

esgbook

Top 100 ESG Companies

Ranking Methodology



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ESG Book has compiled a ranking of the Top 100 ESG Companies, based on data that is publicly accessible and available for free on the [ESG Book platform](#).

With a transparent, data-driven approach, ESG Book enables users to explore top-level ESG scores for over 10,000 companies globally, with the ability to view underlying data points and source documents.

Our new ranking identifies the top 100 corporate performers across ESG issues, with accompanying data on each company's climate impact.

This document outlines the methodology behind the ranking, and an explanation of the scores and data applied to each company.

Scores and Data

There are three components to each company's ranking:

- **ESG Score:** measuring how well companies are managed on sustainability issues.
- **Temperature Score:** measuring companies' climate impact.
- **GHG emissions:** the reported and estimated greenhouse gas (GHG) emissions of companies.

ESG Score

The ESG Score identifies sustainable companies that are better positioned to outperform over the long-term, based on the principles of financial materiality. When computing the ESG Score of a company, our algorithms will only use information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis. ESG scores combine multiple corporate data sources with news and NGO signals, providing daily updates to help detect alpha-generating opportunities.

In the ranking, companies are assessed on their overall ESG score, comprised of Environmental, Social and Governance sub-scores.

Temperature Score

The Temperature Score reflects a company's climate impact and its level of climate ambition based on a 'Near-term' (2030) and 'Long-term' (2050) pathway. It is ESG Book's unique metric that measures the extent to which corporations across the world are contributing to the rise in global temperature. By translating the GHG emissions from each company to a score based on sector-specific emissions pathways, the Temperature Score recognises the companies who are leaders in climate action.

Companies receive a score of 1.5°C, 2°C, 2.7°C, >2.7°C or 3°C. The 3°C score is reserved for companies that do not sufficiently disclose their emissions.

The Temperature Score evaluates the normalised emissions of a company. It is calculated with the assumption that the company will continue to emit GHGs at the same intensity in the future. An Emissions Intensity Ratio (EIR) is calculated for each company and is compared to a benchmark EIR, which allows us to categorise companies into one of three climate change pathways. In our ranking, we list the 'Long-term' (2050) Temperature Score of each company.

Emissions (tonnes of CO₂e)

Alongside the Temperature Score, each company's combined Scope 1 and Scope 2 emissions (tonnes of equivalent CO₂) are listed in the ranking. In addition, each company's Scope 3 emissions are also listed.

Where there is insufficient reported data on a company's GHG emissions, we use ESG Book's recently launched [Emissions Estimation Model](#) to provide an estimated emissions total. Using a best-in-class machine learning approach, the Emissions Estimation Model estimates emissions for each company using independent, industry-leading models which incorporate the latest research on emissions estimation.

Ranking Criteria

Based on these scores and data, the following criteria are then applied to identify the Top 100 ESG Companies for the ranking.

Indices

Companies in the ranking are drawn from 20 of the world's leading indices covering developed markets.

Market cap

A market capitalisation of USD \$10 billion or above (as of 30 September 2022) is then applied to all companies, identifying only the world's largest corporations.

Market capitalisation categories

The following categories of market capitalisation are indicated for each company in the ranking:

- **Large:** USD \$10 billion to \$200 billion.
- **Mega:** Above USD \$200 billion.

Subsidiaries

Once the market capitalisation filter is applied, we then identify subsidiary companies. All corporate subsidiaries are excluded from the ranking in order to avoid double scoring, with only 'parent-level' companies considered for the ranking.

Controversy Filters

Finally, standard industry controversy filters are applied to the ranking, including:

- Adult entertainment
 - Controversial weapons
 - Tobacco
 - Thermal coal
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To explore the Top 100 ESG Companies ranking, visit www.esgbook.com.

About ESG Book

ESG Book is a global leader in sustainability data and technology. Launched in 2018, the company offers a wide range of sustainability-related data, scoring, and technology products that are used by many of the world's leading investors and companies. Covering over 25,000 companies, ESG Book's product offering includes ESG raw data, company-level and portfolio-level scores and ratings, analytics tools, and a SaaS data management and disclosure platform. ESG Book's solutions cover the full spectrum of sustainable investing including ESG, climate, net-zero, regulatory, and impact products.

ESG Book's platform makes sustainability data more widely available and comparable for market stakeholders, enabling companies to be custodians of their own data, providing framework-neutral ESG information in real-time, and promoting transparency.