

# Carbon Reporting Made Simple

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A helpful guide for all UK businesses



# making energy & net zero simple

Congratulations: if you're reading this guide, you're starting to explore whether carbon reporting is right for your organisation. As we'll explain, carbon reporting is an increasingly valuable exercise that can help safeguard your business' future.

This guide will not only explain what the practice is, but it will also empower you to understand what it means for your organisation in terms of effort, reward and suitability.

# What is carbon reporting?

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Carbon reporting is the process of measuring and disclosing an organisation's carbon emissions and other greenhouse gas (GHG) emissions. It is done by logging and monitoring your emissions, which can be through a carbon accounting platform or via a spreadsheet or other data logging system.

The resulting data can then be generated into a report that shows how well your organisation is performing against previous emissions baselines and reductions targets. Reporting it against a science backed and standardised framework will ensure your data is as accurate as it can be. The Greenhouse Gas (GHG) Protocol is one universally recognised standard, which also provides guidance, tools and training for organisations with its carbon reporting.



# Why is it important?

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It's crucial for organisations to measure, quantify, and report their greenhouse gas emissions, helping them understand their contribution to global warming. Doing so is becoming increasingly essential to reassure all types of stakeholders, with investors, customers, employees and suppliers making sustainability-minded decisions.



# Are businesses required by law to report their emissions?

The Streamlined Energy and Carbon Reporting (SECR) legislation was introduced in 2019. This requires certain qualifying UK businesses to report on their carbon emissions.

A business will qualify if it is any of the following:

**1** It is a UK Quoted Company



**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



# Beyond regulation - added pressure for businesses

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In the aftermath of the Paris Agreement, businesses face mounting pressure to calculate and disclose their carbon emissions. This international deal aims to limit global warming and has heightened scrutiny of companies' environmental impact.

Science-based targets, aligning reduction goals with scientific recommendations, have intensified this pressure. These targets offer a clear framework for businesses to show their commitment to combating climate change, enhancing their credibility and competitiveness.

Reporting emissions isn't just about meeting regulations but also meeting the expectations of investors, customers, and employees. Failing to address emissions risks damaging reputation and leaves companies vulnerable to penalties and market shifts. Embracing science-based targets not only supports global goals but also makes companies leaders in sustainability, ensuring their long-term success.

# What are Science-Based Targets?

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Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

## The Science Based-Targets Initiative (SBTi)

The Science-Based Targets Initiative (SBTi), founded in 2015, is a partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

Its goal is to mobilise the private sector, encourage urgent climate action and guide companies when setting science-based targets. Through rigorous assessment and validation, SBTi ensures that targets are ambitious, credible, and contribute significantly to combating climate change. More than 4,000 businesses around the world are already working with the SBTi.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

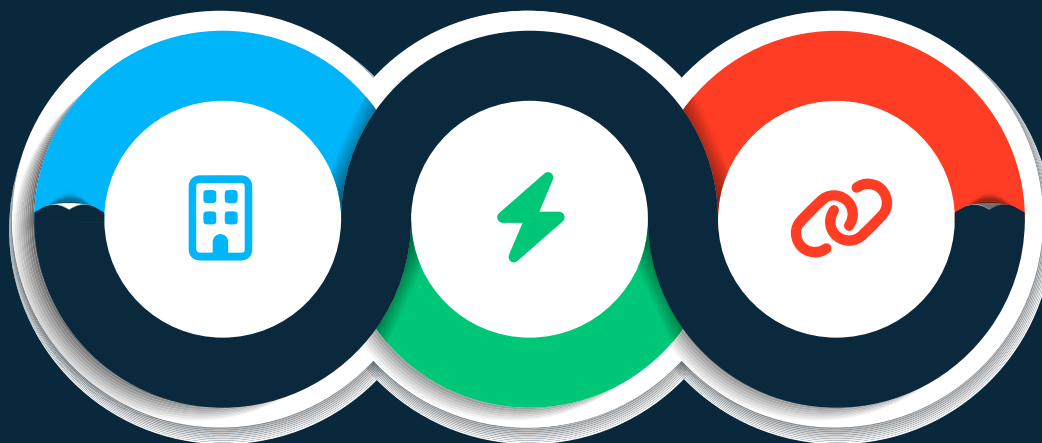
# How to measure your carbon emissions

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You should measure your carbon emissions by logging the emission totals across all your organisations activity. This involves acquiring and logging data for every activity that will produces emissions, with an average established for multiple instances such as transportation.

