5 Steps To Create Your Carbon Reduction Strategy

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The 5 steps are: 1) Determine business preparedness and state of carbon emissions, 2) Establish your baseline year, 3) Create a carbon reduction project list, 4) Set your targets, and 5) Create your roadmap. This structured approach connects emissions information with engineering, procurement and investment decisions. We describe carbon advisory services that support each step, including diagnostic workshops to clarify strengths and gaps, emissions inventories across Scope 1, 2 and 3, opportunity assessment and feasibility analysis, transition planning with defined options and financial implications, and investment case development to compare alternatives.

Publication context: This article reflects its publication date. Market prices, program rules, reporting duties and deadlines may have changed. Confirm current official guidance before making a decision.

Thoughtful business. Efficient energy use. Foresight in a fast-changing landscape. It may be a little daunting, yet it's also very empowering to know that we can do more. In light of the recent IPCC Climate Assessment Report , we'll have to do more if we're to uphold the Paris Climate Agreement commitment of limiting global temperature to well below 2 degrees C Celsius. Wanting to answer the call and cement their legacies, governments, corporations, and organisations have been releasing commitments to reduce carbon emissions and be net-zero by 2050.

Setting and reaching carbon targets can seem complicated, but there is no need to go at it alone. To help with implementation and successful follow-through of carbon reduction strategies, Northmore Gordon is working with businesses to reduce their dependency on fossil fuels and shorten the distance to net-zero carbon emissions. In doing so, Northmore Gordon helps Australian businesses develop and execute carbon reduction strategies that will help them improve energy performance and stay competitive in a decarbonizing global economy.

In this article, we've outlined a roadmap to reduce carbon emissions. If while reading you have any questions or find yourself ready to make forward strides, don't hesitate to reach out for a courtesy consultation.

Step 1 - Determine business preparedness and state of carbon emissions

Understanding your business's current situation is critical to developing an effective plan. With regard to industrial energy users, you'll want to determine:

What business resources are available to manage decarbonisation efforts

How much carbon emissions the business currently produces

A great place to start is by taking the Carbon Health Check quiz on our website. With questions pertaining to your business, its current available systems, and its goals, the quiz will help your business realise whether or not it has sufficient resources to guide itself through a carbon reduction plan or whether outside consultation would be greatly beneficial.

After determining the extent of your business's resources and ability to effectively implement an emissions reduction plan, now it is time to determine how much carbon the business emits. If you are a large energy user, it's likely you already report greenhouse gas emissions to National Greenhouse and Energy Reporting (NGER) - a database that contains reported carbon emissions for each fiscal year - and can find your emissions there.

If you don't report to NGER, then begin by examining the energy sources your business consumes. Most business operations are powered by electricity, which contributes to Scope 2 emissions. If some business processes require thermal energy, then they're likely powered by burning natural gas.

Finally, if your business relies on forklifts and trucks to move goods within its facility or transport them elsewhere, then LPG and diesel consumption will constitute a portion of the carbon emissions. Natural gas, LPG, and diesel fuel consumption contribute to Scope 1 emissions. For more insight into your emissions and to take a deeper look at Scope 1, 2, & 3 emissions, check out our Carbon Footprint Analysis Form .

Step 2 - Establish your baseline year

Serving as a benchmark to measure progress, your baseline year is an important element to successfully carry out a carbon reduction strategy. It's best to select a year that is representative of your most stable production or operations. Therefore, do not choose a baseline year in which the business:

Implemented a number of energy efficiency projects, as this will inflate carbon reduction achievements

Experienced abnormal increase in production or activity, as this is not reflective of typical years

Suffered from decreased production, such as during Covid-impacted years

To establish an effective baseline emissions year, choose a year within a 3-5 year span when carbon emissions remained relatively steady (+/- 5%).

Step 3 - Create a carbon reduction project list

After establishing a baseline year, generate a list of potential projects that will contribute to net carbon emissions reductions. It can be effective to brainstorm this list with the whole operations team in order to brainstorm a range of ideas, from optimizing current systems, to transitioning to alternative energy sources, to adjusting procurement strategies, to offsetting emissions through other contributions.

Optimizing current systems - it's often effective to start with energy efficiency measures using existing infrastructure because that will reduce energy intensity - therefore reducing emissions and saving on energy costs - without changing operations. For processes requiring thermal energy, there may be opportunity to recover waste heat and transfer it to another process in order to reduce energy consumption. Improving HVAC insulation or implementing LED lighting are potential ways to optimize current systems.

