

## Chapter 2: Guidance on Streamlined Energy and Carbon Reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") implement the government's policy on Streamlined Energy and Carbon Reporting (SECR) and this chapter will help businesses across the UK in scope of the new regulations comply with their legal obligations that come into force on 1 April 2019.

### Introduction

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013<sup>20</sup> introduced changes to require quoted companies to report their annual emissions and an intensity ratio in their Directors' Report.

The 2018 Regulations<sup>21</sup> bring in additional disclosure requirements for quoted companies. The 2018 Regulations also introduce requirements for large unquoted companies and limited liability partnerships to disclose their annual energy use and greenhouse gas emissions, and related information.

This chapter sets out the mandatory requirements of the legislation and outlines additional voluntary information that is likely to be useful to qualifying organisations and a wide range of stakeholders.

This guidance includes changes, which take effect from 1 April 2019, and cover financial reporting years starting on or after this date, replacing the guidance on Mandatory Greenhouse Gas Reporting (MGHG) that was contained in the previous version of this guidance.

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<sup>20</sup> The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 amended the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, including adding Part 7 of Schedule 7 dealing with GHG emissions by quoted companies.

<sup>21</sup> The 2018 Regulations amend the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, in particular adding a Part 7A to Schedule 7 dealing with energy and carbon disclosures by large unquoted companies. The 2018 Regulations also amend the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, which apply certain provisions of the Companies Act 2006 to Limited Liability Partnerships, to provide for large LLPs to prepare an equivalent report to the Directors' Report to disclose energy and carbon information.

The legislation affects:

- quoted companies;
- large unquoted companies (including charitable companies);
- large Limited Liability Partnerships (LLPs).

Remember, you, or part of your organisation, may fall within the scope of SECR even if undertaking public, or not for profit activities as registered companies or companies/LLPs owned by universities, academies or NHS Trusts. You are however not however required to report under the SECR framework at an organisational level if your organisation is defined as a public body, although you may still have other reporting requirements such as under the Greening Government Commitments.

Companies incorporated outside of the United Kingdom are not required to include energy and carbon information in their Directors' Report under this legislation, including foreign parent companies of UK subsidiaries. The government encourages all private sector organisations which are not in scope of the legislation to report similarly, although this remains voluntary.

Businesses are responsible for ensuring they meet the requirements of the [2018 Regulations](#). This guidance is not a substitute for the 2018 Regulations but is intended to help businesses understand how they must comply with it. You may wish to refer directly to the provisions of the regulations or seek independent legal advice to confirm that you are complying in full.

## 1. Complying with SECR

Under changes introduced by the 2018 Regulations, large unquoted companies and large LLPs are obliged to report their UK energy use and associated greenhouse gas emissions as a minimum relating to gas, electricity and transport fuel, as well as an intensity ratio and information relating to energy efficiency action, through their annual reports.

Quoted companies of all sizes continue to be required to report their global greenhouse gas (GHG) emissions and an intensity ratio through their annual reports. Additionally, they are now required to report their total global energy use and information relating to energy efficiency action alongside the methodology used to calculate the new and existing disclosure requirements.

This guide sets out the key obligations, including which organisations are in scope and the information they will need to report and disclose annually. Some SECR requirements differ for quoted and unquoted organisations (see table below). [Section 6](#) is relevant for quoted companies, [section 7](#) for unquoted large companies and LLPs, and [section 8](#) contains requirements that

all organisations in scope of SECR need to comply with. The rest of the Environmental Reporting Guidance sets out best practice and opportunities to go beyond what is legally required and may prove useful to stakeholders.

Quoted companies	Large unquoted companies and LLPs
Annual GHG emissions from activities for which the company is responsible including combustion of fuel and operation of any facility; and the annual emissions from the purchase of electricity, heat, steam or cooling by the company for its own use	UK energy use (as a minimum gas, electricity and transport, including UK offshore area)
Underlying global energy use	Associated greenhouse gas emissions
Previous year's figures for energy use and GHG	Previous year's figures for energy use and GHG emissions
At least one intensity ratio	At least one intensity ratio
Energy efficiency action taken	Energy efficiency action taken
Methodology used	Methodology used

The new mandatory reporting requirements imposed by the 2018 Regulations are designed to:

- Increase awareness of energy costs within large and quoted organisations, including enhanced visibility to key decision makers;
- Create more of a level playing field among large organisations, in terms of energy and emissions reporting;
- Ensure administrative burdens associated with energy and emissions reporting are proportionate and broadly aligned to the existing energy reporting requirements and the business reporting framework;
- Provide organisations in scope with the right data to inform adoption of energy efficiency measures and opportunities to reduce their impact on climate change; and
- Provide greater transparency for investors, and other stakeholders, on business energy efficiency and low carbon readiness.

Business will already have much of the information required to comply with the

new disclosure requirements. Participation in other schemes, such as the CRC Energy Efficiency Scheme (CRC),<sup>22</sup> Energy Savings Opportunity Scheme (ESOS), Climate Change Agreements (CCA) Scheme, EU Emissions Trading System (ETS) or MGHG reporting and voluntary environmental reporting frameworks, will further help companies and LLPs meet their new obligations. Wherever possible, businesses should make use of their normal accounting and environmental management systems to regularise the collection of energy use information throughout the year. Additions or changes to existing systems or processes may be required to take account of the new disclosure requirements. This guide will help you identify if these are needed. Early identification will enable the necessary changes to be made in time for you to meet your SECR obligations.

While SECR reporting requirements cover emissions and energy information for the current and previous financial year, organisations may also wish to voluntarily set forward-looking science-based emissions reduction targets.

Organisations seeking to report on forward-looking financial risks and opportunities arising from climate change should consider reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD has developed a globally recognised framework for making climate-related financial disclosures which the UK Government formally endorsed in September 2017.

## 2. Who needs to report under SECR?

### Quoted companies

Under changes introduced by the 2013 and 2018 Regulations, quoted companies of any size that are required to prepare a Directors' Report under Part 15 of the Companies Act 2006, are required to disclose information relating to their energy use and GHG emissions.

Quoted companies in this respect are those whose equity share capital is officially listed on the main market of the London Stock Exchange; or is officially listed in an European Economic Area State; or is admitted to dealing on either the New York Stock Exchange or [NASDAQ](#).

