

# CLIMATE COUNTS COMPANY SCORECARD REPORT

Consumers and Companies Together Fighting to Stop Climate Change

November 2009



## BACKGROUND

While facing the worst economic recession since the Great Depression, many companies have responded to the urgency of climate change by slashing energy costs, investing in the future, and working to change consumer perceptions of business.




The Climate Counts Company Scorecard provides people with an objective, balanced way to gauge which of the world's most well-known consumer companies are seriously committed to reversing climate change—and which ones are not. This annual effort scores the leading companies in major consumer sectors, on a scale of 0 to 100, on their practices to reduce global warming. Simply put, the higher the score the greater the company's commitment to reversing climate change.

Ninety companies in twelve sectors were scored in the third annual Climate Counts Company Scorecard to determine if progress had been made with regard to their company-wide climate commitment. The scorecard sectors include:

Airlines	Food Products
Apparel/Accessories	Food Services
Beverages-Beer	Hotels
Commercial Banking	Household Products
Consumer Shipping	Internet/Software
Electronics	Media

\*Sectors scored for the first time earlier this year were as follows: Home and Office Furniture/Furnishings, Large Appliances, Pharmaceuticals, Toys & Children's Equipment.

Since its first release of scores in 2007, Climate Counts has categorized companies by their scores in the following way: 2009's Key Findings highlight which companies are Striding to combat climate change, which companies are Starting to take action, and which companies remain Stuck in their ability to adapt.

-  12 points or less: STUCK in efforts to address climate change
-  13-49 points: STARTING in efforts to address climate change
-  50 points or higher: STRIDING in efforts to address climate change

## KEY FINDINGS

- 81% of companies improved their score by an average of 22% from 2008 to 2009.
- 45 companies were ranked as “striding” (making progress toward change) vs. 23 last year.
- 14 companies are still ranked as “stuck” vs. 10 last year.
- Nike, the company with the highest overall score of 83 points, improved by 1 point and held onto the top spot.
- eBay's point increase made it the most improved company from 2008 to 2009, with an increase of 48 points.
- Apple, Levi Strauss, US Airways, and Darden Restaurants all boosted their scores by 30 or more points.
- The sector with the highest average score is the electronics sector (average among 12 companies of 65 points), led by IBM with 76 points.
- The hotels and the food services sectors tied for the lowest overall sector averages of 25 points.

# REPORT

## SUMMARY OF RESULTS: AN EVOLVING CLIMATE LANDSCAPE

With the Kyoto Protocol expiring in 2012 and the Copenhagen meetings fast approaching, now more than ever corporations are paying attention to climate legislation. Climate Counts is encouraged to report that even amongst the worst economic recession in recent times, 81% of scored companies improved their score from 2008 to 2009. This year, fourteen companies scored 12 points or less (Stuck - the lowest tier) while half of the 90 companies scored earned the label of Striding - scoring 50 points or higher. 33 out of the 90 companies improved their scores by double digits. With over 5,200 Rallies in 181 Countries supporting the International Day of Climate Action on October 24th, the global buzz around climate change continues to gain momentum. Yet even amongst the largest climate change movement in human history, the average Climate Counts score for all 90 companies is 44 out of a possible 100 points, with the scores of 45 companies falling below the 2009 average.

In 2009, Nike set the pace by earning the highest overall score of 83 points. Other companies truly striding to combat climate change were UPS (69), L'Oreal (68), General Electric (74), IBM (76), Stonyfield Farm (81), HP (78), and Unilever (80). The company with the highest increase in score was eBay with 53 points, up 48 points from last year's score. The Electronics/Computer sector finished ahead of other sectors -- with all 12 companies earning more than 50 points and an overall sector average of 65 points -- followed closely by Consumer Shipping (62) and Food Products (57). The Food Services and Hotels sectors brought up the rear, with five companies receiving zero points for their lack of both climate action and acknowledgment of climate change as an issue they are tracking. While specific companies remain at the forefront of their sector, many industries overall have inconsistent responses to the climate crisis.

