THE GLOBAL 100:

WORLD LEADERS IN CLEAN CAPITALISM

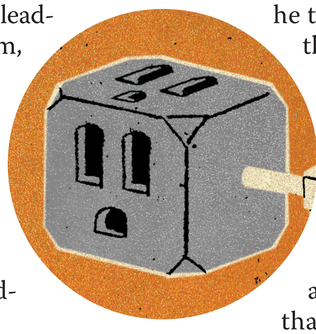
Which countries lead the pack?

BY JENNIFER KHO

Despite the worldwide economic troubles of the last few years, more corporations than ever are embracing sustainability – and for good reason. A report published in November by global consultancy McKinsey concluded that better resource productivity could yield global savings of up to $2.9 trillion.

You can find out just which companies are leading the pack in *Corporate Knights* 2012 Global 100 ranking of the world's most sustainable corporations.

If you look closely, you'll see that some countries are home to more clean capitalism leaders than others. In this year's ranking, the countries with the most leaders include the United Kingdom, with 16; Japan, with 12; the U.S. and France, each with eight; and Australia and Canada, each with six. Scandinavian firms made up five of the Top 10, including the No. 1 most sustainable corporation, Danish healthcare company Novo Nordisk (see profile p. 36).



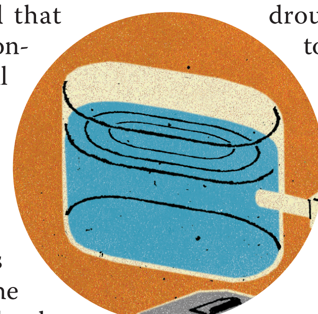
Why do some countries do better? One of the most obvious answers is regulation. All of the Top 5 countries require large emitters (at least) to report their carbon emissions. In addition, the European Union has run a mandatory cap-and-trade program since 2005, and has committed to reducing carbon emissions 20 per cent below 1990 levels by 2020. Japan pledged to cut carbon 25 per cent below 1990 levels by 2020, although it's reconsidering that commitment after the Fukushima nuclear disaster. In August, the Japanese parliament also passed renewable-energy incentives aimed at boosting its solar, wind and geothermal power. And Australia in November passed legislation that fixes a price for carbon emissions and sets up an emissions cap-and-trade program starting in 2015.

But regulation is hardly the whole story. After all, many countries with strict regulations got few companies on the *Corporate Knights* list. The U.S. has little in the way of mandatory regulation. And, amid economic concerns, governments in the U.S., Europe and Japan have lowered their sights on stronger climate-change regulation in the last few years, said Aron Cramer, chief executive officer of BSR, a corporate responsibility consulting firm based in San Francisco. Instead of cutting back their sustainability efforts in response, Cramer has seen many businesses in these countries step up. "As governments have gotten more timid, companies have gotten more aggressive," he said.

Companies take the driver's seat

The trend surprised Nick Main, Deloitte's global sustainability and climate change leader. When he started his job three years ago, he thought regulation would be the driving force behind corporate sustainability. Since then, he's seen chief executives take the wheel in places where government policies remain weak. Innovative companies truly see sustainability as a competitive advantage, he said: "It's a way that they can attract new customers and staff and drive new products, and they want to do this."

A 2011 survey of 2,874 corporate managers and executives across 113 countries, conducted as part of a study for MIT Sloan Management Review and the Boston Consulting Group, found that two-thirds of respondents considered sustainability critical to remaining competitive in the marketplace. That's up from 55 per cent in 2010.



Success stories – such as Marks & Spencer, which reaped £70 million from its sustainability program in the 2011 fiscal year – have helped drive home that point. Businesses know they can cut costs – and reduce the risk of supply disruptions – by using their resources more efficiently. Meanwhile, the concept of sustainability has become more popular among consumers, and companies have found that their sustainability policies can significantly help or hurt their brands, said BSR's Cramer.

"It's simply not an option any more for companies with a strong consumer-facing brand not to take sustainability seriously, because their customers expect it," said Cramer. "This is what the public expects, what strengthens a company's future, what helps a company innovate. Sustainability is no longer something a company does on the side, but is one of the main features of business success, when you look at the many changes to the way business is done around the world."

If companies really see sustainability as a competitive tool, one might expect to see more of it in more competitive markets. That's certainly what's happening in the U.S., where Wal-Mart is requiring its suppliers to help it reduce greenhouse-gas emissions, said Deloitte's Main.

Culture wars

Social culture plays a big role in determining where corporate sustainability takes hold, according to Peter Asmus, senior analyst with Pike Research. Efficiency has long been part of European culture, for example. "In Europe, I'm always struck by how small everything is," he said. "They have small cars and small homes. They're just used to doing more with less and being resource efficient. It's just part of the culture."

