



Technical guidance manual

For the Climate Active Carbon Neutral Standards for Organisations

August 2026

Publication Disclaimer

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Version history

Date	Summary of changes
11 August 2026	• Addition of ASRS Pathway. • Change to projection and true up reporting rule. • Updated small organisation boundary. • Expanded explanation and additional examples for various program rules. • Design updated to improve accessibility and information hierarchy. • Restructured to reduce duplication and improve readability.
23 August 2024	• Updated eligible emissions sources under small organisation pathway. • Addition of guidance on offset banking policy. • Addition of new rule on reporting deadlines for projection. • Removed frequently asked technical questions.
2 February 2024	• Addition of program compliance and policies section. • Removed each individual certification type process text. • Addition of tables outlining how to achieve certification. • Removed the criteria, fees and validation table.
16 March 2023	• Removed duplicated information. • Clarified mandatory emissions sources under small organisation pathway. • Addition of frequently asked technical questions.
30 January 2023	• Useful links. • Updated certification application process. • Addition of Upfront Carbon of Buildings (Product) certification.
10 January 2023	• Removed minimum Australian Carbon Credit Units requirement.

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Introduction

This *Technical Guidance Manual* complements the Climate Active Carbon Neutral Standards for Organisations¹. It provides the technical detail of the rules and expectations of the certification process for entities seeking or maintaining certification.

It outlines how to define your certification, identify your certification pathway, determine your emission boundary, treat emissions changes over time, calculate your carbon inventory, develop your emissions reduction strategy, report on emissions reduction actions, and purchase and report on offsets.

You can also access other extracts of the *Technical Guidance Manual* specific to your certification type [here](#).

1. Certification definition and pathways

To begin your organisation certification, you will need to define what you are seeking to certify. This section sets out how to define this under the organisation standard. It also outlines the sub-categories for the standard that determines the [validation requirements](#).

This section also outlines the alternative pathways to certification for organisations and products that meet certain conditions.

1.1 Organisations

1.1.1 Defining an organisation

An organisation may be defined by a single Australian Business Number (ABN), or by a group of ABNs that 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 Australian Company Number (ACN) or the same trading name, their operations can be combined into the one emission boundary.

Subsidiaries

Organisations must include their subsidiaries within their control within the boundary. If the organisation being certified is a subsidiary the parent organisation does not have to be certified.

It must be clearly and transparently communicated in the organisation's Public Disclosure Statement (PDS) where a parent company or subsidiary (outside the organisations control) is not certified.

¹ The *Climate Active Carbon Neutral Standard for Buildings* is handled by Climate Active delivery partners the [National Australian Built Environment Rating System](#) (NABERS), and the [Green Building Council of Australia](#) (GBCA). Enquiries relating to this Standard should be directed to NABERS and GBCA.

1.1.2 Organisation sub-categories

Organisation sub-categories determine validation requirements (see [Third-party validation | Climate Active](#)).

- If the organisation meets all the criteria of the small organisation sub-category it likely qualifies for the [small organisation pathway](#).
- If the organisation must make mandatory climate related disclosures under the *Corporations Act 2001* (Cth), it may be eligible for a [streamlined certification pathway](#).

All organisations can choose to voluntarily align with climate related disclosure requirements under the *Corporations Act 2001* (Cth). This offers benefits such as better alignment with the supply chains of large organisations. Climate Active can assist you if you would like to undertake voluntary alignment with ASRS.

Large organisation

A large organisation has a carbon footprint $\geq 25,000\text{t CO}_2\text{-e}$.

Medium organisation

A medium organisation has:

- a carbon footprint between $1,000\text{t}$ and $25,000\text{t CO}_2\text{-e}$;

OR

- a carbon footprint $< 1,000\text{t CO}_2\text{-e}$; and
- annual turnover $\geq \$10\text{M}$ or consolidated gross assets $\geq \$30\text{M}$ or ≥ 30 employees Full Time Equivalent (FTE) or at least 80% of its carbon footprint comes from standard emission sources in the Climate Active carbon inventory.

Small organisation

A small organisation meets all the below criteria:

- carbon footprint $< 1,000\text{t CO}_2\text{-e}$;
- annual turnover $< \$10\text{M}$;
- consolidated gross assets $< \$30\text{M}$;
- less than 30 employees (FTE)*;
- has no more than 20% of its carbon footprint coming from emission sources that are not provided in the Climate Active carbon inventory; and
- Is not seeking additional Climate Active Certifications

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

1.5 Alternative pathways to certification

1.5.1 Small organisation pathway

The small organisation certification pathway offers a simplified, streamlined and reduced fee mechanism to support small enterprises in achieving their carbon neutral ambitions. To access the small organisation certification pathway, the business must meet the criteria outlined in [Section 1.1.2](#).

A small organisation's total carbon footprint must be equal to or less than 1,000 t CO₂-e (excluding mandatory 5% uplift for small organisations, applied to reduce the risk of emissions being underestimated due to the simplified approach). The emissions boundary must include at least 80% of its carbon footprint from emission sources 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.

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. You may then add additional certifications, noting you will no longer qualify as a small organisation.

See [Identifying emissions using the Small Organisation Pathway](#) in Section 2.1 for information about the pathway's simplified approach to setting emissions boundaries.

1.5.2 Australian Sustainability Reporting Standard (ASRS) pathway

The *Corporations Act 2001* (Cth) now requires certain businesses and organisations to make mandatory disclosures about their climate-related risks and opportunities, under the *Australian Sustainability Reporting Standard* (ASRS) AASB S2 *Climate-related Disclosures*.

Maintaining Climate Active certification in addition to undertaking AASB S2 reporting offers ASRS entities the opportunity to demonstrate their commitment to voluntary Climate Action beyond mandatory disclosure.

If your organisation is required to prepare a report under AASB S2, please contact Climate.Active@dcceew.gov.au. We will work with you directly to develop a streamlined and individualised pathway for your entity's Climate Active certification that removes duplication.

Climate Active can assist your entity to:

- Calculate and disclose only one carbon inventory to meet both ASRS and Climate Active certification requirements.
- Undertake only the AASB S2 assurance requirements, without the need for additional Climate Active third-party verification.
- Reconcile emissions boundaries to ensure offsetting requirements under Climate Active are fair and equitable for your organisation, particularly regarding scope 3 financed emissions.

- Demonstrate your voluntary climate action beyond ASRS requirements by maintaining a Climate Active PDS (adjusted to suit your entity's individual circumstances).

Organisations voluntarily aligning with ASRS

All Climate Active organisations can voluntarily align their Climate Active certification with ASRS climate-related disclosure requirements. This offers better alignment with the supply chains of large organisations. If your organisation is voluntarily reporting in alignment with AASB S2, you may qualify for the ASRS pathway. Please contact Climate Active for more information.

2. Setting the emissions boundary

Setting the emissions boundary is the next step in the carbon accounting process. The emissions boundary refers to the coverage and extent of the carbon inventory. In other words, it determines which emission sources are measured, reduced, validated, and offset. It's therefore critical that businesses and registered consultants establish the emissions boundary correctly. A credible certification claim is only as robust as the emissions boundary supporting it.

