**technical guidance**

**manual**

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**Publication Disclaimer**

*The Department acknowledges the traditional owners of country throughout Australia and their continuing connection to land, sea and community. We pay our respects to them and their cultures and to their elders both past and present.*

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**Version history**

|  |  |
| --- | --- |
| **Date** | **Changes summary** |
| 16 March 2023 | 1. Removed duplicated information (electricity accounting rules; electricity calculator instructions; inventory instructions;).
2. Clarified quantification requirement for mandatory emissions sources under small organisation pathway;
3. Addition of frequently asked technical questions
 |
| 30 January 2023 | 1. Useful links
2. Updated certification application process for Organisation, Event, Precinct, Product/Service.
3. Addition of Upfront Carbon of Buildings (Product) certification information and application process.
 |
| 10 January 2023 | 1. Removed text on minimum Australian Carbon Credit Units requirement.
 |

# 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/technical-assessment-carbon-neutral-certification)
* [Third party validation for carbon neutral certification](https://www.climateactive.org.au/be-climate-active/tools-and-resources/third-party-validation-guidance-and-verification-procedures)
* [Small organisation declaration form](https://www.climateactive.org.au/be-climate-active/tools-and-resources/small-organisation-declaration)
* [Climate Active Licence Agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement)
* [Climate Active Licence Agreement – Annex A – Requirements for Upfront Carbon for Buildings – Climate Active pathway](https://www.climateactive.org.au/be-climate-active/tools-and-resources/upfront-carbon-buildings-annex-a-licence-agreement)
* [Climate Active Affiliate Agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/affiliate-agreement)
* [User Guide for the Climate Active Carbon Neutral Certification Trade Mark](https://www.climateactive.org.au/be-climate-active/tools-and-resources/user-guide-climate-active-carbon-neutral-standard-certification-trade-mark)
* [Climate Active Carbon Neutral Standard for Organisations](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-organisations)
* [Climate Active Carbon Neutral Standard for Buildings](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-buildings)
* [Climate Active Carbon Neutral Standard for Events](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-events)
* [Climate Active Carbon Neutral Standard for Precincts](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-precincts)
* [Climate Active Carbon Neutral Standard for Products & Services](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-products-and-services)
* [Upfront Carbon for Buildings (product certification) guideline](https://www.climateactive.org.au/be-climate-active/tools-and-resources/guideline-upfront-carbon-for-buildings)
* [Registered consultants list](https://www.climateactive.org.au/be-climate-active/register-consultants-climate-active-certification)
* [FAQs](https://www.climateactive.org.au/be-climate-active/faqs)

#### For more information

Visit our website: [climateactive.org.au](http://www.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 CO2-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 CO²-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.

#### Meaningful comparison of data

Refers to the meaningful comparison of data that enables year on year like comparisons of data

#### 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.

#### Representative data (organisation/product certification)

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.

#### 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 validated. Ongoing carbon neutral claims are subject to a third party validation by an assurance practitioner 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.

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

#### Uplift factor

An uplift factor is an amount (set kg CO2-e or % of carbon footprint) added to the total carbon inventory. Uplift factors are used to reduce the risk of emissions being underestimated in the carbon account for material, relevant or attributable emissions, when emissions cannot be reasonably quantified or estimated. Further information regarding the use of uplift factors is found within each certification process listed in the Technical Guidance Manual.

#### 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 account for relevant emissions that are difficult to reasonably quantify or estimate due to limitations in current data sets. To help determine an appropriate uplift factor, you could, for example, compare known and relative sized emission sources and apply an uplift factor to match the highest emission range of the known emission source.

Refer to 2.3.1 of the [Climate Active Carbon Neutral Standard for Organisations](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-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

Apply for certification via the Climate Active [user Portal](https://portal.climateactive.org.au/).

You can view a sample of the application form [here](https://www.climateactive.org.au/climate-active-certification-sample-application-form).

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

### 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](https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-licence-agreement.pdf) 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](https://www.climateactive.org.au/be-climate-active/certification/register-consultants-climate-active-certification) is available on our website.

Guidance on creating your emissions 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](http://www.climateactive.org.au/buy-climate-active/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

#### Small organisation pathway

If you are a small organisation you will need a third party validation. You do not need a technical assessment, however you must complete a copy of the [small organisation declaration form](https://www.climateactive.org.au/be-climate-active/tools-and-resources/small-organisation-declaration). To see if you qualify as a small organisation, refer to the *Small organisations* section.

#### Medium and large organisation pathway

**Option 1:** If a registered consultant prepared your inventory, they can also sign off on the technical assessment. However, the third party validation must be undertaken by a different organisation and assurance practitioner, other than the organisation and registered consultant who prepared the inventory and technical assessment.

**Option 2:** If you prepared the carbon inventory yourself you will need to engage a registered consultant to conduct a technical assessment and also engage a qualified assurance practitioner to complete a third party validation. The third party validation may be prepared by the same organisation that completed the technical assessment (pending relevant qualifications), however, the lead on the technical assessment should be a different lead assurance practitioner to the third party validation.

See the third party validation schedule in the [Licence Agreement](https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-licence-agreement.pdf) 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 or small organisation declaration and third party validation report to Climate Active via the user Portal.

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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement).

Depending on your certification’s first reporting period you may initially be issued more than one invoice as certification fees are issued at the start of the reporting period.

For example, if in March 2023 you submit your initial reports for certification of the CY2022 period you will be issued an invoice for this reporting period. You will also be issued an invoice for the CY2023 reporting period as certification fees for this reporting period were issued in January 2023.

Certification fees allow Climate Active to continue to provide support to members during the year.  This includes communication activities, trade mark use, network meetings and broader program administration (assessment of reporting documents, licence agreements,
template updates, technical guidance and so on).

### 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: Maintaining certification

Once your initial certification is approved you will move to your yearly reporting schedule to maintain certification, as outlined in the Licence agreement. This means that your carbon neutral status is maintained between reporting dates and you will continue to be listed as a certified brand on the Climate Active website.

Your yearly reports must be submitted via the user Portal by the due date that corresponds to your reporting cycle.

### Withdrawing certification

If you intend to withdraw your certification(s), you must notify us at Climate.Active@industry.gov.au. As outlined in the Licence Agreement, your withdrawal will take effect 30 business days from the date of notification. We strongly encourage you to notify us as early as possible, as we may ask you to report for the period until the withdrawal takes effect.

## 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 carbon emissions data (that is able to be validated) 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.

### Emissions over time

If the emissions from a particular emission source have changed by at least 10% compared to the previous year, AND the emissions from this source make up at least 10% of the total carbon inventory, then you must disclose the reason for this change.

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 validation.
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 CO2-e (excluding mandatory 5% uplift);
* 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: The Small Organisation certification pathway offers a simplified, streamlined and reduced fee mechanism to support small enterprises in achieving their carbon neutral ambitions. 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.

\* Full Time Equivalent may include an annual average to account for short term fluctuations.

## 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 emissions boundary. The following emissions are deemed:

* 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 must not exclude any of the above emission sources from the small organisational certification boundary, even if they do not occur. If they do not occur, you must quantify the source as zero emissions in the carbon account, and this must be reflected in the emissions boundary diagram and summary table 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 account for relevant emissions that are difficult to reasonably quantify or estimate due to limitations in current data sets. To help determine an appropriate uplift factor, you could, for example, compare known and relative sized emission sources and apply an uplift factor to match the highest emission range of the known emission source. **A mandatory 5% uplift applies to all small organisation certifications**. This is applied to the total carbon account including on top of any other uplifts used in the carbon account. The mandatory uplift reduces 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 CO2-e (excluding mandatory 5% uplift). 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 emissions 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. Where relevant emissions are non-quantified, a data management plan should be developed to outline how more rigorous quantification can be achieved within a reasonable timeframe.

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 account for relevant emissions that are difficult to reasonably quantify or estimate due to limitations in current data sets. To help determine an appropriate uplift factor, you could, for example, compare known and relative sized emission sources and apply an uplift factor to match the highest emission range of the known emission source. 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-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  | Example 1: Data extrapolated based on a survey of x% of attendees at each concert  | Example 1: 10% of the people viewing the street performances live interstate. It is assumed this 10% will be requiring accommodation. |
| Food/drinks | Example 1: Actual data collected from sales data with event supply contractors | Example 1: All event supply contractors have sold $x of food and drinks during the event, |

#### 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 started with certification.

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

Apply for certification via the Climate Active [user Portal](https://portal.climateactive.org.au/).

You can view a sample of the application form [here](https://www.climateactive.org.au/climate-active-certification-sample-application-form).

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

NOTE: Each time your event occurs an application form must be submitted.

### 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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](https://www.climateactive.org.au/be-climate-active/certification/register-consultants-climate-active-certification) 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](http://www.climateactive.org.au/buy-climate-active/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 provide guidance on how to calculate your inventory or review your inventory prior to validation. 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, Climate Active calculator document (if applicable) and completed technical assessment (required for large events only) to Climate Active via the user Portal.

Please allow up to 6 weeks for our team to undertake your initial 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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](https://www.climateactive.org.au/be-climate-active/register-consultants-climate-active-certification) 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement) for details):

**Option 1:** If a registered consultant prepared your inventory, they can also sign off on the technical assessment. However, the third party validation must be undertaken by a different organisation and assurance practitioner, other than the organisation and registered consultant who prepared the inventory and technical assessment.