In some cases, the environment also helps define culture. In Australia, an intense drought shoved sustainability to the top of the public agenda a decade ago, Main said. In Scandinavian countries, the cold and harsh environment has historically encouraged efficiency, as well as a culture that's more community-oriented than, say, the United States, Asmus said.

"In Scandinavia, homeless people left on the street would freeze," he said. "There tends to be more of a shared common purpose in their societal values." Meanwhile, Japan has few natural resources, and that vulnerability prompted it to become efficient, he said. The country was an early leader in the solar industry and the world's largest solar market until 2004. "Japan is totally devoted to efficiency," Asmus said.

The attitude fits in with broader Asian

Where Canada Ranks

- 47 Suncor Energy Inc.
- 71 Enbridge Inc.
- 76 Encana Corp.
- 89 Nexen Inc.
- 91 Sun Life Financial Inc.
- 95 Royal Bank of Canada

corporate culture, which often favors a longer-term view of profit maximization, Main adds. In both Scandinavia and in Japan, a relatively small and homogenous population also helps bring about community and stronger government mandates.

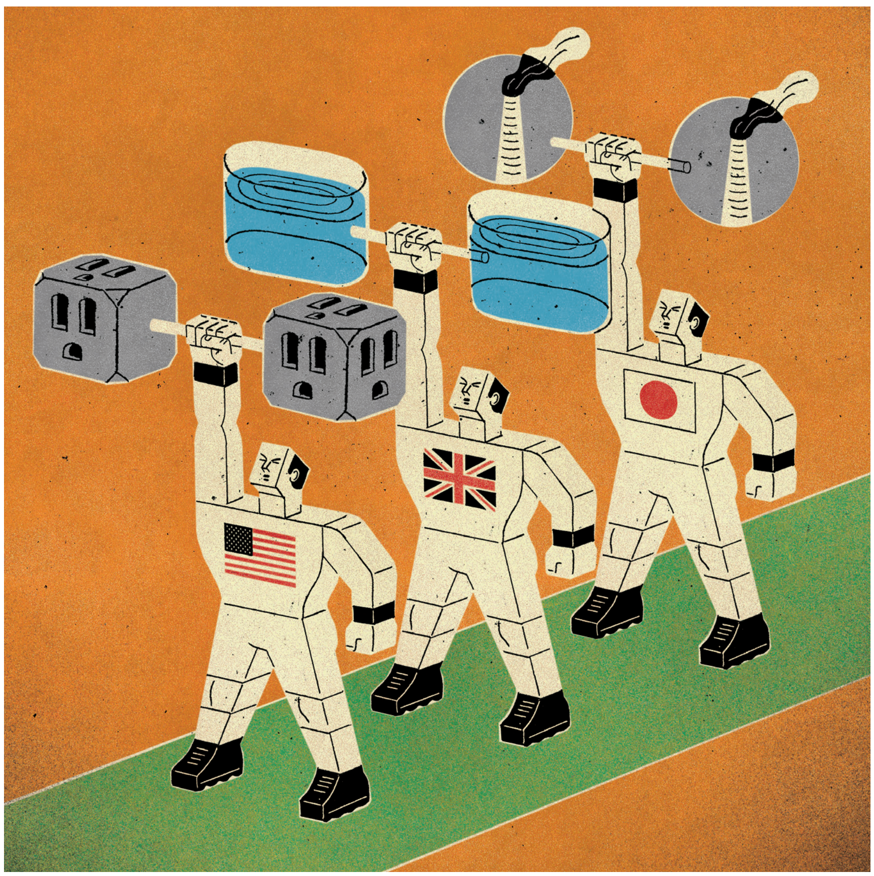
“With more homogenous societies, it can be easier to get things done, and you can see more environmental values and more social care,” Asmus said. In contrast, the U.S.'s strength – and challenge – is that it's so diverse, making it more difficult to pass strong government mandates, he said. Still, this helps it attract some of the best and brightest people in the world.

As Main puts it, “Many of the early adopters and thought leaders in sustainability are based in the U.S., even though you don't have a big regulatory framework to help back it up there. The fact that [sustainability] is seen as an effective business strategy in a place where you don't have regulation demonstrates the power of the idea.”

And, even though the thought of U.S. culture still is more apt to conjure excess than efficiency, U.S. firms contend with a strong activist community at home. The power of protest helped convince corporations such as Gap and Nike, which fell out of favor amid sweatshop allegations, to make sustainability a key piece of their identities, Asmus said.

Structured for sustainability

Some countries have more sustainable corporations than others because of company structures, which vary widely around the world. In the U.S. and Europe, for example, the large majority of big companies are publicly traded, making it easier to find sustainable corporations there, Cramer said. Big multinationals have to comply with overseas regulations in the markets where they operate. Because they have a broad range of laws to contend with, it pays for these companies to come up with a single policy that works around the globe, Cramer adds.



