

## Road-test of the ACT methodology for the Finance sector

### Terms of Reference

#### Background

To assess the climate strategies of companies of varying sizes and sectors and make evident to them the requirements of a low-carbon world, ADEME and CDP have developed the [ACT \(Assessing low-Carbon Transition\) Initiative](#).

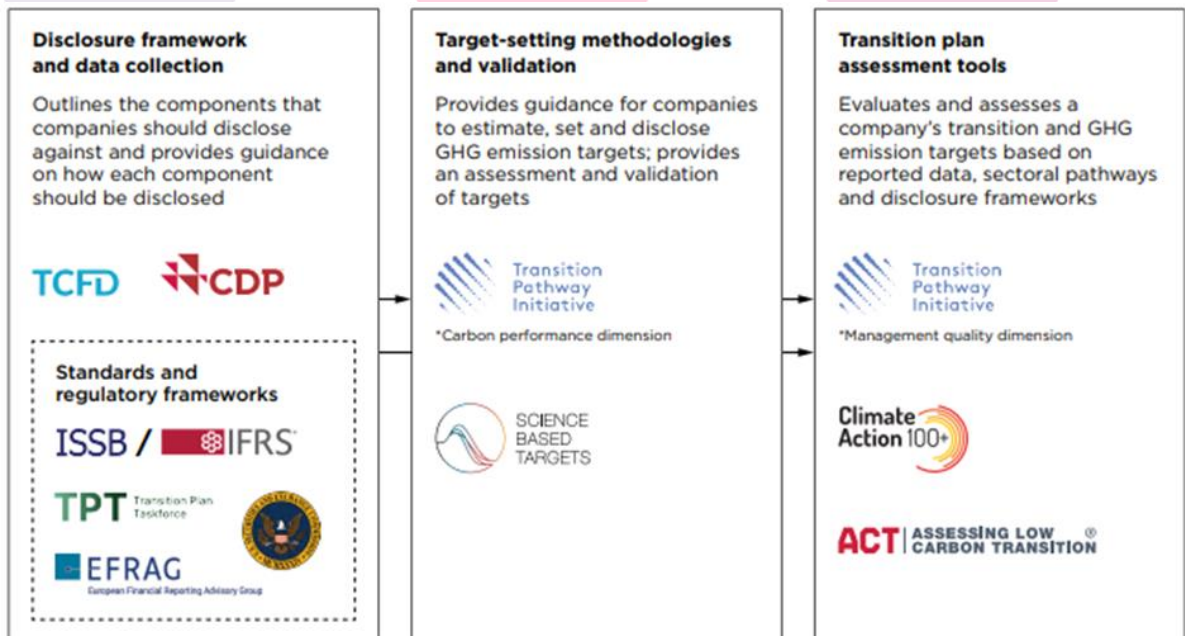
As part of the UNFCCC secretariat Global Climate Agenda (GCA), the ACT initiative provides methodologies to assess the alignment of the strategy of companies against a decarbonisation pathway taking into account the relevant activities for the sector. These methodologies are developed in collaboration with stakeholders from the sector and tested with volunteering companies. **Since COP21, it has been the international pioneer initiative that provides an actual corporate climate accountability framework, as now recommended by the UN SG HLEG's Report on Net Zero.**

These Terms of Reference refer to the road-test for the Finance sector. They include a description of the process, the commitment required from Financial Institutions and the benefits they will get from participating.

