

SECR Report

[Example Company]
2021

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Streamlined Energy & Carbon Reporting (SECR)

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

The 2018 Regulations 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. These changes came into effect from April 2019.

The legislation affects:

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

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. A company or LLP is considered 'large' if it satisfies two or more of the following requirements:

- Turnover £36 million or more
- 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, 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.

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.

Companies within the scope of the legislation must disclose in their Directors' Report their:

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

What period should 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.

Where 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.

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.

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

Global energy use- Quoted Companies

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.

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 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).

Greenhouse gas emissions

The relevant Report must state the annual quantity of emissions in tonnes of carbon dioxide equivalent (CO₂e).

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.

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. 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 CO₂e per total square metres for the property sector, or tonnes of CO₂e 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.

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:

Units of Measurement

Greenhouse gases A greenhouse gas (or GHG for short) is any gas in the atmosphere which absorbs and re-emits heat, and thereby keeps the planet's atmosphere warmer than it otherwise would be. The main GHGs in the Earth's atmosphere are water vapour, carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and ozone. GHGs occur naturally in the Earth's atmosphere, but human activities, such as the burning of fossil fuels, are increasing the

levels of GHG's in the atmosphere, causing global warming and climate change. The Kyoto Protocol is an international treaty for controlling the release of GHGs from human activities, and the GHGs controlled under the treaty are shown in Table 1 below. Often these GHGs are referred to as the "Kyoto gases".

Greenhouse Gas	Global Warming Potential (GWP)
Carbon dioxide (CO ₂)	1
Methane (CH ₄)	25
Nitrous oxide(N ₂ O)	298
Hydrofluorocarbons (HFCs)	124
Perfluorocarbons (PFCs)	7,390
Sulphur hexafluoride (SF ₆)	22,800
Nitrogen trifluoride (NF ₃) ³	17,200

It's worth noting that different greenhouse gases last in the atmosphere for different lengths of time, and they also absorb different amounts of heat. The "global warming potential" (or "GWP") of a GHG indicates the amount of warming a gas causes over a given period of time (normally 100 years). GWP is an index, with CO₂ having the index value of 1, and the GWP for all other GHGs is the number of times more warming they cause compared to CO₂. E.g. 1kg of methane causes 25 times more warming over a 100 year period compared to 1kg of CO₂, and so methane as a GWP of 25.

Carbon dioxide

Carbon dioxide (CO₂) is the most common GHG emitted by human activities, in terms of the quantity released and the total impact on global warming. As a result the term "CO₂" is sometimes used as a shorthand expression for all greenhouse gases, however, this can cause confusion, and a more accurate way of referring to a number of GHGs collectively is to use the term "carbon dioxide equivalent" or "CO₂e" (explained below).

Because CO₂ is considered the most important greenhouse gas some GHG assessments or reports only include CO₂, and don't consider the other greenhouse gases, and this can lead to an understatement of total global warming impact. Greenhouse gas inventories are more complete if they include all GHGs and not just CO₂.

Carbon dioxide equivalent (CO₂e)

"Carbon dioxide equivalent" or "CO₂e" is a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO₂e signifies the amount of CO₂ which would have the equivalent global warming impact.

A quantity of GHG can be expressed as CO₂e by multiplying the amount of the GHG by its GWP. E.g. if 1kg of methane is emitted, this can be expressed as 25kg of CO₂e (1kg CH₄ * 25 = 25kg CO₂e).

Introduction

[Example Company] is...

Limitations

None

Time Period

This document presents the GHG emissions Inventory of the [Example Company] occurring between 01/06/2020 to 31/05/2021. This mirrors the company's financial year.

Organisational Boundaries

The GHG Inventory includes all GHG emissions issued from [Example Company] business activities.

The GHG emissions were consolidated according to a control approach. Thus, all GHG emissions and removals from facilities over which [Example Company] has financial or operational control were taken into account.

