



Behind the Scenes: Corporate Climate Leadership Ratings

Leaders in Environmental Assessment and Performance

Webinar

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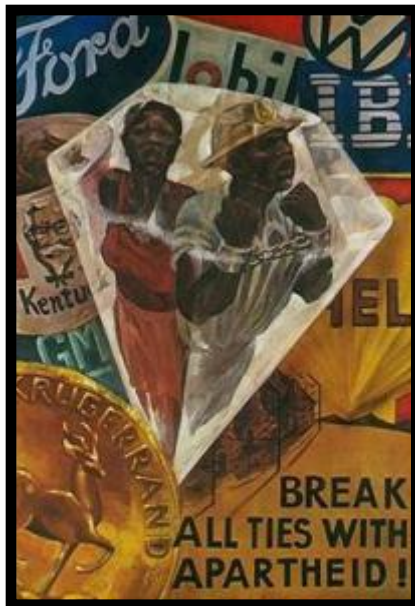


ClimateCounts.org



About us

- In 2005, Stonyfield Farm CEO Gary Hirshberg challenged top climate thinkers: “Why can’t we climate activists change the 21st century the way anti-apartheid activism changed the 20th century?”



- The anti-apartheid divestment movement literally rocked the world
- Consumers, students, and shareholders mobilized the power of the purse to make business listen
- In turn, the business community stopped apartheid dead in its tracks
- Nobel laureate Archbishop Desmond Tutu: “One of the crowning accomplishments of the past century”

About us (con't.)

- Demand for a climate performance ranking to help consumers make informed purchasing decisions
- Catalyst to change how business is done...opportunity to improve on the 20th century way of thinking
- First year 90 companies – today 136 companies
- Focused largely on consumer-oriented companies



Evolution of a Movement

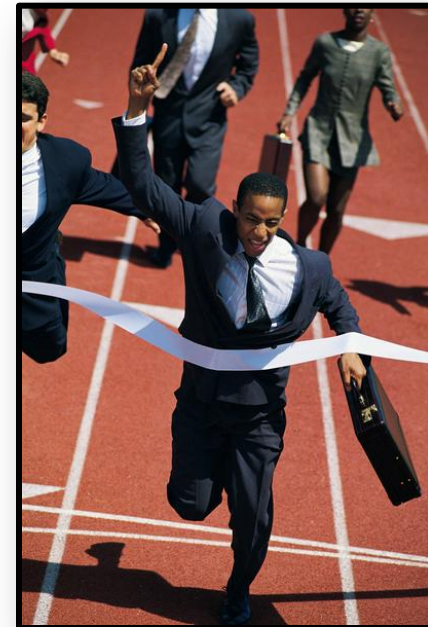


As the Industry Takes Shape

- Collaboration with the corporate community
- Rewarding companies for exemplary behavior
- Changing the tone of the message -- A leery public

In the Beginning

- Environmental activism
- Corporations as the villain
- Grassroots, 100% for the consumer



Industry Trends



- Shareholder pressure on the rise
- Increased focus on indirect “scope 3” emissions
- Employee engagement programs for green initiatives
- Water as a corporate climate risk
- Booming carbon management software industry

Source: Brighter Planet

Why Environmental Performance

Ninety-five percent of LS&Co.'s products are made of cotton, which is produced in more than 110 countries, some of which are starting to feel the impact of climate change.



- Levi's 2010 CDP Response

As a global healthcare company, Baxter takes seriously the health of the planet. Sustainability is our approach to integrate our social, economic and environmental responsibilities among the company's business priorities. These efforts align with and support our mission of saving and sustaining lives.

- Robert Parkinson Jr.
Chairman and CEO, Baxter International



A Saturated Market?



All measure environmental performance

Four Pillars of Climate Leadership

- **Measure**

- GHG Scope 1, 2, and 3
- All Kyoto gases?



- **Reduce**

- Baseline strength
- Absolute reductions over intensity-based reductions.

