

DEPARTMENT FOR ENERGY SECURITY AND NET ZERO

CALL FOR EVIDENCE: SCOPE 3 EMISSIONS IN THE UK REPORTING LANDSCAPE

EXECUTIVE SUMMARY

The Institute of Environmental Management and Assessment (IEMA) has over 20,000 individual members and over 300 corporate partners, many of whom are involved in climate, sustainability and transition planning. IEMA members are often involved in emissions reporting for their own organisations or provide emissions reporting and validation services to corporate clients, and these members have an interest in the outcome of this consultation.

IEMA held two workshops with members and received a number of individual submissions to inform this response to the [Scope 3 Emissions in the UK Reporting Landscape: call for evidence \(publishing.service.gov.uk\)](#) consultation.

The core findings from our workshops were:

- That Scope 3 emissions are a useful tool for a company to compare its emissions from one year to the next, but that complexities and variations in boundary setting and data collection make reports not useful for comparing one company to another in any meaningful way. We recognise that GHG Protocol is currently reviewing Scope 3 frameworks and guidance to iron out these issues.
- That it is not compulsory to implement actions identified in SECR reporting. Therefore it can be viewed as a 'checkbox exercise' because companies that would take action, probably already have done so and companies that are not inclined to take action will continue to not take action.

Our recommendations are:

- That this may be the moment to take a holistic view of what reporting is supposed to achieve, and design a new framework based on this outcome rather than making small incremental changes to existing frameworks.
- To find ways to incentivise large companies for support given to smaller companies with reporting.
- That all reporting requirements should be accompanied by guidance in plain English. The instructions in current guidance can be confusing in themselves, perhaps rather more so than the actual language of the guidance. Clarity of purpose will aid in the use of written guidance.
- For all new requirements to include education and skills building.

QUESTION 1. WHAT IS YOUR COMPANY NUMBER? IF YOU WORK FOR AN LLP, PLEASE STATE SO HERE.

N/A This is a collective response is on behalf of the members of the Institute of Environmental Management and Assessment (IEMA). Registration number 03690916.

QUESTION 2. WHERE APPLICABLE, WHAT PERCENTAGE OF YOUR SUPPLY CHAIN IS WITHIN THE UK, WITHIN THE EU, OUTSIDE OF THE UK AND THE EU?

IEMA members that participated in this consultation response work are collectively part of global supply chains.

QUESTION 3. WHAT IS YOUR ROLE IN RELATION TO COMPANY REPORTING? FOR EXAMPLE, ARE YOU A REPORTING ENTITY, A COMPANY WITHIN THE SUPPLY CHAIN OF A REPORTING ENTITY, AN INVESTOR AND/OR A USER OF ACCOUNTS, CONTRACTED TO REPORT ON BEHALF OF A REPORTING ENTITY, PART OF A CONSULTANCY FIRM, OR PART OF A VOLUNTARY REPORTING SCHEME?

IEMA members that participated in this consultation response include those:

- within reporting entities
- within the supply chain of reporting entities
- at consultancy firms

QUESTION 4. WHAT ROLE DOES SCOPE 3 EMISSIONS REPORTING CURRENTLY PLAY IN YOUR ORGANISATION? IF YOUR ORGANISATION DOES REPORT ITS SCOPE 3 EMISSIONS, WHICH SCOPE 3 EMISSIONS CATEGORIES ARE YOU CURRENTLY REPORTING ON AND WHY? IS THIS ON A VOLUNTARY OR MANDATORY BASIS? PLEASE STATE WHETHER YOU HAVE DONE SO IN THE PAST AND, IF YOU NO LONGER REPORT SCOPE 3 DATA, WHY.

Across the IEMA membership all Scope 3 emissions categories are reported on, to different degrees and with different mandates depending on the reporting entity.

QUESTION 5. DO YOU AGREE OR DISAGREE WITH THE ISSB'S ASSESSMENT OF THE VALUE OF SCOPE 3 INFORMATION?