The United States, Great Britain and Japan lead the Global 100 pack in 2012

In contrast, in countries such as Brazil and India, many big companies are family owned, rather than publicly held, he said, reducing the pool of corporations to select from. (Three Brazilian companies and one Indian company made the Global 100 list.) And China's biggest companies are government controlled, he said. This could help explain why the country – the second or third largest economy in the world, depending on whose numbers you believe – has not a single publicly traded company on the list.

Of course, China also has less corporate transparency, looser labor laws and higher corporate subsidies than higher-ranking countries on the list, as well as few pollution controls. “There's a closed corporate culture there – it's non-transparent – and in terms of how you treat your employees and communities, I would imagine the Chinese companies wouldn't rate,” Asmus said. But as international pressure mounts, Chinese businesses are growing more sustainable, he said.

He suggests China could show up in the rankings soon. “My guess is, if you looked at this in three years' time, you'd find a lot of corporate-sustainability leaders in China,” Main said. Growing the economy and the gross domestic product may have been the main priority in the past, but all that growth has raised environmental concerns, he said, adding that he's seen a “significant change” in Chinese corporations' attitude toward sustainability in the last year.

Overall, corporations around the globe are becoming more sustainable, and not just those in the top countries, Cramer said. “It's possible that some countries' companies are outperforming others, but the corporate community as a whole is doing more than it was five years ago,” he said. “Performance levels are rising globally.”

Illustrations Dave Plunkert


GY 12
GX 12

TOP COMPANY SPOTLIGHT:

NOVO NORDISK

MARC GUNTHER

Don't ask Novo Nordisk for the company's corporate responsibility report. The Danish pharmaceutical firm, which had revenues of DKK 60.7 billion (US$10.5 billion) in 2010, doesn't publish one. Instead, Novo Nordisk reports on its environmental and social performance – including water and energy consumption, waste reduction, employee turnover, the diversity of its management team, new patent filings and charitable donations – alongside its financial performance in a single annual report.

This integrated approach to reporting reflects the way business is done at Novo Nordisk, the world leader in diabetes care and the No. 1 firm on the 2012 list of *Corporate Knights* Global 100 Most Sustainable Corporations. Novo Nordisk has pursued a triple bottom line of financial, social and environmental gains since the 1990s, when the phrase was coined by writer John Elkington, and it incorporated the concept into the company's legal structure nearly a decade ago.

"The main foundation for Novo Nordisk is the triple bottom line because that is what's protecting our license to operate," says Lars Rebien Sorensen, the firm's president. "That begs and obliges everybody in the company not only to see that we become a good business – that's the financial bottom line – but that we do so in a way that is socially and environmentally responsible."

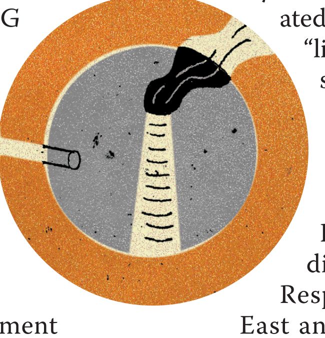
Lise Kingo, who has worked on sustainability issues since joining Novo Nordisk in 1988, says the company's business case for corporate responsibility goes well beyond protecting its license to operate. Today, she says, the firm envisions sustainability as a way to drive innovation, and finds that engaging with stakeholders helps spot business opportunities as well as avert trouble. One sign of the value the company places on sustainability is the fact that Kingo, 50, has been part of Novo Nordisk's five-person executive management team since 2002.

How, though, does the pursuit of the triple bottom line affect Novo Nordisk? Here are three ways:

Climate and Energy: Manufacturing insulin, which is core to Novo Nordisk, is an energy intensive process. But after joining the Climate Savers Program of the World Wildlife Fund (WWF), Novo Nordisk pledged in 2004 to reduce CO2 emissions from global production by 10 per cent in absolute terms by 2014. Because the company expected to grow, this was the equivalent of reducing emissions by 68 per cent per unit of production. Adding to the difficulty of the task was a promise to WWF to not rely on carbon offsets or buy power from existing renewable sources. "It was a very ambitious target," Kingo says. "We knew it would require innovation."

Novo Nordisk spent US$20 million on a global energy-efficiency campaign that required all sites to appoint energy stewards and conduct screenings every three years.

Then the company turned for help to DONG Energy, Denmark's biggest utility, which had begun to expand in offshore wind turbines. DONG helped Novo Nordisk identify further efficiencies, and in return Novo Nordisk signed what was then an unprecedented 20-year contract to buy electricity from a wind farm then under development in the North Sea.



The power purchase agreement gave DONG the financial wherewithal to go forward with the project. "We created a new energy model for Denmark," Kingo says. Since then, about 100 other companies have signed similar agreements, driving the growth of renewable power. In 2010, Novo Nordisk announced that it had met its carbon reduction target five years ahead of schedule, despite 30 consecutive quarters of double-digit growth.

