

Are You Climate Ready?

AYCR

Submission to the TCFD Hub,  
Operated by the Climate Disclosure Standards Board  
Submitted by E2 Management Corporation,  
Catalyst for The Collaboration – December 5 2021

## How we see “Are You Climate Ready?” aligning with the TCFD Hub.



### Filter

#### Recommendation ^

- ☒ Cross theme
- ▶ ☐ Governance
- ▶ ☐ Metrics & Targets
- ▶ ☐ Risk Management
- ▶ ☐ Strategy

#### Resource Type ^

- ☐ Case study
- ☒ Framework / Standard
- ☒ Guidance / Tool
- ☐ Legislation / Regulation
- ☐ Podcast
- ☐ Research / Insights
- ☐ Upcoming events
- ☐ Upcoming webinar
- ☐ Webinar (recording)

#### Location ^

- ▶ ☐ Africa
- ▶ ☐ Asia
- ☐ Central America and the Caribbean
- ▶ ☐ Europe
- ☒ International
- ▶ ☐ North America
- ▶ ☐ Oceania
- ▶ ☐ South America

#### Industry Group ^

- ☒ All Industry Groups
- ▶ ☐ Financial
- ▶ ☐ Non-Financial

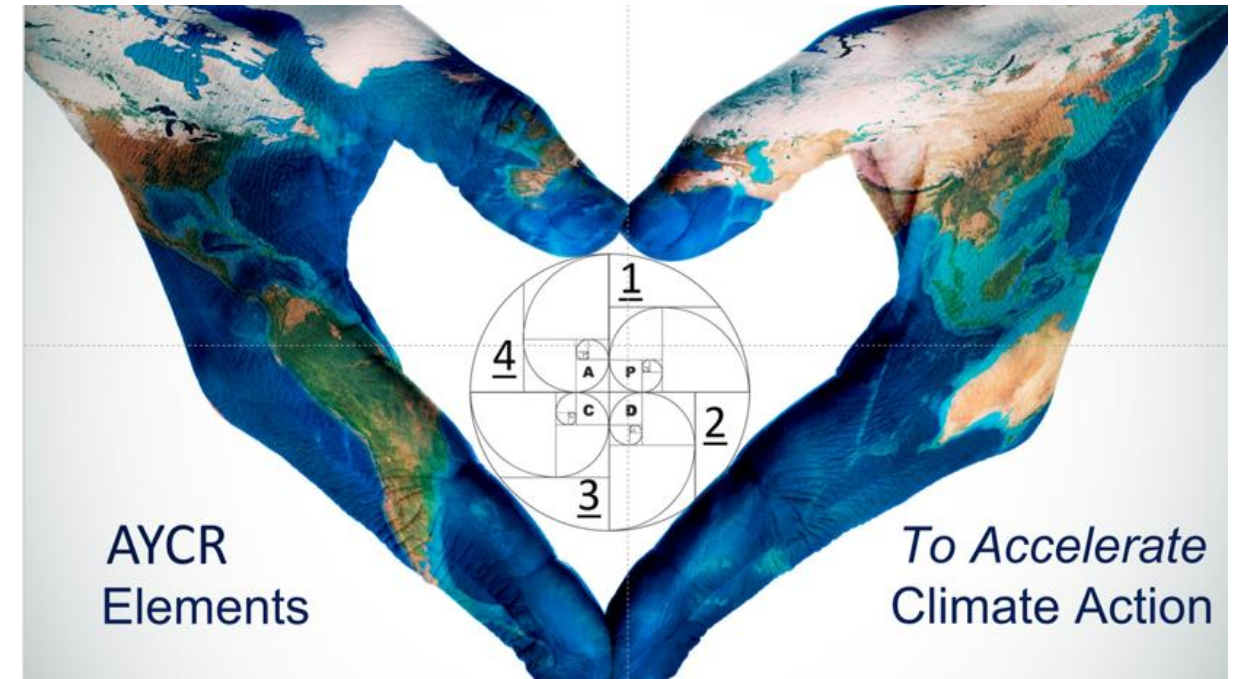
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## Introduction

In a nutshell, “Are You Climate Ready?” (AYCR) fosters behaviour change in people to become climate ready. It connects those behaviour changes to their organization to reduce risk and find current opportunities to accelerate climate action. This is enabled by an engagement process, linked to a management systems approach, fostering innovation through collaboration. Through outreach with like-minded entities from around the world, we are building a collaborative ecosystem to accelerate climate action.

