



**CARBON
MARKET
WATCH**

ASSESSING THE CARBON NEUTRALITY CLAIMS OF PRODUCTS IN BELGIAN SUPERMARKETS

INVESTIGATION REPORT | APRIL 2023

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Executive summary

This report analyses the carbon neutrality claims (or similarly worded “neutrality” statements) found on 15 products in a Belgian supermarket. It evaluates the credibility of the claims by assessing a) the actions and climate targets adopted by the company that produces the good, b) the transparency and integrity of the carbon credits purchased to offset the emissions associated with the products, and c) the extent to which the claim has been certified by a robust external third-party.

The extent, transparency, and level of ambition of the climate strategies and actions that underpinned these claims vary widely. While some companies provide detailed information about their strategy to reduce both the product- and company-related footprints, others barely provide any information about the supposed climate benefits of their products.

All claims consistently relied on the use of inappropriate carbon credits to offset the emissions associated with the product. Most of the credits were generated by either projects that reduce emissions through the installation of renewable energy capacity, or projects that store carbon in natural ecosystems, primarily forests. In the first case, there is a high risk that the achieved emission reductions are not additional, meaning that they would have happened anyway, regardless of the sale of carbon credits, because renewable energy projects’ profitability is rarely significantly affected by the sale of carbon credits. In the second case, the climate benefits of projects are uncertain because storing carbon in forests for a few decades is not equivalent to reducing CO₂ emissions from the combustion of fossil fuels, as CO₂ emissions will stay in the atmosphere for centuries to millennia.

A main conclusion from this study is that all claims were found unlikely to be fully accurate, and instead are misleading for consumers, because the carbon credits purchased to offset emissions associated with the products simply do not deliver climate benefits that can be considered to be equivalent to the damages generated by the products. In addition, the companies selling these products have very different approaches to climate action, and the complete absence of clear standardisation makes it virtually impossible for consumers to understand what a company is truly doing to address its own impact. In other words, it is very difficult to distinguish greenwashing from real action, and some companies are likely confused about the benefits of their own actions, in particular the nature and type of benefits associated with the carbon credits that they are purchasing. However, it is concerning that large companies in

particular continue to make such claims, despite having the resources needed to assess what these mean.

Introduction

This report analyses the credibility of climate claims found on 15 products in Belgian supermarkets. All of these claims rely on the use of carbon credits and imply some degree of compensation (aka “offsetting”) of greenhouse gas (GHG) emissions. The report assesses the degree to which the claims are truthful and informative to consumers, or whether there is a risk that consumers could be misled.

Part A: Carbon neutral claims for products

Background on carbon neutrality labels

A carbon neutral product is a product for which all carbon dioxide (CO₂) emissions have been compensated. In virtually all cases, this implies the use of carbon credits which represent achieved emission reductions or removals in order to compensate for the emissions associated with the product. For example, if the production and use of a product (including all emissions from raw materials, manufacturing, transport, consumption, end-of-life, etc.) generates 1tCO₂, then the company which sells this product will pay for the reduction or removal of 1tCO₂ somewhere else in order to compensate for the product’s impact. This payment is done through the purchase of carbon credits, which are certificates guaranteeing (in theory) the achievement of 1tCO₂ reduction or removal from the atmosphere.

As pressure is mounting on companies to take action on climate, and to demonstrate it, an increasing number of them are turning to the use of such carbon credits to offset their emissions. In some cases, they then choose to develop marketing campaigns by advertising their products as “carbon neutral”.

The terminology used can be very confusing for consumers. While most products are labelled as “carbon” or “CO₂” neutral, the companies marketing them have usually measured and compensated all main types of GHGs and not just CO₂. Some products are labelled as “climate neutral” which implies that all GHGs have been offset, but even

those products that are only marketed as “carbon neutral” often do compensate for the emissions of other GHGs as well.

Many different terms will hence be used to describe the state in which a product’s emissions have been offset: carbon/CO2/climate neutral are the most common, but we have also come across labels such as climate positive, climate negative, planet neutral, carbon positive/negative, etc. This wide range of terminology makes it difficult for consumers to understand what is the real impact of a product on the climate. In fact, there is no clear agreed standard or definition, and two products with the same label could address their climate impacts very differently.

Recent surveys have found that most consumers do not understand what such “neutrality” labels mean. In a survey from a German consumer protection organisation, only 13% of respondents linked “carbon neutral” claims to the practice of offsetting¹. In the Netherlands, less than half of respondents understood the difference between CO2 reductions and CO2 compensation². Finally, in the UK, consumers had a tendency to associate “carbon neutral” claims with absolute emission reductions³.

CARBON NEUTRAL OR NET-ZERO?

One particularly confusing piece of terminology is the difference between carbon neutrality and net-zero. While these were used interchangeably in the past, they are increasingly being presented as distinct concepts.

Carbon neutrality is now often used as a way of describing the current state of a product, service or company for which all emissions have been offset. Net-zero is presented as a long-term target where all *residual* emissions are compensated, after having achieved deep decarbonisation, such as a reduction of 90-100% of current emission levels.

This distinction, however, is somewhat artificial. Even in the case of carbon neutrality claims made today, it is crucial that absolute reductions remain the priority. For the sake of simplicity, it is therefore possible to consider both terms as interchangeable, while bearing in mind that “net-zero” is often used to describe a distant target while carbon neutrality is often referred to as a state achieved in the present or short-term.

¹ NRW Verbraucherzentrale (2022): “[Klimaneutrale Produkte: 89 Prozent für klare Regeln und geprüftes Siegel](#)”.

² Dutch Authority for Consumers and Markets (2022): “[Consumers find claims regarding carbon offset unclear](#)”.

³ UK ASA (2022): “[Climate Change and Environment - Consumer understanding of environmental claims](#)”.



Benefits and risks of carbon neutrality claims

Carbon neutrality claims are attractive to many businesses in search of simple ways to advertise their green credentials. While somewhat unclear, the term conveys a general sense that the company's activities (goods or services) do not harm the planet. This possibility to easily advertise its actions could be a driving factor behind companies' willingness to invest in climate action projects.

