TECHNICAL GUIDANCE MANUAL

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Publication Disclaimer

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CLIMATE ACTIVE CARBON NEUTRAL CERTIFICATION

The Climate Active Technical Guidance Manual will help you with your carbon neutral application and reporting.

It covers the step by step processes for each certification category, calculating your emission boundary, purchasing and reporting on offsets, and compliance procedures.

Useful links

- Technical assessment procedures for carbon neutral certification
- Third party validation requirements for carbon neutral certification
- Climate Active Licence Agreement
- Climate Active Affiliate Agreement
- User Guide for the Climate Active Carbon Neutral Certification Trade Mark
- Climate Active Carbon Neutral Standard for Organisations
- Climate Active Carbon Neutral Standard for Buildings
- Climate Active Carbon Neutral Standard for Events
- Climate Active Carbon Neutral Standard for Precincts
- Climate Active Carbon Neutral Standard for Products & Services
- Registered consultants list
- FAQs

For more information

Visit our website: climateactive.org.au

You can also email us at: climate.active@industry.gov.au

CLIMATE ACTIVE TERMINOLOGY

Throughout our guidance material, we refer to terms not commonly used in everyday language, but they are common in the carbon neutral space.

To help you better understand the certification process and carbon neutrality, these terms are explained below.

Attributable emissions

Attributable emissions (processes) are services, materials and energy flows that become the product, make the product, and carry the product or service through its life cycle. An example of an attributable emission source for a wine product is the fertiliser used to grow the wine grapes.

Carbon inventory

A measure of the carbon dioxide equivalent emissions that are attributable to an activity. A carbon inventory can relate to the emissions of an individual, household, organisation, product, service, event, building or precinct. This can also be known as a carbon footprint or carbon account.

Emissions boundary

The emissions boundary identifies all emission sources being considered against the carbon neutral claim. It clearly depicts all emissions associated with the certification and how they are treated, such as quantified, non-quantified and excluded sources. The emissions boundary is presented as a diagram in the public disclosure statement.

Emission factor

Emission factors are used to convert a unit of activity into its emissions equivalent.
E.g. a factor that specifies the kilograms of CO_2-e emissions per unit of activity.

Excluded emissions (organisation/precinct certification)

Excluded emissions are those that have been assessed as not relevant to an organisation's or precinct's operations and are outside of its emissions boundary. Sometimes it is useful to disclose excluded emissions, if stakeholders could assume a given emissions source is part of the certification and therefore has been offset. For example, an investment fund organisation may wish to disclose that the emissions from the organisations it invests in are not part of the certification and are therefore excluded.

Excluded emissions (product/service certification)

Excluded emissions are attributable emissions those have met all three exclusion conditions. They are included within the emissions boundary but are not quantified within the carbon inventory.

Functional unit or certification unit

A means of expressing the greenhouse gas emissions of a product or service in a way that is meaningful for the product or service being investigated. For example kilograms of CO^2-e per unit of product.

Immaterial emissions

An emissions source that constitutes less than 1 per cent of the carbon inventory for individual items and no more than 5 per cent collectively, is considered to be immaterial.

Materiality

An emission source that constitutes 1 per cent or more of the total carbon inventory is considered to be material.

Non-attributable emissions

Non-attributable emissions (processes) are services, material, and energy flows, which are not directly connected to the product or service during its life cycle. They do not become, make or directly carry the product or service through its life cycle. Non-attributable emissions may be within the emission boundary and contribute to the footprint liability, or they may be considered outside of the emission boundary. An example of a non-attributable emission source for a wine product is the food sold in the winery restaurant because it is not directly related to the production of the wine.

Non-quantified emissions (organisation/precinct certification)

Emissions assessed as relevant are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. An emissions source can be non-quantified only when estimations are not practical and if they are:

- immaterial (<1 per cent for individual items and no more than 5 per cent collectively)
- small in relation to electricity, stationary energy and fuel, and where data is expensive to gather (an uplift factor must be included)
- data is unavailable (uplift applied)
- initial emissions are non-quantified but repairs and replacements can be quantified.

Non-quantified emissions (product/service certification)

Emissions that are assessed as attributable and material, however no actual or projected data exists that could be used to quantify the emission source in the carbon inventory. An uplift factor must be applied to account for these emission sources.

Quantified emissions

All relevant or attributable emission sources that are included in the carbon inventory.

Relevance test

A qualitative test to determine whether certain emissions sources are or are not considered relevant or attributable, and therefore included within the emissions boundary of the certification.

Relevant emissions (organisation/precinct certification)

Relevant emissions are all emission sources (including quantified and non-quantified emissions) within the emissions boundary. Under Climate Active, all stationary energy, fuels and electricity are deemed as relevant emissions and must be included.

Technical assessment

Technical assessments ensure that carbon neutral claims are prepared in accordance with the Standard. Technical assessments are performed on application, every three years thereafter, or when a base year recalculation is needed.

Third party validation

Third party validation ensures the accuracy and completeness of carbon calculations. It ensures the source data and calculations made in a carbon account are accurate. An organisation applying for Climate Active certification must have the source data in the carbon inventory (base year) independently audited or verified. Ongoing carbon neutral claims are subject to a third party validation by an environmental auditor or carbon consultant if a base year recalculation is needed.

True up

A true up is the process of recalculating the carbon account with actual data after using estimated data for a carbon account projection report. A true up ensures the carbon neutral claim is robust.

Uplift factor

An uplift factor is an upwards adjustment to the total carbon inventory to account for material, relevant or attributable emissions, which can't be reasonably quantified or estimated.

Validation

Validation refers to the technical assessments and third party validations required for Climate Active carbon neutral claims made by businesses.

ORGANISATIONS

Setting the emissions boundary

To estimate your carbon footprint, you need to draft your emissions boundary.

For an organisation, the emissions boundary must include all emissions under the direct control or ownership of an organisation, as well as emissions they can strongly influence.

Define the organisation

An organisation is defined by its ABN, or group of ABNs, which sit under a parent company.

For example, a company may have a separate ABN for product production and one for its retail stores. If both ABNs operate under an ACN or the same trading name, their operations can be combined into the one emission boundary.

What do I include in the emissions boundary?

Set the control approach for your organisation

This helps determine which emissions are under the organisation's control. You can choose from three possible approaches:

1. **Operational control approach** is the ability to introduce and implement the operating policies. (This is the most commonly used control approach).
2. **Financial control approach** includes all items that are, wholly or partially paid for by the organisation.
3. **Equity share approach** is where you account for greenhouse gas emissions according to the organisation's share of equity in the operations.

Identify sources outside the scope of certification

There may be emission sources which need to be placed outside the certification scope. These are emissions that do not arise from an organisation's business operations, but emissions that stakeholders might assume are offset. For example, an organisation may place the emissions from franchises outside the certification scope and this will need to be clearly shown in the public disclosure statement.

Identify relevant emissions

Use the operational control approach to define the relevant emissions for points 1 and 2 below.

The following emissions must be included in an organisational emission boundary:

1. All stationary energy and fuels used in buildings, machinery or vehicles in the organisation's control (e.g. natural gas, fuels used in generators or vehicles).
2. All electricity consumed by buildings, machinery or vehicles in the organisation's control (this includes servers or other machines off-site if the associated emissions are likely to be large relative to items 1-2).
3. All other emissions identified as a direct result of the organisation's operating must be assessed for relevance. This includes emissions outside the control approach of the organisation.

Apply the relevance test

See the *Scope 3 emissions* guidance section for emissions sources that must be tested for relevance.

Emission sources are relevant if at least two of the following criteria are met:

- the emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions
- the emissions from a particular source contribute to the organisation's greenhouse gas risk exposure
- the emissions from a particular source are deemed relevant by key stakeholders
- the responsible organisation could influence emissions reduction from a particular source
- the emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.

Do I need to measure everything?

While you don't need to measure everything, you do need to account for all material emissions.

Emission sources should be quantified whenever possible, with conservative estimates used only where data is unavailable, and non-quantification used only when estimations are not practical.

An emission source can be 'non-quantified' in the carbon inventory under the following scenarios:

1. **Immaterial –** <1% for individual items and no more than 5% collectively
2. **Not cost effective –** Quantification is not cost effective relative to the size of the emission (in this case, an uplift factor* must be included).
3. **Data unavailable** – Data is unavailable (a data management plan must be put in place to provide data within five years and an uplift factor* included).
4. **Maintenance** - Initial emissions non-quantified but repairs and replacements quantified.

* An uplift factor is an upwards adjustment to the total carbon inventory to account for relevant emissions, which can't be reasonably quantified or estimated.

Refer to 2.3.1 of the Climate Active Carbon Neutral Standard for Organisations for detailed steps on how to set up your emissions boundary.

Certification process for organisations

The following steps will help you get your certification rolling.

Step 1: Apply

Go to the Climate Active website and download the certification application form.

Submit your completed application form to climate.active@industry.gov.au

Please allow up to 4 weeks for our team to process your registration.

Step 2: Licence agreement

Once we have approved your application we will send you a copy of the Licence Agreement to sign.

You can view the Licence Agreement on our website.

Step 3: Prepare the report

Once your Licence Agreement is signed the Climate Active team will email you the relevant reporting templates for your certification.

A registered consultant can help you prepare your reports, including your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A list of registered consultants is available on our website.

Guidance on creating your emission boundary is provided in the *Setting the emissions boundary* section of this manual. You can also view the public disclosure statements of our certified brands on our website to give you an idea of the emission boundary of organisations similar to yours.

NOTE: The Climate Active team can provide policy advice but our team is not able to tell you how to calculate your carbon inventory or complete your reporting documents (a registered consultant can help you with this).

Step 4: Third party validation and technical assessment

If you are a small organisation you will need a third party validation. You do not need a technical assessment. To see if you qualify as a small organisation, refer to the *Small organisations* section.

If you are not a small organisation you have two options:

Option 1: If a registered consultant prepared your carbon inventory, they can also complete your technical assessment. You will need to engage a qualified person to complete a third party validation.

Option 2: If you prepared the carbon inventory yourself you will need to engage a registered consultant to conduct a technical assessment and engage a qualified person to complete a third party validation. The third party validation may be prepared by the same person that completed the technical assessment (pending relevant qualifications).

See the third party validation schedule in the Licence Agreement for details on who can perform the third party validation.

A technical assessment is required every three years starting from the year on which the first technical assessment was based.

For example, if the technical assessment was applied to the 2019 base year report, which was not offset (and therefore not certified), the next technical assessment would be required on the 2022 report, even though the first year of certification could be 2020 or 2021.

Or if the first year of certification report was submitted for 2021 with a technical assessment, the next technical assessment would be required for the 2024 report.

Step 5: Purchase and retire eligible offsets

Purchase and retire eligible carbon offset units for your claim. Details of your retired eligible offset units must be disclosed in your public disclosure statement.

See the *Offsets – eligibility, reporting and banking* section of this document for more information about eligible offset units under Climate Active.

Step 6: Submit your report

Submit your public disclosure statement, carbon inventory, electricity calculator, working from home calculator (if applicable), Climate Active calculator document (if applicable), completed technical assessment (if required) and third party validation report to the Climate Active team at: climate.active@industry.gov.au.

Please allow up to 6 weeks for our team to undertake your initial assessment.

Note: We request you send your public disclosure statement as a Word document as this allows the Climate Active team to make minor formatting amendments on your behalf. If you choose to submit your public disclosure statement as a PDF, you will be asked to make all necessary changes prior to finalising your assessment.

Step 7: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found at the end of this manual or in the Licence Agreement.

Step 8: Certification and trade mark use

When your application is approved and we have received your fee payment, you will receive a notice of initial certification. You can now use the certification trade mark in accordance with your Licence Agreement. Any use of the certification trade mark requires approval from Climate Active before use.

Setting a base year for organisations

For consistency, the carbon inventory must allow for a meaningful comparison of emissions over time. A base year provides a starting point for this.

The responsible entity must collect data to calculate an organisation's carbon inventory for a full calendar or financial year before a carbon neutral claim can be made. This is known as the base year. The base year carbon inventory must be independently validated.

To set a base year, use the most recent year for which verifiable carbon emissions data is available. Where no actual data exists or where data does not provide a meaningful comparison, base year data can be estimated or projected. Any estimated data must be representative.

Terms

Verifiable data: records that can be validated by a third party to get the same result i.e. the data can be reproduced/replicable using the same inputs.

Meaningful comparison of data: enables year on year like comparisons of data.

Representative data: data used to estimate/project the base year must be typical of the organisation's operations and take into account all the key variables such as seasonal impacts. The input data used could be from a different year or branded product as long as this input data is typical of the emissions.

True up: a true up may be performed after the projected reporting year to ensure the data is representative for that period. If there is any difference between the two data sets, additional offsets must be purchased. You may bank any extra offsets for future reporting periods.

Emissions over time

Significant changes (> ±5 per cent) in the carbon inventory must be disclosed as part of the annual public disclosure statement.

Factors that may lead to significant changes in emissions between reporting years include updates to:

- data availability and calculation methods
- changes in emission factors
- organic growth/decline
- implementation of emission reduction activities
- identification of additional relevant emission sources.

Base year recalculation policy

In some instances, significant changes to the emissions boundary and calculation methodologies may trigger a base year recalculation, such as:

- the organisation undergoes divestment
- the organisation undergoes a merger
- the organisation diversifies its business

- changes to data availability/calculation methodologies result in >10 per cent change to total emissions.

When conditions for a base year recalculation are met, the certified entity must notify the Climate Active team. The notification must describe the reason for the base year recalculation and the likely impact on the total carbon footprint. The Climate Active team will assess the base year recalculation and nominate one of three pathways:

1. The base year recalculation has a significant impact on the overall inventory. A full validation process as per the initial application is triggered.
2. The base year recalculation has a significant impact on part of the carbon inventory. The relevant impacted section of the carbon inventory must undergo an independent data verification.
3. The base year recalculation has an insignificant impact on emissions and the emission boundary. No additional action is required beyond standard reporting.

If a base year recalculation is needed, additional offsets do not need to be retired to cover any differences in emissions as reported previously. Similarly, if previous accounts were overestimated and additional offsets were purchased, these offsets cannot be banked for current or future reporting periods. The base year emissions are recalculated using the new emissions boundary or calculation methodology and profiled against current and future year reporting.

SMALL ORGANISATIONS

Eligibility

To be considered a small organisation certification type, the business must meet all of the following criteria:

- carbon footprint < 1,000t CO_2-e;
- annual turnover < $10M:
- consolidated gross assets < $30M;
- less than 30 employees (Full Time Equivalent);
- has 80% or more of its total emissions from the small organisation mandatory relevant emissions list, as listed below; and
- is not seeking additional certifications with Climate Active.

Note: While your organisation is considered a small organisation type, you cannot hold any additional certifications with Climate Active. If you wish to seek additional certifications in the future, you will need to finalise the current reporting period as a small organisation type, then you may add additional certifications. Once you add an additional certification you will no longer qualify as a small organisation.

Setting the emissions boundary

To estimate your carbon footprint, you need to draft your emissions boundary.

For a small organisation, the emissions boundary must include all mandatory relevant emissions (outlined below) and additional emission sources assessed as relevant.

Define the organisation

An organisation is defined by its ABN, or group of ABNs, which sit under a parent company.

For example, a company may have a separate ABN for product production and one for its retail stores. If both ABNs operate under an ACN or the same trading name, their operations can be combined into the one emission boundary.

What do I include in the emissions boundary?

Mandatory relevant emissions

Identify which emissions from the list below, occur within the certification boundary. The following emissions are deemed relevant and can only be excluded from the small organisational certification boundary if they do not occur:

- all stationary energy and fuels used in buildings, machinery or vehicles in the organisation's control
- all electricity consumed by buildings, machinery or vehicles in the organisation's control
- accommodation (including nights at hotels) and facilities
- air transport (km)
- carbon neutral products and services
- cleaning and chemicals
- food

- ICT services and equipment
- professional services
- land and sea transport
- office equipment and supplies
- postage, courier and freight
- refrigerants
- waste
- water.

You can exclude any of the above emission sources from the small organisational certification boundary, if they are not associated with your business operating. All exclusions must be shown and justified in the relevance test in the public disclosure statement.

Additional emissions

For additional emission sources, you must apply the relevance test to determine if those emission sources are assessed as relevant and therefore included in your emissions boundary. An emission source is relevant if at least two of the following criteria are met:

- The emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions.
- The emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.
- The emissions from a particular source are deemed relevant by key stakeholders.
- The responsible organisation could influence emissions reduction from a particular source.
- The emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.

