



# RETHINK CHANGE

Key Learnings From  
WWF Climate Savers Companies

# Key Learnings

## 1 PREAMBLE

This report highlights the successes, challenges, and key learnings of WWF's Climate Savers companies. Collectively, the participating companies deliver over 14 million tons of greenhouse gas (GHG) savings annually. In addition, they experience significant cost, competitive, and operational benefits. Environmental responsibility is not only good for the planet but is also a mechanism that can enable companies to grow profits while conducting business in a sustainable manner.

Most Climate Savers companies have used similar fundamentals in their reduction programs. While not all the activities apply to all organizations and many can be challenging to deploy, they have been proven as effective building blocks towards change. Key strategies employed by the Climate Savers companies to reduce their emissions include: integrating GHG goals with other key business deliverables; holistically identifying areas of GHG reduction opportunity; creating and fostering innovative solutions; measuring and reporting GHG data; providing support tools; developing key relationships; and educating and influencing the public and policy-makers. While not all of these approaches will necessarily apply to all companies, and not to the same extent, there are aspects of each that can be used to help companies reduce GHG emissions.

For those firms not yet ready to commit to the Climate Savers approach, WWF also has a solid history of forging working partnerships with organizations aimed at improving their environmental performance and protecting aspects of their local ecosystem.

This report is not only intended to highlight the significant impact the corporate sector can play in transition to a low-carbon economy but it is also meant to serve as a guide for companies that are either thinking of beginning their sustainability journey or ones that have already started on the path.



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p.86

8

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
Preamble

# Key Learnings



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Climate Savers

## 2 ABOUT WWF'S CLIMATE SAVERS PROGRAM

9

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
About Climate Savers

The Climate Savers program is one of WWF's key global platforms to engage business in climate change management. Developed in 1998, Climate Savers mobilizes companies to face the challenge of greenhouse gas (GHG) reduction and dispel the myth that sustainability is a threat to profit. Today, some of the world's largest and most respected companies are WWF Climate Savers, helping to advance policy and transform the market towards a low-carbon economy and sustainable future. The Climate Savers program continues to grow and provide benefits to participating companies, including positive Return on Investment (ROI) on GHG reduction and an enhanced reputation. WWF-Canada engages those Climate Savers companies that are headquartered in Canada or are Canadian subsidiaries of global companies that have signed on to the program.

Some of the GHG reduction solutions that have been successfully implemented by the Climate Savers companies focus on:

- **Energy efficiency in manufacturing of products**
- **Energy efficiency within organizations and their facilities**
- **Fuel-switching and increased use of energy cogeneration**
- **Conversion to renewable energy supplies**
- **Transport efficiency**
- **Energy-efficient products, measurement tools and services**
- **Financing schemes for energy efficient innovations**

By the end of 2010, WWF Climate Savers companies will have collectively reduced GHG emissions by an estimated 50 million tons since the program's inception. This amount is equivalent to the annual emissions of Switzerland. By challenging companies to lead their industry in carbon efficiency, WWF Climate Savers program contributes to the transition to a sustainable energy future, and to the goal of keeping global warming well below 2°C, in line with WWF's mission.

“WWF's Climate Savers program includes a who's who of the business world, including corporations such as Johnson & Johnson, IBM, and Nike. Fairmont is pleased to join this exclusive group of responsible organizations by becoming a fully accredited member of the Climate Savers program.”

– Brian Richardson, Vice President, Marketing, Fairmont Hotels & Resorts

# Key Learnings

## 3 BENEFITS OF ADDRESSING CLIMATE CHANGE

Climate Savers companies have experienced improvements not only in their GHG emissions but also in their financial, strategic, and product performance as well as reputation. The following outcomes are observations from Canadian Climate Savers companies with informed learnings from some of their global parent corporations.

# 10

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
Benefits

### BENEFITS

Reduced GHG emissions

Reduced energy cost

Reduced GHG tax and market risks

Improved products

Customer and employee satisfaction

Information exchange

### 3.1

#### REDUCED GHG EMISSIONS

All of the Climate Savers participating companies have been able to make significant GHG emission reductions delivering annual GHG savings of 14 million tons. For example, Catalyst Paper has eliminated over 1 million tonnes of GHG emissions from its paper mills without having to cut production. Similarly, The Coca-Cola Company stabilized its GHG growth as its system's emissions grew only by 1 per cent from 2006 to 2007 despite sales volume increases of 6 per cent. Hewlett-Packard has pledged to reduce its products' energy and associated GHG emissions by 40 per cent below 2005 levels by 2011. Delivery of this goal is well underway with reductions in notebook PC energy consumption already surpassing targets.

These types of Climate Savers GHG reduction efforts can also improve the companies' profitability, strategic positioning and thinking, market opportunities, and employee satisfaction.

### 3.2

#### REDUCED ENERGY COST

Companies' direct GHG emissions as well as emissions from their supply chain (the system of companies and services that brings in raw resources and delivers finished products) and the subsequent use of their products are ultimately tied to fossil fuel usage in transportation, production of materials, electricity, and thermal heat. This direct linkage means companies that can reduce their GHG footprint will also reduce their fossil fuel dependence and its associated costs. For example, the 14 million tons of annual Climate Savers GHG reductions is equivalent to reducing 5.2 billion litres of gasoline consumption – translating into impressive savings worth over \$5 billion. The past five years have seen significant price increases for fossil fuels and the future only bodes higher energy costs<sup>1</sup>. This reality is making energy-efficiency projects viable relative to their costs and rate of return. As an example, Coca-Cola Bottling Company (CCB) in Canada, delivers over \$700,000 per year in electricity savings with its new energy-efficiency lighting in all of its facilities with a payback period of three years.

<sup>1</sup>: Jeff Rubin (former chief economist at CIBC World Markets Inc), "Why Your World Is About to Get a Whole Lot Smaller", Random House, 2009

# Key Learnings

## 3 BENEFITS OF ADDRESSING CLIMATE CHANGE

11

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
Benefits

### 3.3

#### REDUCED GHG TAX AND MARKET RISKS

Government plans to implement policies, such as cap and trade programs, will establish GHG emissions maximums that will effectively tax GHG at estimated prices between \$15 and \$50 per tonne CO<sub>2</sub>e (with some economists estimating prices as high as \$200 per tonne in the future<sup>2</sup>). Companies with less GHG exposure will position themselves well to avoid this cost and GHG risk, which is increasingly being considered by the financiers and financial markets around the world. As seen in early 2010, the U.S. Securities and Exchange Commission (SEC) ruled that companies must consider the impacts of global warming and their efforts to curb climate change when disclosing business risks to investors<sup>3</sup>. Similarly in British Columbia today, where a sliding \$10 to \$30 per tonne CO<sub>2</sub>e fossil fuel GHG tax is already in place, Catalyst Paper's reduction efforts are currently providing savings of \$15 million per year in avoided GHG tax. This amount will reach \$30 million by 2012. Clearly, GHG emissions are becoming mainstream aspects of business operations and need to be considered not only as an environmental but also financial risk.

### 3.4

#### IMPROVED PRODUCTS

Addressing companies' impact on climate change can often have positive effects on their business model, processes and products. Some Climate Savers companies have found that the climate challenge incents development of better products. For example, Hewlett-Packard strived to reduce the energy consumption of its laptops, and in so doing, delivered units in its highest volume desktop and notebook PC families that use 41 per cent less power (over 2005 levels). This development saves HP's customers money on electricity costs and prolongs the operating time of its laptops.



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2: [assets.wwf.ca/downloads/wwf\\_response\\_ontcapandtrademarch\\_09.pdf](http://assets.wwf.ca/downloads/wwf_response_ontcapandtrademarch_09.pdf)

3: <http://www.sec.gov/news/press/2010/2010-15.htm>

# Key Learnings

## 3 BENEFITS OF ADDRESSING CLIMATE CHANGE

12

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
Benefits

### 3.5

#### CUSTOMER AND EMPLOYEE SATISFACTION

Today, levels of environmental and climate change awareness are higher than ever before. Customer satisfaction and employee retention continue to be challenges as organizations fight to retain business and talent. Climate Savers companies have successfully engaged both their customers and employees on the GHG reduction issue and, in so doing, have improved satisfaction and the success of the initiatives themselves. For example, Fairmont Hotels and Resorts has chosen to implement green travel packages providing guests with the experience to visit the hotel's vegetated green roof or play a round of golf on a green powered golf cart. Fairmont recognizes its colleagues through quarterly and annual awards including Green Team of the Quarter, Environmental Hotel of the Year (evergreen and seedling category), EnviroStar of the Year and Environmental Engineer of the Year. Not only are these initiatives saving energy, but are also visible reminders of the company commitment for its employees and customers. This supports the company strategy to brand itself as a sustainable organization and demonstrate unique solutions to addressing climate change.

### 3.6

#### INFORMATION EXCHANGE

Companies addressing climate change can greatly benefit from information exchange. The concentration of knowledge and capability is extremely helpful in motivating organizations to use innovative approaches that have been proven successful elsewhere and to set appropriate targets and expectations. The Climate Savers program creates a platform for progressive, like-minded organizations to share knowledge and GHG strategies. The frequency and the content of the regular Climate Savers summits and meetings allow participants to form strong bonds while improving their perspective of emerging issues through a capable WWF lens. For example, promotion of the **U.S. EPA's SmartWay** program has resulted in many Climate Savers participants adopting the initiative. In fact HP was the first company to certify its North American distribution network to SmartWay and has since leveraged this in its **Eco Highlights** labelling scheme. This ability to differentiate can be used as part of companies' marketing outreach program along with their GHG reduction activities.