At the same time, this claim can be made on the basis of a wide range of actions, including cheap strategies that rely heavily on the purchase of carbon credits to compensate for emissions. While this makes it ideal for companies that wish to advertise their green credentials without investing too much effort or resources into actions, it also carries a significant risk of misleading consumers.

Even for experts, analysing what lies behind such neutrality claims is not trivial. Many companies making these claims provide incomplete and sometimes incorrect information about their actions, and virtually all carbon credits purchased to offset emissions from these products lack the level of integrity needed to credibly compensate for the climate impact.

In this context, neutrality claims are coming under increased scrutiny. Multiple recent studies or reports have shown just how problematic these claims can be. BEUC, the European Consumer Organisation, recently published a report calling for a ban on all carbon neutrality claims related to food and drink products⁴. The report states that these claims are "scientifically inaccurate" and misleading. Another study on green claims was recently published by German consumer group vzbv⁵. Amongst other findings, the study concluded that "green advertising claims [such as "CO₂-compensated strawberry yoghurt" or "climate-neutral milk"] have considerable greenwashing potential."

Legal risks associated with carbon neutrality claims

Companies who make misleading neutrality claims are opening themselves up to legal liability. There has been a steady increase in legal or regulatory enforcement actions and rulings that have challenged these kinds of communications. Some examples are included below.

⁴ BEUC (2022): "[A climate-neutral food basket: Too good to be true?](#)"

⁵ vzbv (2022): "[Greenwashing: Sustainability advertising does more harm than good](#)".

A court in Germany prohibited a company from marketing itself as “climate neutral” because it failed to include all of its emissions when calculating its carbon footprint⁶. The excluded indirect emissions were found to represent a significant portion of the company’s footprint. Interestingly, this lawsuit was brought by a competitor of the defendant company rather than a civil society organisation.

In the Netherlands, Shell has twice been condemned for its offsetting-based marketing. In a 2021 decision, the Dutch advertising regulator ruled that Shell’s “Drive CO2 Neutral” campaign (where Shell offered consumers a chance to pay a fee to “offset” the emissions associated with their fossil fuel purchases) was unlawful⁷. Shell’s neutrality claim was considered to be an “absolute environmental claim” and therefore must be supported by sufficient scientific evidence. However, the regulator found that this claim was unsubstantiated and thus misleading. Shell subsequently amended the wording in its advertising campaign to “CO2 compensated”, but was again reprimanded. In a 2022 decision, the Dutch Appeals Board saw no difference between the two misleading slogans⁸.

In the same vein, the Dutch advertising regulator also recently ruled that KLM’s “CO2ZERO” and “CO2-neutral” claims were misleading by giving the false impression that consumers can completely cancel out the emissions from their flight simply by paying a small fee towards a reforestation project⁹. KLM is also the subject of a pending lawsuit filed by civil society organisations for its continued use of misleading marketing campaigns about how consumers can “fly responsibly” and their unsubstantiated “net zero by 2050” pledge¹⁰.

A Swedish court very recently ruled that dairy company Arla Foods must stop making misleading climate-related claims, such as “net zero climate footprint”, which give the false impression that no harmful climate impacts were associated with its activities or that these impacts had been neutralised or compensated¹¹. In its decision, the Court emphasised the difficulties consumers often face in critically evaluating the plausibility of such claims. The Court also took particular issue with the lack of permanence in forest-based offsetting projects.

⁶ SWR (2022): [“Frosch-Hersteller gewinnt Rechtsstreit: Präzedenzfall für die ganze Branche”](#).

⁷ Advertising Fossil Free (2021): [“Law students’ complaint upheld – Shell advertisements with claim ‘CO2 neutral’ are misleading”](#).

⁸ Advertising Fossil Free (2022): [“Shell also loses on appeal: CO2 compensation is misleading”](#).

⁹ Advertising Fossil Free (2022): [“Dutch Advertising Watchdog: KLM misleads with CO2-neutral claim and CO2ZERO program”](#).

¹⁰ ClientEarth (2022): [“Greenwashing lawsuit against KLM airline moving forward”](#).

¹¹ Just Food (2022): [“Swedish court bans Arla’s net-zero advertising claim”](#).

Other examples include complaints filed by civil society organisations against FIFA’s misleading carbon-neutrality claim for its 2022 Qatar World Cup, and a lawsuit against TotalEnergies for its misleading net-zero advertising, among others.

Part B: Methodology

The analysis described in Part D is based on publicly available information collected online for each product. It aims to provide a sense of the credibility of each product’s claim by assessing 1) what actions the company producing the good is implementing to address its own emissions; 2) how carbon credits have been used to compensate the emissions associated with the product; and 3) the degree to which external certification provides additional guarantees for the credibility of the claim.

All the information used for this analysis is available in [this information matrix](#).

Assessing company-level actions

We have assessed the company and product-level information along seven different criteria:

- **Whether the consumer can easily access additional information about the product label or claim**

This criterion focuses on whether the product includes a reference for the consumer to find more information (e.g. QR code or link), and how easy it is to find the relevant information (e.g. is it spread over multiple pages or is everything presented clearly on one page).

- **Whether the product’s absolute GHG footprint is publicly reported (either online or on the product)**

This criterion focuses on whether the number of tonnes (or kilos) of CO₂-equivalents (a metric of GHG emissions, tCO₂e) associated with this product is publicly reported.

- **Whether all direct and indirect emissions are covered by the claim**

This criterion focuses on the scope of the claim, to understand which stages of the product’s life are covered by the measurement and compensation efforts. At product-level, the exact scope of the claim can cover various “stages” of a product’s life. For example, sourcing of raw materials, production, transport, consumption, disposal,

etc.). Covering the *full lifecycle* emissions is important to ensure that the entire impact associated with a product is addressed.

This is similar to the idea of dividing a company's total footprint into different "scopes" of emissions. The GHG Protocol, one of the most commonly used accounting methods, distinguishes between a company's direct and indirect emissions. The direct emissions (aka "scope 1") cover emissions that are produced directly by a company, such as CO₂ coming out of an industrial plant. The indirect emissions include the emissions embedded in the electricity used by the company (aka "scope 2") and all other indirect emissions (aka "scope 3") such as the emissions from suppliers, or from the use of the products, or from their end-of-life disposal. Scope 3 emissions often represent a very large share of a company's total emissions, and it is important that they are taken into account in companies' climate targets.

- **Whether there is a clear target and plan to reduce emissions associated with the product**

This criterion focuses on the public availability of an emission reduction target for the product, as well as the existence of a clear plan that includes specific forward-looking measures to address the emissions associated with this product.

- **Whether there is evidence that emissions associated with this product have decreased over the past five years**

This criterion focuses on quantitative evidence of the impact of already implemented emission reduction measures, where relevant.

- **Whether the company producing the good has a plan to reduce emissions in line with a 1.5 °C-aligned trajectory**

This criterion focuses on the existence and stringency of the company-level climate target. The objective was to assess whether there are clear signs that a company's target is or is not compatible with a 1.5°C-trajectory. To assess this, we verified whether the company's target covers its entire emissions (i.e. scopes 1-3), whether it aims for deep decarbonisation of at least 90% by 2050 at the latest compared to 2019 and whether it includes short-term 2030 targets that are in the area of a 50% reduction by 2030 compared to 2019. These are simplified criteria drawn from the Corporate Climate Responsibility Monitor¹². These are not sufficient for a detailed assessment, but are used here to get a sense of the direction of travel, and the likelihood for any given target to be 1.5°C-compatible. For some companies, it is clear that targets are not 1.5°C-compatible. This is the case of companies that have set targets that exclude a

¹² NewClimate Institute (2023): "[Corporate Climate Responsibility monitor 2023](#)"

large share of their emissions, or for companies that claim themselves to have set targets in line with a 2°C-scenario rather than 1.5°C. However, for some companies, the level of ambition comes close to what could be deemed 1.5°C compatible, and we therefore do not provide a conclusive assessment of this criteria. A more detailed analysis would be warranted, but is out of scope of the present study.

ABSOLUTE VS INTENSITY-BASED REDUCTIONS

One important distinction to make when assessing companies' claimed achievements, either at product or company levels, is to verify whether the announced or targetted emission reductions are communicated on the basis of absolute reductions or reductions in carbon intensity. Absolute reductions are what most consumers understand when they hear the word "reduction"; i.e. it is a reduction in the quantity of greenhouse gases that is being released compared to past emission levels. An intensity-based reduction, however, is a reduction achieved *per unit* of production. For example, a company could claim to have reduced its emissions by 5% *per product sold*. If that company's sales are rapidly increasing, it means that the overall absolute level of emissions associated with that company's production could be *increasing* despite the company announcing to have achieved reductions.

This is a particularly important nuance because companies are frequently unclear on this matter. We have identified several examples where companies announce that they have "reduced" emissions, but where more technical documentation clarifies that these reductions are only achieved on an intensity-basis. There is a high risk of misleading consumers with this type of communication.

Assessing the use of carbon offsets

We have assessed the use, including both integrity and transparency, of carbon credits along five different criteria:

- Does the company clearly explain that the carbon neutrality claim is based on the use of carbon credits?
- Does the company clearly report from which projects they have purchased carbon credits?
- Does the company clearly report the vintage ("age") of carbon offsets used?
- Does the company clearly report the certification standard that has issued ("created") the carbon credits?
- What is the expected level of integrity of the purchased carbon credits?

Transparency

Transparency on the use of credits is important to avoid misleading consumers. Many consumers do not necessarily associate a “carbon neutral” claim with the practice of compensating emissions, and instead assume that emission reductions have been achieved. Therefore, we have assessed whether companies are transparent about the use of carbon credits, which is the most important element for the general consumer, and also whether they provide additional, more detailed, information about the types of credits they use. This latter element is more informative to assess the quality of the actions underlying a claim, but is admittedly less important when it comes to the potentially misleading nature of claims for consumers, because most consumers will not seek this information.

On this matter, the actual claim made by a company is important. For example, a “CO2 compensated” label is a little clearer for consumers than a “climate neutral” label. This claim carries a lower, but still real, risk of misleading consumers than a “neutrality” claim because it already makes clear that any impacts associated with the product have been “compensated”. This is different from labels that present “carbon neutral” products which consumers do not necessarily associate with compensation, but it remains problematic as many consumers do not understand what “compensated” means¹³.

Finally, it is noteworthy that in the majority of cases, there is no publicly available proof that carbon credits have actually been purchased and used by the companies to make their claims. Consumers are forced to take the claims at face value. This is because, while the credits have most likely been effectively cancelled in the relevant carbon market program registry, the intermediaries who cancel these credits are not obliged to disclose on behalf of whom they are making this cancellation. While some companies declare this voluntarily, most do not, which makes it impossible to independently verify how many credits have been cancelled, if any¹⁴.

Integrity

The integrity of the carbon credits used to offset emissions from products is probably the most problematic element identified as part of this analysis. Given the difficulty to reduce emissions to absolute zero for all of the products assessed in this study, all of the claims rely on the use of carbon offsets to compensate for the emissions associated

¹³ See for example NRW Verbraucherzentrale (2022): [*“Klimaneutrale Produkte: 89 Prozent für klare Regeln und geprüfte Siegel”*](#).

¹⁴ For more on this, see Carbon Market Watch (2022): [*“Recommendations on carbon market infrastructure for article 6 of the Paris Agreement”*](#)

with the product. This is problematic, because there are currently no - or very few - credits in the market today that are of sufficient quality to credibly compensate emissions (see box below “Is offsetting an impossible goal?”).

IS OFFSETTING AN IMPOSSIBLE GOAL?

To credibly offset the emissions associated with a product, and market it as a “carbon neutral” product, one needs to guarantee that this product is not associated with an overall net increase in the concentration of GHGs in the atmosphere, compared to a situation where the product would not have been created. In practice, this means reducing emissions to at least make up for the increase in emissions associated with the product. This is where carbon credits come in.

