

"YOU CAN'T just write a cheque and make it go away," says Urgent Couriers managing director Steve Bonnici of the problem of tackling carbon emissions. In fact, writing a cheque is part of the process – among other costs, Bonnici is set to fork out \$30,000 or more a year to buy carbon credits for the emissions exhausted by his drivers. But, besides costing money, going carbon neutral takes a lot of time, and involves a lot of changes to the way you do business. If you're after a quick marketing fix, you're out of luck.

Bonnici's company went carbon neutral by choice. For others, it's a matter of compulsory compliance. New Zealand's 200 or so largest polluters fall under the Emissions Trading System (ETS) legislation passed in the dying days of the Labour government. The ETS fulfils our obligations under the UN-administered Kyoto Protocol to buy carbon credits on the global market to offset our emissions as a country. The ETS is (or was) being phased in over the five-year lifecycle of the protocol. Forestry is already covered; coal, gas and geothermal power stations will be by 2010, liquid fossil fuels (such as petrol and diesel) by 2011, and agriculture (New Zealand's biggest source of emissions) by 2013.

The Kyoto Protocol has been fraught. Major emerging economies like China and India did not sign up, saying it was unfair for them to be denied the kind of relatively cheap industrialisation and

urbanisation, powered by fossil fuels, that the West has already enjoyed. The US did not sign up, partly because it wanted to give itself trade leverage over China and India. And countries that did sign are wrestling with their obligations.

Our new government, for example, has put ETS legislation on hold, pending a review requested by its climate change-sceptical coalition partner Act, and is looking at alternatives such as a carbon tax (known as a "fart tax" during the outgoing Labour government's short-lived attempt to introduce one). It looks increasingly unlikely that the world will get serious about a compulsory ETS for big polluters until the next major global climate change agreement – the five-year Copenhagen Protocol – begins after 2013.

In short, the process of going carbon neutral remains voluntary for almost all New Zealand organisations and businesses. Still, a small but growing number are choosing to go carbon neutral, for reasons including a sense of environmental responsibility, and response to demand for greener businesses from retail customers and clients, such as big companies and government departments.

One of your first steps in going carbon neutral (see the chart on page 11) is to take an inventory of your organisation's current emissions. Karo Group consultant Simon Young usually works with a company's CFO to arrive at a figure expressed in total tonnes of CO<sub>2</sub> or equivalent for the past calendar year

(that is, if you take an inventory in March 2009, you calculate for the year 2008, not the past 12 months or your financial year).

In measuring an organisation's carbon footprint and calculating how many credits it must purchase, the Karo Group follows criteria set down by LandCare Research's CarboNZero programme, which follows internationally recognised standards. (For companies that don't want to go as far as purchasing credits, LandCare has recently introduced a Certified Emissions Measurement and Reduction Scheme or Cernars, pronounced "See-Mars", which focuses solely on the measurement and management of emissions.)

Ricoh New Zealand gained CarboNZero certification in October 2008, capping a process that took 12 months from when the organisation decided to follow in the footsteps of its Japanese parent. Of that, six months were spent measuring the emissions of the company's New Zealand operation, which includes offices in Auckland, Hamilton, Palmerston North, Wellington, Christchurch and Dunedin. Those measurements were verified by quality inspector AsureQuality. As with other companies being audited under the CarboNZero programme, an internal sustainability committee had to be formed to help staff get on board and to pursue the practical details.