**Option 2:** If you prepared the carbon inventory yourself you will need to engage a registered consultant to conduct a technical assessment and also engage a qualified assurance practitioner to complete a third party validation. The third party validation may be prepared by the same organisation that completed the technical assessment (pending relevant qualifications), however, the lead assurance practitioner on the technical assessment should be a different lead to the third party validation.

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, Climate Active calculator document (if applicable), completed technical assessment (required for large events only) and third party validation (required for large events only) to Climate Active team via the user Portal.

# 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 account for relevant emissions that are difficult to reasonably quantify or estimate due to limitations in current data sets. To help determine an appropriate uplift factor, you could, for example, compare known and relative sized emission sources and apply an uplift factor to match the highest emission range of the known emission source.

### 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-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

Apply for certification via the Climate Active [user Portal](http://portal.climateactive.org.au).

You can view a sample of the application form [here](https://www.climateactive.org.au/climate-active-certification-sample-application-form).

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

### 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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](https://www.climateactive.org.au/be-climate-active/certification/register-consultants-climate-active-certification) is available on our website.

Guidance on creating your emissions 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](http://www.climateactive.org.au/buy-climate-active/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 provide guidance on 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 sign off on the technical assessment. However, the third party validation must be undertaken by a different organisation and assurance practitioner, other than the organisation and registered consultant who prepared the inventory and technical assessment.

**Option 2:** If you prepared the carbon inventory yourself you will need to engage a registered consultant to conduct a technical assessment and also engage a qualified assurance practitioner to complete a third party validation. The third party validation may be prepared by the same organisation that completed the technical assessment (pending relevant qualifications), however, the lead assurance practitioner on the technical assessment should be a different lead to the third party validation.

See the validation schedule in the [Licence Agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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 Climate Active via the user Portal.

Please allow up to 6 weeks for our team to undertake your initial 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement).

Depending on your certification’s first reporting period you may initially be issued more than one invoice as certification fees are issued at the start of the reporting period.

For example, if in March 2023 you submit your initial reports for certification of the CY2022 period you will be issued an invoice for this reporting period. You will also be issued an invoice for the CY2023 reporting period as certification fees for this reporting period were issued in January 2023.

Certification fees allow Climate Active to continue to provide support to members during the year.  This includes communication activities, trade mark use, network meetings and broader program administration (assessment of reporting documents, licence agreements,
template updates, technical guidance and so on).

### 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: Maintaining certification

Once your initial certification is approved you will move to your yearly reporting schedule to maintain certification, as outlined in the Licence agreement. This means that your carbon neutral status is maintained between reporting dates and you will continue to be listed as a certified brand on the Climate Active website.

Your yearly reports must be submitted via the user Portal by the due date that corresponds to your reporting cycle.

### Withdrawing certification

If you intend to withdraw your certification(s), you must notify us at Climate.Active@industry.gov.au. As outlined in the Licence Agreement, your withdrawal will take effect 30 business days from the date of notification. We strongly encourage you to notify us as early as possible, as we may ask you to report for the period until the withdrawal takes effect.

# 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 emissions 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 CO2-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.

Disclosure of emissions per functional unit in the PDS is strongly encouraged. This will allow your stakeholders to better understand the impacts of the emissions reduction activities you are undertaking over time. At a minimum, the percentage change in emissions per functional unit between reporting years must be disclosed in the PDS from CY22 and FY 22/23.

#### 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 account for relevant emissions that are difficult to reasonably quantify or estimate due to limitations in current data sets. To help determine an appropriate uplift factor, you could, for example, compare known and relative sized emission sources and apply an uplift factor to match the highest emission range of the known emission source.

#### 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-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

Apply for certification via the Climate Active [user Portal](https://portal.climateactive.org.au/).

You can view a sample of the application form [here](https://www.climateactive.org.au/climate-active-certification-sample-application-form).

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

### 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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](https://www.climateactive.org.au/be-climate-active/certification/register-consultants-climate-active-certification) 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](http://www.climateactive.org.au/buy-climate-active/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 provide guidance on 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 sign off on the technical assessment. However, the third party validation must be undertaken by a different organisation and assurance practitioner, other than the organisation and registered consultant who prepared the inventory and technical assessment.

**Option 2:** If you prepared the carbon inventory yourself you will need to engage a registered consultant to conduct a technical assessment and also engage a qualified assurance practitioner to complete a third party validation. The third party validation may be prepared by the same organisation that completed the technical assessment (pending relevant qualifications), however, the lead assurance practitioner on the technical assessment should be a different lead to the third party validation

There are some differences between simple and complex service options. See the validation schedule in the [Licence Agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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 Climate Active via the user Portal.

Please allow up to 6 weeks for our team to undertake your initial 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement).

Depending on your certification’s first reporting period you may initially be issued more than one invoice as certification fees are issued at the start of the reporting period.

For example, if in March 2023 you submit your initial reports for certification of the CY2022 period you will be issued an invoice for this reporting period. You will also be issued an invoice for the CY2023 reporting period as certification fees for this reporting period were issued in January 2023.

Certification fees allow Climate Active to continue to provide support to members during the year.  This includes communication activities, trade mark use, network meetings and broader program administration (assessment of reporting documents, licence agreements,
template updates, technical guidance and so on).

### 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: Maintaining certification

Once your initial certification is approved you will move to your yearly reporting schedule to maintain certification, as outlined in the Licence agreement. This means that your carbon neutral status is maintained between reporting dates and you will continue to be listed as a certified brand on the Climate Active website.

Your yearly reports must be submitted via the user Portal by the due date that corresponds to your reporting cycle.

### Withdrawing certification

If you intend to withdraw your certification(s), you must notify us at Climate.Active@industry.gov.au. As outlined in the Licence Agreement, your withdrawal will take effect 30 business days from the date of notification. We strongly encourage you to notify us as early as possible, as we may ask you to report for the period until the withdrawal takes effect.

## Certification process for products

The following steps will help you get your certification rolling.

### Step 1: Apply

Apply for certification via the Climate Active [user Portal](https://portal.climateactive.org.au/).

You can view a sample of the application form [here](https://www.climateactive.org.au/climate-active-certification-sample-application-form).

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

### 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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](https://www.climateactive.org.au/be-climate-active/certification/register-consultants-climate-active-certification) 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](http://www.climateactive.org.au/buy-climate-active/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 provide guidance on 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 sign off on the technical assessment. However, the third party validation must be undertaken by a different organisation and assurance practitioner, other than the organisation and registered consultant who prepared the inventory and technical assessment.

**Option 2:** If you prepared the carbon inventory yourself you will need to engage a registered consultant to conduct a technical assessment and also engage a qualified assurance practitioner to complete a third party validation. The third party validation may be prepared by the same organisation that completed the technical assessment (pending relevant qualifications), however, the lead assurance practitioner on the technical assessment should be a different lead to the third party validation.

See the validation schedule in the [Licence Agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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 Climate Active via the user Portal.

Please allow up to 6 weeks for our team to undertake your initial 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement).

Depending on your certification’s first reporting period you may initially be issued more than one invoice as certification fees are issued at the start of the reporting period.

For example, if in March 2023 you submit your initial reports for certification of the CY2022 period you will be issued an invoice for this reporting period. You will also be issued an invoice for the CY2023 reporting period as certification fees for this reporting period were issued in January 2023.

Certification fees allow Climate Active to continue to provide support to members during the year.  This includes communication activities, trade mark use, network meetings and broader program administration (assessment of reporting documents, licence agreements,
template updates, technical guidance and so on).

### 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: Maintaining certification

Once your initial certification is approved you will move to your yearly reporting schedule to maintain certification, as outlined in the Licence agreement. This means that your carbon neutral status is maintained between reporting dates and you will continue to be listed as a certified brand on the Climate Active website.

Your yearly reports must be submitted via the user Portal by the due date that corresponds to your reporting cycle.

### Withdrawing certification

If you intend to withdraw your certification(s), you must notify us at Climate.Active@industry.gov.au. As outlined in the Licence Agreement, your withdrawal will take effect 30 business days from the date of notification. We strongly encourage you to notify us as early as possible, as we may ask you to report for the period until the withdrawal takes effect.

## Certification process – Environmental Product Declaration Pathway

### Certification steps

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

* a current registered Australasian Environmental Product Declaration
* EN15804 compliant (and in some instances, ISO 14025 compliant, see further details below)
* 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

Apply for certification via the Climate Active [user Portal](https://portal.climateactive.org.au/).

You can view a sample of the application form [here](https://www.climateactive.org.au/climate-active-certification-sample-application-form).

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

### 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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](https://www.climateactive.org.au/be-climate-active/certification/register-consultants-climate-active-certification) 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 (CO2-e) forecast to be generated 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 provide guidance on 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement).

Depending on your certification’s first reporting period you may initially be issued more than one invoice as certification fees are issued at the start of the reporting period.

For example, if in March 2023 you submit your initial reports for certification of the CY2022 period you will be issued an invoice for this reporting period. You will also be issued an invoice for the CY2023 reporting period as certification fees for this reporting period were issued in January 2023.

Certification fees allow Climate Active to continue to provide support to members during the year.  This includes communication activities, trade mark use, network meetings and broader program administration (assessment of reporting documents, licence agreements,
template updates, technical guidance and so on).

