

Busting Carbon Myths with Sheri Hickok (Transcript)

PODCAST

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Chris Congdon: The largest company in the world recently announced its first Carbon Neutral Smartwatch. You may have heard about it, but they're not exactly the first to offer carbon neutral versions of their products. And in fact, there's been a lot of debate and discussion about what that really means, and we wanted to ask those questions that have been on everyone's mind about what makes a product carbon neutral and how does it really help address climate change? Welcome to season three of Work Better, a Steelcase podcast where we think about work and ways to make it better. I'm your host, Chris Congdon, and I'm here with our producer Rebecca Charbauski.

Rebecca Charbauski: Hi Chris.

CC: Would you tell us all about today's guest?

RC: Yes. Sheri Hickok is CEO of Climate Impact Partners. They're behind a lot of those carbon neutral products that you're talking about. They work with organizations around the world to support projects like clean power, solar water heating, forest preservation, and she has a really interesting background that informs her work. She's a world economic forum young global leader, and before joining Climate Impact Partners, she worked for GE in Renewable Energy.

CC: Yeah, it is an interesting background, and she was also able to explain how to measure carbon in a way that even I could understand, which I really appreciated. And she's also really able to explain how their work fits into the bigger picture of efforts to reduce carbon emissions and address climate change.

RC: It's an important conversation at an important time, and we'd love to ask our listeners if they enjoy it and we hope they do because we sure did. To share it with a friend, with a colleague, especially if this is a topic that's important to them.

CC: So Sheri joins us from the UK. Sheri, thanks for joining us at Work Better.

Sheri Hickok: Thanks for having me, Chris. It's a real pleasure to be here.

CC: Thank you. Well, we know that climate Impact partners invest in projects to reduce carbon emissions, and I'm going to ask you to talk a little bit about what that is because everybody may not know exactly what a carbon offset is, but when I went out and started looking about what people were talking about in terms of offsets, and some of the things I want to ask you about, because there are people who are saying, well, carbon offsets really are just kind of a distraction. They're delaying companies from actually doing the hard work of reducing their own carbon emissions. Some people go as far as saying it's a scam. So can you start out by telling us first what is a carbon offset and then why should people believe that they work?

SH: Yeah, those are really, really great, and I think pertinent questions based on a lot of the media that's out right now, Chris. So I'll first start with the question, what's a carbon offset? And I'll even back it up just briefly and say, let's start with a carbon credit.

So what's a carbon credit? A carbon credit is created when there's an investment, some type of financial investment that flows towards a project or a product of some kind, and there's multiple types where that project or product wouldn't come to life. It wouldn't happen without that investment. And the result of that project or product is either avoiding an emission or reducing an emission of carbon. Okay. When you can do that and demonstrate that it meets specific criteria of additionality, permanence, durability, et cetera, which there are specific standards set, and you can prove that, then you're issued a carbon credit. When that carbon credit is sold to a corporate or other organization and it's applied against their carbon footprint to say, okay, I'm now one carbon ton less, for example, then it turns into an offset. It offset your emissions. There's a bit of two steps in there getting to a carbon offset. Is that helpful?

CC: It is helpful. So as we're producing a chair, we can work toward reducing the emissions that come from the design and the production of the chair, but then if we're not able to bring that all the way down to zero, then the role of the offset is literally to offset that, to come up with another way to help reduce the carbon overall to where you bring it to zero. Is that right?

SH: That's exactly right. And then we could take that into your question on, well, does this just mean that people are getting away?

CC: Does this work?

SH: Yeah. Is it not real? Is it a scam? Well, first I just want to start by saying that we at Climate Impact Partners and I myself wholeheartedly believe in the role of the voluntary carbon market where these carbon credits are created, issued and sold, that the voluntary carbon market can play a meaningful role in helping to solve the climate crisis. And we'll talk a little bit about that and how to deliver an impact towards that. The first question you had and I think this is a really prevalent statement, I hear a lot that if people use offsets, they're not actually doing the hard work. There are multiple studies that show now - I think three have been done in the last three months that I've read - that companies that invest in carbon offsets are decarbonizing their own footprint, so abating their own footprint at twice the pace of companies who are not.

The actual numbers tied to that are companies who are investing in offsets are reducing their own emissions 6% a year versus 3% a year on average of companies who don't. So that's just the data. That's not me defending it or not defending it.

