

# Analysis Report

## ACT Assessment | CSRD



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# Background and purpose of this document

Created in 2015 following the Paris Agreement, the ACT initiative (Accelerate Climate Transition) was founded by ADEME in partnership with CDP. It is now hosted by WBA. ACT is a pioneer international initiative creating a "climate accountability" framework to assess companies' climate mitigation strategies and transition plans. The ACT initiative has published various sector-specific methodologies over the years as well as one sector-agnostic methodology, ACT Generic (see <https://actinitiative.org/>).

Entering into force as of January 2024, the Corporate Sustainability Reporting Directive (CSRD) progressively applies to companies to exhaustively report information regarding their sustainability strategy. While it covers a broad range of topics, such as the impacts linked to environment or governance, climate is a key part of the directive. In particular, the CSRD will standardize the information reported regarding climate aspects that are of interest for ACT. As the ACT Framework has been deployed prior to the CSRD, several aspects required in ACT could be better aligned with the CSRD. It was thus necessary to perform a mapping exercise between both, built upon the table provided by the European Financial Reporting Advisory Group (EFRAG) listing all the data points to be reported.

The mapping exercise performed was based on CSRD requirements in effect as of 2024, meaning the mapping encompasses only generic ESRS and does not cover upcoming sectoral or SME-specific templates. On ACT side, the main mapping exercise was performed on ACT Generic methodology and was then expanded to 6 sectoral methodologies: Auto, Transport, Electric Utility, Retail, Oil&Gas and Real Estate.

The mappings are split in two axes:

- The ACT > CSRD mapping, which provides a list of the data points of the CSRD that can be used to score each ACT indicators. In each case, a conclusion of mapping is provided to determine whether the expected data reported under the CSRD will be sufficient to score the indicator or not. The main purpose of this mapping is to examine whether the expected data reported under the CSRD could be sufficient to score the indicators, and if the ACT methodology would need to be updated consequently.
- The CSRD > ACT mapping, which provides a list of ACT indicators addressing, partially or fully, each ESRS data point. The main purpose of this mapping is to examine whether some aspects would be relevant to add or modify in the ACT methodology based on the ESRS.

The aim of this report is to summarize the main outputs and the learnings from this exercise.



# Executive summary

The overall report is a synthesis of the mapping work performed between a representative sub-set of ACT methodologies and the CSRD, highlighting main points of convergence and topics to handle so as to optimize the ACT assessment process based on CSRD data points.

Starting with the context, it is important to remind that the reporting under the CSRD is only getting started with the first CSRD-aligned reports expected in 2025. The ESRS data points aim at framing how the data is or will be reported so as to ensure a consistent and harmonized sustainability reporting across the major companies. However, one cannot exclude that the requirements might be subject to interpretation to a certain degree, and that the data reported may vary and differ from what has been expected during this mapping exercise. On this basis, the work that is currently done to map the correspondence between ACT methodologies and the ESRS shall be seen as a point-in-time vision on the likelihood to find certain data based on the directive. This mapping is therefore bound to evolve as actual reporting are published and CSRD requirements are clarified through time.

A first work has been performed on ACT Generic vs. CSRD by ADEME's team, subject to a thorough review by consultants (phase 1). In a second step, consultants extended the mapping work to six sectoral methodologies: Auto, Transport, Retail, Electric Utilities, Oil&Gas and Real Estate. The following report will display first the output of the mapping exercise on ACT Generic, and secondly the specific elements brought by the sectoral methodologies mapping exercise.

On ACT Generic vs. CSRD mapping, our main findings show that the majority of the indicators in ACT Generic have a reference in the ESRS, demonstrating a correspondence in the challenges raised in ACT and the climate mitigation information required from the ESRS. However, ACT requires, so far, data to be reported in a certain format to score the indicators that are often unlikely or uncertain to be similar under the ESRS. Consequently, even for indicators with a clear correspondence such as Targets, **the assessor may face significant gaps preventing the ACT scoring**: different boundaries, Scope 3 targets being aggregated into one and not split between upstream and downstream<sup>1</sup>, etc.

We also note the need to align as much as possible to the EU Taxonomy for the indicators in the ACT methodology referring to "low-carbon products/services". More generally, certain shares are required in the indicators or maturity matrices<sup>2</sup> for which the data might not be available as such. This would not jeopardize the overall indicator scoring, but certain sub-items might not be scorable.

The other way round, the ESRS is also a source of inspiration for ACT updates. This could serve not only an improvement of ACT but also an alignment with the required data in the CSRD, especially for similar topics. Among the main topics identified as potential ACT methodology improvements **the following elements can be noted**:

- The ability to better frame in ACT trend in past and trend in future calculations thanks to the potential information delivered in relation to decarbonations levers (E1-3 29 (b): [...] *the undertaking shall*: [...])

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<sup>1</sup> In compliance with the CSRD, companies are likely to disclose their Scope 3 targets aggregating the Scope 3 upstream and downstream emissions. The split currently required in ACT Generic between the Scope 3 upstream and the Scope 3 downstream targets is not required by the CSRD and is therefore unlikely to be doable.

