

Klimawandel

Anpassung und Vermeidung



What is Climate Neutrality in Company Contexts? A Climate-appropriate Consideration of the Terms “Climate Neutrality”, “Carbon Neutrality”, “Net Zero”

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The discussion concerning the planned construction of a third runway at Vienna Airport triggered debates around the concept of “climate neutrality” in Austrian courtrooms, media, and society. As this example shows, the term itself (and its related sub-terms such as net-zero or science-based targets) is imprecisely defined and difficult to understand. At the same time, the term is increasingly used with reference to “climate neutral” companies, services, or products, and accordingly applied to cities, regions, and countries. This often goes along with information deficits concerning calculation methods, non-transparent system boundaries, and insufficient targets for binding greenhouse gas reductions.

It summarizes crucial issues around the use of the term “climate neutrality” with a focus on consistency and the correct use in climate contexts. The authors’ aim is to create a consistent framework for the implementation and communication of climate-friendly activities, starting with a critical evaluation of the current situation.

The concept of climate neutrality: numerous terms and a lack of consistent standards

The general concept of “climate neutrality” is being used by companies to publicly demonstrate their contributions to solving climate change issues. Despite discrepancies between individual definitions and terms, the common underlying idea is to first quantify climate-damaging activities (via carbon accounting) and then “neutralise” them. This can be achieved directly by avoiding and/or reducing greenhouse gases and indirectly by investing in climate protection projects (emissions which cannot be further avoided or reduced are compensated) [5] [6].

However, the various concepts and definitions show major discrepancies in (a) the methodology for calculating greenhouse gas emissions, (b) the stringency levels of reduction targets, (c) the inclusion of the entire value chain, and (d) the transparent communication of commitment. Besides “climate neutrality”, other terms such as “net-zero”, “carbon-neutral” or “science-based targets” are also being used by companies. However, in practice those terms are often neither clearly defined nor properly differentiated.

Orientation towards Scientific Reduction Targets

The vast amount of definitions makes it difficult to compare corporate climate protection activities. The absence of a standardized “climate neutrality” concept makes it possible to either offset carbon emissions, or to implement ambitious emissions reductions, sometimes both actions are combined.

Seven Claims of the AG Klimaneutral:

- Transparent usage (incl. labelling) of the term “climate neutrality” based on current standards; an international “carbon neutrality” standard with a focus on calculation and compensation is currently being developed with completion expected by 2022/23.
- Periodic publication of comprehensive greenhouse gas balances under the GHG Protocol [1] or ISO 14064-1:2018 [2] for all processes deemed “climate neutral” or under ISO 14067:2018 [3] for calculating emissions at product level (see Fig. 1).
- Verifiable and binding reduction targets, and a strict application of absolute reduction targets based on the 1.5°C target (keyword: science-based) [4].
- Transparent communication of the share of company- or product-related GHG emission reductions and optional compensation.
- Optional compensation of greenhouse gas emissions only via approved climate protection projects.
- Questioning of the appropriateness of using the “climate neutrality” concept for climate-damaging products or services (such as fossil fuels, disposable or luxury goods).

As a consequence, it is difficult for consumers to evaluate and compare “climate neutral” products and companies. The present Fact Sheet was issued by representatives of the CCCA AG Klimaneutral (“Working group on Climate Neutrality” associated with the Climate Change Center Austria).

Without transparent information consumers may become confused (see Fig. 1). Figure 1 shows the various possible approaches and strategies that corporates can use to communicate their climate targets and reduce their direct emissions. However, the actual share of greenhouse gas reductions significantly varies depending on the chosen strategies.

