

The logo for ACT, consisting of the letters 'ACT' in a bold, white, sans-serif font, positioned inside a white-outlined hexagon. This hexagon is part of a larger pattern of overlapping, light-colored hexagons that form a honeycomb-like structure across the top of the slide.

**ACT**

# ACT Generic update Public consultation

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Monday 19th of June to Monday 3rd of July 2023

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Formally launched in 2015, ACT (Assessing low-Carbon Transition) is an initiative that pioneered the concept of corporate climate transition plans, which analyses companies' climate governance, implementation and engagement strategies, metrics and GHG emissions reduction targets. Positioned as the accountability layer of climate action, the ACT initiative builds on measuring standards, supports reporting practices and aligns with relevant commitment initiatives. It includes sector-specific, free and publicly available methodologies, developed according to a standardised, multi-stakeholder process, and tested by companies. This assessment provides companies with the understanding of where they need to improve to contribute to limiting global emissions and demonstrates their readiness to transition to the low-carbon economy.

For more information, visit [www.actinitiative.org](http://www.actinitiative.org)

**ACT** | **ASSESSING LOW CARBON TRANSITION** <sup>®</sup>

- Please **read this document** and **complete the online consultation survey** in response to the proposed updates. Questions listed in this document (in red boxes) correspond to the questions in the online survey.
- The current **ACT Generic methodology**, published in 2021, is referred to as ACT Generic V1.1
- The **updated methodology** that will be published after this consultation, as **“ACT Generic V2”**
- **Sources** are listed at the end of the document.

## Statements related to current methodology ACT Generic V1

*Explanation about why there is a proposal for update*



This symbol indicates supporting elements/documents to refer to

## Proposed updates for ACT Generic V2

*Changes proposed to be made in ACT Generic V2*



The online consultation survey can be found here:  
<https://response.questback.com/ademe/ACT-generic-public-consultation>

## Question to readers

*Expected feedback from readers during the online consultation.  
Question number corresponds to the online survey.*

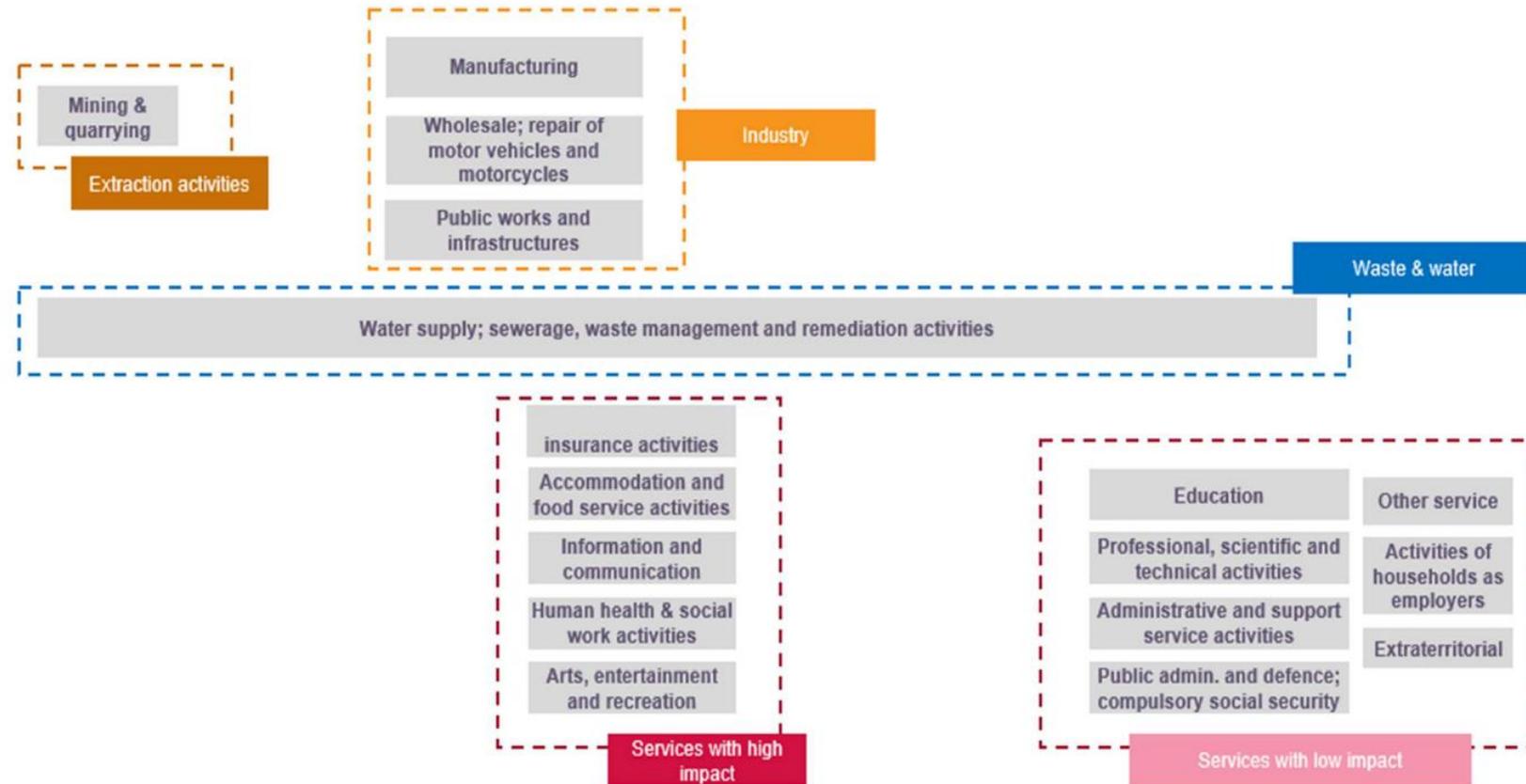
# What is the ACT Generic methodology?

The ACT Initiative has developed 15 sectoral methodologies, targeting the sectors that emit the most greenhouse gases.

Nevertheless, any company, regardless of its activities, should transition to a low-carbon economy.

**The ACT Generic methodology has been developed to assess any company whose sector is not already covered by ACT sectoral methodologies.**

The module weighting is dynamic, depending mainly on the relative share of direct and indirect emissions and on whether the company has levers to reduce them.



Source: NACE classification (section level), World Circular Gap Report

Sectors covered by ACT Generic methodology

**The ACT Generic methodology was published in April 2021.**

**The ACT Generic methodology relies on sectoral ACT methodologies for some indicators, especially for the benchmarks, and these methodologies are now all available or will be in the very near future.**

**For this reason, ACT has launched the update of the Generic methodology sooner than the timeline defined in the ACT Framework.**

**The proposals in this document are based on:**

- Development of other ACT sectoral methodologies
- User feedback collected by the ACT Initiative, including the ACT User Feedback Survey (Dec2022)
- Harmonization process between ACT methodologies
- ACT Generic methodology development team's feedback

Part 1	<b><u>Updates to ACT performance modules &amp; indicators</u></b>	
	1.1	<u>Overview of performance indicators</u>
	1.2	<u>Module 1 - Targets</u>
	1.3	<u>Module 2 – Material investments</u>
	1.4	<u>Module 4 – Sold product performance</u>
	1.5	<b>Module 9 – Business Model</b> Modification updatable for all ACT sectoral methodologies
		Part A <u>Definitions</u>
		Part B <u>Updated indicators</u>
		Part C <u>Scoring</u>
Part 2	<b><u>Methodological harmonization (for information)</u></b>	
	2.1	<u>Scope and benchmarks</u>
	2.2	<u>Calculation harmonization</u>
	2.3	<u>Modules 5, 6, 7 &amp; 8</u>

# Part 1 Updates to ACT performance modules & indicators

# 1.1 Overview of performance indicators (1/2)

New indicator

Updated indicator

ACT Modules		Performance indicators	
1	Targets	GE 1.1	Alignment of direct scope 1 + 2 emissions reduction targets
		GE 1.2	Alignment of upstream scope 3 emissions reduction targets
		GE 1.3	Alignment of downstream scope 3 emissions reduction targets
		GE 1.4	Time horizon of targets
		GE 1.5	Achievement of past and current targets
2	Material investment	GE 2.1	Trend in past emissions intensity from material investment
		GE 2.2	Trend in future emissions intensity from material investment
		GE 2.3	Share of low-carbon CAPEX
		GE 2.4	Locked-in emissions
3	Intangible investment	GE 3.1	R&D in low-carbon technologies
		GE 3.2	Company low-carbon patenting activity
4	Sold product performance	GE 4.1	Product/Service specific interventions
		GE 4.2	Product/Service specific performance
		GE 4.3	Share of low-carbon products/services
		GE 4.4	Sub-contracted transport service performance
		GE 4.5	Locked-in emissions from sold products

# 1.1 Overview of performance indicators (2/2)

Updated indicator

ACT Modules		Performance indicators	
5	Management	GE 5.1	Oversight of climate change issues
		GE 5.2	Climate change oversight capability
		GE 5.3	Low-carbon transition plan
		GE 5.4	Climate change management incentives
		GE 5.5	Climate change scenario testing
6	Supplier engagement	GE 6.1	Strategy to influence suppliers to reduce their GHG emissions
		GE 6.2	Activities to influence suppliers to reduce their GHG emissions
7	Client engagement	GE 7.1	Strategy to influence customer behaviour to reduce their GHG emissions
		GE 7.2	Activities to influence customer behaviour to reduce their GHG emissions
8	Policy engagement	GE 8.1	Company policy on engagement with trade associations
		GE 8.2	Trade associations supported do not have climate-negative activities or positions
		GE 8.3	Position on significant climate policies
		GE 8.4	Collaboration with local public authorities
9	Business model	GE 9.1	Progress towards a fully decarbonized business
		GE 9.2	Integration of the low-carbon economy in current and future business models
		GE 9.3	Share of low-carbon clients