AYCR offers four key elements, which:

- address the need for personal climate readiness
- leverage the value of an Environmental Management Systems (ISO 14001) to enhance reporting against the Task Force on Climate-related Financial Disclosures (TCFD)
- link over 80 proven technologies from Project Drawdown to reduce or sequester carbon
- identify patterns and trends, strengths and weaknesses, based on shared data



This submission has been prepared by E2 Management Corporation, Catalyst for The Collaboration. Questions may be directed to Lynn Johansson, President, E2 Management Corporation at [collaborate@areyouclimatereddy.com](mailto:collaborate@areyouclimatereddy.com) or by phone (1) 905 873 9484. There is also the option of a virtual room discussion enabled through a scheduled invite.



## Now for the details

This initiative is a systems approach to accelerate climate action. There are four key elements. Each element leverages the output of one to the next, to optimize the potential for climate action.

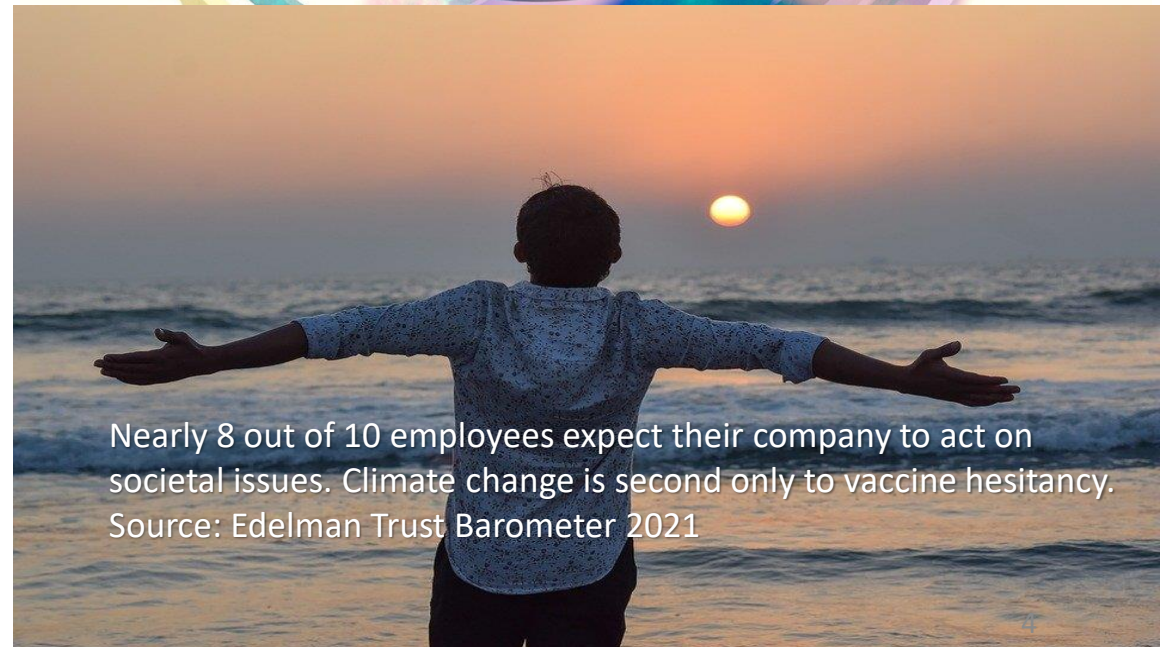
**AYCR1** addresses personal climate readiness. It starts with an experiential visioning process. It then asks employees to answer 20 questions to scope their climate readiness, climate change experience, and to identify mitigation and adaptation on a personal basis. It was developed based on research conducted by The Collaboration that included investigation into the work of behavioral scientists, economists, physicists, systems thinkers and modelers, and gamification experts. The intent is to inspire mental and physical climate readiness as a baseline.

