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# Climate Training and Standards Project

2022 **impala** 2023

# IMPACTS

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## STANDARDS REPORT

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# CLIMATE ANALYSIS GROUP REPORT

IMPALA  
WITH THE INPUT OF

JULIE'S BICYCLE  
THEMA1

BRUSSELS  
APRIL 2023

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Julie's Bicycle  
CREATIVE • CLIMATE • ACTION



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# REPORT

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# INTRODUCTION

IMPALA's Climate Training and Standards project (IMPACTS) was conceptualised with the aim of building new climate literacy capacity for independent music companies in Europe, to help them achieve a net zero carbon footprint and start looking at a framework for reviewing how potential standards within the independent music market could be developed.

IMPALA has developed hands-on advice for its nearly 6000 members, SME music companies and self-releasing artists, as well as tools such as a bespoke [carbon calculator](#) (the first of its kind within the music sector) with [Julie's Bicycle](#), for members to track their footprint.

We identified the need to provide training in our sector on how to use these new tools, to develop new capacity and skills at scale. IMPACTS' aim was to offer customised climate literacy training by international and local experts in 6 territories across Europe. The six territories were chosen to represent Europe's diversity, with countries being a balanced split between bigger and smaller economies, with a wide geographical spread and varied levels of climate readiness. The territories covered by the climate literacy training were Germany, Spain, Italy, Balkans, Denmark and Finland.

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**IMPACTS**

In addition, the IMPACTS project has been raising awareness of positive stories and best practices, as a catalyst for further change to promote climate optimism and the value of both individual and collective actions. To see more, visit this [page](#).

The final part of the project included establishing a framework to start looking at how sector-wide benchmarks and standards might be developed. This framework was built on conclusions reached through expert meetings of IMPALA's Climate Analysis Group consisting of IMPALA member companies and external climate experts (Thema1, Julie's Bicycle). The group met on a regular basis over the period of six months, where a range of topics were discussed:

- Terminology standards
- Getting businesses started - key commitments (setting climate goals, IMPALA Climate Declaration and engaging with the sector through the Music Climate Pact)
- Digital and streaming standards, the scope of responsibility
- Rethinking climate investment (and offsetting practices)
- Engaging with manufacturers
- Looking forward - conclusions and next steps

## Scope and Limitations

IMPALA, the Independent Music Companies Association, represents nearly 6000 members across 30 European countries.

The music sector consists of thousands of independents and 3 multinationals – “the majors”.

99% of music businesses are micro, small or medium sized enterprises – “the independents”.

The independents are the innovators and early adopters, discovering new talent and producing 80% of all new releases. The independents also account for 80% of the sector's jobs.

While we encourage these conclusions to be applied to the whole of the music industry, the conclusions contained in this report are based on the experience and context of IMPALA members (mostly SME companies).

The following report should be considered as a small scale case-study example, discussing the aforementioned topics through the prism of companies and national associations included in IMPALA's Climate Analysis Group. While this is a good start in the process of mapping and recommending common approaches in the sector, further action, analysis and research are needed for more comprehensive standards work in the music industry.

# TERMINOLOGY STANDARDS

In order to be able to work on a framework for standards, the group found it imperative to start by standardising the common vocabulary used to talk about this topic. Below is a brief overview of key terms used in relation to decarbonisation and carbon reporting. The terminology explainer was proposed by Julie's Bicycle and confirmed by IMPALA's Climate Analysis Group.