Carbon credits are supposed to represent exactly 1tCO₂e that has been reduced or removed from the atmosphere. Buying one credit would then be an equivalent to reducing one tonne of CO₂e.

However, guaranteeing that credits represent exactly 1tCO₂e is a very difficult task. On today’s carbon credit market, a large majority of credits cannot guarantee this. Multiple reasons play a role in this. First, it can be very difficult to accurately quantify the climate benefits associated with a credit. When a project generates hundreds of thousands of credits, there is always some uncertainty (and it can be large) regarding the actual impact, and claiming to be measuring that impact on a “per tonne” basis is unrealistic. For example, projects that aim to lower deforestation through forest protection or through the distribution of more efficient cookstoves (that lead to less biomass burning) are particularly difficult to quantify¹⁵.

Another issue is that of additionality. To create a real climate benefit, the reductions achieved by a project need to be 'additional' to what would have happened if the project had not been able to sell carbon credits. Therefore the buyer of carbon credits needs to be certain that the project it is financing was not going to happen anyway, regardless of the sale of carbon credits. In some cases, this is straightforward (like capture and destruction of industrial gases, unless there are laws in place that mandate this). But for other activities, it can be challenging. Renewable energy projects have been particularly criticised for their lack of additionality. Because these projects tend to be large, and because they generate significant revenues from the sale of electricity, the sale of carbon credits often does not make a significant difference to their overall economic profitability. Credits are simply too cheap to really affect the viability of these projects, and hence are unlikely to be a decisive factor in the development of renewable energy activities¹⁶. In fact, the two main carbon market standards in operation today (the Verified Carbon Standard (VCS) and Gold Standard (GS)) have now excluded these projects from registration (though old projects can continue to receive their credits).

Finally, a third issue affecting the credibility of carbon credits is the lack of long-term guarantees to ensure that carbon stored in sinks will not be released in a few years or

¹⁵ See for example Gill-Wiehl et al. (2023): “[Cooking the books: Pervasive over-crediting from cookstoves offset methodologies](#)”

¹⁶ See for example Cames et al. (2016): “[How additional is the Clean Development mechanism?](#)”



decades. Emissions released to the atmosphere from the combustion of fossil fuels will remain in the atmosphere for thousands of years. To validly compensate for this, one would need to store an equivalent amount of carbon for the same duration. Yet there is no credible system to guarantee that a forest or another natural ecosystem will remain protected and preserved on this timescale. Currently, carbon market standards typically guarantee the permanence of the carbon benefits for up to 30 years (in some cases, this can go up to 100 years). This is simply not equivalent to reducing emissions. While financing such forest conservation projects is important and needed, these credits simply are not equivalent to absolute reductions, and should not be used to claim that “no net impact” on the climate took place. A better description of the impacts associated with these credits would be as an “emission postponement” rather than a true reduction. In fact, this lack of permanence is one of the main reasons why the sale of climate neutral dairy products by Arla was found to be misleading, according to a Swedish court¹⁷.

For the purpose of this analysis, we have used three different sources of information to assess the quality of the carbon credits used to offset emissions associated with the products.

First, the assessment is based on existing literature, and our own experience as an observer of carbon markets. Second, we have used the public ratings of methodologies published by the Carbon Credit Quality Initiative (CCQI). This is a project which rates the quality of credits based on the methodology used to generate it, the standard that has registered the project, and the country in which the project is registered. This is not a project-level rating, and hence can be imprecise in assessing the quality of specific projects. However, extreme ratings (such as a very low rating on impact quantification or permanence, which is the case for many of the assessed projects), is a clear red flag when it comes to the quality of individual projects. Finally, we have used, where available, the public rating of specific projects provided by BeZero, a carbon credit rating agency.

While our assessment is hence not a project-specific assessment (i.e. we did not analyse all the project-specific documentation for each activity, which would be beyond the scope of this study) - the overall conclusions regarding the quality of credits are highly likely to be applicable to the credits used by each company.

¹⁷ Just Food “[Swedish court bans Arla’s net-zero advertising campaign](#)”.

External certification assessment

The final element that we have assessed in this study is whether the product's claim was certified by a third party, i.e. other than the company selling the product, and what that third-party's requirements are.

This section of the study serves as a useful background to understand the role of third-party certification. It helps explain why the claims can be misleading despite having obtained this certification (e.g. most of the certifiers do not actually require any absolute reductions in the carbon footprint of the products before labelling these as carbon neutral). However, it does not significantly impact our overall assessment of the credibility of the claim. The objective of this study was precisely to assess the claims independently of the existing certification.

Given that certifiers are paid by the companies to provide their certification, their impartiality is not always clear and deserves further scrutiny.

LESSONS LEARNT FOR CERTIFICATION

This study is not about the certification process, but about the products' claims. Therefore, we do not focus on the certifiers in the rest of the report, but provide some high-level conclusions in this section.

First, one problematic element is the lack of transparency around the constantly changing requirements of these organisations. The standards and protocols used to assess projects evolve, but old labels, based on weaker requirements, continue to be displayed. It is extremely difficult to understand which rules exactly had to be met for any given product, as old labels continue to be displayed while old protocols and methodologies are not always publicly available. For example, CO2-logic has recently updated its "CO2 neutral" certification, and provides details about it on its website. But many products on the market display an old label. Some of the logos on the products are very old (e.g. Beyers coffee's label dated back to 2014) and others have no date at all (E.g. Brugge cheese). There is no way for a consumer to know whether or not a certification is still active. CO2-logic is in the process of improving this, by including QR-codes on its products, but this is symptomatic of the wider certification industry, where it is overall difficult to identify the age of labels and the exact protocols used for the certification.

Second, there is a lack of clarity about requirements for emission reductions. Most certifiers use vague language on this and refer to an old British standard (PAS2060, which was last updated in 2014) to highlight the importance of delivering absolute reductions. In reality, many (but not all) of the certifiers do not require companies to demonstrate that they have reduced the emissions associated with their products (not

even the carbon intensity). Instead, they require companies to publish a plan for emission reductions, which is not the same as demonstrating the achievement of such reductions.