The output of **AYCR1** is designed to promote positive spillover. This describes the process of one behavior leading to a second behavior that aligns with the initial intervention, and thus follows a certain consistency (assimilation). Spillover effects are often seen to occur as a result of changes in motivation or preferences at the individual level that result from the adoption of a new behavior and impacts on further behavioral outcomes. This presents an opportunity for leadership to enhance trust in their organizations, as more employees expect action on critical societal issues.

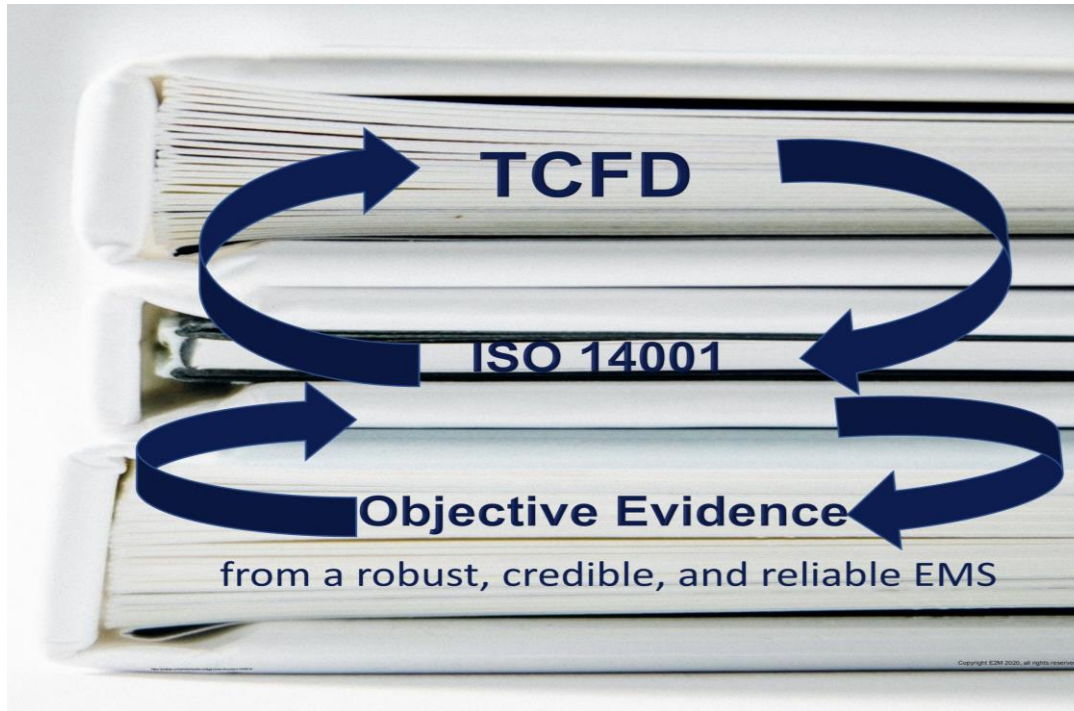
The intent is to leverage personal climate readiness into better performance in an organization context, which is addressed in **AYCR2**.



