



PLANET → FWD™

**CLIMATE CLAIMS:
A STRATEGY GUIDE FOR
FOOD & BEVERAGE
COMPANIES**

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INTRODUCTION

How to make credible climate claims is a hot topic among CPG brands. With a rigorous and well-designed communication strategy, brands have a lot to gain from communicating their climate commitments on packaging, websites, and various marketing channels.

- Over the past five years, products making ESG-related claims averaged 40% higher sales growth than products that made no such claim, according to a recent study of 600,000 SKUs representing more than \$400B in annual revenue.¹
- Retailers are increasingly favoring SKUs with lower carbon footprints, because they have to meet their own net zero targets. Climate claims can also facilitate digital discovery through e-commerce channels.

However, brands that employ a less-than-rigorous approach when making climate claims face tremendous risk of greenwashing.

- Brands seen to be making unjustified claims can quickly lose consumer trust and brand equity.
- Even more concerning, brands could face litigation for questionable labels, as Coca-Cola discovered when its “100% recyclable” claim inspired a flurry of lawsuits.²

INTO THE LABELVERSE

FACED WITH A DIZZYING NUMBER OF ESG CLAIMS, BRANDS HAVE IMPORTANT CHOICES TO MAKE ABOUT HOW AND WHAT TO COMMUNICATE TO CONSUMERS.

The Federal Trade Commission has guidelines for brands on environmental marketing claims ([Green Guides](#)). However, the guidance hasn't been revised since 2012 and is currently in the process of being re-evaluated. Therefore, brands are currently a bit in the dark as to which claims they can and cannot make and how to appropriately substantiate certain claims.



That's why we put this guide together. We'll walk CPG brand leaders through:

- A step-by-step process for making rigorous climate commitments
- Communication do's and don'ts
- Real-world examples of brands who have succeeded in making credible climate claims



STEP 01: GET YOUR BASELINE

The first step in climate action is understanding where you are starting from. A Climate Footprint, often also referred to as a Carbon Footprint, is the total greenhouse gas (GHG) emissions directly and indirectly caused by an entity. It is typically expressed in kilograms of carbon dioxide equivalent (kg CO₂e). At a high level, there are two main ways that brands can understand their Climate Footprint. Many brands ultimately do both, as they are not mutually exclusive.

01. PRODUCT FOOTPRINT

A Life Cycle Assessment (LCA) is a common way to look at the greenhouse gases emitted in the sourcing, manufacturing, distribution and ultimately disposal of a specific product.



02. COMPANY FOOTPRINT

Otherwise known as a Corporate Greenhouse Gas Inventory (CGHGI), this metric quantifies GHG emissions across a company's entire product portfolio, operations, and supply chain.