Because if people are willing to put their money towards this, they're willing to make hard decisions in other places. And the point about them being a scam, but what I would encourage people to do is really go look for the data and look for the details. So I've had the opportunity though, I've just been with Climate Impact Partners for six months now to visit two projects, actually multiple but in two regions of the world, one in Indonesia and multiple in Africa. And what I would tell you is it's like anything in your life when you go and see, or as the Japanese say, go to Gemba, you actually can understand what's happening on the ground. And I will tell you there's real impact coming from these projects. Trees are really going into the ground. There's real livelihood created health benefits and impact, and you can see it.

CC: So I want to poke at this a little bit because when we look at companies that are investing in the reduction of their own emissions and they're also reducing or they're also investing in carbon offsets, I mean that kind of makes sense because it signals here is a company that is really trying to take an active role in terms of anything they can do to help mitigate the worst effects of climate change. But we argue that the investment that is going into a carbon offset might be better spent in alternative fuel investments or investing in different kinds of energy, alternative energy sources or other things like that that can actually help reduce the carbon that those of us who are in industries that make things that physically produce things, we do have an impact on the planet from that perspective. So wouldn't it be better if we just spent our money trying to reduce that impact?

SH: It's another really great question, and what I would just share is a couple things. One, if you actually look at what we're trying to do, just backing all the way out, big picture is that our goal as a globe is to follow science. And the science says we need to keep global warming down to 1.5 degrees in order to do that, we need to halve the emissions by 2030 and have net zero by 2050. What we do know today is twofold. We do not have the technology to do that. And even if we did that all with technology, we actually are still eroding the biodiversity of the earth and the world that we live in.

And so what's actually interesting in this is we need all of these solutions to come into play. And I know most corporations believe in and follow science-based Targets initiative where they've even said, according to get to net zero by 2050, which is the goal, it's likely in a maximum case, we'd only be able to abate 90% of the emissions. So even in that case, you still have 10% that have to be offset in some form. And we're not even talking about the livelihood impact yet. So, if we just spend a little bit more time on that and talk numbers, we emit into the Earth's atmosphere 50 billion tons of emissions each year, 50 billion. And when we talk about 10% of 50 billion, we need 5 billion tons a year from a market like either direct air capture or the voluntary carbon market.

The headline that you will often hear next to you should only do abating is we actually need everything right now because there aren't solutions to enable you to abate everything. It's not an either or. We need to do all of these, but if we put all of our eggs in one basket, we likely won't get to the answer we need.

CC: Yeah, and it's complicated. I mean, I'm in my role only kind of on the periphery within our organization of the work that needs to happen to legitimately reduce emissions. And it is complicated work, and I have nothing but admiration for the people who are trying so hard to make that happen. So I want to talk about something you measured a minute ago, you mentioned a minute ago, which is about measurement because a lot of our listeners may not have the same level of expertise. I am certainly not a carbon expert at all. So I'm just curious, how does one measure a ton of carbon, some of the data that you were just throwing out? I mean, how do I know in order to make a chair or a shoe or a tube of lipstick, how do you measure how much carbon is used or how do you get to measuring a ton of carbon?

SH: Well, the first thing I'll say is you're not alone in thinking it's complex. So, you should not feel bad about that, nor should anybody on this call because it is complex. But if we just start with the simplest form, I'm an engineer by degree, so I like math. A ton of carbon that we talk about or a carbon credit is literally equal to a ton of gas, literally, which is equal to 2000 pounds of gas. So, you could think of a huge circle, or it's the equivalent of 500 fire extinguishers if you just want to try to visualize this or a large hot air balloon. So just think of 50 billion large hot air balloons in the sky. That's what we're emitting here, just to put it in context.

And then when you measure it, it really is about chemistry and math. So, the thing that's very important, let's just take a product as you said, if you want a shoe or a tube of lipstick, the very first thing is that you need to look across the entire value chain of that product. So from the very point of the first extraction of whatever materials are being used the way through how it's used in its life and disposed of actually. So now this is where a lot of complexity comes into play. Most of the carbon footprint that's calculated for that product will come from different elements at each stage of its lifecycle, but a lot of it is around the energy, the fuel, the electricity to create it. And that's all the way through the supply chain. And when you take a simple product like a bottle of water, you have the plastic, you have that production, you have the water extraction, et cetera, all the way towards, you can think about how complex a laptop is.

