Kickstart your Carbon Accounting Journey

Understanding Free and Paid Tools to Meet Your Sustainability Goals

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What is Carbon Accounting?

Many organizations recognize the value of reducing their greenhouse gas (GHG) emissions to meet environmental, social, and governance (ESG) goals.

Carbon accounting, also known as GHG accounting, measures and records the amount of carbon dioxide (CO_2) and other GHGs an organization emits. It involves tracking emissions from various sources, categorizing them into different scopes, and using this data to develop strategies for emission reduction and sustainability reporting.

Importance of Carbon Accounting

- **Regulatory Compliance:** Many countries and regions are implementing regulations requiring businesses to report carbon emissions. Compliance with these regulations is essential to avoid penalties and support global climate goals.

- **Environmental Responsibility:** Understanding and managing carbon emissions is crucial for mitigating climate change. Businesses play a significant role in reducing global carbon footprints.

- **Economic Benefits:** Efficient carbon management can save costs through improved energy efficiency and resource management.

- **Stakeholder Expectations:** Investors, customers, and other stakeholders increasingly prioritize sustainability. Transparent carbon accounting can enhance a company's reputation and stakeholder trust.

> " Cross-functional collaboration across an organization is a key to implementing a strong sustainability strategy and avoiding information silos. Not only do C-Suite roles benefit from exchanging ideas, but they can motivate roles of all levels to embrace a sustainability agenda. With the right ESG software, internal sustainability communication about performance, progress, and goals becomes much easier. Atrius Sustainability has valuable visualization tools that allow you to use your data to tell and share your sustainability story with important stakeholders, so that everyone in your organization understands the value of your initiatives."

— Lauren Scott, Vice President, Marketing and Sustainability, Intelligent Spaces Group, Acuity Brands

The Need for Accessible Carbon Accounting Tools

The widespread use of inefficient and error-prone manual reporting methods drives the demand for accessible carbon accounting tools. According to Ernst & Young, 55% of surveyed US-based public companies use spreadsheets to gather and calculate emissions. This percentage may be substantially higher for smaller companies. Manual reporting methods waste valuable employee time and are prone to human error, which can impact businesses that share their data with customers or other stakeholders.

Simplifying how organizations track, measure, and optimize their emissions outputs frees up valuable time and resources. With more capacity and resources invested in automating manual processes, sustainability professionals can accelerate their progress on other operational goals.

Integrating Sustainability Reporting Tools into Business Processes

Integrating carbon accounting tools into business processes involves several key steps:

1. **Understanding Required Data:**
   - Organizations must identify the data required for Scope 1, 2 and 3 emissions reporting, including direct and indirect energy consumption and refrigerant use.

2. **Data Collection:**
   - Gather operational resource consumption data, and easily upload it to a centralized system.
   - Engage data owners across the business to provide the cross-functional data required for your carbon calculations.

3. **Setting Up the Tool:**
   - Input your organization's details and configure settings according to your specific needs.

4. **Data Upload and Emission Factor Assignment:**
   - Assign emission factors to inserted sustainability data.

5. **Generating and Utilizing Reports:**
   - View comprehensive reports which can be used for disclosure purposes.

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Learn how to kickstart your sustainability strategy at Atrius.com

- Regularly review and analyze the reports to set baselines and carbon reduction goals, identify trends and opportunities to drive toward net zero.

By following these steps, organizations can effectively integrate carbon accounting tools into their business processes, resulting in more accurate, efficient emissions tracking and reporting.

Comparison Between Free and Paid Tools and When a Company Should Upgrade

While free carbon-accounting tools provide a robust starting point, there are scenarios where upgrading to a paid solution is beneficial. Paid tools offer advanced features that cater to more complex needs, like Scope 3 emissions tracking, detailed analytics, and report automation.

Limitations of Free Tools:

- **Scope:** Free tools typically support only Scope 1 and 2 emissions.
- **Features:** Advanced features like decarbonization analytics, automated data integration, and custom reporting are often unavailable in free versions.
- **Support:** Limited customer support is available compared to paid versions.