- **Report**

- C-level support?
- Clear reporting

- **Policy**

- Advocate of energy policy?
- Beyond greenwashing – Newscorp Syndrome



Holistic Environmental Approach

- Needs to be a company-wide commitment (beyond products and services)

Requires:

- Internal commitment – financial/ human capital
- Understanding of existing footprint (energy, natural resources, emissions);
- Goal setting
- Long range strategy for achieving targets
- Continuous improvement



Stuck



Starting



Striding

Tools and Techniques

- Life Cycle Assessment (LCA)
 - Cradle-to-cradle
 - Second-life
- Accounting and Reporting
 - GHG Protocol
 - Global Reporting Initiative
- Supply chain engagement
 - Preferred suppliers network
- Employee Engagement
 - Incentives
 - Supporting infrastructure
- Consumer Engagement
 - Majority of energy usage occurs after the product is sold



The Goal?



What we're not about...

- Gloom-and-doom overview of the science
- An attempt to convince people that climate change is real
- Out to tarnish the name of reputable organizations
- A discussion of why companies should be afraid of the consumer response to global climate change

How?

- Help consumers and investors make informed decisions
- Motivate corporations to improve environmental performance
- Set standards for industry benchmarking
- Proactive approach to a new reality

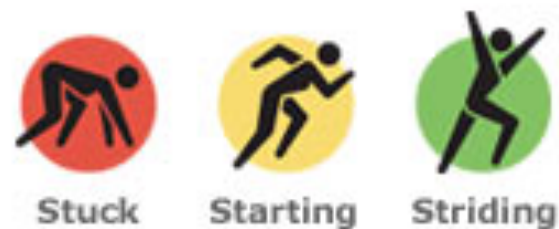
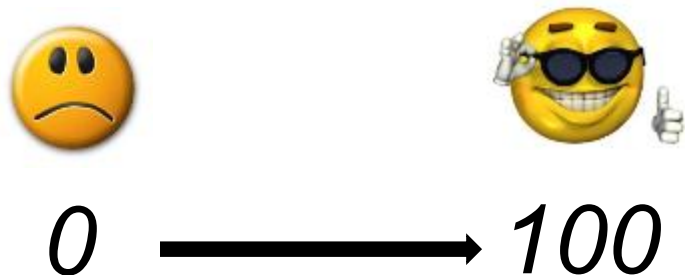


Our Approach



- Annual Scoring
- ~ 150 Major Corps.
- 16 Industry Sectors

Our Approach (cont.)



4 Pillars:

Measure

Reduce

Report

Policy Stance



REVIEW

YOUR
SCORE

HIGHEST
POSSIBLE

YOUR
SCORE

HIGHEST
POSSIBLE

1 Greenhouse gas emissions inventory completed?

0 No

1-5 Yes, partial inventory only reviewing some of the company's emission sources (examples include: offices, retail, manufacturing/production, distribution.)

Assess the completeness of the inventory based on business type:

1 one major source

2 two major sources

3 three or more major sources

4 Yes, almost comprehensive inventory, one major missing source that should have been included

5 Yes, comprehensive inventory

2 Rough calculations or standard protocol/calculator?

1 Rough, partial calculations

2 Generalized, but complete calculations

(estimates, perhaps using a general calculator)

3 Full calculations using a standard protocol/methodology (e.g., WRI)

3 Are Kyoto gases besides CO2 included?

0 Just inventorying CO2 emissions

1 Measuring CO2, CH4, and N2O

2 All relevant, material Kyoto gases included

If other Kyoto gases are not emitted, full points can be awarded

4 Are indirect emissions accounted for?

(e.g., supply chain, travel, commuting, use/disposal of products/services, investment portfolio)

0 Only accounting for direct and facility energy use emissions

1 Including emissions from one indirect source

2-4 Including emissions from multiple indirect sources, one point per indirect source

5 Is there external, qualified third party verification of emissions data, reductions, and reporting?

(where applicable)

0 No

1 Yes, verification by a trade association

2 Yes, verification by a qualified, external consultant working on company's inventory

3 Yes, verification by a qualified, third-party, not involved in developing the inventory

Extra point for verification beyond basic inventory (e.g., verification of physical reductions or reporting)

