

Oilsands firms ranked among most sustainable

BY DEREK ABMA, POSTMEDIA NEWS JANUARY 25, 2012 9:36 AM



In the eighth annual edition of this report from Toronto-based Corporate Knights Magazine, a publication promoting “clean capitalism,” the top-ranked Canadian firm is Suncor Energy Inc., at No. 48. It is one of the world’s biggest producers of oilsands material.

Photograph by: Grant Black, Calgary Herald

Despite talk of Canada’s “dirty oil,” in a report ranking the world’s 100 most sustainable big companies, four of the six Canadian entries have some kind of connection to the oilsands.

In the eighth annual edition of this report from Toronto-based Corporate Knights Magazine, a publication promoting “clean capitalism,” the top-ranked Canadian firm is Suncor Energy Inc., at No. 48. It is one of the world’s biggest producers of oilsands material.

The next highest-ranked Canadian firm is Enbridge Inc., at No. 71, the company behind a controversial plan to build the Northern Gateway pipeline for sending oilsands product from near Edmonton to northwestern British Columbia so it can be shipped overseas.

At No. 76 is Encana Corp. It is currently focused on natural gas production but was an oilsands miner until 2009, when that part of its company was spun off to create Cenovus Energy Inc.

Nexen Inc., another oilsands producer, comes in at No. 89.

Canada’s other entries are both from the financial-services sector — Sun Life Financial Inc., at 91 and Royal Bank of Canada at 95.

Doug Morrow, Corporate Knights' vice-president of research, acknowledged that the Canadian firms on this list are unpopular with many people.

"I think it's difficult to find an example of a company or industry that is universally embraced by all segments of the population," he said. "(Our) model is data-driven. . . . We're not really measuring the extent to which industries are being protested worldwide."

Asked what he thought of Canadian energy companies' placements on this list, John Bennett, executive director of the Sierra Club of Canada, an environmentalist group, said: "It doesn't say a great deal about Canadian companies that the best we do is around 50th, and it's an oilsands company. Mostly what it says is that most Canadian companies are not really striving for environmental sustainability."

Companies do well on these rankings if they compare favourably with others within their industry. Corporate Knights makes sure that the sector makeup of this list generally reflects the global stock market. In other words, a certain proportion of the list is inevitably going to be made up of energy and financial firms because of their prominence on world markets.

Some of the things measured were how much carbon emissions and waste is produced by companies, as well as water and energy usage, in proportion to how much revenue they generate. Other, non-environmental factors also were considered, such as the proportion of board directors who are women and how much employee turnover there is.

In some cases, companies scored well for disclosing certain things, even if the results of which were not that impressive. Such was the case with Suncor with regard to water usage and waste creation.

"The fact remains that companies that are providing more data and more information tend to do better only because we have more information to work with," Morrow said. "You can see very clearly that Suncor's disclosure policies are above average for the (energy) sector."

However, on Suncor's actual results in these measures for water and waste, Morrow said: "Actually, Suncor's performance would be bottom-quartile for the sector."

But even the Sierra Club's Bennett congratulated Suncor for its transparency on such matters. "They are a little more open than most of the energy companies in Canada, which are in real defensive mode, and for good reason. . . . We should be criticizing the negative activities and encouraging the positive ones."

Enbridge scored well on greenhouse-gas emissions, Morrow said, earning about \$4,200 US in revenue for every tonne of carbon produced. That compared with about \$1,500 US for Suncor and Encana. He also said Enbridge took in \$670 US for every gigajoule of energy used, well head of Suncor and Encana at about \$135 US each.

Morrow acknowledged the methodology used can result in big polluters appearing sustainable if they make a lot of money in proportion to their impact.

“If we simply looked at a company’s absolute energy use or absolute emissions and decided that these things were inversely correlated to their scores . . . clearly, that would be inappropriate from a methodical point of view because this would simply reward companies with a small emissions footprint or small energy use or small water use, and that’s really not the intention of the model,” he said.

He said the overall point of these rankings is to inform investors of which major global corporations are most sustainable — environmentally and socially — because this is expected to become an increasingly important factor in how well stocks perform.

Reasons for this, he said, include regulatory trends that are increasingly environmentally focused, and also because sustainable operations are seen as a “proxy for management sophistication. . . . If companies, in a resource-scarce environment, are taking time to measure things like their water use or greenhouse gases . . . it stands to reason they’re probably doing other things well, too.”

The top firm on this list was Danish pharmaceutical firm Novo Nordisk, credited for selling insulin in poor countries at discount rates and promoting the principle that access to essential medicine is a human right.

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