



Carbon Academy

Mandatory Carbon and Sustainability Reporting

21 November 2012

Agenda

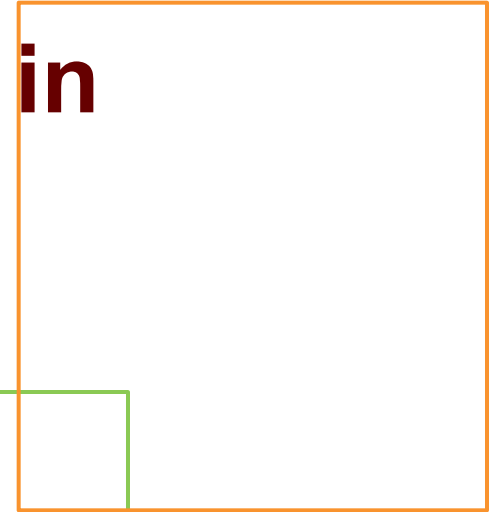
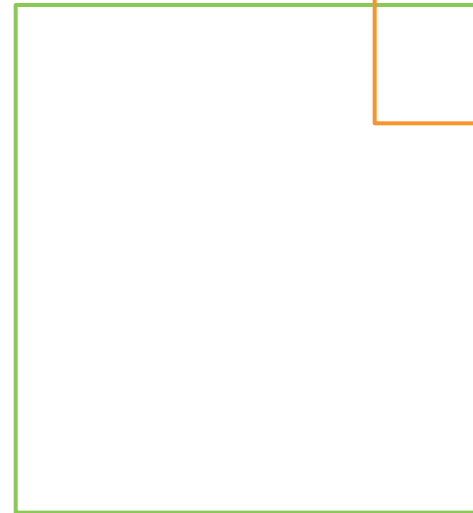
- **Introduction:** Chris Chant
- **Carbon Reporting:** Carla Hopkins
 - Defra
- **Sustainability Reporting:** Chris Chant
- **Paper Footprint:** John Buckley
- **Case study – Sustainability:** Ian Crossley
 - Greenhouse Graphics Carbon Calculator
- **Summary:** Chris Chant

Regulation on disclosure of greenhouse gas emissions in Directors' Reports

Carla Hopkins

Defra

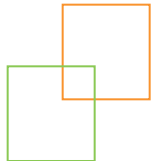
November 2012



Climate Change Act 2008: Greenhouse gas emissions

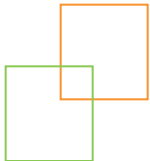
Climate Change Act 2008 requires:

- Publication of guidance on measuring and reporting greenhouse gas emissions
- Review effectiveness of reporting
- That the Secretary of State introduces mandatory reporting requirements **or** explains to Parliament why not. Regulations to be introduced next year and the subject of current consultation.



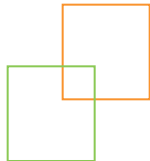
Companies Act 2006 requirements

- Companies Act 2006 requires a Business review within the Directors' report of the Annual Report and Accounts
 - And for quoted companies this must include: *“information about environmental matters including the impact of the company's business on the environment”*
- And *“The review must include.....analysis using other key performance indicators, including information relating to environmental matters...”*
- BIS currently reviewing narrative reporting provisions



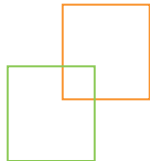
2011 consultation on possible mandatory reporting

- 2011 consultation looked at different options for improving corporate reporting of GHG emissions: 1 voluntary and 3 regulatory options
- Regulatory options: quoted, large, energy threshold
- 2018 responses; 208 companies and 73% of companies favoured regulation
- In favour: increase the consistency/quality of reports
- Against: concerns on regulatory burden/cost of regulation
- Consultation also sought views on what should be regulated i.e. Scope 1 and 2, etc



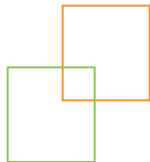
Announcement on mandatory reporting: 20 June 2012

- Introduction of regulation for reporting by **quoted companies** in April 2013
- Quoted companies are defined in the Companies Act as UK incorporated and whose equity share capital is listed on the Main Market of the LSE; officially listed in an EEA; or the NY Stock Exchange.
- Review in 2015
- Possibly extend to all large companies in 2016



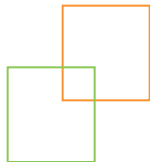
Consultation on Draft Regulations

- Closed on 17th October
- Sought views on the coming into effect date
- Also sought comments on the draft regulation on GHG reporting
- Received around 100 responses
- Number of other useful issues raised



