

**THE WORLD'S
MOST SUSTAINABLE PRIVATE CORPORATIONS
&
MOST SUSTAINABLE STATE-OWNED ENTERPRISES**

OVERVIEW OF RATING METHODOLOGY



**20
25**
1

Fast Facts

Overview

- **Inaugural ranking** of corporate sustainability performance among privately-owned companies.

Eligibility

- **Size:** Non publicly-traded companies with gross revenue of a minimum of \$PPP-currency \$1B (RY 2023*).
- **Corporate Knights Peer Group (CKPG) and geography:** All industries and geographies are automatically considered before screening out companies from certain industries or with identified egregious practices.

* RY 2023: Any fiscal year end between July 1st, 2023 and June 30th, 2024.

Contact info and to learn more

- Email research@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
- Visit <https://www.corporateknights.com> for more details.

Approach

- Ranking is based primarily on **publicly-disclosed data** (e.g., financial filings, sustainability reports, company websites).
- Submissions or payment from companies is **not** required.
- Companies included in the Starting Universe **are contacted for data verification** prior to project completion.
- Methodology is based on up to **11 key performance indicators** (KPIs) covering resource management, employee management, financial management, sustainable revenue and sustainable investment and supplier performance.

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

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



Corporate Knights Magazine

- World's largest circulating magazine focused on advancing a sustainable economy.
- Reaches 400k+ of the world's most influential business and political decision-makers.



Corporate Knights Research

- Corporate Knights' rankings and ratings currently serve as an input to identify potential investment candidates for investors representing \$15 trillion in assets under management.



Council for Clean Capitalism

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

Principles of Corporate Knights Rankings

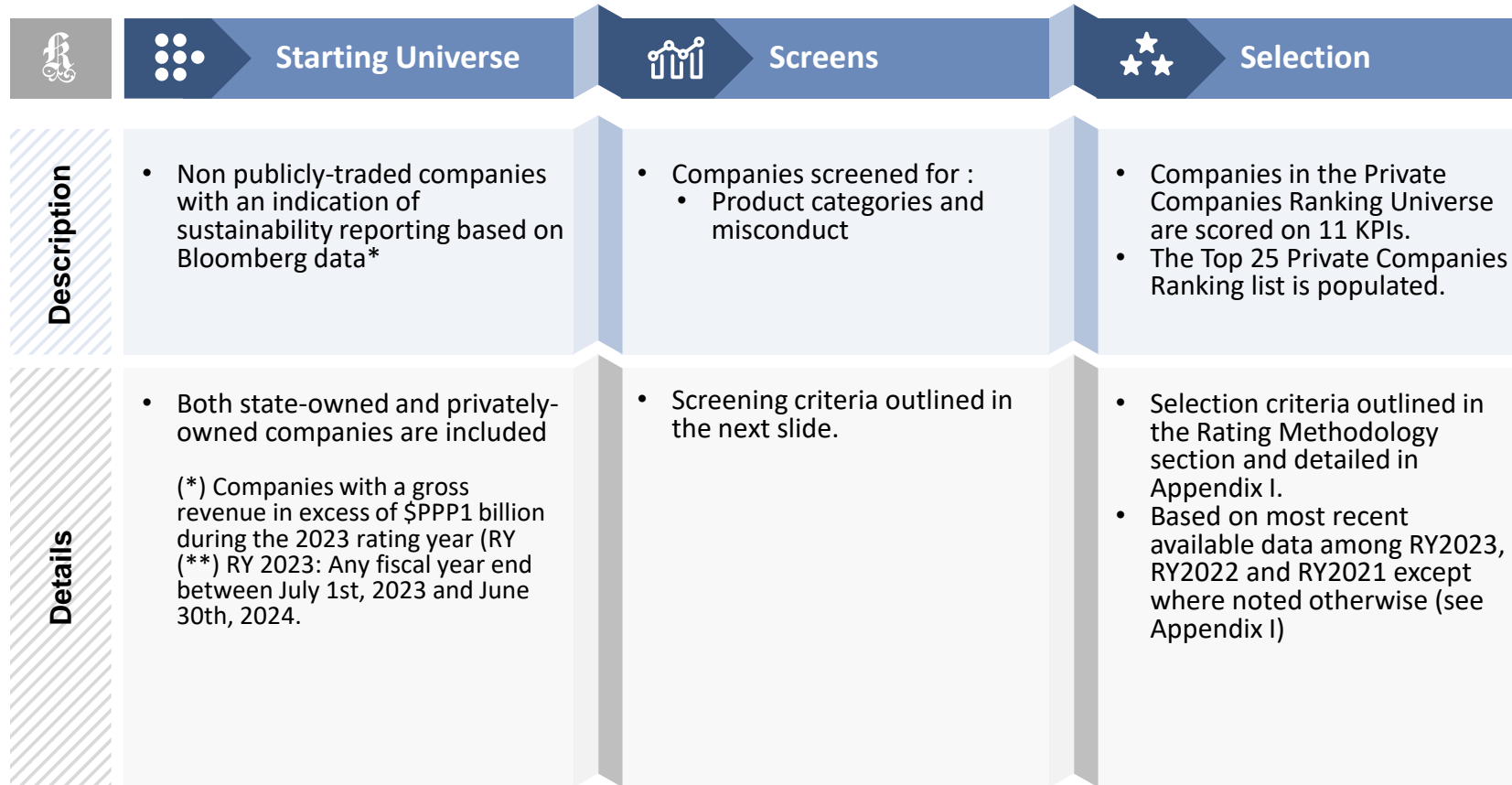
- **Relevance:**
The ranking is meant to be representative of business sustainability in the current socio-economic context.
- **Transparency:**
The precise methodology of the ranking and the results of the process are fully disclosed.
- **Objectivity:**
Companies are assessed primarily using quantitative data and performance indicators.
- **Public data:**
Ranking relies primarily on data-points that are part of the public domain.*
- **Comparability:**
Companies are compared against their *Corporate Knights Peer Group*** (CKPG) peers.***
- **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.
- **Stakeholders:**
Stakeholder feedback is actively solicited throughout the project.