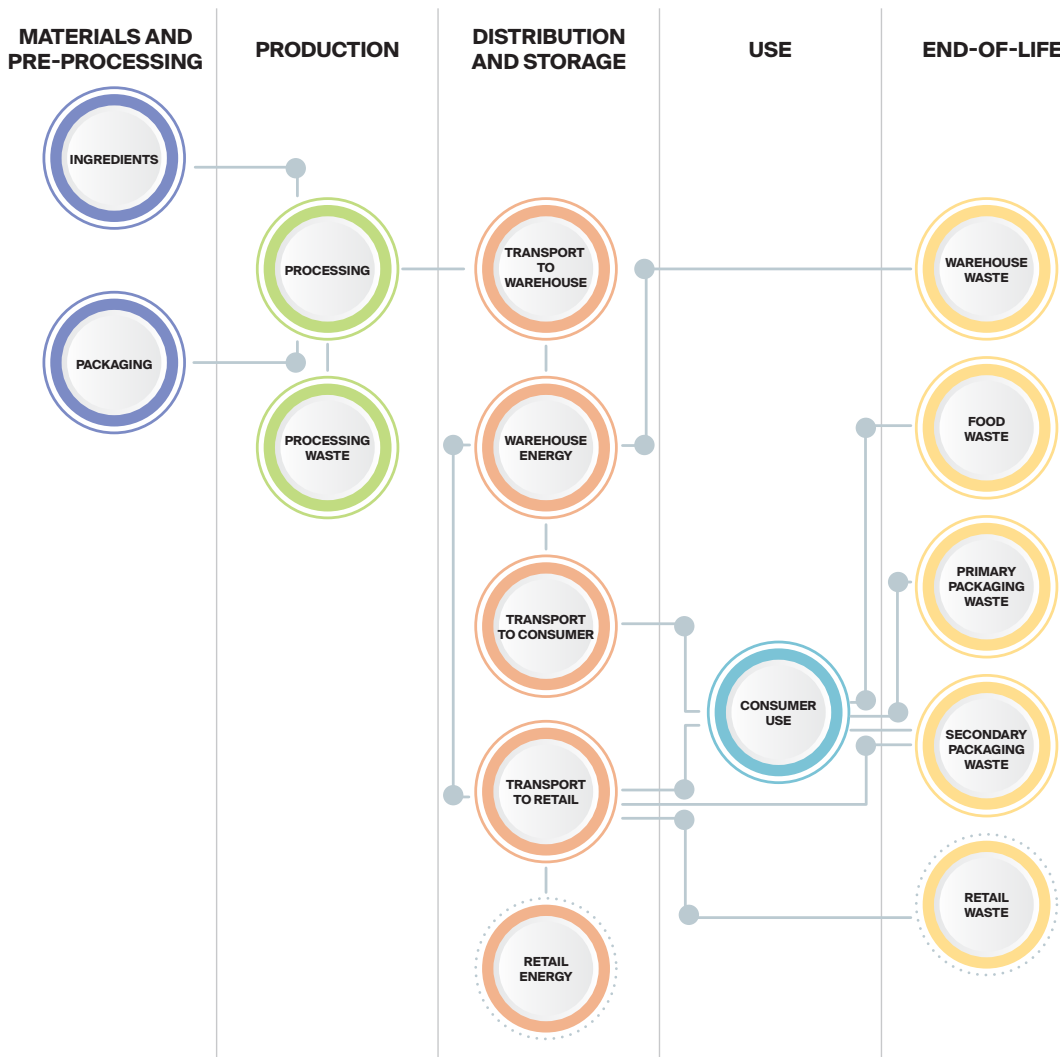
DEEP DIVE: PRODUCT FOOTPRINT

A Life Cycle Assessment (LCA) measures a product’s impact from “cradle-to-grave” as depicted in the diagram below.

When conducting an LCA, it is critical to ensure that your methodology complies with the latest international standards: International Organization for Standardization (ISO), Greenhouse Gas Protocol (GHG Protocol), and Intergovernmental Panel on Climate Change (IPCC).

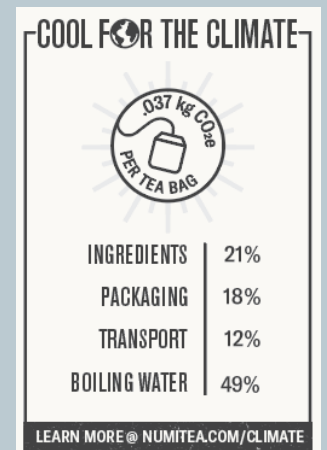
Although it is easier to use generic estimates, it is most accurate to use primary data (meaning the inputs and purchase quantities directly from the customer).

Furthermore, it is important that your LCAs take into account the specific nuances of your supply chain and farming practices, such as regenerative agricultural practices. Without this, it is difficult to plan and account for specific emissions reductions actions.



CASE STUDY → NUMI ORGANIC TEA

Numi Organic Tea calculated the impact of an average cup of tea throughout the supply chain, from ingredients to packaging and transportation to the consumer finally boiling eight ounces of water.