<sup>2</sup> Examples : ACT GE 2.3 Share of low-carbon CapEx, ACT GE 3.1 R&D spendings in low-carbon technologies, which requires a share of R&D costs and investments in low-carbon technologies over the total R&D spendings.

- (b) when describing the outcome of the actions for climate change mitigation, include the achieved and expected GHG emission reductions”).*
- Ensure consistency between information provided by CSRD regarding financial resources and related ACT indicators. The question of the credibility of the allocated resources to a given decarbonation lever might be further studied in the ACT methodology.
  - Ensure better consistency between information provided by CSRD regarding brown activities and the 9.2 dim 3 indicator of ACT Generic (termination/phase-out of existing high carbon business models).
  - The way targets will be reported under the CSRD might differ from the ACT requirements: CSRD requires an aggregated Scope 3 target disclosure whereas ACT Generic requests an upstream/downstream split. Furthermore, CSRD highlights the disclosure of targets in absolute emissions whereas ACT tends to focus more on intensity metrics and handle absolute emissions in a rather simplified way through an ACA -4.2% linear annual contraction approach. While keeping ACT philosophy, it seems necessary to ensure the handling of targets disclosed under CSRD-compliant format by improving the ACA approach and accepting aggregated GHG targets.
  - Beyond a trend in past trajectory compared to an aligned benchmark/GHG target achievement, tracking of the actual implementation of the transition plan / implementation of decarbonation levers to feed module 5.
  - CSRD provides many information on several topics that could be on-boarded in an ACT Assessment
    - o Risk/opportunity information. One can think further about on-boarding more risk/opportunity aspects on the ACT Assessment beyond what is done today in modules 5, 9 and narrative score. This questions the global orientation of an ACT Assessment, initially more focused on an impact perspective.
    - o Carbon internal price and carbon quota systems, that could be integrated on the ACT Assessment beyond what is done today in 5.3 (a simple question regarding carbon internal price in 5.3).
    - o Energy consumption and energy use mix that could trigger a conditional indicator where the energy use is assessed as a significant of GHG emissions in ACT Generic.

On the second step, the mapping of sectoral methodologies vs. CSRD brought the following complementary insights:

- Mapping of sectoral methodologies vs. CSRD is overall highly correlated to the Generic one. The abovementioned issues can be duplicated to these methodologies.
- Specific indicators in sectoral methodologies often don't match with CSRD generic datapoints (e.g. share of low carbon vehicle in Auto), which is quite logical as these concerns being sectoral specific, associated datapoints should be better suited in sectoral ESRS. Thus the need, identified, **to push for the issuance of sectoral ESRS** so as to ensure that relevant information is available. Notably it has been found that some expected links between E1-5 (energy) and Elec Utilities / O&G sectors don't concretize as the perspective is not the same (use vs. production)
- At the edge of the perimeter of this exercise, it has been observed **inconsistencies across methodologies** (modules 5/7/9 shape, variations in maturity matrices...) that will feed accurately the global ACT methodological review process so has to ensure a better harmonization of methodologies.

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# 1. ACT Generic vs. CSRD mapping

For every aspect that is mapped (either the ACT Generic indicators or the ESRS data points), we finalize the mapping with a conclusion chosen among the following categories:

- Perfect correspondence: methodology scores mechanically on an item that is exactly required by the referential
- Correspondence assumed: methodology scores qualitatively on an aspect that is almost exactly handled by the referential
- Corresponding but potentially insufficient information: the information is potentially matching but the referential requirement is not detailed enough in order to ensure that the undertaking will provide all the relevant information
- Necessary but insufficient input: methodology scores on several elements, only part of them is required by the referential
- More than needed: methodology scores on a specific sub-item where referential provides more information
- Usable context information: the information provided by the referential can be used in the methodology, without guarantee
- Partial recovery: common topics between referential and methodology but no exact correspondence can be made
- Missing input: the information is not provided by the referential
- No use input: information of the referential not used by the methodology

## 1.1. ESRS > ACT GENERIC

For each ESRS data point, we make a link with the ACT indicators addressing similar topics or data and provide a conclusion on the mapping status. While some ESRS data points might relate to one or several ACT indicators, the data may not be reported similarly or the expected outcome may significantly vary. For this reason, we mention for each row the level of correspondence between the above-mentioned categories.

In practice, not all mapping categories are equally used. For ESRS > ACT Generic, we have mainly used the Correspondence assumed, More than needed, Usable context information and No use input.

### ESRS E1

This ESRS specifically addresses the climate change aspects and is therefore key for the ACT assessment. It is divided under 9 categories and also integrates specific aspects linking to other ESRS (e.g. governance, impact, risk and opportunity matters or target and action disclosure rules described more generally in ESRS 2).

#### E1 – GOV 3

*Main output: Globally used by the 5.4 indicator.*

This subsection deals with the remuneration and climate incentives, which is addressed in the ACT methodology under the indicator 5.4 Climate change management incentives.

### **E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION**

*Main output: Globally well used*

*overall in the ACT methodology.*

This section examines general aspects around the transition plan set by the company. The data points refer to quite general aspects regarding transition plan that are almost always integrated within ACT indicators, but that are often reported as useful contextual information, or an equivalent category.

The main points of interest are the followings:

- The locked-in emissions are not a key aspect in the CSRD as the only clear mention of the locked-in emissions appears in this section, though on a qualitative aspect. Consequently, it is possible that the data disclosed under ESRS E1-1 § 16(d) will not be precise enough to allow the scoring of indicators 2.4 and 4.3.
- The requirement to report the significant CapEx on fossil fuels (coal, oil and gas) is not used in the ACT Generic methodology, as there is notably a dedicated Oil&Gas sectoral methodology.
- Several aspects are useful for the Module 5, especially under the 5.3 Low-carbon transition plan indicator.
- This section is subject to several areas for improvement of ACT: adding the significant CapEx for fossil fuel activities and the financial resources for implementing the action plan (CapEx and OpEx), the integration of the qualitative analysis of locked-in emissions.

### **E1 – SBM 3 AND IRO 1**

*Main output: These aspects are partly integrated in ACT, and further discussions would be needed.*

The conclusions from these sections are very similar to those of E1-9 related to risks. The data points often relate to the indicator 5.5 Climate change scenario testing and to the Risk aspect of the Narrative score.

This situation triggers the question of whether it would be relevant to on-board more risk/opportunity aspects on the ACT Assessment beyond what is done today. This questions the global orientation of an ACT Assessment, initially more focused on an impact perspective, and the coherence with ACT Adaptation.

### **E1-2 – POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION**

*Main output: These aspects are covered in ACT, but not necessarily with consistent information, with an uncertainty regarding the information that will be reported under the ESRS.*

This section relates to the policies implemented by the company regarding its climate strategy. Here, we have a different vision than the one initially proposed, as we think these data points encompass the clients and suppliers' engagements. Without any guarantee that these aspects will be reported by the company as they are not required by the ESRS, if the company has a strong policy on this regard, it is very likely to be reported under this section.

This section is not subject to any area for improvement of ACT.



### **E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE POLICIES**

*Main output: the*

*topics addressed are used in ACT, but the data provided could be better integrated in ACT.*

This section relates to the concrete actions and expected outcomes in place in the company.

- In our view, the section is split in two categories:
  - Some data points are quite general, referring to actions aiming at participating to the GHG emissions reduction and that relate to several ACT indicators. We have added a link that we saw with Module 9 that was not initially proposed.
  - Some data points, notably designed for inter-operability purpose, for instance reconciliation with financial statements or taxonomy reporting, that are too far from what ACT assesses, and that are therefore not used. On this regard, our vision diverges from the initial mapping proposition.
- This section could be the opportunity to discuss the ability to better frame in ACT Assessment trend in past and trend in future calculations thanks to the ESRS information delivered in relation to decarbonations levers (E1-3 29 (b): [...] *the undertaking shall: [...] (b) when describing the outcome of the actions for climate change mitigation, include the achieved and expected GHG emission reductions*”.

### **E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION**

*Main*

*output: this aspect is very well used in ACT, but raised concerns about the ways targets are defined in the two frameworks (boundaries, absolute vs emissions intensities, etc.).*

This section clearly relates to the Module 1 on Targets in ACT. Taken together, most of the aspects can feed the scoring of the Module 1 indicators. Some remarks, on the way targets will be reported compared to ACT:

- The ESRS requires to report the target in absolute value, and the targets expressed in emissions intensity per volume is optional. Companies are also allowed to report their targets by net revenue, which is not recognized in ACT Generic.
- The split of the targets in ACT between Scope 3 upstream and Scope 3 downstream is not required in the ESRS, and might not be available to score the indicators as such.

Given the correspondence between this section and Module 1, few modifications are expected for ACT on this basis. One might consider relevant to better recognize target setup as allowed by CSRD (ie global targets on scope 3 or scopes 1+2+3, monetary targets. This could be made for instance as in ACT Finance through, if deem relevant (i.e. for instance for monetary targets), the application of a penalizing factor due to the target design so as to recognize this is not ideal.

Another point of attention affects the possibility to report Scope 2 emissions targets either location-based or market-based. This difference and required scope 2 data is not currently explained in ACT Generic, but would need to be added, with a favor for the location based / some cautious regarding the market based, reflected either in the performance score or the narrative score.

Furthermore, the absolute targets might be better incorporated in ACT Assessment in order to better cope notably with enablers/start-ups.

### **E1-5 – ENERGY CONSUMPTION AND MIX**

*Main output: these data are not integrated in ACT Generic at the moment.*

This section specifically addresses the data related to energy consumption, which is not required as such in the ACT Generic methodology.

