

# ACT ADAPTATION Road Test

## Anonymised Report

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Road Test process and anonymised  
results of the participating companies

May 2023



This report has been prepared by Climate Sense for ADEME

For more information please visit: [www.climatesense.global](http://www.climatesense.global)

## ACKNOWLEDGMENTS

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## Executive summary

The world has already exceeded +1°C global warming compared to the pre-industrial period (1850-1900). Climate change has been definitively linked with severe and widespread consequences across the globe (see the World Weather Attribution initiative). Thus, adaptation to the current and future climate system is essential and must be taken into consideration alongside mitigation efforts. All actors (private actors, companies, territories, governments etc.) have to start acting now to adapt.

ACT Adaptation aims at assessing the quality and comprehensiveness of company's adaptation strategy, from their physical risk analysis to their governance. It quantifies and qualifies to which extent a company has implemented a comprehensive, coherent, effective and robust adaptation strategy. The structure of ACT Adaptation aims to carry out a holistic assessment of the company's strategy, organisation and operation, along its entire value chain.

In order to test the ACT Adaptation methodology, a Road Test took place with 13 volunteer companies from different sectors, size and countries' activities and the support of consultants (Climate Sense) from July 2022 to end of January 2023. It enables to test the tool and the evidence collection process, to gather feedback from their experience in order to improve the existing methodology, provide additional support and adjust the inputs used to assess companies and guidance needed. It also explored the effectiveness of ACT Adaptation as a methodology dedicated to global companies from all sectors.

This report describes the road test process, provides the key findings of the assessment and an overview of results of the participating companies in an anonymised way. It also summarizes some companies' feedback on ACT Adaptation and the key next steps in the development of their adaptation strategy.

Climate Sense conclude that ADEME's ACT Adaptation provides a comprehensive and useful resource with potential to provide much needed assistance for companies developing their climate adaptation strategy and operations. With some revisions outlined by Climate Sense to ADEME, the ACT Adaptation methodology and tool will become an effective support mechanism that can be made available for the benefit of the many companies already at risk of climate related changes or now required to report on their adaptation activity.

## **1. CONTEXT**

This report provides the main details and the anonymized scores of the 13 volunteer companies who participated in the ACT Adaptation Road Test that took place between July 2022 and January 2023. The Road Test is part of the Assessing low-Carbon Transition (ACT) initiative, which is at the Global Climate Action Agenda of the UNFCCC secretariat since 2015. ACT Initiative is historically co-founded by ADEME and CDP, and is now in partnership with the World Benchmarking Alliance (WBA) since 2022.

ACT Adaptation augments the climate mitigation work that ACT has undertaken in many sectors. Feedback from participating organisations on the usefulness of the mitigation tool was very positive and it made sense for ADEME to also help organisations to think through how they adapt to known future risks – the other essential response to climate change. Adaptation is necessary, even if net zero is achieved very soon, as there is a lag between carbon dioxide being emitted to the atmosphere and its consequences on the climate. Thus, even if all carbon emissions were stopped today we would still be impacted by past emissions and its effects for several decades.

The aim of the Road Test was to trial the ACT Adaptation methodology with a range of companies to gather feedback from their experience in order to improve the existing methodology, additional support, adjust the tools and inputs used to assess companies and guidance needed. This report aims to provide the key findings of the assessment and an overview of results for the sector. Additional materials prepared during the assessment process, including detailed company data and feedback, informed the results summarised in this report but remain confidential.

The Road Test was set up to work with a diverse group of companies, from different sectors, size and countries' activity, to explore the effectiveness of the ACT Adaptation Methodology and tool and the evidence collection process. Each of the participating companies was fully assessed using the draft tool and scored as set out in the accompanying guidance, with support of the methodology. This report describes the process of doing this and presents the anonymised scores achieved by the 13 participating companies. This gives a sense of the range of scores and which areas tended to be stronger or weaker. This report augments the full ACT Adaptation Road Test report which provides feedback from the Road Test experience and learning sessions as well as recommendations for next steps for the tool and methodology.

The Road Test successfully tested the ACT Adaptation Tool on 13 companies with global reach through a dialogic process, with at least three assessment sessions per company. This approach enabled Climate Sense (the consultants managing the Road Test) to get substantial, direct feedback from participating companies on what was working well and what should change in the tool, framework and the evidence gathering process.

This was validated through two learning sessions and the Final Restitution Day in Paris in January 2023. Climate Sense conclude that ACT Adaptation provides a comprehensive and useful resource with potential to provide much needed assistance for companies developing their climate adaptation strategy and operations. ACT Adaptation needs some revision before it can be made available more widely. Specific recommendations are detailed in this report.

## **2. PARTICIPATING COMPANIES**

### **2.1 RECRUITMENT**

The original goal for the Road Test was for 15 companies that were geographically spread and operating across a diverse set of sectors. It was also a condition of inclusion that the companies had undertaken some degree of adaptation action prior to commencing the Road Test, such as a climate risk analysis, adaptation strategy development or operational planning. ADEME were keen to recruit from as wide a set of sectors as possible to explore whether to approach could work in diverse settings. Having advertised the opportunity through direct mailing to existing contacts and advertisement on the ADEME LinkedIn page, ADEME hosted a webinar to explain to Road Test on 16<sup>th</sup> March 2022 which was attended by 202 people. Interested companies were then invited to a one-to-one interview with ADEME. By the time that Climate Sense were recruited to manage the Road Test, 12 companies had been formally recruited by ADEME. The country spread of these companies was predominantly based in France, but they were operating in other countries, in Europe and worldwide.

Climate Sense was tasked with bringing the final three companies on board. Many companies and networks were contacted but despite considerable effort, only one company was recruited in the time available. Companies that showed an interest later pulled out as they felt that they had undertaken insufficient adaptation activity to qualify or lacked capacity to devote the required 5-10 days during the period of the Road Test. Company's staff capacity was also reduced due to the timing being over the summer holiday season. In the end, Climate Sense was able to recruit one company, PI Investment Management.

### **2.2 ADAPTATION MATURITY**

Although many of the recruited companies had made good progress on climate mitigation (carbon /CO<sub>2</sub> reduction), and were keen to build on this, most were just getting started on thinking about how their company might adapt to current and future climate risks. For many companies there was a sense that this was something quite new and unfamiliar but increasingly on their radar through requirements to report e.g. through the EU Taxonomy process or the Task Force on Climate Related Financial Disclosure.

Despite the prequalification requirement of having undertaken some adaptation activity, for example, some level of analysis of physical climate risks being faced, it became apparent that some recruited companies were still unsure of the difference between mitigation and adaptation action. So, although from conversations during the recruitment period with ADEME it seemed that most companies were already engaged in adaptation, for some it later emerged that their adaptation work had not yet started. Fewer than five of the thirteen recruited companies already had an adaptation plan or strategy.

