

Carbon Accounting Solutions

Factors to Consider Before You Get Started



For your business to successfully measure and reduce its carbon footprint, it's important to establish what carbon accounting solution is right for you. Choosing the right carbon accounting solution to meet your business needs and goals can help you accurately measure your carbon footprint, reduce emissions, and achieve your sustainability targets. At BMO Radicle, we want to ensure you have the knowledge and understanding to successfully navigate your way and achieve your goals with carbon accounting tools that are right for your organization.

Contents

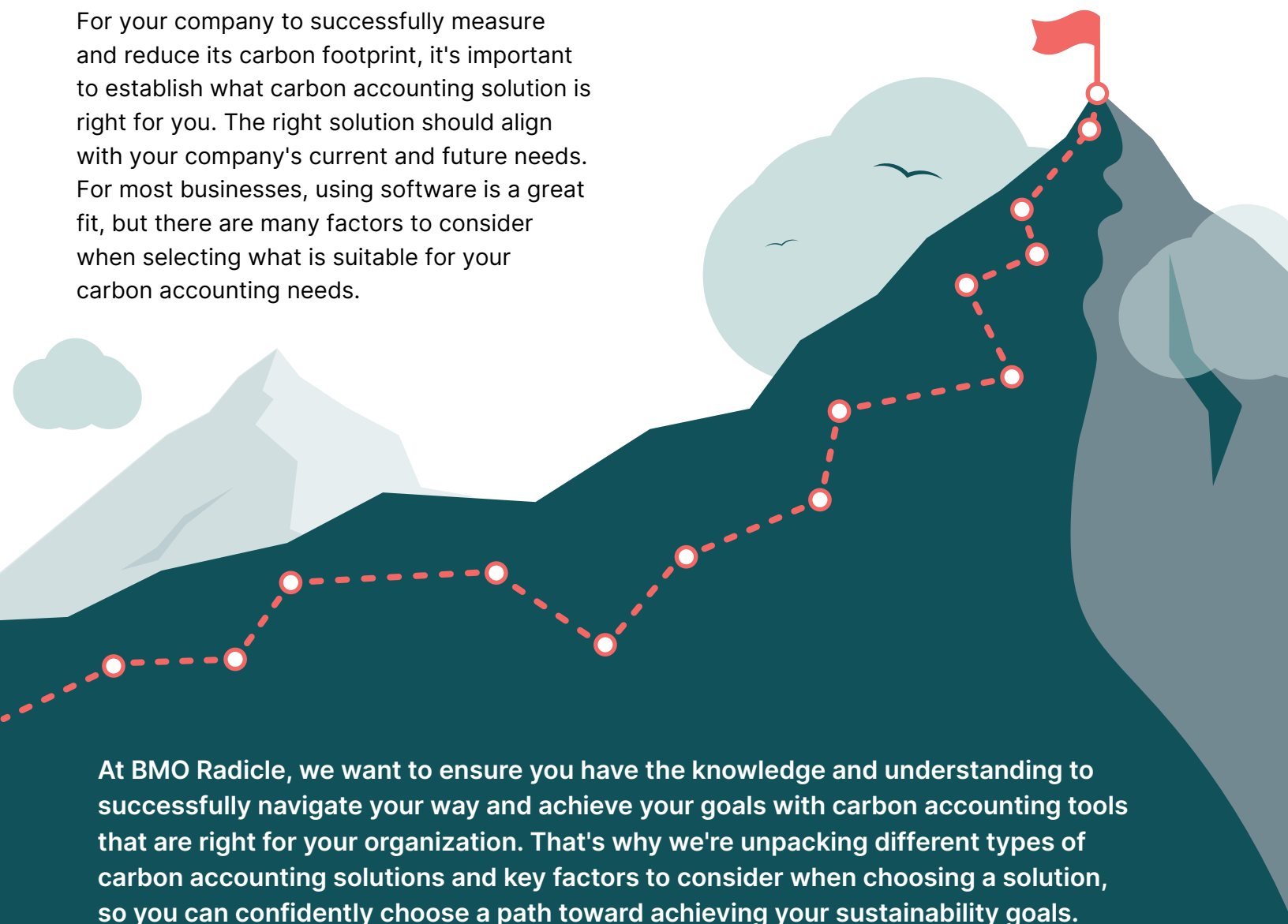
3	Introduction to Carbon Accounting
4	Types of Carbon Accounting Solutions
8	Key Factors When Choosing a Carbon Accounting Solution
15	Comparison Chart
16	Why Climate Smart

Introduction to Carbon Accounting

Carbon accounting is the practice of tracking and reporting carbon emissions. It can help organizations measure their carbon footprint and identify opportunities to reduce emissions. It is also known by several other names, including carbon management, greenhouse gas (GHG) management, environmental management, emissions tracking, carbon footprinting, climate accounting, and carbon reporting. **Carbon accounting is vital in sustainability reporting** and is increasingly becoming a requirement for businesses to meet ESG or emission reduction goals.