But if we make it a bit more personal, I love the Series 1 chair. I personally want a red one from Steelcase. I'm super proud of this chair. But when we can walk through, how did we think about that with you and our partners that worked on that? We started with the raw materials. What processing energy does it take to make the metal for the base, et cetera, the manufacturing of the plastics for the arms and even the pulp for the cardboard. How do you manufacture it? How do you actually store it in your manufacturing? It takes energy in those buildings. How do you distribute it? The truck that the chair sits on as it's either going to a warehouse or an owner, do you sell it in a store that if it's retail, then there's emissions that are coming from that? Again, you can think about the energy usage down to the use phase, and then in a chair it may have emissions when it's actually recycled that it gives off. That makes up the whole carbon footprint of the lifecycle of that chair. Obviously you work to reduce as much as possible as Steelcase is really reducing its own footprint and then have worked with partners to really identify great carbon credits to make that chair carbon neutral by offsetting the rest.

CC: Yeah. So let's talk about that and the projects that you choose, I mean, there's probably a million different things that you could invest in, and that's a little mind boggling as well. So I'm just curious, how do you choose the projects that you invest in? And again, with your engineering hat on, how do you measure and say, okay, we invested in this forest, for example, how is it actually working?

SH: Yeah. First of all, climate Impact partners have built a great reputation of quality and enhanced due diligence really beyond the industry's requirements. And quality assurance is really at the heart of what we do when we are evaluating a project. We start with the very first thing being who is the partner who's actually implementing this on the ground? And I think as you would know, who you're working with makes all the difference.

And so that is really at the heart. What's their track record? How do they operate? Do we have a cultural fit? And then we go into the technical. What is this baseline? The baseline is what's the current state of how much carbon is being emitted today, if nothing changes in our habit. How do they think that this is additional meaning it wouldn't be funded another way and it's permanent. How do you think about leakage? Meaning what leakage means is if I stop deforestation in zone A, does it just move to zone B? Well, that doesn't help the world.

And then we work with the operational elements. How do we actually implement this in a way that is sustainable, not necessarily from ESG, but it works in the communities, it works with the partners. And that gets to project management 101. And then we work on how we make sure all the stakeholders are really being rewarded for this work. How do we reward the communities? These are how we select a project. Another big piece is how do you monitor it and make sure it stays good? Some of my background is actually in onshore wind, and I think, yeah, the big focus is on building the wind farm, but that wind farm has to live for 20, 30 years and run well, otherwise like this money, place. It's exactly the same for us with these projects. So we're really using a lot of technology, digitally monitoring the projects over time. And that can be through satellites, it can be through handheld devices. Those are key foundational elements when we're selecting projects.

CC: Just listening to you talk about this makes me feel better going, okay, somebody is actually paying attention that the wind farm is actually generating wind, and it's not just all crumbling in a field someplace.

SH: That's true.

CC: Hey, I want to talk to you a little bit because you did mention some of your earlier work and in preparing for this podcast, you had shared with us that you started out at General Motors, and I found that really interesting because the transportation industry, much like those of us who work in the industry related to buildings, and any of us who are manufacturers is often seen as a big carbon emitter, making cars, uses a lot of fossil fuel when we're driving our cars around. How did you get into this field coming from there? That's just to me a curious path.

SH: Yeah, it's a great question. So, I don't know what happens as we age. We just, I say sometimes your heart and your gut connect more, your head and your heart connect more and you really follow it. I started at General Motors at 17, and I didn't start because I was a gearhead or a car junkie. I started because I loved the idea of bringing vehicles to developing countries. And then as I left GM with a tremendous amount of training and wonderful experiences working around the world, I went to onshore wind for General Electric. Really, moving more towards impact and Green Energy and how the work I do every day have that impact? And then when Climate Impact partners called, I was like, really? You're kidding me? I get to take 27 years of industrial operational experience to try to help scale a company that touches lives the way the projects that we talk about touch lives, sign me up. So, it's complicated, complex, but I mean, I feel like I've been given a gift.

CC: Which is great. I think all of us have a feeling like we want to do something that is meaningful and is having a positive impact. So in terms of this role from industry, how does that help you in terms of this due diligence around your work that we were talking about? Were there things that you learned from that experience that you could bring forward into this industry and be able to think about carbon offsets in a different way? Or how did that impact your work?