Emission sources which are deemed relevant but are not in the list of mandatory relevant emissions, can be quantified or non-quantified, as long as no more than 20% of the total footprint comes from these additional sources.

Do I need to measure everything?

While you don't need to measure everything, you do need to account for all material emissions.

Emission sources should be quantified whenever possible, with conservative estimates used only where data is unavailable, and non-quantification used only when estimations are not practical.

An emission source can be 'non-quantified' in the carbon inventory under the following scenarios:

- **Immaterial** - <1% for individual items and no more than 5% collectively
- **Not cost effective** - Quantification is not cost effective relative to the size of the emission but an uplift factor* has been applied.
- **Data unavailable** - Data is unavailable but an uplift factor* has been applied.

*An uplift factor is an upwards adjustment to the total carbon inventory to account for relevant emissions, which can't be reasonably quantified or estimated. Uplifts to account for relevant non-quantified emission sources can make up any percentage of the total footprint.

A mandatory 5% uplift applies to all small organisation certifications. This is to reduce the risk of emissions being underestimated in the carbon account as a result of the simplified carbon accounting and independent review procedures that apply to small organisations.

Total footprint for small organisation certification

The total carbon footprint for a small organisation certification must be equal to or less than 1,000 t CO_2-e. No more than 20% of the total footprint may come from emission sources that are not in the list of mandatory relevant emissions. This 20% may be as quantified data sources or as uplifts from non-quantified sources.

Certification process for small organisations

Follow the certification process for organisations outlined earlier in this manual and refer to the *Setting a base year for organisations* section of this manual if you need to set a base year.

EVENTS

Setting the emission boundary

To estimate your carbon footprint, you need to draft your emissions boundary.

Define the event

You need to define the name, location and date of the event. You should also consider whether all of the event will be certified or just some parts of the event.

What do I include in the emissions boundary?

Identify relevant emissions

The following emission sources are deemed relevant and are always included in the event emissions boundary:

- all electricity used
- attendee travel (e.g. ground and air transport of staff, volunteers, presenters and participants)
- food and drink
- accommodation (when applicable).

Other emission sources, which are in the control of the event organisers or can be influenced by the event organisers, need to be considered for relevance using the relevance test. This includes, but is not limited to:

- water usage
- waste
- event preparation.

Apply the relevance test

Relevance test (if at least two criteria are met the emission source is considered relevant):

- the emissions from a particular source are likely to be large relative to the event's electricity use
- the emissions from a particular source contribute to the event's greenhouse gas risk exposure
- the emissions from a particular source are deemed relevant by key stakeholders
- the responsible entity could influence emissions reduction from a particular source
- the emissions are from outsourced activities that were previously undertaken within the event's boundary or from outsourced activities that are typically undertaken within the boundary for comparable events.

Do I need to measure everything?

Emission sources should be quantified whenever possible, with conservative estimates used only where data is unavailable. Non-quantification is used only when estimations are not practical.

An emission source can be 'non-quantified' in the carbon inventory under the following scenarios:

1. **Immaterial** – <1% for individual items and no more than 5% collectively
2. **Not cost effective** – Quantification is not cost effective relative to the size of the emission but an uplift factor* is included.

* An uplift factor is an upwards adjustment to the total carbon inventory to account for relevant emissions which can't be reasonably quantified or estimated.

Large versus small events

A small event is:

- less than 5,000 attendees over the course of a multi-day event; or
- less than 10,000 attendees at a single-day event.

A large event is:

- more than 10,000 attendees at a single-day event; or
- more than 5,000 attendees over the course of a multi-day event.

	One day	**Multiple days**
<5,000 attendees	Small event	Small event
5,000-10,000 attendees	Small event	Large event
10,000+ attendees	Large event	Large event

For small events, the relevant emissions that must be quantified are defined by those in the pre-event calculator. An uplift factor is then applied to account for any additional emissions.

A similar process is followed for the pre-event estimation for large events. Large events, however must quantify all relevant emissions in the post-event report unless the conditions for non-quantification above have been met.

Refer to 2.3.1 of the Climate Active Carbon Neutral Standard for Events for detailed steps on how to set up your emissions boundary.

Collecting data

In the context of events, significant emissions are those that make up at least 5% of the total carbon account, in addition to all emission sources that are automatically deemed to be relevant.

Organisers of large events must develop a plan for collecting activity data from significant emissions. Things to consider when developing a data collection plan include, but are not limited to:

- How will the number of attendees be counted at the event?
    - Will the event have ticketing, registration or turnstiles to count attendees? Or will other counting methods be needed, such as for a parade or street festival?
- How will food and drink be provided at the event? Will there be multiple caterers? What type of food will be served? Will data be available from all food vendors and if not how will data be collected?
- How many venues will be involved in the event? Is data available for all venues, and if not how can this information be collected?

Pre-event data collection plan

The pre-event PDS must include a summary of how data will be collected for significant emission sources. An example is provided below.

Emission source	Data collection method	Assumptions
Attendee travel	Example 1: Actual data collected from all attendees as part of ticketing. Example 2: Data extrapolated based on a survey of X% of attendees at each concert. Example 3: Data extrapolated based on actual data for 3 out of the 10 small venues (<50 person capacity) and 5 out of the 10 large venues (50+ capacity).	Example 1: All city street events have no explicit travel associated with them. 100% of all travel associated with ticketed events has been attributed to the event. Example 2: 20% of the travel associated with people viewing the street performances has been attributed to the event. It is assumed 50% of travel is related to work-home commute and the other 30% related to visits to the city to have lunch or other reasons. For ticketed events on weekend nights 80% of travel has been attributed to the event and 20% to work-home commute.
Accommodation		
Food/drinks		

Reporting data collection post-event

Significant emissions can be susceptible to material changes if key activities vary, such as event attendee numbers or event location. The post-event PDS must include a summary of how data was collected at the event, and disclose any changes from the pre-event carbon account.

Certification process for events

The following steps will help you get your certification rolling.

There are different rules for large events and small events:

A small event is:

- up to 5,000 attendees; or
- up to 10,000 attendees where the event runs for one day or less.

A large event is:

- more than 10,000 attendees; or
- more than 5,000 attendees where the event runs for more than one day.

Step 1: Apply

Go to the Climate Active website and download the certification application form.

Please allow up to 4 weeks for our team to process your registration.

Step 2: Licence agreement

Once we have approved your registration we will send you a copy of the Licence Agreement to sign.

You can view the Licence Agreement on our website.

Step 3: Prepare the pre-event report

Once your Licence Agreement is signed the Climate Active team will email you the relevant reporting templates for your certification.

A registered consultant can help you prepare your reports, including your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A list of registered consultants is available on our website.

Guidance on creating your emission boundary is provided in the *Events: setting the emissions boundary* section of this manual. You can also view the public disclosure statements of our certified brands on our website to give you an idea of the emission boundary of events similar to yours.

NOTE: The Climate Active team can provide policy advice but our team is not able to tell you how to calculate your inventory or review your entire inventory prior to audit. A registered consultant can help you with this.

Step 4: Technical assessment of the pre-event report

Small events are not required to undertake a technical assessment.

Large events have two options:

Option 1: If a registered consultant prepared your inventory, they can also sign off on the technical assessment.

Option 2: If you prepared your inventory yourself you will need to engage a registered consultant to conduct a technical assessment.

Step 5: Purchase and retire eligible offsets

Purchase and retire eligible carbon offset units for your claim. Details of your retired eligible offset units must be disclosed in your public disclosure statement.

You must purchase and retire eligible carbon offset units before your event is held.

See the *Offsets – eligibility, reporting and banking* section of this document for more information about eligible offset units under Climate Active.

After the event:

- you will be required to do a true up to buy more offsets if the offsets purchased prior to the event did not sufficiently cover the emissions generated during the event, or
- you can bank any extra offsets for an event the following year.

Step 6: Submit your pre-event report

Pre-event reporting documentation must be with Climate Active 6 weeks prior to the event start date.

Submit your pre-event public disclosure statement, carbon inventory, event calculator, electricity calculator (if applicable), Climate Active calculator document (if applicable) and completed technical assessment (required for large events only) to the Climate Active team at: climate.active@industry.gov.au.

Please allow up to 6 weeks for our team to undertake your initial assessment.

Note: We request you send your public disclosure statement as a Word document as this allows the Climate Active team to make minor formatting amendments on your behalf. If you choose to submit your public disclosure statement as a PDF, you will be asked to make all necessary changes prior to finalising your assessment.

Step 7: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found at the end of this manual or in the Licence Agreement.

Step 8: Certification and trade mark use

When your application is approved and we have received your fee payment, you will receive a notice of initial certification. You can now use the certification trade mark in accordance with your Licence Agreement. Any use of the certification trade mark requires approval from Climate Active before use.

Step 9: Prepare the post-event report

Using in-house expertise or a registered consultant complete your post-event public disclosure statement, carbon inventory, event calculator and electricity calculator (if applicable).

If your post-event carbon inventory is larger than your pre-event carbon inventory you may be required to purchase and retire additional eligible offsets. If this is the case make sure the details of the additional offsets are included in the post-event public disclosure statement.

Step 9: Third party validation and technical assessment of the post-event report

Small events are not required to undertake a technical assessment or third party validation.

Large events have two options (see the validation schedule in the Licence Agreement for details):

Option 1: If a registered consultant prepared your inventory, they can also sign off on the technical assessment. However, you will also need third party verification by someone other than the registered consultant who prepared the report.

Option 2: If you prepared the inventory yourself you will need to engage a registered consultant to conduct a Technical Assessment. You will also need a data verification, which can be prepared by the same person that completed the technical assessment (pending relevant qualifications).

Step 10: Submit your post-event report

Post-event reporting documentation must be with Climate Active 4 months after the end date of the event.

Submit your post-event public disclosure statement, carbon inventory, event calculator, electricity calculator (if applicable), Climate Active calculator document (if applicable), completed technical assessment (required for large events only) and third party validation (required for large events only) to the Climate Active team at: climate.active@industry.gov.au.

Note: We request that you send your public disclosure statement as a Word document as this allows the Climate Active team to make minor formatting amendments on your behalf. If you choose to submit your public disclosure statement as a PDF, you will be asked to make all necessary changes prior to finalising your assessment.

PRECINCTS

Setting the emissions boundary

To estimate your carbon footprint, you need to draft your emissions boundary.

The emissions boundary identifies all relevant emissions that result from the day-to-day running of the precinct.

Define the precinct

Set the geographic boundary of the precinct; it should be consistent with planning documents and community expectations. The geographic boundary should include the whole extent of the planned precinct if it is being built in stages. It must be geographically contiguous, however it does not need to include any public infrastructure.

What do I include in the emission boundary?

Identify emissions

Identify all emissions that arise from the day-to-day running of the precinct. Emissions from construction, maintenance or upgrades to the precinct do not have to be included.

The following emissions (as they relate to operating a precinct) must be included in the emissions boundary:

1. stationary energy and fuels used within the geographic boundary of the precinct, for example in buildings, machinery or vehicles
2. electricity used within the geographic boundary of the precinct.

All other emissions identified as a consequence of a precinct operating must be assessed for relevance using the relevance test.

Apply the relevance test

An emission source is considered relevant if at least two of the following criteria are met:

- the emissions from a particular source are likely to be large relative to the precinct's electricity, stationary energy and fuel emissions
- the emissions from a particular source contribute to the precinct's greenhouse gas risk exposure
- the emissions from a particular source are deemed relevant by key stakeholders
- the responsible entity could influence emissions reduction from a particular source
- the emissions are from outsourced activities previously undertaken within the precinct's geographic boundary, or from outsourced activities typically undertaken within the boundary of comparable precincts.

Emissions that do not meet two conditions of the relevance test can be excluded from the emissions boundary.

Do I need to measure everything?

Emission sources should be quantified whenever possible, with conservative estimates used only where data is unavailable, and non-quantification used only when estimations are not practical.

An emission source can be 'non-quantified' in the carbon inventory under the following scenarios:

1. Immaterial – <1% for individual emissions and no more than 5% collectively
2. **Not cost effective** – Quantification not cost effective relative to the size of the emission - an uplift factor* must be applied.
3. **Data unavailable** – a data management plan must be put in place to provide data within five years and an uplift factor* applied.
4. **Maintenance** – Initial emissions non-quantified but repairs and replacements quantified.

* An uplift factor is an upwards adjustment to the total carbon inventory to account for relevant emissions, which can't be reasonably quantified or estimated.

How do I set the base year?

A base year allows for emission comparisons over time. Precincts are generally completed in multiple stages. The base year should reflect 12 months of operational data from the first and/or most recent part of the precinct to be completed. As new parts of the precinct become operational, the base year should be adjusted (as distinct stages are finished and are operational for 12 months) until the precinct is fully completed.

Refer to 2.3.1 of the Climate Active Carbon Neutral Standard for Precincts for detailed steps on how to set up your emissions boundary.

Certification process for precincts

The following steps will help you get your certification rolling.

Step 1: Apply

Go to the Climate Active website and download the certification application form.

Submit your completed registration form to climate.active@industry.gov.au.

Please allow up to 4 weeks for our team to process your registration.

Step 2: Licence agreement

Once we have approved your registration we will send you a copy of the Licence Agreement to sign.

You can view the Licence Agreement on our website.

Step 3: Prepare the report

Once your Licence Agreement is signed the Climate Active team will email you the relevant reporting templates for your certification.

A registered consultant can help you prepare your reports, including your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A list of registered consultants is available on our website.

Guidance on creating your emission boundary is provided in the *Precincts: setting the emissions boundary* section of this manual. You can also view the public disclosure statements of our certified brands on our website to give you an idea of the emission boundary of other certified precincts similar to yours.

NOTE: The Climate Active team can provide policy advice but our team is not able to tell you how to calculate your inventory or complete your reporting documents (a registered consultant can help you with this).

Step 4: Third party validation and technical assessment

You have two options:

Option 1: If a registered consultant prepared your inventory, they can also complete your technical assessment. You will need to engage a qualified person to complete a third party validation.

Option 2: If you prepared the inventory yourself you will need to engage a registered consultant to conduct a technical assessment and engage a qualified person to complete a third party validation. The third party validation may be prepared by the same person who completed the technical assessment (pending relevant qualifications).

See the validation schedule in the Licence Agreement for details on who can perform the third party validation.

A technical assessment is required every three years starting from the year on which the first technical assessment was based.

For example, if the technical assessment was applied to the 2019 base year report, which was not offset (and therefore not certified), the next technical assessment would be required on the 2022 report, even though the first year of certification could be 2020 or 2021.

Or if the first year of certification report was submitted for 2021 with a technical assessment, the next technical assessment would be required for the 2024 report.

Step 5: Purchase and retire eligible offsets

Purchase and retire eligible carbon offset units for your claim. Details of your retired eligible offset units must be disclosed in your public disclosure statement.

See the *Offsets – eligibility, reporting and banking* section of this document for more information about eligible offset units under Climate Active.

Step 6: Submit your report

Submit your public disclosure statement, carbon inventory, electricity calculator, working from home calculator (if applicable), Climate Active calculator document (if applicable), completed technical assessment and third party validation report to the Climate Active team at: climate.active@industry.gov.au.

Please allow up to 6 weeks for our team to undertake your initial assessment.

Note: We request you send your public disclosure statement as a Word document as this allows the Climate Active team to make minor formatting amendments on your behalf. If you choose to submit your public disclosure statement as a PDF, you will be asked to make all necessary changes prior to finalisation of your assessment.

Step 7: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found at the end of this manual or in the Licence Agreement.

Step 8: Certification and trade mark use

When your application is approved and we have received your fee payment, you will receive a notice of initial certification. You can now use the certification trade mark in accordance with your Licence Agreement. Any use of the certification trade mark requires approval from Climate Active before use.

PRODUCTS AND SERVICES

Setting the emissions boundary

To estimate the carbon footprint of your product or service, you need to draft the emissions boundary.

Product and service certification is for entities that wish to sell or offer a carbon neutral product or service. It may be for a particular product line, a complete product suite or on an opt-in basis. The emissions boundary must allow the public to clearly distinguish the carbon neutral product or service from other products or services.

Define the product or service

- A product is a tangible (usually physical) good. For example, a bottle of wine, a package of chicken fillets
- A service is a transaction in which no physical goods are transferred between the seller and buyer. For example, a bus service, an Internet service.

What's included in the emission boundary?

