

The Cabot Creamery Cooperative Inc. (Cabot)



Background on Cabot

Cabot is an American agricultural cooperative that is owned by a group of local dairy farmers in New England. It was set up by local dairy farmers in 1919 and was acquired by the [Agri-Mark Cooperative](#) in 1992, and is headquartered in Waitsfield, Vermont. The cooperative is currently made up of an estimated 1,200 farms throughout upstate New York and New England and directly employs over 1,000 people at its four facilities located across three states.

How did Cabot come to start thinking about context?

In early 2008, Cabot appointed Jed Davis, an employee of 18 years, to the position of Director of Sustainability¹. Around the time of Davis' appointment the cooperative's customers and stakeholders were beginning to ask what Cabot was doing to be sustainable in its operations². Davis recalls that Cabot's default answer to this question in the beginning was simply "We're a cooperative²." The more Cabot used this response, the more it realised that it was leaning on the fact that its business model was built around cooperation between its members and that sustainability was merely being implied through its cooperative business model². The questions from Cabot's customers and stakeholders began to evolve into "What then does your sustainability program look like?" and it was then that Cabot realised that its previous default response was not enough to answer these new questions².

Davis began to explore how Cabot could refresh its sustainability program with the aim of answering the central question of how to determine if its impacts on resources were truly sustainable relative to the availability of the resources³. In researching other sustainability

¹ Sustainability Leaders Network (2009). Fellows Network: Jed Davies. Accessed at: <http://www.sustainabilityleadersnetwork.org/fellows/jed-davis/>

² CSWire (2012). Practicing Deep Sustainability: Cabot Creamery & Context-based Sustainability Metrics. Accessed at: <http://www.cswire.com/blog/posts/522-practicing-deep-sustainability-cabot-creamery-context-based-sustainability-metrics>

³ DeSantis Breindel (2012). Thinking about Sustainability, Within Context. Accessed at: <http://www.desantisbreindel.com/insights/thinking-about-sustainability-within-context/>

metrics from other sectors, Davis felt that while many metrics had a strong focus on measuring the sustainable performance of a business, most did not adequately consider the external status of the resources that were being measured⁴. Cabot felt that the only way to truly answer the question of sustainable use of resources would be to compare its use of a resource in relation to the resource's availability where the creamery is located – or within its context³. In 2012, Cabot turned to sustainability consultant Mark McElroy who was beginning to trial an alternative approach to implementing the core meaning of sustainability in business operations, which he called [context-based sustainability](#)². McElroy defined the approach as one that “explicitly takes local context into account when attempting to measure, manage or report the sustainability performance of an organisation².” By using a context-based sustainability approach, Cabot felt that it would be able to get a more accurate view of its ecological footprint and that this approach would also support its motto of “living within our means and ensuring the means to live⁴.” Later in 2012, Cabot was certified as a [B Corporation](#)⁵.

What does context look like at Cabot?

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

GHG EMISSIONS



WATER



Cabot acknowledges that its operations have an impact on the thresholds of [vital capitals](#) and that it has a responsibility to measure the impacts on these thresholds⁶. Cabot values the [multiple bottom lines](#), healthy natural resource thresholds, human well-being, and the community around its operations⁶. Cabot has only committed to “encouraging” its value chain to think in terms of context⁴.

GHG emissions: Like the Water threshold, Cabot “informally” acknowledges the importance of GHG emissions but has yet to translate this into a transparent and formally endorsed statement acknowledging the importance of this threshold and its commitment to operate within its limits as well to work with its value chain to support their efforts to operate within the limits.

Water: Cabot refers to the importance of water use within its operations and clearly acknowledges the importance of measuring its use of water in the context of the availability of water resources in the areas in which it operates. However, Cabot has not translated this into a

⁴ The Cabot Creamery Cooperative (n.d.). Context-based Sustainability.

Accessed at: <https://www.cabotcheese.coop/context-based-sustainability>

⁵ Sustainable Brands (2012). Cabot Creamery Earns B Corporation Certification.

Accessed at: http://www.sustainablebrands.com/news_and_views/articles/cabot-earns-b-corporation-certification

⁶ The Cabot Creamery Cooperative (n.d.). Sustainability. Accessed at: <https://www.cabotcheese.coop/sustainability>

transparent and formally endorsed statement acknowledging the importance of this threshold and its commitment to operate within its limits as well to work with its value chain to support their efforts to operate within the limits.

Other thresholds: Cabot also acknowledges solid waste reduction and energy use 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



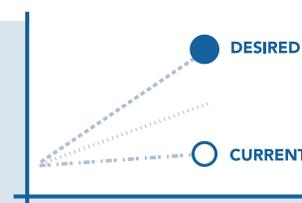
All thresholds: Cabot has committed to prioritise and address the socio-ecological issues resulting from the impacts from its cow-to-creamery-to-customer business operations⁶. Using the context-based sustainability approach allows Cabot to monitor and prioritise its sustainability focus areas based not only on its performance but also by comparing this performance to the impact it has on socio-ecological thresholds⁴. Cabot has not transparently explained in detail how it prioritised between the thresholds on which it impacts or how these are relevant to its operations. Additionally, it has not outlined how it is deepening its understanding of the impacts on thresholds that result from the operations of its value chain or how it will begin to influence the reduction of these impacts.