Transitioning to other energy sources - fuel source has a huge impact on how much carbon your business emits. Clean renewable energy sources, such as wind and solar, are significantly less carbon-intensive than burning natural gas. The most common renewable energy project is installing behind-the-meter PV solar. While not suitable at all locations, other alternative fuel sources to consider include bioenergy , hydropower, and geothermal energy.

Adjusting procurement strategies - there are a variety of options and sources to purchase electricity, some of which are less carbon-intensive than others. Purchasing Greenpower from your energy retailer is a common way to reduce Scope 2 emissions.

Offsetting emissions through other contributions - while it doesn't impact local air quality and work environment as much as making on-site improvements, your business can purchase carbon offsets (such as planting trees) in order to work closer to net-zero emissions.

For each project on the list, estimate energy, cost, and carbon emissions savings. In addition, calculate other financial metrics such as simple payback and net present value (NPV). These parameters will be used for your target setting and roadmap analysis.

Step 4 - Set your targets

At this stage, you are setting the target goal for the carbon reduction strategy. A number of governments and other companies have set targets, allowing you to align with their ambition. For example, the NSW State Government has set carbon reduction targets for its state-owned assets to reduce carbon emissions by 50% come 2030 and 100% by 2050.

The Science Based Targets Initiative (SBTi) is a collaboration that provides science-driven tools and guidelines to establish an emissions reduction plan. To contribute to a healthier and more prolific future, consider using SBTi to serve as a model and leader for other businesses in your area and sector.

Step 5 - Create your roadmap

With a list of potential projects and a commitment to an emissions reduction target, it's time to create a framework and timeline for your carbon reduction strategy.

Referring to your carbon reduction project list (Step 3), it's important to differentiate between simpler, less expensive measures and harder improvement measures so as to determine the timeline that works best with your business and goals. Starting with energy efficiency measures may be low-hanging fruit, yet it may not cut emissions as significantly as fuel switching.

Creating your carbon reduction strategy is an iterative process. Adjustments will undoubtedly be made as situations change, policy shifts, and new technologies become available.

Once you have completed your roadmap, it's important to get executive sign-off on the strategy and communicate it to the public. This transparency drives greater incentive to follow through with your plan.

Climate change affects us all. We are all in this together, and it will take all of us to take meaningful action to remedy the situation. That's why it is so important for your business to establish and adhere to a carbon reduction strategy. Governments alone won't be able to solve our climate problem - the private sector will need to play an active role if we're to avoid the most severe consequences of climate change.

Because we're all in this together, you can feel confident that support is available to help with your carbon reduction strategy. At Northmore Gordon, we will get you started on the right foot and will provide continuous support to make sure that you reach your target goals.

Reporting and compliance context

Confirm the reporting entity and period, current thresholds, regulator guidance, evidence boundary and assurance obligations before applying the dated discussion to a live report.

Related guidance

Carbon advisory

Scope 1, 2 and 3 emissions

Contact us

Read the original article for the source publication and its full context.

What are the 5 steps to create a carbon reduction strategy according to Northmore Gordon?

The 5 steps are: 1) Determine business preparedness and state of carbon emissions, 2) Establish your baseline year, 3) Create a carbon reduction project list, 4) Set your targets, and 5) Create your roadmap. This structured approach connects emissions information with engineering, procurement and investment decisions. We describe carbon advisory services that support each step, including diagnostic workshops to clarify strengths and gaps, emissions inventories across Scope 1, 2 and 3, opportunity assessment and feasibility analysis, transition planning with defined options and financial implications, and investment case development to compare alternatives.

How can a business determine its state of carbon emissions in Step 1?

Large energy users can find their emissions in the National Greenhouse and Energy Reporting (NGER) scheme if they report there. Otherwise, examine energy sources directly: electricity contributes to Scope 2 emissions, while natural gas, LPG and diesel consumption from equipment contribute to Scope 1 emissions. We offer a carbon-management diagnostic—a two-hour workshop—to clarify current position and next steps. We also provide Scope 1, 2 and 3 inventory services that establish organizational emissions boundaries, activity data and calculation methods. This assessment forms the baseline for tracking progress and informing transition planning decisions.

Why is selecting the right baseline year important for measuring carbon reduction progress?

A business should choose a baseline year within a 3-5 year span when carbon emissions remained relatively steady (±5%), avoiding years with major energy efficiency projects, abnormal production increases, or significant decreases like Covid impacts. An unrepresentative baseline inflates claimed reductions and undermines credibility of targets. Our measurement and verification services establish representative pre-project conditions and document baseline assumptions separately from subsequent interventions. This approach supports accurate reporting under NGER, ASRS and other frameworks, ensuring that transition pathways and emissions targets rest on defensible evidence rather than distorted comparisons.

What categories of projects should be included when building a carbon reduction project list?

Four categories are: optimizing current systems (energy efficiency, waste heat recovery, HVAC improvements, LED lighting); transitioning to other energy sources (solar PV, bioenergy, hydropower, geothermal); adjusting procurement strategies (purchasing renewable electricity); and offsetting emissions (carbon credits or offsets). Our energy optimisation services assess industrial facilities and commercial buildings across these pathways. We conduct energy audits, feasibility studies for renewable heat and electrification, measurement and verification, and environmental certificate assessment. Keeping benefit lines separate—energy savings, tariff effects, certificate revenue and maintenance benefits—enables robust comparison and financial analysis of alternatives.

What financial metrics should be estimated for each carbon reduction project to support target setting?

Estimate energy savings quantity, cost savings, carbon emissions reduction, simple payback and net present value (NPV) for each project. These metrics populate the opportunity register and enable consistent comparison across sites and alternatives. Our investment case guidance recommends

stating operating period, analysis assumptions and the effect of conditional support separately. Keep energy reduction benefit lines distinct from tariff/demand effects, maintenance benefits and certificate proceeds. This structured approach prevents overlapping estimates and allows management to understand decisions, compare options and identify factors that could change outcomes—essential for building credible transition pathways and investment approval.

How should businesses set emissions reduction targets, and what frameworks are available?

Targets depend on pathway assumptions and require documented dependencies and implementation oversight. The Science Based Targets Initiative (SBTi) provides science-driven guidelines for establishing credible reduction plans. Government examples include NSW setting 50% reduction by 2030 and 100% by 2050 for state-owned assets. We offer transition planning services that define options, assumptions, dependencies, ownership and financial implications of decarbonisation. For reporting under ASRS sustainability requirements, we support emissions inventory, transition pathways, electrification feasibility and climate-risk analysis. Targets must map against current regulatory requirements and separate physical reductions from contractual electricity attributes and carbon offsets.

What is the practical purpose of a carbon reduction roadmap, and how should it be structured?

A roadmap connects each opportunity to its owner, implementation dependencies, capital requirements, operating assumptions and progress evidence. It separates physical reductions from contractual electricity attributes and carbon offsets, establishing a sequence and timeline for implementation. Our transition planning work develops staged pathways identifying timing, responsibilities and financial implications. The roadmap should receive executive sign-off and be communicated publicly to strengthen accountability. Once approved, ongoing energy management becomes essential—assigning ownership to decisions, maintaining an opportunity register, reviewing performance metrics regularly and investigating unexpected changes. This transforms strategy into sustained operational improvement.

How does Northmore Gordon connect carbon reduction planning to regulatory reporting obligations?

We provide carbon advisory services addressing NGER, NPI, ASRS sustainability reporting and NSW Climate Change Mitigation and Adaptation Plans (CCMAPs). We emphasize that reporting obligations are separate and must be assessed independently. For CCMAP support, we offer emissions and climate-risk assessment, planning and implementation services for licensed premises meeting the 25,000-tonne CO2-e threshold. Its knowledge library guides clients through applicability tests, evidence requirements and deadlines specific to each framework. This ensures that carbon reduction strategies align with legal obligations rather than assuming a voluntary roadmap satisfies regulatory needs.

What support does Northmore Gordon offer after a carbon reduction strategy is developed?

Our six-stage delivery approach extends beyond strategy to implementation and ongoing performance. After strategy approval, we support project delivery through measurement and verification services, procurement strategy for energy and environmental attributes, and energy management systems to track sustained outcomes. Our measurement and verification services establish project boundaries, baseline conditions, savings calculations and reporting evidence. Its moREnewable100 service

supports renewable electricity procurement without changing existing supply contracts. Environmental certificate assessment helps access funding from ACCUs, energy-efficiency certificates and renewable-energy schemes. Ongoing energy management maintains performance reviews and enables informed decisions about multi-site expansion.