Drug Pricing: The company says access to essential medicines is a human right, and it sells human insulin (the most basic kind) to 33 of the world's poorest countries at no more than 20 per cent of the average price in the western world. "We see it as a social investment in these countries," explains Kingo.

The company is building trust, relationships and its reputation to prepare for the day, however distant, when countries like Bangladesh and Tanzania become more profitable markets. But when the Greek government sought in 2010 to cut the prices it paid for Novo Nordisk's modern insulin (a more advanced form) by up to 27 per cent, the company pulled the drug out of Greece even though it could have continued to profit at the lower price. Novo Nordisk said it needed to charge full price to finance research into new diabetes treatments. Says Kingo: "We felt we had to put our foot down."

A China Strategy: Novo Nordisk began selling diabetes drugs in China a half-century ago and stepped up its involvement (and investments) in the mid-1990s – opening a production plant in Tianjin, supporting the training of an estimated 55,000 doctors and financing education on diabetes prevention and treatment. The payback took time, but today the company has 63 per cent of the market share for insulin in China. It says it has directly or indirectly created 14,600 jobs and saved 140,000 "life years" as of 2010, providing social as well as financial value.

Each example reflects the company's willingness to take a broad and long-term view of its business. Peder Michael Pruzan Jorgensen, managing director of Business for Social Responsibility's Europe, Middle East and Africa regions, says Novo Nordisk has managed to imbue a strong sense of purpose into its business. He's impressed by the way the company tracks its social and environmental impact, using an internal corps of values auditors who measure adherence to the triple bottom line.

That sends a strong message, he says. "They have embedded sustainability thinking and ethics and values throughout the business for a long time."

Behind our clean capitalism metrics

Whenever *Corporate Knights* releases its rankings of corporations, we inevitably receive letters complaining that specific companies selling "sin" products made the cut.

The most controversial companies are those making tobacco products and weapons of war – military contractor Raytheon, for example, ranked 8th on our S&P 500 ranking of clean capitalism leaders this year. But even the inclusion of certain mining and petroleum companies draws the ire of some readers.

And so it should. But it's important to emphasize that our rankings are intentionally designed to be product- and service-agnostic. This means no subjective indicators or exclusionary screens are used to separate the so-called sinful from the virtuous. It means no Star Chambers.

Corporate Knights believes a much more instructive and ultimately impactful approach is to use resource- and social-productivity metrics, increasingly available through corporate disclosure, to rank the world's clean capitalism leaders. Companies are measured by how efficiently they use energy and water, and how much waste and GHG emissions they generate relative to wealth creation.

We assess leadership. Does it reflect the diversity of the society and marketplace in which a company operates? We look at employee turnover rates, as an indication of worker happiness, and we look at what CEOs are getting paid relative to the average worker. Is workplace safety an issue? Are corporations paying their taxes and keeping up with their pension fund obligations? Is the compensation of senior officers tied to these metrics?

If such metrics are not disclosed, corporations in our rankings are penalized. Maybe next year they'll think twice. *Corporate Knights* believes that even resource-productive and responsible companies should only be rewarded if they choose to be transparent about these metrics. "Our theory of change is that if you can objectively score companies on meaningful criteria and those scores can be used to influence market forces, it will be possible to divert capital away from inefficient, irresponsible firms and toward more resource-productive and responsible ones," says our president Toby Heaps.

This approach isn't perfect. It doesn't capture contamination of ecosystems, land grabs in Africa, underhanded lobbying tactics, or poor treatment of civilians in foreign countries (not yet, anyway). What it does do is set some objective and transparent ground rules on which to measure and recognize progress.

Besides, we can always shine a light on those behaving badly within the pages of our magazine. Look no further than our new Heroes and Zeros section (see p.46).

GICS Industry Group Legend

- Automobiles & Components
- Banks
- Capital Goods
- Commercial & Professional Ser.
- Consumer Durables & Apparel
- Diversified Financials
- Energy
- Food Beverage & Tobacco
- Food & Staples Retailing
- Health Care Equip. & Services
- Household & Personal Products
- Insurance
- Materials
- Media
- Military
- Pharmaceuticals & Biotech
- Real Estate
- Retail
- Semiconductors & Equipment
- Software & Services
- Technology Hardware & Equip.
- Telecommunication Services
- Tobacco
- Transportation
- Utilities

Country Legend

- Australia
- Austria
- Belgium
- Brazil
- Canada
- Denmark
- Finland
- France
- Germany
- India
- Italy
- Japan
- Netherlands
- Norway
- Singapore
- South Africa
- South Korea
- Spain
- Sweden
- Switzerland
- United Kingdom
- USA

Metric Definitions

Energy Productivity: Revenue per gigajoule of energy consumption.

Carbon Productivity: Revenue per metric tonne of direct/indirect GHG emissions.

Water Productivity: Revenue per cubic metre of water withdrawal.