For your company to successfully measure and reduce its carbon footprint, it's important to establish what carbon accounting solution is right for you. The right solution should align with your company's current and future needs. For most businesses, using software is a great fit, but there are many factors to consider when selecting what is suitable for your carbon accounting needs.

The solution you choose should help your carbon accounting efforts by simplifying data collection, accurately measuring emissions, and providing relevant insights to inform your reduction strategy. By tracking and reporting carbon emissions, you can better understand your environmental impact and identify areas to improve your sustainability efforts. Choosing the right carbon accounting solution to meet your business needs and goals can help you **accurately measure your carbon footprint, reduce emissions, and achieve your sustainability targets.**



At BMO Radicle, we want to ensure you have the knowledge and understanding to successfully navigate your way and achieve your goals with carbon accounting tools that are right for your organization. That's why we're unpacking different types of carbon accounting solutions and key factors to consider when choosing a solution, so you can confidently choose a path toward achieving your sustainability goals.

Types of Carbon Accounting Solutions



**Consulting
Services**



**Carbon
Accounting
Software**



**Internal
or DIY**

Both understanding and reducing your carbon footprint require an effective carbon accounting solution. There are many benefits for businesses when using carbon accounting solutions to meet sustainability goals.

These benefits can include:



Improving the accuracy of emissions tracking and reporting



Saving time and resources



Identifying sources of emissions reductions



Meeting reporting requirements from investors, customers, and regulators

A wide range of carbon accounting solutions are available for businesses, each offering varying functionalities and capabilities. From basic carbon footprint calculators to more advanced carbon data management systems, choosing the right solution for your organization can set your business up for success when reducing emissions.



Carbon Accounting Software

Carbon accounting software is specifically designed to track and report an organization's carbon footprint and other greenhouse gas (GHG) emissions. It can help businesses accurately measure and monitor their emissions data, identify areas for emissions reductions, and track progress toward emissions reduction targets.

Typically, carbon accounting software includes emissions calculation and tracking, data management and analysis, reporting and visualization tools, and compliance tracking. It can be used by any organization that wants to track and report its GHG emissions, regardless of industry or size.

Using software can improve sustainability performance, meet regulatory requirements, and show stakeholders that your business is committed to environmental responsibility.





Consulting Services

Some organizations may work with a consulting firm to track and report their emissions instead of using software. There are a few reasons why an organization might prefer to work with a consulting firm:



Expertise: Specialized knowledge and expertise in sustainability and emissions reporting. This can benefit organizations new to sustainability processes or with limited in-house expertise.



Flexibility: Customized solutions tailored to the business's specific needs, which can be especially useful for complex or unique emissions reporting challenges.



Credibility: Working with a reputable consulting firm can add credibility to emissions reporting and demonstrate sustainability commitment to stakeholders.



Time and resource constraints: Some companies may need more time or resources to implement and manage emissions reporting software and may prefer to outsource this function to a consulting firm.





Internal or DIY

Some businesses choose to track their emissions using internal resources such as spreadsheets. This method can be **time-consuming, prone to errors, and limited in reporting capabilities**. Ensuring consistency and accuracy across different areas of the organization may be challenging. This solution may appeal more to small startup businesses or individuals with existing knowledge of emissions measurement. Although this method may have a lower financial impact on your business, **it can be difficult to know where to start your tracking, or what exactly to report on**.

When selecting a solution, it's important that it fits your company's specific needs and goals and can provide accurate and transparent emissions tracking. You should also ensure your business has the necessary internal resources and expertise to implement and maintain the solution effectively. **Using specialized software or working with a consulting firm can provide more accurate and efficient tracking of emissions, as well as more robust reporting capabilities.**



Key Factors When Choosing a Carbon Accounting Solution

There are several elements to consider when choosing a carbon accounting solution. Your organization should consider various factors such as level of expertise, number of operating locations, reporting requirements, and budget. **It is important to understand your business's specific needs and requirements** and take the time to select the solution that aligns with your sustainability goals.