# Key Learnings

## 4 GHG REDUCTION STRATEGIES

13

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

While the Climate Savers program has 23 members spanning multiple sectors and geographies, there is relative uniformity in the strategies that have been employed to deliver these results. Virtually all participants have implemented facets of each of the activities, outlined in this section, into their successful emission reduction programs. Although many of these actions are not easy to implement, they are proven approaches to delivering results. In addition, while this list is not exhaustive, it represents a number of important elements that further the move towards less GHG intensive business practices.

### GHG REDUCTION STRATEGIES

#### **Integrate strategies**

Make sure new GHG strategies line up with existing plans

#### **Be holistic in identifying opportunities**

Reduction opportunities are throughout your entire organization and its supply chain and geographies

#### **Be innovative in developing solutions**

New ideas will reduce emissions and improve company performance

#### **Estimate, measure and report GHGs**

Treat your GHGs like financials in how they're estimated and reported to stakeholders – build measurement capabilities

#### **Use tools to support the effort**

Deploy guidance throughout the organization to help drive change

#### **Develop partnerships**

Existing expertise should be accessed to accelerate change; WWF Climate Savers program facilitates knowledge transfer

#### **Influence policymakers and your improve reputation**

Leading companies have an opportunity to shape policy and improve their brand reputation

# Key Learnings

## 4 GHG REDUCTION STRATEGIES

### 4.1

#### INTEGRATE GHG REDUCTION STRATEGIES INTO BUSINESS MODELS

Typically, companies find that integrating environmental commitments into their broader organizational strategy enables development of holistic and unified initiatives. Thus, it is important to engage and obtain top-down support, on the reduction process and its explicit goals, from company owners, boards of directors, senior executives, and managers. The presence of a single entity owning the sustainability agenda within an organization is also significant as it establishes accountability and provides direction and leadership at a more accessible level. Without fundamental support from the top down, initiatives which are seen as voluntary could be less likely to succeed. In addition, bottom up initiatives driven by local employees, regions or divisions are equally critical. Ultimately, it is the employees who are responsible for managing the daily, on-the-ground operations that use energy and thus they need to be engaged in GHG reduction strategies. Involvement across the entire breadth and depth of companies brings capacity and allows for creative solutions development. Thus, ideally, GHG reduction considerations, idea generation and implementation should be developed throughout the entire organization engaging the majority of its employees. The act of setting goals to reduce GHG emissions and involving a diverse group of company employees can nurture creativity and ownership with solutions that quickly follow.

For example, Hewlett-Packard created the Green Advocates program, which educates employee volunteers on the company's environmental legacy and programs. Through regular training, employees become ambassadors who share the environmental information with their colleagues as well as with HP customers. In another example, Fairmont Hotels and Resorts established Green Teams at each facility, made up of diverse cross sections of employees who are



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charged with developing programs at the facility that meet the needs and values of the specific environment in which the facility operates.

The integration of sustainability strategies into the business model also needs to allow for flexibility. Successful Climate Savers companies have developed approaches that focus on what can be done today while remaining flexible in the long term. Starting out, companies should consider opportunities with the greatest return based on effort. To instill confidence, simple projects that deliver results can set the tone for the remainder of the program. Ultimately, Climate Savers companies have found “walking before running” to be the most effective means of moving forward. Fairmont Hotels and Resorts began its journey by conducting energy audits at all of its Canadian resort locations, which resulted in initial identification of over 300 possible reduction activities. Similarly, Catalyst Paper recognized it could

14

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

# Key Learnings

## 4 GHG REDUCTION STRATEGIES

15

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

reduce GHG emissions by focusing on reducing fossil fuel purchases; subsequent optimization of its wood waste fuel mixtures delivered both GHG and cost reductions. Hewlett-Packard undertook assessments of its emissions footprint across the entire global organization to understand where it had the greatest impact and opportunities. The company found that its supply chain and customers' use of its products were responsible for the greatest discharges, orders of magnitude higher than its own facilities, and have thus become a major focus of reduction efforts. Finally, The Coca-Cola Company identified transportation emissions opportunities and delivered its first hybrid electric delivery truck in 2006 as an entry into changing transport technology.

Companies must strive to implement sustainability into their business model, and gain true commitment to the philosophy behind these projects. They also have to be able to sincerely communicate their sustainability plan. A growing global trend in the past five years is the identification of greenwashing by well-intentioned and respected companies. Disingenuous statements or quiet abandonment of once hailed (but non-sustainable) projects is potential fodder for criticism from green watchdogs.