Waste Productivity: Revenue per metric tonne of produced waste.

Leadership Diversity: Percentage of women & visible minorities on board of directors.

Clean Capitalism Pay Link: At least one senior executive's compensation tied to clean capitalism-themed performance targets.

% Tax Paid: Percentage of reported tax obligation paid in cash.

CEO-Average Worker Pay: How much more CEO gets paid (expressed as a multiple) compared to average worker.

GLOBAL100 *World's Clean Capitalism Leaders*

RANK	COMPANY	GICS INDUSTRY GROUP	COUNTRY	OVERALL SCORE 2012	ENERGY PRODUCTIVITY	CARBON PRODUCTIVITY	WATER PRODUCTIVITY	WASTE PRODUCTIVITY	% TAX PAID	LEADERSHIP DIVERSITY	CLEAN CAPITALISM PAY LINK	CEO - AVERAGE WORKER PAY
01	Novo Nordisk A/S			74.37%	$4,851	$68,585	$5,294	$526,932	80.45%	18%	100%	15:1
02	Natura Cosmeticos SA			67.09%	$22,742	$284,661	$14,472	$266,557	73.90%	0%	100%	41:1
03	Statoil ASA			65.73%	$389	$6,508	$9,869	$416,500	100.00%	40%	50%	14:1
04	Novozymes A/S			64.81%	$444	$4,229	$302	$169,315	91.87%	19%	100%	N/A
05	ASML Holding NV			64.79%	$6,629	$70,094	$8,726	$4,922,735	80.54%	15%	0%	27:1
06	BG Group plc			63.24%	$268	$3,308	$13,971	$680,623	99.83%	7%	100%	87:1
07	Vivendi SA			59.53%	$10,446	$129,114	$44,393	$4,384,998	68.67%	33%	100%	95:1
08	Umicore SA/NV			58.44%	$1,708	$24,360	$2,803	$201,616	74.67%	20%	0%	30:1
09	Norsk Hydro ASA			58.29%	$129	$4,520	$233	$50,737	100.00%	33%	50%	14:1
10	Atlas Copco AB			54.19%	$6,490	$83,790	$18,549	$277,703	100.00%	36%	0%	38:1
11	Sims Metal Management Ltd.			53.99%	$2,173	$21,884	$5,574	$3,732	100.00%	0%	100%	62:1
12	Koninklijke Philips Electronics NV			53.35%	$2,372	$55,334	$8,004	$323,001	49.75%	11%	100%	47:1
13	Teliasonera AB			53.26%	$3,175	$67,706	$49,746	$408,519	61.30%	27%	0%	26:1
14	Westpac Banking Corp.			52.94%	$40,825	$152,948	$50,610	$6,353,123	3.16%	30%	100%	N/A
15	Life Technologies Corp.			51.90%	$4,805	$36,793	$5,531	$1,018,739	100.00%	8%	0%	N/A
16	Credit Agricole SA			51.55%	$72,791	N/A	$143,152	N/A	100.00%	24%	100%	21:1
17	Henkel AG & Co. KGaA			51.35%	$8,217	$27,795	$2,301	$136,330	79.19%	31%	0%	80:1
18	Intel Corp.			51.23%	$2,334	$20,577	$1,414	$528,060	91.33%	30%	0%	N/A
19	Neste Oil Oyj			51.12%	$545	$4,178	$1,878	$247,009	66.19%	38%	0%	13:1
20	Swisscom AG			50.91%	$4,893	$353,160	$19,842	$9,490,516	76.68%	11%	0%	14:1
21	Toyota Motor Corp.			49.79%	$9,472	$180,306	$7,719	$699,703	100.00%	6%	0%	N/A
22	Centrica plc			49.11%	$191	$3,236	$42	$1,176,844	86.65%	25%	100%	101:1
23	Koninklijke DSM NV			49.09%	$245	$2,311	$86	N/A	38.30%	8%	100%	21:1
24	Geberit AG			48.18%	$2,897	$23,570	$14,542	$168,127	100.00%	14%	0%	21:1
25	Roche Holding AG			47.75%	$3,148	$42,359	$12,676	$810,983	100.00%	15%	0%	75:1

