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Reviewed and Assured by ClimateCHECK

bp Target Neutral (bpTN) commissioned ClimateCHECK to perform a limited review-level assurance of the bpTN Carbon Neutral Protocol with the objective of assessing the relevance and robustness of the bpTN Protocol requirements against generally-accepted carbon neutral protocols and good practice guidance. Based on the assessment, ClimateCHECK's opinion is the bpTN Protocol, which includes a streamlined process that is more manageable for small and medium sized businesses, provides the rigour and requirements appropriate for a carbon neutral standard and compliance with the protocol is verifiable at programme level. The review was finalized on 25th November 2021.

Glossary

Assurance – an external review of a process from a third-party assurance provider to ensure compliance with specific standards.

Auditor – a third party entity who provides an independent assurance of a process.

Buffer – additional emissions added onto a calculated footprint in order to reduce the risk of underreporting emissions.

Carbon dioxide equivalent (CO₂e) – universal unit of measurement used to indicate the global warming potential of greenhouse gases expressed in the terms of 100-year global warming potential of one metric tonne of carbon dioxide. Referred to in shorthand as carbon.

Carbon Neutral – condition in which during a specified period there has been no net increase in global greenhouse gases as a result of greenhouse gases associated with an organisation during a defined period.

Carbon offset – discrete reduction in greenhouse emissions occurring beyond the boundary of the organisation used to counteract emissions from the organisation.

Detailed Technical Review – bpTN quality assurance process undertaken to verify the raw data of a sample of submitted applications.

Emissions Reduction Plan – a description of actions to be undertaken by the organisation in to reduce GHG emissions over a 12-month period. This may include specific absolute or intensity GHG based emissions reduction targets.

Greenhouse gas – seven gases listed in the Kyoto protocol which absorb and re-emit heat, and thereby keeps the planet's atmosphere warmer than it otherwise would be. The key gases are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons sulphur hexafluoride and nitrogen trifluoride.

Small Source Emissions – greenhouse gas emissions from sources that typically have low materiality for bp customer organisations including waste, water and purchased paper goods.

¹ ClimateCHECK is a climate change and sustainability consulting company that specializes in standards development and quality assurance, Measurement, Reporting and Verification (MRV), collaboration and knowledge management, training and coaching.



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Requirements for Carbon Neutrality

Organisations find that adopting low carbon strategies to reduce greenhouse gas (GHG) emissions can help to save them money and can improve their environmental profile. Time invested in discovering where GHG emissions reductions can be made often reveals opportunities for change that benefit the business, as well as the environment.

At bp Target Neutral (bpTN) we are committed to supporting our customers to reduce GHG emissions and generate business value, wherever they operate in the world. We believe that businesses and organisations of all sizes have much to gain by aiming for carbon neutrality.

That is why we have published our bpTN Carbon Neutral Protocol (the Protocol) that gives organisations a pathway to Carbon Neutral status. By following the Protocol, and achieving Carbon Neutral status, businesses can demonstrate to employees, customers and investors, that they are serious about taking action on the climate challenge.

What types of business can benefit?

We have designed the Protocol so that it is easy to understand and simple to implement. It can be tailored to fit any organisation.

Businesses or organisations that adhere to the protocol are able to benefit from marketing themselves as Carbon Neutral.

What does it mean to be 'carbon neutral'?

'Carbon neutral' means that the net emissions associated with an organisation's activities are equal to zero. Achieving this goal includes developing a plan to assess and reduce emissions associated with everyday business activities. This tends to be how cost savings are made because organisations can usually reduce emissions by finding efficiencies in terms of energy usage, waste management or process changes.

After opportunities for reduction have been seized, it is then a matter of using carbon offsets – investments in carbon-reduction initiatives, such as forest protection or renewable energy projects – to effectively compensate for the impact of emissions that cannot be avoided at that time.



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About bpTN and the Protocol

bpTN supports bp businesses and its customers in transitioning to lower carbon operations and to manage GHG emissions. We have been working with bp businesses and customers to reduce GHG emissions and generate business value for over 15 years.

bpTN believe in a proactive response to addressing climate change, in commercially viable solutions and in collective action.