### 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: Maintaining certification

Once your initial certification is approved you will move to your yearly reporting schedule to maintain certification, as outlined in the Licence agreement. This means that your carbon neutral status is maintained between reporting dates and you will continue to be listed as a certified brand on the Climate Active website.

Your yearly reports must be submitted via the user Portal by the due date that corresponds to your reporting cycle.

### Withdrawing certification

If you intend to withdraw your certification(s), you must notify us at Climate.Active@industry.gov.au. As outlined in the Licence Agreement, your withdrawal will take effect 30 business days from the date of notification. We strongly encourage you to notify us as early as possible, as we may ask you to report for the period until the withdrawal takes effect.

## 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 validate emissions that occur because 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](http://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 verified 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 verification processes conducted as part of registering 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 validation 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 Australasia currently does not have a verification template for ISO 14025 compliant EPDs. Therefore, it cannot be confirmed that the EPD’s verification meets the validation requirements of the Product & Service Standard, and as a result, these EPDs cannot use the streamlined validation process.

|  |  |  |
| --- | --- | --- |
| **EPD validated against** | **Streamlined carbon account process** | **Streamlined validation 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](https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-accounts-factors-2021) 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.  |

#### Validation requirements

Eligibility to use the 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 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.

Additional information on the validation requirements can be found in Section 3.5 of the [Product & Service Standard](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-products-and-services) and the [Third Party Validation](https://www.climateactive.org.au/be-climate-active/tools-and-resources/third-party-validation-guidance-and-verification-procedures) and [Technical Assessment](https://www.climateactive.org.au/be-climate-active/tools-and-resources/technical-assessment-carbon-neutral-certification) procedure documents found on the Climate Active website.

The above aspects required for ISO 14025 and EN 15804 complaint EPDs to meet Climate Active third party validation requirements need to be undertaken and completed for the base year reporting; in alignment with the Product and Services Standard. In addition to these validation requirements, a technical assessment is also required on application and every subsequent three years. The subsequent three yearly technical assessments must give assurance to the currency and compliance of the products EPD against the Product and Service Standard requirements.

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

|  |  |
| --- | --- |
| **Product & Services Standard requirements**  | **Differences and additional requirements for Australasian EPDs** |
| **Recalculation policy** Refer to the ‘Base year recalculation policy’ section for products and services in this Technical Guidance Manual.  | Under the General Programme Instructions, Australasian EPD holders are required to analyse their EPD results each year through a ‘follow-up procedure’. 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 the verifier to follow up with the surveillance procedures. If significant changes are found (> ±10 %), an updated carbon account must be disclosed as part of Climate Active annual reporting requirements.  |
| **Validation documentation**Organisations must submit their validation documentation, 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 Australasia 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 verifiers 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 carbon emissions data (that is able to be validated) 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.

### Emissions over time

If the emissions from a particular emission source have changed by at least 10% compared to the previous year, AND the emissions from this source make up at least 10% of the total carbon inventory, then you must disclose the reason for this change.

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 emissions 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 validation.
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.

# Upfront carbon for buildings (product certification)

The information below refers to the Climate Active pathway for certifying the delivery phase of a building. Enquiries for the GBCA certification pathway should be directed to the GBCA (email: info@gbca.org.au). Please read through the [Guideline: Upfront Carbon for Buildings](https://www.climateactive.org.au/be-climate-active/tools-and-resources/guideline-upfront-carbon-for-buildings) for further information.

## Setting the emissions boundary

To estimate the carbon footprint, you need to draft an emissions boundary. The emissions boundary for the delivery phase of a building project must include emissions from the materials, manufacturing, transport and construction activities associated with a building.

For Climate Active Upfront Carbon for Buildings the emissions boundary may describe a new or existing:

* Base building
* Tenancy
* Whole Building
* Project: including refurbishment, extension, additions, renovations and fitouts

### What do I include in the emission boundary?

The emissions boundary must include all phases A1 to A5 as defined in EN15978:2011. All emissions from A1-A5 phases are deemed relevant for certification. A0should also be considered in the emissions boundary as best practice:

* A0 Pre-construction (not mandatory)
* A1 Raw materials extraction and supply
* A2 Transport to manufacturing plant
* A3 Manufacturing and fabrication
* A4 Transport to project site
* A5 Construction and installation process

These phases are equivalent to the GHG Protocol “cradle to gate” boundary (Product Life Cycle Accounting and Reporting Standard p 32 Boundary Setting) where the gate in this case is at the point of delivery of the building in the exchange from builder to operator.

### Do I need to measure everything?

Emission sources should be quantified whenever possible. Conservative estimates are used where data is unavailable. Non-quantification used 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** – Data is unavailable (a data management plan must be put in place to provide data (for commitment stage only) and an uplift factor\* included).

\*An uplift factor is an upwards adjustment to account for relevant emissions that are difficult to reasonably quantify or estimate due to limitations in current data sets. To help determine an appropriate uplift factor, you could, for example, compare known and relative sized emission sources and apply an uplift factor to match the highest emission range of the known emission source.

## Certification process for Upfront Carbon for Buildings (commitment phase)

Use this section if you want to get your building certified before it is constructed. The following steps will help you get started.

### Step 1: Apply

Go to the Climate Active website and download the upfront carbon for buildings [application form](https://www.climateactive.org.au/be-climate-active/tools-and-resources/upfront-carbon-buildings-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 and Annex A (Requirements for Upfront Carbon for Buildings – Climate Active pathway) to sign.

You can view the [Licence Agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement) and [Annex A](https://www.climateactive.org.au/be-climate-active/tools-and-resources/upfront-carbon-buildings-annex-a-licence-agreement) on our website.

### Step 3: Prepare the ‘design’ 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](https://www.climateactive.org.au/be-climate-active/certification/register-consultants-climate-active-certification) is available on our website.

Guidance on creating the emissions boundary is provided in the *Upfront Carbon for Buildings (Product Certification)* section of this manual and in the [Guideline: Upfront Carbon for Buildings](https://www.climateactive.org.au/be-climate-active/tools-and-resources/guideline-upfront-carbon-for-buildings). You can also view the public disclosure statements of our[certified brands](http://www.climateactive.org.au/buy-climate-active/certified-brands)on our website to give you an idea of the emission boundary of products similar to yours.

The Climate Active team can provide policy advice but our team is not able to provide guidance on how to calculate your carbon 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, they can also complete your technical assessment.

**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.

Carbon neutral certification before practical completion requires that offsets equivalent to at least 50% of forecast emissions from the development are purchased and retired.

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

After the project is completed (as-built), you will be required to retire the remainder of the offsets needed to sufficiently cover the emissions at practical completion (as-built) phase.

### Step 6: Submit your ‘design’ report

Submit your ‘design‘ public disclosure statement including emissions estimates, carbon inventory (or equivalent), electricity calculator (if applicable) and completed technical assessment 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.

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

For projects seeking certification prior to building completion, an estimate of the buildings emissions must be made in accordance with the Guideline: Upfront Carbon for Buildings. The emissions estimate will determine the upfront certification fee, which will be charged in accordance with the emissions-based fees outlined in the Fee Schedule of the Licence Agreement, with no further fee or refund being payable should the emission estimate vary to the ‘as-built’ figure. There are no other additional or ongoing fees for certification.

It is important to note, fees will be calculated and applied for each Upfront Building Certification an entity may hold. Calculations of applicable fees will be done so on each individual Certification and will not consider any other Certifications which may be held.
The fee schedule can be found at the end of this manual or in the [Licence Agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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 commitment certification. You can now use the certification trade mark in accordance with your Licence Agreement and Annex A (Requirements for Upfront Carbon for Buildings – Climate Active pathway). Any use of the certification trade mark requires approval from Climate Active before use.

Unlike Carbon Neutral Buildings (operations) where the certification is recertified each year, the Upfront Carbon for Buildings certification is an enduring certification that lasts the lifetime of the construction.

Certification will only be granted when the licence agreement is fully executed, fees are paid and all the requirements of the Climate Active Carbon Neutral Product and Services Standard are met.

### Step 9: Prepare the ‘as-built’ report

Once construction is finished (practical completion), submit your ‘as-built’ public disclosure statement, carbon inventory (or equivalent), and electricity calculator (if applicable).

As noted within *Step 5 Purchase and retire eligible offsets*, you will be required to retire the remainder of the offsets needed to sufficiently cover the emissions at practical completion (as-built) phase. The retirement of the remainder of these offsets must be included in the as-built public disclosure statement.

### Step 10: Third party validation of the ‘as-built’ report

A third-party validation is required on the ‘as-built’ report. You do not need to undertake another technical assessment.

You have two options for the third-party validation:

**Option 1:** If a registered consultant prepared your inventory, they can also sign off on the technical assessment. However, the third party validation must be undertaken by a different organisation and assurance practitioner, other than the organisation and registered consultant who prepared the inventory and technical assessment.

**Option 2:** If you prepared the carbon inventory yourself you will need to engage a registered consultant to conduct a technical assessment and also engage a qualified assurance practitioner to complete a third party validation. The third party validation may be prepared by the same organisation that completed the technical assessment (pending relevant qualifications), however, the lead assurance practitioner on the technical assessment should be a different lead to the third party validation.

Step 11: Submit your ‘as-built’ report

The as-built reporting documentation must be submitted to Climate Active within 2 years of practical completion.

Submit the ‘as-built’ public disclosure statement, carbon inventory (or equivalent), electricity calculator (if applicable) and third party validation 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.