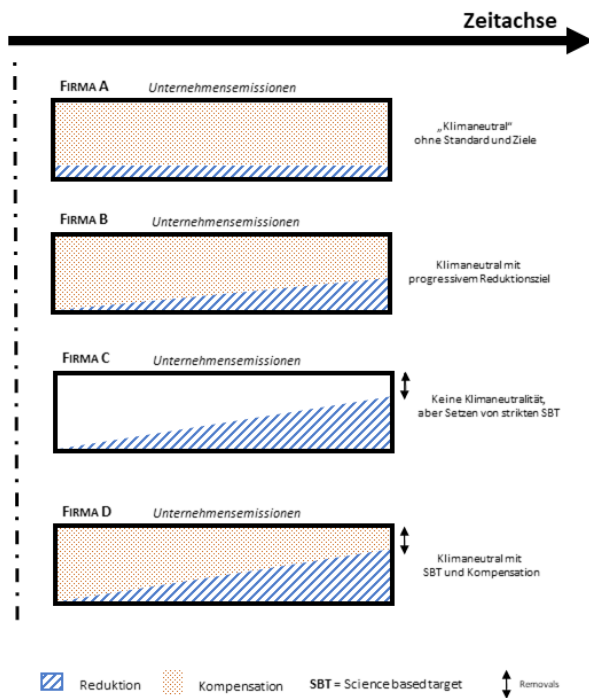


Figure 1: Comparison of different approaches towards achieving climate neutrality at company level (Fig.: Sascha Mohnke)

In addition to the Seven Claims outlined in the information box, the authors of the present Fact Sheet emphasise further aspects:

Especially emissions in the **upstream and downstream value chain (often so-called scope 3 emissions)** play a crucial role in terms of total greenhouse gas emissions (see Fig. 2). These “externally sourced emissions” mainly result from purchased energy or material procurement (of (semi-) finished products, raw or auxiliary materials) or occur during the utilisation phase of manufactured products (e. g. of electrical appliances or cars). However, they nonetheless often represent the largest emission volumes and thus play a significant role for emission reductions.

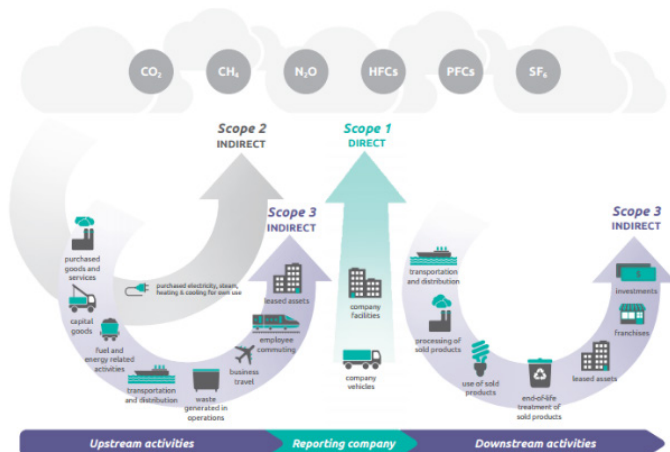


Figure 2: Overview of emission sources and classification in scopes [1]

Regarding the **neutralization of greenhouse gases**, certified (e. g. the Gold Standard) climate protection projects (with verifiable sustainable benefits on site) are recommended [7]. The criteria of double counting and additionality (i. e., that projects would not be implemented without compensation measures) must be addressed appropriately. Hence, a climate neutral position based solely on compensation measures is just as inadequate as directly offsetting through ‘CO2 certificates’. While compensatory measures can contribute to decarbonisation efforts, they cannot offset the carbon footprint itself. Demonstrating zero greenhouse gas emissions in a balance sheet through compensation is not correct. The compensated amount in accordance with common ISO Standards and practices must be separately communicated in a transparent way.

Using the term **“climate neutrality” in a differentiated way** is important and desirable to prevent improper and incorrect application. The **introduction of a standardised label for “climate neutrality”** based on internationally recognised standards and regulations can significantly contribute to higher consumer transparency. Currently, such a global standard for “carbon neutrality” (accounting & offsetting) is being developed at ISO level. It is expected that this standard will limit the growth of private label initiatives and implement objectively verifiable quality criteria. A **stringent monitoring** of already existing “climate neutral” products and companies is recommended.

Sources and Related Literature

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Background research and additional information:

„Orientierungs- und Diskussionspapiers: Was bedeutet Klimaneutralität im Kontext von Unternehmen? Eine klimagerechte Betrachtung der Begriffe “Klimaneutralität”, “Carbon Neutrality”, “Net Zero“1. [Zugriff am 28 07 2020]



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