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Bulletin



**Chapter
Zero** Brazil
The IBGC Climate Forum

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Climate Capability on Company Boards

The evolution of the board agenda

Stakeholders' demands on the board are increasing and climate change has become a priority. Boards are managing an unprecedented challenge with high levels of ambiguity, fast changing facts, and the outcome for some companies will be existential for their future. Although there have been basic inclusions of climate considerations in the board agenda across some companies, a lot remains to be done to match the expectations of society and investors.

The challenge requires boards to simultaneously integrate climate change into the corporate culture, to build a strategy aligned with the risk framework that considers net-zero emissions and to identify and act on climate-related opportunities.

“The current ambition is not nearly enough to achieve the degree of change necessary to keep average global temperature below 1.5°C.”

Susan Hooper, co-founder of Chapter Zero UK and non-executive director at Uber, Affinity Water and Moonpig

Strategic planning is challenging. There are no globally defined formulae or standards, all of which will differ between industry, business activity and several other variables that demand a personalized solution. While, in the rare instance where a robust strategy exists there is difficulty during implementation and best practices have yet to be established. Notwithstanding, the responsibility lies with boards to acquire the expertise to govern the company to accelerate the transition to net zero.

The starting point is to measure your current footprint, define targets and anticipate scenarios. To maximise effectiveness, board members and employees must both be engaged, to build a solid culture that embraces sustainability in every process. It is also recommended to allocate responsibility to one or more people, with direct access to and oversight from the board.

“The board has to engage around climate as a group. It is too big of a risk multiplier.”

Peter Gleason, CEO at National Association of Corporate Director (NACD) in USA



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Chapter Zero Network

One of the most valuable benefits from Chapter Zero is access to a network to facilitate open conversations to understand how board members can make the difference in climate change issues. It is the response to the need for a single receptacle for information, expertise, experience and a network for exchanging thoughts, issues and understanding. This network allows sharing of globally recognised best practices and solutions to common questions at any stage of learning. Events like the one promoted by IBGC in Brazil allows this network to grow, expand and learn more from each other: stakeholders, investors, regulators, standard setters and more.

“The part that is missing is the hearts and minds of the board of directors.”

Pedro Melo, CEO at IBGC

Greenwashing

Greenwashing aims to increase profit by selling products or services that are portrayed as environmentally friendly, but do not incorporate the core values effectively into the corporate culture and practices. Superficial actions can be harmful to the company’s reputation, the climate response is not a marketing tool. Accountability is essential and boards must apply foresight to set targets now that will result in meaningful behavioural changes and tangible impacts.

“Climate change cannot be a superficial conversation. If it is too superficial, you will end up falling into the trap of greenwashing.”

Rahul Bhardwaj, president and CEO at Institute of Corporate Directors in Canada