



Most Sustainable Corporations in the World

**GLOBAL100**

The 2020 Global 100:  
Overview of Corporate Knights Rating  
Methodology

**Corporate Knights**

WWW.GLOBAL100.ORG

# Global 100 fast facts

## Overview

- **Annual ranking** of corporate sustainability performance.
- **Released each January** during the World Economic Forum in Davos; published in leading media.

## Eligibility

- **Size:** publicly-listed companies with gross revenue of a minimum of \$PPP-currency \$1B (FY2018).
- *Corporate Knights Industry Group (CKIG) and geography:* All industries and geographies are automatically considered before screening out companies from certain industries or with identified egregious practices.

## Approach

- Ranking is based on **publicly-disclosed data** (e.g., financial filings, sustainability reports). All required datapoints are pre-populated. Submissions from companies are **not** required.
- Companies on the Global 100 Universe **are contacted for data verification** prior to project completion.
- Methodology is based on up to **21 key performance indicators** (KPIs) covering resource management, employee management, financial management, clean revenue and supplier performance.

## Contact info and to learn more

- Email [global100@corporateknights.com](mailto:global100@corporateknights.com) if you would like to confirm the correct contacts for your organization.
- [Sign up for email updates](#) on future rankings and research from Corporate Knights and the Global 100.
- Visit [www.global100.org](http://www.global100.org) for more details.

# Ranking is conducted by Corporate Knights, a specialized media and investment research firm

Corporate Knights is a Toronto-based, employee-owned B Corp that operates in three segments:

- **Corporate Knights Magazine**

- World's largest circulating magazine focused on sustainability and responsible business.
- Reaches 443,250 of the world's most influential business and political decision-makers.

- **CK Research**

- CK Research offers a range of corporate sustainability ratings, investment product ratings and tools.
- CK Research powers several external research projects (e.g. Carbon Clean 200, Sustainable Stock Exchange Ranking, Global Green Financial Index).

- **Council for Clean Capitalism**

- CEO-supported group catalyzing smart and efficient public policy.
- Engages with leading public policy-makers.

# Philosophical perspective of the Global 100

- **Relevance:** The ranking is meant to be representative of business sustainability in the current socio-economic context.
- **Transparency:** The precise methodology of the ranking and the results of the process are fully disclosed.
- **Objectivity:** Eligible companies will only be assessed using quantitative data and performance indicators.
- **Public data:** Only data-points that are part of the public domain are used.
- **Comparability:** Companies are compared against their *Corporate Knights (CK) Industry Group*\* peers based on performance indicators for which the underlying data are reasonably well disclosed by their CK Industry Group globally.
- **Engagement:** Companies eligible for the ranking are informed prior to the ranking, so as to have an opportunity to ensure the necessary data is made available publicly.
- **Stakeholders:** Stakeholder feedback is actively solicited throughout the project. A Panel of Experts, consisting of several sustainability practitioners, review and comment on all aspects of the methodology.

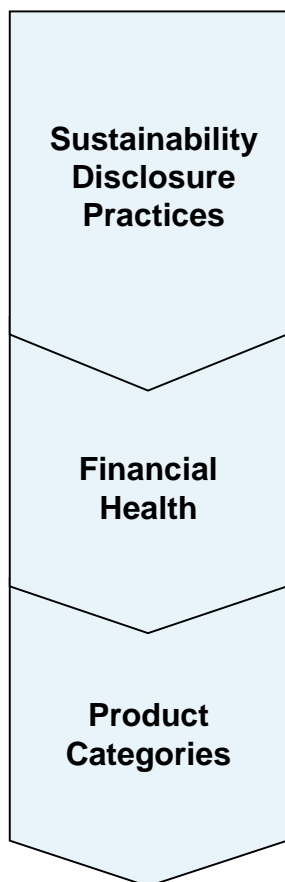
*\*There are 97 CK Industry Groups.*

# Overview of Global 100 ranking process

	Description	Details
Starting Universe	<ul style="list-style-type: none"> <li>Publicly-listed companies.</li> </ul>	<ul style="list-style-type: none"> <li>All companies that had a gross revenue in excess of \$PPP-currency \$1 billion during the 2018 fiscal year.</li> </ul>
Screens	<ul style="list-style-type: none"> <li>Companies screened for :                             <ul style="list-style-type: none"> <li>Sustainability disclosure practices</li> <li>Financial health</li> <li>Product categories and behaviour</li> <li>Financial sanctions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Screening criteria outlined in the next slide.</li> </ul>
Screen Overrides	<ul style="list-style-type: none"> <li>Companies who fail the above screens may be included in the 2020 Global 100 Universe through the screen overrides.</li> </ul>	<ul style="list-style-type: none"> <li>Prior two-year Global 100 companies</li> <li>Companies with more than 25% Clean Revenue</li> <li>Top 100 companies by revenue in BRIC and developing countries</li> </ul>
Selection	<ul style="list-style-type: none"> <li>Companies in the 2020 Global 100 Universe are scored on the 21 KPIs.</li> </ul>	<ul style="list-style-type: none"> <li>Selection criteria outlined in the Rating Methodology section and detailed in Appendix III.</li> <li>Companies only scored on the 'priority KPIs' for their respective CK Industry Group, and all the Universal KPIs.</li> </ul>
The Global 100	<ul style="list-style-type: none"> <li>The 2020 Global 100 is populated.</li> <li>Consists of the top performing companies within each industry group**.</li> </ul>	<ul style="list-style-type: none"> <li>Each GICS* Sector is assigned a fixed number of slots in the final Global 100 list (based on each sector's contribution to the total market capitalization of the Global 100's financial benchmark, the MSCI ACWI).</li> </ul> <p><small>*GICS classification is used due to the fact that MSCI, the maker of the MSCI ACWI Index co-developed and uses GICS</small></p>

\*\*Energy and Utilities GICS Sector slots are combined to give precedence to the companies contributing to energy transition.