Broadly, ISSB includes Scope 3 because it highlights transition risks such as carbon pricing, regulation and consumer demand, and enables comparisons over time and between different business models (for instance those that outsource versus those that are vertically integrated).

IEMA agrees with the ISSB's assessment of the value of Scope 3 – without considering Scope 3 it is impossible to form a comprehensive view of overall risk.

QUESTION 6 IN GENERAL, WHAT IS YOUR VIEW ON THE APPROACH TO SCOPE 3 REPORTING CONTAINED WITHIN IFRS S2? PLEASE CONSIDER THE ISSB'S APPROACH TO MATERIALITY IN YOUR ANSWER

Workshop participants viewed this approach as reasonable.

QUESTION 7. WHAT IS YOUR VIEW ON THE USE OF THE GHG PROTOCOL FOR THE PURPOSES OF SCOPE 3 REPORTING WITHIN IFRS S2? WILL THIS LEAD TO COMPARABLE AND CONSISTENT REPORTING THAT IS USEFUL FOR INVESTORS AND USERS OF ACCOUNTS?

Wherever possible (and within the requirements set by different jurisdictions) consistency can only be achieved if just one reporting framework is used internationally. The GHG Protocol and guidance (and any future updated iterations) are well placed to be the framework standard.

However even within the frameworks and guidance provided by the GHG Protocol, Scope 3 reporting can currently vary if different boundaries and methodologies are used. The consultation background text notes the body of literature on the practicalities of Scope 3 reporting. As with the background text we do not rehearse the discussion here, but note that IEMA members are aware of it and are following it closely.

Scope 3 reporting leans heavily on qualitative narrative in the notes and is not solely a quantitative exercise. Because of this qualitative aspect, and because the boundaries and methodologies can vary

greatly, overall, IEMA members do not consider Scope 3 reporting as a tool that automatically enables straightforward comparison between different organisations – even those within the same sector.

However, IEMA members do view Scope 3 reporting as a good tool for enabling year-on-year comparison within an organisation. In this respect it may contain useful information for users of climate related financial reporting.

QUESTION 8. WOULD USING THE ISSB'S APPROACH TO SCOPE 3 REPORTING HAVE KNOCK-ON CONSEQUENCES FOR YOUR ORGANISATION THAT THE GOVERNMENT SHOULD BE AWARE OF? FOR INSTANCE, YOU MAY WISH TO CONSIDER THE INTERACTION BETWEEN IFRS S2 AND ANY EU REGULATIONS, OR OTHER ENERGY/EMISSIONS REPORTING REQUIREMENTS THAT YOUR ORGANISATION MAY BE IMPACTED BY.

In some situations, companies are already reporting on their Scope 3 emissions to comply with other regulations, for instance within the Corporate Sustainability Reporting Directive (CSRD).

The ISSB's approach to Scope 3 reporting only considers materiality from the perspective of the report users – those stakeholders with an interest in the organisation's sustainability reporting. The CSRD additionally considers materiality from the perspective of the affected stakeholders – those stakeholders who may be positively or negatively affected by the organisation's activities including in the value chain.

One view is that an emissions category could therefore be material and reportable under CSRD that is not material and reportable under ISSB. Following this view, the ISSB approach is 'lighter' but consistent with CSRD.

An alternative view is that the ISSB S1 and S2 approach built upon the industry-based SASB standards¹ requires the reporting entity to consider the impact of physical, and transition (including regulatory) risks, which may have financial impact on income statements, balance sheets and risk profiles.² Therefore it is not that case that ISSB does not consider environmental impacts, albeit it only calls for their consideration and publication where they are material (using the definition of materiality as having the potential to be a significant factor in a financial decision-making process).

There will be a knock-on impact of additional work for companies supplying emissions data at product, not company level. Companies trading products within scope of the Carbon Border Adjustment Mechanism, for instance, or providing product passports, will have extra work to also report organisational Scope 3 emissions.

QUESTION 9. IS THERE ANY ADDITIONAL EMISSIONS OR ENERGY-CONSUMPTION RELATED DATA THAT IS NOT REQUIRED WITHIN IFRS S2 THAT YOU BELIEVE IS VALUABLE FOR INVESTORS, USERS OF ACCOUNTS AND OTHER STAKEHOLDERS?