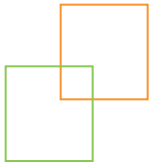
Consultation on Draft Regulations

- Annual emissions in carbon dioxide equivalent
- Global emissions
- All 6 Kyoto gases
- Scope 1 and 2
- Can use other data for other reporting schemes



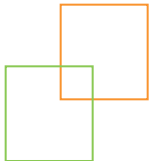
Consultation on Draft Regulations

- Company can choose methodology
- Company must disclose methodology(s) used
- Use data from other reporting schemes
- Choose and disclose an intensity ratio
- Must repeat data from first reporting year in future years
- No requirement for assurance/verification



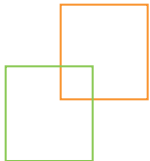
GHG reporting guidance

- Updating 2009 Defra Guidance on measuring and reporting
- New guidance will clarify a number of issues for quoted companies
- Will take opportunity to update GHG guidance to reflect developments over the last few years



Next Steps

- Analysis of responses and amending regulation
- Guidance drafted to accompany regulation, informal consultation on updated guidance
- Ministers will decide on when the regulation should come into effect
- Regulation will be debated in Parliament in early 2013
- Evaluation of regulation will take place in 2015 with a decision on whether to extend regulation to cover all large companies in 2016



Corporate Sustainability reporting

Chris Chant, Chairman
21 November 2012



What is Sustainability?



- *'Social Audit - A Management Tool for Co-operative Working'* - Freer Spreckley 1981
- *"development that meets the needs of the present without compromising the ability of future generations to meet their own needs"*. -The Brundtland Commission's Report 1987
Our Common Future
 - *"people, planet, profit"* - John Elkington 1997
- *"the art of surviving ...for the long term"* - Carbon Footprint 2012

Sustainability



Economic

Environmental

Social

Corporate Sustainability



Sustainability is now a key component in the *Strategy* of companies who look beyond the next period's financial results

Companies who embrace Sustainability enjoy measurable improvements in profitability, brand reputation and cost reductions

Governments and commercial clients are increasingly demanding sustainable products and services

Reporting Sustainability

- There is no single Sustainability standard or methodology
- The important principle is to adopt an appropriate methodology and improve on scope and performance each year
- Carbon Footprint classify Sustainability methodologies into four broad categories
 - UK Government
 - NGOs
 - Consulting
 - Blue chip Company initiatives

UK Government



Defra	The proposed new sustainable development indicators are divided into headline and supplementary indicators, covering the economy, society and environment:	http://sd.defra.gov.uk/new-sd-indicators/proposed-indicators/
Treasury Sustainability and environmental reporting	As part of its sustainable development strategy the Government encourages both companies and public bodies to disclose their sustainability and environmental performance via their annual reports and accounts.	http://www.hm-treasury.gov.uk/frem_sustainability.htm
HMG Green ICT workbook	This workbook contains practical actions you can undertake within your organisation to reduce the environmental impact of ICT . It is designed to help you develop a Green ICT Roadmap of actions and targets.	http://www.docstoc.com/docs/107785024/hmg-green-ict-workbook

NGOs



Global Reporting Initiative	The Global Reporting Initiative's (GRI) provides reporting guidelines and is the most adopted framework for sustainably reporting.	http://www.globalreporting.org
World Business Council for Sustainable development	A global association with 200 companies, it provides a platform for companies to explore sustainable development.	http://www.wbcsd.org
Carbon Disclosure Project	The Carbon Disclosure Project is an international initiative to disclosure corporate information relating climate change.	http://www.cdproject.net
ISO 26000	ISO 26000 is an international standard that sets out the principles and key issues of corporate social responsibility	http://www.iso.org/iso/home/standards/iso26000.htm
International Auditing and Assurance Standards Board (IAASB)	International Auditing and Assurance Standards Board (IAASB) is an independent standard-setting body that serves the public interest by setting high-quality international standards for auditing, assurance, and other related standards,	http://www.ifac.org/auditing-assurance

Commercial



Dow Sustainability Index	The Dow Jones Sustainability World Index was launched in 1999 as the first global sustainability benchmark. Uses the SAM Corporate Sustainability Assessment is based on the annual SAM Questionnaire,	http://www.businessgreen.com/bg/news/2205530/siemens-air-franceklm-and-bmw-lead-dow-sustainability-index
GLOBAL CSR	GLOBAL CSR specialises in creating sustainable solutions for private companies, public authorities and organisations.	http://www.global-csr.com/
PE International	SoFi a sustainability data aggregation, visualization, diagnostics and reporting platform that enables complex organizations to achieve improved Enterprise Sustainability Performance	http://www.pe-international.com/uk-ireland/index/
credit360	credit360 is a specialist provider of sustainability software.	http://www.credit360.com/credit/site/en/home.acds
Accountability	A think tank and advisory services firm focusing on “mainstreaming” sustainability into organisational thinking and practice.	http://www.accountability.org/

