



TECHNICAL GUIDANCE MANUAL

August 2024

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Publication Disclaimer

The Department of Climate Change, Energy, the Environment and Water 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	Summary of changes
23 August 2024	<ol style="list-style-type: none">1. Updated requirement to eligible emissions sources under small organisation pathway.2. Addition of guidance on offset banking policy.3. Addition of new rule on reporting deadlines for projection reports (initial certifications).4. Removed frequently asked technical questions (to be provided in a standalone FAQ guidance document).
2 February 2024	<ol style="list-style-type: none">1. Addition of program compliance and policies section, outlining deadline extension policy and obligations of an expired, terminated or withdrawn Licence Agreements.2. Removed each individual certification type process text.3. Addition of 3 tables outlining how to achieve certification for all certification types.4. Removed the criteria, fees and validation table.
16 March 2023	<ol style="list-style-type: none">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	<ol style="list-style-type: none">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	<ol style="list-style-type: none">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](#)
- [Third party validation for carbon neutral certification](#)
- [Small organisation declaration form](#)
- [Climate Active Licence Agreement](#)
- [Climate Active Licence Agreement – Annex A – Requirements for Upfront Carbon for Buildings – Climate Active pathway](#)
- [Climate Active Affiliate Agreement](#)
- [User Guide for the Climate Active Carbon Neutral Certification Trade Mark](#)
- [Climate Active Carbon Neutral Standard for Organisations](#)
- [Climate Active Carbon Neutral Standard for Buildings](#)
- [Climate Active Carbon Neutral Standard for Events](#)
- [Climate Active Carbon Neutral Standard for Precincts](#)
- [Climate Active Carbon Neutral Standard for Products & Services](#)
- [Upfront Carbon for Buildings \(product certification\) guideline](#)
- [Registered consultants list](#)
- [FAQs](#)

For more information

Visit our website: climateactive.org.au

You can also email us at: climate.active@dcceew.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 accounting 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% of the carbon inventory for individual items and no more than 5% collectively, is considered to be immaterial.

Materiality

An emission source that constitutes 1% 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% for individual items and no more than 5% 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.

HOW TO ACHIEVE CERTIFICATION

Certification via the Climate Active Carbon Neutral Organisation, Product/Service or Precinct Standard

See page 10 for certification via the Climate Active Carbon Neutral Event Standard

See page 12 for the Upfront carbon for building certification via the Climate Active Carbon Neutral Product Standard

Steps to achieve certification		Organisation, Product, Service & Precinct	
1	<p>Apply for certification</p> <p><i>Allow Climate Active up to 4 weeks to review your application. Additional time may be required from time to time to complete the review.</i></p>	<p>Submit an application for certification via the Climate Active user Portal.</p> <p>You can view a sample of the application form here.</p>	<p>To be eligible for the Environmental Product Declaration (EPD) streamlined product certification pathway, the EPD must be:</p> <ul style="list-style-type: none">• 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. <p>For further technical information on this pathway please read the 'Product certification and Environmental Product Declarations' section of this manual.</p>
2	<p>Sign the Licence Agreement</p> <p><i>Until you return the signed Licence Agreement, Climate Active will not issue you any information or documents to complete the certification process.</i></p>	<p>If Climate Active provides in-principle approval of your certification application, we will issue you with a Licence Agreement to sign.</p> <p>See sample Licence Agreement and the Licence Agreement Guidance and FAQs document for more information.</p>	
3	<p>Prepare the certification reporting documents</p> <p><i>Preparing your reporting documents can take anywhere from 3 to 12 months+.</i></p>	<p>When you return the signed Licence Agreement, Climate Active will issue you with the relevant reporting templates for you to complete.</p> <p>The templates issued will be dependent on the certification type you are seeking.</p> <p>A registered consultant can help you prepare your reports, including your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A list of registered consultants is available on our website. The Climate Active team can provide you with policy advice, but we are not able to tell you how to prepare your carbon inventory or complete your reporting documents.</p> <p>It is recommended you review the additional guidance within this document, and the relevant Standard, when preparing your reporting documents.</p>	
4	<p>Validation requirements</p> <p><i>Depending on the validation type, you will need to engage an appropriate third-party to carry out the relevant validation requirements. Allow sufficient time for this step, including time to respond to queries from the third-party.</i></p>	<p>All certifications are subject to third-party validation as outlined in the validation schedule of the Licence Agreement.</p> <p>The validation schedule details who can perform each validation type.</p> <p>A registered consultant can conduct the Technical Assessment. A list of registered consultants is available on our website.</p> <p>When engaging an organisation to undertake your third-party validation, you must ensure that the third-party validation body is genuinely independent from whoever prepared the carbon inventory.</p> <p>NOTE: The validation requirements listed here are the current requirements, but you should always confirm your requirements by checking your Licence Agreement.</p>	<p>Organisation:</p> <ul style="list-style-type: none">• Small organisation declaration – small organisation pathway• Technical assessment – medium and large organisation pathway• Type 1 third-party validation – small and medium organisation pathway• Type 2 third-party validation – large organisation pathway <p>Product:</p> <ul style="list-style-type: none">• Technical assessment• Type 3 third-party validation – mandatory unless you are following the EPD pathway <p>Service:</p> <ul style="list-style-type: none">• Technical assessment• Type 1 third-party validation – simple service• Type 3 third-party validation – complex service <p>Precinct:</p> <ul style="list-style-type: none">• Technical assessment• Type 2 third-party validation
5	<p>Purchase and retire eligible carbon offset units</p> <p><i>Purchasing and retiring eligible offset units can take a significant amount of time. Climate Active will not review your reporting documents until you have provided full details in your Public Disclosure Statement (PDS) of all units retired and used for your certification.</i></p>	<p>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 (PDS).</p> <p>See the <i>Offsets – eligibility, reporting and banking</i> section of this document for more information about eligible offset units under Climate Active.</p>	