#### 1. Benefits and guarantees for your Financial Institution

##### Benefits:

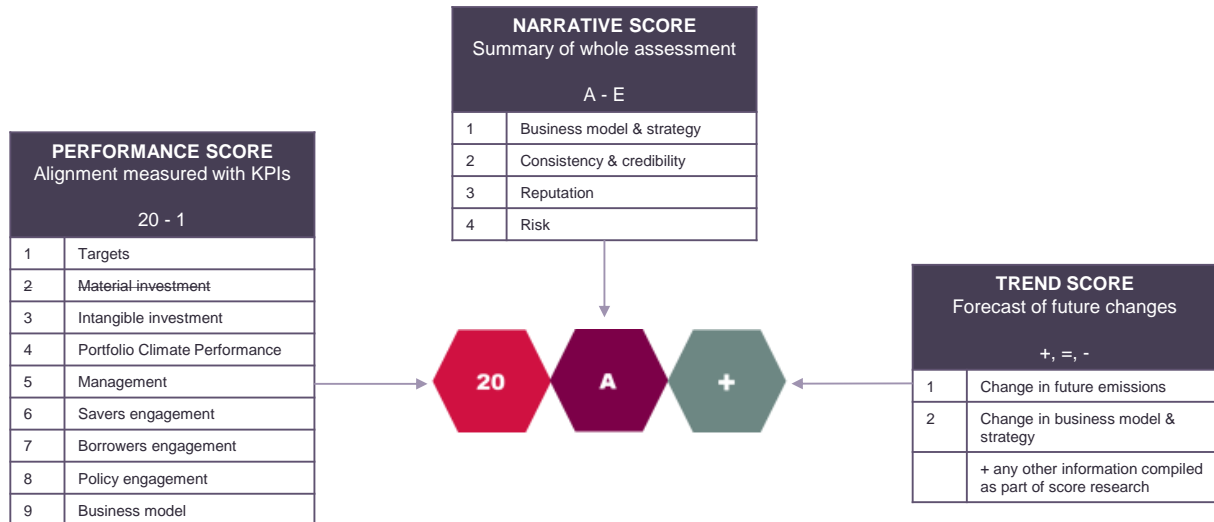
- Take advantage of a third-party analysis of your decarbonization strategy and associated transition plan



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

- Benefit from a free ACT assessment done by a consultant selected by ADEME and trained in the sectoral methodology.

- Be one of the first Financial Institutions using this innovative approach which allows comparison of your climate strategy to relevant sectoral decarbonization pathways.
- Receive your ACT assessment with a final rating including three dimensions, your results broken down by module and indicator, as well as areas of improvement for contributing to Paris Agreement Mitigation goal.



ACT 4 Finance Lending. For ACT 4 Finance Investing, Module 6 is named 'Investors engagement' and Module 7 'Investees engagement' (see Call For Applications Slide 17).

- Use these elements to communicate with stakeholders (counterparties, investors, clients...) on your low-carbon strategy and impact.
- Collect useful lessons learned for potential climate reporting on the risks and opportunities linked to the transition (TCFD).
- Be recognised for having participated in the project.
- Involve your staff in the environmental performance of your entity.

## 2. Project Steps and Timeline

ADEME will select a consultant trained in the ACT sectoral methodology. This consultant will carry out an ACT assessment for the Financial Institution. This assessment, free of charge for the Financial Institution, will follow the steps and timeline shown below:

	March-23	April-23	May-23	June-23	July-23	August/Sept-23
Meeting to discuss scope of the project / Presentation on the ACT framework						
Data collection by the Financial Institution with the support of the consultant, ACT assessment by the consultant						
Meeting to deliver the assessment results to the Financial Institution						
Meeting to share feedback and lessons learned						

### 3. Commitment of the Financial Institution

The Financial Institution must commit to:

- Name a project leader who will be the main point of contact with the consultant and ADEME
- Incentivise them to be actively engaged in the assessment process. This engagement is estimated to be 5 working days FTE, including the following tasks:
  - Data collection.
  - Participating to project-related meetings:
    - A meeting to present the ACT initiative.
    - A meeting to discuss the scope of the data collection work, with the consultant.
    - Catch-ups over the phone to refine the data collection process, with the consultant.
    - A meeting to deliver the assessment results to the Financial Institution by the consultant.
    - A meeting to share feedback and lessons learned with the Financial Institutions which took part in the road-test, the Technical Working Group which developed the methodology, ADEME, in order to update – if required – the sectoral methodology.
- Collect the required data (as availability permits) for the assessment and provide them to the consultant hired by ADEME.
- Take part in the project until completion according to the project timeline (including the final meeting to share feedback and lessons learned).
- Agree that ADEME communicates about the Financial Institution's participation in the road-test through various means (newsletter, ACT website...). **The individual assessment results of the Financial Institution will remain confidential – results will be anonymized and aggregated for the sector before sharing.**

Guarantees :

- **Confidentiality of the data and of the individual ACT score of the Financial Institution.**  
Only the results aggregated at the sectoral level and the names of the participating Financial Institutions will be communicated by ADEME.  
The **data and the assessment** report of each financial institution will remain confidential; if required, a confidentiality agreement can be agreed between the parties.
- Be supported by a consultant, trained in the ACT methodology.

### 4. Handling of your contact details

Following GDPR regulations, we want to inform you that we will be using the contact details you provide us (full name, email address and entity name) to keep you updated on the following ACT-related activities (you will, of course, be free to opt out of these updates whenever you wish):

- To share any information and documentation related to the ACT sectoral road-test.
- To invite you to the feedback meeting.
- To share relevant ACT-related information (e.g. webinars, call for applications).