## WHAT IS NET ZERO?

*Climate science tells us that we need to limit global average temperature rise to within 1.5C to avoid the most severe impacts of climate change. We can do this by making significant reductions to our emissions now towards reaching what is known as 'Net Zero' emissions by 2050.*

*Net zero means reducing the amount of emissions put into the atmosphere as much as possible before directly removing any emissions that remain.*

**The 'net' in net zero is not as important as the level of emissions reductions: there is not enough land or GHG removal technology in the world to 'net out' current levels of emissions.**

*Taking a big picture view, 'net zero' will basically mean producing 'zero emissions' for areas like energy generation, buildings, and ALL surface/road transport. 'Net zero' is likely to require balancing only the remaining emissions from areas like aviation and agriculture for which we don't currently have any zero-carbon alternatives.*

*Globally, to achieve net zero by 2050, **we have to reduce emissions year on year and halve emissions by 2030.** Businesses in more affluent countries (like Europe and North America) should move faster, as should businesses with supply chains and operations that are easier to shift to lower carbon technologies. A meaningful net zero target isn't really an environmental target – it's a transformation target and an investment target for replacing or refitting buildings, plants, and fleets.*



## QUICK NOTE ON LANGUAGE: ‘carbon neutral’ vs ‘net zero’

- Definitions can be subtle, confusing and sometimes standardised through specific frameworks, which people may or may not stick to. One difference:
- ‘Carbon neutral’ standards (like PAS2060) generally puts more emphasis on offsetting your emissions using certified offset credits. Those offset credits can come from a range of different types of projects including those that help others avoid emissions (e.g. renewable energy projects) – i.e. you’re ‘compensating’.

While often misused, ‘net zero’ requires emissions to be reduced as much as possible first. Only then should you balance or ‘net’ unavoidable emissions using projects that actively remove carbon emissions from the atmosphere and lock them away permanently. That includes projects like peatland and mangrove restoration, afforestation, or direct carbon removal technology (at present expensive and not widely accessible). The market for ‘high quality’ net zero carbon credits is a fast-developing area at present. There are some concerns that the current boom in ‘net zero’ commitments will once again rely too much on buying credits rather than reducing emissions at source (mirroring issues with offsets that go back several decades) – this is why it is important to accompany net zero commitments with other commitments for reducing emissions and creating genuine action.

## GREENHOUSE GAS REPORTING SCOPES (GHG PROTOCOL) & HOW THEY APPLY TO MUSIC LABELS

GHG Reporting Scopes are based on placing responsibility for emissions as close to the ‘source’ (mainly: combustion of fossil fuels or other processes that directly release GHG emissions) as possible.

- SCOPE 1 (OPERATIONAL): emissions from ‘owned or operated assets’ e.g. gas combustion on site in gas boilers at label offices or in label-owned or controlled warehouses etc, company-owned vehicles
- SCOPE 2 (OPERATIONAL): emissions from the electricity, heat, or steam you buy (that is generated elsewhere) – e.g. electricity use at label offices
- SCOPE 3 (VALUE CHAIN): emissions from everything else – upstream (e.g. raw materials extraction, products you buy, suppliers and contractors, business travel and freight where that it is not in owned or controlled vehicles, etc) and downstream (e.g. customer use of products, waste processing, etc).

# GETTING BUSINESSES STARTED

## SETTING CLIMATE GOALS - IMPALA AND INDIVIDUAL MEMBERS

Having a standard approach to getting started is crucial to achieving effective change at scale. In order to have a structured and quantifiable approach, IMPALA first released its target goals in 2021, including a sustainability charter and declaration for members. Following these group discussions, IMPALA updated the language and content of its climate **ambition**, climate declaration for members (below) and practical steps (member **guidance**) to be in line with current climate science and ensure a common framework for setting goals.

Below is the recommendation of the IMPACTS standards group for a shared ambition and commitments for the independent music sector.



# IMPALA's Climate Ambition

Recognising that the climate emergency poses an existential threat to society, nature and the economy, IMPALA will provide free tools and resources to help our sector:

- Halve greenhouse gas emissions before 2030
- Achieve net zero emissions before 2050, or sooner if feasible
- Measure and disclose greenhouse gas emissions on an annual basis

We will continue to provide advice by keeping our handbook '**Practical Sustainability Guidance for IMPALA Members**' up-to-date. Members can also use our carbon calculator tool to measure and disclose greenhouse gas emissions for free.