## Certification process for Upfront Carbon for Buildings (as-built phase)

This section is if you want to get your building certified after it is constructed. The following steps will help you get your certification rolling.

### Step 1: Apply

Go to the Climate Active website and download the upfront carbon for buildings [application form](https://www.climateactive.org.au/be-climate-active/tools-and-resources/upfront-carbon-buildings-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 and Annex A (Requirements for Upfront Carbon for Buildings – Climate Active pathway) to sign.

You can view the [Licence Agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement) and [Annex A](https://www.climateactive.org.au/be-climate-active/tools-and-resources/upfront-carbon-buildings-annex-a-licence-agreement) on our website.

### Step 3: Prepare the ‘as-built’ 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](https://www.climateactive.org.au/be-climate-active/certification/register-consultants-climate-active-certification) is available on our website.

Guidance on creating an emissions boundary is provided in the *Upfront Carbon for Buildings (Product Certification)* section of this manual and in the [Guideline: Upfront Carbon for Buildings](https://www.climateactive.org.au/be-climate-active/tools-and-resources/guideline-upfront-carbon-for-buildings).. You can also view the public disclosure statements of our[certified brands](http://www.climateactive.org.au/buy-climate-active/certified-brands)on our website to give you an idea of the emission boundary of products similar to yours.

The Climate Active team can provide policy advice but our team is not able to provide guidance on 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 sign off on the technical assessment. However, the third party validation must be undertaken by a different organisation and assurance practitioner, other than the organisation and registered consultant who prepared the inventory and technical assessment.

**Option 2:** If you prepared the carbon inventory yourself you will need to engage a registered consultant to conduct a technical assessment and also engage a qualified assurance practitioner to complete a third party validation. The third party validation may be prepared by the same organisation that completed the technical assessment (pending relevant qualifications), however, the lead assurance practitioner on the technical assessment should be a different lead to the third party validation.

See the validation schedule in the Annex A (Requirements for Upfront Carbon for Buildings for details on who can perform the third party validation.

### 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 ‘as-built’ reporting documentation. This final reporting must be finalised with Climate Active within two years of practical completion. This includes emailing your ‘as-built‘ public disclosure statement including emissions estimates, carbon inventory (or equivalent), electricity calculator (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

For projects seeking certification after building completion (‘as-built’), the certification fee is based on the emissions reported in the ‘As-Built’ Public Disclosure Statement, and in accordance with the emissions-based fees outlined in the Fee Schedule of the Licence Agreement. This fee is paid in a single one-off instalment, with no other additional or ongoing fees payable for the certification.

It is important to note, fees will be calculated and applied to each Upfront Building Certification an entity may hold. Calculations of applicable fees will be done so on each individual Certification and will not consider any other Certification which may be held.
The fee schedule can be found at the end of this manual or in the [Licence Agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/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 commitment certification. You can now use the certification trade mark in accordance with your Licence Agreement and Annex A (Requirements for Upfront Carbon for Buildings – Climate Active pathway). Any use of the certification trade mark requires approval from Climate Active before use.

## Note: Unlike Carbon Neutral Buildings (operations) where the certification is recertified each year, the Upfront Carbon for Buildings Certification is an enduring certification that lasts the lifetime of the construction. Certification will only be granted when the licence agreement is fully executed, fees are paid, and all the requirements of the Climate Active Carbon Neutral Product and Services Standard are met.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 if 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.

Apportion accounting for 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 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.

In instances where it is difficult to estimate or access data on existing capital goods, the embodied emissions may be accounted for in the year that replacements and/ or repairs occur.

## 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 emissions 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** |
| Emissions boundary analysis | Control approach and relevance test | Life Cycle Assessment (cradle to grave or gate) |
| Emission source classifications | QuantifiedNon-quantifiedExcluded | AttributableAttributable – non-quantifiedExcludedNon-attributable |
| Justification for not quantifying emission sources inside the emission boundary | Non-quantification reasons | Exclusion conditionsNon-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 CO2-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](http://www.alcas.asn.au/certified-practioners) 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](https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-accounts-factors-2021) 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](http://auslci.com.au/) and [ecoinvent](https://www.ecoinvent.org/).
* **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](https://ielab.info/).
* **Industry-standard guidelines and tools:** Examples include the [[ISCtool](https://www.isca.org.au/Tools-and-Resources)](https://www.iscouncil.org/is-v2-1/), the [Food and Agriculture Organisation of the UN Guidelines](http://www.fao.org/partnerships/leap/en/) and the [EU Product Environmental Footprint program.](https://ec.europa.eu/environment/eussd/smgp/ef_pilots.htm)
* **Government publication conversion factors:** An example isthe [UK Department for Business, Energy & Industrial Strategy greenhouse gas reporting conversion factors](https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting).
* **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 [[Lifecycle](https://www.lifecycles.com.au/)s](https://www.lifecycles.com.au/).

### 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:
	1. 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.
	2. 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.
	3. 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: To help determine an uplift factor, you could, for example, compare known and relative sized emission sources and apply an uplift factor to match the highest emission range of the known emission source.

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](https://rec-registry.gov.au/rec-registry/app/calculators/sgu-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:

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

**Calculator result**

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

## 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.
* **Verified Carbon Units** (VCUs) issued by the Verified Carbon Standard.

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

 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

### 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 validate 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.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 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 (tCO2-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](https://registry.verra.org/mymodule/rpt/CertificateInfo.asp?rhid=21433) | 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 Stapled toNingxia Helanshan Wind-farm Project, Ningxia Autonomous Region, China | - | - | 31 Aug 2021 | 12PWA233981B - 12WA234000B | 2015 | 20 |  | - | - | - | - |
| 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 (CO2-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](https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-carbon-neutral-standard-organisations.pdf#page=48) 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. In 2022, the Climate Change Authority reviewed the list of eligible offset units under Climate Active. The Authority recommended no immediate changes to this list, and noted that assessment of unit eligibility at the scheme level was appropriate. The Australian Government is currently considering its response to all recommendations from this review 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](https://marketplace.carbonmarketinstitute.org/registry/), or the Clean Energy Regulator’s [map of Emissions Reduction Fund projects](http://www.cleanenergyregulator.gov.au/maps/Pages/erf-projects/index.html).

You can buy Certified Emission Reductions (CERs) via the [United Nations carbon offset platform](https://offset.climateneutralnow.org/AllProjects), Verified Emission Reductions (VERs) via the [Gold Standard website](https://marketplace.goldstandard.org/collections/projects), 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](https://marketplace.carbonmarketinstitute.org/market-directory-2/) 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](https://asic.gov.au/media/5702581/rg236-published-20-may-2015-20200727.pdf) (AFS) licence.

Carbon service providers can sign the Carbon Market Institute’s voluntary [Code of Conduct](https://marketplace.carbonmarketinstitute.org/wp-content/uploads/2018/06/Australian-Carbon-Industry-Code-of-Conduct.pdf). 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 validated 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

Climate Active’s electricity accounting rules are set out in the Climate Active [Electricity Accounting paper](https://www.climateactive.org.au/be-climate-active/tools-and-resources/electricity-accounting-paper). These rules have been adapted from best-practice principles in the Greenhouse Gas Protocol Scope 2 Guidance (GHG Protocol) and informed by stakeholder consultation.

In relation to reporting:

1. All Climate Active organisation, precinct, building and event certifications must report electricity emissions in their public disclosure statement (PDS), using both location-based and market-based methods (i.e. dual reporting approach).
2. Either the location- or market-based method can be set as the ‘primary’ method.
3. The primary method will determine how many offsets are required to account for electricity emissions in a Climate Active carbon account.
4. The Climate Active electricity calculator must be used for calculating emissions under the location-based and market-based methods.

Product and service certifications can, but are not required to, use dual reporting.

# 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](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-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,](https://www.climateactive.org.au/be-climate-active/tools-and-resources/climate-active-carbon-neutral-standard-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.

#### Scope 3 emissions categories

The following information has been adapted from the Greenhouse Gas Protocol Scope 3 Accounting and Reporting [Standard](https://ghgprotocol.org/standards/scope-3-standard) and accompanying Scope 3 Calculation [Guidance](https://ghgprotocol.org/scope-3-technical-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 able to be validated
	+ 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 tCO2-e (without uplift) | Total tCO2-e (with uplift) |
| Base year:  | 20XX-XX |  |  |
| Year 1:  | 20XX-XX |  |  |
| 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 tCO2-e (without uplift) | Total tCO2-e (with uplift) |
| Base year:  | 20XX-XX |  |  |
| Year 1:  | 20XX-XX |  |  |
| Year 2:  | 20XX-XX |  |  |

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

# 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 validations in line with best practice.
* Maintain and publish technical assessor questions in line with best practice.
* Validate 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 assurance practitioners.
* Engage independent assurance practitioners to perform risk-based validations 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 (must be Registered consultants)

* Complete the technical assessment checklist with yes/no answers including justifications.
* Note: Where a question is answered no, the technical assessor may provide guidance: on the provision that the applicant is responsible for making the necessary corrections and/or providing the relevant clarification to the technical assessor.

### Data validators

#### Assurance practitioner

* Complete a validation against the relevant Standard in accordance with ASAE 3000.
* Provide corrective action requests and observations where relevant.

#### Source data validation

* Compete the relevant agreed upon procedures for source data validation.

