



# Carbon counts: unlocking value through reporting.

19 November 2025



# Introductions.



**Amy Hayden.**

ESG and  
Community Lead



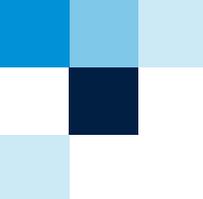
**Ian Gallagher.**

Assistant Director,  
VFO



**Prad Bhagavathula.**

UK Lead at Sumday



# Agenda.

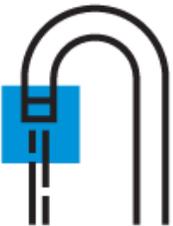
- Welcome and PEM's ESG journey – Amy.
- What is carbon accounting? – Prad.
- Why carbon accounting matters for UK businesses – Ian.
- Why carbon accounting, and why accountants offer it? – Ian.
- A real world example – Prad.
- Q&A and close – Ian.

# ESG at PEM.

- The PEM Charitable Trust.
- Volunteer days.
- Donations – room hire, laptops.
- Environmental initiatives.



# ESG initiatives.



Boiling water taps



Car sharing incentive



Choosing local, eco-friendly suppliers



Coffee machines - minimal waste



Electric bike courier



Electric car scheme and charging point



Heating on timer



LED eco-friendly lights



Recycling bins



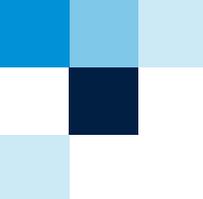
Reduction of paper usage



Removal of disposable cups

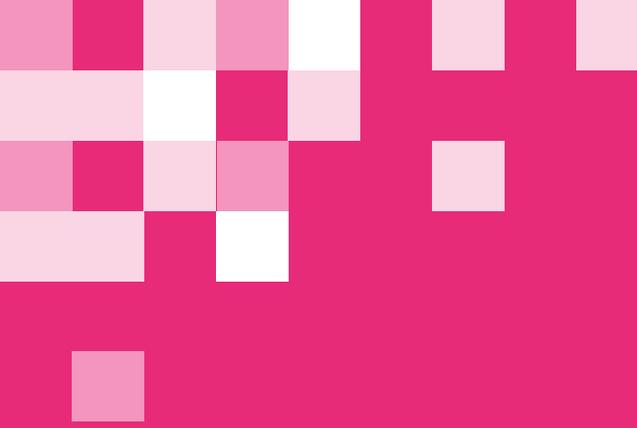


Reusable soap dispensers in bathrooms



# The PEM carbon journey.

- Calculating our own carbon footprint.
- Identifying our biggest contributors.
- Working on reduction target as part of our 2030 strategy.
- Delighted to be offering carbon accounting as a service.



# What is carbon accounting?

Prad Bhagavathula - Sunday

# Carbon accounting = calculating carbon emissions.



We calculate and record emissions in a **carbon ledger** - like a general accounting ledger, but for carbon.



There's a global standard for this: the **Greenhouse Gas Protocol (GHG)**.



There are three types, or **scopes**, of emissions to account for:

**Scope 1:** direct energy (controlled)

**Scope 2:** indirect energy (not controlled)

**Scope 3:** value chain (suppliers/customers/employees).

# It's basically maths with Xero data.

## Input (from Xero)

- Spend data
- Activity data: Bills/Invoices
- Electricity consumption
- Mileage
- Waste.

X

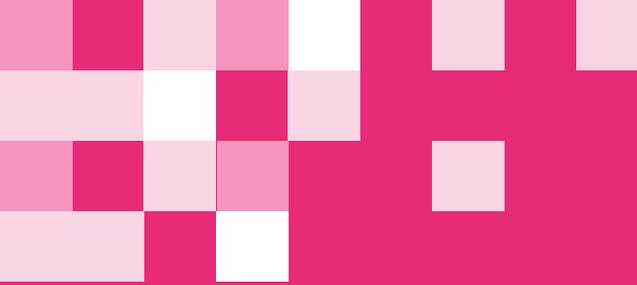
## Emissions factor

- Location-specific
- Sector and industry specific.
- From a database.

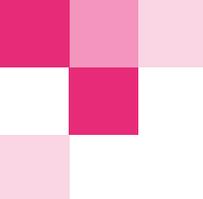
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## Emissions

- Expressed as tonnes of CO<sub>2</sub>e regardless of the actual greenhouse gas involved.



