ACT

SECTOR METHODOLOGY SUMMARY

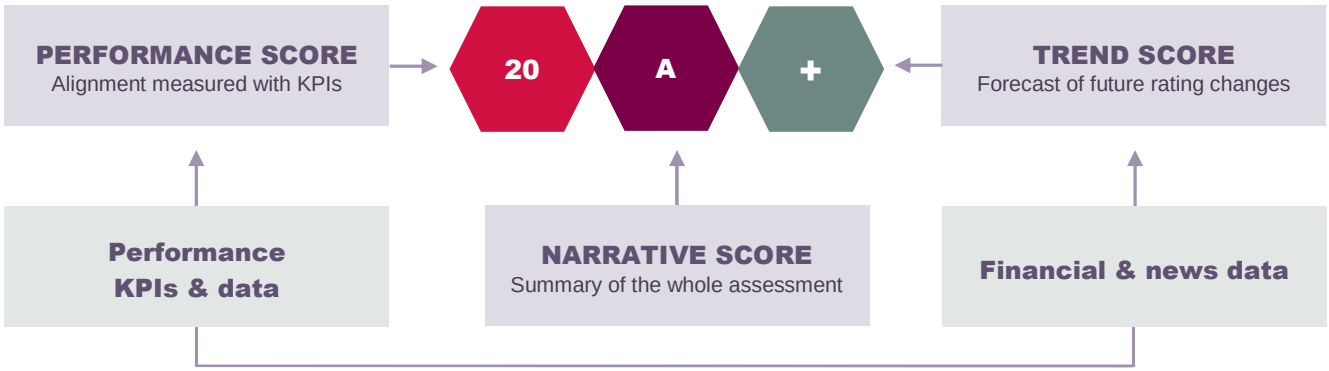
Assessing low-Carbon Transition

Transport

February 2021

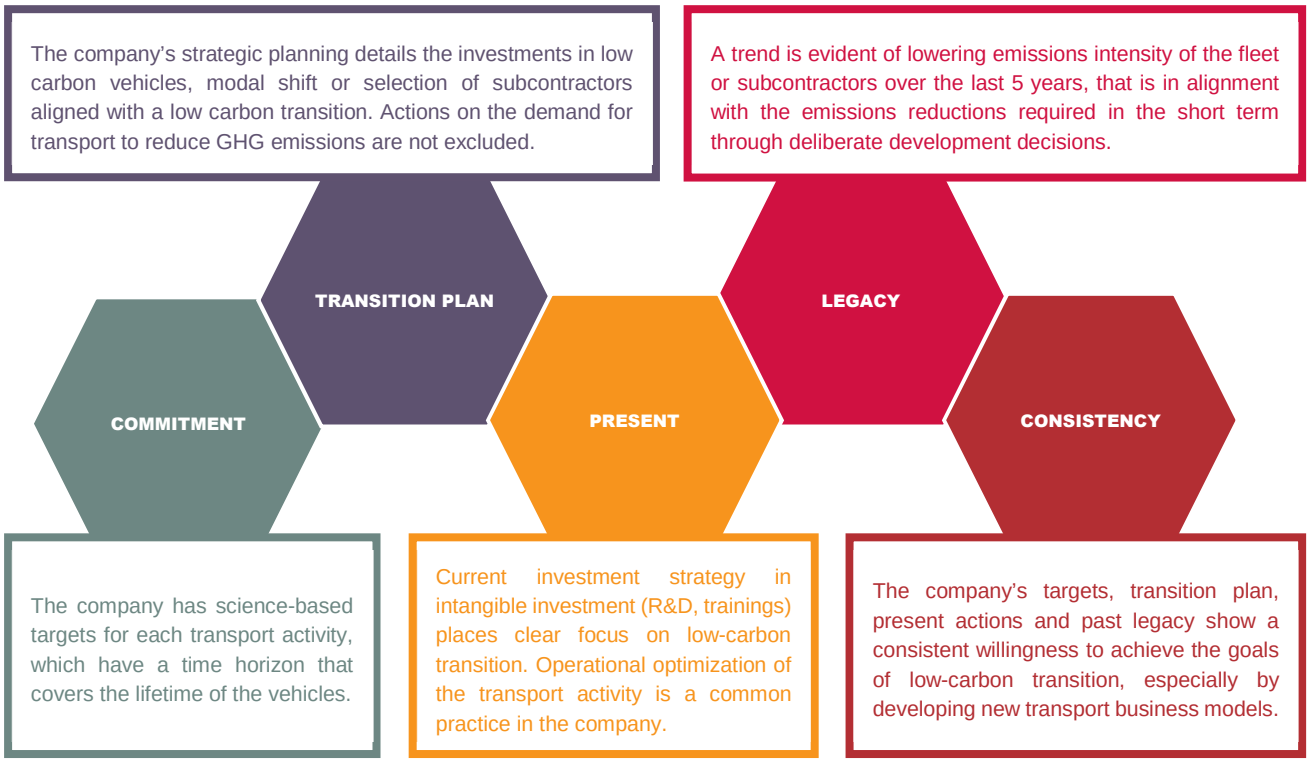
THE ACT RATING

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



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

ALIGNED STATE FOR A COMPANY IN THE TRANSPORT SECTOR



CONTEXT & PRINCIPLES OF THE TRANSPORT ACT METHODOLOGY

The transport sector accounts for 20% of the global energy-related greenhouse gas emissions, composed almost entirely of CO2 from the combustion of oil. Emissions have increased by over 30% since 2000, largely as a result of an increase in the vehicle stock by 300 million over this period.

Decarbonization levers for this sector can be summarized as follows:

- Imperative 1: Move away from oil and other fossil fuels to focus on very-low-GHG energy
- Imperative 2: Lower the energy intensity of our mobility patterns (global economy & individual lifestyles), through better energy efficiency, modal shift and avoided mobility
- Imperative 3: Prepare the physical and IT infrastructure needed to accompany those changes
- Imperative 4: Inform, educate and train populations to embrace the transformation

The ACT transport methodology covers the rail, road, water and air transport for passengers and freight. It focuses on quantitative indicators using gCO2e/p.km or gCO2e/t.km metrics and share of low carbon vehicles for example. Other qualitative indicators (in the Management, Suppliers, Clients, Policy Engagement and Business Model modules) are also considered due to the complexity and economic importance of the sector, its changing business models, and the significance of these when considering the low carbon alignment of the transport sector.

KEY INDICATORS

MODULE (% = MODULE WEIGHTING)	INDICATOR*
TARGETS (15%)	1.1 Alignment of transport service emission reduction targets
	1.2 Time horizon of targets
	1.4 Achievement of previous targets