* Private data may be used in certain circumstances, provided the company confirms its validity to Corporate Knights.



** There are 64 CKPGs.

*** Exceptions apply to a number of KPIs where performance comparison is against the whole universe of eligible companies. See Appendix I .

Methodology



Screening criteria

	 Product Categories/ Misconduct
Description	<ul style="list-style-type: none">• Companies involved in certain products or services and behaviours counterproductive to sustainable development.
Details	<ul style="list-style-type: none">• Examples include weapons, tobacco, companies that lobby to block climate change policy.• See Appendix II for a full list of exclusionary screens.

Quick Resources

[Corporate Knights Sustainable Economy Taxonomy](#)

The complete Corporate Knights Sustainable Economy Taxonomy

[Full KPI Data Point Definitions](#)

A table detailing each data point collected by Corporate Knights, their codes, categories (Environment/Social/Governance/Economic), subcategories (indicators for which data point is used in e.g. Pension Fund Quality), and detailed definitions

[Private Companies Ranking Indicator Weights](#)

Weights used for score calculations for each indicator for each CKPG

[Taxonomy Governance and Method Overview](#)

Overview of the governance and methodology of the Corporate Knights Sustainable Economy Taxonomy

[Private Companies Ranking Universe](#)

Alphabetical list of all companies considered for as a part of the Global 100 ranking universe

[CKPG List](#)

Alphabetical list of all 64 Corporate Knights Peer Groups (CKPGs)

[Company Summary Scorecard \(Sample\)](#)

Sample of the Summary Scorecard (available for companies on request)






Rating Methodology

Private Companies Ranking



CORPORATE KNIGHTS INC. |

Metrics

	KPI	Methodology
ENVIRONMENTAL	 Energy Productivity	Revenue (converted to USD using PPP exchange rate) / (Energy use – renewable energy generated by the company or certified RECs)
	 GHG Productivity	Revenue (converted to USD using PPP exchange rate) / GHG emissions: scope 1 & 2 (*market-based. If not reported, location-based)
	 Water Productivity	Revenue (converted to USD using PPP exchange rate) / Water withdrawn
	 Waste Productivity	Revenue (converted to USD using PPP exchange rate) / Total non-recycled waste generated

⚠ In most Peer Groups, a small number of KPIs account for the majority of the weight.