**AYCR 1- Personal Climate Readiness**



Nearly 8 out of 10 employees expect their company to act on societal issues. Climate change is second only to vaccine hesitancy.  
Source: Edelman Trust Barometer 2021



[AYCR2](#) is a matrix that aligns questions derived primarily from the TCFD Recommendations (including the updates from the 2021 Implementation Guidance) to sources of objective evidence based on a robust, credible, and reliable Environmental Management System (EMS). Reference points are to clauses and sub-clauses from ISO 14001:2015. These are questions primarily directed to Top Management, of which there are 101. Additional questions are derived from reports and research from the legal and accounting profession. Other questions are directed to Corporate Directors, of which there are 42. An organization does not have to claim conformance to ISO 14001, it is used as the de facto international standard, as a common and convenient reference.

Organizations self-assess their conformance to the TCFD and other questions using a numeric range from 0 to 10, where 10 means high conformance, 5 means some, and 0 means the organization has yet to take action to meet the TCFD recommendation.


The intent is to accelerate climate action, supported by a management system and consequently improve reporting against the recommended disclosures of the TCFD and other important reporting frameworks. The matrix was developed by a team of EMS experts who are standards writers and negotiators for their respective countries in the ISO forum.

[AYCR2](#) has been externally reviewed by experts in investing and accounting.

Of note, a robust, credible, and reliable EMS addresses any environmental issue, so the organization is better positioned to address other issues of concern, such as the loss of biodiversity.





The Value of a Robust, Credible and Reliable EMS based on ISO 14001:2015 Can your EMS provide answers to these questions?			Assessment	Comments or Objective Evidence
Question #	Reference	Governance		
1	TCFD Governance R.D. b) Pg 14	Has the organization assigned climate-related responsibilities to management-level positions or committees?  CDP Cross Reference: C12 Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.	A range of 0 to 10.	
2		a) if so, do these management positions or committees report to the board or a committee of the board, and		
3		b) do those responsibilities include assessing and/or managing climate-related issues?		

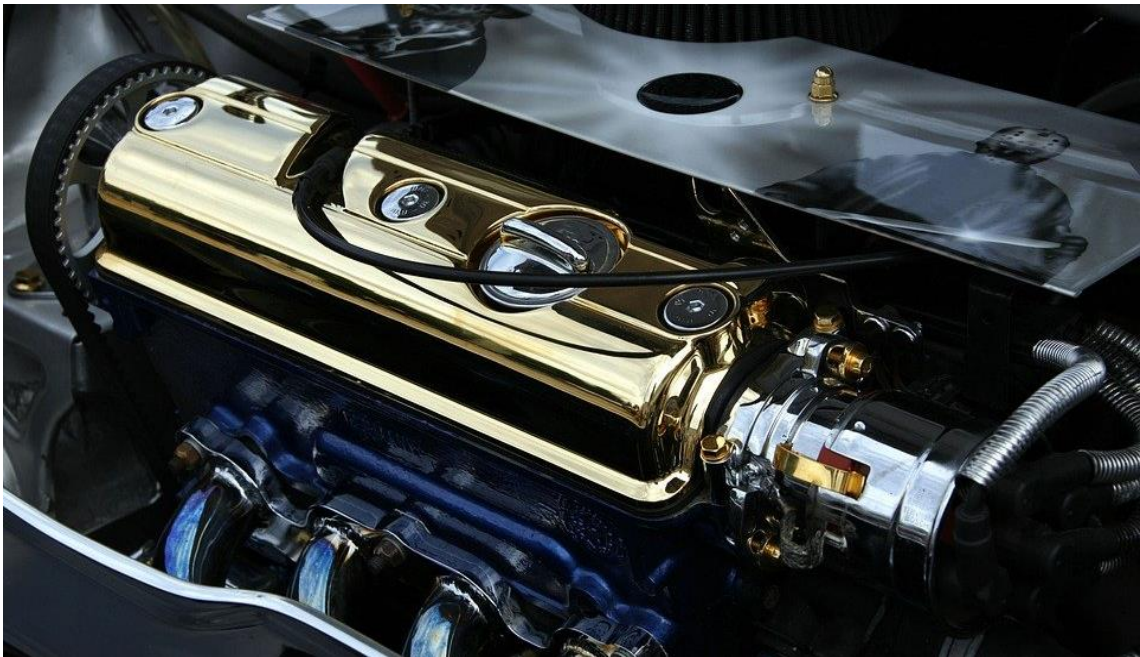
Where you might find answers in your EMS, based on ISO 14001:2015	
Primary Requirement Clauses	Supportive Requirement Clauses
Clause 5.1 Leadership and commitment	
Clause 5.3 Organizational roles, responsibilities and authorities	
	Clause 7.1 Resources
	Clause 9.3 Management review