Define a functional unit

A functional unit is a quantified reference unit which conveys the functions of the product or service being certified. For Climate Active certification, it helps track emissions per unit over time (e.g. kg CO_2-e per functional unit) and helps develop the emissions boundary inclusions and exclusions. It should describe the magnitude, duration (if relevant) and quality parameters of a product or service. Defining the functional unit for your product or service provides a reference for normalising input and output data.

For products, the functional unit may describe the finished product at point of sale. For example, one box containing a dozen 750ml bottles of wine, or one kilogram of packaged free-range chicken fillets.

For services, the functional unit may be set on the basis of time or event. For example, providing transportation services to 1.6 million bus customers per year; one year of Internet services for one customer; or a one night hotel stay in a double room.

A Climate Active product (or service) certification is defined by the functional unit. It is possible for two or more separate products with significantly different attributable processes to be included in the one product certification, provided the functional unit is broad enough to accommodate all products. Stakeholders must be able to clearly understand what is included in the certification and differentiate between certified and non-certified products.

The product life cycle assessment must detail and calculate emissions from all attributable process emission sources from the suite of products included in the certification. The public disclosure statement must include an overarching process map and clearly list all products/product categories/product lines included in certification. The emissions summary table must detail the aggregated emissions across all product lines to be consistent with the reported certification unit. Additional product specific emission summary tables can be optionally included.

Conduct a life cycle assessment

A cradle-to-grave life cycle assessment (LCA) considers the entire life cycle of a product or service, from raw material extraction and acquisition, through to energy and material production and manufacturing, use and end of life treatment and disposal. This allows potential shifts in environmental burdens between life cycle stages or individual processes to be identified and possibly avoided.

If the final function of a product (for which your product is an input) is not known, a cradle-to-gate boundary can suffice. Cradle-to-gate describes a partial life cycle, including all emissions and removals from raw material acquisition through to when the intermediate product leaves the responsible entity's gate (typically immediately following its production). It excludes downstream life cycle stages, such as transport to the customer, final product use and end-of-life.

For a service, the life cycle assessment will include all stages and potential emission sources from any activity that contributes to the delivery or use of the service. For example, delivering a public transport service requires a ticketing system (online and physical tickets), a planning department, vehicles, vehicle operation (energy use, maintenance) and end of life vehicle disposal.

A process map illustrates the services, materials, and energy needed to move a product through its life cycle.

Identify attributable emissions sources

Through the life cycle assessment, you will need to identify attributable processes. Attributable processes are services, materials and energy flows that become, make and carry the good through its life cycle. For example, the wine bottle for a carbon neutral wine product or the embodied emissions of a bicycle for a bicycle delivery service. All attributable processes must be included in the emissions boundary of the product or service unless they fulfil all the conditions for exclusion outlined below.

Significant infrastructure, machinery or capital items used to make the product or deliver the service may be included in the emissions boundary if they are an integral part of, or used exclusively for, the product or service. Use the relevance test below to determine whether such emission sources are included in the boundary. The emissions impact of any included capital should be apportioned over its service life.

Relevance

If you are unsure whether an emissions source is attributable, compare it with other industry standard life cycle assessments. If you are still unsure, apply the relevance test to ensure that emissions within the control of your organisation reflect the emissions of the product or service. They should also meet consumer and stakeholder expectations.

Relevance test

Emissions sources are relevant when any two of the following conditions are met:

- the emissions from a particular source are likely to be large relative to other attributable emissions
- the emissions from a particular source contribute to the responsible entity's greenhouse gas risk exposure

- the emissions from a particular source are deemed relevant by key stakeholders
- the responsible entity could influence emissions reduction from a particular source
- the emissions are from outsourced activities that were previously undertaken by the responsible entity or from outsourced activities that are typically undertaken within the boundary for comparable products or services.

For a carbon neutral wine product for example, the wine bottling equipment, winery buildings, and trucks used to distribute the wine bottles to retailers, may be assessed as non-attributable on the basis of immateriality, inability to influence the emission source, not deemed as relevant by stakeholders and not contributing to the products' greenhouse gas risk exposure. Non-attributable emissions may be considered within the emission boundary and contribute to the footprint liability, or they may be considered outside of the emission boundary.

Do I need to measure everything?

While you don't need to measure everything, you do need to account for all material attributable emissions.

Exclusion conditions

Attributable processes must be quantified unless you can demonstrate that all of the following exclusion conditions are true:

- A data gap exists because primary or secondary data cannot be collected (no actual data).
- Extrapolated and proxy data cannot be determined to fill the data gap (no projected data).
- The emissions from the process are not expected (for example though an estimation) to be material (constitute more than 1% to the total carbon account).

If an emission source meets the exclusion conditions and is therefore not quantified in the inventory, it must still be recorded as a source within the emission boundary.

An uplift factor must be applied to account for emissions sources which are estimated to be material, but not practical to measure (such as no actual or projected data). An uplift factor is an upwards adjustment to the total carbon inventory to account for relevant emissions which can't be reasonably quantified or estimated. Alternatively, emissions from material attributable processes that cannot be measured can be initially non-quantified, with ongoing repairs and replacements quantified.

Non-attributable processes

Non-attributable processes are defined as services, materials, and energy flows which are not directly connected to the product or service during its life cycle (or are outside of the gate) because they do not become, make or directly carry the product or service through its life cycle. For example, fixed items such as insurance services, or things that would occur in any case, such as staff meals.

Non-attributable emissions may be considered within the emission boundary and contribute to the footprint liability, or they may be considered outside of the emission boundary.

In setting the emissions boundary you should consider disclosing any non-attributable processes if non-attributable processes are seen as important by users of the products and services, or by stakeholders more broadly. For example, if the certified product is 'the provision of renewable electricity', then the embodied impacts of the wind turbines or solar panels used to generate the electricity may be expected to be included by stakeholders.

Refer to 2.3.1 of the Climate Active Carbon Neutral Standard for Products and Services for detailed steps on how to set up your emissions boundary.

Certification process for services

The following steps will help you get your certification rolling.

Step 1: Apply

Go to the Climate Active website and download the certification application form.

Submit your completed registration form to climate.active@industry.gov.au.

Please allow up to 4 weeks for our team to process your registration.

Step 2: Licence agreement

Once we have approved your registration we will send you a copy of the Licence Agreement to sign.

You can view the Licence Agreement on our website.

Step 3: Prepare the report

Once your Licence Agreement is signed the Climate Active team will email you the carbon inventory templates.

A registered consultant can help you prepare your reports, including your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A list of registered consultants is available on our website.

Guidance on creating your emission boundary is provided in the *Products and Services: setting the emissions boundary* section of this manual. You can also view the public disclosure statements of our certified brands on our website to give you an idea of the emission boundary of services similar to yours.

NOTE: If you are certifying your service on an opt-in basis or if it is a new service which has not yet had any sales, your base year report will need to include a projection of sales for your first year of certification.

The Climate Active team can provide policy advice but our team is not able to tell you how to calculate your carbon inventory or complete your reporting documents (a registered consultant can help you with this).

Step 4: Third party validation and technical assessment

You have two options:

Option 1: If a registered consultant prepared your inventory, they can also complete your technical assessment. You will need to engage a qualified person to complete a third party validation.

Option 2: If you prepared the inventory yourself you will need to engage a registered consultant to conduct a technical assessment and engage a qualified person to complete a third party validation. The third party validation may be prepared by the same person that completed the technical assessment (pending relevant qualifications).

There are some differences between simple and complex service options. See the validation schedule in the Licence Agreement for details on who can perform the third party validation and what is needed.

A technical assessment is required every three years starting from the year on which the first technical assessment was based.

For example, if the technical assessment was applied to the 2019 base year report, which was not offset (and therefore not certified), the next technical assessment would be required on the 2022 report, even though the first year of certification could be 2020 or 2021.

Or if the first year of certification report was submitted for 2021 with a technical assessment, the next technical assessment would be required for the 2024 report.

Step 5: Purchase and retire eligible offsets

Purchase and retire eligible carbon offset units for your claim. Details of your retired eligible offset units must be disclosed in your public disclosure statement.

See the *Offsets – eligibility, reporting and banking* section of this document for more information about eligible offset units under Climate Active.

Step 6: Submit your report

Submit your public disclosure statement, carbon inventory, electricity calculator (if applicable), working from home calculator (if applicable), Climate Active calculator document (if applicable), completed technical assessment and third party validation report to the Climate Active team at: climate.active@industry.gov.au.

Please allow up to 6 weeks for our team to undertake your initial assessment.

Note: We request t you send your public disclosure statement as a Word document as this allows the Climate Active team to make minor formatting amendments on your behalf. If you choose to submit your public disclosure statement as a PDF, you will be asked to make all necessary changes prior to finalising your assessment.

Step 7: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found at the end of this manual or in the Licence Agreement.

Step 7: Certification and trade mark use

When your application is approved and we have received your fee payment, you will receive a notice of initial certification. You can now use the certification trade mark in accordance with your Licence Agreement. Any use of the certification trade mark requires approval from Climate Active before use.

Certification process for products

The following steps will help you get your certification rolling.

Step 1: Apply

Go to the Climate Active website and download the certification application form.

Submit your completed registration form to climate.active@industry.gov.au.

Please allow up to 4 weeks for our team to process your registration.

Step 2: Licence Agreement

Once we have approved your registration we will send you a copy of the Licence Agreement to sign.

You can view the Licence Agreement on our website.

Step 3: Prepare the report

Once your Licence Agreement is signed the Climate Active team will email you the carbon inventory templates.

A registered consultant can help you prepare your reports, including your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A list of registered consultants is available on our website.

Guidance on creating your emission boundary is provided in the *Products and Services: setting the emissions boundary* section of this manual. You can also view the public disclosure statements of our certified brands on our website to give you an idea of the emission boundary of products similar to yours.

NOTE: If you are certifying your product on an opt-in basis or if it is a new product range which has not yet had any sales, your base year report will need to include a projection of sales for your first year of certification.

The Climate Active team can provide policy advice but our team is not able to tell you how to calculate your carbon inventory or complete your reporting documentation (a registered consultant can help you with this).

Step 4: Third party validation and technical assessment

You have two options:

Option 1: If a registered consultant prepared your inventory, they can also complete your technical assessment. You will need to engage a qualified person to complete a third party validation.

Option 2: If you prepared the inventory yourself you will need to engage a registered consultant to conduct a technical assessment and engage a qualified person to complete a third party validation. The third party validation may be prepared by the same person that completed the technical assessment (pending relevant qualifications).

See the validation schedule in the Licence Agreement for details on who can perform the third party validation.

A technical assessment is required every three years starting from the year on which the first technical assessment was based.

For example, if the technical assessment was applied to the 2019 base year report, which was not offset (and therefore not certified), the next technical assessment would be required on the 2022 report, even though the first year of certification could be 2020 or 2021.

Or if the first year of certification report was submitted for 2021 with a technical assessment, the next technical assessment would be required for the 2024 report.

Step 5: Purchase and retire eligible offsets

Purchase and retire eligible carbon offset units for your claim. Details of your retired eligible offset units must be disclosed in your public disclosure statement.

See the *Offsets – eligibility, reporting and banking* section of this document for more information about eligible offset units under Climate Active.

Step 6: Submit your report

Submit your public disclosure statement, carbon inventory, electricity calculator (if applicable), Climate Active calculator document (if applicable), completed technical assessment and third party validation report to the Climate Active team at: climate.active@industry.gov.au.

Please allow up to 6 weeks for our team to undertake your initial assessment.

Note: We request you send your public disclosure statement as a Word document as this allows the Climate Active team to make minor formatting amendments on your behalf. If you choose to submit your public disclosure statement as a PDF, you will be asked to make all necessary changes prior to finalising your assessment.

Step 7: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found at the end of this manual or in the Licence Agreement.

Step 8: Certification and trade mark use

When your application is approved and we have received your fee payment, you will receive a notice of initial certification. You can now use the certification trade mark in accordance with your Licence Agreement. Any use of the certification trade mark requires approval from Climate Active before use.

Certification process – Environmental Product Declaration Pathway

Certification steps

To be eligible for the Environmental Product Declaration (EPD) streamlined pathway, the EPD must be:

- an Australasian Environmental Product Declaration
- EN15804 compliant
- reviewed within the past three years
- specific to your manufacturing process.

For further technical information on this pathway please read the 'Product certification and Environmental Product Declarations' section of this manual.

Step 1: Apply

Go to the Climate Active website and download the certification application form.

Submit your completed registration form to climate.active@industry.gov.au.

Step 2: Licence agreement

Once we have approved your registration we will send you a copy of the Licence Agreement to sign.

You can view the Licence Agreement on our website.

Step 3: Prepare the report

Once your Licence Agreement is signed the Climate Active team will email you the carbon inventory templates.

A registered consultant can help you prepare your reports, including your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A list of registered consultants is available on our website.

As part of your carbon inventory and public disclosure statement, you will need to estimate your base year. This will involve using your EPD to calculate the total tonnes of carbon dioxide equivalent (CO_2-e) that you anticipate to generate per year from your product, based on annual sales.

NOTE: If you are certifying your product on an opt-in basis or if it is a new product range which has not yet had any sales, your base year report will need to include a projection of sales for your first year of certification.

The Climate Active team can provide policy advice but our team is not able to tell you how to calculate your inventory or complete your reporting documentation (a registered consultant can help you with this).

Step 4: Technical assessment

You have two options:

Option 1: If a registered consultant prepared your inventory, proceed to Step 5.

Option 2: If you prepared the inventory yourself, you will need to engage a registered consultant to conduct a technical assessment.

Step 5: Purchase and retire eligible offsets

Purchase and retire eligible carbon offset units for your claim. Details of your retired eligible offset units must be disclosed in your public disclosure statement.

See the *Offsets – eligibility, reporting and banking* section of this document for more information about eligible offset units under Climate Active.

Step 6: Submit your report

Submit your public disclosure statement, carbon inventory, electricity calculator (if applicable), completed technical assessment and provide the EPD verifier's notes from the initial and final verification, in addition to the verification report, to the Climate Active team at: climate.active@industry.gov.au.

Please allow up to 6 weeks for our team to undertake your initial assessment.

Note: We request you send your public disclosure statement as a Word document as this allows the Climate Active team to make minor formatting amendments on your behalf. If you choose to submit your public disclosure statement as a PDF, you will be asked to make all necessary changes prior to finalising your assessment.

Step 7: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found at the end of this manual or in the Licence Agreement.

Step 8: Certification and trade mark use

When your application is approved and we have received your fee payment, you will receive a notice of initial certification. You can now use the certification trade mark in accordance with your Licence Agreement. Any use of the certification trade mark requires approval from Climate Active before use.

Product certification and Environmental Product Declarations

Climate Active Carbon Neutral Standard for Products and Services

The *Climate Active Carbon Neutral Standard for Products and Services* (Product & Service Standard) provides a pathway for a product or service to be certified as carbon neutral by the Australian Government.

The Standard provides best-practice guidance on how to measure, reduce, offset, report and audit emissions that occur as a result of a product or service being created, used and disposed. It is based on the carbon accounting principles of the GHG Protocol (2004) and AS ISO 14064 and ISO 14040 series.

EPD Australia

EPD Australasia (www.epd-australasia.com) supports product manufacturers and suppliers to measure and transparently report on the greenhouse gas emissions of a product through an Environmental Product Declaration (EPD).

An Australasian EPD is a verified document that requires measurement and transparent reporting of the environmental attributes (including greenhouse gas emissions) associated with the life cycle of a product. It is based on a life cycle assessment (LCA) methodology in accordance with the international standards ISO 14040 and ISO 14044 (Life Cycle Assessment) and ISO 14025 (Type III Environmental Declarations). Australasian EPDs for building and construction products are produced in accordance with EN 15804 *Sustainability of construction works, Environmental product declarations*.

Streamlined process

The similarities between the Product & Service Standard requirements and those of an Australasian EDP means a verified EPD can help fast-track a product to Climate Active certification through a more streamlined process. This also allows organisations to get the most out of their initial investment in calculating a product's carbon emissions through a life cycle assessment and its EPD Australasia registration.

Please note, it is not possible to use a carbon inventory (calculated using the Product & Service Standard) to develop an EPD, unless significant additional modelling, reporting and verification steps are undertaken. This document does not explain such a process.

