

Getting a Grip on Context: Initial Findings of World's First Science-Based Approach to Corporate Sustainability Ratings

What is Context-Based Sustainability?

When a company tracks its GHG emissions, it usually does so in absolute or relative terms. But what if there were a way to analyze progress through the lens of climate science? Context-Based Sustainability (CBS) enables us to view emissions performance in terms of what the earth can handle, rather than what we might value as our best effort.

About the Climate Counts study:

Climate Counts has engaged the Center for Sustainable Organizations (CSO) to conduct an analysis of corporate emissions performance using CSO's cutting edge context-based metric. The goal of the study is to provide our stakeholders with a snapshot of how the metric works, while assessing which companies are adequately reducing GHG emissions to avert a climate crisis.

Is "context" the wave of the future for the Climate Counts scorecard?

We have always considered the Climate Counts rating to be a measure of sustainability innovation. As global GHG emissions continue to rise, however, we realize that we need to raise the bar on what is considered **transformational** sustainability innovation. To this end, Climate Counts is in the process of identifying new criteria, like context, that more accurately depict which companies are changing the face of 21st century commerce. Once we have decided how these criteria will be integrated into our scoring process, we will communicate our intentions to the marketplace.

How were companies chosen for this study?

Admittedly, there is a limited universe of companies that have been disclosing their emissions to CDP back to 2005, the baseline year of our study. We narrowed this list down in a way that would give us an adequate sample size (~100), with a broad representation of industries. (Side note: CDP was our primary partner in accruing emissions data for this project, while South Pole Carbon played a supporting role in obtaining information where gaps appeared).

Initial Findings of the Climate Counts Context Study:

- Four of the 100 companies we looked at are well known for their histories of having worked with context-based carbon metrics to one degree or another. This includes the top 3 performers in the context-based ranking.
- The study revealed no positive correlation between sustainable performance and low carbon intensity. Of the 51 companies that scored sustainably, more than half (26) fell in the bottom half of the carbon intensity ranking, including the three least eco-efficient companies we looked at.

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- Only 5 of the top 10 carbon intensity performers also scored sustainably in the context-based ranking.
- The best carbon intensity performer scored unsustainably in the context-based sustainability ranking.
- The worst carbon intensity performer scored sustainably in the context-based sustainability ranking.
- Many of the companies that scored sustainably (19 out of 51, or 37%) actually increased their annual emissions in absolute terms from 2005 to 2012. This clearly demonstrates that it is possible to decouple the sustainability performance of organizations from changes in their business and operations. Growth in the latter need not come at the expense of positive performance in the former.

In comparing the results of Climate Counts' context-based ranking with the results of other organizations' rankings, the following differences can be observed:

Re: CDP's 2012 Leadership Index:

- Five companies rated in the Climate Counts study also scored amongst the top 10 Global 500 performers in the CDP Leadership Index. Only three of the five, however, scored sustainably in the Climate Counts Context ranking.
- Three companies rated in the Climate Counts study also scored amongst the top 10 S&P 500: U.S. Top Ten Companies for their strong performance in CDP rankings over the past three years. Only one of the three, however, scored sustainably in the Climate Counts Context ranking. The other two scored unsustainably and were ranked 94th and 86th out of 100, respectively.

Re: the Dow Jones Sustainability Index (DJSI):

- Of the 19 supersector leaders identified in the 2012 DJSI, three were also rated in the Climate Counts study. Two of the three, scored sustainably in the Climate Counts study. The other one scored unsustainably and was ranked 52nd out of 100.

For more information about this study, please contact:

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Climate Counts and the Center for Sustainable Organizations would like to thank our partners on this project:

