



CARBON REPORTING

A FU⁺UREPLUS GUIDE



+ INTRODUCTION

Depending on the size of your business, streamlined energy and carbon reporting became a **legal requirement** in the UK in 2019 (see [Companies Act 2006](#)).

Under this legislation, quoted companies and large unquoted companies with over 250 employees, a net turnover of <£36 million, or a balance sheet in excess of £18 million, must report on their energy use and greenhouse gas emissions. You can find out more information on how this may affect your business [here](#).

Regardless of legal requirements, energy and carbon reporting represents an essential tool for any company **wishing to demonstrate its commitment to sustainability and transparency**, or to establish a baseline from which to set emission reduction targets.

The [Greenhouse Gas \(GHG\) Protocol](#) is the internationally recognised accounting standard for carbon emissions reporting, used by governments and organisations of all sizes around the world.

+ CALCULATING YOUR CARBON FOOTPRINT

Your carbon footprint is the total amount of greenhouse gases (GHGs) emitted directly or indirectly through your company's activities within a defined timeframe.

These GHGs are categorised into three scopes.

- **Scope 1** – Emissions produced as a *direct* result of your company operations - e.g. any fuel (oil, gas etc.) you burn running company-owned boilers/heaters/burners or vehicles, and any refrigerants your businesses uses.
- **Scope 2** – Emissions produced as an *indirect* result of your company operations through the purchase of electricity, steam, heating or cooling. Although scope 2 emissions aren't physically emitted within your business operations, they still form part of an organisation's GHG inventory, because they occur as a result of demand.
- **Scope 3** – All other emissions associated with your company's actions, including both upstream and downstream emissions as well as business travel.

For more clarification on scopes 1, 2 & 3 emissions, you can access our emissions guide [here](#).



+ WHERE TO START?

We suggest starting with **Scopes 1 and 2 emissions** as these are much easier to calculate than Scope 3. You will need to collect your activity data, e.g. electricity bills, invoices for any fuel you have purchased for vehicles or boilers etc.

- **Define the boundaries of your reporting period** - we suggest reporting from January-December, however you may wish to report in line with your tax or accounting year.
- For smaller organisations, we have a [free Carbon Calculator](#) available in our Help Hub.
- If looking at **Scope 3**, we suggest starting with any business travel as this is usually more readily available than other data.
- Calculating Scope 3 emissions can be a complex piece of work, but it is vitally important since **a company's largest share of emissions will usually come from the Scope 3 categories**.

+ REPORTING CONSIDERATIONS

- Be sure to provide a **clear outline of your methodology**. Explain how you collected the data and the calculations you used, being sure to transparently point out any areas *not* included in your reporting.
- Set **ambitious but achievable reduction targets** in line with what is realistically possible for your business. Make sure that targets are specific, measurable and time-bound. The [Science Based Targets initiative \(SBTi\)](#) is a resource that can be used to help your business set achievable reduction targets in line with the [Paris Agreement](#) on climate change.
- Many companies have set a **Net Zero** GHG emissions target to be achieved by the year 2050. You can find out more on what this means [here](#).

+ NEED MORE HELP?

Please contact the FuturePlus team: team@future-plus.co.uk