Bonnici also found the process lengthy and thorough. PricewaterhouseCoopers consultants, hired by Urgent Couriers through LandCare, were

# How to be CARBON NEUTRAL

What does it take to go green? Chris Keall talks to businesses that have taken the steps, and paid the price, to get certified for zero emissions



# COUNTDOWN TO CARBON ZERO

Want a certified sustainable business, but don't know where to start? Karo Group consultant Simon Young took Chris Keall through the steps to carbon neutrality

- 1. Offset what you can't reduce.** The last step should have reduced your estimated emissions substantially, but the aim of the game is to eliminate them entirely. To do that you have to buy carbon credits to offset the remainder. Expect to pay around \$30 per tonne of CO<sub>2</sub>.
- 2. Take as many steps as possible to reduce your emissions.** For example, install more efficient air conditioning or time switches on lights to reduce electricity usage; recycle waste; switch to carbon-neutral partners and suppliers; and eliminate unnecessary air travel in favour of alternatives like video conferencing. For Urgent Couriers, switching to smaller, more fuel-efficient vehicles was a key step.
- 3. Find out your business partners', suppliers' and customers' emissions.** This step is voluntary, but increasingly popular. Ricoh's New Zealand operation, for example, includes the energy consumption of its multifunction printers in use and the cost of recycling them at the end of their life.
- 4. Measure your company's greenhouse gas emissions over the past calendar year.** If you're a typical New Zealand company, your biggest emissions will come from electricity use, vehicle fuel, and air travel, says Young. If you're a manufacturer, you may have to include pollution caused by any industrial process. Outside auditors or calculators on [www.carbonzero.co.nz](http://www.carbonzero.co.nz) will help you work out your emissions, which are expressed as "CO<sub>2</sub> or CO<sub>2</sub>-equivalent", to take account of five other emissions besides carbon dioxide (CO<sub>2</sub>).
- 5. Get professional advice.** There are a growing number of consultants in the going-carbon-neutral business. Government Crown Research Institute Landcare Research, host of the CarbonZero emission measuring and certification programme, can give you free pointers and find you a professional to run a green audit on your business. Go to its website at [www.landcareresearch.co.nz](http://www.landcareresearch.co.nz). Or try the New Zealand Business Council for Sustainable Development (<http://www.nzbcscd.org.nz>) and the Sustainable Business Network ([www.sustainable.org.nz](http://www.sustainable.org.nz)).

0. Your CarbonZero certification expires after 12 months, so get ready to start all over again.

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"rigorous", he says. "They came onsite several times to audit us." But measuring your company's emissions is the easiest part of the process. "Things get complicated when you try to decide where your own operations end, and your partners' begin," says Young.

For Urgent Couriers, that meant deciding to include not just its directly owned vehicles, but those belonging to the owner-operator contract drivers that constitute most of the fleet. Bonnici went even further, going beyond CarboNZero's limits in voluntarily extending his company's green audit to include subcontracted courier companies in parts of the country outside Urgent Couriers' coverage. All were sent survey forms.

"It gets rougher," says Bonnici. "You don't have the direct figures, but you can look at their vehicles and mileage, and work it out. It's got to be done to get the real picture".

For Ricoh, defining its true carbon footprint meant not only auditing partners, like members of its national dealer network, but its customers, too. Managing director Mike Pollock says the customer component was part of the process of accessing energy use over the whole lifecycle of one of its multifunction printers, from manufacture and delivery, through consumables and electricity use, to the machine's eventual recycling.

Couriers use a lot of fuel, so ditching Urgent Couriers' fleet of 70 Japanese import cars was always going to be central to reducing emissions, says Bonnici. But moving to perhaps the greenest extreme in vehicles – a Toyota Prius or the hybrid version of the Honda Civic – was just not compatible with commercial reality, he says. Neither car has enough boot space. Instead, the company plumped for the Honda Jazz, which scores well in economy rankings for traditional petrol cars, and creates plenty of fold-down space at the back by stowing its fuel tank under the driver's feet.

Bonnici admits "straight up" that the company hasn't made much progress yet with its plans to upgrade to greener vans. It has singled out a late-model Toyota HiAce that consumes around 8 litres per 100km, but so far only two of 18 vehicles have been traded up, although Bonnici says more will be swapped through attrition. He's also wary of pushing his contract drivers too hard on the green issue.

