



Rights Lab, University of Nottingham, response to the **Climate Change Agreement: consultation on a new scheme** (Department for Energy Security & Net Zero)<sup>1</sup>

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#### Question 4

- Do you agree with the proposal<sup>2</sup> to gather data at a facility level to inform target setting?

Q4.

As part of encouraging important Environmental, Social and Governance (ESG) responses, and baseline targets for the CCA facility baselines for individual facilities/companies would enable refined and specific targets. Included in the development of CCA target setting, should be the consideration of social risks within a broader ESG framework noting that targets which are set can impact and influence on the workforce. Lessons from the integration of 'decent work' within the Scottish and Northern Irish devolved Climate Change Acts could be an avenue for established inclusion to address and generate targets that move beyond the traditionally considered Net Zero elements of CCA target setting. In recent research focused specifically on climate change and modern slavery integration, [Jackson and colleagues \(2024\)](#) all forms of targets and monitoring should equally encompass weightings between the 'environmental' implications and mitigation against climate change and the 'social' effects and outcomes of such changes. Thus, combined monitoring and data collection at the facility level on both responses to climate change and worker-focused reporting (including for Section 54 of the Modern Slavery Act 2015 through modern slavery statements in eligible companies) should be considered and combined, thus reducing strains on company resources (see response to Q6).

#### Question 5

- Do you agree with the proposal that the proposed data gathering exercise be conducted prior to any target setting?

Establishing a baseline prior to target setting should be prioritised, and this should encompass the wider and equal weightings of Environmental, Social and Governance (ESG) responses that should be added into the CCA format. Any target setting should

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<sup>1</sup> Call details: <https://energygovuk.citizenspace.com/climate-change/new-climate-change-agreements-ccas-scheme/>

<sup>2</sup> Proposal: <https://assets.publishing.service.gov.uk/media/655b917fd03a8d001207fd07/climate-change-agreements-consultation-on-new-scheme.pdf>



also be aligned with the international signed treaties (e.g., the Paris Agreement); it should also be ambitious and consider the broader landscape of due diligence monitoring efforts internationally. For example, the data gathering prior to establishing targets have the opportunity to be reconciled with other areas of Corporate Social Responsibility (CSR) frameworks linked to working conditions – and be ambitious in their inclusion of people within the CCA rather than solely focusing on energy efficiency and net zero targets. This is something that has been called for previously when engaging with businesses with regards to labour conditions and environmental degradation (see [Jackson et al. 2021](#)) and more recently linking the engagement of procurement practices, engagement with the next round of the CCRA4 in the UK and target setting and reporting related to climate change and modern slavery in the UK (see [Jackson et al. 2024](#)).

### Question 6

- Can you provide suggestions on how to reduce potential administrative costs of this approach?

One way of reducing potential administrative costs for businesses engage in the CCA is the combined reporting approach within Environmental, Social and Governance (ESG) and Corporate Social Responsibility (CSR) frameworks. For example, reporting for both the Modern Slavery Act – for applicable businesses – and other working conditions can and should be gathered in tandem with the reporting requirements on environmental and climate change action. As noted in [Jackson et al. \(2024\)](#) the scope of all ESG reporting and responses should be beyond businesses alone and incorporate public bodies – who should lead the way in demonstrating gold-standard responses to climate change mitigation and adaptation. Further noted in this research, the CCA has the opportunity to work within business and industrial bodies to promote the use of combined monitoring and reporting, as well as ESG compliant investment and development outcomes to establish novel responses to Net Zero issues and ensure working conditions within businesses engaged in the CCA are not impacted negatively as a result of a 'just transitional' movement. To this latter point, this should apply both to UK workers within these facilities, the communities that the facilities are based within, and those workers along their supply chains (both domestically and internationally).

### Question 16

- Do you agree with the proposal to keep the current financial penalties for a new CCA scheme?

There are opportunities to provide more severe and targeted penalties - both civil and financial – for companies engaged in the CCA scheme and fail to meet their commitments. Lessons from the EU Corporate Sustainability Due Diligence Directive



(CSDDD) could be learned as the implementation of the new legislation in Europe is enacted at the national level as the legislation not only accounts for penalties for supply chain inaction related to climate change but also work. Further to this point, should the CCA account for a more Environmental, Social and Governance (ESG) frame and working conditions are reported alongside the Net Zero targets – through combined efforts with other governmental reporting mechanisms - there are opportunities to also improve other penalty responses for intersecting issues. For example, engagement with the proposed improvements and penalties for Section 54 of the Modern Slavery Act (that have currently stalled) could be applied in conjunction with penalties for environmental compliance in the CCA at a more severe level if more combined and targeted ESG integration across departments for compliance are combined. Such recommendations are provided in more detail in the [2024 report by Jackson et al.](#)

### Question 17

- Beyond the proposals listed above, are there any other reforms/changes you would recommend for this new scheme?

Through the Department for Energy Security & Net Zero (DESNZ), there is the opportunity for greater combined action and integration with other legislation and policy programming (particularly reporting measures) that are nested within Environmental, Social and Governance (ESG) frameworks. For example, in working toward CCA targets around Net Zero, [Jackson and colleagues \(2024\)](#) recommend that trade-offs around working conditions must be limited when investing in green technologies and working toward a just transition. Moreover, any action within the CCA that means engagement in supply chains through procurement etc. should align with business guidance that also works to protect workers within supply chains (such as the British Standard on Modern Slavery – [BSI 2022](#)). Further, by working to respond to Net Zero challenges and climate change, and to limit the load on businesses combined reporting and coordination between government departments looking at climate change, working conditions, and adaptation responses such coordinate and work together as the achievement of decent work and climate change adaptation are increasingly recognised as intersectional issues. Finally, as DEZNZ works to implement the CCA and promotes this on the international stage, there is an opportunity to platform and acknowledge the risks to workers in transitioning to a Net Zero society in a meaningful way – we would advise working with the Independent Anti-Slavery Commissioner's (IASC) office in understanding the global impact of the green energy and just transitional system and how a 'human rights' (as noted in [Jackson et al. 2024](#) for all government departments) lens can be more seemingly integrated into all government operations and policy including the proposed CCA.