#### Products and services assurance practitioner

* Complete the relevant agreed upon procedures for source data validation.
* 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 CO2-e | $861 | An organisation with:* a carbon footprint < 1,000t CO2-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 CO2-e | $2,759.30 | An organisation with:* a carbon footprint between 1,000t and 25,000t CO2-e; or
* a carbon footprint < 1,000t CO2-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 CO2-e | $8,388.60 |
| 10,000 ≤ 80,000t CO2-e | $13,908.25 |
| **Large organisation** | 10,000 ≤ 80,000t CO2-e | $13,908.25 | An organisation with a carbon footprint ≥ 25,000t CO2-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 CO2-e | $19,868.60 |
| **Simple service** | ≤  2,000t CO2-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 CO2-e | $8,388.60 |
| 10,000 ≤ 80,000t CO2-e | $13,908.25 |
| ≥ 80,000t CO2-e | $19,868.60 |
| **Complex service** | ≤  2,000t CO2-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 CO2-e | $8,388.60 |
| 10,000 ≤ 80,000t CO2-e | $13,908.25 |
| ≥ 80,000t CO2-e | $19,868.60 |
| **Product** | ≤  2,000t CO2-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 CO2-e | $8,388.60 |
| 10,000 ≤ 80,000t CO2-e | $13,908.25 |
| ≥ 80,000t CO2-e | $19,868.60 |
| **Precinct** | ≤  2,000t CO2-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 CO2-e | $8,388.60 |
| 10,000 ≤ 80,000t CO2-e | $13,908.25 |
| ≥ 80,000t CO2-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](https://www.industry.gov.au/regulations-and-standards/climate-active) for descriptions of Types 1, 2 and 3.

# Frequently asked technical questionsFREQUENTLYKED

### BASE YEAR (INCLUDING RECALCULATION) QUESTIONS

1. **Does the base year have to be offset?**

It is not a requirement that the base year is offset. However, if a business wishes to claim Climate Active carbon neutral certification for the base year, it must be offset.

1. **Does the base year have to come from a full set of actual data?**

To establish a base year, the most recent year for which carbon emissions data is available (and able to be validated) should be selected. Where no relevant 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.

1. **If the base year is not offset, does it mean an estimate of year 1 must be offset ahead of time?**

A business does not have to offset the base year; however, they must offset the first year of certification. A business can do this by either forward purchasing (retiring offsets in advance) followed by a true up report, or by offsetting in arrears.

1. **Is there any consideration or guidance for setting baselines across COVID-affected years?**

To establish a base year, the most recent year for which carbon emissions data that can be validated is available should be selected. For some businesses, this may mean that the year prior to COVID-19 may be the best choice of base year.

1. **Can the base year be an average of 2 years or is only one year permissible?**

The base year must cover a full 12 months and should be based on the most recent year for which greenhouse gas emissions data that is able to be validated is available. Where no relevant data exists or where the data does not provide a meaningful comparison, the base year carbon account can be calculated from estimated or projected data, as long as it is representative.

1. **Would the inclusion of more suppliers in future years require base year recalculations with data from the newly on-boarded suppliers?**

Where changes to data availability or calculation methodologies result in >10% change to total emissions, or if the organisation undergoes a merger, then a base year recalculation may be required. See the base year recalculation policy above for more information.

### BUILDING (INCLUDING DELIVERY PARTNERSHIPS WITH NABERS/GBCA) CERTIFICATION QUESTIONS

1. **What options are available to certify a building?**

There are two pathways for Climate Active certified buildings that include:

* Operational phase: Carbon Neutral Standard for Buildings

The Climate Active Carbon Neutral Standard for Buildings covers the operational emissions of a building with the option to certify base building operations and whole buildings (base building plus building emissions from tenants).

* Delivery phase: Carbon Neutral Standard for Products and Services

The Climate Active Guideline: Upfront Carbon for Buildings covers the delivery phase of a building and is designed to be applied to new construction projects, whole buildings, and it can be applied to additions, refurbishments and fitouts where each of these projects is treated as a building project. The delivery phase includes emissions from the materials, manufacturing, transport and construction activities associated with a building.

1. **How does a business certify the operations of a building?**

The pathway for certifying the operations of a building through the Carbon Neutral Standard for Buildings is through the ratings programs of our two delivery partners – Green Building Council of Australia (GBCA) and the National Australian Built Environment Rating System (NABERS).

All technical and administrative enquiries for certification against the Carbon Neutral Standard for Buildings should be directed to the relevant delivery partner.

GBCA: info@gbca.org.au

NABERS: nabers@environment.nsw.gov.au

1. **How does a business certify the delivery (or upfront carbon) of a building?**

Information on certification for the delivery phase of a building is detailed through the Guideline: Upfront Carbon for Buildings (Carbon Neutral Standard for Products and Services). Certification can be achieved through either Climate Active or the Green Building Council of Australia (GBCA).

Technical and administrative enquiries for the GBCA certification for Upfront Carbon for Buildings should be directed to GBCA.

GBCA: info@gbca.org.au

### [ELECTRICITY](#_Electricity_questions) QUESTIONS

1. **Are LGCs offsets?**

LGCs are not considered offsets under Climate Active and cannot be used to reduce or offset non-electricity-related emissions in a business’s carbon account.

LGCs can be voluntarily surrendered under Climate Active’s electricity accounting framework to reduce electricity-related emissions under the market-based reporting method. Each voluntarily surrendered LGC is treated as 1 MWh of zero emissions renewable electricity in a business’s electricity account. Any LGCs voluntarily surrendered must be appropriately attributed to the carbon neutral claim in the Clean Energy Regulator’s REC Registry, i.e. ‘Voluntarily surrendered on behalf of Company X for 2021 Climate Active carbon neutral claim’.

1. **How does a business choose between the market-based and location-based reporting method as the primary reporting method? Are there any rules/guidelines to guide that choice?**

It is solely a decision for businesses which method they choose to set as their primary method. The primary method will be used to determine the emissions liability of electricity consumption (i.e. how many offsets are required to account for any remaining emissions).

1. **Why can’t GreenPower be claimed as renewable electricity under the location-based method?**

GreenPower cannot be claimed under the location-based method because the renewable electricity associated with GreenPower purchases is already factored into the grid emissions factor used to calculate a businesses’ emissions under the location-based method. This treatment prevents double counting of the renewable electricity generation.

1. **How is Climate Active carbon neutral electricity treated under the location- and market-based methods?**

 Physical emissions associated with generating and consuming Climate Active carbon neutral electricity are disclosed under both the market- and location-based methods. The emissions associated with this electricity are deducted from the business’s gross offset liability as they have been fully compensated for through the purchase of carbon offset units.

1. **How is electricity from WFH accounted for?**

To calculate emissions associated with working from home, including in relation to electricity, Climate Active provides a WFH calculator to businesses seeking certification.

1. **How is exported electricity accounted for?**

From the CY22 reporting year, renewable system owners that export electricity to the grid are no longer able to claim this electricity to reduce emissions in their carbon account, except under the market-based method where LGCs have been created and voluntarily surrendered.

The zero emissions benefit of exported electricity can be claimed by all consumers of grid-based electricity through the National Greenhouse Accounts (NGA) national scope 2 and scope 3 emissions factors and the Residual Mix Factor, so this change will improve accuracy by ensuring no double counting.

### EMISSIONS BOUNDARY QUESTIONS

1. **How does a business establish an emissions boundary?**

The process for establishing an emissions boundary will vary depending on what you want to certify. Please review the following documents and seek advice for more information:

* [Climate Active Carbon Neutral Standards](https://dochub/div/climateint/programmesprojectstaskforces/climateactive/admin/Establish%20the%20emissions%20boundary) (Organisations, Buildings, Products and Services, Events and Precincts) under Establish the emissions boundary;
* In this Technical Guidance Manual under each certification; and/or
* Approach a Climate Active Registered Consultant for advice – Registered consultants are trained in rules, processes and techniques for establishing emissions boundaries for the specific certification.
1. **Can a business include optional emissions?**

‘Optional’ emissions are those included in an emissions boundary, but have not been deemed or assessed as relevant against the relevance test, or are identified as non-attributable emissions sources in a lifecycle assessment.

To increase the consistency and comparability of carbon neutral claims made by businesses, Climate Active is pausing the ability of new certifications to include optional emissions as part of certification. Organisations must only include emissions that (directly or indirectly) arise because of the operations of their Australian business and that are deemed relevant or assessed as relevant as per section 2.3.1 of the Climate Active Carbon Neutral Standard. For products and service certifications, only emissions that are attributable to the product or service can be included within the emissions boundary.

Certifications with optional emissions in previous reports, may continue to include these emissions for their CY22, CY23, FY22-23 and FY 23-24 reports.

### EMISSIONS REDUCTION STRATEGY QUESTIONS

1. **What emission reduction activities are needed for certification?**

Climate Active certification is based on making a high integrity claim of carbon neutrality by calculating your carbon account or footprint, reducing emissions where possible, and offsetting any residual emissions.

For certification purposes, your business must develop and implement an emissions reduction strategy and make this publicly available. The strategy must identify planned emission reduction measures being undertaken and the quantity of emission reductions expected to be achieved over a given timeframe.

There are currently no specific mandated emission reduction activities as these will depend on the particular circumstances of your business, for example, some businesses undertake expensive or complicated emission reduction activities requiring implementation over several years. It is expected that reductions are made where it is practical and cost effective to do so.

