

UK retailers and climate change: The role of partnership in climate strategies

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Motivation

- **Focus:** Voluntary climate strategies



- **Impact:** Carbon emissions from large commercial organisations



- **Timing:** Targets and new policies



- **Angle:** Partnership



Sainsbury and Forum for the Future

- £30,000 per year donation for minimum 3 years
- Strategic sustainability services
- Commitment at senior management level
- Involvement with Masters course for sustainable development

Alliance Boots and Business in the Community

- £12,175 membership contribution annually
- Dedicated relationship manager – practical advice
- Environment leadership team
- CEO involvement

OUR VALUES
MAKE US
DIFFERENT

 **forum for
the future**
action for a sustainable world

 **Alliance
Boots**

Business in the
Community

Outline

- Sector and policy context
- Our research approach
- Some results and analysis
- Conclusions and future work

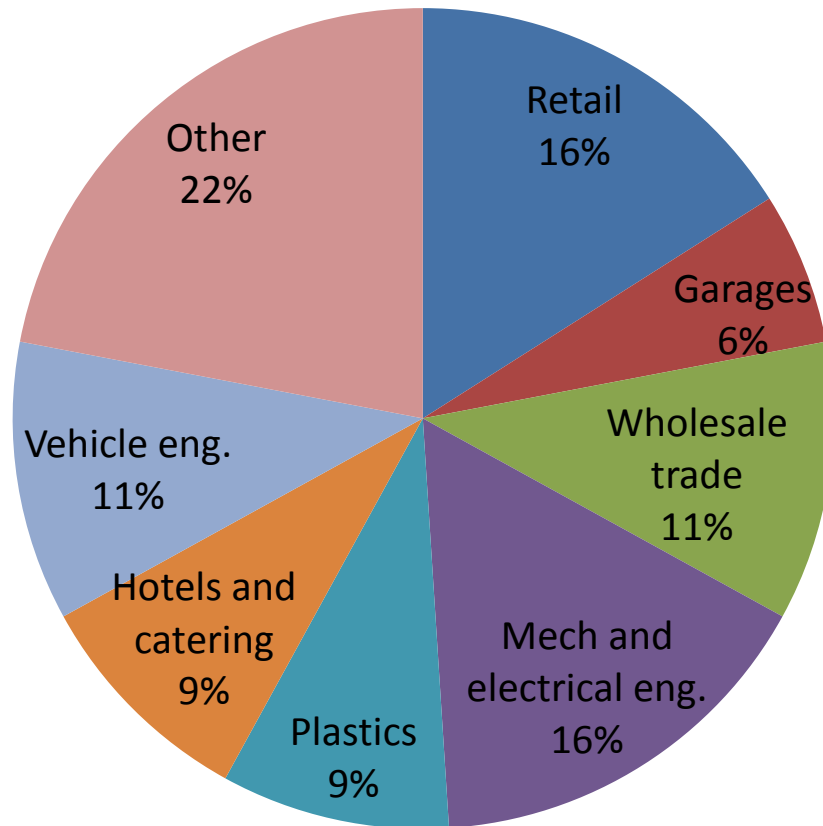
Why is this important? What changes are ahead?