Product & Service Standard requirements

Getting a product or service certified as carbon neutral against the Product & Service Standard involves several steps, which include:

1. measuring emissions
2. purchasing and cancelling offsets
3. annual reporting
4. arrange independent validation
5. paying a licence fee

The carbon accounting and auditing/verification processes conducted as part of producing an Australasian EPD can closely align with steps 1 and 4 above. Depending on the specifics of the Australasian EPD, additional information may be required to align the data with the

Standard. Any product or service with an Australasian EPD must still complete steps 2, 3 and 5 above before certification against the Product & Service Standard can be granted.

Types of Australasian EPDs and the impact on carbon neutral certification

Two standards underpin the development of Australasian EPDs. The International Standard ISO 14025 is at the basis of all EPDs, regardless of the type of product. For construction products, EPDs also follow the European Standard EN 15804, which is based on ISO 14025 but contains more specific details. The streamlined process for achieving carbon neutral certification is dependent on which standard the Australasian EPD is based upon.

The EN 15804 standard

The EN 15804 standard was developed for construction product EPDs. All Australasian EPDs for building and construction products comply with this standard. The life cycle assessment methodology specified under EN 15804 is closely consistent with the Product & Service Standard. Australasian EPD holders can use the EPD's carbon account as the basis for calculating the carbon inventory under the Product & Service Standard (see Section 4). Additionally, the verification process of an EN 15804 compliant EPD, which requires the use of a verification template, is consistent with the audit requirements of the Product & Service Standard and can be used as part of an application for carbon neutral certification.

The ISO 14025 standard

The ISO 14025 standard is less detailed than the EN 15804 standard, as it covers all types of (non-construction) products and services. An Australasian EPD's carbon account conducted under this standard can be used for Climate Active certification, but only if the methodology is consistent with the Product & Service Standard. The LCA practitioner should be able to identify differences and efforts required to remediate these. EPD Australia currently does not have a verification template for ISO 14025 compliant EPDs. Therefore it cannot be confirmed that the EPD's verification meets the audit requirements of the Product & Service Standard, and as a result, these EPDs cannot use the streamlined auditing and verification process.

EPD verified against	Streamlined carbon account process	Streamlined auditing and verification process
EN 15804	✓	✓
ISO 14025	✓ (possibly)	**x**

Streamlined certification process for a product or service with an EPD

Carbon inventory (measuring emissions requirement)

You can use the carbon account of an Australasian EPD produced to EN 15804 (and possibly ISO 14025) as the basis for your carbon neutral application. The carbon account must be re-evaluated to ensure it meets the requirements of the Product & Service Standard. This step is necessary due to minor differences in the calculation methodologies required by the Product & Service Standard and an Australasian EPD.

This table identifies the points of difference that must be addressed before you submit your carbon neutral application.

Product & Service Standard requirements	Differences and additional requirements for Australasian EPDs
Global warming potentials Under the rules of the Product & Service Standard, a carbon inventory is calculated using Global Warming Potentials (GWPs) with a 100-year time horizon from IPCC AR5 (2013), or later.	EN 15804+A2:2019 compliant EPDs also use the 100-year IPCC AR5 (2013) GWPs for the global warming impact category. If different GWPs have been used in the Life Cycle Assessment (LCA), an adjusted carbon account must be calculated using the IPCC AR5 GWPs. For example, EN 15804+A1:2013 compliant EPDs use the 100-year IPCC AR4 (2007) GWPs for the global warming impact category by default. These EPDs may contain a separate GWP result using IPCC AR5.
Renewable energy The Product & Service Standard has specific rules for the accounting of renewable energy certificates and energy efficiency schemes. These rules seek to limit the possibility of double-counting emission abatement. The rules relate to the Renewable Energy Target, Large-scale Generation Certificates, Small-scale Technology Certificates, Green Power, the Emission Reduction Fund, Australian Carbon Credit Units and State-based energy efficiency schemes.	When creating an LCA for the purpose of an Australasian EPD, the generation/use of renewable energy and certificates under energy efficiency schemes may not have been accounted for in line with the Product & Service Standard. If this is the case, the carbon account may need to be adjusted. Refer to Section 2 of the Product & Services Standard for the specific rules for the treatment of renewable energy or refer to the Climate Active website (www.climateactive.org.au)
Supply chain If the carbon inventory includes an activity or product in its supply chain that has been certified as carbon neutral against any other categories of the *Climate Action Carbon Neutral Standard* (Section 2.3), the activity or product is considered to contribute zero emissions to the inventory.	The use of carbon offsets is not accounted for in the LCA for an EPD. Therefore, using carbon neutral certified products does not lead to a lower footprint. They are accounted for as if they weren't carbon neutral (i.e. without the offsets). If carbon neutral certified products have been used as an input, the LCA must be adjusted to account for the use of carbon neutral products (these will be attributed as zero emissions) before submitting the carbon inventory for certification against the Product & Service Standard.
Emissions factors Where available, National Greenhouse Accounts Factors must be used to calculate a carbon inventory, unless more accurate emission factors or calculation methodologies are publicly available. This includes emissions from scope 1 and 2 sources and scope 3 sources for waste; wastewater; solid, liquid and gaseous fuels; and electricity within Australia. See Section 2.3.5 of the Product & Services Standard for further details. The Department also provides Climate Active inventory templates for use by registered consultants, which come with emission factors for common emission sources.	In addition to reporting on carbon emissions, Australasian EPDs also report on other impact categories, and therefore using NGA GHG emissions factors may not be practical. In most cases, the LCA model may use Scope 1, Scope 2 and Scope 3 emission factors sourced from AusLCI or GaBi databases. Data from these sources have been assessed and found to be consistent with NGA factors. Before seeking certification, it must be established the EPD results have been calculated using Scope 1 and Scope 2 emission factors from NGA, AusLCI or GaBi sources.
Base year The base year of a carbon neutral certified product is required to be identified for year on year comparison purposes.	There is no requirement to identify a base year when registering an Australasian EPD. To meet the requirements of the Product & Service Standard, the first 12-month period for which the data has been collected should act as the base year for comparison purposes.

Auditing/verification requirements

Eligibility to use the auditing and verification procedures of an EPD as part of the application for carbon neutral certification depends on the standard the EPD is verified against.

- Australasian EPDs in compliance with EN 15804 can use their verification report (template) as part of an application for carbon neutral certification against the Products & Services Standard.

  However, any adjustments made to the carbon account of an Australasian EPD to meet the requirements of the Product & Service Standard (outlined in the table above) are required to be validated prior to carbon neutral certification being granted.

  If the carbon account of an Australasian EPD is adjusted to meet the requirements of the Product & Service Standard, holders are encouraged to publish any relevant information in (an updated version of) their EPD under 'additional environmental information'.

- Australasian EPDs registered in line with ISO 14025 must either:
  - complete a new verification audit prior to carbon neutral certification being granted, or
  - provide detailed evidence that verification was undertaken to the same level of rigour as EPD Australasia's verification dialogue template for EN 15804 compliant EPDs.

- Third party validation needs to be undertaken for the base year under the Product & Service Standard. In addition, a technical assessment is required on application and every subsequent three years. The verification frequency of an Australasian EPD may need to be increased to meet the Product & Service Standard requirements.

  Additional information on the validation requirements can be found in Section 2.7 of the Product & Service Standard and the Validation and Technical Assessment procedure documents found on the Climate Active website.

The following table shows the auditing and verification differences and additional requirements for Australasian EPDs seeking carbon neutral certification.

Product & Services Standard requirements	Differences and additional requirements for Australasian EPDs
Qualified auditors An independent validation of a product or service carbon neutral claim must be undertaken by a suitably qualified auditor. Suitable qualifications are listed in the Validation Schedule of the Licence Agreement.	When an Australasian EPD is used to achieve carbon neutral certification, holders must ensure that the individual who undertook the initial verification to register the EPD, meets the third party validation requirements of the Product & Service Standard. EPD Australia approved verifiers meet these requirements. If the verifier used during the Australasian EPD registration process does not meet the requirements of the Product &Service Standard, a new audit must be undertaken.
Recalculation policy Responsible entities who have achieved certification are required to report on significant changes (> ±5 %) in the carbon inventory between the base year and subsequent reporting years that are not attributed to emissions reduction actions, or changes in the volume of products produced. Changes must be disclosed in the public disclosure statement (Section 2.3.).	Under the rules of EPD Australasia, EPD holders are required to analyse their EPD results each year during the monitoring period, although this does not involve an analysis of the entire life cycle model. When an Australasian EPD is used to achieve carbon neutral certification, owners must agree with their verifier to follow up on investigative procedures that take place annually. If significant changes are found (> ±5 %), an updated carbon account must be disclosed as part of the annual reporting requirements.
Audit documentation Organisations must submit their audit report, plus a list of any outstanding corrective action requests and observations as part of their reporting requirements.	To document the verification process between the Australasian EPD holder / LCA practitioner and verifier, EPD Australia uses a verification report and dialogue template to record the information for EN 15804 compliant EPDs. To seek carbon neutral certification, Australasian EPD holders must provide the verifier's notes and comments from both the initial and final verification, in addition to the verification report for certification to be granted.

Setting a base year for products and services

For consistency, the carbon inventory must allow for a meaningful comparison of emissions over time. A base year provides a starting point for this.

The responsible entity must collect data to calculate the emissions intensity of the functional unit.

To do this, the relevant emissions in the carbon inventory should contain data for all attributable processes for a full calendar or financial year before a carbon neutral claim can be made. This is known as the base year. The base year carbon inventory must be independently validated.

To set a base year, use the most recent year for which verifiable carbon emissions data is available. Where no actual data exists or where data does not provide a meaningful comparison, base year data can be estimated or projected. Any estimated data must be representative.

You can estimate the number of functional units likely to be sold until a product is certified (if the number is unknown). The estimate must be credible and plausible and you must explain how the estimate was reached. Acceptable estimation methods include comparisons with routine projects, like products, similar certified products, or a stakeholder survey of interest in buying the certified product. This estimate should not be less than 10 per cent of likely productions for an opt-in product.

Terms

Verifiable data: records that can be validated by a third party to get the same result i.e. the data can be reproduced/replicable using the same inputs.

Meaningful comparison of data: enables year on year like comparisons of data.

Representative data: data used to estimate/project base year must be typical of the organisation's operations and take into account all the key variables such as seasonal impacts. The input data used could be from a different year or branded product as long as this input data is typical of the emissions.

Emissions over time

Significant changes (> ±5 per cent) in the carbon inventory must be disclosed as part of the annual public disclosure statement.

Factors that may lead to significant changes in emissions between reporting years include updates to:

- the product life cycle or supply chain
- data availability and calculation methods
- changes in emission factors
- changes to allocation or recycling methods
- changes to sales
- implementing emission reduction activities.

Transparent documentation of changes and errors allows stakeholders to understand factors driving year-on-year emissions variations.

Base year recalculation policy

In some instances, significant changes to the emissions boundary and calculation methodologies may trigger a base year recalculation, such as:

- redefining the emission boundary i.e. the attributable processes
- allocation changes resulting in >10 per cent change to total emissions.

When conditions for a base year recalculation are met, the certified entity must notify the Climate Active team. The notification must describe the reason for the base year recalculation and the likely impact on the total carbon footprint. The Climate Active team will then assess the base year recalculation and nominate one of three pathways:

1. The base year recalculation has a significant impact on the overall inventory. A full validation process as per the initial application is triggered.
2. The base year recalculation has a significant impact on part of the carbon inventory. The relevant impacted section of the carbon inventory must undergo an independent data verification.
3. The base year recalculation has an insignificant impact on emissions and emission boundary. No additional action required beyond standard reporting.

If a base year recalculation is needed, additional offsets do not need to be retired to cover any differences in emissions reported previously. If previous accounts were overestimated and additional offsets were purchased, these offsets cannot be banked for current or future reporting periods. The base year emissions are recalculated using the new emissions boundary or calculation methodology and profiled against current and future reporting.

ALL CERTIFICATIONS

Emissions boundary – embodied emissions

Embodied emissions of capital goods, materials and equipment:

Organisations

If you are uncertain as to whether capital goods, materials, infrastructure and equipment should be part of the emissions boundary, you may use the relevance test.

Products and services

If you are uncertain as to whether capital goods, materials, infrastructure and equipment should be part of the emissions boundary (relevant or attributable, as per GHG Protocol definitions), you should compare with similar organisations or other industry standard LCAs for similar products or services. If you are still unsure, you may use the relevance test.

Relevance test

The relevance test is adapted from GHG Protocol – Corporate Standard (WBCSD and WRI, 2004).

Emissions sources are relevant when any two of the following conditions are met:

- the emissions from a particular source are likely to be large relative to the attributable emissions
- the emissions from a particular source contribute to the responsible entity's greenhouse gas risk exposure
- the emissions from a particular source are deemed relevant by key stakeholders
- the responsible entity could influence emissions reduction from a particular source
- the emissions are from outsourced activities that were previously undertaken within the organisation's boundary or from outsourced activities that are typically undertaken within the boundary for products or services.

Apportioning embodied emissions

Typically the full product life of capital goods, materials and equipment are not consumed by a single functional unit of a service or even a year of providing a service. As such, embodied emissions should be apportioned based on the use-stage time period of the item for the service.

For example, if a laptop's expected product life is 5000 computing hours and a functional unit of a service requires one computing hour, the embodied emissions attributed per functional unit of the service would be 1/5000th of the total embodied emissions of the laptop.

Emissions boundary – shared emissions between certifications

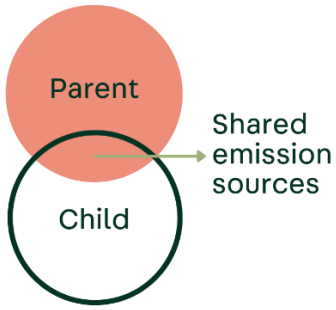
Parent-child relationships

If you have more than one certification, some emission sources may be shared between your certifications. These emissions are called shared emissions and take on a parent or child relationship.

If you hold an organisation certification, this certification automatically becomes the *parent*. If you do not have an organisation certification, you will nominate the certification which has the most overlap to be the parent.

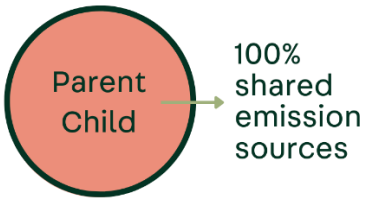
By nominating this parent-child relationship, the Climate Active team will know the reporting sequence for your carbon inventories. You will need to complete the parent certification carbon inventory first.

The liability for the shared emission sources is offset as part of the parent certification and will be deemed carbon neutral when you link them to child certifications. Any remaining emissions liability is to be offset under the child certification.



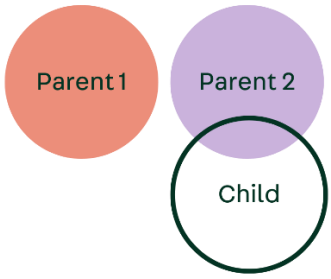
If the certification boundary is the same for both parent and child, the emissions sources are to be considered as the liable footprint for the parent certification. The emission sources will be considered carbon neutral when they are linked to the child certification. For product and service certifications, a functional unit based on the complete emission boundary will still be required but is considered offset by the parent.

If you have multiple certifications which do not share emissions, these will be stand-alone parent certifications.



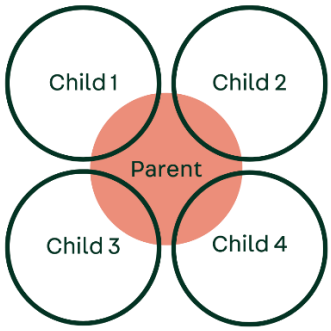
Multiple parent certifications

If you have a certification which has no shared emissions with your other certifications, it can be a stand-alone parent. A second parent can then be selected for shared emissions with other certifications. You can have as many parent certifications as you like. For example, your organisation certification and a service certification may have shared electricity and staff commute emissions. Whereas your product certification may have no overlap with these other certifications and can be a stand-alone parent.



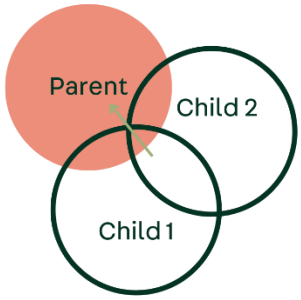
Multiple child certifications

A parent certification can have multiple child certifications linked to it. For example, if you hold an organisation certification and four product certifications, all four products may share emissions from freight services. In this case, the freight emissions should be captured in the parent organisation carbon inventory. This can then be linked to the child product certifications as carbon neutral.



Shared child emissions

If you have two child certifications which have shared emissions, these emissions will need to be captured in the parent carbon inventory first.



