

ACCOUNTING_{FOR} SUSTAINABILITY

How can the Connected Reporting Framework help your business to report your carbon emissions?

Why should your business report on its carbon emissions and other sustainability impacts?

- **Improve operational efficiency, manage risk and make cost-savings through enhanced understanding**
- **Meet customer and other key stakeholder requests and requirements for more transparency**
- **Meet current and future legislative requirements**
- **Publicly demonstrate a commitment to carbon reduction**

What is the Connected Reporting Framework (CRF)?

The Framework is based on a set of principles developed by The Prince's Accounting for Sustainability Project that give guidance on how to report sustainability information, including greenhouse gas emissions, alongside more conventional financial information in a clear and concise manner. The Framework is designed to give a more rounded and balanced picture of a business's overall performance.

The Connected Reporting Framework has the following five key elements.

1. An explanation of how sustainability is connected to the overall operational strategy of an organisation and the provision of sustainability targets.
2. Five key environmental indicators, which all organisations should consider reporting: greenhouse gas emissions, energy usage, water use, waste and significant use of other finite resources.
3. Other key sustainability information should be given where the business or operation has material impacts.
4. The inclusion of industry benchmarks for key performance indicators, when available, to aid performance appraisal.
5. The up-stream and down-stream impact of the organisation's products and services: the sustainability impacts of its suppliers and the use of its products or services by customers and consumers.

Why 'connected' reporting?

Connected reporting aims to link the reporting of non-financial/sustainability information with financial information. This linking is done through reporting the cost-savings, expenditure and investment related to sustainability and through other metrics that equate a financial value to resource use.

This has a dual benefit.

1. On a presentation level, the CRF allows organisations to tell a 'story' about their carbon and other resource use to investors and other stakeholders as it brings together sustainability information with financial performance, targets and benchmarks for key indicators, and;
2. It shows investors, management and other stakeholders the financial benefits of reducing carbon emissions and use of other finite resources – savings in energy bills or fuel costs and/or carbon offsets – and aims to more closely align sustainable practices to the commercial strategy of a business.

Some progressive organisations include this information in the Annual Report, in order to demonstrate that it is connected to the information used to run the business, others in a separate Sustainability Report.

How can the CRF help you to take action on your May Day Pledges?

The Connected Reporting Framework can support the action you are taking on your May Day Pledges.

- **“Measure and report** your business's carbon emissions publicly or to Business in the Community” – you can use the CRF to report your carbon emissions in a clear, concise and comparable manner. You can include pledges made at the May Day Summit and other targets and show progress towards achieving these.
- **“Manage** your carbon emissions” – you can use the CRF to strengthen the ties between the financial and sustainability teams, to identify efficiency savings and bring the ‘rigour’ of financial accounting to sustainability to help meet current and future legislative requirements. This is especially effective if combined with including non-financial information in bonuses and incentive structures.
- **“Reduce** your carbon emissions” – the scope of the CRF, greenhouse gas emissions, energy usage, water use, waste and significant use of other finite resources, aligns closely with the reduction activities outlined in the May Day Journey, which are: energy, transport, waste and water.
- **“Engage** your Stakeholders” – you can report the ‘indirect company impacts: customer/suppliers indicators’ in the CRF, as well as including benchmarking information such as Business in the Community's CR Index.

For more information on the Framework and how to use it see www.accountingforsustainability.org/reporting.

Produced in collaboration with Business in the Community:

