



# SECR REPORTING

A FUTUREPLUS GUIDE



## + INTRODUCTION

The Streamlined Energy & Carbon Reporting (SECR) policy was created by the UK Government and implemented in 2019. The SECR reporting framework aims to bring the benefits of carbon and energy reporting to more businesses, and is intended to encourage the implementation of energy efficiency measures with both economic and environmental benefits, supporting companies in cutting costs and improving productivity at the same time as reducing carbon emissions.

UK companies in scope of the legislation will need to include their energy and carbon information across Scope 1, Scope 2, and elements of Scope 3 in their Directors' Report as part of their annual filing obligations to Companies House. It is important to understand, dependent on the criteria your business meets, what you are responsible for reporting on. If you'd like additional help with this, please let us know.

## + REPORTING CRITERIA

Companies that fall within the following definitions must comply (unless they meet certain exemption criteria):

- Quoted companies of any size
- 'Large' unquoted companies, LLPs and Academy trusts

A company is defined as '*large*' if it meets **at least two** of the following definitions:

- A turnover of £36 million or more
- A balance sheet of £18 million or more
- 250 employees or more

Please note that the criteria for a '*large company*' are defined differently for **ESOS** reporting.



Quoted companies are defined as 'a company that is UK incorporated and whose equity share is listed on the Main Market of the London Stock Exchange UK or in an EEA State, or admitted to trading on the New York Stock Exchange or Nasdaq'. Public bodies do not fall under the legislation.

Low energy users (consuming 40 MWh or less during the reporting period) do not need to report on their energy and carbon information. But they do have to state in their financial report why they are not disclosing this information.

## **+** REPORTING REQUIREMENTS

### **Quoted Companies**

- Annual global emissions that fall within your Scope 1 and Scope 2
- Underlying global energy use
- Previous year's figures (except in the first year)
- At least one intensity ratio
- Energy efficiency action taken during the financial year
- Details of methodology used

### **Unquoted companies and LLPs**

- UK energy use (as a minimum gas, electricity and transport, including UK offshore area)
- The greenhouse gas emissions associated with your energy use
- Previous year's figures (except in the first year)
- At least one intensity ratio
- Energy efficiency action taken during the financial year
- Methodology used



## + METHODOLOGY

There is no prescribed methodology under the legislation. However, a methodology must be used and disclosed. The legislation recommends that organisations use a widely recognised independent standard, such as:

- GHG Reporting Protocol - Corporate Standard
- International Organization for Standardisation (ISO 14064-1:2018)
- Climate Disclosure Standards Boards (CDSB)
- The Global Reporting Initiative's Sustainability Reporting Guidelines

Energy Consumption must be reported in **kWh** and GHG emissions in **KgCO<sub>2</sub>e**.

A 'comply or explain' clause allows carbon and energy information to be excluded where it is not practical to obtain, or in exceptional circumstances that disclosure would be 'seriously prejudicial' to the interest of the organisation.

Qualifying companies will need to include information in line with the SECR framework in their **Directors' Report**, or an equivalent Energy and Carbon Report for LLPs, for financial years beginning on or after 1 April 2019.

A company must define its organisational boundaries. It can choose any of the following definitions:

- **Financial control boundary** – Report on all activities within your financial control
- **Operational control boundary** – Report on all activities within your operational control
- **Equity share boundary** – Report on GHG emissions according to your organisation's equity share
- **Climate Change Reporting Framework (CCRF)**

Environmental reporting periods should be for **12 months**. The period should ideally correspond with an organisation's financial year.

You must include a '**narrative description**' of the steps your company has taken in the last financial year to reduce your carbon footprint.



## + SECR AND ESOS

Some organisations will be eligible for both ESOS and SECR reporting. Participation in schemes such as the ESOS means that some companies will already have robust accounting and environmental management systems in place to help with reporting on SECR.

## + NEED MORE HELP?

There are a number of ways in which we can help you with SECR, which include, but are not limited to:

- Providing you with client advisor support to run through how you can apply this to your business;
- SECR workshops for relevant stakeholders in your business; and
- Creating a strategy for your business to comply and report on SECR.

Please contact the FuturePlus team for more information: [team@future-plus.co.uk](mailto:team@future-plus.co.uk).