

# Audit Committee climate reporting checklist

## Responsibilities

- Do board and audit committee members have the expertise and skills needed to properly assess climate risks, including potential strategic and financial impacts?
- Is there clear and appropriate responsibility at the board level?
- Are any responsibilities assigned to board committees clearly established and coordinated?
- Has your organisation properly considered whether it needs to bring in external expertise to assess climate risks?
- How does your organisation decide what is a material risk? This is important to satisfy the board that the company's responses are proportionate and appropriate.
- Does your organisation consider climate change in its incentive schemes, and is it using appropriate, robust key performance indicators?
- What does the management assessment process look like? How is it carried out and documented?
- Does your organisation have any climate change commitments or targets? If so, has it appropriately acknowledged, disclosed and accounted for their potential financial and other impacts?
- Is each response proportionate and appropriate? For example, does it include analysis of one or more climate change scenarios where necessary?

## Management actions

- Has your organisation integrated climate change into its core risk management systems?
- Does your risk assessment consider potential impacts over the short, medium and long term?
- Does your risk assessment consider potential impacts across the organisation's full value chain, both direct and indirect, upstream and downstream? For example, does it look at risks that might arise from use of the company's products and services?
- Does your organisation have a plan for keeping the risk assessment up to date? What does this plan look like?
- Does your organisation appropriately incorporate climate change considerations into its business model and strategic plans?
- Is the level of climate-related disclosure proportionate to the level of your organisation's risks and opportunities?
- Is climate change properly considered when making critical accounting assumptions? For example, does your organisation (where appropriate) factor it into estimates about impairment testing, depreciation rates, asset decommissioning and other situations involving cash flow forecasts?
- Is the committee kept up to date about climate considerations by other relevant parties? For example, does it know how investors and other providers of capital are factoring climate risks into their investment and voting decisions?

## Other considerations

For more information on the role of the audit committee, contact [John Patterson, Corporate Governance Specialist, PwC United Kingdom](#)



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