### Large unquoted companies and large limited liability partnerships

Under changes made by the 2018 Regulations, unquoted companies incorporated in the UK which are required to prepare a Directors' Report under

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<sup>22</sup> The CRC Energy Efficiency Scheme (CRC) will be closed following the 2018-19 compliance year, with no purchase of allowances required to cover emissions for energy supplied from April 2019. Organisations will be required to report under CRC for the last time in July 2019 and submit allowances in October 2019 and may want to use CRC systems to help collect some of the SECR information.

Part 15 of the Companies Act 2006, and which are “large” (see below) are required to prepare and file energy and carbon information in their Directors’ Reports. This applies to both registered companies and to unregistered companies<sup>23</sup> which are required to prepare company accounts and reports.

Under the 2018 Regulations, LLPs which are “large” are also required to prepare and file energy and carbon information in their accounts and reports (in a new ‘Energy and Carbon Report’).

The definition of “large” is the same as applies in the existing framework for annual accounts and reports, based on sections [465 and 466 of the Companies Act 2006](#). The qualifying conditions are met by a company or LLP in a year in which it satisfies two or more of the following requirements:

- Turnover £36 million or more<sup>24</sup>
- Balance sheet total £18 million or more
- Number of employees 250 or more

## Group Reporting

If you are reporting at group level, for a financial year for which you are required to prepare a group Directors’ Report,<sup>25</sup> when making your energy and carbon disclosures, you must take into account not only your own information, but also the information of any subsidiaries included in the consolidation which are quoted companies, unquoted companies or LLPs. However, you have the option to exclude from your report any energy and carbon information relating to a subsidiary which the subsidiary would not itself be obliged to include if reporting on its own account. The same applies to LLPs required to prepare a group Energy and Carbon Report.<sup>26</sup>

If you are reporting at subsidiary level, for a financial year for which your parent company (or parent LLP) is preparing a group relevant Report (i.e. a group Directors’ Report or a group Energy and Carbon Report), you might not be obliged to include your energy and carbon information in your own accounts and reports. A subsidiary is not obliged to report their energy and carbon information if:

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<sup>23</sup> Unregistered companies are incorporated companies not formed or registered under the Companies Acts or under any other public general Act of Parliament (for example, companies formed under private Acts of Parliament, Royal Charters and letters patent).

<sup>24</sup> In the case of charitable companies, the reference to turnover shall be taken as a reference to the charitable company’s gross income, as defined for its jurisdiction of registration, or operation.

<sup>25</sup> Under section 415(2) of the Companies Act 2006.

<sup>26</sup> Under section 415(2) of the Companies Act 2006 as applied to LLPs by regulation 12A of the Limited Liability Partnerships (Account and Audit) (Application of Companies Act 2006) Regulations 2008 as amended by the 2018 Regulations.

- They are a “subsidiary undertaking” at the end of the relevant financial year;
- They are included in the group Report (whether a group Directors’ Report or a group Energy and Carbon Report) of a “parent undertaking”;
- That group Report is prepared for a financial year of the parent that ends at the same time as, or before the end of, the subsidiary’s financial year; and
- The group Report complies with the relevant obligations on the parent to report energy and carbon information for themselves and their subsidiaries; but this provision does not apply where the group Report relies on the seriously prejudicial option.

Note this is different to the approach taken under ESOS, where a smaller subsidiary of a parent company is not exempt, even where on its own, it would not meet ESOS eligibility criteria. Similarly, this is also different from the approach under the CRC Energy Efficiency Scheme.

A corporate group is defined in the Companies Act 2006, and sections 1158 to 1162 of that Act explain how to identify if an undertaking is a parent to, or subsidiary of, another undertaking. You may wish to speak to your Finance Director in order to establish your organisation’s existing obligations relating to group reporting. The legislation requires organisations to take the same approach, with the option to apply subsidiary exemptions as outlined above.

### **3. What needs to be reported under SECR?**

#### **Quoted companies**

Quoted companies within the scope of the legislation must continue as a minimum to disclose in their Directors’ Report their:

- Annual global emissions from activities for which that company is responsible including the combustion of fuel and the operation of any facility; together with the annual emissions from the purchase of electricity, heat, steam or cooling by the company for its own use. [Also referred to as Global GHG Protocol Scope 1 and Scope 2 emissions (outlined in more detail in [section 6](#))].
- At least one intensity ratio (outlined in [section 8](#)).
- Previous year’s figures for energy use and GHG emissions (except in the first year).
- Methodologies used in calculation of disclosures.

Additionally for financial years that start on, or after, 1 April 2019, quoted companies must also report:

- Underlying global energy use that is used to calculate GHG emissions, including previous year's figure (in the first year, previous figures are not required).
- Information about energy efficiency action taken in the organisation's financial year.

For financial years starting on or after 1 April 2019, quoted companies also need to state what proportion of their energy consumption and their emissions related to emissions and energy consumption in the UK (including offshore area).

## Unquoted companies and LLPs

Unquoted companies and Limited Liability Partnerships in scope of the legislation will be required to disclose energy and carbon information in their accounts and reports, including:

- UK energy use (to include as a minimum purchased electricity, gas and transport, outlined in more detail in [Section 7](#)).
- Associated greenhouse gas emissions.
- At least one intensity ratio (outlined in [section 8](#)).
- Previous year's figures for energy use and GHG emissions (except in the first year).
- Information about energy efficiency action taken in the organisation's financial year.
- Methodologies used in calculation of disclosures.

Additionally, if you are an offshore undertaking (i.e. if your activities consist wholly or mainly of offshore activities as defined in the 2018 Regulations) you must disclose your emissions and energy use for the UK and the offshore area.

## Low energy users

Where an organisation is a low energy user (see below) it is not required to make the detailed disclosures of energy and carbon information referred to