Steps to achieve certification		Organisation, Product, Service & Precinct	
6	<p>Submit the completed certification reporting documents for review</p> <p><i>Allow Climate Active 6-8 weeks to review your reporting documents. We may ask you for additional information or to amend your reporting documents if they do not meet the relevant Standard or criteria of the template. If this occurs, expect your review to take longer than 8 weeks.</i></p>	<p>Submit your completed reporting and validation documents to Climate Active for review.</p> <p>You must submit all documents via your user Portal. Emailed documents will not be actioned.</p> <p>NOTE: initial projection reports must be submitted in the first half of the reporting period for which you are seeking certification; see <i>Program Compliance and Policies</i> section of this document for more information.</p> <p>NOTE: Submitting your reporting documents for review does not mean you have achieved certification. You cannot claim certification or use the certification trade mark until you have been provided a Notice of Initial Certification (outlined at step 9).</p> <p>Documents submitted for review are placed in a queue according to their submission date and are reviewed in order to ensure equity and fairness to all businesses.</p>	<p>Documents to submit:</p> <ul style="list-style-type: none">• Public Disclosure Statement (mandatory)• Carbon inventory* (mandatory)• Electricity calculator (mandatory for Organisations and Precincts, optional for Products and Services – submit if used when calculating the carbon inventory)• Working from home calculator (optional – submit if used when calculating the carbon inventory)• Activity data calculator (optional – submit if used when calculating the carbon inventory)• Technical assessment (mandatory – except for small organisation pathway)• Small organisation declaration (mandatory only for organisations following small organisation pathway)• Relevant third-party validation report (mandatory) <p>*Product certifications following the product EPD pathway must submit the global warming potential summary from the relevant EPD.</p>
7	<p>Pay your certification fees</p> <p><i>Climate Active will seek information from you prior to issuing your invoice(s). Please respond promptly to avoid incorrectly issued invoice(s). All invoices have a 30-day payment term.</i></p>	<p>When the review of your reporting documents starts, we will calculate your relevant certification fees and issue your invoice(s).</p> <p>Certification fees are calculated as per the Fee Schedule outlined in the Licence Agreement.</p> <p>Certification fees are charged in advance, per reporting period. You may be issued more than one invoice at this stage if your initial certification is for a reporting period that is in the past.</p> <p><i>For example: in March 2024 you submit your initial certification reports for the CY2023 period. You will be issued invoices for this reporting period as well as for the CY2024 reporting period, as this certification period is currently in progress with invoices for this period already sent in January 2024.</i></p>	
8	<p>Respond to request from Climate Active Communications team</p>	<p>While we are reviewing your reporting documents, you will hear from our Communications team.</p> <p>The Communications team will provide you with the Brand and Communications Guidelines and information about certification trade mark use. They will also request some business details from you, such as your business logo to appear on our website once your certification is approved.</p> <p>You can advise the team of any announcements or upcoming communications you might be planning in relation to achieving certification and check that they comply with the Guidelines.</p> <p>Keep in mind that you cannot claim certification or use the certification trade mark (CTM) until you have been provided a Notice of Initial Certification and have received approval in writing to use the CTM (outlined at step 9).</p>	
9	<p>Achieve initial certification</p>	<p>Climate Active will issue you a Notice of Initial Certification when you have successfully actioned all requests for information and have paid your certification fees.</p> <p>You can now use the certification trade mark in accordance with your Licence Agreement.</p> <p>You must follow the Brand and Communication Guidelines when using the trade mark and marketing your certification.</p> <p>Any use of the certification trade mark requires approval from Climate Active before use.</p> <p>Certification trade mark approvals can be sent to climateactivecomms@dcceew.gov.au.</p>	
10	<p>Maintain certification</p> <p><i>Calendar year reports are due 30 April following the end of the reporting year.</i></p> <p><i>Financial year reports are due 31 October following the end of the reporting year.</i></p> <p><i>Ensure you comply with the validation requirements for maintaining certification as outlined in your Licence Agreement.</i></p>	<p>Once your initial certification is approved you will move to your yearly reporting schedule to maintain certification, as outlined in the Licence Agreement.</p> <p>This means that your certification status is maintained between reporting dates, and you will continue to be listed as a certified brand on the Climate Active website.</p> <p>Your annual reports must be submitted via the user Portal by the due date that corresponds to your reporting cycle to ensure your certified status is maintained. Non-compliance with the reporting due date can put your certification status at risk.</p> <p>See <i>Program Compliance and Policy</i> section for more information.</p> <p>If you intend to withdraw your certification(s), you must notify us at Climate.Active@dcceew.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.</p>	



Certification via the Climate Active Carbon Neutral Event Standard

See page 8 for certification via the Climate Active Carbon Neutral Organisation, Product/Service or Precinct Standard

See page 12 for the Upfront carbon for building certification via the Climate Active Carbon Neutral Product Standard

