

ACT ADAPTATION METHODOLOGY SUMMARY

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ACT









Article 7 of the Paris Agreement defines the global goal of "enhancing adaptive capacity, strengthening resilience and reducing vulnerabilities to climate change". Despite the growing concern for climate change adaptation, there is a lack of standardised and operational frameworks for analysing physical risks and assessing the adaptation strategies of private actors.

ACT Adaptation aims at assessing the quality and comprehensiveness of company's adaptation strategy, from their physical risk analysis to their governance, taking into account the entire value chain. This methodology applies to all sectors and is suitable to companies of various sizes and geographical locations. ACT Adaptation is based on the most recent international standards: TCFD, CSRD, ISO 14090 and ISO 14091, EU Taxonomy.

ACT ADAPTATION ASSESSMENT FRAMEWORK: GUIDING QUESTIONS



Very often, due to market or investor pressures, companies have a short-term vision that prevents from building a proper adaptation strategy. This first question is then essential to place the company within a long-term vision.

Once we are sure that the company is aware of the need to adapt to climate change and committed to the process, we shall seek to understand what the company is planning to do.

While the companies' intentions and strategy to adapt to climate change are extremely important, past actions and current performance will also be considered.

To a large extent, the answer to these questions not only determines the adaptation gap, but also makes its commitments well-founded and credible, by ensuring a comprehensive, coherent, effective, and feasible adaptation strategy.

THE ACT ADAPTATION OUTPUTS

The ACT Adaptation rating is a number score from 0 (worst) to 20 (best). It is based on the score attributed to each indicator within 3 dimensions, that correspond to the 3 sub-scores (as a percentage).

Score out of 20 Sub-score Sub-score Governance & strategy Sub-score Physical climate risks Sub-score Adaptive capacity and adaptation activities

DETAIL OF ACT ADAPTATION INDICATORS

ACT Adaptation aims at:

- guiding companies through adaptation 'best efforts' for improving a strategy
- providing a framework that operationalizes the concepts related to adaptation pathways in order to achieve a comprehensive adaptation strategy.

DIMENSION	MODULE	INDICATOR				
GOVERNANCE & STRATEGY	4 INTERNAL COVERNANCE	1.1 Strategic objectives over the different time horizons				
	1. INTERNAL GOVERNANCE	1.2 Adaptation leadership and responsibilities				
	2. COHERENCE WITH	2.1 Coherence with external adaptation strategies				
	EXTERNAL STRATEGIES & DIALOGUE	2.2 Working/Dialogue with interested parties				
	3. ENVIRONMENTAL AND SOCIAL SAFEGUARDS	3.1 Do No Significant Harm Principle				
PHYSICAL CLIMATE RISKS		4.1 Climate data and scenarios				
	4. DATA AND VALUE CHAIN	4.2 Criticality of the value chain				
	5. PHYSICAL CLIMATE RISK ANALYSIS	5.1 Risks				
		5.2 Opportunities				
ADAPTIVE CAPACITY AND ADAPTATION ACTIVITIES	6. ORGANISATION	6.1 Decision-making processes				
		6.2 Internal learning system				
		6.3 Diversification of activities				
		7.1 Financial capacity				
	7. FINANCE	7.2 Mainstreaming of climate adaptation into investment decisions				
	8. TECHNOLOGIES AND NATURE-BASED SOLUTIONS	8.1 Technologies and nature-based solutions for adaptive capacity				
	9. HUMAN	9.1 Competence and expertise				
		9.2 Training and capacity building				
		9.3 Adaptation measures for working conditions				

ACT Adaptation The methodology evaluates company's physical risk analysis and adaptation strategy, as well governance. Although as specific adaptation measures do depend on the sector, size, location or activity of a company, the general framework for analysing its climate-related risks and opportunities can be harmonised. Adaptation principles and measures, as well as governance have strategy, and general features, no matter the company's size or sector. It is not intended to give a "stand-alone and exhaustive list of activities that could be viewed as contributing to adaptation under all circumstances" (TEG (2020), Report, Taxonomy Technical rather Annex) but to check whether all relevant elements and actions have been taken into account in the climate-change adaptation journey the company.

COMPARISON BETWEEN ACT ADAPTATION AND OTHER ADAPTATION STANDARDS / RECOMMENDATIONS

The ACT Adaptation methodology includes a comparison table (summarised version below; **extensive form in the full methodology**) between its indicators and standards / recommendations among the most developed regarding physical risks and adaptation to climate change or the most broadly-known up to date.

The ACT Adaptation methodology is aligned with the main standards and recommendations on adaptation, taking into account the key related concepts and aspects.

The table hereafter shows that the ACT Adaptation framework is wider and more precise than the main standards, and includes aspects not covered anywhere else.

Indicator	CDP	TCFD	EBRD	ISO 14090	ISO 14091	EFRAG	Taxono my	UBA
1.1 Strategic objectives over the different time horizons								
1.2 Adaptation leadership and responsibilities								
2.1 Coherence with external adaptation strategies								
2.2 Working/Dialogue with interested parties								
3.1 Do No Significant Harm Principle								
4.1 Climate data and scenarios								
4.2 Inclusion of all critical components of the value chain								
5.1 Risks								
5.2 Opportunities								
6.1 Decision-making processes								
6.2 Internal learning system								
6.3 Diversification of activities								
7.1 Financial capacity								
7.2 Mainstreaming of climate adaptation into investment decisions								
 8.1 Technologies and nature-based solutions for adaptive capacity 								
9.1 Competences and expertise								
9.2 Training and capacity building								
9.3 Adaptation measures for working conditions								

LEGEND:

Only covered by ACT Adaptation. Other recommendations/standards do not detail this aspect as ACT Adaptation does.
Partial alignment between ACT Adaptation and the recommendations/standards (most of the time
because ACT Adaptation is more precise or more demanding); Or covered differently
Aligned.
The recommendation/standard can help the ACT Adaptation assessment process.