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Operational Boundaries

Definition of the operational boundaries began by identifying all GHG sources that [Example Company] should include in its inventory. These were subdivided into three different categories:

Scope 1: DIRECT GHG EMISSIONS are emissions issued from sources directly controlled by the [Example Company] , such as stationary combustion equipment used for building heating.

Scope 2: ENERGY INDIRECT EMISSIONS are emissions issued from electricity production, or from the imported heat or vapor consumed in the buildings and equipment operation, provided by an external entity (sources out of the organizational boundaries).

Scope 3: OTHER INDIRECT GHG EMISSIONS are emissions issued from the [Example Company] activities but from sources controlled by external enterprises, such as waste disposal (transport and processing) and the transportation means of employees.

Methodology

This report was produced in accordance 'GHG Reporting Protocol - Corporate Standard' methodology.

The Greenhouse Gas recommend that the reporting organization quantifies, minimally, GHG emissions from direct and energy indirect categories (scope 1 and 2 in the Greenhouse Gas Protocol). These must be included in the GHG inventory.

Some GHG sources were excluded since they account for non-significant GHG emissions, as well as quantification was technically not possible (lack of data).

Omissions

None

Adjustments to base year

None

Identification of GHG sources

The potential GHG emissions sources are:

- Fixed combustion: combustion of fossil fuels in fixed installations such as central heating boilers, turbines, radiators, motors, and flares.
- Mobile combustion: combustion of fossil fuels in motorised equipment such as cars, trucks, bus, trains, planes, and ships.
- Emissions from physical or chemical processes: emissions resulting from physical or chemical processes such as CO₂ emissions from acetylene combustion and consumed dry iced.
- Fugitive emissions: intentional or non-intentional (leaks) discharges such as GHG emissions from wastewater treatment and refrigerants.

Selection and collection of GHG activity data

Selection and data collection were based on primary and secondary information sources. Primary sources collected were from one of two distinctive methods:

1. Direct interviews with stakeholders
2. Official documentation, such as bills and invoices

Secondary information sources were obtained through [Example Company] website and other publicly available information.

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Results

The following tables and charts provide a breakdown of [Example Company] GHG emissions between 01/06/2020 to 31/05/2021. Emissions were calculated GHG Protocol Corporate Standard. Year chosen as base year: 2020

EMISSIONS BREAKDOWN BY SCOPE	2021 UK Emissions	Base Year UK Emissions	% Difference
	tCO2e	tCO2e	
Scope 1	313.84	332.57	-6%
Scope 2	376.22	387.56	-3%
Scope 3	33.80	46.43	-27%
Total Gross Scope 1 & 2	690.07	720.13	-4%
Total Scope 1, 2 & 3 (Scope 3 = Greyfleet & Electricity Transmission & Distribution)	723.87	766.56	-6%
Total kgCO2e	723,867.10	766,557.88	-6%
Intensity Metric: tCO2e/Full time employee	2.71679	3.07855	-12%
Scope 1 & 2 UK Energy Consumption (kWh)	3,451,625.09	3,330,388.12	4%
Scope 3 (Greyfleet, T&D) Energy Consumption (kWh)	2,049.34	52,823.24	0%
Total UK Energy Consumption (kWh)	3,453,674.43	3,383,211.36	2%

