

## Net Zero Planning

Reporting on and tracking your organisation's carbon emissions and usage is the first fundamental step towards creating a plan and strategy for reducing environmental impact.

As evidence is highlighted in [global warming](#), we must reduce our carbon footprint by 50% by 2030 and reach Net Zero by 2050.

### Do Companies have to report Carbon Emissions?

To support Net Zero, the UK government has introduced a reporting mechanism – **SECR**, that dictates that all qualifying businesses must report their greenhouse gas emissions yearly. Quoted companies and large incorporated unquoted companies that meet at least two of the following criteria must report their greenhouse gas emissions each year through SECR:

- Gross income of £36 million or more
- A balance sheet of £18 million or more
- Over 250 employees

Public sector organisations are exempt from SECR, and private companies that use less than 40,000kWh per year do not need to comply. Large companies are critical in combatting climate change, with research suggesting that 100 large organisations are responsible for 71% of greenhouse gas emissions.

Small companies are not legally required to publish their carbon footprint, but there are advantages to doing so voluntarily, from cost saving to identifying the company's environmental impact. With a combination of new regulations and disclosure standards enforced on larger organisations from this year onwards, SMEs in their supply chain are more likely to be asked for their carbon reduction plans and reductions to date in their procurement policies. Examples of voluntary reporting:

- [B-Corp Certification](#)
- [Race to Zero](#)
- [ISO14001: Environmental Management – PAS 2060 – Carbon Neutrality](#)
- [SME Climate Hub](#)
- [Carbon Disclosure Project](#)
- [Good Business Charter](#)

The first year of measurement is always the hardest, but imagine the positive impact you could make by starting before you are forced to do so.

### Carbon Management: What is it, and why is it so important?

One of the first steps towards climate action is reducing a business's direct contribution to carbon emissions. Everything a company does in the process of operating is part of its carbon footprint, and environmental sustainability starts with managing the size and trajectory of that footprint.

## Enter Carbon Management!

Carbon management is fast becoming critical for all businesses if they want to take responsibility for their environmental impact. You might wonder what this involves, and you wouldn't be alone!

With the growing urgency of action, best practices are becoming more readily available, and technology platforms are emerging to help any rigorous and passionate stakeholder take responsibility for a company's carbon emissions. [HR4Consulting](#), a Carbon Accounting Practitioner, can support you in this process by utilising [TRACE](#).

With every greenhouse gas (GHG) emission avoided or removed ('sequestered') from the atmosphere, we are closer to limiting global warming to 1.5 degrees Celsius.

## What is carbon management?

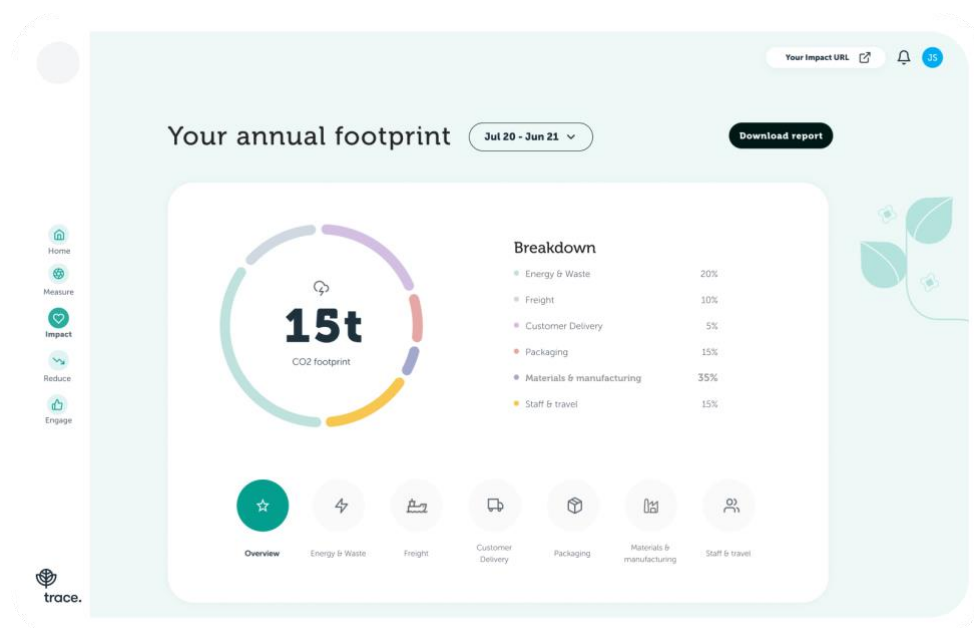
Carbon management is all about understanding how your business operations contribute to carbon (or other GHG) emissions and taking steps to mitigate or reduce them as much as possible. This includes considering emissions produced directly by your Business, businesses in your supply chain, and even by your customers when they use your product or service, referred to as your [scope 1, 2 and 3 emissions](#).

## What's involved in carbon management

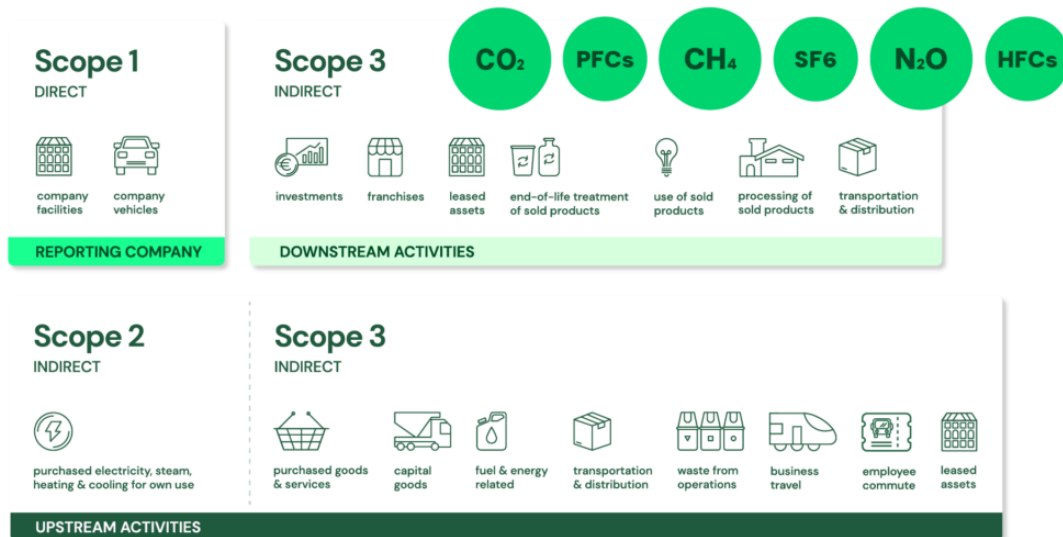
In simple terms, carbon management involves measurement, reduction, avoidance and, where relevant, offsetting. It also means implementing systems, processes and policies to manage and achieve each element. Carbon management is emerging as an area of non-financial disclosure that requires accounting professionals' rigour and attention to detail.

## Step 1: Understand your emissions baseline

As we say: "what's measured can be managed." You might hear the terms carbon inventory, carbon footprint, or carbon assessment, which are synonymous with the breakdown of how much carbon you produce across different areas of your Business. Look at the pie graph below for an exemplary high-level breakdown of one company's carbon footprint (visualised in the Trace application).

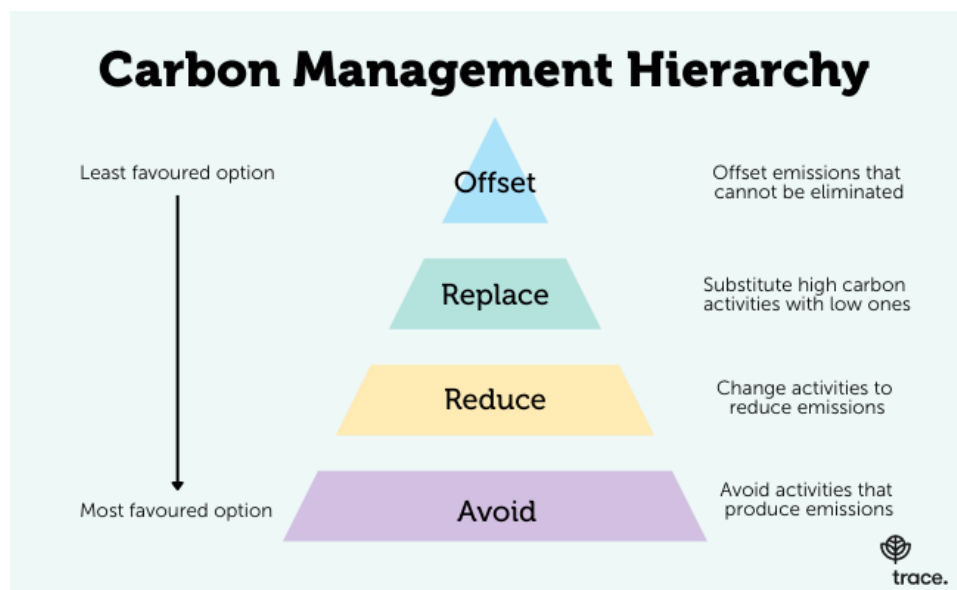


Understanding the indirect and direct emissions associated with your Business - [scope 1,2 and 3](#) - is the first step to developing a carbon management plan or strategy. With this data, you can identify your most significant opportunities for improvement, start planning your carbon reduction initiatives and set achievable goals.



## Step 2: Use the carbon management framework or hierarchy to prioritise tactics

Once you understand where your emissions lie, you can turn this into an actionable strategy. A commonly used framework called the 'carbon management hierarchy' can help guide you (see the diagram below).



This framework shows you the ideal way to approach uncovering the activities you will undertake to manage your carbon footprint; this does not necessarily mean your Business should complete these stages in sequence. For example, you can start offsetting your operations on 'day 1' while you figure out how to reduce your emissions. Instead, use this as

a framework to think through the different ways to solve a problem; the most significant section at the pyramid's base represents the best potential course of action if you can achieve it, and if not, you move up the pyramid.

## **Join our community of climate-conscious leaders.**

Let's break this down:

### **Make it Simple!**

- Start by Starting - doing something is better than doing nothing.
- Educate and involve your teams – include running a team event or meeting online rather than in person to avoid the associated travel emissions.
- Allow your team to own sustainable initiatives – create working groups.
- Create targets and commitments – consider accreditations.
- Switching to EVs for your Business's car travel by choosing EV hire cars or EV ride-share services.
- If possible, revert to an online-only business rather than having a brick-and-mortar shopfront, which requires additional energy and resources.

As more clean energy, transport, and materials technologies become widely available, avoiding GHG emissions will only become more effortless in the coming years. Hence, it's essential to stay on top of emerging innovations.

### **Reduce**

Right now, while fossil fuels (namely coal and gas) are still a prominent source of energy and fuel, avoiding producing emissions can be tricky. Still, it's not impossible to reduce your emissions significantly. The rise of renewable energy, improving technology for waste management, and increasing general awareness of sustainable business practices mean you don't need to look far for solutions that will have an almost immediate and significant impact on [reducing your emissions](#).

Reducing your emissions is achievable across almost every aspect of your carbon footprint; it just requires a commitment and willingness to change how you do things. This could include switching to renewable energy for your offices or buildings, reducing the number of car trips and flights your team takes for business travel, or offering more plant-based catering for your staff at team events.