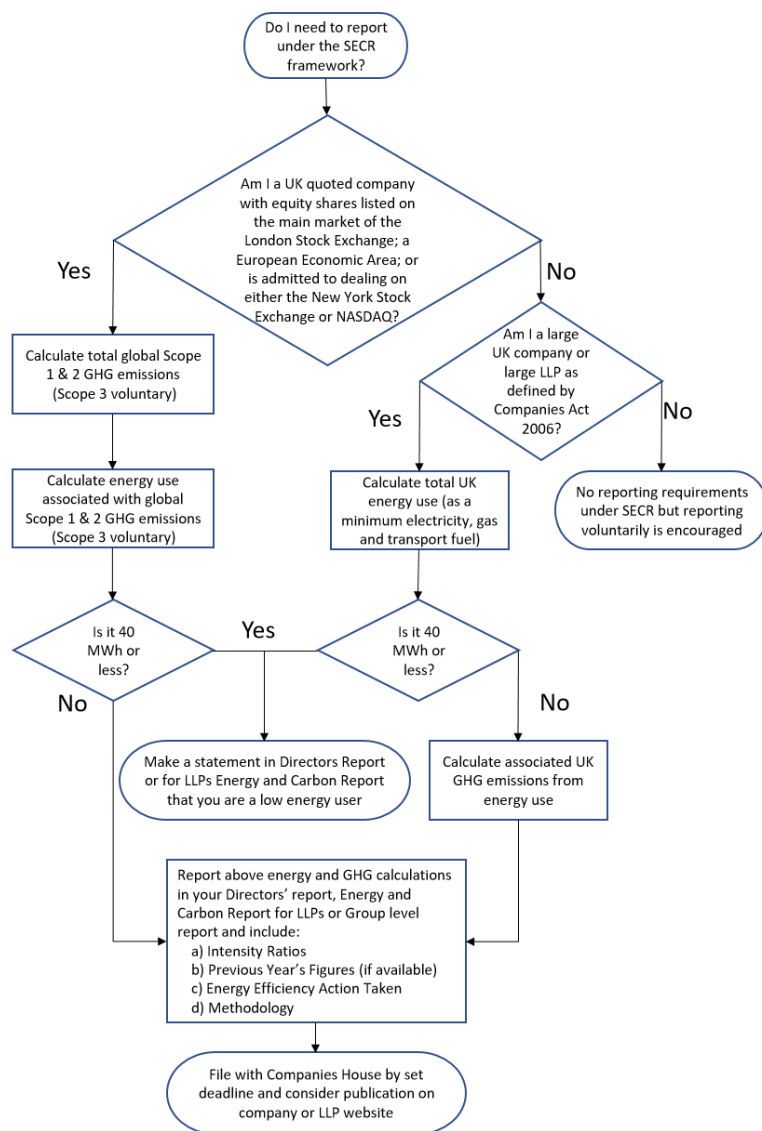
above. Instead, such an organisation is required to state, in its relevant report, that its energy and carbon information is not disclosed for that reason.

The following qualify as low energy users:

- A quoted company preparing a Directors' Report which has consumed 40MWh or less during the period in respect of which the report is prepared. If the quoted company is preparing a group Directors' Report, the assessment is of the energy consumption of the parent and its subsidiaries which are included in the consolidation and are quoted companies, unquoted companies or LLPs. In assessing whether or not the 40MWh threshold is met, companies in scope must consider all the energy usage as defined in [section 6](#).
- Unquoted companies or LLPs preparing a Directors' Report or Energy and Carbon Report which have consumed 40MWh or less in the UK, including offshore area, during the period in respect of which the report is prepared. If the company or LLP is preparing a group Report, the assessment is of the energy consumption of that parent and its subsidiaries. In assessing whether or not the 40MWh threshold is met, companies in scope must consider all the energy from gas, electricity and transport fuel usage as defined in [section 7](#).

**Does my organisation need to disclose energy and carbon information (for reporting years starting on or after 1 April 2019)?**





## Comply or explain

The legislation permits that certain information may be excluded:

- When the directors or members consider the disclosure of the energy and carbon information would be **seriously prejudicial** to the interests of the organisation. The relevant report must state that the energy and carbon information is not disclosed for that reason. Businesses are encouraged to rely on this only in exceptional circumstances, such as specific sensitivities arising from restructuring or acquisitions by an organisation in the run up to producing the relevant report, or when there are exceptional commercial sensitivity considerations. We expect such situations to be very rare and may be questioned by the Financial Reporting Council (FRC).
- Where the energy and carbon information is **not practical to obtain**. The relevant Report must still state what energy and carbon information is not included and why. That means, should you be in the situation

where it is not practical for you to obtain all required energy and carbon information, you must state what is omitted and explain why in the relevant report. It is recommended that you set out the level of materiality and the steps you are taking to acquire the information.

### **Data from previous years**

For financial years that start on or after 1 April 2019, with the exception of the first mandatory reporting year, businesses in scope must also state the emissions, energy use, and intensity ratio disclosures made in their previous year's relevant Report.

For financial years that start earlier than 1 April 2019, quoted companies are already required to disclose the emissions and intensity ratio disclosures if disclosed in the previous year's relevant Report.

Organisations are encouraged to disclose the previous five years' performance, where possible, to show a longer-term trajectory and trigger discussions around changes in energy use or emissions over time.

### **What period should my disclosures cover?**

The obligation is to disclose annual figures for emissions and energy use. If the annual period used is not the same as the financial year covered by the relevant Report, this must be made clear in the Report.

If actions have been taken to improve the businesses' energy efficiency during the financial year covered by the relevant Report, a description of the principal energy efficiency actions taken should be disclosed in the relevant Report. The actions should not relate to periods outside the organisations' financial year.

Organisations are encouraged that all information is aligned to financial years, to aid comparability and consistency of information across reports and organisations.

## **4. Where do organisations need to report**

Companies in scope of the legislation will need to include their energy and

carbon information in their Directors' Report as part of their annual filing obligations.

The 2018 Regulations impose requirements on large LLPs to prepare an equivalent report to the Directors' Report (the "Energy and Carbon Report") for each financial year including their energy and carbon information. The Energy and Carbon Report must be approved by the LLP's members and signed on behalf of the LLP by a designated member. The Energy and Carbon Report also needs to identify each of its members during the financial year. LLPs may wish to consider whether they can comply with the latter requirement by referring to the online list published by Companies House, if one is available.

In the case of charitable companies, the reporting should be in the combined Directors' and Trustees' Annual Report.

Where energy usage and carbon emissions are of strategic importance to the company, disclosure of the relevant information may be included in the [Strategic Report](#) instead of the Directors' Report. Information relating to energy usage and carbon emissions should be included in the Strategic Report if it is considered necessary for an understanding of the development, position or performance of the company or the impact of its activities. Where information is promoted to the Strategic Report as it is of strategic importance, then a statement explaining this has been done must be included in the Directors' Report.

## **5. When do businesses in scope need to report?**

Quoted companies have been required to make carbon disclosures in their Directors' Reports since 30 September 2013.

The new requirements, imposed by the 2018 Regulations on quoted companies and on large unquoted companies and large LLPs apply to reports for financial years starting on or after 1 April 2019. The table below gives an example of the first financial year for which the relevant Report must comply with SECR for organisations with different reporting year start dates. The first publication of reports which must comply with the 2018 Regulations is therefore expected to be filed with Companies House in 2020 (e.g. those which cover financial years to 31 March 2020).

