRIPTION OF THE INDICATOR

This indicator qualitatively assesses how the company addresses the reduction of transport emissions that are indirectly emitted through its activity. It covers part of the Scope 3 transport emissions, while all Scope 1+2 emissions due to transport shall be included in the Module 2.

It tackles the main transport emissions sources for the retail sector and focuses on three main dimensions:

- Dimension 1 focusing on action to reduce emissions from direct subcontracted transport
- *(For e-commerce only)* Dimension 2 focusing on action to reduce delivery emissions
- Dimension 3 focusing on action to reduce customer transport emissions

DATA REQUIREMENTS

The relevant data for this indicator are:

- Information on transport performance

HOW THE ASSESSMENT WILL BE DONE

DIMENSION 1: DIRECT SUBCONTRACTED TRANSPORT EMISSIONS

The dimension assesses how robust the reporting of GHG emissions from transportation companies is, if the company has defined a specific GHG emissions reduction target or included it in a global GHG emissions reduction target, and the past and present actions that the company has implemented to reduce these emissions.

The maturity matrix used for the assessment is the following:

Evaluation level	Basic	Advanced	Low-carbon practice	Weighting
Score	***0%***	***50%***	***100%***	

GHG emissions reporting *Is the company able to determine with a high certainty GHG emissions due to outsourced inbound/outbound transport related to Retail activities? (reporting year)*	The company requires and obtains from less than 50% of its transportation subcontractors a precise GHG emissions reporting linked to its Retail activities on the reporting year.	The company requires and obtains from at least 50% of its transportation subcontractors a precise GHG emissions reporting linked to its Retail activities on the reporting year.	Robust and third-part certified GHG emissions data on 100% of subcontracted activity on the reporting year.	***20%***
Past and present actions to reduce GHG emissions *What actions is the company currently implementing, or has it implemented in the last five years, to lower the GHG emissions due to outsourced transportation? (list of actions described below ***)*	No action has been implemented.	3 to 4 actions at most have been implemented in the last 5 years or planned for this year.	6 actions at least have been implemented in the last 5 years or planned for this year.	***60%***
Targets *Does the company include transportation in another global GHG emissions reduction target (like scope 3) or has it defined a specific one for transportation?*	Transportation is not included in the scope of a GHG emissions reduction target.	GHG emissions due to inbound/outbound transportation are included in the scope of a global GHG emissions reduction target.	A specific target has been defined regarding GHG emissions due to inbound/outbound transportation as well as other specific and ambitious targets on transportation.	***20%***

Actions eligible for GHG emissions reduction on material are:

- Use/purchase of low-carbon vehicles (using 100% electricity supplied by rather a low-carbon source, using low-carbon hydrogen, using Bio-NGV, or using sustainable biofuels)
- Fuel efficiency devices
- Preventive maintenance
- Speed limitation devices
- Predictive cruise control devices
- Real-time fuel economy monitors (linked to driving methods)
- Tire pressure monitoring systems
- Low rolling resistance tires

Other actions than the ones listed above may be eligible, if judged relevant (significant climate impact) by the assessors.

For each action reported, the company shall provide:

- The type of action
- A short description of the action (goals, the implementation process, the monitoring of the action)

† Actions eligible for GHG emissions reduction on operations (only trucks and utility vehicles) are:

- Eco-driving (above 50% of the drivers have received a specific training)
- Routing optimization
- Load factor optimization
- Reduction of empty runs
- Improve backhauling
- Speed regulation with Intelligent Speed Adaptation
- Platooning
- Co-loading

Other actions than the ones listed above may be eligible, if judged relevant (significant climate impact) by the assessors.

DIMENSION 2 (FOR E-COMMERCE ONLY): DELIVERY TRANSPORT EMISSIONS

This dimension assesses the actions led by the company to limit emissions from customer delivery. The maturity matrix used for the assessment is the following:

Evaluation level	Basic	Standard	Advanced	Next practice	Low-carbon practice	Weighting
Score	***0%***	***25%***	***50%***	***75%***	***100%***	
Limit return rate	No strategy or actions on this aspect OR the company clearly facilitates massive deliveries and returns through commercial actions: no anticipated payment before the product is delivered, etc.		The company has no clear strategy to limit return but has implemented certain virtuous actions: clear product information, online advisor, etc.		The company has a clear strategy to limit return and has implemented concrete actions: full product information (3D visualization), online advisor, specific discount encouraging low return, etc.	***25%***
Limit delivery failure	No strategy, full reliance on third-party carriers with no oversight		The company has contractual delivery performance requirements with carriers, performance monitoring and reporting, address validation, flexible delivery options		The company owns delivery fleet in key areas or maintains tight operational control over carriers, real-time performance management, systematic emissions tracking in delivery decisions	***25%***
Inform the consumer about environmental performance of the delivery option chosen	No information provided on this aspect.		The company communicates its global GHG performance but not specifically to the given product/delivery	Quantitative and comparable data is available for certain delivery options	Quantitative and comparable data is available for ALL delivery options	***25%***
Foster grouped delivery	No strategy on this aspect.		Customers offered option to wait for full order consolidation, default remains split shipments		All orders systematically consolidated and shipped together	***25%***

DIMENSION 3: CLIENTS TRANSPORT EMISSIONS

Clients transport can represent a significant emissions source for retailers. However, this data is a challenge to be measured as retailers can only make an estimate of the average distance travelled and number of visitors (in particular for visitors who did not make a purchase).

The maturity matrix used for the assessment is the following:

Evaluation level	Basic	Standard	Advanced	Next practice	Low-carbon practice
Score	***0%***	***25%***	***50%***	***75%***	***100%***
Induced transport	No strategy regarding low-carbon transport		Public transport accessibility considered in location decisions (but not mandatory), certain stores provide infrastructure for eco-friendly transport (EV charging, bike parking)		Stores only developed in places that are easily accessible by public transport OR all stores provide infrastructures facilitating eco-friendly transport mode (EV charging, bike parking)

WEIGHTING

The weightings of these 3 dimensions depend on the company's profile. The weighting is as follows, depending on the company's activity:

	Retailers	Wholesalers
Dimension 1	70% - 0.2*x*	70%
Dimension 2	0.5*x*	-
Dimension 3	30% - 0.3x	30%

- *x* being the share of turnover from e-commerce activities:
  - when *x = 0* (i.e., the retailer makes no online business), 70% of the weighting is on Dimension 1, focusing on subcontracted transport, and 30% is on Dimension 3, focusing on customers transport. In this case, Dimension 2 is not consistent and is not assessed, as there is no customer delivery.
  - when *x = 1* (i.e., the retailer sells exclusively online with no physical stores), 50% of the weighting is allocated on Dimension 1 and 50% on Dimension 2, which is focusing on products delivery. In this case, Dimension 3 is not consistent and is not assessed, as there are no physical store and no customer transport.

- when $0 < x < 1$ (i.e., the retailer sells both online and in physical stores), the weighting is distributed among the 3 dimensions, with an increasing weighting on Dimension 2 when x increases.

RELEVANCE OF THE INDICATOR

Transportation activity represents a significant GHG emissions source for companies in the Retail sector (close to 15% of the total GHG emissions along the whole value chain [1]). Even though companies may have significant emissions sources in their Scope 1+2 emissions, most of the emissions from transport is more likely to arise from upstream and downstream activities.

The indicator aims at evaluating three key aspects of Scope 3 transport emissions along the value chain: direct subcontracted transport, delivery transport and customer transport.

SCORING RATIONALE

Dimensions 2 and 3 are only assessed for the most relevant companies, that is:

- Dimension 2 is used only for retailers selling online, even if they also sell in physical stores in addition to online sales,
- Dimension 3 is excluded for wholesalers, as the physical stores' locations and overall logistics address very different challenges than for individual customers. Wholesalers' levers mostly consist in locating the physical stores along roads accessible to heavy goods vehicles, which are already covered by indicator 4.3 Transport performance.

• RT 4.4 WASTE REDUCTION STRATEGY

SHORT DESCRIPTION OF THE INDICATOR

The company demonstrates that it has a comprehensive strategy at the corporate level to reduce waste within its own operations, in the upstream phases of its value chain, downstream of its stores for products in use, and from packaging at all phases.

For food retailers, the indicator also assesses how the company tackles food waste challenges.

DATA REQUIREMENTS

The questions comprising the information request that are relevant to this indicator are:

- RT 5.F

HOW THE ASSESSMENT WILL BE DONE

The indicator is composed of two dimensions:

- Dimension 1 focuses on waste management in general
- (For food retailers only) Dimension 2 focuses on food waste

DIMENSION 1 – 100% OR 50% FOR FOOD RETAILERS

The analyst evaluates the description and evidence of the waste reduction strategy for the presence of best practice elements and consistency with the other reported management indicators.

The assessment is made with the following maturity matrix:

Evaluation level	Basic	Standard	Advanced	Next practice	Low-carbon practice	Weighting
Score	***0%***	***25%***	***50%***	***75%***	***100%***	
Scope	Limited scope to one part of the value chain which is not the major source of waste	Limited scope but has identified the largest source of losses and acts on it	Covers multiple parts of the value chain that include the major sources of waste	Includes both operational boundary, upstream parts and downstream parts of the value chain. Upstream engagement goes beyond first tier towards biggest waste generator.	Includes all levels from next practice level and also includes a post-consumer recovery element through recycling and upcycling	***25%***
Commitments	No defined commitments on a defined timescale		Timescale for implementation is mentioned but no clear target, or target is mentioned but no clear timescale		Strategy includes both a clear quantitative target and includes a timescale for its implementation	***25%***
Method	Strategy implementation has no clear focus or prioritization (e.g., only targets low-hanging fruit) and has no clear quantification on the cost of waste	Strategy implementation focuses on the largest sources of waste but has no robust method of quantification and verification for this implementation	Company quantifies the value of waste through a costing exercise, but does not have clear prioritization or verification process.	Quantifies the value of waste through a verifiable costing exercise and is linked to circular economy business models	Company has costed the value of waste, links this to circular economy in the core business strategy, and has applied a waste hierarchy approach to prioritise prevention.	***25%***

Monitoring	No clear monitoring approach in place	Responsibility at high level in the organisation, but no clear monitoring approach in place	Monitoring systems in place for own operations to track progress but not for the parts of the value chain outside of control boundary	Monitoring systems in place for own operations and the value chain elements under the strategy to track progress	Includes next practice monitoring, and It is clear that there is an organizational learning process in place to continuously improve the strategy after interim evaluation of results	***25%***

DIMENSION 2 – FOOD WASTE REDUCTION STRATEGY (FOR FOOD RETAILERS ONLY) – 50%

This dimension applies to food retailers.

The assessment is made with the following maturity matrix:

Evaluation level	Basic	Standard	Advanced	Next practice	Low-carbon practice	Weighting
Score	***0%***	***25%***	***50%***	***75%***	***100%***	
Actions currently in place to reduce food waste: scope of actions	No actions in place to reduce food waste.		The actions deployed affects 50% or less of food products (in tons).		The actions deployed affects more than 50% of food products (in tons).	***25%***
Actions currently in place to reduce food waste: type of actions implemented	No evidence that one the listed actions* in place to reduce food waste	Evidence that ONE or TWO of the 6 actions* is implemented	Evidence that THREE of the 6 actions* are implemented	Evidence that FOUR to FIVE of the 6 actions* are implemented	Evidence that ALL the actions* are implemented	***25%***
Data on food waste	Food waste is not quantified.		The company just started to quantify food waste (less than 5 years).		Food waste is quantified since at least 5 years.	***25%***
Food waste reduction over the past 5 years	No data or no evidence that food waste has decreased over the past 5 years	Evidence that food waste decreased by less than 5%	Evidence that food waste decreased from 5 to 7%	Evidence that food waste decreased from 7 to 10%	Evidence that food waste decreased by at least 10%	***25%***

*** List of actions categories (and non-exhaustive list of examples):**

- **Stock and order management:** Improve sales forecasting, adapt order volumes to actual sales, reduce stock-outs
- **Pricing and promotion strategies:** Progressive discounts near expiration dates, anti-waste zones with reduced prices, sell imperfect produce at lower cost

- **Donation and redistribution:** Partner with food banks, organize daily collection of unsold items, donate products close to expiration
- **Consumer awareness:** Educate on date labels difference, inform on proper storage, share anti-waste recipes (objective: incentivize to sell more near expiration dates products)
- **Staff training and organization:** Train on handling best practices, set waste reduction targets, improve inter-department communication
- **In-store transformation:** Transform unsold items into soups, salads or prepared meals, create juices from damaged fruits

RELEVANCE OF THE INDICATOR

Waste is a significant source of GHG emissions which can be avoided with co-benefits in economic and environmental terms for retailers. As links between producers and consumers in the economy, retailers are positioned to influence both halves of the value chain. This needs to be within a coherent strategic framework to ensure that (i) GHG impacts are decreased, and (ii) benefits are maximised by prioritising opportunities and scaling up successes. Waste reduction approaches can require cultural shifts and education within organisations, both of which require buy-in from across an organisation that can be enhanced by a specific strategic focus.

Food waste is also a key challenge to decarbonise the sector as the retail sector generates 13% of global food waste [19]. Retailers are expected not only to accurately quantify food waste from their stores, but also to implement efficient measures to avoid food waste.

• RT 4.5 LAND ARTIFICIALISATION REDUCTION STRATEGY

SHORT DESCRIPTION OF THE INDICATOR

This indicator assesses the company's strategy to avoid land artificialisation due to new buildings construction, and favour renovation and buildings optimization.

DATA REQUIREMENTS

The questions comprising the information request that are relevant to this indicator are:

- RT 5.F

HOW THE ASSESSMENT WILL BE DONE

The assessment is made with the following maturity matrix:

Evaluation level	Basic	Standard	Advanced	Next practice	Low-carbon practice
Score	***0%***	***25%***	***50%***	***75%***	***100%***
Land artificialization (retail buildings, warehouses, parking)	No strategy to stop land artificialization		Prioritizes renovation of existing buildings over new construction when possible		No land artificialization over the past 5 years (no new buildings, use of brownfields, additional height to existing buildings)

RELEVANCE OF THE INDICATOR

Land artificialization is a key challenge in the retail sector which requires a significant number of buildings for its activities: stores, warehouses, parking, etc. Companies' developments often result in an increase in the number of square meters dedicated to their activities, which often means building new infrastructures. Along with the development of circular economy business models and sufficiency models, companies are expected to optimize building occupation and limit as much as possible land artificialization.

MODULE 5: MANAGEMENT (WEIGHTING: 10%)

- **RT 5.1 OVERSIGHT OF CLIMATE CHANGE ISSUES**

SHORT DESCRIPTION OF THE INDICATOR

The company discloses that responsibility for climate change mitigation within the company lies at the highest level of decision-making within the company structure.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Environmental policy and details regarding governance
- The reporter shall provide details on where is the highest level of direct responsibility for climate change within the organization

CDP Questionnaire 2023 mapping to this indicator:

- C1.1
- C1.1a
- C1.2

External sources of data may also be used for the analysis of this indicator.

HOW THE ASSESSMENT WILL BE DONE

The benchmark case is that climate change is managed within the highest decision-making structure within the company.

The position at which climate change is managed within the company structure is determined from the company data submission and accompanying evidence. For small companies, or for cases in which the corporate structure does not match the structure of the maturity matrix, the analyst should assign a score based on the company's specific hierarchy (i.e., if responsibility for climate change mitigation lies at the highest level of decision-making within the organization, award "Low-carbon aligned". If responsibility lies one level below the highest level, award "Next practice", etc.). The maturity matrix used for the assessment is the following:

Question	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score	***0%***	***25%***	***50%***	***75%***	***100%***	

What is the position of the employee/ committee with highest responsibility for climate change mitigation issues?	No one in charge of climate change issues	Level 4 (see guidance)*	Level 3 (see guidance)*	Level 2 (see guidance)*	Level 1 (see guidance)*	***100%***

* Further guidance for each level of seniority is given below:
    - Level 1
        - Highest level of accountability or decision-making within the organization, with responsibility for overall organizational or corporate strategic direction.
        - Examples: Board, sub-set of the Board, Chief Executive Officer (CEO)
    - Level 2
        - Person/committee that is one step in the corporate structure from the highest level of decision-making of the organization (i.e. reports to or is accountable to Level 1). Inputs into organizational strategy but does not make decisions on it. May have responsibility and accountability for business unit strategy formation and implementation of one or more business units.
        - Examples: Vice President, Director, other C-Suite officer (e.g., Chief Financial Officer (CFO), Chief Procurement Officer (CPO), Chief Risk Officer (CRO), Chief Operating Officer (COO), Chief Sustainability Officer (CSO), etc.), other committee appointed by the Board
    - Level 3
        - Person/committee that is two steps in the corporate structure from the highest level of decision-making of the organization. May have responsibility and accountability for business unit strategy formation and implementation for one business unit.
        - Examples: Manager, Senior Manager
    - Level 4
        - Person/committee that is three or more steps in the corporate structure from the highest level of decision-making of the organization. No responsibility or accountability for business unit strategy development.