There is a risk that a company could choose to mitigate risks from impacts to the environment not by reducing emissions, but by moving operations to alternative locations where regulatory risks are lower, or by lobbying to change the regulatory environment. This would 'pass' the IFRS financially-focussed reporting requirement but may not provide the outcome that some stakeholders would be hoping for.

¹ [IFRS - IFRS Sustainability Licensing](#)

² [SASB-Climate-Risk-Technical-Bulletin-2023-0823.pdf](#)

Other stakeholders may benefit from additional emissions data that reflects a company's impacts on the external environment. One workshop member pointed out that without mandated biodiversity reporting for companies, a company may take an action that is good for emissions but bad for biodiversity.

In sum, IFRS S2 reporting tells you how a company intends to survive and thrive in the presence of climate change but may not tell you what it is doing to mitigate its own contribution to climate change. Neither does it put any obligation on the company to do so.

QUESTION 10. WHAT FURTHER GUIDANCE AND SUPPORT MIGHT BE NEEDED FOR YOUR ORGANISATION, AND ORGANISATIONS IN YOUR VALUE CHAIN, TO REPORT SCOPE 3 INFORMATION IN ACCORDANCE WITH IFRS S2?

Supply chains need strong support, and guidance needs to be simple to follow and written in plain English. It needs to be very clear what data needs to be sourced.

ISSB scoping criteria for materiality for Scope 3 emissions is qualitative and could be open to interpretation. It may be preferable for there to be a threshold for materiality based on a proportion of emissions. Otherwise it isn't clear which organisation might be placed to challenge statements.

In terms of support throughout supply chains, it was noted that large organisations are most likely to support smaller ones, and it was suggested that perhaps financial incentives could be put in place to make this support attractive throughout the business community.

QUESTION 11. IF YOUR ORGANISATION DOES NOT ALREADY PREPARE SCOPE 3 INFORMATION, HOW LONG WOULD YOU NEED TO BUILD THE CAPACITY AND CAPABILITY TO DO SO?

N/A: (IEMA members responding to the consultation were all familiar with Scope 3 reporting).

QUESTION 12. HOW, IF AT ALL, DO YOU EXPECT TO USE THE SCOPE 3 INFORMATION THAT COULD BE DISCLOSED BY BUSINESSES IN ACCORDANCE WITH IFRS S2? IF YOU ARE AN INVESTOR, HOW WILL THIS INFORMATION INFLUENCE YOUR DECISION-MAKING?

The Scope 3 reporting exercise requires a business to look deeply into your supply chain, and this is a vital step for understanding business risks (and opportunities).

QUESTION 13. IF YOU ARE A USER OF ANNUAL REPORTS, WHICH OF THE SCOPE 3 GHG EMISSIONS CATEGORIES DO YOU MOST VALUE INFORMATION ON AND WHY?

No response

QUESTION 14. WHEN MAKING INVESTMENT DECISIONS, DOES THE USEFULNESS OF SCOPE 3 DATA VARY DEPENDING ON THE SECTOR AND THE SIZE OF THE REPORTING ORGANISATION?

We approach this question on the assumption that the answers received will be used to inform future reporting requirements which might vary by sector or size.

Our workshops found that sector and size aren't always the best indicators of the usefulness of Scope 3 data. The usefulness of Scope 3 can also vary based on business models.

For example, two manufacturing companies might be in the same sector but one could be small and outsource most of its operations, while another might be large and be more vertically integrated. While in principle capturing the Scope 3 emissions of the outsourcer would make it level with the Scope 1 and 2

emissions of the vertical model, in practice the boundaries could be set almost wherever the outsourcer wanted. This would make meaningful comparison between the two impossible even though they're in the same sector.

