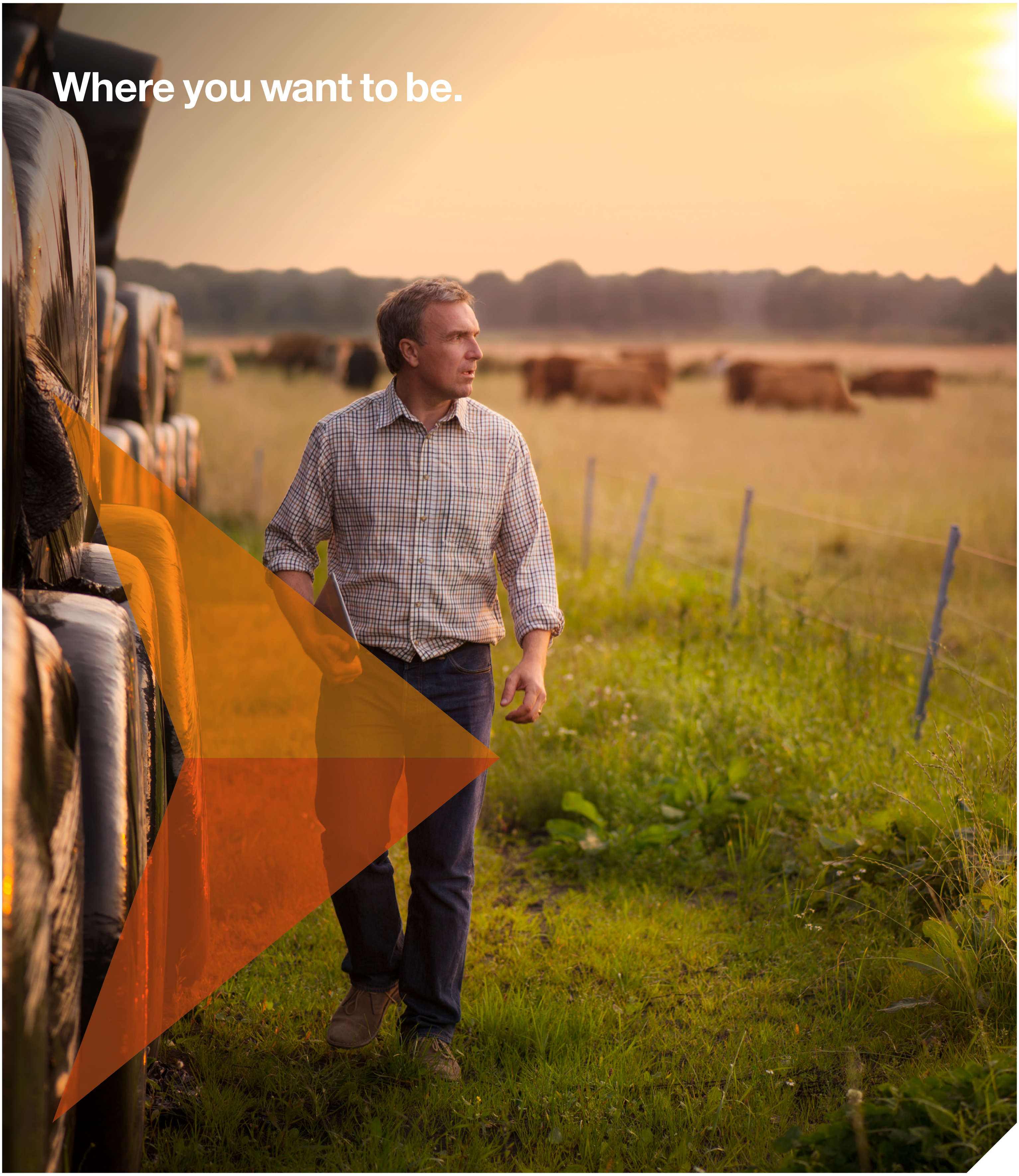


Bentleys™
THINKING AHEAD

Carbon Emissions Baseline

Trusted advisors with hands-on expertise in rural industries.

Advisors Accountants Auditors

Take the first step towards sustainability:

Your path to net-zero.

What is a Carbon Emissions Baseline?

A carbon emissions baseline is an essential first step in the journey toward understanding and mitigating an organisation's environmental impact.

It involves establishing a reference point, or "baseline", against which all future greenhouse gas (GHG) emissions - measured as Carbon Dioxide Equivalent (CO2e) - can be compared. This process helps organisations, for example, farm operations and primary producers, to quantify their current carbon footprint, set informed emission reduction targets, and track their progress over time.

