THE REGULATORY AND REPORTING LANDSCAPE

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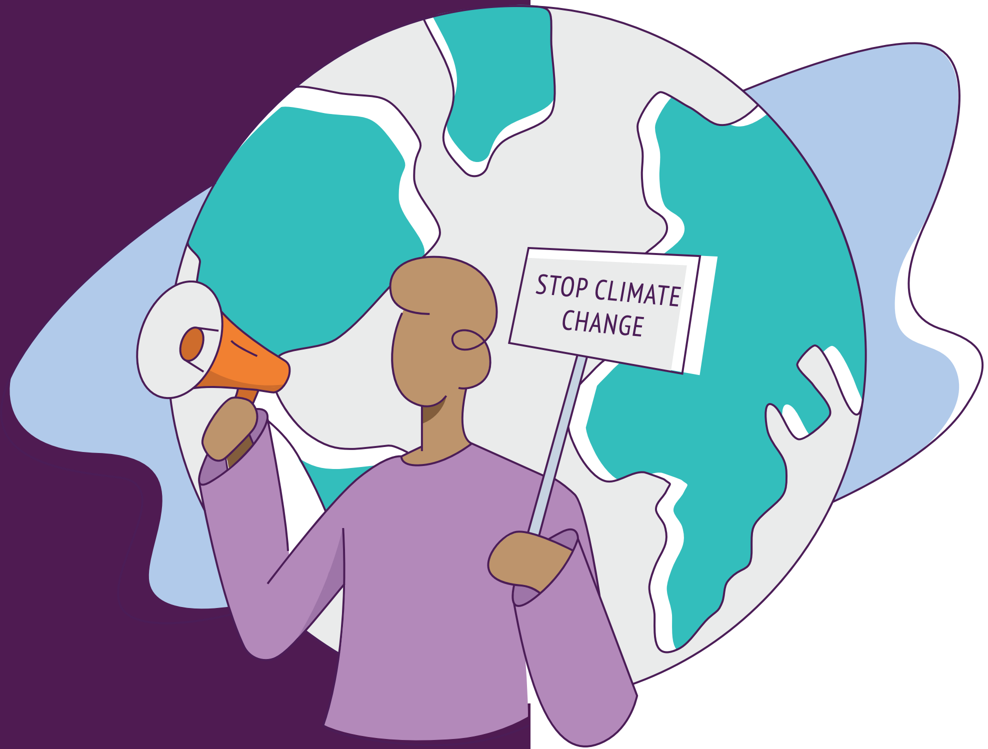
For most SMEs it's not mandatory to publicly report on your environmental impact, but you'll see various benefits to your business if you do. Read our tips to see what you could be doing.



Every business can be a force for good
Updated in October 2021

THE BENEFITS YOU'LL SEE

- Boost your competitive advantage in tenders. It can place you in a better position for procurement processes as an ever-increasing amount of them, especially in relation to government contracts, require some information around your environmental impact and emission reduction plan to be publicly available.
- Improve your reputation with customers. Transparency can help build trust and better relationships with customers - if you don't publish your impact you could lose out to competitors who do.
- Get ahead of regulation. Changes to regulation could include mandatory SME reporting. Getting prepared before that will save you time and stress in the future.
- Agile responses. You'll be able to quickly respond to stakeholders such as investors and landlords who ask for information on your emissions. This will allow your relationships to continue and flourish as you can demonstrate proactivity as you'd be able to satisfy any concerns and questions.
- Track and benchmark your progress. The ability to compare year on year results can be used as a marketing tool and a benchmarking tool against other organisations.

DEFINITIONS

Large UK undertaking

- 250 or more employees and/or
- An annual turnover of more than 50m euros and/or
- An annual balance sheet total of more than 43m euros

UK quoted public companies

- That is UK incorporated and whose equity share capital is listed on the Main Market of the London Stock Exchange UK or in an EEA state, or admitted to trading on the New York Stock Exchange or Nasdaq

Large UK unquoted (unlisted) companies

- Registered and unregistered companies (including charitable companies)

Large UK Limited Liability Partnerships (LLPs)

Two or more of these:

- 250 or more employees
- An annual turnover of £36m or more
- An annual balance sheet total of £18m or more