RELEVANCE OF THE INDICATOR

Successful change within companies, such as the transition to a low-carbon economy, requires strategic oversight and buy-in from the highest levels of decision-making within the company. Evidence of how climate change is addressed within the top decision-making structures is a proxy for how seriously the company takes climate change, and how well integrated it is at a strategic level. High-level ownership also increases the likelihood of effective action to address low-carbon transition.

Changes in strategic direction are necessarily future-oriented, which fits with this principle of the ACT initiative.

Managing oversight of climate change is considered as a good practice.

- **RT 5.2 CLIMATE CHANGE OVERSIGHT CAPABILITY**

SHORT DESCRIPTION OF THE INDICATOR

Company board or executive management has expertise on the science and economics of climate change, including an understanding of policy, technology and consumption drivers that can disrupt current business. This expertise is used by the individual or committee to inform high-level decision-making within the company.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Environmental policy and details regarding governance
- The reporter shall identify the position of the individual or name of the committee with this responsibility and outline their expertise regarding climate change and the low-carbon transition

CDP Questionnaire 2023 mapping to this indicator:

- C1.1
- C1.1a
- C1.1d
- C1.2

External sources of data may also be used for the analysis of this indicator.

HOW THE ASSESSMENT WILL BE DONE

The presence of expertise on topics relevant to climate change and the low-carbon transition at the level of the individual or committee with overall responsibility for it within the company is assessed. The presence of expertise is the condition that must be fulfilled for points to be awarded in the scoring.

The analyst determines if the company has expertise as evidenced through a named expert biography outlining capabilities. A cross check is performed against 5.1 on the highest responsibility for climate change, the expertise should exist at the level identified. To be awarded Low-carbon aligned, the company must provide examples of how the individual or committee's expertise has informed strategic investment planning and/or decision-making processes.

The maturity matrix used for the assessment is the following:

Question	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score	***0%***	***25%***	***50%***	***75%***	***100%***	
Does the individual or committee with oversight of climate change issues (as reported in indicator 5.1) have relevant climate change- and low-carbon transition-related expertise*?	The employee/committee does not meet any of the characteristics of climate change- and low-carbon transition-related expertise*.	The employee/committee meets 1 of the characteristics of climate change- and low-carbon transition-related expertise*.	The employee/committee meets 2 of the characteristics of climate change- and low-carbon transition-related expertise*.	The employee/committee meets 3 or more of the characteristics of climate change- and low-carbon transition-related expertise*.	The employee/committee meets 3 or more of the characteristics of climate change- and low-carbon transition-related expertise*. Expertise systematically informs strategic investment planning/decision-making processes.	***100%***

* "Characteristics of climate change- and low-carbon transition-related expertise" include:

- Academic/professional qualification related to climate change and the low-carbon transition, including an understanding of the impacts and risks, and the solutions to implement (e.g., Bachelors, Masters, Doctorate, professional certification, diploma, etc.)
    - A purely energy-related background with no relationship to climate change and the low-carbon transition is not enough to qualify as expertise.
- Recent (i.e., within last 10 years) professional experience related to climate change and the low-carbon transition (e.g., previous employment in climate change/low-carbon transition-related role, or with a climate change/low-carbon transition-related organisation, etc.)
- Recent (i.e., within last 10 years)/active membership of organisation(s) driving corporate knowledge and action on climate change and the low-carbon transition (e.g., World Business Council For Sustainable Development, Solar Energy Industry Association, etc.)

- Technical knowledge related to climate change and the low-carbon transition, evidenced through recently (i.e., within last 10 years) published outputs written by the individual/committee (e.g., statements, reports, etc.)

RELEVANCE OF THE INDICATOR

Effective management of the low-carbon transition requires specific expertise related to climate change and its impacts, and their likely direct and indirect effects on the business. Presence of this capability within or closely related to the decision-making bodies that will implement low-carbon transition both indicates company commitment to that transition and increases the chances of success.

Even if companies are managing climate change at the Board level or equivalent level, a lack of expertise could be a barrier to successful management of low-carbon transition.

• RT 5.3 LOW CARBON TRANSITION PLAN

SHORT DESCRIPTION OF THE INDICATOR

The company has a plan on how to transition the company to a business model compatible with a low-carbon economy.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Environmental policy and details regarding governance

The reporter should provide a description of the transition plan including the following details:

- Whether the transition plan exists in a documented form and whether that document is public
- How the results of scenario testing influenced the transition plan
- Timescale for implementation of the transition plan
- Who has responsibility for its implementation (at the strategic, not operational, level)
- How successful implementation of the plan will be measured and monitored. (Should include details of any linked targets, emissions reduction or energy efficiency targets, or KPIs.)

CDP Questionnaire 2023 mapping to this indicator:

- C3.1

- C3.3
- C3.4

HOW THE ASSESSMENT WILL BE DONE

From the 2021 CDP Transition Plans discussion paper: “A climate transition plan is a time-bound action plan that clearly outlines how an organization will achieve its strategy to 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.” [20]. Other initiatives have also developed their own similar definitions (IFRS - International Financial Reporting Standards, TCFD - Task Force on Climate-Related Financial Disclosures, EFRAG - European Financial Reporting Advisory Group, TPT – UK Transition Plan Task Force, GFANZ – Glasgow Financial Alliance for Net Zero).

The analyst evaluates the description and evidence of the low-carbon transition plan for the presence of best practice elements and consistency with the other reported management indicators. The company description and evidence are compared to the maturity matrix developed to guide the scoring and a greater number of points are allocated for elements indicating a higher level of maturity.

Among the best practice elements identified to date are:

- The plan includes financial projections
- The plan should include cost estimates or other assessments of financial viability as part of its preparation
- The description of the major changes to the business is comprehensive, consistent, aligned with other indicators
- Quantitative estimates of how the business will change in the future are included
- Costs associated with the plan (e.g. write-downs, site remediation, contract penalties, regulatory costs) are included
- Potential “shocks” or stressors (sudden adverse changes) have been taken into consideration
- Relevant region-specific considerations are included
- The plan’s measure of success is SMART – contains targets or commitments with timescales to implement them, is time-constrained or the actions anticipated are time-constrained
- The plan’s measure of success is quantitative
- The description of relevant testing/analysis that influenced the transition plan is included
- The plan is consistent with reporting against other ACT indicators
- The scope should cover entire business, and is specific to that business
- The plan should cover the short, medium and long terms. From now or the near future <5 years, until at least 2035 and preferably beyond (2050)

- The plan contains details of actions the company realistically expects to implement (and these actions are relevant and realistic)
- The plan is approved at the strategic level within the organisation
- Discussions about the potential impacts of a low-carbon transition on the current business have been included
- The company has a publicly-acknowledged well-below 2°C (or beyond) science-based target (SBT)
- The company has been carrying out a diagnosis of climate change impacts and identified related physical risks

The maturity matrix used for the assessment is the following:

Evaluation level	Basic	Standard	Advanced	Next practice	Low-carbon practice	Weighting
Score	***0%***	***25%***	***50%***	***75%***	***100%***	
Measure of success	No measure of success		At least one measure of success which is fully SMART* and contains both qualitative and quantitative elements.		More than one measure of success. All measures of success are fully SMART*, contain both qualitative and quantitative elements, and are aligned with a low-carbon scenario.	***10%***
Financial content in plan	No financial content	Financial projections, cost estimates or other estimates of financial viability are described but not quantified.	Financial projections, cost estimates or other estimates of financial viability are quantified in some detail.	Quantitative estimations of how the business will change in the future are included. Costs associated with the plan (e.g., write-downs, site remediation, contract penalties, regulatory costs) are included.	Description of the major financial changes to the business over all timescales is comprehensive and aligned with other indicators. The transition plan is integrated into the overall business strategy of the organization and linked to the profit and loss statement.	***10%***
Short-term actions (recent past up to	Contains no discussion of short-term actions.		Contains examples of short-term actions the		Contains detailed descriptions of relevant	***10%***

reporting year + 5 years)			company expects to implement.		and achievable short-term actions the company expects to implement to make the transition a reality.	
Long-term actions and vision (from reporting year + 5 years onwards)	Contains no discussion of long-term actions or vision.		Contains descriptions of long-term actions the company expects to implement to make the transition a reality.		Contains descriptions of long-term actions the company expects to implement to make the transition a reality. Contains a vision of what the far-future company could look like in terms of physical assets and business model.	***10%***
Scope	Scope of transition plan is not defined.	Transition plan applies only to specific business units/operations (representing less than 50% of company's GHG emissions).	Transition plan applies only to specific business units/operations (representing more than 50% of company's GHG emissions).	Transition plan applies to all business units/operations.	Transition plan applies to all business units/operations and the rest of the value chain (upstream and downstream). Any exclusions from the plan must not be material to the organization in terms of GHG emissions.	***10%***
Implementation of results of scenario testing	The results of the company's scenario testing (as assessed in Indicator 5.5 – Scenario testing) have not informed the development of the company's transition plan.				The results of the company's scenario testing (as assessed in Indicator 5.5 – Scenario testing) have informed the development of the company's transition plan.	***10%***
Transition plan timescale†	Covers only short term, from reporting year until (RY + 3 years)	Covers only short and medium term, from	Covers short, medium and long term, from	Covers short, medium and long term, from	Covers short, medium and long term, from	***10%***

		reporting year until (RY + 4 to 10 years)	reporting year until (RY + 11 to 20 years)	reporting year until (RY + 21 years to 2049)	reporting year until 2050 or beyond	
Review and update process	No transition plan review and update process is in place.	Commitment to review and update transition plan, but no defined timescale or process.	Commitment to review and update transition plan, with either a defined timescale or process.	Commitment to review and update transition plan less often than every 5 years, with a defined process.	Commitment to review and update transition plan at least every 5 years for continuous relevancy and efficacy, with a defined process.	***10%***
Progress reporting process	No transition plan progress reporting process is in place.	Commitment to report progress against the transition plan and any material changes, but no defined timescale or stakeholder feedback process (e.g., shareholders and AGMs).	Commitment to report progress against the transition plan and any material changes, with either a defined timescale or stakeholder feedback process (e.g., shareholders and AGMs).	Commitment to report progress against the transition plan and any material changes less often than annually, with a defined stakeholder feedback process (e.g., shareholders and AGMs).	Commitment to report progress against the transition plan and any material changes annually, with a defined stakeholder feedback process (e.g., shareholders and AGMs).	***10%***
The role of a carbon price in the plan	No carbon price is considered.	Internal studies have been conducted regarding a carbon price, but this has not been used to guide decisions.	A carbon price is used only qualitatively by the company.	A carbon price is embedded in cost calculations as a financial indicator.	The carbon price value is aligned with a low-carbon scenario[‡] and is integrated into the financial scenario used for making key business decisions.	***10%***

* A measure of success is considered “fully SMART” if it meets each of the following SMART elements [21]:

1. Specific: the measure of success is explicit, with no room for misinterpretation.
2. Measurable: the measure of success is measurable, and it will be clear when it has been achieved.
3. Achievable: the measure of success is stretching and ambitious, but not so much that it is unachievable.
4. Relevant: the measure of success contributes to the organisation’s overall objectives, and complements other measures of success.
5. Time-bound: the measure of success has a set deadline.

[†] Companies aiming to achieve their low-carbon transition (e.g., reach net-zero emissions) any year before 2050 and maintain or improve this low-carbon state beyond this specified year, should score Low-carbon aligned.

‡ Refer for instance to International Energy Agency (IEA), World Energy Outlook 2019, Annex B, p 758 [22]. CO_2 prices are displayed by world regions, predicted values in 2030 and 2050.

RELEVANCE OF THE INDICATOR

All the sectors will require substantial changes to their business to align to a low-carbon economy, over the short, medium and long term, whether it is voluntarily following a strategy to do so or is forced to change by regulations and structural changes to the market. It is better for the success of its business and of its transition that these changes occur in a planned and controlled manner.

• RT 5.4 CLIMATE CHANGE MANAGEMENT INCENTIVES

SHORT DESCRIPTION OF THE INDICATOR

The Board's compensation committee has included metrics for the reduction of GHG emissions in the annual and/or long-term compensation plans of senior executives. The company provides financial incentives for the management of climate change issues as defined by a series of relevant indicators.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Management incentives
- The reporter shall report whether the company provides incentives for the management of climate change issues, including the attainment of targets
- The reporter shall provide details on the incentives provided for the management of climate change issues
- The reporter shall provide details on the activities that are usually rewarded by incentives in the company

CDP Questionnaire 2023 mapping to this indicator:

- C1.3
- C1.3a

HOW THE ASSESSMENT WILL BE DONE

The analyst verifies if the company has compensation incentives set for senior executive compensation and/or bonuses, that directly and routinely reward specific, measurable reductions of tons of carbon emitted by the company in the preceding year and/or the future attainment of emissions reduction targets, or other metrics related to the company's low-carbon transition plan. For small companies, or for cases in which the corporate structure does not match the structure of the maturity matrix, the analyst should assign a

score based on the company's specific hierarchy (i.e., if climate change management incentives are awarded to the highest level of decision-making within the organization, award "Low-carbon aligned". If incentives are available one level below the highest level, award "Next practice", etc.).

Note: the wording of the "What is the type of incentive" is based on the Executive Compensation Guidebook for Climate Transition developed by Willis Towers Watson, in partnership with the Climate Governance Initiative, a project in collaboration with the World Economic Forum [23].

Evaluation level		Basic	Standard	Advanced	Next practice	Low-carbon practice	Weighting
Score		***0%***	***25%***	***50%***	***75%***	***100%***	
Who is entitled to benefit?	***Who is entitled to benefit?***	Any other answer	Level 4 (see guidance)*	Level 3 (see guidance)*	Level 2 (see guidance)*	Level 1 (see guidance)*	***50%***
What is the type of incentive?	***Type of incentive***	No incentives	The company has introduced climate metrics (key performance indicators (KPIs)), including metrics related to GHG emissions reductions, within annual bonuses (or other short-term incentive plans).		The company has introduced climate metrics (key performance indicators (KPIs)), including metrics related to GHG emissions reductions, within its long-term incentive plan (likely to include equity in the company).	The company has introduced climate metrics, (key performance indicators (KPIs)), including metrics related to GHG emissions reductions, within its long-term incentive plan (likely to include equity in the company). This plan aligns with the timescale and content of the company's transition plan and emissions reduction targets.	***50%***

RELEVANCE OF THE INDICATOR

Executive compensation should be aligned with overall business strategy and priorities. As well as commitments to action the company should ensure that incentives, especially at the executive level, are in place to reward progress towards low-carbon transition. This will improve the likelihood of successful low-carbon transition.

Monetary incentives at the executive level are an indication of commitment to successful implementation of a strategy for low-carbon transition.

- **RT 5.5 CLIMATE CHANGE SCENARIO TESTING**

SHORT DESCRIPTION OF THE INDICATOR

Testing or analysis relevant to determining the impact of transition to a low-carbon economy on the current and projected business model and/or business strategy has been completed, with the results reported to the board or c-suite, the business strategy revised where necessary, and the results publicly reported.

DATA REQUIREMENTS

The relevant data for this indicator are:

- The reporter shall provide the details and supporting documents on the organization's climate change scenario testing

CDP Questionnaire 2023 mapping to this indicator:

- C2.3a
- C3.2
- C3.2a
- C3.2b

HOW THE ASSESSMENT WILL BE DONE

The analyst evaluates the description and evidence of the low-carbon economy scenario testing for the presence of best-practice elements and consistency with the other reported management indicators. The company description and evidence are compared to the maturity matrix developed to guide the scoring and a greater number of points is allocated for elements indicating a higher level of maturity.

Best-practice elements to be identified in the test/analysis include:

- full coverage of the company's boundaries
- timescale from present to long-term (2035-2050)
- results are expressed in value-at-risk or other financial terms
- multivariate: a range of different changes in conditions are considered together
- changes in conditions are specific to a low-carbon climate scenario
- climate change conditions are combined with other likely future changes in operating conditions over the timescale chosen

Question	Subdimension	Basic	Standard	Advanced	Next practice	Low carbon aligned	Weighting
Associated score		***0%***	***25%***	***50%***	***75%***	***100%***	
What is the scope of the scenario testing?	*Scope*	Scope of scenario testing is not defined.	Scenario testing applies only to specific business units / operations (representing less than 50% of company's GHG emissions).	Scenario testing applies only to specific business units / operations (representing more than 50% of company's GHG emissions).	Scenario testing applies to all business units / operations,	Scenario testing applies to all business units / operations and the rest of the value chain (upstream and downstream). Any exclusions from the plan must not be material to the organization in terms of GHG emissions.	***25%***
What is the timescale of the scenario testing?	*Timescale*	Covers only short term, from reporting year until (RY + 3 years).	Covers only short and medium term, from reporting year until (RY + 4 to 10 years).	Covers short, medium and long term, from reporting year until (RY + 11 to 20 years).	Covers short, medium and long term, from reporting year until (RY + 21 years to 2049).	Covers short, medium and long term, from reporting year until 2050 or beyond.	***20%***
Does the company assess the materiality of climate-related risks/opportunities*?	*Climate-related risks/opportunities**	The materiality of climate-related risks/opportunities* is not assessed.	The materiality of 1 category of climate-related risks/opportunities* is assessed.	The materiality of 2 categories of climate-related risks/opportunities* is assessed.	The materiality of 3 categories of climate-related risks/opportunities* is assessed.	The materiality of 4 categories of climate-related risks/opportunities* is assessed.	***10%***
How many scenarios are considered?	*Scenarios*	No scenarios are considered.	Considers 1 scenario.	Considers 2 scenarios.		Considers 3 or more scenarios, including a low-carbon economy scenario.	***10%***

What parameters/assumptions are considered?	*Parameters/assumptions considered*	Considers 1-2 different parameters/assumptions.		Considers 3-4 parameters/assumptions together (multivariate)		Considers 5 or more parameters/assumptions together, related to changing climate conditions in combination with changes in operating conditions .	***15%***
Are the results† expressed in qualitative/ quantitative/ financial terms?	*Results†*	No results available	Expressed only in qualitative terms	Expressed in qualitative and quantitative terms	Expressed in qualitative, quantitative and financial terms	Expressed in qualitative, quantitative and financial terms and results are translated into value-at-risk	***10%***
Is a carbon price considered?	*Carbon price*	No carbon price is considered.		A carbon price is used as one of the main parameters/assumptions		The carbon price used is aligned with the parameters / assumptions of a low-carbon economy scenario‡	***10%***

* Climate-related risk categories [24]:

1. Market and Technology shifts
2. Reputation
3. Policy and Legal
4. Physical Risks

† Results of scenario analysis should be presented as business impacts which can include [24]:

- Earnings – what conclusions does the organization draw about impact on earnings and how does it express that impact (e.g., as EBITDA (earnings before interest, taxes, depreciation and amortization), EBITDA margins, EBITDA contribution, dividends)?
- Costs – what conclusions does the organization draw about the implications for its operating/production costs and their development over time?
- Revenues – what conclusions does the organization draw about the implications for the revenues from its key commodities/ products/ services and their development over time?
- Assets – what are the implications for asset values of various scenarios?

- Capital Allocation/ investments – what are the implications for capex and other investments?
- Timing – what conclusions does the organization draw about development of costs, revenues and earnings across time (e.g., 5/10/20 year)?

‡ Refer for instance to International Energy Agency (IEA), World Energy Outlook 2019, Annex B, p 758 [22]. CO_2 prices are displayed by world regions, predicted values in 2030 and 2050.

RELEVANCE OF THE INDICATOR

There are a variety of ways of analysing the potential impacts of climate-related changes on the business, whether these are slow and gradual developments or one-off "shocks". Investors are increasingly calling for techniques such as use of an internal price on carbon, scenario analysis and stress testing to be implemented to enable companies to calculate the value-at-risk that such changes could pose to the business. As this practice is emergent at this time there is currently no comprehensive survey or guidance on specific techniques or tools recommended for the sector. The ACT methodology thus provides a broad definition of types of testing and analysis which can be relevant to this information requirement, to identify both current and best practices and consider them in the analysis.

Scenario stress testing is an important management tool for preparing for low-carbon transition. For businesses likely to be strongly affected by climate change impacts (both direct and indirect), it has even greater importance.

MODULE 6: SUPPLIER ENGAGEMENT (WEIGHTING: 11%)

Module 6, “Supplier engagement”, assesses the company’s efforts to decarbonise its supply chain. This module assesses the company’s strategy to engage with its suppliers to reduce emissions. It then assesses existing activities, initiatives and partnerships, launched by the company to influence and support suppliers to reduce emissions.

- **RT 6.1 STRATEGY TO INFLUENCE SUPPLIERS TO REDUCE THEIR GHG EMISSIONS**

SHORT DESCRIPTION OF THE INDICATOR

This indicator assesses the strategic policy and the process which are formalized and implemented into business decision-making processes to influence, enable or otherwise shift suppliers’ choices and behaviours in order to reduce its GHG emissions.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Methods of supplier engagement, strategy for prioritizing supplier engagement and measures of success
- Proportion of total procurement spend and/or supplier-related scope 3 emissions covered by the strategy
- Data on suppliers’ GHG emissions and climate change strategies
- Key procurement templates (e.g., New supplier contracts, Supplier Code of Conduct, RFI/RFPs (request for information / proposal), Supplier self-assessments, Performance cards

CDP Questionnaire 2023 mapping to this indicator:

- C12.1a
- C12.2
- C12.2a

HOW THE ASSESSMENT WILL BE DONE

The assessment will assign a maturity score based on the company’s formalized, written strategy regarding its engagement with its suppliers, expressed in a maturity matrix.

A company that is placed in the ‘Low-carbon aligned’ category will receive the maximum score. A company which is at a lower level will receive a partial score, with 0 points awarded for having no engagement at all.

The maturity matrix used for the assessment is the following:

Question	Subdimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		***0%***	***25%***	***50%***	***75%***	***100%***	
What is the scope of the supplier engagement strategy?	*Scope*	No strategy applied to any suppliers.	Strategy applied to up to 30% of total procurement spend OR up to 30% of supplier-related scope 3 emissions.	Strategy applied to 31-60% of total procurement spend OR 31-60% of supplier-related scope 3 emissions.	Strategy applied to 61-90% of total procurement spend OR 61-90% of supplier-related scope 3 emissions.	Strategy applied to over 90% of total procurement spend OR over 90% of supplier-related scope 3 emissions.	***30%***
To what extent are GHG emissions reduction requirements integrated in engagement with suppliers?	*Emissions reduction requirements*	No emissions reduction requirement included in key procurement templates.*	Unquantified emissions reduction requirement included in key procurement templates.*	Quantified emissions reduction requirement included in key procurement templates* but the supplier is not required to report progress to the company.	Quantified emissions reduction target included in key procurement templates* and the supplier is required to report progress to the company.	Quantified, science-based emissions reduction target (that is aligned with the sector/industry pathway) included in key procurement templates* and the supplier is required to report progress to the company.	***20%***
To what extent are other low-carbon transition-related requirements/recommendations† integrated in engagement with suppliers?	*Other low-carbon transition-related requirements/recommendations*	No other low-carbon transition-related requirements/recommendations† included in key procurement templates.*				1 or more other low-carbon transition-related requirements/recommendations† included in key procurement templates.*	***5%***

To what extent are suppliers required to publicly report on their GHG emissions and other low-carbon transition-related requirements/recommendations?	*Reporting*	No requirement included in key procurement templates* for suppliers to publicly report on their GHG emissions or other low-carbon transition-related requirements/recommendations		Requirement included in key procurement templates* for suppliers to publicly report on their GHG emissions but not any other low-carbon transition-related requirements/recommendations		Requirement included in key procurement templates* for suppliers to publicly report on their GHG emissions and other low-carbon transition-related requirements/recommendations	***5%***
Are GHG emissions reduction/reporting requirements included in selection of new suppliers, renewal of contract with existing suppliers, neither or both?	*New suppliers/existing suppliers*	Requirements included in NEITHER the selection of new suppliers NOR renewal of contracts with existing suppliers.		Requirements included in EITHER the selection of new suppliers OR renewal of contracts with existing suppliers.		Requirements included in BOTH the selection of new suppliers AND renewal of contracts with existing suppliers.	***5%***
How does the company respond to supplier non-compliance with GHG emissions reduction requirements?	*Non-compliance*	No response to supplier non-compliance.		Company retains/suspends/sanctions and engages non-compliant suppliers but does not exclude those that fail to show significant improvement after the period of engagement.		Company retains/suspends/sanctions and engages non-compliant suppliers,and permanently excludes those that fail to show significant improvement after the period of engagement.	***5%***
What action levers‡ are embedded in the company's	*Action levers‡ embedded in strategy*	No action levers‡ embedded in strategy.	Strategy includes action lever(s) from one of the three	Strategy includes action levers from two of the three engagement	Strategy includes action levers from all of the three engagement	Strategy includes action levers from all of the three engagement types	***30%***

strategy to engage suppliers?			engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.‡	types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.‡	types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.‡	(Information collection, Engagement & Incentivisation, Innovation & collaboration) used.‡ Strategy includes regular audits of the supplier by the company or a representative.	

* “Key procurement templates” include but are not limited to [25]:

- New supplier contracts
- Supplier Code of Conduct
- RFI/RFPs
- Supplier self-assessments
- Performance cards

† “Other low-carbon transition-related requirements/recommendations” refers to key aspects of a supplier’s low-carbon transition, beyond emissions reductions and targets, that companies can engage them on. These may not be specific requirements, but can be general/high-level recommendations. These aspects can include performance indicators from any ACT performance modules, such as:

- Intangible investment
  - For example, the company recommends that its suppliers increase their R&D spend in low-carbon technologies.
- Management
  - For example, the company requires its suppliers to conduct climate change scenario testing.
- Policy engagement
  - For example, the company only selects suppliers not opposed to relevant climate policies.
- Business model
  - For example, the company engages with its suppliers to develop new, low-carbon business models.
- Any other relevant low-carbon transition-related requirement/recommendation (e.g., ACT assessment, setting a Science Based Target, etc)

‡ Action levers must be embedded in a strategy document, and not be presented as examples of past/present actions/initiatives (such examples should be scored in indicator 6.2). “Action levers” include, but are not limited to, the following examples, which are grouped into three engagement types (sources: 2023 CDP climate change questionnaire C12.1a [26] [27]):

- Information collection (understanding supplier behaviour)
  - Collect GHG emissions data at least annually from suppliers
  - Collect targets information at least annually from suppliers
  - Collect climate-related risk and opportunity information at least annually from suppliers
  - Collect climate transition plan information at least annually from suppliers
  - Collect other climate-related information at least annually from suppliers
- Engagement & incentivization (changing supplier behaviour)
  - Run an engagement campaign to educate suppliers about climate change
  - Provide training, support, and best practices on how to make credible renewable energy usage claims
  - Provide training, support, and best practices on how to set science-based targets
  - Directly work with suppliers on climate-related topics, such as defining common GHG emissions reduction plans (i.e., both companies commit to reduce X tCO2e together)
  - Climate change performance is featured in supplier awards scheme
  - Offer financial incentives for suppliers who contribute to reducing the company’s operational emissions (Scopes 1 & 2)
  - Offer financial incentives for suppliers who contribute to reducing the company’s downstream emissions (Scope 3)
  - Offer financial incentives for suppliers who contribute to reducing the company’s upstream emissions (Scope 3)
  - Offer financial incentives for suppliers who increase the share of renewable energy in their total energy mix
  - Offer financial incentives for suppliers who develop/adopt a climate transition plan
  - Facilitate adoption of a unified climate transition approach with suppliers
- Innovation & collaboration (changing markets)
  - Run a campaign to encourage innovation to reduce climate impacts on products and services
  - Collaborate with suppliers on innovative business models to source renewable energy
  - Invest jointly with suppliers in R&D of relevant low-carbon technologies

RELEVANCE OF THE INDICATOR

Supplier engagement is included in this ACT methodology for the following reasons:

- It might have a significant impact in terms of GHG emissions. Achieving decarbonization of the whole supply chain is key to achieving climate goals in most of companies
- Engaging suppliers through contract clauses and sales incentives is necessary to bring them on board.

SCORING RATIONALE

Because of data availability and complexity, a direct measure of the outcome of such engagement is not feasible at this time. It is often challenging to quantify the emissions reduction potential and outcome of collaborative activities with the supply chain. Therefore, the approach of a maturity matrix allows the analyst to consider multiple dimensions of supplier engagement and assess them together to calculate a single score for Supplier Engagement.

• RT 6.2 ACTIVITIES TO INFLUENCE SUPPLIERS TO REDUCE THEIR GHG EMISSIONS

SHORT DESCRIPTION OF THE INDICATOR

This indicator assesses the extent to which the company implements activities and initiatives that help, influence or otherwise enable suppliers to reduce their GHG emissions. The indicator aims to be a holistic measure of these activities and initiatives, with evidence of implementation and outcomes in the value chain across all products/services.

DATA REQUIREMENTS

The relevant data for this indicator are:

- List of initiatives implemented to influence suppliers to reduce their GHG emissions, green purchase policy or track record, supplier code of conduct

CDP Questionnaire 2023 mapping to this indicator:

- C12.1a
- C12.2
- C12.2a

HOW THE ASSESSMENT WILL BE DONE

DIMENSION 1: GENERAL ASSESSMENT ON ACTIVITIES

The assessment will assign a maturity score based on the company's demonstration of recent and current activities and initiatives with its suppliers, expressed in a maturity matrix.

A company that is placed in the 'Low-carbon aligned' category will receive the maximum score. A company which is at a lower level will receive a partial score, with 0 points awarded for having no engagement at all.

This maturity matrix is indicative but does not show all possible options that can result in a particular score. The company's responses will be scrutinized by the analyst and then placed on the level in the matrix where the analyst deems it most appropriate.

Question	Subdimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		***0%***	***25%***	***50%***	***75%***	***100%***	
What action levers* does the company use in practice to engage suppliers?	*Action levers* used in practice*	No evidence of action levers* used in practice.	Evidence of company using action lever(s) from ONE of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.*	Evidence of company using action levers from TWO of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.*	Evidence of company using action levers from ALL of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.*	Evidence of company using action levers from ALL of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.* Regular audits of the supplier by the company or a representative.	***30%***

What is the scope of the recent and current activities in supplier engagement?	*Scope*	No suppliers engaged.	Suppliers engaged represent up to 30% of total procurement spend OR up to 30% of supplier-related scope 3 emissions.	Suppliers engaged represent 31-60% of total procurement spend OR 31-60% of supplier-related scope 3 emissions.	Suppliers engaged represent 61-90% of total procurement spend OR 61-90% of supplier-related scope 3 emissions.	Suppliers engaged represent over 90% of total procurement spend OR over 90% of supplier-related scope 3 emissions.	***40%***
How impactful has the company's supplier engagement been?	*Impact of engagement†*	No evidence of impact† of action levers used.	Some action levers used have qualitative evidence of impact†.	Almost all action levers used have qualitative evidence of impact†.	Some action levers used have quantitative evidence of impact†.	Almost all action levers used have qualitative and quantitative evidence of impact†.	***30%***

* Action levers: as per indicator 6.1 Strategy to influence suppliers to reduce their GHG emissions

† The metric used to measure impact depends on the action lever the metric refers to. Examples of "evidence of impact" might include, but are not limited to:

- Qualitative example: Feedback from suppliers saying that they appreciate and will use this new knowledge to start their journey on the low-carbon transition
- Quantitative example: Engaged suppliers have reduced their annual GHG emissions by X%
- Quantitative example: The percentage of engaged suppliers setting science-based targets has increased annually by X%

Quantitative example: The percentage of engaged suppliers conducting scenario testing has increased annually by X%

DIMENSION 2: ADDITIONAL ASSESSMENT FOR COMPANIES WITH PRIVATE LABELS

This dimension assesses the specific actions for supplier engagement by companies who own private labels. It focuses on packaging eco-design and responsible sourcing.

The maturity matrix used for the assessment is the following:

Subdimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score	***0%***	***25%***	***50%***	***75%***	***100%***	

Packaging eco-design	No packaging optimization considerations	Packaging reduction or recycled materials used on some products, no systematic approach	Company-wide packaging reduction and recycled content targets in place	Comprehensive packaging standards applied across all private label products (reduction, recyclability, low-carbon materials)	Minimal or zero packaging systematically prioritized, closed-loop recovery systems implemented	***50%***
Responsible sourcing	Private label sourcing based solely on price and quality	Carbon footprint assessed for some private label products	Private label range includes dedicated low-carbon product lines	Majority of private label products sourced with carbon footprint criteria, preference for local/regional sourcing to reduce transport emissions	Private label carbon footprint systematically lower than national brands, full carbon transparency on products	***50%***

WEIGHTING

The weightings of these 2 dimensions depend on the company's profile. The weighting is as follows, depending on the company's activity:

	Retailers without private label	**Retailers with private labels**
Dimension 1	100%	50%
Dimension 2	0%	50%

RELEVANCE OF THE INDICATOR

Activities to influence suppliers are included in this ACT methodology for the following reasons:

- It might have a significant impact in terms of GHG emissions. Achieving decarbonization of the whole supply chain is key to achieving climate goals in most of companies
- Engaging suppliers through contract clauses and sales incentives is necessary to bring them on board.

SCORING RATIONALE

Because of data availability and complexity, a direct measure of the outcome of such engagement is not feasible at this time. It is often challenging to quantify the emissions reduction potential and outcome of collaborative activities with the supply chain. Therefore, the approach of a maturity matrix allows the analyst to consider multiple dimensions of supplier engagement and assess them together towards a single score for all the activities related to Supplier Engagement.