A sample question is shown. Each of the recommendations from the TCFD have been evolved into granular questions, and where applicable, a reference to CDP is included, with permission. Some sources have been used to develop additional questions, which come from research and reports from academia, and the accounting and legal professions. Each question is connected to a clause from ISO 14001:2015 as a source of objective evidence, and to leverage the power of a management system to accelerate climate action.

EMS Managers will be tasked with completing this for inclusion in the management review, requested by Top Management and the Board of Directors. The TCFD is becoming a regulatory requirement in many countries, and the reporting framework of choice for the investment community.

The TCFD is requiring companies to look under the hood. An EMS based on ISO 14001 is the engine that lies under that hood.



Analysis by The Collaboration has shown that the presence of an EMS can support better reporting against all the TCFD recommendations. It can assist with the four weakest recommendations, which are identified in Figure 1 below. These points have been consistent weaknesses as shown in the last four TCFD Status reports.

Figure 1 shows the current weaknesses, which have been consistent over the last four years. A robust, credible, and reliable Environmental Management System can help organizations improve their performance, thereby enabling better reporting to the TCFD.

Figure 1 TCFD-Aligned Disclosure - 2021





## The Value Proposition of a Robust, Credible and Reliable Environmental Management System (ISO 14001) and ESG (Environmental, Social and Governance)

A robust, credible and reliable Environmental Management System enables an organization to better understand and manage its relationship with the environment. The environment is the source of all primary wealth, and upon which our societal wellbeing and financial wealth depends.

A systems approach provides leadership with information to make better decisions that enable them to meet global expectations that contribute to sustainable development.

Despite the fact that ISO 14001 was not designed to comprehensively address ESG issues, the framework of the international standard states specific requirements that an organization can use to address all three. These requirements are the outcome of a negotiation of global expectations by 68 countries covering all economic regions.

While some of the key elements of the standard that highlight their relationship to ESG are identified, it is essential that those from the financial community understand that it is *performance outcomes of the whole system* that delivers the value proposition that is critical for success.





AYCR 3 leverages the insight from AYCR2, linking the outputs from it to the UN's Sustainable Development Goals (SDGs) *at the target level*. The organization chooses the targets that align to the commitments stated in their environmental policy and support its strategic direction. This provides the organization with further insight, leading to over 80 proven solutions that can align with its environmental and business objectives from their EMS, which have been identified by Project Drawdown.

The matrix format is very practical. It enables the organization to set priorities, name the project, establish a budget, and identify first steps. The matrix includes details enabled by a licensing agreement from Project Drawdown.



$$\text{AYCR 3} = f(\text{ISO 14001} * \text{SDGs} * \text{Drawdown Solutions})$$

ISO 14001 is a framework embedded in an international standard. Experts from 68 countries negotiated a consistent/common set of requirements that state expectations on what organizations 'shall' meet to manage their environmental responsibilities to achieve three intended outcomes. These include the enhancement of environmental performance, the fulfillment of compliance obligations and the achievement of environmental objectives.