In another example, two construction companies operating in the built environment sector, could have different approaches to sourcing. One company may use all virgin materials while another will reuse materials. The company using virgin materials will have lower Scope 3 emissions than the company that reuses materials. If 'useful' is a proxy for 'low' then the company using all virgin materials will find Scope 3 emissions data to be useful and the reuse company will not. On the other hand, if 'useful' is a proxy for 'good for the environment' then in this case, Scope 3 emissions data alone won't reveal which company has less of an environmental impact.

IEMA has a steering group for the circular economy which would be delighted to provide more detailed insights and advice around boundary setting for future reporting regulations, allowing for more nuance than just looking at size and sector.

QUESTION 15. WHAT ARE YOUR VIEWS ON THE OVERALL COSTS AND BENEFITS OF SCOPE 3 REPORTING? PLEASE BE AS SPECIFIC AS POSSIBLE.

Scope 3 reporting enables companies to compare their progress on emissions year on year. The more thorough the reporting, the more costs increase. Eventually these costs will be passed to the end consumer.

As set out in an earlier answer, IEMA members are not convinced that Scope 3 currently reporting enables any meaningful comparison between companies, even between those in the same sector. The benefit of Scope 3 reporting is for use as an internal management tool as an organisation works towards a net zero target.

However, if every company reported on Scopes 1 and 2, and passed this information down the value chain, then Scope 3 reporting would be unnecessary.

Verification and validation adds a layer of cost, although is an exercise which can provide value.

Our members report that Environmental Product Declarations are more useful to customers than published Scope 3 emissions.

QUESTION 16. WHAT BENEFITS COULD SCOPE 3 REPORTING BRING TO YOUR ORGANISATION? PLEASE BE AS PRECISE AS POSSIBLE WHEN EXPLAINING THE BASIS OF ANY BENEFITS YOU PROVIDE. IF YOU CURRENTLY PRODUCE SCOPE 3 DATA VOLUNTARILY UNDER SECR, PLEASE EXPLAIN THE BENEFITS YOU HAVE RECEIVED AND HOW THEY HAVE CHANGED OVER TIME.

Benefits are greatest when Scope 3 is used as a management tool for transition planning.

QUESTION 17. WHAT COSTS COULD SCOPE 3 REPORTING BRING TO YOUR ORGANISATION? WHERE POSSIBLE, PLEASE GIVE A BREAKDOWN OF EACH ELEMENT OF COST. PLEASE BE AS PRECISE AS POSSIBLE WHEN EXPLAINING THE BASIS OF ANY COSTINGS YOU PROVIDE. IF YOU DO CURRENTLY PRODUCE SCOPE 3 DATA VOLUNTARILY UNDER SECR, PLEASE EXPLAIN THE COSTS YOU HAVE INCURRED AND HOW THEY HAVE CHANGED OVER TIME.

Our workshop participants came from companies ranging in size.

We heard that consultancies' charges vary in scale from £750 to >£1,000 per day, with many days' work required for reporting. It is estimated that client time taken up is usually equal to consultant time because clients must provide their advisors with the data. The upfront time commitment can reduce in subsequent years as companies become accustomed to gathering and saving data although overall this just spreads the time commitment over the year rather than it all being compressed into one period.

Costs for data repositories and analytic tools are additional costs.

QUESTION 18. HOW ARE YOU APPROACHING THE ISSUES AROUND DATA AVAILABILITY IN RELATION TO SCOPE 3 REPORTING? ARE YOU AWARE OF ANY USEFUL DATA SOURCES, REPORTING TOOLS, OR RESOURCES (SUCH AS EMISSIONS FACTORS) TO HELP UK ORGANISATIONS REPORT THEIR SCOPE 3 EMISSIONS, AND HOW ARE YOU TACKLING THEM?

For general reporting, UK government (DEFRA) resources including emissions factors are used by IEMA members. WRAP was referenced as being the go-to resource for the food and beverage sector.

Some sectors seem to be more advanced than others with reporting tools. An example provided in our workshops was the marine fuels sector which has standardised methods of calculation.³

QUESTION 19. WHAT ARE, OR DO YOU ANTICIPATE BEING, THE GREATEST BARRIERS TO PRODUCING CONSISTENT SCOPE 3 DATA?