MODULE 7: CLIENT ENGAGEMENT (WEIGHTING: 11%)

Module 7, “Client engagement”, assesses the company’s engagement efforts to influence client behaviour to reduce its greenhouse gas emissions. This module assesses the company’s strategy to engage with its clients or customers to reduce emissions. It then assesses existing activities, initiatives and partnerships, launched by the company to influence clients to reduce emissions.

- **RT 7.1 STRATEGY TO INFLUENCE CLIENTS TO REDUCE THEIR GHG EMISSIONS**

SHORT DESCRIPTION OF THE INDICATOR

The company has a strategy, ideally governed by policy and integrated into business decision making, to influence, enable, or otherwise shift client choices and behaviour in order to reduce their GHG emissions.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Strategy to influence clients GHG emissions
- % of clients covered by the strategy
- Data on clients’ choices and preferences towards reducing GHG emissions

CDP Questionnaire 2023 mapping to this indicator:

- C12.1b

HOW THE ASSESSMENT WILL BE DONE

The assessment will assign a maturity score based on the company’s formalized, written strategy regarding its engagement with its customers, expressed in a maturity matrix.

A company that is placed in the ‘Low-carbon aligned’ category will receive the maximum score. A company which is at a lower level will receive a partial score, with 0 points awarded for having no engagement at all.

Question	Subdimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		***0%***	***25%***	***50%***	***75%***	***100%***	
What is the scope of the client engagement strategy?	*Scope*	No strategy applies to any clients.	Strategy applies to up to 30% of revenues OR up to 30% of client-related scope 3 emissions.	Strategy applies to 31-60% of revenues OR 31-60% of client-related scope 3 emissions.	Strategy applies to 61-90% of revenues OR 61-90% of client-related scope 3 emissions.	Strategy applies to over 90% of revenues OR over 90% of client-related scope 3 emissions.	***30%***
To what extent are GHG emissions reduction/energy efficiency targets integrated in client engagement strategy?	*Emissions reduction/ energy efficiency targets*	GHG emissions reduction/ energy efficiency targets not included in client engagement strategy.		Unquantified GHG emissions reduction/ energy efficiency target(s) included in client engagement strategy.		Quantified GHG emissions reduction/ energy efficiency target(s) included in client engagement strategy.	***30%***
To what extent are other low-carbon transition-related recommendations* integrated in client engagement strategy?	*Other low-carbon transition-related recommendations**	No other low-carbon transition-related recommendations* included in client engagement strategy.				1 or more other low-carbon transition-related recommendations * included in client engagement strategy.	***10%***
What action leversᵀ are embedded in the company's strategy to encourage clients to	*Action leversᵀ embedded in strategy*	No action leversᵀ embedded in strategy.	Strategy includes action lever(s) from one of the four engagement types (Education/infor	Strategy includes action lever(s) from two of the four engagement types (Education/information sharing; Collaboration &	Strategy includes action lever(s) from three of the four engagement types (Education/infor	Strategy includes action lever(s) from all four of the four engagement types (Education/information sharing;	***30%***

reduce their emissions?			mation sharing; Collaboration & innovation; Compensation; Customer motivation via marketing and choice architecture)†. .	innovation; Compensation, Customer motivation via marketing and choice architecture)†.	mation sharing; Collaboration & innovation; Compensation, Customer motivation via marketing and choice architecture)†.	Collaboration & innovation; Compensation, Customer motivation via marketing and choice architecture)†.	

* "Other low-carbon transition-related recommendations" refers to key aspects of a client's low-carbon transition, beyond emissions reductions and targets, that companies can engage them on. These aspects can include performance indicators from any ACT performance modules, such as:

- Intangible investment
  - For example, the company recommends that its clients increase their R&D spend in low-carbon technologies.
- Management
  - For example, the company encourages its clients to conduct climate change scenario testing.
- Policy engagement
  - For example, the company encourages its clients to support relevant climate policies.
- Business model
  - For example, the company engages with its clients to develop new, low-carbon business models.

† Action levers must be embedded in a strategy document, and not be presented as examples of past/present actions/initiatives (such examples should be scored in indicator 7.2). "Action levers" include but are not limited to the following individual action levers, which are grouped into four engagement types (sources: 2022 CDP climate change questionnaire C12.1a [26], [28]:

- Education/information sharing
  - Run an engagement campaign to educate customers about the quantified climate change impacts of (using) your products, goods, and/or services
  - E.g., highlight that the low-carbon product answers to the purchasing rules of the client
  - E.g., promote the low-carbon product highlighting that their client could use it to answer the purchasing rules of their own clients (e.g., low-carbon aluminium to produce a car door).
  - Share environmental information (e.g., quantified GHG emissions) about your products and relevant certification schemes (i.e., Energy STAR)
  - Provide documents and tools

- Collaboration & innovation
  - Run a campaign to encourage innovation to reduce climate change impacts
  - Organize multi-party working group with meetings taking place at least annually
- Compensation/demand-side response
  - Provide rebates for environmentally friendly actions
  - Deliver energy efficiency programs offering customers incentives to increase efficiency and decrease overall electricity demand
- Customer motivation via marketing and choice architecture (“nudging”)
  - Design marketing campaigns/choice architecture aiming to indirectly encourage customers to reduce their emissions

RELEVANCE OF THE INDICATOR

Strategies to influence clients are included in this ACT methodology for the following reasons:

- Companies usually have some ability to influence the actions and performance of clients regarding climate thanks to their products or services.
- The downstream value chain can represent the largest source of emissions for some companies and clients should be engaged through a proper, ambitious strategy.

SCORING RATIONALE

Because of data availability and complexity, a direct measure of the outcome of such engagement is not very feasible at this time. It is often challenging to quantify the emissions reduction potential and outcome of collaborative activities with the supply chain. Therefore, the approach of a maturity matrix allows the analyst to consider multiple dimensions of supplier engagement and assess them together towards a single score for a strategy related to Client Engagement.

• RT 7.2 ACTIVITIES TO INFLUENCE CLIENTS TO REDUCE THEIR GHG EMISSIONS

SHORT DESCRIPTION OF THE INDICATOR

This indicator assesses the extent to which the company implements activities and initiatives that help, influence or otherwise enable clients to reduce their GHG emissions. The indicator aims to be a holistic measure of these activities and initiatives, with evidence of implementation and outcomes in the value chain across all products/services.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Activities to influence clients GHG emissions
- % of clients covered by the activities
- Data on clients' choices and preferences towards reducing GHG emissions

CDP Questionnaire 2023 mapping to this indicator:

- C12.1b

HOW THE ASSESSMENT WILL BE DONE

The assessment will assign a maturity score based on the company's demonstration of recent and current activities and initiatives with its clients, expressed in a maturity matrix.

A company that is placed in the 'Low-carbon aligned' category will receive the maximum score. A company which is at a lower level will receive a partial score, with 0 points awarded for having no engagement at all.

This maturity matrix is indicative but does not show all possible options that can result in a particular score. The company's responses will be scrutinized by the analyst and then placed on the level in the matrix where the analyst deems it most appropriate.

Question	Subdimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		***0%***	***25%***	***50%***	***75%***	***100%***	
What action levers* does the company use in practice to encourage clients to	*Action levers* used in practice*	No evidence of action levers* used in practice.	Evidence of company responding only to customer demand for more low-carbon products without attempting	Evidence of company using action lever(s) from ONE of the four engagement types (Education/information sharing; Collaboration & innovation;	Evidence of company using action lever(s) from TWO of the four engagement types (Education/information sharing; Collaboration & innovation;	Evidence of company using action lever(s) from AT LEAST THREE of the four engagement types (Education/information sharing; Collaboration	***30%***

reduce their emissions?			to change the existing customer demand towards low-carbon alternatives.*	Compensation; Customer motivation via marketing and choice architecture).*	Compensation; Customer motivation via marketing and choice architecture).*	& innovation; Compensation; Customer motivation via marketing and choice architecture).*	
What is the scope of the recent and current activities in client engagement?	*Scope*	No clients engaged.	Clients engaged represent up to 30% of revenues OR up to 30% of client-related scope 3 emissions.	Clients engaged represent 31-60% of revenues OR 31-60% of client-related scope 3 emissions.	Clients engaged represent 61-90% of revenues OR 61-90% of client-related scope 3 emissions.	Clients engaged represent over 90% of revenues OR over 90% of client-related scope 3 emissions.	***40%***
How impactful has the company's client engagement been?	*Impact of engagement†*	No evidence of impact† of action levers used.	Some action levers used have qualitative evidence of impact†.	Almost all action levers used have qualitative evidence of impact†.	Some action levers used have quantitative evidence of impact†.	Almost all action levers used have qualitative and quantitative evidence of impact†.	***30%***

* Action levers must be presented as examples of past/present actions/initiatives, and not be theoretical/embedded in a strategy document (such examples should be scored in indicator 7.1). "Action levers" include but are not limited to: as per indicator *7.1 Strategy to influence clients to reduce their GHG emissions.*

† The metric used to measure impact depends on the action lever the metric refers to. Examples of "evidence of impact" might include, but are not limited to:

- Qualitative example: Feedback from clients saying that they appreciate and will use this new knowledge to start their journey on the low-carbon transition

Quantitative example: Evidence that engaged clients have reduced their use-phase GHG emissions by X%

RELEVANCE OF THE INDICATOR

Activities to influence clients are included in this ACT methodology for the following reasons:

- Companies usually have the ability to influence the actions and performance of clients regarding climate thanks to their products or services.
- The downstream can represent the largest source of emissions for some companies throughout the value chain and clients should be engaged through low-carbon solutions.

SCORING RATIONALE

Because of data availability and complexity, a direct measure of the outcome of such engagement is not very feasible at this time. It is often challenging to quantify the emissions reduction potential and outcome of collaborative activities with the supply chain. Therefore, the approach of a maturity matrix allows the analyst to consider multiple dimensions of supplier engagement and assess them together towards a single score for all the activities related to Client Engagement.

MODULE 8: POLICY ENGAGEMENT (WEIGHTING: 5%)

Module 8, “Policy engagement”, assesses how the company influences the policy agenda, whether through membership of trade associations and lobbying organisations, support for/obstruction of climate policies, and engagement with local authorities.

- **RT 8.1 COMPANY POLICY ON ENGAGEMENT WITH ASSOCIATIONS, ALLIANCES, COALITIONS OR THINKTANKS**

SHORT DESCRIPTION OF THE INDICATOR

The company has a policy on what action to take when associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support are found to be opposing “climate-friendly” policies.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Public climate change policy positions
- Description of this policy (scope & boundaries, responsibilities, process to monitor and review)
- Associations, alliances, coalitions or thinktanks that are likely to take a position on climate change legislation
- External sources of data shall also be used for the analysis of this indicator (e.g. RepRisk database, InfluenceMap, press news, actions in standard development)

CDP Questionnaire 2023 mapping to this indicator:

- C12.3b

HOW THE ASSESSMENT WILL BE DONE

The analyst will evaluate the description and evidence of the policy on associations, alliances, coalitions or thinktanks of which the company is a member or to which it provides support, for the presence of best practice elements and consistency with the other reported management indicators. The company description and evidence will be compared to the maturity matrix developed to guide the scoring and a greater number of points will be allocated for elements indicating a higher level of maturity.

Best practice elements to be identified in the test/analysis include:

- A publicly available policy is in place
- The scope of the policy covers the entire company and its activities, and all associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support. (Consideration should be given as to whether these associations, alliances, coalitions and thinktanks in turn are members of or otherwise support other such organisations that have climate-negative activities or positions).
- The policy sets out what action is to be taken in the case of inconsistencies
- Action includes option to terminate membership of the associations, alliances, coalitions or thinktanks
- Action includes option of publicly opposing or actively countering the association, alliance, coalition or thinktank's position
- Responsibility for oversight of the policy lies at top level of the organization, and implementation lies at senior management level
- There is a process to monitor and review association, alliance, coalition and thinktank positions

Question	Subdimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weightings
Associated score		***0%***	***25%***	***50%***	***75%***	***100%***	
What is the scope covered by the engagement policy? Is the policy publicly available?	*Transparency and scope*	Does not cover the entire company (including all of its subsidiaries and business areas, and all operational jurisdictions, i.e., entities within its reporting boundary) or all associations, alliances and coalitions of which it is a member. Is not publicly available.		Covers the entire company (including all of its subsidiaries and business areas, and all operational jurisdictions, i.e., entities within its reporting boundary), and all associations, alliances and coalitions of which it is a member. Is not publicly available.		Covers the entire company (including all of its subsidiaries and business areas, and all operational jurisdictions, i.e., entities within its reporting boundary), and all associations, alliances and coalitions of which it is a member. Is publicly available.	***40%***
Does the company have a review process of	*Review process*	No process to monitor and review	A process to monitor and review	A process to monitor and review association,	A process to monitor and review association,	A process to monitor and review association, alliance,	***40%***

associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support?		association, alliance, coalition and thinktank climate policy positions exists. The process is not necessarily implemented.	association, alliance, coalition and thinktank climate policy positions exists.	alliance, coalition and thinktank climate policy positions exists. The process is implemented, but responsibility for oversight of the process lies below Level 1*, and implementation of the process lies below Level 3*.	alliance, coalition and thinktank climate policy positions exists. Either responsibility for oversight of the process lies at Level 1*, or implementation of the process lies at Level 3 or above*.	coalition and thinktank climate policy positions exists. Responsibility for oversight of the process lies at Level 1*, and implementation of the process lies at Level 3 or above*.	
Does the company have an action plan addressing what action to take when associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support are found to be opposing "climate-friendly" policies?†	*Action plan*	No action plan exists.	Action plan sets out which actions are to be taken when associations, alliances, coalitions or thinktanks are found to be opposing "climate-friendly" policies. Action plan does not include any of the actions listed†.	Action plan includes making public statements challenging associations, alliances, coalitions and thinktanks*. Does not include either of the other actions listed†.	Action plan includes engaging with associations, alliances, coalitions or thinktanks to change their position†. May include making public statements, but does not include withdrawing funding for/suspending or ending membership†.	Action plan includes withdrawing funding for/suspending or ending membership of the association, alliance, coalition or thinktank*. May include both other actions listed†.	***20%***

* Further guidance for each level of seniority is given below:

- Level 1
  - Highest level of accountability or decision-making within the organization, with responsibility for overall organizational or corporate strategic direction.
  - Examples: Board, sub-set of the Board, Chief Executive Officer (CEO)
- Level 2

- Person/committee that is one step in the corporate structure from the highest level of decision-making of the organization (i.e. reports to or is accountable to Level 1). Inputs into organizational strategy but does not make decisions on it. May have responsibility and accountability for business unit strategy formation and implementation of one or more business units.
- Examples: Vice President, Director, other C-Suite officer (e.g., Chief Financial Officer (CFO), Chief Procurement Officer (CPO), Chief Risk Officer (CRO), Chief Operating Officer (COO), Chief Sustainability Officer (CSO), etc.), other committee appointed by the Board

♦ Level 3

- Person/committee that is two steps in the corporate structure from the highest level of decision-making of the organization. May have responsibility and accountability for business unit strategy formation and implementation for one business unit.
- Examples: Manager, Senior Manager

♦ Level 4

- Person/committee that is three or more steps in the corporate structure from the highest level of decision-making of the organization. No responsibility or accountability for business unit strategy development.
- Examples: Officer, Senior Officer

† Actions a company can take when associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support are found to be opposing "climate-friendly" policies follow a hierarchy of severity, as follows (source: [29], [30]):

♦ Making public statements challenging associations, alliances, coalitions and thinktanks

- For example, the company speaks out, publicly distancing itself from statements or lobbying against climate policy by associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support. The company explains how these statements or lobbying are inconsistent with its own emissions reduction goals and with its support for climate policy.

♦ Engaging with associations, alliances, coalitions or thinktanks to change their position.

- For example, the company works to end lobbying against climate policy through transparent and time-bound engagement with those organizations.

♦ Withdrawing funding for/suspending or ending membership of the association, alliance, coalition or thinktank.

For example, where attempts to change an association's position prove ineffective or insufficient, the company discontinues its membership or withdraws funding from the association.

RELEVANCE OF THE INDICATOR

Associations, alliances, coalitions and thinktanks are a key instrument by which companies can indirectly influence policy on climate. thus, when associations, alliances, coalitions and thinktanks take positions, which are negative for climate, companies need to take action to ensure that this negative influence is countered or minimized.

This indicator is consistent with the ACT Framework and ACT Guidelines and common to the other sectoral methodologies.

- **RT 8.2 ASSOCIATIONS, ALLIANCES, COALITIONS AND THINKTANKS SUPPORTED DE NOT HAVE CLIMATE-NEGATIVE ACTIVITIES OR POSITIONS**

SHORT DESCRIPTION OF THE INDICATOR

The company is not on the Board of, providing funding beyond membership to, or otherwise supporting any associations, alliances, coalitions or thinktanks that have climate-negative activities or positions.