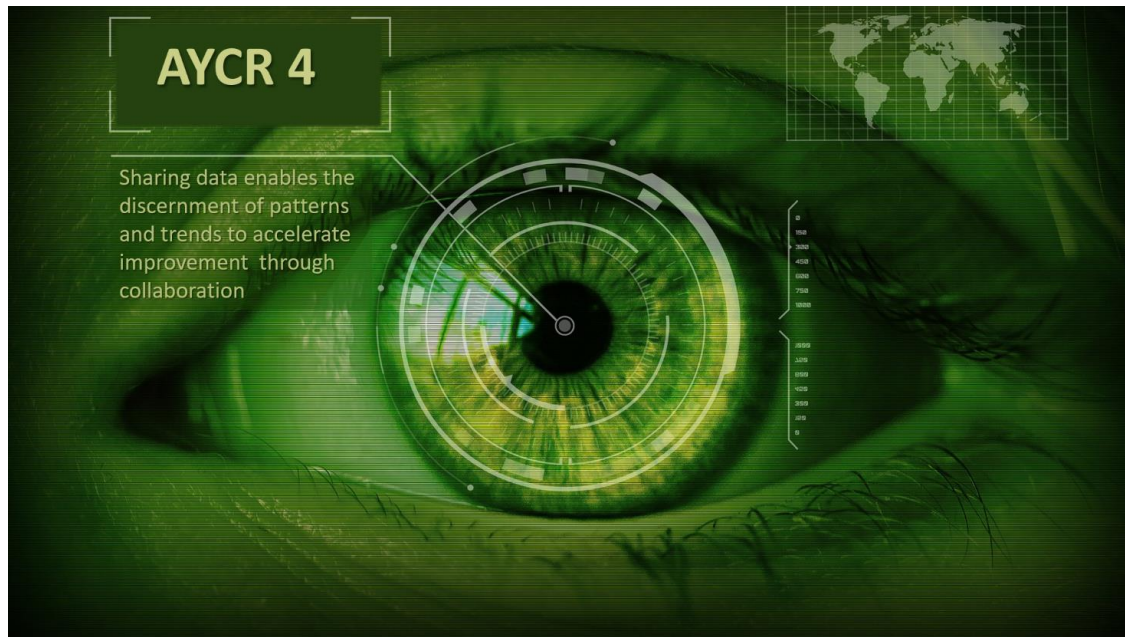
The 17 Sustainable Development Goals (SDGs), which are further defined by 169 targets, represent an urgent call for action by all countries, developed and developing, to collaborate in a global partnership. While launched as goals for governments, many private sector organizations have committed to meet the SDGs, recognizing them as elements in a shared blueprint to address human and planetary needs. They provide context and help organizations identify the needs and expectations of stakeholders.



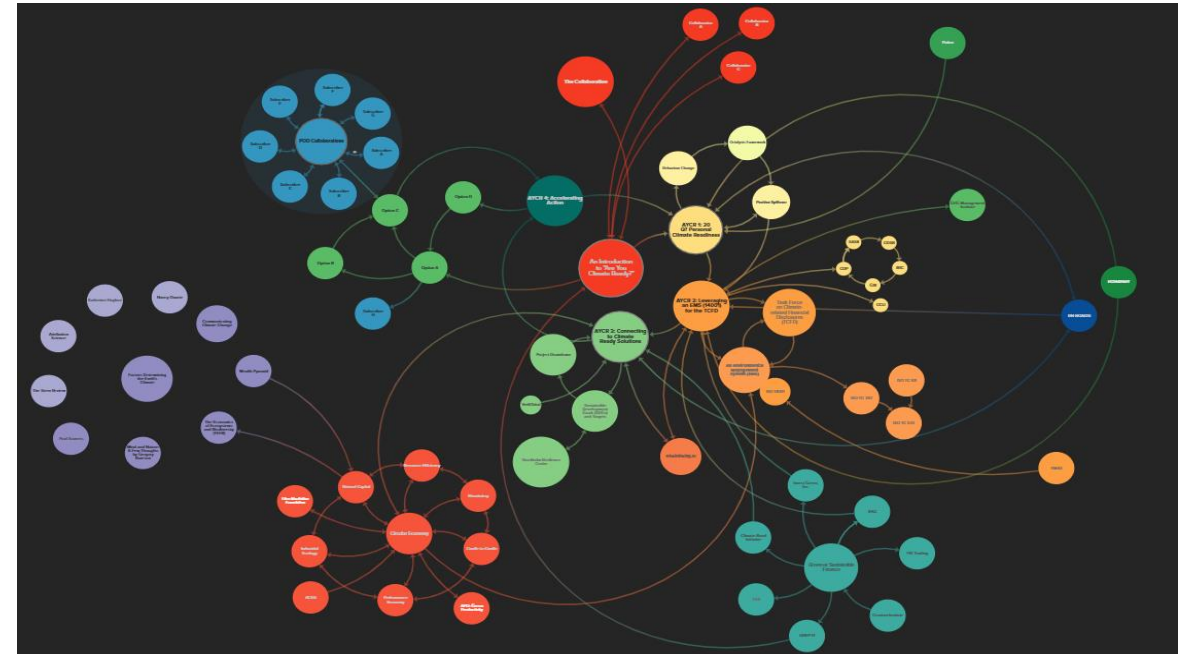
Drawdown is the future point in time when levels of greenhouse gases in the atmosphere stop climbing and start to steadily decline. Project Drawdown has identified 80 different solutions, each offering an option to reduce GHGs by avoiding or sequestering carbon dioxide already in the atmosphere.

