**TPT Call for Evidence on A Sector Neutral Framework for Private Sector Transition Plans**

**Background**

The British Retail Consortium (BRC) is the trade association for UK retailers. Our members are responsible for the vast majority of products sold to UK consumers, whether through the high street, out of town stores or online.

The BRC and its members have shown clear leadership in delivering a net zero economy. It is estimated products bought by consumers account for nearly a third of all household emissions and our members know their efforts to reach net zero in their own operations and crucially in their supply chains will make a significant contribution to the UK’s overall ambitions.

As well as our members’ own plans we have brought the industry together through our [Climate Action Roadmap](https://brc.org.uk/climate-roadmap/) which will deliver net zero for the UK retail industry, including all the products we sell, by 2040. The Roadmap developed with members and carbon experts launched in 2021 has been held up as an exemplar of sector net zero delivery and has been adopted by US and Australian retail associations.

Our response below confirms our commitment to transparent reporting on progress to net zero. We and our members have a lot to contribute to this debate and would be happy to discuss with the Taskforce both this consultation and the forthcoming one on sector guidance and look forward to working with it.

1. **Do you agree with the proposed definition of a transition plan? If not, why and what alternative definition would you suggest?**

Yes, although we believe it would be helped by further clarity. For example, being clearer on what should be included, possibly following the SBTi approach of including information on Scopes 1,2 and 3 where Scope 3 emissions are significant.

It would also help to tighten some of the definition. Is the transition plan just covering greenhouse gas emissions associated with the UK net zero target. Also, the wording covers ‘mitigate climate risk, would this cover mitigating physical climate risk, as well as transition risk. The definition should also refer specifically to climate science, for example, ‘high level targets the organisation is using to mitigate emissions in line with climate science’

1. **From your perspective, who are the key users of transition plans?**

A range of stakeholders including investors, policy makers, NGOs, engaged consumers and regulators. One issue the Taskforce might examine further is the use of these plans by the investment community; long term transition plans will be by their nature partly speculative and it would be good to understand how they might be caveated to make this clear.

1. **From your perspective, what are the key use cases for transition plans?**

We believe there will be multiple uses for these plans. For businesses it will allow them to measure their own plans and progress against peers and other sectors. At a policy level it will allow Government to understand where there are common issues which may be beyond individual businesses to solve, for example infrastructure for net zero transport. At an economy level it will send signals to producers and suppliers on the need to align their practices in the supply chain to changing consumer demand for better products.

1. **How should the TPT select which sectors to develop tailored transition plan templates for? Following that logic, what financial sub-sectors and real economy sectors should the TPT prioritise? In what order should these be addressed?**

It is important to consider several factors. Firstly the impact a particular sector can have in reaching the UK’s overall target; for example, we know food production is a significant contributor and a key part of many of our members’ ambition to reach net zero, where scope 3 emissions represent the vast majority of their overall emissions. This is particularly important where that sector is one where reducing emissions are going to be challenging, again food production and consumption is a good example. Finally, where the Government believe progress is reliant on consistent reduction and shared ambition to avoid any market distortions through greenwashing and unreliable reporting.

1. **Given the mandate set out in the TPT’s Terms of Reference, to what extent, and how, should the TPT consider issues beyond a firm’s contribution to economywide decarbonisation? Why?**

We believe the initial focus should be on those areas directly connected to the UK’s decarbonisation. In our members’ case that should be primarily, initially at least, scopes 1 and 2. We recognise the importance of scope 3 and the role UK retailers can play in reducing overseas emissions. We are already engaged in that debate but the ability to make significant change is currently much more limited, not least as the UK is a small player in global markets and our influence is similarly limited.

We also believe it is important not to forge the benefits of responsible businesses in positively affecting other areas of sustainability such as biodiversity. We need to ensure a focus on decarbonisation does not detract from important investment and innovation in other key areas of sustainability.