Steps to achieve certification		Event	
1	<p>Apply for certification</p> <p><i>Allow Climate Active up to 4 weeks to review your application. Additional time may be required from time to time to complete the review.</i></p>	<p>Submit an application for event certification via the Climate Active user Portal.</p> <p>You can view a sample of the application form here.</p> <p>Depending on your event, it may be classified as a ‘small’ or ‘large’ event.</p>	<p>Small event criteria:</p> <ul style="list-style-type: none">up to 5,000 attendees; or up to 10,000 attendees where the event runs for one day or less. <p>Large event criteria:</p> <ul style="list-style-type: none">more than 10,000 attendees; ormore than 5,000 attendees where the event runs for more than one day.
2	<p>Sign the Licence Agreement</p> <p><i>Until you return the signed Licence Agreement Climate Active will not issue any information or documents to complete the certification process.</i></p>	<p>If Climate Active provides in-principle approval of your certification application, we will issue you with a Licence Agreement to sign.</p> <p>See sample Licence Agreement and the Licence Agreement Guidance and FAQs document for more information.</p>	
3	<p>Prepare the pre-event reporting documents</p> <p><i>Preparing your pre-event reporting documents can take anywhere from 1 to 3 months.</i></p>	<p>When you return the signed Licence Agreement, Climate Active will issue you with the relevant reporting templates for you to complete.</p> <p>A registered consultant can help you prepare your reports, including your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A list of registered consultants is available on our website. The Climate Active team can provide you with policy advice, but we are not able to tell you how to prepare your carbon inventory or complete your reporting documents.</p> <p>It is recommended you review the additional guidance within this document, and the relevant Standard, when preparing your reports.</p>	
4	<p>Pre-event validation requirements</p> <p><i>Depending on the validation type, you will need to engage an appropriate third-party to carry out the relevant validation requirements. Allow sufficient time for this step, including time to respond to queries from the third-party.</i></p>	<p>There are no pre-event validation requirements if your event meets the ‘small’ event criteria.</p> <p>If your event meets the ‘large’ criteria, a technical assessment is required on the pre-event report.</p> <p>A registered consultant can conduct the Technical Assessment. A list of registered consultants is available on our website.</p>	<p>Small pre-event validation requirement:</p> <ul style="list-style-type: none">Not applicable <p>Large pre-event validation requirement:</p> <ul style="list-style-type: none">Technical assessment
5	<p>Purchase and retire eligible carbon offset units</p> <p><i>Purchasing and retiring eligible offset units can take a significant amount of time. Climate Active will not review your reporting documents until you have provided full details in your Public Disclosure Statement (PDS) of all units retired and used for your certification.</i></p>	<p>Purchase and retire eligible carbon offset units to cover the estimated pre-event emissions. Details of your retired eligible offset units must be disclosed in your Public Disclosure Statement (PDS).</p> <p>See the <i>Offsets – eligibility, reporting and banking</i> section of this document for more information about eligible offset units under Climate Active.</p> <p>NOTE: At the conclusion of your event, you will prepare your post-event reports. If your post-event carbon inventory is larger than your pre-event carbon inventory you will need to purchase and retire additional eligible carbon offsets.</p>	
6	<p>Submit pre-event reporting documents for review</p> <p><i>You must submit the pre-event documents no later than 28 days prior to the start of your event. If you submit your documents within 28 days of the event, your event will not be certified.</i></p>	<p>Submit your completed reporting and validation documents to Climate Active for review.</p> <p>You must submit all documents via your user Portal. Emailed documents will not be actioned.</p>	<p>Documents to submit:</p> <ul style="list-style-type: none">Public Disclosure StatementCarbon inventoryElectricity calculator (if applicable)Event calculatorTechnical assessment (large event only)
7	<p>Pay your certification fee</p> <p><i>Climate Active will seek information from you prior to issuing your invoice(s). Please respond promptly to avoid incorrectly issued invoice(s). All invoices have a 30-day payment term.</i></p>	<p>When the review of your reporting documents starts, we will calculate your relevant certification fees and issue your invoice.</p> <p>Certification fees are calculated as per the Event Fee Schedule outlined in the Licence Agreement.</p>	
8	<p>Respond to request from Climate Active Communications team</p>	<p>While we are reviewing your reporting documents, you will hear from our Communications team.</p> <p>The Communications team will provide you with the Brand and Communications Guidelines and information about certification trade mark use. They will also request some business details from you, such as your business logo to appear on our website once your certification is approved.</p> <p>You can advise the team of any announcements or upcoming communications you might be planning in relation to achieving certification and check that they comply with the Guidelines.</p>	

Steps to achieve certification		Event	
		Keep in mind that you cannot claim certification or use the certification trade mark (CTM) until you have been provided a Notice of Initial Certification and have received approval in writing to use the CTM (outlined at step 9).	
9	Achieve pre-event certification	<p>Climate Active will issue you a Notice of Initial Certification when you have successfully actioned all requests for information and have paid your certification fees.</p> <p>You can now use the certification trade mark in accordance with your Licence Agreement.</p> <p>You must follow the Brand and Communication Guidelines when using the trade mark and marketing your certification.</p> <p>Any use of the certification trade mark requires approval from Climate Active before use.</p> <p>Certification trade mark approvals can be sent to climateactivecomms@dcceew.gov.au.</p>	
10	Prepare the post-event reporting documents	<p>Using in-house expertise or a registered consultant complete your post-event reporting documents.</p> <p>If your post-event carbon inventory is larger than your pre-event carbon inventory you will need to purchase and retire additional eligible carbon offsets.</p> <p>Post-event reports must be submitted no later than 4 months after the end date of the event.</p>	
	<i>When your event concludes, you should begin to prepare your post-event report. If you are unable to locate the correct templates, you can contact climate.active@dcceew.gov.au.</i>		
11	Post-event validation requirements	<p>There are no post-event validation requirements if your event meets the ‘small’ event criteria.</p> <p>If your event meets the ‘large’ criteria, a technical assessment and third-party validation is required on the post-event report.</p> <p>The validation schedule in the Licence Agreement details who can perform each validation type.</p> <p>A registered consultant can conduct the Technical Assessment. A list of registered consultants is available on our website.</p> <p>When engaging an organisation to undertake your third-party validation, you must ensure that the third-party validation body is genuinely independent from whoever prepared the carbon inventory.</p>	<p>Small post-event validation requirement:</p> <ul style="list-style-type: none">• Not applicable <p>Large post-event validation requirement:</p> <ul style="list-style-type: none">• Technical assessment• Type 1 third-party validation
12	Submit post-event reporting documents for review	<p>Submit your completed post-event reporting and validation documents (if applicable) to Climate Active for review.</p> <p>Post-event reports must be submitted no later than 4 months after the end date of the event.</p> <p>You must submit all documents via your user Portal. Emailed documents will not be actioned.</p>	<p>Documents to submit:</p> <ul style="list-style-type: none">• Public Disclosure Statement• Carbon inventory• Electricity calculator (if applicable)• Event calculator• Technical assessment (large event only)• Third-party validation report (large event only)