6 Is the inventory an ongoing, regular process accounting for multiple years?

0 One time project

1 Plans for future, annual inventory work

2 At least two inventories completed

3 Multiple inventories completed

4 Multiple inventories completed and a time-series of emissions presented (i.e., emissions covering beyond the baseline and current year)

REVIEW SUBTOTAL

REDUCE

7 Has a clear goal been set?

- 0 No target
- 1 Loose, undefined goal
- 2-3 Defined goal specifying baseline, reduction amount/percentage, or timeframe but not all three
- 4 Goal with defined baseline, reduction amount/percentage, and timeframe

 4

8 Strength of baseline year used for the reduction goal?

(keeping in mind changes in company's size/composition)

- 0 No baseline
- 1 Using year of inventory or 1-4 years back as baseline
- 2 Using a baseline 5-10 years back
- 3 Baseline over 10 years back
- When scoring, consider if company has significantly changed in size or divested during the time period or if the company has picked a year with atypically high emissions, as this will affect the appropriateness of the baseline; also adjust scoring if company is new and older baselines are not possible

 3

9 Magnitude of reduction goal?

(considering size of reduction and target year)

- 0 No reduction goal
- 1 Keep emissions constant
- 2 Up to 5% reduction
- 3 6-10% reduction
- 4 >10% reduction

 5

10 Have a management plan and organizational structure been established for climate?

- 0 No plan established
- 1 General carbon/climate plan established
- 2 Designation of committee or responsible parties for company climate strategy
- 3 Designation of key responsible people and a specific plan for climate action
- 4 Climate strategy incorporated into overall business strategy

 5

11 Is there top-level support for climate change action?

- 0 No
- 1 Senior level executive or Board members designated as responsible for climate issues
- 2 Clear, public articulation of company's views on climate by CEO and/or top management

 2

12 Has the company taken steps towards achieving reduction target?

(interim progress on reduction)

- 0 No
- Points awarded for actions such as the following:
Programs to improve energy efficiency; use of emissions-reducing technology; projects to reduce corporate travel; investments in technology for future reductions; incentive programs; purchase of additional, verifiable offsets; etc. Up to 2 points per action, based on level and depth of actions and company size, for a maximum of 8 points

 8

13 Has the company achieved emissions reductions?

- 0 No
- 1 Up to 25% of target or reduction in one business area
- 2 Up to 50% of target or reduction in two business areas
- 3 Up to 75% of target or reduction in three business areas
- 4 Up to 99% of target or reduction in almost all business areas
- 5 Reductions on a timeline to meet high-magnitude goal in a later year
- 6 Achieved goal reductions
- 7 Exceeded goal reductions up to 5%
- 8 Exceeded goal reductions 6-10%
- 9 Exceeded goal reductions 10-20%
- 10 Exceeded goal reductions >20%
- Points awarded here for absolute or intensity-based achievements

 10

Continued On Reverse

14 Absolute or intensity-based reductions?

3 4

- 0 Only intensity-based (relative) reductions
 - 1 Absolute reductions for one sub-unit of the company
 - 2 Absolute reductions for multiple but not all sub-units of the company
 - 3 All absolute reductions, meeting more than half of the company's current goal
 - 4 All absolute reductions, achieving the company's full goal
- When scoring, consider if company has significantly changed in size or divested during the time period, as this will affect ease of achieving absolute reductions (note that absolute reductions can be achieved even if a relative target was set)

15 Did the company report reductions prior to setting its current goal?

4 5

- 0 No
 - 1 Yes, emissions remained constant over multiple years
 - 2 Yes, reductions achieved prior to current goal setting, up to 5% reduction
 - 3 6-10% reduction
 - 4 >10% reduction
- Extra point awarded if reductions were absolute.
Note: not applicable if company has not set a reduction goal; in that case any possible points for reductions will be awarded in Q12 above

16 Has the company made successful efforts to reduce GHG impacts associated with the use of its products/services?

2 4

- 0 No
- 1 Conducting partial analyses (e.g., partial life cycle analysis, eco-assessment, etc) of GHG impacts from use of products/services
- 2 Conducting full analyses of GHG impacts associated with use of some products/services
- 3-4 Producing low/no carbon product line that realizes a reduction in carbon-intensity of the traditional line of products/services (3 for one product line/service, 4 for multiple or all product lines/services)

17 Does the company work to educate its employees, trade association, and/or customers on how they can reduce individual GHG emissions?

