

Sustainability Part III:

The CarboNZero Programme

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When organic food producer, Pitango, undertook the world-renowned carboNZeroCert™ programme, the reason was simple, says director and co-founder Yasmine Shenhav. “It’s the right thing to do as a company, and the right thing to do as a human being.”

Yasmine and her husband Olaf established Pitango in 1999. While it started as an organic soup producer, the company has evolved to become an industry leader in the production of organic foods and meals. Pitango’s commitment to personal health and well-being, as well as a wider belief in addressing environmental issues, was central to their participation in the carboNZero programme. In doing so they became the world’s first food producer to be carboNZero certified.

“We appreciated the knowledge, experience and credibility of the people from the carboNZero programme and it was a great learning curve for us,” she says.

What is CarboNZero?

The carboNZero programme is an internationally recognised greenhouse gas scheme – commonly referred to as carbon footprinting – for organisations, products, services and events, offering optional mitigation strategies through the provision of credible and verified offsets. It is the only New Zealand carbon emissions solution that is based on solid science and able to meet the demands of Emission Trading Schemes, Carbon Disclosure Projects and emerging world’s best practices, the latter being most important to New Zealand exporters.

There are now more than 600 companies and individuals undertaking the carboNZero programme. Hardly surprising, given it provides robust tools and processes for accurately measuring greenhouse gas emissions or carbon profiles, tracking business performance improvement of these emissions, managing the associated business risk and reduction planning with the highest level of credibility and integrity.

Yasmine says undertaking the carboNZero programme earlier this year was a big financial investment but was aligned with Pitango’s wider business practices of brand management and marketing and also aligned itself with the company’s philosophy about the impacts of climate change and how individuals can help.

“It is very important for us as an export business to look to the global picture. We are always searching for ways to bring more value to our products and becoming carbon neutral is about the

bigger environmental picture. We are not only providing better food, we are helping bring about a better world.”

The climate change debate

There is no question that talk of climate change has moved into the mainstream. Seldom does a day go by without media interest on the issue and its possible implications to people here and around the world.

The underlying cause of climate change is the release of carbon dioxide and other greenhouse gases from burning fossil fuels. The effect of that is a warmer planet and stronger but less predictable weather events. Impacts include; increasing average temperatures, rising sea levels, more extreme weather patterns.

More importantly, ordinary New Zealanders have now made a paradigm shift in the debate about climate change and businesses will need to make a shift as well to address their customers’ demands or they will risk being left behind in the marketplace.

Government input

The Government’s recent policy announcement of an emissions trading scheme as well as other initiatives to combat the effects of climate change have heightened interest in this issue and placed the spotlight clearly on the New Zealand economy. The food and beverage industry isn’t spared.

Also, aware of the rising expectations of overseas consumers, Government is working to ensure that New Zealand produce is sustainable and able to address concerns over issues including carbon offsetting and food miles. In fact, work is underway on a research project to assist two iconic New Zealand food exports.

Agriculture Minister Jim Anderton announced late last year that Landcare Research would undertake the six-month project to develop specific methodologies and guidance for the measurement, management and mitigation of greenhouse gas emissions associated with wine and kiwifruit products.

Landcare Research senior economist, Suzie Greenhalgh, says



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the long-term goal is to ensure that New Zealand industries can operate in markets with credibility and, where necessary, using internationally recognised, transparent and validated greenhouse gas foot printing methodologies.

A daunting task

Businesses – both large and small – will now be required to reduce their contributions to this very significant problem. Thinking about climate change and how it affects individual businesses is now central to ensuring good governance, more effective marketing and increased profit. However, because it is a new field it can be perceived as carrying significant risk, uncertainty, fear and doubt.

These uncertainties are often based on poor information. That is something Pitango is confronting head-on with suppliers and retailers alike.

“There’s a need for more education and awareness about the issues of carbon emissions and climate change and how it relates to the food industry. For that reason, we’ve developed simple brochures at outlet stores outlining the problems and solutions. We feel we’re pioneers!” Yasmine says.

“While the task of reducing the impacts of New Zealand business on climate change and other environmental issues can appear daunting, they can in fact be managed and implemented simply and successfully,” says the business manager of the car-

boNZero programme, Mike Tournier. “The key point is to first understand the fundamentals of carbon, carbon foot-printing and carbon trading before applying that knowledge to one’s own business model.”

“Not many people have a grasp of what all those things are, or what they mean. There are few providers in the marketplace offering reputable consulting advice. The key first step is to undertake a background check

on who is a reputable provider of advice. Landcare Research and the carboNZero programme are clearly at the top end for credibility,” he says.

He also believes the risks of misinformation and poor advice is extremely high and he predicts that significant investments in time and money could be wasted, or worse still, reputations could be left in tatters if New Zealand companies get it wrong. Organisations like the carboNZero programme are strongly placed to provide practical and strategic advice because they have reliable and internationally respected science backing their work.

So how does my business go about it?

The carboNZero programme’s technical manager, Professor Ann Smith, says there are four steps that your business must undertake to gain carboNZero certification;

- measuring your greenhouse gas profile
- managing emissions
- mitigating the effects by cancelling carbon credits
- marketing the fact your business is carboNZero certified

The whole process is verified through strict third party auditing. The programme meets recognised international standards, meaning participants can show overseas clients that their carbon measurement and reduction meet the requirements of an international standard and has been independently audited. In fact, potential auditors are examined before they can rate businesses hoping to gain certification.

“The carboNZero programme also offers a level of flexibility that no-one else can match,” says Mr Tournier.

