



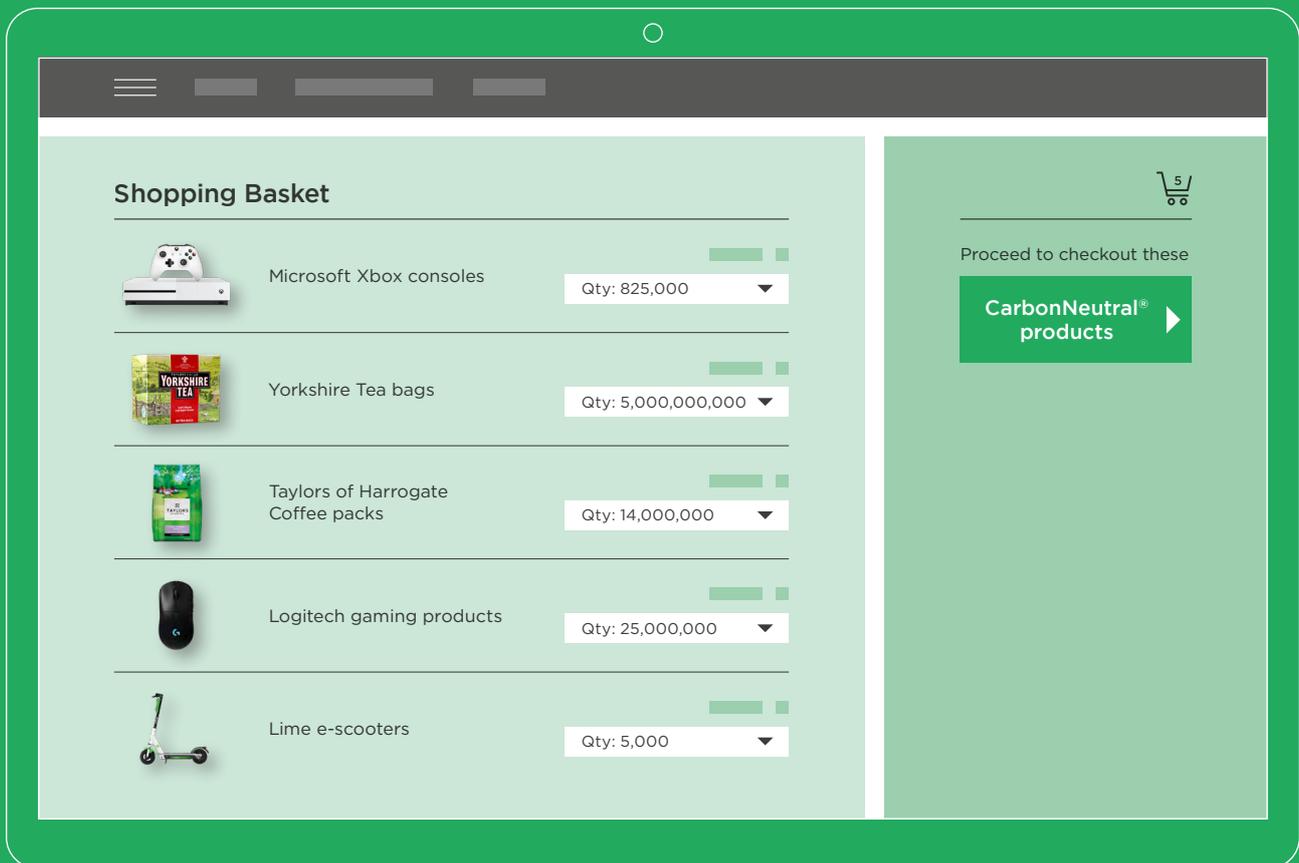
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March 2021

I'LL ORDER... CLIMATE ACTION TODAY

How CarbonNeutral® products help
companies build for the future



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Introduction to CarbonNeutral product

We are in a critical decade of climate action: speed and impact are essential. Carbon neutrality needs to rapidly become the newly accepted floor for consumer products; the license to operate in a world threatened by a climate emergency. And it can no longer be targeted at a small portion of the world's consumers who have the luxury of choosing the more expensive sustainable options—like many ethical or sustainable products in years gone by. Instead, CarbonNeutral product certification gives companies the option to take action on *all* the emissions they create today. In doing so, companies also play a critical role in accelerating the transition to net-zero emissions at the global level by financing projects which reduce, avoid or remove emissions in communities around the world.

While companies grapple with the challenges of lowering the carbon footprint from the manufacture, shipping, use and disposal of their products, CarbonNeutral product certification provides a route to take immediate action across the entire value chain emissions, otherwise known as cradle-to-grave. The certification can serve as a clear marker to consumers at a time when climate is high up their agenda, but they might not understand the intricacies of carbon footprint labelling. It provides that mark at the level consumers best relate to: the product.

This white paper is designed to serve two roles:

- providing an eye-opener on navigating what might otherwise appear to be a fiendishly complex task of accounting for and acting on the carbon emissions of a product.
- bringing clarity about how to make that happen, through examples of some of the world's leading companies and most iconic products.

Explore how CarbonNeutral products are taking climate action now.

Credibility is key. With a plethora of labels, companies must help consumers navigate the options and make claims of the highest integrity. The CarbonNeutral Protocol, first published in 2002, is updated annually with input from an Advisory Council¹ of external experts to ensure it reflects the latest industry and scientific best practice. The Protocol provides a robust framework for clear, transparent and high quality claims of carbon neutrality.

The CarbonNeutral Protocol outlines five steps to achieve CarbonNeutral product certification:

This white paper includes a range of case studies to showcase how a CarbonNeutral approach can be applied to various types of products:

STEP 1: DEFINE

Understand exactly what should be covered in your footprint



STEP 2: MEASURE

Calculate it accurately and conservatively



How circular economy-friendly business models, **Lime** and **Bulldog Skincare** used the pragmatic path the Protocol sets out to navigate the difficulties of defining and measuring products' carbon footprints. We'll also walk through a **brief history of carbon footprinting**.

STEP 3: TARGET

Set goals for emission reductions and removals across your operations and value chain, and offsetting the rest of your footprint



STEP 4: REDUCE

Deliver emission reductions and removals across your operations and value chain, and offset the rest of your footprint through financing verified emission reductions and removals



How companies are reducing and offsetting their emissions to make their products CarbonNeutral. We'll look at how **Microsoft** and **Taylors** use carbon finance to help transform communities in China and Kenya, complementing their Science-Based Targets and value chain emission reductions. By looking at some carbon offsetting statistics we'll show how CarbonNeutral products support financial flows primarily to non-OECD² countries to pay for the global transformation to a low carbon economy.