You will need to check what financial year your organisation uses. Check with your finance director or company secretary if you are unsure.

Usual reporting year	The first financial year for which the relevant Report must comply with the new requirements under the 2018 Regulations
1 January to 31 December	1 January 2020 to 31 December 2020
1 April to 31 March	1 April 2019 to 31 March 2020

Where financial reporting years have started before 1 April 2019, quoted companies are already required to include specified MGHG information.

## 6. SECR reporting requirements for Quoted Companies

Under changes introduced by the 2013 Regulations, quoted companies of any size are required to report on their greenhouse gas emissions from activities for which they are responsible, and from the purchase of electricity, heat, steam or cooling for the company’s own use, an intensity ratio, the previous year’s figures and the methodology used to calculate the required information.

For financial years that start on or after, 1 April 2019, quoted companies will also have to report the underlying global energy use that forms the basis of the reported GHG emissions. They must also state what proportion of their energy consumption and their emissions relate to emissions in the UK and offshore area, and report information relating to energy efficiency taken in the financial year.

### What GHG emissions must my quoted company report?

Many quoted companies already have established reporting practices using GHG accounting methodologies and programmes, such as the [GHG Protocol Corporate Standard](#), [ISO 14064-1](#) and [CDP](#). These companies should satisfy themselves that their existing GHG accounting approaches cover the required emissions from activities for which they are responsible.

The next step is to consider the requirements of the Directors’ Report, as this is the context in which energy use and greenhouse gas emissions information must be reported. The Directors’ Report contains information relating to operations<sup>27</sup> covered by the consolidated financial statement that includes their operations both in the UK and abroad.

The strong preference is for energy and carbon reports to be aligned with the

<sup>27</sup> Please note that the term “operations” is used here as a generic term to denote any kind of business activity, irrespective of its organizational, governance, or legal structures.

boundaries of the financial statements. If companies consider that reporting emissions from activities for which they are responsible means that they will:

- Not report on energy use and GHG emissions from certain operations covered by the consolidated financial statement; or
- Report on energy use and GHG emissions from operations that are not included in their statements, they must make this clear.

Readers of the emissions data should have a clear understanding of the operations for which emissions data has been reported and if, and how, this differs from operations within the consolidated financial statement. This should include a reconciliation of entities which are included and/or excluded.

### Should quoted companies report all their emissions?

**Quoted companies must report on emissions from activities for which they are responsible.**

Quoted companies may determine the scope and boundaries of their reporting emissions as determined in the GHG protocol and state these clearly such as the use of the operational control approach. Where alternative reporting methodologies are used, these should be referenced clearly.

You are required to quantify and report on emissions of the following greenhouse gases<sup>28</sup> - carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). Additionally, while not a legal requirement, you should consider reporting on nitrogen trifluoride NF<sub>3</sub>, especially if material to your operations.<sup>29</sup>

You are not required to give individual figures for emissions of each of the GHGs listed, although it is an option. Indeed, few companies will emit all the GHGs listed. However, you must state in your Directors' Report the annual quantity of GHG emissions in tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) including from the following emission sources:<sup>30</sup>

- a) The combustion of fuel, e.g.
- Stationary combustion: combustion of fuels in stationary equipment such as boilers, furnaces, burners, turbines, heaters, incinerators, engines, flares, generators etc.

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<sup>28</sup> As defined in section 92 of the Climate Change Act 2008

<sup>29</sup> Nitrogen Trifluoride (the 7th direct GHG required to be reported by signatories to the Kyoto Protocol) is not listed under s.92 and is thus not a reporting requirement until such time an order is made to amend the definition.

<sup>30</sup> See paragraph 15(2) of Part 7 of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

- Mobile combustion: combustion of fuels in transportation devices such as automobiles, trucks (including fork-lifts), buses, trains, airplanes, boats, ships, barges, vessels, etc; or those, such as mobile plant or cranes, used for construction or excavation activities.

b) The operation of any facility

This category is not limited to emission sources that are permanent, land-based or stationary. This category would also include emission sources that are mobile; temporary, e.g. mobile offices; and marine-based, e.g. oil production platforms. The following types of sources of emissions should be considered when identifying emissions on which to report:<sup>31</sup>

- **Process emissions:** emissions from physical or chemical processes such as CO<sub>2</sub> from the calcination step in cement manufacturing, CO<sub>2</sub> from catalytic cracking in petrochemical processing, PFC emissions from aluminium smelting, etc.
- **Fugitive emissions:** intentional and unintentional releases, such as equipment leaks from joints, seals, packing, gaskets, as well as fugitive emissions from coal piles, wastewater treatment, pits, refrigerants, cooling towers, gas processing facilities, etc.

c) A separate figure giving the annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity, heat, steam or cooling by the company for its own use.<sup>32</sup>

In the case of companies that are lessees of an emission source, they should decide if they have responsibility for emission sources or if they have operational control over the emission sources, e.g. if electricity, heat, steam or cooling has been purchased for their own use.

If you decide that you do have responsibility for emissions, either as a lessee or as a lessor, but cannot get the consumption data necessary to calculate the emissions, then you may either estimate the emissions or state that emissions from the building are excluded and explain why (see the sub-section on “Comply or explain” in [section 3](#)).

The totals arrived at from the above are broadly similar to Scope 1 (direct emissions from controlled or owned sources – which includes those from combustion of fuel and operation of facility) and Scope 2 (indirect energy emissions from generation of purchased energy) of the GHG Protocol Corporate Standard and the direct emissions and energy indirect emission categories of ISO 14064-1.

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<sup>31</sup> GHG Protocol Corporate Accounting and Reporting Standard.

<sup>32</sup> See paragraph 15(3) of Part 7 of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

You are **not** required to report on other emissions associated with inputs into your company (such as emissions from your supply chain) or emissions linked with outputs from your company (such as emissions from your products when they are used by your customers). However, you should consider reporting these separately to give a wider picture of your organisation to investors and shareholders and where these expose the reporting company to material risks, opportunities or financial impacts (see the recommendations on Scope 3 emissions in the following chapter on voluntary reporting).

Having established the activities for which you are responsible, you may also wish to consider whether particular emissions are material to the total of your company emissions. Materiality will depend on the circumstances of your individual company. It will be influenced by issues such as the size and nature of an operation (please see further guidance on 'Materiality' in [section 9](#)).

**Quoted companies must report on all material emissions (as defined in section 92 of the Climate Change Act 2008) from direct sources and from purchased electricity, heat, steam and cooling, and the underlying energy use.**

## Global energy use

For financial years starting on or after 1 April 2019, quoted companies will be required to present the underlying global energy use data that was used to calculate their GHG emissions. This must be calculated in kWh. Where information has been converted to kWh from other units e.g. transport information collected in litres of fuel this should be covered in the methodology. If any of this information is not practical to obtain, the legislation requires the fact of that omission be disclosed.

## 7. SECR reporting requirements for large unquoted companies and large limited liability partnerships

Unquoted organisations in scope of SECR are required to report:

### UK energy use

Changes made by the 2018 Regulations require large unquoted companies to report on UK energy use, and the associated GHG emissions, that relate to:

- Activities for which you are responsible involving the combustion of gas, or consumption of fuel for the purposes of transport; and
- The purchase of electricity by the company for its own use, including for the purposes of transport.

The report must disclose a figure, in kWh, of the annual quantity of energy

consumed in the ways set out above.<sup>33</sup>

If you are an offshore undertaking (i.e. if your activities consist wholly or mainly of offshore activities as defined in the 2018 Regulations), you must disclose your energy use and emissions for the UK and the offshore area.

### **Electricity**

The relevant business report must include the annual quantity of energy consumed in the UK resulting from the purchase of electricity by the company for its own use, including for the purposes of transport.

### **Gas combustion**

The relevant Report must include the annual quantity of energy consumed from stationary or mobile activities for which business is responsible involving the combustion of gas. “Gas” is defined, except in the definition of “offshore activity”, as any combustible substance which is gaseous at a temperature of 15 degrees Celsius and a pressure of 101.325 kPa (1013.25 mb) and which consists wholly or mainly of methane, ethane, propane, butane, hydrogen or carbon monoxide, or a combination of those, or a combustible mixture of those and air.<sup>34</sup>

### **Transport**

The relevant Report must include the annual quantity of energy consumed from activities for which the company is responsible, involving the consumption of fuel for the purposes of transport (as well, as above, from the purchase of electricity for its own use, including for the purpose of transport).

Total energy use must include energy consumption from transport where the organisation is supplied with the fuel for business purposes, not where a transportation service is procured that includes an indirect payment for the fuel consumption. Therefore, only transport where the organisation is responsible for purchasing the fuel is required for mandatory reporting by unquoted companies and LLPs under the SECR framework.

Energy consumed for the purposes of transport means energy used by a road going vehicle, a vessel, an aircraft or a train during any journey which:

- a) starts,
- b) ends, or
- c) both starts and ends

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<sup>33</sup> SECR requirements for unquoted organisations broadly build on the definition of transport used in ESOS.

<sup>34</sup> See paragraph 20K of Part 7A to Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.



within the United Kingdom.

The following activities should be included in your calculation of your total energy consumption:

- Fuel used in company cars on business use.
- Fuel used in fleet vehicles which you operate on business use.
- Fuel used in personal/hire cars on business use (including fuel for which the organisation reimburses its employees following claims for business mileage).
- Fuel used in private jets, fleet aircraft, trains, ships, or drilling platforms which you operate.
- Onsite transport such as fork-lift trucks.

The following activities are not required to be included in your calculation of your total energy consumption but may be reported separately (including as part of Scope 3 emissions):

- Fuel associated with train travel of your employees where you do not operate the train.
- Fuel associated with flights your employees take where you do not operate the aircraft.
- Fuel associated with taxi journeys your employees take where you do not operate the taxi firm.
- Fuel associated with transportation of goods where you subcontract a firm or self-employed individual to undertake this work for you.

## Greenhouse gas emissions

The relevant Report must state the annual quantity of emissions in tonnes of carbon dioxide equivalent (CO<sub>2e</sub>) resulting from the total UK energy use from electricity,<sup>35</sup> gas and transport as defined above. Use the [Government conversion factors for company reporting](#) to help you measure energy consumption in common units.<sup>36</sup>

## Energy not in scope

The following types of energy are not mandatory for large unquoted organisations under SECR but may still be reported on voluntarily, especially

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<sup>35</sup> Scope 2 Emissions Factor

<sup>36</sup> Organisations should be clear in conversions whether they have used e.g. net or gross calorific values

where it forms a substantial part of your organisation's energy or emissions.

- Unconsumed energy that your organisation does not use or supplies to a third party.
- Energy consumed outside the UK (unless you are an offshore undertaking).
- Energy consumed for international travel or shipping where the journey does not start or end in the UK (unless the organisation wishes to include their international travel).

## **8. Common Requirements that apply for both quoted and unquoted large companies and LLPs**

In addition to the steps outlined in [Sections 6 and 7](#), the following reporting requirements apply to both quoted and unquoted organisations and should be included in the relevant business report in addition to energy use and GHG emissions.

### **Energy efficiency action**

A narrative description of the principal measures taken for the purpose of increasing the businesses' energy efficiency in the relevant financial year must be included in the relevant Report. It is recommended that principal actions reported are ones that have had a direct impact on the energy efficiency of an organisation and where possible, that the resulting energy saving from actions reported is also stated. If no measures have been taken this should also be included in the report.

These actions could include, for instance:

- Installing smart meters and energy monitoring tools.
- Changing your service and maintenance strategy to ensure vehicles or machinery operate more efficiently.
- Moving fleet from fossil fuels to electric vehicles.
- Capital investment projects from e.g. more efficient lighting, pumps and motors.
- Behavioural change programmes undertaken.

Organisations may choose to use their energy audit recommendations under compliance with ESOS to inform their energy efficiency actions, including

those from ISO 50001 actions to drive continuous improvement.

Organisations will need to judge what is appropriate, but the statement should be meaningful and informative for stakeholders and be commensurate with the size and level of energy use of the business.

## Intensity ratio

The Directors' Report (or LLP's Energy and Carbon Report) must also express the organisation's emissions by way of at least one intensity ratio. Intensity ratios compare emissions data with an appropriate business metric or financial indicator, such as sales revenue or square metres of floor space. This allows comparison of energy efficiency performance over time and often with other similar types of organisations. [Annex F](#) lists some common intensity ratios in relation to organisation's activity.