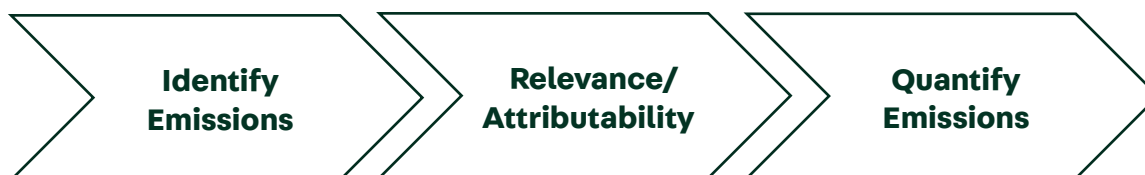


Figure 1: To set the emissions boundary you will need to identify emissions, determine relevance/attribution and quantify your emissions.

2.1 Identifying emissions

For organisations, events and precincts, all Scope 1 and Scope 2 emissions must be included within the boundary, while Scope 3 emissions must be assessed using the [relevance test](#). Each of these certification types also have emissions that are deemed relevant regardless of scope, as outlined below.

For products and services, emissions are included within the boundary based on an assessment of [attributable and non-attributable processes](#). All attributable processes must be included, while non-attributable processes may be included in certain circumstances, as outlined below.

2.1.1 Organisation

Identifying emissions for a medium or large organisation

Select the approach for determining your organisational boundary

The first step to identifying emissions for an organisation is to determine which emissions are under the organisation's control. There are three possible approaches to defining control:

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

Identify emissions

Use the chosen boundary approach to identify emissions within each [Scope](#). All Scope 1 and 2 emissions must be included within the boundary. The following emissions must be included in an organisational emission boundary regardless of scope:

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).

All other emissions identified as a result of the organisation's operating (Scope 3 emissions) must be [assessed using the relevance test](#).

Products and services offered by organisations

When an organisation offers products or services, some or all related emissions will usually sit within the organisation boundary. This does not allow the organisation to claim those products or services as carbon neutral. It must be stated clearly in the PDS that products and services offered by the organisation sit outside the scope of certification. An organisation can only make carbon neutral claims about specific products or services, if it holds a separate product or service certification.

Products and services may [share emissions](#) with the organisation, however, the Products and Services Standard has different requirements. These include different approaches to defining emissions boundaries, classifying emission sources, and justifying exclusions or non-quantification. If an organisation holds one or more product or service certifications, they must state this clearly in the organisation PDS.

Small organisation pathway

Organisations that meet the [Small Organisation Pathway](#) criteria have alternative requirements for inclusion to other Organisation Certifications.

Mandatory emissions

The following emissions are deemed relevant and must be included within the emissions boundary regardless of scope:

- 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
- 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 organisation 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 emissions summary table in the PDS.

Additional emissions

For additional scope 3 emission sources that occur within your boundary that are not provided in the Climate Active carbon inventory, you must apply the [relevance test](#) if those emission sources are assessed as relevant. If they are relevant, they must be included in your emissions boundary.

Products and services offered by small organisations

Where a small organisation offers products or services, the shared emissions do not permit the claim that those products or services are carbon neutral. It must be stated clearly in the PDS that products and services offered by the small organisation sit outside the scope of certification.

2.2 Relevance test

[Scope 3 emissions](#) must be tested for relevance for organisation, precinct and event certifications.

Emission sources are relevant and must be included within the emissions boundary if more than one (i.e.: at least two) of the following criteria are met:

- the emissions from a particular source are likely to be large relative to other relevant 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.

Any emissions source that is expected to contribute significantly to the carbon inventory's total scope 3 emissions should be deemed relevant.

Emissions not deemed relevant are to be excluded from the emissions boundary, this is disclosed and justified in the PDS.

Organisations and responsible entities should consider the GHG Protocol of completeness, accuracy and transparency when justifying the exclusion of a category.

Optional Emissions

Climate Active no longer allows optional emissions to be included within the certification boundary. Optional emissions were able to be included in reporting up to and including FY2023-24 reporting. This change increases the consistency and comparability of claims made by businesses.

2.2.1 Relevance criteria

Size

The emissions from a particular source are likely to be large relative to other relevant emissions. For events this is electricity. For precincts and organisations it is 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

A source is relevant on the basis of influence where the organisation or responsible entity can affect emissions outcomes within that category. Influence does not require direct operational control; it refers to the ability to engage, encourage, or facilitate change across the supply chain.

This includes but is not limited to:

- switching to less emissions-intensive suppliers
- improving internal efficiencies to reduce reliance on high-emitting activities or processes
- engaging with suppliers to advocate for less emissions-intensive practices
- implementing procurement requirements that mandate emissions reduction action from suppliers.

Risk

The emissions from a particular source or process contribute to the organisation's greenhouse gas risk exposure.

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

- laws or regulations relating to greenhouse gas emissions that have been introduced in regions where the organisation or responsible entity, its suppliers, or its customers operate.
- interruptions to businesses in an organisation or responsible entity'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 an organisation or entity in the responsible entity's value chain.
- negative media coverage or actions from consumers or stakeholders relating to the organisation or responsible entity's greenhouse gas management practices, or the practices of entities in the value chain.

Stakeholders

Stakeholders deem the emissions from a particular source relevant. An emissions source may be considered relevant if stakeholders (such as customers, investors, and the public) would reasonably expect the category to be included.

Examples of stakeholder relevance include:

- reasonably informed stakeholders would consider activities within the category to be critical given an organisation or responsible entity's sector or business model.
- the general public would expect the category to be included when it is routinely included in peers' GHG reports.
- customers have explicitly requested emissions data on activities or processes within the category from the organisation or responsible entity.
- activities or processes within the category are, or have been, the subject of media scrutiny in the context of climate action.
- customers would consider the emissions associated with the category when making purchasing decisions.

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.

A category may be considered relevant on this basis where:

- the organisation or responsible entity has historically reported the activity as scope 1 or 2 and has since outsourced it to a third party.
- organisations or entities in the same sector perform the activity in house.
- the outsourced activity is critical to the organisation or responsible entity's business model despite being performed by a third party.

2.3 Quantifying emissions

While you do not need to measure everything, you do need to account for all material emissions.

Relevant emissions/attribution processes should be quantified whenever possible. Conservative estimates (for example, using extrapolated or proxy data) should only be used where data is unavailable.

2.3.1 Non-quantification – organisations, precincts, events and upfront carbon for buildings

Emissions can be ‘non-quantified’ in the carbon inventory for the following reasons:

Scenario	Applies to:
1. Estimated Immaterial ² – <1% for individual items and no more than 5% collectively.	Organisations, Precincts, Events, and Upfront carbon for buildings.
2. Not cost effective – Quantification is not cost effective relative to the size of the emission (an uplift factor must be included).	Organisations, Precincts, Events and Upfront carbon for buildings
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).	Organisations, Precincts and Upfront Carbon for Buildings
4. Maintenance – Initial emissions non-quantified but repairs and replacements quantified.	Organisations (excludes small organisations) and Precincts

Non-quantified emissions must be included within the emissions boundary and disclosed as non-quantified. An explanation (for example, cost to size ratio and estimation method) must also be provided.

2.3.3 Uplift factors

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 datasets. 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 because of the simplified carbon accounting and independent review procedures that apply to small organisations.

² If actual data exists for an immaterial source this data should be included in the carbon inventory, in line with the GHG Protocol [Corporate Accounting and Reporting Standard \(Revised Edition\)](#) (2004) principle of completeness and concept of materiality.

2.4 Accounting for embodied emissions

Where embodied emissions associated with capital goods, buildings, infrastructure or equipment are included in the inventory for any certification type, they should be accounted for in a way that reflects how the item is used. Typically, capital goods, infrastructure and equipment are used across multiple reporting periods or functional units. As such, their embodied emissions should generally be apportioned over the expected service life of the item.

