



Where do I start to reduce my indirect carbon emissions?

Martin Barrow, Carbon Trust and world-leading authority on product and service carbon footprinting, gives a step-by-step guide to reducing indirect carbon emissions

By definition, indirect carbon emissions are outside of a company's direct control, so reducing them can be challenging. According to research by Carbon Trust Business Advice, 60% of multinational companies have yet to look at this area and when they do the key question they ask is where to begin?

1. Agree outcomes and objectives

Like many projects, the key is defining what you want to achieve. Is customer perception of your sustainability efforts a priority? Are you more concerned about removing waste in your value chain? Or do you want to redesign products and processes to be low(er) carbon? You will need to vary your approach depending on your particular objectives.

Often a good starting point is a heatmap approach to highlight the significant carbon areas impacting a company's supply chain and its downstream emissions. It allows companies to prioritise resources on to more detailed objectives where returns can most easily be found.

2. Model, measure and baseline your impact and build the business case for change

Once you have a clear view on what you want to achieve it is much easier to work out the most cost effective way to address it. Companies need to set the boundaries for their analysis - whether to focus on key products, product groups, or a corporate wide view. They then need to create a "current state" model, which is the baseline to which newly developed insights can be compared.

To meet these varied business objectives Carbon Trust Business Advice has deployed many forms of value chain footprinting, providing companies with models to the level of detail, accuracy and specificity needed to answer particular needs. These can be presented as parametric models allowing departments to rapidly see the impact of changing factors within their control, or decision support tools to bring the power of these tools into everyday business use.

Businesses need a means of gathering and processing data at the right level of granularity along the value chain. To help with this, we developed an accurate, targeted and robust means of measuring upstream and downstream emissions known as Footprint Expert™. Using this approach simplifies the process of taking a "carbon lens" to your value chain and, if used

correctly, can vastly reduce the time and costs of modelling, measuring, baselining and analysing the carbon footprint and environmental impact of both your direct and indirect business operations. With the insights that this approach brings it is then possible to identify and quantify both the barriers to and benefits of change.

3. Engage stakeholders to deliver the optimal balance along the value chain

Reducing indirect emissions is a continual process and making changes in one aspect of business operations can have far reaching implications in another area.

The Domino Effect Diagram:



While many companies have optimised their own operations very well, at a holistic level these separate activities do not always make for a completely optimised value chain. For large organisations, this disconnect may even exist between departments: for example the packaging department implement a "lower carbon" packaging solution which reduces the emissions embodied in the packaging materials they buy, but the potential combination of increased incoming transport emissions and increased waste due to damage may actually outweigh these benefits, driving up total emissions. This is where the opportunities lie for many companies - removing unintended consequences.

By working together with colleagues, suppliers and partners, engaging with customers, and leveraging the power of using footprinting models, businesses can collaborate and find future state models which lower footprints, reducing environmental impact, and bring benefits to all. We have helped organisations deliver this synergistic approach, for example BT which has developed guidelines, training and policies to help its suppliers work towards the same goals on carbon.

4. Consider achieving independent certification

If public recognition of environmental achievements is important, then a recognised independent benchmark will serve as tangible proof that your organisation has delivered on its carbon commitments. Carbon Trust is the first organisation to offer a service certifying to the World Resources Institute (WRI) and the World Business Council for Sustainable Development

(WBCSD) new international standard for measuring and reporting product carbon footprints. This certification can be ideal for organisations with international operations.

5. Set long-term goals

Leading companies are already addressing this so they can remain competitive and minimise their exposure in the future. For example Kingfisher Group recognised that customer use of its products could impact carbon emissions and also that it had an opportunity to boost sales by catering for consumer demand for environmentally friendly products. By setting clear, time-bound, measurable goals it has increased its sales of independently verified eco products to £1.1 billion, accounting for 10.5% of total retail sales across the Group.

Reproduced with permission from the Carbon Trust. First published Nov 2011