

Carbon Neutral Certification FAQ



What is the Carbon Neutral certification?

Carbon Neutral Certification, as defined by the SCS-108 Version 2.1 standard, is a formal recognition that an entity, building, product, or service has measured and verified its greenhouse gas (GHG) emissions, implemented strategies to reduce them, and offset any remaining emissions through approved high quality carbon credits, resulting in a net-zero carbon footprint over a specified period.

The certification is built on four core pillars:

1. Carbon footprint calculation and verification: accurately calculating products/entity footprints.
2. GHG management plan outlining emissions reductions development and implementation: take tangible actions to reduce emissions.
3. Verified carbon credits purchase and retirement: offset any remaining emissions through the purchase and retirement of carbon credits.
4. Adherence to specific requirements for claims and labeling, ensuring transparency and credibility in achieving carbon neutrality.

What are the certification requirements?

Certification involves:

- Defining the subject and boundaries
- Measuring and verifying GHG emissions:
 - Scopes 1, 2, and eventually 3 for entities
 - cradle-to-gate, or cradle-to-grave for products
- Developing and implementing a GHG Management Plan
- Purchasing and retiring approved carbon credits
- Demonstrating continuous improvement

What types of subjects can be certified?

- Entities (e.g., companies, institutions)
- Buildings
- Products
- Services

What standard must the footprint follow?

Depending on the subject:

- **Entities/Buildings:** GHG Protocol Corporate Standard
- **Products:** GHG Protocol Product Standard, ISO 14067, or PAS 2050
- **Services:** GHG Protocol Corporate Standard

For entities are Scope 3 emissions required?

Yes, but phased in:

- **Years 1–2:** Scope 1 & 2 required; Scope 3 optional with justification
- **Year 3:** Include relevant Scope 3 categories >1% of total emissions
- **Year 6:** Include Scope 3 categories covering ≥95% of total emissions

What is required for verification?

Annual third-party verification to at least a **limited level of assurance** per **ISO 14064-3**, including:

- Statement of assurance
- Verifier credentials
- Conflict of interest declaration

What should a GHG Management Plan include?

GHG Management Plan is a required component for carbon neutral certification and must be developed prior to initial certification and updated annually. It should include:

- GHG Emissions Sources: Identification of emissions by scope (Scope 1, 2, and 3) or by life cycle stage for products.
- GHG Inventory Records: Documentation of how emissions were calculated.
- Emissions Reduction Plan:
 - Previous year's emissions
 - Intensity metrics (e.g., per revenue or product unit)
 - Short- and long-term reduction targets
 - Mitigation strategies and measures
 - Resources allocated
 - Timelines for implementation

- Carbon Credit Strategy: Approach for purchasing and retiring carbon credits to offset remaining emissions.

The plan must be signed by a senior representative, updated annually, and be publicly available for entities making claims in the European Union.

Can certification be achieved solely through carbon credits?

For initial certification, yes. However, subsequent certifications require:

- Demonstrated emissions reductions
- Prioritization of mitigation over credit purchases
- Continuous improvement

What carbon credits can I get

To qualify for carbon neutral certification, carbon credits must be third-party verified, traceable to specific GHG reduction or removal projects, meet criteria for additionality, permanence, and no double counting, and be retired on a public registry.

Credits must align with the types of emissions being offset and cannot be retired more than 12 months before certification. For commitment-based certification, credits must be pre-purchased and adjusted quarterly based on actual emissions. Approved sources include Gold Standard, VCS, ACR, and others listed in Appendix B.

Where can I get carbon credits?

Publicly retired Approved systems include:

- Gold Standard
- Verified Carbon Standard
- American Carbon Registry
- Climate Action Reserve

How can our company show emissions reductions (if we are trying to re-certify for carbon neutrality) if we are on a path towards growth?

Emissions reductions can be shown on an absolute or intensity basis. An absolute basis shows direct emissions reductions from previous years. An intensity-based emission reduction is normalized by some growth-related factor be it revenue, units of sold products. Companies can select what they want their intensity-based metric to be for the calculation. Intensity-based metric using revenue:

$$\frac{\text{Total GHG emissions}}{\text{Total revenue}} = \text{kg CO}_2\text{e per \$ of revenue}$$

What are examples of acceptable claims?