Baselining emissions is usually done over a year, as this ensures that the baseline is representative, and accurate, and allows for comparability over time.

Why Set a Carbon Emissions Baseline?

Establishing a carbon emissions baseline is a critical step in carbon accounting, as it offers a starting point for an organisation to define and measure progress towards its emission reduction goals. Comparing the volume of greenhouse gases produced during a specific reporting period to the baseline allows for the calculation of the net emissions reduction (or increase) for that period. Only when you know your current emissions can you set accurate targets and create credible strategies for reducing them.

Setting a baseline isn't just about internal tracking. It's also a powerful tool for communicating with your customers and stakeholders. Share your emissions reduction journey to promote your commitment to robust carbon accounting. As you track progress over time, this can form a compelling data-driven story that your supply chain partners will be increasingly looking for in the future, whether you are a large or small business.

What Are the Key Sources of Carbon Emissions?

In the agricultural sector, major sources of emissions include the use of fuel and electricity, application of purchased fertilisers, enteric fermentation in livestock, biomass burning practices, and the management of manure.

"We have had a great relationship with our Bentleys team for many years and have always found them to be extremely helpful and professional advisors for our grazing business."

Agribusiness Client Queensland

What Are We Accounting For?

To conduct a baseline assessment, we cover the different categories of emissions, known as Scope 1, 2 and 3 emissions, in line with the GHG Protocol, the widely adopted global carbon accounting standard.

- **Scope 1 Emissions:** These are direct emissions from sources an organisation owns or controls, such as fossil fuels burned by machinery and vehicles, methane released from cattle digestion, and emissions from agricultural soil and manure management.
- **Scope 2 Emissions:** These are indirect emissions from the consumption of purchased electricity, steam, or heat used for farm operations.
- **Scope 3 Emissions:** These are also indirect emissions, but they originate from sources outside the organisation's control, such as emissions from purchased goods and services or waste disposal.

Mandatory Climate-Related Financial Disclosure

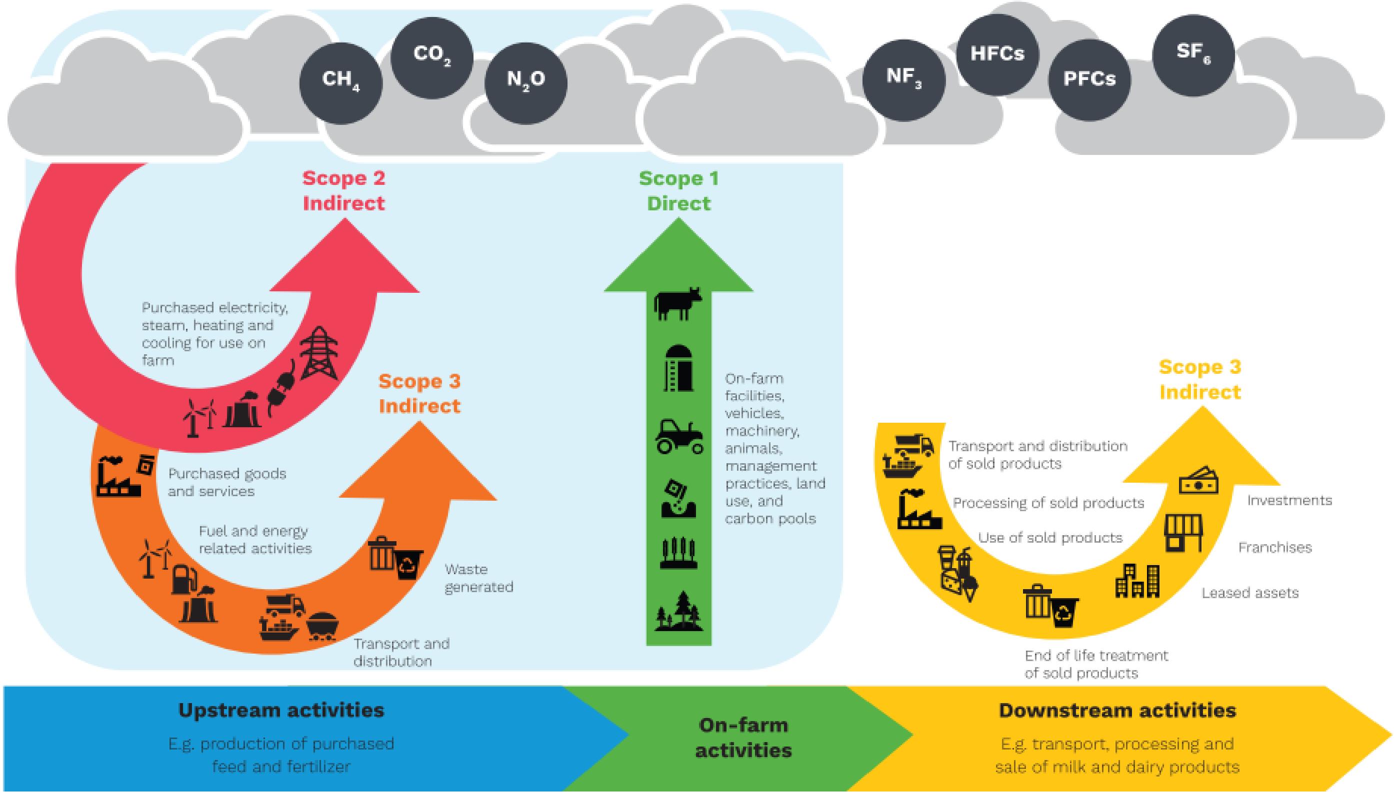
The Australian Government has committed to implementing standardised, internationally aligned mandatory climate-related financial disclosure requirements for large listed and unlisted entities.