Metrics

ENVIRONMENTAL

Sustainable Revenue

* This is a multi-year project by Corporate Knights to develop and make publicly-available an open-source definition of sustainable categories for all peer groups; we welcome comments and suggestions in evolving and refining this sustainable revenue definition.

Percentage of total revenue derived from products and services that are categorized as “sustainable” according to the Corporate Knights open-source Sustainable Economy Taxonomy, which is informed by synthesis of, among others, the below sources and best practices:

- Climate Bonds Taxonomy (Climate Bonds Initiative)
- EU Taxonomy for Sustainable Activities
- Sustainability Accounting Standards Board (SASB) reporting standards
- Environmental Goods and Services Sector (Eurostat)
- China Green Bond Endorsed Project Catalogue
- Green Bond Principles
- TCFD recommended climate opportunity metrics
- Other private sector rating agencies with green or sustainability taxonomy
- Industry expert consultation covering all relevant CKPG subsectors with solicited feedback on industry definition of sustainable from leading industry experts and government agencies

Sustainable Investment





Percentage of a company’s total investment (Capital expenditures, R&D, Acquisitions & Other) directed towards projects/research/companies categorized as “sustainable” according to the Corporate Knights open-source Sustainable Economy Taxonomy.



[Corporate Knights Sustainable Economy Taxonomy](#)






Please click on the link above to download the most up-to-date Sustainable Economy Taxonomy

Metrics

	KPI	Methodology
	 Injury Rate	Lost time incidents rate per 200,000 hours for both employees and contractors (Total reportable injury rate if lost time injury rate is not reported)
	 Fatalities	Fatalities / total number of full-time equivalent employees

⚠ In most Peer Groups, a small number of KPIs account for the majority of the weight.

Metrics

	KPI	Methodology
GOVERNANCE	 Gender Diversity on Boards	Non-male representation on board of directors
	 Racial Diversity Among Executives	Number of top tier executives who are members of a visible minority compared to the population of their executive peers in headquarter country
	 Racial Diversity on Board of Directors	Number of board directors who are members of a visible minority compared to the population of their director peers in headquarter country
	 Gender Diversity in Executive Management	Non-male representation on executive management team

⚠ In most Peer Groups, a small number of KPIs account for the majority of the weight.

Appendices I - IV

Private Companies Ranking



CORPORATE KNIGHTS INC. |

Appendix I: Detailed scoring methodology



All Corporate Knights key performance indicators are linked to one or more of the United Nations Sustainable Development Goals (the UN SDGs).

Appendix I: Detailed scoring methodology

KPI

- Energy Productivity** 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 Peer Group peers within the CK coverage universe.
- GHG Productivity** Each company's Greenhouse Gas (GHG) productivity is calculated. GHG Productivity is defined as Revenue (\$PPP-converted) / Total Greenhouse gas (GHG) Emissions (tCO₂e). Scope 2 emissions refer to market-based emissions (if not reported, location-based Scope 2 emissions is acceptable). It is then percent-ranked against all of the same-CK Peer Group peers within the CK coverage universe.