For example, if a laptop's expected service 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 or infrastructure, the embodied emissions may be accounted for in the year that replacements and/or repairs occur.

2.5 Shared emissions between certifications

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. Requirements around these shared emissions are covered below.

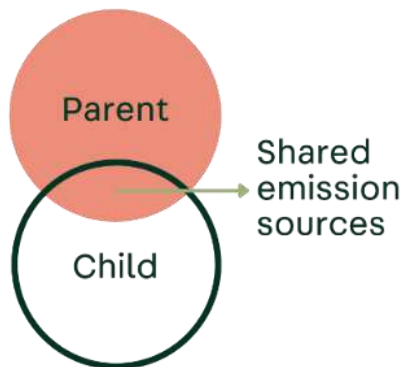
If you have more than one certification but there are no shared emissions, this section is not relevant.

2.5.1 Parent-child certification relationships

You will need to identify the parent certification to work out the liability for shared emissions sources. 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.

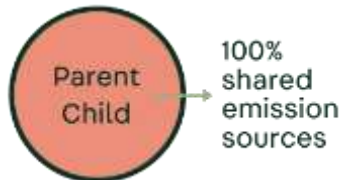
By nominating this parent-child relationship, the Climate Active team will know the reporting sequence for your carbon inventories. You will need to complete the parent certification carbon inventory first.

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.



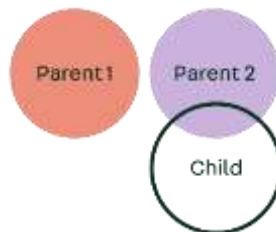
If the certification boundary is the same for both parent and child, the emissions sources are to be considered as the liable footprint for the parent certification. The emission sources will be considered carbon neutral when they are linked to the child certification. For product and service certifications, 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.



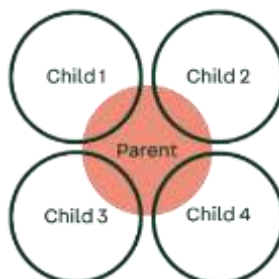
3.5.2 Multiple parent certifications

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.



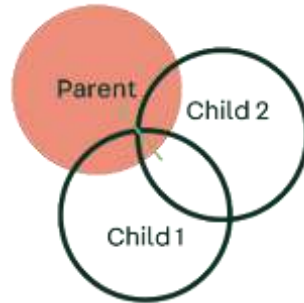
3.5.3 Multiple child certifications

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.



2.5.4 Shared child certification emissions

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



3. Base years and emissions over time

3.1 Setting a base year

A base year is a carbon account that covers a full year of operations or production. It provides a reference point to compare emissions over time. The base year also allows you to set emission reduction targets and demonstrate emission reductions.

The base year can be a calendar year or financial year, depending on your reporting schedule. The base year carbon inventory must be independently validated.

Set the base year as the most recent year that has verifiable emissions data. 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 of your operations/product/service.

3.2 Emissions over time

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

3.2.1 Disclosing significant changes

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. Some changes in the carbon account may also require you to recalculate or reset the base year. Refer to [Section 3.3](#) for guidance.

3.2.2 Factors that can lead to significant changes

Significant changes between years can be caused by:

- data availability and calculation methodology changes
- changes in emission factors
- emissions reduction actions
- identification of additional relevant emission sources.

They can also be caused by changes in:

- organisations – organic growth/decline, addition of relevant emission sources
- products and services – product life cycle or supply chain, allocation or recycling methods, or sales
- precincts – geographic boundaries or occupancy rates.

3.3. Base year recalculation or reset

To allow for meaningful comparison of emissions over time, entities should apply consistent emissions boundaries and calculation methodologies in both the base year and the current year.

If the emissions boundary or calculation methodologies change, then comparisons between the base year and future years may no longer be valid. When this occurs, you may need to recalculate or reset the base year.

A recalculated or reset base year becomes the new reference point when tracking emissions over time. Both recalculations and resets help ensure a like-for-like comparison between the base year and current emissions.

A recalculation updates the emissions from the base year, while a reset changes the year set as the base year. The conditions where a recalculation or reset is needed or may occur are set out below in [Section 3.4 \(recalculation\)](#) and [3.5 \(reset\)](#).

3.4 Base year recalculations

In some instances, significant changes to the emissions boundary and calculation methodologies may trigger a base year recalculation. A base year recalculation involves updating your base year emissions to retrospectively include new information or calculation methods.

3.4.1 Conditions for base year recalculations

Organisations

Significant changes to the emissions boundary and calculation methodologies, 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.

Structural changes compared to organic growth and decline

Structural changes, such as mergers, acquisitions and divestments, transfer the ownership or control of emission sources. They alter what emissions are being measured. The base year should be recalculated following significant structural changes to ensure the emissions boundary is consistent with the current year.

Organic growth or decline are changes in production output, product mix, and closures and openings of owned emissions-generating facilities. The base year should not be recalculated for organic growth or decline because it reflects real emissions changes.

Examples of organic growth and decline include:

- opening or closing an emissions-generating facility
- increases or decreases in staff numbers
- moving to a smaller or larger office, provided this does not involve structural changes.

3.4.2 Recalculation process

When conditions for a base year recalculation are met, the certified entity must notify the Climate Active team via climate.active@dcceew.gov.au. The notification must describe the reason for the base year recalculation and the likely impact on the total carbon footprint.

Validation

The Climate Active team will then assess the base year recalculation and nominate one of three validation pathways:

1. Significant impact on the overall carbon inventory. A full validation process is required
2. Significant impact on part of the carbon inventory. Validation is required for the relevant impacted section of the carbon inventory.
3. The base year recalculation has an insignificant impact on emissions and the emission boundary. No validation is required.

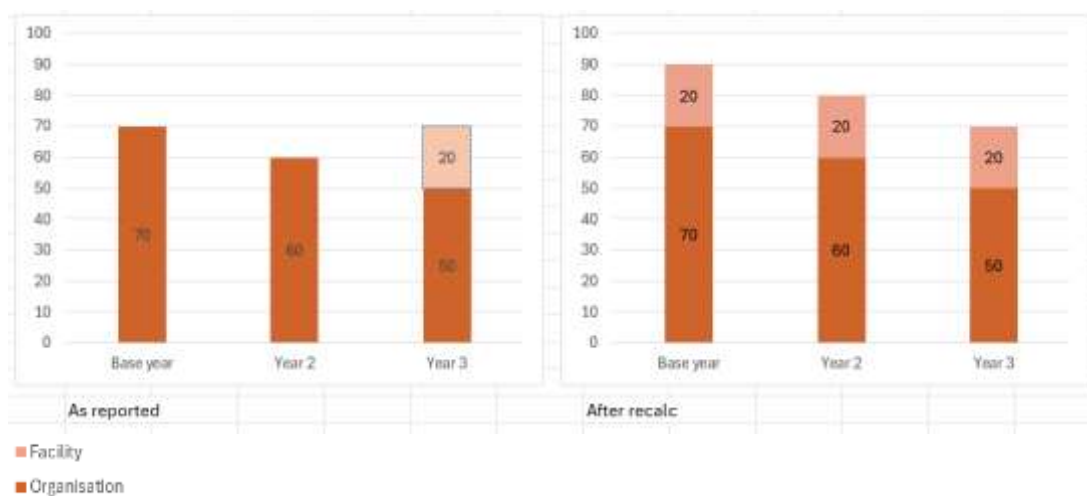
Offsets

If a base year recalculation is needed, additional offsets do not need to be retired to cover any differences between the previous emissions and recalculated emissions. If previous accounts were overestimated and additional offsets were purchased, these offsets cannot be banked for current or future reporting periods.