4 4

(through direct education programs, incentives, or philanthropic projects)

- 0 No educational efforts
- Up to 2 points for each of the following categories: internal employee education, incentives that will increase employee awareness (e.g., tax breaks for using mass transit), education of peer companies within trade association, education of suppliers, and customer/general public education, for a maximum of 4 points (note the decision for 1 vs. 2 points in any category should be made based on scale of efforts)

18 Does the company require suppliers to take climate change action or give preference to those that do?

0 2

- 0 No
- 1 Yes, gives preference to suppliers who take action
- 2 Yes, requires suppliers to take action

REDUCE SUBTOTAL

32 56

POLICY STANCE

19 Does the company support public policy that could require mandatory climate change action by business?

- 10 Opposes mandatory climate action by business
 0 Company silent on the issue of mandatory climate action by business
 1 Company generally supports reduction-oriented climate policy, or is active in local, state, regional, or federal programs for goal setting and greenhouse gas emissions tracking (e.g. EPA Climate Leaders, California Climate Action Registry, etc.)
 2-3 Company has supported local policy initiatives on mandatory corporate climate action (2, for a single substantive local initiative; 3, for multiple local initiatives)

YOUR SCORE HIGHEST POSSIBLE SCORE 10

- 4-6 Company has supported state or provincial policy initiatives on mandatory corporate climate action (4, for a single, substantive state/provincial initiative; 5, for multiple state/provincial initiative; 6, for large-scale regional initiative)
 7 Company has supported mandatory corporate climate action through one major federal-level initiative (e.g. USCAP, BICEP, or lobbying for federal legislation)
 8 Two federal-level initiatives
 9 Three federal-level initiatives
 10 Company has shown its support for mandatory corporate climate action through a major international initiative (Points based on demonstrated depth of support in company materials; via media, speeches, advertising; and active lobbying)

POLICY STANCE SUBTOTAL

10

REPORT

20 Is the company publicly reporting on emissions, risks, and actions? How is information disclosed? Company-based (e.g., on their website or annual report) or through a credible third-party program (e.g., CDP, GRI, etc.)?

- 0 No information on company climate change actions is available
 1 Minimal, general info available through company report or website
 2 Relatively more but still general information available through company report or website
 3 Minimal, general information available through third party (e.g., CDP)
 4 Relatively more but still general information available through third party
 5 Significant information (emissions, reductions, goals) on company website/reports
 6 Highly detailed information (emissions, reductions, goals) on company website/reports

YOUR SCORE HIGHEST POSSIBLE SCORE 10

- 7 Significant disclosure through third-party
 8 Highly detailed disclosure through third-party
 Two extra points are available: 1 point awarded for other climate action or risk data (e.g., in SEC filings or 10Ks) and 1 point for reporting to the Climate Registry (www.theclimateregistry.org)

21 Are emissions broken out by facility, business unit, country of operations, or other meaningful subsegments?

- 0 Only total emissions or one lumped number are presented
 1 Some sub-unit emissions broken out
 2 Emissions clearly tallied by company-appropriate sub-units