Below are 14 key factors to consider when choosing a carbon accounting solution for your organization. Depending on your company's needs and goals, each factor should cater to your requirements. Though some options may not always be applicable, make sure each one fits your vision and aligns with your goals.

If you're still unsure which carbon accounting solution is right for your business, we've created a comparison chart so that you can quickly compare options and pick which one suits you best. You can view this chart on page 14.



1

Company Size & Number of Employees

The size of your business and the number of employees can significantly impact your carbon footprint. Larger companies tend to consume more energy and resources, which can result in higher carbon emissions. As the number of employees grows, so does the need for office space, equipment, and transportation, which can increase energy consumption and emissions. Larger companies may also require more sophisticated solutions to accurately track and report their emissions.

2

Data Collection & Entry

A streamlined collection and entry process can ensure emissions reporting accuracy. This process should be well-defined within the solution and include clear guidelines for what data needs to be collected, who is responsible for data entry, and how frequently the data should be updated.

Standardized data collection methods across all locations and operations can help with consistency in reporting. The carbon accounting solution should have features to automate data collection and entry whenever possible, such as automatic data imports from utility bills or transportation logs. These features can help reduce the risk of human error and increase efficiency.

Ensuring that the solution you choose has the ability to measure all three emission scopes, regardless of whether you currently require scope three measurement, is important for reductions and reporting. Supply chain emissions could be an important data set for compliance requirements or stakeholder expectations.

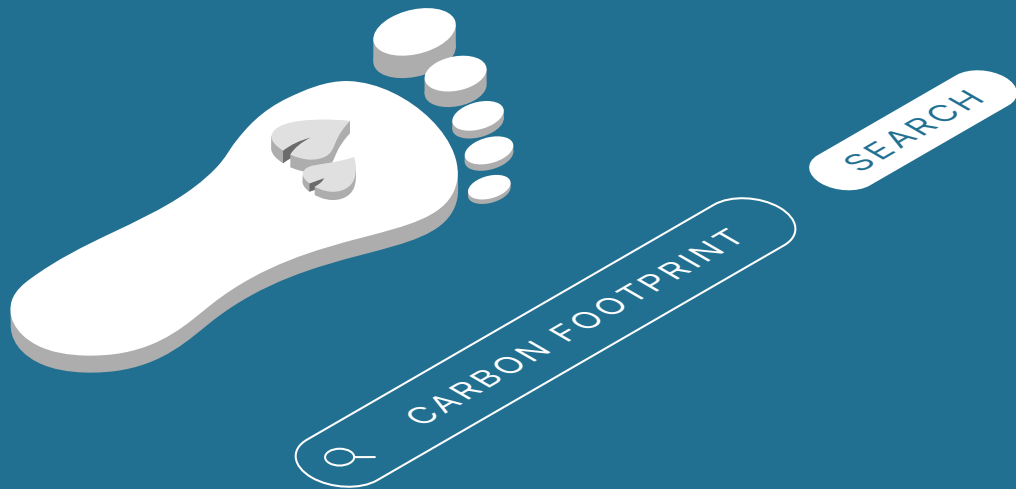
Data validation and quality control are critical for accuracy purposes. This can include automated error checks, data reconciliation, and alerts for data that fall outside expected parameters. The solution you choose should provide a clear audit trail of data changes and updates, as well as user permissions and access controls to ensure the security and integrity of data.



3

Current Level of Knowledge on Carbon Footprinting

Businesses without internal expertise in carbon footprinting or who are just beginning to track their emissions may require more support and training to understand the process. Accommodation of a range of expertise levels, from beginners to advanced users, should be considered as well. **The carbon accounting solution you choose should be easy to use.** Depending on which solution you choose, you may be required to work directly with the solution and understanding the process can aid in successful carbon accounting.



4

Locations

Companies operating in multiple locations should look for a carbon accounting solution to handle reporting across different geographic areas. A solution that can account for various reporting requirements and local regulations in each area of operation is essential for companies operating in multiple countries where regulations vary significantly. **If you choose to leverage software, using a centralized platform** that can integrate data from different locations can provide a comprehensive view of your entire business's emissions.



5

Reporting Frameworks

The carbon accounting solution you use to track emissions should be compatible with relevant reporting frameworks. Protocols such as the Greenhouse Gas Protocol and International Standards Organization (ISO) 14064-1 provide globally accepted standards and guidelines for organizations to report on emissions. These protocols are used by governments, cities, companies, and organizations to translate their activities into quantifiable inventories of CO₂ and other emissions data.