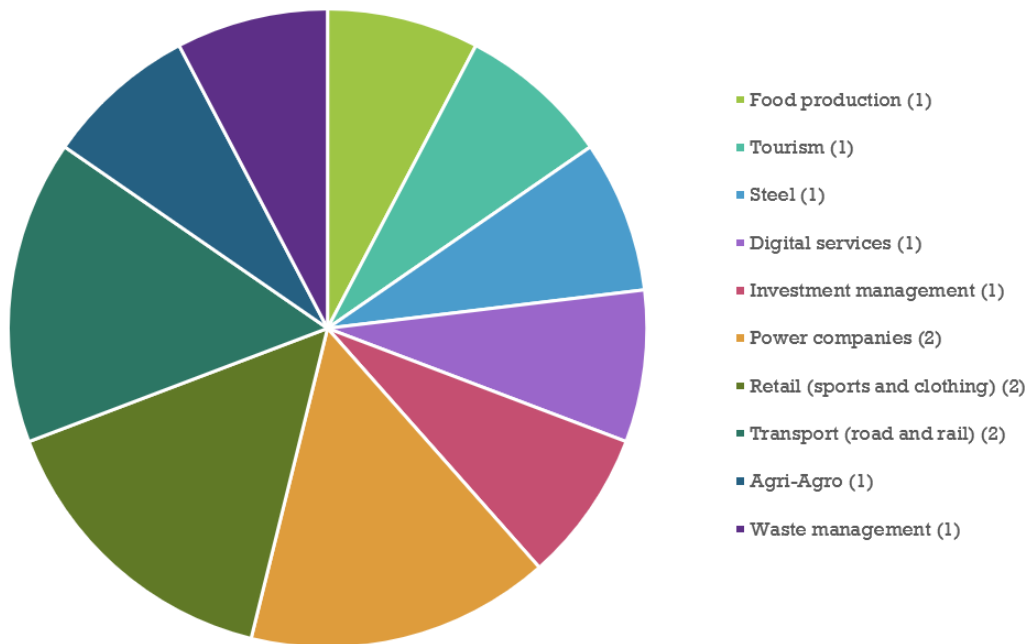
### **2.3 GEOGRAPHICAL REACH**

Ten of the participating companies originated in France, two in the UK and one in Brazil. Most of the participating companies are well known international companies, working in a number of countries or across the globe. Others were based in France, or neighbouring countries, but had global supply chains and markets with good global representation.

## 2.4 SECTORAL REACH

The pie chart legend below lists the ten, wide ranging sectors represented by the participating companies. As the ACT Adaptation methodology aims to apply for all sectors, it was essential to test during the Road Test whether a generic method was appropriate for use in different sectors as the nature of adaptation responses are context specific.

Some companies were well known global companies, operating across many sites, with multiple product lines, a big workforce and significant annual turnover.



**Fig 1: The sectors represented in the Road Test**

### 3. THE ASSESSMENT PROCESS

#### 3.1 INCEPTION AND WORKPLAN

The Road Test started on the 1st of July 2022 with the Kick-off meetings and the assessments. There were completed at the end of January 2023, following a Restitution Day in Paris on 24th January 2022. ACT Adaptation Road Test Schedule is presented in Figure 2. The work comprised the following phases: inception, data collection, analysis, tailored feedback and scores (including a chance to present the findings to participating companies and the Steering Committee at Restitution Day in Paris), final reports and discussions.

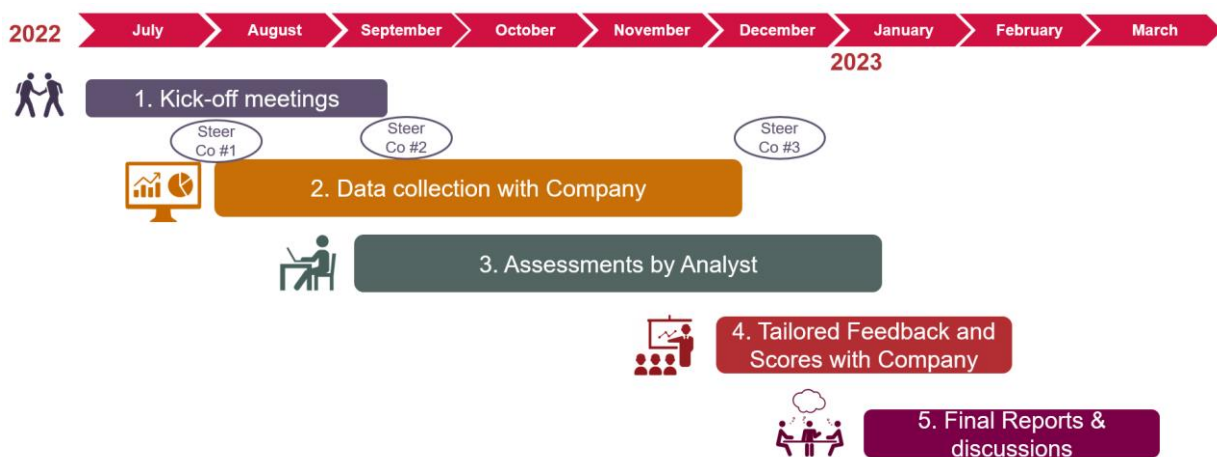


Fig 2: ACT Adaptation Road Test Schedule

During the data gathering phase there were two learning sessions that allowed the Climate Sense Team to hear back from the participating companies as a group - in addition to the direct feedback they were getting in the one to one discussions. Three Steering Committees were organized during the Road Test: at the start, in the middle and at the beginning of the reporting phase. Throughout the Road Test, regular (bi-monthly) meetings were held between Climate Sense and ADEME.

#### 3.2 QUESTIONNAIRE DEVELOPMENT

Climate Sense's initial task was to review the ACT Adaptation methodology and tool and prepare a Word document version of the questionnaire for the participating organisations that captured the indicator questions in the tool and provided examples of the kind of evidence that might be used to demonstrate that they had achieved a particular standard.

Climate Sense also prepared a simplified version of the Excel-based tool to support the initial companies in gathering evidence. The intention of this was to enable participating companies to respond to the questions and add links to evidence in a way that simplified compilation of the final tool for Climate Sense.



### 3.3 EVIDENCE GATHERING

The evidence gathering period took place between the end of July 2022 and mid-November 2022. The participating companies were divided into three cohorts (A, B and C), each composed of around 5 companies. Companies were allocated to cohorts based on staff availability and to ensure a wide variety of different sectors were represented in each cohort, with cohort A, for example, including food production, transport, retail and tourism sectors. The aim of these cohorts was to allow for some learnings in the data collection and assessment process during the road test, as well as smoothing the workload.