Upfront carbon for buildings Certification via the Climate Active Carbon Neutral Product Standard

See page 8 for certification via the Climate Active Carbon Neutral Organisation, Product/Service or Precinct Standard

See page 10 for certification via the Climate Active Carbon Neutral Event Standard

Steps to achieve certification		Upfront carbon for buildings via the Product Standard	
1	<p>Apply for certification</p> <p><i>Allow Climate Active up to 4 weeks to review your application. Additional time may be required from time to time to complete the review.</i></p>	<p>Apply for certification by downloading the <i>Upfront carbon for buildings</i> application form.</p> <p>Send the completed form to climate.active@dcceew.gov.au for review.</p>	<p>Climate Active offers 2 certification pathways for Upfront carbon for buildings.</p> <ul style="list-style-type: none"> Commitment phase As-built phase <p>Consult the Guideline: Upfront Carbon for Buildings for more information.</p>
2	<p>Sign the Licence Agreement</p> <p><i>Until you return the signed Licence Agreement, Climate Active will not issue any information or documents to complete the certification process.</i></p>	<p>If Climate Active provides in-principle approval of your certification application, we will issue you with a Licence Agreement and Annex A (Requirements for Upfront Carbon for Buildings – Climate Active pathway) to sign.</p> <p>See sample Licence Agreement, Annex A and the Licence Agreement Guidance and FAQs document for more information.</p>	
3	<p>Prepare the certification reporting documents</p> <p><i>Preparing your reporting documents can take anywhere from 3 to 12 months+.</i></p>	<p>When you return the signed Licence Agreement and Annex A, Climate Active will issue you with the relevant reporting templates for you to complete.</p> <p>A registered consultant can help you prepare your reports, including your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A list of registered consultants is available on our website. The Climate Active team can provide you with policy advice, but we are not able to tell you how to calculate your carbon inventory or complete your reporting documents.</p> <p>It is recommended you review the additional guidance within this document, the relevant Standard, and the Guideline: Upfront Carbon for Buildings when preparing your reports.</p>	
4	<p>Validation requirements</p> <p><i>Depending on the validation type, you will need to engage an appropriate third-party to carry out the relevant validation requirements. Allow sufficient time for this step, including time to respond to queries from the third-party.</i></p>	<p>All certifications are subject to third-party validation as outlined in the validation schedule of the Licence Agreement and Annex A.</p> <p>The validation schedule details who can perform each validation type.</p> <p>A registered consultant can conduct the Technical Assessment. A list of registered consultants is available on our website.</p> <p>When engaging an organisation to undertake your third-party validation, you must ensure that the third-party validation body is genuinely independent from whoever prepared the carbon inventory.</p> <p>NOTE: The validation requirements listed here are the current requirements, but you should always confirm your requirements by checking your Licence Agreement.</p>	<p>Commitment phase certification pathway:</p> <ul style="list-style-type: none"> Technical assessment – required on the ‘design’ report only Type 3 third-party validation – required on the ‘as-built’ report once construction is complete <p>As-built phase certification pathway:</p> <ul style="list-style-type: none"> Technical assessment – required on the ‘as-built’ report Type 3 third-party validation – required on the ‘as-built’ report
5	<p>Purchase and retire eligible carbon offset units</p> <p><i>Purchasing and retiring eligible offset units can take a significant amount of time. Unless the eligible offset units have been retired and the hyperlink or certificate from the relevant registry are disclosed in your PDS, Climate Active will not review your reporting documents.</i></p>	<p>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 (PDS).</p> <p>See the <i>Offsets – eligibility, reporting and banking</i> section of this document for more information about eligible offset units under Climate Active.</p>	<p>Commitment phase certification pathway:</p> <ul style="list-style-type: none"> Requires that offsets equivalent to at least 50% of forecast emissions from the development are purchased and retired for the ‘design’ report to be processed by Climate Active. After the project is complete (as-built), you will be required to retire the remainder of the offsets needed to sufficiently cover the emissions for the ‘as-built’ report. <p>As-built phase certification pathway:</p> <ul style="list-style-type: none"> Requires that offsets equivalent to the total emissions for the complete project are retired and disclosed in the ‘as-built’ report to be processed by Climate Active.
6	<p>Submit the completed certification reporting documents for review</p> <p><i>Allow Climate Active 6-8 weeks to review your reporting documents. We may ask you for additional information or to amend your reporting documents if they do not meet the relevant Standard or criteria of the template. If</i></p>	<p>Submit your completed reporting and validation documents to Climate Active for review by emailing them to climate.active@dcceew.gov.au.</p> <p>NOTE: Submitting your reporting documents for review does not mean you have achieved certification. You cannot claim certification or use the certification trade mark until you have been provided a Notice of Initial Certification (outlined at step 9).</p>	<p>Commitment phase certification pathway:</p> <p>Documents to submit:</p> <ul style="list-style-type: none"> ‘Design’ Public Disclosure Statement Carbon inventory (or equivalent) Electricity calculator (if applicable) Technical assessment