These frameworks guide sustainability reporting and help organizations communicate their sustainability performance to stakeholders. Choosing a solution that is compatible with these reporting frameworks can help your business generate reports that meet regulatory requirements and industry standards.

The solution should also be able to generate reports that provide meaningful insights into your company's sustainability performance, and support the setting and tracking of sustainability targets, such as emissions reductions or energy efficiency improvements. This can include benchmarking against industry peers or identifying areas for improvement.



6

Practical Training

The carbon accounting solution you choose should offer valuable training and support for users to ensure that your company's employees are adequately trained and can access ongoing support. Depending on your needs, your company may find it useful to have training options such as online tutorials, in-person training, and user manuals.

7

Analytics Capabilities

Analytics capabilities are essential for effective sustainability management, and the carbon accounting solution your business uses to track emissions should provide robust analytics capabilities, have the ability to track progress over time, and identify areas for improvement. Detailed emissions data analytics, including the ability to divide data by emissions source, can help your organization identify specific areas where emissions can be reduced and provide useful analytics for your company's sustainability metrics.

The solution should also be able to generate customizable reports and dashboards to communicate sustainability performance to stakeholders. This can include information on emissions data, energy consumption, waste generation, and other relevant sustainability metrics.



8

Expertise & Support

If you choose a software solution or a consulting service, **having access to experts or support can assist your organization** if you or your team encounter issues or have questions. This can include a help desk, ticketing system, personnel, or chatbot available to assist users.

Having experts in emissions accounting, sustainability reporting, or other relevant areas who can provide specialized support for more complex issues or customization requests can be critical to ensuring the efficacy of your reporting and achieving sustainability goals.

9

Recognition of Sustainability Commitment

The ability to demonstrate your sustainability commitments and actions to stakeholders, including customers, investors, and regulators, can enhance your company's reputation and support your efforts to attract and retain customers and investors who value sustainability and emission reduction initiatives.

10

Ease of Use

The solution you choose should be easy to use and intuitive. Depending on the solution you choose, the ability of employees to operate the carbon accounting solution effectively will encourage them to use it to its full capabilities and provide clearer and more complete sustainability reporting.

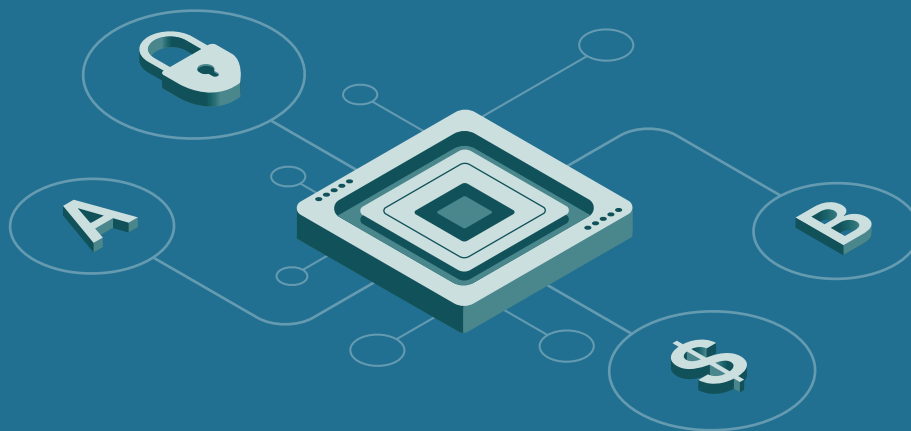
The solution should also provide clear instructions and guidance to help users understand how to perform actions within the solution. Customization options to meet your specific needs and preferences, including customizing data fields, reports, and dashboards, can provide the most relevant information to your organization's sustainability goals and objectives.

11

Compatibility and Integrations with Other Systems

Compatibility with other systems used by your business and considerations of how the solution will integrate with existing systems and processes can minimize disruption and **ensure that data is accurately and efficiently transferred to where you need it.**

Integration with other data sources and systems, such as energy management, financial management, and human resources systems, to collect and process data relevant to your organization's sustainability reporting, should be an important element of your chosen solution.



12

Budget Considerations

The carbon accounting solution should be within your budget. **Consider the cost of the solution and any associated training, support, or maintenance fees** when selecting which one is right for your business. When evaluating your options, you should carefully consider your budget and the value the solution will provide in terms of improved sustainability reporting, streamlined data collection and reporting processes, and better decision-making.

The cost of carbon accounting solutions can vary depending on features and functionality, the level of support and training the vendor provides, and the size and complexity of your organization, even if you choose the DIY option.