**Demand is growing:  
Climate reporting  
landscape.**



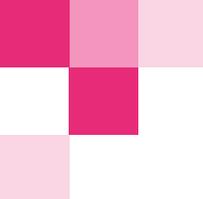
# Accountants are best placed to do this.

- Trusted advisers who are best placed to help clients produce reliable carbon accounts.
- You make carbon accounting accessible, transparent and robust, just like financial accounting.

# Standards across the globe.



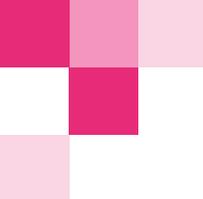
- What you need to know: Over time, more companies will have a compliance obligation to report.
- Standards are rolling out and sustainability will become consistent with financial standards in the same way as financial accounting.



# At present: Who must report in UK?

Streamlined Energy and Carbon Reporting (SECR) applies to:

- **Quoted companies:** UK companies listed on **LSE**, a European Economic Area (**EEA**) market, or whose shares are dealing on the **NYSE** or **NASDAQ**.
- Large unquoted companies and LLPs:
- Entities meeting **at least two** of the following criteria:
  - Turnover of £36 million or more
  - Balance sheet total of £18 million or more
  - 250 employees or more.



# What must they report?

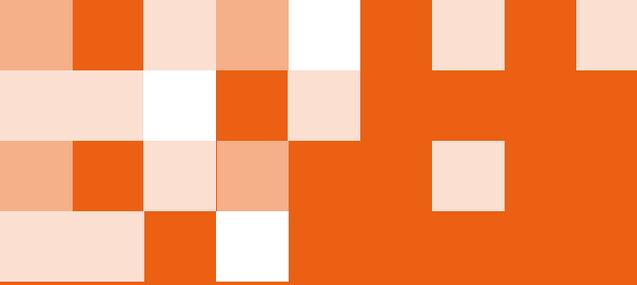
## Streamlined Energy and Carbon Reporting (SECR)

- Scope 1 & 2 Emissions Mandatory.
- Scope 3 Emissions Voluntary but strongly encouraged.

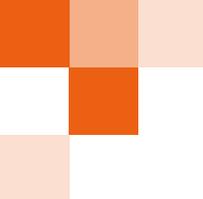
External assurance of SECR disclosures is not mandatory, however strongly encouraged to enhance credibility & reliability.

## Anticipated Future Requirements

- UK Sustainability Reporting Standards > In Draft.



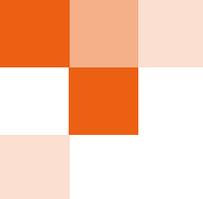
# Why carbon accounting matters for UK businesses.



# Carbon accounting: A strategic imperative.

Meeting the demands of regulators, customers, and future talent

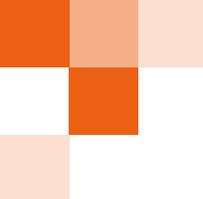
- 70% of UK SMEs in supply chains now face requests for carbon data from larger customers.
- 60% of graduate job seekers prefer employers with strong sustainability credentials.
- Businesses with strong ESG credentials see up to 25% higher staff retention rates.



# Regulatory compliance and supply chain pressure.

## Compliance and supply chains: The new standard

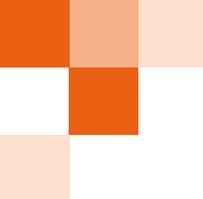
- SECR requires large companies to report energy use and emissions.
- Government contracts over £5m require a Carbon Reduction Plan (PPN 06/21).
- 3 in 4 major UK corporates now require suppliers to report Scope 3 emissions.



# How carbon accounting impacts small businesses.

## SMEs: Risks, opportunities, and competitive advantage

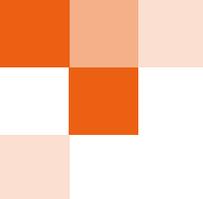
- SMEs in supply chains must report emissions to win contracts.
- Carbon accounting helps identify inefficiencies and reduce costs.
- 40% of SMEs report new business wins after implementing carbon reporting.



# Staff attraction, retention, and graduate recruitment.

## Sustainability: The talent magnet

- 60% of graduates and young professionals seek employers with clear sustainability commitments.
- Transparent carbon reporting builds trust and loyalty.
- ESG credentials improve staff retention and engagement.



