



ClimateCounts.org



December

2012

2012 - 2013 ANNUAL COMPANY
SCORECARD REPORT

CLIMATE COUNTS

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DIRECTOR'S NOTE

People love new stuff. In fact, some people wait in very long lines for new stuff. From the latest technology to curiously high-tech running gear, it is part of 21st century human nature to want the next best thing.

Now in its sixth year, the Climate Counts scorecard offers consumers a tool for making informed purchasing and investing decisions based on how well major name brands are addressing climate change. Two assumptions we make, therefore, are 1) climate change is indeed occurring and 2) human activity, largely from the burning of fossil fuels, is playing a role in the process. As you will find in the “What they’re saying” sidebars throughout this report, most companies are in complete agreement with these assumptions.

Realizing the task at hand, business leaders are making remarkably innovative progress to minimize waste, employ renewable energy, and design products with a lower carbon impact – all while turning a profit and growing their business. As the economy shows limited signs of improvement, top performers on our scorecard are demonstrating that economic prosperity and environmental sustainability can be achieved simultaneously. We would call that a win-win if it weren't for the great distance we still have to go in squaring up human consumption with the true carrying capacity of our planet.

In learning what companies are doing to reduce their impact, we urge you to take our scoring process as an invitation to think critically about your own consumption habits; not just when considering which companies to buy from, but also by considering what to buy and how to dispose of products that no longer serve a purpose. Reduce, reuse, recycle, as it were.

Climate Counts would like to congratulate **Unilever** for earning the top spot on our scorecard for the second year in a row with an unprecedented score of 91 (out of 100 points). Unilever continues to demonstrate exceptional leadership on their Sustainable Living journey to double the size of their business while reducing greenhouse gas (GHG) emissions by half by 2020.

HERE'S TO PROGRESS,

Mike Bellamente

MIKE BELLAMENTE
DIRECTOR, CLIMATE COUNTS



Saunders Hotel Group

A Note about our Industry Innovators (i2) Partner Program

The primary goal of business is to stay in business.

As environmental impacts associated with climate change become more apparent, so do the risks that threaten a company's ability to succeed in the long term.

Risk and uncertainty can negatively impact performance. As a result, companies are increasingly making the business case to develop climate and emissions strategies that are tied to cost reductions, brand reputation and overall risk management.

We developed our **Industry Innovators (i2)** partner program as a way to help companies achieve their sustainability targets.

In return, we benefit from their leadership and willingness to march with us as we work to communicate with consumers on climate change **as proponents of clearheaded, innovative solutions to a complex and global issue.**



Throughout this report, you'll find a series of references to our Industry Innovators. This is our way of acknowledging

their leadership and showing our appreciation for their continued support.

For more information on the Industry Innovators program, email: info@climatecounts.org



Reckitt Benckiser



LG Electronics



ON CLIMATE SCIENCE



Climate changes. It always has and always will. The difference today is that an overwhelming body of scientific evidence proves that humans have become a geological force and that we are now the major driver of our changing climate. As a result, the future of our planet is literally in our hands. Globally, the decisions we make today and over the next decade about how we produce energy and how efficiently we use it will determine the climate our grandchildren inherit. As carbon dioxide levels approach 400 parts-per-million in the atmosphere (30 percent higher than pre-industrial levels), we are already crossing key tipping points in the climate system. Two troubling examples: the dramatic decrease in the extent and thickness of end-of-summer Arctic sea ice, and the significant increase in the flux of glacier ice from the Greenland ice sheet into the Arctic Ocean.

Climate change is also a moral issue. It is those who are most vulnerable who will suffer the most. That includes the young, the old, the infirm, and those living in poverty. One need look no further than hurricanes Katrina and Sandy to realize that those with means will survive reasonably unscathed from the coming storm; it is those who have few options who will suffer the most.

The future will certainly belong to those who choose to confront the challenge of climate change. And it will require transformational change by all of us and by every sector of society, including citizens, business, industry, religion, education, government, and not-for-profits. And the time for change is now.

