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360° ENERGY EXPERTISE

Streamlining your energy and carbon reporting

Your helpful guide to SECR

Making energy simple

What is SECR?

The Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force and coincides with the end of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme.

Background information

The policy requires large companies to report their energy use and carbon emissions in the Directors' Report. We urge companies to ensure that this information aligns with the financial year. This helps make comparisons and maintain consistency in reports across different companies.

Who needs to comply?

The requirement to report applies to all large undertaking if either:

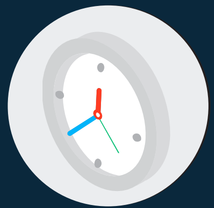
1. A UK quoted company (i.e listed on the Stock exchange)

2. An unquoted company or 'large' Limited Liability Partnership (LLP) that meets at least two of the following three criteria:

- More than 250 employees
- More than £36m annual turnover
- Balance sheet greater than £18m

11,900 UK businesses affected

Compliance is mandatory



Effective from 1 April 2019

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Reporting guidelines and requirements

UK quoted companies:

- GHG protocol scope 1 and 2 emissions
- Previous year's emission reporting method
- Total global energy usage (kWh) – (Split UK and Offshore)
- A minimum of one intensity ratio

UK unquoted companies & LLPs:

- UK energy usage (kWh) – (must include gas, electricity, and transport)
- Include both UK and offshore emissions and energy usage
- Associated Greenhouse Gas Emissions
  - Methodology for all calculations
  - A minimum of one intensity ratio
  - Details of energy efficiency activity

Companies that qualify will need to include information following the SECR framework in the Directors Report. Limited Liability Partnerships (LLPs) must provide an equivalent Energy and Carbon Report. If energy use and carbon emissions are crucial for the organisation's strategy, they can be disclosed in the Strategic Report instead. A statement in the Directors' Report should explain this choice.

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Key benefits of SECR

Improved transparency
SECR enhances transparency by requiring companies to disclose energy use and carbon emissions, fostering accountability.

Regulatory compliance
Ensures compliance with reporting obligations, avoiding penalties, and demonstrating corporate responsibility.

Cost savings
By monitoring energy consumption and implementing efficiency measures, companies can save costs and improve their competitive edge.

Investor confidence and reputation
Provides investors with environmental performance data, attracting socially responsible investors and maintaining a positive reputation.

Environmental impact reduction
SECR promotes awareness and action to reduce carbon footprint, contributing to climate change mitigation efforts.

Strategic decision-making
Informs strategic decisions by providing valuable data on energy use and emissions for innovation and risk mitigation.

Benchmarking improvement
Allows benchmarking against peers, encouraging continuous improvement in energy efficiency and carbon management.

Key challenges

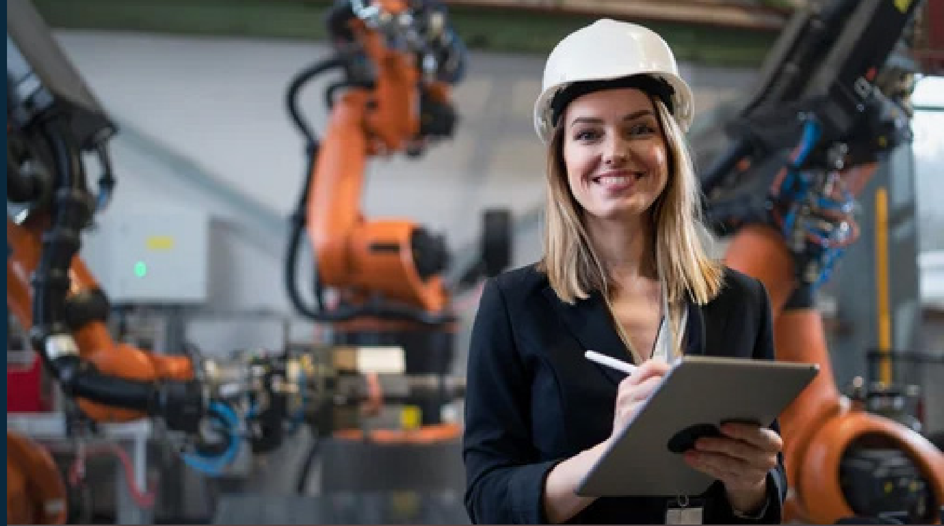
Strategic alignment:
Aligning SECR reporting with broader corporate sustainability strategies and objectives may require organisational changes and stakeholder engagement efforts.

Reporting burden:
Compliance with SECR reporting requirements may impose additional administrative burdens on organisations, particularly smaller businesses with limited resources.

Accuracy and verification:
Ensuring the accuracy and reliability of reported data requires robust measurement and verification processes, which may pose challenges for some companies.