2

REPORT SUBTOTAL

12

REVIEW

YOUR SCORE HIGHEST POSSIBLE SCORE 22

POLICY STANCE

YOUR SCORE HIGHEST POSSIBLE SCORE 10

REDUCE

56

REPORT

12

TOTAL SCORE

100



Climate Counts
5th Annual
Company Scorecard Report

December 2011



ClimateCounts.org





Trends from Scoring Process

- Scores have improved 54% since 2007
- Unilever (88) unseats Nike (85) as top performer
- 136 companies were scored across 16 sectors in the 5th annual Climate Counts company scoring process
- 63.2 percent of companies improved their score from 2010 to 2011
- Electronics represents the highest scoring sector with an average of 74.8 points among 13 companies. Food Products and Pharmaceuticals had the 2nd and 3rd highest 2011 scoring averages with 67.6 and 67.2 points respectively
- The Toys/Children's Equipment sector and Furniture sector had the lowest overall averages with 11.6 and 20.3 points respectively
- 26 Companies remained "stuck" without a climate strategy in 2011 – no change from 2010
- 82 companies (or 60%) remained silent or in opposition of formal climate/energy policy

Final Product



Download our iPhone App



Droid App coming soon!

charter i2 companies

The tool for companies to take on climate change

Climate Counts' **i2 initiative** is a groundbreaking program for businesses to realize value from taking action on climate change. Get scored. See where you stand. Improve. Communicate with consumers about leading-edge solutions to the climate crisis.



Is your company driving the discussion?
Is corporate climate responsibility guiding your company's evolution?

TAKE THE ASSESSMENT >>

INNOVATOR STORIES



Climate Action by Example

REI strives to run its business in ways that help ensure there is an outdoors to enjoy. The co-op assesses its climate impact to better identify and address strengths and opportunities. For example, REI has



I BELIEVE...



"At Clif Bar & Company, addressing global warming has always been a top priority in our sustainability program. As a company run by people who love the outdoors, global warming threatens the places we care about most deeply.

-Gary Erickson, Founder and Co-owner, Clif Bar & Company






CEOs: TELL YOUR TEAM >>

With leadership and support from




"We applaud [Climate Counts' efforts] to focus meaningful attention and efforts on stemming climate change."
-Fortune 200 Company

Industry Innovators



Measure. Reduce. Report.
Be a Corporate Leader in Addressing Climate Change.




"i2 provides us a systematic approach for benchmarking and improving our corporate environmental performance"

Betty Blaisdell
Sr. Manager of Environmental Stewardship
Timberland

i2 | ClimateCounts.org
INDUSTRY INNOVATORS

Reduce risk. Maximize efficiency.
Be a corporate leader in water stewardship.

THE i2 WATER SCORECARD PROGRAM



The new Climate Counts i2 Water Scorecard Program objectively assesses corporate leadership across four areas of water management—planning, performance, transparency and advocacy—in a manner that yields actionable results.

Assessments are conducted using Climate Counts' proprietary Scorecard, designed with input from sustainability managers, to ensure clear and objective insight that can be applied to internal planning, analysis and decision-making.

i2 | ClimateCounts.org
INDUSTRY INNOVATORS



Service Offering

Service Name	Service Description
Industry Benchmarking	Customizing studies so clients can measure themselves versus peers across targeted metrics to understand the impact of internal business decisions on industry positioning
Project Assessments	Quantifying the effectiveness of sustainability initiatives underway and creating reporting tools, processes and governance models so clients can continuously monitor progress
Third Party Validation	Independently verifying the accuracy of clients' internally and externally reported sustainability data and validating the methodologies used to generate that information
New Program Development	Designing and implementing structured programs to advance strategic and tactical efforts, including employee engagement programs and stakeholder forums
Project Management	Creating and managing infrastructure to ensure sustainability projects are delivered successfully, including defining project objectives and managing progress against planned activities
Regulatory Related	Assessing funding available from local, state and federal agencies for sustainability initiatives and procuring rebates and tax credits to offset project costs
Expense/Emission Measurement and Reduction	Independently calculating and reporting the environmental impact of clients' businesses by mapping their footprint and reducing it in a manner that generates cost savings

“People don’t just want to conserve energy, they want to be acknowledged for conserving energy.”

- Arizona State University psychologist Robert B. Cialdini



Discussion Questions:

What do you see has the primary performing your job in 2012?

What is your organization doing to adopt a sustainable approach across all business units?

How can we keep consumers engaged in the climate change discussion without alienating them?



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Q&A

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