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THE ULTIMATE CHEAT SHEET FOR CLIMATE COMPLIANCE!

Designed for Managers: Written by Experts

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01. INTRODUCTION

Time-poor business managers want quick direction

You're a busy manager with a lot on your plate. Now, on top of everything else, you've been handed the task of figuring out climate and emissions reporting for your business. The problem? You don't know where to start, what's required, or how to meet everyone's expectations. **You're not alone!**

You've got a short window to give your business clear direction on what this means, the steps you need to take, and when it all needs to happen. But you don't have the time (or budget) to spend months researching or hiring expensive consultants. You just want clear, practical guidance – not deep technical details about carbon accounting. That's why we wrote this guide.

After helping hundreds of businesses across Australia with emissions reports, we've seen how managers like you need straightforward, no-nonsense support to make decisions confidently. With new laws starting on 1 January 2025, you might need to act quickly – ready or not.

This guide breaks down emissions reporting into the why, what, when, and who – so you can get up to speed fast. By the end, you'll feel confident about what's required and ready to guide your business forward. Plus, you'll save months of effort and potentially tens of thousands of dollars.

Who’s using this guide?

Those that have never contemplated nor attempted to do emissions reporting before.

Those who need to understand, at a business decision level, what the new legal requirements are.

Those who want to know what they need to do, when, and who should do it.

Those who need to communicate a path forward to other stakeholders in their business.

Don't worry - most businesses are lost

It's easy to think that business owners and managers are eager to tackle their climate impact, but the truth is, most feel overwhelmed and unsure where to start.

This isn't because they don't care—it's just that, until recently, climate change hasn't directly affected their bottom line.

From Carbonhalo's experience working with hundreds of managers across different industries, we've found four key reasons why businesses often hold off on addressing their climate impact:

No pressure from stakeholders:
Customers, employees, or investors aren't basing key decisions on your business's climate performance.

Shifting responsibility:
Climate change feels like someone else's problem—leaders often believe their actions won't make a meaningful difference.

No legal requirement:
Without regulations mandating emissions reporting, it's easy to deprioritise.

Unclear ROI:
Many businesses don't see the financial benefit of reporting emissions, so it doesn't make the cut for time or resources.

So, why are these disengaged businesses starting to pay attention now? What's causing the shift?
Let's unpack what's driving this change.

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THE WHY:

8 CRITICAL REASONS WHY YOUR BUSINESS SHOULD REPORT ITS EMISSIONS

Part 1: Legal Reasons

Why Your Business Must Report Emissions: Key Legal Drivers

Legal compliance is the primary driver for emissions and climate reporting. While very large businesses have been legally required to report on emissions for years, new laws are significantly extending these requirements to a broader range of businesses. They also impose stricter obligations on the largest emitters.

Here are the four critical legal reasons your business will need to report its emissions and make climate-related disclosures:

1 Your business size

New mandatory climate reporting laws apply to businesses meeting two or more of the following criteria:

- More than 100 employees (on a full-time equivalent basis)
- More than $50m in revenue per year
- More than $25m in assets

If your business meets these thresholds, you will need to comply with emissions reporting and climate disclosure obligations.

2 Chapter 2M financial reporting

Entities required to prepare and lodge annual financial reports under Chapter 2M of the Corporations Act will also need to report their emissions and climate disclosures. This includes:

- Public companies
- Large proprietary companies
- Certain small proprietary companies controlled by a foreign entity

3 NGER Act reporting entities

Entities already reporting under the National Greenhouse and Energy Reporting (NGER) Act are automatically included under the new climate reporting laws—regardless of their size.

4 Considerations for large asset owners

This applies to superannuation entities, registered schemes, or Retail CCIV with assets under management exceeding $5 billion - compliance will require comprehensive climate disclosures to address climate risks, opportunities, and emissions.

KEY ACTION: Check whether your business has, or is likely to have in the future, more than 100 full-time equivalent employees, more than $50m in revenue or more than $25m in assets.

Entities that are exempt from the new laws

The following entities are exempt from mandatory emissions reporting laws, regardless of their size:

- Australian charities
- Not-for-profits
- Entities that are exempt from lodging financial reports under Chapter 2M of the Corporations Act (such as Governments)

However, this does not mean that those entities are not reporting. In fact, many of these entities are already reporting on emissions and other climate matters due to critical non-legal reasons.

Part 2: Non-Legal Reasons

There are several critical reasons why businesses report their emissions, despite having no legal obligation. These reasons relate to remaining market-competitive and meeting key stakeholder expectations.

