All you need to know about

Our members currently report energy and carbon data through a number of mandatory carbon reporting schemes, with differing goals, scope and qualification criteria. As an industry body representing the chemical sector, we feel that complying with numerous schemes stretches staff resources and creates significant expenditure, disproportionate to the value added. Brexit gives us the perfect opportunity to reassess these complex and overlapping requirements, which add burden to UK businesses at a time of historic uncertainty.

The EU Emissions Trading System (EU ETS), is the main measure in the government's toolbox for tackling industrial carbon emissions, by creating a cap on total emissions which reduces year-on-year, and allowing companies to trade emission allowances beneath that cap. Theoretically, this creates a price for emissions according to demand and supply, allowing the carbon market to find the lowest cost emission abatement investments. However, successive interference from rule-makers has seen additional mechanisms imposed on the market, with the aim of driving up the price of emissions, regardless of the cap and demand. The UK is set to leave the scheme in January 2021 and current UK participants will instead qualify for either a UK ETS (perhaps linked to the EU ETS) or a Carbon Emissions Tax. The final scheme is subject to ongoing negotiations with the EU.

Another reporting regime coming down from the EU is the Energy Savings Opportunity Scheme (ESOS). The government established ESOS to implement Article 8 of the EU Energy Efficiency Directive (2012/27/EU). The scheme obliges businesses to report site and transport emissions for UK operations, and to perform an energy audit once every four years. The government intends to maintain ESOS requirements, even after we leave the EU. The Department for Business, Energy and Industrial Strategy (BEIS) is expected to consult on changes to the scheme at the end of 2020.

The Climate Change Agreements (CCAs) are a UK based, voluntary scheme, which provide a significant discount on the Climate Change Levy (CCL) in exchange for signing up to energy efficiency targets. In reality, the benefit they provide - i.e. a reduction to the CCL charged on a site's energy bills - is such that the majority of chemical sites must sign up and report to stay competitive. The government this year consulted on an extension of the CCA scheme to 2025, adding a further two-year reporting period (Target Period 5) covering the years 2021-2022. With the scheme extension, if a site reports data for Target Period 5 and meets its targets, or pays a buy-out fee for any shortfall, then the site will continue to qualify for CCL relief up until March 2025.

Streamlined Energy and Carbon Reporting (SECR) is the most recent addition to the pack. Quoted companies, as well as unquoted, "large", UK-based companies, are required to prepare and file an annual 'Energy and Carbon Report' with Companies House. The scheme replaced the Carbon Reduction Commitment (CRC) scheme and Mandatory Greenhouse Gas Reporting for quoted companies, hence the "streamlined" in the title. Its main aim is to make energy and carbon disclosures transparent to investors, in addition to the businesses themselves.

Beyond mandated carbon reporting requirements, multiple voluntary approaches and frameworks exist to monitor, report, validate and set targets for GHG emissions. Many of these have relevance to the financial and non-financial disclosures used in communications to company stakeholders such as investors and shareholders. Some examples include:

- Task Force for Climate Related Financial Disclosures (TCFD) Recommendations: the TCFD resides with the Financial Stability Board, led by the G20 heads of state and central bank governors. Published in 2017, the general recommended disclosures cover governance, strategy, risk management, and metrics and targets. Further detail is borne out through sector specific recommendations, acknowledging that the chemicals sector would benefit from further guidance. Whilst the TCFD recommendations are largely voluntary in the UK at present, the Financial Conduct Authority