# Screening criteria



## Description

- Companies that did not disclose at least 75% of the 'non-universal priority KPIs' by weight in their respective CK Industry Group are eliminated.
- Companies with an F score below 5 are eliminated.
- Companies involved in certain products or services and behaviours counterproductive to sustainable development.

## Details

- A 'priority KPI' is any of the 21 KPIs whose weight is greater than zero (0%) in a given CK Industry Group (see slides 7- 11) AND is not among the eight Universal KPIs below:
  - The 8 Universal KPIs applicable for all CK Industry Groups are: Percentage Tax Paid, Pension Fund Status, Supplier Sustainability, Women in Executive Management, Women on Boards, Sustainability Pay Link, Score, Sanctions Deductions and Clean Revenue.
- The F-Score (the Piotroski F-score) is a measure of the financial strength of a company.
- The F-score is the sum of the scores for each of nine tests. See Appendix I for details.
- Examples include weapons, tobacco, companies that lobby to block climate change policy.
- See Appendix V for a full list of exclusionary screens.

# Rating methodology

## 2020 Global 100 Ranking

# Resource management KPIs

KPI	Methodology
<b>Energy Productivity</b>	Revenue (converted to USD using <b>PPP exchange rate</b> ) / (Energy use – <b>renewable energy generated by the company or certified RECs</b> )
<b>GHG Productivity</b>	Revenue (converted to USD using <b>PPP exchange rate</b> ) / GHG emissions: scope 1 & 2
<b>Water Productivity</b>	Revenue (converted to USD using <b>PPP exchange rate</b> ) / Water use
<b>Waste Productivity</b>	Revenue (converted to USD using <b>PPP exchange rate</b> ) / Non-recycled or reused waste generated
<b>VOC Productivity</b>	Revenue (converted to USD using PPP exchange rate) / VOC emissions
<b>NOx Productivity</b>	Revenue (converted to USD using PPP exchange rate) / NOx emissions
<b>SOx Productivity</b>	Revenue (converted to USD using PPP exchange rate) / SOx emissions
<b>Particulate Matter Productivity</b>	Revenue (converted to USD using PPP exchange rate) / Particulate matter emissions

**Companies will only be scored on the KPIs that are deemed “priority KPIs” for their respective CK Industry Group + the eight universal KPIs**



# Financial management KPIs

KPI	Methodology
<b>Innovation Capacity</b>	R&D expenses / revenue – three year trailing
<b>Percentage Tax Paid</b>	Cash tax amount paid / EBITDA – five year trailing (2014-2018)
<b>CEO-Average Employee Pay</b>	CEO compensation or highest paid Exec / average employee compensation
<b>Pension Fund Status</b>	75%*(total DB and DC employer contributions/ FTE employees percentile-ranked against peers) + 25%*(fair value of DB plan assets/FTE employees percentile-ranked against peers - (1-(fair value of DB plan assets/liability percentile-ranked against peers) ). Note: DC contributions include 401(k), RRSPs and equivalents
<b>Supplier Sustainability Score</b>	The weighted CK Sustainability Score of a company's largest publicly listed supplier

**Companies will only be scored on the KPIs that are deemed “priority KPIs” for their respective CK Industry Group + the eight universal KPIs**

# Employee management KPIs

KPI	Methodology
Injuries	Lost time incidents rate
Fatalities	Fatalities/ total number of full-time equivalent employees
Employee Turnover	Number of departures / average total employees
Women in Executive Management	Women representation in executive management team (percentile-ranked against all companies in the universe)
Women on Boards	Women representation on board of directors (percentile ranked against all companies in the universe)
Sustainability Pay Link	Mechanisms that link senior executive pay to sustainability targets


**Companies will only be scored on the KPIs that are deemed “priority KPIs” for their respective CK Industry Group + the eight universal KPIs**

# Deduction due to sanctions

KPI	Methodology
<b>Sanction Deductions</b> (January 1, 2016 to October 1, 2019 )	Total fines penalties and settlements / revenue

**Companies will only be scored on the KPIs that are deemed “priority KPIs” for their respective CK Industry Group + the eight universal KPIs**