The Protocol sets out requirements for achieving Carbon Neutral status, based on a rigorous and transparent framework that is based on relevant international standards and tailored to bp's customers' context.

The Protocol is developed by bpTN and peer reviewed by industry experts (Climate CHECK). The Protocol builds on other existing carbon quantification and neutrality standards (e.g. PAS 2060, NCOS), codes and established protocols that set out ways organisations can measure their carbon footprint, reduce greenhouse gas emissions, purchase carbon credits and offset residual emissions.

By following the Protocol, organisations can apply for Carbon Neutral status for its operations. This Protocol is not applicable to products or services.

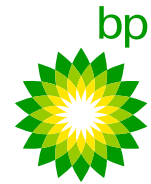
bpTN assesses applications for carbon neutrality under this Protocol and awards successful applicants with the Carbon Neutral status and marketing material.

Objective

The objective of the Protocol is to provide a methodology for bp businesses and its customers voluntarily seeking carbon neutrality for their operations. To be carbon neutral means that the net emissions associated with an organisation's activities are equal to zero. That is achieved by quantifying an organisations GHG emissions, taking action to reduce GHG emissions and the use of carbon offsets to effectively compensate for the impact of residual GHG emissions that cannot be avoided at that time.

The Protocol takes key elements associated with other carbon neutrality schemes and streamlines it to make the methodology more manageable to implement and fit for bp's customers' context.

² BPTN is a member of the International Carbon Reduction & Offset Alliance (ICROA). ICROA's primary aim is to deliver quality assurance in carbon management and offsetting through our member's adherence to the ICROA Code of Best Practice. This ensures credibility and quality for corporates using voluntary carbon offsets to reduce their greenhouse gas emissions and meet their carbon targets.



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The Protocol is based on the principles of:

- **Relevance:** Select the GHG sources and information appropriate to the decision-making needs of users;
- **Completeness:** Include all relevant GHG sources and activities from the businesses / operations;
- **Consistency:** Enable meaningful comparisons in GHG related information over time;
- **Transparency:** Disclose sufficient and appropriate information in a clear and truthful manner, keeping a record of all assumptions, calculations, methodologies and data sources used;
- **Accuracy and conservativeness:** Reduce bias and uncertainties as far as is practical/cost-effective, to ensure emissions are neither over nor under estimated. Where uncertainties exist, use conservative assumptions, values and procedures to ensure that GHG emissions are not under-estimated.

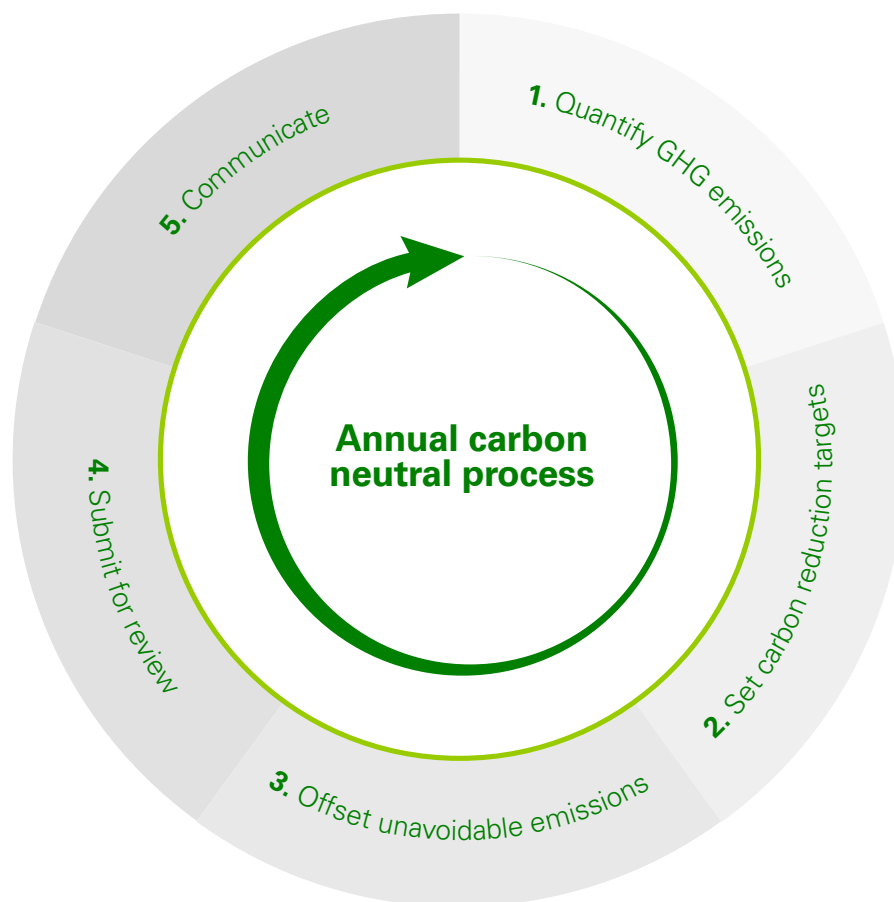
The principles are based on generally accepted GHG accounting and reporting and have been selected as they align with the core principles of PAS 2060 and the GHG Protocol – Corporate Standard.



