



TECHNICAL GUIDANCE MANUAL

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CLIMATE ACTIVE CARBON NEUTRAL CERTIFICATION

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

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

Useful links

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

For more information

Visit our website: climateactive.org.au

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

CLIMATE ACTIVE TERMINOLOGY

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

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

Attributable emissions

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

Carbon inventory

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

Emissions boundary

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

Emission factor

Emission factors are used to convert a unit of activity into its emissions equivalent. E.g. a factor that specifies the kilograms of CO₂-e emissions per unit of activity.

Excluded emissions (organisation/precinct certification)

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

Excluded emissions (product/service certification)

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

Functional unit

A means of expressing the greenhouse gas emissions of a product or service in a way that is meaningful for the product or service being investigated. For example kilograms of CO₂-e per unit of product.

Immaterial emissions

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

Materiality

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

Non-attributable emissions

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

Non-quantified emissions (organisation/precinct certification)

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

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

Non-quantified emissions (product/service certification)

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

Quantified emissions

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

Relevance test

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

Relevant emissions (organisation/precinct certification)

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

Technical assessment

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

Third party validation

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

Uplift factor

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

Validation

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

ORGANISATIONS

Setting the emissions boundary

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

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

Define the organisation

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

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

What do I included in the emissions boundary?

Set the control approach for your organisation

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

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

Identify relevant emissions

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

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

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

Apply the relevance test

You must consider emission sources relevant if at least two of the following criteria are met:

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

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

Do I need to measure everything?

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

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

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

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

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

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

Certification process for organisations

The following steps will help you get your certification rolling.

Step 1: Registration

Email climate.active@industry.gov.au to request a registration form.

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

If you are a small organisation the Climate Active team has a pre-set emission boundary to make accounting simpler. To see if you qualify as a small organisation, refer to the table on page 48.

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

Step 2: Licence agreement

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

You can view the [Licence Agreement](#) on our website.

Step 3: Prepare the report

Once your Licence Agreement is signed the Climate Active team will email you the carbon inventory templates (note these differ for small and large organisations).

A registered consultant can help you prepare your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A [list of registered consultants](#) is available on our website.

Guidance on creating your emission boundary is provided on page 7 of this manual. You can also view the public disclosure statements of our [certified brands](#) on our website to give you an idea of the emission boundary of organisations similar to yours.

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

Step 4: Third party validation

If you are a small organisation you will need a third party validation.

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

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

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

See the validation schedule on page 21 of the [Licence Agreement](#) for details on who can perform the third party validation.

Step 5: Purchase offsets and complete a public disclosure statement

Purchase carbon offset units either to offset your base year or forward offset your first year of certification.

Complete and sign a public disclosure statement.

Submit your carbon inventory, technical assessment (if required), third party validation and public disclosure statement (including proof of offsets) to the Climate Active team at: climate.active@industry.gov.au.

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

Step 6: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found on page 15 of the [Licence Agreement](#).

Step 7: Certification and trade mark use

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

Setting a base year for organisations

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

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

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

Terms

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

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

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

Emissions over time

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

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

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

Base year recalculation policy

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

- the organisation undergoes divestment
- the organisation undergoes a merger
- the organisation diversifies its business
- changes to data availability/calculation methodologies result in >10 per cent change to total emissions.

When conditions for a base year recalculation are met, the certified entity must notify the Climate Active team. The notification must describe the reason for the base year

recalculation and the likely impact on the total carbon footprint. The Climate Active team will assess the base year recalculation and nominate one of three pathways:

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

If a base year recalculation is required, additional offsets do not need to be retired to cover any differences in emissions as reported in previous reporting periods. The base year emissions are recalculated using the new emissions boundary or calculation methodology and profiled against current and future year reporting.

EVENTS

Setting the emission boundary

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

Define the event

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

What do I include in the emissions boundary?

Identify relevant emissions

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

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

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

- water usage
- waste
- event preparation.

Apply the relevance test

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

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

Do I need to measure everything?

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

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

1. Immateriality (i.e. <1 per cent for individual items and no more than 5 per cent collectively).
2. Quantification is not cost effective relative to the size of the emission but an uplift factor* is included.