Low energy user

- Defined as a UK quoted public company which has consumed 40MWh or less and unquoted companies or LLPs which have consumed 40MWh or less in the UK, inclusing offshore, during the period in respect of which the report is prepared

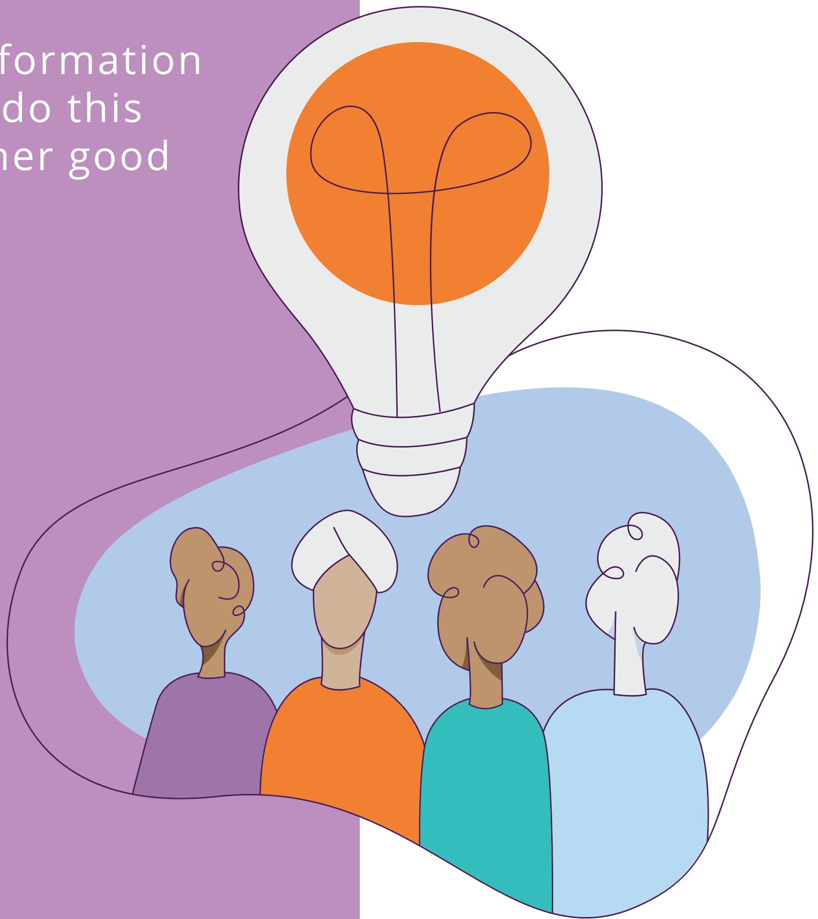
Large UK Public Interest Entity (PIEs)

- Traded, banking or insurance company with more than 500 employees

REPORTING AND REGULATION TABLES

Look over the tables below to make yourself familiar with the different reporting regulations and voluntary reporting opportunities. The best practice column shares tips and links to guides for how you can start reporting. Start to think about the top three topics or regulations you could make a start on.

Top tip: as it's not compulsory for you to publish this information yet, it's a good idea to talk about why you've decided to do this and what you're doing to improve your emissions. Another good marketing opportunity!



Current UK reporting regulations

Topic	Related regulation	Mandatory for	Description	Best practice
Energy use	Energy Savings Opportunity Scheme (ESOS)	Large UK undertakings and groups containing large undertakings in the UK	Requires in-scope companies to carry out and ESOS assessment every four years. The assessment is an audit of energy used in buildings, industrial processes and transport to identify energy saving measures	This assessment can be used as a pre-requisite for the Streamlined Energy and Carbon Reporting (SECR) policy (see below). So, out-of-scope organisations wishing to comply with the SECR could conduct an ESOS assessment. Follow the Environment Agency's guidelines to comply.
	Streamlined Energy and Carbon Reporting (SECR) policy	UK quoted public companies that are already obliged to report under The Companies Act 2006 (see below)	As part of Mandatory Carbon Reporting (MCR), in-scope companies must measure and report in an annual/directors' report: 1. Scope 1 emissions: annual global emissions from activities that your business is responsible for, such as fuel consumption	

