

# THE CLIMATE NEUTRAL CERTIFIED STANDARDS

For brands certifying in 2021.

*And now for the more technical stuff.*

*Companies must follow the Climate Neutral Certification Standards (CNCS) in order to receive the Climate Neutral Certified label. This document describes the requirements that apply to all brands seeking certification for 2020 emissions during the 2021 certification cycle.*

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# 1. Greenhouse Gas Footprint Estimation Requirements

## a. Footprint Boundaries

Brands seeking certification in 2021 are required to count their calendar year emissions from 2020. This requirement is based on the widely recognized Greenhouse Gas Protocol and includes all of Scope 1 emissions, all of Scope 2 emissions, and 8 out of the 15 categories of Scope 3 emissions, as shown below.

**Table 1: Climate Neutral footprint boundary requirements**

Scope 1: Direct brand emissions	Scope 2: Indirect brand emissions	Scope 3: Supply chain emissions
Fossil fuels used at your facilities	Electricity used at your facilities	3.1 Purchased goods and services
Fuel consumed by your vehicles	Steam bought and used at your facilities	3.2 Capital goods
		3.3 Upstream emissions from fuel and energy
		3.4 Upstream transportation & distribution
		3.5 Waste from operations
		3.6 Business travel
		3.7 Employee commuting
		3.9 Downstream transportation and distribution
		Not included: 3.8 Upstream leased assets 3.10 Processing of sold products 3.11 Use of sold products 3.12 End-of-life treatment of sold products 3.13 Downstream leased assets 3.14 Franchises 3.15 Investments

**b. GHG Footprinting and Verification Requirements**

While all GHG estimates must follow the boundaries defined in Table 1, how you estimate your footprint depends on your brand’s annual revenues.

**Table 2: GHG Measurement Requirements**

Large brands: 2020 revenues above \$100 million	Medium brands: 2020 revenues \$5-100 million	Small brands: 2020 revenues below \$5 million
<p>Large brands must hire a third-party consultant to verify their footprint calculation.</p> <p>The underlying calculation can be based on the Climate Neutral Brand Emissions Estimator (BEE), a third-party calculator, or an internally-built tool, as long as it is based on the GHG Protocol standard and meets Climate Neutral boundary requirements.</p>	<p>Estimate your footprint using the Climate Neutral Brand Emissions Estimator (BEE). A report from a recognized third-party carbon accounting firm can be used instead if it is based on the GHG Protocol standard and meets Climate Neutral boundary requirements.</p>	<p>Small brands use an emissions estimate from Climate Neutral’s BEE based on sector, geography, and financial data (revenues and costs).</p>

For small brands, some basic operational data and a letter of attestation are all that is needed. For medium and large brands, once GHG footprint estimates have been completed, Climate Neutral staff will review your documentation to verify results.

**Table 3: Medium and Large Brand Verification Requirements**

Large brands: 2020 revenues above \$100 million		Medium brands: 2020 revenues \$5-100 million	
<i>If you calculate your footprint using the BEE, here’s what you need to submit</i>	<i>If you don’t use the BEE, here’s what you need to submit</i>	<i>If you calculate your footprint using the BEE, here is the documentation we require</i>	<i>If you don’t use the BEE, here is the documentation we require</i>
A third party verification report. The report must verify your data inputs.	A third party verification report. The report must verify your inputs, methods, boundaries, and tool. Verifications must follow one of these standards: ISO 14064-3, ISAE3000, ISAE 3410, or Corporate GHG verification guidelines from ERT	<p>1) A final calculation of your total Scope 1-3 emissions, reported in tCO2e and broken down by GHG Protocol categories</p> <p>2) The .csv export of your data</p>	<p>1) A final calculation of your total Scope 1-3 emissions, reported in tCO2e and broken down by GHG Protocol categories</p> <p>2) A description of your estimation methodology and a report including the sources of your GHG emission factors as well as operational data used to make your calculations</p>

### c. Requirements for Third-party Verifiers

Third-party verifiers (e.g. environmental auditors or consultants) must be able to demonstrate the following:

- At least five years of corporate history working in carbon accounting and/or lifecycle analysis at product and company levels, with at least 25 documented client engagements involving brand or product level footprints
- At least five years of corporate history auditing and/or verifying corporate GHG footprints of brands with over \$100 million in annual revenue
- Ability to demonstrate independent control and ownership from the company under review to avoid any conflicts of interest.
- Ability to act as an unbiased third party in the verification process.
- At least five years of corporate history with one or more of the third-party verification standards referenced in Table 3 (e.g. ISO 14064-3).

All verification reports should follow these five common principles of carbon footprint verification: relevance, completeness, consistency, transparency, and accuracy.

### d. Counting Renewable Energy Purchases

Appropriate power purchase agreements (PPAs), renewable energy certificates (RECs), and guarantees of origin (GOs) may be used to “reduce” the total footprint of your electricity consumption. If there is a question about the eligibility of these instruments in the case of your footprint, Climate Neutral will reference the GHG Protocol guidance.

