

FOR IMMEDIATE RELEASE

New guide helps audit committees navigate the changing climate governance landscape

1 December 2020, Vancouver - Canada Climate Law Initiative (CCLI) has released *Audit Committees and Effective Climate Governance, A Guide for Boards of Directors*, a practical guide for corporate boards to respond to growing investor requests for effective management and disclosure of climate-related financial risks and opportunities. Canadian securities regulators have been clear that climate change is now a mainstream business issue and that companies must disclose material climate risks and how they are addressing them.

Last month the Chief Executive Officers of Canada's largest pension plans, representing \$1.6 trillion in assets under management, announced their commitment to sustainable growth by integrating climate-related and other environmental, social and governance factors into their investment decisions. They reminded investee companies that they have an obligation to disclose their material business risks and opportunities through financially relevant, comparable and decision-useful information. This guide will assist corporate boards and their audit committee to provide that information.

"The *Guide for Audit Committees on Climate Governance* provides a comprehensive blueprint to assist corporate boards and their audit committees in effectively reporting on their oversight of management of climate-related risks." said Catherine McCall, Executive Director at the Canadian Coalition for Good Governance (CCGG) and CCLI's Climate Governance Expert.

Authored by Dr. Janis Sarra, Professor of Law at the University of British Columbia, with contributing authors Meghan Harris-Ngae, Ernst & Young, Roopa Davé, KPMG, and Ravipal Bains, McMillan LLP, this guide draws together current legal standards and best practice guidance for Canadian audit committees, to assist them in taking a leadership role in effective climate governance. It offers practical tips for audit committees navigating a rapidly changing climate governance landscape.

Audit committees are commonly delegated responsibility to undertake detailed scrutiny and oversight of financial reporting processes with key role in determining how the company's strategies and financial results are communicated to investors, regulators, and other stakeholders. Given the growing direct and indirect financial impacts of climate change, boards of directors have a duty to adopt a climate action strategy to tackle what Canadian courts have called "an existential threat to human civilization and the global ecosystem".

External auditors are increasingly integrating climate issues into external audits, and it is only a matter of time before they will raise climate issues as a “key audit matter” for some entities, so the audit committee must be prepared.

Ellie Mulholland, the Executive Director of the CCLI’s global partner, the Commonwealth Climate and Law Initiative added, “It is no longer enough for companies to just disclose climate risks in the front end of the annual report, as we had confirmed last month when the IFRS Foundation, who set international accounting standards, released guidance on climate-related issues in the financial statements. This guide is well-timed to help Canadian audit committees make sure the back end of the annual report matches those narrative disclosures in the front.”

The guide can also be used by the board, its risk committee or any other committees that the board has assigned oversight to, always understanding that it is the board of directors that is ultimately responsible for oversight and management of climate change in the best interests of the company.

About the Canada Climate Law Initiative

The Canada Climate Law Initiative (CCLI) is a cross-disciplinary research initiative that advances the understanding of climate governance across Canada through research, dialogue and knowledge sharing. CCLI conducts rigorous legal analysis and consults with a national network of 55 Canadian Climate Governance Experts to bring up-to-date governance knowledge and tools to corporate and pension boards across Canada. CCLI is led by three principal investigators, Dr. Janis Sarra and Dr. Carol Liao from the Peter A. Allard School of Law, University of British Columbia, and Professor Cynthia Williams from the Osgoode Hall Law School, York University. For more information, visit www.cccli.ubc.ca

The Canada Climate Law Initiative acknowledges that the UBC Point Grey campus is situated on the traditional, ancestral, and unceded territory of the xwməθkʷəyəm (Musqueam).

About the Commonwealth Climate and Law Initiative

The Canadian Climate and Law Initiative is the Canadian partner of the global Commonwealth Climate and Law Initiative, a research, education, and outreach project which was founded to focus on four Commonwealth countries: Australia, Canada, South Africa, and the United Kingdom, but is now expanding its remit to the United States, and to several Asian jurisdictions, including Hong Kong, India, and Singapore. Our founding partners are the University of Oxford, the Prince's Accounting for Sustainability project and ClientEarth and we leverage cross-disciplinary perspectives from our global experts in academia and the legal, accountancy,

business and scientific communities. We help to make visible the material risks of future climate liabilities on directors and trustees and equip these actors with the tools to improve climate change governance practice. This is key to motivating actions today that can reduce climate impacts in the future. Read more [here](#).

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