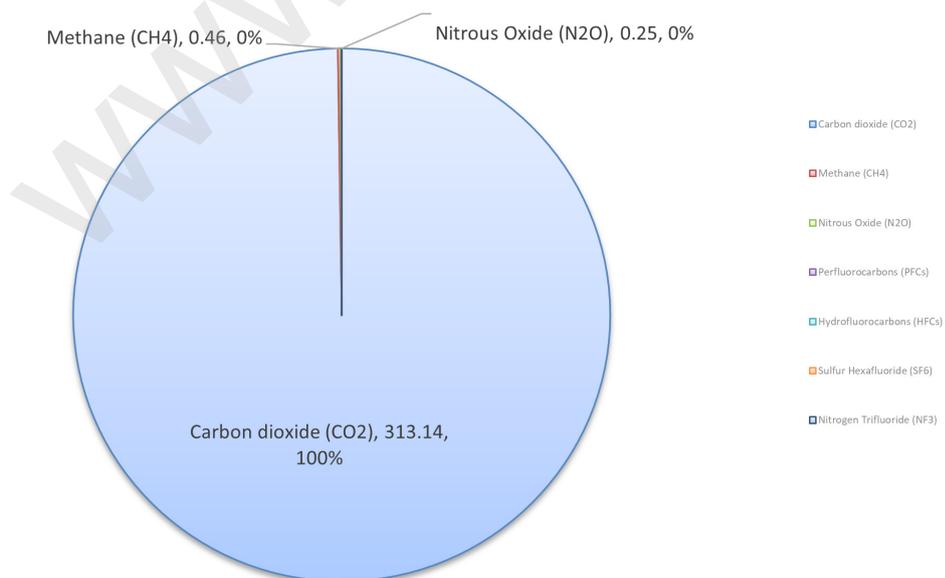
Emissions by Scope



Scope 1: Breakdown by GHG

SCOPE 1 BREAKDOWN BY GHG	UK Emissions	
	tCO2e	kgCO2e
Carbon dioxide (CO2)	313.14	313,142.98
Methane (CH4)	0.46	461.15
Nitrous Oxide (N2O)	0.25	254.24
Perfluorocarbons (PFCs)	0.00	0.00
Hydrofluorocarbons (HFCs)	0.00	0.00
Sulfur Hexafluoride (SF6)	0.00	0.00
Nitrogen Trifluoride (NF3)	0.00	0.00
	313.86	313,858.38

