

## Understanding Net-Zero and Carbon Neutrality

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Companies and organizations across the globe have been discussing, considering, and committing to net zero emissions for quite some time, but there can be different understandings and of what this topic fully entails. Only in recent years have official definitions and protocols around net-zero emissions become finalized and adopted. Many companies made commitments to net-zero emissions before these formalized protocols defining net-zero were established. As sustainability minded companies work to meet the Paris Agreement goals, this is a constantly evolving topic. However, accounting principles around net-zero have not been universally accepted across standardization bodies including the Science Based Targets Initiative, Greenhouse Gas Protocol, and CDP.

The Science Based Targets Initiative (SBTi) was one of the first organizations to work to formally define the topic. When many companies first committed to the SBTi Corporate Net-Zero Targets, the assessment of Scope 3 emissions feasibility reduction were less accurate and less reported on by companies and were not required to be included within these net-zero considerations. This protocol was changed recently, requiring the inclusion of Scope 3 emissions. With this inclusion into the SBTi Net-Zero Standard, the journey to reaching these previously made commitments has become more challenging for companies who made commitments in advance of protocols being finalized as they didn't have a full understanding of what would be in scope for the commitment.

In addition, companies are beginning to value the inclusion of dedicated third-party audits and target validation around their net-zero and carbon neutrality commitments. Because of this, companies, like Aptar, are turning to ISO to provide a structured and validated approach to reaching carbon neutrality, achieving net-zero emissions within Scope 1, 2 and 3, and supporting the objectives of the Paris Agreement.

Recently, ISO released ISO 14068-1: 2023 which details the principles, requirements, and guidance for those looking to achieve and demonstrate carbon neutrality (net-zero). This standard, first published in 2023, provides a more standardized and credible approach to greenhouse gas emission quantification, monitoring, reporting, validation, and verification on Scope 1, 2 and 3 emissions. Through ISO 14068-1, carbon neutrality management plans are verified annually by a third-party. Further, within this standard, clear criteria are defined for the recognition of high-quality carbon credits with environmental and social impacts on the community where the offsetting project can be realized. The standard also uses an official registry of carbon credits avoiding double counting and/or further traded.

Aptar set its original science-based targets in 2018, before Scope 3 was included in the protocol. Now, in recognition of the need for continuous improvement, we are considering a formal commitment to the ISO Carbon Neutrality standard as the next step of our emissions reduction journey. For more information on Aptar's actions supporting a lower carbon economy within our entire value chain, please see our [Climate Transition Plan](#).

As you evaluate the public commitments and performance of public companies making net-zero claims, we encourage you to determine if:

- Scope 3 emissions are included within the net-zero target;
- The claim has been validated through or follows a globally recognized standard;



- Performance towards the target has been assured.

Through dialogue and the sharing our collective knowledge, companies can collaborate towards a more sustainable future.

Sustainability is a priority in Aptar's business strategy. Because of this, we incorporate economic, environmental and social factors into our policies, practices and processes. The aim is to create long-term benefits for the company and our employees while also being mindful of conserving and protecting resources. Learn more about our sustainability strategy and progress towards a more sustainable future in our [ESG Hub](#) on Aptar.com.