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

Large versus small events

A small event is:

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

A large event is:

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

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

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

Data collection plan

For large events, a data collection plan must be developed to identify how data will be gathered for the post-event report. Things to consider, but not limited to, when developing a data collection plan include:

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

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

Certification process for events

The following steps will help you get your certification rolling.

There are different rules for large events and small events:

A small event is:

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

A large event is:

- more than 10,000 attendees; or

more than 5,000 attendees where the event runs for more than one day.

Step 1: Registration

Email climate.active@industry.gov.au to request a registration form.

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

Step 2: Licence agreement

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

You can view the [Licence Agreement](#) on our website.

Step 3: Prepare the pre-event report

Once your Licence Agreement is signed the Climate Active team will email you the carbon inventory templates (note these differ for small and large events).

Complete the event calculator, pre-event carbon inventory and pre-event public disclosure statement. The statement must include details of eligible carbon offsets.

A registered consultant can help you prepare your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A [list of registered consultants](#) is available on our website.

Guidance on creating your emission boundary is provided on page 13 of this manual. You can also view the public disclosure statements of our [certified brands](#) on our website to give you an idea of the emission boundary of events similar to yours.

The report (along with a technical assessment for large events only, see step 4) is due four weeks prior to the event. Submit your report to the Climate Active team at: climate.active@industry.gov.au.

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

Step 4: Third party validation of the pre-event report

Small events are not required to undertake third party validation.

Large events have two options:

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

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

Step 5: Purchase offsets

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

After the event:

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

Step 6: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found on page 15 of the [Licence Agreement](#).

Step 7: Certification and trade mark use

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

Step 8: Prepare the post-event report

Using in-house expertise or a [registered consultant](#) complete the post-event carbon inventory and post-event public disclosure statement. The statement must include details of eligible carbon offsets. We will provide the templates for these. Please note, templates differ for large and small events. The public disclosure statement along with third party validation (see step 8) is due four months after the event.

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

Small events are not required to undertake third party validation.

Large events have two options (see the validation schedule on page 21 of the [Licence Agreement](#) for details):

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

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

PRECINCTS

Setting the emissions boundary

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

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

Define the precinct

Set the geographic boundary of the precinct; it should be consistent with planning documents and community expectations. The geographic boundary should include the whole extent of the planned precinct if it is being built in stages.

What do I include in the emission boundary?

Identify emissions

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

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

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

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

Apply the relevance test

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

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

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

Do I need to measure everything?

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

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

1. Immateriality - i.e. <1 per cent for individual emissions and no more than 5 per cent collectively.
2. Quantification not cost effective relative to the size of the emission - an uplift factor* must be applied.
3. Unavailable data - a data management plan must be put in place to provide data within five years and an uplift factor* applied.
4. Initial emissions non-quantified but repairs and replacements quantified.

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

How do I set the base year?

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

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

Certification process – precincts

The following steps will help you get your certification rolling.

Step 1: Registration

Email climate.active@industry.gov.au to request a registration form.

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

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

Step 2: Licence agreement

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

You can view the [Licence Agreement](#) on our website.

Step 3: Prepare the report

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

A registered consultant can help you prepare your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A [list of registered consultants](#) is available on our website.

Guidance on creating your emission boundary is provided on page 17 of this manual. You can also view the public disclosure statements of our [certified brands](#) on our website to give you an idea of the emission boundary of other certified precincts similar to yours.

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

Step 4: Third party validation

You have two options:

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

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

See the validation schedule on page 21 of the [Licence Agreement](#) for details on who can perform the third party validation.

Step 5: Purchase offsets and complete a public disclosure statement

Purchase carbon offset units either to offset your base year or forward offset your first year of certification.

Complete and sign a public disclosure statement.

Submit your carbon inventory, technical assessment (if required), third party validation and public disclosure statement (including proof of offsets) to the Climate Active team at: climate.active@industry.gov.au.

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

Step 6: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found on page 15 of the [Licence Agreement](#).

Step 7: Certification and trade mark use

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

PRODUCTS AND SERVICES

Setting the emissions boundary

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

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

Define the product or service

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

What's included in the emission boundary?

Define a functional unit

A functional unit is a quantified reference unit which conveys the functions of the product or service being certified. For Climate Active certification, it helps track emissions per unit over time (e.g. kg CO₂-e per functional unit) and helps develop the emissions boundary inclusions and exclusions. It should describe the magnitude, duration (if relevant) and quality parameters of a product or service. Defining the functional unit for your product or service provides a reference for normalising input and output data.

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

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

Conduct a life cycle assessment

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

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

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

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

Identify attributable emissions sources

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

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

Relevance

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

Relevance test

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

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

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

Do I need to measure everything?

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

Exclusion conditions

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

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

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

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

Non-attributable processes

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

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

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

Certification process for services

The following steps will help you get your certification rolling.

Step 1: Registration

Email climate.active@industry.gov.au to request a registration form.

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

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

Step 2: Licence agreement

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

You can view the [Licence Agreement](#) on our website.

Step 3: Prepare the report

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

A registered consultant can help you prepare your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A [list of registered consultants](#) is available on our website.

Guidance on creating your emission boundary is provided on page 21 of this manual. You can also view the public disclosure statements of our [certified brands](#) on our website to give you an idea of the emission boundary of services similar to yours.

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

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

Step 4: Third party validation

You have two options:

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

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

There are some differences between simple and complex service options. See the validation schedule on page 21 of the [Licence Agreement](#) for details on who can perform the third party validation and what is needed.

Step 5: Purchase offsets and complete a public disclosure statement

Purchase carbon offset units either to offset your base year or forward offset your first year of certification.

Complete and sign a public disclosure statement.

Submit your carbon inventory, technical assessment (if required), third party validation and public disclosure statement (including proof of offsets) to the Climate Active team at: climate.active@industry.gov.au.

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

Step 6: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found on page 15 of the [Licence Agreement](#).

Step 7: Certification and trade mark use

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

Certification process for products

The following steps will help you get your certification rolling.

Step 1: Registration

Email climate.active@industry.gov.au to request a registration form.

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

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

Step 2: Licence Agreement

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

You can view the [Licence Agreement](#) on our website.

Step 3: Prepare the report

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

A registered consultant can help you prepare your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A [list of registered consultants](#) is available on our website.

Guidance on creating your emission boundary is provided on page 21 of this manual. You can also view the public disclosure statements of our [certified brands](#) on our website to give you an idea of the emission boundary of products similar to yours.

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

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

Step 4: Third party validation

You have two options:

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

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

See the validation schedule on page 21 of the [Licence Agreement](#) for details on who can perform the third party validation.

Step 5: Purchase offsets and complete a public disclosure statement

Purchase carbon offset units either to offset your base year or forward offset your first year of certification.

Complete and sign a public disclosure statement.

Submit your carbon inventory, technical assessment (if required), third party validation and public disclosure statement (including proof of offsets) to the Climate Active team at: climate.active@industry.gov.au.

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

Step 6: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found on page 15 of the [Licence Agreement](#).

Step 7: Certification and trade mark use

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

Certification process – Environmental Product Declaration Pathway

Certification steps

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

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

For further technical information on this pathway please read *Product certification and Environmental Product Declarations* beginning on page 30 of this manual.

Step 1: Registration

Email climate.active@industry.gov.au to request a registration form.

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

Step 2: Licence agreement

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

You can view the [Licence Agreement](#) on our website.

Step 3: Prepare the report

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

A registered consultant can help you prepare your carbon inventory. This is recommended if you do not have in-house expertise in carbon accounting. A [list of registered consultants](#) is available on our website.

As part of your carbon inventory and public disclosure statement, you will need to estimate your base year. This will involve using your EPD to calculate the total tonnes of carbon dioxide equivalent (CO₂e) that you anticipate to generate per year from your product, based on annual sales.

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

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

Step 4: Technical assessment

You have two options:

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

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

Step 5: Purchase offsets and complete a public disclosure statement

Purchase carbon offset units either to offset your base year or forward offset your first year of certification.