There are pitfalls to be aware of when integrating GHG initiatives into the business. Many opportunities take years to be realized and can require greater resources than initially expected. Thus, organizations must be realistic in setting timelines for delivery of results and budgeting for associated costs. Further, once committed, companies need to be patient in the execution, completion and realization of the project benefits. This is especially important in times of economic recession or leadership change.



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# Key Learnings

## 4 GHG REDUCTION STRATEGIES

### 4.2

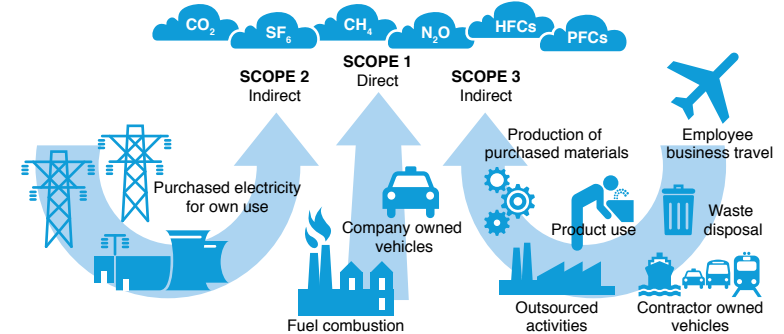
#### BE HOLISTIC IN OPPORTUNITY SEEKING

Companies' ecological footprints, and the associated GHG emissions, are often larger than most realize. Under the leading GHG accounting protocol developed by the World Resources Institute/World Business Council for Sustainable Development (**WRI/WBCSD**), GHG emissions are categorized as Scope 1, Scope 2, and Scope 3.

Scope 1 is direct emissions from fossil fuels generated from facilities and vehicle fleets. Scope 2 is indirect emissions from purchased electricity and thermal energy. Scope 3 is indirect emissions from the entire supply chain and even product lifecycle. Opportunities to reduce GHGs exist in all three of these spheres. As a result, companies need to consider their resources before deciding on appropriate areas of focus.

Companies should try to be all-encompassing in considering their approach to reduce GHG emissions. An organization should assess its footprint in all three scopes when defining the most attractive reduction opportunities. Typically, the Climate Savers companies focused first on Scope 1 and 2 emissions as those are often easier to address and can bring more timely cost savings than Scope 3 emissions. Gaining benefits from low hanging fruit in Scope 1 and 2 would usually provide companies with momentum to start to tackle emissions in their supply chain – Scope 3. However, this approach might not work for all companies. For example, organizations that have limited resources and large reduction opportunities in their supply chain might want to primarily focus on capturing the benefits in their Scope 3 emissions. Clearly, companies need to evaluate what approach is best for them given their footprint, reduction capabilities and resources.

Regardless of the initial focus, companies need to consider emissions outside of their direct control – those of their suppliers



Source: WRI/WBCSD protocol / Illustration Warren Wheeler

and customers. As Ray Anderson, Chairman of Interface Inc., states, "You've got to quit thinking of yourself as some stand-alone organization. You are your entire supply chain—from mine and wellhead to the incinerator and landfill. And if you want to begin to reduce your environmental footprint, the quickest way to start is to find those suppliers who've already reduced theirs."<sup>74</sup> Organizations should also analyze the ecological impact of their products and services in the customer use phase. For some companies, such as Hewlett-Packard, the greatest GHG emissions stem from product use. Scope 3 emissions are important to consider from an environmental as well as business perspective. Initiatives aimed to reduce customer emissions often lead to innovative product development, increased customer satisfaction and ultimately a competitive advantage.

16

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

# Key Learnings

## 4 GHG REDUCTION STRATEGIES

17

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

As previously mentioned, Hewlett-Packard thoroughly assessed its GHG emissions and found that customers' use of its products and manufacturers in its supply chain are the single biggest contributors. Based on that work, the company has included the energy efficiency of its finished products as a goal and strived to deliver material reductions in that area. Today Hewlett-Packard is a leading company focusing on emissions throughout the entire lifecycle of products – from suppliers to customers. Through its Green Procurement practices, Hewlett-Packard is working with its suppliers to improve their GHG performance. The company has audited tier 1 suppliers and found they were responsible for over 3.5 million tonnes CO<sub>2</sub>e. This represents an area for great GHG and cost-reduction opportunity. As a result, Hewlett-Packard is now working with its suppliers on energy-efficiency improvement strategies.

A common mistake for companies starting to tackle the climate challenge is committing to too ambitious objectives. Typically, companies have been most successful by beginning their sustainability journey with small scope initiatives with conservative and realistic expectations for benefits and costs. As internal knowledge and confidence grows then companies can proceed to undertake more demanding projects. Companies with little expertise, just starting on the sustainability journey, may benefit from outside expertise to determine the right low hanging fruit, whether in scope 1, 2 or 3, to pursue.

“You’ve got to quit thinking of yourself as some stand-alone organization. You are your entire supply chain—from mine and wellhead to the incinerator and landfill. And if you want to begin to reduce your environmental footprint, the quickest way to start is to find those suppliers who’ve already reduced theirs.”

– Ray Anderson, Chairman of Interface Inc.



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# Key Learnings

## 4 GHG REDUCTION STRATEGIES

### 4.3

#### BE INNOVATIVE WITH SOLUTIONS

Many forward-looking organizations today are recognizing the opportunity created in the face of the climate change crisis. While new technologies and approaches promise to revolutionize business, the challenge remains in having the courage and talent to develop those solutions. All manner of opportunities exist to reduce fossil fuel uses: efficient electrical consumption, simplification of supply chains and even transformation of company services and products. These endpoints can be achieved through changes in technology, products, employee behaviour, and procurement strategies. As such, it is vitally important to engage company employees to foster creativity and innovation in order to develop financially and environmentally beneficial solutions.

Climate Savers organizations have shown particular innovation in solving old problems to improve their GHG emissions and their competitive position. The Coca-Cola Company, for example, has reinvented its vending machines, which are responsible for the largest portion of the company's GHG footprint. The company has developed a smart temperature control unit which adjusts the vending machine's operation based on the hours of the premises. Further, The Coca-Cola Company is experimenting with replacement of hydrofluorocarbons (which are highly concentrated greenhouse gases) with CO<sub>2</sub> systems. These new machines were deployed at the 2010 Winter Olympics with the added benefit of brand exposure for the company.

Hewlett-Packard undertook a massive consolidation of its 85 data centres across the world into three paired facilities in the United States using the most sophisticated energy-efficiency standards. As a result, Hewlett-Packard reduced its energy use by 60 per cent, network costs by 50 per cent, and operational spending dropped from 4 per cent of total revenue to just 2 per cent.

Catalyst Paper modified its paper products to reduce customer costs and GHG emissions. The company developed lighter weight paper grades which still provide the same printable area and paper quality but use less fibre and have lower transportation, warehousing, printing and mailing costs. Recent increases in bulk mailing costs for American customers have made this strategy particularly relevant.

Fairmont Hotels and Resorts has not taken a one size fits all approach. Rather, the company has left innovation to each facility where expertise of employees at each site contributes to the development of solutions. This organic approach maximizes freedom to experiment with opportunity and share the best ideas across the company.

Organizations working to innovate in their field should be realistic in their outlook on successes and potential failures. Leadership should be prepared to accept that not all initiatives work out as planned but do present themselves as constructive learnings for subsequent attempts.

18

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

# Key Learnings

## 4 GHG REDUCTION STRATEGIES

19

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

### 4.4

#### ESTIMATE, MEASURE, AND REPORT

Most performance management programs today dictate that companies achieve the goals that they can measure; this fact certainly applies to GHG emissions. Entities interested in making reductions must undertake a baseline estimate of their key emissions and periodically review these levels to assess their reduction progress. WWF recommends that the **WRI/WBCSD GHG Protocol** be adopted. This protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions. The protocol is the result of a decade-long partnership between the World Resources Institute and the World Business Council for Sustainable Development. The protocol offers concise, easy-to-use guidelines for estimating company and project GHG emissions as well as sectoral specific guides.

In developing initial GHG estimates and subsequent measures, an appropriate level of resolution within companies should be established to help identify opportunities. Much like an accounting exercise, organizations will determine department level, facility level, and organization totals within discrete activity types like manufacturing, transportation, and support services. It is important to develop local as well as global reporting. With multinational companies establishing global Climate Savers commitments, there is a possibility for the company's local representatives to either adopt and even excel at the established targets or hide behind the global targets and not enforce them. Country-specific reporting will help multinational companies establish benchmarks, identify slow adopters and foster GHG reduction competition. GHG reporting is also increasingly important given the gradual shift in GHG reporting from voluntary to regulatory along with the financial market interest in GHG risk management as underscored by the recent SEC ruling.



# Key Learnings

## 4 GHG REDUCTION STRATEGIES

20

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

Proper development of GHG metrics and measurement of GHG emissions is crucial. There are two key GHG metrics which should be established. First, an absolute measure of tonnes of CO<sub>2</sub>e should be made. Second, an intensity metric should be created based on the organization's output. For example, The Coca-Cola Company estimates kg GHG per litre of product while Catalyst Paper estimates kg GHG per tonne of paper. Companies without measurable products will often adopt kg GHG per dollar revenue. Freight companies often adopt kg GHG per tonne km freight. The key is for companies to establish both an absolute and intensity measure so that the organization can track the size of its footprint and the footprint associated with its business activity. This is especially important since absolute emissions can be impacted by reductions in business activity rather than actual improvement in performance.