# Additional KPIs

KPI	Methodology
<b>Clean Revenue</b> <p><i>* This is a multi-year project by Corporate Knights to develop and make publicly-available an open-source definition of clean revenue categories for all sub-sectors; we welcome comments and suggestions in evolving and refining this clean revenue definition.</i></p>	<p>Percentage of your total revenue derived from products and services that are categorized as “clean” according to the Corporate Knights open-source clean revenue taxonomy, which is informed by synthesis of the below sources and best practices:</p> <ul style="list-style-type: none"> <li>- Climate Bonds Taxonomy (Climate Bonds Initiative)</li> <li>- EU Sustainable Taxonomy (High-Level Expert Group in Sustainable Finance)</li> <li>- Sustainability Account Standards Board (SASB) reporting standards</li> <li>- Environmental Goods and Services Sector (Eurostat)</li> <li>- China Green Bond Endorsed Project Catalogue</li> <li>- Green Bond Principles</li> <li>- TCFD recommended climate opportunity metrics</li> <li>- Other private sector rating agencies with green or sustainability taxonomy</li> <li>- Industry experts consultation covering all relevant CKIG subsectors with solicited feedback on industry definition of clean from leading industry experts and government agencies</li> </ul> <p>Please <b><u>click</u></b> on the <b><u>link below</u></b> to view the full list of products and services that are categorized as clean</p> <p style="text-align: center;"></p> <p style="text-align: center;"><a href="https://docs.google.com/spreadsheets/d/1Yit1pphFcx-axawF_Y9G8ZBSJe9A-xft2CSWNuBxAkw/edit?usp=sharing">https://docs.google.com/spreadsheets/d/1Yit1pphFcx-axawF_Y9G8ZBSJe9A-xft2CSWNuBxAkw/edit?usp=sharing</a></p>

**This is a Universal KPI: all companies will only be scored on this KPI irrespective of CK Industry Group**

# The Eight Universal KPIs

**All** companies, irrespective of **CK Industry Group** will still be assessed on all eight universal KPIs:

- Percentage Tax Paid,
- Pension Fund Status,
- Supplier Sustainability Score (except financial services organizations)
- Women in Executive Management,
- Women on Boards,
- Sustainability Pay Link
- Sanctions Deductions
- Clean Revenue

# Priority KPIs and weighting scheme for each CK Industry Group under the updated methodology

# Impact-weighted KPIs

**Philosophy:** Each CK Industry Group accounts for a unique share of global impact for each individual KPI. The bigger the CK Industry Group's impact for a given performance metric is in relation to others in the CK Industry Group, the higher the weight of that KPI. Of the 21 indicators, 17 are weighted according to their relative impact, and five are assigned pre-determined fixed weights: Clean Revenue (50%), Sustainability Pay Link (5%), Supplier Sustainability Score (2.5%), Women in Executive Management (5%) and Women Board Members (5%).

## Impact calculation example - Energy use by the Wholesale Power CK Industry Group as an example:

The average Energy Productivity over the past three years for all companies in the coverage universe is calculated as well as the average energy productivity for each CK Industry Group. The weight assigned to the Energy Productivity indicator for a given industry is a function of the industry average Energy Productivity / entire coverage universe Energy Productivity.

## Weighing KPIs according to impact – Wholesale Power CK Industry Group as an example:

Wholesale Power has 21 applicable KPIs. Of these, Clean revenue, Women on Boards, Women in Executive Management, Supplier Sustainability Score and Sustainability Pay Link have fixed weights (50%, 5%, 5%, 2.5% and 5% respectively). The remaining 16 KPIs, representing the remaining 32.5% of the weights are weighted in accordance to the relative magnitudes of their impacts: for instance, Wholesale Power' impact on water is 31.9 times the global average.

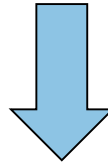
	Energy	GHG	Water	Waste	VOC	NOx	SO <sub>2</sub>	PM	Innovation Capacity	Percentage Tax Paid	CEO – Avg Employee Pay	Pension Fund Status	Supplier Sustain Score	Injuries	Fatalities	Employee Turnover	Women in Exec Mgt	Women on Boards	Sustain Pay Link	Sanctions Deduction	Clean Revenue
Impact ratio relative to economy	21.4	14.4	31.9	5.5	-	4.1	3.8	5.5	0.3	3.1	0.9	3.0	-	0.8	4.2	1.0	-	-	-	-	-
Final Weight	6.95%	4.69%	10.37%	1.8%	-	1.35%	1.22%	1.78%	0.09%	1.02%	0.31%	0.97%	2.50%	0.27%	1.36%	0.33%	5%	5%	5%	0	50%

\* All figures presented here are rounded off to 1 data point

Note: Weighting scheme is updated every three years based on new datasets

Priority indicators and weights per CK Industry Group (note updated weights for 2020 assessment will be published in September)

Please **click** on the icon below to open the list of priority indicators and weights for each CK Industry Group.



[https://docs.google.com/spreadsheets/d/1HFwzQNeiB6V\\_WWQjsYfeP8NSZpumdi1HXK02zNeCJPc](https://docs.google.com/spreadsheets/d/1HFwzQNeiB6V_WWQjsYfeP8NSZpumdi1HXK02zNeCJPc)



# Appendix I: The F-Score

- The F-Score (the Piotroski F-score) is a measure of the financial strength of a company.
- The F-Score is the sum of the scores for each of nine tests. Each test scores one for a pass and zero for a fail.
- The tests are:
  - i) net profit is positive;
  - ii) operating cash flow is positive;
  - iii) net profit  $\div$  total assets at beginning of year, minus the same number for the previous year is positive;
  - iv) operating cash flow is greater than net profit;
  - v) long term debt  $\div$  by average assets has not increased;
  - vi) the current ratio has increased (the change is more than zero, so even a negligible increase passes the test);
  - vii) no raising of ordinary (common) equity over the previous year: this test is passed if the company did not issue any ordinary shares (excluding shares from dividend reinvestment plans and employee share plans);
  - viii) gross margin has improved over the previous year; and
  - ix) asset turnover has increased.

## Appendix II: The CK Financial Sanctions Screen

- The CK Financial Sanctions screen measures the amount of money that companies have paid out in qualifying fines, penalties or settlements on a trailing four year (January 1, 2016 to October 1, 2019) basis.
- *Approach*
  1. Data on fines, penalties or settlements is obtained for each company. Payouts may relate to repercussions from environmental accidents, generalized environmental pollution, infringement of labour standards, human rights-related abuses, price-fixing, child exploitation or violation of collective bargaining arrangements.
  2. Payouts that occurred from January 1, 2016 to October 1, 2019 are totaled and converted to USD (using the prevailing exchange rate at the time of the payout) and then divided by total revenue reported over the same period.
  3. The resulting ratio is then percent-ranked against all companies in the same CK Industry Group.
  4. Those companies that receive a bottom quartile percent score (e.g. 25% or below) are eliminated from contention for the Global 100.

\*Note: CK reserves the right to include major financial sanctions that occur between October 1, 2019 and before the ranking is published in January 2020.

## Appendix III: Detailed scoring methodology

#	Name of KPI	Measurement	UN Sustainable Development Goals
1	Energy Productivity	In the first step, each company's Energy Productivity is calculated. Energy Productivity is defined as Revenue (\$PPP-converted) / Total Energy Use (GJ) – Certified RECs and purpose built renewable generation (GJ) (does not apply to standard grid issue). It is then percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe, and multiplied by 0.75. In the second step, the change in each company's Energy Productivity over a two-year period is calculated and percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe. If the company's percent-rank is top quartile, the percent-rank is multiplied by 1 and then by 0.25. If the company's percent-rank is second quartile, the percent-rank is multiplied by 0.75 and then by 0.25. If the company's percent-rank is third quartile, the percent-rank is multiplied by 0.5 and then by 0.25. If the company's percent-rank is bottom quartile, the percent-rank is multiplied by 0.25 and then by 0.25. In the third step, the value from the first and second steps are totaled.	<ul style="list-style-type: none"> <li>• <b>GOAL 7: Affordable and Clean Energy (Ensure access to affordable, reliable, sustainable and modern energy for all)</b></li> <li>• <b>GOAL 9: Industry, Innovation and Infrastructure (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)</b></li> </ul>
2	GHG Productivity	In the first step, each company's Greenhouse Gas (GHG) Productivity is calculated. GHG Productivity is defined as Revenue (\$PPP-converted) / Total Greenhouse gas (GHG) Emissions (CO2e). Only Scope 1 and Scope 2 emissions are included according to the GHG Protocol. It is then percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe, and multiplied by 0.75. In the second step, the change in each company's GHG Productivity over a two-year period is calculated and percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe. If the company's percent-rank is top quartile, the percent-rank is multiplied by 1 and then by 0.25. If the company's percent-rank is second quartile, the percent-rank is multiplied by 0.75 and then by 0.25. If the company's percent-rank is third quartile, the percent-rank is multiplied by 0.5 and then by 0.25. If the company's percent-rank is bottom quartile, the percent-rank is multiplied by 0.25 and then by 0.25. In the third step, the value from the first and second steps are totaled.	<ul style="list-style-type: none"> <li>• <b>GOAL 9: Industry, Innovation and Infrastructure (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)</b></li> <li>• <b>GOAL 13: Climate Action (Take urgent action to combat climate change and its impacts)</b></li> </ul>

\*Subtracting Renewable Energy Use in Energy Productivity calculation applies to all CKIGs except Wholesale Power and Electric Utilities

