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# CARBON NEUTRAL V. NET ZERO CARBON

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# DEFINITIONS

To avoid any confusion, let's start by getting clear on what is meant by carbon neutral compared with net zero carbon.

# CARBON NEUTRAL

Carbon Neutral means that the Greenhouse Gases emitted by a company are equal to the Greenhouse Gases sequestered and/or offset by carbon credits purchased by that company over a 12 month period.

Scope 1 and 2 emissions must be included and Scope 3 emissions are encouraged but not mandatory.

# NET ZERO CARBON

The SBTi Net-Zero Standard defines the requirements as:

- Setting targets to halve emissions by 2030 (short term target)
- Reducing emissions by at least 90% by 2050 (long term target)
- Offsetting residual emissions - ie those that can't be eliminated - using carbon removal offsets

**A company cannot claim to have reached net-zero until its long-term science-based target is achieved.**

# BASELINE EMISSIONS

Regardless of whether you are aiming for carbon neutrality or net zero carbon, the first step is to calculate your baseline emissions.

You can break the process down into 4 stages.

# THE PROCESS

## 1

### Define your scope

How much data do you have available? What assumptions or estimations do you need to make? Getting clear on this at the outset will make the whole process much simpler. The [GHG protocol](#) breaks emissions into Scope 1, 2 and 3 so make sure you understand the emissions that sit within each of these categories.

## 3

### Convert it

You'll need to convert your figures into CO2 equivalent which is a term for describing seven different greenhouse gases in a common unit. You can do this using government [emissions factors](#) which are published annually or there are plenty of free online calculators to choose from.

## 2

### Collect the evidence

Once you've decided on your scope, you need to collect the evidence. In general you'll be looking at a 12 month period so collect your annual energy consumption (kWh), for example, or compile a list of your mileage or purchased fuel for business travel or employee commutes.

## 4

### Add it up

Now simply add all those figures together. That final number is known as your carbon footprint. It's also the figure you'll need if you're working toward carbon neutrality or net zero carbon. Set targets to reduce this figure and make sure to track your progress.



# THINGS TO BE AWARE OF

You can calculate your emissions every year but make sure you're comparing apples with apples.

If your business changes a lot one year it may not be reasonable to compare it with your previous year's figures.

Once you have your baseline calculation, use this data to set either absolute or intensity targets (e.g. linked to employee numbers or revenue) for reducing your emissions too.

Be sure to pick a baseline year that is a typical year for your business.



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# CARBON OFFSETTING

If you're aiming to be carbon neutral or setting a net zero target, you will need to offset your emissions. This means that for every tonne of CO<sub>2</sub>e you emit, you invest in projects like tree planting, rewilding or renewable energy to balance out your own emissions.

Before you go down this route, though, there's a few things to bear in mind.

# CARBON OFFSETTING

Firstly, carbon offsetting is not a solution on its own. A good sustainability strategy focuses on emissions reductions before offsetting. Carbon offsetting is the final part of the process.

Secondly, be aware that not all carbon offsets are the same. Make sure you are investing in projects that are verified through reputable schemes like Gold Standard or VERRA.



Finally, there are plenty of projects you can invest in and the price per tonne of CO<sub>2</sub>e can vary considerably. To become carbon neutral, offset projects can be linked to clean water, investments in renewable energy, rewilding, tree planting and conservation efforts.

If you are making a net zero carbon commitment, however, be sure to offset your residual emissions through carbon removal solutions as this is a requirement of the net zero standard.



# FINAL THOUGHTS

While the process can seem overwhelming, take it one step at a time. The important thing is to start. Aim for progress over perfection.



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