

Eight Things Diamond Retailers Need to Understand About Carbon Neutral

For many companies, sustainability can often seem like a foreign concept when it goes beyond simple recycling and switching to LED Lighting. But as the business and investor climate continues to heat up with calls for companies to improve their carbon footprint, become more eco-friendly and socially conscious, many companies struggle to keep up. Particularly confusing is the whole notion of carbon neutrality. Below we address many of the common questions that can help retailers make informed business decisions.

What does Carbon Neutral mean?

Carbon neutrality means no net increase in greenhouse gas (GHG) emissions to the atmosphere. Where emissions continue, they must be offset by absorbing an equivalent amount from the atmosphere, for example through carbon capture and reforestation that are supported by carbon offset schemes. Carbon Neutral status can be achieved by any organization, product or event that can demonstrate that there has been no net increase in GHG emissions, either by verified reduction in GHG emissions, through the purchase of quantified and verified carbon offsets, or a combination of both.

What is Carbon Neutral Certification?

Carbon Neutral Certification demonstrates your organization's leadership and commitment to decarbonization and neutralization by meeting the requirements of one of the industry-driven carbon neutral standards including the British Standards Institution (BSI) PAS 2060 standard or SCS Global Services Carbon Neutral Standard. A carbon neutral footprint is achieved when the sum of the GHG emissions produced are offset by natural carbon sinks or verified carbon offsets. Carbon Neutral Certification helps companies differentiate their brand as environmentally responsible and will align organizations with the UN Sustainable Development Goals.

What are the steps to become a Carbon Neutral company?

There are seven steps to becoming a carbon neutral company:

- 1. Define the Subject and Certification Claim:** Define if your certification will be for your entire company, product or event and whether the carbon neutral claim being made will be based on a commitment or achievement.
- 2. Measure GHG Inventory:** Determine the types of data required to assess your GHG emissions for a 12-month assessment period and collect the data. For a company level certification, that will include Scopes 1, 2 and relevant Scope 3 categories. For a product level certification, a Lifecycle Assessment will need to be conducted to determine the product carbon footprint.
- 3. Develop a GHG Management Plan:** For the initial certification period, certification can be achieved solely through purchasing carbon offsets. In subsequent years, certification must include a combination of reductions of direct Greenhouse Gas emissions and purchase of

- carbon offsets. A documented Greenhouse Gas Management Plan to manage and reduce Greenhouse Gas emissions of the subject must be developed and maintained by the company.
4. **Verify Your GHG Inventory:** The GHG inventory and report shall be independently verified to ensure the inventory is accurate, complete and conforms to the applicable Greenhouse Gas standard.
 5. **Purchase and Retire Carbon Offsets:** Once the Greenhouse Gas inventory has been completed and verified, sufficient carbon offsets must be purchased and retired by the company to negate their GHG emissions.
 6. **Carbon Neutral Assessment:** The company, product or event will be eligible for Carbon Neutral certification for the qualifying assessment period if the retired carbon offsets match the GHG emissions inventory.
 7. **Annual Certification Renewal:** The carbon neutral certification is valid for the 12-month assessment period. Maintenance of the carbon neutral status is required on an annual basis.

Why is measuring Greenhouse Gases (Carbon) so important?

Greenhouse gases, including carbon dioxide, methane, nitrous oxide, and certain synthetic chemicals, serve as a trap for some of the earth's outgoing energy, which in turn causes heat retention in the atmosphere. This heat trapping alters climate and weather patterns at both a global and regional level. There are bodies of evidence confirming that human activities resulting in GHG emissions are the primary cause of the global warming and climate change over the past 50 years. In fact, the [World Economic Forum's Global Risks Report 2021](#) identifies climate action failure as the most impactful global risk. Measuring your corporate GHG emissions is the first step in reducing global warming and climate change.

What are some ways to reduce greenhouse gas emissions?

From a corporate perspective, some of the ways to reduce greenhouse gas emissions include:

- Increasing the energy efficiency of buildings
- Generating power onsite with renewables sources or other climate-friendly energy resources
- Upgrading corporate vehicle fleets with electric or hybrid vehicles
- Installing technologies that capture, recover and/or reprocess industrial emissions

What is a carbon offset?

A carbon offset is a scientifically demonstrated reduction in greenhouse gas emissions that is used to compensate for emissions made elsewhere. It can also be an increase in carbon storage such as through land restoration or the planting of trees. Offsets are measured in what is known as tonnes of carbon dioxide-equivalent (CO₂e). One tonne of carbon offset represents the reduction of one tonne of carbon dioxide or its equivalent in other greenhouse gases. A carbon offset is a transferrable instrument certified by governments or independent certification bodies. The purchaser of a carbon offset can "retire" it to claim the underlying reduction towards their own GHG reduction goals. Retirement means that the specific offset credit is no longer available to be purchased.

What are Scope 1, 2, and 3 greenhouse gas emissions?

Scope 1: Direct emissions such as fuel combusted in boilers, fuel used for heat, fuel used in mobile or stationary machinery, refrigerants, etc.

Scope 2: Indirect emissions from the generation of purchased electricity consumed for operations on a market or location basis

Scope 3: Indirect upstream and downstream emissions that the reporting company is responsible for. Relevant Scope 3 category emissions include purchased goods and services, business travel, waste from operations, employee commuting to work, etc.

Why should my company pursue Carbon Neutral Certification?

Beyond the fact that every company has an environmental footprint that is playing a part in the global warming and climate crisis, reducing greenhouse gases and becoming carbon neutral is becoming more and more of a sound business decision. Both investors and consumers are increasingly scrutinizing companies for their overall corporate environmental impact and choosing to support companies that are serious about reducing or negating their carbon footprint. Consumer preferences are shifting towards “green” products and services and investment portfolios have been trending towards companies that are committed towards environmental stewardship.

Becoming carbon neutral certified then has benefits not only for the planet but also for the company through the possibility of increased revenue and investment, reduced costs from a more energy-efficient infrastructure, better stakeholder engagement, greater consumer confidence and brand reputation, and reduced risks associated with more eco-friendly business practices.