CAMERON WAKE, PH.D.
CLIMATE COUNTS BOARD MEMBER
RESEARCH ASSOCIATE PROFESSOR
JOSEPHINE A. LAMPREY FACULTY FELLOW -
CLIMATE AND SUSTAINABILITY
UNIVERSITY OF NEW HAMPSHIRE SUSTAINABILITY INSTITUTE

>>METHODS

Scoring Tiers

Climate Counts scores companies on a 100-point scale:

STUCK

12 points or less: these companies have little or no publicly available information on climate or emissions performance

STARTING

13 - 49 points: these companies have all the basic components of a climate strategy in place

STRIDING

50 - 84 points: these companies are making strong headway to reduce their climate impact

SOARING - (NEW TIER)

85 - 100 points: due to the increasing number of striding companies, we developed this tier for those that are demonstrating truly exceptional leadership on climate change

The Climate Counts Company Scorecard provides people with an independent and transparent way to gauge which of the world's most well-known consumer brands are seriously committed to reducing their climate impact—and which ones are not.

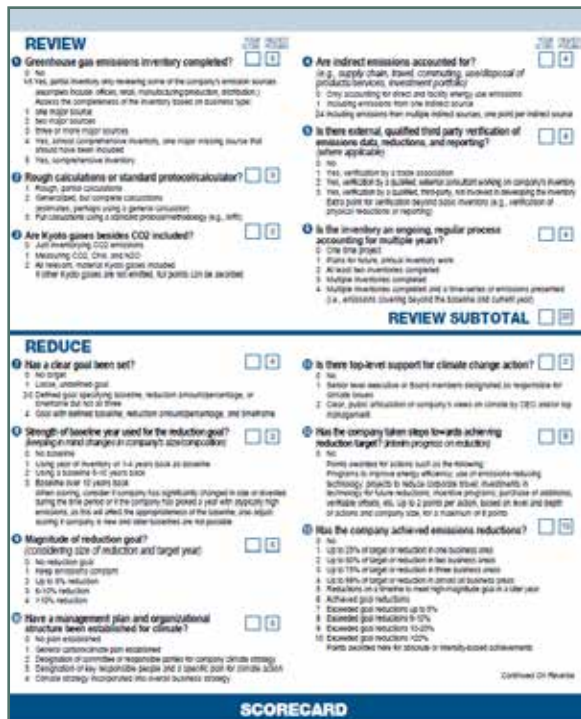
Through this annual effort, we score the leading companies in major consumer sectors, on a scale of **0 to 100**, on their initiatives to reduce global warming. Simply put, the higher the score, the greater the company's commitment to climate leadership.

This year, **145 companies** across **16 industry sectors** were rated against our **22-criteria** scoring methodology.

In completing each assessment, Climate Counts' researchers use publicly available information from both self-reported sources and credible third parties, such as the Carbon Disclosure Project (CDP).



WHAT DO WE LOOK FOR?



THE CLIMATE COUNTS SCORECARD IS BROKEN DOWN INTO FOUR SUB-SECTIONS:

- **Review:** Is the company taking inventory of their greenhouse gas (GHG) emissions using an industry accepted accounting standard? (22 possible points)
- **Reduce:** Has the company articulated a strategy for reducing GHG emissions and have they succeeded in achieving actual reductions? (56 possible points)
 - **Policy Stance:** Does the company explicitly support the need for comprehensive energy and climate policy or is there evidence they oppose such measures? (10 possible points)
 - **Report:** Is the company publicly disclosing information about their sustainability efforts and their progress toward carbon neutrality? (12 possible points)

>> SNAPSHOT

2012-2013 SECTOR LEADERS

» **Airlines:** Lufthansa (77)

» **Apparel/Accessories:** Nike (89)

» **Banks:** Bank of America (86)

» **Beer:** Heineken (79)

» **Consumer Shipping:** UPS (89)

» **Food Products:** Unilever (91)

» **Food Services:** Starbucks (69)