3.4.3 Example of a base year recalculation

An organisation emits 70 tCO₂e in their base year. They reduce their emissions by 10 tCO₂e per year in line with their emissions reduction strategy. In year 3, they acquire a facility that existed during the base year and emits 20 tCO₂e per year.

The organisation calculates the impact of the facility's addition on the base year. They find that it increases the total base year emissions by 29%.



The organisation:

- notifies the Climate Active team of the reason and likely impact, and Climate Active confirms the course of action,
- recalculates the base year emissions to include the facility (now 90 tCO₂e)
- optionally recalculates the emissions during Year 2,
- validates the affected sections of the base year inventory,
- clearly documents the change in the PDS, and
- does not need to adjust offsets, as the recalculation is not due to an error

The recalculation ensures the base year provides a fair comparison point for Year 3 and future reports.

For further examples of base year recalculations, see the chapter 5 of the GHG Protocol *Corporate Accounting and Reporting Standard (Revised Edition)* (2004) and the [Base year recalculation methodologies for structural changes](#) document.

3.5 Base year resets

A base year reset is changing which year is set as the base year.

3.5.1 Conditions for a base year reset

A base year reset is appropriate if the initial base year is unrepresentative of an entity's typical level of activity. Reasons for a base year reset include:

- pandemic or a recession (positively or negatively) impacting demands for products or services in the base year
- major supply chain disruptions or global shortages impacting activity in the base year.

A base year reset should only occur in exceptional circumstances where it is the only way to ensure the base year provides a meaningful comparison for current and future emissions.

3.5.2 Base year reset process

When conditions for a base year reset are met, the certified entity must notify the Climate Active team via climate.active@dcceew.gov.au. Climate Active will then confirm if a reset is the appropriate course of action.

To reset the base year:

- set the new base year as the chosen year
- retain the base year emissions in the PDS
- explain the reset in the PDS, including:
 - why the base year has changed
 - which year is the new base year
- update affected sections of the PDS, such as the emissions summary and the emissions reduction strategy, and
- validate the new base year if needed (see below)

Validation

If the new base year has not already been validated, then it must be validated in line with the validation requirements in the validation schedule of the licence agreement.

3.6 Errors in previous years

You must address all errors in previous reports, regardless of size. They need to be addressed to ensure all residual emissions are accounted for by carbon offsets.

An error is information that was not correct at the time of submission. Examples include:

- Mistakes, such as using the incorrect activity data or emission factors.
- Using emission factors that were themselves incorrect at the time.

The following are not errors:

- Including emission sources that are now relevant but were not before.
- Changes in calculation methodology, such as using new or more specific emission factors.
- Changes in emission factors due to real changes in emissions, for example a supplier changing the composition of their fuel.

3.6.1 Addressing the error

To address the error, you must amend the number of offsets and address the error in the next PDS. You may also need to amend previous PDS'.

3.6.2 Amending offsets

You need to make up for the difference in offsets.

- If emissions were under-estimated, you must surrender additional offsets to make up for the difference
- If emissions were over-estimated, you can carry forward excess offsets from the over-estimation.

3.6.3 Addressing errors in the PDS

You must address the error in the next PDS, regardless of the significance of the error. If the error has a material ($\pm 10\%$) impact on a reporting year's emissions, then you must also amend the affected PDS.

To address the previous or next PDS:

- explain there was an error and its impact on emissions
- update the affected emissions figures, for example the emissions summary and emissions over time tables, and
- explain how the offsets have been adjusted.

As errors can lead to significant changes in offset liability, you can reach out to Climate Active before amending PDSs or purchasing offsets.

3.6.4 Errors affecting the base year

If the error affects the base year, you may need to [recalculate](#) the base year emissions. Where an error leads to a base year recalculation, you must adjust the carbon offsets.

4. Calculating carbon inventories

To achieve certification you will need to complete a carbon inventory. The inventory quantifies greenhouse gas emissions from all relevant activities over a defined period (usually 12 months) and quantifies them in tonnes of carbon dioxide equivalent (tCO₂-e). It must clearly align with the defined emissions boundary (as reflected in the diagram in the PDS) and include all sources relevant to the certification being sought.

The carbon inventory underpins a Climate Active certification claim and must follow the core carbon accounting principles of transparency, relevance, accuracy, completeness and consistency. Organisations usually calculate emissions by multiplying activity data by approved emissions factors, using Climate Active tools and calculators where required.

4.1 Emission factors

The Climate Active program provides 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). Entities should use the standard Climate Active emission factors in the first instance, unless a more suitable and accurate factor is available (see section below).

4.1.1 Bespoke emission factors

Bespoke emissions factors are user-provided emissions factors. There are three permissible reasons for the use of a bespoke emission factor:

- 1) To account for an activity not included in the standard emission factor list. In instances where no suitable factor is available from Climate Active, the entity seeking certification must provide one.
- 2) There is credible emissions information for an activity that is more accurate than the standard factor (e.g. supplier-specific figures).
- 3) The use and/or purchase of a Climate Active certified product or service (excluding Climate Active electricity products).

Where bespoke emission factors are used, details of the emission factor source must be included (reference, database, year published, hyperlink if web accessible, page number/table number) and any assumptions or limitations. Climate Active assessors must be able to independently access and verify the bespoke emissions factor's data.

Carbon inventories containing bespoke emission factors are expected to include justification for the use of each bespoke emissions factor, as well as outlining which of the three above reasons apply to the emissions factor in question. The justification should detail any additional circumstances, such as providing proof that the bespoke emissions factor is more accurate than the standard factor for the given activity.

An appropriate unit of activity data must be included. If kgCO₂-e is used as the unit for activity data, members need to provide evidence demonstrating how the total emissions for a source/activity have been calculated.

Evidence, including the activity data and emissions factor used, must be included against the emissions source in the carbon inventory or provided in a separate document.

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 the [Australian Life Cycle Assessment Society](#) 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](#).

Not all emission factors are appropriate for use under Climate Active. For example, a bespoke emissions factor source is not appropriate if:

- It is a spend-based factor derived from a large or diversified company's gross income and reported total emissions.
- It uses overseas datasets and is applied to domestic/Australian emissions with an existing Climate Active supplied emissions factor.

If you are unsure whether your bespoke emissions factor is appropriate for use, please contact the Climate Active team at Climate.Active@dcceew.gov.au.

4.2 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.

4.2.1 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 year's 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).

If you do not use actual data, explain why actual data is unavailable, and how the alternative data is representative. Climate Active encourages the use of uplift factors to ensure appropriately conservative estimations of an organisation's carbon inventory.

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

4.2.2 Estimating 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

4.4 Emissions by scope

4.4.1 Scope 1 emissions

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

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.

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

4.4.2 Scope 2 emissions

Scope 2 accounts for greenhouse gas emissions generated from purchased electricity consumed by the entity. These emissions physically occur at the facility where electricity is generated.

Purchased electricity is electricity purchased or otherwise brought into the organisational boundary of the entity. 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 Standards and are calculated when entering activity data for Scope 2 sources into the Climate Active electricity calculator.

For a short summary of Climate Actives electricity-based emissions accounting see Section 5.5 below. For detailed information, see [Climate Actives Electricity Accounting paper](#).

4.4.3 Scope 3 emissions

Completing an inventory of an entity'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 for consideration when undertaking the [relevance test](#). It also provides general information about the types of activities that should be accounted for in each category.