Complete and sign a public disclosure statement.

Submit your carbon inventory, public disclosure statement (including proof of offsets) and provide the EPD verifier's notes from the initial and final verification, in addition to the verification report, to the Climate Active team at: climate.active@industry.gov.au.

Step 6: Fees

On receiving your initial reports, we will issue you an invoice for your certification fees. Fees are due within 30 days of receiving the invoice. The fee schedule can be found on page 15 of the [Licence Agreement](#).

Step 7: Certification and trade mark use

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

Product certification and Environmental Product Declarations

Climate Active Carbon Neutral Standard for Products and Services

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

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

EPD Australia

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

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

Streamlined process

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

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

Product & Service Standard requirements

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

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

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

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

Types of Australasian EPDs and the impact on carbon neutral certification

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

The EN 15804 standard

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

The ISO 14025 standard

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

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

Streamlined certification process for a product or service with an EPD

Carbon inventory (measuring emissions requirement)

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

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

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

Auditing/verification requirements

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

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

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

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

- Australasian EPDs registered in line with ISO 14025 must either:
 - complete a new verification audit prior to carbon neutral certification being granted, or
 - provide detailed evidence that verification was undertaken to the same level of rigour as EPD Australasia's verification dialogue template for EN 15804 compliant EPDs.
- Third party validation needs to be undertaken for the base year under the Product & Service Standard. In addition, a technical assessment is required on application and every subsequent three years. The verification frequency of an Australasian EPD may need to be increased to meet the Product & Service Standard requirements.

Additional information on the validation requirements can be found in Section 2.7 of the [Product & Service Standard](#) and the [Validation and Technical Assessment procedure documents](#) found on the Department's website.

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

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

Setting a base year for products and services

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

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

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

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

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

Terms

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

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

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

Emissions over time

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

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

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

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

Base year recalculation policy

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

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

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

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

If a base year recalculation is required, additional offsets do not need to be retired to cover any differences in emissions as reported in previous reporting periods. The base year emissions are recalculated using the new emissions boundary or calculation methodology and profiled against current and future year reporting.

ALL CERTIFICATIONS

Emissions boundary – embodied emissions

Embodied emissions of capital goods, materials and equipment:

Organisations

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

Products and services

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

Relevance test

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

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

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

Apportioning embodied emissions

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

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

Emissions boundary – shared emissions between certifications

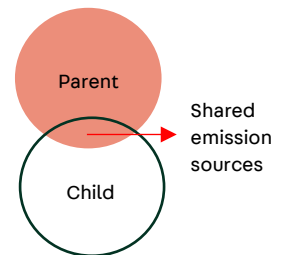
Parent-child relationships

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

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

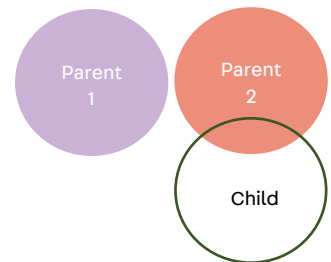
If you have multiple certifications which do not share emissions, these will be stand-alone parent certifications.

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 shared emissions will be deemed carbon neutral when you link them to child certifications.



