



TOOLKIT: FIVE DOS AND DON'TS TO GET AHEAD OF THE CURVE

At the company level, the following list of dos and don'ts reflect key insights from our members and research – linking climate externalities to capital allocation, investment strategy, and the underlying business case.

 Five Dos	 Five Don'ts
Develop a clear, long-term climate strategy that can endure beyond political or regulatory cycles.	Don't over-rely on short-term targets or static frameworks like net-zero pledges or SBTi labels without aligning them to capital allocation.
Use shadow pricing and scenario analysis in capital allocation decisions to capture a range of future carbon and physical risk scenarios.	Don't treat any single metric (e.g., carbon price) as a universal solution — there's no one-size-fits-all standard.
Update your metrics and assumptions regularly to reflect changes in science, markets, and regulation.	Don't rely on outdated standards or carbon benchmarks from 4 – 5 years ago that may no longer be material, and don't delay capital allocation decisions relying on the fact that insights get better over time.
Translate climate metrics into familiar investor concepts — such as risk premia, expected return, or a “carbon carry trade” and report to investors, or disclose as part of the MD&A.	Don't assume investors will understand and agree to a strategy just because it is “sustainable” — they need to see the business case.
Get ahead of future costs by recognizing where physical risks are already material , such as in insurance markets.	Don't delay action assuming the “green premium” or “grey discount” is only a future concern — it's already priced in some markets.