Scope 3 emissions categories

The following information has been adapted from the GHG Protocol [Corporate Value Chain Scope 3 Accounting and Reporting Standard](#) and accompanying [technical 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 entity 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 entity'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 entity'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 an entity 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 an entity 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 entity 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 entity (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 an entity 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 entity'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.

4.5 Electricity accounting in Climate Active

4.5.1 Electricity accounting methodologies

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 GHG Protocol [Scope 2 Guidance](#) (2015) 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.

Location-based method

The location-based method provides a picture of an entity's electricity emissions in the context of its location, and the emissions intensity of the electricity grid it relies on. 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 an entity's electricity emissions in the context of its renewable energy investments, such as the purchase and surrender of renewable energy certificates. It uses a residual mix factor (RMF) to allow for unique claims on the zero emissions attribute of renewables without double-counting.

4.4.2 Evidence of renewable energy certificate surrenders

Entities can purchase and surrender renewable energy certificates (RECs) to claim renewable electricity consumption and reduce their emissions under the market-based method. As outlined in the Climate Active [Electricity Accounting paper](#), evidence of REC surrenders must be provided to Climate Active. The entity seeking certification should provide the specific quantity of RECs they are claiming including certificate serial numbers and the accreditation codes for the relevant registered power stations.

In instances where discrete REC serial numbers cannot be provided, Climate Active may accept other evidence that RECs have been surrendered. This evidence may include:

- A letter or guarantee from a building's proprietor outlining the RECs surrendered for a building the certified entity has occupied and used electricity within.
- A letter or statement from a third-party (for example a broker) outlining the RECs surrendered on behalf of the certified entity.

- Statements from an electricity provider outlining RECs surrendered for electricity purchased by the certified entity.

For each of these types of evidence, you should work with the third-party to obtain as much information as possible. At a minimum, the evidence must include the quantity of RECs that have been allocated specifically to the certified entity/member, and the period of electricity consumption those RECs correspond to. Please note, if Climate Active considers the information provided insufficient, we may request additional details and may choose not to accept the claim.

5. Emissions reduction strategy and action reporting

Your emissions reduction strategy outlines the measures you will take to reduce emissions over time, including clear and succinct emissions reduction targets and measurable actions. Actions committed to in your emissions reduction strategy must be reported on every 12 months.

5.1 Emissions reduction strategy

5.1.1 Components of an emissions reduction strategy

Certain components are required for your emissions reduction strategy to meet the requirements of the relevant Standard.

Note: In this section, the term 'must' is used to indicate mandatory components of the emissions reduction strategy and the term 'should' is used to indicate a recommendation, but not a requirement.

The emissions reduction 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] commits to reduce all emissions in our value chain by 20% by 2035, from a 2021 base year.'
- A business can set multiple targets or goals, it is best practice to include a separate target for each scope unless there are limited scope 1 emissions in which case you may combine scope 1 and 2. For example, '[Company] commits to reduce scope 1 and 2 emissions by 40% by 2035, 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 reasons for the increase, such as business growth, increased travel or transportation, or including a previously excluded emissions source.

Must have actions that are measurable and relevant to the emissions of the certification being sought; particularly the highest contributors to the inventory.

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 entity's circumstances and explain why they prevent you from meeting the above requirements.

5.1.2 Developing your emissions reduction strategy

This section provides high level guidance about setting emissions reduction targets and how to plan the associated actions. Further information and guidance on developing an emissions reduction strategy is available at [Science Based Targets Initiative](#) and the NSW [Net Zero Business Guide](#).

Setting your targets

When setting your targets it is best practice to:

- have separate targets for Scope 1, 2 and 3 emissions. If there are limited Scope 1 emissions you may consider combining Scope 1 and Scope 2 targets.
- align targets with the 1.5°C pathway and set targets to achieve net zero by 2050 if not sooner. To do this, the Science Based Targets Initiative recommends:
 - near-term targets that require a reduction of at least 4.2% per year for scope 1 and 2 emissions and 2.5% for scope 3 emissions.
 - long-term targets that require a 90% reduction in emissions across all scopes.

The scope of your targets must align with your emissions boundary, noting you may also choose to undertake emissions reduction beyond your certification's boundary. For example, for a product certification you must include targets and actions that relate to the emissions within your carbon inventory. You may also choose to include targets and actions for your business operations, so long as these are clearly identified (see example below at [5.4](#)).

Planning your actions

To set your actions, determine a plan of prioritised actions, including immediate action, to be taken to achieve your short-, medium- and long-term targets.

Consider including actions that:

Avoid activities that cause emissions, for example, avoiding clearing land for development, removing packaging or extending asset life to eliminate replacement cycles.

Reduce emissions through practices, resources and technologies that result in the use of less energy, such as implementing an energy management system, using low-carbon refrigerants, or minimising waste and reducing consumption of raw materials.

Substitute emissions sources, for example, switching to renewable energy.

To prioritise your actions, consider developing a marginal abatement cost curve to measure and compare the financial cost and emissions reduction benefit of individual actions.

Reviewing your plan

Establish a mechanism to regularly review and update the strategy to ensure it continues to be fit for purpose and takes advantage of the best available information and technologies. It is

also best practice to publicly identify assumptions, trade-offs and risks and publish annual progress reports.

5.1.3 Meeting Climate Active's emissions reduction plan requirements

Component	Good practice (meets Climate Active requirements)	Poor practice (does not meet Climate Active requirements)
Quantified emissions reduction target or goal	Emissions reduction target(s) for all emissions in the value chain (scopes 1, 2 and 3) (e.g. '[Entity] commits to reduce scope 1+2 emissions per ton of product produced by 80% by 2040 from a 2018 base year. [Entity] commits to reduce all other scope 1+2 + 3 emissions by 90% by 2040 from a 2018 base year.').	Vague timeframes, no overall emissions target, or a target that only covers a limited portion of business-wide scope 1 + 2 emissions (e.g. 'Entity commits to purchase 100% renewable electricity in the next 2 years').
Time-bound emissions reduction target or goal	Objectives and actions have clear timeframes for implementation (e.g. 'January 2027').	No timeframes for implementation linked to any objectives or emissions reduction actions. Timeframes measured in number of years instead of a specific date (e.g. 'in the next 5 years').
Forward-looking emissions reduction target or goal	Strategy is framed in the short-term (e.g. coming year), near-term (e.g. 2035) and long-term (e.g. 2050) and includes corresponding emissions reduction targets.	Strategy is framed in the short-term (less than 5 years) only.
An intention to reduce emissions , on average, over time	Strategy clearly communicates what the entity expects its emissions trajectory to look like over the near-term (present-2035), relative to their base year. The strategy identifies actions that are likely to achieve significant emissions reductions (i.e. it targets emission sources that contribute the most to the carbon account).	Emissions are not decreasing and the strategy does not indicate how the business will achieve emissions reductions in the future. OR The business has reduced emissions over time but have not indicated how they will continue to do so in the future.