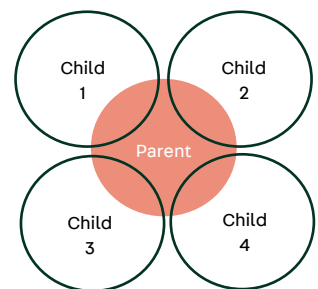
Multiple parent certifications

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



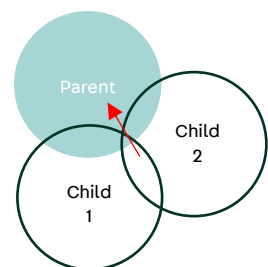
Multiple child certifications

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



Shared child emissions

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



Key differences between standards

	Organisation	Products & Services
Emission boundary analysis	Control approach and relevance test	Life Cycle Assessment (cradle to grave or gate)
Emission source classifications	Quantified Non-quantified Excluded	Attributable Attributable – non-quantified Excluded Non-attributable
Justification for not quantifying emission sources inside the emission boundary	Non-quantification reasons	Exclusion conditions Non-quantification reasons
Justification for excluding emission sources outside the emission boundary	Control approach and relevance test	Non-attributable justification
Activity data	See <i>Calculating your carbon inventory</i> guidance on page 40	See <i>Calculating your carbon inventory</i> guidance on page 40. More disaggregated information provided from life cycle inventory databases.
Emission factors	Majority of emission factors can be sourced from Climate Active inventory	Some emission factors can be sourced from Climate Active inventory. Depending on the product/service, specialist emission factors will need to be sourced by the responsible entity from appropriate sources as approved by an LCA practitioner.
Trade mark usage	Can be used for advertising and marketing material for the organisation as a whole. Cannot be used on product labels.	Can only be used for the specific product or service that is certified.

Calculating your carbon inventory

Emission factors

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

Emission factors are used to calculate GHG emissions by multiplying the factor (e.g. kg CO₂/L of diesel fuel) with activity data (e.g. litres of diesel fuel consumed). Carbon inventories should use the provided emission factors whenever a relevant and suitably accurate emission factor is available.

Bespoke emission factors

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

Finding bespoke emission factors

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

The following are 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. Examples 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 [JELab](#).
- **Industry-standard guidelines and tools:** Examples include the [ISCA tool](#), the [Food and Agriculture Organisation of the UN Guidelines](#) and the [EU Product Environmental Footprint program](#).
- **Government publication conversion factors:** An example is the [UK Department for Business, Energy & Industrial Strategy greenhouse gas reporting conversion factors](#).

- **Published, peer reviewed journal articles:** These may only be used in the absence of other credible and reliable emission factors and will be subject to review by the Climate Active team prior to acceptance.

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

Activity data

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

Activity data hierarchy

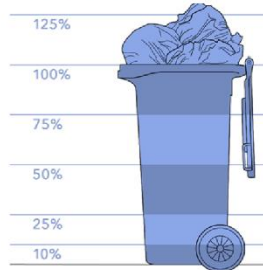
The data hierarchy below outlines the different types of activity data that may be used to complete a carbon inventory in order of preference.

1. Actual data
2. Actual data from the previous year
3. Modelled data:
 - a. Extrapolated data: partial year data or a representative sample from a group of buildings/vendors or survey data that is extrapolated to a full data set.
 - b. Projected data: where data is expensive or difficult to collect, actual data may be collected once every few years and adjusted for inflation/staff numbers or other relevant factors to estimate the current years data.
 - c. Data conversion: converting data from one type to another through known conversion units. For example to estimate kilograms of paper, you may only have expenditure data for paper. By determining the average price of a carton of paper, you could also find the number of paper sheets in a carton and the grams per square metre (gsm) therefore the total weight of paper purchased.
4. Estimated data: online calculators or general statistics. Where specific data is unavailable an estimate may be made using ABS statistics or other relevant industry-standard statistics.
5. Uplift factor: where accurate estimates are unable to be obtained, data may be non-quantified. For non-quantified emission sources, a best guess must be made to generate an uplift amount (kg CO₂-e) or percentage increase of the carbon account.

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

Waste

This image indicates the % of how full a wheelie bin can be.



Number of bins in one 240L wheelie bin



Solar generation on site

To estimate your electricity generation from an onsite PV solar system, use the Clean Energy Regulator’s [small generation unit STC calculator](#).