DEEP DIVE: COMPANY FOOTPRINT

A Company Climate Footprint, otherwise known as Corporate Greenhouse Gas Inventory, measures GHG emissions across a company’s entire product portfolio, operations, and supply chain. It is comprehensive of the following elements:

- **Scope 1:** Direct emissions from owned/controlled operations, such as emissions from fuel usage in equipment or vehicles
- **Scope 2:** Indirect emissions from purchased electricity, steam, heating, and cooling
- **Scope 3:** Indirect emissions from upstream and downstream activities such as purchased goods and services, transportation and travel, product use and end-of-life

For CPG brands, typically Scope 3 represents the vast majority of emissions, and therefore brands are most likely to find emissions reductions opportunities here.

Scope 3 Categories	
UPSTREAM	DOWNSTREAM
3.1 Purchased Goods & Services	3.9 Downstream Transportation & Distribution
3.2 Capital Goods	3.10 Processing of Sold Products
3.3 Fuel & Energy Related Activities	3.11 Use of Sold Products (*includes optional indirect use-phase emissions from energy use)
3.4 Upstream Transportation & Distribution	3.12 End-of-life Treatment of Sold Products
3.5 Waste Generated in Operations	3.13 Downstream Leased Assets
3.6 Business Travel	3.14 Franchises
3.7 Employee Commuting	3.15 Investments
3.8 Upstream Leased Assets	

DEEP DIVE: COMPANY FOOTPRINT (CONT.)

There are a few ways to calculate a Corporate Greenhouse Gas Inventory. The most common method is to apply generic emissions factors to spend and purchase data. While this is the quickest approach, it tends to be inaccurate and often will overestimate a company's carbon footprint by a significant amount.

According to the GHG Protocol, best practice is to use as much primary data as possible, in particular when calculating Scope 3 emissions, in order to get the most accurate estimates possible. This lays the foundation for setting achievable carbon reduction targets.

Much like a product LCA, when conducting a Corporate Greenhouse Gas Inventory, it is critical to ensure that your methodology complies with the latest international standards: [ISO](#), [Greenhouse Gas Protocol \(GHG Protocol\)](#), [Intergovernmental Panel on Climate Change \(IPCC\)](#).



CASE STUDY → NUMI ORGANIC TEA

GET YOUR BASELINE

Numi Organic Tea measured Scope 1, 2 and 3 cradle-to-customer emissions following categories and approaches established by Climate Neutral, an independent third party that performs Carbon Neutral certifications.

→ GHG Scope 1 (Emissions from energy used in buildings, fleets, and equipment.) **0 tCO₂e**

→ GHG Scope 2 (Emissions from electricity) **0 tCO₂e**





→ GHG Scope 3 (Emissions from raw materials, manufacturing, shipping, air travel, and other activities in the supply chain) **2,844 tCO₂e**

TOTAL EMISSIONS (The sum of Scope 1, 2, and 3 emissions) **2,844 tCO₂e**

230 passenger vehicles from the road for a year): **2,844 tCO₂e**

DECIDING WHERE TO START

Next, let's dive into the data to help inform which carbon accounting approach is right for you. While many smaller brands initially start by calculating the climate footprint of a few products, some brands aim for a company climate assessment from the start, or even do both. Companies with a large portfolio of products often choose to begin with company level footprints to start.

	Product Footprint	Company Footprint
When would you pick this approach?	<ul style="list-style-type: none"> → When looking to develop more sustainable products by reducing emissions over time → When seeking to back up sustainability claims with real data about your products → To help build consumer literacy around carbon footprints of different foods, much like exists for calories 	<ul style="list-style-type: none"> → When taking the first step in emissions reductions strategy to achieve carbon neutral or net zero → When you have a large number of products to assess → When looking for a credible certification to share climate commitments to customers
What data is required?	Gather data such as ingredients and packaging (weight, processing, location), processing (steps, energy type, waste) through consumer use and end of life.	Gather data such as facility energy use, purchased goods, energy, employee activities, upstream and downstream transportation, processing, end of life, and investments (among many others).
What are advantages?	<ul style="list-style-type: none"> → You can immediately communicate results with consumers via a climate footprint label → You can conduct just a few LCAs for your hero SKUs, which is a relatively easy way to begin getting a baseline 	<ul style="list-style-type: none"> → Enables sustainability reporting → First step towards company-wide Carbon Neutral certification → Avoids having to do many separate product LCAs, if you have many SKUs
What are disadvantages?	<ul style="list-style-type: none"> → If you reformulate products often, it can be difficult to stay up to date → Doesn't scale easily when calculated manually → Can be difficult for consumers to put in context 	<ul style="list-style-type: none"> → Can be costly and time intensive → Can be less precise if using purchase data and generic emissions factors, which is a typical approach for many carbon accounting solutions.
Which brands have gone down this path?	<p>Numi Organic Tea</p>  <p>Just Salad</p> 	<p>Numi Organic Tea</p>  <p>Blue Apron</p> 

STEP 02: CREATE YOUR REDUCTION PLAN

Once you've established a baseline for a product or company, it's time to make a plan to reduce your emissions. A gold standard emissions reduction action plan outlines what scope/category you're aiming to reduce, your target, the timetable for achieving it, and how you'll actually get it done.

In order to create a plan, you'll want to:

- Thoroughly analyze your footprint and understand where the bulk of your emissions are coming from
- Partner with your procurement teams and suppliers to understand what actions are feasible
- Run different scenarios (e.g., changing suppliers, swapping packaging) in order to quantify the impact of certain actions to your footprint

Here are examples of how to make the best reduction plans:



Source: *Climate Neutral*³

CASE STUDY → NUMI ORGANIC TEA

PLAN

Numi Organic Tea has committed to reducing 2021 emissions 50% by 2030, in line with global trajectories to limit climate change warming to 1.5 degrees Celsius. To do so, they've identified actions to reduce their emissions from operations and their supply chain. Here is a subset of their reduction actions.

IN PROGRESS REDUCTIONS

01  25%

What We're Reducing

We plan to reduce emissions from farming, harvesting and processing teas & botanicals.

How We'll Reduce It

Continue to work with suppliers to identify strategies for energy efficiency, fuel source swapping, and carbon sequestration in the primary (farm level) production, processing and transport of agricultural products.

02  10%

What We're Reducing

Downstream shipping emissions.

How We'll Reduce It

Support emerging medium and heavy duty EV options by preferential purchasing from logistics providers with EV/zero emission vehicles.

03  25%

What We're Reducing

Reduce emissions from corrugate cardboard purchases, currently at 900 tons.

