

# General Electric (GE)



## Background on GE

GE is an American multinational conglomerate. It was founded in 1889 and is headquartered in Boston. It offers products and services within the Power, Water, Oil, Gas, Aviation, Healthcare, Transportation, and Capital markets. It employed 305,000 people and reported revenues of US\$117 billion in 2015. It is a publicly traded company listed on the New York Stock Exchange.

## How did GE come to start thinking about context?

In 2010, GE set a goal to reduce its GHG emissions by 25% by 2015 using a 2004 baseline<sup>1</sup>. Two years later the GE Citizenship Advisory Panel published its [2012 Sustainable Growth Report](#) which recommended that GE should “continue to set and update global goals that are truly stretching” and “find ways of measuring themselves routinely against a benchmark of “what is needed” to deliver sustainable prosperity for all<sup>2</sup>.”

In late 2013, the non-profit Climate Counts released its Science-Based Carbon Study which sought to analyse the GHG emissions goals of over 100 companies against a science-based approach<sup>3</sup>. GE was ranked 6th in the study, indicating that GE’s GHG emissions goal was in line with a science-based approach that would support limiting global temperature rises to less than 2°C above pre-industrial temperatures. At the same time, GE’s previously set GHG emissions goal was about to expire, and as it began to think about how to set its next generation of goals, it was left asking itself: “How do we know what’s good enough?”<sup>4</sup>.

<sup>1</sup> GE (2009). Citizenship Report 2009. Accessed at: [http://files.gecompany.com/gecom/citizenship/pdfs/ge\\_2009\\_citizenship\\_report.pdf](http://files.gecompany.com/gecom/citizenship/pdfs/ge_2009_citizenship_report.pdf)

<sup>2</sup> GE (2012). 2012 Sustainable Growth. Accessed at: [http://dsg.files.app.content.prod.s3.amazonaws.com/gesustainability/wp-content/uploads/2014/05/GE\\_2012\\_Sustainable\\_Growth.pdf](http://dsg.files.app.content.prod.s3.amazonaws.com/gesustainability/wp-content/uploads/2014/05/GE_2012_Sustainable_Growth.pdf)

<sup>3</sup> Climate Counts (2013). Science-Based Carbon Study Report. Accessed at: [http://www.sustainableorganizations.org/Climate\\_Counts\\_2013\\_CarbonStudy.pdf](http://www.sustainableorganizations.org/Climate_Counts_2013_CarbonStudy.pdf)

<sup>4</sup> Sustainable Brands (2013). #SustyGoals 3: GE’s Gretchen Hancock on Context-Based Goal-Setting (Part 1). Accessed at: [http://www.sustainablebrands.com/news\\_and\\_views/new\\_metrics/bill-baue/sustygoals-3-ges-gretchen-hancock-context-based-goal-setting-pa](http://www.sustainablebrands.com/news_and_views/new_metrics/bill-baue/sustygoals-3-ges-gretchen-hancock-context-based-goal-setting-pa)

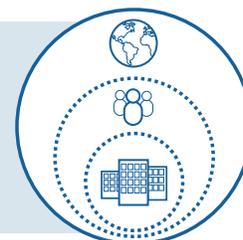
## What does context look like at GE?

### 1 ACKNOWLEDGE the need to operate within global, regional, and/or local socio-ecological thresholds.

GHG EMISSIONS



WATER



GHG emissions: GE acknowledges that “the scientific consensus is that fossil fuels used to generate electricity and power transportation emit amounts of carbon dioxide that are changing our climate<sup>5</sup>.” GE has committed to support the climate goals agreed during [COP21](#) and acknowledges that any approach it takes should have “fairness to consumers, environmental integrity, cost-effectiveness, sound science and technology neutrality” as its guiding principles. GE has yet to commit to operating within the limits of this threshold<sup>5</sup>. GE commits to work with its value chain through its EcoAward program but has yet to commit to support it in its adherence to the limits of this threshold(s)<sup>6</sup>.

Water: GE states that water is a critical global resource and that it is “essential for all elements of life—from health, to manufacturing, to food and energy production<sup>7</sup>.” GE discusses this ecological issue in general terms and has yet to begin to articulate the threshold(s) it associates with this issue or make a commitment to operate within the limits of the threshold(s). GE commits to work with its value chain through its EcoAward program but has yet to commit to support it in its adherence to the limits of this threshold(s)<sup>6</sup>.

Other thresholds: GE acknowledges the importance of other socio-ecological issues including air quality and health and safety but does not yet discuss them with reference to thresholds.

### 2 Transparently understand and PRIORITISE a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.

GHG EMISSIONS



WATER



GE appears to use what we call a ‘classic’ materiality approach whereby it aims to “select priority issues where both the need as expressed by critical stakeholders and GE’s unique potential for impact are greatest<sup>8</sup>.” This approach remains focused on what GE perceives as most relevant, rather than the environmental or social thresholds GE has the greatest impact on.