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

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

The calculator will give you a result like this:

Calculator result

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

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

Offsets – eligibility, reporting and banking

All offset units used in your carbon neutral claim must:

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

Eligibility and vintage requirements

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

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

- **Australian Carbon Credit Units (ACCUs)** issued by the Clean Energy Regulator in accordance with the framework established by the *Carbon Credits (Carbon Farming Initiative) Act 2011*.
- **Certified Emissions Reductions (CERs)** issued as per the rules of the Kyoto Protocol from Clean Development Mechanism projects, with the exception of:
 - long-term (lCERs) and temporary (tCERs); and
 - CERs from nuclear projects, the destruction of trifluoromethane, and the destruction of nitrous oxide from adipic acid plants or from large-scale hydro-electric projects not consistent with criteria adopted by the EU (based on the World Commission on Dams guidelines).
- **Removal Units (RMUs)** issued by a Kyoto Protocol country on the basis of land use, land-use change and forestry activities under Article 3.3 or Article 3.4 of the Kyoto Protocol.
- **Verified Emissions Reductions (VERs)** issued by the Gold Standard¹.
- **Verified Carbon Units (VCUs)** issued by the Verified Carbon Standard.

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

Transparent public reporting

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

The public disclosure statement must include an offset summary as shown in the table below, which includes:

1. a description of the offset unit
2. the eligible unit type
3. the unit serial numbers
4. the unit vintage
5. the date of retirement/cancellation

6. a working hyperlink to the record of cancellation in the public registry or a certificate of retirements (this must verify the information in points 1-5 above).

Where the registry allows, the public listing for any cancelled unit must mention the cancellation reason and attribute it to the entity e.g. 'These units were cancelled on behalf of Company XYZ to support its carbon neutral claim against the Climate Active Carbon Neutral Standard 2019-20'.

Offsets Summary						
Description of the offset project	Type of offset units	Registry	Retirement date	Serial numbers (and hyperlink to registry transaction record)	Vintage	Quantity
Wind Grouped project by Hero Future Energies Private Limited, India	VCUs	APX	21 Mar 2018	5682-254921535-254932878-VCU-029-APX-IN-1-1582-29032016-31122016-0	2016	11,344
Mudgee reforestation Project, NSW	ACCUs	ANREU	26 Sep 2017	3,750,123,000 – 3,750,126,234	2013	3,235
Yarra Yarra Biodiversity Corridor, WA	VERs	Markit	6 Feb 2017	GS1-1-AU-GS3039-22-2016-5606-817 to 892	2016	76
Total offsets cancelled						14,655

This table provides an example of public reporting on the use of eligible offset units.

Offset banking

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

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

Compliance procedures

Compliance procedures apply in the following scenarios:

- an overdue invoice
- an overdue report (with the exception of a base year report) where an extension request was not received or was rejected
- notification that a breach of the certified trade mark use has been sent and not yet acted upon.

Compliance steps

Steps for compliance are as follows and proceed sequentially until the compliance issue is remedied or the client withdraws their certification.

1. An overdue reminder is issued at 5, 10 and 15 business days after the due date/initial notice.
2. A notice of potential suspension* is issued at 25 business days after the due date/initial notice.
3. A notice of suspension* is issued at 25 business days after the due date/initial notice.
4. A notice of termination** is issued at 25 business days after the due date/initial notice.

*A suspension temporarily removes the organisation from the Climate Active website and list of certified brands. A suspended organisation is not permitted to use the trade mark while the suspension is in place in accordance with the Terms and Conditions of the [Licence Agreement](#).

**A termination permanently removes the organisation from the Climate Active website and list of certified brands. A terminated organisation is not permitted to use the trade mark following termination in accordance with the Terms and Conditions of the [Licence Agreement](#).

Base year reports

A due date is provided for base year reports. If the due date has exceeded without an approved extension, the organisation must pick a new valid base year in order to proceed with their certification. As an organisation is not certified until their base year report has been approved, an overdue base year report does not trigger the compliance procedures above.

ROLES AND RESPONSIBILITIES

Climate Active team

Policy

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

Advice

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

Branding/marketing

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

Administration

- Develop and maintain the online reporting platform.
- Develop and maintain reporting templates.
- Send report reminders.