As we set out in our answer to question 7, even within the frameworks and guidance provided by the GHG Protocol, Scope 3 reporting can currently vary if different boundaries and methodologies are used. The consultation background text notes the body of literature on the practicalities of Scope 3 reporting.

The greatest barriers are boundaries, calculation factors and accessing supplier data. One suggestion was for there to be some sort of screening process for companies to pick their most relevant categories for reporting.

Without wishing too much to go over the known barriers to producing consistent Scope 3 data, we provide a few examples here.

- 1) One workshop looked at the example of a product that uses energy (let's say a boiler), and how one would work out the downstream emissions from usage:
 - As a manufacturer you could not know how often or for how long your product will be run/used by different end users
 - If it is bought by another company, then that company's Scope 1 and 2 emissions will cover the usage
 - If it is bought by a household then the usage emissions are not counted anywhere
 - If sold to a wholesaler or a distributor then it is impossible to know its onward journey both in terms of transportation and use

The only way around these problems are to either: Provide clear consistent guidance on boundaries (which will almost certainly be limited to tier 1 or 2 downstream) and therefore will be neither comprehensive nor comparable (as some companies are more vertical than others). Or to provide a generic emissions factor which is then not decision-useful from a stakeholder/data user perspective, since all companies making this product will be reporting the same result.

³ [Guidelines on life cycle GHG intensity of marine fuels \(LCA Guidelines\) \(imo.org\)](#)

- 2) Using spend data can make calculations inaccurate; most volume suppliers offer discounts or rebates to make products cheaper to some customers than others, although each customer is buying the same product. Delivery costs (which might be a point of variation between bulk and non-bulk customers) are often bundled into the product invoice. There is no way of knowing the true value of the product or the delivery.
- 3) Counting emissions from staff commuting don't take into account public transport options which vary around the UK. Areas arguably most in need of economic growth and levelling up will see their companies 'penalised' for having higher staff commuting emissions if their staff have no choice but to travel by car.
- 4) If downstream processing of sold product is to be included, should manufacturers refuse to sell to customers that are poor at managing their emissions?

These examples demonstrate that the technical steps for collecting data aren't clear, and that in some cases they can produce adverse and unintended consequences.

This is why many IEMA members say that Scope 3 reporting can help a company assess its year-on-year progress against a transition plan, but is not sufficiently robust to enable robust comparisons between different companies.

Even if these complexities can be resolved, in terms of accessing supplier and downstream data, the challenges seem almost insurmountable. The data required from suppliers and customers is immense in volume. Larger corporates will have the leverage and the resources to access this data that smaller companies will lack.

QUESTION 20. IF YOU CURRENTLY VOLUNTARILY REPORT YOUR SCOPE 3 EMISSIONS, INCLUDING THROUGH NON-GOVERNMENTAL FRAMEWORKS SUCH AS CDP AND SBTI, WHAT EFFECT HAS THIS HAD ON YOUR RELATIONSHIPS WITH BUSINESSES IN YOUR SUPPLY CHAIN?

These supply chain relationships are very much in their infancy. There is a lot of education and skills building that is needed in this area. Enabling different size organisations in supply chains to work with one another on emissions reduction will not be a 'one-size-fits-all' exercise. Some organisations are more open with data than others, which may be related to the size and relative power of the organisation asking the question.

The Environmental Product Declaration system may be more simple and more robust, however this depends on the product/location in the category. Some EPDs are 'buckets' of products/locations while others are single.

QUESTION 21. WHAT IMPACT COULD AN INCREASE IN SCOPE 3 REPORTING BY A LARGER REPORTING ENTITY HAVE ON YOUR ORGANISATION? WHAT ARE THE COSTS AND BENEFITS OF SCOPE 3 REPORTING ON SMALLER ORGANISATIONS WITHIN THEIR SUPPLY CHAIN? PLEASE PROVIDE ANY EVIDENCE YOU HAVE OF THESE.

