CORPORATE KNIGHTS

Sustainable Economy Champions

2022

Carbon Reduction 20 Methodology

CARBON REDUCTION 20

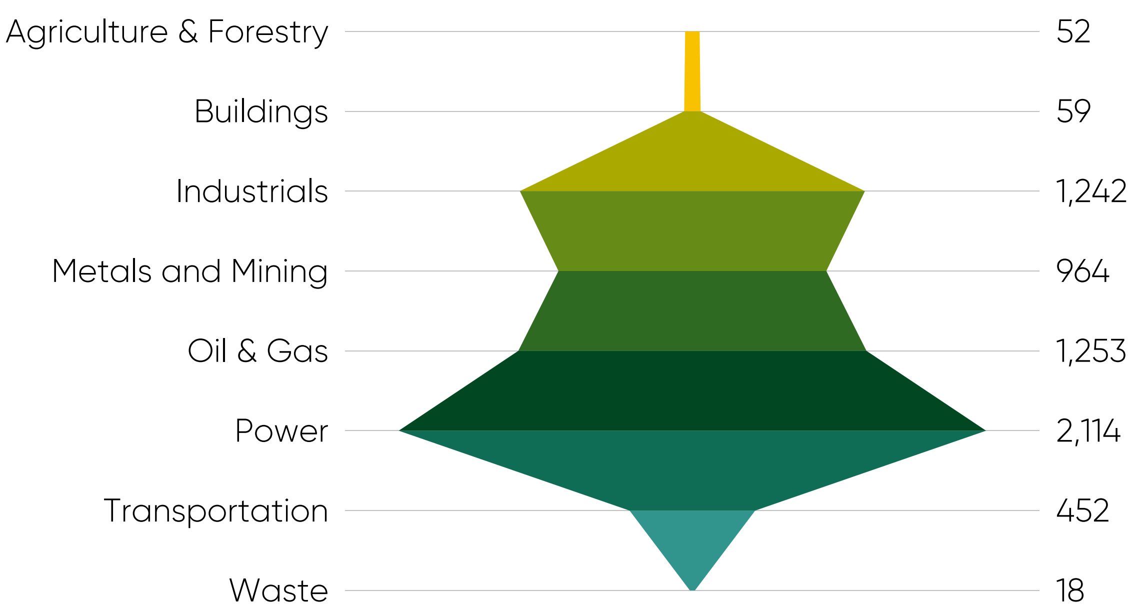
TWENTY COMPANIES FROM EIGHT SECTORS WHO CUT THE MOST CARBON OVER THE LAST DECADE, AND HOW THEY DID BY HOOK OR BY CROOK.

The Carbon Reduction 20 are the publicly traded companies (globally, by sector) that have made the greatest absolute (GHG) emission reductions (scope 1 + 2) within their operations over the past 10 years while growing revenue* over the same period.

To determine the Carbon Reduction 20, Corporate Knights evaluated GHG emission trends for 6,668 companies, of which 957 reported their emissions, representing 6,155 megatonnes (Mt) of emissions in 2012. The emissions reductions are the results of a mixture of efficiency measures, divestment and retirements of carbon intensive assets.

The 20 spots on the list are allocated proportionate to each sector's GHG pollution (scope 1 + 2 emissions) in 2012 (the sectors account for 95% of reported emissions by publicly traded corporations in 2012 and are intended to closely mirror Corporate Knights' Earth Index), with each sector having a minimum of one spot. For example, the power sector represents 37% of the combined GHG emissions for the eight sectors below, so it gets seven of the 20 spots, meaning the seven power companies that make the largest GHG emissions reductions while increasing their revenue* over the past 10 years will make the Carbon Reduction 20 list.

Corporate GHG Emissions Reported in 2012 (Mt)



Carbon Reduction 20 companies must meet the following three criteria:

- Be among the largest reducers of GHG emissions among their sector peers over the past 10 years
- Show increased revenue over the past 10 years*
- Substantiate cause of GHG emissions in public disclosures

To qualify for the ranking, investments in renewable generation capacity must have exceeded the natural gas capacity added within the 2012-2021 time period. Furthermore, companies that achieved large reported emissions reductions by switching to alternative fuels whose unaccounted-for emissions may exceed any reported GHG emissions reduction (such as biomass pellets linked to deforestation) are disqualified from the Carbon Reduction 20.

*Oil & gas: The revenue-increase requirement is not applicable to oil and gas companies, as the transition to a low-carbon economy requires that oil and gas be phased out.

Airlines (in the transport sector): Because of the collapse in travel and emissions resulting from the COVID-19 pandemic from the beginning of 2020, 2019 data was used as an endpoint.

Buildings: Because of the consecutive lockdowns and restricted access to buildings, and the resulting decline in emissions due to the COVID-19 pandemic from the beginning of 2020, 2019 data was used as an endpoint.

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