

TOOLKIT

GUIDE: RECALCULATING YOUR BASE YEAR EMISSIONS

In some circumstances, your company may choose to change the base year or carry out a recalculation of your Greenhouse Gas (GHG) emissions. This may be due to restructuring or changes to data availability.

What is a base year?

A base year is a reference point in the past with which current emissions can be compared. To maintain the consistency between data sets, base year emissions need to be recalculated when structural changes occur in the company that alter the inventory boundary (such as acquisitions or divestments).ⁱ

Choosing your base year

Your chosen base year should be the earliest relevant point in time for which you have reliable and accurate data.

For the [Climate Action Pledge](#), the base year chosen base year must be 2015 or later.

If your organisation is set to continually expand through acquisitions, you may choose to adopt a policy that alters or 'rolls' the base year forward at regular intervals - this is a rolling base year.

A fixed base year, however, is advantageous as you can compare your emissions data on a like-for-like basis over a longer duration, compared with the rolling base year approach.

Most emissions trading and registry programmes will require a fixed base year approach.

When to consider recalculation

Structural Changeⁱⁱ

The following cases may trigger recalculation of base year emissions:

Structural changes in your organisation that have a significant impact on the company's base year emissions. A structural change involves the transfer of ownership or control of emissions-generating activities or operations from one company to another. For example:

- Mergers, acquisitions, and divestments
- Outsourcing and insourcing of emitting activities

Structural changes trigger recalculation because the emissions are 'transferred' from one company to another without any difference to the amount of emissions released to the atmosphere, for example, a divestment transfers existing GHG emissions from one company's inventory to another.

When a structural change occurs in the middle of the year, base year emissions should be recalculated for the entire year, not just the remaining duration of the reporting period after the structural change.

GUIDE: RECALCULATING YOUR BASELINE EMISSIONS

If a recalculation cannot be made during the year of the structural change due to a lack of data for example, recalculation can be carried out within the next reporting year.

When does a structural change not trigger recalculation?

Base year emissions should not be recalculated if your company acquires or insources/outsources operations that did not exist during your base year.

Additionally, you may only be able to apply recalculation of historic data back to the year that the acquired company came into existence.

If your company has outsourced or insourced any operations that you are still capturing within indirect emission reporting, recalculation is not required. For example:

If you have outsourced electricity or heat production you will not have to recalculate base year emissions if you have captured this within scope 2 reporting. If, however, any outsourcing/insourcing activity shifts significant emissions between scope 1 and scope 3 and you are not reporting scope 3 emissions, this will then trigger a recalculation. For example, if you shift to outsourcing the transportation of your products.

Changes in methodology or data availability

If your company has implemented changes to the method of emissions calculation or you have access to improved accuracy of data or emissions factors.

For example, if you have installed metering systems that provide accurate energy readings and previously you had used estimated billing.

In some cases, your organisation may be reporting on the same GHG emission sources to previous years but using a different calculation method.

As an example, your company may have used an emissions factor from your electric provider to provide an estimated scope 2 emission figure but then implemented more accurate emission factors for your tariff in the years that followed. This would

trigger a recalculation of your previous data using the more accurate emissions data if it resulted in a significant difference.

Additionally, if you have discovered significant errors, or have made several cumulative errors that have led to a significant change to your emissions data then you may need to implement a recalculation.

When does recalculation not apply?

If your company experiences **organic decline or growth**, then recalculating your baseline emissions is not applicable.

Organic growth/decline is defined as any increase or decrease to the production output, change within your product portfolio or the opening/closure of a unit that your company owns or controls.

Recalculation of baseline emissions does not apply in this circumstance given that the growth or decline within your company will lead to an increase or decrease in atmospheric emissions from your company over time.

Additionally, changes to emission factors or your energy data that represent actual change within your emissions should not trigger a recalculation, for example, changing fuel or technology.

Developing a Recalculation Policy

To support your emissions reporting and targets, your company should develop a base year emissions recalculation policy which gives a clear plan and context for when recalculation might occur.

Within the policy, you can state any 'significance threshold' that will trigger emissions recalculation.

'Significance threshold' refers to the criteria that your company will use to define any significant change to your emissions data, operational boundary, calculation methods etc.

The GHG Protocol Corporate Standard does not make specific reference to what is classed as 'significant' therefore it is the responsibility of your

GUIDE: RECALCULATING YOUR BASELINE EMISSIONS

organisation to define your 'significance threshold' that will trigger a base year emission recalculation.

When your company has defined its base year recalculation policy, you should apply this policy consistently.

You can check out the Tesco recalculation policy [here](#).ⁱⁱⁱ

Going the extra step

If you have implemented a recalculation, to increase transparency when reporting on this you may decide to include the emissions data you have recalculated for any reporting years between your base year and the current reporting year.

You may also choose to include the actual emissions as they were reported within previous

years (before recalculation) to clearly reflect and contextualise any changes.

To Summarise . . .

Your organisation should decide the most appropriate approach to selecting a base year and develop a policy that outlines how you will implement recalculation if a 'significance threshold' is triggered.

A recalculation policy is a demonstration of your commitment to transparent and accurate GHG emissions reporting.

For more guidance on recalculating base year emissions and developing a recalculation policy, you should refer to the [GHG Protocol Corporate Accounting and Reporting Standard](#).

ENJOYED THIS CONTENT?

You might also like to:

- find out more about our [Climate Action & Environment work](#).
- [learn more about our programmes and initiatives](#)
- [join us for one of our upcoming events](#)



Talk to one of our expert team today to learn how membership of BITC can help you take your responsible business journey further and to drive lasting global change.

REFERENCES

ⁱ [GHG Protocol: Corporate Accounting and Reporting Standard](#)

ⁱⁱ [GHG Protocol: Base year recalculation methodologies](#)

ⁱⁱⁱ [Our carbon footprint recalculation policy - Tesco PLC](#)