IEMA recently published guidance on transition planning for SMEs, which was informed by workshops with SMEs that supply larger reporting entities.⁴

Workshops for that project found that SMEs in the healthcare sector and supplying the public sector focus on PPN 06/21 which is manageable. However workshop attendees noted that this excludes purchased

⁴ [IEMA - Navigating the shift to an economy with a low impact on the environment: A Practical Guide for SMEs in Transition Planning](#)

goods and services and therefore could exclude a considerable proportion of emissions. We are aware that PPN 06/21 is deliberately designed to be light enough that it doesn't present an insurmountable barrier to smaller organisations hoping to gain contracts with the public sector.

QUESTION 22. IF YOU CURRENTLY SUPPLY DATA TO A REPORTING ENTITY TO ENABLE IT TO VOLUNTARILY REPORT ITS SCOPE 3 EMISSIONS, HAS THE COST TO YOU OF DOING SO REDUCED, STAYED THE SAME OR INCREASED OVER TIME? WHAT EFFECT HAS THIS HAD ON YOUR RELATIONSHIP WITH THE REPORTING ENTITY?

No response.

QUESTION 23. WHAT COULD THE GOVERNMENT DO TO REDUCE THE COSTS OR INCREASE THE BENEFITS OF REPORTING FOR SMALLER BUSINESSES IN THE SUPPLY CHAINS OF ENTITIES THAT REPORT ON SCOPE 3?

The provision of clearly written guidance in plain English would be particularly useful. This has to include guidance around boundaries.

IEMA members are aware that PPN 06/21 is deliberately designed to be light enough that it doesn't present an insurmountable barrier to smaller organisations hoping to gain contracts with the public sector.

QUESTION 24. IF YOU SUPPLY DATA TO A LARGER ENTITY, WHAT EFFECT (INCLUDING FINANCIAL IMPACTS) HAS THIS HAD ON YOUR ORGANISATION? WE ARE PARTICULARLY KEEN HERE TO RECEIVE VIEWS FROM SMES.

No response

QUESTION 25. WHAT BENEFITS DOES ROBUST SCOPE 3 REPORTING PROVIDE TO STAKEHOLDERS OUTSIDE OF THE INVESTMENT COMMUNITY?

As noted in previous questions, workshop attendees described Scope 3 emissions reporting to be a questionable basis on which to compare organisations on a like for like basis. However, they described Scope 3 emissions reporting as a valuable tool for managing change / transition planning. Stakeholders inside and outside the investment community could use Scope 3 reporting as a way of understanding a company's progress.

QUESTION 26. OVERALL, DO YOU THINK THE SECR REGULATIONS ARE ACHIEVING THEIR ORIGINAL OBJECTIVES? IF YOU DO NOT THINK THEY ARE ACHIEVING THE ORIGINAL OBJECTIVES, OR ARE PARTIALLY ACHIEVING THE OBJECTIVES, PLEASE EXPLAIN WHY.

At its best, the SECR framework provides the opportunity for companies to increase awareness of energy costs and emissions and provides a starting point for carbon data collation. It provides the framework to review what energy efficiency measures have been implemented across the organisation as well as the prompt to consider future opportunities. However, this is only an opportunity if it is taken, which is not mandatory. There is nothing to mandate efficiency plans being put in place or implemented going forward.

Some workshop participants explained that an organisation that has been in scope for a while will probably already have done all of the accessible energy efficiency measures possible so will have reached the edges of what SECR aims to achieve.

For companies that ignore, or have already done all of the energy efficiency measures identified by SECR reporting, SECR is a 'tick-box' exercise.

Since there is no enforcement it is not possible to say whether SECR achieves its original objectives.

QUESTION 27. HAVE THERE BEEN ANY UNINTENDED EFFECTS OF THE SECR REGULATIONS THAT YOU THINK GOVERNMENT SHOULD CONSIDER? PLEASE INCLUDE WHETHER THERE ARE ANY EQUALITY IMPACTS TO BE TAKEN INTO CONSIDERATION.