100% of the data points are reported as “No use input”. Please note that this won’t be the case for some relevant ACT sectoral methodologies (e.g. Electric utilities). Question can be raised about the opportunity to integrate optional indicator in ACT Generic on the energy mix where assessed relevant.

One point of attention is raised for the data points referring to net revenue generated by highly emissive activities over the global net revenue apart from these highly emissive activities. This aspect is currently not addressed anywhere in the methodology and could be the opportunity to feed the Module 9 on the extinction of “brown” activities.

## **E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS**

*Main output: This section is globally*

*very well used in ACT.*

This section is key for the ACT assessment in general as it frames the way Scope 1, 2 and 3 GHG emissions are reported. It is therefore relevant mainly for Modules 1, 2 and 4 which require the level of GHG emissions at the reporting year and in the near past and future.

- The data points framing the GHG emissions disclosure are used in the ACT methodology and are mostly marked as useful, though not sufficient.
- Some data points aim at providing information about the data quality or the rationale for excluding certain GHG emissions sources. Data quality can be assessed through several aspects: the emissions boundaries, the methodologies used by the company to make estimates, whether the company used location- or market-based data, etc. We flagged that the data quality aspect is currently not included in the ACT Generic methodology, especially in the narrative score, which is in the simplified version (i.e. the 4 categories are not divided into sub-categories to detail the scores). Data quality is a recurrent aspect in the CSRD and addressing data quality and consistency would be unavoidable in ACT given the expected data that should be reported by the companies under the CSRD. Thus, it is suggested as already planned to add data quality aspect in all ACT Assessment methodologies, notably in the narrative score.
- As for other ESRS sections, GHG emissions intensities might be reported per net revenue. We agree on the conclusion drawn by ADEME’s team that the philosophy of ACT is not to express emissions intensities this way.

The main update deriving from this section would affect the data quality aspect under the Narrative score.

## **E1-7 – GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS**

*Main output: These aspects are not covered in ACT and are not subject to immediate update in ACT.*

GHG removals and emissions offsetting mechanisms are deemed not relevant and excluded of the ACT assessment methodologies that focuses on own GHG’s emission reductions. Once mature technology of carbon removal emerge, this could be taken into account in ACT framework.

## **E1-8 – INTERNAL CARBON PRICING**

*Main output: This topic is mentioned in ACT, but much less developed than in the ESRS, and would therefore be subject to ACT updates.*

This section is focused on how internal carbon pricing is implemented in the company. Carbon pricing is currently accounted for in ACT in a subdimension of the maturity matrix used to score the indicator 5.3 Low-carbon transition plan, through a single question.

We have marked 100% of the data points constituting this section as “More than needed” as this aspect is currently more detailed in the ESRS than in ACT. Considering this situation, one might think further about the opportunity to better on-board this aspect on the ACT Assessment.

## **E1-9 – ANTICIPATED FINANCIAL EFFECTS FROM MATERIAL PHYSICAL AND TRANSITION RISKS AND POTENTIAL CLIMATE-RELATED OPPORTUNITIES**

*Main output: These aspects are not as detailed in ACT as the ESRS. Part of the data points in the ESRS could be used in ACT Adaptation. Further discussions would be needed on whether and how to integrate them in ACT.*

This section addresses several distinct aspects:

- Material physical risks impacts on the company
- Transition risks
- Climate-related opportunities

This section details several aspects around the risks that are not so much detailed in ACT Assessment at the moment. This divergence can be mainly explained by the fact that:

- ACT focuses on the actions done by the company to mitigate its GHG emissions
- On physical risks, ACT has a dedicated ACT methodology on Adaptation, and the purpose is not to duplicate the indicators

Overall, we find a good convergence between the mentioned data points and the indicator 5.5 Climate change scenario testing and the Risk aspect of the Narrative score. For specific data points relating to climate-related opportunities, the link with Module 9 was also relevant. We have removed some proposed correspondence for several data points as we deemed that the ACT assessment was too far from the details required by the CSRD. We thought it was relevant to reflect that, as it stands, the ACT methodology develops to a lesser extend the aspects related to this section of the ESRS.

As for SBM-1 and IRO-3, this situation triggers the question of whether it would be relevant to on-board more risk/opportunity aspects on the ACT Assessment beyond what is done today. This questions the global orientation of an ACT Assessment, initially more focused on an impact perspective.

Furthermore, one might question the opportunity to exploit some physical risk datapoints, paying attention in order to ensure that the ACT generic methodology (and sectoral methodologies) won't duplicate with the ACT Adaptation methodology.

## **ESRS 2**

### **ESRS 2 – BP 1 GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS AND BP 2 DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES**

*Main output: These aspects are quite well used in ACT.*

These sections require some general aspects, which are likely to provide useful information especially for consistency and credibility.

A large number of data points relate to data quality. As mentioned above, data quality is not assessed in the methodology as it stands, which needs an update on the Narrative score that has been already implemented in some methodologies (e.g. ACT Finance) but not on all.