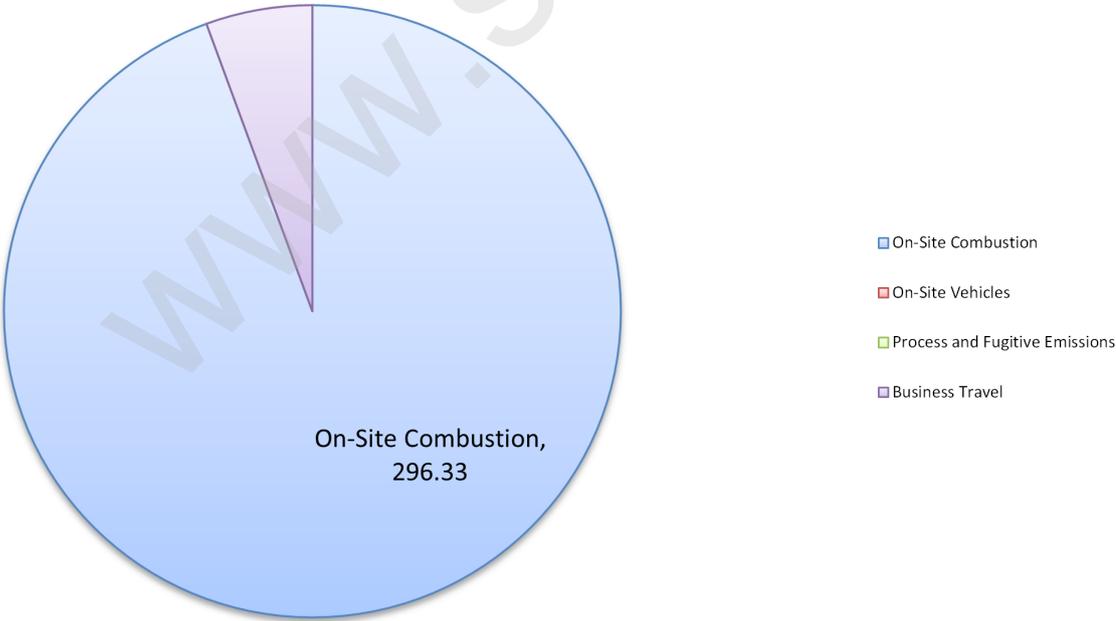
Scope 1 Emissions by GHG



Scope 1: Breakdown by activity

SCOPE 1 BREAKDOWN BY ACTIVITY	UK Carbon Emissions	
	tCO2e	kgCO2e
On-Site Combustion	296.33	296330.43
On-Site Vehicles	0.00	0.00
Process and Fugitive Emissions	0.00	0.00
Business Travel	17.51	17511.39
	313.84	313,841.82

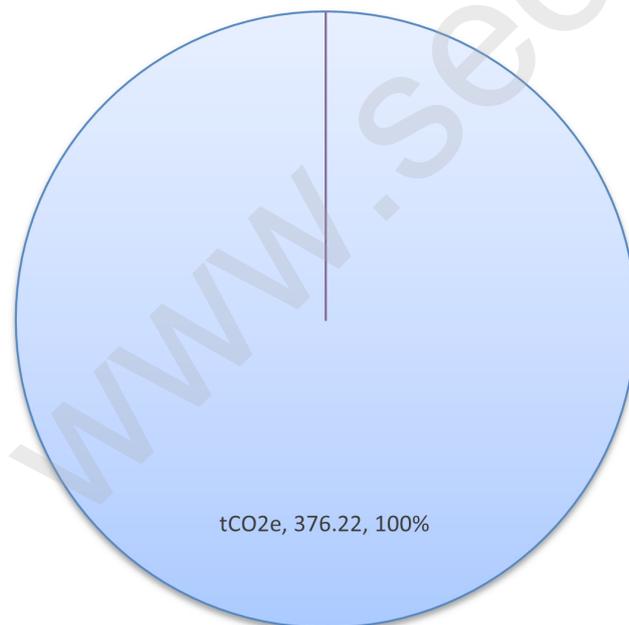
Scope 1 Emissions by Activity tCO2e



Scope 2: Breakdown by activity

SCOPE 2 BREAKDOWN BY ACTIVITY	UK Emissions	
	Activity	tCO2e
Electricity	376.22	376223.54
Heat	0.00	0.00
Steam	0.00	0.00
Cooling	0.00	0.00
	376.22	376,223.54

