

## Private sector resilience readiness – Road to COP30

### Overview

Physical climate risks, such as [extreme weather events, increasing temperatures and sea level rise](#), pose significant risks to human populations and ecosystems. The Intergovernmental Panel on Climate Change (IPCC) [Special Report \(2018\)](#) makes clear that although climate risks are projected to be less severe under a 1.5°C scenario than a 2°C scenario, climate adaptation remains crucial, particularly in vulnerable areas. Presently, it is estimated that attributable anthropogenic impacts from climate change may be occurring across [80% of the world's land area, where 85% of the population reside](#). Adapting to these impacts requires widespread mobilisation to protect human safety and ecological health.

According to the IPCC, [adaptation planning is outpacing implementation of adaptation solutions](#), leaving a gap in adaptation action by the private and public sectors<sup>1</sup>. To address this adaptation and resilience gap, companies have an important role to play. Standards and initiatives have been developed to support company action on adaptation. ISO standards [14090](#) and [14091](#) provide guidelines for organisations to assess climate change risks, identify uncertainties and implement adaptation planning. The [Race to Resilience](#), is currently working to mobilise non-state actors to increase resilience of vulnerable groups to climate risks. But in order to do this a clear view of where companies stand on their readiness to address the adaptation challenge is needed in order to determine how resilient their business under fast-pacing climate change. The [Accelerate Climate Transition \(ACT\) Initiative](#) has published an [Adaptation Methodology](#), creating a framework for assessing company adaptation strategy and plan. [According to first companies' users](#) this Methodology can also serve as a roadmap for companies in adapting to climate change within their own operations and participating in global adaptation efforts.

### How can companies adapt to climate change?

To protect their employees, communities, and business model's companies have a responsibility to adapt to climate change. In 2023 the ACT adaptation methodology has been published after a long period of consultation and road testing. This methodology is based on three key dimensions that ensure the quality and comprehensiveness of a company's adaptation strategy and its associated plan: Governance and Strategy, Physical Climate Risks, and Adaptation Capacities and Actions. As outlined in the ACT Adaptation Methodology, a key piece of company action on adaptation is the assessment of physical

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<sup>1</sup> [Adaptation Gap Report 2023 | UNEP - UN Environment Programme](#)

climate risks. The ACT Adaptation Methodology provides a tool to analyse a company's physical climate risk analysis, outlining the expectation that companies assess their exposure and vulnerability to risks regarding their production and operations, energy and telecommunication systems and demand and sales, among other risk dimensions. In addition to assessing climate risks, companies are assessed on their relevant climate-related opportunities within adaptation action.

**Bringing a round table of stakeholders together with the aim to build a coalition of private sector leaders to show their adaptation journey efforts and how adaptation should be integrated into a Company's Climate Strategy<sup>2</sup>.**

- Given the risks of climate change to a company, there is a need for companies to identify and enhance their capacity for adaptation. There is a need for Enhanced Adaptation Capacity which means that Companies must strengthen their financial, technological, and human capacities to adapt to climate change. The ACT Adaptation provides guidance on strategies for capacity-building, including research, adaptation investment, and employee training. Some of the capacity-building activities companies can adopt include research and development in adaptation, incorporation of adaptation into investment decision-making and training employees on physical climate risks and adaptation.
- Companies can also play a pivotal role in addressing the costs of adaptation by fairly distributing resources to vulnerable groups and involving local stakeholders in adaptation decision-making. As cited in the ACT Adaptation Methodology, integrating adaptation into corporate governance involves developing strategies, collaborating with stakeholders, and engaging local actors. The ACT Adaptation determines the company's dependence on internal and external factors to conduct and carry out their activities. The insights of the readiness of companies will allow for capacity building with the companies and can allow the translation of the potential to help close the funding gap that exists on the adaptation side. The insights from the assessments can showcase the best practices of companies and provide input to a business coalition to spearhead the Adaptation implementation agenda.
- Avoiding Maladaptation: Companies, as key global players, must minimise negative externalities and enhance positive ones, contributing to climate adaptation. The ACT Adaptation Methodology safeguards that company's adaptation strategies do not harm, and ideally benefit, areas such as climate change mitigation, biodiversity, and health.
- Surfacing Best Practices: Assessing companies will reveal their readiness, risks, and opportunities, enabling the mobilisation of a first-mover coalition in the private

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<sup>2</sup> A Climate strategy is usually understood as composed of a Transition plan and a Adaptation plan.

sector. Showcasing best cost-effective practices can help to close the adaptation funding gap and spearhead the implementation agenda. Please note that additional funding to assess companies on ACT Adaptation is to be secured.

### **Suggested stakeholders to be explored**

<b>Name</b>
Race to Resilience
Foretica/WBCDS/IIGCC
Global Centre on adaptation <sup>3</sup>
Resilience First
UNDRR Arise Network
UNGP

## **About the World Benchmarking Alliance**

The World Benchmarking Alliance is a non-profit organisation holding 2,000 of the world's most influential companies accountable for their part in achieving the Sustainable Development Goals. It does this by publishing free and publicly available benchmarks on their performance.

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<sup>3</sup> [State and Trends in Climate Adaptation Finance 2024 - Global Center on Adaptation](#)