Climate Neutral requires that vintages of any energy attribute certificates used for compliance fall within the three years up to and including the certification year. For example, when considering 2020 Scope 2 emissions, you must purchase RECS or GOs with a vintage of 2018 or later. All RECs and GOs used for compliance must also take place on the same grid as your Scope 2 electricity consumption.

## **2. Procuring Eligible Carbon Credits**

Once you successfully estimate your brand-level emissions and adjust them for any PPAs, RECs, and/or GOs, you must purchase at least as many carbon credits as the total remaining footprint amount. All carbon credits must meet the following criteria:

a. Third-party Verification

Carbon credits must be verified through one of the following standards: Gold Standard, Verified Carbon Standard, Climate Action Reserve, American Carbon Registry, Clean Development Mechanism.

b. Vintage Year Restriction

With the exception of forestry and land-use, all carbon credits must represent emission reductions from within the four years up to and including the certification year. For brands getting certified in 2021 for a 2020 emissions footprint, this includes any vintage year from 2017 through 2020. For forestry and land-use projects, all credits must represent emission reduction from within the seven years up to and including the certification year, which includes any vintage year from 2014 through 2020. There are no requirements for project start dates as long as the reductions meet the vintage year requirement.

c. Portfolio Requirements

All carbon credit purchases must meet the following portfolio requirements:

Project type	Max Allocation
Avoided Deforestation	100%
Tree Planting	
Cookstoves	
Agriculture	
Water Filtration	
Renewable Energy in LDCs	
Small-scale Hydro	
Transportation	70%
Waste	
Chemical Processes/Industrial Manufacturing	
Energy Efficiency	
Renewable Energy in non-LDCs	
Methane Capture/Landfill gas	
HFC-23 Destruction	0%
N <sub>2</sub> O Destruction (adipic acid only)	
Large-scale Energy Efficiency in non-LDCs	
Large-scale Hydro	

“LDC” means Least Developed Country, as defined on the UN’s Least Developed Countries list:

<https://unctad.org/en/Pages/ALDC/Least%20Developed%20Countries/UN-list-of-Least-Developed-Countries.aspx>

“Small-scale” follows UN CDM definitions (i.e., < 15MW for renewables and < 60 GWh in annual improvements from energy efficiency)

d. Requirements for Procuring and Documenting Carbon Credit and Renewable Energy Purchases

All small brands must purchase carbon credits using Climate Neutral’s pooled procurement. Medium and large brands have the option to use Climate Neutral’s pooled procurement or purchase a qualifying portfolio on their own.

Brands purchasing carbon credits on their own must provide a single .pdf file that contains the following information for all credits purchased:

Name and type of project	Project type	Number of credits purchased	Vintage year of credits	Verification standard
<i>e.g. Honduras Hydro</i>	<i>Small hydro</i>	<i>30,000</i>	<i>2017</i>	<i>VCS</i>

In addition, you must provide the following for each batch of carbon credits you purchase:

- A. Registry report (via hyperlink or screenshot) showing carbon credits retired on your behalf (preferred), plus a report of the average price paid per credit
- OR
- B. Fully executed purchase contract, payment receipt for credits purchased, and a letter attesting that they were retired on your behalf

Brands who have purchased renewable energy to reduce emissions from electricity usage (“market-based” Scope 2 emission reductions) must provide the following information:

Type of contractual instrument	Amount of renewable electricity purchased	Country where renewable energy was generated
<i>e.g. Renewable Energy Certificate (REC)</i>	<i>5,000 MWh</i>	<i>United States</i>

In addition, you must provide all relevant contracts, attestation documents, certificates, and payment receipts associated with your renewable energy purchase.

### 3. Reduction Requirements within Corporate Boundaries

All brands are required to create a Reduction Action Plan using the Climate Neutral template that shows you are working on internal emission reductions. Action plans must include a minimum of two measures that will reduce emissions within corporate boundaries within the next 12-24 months. For renewal certifications, reduction plans must include reports on progress made against actions included in the prior year’s plan. If activities aren’t underway, at least one qualitative goal must target improvements within the brand’s value chain.

Brands are strongly encouraged to align long-term reduction targets with the guidelines of the Science-based Targets Initiative ([www.sciencebasedtargets.org](http://www.sciencebasedtargets.org)).

### 4. Brand Profile Directory

Climate Neutral requires that brands publicly disclose the following information on the Climate Neutral website: 1) Total annual GHG footprints calculated, broken down by Scope 1, 2, and 3 emissions 2) Total annual investment (in USD) of offsetting as well as the project types supported 3) Lifetime emissions offset 4) Summary of reduction action plans. In certain cases, brands may be allowed to propose alternative formats for their Brand Profile if there is a legitimate extenuating reason for doing so.