



# Anthesis Group: Experiences from the front line

## Focusing on the 'how'

In the context of the Task Force for Climate Related Financial Disclosures (TCFD), how to implement the recommendations is a question that we are now being frequently asked. As management consultants, we often and justifiably spend a large amount of time on the 'what' and 'why'. However, this time it's different. The general concept is nothing new; to quote the CDSB, "it is about enhanced disclosure, not more disclosure".

So, whether it is because of repeated efforts each year to shamelessly preserve a current benchmarking status, or to genuinely enhance governance, financial performance, operational resilience, many of our current clients do seem to quickly 'get it'. For those that are still unclear on the 'why', Mark Carney's Breaking the Tragedy of the Horizon speech will have helped clarify this further last month.

So now, as we engage with corporates and move on to the 'how', we are starting to see trends in perceived barriers and sources of confusion that we feel can be easily overcome. Below, we have outlined three common observations, with some insight on how we are supporting our clients in these areas.

### 1. Scenario analysis: This sounds really complicated...

To date we've seen several 'technical experts' stand up and lose the room before they have finished saying representative concentration pathway. We've also seen CFO's nervously scratch their heads while feeling increasingly alienated by climate related acronyms. However, it doesn't need to be like this.

Scenarios are not about accurately predicting the future. They are just a range of potential -

'stories'. Yes, it helps if they are grounded in credible data, and yes, it's important to ensure assumptions are prudent and can be justified. But really, this is something many companies are doing in non-climate change contexts already (if such a thing still even exists).

*Our advice: Start simple, then build in sophistication. Don't get hung up on the climate change scenario technicalities. By working backwards from your material or 'substantive' risk and opportunity impacts, exploring what specific operational conditions would be required for impacts to be realized; a lot can be learned before even going near the climate factors.*

*Anthesis have specialist climate modelling tools culminating from years of experience and working with leading academic partners in this field. We can take care of this aspect in an efficient, credible and simplified manner.*

### 2. Opportunity disclosure: Chance to get your business case heard

Many assume that the interest will be more in the risks. After all, you have a ERM system, a 'robust' risk matrix that is 'updated' every quarter. You may have even made an attempt to quantify risks where possible. Of course you're going to want to show this off. But what about the opportunities?

Companies commonly just reverse the risk already disclosed and state that, if well managed, it may present a commercial opportunity of equal and opposite (or sometimes greater) value. Plus, the risk -



disclosures can take a long time to disclose and get sign off, which may take the edge off the level of effort you have left for opportunities.

**Our advice:** Don't miss the chance to get your business case heard and increase support for the commercial opportunity that exists. Reconsider your approach. It's likely the scenario element will tease out key assumptions anyway (unlike in previous years), so why not take the chance to proactively assess the commercial viability in more detail. This will be needed to realize opportunities at a later date anyway. Use the disclosures to escalate the business case, as, after all, the executive board level profile that these opportunities have has never been higher.

*Anthesis provide due diligence, implementation and support services for various low carbon technologies and low carbon infrastructure. Please visit [our website](#) for further details on this side of the business.*

### 3. Engaging new stakeholders: This may not necessarily be easy.

As sustainability and climate change consultants, we regularly encounter a mix of attitudes and pre-conceptions on the topic, at all levels of seniority. From those who do nothing, to those who still have it in the 'nice to have' category (but may not realize it), and those who believe they have done all they can and but are now constrained by factors 'beyond their control'. It is therefore highly likely no 'one size will fit all' when it comes to engaging with stakeholders and implementing the TCFD's recommendations.

In the spirit of implementing good governance, harnessing strategic linkages -

and opportunities, you'll need to engage across most business functions. Yes, you'll naturally prioritize material topics and some people will stand out as more engaged than others. But be under no illusion; not everyone may be as enthused as you and not everyone will see the commercial relevance as easily. They may need some convincing.

**Our advice:** If you're assuming the role of TCFD implementer in your organization, you'll have a lot of influence on how people view climate change more generally and how engaged they are likely to be. We have found that tailoring the brief to your audience is vital. Preparing compelling examples and department-specific illustrations in advance can help. Rightly or wrongly, it's often not what you tell'em, it's how you tell'em. Translating climate speak into commercial speak is what the TCFD is all about, so don't underestimate the need to do this on your journey internally, from the start.

*Anthesis have numerous case studies and extensive experience in relation to client engagement and communication. In addition to working with corporates across a vast range of sectors, we are advising investment funds on how to effectively use this type of information within benchmarking, screening and portfolio governance activities. We are therefore optimally placed to support.*

### About Anthesis

Anthesis is the global sustainability services and solutions provider. We believe that commercial success and sustainability go hand in hand. We develop financially driven sustainability strategies, underpinned by technical expertise and delivered by collaborative teams across the world.

### Our experience

Anthesis have extensive experience in developing robust climate change and environmental information for mainstream corporate reports. We have worked with a wide range of companies, including many from the financial services sector.

We are recognized for our work on multi metrics across environmental and social indicators. We use clear language and infographics to make difficult data easy to understand and quickly show what really matters. We help you define a powerful, differentiated narrative about your performance and ambitions that inspires and motivates staff, customers and other stakeholders to understand, communicate and adapt.

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