For each company's assessment, as depicted in Figure 3, there was a Kick-off meeting followed by three conversations. Each one was focusing on one dimension of the ACT Adaptation methodology and companies provided evidence to Climate Sense assessors in advance of it. After the companies had received their final assessment report, a final conversation was organised to make sense of the score received by the company and to discuss future steps for the company. Climate Sense highly recommends this final follow up session and that this becomes part of future support for companies completing the tool.

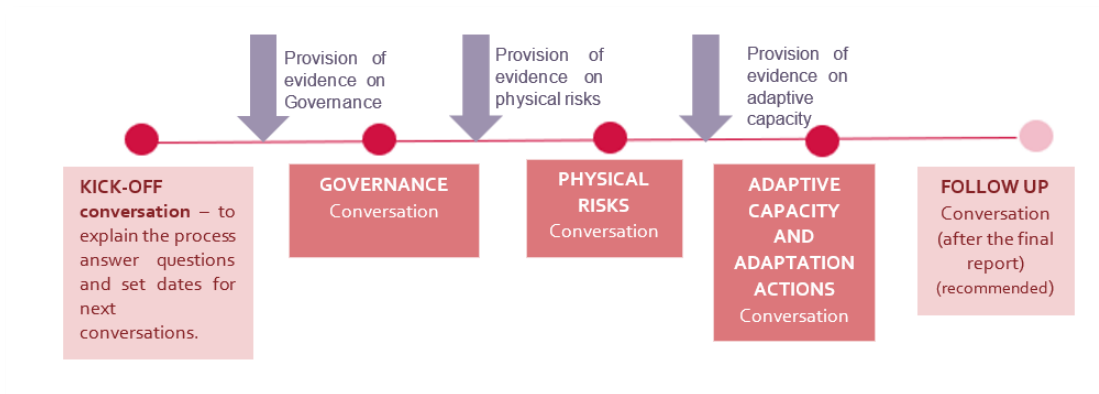


Fig 3: the Climate Sense Process with companies for the ACT Adaptation Road Test

### 3.4 LEARNING SESSIONS WITH PARTICIPATING COMPANIES

Evidence gathering between cohorts A and B, and cohorts B and C overlapped slightly. This allowed for learning between cohorts. Between cohorts A and B, the learning focussed on the assessor's experience of the support process for testing the tool (i.e. the role of the assessor and the guidance needed). Thus, towards the **end of Cohort A** the assessors compared notes and shared evidence collection approaches and tools. This led to some tweaking of the Excel sheet that had been given to the companies to note down their responses to the questionnaire and sharing of practice between assessors.

A learning session for cohorts A and B was designed and facilitated by Climate Sense. This took place on 17<sup>th</sup> October 2022. The aim of this session was to share progress to date and reflect on the evidence collection and discussion phases for the two cohorts, specifically to consider: *What is working well?* and *What could be improved?*. The session was held online and looked in detail at two key areas of interest for the Road Test.

Firstly, the evidence collection process. We asked companies 'How difficult has it been to gather the evidence? How long did it take? Was it clear what to provide? Did you have enough support? Could you have done this without support?'

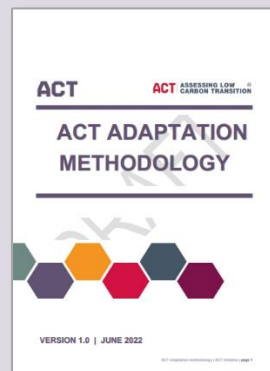

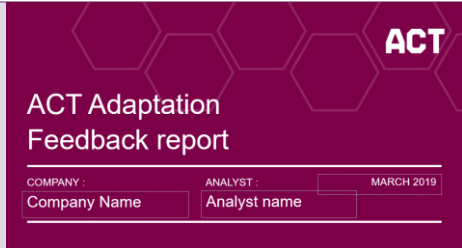
Secondly, we probed into the relevance of the questions and whether they resonated with the adaptation issues that were arising in their company. We also asked the companies whether they had any general feedback and for examples of new things that they had learned through their engagement with the Road Test to date.

A **learning session** with all the participating companies took place on 14<sup>th</sup> November 2022. It contributed to gather feedback on the ACT Adaptation methodology in order to further improve it after the Road Test.

## 4. THE ACT ADAPTATION METHODOLOGY

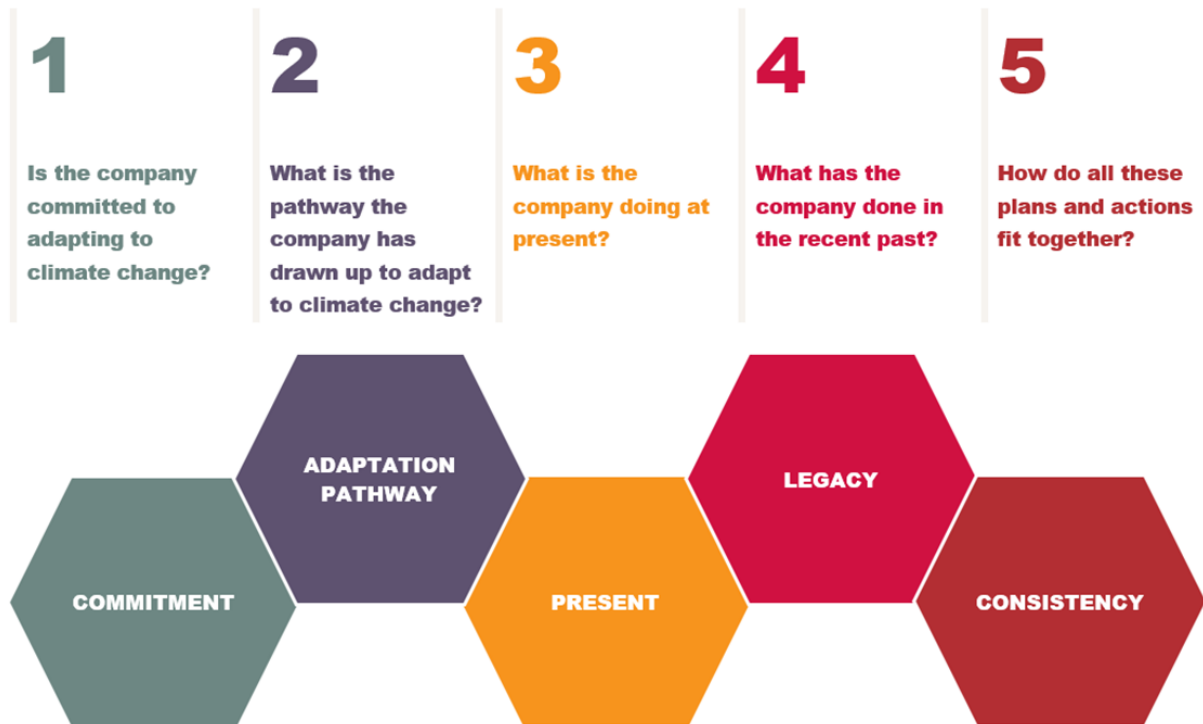
The ACT Adaptation Framework, like the mitigation framework, provides companies with an assessment of their strategy and feedback on strengths, gaps and next steps.