DATA REQUIREMENTS

The relevant data for this indicator are:

- The reporter shall provide details of those associations, alliances, coalitions and thinktanks that are likely to take a position on climate change legislation
- The company should attach supporting documentation, if this exists, giving evidence

External sources of data shall also be used for the analysis of this indicator:

- RepRisk database,
- Climate Action 100+
- Ellen Macarthur Foundation
- Press news
- EP100 – Climate Group (www.theclimategroup.org/project/ep100)
- Low-carbon Technology Partnerships initiative (www.wbcsd.org/Programs/Climate-and-Energy/Climate/Low-Carbon-Technology-Partnerships-initiative)

CDP Questionnaire 2023 mapping to this indicator:

- C12.3b

HOW THE ASSESSMENT WILL BE DONE

The list of associations, alliances, coalitions and thinktanks declared in the CDP data and other external sources relating to the company is assessed against a list of associations, alliances, coalitions and thinktanks that have climate-negative activities or positions (InfluenceMap is usually used for this [31]). (Consideration should be given as to whether these associations, alliances, coalitions and thinktanks in turn are members of or otherwise support other such organisations that have climate-negative activities or positions.) Such activities or positions could include lobbying against climate policies and practices. The results will be compared to any policy described in 8.1 ("Company policy on engagement with associations, alliances, coalitions or thinktanks").

Question	Subdimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		***0%***	***25%***	***50%***	***75%***	***100%***	
Does the company support associations, alliances, coalitions or thinktanks that have climate negative activities/positions?	*Membership/funding*	The company is on the board or provides funding beyond membership to associations, alliances, coalitions and/or thinktanks that have climate – negative activities or positions		The company is not on the board or providing funding beyond membership of any associations, alliances, coalitions or thinktanks that have climate-negative activities or positions. Company may be a member.		The company is not a member of or providing funding for any associations, alliances, coalitions or thinktanks that have climate-negative activities or positions	***100%***

RELEVANCE OF THE INDICATOR

Associations, alliances, coalitions and thinktanks are key instruments by which companies can indirectly influence policy on climate. Thus, participating in associations, alliances, coalitions and thinktanks which actively lobby against climate-positive legislation is a negative indicator and likely to obstruct low-carbon transition.

- **RT 8.3 POSITION ON SIGNIFICANT CLIMATE POLICIES**

SHORT DESCRIPTION OF THE INDICATOR

The company is not opposed to any significant climate relevant policy and/or supports climate-friendly policies.

DATA REQUIREMENTS

The relevant data for this indicator are:

- The company should attach supporting documentation, if this exists, giving evidence on the position of the company on significant climate policies (public statements, etc.).
- The company shall disclose details of the issues on which it has been directly engaging with policy makers and its proposed legislative solution.

CDP Questionnaire 2023 mapping to this indicator:

- C12.3a

External sources of data shall also be used for the analysis of this indicator (e.g. RepRisk database, press news, actions in standard development).

HOW THE ASSESSMENT WILL BE DONE

The analyst evaluates the description and evidence on company position on relevant climate policies for the presence of best practice elements, negative indicators and consistency with the other reported management indicators. The company description and evidence will be compared to the maturity matrix developed to guide the scoring and a greater number of points will be allocated for elements indicating a higher level of maturity.

Question	Subdimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		***0%***	***25%***	***50%***	***75%***	***100%***	
What is the position of the company on	*Climate policy support*	Direct opposition to climate policies (including where	No reported direct opposition to climate policies.	Publicly supports significant climate policies.	Publicly supports significant climate policies.	Publicly supports significant climate policies.	***60%***

significant climate policies?		third-party claims are found).			Publicly commits to international low-carbon commitments, such as the Paris Agreement.	Publicly commits to international low-carbon commitments, such as the Paris Agreement. Actively participates in/leads sectoral/cross-sectoral initiatives against climate change*.	
Does the company have a monitoring and review process to ensure that its policy positions are consistent with the goals of the Paris Agreement?	*Monitoring and review process*	No monitoring and review process to ensure that the company's policy positions are consistent with the goals of the Paris Agreement exists.	A monitoring and review process to ensure that the company's policy positions are consistent with the goals of the Paris Agreement exists. The process is not necessarily implemented.	A monitoring and review process to ensure that the company's policy positions are consistent with the goals of the Paris Agreement exists. The process is implemented, but oversight of the process lies below Level 1†, and implementation of the process lies below Level 3†.	A monitoring and review process to ensure that the company's policy positions are consistent with the goals of the Paris Agreement exists. Either oversight of the process lies at Level 1†, or implementation of the process lies at or above Level 3†.	A monitoring and review process to ensure that the company's policy positions are consistent with the goals of the Paris Agreement exists. Oversight of the process lies at Level 1†, and implementation of the process lies at or above Level 3†.	***40%***

Examples of sectoral/cross-sectoral initiatives against climate change might include, but are not limited to:

- Science Based Targets initiative (SBTi)
- Leadership Group for Industry Transition (LeadIT)
- Mission Possible Partnership (MPP)

† Further guidance for each level of seniority is given below:

- Level 1

- Highest level of accountability or decision-making within the organization, with responsibility for overall organizational or corporate strategic direction.
- Examples: Board, sub-set of the Board, Chief Executive Officer (CEO)

♦ Level 2
- Person/committee that is one step in the corporate structure from the highest level of decision-making of the organization (i.e. reports to or is accountable to Level 1). Inputs into organizational strategy but does not make decisions on it. May have responsibility and accountability for business unit strategy formation and implementation of one or more business units.
- Examples: Vice President, Director, other C-Suite officer (e.g., Chief Financial Officer (CFO), Chief Procurement Officer (CPO), Chief Risk Officer (CRO), Chief Operating Officer (COO), Chief Sustainability Officer (CSO), etc.), other committee appointed by the Board

♦ Level 3
- Person/committee that is two steps in the corporate structure from the highest level of decision-making of the organization. May have responsibility and accountability for business unit strategy formation and implementation for one business unit.
- Examples: Manager, Senior Manager

♦ Level 4
- Person/committee that is three or more steps in the corporate structure from the highest level of decision-making of the organization. No responsibility or accountability for business unit strategy development.

Examples: Officer, Senior Officer

RELEVANCE OF THE INDICATOR

Policy and regulation that act to promote transition to a low-carbon economy are key to the success of the transition. Companies should not oppose effective and well-designed regulations in these areas but should support them.

• RT 8.4 COLLABORATION WITH LOCAL PUBLIC AUTHORITIES

SHORT DESCRIPTION OF THE INDICATOR

This indicator evaluates the extent to which the company collaborates with local public authorities to achieve local emissions reductions. While indicator 8.3 “Position on significant climate policies” relates to national and international policies, this indicator assesses the company’s engagement with sub-national public authorities, both in terms of climate-related policy engagement and the establishment of climate-related partnerships.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Participation in meetings/collaborations with public authorities/local actors
- Contracts with public authorities/local actors

CDP Questionnaire 2023 mapping to this indicator:

- C12.3
- C12.3a

HOW THE ASSESSMENT WILL BE DONE

The analyst evaluates the description and evidence of the company's collaboration with local authorities for the presence of best-practice elements. Collaboration generally falls into two main categories, policy engagement and collective action/partnerships. Policy engagement could range from dialogue between the company and local authority around the development of new climate-related policies, to participation in local pilot programs to test these policies, to large-scale support for and implementation of these policies. Collective action/partnerships could range from participation in working groups, roundtables, ongoing initiatives, events and/or platforms for local authorities and companies to advance specific issues related to climate change/emissions reduction, to large-scale public-private partnerships (PPPs) with a climate change/emissions reduction focus.

In general, a partnership can only be classed as such if it goes beyond a mere contract between the public authority and the company. It must be a collaboration that works to improve the current system/process and displays additionality (the collaboration reduces GHG emissions beyond business as usual, meaning the reductions would not have happened had the collaboration not been implemented). For example, a contract between a transport operator and a public authority would not be enough to be classed as a partnership by itself, whereas a partnership to reduce local GHG emissions by increasing the share of electric/hybrid/hydrogen buses and promoting greater uptake of public transport within the local area would be sufficient.

While the thematic areas of these collaborations will vary depending on the sector assessed, they should generally fall into one or more of four broad categories:

- Electrification and energy (including demand management and grid flexibility)
- Transport

- Circular economy
- Buildings

In each case, the level of maturity will depend on the level of commitment from the company, and whether there is evidence that the collaboration has been successful in achieving local emissions reductions.

The company description and evidence are compared to the maturity matrix developed to guide the scoring and a greater number of points are allocated for elements indicating a higher level of maturity.

Question	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score	***0%***	***25%***	***50%***	***75%***	***100%***	
Does the company collaborate with and support local authorities to achieve local emissions reductions?	No evidence that the company is collaborating with and supporting local authorities to achieve local emissions reductions, other than respecting its contractual obligations, if any. Or Third-party claims are found showing that the company is not complying with local climate policies	The company engages in dialogue with local authority/authorities to design future climate-related policies/partnerships	The company actively participates in small-scale pilot/short-term/one-off programs with local authority/authorities to test/implement climate-related policies/partnerships	The company is a significant partner* (alongside local authority/authorities and other stakeholders) in the implementation of long-term, climate-related policies/partnerships The company has measured and disclosed an emissions reduction as a result of the policy/partnership being implemented.	The company is a significant partner* (alongside local authority/authorities and other stakeholders) in the implementation of long-term, climate-related policies/partnerships. The company has measured and disclosed an emissions reduction as a result of the policy/partnership being implemented. The company has a policy to increase such collaboration in more of its operational	***100%***

					jurisdictions, and is taking concrete steps towards this (e.g., engaging in dialogue, participating in pilot programs, implementing policies/partnerships with local authorities).†	

* A company can be classed as a “significant partner” if the policy/partnership would not exist, or be significantly smaller/less successful, without the company’s involvement. The company must be one of the few largest or most invested stakeholders in the policy/partnership.

† Analysts should take into account the size of the company assessed. For example, companies operating in a single jurisdiction are not expected to be involved in collaboration with public authorities outside of that jurisdiction, and could still score Low-carbon aligned if they met each of the other criteria (for example, if they had demonstrated emissions reductions as a result of the policy/partnership being implemented, and had a policy to become involved in more collaboration within their operational jurisdiction).

RELEVANCE OF THE INDICATOR

Collaboration with local authorities can be a key instrument by which companies can indirectly influence policy on climate on their territory. Thus, participating actively in local dialogues shows leadership in climate actions and can significantly help climate policies enforcement.

MODULE 9: BUSINESS MODEL (WEIGHTING: 10%)

A company may need to transition and/or replace its existing business model(s) to remain profitable in a low-carbon economy. The company's future business model(s) should meet the constraints of a low-carbon transition while continuing to generate value. This can be done by developing new, low-carbon business models outside the core business of the company, while decarbonizing or terminating existing, high-carbon business models. This should lead to the company's revenue being generated entirely from low-carbon products and services, according to the ACT definition of "low carbon" for a particular sector.

This module aims to identify the detail of the specific changes it is making to its business: introducing/expanding new, low-carbon business models; and make sure the company integrated the volume production reduction in its strategy.

It is recognized that transition to a low-carbon economy, with the associated change in business models, will take place over several years. The analysis will thus seek to identify and reward projects at an early stage as well as more mature business models.

Please note that some actions / interventions are assessed in the Module 4 – Sold Product performance (regarding durability, second hand etc…) and might be used to assess the Module 9 Business Module. However, there is a clear distinction between both. While Module 4 assess the quality, the maturity and the relevance of the intervention implemented by the company, Module 9 assess how much these business activities are integrated in the overall company's strategy.

• RT 9.1 LOW-CARBON BUSINESS MODELS AND ACTIVITIES

SHORT DESCRIPTION OF THE INDICATOR

This indicator assesses the specific changes the company is making to its business in order to achieve its low-carbon transition. These changes include introducing and expanding new low-carbon business models and decarbonizing existing high-carbon business models through low-carbon business activities.

DATA REQUIREMENTS

The questions comprising the information request that are relevant to this indicator are:

- For each business model: description, size (as a percentage of total FTE from Fashion activities, revenue, or relevant activity-based metric of size), and growth potential and timelines
- For each decarbonisation action: description, growth potential and timelines, life cycle phases impacted.

Public sources of data used for the analysis of this indicator include, but are not limited to:

- Company financial/sustainability reports
- Company low-carbon transition plan

HOW THE ASSESSMENT WILL BE DONE

The assessment is based on two dimensions. The assessor scores each of the company's decarbonisation initiatives (including creation/expansion of low-carbon business models and actions to decarbonise activities within existing business models against the relevant dimension. The section "Calculation of the score" explains how the final score for the indicator is calculated.

DEFINING "LOW-CARBON BUSINESS MODEL"

A business model is a plan for performing activities that transform inputs (labour, capital, equipment, land, buildings, materials, and information) into outputs (products and services) that provide added value to customers and create value for the company. It includes sources of revenue, the intended customer base, and details of financing.

A *low-carbon* business model is one that is based primarily around a set of inputs, activities and/or outputs which are considered to contribute substantially to climate change mitigation.[8] There are two main categories of business model that can be classed as low-carbon:

- *Aligned/transitional* business models. These are either widely recognised as low-carbon solutions or have GHG emissions that are substantially lower than the sector or industry average, do not hamper the development and deployment of low-carbon alternatives, do not lead to a lock-in of assets incompatible with the objective of climate change mitigation, considering the economic lifetime of those assets, and do no significant harm to the environment.
    - E.g., providing repairability services
- *Enabling/contribution* business models. These are business models that enable other activities/companies/sectors to make a substantial contribution to climate change mitigation, provided that the enabling business models do not lead to a lock-in of assets incompatible with the objective of climate change mitigation, considering the economic lifetime of those assets.
    - E.g., Second hand.

[8] Definitions are partially based on the EU Taxonomy regulation: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852

Categories of low-carbon business model and low-carbon business activity for retail sector

The relevant categories of low-carbon business model and low-carbon business activity for the sector are listed below. The minimum requirement for points to be awarded is that some level of exploration of one or more of these relevant business areas has started. This could include participation in collaborations, pilot projects, or research funding. As such, a low-carbon business model may be the following (not exhaustive):

Product design for the circular economy and/or low-carbon economy:

- Materials selection including reduced toxicity, enhanced purity (from a reuse perspective) and bio-based materials, reduced lifecycle GHG impacts
- Standardisation and modularisation of components
- Design for disassembly, repair and remanufacturing
- Design for “tighter circles” i.e. efficient reuse/recycling with minimal downcycling
- New product firmware to enhance care, repair and reuse e.g. repair diagnostics, service reminders
- Firmware updates to enhance longevity of products
- Design for longevity and durability
- Design for resilience: multi-purpose, multifunction and modular design
- **For food retailers, significant reduction in animal-based proteins and replacement by plant-based proteins**

Circular economy and reduced GHG impact consumption models:

- Service-based non-ownership consumption models with “win-win” contracts for consumer and provider
- “Dematerialised” consumption of digital products
- Developing financial incentives for consumers to return product at end of life (deposit schemes, leasing)
- Developing incentives for repair or remanufacture of product
- Providing repair services to the consumer
- Selling refurbished and remanufactured products to the consumer

Establishing the “reverse circle” infrastructure for the circular economy:

- Establishing take-back and collection infrastructure
- Establishing repair or refurbishment plant infrastructure at the appropriate scale for cost savings
- Enabling manufacturer-controlled collection schemes

Developing structural enablers for the circular economy:

- Contributing to the development of relevant industry standards
- Providing access to financing
- Education of consumers to enhance their participation in circular consumption
- Development of the skills base for the circular economy
- Appropriate marketing of alternative and service-based consumption models to encourage uptake
- Industry cross-collaborations to align incentives
- Provision of low-cost or free extended warranties to encourage sale of long-lived products

DEFINING "LOW-CARBON BUSINESS ACTIVITY"

A business activity is anything a company does in order to carry out its business model, i.e., as part of the process of transforming inputs into outputs.

A low-carbon business activity is one which is considered to contribute substantially to climate change mitigation (following the definition in the section above, "Defining 'low-carbon business model'").

This is particularly relevant in indicator 9.1, dimension 2 ("Actions to decarbonise activities within existing business models"), since this dimension assesses the specific actions the company introduces in order to decarbonise the activities that make up its existing business model.