SECTOR & POLICY CONTEXT

Large non-energy-intensive organisations

CO2 emissions: Total – 48 MtCO₂

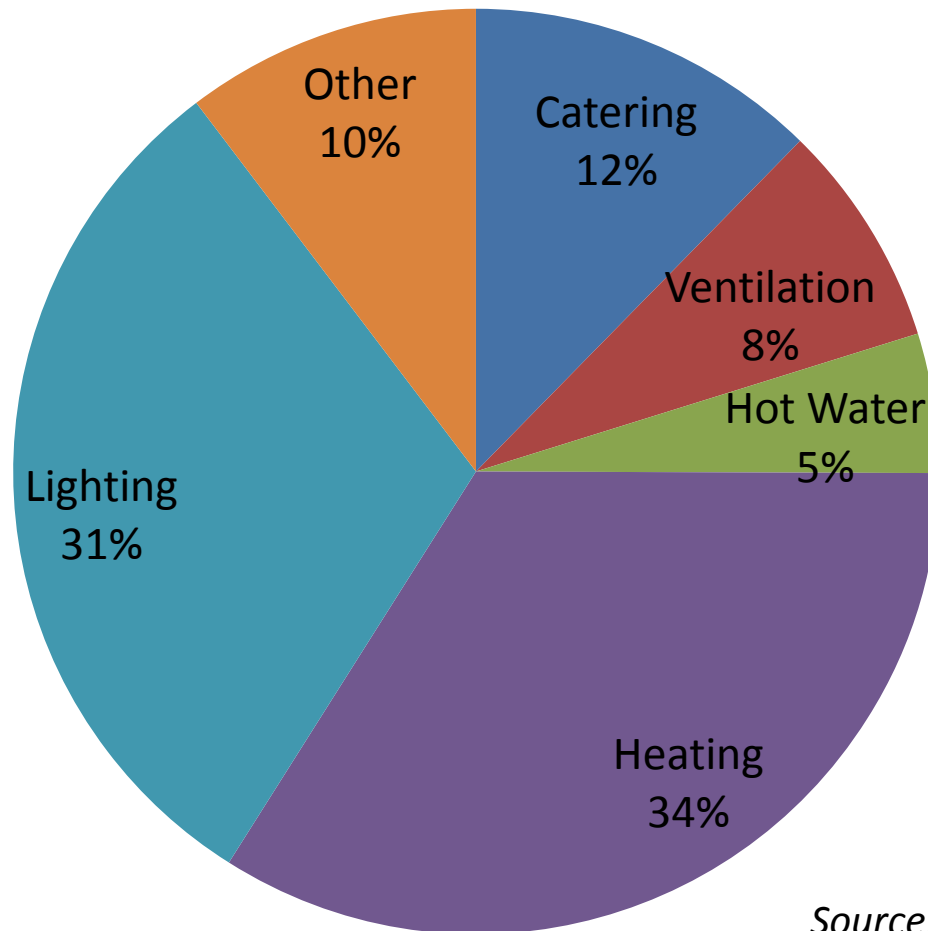


Source: Carbon Trust 2005

- Total UK CO₂ emissions
543 MtCO₂ (2007)
- Retail sector emissions
Scope 1: 2.3 MtCO₂
Scope 2: 5.4 MtCO₂
Scope 3: 69 MtCO₂
- Wider retail sector
Includes wholesale trade
and garages

Energy end-uses: Retail sector

2007 total consumption: 49,416 GWh



■ 24% of total service sector

Source: DECC, 2009

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In brief: Why retail?

- Nature and impact of the sector
 - Consumers, employees, supply chains
 - Supply chain emissions 30 times direct emissions
- Low-cost energy efficiency gains
- BUT significant barriers e.g.
 - Transaction costs
 - Organisational structure
 - Hidden benefits

CRC Energy Efficiency Scheme

“Plugging the gap in energy efficiency policies”
(Grubb, Haney and Wilde 2009)

- Carbon Reduction Commitment
 - Cap-and-trade scheme April 2010
- Interesting features
 - League table based on performance
 - Focus on organisations not installations
 - Standardised measurement and reporting

Who and what's covered?

Public sector and commercial organisations

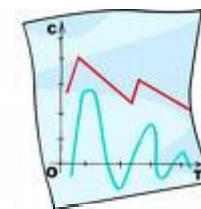
- With at least one half-hourly electricity meter;
- And electricity consumption of > 6,000 MWh/year
- Approximately 5,000 organisations

Direct and indirect emissions

- On-site heat/electricity generation
- Purchased electricity emissions
- At least 90% of emissions must be covered by CRC, CCAs or EU ETS
- Estimated savings of 4.4 MtCO₂ per year by 2020

