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iema.net
info@iema.net
+44(0)1522 540 069

RESPONSE FROM THE INSTITUTE OF ENVIRONMENTAL MANAGEMENT AND ASSESSMENT (IEMA) TO DEFRA'S CONSULTATION ON THE STRATEGY FOR THE FOURTH ROUND OF CLIMATE ADAPTATION REPORTING

ABOUT IEMA

IEMA is the professional body for those people working in environmental management and in corporate sustainability roles. IEMA's growing membership of over 20,000 professionals work at the interface between organisations, the environment and society in a range of critical roles (for example from sustainability directors through to climate change leads and in consultancy and advisory roles). We also work with a range of corporate partners. Our professional members are active across all sectors in the UK, for example from construction and manufacturing through to logistics, facilities, and across financial, retail, food, consultancy and the wider service and public sector.

EXECUTIVE SUMMARY

IEMA members from a representative group across the organisation held a workshop to discuss the consultation proposals and prepare this response.

The key recommendations are as follows:

- That the primary objective for adaptation reporting should be to integrate climate change risk management into the work of reporting organisations
- That reporting should be mandatory
- That reporting should have some degree of standardisation so that the reports can be easily read, understood and audited

Not all questions have been answered.

Objectives for the fourth round of adaptation reporting

1. Do you agree with the objectives and principles for this round of reporting? Please give your reasons as necessary.

Yes, the primary objective should be to support the integration of climate change risk management into the work of reporting organisations.

There needs to be more focus on implementation and delivery for adaptation measures. The Climate Change Committee's 2023 report to Parliament *Progress in Adapting to Climate Change* [in England] found that this was still lacking for all adaptation outcomes. Reports should also show how adaptation plans are being integrated/embedded in business processes, such as Environmental Management Systems.

2. Are there any additional objectives or principles you would want to see included?

An additional objective would be to support organisations in assessing the effects of interdependencies. In other words, reports could be used to provide vital information about risks and plans that could help other organisations plan for cascading failures.

The CCRA3 principles for good adaptation could also be transposed as principles for adaptation reporting. There is an increasing move towards this framing, such as in the water industry adaptation framework and the Environmental Improvement Plan. Providing government steer on this through the ARP would

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help practitioners develop their approaches and lead to more consistent and comparable information to help fulfil the objectives.

3. Would providing an update on changes since round three of reporting enable your organisation to deliver a report within a shorter time period?

IEMA does not report. IEMA members support a focus on delivery and implementation rather than a reassessment of risks.

4. Do you have any further proposals that would help streamline and minimise the reporting burden on your organisation or sector?

IEMA does not report. However, the burden on environmental professionals across all sectors could be minimised by:

- by making it mandatory- offering legitimacy to much needed adaptation progress in organisations
- not changing templates or lists of risks from last time
- allowing for alignment with other reporting regimes rather than duplication
- using reporting to gather evidence for CCRA4 and progress on NAP rather than duplicating the collection of the same/similar evidence later on

The requirement to report

5. Should ARP reporting remain voluntary or be made mandatory in round four? Please give your reasons as necessary.

Yes, it should be mandatory. This will create a more robust and resilient system overall. It will be more transparent and improve progress. Organisations will need plenty of warning for reporting requirements so that they can budget and ensure that appropriate resources are in place for the work involved.

6. Should the position be reviewed again ahead of round five?

While the position should always remain under review, we think that mandatory reporting will be beneficial and once in place is unlikely to need to be reversed.

7. What impacts, positive or negative, could mandatory reporting have in your organisation?

If organisations aren't forewarned about the requirements it could have a negative impact on their budgeting, and in turn on the quality of the reporting itself.

8. What else can government do to encourage additional coverage in sectors where gaps have been identified? How should we determine proportionality in these sectors?

Mandatory reporting would ensure full coverage across sectors.

Engagement through trade associations and professional bodies, such as IEMA, could help raise awareness of the benefits of reporting, spread good practice and share experience. For example, an improved understanding of the synergies with TCFD and sustainability reporting and engagement with businesses on adaptation reporting in general.

The reporting should include some stakeholder mapping so that interdependencies can be identified and gaps can be closed.

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The consultation doesn't deal adequately with scrutiny. Reporting should be independently scrutinised, audited and analysed. This would:

- identify whether it is being done robustly
- possibly highlight instances of maladaptation (or other learning points)
- inform DEFRA' s UK Climate Change Risk Assessments

Other reporting regimes

9. Is your organisation subject to existing or planned UK Sustainability Disclosure Requirements or any other relevant reporting regimes? How far do these go in fulfilling the objectives of ARP in your organisation?

Many IEMA members will be involved in reporting under UK Sustainability Disclosure Requirements, TCFD and CDP. These do not completely fulfil the objectives of adaptation reporting.

10.Are there any gaps which remain between the information provided under other reporting requirements and that of ARP? If yes, please provide details.

No response.

11.Could your TCFD-aligned disclosures effectively replace ARP in round four or beyond? Please give any supporting reasons.

TCFD isn't a replacement for ARP in round four and beyond – so organisations will have to do both.

It would be useful if TCFD and ARP reporting were lined up in a format so that where there is duplication, organisations don't have to repeat work and can submit from one 'database' of reporting content.

