



# Net zero for businesses

## Guidance for businesses on their net zero journey

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**businesscompanion**  
trading standards law explained

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## INTRODUCTION

The background to net zero

### Why net zero?

Customers of today, tomorrow and into the future are looking for environmentally friendly products and services. Like many business owners, you may be wondering how you can transition into a net zero business, but still keep within the law.

Consumer behaviour is changing. In a 2021 YouGov poll, 57% of UK consumers said they would pay more for sustainable products.

Younger consumers are especially concerned about the environment, with 69% of Generation Z consumers (those born after 2000) willing to pay more for sustainable products.

### Net zero, sustainable, eco-design, carbon neutral: what does it all mean?

These terms are often used interchangeably, and in the mind of the consumer they will simply mean 'better for the environment'. However, they are not umbrella terms, and you should familiarise yourself with their definitions to avoid making any misleading or incorrect claims.

*These definitions are not terms of art or statutory definitions; their use in this guidance does not mean that their use in environmental claims will comply with consumer protection law.*

**Net zero** is defined by the United Nations as "cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance". The UK has committed to reach net zero by 2050.

**Carbon neutrality** is defined by the European Parliament as "having a balance between emitting carbon and absorbing carbon from the atmosphere in ... soil, forests and oceans".

**Carbon offsetting** usually involves a business calculating the amount of carbon emitted and then 'offsetting' the same amount through activities such as planting trees.

**Carbon footprint** refers to the total amount of greenhouse gases (including carbon dioxide and methane) that are generated by a business.

**Ecodesign products** are those items that are designed or redesigned to avoid harming the environment and to enable them to be repaired easily.

**Sustainability** is defined by the United Nations as "meeting the needs of the present without compromising the ability of future generations to meet their own needs".

A note on using green claims and statements: Broader, more general or absolute claims are much more likely to be inaccurate and to mislead. Terms like 'green', 'sustainable' or 'eco-friendly,' especially if used without explanation, are likely to be seen as suggesting that a product, service, process, brand or business as a whole has a positive environmental impact, or at least no adverse impact. Unless a business can prove that, it risks falling short of its legal obligations." (Source – Competition and Markets Authority, green claims code)

*Businesses can make claims about their commitment to green issues / net zero, but any such claims must be evidence-based.*

## NET ZERO AND YOUR BUSINESS

How you can move towards a net zero business model

### What steps can I take to work towards net zero?

**Remember:** when claiming that your business or your products are net zero, your claims must be accurate and cannot mislead consumers. See the Competition and Market Authority's (CMA) Green Claims Code for further information.

It would help to understand your business's carbon footprint, as this is often a major contributing factor when being considered a 'green' business.

There are many ways of calculating your carbon footprint. Free resources can be found online, or you can use a consultant to help you establish your environmental impact. Whichever method you choose, ensure your answers are as accurate as possible, and that you keep detailed notes about how you arrived at your footprint result. The Federation of Small Businesses has guidance on how to measure your carbon emissions.

Did you know that there are many Government-backed financial schemes available throughout the UK? Visit the UK Business Climate Hub to see what your business could qualify for.

If you are looking for a 'standard' that details what you need to do to become carbon neutral, then you can use BS ISO 14068-1: *Climate change management. Transition to net zero - Carbon neutrality\**, which

has recently been published by the British Standards Institution (BSI). You also have the option to use a third-party company to demonstrate your compliance with BS ISO 14068-1.

[\*There will be a crossover period of 24 months to allow users of the previous standard (PAS 2060) to adapt to the new requirements.]

The following are practical steps that you can take to become a net zero business.

For your business **premises**:

- use renewable energy sources for heat and light. Consider solar panels and heat pumps (Government grants may be available)
- install LED lights
- if you use refrigerant, use low-impact refrigerant
- turn off as many electrical devices as you can at the end of the day
- activate power-saving modes on as many devices as you can
- ensure that your premises are as draught-free as possible

If you have to **transport** products and/or people:

- use electric vehicles when possible
- consider whether a van or car is really necessary. Could alternative, greener transport be used?
- conduct meetings remotely when possible, stopping unnecessary travel

For your retail **products**:

- ensure that claims made by your suppliers are truthful and accurate. If they are claiming to be green, ask how. Beware of vague and unsubstantiated claims. You are responsible for ensuring that any claims you

make to consumers comply with consumer protection legislation. This includes those that originate from or are based on claims made by your suppliers

- design products to be as sustainable and recyclable as possible
- consider helping the consumer to repair, rather than replace, faulty products (only if it is safe to do so)
- consider ways that you can minimise the return of goods to you, whilst complying with the consumer's right to return (for more information on returns, see 'Consumer contracts: distance sales')

For your **employees**:

- enable them to lead a low-carbon lifestyle by providing access to cycle-to-work schemes or electric vehicle leasing schemes
- lead by example! If you demonstrate a sincere commitment to net zero, your employees are likely to follow
- help them to feel that they are an essential part of your business's net zero journey by hosting workshops and training sessions, and being available to answer their questions

### Keeping on the right side of the law

You need to be aware of the CMA's Green Claims Code if you make any of the following claims, suggesting or creating the impression that a product or a service:

- has a positive environmental impact or no impact on the environment
- is less damaging to the environment than a previous version of the same goods or service

- is less damaging to the environment than competing goods or services

The Consumer Protection from Unfair Trading Regulations 2008 (CPRs) prohibit commercial practices that are likely to cause the average consumer to take a 'transactional decision' they would not have taken otherwise. The Regulations are enforced by the CMA, local authority Trading Standards services and certain sectoral regulators, such as the Office of Gas and Electricity Markets (Ofgem) and the Financial Conduct Authority (FCA).

The Green Claims Code sets out six principles, which businesses must consider when making claims. This will help to ensure that they do not breach the CPRs. The principles are as follows.

"Claims must be truthful and accurate." Businesses must live up to all claims made.

"Claims must be clear and unambiguous." A customer should be able to understand the claims that you are making.

"Claims must not omit or hide important relevant information." A customer should be given the full picture to be able to make an informed choice.

"Comparisons must be fair and meaningful." Products being compared should meet the same needs or be intended for the same purpose.

"Claims must consider the full life cycle of the product or service." Think about its overall impact, from creation to disposal.

"Claims must be substantiated." All claims should be backed up with robust and credible evidence.

## Where can I get further advice?

- the CMA's Green Claims Code and its accompanying guidance can be found on the GOV.UK website
- your local Trading Standards service can also provide guidance, usually as part of a Primary Authority (PA) agreement, in which you form a relationship with a Trading Standards service of your choice, which then enables you to receive 'assured advice'
- the Business Companion guide 'Environmental ('green') claims'
- the Advertising Standards Authority's guidance on green claims

## LEGISLATION

The laws featured in this guide

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### Trading Standards

For more information on the work of Trading Standards services – and the possible consequences of not abiding by the law – please see 'Trading Standards: powers, enforcement and penalties'.

### Key legislation

- Consumer Protection from Unfair Trading Regulations 2008

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### Please note

This information is intended for guidance; only the courts can give an authoritative interpretation of the law.