Some definitions and a look at the data

RESEARCH APPROACH



Key concepts

- Climate strategies
 - actions to reduce carbon footprint
 - part of corporate responsibility
- Partnership and social capital
 - “features of social organisation, such as trust, norms and networks, that can improve the efficiency of society by facilitating coordinated actions” (Putnam, 1993, p. 167)
 - “interpersonal networks” (Dasgupta, 2005)

Company data: 60 UK retailers

- Value Added Scoreboard 2008
- Wide definition of retail that includes:
 - Food retailers and wholesalers
 - Drug retailers
 - General retailers
- Considerable share of:
 - Sector value added (25%)
 - Sector employees (34%)
 - Sector CO₂ emissions

Best practice index

Category	Indicator	Max. Score	Category total
Measurement	Scope 1 emissions	2	
	Scope 2 emissions	2	
	Scope 3 emissions	2	
	External verification	2	
	Relative measures	2	(10)
Target setting	Longer-term plans/targets	2	
	Integrated into business strategy	2	
	Lighting	2	
	HVAC and/or refrigeration	2	
	Distribution network	2	(10)
Target impacts	Achievement of CO2 targets from previous year	2	
	CO2 reduction targets	2	
	CO2 reduction reporting	2	(6)
Implementation/ engagement programmes	Employees	2	
	Suppliers	2	
	Customers	2	(6)
	TOTAL	30	

Partnership scoring system

Indicator	Maximum score
Membership/Donation/Payment for services	1
Involvement in projects/advice services specific to the company	1
Involvement in projects/issues beyond company-specific	1
Board-level engagement (e.g. required CEO/board involvement as part of partnership model or emphasis on CEO/board involvement by the company)	1
Longer-term engagement, i.e. beyond 1 year; not annually renewed	1
TOTAL	5

Going back to an earlier example...

Sainsbury and Forum for the Future

- £30,000 per year donation for minimum 3 years
- Strategic sustainability services
- Commitment at senior management level
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Partnership score:

- Donation (+1)
- Longer-term (+1)
- Company-specific (+1)
- Board-level/senior involvement (+1)
- Beyond company-specific (+1)

Total: 5

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Main findings and some interesting relationships

RESULTS AND ANALYSIS

Company scores

	Measurement (10)	Target setting (10)	Target impacts (6)	Implementation (6)	Total (32)
John Lewis	7	10	5	6	28
Tesco	9	9	5	5	28
Sainsbury	6	7	6	3	22
Halfords	2	8	5	4	19
NEXT	6	3	3	1	13
Carpentryright	0	5	1	3	9
Somerfield	0	5	3	0	8
Aldi	0	3	0	0	3
House of Fraser	0	0	0	1	1
Lloyd's Pharmacy	0	0	0	0	0

Top 10 companies....