When you should upgrade to a paid solution:

- **Increased Complexity:** As organizations grow and their sustainability efforts expand, the complexity of carbon accounting increases.
- **Advanced Reporting Needs:** Detailed reporting and analytics capabilities become necessary for comprehensive sustainability management.

" Often Sustainability managers operate in a silo when it comes to carbon accounting and environmental baselining. They are stuck in the measure phase of their organization's sustainability goals, while there are other members of their team that might be on the ground working on reducing the carbon footprint; including energy managers, facilities managers, logistics personnel, product managers, among others. Once the data is centralized, it opens the door for these other team members to engage in the analytics tools and align on important initiatives."

— *Chelsea Davis, Senior Product Manager, Atrius*

Understanding Carbon Emissions Scopes

Scope 1

Direct emissions from owned or controlled sources, such as company vehicles and on-site fuel combustion.

Scope 2

Indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting company.

Scope 3

All other indirect emissions in a company's value chain, including upstream and downstream activities, including emissions from purchased goods and services, business travel, waste disposal, and use of sold products. 🍃

- **Regulatory Requirements:** Enhanced features may be required to meet stringent regulatory standards and disclosure frameworks.

Cost-Benefit Analysis:

Upgrading to a paid tool provides access to a broad range of features, such as Scope 3 emissions categories, automated data integration, and decarbonization tools. Investing in a paid tool can lead to considerable time savings, improved data accuracy, and more effective sustainability strategies as a company grows.

Benefits of Upgrading:

- **Comprehensive Emissions Tracking:** Paid versions support Scope 1, 2, and 3 emissions tracking.
- **Advanced Analytics:** Detailed analytics and reporting features help identify reduction opportunities and track progress.
- **Automated Data Integration:** Integrating existing systems and computerized data collection streamlines the reporting process.
- **Enhanced Support:** Access to dedicated customer support ensures smooth implementation and ongoing management.

Navigating Global Carbon Reporting Standards

Corporate Sustainability Reporting Directive (CSRD):

- **Scope:** Applies to large EU companies, listed SMEs, and non-EU companies with significant EU market presence.

- **Standards:** Companies must report according to the European Sustainability Reporting Standards (ESRS).

- **Timeline:** First reports due in 2025 for the 2024 financial year.

- **Assurance:** Requires assurance on sustainability information to enhance credibility.

- **Sector-Specific Guidance:** Sector-specific ESRS will be developed by 2026.

Securities and Exchange Commission (SEC) Climate Disclosure Rules:

- **Scope:** Mandates climate-related disclosures for US public companies.

- **Key Requirements:** Includes disclosure of Scope 1 and 2 emissions, climate-related risks, and risk management processes.

- **Assurance:** Larger companies must provide limited assurance on emissions disclosures.

- **Timeline:** New rules adopted in March 2024.

International Sustainability Standards Board (ISSB):

- **Scope:** Provides a global baseline for sustainability reporting.

- **Standards:** Includes IFRS S1 (General Requirements) and IFRS S2 (Climate-related Disclosures).

- **Global Alignment:** Aims to harmonize with other frameworks such as TCFD.

- **Adoption:** UK listed companies will start reporting according to ISSB standards from 2025.

Greenhouse Gas Protocol (GHG Protocol):

- The GHG Protocol represents a comprehensive global standardized framework for measuring and managing GHG emissions. It addresses private and public sector activities, value chains, and mitigation actions.

- Companies worldwide use the GHG Protocol's accounting standards to quantify and report emissions. Over 90% of Fortune 500 companies reporting to CDP (formerly the Carbon Disclosure Project) utilize the GHG Protocol.

- The GHG Protocol covers emissions across all three scopes: It guides designing, developing, managing, reporting, and verifying an organization's GHG inventory.

ISO 14064:

- ISO 14064 is an international standard that specifies principles and requirements for quantifying and reporting GHG emissions and removals at the organization level. It applies to any organization that wants to measure and communicate its GHG inventory, regardless of any specific GHG program.

- ISO 14064-1:2018 guides quantification and reporting of GHG emissions and removals. It covers design, development, management, reporting, and verification of an organization's GHG inventory.

- Unlike the GHG Protocol, ISO 14064 is climate policy neutral and serves as a foundation for policymakers and program developers addressing climate change challenges.