The relevant Report must state at least one metric which expresses the business' annual emissions in relation to a quantifiable factor. While organisations are free to choose their own intensity ratio, these should be most appropriate to your business activity, such as tonnes of CO<sub>2</sub>e per total square metres for the property sector, or tonnes of CO<sub>2</sub>e per total million tonnes of production for the manufacturing sector, calculated on a consistent basis year on year with the method of calculation disclosed, and meaningful to stakeholders. Organisations are encouraged to work with their sector associations to consider whether it is appropriate to use a consistent metric or metrics within the sector.

## Methodology

While there is no prescribed methodology under the legislation, organisations are required to disclose the methodology used to calculate the required information. For effective emissions management and transparency in reporting, it is important that robust and accepted methods are used. It is recommended that you use a widely recognized independent standard, such as:

- [GHG Reporting Protocol - Corporate Standard.](#)
- International Organisation for Standardization, ISO (ISO 14064-1:2018).
- Climate Disclosure Standards Board, [CDSB.](#)
- The Global Reporting Initiative Sustainability Reporting Guidelines.

You may use relevant information from other domestic and international regulatory reporting processes to fulfil your mandatory reporting obligations in your Directors' or Energy and Carbon Report. Data from the following may be useful:

- Energy Savings Opportunity Scheme ([ESOS](#)).
- Climate Change Agreements Scheme ([CCA](#)).
- The EU Emissions Trading System ([EU ETS](#)).
- Systems that are in place to collect data for participation in the CRC Energy Efficiency Scheme.
- Overall strategy for sustainability.

**You must state in your Directors' Report, or Energy and Carbon Report, the methodology or methodologies used.**

CDP has developed a list of commonly cited methodologies, protocols and standards. There may be existing methodologies developed by certain sectors, such as those for the petroleum industry. Companies within those sectors may wish to consider using sectoral methodologies where appropriate.

If you have used data compiled in fulfilment of other regulatory requirements (such as ESOS) then state this as one of the methodologies that you have used to make your report.

If you decide to use information from regulatory schemes, you need to consider whether additional data is needed to satisfy SECR reporting requirements. Data under other schemes may only cover some of your organisation's energy use or GHG emissions, and only give part of the required information. For example, the CCA scheme only applies to certain energy or emissions in the UK and only covers carbon dioxide and the electricity figure calculated under CRC Energy Efficiency Scheme may be helpful for large unquoted organisations in scope of SECR but not for quoted companies which are required to report on a wider number of greenhouse emissions and report on global energy use. You will therefore need to consider whether the data you have collected needs to be supplemented with additional information to, for example, cover global emissions for quoted companies.

## 9. Further SECR guidance

### External verification or assurance

There is no requirement in the legislation for emission and energy use data, or narrative on energy efficiency action to be independently assured; however, we would recommend it as best practice. Voluntary independent assurance on the accuracy, completeness and consistency of energy use, GHG emissions data and energy efficiency action is encouraged as beneficial to both internal decision-making and for external stakeholders.

As part of their overall responsibilities in an audit of financial statements<sup>37</sup>, the auditor is required to state in the auditor's report whether, based on the work undertaken in the course of the audit, the information in the Directors' Report:

- Is consistent with the financial statements;
- Has been prepared in accordance with applicable legal requirements; and
- Contains any material mis-statements.

If this information is materially inconsistent with the financial statements or the auditor's knowledge obtained in the audit, or otherwise appears to be materially misstated, the auditor considers the need to qualify the auditor's report.

## Enforcement

The Conduct Committee of the Financial Reporting Council is responsible for monitoring compliance of company reports and accounts with the relevant reporting requirements, imposed on companies by Part 15 of the Companies Act 2006 ("the Act") and imposed on LLPs, as that Act has been applied to LLPs.<sup>38</sup> The Committee has the power to enquire into cases where it appears that relevant disclosures have not been provided. The Committee also has the power to apply to the Court, under section 456 of the Act, for a declaration that the annual report or accounts of a company or LLP do not comply with the requirements and for an order requiring the directors to prepare a revised report and/or set of accounts.

As far as possible, however, the Conduct Committee operates by agreement with the businesses whose reports it reviews and, to date, has achieved its objectives without recourse to the Courts. The Committee exercises its functions with regard to the principles of good regulation, including proportionality, consistency and targeting. It raises concerns with companies where there is evidence of apparent substantive non-compliance.

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<sup>37</sup> [International Standard on Auditing \(UK\) 720 \(Revised June 2016\): The Auditor's Responsibilities Relating to Other Information](#)

<sup>38</sup> the Government published on 11 March 2019 a consultation on the recommendations made by the Independent Review of the Financial Reporting Council to create a new regulator responsible for audit, corporate reporting and corporate governance. Consultation can be found at <https://www.gov.uk/government/consultations/independent-review-of-the-financial-reporting-council-initial-consultation-on-recommendations>

Companies House register company and LLP information and make it available to the public. Companies House may not accept any accounts that do not meet the requirements of the Companies Act, and where acceptable accounts are delivered after the filing deadline, the company is liable to a civil penalty in accordance with section 453 of the Companies Act 2006. The civil penalty for the late filing of accounts is in addition to any action taken against directors (or members of an LLP), under section 451 of the Act.

The Government will work with Companies House and the Financial Reporting Council to support implementation, and to monitor how organisations respond to the new reporting requirements as part of its overall responsibility to review the impact of the legislation on businesses and the wider economy.

## Collecting your energy use data

When calculating total energy consumption, organisations must use verifiable data where reasonably practicable. You can collect your energy use data in one of the following ways:

- Obtain meter data (from supplier, Data Collector, Data Aggregator or energy systems provider). This is the preferred method of data collection. If system supplied meter data is not available, then manual readings can also be used.
- Using invoices from suppliers.
- Using annual statements from suppliers. If you have multiple supplies or multiple meters for the same site, then you should combine these as appropriate to best represent the configuration of that site (i.e. summate all import meters).

If verifiable data of energy use or spend cannot be obtained, organisations must use a reasonable estimate derived through calculation (based on other verifiable data, if possible), and show how estimates were made.

If a need arises for past energy use and emissions figures to be amended, the corrected figure should be presented alongside the original figure, with the rationale for the change.

## Estimating energy use

Where verifiable data is not available, organisations may estimate data by:

- Direct comparison;

- Pro-rata extrapolation;
- Benchmarking.

Direct comparison means using figures from another comparable time period to fill the gap, (for example the same day/week/month in another year).

Pro-rata extrapolation means using figures available for one period of time to get average consumption figures for a shorter period. For example, an organisation may use the average day rate of energy use for 1 April 2019 to 25 April 2019 to estimate the energy used between 26 and 30 April 2019.