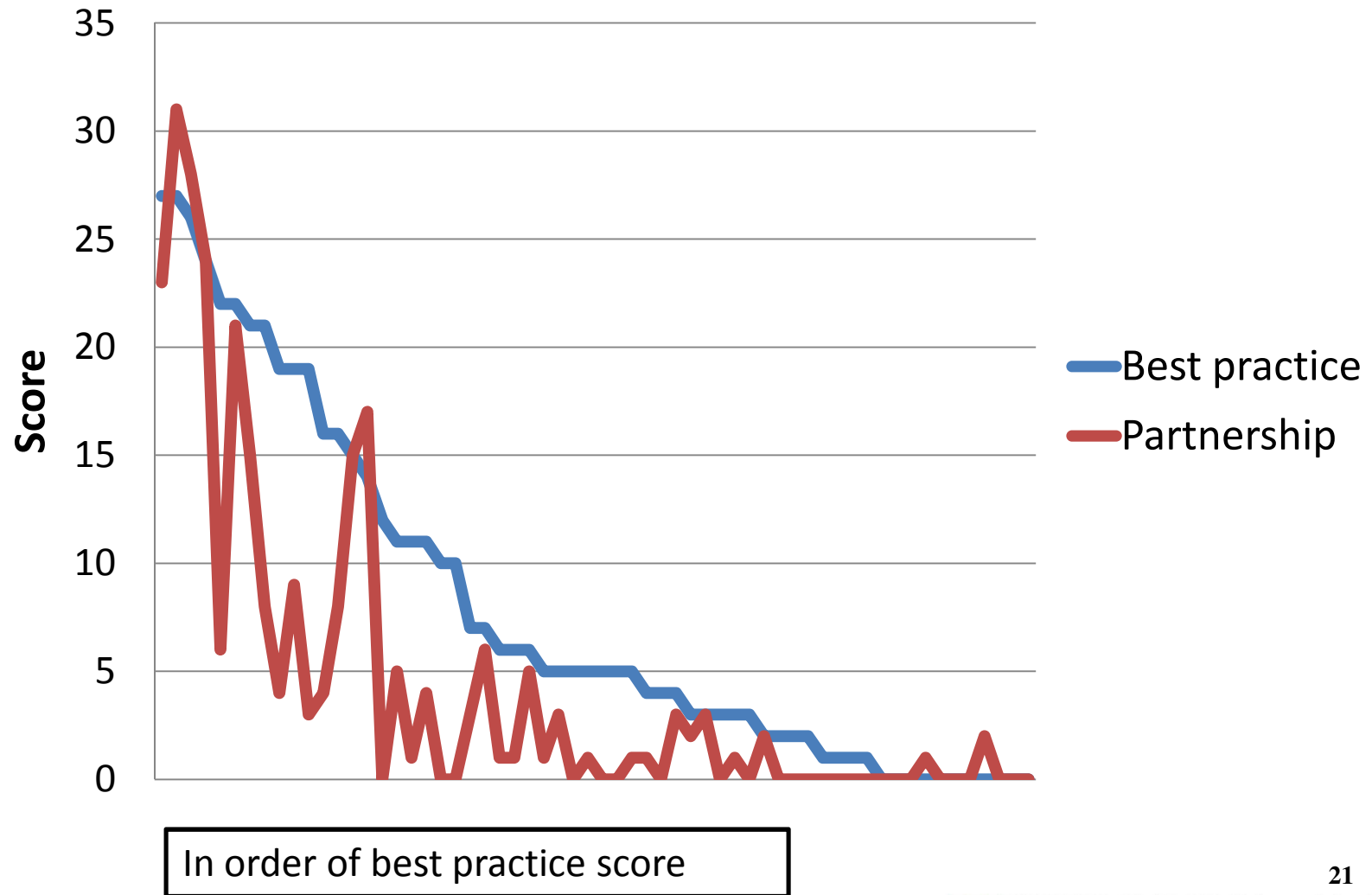
	Best practice score	Partnership score
Marks & Spencer	29	31
John Lewis	28	23
Tesco	28	28
Cooperative Group	25	24
Kingfisher	24	21
Debenhams	23	6
WH Smith	23	8
Sainsbury	22	15
Home Retail	21	9
N Brown	21	3