## Appendix III: Detailed scoring methodology

3	Water Productivity	<p>In the first step, each company's Water Productivity is calculated. Water Productivity is defined as Revenue (\$PPP-converted) / Total water (m3). It is then percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe, and multiplied by 0.75. In the second step, the change in each company's Water Productivity over a two-year period is calculated and percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe. If the company's percent-rank is top quartile, the percent-rank is multiplied by 1 and then by 0.25. If the company's percent-rank is second quartile, the percent-rank is multiplied by 0.75 and then by 0.25. If the company's percent-rank is third quartile, the percent-rank is multiplied by 0.5 and then by 0.25. If the company's percent-rank is bottom quartile, the percent-rank is multiplied by 0.25 and then by 0.25. In the third step, the value from the first and second steps are totaled.</p>	<ul style="list-style-type: none"> <li>• <b>GOAL 6: Clean Water and Sanitation (Ensure availability and sustainable management of water and sanitation for all)</b></li> <li>• <b>GOAL 9: Industry, Innovation and Infrastructure (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)</b></li> <li>• <b>GOAL 15: Life on Land (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss)</b></li> </ul>
4	Waste Productivity	<p>In the first step, each company's Waste Productivity is calculated. Waste Productivity is defined as Revenue (\$PPP-converted) / [Total waste generated (metric tonnes) – waste recycled (metric tonnes)]. It is then percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe, and multiplied by 0.75. In the second step, the change in each company's Waste Productivity over a two-year period is calculated and percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe. If the company's percent-rank is top quartile, the percent-rank is multiplied by 1 and then by 0.25. If the company's percent-rank is second quartile, the percent-rank is multiplied by 0.75 and then by 0.25. If the company's percent-rank is third quartile, the percent-rank is multiplied by 0.5 and then by 0.25. If the company's percent-rank is bottom quartile, the percent-rank is multiplied by 0.25 and then by 0.25. In the third step, the value from the first and second steps are totaled.</p>	<ul style="list-style-type: none"> <li>• <b>GOAL 9: Industry, Innovation and Infrastructure (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)</b></li> <li>• <b>GOAL 11: Sustainable Cities and Communities (Make cities and human settlements inclusive, safe, resilient and sustainable)</b></li> <li>• <b>GOAL 12: Responsible Consumption and Production (Ensure sustainable consumption and production patterns)</b></li> </ul>

## Appendix III: Detailed scoring methodology (continued)

5	VOC Productivity	<p>In the first step, each company's sub-indicator Productivity is calculated by dividing Revenue (\$PPP-converted) by the air pollutant. It is then percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe, and multiplied by 0.75. In the second step, the change in each company's sub-indicator Productivity over a two-year period is calculated and percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe. If the company's percent-rank is top quartile, the percent-rank is multiplied by 1 and then by 0.25. If the company's percent-rank is second quartile, the percent-rank is multiplied by 0.75 and then by 0.25. If the company's percent-rank is third quartile, the percent-rank is multiplied by 0.5 and then by 0.25. If the company's percent-rank is bottom quartile, the percent-rank is multiplied by 0.25 and then by 0.25. In the third step, the value from the first and second steps are totaled.</p>	<ul style="list-style-type: none"> <li>• <b>GOAL 3: Good Health and Well-being</b> (Ensure healthy lives and promote well-being for all at all ages)</li> <li>• <b>GOAL 9: Industry, Innovation and Infrastructure</b> (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)</li> <li>• <b>GOAL 11: Sustainable Cities and Communities</b> (Make cities and human settlements inclusive, safe, resilient and sustainable)</li> <li>• <b>GOAL 12: Responsible Consumption and Production</b> (Ensure sustainable consumption and production patterns)</li> </ul>
6	NOx Productivity		
7	SOx Productivity		
8	Particulate Matter Productivity		
9	Innovation Capacity	<p>In the first step, each company's Innovation Capacity score is determined by measuring the ratio of research and development (R&amp;D) expenditures to total revenue averaged over a trailing three-year period. In the second step, each company's Innovation Capacity score is percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe.</p>	<ul style="list-style-type: none"> <li>• <b>GOAL 8: Decent Work and Economic Growth</b> (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</li> <li>• <b>GOAL 9: Industry, Innovation and Infrastructure</b> (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)</li> </ul>

## Appendix III: Detailed scoring methodology (continued)

10	Percentage Tax Paid	In the first step, each company's Percentage Tax Paid is calculated as the amount of taxes paid in cash over a trailing five year period (2014-2018) divided by their total EBITDA over the same period. Companies score a 0% in the event that their total EBITDA or taxes paid in cash is zero or lower over the five year period (2014-2018). In the second step, each company's Percentage Tax Paid is percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe.	<ul style="list-style-type: none"> <li>• <b>GOAL 10: Reduced Inequality (Reduce inequality within and among countries)</b></li> </ul>
11	CEO-Average Employee Pay*	<p>Each company's CEO to Average Employee Pay ratio is calculated as total CEO compensation or highest paid executive divided by average employee compensation. Average employee compensation is calculated by dividing the company's total wage bill by the total number of employees. Each company's CEO to Average Employee Pay ratio is percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe. [The lower the ratio, the higher the rank.]</p> <p>*in the situation where the CEO earns \$1 for the fiscal year, the highest paid executive's salary would be used.</p>	<ul style="list-style-type: none"> <li>• <b>GOAL 8: Decent Work and Economic Growth (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</b></li> <li>• <b>GOAL 10: Reduced Inequality (Reduce inequality within and among countries)</b></li> </ul>
12	Pension Fund Status	<p>In the first step, the sum of the company's contribution to the defined benefit and defined contribution pension plans are added up, then divided by the total number of full-time equivalent employees. Note that DC contributions include 401(k), RRSPs and equivalents. This ratio is then percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe. This is labelled as "A"</p> <p>In the second step, the fair value of the defined benefit plan assets is divided by the total number of full-time equivalent employees; this ratio is then percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe. This is labelled as "B",</p> <p>In the third step, the fair value of the defined benefit plan assets is divided by the projected defined benefit plan obligations, then percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe. This is labelled as "C".</p> <p>The Pension Fund Status Score is arrived at by the following formula: <math>(0.75 \times A) + 0.25(B - (1 - C))</math></p>	<ul style="list-style-type: none"> <li>• <b>GOAL 1: No Poverty (End poverty in all its forms everywhere)</b></li> <li>• <b>GOAL 8: Decent Work and Economic Growth (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</b></li> </ul>

