

Hodgson's Choice

Mr Offset

Simon Hodgson looks for enlightenment from Jonathan Shopley, one time activist and now leading the charge to commercialise carbon offsetting.

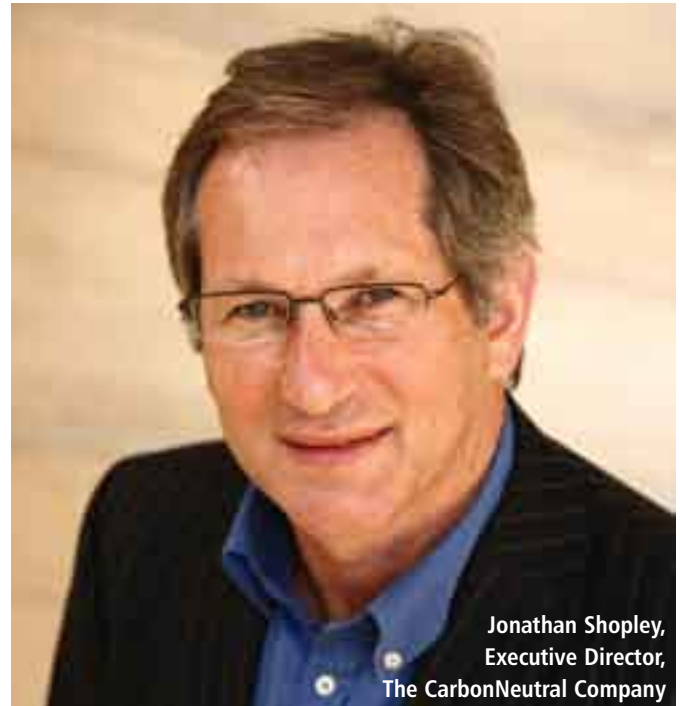
I don't know what you think of carbon offset. Is it a sensible low-cost way of cutting global emissions? A valuable step that people can take to 'own up' to their carbon emissions? Or do you see it as akin to modern-day 'indulgences', whereby any amount of responsibility and guilt can be simply waved away with enough cash? This is a regular debate in the Acona office: the zealots against the cynics and the pros against the cons. So I was keen to meet up with Jonathan Shopley, who for the past six years has been at the helm of The CarbonNeutral Co – perhaps the UK's premier offsetting company (my words, not his).

"The issue of people buying offset as an indulgence is an issue that I would recognise, understand and accept," admits Shopley, but without pausing he quickly points out that the CarbonNeutral Company works predominantly with serious business clients. "We see ourselves as a carbon management company – we are very strong believers in offset-based carbon reduction programmes," he explains. "We apply offset in a very thoughtful way ... to decouple growth in financial terms from growth in greenhouse gases. We believe deeply in the marginal cost of carbon abatement. There are going to be a range of projects that a company can do internally that are cheaper than offset. When it flips over, that's when you use it. That's the power of offset. Even if clients start somewhat simplistically, as time's gone on and they've looked at the cost it has led them into carbon reduction programmes." Shopley has found that "because it's visible, there's a new level of engagement".

Shopley is a thoughtful, moderately-spoken man, whose accent still reveals his South African roots. He joined the CarbonNeutral Company (then called Future Forests, of which more anon) from a job as MD of the global environmental, health and safety practice at consultancy Arthur D Little. "A South African friend working with a venture capitalist called me up and said that they had just put some seed capital into a company called Future Forests and they were looking for a CEO," he explains. Curious he went to the interview: "I just listened to Sue Welland and Dan Morell [Future Forest's founders] and thought 'they are absolutely right'. I'd spent 10 years reviewing a whole series of technologies which were in general OK but you just knew these technologies were not going to be able to displace the incumbents because it was more about marketing and getting out there and creating demand: it was not about push it was about pull. And this was a company that had focused entirely on 'pull' – using trees as an icon for action on climate change and getting out there and getting people engaged."

Unsurprisingly he took the job.