Steps to achieve certification		Upfront carbon for buildings via the Product Standard	
	<i>you are asked to provide additional information expect your review to take longer than 8 weeks.</i>	Documents submitted for review are placed in a queue based on the lodgement date and are reviewed in order to ensure equity and fairness to all businesses.	<p>As-built phase certification pathway:</p> <p>Documents are due to Climate Active within 2 years of practical completion of the project.</p> <p>Documents to submit:</p> <ul style="list-style-type: none"> • ‘As-built’ Public Disclosure Statement • Carbon inventory (or equivalent) • Electricity calculator (if applicable) • Technical assessment • Type 3 third-party validation
7	<p>Pay certification fees</p> <p><i>Climate Active will seek information from you prior to issuing your invoice(s). Please respond promptly to avoid incorrectly issued invoice(s). All invoices have a 30-day payment term.</i></p>	<p>When the review of your reporting documents starts, we will calculate your relevant certification fees and issue your invoice.</p> <p>Certification fees are calculated as per the Fee Schedule outlined in the Licence Agreement.</p> <p>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.</p>	<p>Commitment phase certification pathway:</p> <ul style="list-style-type: none"> • The fee is payable on the emissions estimate of the ‘Design’ report. • No additional fees will be payable should the emissions profile differ when calculated at completion of the project. In addition, no difference in fees will be refunded. <p>As-built phase certification pathway:</p> <ul style="list-style-type: none"> • The fee is a one-off payment. • No additional or ongoing fees will be issued.
8	Respond to Climate Active Communication request	<p>While we are reviewing your reporting documents, you will hear from our Communications team.</p> <p>The Communications team will provide you with the Brand and Communications Guidelines and information about certification trade mark use. They will also request some business details from you, such as your business logo to appear on our website once your certification is approved.</p> <p>You can advise the team of any announcements or upcoming communications you might be planning in relation to achieving certification and check that they comply with the Guidelines.</p> <p>Keep in mind that you cannot claim certification or use the certification trade mark until you have been provided a Notice of Initial Certification and have received approval in writing to use the CTM (outlined at step 9).</p>	
9	Achieve certification	<p>Climate Active will issue you a relevant Notice when you have successfully actioned all requests for information and have paid your certification fees.</p> <p>You can now use the certification trade mark in accordance with your Licence Agreement and Annex A.</p> <p>You must follow the Brand and Communication Guidelines when using the trade mark and marketing your certification.</p> <p>Any use of the certification trade mark requires approval from Climate Active before use.</p> <p>Certification trade mark approvals can be sent to climateactivecomms@dcceew.gov.au.</p> <p>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.</p>	<p>Commitment phase certification pathway:</p> <ul style="list-style-type: none"> • You will be issued a Notice of Commitment Certification • You are required to provide your final as-built reporting for the project to Climate Active 2 years after the completion of the project. <p>As-built phase certification pathway:</p> <ul style="list-style-type: none"> • You will be issued a Notice of Certification • Your certification is complete, and you do not need to provide any additional reporting to Climate Active.
10	Maintain certification – commitment phase only	<p>Once the project is complete, you must prepare your ‘as-built’ report, undertake third-party validation of the carbon inventory and purchase and retire the remaining eligible offsets to cover the true emissions total of the project.</p> <p>The documents are due to Climate Active within 2 years of practical completion of the project.</p> <p>Submit your completed reporting and validation documents to Climate Active for review by emailing them to climate.active@dcceew.gov.au.</p> <p>Documents submitted for review are queued by the lodgement date and are reviewed in order to ensure equity and fairness to all businesses.</p>	<p>Documents to submit:</p> <ul style="list-style-type: none"> • ‘As-built’ Public Disclosure Statement • Carbon inventory (or equivalent) • Electricity calculator (if applicable) • Type 3 third-party validation

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](#) for detailed steps on how to set up your emissions boundary.

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% 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 Organisation pathway – 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 no more than 20% of its carbon footprint coming from emission sources that are not provided in the Climate Active carbon inventory (with emission factors supplied by the Climate Active team)
- 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.

Small Organisation pathway – Setting the emissions boundary

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

For a small organisation, the emissions boundary must not include more than 20% of its carbon footprint coming from emission sources that are not provided in the Climate Active carbon inventory (with emission factors supplied by the Climate Active team).

If bespoke emission factors or uplifts are used (excluding the mandatory 5% uplift) and collectively account for more than 20% of your carbon footprint, you will not be eligible for the small organisation pathway.

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?

The following emissions sources are deemed relevant for small organisations and must be included within the emissions boundary.

Mandatory relevant emissions

The following emissions are deemed relevant:

- 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
- carbon neutral products and services
- cleaning and chemicals
- food
- ICT services and equipment
- professional services
- office equipment and supplies
- postage, courier and freight
- refrigerants
- transport (air)
- transport (land and sea)
- 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 not provided in the Climate Active carbon inventory, 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.**

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 not provided in the Climate Active carbon inventory. This 20% may be as quantified data sources or as uplifts from non-quantified sources.

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 the entire event will be certified, or just some parts of the event.

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

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

An emission source is considered relevant if at least 2 of the following criteria are met:

- 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.

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

Collecting data

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

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

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

Pre-event data collection plan

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

Emission source	Data collection method	Assumptions
Attendee travel	<p>Example 1: Actual data collected from all attendees as part of ticketing.</p> <p>Example 2: Data extrapolated based on a survey of X% of attendees at each concert.</p> <p>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).</p>	<p>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.</p> <p>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.</p>
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,
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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.

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 2 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](#) for detailed steps on how to set up your emissions boundary.

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, applicable from CY22 and FY 22/23 reporting periods onwards.

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 wine product or the embodied emissions of a bicycle for a bicycle hire 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 2 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.

Considering the example of a wine product, 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 stakeholders may expect that the embodied impacts of the wind turbines or solar panels used to generate the electricity be included in the scope of the product.

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

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) 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.