<sup>5</sup> GE (n.d.) GE Climate Policy. Accessed at: <http://www.gesustainability.com/building-things-that-matter/energy-and-climate/climate-policy/>

<sup>6</sup> GE (n.d.) GE Sustainability – Supplier Resource Efficiency. Accessed at: <http://www.gesustainability.com/building-things-that-matter/supplier-chain/supplier-resource-efficiency/>

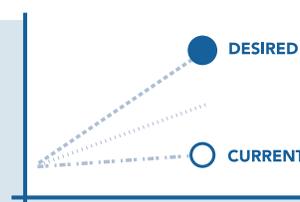
<sup>7</sup> GE (n.d.) GE Building things that matter – Water. Accessed at: <http://www.gesustainability.com/building-things-that-matter/water/>

<sup>8</sup> GE (n.d.) GE Sustainability – Sustainability Priorities. Accessed at: <http://www.gesustainability.com/how-ge-works/sustainability-priorities/>

GHG emissions: As a company, GE is heavily reliant on energy and is working to better understand these impacts, from both its own business activities and those of its value chain, in order to find ways to reduce these impacts. However, GE does not explicitly outline how this is being done<sup>9</sup>.

Water: GE undertakes water modeling for all its operational locations in water scarce and stressed areas on a periodic basis as it acknowledges that water scarcity and stress affects its operations differently depending on the location of the site<sup>7</sup>. It uses the outputs of this modelling to prioritise water reduction projects across these sites<sup>7</sup>. GE has yet to clearly outline what impacts it has on this threshold and why it is prioritising it<sup>7</sup>.

### 3 SET STRATEGY AND GOALS by transparently articulating the current performance gap and what portion of this gap the business will address.



GHG EMISSIONS



WATER



GHG emissions: **GE has committed to a 20% absolute GHG emissions reduction by 2020 using a 2011 baseline.** To develop its contextual goal, GE used [The 3% Solution](#) methodology<sup>10</sup>. The 3% Solution is a science-based methodology that was created by the World Wildlife Fund and CDP in 2013. In its simplest form, it asks organisations to choose from a list of 11 sectors and allocate, as a percentage, their GHG emissions across the selected sectors. It then asks the organisation to select a baseline year and the emissions within that year. The final prompt asks for an estimate of the expected change in the organisation's market share from the baseline year compared to 2020. While GE has used this methodology to underpin its contextual goal, it has yet to transparently outline the assumptions and rationale it used along with The 3% Solution tool to generate its goal. GE has also yet to set a goal that would support it in monitoring how it is influencing the activities of its value chain in adhering to the limits of this threshold.

Water and other thresholds: GE has committed to reducing its freshwater usage by 20% by 2020 using a 2011 baseline. While GE has highlighted that it is modelling the water usage of its business activities in water stressed or scarce areas, it has yet to transparently describe how it aims to determine the gap between its current performance and the performance needed at these sites to ensure it adheres to the limits of this threshold.

Other thresholds: GE has not yet set contextual goals in relation to any other thresholds.

<sup>9</sup> GE (n.d.) GE Sustainability – Energy and Climate. Accessed at: <http://www.gesustainability.com/building-things-that-matter/energy-and-climate/>

<sup>10</sup> GE (n.d.) Energy and Climate – Ecomagination GHG Goal. Accessed at: <http://www.gesustainability.com/building-things-that-matter/energy-and-climate/ecomagination-ghg-goal/>

## 4 Transparently TRACK performance against realistic trajectory targets.

GHG EMISSIONS



WATER



GHG emissions: GE has a history of reporting its performance against this threshold. GE has used the accomplishment of its 2015 goal as an interim progress target against its new 2020 contextual goal<sup>11</sup>. However, GE has yet to outline any future interim targets or outline if it intends to set realistic annual trajectory targets that could be used to monitor its progress towards achieving its 2020 goal. GE does have a series of metrics relating to its value chain; however, it has not yet developed a metric or a target that can be used to monitor the effectiveness of its influence in supporting its value chain's adherence to the limits of this threshold<sup>12</sup>.

Water: GE has a history of reporting its performance against this threshold<sup>11</sup>. However, it has yet to use this to set realistic trajectory targets that could be used to monitor its progress towards achieving its goal. GE has not outlined if it intends to develop metrics or targets to monitor the effectiveness of its influence in its support of its value chain's adherence to the limits of this threshold.

Other thresholds: GE reports its performance against other socio-ecological issues including air quality and health and safety but does not yet report its progress in relation to their associated thresholds.

### What is the road ahead for context at GE?

While GE has made significant progress in reducing its own GHG emissions, it recognises that extending its GHG emissions reduction efforts to its value chain could magnify the reductions seven-fold. As a result, it is exploring how it can enable contextual action and behaviours within its value chain<sup>13</sup>. GE has also committed to continue to track the evolving climate science that underpins its GHG emissions<sup>13</sup>.

<sup>11</sup> GE (2016). 2015 Annual Report. Accessed at: [http://www.ge.com/ar2015/assets/pdf/GE\\_AR15\\_Integrated\\_Summary\\_Report.pdf](http://www.ge.com/ar2015/assets/pdf/GE_AR15_Integrated_Summary_Report.pdf)

<sup>12</sup> GE (n.d.) Sustainability – Building Things That Matter Goals and Metrics. Accessed at: <http://www.gesustainability.com/performance-data/building-things-that-matter-goals-metrics/>

<sup>13</sup> Sustainable Brands (2013). #SustyGoals 3: GE's Gretchen Hancock on Context-Based Goal-Setting (Part 2). Accessed at: [http://www.sustainablebrands.com/news\\_and\\_views/new\\_metrics/bill-baue/sustygoals-3-ges-gretchen-hancock-context-based-goal-setting--0](http://www.sustainablebrands.com/news_and_views/new_metrics/bill-baue/sustygoals-3-ges-gretchen-hancock-context-based-goal-setting--0)