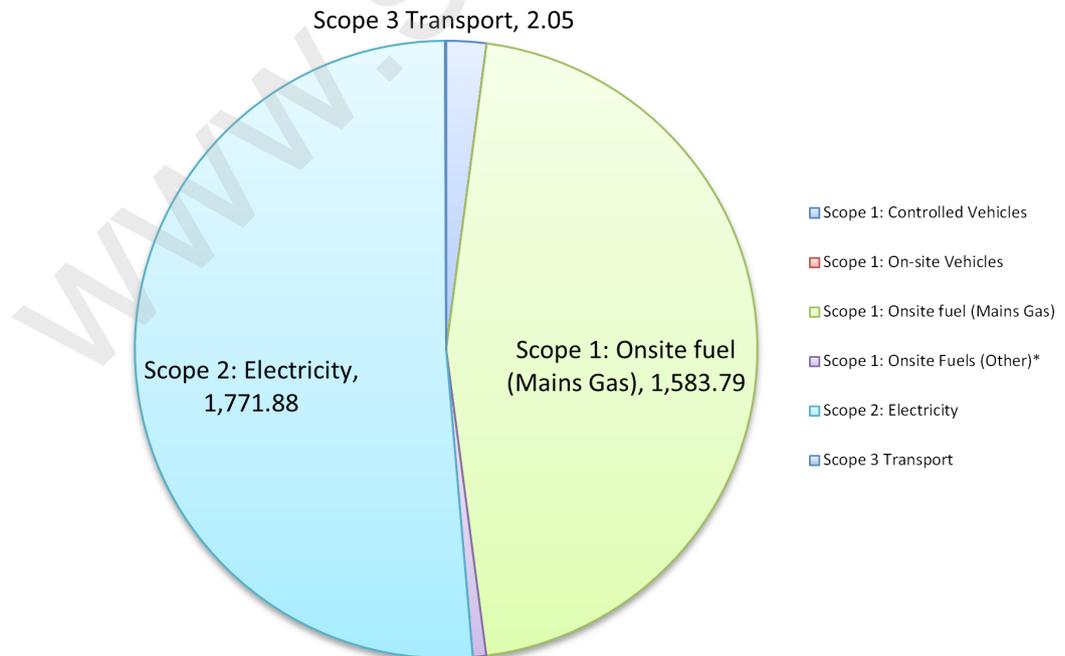
Scope 2 Emissions by Activity



Energy breakdown by fuel type

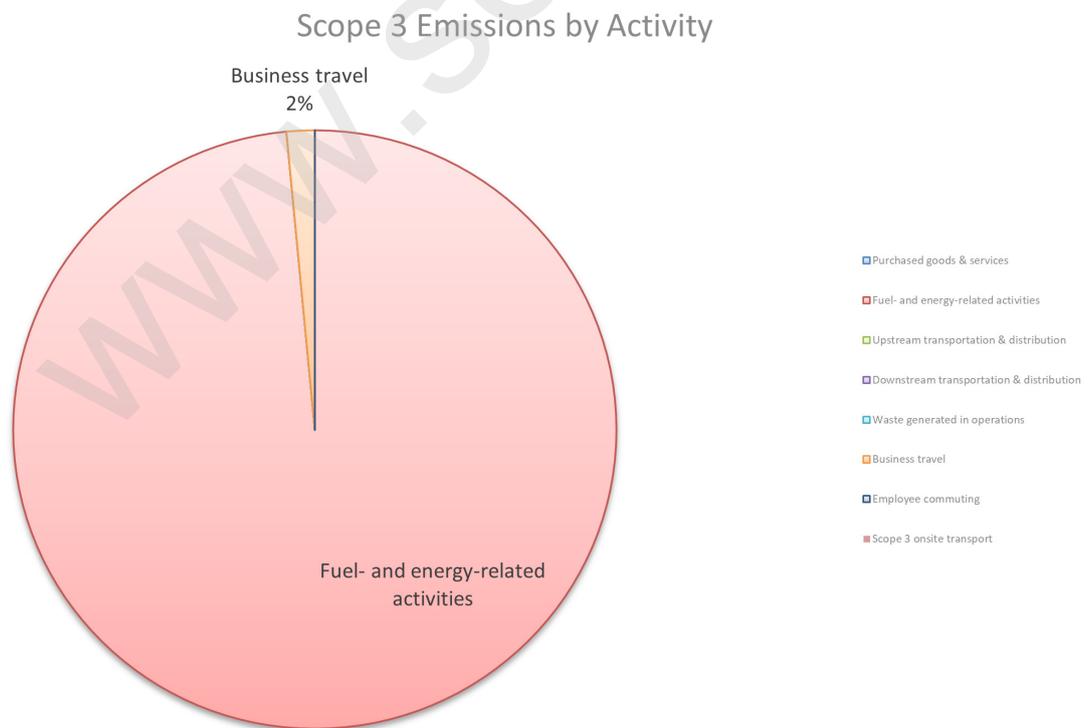
SECR ENERGY BREAKDOWN	UK Energy Consumption	
	MWh	kWh
Fuel		
Scope 1: Controlled Vehicles	71.92	71,916.89
Scope 1: On-site Vehicles	0.00	0.00
Scope 1: Onsite fuel (Mains Gas)	1,583.79	1,583,792.00
Scope 1: Onsite Fuels (Other)*	24.04	24,035.00
Scope 2: Electricity	1,771.88	1,771,881.20
Scope 3 Transport	2.05	2,049.34
	3,453.67	3,453,674.43