No response

QUESTION 28. ARE THE CURRENT SECR REQUIREMENTS TARGETED AT THE CORRECT POPULATION OF BUSINESSES (INCLUDING LLPS)? IF NOT, WHICH TYPES OF BUSINESSES AND OF WHICH SIZE DO YOU THINK THE REQUIREMENTS SHOULD APPLY TO? IF YOU THINK THAT DIFFERENT REQUIREMENTS SHOULD APPLY TO DIFFERENT POPULATIONS OF BUSINESSES, PLEASE SPECIFY.

One suggestion was that extending SECR reporting to medium-sized businesses would oblige them to record their carbon footprints, which in turn would oblige them to have data available for other actors in their supply chains. However this suggestion did not come from a medium-sized business.

QUESTION 29. SECR REPORTING IS CURRENTLY REQUIRED WITHIN A COMPANY'S ANNUAL REPORT. WOULD IT BE MORE APPROPRIATE TO REPORT ON SECR IN ANOTHER DOCUMENT OR FORMAT?

The general direction seems to be for climate-related reporting to be incorporated within an annual report. Workshop participants did not indicate that another document or format would be better.

QUESTION 30. HOW CAN THE GOVERNMENT STREAMLINE CURRENT ENERGY AND EMISSIONS REPORTING REQUIREMENTS FOR ORGANISATIONS IN SCOPE OF SECR WHILE STILL MEETING THE SECR OBJECTIVES?

ESOS is better for reporting benefits and outcomes for energy-related emissions (although this may change with the new ESOS requirements) while SECR is better for more general emissions reporting. It seems that ESOS is moving towards SECR in reporting and hoped-for outcomes, since ESOS will be moving beyond energy audits and towards also setting out a range of actions for the organisation to achieve net zero by 2050. It encompasses Scopes 1 and 2, business travel from Scope 3 and any other Scope 3 emissions that the reporting organisation would like to include.

PPN 06/21 is designed to be fairly light touch, but overlaps with neither ESOS and SECR. PPN 06/21 excludes purchased goods and services (as this may be a barrier to some organisations) but this could exclude some emissions that are material in scale.

Making multiple small amendments to different schemes misses the opportunity to properly align emissions reporting. It may be the right time to carry out a wholesale review of the outcomes the UK and DESNZ wants from reporting in general, and then reviewing and possibly consolidating all reporting requirements to achieve consistency and remove duplication. This would reduce costs and complexities for reporting entities. IEMA members would be pleased to support government with such a review.

QUESTION 31. UNDER THE EXISTING SECR FRAMEWORK, THERE ARE DIFFERENT REPORTING REQUIREMENTS FOR QUOTED COMPANIES AND UNQUOTED COMPANIES/LLPS. ARE THESE DIFFERING REQUIREMENTS APPROPRIATE? IF NOT, WHAT REFORMS WOULD YOU SUGGEST?

No response

QUESTION 32. WHAT RESOURCES DO YOU CURRENTLY USE TO COMPLY WITH SECR (E.G., ERG GUIDANCE, CONVERSION FACTORS, THE GHG PROTOCOL, ETC) AND DO YOU FEEL THESE ARE SUFFICIENT? IF THESE AREN'T SUFFICIENT, WHAT DO YOU THINK IS MISSING?

Workshop participants reported using DEFRA conversion guidance, GHG Guidance and support from consultants. A concern that was highlighted was whether even Scopes 1 and 2 were being measured accurately in buildings where the owner, management organisation and tenants share responsibilities. Information is not always easily available or provided in a timely manner.

QUESTION 33. WHAT BENEFITS HAS COMPLIANCE WITH THE CURRENT SECR REGULATIONS HAD FOR YOUR ORGANISATION?

Our workshop members responses varied. Some did not identify any benefits arising from complying with SECR regulations, while others said that it had put them on the front foot in preparedness for reporting frameworks in other jurisdictions.

Generally speaking, if companies have the time and resources to use the reported data then it was acknowledged that it could have a benefit and value.

SECR is weak on transition and action plans, and doesn't test the company's action. Neither ESOS nor SECR influence change. We heard that regulated sectors tend to only focus on their regulated emissions.