While it can be done manually and uploaded to spreadsheets, utilising a carbon reporting tool makes the process much simpler and less at risk of inaccuracies from human error. There are free tools available with enough capability for SMEs or organisations who require less complex carbon reporting. You can use a platform such as our Pulse Net Zero if you require more sophistication and analysis.

For the purposes of carbon reporting, the GHG Protocol categorises emissions in three scopes:



## Scope 1

Direct emissions arising from activities owned or controlled by your organisation that release emissions straight into the atmosphere.

## Scope 2

Emissions released into the atmosphere associated with your consumption of electricity, heat and cooling.

## Scope 3

Emissions resulting from any activities that you don't own or control.



# What type of information do you need to report?

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The information you need to report will vary depending on the reporting framework you are using.

Some common pieces of information include:

- ✓ Your organisation's greenhouse gas (GHG) emissions over an established period, such as a year or a fiscal quarter.
- ✓ The sources of your emissions, such as energy use, transportation, and waste alongside scope categorisation.
- ✓ The methods used to calculate the emissions.
- ✓ Your organisation's carbon reduction plan if you have one.

# How to report your carbon emissions

You report your emissions internally within your organisation. The first step is to choose a reporting framework such as the GHG Protocol. Once that's done you will need to follow these steps:

## Collate your data

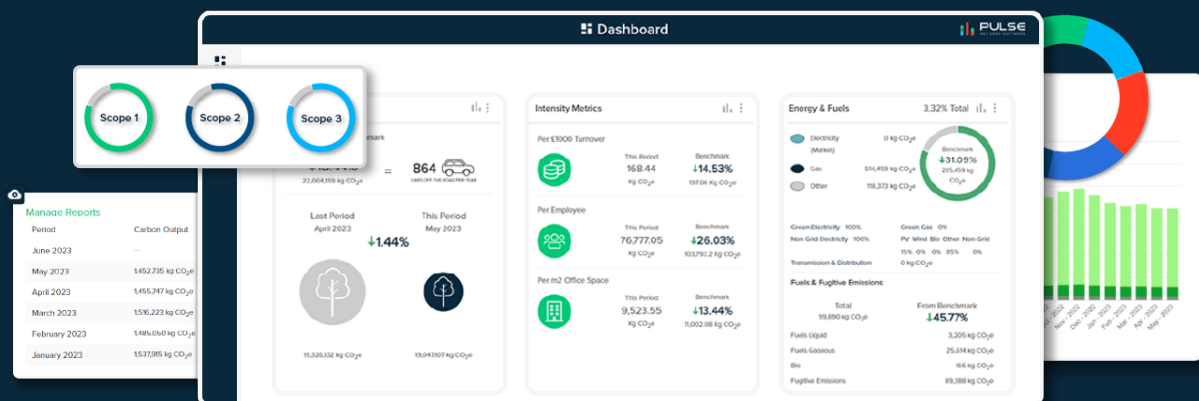
You will need to collect data on your organisation's GHG emissions. You can obtain the data from a variety of sources, such as your utility bills, transportation logs and directly from your supply chain.

## Calculate your emissions

Once you have collected your data, you will need to calculate your emissions using the chosen reporting framework. You will also need to find the correct corresponding conversion factor for the emission type, which is issued and updated by the Department for Environment, Food & Rural Affairs (DEFRA) every year. Applying the factor will then output the total emissions for each input data source.