» **Home and Office:** Herman Miller (66)

» **Hotels:** Marriott (70)

» **Household Products:** L’Oreal (87)

» **Internet/Social Media:** Google (64)

» **Large Appliances:** AB Electrolux (87)

» **Media:** News Corporation (67)

» **Pharmaceuticals:** Johnson & Johnson (82)

» **Technology (formerly Electronics):** IBM (86)

» **Toys & Children’s Products:** Hasbro (73)

SNAPSHOT >> BY THE NUMBERS

66 ▶

Percentage of companies with a publicly available climate and energy strategy in 2012 vs. 25% in 2007

91 

Top overall score. Earned by Unilever, a U.K.-based company with over 400 brands worldwide including Dove, Lipton and Vaseline

1,168,812

Combined 2011 GHG reductions (in metric tonnes) of five top scoring companies—Unilever (91), UPS (89), Levi Strauss & Co. (87) and L’Oreal (87). This equates to the amount of CO₂ emissions from fossil fuels to provide electricity to 146,000 homes for one

15 ▶

Number of companies that attained a “Soaring” 2012-2013 climate score of 85 points or better (out of a possible 100)



30.6 ▶

Average score in 2007



Average score in 2012 ◀

52.1

Number of companies that scored ZERO points on this year’s scorecard—six of which in the Toys & Children’s Products sector, the lowest scoring sector with an average score of 15.1 points

◀ 8



SOARING 85-100 Points
STRIDING 50-84 Points
STARTING 13-49 Points
STUCK 12 Points or Less



SOARING

COMPANY	CHANGE FROM 2011 SCORE	2012 SCORE	COMPANY	CHANGE FROM 2011 SCORE	2012 SCORE
Unilever	3	91	Stonyfield Farm	3	86
UPS	9	89	Hewlett-Packard	2	85
Nike	4	89	Coca-Cola Company	10	85
Levi Strauss & Co. ★	13	87	Groupe Danone	9	85
L'Oreal	9	87	Sony	5	85
AB Electrolux	7	87	Siemens	0	85
IBM	4	86	Reckitt-Benckiser ★	NA	85
Bank of America	4	86			



STRIDING

COMPANY	CHANGE FROM 2011 SCORE	2012 SCORE	COMPANY	CHANGE FROM 2011 SCORE	2012 SCORE
Timberland ★	-2	84	Marriott	-3	70
LG Electronics ★	15	83	Lego	21	70
Johnson & Johnson	6	82	Citigroup	5	70
Nokia	2	82	Abbott Laboratories	-2	70
Ben & Jerry's ★	10	81	Kimberly-Clark	9	69
Nestle	12	80	Starbucks	-1	69
United States Postal Service	11	80	Whirlpool	-2	69
General Electric	3	80	ConAgra Foods	19	68
Toshiba	3	80	Saunders Hotel Group ★	NA	68
Heineken	79	79	Wells Fargo Bank	18	67
Deutsche Bank	12	79	Limited Brands	17	67
Deutsche Post DHL	0	78	Merck & Co.	3	67
Lufthansa	NA	77	News Corporation	-3	67
Panasonic	NA	77	Canon	4	66
Clorox	10	77	Herman Miller	3	66
Hitachi	1	77	Anheuser-Busch InBev	8	65
AstraZeneca	-9	77	Google	8	64
PepsiCo	5	75	Kohl's ★	9	64
Samsung	-1	75	Wyndham	7	64
Baxter International	-6	75	HSBC	-2	64
Microsoft	6	74	eBay	-1	63
Pfizer	7	74	FedEx	-2	63
Molson Coors Brewing	5	74	REI ★	8	63
Kraft Foods	4	74	Roche	9	63
Dell	3	74	Royal Bank of Scotland	6	63
Hasbro	21	73	GlaxoSmithKline	-9	63
Avon	15	73	Eli Lilly	10	62
Gap Inc.	10	72	General Mills	8	62
Amtrak ★	1	72	Apple	2	62
Clif ★	0	72	Bristol-Myers Squibb	-8	62
Colgate-Palmolive	10	71	SAB Miller	9	61
BSH Group	9	71	Kellogg	7	61
Novartis	5	71	Steelcase	1	61
Air France-KLM	NA	70	JPMorgan Chase	0	61



STRIDING

COMPANY	CHANGE FROM 2011 SCORE	2012 SCORE	COMPANY	CHANGE FROM 2011 SCORE	2012 SCORE
British Airways	16	60	Annie's Homegrown ★	NA	55
Masco	-4	59	PNC Bank	-2	55
Procter & Gamble	-6	59	Darden Restaurants	5	54
Shaklee ★	3	58	Hillshire (formerly Sara Lee)	-4	53
Disney	-3	58	Capital One	4	52
Starwood	8	56	Delta Airlines	-6	50
Amgen	-1	56	Sanofi	-6	50
Southwest Airlines	0	55			



STARTING

COMPANY	CHANGE FROM 2011 SCORE	2012 SCORE	COMPANY	CHANGE FROM 2011 SCORE	2012 SCORE
United Continental Airlines	8	49	Phillips Van Heusen	NA	34
American Airlines	1	49	Facebook	NA	33
Yahoo!	10	47	Kenmore	-1	33
VF Corporation	13	47	Emerson	6	31
Yum! Brands	13	46	HNI Corporation	13	30
Alaska Airlines	-4	43	CBS	-9	27
Hyatt	6	42	Newell Rubbermaid	5	22
US Airways	-1	40	Comcast	NA	18
JetBlue	5	39	Sealy	-3	16
Time Warner	1	37	Mattel	-8	16
Hilton	14	36	McDonald's	-10	14
US Bancorp	7	36	Carlson	2	13



STUCK

COMPANY	CHANGE FROM 2011 SCORE	2012 SCORE	COMPANY	CHANGE FROM 2011 SCORE	2012 SCORE
La-Z-Boy	-9	12	Furniture Brands International	0	2
Dorel Industries	4	11	Spring Air	0	2
Regions Financial	3	11	Burger King	-5	2
Leggett and Platt, Inc.	-4	11	JAKKS Pacific	0	1
Liz Claiborne	-2	10	Playmates	0	0
Sun Trust	3	10	LinkedIn	0	0
Amazon.com	-2	9	Chelsea & Scott (one step ahead)	0	0
Viacom	0	8	Chicco	0	0
Serta	-2	6	Evenflo	0	0
Wendy's Company	-3	5	Peg Perego	0	0
Britax	4	4	Tempur-Pedic	0	0
Fortune Brands	0	4	MEGA Brands	-1	0



WHAT THEY'RE SAYING...

In researching companies for our ratings, we often come across information that the average consumer normally doesn't see; not because it's hidden, but simply because few people take the time to look. Throughout this year's report, we have compiled quotes from company websites that we think best capture the corporate consensus on climate change.



Clorox

The Clorox Company believes that rising GHG emissions have a significant impact on climate change and the environment. Clorox therefore supports Congressional action on comprehensive national climate change legislation aimed at reducing aggregate emissions of greenhouse gas over time without causing undue hardships for the U.S. economy.

