Bringing Consistency to Product Carbon Footprinting

Executive Breakfast on the Green Supply Chain
25th November 2008
Introduction

» Product Carbon Footprinting is coming...
  - expanding across market sectors and countries

» To have maximum impact it needs:
  - **One methodology**
    - for common MEASUREMENT
  - **One communications method**
    - to provide COMPARABLE information
    - repetitive education program
  - **One certification process**
    - to ensure maximum CONSISTENCY
    - With independence

» PREVENT PROLIFERATION
Some Big Questions

Carbon Trust

» What are we doing to ensure there really is only way to:
  - Measure
  - Reduce
  - Communicate

Scale/Cost/Quality

» How does this provide the foundations to successfully:
  - Achieve scale
  - Reduce costs
  - Maintain quality

What Next?

» What should you be doing now?
The Carbon Trust

Set up by UK government as independent “not-for-profit” company

We help organisations reduce carbon emissions and develop low carbon technologies

Last year:

- Worked with >5,000 companies
- Identified 4.6 million tCO2 annual savings, worth £500 million
**Raison D’être: Reductions**

- **Consumers**
  - Consume less high carbon products
  - Low carbon use/disposal

- **Retailers**
  - Stock less high carbon products
  - I have a low-C alternative

- **Manufacturers**
  - Decarbonise supply chains
  - I can reduce your footprint

- **Suppliers**
  - Pro-actively/Reactively reduce
  - I have a low-C alternative

**Improved understanding of Product Footprints**
One Methodology: PAS 2050

» Product Footprinting, not Corporate Footprinting

» Carbon Trust, BSI, Defra [PAS2050]

» Published October 2008, only standard in world for ‘product’

» ISEAL-compliant (like FairTrade, MSC, FSC, etc)

» Independent Steering Group

» Consultative, iterative process:
  - ~1,000 national & international stakeholders
  - Pilots across sectors, size, complexity

» Internationalisation to follow...
Internationalisation

➤ Pressure from multi-nationals
➤ High international interest in PAS 2050
➤ Committed to updating PAS 2050 with new learnings
➤ Engaging with key international standard-setters:
  - World Resources Institute (authors of GHG Protocol)
  - ISO (International Standards Organisation)
➤ The Carbon Trust is working in US, France, China, Japan, Australia & other markets to run projects to achieve international harmonisation
Countries: Pilot Projects
One Communications Method

- Need consistent communication of all three:
  - Common public domain messaging
  - Education, CSR, Website, POS, On pack label
- Repetition is key
- Initial momentum required, is starting to be overcome

The more published footprints people see... the more they understand

The more people understand... the more companies want to publish footprints
Consumer Education

How can we shrink our carbon footprint?

[Image of a family on a globe with the TESCO logo]
Well Researched Label

Product Carbon Labelling
Consumer Survey on Attitudes to Carbon Labelling

Consumers & Carbon Labelling
February 2008

 contact : Andrew Jenkins, Boots 0115 9686766
The Carbon Reduction Label

Core Modules

160g CO2 per 250g serving

Working with the Carbon Trust

We have committed to reduce this Carbon Footprint

Optional Modules

The Carbon Footprint of this product is XXX per [functional unit]. This is the total carbon dioxide (CO2) and other greenhouse gasses emitted during its life, including production, use and disposal.

This compares to the Carbon Footprint of Non-Concentrated Biological Powder, which is 98g per wash.

You can reduce this Carbon Footprint by washing at 30°C.

Carbon Footprint Explanation

Product Comparisons

Customer Action

Carbon Trust

Logo

Number, Per XXX

Reduction
Product Labels
## Standards Behind Comms

<table>
<thead>
<tr>
<th>Method to assess GHG emissions (PAS 2050)</th>
<th>Code of Good Practice for claims on carbon footprints</th>
</tr>
</thead>
</table>
| **Standard to assess the lifecycle GHG emissions** of goods and services, in collaboration with BSI and Defra  
  - Accompanied by the **PAS 2050 Implementation Guidance** | **Guidance to support consistent communication** of product carbon footprint including making **credible claims regarding reductions**:  
  - Principles  
  - Carbon footprint  
  - Reduction claims  
  - Supporting info  
  - Targets, timeframe  
  - Banking  
  - Normalisation factors |

