

CLIMATE GOVERNANCE SCORE AND TOOL

Methodology Breakdown



Below is an outline of the methodology for the London Stock Exchange Climate Governance Score:

Level 0

Q1: Does your company acknowledge climate change as a significant business issue?

Consider whether your business has a policy or an equivalent statement committing to take action on climate change; have set greenhouse gas emission reduction targets; or publish information on your operational greenhouse gas emissions.

If yes – proceed

If no – placed at level 0

Level 1

Q2: Does your company recognise climate change as a relevant business risk and/or opportunity?

If you answer yes to two or more of the following questions, please select 'Yes'

- Is there a process to manage climate-related risks?
- Have you set long-term quantitative targets for reducing greenhouse gas emissions?
- Have you incorporated climate change performance into remuneration for senior executives?
- Are climate change risks and opportunities incorporated into your company strategy?
- Do you undertake climate scenario planning?
- Do you disclose an internal price of carbon?
- Have you ensured consistency between your climate change policies and the positions taken by trade associations of which you are members?

If yes – proceed

If no – placed at level 1

Q3: Do you have a company policy stating your commitment to acting on climate change issues? (e.g. reducing your emissions or improving your energy efficiency)

If yes – proceed

If no – placed at level 1

Level 2

Q4: Has your company set greenhouse gas emissions reduction targets?

Note that these may be quantified or unquantified

If yes – proceed

If no – placed at level 2

Q5: Has your company published information on its operational greenhouse gas emissions?

If yes – proceed

If no – placed at level 2

Level 3

Q6: Has a board member or board committee been nominated by the company with explicit responsibility for oversight of the climate change policy?

If yes – proceed

If no – placed at level 3

Q7: Have measurable targets been set by the company for reducing greenhouse gas emissions?

These targets should have been set as quantitative targets to reduce greenhouse emissions in relative or absolute terms.

If yes – proceed

If no – placed at level 3

Q8: Does your company report on emissions from your supply chain and from the use of their products?

If yes – proceed

If no – placed at level 3

Q9: Has your company had its operational greenhouse gas emissions data verified by a third party?

If yes – proceed

If no – placed at level 3

Q10: Does your company support domestic and international efforts to mitigate climate change?

Your company must demonstrate support for mitigating climate change through membership of business associations that are supportive, and if they have a clear company position on public policy and regulation.

If yes – proceed

If no – placed at level 3

Q11: Does your company disclose its membership and involvement in trade associations engaged in climate issues?

If yes – proceed

If no – placed at level 3

Q12: Is there a process at your company to manage climate-related risks?

Consider whether climate change has been integrated into multi-disciplinary company-wide risk management, or if there is a specific climate-related risk management process.

If yes – proceed

If no – placed at level 3

Level 4**Q13: Does your company disclose materially important emissions from your supply chain and from the use of their products?**

If yes – proceed

If no – placed at level 4

Q14: Have long term (more than 5 years) quantitative targets been set by your company to reduce your greenhouse gas emissions?

If yes – proceed

If no – placed at level 4

Q15: Does your company's remuneration for senior executives incorporate climate change performance?

If yes – proceed

If no – placed at level 4

Q16: Are climate change risks and opportunities incorporated into the company strategy?

This can be answered yes if the company incorporates climate change risks and opportunities into their strategy and if they disclose the image of climate change risks and opportunities on financial planning.

If yes – proceed

If no – placed at level 4

Q17: Does your company undertake climate scenario planning?

If yes – proceed

If no – placed at level 4

Q18: Does your company disclose an internal price of carbon?

If yes – proceed

If no – placed at level 4

Q19: Have you ensured consistency between your climate change policies and the positions taken by trade associations of which you are members?

If yes – proceed

If no – placed at level 4