RANK	COMPANY	GICS INDUSTRY GROUP	COUNTRY	OVERALL SCORE 2012	ENERGY PRODUCTIVITY	CARBON PRODUCTIVITY	WATER PRODUCTIVITY	WASTE PRODUCTIVITY	% TAX PAID	LEADERSHIP DIVERSITY	CLEAN CAPITALISM PAY LINK	CEO - AVERAGE WORKER PAY
26	**Schneider Electric SA**			47.45%	$6,085	$63,233	$9,757	$228,705	73.01%	23%	0%	60:1
27	**Sap AG**			47.25%	$5,811	$81,652	$20,898	$1,655,082	100.00%	7%	0%	45:1
28	**Hitachi Chemical Company Ltd.**			46.96%	$655	$14,238	$464	$87,398	100.00%	0%	0%	N/A
29	**Anglo American Platinum Ltd.**			46.87%	$261	$1,122	$186	$4	100.00%	25%	100%	104:1
30	**POSCO**			46.50%	$1,172	$16,436	$14,430	$52,748	95.09%	0%	0%	N/A
31	**Vestas Wind Systems A/S**			45.63%	$4,416	$162,502	$15,360	$103,640	100.00%	17%	50%	N/A
32	**Dassault Systemes SA**			43.78%	$11,872	$133,893	$73,583	N/A	56.03%	0%	0%	5:1
33	**BT Group plc**			43.31%	$3,679	$43,724	$17,580	$626,016	55.56%	17%	100%	140:1
34	**Tnt NV**			42.80%	$6,120	$12,597	N/A	$193,722	100.00%	32%	100%	64:1
35	**Mitsubishi Heavy Industries Ltd.**			42.65%	$3,309	$76,232	$3,293	$249,331	100.00%	0%	0%	N/A
36	**Scania AB**			42.43%	$4,881	$143,212	$22,033	$173,854	100.00%	7%	0%	57:1
37	**Acciona SA**			41.83%	$532	$7,824	N/A	$15,989	72.46%	23%	0%	N/A
38	**Adidas AG**			41.29%	$19,474	$202,048	$44,761	$3,316,959	100.00%	17%	0%	135:1
39	**Tomra Systems ASA**			40.29%	$549	$4,823	N/A	$184,624	100.00%	43%	0%	10:1
40	**Aeon Co. Ltd.**			40.03%	$6,171	$66,143	$6,935	$791,655	100.00%	0%	0%	N/A
41	**Siemens AG**			39.63%	$3,672	$25,026	$6,106	$207,229	100.00%	15%	0%	141:1
42	**AstraZeneca plc**			39.27%	$4,416	$30,805	N/A	$756,114	88.30%	27%	0%	N/A
43	**Kesko Oyj**			39.10%	$2,880	$92,763	$12,952	$613,706	100.00%	20%	0%	30:1
44	**Yamaha Motor Co. Ltd.**			39.00%	$4,900	$24,268	$9,932	$629,831	100.00%	7%	0%	N/A
45	**L'Oreal SA**			38.71%	N/A	$148,104	$8,758	$191,767	83.07%	21%	0%	61:1
46	**Logica plc**			38.67%	$3,403	$80,206	$16,067	$969,880	100.00%	25%	0%	38:1
47	**Suncor Energy Inc.**			38.31%	$132	$1,778	$246	$92,555	76.34%	15%	100%	N/A
48	**Repsol YPF SA**			37.76%	$239	$3,048	$615	N/A	97.85%	13%	0%	N/A
49	**Prudential**			36.34%	$283	$693,647	$112,580	$47,289,114	95.36%	18%	0%	113:1
50	**Renault SA**			36.27%	$2,649	$41,333	$4,836	$53,910	74.93%	11%	0%	27:1

GLOBAL100 World's Clean Capitalism Leaders

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51	Unilever plc			35.93%	$1,771	$22,606	$1,128	$65,233	70.69%	25%	0%	116:1
52	Komatsu Ltd.			35.80%	$2,884	$37,506	$2,923	$187,933	0.00%	0%	0%	N/A
53	Allianz SE			35.12%	$39,769	$338,331	$68,826	$4,941,992	95.39%	6%	0%	84:1
54	StoreBrand ASA			34.00%	N/A	$4,350,098	$93,756	N/A	24.35%	50%	0%	6:1
55	Iberdrola SA			33.74%	$43	$1,026	$9	$38,537	57.05%	15%	0%	60:1
56	Omv AG			33.45%	$231	$2,539	$525	$51,430	0.00%	10%	50%	81:1
57	Daiwa House Industry Co. Ltd.			33.08%	N/A	$47,308	N/A	$194,965	100.00%	0%	0%	N/A
58	Industria De Diseno Textil SA			33.07%	$5,150	$50,033	$42,044	$1,582,273	72.53%	22%	0%	N/A
59	Agilent Technologies Inc.			33.06%	$5,804	$43,309	$5,911	$1,491,098	59.90%	11%	0%	N/A
60	Danone SA			32.92%	$952	$42,537	$402	$80,958	55.61%	14%	0%	238:1
61	Banco Bradesco SA			32.91%	$33,154	$330,501	$33,526	N/A	76.98%	11%	0%	N/A
62	City Developments Ltd.			32.67%	$8,894	$67,089	$3,003	N/A	55.85%	0%	0%	5:1
63	Stockland Australia			32.48%	$1,120	$4,227	$447	$39,151	0.00%	25%	100%	N/A
64	Johnson Controls Inc.			32.47%	$2,149	$18,120	$7,602	$164,163	96.89%	10%	0%	264:1
65	Vodafone Group plc			32.46%	N/A	$31,010	N/A	$9,494,421	100.00%	13%	0%	63:1
66	Procter & Gamble Co.			31.61%	$1,149	$29,538	$1,020	$78,778	66.78%	45%	0%	N/A
67	H & M Hennes & Mauritz AB			31.04%	$2,689	$53,532	N/A	N/A	97.36%	58%	0%	27:1
68	Swiss Reinsurance Company			30.88%	$61,899	$584,992	$100,346	$8,281,856	100.00%	8%	0%	91:1
69	IBM Corp.			30.30%	$4,386	$37,373	$8,950	$1,256,732	41.19%	17%	0%	N/A
70	Kingfisher plc			30.28%	$3,719	$34,235	$10,701	$82,867	89.86%	22%	0%	215:1
71	Enbridge Inc.			30.02%	$670	$4,217	N/A	N/A	38.66%	17%	50%	N/A
72	Ricoh Co. Ltd.			29.43%	$6,712	$84,680	$5,609	$72,714	100.00%	0%	0%	N/A
73	Samsung Electronics Co. Ltd.			29.41%	$2,417	$13,453	$1,388	$160,734	49.87%	0%	0%	N/A
74	Glaxosmithkline plc			29.37%	$1,807	$21,832	$2,348	$117,703	100.00%	7%	0%	107:1
75	Stmicroelectronics NV			28.91%	$1,302	$7,372	$590	$251,674	31.18%	0%	0%	N/A