Table 1: The three main components of the ACT Adaptation.

#	Item	Format
1	<b>The Full ACT Adaptation Methodology:</b> This is a guidance document that describes the context, the descriptions of indicators, the evidence required, underpinning rationale for the structures, and a glossary of key terms being used.	
2	<b>The ACT Adaptation tool:</b> This is a set of Excel sheets that is used by the assessor to score the companies. It is based on the methodology and provides the indicator questions that the companies respond to and provide evidence for. The assessor scores these responses and the evidence provided and the tool creates the overall score and the dimension and indicator sub-scores. Climate Sense also provided companies with an Excel 'answer sheet' to record their answers to the questionnaire and provide links to evidence that aligned with these answers.	
3	<b>The Final report:</b> this was a set of 16 power point slides provided by ADEME as a template for the final company report. Climate Sense used the template to create final reports based on the data in the Excel tool to complete these reports.	

### 4.1 ACT ADAPTATION METHODOLOGY

The ACT Adaptation Methodology uses five guiding questions as the basis to steer the development of the ACT Adaptation methodology and create consistent ACT ratings. The questions are shown in Figure 4.



**Fig 4: The five guiding questions**

The application of principles is fundamental to ensuring the quality and comprehensiveness of the adaptation strategy assessment. The principles are the basis for, and guide the application of the requirements in the methodology. The principles ensure the strategy coherence between physical risks, adaptive capacity, adaptation activities and governance. The principles are outlined in Figure 5.

<p><b>COMPREHENSIVENESS of adaptation measures designed</b> – All of the risks identified in the physical risk analysis should be addressed by the measures included in the adaptation strategy.</p>
<p><b>COHERENCE with results of the physical risk analysis</b> - The adaptation measures and activities of the company should be clearly based on and aligned with the results of the physical risk analysis.</p>
<p><b>EFFECTIVENESS of measures in adaptation strategy</b> - The anticipated extent to which adaptation can reduce climate risk, through decreases in exposure and vulnerability.</p>
<p><b>FEASIBILITY</b> - The degree to which adaptation response options are considered possible and desirable, taking into consideration barriers, enablers, synergies, and trade-offs, balancing diverse perspectives and values.</p>
<p><b>INCREASING Adaptive capacity</b> - The adaptation strategy should be likely to increase the company's adaptive capacity.</p>
<p><b>VERIFIABILITY</b> - The data required for the assessment shall be verified or verifiable and sufficiently relevant.</p>

**Fig 5: ACT Adaptation Principles**

In addition to the guiding questions and the principles, the scope and boundaries of the ACT analysis need to be set. The boundary defines the areas of a company's activities and influence to which the methodology can be applied, and temporal boundaries mean that, although we are looking at future climate, past and current weather events fall within the scope, since they can help the analyst to understand the company's track record in terms of its vulnerability to hazards and thus it may help to build its adaptive capacity.

In terms of the nature and location of a company's activities, Figure 6 shows three scopes of process and control. Scope A in Figure 6 represents the direct scope of the company, that is to say, assets directly controlled or operated by the company (e.g., equipment, vehicles, buildings, etc.). Scope B corresponds to the stakeholders with which the company is in direct contact, including network infrastructures (e.g. water, electricity, waste removal, rank 1 suppliers). Scope C represents the stakeholders with which the company is in indirect contact upstream or downstream of the value chain, such as rank 2 suppliers on which the company's direct suppliers depend.

Analysis and adaptation measures must be consistent with the specificities and location of the facilities. Location is an important aspect to consider in the activities of the company on the three scopes and not only as part of adaptation measures but also regarding the company's overall adaptation strategy. It is a very significant factor regarding the assets and activities of a company since climate impacts are always location specific.

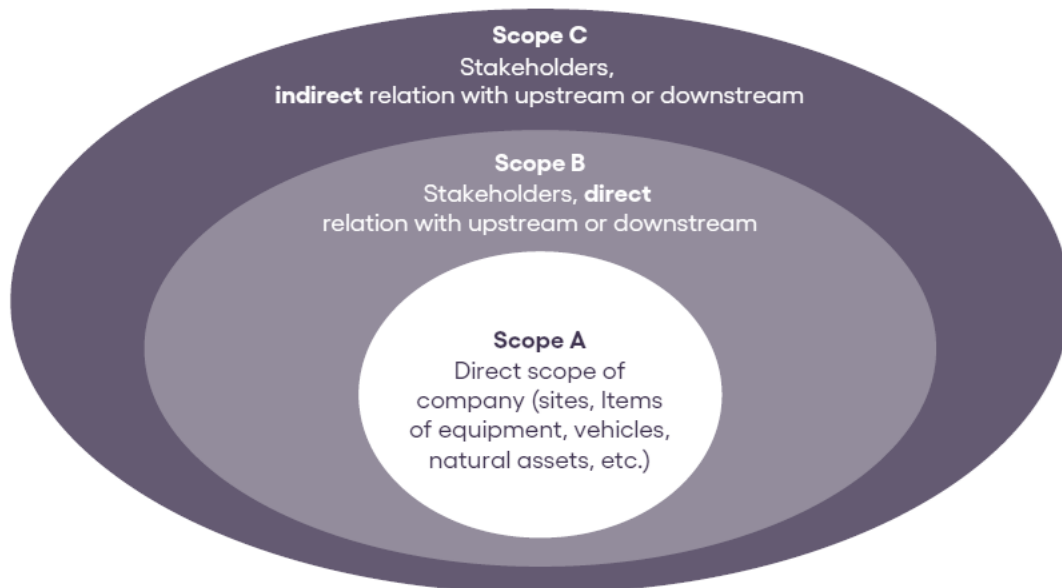


Fig 6: Scopes of analysis included in ACT Adaptation (from Ocara methodology, Carbone 4, 2021)

## 4.2 SCORING

Organisations go through different stages of maturity in response to climate risk information and preparing adaptation strategies and plans. ACT Adaptation provides an assessment of where an organisation currently is on a scale of 0 to 20 for three core dimensions of adaptation to climate change: Governance; Physical Risks and Adaptive capacity and adaptation actions. The scoring make-up is shown in Figure 7.