This said, the Scope 3 emissions currently mandated for SECR are a good starting point and the data collecting process is helpful for reporting under other frameworks.

QUESTION 34. WHAT ARE THE COSTS (MONETISED COSTS AND FTE EQUIVALENT) OF REPORTING UNDER THE CURRENT SECR FRAMEWORK FOR YOUR ORGANISATION? PLEASE PROVIDE QUANTITATIVE COSTS OR ESTIMATES IF POSSIBLE.

Our workshop participants came from a range of company sizes and structures but in general costs were easily in the range of tens of thousands of pounds.

If scoring of the reporting results is an outcome of a future reporting requirement, so as to hold companies more accountable, then there will be a need for additional education for that, which will be a cost to those companies in scope.

QUESTION 35. IF YOUR ORGANISATION REPORTS UNDER SECR, HAS THE INFORMATION THAT YOU HAVE COLLECTED AND REPORTED LED YOU TO, OR HELPED YOU TO, REDUCE YOUR ENERGY CONSUMPTION AND/OR CARBON EMISSIONS? IF SO, HOW? PLEASE PROVIDE ENERGY AND EMISSIONS REDUCTIONS DATA WHERE THAT IS POSSIBLE.

Workshop participants report that they have long since taken all the obvious steps in energy and carbon efficiency, and that what is needed now is solid and consistent government policy to enable the more complicated and expensive measures. For example, it is very difficult to decarbonise HGV fleets, so these emissions appear consistently in emissions reports.

QUESTION 36. ARE YOU AWARE OF THE OPTION TO USE SECR TAXONOMY FOR YOUR REPORTS? IF SO, PLEASE PROVIDE INFORMATION ON WHETHER YOU HAVE USED THE TAXONOMY OR PLAN TO.

No response

QUESTION 37. HAVE YOU EXPERIENCED ANY OVERLAP BETWEEN THE SECR REGULATIONS AND OTHER GOVERNMENT-LED REPORTING REQUIREMENTS? PLEASE INCLUDE DETAILS OF

ANY ADDITIONAL VOLUNTARY OR REGULATORY SCHEMES YOU ARE IN SCOPE OF, AND THE EXTENT IN WHICH YOU CONSIDER THE DATA AND EVIDENCE BEING REPORTED TO BE A DUPLICATION.

SECR and ESOS don't fit easily to other global reporting standards, and if different factors are used then emissions could come out differently. Scopes, definitions and boundaries are not always the same.

As part of the review proposal outlined above in question 30, it could be helpful to streamline SECR and ESOS reporting, indeed an holistic and strategic review of all legacy regulations would be helpful, especially as additional new reporting requirements from TCFD/IFRS/ISSB may come into effect. Many companies in scope of SECR and ESOS would also be in scope of these climate-related financial disclosures.

Ultimately the goal should be for consistent reporting, so that progress can be monitored. SECR isn't especially useful for benchmarking – any additional guidance on this would be useful.

QUESTION 38. IF YOU ARE AN INVESTOR, HAS THE INFORMATION BUSINESSES REPORT OR WILL REPORT UNDER SECR AFFECTED YOUR INVESTMENT DECISIONS? IF SO, HOW?

No response

QUESTION 39. HAVE YOU USED THE INFORMATION BUSINESSES REPORT UNDER SECR TO HOLD THOSE BUSINESSES TO ACCOUNT FOR THEIR EMISSIONS OR ENERGY CONSUMPTION? IF SO, HOW?

No response

About IEMA

We are the Institute of Environmental Management and Assessment (IEMA). We are the global professional body for over 20,000 individuals and 300 organisations working, studying or interested in the environment and sustainability. We are the professional organisation at the centre of the sustainability agenda, connecting business and individuals across industries, sectors and borders. We also help and support public and private sector organisations, governments and regulators to do the right thing when it comes to environment and sustainability related initiatives, challenges and opportunities. We work to influence public policy on environment and sustainability matters. We do this by drawing on the insights and experience of our members to ensure that what happens in practice influences the development of government policy, legislation, regulations and standards

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