Certified members should annually review their emissions reduction strategy and the actions that they have set out. The business would also need to consider the reputational risks that may arise if it doesn’t achieve elements of the strategy.

See the section on the ‘Emissions Reduction Strategy’ above for a full list of requirements.

1. **Can a newly certified business include (successful) current and historical emission reduction actions as part of their strategy?**

A strategy is typically forward-looking, so prior actions that have been implemented would not be included. However, if the strategy was developed before the company was certified, then details about successful emissions reduction actions can be included. An explanation of what the business has already achieved, and what it plans to do in the future, provide valuable context to readers about their emissions trajectory.

1. **For the emission reduction strategy to be valid, does that mean that the evidence needs to be submitted with the strategy?**

Business should provide evidence to allow others to check whether their commitment to reduce emissions is genuine. For example, if a company had produced a technical report underpinning their emissions reduction strategy, then they could provide a link to this in their PDS.

### EVENT CERTIFICATION QUESTIONS

1. **How does event certification work?**

Events must be certified before the event takes place. For events to be certified, businesses must submit a pre-event report that includes a carbon account that estimates the expected emissions of the upcoming event.

After the event has taken place, a post-event carbon account must be prepared within four months of the event’s delivery. The information gathered at the event to be published in the post-event public report.

1. **How do businesses estimate its emissions before the event takes place?**

For the pre-event carbon account, activities that will occur during the delivery of the event may not have actual measured data available. In circumstances where measured data is not available, a conservative approach must be used. Assumptions used to estimate activity data should be based on data collected from a previous or similar event.

1. **How far in advance do I need to submit my reporting documents for event certification?**

Businesses should work backwards from when it is planning to announce its carbon neutral event certification. As an example, this may be the same date as when the event starts, but also may be several weeks beforehand, depending on the marketing strategy of the event. The pre-event certification must be approved by Climate Active before your announcement date. As a general guide, once a business submits its pre-event reporting documents, this can take up to 4 weeks for Climate Active to review and approve them.

1. **If the pre-event emissions were over-estimated and offsets are purchased and retired at the pre-event stage, do the offsets carry over to next year’s event?**

Yes. If the same event will happen again in the future, the event organisers can use the leftover offsets to compensate for their emissions in the next year.

1. **What happens if offsets are bought based on pre-event assessment, and post-event assessment finds more emissions than calculated in pre-event assessment?**

The event organisers will need to source and retire more eligible offset units to cover any remaining emissions that were not offset initially. They will also communicate this information in the post-event PDS.

1. **With regards to calculating pre-event emissions for the report, how does a business calculate these for all sources before the event has occurred?**

Climate Active provides an event calculator to estimate emissions based on any data gathered before the event in combination with your assumptions about how the event will unfold.

### INVENTORY AND CALCULATOR QUESTIONS

1. **How does a business access the Climate Active inventory and calculators?**

Climate Active inventory and calculators are only provided to businesses that have had their registration application for carbon neutral certification approved by us, and who have signed a Licence Agreement covering the intellectual property associated with some of our calculators and emission factors. Climate Active inventory and calculators have been developed within the Climate Active team or via agreement with third parties.

1. **For emission factors not in the Climate Active inventory, is a business required to account for regional differences for factors that are self-sourced?**

You can add bespoke emission factors to the Climate Active inventory if an existing factor is not available or suitable. You should seek to understand the methodologies and data that have informed the creation of the self-sourced emission factor, to ensure that it is representative of your particular circumstances.

More information about the use of bespoke emission factors is available in the ‘bespoke emission factors’ section above.

1. **How often does Climate Active update the inventory calculator templates?**

Climate Active updates reporting templates including the inventory in response to changes to emissions factors, such as the release of updated National Greenhouse Accounts Factors. We also review our templates for the purpose of continuous business improvement in response to feedback received from our members.

1. **How does a business quantify professional services such as marketing? Especially if the business outsources it?**

The emissions from professional services can be calculated based on the total amount spent on such services during the reporting period. For example, emissions from marketing services can be calculated using a specific expenditure based emission factor available in the Climate Active inventory. The emission factor is framed as ‘tonnes CO2-e/$ spent on marketing’.

1. **How are emissions from waste calculated?**

The emissions from waste are calculated by a range of emission factors relating to various waste sources, such as general waste, paper and cardboard, textiles, and garden/green waste.

1. **For the emissions from food and drinks, does Climate Active provide a calculator for that or how are these emissions quantified?**

Yes. Climate Active provides emission factors for various food and drink items, so quantification is possible via the amount of money spent on those items.

### LICENCE AGREEMENT (INCLUDING THE CLIMATE ACTIVE CERTIFICATION TRADE MARK) QUESTIONS

1. **How can a business access the Climate Active certification trade mark?**

Businesses who achieve certification are able to use the Certification Trade Mark (CTM) subject to the requirements of the [Licence Agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement) and [User Guide](https://www.climateactive.org.au/be-climate-active/tools-and-resources/user-guide-climate-active-carbon-neutral-standard-certification-trade-mark). Any proposed use of the trade mark must first be approved by Climate Active before use.

1. **What is a business’s responsibilities under consumer law when using the CTM?**

As the CTM is designed to be used by members on a range of applications to distinguish a business’s certification, businesses have a responsibility to ensure that carbon neutral claims are not misleading or inaccurate. Further advice can be found at the Australian Competition and Consumer Commission’s [website](https://www.accc.gov.au/system/files/Green%20marketing%20and%20the%20ACL.pdf) and the Australian Securities & Investments Commission’s [website](https://asic.gov.au/regulatory-resources/financial-services/how-to-avoid-greenwashing-when-offering-or-promoting-sustainability-related-products/).

1. **Can a business use the Climate Active certification trade mark if it’s not certified?**

No. The Climate Active certification trade mark can only be used by organisations, products, services, buildings, events and precincts that are certified and have signed a Licence Agreement. Under the licence, the entity must meet ongoing certification requirements to be able to use the Climate Active trade mark.

1. **How does a business use the Climate Active certified trademark**

Businesses who have received a notice of certification from Climate Active may use the CTM if it is used consistently with the requirements of the Licence Agreement and User Guide. At all times, any proposed use of the CTM must be first approved by Climate Active before use. Please contact climateactivecomms@industry.gov.au in relation to approval for CTM use.

However, if you changed the specific manner or medium in which the CTM would be displayed (for example, by changing its position on the website or using it in a brochure instead), that would be a substantially new way that the CTM would be used and would require further review and approval by Climate Active.

1. **Can a business use the trade mark on a product if it has an organisation certification?**

No. The Climate Active trade mark licence is provided only in relation to a certified carbon account. For a product to display the product certification trade mark, the product needs to have undergone its own certification.

1. **When would a business need to notify Climate Active of any significant changes that relate to its Certifications?**

To ensure the integrity of carbon neutral claims that have been certified by Climate Active, we require that responsible entities notify us of any significant changes that would affect their compliance with the Licence Agreement.

This notification must be provided as soon as reasonably possible and within 10 business days. ‘As soon as reasonably possible’ is intended to mean that, if there is an opportunity to notify us earlier, that opportunity should be taken.

Climate Active acknowledges that in some circumstances it may be difficult to notify us before the 10 day limit, for example, because a responsible entity may be determining the extent to which changes would affect compliance with the Licence Agreement, or for other practical or administrative reasons. Therefore, we appreciate notice as soon as practical should any changes affect compliance with this agreement.

1. **Can a business’s affiliate entity use the Climate Active certification trade mark?**

An affiliate agreement is a legal document that allows a business to use the CTM, in connection to another business’s Climate Active certification, under certain conditions.

1. **How to apply for an affiliate agreement**

After certification has been achieved, a business can nominate a third party as an affiliate to Climate Active in writing at Climate.Active@industry.gov.au. We would then review the nomination and if there were no issues, we would send the nominated affiliate an ‘Affiliate Agreement’ form, which they would need to sign and return to us.

Within 20 Business Days after receiving a nomination, Climate Active will notify you of the outcome of the nomination or that further time is necessary to consider the nomination.

1. **Does Climate Active need samples of material bearing the certification trade mark?**

To ensure that the CTM is used in a way that upholds the integrity of the Climate Active brand, we may request sample products, packaging, promotional and advertising material bearing the CTM from all members and Affiliate Entities for examination. These requests allow us to ensure that the CTM is being used as approved and in a manner that does not misrepresent the nature of the carbon neutral claim.

If requested, this material must be provided to Climate Active within 20 Business Days after our written request in a manner and form reasonably specified by us.

1. **What documents could be requested by Climate Active?**

After you sign the Licence Agreement, Climate Active has the right to obtain from you copies of documentation that you, your subcontractors and Affiliate Entities hold, which relate to the carbon neutral certification, assessment, monitoring and independent validation of the certification.

You must maintain appropriate records for a validation trail of how the carbon account was created. Records should be kept for seven years after the end of the carbon neutral period.

To provide an example of what this might include, Climate Active might request copies of documents relating to the following:

* Utility metering records
* Utility billing data
* Bills for deliveries of any discrete (batch) supplies, showing quantities and how they were measured
* Documentation of GreenPower purchases
* Documentation of Climate Active carbon neutral purchases in a supply chain
* Documentation of any LGCs sold or voluntarily surrendered
* Financial data
* Inventories for travel and commuting survey data

Climate Active will treat information consistently with the confidentiality conditions as set out in the Licence Agreement.

