

A Corporate Governance Framework for Climate Change

Corporate Commitment

Statements of Corporate Mission and Business Principles explain the **business commitment** to taking action towards mitigating the business' effect on climate change.

The CEO statement must be clear and proactive on the company's commitment to urgently lower levels of carbon emissions.

A corporate commitment to a thorough **assessment of the risks and opportunities** presented by climate change, including the risks and opportunities presented by current and likely future regulation and by the physical effects of climate change.

A corporate statement on the financial significance of these risks and opportunities and the actions that the board intend to take.

Make explicit the investment goals for shifting from fossil fuels to renewable energy and energy efficient alternatives even in the face of regulatory and market uncertainties.

Management Accountability

Assign responsibility at board level, through a named board member to provide direction, policy development and communication on climate change mitigation.

Make absolute reductions in carbon emissions an **explicit factor** in employee and director compensation.

Investor & Public Accountability

In stock-exchange filings and initial public offerings, **discuss and analyse material climate change risks including regulatory and physical risks** as well as their implications for business competitiveness.

Engage in **effective consumer-disclosure practices** regarding the level of emissions in products and services and the potential development of more energy-efficient products and services.

Contribute constructively to public policy debates on climate change.

Internal Capacity Building (to shift to renewable energy & energy efficiency)

Develop effective environmental management systems, processes and measures that are integrated into the firms operating processes

Create staff information training and incentive programmes to identify, research, and implement, energy efficiencies and renewable energy alternatives in all business processes.

Add absolute emissions reduction as a criterion for product formulation and procurement, including a commitment to seek greater energy efficiencies and to use and produce renewable energy.

Develop collaborative activities including research and financial risk sharing to develop renewable-energy alternatives.

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