Key differences between standards

	Organisation	**Products & Services**
Emission boundary analysis	Control approach and relevance test	Life Cycle Assessment (cradle to grave or gate)
Emission source classifications	Quantified Non-quantified Excluded	Attributable Attributable – non-quantified Excluded Non-attributable
Justification for not quantifying emission sources inside the emission boundary	Non-quantification reasons	Exclusion conditions Non-quantification reasons
Justification for excluding emission sources outside the emission boundary	Control approach and relevance test	Non-attributable justification
Activity data	See 'Calculating your carbon inventory' guidance	See 'Calculating your carbon inventory' guidance. More disaggregated information provided from life cycle inventory databases.
Emission factors	Majority of emission factors can be sourced from Climate Active inventory	Some emission factors can be sourced from Climate Active inventory. Depending on the product/service, specialist emission factors will need to be sourced by the responsible entity from appropriate sources as approved by an LCA practitioner.
Trade mark usage	Can be used for advertising and marketing material for the organisation as a whole. Cannot be used on product labels.	Can only be used for the specific product or service that is certified.

Calculating your carbon inventory

Emission factors

The Climate Active team can provide emission factors for several hundred common emission sources. These emission sources are mostly relevant to organisations and some service certifications. If you have engaged a registered consultant, they will also have these factors.

Emission factors are used to calculate GHG emissions by multiplying the factor (e.g. kg CO_2-e/L of diesel fuel) with activity data (e.g. litres of diesel fuel consumed). Carbon inventories should use the provided emission factors whenever a relevant and suitably accurate emission factor is available.

Bespoke emission factors

Where a suitable emission factor is not available from the Climate Active team, bespoke emission factors must be supplied by the certifying entity. Where bespoke emission factors are used, you must include details of where you sourced the emission factor (reference, database, year published, hyperlink if web accessible) and any assumptions or limitations.

Finding bespoke emission factors

If you are having difficulty calculating your carbon inventory, we recommend you either contact a registered consultant with relevant Life Cycle Assessment experience or someone from ALCAS with access to the appropriate Life Cycle Inventory databases. Emission factors for most upstream and downstream emissions sources for products will not be captured by the Climate Active team as they can be extremely varied and difficult to quantify.

The following list outlines sources for credible and reliable bespoke emission factors:

- **National Greenhouse Accounts (NGA) Factors:** NGA Factors is an annual publication by the Department and includes factors for direct and indirect emission sources. These must be used for stationary energy, transport fuel and waste emissions.
- **Life Cycle Inventory databases:** Emission factors are derived from bottom up, process-based life cycle data. These factors are typically measured in physical units (mass, volume etc.) and are for specific products or services. Example databases include AusLCI and ecoinvent.
- **Input-output databases:** Emission factors derived from top down, environmentally extended input-output analysis. These factors are mostly measured in economic units, for services and complex products, or groups of products which are better represented by an aggregation. An example database is IELab.
- **Industry-standard guidelines and tools:** Examples include the ISCA tool, the Food and Agriculture Organisation of the UN Guidelines and the EU Product Environmental Footprint program.
- **Government publication conversion factors:** An example is the UK Department for Business, Energy & Industrial Strategy greenhouse gas reporting conversion factors.
- **Published, peer reviewed journal articles:** These may only be used in the absence of other credible and reliable emission factors and will be subject to review by the Climate Active team prior to acceptance.

To purchase LCA software which contains full AusLCI and ecoinvent suite databases, visit Lifecycles.

Activity data

Measured data should be used whenever possible, with conservative estimates used only where data is unavailable. For example, operational energy data should be obtained from energy meters such as electricity and gas from utility bills. Where estimates are used, they must be justified with respect to data availability and the relative size of the estimated emission source. The Climate Active team can supply calculators to estimate activity data for common emission sources, such as electricity, staff commutes, and business travel.

Activity data hierarchy

The data hierarchy below outlines the different types of activity data that may be used to complete a carbon inventory in order of preference.

1. Actual data
2. Actual data from the previous year
3. Modelled data:
    a. Extrapolated data: partial year data or a representative sample from a group of buildings/vendors or survey data that is extrapolated to a full data set.
    b. Projected data: where data is expensive or difficult to collect, actual data may be collected once every few years and adjusted for inflation/staff numbers or other relevant factors to estimate the current years data.
    c. Data conversion: converting data from one type to another through known conversion units. For example to estimate kilograms of paper, you may only have expenditure data for paper. By determining the average price of a carton of paper, you could also find the number of paper sheets in a carton and the grams per square metre (gsm) therefore the total weight of paper purchased.
4. Estimated data: online calculators or general statistics. Where specific data is unavailable an estimate may be made using ABS statistics; other relevant industry-standard statistics; or published, peer-reviewed journal articles (can be subject to review by Climate Active).
5. Uplift factor: where accurate estimates are unable to be obtained, data may be non-quantified. For non-quantified emission sources, a best guess must be made to generate an uplift amount (kg CO_2-e) or percentage increase of the carbon account.

For further guidance on scope 3 calculation methods and activity data hierarchy, refer to the *GHG Protocol – Technical Guidance for Calculating Scope 3 Emissions (WBCSD and WRI, 2013)*.

The following page provides some information on how to estimate waste, and electricity generation from an online PV solar system.

Waste

Solar generation on site

To estimate your electricity generation from an onsite PV solar system, use the Clean Energy Regulator's small generation unit STC calculator.

The site will prompt you to answer five questions. We have provided answers to three of the five questions. You will need to enter the size of your system (in kW) and the postcode.

What type is your Small Generation Unit?	S.G.U. Solar (deemed)
What is the expected installation date of your system?	Beginning of reporting year period
What is the rated power output (in kW) of your system?	Size of your system (in kW)
For what period would you like to calculate STCs?	One year
What is the postcode of the installation address?	Postcode

The calculator will give you a result like this:

Calculator result

System type: Small generation unit
Postcode zone: 3
Number of STCs: 6

Take number of STCs and multiply it by 1000.
1 STC = 1 Megawatt hour = 1000 kWh.

Offsets – eligibility, reporting and banking

All offset units used in your carbon neutral claim must:

1. meet eligibility and vintage requirements
2. be retired at or before the time of the claim, and
3. be reported transparently in a public disclosure statement.

Eligibility and vintage requirements

All units must have a vintage year later than 2012 (that is 2013 or later). Where an offset covers a range of years, the latest year in that range will be the vintage.

The following offset units are eligible under the Climate Active Carbon Neutral Standard:

- **Australian Carbon Credit Units** (ACCUs) issued by the Clean Energy Regulator in accordance with the framework established by the *Carbon Credits (Carbon Farming Initiative) Act 2011*.
- **Certified Emissions Reductions** (CERs) issued as per the rules of the Kyoto Protocol from Clean Development Mechanism projects, with the exception of:
    - long-term (lCERs) and temporary (tCERs); and
    - CERs from nuclear projects, the destruction of trifluoromethane, and the destruction of nitrous oxide from adipic acid plants or from large-scale hydro-electric projects not consistent with criteria adopted by the EU (based on the World Commission on Dams guidelines).
- **Removal Units** (RMUs) issued by a Kyoto Protocol country on the basis of land use, land-use change and forestry activities under Article 3.3 or Article 3.4 of the Kyoto Protocol.
- **Verified Emissions Reductions** (VERs) issued by the Gold Standard[1].
- **Verified Carbon Units** (VCUs) issued by the Verified Carbon Standard.

Offset units must be retired at or before the time of the claim.

[1] Abatement recognised by the Gold Standard may be subject to double counting if the abatement occurs in a host country or region that is affected by international or national emissions trading, cap and trade or carbon tax mechanisms. Where this occurs, in order to be eligible the additionality of the VER will need to be ensured by cancelling an Eligible Cancellation Unit (as defined by the Gold Standard). The Eligible Cancellation Unit must meet the eligibility and reporting requirements outlined in this document

Minimum Australian Carbon Credit Unit requirement

All carbon neutral certifications must use a minimum of 20% Australian Carbon Credit Units (ACCUs). This requirement is calculated on the certification's total emissions liability (scope 1, 2 and 3).

This requirement takes effect:

- from 1 July 2023 for new and ongoing certifications equal to or greater than 1,000 tonnes of CO_2-e; and
- from 1 July 2024 for certifications less than 1,000 tonnes of CO_2-e.

The minimum ACCU requirement applies to the start of your reporting period.

Note: for organisations who have set the market-based method as the primary method for calculating electricity emissions, only residual electricity emissions contribute to the certification's total emissions liability.

Certifications equal to or greater than 1,000 tonnes of CO_2-e

Evidence of ACCU retirement is required at the time of submission of your **2023/24 financial year** or **2024 calendar year** report (and all subsequent reporting year reports).

Certifications less than 1,000 tonnes of CO_2-e

Evidence of ACCU retirement is required at the time of submission of your **2024/25 financial year** or **2025 calendar year** report (and all subsequent reporting year reports).

Independent Review of Australian Carbon Credit Units

On Friday 1 July 2022, the Minister for Climate Change and Energy announced *Terms of Reference for the Independent Review of Australian Carbon Credit Units*. The review report is expected by 31 December 2022. As part of this review, the independent panel will evaluate and advise on the requirements for use of Australian Carbon Credit Units (ACCUs) under Climate Active.

The independent panel's recommendations will inform a decision by the Minister on this requirement moving forward. Climate Active will continue to provide as much information as possible on this as the review progresses.

Transparent public reporting

All offsets retired for a Climate Active carbon neutral claim must be reported in your public disclosure statement.

The public disclosure statement must include an offset summary, which includes:

1. a description of the offset unit
2. the eligible unit type
3. the unit serial numbers
4. the unit vintage
5. the date of retirement
6. a working hyperlink to the retirement record in the public registry, or a certificate or letter attesting to the retirement (this must verify the information in points 1-5 above).

Where the registry allows, the public listing for any retired unit must mention the retirement reason and attribute it to the entity, e.g. 'These units were retired on behalf of Company XYZ to support its carbon neutral claim against the Climate Active Carbon Neutral Standard in 2021-22'.

An example of the offset summary table is provided further below.

Offset banking

Offsets which have been retired and formally approved by the Climate Active team as meeting the above eligibility rules may be banked and used for three years from the date of retirement, regardless of any subsequent changes to Climate Active carbon offset eligibility rules. Offsets retired more than three years ago must meet the latest policy rules to be eligible for use.

Any changes to Climate Active carbon offset eligibility rules relate to the types of offset units that can be used to achieve certification. It does not affect the respective mix of offset unit types that are used, such as a minimum requirement to use 20% ACCUs.

An example of offsets retired for Climate Active Carbon Neutral certification

If your retired offsets cannot be linked to a public-facing registry via a hyperlink, you will need to provide Climate Active with another form of evidence, such as screenshots of the offset retirement, or a letter from the offset scheme administrator.

Offsets cancelled for Climate Active Carbon Neutral Certification

Project description	Type of offset units	Registry	Date retired	Serial number (and hyperlink to registry transaction record)	Vintage	Stapled quantity	Eligible quantity (tCO_2-e)	Eligible quantity used for previous reporting periods	Eligible quantity banked for future reporting periods	Eligible quantity used for this reporting period	Percentage of total (%)
Wind Grouped project by Hero Future Energies Private Limited (EKIESL-VCS-Aug-16-03)	VCU	Verra	21 Mar 2018	5682-254921535-254932878-VCU-029-APX-IN-1-1582-29032016-31122016-0	2016		11,344	0	10,000	1,344	29%
Biodiverse Carbon Conservation Morella	ACCU	ANREU	26 Sep 2017	3,750,123,000 – 3,750,126,234	2013		3,235	0	0	3,235	71%
Biodiverse Reforestation Carbon Offset Project, WA	-	-	31 Aug 2021	12PWA233981B - 12WA234000B	2015	20		-	-	-	-
Stapled to Ningxia Helanshan Wind-farm Project, Ningxia Autonomous Region, China	CER	ANREU	31 Aug 2021	1,011,278,210 – 1,011,278,229	CP2		20	0	20	0	0%
									Total offsets retired this report and used in this report	**4,579**	
									Total offsets retired this report and banked for future reports	**10,020**	

Guidance on buying offsets

This guidance is intended to provide reference material for general information purposes only. It does not constitute legal, financial or other professional advice. The Department disclaims liability, to the extent permitted by law, for any liabilities, losses, damages and costs arising from any reliance on the information contained in this guidance. You should seek legal, financial or other professional advice in relation to your specific circumstances.

Businesses can purchase eligible offset units to help them reach carbon neutrality under Climate Active. This guidance provides some of the factors you might like to consider when buying these eligible units.

What are offsets?

An offset, also called a carbon credit, is a tradeable unit issued to entities that have met the relevant requirements for conducting activities that avoid, reduce or remove greenhouse gases from the atmosphere, relative to a business-as-usual baseline. One offset unit represents one tonne of carbon dioxide equivalent (CO_2-e).

Businesses reduce their emissions as much as possible and can then purchase ***eligible units*** to compensate for their unavoidable emissions, to help them reach carbon neutrality under Climate Active.

Which offsets are eligible under Climate Active?

Climate Active publishes a list of eligible offset units that satisfy the Climate Active offset integrity principles (see section 1.3.2 of the relevant Climate Active Carbon Neutral Standard). The Climate Active offset integrity principles are based on the offsets integrity standards in the Carbon Credits (Carbon Farming Initiative) Act 2011 (CFI Act).

The list of offset units eligible for use under Climate Active can be updated at any time. The eligibility of units are being reviewed by the Climate Change Authority in the policy context of the Paris Agreement and will consider the Australian Government's objectives under the Indo-Pacific Carbon Offset Scheme. The review will ensure eligible offset units remain credible and of high integrity.

Climate Active assesses the eligibility of units at the scheme level, rather than the offset project level. A single scheme can encompass multiple offset projects, operating in different locations, using different emissions avoidance, reduction or sequestration methods, or being issued offset units in different years. Climate Active establishes confidence in the integrity of these schemes by reviewing their governance arrangements and project or program requirements, including their alignment with the standards of the CFI Act.

What do you need to know before buying offsets?

When you purchase and retire offset units, you are financially supporting the specific projects that generated those units. Those projects are also likely to have social, cultural, environmental and economic benefits and/or impacts.

Climate Active encourages you, regardless of whether you are purchasing offsets directly or through a broker, to undertake your own due diligence assessment of the individual projects, including the carbon abatement method used and other social, cultural and economic information about the project. These assessments will help ensure you are choosing projects that have the integrity of a carbon neutral claim, and that the other impacts and benefits of those projects align with your organisation's values and expectations.

Where can you buy offsets?

You can find more information about offset projects conducted in Australia by visiting the Carbon Market Institute's carbon market registry, or the Clean Energy Regulator's map of Emissions Reduction Fund projects.

You can buy Certified Emission Reductions (CERs) via the United Nations carbon offset platform, Verified Emission Reductions (VERs) via the Gold Standard website, and Verified Carbon Units (VCUs) through a carbon broker.

You can engage a carbon service provider to buy any eligible offset units on your behalf. The Carbon Market Institute has produced a directory that lists the contact details of several of these organisations.

What other factors should you consider?

Other factors you may wish to consider when purchasing offsets include:

Location of the offset project

Businesses can choose to buy offsets from local, regional, national or international projects. These projects may also be associated with different non-carbon benefits, such as employment or biodiversity outcomes (see below).

Type of offset project

Offset projects use different methods to abate carbon. Some projects are issued carbon credits for reducing or avoiding emissions, for example by installing renewable electricity or more energy-efficient infrastructure, or by avoiding deforestation. Others are issued carbon credits for removing greenhouse gases from the atmosphere, such as by planting trees or using direct air capture and sequestration technology.

Vintage of offset units

The vintage refers to the year in which the project generated carbon credits, or the year in which the project was issued carbon credits. All eligible units under Climate Active must have a vintage year later than 2012.

Credentials of the carbon service provider (if relevant)

ACCUs (Australian Carbon Credit Units) and certain international units are financial products under the Corporations Act 2001. Businesses providing financial product advice to clients may require an Australian financial services (AFS) licence.

Carbon service providers can sign the Carbon Market Institute's voluntary Code of Conduct. It aims to define industry best practice and represents minimum standards that signatories agree to meet.

Stapled units

Some carbon service providers offer to 'staple' non-carbon units to an eligible Climate Active offset units. For example, the stapled unit could represent a credit from a biodiversity protection project.