Energy Breakdown MWh



Scope 3: GHG breakdown by source

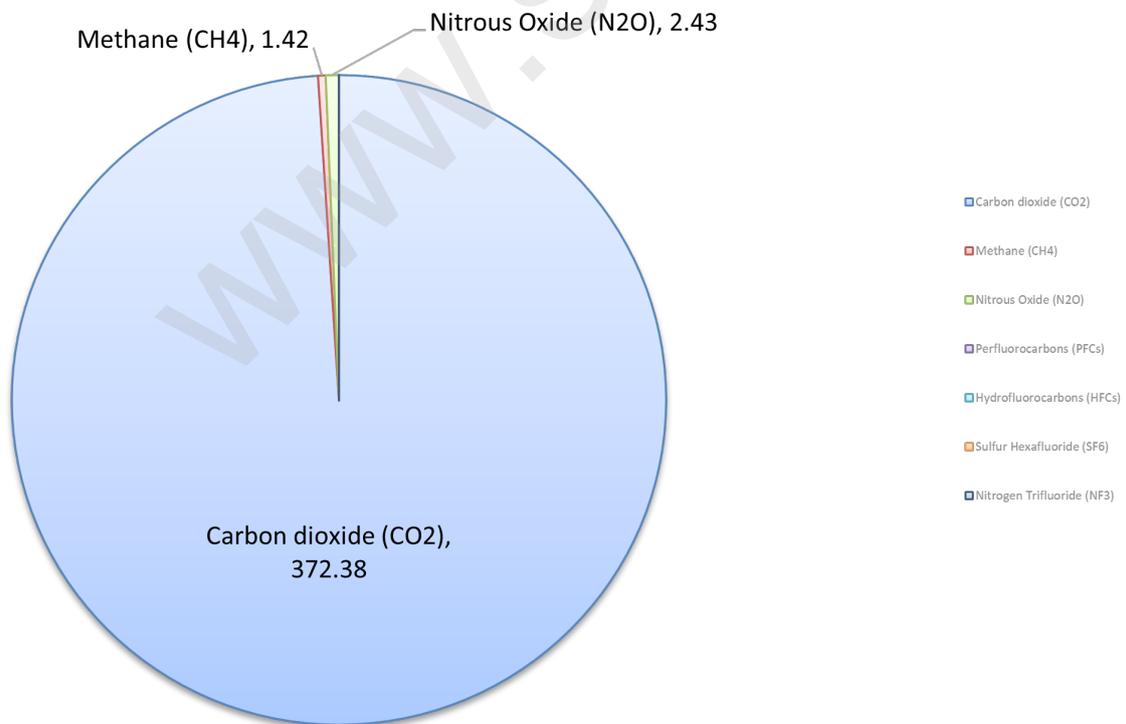
SCOPE 3 BREAKDOWN	UK Emissions	
	tCO2e	kgCO2e
Purchased goods & services	0.00	0.00
Fuel- and energy-related activities	33.29	33293.65
Upstream transportation & distribution	0.00	0.00
Downstream transportation & distribution	0.00	0.00
Waste generated in operations	0.00	0.00
Business travel	0.51	508.10
Employee commuting	0.00	0.00
Scope 3 onsite transport	0.00	0.00
	33.80	33,801.75



Electricity breakdown by GHG

ELECTRICITY SPLIT BY GHG	UK Emissions	
	GHG Type	tCO2e
Carbon dioxide (CO2)	372.38	372378.55
Methane (CH4)	1.42	1417.50
Nitrous Oxide (N2O)	2.43	2427.48
Perfluorocarbons (PFCs)	0.00	0.00
Hydrofluorocarbons (HFCs)	0.00	0.00
Sulfur Hexafluoride (SF6)	0.00	0.00
Nitrogen Trifluoride (NF3)	0.00	0.00
	376.22	376,223.54

Electricity Split by GHG tCO2e



Energy Intensity Ratio

SECR requires organisations to 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.