Some businesses apply carboNZero certification to all operations while others apply the certification to specific parts such as their head office operation or manufacturing.

The carboNZero programme has recently launched a small-enterprise certification scheme whereby smaller organisations

First they want fat free, then they want no preservatives, now they want carbon neutral...

Consumers are easy to please!

Whether you want to report on the carbon footprint of your entire supply chain or certify your manufacturing process or products, the carboNZero programme has the solution for you.



with emissions under 50 tonnes that wish to gain organisational certification can gain carbon neutral status. Businesses going through the small enterprise scheme would undergo a self-assessed carbon emissions measurement via an online calculator meaning a quicker, more hands-on and cost-effective process. Self-assessed organisations can then establish a formal reduction plan, offset emissions by purchasing and cancelling verified carbon credits and undergo a third party audit to ensure accurate assessment.

The small-enterprise option provides a small business with the opportunity to market itself using the carboNZero logo as a carboNZero certified small enterprise.

Larger organisations may opt for full certification or product/service certification. This also begins with calculating greenhouse gas emissions for the entire business and/or product or service, and developing a reduction plan. These are then audited by qualified environmental auditors. The next step, which is optional for those who want to leverage the full potential of being certified carbon neutral, is purchasing and cancelling verified carbon credits to offset the effects of the remaining unavoidable emissions.

Carbon credits?

The carboNZero programme retains control over balancing emissions and credits to ensure carbon credits are sourced from reputable sellers who have generated genuine carbon reductions. Once the credits have been accounted for, the organisation receives its certification, enabling it to use the carboNZero logo and market its environmental commitment.

The carbon credits must come from projects that meet the Kyoto Protocol principle of permanence and be verified by a qualified, third-party auditor against a recognised international standard such as ISO 14064 part 2 or the Gold Standard. The carboNZero programme uses carbon credits from Projects to Reduce Emissions (PRE), a government programme supporting emissions-reduction activities like windfarms and landfill gas projects that generate alternative electricity. Alternatively, carbon credits are sourced from the EBEX21 project (Emissions Biodiversity Exchange in the 21st Century). EBEX21 doesn't plant trees, instead it chooses sites that will naturally regenerate into forest, typically privately owned farmland that's been retired from production. The majority of the revenue is given to the landowner to replace the income lost from retiring the land.

Mr Tournier says integrity of the carbon credits is vital as some exporters are now required to prove carbon neutral status to gain access to British supermarkets. If the credits are shown to be "junk credits" then it's possible the business will be in breach of contract but more importantly the damage to a company brand and its reputation could be significant.

"Your business has to be able to stand up to severe scrutiny if it is to go down the path of reducing and offsetting. Purchasing other-than-valid carbon credits means there's a high probability the investment is wasted. More than that, there's danger of lasting damage to your brand."

Marketing you carbon neutral status

If an organisation has passed all the requirements it has the right to be called a carboNZero certified business. For certified products and services, the certification mark or logo can then be used under licence on relevant products, packaging, advertising and signage.

Benefits of carboNZero certification include:

- Addressing environmental concerns by customers/clients/stakeholders
- Supply chain requirements and export credibility

- Adding value to products and services
 - Increasing marketing opportunities and brand perception
 - Increased market access
 - Easy to implement and manage
- Mr Tournier says adopting sound greenhouse gas accounting and emissions mitigation is management of financial risk.

"In the very same way a company applies due diligence when they purchase assets, or undertake exchange equity, they must apply those same principles to the carbon market, because the risks and liabilities of getting it wrong are going to be severe. Likewise, if you buy junk credits where is that going to leave you in front of your stakeholders and shareholders?"

Pitango's Yasmine Shenhav believes it's about more than just marketing. "A few years ago organic produce such as ours was seen as fringe. These days I'd like to think it's seen as being healthy, safe, environmentally friendly and mainstream. I also hope that awareness of, and action on, climate change and carbon emissions in the food industry will soon become mainstream.

"We're extremely proud of this achievement and the initial success of the programme for Pitango has been how it has inspired awareness about sustainable issues for the company, our customers and suppliers. carboNZero certification brings a lot of enquiries and offers us a unique opportunity to educate the consumer, not only on our delicious products but also on their indirect role in making a difference to cleaning up the environment."

Measurement – accounting for greenhouse gas emissions.

Prof. Smith says undertaking carboNZero certification is not a drain on business resources. Most management is done on paper and it's relatively easy to convert your existing financial records into a greenhouse gas account. Spending on electricity, fuel and air travel is converted using standard conversion tools. On completion the business will have a detailed and accurate greenhouse gas emissions inventory which will be used as the basis of on-going management plans.

Management – reducing greenhouse gas emissions.

This is where potential cost savings are identified. While the primary goal is to reduce greenhouse gas emissions it often eventuates that efficiencies and cost savings are identified.

Auditing – verifying the business's greenhouse gas assertion.

Stringent auditing is vital to protect the reputation of the programme and ensure it complies with international best practice. Auditors verify the greenhouse gas emissions profile and also ensure the requirements of the management stage have been met. This includes confirming a long-term intention to reduce impacts on climate change and verifying the intended reduction measures. Finally, they ensure the organisation invests in suitable mitigation measures for any unavoidable emissions.

Mitigation – offsetting greenhouse gas emissions.

Landcare Research sources high quality carbon credits for the participant, enough to absorb the unavoidable emissions. The carbon credits are brought and sold in units of one tonne of carbon dioxide. It is important the credits are retired or cancelled so they can't be used again or sold again, known as "double-dipping".