STEP 5: COMMUNICATE

Demonstrate your climate action and engage your teams, customers and stakeholders



How CarbonNeutral product certification demonstrates **Logitech's** and **Yorkshire Tea's** clear and transparent action to their consumers and other important stakeholders. We'll also consider a snapshot of consumers' understanding of corporate climate action with a **brief history of green consumerism** and a **snapshot of green consumerism today**.

Finally, we'll look towards the future by showing how CarbonNeutral product certification helps companies transition towards longer term **net zero** goals and how a possible **EU Border Carbon Adjustment** might make CarbonNeutral certification even more helpful in the future. And we'll end by marking our 20th year of running CarbonNeutral certification with a special invitation to join our **CarbonNeutral product working group**.

¹ www.carbonneutral.com/who-we-are/advisory-members

² OECD is The Organisation for Economic Cooperation and Development and its member countries include European nations, U.S. Canada, Australia, Japan, South Korea, Chile and Colombia



Defining and measuring the footprint

Accounting for carbon emissions isn't easy. Have we perfected financial accounting after 4,000 years³? Carbon footprinting only came to prominence at the end of the twentieth century⁴ so it's unsurprising that there is still complexity and confusion, with particular difficulties in defining and measuring product footprints.

The CarbonNeutral Protocol is designed to distill the latest scientific and industry developments into pragmatic and achievable guidance for companies to determine *which* emissions should be counted and *how* those emissions are counted.

CarbonNeutral product certification adapts to circular economy business models

If your business sells products that help people do something then it's your goal to sell more of that product, right? Not necessarily. As part of the move towards a circular economy⁵, some of the world's leading consumer product companies are increasingly offering products as a service, rather than as a product which is purchased and then owned by the customer. Product-as-a-service business models, as they are known⁶, shift businesses from selling physical products to providing and charging for the functions the product delivers. This service model approach

works as consumers pay for what they use, and the manufacturer has an incentive to design products that are built to last, with maintenance included and recyclable/reusable components, rather than a more disposable approach. Technology is allowing such performance models to become easier to manage.

Companies in sectors like consumer electronics are adopting these models and want to mark their climate credentials through carbon neutral certification. Which emissions should be counted for this type of product business model?

³ "Cowry shells were used for financial accounting for about 4,000 years all over Africa, South Asia, East Asia and Oceania" Harari, *Sapiens*, 2011

⁴ James Hansen's Congressional testimony on climate change in 1988, as documented by New York Times, *Losing Earth: The Decade We Almost Stopped Climate Change*

⁵ "A circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems." Ellen MacArthur Foundation

⁶ Also known as "as-a-service" business models, flexible consumption models (FCMs) or everything-as-a-service (XaaS) models. See Deloitte, 2018, *The shift to flexible consumption: How to make an "as a service" business model work*, [link](#)

The CarbonNeutral service certification provided a framework to guide the decision on how to include emissions for an on-going service model. In addition, for a credible certification of carbon neutrality, the full life cycle emissions of the product must be included. In order to meet this growing interest in product-as-a-service approaches, a new product-as-a-service CarbonNeutral certification has been added to The Protocol for 2021, peer-reviewed by Natural Capital Partners' Advisory Council, with additional input from experts in life cycle assessment (LCA).

The required emissions sources to certify a product-as-a-service include: a) the product's life cycle emissions split proportionately to the length that the product is used in the service, and b) the emissions resulting from the use of the service. In the case of consumer electronics, this meant that a) the cradle-to-grave emissions of the product were calculated and then annualised based on the estimated lifespan and b) the usage emissions of the product including electricity, maintenance and the materials it uses as part of the product were calculated and included. These calculations were powered by data from the company's proprietary analytics, with LCAs being verified by an independent third-party.

Measuring the journey of an electric scooter from manufacture to end of use



A Lime electric scooter

Lime offers a platform for shared mobility in over 100 cities around the world. Its dock-less stand-up electric scooters and e-bikes are located and unlocked via its app, and have been ridden on more than 200 million trips since the company's founding.

Lime's scooters have served Parisians for more than two years, providing more than 25 million rides as a clean, safe and affordable alternative to cars.

To make its Paris e-scooters CarbonNeutral, Lime looked at the emissions from "cradle to grave", including the manufacture, distribution, maintenance, charging, and their end-of-life. Lime worked with third-party carbon footprinting expert Anthesis to conduct a life-cycle assessment of the environmental footprint of the e-scooters. The approach taken was to calculate the emissions for one passenger kilometre of riding, which then allowed total impact to be scaled based on total utilisation.

In no surprise, the manufacture of the scooter parts and the transport needed to charge the scooters were found to make up the biggest part of the greenhouse gas footprint. As part of its contribution to the circular economy, Lime's high repair and reuse practices as well as recycling rates of metals and other materials from the e-scooter parts, are helping reduce its footprint. Further, the company's long-standing practice of buying French renewable energy from Planète OUI to power its warehouse and scooters as well as converting to electric operations vehicles to manage its fleet, also served to reduce the carbon impacts of the e-mobility service.

With no benchmark existing for the emissions required to assemble the e-scooter, Anthesis instead made a conservative estimate based on the best available proxy: the assembly of an electric bicycle, since the impacts of electric bicycle assembly are comparable to the assembly of an e-scooter.

Paris Mayor Anne Hidalgo's administration, global leaders in climate and transportation policy, ran a tendering process to decide which scooter companies could operate in the city as part of the effort to build a "15 Minute City" where all journeys can be taken in 15 minutes. Lime was among the three winners⁷ of the highly competitive tender process, in part supported by its CarbonNeutral action as well as its rigorous assessment of its wider environmental impacts.

Read more in the case study on carbonneutral.com

Fast-growing UK male grooming company certifies its best-selling moisturiser product

Bulldog uses natural ingredients to produce quality skincare, shaving and grooming personal care products for men. The company launched in the UK in 2007 and its products are now available in over 30 countries and more than 70,000 stores around the world. Bulldog has made all its UK moisturisers CarbonNeutral products, and its best seller—the Original Moisturiser—a CarbonNeutral product in: the UK, France and Germany.

To certify the products as CarbonNeutral, the company needed to measure the emissions from the extraction and processing of materials and packaging, manufacturing, production and distribution.

Bulldog worked with an independent third-party specialist on the measurement of the carbon footprint, collecting data on the indirect emissions from the production and transport of raw materials to the manufacturing centres, and direct emissions from on-site fossil fuels, purchased electricity and transportation to distribution centres.