The table on the next page 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
<p>Global warming potentials</p> <p>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.</p>	<p>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.</p>
<p>Renewable energy</p> <p>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.</p>	<p>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)</p>
<p>Supply chain</p> <p>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 <i>Climate Active Carbon Neutral Standard</i> (Section 2.3), the activity or product is considered to contribute zero emissions to the inventory.</p>	<p>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.</p>
<p>Emissions factors</p> <p>Where available, National Greenhouse Accounts Factors must be used to calculate a carbon inventory, unless more accurate emission factors or calculation methodologies are publicly available. This includes emissions from scope 1 and 2 sources and scope 3 sources for waste; wastewater; solid, liquid and gaseous fuels; and electricity within Australia. See Section 2.3.5 of the Product & Services Standard for further details. The Department also provides Climate Active inventory templates for use by registered consultants, which come with emission factors for common emission sources.</p>	<p>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.</p>
<p>Base year</p> <p>The base year of a carbon neutral certified product is required to be identified for year on year comparison purposes.</p>	<p>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.</p>

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](#) and the [Third Party Validation](#) and [Technical Assessment](#) 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 (> $\pm 10\%$), 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.

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% 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.

Setting the emissions boundary for upfront carbon for buildings (product)

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](#) for further information.

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 fit-outs

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. A0 should 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, Chapter 7) 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.

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

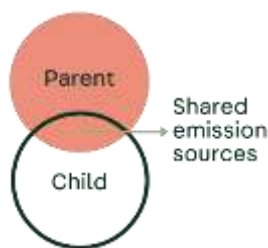
Parent-child relationships

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.

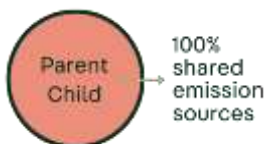
By nominating this parent-child relationship, the Climate Active team will know the reporting sequence for your carbon inventories. You will need to complete the parent certification carbon inventory first.

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.

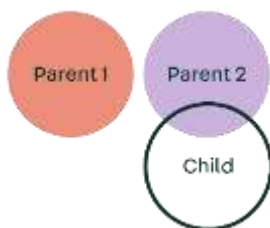
If you have multiple certifications which do not share emissions, these will be stand-alone parent certifications.



Multiple parent certifications

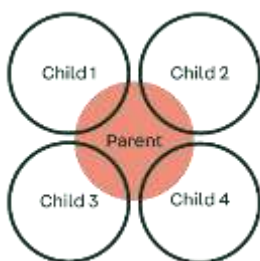
If you have a certification which has no shared emissions with your other certifications, it can be a stand-alone parent. A second parent can then be selected for shared emissions with other certifications. You can have as many parent certifications as you like. For example, your organisation certification 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.



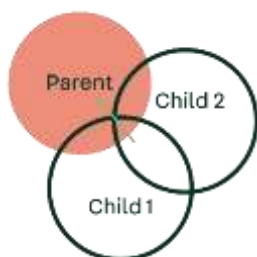
Multiple child certifications

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.



Emissions boundary – 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 emission sources in a life cycle assessment.

To increase the consistency and comparability of claims made by businesses, Climate Active no longer allows new certifications to include optional emissions as part of certification. Certifications with optional emissions in previous reports may continue to include these emissions until their FY 23-24 reports (inclusive).

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

Calculating your carbon inventory

Emission factors

The Climate Active team can provide emission factors for several hundred common emission sources. These emission sources are mostly relevant to organisation, event, precinct, and some service certifications. If you have engaged a Climate Active 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). Businesses should use the standard Climate Active emission factors in the first instance, unless a more suitable and accurate factor is available (see section below).

Bespoke emission factors

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

Finding bespoke emission factors

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

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

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

To purchase LCA software which contains full AusLCI and ecoinvent suite databases, visit [Lifecycles](#).

Activity data

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

Activity data hierarchy

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

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

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

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

The calculator will give you a result like this:

Calculator result

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

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

OFFSETS – ELIGIBILITY, REPORTING AND BANKING

All carbon offset units used in your certification 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 (i.e., 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 (ICERs) 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 Standard¹.
- Verified Carbon Units (VCUs) issued by the Verified Carbon Standard.

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

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

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 transaction (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 certification claim against the Climate Active Carbon Neutral Standard in **2024**'.

An example of the offset summary table is provided on the next page of this document.

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 3 years from the date of retirement, regardless of any subsequent changes to Climate Active carbon offset eligibility rules. Offsets retired more than 3 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.

Guidance: This policy is applicable where there are updates to the Climate Active eligibility criteria for offset units (eligible units at Appendix A of the Standards); it does not apply to standard offset unit banking where the eligibility criteria has not changed (i.e. offset units can be banked for any period so long as they remain eligible). For example:

- Applicable scenario: On 1 January 2020, Business A retires eligible offset units for Climate Active purposes, in line with the retirement guidance (see *Transparent public reporting* section). In June 2020, the list of Climate Active eligible offset units is updated, and the business's offset units are no longer be eligible.
- Outcome: The final date of use for the relevant offset units is 1 January 2023. Business A can bank the offset units and use them for their Climate Active claims where the final date of use is within the reporting period (i.e. as 1 January 2023 is the final date of use, the offset units can be used for financial year 2022-23 or calendar year 2023 reporting).

An example of offsets retired for Climate Active 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 retired for Climate Active certification											
Project description	Type of offset units	Registry	Date retired	Serial number (and hyperlink to registry transaction record)	Vintage	Stapled quantity	Eligible quantity (tCO ₂ -e)	Eligible quantity used for previous reporting periods	Eligible quantity banked for future reporting periods	Eligible quantity used for this reporting period	Percentage of total (%)
Wind Grouped project by Hero Future Energies Private Limited (EKIESL-VCS-Aug-16-03)	VCU	Verra	21 Mar 2018	5682-254921535-254932878-VCU-029-APX-IN-1-1582-29032016-31122016-0	2016		11,344	0	10,000	1,344	29%
Biodiverse Carbon Conservation Morella	ACCU	ANREU	26 Sep 2017	3,750,123,000 – 3,750,126,234	2013		3,235	0	0	3,235	71%
Biodiverse Reforestation Carbon Offset Project, WA	-	-	31 Aug 2021	12PWA233981B - 12WA234000B	2015	20		-	-	-	-
<i>Stapled to</i> Ningxia Helanshan Wind-farm Project, Ningxia Autonomous Region, China	CER	ANREU	31 Aug 2021	1,011,278,210 – 1,011,278,229	CP2		20	0	20	0	0%

Total offsets retired this report and used in this report	4,579	
Total offsets retired this report and banked for future reports	10,020	

Guidance on buying offsets

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

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

What are offsets?

An offset, also called a carbon credit, is a tradeable unit issued to entities that have met the relevant requirements for conducting activities that avoid, reduce or remove greenhouse gases from the atmosphere, relative to a business-as-usual baseline. One offset unit represents one tonne of carbon dioxide equivalent (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](#) 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 for a carbon neutral claim, and that the other impacts and benefits of those projects align with your **organisation's values and expectations**. Climate Active also encourages you to monitor the projects that have generated your carbon offsets to regularly self-assess their ongoing integrity.

Where can you buy offsets?

You can find more information about offset projects conducted in Australia by visiting the Clean Energy Regulator's [ACCU project and contract register](#), or the Carbon Market Institute's [carbon project showcase webpage](#).

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

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

What other factors should you consider?

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

Location of the offset project

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

Type of offset project

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

Vintage of offset units

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

Credentials of the carbon service provider (if relevant)

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

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

Stapled units

Some carbon service providers offer to 'staple' non-carbon units to 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 events. 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?

PROGRAM COMPLIANCE AND POLICIES

To achieve certification against the Climate Active Carbon Neutral Standard, the responsible entity must enter into a Licence Agreement with the department. The Licence Agreement outlines the terms and conditions for achieving and maintaining certification.

See sample [Licence Agreement](#) and [Licence Agreement Guidance and FAQs document](#).

Responsible entities must comply with the terms and conditions of the Licence Agreement to ensure the integrity of the Climate Active carbon neutral certification and that of the Climate Active brand. Should a responsible entity encounter significant business changes that could affect their compliance with the Licence Agreement, the responsible entity should contact Climate Active to discuss.

If a responsible entity breaches the terms and conditions of the Licence Agreement, Climate Active will issue the responsible entity with a non-compliance notice, specific to the breach. The notice may be for, but not limited to, non-compliance with the reporting schedule, misuse of the Climate Active trade mark or outstanding certification fees.

If a responsible entity is issued a non-compliance notice and does not adhere to the notice's steps to remedy the non-compliant issue, the responsible entity may have its Licence Agreement and certification terminated.

All non-compliance notices issued will outline steps to remedy the outlined breach and include a date by when the action must be carried out by the responsible entity. Continued non-compliance of the same issue may result in an additional non-compliance notice being issued, or immediate termination of the responsible entity's certification(s) and Licence Agreement.

Reporting deadline extension requests

The responsible entity must comply with the reporting requirements set out in the Reporting Schedule of its Licence Agreement for each of its certifications.

If the responsible entity seeks an extension to the reporting deadline, and the request is approved, certain obligations arise which must be satisfied, to remain compliant with the terms and conditions of the Licence Agreement.

Deadline extension request policy

Climate Active may provide approval to formal extension requests totalling a maximum of 60 days beyond the annual reporting deadline as listed in the Reporting Schedule of the Licence Agreement.

- The maximum 60-day extension period may consist of a single or multiple deadline extension request, provided they do not exceed the maximum 60 days.

Extension requests must be submitted via the user Portal, for each certification requiring an extension, within 30 days of the annual reporting deadline.

Following the approval of a formal extension request, the responsible entity will need to submit the required reporting documents within the specified timeframe of the extension granted. If reporting is not submitted within the duration of the extension granted, the responsible entity's certification status may be at risk. Climate Active may seek to issue non-compliance notice(s) should the terms and conditions of the Licence Agreement not be met.

In accordance with the terms and conditions of the Licence Agreement, Climate Active may suspend or terminate a responsible entity's **Licence Agreement** if there is continued non-compliance with the terms and conditions.

NOTE: Climate Active may deem it appropriate to provide additional time past the formal extension timeline of 60 additional days in instances where a third-party verification is required due to triggering a one of the base year recalculation requirements.

Deadline for projection reports (initial certifications)

Effective 1 October 2024, Climate Active will not accept any projection report for Climate Active certification where reporting documents are submitted after Quarter 2 of the given reporting period (certification year).

This rule is only applicable to entities seeking initial certification. This rule will not apply to entities engaging in ongoing certification, which will continue to report according to their ongoing reporting cycle.

For example:

- For calendar year reporters:
 - Climate Active will accept projection reports submitted prior to 1 July of the certification year.
 - If the business misses this deadline, but still wishes to achieve certification for that year, an in arrears report can be submitted from 1 January the following calendar year.
- For financial year reporters:
 - Climate Active will accept projection reports submitted prior to 1 January of the certification year.
 - If the business misses this deadline, but still wishes to achieve certification for that year, an in arrears report can be submitted from 1 July the following financial year.

Expired, terminated or withdrawn Licence Agreements

If a responsible entity withdraws from the program (clause 12.1), is terminated from the program (clause 12.2), or does not sign a new Climate Active Licence Agreement upon its expiry, the requirements set out in clause 17.5 of the Licence Agreement survive until all requisite obligations have been satisfied.

See [Licence Agreement Guidance and FAQs document](#) for additional information.

Scenario: A responsible entity withdraws from the program part-way through a reporting period. What reporting is required, and when is it due?