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Achieving Carbon Neutrality

Organisations seeking to demonstrate carbon neutrality through compliance with the Protocol must take the following steps:



Each of these steps must be completed annually, to support the validity and transparency of the carbon neutral claim. Each of the 5 steps to Carbon Neutral status are detailed on the following pages.



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Step 1. Quantify Carbon Footprint

Subject

This Protocol applies for organisations looking to reduce GHG emissions and become carbon neutral. Subject refers to the organisation claiming Carbon Neutral status.

The boundary determines which emissions are measured or calculated and reported by the organisation. The boundary should be established on an operational control approach and should clearly define the legal and physical boundaries of the organisation.

The Protocol requires all relevant direct emission sources to be included (Scope 1 emissions), including fuels and refrigerant gases. Scope 2 indirect emissions resulting from electricity, heat, cooling and steam purchased by the organisation must also be included.

Organisations that choose to purchase renewable electricity from the electricity provider can have it reflected in its Scope 2.GHG protocol's Scope 2 Guidance should be applied when reporting Scope 2 emissions.

Reporting period

The reporting period must relate to a 12-month data period preceding the application.

The organisation should ensure that emissions data for the relevant reporting period is gathered and maintained in a transparent manner, and in ways that allows for future verification.

The final date of the relevant reporting period should not be earlier than three months prior to start of the carbon neutral claim.

Scope 3 emissions are indirect emissions that result from the activities of the organisation but aren't from sources owned or controlled by the organisation e.g. business travel, employee commuting. Schedule 1 includes the Scope 3 emissions that are deemed to be relevant³ and required to be reported, for a selection of organisations. Accounting and reporting additional emission sources is optional and could be considered by the organisation.

GHG quantification

Measurement of carbon footprints must be in accordance with accepted standards such as the GHG Protocol – Corporate Standard, PAS 2060 Appendix C or the Carbon Neutral Protocol.

All Kyoto GHG greenhouse gases must be considered for inclusion, currently, carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

³ Relevance is about ensuring the carbon account appropriately reflects the emissions of the organisation and meets the expectations of consumers and stakeholders – both internal and external to the organisation.



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Quantification of GHG emissions must be done using relevant national, regional, international, or other relevant emission factors, with preference given to the latest emission factors at the time of the calculations and most closely associated with the emissions source.

In case of uncertainties make conservative estimations. For avoidance of doubt, being conservative means that when making estimations we ensure that they do not understate GHG emissions nor overstate emission reductions.

Emissions sources that are relevant but estimated to constitute less than 1% of the total carbon account can be excluded from the emissions boundary (but mustn't exceed more than 5% of the total). All relevant exclusion must be disclosed and justified in the methodology statement.