1. **Which if these issues are ‘must-haves’ that need to be addressed in all transition plans, and which are ‘desirable’, which add depth or breadth but are not central to a transition plan?**

In terms of guidance for businesses on reporting transition, the work of Workstreams 1 and 2 would be a must have. This would be the fairest approach setting out what is required from businesses to ensure they are all following the same approach. That will also address points we have raised earlier in terms of the scope and coverage, including geographically, the reporting will cover.

1. **Do you envisage any tensions between entity-level decarbonisation and economy-wide decarbonisation goals? If so, can you provide examples and any suggestions as to how the UK TPT may address these in its guidance?**

To ensure consistency we believe it would be worth providing guidance on how typical business reporting of emissions aligns with the main sector pathways in the 6th Carbon Budget UK Net Zero Balanced Pathway. It would also be worth considering how different sectors are able to mitigate carbon, as provided by the Transition Pathway Initiative and the Assessing Low Carbon Transition Initiative.

1. **What other financial or non-financial, mandatory or voluntary frameworks and processes are you aware of that the TPT should consider as it proceeds?**

Our members are using a number of frameworks and initiatives to help support their own net zero work which should be considered. These include the Greenhouse Gas Protocol standard and guidance, the Science-based Targets initiative (SBTi), Sustainable Disclosures Requirements (SDR) including TCFD and TNFD, the Streamlined Energy and Carbon Reporting (SECR) and the Voluntary Carbon Markets Integrity Initiative (VCMI).

There are also a number of specific sector initiatives which may be relevant both to this consultation on generic guidance and future work on sector specific guidance. These include the BRC Climate Action Roadmap, Courtauld Initiative on food and Textiles 2030.

1. **Where would you prefer for companies to disclose information on their transition plans? Please explain your reasoning, including on how the suggested location relates to the intended audience?**

To be integrated into existing financial reporting, to reduce the burden on business.

There is some support for standalone reporting, possibly as part of wider sustainable reporting, to ensure it is accessible to all audience, in a similar approach to the Modern Slavey Act Statement. However, if that is the case members would prefer for any re-publication to be driven by material changes rather than an expectation it would be changed every year.

We would also expect the TPT to liaise with BEIS who are currently considering corporate governance reform. Their work requires an audit and assurance policy to ensure Directors agree the disclosures are accurate and complete. We believe that process would be excessive to deliver the objective here and would ask Government to ensure proportionality in reporting and the assurances behind it.

1. **How prescriptive should the Sector-Neutral Framework be, recognising the need to balance flexibility in how firms disclose transition plans with more prescriptive templates that seek to facilitate comparability of firms’ transition plans?**

The framework needs to strike a balance between prescription which ensures consistency of sufficient detail in reporting for all businesses against the flexibility for individual businesses to set out the specific issues they face and the nuances in their own reporting.

1. **Should the TPT seek to standardise the data and metrics used to communicate ambition and measure progress in transition plans? If so, what are the standards for data and metrics that you would recommend including in the Sector-Neutral Framework and in supplementary sectoral guidance?**

We support this and obvious standard would be the Greenhouse Gas Protocol for all carbon accounting, along with internationally recognised sources of emissions factors. Businesses should be using science based targets, obvious example is SBTi

1. **Question for small and medium-sized enterprises: what specific challenges do you foresee for SMEs seeking to prepare or use transition plans? How can the guidance and framework prepared by the TPT address these concerns?**

No comment due to the size of our members.

1. **Question for preparers only: If your firm does not already disclose information of the type outlined in this Call for Evidence, what are the reasons for that? For example, are there concerns about legal or possible market risks arising from disclosure? How could the work proposed by the TPT address these concerns?**

Most retailers already disclose information on net zero transition plans, although they will vary in terms of granularity. Those who don’t tend to be those who have implemented their net zero plans more recently, but are planning to disclose information as they believe it is important to be transparent with customers and investors.