# 1.2 Module 1 – Targets (1/2)

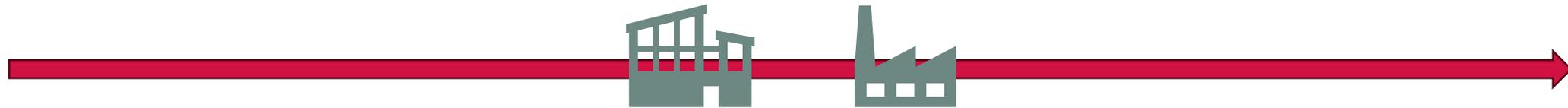
- GE 1.1 Alignment of direct emissions reduction targets
- GE 1.2 Alignment of upstream emissions reduction targets
- GE 1.3 Alignment of downstream emissions reduction targets



See [ACT Generic V1.1](#) (pp.17-27)

Currently, ACT GE V1.1 – Indicators 1.1, 1.2 and 1.3 require separate targets on different topics linked to available benchmarks. The issue is that companies do not have the granularity of data necessary to assess the company correctly.

## Existing approach: List of topics requiring a target (if applicable to the company)



### Upstream emissions:

Cement emissions intensity, oil & gas products emissions intensity, glass products emissions intensity, pulp & paper products emissions intensity, iron & steel emissions intensity, food products emissions intensity, aluminium emissions intensity, upstream indirect emissions.

### Scope 1 & 2 emissions:

Building, Transport, Industry energy consumption, Industry direct process – Refrigerant leakage, Industry direct process – Other industrial process, waste management & renewable energy share in electricity.

### Downstream emissions:

Transportation emissions intensity, produced electricity carbon intensity, downstream indirect emissions.

## Update proposal options

If the company has split targets into different topics and if the granularity of data necessary to assess the company's targets is sufficient:

-> Keep the assessment as usual (with separate targets on transport / building / process energy emissions...).

If the company has a global target and/or does not have the granularity of data necessary to assess the company's targets :

-> assess against a unique absolute contraction target benchmark

Update proposal – Allow the option to use an absolute contraction target for total emissions instead of requiring separate targets.



Absolute Contraction Approach, see [Foundation of science-based target setting - SBTi](#) (pp.13-24)

Do you agree to add the option to implement a unique absolute contraction target?

Question 1: for indicator GE 1.1 (direct emissions)?

Question 2: for indicator GE 1.2 (upstream emissions)?

Question 3: for indicator GE 1.3 (downstream emissions)?

- GE 2.1 Trend in past emissions intensity from material investment
- GE 2.2 Trend in future emissions intensity from material investment

Currently, ACT GE V1.1 – Indicators 2.1 & 2.2 require separate data sets on different topics linked to available benchmarks. The issue is that companies do not have the granularity of data necessary to assess correctly the company.

Same issue as for GE 1.1 indicator (alignment of direct emissions reduction target).

Existing approach: List of topics assessed (if applicable to the company)



**Scope 1&2 emissions:**

Building, Transport, Industry energy consumption, Industry direct process – Refrigerant leakage, Industry direct process – Other industrial process, Waste Management & Renewable energy share in electricity.



See [ACT Generic V1.1](#) (pp.38)

## Update proposal options

If the company have the granularity of data necessary to assess the different topics:

-> Keep the assessment as usual (assess the trend of each topic against a specific benchmark).

If the company do not have the granularity of data necessary to assess the different topics:

-> assess against an absolute contraction benchmark

Update proposal – Allow the option to assess the company scope 1+2 emissions reduction trend against an absolute contraction benchmark instead of requiring separate data sets and using dedicated benchmarks.

Question 4: Do you agree to add the option to assess the company scope 1+2 emissions reduction trend against an absolute contraction benchmark?



Absolute Contraction Approach, see [Foundation of science-based target setting - SBTi](#) (pp.13-24)

ACT Module 4 “Sold product performance” assesses actions to reduce emissions from companies’ value chains, contributing to the overall decarbonisation of their products and/or services.

The current indicators are:

- **Product/Service specific interventions:** to assess qualitatively the company’s efforts to decarbonize to reduce upstream and downstream GHG emissions (present- and future-oriented indicator)
- **Product/Service specific performance:** to measure the alignment of the company's past emissions intensity, with its low-carbon benchmark pathway (past-oriented indicator)
- **Share of low-carbon products/services:** to assess the decarbonization of the company’s products/services portfolio
- **Sub-contracted transport service performance:** to assess qualitatively the company’s efforts to decarbonize to reduce sub-contracted transport GHG emissions (only for company subcontracting transport services and having significant GHG associated emissions)



See [ACT Generic V1.1](#) (pp. 54-70)

## New GE 4.5 Locked-in emissions from sold products

Currently, ACT Generic v1.1 does not include “Locked-in emissions from sold products” indicator

Update proposal – ACT Generic v2.0: Include “Locked-in emissions from sold products” indicator for companies that sell energy-consuming products with a long lifespan

### Rationale

Currently, regarding the sold product carbon emissions performance, the company is assessed on:

- The trend of its past indirect emissions intensity
- The actions the company takes to reduce indirect emissions
- The share of low-carbon products / services

**For companies that sell energy-consuming products with a long lifespan**, locked-in emissions from sold products (absolute emissions locked-in by the use of products during their lifespan) is an important area to assess. Examining absolute emissions along with recent emissions intensity trend forms part of a holistic view of company emissions performance. Product locked-in emissions can be a barrier to a company's transition.

## New GE 4.5 Locked-in emissions from sold products

Question 5: Do you agree to include “Locked-in emissions from sold products” indicator for companies that sell energy-consuming products with a long lifespan?



See [ACT Auto](#) for more details on how the assessment works (pp. 32-33)

### Examples of companies concerned

- Transport equipment manufacturers (trucks, trains, planes, etc.)
- Industrial process equipment manufacturers (boilers, ovens, dryers, refrigeration systems, etc.)
- Household equipment manufacturers (washing machines, dishwasher, refrigerators, etc.)

Weighting of this indicator: when the indicator is triggered, the module weighting will be split equally between all indicators in module 4.

## GE 4.3 Share of low-carbon products/services

Currently, ACT Generic v1.1 includes a "Share of low-carbon products/services" in 4.3 indicator from Module 4. We find the same indicator in the Business model module.

Question 6: Do you agree to remove the 4.3 indicator from Module 4 (and keep it in Module 9)?

Update proposal – Remove share of low-carbon product from Module 4 and keep it in Module 9 Business model as it is more relevant to keep it linked to business model.

### Issues

The share of low-carbon products/services is mentioned twice in the ACT Generic methodology V1.1 (module 4 and module 9).

### Rationale

As the share of low-carbon products/services indicator is linked to revenue, it is more relevant to keep a unique indicator into the business model module.

## 1.5 Module 9

### Part 2A Definitions

Will apply to ACT generic methodology  
**and to other forthcoming ACT sectoral methodologies updates**

# Module 9 – “Low-carbon products/services” definition (1/4) **ACT**

## GE 9.1 “Progress towards a fully decarbonized business

Currently, ACT Generic V1.1 does not include a clear definition of the term "low-carbon products/services".

Update proposal - Clarify "low-carbon products/services" definition based on EU Taxonomy definition for activity contributing substantially to climate change mitigation

### Issues

The ACT Generic methodology V1.1 already refers to the EU taxonomy, but rather vaguely.



See [ACT Generic V1.1](#)  
(pp. 100-102)

### Rationale

The EU taxonomy is an ambitious environmental framework, that inspires other frameworks / initiatives around the world.

Even though the EU taxonomy has been developed at European scale, considering the “conservativeness” ACT principle, this ambitious framework can be used to assess companies around the world.

# Module 9 – “Low-carbon products/services” definition (2/4) ACT

## According to the EU taxonomy (article 10(1)):

**An economic activity shall qualify as contributing substantially to climate change mitigation** where that activity contributes substantially to the stabilization of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement through the avoidance or reduction of greenhouse gas emissions or the increase of greenhouse gas removals, including through process innovations or product innovations, by:

- (a) generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid;
- (b) improving energy efficiency **except for power generation activities as referred to in Article 19(3),**
- (c) increasing clean or climate-neutral mobility;
- (d) switching to the use of sustainably sourced renewable materials;
- (e) increasing the use of environmentally safe carbon capture and utilisation (CCU) and carbon capture and storage (CCS) technologies that deliver a net reduction in greenhouse gas emissions;
- (f) strengthening land carbon sinks, including through avoiding deforestation and forest degradation, restoration of forests, sustainable management and restoration of croplands, grasslands and wetlands, afforestation, and regenerative agriculture;
- (g) establishing energy infrastructure required for enabling the decarbonisation of energy systems;
- (h) producing clean and efficient fuels from renewable or carbon-neutral sources;

Using solid fossil fuels

**3 types of activities to consider**

« Low-carbon solutions providing » activities

# Module 9 – “Low-carbon products/services” definition (3/4) ACT

## According to the EU taxonomy:

### Article 10(1) (continued)

or (i) enabling any of the activities listed in points (a) to (h) of this paragraph in accordance with **Article 16**

provided that such economic activity:

- (a) does not lead to a lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets; and
- (b) has a substantial positive environmental impact, on the basis of life-cycle considerations.

**Enabling activities**  
(enable low-carbon solutions)

### Article 10(2)

**An economic activity for which there is no technologically and economically feasible low-carbon alternative shall qualify as contributing substantially to climate change mitigation** where it supports the transition to a climate-neutral economy consistent with a pathway to limit the temperature increase to 1,5°C above preindustrial levels, including by phasing out greenhouse gas emissions, in particular emissions from solid fossil fuels, and where that activity:

- (a) has greenhouse gas emission levels that correspond to the best performance in the sector or industry;
- (b) does not hamper the development and deployment of low-carbon alternatives; and
- (c) does not lead to a lock-in of carbon-intensive assets, considering the economic lifetime of those assets.

**Transitional activities**  
(not fully low-carbon activities, but in transition)

Technical criteria defined in EU delegated ACT -Commission Delegated Regulation (EU) 2021/2139 (2021)

# Module 9 – “Low-carbon products/services” definition (4/4) ACT

## GE 9.1 Progress towards a fully decarbonized business

Update proposal - Amend the definition of « low-carbon products/services » so that:  
**Low carbon products / services are provided by an economic activity that contributes substantially to climate change mitigation, as defined in the European taxonomy.**

Question 7: Do you agree with the "low-carbon products/services" definition?

Question 8: Do you have any suggestions for improvement?

Question 9: Please provide any other resources to define "low-carbon products / services"



See

- [EU taxonomy regulation](#) - Regulation (EU) 2020/852 (2020) on the establishment of a framework to facilitate sustainable investment (article 10(1), 10 (2) and 16)
- [Commission Delegated Regulation \(EU\) 2021/2139](#) (2021) (Annex 1 – associated technical criteria for climate change mitigation)

## GE 9.3 Share of low-carbon clients

Currently, ACT Generic v1.1 does not include a clear definition of the term: "low-carbon client".



See [ACT Generic methodology](#) (pp. 105)

### Current 9.3 indicator

Ind 9.3 intends to reward companies enabling transition in emissive activities. It assesses the share of "low-carbon clients".

Indicator prerequisite: *"This indicator is only applicable for a company operating upstream of an emissive activity where there is an existing trajectory, producing a part of the final product."* That is upstream of transport, heavy industry or building sector.

For example, a company that produces equipment for the automotive sector can increase its share of products for electric vehicles, thus contributing to the promotion of low-carbon vehicles and reducing its risk linked to internal combustion engine vehicles in a low-carbon world.

### Issues

Good assessment relies on a clear "low-carbon client" definition. We propose to clarify this definition using the EU taxonomy.

## GE 9.3 Share of low-carbon clients

### Proposal for definition of "Low-carbon client"

Client that uses the company's sold products to provide low-carbon products/services.

Update proposal - We propose to clarify « low-carbon client » definition based on « low-carbon products/services » definition discussed previously.

Question 10: Do you agree with the "low-carbon client" definition ?

Question 11: Do you have any suggestion of improvement?

Question 12: Please provide any others ressources to define "low-carbon clients"

## 1.5 Module 9

### Part 2B

## Updated Module 9 indicators

Will apply to ACT generic methodology  
**and to other forthcoming ACT sectoral methodologies updates**

# 1.5. Overview of updated Module 9 indicators

Indicator	Dimension
<b>9.1 Revenue from low-carbon products and/or services</b> <ul style="list-style-type: none"><li>• Already present in ACT Generic methodology (GE 9.1 Progress towards a fully decarbonized business)</li><li>• Lacking in other methodologies<ul style="list-style-type: none"><li>→ Lack of “big picture” – companies may have many new low-carbon business models, but is this impacting their overall model of revenue generation?</li></ul></li></ul>	
<b>9.2 Integration of low-carbon economy in business models</b>	1. Creation of new low-carbon business models
	2. Expansion of existing low-carbon business models
	3. Actions to decarbonise activities within existing business models
	4. Termination/phase-out of existing high-carbon business models



*Previous version of indicator 9.2 (integration of low-carbon economy in current and future business models): see [ACT Generic V1.1](#) (pp. 103)*

## GE 9.1 Progress towards a fully decarbonized business

Currently, ACT Generic v1.1 include the identification of the level of decarbonization with a maturity matrix

Question	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weight
Associated score	0%	25%	50%	75%	100%	
Identification of the level of decarbonization required	All company activities covered by the assessment need to decarbonize – the company offers no low-carbon products or services. The company has no or little awareness of the need to transition to offering low-carbon products/services	All company activities covered by the assessment need to decarbonize – the company offers no low-carbon products or services. The company has no or little awareness of the need to transition to offering low-carbon products/services	40 – 75% of the product portfolio is defined low-carbon products or services and the company has a public timeline to align its product portfolio as 100% low-carbon.	75 - 95% of the product portfolio is defined low-carbon products or services and the company has a public timeline to align its product portfolio as 100% low-carbon.	Note: All (>95%) the company product portfolio is considered low-carbon products/services (as per an agreed definition of low-carbon products or services)	100%

### Issues

The maturity matrix is combining two different notions:

- The % of low-carbon products/services in the company's portfolio.
- The company's public timeline to align its product/service portfolio to a low-carbon economy.

### Update proposal

See next slide.



See [ACT Generic methodology](#) (pp. 100)

- Update proposal – Split in two different questions:
- The share of low-carbon products or services in revenue
  - Trend over time of this share

Question 13: Do you agree with the content of the new maturity matrix below?

Question 14: Do you agree with the weightings?

	Basic	Standard	Advanced	Next Practice	Low-carbon aligned	Weighting
<b>Share of low-carbon products or services in revenue</b>	Less than 20%	Between 20-40%	Between 40-75%	Between 75-95%	Above 95%	70%
<b>Trend over time (RY-3 to RY)</b>	Share of company's revenue from low-carbon products and services is decreasing by at least 1% on average annually	/	Share of company's revenue from low-carbon products and services is not changing significantly (increasing or decreasing by less than 1% on average annually)	/	Share of company's revenue from low-carbon products and services is increasing by at least 1% on average annually	30%
RY = reporting year						

# 1.5. Indicator 9.2 - Integration of low-carbon economy in business models

Issues with current Module 9	How is this addressed in new version?
Lack of clarity between <i>new</i> business models, and <i>improvements</i> to existing business models	Separate dimensions for new business models, and decarbonisation of existing business models
Only scores new business models, without looking at whether these are <i>replacing</i> existing, high-carbon activities	New dimension looking at companies' commitments to terminate/phase out their existing high-carbon business models.

- **Short description:** A more detailed look at the company's specific business models – based on the existing maturity matrix approach. Framework based on Cavalcante et. al., [Business Model Dynamics and Innovation: \(Re\)establishing the Missing Linkages](#), 2011.
- Divided into four dimensions: creation of new low-carbon business models; expansion of existing low-carbon business models; decarbonisation of existing business models; termination/phase-out of existing high-carbon business models.

# 1.5. Indicator 9.2, Dimension 1 - Creation of new low-carbon business models (1/3)

Issues with current Module 9	How is this addressed in new version?
Overall decarbonisation impact of new business models is not addressed	New subdimension: “Importance of business model for global low-carbon transition”
Profitability is very hard to assess – data is not available	Removed subdimension on profitability – this is already implied by the size, growth potential and deployment schedule subdimensions.

- Definition of “new business model” – implementation started within last 5 years. If started previous to this, it should not be considered a new business model, but an expansion of existing business model (see Dimension 2). New business models have a lower expectation of size than existing low-carbon business models (Dimension 2).

# 1.5. Indicator 9.2, Dimension 1 - Creation of new low-carbon business models (2/3)

	Basic	Advanced	Low-carbon aligned	
Associated score	0%	50%	100%	Weighting
Size of business model	Business model represents <1% of total FTE, revenue, or relevant activity-based metric of size	Business model represents 1 to 5% of total FTE, revenue, or relevant activity-based metric of size	Business model represents >5% of total FTE, revenue, or relevant activity-based metric of size	30%
Scheduled growth of business model	Business model not scheduled to grow (based on total FTE, revenue, or relevant activity-based metric of size)	Business model scheduled to grow (based on total FTE, revenue, or relevant activity-based metric of size)	Business model scheduled to at least double in size within RY+10 (based on total FTE, revenue, or relevant activity-based metric of size)	40%
Importance of business model for global low-carbon transition*	The business model is of low importance to the global low-carbon transition	The business model is of medium importance to the global low-carbon transition	The business model is of high importance to the global low-carbon transition	30%

\*: guidance to determine whether a business model is of high, medium, or low importance, see next slide

Question 15: Do you agree with the proposal to remove the profitability subdimension?

Question 16: Do you agree with the proposed new subdimension: “Importance of business model for global low-carbon transition”?

Question 17: Do you agree with the other proposed changes to the maturity matrix?

# 1.5. Indicator 9.2, Dimension 1 - Creation of new low-carbon business models (3/3)

How to determine whether a business model is of high, medium, or low importance to the global low-carbon transition:

- The analyst may base their assessment on various sources, including:
  - [ETP Clean Energy Technology Guide – Data Tools - IEA](#)
    - If the business model is listed as a technology in the IEA ETP Clean Energy Technology Guide with an “Importance for net-zero emissions” score of “Low” or “Moderate”, it scores “Basic”; “High” scores “Advanced”; “Very high” scores “Low-carbon aligned”.
  - For other, non-technological business models, such as those aimed at reducing structural barriers to market penetration, or creating synergies with other industries, improving circularity, etc., other sources will need to be consulted to determine relative importance for low-carbon transition. For example:
    - [Protecting People and Planet | Systems Change Lab](#)
      - If the business model relates to one of the Systems Change Lab “Shifts” (critical changes that can help deliver systemwide transformations), it should generally be considered to have high importance, and score “Low-carbon aligned”.
    - Sector decarbonisation reports identifying the key action levers for a sector to decarbonise. For example:
      - [Iron and Steel – Analysis - IEA](#)
    - ACT methodology – usually identifies the key action levers in the “Introduction” section
    - Other relevant sources

# 1.5. Indicator 9.2, Dimension 2 - expansion of existing low-carbon business models

- Definition of “existing low-carbon business model” – implementation started before last 5 years. Existing low-carbon business models have a higher expectation of size than new low-carbon business models (Dimension 1).

	Basic	Advanced	Low-carbon aligned	
Associated score	0%	50%	100%	Weighting
Size of business model	Business model represents 0 to <5% of total FTE, revenue, or relevant activity-based metric of size	Business model represents 5 to 20% of total FTE, revenue, or relevant activity-based metric of size	Business model represents >20% of total FTE, revenue, or relevant activity-based metric of size	40%
Scheduled growth of business model	Business model not scheduled to grow (based on total FTE, revenue, or relevant activity-based metric of size)	Business model scheduled to grow (based on total FTE, revenue, or relevant activity-based metric of size)	Business model scheduled to at least double in size within RY+10 (based on total FTE, revenue, or relevant activity-based metric of size)	30%
Importance of business model for global low-carbon transition*	The business model is of low importance to the global low-carbon transition	The business model is of medium importance to the global low-carbon transition	The business model is of high importance to the global low-carbon transition	30%

Question 18: Do you agree with the proposal to have separate dimensions for new and existing low-carbon business models?

Question 19: Do you agree with the threshold used for “growth potential” for these two dimensions?