Contains actions that are measurable and relevant to the certification being sought.	Each emissions reduction action contains a quantified estimate of the emissions reduction impact once implemented (e.g. 'replacing our 3 petrol cars with electric models will reduce company transport emissions by 150 tonnes') and timeframe for delivery (e.g. by December 2027). Actions are clearly linked to the emissions sources listed in the carbon inventory.	Actions are worded vaguely, making it unclear how the business will measure the emissions impact once implemented. No actions relate to the carbon inventory of the certification being sought (e.g. organisation level only actions for a product).
Verifiable	Links to public statements about company-wide emissions reduction strategies, actions (both implemented and planned), reports or other analysis. These documents align with the strategy in the PDS (emissions coverage and ambition etc.).	There is no description or information provided that would allow someone to check whether the business has publicly committed (elsewhere) to achieving its emissions reduction strategy. Publicly available information does not align with the PDS.
Disaggregation of emissions reduction actions by scope and year	Emissions reduction actions are split into scopes 1, 2 and 3 (e.g. company cars, grid electricity, and staff commute), each of which carries a separate implementation date. Emissions reduction actions for each scope align with the emissions reduction target for each scope.	Actions do not specify which scopes of emissions will be affected.

Examples of acceptable Emissions Reduction Strategies can be found at [Section 5.3 \(organisation\)](#) and [Section 5.4 \(product\)](#).

5.2 Reporting on emissions reduction actions

You **must** report on actions taken over the previous 12 months to reduce emissions (initial certification excluded). This **must** include progress on actions committed to in the previous report and **should** include additional actions taken if relevant.

The emissions reduction strategy and action reporting can be completed together (as shown in the [examples below](#)) or consecutively. If they are completed separately, the action taken needs to be clearly linked to the relevant action previously committed to.

5.2.1 Meeting Climate Active's requirements for action reporting

Components of action reporting (excludes initial certification)	What good practice looks like (meets Climate Active requirements)	What poor practice looks like (does not meet Climate Active requirements)
Reports on actions taken over the previous 12 months to reduce emissions	Reports progress on action taken during the certification period to reduce emissions.	Does not include information about action taken to reduce emissions in the reporting period.
Includes progress on actions committed to in the previous report	Clearly links action taken to actions committed to in previous reports. May include action taken that was not forecast in previous reports and this is clearly flagged.	No clear link between actions committed to and actions taken. No explanation provided where actions committed to have not progressed (if relevant).

5.3 Example - emission reduction strategy and action reporting - Organisation

The following is an example of an acceptable emissions reduction strategy for an organisation certification for their financial year 2025/26 report.

Example strategy

Target

- [Company] commits to reduce scope 1 and 2 emissions by 50% by 2031, compared to a 2022-23 baseline.
- [Company] commits to reduce scope 3 emissions by 30% by 2031, compared to a 2022-23 baseline.

Organisation emissions reduction actions

New actions

Emission Source/s	Emission Reduction Measure	Scope/s	Progress over the last year	Due Date
Fuel/Energy	Install solar panels and battery; this will include using battery backup during black outs rather than the diesel generator.	1,2	New. – Work on this action will commence in 2026-27.	June 2028

Ongoing actions

Emission Source	Emission Reduction Measure	Scope	Progress over the last year	Due Date
Fuel	Switch the fuel in the diesel generator from regular diesel to biodiesel	1	In 2025-26 modifications were made to the generator to allow it to run on B100 (pure) biodiesel.	December 2026
Energy	Increase the efficiency of heating, ventilation and air conditioning units by replacing older units with new efficient models across all 3 office locations.	2	In 2025-26, air conditioning unit replacement was completed at X office.	June 2027

Energy	Switch to 100% renewable electricity	2	In 2025-26 X% of energy used was renewable, sourced through Y. The addition of solar panels will contribute to achieving this target by June 2028.	June 2028
Energy	Monitoring and checking data room temperatures to ensure systems are set at an optimum temperature. Monitoring by the property team occurs monthly.	2	Ongoing - this action commenced in our initial(?) certification year (FYXX/CYXX) and is an ongoing action.	Ongoing
Business Travel	Reducing flights by using video conferencing instead of flying. We expect to reduce emissions from business travel by 80% relative to our 2022-23 numbers.	3	In 2025-26, business travel emissions were reduced a further 10%; a 60% reduction relative to our 2022-23 baseline.	June 2029

Completed actions

Emission Source/s	Emission Reduction Measure	Scope/s	Progress over the last year	Due Date
Energy	Replacing all T8 light bulbs with LED fixtures in office buildings (where we have control over tenancy light and power).	2	Complete - in 2025-26 all T8 light bulbs were replaced with LED fixtures.	2025-26

6. 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.

6.1. Eligibility and vintage requirements

All units must have a vintage year of 2013 or later. Where an offset covers a range of years, the latest year in that range will be the vintage. Offset units must be retired at or before the time of the claim.

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

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

6.2 Transparent public reporting

All offsets retired for a Climate Active carbon neutral claim must be reported in the associated PDS.

The PDS must include an offset summary, which includes:

1. the name of the project that generated the units
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 include all 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 [entity] 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.

6.3 Offset banking

Transition arrangements

On 24 July 2026, consultation opened on the wind down of the Climate Active Certification Program. Climate Active participants are encouraged not to purchase additional offsets during the transitional period unless required by their reporting obligations.

Careful management of the use of carbon offsets is encouraged during the transition period. Priority should be given to applying banked offsets (offsets already cancelled but not yet used).

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.

Example

On 1 January 2023, an entity retires eligible offset units for Climate Active purposes, in line with the retirement guidance (see *Transparent public reporting* section). In June 2023, the list of Climate Active eligible offset units is updated, and the entity's offset units are no longer eligible.

The final date of use for the relevant offset units is 1 January 2026, the offset units can be used for financial year 2025-26 or calendar year 2026 reporting).

Note: 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).

6.4 Offset generated by a certified entity

If an entity runs a project that is issued eligible carbon offset units, it can only claim the associated emissions reduction in its Climate Active reporting if the entity voluntarily retires those units. This rule is in place to prevent double counting, whereby another entity (e.g. someone who buys the units from you) also makes a claim over the carbon abatement achieved from the certified entity's project.

6.5 Example of offsets retired for Climate Active certification

If retired offsets cannot be linked to a public-facing registry via a hyperlink, Climate Active will need to be provided 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 name	Type of offset units	Registry	Date retired	Serial number	Vintage	Total quantity (tCO ₂ -e)	Quantity used for previous reporting periods	Quantity banked for future reporting periods	Quantity used for this reporting period	Percentage of total used this reporting period (%)
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		-	-	-	-
Stapled to Ningxia Helanshan Wind-farm Project, Ningxia Autonomous Region, China	CER	ANREU	31 Aug 2021	1,011,278,210 – 1,011,278,229	CP2	20	0	20	0	0%
Total offsets retired this report and used in this report									4,579	
Total offsets retired this report and banked for future reports								10,020		

6.6 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. Entities should seek legal, financial or other professional advice in relation to their specific circumstances.

Entities 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.

6.6.1 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).

Entities 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.

6.6.2 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 offset's integrity standards in the *Carbon Credits (Carbon Farming Initiative) Act 2011* (CFI Act).

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 and issuing 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.

6.6.3 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 assess their ongoing integrity.

6.6.4 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.

6.6.5 What other factors should you consider?

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

Location of the offset project

Entities 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 of 2013 or later.

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. Entities 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. A summary of stapled units can be optionally included in the PDS.

6.6.6 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.

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. Take care to ensure that the project does not create social, cultural, economic or environmental harms.

Before purchasing an offset that realises co-benefits consider the following:

- Have the non-carbon 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?
- Does the project align with the values and priorities of my business?

Examples of co-benefits are outlined below.

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, [ACCU Scheme](#) savanna fire management projects in northern Australia are informed by thousands of years of traditional knowledge, practices and culture of Indigenous Australians to reduce emissions from fire events. In doing so, these projects provide positive outcomes for Indigenous Australians such as increased opportunity to care for Country, culture and communities, including providing culturally appropriate jobs on Country for Indigenous land managers.