Blue-chip

- Companies who have developed their own Sustainability programs typically use recognised methodologies and employ independent verification organisations
- eg Marks & Spencer uses-
 - Global Initiative Third Generation framework and
 - DEFRA environmental reporting guidelines and
 - Independent Assurance by E&Y against AA1000 AS and ISAE 3000

McKinsey Research

In a recent study carried out by McKinsey

“....Our research finds that a handful of companies are capturing significant value by systematically pursuing the opportunities sustainability offers. We believe the trend is clear: more businesses will have to take a long-term strategic view of sustainability and build it into the key value creation levers that drive returns on capital, growth, and risk management...”

McKinsey Global Survey results- The business of sustainability- 2011

Summary



- Sustainability and its corporate reporting is here to stay
- *The choice is not “when to do Sustainability” but “how to do Sustainability”*



Carbon Footprint Ltd's
Paper Footprinting

John Buckley, Managing Director

12 November 2012

Interesting Statistics...

- 90% of companies do not track printing costs
- Companies can lower printing costs by around 30%
- 23% of IT Help Desk calls are printer related



Focus today...

- Office based printing e.g.
 - Documents
 - Letters
 - Invoices
 - Memos
- Not discussing
 - Marketing productions (e.g. banners, posters etc.)





How many companies
are currently monitoring
paper consumption?



How many have a
target to reduce paper
consumption?

Why focus on reducing your “paper footprint”?



A few reason why this is important?



- Sustainability programme
- Employee engagement
- ISO14001 targets
- Save costs
- Marketing benefits

What are the direct costs?

- Paper
- Printing costs
 - Ink
 - Hardware (printers)
 - Printer (maintenance)
- Document binding
- Posting
- Storage
- Waste collection / management



The Hidden Time Costs to print your documents



- Purchasing paper (ordering, receiving, storing)
- Refilling printer with paper
- Printing itself
- Collecting the print
- Fixing paper jams
- IT problems
- Sorting through the paper pile at the printer for your page(s)



Hidden Costs after you've printed your documents

- Envelope labeling and stuffing
- Stamping / Franking – giving to the postman
- Office Filing
- Finding in office files
- Long term storage
- Walking to the recycling bin



How to reduce paper consumption?

- Understand the costs in your business
- Understand where paper is being used most
- Technical solutions
 - Monitor printing
 - Limit printing
- Review your processes & systems
- Employee engagement



Example – Finance Dept

Current printing	Actions to reduce
Invoices going out in the post	Store Electronically & Email
Statement of Accounts printed and in the post	Store Electronically & Email
Incoming Invoices & Statement of Accounts	Store Electronically (those that are emailed in)
Remittance Advises	Send electronically
Banking transactions	Don't print – retrievable from the banking website
Payslips	Email

We offer help?

- Paper Footprint Healthcheck
 - Review current usage and cost
 - Identify a Paper Reduction strategy
 - Action Plan
- Software Tools
 - Understand current usage
 - Monitor & Manage
- Staff Engagement

Reduce Paper Usage

Save Costs & Improve
Efficiency

Improved CSR & Brand
Reputation

Reduce Carbon Emissions



For More information on Paper Footprinting...

John Buckley

Managing Director

+44 (0)1256 345645

john.buckley@carbonfootprint.com

The Greenhouse Graphics Carbon Calculator

Developing a carbon calculator for printed products.

Ian Crossley DipM ACIM
MD, Greenhouse Graphics Ltd

Brief timeline for greenhouse.



- 1993: established by two Directors seeking to use recycled papers exclusively.
- 2000: Installed DI water-less press.
- 2002: Basingstoke SME Business of the Year.
- 2003: Basingstoke Sustainable Business of the Year.
- 2004: PrintWeek Sustainable Business of the Year Finalist. SE England Sustainable Business of the Year Finalists.
- 2005: Basingstoke Sustainable Business of the Year, new premises with segmented lighting and PV panels. PrintWeek Sustainable Business of the Year Finalist. Hampshire Sustainable SME Business of the Year. SE England Sustainable Business of the Year Finalists. ecoprint-system4 introduced.
- 2007: Basingstoke Sustainable Business of the Year. PrintWeek Sustainable Business of the Year Finalist. HAZRED national business case study. Introduced hazardous waste free colour litho printing and processless plate-making.
- 2009: ISO14001 accredited and FSC accredited. Implemented choice by using ONLY recycled or FSC accredited papers.
- 2010: EMAS accredited. Carbon Calculator launched.