By 2026, we hope that a majority of our members will have adopted our Climate Declaration for Individual Companies. This sets out a series of steps that businesses can take to reduce their climate impact and contribute to our overarching climate ambition.

Adopting the Climate Declaration is voluntary for individual members and IMPALA recognises that every business and country is different. We aim to ensure that no one gets left behind as we continue to advocate for immediate action from within our industry and value chain. Towards this end, we have joined the **Music Climate Pact** as its supporters. The Pact is bringing together key actors (the independent music community, major music groups and others) to align as a sector and address our biggest environmental impacts in an efficient and collaborative way. IMPALA also supports the UN's sustainable development goals, known as SDGs.

To demonstrate leadership on our way to achieving net zero, we'll encourage our members to be on the front foot. We will share leaders' work as examples of best practices. We will encourage members to see this as an opportunity as well as a challenge, being able to provide a credible service for artists and gaining a competitive advantage before action becomes a burden. Taking action in this way will also save members in costs and taxes (which are on the way if they are not here already). It also means paths to public funds remain open, with many grants already requiring some kind of policy and tracking to be in place.

We will advise members on the minefield of offsetting and options for compensating emissions that cannot yet be removed by financing transformative climate change mitigation work, among other possibilities.

We'll listen to the latest climate science and involve experts from inside and outside of our industry to ensure our approach continually reflects best-practice, and that our membership receives reliable and robust advice.

# IMPALA Climate declaration for individual companies

*As a member of IMPALA, our company supports climate action in the sector and commits to:*

- Measure and disclose greenhouse gas emissions on an annual basis*
- Halve greenhouse gas emissions from relevant operations (including energy use, business travel, manufacturing and distribution) before 2030*
- Achieve net zero emissions before 2050, or sooner if feasible*

*We'll work towards taking the following concrete steps as soon as possible:*

- 1. Source (and / or generate) renewable electricity for our office(s) and other owned/leased buildings by 2026.*
- 2. Prioritise manufacturers that utilise renewable energy sources.*
- 3. Prioritise suppliers & distributors that have their own environmental policy and environmental targets in place.*
- 4. Enact a sustainable procurement policy that includes a requirement for all paper and card used in physical manufacturing to be 100% FSC certified (+/or a target for recycled content) within the first year of adopting the declaration.*
- 5. Take action to reduce the environmental impact of our business in other areas, such as pension investments.*
- 6. Compensate for emissions that we cannot immediately remove by financing transformative climate change mitigation work.*
- 7. Dedicate at least one day on social media per year to highlight climate and environmental issues, and support artists who are speaking out on these themes and want to reduce their own impact.*

# Engaging with the sector through Music Climate Pact

Besides taking individual action, the group also encourages industry-action as an essential way to help achieve a standardised approach. The main example recognised by the group as achieving that purpose is the **Music Climate Pact**, initiated by the UK's Association of Independent Music (AIM) and record labels association the BPI, as a response to COP26 and the urgent call for collective action to combat the climate crisis. The following text is from the Music Climate Pact [website](#).

*The Pact sets out a series of high-level commitments that will serve as a declaration of intent for the global music sector.*

*The Pact brings together key actors (the independent music community, major music groups and others) to align as a sector and address our biggest environmental impacts in an efficient and collaborative way.*

*The idea behind the pact is the belief that the music industry will be best-placed to reduce greenhouse gas emissions through collective action and a unified voice, mitigate our contribution to global climate change and ignite broader societal action on the climate crisis.*

*Following on from the Paris Agreement, nations and businesses across the world have established ambitious programmes to address climate change and limit global warming to 1.5°C above pre-industrial levels. The decisions made now, as an industry and as individual businesses, are vital if we are to take meaningful and timely action.*