RANK	COMPANY	GICS INDUSTRY GROUP	COUNTRY	OVERALL SCORE 2012	ENERGY PRODUCTIVITY	CARBON PRODUCTIVITY	WATER PRODUCTIVITY	WASTE PRODUCTIVITY	% TAX PAID	LEADERSHIP DIVERSITY	CLEAN CAPITALISM PAY LINK	CEO - AVERAGE WORKER PAY
76	**Encana Corp.**			**28.87%**	$135	$1,518	N/A	N/A	100.00%	27%	50%	N/A
77	**Sysmex Corp.**			**28.79%**	$9,090	N/A	$4,950	$1,552,896	100.00%	0%	0%	N/A
78	**Electrocomponents plc**			**28.62%**	N/A	$76,551	$44,657	$594,588	82.51%	0%	0%	47:1
79	**Insurance Australia Group Ltd.**			**28.61%**	$24,064	$113,885	N/A	N/A	100.00%	25%	0%	51:1
80	**Nissan Motor Co. Ltd.**			**27.73%**	$3,098	$22,550	$3,876	N/A	77.58%	0%	0%	428:1
81	**Petrobras Petroleo Brasileiro**			**27.29%**	$210	$2,469	$805	N/A	59.84%	0%	0%	N/A
82	**Pennon Group plc**			**26.12%**	$1,674	$949	N/A	N/A	51.14%	13%	50%	30:1
83	**JCDecaux SA**			**25.56%**	N/A	N/A	N/A	N/A	100.00%	20%	0%	44:1
84	**Coloplast A/S**			**25.46%**	$3,353	$24,001	$7,624	$194,381	78.01%	18%	0%	64:1
85	**Ibiden Co. Ltd.**			**24.30%**	$535	$5,617	$273	$91,545	100.00%	0%	0%	N/A
86	**Baxter International Inc.**			**24.07%**	$1,447	$16,034	$961	$216,321	35.66%	17%	0%	N/A
87	**CapitaLand Ltd.**			**23.48%**	$1,053	$6,131	$367	N/A	59.58%	7%	0%	139:1
88	**London Stock Exchange Group plc**			**23.28%**	$6,820	$49,642	$11,458	$1,576,696	100.00%	17%	0%	47:1
89	**Nexen Inc.**			**21.57%**	N/A	$829	$1,518	$43,488	100.00%	8%	50%	N/A
90	**Prologis**			**21.48%**	$72,143	$88,657	N/A	N/A	0.00%	18%	0%	N/A
91	**Sun Life Financial Inc.**			**21.45%**	$6,410	$116,470	$4,698	$1,711	54.94%	17%	0%	61:1
92	**HSBC Holdings plc**			**21.24%**	$15,943	$100,964	$21,526	$1,555,758	100.00%	17%	0%	150:1
93	**Lawson Inc.**			**20.25%**	N/A	$7,098	N/A	$26,670	100.00%	0%	0%	N/A
94	**J Sainsbury plc**			**19.37%**	N/A	$38,120	N/A	$139,447	66.77%	18%	0%	263:1
95	**Royal Bank Of Canada**			**19.12%**	$13,282	$153,285	N/A	N/A	98.85%	21%	0%	162:1
96	**Intesa Sanpaolo S.p.A**			**18.24%**	$10,329	$238,576	$8,333	$7,609,441	0.00%	11%	0%	69:1
97	**Origin Energy Ltd.**			**16.19%**	N/A	N/A	N/A	N/A	18.04%	25%	50%	63:1
98	**Dairy Crest Group plc**			**15.86%**	N/A	N/A	N/A	N/A	65.36%	10%	0%	44:1
99	**Ramsay Health Care Ltd.**			**15.62%**	$3,613	N/A	N/A	N/A	98.05%	0%	50%	N/A
100	**Reliance Industries Ltd.**			**8.06%**	N/A	N/A	N/A	N/A	38.61%	25%	0%	N/A