Below are four critical non-legal reasons that determine if your business will report its emissions.

1 To comply with emissions data requests

New climate laws require large businesses to report emissions from their suppliers—known as Scope 3 emissions. This means your customers will rely on you to provide emissions data. As a supplier, you play a critical role in their reporting and reduction efforts.

Why It Matters For Your Business
Complying with emissions data requests can strengthen relationships and reduce risks. Ignoring these requests could put your business at a disadvantage, especially if competitors step up.

Here's why it matters:

1. Stay Competitive: Customers may prioritise suppliers who can provide emissions data.
2. Meet Customer Expectations: Supporting customer emissions goals builds trust and strengthens partnerships.
3. Reduce Risk: If competitors comply and you don't, you risk being replaced.
4. Unlock Growth: Proactively managing your emissions can open doors to new opportunities.

KEY ACTION: Inform your business leaders that large-emitting customers will likely request your emissions data for compliance in the future.

2 To win tenders

Tender applications are increasingly asking businesses to show they're measuring and reducing emissions. Why? Because it aligns with the tenderer's environmental goals and mandatory climate reporting requirements. New contracts—or renewals—are prime opportunities for tenderers to onboard suppliers who meet these expectations.

KEY ACTION: Check the tenders your business applies for. Do these tenders require emissions measurement in place?

3 To obtain finance or investors

Banks now face stricter climate reporting laws and regulatory requirements, like those from the Australian Prudential Regulation Authority (APRA). To meet these obligations, they're seeking climate data from borrowers to assess emissions and climate risks linked to their lending.

Investors are following suit, favoring businesses with strong climate measures and reporting in place. It's all about reducing compliance risks and meeting investment criteria.

KEY ACTION: Check what the future requirements may be for banks and investors on emissions measuring and reporting.

4 To export

Emission reporting laws are a global trend, and Australia is behind regions like the EU. If you export to the EU, your customers may require compliant emissions reporting to do business with you.

KEY ACTION: Check the requirements of Cross Border Adjustment Mechanisum (CBAM) for future emissions requirements.

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THE WHEN:

5 FACTORS THAT WILL DETERMINE WHEN YOU START REPORTING ON EMISSIONS

When Action Is Required

If your business identifies a critical reason to act, the next step is determining when action is needed.

Here's how to figure it out:

1 Mandatory reporting timelines

Depending on which group your business is in, will depend on when you start legally reporting. For example, For businesses in Group 2, reporting begins for the financial year starting 1 July 2026. Reports and disclosures must align with your financial report deadlines, typically 3-4 months post the end of the financial year. For example, for the financial year starting 1 July 2026, mandatory climate reports are due by October-November 2027.

Here is the rollout across each Group which determines your start date.

Table 1: Reporting Timeline For Mandatory Climate Reporting Laws | Qualifying Criteria (two or more to qualify)

Financial year commencing from or after	Group 1 1 January 2025	Group 2 1 July 2026	Group 3 1 July 2027
Revenue	$500m+	$200m+	$50m+
Assets	$1b+	$0.5b+	$25m+
Employees (full-time equivalent)	500+	250+	100+

2 You export

At any time, large corporate customers might implement emissions standards across their supply chain, requiring you as a supplier to provide emissions information to meet their climate reporting needs. This could become a condition for retaining their business.

3 A new tender hits your desk

You may soon need to complete a tender submission that includes carbon emissions reporting as a prerequisite, especially in government or sustainability-conscious sectors.

4 Stakeholder requirements

A key stakeholder—such as investors, board members, or constituents—could push your company to adopt carbon reporting. This applies even to entities not legally required to report, such as governments, SMEs, and not-for-profits.

5 Competitors are wining over you

A competitor may disclose their emissions and leverage sustainability as a market differentiator, gaining sales and market share while putting pressure on you to respond.

KEY ACTION: Consider whether there is sufficient risk of legislation or market needs to warrant you commencing your climate-related reporting sooner, rather than later.

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THE WHAT:

4 MAIN REQUIREMENTS OF EMISSIONS REPORTING AND CLIMATE DISCLOSURES

What Is Required Legally

The new climate reporting laws require businesses to include emissions and climate data in their annual financial reports, which will also need to pass an independent audit. Over time, the audit standards for these disclosures will become stricter.

Most businesses start without many of the necessary disclosures, so compliance involves more than just collecting data—it also means adopting some new processes and practices.

