



ACT ADAPTATION METHODOLOGY SUMMARY

October 2023

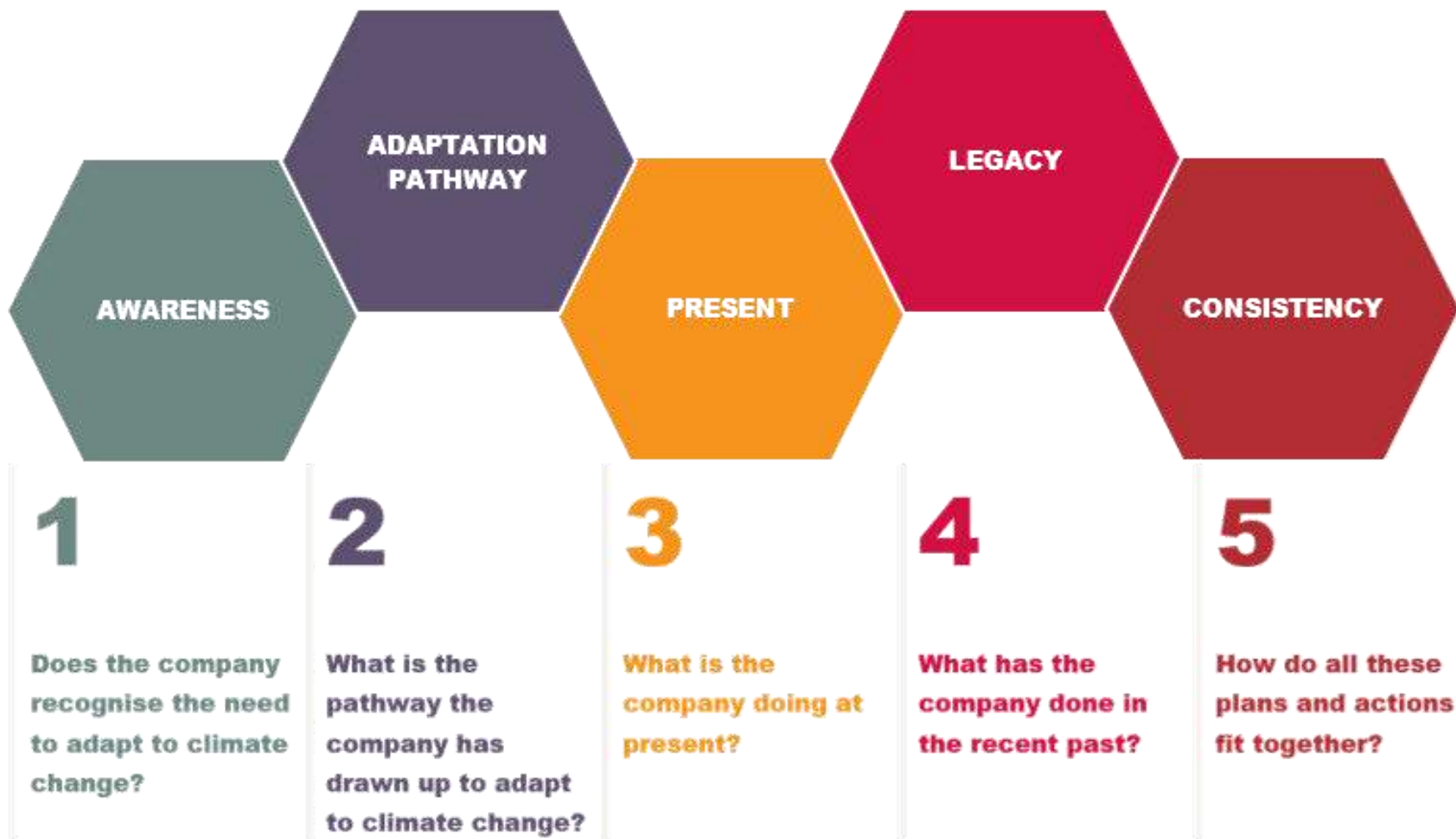
ACT



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.

