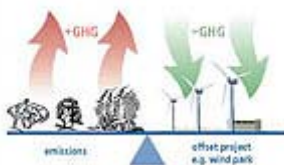


## Climate Change : Climate Business

### How to Make Your Company Climate Neutral

**The concept of climate neutrality offers companies a way to offset carbon emissions by reducing them, purchasing renewables, or supporting "green" energy projects.**

The principle of climate neutrality



#### Climate Neutrality

Companies can neutralize their carbon dioxide emissions in many ways. One is to buy climate friendly wind power instead of power from a coal plant (Graphic: 3c)

The basic idea is simple. When a company chooses to become fully or partially climate neutral they reduce and offset either the climate impacts of its entire business, or a specific aspect of its business operations.

Companies can pursue climate neutrality in a few different ways. The first option is to lower the carbon emissions directly resulting from the business. For instance, they can reduce the carbon impact of the electricity they use by purchasing renewable "green" energy.

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Climate-neutrality can also be achieved through the purchase and cancellation of emissions-reduction certificates generated by accredited green projects – the path chosen by UK-based bank HSBC, a "climate neutral" leader. In December 2004 HSBC made a commitment to become the first major bank to go climate neutral. Although the target date was set for 2006, HSBC achieved their goal three months early.

How did they do it? To offset their total emissions amount, HSBC bought 170,000 tons of carbon-reduction credits from various green projects around the world, including a wind farm in New Zealand, organic waste composting in Australia, agricultural methane capture in Germany, and biomass co-generation in India. Taking aim at cutting their own emissions, HSBC has committed itself to reducing carbon dioxide emissions by 5 percent by 2007.

#### "Neutralizing" single business operations

Climate neutral management plans must not necessarily cover the

whole corporation. A company can also offset emissions related to specific operations, such as emissions caused by business-related air travel. Employees at Nike, for example, fly a total of around 120 million miles each year on business. On their flights, mostly operated by Delta Airlines, Nike employees do not fly conventional economy or first class; they travel on "eco-class."

"We've used our travel contracting process to create this class where with every seat a Nike employee buys from Delta, the CO2 emissions are offset," says Jim Goddard, Director of Corporate Responsibility Development for Nike. To "neutralize" the company's air travel-related emissions, Nike has converted heating systems for public schools in Portland, Oregon, from oil-fueled boilers to non-polluting furnaces that run on natural gas.

### **Flying the climate-friendly skies**

Taking an important step towards climate neutrality, London-based investment and research company RCM also recently made a commitment to climate-friendly business travel. "Hopefully, by the end of 2006, all of our business flights will be completely climate neutral," says Bozena Jankowska, Team Head of Sustainability Research at RCM.

The company, a subsidiary of Allianz Group, also announced that it will assess its global greenhouse gas footprint, and reduce carbon emissions by 20 percent by 2012 (from 2000 levels). And to offset RCM's air travel emissions, the company will invest in two green power projects in South Africa. Both of these green power projects are eligible for the "WWF Gold Standard" accreditation, one the most demanding and credible third-party climate protection accreditations available.

Credibility is the key word here. Not only will climate neutrality help insulate companies from current or future political regulation of carbon emissions, but it will satisfy a growing affinity among stockholders, investors, and the general public for corporate social responsibility.

Businesses can become credible and responsible members of the global community by pursuing climate neutrality or similar endeavors. One way investors and the global public can continue this trend toward climate-conscious corporate behavior is to demand it.

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Click on the logo to learn more about climate neutrality on the 3C website