Question 20: Do you agree with the threshold used for "growth potential" for these two dimensions?

\*: guidance to determine whether a business model is of high, medium, or low importance, see previous slide

# 1.5. Indicator 9.2, Dimension 3 - Actions to decarbonise activities within existing business models (1/2)

## Issues with current Module 9

Lack of clarity between *new* business models, and *improvements* to existing business models

## How is this addressed in new version?

Separate dimensions for new business models, and decarbonisation of 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.
- E.g., A steelmaker that is adding CCU/CCS capability to its factories or electrifying its production processes and switching to 100% renewable energy, to reduce the emissions from its production activities; a car manufacturer reducing the emissions from its manufacturing activities by installing renewables on its factories.

# 1.5. Indicator 9.2, Dimension 3 - Decarbonisation of existing business models (2/2)

	Basic	Advanced	Low-carbon aligned	
Associated score	0%	50%	100%	Weighting
What percentage of the activity does this decarbonisation action apply to?*	Decarbonisation action applies to less than 20% of the considered activity	Decarbonisation action applies to 20-80% of the considered activity	Decarbonisation action applies to more than 80% of the considered activity	25%
Scheduled growth of decarbonisation action	Decarbonisation action is not scheduled to grow (based on total FTE, spend, or relevant activity-based metric of size)*	Decarbonisation action is scheduled to grow (based on total FTE, spend, or relevant activity-based metric of size)*	Decarbonisation action is scheduled to at least double in size within RY+10 (based on total FTE, 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 considered business model in terms of GHG emissions.	Action impacts a relevant activity/life-cycle phase of the considered business model in terms of GHG emissions.	Action clearly targets and impacts the most relevant activity(ies)/life-cycle phase(s) of the considered business model in terms of GHG emissions.	25%
Importance of business model decarbonisation for global low-carbon transition‡	The business model decarbonisation is of low importance to the global low-carbon transition	The business model decarbonisation is of medium importance to the global low-carbon transition	The business model decarbonisation is of high importance to the global low-carbon transition	25%

Question 21: Do you agree with the proposed dimension “Actions to decarbonise activities within existing business models”?

# 1.5. Indicator 9.2, Dimension 4 - Termination/phase-out of high-carbon business models

## Issues with current Module 9

Only scores new business models, without looking at whether these are *replacing* existing, high-carbon activities

## How is this addressed in new version?

New dimension looking at companies' commitments to terminate/phase out their existing high-carbon business models.

	Basic	Standard	Advanced	Next practice	Low-carbon aligned	
Associated score	0%	25%	50%	75%	100%	Weighting
Commitment to terminate/phase out existing, high-carbon business model	The company has a commitment to terminate/phase out existing, high-carbon business model(s) representing 0 to <5% of total FTE, revenue, or relevant activity-based metric of size	-	The company has a commitment to terminate/phase out existing, high-carbon business model(s) representing 5 to 20% of total FTE, revenue, or relevant activity-based metric of size	-	The company has a commitment to terminate/phase out existing, high-carbon business model(s) representing >20% of total FTE, revenue, or relevant activity-based metric of size	70%
Termination/phase-out date	The company's commitment has a phase-out date from RY+21 onwards	The company's commitment has a phase-out date between RY+16 and RY+20	The company's commitment has a phase-out date between RY+11 and RY+15	The company's commitment has a phase-out date between RY+6 and RY+10	The company's commitment has a phase-out date between RY and RY+5	30%

Question 22: Do you agree with the proposed dimension "Termination/phase-out of high-carbon business models"?