## Appendix III: Detailed scoring methodology (continued)

13	Supplier Sustainability Score	Each company's largest publicly list supplier by total spend. The supplier is then weighted and scored using the Global 100 methodology excluding the Supplier Sustainability Score KPI.	<ul style="list-style-type: none"> <li>• <b>GOAL 1: No Poverty</b> (End poverty in all its forms everywhere)</li> <li>• <b>GOAL 2: Zero Hunger</b> (End hunger, achieve food security and improved nutrition and promote sustainable agriculture)</li> <li>• <b>GOAL 3: Good Health and Well-being</b> (Ensure healthy lives and promote well-being for all at all ages)</li> <li>• <b>GOAL 5: Gender Equality</b> (Achieve gender equality and empower all women and girls)</li> <li>• <b>GOAL 6: Clean Water and Sanitation</b> (Ensure availability and sustainable management of water and sanitation for all)</li> <li>• <b>GOAL 7: Affordable and Clean Energy</b> (Ensure access to affordable, reliable, sustainable and modern energy for all)</li> <li>• <b>GOAL 8: Decent Work and Economic Growth</b> (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</li> <li>• <b>GOAL 9: Industry, Innovation and Infrastructure</b> (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)</li> <li>• <b>GOAL 10: Reduced Inequality</b> (Reduce inequality within and among countries)</li> <li>• <b>GOAL 11: Sustainable Cities and Communities</b> (Make cities and human settlements inclusive, safe, resilient and sustainable)</li> <li>• <b>GOAL 12: Responsible Consumption and Production</b> (Ensure sustainable consumption and production patterns)</li> <li>• <b>GOAL 13: Climate Action</b> (Take urgent action to combat climate change and its impacts)</li> <li>• <b>GOAL 14: Life Below Water</b> (Conserve and sustainably use the oceans, seas and marine resources for sustainable development)</li> <li>• <b>GOAL 15: Life on Land</b> (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss)</li> <li>• <b>GOAL 16: Peace and Justice Strong Institutions</b> (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels)</li> <li>• <b>GOAL 17: Partnerships to achieve the Goal</b> (Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development)</li> </ul>
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## Appendix III: Detailed scoring methodology (continued)

14	Injuries	Each company's Injury Score is determined by calculating the company's lost time injury rate (defined as the number of lost time incidents per 200,000 employee hours) and percent-ranking it against all of the same-CK Industry Group peers within the CK coverage universe. In line with GRI: This metric applies to employees (full time and part time), contracted employees (permanent and temporary), and any other workers where a company has control (shared or sole) of the work or workplace.	<ul style="list-style-type: none"> <li>• <b>GOAL 8: Decent Work and Economic Growth (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</b></li> </ul>
15	Fatalities	Each company's Fatality Score is determined by calculating the company's fatality rate (defined as the number of fatalities by employees and contractors divided by the total number of full-time equivalent employees) and percent-ranking it against all of the same-CK Industry Group peers within the CK coverage universe. In line with GRI: This metric applies to employees (full time and part time), contracted employees (permanent and temporary), and any other workers where a company has control (shared or sole) of the work or workplace.	<ul style="list-style-type: none"> <li>• <b>GOAL 8: Decent Work and Economic Growth (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</b></li> </ul>
16	Employee Turnover	Each company's Employee Turnover (Number of departures / average total employees) is percent-ranked against all of the same CK Industry Group peers within the CK coverage universe. [The lower the ratio, the higher the rank.]	<ul style="list-style-type: none"> <li>• <b>GOAL 8: Decent Work and Economic Growth (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</b></li> </ul>
17	Women in Executive Management	Each company's Executive Diversity Score is calculated by determining the proportion of the senior executive team that is comprised of women executives and percent-ranking it against all companies within the CK coverage universe.	<ul style="list-style-type: none"> <li>• <b>GOAL 5: Gender Equality (Achieve gender equality and empower all women and girls)</b></li> </ul>
18	Women on Boards	Each company's Board Diversity Score is calculated by determining the proportion of the Board of Directors that is comprised of women directors and percent-ranking it against that of all companies within the CK coverage universe.	<ul style="list-style-type: none"> <li>• <b>GOAL 5: Gender Equality (Achieve gender equality and empower all women and girls)</b></li> </ul>