What we are aiming to achieve

- I. Understanding the key sustainable issues in our sector to deliver real stakeholder benefit, customer satisfaction and brand loyalty.
- II. A main driver of innovative thinking.
- III. Helps in managing the challenges of a maturing 'green' market.



What we are aiming to achieve

‘To be the region’s leading supplier of sustainable marketing & graphic communications.’

Greenhouse mission statement



Building authority and expertise in sustainable thinking

- We only supply FSC/Recycled stocks.
- We have a hazardous waste free colour printing system (HAZRED).
- We are the only UK printer with PV Solar panels.
- We are the only UK printer that has a carbon calculator for print.
- We reward staff financially for efficient use of resources.
- Our aim is zero production waste to landfill.
- We endeavour to reuse waste to create savings and promote our company ethos and brand.



Building authority and expertise

‘The most powerful concept in marketing is
owning a word in the prospects mind’

(22 Immutable Laws of Marketing: Ries & Trout)



Why is Carbon important to greenhouse?

- The past: environment vrs the economy



- The present: environment with the economy



- The future: environment is the economy



Why is Carbon important to greenhouse?

‘Individuals, firms and communities should not just wait for government to sort things out.’

Nicholas Stern – A Blueprint for a Safer Planet

A key driver in initiating the Carbon Calculator.

The Trucost Report supported by Williams Lea – ‘How do you place a value on the environment?’

- The Carbon intensity of the print industry is comparable to that of other industries including the Health Care and Information Technology sectors.
- The carbon intensity of the Water sector is over 30 times that of the print sector.



Key findings?

- Greenhouse Gas emissions are the greatest direct environmental impact from printers – 680,000 tonnes of greenhouse gases emitted annually in the UK.
- Waste is the next biggest direct environmental impact.
- VOC emissions follows as next biggest direct environmental impact from printers.



How this impacted on greenhouse

- It reinforced the work we had done through our ecoprint-system4 process – which concentrates on Energy, Waste, Recycling and Emissions.
- Energy became a key factor in decision making – including capital purchases.
- It started us on our journey to help our customers make sound carbon choices when ordering printed items – the Carbon Calculator.



Solutions: some considerations...

‘If you can’t measure it you can’t manage it’

‘All that exists in the world of marketing are perceptions in the mind of the customer or prospect. The perception is the reality. Everything else is an illusion.’

Ries and Trout – The 22 Immutable Laws of Marketing

Attitudes = behavior



Solutions: Carbon Offsetting

Carbon Offsetting (Carbon Neutral Status) is used by a number of print and graphics sector companies.

Although commendable, we did not see this as the ultimate answer:

- Does it initiate real change?
- Does it offer customers real and effective choice?



A solution that delivers customer choice

To achieve choice customers needed to be able to:

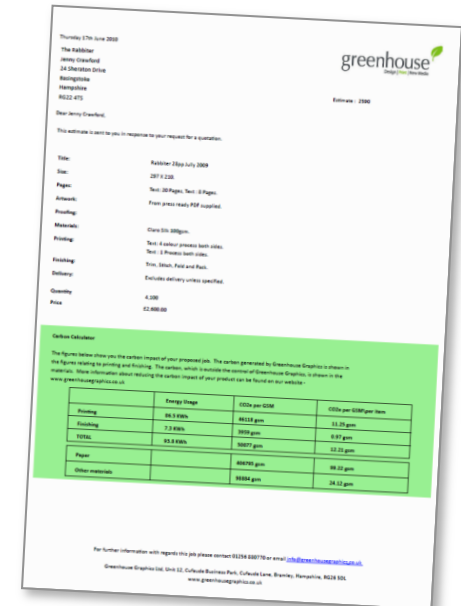
- Understand the consequence of different choices.
- Have these details at the estimating (choice) stage.
- Be shown alternative options.

We saw the car industry as a good model.



The Carbon Calculator

- Directors went on a Carbon Management Course.
- We established all the inputs to a printing job.
- We employed two outside consultant groups to help us measure the inputs.
- We created a scoping document to show customers how the Carbon Calculator works.
- We integrated our findings within our MIS and estimating system so that we could highlight a carbon figure on an estimate.



