

Webinar 18 September 2018

Streamlined Energy and Carbon Reporting (SECR) - navigating the complexities



www.carboncredentials.com



Agenda

Topic

Introduction to our panel & Carbon Credentials

Panel discussion – navigating the new world of SECR

- Gary Shanahan –policy background to SECR, SECR reporting - Who, What and When?
- Alison Mungall – what SECR will mean for your business

Audience questions

What's next?

Our presenters



Alison Mungall
Compliance Director
Carbon Credentials



Richard Tarboton
Director of Strategic
Services
Carbon Credentials



Gary Shanahan
Head of Business and Industrial Energy
Efficiency, Tax and Reporting
BEIS

What is Carbon Credentials?

Strategy	Data	Energy Performance	People	Clients
<p>Supported 1 in 6 companies achieving leadership in the 2017 UK CDP</p> 	<p>ADAP^t ASSURED DATA ANALYTICS PLAT^tFORM</p> <p>41,000 buildings</p> <p>Data from over 60 countries</p>	<p>14% Savings</p>  <p>Collaborative Asset Performance Programme</p>	<p>Integrity Curiosity Excellence</p>   	            

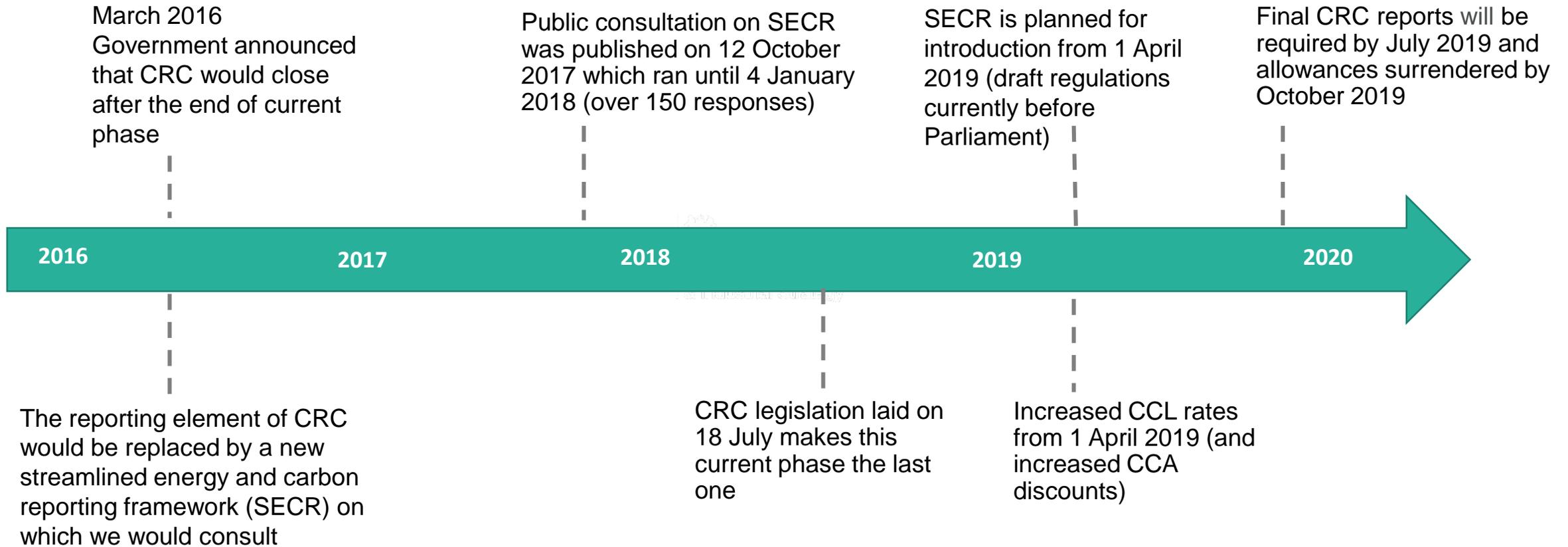
Gary Shanahan

Head of Business and
Industrial Energy Efficiency,
Tax and Reporting

BEIS



Policy Context



SECR – Who will need to report?

Quoted companies:

All UK registered quoted companies will continue to report global GHG emissions and intensity metric in the directors' report in their annual reports.

In addition:

SECR requires them to report total underlying **energy use and energy efficiency action taken**.

Large unquoted companies and LLPs:

'Large' as per the **Companies Act**:

A company or LLP that meet at least 2 of the following criteria:

- balance sheet (£18M+)
- turnover (£36M+)
- employees (250+)

If the relevant report is a group report, the parent company or LLP will make the required statement on behalf of subsidiaries

Department for
Business, Energy
& Industrial Strategy



What will large unquoted companies and LLPs report?