## Appendix III: Detailed scoring methodology (continued)

19	Sustainability Pay Link	<p>The Sustainability Pay Link indicator is designed to reward companies that have set up mechanisms to link the remuneration of senior executives with the achievement of sustainability goals or targets. A score of 100% is given to companies that describe such a mechanism (e.g. the company specifies the proportion of a particular named executive's compensation that is linked to the achievement of a corporate clean capitalism target, such as reducing emissions, improving energy efficiency, or reducing health &amp; safety accidents). A score of 0% is given to companies that do not report any linking mechanisms. Unlike all other indicators, Sustainability Pay Link does not use any percent-ranking.</p>	<ul style="list-style-type: none"> <li>• <b>GOAL 3: Good Health and Well-being</b> (Ensure healthy lives and promote well-being for all at all ages)</li> <li>• <b>GOAL 5: Gender Equality</b> (Achieve gender equality and empower all women and girls)</li> <li>• <b>GOAL 6: Clean Water and Sanitation</b> (Ensure availability and sustainable management of water and sanitation for all)</li> <li>• <b>GOAL 7: Affordable and Clean Energy</b> (Ensure access to affordable, reliable, sustainable and modern energy for all)</li> <li>• <b>GOAL 8: Decent Work and Economic Growth</b> (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</li> <li>• <b>GOAL 9: Industry, Innovation and Infrastructure</b> (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)</li> <li>• <b>GOAL 10: Reduced Inequality</b> (Reduce inequality within and among countries)</li> <li>• <b>GOAL 11: Sustainable Cities and Communities</b> (Make cities and human settlements inclusive, safe, resilient and sustainable)</li> <li>• <b>GOAL 12: Responsible Consumption and Production</b> (Ensure sustainable consumption and production patterns)</li> <li>• <b>GOAL 13: Climate Action</b> (Take urgent action to combat climate change and its impacts)</li> <li>• <b>GOAL 14: Life Below Water</b> (Conserve and sustainably use the oceans, seas and marine resources for sustainable development)</li> <li>• <b>GOAL 15: Life on Land</b> (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss)</li> <li>• <b>GOAL 16: Peace and Justice Strong Institutions</b> (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels)</li> </ul>
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## Appendix III: Detailed scoring methodology (continued)

20	Sanctions Deduction	<p>Each company's Sanctions' ratio is determined by measuring the ratio of Sanctions (the amount of money that companies paid out in qualifying fines, penalties or settlements over the January 1, 2016 to October 1, 2019 period) to total revenue for the same or closest match period. Each company's Sanctions ratio is percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe. Companies receive deductions on a graded scale up to a maximum of 5% off their overall score. Companies with no Sanctions receive no deductions. A 5% deduction is applied to a company's overall score if it has the worst-in-class record (0 percentile) on financial sanctions over the relevant time period, 5% if they are in the third quartile (25-49%), 2.5% if they are in the second quartile (50-74%), 1% if they are in the first quartile (75-99%) with those scoring 100% (i.e. no fines) get no deductions.</p>	<ul style="list-style-type: none"> <li>• <b>GOAL 1: No Poverty</b> (End poverty in all its forms everywhere)</li> <li>• <b>GOAL 3: Good Health and Well-being</b> (Ensure healthy lives and promote well-being for all at all ages)</li> <li>• <b>GOAL 5: Gender Equality</b> (Achieve gender equality and empower all women and girls)</li> <li>• <b>GOAL 6: Clean Water and Sanitation</b> (Ensure availability and sustainable management of water and sanitation for all)</li> <li>• <b>GOAL 7: Affordable and Clean Energy</b> (Ensure access to affordable, reliable, sustainable and modern energy for all)</li> <li>• <b>GOAL 8: Decent Work and Economic Growth</b> (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</li> <li>• <b>GOAL 9: Industry, Innovation and Infrastructure</b> (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)</li> <li>• <b>GOAL 10: Reduced Inequality</b> (Reduce inequality within and among countries)</li> <li>• <b>GOAL 11: Sustainable Cities and Communities</b> (Make cities and human settlements inclusive, safe, resilient and sustainable)</li> <li>• <b>GOAL 12: Responsible Consumption and Production</b> (Ensure sustainable consumption and production patterns)</li> <li>• <b>GOAL 13: Climate Action</b> (Take urgent action to combat climate change and its impacts)</li> <li>• <b>GOAL 14: Life Below Water</b> (Conserve and sustainably use the oceans, seas and marine resources for sustainable development)</li> <li>• <b>GOAL 15: Life on Land</b> (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss)</li> <li>• <b>GOAL 16: Peace and Justice Strong Institutions</b> (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels)</li> </ul>
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## Appendix III: Detailed scoring methodology (continued)

