

Date: 16 May 2024

Item: Enterprise Risk Update – Environment including Climate Adaptation (ER03)

This paper will be considered in public

1 Summary

- 1.1 This paper provides an overview of Enterprise Risk 3 - Environment including climate adaptation (ER03). This risk covers Transport for London (TfL) failing to meet its environmental obligations and commitments, and the potential impacts of climate change on TfL's infrastructure and operations.
- 1.2 ER03 was defined and agreed by the Executive Committee in February 2023 and first presented to the Panel in May 2023. This paper represents the first annual review of ER03 in line with the enterprise risk schedule.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business and financial affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Panel is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

3 Background

- 3.1 Our environmental risks are encompassed by two interlinked components: that we will fail to fulfil our environmental commitments and obligations, and that the effects of climate change will result in significant impacts on our assets and operations in both the short and long term.
- 3.2 TfL's environmental obligations include compliance with all relevant environmental legislation, including the Environment Act 2021, and our role in delivering the Mayor's environmental objectives set out in the London Environment Strategy.
- 3.3 We are already experiencing the direct impacts of climate change on our network. In 2024 we are undertaking an updated assessment of our asset climate risks under the fourth round of the Department for the Environment, Food and Rural Affairs' Adaptation Reporting Power.

4 Mitigation and Control

- 4.1 The TfL Strategy sets out our overarching environmental commitments and objectives, which are articulated in more detail in the Corporate Environment Plan and Climate Change Adaptation Plan. In March 2024 we published our Green Infrastructure and Biodiversity Plan, which sets out how we will protect, connect and enhance green infrastructure and biodiversity across our estate and networks.
- 4.2 ER03's key mitigations are investment in environmental improvements; environmental governance and oversight; and appropriate tools, data and processes to support environmental management.

Environmental investment

- 4.3 We continue to deliver initiatives to improve our environmental performance and support delivery of the London Environment Strategy. These include transition of the bus fleet to zero emission by 2034, measures to improve energy efficiency and reduce carbon from TfL buildings, and installation of Sustainable Drainage Systems to help alleviate flood risk.
- 4.4 Through the Greater London Authority Group's Climate Budget, we annually set out both the funded and unfunded initiatives to reduce carbon emissions from our operations and London's transport network more widely, and discrete interventions to adapt the network to the impacts of climate change.

Environmental governance and oversight

- 4.5 The Executive Committee's Sustainability sub-group oversees the control and mitigation of ER03, reporting to the Executive Committee. The sub-group also leads the development and management of the environmental Level 1 strategic risks supporting ER03.

Environmental tools, data and processes

- 4.6 In 2023 we updated our environmental management processes as part of the Safety, Health and Environment Management System programme. We have also continued to strengthen the environmental requirements for capital projects as part of Pathway, including the introduction of a new, digital version of the Environmental Evaluation product to support assessment of the environmental impacts of construction projects.
- 4.7 Appropriate skills and competency in environmental management across the organisation support the control and mitigation of ER03. Our expanded roll out of Carbon Literacy training across the organisation underpins more detailed and role-specific environmental training. In March 2024 we received Bronze accreditation from the Carbon Literacy project recognising that our organisational leaders have completed Carbon Literacy training.

5 Reporting of Environmental Risk

- 5.1 We disclose our climate risks and opportunities under the Taskforce on Climate-Related Financial Disclosures in our Annual Report and Statement of Accounts.

The disclosures set out our governance, strategy, risk management, metrics and targets covering our climate-related risks and opportunities. ER03 represents TfL's overarching climate risk.

- 5.2 In future years we will also make disclosures on our nature-related risks and opportunities under the Taskforce on Nature-Related Financial Disclosures framework.

6 Risk Status

- 6.1 The risk impact of ER03 is currently assessed as "High", with a target assessment of "Low".
- 6.2 The initiatives described above will help mitigate the risk in the short to medium term. However, as we build a more detailed understanding of the environmental risks to the network, in particular from climate change, the overall scale of risk severity will be updated; this may include an increase in severity as the evidence based is developed.
- 6.3 The overall Control Effectiveness rating of ER03 is "Requires Improvement".
- 6.4 Measures to improve the overall effectiveness of ER03's controls include clear cascade of environmental risks to all business areas, achievement of the environmental measures set out in the TfL Scorecard, and improved compliance with environmental requirements in the TfL Management System.
- 6.5 Work is underway to develop the interdependencies between ER03 and other strategic risks, including risks around the impact of climate change on our key supply chain and on developing or acquiring the skills required to support the transition to a low carbon organisation.

List of appendices to this report:

A paper containing exempt supplemental information is included on Part 2 of the agenda.

List of Background Papers:

None

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