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: Cabot has not clearly or transparently disclosed its contextual goal for this threshold but it has informally explained how it approached the development of its GHG emissions metric. Additionally, it has yet to confirm if its value chain's GHG emissions have been included within its contextual approach.

To develop its GHG emissions metric, Cabot used a similar approach for its "fair share" determination of water use by including its contribution to the gross domestic product (GDP) within its metric. Cabot used the climate change stabilisation scenario [WRE350](#), which prescribes a long-term trajectory for GHG emissions reductions to safer concentrations (i.e. to

350 ppm), as the basis for its metric⁷. To determine its “fair share”, Cabot calculated its actual GHG emissions as a function of its dollar contribution to GDP using a baseline year of 2005⁸. It then compared its actual emissions, adjusted for inflation and real growth in GDP, to the emission reductions that would be required for it to proportionately contribute to the trajectory set out in the WRE350 scenario⁸.

Water: Cabot has not clearly or transparently disclosed its contextual goal for this threshold but it has informally explained how it approached the development of its water use metric. Additionally, it has yet to confirm if its value chain’s water use has been included within its contextual approach.

Cabot wanted to ensure that the metric that it used to measure water use would reflect the contributions that it made to the wider public well-being⁹. The cooperative decided that the best way to do this was to incorporate its contribution to the gross domestic product (GDP) into its metric⁷. However, Cabot first had to ensure that the communities’ water needs were being met prior to allocating any water to its operations⁷. Cabot used a five-step calculation to determine its allocation. Firstly, it identified the renewable supply of water by using the precipitation volumes within the watershed where the creamery was located⁷. Secondly, Cabot subtracted a percentage of annual precipitation to account for [evapotranspiration](#) within the watershed⁷. Thirdly, it allocated half of the remaining amount of renewable water to ecological or non-human needs. The fourth step involved allocating an amount of water to meet all household needs within the watershed⁷. The fifth and last step involved allocating the remaining renewable water supplies to local organisations, proportionate to contributions to GDP within the watershed – Cabot’s “fair share”⁷. This process would allow Cabot to understand its overall impacts on the renewable water resources within the watershed. Within its context-based metric, Cabot used the calculated “fair share” allocation as the Denominator and its actual water use as the Numerator within its metric. Once applied, a result that was less than 1 indicated a sustainable level of water use while a result greater than 1 indicated an unsustainable level of water use¹⁰.

⁷ Sustainable Brands (2012). Groundbreaking Cabot Study Reveals Shortcomings of Conventional Sustainability Metrics. Accessed at: http://www.sustainablebrands.com/news_and_views/new-metrics/groundbreaking-study-reveals-shortcomings-conventional-sustainability

⁸ The Cabot Creamery Cooperative (2009). Presentation: Strengthening Your Brand With Context-Based Sustainability. Accessed at: <https://www.cabotcheese.coop/filebin/pdf/StrengtheningYourBrandSustainableBrandsConferenceJune2009.pdf>

⁹ Sustainable Brands (2012). How Leadership at Cabot Creamery Makes All The Difference. Accessed at: http://www.sustainablebrands.com/news_and_views/jan2012/how-leadership-cabot-creamery-makes-all-difference-0

¹⁰ The Cabot Creamery Cooperative (2011). Presentation: Key Issues In Sustainability: Metrics and Indicators. Accessed at: <https://www.cabotcheese.coop/filebin/pdf/MetricsAndIndicatorsSustainabilityLeadershipForumMarch2011.pdf>

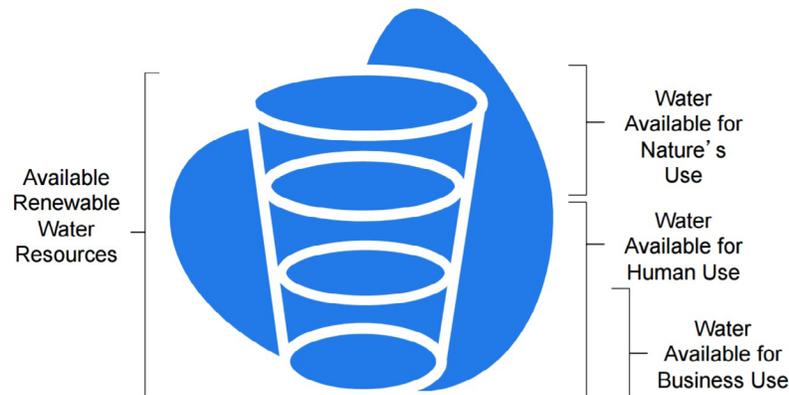


Figure 1: Illustrative example of how Cabot calculated its "fair share" of water resources⁸.

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

4 Transparently TRACK performance against realistic trajectory targets.

GHG EMISSIONS



WATER



All thresholds: Cabot does not transparently report on its sustainability performance on a regular basis; therefore, the progress it has made after implementing a context-based sustainability approach cannot be easily evaluated. Additionally, it has yet to confirm if it is considering setting a realistic set of trajectory targets to measure its performance or if it will be developing additional metrics that could be used to evaluate its influence over its value chain in their adherence to socio-ecological threshold limits.

What is the road ahead for context at Cabot?

Cabot has long been used as a pioneering example for the use of a context-based sustainability approach within business; however, it does not actively and transparently report on its sustainability performance. There is little doubt that Cabot is considering its impacts on socio-ecological thresholds through its sustainability programs but most of this information comes from resources external to the cooperative.