### **Substitute/ Replace**

Sometimes, it's impossible to switch to a completely emissions-free option - particularly as you navigate these changes in the short term. However, you can almost always find low-carbon possibilities that will still drastically reduce the emissions of an activity. For example:

- Flying economy is more carbon-efficient per passenger than flying business class.
- There are many ways to [make your advertising campaigns more sustainable](#), such as by producing shorter digital videos at lower resolutions or conducting more eco-conscious film shoots.
- Look for office space with a high energy efficiency rating. The UK government's Minimum Energy Efficiency Standards (MEES) require that rented commercial properties have an Energy Performance Certificate (EPC). This rates how energy efficient the building is using grades from A to G (with 'A' as the most efficient grade).

### **Offset**

Avoiding, reducing, and replacing emissions-intensive activities takes time, so in the short term, your Business will still produce some emissions.

To responsibly manage the emissions you've been unable to avoid or reduce, [carbon offsets](#) provide a great way to take immediate climate action. Carbon offsetting allows businesses, governments, and even individuals to support projects worldwide that sequester (remove/ drawdown) carbon from the atmosphere or prevent it from being released in the first place. Businesses can purchase one carbon credit for every tonne of CO<sub>2</sub> they wish to offset from their carbon footprint. That credit represents a verified positive carbon impact via a specific climate project that wouldn't have otherwise been able to exist without the financial support offered by carbon credits. Various [schemes](#) are available in the UK.

In addition, Trace offers business members the ability to offset their unavoidable emissions via their global [portfolio of projects](#), handpicked to ensure credibility and a range of benefits outside of the carbon impact alone, supporting UN Sustainable Development Goals.

## Carbon Management vs Carbon Accounting: spot the difference

While carbon management focuses on the strategic and analytical lens of emissions data, carbon accounting focuses on the quantifiable measure for which a company or individual can be held accountable.

Carbon management is beneficial to any business wanting to operate sustainably and have a positive impact on the planet. However, there are many benefits beyond this, including:

- **Cost savings.** As our economies continue to decarbonise, switching to 'greener' alternatives for energy, transport, and other business inputs will be the right and most cost-effective option. Carbon management helps businesses identify cost-saving areas within and beyond their direct operations through improved energy and resource efficiency.
- **They are reducing regulatory risk.** As more countries adopt ambitious climate targets, this will translate to more stringent regulatory requirements for businesses to manage their carbon emissions. Setting up a carbon management system will ensure your Business is future-proofed as the regulatory landscape evolves.
- **They are responding to stakeholder demands.** Increasingly, investors, customers, employees, and industry associations are voicing greater expectations that businesses of all types will demonstrate that they are doing their part to respond to climate emergencies. An effective carbon management process should mean you can answer questions posed by these stakeholders and show you're on the front foot when making your Business more sustainable.
- **You are improving competitiveness and promoting innovation.** By realising the above benefits, your Business will be a step ahead of your competitors and demonstrate your role as a leader in your industry. A **Net Zero Carbon Reduction plan** will allow opportunities to win new Business. All companies bidding for government contracts worth more than £5 million a year must commit to achieving Net Zero by 2050.

## How to implement a carbon management strategy and software

If you're ready to begin the process of carbon management in your Business, you may wish to adopt a software platform to support this. An effective software platform will bring everything you need to measure and manage your emissions into one place.

[Trace for Business](#) offers an accessible, streamlined platform for any business to start their journey to net zero. First, it makes measuring your footprint fast and easy and then gives you an easy-to-interpret overview of your carbon footprint. You can also take immediate climate action by investing in carbon offset projects and planting trees, with your impact visible in the

Trace platform. Most importantly, you can start planning ways to reduce your emissions with a list of suggested actions any business can implement.

<https://www.gov.uk/energy-performance-certificate-commercial-property>

<https://www.our-trace.com/about-us>

<https://www.un.org/en/climatechange/science/causes-effects-climate-change>

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