**ESRS 2 – GOV 1 THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**  
**GOV-2 INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANagements AND SUPERVISORY BODIES**  
**GOV-3 INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES**  
**GOV-4 STATEMENT ON DUE DILIGENCE**  
**GOV-5 RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING**

*Main output: These aspects are overall quite far from ACT and/or not climate focused.*

A majority of the data points are very general or not climate focused, therefore not relevant for the ACT assessment. Other aspects relate quite well to the Module 5 Management.

One major point to address here, in relation to the harmonization with the other methodologies, is the absence in ACT Generic of indicator related to internal trainings. Harmonizing the ACT Generic methodology with other in this sense would not only align with the other sectoral methodologies, but also with the aspect related to internal skill in this ESRS.

**ESRS 2 – SBM-1 STRATEGY, BUSINESS MODEL AND VALUE CHAIN**  
**SBM-2 INTERESTS AND VIEWS OF STAKEHOLDERS**  
**SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL**

*Main output: These aspects are overall quite general or refer to aspects already addressed in other CSRD sections.*

These sections require a broad range of data, some of which are quite general (especially under SBM 1) and therefore not relevant for ACT. Under SBM 2, the reference to strategy and business models refer to similar points as E1-1 regarding the involvement towards highly emissive activities (here by looking at revenue). One could question whether this information would better fit in the Modules 2 and/or 4 rather than the Module 9. Finally, SBM 3 relates more to risk aspects, which are not always linked to climate activities. For the data points where a link can be done with ACT, the main conclusions are very close to those reported in E1-9.

**ESRS 2 – IRO-1 DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES**

*Main output: not aligned with ACT (general and/or not climate-related)*

The aspects listed in this section are either related to the company's internal process to assess the impacts, risks and opportunities. Apart from 3 data points that are related to existing indicators in ACT, the details required in this section are far from what ACT requires and are not relevant to be added in the methodology. Certain aspects refer to non-climate issues (water, pollution, etc.).

## **ESRS 2 – MDR-P POLICIES ADOPTED TO MANAGE MATERIAL SUSTAINABILITY MATTERS**

*Main output: globally not used in ACT*

This section relating to policies was initially marked as “No use input”, but we believe that the ACT indicators relating to client, supplier or policy engagements can be addressed here (without any guarantee that the information provided will be sufficient). We identify no area of ACT methodology improvement given the shape of this qualitative information.

## **ESRS 2 – MDR-A ACTIONS AND RESOURCES IN RELATION TO MATERIAL SUSTAINABILITY MATTERS**

*Main output: these aspects are quite well linked to ACT indicators.*

This MDR relates to actions and is linked to several ACT indicators.

Compared to the first mapping proposition, we raise the attention on the fact that the CapEx required in these data points are unlikely to be reported in the split expected in the current ACT format to answer the indicator 2.3 Share of green CapEx. In this ACT indicator, the targeted CapEx is not limited to the taxonomy and encompass a broader scope of expenses. However, the integration in ACT of the CapEx and OpEx dedicated to the action plan to address the credibility of the implementation of the action plan seems relevant. The way it will be assessed remains however a challenge (do we define a “threshold”? On what basis?). This would be one of the major changes to implement.

## **ESRS 2 – MDR-M METRICS IN RELATION TO MATERIAL SUSTAINABILITY MATTERS**

*Main output: these aspects will mostly provide useful information.*

This MDR relates to metrics.

The data points provided could as spotted by the initial mapping relate to the SMART aspect of the measure of process, but we provide a different vision of the correspondence. The data points might provide useful information, though may not be sufficient to evaluate this whole aspect under indicator 5.3 Low-carbon transition plan.

## **ESRS 2 – MDR-T TRACKING EFFECTIVENESS OF POLICIES AND ACTIONS THROUGH TARGETS**

*Main output: similar conclusion as E1-4, very well used in ACT with caution on the parameters*

This MDR relates to targets, and notably in the context of climate to GHG targets.

As for E1-4, this section is closely linked to ACT and the Module 1 on Targets. A high level of correspondence is reported across the data points, with opportunities for improving the ACT assessment. Two major updates can be inspired by this section:

- Adding non GHG related targets
- Requiring the methodology used to define the targets, to assess the credibility associated

Generally, for MDR A, MDR M and MDR T, the aspects regarding how the company plan to improve its current strategy would be relevant to clearly frame the Trend score in the methodology.



## ESRS G1 BUSINESS CONDUCT

*Main output: overall quite far from ACT except regarding value chain and lobbying information.*

This aspect addresses the governance aspects, mainly regarding supply chain, corruption, lobbying activities and payment delays. Overall, the associated data points are dealing with aspects that are far from what ACT assesses. Though, certain aspects related to partnerships with suppliers can be useful to feed Modules 6 and 7. In the same vein, certain aspects related to lobbying activities can feed the Module 8 score.

## ESRS S1 OWN WORKFORCE

*Main output: overall quite far from ACT, a potential area of improvement regarding impact of climate change on the company's workforce.*

This category focuses on the social aspects, mainly related to the company's own workforce (risks, opportunities, conflicts of interests, etc.). Again, this section is quite far from ACT but certain points related to Risk of material impacts on workers could be better integrated in ACT.