For example, an integrated brand may produce clothes with GHG emissions that are not substantially lower than the sector or industry average. By introducing low-carbon activities such as recovering and using waste in the process as raw materials, the company may contribute to reducing the GHG emissions of its business model such that they are substantially lower than the sector or industry average. Low-carbon activities include the following:

Sustainable production:

- Local and small-Scale Production: Companies that are adopting local and small-scale production methods to reduce transportation-related emissions and support local economies.
- Pre-order systems: Promoting a more sustainable and efficient production and stock management. Since products are produced based on confirmed orders, likelihood of unsold inventory ending up as waste is reduced. This reduction in waste aligns with sustainable and environmentally conscious business practices. By producing items based on pre-order quantities, brands can avoid the pitfalls of overstocking. This is particularly beneficial in an industry where trends and consumer preferences can change rapidly.
- Optimization of promotional activities

DIMENSION 1 – CREATION/EXPANSION OF LOW-CARBON BUSINESS MODELS

This dimension assesses the size and scheduled growth of new (started *within* five years before the reporting year) and existing (started *before* five years before the reporting year) low-carbon business models, as well as the business models' relative importance for the global low-carbon transition.

Since ACT's focus is on company-level decarbonisation, "creation/expansion of low-carbon business models" may include acquiring existing low-carbon assets or business divisions from another entity, as well as organically growing a new, low-carbon business model within the company *(please see section "low-carbon business models" in Module 9: Business Model introduction for more information).*

Score for food retailers: if no business model is dedicated to significant reduction in animal-based proteins and replacement by plant-based proteins, the score of dimension 1 is **capped at 50%**.

Subdimension	Basic	Advanced	Low-carbon aligned	Weighting
Associated score	***0%***	***50%***	***100%***	
Size of business model (if started *within* RY-5)	Business model represents <1% of total FTE from Retail activities, revenue, or relevant activity-based metric of size	Business model represents 1 to 5% of total FTE from Retail activities, revenue, or relevant activity-based metric of size	Business model represents >5% of total FTE from Retail activities, revenue, or relevant activity-based metric of size	**40%**
Size of business model (if started *before* RY-5)	Business model represents 0 to <5% of total FTE from Retail activities, revenue, or relevant activity-based metric of size	Business model represents 5 to 20% of total FTE from Retail activities, revenue, or relevant activity-based metric of size	Business model represents >20% of total FTE from Retail activities, revenue, or relevant activity-based metric of size	
Scheduled growth of business model	Business model not scheduled to grow (based on total FTE from Retail activities, revenue, or relevant activity-based metric of size)	Business model scheduled to grow (based on total FTE from Retail activities, revenue, or relevant activity-based metric of size)	Business model scheduled to at least double in size within RY+5 (based on total FTE from Retail activities, revenue, or relevant activity-based metric of size)	**30%**
Maturity and deployment schedule	The maturity of the business model is not estimated or low	The business model is not fully mature yet and/or its		**30%**

	and/or its deployment is not scheduled	deployment is scheduled with a 2-year horizon or less	The business model is mature and/or already deployed	

The minimum requirement for points to be awarded is that some level of exploration of one or more of these relevant business areas has started. This could include participation in collaborations, pilot projects, or research funding.

DIMENSION 2 – ACTIONS TO DECARBONISE ACTIVITIES WITHIN EXISTING BUSINESS MODELS

This dimension relates to changes (actions) the company is making to decarbonise the activities which make up its existing business model (which may be high- or low-carbon) in order to make the overall business model lower-carbon. *For more information, please see Module 9: Business Model introduction.*

Subdimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score	***0%***	***25%***	***50%***	***75%***	***100%***	
What percentage of the activity does this decarbonisation action apply to?	Decarbonisation action applies to ≤ 25% of the activity being considered	Decarbonisation action applies to 26 to 50% of the activity being considered	Decarbonisation action applies to 51 to 75% of the activity being considered	Decarbonisation action applies to 76 to 95% of the activity being considered	Decarbonisation action applies to > 95% of the activity being considered	**25%**
Scheduled growth of decarbonisation action	Decarbonisation action is not scheduled to grow (based on total FTE from Retail activities, spend, or relevant activity-based metric of size)	-	Decarbonisation action is scheduled to grow (based on total FTE from Retail activities, spend, or relevant activity-based metric of size)	-	Decarbonisation action is scheduled to at least double in size within RY+5 (based on total FTE from Retail activities, spend, or relevant activity-based metric of size)	**25%**
Relevance of the decarbonisation action	Action does not impact any of the most relevant activities/life-cycle phases of the business model being	-	Action impacts a relevant activity/life-cycle phase of the business model being considered in terms of GHG emissions	-	Action clearly targets and impacts the most relevant activity(ies)/life-cycle phase(s) of the business model being	**25%**

	considered in terms of GHG emissions				considered in terms of GHG emissions	
Maturity and deployment schedule	The maturity of the decarbonisation action is not estimated or low and/or its deployment is not scheduled		The decarbonisation action model is not fully mature yet and/or its deployment is scheduled with a 2-year horizon or less		The decarbonization action is mature and/or already deployed	**25%**

The minimum requirement for points to be awarded is that some level of exploration of one or more of these relevant business areas has started. This could include participation in collaborations, pilot projects, or research funding.

CALCULATION OF THE SCORE

- Indicator 9.1: The assessor identifies all relevant business model changes the company is making and evaluates the most mature (e.g. the business model allowing the company assessed to achieve the highest score on the maturity matrix). Although only the most mature business model is assessed through this indicator, the company should provide information on all the business models explored as it could be valorized through the narrative score.
  - For example, if the company has introduced multiple new, low-carbon business models within the last 5 years, these should all be scored individually in dimension 1. If the company is also expanding another low-carbon business model, which it started more than 5 years ago, this should also be scored in dimension 1. If the company is taking action to decarbonise several of the main activities that form its existing, high-carbon business model, these should all be scored individually in dimension 2.
  - The final score for indicator 9.1 is calculated based on the highest scoring example from each dimension.
    - For example, if the assessor identifies three examples of business models for dimension 1, two examples of decarbonisation actions for dimension 2, then the highest-scoring examples from each of these dimensions should be taken and contribute towards the final score for the indicator. The other examples will be taken into account in the narrative score.
  - The weightings for the indicator 9.1 dimensions are as follows:
    - **Dimension 1** – Creation/expansion of low-carbon business models: **80%**
    - **Dimension 2** – Actions to decarbonise activities within existing business models: **20%**

RELEVANCE OF THE INDICATOR

The rationale for the indicator 9.1 dimensions weightings is that the module is designed to assess the company's transition into new, low-carbon business models outside of its core business model, in order to diversify its activities and stay profitable in a low-carbon economy. For this reason, dimension 1, "Creation/expansion of low-carbon business models", has the highest weighting between the indicator 9.1 dimensions (80%). It is also recognised that companies must not only branch out into new, low-carbon business models, but must also take action to decarbonise their existing, core activities, hence the inclusion of dimension 2, "Actions to decarbonise activities within existing business models". However, since company progress on decarbonisation is already partially taken into account in various other ACT performance indicators (such as trend in past and future emissions intensity, low-carbon investment, etc.), this dimension is given a lower weighting (20%).

• RT 9.2 VOLUMES REDUCTION STRATEGY

SHORT DESCRIPTION OF THE INDICATOR

This section assesses the company's potential to move away from a high-volumes sales strategy. Indeed, if Retail companies multiply their efforts in developing low-carbon products (i.e. reducing products' carbon intensity), another lever is to reduce the sold volumes.

DATA REQUIREMENTS

The relevant data for this indicator are:

- Company low-carbon transition plan
- Company's internal documentation on growth strategy (e.g. steering committee minutes)

CDP Questionnaire 2023 mapping to this indicator:

- C4.1c

External sources of data used for the analysis of this indicator are:

Sector decarbonisation reports identifying the key action levers for a sector to decarbonise.

HOW THE ASSESSMENT WILL BE DONE

The assessment will assign a maturity score based on the company's growth strategy regarding projected volumes.

A company that is placed in the 'Low-carbon aligned' category will receive the maximum score. A company which is at a lower level will receive a partial score, with 0 points awarded for having no engagement at all.

The minimum requirement for points to be awarded is that some level of exploration of volumes reduction started.

Question	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score	***0%***	***25%***	***50%***	***75%***	***100%***	
Are volumes integrated in the company's strategy?	Volume growth elements are not included into the company's strategy OR the company plans to increase its volume growth in the future	The company plans to maintain constant volumes	The company explicitly plans to limit its volume growth in the future but there is no quantitative elements. .		The company has adopted a strategy to reduce its volumes in the future AND The strategy contains quantitative elements (projected volumes).	***50%***
Promotional practices	Systematic use of volume-based promotions (multi-buy offers, bulk discounts, quantity rewards in loyalty programs)		Very limited volume promotions, focus shifted to value-based or sustainable product promotions		No volume-based promotions, loyalty programs exclusively reward sustainable behaviors	***25%***
Marketing campaigns & events	Active participation in high-consumption events (Black Friday, flash sales, aggressive promotional campaigns)		Medium participation in high-consumption events (Black Friday, etc.)		No participation in consumption-driven events, marketing exclusively promotes durability, repairability and conscious consumption	***25%***

RELEVANCE OF THE INDICATOR

As one of the most important challenges of the Retail sector is overproduction/overconsumption, volumes reduction is a key lever for companies.

5.4. WEIGHTINGS

The selection of weightings for both the modules and the individual indicators was guided by a set of principles in the ACT Framework [32].

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.

Modules	Indicators	Indicator weighting	Module weighting
1. Targets	Alignment of Scope 1+2 inclusive emissions reduction targets	5%	15%
	Alignment of Scope 3 emissions reduction targets	5%	
	Time horizon of targets	3%	
	Achievement of past and future targets	2%	
2. Material investments	Trend in past Scope 1+2 emissions	3%	5%
	Trend in future Scope 1+2 emissions	2%	
3. Intangible investments	Training of employees	3%	3%
4. Sold product performance	Product-specific interventions	10%	30%
	Trend in past Scope 3 emissions	7%	
	Transport performance	5%	
	Waste reduction strategy	5%	
	Land artificialization reduction strategy	3%	
5. Management	Oversight of climate change issues	2%	10%
	Climate change oversight capability	1%	
	Low carbon transition plan	3%	
	Climate change management incentives	1%	
	Climate change scenario testing	3%	
6. Supplier engagement	Strategy to influence suppliers	5%	11%

	Activities to influence suppliers	**6%**	
7. Client engagement	Strategy to influence customer engagement	**5%**	**11%**
	Activities to influence customer engagement	**6%**	
8. Policy engagement	Company policy on engagement with trade associations	**1%**	**5%**
	Trade associations supported do not have climate-negative activities or positions	**2%**	
	Position on significant climate policies	**1%**	
	Collaboration with local public authorities	**1%**	
9. Business models	Low carbon business models and activities	**5%**	**10%**
	Volume reduction strategy	**5%**	

Indicators titles in blue: means that these indicators contain dimensions weightings that are flexible depending on the company's profile (food retailer, business organized distribution, etc.).

Targets 15%

In accordance with the ACT framework [32], the Target module is assigned a weight of 15%.

Targets on Scope 1+2 and Scope 3 emissions are assigned an equal weight of 5% each. Reducing Scope 3 emissions is the main lever for the Retail sector, but companies also have a better vision and leverage on Scope 1+2 emissions.

Food retailers can also choose to have a dedicated target on Scope 3 AFOLU emissions.

Material Investments 5%

The Material investments module focuses on Scope 1+2 emissions. Even if companies have a direct impact on Scope 1+2 emissions, these are not the main lever for decarbonising the sector.

Intangible Investments 3%

The Intangible investments module focuses on training of employees. It assesses the quality and coverage of the trainings provided to employees. While there is no challenge on developing R&D for the Retail sector, training employees to better implement climate positive solutions has proved to be a key lever at all stages, including in operational actions in store.

Sold product performance 30%

The Sold product performance module addresses Scope 3 emissions and actions having an impact on indirect emissions, which are the main emissions sources in the Retail sector.

The indicator Product-specific interventions is assigned a weight of 10% and is focusing on the actions that the company is implementing to significantly reduce the GHG emissions associated to the most emissive products.

The indicator Trend in past Scope 3 emissions is assigned a weight of 7%: companies are incentivized to better report their Scope 3 emissions and make significant actions to reduce them. This indicator can also assess separately Scope 3 AFOLU emissions for food retailers reporting them separately.

A weight between 3 and 5% is assigned to the indicators related to Transport performance, Waste reduction strategy, and Land artificialisation reduction strategy, which are all assessed using a maturity matrix. The

Transport performance indicator is divided into 3 dimensions for which the weight is flexible depending on the company's profile (e-commerce vs. physical stores, wholesalers).

Management 10%

In accordance with the ACT framework [32], the Management module is assigned a weight of 10%.

Supplier engagement 11%

The Supplier engagement module is assigned a weight of 11% as retailers must play an important role in supporting and incentivizing their suppliers to reduce upstream emissions.

Client engagement 11%

The Client engagement module is assigned a weight of 11% as retailers must play an important role in supporting and encouraging their clients to switch to lower-carbon products.

Policy engagement 5%

In accordance with the ACT framework [32], the Policy engagement module is assigned a weight of 5%.

Business models 10%

In accordance with the ACT framework [32], the Business models module is assigned a weight of 10%.

5.5. BENCHMARKS

5.5.1. SBTI ABSOLUTE CONTRACTION APPROACH (ACA) BENCHMARK

The retail sector selling heterogeneous products, no sectoral benchmark is available, and the company benchmark pathway is calculated using the Absolute Contraction Approach developed by SBTi [15]**.** This method requires all companies to reduce their absolute emissions at the same rate, as required by a given scenario. The benchmark follows the IPCC Special Report on Global Warming of 1.5°C (SR15) for a 1.5°C trajectory [33]. To calculate the extent by which a company is expected to reduce its absolute emissions, two different cases can be identified:

- From the company's base year to 10 years later (until 2030), an annual linear decrease rate of 4.2% per year is applied. For target settings purpose, should the base year be more than 2020, an overall 42% reduction is required until 2030.
- For the following years out to 2050, the benchmark applies whatever on-going annual linear decrease is required to achieve an overall absolute emissions reduction of 90% by 2050 (or 72% for agriculture sector) [18].

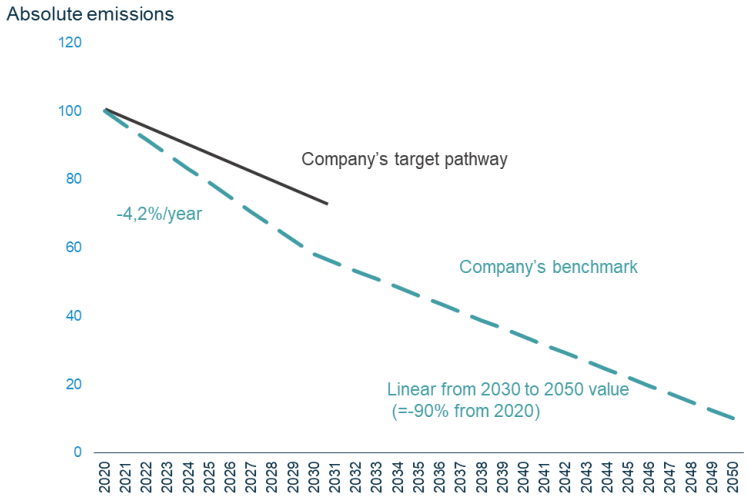


FIGURE 9: ABSOLUTE CONTRACTION MECHANISM

5.5.2. FLAG SECTORAL BENCHMARK

The SBTi FLAG sector pathway corresponds to a rate of mitigation of 3.03%/year compared to the base year. It is usable for near-term target setting (10-year timespan). For years onward, SBTi requires a 72% decarbonisation no longer than 2050.

This will be used to calculate the company's for the ACT Retail methodology as described below:

- From the company's reporting year to 10 years later (until 2030), an annual linear decrease rate of 3.03% per year is applied.
- For the following years out to 2050, the benchmark applies whatever on-going annual linear decrease is required to achieve an overall absolute emissions reduction of 72% by 2050.

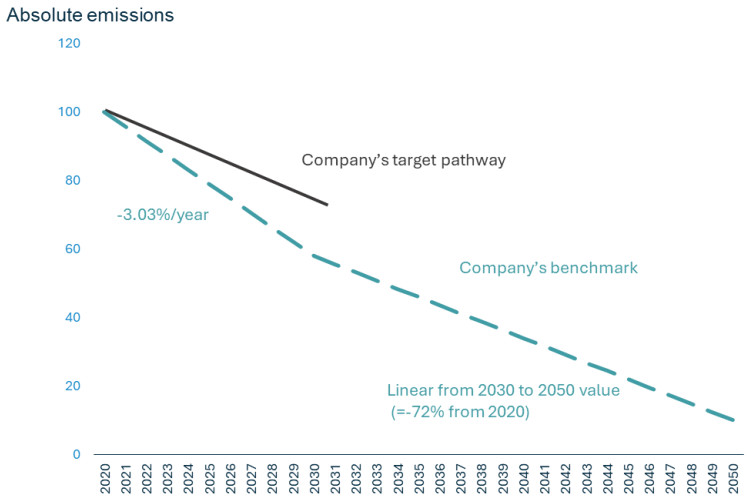


FIGURE 10: USE OF FLAG SECTORAL BENCHMARK IN ACT

5.5.3. QUALITATIVE BENCHMARK FOR VALUE CHAIN PERFORMANCE: INTERVENTIONS

Scope 3 target setting is possible even without perfect measurement systems, but Scope 3 performance measurement adds another layer of complexity and data requirements. Retailers rarely have direct control of these emissions, which often makes it a costly exercise to map the total footprint of all products even before action can be taken.