Bulldog uses multiple natural ingredients to produce the moisturisers. The CarbonNeutral Protocol permits emissions factors⁸ to be used for measuring materials' footprints where raw data isn't available. Those emissions factors must be published by reputable and independent sources, up-to-date, and relevant to the subject's

⁷ Lime, 2020, Paris and Lime, moving forward, together, [link](#) (scroll down the page for English version)

⁸ A representative value that attempts to relate the quantity of a pollutant released to the atmosphere with an activity associated with the release of that pollutant

location and activities. That enabled Bulldog to use emissions factors from the ecoinvent database, which has documented the footprint of over +4,000 materials and is referenced by the Greenhouse Gas Protocol. The assessment allowed the brand to fully review their packaging choices and review how they contribute to the products' footprint. It uncovered how Bulldog's work to source sugarcane-based bio-plastic for its packaging—which based on research from a number of LCA assessments has a carbon intensity roughly 70 per cent lower than standard fossil fuel produced plastic—means that emissions per unit are 19 per cent less than if they had stuck with standard fossil fuel-based plastic. The brand's assessment also examined how emissions per bottle would increase by approximately 65 per cent if it switched to glass.

Using The Protocol's framework and drawing on the expertise of the approved assessment partners, CarbonNeutral certification enabled a fast-growing business like Bulldog to complete this detailed analysis and understanding of its products' environmental impact. By measuring its footprint and defining goals, Bulldog identified more ways to take action and further reduce emissions, and where to engage with suppliers to support that effort.

Read more in the case study on carbonneutral.com

**Yes bruv,
a smaller carbon
footprint is
the way to go.**



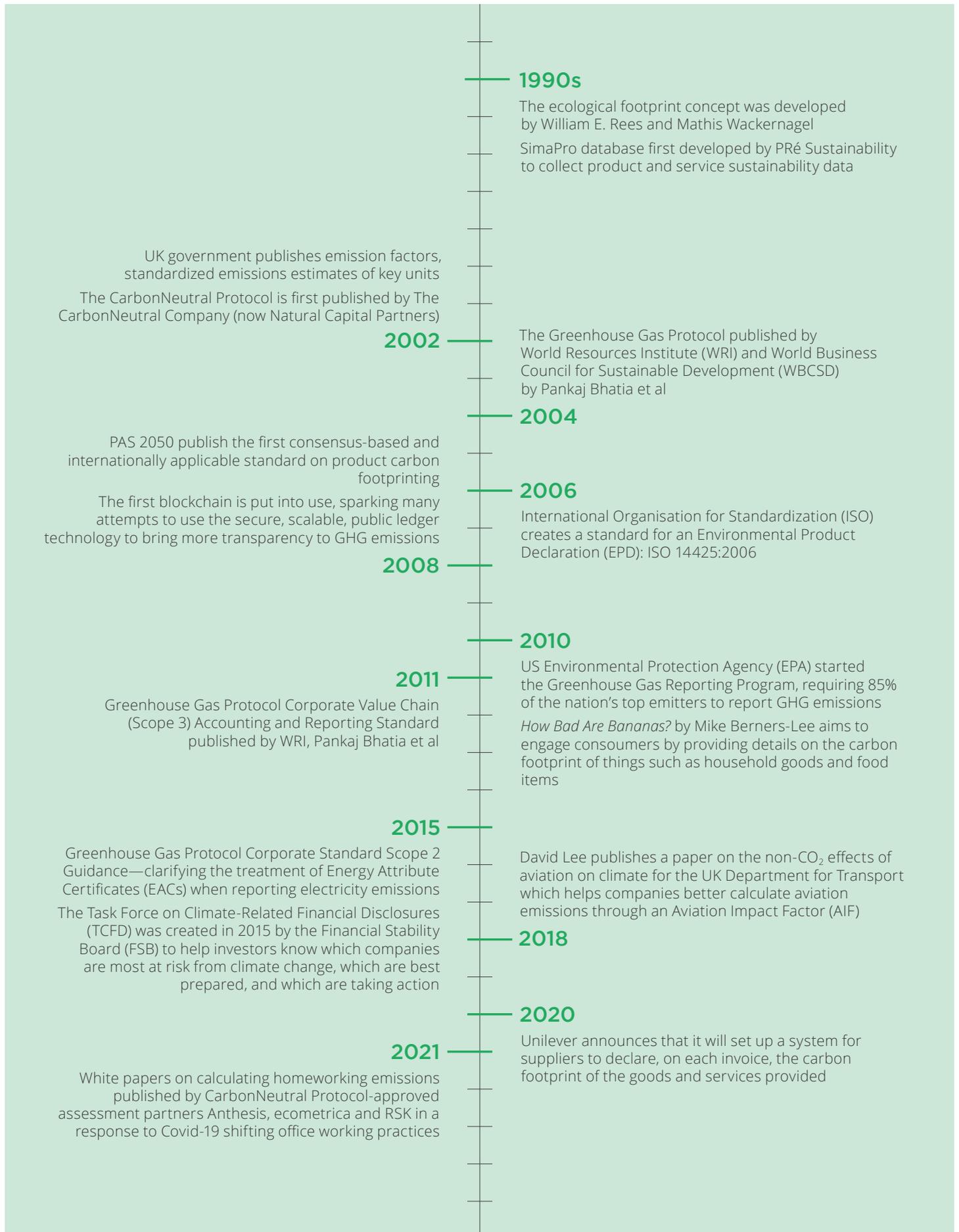


Original Moisturiser – a CarbonNeutral® product.

– BULLDOG UNDERSTANDS MEN –

One of Bulldog's banner adverts for its CarbonNeutral product

A brief history of footprinting





Setting targets and reducing the footprint

To achieve CarbonNeutral product certification, companies must reduce the footprint and offset all remaining emissions of products. In this section, we'll review how companies such as Microsoft and Taylors are taking action through CarbonNeutral product certification. Not only does certification drive value through a credible stamp of climate action for their consumers, but certification uses carbon finance to contribute to the global transformation of our economy and improve health, livelihoods and resilience for communities in non-OECD⁹ countries.

Industry data demonstrates that the vast majority of voluntary carbon market transactions deliver finance to communities in countries that are critical to the global supply of products. And importantly, many of these communities are least responsible for, yet most impacted by, the effects of climate change. As businesses and governments make commitments to climate action and the goals of the Paris Agreement, it is vitally important that finance flows today to projects delivering emissions reductions and removals throughout the world, while also supporting sustainable development.