## 1.2. ACT GENERIC > ESRS

We provide here the main outputs and learnings from the ACT Generic > ESRS mapping. The detailed aspects are provided in the correspondence table.

### 1. TARGETS

*Main output: very well addressed and framed in the ESRS*

Overall, the module 1 is very well addressed and framed in the ESRS data points, and most of the indicators from this module are likely to be assessed. Our main remarks affecting this module are the followings:

- The boundaries of the emissions considered might not be similar
- The CSRD does not require a split between the Scope 3 upstream and the Scope 3 downstream emissions
- The ESRS requires targets in absolute value, while targets in emissions intensity (per volume) is optional

### 2. MATERIAL INVESTMENTS

*Main output: the aspects are quite differently reported under the ESRS*

- 2.1 and 2.2 Trends: the data in the CSRD are required as an absolute value and may be reported with emissions intensity (by volume) only optionally. Past data are formally required in the CSRD, however, there is no guarantee that the data will be provided 5 years, or even 3 years before the reporting year.
- 2.3 Share of green CapEx: this aspect would need to be aligned with the Taxonomy concepts
- 2.4 Locked in emissions: a qualitative assessment of the potential locked-in emissions is required under the CSRD. The data of the ESRS is likely to be insufficient for the indicator to be scored as such.

### 3. INTANGIBLE INVESTMENT

*Main output: not addressed in the ESRS, ACT needs to be updated*

- 3.1 R&D spendings in low-carbon technologies: this aspect would not be reported using the same boundaries under the CSRD. The ESRS requires certain types of CapEx and OpEx, but there is no guarantee (and it is unlikely) that the company will disaggregate the data in a way that will allow the scoring of this indicator.
- 3.2 Company Low-Carbon Patenting Activity: patenting activity does not appear in the ESRS.

### 4. SOLD PRODUCT PERFORMANCE

*Main output: similar remarks as Module 2*

- 4.1 Products/services specific intervention: some aspects required by the ESRS will be useful but not all of the aspects of the ACT maturity matrix can be scored with these data
- 4.2 Trend in past products/services specific performance: same remarks as 2.1.
- 4.3 Locked-in emissions from sold products/services: same remark as 2.4
- 4.4 Sub-contracted transport service performance: missing input as this information is very specific to some activities.

### 5. MANAGEMENT

*Main output: globally well addressed in the ESRS, without guarantee of having the appropriate format to score the ACT indicators*

- 5.1 and 5.2: the correspondence is assumed, however we flag that ACT is more accurate than the ESRS on the definition of the categories of management or skills.
- 5.3 Low-carbon transition plan: the maturity matrix is so far designed in a way that may not allow its full scoring. On the other side, the ESRS is clearly requiring specific data that would be relevant to assess this indicator.
- 5.4 Climate change management incentives: this seems well linked to certain data points clearly looking at remuneration in accordance with climate change. However, there is no guarantee that the company's data will be formatted so as to score this indicator.
- 5.5 Climate change scenario testing: the ESRS seems to be quite well aligned with the ACT data required.

### 6. SUPPLIER ENGAGEMENT

### 7. CLIENT ENGAGEMENT

*Main output: much less developed in the ESRS*

- ACT seems overall more ambitious on these two aspects. The ESRS requires more clearly to target the relationship with suppliers, while the strategy and actions towards clients is not well defined. The information to score these two modules may however be available under the data points related to Policies.

## 8. POLICY ENGAGEMENT

*Main output: useful information provided under the ESRS but less developed than in ACT*

- Indicators 8.1 to 8.3 could be fed using some data reported under the CSRD, with no guarantee though. Relevant correspondence has been highlighted in the mapping table.
- 8.4 Collaboration with local public authorities: this aspect does not appear in the ESRS. This is unlikely that this indicator can be scored with the reported data under the ESRS.

## 9. BUSINESS MODELS

*Main output: globally addressed, with potential updates in ACT to better fit the ESRS*

- 9.1 Revenue from low-carbon products/services and 9.2 Changes to business models: this is unlikely to be reported under the appropriate format for an ACT assessment. The same question around the alignment with the Taxonomy seems necessary here.
- 9.2 Changes to business models: the three dimensions address aspects that are common to some ESRS data points, but the way they are currently scored may not fit to the expected available data under ESRS: for example regarding dimension 3 on “brown” investments, ACT is looking at the commitment and the timeline to phase out from high-carbon business models, while the ESRS requires current expenses on fossil fuels activities.
- 9.3 Share of products/services sales: this indicator seems quite specific and is not addressed in the ESRS. It would be potentially relevant to update this indicator to reflect other useful aspect of the ESRS.

## NARRATIVE SCORE

*Main output: quite well addressed, with an update needed for ACT*

The different aspects of the Narrative score seem to be quite well addressed under the CSRD. The ESRS data points may actually provide more data than needed for ACT, and the most developed version of the Narrative score would be relevant to be implemented.