## Prepare your report

The final stage is to create a report based on your emissions totals and the progress made against your targets. A carbon reporting tool will generate this report for you. Our platform, Pulse Net Zero, allows you to customise categories and intensity metrics to align them directly to your business goals.



## How to avoid mistakes

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It's important that your data and reporting is as accurate as possible, which is why it is crucial you align it with a reporting framework. Adding data manually will also open you up to the risk of inaccuracies through human error. Just one incorrect entry can misrepresent your total emissions and the progress your organisation has made. Mistakes can also be made by utilising the wrong or out of date conversion factors.

Either of these exposes your organisation to misleading your stakeholders and supply chain, which could result in reputational damage or loss of custom. A carbon reporting platform will use automation to insulate you from these risks and lessen the administrative burden involved in uploading your data.

## How to lower your emissions

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Reporting will help you understand where you are at with your emissions, but to lower them you need to develop a Carbon Reduction Plan (CRP). A carbon reduction plan outlines how an organisation will reduce its GHG emissions. The plan should detail the goals and targets specific to your organisation and the strategies and actions that will need to be undertaken to achieve those goals.



# Benefits of carbon reporting

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Consumers are increasingly aware of the environmental impact of their choices, and they are looking for businesses and organisations that are taking steps to reduce their carbon footprint. Supplying accurate, detailed reports on your carbon emissions and a carbon reduction plan is a great way to demonstrate your commitment to sustainability and attract more customers.

This will show your customers that you are taking climate change seriously and that you are committed to making a difference. It will also deliver the following benefits.

**73%** of consumers are more likely to do business with a company that is committed to sustainability.

*\* Cone Communications*

**66%** of consumers are willing to pay more for products and services from sustainable brands.

*\*Nielsen*



### **Improved decision-making**

Carbon reporting will help you better understand your emissions and identify opportunities to reduce them. This will deliver improved decision-making across multiple aspects of your activity, from product development and growth to employee travel and supply chain choices.



### **Improved brand reputation**

Organisations that are seen as being committed to reducing their emissions can gain a competitive advantage and attract new customers and investors. It also prevents the negative consequences to your brand from not taking direct action around emissions.



### **Reduced risk**

Carbon reporting assists you in planning for the future, which is particularly useful with risk. It can help your organisation to identify and manage climate-related risks such as financial losses, reputational damage, and supply chain disruptions.



### **Increased transparency**

Carbon reporting allows you to be more transparent about the environmental impact of your organisation. This can help improve your relationships and build trust with investors, customers and other stakeholders.



### **Compliance with regulations**

While some businesses must already report their emissions, it's possible that in the future the qualifying criteria for regulations such as SECR will be expanded to capture more smaller businesses. Carbon reporting will help businesses comply with this and other regulations such as Energy Savings Opportunity Scheme (ESOS) and avoid any associated fines.



### **Investment opportunities**

Businesses that can demonstrate that they are reducing their emissions may be eligible for preferential financing terms as lenders may view you as more of a secure proposition. It's also integral for a strong Environmental, Social and Governance (ESG) output to reassure potential and current investors.

# How to get started with carbon reporting

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We hope you found this guide useful and that you're clearer now on exactly how carbon reporting works and the benefits it can deliver for your organisation. You may now feel ready to start carbon reporting – these are the next steps you should take.



## Identify your emissions

One of the first things you do is to break down and categorise your emissions. Auditing your organisation's total emissions across Scope 1, 2 and 3 will help you build the framework for logging the data.



## Choose your reporting framework

To ensure your emissions are properly logged and any reduction targets you set are aligned to science, you will need to select a reporting framework such as the GHG protocol.



## Develop your CRP

Logging and reporting on your emissions is just the first step; your organisation should be using this as the beginning of a pathway to reducing and eventually eliminating your emissions. A CRP is essential to achieve this.

# Need further support?

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If you are unsure on exactly what carbon reporting looks like for your organisation or know you need more support on your journey, we're here to help. Talk to one of our net zero experts today and we can help you gain carbon clarity and turn intent into action on your net zero journey.

[Book a call today](#)



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