1. **When would a business need to cease using the Climate Active certification trade mark?**

As set out in the Licence Agreement, Climate Active may change the terms of the Licence Agreement at any time. If we change any terms, we will provide you with notification of the changes. If you do not agree with changes to the Licence Agreement, you must cease to use the CTM.

Products that have been manufactured and packaged before this time do not need to be repackaged or recalled – they can continue to be sold until those existing packaged products have been exhausted.

If you access the CTM after you have been notified of a change, we will take it you have agreed with the change.

1. **What happens if a business is non-compliant?**

To achieve Climate Active Carbon Neutral Certification you must first enter into a Licence Agreement, which sets out the rights and responsibilities of participating businesses. To ensure consistency and equity between our members, we are unable to make bespoke alterations to the License Agreement.

To ensure the integrity of Climate Active Carbon Neutral Certification and of the Climate Active brand, businesses must comply with the requirements of the Licence Agreement. For this reason, we require that responsible entities notify us of any significant changes that would affect their compliance with the Licence Agreement.

If a business is experiencing challenges, our aim is to work in good faith to help them meet our requirements and continue with Climate Active certification. However, in some exceptional circumstances we may record non-compliance in a register, which may be made publicly available. Inclusion on a non‑compliance list is at Climate Active’s sole discretion.

### OFFSET QUESTIONS

1. **How does a business purchase offsets and what is the process?**

We have guidance available on how to purchase offsets, what you need to know before buying offsets and some of the factors you might like to consider when buying these eligible units. You can read this guidance above – under the Offsets – eligibility, reporting and banking section for the requirements for purchasing offsets.

1. **Does Climate Active provide offset projects?**

Climate Active provides guidance on the types of offsets that can used to credibly reach carbon neutrality. Climate Active does not administer offset projects, issue offset credits, nor qualify companies wishing to become a carbon credit producing entity.

For further information about Australian offset projects, Australia’s [carbon crediting scheme](https://www.dcceew.gov.au/climate-change/emissions-reduction/emissions-reduction-fund) provides incentives for organisations and individuals to adopt new practices and technologies to reduce their emissions. A number of activities are eligible under the scheme and participants can generate Australian carbon credit units (ACCUs) which can be sold to generate income, either to the government through a carbon abatement contract, or in the secondary market.

1. **Can an Australian business buy offsets from overseas to become carbon neutral?**

Yes. A list of eligible offsets is available at Appendix A of the [Climate Active Carbon Neutral Standards](https://www.climateactive.org.au/be-climate-active/tools-and-resources) and includes Australian Carbon Credit Units (ACCUs), most Certified Emissions Reductions (CERs), Removal Units, most Verified Emissions Reductions (VERs) and Verified Carbon Units (VCUs).

In 2022, the Climate Change Authority reviewed the list of eligible offset units under Climate Active. The Authority recommended no immediate changes to this list, and noted that assessment of unit eligibility at the scheme level was appropriate. The Australian Government is currently considering its response to all recommendations from this review

1. **Why can’t a business plant trees on their land and count them as offsets?**

Carbon offset units are issued by carbon crediting/offsetting schemes for registered projects that have met the requirements of a certain methodology (for example, a carbon sequestration via tree planting methodology). The people developing and running the project must ensure the permanence of that carbon sequestration over a specified period, such as 25 or 100 years. They must also have their carbon abatement calculations verified by an independent party.

If a business plants trees on their property but does not register the activity with an offset scheme, and does not meet the requirements of the relevant methodology, then they can’t count the sequestration from those plantings as eligible carbon offsets.

Climate Active released a draft guideline and consultation paper on [Accounting for Carbon Sequestration from Tree Plantings](https://www.climateactive.org.au/what-climate-active/news/consultation-open) in September 2022. The draft guideline outlines how businesses could measure carbon sinks from trees and shrubs they have planted, without the creation of offset units for use under organisation and product certifications. Consultation closed in October 2022. Climate Active will provide updates as necessary.

1. **What does ‘retired’ mean in the context of carbon offsets?**

When an offset unit is retired in a registry, this means that the carbon abatement attribute has been claimed and the unit cannot be traded or subsequently claimed again. It is important that offset units are retired in the appropriate registry so that claims over abatement are exclusive and not double counted.

1. **Can a business use self-generated offsets to reduce their own offset liability?**

Where a business undertakes an activity that results in reduced emissions in their carbon account and which also creates offset units, Climate Active requires that the associated offset units are voluntarily retired if the business intends to claim the associated carbon abatement. If the business instead transfers the unit to third parties, those third parties could then claim the associated abatement by voluntarily retiring the units, and the business must ‘add on’ the associated emissions in their carbon account (i.e. as though the activity never occurred). This is to prevent double counting of emissions.

1. **If a supplier offsets their Climate Active certified products/services, can a business claim these offsets in their own accounting?**

Where emissions have already been offset as part of another Climate Active carbon neutral certification, a business does not need to offset emissions. For example, where a business has included Climate Active carbon neutral certified products in its carbon account, those inputs are treated as 0 emissions inputs and need not be further offset.

If the product/service is not Climate Active certified, it cannot be automatically regarded as 0 emissions in its carbon account. Businesses must include a full emissions footprint in the Climate Active carbon account to be able to claim offsets retired on behalf of the supplier of this product/service.

1. **What are the specific project-type exclusions for Certified Emission Reductions (CERs)?**

The specific exclusions for Certified Emissions Reductions (CERs) units are listed in Appendix A of the [Carbon Neutral Standard](https://www.climateactive.org.au/be-climate-active/tools-and-resources).

1. **Will the current Climate Active rules on offset unit eligibility change?**

A list of eligible offsets is available at Appendix A of the Climate Active Carbon Neutral Standard and includes Australian Carbon Credit Units (ACCUs), most Certified Emissions Reductions (CERs), Removal Units, most Verified Emissions Reductions (VERs) and Verified Carbon Units (VCUs).

Please note that the Climate Change Authority has conducted a review (published August 2022) of eligible offsets for Commonwealth certifications. Climate Active is currently considering the recommendations from this review. Climate Active will keep members updated on any developments.

1. **If a business is certifying a product or service certification on an opt-in basis, how does it offset these emissions?**

If a business is certifying a product or service on an opt-in basis (a customer pays an additional fee to offset the business’s product or service), the business would choose an offsetting approach (in arrears or upfront). If for example the business was offsetting in arrears, offset units must be retired at the end of each reporting year, starting with the first year of certification. If the business chooses upfront offsetting, this requires the retirement of offset units at the start of each reporting year, which should offset the total emissions expected for the coming reporting year. A true-up is then performed at the end of the reporting year to ensure that a sufficient quantity of units has been cancelled.

1. **Can a business go back and certify previous years’ inventories if it has enough data to do so, and purchase the required offsets at today’s value?**

A business can certify up to 2 years prior to the current reporting period, provided they can meet all the requirements of certification. For example, if they were looking to certify their CY2022 emissions, they could also certify (and offset) the emissions from CY2021 and CY2020.

1. **What is the difference between carbon offset units and renewable energy certificates?**

Offset units represent emissions abatement from projects that reduce, remove or avoid emissions, where the abatement would not have occurred in the ordinary course of events. Renewable Energy Certificates (for example Large-scale Generation Certificates [LGCs]) reflect the 0 emissions attribute of renewable electricity generation. Under Climate Active’s electricity accounting rules, each LGC is treated as 1 MWh of 0 emissions renewable electricity under the market based reporting method. Under Climate Active, an LGC is not considered a carbon offset unit and can only be used to reduce (not offset) electricity emissions.

1. **What is the process to have a biodiversity project stapled to Climate Active and be used for offsets?**

Non-carbon certificates or units, such as those from biodiversity projects, are issued by various companies. They will often source the stapled unit (i.e. the eligible carbon offset unit) as part of the overall package for their customers seeking Climate Active carbon neutral certification. Only the eligible carbon offset unit – not the biodiversity unit – can be used to compensate for emissions under Climate Active.

1. **The Australian National Registry of Emissions Units (ANREU) has no direct web link to offset transaction like some international offset schemes do. How does a business deal with that?**

You still need to provide evidence that the offset units have been retired in the relevant registry. This can come in various forms, such as a clear screenshot of the transaction in the ANREU (outlining the quantity, project ID, vintage, serial numbers, and retirement reason, etc.), or a letter from the Clean Energy Regulator stating that the offsets have been retired for your organisation’s Climate Active claim, along with the offset details stated earlier.

1. **Does it matter when carbon offset units are retired, as opposed to when they are used in a report?**

Offsets that have been retired do not necessarily have to be used in one go – they can be ‘banked’ and used in future reporting years. For example, if a business retired 1,000 eligible units in anticipation of their expected carbon footprint, but in reality only needed 800, they could use the remaining 200 units to help compensate for their emissions in the next year.

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.

### ORGANISATION CERTIFICATION QUESTIONS

1. **Why is small organisation classification restricted if product and services will be sought?**

In relation to the small organisation certification, Climate Active has prepared a list of mandatory relevant emissions sources that that are automatically included within a business’s emissions boundary, and must be quantified as 0 emissions if they do not occur. For additional emissions sources, small organisations must apply the relevance test to determine if those emissions sources are assessed as relevant and therefore included in the emissions boundary.

For a small organisation, 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.