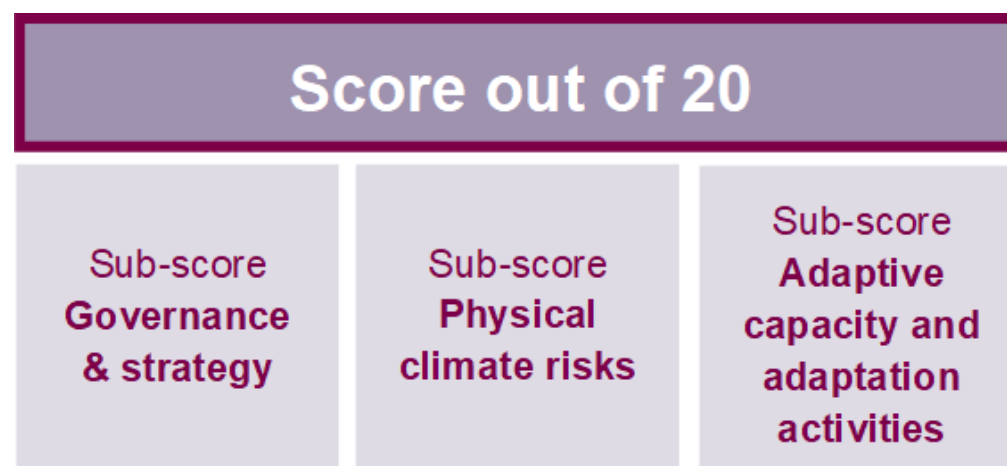
While the companies’ intentions and strategy to adapt to climate change are extremely important, past actions and current performance will also be considered.

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).



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	1. INTERNAL GOVERNANCE	1.1 Strategic objectives over the different time horizons
		1.2 Adaptation leadership and responsibilities
	2. COHERENCE WITH EXTERNAL STRATEGIES & DIALOGUE	2.1 Coherence with external adaptation strategies
		2.2 Working/Dialogue with interested parties
	3. ENVIRONMENTAL AND SOCIAL SAFEGUARDS	3.1 Do No Significant Harm Principle
	PHYSICAL CLIMATE RISKS	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. FINANCE	7.1 Financial capacity
		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

The ACT Adaptation methodology evaluates a company's physical risk analysis and adaptation strategy, as well as its governance. Although 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 and strategy, have 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), *Taxonomy Report, Technical Annex*) but rather to **check whether all relevant elements and actions have been taken into account in the climate-change adaptation journey of 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	Taxonomy	UBA
1.1 Strategic objectives over the different time horizons	Partial	Aligned	Partial	Aligned	Partial	Partial	Partial	Partial
1.2 Adaptation leadership and responsibilities	Aligned	Aligned	Partial	Aligned	Partial	Partial	Partial	Partial
2.1 Coherence with external adaptation strategies	Partial	Partial	Partial	Partial	Partial	Partial	Partial	Partial
2.2 Working/Dialogue with interested parties	Aligned	Partial	Partial	Aligned	Partial	Partial	Partial	Partial
3.1 Do No Significant Harm Principle	Partial	Partial	Partial	Aligned	Partial	Aligned	Aligned	Aligned
4.1 Climate data and scenarios	Aligned	Partial	Aligned	Partial	Partial	Partial	Partial	Partial
4.2 Inclusion of all critical components of the value chain	Aligned	Aligned	Aligned	Partial	Partial	Aligned	Partial	Partial
5.1 Risks	Aligned	Aligned	Aligned	Partial	Partial	Partial	Partial	Aligned
5.2 Opportunities	Aligned	Aligned	Aligned	Aligned	Partial	Partial	Partial	Partial
6.1 Decision-making processes	Partial	Aligned	Partial	Aligned	Aligned	Partial	Partial	Partial
6.2 Internal learning system	Partial	Partial	Partial	Aligned	Partial	Partial	Partial	Partial
6.3 Diversification of activities	Partial	Partial	Partial	Partial	Partial	Partial	Partial	Partial
7.1 Financial capacity	Partial	Aligned	Partial	Partial	Partial	Partial	Partial	Partial
7.2 Mainstreaming of climate adaptation into investment decisions	Partial	Aligned	Partial	Partial	Partial	Partial	Partial	Partial
8.1 Technologies and nature-based solutions for adaptive capacity	Partial	Partial	Partial	Partial	Partial	Partial	Aligned	Partial
9.1 Competences and expertise	Partial	Partial	Partial	Partial	Partial	Partial	Partial	Aligned
9.2 Training and capacity building	Partial	Partial	Partial	Partial	Partial	Partial	Partial	Partial
9.3 Adaptation measures for working conditions	Partial	Partial	Partial	Partial	Partial	Partial	Partial	Partial

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.