Finally, there is a structural problem with certifiers who both advise companies about their climate strategies, and sell them carbon credits. The more emissions a company continues to have, the more credits the certifier can sell to that company. This creates a potential conflict of interest since it directly works as an incentive to not focus too much on emission reductions when advising the company. The fact that all certifiers assessed (except one, see below) seem to continue offering a “carbon neutrality” label to clients, despite the integrity concerns related to carbon credits is problematic. One of the organisations, SouthPole, is now offering a “funding climate action” label, instead of its previous “climate neutral” label. This is a positive evolution as this is less likely to mislead consumers, seeing that it does not refer to the product’s impact having been reduced.

Part C: Overall assessment of “neutrality” claims

Main result of the product assessments

A range of claims was found on the assessed products, which all imply some form of “neutral” climate impact. This included “carbon neutral”, “CO2 neutral”, and “CO2 compensated”. All of these claims were found to be misleading at some level for consumers, but the actions behind these claims are very diverse.

The main problem that all of these claims have in common is the use of carbon credits to offset emissions, despite the lack of credibility of these credits. Virtually all credits used suffered from either a lack of permanence, or a low likelihood of additionality (see box above for further explanations on these issues “Is offsetting an impossible goal?”). Because these credits cannot credibly be considered exact equivalents to the GHG emissions that they are supposed to compensate for, it is extremely unlikely that the products sold truly have no net impact on the climate. Rather, it is likely that the impact of all or most of these products has been reduced (compared to a situation where no specific actions are taken to reduce the products’ impacts), but claiming that they do not have *any* overall negative impact on the climate is an exaggeration. When such climate claims lead to a consumer decision to buy more products, the overall impact will be an increase of greenhouse gas emissions globally, which is the opposite of what’s being advertised on the products assessed here.

It is important to note that this study does not aim to assess the level of ambition of the mitigation action plans implemented by the companies. These have been assessed, but the key element of interest is to understand the likelihood that the products sold have no net impact on the climate. This is the promise that companies are making to their consumers when using the “neutrality”-related labels, and this is the (high) benchmark that they should be evaluated against.

In that sense, adopting different labels and claims - such as “financing climate action” - would already significantly reduce the misleading nature of these claims, because it would decouple the positive climate message from the product’s own impact. Of course, this needs to be accompanied with a robust underlying climate strategies- but for those companies that are already engaging in positive actions, this is the missing last step to avoid misleading their consumers.

Understanding the nuances behind misleading claims

Despite all product-level claims having been found to be misleading, there are important nuances to note.

First of all, the fact that these claims are misleading does not mean that companies intended to fool their consumers. This analysis does not aim to prove - nor even assess - the existence of any intent on the part of the companies. In fact, given the actions implemented by some of them, it is likely that some are simply doing their best, and suffer from a lack of information. This is particularly the case when it comes to the purchase of carbon credits, where most companies seem to be under the impression that they are genuinely paying for a tonne of CO₂e reduction when they purchase these credits. At the same time, the shortcomings and risks of relying on carbon credits are well-documented and have been known for over 20 years by now. It is hence surprising to see this level of misinformation among buyers.

The challenge with carbon credits is that the system is complex. Many companies do not properly understand what they are buying, and place their trust in consultants and intermediaries who have a direct financial interest in selling them carbon credits¹⁸. It is likely that some companies have invested in these credits in good faith, but it is also possible that some of them were looking for a way to beef up their environmental image at the lowest cost possible.

¹⁸ Carbon Market Watch (2023): “[Secretive intermediaries: Are carbon markets really financing climate action?](#)”

Distinguishing between companies that are knowingly misleading their consumers, and companies who made flawed decisions about their climate strategies is difficult. In the case of some small and medium sized companies in particular, it is likely that they are simply putting too much trust in the consultants they have hired to develop their climate strategies, and the responsibility for having placed misleading labels on products largely falls on these climate advisors. At the same time, some of the products assessed are supplied by major international companies with very large financial resources. In these cases, it is simply not credible that their misleading communication is due to a lack of information.

It is therefore important to understand that in some cases, there is no clear “culprit” for the greenwashing observed today. Improving the situation requires a combination of better consumer protection laws¹⁹, better enforcement of existing rules, and improving the quality of advice provided by external consultants.

Evolving landscape

Finally, it is worth noting that the area of corporate climate action, and communication, is constantly evolving. Companies are therefore changing their claims. In fact, of the 16 products originally selected (found in a Belgian supermarket in December 2022), two have already stopped advertising their products as climate neutral (of which one, Arla, a dairy product company, changed its claim following a court order that found its label to be misleading - see comment on legal risks in section A).

Companies are also constantly updating the information they publish, and sometimes changing their climate targets. The detailed evaluations contained in part D could therefore become obsolete relatively quickly. However, the overall lesson that today's neutrality claims are all misleading (in our sample) given the lack of high-quality offsets on the market, will likely continue to be a valid conclusion for the foreseeable future.

Part D: product assessments

This section of the report includes an analysis of the claims made by each assessed product. It focuses on the credibility of the overall “neutrality” claim, and does not aim to assess the level of ambition of the entire company's climate target or actions. A summary is provided for each product, and the detailed information is available in an [online sheet here](#).

¹⁹ See Carbon Market Watch (2023): [“Combating corporate greenwashing through better regulation”](#)



BEYERS ESPRESSO FORTISSIMO

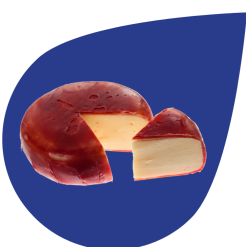
“CO2 neutral”

There is very little information available about this claim. While it is certified by CO2-logic, the label on the package is based on an old methodology, and dates from 2014. CO2-logic confirmed that Beyers is still certified today, but there is no way for a consumer to know this. This is a transparency issue.

While the company states that it is reducing emissions, there are very few details available. The overall climate target as communicated on the website is misleading because the company claims to aim for a 25% reduction by 2030 but 1) no reference year was identified, 2) the scope of the target is unclear (i.e. whether it covers all direct and indirect emissions from the company), and 3) further documentation from the company makes clear that this is an intensity-based target, not an absolute emission reduction target.

Finally, we could not find any information about the project that supplied carbon credits. Beyers claims that it has purchased credits from a Gold Standard project, but no further details were communicated.

On this basis, it is not possible to conclude that this claim is credible. There is a clear lack of transparency. Given the lack of high-quality carbon credits on the market today, and the lack of clear emission reduction actions or commitments by this company, it is likely that this claim is misleading for consumers.



BRUGGE CHEESE

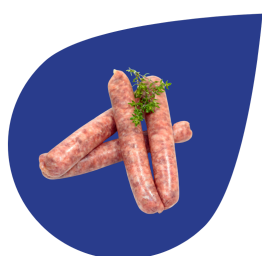
“CO2 neutral”

This claim seems to be largely based on the use of carbon offsets, as the emission reduction actions described are not accompanied with clear quantitative data about achievements, and the company-level climate target is very vague.



Brugge cheese has a target to reduce its CO2 emissions by 35% by 2035. However, it does not clearly state what the base year for comparison is, nor whether this is an absolute or intensity-based target. The specific focus on CO2 emissions (for the company-level target), rather than on other GHGs, suggests that there is no target covering other GHGs. This is problematic for a dairy company, given that methane emissions from livestock largely represent a large share of the company's total emissions.

Finally, the neutrality claim is based on the use of carbon credits from a wind power project in India. This type of project is often associated with questionable additionality, and it is unlikely that compensating the product's emissions with these credits truly and fully offsets the impact from GHGs associated with the product. This claim is therefore deemed to be misleading for consumers.



GREENWAY CHIPOLATA

CO2 neutral (“Better for the planet and the people”)

While the company describes some emission reduction measures on its website, we could not identify clear data on the achieved impacts, nor a specific target to reduce the company's or the product's emissions.

In addition, the carbon credits used to offset emissions from this product are issued from a cookstove project in Ghana and are unlikely to be fully equivalent to emission reductions. First, these types of projects often exaggerate the quantity of achieved emission reductions (by exaggerating the share of non-renewable biomass saved)²⁰. Second, these projects deliver climate benefits by lowering deforestation, which only generates temporary benefits given that the carbon stored in trees could be released later. In fact, contrary to other nature-based activities, these projects are not even subject to any insurance mechanism to guarantee the permanence of their impacts over time.

We therefore assess the “CO2 neutrality” claim as misleading, because it is unlikely that this product truly does not have any net negative impact on the climate. However, given

²⁰ See for example Gill-Wiehl, Kammen & Haya (2023): [“Cooking the books: pervasive overcrediting from cookstove offset methodologies”](#)



the limited size of the company, this might be driven by a lack of awareness and understanding of the quality of the carbon credits purchased.

In addition, it is noteworthy that this product constitutes, and is promoted as, an alternative to carbon-intensive meat. In that sense, it is indeed “better for the planet” as claimed on the label in conjunction with the “CO2 neutrality” claim. This is a positive message which should be favoured instead of, and not in addition to, the “CO2 neutrality” claim.



The company has set a target to reduce emissions from this product year on year (i.e. reduce the carbon intensity of the product), which is a positive element. It also has set company-level climate targets, though these are unclear as they open the door for using carbon removals within the company’s land-use activity to meet the targets, which could be used as a substitute to emission reductions.

The company did not publish the full list of projects financed to offset its emissions, but has shared the full information upon request and committed to make the information publicly available. All credits used rely on the achievement of emission reductions (or removals) in the land-use sector, which rely on the storage of carbon in land. These are inappropriate for use as an offset of CO2 emissions that will stay in the atmosphere for centuries to millennia, because there is no guarantee that the stored carbon will remain stored for more than a few decades. It is hence unlikely that offsetting product emissions with these credits fully cancels out the climate impact associated with the product.

For these reasons, we believe that this claim is misleading, primarily due to the use of non-permanent carbon storage to offset emissions from GHGs that will stay in the atmosphere for centuries to millennia.



EVIAN WATER BOTTLE

“CO₂ neutral”

The company has set a target to reduce emissions from this product by 1.2% every year. While this is positive, it is unambitious (it would translate to a reduction of 11.5% over 10 years). The company-level climate target is difficult to assess (see above in the “Actimel” section since Danone is the company owning both the Actimel and Evian brands).

The company has achieved reductions over the 2019-2021 period, some of which is due to changes in the type of product it is selling (more large formats and fewer small formats).

The company is transparent about the credits used to offset emissions, providing a detailed list of projects and quantities purchased. However, all of the credits used in 2021 (the most recent year for which data is available) are generated from projects that store carbon in non-permanent natural sinks. These are inappropriate for use as an offset of CO₂ emissions that will stay in the atmosphere for centuries to millennia, because there is no guarantee that the stored carbon will remain stored for more than a few decades.

For these reasons, we believe that this claim is misleading, primarily due to the use of non-permanent carbon storage to offset emissions from GHGs that will stay in the atmosphere for centuries to millennia.

In fact, a class-action lawsuit was recently filed (but not yet settled/ruled on) in New York against Danone, Evian's parent company, alleging that Evian's carbon neutral labels are misleading consumers into believing that they are actually purchasing a "sustainably manufactured" and "carbon-free" product when that is not the case²¹. The lawsuit states that the average consumer is not likely to understand offsetting and the product labels do not offer an explanation on this concept or on how Evian products are "carbon neutral". The suit further elaborates on how the carbon credits associated with their neutrality claims "don't actually reduce emissions and questions whether carbon offsets work at all, calling the practice a form of greenwashing."

²¹ Environment + Energy Leader, Worford, David (2022): [“Evian Faces Lawsuit Over Packaging’s Carbon Neutral Claims”](#).





NOTTAGE HILL, SHIRAZ 2020

“100% carbon neutral”

The company claims on its website that it is committed to reducing emissions year-on-year in the product supply chain. In fact, the target it has set is based on the carbon intensity of its products. While it is positive to have this target at product level, the messaging on the website could be interpreted as meaning that the company is reducing its absolute emissions. The target also does not include a quantified commitment, i.e. it simply states that emissions will be “reduced”, but not by how much.