With certain companies striding to the finish line and competitors stuck at the starting line, Climate Counts believes that through the spirit of competition for the consumer, companies will be forced to adapt to climate change. Ideas, methods, failures and successes must be made known to companies and consumers in order to precipitate the development of a marketplace that addresses climate change. Even in an economically constrained marketplace, climate change remains a top priority for some of the world's largest corporations. IBM and GE continue to push the envelope by investing millions of dollars into their Smarter Planet and Ecomagination programs respectively; both programs provide direct identifiable examples of IBM's and GE's commitment to our planet's future.

Higher scoring companies are taking a comprehensive approach to climate change. Climate Counts considers meaningful climate action to include completing regular greenhouse gas emissions inventories and performing baseline analyses of emissions; setting goals and targets to reduce such emissions and developing actionable plans for the continuous achievement of real reductions beyond offsetting; incorporating climate action into overall business strategy; showing support for strong climate policy initiatives at any level of public decision-making; and demonstrating a willingness to engage consumers in a vigorous dialogue on climate action at all relevant levels.

Climate Counts is motivated to see improvement by all companies and sectors in future rounds of scoring. Although this year's results are promising, global climate change needs more commitment and action in the private sector. Companies that are lagging others in their sectors have the opportunity to learn from leaders on ways to approach this growing issue. The time for action is now, and companies who have not taken responsibility are sending a clear and disturbing message to consumers that climate change is not the responsibility of business. Climate Counts urges those consumers to make it clear to companies that not only are they listening, but also that they agree that the absence of corporate action and openness on climate should have no place in a forward-thinking, 21st-century marketplace.

Earlier in 2009, Climate Counts added four new sectors – Home/Office Furniture & Furnishings, Large Appliances, Pharmaceuticals, and Toys & Children's Equipment -- totaling 50 new companies. In mid-2010, Climate Counts will announce updated scores for these four sectors, with the intention of having a continued positive impact on climate action throughout the consumer marketplace.

## **METHODOLOGY: THE NUTS AND BOLTS**

The companies are rated based on a rigorous scoring process that screens publicly available information on each company against 22 criteria drawn from expert-accepted climate and corporate performance tools that cover companies' track record on measuring their climate change impact; reducing global warming pollution; publicly disclosing on their climate protection efforts; and taking positive or negative positions on public policy relevant to climate change. Climate Counts relies on the publicly available climate information on each company, both as self-reported and through credible third parties.

## THE CLIMATE COUNTS COMPANY SCORECARD: HOW WE GRADE

As the wave of so-called “green” products continues to splash over consumers, public awareness and concern over climate change has grown exponentially, but a larger question remains: are the companies marketing products with green attributes demonstrating their commitment to environmental and climate issues throughout their organizations, across all products and brands. With all the talk surrounding companies that claim to be “going green,” it is becoming increasingly difficult to see the forest for the trees. The aim of Climate Counts is to show the consumer which companies are truly striding to address climate change and which companies are stuck in a business-as-usual posture.

Launched in 2007, the Climate Counts Company Scorecard continues to provide consumers with an objective, balanced way to gauge which companies are seriously committed to reversing climate change—and which ones are not. The annual Scorecard rates companies on their practices to reduce global warming; the higher the score, the greater the company’s commitment to reversing climate change. Climate Counts assigns both a numerical score and a graphic label to companies based on whether they appear to be stuck, just starting, or striding in their efforts to tackle climate change.

Companies were chosen based on their popular household use and awareness among mainstream consumers in North America and the United Kingdom and for being revenue leaders in their respective sectors.

At the start of each year’s scoring period, companies are contacted via certified mail and given a direct opportunity to make Climate Counts aware of any emerging corporate information on climate performance. Climate Counts focuses on information made publicly available during the scoring period and reflects this information, for better or worse, in the scorecard. Information that must be specifically requested of companies by consumers and other stakeholders does not meet Climate Counts’ standard for public information.