## TREND SCORE

*Main output: useful additional information in the ESRS*

The trend score is calculated based on forward-looking indicators and on the overall impression from the analyst. Certain ESRS data points requiring the improvements planned on actions, policies, etc. will be very useful to complete the automated scoring.

# 2. Sectoral ACT Methodologies vs. CSRD mapping

The general remarks regarding the extension of the work on the 6 methodologies are the following:

- In all the correspondence tables (ACT → CSRD and CSRD → ACT), a large share of the conclusions are similar to ACT Generic
- For the energy sectors (Oil & Gas and Electric utilities), the match with E1-5 is not as expected, as it deals with « energy used » and not sold. This has been flagged as « Push for sectoral ESRS » in the ESRS → ACT mapping.
- The energy used is often part of certain indicators, but there is nothing directly and only related to it
- The methodologies highly rely on emissions intensities (targets, trend in past), which are only optional units in the CSRD. Another scoring option with ACA shall be added in ACT.
- Boundaries issues:
  - the split between Scope 3 upstream and downstream emissions is not required in the CSRD,
  - certain differences prevail between the GHG Protocol (which is the recommended standard in the CSRD) and ACT,
  - certain categories of emissions are used in ACT and are specific to certain sectors, such as the emissions from managed vs. owned buildings in the ACT Real Estate methodology. This split don't exist in the current generic version of the CSRD.

## 2.1. AUTO

The mapping for the Auto methodology is overall very close to the mapping of the generic methodology. The main remarks boil down to:

- Module 2: An ACT item on future emissions trend is missing compared to other methodologies, although it appears relevant for the sector. It relates to the harmonisation of ACT methodologies.
- Module 4: collecting data to assess the trend in past scope 3 emissions can get complex, because ACT requires to only consider a specific list of materials and items (aluminum, glass, plastics, steel and batteries for upstream, vehicles in use for downstream).
- The mapping highlighted indicators that could be pushed for the sectoral ESRS:
  - Share of low-carbon vehicles
  - Low-carbon vehicles efficiency performance

## 2.2. TRANSPORT

The ACT Transport methodology contains several specificities that make a relatively significant difference in the conclusions compared to other methodologies:

- The **Scope 3 downstream emissions** (through subcontracting mainly) are hard to capture in this sector (as mentioned during the methodology development) → yet with the CSRD, companies will have to report it. As opposed to other ACT methodologies, there is no specific indicator on Scope 3 target, which is aligned with the CSRD requirements
- Indicators using sectoral benchmarks: the **emissions must be split per transport mode**, which is not required in the CSRD
- Indicator 4.3: the score is downgraded proportionally with the **share of spot contracts**:
  - This share is not required in the CSRD
  - Beyond the CSRD mapping, the relevance of this downgrading is questionable
- Indicators 2.2 and 4.2 *Alignment of past performance with carbon budget* exists only in the Transport methodology:
  - Provided that the indicator on *Achievement of past and current targets* is likely to evolve by including the data in absolute value, it might result in a duplicate
  - The data is very likely to be available with the CSRD and the indicator was well received by Transport companies. The question of the desired future of this indicator should be raised.
- Module 6 *Supplier engagement* is built differently with 3 indicators, one indicator per supplier targeted (subcontractors, vehicle manufacturers, infrastructure operators) but the conclusions of the ESRS mapping are similar
- E1-5: the energy used clearly appears in this methodology, through the fuel consumption.
- This methodology has no trend in future

## 2.3. ELECTRIC UTILITY

Electric utility is a sector that seems more subject to push for sectoral ESRS, as certain indicators are particularly relevant for the sector and are not clearly targeted by the current generic standards. Examples are :

- Energy efficiency services share
- Interventions to reduce life-cycle emissions of low-carbon assets
- Production source of the energy retailed

Other remarks following the mapping are:

- The scopes of ACT items (Module 1, 2, 4) are not likely to match with the data points (e.g., ACT items only focusing on retailed electricity generation or electricity generation).
- The ACT item 'Contribution to low-carbon electricity generation' only applies to retail and mixed profile companies, it could be enlarged to power generation companies.



- E1-5 is not as aligned to the ACT methodology as expected. It only provides usable context information to the narrative score and to ACT item 4.5 (interventions to reduce life-cycle emissions of low-carbon assets)
- More data points have been linked to the narrative score because of the particularity of the sector (e.g., revenues from fossil fuel).

## 2.4. RETAIL

The ACT Retail methodology is built quite differently compared to other methodologies, mostly because retailers are not the manufacturers of the sold products. Aspects related to products storage are also new compared to the other studied methodologies.