For organisations where primary Scope 3 data is not available, a reasonable estimation of GHG emissions can be used provided reconciliation is done in 12 months or less.

Step 2. Set Carbon Reduction Targets

Emissions Reduction Plan

The organisation must develop and implement an emissions reduction plan in order to identify and target reductions in GHG emissions and ensure there are meaningful actions in place to reduce emissions.

The emissions reduction plan must include:

- Emissions reduction measures to be undertaken
- Required steps to develop and implement those measures
- Planned means of maintain GHG emissions reductions
- The quantity of emissions expected to be reduced
- Timescale for achieving emissions reduction measures

Emissions reductions made outside of the subjects' carbon footprint should not be included.

In some cases, it may not be possible or practicable to achieve emission reductions every year. Nevertheless, the organisation should aim to achieve emission reductions wherever possible and cost effectively.

Organisations applying this Protocol are encouraged to clearly communicate and report on those actions externally.

Commitment to carbon neutrality

Direct participation by the highest-level executives in the organisation is critically important for the success of a carbon neutrality program. Therefore, an upfront statement of the business commitment to carbon neutrality is required in addition to emissions reduction plan.



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The organisation should commit to overall carbon neutrality for at least two years. Best practice is for a five year program. A statement for commitment to carbon neutrality must be developed and included in the emissions reduction plan. The commitment must be signed by a senior leader within the organisation to ensure buy in to carbon neutrality throughout the business.

Step 3. Offset Unavoidable Emissions

The organisation must ensure any residual emissions are offset by retiring eligible offset units.

Offset units eligible for use under the Protocol must comply with ICROA⁴ approved standards, which mean they must meet the following principles:

- **Real:** All emission reductions and removals the offset project activity generates must be proven to have genuinely taken place.
- **Measurable:** All emission reductions and removals need to be quantifiable, using recognised measurement tools (including adjustments for uncertainty and leakage), against a credible emissions baseline.
- **Permanent:** Carbon credits should represent permanent emission reductions and removals. Where projects carry a risk that this might not be achieved a mechanism should be put in place that guarantees the reductions or removals be replaced or compensated. The internationally accepted norm for permanence is 100 years.
- **Additional:** Additionality is a fundamental criterion for any offset project to fulfil. This means that:
 - a) Project-based emission reductions and removals should be additional to what would have occurred if the project had not been carried out.
 - b) The reductions and removals would not have happened in the normal course of operations or without the availability of carbon finance.
- **Independently verified:** All emission reductions and removals should be verified to a reasonable level of assurance by an independent third-party auditor.
- **Unique:** No more than one carbon credit can be associated with a single emission reduction or removal as one (1) metric tonne of carbon dioxide equivalent (CO₂e). Carbon credits should be stored and retired in an independent registry.
- **Transparent:** Customers and stakeholders should have access to publicly available information about the projects used to offset any emissions used in conjunction with the Protocol. This should include the applied methodology and the project monitoring arrangements.

The principles been selected as they align with the requirements of ICROA and the offsetting principles detailed in PAS 2060.

The quantity of offset units must be equal to or greater than the total emissions associated with the organisation that is the subject of the carbon neutral claim for the year. Offset units may also be retired in advance of the claim, in which case the amount of offset units required is estimated at the beginning of the period and reconciled with actual figures at the subsequent period.



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Offset units used for Carbon Neutral status under the Protocol must be purchased through bpTN. This is to ensure these offset units are sourced from projects that meet the requirements in the ICROA Code of Best Practice and that have passed bpTN's comprehensive quality assurance process⁵.

Step 4. Submit for Review

Once an application has been submitted, bpTN will review the application and make sure it has been filled out to the required standard. bpTN will carry-out a detailed technical review of a sample of approved applications each year. If an application is selected in the sample the organisation will need to provide evidence of the raw data that was used to calculate emissions for the application, which will be validated by bpTN. If the relevant raw data can't be validated, then Carbon Neutral status may be withdrawn.

During application renewal after 12 months, bpTN will also check the emissions reductions set out in the emissions reduction plan have been achieved. If emissions reductions can't be validated, then Carbon Neutral status may be withdrawn.