## THE 'MUSIC CLIMATE PACT' COMMITMENT

*The vision of the pact is to harness the power of the music industry towards inspiring transformational action on the climate crisis. Its purpose is to de-politicise sustainability and address industry's biggest environmental impacts in an efficient and collaborative way.*

*There is a lot of work to be done if we are to become a more sustainable industry, but we will be guided by climate science and take tangible, unified action and regularly update on our progress.*

## The Pact's founder signatories have committed to:

- *Take individual and collective action to measure and reduce our greenhouse gas emissions (scopes 1, 2 and 3)*
- *By February 2022\*, either signed the Science Based Targets standard commitment letter stating that we will commit to setting science-based targets or joined the Race to Zero programme*
- *Work together as an industry to establish carbon measurement methodologies, tools and frameworks backed by climate science*
- *Work in partnership with shared suppliers and digital streaming platforms (DSPs) to obtain data and drive emission reduction projects in a collaborative fashion*
- *Support artists in speaking up on climate issues*
- *Communicate openly with fans about the impacts of the music industry.*

# DIGITAL AND STREAMING STANDARDS, THE SCOPE OF RESPONSIBILITY

Standardising the sector's approach on streaming is vital. The group reviewed the whole chain and reached a key set of conclusions related to the scope of responsibility concerning digital distribution.

*Emissions from downstream digital distribution (the distribution of digital recordings through Digital Service Providers [DSPs] and consumption by fans through streaming services or digital download) are excluded from the responsibility of labels for the following reasons:*

- *Scope of responsibility - labels do not own or control DSPs which are the responsibility of third parties who are already taking responsibility for the relevant emissions.*
- *Influence – record companies have no direct control over the distribution of digital files once they have distributed to DSPs, or influence over emission reduction programmes.*
- *Size – due to a lack of available data, it's not possible for the recorded sector to estimate with accuracy the size of emissions from digital distribution. The necessary data is controlled by DSPs and their downstream partners. Some DSPs are working towards gathering data from their operations and are establishing emissions calculation methodologies. We refer to this, as availability of data is part of the GHG protocol, but as noted above, scope of responsibility and lack of influence mean that DSP emissions (including subscriber emissions) are not counted as record company emissions. (This is the same as for other downstream areas of activity in the music market, such as physical retail.)*

*Digital distribution is a vital part of our industry and makes up a significant portion of income for our members. We're therefore working closely with DSPs to encourage greater transparency and will support towards measuring and reducing the impact of streaming. As part of the Music Climate Pact and our own **Climate Charter**, we call on DSPs to work collaboratively to share data and knowledge on this issue.*

# RETHINKING CLIMATE INVESTMENT

Climate science on offsetting has been changing and it is important that the music sector understands this and has a common approach. IMPALA's original commitments and member guidance from 2021 included suggestions on offsetting. This needed to be revisited in line with climate science which puts decarbonisation in the spotlight as the first step. In addition, there is more focus on climate investment than offsetting what can't be reduced.. The following text is a suggestion from the IMPACTS standards group as a possible common in light of these conclusions.

## Climate investment

### ***IMPALA's climate ambition***

*IMPALA's primary focus is on helping our sector remove greenhouse gas emissions. Our aim is to **reduce emissions 50% by 2030, and to achieve net zero emissions by 2050** (sooner if feasible). Emissions reduction is paramount and should be put before any measures to 'offset' (projects promising to reduce emissions somewhere else) or compensate remaining emissions (which should only apply for the remaining 10% of your footprint).*

### ***Course of action***

- 1) Measure your carbon footprint annually with the IMPALA Carbon Calculator.***
- 2) Reduce the greenhouse gas emissions from your business operations and suppliers***
- 3) Allocate funds for climate investment /environmental projects to take responsibility for unavoidable emissions***
- 4) Repeat***



## **Financing climate action**

As an alternative to carbon offsetting, IMPALA is investigating how its members can support projects that have more immediate systemic impact. This thinking is aligned with civil society actors such as **WWF**, **CDP**, **New Climate Institute** and **Carbon Market Watch**, which each encourage business to move beyond ‘offsetting’ emissions to ‘financing climate action’. This involves businesses adopting a ‘carbon price’ and multiplying this price by the quantity of emissions generated, to create a pot of money that can be used to finance projects based on transformative impact.