Benchmarking means using the energy consumption of one asset or activity as a proxy to estimate the consumption of another asset. For example, an organisation may use the annual energy use of one retail outlet to estimate how much energy another retail outlet uses, particularly if they are similar size, age, or build.

When calculating energy consumption from transport activities, organisation may make reasonable estimations based on verifiable data (e.g. expenditure) in cases where they do not have actual usage data (e.g. litres).

## Materiality

The 2013 and 2018 regulations do not contain a de minimis for GHG emissions or energy use<sup>39</sup> but you may wish to consider whether particular emissions are material in the context of your organisation's emissions. Materiality will depend on the circumstances of your individual organisation. It will be influenced by issues such as the size and nature of an operation and recommended best practice is that omissions do not exceed 2-5% of overall emissions or energy – with 2% seen as an appropriate threshold where reasonable, rather than limited, assurance is required.

The characteristics of materiality aim to provide a 'workable filter on information, allowing investors to see major trends and significant events' and eliminate 'immaterial clutter' and 'unnecessary or duplicative detail that obscures major trends and events'<sup>40</sup>. In considering which emissions are material to your company, we would encourage you to consider whether the collection and reporting of certain emissions or operations beyond those required for SECR would provide additional value for users in the context of your company's overall emissions data and management.

## Landlord/tenant reporting responsibilities

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<sup>39</sup> Other than the 40MWh definition of low energy users.

<sup>40</sup> Climate Change Reporting Framework – Edition 1.1 September 2012. Climate Disclosure Standards Board.

Organisations in scope of SECR should report all energy use and associated GHG emissions (as defined in the previous sections of this chapter) that they are responsible for. In the case of landlord/tenant arrangements, the party responsible for the consumption of energy should take the responsibility for reporting of it under this legislation. This should include consumption of energy in rented serviced areas, where a tenant would report on energy consumption, despite not being directly responsible for its purchase, if information on energy consumption is available through sub-meters for example or provide estimates where information is not available.

## Reporting format

There is no prescribed proforma for reporting – organisations could develop their own format to fit their business but any reporting format should provide at least the minimum information requirements and comparisons of data for the previous year (as it becomes available) in as accessible a format as possible.

To assist organisations, we have included a [reporting template](#) that organisations are strongly encouraged to use to facilitate consistency of disclosed information.

## Digital reporting

Organisations are encouraged to report SECR information in a digital format, (such as inline XBRL, or iXBRL), if the annual report and accounts are also filed digitally. In this case, SECR information should be reported in the same digital format as the annual report and accounts.

## Reporting renewable energy

While explicit reporting on renewable energy and associated emissions is not a mandatory requirement under the SECR legislation, organisations are encouraged to use dual reporting if they wish to reflect their consumption of renewable energy. Organisations are encouraged to use location-based grid average emission factors to report the emissions from electricity, including those consumed from the grid. Where available, time specific (e.g. hour-by-hour) grid average emission factors should be used in order to accurately reflect the timing of consumption and the carbon-intensity of the grid.

Where organisations have entered into contractual arrangements for renewable electricity, e.g. through Power Purchase Agreements or the separate purchase of Renewable Energy Guarantees of Origin (REGOs), or consumed renewable heat or transport certified through a Government Scheme and wish to reflect a reduced emission figure based on its purchase, this can be presented in the relevant report using a “market-based” reporting approach. It is recommended that this is presented alongside the “location-based” grid-average figures and in doing so, you should also look to specify



whether the renewable energy is additional, subsidised and supplied directly, including on-site generation, or through a third party. A similar “dual reporting” approach should be taken for biogas and biomethane (including “green gas”).

There are several ways these figures may be presented in reports. The templates provided below offer one approach, which organisations are strongly encouraged to use, but this remains guidance and is not compulsory.

## Greenhouse gas emissions

Emissions are defined under three different Scopes by the [GHG Protocol](#). These Scopes are explained more fully in [Chapter 3](#), but the tables below outline minimum emissions data that is required under the legislation for quoted companies and large unquoted companies and large LLPs.

Under the Companies Act 2006 (Strategic and Directors’ Reports) Regulations 2013 quoted companies have been required to report their annual emissions in their Directors’ Report since October 2013.

This section specifically applies to those companies affected by the regulation. It sets out both the requirements of the regulation and also outlines additional information that is likely to be useful to data-users.

GHG Protocol Scope	Definition	Quoted companies	Large unquoted companies and large LLPs
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Scope 1 (Direct) GHG emissions	These include emissions from activities owned or controlled by your organisation that release emissions into the atmosphere. They are direct emissions. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.	Mandatory for <u>quoted</u> companies to report <u>Global</u> Scope 1 emissions	Mandatory for large <u>unquoted</u> companies and <u>LLPs</u> to report <u>UK</u> Scope 1 Emissions as they relate to their UK energy (as a minimum electricity, gas and transport fuels).
Scope 2 (Energy indirect) emissions	These include emissions released into the atmosphere associated with your consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of your organisation's activities, but which occur at sources you do not own or control.	Mandatory for <u>quoted</u> companies to report <u>Global</u> Scope 2 emissions.	Mandatory for large <u>unquoted</u> companies and <u>LLPs</u> to report UK Scope 2 emissions as far as they relate to their UK energy use (as a minimum grid-sourced electricity, gas and electricity consumption relating to transport).
Scope 3 (Other indirect) emissions	Emissions that are a consequence of your actions, which occur at sources which you do not own or control and which are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by your organisation, waste disposal which is not owned or controlled, or purchased materials.	Voluntary for <u>quoted</u> companies but strongly encouraged, especially where this is a material source of emissions.	Mandatory for large <u>unquoted</u> companies and <u>LLPs</u> to disclose energy use and related emissions from business travel in rental cars or employee-owned vehicles where they are responsible for purchasing the fuel. Other Scope 3 emissions voluntary, but strongly encouraged where this is a material source of emissions.

### Example corporate SECR report for quoted company

Organisations are not required to use this format and are encouraged to go wider than the minimum legal requirements.