The company has purchased carbon credits from various projects to offset its emissions, and transparently reports the source of these credits. Most of them come from grid-connected renewable projects (one in the US and one in China). This type of project is often associated with questionable additionality, and it is unlikely that compensating the product’s emissions with these credits truly and fully offsets the impact from GHGs associated with the product. This claim is therefore deemed to be misleading for consumers.



CHATEAU LA FRANCE 2021

“Climate Neutral Product”

This company has achieved some emission reductions against an old baseline (1999), which are not publicly reported and a significant portion of which are due to a change in accounting measure rather than an actual reduction. It does not seem to have set an absolute emission reduction target at company-level, but describes some mitigation actions on its product and on its website.

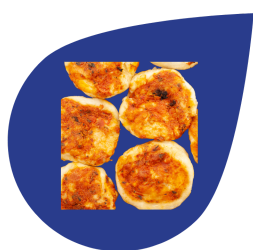
The company also invests in a local reforestation project which is likely to generate climate benefits. It is noteworthy that this support is provided on a voluntary basis and



is not used to offset emissions from the company, i.e. it follows a “contribution” approach and does not constitute offsetting, which is very positive.

However, the company still relies on low quality offsets to compensate for emissions associated with this product. It has purchased reductions from two renewable energy projects (one solar project and one hydropower project). This type of project is often associated with questionable additionality, and it is unlikely that compensating the product’s emissions with these credits truly and fully offsets the impact from GHGs associated with the product.

This claim is therefore deemed to be misleading for consumers. However, given the limited size of the company, this might be driven by a lack of awareness and understanding of the quality of the carbon credits purchased.



STEINHOFEN PICCOLINIS

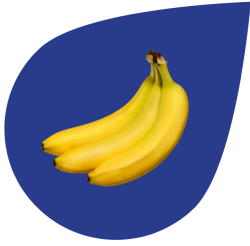
“Climate Neutral”

This product is no longer labelled as “climate neutral” as the company has itself decided to end this practice. For this reason, some of the information related to the claim was no longer available on the website.

The packaging mentions that 9.000tCO₂e have been reduced, but it is not clear whether this is an absolute reduction or a reduction compared to a hypothetical baseline (e.g. a reduction in the carbon intensity of products).

Emissions from this product were offset using credits from a cookstove project in Kenya. These are unlikely to be fully equivalent to emission reductions. First, these types of projects often exaggerate the quantity of achieved emission reductions (by exaggerating the share of non-renewable biomass saved). Second, these projects deliver climate benefits by lowering deforestation, which only generates temporary benefits given that the carbon stored in trees could be released later. In fact, contrary to other nature-based activities, these projects are not even subject to any insurance mechanism to guarantee the permanence of their impacts over a few decades.

This claim is therefore deemed to be misleading for consumers, and it is a positive sign that the company decided itself to discontinue it.



CHIQUITA BANANAS

“CO2 neutral”

Emissions from this product have decreased between 2013 and 2019, according to the company. However, it is unclear whether this led to any absolute reductions (or if the reduction in intensity per product was offset by a growth in the number of products sold). The company's climate target focuses on its direct and energy-related emissions (scope 1 & 2) which covers only 8% of the company's total emissions, and aims to encourage its suppliers to set science-based targets in order to address the remaining emissions.

The emissions associated with this product have been offset through the use of carbon credits from a wind power project in Costa Rica. This type of project is often associated with questionable additionality, and it is unlikely that compensating the product's emissions with these credits truly and fully offsets the impact from GHGs associated with the product.

This claim is therefore deemed to be misleading for consumers.

In fact, the Dutch advertising standards authority (RCC) recently found Chiquita's "CO2 Neutral" claim (featured on stickers placed on its bananas) to be misleading and in violation of its Environmental Advertising Code²². This was because the sticker (advertisement) did not contain any additional information on the claim and was therefore not clear to consumers. The RCC "found it insufficient that the meaning of "CO2 Neutral" was clarified on a separate website.

²² London School of Economics, Grantham Research Institute on Climate Change and the Environment, Climate Change Laws of the World (2022): "[RCC Ruling on Chiquita "climate \[CO2\] neutral bananas"](#)"





INNOCENT ORANGE

“100% CO2 Neutral”

This company provides detailed information about the product’s impact, and has a detailed plan and target to reduce emissions associated with it. It has achieved reductions in the carbon-intensity of the product, but it is unclear whether this translated into any absolute reductions. Innocent has an ambitious climate target and provides detailed information about its ongoing and planned decarbonisation actions.

Beyond its actions to address its own emissions, Innocent contributes 10% of its profits to support climate action projects, without claiming the impacts as offsets towards its own emissions.

Despite these positive actions by the company, it is relying on low quality carbon offsets to compensate for the emissions associated with its product. It finances forest protection projects in Brazil and Uruguay. These projects’ rely on the storage of carbon in forests. These are inappropriate for use as an offset of CO2 emissions that will stay in the atmosphere for centuries to millennia, because there is no guarantee that the stored carbon will remain stored for more than a few decades. It is hence unlikely that offsetting product emissions with these credits fully cancels out the climate impact associated with the product.

For these reasons, we believe that this claim is misleading, primarily due to the use of non-permanent carbon storage to offset emissions from GHGs that will stay in the atmosphere for centuries to millennia. Beyond the inappropriate offsetting of emissions, the company seems to have developed an ambitious climate action plan.





SPA WATER

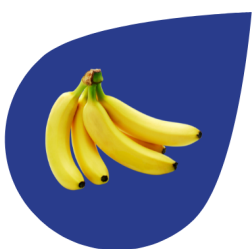
“100% carbon neutral”

This claim is difficult to assess as the information provided by the company is sparse and unclear.

While there is no product-specific target, there is a company-level target which aims to reach carbon neutrality by 2050 without using offsets. It is unclear what is meant by this given that the word “neutrality” implies some form of offsetting (or compensation, which is a synonym in this context).