Additional guidance on non-carbon benefits

Offset projects go beyond emission reduction, avoidance or removal – they can also achieve a range of environmental, economic, cultural and social benefits, called non-carbon benefits (formerly co-benefits). This can include greater biodiversity, local employment, and improved health and education outcomes.

Environmental

Environmental benefits can include improvements in soil and water quality, and greater biodiversity.

For example, offset projects that protect native vegetation not only sequester carbon from the atmosphere, but may also provide habitat for various animal species, leading to increased biodiversity in the area.

Economic

Economic benefits include employment opportunities and diversification of livelihoods.

For example, renewable energy projects can employ people from local communities during both the construction and operational phases. There may also be educational benefits in the specialist training that local employees receive.

Cultural

Cultural benefits include recognition and/or strengthening of local or Indigenous knowledge.

For example, savanna burning projects in northern Australia use cultural land management practices that have been practiced for tens of thousands of years to reduce the emissions from fire. In doing so, it helps Indigenous Australians connect to Country and allows such traditional ecological knowledge to be shared between generations. These projects also have economic, social, and cultural benefits.

Social

Social benefits include improved health outcomes, the promotion of gender equity, increased education, and better community resilience.

For example, projects that introduce more efficient and cleaner cook stoves not only reduce greenhouse gas emissions, but can result in lower levels of air pollution, leading to better health outcomes for local communities.

It is important to note that offset projects may also be associated with negative outcomes, for example the potential for the loss of ecosystems and displacement of local communities. You should check that the project does not create social, cultural, economic or environmental harms.

Questions to ask about the co-benefits associated with offset projects

- Have the co-benefits been verified or certified by a third party or program? Do the project developers regularly monitor and report on the impacts of the project?
- Before implementation, did the project developers engage and consult with local stakeholders potentially affected by the offset project?
- What are the values and priorities of my business?

ELECTRICITY ACCOUNTING RULES

The following electricity emission accounting rules have been developed for use in the Climate Active electricity calculator. They have been adapted from best-practice principles in the Greenhouse Gas Protocol Scope 2 Guidance (GHG Protocol) and informed by stakeholder consultation. The rules may evolve over time.

Reporting

1. All Climate Active organisation, precinct, building and event certifications must report electricity emissions (scope 2) in their public disclosure statement (PDS), using both location-based and market-based methods (i.e. dual reporting approach).
2. Mandatory dual reporting of electricity emissions, where required, will apply to annual reports from calendar year 2021 and financial year 2020/21 onwards.
3. Either the location- or market-based method can be chosen and disclosed in the PDS as the primary electricity accounting method.
4. The primary method will determine how many offsets are required to account for electricity emissions in a Climate Active carbon account.
5. Product and service certifications can choose to use dual reporting if suitable.

Renewable energy certificates

Market-based method

6. Large-scale generation certificates (LGCs) can be used as a unique claim on the zero emissions attribute of renewable generation within a Climate Active carbon account.
7. LGCs are accounted for in MWh. One retired LGC equates to one MWh of zero emissions electricity consumption in the carbon account.
8. LGCs can only be used to account for electricity-based emissions, e.g. direct grid-based electricity (scope 2) or indirect emissions sources (scope 3) consisting entirely of electricity, such as third party operated data centres.
9. LGCs must be retired on the Renewable Energy Certificate Registry, with evidence of their retirement, including serial numbers, provided to Climate Active.
10. LGCs should be retired directly in the name of the claimant, e.g. 'Retired on behalf of Company X for 2020 Climate Active carbon neutral claim'.
11. LGC's may be retired indirectly on behalf of the claimant, e.g. by GreenPower. Serial numbers should be provided to Climate Active.
12. In instances where discrete LGC serial numbers cannot be provided, Climate Active may consider accepting other evidence that LGCs have been retired, e.g. certificates provided by an electricity generator or electricity bills listing accredited GreenPower usage.
13. LGCs must have an issuance date of less than 36 months from the end of the reporting year, e.g. a calendar year 2020 report (ending 31 December 2020) could use LGCs with an issuance date of no earlier than 1 January 2018.

14. Small technology certificates (STCs) cannot be used to make renewable energy emission reduction claims for grid imported electricity consumption.

Location-based method

15. Neither LGCs nor STCs can be used to make renewable energy emission reduction claims for grid-imported electricity consumption.

Renewable energy target

Market-based method

16. The percentage of electricity consumption attributable to the large-scale renewable energy target (LRET), as reflected by the Renewable Power Percentage, for a given reporting year, is assigned an emission factor of zero in the carbon account. For example, a business using a total of 1,000 MWh of electricity in 2019, lists 186 MWh as zero emissions (1,000*18.6% (RPP for 2019)).

17. This deduction is not available to businesses, or parts of businesses, that are exempt from the LRET (i.e. Emissions Intensive Trade Exposed Industries).

Location-based method

18. There is no separate accounting treatment for the LRET as it is already included in the state factors used to convert electricity into t CO_2-e.

GreenPower

Market-based method

19. Accredited GreenPower usage is assigned an emission factor of zero in a carbon account, regardless of the state in which GreenPower is used.

20. GreenPower usage in excess of what is required to account for a business's direct electricity usage may be used to reduce other indirect entirely electricity-based emissions (e.g. data centre usage).

21. GreenPower usage in excess of what is required to account for a business's entire electricity usage cannot be used to offset other non-electricity emission sources in the carbon account.

Location-based method

22. GreenPower cannot be used to make zero emission electricity claims under the location-based method.

Power purchase agreements

Market-based method

23. Zero emission electricity claims (above any mandatory LRET obligations) under a power purchase agreement (PPA) must be made through retired LGCs in accordance with rules 6-14.

24. Where it is not possible to list the claiming business on the REC registry (rule 9), other evidence from the retiring body, such as certificates from the electricity provider, may be used in consultation with Climate Active.

25. Supplier-specific emission factors cannot be used in a Climate Active carbon account.

Location-based method

26. Retired LGCs, including under PPAs, cannot be used to make zero emission claims under the location-based method.

Local renewable energy generation

Market-based method

27. Behind the meter usage of electricity from large scale systems may be reported and assigned an emissions factor of zero in the carbon account, only if any LGCs associated with that generation are retired or none will be created.

28. If LGCs are created and sold, behind the meter usage from large scale systems must be treated the same as electricity consumption from the grid (that is, treated as residual electricity).

29. Behind the meter usage of electricity from small-scale systems may be reported and assigned an emissions factor of zero in the carbon account, regardless of whether any STCs associated with this generation have been created, transferred or sold.

30. Exported electricity from renewable systems is converted into an emissions reduction equivalent and netted from gross emissions. This is achieved by multiplying exported electricity by the national scope 2 electricity factor only (to account for transmission losses), for the year of the generation. Any LGCs must be retired or none will be created. Any STCs associated with this generation do not need to be retired.

Location-based method

31. Behind the meter usage of electricity from large scale systems may be reported and assigned an emissions factor of zero in the carbon account, provided any LGCs associated with that generation are retired or none will be created.

32. If LGCs are created and sold, behind the meter usage from large scale systems must be treated the same as electricity consumption from the grid.

33. Behind the meter usage of electricity from small-scale systems may be reported and assigned an emissions factor of zero in the carbon account, regardless of whether any STCs associated with this generation have been created, transferred or sold.

34. Exported electricity cannot be used as a reduction in electricity emissions under the location-based method.

Jurisdictional renewable energy targets

Market-based method

35. A business operating in a jurisdiction where the government retires LGCs can claim the corresponding percentage of emissions impact on their electricity consumption as zero, provided that the LGCs are retired on behalf of the jurisdictions' citizens and the claim is auditable for the given reporting year.

Location-based method

36. There is no separate accounting treatment, as the emissions benefit is already included in the state factors used to convert electricity consumption into its emissions equivalent.

Climate Active certified carbon neutral electricity

Market-based method

37. Climate Active certified carbon neutral electricity is converted into its emission equivalent and deducted from the gross carbon account offset liability.

38. Conversion is made through the relevant emission factor for the particular brand of carbon neutral power.

Location-based method

39. See rules 37-38.

Grid imported (residual) electricity

Market-based method

40. Electricity usage not matched by zero emission electricity attribute claims (residual electricity) is converted into t CO_2-e using the RMF according to the below formula:

$$RMF = National\ EF / (1 - RPP)$$

RMF (residual mix factor), EF (emission factor), RPP (renewable power percentage)

e.g. in 2019, the RMF equals:

= 0.88 (national scope 2 and 3 EF)/ 0.814 (18.6% RPP)

= 1.08

Financial year reports will use the average of the RMF across the relevant calendar years, reflecting the RPP of each 6 month period.

Location-based method

41. Electricity usage in each state of a business's operations is converted into t CO_2-e using the relevant state NGA factor (either scope 2 and scope 3; or the full fuel cycle factor).

42. The emission factor used should correspond to the reporting year where possible, i.e. a 2018 reporting year should use the 2018 NGA factors.

Worked example

A business with operations in New South Wales and South Australia reports its electricity emissions for 2019. The business uses 1,000 MWh in NSW, including 200 MWh of GreenPower and 100 MWh certified Climate Active carbon neutral power. In SA, the business uses 200 MWh of electricity, including 5 MWh of on-site solar. The business purchases and retires 100 LGCs generated in SA and exports 5 MWh of electricity back into the grid.

Under the location-based method, its net electricity emissions equals 1003.4t. Under the market-based method, its net emissions equals 722.6t.

The following tables shows the market-based and location-based methods of this worked example.

Market-based method

Electricity source	Activity Data	Emission factor	t CO_2-e	Renewable %
NSW OPERATIONS				
Renewable Energy Target (2019 RPP = 18.6% * 1000)	186 MWh	0	0	18.6
GreenPower	200 MWh	0	0	20
Remaining NSW electricity	614 MWh	1.08(RMF)	663.1	-
Gross NSW electricity	1000 MWh		663.1	38.6%
Net NSW electricity			663.1	38.6%
SA OPERATIONS				
Renewable Energy Target (2019 RPP = 18.6%*195 (total grid imported electricity))	36.2 MWh	0	0	18.6
Retired LGCs	100 MWh	0	0	50
Behind the meter (small-scale renewables)	5 MWh	0	0	2.5
Remaining SA electricity	58.8 MWh	1.08 (RMF)	63.5	-
Gross SA electricity usage	200 MWh		63.5	70.6%
Exported Electricity (national scope 2)	5 MWh	0.8	-4	-
Net SA electricity			59.5	70.6%
TOTAL NET ELECTRICTY (SA+NSW)	**1200 MWh**		**722.6**	**43.9%**
Total carbon account deduction though Climate Active certified electricity (NSW)	100 MWh	0.9	-90	-

Location-based method

Electricity source	Activity Data	Emission factor	t CO_2-e
Grid electricity (NSW) (scope 2 and 3)	1000 MWh	0.9	900
Grid electricity (SA) (scope 2 and 3)	195 MWh	0.53	103.4
Behind the meter (SA) (small-scale renewable)	5 MWh	0	0
Gross electricity	1200 MWh		1003.4
TOTAL NET ELECTRICITY (SA+NSW)	**1200 MWh**		**1003.4**
Total carbon account deduction though Climate Active certified electricity (NSW)	100 MWh	0.9	-90

SCOPES

Scope 1 emissions

Scope 1 emissions are direct greenhouse gas emissions that occur from sources owned or controlled by the company.

As per the Climate Active Carbon Neutral Standard for Organisations, all stationary energy and fuels used in buildings, machinery or vehicles in the organisation's control (e.g. natural gas, fuels used in generators or vehicles), must be included in the emission boundary.

Scope 3 emissions associated with the use of these sources are also included under the Standard. They are calculated when entering activity data for Scope 1 sources.

Fugitive emissions: both intentional and unintentional releases e.g. hydrofluorocarbon (HFC) emissions from refrigeration and air conditioning equipment, equipment leaks, methane emissions from coal mines and venting.

Process emissions: physical or chemical processing e.g. cement, aluminium, adipic acid, ammonia manufacture, and waste processing.

Stationary combustion: generation of electricity, heat or steam e.g. boilers, furnaces, turbines.

Mobile combustion: transporting materials, products, waste, and employees. These emissions are from mobile combustion sources e.g. trucks, trains, ships, planes, buses, cars.

Scope 2 emissions

Scope 2 accounts for greenhouse gas emissions generated from purchased electricity consumed by the company. Purchased electricity is electricity purchased or otherwise brought into the organisational boundary of the company.

Scope 2 emissions physically occur at the facility where electricity is generated. As per the Climate Active Carbon Neutral Standard for Organisations, all electricity consumed by buildings, machinery or vehicles in the organisation's control (this includes servers or other machines off-site) must be included in the emissions boundary.

Scope 3 emissions associated with the use of electricity are also included under the Standard and are calculated when entering activity data for Scope 2 sources.

Location-based method

The location-based method provides a picture of a business's electricity emissions in the context of its location, and the emissions intensity of the electricity grid it relies on. It reflects the average emissions intensity of the electricity grid in the location (state) in which energy consumption occurs. The location-based method does not allow for any claims of renewable electricity from grid-imported electricity usage.

Market-based method

The market-based method provides a picture of a business's electricity emissions in the context of its renewable energy investments. It reflects the emissions intensity of different

electricity products, markets and investments. It uses a residual mix factor (RMF) to allow for unique claims on the zero emissions attribute of renewables without double-counting.

Scope 3 emissions

Completing an inventory of a business's scope 3 emissions can be complex. To help with this process, and to improve consistency, comprehensiveness and comparability of different organisations' carbon neutral claims, the section below lists 15 scope 3 categories, and provides general information about the types of activities that should be accounted for in each category.

Relevance test

Size: the emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions.

The entity in charge of preparing the carbon inventory for a business should judge what constitutes 'large' in this context, and apply this definition consistently when testing all emission sources for relevance.

Influence: the responsible entity has the potential to influence the reduction of emissions from a particular source.

Risk: the emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.

Examples of factors that can contribute to an organisation's greenhouse gas risk exposure include:

- laws or regulations relating to greenhouse gas emissions that have been introduced in regions where the organisation, its suppliers, or its customers operate
- interruptions to businesses in an organisation's supply chain, or suppliers passing on higher costs from energy- or emissions-intensive products onto customers
- changes in demand for products according to its emissions intensity
- greenhouse-gas-related lawsuits directed at the organisation or entity in the value chain, and
- negative media coverage or actions from consumers or stakeholders relating to the organisation's greenhouse gas management practices, or the practices of entities in the value chain.

Stakeholders: key stakeholders deem the emissions from a particular source are relevant.

Examples of stakeholders may include executive staff at the organisation, other employees, suppliers, investors, shareholders, customers, or civil society.

Outsourcing: the emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.

Relevance test table

Emission sources tested for relevance	(1) Size	(2) Influence	(3) Risk	(4) Stakeholders	(5) Outsourcing	Included in boundary?
Purchased goods and services	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Capital goods	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Fuel and energy related activities	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Upstream transportation and distribution	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Waste generated in operations	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Business travel	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Employee commuting	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Upstream leased assets	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Downstream transportation and distribution	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Processing of sold products	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Use of sold products	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
End-of-life treatment of sold products	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Downstream leased assets	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Franchises	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Investments	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No

Scope 3 emissions categories

The following information has been adapted from the Greenhouse Gas Protocol Scope 3 Accounting and Reporting Standard and accompanying Scope 3 Calculation Guidance.

Upstream scope 3 emissions

- Purchased goods and services (category 1)

  Extraction, production, and transportation of goods and services purchased or acquired by the reporting entity in the reporting year, which has not already been reported in the other upstream scope 3 emissions categories (categories 2-8).

  This may include:
  - intermediate goods (e.g. materials, components and parts) that the business purchases to process, transform or include in another product
  - final goods purchased for resale (applicable to retail and distribution companies only)

  - products used in office settings, such as office supplies, furniture, computers, telephones, IT support, consulting services, and any cleaning or landscaping services
  - products used when completing maintenance and repairs, such as spare parts and replacement parts.

- Capital goods (category 2)

  Extraction, production and transportation of capital goods purchased and acquired by the reporting entity in the reporting year.

  Capital goods are final goods that are not immediately consumed or further processed by an organisation. They are instead used in their current form by the organisation to manufacture a product, provide a service, or sell, store and deliver merchandise. Examples of capital goods include equipment, machinery, buildings, facilities, and vehicles.