Requires large unquoted companies and large LLPs to include within Directors' report (or LLP equivalent):

- **UK energy use** and associated **scope 1 and scope 2 emissions** (as a minimum)
- **UK energy use** = electricity, gas & transport (as a minimum)
- **Intensity metric** (chosen by companies)
- **Energy efficiency action** taken in period of report and **Methodologies used** in calculation of disclosures

If the relevant report is a group report, the company or LLP must make the required statements for its subsidiaries

Exemptions: Directors to confirm if any information withheld on grounds of being **seriously prejudicial** to company, **not being practical to obtain** or if organisation uses **40MWh or less energy** in reporting period

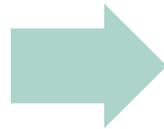
SECR – Important dates

The draft SECR statutory instrument published on 18 July and **is still subject to Parliamentary approval**. It sets out that...

these regulations have effect in respect of financial years beginning on or after:

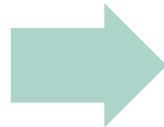
1st April 2019

1st April 2019 – 31st March 2020



Comply with SECR (report in 31 March 2020 accounts)

1st Jan 2019 – 31st Dec 2019



Comply with SECR in next financial year (1 January 2020-31 Dec 2020)

Business, Energy
& Industrial Strategy



When will the government be publishing guidance?

Finalised guidance is expected by January 2019, which will set out requirements from April 2019.

Expecting to build on existing environmental reporting guidance used for mandatory GHG reporting by quoted companies.



Public Sector

- Will still have commitments under CRC if participants in current Phase
- Public bodies may also be covered under either the **Greening Government Commitments**, which commits central Government departments to a 43% reduction in greenhouse gas emissions by 2020; or
- The voluntary target set for the wider public sector **in England** under the **Emissions Reduction Pledge** which encourages organisations to sign up to a 30% carbon reduction target from 2009/10 to 2020
- The emissions captured will be buildings emissions, domestic travel and fugitive emissions
- Separate arrangements may apply in other parts of the UK
- Public sector organisations will also have obligations under SECR if include limited company or LLP elements and meet eligibility thresholds. For example, some universities will report to SECR

Alison Mungall

Compliance Director
Carbon Credentials



What can companies and LLPs do to prepare for SECR reporting?

Qualifying companies and LLPs will need to report their energy consumption and carbon emissions for financial years **starting on or after 1 April 2019**

What can you do now?

Quoted Companies Unquoted Companies & LLPs

- Ensure strategy is in place to collect and report verified energy data
- Plan energy efficiency actions
- Ensure directors understand what is required

Additional Actions for Unquoted Companies & LLPs

- Understand organisational structure
- Understand if you meet the qualification criteria
- Review current approach to energy and emissions reporting (*Do you have appropriate data and systems in place?*)
- Decide on appropriate intensity metric



What will SECR mean to your business?

BEIS estimates that around 11,900 companies will be obliged to report under SECR (less than 5000 companies report under CRC)

- Transparency and “decision-useful” disclosure (TCFD) providing **increased visibility to stakeholders**
- Mandatory reporting can **unlock potential energy savings**
- **Board level involvement** in the company’s energy performance
- Intensity metrics are useful to **benchmark performance**
- Replaces CRC with **a simpler and more relevant reporting framework**
- Exemptions will **relieve unnecessary administrative burden**

What are the benefits of expert verification for SECR reporting?

- Confidence that qualification and reporting complies with legislation
- Data accuracy
- Audit of internal systems for measuring and reporting energy and carbon data
- Best practice: ISO 14064 aligned with GHG Protocol Corporate Accounting and Reporting Standard and Defra guidelines
- Identification of cost and energy savings

Expert carbon and energy reporting

1. Assess the need for verification— do you have confidence in the information you're disclosing publicly?
2. Use experts in carbon and energy reporting, our experience gained from mandatory GHG reporting, ESOS, CRC reporting and internal auditing as well as voluntary frameworks such as CDP and GRESB

Some of our GHG reporting clients...

 THE CROWN
ESTATE

 NORGES BANK

 CANARY WHARF
GROUP PLC

 AIKMA
QUALITY

 pwc

TED BAKER
LONDON

 GROSVENOR

 BT

 worldpay

Some of our verification clients...

 WORKSPACE®

 inmarsat

ICG

 3i

 JUPITER
Asset Management

JUST EAT

If you would like to find out more about SECR and how we can help you with carbon reporting, please do not hesitate to contact us.

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