13

Internal Resources

To be successful in your emissions measurement and solution implementation, your business must have the necessary internal resources to execute and maintain the carbon accounting solution. **You should consider the time and effort required to implement the solution and whether you have the internal resources to manage the process effectively.**

Depending on the option you choose, implementing sustainability solutions can require significant time and effort, including set up, integrating with existing systems and processes, employee training, or ensuring that data is accurately and consistently collected and reported.

To effectively implement and maintain your carbon accounting solution, you could require a dedicated staff or teams with the necessary skills, expertise, and time to manage the process effectively. This can include staff with experience in sustainability reporting, data management, and software implementation and maintenance, or may require reallocating staff time or resources or hiring additional staff or consultants to support the process.

14

Results

Your business should consider what results you are trying to drive and compare options with competitors when choosing a carbon accounting solution. **Choosing a solution that aligns with your sustainability goals** and enables improvement of your sustainability performance over time can help you stay competitive in your industry and meet stakeholder expectations.

To ensure the solution aligns with your sustainability goals, consider specific objectives and identify the key performance indicators (KPIs) you want to track and report on. For example, you may wish to follow emissions reductions, energy savings, or waste reduction over time.



Comparison Chart

Simplify the decision-making process by using BMO Radicle's carbon accounting solution comparison chart. With this tool, you can confidently pick the best solution for your business needs.

Climate Smart Features		Typical Carbon Calculator Software	Traditional Consultancy Firm	DIY with Spreadsheets
Cloud-based carbon accounting software	✓	✓	Varies	✗
Award-winning GHG management training, available in live and on-demand formats	✓	✗	✗	✗
One-on-one and personalized support from a Sustainability Advisor	✓	✗	✗	✗
Over 15 years of experience in carbon footprinting, credit development, trading and offsets.	✓	✗	✗	✗
Actual GHG emissions measured (vs estimates)	✓	Varies	✓	Varies
Aligned with international standards: GHG Protocol, STBi, EPA, TCFD, and emerging SEC rules.	✓	Varies	✓	✗
Scope 1,2 and material Scope 3 guidance and tracking	✓	Varies	✓	✗
Tracking by multiple locations, activities, and scopes	✓	Varies	✓	✗
Expert review of GHG inventory and methodology	✓	✗	✓	✗
Includes GHG emission reduction planning	✓	Varies	✓	✗
At-a-glance data visualization, plus customized GHG impact report	✓	Varies	Varies	✗
Aggregated analysis of climate metrics across multiple business units and locations.	✓	✗	Varies	✗
Industry and location agnostic, with built in emission factors across North America, including EPA.	✓	Varies	✓	✗
Approachable pricing for small and medium-sized businesses and suppliers.	✓	Varies	Varies	✗
Scalable carbon neutrality, Net Zero, electrification, and credit generation pathways	✓	Varies	✗	✗

Why Climate Smart

Data is an undeniably powerful tool for driving change. At BMO Radicle, we have the tools to help you harness your data to accelerate climate action, achieve business goals, and implement strategic climate change initiatives.

Our **award-winning Climate Smart Program** provides businesses with emissions measurement and management software to ensure your sustainability reporting shows your entire carbon footprint. Small and medium-sized businesses are provided exclusive training (either live virtually or on-demand) to learn the basics of greenhouse gas emissions and best practices, including the Greenhouse Gas Protocol — the international standard for carbon accounting.

With an average GHG reduction of 24%, businesses that choose the Climate Smart Program can profitably reduce emissions and take action on climate change. **Over 1,200 businesses and organizations** have worked with Climate Smart to help meet their ESG and emission reduction goals. The program provides businesses with at-a-glance reports that can track multiple locations, activities, and scopes. The built-in emission factors and easy to use platform can demonstrate cost savings to businesses of all sizes and industry sectors.



Using our Climate Smart software and training, your business will create a greenhouse gas inventory and devise a plan to reduce your carbon footprint with a clear picture of current GHG emissions with the support of our experts. Once an emissions inventory and carbon reduction plan are complete, you'll become a Climate Smart Business, and you can begin reducing your carbon footprint.

Data is an undeniably powerful tool for driving change. **Climate Smart can help you harness your data to accelerate climate action, achieve business goals, and implement strategic climate change initiatives.**

Measure & Reduce Your Emissions, Successfully.

Calculate your carbon footprint, map your emissions, and understand where your emissions originate from – all in one place.

Learn how to get started with the
Climate Smart Program.

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