- Fuel- and energy-related activities (category 3)

  Extraction, production, and transportation of fuels and energy purchased or acquired by the reporting entity in the reporting year, not already accounted for in scope 1 or scope 2.

  This can include 4 different activities:

  - upstream emissions of purchased fuels (applicable to end users of fuels)
  - upstream emissions of purchased electricity (applicable to end users of electricity, steam, heating and cooling)
  - transmission and distribution losses (applicable to end users of electricity, steam, heating and cooling)
  - generation of purchased electricity that is sold to end users (applicable to utility companies and energy retailers)

- Upstream transportation and distribution (category 4)

  Transportation and distribution of products purchased by the reporting entity in the reporting year between the entity's suppliers and its own operations. This movement of goods is undertaken in vehicles and facilities not owned or controlled by the reporting entity.

  Emissions may arise from the following transportation and distribution activities throughout the value chain:

  - air transport
  - rail transport
  - road transport
  - marine transport
  - storage of purchased products in warehouses, distribution centres, and retail facilities.

- Waste generated in operations (category 5)

  Disposal and treatment of waste generated in the reporting entity's operations in the reporting year (in facilities not owned or controlled by the reporting entity). Waste treatment activities may include:

- disposal in a landfill
- disposal in a landfill with landfill-gas-to-energy – that is, combustion of landfill gas to generate electricity
- recovery for recycling
- incineration
- composting
- waste-to-energy or energy-from-waste – that is, combustion of municipal solid waste to generate electricity
- wastewater treatment.

A reporting entity's scope 3 emissions from waste generated in operations derive from the scope 1 and scope 2 emissions of solid waste and wastewater management companies. Companies may optionally include emissions from waste transportation in vehicles operated by a third party.

- Business travel (category 6)

  Employee transportation for business-related activities during the reporting year (in vehicles not owned or operated by the reporting entity). Emissions from business travel may arise from:

  - air travel
  - rail travel
  - bus travel
  - automobile travel (e.g. business travel in rental cars or employee-owned vehicles other than employee commuting to and from work)
  - other modes of travel.

  It is optional for organisations to include emissions from business travellers staying in hotels.

  A reporting company's scope 3 emissions from business travel include the scope 1 and scope 2 emissions of transportation companies (e.g. airlines).

- Employee commuting (category 7)

  Employee transportation between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting entity).

  Emissions from employee commuting may arise from:

  - automobile travel
  - bus travel
  - rail travel
  - air travel
  - other modes of transportation (e.g. water transport, bicycling, walking).

  Companies may include emissions from teleworking (i.e. employees working remotely) in this category. A reporting company's scope 3 emissions from employee commuting include the scope 1 and scope 2 emissions of employees and third-party transportation providers.

- Upstream leased assets (category 8)

  Operation of assets leased by the reporting entity (the lessee) in the reporting year, which are not included in the scope 1 and 2 emissions reported already by the lessee. This should include the scope 1 and 2 emissions of lessors that occur from operating the asset, such as from energy use of a building.

  For businesses that own and lease assets to others (i.e. lessors), see category 13 (Downstream leased assets).

Downstream scope 3 emissions

- Downstream transportation and distribution (category 9)

  Transportation and distribution of products sold by the reporting entity in the reporting year between the entity's operations and the end customer, where this movement of goods takes place in vehicles and facilities not owned or controlled by the reporting entity.

  If a business pays for the transportation and/or distribution of its sold products to a retailer, this is accounted for in category 4 (upstream transportation and distribution), not category 9, as it is considered a purchased good and service. Category 9 only includes emissions from transportation and distribution of products after the point of sale.

  Emissions from downstream transportation and distribution can arise from:

  - storage of sold products in warehouses and distribution centres
  - storage of sold products in retail facilities
  - air transport
  - rail transport
  - road transport
  - marine transport.

- Processing of sold products (category 10)

  Processing of intermediate products sold in the reporting year by downstream companies, such as manufacturers. This should include the scope 1 and 2 emissions from downstream companies that occur during processing, such as from energy use.

  Sometimes a business may not know the eventual end use of the intermediate products they sell to customers, such as when the product can have a range of downstream applications. In this case, the business must disclose and justify the exclusion of downstream emissions from the relevant scope 3 categories in their carbon inventory.

- Use of sold products (category 11)

  The end use of goods and services sold by the reporting entity in the reporting year. This should include the emissions from the direct use-phase of sold products over their expected lifetime.

Examples may include:

- products that directly consume energy during use, such as automobiles, aircraft, appliances, electronics and data centres
- fuels and feedstocks, such as petroleum products, natural gas or biofuels
- products that contain or form greenhouse gases that are emitted during use, such as carbon dioxide, refrigeration and air conditioning equipment, industrial gases, fire extinguishers, or fertilisers.

- End-of-life treatment of sold products (category 12)

  Waste disposal and treatment of products sold by the reporting entity in the reporting year at the end of their life. This should include the scope 1 and 2 emissions of waste management companies that occur during disposal or treatment of sold products. Potential end-of-life treatment methods (e.g. landfilling, incineration) are described in category 5.

- Downstream leased assets (category 13)

  Operation of assets owned by the reporting company (the lessor) and leased to other entities in the reporting year, which are not already included in scope 1 and 2 emissions reported by the lessor.

  If a business does not find it useful to distinguish between products sold to customers (category 11) and products leased to customers (category 13), it may account for the latter by reporting emissions from leased products in category 11, rather than category 13.

- Franchises (category 14)

  Operation of franchises in the reporting year, which are not already included in scope 1 and 2 emissions reported by the franchisor.

  A franchise is a business operating under a licence to sell or distribute another company's goods or services within a certain location.

- Investments (category 15)

  Operation of investments (including equity and debt investments, project finance, and management investments and client services) in the reporting year, not included in scope 1 or scope 2.

  This category applies to investors and companies that provide financial services, as well as private financial institutions such as commercial banks, and public financial institutions and other entities with investments not included in scope 1 and 2.

EMISSIONS REDUCTION STRATEGY

The emissions reductions strategy outlines the measures you will take to reduce emissions over time, including a clear and succinct emissions reduction target.

The requirements listed below are mandatory from reporting period CY2021 and FY2021-22. In this section, the term 'must' is used to indicate mandatory components or characteristics of the emissions reduction strategy; the term 'should' is used to indicate a recommendation, but not a requirement.

The emissions reductions strategy:

- **must** contain a quantified and time-bound emissions reduction target with an achievement date that is set at least 5 years in the future
    - For example, "Company X commits to reduce all emissions in our value chain by 20% by 2030, from a 2021 base year."
    - A business can set multiple targets or goals. For example, "Company Y commits to reduce scope 1 and 2 emissions by 40% by 2030, compared to a 2019 base year. We also commit to reduce scope 3 emissions by 20% within the same timeframe, relative to the same baseline."
    - Product and service certifications can set both absolute reduction and emissions intensity reduction targets.
    - It is strongly recommended that any sub-targets, objectives and actions that contribute to achieving the overall emissions reduction target are also bound by clear deadlines.
- **must** demonstrate an intention to reduce emissions, on average, over time
    - If emissions rise during a reporting period, members must provide the reasons for the increase, such as business growth, increased travel or transportation, including a previously excluded emissions source
- **must** have actions that are measurable
- **should** be verifiable
    - For example, members should include hyperlinks to any public statement or other public material (such as reports or websites) that shows their commitment to reduce emissions is viable and provable
- **should** disaggregate emissions reduction actions by scope and year.

If you believe your emissions reduction strategy will not meet these requirements, you should contact the Climate Active team at climate.active@industry.gov.au before submitting your PDS and other reporting documents. You will need to outline your business's circumstances and explain why they prevent you from meeting the above requirements.

Example 1 - Product/service certification

Company A commits to reduce scope 1, 2 and 3 emissions by 30% per product by 2030 compared to a 2018 baseline. Company A also commits to reduce total emissions of its business operations by 40% by 2028, from a 2018 baseline.

The emission reduction strategy for the product will include the following actions:

- Scope 1 emissions will be reduced by:
    - Monitoring the natural gas usage at the factory and reducing this by 10% each year. Monitoring will include a thorough investigation of the pipes and an increase in maintenance and repair routines.
    - An increased maintenance and repair schedule of the diesel generator to ensure it is functionally efficient. We will also explore using lower emission diesels, such as bio diesel to reduce the footprint of the generator. Ultimately we plan to move to a factory with solar panels installed (see scope 2 emission reduction strategies).
- Scope 2 emissions will be reduced by:
    - Moving to a factory with solar panels installed on the roof in the next 3 years. This will be supported by battery backup and using 100% renewable electricity from the grid (e.g. GreenPower) when electricity demand is greater than capacity from the solar panels.
- Scope 3 emissions will be reduced by:
    - Changing product packaging from plastic to recycled cardboard over the next 5 years.
    - Waste streaming and installing different bins for different waste types, reducing landfill over the next 4 years.

The emission reduction strategy for the business operations include the following actions:

- Scope 1 emissions will be reduced by:
    - Purchasing two electric fleet vehicles to replace exiting petrol vehicles within 3 years, and installing a charging station at the main office premises.
- Scope 2 emissions will be reduced by:
    - Increasing the efficiency of the air conditioning units in the office by replacing older units with new efficient models.
    - As the main office is located within the factory, the move to a factory with solar panels will also reduce the scope 2 emissions from the business operations. The move will occur within the next three years.
- Scope 3 emissions will be reduced by:
    - Encouraging public transport and walking/cycling for the staff commute by providing end of trip facilities.
    - Discouraging air and other vehicle travel to attend business meetings, where a teleconferencing format is suitable.

Emissions since base year			
	Total tCO_2-e		
	Scope 1	Scope 2	Scope 3
Base year: 20XX-XX			
Year 1: 20XX-XX			
Current year: Year 2: 20XX-XX			

Example 2 - Organisation certification

Company B commits to reduce scope 1, 2 and 3 emissions by 50% by 2030, compared to a 2022 baseline. This will include the following actions:

- Scope 1 emissions will be reduced by:
    - Switching the fuel in the diesel generator from regular diesel to biodiesel in the next 2 years. By 2030, the longer term plan is to install solar panels and use battery backup during black outs rather than the diesel generator.
- Scope 2 emissions will be reduced by:
    - Increasing the efficiency of heating, ventilation and air conditioning units by replacing older units with new efficient models.
    - Monitoring and checking data room temperatures to ensure they are set at an optimum temperature. Monitoring will occur on a monthly basis by the property team.
    - Replacing all T8 light bulbs with LED fixtures in office buildings (where we have control over tenancy light and power) over the next 3 years.
    - Switching to 100% renewable electricity by 2025.
- Scope 3 emissions will be reduced by:
    - Waste streaming and installing bins for different waste types to reduce landfill over the next 4 years.
    - Reducing flights by using video conferencing instead of flying. We expect to reduce emissions from business travel by 60% by 2025, relative to our 2022 numbers.

Emissions since base year			
	Total tCO_2e		
	Scope 1	Scope 2	Scope 3
Base year: 20XX-XX			
Year 1: 20XX-XX			
Current year: Year 2: 20XX-XX			

For further guidance, refer to section 2.4 of the Climate Active Carbon Neutral Standard for Organisations.

INVENTORY INSTRUCTIONS

Open the *Reporting_external_Inventory* excel spreadsheet.

Begin by reading the 'Start Here' tab.

The 'Inventory' tab is where you need to input activity data. Please read the instructions, and complete the top information table (B8-B11).

Do not delete any tabs.

If there are any issues with locked cells or formulas, please let Climate Active know via email and we will amend for you within 2 business days.

The *Reporting_external_Inventory* excel spreadsheet is for small, medium and large organisations, simple services, precincts, and large and small events.

If you are a complex service or a product, you will be required to use an alternative inventory. Instructions for how to complete an alternative inventory can found further below.

Inventory

1. Columns A, C and D ('Identifier', 'Emission Category', 'Emission source') relate to the name and category of emission sources. Emission categories can be filtered, making it easier to find required emission sources. Some categories contain multiple similar emission sources, select the most appropriate for your account. You may also use column E to help you decide which emission factor to use. For 'GHG Category (Optional)' (column B), you may make a selection from the drop-down list.
2. 'Small org (office) eligibility' and 'Small org (non-office) eligibility (columns F and G) are relevant for small organisations only. If you are not a small organisation, please ignore. If you are a small organisation, no more than 20% of your emissions total (as tCO_2-e) can come from sources labelled 'Not a small org defined emission source'. This can be checked using the 'PIVOT – Small org 80% check' tab. Further instructions can be found below.
3. 'Unit of Activity data' (column E) is the unit that 'Activity data' (column H) and 'Previous year's activity data' (column I) need to be entered in as. For example, if it says kL (kilolitres), and you have data as L (litres), you will need to convert your data to kL. See Appendix 2 of the National Greenhouse Accounts Factors for further information.
4. 'Activity data source' (column J) acts as a point of truth as to where the data has come from e.g. invoices, travel records, surveys etc.
5. 'Activity data type' (column K) needs to be selected from the drop-down. If data is estimated, provide any assumptions/limitations into column L. For more information regarding activity data hierarchy, see the relevant section of this manual.
6. Ensure all relevant-quantified and relevant non-quantified emission sources are included in the inventory. Show their classification in the respective 'Relevance and quantification' column; if the data is relevant (non-quantified), select a reason for non-quantification in the 'Reason for non-quantification' column.

   Excluded emission sources do not always easily match our emission sources in the inventory, therefore they are not required to be added. If you do decide to include excluded emission sources in the inventory, ensure 'excluded' is selected in the

'relevance and quantification' column. Ensure these are reported appropriately in the public disclosure statement.

7. Column O is important if there are multiple certifications (e.g. large organisation and simple service). If you are only one certification, please select 'n/a' from the drop-down.

   - If you are a large organisation and a simple service:
     - if there are emissions only relevant to the organisation and not the service, choose 'n/a' for column O and choose the appropriate drop-down from column M
     - if there are emissions only relevant to the service and not the organisation, choose 'n/a' for column O and choose the appropriate drop-down from column P
     - the organisation is always the parent certification, therefore shared emissions must have both column M and column P completed. Column O must be 'simple service' from the drop-down.
   - If you are only a simple service:
     - do not complete 'Relevance and quantification' (column M) as these are only used for the organisation rules. Instead, complete 'Simple Service quantification'; 'N/a' can be selected from the drop-down in column M.

8. Client emission scopes can be reported in column Q, but note this is optional for your report.
9. Columns R to Y relate to emission factors, with column AB showing the emission factor unit. We have split emission factor scopes so you can see the totals for each, and how they are composed.
10. The kg CO_2-e for each emission source will be generated in column Z. Cell Z12 will show the total kg CO_2-e in the inventory.
11. Columns AC and AD contain formulas comparing the percentage change from previous years activity data, and the total contribution to the inventory. These cells will turn red if they are greater or less than a 5% change. These emissions will need to be discussed in the public disclosure statement.
12. Columns AF and AG may contain information relating to the emission sources or emission factors. Column AH is the emission factor reference. Please ensure the emission factor reference is provided for any bespoke emissions.

Notes

- If there are any Climate Active emission factors that you feel are inappropriate for your account, add your emission factors as bespoke. If you do this, provide a reason why your factor is more appropriate and also provide a direct reference to the source of the emission factor.

  You may not add bespoke emission factors for flights (unless your emission factors include RF and WTT). Note that bespoke emission sources are not suitable for small organisations, however they can be used if the total of emissions equate to less than 20% of emissions.

  To add a bespoke:

  a. Go to column C 'Emission Category' and filter by 'Bespoke'.

b. Follow the instructions for each column, and ensure all relevant cells are completed, including those that are usually prefilled.

c. Reference the database, website, peer-reviewed paper or other evidence source for the bespoke emission factor used (column AH).

- Please ensure the electricity calculator is completed for electricity emissions, with either market-based method (identifier 2002) or location-based method (identifier 2845) lines filled out. Refer to the electricity calculator instructions to help you complete this.
- The Climate Active calculators can be used to help you calculate emissions if you do not have an alternative method. Please see the activity data hierarchy section of this manual for further information.
- If you wish to duplicate a line, select 'use for duplicates' from 'Emission Category' (column C). Copy the cells from the desired line you wish to duplicate, and paste into a duplicate cell. If you have any issues, please contact Climate Active and we will do this for you.
- If you have used an emission factor in a previous version of the inventory that has since been removed, please consult the 'Version History and Changes' tab to find an alternative.

Uplifts

Once all relevant rows are completed, move along to the 'Uplifts' tab. If you have any uplifts for your account, follow the headings and enter these here.