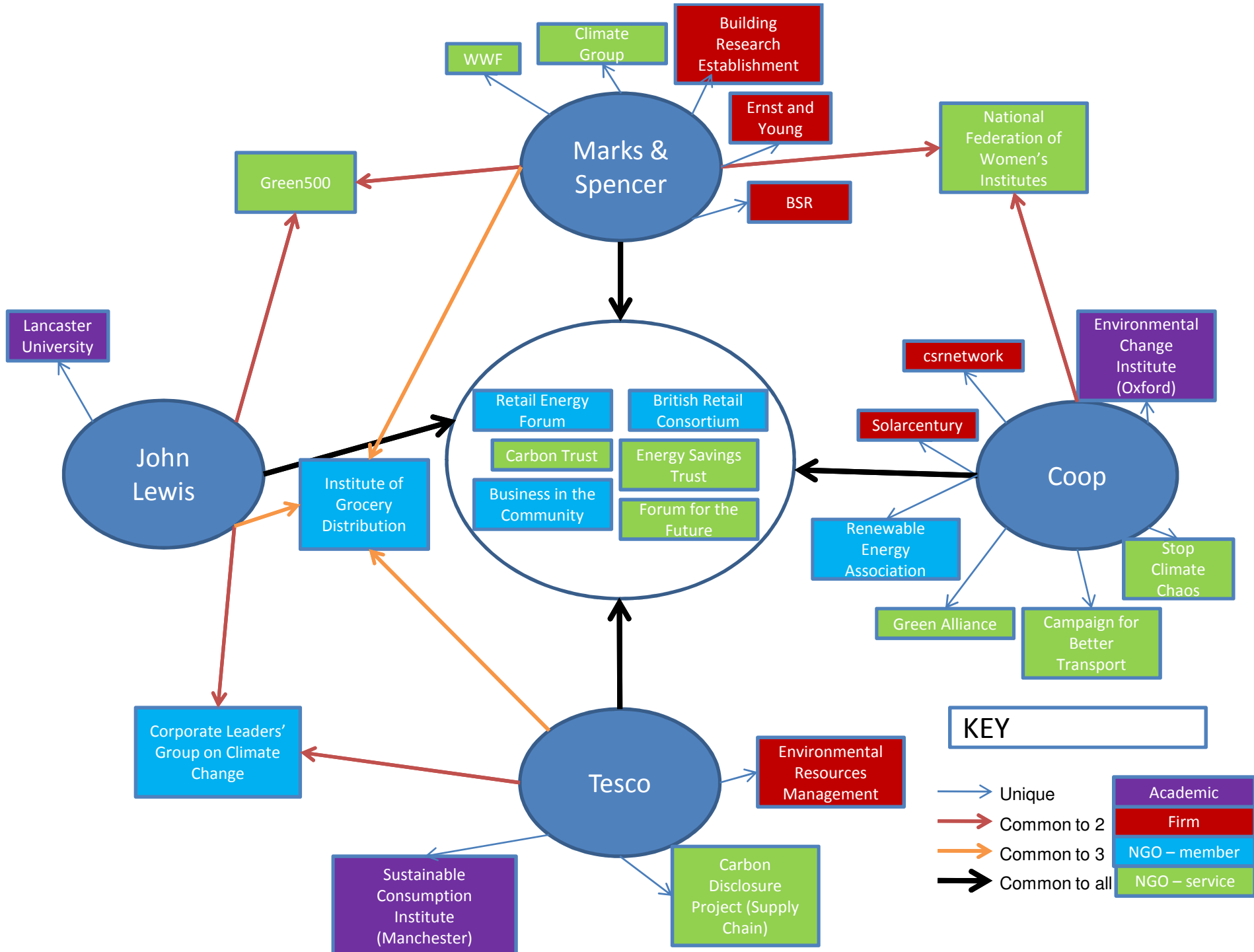
Partnership: depth and diversity

	Total partnership score	Depth	Diversity
Asda	15	2.1	3
Debenhams	6	2.0	2
Game	2	2.0	1
Greggs	3	3.0	1
Halfords	4	2.0	1
HMV	1	1.0	1
John Lewis	23	2.3	4
Kingfisher	21	2.1	3
M&S	31	2.2	3
WH Smith	8	2.0	3
Average		1.0	1.1

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Overall trends





Analysis

- Best practice in climate strategies
 - Company size (+); listing (+)
 - Engaged and diverse partnering (+)
 - Partner types: academic
- Partnership
 - Company size appears to dominate
 - Listing (+); sub-sector (insignificant)



Implications and future work

CONCLUSIONS

Conclusions

- Retail sector climate strategies
 - Best practice far from widespread
- Partnership
 - Higher partnership scores and higher best practice
 - Depth and diversity
- Transition to CRC
 - Significant change
 - Potential for partnership as enabler and a means of differentiating future performance
 - Monitoring progress



Thank you!

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References

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