Small organisation certifications are able to make use of this simplified process for preparing an emissions boundary. If a business with a small organisation certification was to also seek a product or service certification, this would have an impact on the complexity of carbon account and it would not eligible to use the simplified small organisation pathway.

1. **What emission sources are automatically deemed relevant for small organisations?**

The list of emissions sources that are deemed relevant for small businesses is provided in the ‘Small Organisation’ section of the Technical Guidance Manual.

### PRODUCT AND SERVICE CERTIFICATION QUESTIONS

1. **If the organisation is a consultant that provides a consulting service, is it better to get the organisation or service certification?**

It is a choice for businesses which certification they should to seek. Some businesses choose to seek certification in multiple categories: for example, as an organisation and for a service. It is important to note that the nature of the carbon neutral claim depends on the certification that has been achieved. For example, a business certified as a carbon neutral organisation cannot claim that the business has a Climate Active carbon neutral service, unless they have also achieved certification in that category.

1. **Is there a difference between a carbon neutral building certification, organisation certification and services certification if a business is, for example, a standalone childcare centre?**

It is a choice for businesses which certification they apply for. Some businesses choose to seek certification in multiple categories: for example, as an organisation and for a product or service. The requirements for carbon neutral certification for an organisation, building, and product/service are each different. For example, under the Climate Active Carbon Neutral Standard for Organisations, the emissions boundary relates to the operational emissions of the organisation. Under the Carbon Neutral Standard for Products and Services, the carbon account is prepared through a life cycle assessment which includes the product or service’s attributable emissions.

1. **Does an organisation need to be Climate Active certified to be able to have a Climate Active certified product/service?**

No. There is no requirement for this.

1. **Is there a default reporting method of electricity emissions for product and services?**

Product and service certifications are not required to use the Climate Active electricity calculator or dual report electricity emissions via the location-based and market-based reporting methods. This is due to the nature of how the carbon account is prepared through a life cycle assessment and challenges with isolating emissions associated with electricity in upstream and downstream emissions sources.

1. **If a business has two or more similar products e.g. different types of soap, can these combined into one product certification?**

Products with shared or very similar manufacture processing may seek to be certified under a single certification. Please always discuss this option with the Climate Active team at Climate.Active@industry.gov.au prior to seeking to register for certification. You can find examples of products that have been certified under one certification on the Climate Active website.

1. **Is there a Climate Active calculator for products and services?**

A business can use the Climate Active inventory template and calculators to prepare the carbon account for a product or service, however most use the calculators built into their product or service life cycle assessment, given that many of the attributable processes often contain bespoke emission factors.

1. **When can a product/service certification use a cradle-to-gate boundary?**

If the function of the final product is not known, or there are significant barriers to collecting data, a cradle-to-gate boundary can be defined. Cradle-to-gate is a partial life cycle inventory, including all emissions and removals from material acquisition through to when the product leaves the responsible entity’s gate (typically immediately following its production) and excluding final product use and end-of-life. If a cradle-to-gate boundary is defined, responsible entities must disclose this in the PDS.

Otherwise, a cradle-to-grave life cycle assessment should be used.

1. **In the context of the exclusion conditions for attributable sources (excluded from carbon account), what is the definition of primary and secondary data?**

Primary data are data from specific activities within a company’s value chain; secondary data are those that are not from such specific activities.

For example, primary data relating to the emissions from business travel would be the details from airlines about the specific flights taken by employees; secondary data would refer to the estimated distances that employees have travelled based on industry-average data.

### PRECINCT CERTIFICATION QUESTIONS

1. **Do precincts need to be geographically contiguous? Or could they be separated areas – for example, university campus A and campus B, separated by 2km?**

A precinct must be geographically contiguous for the purposes of Climate Active carbon neutral certification.

1. **For completeness, could upfront carbon and construction emissions be included in a precinct certification?**

Precinct certification is in relation to precinct operations. This means that carbon neutral claims against the Carbon Neutral Standard for Precincts only apply to a precinct’s operational emissions. Upfront carbon (including energy embodied in materials) used to construct, fit out, renovate, maintain or upgrade the precinct are not considered part of a precinct’s operational carbon account and are not covered by the Precinct Standard. The Guideline: Upfront Carbon for Buildings is available for entities seeking Climate Active carbon neutral certification for the delivery phase of a building project, more information is available [here](https://www.climateactive.org.au/be-climate-active/tools-and-resources/guideline-upfront-carbon-for-buildings).

1. **If an organisation operates from an office in a precinct, how does the Climate Active electricity calculator exclude those emissions which have already been accounted for by the precinct?**

An organisation operating in a Climate Active carbon neutral certified precinct does not need to offset emissions that have already been offset as part of the precinct certification. The organisation must still prepare their carbon account using the activity data for their emission sources, however those which have already been covered by the precinct are assigned an emission factor of zero. The PDS should explain that the emissions which overlap with the precinct’s emissions boundary have already been offset as part of the precinct certification.

The Climate Active electricity calculator includes an input tab for electricity consumption within a precinct where that precinct has matched 100% of electricity consumption with renewable electricity sources. The calculator will automatically adjust market-based summary table to reflect the contribution of the renewable electricity attributed to the precinct.

1. **Does a carbon neutral precinct takes responsibility for the scope 1, 2 and 3 of all its tenants?**

For a precinct certification, the emissions boundary is set in relation to operational emissions over a defined geographic area. Stationary energy and fuels used within the geographic boundary of the precinct and electricity used within the geographic boundary of the precinct are automatically deemed relevant and must be included in the emissions boundary. All other emissions identified as arising as a consequence of the precinct operating must be assessed for relevance.

1. **Can the geographic area of a precinct change? What happens if the planned footprint changes or additional land for development becomes available? What happens if the community views the size of the precinct to have expanded?**

The certifying entity should contact the Climate Active team at Climate.Active@industry.gov.au in the first instance. They should also disclose any changes to the geographic area and/or community expectations of the precinct in the PDS.

### REGISTERED CONSULTANT QUESTIONS

1. **What is a Climate Active Registered consultant and where can I find a list of Registered Consultants?**

Climate Active Registered consultants can help businesses become carbon neutral and achieve certification under the [Climate Active Carbon Neutral Standard](https://www.industry.gov.au/regulations-and-standards/climate-active). Registered consultants who are Climate Active certified have attended Climate Active training, have passed assessment requirements, and have received a notice of registration from Climate Active. A full list of Climate Active Registered Consultants can be found [here](https://www.climateactive.org.au/be-climate-active/register-consultants-climate-active-certification).

1. **How do I become a Climate Active Registered consultant?**

Information to become a Climate Active Registered consultant can be found [here.](https://www.climateactive.org.au/be-climate-active/register-consultants-climate-active-certification)

### THIRD PARTY VALIDATION QUESTIONS

1. **What is a technical assessment?**

A technical assessment ensures that carbon neutral claims are prepared in accordance with the rules of the Climate Active Carbon Neutral Standard. The technical assessor makes a yes/no assessment (yes/no answers must include justification) against each of a list of questions required in a technical assessment.

1. **What is the difference between type 1 and type 2 and type 3 validations?**

There are three types of third-party validation: A type 1 validation is a source data check, a type 2 validation is an assurance engagement, and a type 3 validation is a critical review of a life cycle assessment, assurance engagement and source data check.

1. **What are the requirements for a technical assessment and third-party validation?**

The requirements for technical assessment and third-party validations are set out in the Validation Schedule to the Licence Agreement. A copy of the technical assessment for carbon neutral certification and the third party validation documents are available on the [tools and resources page](https://www.climateactive.org.au/be-climate-active/tools-and-resources/technical-guidance-manual).

1. **Does a small organisation need to get a third-party validator to certify their carbon account?**

For a small organisation certification, the business must undertake a Type 1 third party validation. The requirements for the third-party validation are set out in the Validation Schedule to the Licence Agreement and further information is available above. Note: A small organisation does not need to undertake a technical assessment as the emissions boundary is pre-set and therefore does not need a methodological check.

1. **After the initial certification, is the third-party validation ever required again?**

After an initial certification has been achieved, additional third-party validations can be required if a base year recalculation is required. Please refer to the ‘base year recalculation policy’ section above for information about when a base year recalculation is required and what the implications of a base year recalculation might be.

Businesses may also be selected for validation in any given year by a Climate Active appointed external assurance practitioner. The validation works through businesses carbon neutral claims, Certification or compliance matters as listed in [Climate Active’s Licence agreement](https://www.climateactive.org.au/be-climate-active/tools-and-resources/licence-agreement).

1. **For technical assessments - If the base year is, say, the 2020-2021 financial year but the certified year is the 2021‑2022 financial year, then when does the 3 years start from?**

For certifications where a technical assessment applies, technical assessments are required on the initial certification, and every 3 years or whenever a base year recalculation is required. The three years starts from the most recently certified reporting year. For example, if the most recent technical assessment was undertaken on the 2021-2022 financial year, then the next technical assessment would be required for the 2024-2025 financial year report (unless a base year recalculation triggered an earlier technical assessment).

Please refer to the ‘base year recalculation policy’ section of the Technical Guidance Manual for information about when a base year recalculation is required and what the implications of a base year recalculation might be.

1. **Is there any guide or benchmarks for the costs of the third-party validation?**

Climate Active does not set costs associated with third party validations. Costs associated with third party validations are an agreement between businesses and those they engage to undertake the third-party validation. Requirements for who can undertake third party validations are set out in the Validation Schedule to the Licence Agreement.