Regulation/approval

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

Registered consultants

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

Technical assessors

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

Data validators

Assurance auditor

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

Source data verifier

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

Products and services verifier

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

CLIMATE ACTIVE CERTIFICATION CRITERIA, FEES & SCHEDULES (CY2020 OR FY2020-21)

Certification type	Emissions bracket	Fee (GST inc)	Criteria	Initial certification		Ongoing certification or recurring event	
				Technical assessment	Third party validation *	Technical assessment	Third party validation *
Small organisation	≤ 1,000t CO ₂ -e	\$820	An organisation with: <ul style="list-style-type: none"> a carbon footprint < 1,000t CO₂-e; an annual turnover < \$10M; consolidated gross assets < \$30M; less than 30 employees (Full Time Equivalent); and has 80% or more of its total emissions from the small organisation emissions boundary defined in the Portal 	Not required	Type 1	Not required	Type 1 required if base year recalculation is required
Medium organisation	≤ 2,000t CO ₂ -e	\$2,627	An organisation with: <ul style="list-style-type: none"> a carbon footprint between 1,000t and 25,000t CO₂-e; or a carbon footprint < 1,000t CO₂-e; and an annual turnover ≥ \$10M or consolidated gross assets ≥ \$30M or ≥ 30 employees (FTE) or less than 80% of its total emissions from the small organisation emissions boundary defined in the Portal 	Required	Type 1	Required every 3 years or whenever base year recalculation is required	Type 1 required if base year recalculation is required
	2,000 ≤ 10,000t CO ₂ -e	\$7,985					
	10,000 ≤ 80,000t CO ₂ -e	\$13,238					
Large organisation	10,000 ≤ 80,000t CO ₂ -e	\$13,238	An organisation with a carbon footprint ≥ 25,000t CO ₂ -e	Required	Type 2	Required every 3 years or whenever base year recalculation is required	Type 2 required if base year recalculation is required
	≥ 80,000t CO ₂ -e	\$18,911					
Simple service	≤ 2,000t CO ₂ -e	\$2,627	A service that has 80% or more of its total emissions from emissions sources available in the Portal.	Required	Type 1	Required every 3 years or whenever base year recalculation is required	Type 1 required if base year recalculation is required
	2,000 ≤ 10,000t CO ₂ -e	\$7,985					
	10,000 ≤ 80,000t CO ₂ -e	\$13,238					
	≥ 80,000t CO ₂ -e	\$18,911					
Complex service	≤ 2,000t CO ₂ -e	\$2,627	A service that has less than 80% of its total emissions from emissions sources available in the Portal	Required	Type 3	Required every 3 years or whenever base year recalculation is required	Type 3 required if base year recalculation is required
	2,000 ≤ 10,000t CO ₂ -e	\$7,985					
	10,000 ≤ 80,000t CO ₂ -e	\$13,238					
	≥ 80,000t CO ₂ -e	\$18,911					
Product	≤ 2,000t CO ₂ -e	\$2,627	A tangible (and usually physical) good	Required	Type 3	Required every 3 years or whenever base year recalculation is required	Type 3 required if base year recalculation is required
	2,000 ≤ 10,000t CO ₂ -e	\$7,985					
	10,000 ≤ 80,000t CO ₂ -e	\$13,238					
	≥ 80,000t CO ₂ -e	\$18,911					
Precinct	≤ 2,000t CO ₂ -e	\$2,627	A precinct or district is a discernible area 'more than a building and less than a city' and is primarily defined by its geographic boundaries, which at a minimum, must incorporate public infrastructure beyond a single building.	Required	Type 2	Required every 3 years or whenever base year recalculation is required	Type 2 required if base year recalculation is required
	2,000 ≤ 10,000t CO ₂ -e	\$7,985					
	10,000 ≤ 80,000t CO ₂ -e	\$13,238					
	≥ 80,000t CO ₂ -e	\$18,911					
Small event		\$820	An event with: <ul style="list-style-type: none"> up to 5,000 attendees; or up to 10,000 attendees and where the event is one day or less in duration. 	Not required	Not required	Not required	Not required
Large event		\$1,538	An event with: <ul style="list-style-type: none"> more than 10,000 attendees; or more than 5,000 attendees and where the event is more than one day in duration. 	Required	Pre-event: Not required Post event: Type 1 required or for the first large event in an event portfolio	Every 3 years	Not required

*See page 23 of the [Licence Agreement](#) for descriptions of Types 1, 2 and 3.