The company also does not provide a clear list of projects financed to offset the emissions associated with this product. It mentions a water-focused project, as well as two renewable energy projects in Turkey and Bulgaria. The water project, although likely associated with high local development benefits, reduces emissions by maintaining carbon stocks in forests, which is associated with permanence risks. The other two are renewable energy projects, which are often associated with questionable additionality, and it is unlikely that compensating the product’s emissions with these credits truly and fully offsets the impact from GHGs associated with the product.

This claim is therefore deemed to be misleading for consumers, and lacks substantiation.



BECLIMATE BANANAS

“CO2 Neutral”

The company has set a target to reduce emissions both from this product and at company level. However, these targets lack specificity. The product-level target does not have a clear base year, but does cover indirect emissions associated with products. The company-level target only covers the company’s scope 1 and 2 emissions (which is not clearly specified on the company’s website).



The company also describes some emission reduction actions in its blog posts, but doesn't provide a clear overview of achieved reductions to date. In addition, the carbon credits used to offset emissions associated with this product are unlikely to completely compensate for the climate impact associated with this product. The company mentions a water-focused project, as well as a renewable energy project in Chile. The water project, although likely associated with high local development benefits, reduces emissions by maintaining carbon stocks in forests, which is associated with permanence risks. The renewable energy project is of questionable additionality, and it is unlikely that compensating the product's emissions with these credits truly and fully offsets the impact from GHGs associated with the product.

This claim is therefore deemed to be misleading for consumers.



This claim carries a lower, but still real, risk of misleading consumers than a "neutrality" claim because it already makes clear that any impacts associated with the product have been "compensated". This is different from labels that present "carbon neutral" products which consumers do not necessarily associate with compensation, but it remains problematic as many consumers do not understand what "compensated" means²³.

The company describes several GHG reduction activities, but does not seem to have a specific target to reduce emissions associated with this product. Barilla, its parent company, has an absolute reduction target for its scope 1 and 2 emissions, but only an intensity-based target for its scope 3 emissions.

The company has offset its emissions through the purchase of carbon credits from an avoided deforestation project in Peru and two solar projects in India. The solar projects have supplied 80% of the credits used. This type of project is often associated with questionable additionality, and it is unlikely that compensating the product's emissions

²³ See for example NRW Verbraucherzentrale (2022): "[Klimaneutrale Produkte: 89 Prozent für klare Regeln und geprüftes Siegel](#)".

with these credits truly and fully offsets the impact from GHGs associated with the product.

This claim is therefore deemed to be misleading for consumers.



CAFE ROYAL CARAMEL

“100% compensated CO2”

This claim carries a lower, but still real, risk of misleading consumers than a “neutrality” claim because it already makes clear that any impacts associated with the product have been “compensated”. This is different from labels that present “carbon neutral” products which consumers do not necessarily associate with compensation, but it remains problematic as many consumers do not understand what “compensated” means²⁴.

The company describes some emission reduction measures on its website, but there is no clear overview of what has been achieved so far. We did not identify a clear emission reduction target for the product. The parent company has a target to reduce its CO2 intensity (by 19% by 2025) but this does not commit it to reduce absolute emissions, and is unspecific given that no base year is specified, nor the exact coverage of the target.

Emissions from the product have been offset using carbon credits from a cookstoves project in Kenya, which are unlikely to be fully equivalent to emission reductions. First, these types of projects often exaggerate the quantity of achieved emission reductions (by exaggerating the share of non-renewable biomass saved). Second, these projects deliver climate benefits by lowering deforestation, which only generates temporary benefits given that the carbon stored in trees could be released later. In fact, contrary to other nature-based activities, these projects are not even subject to any insurance mechanism to guarantee the permanence of their impacts over a few decades.

We therefore assess the “CO2 neutrality” claim as misleading, because it is unlikely that this product truly does not have any net negative impact on the climate.

²⁴ See for example NRW Verbraucherzentrale (2022): *“Klimaneutrale Produkte: 89 Prozent für klare Regeln und geprüftes Siegel”*.





NIVEA DAY CREAM

“100% CO₂ compensated”

This claim carries a lower, but still real, risk of misleading consumers than a “neutrality” claim because it already makes clear that any impacts associated with the product have been “compensated”. This is different from labels that present “carbon neutral” products which consumers do not necessarily associate with compensation, but it remains problematic as many consumers do not understand what “compensated” means²⁵.

The company does not seem to have a specific target to reduce emissions associated with this product, and claims to have achieved reductions already but does not substantiate this with any evidence. Nivea’s parent company has a target to reduce its absolute emissions by 30% for scopes 1 & 2 and 10% for scope 3, by 2025 compared to 2018. However, it misleadingly claims on its website that this target is 30% across all scopes, and that this is validated by the Science-based targets Initiative as 1.5C°-aligned. Given that scope 3 emissions represent 90% of the company’s emissions, this is strongly misleading.

The product’s emissions have been offset using credits from a commercial forestry project. These projects’ rely on the storage of carbon in forests. These are inappropriate for use as an offset of CO₂ emissions that will stay in the atmosphere for centuries to millennia, because there is no guarantee that the stored carbon will remain stored for more than a few decades. It is hence unlikely that offsetting product emissions with these credits fully cancels out the climate impact associated with the product.

For these reasons, we believe that this claim is misleading, primarily due to the use of non-permanent carbon storage to offset emissions from GHGs that will stay in the atmosphere for centuries to millennia.

German environmental litigation NGO, Deutsche Umwelthilfe (DUH), initiated legal proceedings against a number of companies, including Nivea’s parent company, Beiersdorf AG, for making misleading “climate-neutral” and other climate-related claims

²⁵ See for example NRW Verbraucherzentrale (2022): [“Klimaneutrale Produkte: 89 Prozent für klare Regeln und geprüftes Siegel”](#).



that imply that emissions have been compensated.²⁶ This case is ongoing, with the next court hearing scheduled for May 2023.

²⁶ Deutsche Umwelthilfe (DUH) (2022): *["Deception with alleged 'climate neutrality': Deutsche Umwelthilfe takes legal action against companies"](#)*.





CARBON MARKET WATCH

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