Step 5. Communicate

Reporting

When claiming Carbon Neutral status externally, the organisation must be mindful of any local applicable laws and regulation in regard to marketing claims including packaging, labelling and advertising.

The integrity of a Carbon Neutral claim largely relies on the transparency of measures taken to support the claim. The Program requires that all steps taken are made transparent so that any carbon neutral claim can be objectively assessed by the public.

If reporting externally, the organisation must transparently and accurately communicate its carbon status and footprint, which includes the following:

- The total gross and net GHG emissions, by scope, of the activity for the previous and current reporting;
- A clear reference to the standard applied to complete the GHG quantification;
- A summary of emissions reduction activities undertaken in accordance with the emissions reduction plan and the resulting quantity of emissions reduced;
- Details of the quantity and type of offset units retired and records to prove that sufficient offset units have been cancelled to offset the carbon emissions associated with the activity;
- A summary of the key assumptions on the calculations including boundary, emissions sources included and excluded from the emissions boundary, uncertainties associated with the carbon footprint and any plans to improve the consistency and completeness of the carbon account in the future;

⁵ bp Target Neutral is not managed for profit and does not seek to make a profit from the purchase and sale of carbon credits.



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- If applicable, the level of assurance provided on the verification of the GHG quantification.
- The timeframe of the carbon neutral claim including the date carbon neutrality has been achieved, what reporting period the claim covers and how long the claim is valid for.

Records

The organisation must ensure that appropriate data recording and measures are in place to monitor the greenhouse gas emissions in the carbon account. Organisations should exercise quality control to ensure consistent data quality.

The organisation must ensure the existence, quality and retention of documentation in order to enable the creation of an audit trail of how the carbon account was created. All relevant documentation must be kept and archived electronically for two years after the end of the period of the Carbon Neutral claim.

Maintaining Carbon Neutrality

Maintaining Carbon Neutral status involves an annual cycle of quantifying, reducing, offsetting and reporting GHG emissions. Carbon Neutral Status may be suspended or revoked by bpTN if the requirements are not met.

A new annual report must be submitted to bpTN four months after the end of the relevant 12 month reporting period.

By each reporting deadline the organisation must:

- Submit an updated GHG emissions quantification for your reporting period;
- Submit an updated methodology statement (if not using the CMP);
- Submit an updated emissions reduction plan; and
- Purchase offsets for residual emissions.

Tools & Templates

bpTN has developed digital tools and templates to assist different types of organisations in quantifying their carbon emissions and developing robust emissions reduction plans. These are detailed below.

Tools

bpTN has developed a digital tool, the Carbon Management Portal (CMP), which streamlines the application process for car dealers. The CMP is a purpose-built online tool that follows the requirements of this Protocol and allows organisations to digitally apply for and maintain Carbon Neutral status under it. The CMP has been developed in consultation with a specialist third party consultancy and is subject to an annual review of its accuracy in quantifying GHG emissions.



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The CMP allows dealers to submit an application and achieve Carbon Neutral status by undertaking the following steps:

- Collecting and submitting data for the mandatory emissions sources
- Calculating GHG emissions⁶
- Creating and committing to an emissions reduction plan
- Obtaining senior sign off to the emissions reduction commitment
- Purchasing offsets for residual emissions through bpTN

The CMP includes automatic and manual checks of entered information to ensure accuracy at each stage.

The CMP will be under ongoing review and kept updated in accordance with the bpTN Protocol. The appropriate use of the CMP is of sole responsibility of the organisation applying for carbon neutrality.

