ACT Public Consultation on Proposed Updates to Qualitative Modules - Results

INTRODUCTION

In May/June 2022, the Assessing low-Carbon Transition (ACT) initiative launched a public consultation on the Scribehub platform on updates to four of the qualitative modules that form part of the ACT performance score. The updated modules are Module 5: Management; Module 6: Supplier Engagement; Module 7: Client Engagement; and Module 8: Policy Engagement. The updates to these modules will be incorporated into the five sector methodologies currently being finalised for publication (Agriculture & Agrifood, Aluminium, Chemicals, Glass and Pulp & Paper), as well as all future updates to other sector methodologies.

WHY IS NOW THE TIME TO UPDATE THESE ACT QUALITATIVE MODULES?

Feedback from the analysts and companies involved in the recent road-tests of new ACT sector methodologies (Agriculture & Agrifood, Aluminium, Cement, Chemicals, Iron & Steel, Glass, Pulp & Paper, Oil & Gas and Transport), and the sector benchmarks undertaken by CDP and the World Benchmarking Alliance (WBA), have consistently pointed to two main issues with the four qualitative modules, namely:

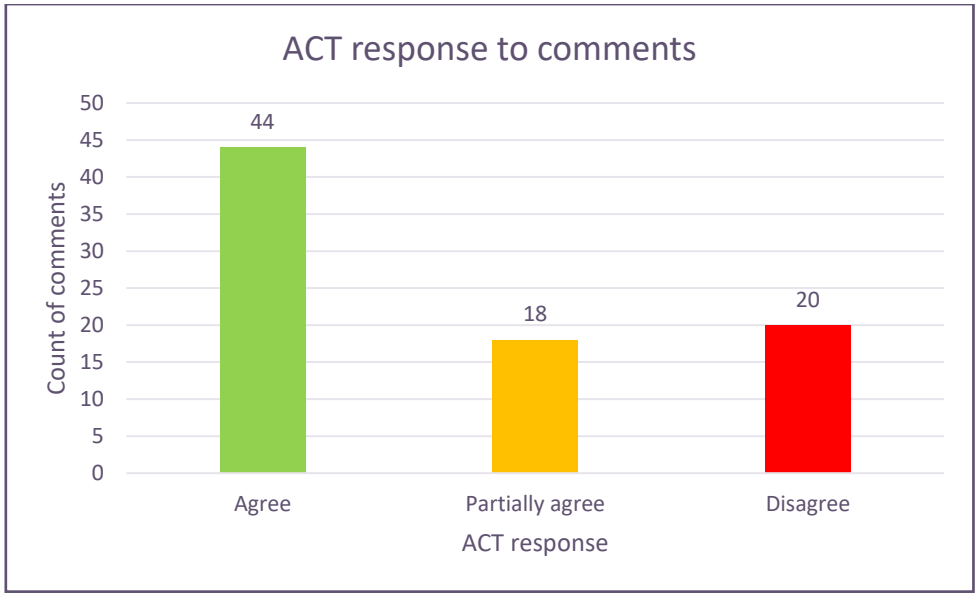
- Not enough guidance was provided around data collection and scoring to aid analysts and companies;
- Unclear or confusing maturity matrices made it difficult for analysts to assign maturity levels consistently.

RESULTS OF THE CONSULTATION

Highlights from the public consultation:

- **13 unique responders to the consultation**: experts in the field from consultancies and companies, with experience implementing ACT assessments;
- **82 total comments**: 67 technical comments, 11 editorial comments, 4 general comments;
- **3 responses to general feedback survey**, with positive responses regarding the updates:
  - “We want to highlight that this [is] a robust improvement to the maturity matrix for qualitative modules”;
  - “In general we think the guidance has improved significantly”;
- **ACT agreed or partially agreed with 76% (62) of total comments**. These suggestions have been incorporated into a full post-consultation update of the qualitative modules.

The figure below shows ACT’s response to the 82 comments left during the public consultation. ACT agreed with 54% (44), partially agreed with 22% (18), and disagreed with 24% (20) of the comments.



Most recurring comments from the consultation:

- 6 comments on indicator *5.4 - Climate change management incentives*, highlighting a lack of clarity and guidance, especially regarding monetary vs non-monetary incentives.
  - ACT response: "*New matrix wording is added, based on the Executive Compensation Guidebook for Climate Transition developed by Willis Towers Watson, in partnership with the Climate Governance Initiative, a project in collaboration with the World Economic Forum.*"
- 5 comments on indicator *5.3 - Low-carbon transition plan*, asking that the "Internal coherence" sub-indicator should be modified or removed due to overlap with the narrative score.
  - ACT response: "*We have changed the "Internal coherence" sub-indicator, replacing it with a new sub-indicator on "Implementation of results of scenario testing" – we want to measure that companies have used the result of scenario analysis to inform the development of their transition plan.*"
- 3 comments on indicator *5.2 – Climate change oversight capability*, asking that specific professional/academic experience and expertise in the industry that the company is in should also be rewarded, alongside climate change- and low-carbon transition-related expertise.
  - ACT response: "*Expertise appropriate to the job level is already assumed for an experienced individual sitting high-up within an organisation. We are looking specifically for knowledge and expertise of climate-related topics.*"

The individual comments and ACT's response to each comment can be viewed here. The updated versions of the qualitative modules can be viewed here.

The updated versions of the qualitative modules will be incorporated into the upcoming publications of the five sector methodologies currently being finalised.

The ACT methodology development teams at ADEME and CDP wish to thank all those who participated in the public consultation: your comments have been key to improving the quality, robustness and ease of use of ACT sector methodologies for years to come!