# 1.5 Module 9

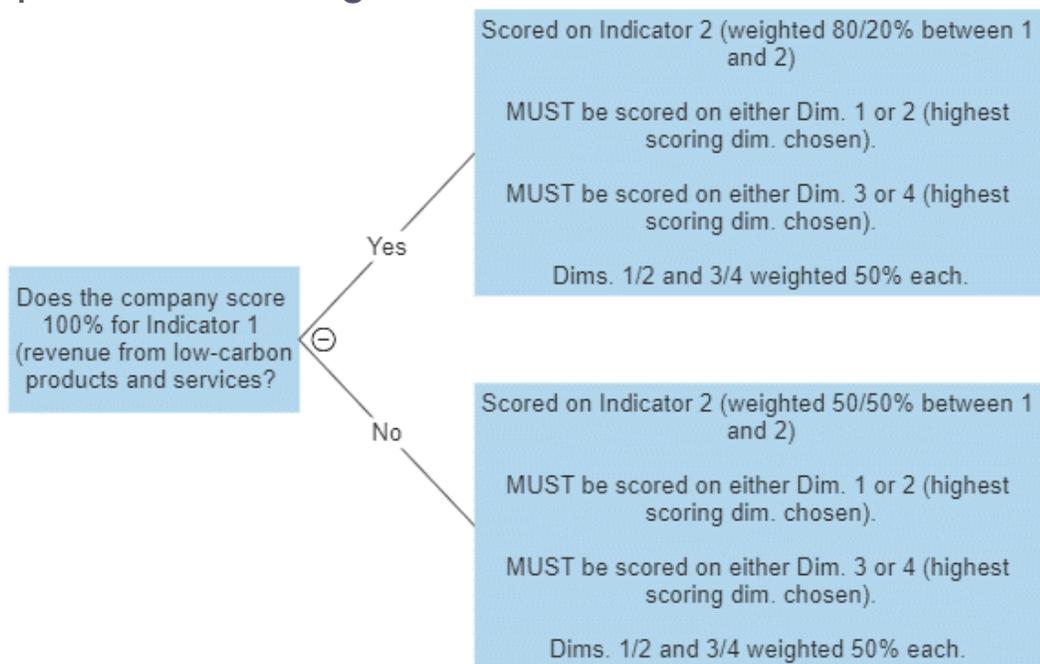
## Part 2C

### Scoring Module 9

Will apply to ACT generic methodology  
**and to other forthcoming ACT sectoral methodologies updates**

# 1.5. Proposal for scoring

The following decision tree illustrates the proposal for scoring the module:



## Rationale

- If the company already has 100% low-carbon products and services, then it has less need to introduce new business models and decarbonise its existing ones. As such, Indicator 2 has a lower weighting (20%). If the company has less than 100% low-carbon products/services then Indicator 2 becomes more important. As such it is weighted 50%.
- In each case, the company must be scored on one of Dimension 1 or 2 (relating to introduction of low-carbon business models), and one of Dimension 3 or 4 (relating to decarbonisation/termination of existing business models)

**Reminder:**

Dim 1. Creation of new low-carbon business models
Dim 2. Expansion of existing low-carbon business models
Dim 3. Actions to decarbonise activities within existing business models
Dim 4. Termination/phase-out of existing high-carbon business models

**Question 23: Do you agree with the proposed way of scoring?**

## Part 3

# Methodological harmonization

This section details revisions made for harmonization purposes, and includes changes made to align with ACT sectoral methodologies.

Thus, **this section does not include any specific questions, but the survey allows you to comment freely on this section if needed.**

ACT Generic v1.1 was published in 2021, while some ACT sector methodologies were in the development phase (Aluminium, Pulp & Paper, Chemicals, Glass, Finance)

Update proposal –  
- Add references to sectoral benchmarks which are currently lacking in the ACT Generic methodology  
- Refresh the scope (remove the finance sector)

## Rationale

### Scope

- ACT Finance assesses financial institutions. Since this methodology will be published this year, financial institutions will be removed from the scope of the ACT Generic methodology. ACT Finance is currently being road-tested.



See [ACT Framework](#) (pp.17-27)

### Benchmarks

- Modules 1, 2 and 4 use ACT and other relevant decarbonization benchmarks. The list shall be updated.
- If relevant, the analyst can refer to and use a dedicated sectoral benchmark, even though the benchmark is not identified in the ACT Generic methodology. Rules on how to define the relevancy of the benchmark will be clarified in the update of the ACT Framework.

ACT Generic v1.1 was published in 2021; some slight changes in calculation methods have since been introduced. Didactic graphs have also been added to make calculations easier to understand.

Update proposal –  
Add this new material in ACT Generic V2

### Mains indicators that will be updated:

#### Indicator 1.5 Achievement of past and current targets

The calculation of Dimension 2 (achievement of current targets) will be aligned to Dimension 1.

#### Indicator 2.1 “Trend in past emissions intensity”

Currently, the indicator compares the past trend of the company to the past trend of its benchmark. Update: compare the past trend of the company to the future trend of the company’s benchmark, to identify whether the company will increase its efforts in the future or not.



See examples in [ACT Aluminium](#) (pp.40-44 ; 45-48 ; 200-202)

## 2.3 Modules 5, 6, 7 & 8 – Management, Supplier, Client & Public engagement

Currently, ACT Generic v1.1 already includes ACT Modules 5, 6, 7 and 8, which relate to management, and supplier, client and public engagement.

Update proposal – Integrate in ACT Generic v2.0 the updated version of modules 5, 6, 7 & 8



See [New qualitative indicators – actinitiative.org](https://actinitiative.org)

### Rationale

For the purpose of harmonization, these indicators shall be the same for all ACT assessment methodologies.

The new version of these qualitative modules was finalised in September 2022 based on the feedback of a public consultation.

- **EU taxonomy:** REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (2) & (41)  
Article 10 (1)  
Article 10 (2) + associated technical criteria in delegated act  
Article 16  
<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852>
- Annex 1 of COMMISSION DELEGATED REGULATION (EU) 2021/2139 (2021) (delegated act)  
<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32021R2139#d1e32-12-1>
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- Cavalcante, S. et. al. 2011 "Business Model Dynamics and Innovation: (Re)establishing the Missing Linkages “. [https://www.researchgate.net/publication/228130924\\_Paper\\_2\\_Business\\_Model\\_Dynamics\\_and\\_Innovation\\_Reestablishing\\_the\\_Missing\\_Linkages](https://www.researchgate.net/publication/228130924_Paper_2_Business_Model_Dynamics_and_Innovation_Reestablishing_the_Missing_Linkages)

# Thank you for your feedback!

ACT



Any questions? Want to have a one-to-one call?

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