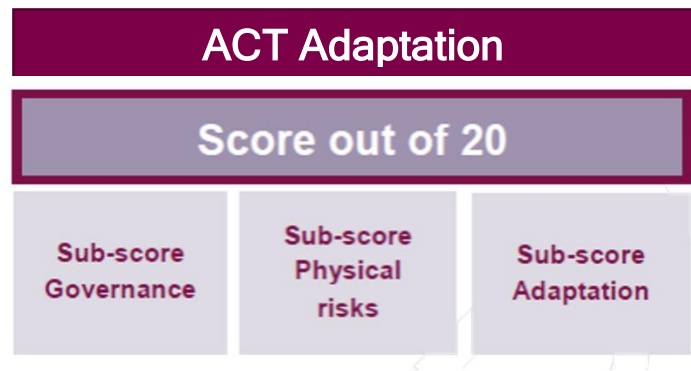
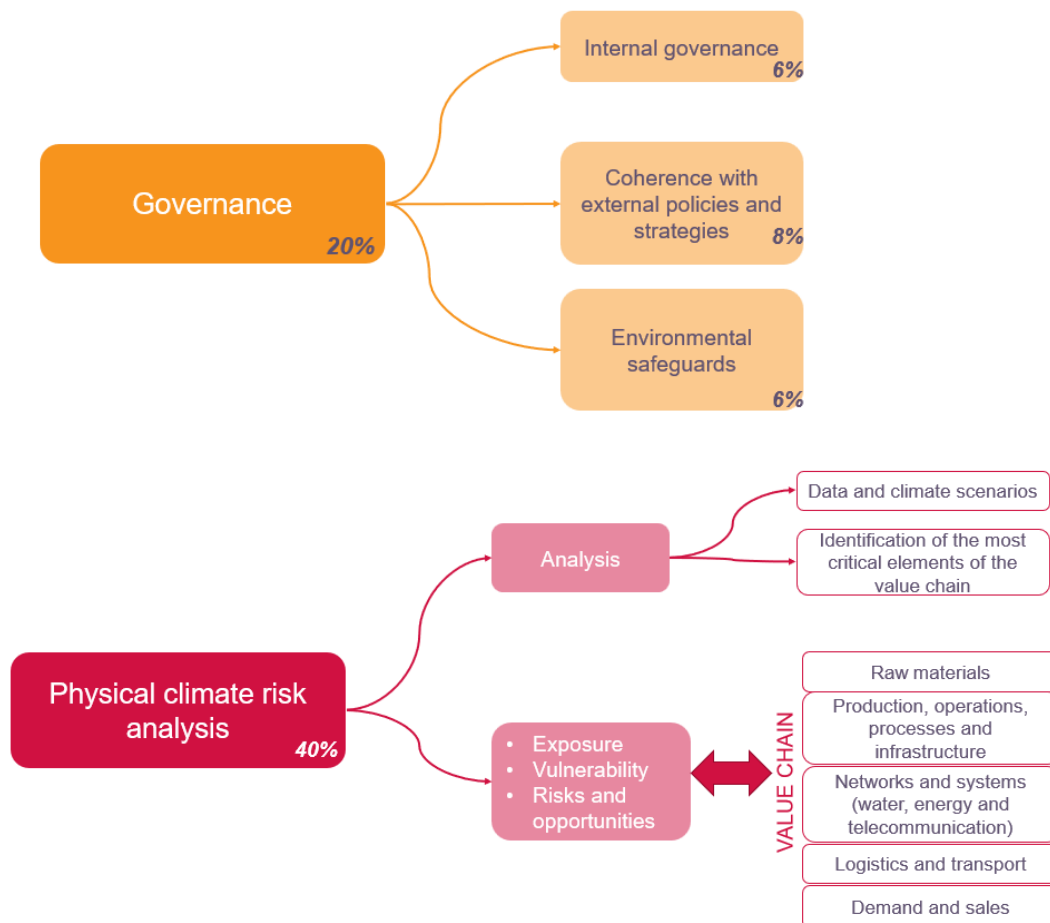
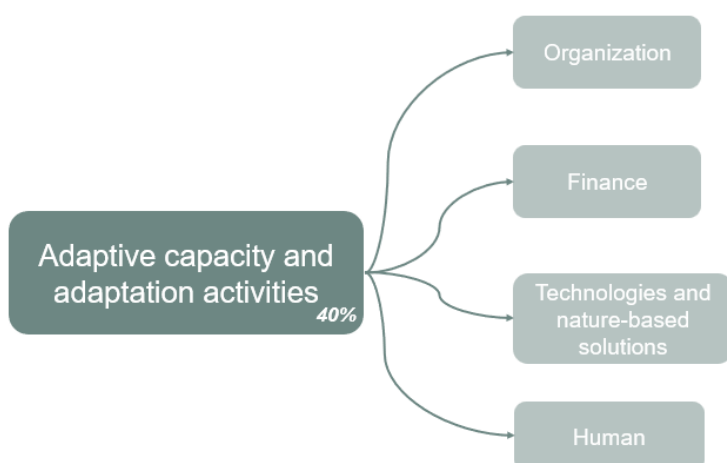


Fig 7: The Adaptation Score and its relationship to the three sub-score dimensions

The three dimensions that form the framework are further subdivided into nine modules, shown in Figure 8, under the headings of ‘Governance’ which accounts for 20% of the score, Physical Risk (40%) and Adaptive capacity and adaptation activities (40%). Further details and description of the modules are available in the full ACT Adaptation methodology.





**Fig 8: The three dimensions of Governance, Physical risk and Adaptive capacity and adaptation activities, along with the nine Modules.**

Dimension	Dimension score	Module	Module score
Governance	20%	Internal governance	6%
		Coherence with external policies and strategies	8%
		Environmental safeguards	6%
Physical climate risks and analysis	40%	Analysis	10%
		• Exposure • Vulnerability • Risks and opportunity	30%
Adaptive capacity and adaptation activities	40%	Organization	16%
		Finance	8%
		Technologies and nature-based solutions	4%
		Human	12%

Within each module there are several indicators. Each is assessed thanks to a maturity matrix with different levels (as shown in Figure 9) detailed in the methodology that enable for scoring.

Evaluation level	Basic	Standard	Advanced	Next Practice	Best Adaptive Practice
Score	0	0.25	0.5	0.75	1

**Fig 9: The Adaptation Score and its maturity matrix scoring**

The ACT Adaptation methodology describes the indicator(s), provides guidance for assessors with some description of the underpinning rationale. The Excel tool takes the same structure and provides a set of questions for each indicator and sub-indicator as needed, as well as the sort of evidence to provide. Participating companies respond to these questions and provide evidence to back up their responses. This is what assessors use to judge at what level that company should be scored.

Figure 10 gives an example of an indicator and its maturity matrix description from the full ACT Adaptation methodology.

