

SUSTAINABILITY RATINGS

Corporations and climate

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Credit: Thitikorn Suksao / EyeEm / Getty

Parties to the 2015 Paris Agreement set a warming limit of 2 °C above preindustrial levels. Work by corporations and investors is vital, as government action is necessary but insufficient to meet the Paris goal. Sustainability ratings benchmark corporate performance on environmental issues such as climate change.

Saphira Rekker, of the University of Queensland, Australia, and colleagues analysed whether corporate environmental performance ratings capture corporate greenhouse gas reduction performance relative to the 2 °C Paris target. Authors discovered that climate ratings from different sustainability-rating agencies are mostly comparative, assessing companies relative to their peers. They also found that most ratings include greenhouse gas emissions but do not compare these to any of the science-based targets available at the time. Even the most promising, the Carbon Disclosure Project, is not at the stage where it provides ratings that capture performance against science-based targets. Until key metrics (such as associated carbon intensity) of operations are assessed against science-based targets, corporations and concerned stakeholders will face difficulties contextualizing their carbon-abatement efforts at a time when such understanding is increasingly demanded and important.

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