Chosen metric(s):

Full time employee

Intensity Ratio:

Between 01/06/2020 to 31/05/2021[Example Company] emitted an intensity ratio of:

2.72 Intensity Metric: tCO2e/
Full time employee

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[Example Company] Energy Efficiency Activities over financial year

[Example Company] undertook the following energy efficiency activities during the assessment period:

- Limited company cars to hybrid or electric vehicles only
- Actively encouraged video-conferencing in lieu of inter-site travelling

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GHG Inventory

The final section of the results section is a GHG Protocol is [Example Company] GHG Inventory documentation.

Have any facilities, operations and/or emissions sources been excluded from this inventory? If yes, please specify.
Reporting period covered by this inventory
From 01/06/2020 to 31/05/2021

ORGANIZATIONAL BOUNDARIES

Which consolidation approach was chosen (check each consolidation approach for which your company is reporting emissions.) If your company is reporting according to more than one consolidation approach, please complete and attach an additional completed reporting template that provides your company's emissions data following the other consolidation approach(es).		
Equity Share <input type="checkbox"/>	Financial Control <input type="checkbox"/>	Operational Control <input checked="" type="checkbox"/>

OPERATIONAL BOUNDARIES

Are Scope 3 emissions included in this inventory?
Yes <input checked="" type="checkbox"/>
No <input type="checkbox"/>
If yes, which types of activities are included in Scope 3 emissions?
Grey Fleet, Electricity Transmission & Distribution

INFORMATION ON EMISSIONS

The table below refers to emissions independent of any GHG trades such as sales, purchases, transfers, or banking of allowances

Direct CO ₂ emissions from Biogenic combustion (mtCO ₂)
0

EMISSIONS	TOTAL (tCO ₂ e)	CO ₂ (mt)	CH ₄ (mt)	N ₂ O (mt)	HFCs (mt)	PFCs (mt)	SF ₆ (mt)
Scope 1	313.84	313.14	0.46	0.25	0.00	0.00	0.00
Scope 2	376.22	372.38	1.42	2.43	0.00	0.00	0.00
Scope 3	33.80						

BASE YEAR

Year chosen as base year
2020
Clarification of company-determined policy for making base year emissions recalculations
We will adjust our base year emissions inventory to account for significant changes, described below, if the changes drive an increase/decrease in emissions of greater than 5%. We may also choose to recalculate our baseline for changes less than 5%, especially when structural changes occur.
<u>Structural changes</u> Structural changes include acquisitions, divestures or mergers of businesses or facilities that existed during 2020
<u>Methodology changes</u> Methodology changes include updated emission factors, improved data access or updated calculation methods or protocols. Emission Factor Updates - We follow the Defra guidance on when to recalculate previous years' emissions after new emission factors have been released.
<u>Other changes</u> In addition to structural and methodology changes, we will recalculate our emissions for the following:
<ul style="list-style-type: none"> • Discovery of a significant error, or a number of cumulative errors. • Change in our organisational boundary
Change in our operational boundary
Context for any significant emissions changes that trigger base year emissions recalculations
As above

UK & Global	TOTAL (tCO2e)	CO2 (mt)	CH4 (mt)	N2O (mt)	HFCs (mt)	PFCs (mt)	SF6 (mt)
Scope 1	332.57	32,149.37	54.75	75.75	0.00	0.00	0.00
Scope 2	387.56	384.07	1.20	2.29	0.00	0.00	0.00
Scope 3	46.43						

Has this inventory been verified by an accredited third party? No

METHODOLOGIES AND EMISSION FACTORS

Methodologies used to calculate or measure emissions other than those provided by the GHG Protocol. (Provide a reference or link to any non-GHG Protocol calculation tools used)
GHG Protocol