How We'll Reduce It

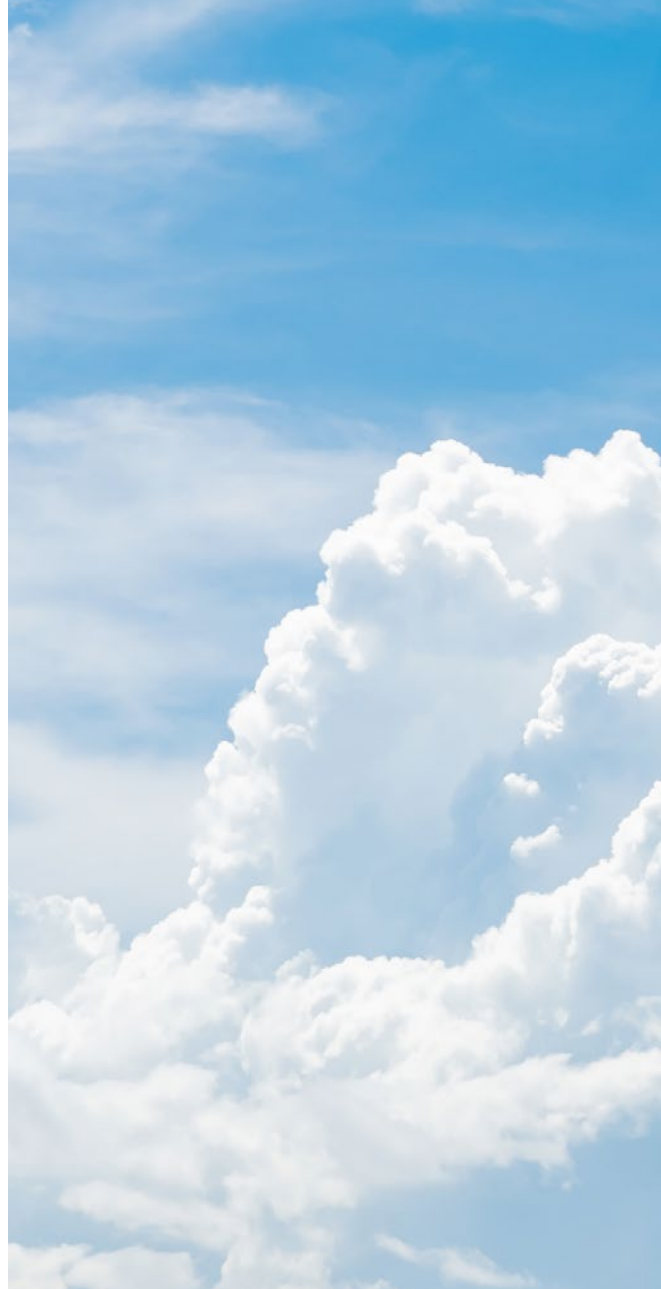
We will work with our current corrugate supplier, or find a new supplier if necessary, to increase the post-consumer recycled content of our corrugate cardboard master cases and shippers.

STEP 03: OFFSET UNAVOIDABLE EMISSIONS

In order to stay below the Paris Agreement targets of 1.5 degrees Celsius, companies must make every effort to reduce emissions, rather than relying on offsets.

Offsets alone are not enough to achieve these goals. They can be costly to brands, not only due to potential accusations of greenwashing, but also because the price of high quality offsets is set to increase tenfold by 2030.⁴

However, since we operate in a world where there are unavoidable emissions, brands should make every effort to seek out high quality offsets. For example, Planet FWD partners with Patch and Tradewater to source high quality offsets for customers.



CASE STUDY → NUMI ORGANIC TEA

OFFSET

Numi Organic Tea invested in projects outside of their value chain to compensate for all of their measured carbon emissions. This step supports their climate neutrality designation, and enables Numi Organic Tea to take responsibility for historical emissions that can't be reduced.

Total Investment in Carbon Credits: **\$35,433**

Numi Organic Tea's credits came from:

- Hydropower (Projects that support hydropower generation in order to reduce dependence on fossil fuels)
- Avoided Deforestation (Projects that reduce the risk of deforestation in important forest ecosystems.)

EMISSION OFFSET (Offset equivalency For reference, reducing a footprint by 1000 tonnes is roughly equal to removing 230 passenger vehicles from the road for a year): **2,844 tCO₂e**

STEP 04: COMMUNICATE CLIMATE CLAIMS—DO'S AND DON'TS

DO

DO: Seek certification from a credible third-party.

There are many certifying organizations to choose from. We can recommend Climate Neutral, a 501(c)3 nonprofit whose labels can be found on millions of products worldwide.

DO: Show your work, if using a climate footprint label. Include what exactly is involved in the calculation, so that consumers can compare apples-to-apples across brands.

DO: Work with a scientifically rigorous solution to perform your climate assessment.

Often, brands partner with external consultancies or software platforms to perform the analysis. When choosing a third party, make sure they align to global standards ISO, GHG Protocol, and IPCC.

DON'T

DON'T: Use vague or subjective terms like green and eco-friendly, which invite skepticism. The Federal Trade Commission's *Green Guides* specifically warn against "environmental certifications or seals that don't clearly convey the basis for the certification."

DON'T: Go it alone. This is not the time to cut corners. It's too easy to appear untrustworthy. 43% of grocery shoppers report being "very likely" to stop buying a brand if it is caught greenwashing, and another 24% are "likely" to do the same.⁵

DON'T: Make claims that you can't quantify. Sounds simple enough, but many brands fall into this trap. Brands like Numi Organic Tea have sections of their website dedicated to their methodology. When in doubt, overcommunicate.

STEP 05: MONITOR BRAND OUTCOMES

Consumers are looking to brands to take climate action. A 2022 study found that 66% of people surveyed were willing to pay more for sustainable products.⁶ However, despite their desire to support companies that align with their values, 78% said they don't know how to identify environmentally friendly companies. In order to build trust, consumers need to understand how companies are taking strides toward a more climate-friendly future. In fact, 72% of surveyed consumers use labels or third-party certifications to confirm a company or product's sustainability credentials.

Consumer brands increasingly view climate leadership as critical for brand stewardship and sales growth.

*According to a recent McKinsey and NielsenIQ study, **brands making credible ESG-related claims have 8% point higher cumulative sales growth**, over the past five years, as compared to products not making ESG-related claims.¹*

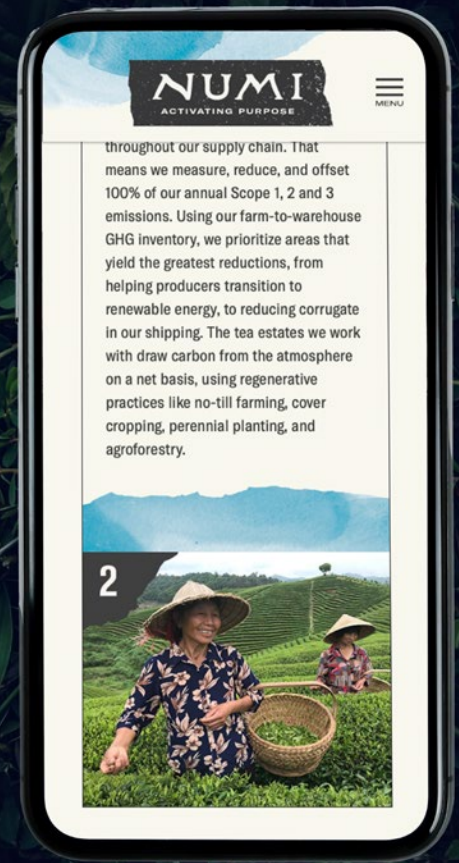


CASE STUDY → NUMI ORGANIC TEA

Numi Organic Tea dedicates several pages of its website to carefully explaining its climate actions with plenty of nuance and context regarding its analytical methodology, its offsets, and its advocacy for regenerative tea farming. Such clarity has inspired trust and brand loyalty with Numi Organic Tea customers.

“ While carbon footprint labels are still relatively new in the marketplace, many brands have pledged to start labeling their products. Our hope is that others follow our lead and commit to transparently sharing their carbon data. This will give consumers more context for this important number, and empower them to make better choices when it comes to environmental impact. ”

- Forbes⁷



SOURCES

1. McKinsey/NielsenIQ, [Consumers care about sustainability—and back it up with their wallets](#), 2023.
2. Bloomberg Law, Food, [Beverage Makers Rethink Marketing After Flood of ESG Suits](#), 2022.
3. [Climate Neutral, How it Works](#), 2023.
4. Greenbiz, [Carbon Offset Prices Set to Increase Tenfold by 2030](#), 2021.
5. NielsenIQ, [The CPG Sustainability Report](#), 2023.
6. Sustainable Brands, [Majority of US Consumers Say They Will Pay More for Sustainable Products](#), 2022.
7. McKinsey/NielsenIQ, [Consumers care about sustainability—and back it up with their wallets](#), 2023.
8. Forbes, [Numi Tea Aims To Build Carbon Footprint Awareness, One Cup Of Tea At A Time](#), 2022.

HAVE QUESTIONS?

WE'D LOVE TO ANSWER THEM.
PLEASE GET IN TOUCH BY EMAILING
HELLO@PLANETFWD.COM