21	Clean Revenue	Each company's Clean Revenue ratio is determined by measuring the ratio of Clean Revenue to total revenue according to the open-source Corporate Knights Clean Revenue Taxonomy. Each company's Clean Revenue ratio is percent-ranked against all of the same-CK Industry Group peers within the CK coverage universe.	<ul style="list-style-type: none"> <li>• <b>GOAL 1: No Poverty</b> (End poverty in all its forms everywhere)</li> <li>• <b>GOAL 2: Zero Hunger</b> (End hunger, achieve food security and improved nutrition and promote sustainable agriculture)</li> <li>• <b>GOAL 3: Good Health and Well-being</b> (Ensure healthy lives and promote well-being for all at all ages)</li> <li>• <b>GOAL 4: Quality Education</b> (Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all)</li> <li>• <b>GOAL 5: Gender Equality</b> (Achieve gender equality and empower all women and girls)</li> <li>• <b>GOAL 6: Clean Water and Sanitation</b> (Ensure availability and sustainable management of water and sanitation for all)</li> <li>• <b>GOAL 7: Affordable and Clean Energy</b> (Ensure access to affordable, reliable, sustainable and modern energy for all)</li> <li>• <b>GOAL 8: Decent Work and Economic Growth</b> (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</li> <li>• <b>GOAL 9: Industry, Innovation and Infrastructure</b> (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)</li> <li>• <b>GOAL 10: Reduced Inequality</b> (Reduce inequality within and among countries)</li> <li>• <b>GOAL 11: Sustainable Cities and Communities</b> (Make cities and human settlements inclusive, safe, resilient and sustainable)</li> <li>• <b>GOAL 12: Responsible Consumption and Production</b> (Ensure sustainable consumption and production patterns)</li> <li>• <b>GOAL 13: Climate Action</b> (Take urgent action to combat climate change and its impacts)</li> <li>• <b>GOAL 14: Life Below Water</b> (Conserve and sustainably use the oceans, seas and marine resources for sustainable development)</li> <li>• <b>GOAL 15: Life on Land</b> (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss)</li> <li>• <b>GOAL 16: Peace and Justice Strong Institutions</b> (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels)</li> <li>• <b>GOAL 17: Partnerships to achieve the Goal</b> (Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development)</li> </ul>
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## Appendix III: Exclusionary Screens

Metric	Metric Description
Access to medicine laggards	Identifies lagging pharmaceutical companies in the bottom quartile of the <a href="#">Access to Medicine ranking</a> .
Access to nutrition laggards	Identifies lagging food companies in the bottom quartile of the <a href="#">Access to Nutrition ranking</a> .
Adult entertainment	Identifies companies operating in the adult entertainment industry based on Wespath, and <a href="#">Sin Stocks</a> report listings.
Blocking climate policy	Identifies laggards in the bottom quartile of the 2019 <a href="#">50 Most Influential Carbon Policy Footprint Ranking</a> by InfluenceMap and scored less than a D- in the InfluenceMap Performance Score.
Blocking climate resolutions	Identifies assets managers that are voting negatively on climate policy resolutions according InfluenceMap <a href="#">voting record</a> (bottom quartile).
Cement carbon laggards	Identifies laggard companies in the cement industry that were divested by Norges Bank Investment Management ( <a href="#">NBIM</a> ), utilizing an internal Corporate Knights analysis.
Civilian firearms	Identifies companies that manufacture small arms/civilian firearms by identifying companies that were divested from by the <a href="#">NZ SuperFund</a> .
Controversial weapons	Identifies companies involved with cluster munition, anti-personnel mine, and nuclear weapons manufacturing by identifying companies that were divested by <a href="#">NBIM</a> and <a href="#">NZ SuperFund</a> .
Conventional Weapons	Identifies the Top 100 weapons producers as tracked by <a href="#">Stockholm International Peace Research Institute</a> (SIPRI) for companies that earn more than 50% of revenue from weapons.
Deforestation	Identifies worst-in-class companies that are engaging in deforestation in South America and Southeast Asia as deemed by <a href="#">Chain Reaction Research</a> .
Energy	Identifies companies that operate in the fossil fuel industry based on Global Industry Classification System (GICS) with less than 20% of new investments (most recently available) in themes consistent with decarbonization.
Excess of Conventional over Clean Energy Financing	Based on Corporate Knights database sourced firm corporate disclosures. Companies who sum of conventional energy financing exceeds new energy financing are removed.

## Appendix III: Exclusionary Screens (continued)

Metric	Metric Description
Farm animal welfare laggards	Identifies laggard companies in farm animal welfare practices in consultation with animal welfare experts.
Forced or child labour	Identifies laggard companies in the bottom quartile for its respective sector according to <a href="#">KnowtheChain</a> research.
For-profit prisons	Identifies companies that own or operate private prisons (facility management) and is recommended for divestment by the <a href="#">Project of the American Friends Service Committee</a> .
Gambling	Identifies companies that operate in the gambling industry based on Global Industry Classification System (GICS).
GMO	Identifies companies that have petitioned the <a href="#">USDA APHIS</a> for non-regulated status over GMOs.
Gross corruption violation	Identifies worst-in-class companies in terms corruption violations by identifying companies that have been divested from by <a href="#">NBIM</a> due to gross corruption violations.
Illegal activity	Identifies companies whose revenue was over \$1bn and whose fines-to-revenue ratio was over 1.1%.
Oil sands laggards	Identifies oil sands companies that were divested by <a href="#">NBIM</a> , utilizing an internal Corporate Knights analysis.
Palm oil laggards	Identifies palm oil companies that were divested by <a href="#">NBIM</a> , utilizing an internal Corporate Knights analysis.
Severe environmental damage	Identifies companies that have caused several environmental damage and have been excluded by <a href="#">NBIM</a> .
Severe human rights violations	Identifies companies that have committed several human rights violations or have violated individuals' rights in situations of war or conflict and have been excluded by <a href="#">NBIM</a> .
Thermal coal	Identifies companies engaging in production of coal or coal-based energy and have been excluded by <a href="#">NBIM</a> .
Tobacco	Identifies companies that earn revenue from tobacco and have been excluded by <a href="#">NBIM</a> .

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