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.

7. Program compliance and policies

To achieve certification against the Climate Active Carbon Neutral Standards, and maintain the integrity of that certification, the responsible entity must agree to the terms and conditions in the department's Climate Active licence agreement.

The sample [licence agreement](#) and the [licence agreement Guidance and FAQs document](#) outline the requirements for achieving and maintaining certification.

If a responsible entity experiences significant changes to its business that could affect their compliance with the licence agreement, they should contact Climate Active to discuss how the changes may affect Climate Active certification.

If a responsible entity breaches the terms and conditions of the licence agreement, Climate Active will issue a non-compliance notice. Breaches may include, but are not limited to:

- failure to meet reporting requirements and deadlines
- misuse of the Climate Active trade mark
- outstanding certification fees.

A non-compliance notice will:

- identify the nature of the breach
- specify the actions required to remedy the breach, and
- include a deadline for completing the required actions

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.

7.1 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.

The reporting requirements being the submission of the annual report which may be inclusive of:

- the Climate Active carbon inventory
- the Climate Active activity calculator
- the Climate Active electricity calculator
- the Climate Active working from home calculator
- the offsets retirement workbook
- the Public Disclosure Statement
- a small organisation declaration if required; and
- a technical assessment or third-party validation if required.

Climate Active provides updated calculators and templates yearly for both calendar and financial year reporters as emissions factors are updated. For reporting requirements to be accurately assessed, members are required to submit in the most recently available templates.

If the responsible entity seeks an extension to the reporting deadline, the request must be approved by Climate Active and is subject to the extension request policy ([Section 7.1.1](#)).

7.1.1 Deadline extension request policy

Extension requests must be submitted:

- Through the user Portal.
- Separately for each certification requiring an extension
- No later than 30 days before the annual reporting deadline listed in the Reporting Schedule listed in the Reporting Schedule of the licence agreement

Extension requests may be approved for a maximum of 60 days beyond the original annual reporting deadline. The maximum 60-day extension period may consist of:

Extension requests may be approved for a maximum of 60 days beyond the deadline, and may consist of:

- A single extension request, or
- Multiple extension requests, provided each request is submitted at least 30 days before the applicable deadline, and the total extension period does not exceed 60 days.

Once an extension is approved, the responsible entity must submit all required reporting documents within the timeframe of the extension. Failure to do so may place certification status at risk result in one or more non-compliance notices if the terms and conditions of the licence agreement are not met.

Climate Active may suspend or terminate a responsible entity's licence agreement, if non-compliance continues.

NOTE: Where a third-party verification is required due to a base year recalculation trigger, Climate Active may grant additional time beyond the standard 60-day extension period.

7.2 Projection and true up reports (initial certifications)

Projection and true up reports are permitted for initial certification. Projection reports must be submitted before the end of Quarter 2 of the certification year.

For calendar year reporters:

- Climate Active will accept projection reports submitted prior to 1 July of the certification year.
- If the deadline is missed but the responsible entity 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 deadline is missed but the responsible entity still wishes to achieve certification for that year, an in arrears report can be submitted from 1 July the following financial year.

To maintain certification, entities must submit all ongoing annual reports *in arrears*, using final, auditable activity data from the completed reporting year.

7.3 Expired, terminated or withdrawn licence agreements

If a responsible entity withdraws from the program (clause 12.1 of the Climate Active licence agreement), is suspended/terminated from the program (clause 12.2), or does not sign a new Climate Active licence agreement before it expires, the requirements set out in clause 17.5 of the licence agreement survive until all requisite obligations have been satisfied.

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

7.3.1 Withdrawn Licence Agreements

A responsible entity has the right to voluntarily terminate their Licence Agreement at any time. The effective date of withdrawal is 30 business days after the date of notice to the department. This is the date where the Licence Agreement is terminated and any outstanding obligations cease up to that date.

Upon receiving a written notice of a responsible entity's intent to withdraw, Climate Active issue a formal notice of withdrawal letter. The letter will specify:

- the effective withdrawal date, and
- any outstanding obligations that must be completed to end their participation in the program.

Example of outstanding reporting obligations

An entity reports on a financial year (FY) cycle. As part of a revised business plan, the entity notifies the Climate Active program that it intends to withdraw on 18 October 2026.

The withdrawal takes effect 30 business days after the notice of withdrawal is submitted, so the entity's effective withdrawal date is 29 November 2026. The entity remains certified until the effective withdrawal date is reached.

To close out outstanding obligations under their licence agreement the entity will need to provide:

- 1) completed reporting for its certification for the entire FY2025-26 reporting period (as it was certified for the whole year). This report is due 31 October 2026, in accordance with the reporting schedule, and
- 2) partial reporting for its certification for the FY2026-27 period, from 1 July 2026 until the effective withdrawal date of 29 November 2026. This report is due 29 March 2027 (4 months from the effective withdrawal date), in accordance with the reporting schedule.

If Climate Active terminates a licence agreement any outstanding obligations will be detailed in a similar way.

7.3.2 Expired Licence Agreements

An expired Licence Agreement will occur if the responsible entity does not provide a renewal Licence Agreement after the expiry date of their current licence agreement. As with voluntary

withdrawals, obligations identified in clauses 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

An entity entered into a licence agreement with Climate Active on 15 October 2023. The expiration of the agreement is 30 June 2026.

The entity decides not to enter into a new licence agreement. It will not be certified by Climate Active from 1 July 2026.

The entity must satisfy the obligations within the licence agreement for the period the licence agreement is in force (15 October 2023 to 30 June 2026).

Therefore, the entity would be required to:

- submit annual reporting for the FY2025-26 reporting period by 31 October 2026, as it was certified for that period under the, now expired, licence agreement; and
- cease use of the trade mark from 1 July 2026.

7.3.3 Terminated Licence Agreements

Climate Active has the right to terminate a responsible entity's licence agreement at any time, the trigger in most cases being non-compliance. The effective date of termination is 30 business days after the date of notice to the responsible entity. This is the date where the licence agreement is terminated and any outstanding obligations cease up to that date.

Upon the decision to terminate a responsible entity's licence agreement, Climate Active issue a formal notice of termination letter. The letter will specify:

- the effective termination date; and
- any outstanding obligations that must be completed.

Example of outstanding reporting obligations

An entity reports on a financial year (FY) cycle. The entity has not provided the annual report for FY2025-26, even after receiving a formal notice of non-compliance and a period to rectify. Climate Active decides to terminate the entity's licence agreement on the basis of non-compliance of a reporting period.

The termination of the licence agreement takes effect 30 business days from the date of notification, this allows terminated entities a timeframe to return to Climate Active with their intentions to fulfil their obligations. If this is the case, Climate Active will terminate the affected certifications but sustain the licence agreement.

To close out their outstanding obligations under their licence agreement the entity will need to provide:

- 1) Completed reporting for its certification for the entire FY2025-26 reporting period (as it was certified for the whole year). This report is due 31 October 2026, in accordance with the Reporting Schedule.
 - a. An extension of up to 60 days can be requested, making the final due date 31 December 2026.
- 2) Partial reporting for its certification for the FY2026-27 period, from 1 July 2026 until the effective termination date. This is due 4 months from the effective termination date, consistent with the reporting timeframes specified in the Reporting Schedule.

7.4 Climate Active trade mark use

The Climate Active trade mark can be used for certified organisations, products, services, buildings, events and precincts. The trade mark can only be used where a licence agreement has been signed and the brand has received a notice of certification.

