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Research note: How Australia's largest industrial companies are tracking on emissions

MAY 2026

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Australia has committed to net zero by 2050. The largest sources of emissions in Australia come from electricity generation, transport and industry. Mandala has previously released research notes related to transport and electricity generation (see *How EV adoption insulates Australia against oil supply shocks* and *The net zero transition: how hard will it be for workers in coal mines to find new jobs?*). This report examines emissions from industry - the third largest source.

Industrial companies operate some of Australia's most energy-intensive processes and sit at the heart of any credible decarbonisation pathway. Industrial emissions in Australia arise from:

- **Stationary energy** - fossil fuel combustion for heat, steam and power in industrial facilities across mining, manufacturing and heavy industry.
- **Industrial processes** - non-combustion emissions arising from processes including the production of cement, steel, aluminium and chemicals.
- **Fugitive emissions** - leaks and vented emissions during fossil fuel extraction and processing, particularly methane from mining and LNG operations.

Together, these channels make up more than 30% of Australia's gross emissions.

Fig. 1: Gross emissions by sector - 2025[1,2]

ESTIMATED EMISSIONS BY SECTOR - 2025 (Mt CO_2-e)

[1] DCCEEW (2025), *Quarterly Update of Australia's National Greenhouse Gas Inventory – September 2025*

[2] 'Other' includes agriculture and waste. Note that this chart shows gross emissions only. Emissions removals due to land use, land use change and forestry (LULUCF) have been deducted.

Since 2020, overall industry emissions in Australia have decreased by about 7%[1]. Aggregate figures can mask significant variation across individual companies, however. This drove us to examine performance at the company-level.

We analysed the scope 1 and scope 2 emissions of Australia's largest industrial companies using their annual and sustainability reports from 2020 to 2025. These reports cover each company's global operations, with emissions boundaries drawn using either an 'operational control' or 'equity share' method[3]. Scope 2 emissions are also typically reported on a 'market-based' basis, meaning they can reflect the company's renewable energy purchases and contracts rather than just the average emissions intensity of the grid they're connected to.

We focused on global rather than Australian-only figures for practical reasons. While large companies are required to report their Australian emissions to the Clean Energy Regulator, this data is not retroactively adjusted for acquisitions, divestments and methodology changes over time. This makes it unreliable for tracking a single company's performance across years.

Even within sustainability reporting, comparisons across companies and years can be imperfect. Some companies revise prior-year figures when their portfolio changes or when measurement methodologies are updated, while others do not. As a result, the figures here are best read as a directional guide to emissions trends rather than a precise like-for-like comparison.

Using sustainability reporting from companies, we examined global emissions for the top 20 ASX-listed industrial companies[4]. Of these, around half reported lower global scope 1 and 2 emissions in FY25 than in FY20. Despite this even split, the overall emissions across all 20 companies fell by approximately 4%, as the tonnes of reductions achieved by the larger emitters outweighed the increases of others.

[3] Under operational control, a company reports emissions from all assets over which it has operational authority, regardless of ownership share. Under equity share, emissions are reported in proportion to the company's ownership stake in each asset.
[4] We define listed 'industrial' companies as those tagged by the ASX in the materials, utilities, energy and transportation industries. Emissions are presented on a gross basis (before carbon offsets/credits)

Fig. 2: Sustainability Reporting – Absolute scope 1 and scope 2 emissions change

TOP 20 ASX INDUSTRIAL COMPANIES – FY20 to FY25[5] (%)

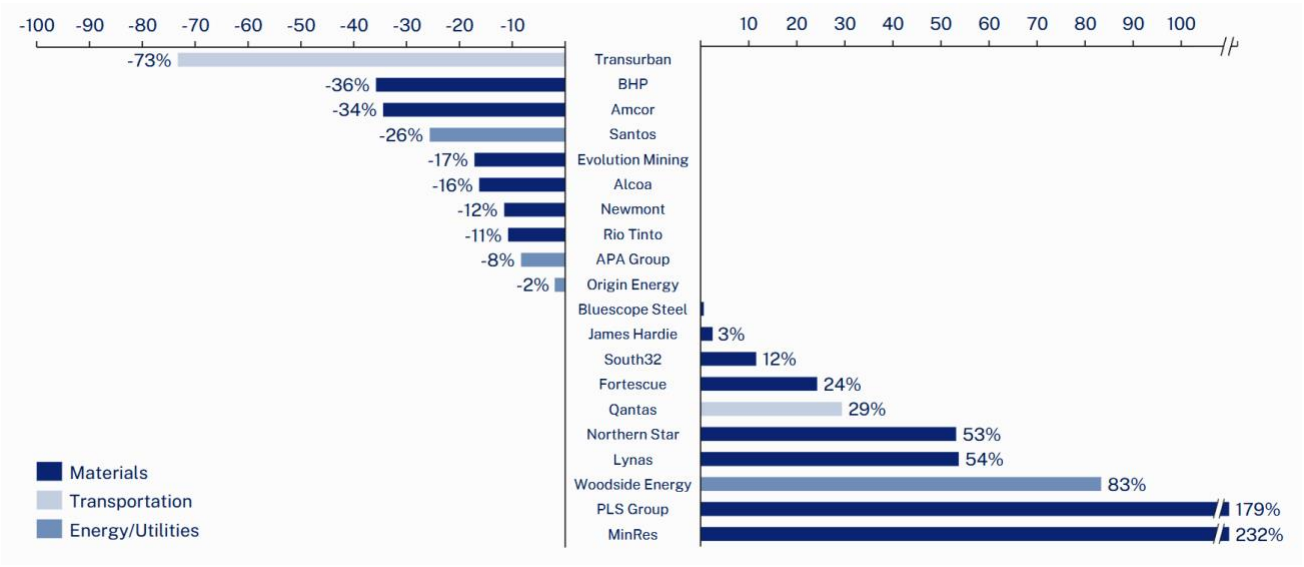


Figure 2 shows overall emissions differences from 2020 to 2025. The drivers behind these changes vary, and include fuel switching, energy efficiency improvements, process electrification, and portfolio changes through capacity reductions, plant closures and M&A activity[6].

To control for fluctuations over years, we also estimated the average annual change over the period (See Figure 3 below). The direction of change remains the same across entities.

To ensure Australia meets net zero, the next phase of the transition requires deeper investment in decarbonising industrial processes and reducing fossil fuel reliance. While the size of those commitments matters, so does their conversion into delivered emissions reductions.

Methodology

1. The top 20 ASX-listed companies were selected that were listed as operating in the materials, energy, transportation and utilities sectors.

2. Annual group-level Scope 1 and Scope 2 emissions data was sourced from each company's public reporting (sustainability reports, ESG databooks, and annual report disclosures). This captures market-based Scope 2 emissions, reflecting companies' actual procurement of renewable electricity through PPAs, RECs and LGCs.

3. Where companies report on multiple bases, the following standardisation choices were applied where possible to enable like-for-like comparison:

[5] For select companies, the reporting period has been adjusted for methodological reasons. Newmont, APA Group, South32 and Pilbara Minerals are reported from FY21 to FY25 to account for acquisitions or method changes. Alcoa is reported from FY20 to FY24, as FY25 sustainability data had not yet been published at the time of writing. James Hardie Industries reports on a calendar year basis and is presented on a CY20 to CY24 basis accordingly.

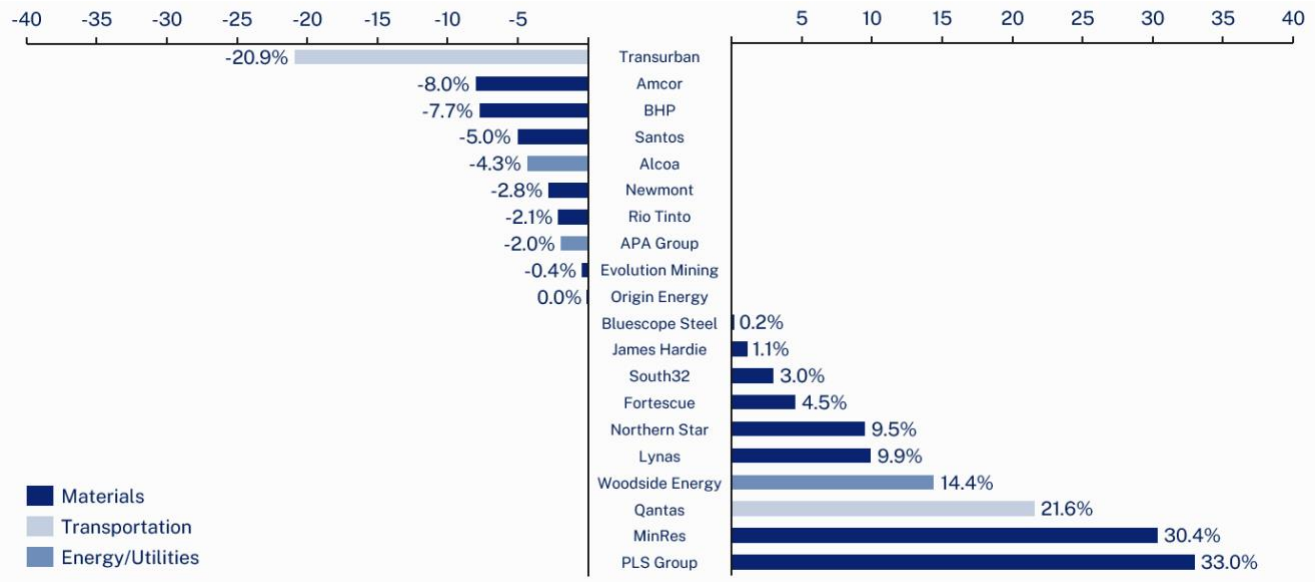
[6] Only relevant where companies have not published a restated series adjusting for portfolio changes.

- **Boundary**: Operational control basis[3]. This excludes equity-share emissions from non-operated assets and aligns with CER reporting requirements. Where companies report only on an equity share basis, this was used as a fallback.
- **Portfolio adjustments**: Where companies publish both as-reported and re-baselined series, the adjusted series was used to reflect a like-for-like portfolio across time. This captures retrospective divestments and acquisitions.
- **Scope 2 methodology**: Market-based where disclosed. Location-based was used as a fallback for companies that did not disclose market-based emissions in specific years, though consistency was prioritised.

4. A concern that emerges from looking only at FY20 and FY25 reporting years is start-point/end-point sensitivity, where the result depends heavily on the years chosen. To cross-check the finding above, rather than comparing only the first and last years, we calculated the percentage change in emissions for each pair of years (FY20 to FY21, FY21 to FY22, and so on) and took the average of these annual changes across the full period.

Fig. 3: Sustainability Reporting – Average annual scope 1 and scope 2 emissions change

TOP 20 ASX INDUSTRIAL COMPANIES – FY20 to FY25 (%)



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