

Setting Up Climate Governance and Strategy

Introduction

Establishing a climate governance structure and strategy is essential for SMEs to manage their sustainability efforts effectively. Without a clear division of responsibilities, companies risk missing out on opportunities or demands from customers and suppliers. This guide outlines how SMEs can approach setting up climate governance within your organization and developing a comprehensive climate strategy.

Step 1: Establish Climate Governance

- **Assign Responsibility:** Form a cross-functional team responsible for climate-related activities. This team should include members from various departments such as operations, finance, and HR. If you are a smaller organization, decide on a person responsible for this area.
- **Assign Roles and Responsibilities:** Clearly define the roles and responsibilities of each team member to ensure accountability. This could include tasks such as data collection, strategy development, and stakeholder engagement. It's important to recognize that team members may require additional skills or knowledge. Incorporating capacity-building and upskilling initiatives, such as using tools like the SME Climate Hub's Action Space, can bridge this gap.

Step 2: Develop a Climate Strategy

- **Set Clear Goals:** Establish short-term and long-term climate goals aligned with broader sustainability objectives. For example, aim to reduce greenhouse gas emissions by a certain percentage over the next five years. For detailed information on how to approach setting your climate targets, check out our [separate guide](#) on this.
- **Identify Key Actions:** Outline specific actions to achieve these goals, such as energy efficiency improvements, waste reduction initiatives, or renewable energy adoption. Consider developing a climate transition plan for your organisation. Find guidance on how to develop a transition plan [here](#), including an example from an SME.

Step 3: Integrate Climate Strategy into Business Operations

- Ensure that your climate strategy is integrated into all aspects of your business operations. This includes incorporating climate considerations into decision-making processes, investment strategies, and employee engagement programs.
- Regularly communicate the importance of climate action to all employees and stakeholders to build a culture of sustainability.

Step 4: Monitor, Report, and Improve

- Establish a system for monitoring progress against your climate goals. Regularly review performance and make adjustments as necessary. This can include following up on your Climate Transition Plan, developing your sustainability report or reporting to your customers.
- Report your progress to stakeholders, including employees, customers, and investors. Transparency builds trust and demonstrates your commitment to climate action.