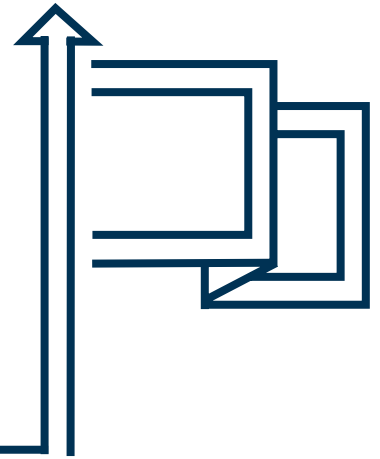


# Getting Started: Setting your strategic ambition



In collaboration with Boston Consulting Group (BCG), the third module in our Transition Planning series equips non-executive directors (NEDs) with practical tips on how to fully integrate climate transition planning into business strategy.

*“... the reality is this is hugely challenging. In terms of a plan, you’re looking at a very long term compared with the normal planning cycle for a business. You’re looking at a great deal of uncertainty... **You have to keep the mindset that you get started and keep pushing ahead.**”*

**Ruth Cairnie**

Chapter Zero Supporting Chair, Chair of Babcock International Group and Senior Independent Director of BT Group

*“The thing that was most helpful for us [in setting a Transition Plan] was **leadership from the top and executive buy-in, and also board support.**” ... “The key is to set your ambition at the beginning ... The transition plan is a great platform for changing the way in which the organisation thinks about climate and how it can respond to it.”*

**James Close**

Head of Climate Change, NatWest Group

*“There is a change in mindset needed to do Transition Plans... and not worry too much about the long-term picture. Set a plan around 2030, focus on shorter goals and see how that moves us along to our journey to 2050... **What’s more important is that we have a plan, we disclose the plan, we make a difference and we’re pragmatic.**”*

**Kirstie McIntyre**

Group Head of Sustainability, Pepco Group

# Key takeaways for non-executive directors

---

---

1

Ensure the company's climate transition plan aligns with the broader business objectives and is embedded across the whole organisation.

2

Advocate for a climate strategy that not only meets compliance but also drives long-term competitive advantage via an innovative and resilient business model.

3

Push for science-based short-, medium- and long-term climate goals that are realistic and aligned with current and expected regulation. Encourage the executive team to prioritise key areas where the company can make the greatest impact, for example those where the organisation can have high influence over the supply chain, working with its suppliers to adopt more sustainable practices.

4

Make sure the company conducts robust scenario analyses to prepare for shifts in the external environment, such as new regulatory requirements and emerging risks. It is then important to ensure, at board level, that the organisation's strategy is adapted accordingly to account for evolving external factors and uncertainties.

5

Ask critical questions, such as whether the transition plan is sufficiently ambitious, has a clear business case and is future-proofed against potential risks.

# How to set your organisation's strategic ambition

---

---

Start by aligning your company's strategic ambition with the TPT framework, outlining the objectives and priorities of your climate transition plan. Set short-, medium-, and long-term targets to guide your company's transition to a low-emissions, climate-resilient economy. The strategic ambition should integrate broader sustainability priorities beyond climate, including nature, the just transition and adaptation considerations.

The just **transition** involves anticipating, assessing, and addressing the social risks and opportunities of the transition to a low-GHG emissions and climate-resilient development, as well as ensuring meaningful dialogue and participation for impacted groups (including workers, communities, supply chains, and consumers) in transition planning. (Source: Transition Plan Taskforce Disclosure Framework, October 2023)

Climate change **adaptation** refers to actions that help reduce vulnerability to the current or expected impacts of climate change like weather extremes and natural disasters, sea-level rise, biodiversity loss, or food and water insecurity. (Source: UNDP, The Climate Dictionary)



# How to set your organisation's strategic ambition

Asking critical questions in the boardroom can help foster strategic reflection on climate ambition.

We have highlighted six key questions that NEDs can raise:



## Ambition level

Is our climate strategy sufficiently ambitious?



## Business case

Have we articulated a clear business case to support the climate strategy and action plan?



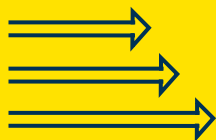
## Macroeconomic context

How fit-for-purpose is our climate ambition given existing and potential changes to the external context (e.g. supply chain shocks, interest rate changes)?



## Reputation

Does our climate ambition expose the organisation to material reputational risk such as accusations of greenwashing? How are we managing these risks? Or, conversely, can we establish ourselves as leaders or innovators in sustainable practices and open up new business opportunities by doing so?



## Roadmap

Have we identified measurable, short-, medium- and long-term actions to deliver the strategy? How will these be monitored and verified?

The board should prepare for uncertainty by modelling multiple scenarios and conducting stress tests. The organisation's strategic ambition should be dynamic, and regularly reviewed and modified to reflect the evolving external landscape. It is key to be honest and remain authentic to your company's intent and ambition throughout the review process. It is also crucial to bring internal and external stakeholders along on this journey.

# The role of the NED in setting strategic ambition

---

---

## **Champion long-term strategic vision and board-level integration**

NEDs should ensure that the organisation's transition plans align with its long-term business goals and competitive positioning. NEDs can:

- Advocate for embedding strategic ambition within the overall business strategy and across all departments.
- Encourage board members to view transition planning as a source of sustainable value creation and competitive advantage, not just a compliance process.
- Raise the ambition by pushing for consistent climate-related discussions at board meetings, focusing on strategic reflections and implications.

## **Set ambition and prioritise key areas of impact**

NEDs should ensure that climate targets within the strategic ambition are science-based, aligned with regulatory expectations, and achievable. NEDs can:

- Challenge the executive team to set clear short-, medium- and long-term goals, while highlighting the risks of being under or over ambitious.
- Help the company prioritise areas of significant impact, recognising it is impossible to address every sustainability issue at once.
- Provide oversight on areas where the company can lead, depending on its business context.
- Ensure there is a clear business case for climate action.

## **Oversee risk management and scenario planning based on the external environment**

NEDs should make sure the company has undertaken robust scenario analyses for regulatory changes, macroeconomic shifts and reputational risks. NEDs can:

- Encourage the business to prepare for multiple future pathways and adapt to uncertainties.
- Ensure continued good governance by staying abreast of evolving regulations, investor expectations, and societal trends related to transition planning.

## **Promote ongoing learning and adjustment**

NEDs should support an iterative approach to strategic integration, recognising that adjustments will need to be made as external conditions change, and challenges and opportunities arise. NEDs can:

- Advocate for regular strategic updates to ensure the business and climate strategy is reviewed and modified regularly.
- Encourage ongoing learning and capacity building at both board and executive levels about climate risks and opportunities.

# Getting Started:

## Setting your strategic ambition

---

---

### **Additional resources**

[Watch the webinar recording](#)

[Find out more about embedding climate strategy](#)

[Use the Chapter Zero Transition Planning Toolkit](#)

[Visit BCG website](#)