<http://www.thecloroxcompany.com/corporate-responsibility/planet/commitments/>



...ABOUT CLIMATE CHANGE

>> ANALYSIS

SUSTAINABLE GROWTH

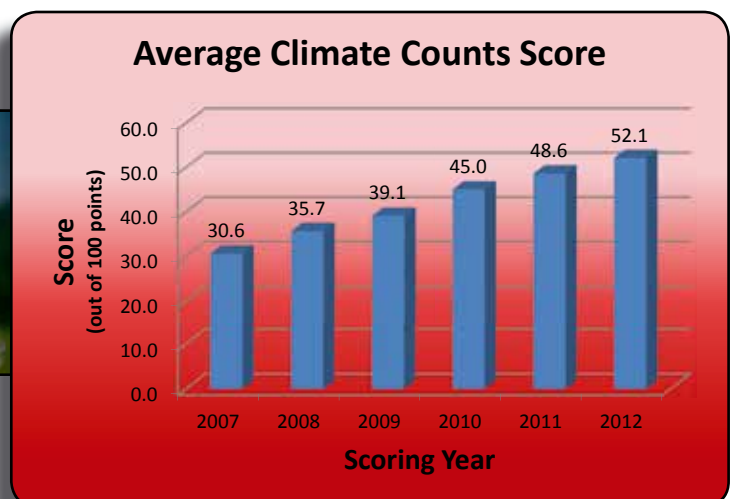
In a down economy, lower levels of corporate GHG emissions tend to be the result of decreased demand for products and services. Reduced output from apparel companies means fewer manufacturing emissions, just as a drop in tourism leads to lower airline emissions caused by a reduced number of flights in operation.

As effects from the global financial crisis have begun to wane since our last round of scoring, we were interested to see if increased economic activity would lead to higher emissions and lower scores on our scorecard. To our surprise, average scores across all sectors continued in an upward trend.

From the graph below (Graph 1.1), we see that the average score across all sectors is 52.1. This marks the first time that the overall average has exceeded the 50-point “Striding” threshold, signifying that a greater number of companies are demonstrating progress toward managing their GHG (or carbon) footprint.

Perhaps of even greater significance in this round of scoring, is evidence that reductions in corporate greenhouse gas emissions were not at the expense of business growth and expansion. Numerous companies, including five of the top six in our ranking—Unilever (91), Nike (89), UPS (89), Levi Strauss & Co. (87) and L’Oreal (87)— demonstrated year-on-year revenue growth while decreasing absolute* emissions across all or some business units.

Graph 1.1



**Absolute vs. intensity-based emissions. When a company announces a target to reduce emissions, it is common practice to use intensity-based targets tied to production (especially if the company is anticipating high growth). An example of this would be if a company committed to reduce emissions by 5% for every widget produced.*

This is different from a commitment to reduce absolute emissions by 5%, which would be a total reduction, regardless of output or growth. Absolute emissions reductions from growth companies are a very good thing.

NEW FACES

Each year we work with our governance committee to discuss potential modifications to our scorecard and the companies we rate. As companies are chosen annually based on size (gross revenue), turnover on our scorecard is not uncommon.

Below in Table 1 is the list of companies that were scored for the first time this year, along with the sector they are in and how they ranked.

Table 1: New Companies

<u>Company</u>	<u>Score</u>	<u>Rank</u>
»Air France – KLM	Striding 70	Ranked #2 in Airlines
»Comcast	Starting 18	Ranked 5 th of 6 in Media
»Facebook	Starting 33	Ranked 4 th of 6 in Internet/Social Media
»Heineken	Striding 79	Ranked #1 in Beer
»Lufthansa	Striding 77	Ranked #1 in Airlines
»LinkedIn	Stuck 0	Ranked 6 th of 6 in Internet/Social Media
»Panasonic	Striding 77	Ranked 9 th of 15 in Technology
»Philips Van Heusen	Starting 34	Ranked 9 th of 10 in Apparel/Accessories

WHAT THEY'RE SAYING...



Bank of America

Global climate change represents one of the greatest challenges faced by our society. How we address this challenge today will have important repercussions on current and future generations.