On March 27 2024 the Australian Government introduced the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill* into Parliament. The Bill mandates major changes in corporate reporting introducing thresholds for large Australian businesses to commence disclosing their climate-related information. Entities subject to the regime will be phased in three groups, over a 2.5 year period as set out below.

If the Bill is enacted by 2 December 2024, the commencement date for Group 1 entities is **1 January 2025** and their Scope 3 emissions (i.e. emissions that occur up or down their supply chain) will be required from the second year of reporting.

First annual reporting periods starting on or after	Large entities and their controlled entities meeting at least two of three criteria:		
	Consolidated revenue	EOFY consolidated gross assets	EOFY employees
1 January 2025 Group 1	$500 million or more	$1 billion or more	500 or more
1 July 2026 Group 2	$200 million or more	$500 million or more	250 or more
1 July 2027 Group 3	$50 million or more	$25 million or more	100 or more

Table 1. Reporting thresholds and phased implementation



How This Will Impact Your Business

Accounting for Scope 3 emissions is particularly critical in the agriculture sector due to the extensive supply chains and the inherent emissions associated with agricultural practices, product transportation, and processing. As organisations strive to become carbon neutral and meet their climate goals, there's an increasing focus on reducing emissions across the entire value chain, not just direct emissions (Scope 1) and energy-related emissions (Scope 2).

This emphasis on Scope 3 emissions can lead to significant pressure on businesses in the agriculture sector to measure, report, and ultimately reduce their emissions. Entities that will have mandatory reporting requirements are proactively pursuing third-party data from their supply chain partners for their own Scope 3 carbon emissions assessments. These reporting entities are developing strategies for accessing, analysing and implementing disclosed data from third parties in their supply chain. For example, reporting entities are beginning to entrench audit rights and reporting obligations into contractual arrangements with counterparties in their supply chain, to assist in accessing the data needed to satisfy the entity's future reporting obligations.

In summary, companies are now expected to have a deeper understanding of their carbon footprint, including emissions that are not directly produced by their operations but occur from sources they do not own or control, such as those involved in producing and delivering the agricultural products they use or sell.

This shift requires agricultural businesses to adopt more sustainable practices and improve transparency about their emissions to maintain business relationships, align with regulatory requirements, and contribute to global sustainability goals.

How Can I Calculate My Carbon Emissions Baseline?

Calculating your baseline is simpler than you might think, especially for existing Bentleys clients, since we are already across your business and have access to much of your data.

Our baseline assessments identify emission sources, quantify carbon footprints, and recommend strategies for emissions reduction and offsetting emissions. We also help identify potential reputational, regulatory, and operational risks, enabling proactive risk management and mitigation strategies.

Carbon Farming Offsets

Your farming property may have the characteristics to enable you to sequester carbon and establish a project registered with the Clean Energy Regulator to generate Australian Carbon Credit Units (ACCU) to offset the emissions generated by your business activities. Additionally, you may have the option to potentially generate a new income stream through the sale of any excess carbon credits.

Bentleys along with Rio Tinto, Mitsubishi and Osaka Gas, have recently invested into one of Australia's leading Carbon Farming proponents – Australian Integrated Carbon (AIC). Through our investment in AIC, we can provide direct access to the team to assess your farming property for its suitability to generate carbon credits, and if suitable, commence the process to establish a carbon farming project on your property.

Get In Touch

Benefit from our carbon accounting expertise to accurately measure, monitor, and manage your carbon emissions. Our experienced team streamlines the process for businesses of all sizes.

Contact us today to easily establish your Carbon Emissions Baseline.

Your Team of **ESG** Specialists.

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