There remains some nervousness amongst retailers on disclosure, particularly in scope 3, which is largely outside their direct control and the plans to deliver net zero are not fully formed and will take much longer to implement and refine. More prescription on disclosure which accepts these challenges and is reflected in the TPT guidance could help allay some of these concerns.

1. **Transition plans provide an opportunity to ensure the benefits of the climate transition are widely felt by UK households and consumers. How can the guidance developed by the TPT balance the need to minimise costs whilst encouraging companies to develop strategies to maximise benefits for all?**

To a large extent this is already a key part of any retail business; being able to demonstrate the value to consumer of a product, including its role in reducing carbon, is key to their promotion strategy. There are initiatives which attempt to assess a ‘just transition’ strategy such as the World Benchmarking Alliance which might help TPT think of this issue.

1. **Do you agree with the proposed principles?**

Yes, they seem reasonable and well structured. The sector specific guidance could build on these, for example our own Roadmap has a target of net zero by 2040. We have some specific builds on the principles

Within principle 1 should heed the emerging definitions of (double) materiality, ensuring consistency with the broader UK sustainability reporting landscape.

For principle 3, ‘defined stakeholder feedback mechanism’ and ‘quantifiable and timebound KPIs’ are more elements of a transition plan than principles. The principle might be better expressed as transparency and engagement.

1. **Are there principles that you would add to the list above?**

Yes. The view a business has on its mid-term and long-term targets. That could bridge between the 2050 target and the 3-5 year delivery plan currently listed as principles. Also reflecting the process, there could be a principle reflecting on the development of plans over the years; that they should be evidence led and updated as the external landscape evolves.

1. **Which of these principles would you regard as must-haves or desirable?**

These are all must haves.

1. **Principle 1 notes that a transition plan should cover the whole organisation. There may be challenges for internationally active firms in meeting Principle 1, given that different jurisdictions will have different economy-wide transition pathways. How can the TPT design its standard and guidance in a way that accommodates credible transition plans consistent with the broader strategy of a firm, but reflects differences between approaches taken in different jurisdictions?**

The transition plans should cover UK operations, although accepting that will include the influence of global supply chains. To overcome the problem of different jurisdictions, we wonder if the principle should be for businesses to align their plans to internationally agreed initiatives such as SBTi pathways.

1. **Do you agree with the proposed elements? Why or why not?**

Yes

1. **Are there any elements that you would add to the list? Why?**

Yes. Firstly, scope of the plan to be clear what is covered. Secondly, could the element ‘overview of engagement activities’ be broken down to give more detail on engagement with customers, suppliers and employees. A development of the dependencies and assumptions would allow for comments on issues which are preventing further progress but are out of their control, such as the national infrastructure point raised earlier in this response.

1. **Which of these elements would regard as must haves or as desirables for credible transition plans? In which instances should an entity assess materiality to determine whether an element is considered must have and/or what level of disclosure detail is required?**

We believe the following are must haves

* Ambition
* Target setting
* Management activities and plans
* Metrics and monitoring progress
* Governance, roles and responsibilities

Other elements would be desirable and believe some would be better incorporated into elements above, particularly management activity and plans and governance, roles and responsibilities.

1. **Are there elements where you see substantial barriers to implementation? If so, which ones and why? Are you able to suggest alternatives which are both credible and practical?**

We believe we have to accept there will be barriers to implementation, particularly for SMEs. We also believe further clarity on how to measure and assess elements such as skills, which will tend to be more qualitative would help implementation.

There is also still a lack of sophisticated greenhouse gas accounting in the supply chain which will make estimating the emissions impact of planned changes to products and services difficult; as initiatives and support evolve and adopted wider this should be less of an issue.

Similarly delivering the detail for metrics and monitoring progress will be difficult until knowledge and support evolves. ESG financial value is still a fairly new area for many retail businesses, meaning disclosure against financial KPIs could be difficult in the early years of reporting.