Topic	Related regulation	Mandatory for	Description	Best practice
			2. Scope 2 emissions: annual emissions from the purchase of electricity, heat, steam or cooling by your business for your own use 3. Underlying global energy use that is used to calculate GHG emissions, including previous year's figure (after the first reporting year) 4. State what proprtion of total energy consumption and emissions produced are in the UK (including offshore area)	
		Large UK unquoted (unlisted) companies Large UK Limited Liability Partnerships (LLPs)	5. UK energy use and associated greenhouse gas emissions, as a minimum relating to gas electricity and fuel 6. Intensity ratio	

Topic	Related regulation	Mandatory for	Description	Best practice
			7. Previous year's figures for energy use and GHG emissions 8. Information on energy efficiency measures 9. Methodologies used in calculation of disclosures	
		Low energy user	Not required to make detailed disclosures of energy and carbon information. Instead, you're required to state that your energy and carbon informaiton isn't disclosed for that reason.	
Emissions	The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013	UK quoted public companies	As part of MCR, in-scope companies must measure and report on annual carbon dioxide emissions in the directors' report	Out-of-scope companies could voluntarily report as best practice. For mandatory emisisons reporting follow Defra's and BEIS' environmental reporting guidelines chaper 1 and for voluntary emissions reporting follow chapter 3.

Topic	Related regulation	Mandatory for	Description	Best practice
Other environmental matters	The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 Companies, Partnerships and Groups (Accounts and non-financial reporting) Regulations 2016	UK quoted public companies (with less than 500 employees) Large UK Public Interest Entity (PIEs)	In-scope companies must measure and report on environmental matters (including the impact of the company's business on the environment) in a strategic report	

Basic and intermediate voluntary reporting opportunities

Topic	Initiative	Applies to	Description	Best practice
Water	N/A	All businesses	Report on your annual water usage in an annual report	Once you start reporting your water usage, detail your previous year's figure so you can do an annual comparison. For more information follow Defra and BEIS' environmental reporting guidelines chapter 4.
Waste	N/A	All businesses	Report on your annual waste in an annual report. You can report using many different metrics: - Total metric tonnes per annum - Broken down into separate categories by weight - use the most appropriate ones for the waste you produce (paper, glass, aluminium, plastics, WEEE,	Measuring your waste means you're in a better position to find ways to reduce it. Once you start reporting your waste, detail your previous year's figures so you can do an annual comparison. For more information follow Defra and BEIS' environmental guidelines chapter 5. WRAP is a government sponsored initiative

Topic	Initiative	Applies to	Description	Best practice
			aggregates, hazardous) - The final destination of the waste reported (e.g. 40% re-used, 30% recycled, 20% incinerated, 10% to landfill). This can also be presented by weight or volume. - The above metrics against a base year and/or set targets - Any waste prevention activities and their expected benefits - Energy produced from your waste if you run an industrial process and have an on-site energy-from-waste-plant - Any costs reduced from waste which you've sold - Activities to divert waste from landfill	providing help and guidance.
Energy	N/A	All businesses	Report on your annual	See SECR reporting above

Topic	Initiative	Applies to	Description	Best practice
			energy usage in an annual report	for items you can report on in relation to energy
Responsible investing	UN Principles for Responsible Investment (PRI)	Asset owners, investment managers or service providers of the above	A set of six voluntary and aspirational responsible investment principles that outline ways Environmental, Social and Governance (ESG) issues can be incorporated into investment practice. By implementing them, investors can gain accreditation by becoming a PRI signatory.	For most signatories, the commitments are a work in progress and provide direction for their responsible investment efforts, rather than a checklist to comply with. The only mandatory requirement, beyond paying the annual membership fee, is to publicly report on your responsible investment activity through the 2020 Reporting Framework.

Advanced voluntary reporting opportunities

Topic	Initiative	Applies to	Description	Best practice
General sustainability reporting	Global Reporting Initiative (GRI)	All international companies	The first global voluntary standard for sustainability reporting. The standards include reporting requirements not captured under other regulations, such as measuring Scope 3 (indirect) carbon emissions.	Produce a sustainability report based on GRI standards
Climate-related financial risk	Task Force on Climate-Related Financial Disclosures	All financial and non-financial organisations with public debt or equity	Voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders	Follow the industry-specific FSB TCFD guidance

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Climate for SMEs: 4 Steps to Action is funded by the City of London Corporation in support of its Climate Action Strategy targets for a net zero and resilient Square Mile

HEART OF THE CITY

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