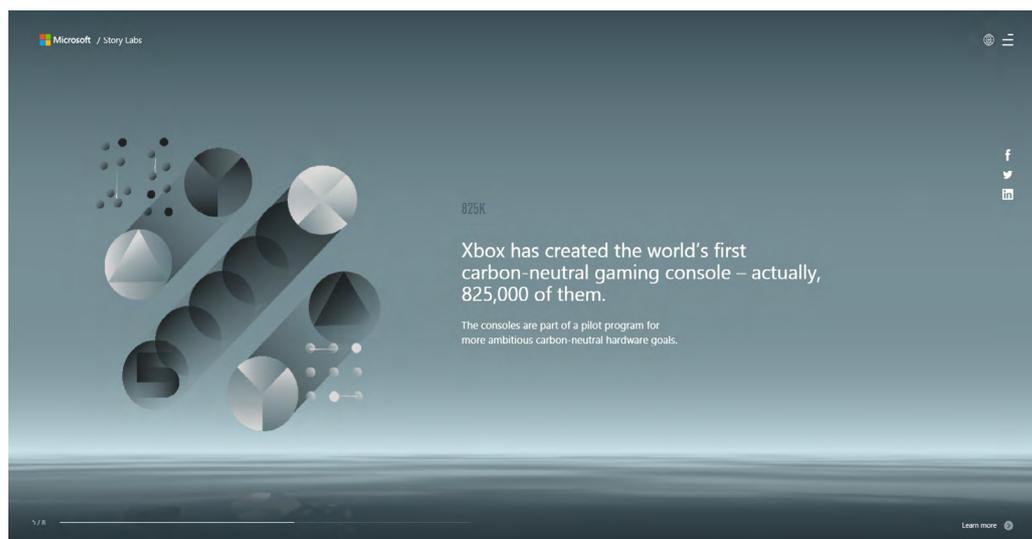
Microsoft makes 825,000 Xbox consoles CarbonNeutral products and funds biodigesters in China

Microsoft, one of the world's largest companies by market capitalization, has been carbon neutral since 2012. In 2019 the company decided to go further with a goal to expand its carbon neutrality from operations to the life cycle of its products,

alongside a Science-Based Target to reduce Scope 3 emissions intensity per unit of revenue 30% by 2030 (from a 2017 base year), and to avoid growth in absolute Scope 3 emissions¹⁰.

⁹ OECD is The Organisation for Economic Cooperation and Development and its member countries include European nations, U.S. Canada, Australia, Japan, South Korea, Chile and Colombia

¹⁰ Microsoft, 2019, *Ambition is good; action is better*, [link](#)



Source: Microsoft, 2020, Sustainability by the numbers: Xbox carbon neutral console, [link](#)

Through a pilot of 825,000 units of one of its most iconic consumer-facing products, the Xbox, it has made the world's first CarbonNeutral gaming console across the life cycle of its emissions.

Microsoft first made various reductions to the emissions of the product through a dramatic decrease in its energy use: the power consumption per unit of performance of the Xbox One X, launched in 2017, was more than 90% lower than the Xbox 360, launched 10 years before. Microsoft is also using 100% renewable energy across its manufacturing sites.

To go one step further and offset emissions, Microsoft made the Xbox consoles carbon neutral by financing the Sichuan China Household Biodigesters project¹¹.

The project distributes small-scale biogas plants to low-income rural households with livestock in China. Households are equipped with devices that

save methane emissions by converting previously untreated animal manure into clean biogas. The biogas can then be used for cooking, heating and lighting instead of burning coal and firewood in open fireplaces. So far the project has reduced carbon emissions and harmful smoke in 400,000 small-holder farmer households.

Microsoft manufactures its Xbox consoles in China and is working to implement circular economy principles into the product and its packaging. The biodigester project in Sichuan was a good fit both because of its location and its use of a waste product to generate energy in keeping with the circular economy. In addition, the project is currently undertaking a study into the benefits it has on water bodies and drainage systems, which is of interest to Microsoft for its own work on water conservation.

Read more in the case study on [carbonneutral.com](https://www.carbonneutral.com)

¹¹ <https://www.naturalcapitalpartners.com/projects/project/sichuan-household-biodigester>



Carbon finance to deliver supply chain resilience in the Yorkshire Tea and Taylors of Harrogate Coffee smallholder farmer communities

Bettys & Taylors produces the UK's top-selling brands of tea (Yorkshire Tea) and packaged coffee (Taylors of Harrogate). The company prides itself on its long-term commitment to the health and livelihoods of the smallholder farmers on which it depends, and has used CarbonNeutral product certification to contribute to that purpose. Through projects in East Africa, the company not only reduces carbon emissions within its value chain and connect its customers to climate action, it also builds resilience and helps these important supplier communities to thrive.

Tea farmers in Kenya are some of the communities feeling the impact of climate change first-hand on their livelihoods. Taylors supports a reforestation programme that has been designed by the farmers to work for their specific needs: through planting trees, sharing best practices, adding fruit and nut trees to their plots, and implementing conservation farming methods, the programme is improving the quality of the soil, creating shade and protection for crops, and adding new sources of income.

In the coffee growing region of Mount Elgon in Uganda, many households still rely on open fires in the home for cooking, leading to dangerous levels of indoor air pollution. Taylors is funding a project to introduce efficient cookstoves to the communities that will not only reduce the risk of illness, particularly benefiting women and children in the home, but also save the money previously spent on fuel, or deforestation created by collecting firewood.

In Malawi, the forest cover has been reduced by 32% in less than 40 years, leading to serious implications for the health and productivity of the land in an economy dependent on agriculture. By financing the use of efficient cookstoves, Taylors helps smallholder tea farmers to reduce the rate of deforestation for fuel use, save time and money collecting or purchasing fuel, and reduce the indoor air pollution which effects the health of families.



A tree nursery part of the community reforestation project in Kenya that Taylors provides carbon finance to in order to empower farmers to build sustainable livelihoods

For a business with people at its heart, the well-being of its suppliers is fundamental. Through Taylors' CarbonNeutral product programme, it is contributing finance to measured, monitored and independently verified projects in those supplier communities.