- A general remark is that the maturity matrices don't appear in this methodology
- 1.2 *Alignment of upstream scope 3 emissions reduction targets* is expressed in emissions intensity per added value, which is probably not the case anywhere else in ACT
- There is no indicator on Time horizon
- The module 3 does not appear in this methodology and could be integrated. For example, there is no rationale for not including a minima the staff training indicator
- Aspects related to locked-in emissions are not part of this methodology and there is no rationale for updating the methodology in this sense
- This is the only sector among the 7 studied having a reference to E5 *Resource use and circular economy* (especially through waste) with the indicator 5.5 *Waste reduction strategy* and module 9. A very broad range of aspects are encompassed in this single indicator, and would need to be better framed and aligned with the ESRS, and probably synthesized.
- Scenario testing is missing in Module 5, which jeopardizes certain aspects related to risk.

## 2.5. OIL & GAS

The ACT Oil & Gas methodology is generally a sector that seems more subject to push for sectoral ESRS, as certain indicators are particularly relevant for the sector and are not clearly targeted by the ESRS. However, the most generic indicators are overall well aligned with the ACT Generic methodologies, so as the conclusions.

- The targets are expressed as a sum of Scope 1+2 or Scope 1+2+3 emissions, which may facilitate the calculation based on public data
- The *Locked in emissions* indicator is similarly designed as the other methodologies and is particularly relevant for the Oil & Gas sector. However, it remains (very) unlikely to be available under the CSRD (only required as a qualitative data)
- The conclusion is similar for *Share of unsanctioned projects*

- Information regarding CDR, CCS and CCU are required through several indicators (2.6 *Carbon removal technologies (CDR) and carbon capture, use and storage technologies (CCS, CCUS) CapEx share* and 3.2 *Share of R&D in carbon removal technologies*) and are not clearly targeted in the ESRS.
- Sufficiency is not clearly required in the CSRD (probably for a political reason) and does not match with certain ACT indicators clearly mentioning it (for example, 9.2 *Business activities that contribute to the reduction of energy demand*)

## 2.6. REAL ESTATE

The mapping for the Real Estate methodology quite differs to other methodologies, mainly because of sector specific aspects. The outcome of the mapping both suggests simplifying the ACT methodology, specifically when it comes to carbon accounting, and pushing for the sectoral ESRS.

- More data points have been linked to the narrative score because of the particularity of the sector, including E1-5 on energy consumption.
- New data points have been called for to answer to ACT items specific to the Real Estate methodology (namely contractual instruments and real estate assets by energy efficiency class).
- The emissions scopes of modules 1 and 2 ACT items do not completely match with the CSRD data points. Concretely, the ACT items are not based on carbon accountability scopes and categories, and they introduce a high level of granularity. Indeed, the indicators distinguish different types of buildings (owned buildings, managed buildings, and buildings newly integrated). This specific split of accounted emissions is the result of a collaborative work with real estate companies, for the methodology to be as relevant as possible to the sector. However, in the case of public database evaluations, it is very unlikely to retrieve the appropriate data to score the modules 1 and 2. It is therefore suggested to develop a simplified methodology for evaluations based on public data, which would build on GHG accountability standards in order to ensure the interoperability of reporting frameworks. In parallel, in the case of the original Real Estate methodology, it is recommended to make more explicit the scope of the emissions considered under each ACT item in order to facilitate evaluators' understanding and avoid confusions.
- The methodology could further clarify certain aspects that led to certain assumptions during the analysis. More specifically, managed building have been considered in the analysis regardless of the ownership status of the buildings (operational control), which may vary depending on the buildings. Also, "newly acquired buildings" stood for newly built and acquired buildings, as opposed to potential newly acquired and old buildings. This category integrates both owned and managed buildings.
- It is suggested to push for the sectoral ESRS to collect data on the three business models considered in Module 9 (energy supply systems, optimize/rent additional building spaces, and provide mobility services)

On another level, the mapping has also identified major alignment gaps with the generic methodology:

- Module 2: Missing item on the share of green CAPEX, which could be relevant in this methodology.

- Module 3 and 4 are missing without explicit explanations. Specifically for Module 4, ACT items could be relevant to better cover owned buildings.
- The maturity matrices in modules 5, 6, 7, 8 are slightly different than the generic methodology, although the overall approach is similar.
- Module 9 is not built as in the generic methodology.

## 3. Conclusion

The work of mapping between ACT methodology and the CSRD is relatively satisfactory. The correspondence between the two reporting scopes demonstrates that the ACT methodologies are relatively close to CSRD datapoints. This work of correspondence appears as necessary as completing an ACT assessment with inputs from the CSRD will be key for future ACT's applications.

From the correspondence of ACT towards the CSRD, the majority of the indicators in ACT Generic have a reference in the ESRS (87%), under the condition that the reporting matches the requirements. It demonstrates a correspondence in the challenges raised in ACT and the climate mitigation information required from the ESRS.

In addition to the ACT-CSRD correspondence, this work has identified a number of priority areas of work :

- The opportunities of improvements of ACT methodology, arising from the correspondence work, will have to be implemented from 2025 in ACT methodologies and associated tools.
- ACT Initiative will have to pursue its influence on the EFRAG sectoral development for ensuring the integration of relevant information.
- A further in-depth analysis is required based on the first actual reporting in 2025.