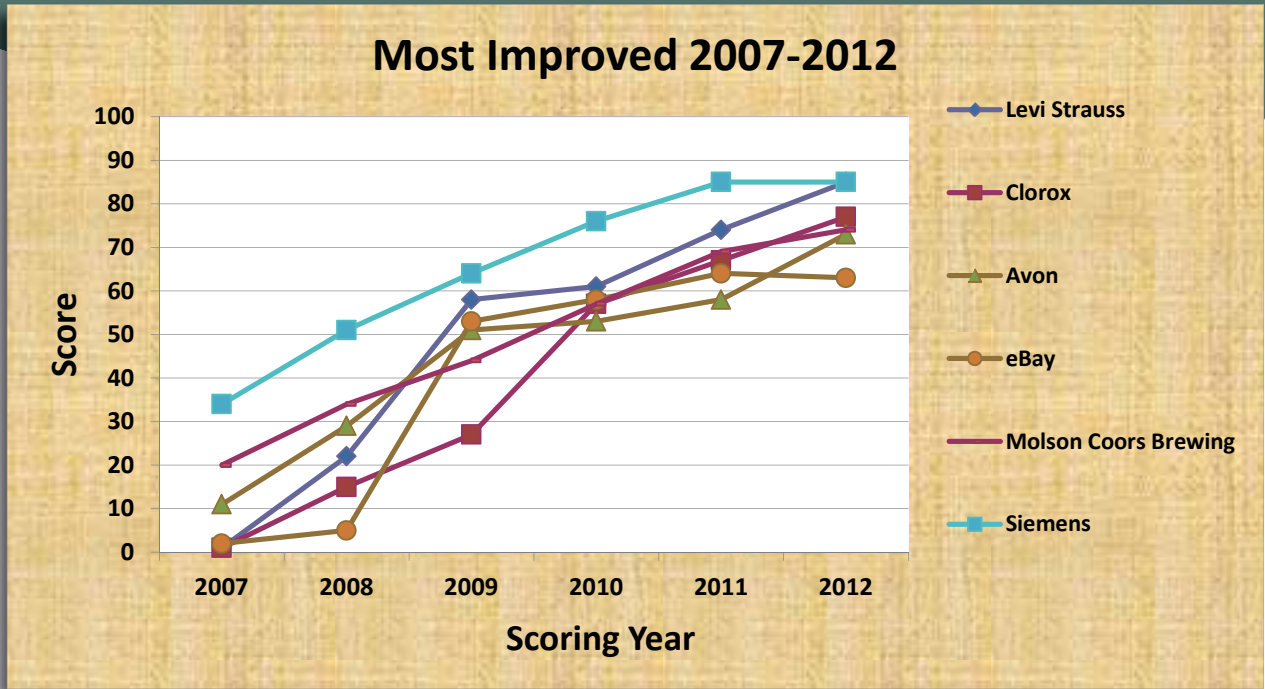
What needs to be done is clear: we must reduce our greenhouse gas emissions and move towards a low-carbon economy. This will be achieved through a fundamental, historic and dramatic shift in how we produce and use energy.

<http://about.bankofamerica.com/en-us/global-impact/governance-and-policies.html#fbid=SWps2K6M3GU>