Organizations can also consider direct measurement of activities that they know have associated GHG emissions. For example, The Coca-Cola Company not only targets GHG but also the recycling of packaging and water usage. These metrics can serve as a proxy for GHG emissions since they are energy and material input intensive. They also represent areas of cost to the business, which if monitored and addressed, can deliver cost savings and improved profitability. Hewlett-Packard has implemented such strategies. Beyond direct GHGs, the company is also focusing on reducing product weight and energy consumption, reducing packaging weight, and increasing the use of recycled plastics and paper fibre. Holistically, all these strategies not only reduce GHG emissions but also costs and resource use.



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The science of the measurement of GHGs is still in its infancy and, consequently, there is no absolute uniformity in the expert community regarding best approaches to these calculations and measures. It is very easy for an organization to get derailed trying to deliver emissions estimates at unneeded levels of resolution with unnecessary levels of accuracy. For the most part, first pass estimates should be developed to provide direction towards the most cost effective opportunities. Therefore, companies should strive to balance accuracy of estimates versus their costs.

# Key Learnings

## 4 GHG REDUCTION STRATEGIES

21

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

### 4.5

#### TOOLS TO SUPPORT THE EFFORT

Once an organization has begun its program to reduce its GHG footprint and improve its competitive position, the ongoing effort must be supported. This is critical since reduction programs can take upwards of five years to fully materialize, involve technology deployment, business process changes, and changes in employee behaviour.

To support ongoing monitoring and progress, companies can take advantage of a number of environmental management systems, usually registered to or designed along the **ISO 14000 standard**, which can provide the rigour and process that allow companies to continuously improve. If such programs are already in place then it is a natural progression to include GHG abatement in the goals of that program. Catalyst Paper took this step by including GHG management in its programs and designing its GHG accounting to meet the ISO 14064 standard. Otherwise, organizations will need systems that can at least track and report key GHG and related metrics to present to company leadership. These are usually tied to accounting systems, since supplies, fuels and electricity purchases play a major role in determining the GHG footprint. In larger organizations, there are often disconnections between the procurement of these and the ultimate users. In such cases, GHG tracking systems provide crucial feedback to all parties regarding the effectiveness of their activities. Green procurement programs, while creating value and GHG reductions, are very difficult to manage. Procurement education on GHG topics like intensity, transportation, and lifecycle is a must-have for supply chain initiatives.

Often, in the process of supporting GHG reduction strategies, companies also design new tools and solutions. For example, Hewlett-Packard developed Halo Telepresence, which is a video teleconferencing system available to its employees. The company encourages its employees to utilize this tool by prohibiting employees from booking flights to offices that have a Halo system. The company



# Key Learnings

## 4 GHG REDUCTION STRATEGIES

22

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

expects to see the reduction of 20,000 trips each year, resulting in the elimination of more than 39,000 metric tonnes of CO<sub>2</sub>. This is the equivalent of taking 6,500 cars off the road for one year and produces millions of dollars in annual savings. Coca-Cola Bottling Company (CCB) deployed energy conservation toolkits to all production facilities to assist with benchmarking energy-efficiency performance and the identification of opportunities with existing delivery systems, equipment and production processes. It is also important to support individual reduction efforts. In order to do this successfully, it is best to illustrate to individuals the environmental impact of their actions. One of the simplest yet most effective tools for this is a GHG calculator that enables users to estimate certain aspects of their GHG footprint. Hewlett-Packard was a leader in developing a **GHG calculation tool** for its products and as part of its WWF partnership program, assisted WWF in developing a GHG calculator called the **Living Planet Community**, which encourages Canadians to learn about the intensity of their lifestyles and make lighter GHG choices.

Beyond numerical efforts to support reduction strategies, companies need to also consider level of communications within and outside the organization. Employees need to know that their efforts are supported by the leadership and they must have access to ideas and opportunities developed at their workplace. In changing employee behaviour, the HR department may play a role in developing new corporate practices, such as change management or travel policies. Company stakeholders like the public, neighbors, customers, and suppliers will also take interest and may provide valuable perspectives. For example, Catalyst Paper's extensive stakeholder outreach resulted in the identification and development of a manufactured carbon neutral paper grade specifically for a single marquee customer and is now sold across North America. Hewlett-Packard initiated groundbreaking work in providing support that educates both



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its customers and suppliers. For example, the company identified customer consequences of shifting from personal printers to group printers within an office and produced a change management white paper to address this. On the supply chain front, Hewlett-Packard's well established program includes guidance to its small suppliers on improving their GHG performance.

