A growing group of forward-looking companies are using an internal carbon price to help manage climate risk and align themselves with the low-carbon transition. Internal carbon pricing can not only help companies effectively combat climate change and meet bold emissions reduction targets, but can also encourage innovation, drive down costs and help ensure sustained economic competitiveness. Leading businesses recognize this and are building a carbon price into their operations and investment decisions, as an effective way to future-proof profitability and help shape the evolving regulatory framework.

**HOW COMPANIES CAN ENGAGE IN THIS INITIATIVE**

By making this commitment, companies are agreeing to align with the UN Global Compact’s Business Leadership Criteria on Carbon Pricing:

- Set an internal carbon price high enough to materially affect investment decisions to drive down greenhouse gas emissions; and benchmark against your peers.
- Publicly advocate the importance of carbon pricing through policy mechanisms that take into account country specific economies and policy contexts; and the Carbon Pricing Leadership Coalition (CPLC).
- Communicate on progress over time on the two criteria above in public corporate reports.

**THE BUSINESS CASE**

1. **Investment decisions**

   “Sky uses an internal price of carbon to help us make decisions on the investments we make in energy efficiency and onsite renewable energy in addition to standard simple payback and Investment Rates of Returns (IRR)... to help build a more robust business case in investments made. Particularly for the case of on-site renewable energy when simple paybacks are typically longer than other business investments made...”

   Sky Plc

2. **Helps fight climate change**

   “...Viña Concha y Toro views this internal price of carbon as a key strategic element, a practice that will make all of our business units aware of the impact we have and how we can help fight climate change. We also hope to help them understand how climate change can affect our own business.”

   Vina Concha y Toro SA
3. Increases innovation

“Autodesk believes in taking bold action on climate change. Setting an internal price on carbon will not only enable better decision-making by aligning our own business and investments with a low-carbon economy, but will also help us better understand and support our global customers to reimagine, reinvent, and recreate the built world for everyone.”

Autodesk, Inc.

4. Cost savings

“Societe Generale is one of the first banks to have implemented in 2011 an “Internal Carbon Tax,” currently amounting to EUR10 per ton emitted. The proceeds raised in the business lines are used to fund internal environmental efficiency initiatives. The goal of this scheme is to show that environmental measures are also opportunities to create value and innovation for the bank... Over the three years of this scheme's existence, all 119 winning initiatives, involving building, IT, paper, transport or waste (since 2015), enabled annual recurring savings of an average of €13 million on overheads, an average of 4,700 tonnes per year of CO2 and an average of 30 GWh of energy savings.”

Societe Generale

5. Drives leadership

“The carbon fee affects investment decisions by providing both an incentive and the financial justification for internal efficiency initiatives... In FY15, the carbon fee fund was used to support investments in... 2,699,210 MWh in green power in the United States, earning Microsoft the US Environmental Protection Agency (EPA)'s Green Power Partnership as the number two purchaser in the United States.”

Microsoft Corporation