**Standards**
- Principles
- Carbon footprint
- Reduction claims
- Supporting info
- Targets, timeframe
- Banking
- Normalisation factors
Comparability... Certification

Consumers
Consume less high carbon products
Low carbon use/disposal

Retailers
Stock less high carbon products

Manufacturers
Decarbonise supply chains

Suppliers
Pro-actively/Reactively reduce

Compete fairly on green credentials: Comparability

Differentiate between products: Comparability

Pressure

I have a low-C alternative

Pressure

I have a low-C alternative

Pressure

I can reduce your footprint

Improved understanding of Product Footprints
Comparability

- Essential to maximise comparability
  - Want to put a number into the public domain?
  - Want to benchmark, or announce reductions?
  - It needs to be comparable with all others
- Focus of our attention for CLC, our key value-add
  - PAS2050 + Carbon Trust Comparability Rules
  - Boundaries/allocations/data/models/precedence
  - PAS2050 alone gives...
  - Still allow open market for many footprinters
One Certification Process

Certification

- Appointed Accreditation Body (UKAS)
  - Appointing Other Certifiers
  - How to expand yet still ensure comparability
- Certification levels
  1. Self certify
  2. Certify to PAS2050 only
  3. Certify to PAS2050 + CT Comparability Rules
- We are more stringent
  - Need 3 to be sure of comparability
  - Need 3 to use the label
  - Most parties realise need the latter to put anything into the public domain with confidence
- CT certification to PAS2050 ensures maximised comparability
  - Quality Assurance, Traceability/Assumptions, Compliant Modelling/Activity Data/Emissions Factors
Low Volume First

» Constricted number of pilots until PAS ready
  - Selected to help prove out PAS2050
  - When PAS released, recalculate ‘old’ projects

» Now start to expand rapidly
  - Expanded team in May, and building up experience
  - More streamlined process
  - More re-usable templates, sub-models etc
  - Comparability, Independent Certification
  - Have worked with many established consultancies
  - Harmonising their approaches

» Now international
  - Business Development in many countries
  - PAS, seeking to be seed document to ISO or WRI
Continually Reduce Costs

➤ The ‘holy grail’ of product footprinting
  - Full Chain Of Custody Model (e.g. making a cake)

➤ Initial momentum required, is starting to be overcome

The more products we footprint... the cheaper it becomes per product

The cheaper it becomes... the more footprints can be afforded
Quality, Cost And Scale

Mass deployment

- Key to success
  - virtuous circles
  - many small reductions
- Bring down costs, maintain quality/comparability

1) Move towards chain of custody

- Simpler rules for B2B
- Inherently assures quality, comparability and low costs

2) Build up standardised tools

- Re-use, comparability, efficiency
- Templates, pre-selected harmonised data, sub-models
- Embedded into standard working processes
- Quicker, Simpler, Cheaper, no loss in quality
**Why?**

**Financial benefit:**
A low-carbon product is a low energy product is a low-cost product

**Employee engagement:**
They know that it is the right thing for you to do

**Customer demand:**
Consumers and businesses are starting to ask questions

**Risk management:**
Upstream, downstream, regulation: protect against unknown future
What Should You Be Doing?

Others:
- What are your competitors doing?
- What do your customers expect?
- What do your retailers expect?

What Do You Want To Do:
- Do you want to understand and decarbonise your supply chain? – PAS2050
- Do you also want to publish the results / demonstrate reductions? – Also needs Certification including comparability rules
- Do you want to label? – Also needs CT Label

Recommend:
- Start with a small pilot now, to build up experience and capabilities to expand in the future
Summary

- THE international standards for:
  - Measurement
  - Reduction
  - Communication

- Worked with leading companies to test the process, now rolling-out at scale

- Comparability and Independent Certification are key

- Quicker, Simpler, Cheaper, with no loss in Quality

- Success needs:

  "comparable, credible, commonly communicated, certified footprints"
Making Business Sense of Climate Change

www.carbontrust.co.uk
www.carbon-label.co.uk