## **Carbon pricing**

We recommend businesses set their own internal carbon price per tonne to determine the size of their investments. This should be high enough to incentivise internal emissions reductions and help companies take accountability for their impacts, though we also recognise that the appropriate price level may vary depending on business size and turnover.

IMPALA advises its members to set that price within the range of **€60-115 per tonne of CO<sub>2</sub>e**. A study published in September 2022 in **Nature** estimated the social cost of carbon (SCC) to be \$185 per tonne of CO<sub>2</sub>.

In December 2022, EU-ETS priced carbon at around 90€ tCO<sub>2</sub>e. Find out more about the EU’s Emission Trading System and the current **pricing here**. In addition to the numbers from the European Emission Trading Scheme, German Umweltbundesamt estimated actual societal costs of carbon to be around 200€. Find out more on the Social Costs approach **here** (in German) and **(here)**.

For example, if your emissions were 120 tCO<sub>2</sub>e and you chose to pay €100 per tonne, your equation would be: 120 T CO<sub>2</sub>e x €100 = €12,000.

## **Why focus more on strategic/ impact/ transfer investments**

These investments provide opportunities for businesses to directly fund a whole range of climate mitigation work; from community-based projects to policy advocacy, climate justice campaigns to legal interventions, or even ‘insetting’ schemes that help remove carbon in our own industry. Whilst these projects won’t make emissions disappear, they will help accelerate wider systemic change.

## **Examples of environmental organisations to invest in**

We have investigated these initiatives, but are not affiliated with them. Fill out the form on **this page** and let us know if you think any other initiatives should be included on the list.

# ENGAGING WITH MANUFACTURERS

The group concluded it was beneficial to engage with manufacturers and raise awareness on sustainability among pressing plants, again with the aim of starting to develop a possible common approach. Together with Julie's Bicycle, this questionnaire was developed with the aim of reaching out to different European manufacturers to encourage a standardised set of steps to be considered. For the moment these questions don't include more in-depth questions around transport impacts in relation to materials or e.g. approaches for the businesses/pressing plants to assign their wider operational emissions to clients. Instead they act as guidelines to start the conversation based on as standard an approach as possible.

***Can you already supply product-level carbon footprint estimates per product produced? If yes, could you share them along with some details on what is included or excluded?***

*If not, could you share answers to the following?*

*Process:*

- Which parts of the record manufacturing process do you undertake at your site (e.g. pressing vinyl, printing covers)? Are there any key processes that you DON'T do on site?*
- Do you operate steam powered record presses or steamless?*

*Materials:*

- How much PVC material input (by weight) goes into a single record pressed? Can you allocate an amount of waste PVC arising per vinyl record produced? (i.e. for a 140g or 180g record, how much additional PVC material input is required by weight)?*
- Are these waste edge trimmings collected and recycled for further pressings?*



## **Manufacturing Energy**

- Which types of energy are used in the factory - electricity, natural gas, fuel oil, district heating, etc?
- **Can you provide annual consumption figures for the whole facility? electricity - kWh, natural gas - kWh or m3, any other energy sources used on site and water m3.**
- Do you generate any of your own electricity on site?
- **Production volumes - # units produced per year (vinyl records)**
- **Do you manufacture any other media or products in your facility? If yes, what type of products and what is the rough proportional breakdown in terms of number of units?** (e.g. vinyl is a third) And if yes, do you have a sense of how much more or less energy intensive the vinyl manufacturing process is compared to other products (e.g. 'we think it uses a lot more energy because of the power needed for the steam presses')?