Templates

For organisations that are not car dealers, bpTN have developed a suite of excel based digital templates that follow the requirements of this Protocol for organisations to use to streamline the application process. These include:

- Templates to quantify an organisations GHG emissions;
- Templates for preparing a GHG quantification methodology statement;
- Templates for an emissions reduction plan;

Once an application has been submitted via the CMP or the templates, bpTN will check the application and make sure it meets the requirements of this protocol. bpTN will carry-out a detailed technical review of a sample of approved applications each year. If an application is selected in the sample the organisation will need to provide evidence of the raw data that was used to calculate emissions for the application, which will be validated by bpTN. If the relevant raw data can't be validated, then Carbon Neutral status may be withdrawn.

bpTN may decide to develop additional tools to assist organisations compile a transparent, credible carbon account for subjects applying for Carbon Neutral status under the Protocol. Organisations should contact bpTN to obtain the latest versions of the tools and template

⁶ As part of the emissions calculation, a buffer is automatically added on to total building and travel emissions by the CMP to account for small source emissions sources (e.g. paper, water, waste etc.) that organisations may find difficult to account for. At the launch of the CMP in 2021 this has been set at 15% based on stakeholder engagement and internal analysis of over 200 dealer's data from previous applications under this protocol to understand the materiality of emissions sources in the dealer context. This buffer accounts for variations for multi-site applications and input error and has been developed to simplify the application process for dealers whilst maintaining a conservative approach to GHG quantification. The buffer shall be reviewed by bpTN every 12 months following launch and adjusted accordingly to ensure it is a fair estimate of the average impact of small source emission sources.



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Programme Assurance

bpTN will commission accredited third-party auditing services⁷ to provide assurance on the Carbon Neutral status issued via the Protocol every 12 months. Assurance will be provided at the program level, meaning that in assessing the information, the auditor can apply a sampling approach instead of assessing the information on an application by application basis. The level of assurance to provide must be limited assurance for all scopes of emissions. An auditor will provide an assurance statement confirming whether Carbon Neutral status issued by bpTN has been conducted in accordance with the requirements of this Protocol and bpTN's quality assurance processes.

Application process

To be granted permission to externally claim Carbon Neutral status via this Protocol, organisations must complete the steps below:

- **Step 1:** Contact bpTN to obtain latest tools and templates
- **Step 2:** Calculate the GHG emissions for your reporting period
- **Step 3:** Submit your application documents (via CMP or direct to bpTN)
- **Step 4:** Application review by bpTN
- **Step 5:** Purchase offset units through bpTN
- **Step 6:** Carbon Neutral status granted
- **Step 7:** Renew application after 12 months

The confirmation of Carbon Neutral status is provided by bpTN and will highlight the organisation in question and the date of validity of the claim. A record of organisations who have active Carbon Neutral claims under the protocol will be kept centrally by within bpTN.

⁷ Accredited under ISO 14065:2020 or equivalent



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Schedule 1 – Relevant Scope 3 emissions sources*

Scope	Emissions source category	Organisation type			
		Car dealers	Fleet operators	Petrol stations	Airports
Scope 3 - Other indirect GHG emissions (optional)	Employee business travel	Required	Required	Required	Required
	Water use	Recommended	Recommended	Recommended	Recommended
	Refrigerant gas sold	Recommended	Recommended	Recommended	Recommended
	Purchased goods	Recommended	Recommended	Recommended	Recommended
	Disposal of waste	Recommended	Required	Required	Required
	Paper consumption	Recommended	Recommended	Recommended	Recommended
	Employees commuting to and from work	Required	Required	Required	Required
	Aircraft main engines during taxiing & queuing	N/A	N/A	N/A	Required
	Support vehicles not owned by the operator	Recommended	Recommended	Recommended	Recommended

* The table consolidates the Scope 3 emissions sources that should be deemed to be relevant by the organisation. The sources included within the boundary of this Protocol were identified by bpTN following review of multiple organisational carbon footprints of businesses across the four organisation types. All Scope 3 emissions sources not included in the boundary of this Protocol have been excluded based on their materiality or the ability of the organisation to influence reductions. This was determined through consultation with businesses in each of the four organisation types and a deep understanding of their operations. This list will be reviewed every 12 months to ensure it is still reflective of relevant Scope 3 emissions sources for the chosen organisation types.

Schedule 2 – BPTN Protocol Document Information

Version	Date	Description
1	October 2018	Launch
2	November 2021	Update and re-launch

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