



# STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Streamlined Energy and Carbon Reporting comes in to force for financial years beginning on or after 1 April 2019. The regulations require additional disclosures in the directors report of quoted companies, large unquoted companies and large limited liability partnerships (LLPs) covering greenhouse gas (GHG) emissions, energy consumption and energy efficiency action.

The requirements are as a result of the Energy and Carbon Report Regulations 2018, the main guidance for which can be found on the following section of the government website: [Defra: Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements \(January 2019\)](#) (Environmental Reporting Guidelines).

## Requirements for Large unquoted companies

**UK incorporated unquoted companies** meeting the definition of a large company under Companies Act 2006 s465 & 466 (broadly a company breaching 2/3 of the following criteria: Turnover: £36million, Balance Sheet Total: £18million, Number of employees: 250) must include the following information within their directors' reports:

- The annual quantity of Green House Gas (GHG) emissions arising from activities for which the company is responsible, that release emissions into the atmosphere
- The annual quantity of GHG emissions associated with the consumption of purchased electricity, heat, steam and cooling for the entity's own use including for transport.
- An intensity metric, such as tonnes of CO2 equivalent per million of revenue or per full time employee
- Total UK energy use
- Narrative summary of energy action during the year
- Additional disclosures can be made on indirect energy.

The above disclosures are also required for large LLPs and unregistered companies which already prepare a directors report and meet the size criteria of a large company.

## Exemptions

There are a number of exemptions from the disclosure requirements:

- **Seriously prejudicial exemption.** (This is expected to be very rare)
- **Exemption where it is not practical to obtain the information.** (A statement of what is omitted and explanation why it is impractical would be required)
- **Low energy exemption.** A company or LLP with energy consumption of 40,000 kilowatt hour (kWh) or less during a financial year is not required to report.

## Groups

Where an entity is a member of a group the report can be prepared by the parent on a consolidated basis. The consolidated report should incorporate any entity that would be required to make the disclosures in their own right. Generally a UK subsidiary would not be required to make its own report where it is covered by a parent's group report although there are some further criteria to be met for this to apply.

## Reporting

When preparing the required disclosures it is important to ensure that a true and fair view is given of the actual energy consumed by the organisation. The information, like with the strategic report, must be balanced and transparent, which means communicating the positive as well as the negative messages. Remember that you are permitted to add additional narrative to accompany the reported metrics, so ensure that you tell your story by commenting on the assumptions that you have made in your calculations and the actions that you plan to take in order to manage the impact your organisation has on the environment.

## Oversight

Oversight of the regulations will be carried out through the FRC although the government are considering the publishing of energy and carbon data through a central published report or tool.

## *How much does it cost?*

The cost of producing the data for SECR will be dependent on the number of premises from which you operate, the type of emissions produced by your organisation and the quality of data which you hold on your energy consumption. Our prices start from £1100+VAT.

# CONTRIBUTING TO YOUR SUCCESS

For more information on Streamlined Energy and Carbon Reporting, how it may affect your entity and for a discussion around other sustainability services which we can provide, please get in touch with your usual Albert Goodman contact or Sophie Parkhouse.

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