* Percent-ranking using SQL's CUME_DIST function


Appendix I: Detailed scoring methodology

KPI	Methodology
<p>Water Productivity</p>	<p>Each company's Water Productivity is calculated. Water Productivity is defined as Revenue (\$PPP-converted) / Total water withdrawn (m3). It is then percent-ranked* against all of the same-CK Peer Group peers within the CK coverage universe. Additionally, penalties apply to companies in CKPGs where Water Productivity was not deemed material if the company's absolute water withdrawn are in the top quartile against the whole universe. For these companies, penalties are as follows: Top quartile (largest absolute value) and no disclosure: 2.5%, second quartile 2%, third quartile 1%, bottom quartile: 0%.</p>
<p>Waste Productivity</p>	<p>Each company's Waste Productivity is calculated. Waste includes total amount of solid waste produced in tonnes (includes hazardous and non-hazardous waste generated from owned and leased facilities, including landfill and materials sent for incineration. Total waste also includes waste recycled (recycled waste, repurposed materials, and compost). 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 Peer Group peers within the CK coverage universe. Additionally, penalties apply to companies in CKPGs where Waste Productivity was not deemed material if the company's absolute net waste are in the top quartile against the whole universe. For these companies, penalties are as follows: Top quartile (largest absolute value) and no disclosure: 2.5%, second quartile 2%, third quartile 1%, bottom quartile: 0%.</p>



* Percent-ranking using SQL's CUME_DIST function









Appendix I: Detailed scoring methodology

KPI	Methodology
 Percentage Tax Paid	<p>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 divided by their net income before taxes over the same period. Companies score a 0% in the event that their net income before taxes or taxes paid in cash is zero or lower over the five-year period. In the second step, each company's Percentage Tax Paid is percent-ranked against all of the same-CK Peer Group peers within the CK coverage universe. Additionally, penalties for Cash Taxes Paid apply to companies in CKPG Group A if the sum of \$PPP net income before taxes over the most recent 5-year period is among the top decile in the whole research universe. For these companies, penalties are as follows based on the Percentage Tax Paid ratio: Top quartile (largest ratio): no penalty, second quartile 1%, third quartile 2%, bottom quartile or no disclosure: 2.5%.</p>







* Percent-ranking using SQL's CUME_DIST function

Appendix I: Detailed scoring methodology

KPI	Methodology	
 Injury Rate	<p>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 – if lost time injury rate is not reported, the total reportable injury rate is accepted) and percent-ranking* it against all of the same-CK Peer 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 of the work or workplace. Additionally, penalties apply to companies in CKPGs where Injuries was not deemed material if the company's lost time injury rate is in the top quartile against the whole universe from largest to smallest ratio. For these companies, penalties are as follows: Top quartile (i.e. largest ratio) and no disclosure receives 2.5% penalty, second quartile 2%, third quartile 1%, bottom quartile and no disclosure: 0%.</p>	
 Fatalities	<p>Each company receives a penalty based on the percent-rank of the number of fatalities as a ratio of total employee count against that of all companies within the CK coverage universe. Zero fatalities receive no penalty. Top quartile results with at least one fatality receives a 1% deduction, 2nd quartile results in 2% deduction, 3rd quartile in 3% deduction and bottom quartile results in a 5% deduction. This KPI applies to all CKPGs.</p>	
 Executive Gender Diversity	<p>Each company's Executive Gender Diversity Score is calculated by determining the percentage of the senior executive team that is comprised of non-male executives and percent-ranking it against all companies within the CK coverage universe.</p>	
 Board Gender Diversity	<p>Each company's Board Gender Diversity Score is calculated by determining the percentage of the Board of Directors that is comprised of non-male directors (including employee representatives and excluding non-voting members) and percent-ranking it against that of all companies within the CK coverage universe.</p>	

* Percent-ranking using SQL's CUME_DIST function

Appendix I: Detailed scoring methodology

KPI	Methodology	
 Racial Diversity Among Executive Management	<p>Each company's Executive Racial Diversity Score is calculated by determining the percentage of top tier executives who are members of a visible minority in relation to the dominant peer group of executives in the headquarter country of the company in question, and percent-ranking* it against all companies within the CK coverage universe. In Europe, Australia and North America for instance, this means the number of non-Caucasian directors or executives. Based on time-of-review assessment of bios, names and photos, located on the current company website.</p> <p>Exception: In the case of South Africa, due to the legacy of the Apartheid System, despite Caucasians account for a minority of the population, only non-Caucasian executives are counted towards racial diversity.</p>	
 Racial Diversity on Boards	<p>Each company's Board Racial Diversity Score is calculated by determining the percentage of board directors who are who are members of a visible minority in relation to the dominant peer group of board members in the headquarter country of the company in question, and percent-ranking it against all companies within the CK coverage universe. In Europe, Australia and North America for instance, this means the number of non-Caucasian directors or executives. Based on time-of-review assessment of bios, names and photos, located on the current company website.</p> <p>Exception: In the case of South Africa, due to the legacy of the Apartheid System, despite Caucasians account for a minority of the population, only non-Caucasian directors are counted towards racial diversity.</p>	