9.1 COMPETENCES AND SKILLS				
DESCRIPTION & 9.1 COMPETENCES AND SKILLS REQUIREMENTS				
<b>SHORT DESCRIPTION OF INDICATOR</b>		This indicator assesses the skills, knowledge and expertise, be they internal or external, regarding physical risks and adaptation to climate change that the company has access to, in order to develop and implement adaptation measures. Collaborations or partnerships on climate adaptation are taken into account.		
Basic	Standard	Advanced	Next practice	Best Adaptive Practice
The company has not developed specific expertise in climate adaptation.	The company has developed partnerships for external expertise regarding physical risks and adaptation to climate change to contribute to the implementation of measures.	The company has developed partnerships for external expertise regarding physical risks and adaptation to climate change to contribute to the implementation of measures.  At least one key employee has this expertise within the company to implement adaptation measures.	The company has developed partnerships for external expertise regarding physical risks and adaptation to climate change to contribute to the implementation of measures.  Enough relevant and key employees have this expertise within the company to implement adaptation measures	Internal expertise is completely developed and mobilised to routinely conduct and implement adaptation measures.  The company can mobilise external partnerships when necessary to complement its expertise.

Fig 10: Example of indicator and its maturity matrix description from the full ACT Adaptation methodology.

Once all the modules for each dimension had been discussed, the evidence reviewed, and the assessment completed, the scores were calculated within the Excel algorithms and presented.

These scores and the narrative summaries formed the basis for the final report back to the companies which was provided in the form of a set of PowerPoint slides to an agreed template. The report provided information on the aggregated score; the disaggregated scores for each of the three dimensions; the climate scenarios considered and the time horizons of interest; the parts of the value chain considered; the areas of strength and future focus for the three dimensions; the sources of data used and a note on data quality.

The following sections present some initial feedback on the experience from the participating organisations, the anonymised scores for the total score and for different dimensions and modules of the companies participating in the ADEME ACT Adaptation Road Test.





## **5. RESULTS OF THE COMPANY ASSESSMENTS**

### **5.1 SUMMARY FEEDBACK FROM COMPANIES PARTICIPATING IN THE ROAD TEST**

#### **• STAGE OF THE ADAPTATION JOURNEY**

Most organisations were at the beginning of the journey and have been more focussed on mitigation to date. They had done some initial assessment of physical risks and sometimes more detailed work in some areas but had yet to produce an adaptation strategy for the company. There were exceptions, however. One company was clearly some way ahead, on both risk assessment and strategy development. This progress was driven by the risks faced and the level of service they needed to maintain to stay in business, emphasising the different drivers' companies have and the different destinations for their adaptation journeys, which makes developing a generic ACT Adaptation method challenging. This reinforced the view that adaptation is very much *context specific*.

#### **• PERSPECTIVES ON THE ROAD TEST EXPERIENCE:**

The companies that participated in the learning sessions said they had learned about adaptation concepts and had received useful guidance and a framework that will help them to improve their adaptation planning. It was clear that most companies could supply evidence for the physical risks dimension but had less evidence for governance. Indeed, it was not always clear who was responsible for developing an adaptation strategy in the company.

The Road Test provided an opportunity for companies to think across their whole business and bring different parts of their operations together in discussion about adaptation strategy development and planning. The ACT Adaptation framework encouraged them to widen their scope of what should be looked at across their business. They might previously have been focusing on site-based risks, buildings or assets, and the tool emphasised the importance of considering climate risks systemically, to all parts of the value chain, including access to raw materials or transportation.

Companies valued having an external perspective on their adaptation work and found it reassuring to have validation of where they were on track and where there were still gaps. Companies also spoke of feeling more motivated to work on adaptation since participating in the Road Test. They had felt that adaptation was more unfocussed and found it harder to know where to begin. The ACT Adaptation tool framework provided the guidance needed to get going.

#### **• HOW THE ROAD TEST SUPPORTS ADAPTATION PLANNING:**

Companies were struck by how different developing an adaptation strategy was from developing a mitigation strategy. It involved new skills, and an understanding of how change happens in organisations.

Despite the relatively short period of the Road Test, companies mentioned decisions to devote more time to developing the climate adaptation strategy and linking this to operations. Other changes included improving communication between the adaptation team and top management, specifically emphasising the urgency of adaptation, and encouraging them to engage more and be more challenging of adaptation strategy development. Companies also wanted to consider climate risks for all parts of the value chain and have more appreciation of the adaptation lead or team and their critical role in connecting different parts of the organisation.

## 5.2 ANONYMISED SCORES

The scores in the table below show the highest, lowest and range of overall scores achieved by the 13 participating companies of which 12 have been scored<sup>1</sup>. From this you can see that there is one outlying company who achieved a very high score (18.4/20) but that most scores were bunched together between scores of 6-10. The lowest score achieved was 4.5.

**Table 2. Range of overall company scores achieved during the Road Test**

18.4/20	8.2/20	4.5/20
Highest	Average	Lowest

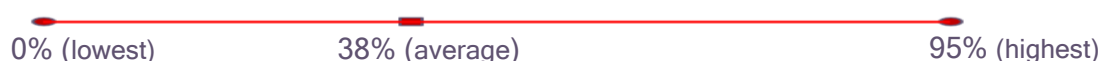
Score range (Out of 20)	Number of Companies
1-5	2
6-10	8
11-15	1
16-20	1

The scores for the three dimensions of the tool will now be discussed in turn.

### • GOVERNANCE DIMENSION

Most companies scored **low** for the Governance dimension (i.e. 'Basic' or 'Standard') and the average across the companies is 'Standard' as shown in Figure 13. The main reason for this being the lack of formal adaptation strategies. Many of the questions are about what is included in the company's adaptation strategy or how it was developed. This assumes that a strategy exists. Strategy development tends to happen once a company is well on their way with adaptation. Companies usually start by considering the risks to which they are most sensitive and exposed and use this information to build a case for investment in a specific strategy. Most of the participating companies had only relatively recently started their adaptation work and further ahead with their work on climate mitigation. In the absence of a strategy, it is hard to give the company more than a 'basic' score for these questions. Once a strategy has been developed it is possible that companies could increase their governance score quite quickly.

The average score for the Governance dimension was Standard. The highest score was 'Next Practice'. As well as the lack of a formal strategy the low scores demonstrate the absence of long-term visions for adaptation, poor coherence with public policies and lack of engagement with relevant organisations in the development of their strategy. Some companies also needed to align their adaptation work more clearly to the 'Do No Significant Harm' principle to ensure that actions take do not negatively affect others (see Module 3.1 of the ACT Adaptation framework).



**Fig 13: Overall range of performance for all the participating companies for the Governance dimension.**

<sup>1</sup> One company that participated in the Road Test proved hard to score using the ACT Adaptation Tool due to the nature of their work. A separate report is compiled from that set of discussions and the lessons learned distilled for ADEME.

Table 3. Range of scores showing the lowest, highest and average score achieved for the Governance modules for the participating companies<sup>2</sup>.



#### • PHYSICAL RISKS DIMENSION

Most companies are at an **advanced level** for the Physical Risks dimension and this dimension was where companies tended to score highest. As mentioned previously, it is usual for companies to start their adaptation journey by doing an assessment of the climate risks being faced by their organisation. The range of performance of the participating companies is shown in Figure 14. The lowest score was standard. The average score was 'Advanced' and the highest score was 'Next practice'.