**AYCR 4** is the feedback mechanism that “Are You Climate Ready?” provides to organizations to foster collaboration, and further accelerate climate action. Organizations share numeric data from the first three elements. Data is anonymized and aggregated to determine patterns and trends. Periodic reports are provided to share insights on strengths and weaknesses. Where there is a need for a tool or technique, “Are You Climate Ready?” will search for an existing one. If there is a need to develop something, the first step would be to solicit a collaborative option or consider undertaking the development of the tool or technique identified.

**AYCR1234** is accessed through a modest subscription process.



We are building a global collaborative approach through our **AYCR Ecosystem**



Noting that the climate change challenge is not something that can be successfully solved by one citizen, one community, one company or one country, we developed the **AYCR Ecosystem**. It recognizes the efforts of other organizations, stakeholder groups and like-minded individuals.

The **AYCR Ecosystem** is a dynamic mapping of the interrelationships of standards, the concepts, and collaboration with other like-minded people and organizations. Visit the site to see it in action and watch its growth.



“Are You Climate Ready?” also offers additional options, including learning programmes to complement and support its systems approach.

### For whom was “Are You Climate Ready?” developed?

“Are You Climate Ready?” was originally developed by members of an informal cross-sector group of organizations, representing largely private sector interests, known simply as The Collaboration. The group is managed by E2 Management Corporation.

### Why was AYCR developed?

It was borne out of the challenge members set for themselves to explore the value proposition for their EMS. The Collaboration had been tracking some of the initiatives in the financial community as part of an ongoing search for innovations and new initiatives.

We discovered the Task Force on Climate-related Financial Disclosures (TCFD) shortly after it was published. As the TCFD was an initiative of the Financial Stability Board (FSB), a kingmaker of global financial rules, we believed that it was going to evolve into a driver of external reporting and a mandatory reporting mechanism. New Zealand was the first country to prove our thinking correct. Other nations are following New Zealand’s lead.

### How does AYCR help accelerate climate action?

**AYCR1** helps employees get climate ready.

**AYCR2** enables organizational climate readiness, leveraging the power of a robust, credible, and reliable Environmental Management Systems (referencing ISO 14001) to drive climate action. It can also enhance reporting to the TCFD, and other points of disclosure. As shown in the TCFD status reports, there is clearly a need to accelerate action and provide better reporting. **AYCR2** enables this.

**AYCR3** helps organizations link their commitment to the SDGs, at the target level, to innovations that can reduce or sequester carbon. **AYCR3** connects organizations to proven options that are available today, ranging from extremely low cost to greater investment opportunities.