Entities that have are certified must seek written approval before using the Climate Active trade mark, and they must comply with the requirements of the *Climate Active Brand Guidelines* (see clause 9.3 (a)(ii) of the licence agreement).

Unauthorised use or misuse of the Climate Active brand, trade mark or marketing material may result in suspension from the program or termination of a responsible entity's certification.

Climate Active provides guidance to help responsible entities understand their obligations and accurately communicate their claims. Climate Active also conducts regular compliance checks of current and inactive entities to determine they are using the trade mark appropriately.

Entities that are no longer certified:

- must immediately cease using the trade mark and
- must not make public statements implying ongoing Climate Active certification (see clause 9.3(a)(iii) of the licence agreement).

Products manufactured during the certification period that use the Climate Active trade mark on their packaging, can continue to use the trade mark until the packaged stock runs out (see clause 12.3(a) of the licence agreement).

Entities making environmental claims about their certification should consult:

- Australian Competition and Consumer Commission's guide [Making environmental claims: a guide for business](#) and
- Australian Securities and Investments Commission's [Information Sheet 271 How to Avoid Greenwashing When Offering or Promoting Sustainability-Related Products](#).

Claims relating to Climate Active carbon neutral certification must be accurate and relevant to the certification held by an entity. Any entity making misleading environmental claims, including misleading claims about emissions reduction, risks enforcement action from Australian regulators.

8. Roles and responsibilities

Entities seeking certification

The responsibilities for entities seeking certification are outlined in their [licence agreement](#). This includes (but is not limited to):

- complying with all requirements of the relevant Standard for the duration of the relevant certification period/s.
- adhering to the reporting schedule.
- paying relevant fees in accordance with the fee schedule.
- using the trade mark in line with the [Climate Active Trade Mark User Guide](#).

Climate Active

The Climate Active program supports entities seeking and maintaining certification under the Climate Active Carbon Neutral Standards. Climate Active:

1. approves certification applications
 2. provides updated reporting templates twice yearly, including (but not limited to): a carbon inventory, prepopulated with over 700 emissions factors for scope 1, 2 and 3 emissions; electricity, activity and event calculators; an offsets workbook and public disclosure statement.
 3. publishes and updates program guidance material and hosts webinars each reporting cycle for members on completing their Climate Active reporting documentation.
 4. provides advice on certification proposals, clarifies policy intent and answers questions about specific scenarios.
 5. reviews content in certification applications and reporting documents for accuracy, including quality checking work conducted by internally by reporting entities, registered consultants and assurance practitioners.
 6. validates eligibility of offsets in carbon neutral claims.
 7. publishes certified entities Public Disclosure Statements and supports entities to communicate their certification, including by providing approval for the use of the Climate Active trade mark and the Climate Active brand guidelines to certified entities.
- maintains and updates the Climate Active website and online reporting platform.
 - publishes and implement compliance procedures, including suspending and terminating licence agreements and certifications.

Consultants

Consultants can help entities to:

- determine the appropriate certification type.
- complete their application form.
- establish their emission boundary including an LCA for products/services.
- complete their carbon inventory
 - collect appropriate data
 - establish appropriate estimation methods where applicable.

- develop their emission reduction strategy.
- develop their Public Disclosure Statements.
- liaise with offset brokers.

Registered consultants - technical assessors

[Registered consultants](#) have experience and knowledge of carbon accounting and/or environmental auditing and comply with the Climate Active registered consultant terms and conditions. Registered consultants are well placed to assist with the above. Additionally, [Technical Assessments](#) must be completed by a registered consultant. The technical assessor:

- completes the technical assessment checklist with yes/no answers including justifications,
- where a question is answered no, 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, and
- signs a declaration to confirm the carbon inventory meets all the requirements of the technical assessment.

Assurance practitioners - third party validators

An assurance practitioner is responsible for undertaking [third party validation](#) in relation to a Climate Active claim made by an entity. The assurance practitioner must meet the relevant qualification in the validation schedule and be different to the registered consultant signing off on the technical assessment. The assurance practitioner:

- carries out a validation in accordance with the required validation type,
- completes the relevant agreed upon procedures for source data validation, and
- issues a report of factual findings including corrective action requests and observations where relevant.

9. Climate Active glossary

Activity

Actions an organisation undertakes that serve as the source of its carbon emission. Activities generate activity data. These can subsequently be converted to an emissions equivalent using an emissions factor.

Allocation

Allocation is dividing emissions between products, services or outputs where a process has multiple inputs and outputs.

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. For Climate Active, carbon inventories are typically developed using the carbon inventory template and calculators provided by Climate Active.

Embodied emissions

Embodied emissions relate to the carbon emissions generated during production and transportation of products, infrastructure, equipment or buildings. Embodied emissions include all emissions throughout the product lifecycle, ranging from the initial raw materials through to the manufacturing process and the delivery to the consumer.

Emissions boundary

The emissions boundary identifies all emission sources being considered as part of the certification. 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 (Organisations, Precincts and Events)

Emissions assessed as not relevant to an organisation's or precinct's operations or event that 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.

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 immaterial.

Material emissions

An emissions source that constitutes 1% or more of the total carbon inventory is considered material.

Meaningful comparison of data

Refers to consistent year-on-year like comparisons of like-for-like data. E.g. a meaningful comparison would be the annual changes in Transport (air) emissions.

Non-quantified emissions (Organisations, Precincts, Events and Upfront Carbon for Buildings)

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

- the emissions are estimated to be immaterial (<1% for individual items and no more than 5% collectively)
- the emissions are 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.

Projection

A projection report estimates the carbon account for a future period or period that is not yet complete. When the period is complete, a true up report must be completed to verify the claim with actual data.

True up and projection reports can only be used for initial certifications.

Quantified emissions

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

Relevance test

A qualitative test ([see Section 2.2](#)) to determine whether certain emissions sources are considered relevant and should therefore be included within the emissions boundary of an organisation, event or precinct certification.

Relevant emissions

Relevant emissions are all emission sources (including quantified and non-quantified emissions) within the emissions boundary. See [Section 2](#) for information about which emissions are relevant for each certification type.

Representative data

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

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. See [Technical Assessment for carbon neutral certification | Climate Active](#) for more information.

Third party validation

An entity 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. Third-party validation ensures the accuracy and completeness of carbon calculations. See [Third-party validation | Climate Active](#) for more information.

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. Extra offsets can be banked for future reporting periods.

True up and projection reports can only be used for initial certifications.

Uplift factor

An uplift factor is an amount (set kg/t 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 collectively to the technical assessments and third-party validations (see above) required for Climate Active carbon neutral claims made by businesses.

10. Climate Active resources

Standards

[Climate Active Carbon Neutral Standard for Organisations](#)

[Climate Active Carbon Neutral Standard for Events](#)

[Climate Active Carbon Neutral Standard for Precincts](#)

[Climate Active Carbon Neutral Standard for Products & Services](#)

[Climate Active Carbon Neutral Standard for Buildings](#)

Agreements

[Climate Active Licence Agreement](#)

[Climate Active Licence Agreement – Annex A – Requirements for Upfront Carbon for Buildings](#)

[Climate Active Affiliate Agreement](#)

Validation documents

[Technical assessment procedures for carbon neutral certification](#)

[Third party validation for carbon neutral certification](#)

[Small organisation declaration form](#)

Registered consultants

[Registered consultants directory](#)

Certification trade mark

[User Guide for the Climate Active Carbon Neutral Certification Trade Mark](#)

Frequently asked questions

[FAQs](#)

More information

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