And what has it been like? "It always felt like a rollercoaster ride. Low points for me ... were some of the media attacks



Jonathan Shopley,
Executive Director,
The CarbonNeutral Company

that we had," he says, remembering with obvious pain. "The implication was that we were ripping everybody off. That felt hard. Over the first two years every time something like that happened I really felt like it wasn't a roller-coaster ride; that we were just heading to the wall, either mentally and physically. And then after two years I got into the rhythm of that and every time we were riding high you always knew that you had to strap your seatbelt a little tighter because with every high came a low: we'd win a great contract and then we'd have a problem somewhere. We might be attacked in the media or a contract that we were pursuing on Carbon would go wrong." It sounds horrible, I say. "I got quite good at dealing with it, actually," Shopley replies. "Once I realised that we weren't going to be obliterated ... I suppose I enjoyed them in a perverse way."

And the positives? Shopley starts with the obvious, honest answer: "The major wins that we had," he smiles. "Things like the Day after Tomorrow contract, the Sky contract – these were transformational for us. And they were in times when cash was tight. If I think of the times when we were most elated it was when we had great results." But then he continues, more reflectively: "We did some of the first work in creating CarbonNeutral Newcastle, we did some work in South Africa on the World Summit in Johannesburg ... which opened up SA to the concept of CDM and the opportunities of Carbon finance. There were things that we've done that I'm proud of because they have high innovation impact. Every time we have done something new, that's been a great pride, along with the fact that we've grown the business' top line and bottom line."

His tenure through that rollercoaster rise has also seen a big change in strategy. The company has moved from essentially

selling to members of the public to a position where over 95 per cent of its income comes from businesses. At the same time it has moved decisively from trees to technology: from offsetting carbon emissions through forestry towards supporting energy efficiency and renewable energy projects. This – in turn – led to the name change with 'Future Forests' giving way to 'The CarbonNeutral Co'.

And we're back once again to the questions surrounding offset. Why is technology better than trees? Why is it companies not consumers? To some extent these things are linked – trees being an easier 'icon' for climate change in the public's mind than – for example – capturing methane emissions in Germany's Ruhr Valley. But in part, I think that the change stems from Shopley's own passions. He talks animatedly of the huge potential in the emerging economies, starting with the newly-launched Tata Nano car. "For me, the most exciting thing about China and India is this incredible ability to reduce the unit cost of a car to that degree. And that's going to happen with solar panels and that's going to happen with all of the new technologies that I think are part of a low carbon future. My sense is that the green movement has been stuck in the green ghetto for too long, and many of the solutions that we have evolved have always been for such a small part of our market – the deep greens. The interesting thing about China is that when the Chinese start to develop solar panels for 10 per cent of the market they get economies of scope and scale that are currently unimaginable. I think that's what's going to happen with wind,

hydro and the appliances we need. The countries that everyone's identifying as the biggest problems have the greatest potential."

In this he's reflecting many of the ideas of an early colleague and mentor – John Elkington. Shopley worked with Elkington in the 1970s. His stories paint a vivid picture of the counter-cultural feel during the early days of London's environmental movement. "I saw an article by John Elkington – he just seemed to be everywhere. I pitched up on his doorstep and said 'I really like the things you're doing'. He was a director of Earthlife and they had been given a computer, a great big mainframe. I said 'I'll unpack that and make it work for you' and I worked for Earthlife for 6-9 months." At the same time Shopley was working part time to set up Housing Co-Ops and Housing Associations. And to complete the picture: his arrival. Shopley had reached London by motorcycle, leaving South Africa and travelling overland through the entire African continent.

But Shopley is – I think – more practical and conventional than that. He admits that he is 'an engineer at heart' (he trained as a civil engineer) and his tales of youthful rebellion are always carefully qualified with an honest appraisal of his motives at the time. He 're-railed' via an MBA at the London Business School and ten years with Arthur D Little. He's tricky to categorise, I conclude: a CEO on the one hand, and a hippy on the other. And I'm still not sure what I think of carbon offset, either.

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