The key findings here were that historical and current weather events and variability are usually considered in risk analysis. Several companies are either in the process of or already have identified relevant activities within scopes A and B<sup>3</sup> of the value chain that are impacted by climate change. However, for most companies' engagement with relevant direct and indirect stakeholders is limited. Some companies have carried out an analysis of their direct and indirect stakeholders but many have not yet done so.

Most companies are starting to evaluate qualitatively (in some cases quantitatively) the exposure and vulnerability of some of their most important value chain components for the most important hazards identified.

While risks and some opportunities are considered and analysed, the financial costs of climate risks are not integrated well into internal financial planning systems.

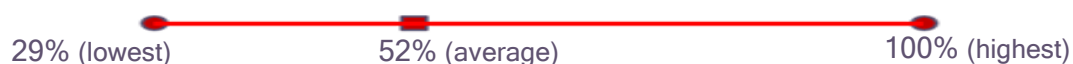


Fig 14: Overall range of performance for the participating companies for the Physical risks dimension.

<sup>2</sup> For a detailed description of what is considered in each module please go to the ADEME ACT Adaptation Methodology.

<sup>3</sup> For information on 'scopes A and B' see Fig. 1 of the ACT Adaptation Methodology

Table 4. Range of scores showing the lowest, highest and average score achieved for the by Physical risk modules



#### • ADAPTIVE CAPACITY AND ADAPTATION ACTIONS DIMENSION

Most companies scored **low** for the Adaptive capacity and adaptation activities dimension i.e. 'Basic' or 'Standard'. The range is given in Figure 15. The lowest score was 'Basic'. The average score was 'Standard' and the highest score was 'Next practice'.

Most companies scored at the **advanced** level for the Adaptation leadership and responsibilities module and are starting to consider appropriate approaches to enable decision-making with regard to the analysis of physical risks, adaptation and opportunities. The range of scores for the different modules in this dimension are given in Table 5<sup>4</sup>.

About 50% of the companies have either identified new activities or started to diversify their activities, based on a climate risk analysis.

While companies have started to dedicate financial resources to adaptation measures, there is a limited understanding of the requirement to invest in research and development to understand their adaptation needs in more depth.

Most companies are at an early stage of analysing whether relevant technologies or nature-based solutions exist to improve their adaptive capacity. For most companies in the Road Test this was not yet on their radar for next steps.

Similarly, several companies reported a need to better understand the adaptation expertise currently present in the organisation and also to understand how expertise might be sourced externally, either on a temporary or long-term basis.



Fig 15: Overall range of performance for the participating companies for the adaptive capacity and adaptation actions dimension.

<sup>4</sup> For a detailed description of what is considered in each module please go to the ADEME ACT Adaptation Methodology.

Table 5. Range of scores by Adaptive capacity and adaptation actions modules

<b>6. ORGANIZATION</b>	0% (Lowest)	43% (Average)	75% (Highest)
<b>7. FINANCE</b>	0% (Lowest)	27% (Average)	100% (Highest)
<b>8. TECHNOLOGIES AND NATURE-BASED SOLUTIONS</b>	0% (Lowest)	27% (Average)	100% (Highest)
<b>9. HUMAN</b>	0% (Lowest)	31% (Average)	92% (Highest)

### 5.3 AVERAGE SCORES PER MODULE

The bar chart, Figure 16, shows the average scores for all the participating companies.

The two highest scoring modules are both from Physical Risks dimension i.e. Analysis (module 4) and Physical Climate Risk Analysis (module 5) which both obtained **advanced level** scores on average (i.e. 55%).

From this the two lowest scoring modules came from the Adaptive capacity and adaptation activities dimension. These are the modules on Finance and technologies, and Nature-based solutions (respectively 7 and 8). Most companies have 'Standard' level of performance in terms of understanding financial capacities and nature-based solutions.

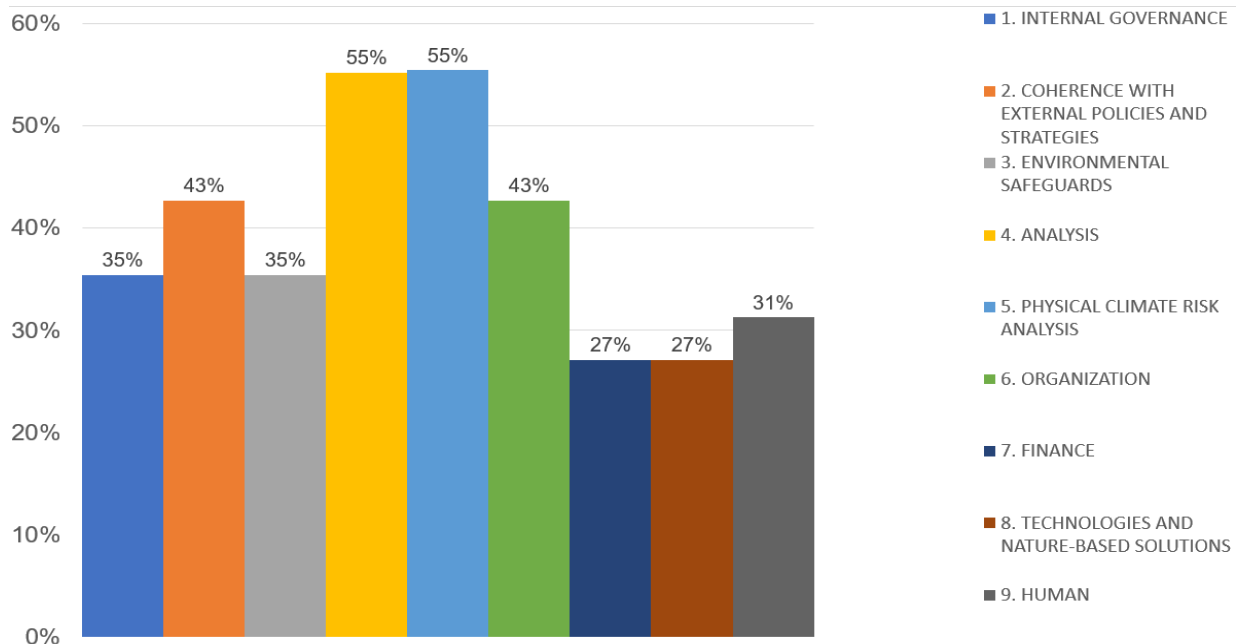


Fig 16: Bar chart showing the average scores for modules in the ACT Adaptation Tool in the Road Test collated for all participating companies.

## **6. COMPANY FEEDBACK**

A ten-question online survey about their experience of the ACT Adaptation tool and the Road Test experience was sent out by email to all participating companies with their final reports (using [www.surveymonkey.com](http://www.surveymonkey.com)). The questions addressed the areas of interest identified by ADEME at the start of the contract. 10 of the 13 companies responded.

