



## **Context-Based Sustainability and Corporate CO2 Reduction Targets: Are Companies Moving Fast Enough?**

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**Abstract:** Corporate accounting and finance sustainability activities are often ad hoc; that is, the extent to which a company moves toward being more sustainable is based on organizational feasibility or economic acceptance rather than true sustainability criteria. This paper examines corporate climate and carbon policy through the lens of context-based sustainability (CBS). CBS argues that true sustainable efforts must consider the ecological capacity of the environment and the fair allocation of this capacity. Only by doing so will the result be an outcome of a livable and sustainable world. The paper combines aspects of physical science (atmospheric CO<sub>2</sub> carrying capacity) and philosophy (inter-generational equity and resource allocation) with corporate policy. When applied to climate change this implies examining corporate efforts relative to climate stabilization paths and further examining what a fair allocation of future emissions would be. We look at the documented carbon reductions for a sample of large US corporations including EPA Climate Leadership Award Winners in 2012 and a larger sample of companies from the same industries and compare their carbon reductions to several allocations of the global carbon budget required to limit climate change to just 1°C or 2°C. We find that the emissions path of these US corporations only satisfies the most generous, business-as-usual allocation of carbon emissions.

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