Here's a high-level summary of the four key requirements for climate reports:

1. Metrics and Targets

- Report on Scope 1 (fuels) and Scope 2 (purchased power) greenhouse gas (GHG) emissions from the first reporting period.
- Add Scope 3 (supply chain) emissions reporting in year two onwards.
- Provide information on targets for reducing emissions and performance against these targets.

2. Governance

- Report your entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

3. Strategy

- Disclose how climate-related risks and opportunities could affect your business's strategy, business model, and financial planning.
- Include an analysis of risks and opportunities over short, medium, and long-term.
- Outline resilience strategies, including scenario analysis for various climate outlooks.

4. Risk Management

- Detail processes for identifying, assessing, and managing climate-related risks. Explain the integration of these processes into overall risk management frameworks.

What about voluntary reporting?

Businesses that report emissions voluntarily (to meet market needs) have flexibility in what they measure and how they share their data. There's no set list of requirements - it depends on the business's goals and stakeholder expectations. Approaches vary widely, from simple self-estimates of a few emission categories to alignment with the new mandatory reporting requirements.

Below is a guide on how to choose the reporting program that works for your business.

Table 3: Pick the category that suits your business best

Consideration	Category 1	Category 2
Your purpose for measuring and reporting	• Achieve high credibility • Comply with stringent stakeholder requests • Demonstrate market leadership • Get deep insights into emission sources to generate a detailed reduction plan	• Make a start demonstrate commitment • Communicate positive actions • Understand key emissions
Your key target audiences	• Investors • Major customers • High-value tender • Board reporting	• Employees • Consumers • Industry Association • Management Team
Your business size	Large, medium	Medium, small
What you need	**Advanced service and program**	**Basic service and program**

Table 4: Seven criteria to review when deciding on your voluntary program choice

Criteria	Advanced service and program	Basic service and program
1. Data validation	Independently reviewed, certified, or audited	Carbon accountant reviewed or self-assessed
2. Report Outputs	• Detailed management report • Defined emissions boundaries • Line-item details on emissions • Key data assumptions per line item • Professionally prepared	• Dashboard • High-level assumptions • Key emission categories only • Simple report
3. Measurement methodology	A statement that confirms strict alignment with the GHG Protocol or ISO14064	General references to: • GHG protocol • Industry-specific emission categories • Common emission categories
4. Assistance Provided	Expert carbon accountants and/or experts in data collation and systems integration	Minimal. Self-guided, program help desk, videos, or some guidance from an accountant.
5. Support with climate-related risks, governance, and scenarios	Option available. Note: most voluntary reporting businesses won't require these disclosures unless specifically required to meet a stakeholder need.	Not provided.
6. Integration with your accounting system or other data sources	Not required; or Partial advanced integration; or Fully advanced integration.	Not required; or Basic option (such as a link to Xero)
7. Proven capability	The program is used by other businesses of your size and in your industry.	The program is endorsed by your industry association or is widely used by similar businesses in your industry.

KEY ACTION: Determine your purpose for emissions reporting and the key stakeholders you are looking to service.

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THE WHO:

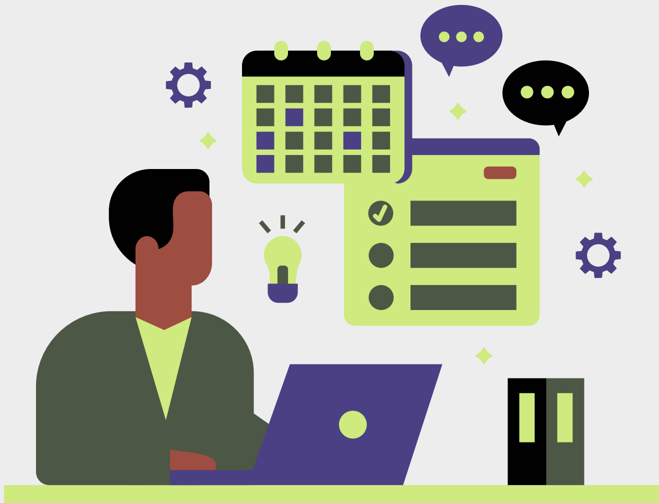
THE 3 KEY ROLES YOU NEED TO GET THE JOB DONE

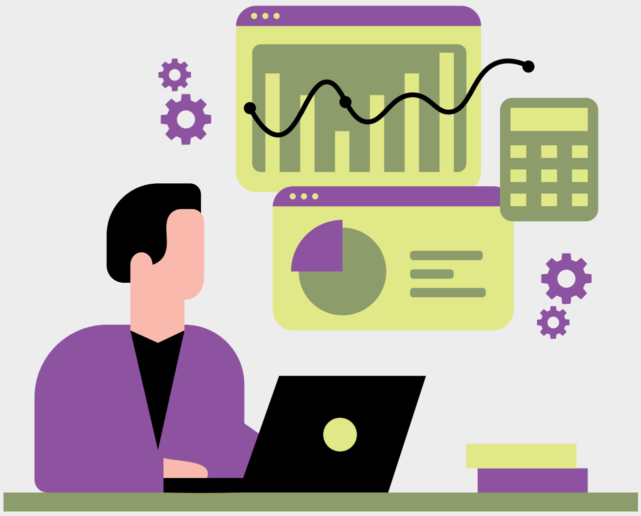
Key Roles Required

Role 1: Senior Manager / Sponsor

This manager oversees compliance with emissions reporting standards, aligns internal resources, and approves emissions data accuracy.

This role might be filled by the CEO, Operations, Finance, Sustainability, Procurement, or Supply Chain Manager. They don't need to be experts in emissions but should excel at asking the right questions, ensuring accountability, and choosing external providers that meet the business's needs.





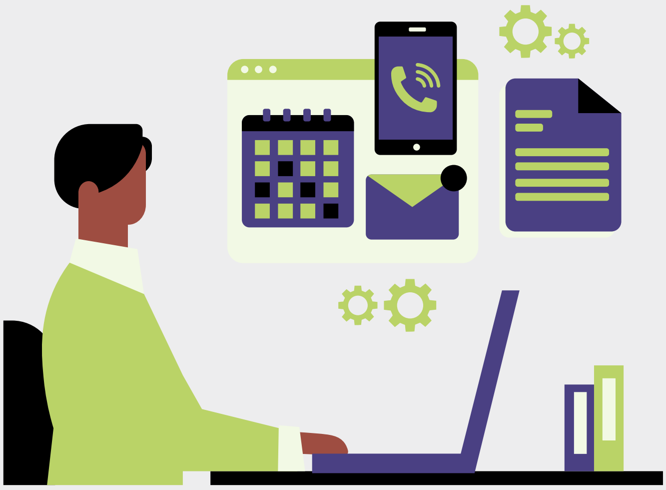
Role 2: Someone to organise data and internal processes

The person responsible for data collection and process coordination plays a key role in emissions reporting and climate disclosures. They gather accurate, detailed information from various departments to meet reporting requirements and support your emissions strategy. Assign this task to someone who knows your business well, is skilled at chasing down information, and has an eye for detail.

This could be a Financial Controller, Operations Manager, Technical Officer, IT Officer, or anyone with strong business knowledge and relationships. No technical carbon expertise is needed. Be prepared—this role is often the most work-intensive, and staff might shy away from taking it on!

Role 3: Someone to support the preparation of reports

For businesses that have never undertaken emissions reporting before, we would not recommend trying to develop complying reports on your own. Most external service providers will prepare the reports for you. Some carbon accounting systems will develop reports from templates. However, you still need a person to be responsible for those reports, regardless of how they are prepared.



They will work with service providers and systems to ensure the reporting includes accurate representations of the business and fits with other reports (such as a sustainability report or an annual report).

This could be your Finance Manager, Sustainability Manager (if one exists), or the same staff member responsible for other business reports.

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BONUS MATERIAL

5 Traps to Avoid

7 Factors to keep cost down

3 Ways to turn emissions into profit

5 traps to avoid when choosing an emissions program

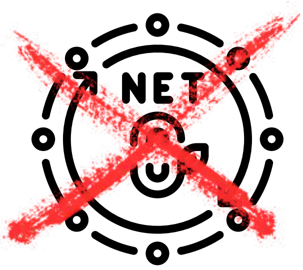
1. Overspending

Don't settle for one quote or one subscription price. Check the market. We know businesses that have received a quote 10x more expensive for equivalent services.

2. Adopting a carbon-neutral program

Carbon neutrality can increase the risk of greenwashing accusations if your business is not taking genuine actions to reduce its emissions. If you're beginning your emissions measurement and reporting journey, we would recommend concentrating on accurately measuring your emissions and taking genuine reduction actions first.

3. Committing to a net zero program



Net zero can be a 15-25 year commitment. You must obtain a strong understanding of your emission sources (including those caused by your suppliers) and opportunities to reduce them, prior to establishing a net zero target. Net zero is a great initiative to consider a bit further down the track.

4. Over complicating your start

When selecting an emissions measurement and reporting program, make sure it fits with your resources and capabilities. There are lots of different options. If one program feels like it adds more complexity and implementation resources than you can handle, then look at others. You can always upgrade, automate, integrate, and interrogate later. Don't let complexity get in the way of starting.

5. Choosing a program before being clear on your objectives

You need to invest some thought into why you are measuring and reporting your emissions and what your stakeholders are requiring. Don't select a program until you're clear on your objectives. Otherwise, you risk gaps in delivery, or overspending on things you don't need. Find a trusted and experienced advisor to get advice on a program that fits best.

7 factors to keep your costs to a minimum

1. Assurance

For year 1 mandatory climate disclosures, the required audit assurance is lower than in later years. This means you can start reporting emissions without heavy investment. The focus is on easier-to-measure emissions, like fuel and electricity (Scope 1 and 2), while Scope 3 (value chain emissions) isn't required yet.

2. Systems

Integrating systems, like accounting software, with your emissions reporting can improve efficiency in the future but takes more time and resources upfront. For now, you can comply with reporting requirements without system integrations and explore this later when your goals and needs are clearer.

3. Report Aggregation

If your business has a complex structure, your emissions reporting doesn't have to be. Use the same level of aggregation as your financial accounts to keep costs low. You can add more detail in future years to support emission reduction efforts.

4. Shop around

Ensure you receive a few quotes for reporting services, as the price variation for equivalent services can be shocking.

5. Use existing resources

Lean on your existing team as much as possible. A well priced external service provider, liaising with existing team members, can keep costs comparatively low.

6. Don't leave it to the last minute

The later you leave starting, the fewer options you'll have for an efficient and lean process. Aim to start at least 6-12 months before you need an outcome.

7. Keep it simple

The more complicated you make your emissions reporting project, the more it will cost (in direct costs, staff time, training and research, etc). If you're after a lower-cost solution, your service provider offer should be easy to understand, work well with your existing team, and be simple to implement and monitor.

3 tips for turning your emissions into profit

Engaging in emissions reporting is increasingly viewed through the lens of standard commercial decision-making, particularly when evaluated against potential returns on investment (ROI).

Businesses have limited resources and want to make returns – even when faced with compliance-based investments.

Here are three tips to get your decision-makers thinking about this like a normal commercial decision, and not just a new cost:

1. Stop leaving emission benefits on the table.

Everyday business efficiency projects (freight efficiency, new machinery, reduction in business travel, leaner processes, etc) which reduce costs also tend to save emissions. If you can capture the emissions benefits of existing efficiency projects in your reporting, you can start building a powerful positive message for your stakeholders, without any new capital. The first emissions win for most businesses is reporting on existing positive actions. Remember, the market doesn't require you to be net zero at the start. It wants to see you making genuine efforts to improve.

2. Data drives new opportunities.

Emissions data is powerful business data. It comes from many of the sources of information that businesses use to make decisions. But the emissions perspective can identify new opportunities for increasing business efficiency. Efficiencies could relate to heating, power use, waste, fuel reduction, etc. We've seen amazing ROIs from projects instigated by emission insights. If your business has high energy use, fuel use, or waste, then it will have a strong opportunity for emission-led efficiency.

3. Keep compliance costs low for a fast payback.

The lower the cost of achieving emissions compliance, the fewer "wins" your business needs to demonstrate a payback. Ideally, you want a "no-brainer" decision, where business leaders don't require detailed analysis to know emissions reporting is a good idea. Paybacks come in the form of removing the climate risk of winning tenders, meeting the needs of large customers, attracting high-talent employees, generating new sales from climate conscious customers, finding a small number of efficiency projects, creating a new competitive advantage, or simply mitigating compliance risk.

About carbonhalo

Carbonhalo makes it simple and cost-effective for businesses to start their emissions reporting journey. The team at Carbonhalo combines easy-to-use technology with friendly and personalised interaction to deliver emissions measurement, reporting, and supplier engagement programs.

Carbonhalo works with large corporations, the mid-size market, and instigates programs to engage significant numbers of SMEs. Carbonhalo is a trusted emissions service provider partnered with several industry associations, including the Australian Tourism Industry Council, the National Retail Association, the Caravan Industry Association of Australia, the Brisbane Economic Development Agency, and the Victorian Chamber of Commerce and Industry.

The Carbonhalo team has presented to thousands of businesses on emissions reporting, taking a practical, business-focused approach. With backgrounds in executive-level operations management, FMCG, supply chain, manufacturing, commercial, mining, industrials, sustainability and advisory, Carbonhalo can relate to those tasked to make headway in this space.

For more information about Carbonhalo, book a free 30min Discovery Session at www.carbonhalo.bcap-compliance