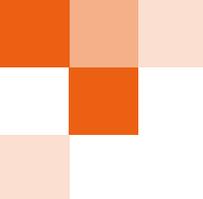
# Tangible benefits for SMEs.

## Business benefits: Beyond compliance

- Cost savings through operational efficiency.
- Enhanced reputation with customers, staff, and investors.
- Future-proofing against regulatory changes and market expectations.



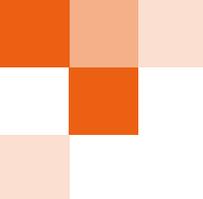
# Why carbon accounting, and why accountants offer it?



# Why is it carbon “accounting”?

Carbon accounting: Applying accounting principles to emissions

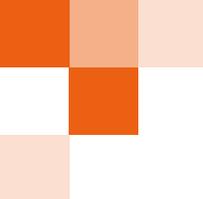
- Carbon data is managed like financial data: evidence, controls, repeatability.
- GHG Protocol structures emissions into Scopes 1, 2, and 3 - mirroring ledger logic.
- Audit-readiness and assurance: accountants ensure data quality and compliance.



# Why do accountants offer this service?

## Natural fit: Accountants as trusted advisers

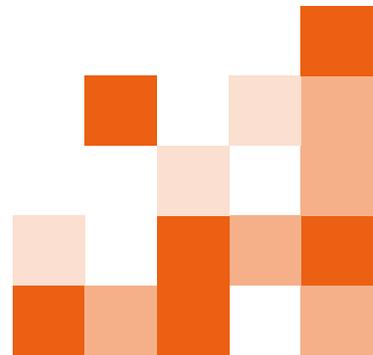
- Accountants already manage compliance, reporting, and assurance - skills that translate perfectly to carbon data.
- Regulatory pressure and client demand for climate disclosures are expanding.
- Integration with financial systems: carbon metrics increasingly appear in annual reports and investor communications.

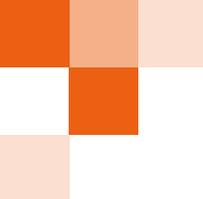


# The PEM VFO proposition.

## PEM Virtual Finance Office (VFO): Integrated carbon accounting

- PEM's VFO provides a fully outsourced finance function - bookkeeping, management information, forecasting, and advisory services.
- Carbon accounting is integrated into VFO: readiness assessments, monthly carbon bookkeeping, and emissions baseline reports.
- Clients gain clarity on carbon footprint, cost savings, and enhanced ESG credibility.

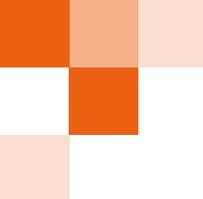




# Client benefits.

## Why choose PEM VFO for carbon accounting?

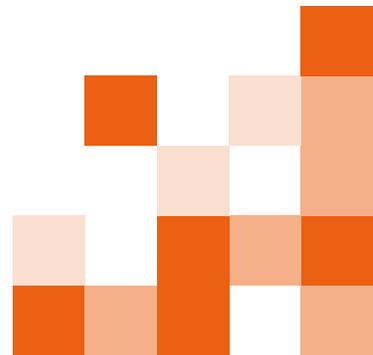
- Clarity about your carbon footprint.
- Reduce emissions and strive towards net zero.
- Attract eco-aware customers and ESG-conscious talent.
- Enhance your brand's sustainability and reputation.
- Reduce costs through more efficient carbon management.

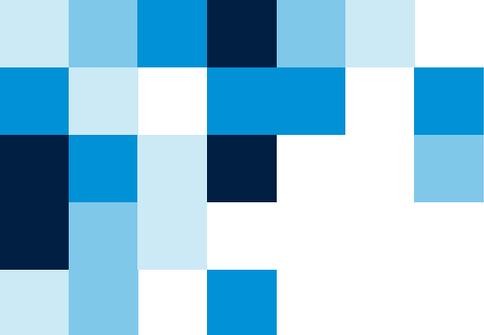


# How it works.

## PEM VFO carbon accounting: Services overview

- Carbon Accounting Readiness Assessment: identify data gaps and opportunities.
- Carbon Bookkeeping: monthly tracking for accuracy and efficiency.
- Baseline Assessment: comprehensive emissions report for strategic planning.





**pem.** ■  
150 YEARS

**Your future, our focus.**

