



**INTEGRATING
CLIMATE
CONSIDERATIONS
INTO BOARD
STRATEGY**



WHY CLIMATE GOVERNANCE MATTERS


Climate change isn't just an environmental issue. Its impacts are a business reality that affect operations, costs, regulations, and customer expectations. In today's rapidly changing climate, integrating climate-related considerations into board-level strategy is essential in order to build resilience, identify opportunities, and stay competitive.

The benefits are tangible and immediate. Effective climate governance helps businesses anticipate and prepare for climate-related disruptions while identifying efficiency improvements that reduce costs. Companies that proactively address climate considerations often gain market advantages by meeting evolving customer and investor expectations. Staying ahead of emerging climate regulations can also prevent costly last-minute compliance scrambles, with many businesses discovering new products, services, or market opportunities through their climate initiatives.

WHERE TO START?

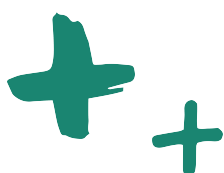
1. ASSESS YOUR CURRENT POSITION

Before integrating climate considerations, understand where you stand. Start by conducting a quick climate risk assessment to identify the climate risks that could impact your business, such as flooding, extreme weather, or supply chain disruptions. Consider how regulations might change in your sector and what your customers and suppliers are saying about sustainability. Also examine where you use the most energy or resources, as these areas often present both risks and opportunities for improvement.

 **Your FuturePlus Advisor can guide you on how best to conduct a Climate Risk Assessment, and our Consultancy team are always on hand if you'd like more comprehensive support.**

2. BUILD BOARD AWARENESS

Your board doesn't need to become climate experts overnight, but they do need baseline knowledge to make informed decisions. Essential board education should cover industry-specific climate trends and regulations, basic climate risk categories including the difference between physical and transition risks, competitor approaches to climate issues, and evolving customer and investor expectations in your market. This foundation enables meaningful strategic discussions about climate integration.



IMPLEMENTATION

The approach to climate governance should match your board size and complexity. For smaller boards (3-7 members), designate one board member as a "climate champion" who takes responsibility for keeping climate issues on the agenda. Include climate as a standard item in quarterly board meetings and create a simple climate risk register to track key concerns.

Larger boards (8+ members) might consider a dedicated sustainability committee or integrate climate oversight into an existing risk committee. Assign clear responsibilities for climate oversight and establish regular reporting protocols to ensure consistent attention to climate matters.

INTEGRATE CLIMATE INTO STRATEGIC PLANNING

Your annual strategic review process should incorporate climate considerations alongside traditional business factors. This integration involves conducting risk assessments that include climate risks, mapping climate-related business opportunities, using scenario planning to consider different climate futures from mild to severe impacts, and allocating resources for climate adaptation and mitigation measures.

Practical tools can make this integration more manageable. A climate risk matrix helps plot the likelihood versus impact of climate risks, while a regulatory timeline tracks upcoming climate regulations in your sector. Regular competitor analysis monitors how competitors are addressing climate issues and can reveal both threats and opportunities in your market.

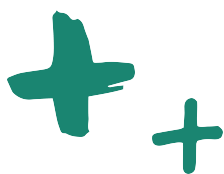
DEVELOP CLIMATE-INFORMED POLICIES

Key Policy Areas:

- **Procurement:** Integrate climate criteria into supplier selection
- **Investment:** Consider climate impacts in capital expenditure decisions
- **Operations:** Set targets for energy efficiency and waste reduction
- **Reporting:** Establish metrics to track climate-related performance

CREATE MONITORING & REPORTING SYSTEMS

Effective climate governance requires tracking progress through simple, meaningful metrics. Focus on energy consumption and costs, basic carbon footprint calculations, climate risk incidents and responses, progress on climate-related goals, and regulatory compliance status. These metrics don't need to be sophisticated initially. The key is to establish a baseline and track improvements over time.



COMMON CHALLENGES

“OUR CUSTOMERS DON’T CARE ABOUT CLIMATE”

Research emerging market trends. Consider future customer expectations, explore new market opportunities, and focus on operational benefits like cost savings and efficiency improvements that strengthen your business regardless of customer climate preferences.

“CLIMATE RISKS TO OUR BUSINESS ARE VERY MINIMAL”

Look beyond direct physical impacts to identify indirect and systemic risks. Even businesses that seem climate-insulated often face significant indirect exposures through supply chains, regulatory changes, insurance costs, or shifting market conditions. Consider how extreme weather might affect your suppliers, or how carbon pricing could impact your costs. Examine transition risks such as changing consumer preferences, stranded assets, or competitive disadvantages from not adapting.

“CLIMATE RISKS SEEM SO UNCERTAIN”

Focus on no-regret actions that deliver benefits regardless of specific climate outcomes. Improve energy efficiency to save money, strengthen supply chain resilience, enhance emergency preparedness, and build flexibility into long-term planning to adapt as conditions change.

“WE DON’T HAVE THE EXPERTISE AND/OR RESOURCES”

Start simple and build gradually. Focus on material issues most relevant to your business rather than trying to address everything at once. Integrate climate considerations into existing processes rather than creating entirely new systems. Add a climate lens to current risk assessments, include climate factors in existing strategic planning, and use the FuturePlus framework to guide you.

NEED MORE HELP?

Remember, the FuturePlus team is here to support you. Climate change strategy and response can be a complex issue, so reach out to your Advisor with any questions you may have. Or if you’re interested in exploring our consultancy services, you can reach us at: info@future-plus.co.uk

