

Restrictions on Eligibility for Certification

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For questions about this list, please contact standards-input@climatenetural.org

Climate Neutral is building a movement of consumer brands and business services companies that are measurably investing to eliminate their negative climate impacts. Each brand affects the reputation of the other certified brands. Therefore, every brand that applies to become Climate Neutral Certified is reviewed for potential conflicts of interest or the potential that its certification could threaten the integrity and reputation of the Climate Neutral Certified marks.

Exclusions are based on the potential certification of a company failing one or more of the following simple tests:

- [Clarity] If the company were certified, is the certification open to misinterpretation?
- [Trust] Do the optics of certification help or hurt consumers' trust in the movement?
- [Science] Would the company's certification fit with the scientific assumptions underpinning Climate Neutral's Theory of Change?
- [Policy] Does the company's public policy advocacy support the goals of the Paris Climate Agreement and not represent a barrier to ambitious climate regulation.
- [Measurement Boundary] Are a significant (i.e. material) percentage of emissions generated during products' use phase or end of life phase?

This is a living document, which is reviewed and updated regularly based on new technology and industry momentum to adopt climate and sustainability goals. This list is meant to serve as a guide for how we review certain organizations within industries. While the list aims to describe why certain industries fail to meet our clarity, trust and science tests, each specific organization will be reviewed on a case-by-case basis in order to give Climate Neutral the ability to reward sustainability first movers in each industry who are working to change their industries from the inside out.

Sector	Reasoning
Fossil fuel producers	<p><i>Fails: Clarity, Trust, Science, Policy, Measurement Boundary</i></p> <p>The fossil fuel industry has long been seeking to use carbon offsets to protect its social license to operate and continue extracting fossil fuels. Efforts by the industry to delay ambitious climate regulation have been well documented. Climate Neutral would not benefit by supporting these producers' efforts. Trust and reputational risk are too significant.</p>

Equipment and service suppliers to the fossil fuel industry	<p><i>Fails: Clarity, Trust</i></p> <p>When a product associated with the fossil fuel industry is certified, it is hard to distinguish the limits of the certification.</p>
Utility providers	<p><i>Fails: Clarity, Science, Measurement Boundary</i></p> <p>More and more electric and gas utilities are claiming carbon neutrality within their operations. This is misleading, because energy is the utility's core product and a consumer may assume that all of that energy is carbon neutral.</p>
Cement, steel, & other raw material commodities	<p><i>Fails: Clarity and Science</i></p> <p>The cement industry was responsible for 8% of GHG emissions in 2015 - more than any other country other than the U.S. and China. Steel is responsible for 7%. Decarbonization of these large primary fossil energy consumers is a critical precursor to net-zero progress for all the companies that depend on them.</p>
Extractive Industries	<p><i>Fails: Trust and Science</i></p> <p>Extractive industries like mining and timber harvesting are often associated with a range of ecosystem damages such as reducing soil quality and damaging habitat. Certifying these types of organizations could be seen as contradictory to Climate Neutral's climate goals, and could create reputational risk for the label.</p>
Cryptocurrency	<p><i>Fails: Trust, Science, Measurement Boundary</i></p> <p>Cryptocurrency is built around an energy-intensive data mining process where computers solve increasingly complex math problems to verify transactions. The more complex the math problem, the more energy it takes for the computer to solve. It is extremely difficult to estimate carbon emissions from this sector. Without credible third party research in this area, certifying these companies would create substantial reputational risk.</p>