A pitfall in providing tools to the reduction effort is providing either too much or too onerous support. Companies can often get overwhelmed in trying to deploy programs from a corporate office that are unnecessarily complex or redundant. To avoid this, companies should seek employee feedback on most appropriate support platforms for the biggest impact given company efforts.

# Key Learnings

## 4 GHG REDUCTION STRATEGIES

23

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

### 4.6

#### DEVELOP PARTNERSHIPS AND NETWORKS

Cross-pollination of ideas and activities within a network or partnership can provide companies with great insights and best practices. This is especially important today as the science, measurement, and reduction of GHG emissions are in early development relative to other corporate initiatives such as health and safety or quality control. WWF Climate Savers program is an example of a successful partnership that can facilitate knowledge sharing and transfer, and help drive ambitious GHG reduction performance. It showcases the opportunity that exists for companies to establish themselves as leaders of GHG reductions in their sector and use the claim to gain a competitive advantage. Thus, companies looking to reduce emissions should attempt to join or develop a network of like-minded organizations to take advantage of the knowledge already at the table. For example, Hewlett-Packard is a founding member of **Electronics Product Stewardship Canada**, which developed an end-of-life treatment standard, ensuring the safe and environmentally responsible management of end-of-life electronics in Canada. Hewlett-Packard is also facilitating the transition to a low-carbon economy by collaborating with WWF Climate Savers, Combat Climate Change, the International Partnership on Climate Change and the Pew Center for Global Climate Change along with many educational activities and organizations.

Collaboration within companies' own networks and supply chains can also help them identify important reduction strategies. Catalyst Paper has been working with partners both up and down the supply chain for a number of years to both quantify and reduce the size of its footprint. Through these collaborations, Catalyst has learned that GHG from transport of finished paper accounts for over 28 per cent of its total GHG lifecycle and is particularly susceptible to the mode of transportation. This learning made Catalyst consider approaches to address these emissions. Another Climate Savers company – Hewlett-Packard – has an advanced partnership with its suppliers. The company has long recognized the enormous impact wielded by its supply chain, and thus launched its supply chain Social and Environmental Responsibility (SER) program in 2000. The company's \$50 billion (U.S.) annual spending on procurement guarantees that Hewlett-Packard has potential to influence and help improve the organizations they do business with. The company pioneered the establishment of the **Electronic Industry Code of Conduct** (EICC). In 2008, 142 suppliers at 246 facilities were audited and the results are now being used to identify improvement opportunities. Hewlett-Packard was the first electronics company to announce the emissions of its key suppliers.

# Key Learnings

## 4 GHG REDUCTION STRATEGIES

24

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How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

### 4.7

#### INFLUENCE POLICY-MAKERS, PUBLIC OPINION, AND BEHAVIOUR

North America's new GHG economy has created new issues that some companies must address. Government GHG policy continues to be an area of uncertainty and risk. For sophisticated organizations with sizeable GHG footprints or fossil fuel exposure, this uncertainty translates into risk on their income statement and risk in undertaking projects which use energy. These types of companies need GHG certainty in their strategic planning.

Unfortunately, companies operating on the leading edge of performance can become “collateral damage” as governments create GHG policy to incent the lowest common denominator. Catalyst Paper was an early adopter of low GHG technologies and eliminated 1 million tonnes of CO<sub>2</sub>e emissions between 1990 and 2005, equivalent to a 70 per cent reduction. However, public policy in Canada and British Columbia did not grant Catalyst credit for early actions nor did it release the company from having to meet mandatory percentage reductions in keeping with the entire jurisdiction. A pragmatic way to help deliver rational policy is to work with and influence policy-makers through network groups and partnerships with groups like WWF. Entities interested in reducing GHGs should also ensure that they are actively engaging all levels of government. Many of the more advanced Climate Savers participants have active government outreach programs to this end or have leveraged industry associations to act on their behalf.

Companies can also leverage their strong brands to influence public opinion and behaviour. Reducing CO<sub>2</sub> emissions creates the opportunity to differentiate companies' brands, and provides a strong communication platform. Organizations with a leading GHG track record or special products have a rare opportunity to distance themselves from competition by highlighting their actions and the



# Key Learnings

## 4 GHG REDUCTION STRATEGIES

25

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
GHG Reduction Strategies

pedigree of their products or service. For example, The Coca-Cola Company, with one of the world's most recognized brands, chose to support **WWF's Earth Hour** by turning off many of its major lit advertisement boards around the world and encouraging iCoke members online to support the initiative. This work promotes Coca-Cola brand and supports the company's corporate actions, while highlighting the Earth Hour program, encouraging individuals to take action and helping drive change in behaviour.