**Global GHG emissions and energy use data for period 1 April 2019 to 31 March 2020**

	Current reporting year 2019-2020		Comparison reporting year 2018-2019	
	UK and offshore [mandatory]	Global (excluding UK and offshore) [mandatory]	UK and offshore [mandatory]	Global (excluding UK and offshore) [mandatory]
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities (Scope 1) / tCO <sub>2</sub> e [mandatory]				
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location-based) / tCO <sub>2</sub> e [mandatory]				
Total gross Scope 1 & Scope 2 emissions / tCO <sub>2</sub> e - [mandatory]				
Energy consumption used to calculate above emissions: /kWh [mandatory]				
Intensity ratio: tCO <sub>2</sub> e (gross Scope 1 + 2) / e.g. £100,000 revenue [mandatory]				
Methodology [mandatory]				
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, market-based) / tCO <sub>2</sub> e [optional]				
Emissions from extraction and production of purchased materials and fuels for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from use of sold products and services for which the company does not own				

or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from electricity related to extraction, production, and transportation of fuels consumed in the generation of electricity for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from purchase of electricity that is sold to an end user for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from transportation of purchased materials or goods for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from transportation of purchased fuels for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from transportation of waste out of financial / operational control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from transportation of sold products for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from employee business travel for which the				

company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from employees commuting to and from work for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from leased assets, franchises, and outsourced activities (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from disposal of waste generated in operations for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from disposal of waste generated in production of purchased materials and fuels for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from disposal of sold products at the end of their life for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Total gross Scope 3 emissions / tCO <sub>2</sub> e [optional]				
Total gross Scope 1, Scope 2 [location / market] & Scope 3 emissions / tCO <sub>2</sub> e [optional]				
Carbon offsets / tCO <sub>2</sub> e [optional]				
Domestic Carbon Units (e.g. Woodland Carbon Code, Peatland Carbon Code / tCO <sub>2</sub> E) [optional] <sup>41</sup>				
Total annual net emissions / tCO <sub>2</sub> e [optional]				

<sup>41</sup> See [Annex G](#) for more information

Additional intensity ratio: tCO2e net figure / e.g. £100,000 revenue [optional]				
Third Party verification [optional]				

**Energy Efficiency Action Taken: (example narrative report)** In the period covered by the report the Company has installed LED lighting, replaced a heating, ventilation and air conditioning (HVAC) system and upgraded building insulation, which is expected to result in an X kWh saving in energy consumption over the next X years. These actions were the top 3 recommendations from our most recent ESOS (carried out in February 2019) audit and we have also in the year signed up to ISO 50001.

Organisations may also want to consider adding information on Renewable Energy Attribute Purchasing, carbon offsets and domestic carbon: In the period covered by the report the Company has purchased X MWh of renewable energy attributes, in the form of Guarantees of Origin from Norwegian hydroelectric power plants. The facilities do not receive subsidies, but the renewable power is not expected to be additional due to the age of the facilities. We also bought XX carbon offsets and XX domestic units under a certified scheme.

### Example corporate SECR report for unquoted large companies and large LLPs

Note that in the first year of reporting, organisations are not required to disclose information for the previous year. The template below presents both minimum information to be reported but businesses could choose to voluntarily report total energy use across all energy types, not just electricity, gas & transport, and not just related Scope 1 & Scope 2 emissions.

#### GHG emissions and energy use data for period 1 April 2019 to 31 March 2020

	Current reporting year 2019-2020		Comparison reporting year 2018-2019	
	UK and offshore [mandatory]	Global (excluding UK and offshore) [optional]	UK and offshore [mandatory]	Global (excluding UK and offshore) [optional]
Energy consumption used to calculate emissions:				

/kWh [mandatory] – optional to provide separate figures for gas, electricity, transport fuel and other energy sources				
Emissions from combustion of gas tCO <sub>2</sub> e (Scope 1) [mandatory]				
Emissions from combustion of fuel for transport purposes (Scope 1) [mandatory]				
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) [mandatory]				
Emissions from purchased electricity (Scope 2, location-based) [mandatory]				
Total gross CO <sub>2</sub> e based on above - [mandatory]				
Intensity ratio: tCO <sub>2</sub> e gross figure based from mandatory fields above/ e.g. £100,000 revenue [mandatory]				
Methodology [mandatory]				
Emissions from other activities which the company own or control including operation of facilities (Scope 1) [optional]				
Emissions from purchased electricity (Scope 2, market-based factor) [optional]				
Emissions from heat, steam and cooling purchased for own use (Scope 2) [optional]				
Emissions from extraction and production of purchased materials and fuels for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from use of sold products and services for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from electricity related to extraction, production, and transportation of fuels consumed in the generation				

of electricity for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from purchase of electricity that is sold to an end user for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from transportation of purchased fuels for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from transportation of waste out of financial / operational control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from transportation of sold products for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from employee business travel which the company does not own or control and where not responsible for purchasing the fuel (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from employees commuting to and from work for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from leased assets, franchises, and outsourced activities (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from disposal of waste generated in operations for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from disposal of waste generated in				



production of purchased materials and fuels for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Emissions from disposal of sold products at the end of their life for which the company does not own or control (Scope 3) / tCO <sub>2</sub> e [optional]				
Total gross Scope 3 emissions / tCO <sub>2</sub> e [optional]				
Total gross Scope 1, Scope 2 [location / market] & Scope 3 emissions / tCO <sub>2</sub> e [optional]				
Carbon offsets / tCO <sub>2</sub> e [optional]				
Domestic Carbon Units (e.g. Woodland Carbon Code, Peatland Carbon Code / tCO <sub>2</sub> E) [optional] <sup>42</sup>				
Total annual net emissions / tCO <sub>2</sub> e [optional]				
Additional intensity ratio: tCO <sub>2</sub> e net figure / e.g. £100,000 revenue [optional]				
Third Party verification [optional]				

**Energy Efficiency Action (example narrative report):** In the period covered by the report the Company has installed LED lighting, replaced a heating, ventilation and air conditioning (HVAC) system and upgraded building insulation which is expected to result in an X kWh saving in energy consumption over the next X years. These actions were the top 3 recommendations from our 2018 ESOS audit and we have also in the year signed up to ISO 50001.

Organisations may also want to consider adding narrative on action on Renewable energy, carbon offsets and domestic carbon: In the period covered by the report the Company has purchased X MWh of renewable energy attributes via a long-term Power Purchase Agreement (PPA) with an offshore wind farm in UK waters. The attributes are backed by Renewable Energy Guarantees of Origin (REGOs), and the renewable power generated is expected to be additional as the PPA has a material impact on the financial viability of the wind farm (assessed using the UNFCCC ‘Tool for the demonstration and assessment of additionality’): <http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-01-v7.0.0.pdf>). We also bought XX carbon offsets and XX domestic units under a certified scheme.

<sup>42</sup> See [Annex G](#) for more information