Physical risk reporting under TCFD is less mature than risk associated with emissions reduction and ARP reporters tend to have the best quality TCFD disclosure. Therefore, it is not recommended that TCFD replaces ARP in round four but that this could be considered in the future.

Sectoral approaches

12.Do you support a case-by-case approach to sectoral reporting, balancing the need for proportionality with the need for specific insights into the management of climate risks? Please give any supporting reasons.

No, given the primary objective should be to support the integration of climate change risk management into the work of reporting organisations.

13.Who should be asked to report in the energy generation, telecommunications and digital sectors?

Within these sectors, the following should be included:

- energy producers (including renewables) over a certain size (could be an output threshold). The recent Climate Change Committee report on adaptation progress found that we are a long way from having any plans in place for a net zero energy system that is also resilient
- data centres
- mobile phone network operators
- broadband internet operators

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Reporting by regulators

14.How can reporting by regulators best reflect their important oversight role?

All regulators should report and should ensure that the smaller parts or operators within their sector and regulatory remit are within scope of oversight.

For example, as the energy sector decentralises, smaller IDNOs are increasingly part of the picture but not currently within scope for reporting. This undermines reporting by larger DNOs as it obscures vulnerability within the elements of the system.

Economic and environmental regulators should be asked to report on how they are using their duties and powers to enable adaptation across the sectors they regulate e.g. through resilience standards, and on the effect this has had.

15.Which regulators should be invited to report in round four?

No response.

16.Would your organisation be able to report on interdependent and cascading risks? Please give any supporting reasons.

No response.

17.Would a requirement to report on the detail of interdependent risks help to drive progress in assessing and managing these? Please give any supporting reasons.

Yes, but further guidance is needed on how to assess and plan for interdependencies and cascading risks as well as a formalised mechanism to support interdependent organisations to collaborate including through data sharing.

18.How can government encourage cross-sector working and collaboration on interdependencies as part of the adaptation reporting process?

More guidance on cross-sector working and collaboration would be welcomed. A methodology would be welcome. Transparency and robustness of reporting is important because interdependency and cascade risk can only be properly judged if using accurate input data.

Guidance and templates

19.Would reporting templates be helpful for your organisation? Please give any supporting reasons.

No response.

20.Do you agree that following the template should be voluntary? Please give any supporting reasons.

A voluntary template would undermine the usefulness of templates (please see our answer to 21, below).

21.What supporting guidance would be useful to minimise reporting burdens and ensure that reports are generating useful insights?

A template would be useful, as noted above this would help line up reporting requirements. This would also be helpful for third party comparing, plus assessing and analysing reports. This would facilitate pro-active use of the reports.

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The template should not be too prescriptive. It should guide the users on what reporting should cover and give other checklists and reporting format guidance. For example, event frequency should be consistent so that if one organisation reports on 10 yearly events / or temperatures / or amount of rainfall - then another organisation can evaluate cascading risks on the same scales.

Having a template could help move forward best practice and collaboration across organisations and sectors and supply chains.

The recent IEMA publication *Climate Change Adaptation Practitioner Guidance* sets out a maturity matrix for adaptation planning.

Evidence and risk assessment

22. Should government pursue a standardised approach to risk assessment, including by mandating the use of specific climate scenarios? How would this affect your ability to respond, and to assess risk according to your organisation's specific circumstances?

As we say above with reference to a template, there should be a common set of scenarios for reporting so that cross-sectoral collaboration on interdependencies can be effective. With a common set of scenarios, individual organisations can map their thresholds and trigger points - those of the 'weakest link' in the supply chain.

23. Do you agree that organisations that reported in the third round should not be required to submit full risk assessments in round four, and that reports should instead focus on updates to actions taken in response to risks? Please give any supporting reasons.

They should report on whether their operation is materially the same as it was in round three. Organisations should certainly be required to submit full risk assessments in round four if any material aspects of their operations have changed since round three. All reports should include actions taken in response to risks regardless of whether the organisation has already reported before.

Unless (or until) risk assessments are properly assessed and audited, it is not possible to know whether they are adequate enough for subsequent risk assessment processes to be skipped.

Scope

24. Have we selected the right areas to prioritise for targeted scope expansion in the fourth round of reporting?

IEMA: no response

25. How would a reporting pilot be received in your sector?

IEMA: no response

26. Which organisations should be invited to report and how should we determine proportionality in these sectors?

IEMA: no response

27. Would your organisation be willing to take part in a pilot in round four of the ARP?

IEMA: no response

Local government

28.Do you agree that Local Authority reporting should be piloted with a small group of authorities in round four of ARP, to test the costs and benefits? What form should this take? Would your organisation be willing to take part?

IEMA: no response

29.What advice, guidance and incentives do Local Authorities need to help develop their climate risk management practices?

IEMA: no response

Devolved and reserved matters

30.Do you agree with the ARP approach to reporting by organisations with activities in the territorial extent of one or more of the devolved administrations? Please elaborate.

IEMA: no response

Costs and benefits of reporting

31.What is the estimated total cost (time and resource) of reporting for your organisation?

IEMA: no response

32.If you have reported in the past, in what ways has the exercise been useful to your organisation?

IEMA: no response

Further review of adaptation reporting

33.What additional questions would you pose for future reviews of climate adaptation reporting?

IEMA: no response

Chloë Fiddy - Policy and Engagement Lead – Climate Change and Energy

Institute of Environmental Management and Assessment (IEMA)

www.iema.net

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