Carbon Tax Crusader

One Albertan's effort at holding corporate Canada to account

PAUL BRENT

Almost by accident, Roger Gagne became an advocate for a carbon tax in Canada.

Several months ago the Alberta native began writing dozens of companies in his mutual funds to gauge their support for a national carbon tax. Gagne, who for a decade has worked in Calgary's largest homeless shelter, was spurred to act because of dissatisfaction with the low standards his "ethical" funds had for environmental stewardship. "It is like setting a speed limit of 350 miles per hour and then congratulating yourself that everyone meets that limit."

From the start, the 46-year-old has been surprised by the level of support in corporate Canada for a carbon tax – or some other structure to price carbon emissions. His initial flurry of eight letters to the largest companies in his ethical fund yielded three replies. Two of the companies were supportive of some sort of carbon pricing mechanism, while another stated it had no opinion on the subject.

One of those early responses came from the Royal Bank of Canada's director of corporate environmental affairs, who wrote that the country's largest bank had been following the issue for a decade. "We support a price on carbon," the bank said. "But we are publicly agnostic with regard to whether the best design is through a cap-and-trade system versus a carbon tax."

The bank's response motivated Gagne to push on with his letter-writing campaign. To date, he has snail-mailed and emailed a total of 185 companies, with 44 replies received so far. He estimates that one-third of respondents have given non-committal answers, saying only that they are monitoring the issue. The rest have been, to his surprise, supportive of carbon pricing.

Surprises came from the likes of oil sands company Cenovus Energy, whose head of corporate responsibility wrote back: "We support the need to establish a price on carbon. We believe that GHG regulations, and the cost of carbon at various price levels, can be adequately accounted for as part of business planning."

The vice-president of policy development with the Canadian Electricity Association signalled that it has switched from earlier opposition to carbon pricing, stating:

"I would agree that the lack of a predictable and national price on carbon, whatever the mechanism, complicates our ability to meet GHG reduction targets."

Finally, oil and gas company Nexen responded, saying: "We have long advocated for a national transparent carbon tax on all emissions with the proceeds to be used for energy efficiency R&D, renewable, research and energy saving infrastructure."

Gagne was further encouraged after learning of a larger, more formal effort to measure corporate support for carbon pricing done by green-economy think tank Sustainable Prosperity. The Ottawa-based group conducted a two-year study into business preferences for climate change policy instruments among 13 associations and 17 large companies. It found that corporate Canada "overwhelmingly supports a price on carbon" and has, in fact, been supportive since 2006.

"The bottom line is there was a high level of buy-in," said Alex Wood, senior director of policy and markets with Sustainable Prosperity. "They were basically split over preference for a tax versus a cap-and-trade system." Wood noted that a carbon tax represents the speediest option for putting a price on carbon. "It's quick to implement, and simple to implement," he said. "To the degree that governments usually have existing infrastructure for collecting taxes, it doesn't create new demands in terms of the public systems around it."

The enduring argument against a carbon tax – that a commodity-based economy such as Canada's would have a difficult time implementing such a pricing scheme – took a hit last year when Australia adopted its own national carbon tax. Scheduled to take effect in mid-2012, the Australian measure sets a price of A$23 a tonne for the Top 500 polluters. After 2015, the tax transitions into a cap-and-trade system for emissions permits. Although Australia pumps out only 1.5% of global CO_2 emissions, it has the highest emissions per capita because of its reliance on coal-generated electricity.

British Columbia implemented Canada's (and North America's) first carbon tax in the summer of 2008 when it began charging $10 per tonne of carbon dioxide-equivalent emissions. On a litre of gasoline, this worked out to an additional cost of 2.41 cents. The tax rate was increased gradually, rising to $25 per tonne of CO_2-equivalent emissions on July 2011. It will jump to $30 per tonne in 2012.

"Why should Canada not lead?" asks Gagne, countering suggestions that the country should wait to see what the U.S does. He's convinced that if Canada created a national carbon tax or cap-and-trade program, the United States would be more inclined to follow. The fact that a major coal producer and exporter like Australia took the leap only lends weight to that argument.

And as Gagne found, many Canadian businesses see it as inevitable and want certainty on the matter.

Illustration Daniel Hertzberg