Some key messages of this survey are included here:

**Q1: How easy was it to gather the evidence?**

There was an even spread of response to the question ‘how easy was it to gather the evidence needed from ‘fairly easy’ to ‘fairly difficult’) via ‘neither easy or difficult’)’. Reasons for it being easy linked to previous adaptation work undertaken by the company or ISO140015 work that meant that they had relevant evidence to hand and/or good systems in the company to source evidence when needed. For other companies the Road Test revealed gaps in company systems, and they needed to start evidence collection from scratch which was reported to be arduous.

**Q2: How much time did it take to answer questions and address concerns?**

Most companies (6 out of 10 companies) reported that it was about what they had expected. For companies without good systems, it inevitably took longer (2/10 companies reported it taking ‘longer than expected’).

**Q3: How would you rate the knowledge of the analyst on climate change adaptation?**

Most companies rated the Climate Sense analyst’s knowledge as excellent (8/10) and two as ‘good’. They particularly appreciated the analysts’ ability to reformulate the questions, so they made sense in context of the particular company.

**Q4: How would you rate the support skills of the analyst?**

Most companies rated the Climate Sense analyst’s support skills as excellent (8/10) and two as ‘good’. Companies rated the analyst being generous with the time they gave and being able to clarify and simplify the questions and give examples.

**Q5: What suggestions do you have for improving data gathering for the ACT Adaptation Tool?**

Companies requested examples relating to the level of the company (now) and where they hoped to be according to the level of risk being faced. They also requested that the tool be in a format other than Excel which was considered frustrating to fill in. Another suggestion was one platform for uploading all evidence to make this part of the process less time consuming.

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<sup>5</sup> ISO 14001:2015 Environmental management systems

ACT Adaptation Road Test: anonymised results

**Q6: How relevant is the ACT Adaptation methodology and tool to the needs of your company?**

One company rated the methodology and tool as 'extremely relevant' and 7 rated it as 'very relevant'. Two companies rated it as somewhat relevant. Reasons given for relevance included give the company a starting point for conversations and a direction on adaptation. Others found it helpful to have an external assessment of the work that they had already done to check that they were on track and to see the points of improvements.

**Q7: How useful was the company report that you received?**

One company rated the report as 'extremely useful' and 8 rated it as 'very useful'. Reasons given for usefulness were around the detail about next actions to take, and having something they could share with leadership to start a conversation about the action needed to address the company's climate risks. Some suggestions about improving the report were towards having less text and more coherent graphs.

**Q8: To what extent do you agree with these statements?"**

**a: *I now have a clear sense of how to improve my ACT Adaptation Tool score***

2 companies strongly agreed. 6 companies agreed. 1 company neither agreed nor disagreed.

**b: *I now have a clear sense of how to improve adaptation strategy and plan development in my company to enhance implementation***

2 companies strongly agreed. 7 companies agreed. 1 company neither agreed or disagreed.

**Q9: Comments on the tool's support for developing adaptation strategy/adaptation work in the company:**

Positive comments included the Road Test experience providing new perspectives and recommendations that they were already using to enhance their adaptation strategy. Others had a better sense of potential for maladaptation and a need to check for that. However, other comments were that the tool and methodology, as it currently is structured, is not well adapted to smaller organisations. Another was that the recommendations could go further in providing practical next steps as reports could offer many suggestions of things to be done without prioritisation of which should be done first.

**Q10: Final comments:**

The final comments repeated messages about the value of the Road Test experience in helping organisations to develop their adaptation strategy and plans, and that they felt they had learnt a lot. This positive perspective was not universal, however. At least one company felt that the tool still had some way to go until it achieved its potential.



## 7. FINAL REFLECTIONS

### 7.1 NEXT STEPS FOR PARTICIPATING COMPANIES

Discussions at the Restitution Day focussed on what had changed for participating organisations in terms of their adaptation planning and strategy development, as a result of their final report and their engagement in the Road Test. Companies identified actions that they would take in relation to developing their **adaptation strategy and planning thanks to the ACT Adaptation Road Test experience**. A collation of the themes raised is given here:

- **Improving governance** e.g. developing a Steering Committee to oversee their adaptation strategy development and planning;
- **Presenting results to top management** to build awareness and commission more work into understanding the climate impacts and risks being faced to enhance their action plans, strategies, targets;
- **Developing a long-term strategy** for adaptation with the board of directors;
- **Bringing external climate change adaptation expertise** to support adaptation strategy development;
- **Co-developing adaptation projects** with other organisations;
- **Sharing good practice** with other organisations;
- **Commissioning new software** for assessing physical climate risk;
- **Improving the level of granularity of the risk assessment process** to make it better suited to a local level;
- Bringing in **adaptation pathways** to adaptation strategy and planning;
- Find ways to communicate the need for **continuous investment in adaptation** as a 'good' score doesn't mean that all is well - ongoing effort is needed to be 'well-adapting';
- Develop examples to show '**what works**' for **adaptation** to communicate to top-level management to highlight the need and encourage investment;
- Communicate to the other people we work with and our clients **what we are doing** on adaptation;
- Develop a **programme of workshops** with interested departments to prioritise actions and work at territory and community level;
- Work out how to integrate **climate risk into financial business plans**;
- Organise **regular monthly meetings** on adaptation.

## **7.2 DEVELOPING AN ADAPTATION NETWORK OR COMMUNITY OF PRACTICE**

At the Restitution Day companies also discussed how useful it had been to learn from other companies working on adaptation. They thus proposed actions to develop a supportive learning community, or 'community of practice' on adaptation. They suggested that a network on adaptation could be hosted and convened by a state agency, or another independent organisation. There could be related sector specific sub-groups (e.g. airport network on adaptation) but also addressing cross-sector challenges. This could also think about having sub-groups based on the stage of adaptation the company is at. The network could also include regional and national companies, consultancies, academics and think tanks.

The network could provide news on adaptation, offer expert presentations, share examples of good practice, in alignment with mitigation, and offer a place for organisations working on adaptation to support each other as this, relatively new, practice agenda develops. These events could be twice a year in person, perhaps with an online meeting in the intervening quarters. The events could include some space to allow more informal social time.

In the prioritisation of proposed recommendations at the Restitution Day, the high number of votes given to the development of an adaptation community of practice and peer learning opportunities indicate the significant interest in such initiatives.

## **7.3 CONCLUSION**

Climate Sense conclude that ACT Adaptation provides a comprehensive and useful resource with potential to provide much needed assistance for companies developing their climate adaptation strategy and operations. With the revisions outlined in this report, the ACT Adaptation methodology and tool will become an effective support mechanism that can be made available for the benefit of the many companies already at risk of climate related changes or now required to report on their adaptation activity through e.g. Task Force on Climate Related Financial Disclosure or EU Taxonomy initiatives.