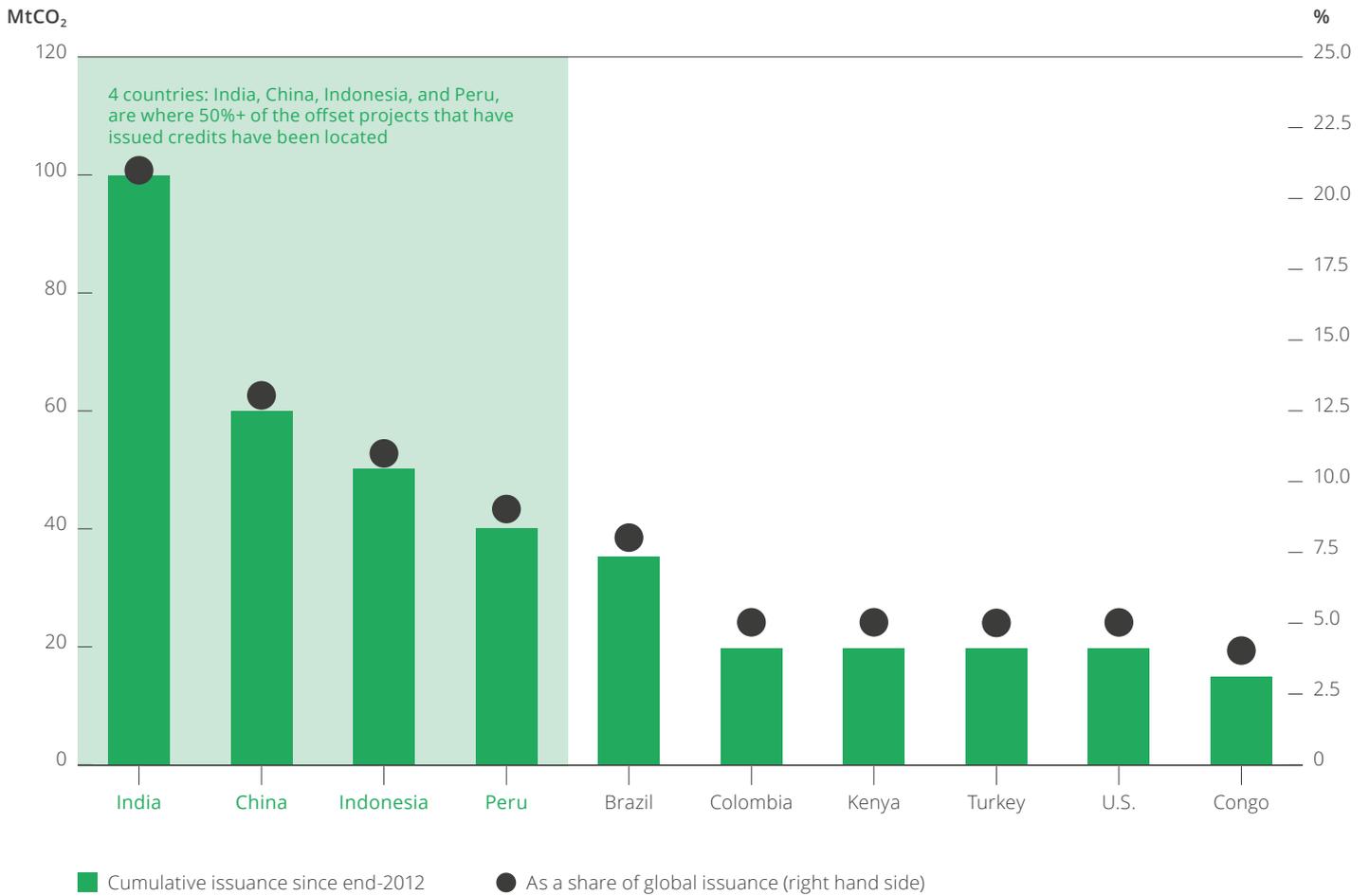
As more and more companies look to reduce their value chain emissions as part of net zero commitments, these project activities, processes for measuring, monitoring and verification, and quality standards will become increasingly critical.

Read more in the case study on carbonneutral.com

These two case studies of companies financing the low-carbon transition and building resilience for communities around the world through CarbonNeutral product are not atypical. Many

of the readily available opportunities for carbon offsetting are in countries critical to the supply of many of the world's products and in communities most impacted by climate change.

Figure 1: Voluntary carbon offset issuance by country



Source: Taskforce for Scaling the Voluntary Carbon Market, 2020, adapted from IIF, VCS, GS, CAR, ACR, excludes ARB eligible issuance



Communicating claims to consumers and increasing transparency

Consumers expect more of the companies they purchase from these days. But they want to hear about what companies are doing at the level at which they make decisions: the product. 70% of consumers prefer to hear about product-level impact compared to 30% company-level impact.¹² CarbonNeutral product certification provides a clear, simple statement of action. It is easy to understand, can be communicated on pack and links to a publicly available Protocol, for those increasing numbers of informed consumers seeking transparency and credibility.

Logitech's plan for CarbonNeutral products alongside carbon footprint labelling

Logitech manufactures wireless mice, keyboards, headsets and video hardware to bring people together through music, gaming, video and computing. It has made all its gaming products, representing 23% of sales¹³, CarbonNeutral.

The company has declared its ambition to be the first consumer electronics company to provide detailed carbon impact labelling on product packaging across the entire portfolio. In doing so, it intends to empower and collaborate with consumers, informing the purchasing choices they make. It also wishes to galvanise an industry-wide shift to dramatically lower the impact of carbon on the environment.



The carbon footprint and carbon neutrality is displayed on the packaging of the Logitech G Pro Wireless Gaming Mouse

¹² The Consumer Goods Forum/Futerra, 2018, The Honest Product Guide, [link](#), page 7. Consumer research was undertaken in October 2018 with 3,621 consumer respondents in 7 countries.

¹³ Logitech, Sustainability Report FY20, page 13, [link](#)

While working towards the carbon labelling goal for all products—set to be achieved by 2025—Logitech’s CarbonNeutral product certification signals the company’s commitment to immediate climate action. As consumers’ understanding of carbon footprints slowly increases, CarbonNeutral certification gives the products a clear and immediate statement of action today, alongside its label of the precise carbon footprint of the

product. In addition, in the 2020 edition of its annual Sustainability Report, the company provides a detailed account of CarbonNeutral certification as well as the efforts to reduce its carbon footprint through its Design for Sustainability framework.

Read more in the case study on carbonneutral.com

One of the UK’s leading FMCG brands makes CarbonNeutral product certification central to its sustainability story



A video with Andrew Hutchinson, the artist whose illustration is on Yorkshire Tea boxes, announced the certification to the company’s many social media followers. [Watch the video.](#)

Yorkshire Tea is the UK’s top selling tea¹⁴ and is produced by Bettys & Taylors of Harrogate. CarbonNeutral product certification provides the no-nonsense brand with a clear, simple statement of its climate action.