It will depend on the scope of your project

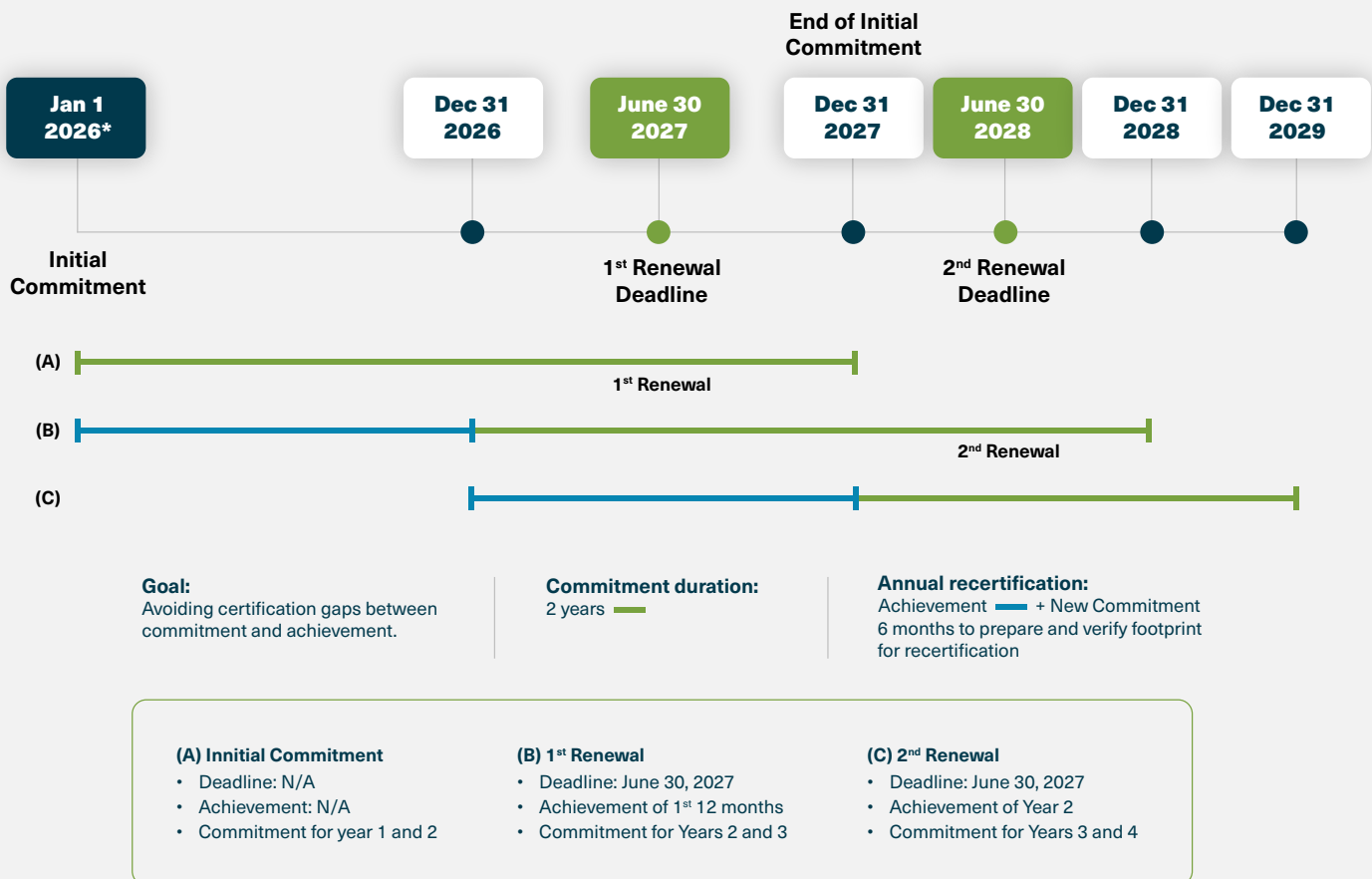
Type of certification	Example claim
Entities and Buildings: Achievement	Company A's Facility 1 has been certified for having taken steps to reduce its carbon footprint and for having purchased and retired carbon credits in an amount sufficient to offset the remainder of its footprint for its Scope 1 and Scope 2 greenhouse gas emissions for the period from 01/01/2024 to 12/31/2024.
Entities and Buildings: Achievement and Commitment	Company B has been certified for having taken steps to reduce its carbon footprint, and for having purchased and retired carbon credits in an amount sufficient to offset the remainder of its footprint for its Scope 1, Scope 2, and Scope 3 greenhouse gas emissions for the period from 01/01/2024 to 12/31/2024, and is committed to reducing and offsetting its carbon footprint through 12/31/2025.
Products: Achievement and Commitment	Company C's Product 2 has been certified for having taken steps to reduce its cradle-to-gate carbon footprint and for having purchased and retired carbon credits in an amount sufficient to offset the remainder of its footprint for the period from 01/01/2024 to 12/31/2024, and is committed to reducing and offsetting its carbon footprint maintaining carbon neutrality through 12/31/2025.
Services: Achievement	Company D's Service 1 has been certified for having taken steps to reduce its carbon footprint and for having purchased and retired carbon credits in an amount sufficient to offset the remainder of its footprint for its Scope 1 and Scope 2 greenhouse gas emissions for the period from 01/01/2024 to 12/31/2024.

Commitment vs achievement?

- **Commitment:** this is a forward-looking claim. It is done for the next 24-month period from the initial certification, and 12-month extension after each annual achievement.
- **Achievement:** Past looking claim that can be made for the past 12 months. This claim is only allowed for entities.
- **Achievement and commitment:** this is a combination of both commitment and achievement.

Products sold in the EU cannot carry a carbon neutral logo or claim.

Certification timeline, commitment versus achievement?



*Example of date of initial commitment