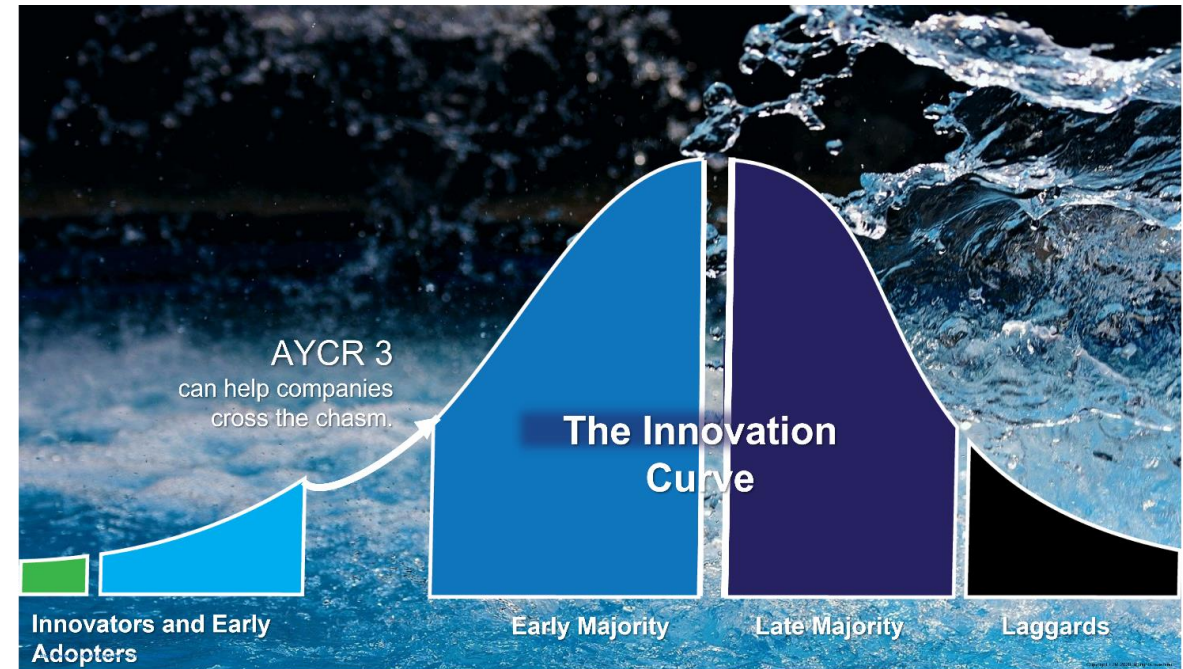


We recognize that business has a critical role in innovation, and we have yet to cross the innovation chasm. The \$130 trillion of private capital that the Global Financial Alliance for Net Zero (GFANZ) has committed to transform the global economy to net zero will be an important factor in enabling innovations to be adopted by the early and late majority.

In addition to the solutions identified by Project Drawdown, other sources of innovation are being explored such as opportunities affiliated with Asia's Green Productivity and Europe's Circular Economy. Both share many of the same core concepts such as Energy Efficiency, Biomimicry, Cradle-to-Cradle, Industrial Ecology and Natural Capital. For example, biomimicry is expected to generate an impressive investment opportunity, growing from a 300-billion-dollar opportunity by 2025 to 425 billion dollars by 2030, and these are older estimates.

*Helping companies understand the opportunity side is extremely important.*

**AYCR4** discerns *patterns and trends* based on the feedback from Subscribers. We look for ways to address weaknesses that undermine our collective ability to address and accelerate climate change. Subscribers will be provided a report summarizing the feedback, which anonymizes and aggregates data.



More insight on this initiative can be found on our website at

<https://www.areyouclimateready.com/>

Should you require more information or clarification, please direct them to Lynn

Johannson, Catalyst for the Collaboration at [collaborate@areyouclimateready.com](mailto:collaborate@areyouclimateready.com)

or by phone (1) 905 873 9484