Data collection and management:
Gathering and managing data on energy consumption and carbon emissions across operations can be difficult and resource-intensive.

Integration with existing systems:
Integrating SECR reporting requirements with existing reporting systems and processes may require adjustments and investments in technology and staff training.



5 steps to SECR success

1

Determine organisational boundaries

Review your assets and decide what to report. Report all environmental impacts where you have financial or operational control.

2

Determine data collection period

The reporting period should be 12 months and ideally match your financial year. If not, most of it should align with the financial year.

3

Determine key environmental impacts

Recognise the main environmental issues affecting your organisation. Understanding your operations and where the biggest impacts occur is crucial.

4

Measurement

Collect data at the corporate level. This may be challenging for many organisations. Review data sources and quality, using primary data whenever possible.

5

Reporting

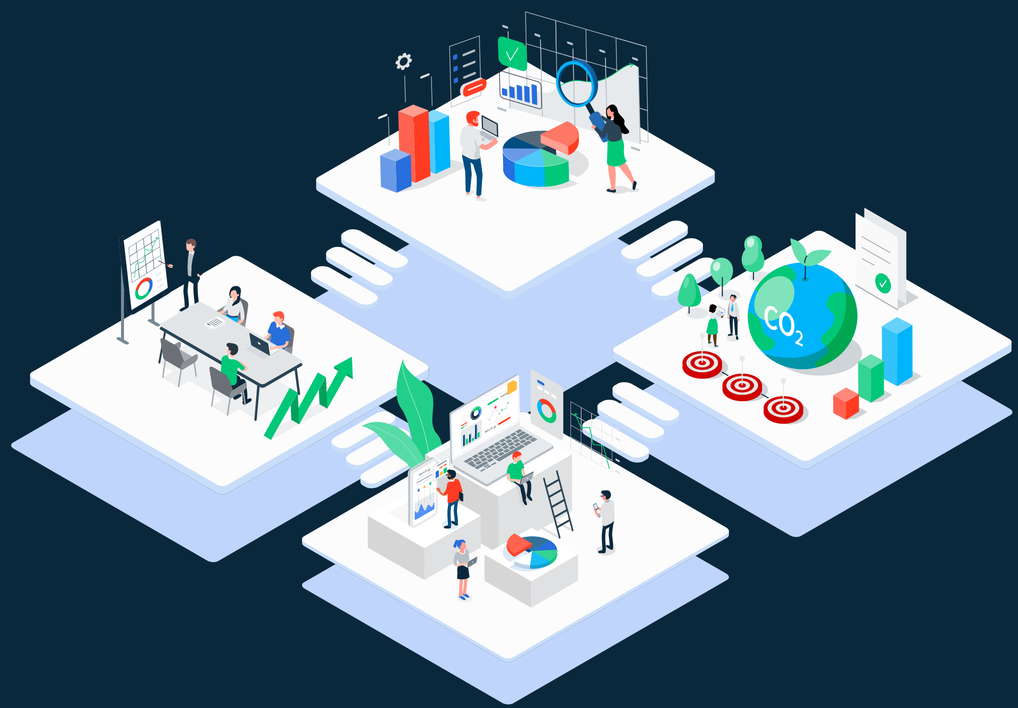
Present a balanced and transparent report. Include details on data collection, organisational boundaries, progress against targets, and impact management. Ensure the report meets requirements.

Beyond compliance

SECR data isn't just about following rules; it's crucial for the UK's goal of reaching net zero greenhouse gas emissions by 2050. This ambitious target requires all sectors and organizations to set their own net zero goals. To do this effectively, accurate baseline data is essential.

Companies often find that meeting SECR requirements helps them identify ways to cut emissions. Making SECR more than just a box-ticking exercise — it's a step toward a greener future.

Trident offers solutions to assist organisations in reaching net zero goals, including data management, performance monitoring, and adopting new technologies. We are here to support businesses on their path to sustainability.



KONICA MINOLTA

“Trident truly delivered using their knowledge and clear communication to make the SECR process straightforward.”

-Salman Khan

Head of Governance and Environment

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FAQS

Who is exempt?

UK subsidiaries covered by their parent company's report (only if the parent is UK registered). Companies using less than 40,000 kWh of energy during the reporting year.

Will SECR be enforced?

Yes, reports submitted to Companies House will be monitored for compliance with the SECR by the Conduct Committee of the Financial Reporting Council.

What will happen if I fail to comply?

The Conduct Committee has the authority to apply to the courts for an order requiring directors to prepare a revised report/set of accounts where the reporting requirements fail to meet the SECR requirements. Companies House may impose late filing penalties and reject submissions that don't meet the requirements.

Take action

Speak with one of our experts to discuss SECR today.

Our SECR experts will walk you through the process, making sure your business not only ticks all the boxes but also embraces sustainable practices to the fullest.

Book a call

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