## HOW WE RANK THE COMPANIES

Our company ratings are based on a rigorous scoring process that screens publicly available information on each company against 22 criteria drawn from scientifically accepted climate and corporate performance tools. We use these 22 criteria to measure the following four key benchmarks:

- How well does the company **MEASURE** its climate “footprint”?
- How much has the company done to **REDUCE** its global warming pollution?
- Does the company explicitly **SUPPORT** (or express intent to block) progressive climate legislation?
- How clearly and comprehensively does the company publicly **DISCLOSE** its climate protection efforts?

## THE FOUR BENCHMARKS

- **How well does the company measure its climate footprint?**

This benchmark measures the degree to which companies have identified and quantified their greenhouse gas emissions. Climate Counts considers the extensiveness of the company's self-reported inventory, including the company's use of a standard inventory protocol, its efforts to account for all relevant greenhouse gases and emissions sources, and any third-party verification of the accuracy of its impact review.

- **How much has the company done to reduce its climate impact?**

This benchmark measures whether companies have set meaningful goals and timelines for reducing their global warming pollution based on their inventory data. This benchmark gauges not only the magnitude of a company's goals, but also its efforts to incorporate emissions reduction into its overall business management structure – with oversight at the highest organizational levels. The Climate Counts Company Scorecard acknowledges publicly reported efforts that a company has made toward achieving any reductions in its global warming pollution, whether or not those reductions are associated with any goal or target. Climate Counts also recognizes extraordinary efforts at climate leadership, whether it be the company's initiative in addressing the issue prior to current and heightened levels of public awareness or a company's willingness to assert its influence on its employees, suppliers, distributors, or the public at large.

- **Does the company explicitly support (or suggest a desire to block) progressive climate change legislation?**

Public policy leadership at every level -- international, federal, regional, state, and local – is essential in fighting climate change, and companies have the power to shape legislation and regulation both positively and negatively. Climate Counts recognizes those companies that have been willing to articulate public support for progressive legislation geared toward measurable climate protection.

- **How clearly and comprehensively does the company publicly disclose its climate protection efforts?**

This benchmark measures the extent to which companies promote broad public awareness of company climate action. The meaningful efforts that companies make to engage consumers as partners in the fight against climate change is the true mark of a "Climate Counts" company.

## CONSUMER RESPONSE: CHOICES AND VOICES

Consumers are hearing the call and responding actively to the scorecard results presented by Climate Counts. Over the past year, visitors to ClimateCounts.org have used the site's "Raise Your Voice" tool to send letters directly to companies about their Climate Counts scores. Consumers are using Climate Counts as a medium to voice

their concerns about climate change and their demands for more decisive corporate action. With the release of a new Climate Counts iPhone application later this year, consumers will be able to see our scores and contact companies directly from their phones. In addition, the printed and downloadable Climate Counts pocket guide provides a quick reference for consumers to use to align themselves with companies that reflect their own personal values on climate change.

## **BUSINESS COMMUNITY RESPONSE: MOVING MARKETS**

In addition to the companies who have been scored in both rounds, many other companies have expressed interest in using the Climate Counts scorecard as a tool for their own organizations. Companies are looking for resources to assist them with their internal planning around climate change. Although Climate Counts is most focused on the world's largest – and in many cases the highest emitting -- companies and is not able to score and rank every company that might seek to be evaluated, there are other tools that Climate Counts has available to engage companies and business alliances at all scales. In 2010, the Climate Counts Industry Innovators Program (I2) will be released in an effort to provide businesses direct access to our scorecard tool with the intention of fostering creativity within the private sector's internal planning around climate change. By acting as a constructive force in the business community, Climate Counts continues to see a positive response from both scored and non-scored companies that are starting down the path to corporate climate responsibility.

## **WHO IS BEHIND THE CLIMATE COUNTS COMPANY SCORECARD?**

The Climate Counts Company Scorecard was developed with insights from a panel of business and climate experts from leading non-governmental organizations and academic institutions. Criteria were chosen for their effectiveness at accomplishing a single goal – stopping global warming.

A team of researchers then used these criteria to rate companies and allocate points for climate-related actions. Project staff made multiple efforts to contact each company at the start of the scoring process to confirm that they were basing their research on the most accurate and up-to-date data. Researchers worked independently and with peers to assess company performance on a scale of 0 to 100, and worked with project staff to ensure consistency in scoring.