* Percent-ranking using SQL's CUME_DIST function

Appendix I: Detailed scoring methodology

KPI	Methodology
Sustainable Revenue	Each company's Sustainable Revenue ratio is determined by measuring the ratio of Sustainable Revenue to total revenue according to the open-source Corporate Knights Sustainable Economy Taxonomy. Each company's Sustainable Revenue ratio is percent-ranked* against all of the same-CK Peer Group peers within the CK coverage universe. The Sustainable Revenue ratio and Sustainable Revenue percent rank are equally weighted in the calculation of the contribution towards the overall score (known as the 50/50 rule).












Appendix I: Detailed scoring methodology

KPI	Methodology
<p>Sustainable Investment</p>	<p>Each company's Sustainable Investment ratio is determined by measuring the ratio of Sustainable Investment to total investment by applying the open-source Corporate Knights Sustainable Economy Taxonomy. Each company's Sustainable Investment ratio is percent-ranked* against all of the same-CK Peer Group peers within the CK coverage universe. The sustainable investment ratio and sustainable investment percent rank are equally weighted in the calculation of the contribution towards the overall score (known as the 50/50 rule).</p> <p>Total Sustainable Investment Includes:</p> <ul style="list-style-type: none"> • Total capital expenditures (investments in plant, property, and equipment or similar) consistent with the Corporate Knights Sustainable Taxonomy. Found in the cash flow statement. • Total Research and Development (R&D) consistent with the Corporate Knights Sustainable Taxonomy. Found in the income statement. • Any completed acquisitions (cash amount), joint-ventures, or equity investments in companies or funds (not counted under Sustainable CapEx or Sustainable R&D) consistent with the Corporate Knights Sustainable Taxonomy. Generally found in financial statement notes. <p>For non-financial companies, sustainable investments refer to any investments that align with the Corporate Knights Sustainable Taxonomy. The Sustainable Investment KPI is not applicable to companies in the finance and insurance sectors.</p>











* Percent-ranking using SQL's CUME_DIST function







Appendix II: Exclusionary Screens

Metric	Description
 Access to medicine laggards	Lagging pharmaceutical companies in the bottom quartile of the Access to Medicine ranking.
 Access to nutrition laggards	Lagging food companies in the bottom quartile of the Access to Nutrition index.
 Adult entertainment	Companies operating in the adult entertainment industry based on Motley Fool, Wespath, Sin Stocks, and RedLightNetwork report listings.
 Blocking climate policy	Companies who have been red flagged by InfluenceMap for engaging in a manner largely opposing Paris-aligned climate policy in an active and often strategic manner.
 Blocking climate resolutions	Asset managers that are voting negatively on climate policy resolutions according to InfluenceMap's voting record (bottom quartile).
 Carbon bomb involvement	Companies involved in a material operational and/or financial manner (10%+) with a project considered harmful for the planet's climate as tracked by BankTrack.
 Cement carbon laggards	Companies in the cement industry that were divested by Norges Bank Investment Management (NBIM) for climate change reasons (internal Corporate Knights analysis).
 Civilian firearms	Companies that manufacture civilian automatic and semi-automatic firearms, magazines, or parts prohibited under New Zealand law that were divested from by the NZ SuperFund.
 Controversial weapons	Companies involved with cluster munition, anti-personnel mine, and nuclear weapons manufacturing that were divested by NBIM and NZ SuperFund.

Appendix II: Exclusionary Screens

Metric	Description
 Conventional weapons	Companies earning more than 5% revenue from weapons and related services. Sources: SIPRI, NBIM, NZ SuperFund and As You Sow
 Deforestation & palm oil laggards	Companies engaging in deforestation as deemed by Chain Reaction Research or NBIM. List of companies obtained from Deforestation Free Funds, which NBIM has divested from.
 Energy	Companies that operate in the fossil fuel industry with less than 50% of new investments (most recently available) in themes consistent with decarbonization.
 Farm animal welfare laggards	Laggard companies in farm animal welfare practices according to CK Red Flag list (made in consultation with animal welfare experts).
 For-profit prisons	Companies that are recommended for divestment by the Project of the American Friends Service Committee and that demonstrate involvement in the various aspects of the prison industry.
 Fossil fuel financing	The five largest banks by ratio of new fossil fuel-related loans to total outstanding loans (most recently available) as tracked by Banking on Climate Chaos. If the company's most recently available Sustainable Revenue ratio is at least 10%, it is exempted from exclusion.
 Gambling	Companies that operate in the gambling industry.
 Gross corruption violations	Companies that have been divested from by NBIM due to gross corruption violations.
 Monetary sanctions	Companies whose ratio of fines, penalties, or settlements / revenue for the last 12 months exceeds 1%

Appendix II: Exclusionary Screens

Metric	Description
 Government sanctions	Companies on the Canadian or U.S. government sanctions list for investors.
 Oil sands laggards	Oil sands companies that were divested by NBIM.
 Severe environmental damage	Companies that have caused severe environmental damage and have been excluded by NBIM.
 Severe human rights violations	Companies that have committed severe human rights violations or have violated individuals' rights in situations of war or conflict and have been excluded by NBIM.
 Thermal coal	Identifies companies with more than 10% of generation or revenue is from thermal coal*. Exception: If the company has less than 20% of generation or revenue that is from thermal coal AND <ul style="list-style-type: none">• has no plans for expansion of coal AND• at least 50% of its investments are sustainable (according to the CK Sustainable Taxonomy) then the company is not excluded Source: Global Coal Exit List (GCEL) * For rail freight, revenue is assessed on all fossil fuel products including thermal coal, crude oil, refined oil products and natural gas-related products
 Tobacco	Identifies companies that earn revenue from tobacco, and those excluded by NBIM and NZ SuperFund.

Appendix III: Corporate Knights Peer Groups

CKPG Group A				
Appliances and lighting fixtures manufacturing	Freight transport, all modes	Mining industry support	Plastic and rubber product manufacturing	Telecom providers
Automobile retail	Furniture and general manufacturing	Mining, smelting and refining	Power generation	Telephones and telecom equip manufacturing
Basic inorganic chemicals and synthetics	Glass and ceramics	Non-metallic mining	Power transmission and distribution	Textiles and clothing manufacturing
Battery manufacturing	Grocery stores	Non-road transport equipment manufacturing	Primary aluminum	Tobacco
Cars and trucks manufacturing, including parts	Health care	Non-store retailers	Real estate and leasing	Transit and ground transportation
Cement, lime and concrete	Hotels and entertainment venues	Oil and Gas production and extraction	Refining, petrochemicals and basic organic chemicals	Waste Management
Commercial building construction	HVAC equipment manufacturing	Oil and Gas transmission and transportation	Residential construction	Water and sewage treatment
Computers and peripherals manufacturing	Instrumentation and other electronic manufacturing	Packaging	Restaurants	Wholesale trade and warehousing
Electrical equipment manufacturing	Integrated oil and gas	Passenger airlines	Retail, except grocery and auto	
Farming and fishing	Machinery manufacturing	Personal products (retail chemical)	Semiconductor and electronic components manufacturing	
Food and beverage manufacturing	Medical equipment manufacturing	Pesticide and fertilizer manufacturing	Steelmaking	
Forest products	Metal products manufacturing	Pharmaceutical manufacturing	Steel products	

Appendix III: Corporate Knights Peer Groups

CKPG Group B

Asset management

Banks

Business, engineering and personal services

Data processing, hosting services


Education

Insurance companies

IT services except telecom and hosting

Scientific R&D

Appendix IV: Corporate Knights Notice and Disclaimer



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