Upon receiving a written notice of intent to withdraw from the responsible entity, Climate Active will provide the responsible entity a formal notice of withdrawal letter. This notice outlines the effective withdrawal date and any outstanding obligations the responsible entity needs to undertake to close out participation in the program.

Example of outstanding reporting obligations

Business A reports on a financial year (FY) cycle. As a result of a renewed business plan, Business A provides notice to withdraw from the Climate Active program on 18 October 2023.

The withdrawal takes effect 30 business days after the date the responsible entity provides notice of intent to withdraw and is known as the effective withdrawal date.

This means that the responsible entity will continue to be certified for the 30 business days following the date the notice to withdraw is provided to Climate Active.

*As such, Business A's **certification withdrawal from the program takes effect on 29 November 2023.***

To ensure that the obligations of the Licence Agreement are met, Climate Active require that Business A provides:

- 1) Completed reporting for its certification for the entire FY2022-23 reporting period (as it was certified for the entirety of the period). This is due 31 October 2023, in accordance with the Reporting Schedule.*
- 2) Partial reporting for its certification for the FY2023-24 period, from 1 July 2023 until 29 November 2023, being the effective withdrawal date. This is due 29 March 2024 (4 months from the effective withdrawal date), the same amount of time which is afforded to submit reporting in the Reporting Schedule.*

If the Licence Agreement is terminated by Climate Active, the outstanding obligations will be detailed in a similar way.

Scenario: A responsible entity's Licence Agreement has expired. Is the responsible entity still bound to its terms and conditions once it has expired?

Yes, clauses listed under section 17.5 survive the expiry of the agreement. Climate Active can ask the responsible entity to make good on any obligations associated with the clauses that survive termination of the agreement during the period which the agreement was valid.

Example of obligations when the agreements expiry date passes

Business B entered into a Licence Agreement with Climate Active on 15 October 2020. The expiration of the agreement is 30 June 2023.

Business B decides not to sign a new Licence Agreement and is no longer certified as a Climate Active member from 1 July 2023.

Business B must satisfy the obligations within the Licence Agreement for the period the Licence Agreement was valid for (15 October 2020 to 30 June 2023).

Therefore, Business B would be required to submit annual reporting for the FY2022-23 reporting period, due 31 October 2023, as it was certified for that period via the now expired Licence Agreement.

Business B must cease use of the trade mark from 1 July 2023.

ELECTRICITY ACCOUNTING

Climate Active's electricity accounting rules are set out in the Climate Active [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](#), all stationary energy and fuels **used in buildings, machinery or vehicles in the organisation's control (e.g. natural gas, fuels used in generators or vehicles)**, must be included in the emission boundary.

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

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

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

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

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

Scope 2 emissions

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

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

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

Location-based method

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

Market-based method

The **market-based method provides a picture of a business's electricity emissions in the context of its** renewable energy investments. It reflects the emissions intensity of different electricity products, markets and investments. It uses a residual mix factor (RMF) to allow for unique claims on the zero emissions attribute of renewables without double-counting.

Scope 3 emissions

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

Relevance test

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

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

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

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

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

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

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

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

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

Scope 3 emissions categories

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

Upstream scope 3 emissions

- Purchased goods and services (category 1)

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

This may include:

- intermediate goods (e.g. materials, components and parts) that the business purchases to process, transform or include in another product
- final goods purchased for resale (applicable to retail and distribution companies only)
- products used in office settings, such as office supplies, furniture, computers, telephones, IT support, consulting services, and any cleaning or landscaping services
- products used when completing maintenance and repairs, such as spare parts and replacement parts.

- Capital goods (category 2)

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

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

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

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

This can include 4 different activities:

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

- Upstream transportation and distribution (category 4)

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

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

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

- Waste generated in operations (category 5)

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

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

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

- Business travel (category 6)

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

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

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

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

- Employee commuting (category 7)

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

Emissions from employee commuting may arise from:

- automobile travel
- bus travel
- rail travel
- air travel

- other modes of transportation (e.g. water transport, bicycling, walking).

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

- Upstream leased assets (category 8)

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

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

Downstream scope 3 emissions

- Downstream transportation and distribution (category 9)

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

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

Emissions from downstream transportation and distribution can arise from:

- storage of sold products in warehouses and distribution centres
 - storage of sold products in retail facilities
 - air transport
 - rail transport
 - road transport
 - marine transport.
 - Processing of sold products (category 10)
- Processing of intermediate products sold in the reporting year by downstream companies, such as manufacturers. This should include the scope 1 and 2 emissions from downstream companies that occur during processing, such as from energy use.
- Sometimes a business may not know the eventual end use of the intermediate products they sell to customers, such as when the product can have a range of downstream applications. In this case, the business must disclose and justify the exclusion of downstream emissions from the relevant scope 3 categories in their carbon inventory.
- Use of sold products (category 11)

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

Examples may include:

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

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

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

- Downstream leased assets (category 13)

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

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

- Franchises (category 14)

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

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

- Investments (category 15)

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

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

EMISSIONS REDUCTION STRATEGY

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

The requirements listed below are mandatory from CY2021 and FY2021-22 reporting periods. 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@dcceew.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 by matching 100% of purchased grid electricity with renewable sources of generation (e.g. via 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 includes 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.

The table below documents our emissions reduction progress to date.

Emissions since base year		
		Total emissions (tCO ₂ -e) Emissions intensity (tCO ₂ -e/unit)
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.

The table below documents our emissions reduction progress to date.

		Emissions since base year	
		Total tCO ₂ -e (without uplift)	Total tCO ₂ -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/communication

- Provide approval of the certification trade mark to certified businesses.
- Promote carbon neutral certification through media and stakeholders.
- Support certified businesses in communicating their certification.
- 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

- Complete 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.