



BSR Conference 2008 | Sustainability: Leadership Required Carbon Offsetting: Fact or Fiction?

Breakout Session Summary

Thursday, November 6, 2008 | 10-11:30 a.m.

Speakers

- **Ron Luhur**, Carbon Markets Specialist, Environmental Defense Fund
- **Mark Newton**, Senior Manager of Environmental Sustainability, Dell
- **Chris Tuite**, Director of Forest Carbon Markets, Conservation International
- **Jonathan Shopley**, Executive Director, the CarbonNeutral Company (moderator)

Highlights

- Corporate climate strategies should be built on four distinct steps: conserve energy, convert to low-carbon energy, choose offsets, and participate in a call to action.
- Efforts to achieve carbon neutrality need to be supported by a comprehensive footprint and clear communication of approach.
- Offsets need standardization to boost their credibility, but this is likely to take years.

Memorable Quotes

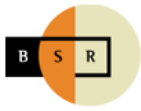
- “The capacity to measure and model carbon has grown enormously.” —Chris Tuite, Conservation International
- “We are not looking at zeroing out emissions; we are looking to stimulate investment in a green economy.” —Mark Newton, Dell
- “Offsets give you an option to do something about emissions that are unavoidable.” —Ron Luhur, Environmental Defense Fund

Overview

While carbon offsets began primarily as a way for consumers to reduce their impact, interest from business has grown immeasurably in recent years.

Newton kicked off the discussion by highlighting the role of offsets in Dell’s commitment to being a carbon neutral company. Newton emphasized three steps when considering offsets. First, focus on boosting internal efficiency by increasing business productivity while stabilizing emissions. Second, maximize investments in renewable energy, which, he noted, can be a challenge in terms of cost and availability. Third, consider purchasing credible offsets. Newton views offsets as an investment in stimulating development of renewable





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energy, but he advises companies to be selective in offset projects and to work with offset providers as partners, not suppliers.

In agreement, Luhur emphasized that offsets allow companies and individuals to go beyond activities in their operations. According to Luhur, “credible offsets offer a way to fight global warming today” and are a bridge as better technologies develop. Luhur added that the Environmental Defense Fund recently launched www.carbonoffsetlist.org, which screens offset projects to help companies easily connect with high-quality opportunities.

In support of offsets, Tuite quoted recent studies on climate change and further emphasized the urgent need for action. However, he recognized that companies considering offsets need to understand the criticisms, too—including using offsets to avoid being held accountable.

Luhur further clarified that offsets should build on information collected in a comprehensive footprint. Many carbon neutral claims, he cautioned, are misleading because of the limited scope of corporate footprints. Companies need to clearly communicate their footprint boundaries when discussing carbon neutrality and push for individual accountability.

Since carbon neutrality is an emerging concept, Newton suggested a need for an informal “code of conduct” that requires companies to exhaust all opportunities for internal efficiency before purchasing offsets and to be transparent about their activities. The panel agreed that current standards need to be tested further and naturally evolve until a leading standard emerges.

In making recommendations for U.S. President-elect Obama, Newton asserted the need for a stable price for carbon. The current price ambiguity and failure to account for externalities is hindering business’ engagement in the carbon market. Tuite and Luhur stressed the need for greater engagement in the international process, which should encourage other leaders like China and India to participate. The panel advised business leaders to become educated on the issue, advocate for a cap-and-trade approach, engage with legislators, and support incentives for renewable energy.

Lastly, the panel explained the difference between offsets and renewable energy certificates (RECs). RECs directly support renewable energy generation, and offsets are a measurable emissions reduction. The panel cautioned companies that these are not interchangeable tactics, and each should fill distinct roles in a company’s climate strategy.

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