Global Reporting Initiative (GRI):

- Offers widely used sustainability reporting standards that cover various topics, including biodiversity, emissions, diversity, equality, and health and safety.

- Organizations use GRI standards to communicate their environmental, social, and economic impacts transparently. Reporting with GRI enables dialogue between companies and stakeholders.

- GRI provides online courses, certification programs, and reporting support to help organizations improve sustainability reporting.

Preparing for Compliance:

1. **Understand Requirements:** Familiarize with CSRD, ESRS, SEC, ISSB, GHG Protocol, ISO 14064, and GRI standards.

2. **Data Management:** Implement robust data collection processes.

3. **Assurance Services:** Engage with providers to verify reported information.

4. **Internal Alignment:** Integrate sustainability reporting into corporate reporting frameworks.

Staying informed about these regulations and proactively preparing can help organizations manage their reporting obligations effectively and meet stakeholder expectations. 🌱

Starting Your Carbon Accounting Journey for Free with Atrius® Sustainability Starter

For organizations beginning their sustainability journey, free carbon accounting tools offer an accessible entry point. One such tool is Atrius® Sustainability Starter, which simplifies the process of emissions tracking and reporting for Scope 1 and 2 emissions. This tool provides a user-friendly platform for data upload, automatic emission factor assignment, and emissions calculations, significantly reducing the time and effort required for manual reporting. Utilizing a tool like Atrius Sustainability Starter helps organizations transition from spreadsheet-based methods to more efficient and reliable systems.

Key Features:

- **Self-service data upload:** Users can upload energy consumption and other relevant data.

- **Emission factor assignment:** The tool automatically applies industry-standard emission factors.

- **Emissions calculations:** Real-time emissions totals are generated for reporting and disclosure purposes.

- **Guided setup:** An AI-guided tour assists users in setting up and managing their data.

Atrius Sustainability Starter	Atrius Sustainability Enterprise
► Ideal for organizations that are just starting on emissions reporting with a specific focus in tracking scope 1 and 2 emissions	► Ideal for organizations further along in their sustainability journey with a focus on scope 1, 2, and 3 emission reporting
► Users are comfortable manually uploading meter and utility level data	► Rely on automation workflows and features to streamline the reporting component of their sustainability programs
► Users are looking for a straightforward carbon accounting tool to access global emission factor libraries and calculate emissions totals outside of spreadsheets	► Users are looking for a dynamic tool to aggregate and visualize data according to custom parameters, and includes tools for custom reporting and decarbonization

The Future of Carbon Accounting Tools and Emerging Trends

The field of carbon accounting continues to evolve, with several key trends shaping its future:

1. **Increased Automation:** Automation will continue to play a crucial role in reducing manual data entry and improving the accuracy of carbon accounting.

2. **AI Integration:** Artificial intelligence will enhance data analysis, identify patterns, and provide actionable insights for emissions reduction.

3. **Comprehensive Tools:** Future tools will offer end-to-end solutions, integrating carbon accounting with broader sustainability management practices.

4. **Regulatory Compliance:** Tools will continue to evolve to meet new regulatory requirements, ensuring that organizations remain compliant with evolving standards.

Emerging Trends to Watch:

- **Integration with IoT Devices:** Real-time data collection from IoT devices will improve the accuracy and timeliness of carbon accounting.

- **Blockchain for Transparency:** Blockchain technology can enhance transparency and traceability in carbon accounting and reporting.

- **Collaborative Platforms:** Increased collaboration between departments and stakeholders will drive more holistic sustainability strategies.

- **Predictive Analytics:** Advanced analytics will enable predictive modeling, helping organizations forecast emissions and plan reduction strategies more effectively.

Businesses utilizing carbon-accounting tools can bridge the gap between energy management and decarbonization, streamline their emissions reporting processes, and achieve their sustainability goals. As the field of carbon accounting continues to evolve, organizations should stay informed about emerging trends and consider upgrading to advanced tools as their needs grow.

Free carbon accounting tools provide a valuable starting point for organizations embarking on their sustainability journey. To learn more, see a detailed walk-through of **Atrius Sustainability Starter**. 🌱