Yorkshire Tea’s longstanding “proper tea” slogan positions the brand as “a place where everything is done proper”, conveying its focus on quality, in both its tea products and its relationships with people and planet. It also creates a strong brand

¹⁴ The Drum, 2020, Self-proclaimed ‘underdog’ Yorkshire tea on finding its brand voice, [link](#)



for consumers, with Yorkshire being a county of England known for its hard-working, honest and straight-talking population.

Yorkshire Tea has achieved CarbonNeutral product certification through projects in East Africa that build resilience among supplier communities to help them thrive (see page 12). That way, certification fits well with the “done proper” ethos, alongside projects to reduce plastic use, work to close the Living Wage gap, and supply chain commitments in the wake of Covid-19 disruption.

In addition, Yorkshire Tea wanted to work with a community reforestation programme to align its carbon neutral programme with the brand’s long history of tree-planting around the world. This dates back to a promise made by the then third-generation family business leader—Jonathan Wild—

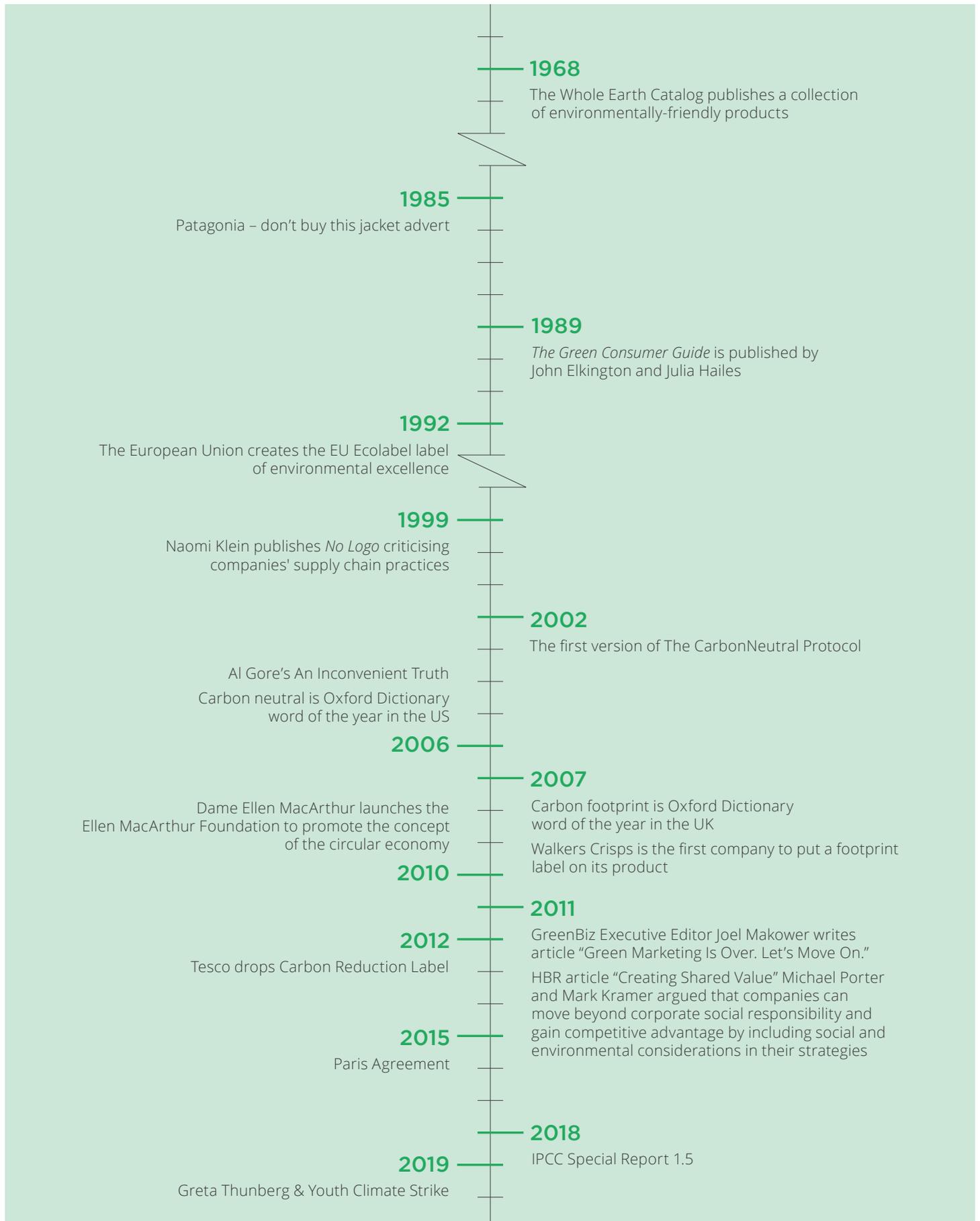
to his children. Upset by a TV report on global deforestation made by popular British children’s television programme, Blue Peter, Jonathan promised that if they planted one tree, he’d find a way to plant 999,999 more. In 1990, Trees for Life was launched—initially on packs of Yorkshire Tea—with a commitment to plant one million trees. It has now helped to plant 5m trees around the world.

As well as the CarbonNeutral product label being prominent on pack, certification is brought to life through creative work. A video with Andrew Hutchinson, the artist whose illustration is on Yorkshire Tea boxes, announced the certification to the company’s many social media followers.

Read more in the case study on carbonneutral.com



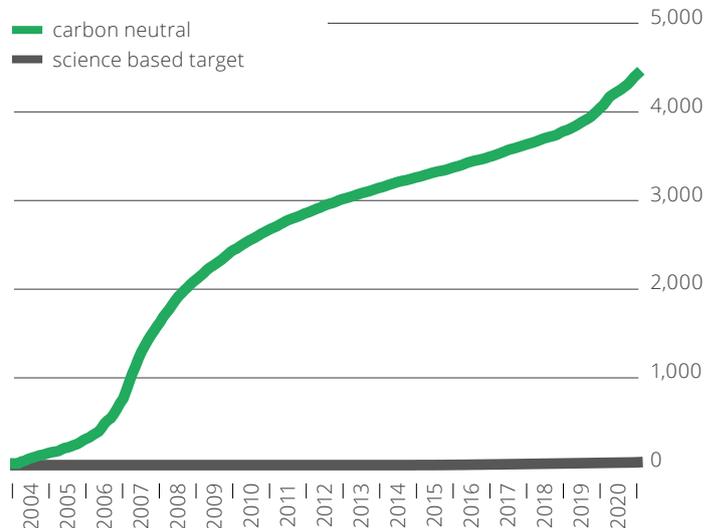
A brief history of green consumerism



A snapshot of green consumerism today

People want clear action, rather than the nuances. Carbon neutral is a more familiar concept than a Science-Based Target. That's not to underplay the importance of Science-Based Targets for climate action¹⁵, or its recognition among other audiences, like investors, with the initiative having been developed by CDP amongst others.

