

# Impact Weight Calculation Methodology

## 2021-2023

### 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 other CK Industry Groups, the higher the weight of that KPI. Of the 23 indicators, 14 are weighted according to their relative impact, and nine are assigned predetermined fixed weights: Clean Revenue (42.5%), Clean Investment (7.5%), Gender Diversity on Board of Directors (2.5%), Gender Diversity Among Executives (2.5%), Racial Diversity Among Executives (2.5%), Racial Diversity on Board of Directors (2.5%), Sustainability Pay Link (5.0%), Supplier Score (2.5%) and Sick Leave (2.5%).

The weights of the 14 relative indicators are calculated through *Impact Ratios*.

### Impact Ratio

#### Impact ratio relative to economy

Each CKIG is given an impact ratio for each of the 14 impact-weighted indicators. This impact ratio represents the impact that companies in that CKIG have on the economy compared to the average CKIG. For example, if a CKIG's impact ratio for greenhouse gas emissions is 19.0, this means that the CKIG's impact on economy wide GHG emissions is 19.0 times greater than the average CKIG.

#### Impact ratio calculation method

In this example, we will look at the CKIG Healthcare Equipment and the indicator Energy Productivity.

**Step 1:** The Energy Intensity figure of all companies in the CKIG Healthcare Equipment is calculated for all three previous years that data is available for (for 2021 Global 100, these years are 2019, 2018, and 2017).

**Step 2:** The median Energy Intensity for the CKIG Healthcare Equipment is calculated for each year separately (producing three different medians; for 2019, 2018, and 2017).

**Step 3:** The average of these three medians is calculated, creating the data point *Average Median – CKIG Healthcare Equipment – Energy Intensity*.

Average Median – CKIG Healthcare Equipment – Energy Intensity  
=150.9

**Step 4:** Do steps 1-3 for the Energy Intensity indicator for each of the 71 CKIGs. This will create 71 different data points for *Average Median – Energy Intensity*.

**Step 5:** Next, the median of all the CKIGs will be calculated. This means calculating the median of all the 71 different Average Median - Energy Intensity data points to create the *Median – All CKIG – Energy Intensity* data point.

Median – All CKIG – Energy Intensity  
= 294.6

**Step 6:** The impact ratio of the indicator Energy Intensity for the CKIG Healthcare Equipment is calculated by dividing the *Average Median – CKIG Healthcare Equipment – Energy Intensity* data point by the *Median– All CKIG – Energy Intensity* data point.

= 150.9/294.6  
= 0.51

**The impact ratio (relative to the economy) of the indicator Energy Intensity for the CKIG Healthcare Equipment is 0.5.**

*Impact Ratio – CKIG Healthcare Equipment – Energy Intensity = 0.51*

**Step 7:** The same exercise is done for all 14 relatively weighted indicators. Now the impact ratios for all 14 indicators for all 71 CKIGs have been calculated.

## Indicator Weights

### Indicator weights calculation method

The indicator weights are calculated through the impact ratios. In the impact ratio calculation process outlined in the previous section, 14 impact ratios (one per indicator) for each CKIG (71 in total) were calculated.

To calculate the weight from the impact ratio, we use the following process. For this example, we will continue to look at the CKIG Healthcare Equipment and the indicator Energy Productivity.

**Step 1:** For each CKIG, sum up the impact ratios of all 14 indicators to create one *Sum of Impact Ratios*.

Sum of Impact Ratios for the 14 KPIs – CKIG Healthcare Equipment  
= 9.29

**Step 2:** To calculate the final weight of the Energy Productivity indicator for the CKIG Healthcare Equipment, divide the *Impact Ratio – CKIG Healthcare Equipment – Energy Productivity* by the *Sum of Impact Ratio – CKIG Healthcare Equipment*.

*Impact Ratio – CKIG Healthcare Equipment – Energy Productivity* / *Sum of Impact Ratio – CKIG Healthcare Equipment*  
= 0.51/9.29  
= 0.055

**Step 3:** Multiply this number by 0.3. The number is multiplied by 0.3 because fixed weights for nine indicators amount to 70% of the total weight, leaving 30% to indicators with an impact weight.

= 0.054\*0.3  
 = 0.016

**The final weight of the indicator Energy Productivity for the CKIG Healthcare Equipment is 1.65%.**

## Summary Table

From these calculations, we can create a data table as follows for the CKIG Healthcare Equipment:

\*=fixed weights

Indicator name	Relative/Fixed	Impact Ratio	Final Weight
Clean Revenue*	Fixed	N/A	42.5%
Clean Investment*	Fixed	N/A	7.5%
Energy	Relative	0.51	1.65%
GHG	Relative	0.60	1.95%
Water	Relative	0.70	2.27%
Waste	Relative	0.41	1.33%
VOC	Relative	1.00	3.23%
NOx	Relative	0.88	2.84%
SOx	Relative	0.20	0.65%
PM	Relative	0.00	0.0%
Injury	Relative	0.91	2.95%
Fatalities	Relative	0.68	2.18%

Turnover	Relative	1.03	3.33%
Paid Sick Leave*	Fixed	N/A	2.5%
CEO-worker pay ratio	Relative	0.6	1.93%
Gender Diversity Execs*	Fixed	N/A	2.5%
Gender Diversity Boards*	Fixed	N/A	2.5%
Racial Diversity Execs*	Fixed	N/A	2.5%
Racial Diversity Boards*	Fixed	N/A	2.5%
Sustainability Pay Link*	Fixed	N/A	5.0%
Supplier Score*	Fixed	N/A	2.5%
Cash Taxes Paid	Relative	0.78	2.51%
Pension Fund Quality	Relative	0.98	3.18%