SH: Absolutely, and it's happening every day in our business, actually. We just wrapped up a four day training session with cohort one, a team of team members that we put through - plan, do check, act training. It's a lean operational excellence element. What I see here are twofold. One, this is an extremely passionate and driven industry. I mean, I'm a little embarrassed that I didn't lean in sooner. They're out here fighting for years for things that we're all catching up to now. But what this industry does need is all these lessons learned from the autos, from the large industrials, from the manufacturing processes to drive scale, get waste out, be efficient, show data transparency. I mean, you can mentally liken it to if you go to one of your manufacturing facilities and it's producing, let's just say it's dying material, it's dying it red, there is a quality control around that. You're likely to use automation to relieve, even create that dye. We need to apply those models to this industry, so that we can scale it. We can show transparency. We can demonstrate this question of is it a scam? Absolutely not. So we can get on with the real business of reducing carbon emissions.

CC: So in your work, you probably have a lot of good stories, but I'm going to ask you before I let you go to tell us one, and this is something all of our guests this season, we want to ask them about the impact that they feel like their or the work of somebody has really made a positive impact on people or the planet in recent years. So it's tough, but one story.

SH: Oh my gosh. One. So I'm going to pick out a young employee in our organization, Arti Dhar. So Arti Dhar works for us. She's located out in California. She's our senior manager of client engagement for the US. And she actually co-founded an organization in India called Farmers for Forests. She did this with a partner. It's a nonprofit protecting India's forest cover to fight the climate crisis there. And they do it by financially incentivizing farmers to convert they're degraded and abandoned farmlands. So not even the land they're using.

CC: Not active farmlands.

SH: Yeah. Into biodiverse and long surviving forests, biodiverse land sites. They've actually been recognized by the Indian government and have been asked to participate with large corporations at this point to really identify ways to scale this further in India. And it's stories like that that inspire me. If someone out of college can do that, what are we all doing?

Maybe the flip I'll say is climate impact partners, actually before it was merged with a different name. So the Climate Care arm actually was responsible for creating the methodology around clean cooking. And clean cooking is bringing electric or just more efficient cook stoves to developing countries. And why I want to share this as probably more for the tidbit of knowledge. So what people probably don't know is that one in three people in the world do not have access to clean cooking. And what that means is they're cooking with charcoal inside on an open flame. So, I don't know if you go camping or you ever went camping, Chris, but it's like putting the campfire in your house, shutting the doors and windows. Think about what that means. Okay, not good at all. So, it's leading to 4 million deaths per year from indoor air pollution, more than HIV, malaria and tuberculosis combined. And I share this because these are the types of things, not just our team at Climate Impact Partners, what this industry is doing is not just trying to sell carbon offsets, it's actually trying to drive impact to saving lives. And I think it's really special to get to be a part of, I mean, when everybody around you is focused on solutions like this.

CC: Well, I think those are two great stories. So it's okay that you broke the rules. I cheated. Thank you, Sheri, it has just been such a pleasure talking to you. I feel like I've learned a lot and I hope our audience has learned a lot. If there's one last thought that you'd leave us with, what would you say to us?

SH: I would just say, especially as the private sector, and you're doing this at Steelcase, but for anybody who's listening, keep leaning in, keep driving, change, investing in your own abatement as corporations, but then investing in solutions that deliver results now - like the solutions we've talked about. We must reduce emissions as quickly as we can, and we need all solutions. And I think we need to stop talking about what's not working and figure out how to make things work, use learnings from the industries we're all in or came from to make this industry go faster to deliver the types of impacts that I shared. So that's my ask and maybe a bit of a plea.

CC: Alright, well, I agree with you wholeheartedly. So thank you for being here and for sharing all of your work and ideas with us today. Sherry, it's been a pleasure.

SH: Thank you, Chris. Same here. Have a great day.

CC: Thank you for being here with us. Rebecca, can you tell our audience who we're going to be talking to next week?

RC: Of course. Next week we're going to go back to the UK and we're talking to Benjamin Laker Benjamin's, an author and professor at Henley Business School. And at one point he got so frustrated with meetings, and I think we can all relate to this and how they were draining his energy. He decided to devote his research to meetings and the impact or lack thereof that they were making. So if you hate meetings or at least think they could be better, you're going to want to hear what he found out.

CC: And he even studied companies who went cold Turkey, like no meetings at all. And so there's a lot to learn there, and we hope you join us for that conversation. If you enjoy this week's conversation, please rate or review it so more people can find it. And visit us at steelcase.com/research to sign up for weekly updates on workplace research, insights and design ideas delivered to your inbox. Thanks again for being here, and we hope your day at work tomorrow is just a little bit better.

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