Thursday 17th June 2009
The Customer
123 Main Street
14 Oldham Road
M20 2LH
01223 475

Estimate: 1000

Dear Sirs (or Madams),

This estimate is sent to you to represent the price requested for a quotation.

Item: Folder 200 x 250
Size: 200 x 250
Pages: 20
Amount: 200 Pages, 200 x 250
Printing: From press ready PDF content
Materials: 100% Recycled Paper
Printing: 100% Recycled Paper
Finishing: 100% Recycled Paper
Delivery: 100% Recycled Paper
Quantity: 1000
Price: £1,000.00

Carbon Calculator

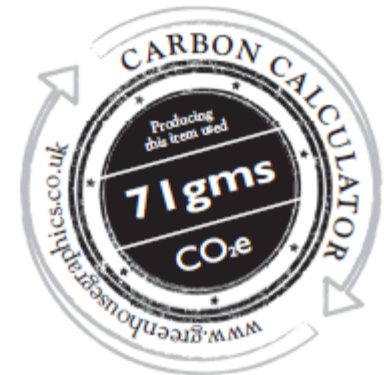
The figure below shows you the carbon impact of your proposed job. The carbon generated by Greenhouse Graphics is shown in the figure below for printing and finishing. The carbon which is used in the production of Greenhouse Graphics, shown in the materials, shows information about the carbon impact of your product can be found on our website: www.greenhousegraphics.co.uk

Category	Carbon Footprint (kg CO2e)	Carbon Footprint (kg CO2e)
Printing	100.00	100.00
Finishing	100.00	100.00
Materials	100.00	100.00
Paper	100.00	100.00
Other materials	100.00	100.00

For further information visit: www.greenhousegraphics.co.uk or call 01223 4751111. Your email: info@greenhousegraphics.co.uk
Greenhouse Graphics Ltd, Unit 12, Church Business Park, Church Lane, Bramley, Manchester, M20 2LH.
www.greenhousegraphics.co.uk

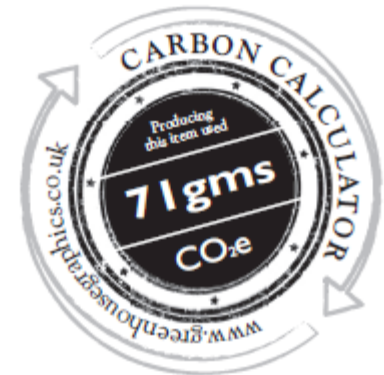
Some observations in creating the Carbon Calculator

- A lack of data for some inputs – inks, chemicals, but we felt the major inputs were covered.
- The paper industry were excellent in delivering carbon information.
- IT implementation has proved to be an issue – presentation of the data still needs to be improved.
- Deliberately avoided transport from our site.
- Carbon choices followed the same pattern as economic choices.
- The Carbon Calculator does not offer choice for customers outside Greenhouse Graphics



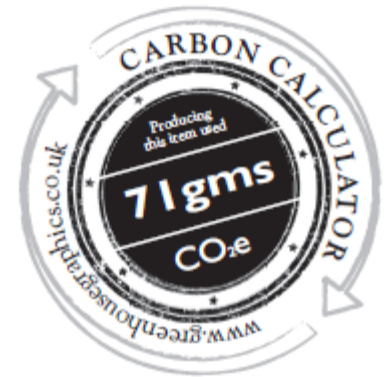
What we have achieved with the Carbon Calculator

- A clear choice for customers who want to lower their carbon impact through their procurement.
- A mechanism where organisations can measure supply chain inputs – an implement a process to reduce carbon through procurement.
- A process that gives practical advice and support to organisations wishing to lower the carbon impact of their print procurement.



What we still want to achieve with the Carbon Calculator

- A more informative way of presenting carbon data.
- Introduce the carbon calculator in an online environment.
- Extend the range of products covered by the Carbon Calculator.
- Carbon offsetting inline with the Carbon calculator.
- A formal mechanism that allows large purchasers of printed items to measure and reduce their carbon impact through procurement.



Thank you for your time and patience - I hope you found this presentation enjoyable and useful.

If you would like to make a sustainable choice in your print procurement without making a compromise in quality or cost, I'd be delighted to meet you.

Ian Crossley DipM ACIM, AIoD
MD, Greenhouse Graphics Ltd



01256 880770 | www.greenhousegraphics.co.uk



Summary

- Sustainability is *“the the art of surviving
for the long term”*
- More attractive than your competitors
- More adaptable than your competitors
- There is no “right” strategy for your company
- The optimum strategy relies on *awareness
and action*