Many Climate Savers companies highlight their sustainability strategies while educating and engaging their customers to reduce their emissions. Hewlett-Packard developed an **Eco Solutions website** that not only highlights the company's sustainability programs but also its product offerings that help consumers meet those same goals. Catalyst Paper was one of the first North American paper manufacturers to offer a GHG neutral paper product. The company has reduced the paper's Scope 1 emissions as far as possible and purchased legitimate GHG offsets to eliminate the remaining emissions. Fairmont Hotels and Resorts doesn't manufacture products for consumption but rather services and it hopes guests will choose greener hotel rooms. The company has been a strong supporter of **WWF's Earth Hour** and key awareness campaigns including sustainable commuting challenges. Fairmont is working on improving energy performance by embracing the **LEED green building standard** and implementing procurement standards that favor local goods and services with lower transportation footprints. Companies should showcase examples of their sustainability initiatives and report on them in their CSR reports in order to educate the public on their efforts.



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Working with government on policy development or in the public domain on perception and behaviour can be difficult. Organizations should be careful to choose issues that they can realistically change or at least influence. 2009 represented one of the most tumultuous years in development and failure of international GHG policy, yet there was progress in North America. Slowly, public awareness and education in this area is growing but ongoing challenges and skepticism around the legitimacy of the GHG issue continue. Educating all stakeholders about the science, challenges, and opportunities of climate change is a task organizations must consider.

# Key Learnings

## 5 OUTLOOK

26

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

KEY LEARNINGS  
Outlook

The pressing need to reverse climate change has never been more evident. Growing public awareness and government actions to regulate GHG discharge make corporate reduction efforts paramount. Programs like WWF's Climate Savers highlight the fact that GHG emissions reductions go hand-in-hand with improvements in organizational performance. Companies targeting their footprint can also expect to see improved financials, lower fossil fuel exposure with better risk profiles, new product opportunities and improvements, higher employee satisfaction, and greater understanding of the issue.



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In delivering GHG reductions, there are common activities that have been observed across most Climate Savers participants. While not all these activities will necessarily apply to all organizations and certainly are not easy to deploy, they have been proven as effective building blocks towards change.

Reducing GHG emissions means organizations must integrate strategies into their existing plans; survey their entire business to identify economic reduction opportunities; be innovative in creating solutions not yet even imagined; use effective GHG measurement and tracking systems; deploy reduction tools that can help the entire company; develop strong networks with areas of GHG expertise; and look for opportunities to differentiate and build a reputation that recognizes excellence in GHG performance. With this guidance and a desire to contribute to the climate change solution, WWF believes companies can materially reduce their GHG emissions.

# Small & Medium Enterprises

## THE OPPORTUNITY FOR SMALL AND MEDIUM ENTERPRISES TO ADDRESS CLIMATE CHANGE

27

WWF-CANADA

How Addressing Climate Change  
Can Improve The Bottom Line

SMALL & MEDIUM  
ENTERPRISES

Small and Medium Enterprises (SMEs) must not be overlooked on the journey towards the new low-carbon economy. The SME sector continues to grow steadily, accounting for over one quarter of Canada's GDP<sup>1</sup>, and is becoming increasingly integrated into supply chains of large companies.

Just like large business, SMEs recognize the link between sound environmental practices, long-term business profit and growth, and a healthy economy. According to a recent survey by the Canadian Federation of Independent Business<sup>2</sup>, SMEs across Canada have expressed a strong belief that protecting the environment and growing the economy can go hand in hand. Although SMEs may not have the organizational influence and resources of large enterprise, they are uniquely positioned to implement and inform the development of innovative yet practical approaches to addressing environmental issues.

The key learnings from this report – while highlighting the climate change management strategies of large companies – can serve as a guide to SMEs on how to approach and integrate sustainability and GHG reduction into their own business. As with large companies, SMEs who take action on climate change will experience cost, competitive and operational benefits.

Moreover, as large industry continues to integrate sustainability into corporate practice, it will recognize that climate change management strategies must include the impact of SMEs along the supply chain. SMEs that proactively assess and manage the risks and opportunities of climate change will be better equipped to gain access to new markets that emerge from this shift towards sustainability. Working together to raise standards, increase innovation and gain new competitive advantage offers a win-win situation for both big and small companies in the new low carbon economy.

### FOR MORE INFORMATION

To learn more about the impact of climate change on SMEs and strategies to mitigate risks and capture new opportunities through practical business solutions, please refer to:

***A Guide to Climate Change for Small- to Medium-sized Enterprises*** by Canadian Chamber of Commerce and Pollution Probe

<http://www.pollutionprobe.org/Reports/Guide%20to%20CC%20for%20SMEs.pdf>

1: Statistics Canada

2: Achieving Eco-prosperity: SME's perspective on the environment, Canadian Federation of Independent Business, 2007