By the end of 2008, low-emission vehicles accounted for half of Urgent Couriers' fleet and

Bonnici is aiming for 80% by the end of 2010. Urgent Couriers has added more bicycles to its fleet, is recycling more waste and has introduced tree-planting days to help get everybody in the company thinking green. The company has also changed its electricity supplier to carbon-neutral certified Meridian, as has Ricoh, which means neither company need include electricity in its emissions calculations. That saves Ricoh from buying 131 tonnes in offset credits to cover its own power use and that of its customers.

No company can eliminate emissions entirely. For Urgent Couriers, first certified in November 2007, the net result of its reduction efforts is that its business has grown by 26%, but its emissions by just 3%.

The company has to negate those unavoidable emissions by buying carbon credits. Through Landcare, Bonnici has bought wind farm credits, forest regeneration credits, created by those who have converted farmland to forest, then protected it by covenant, and landfill gas credits, produced by landfill companies that used to flare gas off, but now use it to co-generate power.

When it comes to carbon credits, we're the lucky country. Due to the predominance of cleaner, greener hydroelectric power, carbon credits are cheaper here than other countries. In Australia, where dirtier coal-burning power plants dominate, credits cost five times as much.

Still, there is a cost. After completing his company's first audit, Pollock found himself stumping up for credits to cover 1,986 tonnes of emissions, which would have cost around \$60,000. Wind farm credits were bought through Landcare to cover the tab. After some back-of-the-napkin maths, he reckons the process of going carbon neutral will equal "less than 1%" of Ricoh's turnover this year, but, in an industry where margins can be under 10%, that still represents a serious commitment.

Bonnici offers a more definitive 0.6% of turnover. Again, in a cut throat business like couriership, that's not peanuts. Alongside the cost of its audit, and moving to new vehicles, Urgent Couriers must pay around \$30,000 a year in carbon credits at \$30 a tonne.

In a way, Bonnici was fortunate that his owner-operator drivers were hit by the spike to \$2-plus per litre fuel prices around the time his company was making the transition to fuel-efficient cars, which

are more expensive to buy, but cheaper to run. "Our drivers were seeing extra money in their pocket at the end of the month."

At the managing director's end of things, putting black-and-white figures on the problem creates its own momentum. "Once you put a cost on carbon, you've got the impetus to reduce it."

Increasingly, customers across the board will look for products from carbon-neutral suppliers. "Some customers have switched to us because we've become carbon neutral," says Bonnici – and his company is advertising the fact on all its new vehicles. He admits the marketing edge probably won't last, anticipating competitors will make similar moves. "But we've got some first-mover advantage."

In fact, as a member of the executive of the New Zealand Business Council for Sustainable Development, Bonnici is actively encouraging other transport operators to follow in the footsteps of Urgent Couriers and reduce their emissions. His larger rival Express Couriers, which includes Courier Post, was the Emerging Large and Corporate Business winner at the October Sustainable Business Network awards, recognised for steps towards making its 900 drivers more sustainable, including the use of recyclable courier packs.

Young notes that the UK's largest retailer, supermarket chain Tesco, is introducing a new carbon-labelling system for 70,000 of the products on its shelves. It aims to move beyond the narrow food-miles criteria to take in the entire emissions created by a product and its packaging, during manufacture, transportation, consumption and recycling. As carbon-labelling and energy costs become more transparent, it's likely that consumers will gravitate more toward carbon-neutral products.

Green criteria are also finding their way to the top of the food chain. Like many other IT makers and suppliers, Pollock says it will soon be hard to find any corporate, city council or government department request for proposal (RFP) that doesn't incorporate significant green demands. Chasing big contracts, he's found that some organisations are "still just ticking the box", putting a 3% or so weighting on sustainability, but RFPs are increasingly putting a weighting of up to 40% on their potential suppliers' sustainability. And with Ricoh becoming the first office products supplier to go carbon-neutral, he says "the financial benefits could be spectacular".