The **following guidance** is also recommended as a useful tool for pressing plants if they would and could conduct their own research and figures, again to try and encourage a common approach.

# LOOKING FORWARD - CONCLUSIONS AND NEXT STEPS

The final part of the work of the standards group was to look forward and come up with a set of conclusions and recommendations for developing this work in the area of standards. The group began by looking at this in the broader context, work done so far and anticipated, as well as future recommendations regarding the framework for continuing this work.

## **Broader context**

IMPACTS project (including this report) is just one part of IMPALA's bigger sustainability programme.

The programme sets an overall goal for the European independent music sector, with voluntary targets and voluntary tools, available to IMPALA members:

- Voluntary guidance on reducing carbon, other sustainability tips.
- Climate declaration (voluntary) for individual companies, aligning themselves to the IMPALA target.
- A carbon calculator specific to the recorded music sector, powered by Julie's Bicycle and with the financial support of a core group of members who volunteered to help pay for the tool to be developed, see more here.

## How did the work done within the IMPACTS standards project influence IMPALA's overall sustainability programme?

*Moving forward, it was confirmed by the Climate Analysis Group that IMPALA's sustainability priorities for this year will include: executing the updates to the tool, promoting climate literacy among our membership, keeping up visibility via national associations, continuing the standards work and encouraging decision makers and funders to recognise our programme.*

*We have continued encouraging our members to start measuring and reporting their carbon footprint in a standardised way through an awareness campaign **WeMeasureTogether**; harnessing the joint power of the independent community and highlighting examples of best practice in the sector.*

*Later this year, we will be releasing IMPALA's first report on the use of the calculator. As the time progresses, we are hoping the tool will be recognised as a standard in the sector, by facilitating and uniforming the carbon reporting process.*

*Recognising the value of taking joint action and leading a number of valuable discussions, the Climate Analysis Group will continue to meet on an ad-hoc basis to continue developing the framework for standards.*

# Future recommendations

To achieve broader results and be as effective as possible, the group recommends that the framework for moving forward on this should:

- Include businesses of all sizes
- From different countries
- With diverse backgrounds
- Include climate science experts from at least two different countries
- Promote the benefits of standardised action through common tools such as a shared carbon calculator, standard approaches covering the areas already included so far in the work of the Climate Analysis group
- Benefit from EU funding to take this work to the next level
- Engage with other actors in the sector and relevant services in the supply chain for example in the context of the **Music Climate Pact**

IMPALA was established in 2000 and now represents nearly 6000 independent music companies. 99% of Europe's music companies are small, micro and medium businesses and self-releasing artists. Known as the independents, they are world leaders in terms of innovation and discovering new music and artists – they produce more than 80% of all new releases and account for 80% of the sector's jobs. IMPALA's mission is to grow the independent music sector sustainably, return more value to artists, promote diversity and entrepreneurship, improve political access, inspire change, and increase access to finance. Sustainability of the sector is one of our key priorities. In 2022 we launched a key European co-funded project IMPACTS.



Julie's Bicycle is a pioneering not-for-profit, mobilising the arts and culture to take action on the climate and ecological crisis.

Founded by the music industry in 2007 and now working across the arts and culture, JB has partnered with over 2000 organisations in the UK and internationally. Combining cultural and environmental expertise, Julie's Bicycle focuses on high-impact programmes and policy change to meet the climate crisis head-on.

## Julie's Bicycle

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THEMA1 is an independent Berlin-based think-do-tank specialised in accelerating social change.

Founded in 2006 by Guido Axmann, Jacob Bilabel and Rasmus Priess, THEMA1 initiates and operates projects in the fields of sustainable consumption, renewable energy grids, a green music and entertainment industry, and mass mobilisation of the public towards a low-carbon future. Each of THEMA1's activities is defined by the strong belief of its founders that 'Talk without action means nothing'.



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