LEADERS AND LAGGARDS

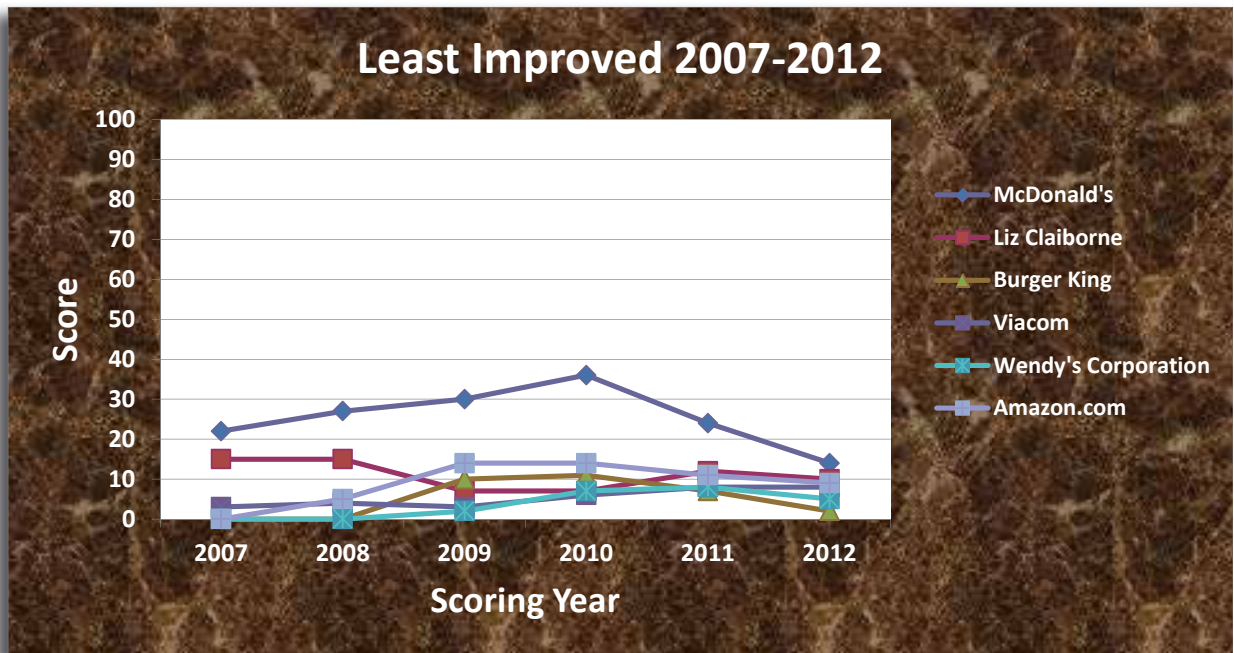
As our goal at Climate Counts is to showcase corporate leadership on climate change, we typically focus on the companies that are performing well on our scorecard. In order to offer a thorough trend analysis, however, we feel it is appropriate to identify the companies that have demonstrated remarkable improvement in relation to those that have shown little to no improvement.

Table 2: Most Improved Companies



Since the first round of scoring in 2007, few companies have demonstrated more noticeable progress than eBay (63), Clorox (77) and Levi Strauss & Co. (87)*. Each of these companies had single-digit "Stuck" scores in 2007, but have all emerged as contenders for the top spot in their respective sectors.

Table 3: Least Improved Companies



The companies that have demonstrated the least forward progress since 2007 are Amazon.com (9), Wendy's (5), and media giant Viacom (8). To the extent that these companies are embracing sustainability, there continues to be little publicly available evidence to suggest that they are measuring, reducing and reporting their GHG emissions.

* Full disclosure: Levi Strauss & Co. is a paying member of Climate Counts Industry Innovators (i2) program.

WHAT THEY'RE SAYING...

PepsiCo

It is clear that carbon dioxide and other greenhouse gases have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters.

Because these changes could have an impact on the availability or pricing of certain commodities that are necessary for our products, we are continuously working to address climate change, from scaling up the company's use of renewable fuel sources to reducing energy consumption

<http://www.pepsico.com/Purpose/Environmental-Sustainability/Climate-Change.html>



U.S. AIRLINES AND EMISSIONS TRADING IN EUROPE

Early in 2012, the European Union (EU) took a critical step toward reducing emissions from aviation by including international airlines in the EU Emission Trading Scheme (ETS).

Instead of imposing a carbon tax on fuel, the EU implemented a market-based cap and trade approach that enables operators to manage their emissions more cost-effectively. All flights originating from or departing to any of the 27 countries in the EU were to be held accountable for their emissions under this approach.

Fearing that such a system would negatively impact their margins, United Continental (49 points on the Climate Counts scorecard) and American Airlines (49 points) filed suit against the European Court of Justice on the grounds that the EU had overstepped its authority. The Court upheld the legislation, stating that, "The extension of the EU ETS to aviation infringes neither the principle of territoriality, nor the sovereignty of third countries."

Facing mounting political pressure from nations including the U.S., China and Russia, the EU announced on November 12th that they would suspend non-EU aircraft operators from complying with its emissions trading scheme for 12-months, in hopes that an effective global agreement could be put in place that would reduce aviation emissions.