Figure 2: Cumulative Google trends data 2004-2020 carbon neutral and science based target

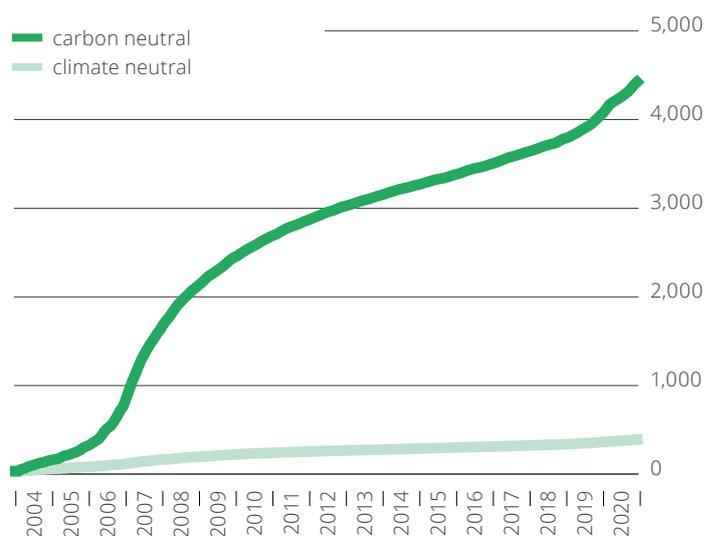


Source: Google Trends, 2020, cumulative comparison of "carbon neutral" and "science based target", [link](#)

The data represents the cumulative total worldwide google web search traffic that different corporate climate actions have had over time. 100 represents the highest monthly percentage share of total google web search traffic that of any of these terms had (achieved by "carbon neutral" in February 2007). All other monthly trend scores are indexed off that 100.

Keeping a consistent name helps you build recognition and brand equity over time. Climate neutral is no doubt a more accurate term because carbon dioxide is only one of the greenhouse gases that are calculated, reduced and offset to zero¹⁶. But you want a label of an action that is familiar to people, and the evidence shows that carbon neutral is more familiar. That's not to ignore consumers in markets (e.g. Germany) where climate neutral is more common.

Figure 3: Cumulative Google trends data 2004-2020 carbon neutral and climate neutral



Source: Google Trends, 2020, cumulative comparison of "carbon neutral" and "climate neutral", [link](#)

¹⁵ The CarbonNeutral Protocol recommends companies set a Science-Based Target (Natural Capital Partners, 2021, *The CarbonNeutral Protocol*, [link](#))

¹⁶ CarbonNeutral product certification covers all greenhouse gases. The CarbonNeutral Protocol defines "carbon" in the glossary as: "shorthand term for all greenhouse gases recognised under the United Nations Framework Convention on Climate Change." (Natural Capital Partners, 2021, *The CarbonNeutral Protocol*, [link](#))

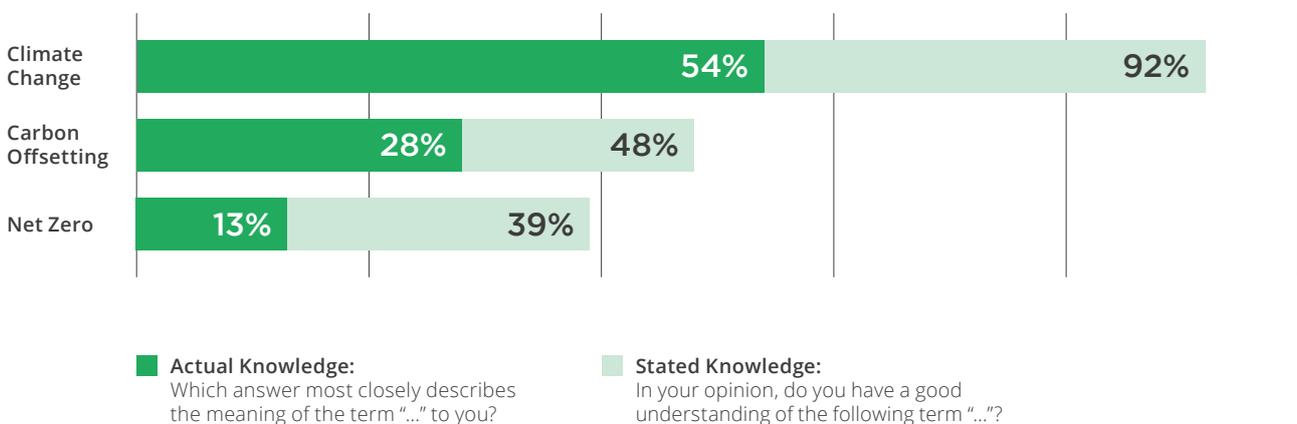
Understanding of net zero is nascent. Historically the terms carbon neutral and net zero have been interchangeable. Despite increasing efforts within sustainability circles to define net zero and clarify how it should be achieved, it seems that there is still a lack of clarity amongst the public at large.

Adoption of net zero targets by the private sector is driven in large part by the desire to align with the Paris Agreement’s goal of a “balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases” in the second half of this century. The Intergovernmental Panel on Climate Change’s (IPCC) Special Report on Global Warming of 1.5°C, also advised of the critical importance of achieving net zero emissions as soon as possible to improve the probability of limiting warming to 1.5°C.

Research by Natural Capital Partners into the Fortune Global 500¹⁷ found that 6% (32) of companies have a net zero target set between 2031 and 2050, 1% (5) have set a net zero target to be achieved earlier—all five targeting 2030—and that multiple definitions are used across this net zero group. More than three quarters of these were announced between July 2019 and August 2020, showing its rise in prominence. This compares to 6% (30) of the Fortune Global 500 that are carbon neutral today, a further 5% (24) that have a target to be carbon neutral by 2030, and a further 6% (32) that have a target to be carbon neutral by 2050.

We chart three different ways in which CarbonNeutral product certification can support net zero targets in the *An eye to the future* section (see page 21) of this document.