An uplift factor is an amount (set kg CO_2-e or % of carbon footprint) added to the total carbon inventory when emissions cannot be reasonably quantified or estimated. These are used to account for material, relevant or attributable emissions. For example, all small organisations are required to include a 5% uplift.

Year on year change

1. The 'Year on Year Change' tab must be completed. Any emission sources in the inventory tab (column AC and AD) that turn pink, are required to be added into this table. This occurs when emissions have changed by more or less than 5% and contribute more than 5% to the total emissions.

   For example, a reason flight emissions may have decreased could be due to COVID-19 impacts.

2. This will need to be copied into and discussed in the public disclosure statement under the Emissions Summary section.

Inventory Pivot Table tab

The Inventory Pivot Table can help you fill out your public disclosure statement emission summary table. This may also help you check that you have input all relevant and required emissions for your report. Do not include any row labels in the PDS that have zero emissions.

Pivot – Small org 80% check tab

This tab is only required for small organisations. Use this tab to check that no more than 20% of emissions are either a 'not an office small org defined emission source' or 'not a non-office

small org defined emission source'. If this is the case, you are not able to use the small organisation certification.

For more information on all eligibility criteria, see the 'Small Organisations' section of this manual.

As per the 'Inventory Pivot Table' tab instructions, click anywhere in the Pivot Table and refresh after inputting data into the inventory.

Data validation and Version history & changes tabs

Please do not edit or delete the tabs entitled 'Data validation' or 'Version history and changes'. This can affect the drop-downs and formulas, and are useful of keeping track of which version of the inventory is being used.

ALTERNATIVE TO INVENTORY – PRODUCT AND COMPLEX SERVICE

Open the *Reporting_external_Inventory_Product & Complex Service alternative to inventory* document. Begin by reading the 'Start Here' tab.

The 'Emission Sources' tab is where you need to input activity data. Please read the instructions.

Do not delete any tabs.

If there are any issues with locked cells or formulas, please let Climate Active know via email and we will amend for you. This inventory is for Products and Complex Services.

Emission sources

1. Column A (Attributable Emission source name) relates to the name of the emission source. This will need to be input manually and should match your PDS.
2. Column B (Emission Factor) needs to list the emission factor used for this emission source. The Unit (column C) and Emission factor reference (column D) also need to be entered). These should match your LCA.
3. Column E is where you enter activity data. Activity data multiplied by the Emission factor should approximately equal column J, 'Current year emissions'.
4. Client emission scopes can be reported in column F, but note this is optional for your report.
5. Column G is important if there are multiple certifications (e.g. large organisation and complex service). If you are only one certification, please select 'n/a' from the drop-down.
6. Show the emission sources' classification in column I, which is either attributable quantified, non-quantified or excluded in the account.
7. Total tCO_2-e needs to be entered into column J. If it is an ongoing certification, please enter the previous year's tCO_2-e into column K. Columns L and M will calculate automatically, and if these cells go red you will need to report on these changes in the PDS.

Functional unit

1. Read the instructions.
2. Enter your functional unit description into cell B9. This will need to match your PDS.
3. Please choose how you would like to represent your functional units sold into the PDS, and enter this number into cell B12.
4. Cell B14 represents the total functional units represented by the inventory. Please input this number.
5. This will then calculate the emissions per functional unit (B16) and the total carbon footprint to offset (B17). Please ensure these match your PDS.

PDS export

1. All information should be ready to copy and paste into the PDS. If there are errors in data, please revisit the previous tabs.

ELECTRICITY CALCULATOR INSTRUCTIONS

These instructions will help you use the electricity calculator as part of your certification.

- Grey cells are locked and must not be edited.
- Dark green cells often contain instructions to follow.
- Enter data/select options in the green and blue cells.
- Click on purple cells to see further information.

See 'Electricity Accounting Rules' section of this manual for further information about the methodology and assumptions behind this calculator.

1. Start at the 'Start Here' tab, read the definitions and guidance before you begin.
2. The 'Building Energy Use' tab can be used to estimate building energy use if actual data is not known for the 'Electricity Input' tab.
    2.1. Follow the steps, the dark blue cells shows the outputs.
3. Go to the 'Electricity Input' tab.
    3.1. See Instructions.
    3.2. Add details of any LGCs voluntarily retired either directly or through PPAs in cell A21.

    LGCs are large-scale generation certificates that can be used to account for electricity based emissions (Scope 2 & 3) with a zero emissions attribute. One retired LGC equates to one MWh of zero emissions of electricity consumption in the carbon account.

    Note that this is only available under market-based approach, not location-based approach. Evidence of retirement (including serial numbers) must be provided to Climate Active. See *Renewable Energy Certificates* section of this manual for more information.

    3.3. Enter the high-level details for each of the electricity consumption sources as relevant in columns A B C (rows 25 downwards).

    Electricity can be entered separately for each electricity consumption source, or a group of 'like' sources can be consolidated together into a source "building".

    You may add consolidated data as a single source for a group of 'like' sources if ALL of the following are true:

    - the sources are all in the same state/territory
    - the sources all have the same percentage of GreenPower or you are able to enter a total amount of GreenPower across the sources as a kWh
    - you have a total for onsite generation across the buildings (as kWh), and
    - you maintain appropriate records that can be audited easily and matched to a total across the sources in the group.

3.4. Enter the total electricity for each against 'tenancy light and power' and/or 'base building'. Tenancy and base building are suggested categories only. If you are entering data for other (e.g. non-building related) electricity use, this can be entered under either category.

3.5. (Column E, rows 26 downwards) Choose from the drop-down the type of data that is being entered. If you do not have actual data, please select 'calculator' for either light and power, base building, or both. 'Total electricity consumed (kWh)' then needs to be estimated using the 'Building energy use' calculator tab.

3.6. Otherwise, enter a number into the relevant cells (e.g. F26 and F27). If light and power electricity was not separate to base building electricity, only one row (e.g. row 26 or row 27) is required to be input for the building.

Note: Tenancy electricity usage is power that is used by the office such as lights and power to desks. Base building electricity usage is power used to run the building, such as lifts, heating and cooling.

4. Continue to answer the questions in the table for GreenPower, renewable onsite generation consumed both behind the meter and exported to the grid. If you do not know your onsite electricity generation and have solar generation, see *solar generation on site* section of this manual.

- GreenPower is 100% renewable electricity that can be bought from most electricity retailers. Upon purchase of GreenPower, LGCs are surrendered supporting renewable energy generation. GreenPower is assigned a 'zero' emission factor in a carbon account, and can only be used to offset electricity based emissions (direct or indirect) under the market-based method. GreenPower cannot be used under the location-based method.

  Please see *GreenPower* section of this manual for more information.

- Behind the meter usage is local renewable electricity generated on site where it will be used. The most common of these types of electricity is solar power. If behind the meter electricity usage is from large-scale systems, these can be reported and assigned an emissions factor of zero in the carbon account if LGCs are retired. If this electricity comes from small scale systems, they can also be assigned an emission factor of zero in the carbon account regardless of whether STCs (small-scale technology certificates) are retired.

  Please see *local renewable energy generation* section of this manual for more information. If you do not know your onsite electricity generation see guidance in *solar generation on site* section of this manual.

- Renewable Electricity Generation exported from the generation facility to the grid can occur when the energy demand at your building is low. When all electricity you need is used, excess can be sent to the grid. The electricity exported to the grid can be counted for as a reduction in your carbon account under the market-based method.

  The exported electricity is multiplied by the national scope 2 electricity factor for that year of generation, converting into its emissions reduction equivalent. Exported

electricity must not have an LGC attached to it that has been sold or transferred to another party, but this does not matter if there is an STC.

Please see *local renewable energy generation* section of this manual for more information.

5. On the 'refresh pivot' tab, follow the action and refresh the pivot table.
6. The data for each building in the 'Electricity input' tab will then be pulled across by excel to the output tabs (e.g. CY2021, FY 21-22 etc.).
   6.1. Follow the 'Action' cells. You do not need to edit any cells on the output tabs.
   6.2. Two output tables are generated from your inputted data. These are the market-based approach and the location-based approach tables. You must choose one method which you will use to account for electricity in your main carbon inventory.
   6.3. If you choose to use the market-based approach, cell F21 equals activity data for the main carbon inventory and corresponds to emission source 2002.
   6.4. If you choose to use the location-based approach, cell F22 equals activity data for the main carbon inventory and corresponds to emission source 2845.

Additional definitions

Jurisdictional renewable energy targets

Jurisdictional renewable energy targets will be set by Climate Active. Climate Active classifies 100% of electricity consumption in the ACT as renewable. You can read about the methodology underpinning the ACT Government's renewable electricity claim. As more states become 100% renewable we will add more to the calculator.

Renewable Energy Target (applied only to grid electricity)

This scheme is designed to incentivise renewable electricity generation and reduce electricity emissions. The RET includes the large-scale renewable energy target (LRET) and the small-scale renewable energy scheme (SRES).

The location-based method does not get accounted for any differently, as it is already included when converting electricity into t CO_2-e for each state.

The marked-based method is accounted for separately, with the LRET percentage being reflected by the Renewable Power Percentage (RPP = 19.31% for 2020) multiplied by the MWh of electricity. This is given an emission factor of zero in the carbon account.

See *renewable energy target* section of this manual for more information.

Carbon neutral power

Carbon neutral power was removed from the electricity calculator, as it is now treated as a 'product' in the inventory. It is converted into its emission equivalent rather than zero, and then deducted from the gross carbon account offset liability. Each brand of carbon neutral power has its own relevant emission factor, which must be used to calculate the emissions of the electricity.

ROLES AND RESPONSIBILITIES

Climate Active team

Policy

- Maintain/update the Standards.
- Maintain/update guidance materials.
- Maintain/update Licence Agreements and associated schedules.
- Identify and build partnerships with other climate action schemes where relevant.

Advice

- Provide initial advice on certification proposals.
- Respond to enquiries.
- Promote the benefits of carbon neutral certification.
- Clarify policy intent and answer specific questions on the appropriateness of certification proposals.

Branding/marketing

- Network member engagement.
- Promote carbon neutral certification through media and stakeholders.
- Promote certified businesses.
- Develop and implement communication strategies, content and materials.
- Maintain the Climate Active website and social media channels.
- Host Climate Active Network meetings.

Administration

- Develop and maintain the online reporting platform.
- Develop and maintain reporting templates.
- Issue invoices for certification fees.
- Send report reminders.

Regulation/approval

- Approve certification applications.
- Maintain and update agreed upon procedures for audits and verifications in line with best practice.
- Maintain and publish technical assessor questions in line with best practice.
- Verify eligibility of offsets in carbon neutral claims.
- Review client content in public disclosure statement and application for accuracy.
- Quality check work conducted by registered consultants and auditors.
- Engage independent auditor/verifier to perform risk-based verification and audits of carbon neutral claims.
- Publish and implement compliance procedures including suspension and termination of licences.

Registered consultants

- Help clients to determine the appropriate certification type in the description of their certification.
- Help clients to complete their application form.
- Help clients to establish their emission boundary including an LCA for products/services.
- Help clients to complete their carbon inventory
    - collect appropriate data
    - establish appropriate estimation methods where applicable.
- Help clients to develop their emission reduction strategy.
- Sign a declaration to confirm the carbon inventory meets all the requirements of the technical assessment.
- Abide by the registered consultant Terms and Conditions.
- Help clients to correct any 'no' responses in the technical assessment checklist.

Technical assessors

- Complete the technical assessment checklist with yes/no answers.
- Note: the technical assessor is unable to provide advice on how to address any 'no' responses. They must be engaged as a registered consultant to provide this advice.

Data validators

Assurance auditor

- Complete an assurance audit against the relevant Standard in accordance with ASAE 3000.
- Provide corrective action requests and observations where relevant.

Source data verifier

- Compete the relevant agreed upon procedures for source data verification.

Products and services verifier

- Complete the relevant agreed upon procedures for source data verification.
- A data validator must meet the relevant qualification in the validation schedule.
- The validator may be the same person as the person who conducted the technical assessment but not if they took on the role of registered consultant.

CLIMATE ACTIVE CERTIFICATION CRITERIA, FEES & SCHEDULES

				Initial certification		Ongoing certification or recurring event	
Certification type	**Emissions bracket for fees**	**Fee (GST inc) ***	**Criteria for certification type**	**Technical assessment**	**Third party validation ****	**Technical assessment**	**Third party validation ***
Small organisation	≤ 1,000t CO_2-e	$861	An organisation with: • a carbon footprint < 1,000t CO_2-e; • an annual turnover < $10M: • consolidated gross assets < $30M; • less than 30 employees (Full Time Equivalent); • has 80% or more of its total emissions from the small organisation emissions boundary defined in the Climate Active inventory; and • will not be seeking an additional certification. If an additional certification is applied for, you must complete the current reporting period as a small organisation and then add your additional certification. You will no longer be eligible as a small organisation and will be classified as a medium organisation.	Not required	Type 1	Not required	Type 1 required if base year recalculation is required
Medium organisation	≤ 2,000t CO_2-e	$2,759.30	An organisation with: • a carbon footprint between 1,000t and 25,000t CO_2-e; or • a carbon footprint < 1,000t CO_2-e; and • an annual turnover ≥ $10M or consolidated gross assets ≥ $30M or ≥ 30 employees (FTE) or less than 80% of its total emissions from the small organisation emissions boundary defined in the Portal	Required	Type 1	Required every 3 years or whenever base year recalculation is required	Type 1 required if base year recalculation is required
	2,000 ≤ 10,000t CO_2-e	$8,388.60					
	10,000 ≤ 80,000t CO_2-e	$13,908.25					
Large organisation	10,000 ≤ 80,000t CO_2-e	$13,908.25	An organisation with a carbon footprint ≥ 25,000t CO_2-e	Required	Type 2	Required every 3 years or whenever base year recalculation is required	Type 2 required if base year recalculation is required
	≥ 80,000t CO_2-e	$19,868.60					
Simple service	≤ 2,000t CO_2-e	$2,759.30	A service that has **80% or more** of its total emissions from emissions sources available in the Portal.	Required	Type 1	Required every 3 years or whenever base year recalculation is required	Type 1 required if base year recalculation is required
	2,000 ≤ 10,000t CO_2-e	$8,388.60					
	10,000 ≤ 80,000t CO_2-e	$13,908.25					
	≥ 80,000t CO_2-e	$19,868.60					
Complex service	≤ 2,000t CO_2-e	$2,759.30	A service that has **less than 80%** of its total emissions from emissions sources available in the Portal	Required	Type 3	Required every 3 years or whenever base year recalculation is required	Type 3 required if base year recalculation is required
	2,000 ≤ 10,000t CO_2-e	$8,388.60					
	10,000 ≤ 80,000t CO_2-e	$13,908.25					
	≥ 80,000t CO_2-e	$19,868.60					
Product	≤ 2,000t CO_2-e	$2,759.30	A tangible (and usually physical) good	Required	Type 3	Required every 3 years or whenever base year recalculation is required	Type 3 required if base year recalculation is required
	2,000 ≤ 10,000t CO_2-e	$8,388.60					
	10,000 ≤ 80,000t CO_2-e	$13,908.25					
	≥ 80,000t CO_2-e	$19,868.60					
Precinct	≤ 2,000t CO_2-e	$2,759.30	A precinct or district is a discernible area 'more than a building and less than a city' and is primarily defined by its geographic boundaries.	Required	Type 2	Required every 3 years or whenever base year recalculation is required	During the construction phases of the precinct, if new emissions sources result in a >10% change in total emissions from the base year within a 3 year period, an additional Type 2 will be required. This reflects that precincts may be completed in phases. Type 2 required if base year recalculation is required.
	2,000 ≤ 10,000t CO_2-e	$8,388.60					
	10,000 ≤ 80,000t CO_2-e	$13,908.25					
	≥ 80,000t CO_2-e	$19,868.60					
Small event		$861	An event with: • up to 5,000 attendees; or • up to 10,000 attendees and where the event is one day or less in duration.	Not required	Not required	Not required	Not required
Large event		$1,615.40	An event with: • more than 10,000 attendees; or • more than 5,000 attendees and where the event is more than one day in duration.	Required	**Pre- event**: Not required **Post event**: Type 1 required or for the first large event in an event portfolio	Every 3 years	Not required

*Fees are current as of 1 July 2022. Fees increase by 2.5% on 1 July of each year. **See the Licence Agreement for descriptions of Types 1, 2 and 3.