Since then, several U.S. carriers including Delta (50 points) and their trade association have successfully lobbied Congress to implement a bill that would preclude U.S. airlines from ever paying penalties associated with the EU ETS. In researching the data for the Climate Counts scoring process, U.S. carriers seem in agreement that a "global sectoral approach" instituted by the International Civil Aviation Organization (ICAO) would be an amenable alternative to addressing aviation emissions. This sounds promising except for the fact that the EU has already been seeking a global emissions policy with ICAO for more than 15 years.

Although Climate Counts does not take an official position on the EU ETS, it could be a starting point for global policy related to aviation emissions. The fact that industry stakeholders have been so effective at thwarting such policy to date is cause for concern.

For more on this complex issue, visit the European Union web page:

http://ec.europa.eu/clima/policies/transport/aviation/index_en.htm

Or visit the IATA web page on Global Sectoral Approach:

http://www.iata.org/pressroom/facts_figures/fact_sheets/Pages/emissions-approach.aspx



WHAT THEY'RE SAYING...

...ABOUT CLIMATE CHANGE

Citi

Climate change poses significant risks to the global economy [in a manner] that require[s] urgent action. The burning of fossil fuels to meet energy needs, loss of forests, and other activities are increasing the concentration of greenhouse gases (GHG) in the atmosphere and contributing to climate change.

<http://www.citigroup.com/citi/environment/climateposition.htm>



IBM

IBM recognizes climate change is a serious concern that warrants meaningful action on a global basis to stabilize the atmospheric concentration of greenhouse gases (GHGs). IBM believes all sectors of society, the economy and governments worldwide must participate in solutions to climate change.

<http://www.ibm.com/ibm/environment/climate/position.shtml>

AstraZeneca

As we continue to work to manage our environmental impact, we are increasingly participating in the global debate on what business can do to help mitigate global warming and adapt to the unavoidable consequences of climate change.

<http://www.astrazeneca.com/Responsibility/The-environment/Climate-change>





WHAT THEY'RE SAYING...

...ABOUT CLIMATE CHANGE

Unilever

Climate change will have a growing impact on Unilever's business. Our suppliers of agricultural raw materials will be affected by changing weather patterns. Our consumers will have to adapt to a world of rising food and energy prices and communities risk being displaced by extreme weather events such as floods and droughts.

<http://www.unilever.com/sustainable-living/greenhousegases/targets/index.aspx>



Lego

The most important stakeholder of the LEGO Group – the children and their children – will inherit the future and our planet. They have a right to a healthy and rich environment. We acknowledge our contribution to human-induced climate change, and we are very concerned about the consequences. This is why we have embarked on a journey to change all fossil fuels used in our production and for our own consumption into renewable energy.

<http://aboutus.lego.com/en-us/sustainability/the-topics-we-work-with/climate/>

Nike

We recognize the recommendations of the majority of leading climate scientists that the global economy needs to see greenhouse gas emissions reduced 80 percent below 1990 levels by 2050. We recognize that there are a number of ways to reach this level of mitigation. And that includes us.

<http://www.nikeresponsibility.com/report/content/chapter/targets-and-performance#EnergyAndClimate>



>> ABOUT US

Launched in 2007, Climate Counts is a 501(c)(3) non profit that aims to bring consumers and companies together to develop a coordinated response to global climate change.

The Climate Counts Company Scorecard helps people vote with their dollars by giving them the information they need to make climate-conscious purchasing and investing decisions.

Launched by organics pioneer Stonyfield Farm, Climate Counts now resides in the Sustainability Institute at the University of New Hampshire. Climate Counts currently evaluates nearly 150 companies across sixteen sectors.

Climate Counts' work has appeared in many of the world's leading media outlets, among them the New York Times, National Public Radio, The Economist, BBC World Service, the Wall Street Journal, Newsweek, The Huffington Post and the Harvard Business Review. The organization launched its free iPhone app and its voluntary Climate Counts Industry Innovators (i2) program in early 2010.

Please visit www.climatecounts.org for more information.



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