INTERVENTIONS CATEGORIES:

Retailers may nevertheless be able to influence the emissions from the value chain in a number of different ways, for the most part by indirect methods. These methods of influence can be characterised as “interventions”, and the figure below shows types of interventions which may exist at different points of the upstream and downstream value chain. This is the principle method of benchmarking for the ‘sold product performance’ indicator RT 4.1. This method circumvents the need for extensive data on the value chain and rewards action by retailers that is not inhibited by a lack of available data.

TABLE 5: INTERVENTION CATEGORIES AND EXAMPLES FOR ADDRESSING UPSTREAM AND DOWNSTREAM EMISSIONS SOURCES

			OVERARCHING			
UPSTREAM	Supplier engagement	A range of actions including gathering information, setting standards, and collaborating to implement programs.	INDUSTRY COLLABORATION	Complex problems may need to be addressed by a community of peer organisations, within a sector, across sectors or including other actors like NGOs and governments.	WASTE	Waste occurs at every stage of the value chain. Interventions may seek to address it at every stage through many of the methods mentioned at left.
	Procurement decisions / standards	Procurement can be influenced by global policies and standards or product-level decisions.				
	Certification and chain-of-custody schemes	Commodity-level schemes like FSC (timber) or RSPO (palm oil) allow action to be cascaded through complex supply chains.				
	Product design	For own-brand products design criteria can influence emissions in both production and use phases.				
DOWNSTREAM	Consumer education	This can influence product choice, or use of sold products, in a carbon-positive way via communication with consumers.				
	Choice architecture	Covers all non-monetary methods of influencing purchasing behaviour, via the retail experience.				
	Pricing	Positive, negative or neutral (e.g. lack of premium on a carbon-positive product) price signals can influence consumer behaviour.				

Since the principle activity of retail is to sell products, and product-related emissions are the largest source of emissions for the sector (considering its entire value chain) the interventions approach is applied in the methodology through a product lens.

The concept of interventions may also be applied to areas within the direct control of a retailer, such as logistics, buildings and operation of company assets, and distribution systems. For example, a company

cannot directly control how customers choose to travel to its stores, but it can influence it in terms of store location choice, provision of parking or public transport options.

MATURITY PROGRESSION:

The interventions approach can help identify positive actions that retailers can take to reduce their emissions profile, to develop indicators to assess alignment with a low-carbon transition. For an effective analysis, additional elements need to be combined with the interventions identified, namely an indication of how effective or advanced a particular intervention is, and the forward-looking dimension that is a defining characteristic of the ACT approach. Developing maturity progressions for interventions identified allows both maturity and development over time to be considered in the analysis. An illustration of a simple maturity progression for some product category level interventions is outlined below.

TABLE 6: ILLUSTRATIVE EXAMPLE OF THE INTERVENTIONS APPROACH

	MATURITY LEVEL 1	MATURITY LEVEL 2	MATURITY LEVEL 3
Electric efficiency of sold appliances	Procure energy efficiency labels on all products	Efficiency target	Science-based efficiency target
Cotton products	Offer deforestation free cotton-based products.	Offer > 50% deforestation free cotton across all sold products.	Offer > 100% deforestation free cotton across all sold products.

Maturity of interventions is determined based on current practices and whether they are considered to be basic, advanced or next practice. Where there is no accepted current practice, then interventions or steps in a maturity progression that have been successfully implemented for other products may be used as a template for future practice. In addition, consideration of the likely effectiveness in carbon reduction terms of a particular step may be made when defining maturity, particularly when considering the long-term horizon.

6. Narrative score

Narrative scoring shall be performed in compliance with the ACT Framework[8], assessing the company on the 5 following criteria:

- Business model and strategy
- Consistency and credibility
- Data quality
- Reputation
- Risk

7. Trend score

Scoring shall be performed in compliance with the ACT Framework [8].

To apply the trend scoring methodology presented in the ACT Framework, the assessor should identify the trends based on the data points and/or indicators that indicate the future direction of change within the company.

Table 7 highlights which indicators/data points contain valuable information about future direction.

TABLE 7 RELEVANT PERFORMANCE INDICATORS FOR TRENDS IDENTIFICATION

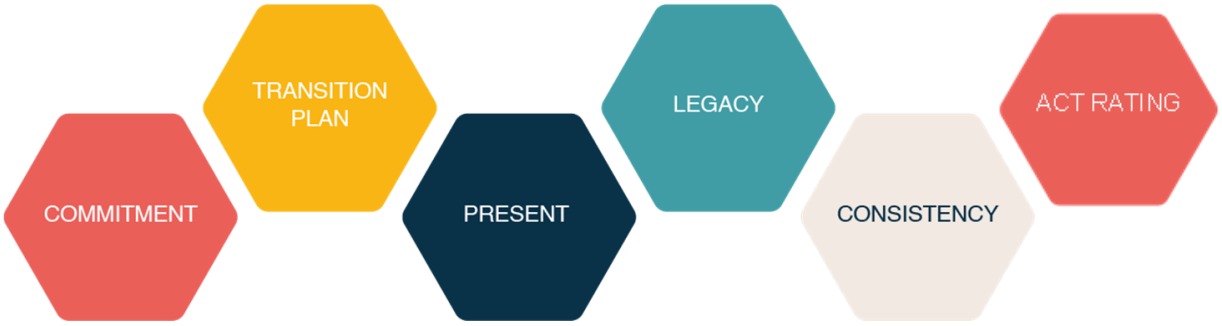
Module	Indicator
Targets	RT 1.1 Alignment of scope 1 and 2 emissions reduction targets RT 1.2 Alignment of scope 3 emissions reduction targets RT 1.3 Time horizon of targets
Material investment	RT 2.2 Trend in future scope 1 and 2 emissions
Sold product performance	RT 4.1 Product-specific interventions
Management	RT 5.3 Low-carbon transition plan RT 5.5 Climate change scenario testing
Business model	RT 9.1 Low carbon business models and activities RT 9.2 Volumes reduction strategy

Erreur ! Source du renvoi introuvable.

8. Aligned state

Table 8 below presents the response of a low-carbon aligned company of the sector to the 5 questions of ACT:

- → What is the company planning to do? [Commitment]
- → How is the company planning to get there? [Transition Plan]
- → What is the company doing at present? [Present]
- → What has the company done in the recent past? [Legacy]
- → How do all of these plans and actions fit together? [Consistency]



1	2	3	4	5
The company has set GHG emissions reduction targets aligned with science, covering both near and long terms for the relevant scopes. The company identifies volume reduction as a lever to reach the targets set.	The company understands where in the value chain the majority of its embedded emissions are. Therefore, the company discloses a transition plan that details operational steps to achieve its objectives, including incentives to reduce the footprint of the sold products and to decrease its volumes in the future.	The company has developed an investment strategy to implement new low-carbon business models such as circular economy. Efforts to reduce scope 1 and 2 emissions is also part of the transition plan but focus is mainly on initiatives to reduce Scope 3 emissions (covering a wide range of products) and to engage its whole value chain.	The company has reduced its GHG emissions over the last five years aligning with a low-carbon pathway. The company has successfully increased the durability of its products and decreased the carbon footprint of the sold products.	The company's targets, transition plan, present and past actions show a consistent willingness to achieve the goals of the transition. The company is involved in sectoral initiatives to reduce the impact of Retail and supports climate policies.

TABLE 8 ALIGNED STATE FOR COMPANIES

9. Sources

[1] McKinsey, «Retailers' climate road map: charting paths to decarbonized value chains,» 2024.

[2] Oliver Wyman, EuroCommerce, «Net Zero Game Changer,» 2024.

[3] PlanA, «How to decarbonise the retail industry: Strategies for sustainable transformation,» 6 février 2024. [En ligne]. Available: https://plana.earth/academy/decarbonisation-strategies-retail-industry.

[4] Réseau Action Climat, «Transition écologique de la grande distribution alimentaire,» 2025.

[5] ADEME, «Commerce en ligne, impacts environnementaux de la logistique, du transport et des déplacements,» 2023.

[6] Réseau Action Climat, «Grande distribution : Alliée ou frein à une alimentation saine et durable pour tous ?,» 2025.

[7] McKinsey, EuroCommerce, «The State of Grocery Retail,» 2025.

[8] ACT Initiative , «ACT Framework - Version 1.1,» 2019.

[9] Eurostat, «NACE Rev. 2.1,» October 2022. [En ligne]. Available: https://showvoc.op.europa.eu/#/datasets/ESTAT_Statistical_Classification_of_Economic_Activities_in_the_European_Community_Rev._2.1._%28NACE_2.1%29/data.

[10] ACT initiative, «Multi-activity assessment,» 2024.

[11] T. B. E. W. T. L. a. M. S. C. Anderson, «Forest, Land and Agriculture Science-Based Target-Setting Guidance,» World Wildlife Fund, Washington, DC, 2022.

[12] SBTi, «Absolute Contraction approach, Getting started guide for science-based target setting, Version 1,» 2023.

[13] SBTi, «The Corporate Net-Zero Standard,» 2023.

[14] High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities, «Integrity Matters: Net Zero commitments by Businesses, Financial Institutions, Cities and Regions,» 2022.

[15] SBTi, «Sectoral Decarbonization Approach (SDA),» 2015.

[16] D. C. H. J. M. K. K. a. W. A. S. M. Berners-Lee, «Greenhouse gas footprinting for small businesses — The use of input–output data,» *Sci. Total Environ.,* p. 883–891, February 2011.

[17] RILA, «Sustainability Maturity Matrix,» 2016. [En ligne]. Available: http://www.rila.org/sustainability/leadership/RSI/Pages/Sustainability-Maturity-Matrix.aspx. [Accès le 13 Mars 2026].

[18] H. Ritchie, «You want to reduce the carbon footprint of your food? Focus on what you eat, not whether your food is local,» 2020. [En ligne]. Available: https://archive.ourworldindata.org/20251125-173858/food-choice-vs-eating-local.html.

[19] Institute for European Environmental Policy, «Addressing food waste in the retail sector,» 27 March 2025. [En ligne]. Available: https://ieep.eu/publications/addressing-food-waste-in-the-retail-sector/.

[20] CDP, «Climate Transition Plan: Discussion Paper,» London, 2021.

[21] G. Yemm, FT Essential Guide to Leading Your Team, Harlow: Pearson, 2012.

[22] IEA, «World Energy Outlook 2019,» 2019.

[23] Willis Towers Watson, «Executive Compensation Guidebook for Climate Transition,» 2021.

[24] TCFD, «TCFD Recommendations Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities,» 2017.

[25] SME Climate Hub, «1.5°C Supplier Engagement Guide,» [En ligne]. Available: https://smeclimatehub.org/supply-chain-leaders/supplier-engagement-guide/. [Accès le 5 July 2022].

[26] CDP, «2022 CDP climate change questionnaire,» 2022. [En ligne]. Available: https://www.cdp.net/en/guidance/guidance-for-companies. [Accès le 5 July 2022].

[27] C3D, «Les achats au cœur de la stratégie climat,» 2022.

[28] SBTi, «Value Change in the Value Chain: Best practices in scope 3 greenhouse gas management,» 2017.

[29] Responsible climate lobbying, «Appendix: The 14 indicators of responsible climate lobbying,» 2022.

[30] AAA Framework for Climate Policy Leadership, «Align,» [En ligne]. Available: https://www.aaaclimateleadership.org/align/. [Accès le 5 July 2022].

[31] «InfluenceMap,» [En ligne]. Available: https://influencemap.org/. [Accès le 5 July 2022].

[32] ACT Initiative, «ACT Framework - version 2.0,» 2024.

[33] IPCC, «Special report on global warming of 1.5°C (SR15),» 2018.

[34] ACT initiative, «ACT Framework,» 2024.

[35] IPCC, «Climate Scenario Development,» 2018. [En ligne]. Available: https://www.ipcc.ch/site/assets/uploads/2018/03/TAR-13.pdf#:~:text=A%20climate%20scenario%20is%20a%20plausible%20representation%20of,investigating%20the%20potential%20impacts%20of%20anthropogenic%20climate%20change..

[36] K. J. K. A. M. B. G. B. K. F.-V. J.-C. H. V. K. E. K. A. L. D. M. S. P. S. R. P. R. S. M. T. B. C. C. v. d. Z. a. D. v. V. 2. A. T. Clarke L.. [En ligne].

[37] Bain & Company, «Capturing Value by Decarbonizing the Automotive Supply Chain,» 2023. [En ligne]. Available: https://www.bain.com/insights/capturing-value-by-decarbonizing-the-automotive-supply-chain/.

[38] ACT Initiative, «ACT Real Estate - version 1.2,» 2022.

[39] ACT Initiative, «ACT Auto - version 1.1,» 2019.

[40] ACT Initiative, «ACT Transport - version 2.0,» 2021.

[41] SBTi, «Foundations of Science-based Target Setting, version 1.0,» 2019.

[42] CES-Mines Paris Tech, «Forecast results,» 2011. [En ligne]. Available: https://www.openriep.minesparis.psl.eu/Inventory-and-Forecast/Emissions-Database/Forecast/. [Accès le 16 October 2023].

[43] ACT Initiative, «ACT Electricity - version 2.0,» 2023.

[44] Global Fuel Economy initiative, «Trends in the global vehicle fleet: Managing the SUV shift and the EV transition,» 2023.

[45] IEA, «Cars and Vans,» 2023. [En ligne]. Available: https://www.iea.org/energy-system/transport/cars-and-vans. [Accès le April 2024].

[46] ICCT, «Electric vehicles market monitor for light-duty vehicles - China, Europe, United States, and India,» 2022.

[47] IEA, «Net Zero Roadmap - A Global Pathway to Keep the 1.5 °C Goal in Reach,» 2023.

[48] FoodDrinkEurope, «Decarbonisation roadmap for the European food and drink manufacturing sector,» 2021.

[49] G. Yemm, «FT Essential Guide to Leading Your Team,» *Harlow: Pearson,* 2012.

[50] IEA, «World Energy Outlook 2019,» 2019.

[51] W. T. Watson, «Executive Compensation Guidebook for Climate Transition,» 2021.

[52] TCFD, «TCFD Recommendations Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities,» 2017.

[53] S. Roe, C. Streck, M. Obersteiner et al, «Contribution of the land sector to a 1.5 °C world,» *Nature Climate Change,* n° %19, p. 817–828, 2019.

10. Glossary

ACT	Since its launch in 2015 by ADEME, the CDP and the World Benchmarking Alliance, the ACT (Accelerate Climate Transition) initiative has set itself the task of supporting companies in drawing up and assessing their transition plans to ensure they are credible, ambitious and consistent with the Paris Agreement targets.
ACTION GAP	In relation to emissions performance and reduction, the action gap is the difference between what a given company has done in the past plus what it is doing now, and what has to be done. For example, companies with large action gaps have done relatively little in the past, and their current actions point to continuation of past practices.
ACTIVITY DATA	Activity data is quantitative or numeric data on the activity of the company which results in emissions or removals taking place during a given period of time (**UNFCCC definitions**).
ADEME	Agence de la Transition Ecologique; The French Agency for Ecological Transition (**ADEME webpage**).
ALIGNMENT	An ACT assessment generates a rating that is intended to provide a metric of the alignment of a company with its 1.5°C pathway. The wider goal is to provide companies specific feedback on their general alignment with a 1.5°C pathway over the short and long term.
ANALYST	Person undertaking and scoring the ACT assessment.
ASSESS	Under the ACT Initiative, to evaluate and determine the low-carbon alignment of a given company. The ACT assessment and rating are based on a range of indicators. Indicators may be reported directly by companies or collected, calculated, modelled or otherwise derived from different data sources supplied by the company. The ACT Initiative measures 3 gaps (Commitment, Horizon and Action gaps – defined in this glossary) in the GHG emissions performance of companies. This model closely follows the assessment framework. It starts with the future, with the goals companies want to achieve, followed by their plans, current actions and past actions.
ASSET	A resource owned by a company which has value because of its ability to generate revenues, cash, profits through time. Tangible assets include 1) fixed assets, such as machinery and buildings, and 2) current assets, such as inventory. Intangible assets are nonphysical such as patents, trademarks, copyrights, goodwill and brand value.

BARRIER	A circumstance or obstacle preventing progress (e.g. lacking information on supplier emissions and hotspots can be a barrier to companies managing and reducing their upstream indirect emissions).
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 information (**GHG Protocol Corporate Standard**).
BENCHMARK	A standard, pathway or point of reference against which things may be compared. In the case of pathways for sector methodologies, a sector benchmark is a low-carbon pathway for the sector average value for emissions intensity indicator(s) driving the sector performance. A company's benchmark is a company specific pathway that starts at the company performance for the reporting year and converges towards the sector benchmark in 2050 (or other relevant date), based on a principle of convergence or contraction of emissions intensity.
BOARD	Also the "Board of Directors" or "Executive Board"; the group of persons appointed with joint responsibility for directing and overseeing the affairs of a company.
BUSINESS MODEL	A company's core strategy for generating value. It includes sources of revenue, the intended client base, products, and details of financing. Under ACT, evidence of the existing and new business models shall be taken from a range of specific financial and other metrics relevant to the sector and an assessment made on its alignment with the low-carbon transition.
BUSINESS-AS-USUAL	An assumption that activity and emissions remain the same into the future. The business-as-usual pathway assumes constant activity and emissions from the initial year onwards. In general, the initial year – which is the first year of the pathway/series – is the reporting year (targets indicators) or the reporting year minus 5 years (certain performance indicators).
CAPACITY (POWER)	In relation to power generation, nameplate capacity is the potential power output number, usually expressed in megawatts (MW), and registered with authorities for classifying the power output of a power station.
CAPITAL EXPENDITURE	Money spent by a company on acquiring or maintaining fixed assets, such as land, buildings, and equipment.

CARBON CAPTURE AND STORAGE (CCS)	The process of trapping carbon dioxide 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 OFFSETS	Carbon offsets are the purchase by a company of avoided GHG emissions or GHG suppressions , from actors elsewhere in the economy where the marginal cost of decarbonization proves to be lower.
CDP	Formerly the "Carbon Disclosure Project", CDP is an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. CDP works with market forces, including 746 institutional investors with assets of over US$136 trillion, to motivate companies to disclose their impacts on the environment and natural resources and take action to reduce them. More than 18,700 companies worldwide disclosed environmental information through CDP in 2022. CDP holds the largest collection globally of primary climate change, water and forest risk commodities information and puts these insights at the heart of strategic business, investment and policy decisions (**CDP website**).
CLIMATE CHANGE	A change in climate, attributed directly or indirectly to human activity, caused by the alteration of the composition of the atmosphere and 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 and what it says it will do.
COMPANY	A commercial business.
COMPANY TARGET PATHWAY	The emissions intensity performance pathway that the company has committed to follow from an initial year until a future year, for which it has set a performance target.
CONFIDENTIAL INFORMATION	Any non-public information pertaining to a company's business.
CONSERVATIVENESS	A principle of the ACT project; whenever the use of assumptions is required, the assumption shall err on the side of achieving well-below 2°C maximum global warming and pursuing efforts to limit the temperature increase to 1.5°C.
CONSISTENCY	A principle of the ACT project; whenever time series data is used, it should be comparable over time. In addition to internal consistency of the indicators reported by the company, data reported against indicators shall be consistent with other information about the company and its business model and strategy found elsewhere. The analyst shall consider specific, pre-determined data

	points and check that these give a consistent measure of performance when measured together.
COP21	The 2015 United Nations Climate Change Conference, held in Paris, France from 30 November to 12 December 2015 (**COP21 webpage**).
DATA	Facts and statistics collected together for reference and analysis (e.g. the data points requested from companies for assessment under the ACT project indicators).
DECARBONIZATION	A complete or near-complete reduction of greenhouse gas emissions over time (e.g. decarbonization in the electric utilities sector through an increased share of low-carbon power generation sources, as well as emissions mitigating technologies like Carbon Capture and Storage (CCS)).
DECARBONIZATION PATHWAY	Benchmark pathway (See 'Benchmark')
EMISSIONS	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**). In this methodology, "emissions" refers to greenhouse gas emissions.
ENERGY	Power derived from the utilization of physical or chemical resources, especially to provide light and heat or to work machines.
ENERGY EFFICIENCY AUDITS	Audits which provide a clear understanding of energy consumption to better manage it and have a higher energy efficiency.
ENERGY PERFORMANCE CONTRACTING	Energy performance contracting (EPC) is a mechanism for energy efficiency financing. The EPC involves an Energy Service Company (ESCO) which provides various services, such as finances and guaranteed energy savings.
FOSSIL FUEL	A fossil based fuel such as coal, oil or gas, formed in the geological past from the remains of living organisms.
FTE	Full Time Equivalent
GREENHOUSE GAS (GHG)	Carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and three groups of fluorinated gases (sulfur 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 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 the average lifetime of electricity production assets (particularly carbon intensive) 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	Something, for example money, 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	An ACT indicator is a quantitative or qualitative piece of information that can provide insight on a company's current and future ability to reduce its carbon intensity.
INTENSITY (EMISSIONS)	The average emissions rate of a given pollutant from a given source relative to the level of activity; for example, tonnes of carbon dioxide released per MWh of energy produced by a power plant.
INTERVENTION	Methods available to companies to influence and manage emissions in their value chain, both upstream and downstream, which are out of their direct control (e.g. a retail company may use consumer education as an intervention to influence consumer product choices in a way that reduces emissions from the use of sold products).
LIFETIME	The duration of something's existence or usefulness (e.g. a physical asset such as a power plant).
LOW-CARBON BENCHMARK PATHWAY	Benchmark pathway (See 'Benchmark')
LOW-CARBON SCENARIO (OR PATHWAY)	A low-carbon scenario (or pathway) is a well-below 2°C or a 1.5°C scenario or a scenario with higher decarbonization ambition.
LOW-CARBON SOLUTION	A way to contribute to the low-carbon transition (e.g. energy, technology, process, product, service, etc.)
LOW-CARBON TRANSITION	The low-carbon transition is the transition of the economy a low-carbon state.

MATURITY MATRIX	A maturity matrix is essentially a “checklist”, the purpose of which is to evaluate how well advanced or “mature” a particular process, program or technology is according to specific definitions.
MATURITY PROGRESSION	An analysis tool used in the ACT project that allows both the maturity and development over time to be considered with regards to how effective or advanced a particular intervention is.
MITIGATION (EMISSIONS)	The action of reducing the severity of something (e.g. climate change mitigation through absolute GHG emissions reductions)
MODEL	A program designed to simulate what might or what did happen in a situation (e.g. climate models are systems of differential equations based on the basic laws of physics, fluid motion, and chemistry that are applied through a 3-dimensional grid simulation of the planet Earth).
PATHWAY (EMISSIONS)	A way of achieving a specified result; a course of action (e.g. an emissions reduction pathway).
PERFORMANCE	Outcomes and results. ACT methodologies attempt to assess performance using a variety of indicators.
PLAN	A detailed proposal for doing or achieving something.
POINT	A mark or unit of scoring awarded for success or performance.
POWER PURCHASE AGREEMENT (PPA)	A Power Purchase Agreement (PPA) or Corporate Power Purchase Agreement (CPPA) is a long-term (in most cases renewable) energy contract between a renewable developer and a consumer for the purchase of energy.
PRIMARY ENERGY	Primary energy is an energy form found in nature that has not been subjected to any conversion or transformation process. It is energy contained in raw fuels, and other forms of energy received as input to a system. Primary energy can be non-renewable or renewable.
PROGRESS RATIO	An indicator of target progress, calculated by normalizing the target time percentage completeness by the target emissions or renewable energy percentage completeness.
RELEVANT / RELEVANCE	In relation to information, the most appropriate information (core business and stakeholders) to assess low-carbon transition.

RENEWABLE ENERGY	Energy from a source that is not depleted when used, such as wind or solar power.
REPORTING YEAR	Year under consideration.
RESEARCH AND DEVELOPMENT (R&D)	A general term for activities in connection with innovation; in industry; for example, this could be considered 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 greenhouse gas and aerosol concentrations), by manipulating model outputs and combining them with observed climate data. [35]
SCENARIO ANALYSIS	A process of analysing possible future events by considering alternative possible outcomes.
SCIENCE-BASED TARGET	To meet the challenges that climate change presents, the world's leading climate scientists and governments agree that it is essential to limit the increase in the global average temperature at below 2°C and ideally 1.5°C . Companies making this commitment, working toward this goal and setting an emissions reduction target that is aligned with climate science can have their targets verified by the **Science-Based Targets Initiative**.
SCOPE 1 EMISSIONS DIRECT GHG EMISSIONS AND REMOVALS	All direct GHG emissions (**GHG Protocol Corporate Standard**). Category 1 from ISO 14064-1:2018*: Direct GHG emissions and removals occur from GHG sources or sinks inside organizational boundaries and that are owned or controlled by the* [reporting] *organization. Those sources can be stationary (e.g. heaters, electricity generators, industrial process) or mobile (e.g. vehicles).*
SCOPE 2 EMISSIONS INDIRECT GHG EMISSIONS FROM IMPORTED ENERGY	Indirect GHG emissions from consumption of purchased electricity, heat or steam (**GHG Protocol Corporate Standard**). 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
INDIRECT GHG EMISSIONS

Other indirect emissions, 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. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc. (**GHG Protocol Corporate Standard**). Scope 3 also encompass the emissions related to the use of sold-products.

ISO 14064-1:2018: *GHG emission that is a consequence of an organization's operations and activities, but that arises from GHG sources that are not owned or controlled by the* [reporting] *organization. These emissions occur generally in the upstream and/or downstream chain.*

Category 3 : indirect GHG emissions from transportation

Category 4: Indirect GHG emissions from products used by an organization

Category 5: Indirect GHG emissions associated with the use of products from the organization

Category 6: Indirect GHG emissions from other sources

SECTOR

A classification of companies with similar business activities, e.g. automotive manufacturers, power producers, retailers, etc.

SHORT-TERM

Occurring in or relating to a relatively short period of time in the future.

STRATEGY

A plan of action designed to achieve a long-term or overall aim. In business, this is the means by which a company sets out to achieve its desired objectives; long-term business planning.

STRESS TEST

A test designed to assess how well a system functions when subjected to greater than normal amounts of stress or pressure (e.g. a financial stress test to see if an oil & gas company can withstand a low oil price).

TARGET

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

- The following are examples of absolute targets:
  - → metric tonnes CO_2e or % reduction from base year
  - → metric tonnes CO_2e or % reduction in supply chain relative to base year
- The following are examples of intensity targets:
  - → metric tonnes CO_2e or % reduction per kWh of electricity generated by the company, relative to base year

	→ metric tonnes CO_2e or % reduction per kWh of electricity retailed by the company, relative to base year
TECHNOLOGY	The application of scientific knowledge for practical purposes, especially in industry (e.g. low-carbon power generation technologies such as wind and solar power, in the electric power generation sector).
TRADE ASSOCIATION	Trade associations (sometimes also referred to as industry associations or industry bodies) are an association of people or companies in a particular business or trade, organized to promote their common interests. Their relevance in this context is that they present an "industry voice" to governments to influence their policy development. The majority of organizations 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. It is acknowledged that in many cases companies are passive members of trade associations and therefore do not actively take part in their work on climate change (**CDP climate change guidance**).
TRANSITION	The process or a 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-carbon energy).
TRANSITION PLAN	Aspect of an undertaking's overall strategy that lays out a set of targets, actions, and accountability mechanisms to align an organization's business activities with a pathway for net zero greenhouse gases emissions that delivers real economy emissions reductions toward limiting climate change to 1.5°C by the end of 21st century.
TREND	A general direction in which something (e.g., GHG emissions) is developing or changing.
VERIFIABLE / VERIFIABILITY	To prove the truth of, as by evidence or testimony; confirm; substantiate. Under the ACT project, the data required for the assessment shall be verified or verifiable.
WORLD BENCHMARKING ALLIANCE	Founded in 2018, the World Benchmarking Alliance is a non-profit organisation holding 2,000 of the world's most influential companies accountable for their part in achieving the Sustainable Development Goals. It does this by publishing free and publicly available benchmarks on their performance and showing what good corporate practice looks like. The 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 that they need to

	collectively incentivise leading companies to keep going and pressure the laggards to catch up. For more information, visit www.worldbenchmarkingalliance.org
WEIGHTING	Relative importance given to each performance modules and indicators, in order to reflect the more important/significant aspects and the decarbonisation potential of different actions.

12. Appendix

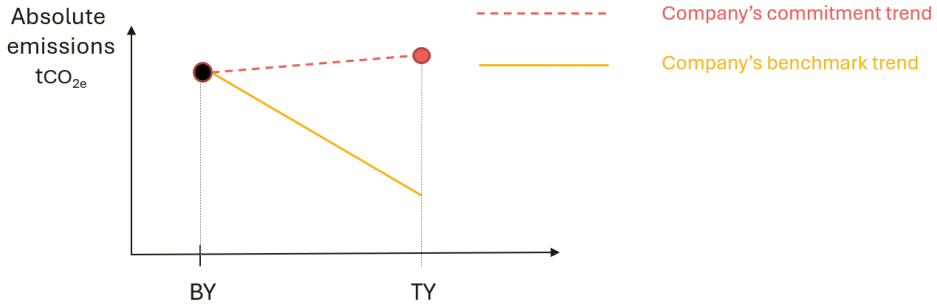
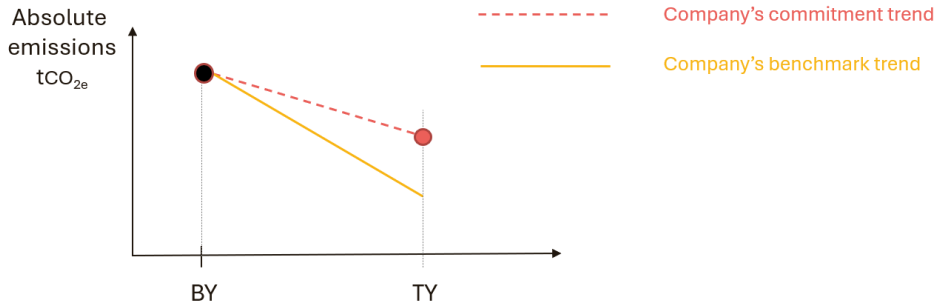
12.1. MAIN CHANGES OPERATED ON THE ACT METHODOLOGY 2.0

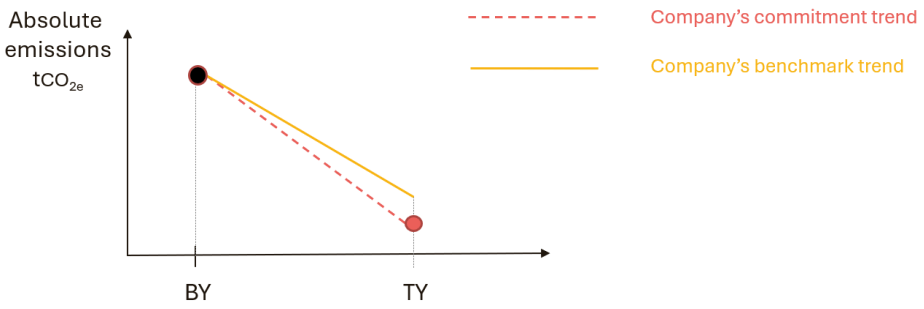
- Cross sectoral harmonization: certain missing indicators or indicators defined differently for the Retail sector with no rationale have been added or harmonized with what appears in other sectoral methodologies (trend in past in module 4, time horizon of targets, climate change scenario testing, etc.)
- Food retailers: explicitly added in the scope of the sector, with specific trajectories to compare the targets and past emissions (only if the company assessed distinguished these emissions)
- Fashion stores: removed from the scope of the sector, as a specific methodology has been deployed for this sector
- Organized distribution network: addition in targets and trend in past emissions of specific features addressing the way independent structures (franchises, licenced stores, cooperatives, etc.) are covered by the head of the network climate strategy.
- Indicator added regarding sub-contracted transport performance, with specific features on e-commerce delivery emissions (delivery failures, return rates, etc.)
- Waste reduction strategy indicator is moved to module 4 and expanded to include aspects related to food waste
- New indicator on staff training is added in module 3
- New indicator on land artificialization in module 4
- Packaging challenges for private labels are added in module 6
- Module 9 explicitly addresses business models favouring overconsumption (Black Friday, marketing offers such as “Buy one get one free”, etc.)

12.2. ILLUSTRATIVE GRAPHS FOR COMPANY'S TARGET TREND

The following table displays the different possible cases when assessing the alignment of company's target emissions reductions on both indicators 1.1 and 1.2.

TABLE 9 ILLUSTRATIVE GRAPHS FOR COMPANY'S TARGET TREND

Case #1	Case #2
Company trend > 0 SCORE = 0 Whatever trend ratio value Whatever CEI(RY) value 	**Company trend < 0** Trend ratio ∈]0; 1[CEI(RY) > SEI_{2050} SCORE = Trend ratio (%) 
Case #3	
Company trend < 0 Trend ratio > 1 CEI(RY) > BEI(2050) **Score = 100 %**	

 Absolute emissions tCO_{2e} Company's commitment trend Company's benchmark trend BY TY	