GreenOrder, a leading sustainability strategy firm, provided strategic guidance on the Climate Counts scorecard and provided insights on the scoring implications. GreenOrder's clients include companies scored by Climate Counts (see [www.greenorder.com](http://www.greenorder.com)).

## ABOUT CLIMATE COUNTS

Climate Counts is a 501(c)(3) not-for-profit organization that brings consumers and companies together in the fight against global climate change. It was launched with support from Stonyfield Farm. Please visit [www.climatecounts.org](http://www.climatecounts.org) for more information.

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Sector/Company	2009 SCORE	pt change from 2008	Sector/Company	2009 SCORE	pt change from 2008
<b>APPAREL</b>			<b>BEVERAGES/BEER</b>		
Nike	83	1	Anheuser-Busch InBev	54	4
Levi Strauss	58	36	Molson Coors Brewing	44	10
Gap Inc.	52	10	SABMiller	39	-9
Limited Brands	35	12			
Jones Apparel Group	20	20	<b>FOOD SERVICES</b>		
Liz Claiborne	7	-8	Starbucks	51	2
VF Corporation	6	2	Darden Restaurants	33	33
			McDonald's	30	3
<b>INTERNET/SOFTWARE</b>			Yum! Brands	30	29
Microsoft	61	23	Burger King	10	10
eBay	53	48	Wendy's Arby's Group	2	2
Google	52	-3			
Yahoo	46	9	<b>HOUSEHOLD PRODUCTS</b>		
Amazon.com	14	9	L'Oreal	68	10
			Procter & Gamble	63	-6
<b>MEDIA</b>			Colgate-Palmolive	59	15
General Electric	74	3	Kimberly-Clark	59	1
News Corp.	68	5	Avon	51	22
Disney	47	22	Clorox	27	12
Time Warner	36	17			
CBS	13	-1	<b>BANKS</b>		
Viacom	3	-1	HSBC	67	2
			CitiGroup	67	3
<b>ELECTRONICS</b>			Deutsche Bank	66	9
HP	79	11	JP Morgan Chase	63	4
IBM	76	-1	Bank of America	60	0
Canon	71	-3	Royal Bank of Scotland	55	6
Toshiba	71	1	Wells Fargo	27	-4
Motorola	67	1	US Bancorp	25	8
Nokia	66	29	Capital One	12	4
Siemens	64	13	PNC Financial Services	3	2
Sony	62	-6	SunTrust	2	1
Hitachi	59	8	Regions	1	0
Dell	57	8			
Samsung	56	5	<b>AIRLINES</b>		
Apple	52	41	American	48	13
			US Airways	43	43
<b>FOOD PRODUCTS</b>			Delta	40	1
Stonyfield Farm	81	3	Southwest	40	3
Unilever	80	5	United	37	9
The Coca-Cola Co.	66	5	Continental	37	17
Group Danone	64	0	British Airways	36	12
Nestle	63	2	JetBlue	33	22
PepsiCo	62	25	Alaska Air	23	8
Kraft Foods	58	19	ExpressJet	7	0
General Mills	49	10	AirTran	5	1
Kellogg	42	7	SkyWest Air	0	0
Sara Lee	33	20			
ConAgra Foods	31	10	<b>HOTELS</b>		
			Marriott	51	11
<b>CONSUMER SHIPPING</b>			Wyndham	25	15
UPS	69	29	Starwood	24	0
Deutsche Post/DHL WorldNet	68	1	Hilton	23	0
US Postal Service	56	6	Hyatt	13	6
FedEx	55	2	Carlson	12	1

**KEY TO CLIMATE COUNTS SCORES**

Icons are intended for comparison only within sectors.

 **STRIDING.** The best Climate Counts choice. Let these companies know why you support them!

 **STARTING.** A good Climate Counts choice. Let these companies know you're watching their progress carefully.

 **STUCK.** A choice to avoid for the climate-conscious consumer. Tell this company it's time to take action on climate change!