Figure 4: Stated vs actual knowledge of climate terms



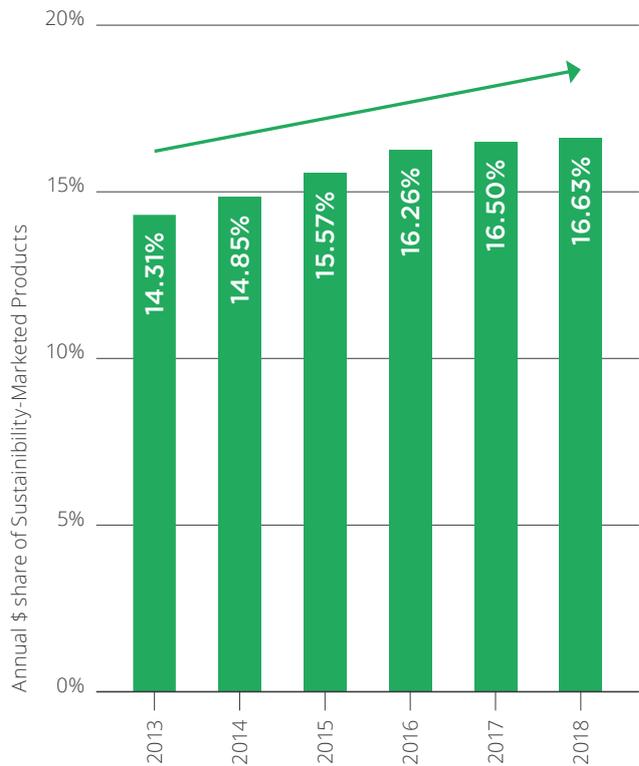
Source: Vice Media, 2020, *What’s Stopping Us From Stopping Climate Change?*, [link](#)

¹⁷ Natural Capital Partners, 2020, *Response Required: How the Fortune Global 500 is delivering climate action and the urgent need for more of it*, [link](#)



Environmentally-friendly products are still in the minority. Many ethical or sustainable products in years gone by have been targeted at a minority of the world’s consumers who have the luxury of choosing a more expensive product. This data from NYU shows that environmentally-friendly products are still in the minority. Yet we are in a critical decade of climate action: speed and impact are essential. While companies grapple with the challenges of lowering the carbon footprint from the manufacture, shipping, and use and disposal of their products, CarbonNeutral product certification gives them the option to take action on the emissions they create today. It can become the newly accepted floor for consumer products; the license to operate in a world threatened by a climate emergency. At the same time it will play a critical role in accelerating the transition to net-zero emissions at the global level by financing verified emission reductions in communities around the world.

Figure 5: Market share of sustainability-marketed products



Source: NYU Stern Centre For Sustainable Business, 2019, *Sustainable Share Index™: Research on IRI Purchasing Data (2013-2018)*, [link](#), slide 6

An eye to the future

Net zero

Net zero targets are being set by companies to ensure they have clear and ambitious medium and long term targets for the transformation of their business. CarbonNeutral product certification helps companies on the path towards net zero goals:

- 1. Whole value chain emissions:** CarbonNeutral product certification requires a company to measure emissions beyond operations, preparing them for the requirements of net zero which requires that companies measure and take action on emissions throughout the value chain
- 2. Compensation and neutralisation:** during the transition to net zero, the SBTi advocates for an approach which includes offsetting emissions ("compensation") through projects which reduce and avoid emissions. Net zero is achieved when emissions in the value chain that can't be reduced will be offset through removals projects, e.g. natural climate solutions such as forests that store carbon.
- 3. Taking climate action this year and every year:** by making their products CarbonNeutral today, companies are committing to immediate results and action on the path to net zero, a cycle of action, reward and accountability during the transition to net zero.

Read more in our [net zero page](#)

CarbonNeutral products signposted on amazon.com

CarbonNeutral product certification is one of the select few certifications approved by Amazon as Climate Pledge Friendly. The Climate Pledge Friendly programme is designed to help Amazon customers select products taking climate action, displaying the 'Climate Pledge Friendly' badge next to products which have one of the approved certifications. This means that CarbonNeutral product certification will be prominently visible to customers of the world's largest retailer, recognising it as a credible, quality mark of carbon neutrality, integrated into a major consumer channel.

As customers increasingly demand low carbon choices, we expect other retailers to follow where Amazon has led, empowering the world's consumers to use their spending power to drive the transformation of how products are made, distributed and used.

Read more about the [Amazon Climate Pledge Friendly programme](#)

Border carbon adjustments

Countries are contemplating border carbon tax adjustments to account for the embedded carbon in imported goods and services. The European Union is committed to having one in place by the start of 2023.

CarbonNeutral products have the potential to move from voluntary action by some of the progressive corporations highlighted in this white paper, to a mainstream response to regional compliance requirements. The practice of incorporating offsetting into national compliance regimes is already occurring in Colombia and South Africa, which have enacted domestic carbon tax legislation that allows entities to reduce their exposure to the carbon tax when emissions are offset with permissible carbon credits.

With the International Organization for Standardization considering an ISO standard for carbon neutrality, there is real potential for the pioneering work by companies to evolve into a compliance-grade approach to certification that enables CarbonNeutral certified products to seek exemption from border carbon taxes. This will enable a pragmatic response to the control and reduction of embedded carbon in the international trade of goods and services.

Read more in our chapter for the [Overseas Development Institute's \(ODI\) publication](#)

CarbonNeutral product working group to deal with the long tail

Many of our clients would like to make all of their products carbon neutral. For some companies with a long tail¹⁸ this is difficult because the cost of measuring the footprint becomes proportionately higher for smaller product ranges. We recognise that technologies have been developed to make measuring footprints easier, and that new approaches and tools are rapidly becoming available. In 2021 we will lead a process bringing together leading clients and trusted partners with expertise in footprinting services to explore how we can encourage more companies to measure the footprints across all their products with a goal of carbon neutrality.

Join us by enquiring at: info@naturalcapitalpartners.com

¹⁸ "long tail" is a business strategy in which companies sell low volumes of hard-to-find items to many customers, instead of (or in addition to) only selling large volumes of a reduced number of popular items. The term was first coined in 2004 by researcher Chris Anderson.

About Natural Capital Partners

Natural Capital Partners is harnessing the power of business to create a more sustainable world. With more than 300 clients in 34 countries and a network of partners providing the highest quality projects, we deliver solutions to make real change possible—reducing carbon emissions, generating renewable energy, building resilience in supply chains, conserving forests and biodiversity, and improving health and livelihoods. We're on a mission to enhance the planet, not just maintain it.

We created The CarbonNeutral Protocol in 2002 to provide a clear set of guidelines for businesses to achieve carbon neutrality. Every year since then we've continued our commitment to providing a robust framework for credible carbon neutral action, updating the Protocol to reflect the latest scientific, industry and business best practice.

Contact us

If you would like to find out more about certifying CarbonNeutral products, or to discuss your environmental goals, please contact us:

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