

Task Force on Climate-related Financial Disclosures

In September 2015, Bank of England governor Mark Carney predicted that “once climate change becomes a defining issue for financial stability, it may already be too late”, sending a strong signal to the financial sector that urgent action was needed.

The G20 finance ministers and Central Bank governors responded by asking the Financial Stability Board (FSB) to review how the financial sector can best take account of climate-related issues.

The formation of the Task Force on Climate-related Financial Disclosures (TCFD) is the result: the first international initiative to examine climate change in a financial stability context.

In July 2017, the Task Force released its Recommendations report. This report sets out a framework for corporations to identify, quantify and report climate-related financial risks in a consistent manner. It offers guidance to companies on disclosing and publishing their progress through their annual reports.

In 2018, CDP, the global investor-led climate reporting initiative, will have integrated the relevant TCFD criteria into its questionnaires, further solidifying the adoption of and reporting of this information by companies to investors.

Our approach and services

Anthesis believe that by investing in and implementing the right governance, risk management and strategic planning processes, companies can become more resilient to the risks associated with climate change. And through effective reporting, they will be in a strong position to make better decisions for their future business.

We are committed to supporting rapid and good quality implementation of the TCFD recommendations and disclosures in corporate reports, and other channels, to provide consistent and comparable information to investors across whole portfolios.

We do this by providing companies and investors with the practical tools and technical expertise they need to implement TCFD recommendations, and can help them answer reporting questions such as:

1	What is our current status?
2	Where do we want to be?
3	How do we get there?

We deliver this through a combination of:

- Assessments of the company's current climate-related financial risks and opportunities – starting with a focus on the energy transition and physical risks prioritized by the Task Force.
- Benchmarking with competitor organizations.
- Working with data users and data preparers to develop effective and useful climate-related risk reporting metrics, both qualitative and quantitative, and content that can be used as the basis for external disclosures.
- Preparing high-level recommendations to improve the climate resilience of the company's strategy, business model and/or portfolio mix and investment strategy.



Governance	Recommendation: Disclose the organizations governance around climate-related risks and opportunities.	Disclosures: Describe the board's oversight of – and management's role in - assessing and managing, climate-related risks and opportunities.
	Recommendation: Disclose the actual and potential impacts of climate-related risks and opportunities on the organizations businesses, strategy, and financial planning.	Disclosures: Describe the climate-related financial risks and opportunities the organization has identified and the impact of these risks to business, strategy and financial planning. Also use scenario analysis to describe the impact of different global warming scenarios and the likely associated policy and market responses.
Strategy	Recommendation: Disclose how the organization identifies, assesses, and manages climate-related financial risks.	Disclosures: Describe the processes for identifying, assessing and managing climate-related financial risks and how these processes are integrated into the organization's overall risk management approach.
	Recommendation: Disclose the metrics and targets used to assess and manage relevant climate-related financial risks and opportunities.	Disclosures: Disclose metrics used to assess climate-related financial risks and opportunities and disclose GHG emissions and the related risks. Describe targets used to manage climate-related risks and opportunities and performance against these targets.
Risk management		
Targets and metrics		

Table 1: for each element, the Task Force has defined an overarching recommendation, supported by a set of disclosures organizations should include in their reporting.

We also support the Task Force's recommendations with scenario analysis. In line with TCFD recommendations, we include a scenario that assumes global warming of 2°C in addition to two or three other scenarios. Our objective is to determine how the organization's strategic and financial plans may be affected under the selected scenarios. We deliver this through a combination of qualitative and, where possible, quantitative analysis.

For instance, for whole portfolio physical risk analysis we draw on a scoring methodology that identifies both the geographic exposure to climate hazards of individual companies, but, also the business sensitivity of facilities or companies to those hazards. Using a suite of tools, this enables us to rapidly deliver powerful insights by assessing multiple sites and companies at any one time.

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.

Time to act

Understanding climate-related risks and building them into your financial reporting is undoubtedly challenging. But the methods and tools that enable you to do so are maturing rapidly, as are the expectations of investors and regulators for better information. Companies that fail to grasp this agenda now face a range of risks and uncertainties. We believe now is the time to act, and we look forward to supporting you.

About Anthesis

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

The company combines the reach of big professional services groups with the deep expertise of boutiques. Anthesis has clients across industry sectors from corporate multinationals such as Reckitt Benckiser, Cisco, Tesco, The North Face and Target. The company brings together expertise from countries around the world and has offices in the U.S., Canada, Colombia, the UK, Ireland, Italy, Germany, Sweden, Spain, Andorra, Finland, China, the Philippines and the Middle East.

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