MATERIAL INVESTMENT *OWN FLEET (30%)* *SUBCONTRACTING & PSD** (0%)*	2.1 Trend in past emissions intensity
	2.2 Alignment of past performance with carbon budget
	2.3 Fleet locked-in emissions
IMMATERIAL INVESTMENT (5%)	3.1 R&D in low-carbon vehicles and energies
	3.2 Investments in digital solutions for transport optimization
	3.3 Investments in human capital – training of employees
SOLD PRODUCT PERFORMANCE *OWN FLEET (0%)* *SUBCONTRACTING & PSD** (30%)*	4.1 Trend in past emissions intensity
	4.2 Alignment of past performance with carbon budget
	4.3 Subcontracted service performance
MANAGEMENT (10%)	5.1 Oversight of climate change issues
	5.2 Climate change oversight capability
	5.3 Low carbon transition plan
	5.4 Climate change management incentives
	5.5 Climate change scenario testing
SUPPLIER ENGAGEMENT *OWN FLEET & SUBCONTRACTING (15%)* *PSD** (7%)*	6.1 Engagement with transport service subcontractors
	6.2 Engagement with vehicle manufacturers
	6.3 Engagement with infrastructure operators
CLIENT ENGAGEMENT *OWN FLEET & SUBCONTRACTING (10%)* *PSD** (15%)*	7.1 Strategy to influence customers behaviour to reduce their GHG emissions
	7.2 Activities to influence customers behaviour to reduce their GHG emissions
POLICY ENGAGEMENT *OWN FLEET & SUBCONTRACTING (5%)* *PSD** (8%)*	8.1 Company policy on engagement with trade associations
	8.2 Position on significant climate policies
	8.3 Interaction with public authorities
BUSINESS MODEL (10%)	9.1 Business activities shifting demand for highly emissive to low-carbon modes
	9.2 Business activities promoting technical and operational low-carbon innovations
	9.3 Business activities engaging clients

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

** PDS : Pubic Service Delegation

BENCHMARKS

For the Transport sector, there are two main types of benchmarks:

- The main source is the B2DS pathways from SDA Transport Tool (figure1);
- The second source is the ITF Transport Outlook 2019 report by OECD.

FIGURE 1: SECTOR BENCHMARK – PASSENGER AIR TRANSPORT (WORLD)