



## BUSINESS FOR THE CLIMATE PLATFORM

### A PATH TO ELABORATE BUSINESS AGENDAS FOR ADAPTION TO CLIMATE CHANGE

#### Framework Proposition

As a result of a discussion held on June 26<sup>th</sup>, 2013, at the Latin American Forum on Climate Change Adaptation, in Sao Paulo, Brazil, this document aims at **presenting a framework proposition to support companies in the elaboration of a strategy to adapt to climate change**. The path through the three key Framework steps (please refer to Figure 1), therefore, helps companies to handle risks, increase their resilience, and leverage market opportunities, while strengthening partnerships and developing cooperation relationships with other players, such as governments, businesses, communities, and trade associations, also subject to climate change challenges. Thus, actions are taken in a systematic and cyclic way, according to the business reality and the socio-environmental strategy adopted by the company.



**Figure 1 - Framework: A Path to Elaborate Business Agendas for Adaption to Climate Change.**



## 1. Diagnosis

This step focuses on accessing business internal (organizational pillars and culture, processes, capabilities, resources and restrictions) and external elements (climate events, trends, regulations, other players and their actions), mapping and prioritizing climate risks and opportunities that are applicable to the organization. The steps and outcomes expected for this step are described below.

### 1.1 Internal Environment

- Map and engage leaders in each area or business unit to form a multidisciplinary team. This workgroup will be in charge of coordinating the business agenda for adaptation, engaging other internal and external players, assigning tasks and ensuring they will be executed.
- Engage high-level managers to have their support in the elaboration and deployment of the agenda.
- Hold seminars and internal meetings to raise awareness and offer training on the subject matter. The training approach may differ for: (i) leaders, (ii) technical personnel, and (iii) professionals who run risk analysis so they can also include climate risks in their regular assessments in their own areas.
- Revisit organizational strategy pillars and culture, which will guide how the targets will be determined to elaborate your business adaptation plan and decision-making guidelines.
- Define the project scope and scale.
- Identify intersections in the risk management and climate opportunities process with different organizational policies and processes.
- Collect data on risk management, vulnerability and adaptation to climate change under the sector (focused on the company's core business) and regional perspectives, in order to trace the relationship between the adaptation issue and the business.

#### Expected Outcomes:

- Define and engage workgroup.
- Define scope, aims and guidelines for the decision-making process.

### 1.2 Choose the Climate Scenario

- Select technical partners or hire expert service providers to design specific future climate scenarios for regions where the business operates.
- Assess models and/or potential climate, socio-economic and environmental scenarios related to the scope, and choose one or more scenarios.
- Map potential partners that may be exposed to the same challenges or have capabilities, skills and resources that are complementary to the business.



### **Expected Outcomes:**

- Choose climate scenario(s) coherent to the business reality and make sure workgroups, leaders and partners involved understand those scenarios.
- Contact and share with those mapped players, including trade associations, the academia and government bodies to start the dialogue.

### **1.3 Map and Prioritize Risks and Opportunities**

- Mobilize professionals and teams with expertise in the topics covered and who have experience with risk assessment and/or hire external resources externally, if necessary.
- Make an extensive list of direct and indirect risks, in the following categories: physical and operational, regulatory and legal, financial, market and reputational risks. Make a list of opportunities, including new markets, products and services, development and implementation of new technologies, cost reduction and operational efficiency.
- Prioritize risks considering the analysis of the likelihood of each impact and the effect of their consequences: using a scale, scores can be assigned to the likelihood of each risk and to their consequence and severity. Multiplication of these two different scores will generate a ranking for the risks. Existing measures should be taken into account.
- Prioritize opportunities considering uncertainties related to each one of them, their feasibility and expectations on the return on the investment.
- Define and apply criteria (based on decision-making guidelines, as established in Step 1.1) to prioritize risks and opportunities, ensuring local and regional needs and realities are taken into account in that exercise.

### **Expected Outcomes:**

- Map and prioritize key risks and opportunities for the scope of the work.

## **2. Adaptation Plan**

Elaboration of an action plan in response to key risks and opportunities should determine main actions and investments on material for communication with collaborators and stakeholders, deadlines, targets, responsibilities and a defined schedule. The following steps and outcomes are expected:

### **2.1 Identify and select adaptation options**

- Reinforce engagement of workgroups and leaders through meetings and seminars, making it clear about their relevance, targets, expected outcomes and the obstacles that should be jointly overcome, structuring a group of collaborators who are engaged to develop the adaptation plan.
- Revisit the map of potential partners, in order to identify which ones are subject to the same risks and opportunities and establish partnerships for the adaptation actions.



- Invite stakeholders to participate in this step, including local government, NGOs and surrounding communities, which will enable identification of actions and investments that can generate mutual benefits and alignment of business strategies and public sector plans for adaptation.
- Make a comprehensive list of possible strategies to mitigate risks and develop opportunities.
- Identify the organization strengths and weaknesses when it comes to responding to risks and opportunities.
- Prioritize adaptation actions for significant impacts according to the criteria established and decision-making guidelines as defined in Step 1.1. Collect data, along with the workgroups, that will inform the dimension and will guide the adaptation plan:
  - Resources available for implementation
  - Other possible resources
  - Deadlines and urgency of risk mitigation and response to impacts
  - Obstacles for deployment
  - Possible incentives for individual and organizational performance in order to deploy the plan
- Possible short-term positive and negative consequences. Assess investments needed on the short-, medium- and long-term for the adaptation options considered.

**Expected Outcomes:**

- Key adaptation measures to be implemented.

**2.2 Elaboration of the Adaptation Plan**

- Define adaptation measures and their corresponding concrete actions from the adaptation options gathered and selected in Step 2.1.

**Expected Outcomes:**

- Adaptation plan with key adaptation actions and the following correlated definitions established: targets, indicators, responsibilities, incentives and acknowledgments, partners for the deployment, schedule and governance structure for deployment, monitoring and assessment.

**2.3 Agreements, Partnerships and Resources**

- Establish both public and private agreements and partnerships to perform the actions.
- Determine resources needed for the projects, especially the ones that are more urgent.

**Expected Outcomes:**

- Agreements, partnerships and resources available to implement the action plan.



### 3. Implement the Adaptation Plan

#### 3.1 Actions and Monitoring

- Implement adaptation actions as described in the plan and their corresponding monitoring processes, indicating who is in charge of monitoring and assessing actions, frequency, etc.

#### Expected Outcomes:

- Concrete actions described in the adaptation plan.
- Reports of adaptation action monitoring.

#### 3.2 Assessment and Adjustments

- Revise incentive and acknowledgment mechanisms based on what was proposed and agreed in the workgroups, with the organization leaders and managers.
- Collaboratively revision of the adaptation plan based on an update of climate models and scenarios, and risks and opportunities mapping.
- Assess the implementation process for the adaptation plan described.
- Assess the outcomes of the adaptation plan, that is, the effectiveness of the adaptation measures adopted.

#### Expected Outcomes:

- Adaptation plan with adjustments for the next cycle.

#### 3.3 Communication

- Effectively and broadly communicate the process, and determine channels through which collaborators can help. Also, there should be communication channels with surrounding communities, public bodies, NGOs and other stakeholders.
- Document the case to share with other organizations, trade associations and public institutions in general; the format used in case studies can reduce risks associated with organizational communications when they announce their adaptation actions.

#### Expected Outcomes:

- Communication materials targeted at stakeholders, partners and other audiences.